Papers regarding the Land Value Taxation Bill and the exemption of asylums

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July 31. 1906.

Dear Sir,

Taxation of Land Values (Scotland) Bill.

I beg to acknowledge re-
ceipt of your letter of 12th inst.,
& to suggest that Institutions
such as yours might combine
to send one or more wit-
nesses to give evidence

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on the point to which you refer. No Committee will not meet again until October & the Chairman & the Solicitor General for Scotland visits whom you would have to communicate.

Yours faithfully,
John Sinclair

Jas. Johnston Esq; Ca. A.
Glasgow.

3rd Aug. 1906
A Copy of this letter was sent to
Kerr & Barrie. Mr B. is from home.
Also to the Treas. of the Royal Edinr
Asylum for the Insane.

Land Values Taxation, &c. (Scotland) Bill.

ARRANGEMENT OF CLAUSES.

Clause.

1. Statements to be transmitted to assessor.
2. The making up of the valuation roll.
3. Entry in valuation roll.
4. Application of Lands Valuation (Scotland) Act, 1854.
5. "Land value assessment."
6. Exemptions.
7. Persons liable in payment.
8. Interpretation.
9. Extent of Act.
10. Short title.

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B I L L

TO

Provide for the Taxation for Local Purposes of Land Values in Scotland, and for the Compulsory Acquisition of Land by Local Authorities in Scotland; and for other purposes. A.D. 1906

BE it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Statements to be transmitted to assessor.

1. Every proprietor or reputed proprietor of any land or heritage in any burgh in Scotland shall, on or before the *fifteenth day of June* in each year, transmit to the assessor of the burgh in which such land or heritage is situated a written statement containing the following information:—

(*a*) The number of square yards of ground contained in each separate or discontiguous piece of ground of which he is proprietor or reputed proprietor:

(*b*) The annual value of each such piece of ground (hereinafter called "the land value"), calculated at the rate of *four per cent.* per annum upon the sum which such proprietor may fix as the price thereof as between a willing seller and a willing buyer, such land value being taken apart from the value of any buildings, erections, fixed machinery, or other heritable subjects, on or connected with such piece of ground.

The making up of the valuation roll.

2. The assessor shall make up the valuation roll for the burgh, with additional columns for the purpose of showing the extent of land contained in each separate piece of ground, with the annual value thereof at *four per cent.* on the selling price.

A.D. 1906.

Entry in valuation roll.

3. The assessor shall, after considering the land value supplied by each proprietor, enter in the valuation roll the amount of the land value so supplied by the proprietor, or such other amount as the assessor shall deem reasonable.

Application of Lands Valuation (Scotland) Act, 1854.

4. The provisions of the Lands Valuation (Scotland) Act, 1854, and the Acts amending the same, as to sending notice to each proprietor, the adjustment of such valuation, the hearing of the appeals against such valuation, and penalties in respect of failure to furnish a written statement of extent of ground and valuation, or for making any false valuation, shall be equally applicable to the land values provided for by this Act, and the returns made in connection therewith, as to the valuation of lands and heritages under the Act of 1854 and the returns made thereunder.

"Land value assessment."

5. From and after the term of Whitsunday next occurring after the *passing of this Act*, the town council of every burgh in Scotland shall levy an assessment, to be called "the land value assessment," upon the amount of the land values entered in the valuation roll for the burgh, subject to the following conditions:—

(*a*) The land value assessment shall be imposed and levied at a rate not exceeding *two shillings* in the pound:

(*b*) The net proceeds of such land value assessment shall be allocated pro rata to the several accounts in respect of which police and municipal assessments are levied within the burgh:

(*c*) The land value assessment shall be levied exclusively upon the owners of land values as appearing in the valuation roll, and shall be recovered in the same manner as any police assessment levied in the burgh.

Exemptions.

6. The provisions of the Act shall not extend to, or render liable to assessment under the Act, or in any way alter, modify, or affect the liability to local assessments of police stations, gaols, and premises occupied in connection therewith, public infirmaries, hospitals, poorhouses, public schools, places of religious worship, chapels, drill halls, ragged schools, Sunday schools, scientific and literary societies, burial grounds, or parks or open spaces, held and enjoyed by the public under any Act of Parliament, or under or by the permission of any municipal or local authority.

A.D. 1906.

Persons liable in payment.

7. Any person entitled to payment of any feu duty, ground annual or ground rent, lease or tack duty, under a lease of more than *thirty-one years'* duration (which feu duty, ground annual or ground rent, lease or tack duty, are herein referred to as ground burdens), shall be liable in payment of land value assessment, subject to the following provisions, viz.:—

(*a*) Every proprietor or reputed proprietor of any land in respect of which ground burdens are payable shall be entitled to deduct annually from those ground burdens such proportion of the land value assessment paid by him in respect of the land as shall correspond to the amount of the ground burdens payable by him on the land as compared with the amount of the land value of the land:

(*b*) Deductions of a proportion of land value assessment shall be made in the same way from all duplications and other increased payments of ground burdens and from the amount of all feudal casualties:

(*c*) Where in any year the amount of the ground burdens on any land is the same or greater than the amount of the land value thereof, the proprietor who has paid land value assessment shall be entitled to deduct the whole of such assessment from the ground burdens:

(*d*) Where there is more than one ground burden on the same piece of land, the deduction in respect of land value assessment shall be made proportionately from such ground burdens without regard to any priority or preference which one ground burden may have over another:

(*e*) Where ground burdens are unallocated and have been paid by a proprietor of a portion only of the land on which they are burdens, he shall, in recovering any proportion of such ground burdens from other proprietors liable therefor, deduct therefrom a proportionate amount of the land value assessment deducted by him when paying such ground burdens:

(*f*) Any provision or stipulation in any contract, deed, or writing which has been or may hereafter be entered into for the purpose, or having the effect, of relieving, in whole or in part, any person entitled to payment of

A.D. 1906.

any ground burdens from liability to bear a proportionate share of the payment of land value assessment, in accordance with this Act, shall have no force or effect whatever.

Interpretation.

8. This Act shall be read as one with the Lands Valuation (Scotland) Act, 1854, and any Acts amending the same; and in this Act the word "burgh" shall include every royal and parliamentary burgh and every burgh within the meaning of the Burgh Police (Scotland) Act, 1892.

Extent of Act.

9. This Act shall apply to Scotland only.

Short title.

10. This Act may be cited as the Land Values Taxation (Scotland) Act, 1906.

ASYLUM

Land Values Taxation, &c. (Scotland).

A

B I L L

To provide for the Taxation for Local Purposes of Land Values in Scotland, and for the Compulsory Acquisition of Land by Local Authorities in Scotland; and for other purposes.

Presented by Mr. Sutherland,

supported by

Mr. Cleland, Mr. Dalziel, Mr. Findlay, Mr. John Hope, Mr. M'Crae, Mr. Watt, and Mr. Dundas White.

Ordered, by The House of Commons, *to be Printed,* 22 *February* 1906.

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[Bill 4.] [*Price* 1*d.*]

COPY LETTER

John Sutherland Esq, M.P.,

To

R. Scott Moncrieff Esq, W.S.

Edinburgh.

dated 31st July 1906

COPY LETTER

John Sutherland Esq, M.P.,

To

R. Scott Moncrieff Esq, W.S., Joint Treasurer of the Royal Edinburgh Asylum for the Insane.

House of Commons,
London, 31st. July 1906.

Dear Sir,

Taxation of Land Values (Scotland) Bill

I beg to acknowledge receipt of your letter of 12th inst, and to suggest that Institutions such as yours might combine to send one or more witnesses to give evidence on the point to which you refer. The Committee will not meet again until October, and the Chairman is the Solicitor General for Scotland with whom you would have to communicate.

Yours faithfully,

(Sgd) . John Sutherland.

Draft

John E. Sutherland, Esq. M.P.,
House of Commons,
L o n d o n.

Dear Sir,

The Directors of The Glasgow Royal Asylum for Lunatics, who have been incorporated under a Royal Charter since 1825, and whose Institution is at Gartnavel, Glasgow, have asked me to communicate with you regarding the Land Values Taxation &c. (Scotland) Bill. They notice that under Section VI the Promoters exclude from the operation of the Act "Infirmaries" and "Hospitals." Their Institution is one, but Infirmaries for the cure of Brain Diseases are more commonly known under the term of "Asylums", and to avoid any difficulty afterwards, they suggest that the words "Asylums incorporated by Royal Charter for the care of the Insane" should be added to Clause VI after the word "Infirmaries."

I shall be pleased to hear from you if this will be done by the Promoters in Committee.

a similar letter has been sent to the Lord Advocate and Solicitor General.

I am,

Yours faithfully,

Secretary & Treasurer.

LAND VALUES TAXATION &c (SCOTLAND) BILL 1906.

MEMORANDUM by DR JOHN MACPHERSON.

The omission of Lunatic Asylums from the list of institutions exempted from the provisions of the Act suggests either that the framers of the Bill considered that asylums were naturally included under the terms 'infirmaries' or 'hospitals' both of which are specially exempted or, which is more improbable, that asylums were not regarded as hospitals. It therefore becomes necessary that the true hospital character of Asylums should be explained as well as the peculiar circumstances which make it necessary for these institutions to possess land far in excess of the requirements of other hospital institutions.

Establishments for the insane in Scotland arrange themselves into the following groups :-

(a) The Royal or Chartered Asylums are institutions which were in existence previous to the enactment of the Lunacy Act of 1857. They are seven in number. Five of these the Royal Asylums of Aberdeen, Dundee, Edinburgh, Glasgow and Montrose - were at their origin erected out of funds derived from legacies, subscriptions and donations, including in all cases contributions of greater or less amount from parochial sources. The other two institutions, the Crichton

Royal

Royal Institution at Dumfries and Murray's Royal Asylum at Perth were erected out of funds provided by the benefactors whose names they bear. All the seven Royal Asylums received both pauper and private patients at the time of the passing of the Act of 1857; but the Directors of Murray's Royal Asylum resolved, soon after the passing of that Act, to devote the institution solely to the care and treatment of private patients, and the Glasgow and Dundee Royal Asylums now also receive private patients only.

(b) District Asylums are institutions created under the provisions of the Lunacy Act 1857. Asylums of this class are provided out of funds furnished by County and Burgh assessments and are intended for the accommodation of the pauper lunatics of localities where such accommodation is not otherwise provided. At present there are 19 such asylums in occupation.

(c) Parochial Asylums are establishments erected out of funds furnished by the poor-rate of the parishes to which they belong. These establishments are called Parochial Asylums for convenience, but they are technically lunatic wards of poorhouses which have been licensed by the General

Board

Board of Lunacy to receive pauper patients suffering from all forms of insanity, that is those who are curable and dangerous as well as those who are regarded as incurable and harmless. There are 3 establishments of this class at present.

(d) Lunatic Wards of Poorhouses are portions of poorhouses which are specially licensed by the Board of Lunacy and have been set apart for the accommodation of pauper lunatics who are regarded as incurable and not dangerous. Such sections exist at present in 12 poorhouses.

(e) There are two Training Schools for imbecile children viz :- the National Institution for the Training of Imbecile Children at Larbert and the Baldovan Asylum for Imbecile Children. Both are charitable institutions erected by voluntary subscription. In addition to children received gratuitously both receive private and pauper children whose board is paid respectively by their friends and their parishes.

In addition to the above there are three private asylums conducted by their proprietors for profit; only private patients are received into them. There is also the criminal

lunatic

lunatic department of the Perth Prison which provides accommodation for insane prisoners and convicts, and persons detained during His Majesty's pleasure.

The above forms a complete classification of all the establishments for the insane in Scotland. They accommodate 14,372 patients; there are in addition 2,878 patients who are accommodated in the private dwellings throughout the country making a grand total of 17,450 as at 1st January 1906.

The classes of institution referred to in the following remarks and for which exemption from the provision of the Act is specially pleaded for are Royal, District and Parochial Asylums and Training Schools for Imbecile Children.

The Hospital functions of these institutions are of a two-fold nature :-

1. They receive and treat medically in specially constructed hospital wards the great majority of the newly occurring acute cases of insanity in the country as well as the insane who are sick, infirm or aged.

(2) They afford asylum for those of the chronic insane who are, owing to the nature of their mental symptoms, unfit to live in private houses and they provide means other than mere

mere detention for the healthful employment and recreation of such patients.

Each of these points may be shortly discussed as follows:-

1. Acute insanity is a manifestation of a disordered physical condition much in the same way as the delirium of fever is a symptom of certain phases of intoxication of the nervous system. The recognition of this fact was necessarily slow but within the last 20 years many changes in asylum construction and methods of nursing and treatment have been carried out in the Scottish Asylums with the object of extending and perfecting their hospital functions. Among the most important of these changes are the following :-

(a) The institution of special hospitals within asylums for the reception and treatment of new cases as well as for the nursing of the physically sick, the aged and the infirm. In many instances these hospitals are separate from the main buildings of the asylum so that nursing and medical attention may be more concentrated upon the care and, where possible, the cure of such patients. So important is this function of modern asylums considered that the size of the accommodation allocated to the ~~nursing~~ care of the hospital classes of asylum inmates varies from one third to one half of the whole

of

of the accommodation of these institutions.

(b) The treatment of acute insanity by prolonged rest in bed in hospital wards under supervision conduces towards the amelioration and removal of many of the physical accompaniments of mental disorder and facilitates the medical study and safe nursing of the patients.

(c) The employment of female nursing in the male wards of asylums especially in the wards occupied by sick and infirm patients has greatly increased within recent years.

(d) The regular instruction and training of asylum nurses and attendants and the institution of a certificate of proficiency in the care and nursing of the insane which is only given after examination by the Medico Psychological Association of Great Britain and Ireland has elevated and improved the position and status of asylum attendants.

These features constitute the true hospital character of asylums which entitles them to rank in exactly the same category as ordinary hospitals for the treatment of physical diseases.

2. Another sense in which Asylums for the insane in Scotland may be regarded as hospitals may be shown by the methods

methods which are now universally adopted for the care and treatment of the majority of the chronic inmates. This class includes those who though comparatively able-bodied either suffer from incurable mental or nervous maladies or are mentally impaired as a result of previous acute attacks of insanity. They number roughly speaking about two thirds of the inmates of an ordinary asylum. In order to prevent further mental degeneracy and degradation of habits it is absolutely necessary that exercise, employment and recreation should be provided as a means of maintaining physical and mental health. It has been established as a result of long experience that the best form of employment for able-bodied male lunatics is agricultural labour and that in the case of many patients such labour has undoubtedly conduced towards complete recovery. In the case of patients who are compelled often through no fault of their own to pass their lives in the wards of an asylum it is in every interest desirable that they should be provided with grounds in which to walk and take exercise. It is often inconvenient and always objectionable both to the public and to the insane themselves that the public roads should be used for this purpose.

So important are recreation and work upon the land in the treatment of the insane that the General Board of Lunacy recommend that all new asylums should provide land in the proportion of one acre for every two patients. The Board have never urged the acquisition of farms by asylums on the mere ground that they form a source of profit and to some extent save the rates. They have always held that asylums would be fully justified in acquiring land for the good of the patients although no profit might be derived from it.

With a view to ascertaining the extent of agricultural land in the occupation of asylums and the proportion of patients employed in the cultivation of such land returns designed to furnish information upon these points were obtained from Royal and District Asylums. These returns which are dealt with in the Forty-Sixth Report of the General Board of Lunacy p.lv show the extent of land possessed by each of the 21 asylums dealt with and how it is appropriated; the average number resident of pauper patients and of the class of private patients who may be expected to engage in outdoor work; the maximum number respectively of male and female patients employed in farm work and on the grounds and garden during the year from February 1901 to February 1902.

The

The following resumé may be given :-

Number of acres of land of every kind possessed by the 21 Royal and District Asylums referred to	5302
Average number of patients resident during the year 1901	9805
Average amount of land per patient	·54 acre
Average maximum number of patients (males and females) employed on land between February 1901 - February 1902	2297
Percentage of patients so employed	23·4
Percentage of male patients so employed	43·3

The fact that land in connection with Scottish Asylums for the insane is primarily a remedial instrument, without which a large and important part of the hospital functions of these institutions would become inoperative, is in itself a strong argument in favour of the exemption of such land from further taxation. It is feared that the taxation of asylum lands such as is contemplated by the scope of the present bill would act detrimentally upon any asylum for the insane, which is now or may afterwards be included in burgh areas, for as has been pointed out the amount of land possessed on the average by asylums for the insane is far in excess of that required by any other form of hospital.

Memo.

by

D. Macpherson

re

Land Values.

LAND VALUES TAXATION (SCOTLAND) BILL.

STATEMENT FOR THE CORPORATION OF THE ROYAL EDINBURGH ASYLUM FOR THE INSANE.

This Bill is framed to attain two objects - (1) to add a new field on which municipal Authorities can levy taxes, and (2) to prevent proprietors of land in Burghs delaying or refusing to part with the same for building purposes, and it is based on the assumption that under the present system of taxation burgal land is not contributing its fair quota towards the local taxation. To remedy this it is proposed to introduce a new system of valuation, and to impose a new tax which it is hoped will add to municipal revenues and by its operation will compel proprietors of land suitable for building purposes to part with the same. It will thus be seen that the Bill is essentially ~~one~~ intended for the public good, and it is therefore but proper that lands held for public purposes should be exempt from the operations thereof. This is accordingly attempted to be provided for by Clause 6 of the Bill which gives a list of those public bodies so exempted amongst which are "public infirmaries, hospitals, and poorhouses." There is however no specific mention of public Asylums for the treatment of the Insane and it is doubtful if the before quoted words would cover these institutions, although in many cases Asylums partake of the nature of all three.

If Asylums are not exempt, a very heavy additional burden, amounting as p. Schedule I to £299.7/-, will be laid on the Royal Edinburgh Asylum for the Insane, the greater /

greater portion of whose ground, extending to 100·927 acres within the Burgh of Edinburgh (see Schedule VI) is unbuilt upon. The Managers would therefore like to offer evidence under the following heads:-

I. That the Asylum is a public institution and as such should be specifically exempt from the operation of the Act.

II. That for the proper discharge of its public duties it is absolutely necessary for an Asylum to have large areas of ground surrounding it.

III. That the ground is in no sense "being held back" with a view to increased feuing value, and that so long as the buildings are used as an Asylum these areas of ground have only an agricultural value.

IV. That from the nature of the work performed by the Asylum the increase of the town round its ground tends to decrease and not to increase the value of its land locking to the only uses to which the Asylum can be put.

V. That all surplus income is spent on the Institution.

I. <u>That the Corporation of the Royal Edinburgh Asylum is a Public Institution and as such should be exempt from the operation of the Act</u>.

In support of this contention the Managers beg to submit the following facts:-

(1) That the Asylum is incorporated by Royal Charter written to the Seal the 21st, and sealed 22nd May 1807 and by Act of Parliament 14 and 15 Vic. Cap. CVI, and that it is managed by a Board of unpaid elected Managers of whom the Lord Provost of Edinburgh for the time being is <u>ex officio</u> a member.

(2) That it was erected to supply an urgent public need /

need and was for "the reception of insane patients from "amongst the rich as well as the poor."

(3) That the funds with which it was originally started in 1813 were contributed by the Public not only in Great Britain, but in the Colonies aided by a grant from Government. (See Schedule V.)

(4) That when it was found necessary to erect additional buildings, further contributions were obtained from the public, from Parishes, from the Common purse of the city of Edinburgh, and also from Her late Majesty Queen Victoria and the Prince Consort. (See Schedule V.)

(5) That it admits patients from all parts of the country.

(6) That of the total number of 870 patients accommodated in the buildings, nearly 500 are pauper patients from Edinburgh, Leith, and Orkney.

(7) That it administers a charitable Fund which enables many necessitous cases to be admitted and treated at a charge greatly below the actual cost of maintenance

(8) That although it is so administered as to pay its own way, it is a public necessity and is essentially a "Hospital" in the modern sense of the term.

II. <u>That for the proper discharge of their public duties it is absolutely necessary for Asylums to be surrounded by large areas of ground, and in support of this contention, the Managers beg to draw attention to the following points</u>:-

(1) The necessity for privacy.

(2) The necessity for quiet.

(3) The necessity for private grounds for recreation and exercise.

(4) The necessity for having garden and agricultural ground for the patients to work in, manual labour on mother earth /

earth being a great restorative to mental health.

In support of their contention for the necessity of plenty of ground the Managers would like respectfully to refer to the Report of 1857 of the Royal Commission appointed to enquire into the state of Lunatic Asylums in Scotland which was most emphatic with regard to the necessity for Asylums having land for the employment of patients. The Report refers to the land then held by Asylums (varying from 12 to 68 acres) as being "not sufficient to afford patients a field of cheerful and varied "agricultural employment;" it states "that there are few "better curative agents in the treatment of insanity than "agricultural labour," and adds with reference to the craving of many of the insane for muscular exercise that "nothing tends so much to promote the tranquility of an "Asylum and to diminish the necessity for the use of "mechanical restraint and seclusion as the expenditure of "this augmented nervous power by exercise and labour in "the open air."

Reference upon this point is also made to the forty sixth Annual Report of the General Board of Commissioners on Lunacy for Scotland p. LV.

Schedule I annexed hereto shews the land now belonging to this Institution, and a short history of how this land came to be acquired will show how strongly the above reasons have influenced the Policy of the Managers.

In 1806 the Trustees of the then projected Asylum purchased ground extending to about five acres at Morningside on which the Asylum buildings (afterwards known as the "East House") were eventually built. This ground, which then lay in the country about 1½ miles south of the boundaries of the City of Edinburgh was as far removed from the Town as was at that time feasible looking

to /

to the then slow and expensive methods of conveyance.

In 1837 the Managers of the Asylum resolved to provide accommodation for pauper lunatics. To enable them to do so, more land was necessary and in 1839 about 50 acres of ground were feued from George Watson's Hospital for which a feuduty of £400 was and is paid. Upon this ground was built the "West House" of the Asylum. Henceforth the old "East House" was used to accommodate the wealthier class of patients, while the new "West House" was used for pauper patients and for the poorer class of private patients.

About the year 1875, it became obvious to the Managers that the spread of the Town southwards would shortly interfere with the privacy of the Institution, and so injuriously affect its work. More especially was this the case in regard to the East House where the wealthier patients resided as it more nearly abutted on the main thoroughfare to Edinburgh from the South. It was also evident that to fulfil the objects of their Charter and to keep abreast of the latest ideas as to the proper treatment of mental disease more land and new buildings would shortly be required. Actuated by these reasons, the Managers in 1878 purchased the estate of Craighouse, then outside of the City Boundary extending to about 50 acres, for £11,000 and under burden of annual feuduty of £500. With the means at their disposal the Managers could not have at one and the same time also removed the "West House" and as the estate of Craighouse touches the West House grounds at one point, they considered themselves fortunate in having acquired it. Had they been forced to go further into the country, it would have disconnected the two departments and have added greatly both to the difficulty and to the expense of working the institution.

