

How Well It Works—Australian Testimony

We are pleased to give our readers the following striking testimony to the operation of land-value rating in various towns and districts. It will be observed that the benefits are immediate and continuing.

SOUTH BARWONSHIRE IN VICTORIA

An Agricultural District After One Year

Building is booming in the agricultural shire of South Barwon which lies some fifty to sixty miles to the east of Melbourne. The shire covers an area of 63 square miles and has a population of 11,000. Chief industries are asparagus farming, wool, cattle raising and dairying.

The *Geelong Advertiser*, January 22, 1955, reported that in the previous year—the first year under land-value rating—the value of building permits exceeded £1 million for the first time in history. "There were indications that the record figures of the past year would be eclipsed in 1955. Subdivisions of land continued to be made, and there is a continual stream of notifications at municipal headquarters of changes in ownerships."

This record activity duplicates the general experience of the immediate stimulus to enterprise and development—in city, town and country alike—afforded as soon as buildings are exempted from taxation by a change in the rating system. The theoretical contention that a tax on the economic rent of land promotes activity and makes land more readily available is amply supported wherever that policy is applied.

BUSSELTOWN IN WEST AUSTRALIA

A Seaside Town After Four Years

The *West Australian*, January, 1955, reporting the progress of the town of Busselton, which adopted land-value rating in 1951, states:

Never before in its 120 years has Busselton known such rapid change. In four years its population has increased from 4,300 to 5,310, and 272 homes have been built at a cost of over £545,600.

In the last five years there have been 345 dwellings, eight business premises and many holiday resorts built, which have cost over £722,000. During the last year the following buildings have commenced: Five shops (£22,800), a shop and offices (£16,800) and two garages (14,800).

Busselton now caters for thousands of tourists and this year spent a record sum on cottages, caravans and toilet facilities for holiday-makers. The amounts spent for successive years are: 1950-51 (£350); 1951-52 (£9,300); 1952-53 (£3,600); 1953-54 (£25,000).

There are now fifteen resorts and camping grounds within a stone's throw of the sea. Most have septic sewerage, electricity, modern ablution blocks and gaily painted caravans and cottages.

Before this development there was only one private builder in the town; now there are six who find it difficult to meet the demands of the expanding district. They have been exceptionally active in East Busselton, where a big area which was virgin bush six years ago has been developed into a well populated suburb served by bitumen roads.

In 1951 there were 550 services connected to the water supply. There are now connected 800 houses, three schools, five hospitals, butter factory, railway station, jetty and a number of timber mills.

The number of children attending the State schools has nearly doubled in the last four years from 400 to 750.

The Road Board has commissioned Miss M. A. Feilman to prepare a comprehensive zoning scheme for the town and its environs. Provision has been made for shops in the existing town and more open space near the Vasse River. A separate industrial area has been established south of the town.

West Busselton is being replanned with the approval of the inhabitants under the general control of the local authority.

The board is developing a scheme to establish hamlet groups along Geographe Bay and to ensure that adequate sections of the coast are preserved in their natural state. Reserves will divide the hamlets and so preserve the character of the bay.

MOORABBIN IN VICTORIA

A Metropolitan Borough After Nine Years

In August, 1946, ratepayers in Moorabbin, one of the municipalities within the Greater Melbourne area, gave a three to two decision in favour of adopting the rating of land values. Nine years later the Melbourne daily *Argus*, of last September 9, published an article in its property section under the title "Moorabbin Rides High on a Building Boom," by Harry Perrott. The following extracts demonstrate the wisdom of that course and some of the practical benefits that have been derived therefrom.

"Moorabbin, the early market garden of Melbourne, has grown into the fourth largest city in the State. Population has increased from 29,236 in 1947 to 65,276—36,000 in seven years.

"The municipality has an area of 21 square miles and a large section on the east side of Warrigal road has for some years been zoned as a "green-belt" area.

"Factory areas are confined mainly to the wide main roads and to an area in the centre of the municipality generally bounded by South Road, Warrigal Road, Keys Road and Chesterville Road. Development has been greatly influenced by the influx of big industries in the past 10 years. They have acquired large sites and attractive factory buildings have been erected, surrounded, in most cases, by gardens. They have in no way detracted from the residential attractions of the district.

"For some time Moorabbin has headed the monthly list of permits issued for new buildings. In the past five years, ended June 30, permits were issued for 6,789 new homes, valued at £18,680,281, and for other buildings, 617, valued at £4,235,972.

"The council has a big programme of street construction before it. Contractors are at present working on 68 streets. Cost of roadmaking, including concrete channels and footpaths, averages at present about £4 10s. a foot frontage. Before any subdivision is passed, and the land sold, the council now requires roads be formed and concrete channels and drainage provided by the owner.

"Rates are based on the unimproved value—the value of the land only—and in the Moorabbin ward, are 6½d. (on the assessed selling value of land alone. Ed., L. & L.). Rates collected in the past five years have increased from £92,000 to £270,000.

"Minimum area for a residential site is 6,300 sq. ft. and for a house 10 squares. The average size of houses being built is 11 squares.

"Moorabbin's old market gardens—some of which have been held in the one family for more than 100 years—have become veritable goldmines for their owners. Early this year three of these old gardens were sold in subdivision totalling 244 home sites for a total of £151,413. One of the most important pieces of news for home-site hungry folk is that four more of these old market gardens are to be subdivided and sold at auction. (Details are given of the 470 blocks which will thus be made available. Ed., L. & L.)

