

NEW ZEALAND.

RATING ON LAND VALUES.

By H. G. ELL, Member of the House of Representatives.

PRIOR to 1896 the systems of taxation for local purposes in operation in New Zealand were the *Capital and Annual Value Systems*. By the "Rating on Unimproved Value Act," of 1896, the ratepayers of any local rating authority can adopt this system by the following process:—first a requisition is prepared; I give the wording of a requisition I have now in circulation for signature.

"To His Worship,

The Mayor of New Brighton.

WE, the undersigned ratepayers of the Borough of New Brighton hereby demand under Section V. of "The Rating on Unimproved Value Act, 1896," that a proposal to adopt this Act and thereby to rate property upon the basis of the unimproved value, be submitted to a poll of the ratepayers of this district."

The requisition must bear the signatures of 25% of the ratepayers on the roll where the number on the roll is less than 100, 20% where the number exceeds 100 but does not exceed 300, and 15% where the number of ratepayers on the roll exceeds 300. On securing the requisite number of signatures, the requisition is then presented to the Mayor or left at the Council office, and the Mayor (or Chairman, if Road, District, or County) has no option but *must* fix a date for a poll, such date being not less than 21 or more than 28 days after the presentation of the requisition, and make all the necessary arrangements for taking a poll; here we have an example of the value of the initiative and compulsory referendum.

On polling, a bare majority of the votes cast will carry the proposal. This system then comes into operation on the 1st of April succeeding the date of the poll. The rating on the value system in this country does not unfortunately apply to all rates, as rates for the following purposes cannot be levied on the value of land only, namely, water rates, gas rates, electric light rates, sewage, or hospital and charitable aid rates, but we are still fighting to get this illogical provision repealed.

We made an attempt this session to amend the law by an amendment permitting the Council of a County, or Borough, or a Road Board where the rating on land value system is in operation, to bring the rates now exempted by the provisions of Section XX. of the Act under the operations of the system, thus making the value of land the sole basis for rating, but even this purely permissive proposal, which merely enabled a local authority to exercise its judgment, was rejected by a big majority; yet when our Premier (Mr. Seddon) and other Members of our Legislature come to England, you hear much about the "perfect democratic system of government in operation in New Zealand." We have tried to get this objectionable section repealed, but that has met with still greater opposition.

I have not seen any examples given in the columns of your paper showing how the system operates. I propose to give some showing how the system is working in the cities of Wellington (the Capital) and Christchurch. We had the usual arguments put forth by the Conservative press that we were going to reduce the rates of the rich man and increase the rates of the poor man; that by taking the rates off the valuable blocks of buildings, warehouses, shops, offices, hotels, etc., in the city, we were going to tax the cottager out of his home, in short, relieve the rich man of rates at

the expense of the poor man. We told them they knew better. Our proposal *not* to tax a building valued at £5000 standing on land valued at £6000, was only being used as a bogey to frighten the working man from voting to relieve the £5000 building, but at the same time to tax the £6000 building *site*. Some of the workers were scared by the Conservative arguments. We succeeded, however, in proving to a sufficient number that it was the owner who had 60% of the value of his property in land value and only 40% in buildings that would pay more in the city, and that the man with a house valued at £400, standing on a section valued at £100, who would pay less, and we pointed out that the great majority of the small property owners in the city possessed from 75% to 85% in improvements, and usually only from 15% to 25% in land value, so would pay less. The rich man knew this, and that was why he was so much alarmed.

I had a lot of work in connection with the polls in both Wellington and Christchurch, but I was well satisfied as we won in both places.

Some Town Examples.

Here are some examples giving the name of the owner, the street in which the property is situated, the area, the capital or annual value and the land value, and the rates paid under the old and new systems:

Wellington City.									
OWNER.	STREET.	Annual Value.	Land Value.	Rates on Annual Value System.		Rates on Land Value System.		Area.	
				£	%	£	%		
Bank of New Zealand,	Lambton Quay,	2000	22,462	236	19	284	2	102.3 x 80 47.6 x 110.10 107 x 137	Vacant Section.
Bank of New South Wales,	Lambton Quay,	650	17,655	77	0	223	6		
National Bank,	Grey,	500	6,000	59	4	75	18	"	Cottage.
Bank of Australasia,	Customhouse Quay,	450	8,000	53	6	101	4		
N.Z. Insurance Coy.,	Lambton Quay,	350	7,625	41	9	96	9	"	"
Duke of Edinburgh Hotel,	Manner's	700	10,500	82	18	132	16		
Clarendon Hotel,	Manner's	370	7,114	43	16	10	89	"	"
Central Hotel,	Lambton Quay,	550	8,140	65	3	5	102		
Pier Hotel,	Grey,	600	11,560	71	1	11	145	"	"
H. A. Gordon,	Cuba,	50	2,710	5	18	6	34		
A. J. Cadman,	Cuba,	50	1,660	5	18	6	21	"	"
C. H. Aamodt,	Jessie,	35	120	4	2	11	1		
N. D. Abbott,	Poplar Grove,	28	86	3	6	4	1	"	"
Mrs. C. D. Acroyd,	Hawker,	30	190	3	11	1	2		
August S. Adams,	Aro,	28	67	3	6	4	0	"	"
C. F. Adams,	Burnell Avenue,	45	320	5	6	8	4		
Sargent,	Somerset Avenue,	25	120	2	19	3	1	"	"
Titcher,	Somerset Avenue,	28	115	3	6	4	1		

Christchurch City.