What /

What the Managers feared soon took place. Tall tenements of houses were reared overlooking the "East House" grounds, and their privacy was destroyed. They therefore erected and equipped on the property of Craighouse, a mental Hospital not exceeded in the world for completeness and efficiency, and thither the patients were transferred in 1896. After their removal the "East House" and its grounds were sold subject to a servitude which prevented the erection of houses of more than a limited height where the ground marched with the ground of the "West House."

In order to further protect their estates against the risk of being overlooked by buildings, various pieces of ground and servitudes all lying outside the Asylum boundary walls have from time to time been acquired (see Schedule III).

III. <u>That the ground is in no sense being "held back" with a view to increased feuing value and that so long as the buildings are used as an Asylum the grounds have only an agricultural value</u>.

This naturally follows from what has already been said as to the necessity for having private grounds for the patients.

IV. <u>That from the nature of the work performed by the Asylum the increase of the Town round its grounds tends to decrease and not to increase the value of the land, looking to the only uses to which the Asylum can put it</u>.

This also follows from what has been said under heading 2. The value of the Asylum as a "going concern" is vastly greater than the mere feuing value of the land with the Asylum buildings thereon useful only as quarries.

If /

If therefore its surroundings become less private, more smoky and more noisy it will cease to offer attractions to medical men and to the friends of patients. The loss that it will thus sustain will far outbalance any increase that may take place in the feuing value of the land, a fact which will at once become evident, when it is known that the Asylum has spent on its buildings upwards of £250,000, whereas all it could hope to get for them and for the land as a feuing subject (assuming that it could all be sold at the highest rate at once) would only amount to £99,985.15/- as p. Schedule IV.

A concrete example of this is given in the case of the grounds of East House.

These as before mentioned were purchased in 1806 at a cost of £1,420 and extended to about five Imperial acres. The Managers were compelled to sell them in 1895, when with all the buildings thereon which had cost over £50,000, they only received £7,100.

V. <u>All surplus income is spent on the Institution</u>.

As already mentioned the Asylum is indebted largely to the public for contributions towards its funds, but these contributions in themselves would have been quite inadequate to erect such buildings as the Asylum now possesses. These have been built partly out of surpluses made year by year from the boards of the wealthier patients and partly by borrowed money, the debt on the Asylum property at 31st Decr. last amounting to £90,484.6.9 stg. The Managers in arranging the rates of board to be charged have therefore to bear in mind that they must not only fix the same so as to provide for the necessary expenses and upkeep, but also to provide for the gradual extinction of debt. The large debt still due by the Institution /

Institution has been and still is a heavy anxiety to the Managers, and if they have to meet this proposed additional tax, they will either have to prolong the liquidation of the same, or by raising the rates of board, keep the surplus revenue at its present level. To follow the former course would mean that, in regard to a certain part of the debt they would have to depart from the terms of a decree of the Court of Session which arranged for its liquidation within a given number of years, and to follow the other course would mean the raising of the rates of board. Under the circumstances they feel that they have no alternative but to adopt the second course, although they feel the utmost reluctance to do so for the following reasons:-

Insanity is the most distressing of all ailments and it differs from other diseases in that in the majority of cases, it is impossible to treat it at home. In this respect the wealthiest and the poorest are on the same footing, and a public institution for the reception of wealthy patients is as necessary for the public as a whole, as an Asylum for the treatment of paupers.

It may be argued that patients able to pay their own board could be sent to private Asylums. These however have in them the proprietary element which under the circumstances cannot but be viewed with suspicion. Royal Asylums are free from this taint and therefore meet a want felt by the community.

Further in regard to this matter of private Asylums the Managers would like to draw attention to the striking difference in their numbers in Scotland and in England. There is at present in the former only one of any size accommodating about p.c. of the private patients in Scotland,/

Scotland, while in England 50 p.c. of the private patients are treated in private Asylums. The last English Lunacy Bill recognising the disadvantages of this to the public forbade the formation of any more private Asylums or any further extension of the existing institutions. The existence of the Scottish Royal Asylums where both wealthy and poor patients are treated and where no profit is made allows of a lower rate of board being charged for poor patients than is possible in private asylums. X ~~As a proof of this~~ the Managers would point to the fact that there are in Scotland, in proportion to the population, about twice as many patients paying small rates of board than there are in England where the similar class have been compelled to become pauper patients.

X for instance last year each patient at the lowest rate of board was credited with a sum of £1:11:5¼ as the value of the work done by them for the wealthier patients and as a further proof of the advantages of this system

From an Asylum financial point of view the community divides itself into three classes, (1) those patients whose friends are so wealthy as to make the payment of board a matter of comparatively little importance; (2) those whose friends by self sacrifice, sometimes very great, can manage to pay board, and (3) those whose friends are so poor as to necessitate the board being paid by the parish. For the first of these classes an additional £1. or £2. of board would not much matter, while to increase the board of the third class, viz., the pauper patients would only mean that the Parish Council would have to increase their rates for the benefit of the Municipal Authorities, ~~a most improper proceeding, but one~~ a question with which the Asylum has not directly so much concern. It is the second class above referred to that the smallest addition to the rate of board would most severely affect, and that such an addition will have to be made if this Bill /

Bill passes is evident. This middle class is one whose interests the Managers of the Asylum have always had much at heart. They hold funds amounting to £22,472.2/- the income of which is spent in assisting it, and they frequently make grants for the same purpose from the surplus derived from the board of the wealthier patients before using the same for the reduction of debt.

In it are many poor ladies and gentlemen whose financial position would more properly indicate the West House as the place of their treatment, but whose social position would make their treatment there, not only unpleasant, but detrimental to their chance of recovery. They are accordingly treated in Craighouse at a low and unremunerative rate of board. Grants are moreover made in their favour from the above mentioned funds, but even with this assistance, the Managers have reason to know how great is the struggle their friends have to keep them there.

In the West House it may be safely said that <u>all</u> the private patients are only kept there through the self denial of their relations. The rate of board for these patients is fixed yearly, and is only the actual cost of maintenance as determined from the accounts of the preceding year. Sometimes there is a loss, and sometimes a small profit is made, but what is aimed at is a board that shall just pay the necessary expenses. Bearing this in mind it will at once be seen that any additional tax will mean an immediate addition to the rate of board. This in turn may force some who have long struggled against it to apply for parochial relief, and will certainly in all cases add to a burden already sufficiently sad and oppressive.

SCHEDULE I, SHEWING PRESENT "LAND VALUE" OF ASYLUM LAND IN THE BURGH OF EDINBURGH AND AMOUNT OF "LAND VALUE ASSESSMENT" THEREON AT 2/- p. £

Craighouse.

	Cash price paid for same . . .		£ 11,000. 0. 0.
Deduct	Value of building thereon at time of sale, say -		2,000. 0. 0.
			£ 9,000. 0. 0.
	Price paid for small pieces of land acquired		1,863. 0. 0.
			£ 10,863. 0. 0.
Add	(1) 25 p.c. as increased feuing value since purchase made		2,715.15. 0.
	(2) Capitalised value of feuduty of £764.17/- secured on said lands at 27 years purchase		20,650.19. 0.
			£ 34,229.14. 0.

West House.

	Value of ground and buildings made in 1896	£59,500.	
Deduct	Value of buildings included therein, say -	6,000.	
		£53,500	
Add	(1) 10 p.c. as increased feuing value since 1896 . . .	5,350.	
	(2) Capitalised value of feuduty of £440 secured thereon at 27 years purchase	£11,880.	
	Value of West House . .		70,730. 0. 0.
	Total		£104,959. 0. 0.

Land value is 4 p.c. on this sum which amounts to £4,198.7.2., and Land value Assessment levied on this at 2/- p. £ amounts to . . . . . £ 419.16.8.

Whereof recoverable from the Superiors . . . 120. 9. 8.

Leaving to be borne by the Asylum £ 299. 7. 0.

SCHEDULE II, SHEWING EXTENT OF LAND BELONGING TO THE ROYAL EDINBURGH ASYLUM.

I. Craighouse Department.

		Acres.
1.	Estate of Craighouse extending to about	61.594.
2.	Strip of ground outside boundary wall purchased from James Anderson . .	.546.
3.	Do. Do. purchased from James Galloway	.287.
		62.427.

II. West House Department.

		Acres.	
1.	West House grounds .	47.	
2.	Tipperlinn House grounds	1.5	
			48.5
		Acres	100.927.

SCHEDULE III, SHEWING GROUND AND SERVITUDES ACQUIRED BY ASYLUM FOR PROTECTION AGAINST BUILDING

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1. In 1870 there was feued from Mr David Deuchars of Morningside, a strip of ground extending to 4.013 acres at a feuduty of £80.5.3. Part of this land was sold with the East House in 1895, there being allocated on the part retained by the Asylum a feuduty of £48.

2. In 1890 there was purchased from Robert Rigg for £800 a servitude over a strip of land belonging to him and marching with Craighouse, whereby he agreed to restrict the height of houses to be erected thereon to 35 feet.

3. In 1899 there was purchased from James Anderson a strip of ground marching with Craighouse and extending to ·546 acres for which £1,413 was paid.

4. In 1900 there was purchased from James Galloway a strip of ground marching with Craighouse, extending to about ·287 acres for which £450 was paid.

5. In 1904 there was purchased from John Smart for £600 a servitude over a strip of ground marching with Craighouse, whereby he agreed to restrict the height of buildings to 35 feet.

6. In 1904 there was purchased from James Anderson for £157.10/-, a servitude of a similar nature over a strip of ground marching with Craighouse.

7. In 1895 a contribution of £250 was made to the Edinburgh University Athletic Club to enable it to acquire for cricket, etc., a field which marched with Craighouse, and which would otherwise have been built upon.

SCHEDULE IV, SHEWING PRESENT CAPITAL VALUE OF ASYLUM PROPERTY.

Estate of Craighouse.

	Price paid for same		£ 11,000. 0. 0.
Deduct	Value of Old Craighouse included therein, say		2,000. 0. 0.
			£ 9,000. 0. 0.
	Price paid for small pieces of land		1,863. 0. 0.
			10,863. 0. 0.
Add	(1) 25 per cent as increase in feuing value		2,715.15. 0.
	(2) Value of servitudes		1,557. 0. 0.
	(3) Value of present Buildings, etc., say -		20,000. 0. 0.
			£ 35,135.15. 0.

West House.

	Valuation of ground and buildings made in 1896 . . .	£ 59,500.	
Deduct	Value of buildings . .	6,000	
		£ 53,500.	
Add.	(1) 10 per cent as increased feuing value	5,350.	
	(2) Value of buildings, say -	6,000	
	Value of West House -		64,850. 0. 0.
	Total present value		£ 99,985.15. 0.

SCHEDULE V, SHEWING AMOUNT OF SUBSCRIPTIONS RECEIVED.

(a)	From public sources, such as forfeited estates, fines, Exchequer grants, etc.	£ 7,271. 0. 0.
(b)	From individuals, collective bodies, or parishes in Scotland, England, the Colonies and Dependencies, or in any place beyond the City and County of Edinburgh	7,378. 0. 0.
(c)	From the six urban parishes of the county of Edinburgh . . .	4,430. 0. 0.
(d)	From individuals or collective bodies in the City and County of Edinburgh and from other parishes in the county than the six above mentioned .	10,945. 0. 0.
	Total amount of donations, legacies, etc.	£ 30,024. 0. 0.

LAND VALUES TAXATION (SCOTLAND)
BILL.

Dft,

S T A T E M E N T
FOR
THE CORPORATION OF THE ROYAL EDINBURGH ASYLUM FOR THE INSANE.

1906.

Scott Moncrieff & Trail, W.S.

Land Values Taxation, &c. (Scotland) Bill, 1906.

MEMORANDUM OF EVIDENCE

TENDERED ON BEHALF OF THE MANAGERS OF

THE ROYAL EDINBURGH ASYLUM FOR THE INSANE,
THE GLASGOW ROYAL ASYLUM FOR LUNATICS,
THE ABERDEEN ROYAL LUNATIC ASLYUM,
THE CRICHTON ROYAL INSTITUTION, DUMFRIES,
THE DUNDEE ROYAL ASYLUM FOR LUNATICS,
THE ROYAL LUNATIC ASYLUM, MONTROSE,
JAMES MURRAY'S ROYAL ASYLUM, PERTH.

Witness—JOHN MACPHERSON, Esq., M.D., one of His Majesty's Commissioners in Lunacy.

The Bill under consideration is framed to attain a double purpose—(1) To add a new field for municipal taxation; and (2) To prevent owners of land situated within Burghs from refusing to part with it for useful purposes on reasonable terms, with a view of enhancing the price. The Bill being thus intended for the public benefit, the following clause is inserted in order to exempt from its operation institutions of a public, philanthropic, religious, or scientific character—

"The provisions of the Act shall not extend to, or render liable "to assessment under the Act, or in any way alter, modify, or affect "the liability to local assessments of police stations, gaols, and premises "occupied in connection therewith, public infirmaries, hospitals, poor-"houses, public schools, places of religious worship, chapels, drill halls, "ragged schools, Sunday schools, scientific and literary societies, "burial grounds, or parks or open spaces, held and enjoyed by the "public, under any Act of Parliament, or under or by the permission "of any municipal or local authority."

It is probable that the framers of the Bill intended the words "public infirmaries" and "hospitals" to include public asylums for the treatment of mental disease, these institutions being essentially public infirmaries or hospitals designed solely for the alleviation of what is, perhaps, the most distressing form of disease. While, therefore, the Managers of the Royal Asylums of Scotland, consider that they are already protected by the exemption clause, still, from their not being specifically exempted, they are apprehensive that their right of exemption may be challenged and only settled after litigation. They are therefore anxious to impress upon the Committee the extreme importance of removing all dubiety upon the question by inserting in the exemption clause after the word "hospitals" the words "Asylums for the insane."

Establishments for the insane in Scotland arrange themselves into the following groups:

(*a*) The Royal or Chartered Asylums are institutions which were in existence previous to the enactment of the Lunacy Act of 1857. They are seven in number, and are under the Management of Boards appointed in manner prescribed by their respective Charters or Acts of Parliament. Five of these—the Royal Asylums of Aberdeen, Dundee, Edinburgh, Glasgow and Montrose—were at their origin erected out of funds derived from legacies, subscriptions, and donations, including in all cases contributions of greater or less amount from parochial sources. The other two institutions—the Crichton Royal Institution at Dumfries, and Murray's Royal Asylum at Perth—were erected out of funds provided by the benefactors whose names they bear. All the seven Royal Asylums received both pauper and private patients at the time of the passing of the Act of 1857; but the Directors of Murray's Royal Asylum resolved, soon after the passing of that Act, to devote the institution solely to the care and treatment of private patients; and the Glasgow and Dundee Royal Asylums now also receive private patients only.

(*b*) District Asylums are institutions created under the provisions of the Lunacy Act, 1857. Asylums of this class are provided out of funds furnished by County and Burgh assessments and are intended for the accommodation of the pauper lunatics of localities where such accommodation is not otherwise provided. At present there are nineteen such asylums in occupation.

(*c*) Parochial Asylums are establishments erected out of funds furnished by the poor-rate of the parishes to which they

belong. These establishments are called Parochial Asylums for convenience, but they are technically Lunatic Wards of Poorhouses which have been licensed by the General Board of Lunacy to receive pauper patients suffering from all forms of insanity; that is, those who are curable and dangerous as well as those who are regarded as incurable and harmless. There are three establishments of this class at present.

(*d*) Lunatic Wards of Poorhouses are portions of poorhouses which are specially licensed by the Board of Lunacy, and have been set apart for the accommodation of pauper lunatics who are regarded as incurable and not dangerous. Such sections exist at present in twelve poorhouses.

(*e*) There are two Training Schools for imbecile children viz. :— the National Institution for the Training of Imbecile Children at Larbert, and the Baldovan Asylum for Imbecile Children. Both are charitable institutions erected by voluntary subscription. In addition to children received gratuitously, both receive private and pauper children whose board is paid respectively by their friends and their parishes.

In addition to the above there are three private Asylums conducted by their proprietors for profit; only private patients are received into them. There is also the criminal lunatic department of the Perth Prison which provides accommodation for insane prisoners and convicts, and persons detained during His Majesty's pleasure.

The above forms a complete classification of all the establishments for the insane in Scotland. They accommodate 14,372 patients; there are in addition 2,878 patients who are accommodated in private dwellings throughout the country, making a grand total of 17,450 as at 1st January 1906.

The classes of institution referred to in the following remarks, and for which exemption from the provisions of the Act is specially pleaded, are Royal, District, and Parochial Asylums and Training Schools for Imbecile Children.

The Hospital functions of these institutions are of a two-fold nature :—

1. They receive and treat medically in specially constructed hospital wards the great majority of the newly occurring acute cases of insanity in the country, as well as the insane who are sick, infirm, or aged.

2. They afford Asylums for those of the chronic insane who are,

owing to the nature of their mental symptoms, unfit to live in private houses, and they provide means other than mere detention for the healthful employment and recreation of such patients.

Each of these points may be shortly discussed as follows :—

1. Acute insanity is a manifestation of a disordered physical condition much in the same way as the delirium of fever is a symptom of certain phases of intoxication of the nervous system. The recognition of this fact was necessarily slow, but within the last twenty years many changes in Asylum construction and methods of nursing and treatment have been carried out in the Scottish Asylums with the object of extending and perfecting their hospital functions. Among the most important of these changes are the following :—

   (*a*) The institution of special hospitals within Asylums for the reception and treatment of new cases as well as for the nursing of the physically sick, the aged, and the infirm. In many instances these hospitals are separate from the main buildings of the Asylum, so that nursing and medical attention may be more concentrated upon the care and, where possible, the cure of such patients. So important is this function of modern Asylums considered that the size of the accommodation allocated to the care of the hospital classes of Asylum inmates varies from one-third to one-half of the whole of the accommodation of these institutions.

   (*b*) The treatment of acute insanity by prolonged rest in bed in hospital wards under supervision conduces towards the amelioration and removal of many of the physical accompaniments of mental disorder, and facilitates the medical study and safe nursing of the patients.

   (*c*) The employment of female nursing in the male wards of Asylums, especially in the wards occupied by sick and infirm patients, has greatly increased within recent years.

   (*d*) The regular instruction and training of Asylum nurses and attendants, and the institution of a certificate of proficiency in the care and nursing of the insane, which is only given after examination by the Medico Psychological Association of Great Britain and Ireland, has elevated and improved the position and status of Asylum attendants.

These features constitute the true hospital character of Asylums which entitles them to rank in exactly the same category as ordinary hospitals for the treatment of physical diseases.

2. Another sense in which Asylums for the insane in Scotland may be regarded as hospitals may be shown by the methods which are now universally adopted for the care and treatment of the majority of the chronic inmates. This class includes those who, though comparatively able-bodied, either suffer from incurable, mental, or nervous maladies, or are mentally impaired as a result of previous acute attacks of insanity. They number, roughly speaking, about two-thirds of the inmates of an ordinary Asylum. In order to prevent further mental degeneracy and degradation of habits, it is absolutely necessary that exercise, employment, and recreation should be provided as a means of maintaining physical and mental health. It has been established, as a result of long experience, that the best form of employment for able-bodied male lunatics is agricultural labour, and that in the case of many patients such labour has undoubtedly conduced towards complete recovery. In the case of patients who are compelled often through no fault of their own to pass their lives in the wards of an Asylum, it is in every interest desirable that they should be provided with grounds in which to walk and take exercise, for it is often inconvenient and always objectionable both to the public and to the insane themselves that the public roads should be used for this purpose. Quietude and privacy are also essential to their comfort and proper treatment.

So important are recreation and work upon the land in the treatment of the insane that the General Board of Lunacy recommend that all new Asylums should provide land in the proportion of one acre for every two patients. The Board have never urged the acquisition of farms by Asylums on the mere ground that they form a source of profit, and to some extent save the rates. They have always held that Asylums would be fully justified in acquiring land for the good of the patients, although no profit might be derived from it.

With a view to ascertaining the extent of agricultural land in the occupation of Asylums and the proportion of patients employed in the cultivation of such land, returns designed to furnish information upon these points were obtained from Royal and District Asylums. These returns, which are dealt with in the Forty-sixth Report of the General Board of Lunacy, p. lv., show the extent of land possessed by each of the twenty-one Asylums dealt with, and how it is appropriated; the

average number resident of pauper patients and of the class of private patients who may be expected to engage in outdoor work; the maximum number respectively of male and female patients employed in farm work and on the grounds and garden during the year from February 1901 to February 1902.

The following *resumé* may be given :—

Number of acres of land of every kind possessed by the 21 Royal and District Asylums referred to .	5,302
Average number of patients resident during the year 1901	9,803
Average amount of land per patient . . .	·54 acre
Average maximum number of patients (males and females) employed on land between February 1901—February 1902	2,297
Percentage of patients so employed . . .	23·4
Percentage of male patients so employed . .	43·3

The fact that land in connection with Scottish Asylums for the insane is primarily a remedial instrument, without which a large and important part of the hospital functions of these institutions would become inoperative, is in itself a strong argument in favour of the exemption of such land from further taxation. It is feared that the taxation of Asylum lands such as is contemplated by the scope of the present Bill would act detrimentally upon any Asylum for the insane which is now or may afterwards be included in burgh areas, for, as has been pointed out, the amount of land possessed on the average by Asylums for the insane is far in excess of that required by any other form of hospital.

It is hoped that the foregoing statement is sufficient to show :—

1. That Asylums are infirmaries or hospitals.

2. That for the proper treatment of mental disease it is absolutely necessary that Asylums be surrounded by large areas of ground.

3. That the grounds owned by the different Asylums are in no case and in no sense being held back from feu or sale with a view to their value being enhanced by the extension and growth of the neighbouring towns.

4. That by destroying the quiet and privacy so requisite for the proper treatment of insanity the spread of neighbouring towns tends not to increase but to diminish the value of land

belonging to Asylums, looking to the only uses to which it can be put.

That it also can be shown that, should an Asylum be forced, by city encroachments, to remove from its present site, the prices that would be received for the land as a feuing subject with all the buildings thereon, would be quite inadequate to purchase land and to erect similar buildings elsewhere.

The above remarks apply to all Asylums. The evidence following is more applicable to Royal Asylums :—

1. That in their success no one is financially interested; the managers being unpaid, the officials being engaged at fixed salaries, and any surplus revenue being used for the benefit of the patients.

2. That the cost of their lands and buildings has been defrayed by private endowments and public subscriptions.

3. That the great majority of patients under treatment belong to the humbler ranks of society, including many rate-aided patients.

4. That in many cases the rates of board charged for inmates are insufficient to meet the cost of their maintenance; the shortage being supplied by the interest of invested funds belonging to the Asylums.

5. That insanity is one of the most distressing of diseases, and differs from other complaints in that in most cases it is impossible to apply curative treatment at home. In this respect rich and poor are on the same footing, and a public institution near a great city for the benefit of both is an unspeakable boon.

