



cc PLU

PRIME MINISTER

HARMONISATION OF RATING: THE CONTRACTOR'S BASIS.

I have seen Nicholas Ridley's minute of 5 October^{to per} on this subject.

I too regard the increase in rateable values produced for the relevant industries by the adoption of a 7% decapitalisation rate as implausibly high. I would be particularly concerned about the impact of such a rate on the steel industry in Wales in what will still be relatively early days following privatisation. Indeed, any increase at all on the current rate will be unwelcome in Wales where the heavy industries concerned are still important contributors to the economy. There are, therefore, great attractions in retaining the rate of 5%. However, I recognise the counter arguments and understand the desirability of having a common rate in the three countries. For these reasons, I would be prepared to proceed to consultation on the basis of Nicholas Ridley's proposals if other colleagues agree.

I am copying this minute to other members of E(LF) and to Sir Robin Butler.

10 October 1988

P Clements

P W

Approved by the
Secretary of State
and signed in his
absence.

LOCAL GNT: rating pt 11



COMMUNICATIONS

