

Articles in the transport press point to the problems caused because there is no proper system of land value taxation in place. This is discussed in relation to Crossrail, which received Royal Assent in July. Who will pay for the £16 billion scheme? Costs are to be shared between the government, London businesses and revenue from fares. It is a bad general principle that capital costs should come from fares, which should be set to cover running costs. But it is the amount of the business contribution that is proving contentious, and rightly so. Some of the big businesses that stand to benefit have already agreed to contribute, and there was a proposal for a supplement to the business rate. The arguments begin when trying to decide how much should be paid, for how long, and who should pay it. Business are reluctant to pay if they do not receive a commensurate benefit, and there will be free-loaders who will receive more than they will pay for.

This is not the way to pay for major infrastructure projects. With an LVT system in place, enhancements in land value due to the construction of new infrastructure are automatically collected without the need for further ad hoc arrangements. It is also the case that the land value information obtained after the LVT system has been operating for a while will provide transport planners with guidance about the external benefits of projects. Whether Crossrail in its present form is good value for money is questionable. Its primary function is to relieve pressure on the Central Line tube. It may be one of those projects that has grown out of hand, and that what is really needed is another tube line, at a fraction of the cost. With an LVT system in place, the transport planners would have an indication about how much it was worth spending.

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