6. That there is a class of the community to whom it is very repugnant to apply to the parochial authorities for assistance when any of those dependent on them have the misfortune to suffer from mental disease. These are persons who, by dint often of great self-sacrifice, have the satisfaction of feeling that they can provide all that is necessary for their afflicted relatives without their being subjected to the stigma of pauperism. For this class of the community more is done by the Scottish Royal Asylums than is done by the Asylums of any European country.

7. That, through the beneficent agency of the different Royal Asylums of Scotland, a large number of persons of humble rank suffering from mental disorders receive, independently of parochial relief, the best treatment and the most suitable accommodation at rates of board which are insufficient to meet the necessary expenditure. In consequence of this there are a larger number of this independent class in Scotland in proportion to the population than in England or Ireland, where they are necessarily pauperised from the absence of such accommodation.

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2. Another sense in which Asylums for the insane in Scotland may be regarded as hospitals may be shown by the methods which are now universally adopted for the care and treatment of the majority of the chronic inmates. This class includes those who, though comparatively able-bodied, either suffer from incurable, mental, or nervous maladies, or are mentally impaired as a result of previous acute attacks of insanity. They number, roughly speaking, about two-thirds of the inmates of an ordinary Asylum. In order to prevent further mental degeneracy and degradation of habits, it is absolutely necessary that exercise, employment, and recreation should be provided as a means of maintaining physical and mental health. It has been established, as a result of long experience, that the best form of employment for able-bodied male lunatics is agricultural labour, and that in the case of many patients such labour has undoubtedly conduced towards complete recovery. In the case of patients who are compelled often through no fault of their own to pass their lives in the wards of an Asylum, it is in every interest desirable that they should be provided with grounds in which to walk and take exercise, for it is often inconvenient and always objectionable both to the public and to the insane themselves that the public roads should be used for this purpose. Quietude and privacy are also essential to their comfort and proper treatment.

So important are recreation and work upon the land in the treatment of the insane that the General Board of Lunacy recommend that all new Asylums should provide land in the proportion of one acre for every two patients. The Board have never urged the acquisition of farms by Asylums on the mere ground that they form a source of profit, and to some extent save the rates. They have always held that Asylums would be fully justified in acquiring land for the good of the patients, although no profit might be derived from it.

With a view to ascertaining the extent of agricultural land in the occupation of Asylums and the proportion of patients employed in the cultivation of such land, returns designed to furnish information upon these points were obtained from Royal and District Asylums. These returns, which are dealt with in the Forty-sixth Report of the General Board of Lunacy, p. lv., show the extent of land possessed by each of the twenty-one Asylums dealt with, and how it is appropriated; the

average number resident of pauper patients and of the class of private patients who may be expected to engage in outdoor work; the maximum number respectively of male and female patients employed in farm work and on the grounds and garden during the year from February 1901 to February 1902.

The following *resumé* may be given :—

Number of acres of land of every kind possessed by the 21 Royal and District Asylums referred to .	5,302
Average number of patients resident during the year 1901	9,803
Average amount of land per patient . . .	·54 acre
Average maximum number of patients (males and females) employed on land between February 1901—February 1902	2,297
Percentage of patients so employed . . .	23·4
Percentage of male patients so employed . .	43·3

The fact that land in connection with Scottish Asylums for the insane is primarily a remedial instrument, without which a large and important part of the hospital functions of these institutions would become inoperative, is in itself a strong argument in favour of the exemption of such land from further taxation. It is feared that the taxation of Asylum lands such as is contemplated by the scope of the present Bill would act detrimentally upon any Asylum for the insane which is now or may afterwards be included in burgh areas, for, as has been pointed out, the amount of land possessed on the average by Asylums for the insane is far in excess of that required by any other form of hospital.

It is hoped that the foregoing statement is sufficient to show :—

1. That Asylums are infirmaries or hospitals.

2. That for the proper treatment of mental disease it is absolutely necessary that Asylums be surrounded by large areas of ground.

3. That the grounds owned by the different Asylums are in no case and in no sense being held back from feu or sale with a view to their value being enhanced by the extension and growth of the neighbouring towns.

4. That by destroying the quiet and privacy so requisite for the proper treatment of insanity the spread of neighbouring towns tends not to increase but to diminish the value of land

belonging to Asylums, looking to the only uses to which it can be put.

That it also can be shown that, should an Asylum be forced, by city encroachments, to remove from its present site, the prices that would be received for the land as a feuing subject with all the buildings thereon, would be quite inadequate to purchase land and to erect similar buildings elsewhere.

The above remarks apply to all Asylums. The evidence following is more applicable to Royal Asylums :—

1. That in their success no one is financially interested; the managers being unpaid, the officials being engaged at fixed salaries, and any surplus revenue being used for the benefit of the patients.

2. That the cost of their lands and buildings has been defrayed by private endowments and public subscriptions.

3. That the great majority of patients under treatment belong to the humbler ranks of society, including many rate-aided patients.

4. That in many cases the rates of board charged for inmates are insufficient to meet the cost of their maintenance; the shortage being supplied by the interest of invested funds belonging to the Asylums.

5. That insanity is one of the most distressing of diseases, and differs from other complaints in that in most cases it is impossible to apply curative treatment at home. In this respect rich and poor are on the same footing, and a public institution near a great city for the benefit of both is an unspeakable boon.

6. That there is a class of the community to whom it is very repugnant to apply to the parochial authorities for assistance when any of those dependent on them have the misfortune to suffer from mental disease. These are persons who, by dint often of great self-sacrifice, have the satisfaction of feeling that they can provide all that is necessary for their afflicted relatives without their being subjected to the stigma of pauperism. For this class of the community more is done by the Scottish Royal Asylums than is done by the Asylums of any European country.

7. That, through the beneficent agency of the different Royal Asylums of Scotland, a large number of persons of humble rank suffering from mental disorders receive, independently of parochial relief, the best treatment and the most suitable accommodation at rates of board which are insufficient to meet the necessary expenditure. In consequence of this there are a larger number of this independent class in Scotland in proportion to the population than in England or Ireland, where they are necessarily pauperised from the absence of such accommodation.

MEMORANDUM for The Glasgow Royal Asylum for Lunatics incorporated under Royal Charter concerning the Land Values Taxation (Scotland) Bill.

The Scheme of the Bill, which is limited to Burghs and is applicable to Cartnavel in respect that it is within the City Boundaries, is that each Proprietor of land in the Burgh must furnish yearly to the Assessor:-

1. The area in square yards of each separate property he owns.
2. The annual value of each such lot calculated at the rate of 4% per annum upon the sum which the Proprietor may fix as the price between a willing seller and a willing buyer, the Land being taken apart from the value of buildings and other erections on the ground. This annual value is termed "the Land Values."

The Bill next directs that Burgh Authorities are annually to levy an assessment to be called "The Land Value Assessment" upon the land values in the Valuation Roll at a rate not exceeding 2/- in the £. The Assessment must be levied. It is not optional. The object of the Bill is not clear, but it is presumably for the relief of ~~Burgh~~ General Assessments. The Promoters of the Bill have declared their intention quite plainly. They desire to im-:pose an Assessment upon vacant land:- (1) to obtain a new source of income for Municipal Authorities and (2) To compel Proprietors to part with that vacant ground.

The /

The Promoters of the Bill would appear to have intended that every manner of Public Institution should be exempt from the Provisions of the Act, and they have included as those exempt "Public Infirmaries, "Hospitals, Poor Houses." The Act does not specifically mention Public Asylums for the treatment of the insane and there is a doubt whether these Institutions would fall under those named as exempt. If Asylums are not exempt a very heavy additional burden amounting, as per Schedule annexed, to £318.18/- ~~£362.4.8~~ ~~£356.14/~~ ~~£316.16/~~ will be laid upon the Glasgow Royal Asylum, whose ground extends to 66 acres within the municipal boundaries of Glasgow. The Directors should, therefore, offer evidence in opposition to the Bill or with the object of getting exempt from its provisions for the following reasons:-

I. That the Asylum is a Public Institution and as such should be specifically exempt from the operation of the Act.

II. That for the proper discharge of its public duties it is absolutely necessary for an Asylum to have a large area of ground surrounding it.

III. That the ground is in no sense being "held back" with a view to increased feuing value and that so long as the buildings are used as an Asylum the grounds surrounding it have only an agricultural value.

IV. That from the nature of the work performed by the Asylum the increase of the City towards and round its boundaries tends to decrease instead of increase the value of its land, looking to the uses /

uses to which the Directors put the same.

V. That no one outside the Institution benefits from it, but that the whole surplus income is returned back on the Institution and spent on it for its benefit.

I. That the Corporation of the Glasgow Royal Asylum is a Public Institution and as such should be specifically exempt from the operation of the Act.

In support of this contention the following facts can be stated:-

(1) That the Asylum is incorporated by Royal Charter dated 17th February 1825, and is managed by a body of unpaid Directors, many of whom are nominated by ~~several~~ outstanding public bodies of the City of Glasgow. The Lord Provost of Glasgow, for the time being, is ex officio a member and President.

(2) That the Asylum was erected to supply an urgent public need and for the reception of the insane, rich and poor.

(3) The Funds were originally collected from Public Contributions and from many neighbouring Parishes in the adjoining Counties.

(4) The total number of Patients resident in the Asylum are 435 - ~~218~~ 207 of whom only pay £40 per annum and under that sum for their Board.

(5) That in this manner it administers a charitable Fund admitting necessitus cases at a charge ~~greatly~~ below the actual cost of maintenance.

(6). That while this and similar Institutions are called "Asylums" they are really and truly Infirmaries or /

or Hospitals for the special treatment of Diseases of the Brain ~~Diseases~~ and there is no reason for including, within the operation of the Bill, an Infirmary or Hospital for the cure of dieases of the Brain, and excluding therefrom ~~from the operations of the Act,~~ every Hospital and Infirmary for the cure of every other part of the human frame ~~body.~~

II. That ~~for~~ the proper discharge of its public duties it is absolitely essential for an Asylum to be sur-:rounded by a large area of ground. ~~in support~~

In support of this the Directors should state:-

(1) The necessity for Privacy.

(2) The necessity for quiet.

(3) The necessity for private grounds for recreation and exercise.

(4) The necessity for having garden and agricultural ground for the patients to work in, manual labour being admittedly a great restorative to mental health.

The Glasgow Royal Asylum in 1841 had to remove their Institution from Parliamentary Road, Glasgow, in the centre of the City, out to its pre-:sent site in the westend of Glasgow, for the very purpose of acquiring a large tract of ground for re-:creation and curative ~~air~~ purposes. The Estate of Gartnavel was acquired in 1841 which then consisted of 67 acres 3 roods 24 poles. This property is from 3 to 4 miles from the Glasgow Royal Exchange and is situated in the extreme Western Boundary of Lanarkshire on ~~in~~ the Great Western Road.

In 1898 the Lanarkshire and Dumbartonshire Railway /

Railway obtained Parliamentary powers to acquire about 2 acres of Land - portion of Gartnavel, and the Direc-:tors then considered it so important to hold all the ground they had, that they opposed the Bill in Parlia-:ment. The following quitation is from the Petition against the said Bill:-

"Your Petitioners' Asylum is the most impor-":tant in the west of Scotland, and the acquisition of "any portion of the property held by your Petitioners "in connection therewith, in the manner proposed by "the Bill would be very detrimental to it. The whole "of the present grounds of the Asylum are fully re-":quired for garden, farm and recreation purposes. "The loss of ground would materially prejudice your "Petitioners in the due administration of the Asylum, "and the treatment and care of the lunatics under their "charge. The property proposed to be acquired by the "promoters is essential to the Asylum." In conse-:quence of this opposition the Directors obtained an Agreement whereby the Railway Company undertook to acquire from the Kelvinside Estate a portion of ground to be given in exchange for the portion the Railway re-:quired. The Directors then considered that money could not compensate them for the loss of any portion of their land.

The Directors are meanwhile negotiating to acquire additional ground to protect their Estate from being overlooked by neighbouring buildings.

III. It is, therefore, obvious that the ground held by the Asylum is in no sense being "held back".

IV. All /

IV. <u>All surplus income is spent on the Institution.</u>

This is, obviously, the case from terms of the Charter. Formerly, the Asylum received Pauper Patients. The increase of insanity led Parochial Authorities to build Asylums for themselves, and several years ago these Authorities removed from Gartnavel, under a friendly arrangement, the whole of the Pauper Patients. The Directors then set themselves to provide more accommodation for a greater charity than even administering for the insane poor.

There is a large class of respectable tradespeople and others who are just able to get along, when no unusual trouble afflicts them and who strain every nerve to avoid placing their unfortunate relatives under Parochial relief. The Directors, accordingly, administer a great charity in connection with the Institution in admitting Patients presented by such friends at payments that are clearly unremunerative but which can be taken advantage of without the least taint of pauperism.

In addition to the objection that the Directors have to the taxation of their Land, the Bill would also impose an Assessment upon the Feuduties and Ground Annuals which they hold as part of their invested funds amounting annually to £433. 7. 4d. The effect of the Bill would be to tax to the extent of one-tenth - say £43. 6. 8d a year. The Directors consider this to be most unjust.

S C H E D U L E

	Acres	rds.	pls.
The original extent of ground at Cartnavel was	67	3	24
There has been sold			
To North British Railway Co. 6th June 1871	1	1	36
	66.	1.	28
There has also been sold			
To the Lanarkshire & Dumbartonshire Railway Co. on 8th June 1894	2.	-.	10
	64.	1.	18
A d d			
Land acquired from Kelvinside Estate per Lanarkshire & Dumbartonshire Agreement	1.	2.	6
	65.	3.	24

equal to 318.948 sq. yds.

which @ 5/- per square yard = £79,737. 0. 0

@ 4% is £3189. 9. 7d.

2/- per £ of Assessment on this sum is £318. 18. 0

A d d

Annual value of Ground Annuals and Feu-duties held by Asylum is £436.7.4d

2/- per £ on this is 43. 6. 8

£362. 4. 8

DRAFT

M E M O R A N D U M

For

THE GLASGOW ROYAL ASYLUM FOR LUNATICS,

concerning

The Land Values Taxation (Scot-:land) Bill.

1906.

Kerr & Barrie, Writers, Glasgow.

Draft

John E. Sutherland, Esq. M.P.,
House of Commons,
L o n d o n.

Dear Sir,

The Directors of The Glasgow Royal Asylum for Lunatics, who have been incorporated under a Royal Charter since 1825, and whose Institution is at Gartnavel, Glasgow, have asked me to communicate with you regarding the Land Values Taxation &c. (Scotland) Bill. They notice that under Section VI the Promoters exclude from the operation of the Act "Infirmaries" and "Hospitals." Their Institution is one, but Infirmaries for the cure of Brain Diseases are more commonly known under the term of "Asylums", and to avoid any difficulty afterwards, they suggest that the words "Asylums incorporated by Royal Charter for the care of the Insane" should be added to Clause VI after the word "Infirmaries."

I shall be pleased to hear from you if this will be done by the Promoters in Committee.

I am,
Yours faithfully,

Secretary & Treasurer.

TELEPHONE: NATIONAL, 45 ARGYLE.

THE Scottish Anti-Land-Values-Taxation Association.

LAND VALUES TAXATION (SCOTLAND) BILL.

SINCE the Annual Report of the Association was issued, the Select Committee of the House of Commons, to which the above Bill was referred, has reported to the House.

The Committee, without a division, agreed to a recommendation, "that the Bill referred to the Committee be not further proceeded with" and in the Report they set forth that—"Your Committee considered its proposals to be indefensible. No evidence was adduced in support of them. . . The objections entertained by your Committee to the proposals of the Bill were such as to compel them to come to the conclusion that it ought not to be proceeded with in its present form."

Having arrived at this decision, the Committee had no other function to perform, except to report to the House. They have, however, by the decision of a majority, added a second recommendation, viz.—"That a Measure be introduced making provision for a Valuation being made of Land in the Burghs and Counties in Scotland, apart from the Buildings and Erections upon it, and that no Assessment be determined upon, until the amount of that Valuation be known and considered."

The Report, in defence of this second Resolution, sets forth that "as a large amount of evidence was laid before your Committee bearing upon the principle which underlies Legislation of the class to which this Bill belongs, your Committee deem it to be their duty to express their views upon the main topics to which that evidence was directed."

In arriving at this second recommendation, and advocating in their Report the introduction of a new Bill not remitted to them, the Committee have undoubtedly gone beyond their mandate from the House of Commons—a view pointedly expressed in the Draft Report submitted to the Committee by Mr. Henderson, a Liberal Member on the Committee, and also in the Minority Report, proposed by Mr. Remnant.

The majority, however, being pledged before the proceedings commenced to legislation for the taxation of Land Values, were evidently determined, despite the limits of their mandate, and the shipwreck of the Bill, to propose something, however crude.

The Bill they advocate is one of a revolutionary character, embodying a scheme for the total abolition of the present basis of rating upon the combined value of site and buildings as expressed in the rent, and substituting in lieu of it a standard based upon the value of the land, apart from buildings and other improvements on it.

The Committee have also, *by the casting vote of the Chairman*, resolved that the owner of feu-duties, being, as they labour to show, not a mere creditor, but an owner of the land, and his feu-duty nothing but the rent of land, ought to be rated in respect of his feu-duty when the proposed standard of rating is established. This is intended to apply, not merely to feu-duties to be, but to those presently in existence. They assert that the inclusion of owners of existing feu-duties constitutes no breach of the obligation undertaken by the feuar in the feu-contract to relieve the superior of all public burdens present and future. An assessment, they say, on the basis of the yearly value of land, apart from buildings, and levied from the owners of land, including the owners of feu-duties, would be "a new burden differing materially in its character and incidence from any existing burden on land." Against such a rate, they assert, the law does not give the superior any relief from his feuar under the obligations above stated; and, consequently, if such a rate be set up, and the owner of feu-duties made by Statute liable for it, existing contracts would be "left untouched."

The Select Committee proceed to say that, as no reliable data exist from which to form a just estimate of the value of land in Scotland, apart from buildings and improvements, it is absolutely essential, before the proposed new standard is adopted, that such a valuation be made. They believe it to be practicable to do so, although they admit it will lead to considerable expenditure of time and money.

Such is, in brief, the result of the deliberations of the Committee, and the next step is, therefore, evidently to be the introduction of a Lands Valuation Bill for Scotland.

The theory on which this proposed change is based is that buildings and improvements on land should not be rated, as to do so discourages industry. To resort to the unimproved Land Value as a basis will, it is claimed, release industry from this burden, and restore to the community a portion of the value of the land, a value which the Committee urge is not due to the enterprise or industry of the owner, but to the presence and expenditure of the community.

While it is obvious that the existence of population is the source of the value of every commodity, and, indeed, of the labour of the working-man himself, it is absurd to base any argument of restitution upon this.

The value of the land depends not on the exertions of the community, but primarily on its capacity for advantageous use; the preparation of the land for use as building sites; and the enterprise of individuals who have established industries and means of access, and attracted population to a particular spot.

Rates are imposed for the protection and well-being of the population and their property. Land requires no protection and no services. It may sometimes be benefited indirectly by the expenditure of rates for certain purposes, but proprietors have no control over rates expenditure, and the rates are not levied with the design of improving land. In some cases, indeed, they bring about decrement in the value of land.

It should also be remembered that whenever land becomes a source of revenue, it at once contributes, in the same manner as other property, to the rates.

It is believed that, so far from promoting the building industry and leading to better housing, the adoption of the new standard will lead to the congestion of buildings on the smallest available sites, so as to diminish the assessable value of the investment, and if the superior, ceasing to grant feus, resorts to terminable building leases, the character of the buildings on the site must also deteriorate.

The use of open spaces and ground for gardens and greens will not be increased in building schemes but diminished. Builders will be hampered in every direction, and the accommodation of the people will be seriously interfered with.

In abandoning the well settled and accurate index of value supported by the present basis of rating, the Committee will be resorting to one infinitely more anomalous and difficult, depending in every case for its ascertainment upon hypothesis and conjecture. The tests of the growth or decline of the value of land are vague and indeterminate, and in consequence of this, the annual settlement of assessable rental must be attended with enormous difficulty. To compare the process by which an Assessor at present

arrives at the lettable value of special subjects of which the owner is occupier, with one where this exceptional process is to be the normal rule, is unwarranted and misleading.

Even when the Land Value is ascertained, the incidence of rating under it will be anomalous. It is said that the present standard of value is a burden upon industry, and that the adoption of the new standard will tend to lighten it. No one doubts that the pressure of the rates is keenly felt on the present basis, but the remedies for that are (1) to keep rating down and discourage extravagance in local authorities; (2) to obtain relief by broadening the rating area, on the lines suggested by the recent Royal Commission on Local Taxation, so as to include owners of personal property in respect of which no contribution to the rates as at present made.

It is questionable whether, under the proposed standard of rating, ratepayers will derive any benefit except that which arises from the inclusion of vacant land and feu-duties. As the average ratio of land value to rent is according to the best professional opinion about one-sixth, it follows that to raise the same sum as is presently required, the rate per £ must be augmented six times. It matters little to a tenant whether he pays 4s. on a rental of £60, or 24s. on a land value of £10.

While that is the position of the occupying ratepayer, what is the position of the owners of feu-duties and vacant sites? If the owners of such subjects are to be liable to rating as owners of heritable property, where the owner's rate would at present amount to 2s. per £, under the proposed system it would amount to 12s. per £, and thus more than 50 per cent. of the revenue of the feu-duty, and the hypothetical value of the vacant land, would be absorbed annually by the collector of rates.

If that be so, it is clear that owners have to deal with a barefaced scheme of confiscation, based on the doctrine of Henry George and the Single Tax School.

The argument used by the Select Committee for inclusion of feu-duties in the new scheme is that the owner of a feu-duty is a landowner, and his feu-duty is a rent. Technically, no doubt, the owner of the feu-duty does own the superiority of the lands, but he has no rights as owner so long as his feu-duty is paid. He cannot enter on the land, raise the so-called rent, or terminate the feuar's right. He receives no share of the growing profits. If the value of the soil appreciates, the benefit does not accrue to the superior.

It is a curious fact that the Report does not specifically mention the case of ground annuals, and it is therefore doubtful whether the Committee propose to include or exclude them.

The want of precision evidenced by the Report on this and other important points, such as the determination of the criterion for fixing land values, is proof of the superficial character of the report.

The only other argument adduced by the Committee for the rating of feu-duties, is that it constitutes no invasion of the contractual rights of the superior under existing feus.

The law no doubt restricts the feuar's obligation to discharge all public burdens to burdens similar to those in existence at the date of the contract, and which are therefore held to have been in contemplation of the parties at that date. Such a clause affords no relief from new burdens created by supervening law. The proposed burden would, however, not be a new one, but for discharge of the same services as the present rate, and therefore, unless its incidence were altered, it would clearly remain a burden on the feuar. The argument of the Committee is obviously an example of the fallacy of arguing in a circle, as they propose, by altering the incidence of the rates, to manufacture the very argument on which they rely for doing so.

Enough has been said to show the danger which menaces, not merely the superior, but the many bodies of Trustees, Institutions, charitable and industrial, and the general public, who hold feu-duties as part of their ordinary investments.

