

NEW ZEALAND: VICTORIES IN THE MUNICIPAL FIELD

In our previous issue we were glad to report that Dunedin, the fourth city of the Dominion, had been won for the rating of land values by the decision of the poll of ratepayers that took place on 31st October. The result of the poll was: In favour of the levy of the rates on land values only, 7,840; in favour of retaining the old system of levying on the annual value of land and buildings taken together, 4,388. Majority for Land Value Rating, 3,452.

On the same date, October 31st, polls were taken in a number of other places under the provisions of the law that gives local authorities power to alter the basis on which the local taxation is levied. They can abandon the "old" system of imposing the rates on the composite subject of land and buildings taken together (whether assessed on the annual or on the capital value), this "old" system giving place to the "new" system of levying the rates on the capital value of the land alone; that is, the selling value of land apart from buildings and improvements. Similarly where the "new" system is in force they can abandon that and revert to the "old" system. The change in either direction depends upon the votes of the ratepayers at "polls" taken for the purpose; and the system thus decided upon remains in operation until the ratepayers may otherwise decide, but there must be an interval of at least three years between one poll and another.

Results of Eleven Polls

Besides Dunedin, by polls of ratepayers, the Boroughs of Kaiapoi and Waihi and the Counties of Taieri and Coromandel were captured for Land Value Rating. In Nelson City, the opponents of Land Value Rating had got up a poll to revert to the "old" system. They were defeated. The voting was 1,446 for retaining Land Value Rating and 1,212 for reversion.

With these successes, there were disappointments in Hutt City, the small boroughs of Richmond, Motueka, Green Island, in the county of Wiamea and in the township of Kihikihi. The polls for the adoption of Land Value Rating failed. These disappointments were not expected.

But the resounding victory in Dunedin was most heartening and it is certain to have a very profound effect among people who are interested in local government. It is the biggest single gain won in New Zealand. Wellington is, of course, a bigger city and it now has all rates on land values, but that was achieved in two stages, whereas Dunedin has been won outright.

Three Standards of Rating

In the municipal government of New Zealand there are 124 counties, 13 cities, 121 boroughs, 29 independent towns and (within the counties) 18 dependent town districts—a total of 305 municipalities. In addition there are four counties in which the Counties Act is not wholly in force and one county, Chatham Islands, where the local revenues come from import and export dues. Local taxation in the 305 municipalities is levied either on (a) the capital value of land, exempting buildings and improvements, officially described as "unimproved value"; or (b) on the composite capital value of land including buildings and improvements; or (c) on the composite annual value of land including buildings and improvements—the choice among these systems resting, as already explained, with the ratepayers themselves. Economically there is no distinction between (b) and (c).

Both tax buildings and improvements. There is never a move to adopt (b) instead of (c) or vice versa. Local taxation reform consists in achieving the abandonment of either (b) or (c) so that the rates are levied on the value of land alone. The progress of this movement is shown in the subjoined table, based upon information in the N.Z. Local Authorities Handbook, 1950-51, and taking into account the subsequent adoption of Land Value Rating in three counties, one city, five boroughs and one town district:—

	RATES ASSESSED ON		
	The Value of Land "Unimproved Value"	Land, buildings and improvements Capital Value	Annual Value
124 Counties ...	63	61	—
13 Cities ...	11	—	2
168 Boroughs and Town Districts ...	116	31	21
—	—	—	—
305	190*	92	23
—	—	—	—

The two cities that remain on the "old" system are Auckland and Lower Hutt. May it not be long before they follow the example of the other eleven, including Wellington, the Capital, and now Dunedin. The total population (April, 1951) within the 305 local governing areas is 1,921,000. The population of the 190 areas under land value rating is 1,291,200, corresponding to 67 per cent of the total. In the cities, boroughs and towns the population is 1,225,300 and of that population 937,300 live under the land value rating system, corresponding to 76 per cent of the urban population.

Worthy of note is the fact that within the counties, besides the dependent town districts, there are road, river, catchment, land drainage and electric power districts, each having power to levy rates for its specific purpose. There are 140 such bodies and of them 55 levy their rates on the value of land, exempting improvements.

Dunedin and St. Kilda

Dunedin (population 70,000) is the Capital of Otago Province in the South Island. It was founded in 1848, settled by the Free Church of Scotland and is predominantly Scottish in tradition. Its rating system has all along been based on the annual rental value of land and buildings. Previous attempts to win the city for land value rating were made in 1931 and in 1934 and both failed; but the agitation was resumed and now a striking victory has been achieved. The latest poll was conducted by the combined ratepayers' associations and the chief organizer was Mr. J. Russell Calvert, J.P., by profession a dental mechanic and a man of some prominence in local government affairs. Among others who gave effective assistance was Mr. H. A. Glasson, especially in press work, and Dr. O'Regan, who as a fact has taken a leading part in stimulating activity in every possible locality.

Adjoining Dunedin is the Borough of St. Kilda (7,413) which has had land value rating ever since 1912 and for many years it has been a local grievance that it has

* With this slight exception that in some of those areas (7 counties, 2 cities and 16 boroughs and towns) certain special rates are levied on composite value therefore taxing improvements, the reason being that these areas adopted the L.V.R. system under the original 1896 Act, limiting it to the general rate, and have not taken advantage of the amending 1911 Act which applied the system to rates for all purposes.

refused to amalgamate with Dunedin, the principal reason, of course, being the difference in the rating systems. But now there is no doubt that the merger will take place.