Examples showing the changes which have been brought about by the adoption of the rating on land value system in Christchurch City. The figures have been supplied to me

by the Town Clerk, and show the rates paid under the old and new systems; the new system came into operation for the first time for the year 1903.

NAME.	STREET.	Capital Value.	Land Value.	Rates 1902.					Rates 1903.					Block of Shops and Offices (4 floors). Newspaper Office (3 floors). Shop (4 floors). Cottage.
				£	s.	d.	£	s.	d.	£	s.	d.		
Bank of New Zealand,	Hereford St.,	25,050	16,050	218	5	0	303	2	5					
R. M. Morten,	Cathedral Sq.,			334	4	3	330	2	6					
" Press " Co.,	Cashel Street,			90	6	8	111	18	1					
Ashby, Bug & Co.,	High Street,	8,200	4,200	75	15	8	85	15	3					
Brockett,	Durham Street,			5	1	1	3	11	0					
T. A. Moss,	Selwyn Street,	440	95	5	16	0	3	9	1					
J. Sinclair,	Richmond Ter.,	455	90	5	16	0	3	9	0					
W. Darlow,	Richmond,			2	8	7	1	13	8					
W. C. Shaw,	Richmond,			2	19	7	1	0	11					

The foregoing examples prove conclusively that the system relieves the small property owner at the expense of the large property owner, the reverse effect to that which our opponents said it would have; of course there are exceptions, some small owners have had to pay more, but they are the exception to the rule.

The effect of the system is distinctly beneficial in Sydenham, Linwood, and St. Albans, Woolston and Spreydon which are residential districts, and the outskirts of the city. It has forced on the building of cottages and villas, and in the business part of the city proper, it has and is still having the effect of buildings being erected on land which has been held for a rise in value. Very old and poor business premises standing on valuable business sites are being pulled down to make room for a better class of building, which is having the effect of improving the appearance of the town, and at the same time giving the people healthier and better quarters to work in.

The same is happening in Wellington City. A reduction is much needed. For a wretched little wooden cottage in the street in which I reside, in the suburb of Linwood, of 4 small rooms, no water supply, the water being obtained from a pump, not connected with the sewer, no sink or conveniences such as your municipal dwellings now have, no gas, no electric light, laid on a very small site, 10/- a week is being paid; for a decent 4 or 5 roomed cottage 14/- and 15/- per week. I am paying £52 per year for an old-fashioned 7 roomed house. There is not a modern 5 roomed cottage to be had within a mile of Christchurch under 15/- per week. The rating on land values, however, is working a change. Owing to the large number of houses now being erected rents must soon come down,

### An Agricultural instance.

Another noticeable effect of the system is that agricultural land formerly held idle is now being cultivated. The sound economy of taxing the land on which a fig tree may grow instead of taxing each fig tree is making itself felt; as an example, a section in Sydenham which the owner had never taken the trouble even to fence, is now fenced, and a fine healthy crop of potatoes is now growing where weeds grew before.

### INDIVIDUALISM AND SOCIALISM.

From a paper read to the Scottish Single Tax League by Wm. M'Lennan, Glasgow (Part II.)

MAN was endowed with the power to labour to supply his wants, and was supplied with the material on which to exert his labour. This material is the land, from which all wealth is derived; and any adjustment by society which denies this right to the bounty of the Creator, or makes it the private property of certain individuals, so that others have to buy it or rent it from them, is a denial, at the very foundation of society, of the moral law of God, and from this denial can be traced most of the evils that afflict society to-day. The poverty of our great cities, and the vice and crime that flow from it; the uncertainty of life, and the chances to which we are subject, even those of us who are not ground down to the very uttermost; the industrial depressions that follow periods of activity; the weight of taxation that keeps for ever increasing; the competition that seems growing ever fiercer and fiercer; the greed, and the fraud, and the perpetual struggle to make only a bare living; they all spring from this fact that we have sold or given away into private hands that which was intended for the use of all. And if we consider this fact that no wealth can be produced, that is not the product of labour applied to land (the raw material), and if by our social adjustments we make it impossible to build a house, a school, a mill, a church, a hospital, a warehouse, a factory, a foundry or a store; to make a bridge, a railway, a harbour, a station or a canal; to widen a street, to bring water or other conveniences into our towns, or to extend and beautify them in any way; to build a ship or an engine; to quarry stone, to sink a mine; to raise corn or wheat or any other foodstuff without first paying toll and tribute to those who own the earth, we shall see how impossible it is that our civilisation can be anything else than it is, "a scramble among ourselves for the scraps that fall from the rich man's table."

Being created individuals, with individual wants and powers, men are entitled to: (1) The use of these powers, (2) access to the common storehouse, (3) the enjoyment, as individuals, of the fruits of their labour. This is the right which we call private property, a right which is derived from the law of God. Now this right of the individual to the result of his labour, is a right which, when stated as I have just stated it, will be at once recognised and conceded. But, when we seek to take it down into practical life, and say, as we have a right to say, that therefore, no collection of individuals, no municipality, state or government, has any moral right to tax, say a man's house, or his income, or his carriage, or his motor car, or his jewellery, or his manservant, or his maid-servant, or his dog, or his liquor, or his tea, or his tobacco, without his consent, or against his will; I am not quite so certain that every one will agree with me. But the one is a logical corollary of the other, and as God's laws do not change, they must hold where population is dense, and where industry is complex as well as where population is sparse and industry is rude.

But, you will say to me, is the state not also part of the Divine order? and I reply that it is, for it is only as men come together in states or communities that they enter upon that progression which we call civilisation. It is only where population becomes dense, and states and governments begin to be formed, and industrial processes begin to be