This Association exists for the purpose of resisting all inequitable legislation dealing with the rating of ground and feu-duties.

It has hitherto been of good service in helping to get the late "Glasgow Bill" condemned, and in extending public knowledge of the mischief it would entail. Its work must still go on, and it is important that its membership should be extended and sufficient funds obtained for continuing its work.

The Directors therefore strongly appeal to all whose property and interests are likely to be injured, by proposals on the lines advocated by the Majority Report to join this Association. They are also urged to support it financially so as to enable it to carry out its work efficiently.

The minimum Subscription is 10/6 per annum, but it is hoped that where the interests involved are important, special contributions towards the Defence Fund may be obtained.

In name and on behalf of the Directors,

J. CAMPBELL MURRAY, *Chairman.*
JAMES FYFE, *Vice-Chairman.*
PIRIE & STEWART, *Secretaries.*

Land Values Taxation (Scotland) Bill.

MEMORANDUM

AS TO

REPORT THEREON BY SELECT COMMITTEE. (H. C.)

1907.

THE SCOTTISH ANTI-LAND-VALUES-TAXATION ASSOCIATION,
173 ST. VINCENT STREET, GLASGOW.

The Land Values Taxation etc. (Scotland) Bill 1906.

Precis of Evidence

Tendered to

The Select Committee of the House of Commons,

By

James Johnston, Chartered Accountant, Glasgow,

Treasurer and Secretary of The Glasgow Royal Asylum for Lunatics.

James Johnston, Chartered Accountant, Glasgow, will say:-

I am a Partner in the Firm of D. & A. Cuthbertson, Provan & Strong, Chartered Accountants, Glasgow.

Donald Cuthbertson, the Founder of that Firm, was Chiefly instrumental in instituting the Glasgow Royal Asylum.

He was the first Treasurer and Secretary, and he and successive partners in the Firm have been Treasurers and Secretaries ever since.

The Asylum was opened in 1814. I was appointed in the year 1899.

The Asylum is incorporated by Royal Charter dated 17th February 1825.

It is managed by a body of unpaid Directors, many of whom are nominated by the principal public bodies in the City of Glasgow, such as the Town Council, the Merchants' House, Trades' House, the Faculty of Physicians and Surgeons etc.

The Lord Provost of Glasgow for the time being is ex officio a member and President.

The /

The Asylum was erected to supply an urgent public need for the reception of the insane, both rich and poor.

The Funds were originally collected by Public Sub-:scriptions and Contributions with special Contributions from the neighbouring Parishes in Lanarkshire, which en-:titled them to special terms for the care of their in-:sane paupers.

No one outside of the Institution benefits from it. The whole surplus income is expended on the effi-:ciency of the Institution and for its benefit. My Directors found that the Bill provided for an exemption from its provisions in favor of "Public Infirmaries, "Hospitals and Poor Houses."

These general designations may be held to cover "Public Asylums existing for the treatment of the insane," but as they are generally designated as "Asylums" rather than "Infirmaries", my Directors claim that any doubt existing should be removed and that the words "Public "Asylums for the treatment of the insane" should be in-:corporated after the word "Hospitals" in Section 6 of the Bill. In support of the exemption, I desire to give the following information:-

The Public Asylums for the treatment of the in-:sane are fulfilling exactly the same function as other Infirmaries and Hospitals.- The only distinction being, that those admitted for treatment to public Asylums are suffering under a greater calamity, but the provisions of the Bill should make no distinction between what are diseases of the brain and diseases and injuries to the other parts of the human frame.

The Glasgow Royal Asylum was first established in /

in Parliamentary Road, Glasgow, in 1814, and had to leave that district in 1843, when they removed to the west-end of Glasgow. The Directors then acquired be-:tween 67 and 68 acres of land which was found to be necessary for curative and recreation purposes in con-:nection with such an Institution.

The Asylum Lands are at the extreme west-end of the Great Western Road where the boundaries of Dum-:bartonshire and Lanarkshire meet. The ground held by the Directors is in no sense being "held back" with any view to an increased feuing value. The whole of the Lands are used in connection with the Asylum for recreation and curative purposes in connection with the Institution.

The increase of the City towards and around the Asylum Boundaries tends to increase, instead of decrease, the Land so far as regards the uses to which it is put in connection with the Institution.

The total number of Patients resident in the Asylum are 435, male and female.- Of these, 207 of whom only pay £40 per annum and sums under that per annum for their Board. Of these 207 there are as many as 53 paying Board only of from £30 per annum down to £10 per annum. These Boards are clearly un-:remunerative, showing practical administration of the Institution by the Directors as a Charitable one.

The whole of the ground is needed to ensure privacy and quietness and for Garden and Agricultural ground for the patients to work in and to engage them in manual labour, which is admittedly a great restora-:tive to mental health.

Formerly /

Formerly the Glasgow Royal Asylum received Pauper Patients.

The increase of Insanity compelled Parochial Authorities to build Asylums for themselves, and several years ago these Authorities removed from Gartnavel, under a friendly arrangement, the whole of the Pauper Patients then resident there.

This set free to the Directors a greater amount of accommodation to extend that Charitable side of the Institution already referred to, admitting to it many more at an unremunerative rate of Board.

There is a large class of respectable trades-:people and others who are just able to get along, when no unusual trouble afflicts them and who are prepared to strain every effort to avoid placing their unfortunate relatives under Parochial relief. The Directors are, ac-:cordingly, always anxious to encourage this independency and they administer a great charity in admitting Patients presented by such friends at payments clearly unremunera-:tive, but which always avoids the least taint of pau-:perism.

In illustration of the need of all the Land the Directors have for the purpose of the Institution, I may mention that the Lanarkshire and Dumbartonshire Railway, in 1898, sought Parliamentary powers to acquire about 2 acres of the Asylum Lands.

The Directors then considered it so important to retain all the ground they had that they petitioned against the Bill in Parliament. The following is a quotation from their Petition against the Bill:-

"Your Petitioners' Asylum is the most important

"in /

"in the West of Scotland, and the acquisition of any "portion of the property held by your Petitioners in "connection therewith, in the manner proposed by the "Bill would be very detrimental to it. The whole of "the present grounds of the Asylum are fully required "for garden, farm and recreation purposes. The loss "of ground would materially prejudice your Petitioners "in the due administration of the Asylum, and the trea-":ment and care of the lunatics under their charge. "The property proposed to be acquired by the Promoters "is essential to the Asylum."

In consequence of this opposition the Directors obtained an Agreement whereby the Railway Company under-:took to acquire from the Kelvinside Estate a portion of ground to be given in exchange for the portion the Rail-:way required. The Directors then considered that money could not compensate them for the loss of any portion of their land.

The Directors are meanwhile negotiating to acquire additional ground to protect their Estate from being overlooked by neighbouring buildings.

If the Asylum was not to be exempted from the provisions of the Bill, I calculate there would be an Assessment due from the Asylum Lands of about £318 per annum made up thus:-

We have about 318,948 square yards which at 5/- per square yard amounts to,- £79,737.
4% on this sum is £3189. 9. 7d,
2/- per £ of Assessment on this sum is,- £318.18/-.

If this Assessment were imposed it would just deprive the Directors of that amount of money annually from /

from being devoted to the Charitable side of the Institution.

THE LAND VALUES TAXATION ETC.

(SCOTLAND) BILL 1906.

PRECIS OF EVIDENCE

Tendered to

The Select Committee of the

House of Commons

By

James Johnston, Chartered Accountant, Glasgow, Treasurer and Secretary of The Glasgow Royal Asylum for Lunatics.

1906.

Kerr & Barrie, Writers, Glasgow.

Land Values Taxation, &c. (Scotland) Bill, 1906.

MEMORANDUM OF EVIDENCE

TENDERED ON BEHALF OF THE MANAGERS OF

THE ROYAL EDINBURGH ASYLUM FOR THE INSANE,
THE GLASGOW ROYAL ASYLUM FOR LUNATICS,
THE ABERDEEN ROYAL LUNATIC ASLYUM,
THE CRICHTON ROYAL INSTITUTION, DUMFRIES,
THE DUNDEE ROYAL ASYLUM FOR LUNATICS,
THE ROYAL LUNATIC ASYLUM, MONTROSE,
JAMES MURRAY'S ROYAL ASYLUM, PERTH.

Witness—JOHN MACPHERSON, Esq., M.D., one of His Majesty's Commissioners in Lunacy.

The Bill under consideration is framed to attain a double purpose—(1) To add a new field for municipal taxation; and (2) To prevent owners of land situated within Burghs from refusing to part with it for useful purposes on reasonable terms, with a view of enhancing the price. The Bill being thus intended for the public benefit, the following clause is inserted in order to exempt from its operation institutions of a public, philanthropic, religious, or scientific character—

"The provisions of the Act shall not extend to, or render liable "to assessment under the Act, or in any way alter, modify, or affect "the liability to local assessments of police stations, gaols, and premises "occupied in connection therewith, public infirmaries, hospitals, poor-"houses, public schools, places of religious worship, chapels, drill halls, "ragged schools, Sunday schools, scientific and literary societies, "burial grounds, or parks or open spaces, held and enjoyed by the "public, under any Act of Parliament, or under or by the permission "of any municipal or local authority."

It is probable that the framers of the Bill intended the words "public infirmaries" and "hospitals" to include public asylums for the treatment of mental disease, these institutions being essentially public infirmaries or hospitals designed solely for the alleviation of what is, perhaps, the most distressing form of disease. While, therefore, the Managers of the Royal Asylums of Scotland, consider that they are already protected by the exemption clause, still, from their not being specifically exempted, they are apprehensive that their right of exemption may be challenged and only settled after litigation. They are therefore anxious to impress upon the Committee the extreme importance of removing all dubiety upon the question by inserting in the exemption clause after the word "hospitals" the words "Asylums for the insane."

Establishments for the insane in Scotland arrange themselves into the following groups:

(*a*) The Royal or Chartered Asylums are institutions which were in existence previous to the enactment of the Lunacy Act of 1857. They are seven in number, and are under the Management of Boards appointed in manner prescribed by their respective Charters or Acts of Parliament. Five of these—the Royal Asylums of Aberdeen, Dundee, Edinburgh, Glasgow and Montrose—were at their origin erected out of funds derived from legacies, subscriptions, and donations, including in all cases contributions of greater or less amount from parochial sources. The other two institutions—the Crichton Royal Institution at Dumfries, and Murray's Royal Asylum at Perth—were erected out of funds provided by the benefactors whose names they bear. All the seven Royal Asylums received both pauper and private patients at the time of the passing of the Act of 1857; but the Directors of Murray's Royal Asylum resolved, soon after the passing of that Act, to devote the institution solely to the care and treatment of private patients; and the Glasgow and Dundee Royal Asylums now also receive private patients only.

(*b*) District Asylums are institutions created under the provisions of the Lunacy Act, 1857. Asylums of this class are provided out of funds furnished by County and Burgh assessments and are intended for the accommodation of the pauper lunatics of localities where such accommodation is not otherwise provided. At present there are nineteen such asylums in occupation.

(*c*) Parochial Asylums are establishments erected out of funds furnished by the poor-rate of the parishes to which they

belong. These establishments are called Parochial Asylums for convenience, but they are technically Lunatic Wards of Poorhouses which have been licensed by the General Board of Lunacy to receive pauper patients suffering from all forms of insanity; that is, those who are curable and dangerous as well as those who are regarded as incurable and harmless. There are three establishments of this class at present.

(*d*) Lunatic Wards of Poorhouses are portions of poorhouses which are specially licensed by the Board of Lunacy, and have been set apart for the accommodation of pauper lunatics who are regarded as incurable and not dangerous. Such sections exist at present in twelve poorhouses.

(*e*) There are two Training Schools for imbecile children viz. :— the National Institution for the Training of Imbecile Children at Larbert, and the Baldovan Asylum for Imbecile Children. Both are charitable institutions erected by voluntary subscription. In addition to children received gratuitously, both receive private and pauper children whose board is paid respectively by their friends and their parishes.

In addition to the above there are three private Asylums conducted by their proprietors for profit; only private patients are received into them. There is also the criminal lunatic department of the Perth Prison which provides accommodation for insane prisoners and convicts, and persons detained during His Majesty's pleasure.

The above forms a complete classification of all the establishments for the insane in Scotland. They accommodate 14,372 patients; there are in addition 2,878 patients who are accommodated in private dwellings throughout the country, making a grand total of 17,450 as at 1st January 1906.

The classes of institution referred to in the following remarks, and for which exemption from the provisions of the Act is specially pleaded, are Royal, District, and Parochial Asylums and Training Schools for Imbecile Children.

The Hospital functions of these institutions are of a two-fold nature :—

1. They receive and treat medically in specially constructed hospital wards the great majority of the newly occurring acute cases of insanity in the country, as well as the insane who are sick, infirm, or aged.

2. They afford Asylums for those of the chronic insane who are,

owing to the nature of their mental symptoms, unfit to live in private houses, and they provide means other than mere detention for the healthful employment and recreation of such patients.

Each of these points may be shortly discussed as follows :—

1. Acute insanity is a manifestation of a disordered physical condition much in the same way as the delirium of fever is a symptom of certain phases of intoxication of the nervous system. The recognition of this fact was necessarily slow, but within the last twenty years many changes in Asylum construction and methods of nursing and treatment have been carried out in the Scottish Asylums with the object of extending and perfecting their hospital functions. Among the most important of these changes are the following :—

   (*a*) The institution of special hospitals within Asylums for the reception and treatment of new cases as well as for the nursing of the physically sick, the aged, and the infirm. In many instances these hospitals are separate from the main buildings of the Asylum, so that nursing and medical attention may be more concentrated upon the care and, where possible, the cure of such patients. So important is this function of modern Asylums considered that the size of the accommodation allocated to the care of the hospital classes of Asylum inmates varies from one-third to one-half of the whole of the accommodation of these institutions.

   (*b*) The treatment of acute insanity by prolonged rest in bed in hospital wards under supervision conduces towards the amelioration and removal of many of the physical accompaniments of mental disorder, and facilitates the medical study and safe nursing of the patients.

   (*c*) The employment of female nursing in the male wards of Asylums, especially in the wards occupied by sick and infirm patients, has greatly increased within recent years.

   (*d*) The regular instruction and training of Asylum nurses and attendants, and the institution of a certificate of proficiency in the care and nursing of the insane, which is only given after examination by the Medico Psychological Association of Great Britain and Ireland, has elevated and improved the position and status of Asylum attendants.

These features constitute the true hospital character of Asylums which entitles them to rank in exactly the same category as ordinary hospitals for the treatment of physical diseases.

2. Another sense in which Asylums for the insane in Scotland may be regarded as hospitals may be shown by the methods which are now universally adopted for the care and treatment of the majority of the chronic inmates. This class includes those who, though comparatively able-bodied, either suffer from incurable, mental, or nervous maladies, or are mentally impaired as a result of previous acute attacks of insanity. They number, roughly speaking, about two-thirds of the inmates of an ordinary Asylum. In order to prevent further mental degeneracy and degradation of habits, it is absolutely necessary that exercise, employment, and recreation should be provided as a means of maintaining physical and mental health. It has been established, as a result of long experience, that the best form of employment for able-bodied male lunatics is agricultural labour, and that in the case of many patients such labour has undoubtedly conduced towards complete recovery. In the case of patients who are compelled often through no fault of their own to pass their lives in the wards of an Asylum, it is in every interest desirable that they should be provided with grounds in which to walk and take exercise, for it is often inconvenient and always objectionable both to the public and to the insane themselves that the public roads should be used for this purpose. Quietude and privacy are also essential to their comfort and proper treatment.

So important are recreation and work upon the land in the treatment of the insane that the General Board of Lunacy recommend that all new Asylums should provide land in the proportion of one acre for every two patients. The Board have never urged the acquisition of farms by Asylums on the mere ground that they form a source of profit, and to some extent save the rates. They have always held that Asylums would be fully justified in acquiring land for the good of the patients, although no profit might be derived from it.

With a view to ascertaining the extent of agricultural land in the occupation of Asylums and the proportion of patients employed in the cultivation of such land, returns designed to furnish information upon these points were obtained from Royal and District Asylums. These returns, which are dealt with in the Forty-sixth Report of the General Board of Lunacy, p. lv., show the extent of land possessed by each of the twenty-one Asylums dealt with, and how it is appropriated; the

average number resident of pauper patients and of the class of private patients who may be expected to engage in outdoor work; the maximum number respectively of male and female patients employed in farm work and on the grounds and garden during the year from February 1901 to February 1902.

The following *resumé* may be given :—

Number of acres of land of every kind possessed by the 21 Royal and District Asylums referred to .	5,302	
Average number of patients resident during the year 1901	9,803	
Average amount of land per patient . . .	·54	acre
Average maximum number of patients (males and females) employed on land between February 1901—February 1902	2,297	
Percentage of patients so employed . . .	23·4	
Percentage of male patients so employed . .	43·3	

The fact that land in connection with Scottish Asylums for the insane is primarily a remedial instrument, without which a large and important part of the hospital functions of these institutions would become inoperative, is in itself a strong argument in favour of the exemption of such land from further taxation. It is feared that the taxation of Asylum lands such as is contemplated by the scope of the present Bill would act detrimentally upon any Asylum for the insane which is now or may afterwards be included in burgh areas, for, as has been pointed out, the amount of land possessed on the average by Asylums for the insane is far in excess of that required by any other form of hospital.

It is hoped that the foregoing statement is sufficient to show :—

1. That Asylums are infirmaries or hospitals.

2. That for the proper treatment of mental disease it is absolutely necessary that Asylums be surrounded by large areas of ground.

3. That the grounds owned by the different Asylums are in no case and in no sense being held back from feu or sale with a view to their value being enhanced by the extension and growth of the neighbouring towns.

4. That by destroying the quiet and privacy so requisite for the proper treatment of insanity the spread of neighbouring towns tends not to increase but to diminish the value of land

belonging to Asylums, looking to the only uses to which it can be put.

That it also can be shown that, should an Asylum be forced, by city encroachments, to remove from its present site, the prices that would be received for the land as a feuing subject with all the buildings thereon, would be quite inadequate to purchase land and to erect similar buildings elsewhere.

The above remarks apply to all Asylums. The evidence following is more applicable to Royal Asylums :—

1. That in their success no one is financially interested; the managers being unpaid, the officials being engaged at fixed salaries, and any surplus revenue being used for the benefit of the patients.

2. That the cost of their lands and buildings has been defrayed by private endowments and public subscriptions.

3. That the great majority of patients under treatment belong to the humbler ranks of society, including many rate-aided patients.

4. That in many cases the rates of board charged for inmates are insufficient to meet the cost of their maintenance; the shortage being supplied by the interest of invested funds belonging to the Asylums.

5. That insanity is one of the most distressing of diseases, and differs from other complaints in that in most cases it is impossible to apply curative treatment at home. In this respect rich and poor are on the same footing, and a public institution near a great city for the benefit of both is an unspeakable boon.

6. That there is a class of the community to whom it is very repugnant to apply to the parochial authorities for assistance when any of those dependent on them have the misfortune to suffer from mental disease. These are persons who, by dint often of great self-sacrifice, have the satisfaction of feeling that they can provide all that is necessary for their afflicted relatives without their being subjected to the stigma of pauperism. For this class of the community more is done by the Scottish Royal Asylums than is done by the Asylums of any European country.

7. That, through the beneficent agency of the different Royal Asylums of Scotland, a large number of persons of humble rank suffering from mental disorders receive, independently of parochial relief, the best treatment and the most suitable accommodation at rates of board which are insufficient to meet the necessary expenditure. In consequence of this there are a larger number of this independent class in Scotland in proportion to the population than in England or Ireland, where they are necessarily pauperised from the absence of such accommodation.

The Land Values Taxation, &c. (Scotland) Bill, 1906.

PRÉCIS OF EVIDENCE

TENDERED TO

THE SELECT COMMITTEE OF THE HOUSE OF COMMONS

BY

JAMES A. REID,

Dean of the Faculty of Procurators in Glasgow.

JAMES ALEXANDER REID, Solicitor, Glasgow, will say—

I have been since 1871 a partner of M'Grigor, Donald & Co., Solicitors and Conveyancers in Glasgow.

I am now Dean or President of the Faculty of Procurators in Glasgow.

The Faculty practically represents the whole legal profession of Glasgow, both Pleaders and Conveyancers.

Since 1864 it has annually appointed a Parliamentary Bills Committee, whose duty it is to consider all Bills applicable to Scotland which are introduced into Parliament, and to report on such as may call for special attention.

The reports of this Committee are sent to the Members of Parliament for Glasgow, to the Members of the House of Lords and House of Commons who are specially interested in the measures under consideration, and also to the Scotch Office, and they have often been of value to those in charge.

The Faculty is a non-political body, and accordingly the Committee is precluded from dealing with questions of general policy or of a political or party character.

Its reports must therefore be confined to the purely legal aspects of the Bills which come before it.

The present Bill was reported upon on 23rd April last, and at a meeting of the general body of the Faculty, held on the 7th of

June, the Report of the Committee was approved of, and Dr. Murray, my predecessor in office as Dean, and I were authorised to give evidence in support of the Report.

This Report I now produce, and, so far it goes, it may be taken as my evidence.

It is in the following terms :—

THIS Bill, a copy of which is annexed, is simply a repetition of what is now known as "The Glasgow Bill."

It is necessary again to point out the real intention of its proposals, as these seem to be greatly misunderstood, and it is to be feared that its true meaning and effect are not fully appreciated by the public or even by the Glasgow Town Council itself. The prevailing impression appears to be that the Bill is one for the taxation of (1) vacant areas, and (2) feu-duties and ground annuals, and of nothing more, and interest has largely been concentrated upon the question of the taxation of existing feu-duties and ground annuals, which the promoters of the Bill regard as an untapped reservoir for municipal taxation.

This is an altogether false conception of the Bill. It does not restrict itself to vacant areas, and the taxation of feu-duties and ground annuals is only an incident. Its intention and effect are much more widespread.

Taxation of Site Values.

The leading idea is to tax the values of all sites, whether built or unbuilt, whether burdened with feu-duties or free therefrom, and the provisions for carrying this out, which are contained in Clauses 1 to 5 of the Bill, may be summarised as follows :—

(*a*) Every proprietor in any burgh in Scotland is to make a return of the number of square yards of ground contained in each separate or discontiguous piece of ground of which he is proprietor or reputed proprietor ;

(*b*) The annual value or "land value" of each such piece of ground is to be calculated at the rate of 4 per cent. per annum upon the sum which the proprietor may fix as the price thereof as between a willing seller and a willing buyer, such "land value" being taken apart from and irrespective of the value of "any "buildings, erections, fixed machinery, or other heritable "subjects on, or connected with, such piece of ground" ;

(*c*) The assessor is then to enter in the valuation roll the amount of the "land value so supplied by the proprietor or such other amount "as the assessor shall deem reasonable" ; and

(*d*) An assessment is then to be levied upon this "land value" at a rate not exceeding 2*s.* in the £.

