

News: A Metropolis Pays Its Way

By F. Darwin Smith

Key cities of the United States reported during the last month a generally improved financial condition, as compared with the close of 1936, according to the annual municipal survey of The New York Times. Higher tax collections in 1937 gave a brighter outlook—for holders of municipal bonds and notes—in most instances, but the contraction of Federal relief funds available for municipalities also meant a greater local tax burden to meet relief needs.

New York, Philadelphia and Boston ended 1937 with increased indebtedness while Chicago, with other cities, reported reductions in their net debt positions. But none of the key cities of the United States has achieved a solution of the problem of raising large enough revenues, without burdening labor and capital incomes beyond endurance, to meet growing expenditures. Our cities do not pay their way. But on the other side of the globe there is a city that does, Sydney, key city of Australia.

How does Sydney do it? Roy Hendy, Town Clerk, explains:

"The unimproved capital value, land value, basis of taxes has been in existence in Sydney since 1909 but up to the year 1916 was only partially in operation, the authorized and enforced rating powers till that

year being dual rating comprising a system based upon the assessed annual value and the unimproved capital value.

"In 1916 the assessed annual value basis was suspended and the City became Municipally taxed wholly upon the unimproved capital value assessment. The incidence of the one tax has been to relieve the rating liability of the residence wards very considerably at the expense of the main or commercial wards. The tax payers have, however, cheerfully accepted the position and the prosperity of the city has not become affected therein."

Sydney is the second largest city in the British Empire. It has more than a million and a half population and is without a slum district or slum conditions of any kind. In the last fiscal year of which I have a report the total expenditures of the city amounted to \$5,152,090, of which \$4,392,500 was raised from the rental value of unimproved land. The remainder of the expenses of the City, about \$750,000, came from licenses, fines and various fees incident to the management and control of the city.

There is no tax whatever on buildings or improvements of any kind.



For instance, if one man owns a fine corner lot on one side of the business street and another owns one just across the street with the same value as to location and if the first man builds a million dollar building on his lot and the other man builds nothing on his, each pays the same rate to the city. In other words, in Sydney they do not fine a man for improving the city as they do elsewhere.

The District of Sydney has just recently finished the famous Harbor Bridge connecting the city of Sydney with North Sydney at a cost of \$50,000,000. The cost of this bridge is taken care of from the funds received from the ratable value of unimproved land. The latest report gives the rates levied as a City Rate at 4½ pence in the pound; the Bridge Rate, ½ penny in the pound; main roads rate, 7/32 of a penny in the pound, making a total charge, in our language, of 2.3%. This does not seem exorbitant when one remembers that the basis on which this is calculated includes no improvements whatever.

Sydney is perhaps the most outstanding example of the possibilities lying in using the earth which God gave us—in economic terms, the factor land, which is geologically—produced and community developed—for the benefit of His children, all the people.