in Australia have for more than a decade shown a steady upward trend. In some areas, such as Gladstone in central Queensland, very great increases in values have taken place almost overnight, due to the high expendi-

ture being undertaken in connection with the production of aluminium from bauxite mined at Weipa.

Between 1954 and 1958 the total unimproved value of the city of Greater Wollongong increased by 73 per cent., whilst between 1958 and 1962 there was a further increase of 114 per cent. The respective increases in improved values were 35 per cent. and 84 per cent. The fact that the unimproved values increased at a greater rate than the improved ones is evidence of keen demand for land.

In Blacktown the percentage increases in values were:

	Unimproved	Improved
1955/59	123 per cent.	152 per cent.
1959/63	190 per cent.	63 per cent.

In Dubbo unimproved values increased by 112 per cent. between 1954 and 1962 and improved values by 64 per cent.

In all States there have been steady increases in both unimproved and improved values, particularly in the cases of urban and suburban lands. With the enormous amount of capital invested in land it is essential for rating, land taxes, loans, and other purposes that there should be an accurate determination of land values.

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A. R. HUTCHINSON, B.Sc., A.M.I.E. Director of the Land Values Research Group, Victoria, Australia, comments.

SOME READERS of the foregoing articles may be surprised that such high prices are quoted for home sites in the Sydney metropolitan area, bearing in mind that site values there are rated and that one of the advantages claimed for this system is that it reduces the incentive to land speculation.

On reflection it will be seen that the effectiveness of the land-value rate or tax in keeping down land price

> "ONE has only to examine the projections of population inceases to appreciate the dynamic future for real pproperty in all its forms in this great nation of ours. —*Sydney Morning Herald*

> "EVERY citizen who buys or sells a house or farm, raises a mortgage, or is simply in the passive role of a ratepayer has a vital interest in the value of land." —*Sydney Morning Herald*

depends entirely upon the proportion of the site rent taken. It is the difference between the potential site rent and the part taken in rates that is capitalised into the land price.

To the extent that there is land speculation in Sydney, despite local rates on site value, it is simply because the level of these rates is not heavy enough to make land speculation unprofitable. An important factor is that although municipal rates are upon the site value, water, sewerage and drainage functions are handled by a separate statutory authority which does not rate on site value. There is a strong demand now being made that it should be required to rate on a basis of site values, and if it does the profitability of land speculation and the level of land price would be substantially reduced, though the level of rates would still be insufficient to kill such speculation completely. To do that it would require to be supplemented by a State Development Fund financed by a tax on site values which would absorb a much larger proportion of site rent.

Those resident in Sydney are conscious of the fact that land prices are still too high. But they may not realise that those prices would be far higher without the measure of site-value rates they already have. Its effectiveness in producing lower land prices is seen when the comparison is made with the price levels in greater Melbourne. In Sydney site-value rating is general for the component municipalities, whereas in Melbourne it applies to only a little more than half, and excludes the central business areas. Melbourne is running out of home sites within twenty-miles of the city at a price less than \$3,000 per lot, whereas the figure cited for Sydney is \$2,000.

In our evidence to the Royal Commission on Local Government Finance and Valuation this year, we pointed out that although Sydney had a markedly better level of development and tempo of business, which would normally be reflected in higher land prices, the facts were that for 1963/64 the total unimproved capital value of each of these two cities was approximately the same at \$3,000,000,000. The value for central Sydney was some \$160,000,000 greater than Melbourne, with the implication that the suburban lands of Sydney were worth less than those of Melbourne. More significant, though was the fact that the value of improvements per \$100 of site value was \$222 compared with only \$125 for Melbourne. This difference in favour of Sydney is the result of more than half a century of improvements being stimulated by being tax free. It contrasts with Melbourne where improvements have been taxed for a similar period. The difference is not accidental.