In other words, the proprietor of, say, a block of ground in Argyle Street, containing 600 square yards, fully covered with buildings and at present yielding a rental practically altogether due to the site, is to be separately assessed in respect of the value of the site, as if it were vacant and free to be turned to any purpose, and without any regard to the rental upon which it is already assessed. If this site value be taken at £60 a square yard, or £36,000, the annual or assessable "land value," being 4 per cent. on the £36,000, will be £1440, and the new tax at 2*s.* per £ will be £144.

It cannot be too often repeated that where a site is occupied by buildings the actual rental, which is the present basis of taxation, includes the value of both land and buildings. As a matter of fact, in the vast majority of

cases in the business parts of a town, the rent is paid more in respect of site or situation than for the actual building. Thus, a shop in Argyle Street will always fetch a much higher rent than a shop of the same size in Queen Street, and a property in the southern half of Buchanan Street will command a larger rental than a property of the same dimensions in the northern half. It is clear, therefore, that the value of the site in all such cases is included in the rental, which is the present basis of taxation.

As regards unoccupied sites—the theory of the Bill is that land in the neighbourhood of towns is largely held by speculators for a rise in value, and the intention is to force it into the market. This is a mistake. The experience in the neighbourhood of Glasgow has been that, instead of being held up, ground has been put in the market and built upon sooner than there was a demand for houses. This is evidenced by the large amount of unlet property in and around the city.

Apart from the objections to the Bill on the ground of principle, the practical difficulties of working it are manifest, and they seem to have received no consideration. Some of these may be illustrated—(1) In the case of ground subject to restriction as to the area to be occupied by buildings, the height of houses to be erected, or the uses to be made of them, there is no provision that such restrictions are to be considered by the assessor, or even that he is to be informed about them. If every site is to be valued as if freed from restriction and available for building to its full capacity it is manifest that great injustice will result. (2) The dangerous principle is introduced of allowing the assessor to judge whether or not a site is fully occupied, or whether, in his opinion, more might not be made of it by pulling down existing buildings and erecting new ones, or by other similar expenditure. (3) No provision is suggested as to the distribution of the proposed tax in the case of tenements owned in flats, where no one owner has the control of the site. (4) No attempt is made—doubtless because it was recognised as impossible—to discriminate between the proportion of value in each case which is due to natural conditions, such as the original levels of the site, and the proportion which is due to the expenditure of money and labour in improving upon the natural conditions—it may be by reducing levels, as, for example, in the case of the steep ground on the north side of Sauchiehall Street, or in filling up hollows, as, for example, in the case of a great portion of the ground fronting Great Western Road, operations in each case attended with large initial expenditure, to which, especially in the case of filling up hollows, a very considerable addition must be made for loss of interest until the ground consolidated and became available for building. As regards hundreds of such sites, where the money was spent many years ago, it is manifestly impossible to discriminate between the proportion of value due to natural conditions and the proportion due to the expenditure of capital upon improvements.

The practical working of such a system of taxation as is sketched in the Bill bristles with difficulties, and it is suggested that these should be faced before general principles are discussed further.

Taxation of Feu-duties and Ground Annuals.

Clause 7 of the Bill provides that the proprietor of a property which is subject to feu-duty, ground annual, or the like, is to be entitled to pass on a part of the new burden to the superior, or holder of the ground annual, by deducting from the feu-duty or ground annual the proportion of tax applicable thereto as is done at present with income tax. This is the clause to which public attention seems hitherto to have been chiefly directed, and it is believed that proprietors who have not studied the Bill have in many cases viewed with a certain complacency the idea of shifting, as they

supposed, a share of their taxation on to the shoulders of the person to whom they pay feu-duty or ground annual—ignoring the fact that the burden to be shifted is a new one of which, in most cases, they will be left to carry the larger portion.

The gross injustice of applying this clause to the case of existing contracts has been dwelt upon in previous reports, and in view of the fact that the Lord Advocate has recognised the injustice, and has undertaken to introduce an amendment of the clause, which will prevent the taxation of existing feu-duties or ground annuals, it seems unnecessary to dwell upon the fundamental difference between the leasehold system of England, under which the lessor has a reversionary interest in the improvement of property, and the Scotch system, under which the superior parts with the property feued once for all, and can never benefit from any enhancement of its value. The terms of the proposed amendment have yet to be seen and they will require to be carefully considered.

It seems unnecessary further to elaborate what has been said in former reports in condemnation of the Bill, but as it is a point on which the professional experience of members of the Faculty specially enables them to form an opinion, attention may again be drawn to the crippling effect upon building enterprise of any suggestion which involves the taxing of feu-duties or perpetual ground rents to be created hereafter. The existing system under which the seller of land virtually leaves the whole price as a loan upon the land in perpetuity has been of the greatest value in assisting building and commercial developments. It cannot be doubted that if a Bill such as the present one is allowed to pass the sellers of land in the future will require payment in cash.

Alike on the grounds of the injustice, the impracticability, and the inexpediency of the Bill, the Committee recommend the Faculty to use all efforts to prevent its being passed into law.

In name of the Committee,

JAS. A. REID,
Dean.

GLASGOW, 23*rd April*, 1906.

Such is the Report, and I concur in every word of it.

But I crave the leave of the Committee to be allowed to express my own opinion more fully on the various points referred to in it.

Occupied Sites.

In considering the Bill as affecting occupied sites, I go upon the assumption that Clause 7 so far as affecting existing feu-duties will be expunged.

I object to the "land value assessment" because

> The "land value" upon which it is to be levied is included in the rental, and is already taxed for the purposes to which the new assessment is to be applied.

The "land value assessment" appeals to me as being a new tax—an additional burden of practically a fixed amount—upon land,

and certainly if I were about to purchase property I would treat it as I would treat a feu-duty.

If I am right it will prove to be (1) a burden upon the present proprietor only, and (2) a tax not only upon his income but upon his capital, inasmuch as, when he comes to sell, a purchaser will capitalise the tax as in the case of a feu-duty and deduct it from the price which he offers.

Practically, therefore, the present proprietor, without any compensation, will find the capital value of his property reduced by, say, twenty years' purchase of the amount of the "land value assessment," or exactly twice the amount of the "land value."

This would be a serious hardship, not so much upon the large landowners, who are few in number, as upon the hundreds of small proprietors who have sunk the savings of a lifetime in the purchase of small tenement properties.

The number of proprietors in Glasgow, I understand, is 21,000, and the *capital value* of the tax would be taken out of the pockets of these people, and these people alone, for the benefit of the 145,956 occupiers, who, as voters, have the control of the municipal taxation in their own hands.

Then there is the position of Bondholders or Mortgagees to consider.

Loans upon what is called in Scotland "heritable security," or, in other words, "heritable securities," are a favourite class of investment for all classes.

They are specially authorised and recognised as trust investments, and an enormous amount of trust funds is lent upon such securities.

Loans are given upon the value of a property as it stands and as the value is represented by the rental.

This value includes the "land value."

But the effect of this Bill will be greatly to reduce the value of all such securities. It will specially affect values in the business parts of cities, where the land value will often be greater than the value of the buildings erected on the land.

It will certainly go far to shake confidence in the future in the value of heritable securities, for, although the "land value assessment" is meantime limited to 2s. a £, the feeling will be general that it will not stop there, because the avowed object of the leading supporters of the Bill, as is well known, is ultimately to appropriate the whole of the site value. At any rate, once admit the principle of

the Bill, and other assessing authorities, such as School Boards, will advance their claims to impose a land assessment of their own.

Of course, if Clause 7 of the Bill were to stand, a certain amount of relief would be got from the Superiors where properties are burdened with feu-duties or ground annuals.

But even if Clause 7 is retained there will be many cases in which the present proprietor or Bondholder will get no relief, as there are many properties from which no feu-duty or ground annual is payable.

This is specially the case in the central and most valuable parts of cities where the land has been feued or given off a hundred years ago or more, and where feu-duties are often nominal or non-existent.

Vacant Sites.

Coming to vacant sites, it is the opinion, I understand, of the promoters of the Bill that land in towns is largely held by speculators for a rise in value.

I think this is a mistake.

At least my experience does not tell me that land is so held up in Glasgow.

My experience has been that proprietors are, as a rule, willing to sell when they can get a reasonable profit.

Two instances in Glasgow have frequently been quoted to me as justifying the action of the promoters.

These are the lands of Burnbank, of about 16 acres, and the lands of Yorkhill, of which about 30 acres remain unbuilt.

But Burnbank was originally a free coup—a great convenience to the city for the time—and, being consequently forced ground, it was many years before it became fit for building upon.

I am satisfied in my own mind that Lord Blythswood did not hold it up a day longer than he had to, and, as I will afterwards endeavour to show, the ground was a boon to the citizens while it remained unbuilt upon.

Yorkhill is a property with a handsome family mansion house on it, with gardens and pleasure ground adjoining.

The late proprietrix, Mrs. Crerar Gilbert, occupied it herself, and I understand her wish was to end her days in it undisturbed.

That was the reason assigned for not feuing the ground.

At least I know this, that in the year 1891, when I was the officer commanding the 1st Lanarkshire Rifle Volunteers, the vacant ground at Yorkhill was then in the occupation of a market gardener, and, wishing it for a drill ground, I offered Mrs. Crerar Gilbert £80 a year for it, being double what she was receiving from the market gardener. She declined to take more than the £40 she was getting, and up till now the regiment has had the ground as a drill ground on these terms.

On entering on possession I was assured that, so long as Mrs. Crerar Gilbert was alive, I would be left undisturbed, as it was her desire to live and die at Yorkhill.

She died a few months ago.

Shortly thereafter overtures were made by the Corporation of Glasgow to buy the lands, not for building, but to keep them open as a public park and prevent their being built upon.

The proposal was lost only by the casting vote of the Lord Provost, who had himself advocated the purchase.

This seems to show that the public had not suffered by the lands being kept out of the market for building purposes, but, on the contrary, had benefited by the space being kept open as a lung of which the city got the advantage.

As the Corporation did not purchase, the property is now being cut up into building lots, and a large quantity has been feued already.

The Volunteers have got notice to quit.

Furthermore, it is a fact that more could have been got for the ground some years ago than can be got for it now, so that the representatives of Mrs. Crerar Gilbert are losers by the so-called "holding up."

Coming back to Burnbank, I may state that previous to going to Yorkhill, and for, say, 26 years—from about 1864 or 1865 till 1891—the 1st Lanarkshire Rifle Volunteers, the regiment I have already referred to, had its drill hall upon this ground, and had the exclusive right to the vacant ground as a drill field, and for football, cricket, &c.

This privilege the regiment had on most generous terms from Lord Blythswood.

For these 26 years it paid him an annual rent of only £20, a mere flea bite to what Lord Blythswood might have got if he had chosen to lease the ground for workshops, &c.

During this long period it cannot be denied that the ground was a boon not only to the regiment of Volunteers in question, but also to the citizens generally, and often to other regiments of Volunteers, for the ground was always at the disposal of any regiment which asked for it, if it was not otherwise occupied by the First itself.

All this time I never heard of any demand or need for the ground for building purposes.

The same remarks apply to Yorkhill for the last 14 or 15 years.

Both properties supplied a want, and without them the 1st Lanarkshire Rifles would not have been the regiment it is—one of the largest and most efficient regiments in the kingdom—and a large section of the citizens would have been deprived of a source of pleasure, not to speak of the breathing spaces involved.

But if vacant ground must be taxed to get at the so-called "unearned increment," it appears to me that it will be very difficult, if not impossible, to ascertain fairly, in all cases, what this unearned increment will be.

Property rises and falls in value, not so much probably as stocks do from day to day, but still it is liable to much fluctuation in value.

A new line of tramways, the erection of a new railway station, or the removal of an old one, may raise the value of one street and reduce the value of another.

Eglinton Street, and streets in its vicinity, in my recollection, went down tremendously in value, due to causes such as these.

So Sauchiehall Street, to a considerable extent, has risen in value.

And I can imagine the day, when Bothwell Street is built up and a thoroughfare opened up to Sauchiehall Street, that Sauchiehall Street will, in its turn, go down in value.

So the unearned increment may often prove to be only a paper value, and, in the end, a proprietor may be found to have been paying on a totally fictitious value.

I have pointed out that, while one street may be increased in value by an improvement, such as a line of tramways, another may be thereby reduced in value.

If, in the first case, the proprietor is to pay upon the "unearned "increment," is the proprietor in the latter case not to get any compensation for the "detriment" which falls upon him from no

action of his? It is conceivable that one person may be a proprietor in both streets.

Taxation of Existing Feu-Duties.

I am, of course, strongly opposed to this, but I can add little to what is set forth in the Report by the Parliamentary Bills Committee of my Faculty, which has already been submitted as part of my evidence.

I may, however, be allowed to quote from a former Report of the Committee on the Bill of 1905.

This was to the effect that—

"By the Trusts Act of 1884 (47 & 48 Vict. cap. 83) it is provided "that 'Trustees under any trust may, unless specially prohibited by "'the constitution or terms of the trust, invest the trust funds (*a*) in "'the purchase of . . . feu-duties or ground annuals.'

"Feu-duties and ground annuals have long been a favourite "class of investment, and a vast amount is held by investors, such as "trustees for widows and minor children, churches, friendly societies, "charitable institutions, and such like holders, who are technically "owners of an estate in land, but who have no more actual practical "control of the land than if they were holders of heritable securities "or mortgages

"The proposal that such holders should be taxed, not for the "general benefit of the community, but simply to relieve the persons "paying the feu-duties or ground annuals, is entirely indefensible."

I would also like to emphasise the fact that a tax upon existing feu-duties will be a burden, not upon future generations, but only upon the present owners thereof, the vast majority of whom are not the original Superiors, but *bonæ fide* purchasers from them.

It is usual to allow compensation when vested interests are being interfered with.

But here the present owner of a feu-duty, if the Bill is passed into law, may be deprived of 10 per cent. of his capital without a suggestion of compensation.

Taxation of Feu-Duties hereafter to be created.

The result, in my opinion, of such a taxation will be the total abolition of feu-duties in the future.

They will cease to be the high-class marketable investments which they are at present, and Superiors or owners of land will only sell in future on the ordinary terms—cash down. At all

events, I do not see that I could ever advise a landowner to act otherwise.

I know already of a practical instance in point.

A large portion of land has been sold at a price of over £80,000 for settlement at 11th November next.

The purchasers wished to convert the price into a feu-duty, but the seller, in view of this Bill, has demanded cash.

The advantages, as matters stand at present, are—

1. The builder with not too much capital borrows the entire initial cost—the price of the site—from the Superior by way of a permanent loan, the interest being the feu-duty.

2. This loan can never be called up, and the interest or feu-duty never fluctuates, as it may on an ordinary loan.

3. The builder can thus with freedom use his capital in the erection of his houses. To the manufacturer, who has need for every penny of his capital in his business, it must be of great advantage to borrow in this way the price of the ground which he requires for the erection of his works.

4. If he contemplates a fall in the value of money, he may stipulate for right to redeem the feu-duty at a given number of years' purchase. This is frequently arranged.

5. The Superior, in view of the prospective value of his feu-duty, once it has been secured by the erection of buildings, can afford (*a*) to sell his ground at a cheaper rate, and (*b*) as a rule to give the builder a year or two free of feu-duty or interest on the price.

The disadvantages resulting from the abolition of feu-duties will be—

1. The Superior or owner of the land will ask for a full price, and he will insist, sooner or later, on payment of his price in cash.

2. He may postpone the payment until buildings have been erected, but meantime the price will bear interest, and the builder will be open to all the risks of the seller becoming bankrupt, &c., for the seller will remain vested in the property until he is paid.

3. Whereas now the builder can borrow from the Superior the whole of the price of the land, he will not hereafter be able to borrow from an outsider more than two-thirds of it.

4. Whereas now the loan from the Superior for the full amount

of the price is permanent and can not be called up, the loan in respect of the lesser amount—the two-thirds—may be called up at any time on 3 months' notice. Thus the builder will not only have to borrow less, but also oftener.

5. Whereas now the feu charter or feu contract at the cost practically of a simple conveyance has the combined effect of a conveyance as well as a bond, *i.e.*, a conveyance to the builder and a bond to the Superior—the builder, in addition to the other disadvantages, will hereafter be at the expense of two deeds—(1) the conveyance from the Superior to him, and (2) the bond by himself to the outside lender.

6. The abolition of feu-duties or the right to borrow from the Superior will, in my opinion, increase the costs of the builder, and so eventually raise rents. It will greatly handicap manufacturers or owners of public works, on the security of which it is not easy to borrow money.

I have referred to the exceptional value of feu-duties, but it is not to be supposed that this value increases as the value of the site increases.

A feu-duty once created and secured by buildings rises or falls in value just as debenture stock or other gilt-edged securities do, *i.e.*, according to the state of the money market.

A feu-duty created a century ago in the centre of the city will not bring a penny more than an equally well-secured feu-duty created yesterday in the suburbs or in the country.

A feu-duty is not really "marketable" until the ground from which it is payable has been built upon and it has become a rent-yielding subject.

Hardly any one will purchase a feu-duty payable from a piece of vacant ground, because if the feu-duty falls into arrear the Superior is helpless for two years, till which time he cannot regain possession of the ground.

It is to the buildings therefore, as much as to the site, that purchasers of feu-duties look for their security.

The Practical Working of the Scheme.

The practical working of the scheme suggested in the Bill is, to my mind, impossible.

If the land value is to be what the "assessor shall deem reasonable," then, as it appears to me, if he forms the opinion that more

could be made of a site by pulling down existing buildings and erecting new ones it will be open to him to value on that basis.

If the proprietor of a villa in the suburbs of Glasgow has a garden, and the assessor thinks it would be available for the erection of tenements, he may value it upon that basis.

He is not to value in view of the present use made of the property but in view of his own speculative ideas as to possible use.

I consider this an entirely new departure which will be productive of much injustice and much litigation.

I suggest some further illustrations of the impracticability of the proposals.

In many cases properties are owned in flats. No one owner has control of the site, or is in a position to develop the uses to which it can be put, or to rebuild upon it, except in co-operation with the proprietors of the remaining flats in the same building.

The Bill does not say who, in such a case, is to make the return to the assessor.

It is not easy to see why the opinion of one owner as to the return to be made should bind the others.

No provision is, nor I think can be, made for compelling all the owners to unite in making a common return of what is a matter of opinion.

Again, if a property owned in flats does not utilise the site to its full advantage and one owner refuses to join in a scheme for reconstruction, all the other owners may be prevented from getting full benefit from the value of the site. Are they to be assessed on a value which they cannot realise?

In many cases back courts are the common property of many different owners.

One owner may want to keep a court open as an access to his property or for light and air. Others may wish that it be built upon.

The interests in the court have entirely different values to the different owners. How are they to be arrived at?

Again, unless all co-operate the full value cannot be realised.

The same remarks apply to many areas of ground presently used as *pro indiviso* ground for purposes of pleasure or ornament.

Many sites are restricted as to the uses which may be made of them. There is no provision in the Bill that these considerations are to be weighed by the assessor, or even that he is to be made acquainted with them.

If a man is the owner of ground which by contract he is bound to leave open and unbuilt upon, is he to be taxed upon the value of that ground as if it was available for building?

If he is, it is an obvious injustice.

If he is not, why is the ground to be exempted because the prohibition is the result of contract any more than if it was the result of the owner's own decision as to the appropriate use of the ground?

The Land Values Taxation, &c. (Scotland) Bill, 1906.

PRÉCIS OF EVIDENCE

BEFORE

THE SELECT COMMITTEE OF THE HOUSE OF COMMONS

BY

DAVID MURRAY, LL.D.

DAVID MURRAY, LL.D., Solicitor, Glasgow, will say:—

I am a Solicitor in Glasgow, and have been in practice for upwards of forty years. I am a member of the Faculty of Procurators in Glasgow, and was Dean of the Faculty from 1895 to 1898. I am preses of the Widows' Fund of the Faculty of Procurators. I am also a member of the Incorporated Society of Law Agents in Scotland, and a member of the Incorporated Law Society of the United Kingdom. I am a graduate of the University of Glasgow, a member of the University Court of that University, and Convener of the Finance Committee.

The Faculty of Procurators is a law society of 350 members, and is representative of the legal profession in Glasgow. The Faculty have considered the present Bill, and are of opinion that its proposals are uncalled for, that they could not be given effect to in practice, and that the Bill, if brought into operation, would inflict great hardship upon the owners of property and of feu-duties, would create confusion and lead to litigation, and would check building and the development of land.

The Bill would also entail loss upon the Widows' Fund as owners of feu-duties and ground annuals in Glasgow.

The individual members of the Faculty of Procurators represent the various owners of property in Glasgow, and have ample opportunity of judging of the nature and effect of the proposals in the Bill.

The Bill would entail serious loss upon the University of Glasgow as owner of land in Glasgow and as large owners of feu-duties, and I have been requested to represent their case to the Committee.

I have had large experience in dealing with property in Glasgow and elsewhere, in buying and selling, in feuing out land and taking land in feu, in the purchase and sale of feu-duties and ground annuals, in borrowing and lending upon land and buildings, and in leasing. I have also had much experience in the taking of land under compulsory powers, and have acted for claimants and for companies exercising compulsory powers. I have also frequently acted as arbiter and as oversman or umpire in arbitrations under compulsory takings. In this way I have had a varied experience of the valuation of land for various purposes. I have also had experience in fixing rents under leases, and adjusting values under the Valuation Act in making up the annual Valuation Roll.

I was a member of a Committee appointed by the Presbytery of Glasgow in 1891 to consider the question of the Housing of the Poor, and I gave evidence before the Town Holdings Committee in 1891.

The Bill was drafted by the Town Council of Glasgow, and is generally known as "The Glasgow Bill." It is the latest of a long series.

In December, 1890, a sub-Committee of the Town Council recommended that all proprietors, when making the statutory return to the Assessor under the Lands Valuation Acts, should, in addition to the details at present required, also furnish, in two separate columns, the following additional information :—

(1) The number of square yards of ground of which he is proprietor.

(2) The annual value of such ground, calculated at the rate of 5 per cent. per annum upon what he may fix as the price thereof as between a willing seller and a willing buyer.

The Assessor was to have power to increase the value if he thought proper, with right of appeal to the proprietor.

After the Valuation Roll had been made up, the proprietors were to be assessed *pro rata* for all local rates and taxes payable by them upon the said value instead of upon the assessed value of the property as at present.

If there was a feu-duty or ground annual the proprietor was to be entitled to deduct from it the proportion of the local rates and

taxes paid by him as the feu-duty or ground annual bears to the total assessable value as entered in the Valuation Roll, as proposed to be made up. This Report was adopted by the Town Council in 1896.

The Bill carries out the general idea embodied in these proposals, but differs in some important details.

The scheme of the Bill, which is limited to burghs, is that each proprietor of land in a burgh must furnish yearly to the Assessor—

(1) The area in square yards of each separate property he owns;

(2) The annual value of each such lot, calculated at the rate of 4 per cent. per annum upon the sum which the proprietor may fix as the price between a willing seller and a willing buyer, the land being taken apart from the value of buildings and other erections on the ground. This annual value is termed "the "land" values.

