

A TALE OF THREE CITIES: JOHANNESBURG—DURBAN—CAPETOWN

MR. LESLIE V. HURD, ex-President of the Institute of Estate Agents and Auctioneers of South Africa, addressing the Johannesburg Rotary Club (*Star*, July 23) gave an extraordinarily instructive comparison of the incidence of local taxation in Johannesburg, Durban and Capetown.

In Johannesburg, local taxation on real estate (then levied at the rate of 9d. in the £ of the capital site value including the 1d. in the £ road rate) rests solely on site values, all buildings and improvements being exempted. In addition to this rate, property owners have to pay for water, light, gas, sewerage and refuse removal.

In Durban, the real estate taxation is levied so as to give part relief to buildings and improvements so that the rate on them is 3½d. in the £ while the rate on site values, apart from buildings and improvements, is 7½d. in the £. These rates cover an unlimited supply of water to domestic premises, sewerage and rubbish removal services. Business premises including hotels and boarding houses are metered for water and are charged for consumption in excess of the gallonage covered by the water rate.

In Capetown, local taxation is levied at the same rate on land values and on buildings, they being lumped together, without distinction, for taxation at the rate of 7½d. in the £. Water, light and gas are paid for according to consumption but sewerage, sanitary and refuse removals and roads are included in the general rate.

Thus, as far as real estate taxation is concerned, Johannesburg exempts buildings altogether, Durban goes half-way in that direction and Capetown allows no exemption of buildings.

Consider how the average householder is placed in each of these three cities. Mr. Hurd takes as example a small house with a land value of £500 and building value of £2,500—a total valuation of £3,000.

A Johannesburg owner would pay £16 13s. 4d. in assessment rate; in road rate, sewer and sanitary fees £8 11s. 8d., in water, say, £7 and in electric light, say, £24—a total of £56 5s. a year.

In Durban, the owner of a house of the same value would pay an assessment rate of £54 13s. 9d. and electricity, say, £23 14s.—a total of £78 7s. 9d.

In Capetown, he would pay in general, health and Divisional Council rates, £90 12s. 6d. and electric light, say, £33 17s. 9d., water, say, £60—a total of £184 10s. 3d. a year.

Another illustration, this time of a house with a site value of £3,000 and building value of £10,000 showed that the Johannesburg owner would pay £215 8s., Durban £283 16s. and Capetown £472 14s. 2d. a year.

In his further remarks, Mr. Hurd stated impartially and without commitment the pros and cons of the several systems and summarised the arguments of those who favour site value taxation as follows: Owners of vacant and under-developed land are encouraged and, in fact, if the rate is high enough, are forced to develop their land to the fullest extent on economic grounds. It is unprofitable to hold land out of use. The system acts as a deterrent to speculation in land. The development of industry is encouraged and promoted. There is not the same tendency to drive the city's population outside the confines of the municipal boundary to escape high rates.

The interest of the paper is in the comparison afforded of these three cities which so put the proof of "who benefits" to a practical test. Site value rating has been in operation in Johannesburg for nearly 30 years and it is seen how Johannesburg householders are far more favourably placed in relation to rates than householders in Durban and Capetown.

THE NEW VALUATION OF JOHANNESBURG

Since Mr. Hurd gave his address as above reported, the

effect of the revised valuation of Johannesburg upon the poundage of the rates (*Star*, August 21) has been announced. . . . The aggregate valuation (which is revised once every three years) of the site value has gone up, so that to bring in the same revenue or slightly more the general rate is reduced from 8d. in the £ to 6¾d. in the £. The additional road rate of 1d. in the £ on site values remains unchanged. We await with interest to know how the increased valuation has been distributed over the city, particularly as between the central and the residential sections, and we forecast that it has mainly taken place in the centre. Should this be the case, the comparison that has been made, as to householders in the three cities, will turn out even more favourably for Johannesburg.

CORN IN EGYPT

UNDER the heading, "More Corn in Egypt," the *News Chronicle* of October 16, outlines two schemes for the improvement and extension of the existing irrigation system in Egypt which are at present the subject of discussions between the Egyptian, Anglo-Egyptian, Sudanese and Abyssinian Governments in the case of a project concerning Lake Tana, in South-Western Abyssinia, and between Egypt, the Sudan and the Uganda Protectorate in the case involving Lake Albert in Uganda.

No indication is given of the form which the financing of these schemes will take, and it is instructive to recall some of the details of the Assuan Dam irrigation scheme. The Assuan Dam was originally constructed in 1901 to form a reservoir with a capacity of 1,000 million cubic metres. Ten years later, additional work on the dam was completed, increasing the reservoir capacity to 2,300 million cubic metres. At that time a comprehensive review of the economic effects of the dam, as originally constructed, and of the related irrigation works was made in an article by Sir Hanbury Brown, K.C.M.G., appearing in *The Engineer* of November 1, 1912. The writer's experience of Egyptian irrigation work was said to be unsurpassed, and he pointed out that whilst the Government had expended on the reservoir and contingent works the sum of a little over £10,500,000, the main result had been that within 13 years the land of Middle and Lower Egypt and of the Fayum Province, taken together, had increased in capital value from 191½ million pounds (in 1899) to 487¾ millions (in 1912)—an increase of very nearly £300,000,000, and the aggregate rent had risen from 16½ millions to 37¾ million pounds—an increase in the annual rental value of over £20,000,000.

As soon as land was classed as cultivable, its owner had to contribute to the Land Tax, irrigated land paying an extra rate, and in that way the irrigation works increased the Egyptian Revenue by about £500,000. *The remaining £19,500,000 increase in annual land value due to the irrigation works carried out by the Government was allowed to go into the pockets of the landowners!*

This gigantic engineering feat did little, if anything, to improve the lot of the fellaheen. Like their prototypes everywhere, the tribute they had to find for the privilege of living and working increased with the increase in their powers of production, leaving them, despite what was popularly regarded as signs of the growing prosperity of the country, as helpless and poverty-stricken as ever.

And so it will be with any new undertaking unless the benefits of the public expenditure are secured to the public by collecting the annual rent of the land for revenue. Let two ears of corn grow where but one grew before; let the desert blossom as the rose, and what will it benefit the landless fellaheen? They will be compelled to surrender to the landowners the increased bounty of nature for permission to dwell and work on "their" land.