

JOHANNESBURG COMMITTEE'S REPLY TO OPPONENTS

WE REFERRED last month to the Independent Committee appointed by the Johannesburg City Council to inquire into the incidence of rating, the majority recommending that there be no change, and stating that it considered the existing system of rating on site values only to be the fairest of all.

We have since received the official report, published in the Council's agenda July 24, 1945, from which we are able to supplement information already given, taking note also of the opposition of interested parties and how that was met in the majority report. Both the majority report (by Messrs. Leslie Hurd and W. A. Martin) and the minority report (by Mr. E. S. Sachs) contain much of useful guidance to the Council and the citizens desirous of perfecting and extending the land value rating system. The valuation on which the rates are levied could be greatly bettered. The use which Johannesburg makes of municipal services to derive profit therefrom allows a large escape to the owners of land by thus subsidising the rates and imposes a corresponding indirect tax on the general mass of the citizens. Yet the "vested interests" in site values presume to say they are being treated inequitably.

THE VALUATION

The latest valuation figures are those as at June 30, 1943. The capital value of land and improvements was £143,000,000; the capital value of land apart from improvements was £59,000,000. The general rate of 6d. in the £ levied wholly on the latter produced annual revenue £1,475,000, and for road purposes there is an additional land-value rate of 1d. in the £.

Mr. Sachs, in his report, affirmed that "the proportion of revenue raised from rates in Johannesburg, which is only about 20 per cent. of the total revenue, is far too small and the additional revenue raised from other sources must constitute a most unfair burden on the poorer and propertyless citizens . . . in comparatively high prices for services, e.g., electric light, water, transport, etc., whilst the wealthy property owners are permitted to pay only a fraction of what they should pay in rates." The injustice is aggravated by the present state of the valuation. As to that, Mr. Sachs remarks: "The correct valuation of property is obviously of the utmost importance where rates are based on the value of these properties . . . it was stated before the Committee in evidence that in actual practice the valuation of property as assessed by the valuers is in all cases considerably less than the actual market value. . . . From a superficial observation of the municipal valuation book, I am of the opinion that the under-valuation is not always proportionate and that the poorer sections of the city are in a less advantageous position." And it was indubitable that "many wealthy owners of

land who can very easily pay the very low rates operating in the City of Johannesburg are saved large sums of money by under-valuation."

PROPERTY OWNERS' PROTEST

This brings us to the agitation of the self-same property owners who protest against the rating of land values in principle. The *Johannesburg Star* of July 18, 1945 (two days before the reports of the Inquiry Committee were made public) reported the formation of the "Johannesburg (1945) Property Owners' Protection Association," calling on the owners of properties "to pool their resources and with their combined strength to fight against the inequitable burdens which are being thrust on their shoulders." As a pointer, Mr. A. Amoils, a member of the executive of the Association, gave the Press figures to show that on some of his smaller properties he was paying as much as 67 per cent. of his gross income in assessment rates.

Among the witnesses before the Inquiry Committee were Amoils Bros., and it is seen in the Majority report that the same contentions cropped up. They were competently handled and rendered desirous. The Inquiry Committee reads a good lesson well worth while putting on record:—

"Some witnesses representing large property owners complained that the levy of assessment rates on site values only had the result that the assessment rate was from 7 per cent. to no less than 67 per cent. of the amount of the rents received from the properties.

"The reason for the high proportion of the rents received being required to pay the assessment rates was that the value of the improvements was very much less than the site value of the property.

"In the case in which only 7 per cent. of the rents received was required to pay the assessment rates, the value of the improvements was £45,000 and that of the site £17,000, whereas in that in which the assessment rate represented 67 per cent. of the rents received, the value of the improvements was only £2,600 and that of the site £14,250.

"In the valuation roll for 1928 this property appeared as site value £3,500, improvements £2,600, from these figures it is clear that the site had quadrupled in value but nothing had been done by the owner to effect improvements proportionate to the value of the site, so that it was impossible for a rental to accrue to the property which would give a reasonable return on the total value of the investment."

Taking together all the properties . . . "it appears that in the 1928 valuation roll, the values were: site £149,120, improvements £117,150; and in the valuation roll for 1943: site £324,250, improvements £148,600.

"Between 1928 and 1943, a period of 15 years, there has been an increase in the site value of £193,130 (£175,130? or £324,250 a misprint for £342,250?) and of only £31,450 in that of improvements, the latter due almost exclusively to the property on which the assessment rates are only 7 per cent. of the rentals received.

"There appears to be no doubt that these properties were bought for purposes of speculation and to obtain the benefit of the unearned increment which accrues, due to the increased demand for land by pressure of population and the expenditure of public money.

"By the expenditure of the capital required to make any of these properties an economic unit, the owner can reduce the proportion which the assessment rate bears to the amount of rental received. If he is not prepared to do so, he can sell any of these properties at a very handsome profit to those who are prepared to put them to beneficial use."

The witnesses before the Committee included seven public bodies or associations and 19 individuals. We welcome the Committee's report, only wishing it had been accompanied by the Minutes of evidence, particularly to follow what was submitted in support of land value rating by the Chamber of Commerce, by Messrs. Lucas, Mather Smith, R. L. McKibbin, F. Vandrau, and Senator Hartog.

HUNGARY

We rejoice to have had a letter from Mrs. Lilla L. Kunvari, dated October 11, in Budapest, and reaching us through her niece, Miss Marianne Forro, who is in London, with the gratifying news that Dr. Julius J. Pikler is well and is carrying on his work. Mrs. Kunvari and her family are also well but all are "a little tired after so many events." Dr. Pikler sends his warmest greetings to his many colleagues and co-workers in the Henry George movement everywhere and makes earnest inquiries about their well-being. The friend who brought the letter to Miss Forro will, we hope, be able to convey a returning message, since there is no postal communication possible at present; only telegrams can be sent. Mrs. Kunvari is a brilliant sculpturist. It will be remembered that she was in London in 1938 and exhibited her bronze bust of Dr. Pikler in the large Hungarian section of the Women's International Art Club Exhibition of Pictures and Sculpture held at the Suffolk Art Galleries, Haymarket, from March 5 to April 2 of that year.

VOKO AL ESPERANTISTOJ

Se vi deziras, Esperante, informon pri Natura Ekonomio, Lando, Impostoj, Komerco, Profesio/Metio, k.t.p. bonvole sendi p.k. al la Redakisto.