The Assessor in making up the annual valuation roll is to insert therein,

(*a*) The area of each separate piece of ground; and

(*b*) Its land value, which is to be either the figure returned by the proprietor, or such other amount as the Assessor shall deem reasonable.

The whole of these returns must be made every year.

The Bill next directs that Burgh Authorities are annually to levy an assessment to be called "The Land Value Assessment" upon the land values in the Valuation Roll at a rate not exceeding 2s. in the £. The assessment must be levied. The terms of the Bill are mandatory not optional. This assessment is to be levied exclusively upon the owners of land values, in other words, upon the owner as distinguished from the occupier, and is to be allocated *pro rata* to the several accounts in respect of which police and municipal assessments are levied in the burgh. It is not clear what is meant; but, presumably, it is intended that the proposed assessment should go to the relief of the Burgh General Assessment or corresponding assessment, such as the General Police Rate in Glasgow.

There is, however, no obligation upon the assessing authority to diminish existing assessments. It would rather appear, in so far as Glasgow is concerned, that the new assessment is to be used as a supplement for the purposes for which police assessments can be applied, and that the present assessments will be continued and may be increased up to the maximum allowed by the various Acts.

In Glasgow certain assessments are payable by owners, others by occupiers of property, and some partly by owners and partly by occupiers. Amongst the last are the Public Health Rate and the Parochial Assessments, which include the Education Rate. The General Police Rate in Glasgow, which is now practically at its maximum, is payable by occupiers. The Burgh General Assessment is also payable by occupiers (Burgh Police (Scotland) Act, 1892, section 340).

Assessment upon the owner and assessment upon the occupier do not represent the same thing. The return which the owner has from the property is the interest upon capital, and an assessment upon him is consequently a charge upon the total income derived from it. This is not the case with the occupier. The assessment upon the rent he pays is not based upon the income he derives from the use of the premises, but upon the advantage he is presumed to have from his occupancy, as measured by the amount of the rent.

Judging from what appears in the newspapers, and from what one hears in conversation, the current opinion is that the object of the Bill is to lay a special assessment on vacant land in or near towns, that is, land which has a considerable prospective value but which is at the moment dormant. This is not the scheme of the Bill. Its object is to require an annual valuation of all land in every burgh, both that which is built upon and that which is vacant. That value having been ascertained, interest at 4 per cent. is calculated upon it, and an assessment upon this amount is authorised.

In the case of built land, it is to be valued as if it were divested of buildings.

As regards both built and vacant land such a valuation is, in my judgment, impracticable, and I have not met any one who has been able to show how it can be effected with reasonable regard to justice or accuracy. Most things are possible, and it would be possible to add another column to the Valuation Roll, and to insert in it a sum professing to represent the value of every plot of ground apart from buildings. But whatever was the sum—whether fixed by the owner, or by the Assessor, or determined by the Court of Appeal—it could only be a guess. There are no data upon which a proper value can be based.

Before dealing with this I would direct attention to the expense and trouble involved. The Bill requires, and necessarily requires, that each owner is to make a return of the area in square yards of each separate property he owns. This means that each owner must employ a surveyor to ascertain the area of each piece of property. This in itself implies an enormous amount of labour on the part of owners, and the Assessor would require to have the particulars checked by a professional surveyor on his own account.

The Bill next requires that the value of the land taken as bare ground is to be ascertained as between a willing seller and a willing buyer. It is obvious that no owner could himself make such a return, and that he would require professional assistance in preparing it. I estimate that the returns proposed could not be prepared in Glasgow in less than ten years, and would cost upwards of £500,000. This takes no account of appeals and litigation.

The return proposed to be required of the capital value of the land is impracticable.

I will deal first with land which is built upon.

The Bill assumes that there is a value in land apart from its use; but this begs the question, and it is doubtful whether the assumption is sound. Agricultural land is of no value unless it is occupied and devoted to agricultural purposes. Vacant areas in towns are of no value until put to some use. The most obvious use is building. The site becomes productive only when buildings are erected and occupied, and the amount of the return is dependent upon their character and upon the skill shown in their planning and construction. A piece of vacant ground in a town may, no doubt, be sold and may realise a good price, but still its rent-producing power is dependent upon the buildings which are erected upon it. The site is obviously necessary for the structure, but site is an artificial production. Excavation may be required in one case, piling or a concrete bed in another; in some cases caissons must be sunk through the existing surface and through floating mud, or shifting sand, or old coal wastes, down to the solid rock. The value of a piece of land may be materially enhanced by servitudes or easements affecting adjoining land, or, on the other hand, its value may be depreciated by being subject to restrictions or servitudes. What is proposed, however, apparently is to value the land *plus* all its advantages other than buildings, and without regard to any limitations to which it is subject. A vacant area may be a piece of bare ground, or it may be ground made ready for building by the expenditure of a large sum of money. A piece of ground wholly shut in by walls, without access to street, is practically of no value in itself. It may be rendered valuable by being united to another site, but in itself it is worthless; and what is to be valued, according to the directions in the Bill, is "each separate or discontiguous piece of ground" of which any one is proprietor. A site may be of no value to the proprietor by reason of its being subject to a servitude, such as of light or of passage. The servitude adds to the value of the dominant tenement, but if taken into account in valuing that tenement something more is valued than the ground. When a site with a street frontage or at the corner of two streets is valued, it is not the land alone that is valued but the land together with these advantages. When a vacant site is utilised by the erection of buildings, the land is no doubt an essential, but light and air, prospect and access are

equally essential. It is exceedingly questionable therefore whether such a thing as land value exists separately from other adjuncts. But taking the site *plus* its adjuncts it only becomes productive by the expenditure of capital, directed by skill. What is purchased is not land, but site, one of the constituents of a structure, but no less essential are the intelligence of the architect, the capacity of the builder, and the money of the capitalist.

When we speak of the value of a piece of property its annual value is always present to the mind, and it is this value, actual or possible, which determines the capital value. Capital value is nearly always taken as so many years' purchase of the rental. The annual value is the dominant factor in determining price or estimating capital value.

Assuming that a land value could be determined, as required by the Bill, it would be a thing which the owner could not utilise. He would not sell it, lease it, or borrow upon it. He can deal only with the land value by building, and to the extent it is made actual by building.

Take another illustration. Suppose an assessment were laid on in terms of this Bill, how would it be recovered if it were not paid? The Corporation could not attach "the land value." It is non-existent: it is an imaginary value. The only means by which payment could be obtained would be by taking possession of the building and recovering it from the rents. This shows that "land value" in the sense of the Bill is intangible and does not exist separate from the building which creates it.

At the present time what is assessed is the annual value of the structure as a whole. If the site cost £2000, and the building cost £2000, and the whole is assessed at £200 a year, the land and the building contribute equally—each pays £100. The result is the same if site and building are of unequal value; each contributes to the assessment proportionately. It is manifest that in the case of every structure which produces a rent, a certain proportion of the return must be attributed to the site, so that in taxing the annual return the land is included. It cannot be questioned, therefore, that the land value, whatever it may be, is taxed at the present moment and under the present system.

It is now proposed to separate the site from the building and to impose a separate and additional assessment upon it. This means double assessment of the land. It is assessed now as contributing a quota of the rent, and this is to be continued. The value of the land is next to be separated from that of the building and to be again assessed separately. To make such a separation presents obvious difficulties. Site and building are as much one as are the stone and timber in the building. The scheme of the Bill, or any other scheme with the same object, would be found to be unworkable.

The first thing that the Bill requires is to ascertain the sum which the proprietor may fix as his price of the site between a willing seller and a willing buyer, apart from the value of the buildings. Such a thing is an impossibility. A man owns a house, and is asked to declare what he estimates to be the value of the land apart from the buildings if he was willing to sell and could find a willing purchaser. There is no market for such things; there are no willing sellers and no willing buyers of sites hypothetically relieved of their buildings. Remove all the buildings in Glasgow, as the Bill assumes is to be done every year, and the land has no more than agricultural value. No owner could make such a return, and it would devolve upon the Assessor to fix the land value, presumably with a right of appeal by the owner to the Court. Whatever sum was arrived at would be a guess. Under the existing system the annual value dealt with by the Assessor is a fact, or, if a value has to be assumed, there are abundance of data upon which to base an estimate. What is proposed would necessarily proceed upon mere hypothesis of a practically impossible state of things. It would give the Assessor full scope to deal with the matter just as he pleased. It would lie with him to say to what use the cleared site could best be turned, and what a hypothetical purchaser might give for it. An Assessor has no experience of such matters.

It is, no doubt, said that in every part of a large town sales of houses are taking place from time to time, and that such sales would be a guide in determining the value of the land. That is not so. The circumstances of the sale must be known. A bank or an insurance company may give a price for a particular site which will yield a mere nominal return upon the capital. The prices of houses are often run up for merely personal reasons. I remember a case in which double its value was paid for a house. One man desired it because he had been born in it. His competitor simply bid from an annoyance at being opposed. But assuming that there are no special circumstances, precisely the same difficulty is involved.

Land and building are sold as one, and for one lump sum. Their respective values are not discriminated in the price. Not one building in fifty is sold with the view of being removed and a new structure substituted. But even where that is the case, the sale does not show what value there is in the land as a separate element. The value depends wholly upon the use to which the land is to be put. An expert valuator might, in a particular case, be able to advise how to deal with a site if it were cleared, and to estimate its probable value, but that advice could and would proceed upon a knowledge of the condition and character of the buildings in the neighbourhood and upon the assumption that these would not be materially altered. No expert, however experienced, could give any opinion if he had to assume that the whole of the buildings in a street, to say nothing of a district, might be removed and something else substituted. The presence of a large

passenger railway station, for instance, adds greatly to the rental of the adjoining buildings. A building near a station which is yielding, say, 60s. per square yard of building ground, might not produce 20s. if the station were removed. On the theory of the Bill, the site of that building is to be valued as if the station remained, but as the Bill provides that all land is to be valued as clear of improvements, the site in question would properly be valued not only as if there was no building upon it, but as if the station and every other building were non-existent.

In making the valuation proposed in the Bill, the land is to be valued "apart from the value of any buildings, erections, fixed machinery, or other heritable subjects on or connected with such piece of ground." Take the case of foundations. There are many buildings in Glasgow erected upon treacherous soil, and thousands have been spent on the preparation of sufficient foundations. These, being connected with the ground, would fall to be excluded. In every case there is excavation, nowadays often to the depth of 20 feet or more, retaining walls have to be built, and a concrete bed laid. These, too, are to be excluded. No Assessor or valuator could ascertain their nature or estimate the value of the land to a willing purchaser restored to its condition prior to building. There are to be excluded, not only buildings, but "other heritable subjects connected with the land." This implies that it is to be valued without drains or sewers, without a servitude of light, of entry, of passage, or other pertinent it may possess. In fact, the land is to be taken as it was before it was reduced to the condition of a building site. On this footing, a site in a town would be of no more value than a site in the country. Judging from what is stated in public, this, however, is not what is intended. The intention apparently is that the site is to be valued as if bare, but with the benefit of all its actual surroundings.

A plan for overcoming the difficulties attaching to the scheme of the Glasgow Bill, or to any other measure on similar lines, has been proposed, which is apparently simple, but if brought into operation would be wholly misleading. This plan proceeds upon the basis of rental. In the case of land which is fully and adequately built upon, the proposal is to ascertain the rental, and to capitalise it at a certain number of years' purchase—eighteen years, I understand, is what is proposed—then to deduct the estimated structural value of the buildings. The remainder is treated as the value of the land *per se*. This, according to the Bill, would be taken at 4 per cent., which would be the land value, and a rate of 2s. in the £ would be levied on the value so brought out. This is to be treated as the standard value, and, if need be, would be applied to all neighbouring sites.

If a building is erected on a site free from restrictions if it be carried to the maximum height allowed by the building regulations,

and if it be well constructed and suitably arranged, proper advantage being taken of light and air, the site is understood to be fully utilised. If the building be entirely let at adequate rents then, dealing with it according to the method proposed, the land value will come out at a high figure. Assuming that the building is eight storeys in height, which is about the maximum that could be erected, then, if a storey is removed, the land value is reduced, until, if there be only a one-storey building, the ground value becomes comparatively small. This shows that the proposed method is fallacious, and that land value, so called, depends upon the structure and not upon the ground *per se*.

The proposed method, it is to be observed, does not conform to the requirements of the Bill. It is not a valuation of the land apart from the buildings, but a manipulation of an estimated gross value on the footing of the buildings remaining. But taking it as it is presented it would produce very curious results. In West George Street, for instance, there is a building belonging to the Sun Insurance Company at the south-east corner of Renfield Street, which is one of the ornaments of Glasgow from an architectural point of view. On the opposite side at the south-west corner there is a building of a very commonplace character erected for the Lancashire Insurance Company, now belonging to the Pearl Insurance Company. It is, however, more suited for office purposes than the Sun building, with the result that its rental per square foot is much higher. If, therefore, these two sites were valued upon the basis suggested, the result, as will afterwards be explained in detail, would be that the Pearl building would come out with a high land value and the Sun site with a comparatively small value. The Assessor would contend that the Sun site had not been fully exhausted, and would apply the Pearl rate, so that the Sun people would be obliged to pay an extra rate because they had built a handsome but not a commercially profitable building.

The area of the Pearl property is 743 square yards, the building cost £30,000 and the rental is £4418. Taking this at eighteen years' purchase gives a value for the whole of £79,524; deducting £30,000 for the building leaves £49,524 for the land, or £66 13s. per square yard. But in 1902 the property changed hands at £84,000, which would give £54,000 for the land, or £72 14s. per square yard.

The area of the Sun property, immediately adjoining, is 548 square yards: the building cost £22,000 and the rental is £1949. Taking this as before at eighteen years' purchase gives a value for the whole of £35,082; deducting £22,000 for the building leaves £13,082 for the land, or £24 per square yard, or only one-third of the value of the land on the opposite side of Renfield Street but on the same side of West George Street; and the Sun site is in some respects the better of the two, being nearer the Exchange, the Stock Exchange, the Post Office, and Banks.

Take other two adjoining sites in the same street, the Ocean Accident Insurance Company's property and that belonging to Messrs. Keydens & Company, immediately east of it.

The area of the Ocean Company's property is 582 square yards; the building cost £18,000 and the rental is £2042. Taking this at eighteen years' purchase gives a value of £36,756; deducting £18,000 for the building leaves £18,756 for the land, or £32 per square yard.

The area of Messrs. Keydens' property is 350 square yards. The building is the original dwelling-house erected about eighty years ago, but in good repair and occupied as offices. Its building cost may be taken at £2000. The rental is £275. Taking this at eighteen years' purchase gives a value of £4950; deducting £2000 for the building leaves £2950 for the land, or £8 9s. per square yard.

Here, then, are four lots in the same street, within a few yards of one another, with land values ranging from £8 9s. to £72 14s. per square yard. The amenities of each pair of sites are identical, and yet the land value in the one case varies from £24 to £72 14s., and in the other from £8 9s. to £32.

Take yet another example in the same street, opposite the Ocean property and 40 yards distant. Messrs. Aiken & Company's property, at the south-west corner of West George Street and Wellington Street, has an area of 487 square yards; the value of the building may be taken at £10,000 and the rental is £1372. Taking this at eighteen years' purchase gives a value of £24,696; deducting £10,000 for the building leaves £14,696 for the land, or £30 per square yard. Sir Charles Tennant's house, now Nobel's Explosives Company's offices, at the south-east corner of West George Street and Wellington Street, has an area of 672 square yards. The house was the town house of the late Mr. Charles Tennant of St. Rollox, for whom it was built, and is now occupied for business purposes. The cost of building may be taken at £5000. The rental is £700. Taking this at eighteen years' purchase gives a value of £12,600; deducting £5000 for the building leaves £7600 for the land, or £11 5s. per square yard. That is about a third of the land value of the adjoining lot.

All the above areas are net building ground.

It is perhaps unnecessary to point out the further difficulties that would arise in any scheme for ascertaining site value as an independent element when the building belongs to several proprietors, one owning the ground floor, others the second, third, and fourth, and all having an interest in the cellars in the basement and in the attics. Cases are not unknown in Glasgow of a proprietor having right to build a storey upon an existing building which he has not yet exercised.

In the Calton of Glasgow there are a number of old one-storey loom shops, with a considerable strip of open ground, formerly garden. These houses are occupied as dwelling-houses and workshops by the present owners, to whom they have descended from their fathers or grandfathers. These houses are now assessed at £8 annually, and pay burgh taxes upon that sum. If the Bill were passed a land value assessment of 12s. would, in addition, be immediately imposed upon each, as land in the immediate neighbourhood is selling at 15s. per square yard. It seems most unreasonable that an owner who chooses to occupy his property in the manner most convenient for himself, and in the manner and in the state in which he receives it from his predecessor, should be forthwith taxed because he does not dispose of the site for four-storey tenements. The Bill is aimed at the capitalist. The effect would be to tax unreasonably a large number of small proprietors.

The attempt to separate land and buildings leads to other anomalies. In many cases there would be no land value at all. This would happen in every case where an expensive building has been erected and which produces only a small return, as, for instance, private residences. Many private houses are to be had in Glasgow for very small rents, because the fashion has gone past them. I have charge of a house in a West-End terrace in Glasgow, for which upwards of £6000 was paid to the builder a few years ago over and above a feu-duty of £62, representing the cost of the ground or a capital sum of £1240. It is in excellent order, but no one will buy it at £2250, and it is let at a rent of £150 a year. This at eighteen years' purchase is £2700. Deducting from this the value of the structure would show that the land was of no value whatever. This is a common experience. The land is restricted to this particular use; but even were it not, it would be unsuitable for any other purpose. It would not answer for workmen's dwellings, for shops, or for factories.

The value of the building necessarily creates a serious difficulty in any attempt to estimate land value as a separate factor on the basis of the rent of an existing building. A building which costs £1000 may produce as large a rental as one which costs £2000, but would make a difference of £1000 on the land value, although the areas were identical. If a man purchases a site for £5000, and, by an expenditure of £10,000, erects a building which produces £1000 a year of rent, the land value on the proposed basis of calculation would be £18,000, less £10,000, that is, £8000, or £3000 more than was paid. If the building cost £13,000, but produced no more rent, the site would be £18,000, less £13,000, that is, £5000, or what was paid for it. If, however, the building cost £20,000, with still the same rental, there would be no site value at all. Put the same case in another way. Take two equal and adjoining sites. On one there is an old building of the value of £1000, the whole producing a rent

of £100 a year. On the other there is a new building which has cost £5000, the whole producing £500 a year. If both rentals were capitalised at eighteen years' purchase, the value of the one site would be £800 and of the other £4000, and yet they are identical in area and advantages.

The configuration of the surface, the nature of the subsoil, the size and shape of the plot, all have a material bearing upon its value. One area may be depreciated for want of back ground, another may be depreciated by having too large a proportion of back ground. An area that requires much excavation, or, on the other hand, that requires making up, is less valuable than one that is level. One that is solid is better than one over a coal waste and supported by hydrostatic pressure.

It is submitted, therefore, that the whole scope of the Bill is wrong, that its proposals are inequitable, and that its machinery is unworkable. It would be impossible to determine with the least approach to accuracy the land value of property within a burgh. If the whole burgh area was taken, as in its original unimproved condition, each part might be pretty much of the same value; but this is not what is contemplated. While the Bill requires that the land is to be valued as if unbuilt upon, it is apparently intended that it is to be valued as land in a town and to be utilised for building purposes. This creates the difficulty, and an insoluble difficulty. It is impossible to exclude the use of the land from view, and that use can only be determined by actual building. All that can be ascertained when the building has been erected is an approximation to the relative contributions of land and building to the actual rent, but that contribution must vary in accordance with use, and can only be an estimate. It is evident that to assume that if the building on a particular site was removed, another of a different character might be erected, and to value the site accordingly would open the door to all sorts of speculation, and would be productive of the greatest mischief. There would be the additional objection that, as the valuation is to be an annual one, a new use might be suggested every year.

Turning now to the case of vacant land, the valuation of this presents quite as great difficulty as the ascertaining the value of land covered with buildings.

When a plot of vacant land has been sold for building purposes, it seems natural to assume that the adjoining plot is of the same value. The owner thinks so, and expects to get as good a price when he comes to sell, but the market for building land is very limited, and he may have to wait for years before a purchaser turns up. The area of land in a town that can be annually taken up for building is a practically definite quantity. If there were, say, 500 acres of land which might be built upon and only ten acres can each year be

covered, it would be obviously inequitable to tax the remainder as if it had been sold. No other kind of capital is taxed except upon its annual return.

Take a common case. A manufacturer buys, say, 5 acres of land at £300 an acre and erects a factory. It would be most unreasonable to assess the land opposite and on each side of the factory at the same rate. Yet a most plausible case would present itself for maintaining that it was building land. If the Assessor chose so to hold, the proprietor would be forced to appeal and become involved in a litigation, while the Court would be obliged to decide a purely speculative question.

Land may be laid out for building and may be in course of being sold for this purpose, but it cannot be disposed of more rapidly than the building requirements demand. It is only marketable in consequence of expenditure by the owner, who has made roads, provided sewers, water, and other conveniences. A large sum is often sunk in such works which give a potential value to the land. The owner may get £600 or £700 an acre for his land, but it would be unreasonable to assess the land on that value, because it is not realised, and, if realised, it will be because of expenditure which remains unproductive until a sale takes place.

The case of an adjoining proprietor would be still harder. One owner may put his land into the market and get it taken up for building. His neighbour may not desire to do so, but may prefer to keep it in the condition in which it is. It would be a manifest hardship that a man who had cultivated his land all his life, and desired to continue to do so, should be at once rendered liable to a heavy assessment because the man on the other side of the fence thought proper to sell his land for building purposes.

One proprietor may be in a position to lay out his land for building purposes. The adjoining proprietor may not have the means.

Very small and almost imperceptible differences make one piece of land much more saleable than another. I had a case before me recently where two adjoining estates have been laid out for building. The one was taken up comparatively rapidly. On the other, which is conterminous, but slightly further from the village, only a very small portion has been taken up in the course of a dozen years. A third estate in the neighbourhood was advertised for feuing about thirty years ago, and four or five feus were taken; but since then no others have been applied for.

It is very often stated that vacant land is held up or kept back where it could be sold in expectation of a better price.

