

Local Govt.

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c. DOE
Counr.

2.6.80.

Dear Robin,

Thank you for your letter of 29 April and the one attached from your constituent, Mr. W.J. Snell of 5 Strete Raleigh, Whimple, Exeter about the rating system.

In our manifesto we made clear that cutting income tax would have to take priority over the abolition of domestic rating, and the major reductions the Chancellor made on coming into office were an important start in reducing direct taxation. It does however remain our longer-term objective to abolish domestic rating and we are currently looking at all the possible future alternatives.

In the short term, our objective is to do what we can to lessen the problems that rates cause. The most important thing here is the cut-back on the growth of local government expenditure, which will help in due course to restrain the increases in average rate levels. On the rating front itself, we have cancelled the revaluation which was due to take effect in 1982, which will spare ratepayers the disruption and inconvenience that revaluations always cause.

We do take the whole rating matter very seriously, and are actively seeking ways to improve the position. I appreciate your concern at the apparent unfairness to the individual consumer of water charges based on the rateable value of the premises served.

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This method of charging does, however, have the advantage of being comparatively easy and cheap to administer and so keeps down administrative costs which would otherwise have to be passed on to the consumer. The alternative is to meter all domestic supplies but this would be expensive: the capital costs alone were estimated in 1975 to be between £650 million and £950 million, depending on the method of installation. These figures would of course be much higher now. With these high installation costs, plus the administrative costs of meter reading and billing, there could be no guarantee that domestic consumers in general would benefit by way of reduced bills.

However, all water authorities now provide an option of metering "domestic" water supplies to non-domestic premises, the consumer paying for the cost of installing the meter. The Welsh Water Authority have this year extended the metering option to include ordinary domestic premises and other water authorities could well follow suit.

Yours ever,

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Robin Maxwell-Hyslop, Esq., M.P.