

THE LAND VALUE POLICY IN NEW ZEALAND

THE HON. P. J. O'Regan, for the past eight years Judge of the Compensation Court in New Zealand, writes from Wellington, under date December 11, 1945:

"Some time ago the Mayor of Auckland stated publicly that there were 10,000 empty sections in the city. Since then it has been stated that the number of vacant sections in this City of Wellington is 2,000. The disparity cannot be accounted for by the difference in area, in that Auckland covers 27 square miles and Wellington 25. The only explanation is that Wellington rates on unimproved value and Auckland on 'annual value' which includes the taxation of improvements.

"A few months ago an article strongly in favour of rating on unimproved value appeared in the official journal of the Chamber of Commerce. When in Auckland recently I called on the Editor, Dr. E. P. Neale, to compliment him and expressed agreeable surprise at the publication of the article. He replied that the Chamber was concerned about the fact that people founding new industries appeared to have a strong tendency to select Wellington and its environs 'where the local taxation was so remarkably light.' What better illustration could there be of the advantages of exempting improvements from taxation?

"Rating on the annual value (the rental of land and improvements taken together) was the original system adopted in this country commencing in 1876. Then in 1882 the Atkinson Government fathered a measure ordaining the capital value as well (also on land and improvements taken together), and in 1896 the Seddon Government gave ratepayers the right to demand a poll to levy rates on the unimproved value. In connection with the other two systems, a resolution of the local authority suffices. The 1896 Act exempted certain special rates from being transferred to land values, but in 1911 an amending Act removed that exemption. Since then, if and when a rating poll results in the system being adopted, all rates are levied on the unimproved value; but in any district where the system has been adopted prior to the amending Act of 1911, it is necessary to hold a second (or extension) poll.

Success Attained

"Altogether there are now 572 local rating authorities in New Zealand and the number rating on 'annual value' is only 32. The system obtains in two important centres, however, Auckland and Dunedin. We have captured 84 boroughs, being two-thirds of the total, and 59 counties, four short of half the number. This despite the fact that we are handicapped in the counties by the plural vote, as well as by the opposition of the Counties Association and the New Zealand Farmers' Union. Whether the Government makes our system mandatory or not, it will be the only one prevailing a few years hence. That out-work of monopoly captured, we will follow up in the field of national taxation.

"This year, the rate-revenue of Wellington totalled £785,000, every penny of which comes by rates levied on the value of land alone, apart from improvements." [A result for which Mr. O'Regan, who was the chief instrument in obtaining the poll in 1927, was mainly responsible and of which he can be justly proud.—ED., L. & L.]

"Since the Rating on Unimproved Value Act has been in force, out of the hundreds of polls taken, 25 have been for rescission, of which only eight were successful, and of these three, including Wanganui City, have since come back to us by emphatic majorities. Further, there have been only three rescinding polls within the last 15 years.

"The latest rescinding poll took place in the city of Lower Hutt, contiguous to Wellington, when the enemy won by a record majority. There were special circumstances, however, which made the result unavoidable but which will not occur again, and I have no doubt that in due course history will repeat itself and we will regain what we have lost. As far back as 1923 a grave defect in the Valuation of Land Act was revealed by a decision of the Supreme Court. This defect has remained unremedied until the Parliamentary session which has just concluded. Its effect was to enable land to be purchased for subdivision at extremely low prices, and the apathy of the

Labour Government was explained by the fact that they have embarked on a housing policy, and that, as a result of the decision, the land they acquired was valued so low that State tenants had an extraordinary advantage in rates. A great number of State houses have been or are still being erected in Lower Hutt, and the 'devaluation' of State houses, as compared with private, so incensed the ratepayers that they gave the enemy a rare opportunity which he embraced. However, the defect has now been remedied by an amending Act and no further harm will be done.

"For some time past there has been a persistent agitation to abolish the hospital rate (throwing the cost of the hospital service on the general taxpayer and so relieving the land-owners) and, in my opinion, not less than two Ministers are in sympathy with the demand. The Labour Conference recently concluded, however, passed a resolution strongly in favour of retaining the rate and there is no reason to doubt that this fact will settle the question."

To-day the Hon. P. J. O'Regan is in his 77th year. Many fine tributes were paid to him in the Press on his retiral from the Compensation Court. The *New Zealand Law Journal*, of September 4, devoted more than four pages to the banquet given in his honour and described his public career, which began with his entry to Parliament as a young man of twenty-five where after six years he decided to study law and has since achieved eminence in his profession.

We had hoped that Mr. O'Regan's son, Dr. R. O'Regan, who is President of the New Zealand Taxation of Land Values League, Inc., would be visiting London about this time. Mr. O'Regan writes: "He went overseas some few months ago on a hospital ship and, though the movements of the vessel were somewhat uncertain—it was to bring back internees and wounded soldiers—it was taken for granted that the itinerary would include England. At present he is in Melbourne, however, and has been discharged and is awaiting a ship to return home. Thus his visit to England is postponed indefinitely, at which he is somewhat disappointed, as he was most anxious to meet his colleagues there in our movement."

CAPE PROVINCE

Kimberley Takes Action

The Kimberley Town Council, at a special meeting held on November 1 (*Diamond Fields Advertiser*) unanimously decided to introduce the Rating of Site Values as from January 1, 1946. The Council has thus acted upon the decision of the poll of ratepayers which, held on August 2, by overwhelming majority demanded the adoption of the system and had been preceded by a town's meeting equally determined in favour. A full account of these preliminary proceedings was given in our issue of December.

DENMARK

The Henry George League has now elected its "praesidium" or executive committee and officers for the ensuing year. Mr. Bue Björner has accepted the post of president; Mr. Dan Björner the secretaryship and Mr. F. Folke is undertaking the editorship of *Grundskyld* in place of Mrs. S. Björner, who is only slowly recovering from severe illness.

Mr. Folke writes that he has, at request, taken in hand the production of a film on the Social Programme of the Danish "Housemen" or smallholders, features the historic Køge resolution on land value taxation, etc., with five lecturers taking the speaking parts, a film which is to be exhibited before 1,100 local associations of the Housemen's federation. Mr. Folke adds: "Is it not wonderful that it is to us Georgeists to whom they apply for such work? We can be proud and glad of it and can agree that in hardly any other country could a like event take place."

Mr. Bue Björner writes that not too much should be expected of him in his new post as President, in view of the many other