CABINET

LAND VALUES

MEMORANDUM BY THE MINISTER OF HOUSING AND LOCAL GOVERNMENT AND MINISTER FOR WELSH AFFAIRS

At their meeting on 2nd July (C.M. (64) 34th Conclusions, Minute 7) the Cabinet agreed that while it might prove desirable to introduce a tax on profits arising from the sale or development of land, it would be unwise to make any immediate announcement of the Government's intentions. Further consideration was to be given by the Ministers immediately concerned to the form in which the intentions might be announced at a rather later stage.

2. I must apologise to my colleagues for returning to this; but I would ask that before we try to draft, we should further discuss whether it would not be right to announce at a suitable opportunity during the next three months, our intention to introduce a charge of some kind.

3. The Opposition are quite clear that they would cut the profit made as a result of planning permissions; and there is no doubt that this has a very wide appeal. If we say nothing it will be generally supposed that we intend to do nothing; and that we—who were responsible for getting rid of development charge—are indifferent to the fact that the public has no share in the profits being made out of land, largely as a result of public action and expense.

4. As I understand it we are agreed that there is a good case for the Exchequer taking some share of the profits being made, if the way can be found. The precise method by which this should be done needs detailed study by officials and consideration by Ministers. But it seems clear from the study which has already been made that a method could be found which would not inhibit the supply of land, nor add materially to the price; this really turns on the level at which any levy is set. If this is so, surely it is sense for us to say now that we intend to secure for the Exchequer a share in the profits being made out of land wanted for development; even though we will not at this stage attempt to outline the method we should adopt.

5. We are letting the Opposition take all the credit for being prepared to do something in a matter on which large sections of public opinion feel strongly that something ought to be done. If we also intend to do something, as I believe we must and will, surely we should say so?

6. If this is agreed the Ministers most closely concerned could discuss the drafting and the form that the statement should take.

K. J.

Ministry of Housing and Local Government, S.W. 1,
16th July, 1964.