Lower Hutt City—Hopes for 1956

Lower Hutt City (44,500) is one of the very few places in New Zealand which having adopted land value rating reverted to the "old" system. That was in 1945. The recent attempt to win it back failed by 426 votes—2,110 votes for and 2,536 votes against L.V.R. The City differs from any place of similar size in the Dominion in that it is mainly a dormitory suburb of Wellington and approximately half the houses are State houses: that is, they are owned by the State and are leased to the tenants, who pay their rates in their rent and have no vote in the rating polls. The Government has adopted the policy of selling these houses and it is expected that in the next three years 2,000 of them will have been sold. The recent poll was organized at extremely short notice, but it resulted in the formation of an able committee (led by Councillor H. V. Horler), who are preparing for the next poll three years hence. By then a new valuation will have been made. This combined with the valuable report on valuation and rent distribution made recently by the City Council will enable the Committee to go forward with every prospect of success.

Nelson City: Labour Party's Helpful Action

The attack upon L.V.R. in Nelson City was countered with vigour by Mr. S. I. Russell and his colleagues, mainly in the local Labour Party; and in that regard it is interesting to note that the New Zealand League for the Taxation of Land Values (whose annual report is before us) wrote to the National Executive of the Labour Party urging them to draw the attention of Branches to the fact that Rating on the Unimproved Value had been endorsed by many Party conferences; and on 5th August, 1953, the National Executive resolved: "That as the Party's policy supports the principal of Rating on Unimproved Value, L.R.C.s be advised accordingly." This exhortation should be of material help in areas where polls are being held during the coming year.

A. W. M.

N.Z. LEAGUE ANNUAL REPORT

The Taxation of Land Values League held its Annual Meeting on July 29 and the following officers were elected for the ensuing year: Chairman, R. O'Regan; Vice-chairman, R. Varlow; Treasurer, J. F. D. Patterson; Secretary, Miss B. Noble; Committee: H. Esmond Greig, K. T. Cowley, P. Ryan, R. A. Gosse, A. Varlow and R. D. Keall. Besides giving details of the work done in the municipal field, the Report lists the series of monthly meetings addressed by various speakers and special mention is made of its second important objective, namely to conduct classes in economics. Special tribute is paid to the devotion and ability of Miss B. Noble in this work and for having organized the Henry George School of Social Science, under auspices of which three courses in Basic Economics have been held, each covering 12 weekly classes of two hours each. Twenty-two students completed the course and some 60 copies of *Progress and Poverty* have been sold. This vital work, it is said, is handicapped by the lack of suitable permanent rooms especially equipped as a school and library, but this it is hoped will be made good during the coming year.

The Hon. Treasurer of the International Union gratefully acknowledges receipt of £1 10s. 0d. from "A Friend."

THE CITY OF DUNEDIN

Wooden Shacks and Tin Sheds

UNDER THE OLD RATING SYSTEM

The victory in Dunedin was the result of a determined, sustained and well-organized propaganda campaign. Three years ago Mr. H. A. GLASSON fired an effective early shot. Himself on the staff of the "Otago Daily Times," the principal newspaper circulating in the City (and conservative in politics), he described graphically in an article published by that journal, October 14, 1950, the economic effects of the bad local taxation which had "rested like a blight upon Dunedin for far too long." We print the following extensive extracts from Mr. Glasson's article:—

Throughout its business and commercial centre, Dunedin City is composed mainly of buildings consisting of ground floor premises with one floor above. Many of these structures were built in the 1870's and 1880's, some possibly before that period. Little progress in building development has taken place since the turn of the century, modernization being mainly a "face-lift" to shop frontages. It is contended by many that Dunedin is a city of shanties, and anyone who has studied the rear aspect of its shopping centres would say there was some justification for this charge.

It appears as quite sound logic to say that the more valuable the site, the more intense should be the use made of it. In Dunedin the reverse is the position, and the City's adherence to the system of rating on the composite value (thus taxing buildings and improvements) is largely responsible.

Much of the City's most valuable land is at present lying idle, is cluttered up with wooden shacks and tin sheds, or is used as storage space for industries which might well be located on less desirable sites. If rates in the City rested where they properly belong—on the value of land apart from buildings and improvements—the best interests of the City would be served. A forward and progressive step would be taken, and much of the ill-used and idle land now lying within the heart of the City would be utilized. Instead of placing the burden of rates where it belongs, the City has penalized itself by levying a rate on the annual value of buildings and other perishable property placed on the land by the individual holders thereof.

To be sound in principle, any system must first be just. No system that penalizes development by placing ever-increasing imposts on it can be just. Under this system not only does the valuable land fail to meet its fair share towards the City's revenue, but a greater burden is placed upon the home owner who builds on land of much lower value.

Thus the person who takes a pride in the place where he lives, builds himself a nice home, spends money on improvements, builds a garage and puts down lawns, is penalized for being a good citizen. He may, and often does, pay a rate equivalent to that paid by the person holding land of very high economic value in the heart of the City who is content to carry on business in a converted barn. The latter realizes that if he builds to advantage—and for progress—he will be penalized. That man, under land value rating, would pay more, but he would have the opportunity and the stimulus to devote his enterprise to the greater development of the land without penalty. The suburban home owner would pay less than he does now, and at the same time would secure the right to develop his property to the full. Land value