There is no ground, I believe, for the allegation that landowners

hold up vacant building sites for an enhanced price. The thing may exist, but, if it does, it is not common. The experience of every one practically acquainted with the matter is that there always is far more building land in the market than can be taken up. The price is not fixed by the owner but by the current rate. The owner must take the price that is going, and the keen competition that exists between different sellers keeps it down. The price is determined by what a buyer gives for ground in the neighbourhood, which is built or partly built upon. The great extent to which the building of cottages and small terraced-houses has, in recent years, been carried on in the neighbourhood of Glasgow, shows that any quantity of land is available and is to be had at very moderate prices. The builder and the landowner are generally ahead of the population, and houses are ready for the people before they know that they wish to move. In fact, it is the constant expansion beyond the municipal boundary which is troubling the Corporation of Glasgow. The growth of the city proper has stopped. A considerable portion of the population, anxious to escape the burden of municipal rates, or for other reasons, now resides outside of the municipality. The Corporation cannot get these people back, but it can enlarge the city bounds, and so secure the rates on the thousands of houses which have been and are now being erected outside; and then, by getting the control and the monopoly of vacant land through the operation of differential rating, it will be in a position to sell it at what price it thinks proper. A large extension of the city boundaries is desired by a considerable section of the Town Council.

Money has, no doubt, been made by the buying of vacant land and creating what is called a building estate, but it is a business which requires foresight, capital, experience, and great energy. The land must be well selected, it must be laid off judiciously, a large sum must be spent in making roads, drains, and sewers; it must be advertised and hawked about like any other article of commerce, and the owner must probably be prepared to finance builders, and to wait for many years before the whole is taken up. When all is done, the enterprise, if properly managed, will result in a profit; but not so great as if the same amount of capital, time, and energy had been devoted to some branch of manufacture or some department of commerce. While there have been gains, there have also been losses, and very large sums have been lost in the purchase and development of building land. There is plenty of building land in and around Glasgow the owners of which have lost everything they had in it, and which is now held by bondholders, willing not merely to take the current market rate, but prepared to take less, and a good deal less, than 20s. per £ of the sum originally lent on a security on which there was an estimated margin of 30 to 50 per cent. Many a bondholder who has lent, say, £6000 on land of the estimated value of £10,000 to £12,000, as determined by adjoining feuing, would willingly take £5000, or even £4000, and cannot get it.

A considerable portion of the suburban land now available for building is or has been occupied by villas and country houses. A villa site may be sold at a comparatively high rate, but the price, though high, may not be remunerative. In most cases a large sum has been spent on the house and offices and in laying out the grounds. The builder gives nothing for these, and the owner is often out of pocket, although he may sell his ground at 10s. per square yard. If one out of a row of a dozen of villas, each with an acre of ground, was sold at this price to a builder for the erection of tenements, the Assessor would deal with this as the basis of the land value, and each of the other owners would find a land value of £96 16s. (*i.e.*, £2420 at 4 per cent.) entered against him in the Valuation Roll, on which he would be assessed at the rate of 2s. per £ (*i.e.*, £9 13s. 7d.). The builder would be assessed on a like sum, but as he would probably have as large a rent out of his tenements as all the owners of the eleven remaining villas had from their houses put together, he or his tenants would, in virtue of the corresponding credit on the ordinary rate, draw back from them the greater part of what he paid. Each villa owner would thus be taxed for the benefit of his wide-awake neighbour, but it would be said that they were only assessed for holding up their land. This is no exaggeration, but is a common example of what happens in the change from one form of occupation of the land to another. The change is very slow, and it might be thirty years before the twelfth villa was taken up, although its owner was prepared all the time to sell at the price obtained by the first seller. It would, however, be suggested that he had been holding up and ought to be fined because he had been less fortunate, or less dexterous, than his neighbours in disposing of his house.

There is little agricultural land within the larger burghs, but there is a good deal beyond the boundary, part of which is being built upon. The land is not left unoccupied, but is being cultivated, and produces from £2 to £3 an acre for ordinary agricultural purposes or something more for market gardening, and may be worth in that condition £90 or £100 an acre. A builder selects a site and offers £200, or it may be £300, an acre for a couple of acres, and the price is accepted. If such land was brought within a burgh by an extension of its boundaries it would be claimed under the Bill that all the land in the neighbourhood of what has been built upon is of equal value, and is to be assessed accordingly. A couple of acres would probably, however, meet the demand for years, and it would be impossible to dispose of 100 acres at the same rate. Beyond the boundaries of a large town, such as Glasgow, a certain amount of building is to be found—a cottage here, a tenement there, a factory in one place, and a villa in another. Such buildings may be scattered all over an extensive area, the greater part of which is still under the plough. The presence of these buildings, it would be contended, makes all this area building land and, therefore, vacant land, and the owners would be penalised because no builder had taken a fancy to it.

Agricultural land is in burghs assessed on a different basis from other land, the assessment being not on its full value, but on a fourth of it. Thus, if land is let or is valued at 40s. per acre, it is assessed at 10s. This is not repeated in the Bill, and it may be assumed that, as regards land value assessment, it is intended to assess agricultural land which could be built upon at its full land value. Thus, if a portion were sold at £200 per acre, this would mean a land value assessment of 16s. per acre, and if sold at £400 an assessment of 32s. per acre. The result would be to carry off nearly the whole rent as land value assessment.

It is maintained by some that vacant land in the neighbourhood of towns which is ripe for building should be made subject to special taxation, because its value as building land has been imparted to it by municipal expenditure and by the presence of a large population. In my opinion neither contention is well founded.

The municipal expenditure that is pointed at as enhancing the value of vacant land is the Police Rate. The rates which fall under this description in Glasgow are—(1) The Police Rate proper, which provides for watching, lighting, cleansing, the fire brigade, public baths and wash-houses; (2) the Statute Labour Rate, which provides for the paving of streets and for sewers; (3) the rate for Parks and Galleries. These are assessed wholly on occupiers. In addition there are—(4) The Sewage Purification Rate; (5) the Public Health Rate; and (6) the rate for Roads and Bridges. The latter (4, 5, and 6) are assessed one-half upon the owner and one-half upon the occupier.

Taking them in order—

Streets, it is said, are the product of municipal expenditure. This is not correct. One or two old highways in Glasgow, which are now streets, are claimed by the Corporation, and a few new streets have been made by them in special circumstances at the public expense; but with these trifling exceptions the whole of the streets have been laid out and formed at private expense. The value of the land so dedicated to public use is very great. The streets have no doubt been taken over and are maintained by the Corporation, but they have been taken over only after they had been put into thorough repair. Their maintenance by the public is a very small consideration for the right of passage conceded by the owners, and is a valuable asset in the hands of the Corporation. Take Blythswood as an example. Glasgow annexed it for the sake of the additional assessment it thereby gained, and the greater importance the city acquired by the extension of its area, but the Corporation did not pay a penny for streets. The solum of these streets is still vested in the proprietors, who dedicated the land to street, or in their successors, and the excellent manner in which they were laid out and formed adds largely to the site value of the

property aligning the streets, and is one of the elements which would go to give them an enhanced land value. That is to say, the owner sacrifices a large portion of his land to give good access and plenty of light and air to his property, and it is now proposed to tax him for his foresight. When vacant land is opened up for building, the owner or the builder provides the land for the streets and forms them. The Corporation, that is the community, does nothing. The money spent upon streets represents mainly the upkeep of that which cost the community nothing.

The same remarks apply to drains and sewers. These have been formed at private cost, but have been taken over by the public, and are consequently maintained by them. Large sums are no doubt spent by the Corporation on these works, but these represent maintenance, and, to a certain extent, is to meet increased use, and in some cases to give improved facilities.

Vacant land in a burgh, it is said, derives benefit from the guardianship of the municipal police. This is not so. Vacant land does not require and does not obtain police supervision. Land outside the burgh which has no municipal policemen near it is just as secure as the land which that functionary controls. As regards police it is also to be kept in view that a large proportion of the cost is borne by imperial not local funds, for example, in the year ending 15th May, 1903, the Scottish burghs received from the Scottish Office out of Local Taxation (Scotland) Account, £118,442, of which Edinburgh had £21,747 and Glasgow had £50,713.

The tramways are pointed to as an example of municipal expenditure in Glasgow imparting value to vacant land. The money has been disbursed by the Corporation, but it is not a charge upon the rates, and is, in no sense, municipal expenditure. In the Corporation accounts it is kept distinct from other undertakings. The Corporation has entered upon a commercial venture which could quite as well be carried on by a company, and it is the constant boast of the Tramway Committee that it is a remunerative undertaking. The Corporation is earning a profit which should, in the opinion of many people, belong to private enterprise. If the tramways were, as they might be, in the hands of a company, the Corporation would not propose to tax frontagers because they chanced to derive some benefit from the tramways. The Corporation are, in this respect, in no better position than a private company. If they benefit a district and induce building and a larger population, they earn a larger revenue, and get a handsome return from their outlay. They went into this business because it was expected to pay, and if incidently it benefits others, that is no reason why such persons should be taxed for it. Railways have done far more than ever tramways can do in enhancing the value of land, and it is not proposed that a land value assessment should be laid upon the land so improved, and paid over to the railway companies. The tramways

have been carried far beyond the municipal boundary, into districts with which the Corporation of Glasgow has no concern, and this is now being made a pretext for annexing the whole territory traversed by the tramways, and thus obtaining additional rating area.

The tramways may benefit one property, but they also injure others. For instance, the smaller shops in outlying localities are injured by the facilities which the tramways give to the people to go to larger shops and more central districts. The efflux of a large population to suburban districts tells against tenement property within the town. The tramways by moving the population create a demand in one district and lessen it in another. Tramways do not give the population more ability to spend. Broadly speaking, that ability remains as before, but is exercised in another district.

A Corporation, it is said, opens a park, and thereby increases the value of the adjoining land. That land may be vacant or it may have been already built upon. In either case, if its value is increased, why should that land be taxed? A manufacturer buys 20 acres of land and sets down a large factory. This at once increases the value of the land beside it. Why should he not be entitled to levy a rate upon other owners for so doing? It is no answer to say that the money in the one case belongs to a private person and in the other to a municipal Corporation. That merely re-states the question. It does not explain why there should be a difference. There is, in fact, no difference. If a Corporation sets up any kind of establishment which injures the amenity of the adjoining land it does not make good the loss which the owner sustains. The case of a park is, after all, a very small matter. As a rule, when a Corporation acquires land for a park, it buys not only the park area, but also a fringe of land all round, which it sells off at enhanced prices and takes the profit, which otherwise would have gone to the owner. A railway company would not be allowed to do so. It cannot buy up more than is required for the undertaking with the object of reselling at a profit. It is often compelled to buy more than it wants, but it cannot speculate in land. So, too, when a Corporation makes a new street it is not unusual to take more land than is wanted for the street and to sell off the frontage to advantage. When a Corporation applies to Parliament for authority to form a new street and can establish a case of betterment, a special assessment upon the property which will be thereby improved is allowed. It is true that betterment is not often allowed, but that merely shows that municipal improvements are not so generally beneficial as town councillors imagine. The principle, however, upon which part of the special cost of a particular improvement is charged upon property which receives an exceptional benefit from the expenditure is totally different from the claim to impose a tax upon vacant land generally, and merely because it is vacant.

The presence and growth of population, by creating various demands, may benefit those who can supply those demands; the demands are, however, from individuals, not from the community, least of all from the Corporation. Land increases in value when it comes into demand for building purposes, just as every other object does when it is in request.

The value of land in a town increases with the expansion of trade and industry. But trade and industry have their spring in individual, not communal, effort and are largely influenced by movements outside the municipality, *e.g.*, railway or steamboat facilities, weather, legislation, international relations, and the like. An industry set up in Glasgow would be of no benefit to the community if there were no markets in distant lands, if the manufacturer was not in communication with foreign markets and had not the means of transporting his produce to them. It is these advantages and the skill and capital of the manufacturer which give value to the site of his factory.

The man who builds does so entirely for his own benefit and not with the object of promoting the welfare of the community or of adding value to the neighbouring land. This may be a result; but it is an incident, not the object of his operations. He cannot levy a tax upon his neighbour because he has converted that neighbour's field into building land. Still more illogical is it to suggest that the community, the wants of whose individual members the builder is supplying, should be entitled to do so. The growth of population, which renders additional buildings necessary, is, by the supporters of the taxation of land values, in some unexplained manner attributed to the community. Again the community and the individuals who compose it are confounded; but the fact remains that it is not the community that attracts or creates population. Streets and sewers and policemen, which are the features of a community, may be necessities of life in a town, but they will not attract people to it. It is the natural advantages of the place which do so; it may be the presence of coal and iron, a navigable river, a good harbour, beautiful scenery, mineral springs, a pleasant climate, or the like, or it may be the advantage accruing from railways and canals.

An enterprising manufacturer selects a suitable site in the country or beside a village, and brings together a thousand workmen, who, with their wives and children, form a considerable community. They require houses. Why should they be entitled to take the land at their own price? They have come to the place to benefit themselves from the new employment. Their presence will enhance the value of all the agricultural and dairy produce of that same land and may double its annual value. It will not be questioned that the owner is entitled to the better price which the increased

population imparts to his milk and butter and potatoes. He may get twice the price he got for them before and with far less trouble and risk. He will get higher rents for the houses he owns. Why should he not get a better price for his land when he is asked to give it up for building? One of the elements which principally determines the site for a new factory is a good railway frontage. In that case it is the railway company's expenditure, not communal expenditure, which has given value to the site, and which has brought the factory and the population to it. But, suppose that the manufacturer has bought not merely 20 acres for his factory, but 100 acres in addition, and that he builds shops and houses, or arranges with a builder for this being done. Why should he not have the profit upon his enterprise?

Helensburgh and Row, Kilmacolm and Bridge of Weir, and similar places are dependent upon Glasgow. They have grown and thriven because Glasgow people have flocked to them, but the municipal expenditure of Glasgow has done nothing for them. Glasgow people have flocked to Scotstounhill and elsewhere, and have created suburbs whose assessments Glasgow is hankering after, but the municipal expenditure of Glasgow has done nothing for them. No more has that expenditure benefited the odd patches of vacant land in Glasgow itself, much of which any purchaser can have at very moderate prices. Its value has not increased in the last thirty years. The growth of population has done nothing for it.

Assume, however, for the sake of argument, that vacant land does receive increased value by reason of municipal expenditure or by proximity to a large community, this might be a ground for saying that it ought to contribute something towards the expenditure. However this may be, it does not touch the question of the imposition of a land value assessment on land already covered with buildings and already bearing its quota of municipal assessment. The land is paying for all the benefits it receives. It pays through the Police Rate for streets, sewers, and police. The police are primarily for the benefit of the inhabitants, as a body, that is the occupiers. They only very indirectly benefit the owner. The same applies to streets. The cleansing and maintenance of streets are likewise primarily for the benefit of the occupier, not of the owner. Sewers are, perhaps, in a somewhat different position, but the owner bears his share. The Glasgow Sewage Purification Rate falls to the extent of one-half on owners, as does the Public Health Rate. It cannot be disputed that a land value assessment would be a second assessment upon the same property. If this be so, and it is not denied by the advocates of the Bill, all the arguments touching the benefit which vacant land receives from municipal expenditure disappear. The tax is being imposed not because of this, but simply because vacant land is land, and, like all other land, is to be made subject to double assessment.

The provisions of this Bill are not to extend to—

Police Stations.

Gaols.

Public Infirmaries, Hospitals, Poorhouses.

Public Schools.

Places of Religious Worship.

Chapels.

Drill Halls.

Ragged Schools.

Sunday Schools.

Scientific and Religious Societies.

Burial Grounds.

Parks or Open Spaces enjoyed by the public under any Act of Parliament.

The specific enumeration in this section is clearly intended to determine what subjects are to be exempted, and so to exclude all property which by statute or custom is exempted from the payment of burgh or local rates, and why public schools are exempted, and universities, technical, medical, veterinary, and agricultural colleges, and the like, are included, is not explained. Take the University of Glasgow as an example. If the Bill were passed as it stands the University would become liable to an assessment, at the 2s. rate, of something like £480 a year, excluding the property of Queen Margaret College and the Foundations. That is to say, in order to meet the charge the University would have to set aside £14,000, the average return upon their investments being about 3½ per cent. As the University are occupiers as well as owners, they would not, like an ordinary owner, have the chance of recovering the assessment in whole or in part from tenants. It would, therefore, fall wholly upon themselves, or, in other words, the municipality would appropriate £14,000 of University funds.

The Widows' Fund of the Faculty of Procurators hold as part of the investments of their funds fea-duties and ground annuals yielding £1508 a year. The effect of the Bill would be to tax them to the extent of one-tenth, or £150 a year. The Directors consider this to be most unjust.

With the above exceptions, however, all other property within a burgh is made subject to the provisions of the Bill. Railways, amongst others, are included, and railway companies would be seriously affected by the provisions of the Bill.

Railway companies, being occupiers of their own property, pay rates both as owners and as occupiers. Railways, like other lands and heritages, are valued annually, but under the Act of 1854

special provision is made (section 22) for the mode in which their yearly value is to be ascertained, and a special assessor is appointed for the purpose.

As a railway company derives little or no benefit from local rates by reason of its occupancy, the annual value of railways are, for the purposes of the assessments under that Act, held to be one-fourth of the annual value thereof entered on the Valuation Roll. This applies only to railway lines, and does not extend to railway stations and other buildings, which are assessed at the full annual value. The land and buildings outside the railway fences, and not forming part either of the railway or of the railway buildings, are likewise assessed at the full value. If the Bill were given effect to the result would be that a land value would be entered upon the Valuation Roll, not only in respect of stations and other buildings belonging to a railway, but likewise of the land occupied by the railway itself, and these land values would become subject to land value assessment.

The valuation of stations and other railway buildings is, in accordance with statute (30 and 31 Vict. c. 80, section 4), taken to be 5 per cent. upon the cost, inclusive of the land, as at the date of valuation. For instance, if the cost of a railway station be taken at £10,000, of which £3000 is for land and £7000 for building, the sum of £500 is entered on the Valuation Roll as the annual value. If the Police Rates amounted to £90 a year the land would contribute £27 and the buildings £63. Whatever value, therefore, can be attributed to the land is already assessed, and it would be altogether unreasonable and unjust to impose a second assessment upon the same property, yet, according to the terms of the Bill, the land in the above example would become liable to land value assessment of £12 a year in addition to the £27.

The annual value of the railway line itself is ascertained upon the basis of its productive capacity, or, in other words, upon the profits earned. The gross revenue for three preceding years is taken, and, after making certain deductions, the average net revenue represents the annual value of the railway for the purposes of assessment. That annual value represents the product of the land on which the railway runs, and of the works constructed upon the land. A land value assessment would, therefore, be a second assessment on the same value.

Apart from this it would be impossible for a railway company to make a return such as is required by the Bill. The proprietor is required to transmit to the Assessor the annual value of each piece of ground of which he is proprietor, "calculated at the rate of 4 per cent. per annum upon the sum which, as proprietor, he may fix as the price thereof as between a willing seller and a willing buyer." A railway company cannot be in this position. Land forming part of a railway line, or which is used for stations or other railway

buildings, is *extra commercium*, and cannot be sold, and cannot be used for other than railway purposes. In any case a great part of railway land is practically of no value except in connection with its use. A railway forms a long lane fenced off from all adjoining land, crossed at intervals by over or under bridges, but itself possessing no means of access except at either end. Such land, if the railway were removed, could be turned to no useful account. Railways would, therefore, fall to be excluded from the operation of the Bill if it were passed, seeing that every element of value in the property is already taken into account in ascertaining the annual value of the property, and that, in any case, the proposed basis of valuation does not in their case exist.

In addition to the land occupied by the railway itself and by stations and other buildings, the railway companies are saddled with a considerable amount of property outside the railway fences. Some of this land is held for extensions and additions to the railway. Other portions are property which the railway companies have been compelled to purchase, in order to obtain what was necessary for their works. For instance, a railway company may only require a few square yards of property, but the owner is entitled to demand that the company shall take the whole and not a part only, and usually does so. When the portion of the property required for the railway works has been taken off, the company would be glad to sell the remainder if any reasonable price could be obtained. The removal of a part, however, makes the property, to a certain extent, unmarketable, and it is, therefore, let for what it will fetch. When a railway company has to purchase property the seller is entitled, not only to the very best price obtainable for similar property in the neighbourhood, but the company has, in addition, to pay 10 per cent. in town and 50 per cent. in the country in name of compulsory allowance, and all the costs of the seller as well as its own. The result is that a railway company, for all the property which it acquires, has to pay a price in excess of the market value, and it would be most inequitable if, in addition, it was subjected to a new assessment upon land which it did not desire to acquire, but which it was compelled to purchase, and which it has to hold because no one will repurchase even at current rates. A railway company purchases a property for £2100, takes off £100 worth, and lets the remainder at £25 a year because no one will buy at £1000. Yet, in these circumstances, it is proposed to appropriate one-tenth of the capital value for municipal purposes.

Railways in towns are to some extent carried in tunnel. The solum remains the property of the original owner; all that the railway company acquires is a right of way. Sewers do not enter the Valuation Roll; but whether under the present Bill it is intended to include rights of way and other servitudes is not clear. If a right of passage is to be included amongst the properties subject to land value assessment, it would be necessary to include

the Corporation as occupiers of the streets. As already explained, the solum of the streets in a great majority of cases belongs to the adjoining proprietors. The public have the right of passage on the surface, and the surface and so much of the subsoil as is necessary for the support of the causeway, and for drains, sewers, and other similar works belonging to the Corporation, is vested in them.

It has been suggested that the effect of the tax would be to force land into the market. This might be so to some extent, but it would not be the general result. If agricultural land was to be treated as building land, because there were buildings in the neighbourhood, and was to be taxed accordingly, a sale might be necessary, but it would be of land in large areas and not in building lots. The purchaser would be some one who could afford to pay the tax and take his chance of recovering out of an increased price for the ground. But the case would be different where building had not begun. At the present time there is plenty of land all round Glasgow, the owners of which are prepared to dispose of for building sites. It is easy to point to places where a few houses were erected as an experiment thirty or forty years ago, but, not having been a success, no more have been built. Both builder and landowner have been disappointed, but there the matter rests. If, however, the erection of buildings is to convert the adjoining land into building land and render it liable to special and heavy assessment, no proprietor will part with bits of his land for cottage or any other buildings, and in consequence large areas will be kept intact and clear of building until the whole can be disposed of. In this way the effect of the proposed legislation would be the opposite of that intended.

Villa land, or land ripe for building, would not in most cases be forced into the market by the proposed assessment. The imposition of the tax would not bring such land into the market. For instance, if an owner has 2000 square yards of land surrounded by buildings erected upon land which cost £1 per square yard, he would naturally expect to obtain the same price for his land. If the Bill were passed, and the 2s. rate was imposed, the land would become subject to an annual assessment of £8. If a purchaser could not be found at £2000, he would not be attracted by a price of £1800 with an allowance of £200 to meet the tax. If the owner was, therefore, of opinion that £1 per square yard was a fair price, and was likely to be obtained, he would set aside £200 to meet the tax and wait for a purchaser. When the purchaser turned up he would, no doubt, endeavour to get not only the £1800 but a portion of the £200 representing the tax. The result would be that the land would not come sooner into the market than before, and the price might be higher. It is true that an owner in the above circumstances, who was expecting £1 per square yard, might think it more advantageous to accept something less than £1, but this consideration would apply equally before as after the imposition of the tax. The loss of interest on the price is

quite as strong an inducement to dispose of land, or any other commodity, at something less than its estimated value as the payment of a tax. In any case, the consideration is whether more will be got by an immediate or by a postponed sale. If an owner's price is 20s., a reduction of the price to 19s. or 18s. would not, as a rule, bring him a purchaser unless he was in actual negotiation at the time. To force a sale it would probably be necessary to reduce the price to 10s., or even lower. The imposition of land value assessment would, in very few cases, induce an owner to make such a sacrifice. The tendency of the tax would, therefore, be rather to keep land out of the market than to stimulate its sale.