"Highbett Road, between the station and Nepean Highway, has rapidly developed as a shopping centre. New lock-up shops being built are quickly sold or leased. Sales have been at £4,500 and £5,000 and £10 a week rent paid. Vacant sites are valued at about £150 a foot.

"The city council has adopted a policy of defining new shopping areas, limited to about 10 or 15 shops, in developing areas. The aim of the council is to have these small, self-contained blocks about half a mile apart, so that housewives will not have to walk far to shop.

"An indication of development in the district is the decision of the railways to build a new station at Pattersons Road, between Bentleigh and Moorabbin."

NEW SOUTH WALES

A Manufacturer Praises the System

The benefits derived by them under land-value rating were described in a letter from a New Zealand merchanting firm, published in our previous issue. An Australian manufacturer has recently written in a similar vein to the *Paper Box and Bag Maker*, a trade journal published in London. He is Mr. J. R. Firth, Managing and Governing Director for the past fifty years of P. J. Firth Pty., Ltd., Sydney and Newcastle.

In the extract printed below, Mr. Firth contrasts the economic effects of taxing buildings and improvements (the "improved value" of property) with those experienced when the incidence of rating is transferred so that it falls exclusively on the "unimproved value"—that is, the value of land apart from buildings and improvements, under the land-value rating system.

"Fifty years ago we were rated on improved values as in the United Kingdom to-day. As a result, if we improved our property by adding to our buildings, improving existing buildings, etc., our rates increased.

"If we tried to go ahead we were discouraged. The only one encouraged was the owner of vacant land who paid no rates and thus could hold land unused until the growth of population enabled him to sell at a monopoly price.

"This idiotic situation has been radically altered. To-day we pay rates on the unimproved value of the land on which our factories stand and the adjoining owner of vacant land also pays rates on the unimproved value.

"As a consequence, if we need land on which to expand a growing business we can buy at a reasonable price because having to pay rates every year on vacant land makes the owner ready to sell. Further, because vacant land is rateable, the rates on the unimproved value of occupied land are much lower than if vacant land was not rateable.

"As a result of this rating basis, Sydney has progressed enormously, also the city has spread out: it has not been jammed into a small area as are many U.K. cities. Sydney's metropolitan population of 1½ millions occupies an area 20 miles from East to West by 35 miles from North to South.

"This policy of rating on unimproved land values greatly stimulated our building industry including, of course, all

connected industries—this held good until war came in 1939 . . . At present the building industry is flourishing.

"The policy of rating on unimproved land values which is universal throughout N.S.W. and Queensland is the accepted policy of both political parties and of the people at large. Recently in the Sydney suburb of Burwood 50 landowners petitioned for a poll to be held to decide whether rates should be imposed on unimproved land values or on improved values—under the Local Government Act fifty could demand a poll. The poll was held, only landowners voting. The result was a 10 to 1 vote in favour of rating on unimproved land values. During the last forty years that was the only occasion when a poll was demanded."

Mr. J. R. Firth was an Alderman of Strathfield, N.S.W., for 36 years and mayor for six years. He is well-known to readers of this journal as a member and former vice-president of our International Union, a position which he relinquished four years ago in favour of his son, Mr. H. G. Firth.

NEW DEMANDS IN VICTORIA

In two shires in Victoria—Dundas and Bet Bet—a recent revaluation has imposed increased burdens on the owners of well-improved properties. As a result protest meetings have been organised and ratepayers are demanding that land-value rating be adopted.

Petitions for a poll of ratepayers to decide whether to adopt land-value rating are also circulating in Northcote, one of the municipalities within the Greater Melbourne area, and in the town of Ararat, Australia. The latter petition has been organised by the four councillors who were defeated by one vote when one of them sought recently to persuade the Council to make the change by resolution. It is probable that several other councils may decide to adopt land-value rating by resolution. Mansfield Shire is in this category.

These demands for reform of the rating system in at least five districts in Victoria are in addition to the eight places which, as reported in our previous issue, are to hold polls of ratepayers in August. They are mentioned in the first two 1956 issues of our Melbourne contemporary, *Progress*, which adds that the petition forms already presented were worded specifically to demand that water and sewerage rates as well as general rates be placed on the land-value basis if the polls are carried, a notable advance on previous practice.

NEW ZEALAND

Will Auckland Follow Suit?

Only two of the thirteen cities in New Zealand—Auckland and Hutt—do not levy their rates on the land value basis. Now we learn from our Auckland correspondent, Mr. G. N. Fowlds, that a special committee to study the whole question of rating has been appointed by the Auckland city council. The burden of a large scheme to reclaim decadent parts of the city had brought home to council members the need for such an investigation. Mr. Fowlds adds that copies of the survey of Footscray made in 1946 by the Melbourne Land Values Research Group (*Social Effects of Municipal Rating*) were sent to councillors by Dr. R. O'Regan, the chairman of the N.Z. League for the Taxation of Land Values.

Mr. Fowlds also sends news of another successful rating poll—at Mangere East, a small county township in the Manukau county which adjoins Auckland on the south and south-east. Voting was: to adopt land-value rating, 616; against, 209.