Even if the effect of the Bill were to force a piece of vacant land into the market, the person who would get the benefit would be the purchaser who built. A builder might buy the land at 5s. per square yard instead of 10s., but he would let his houses at the current rent. The occupier would have no benefit; the builder would take the profit.

The mere cheapening of land would do little, if anything, towards the reduction of house rent, and would not solve the housing question. The principal item in the cost of a house is labour, not land; and the cost of labour increases in a far greater ratio than the cost of land. In an ordinary four-storey tenement, with land at 10s. per square yard, not more than one-tenth represents the price of land. For instance, in the case of a £10 rent, £1 represents the cost of land and the remaining £9 represents labour, in the shape of wages for construction, for the preparation of material, and for bringing it to the site. The sum attributable to supervision is comparatively small. If, therefore, the effect of the proposed scheme was to reduce the price of tenement land by one-half, the only effect upon a £10 rent would be to make the rent £9 10s., and of a £20 house £19.

In recent years a very large number of small houses, selling at from £450 to £600, have been erected on ground costing from £250 to £500 an acre. This price is only possible by cheapening the cost of the fabric. Less or cheaper material is used and labour is saved. Take land at £300 an acre and terraced houses 14 to the acre or cottages 10 to the acre, in each case costing £450, land represents in the one case less than a twentieth and in the other a fifteenth of the cost of the house. If the land cost nothing the price of the cottages would be £420 and of the terraced houses £429.

The tax may be just and may be founded upon sound principles, but owners of property do not think so, and the extravagant proposals of the Bill will not incline them more favourably towards it. If the Bill were passed owners of property would, no doubt, take all legitimate means of mitigating the serious injury it would inflict

upon every one of them. While some land might be sacrificed, every acre that could be rescued from the category of building land would be kept clear of building as long as possible. Competition would cease, and instead of land being freely offered it would be held back. The Bill would produce the holding up which it professes to put an end to. Land would become scarce and consequently dear, and building would be checked. Economic causes would prevent the cheapening the price of building land or the forcing it into the market, which the promoters of the Bill have in view. A tax which is to impose a new and heavy burden upon building land and building sites would necessarily entail serious loss upon the present owners of such property. Purchasers would only be affected in so far as they would not get a sufficient allowance to meet it when they purchased from the present owners. The tax would, however, be always present, and whether the land remained with the original owner, or had passed to a new one, a constant effort would be made to transfer it in whole or at least in part to the occupier. The tax in the end would rest, if not wholly, at least substantially, upon the shoulders of those whom it is now proposed to relieve.

The financial result of the assessment proposed in the Bill ought to be kept in view. It will not be disputed that the proposals in the Bill would entail great trouble and expense to the owners of property and to the assessing authorities, and would dislocate existing arrangements. If this was to place all taxation upon a new basis, to give a more flexible and profitable mode of assessment, and to remove any inequality of taxation that may exist, these considerations might perhaps require to be disregarded. As things stand, however, I am satisfied that, as regards Glasgow, the trouble and expense involved would be out of all proportion to the produce of the assessment.

The greater part of the municipal area of Glasgow has been built upon, and is producing a large rental. Under the scheme of the Bill the capital value of the land, apart from the buildings, has to be ascertained. Taking the rental as a whole, fifteen years' purchase appears to me to be a liberal estimate of the capital value of the whole of the assessable property in the city. I find that for the year 1905-6 the annual value of the heritable property was £5,770,000. Taking this at fifteen years' purchase would give a capital value of £86,550,000. One-sixth of this, or £14,425,000, may be taken as the proportion represented by land. This is about £1100 per acre of the municipal area, including streets, river Clyde, and all parks and open spaces. Four per cent. upon this is £577,000, an assessment of 2s. upon which is equal to £57,700.

I believe that not more than one-seventh of the capital value of property in Glasgow, taken as a whole, represents the value of the land. To prevent under-estimate, however, I have taken it at one-

sixth, which, in my opinion, fully represents the value of the land. No re-adjustment of values under the proposed separation of site and building would, in my judgment, alter the present values as a whole. Land wholly vacant would, of course, produce more; but this is a small item. In the case of built land individual values might be altered, but the aggregate must remain the same. Less or more may be attributed to the land, or to the buildings, but it is merely a question of distribution. No new value is produced by the machinery of the Bill. It would merely effect a re-statement of the annual value.

The city assessment collected by the Police Board of Glasgow for the year 1904-05 was £698,264. An assessment of £57,700 would therefore make no appreciable difference on this amount, and even if the assessment were 20s. in the £, the whole amount of £577,000 would not meet the Police assessment; and beyond this are the minor municipal assessments, the Parochial assessments, and the School Rate which would all be levied as at present.

The 2s. assessment upon vacant land in Glasgow would produce a very inconsiderable amount. There are probably not above 3000 acres of vacant land within the present municipal area. Taking this at £1000 an acre on one-third in the more central parts and at £500 on the remainder, which is on the outskirts of the city, would yield an annual assessment of £2 13s. 4d. for each acre, or £8000 for the whole, a sum which would make no appreciable diminution upon the Police Rates.

An assessment of £57,000 a year would no doubt be so much additional money available for purposes for which the present Police Rate is available, but assuming the money is required it seems to me that from an economic point of view it is an objectionable way of raising it. The Police Rate in Glasgow is practically at its maximum, but if more money is required the proper course is to apply for additional powers of assessment.

Clause 7 of the Bill makes a provision rendering the creditor in a feu-duty or ground annual subject to the payment of land value assessment. If that assessment exceeds the amount of the feu-duty, the owner of the ground is annually to deduct a portion of the assessment from the feu-duty; if the assessment and the feu-duty are of like amount, the owner is to deduct the whole from the feu-duty. In other words, the owner of the feu-duty is to pay a proportion, and apparently, in some cases, the whole of the land value assessment. If there be more than one feu-duty on the same piece of land, the deduction of land value assessment is to be made proportionately from the whole without regard to any priority or preference which the one feu-duty may have over the other. It seems to be unnecessary to deal with this provision, as it is so unreasonable that no legislative body could give effect to it. The

Government have stated that they cannot support it, but the alteration they have suggested does not seem to meet the case.

A feu-duty is merely the interest upon the price of the land. Builders, as a rule, find it more profitable to use their capital in building than in buying land. Hence, instead of paying the price of the land in cash, they agree to pay an annuity equal to an agreed rate of interest on the price, precisely in the same way as the Government undertakes to pay a perpetual annuity of an agreed amount to the holders of Consols. For his protection, the creditor in the feu-duty has right to enter upon possession of the land in the same way as an ordinary bondholder or mortgagee is entitled to enter into possession if his interest be not paid. An ordinary mortgagee is entitled to call up his money. The creditor in a feu-duty cannot demand payment of the principal, and in this it corresponds with a perpetual annuity, which is a well-known form of security. When the price of a piece of ground is paid in cash the transaction in no way differs from a sale in consideration of the payment of a feu-duty. In either case the purchaser becomes the absolute proprietor of the ground, with right to every accretion in value or whatever other advantage may accrue to it; and as owner he is liable for all taxes affecting it. The seller gets and can get nothing beyond the stipulated price, whether it be paid in a lump sum or by way of feu-duty. The land is assessed without reference to the feu-duty, which is not taken into account. Whatever be the annual value of the property, it is entered on the Valuation Roll as if the feu-duty did not exist.

If a land value assessment of 2s. per £ were imposed, then in the case in which the purchaser has paid for the ground in cash, he or his successor would have to pay the assessment. In the case in which the purchaser paid for the ground by way of feu-duty, the land value assessment would, in accordance with the scheme of the Bill, be payable in the first instance by the owner of the land, but would be recoverable by him from the creditor in the feu-duty. The creditor would thus be obliged to pay an assessment of his feu-duty because he had not required payment of the price in cash.

The feuing system has been of great advantage in developing building, not only in Glasgow but in all other Scottish burghs. A precisely similar system prevails in New Zealand. Much of the Crown land in that colony is disposed of on leases for 999 years, the rental being 4 per cent. on the cash price of the land. The object is to allow the settler to expend his capital on improvements, and to pay interest merely on the price of the land. In the year ending 31st March, 1905, upwards of 173,000 acres were taken up in this way.

If, in future, feu-duties were to become subject to land value

assessment, this would put a stop to the feuing system, as it means a tax of 10 per cent., from which other forms of investment would be free. There is no difference between a Debenture Stock or Consols and a feu-duty, and an investor would prefer to put his money into a security of this description rather than a feu-duty. When, therefore, an owner of land came to sell, he would take payment of the price in cash and invest it in some such security free of taxation. This would check building. If the builder had to pay for the land and to disburse money for the erection of buildings, his operations would be very much curtailed. Undoubtedly an arrangement might be possible for giving similar facilities in another form. For example, the price of the land might be lent upon bond or mortgage, not subject to repayment, or in some other shape, so that the purchaser would pay interest upon the loan instead of as a feu-duty. Such an arrangement, however, would not be quite satisfactory, and would be more expensive. The mere fact of subjecting ground burdens, as they are called in the Bill, to a tax would discourage landowners from entering into an arrangement of this description, and it would probably require to be carried out by means of Investment Companies, whose terms would be considerably more onerous than those of a proprietor under a feu contract. Under present arrangements the conditions for securing amenity are contained in the same deed as that which constitutes the feu-duty. If feu-duties were to cease, building conditions would still be necessary, and would be inserted in the conveyance by the owner, in giving off the ground, for the protection of the buildings already erected and of the remainder of the estate. A lending company might object to some of these conditions or might insist upon others, so that the builder would require to deal with two authorities instead of one. The existing system has been in use for a long period and is well understood, and any new system would be looked upon with suspicion, and would not be so acceptable or generally adopted.

In recent years builders have resorted to the creation of a feu-duty as a means of realising a profit upon their buildings. This is done by the creation of a second or postponed feu-duty. The purchaser takes a house under burden of the original feu-duty representing the price of the ground, and under burden of a second feu-duty representing the builder's profit. The builder then sells his feu-duty in the market at, say, twenty-five years' purchase, and in this way realises the capital value of the profit he had on the erection of the house. It is obvious that if ground burdens are to be taxed this arrangement could not be carried out, and builders would require to obtain their profit upon the price of the house. This, however, is very difficult to do. The profit as a rule is small. The purchaser does not object to a moderate ground burden or burdens, but objects to pay down in cash more than he can help. For one purchaser who can be got to pay an extra capital sum in cash, probably a dozen can be found who will accept an additional

feu-duty. The result of the Bill would be that builders would find it exceedingly difficult to get rid of their houses after they had been erected, and building would consequently be discouraged.

Enormous numbers of feu-duties have been created, and have been sold and purchased on the faith of the existing law. The owner of a house burdened with a feu-duty has purchased it on the footing that he is to pay all taxes imposed upon the property, and it would be contrary to every principle of equity to cancel that contract by statute and to enact that, notwithstanding the contract and the law under which it has been entered into, the person in right of the feu-duty should be bound to pay a portion, or, it might be, the whole of that tax. The taxes have been allowed for in the price at which the land was sold. Both seller and purchaser had this in view in arriving at a price, and it would be most inequitable, after a contract has been made, to open it up and give the purchaser of the land credit a second time for the taxes he has agreed to pay.

Apart altogether, therefore, from the unreasonableness of subjecting building land to a fresh assessment and to a tax from which other property is free, the effect of the proposed legislation would be to put a clog upon the sale of land, to discourage building, and to add to its cost.

CASE OF THE UNIVERSITY OF GLASGOW.

The University of Glasgow does not desire to deal with the general principles involved in the Bill, but is anxious to point out to the Committee that the effect of the Bill would be very prejudicial to their interests. The University pays no municipal taxes, but if the Bill were passed as it stands they would become liable to assessment on the land value of their property, and as owners of feu-duties they would be liable to an assessment of 10 per cent. upon the feu-duties and ground annuals which they hold as part of the investments of the University funds. As the law now stands, the owner of the ground is bound to pay the whole of the assessments falling upon it, and the University Court is of opinion that it would be most unreasonable that a tax should be placed upon their feu-duties. Another portion of the University funds is lent upon mortgage. The interest upon these loans is not proposed to be charged, and there is no difference in so far as the University is concerned between feu-duties and interest. The capital sum in both cases represents the loan of money.

A special tax upon the University land would also be unreasonable. The land is wholly devoted to University purposes, and it

would be impossible to turn it to any other account. Although the University does not pay municipal rates, it pays parochial rates on the annual value of land and buildings together. The buildings are at least ten times the value of the land.

CASE OF THE WIDOWS' FUND.

The Widows' Fund of the Faculty of Procurators desire to point out the hardship that it would impose upon them if their revenue from feu-duties and ground annuals were made subject to land values assessment. These feu-duties have been acquired as investments. The fund was not the original owner of the land from which the feu-duties are payable, but purchased these after they had been constituted, and in some instances after they had passed through several hands.

THE FACULTY OF PROCURATORS IN GLASGOW.

THE LAND VALUES TAXATION, &c. (SCOTLAND) BILL, 1906.

PRÉCIS OF EVIDENCE

TENDERED TO

THE SELECT COMMITTEE OF THE HOUSE OF COMMONS,

BY

DAVID MURRAY, LL.D.

WM. HODGE & CO., Law Printers, Glasgow and Edinburgh.

The Lands Values Taxation, &c. (Scotland) Bill, 1906.

PRÉCIS OF EVIDENCE

TENDERED TO

THE SELECT COMMITTEE OF THE HOUSE OF COMMONS

BY

JAMES M'MICHAEL,

PRESIDENT OF THE ASSOCIATION OF HOUSE FACTORS AND PROPERTY AGENTS IN GLASGOW LIMITED.

JAMES M'MICHAEL, House Factor, Glasgow, will say:—

I am a House Factor and Property Agent in Glasgow, and have been in practice for upwards of 25 years. My firm has carried on a similar business for 58 years.

I am President of The Association of House Factors and Property Agents in Glasgow (Limited).

The Association of House Factors and Property Agents in Glasgow was instituted in 1875 to improve the position and promote the interests of the House Factors and Property Agents in Glasgow and neighbourhood, and to give expression to their opinions as a body upon all questions bearing upon their profession.

The business of House Factors is to let, collect the rents of, pay the public rates upon property, keep the same in repair, and otherwise to manage real property on behalf of the owner, that is, the Landlord.

A very large part of the real property in Glasgow and neighbourhood is managed by the Members of the Association.

Personally I have the management of property yielding an annual rental of about £70,000, and the capital value of which cannot be less than £1,250,000.

Real property in Glasgow and the neighbourhood is a favourite investment for all classes, including trustees for widows and orphan children, maiden ladies, and others with small incomes.

Real Property in Glasgow and neighbourhood is in fact acquired and held as an investment of savings. It is a mistake to suppose that it is in the hands of large capitalists or speculators. It is held extensively by building societies composed of artizans and by limited companies for general business purposes. It is simply a form of investment like shares and stocks.

The Council or Managing Committee of the Association took the Bill into consideration and authorised me to tender evidence representing their views to the Committee.

As practical men, we turned our attention in the first place to how we would deal with the position if the Bill were enacted.

We unanimously came to the conclusion that the provisions of the Bill were absolutely unworkable, and if they could be made workable would affect great injustice not only to landlords as a class but to individuals in the class of landlords among themselves.

With reference to the

Impracticability of the Bill:—

House Factors have to fill up the Valuation Roll for the landlords for whom they act and whose properties they manage.

At present there is no difficulty in this, which merely involves a list of the tenants and of the rents they individually pay, and of empty premises if any.

The Bill provides (1) every proprietor in any Burgh in Scotland is to make a return of the number of square yards of ground contained in each separate or discontiguous piece of ground of which he is the proprietor; (2) the annual value or land value of each of such pieces of ground is to be calculated at the rate of 4 per cent. per annum upon the sum which the proprietor may fix as the price as between a willing seller and a willing buyer, such land value being taken apart from and irrespective of the value of any buildings, erections, fixed machinery or other heritable subjects on or connected with such piece of ground; (3) the Assessor is then to enter in the Valuation Roll the amount of the land value so supplied by the proprietor or such other amount as the Assessor shall deem reasonable, and (4) an assessment is then to be levied upon this land valuation at a rate not exceeding 2s. in the pound.

To enable the House Factor, therefore, to fill up the new Valuation Roll, he would require in the first place to ascertain the number of square yards in each owner's property. No factor would have this information, nor indeed would the owner. This could only be got either by an actual measurement, which would involve expense,

or by getting the titles from the Solicitor of the owner, or where there was a Bond, from the Solicitor of the bondholder, all involving expense. Then in a great number of cases in Glasgow, especially in the older and more valuable parts of the City, the titles would not show the number of square yards, and the measurement would require to be taken.

There would thus be initial expense in arriving at the figures necessary to fill up the form in this respect.

The Factor in filling up the next column would be met with a greater difficulty. He would require, to begin with, to ask his proprietor or trustees, widow or perhaps a maiden lady, what she would desire to fix as the price of the land without the buildings as between a willing seller and a willing buyer.

That is a conundrum which none of these people could possibly answer, and which it seems to me really almost impossible for any Factor to answer, when buildings, erections, &c., are excluded.

If all the buildings on neighbouring sites are to be assumed as existing, we might be able approximately to fix a particular site value as in the case of a fire, but under the Bill we would have to assume that all round there were no buildings.

In the case of ordinary tenement properties and even shops, their is at present no practical difficulty upon putting a value on the whole property. A number of Factors or Valuators would value an ordinary property, including the buildings, &c., at almost the same figures. This however, is done upon a rental basis, not on the basis of the Bill.

Under the provisions of the Bill the natural tendency would be to put in a very low value as the value of the ground, so as to reduce as much as possible the amount of this new tax.

This seems to be the explanation of the next provision that the Assessor is to put in such amount as he shall deem reasonable.

From my experience, I should say, this means that the Assessor will require himself and his assistants to value all the stances. The difficulty and work and consequent expense would be enormous.

Then after he was done, the result could not possibly be fair, as many stances, indeed, probably the majority of stances in Glasgow, have had more or less money spent upon them in the way of excavations, filling up, &c. A landlord might have spent thousands of pounds in this way in making his site while his next-door neighbour had paid nothing, but the so-called Land Value would be the same in both cases. Then there are servitudes and restrictions on properties in favour of others or of the public which affect the value of sites and these

it is scarcely possible to value. Sometimes these servitudes apply to only part of a site. It has to be kept in view that in many localities the valuation would require to be revised every year. This would lead to litigation on a large scale involving further expense.

With reference to the effect of the second clause of the Bill, it is not uncommon to have properties with one or two feu-duties and a ground annual. These do not rank equally, but in order of registration. As a practical Factor making up the Valuation Roll of the property in such a case, I do not see how I am to treat these burdens in arriving at the true site value of the property.

With reference to

The Injustice of the Bill:—

In my opinion, and in that of the Association I represent, the Bill is not only practicably unworkable but is unjust to landlords as a class. The Bill provides that the new tax is to be applied towards the reduction of the Police Rates and other similar assessments. What is aimed at, therefore, is to benefit the tenant occupiers at the expense of the landlords. The tenant occupiers, being very much in the majority in all constituences, have control of the expenditure. At present in Glasgow and other Scottish Burghs, roughly one-third of the rates, including Poor and School Rates, fall upon landlords and the other two-thirds upon occupiers. This is all upon a gross rental basis. No doubt when towns are prosperous, as they have been generally in Scotland since the Union, the rates levied upon the landlord are really added to the rent and the incidence is upon the tenant occupier. The tenant occupier in the great majority of cases, however, does not recognise this. This is, in my opinion, a decided evil. It would however be immensely intensified if the new tax imposed by the Bill came into force. It would encourage reckless expenditure by the Local Authorities.

I consider, however, that the proposed new tax would at first and for a long period be really a tax on capital, and would not fall upon the tenant occupier. Assuming that the prosperity of the country continued and population increased, it would, however, ultimately do so.

For an example of the additional burden imposed by the new tax, might be taken a property in the centre of Glasgow which I manage. It extends to about 4,000 square yards of ground covered with buildings. The ground may be calculated as worth about £40 per square yard. The rent when all the premises are let is over £11,000 a year. There is no feu duty or ground annual. The capital value of the site, at £40 a square yard, would therefore be £160,000. The annual value, being 4 per cent on that, will be £6,400. This at 2s. per Pound would mean a tax of £640.

I pay annually about £1,200 per annum of landlord taxes on this property already, so that there would be added thus about one-half more.

It must be kept in view too, that looking at property as an investment, these taxes, both the present rates on a rental basis and the proposed new tax have to be paid out of the gross rent. Properties, however, require repairs, watching, management, and insurance, and in addition to the rates the cost of all these have to be deducted before the income is arrived at. In the case of the property I have mentioned, the premiums of fire insurance alone amount to between £300 and £400 a year. The new tax would be about 5½ per cent. on the gross return, and about 7½ per cent. on the nett income from the property.

This is not an isolated case, but is typical of central properties.

This new tax would be also unjust as between proprietors. It would fall very unequally upon owners who had utilised their sites in different ways. They would be taxed on the value of the site irrespective of the revenue. In one case the revenue derived from one might not be one-half of that derived from a neighbouring one, and yet the same tax would be levied from both.

For example, one site might be occupied by a two-storey building, and the adjoining one with a four-storey building yielding perhaps double the rent, but it might not pay the former owner to pull down his building and erect a larger one, or he might not have the capital to do so.

Site value cannot be distinguished from the rest of the value. House and site form one subject, and can only be valued together.

In Glasgow frequently, and certainly in present circumstances, there is a great deal of unlet property. The proposed tax would fall very heavily upon the owners of such properties. It might indeed happen that there would be no revenue at all to pay the tax from.

The rental depends partly upon the site and situation and partly upon the building. The present taxation is upon the rental, so that in all cases the site is taxed as well as the building.

At present the Local Authority gets its share of the increase in the value of sites on the increased rates from increased rental.

In Glasgow one-tenth of the gross rental goes to the rating authorities.

There are other objections to the Bill; but these are the points on which my Association, as practical factors, requested me to give evidence.

THE ASSOCIATION OF HOUSE FACTORS AND PROPERTY AGENTS IN GLASGOW LIMITED.

The Land Values Taxation, &c. (Scotland) Bill, 1906.

PRÉCIS OF EVIDENCE

TENDERED TO

THE SELECT COMMITTEE OF THE HOUSE OF COMMONS,

BY

JAMES M'MICHAEL,
PRESIDENT OF THE ASSOCIATION.

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