

## QUEENSLAND

### Rating on Land Values in Practice

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The principle of imposing Local Authority Rates solely upon the value of land and exempting improvements from rating, was first adopted in Queensland in an Act entitled "The Valuation and Rating Act of 1890"—that is over 30 years ago. It undoubtedly owed its existence to the influence exercised by the teachings of Henry George.

Although the late Sir S. W. Griffith, then Premier of Queensland, is generally credited with being responsible for the principle being actually introduced into the Act, its real author was Mr. William Stephens, then member of the Queensland Legislative Assembly for South Brisbane, and also one of the Aldermen (I think Mayor at the time) of the South Brisbane Local Authority.

Mr. Stephens was not in any way a radical in politics—on the contrary, a conservative, supporting the Conservative Party; but he had, as a member of the South Brisbane Local Authority, experience of the evils of Rating on Improvements. . . . Mr. Stephens' speech upon the matter, though only of ten minutes' duration, so impressed Sir Thomas McIlwraith, then the Queensland Treasurer, and who was in charge of the Bill, that he immediately adjourned consideration of the measure in order to amend it in the direction urged by Mr. Stephens, and a few days later renewed the debate with new provisions adopting the principle of Rating only Land Values and exempting improvements embodied in the Bill, which, without opposition, then became law. . . .

The Act made the new principle uniform without option in all Local Authorities throughout the State; and the date of its passage, the year 1891, marks it as the first Legislative measure in the world to adopt the principle. . . . An interesting and important effect was immediately observed, namely—that the very valuable lands not fully improved contributed more, whilst the mass of less valuable lands with improvements thereon contributed less in rates than under the previous system. This is easily understood when it is recognized that in the suburban districts, where multitudes of small owners exist, the residences and other improvements are usually greater than the value of the allotments upon which they are built, and so the change of rating—from land and improvements to land values only—reduced the incidence of the rates. Whereas in the case of the more valuable lands, upon which the improvements are usually of less value than the land, the reverse occurred. It was also observed that the more highly the land was improved the less proportionate rates the owner paid, whilst the less improved land paid greater rates. Thus it was seen that the new method not only embodied a simple and less complicated system of rating, but carried with it also most beneficial results, apart from the revenue raised—penalizing all those who retarded progress by keeping valuable land vacant or with only old, mean, or otherwise inadequate improvements upon it, and stimulating development and progress by encouraging improvements. . . .

The original Valuation and Rating Act of 1890 has since become merged in a larger Local Authority Act, which latter has been subject to many amendments from time to time; but the original provisions, in their essential principles of rating only on Land Values, remain to-day as when first adopted. Governments have since come, and Governments (including Conservatives) have gone, but none has ever proposed to revert

to the old and unscientific method of imposing rates on Improvements as well as Land Values. . . .

About fifteen months ago I visited Melbourne and Sydney. I found Melbourne—where the old bad method of rating on Improvements is still in force—almost wholly unprogressive—almost an absence of new buildings in the principal part of the city. It is true that in some of the suburbs new residences were being erected in great numbers, but this was largely due to the electrification of the suburban railways and other new facilities for transit to those places. Though, even in the suburbs the method of rating on Improvements must have acted detrimentally to their progress—what struck me most was its effect in retarding the development of the central portion of the city, where the rating upon Improvements of a costly character necessary in such location would be heaviest and most oppressive. It had certainly operated disastrously, for I saw scarcely a single new building in course of erection, or that had been erected since my previous visit nearly five years before. I noticed, however, numerous small and poor buildings on very valuable land, huddling amongst larger buildings.

Here in Brisbane, on the contrary, the centre of the city is the most, instead of being the least, progressive. Small buildings are rapidly giving way to larger and more modern structures. New buildings of immense cost and dimensions are being erected, and plans are in preparation for further new structures at the corner of almost every principal street and at numerous intermediate places. They are of the most ornate and expensive character, and compare with buildings in the principal cities of the world. Why, indeed, should they not when, however great their size or cost, they are not called upon to pay one penny extra in rates?

On my return through Sydney, where the new method of rating solely on Land Values with improvements exempt was adopted later than in Brisbane, but has been for some years in operation, I observed with pleasure that many new buildings were in progress in the centre of the city, whilst the suburbs were rapidly expanding and growing with new residences. Building activity was distinctly greater than in Melbourne. Still, it was not so active as in Brisbane, where not only has the just method of municipal rating been longer in operation, but, in addition, the Water and Sewerage Board Rates, by a separate Authority, are also imposed on the same principal of rating Land Values only, and not Improvements.

The beneficial effect is seen, not only in the erection of large modern new buildings in the centre of the city, in place of inadequate structures, but also in every direction in the suburbs, where former vacant allotments are being built upon, and in the environs, still further out, where extensive areas are being subdivided for building purposes because the heavy rates wholly on Land Values make it unprofitable to continue to monopolize and keep land idle, whilst the exemption of improvements from the penalty of being rated gives encouragement to enterprise and industry, and contributes to general progress and development.

As a result of the building activity a further effect is manifested in the abundance of employment at high wages to carpenters, plumbers, bricklayers, and numerous others engaged in the building trade, which is still further reflected in the general prosperity of the whole metropolis.

In conclusion, I can say unhesitatingly that whoever would be convinced of the beneficial results of the method of rating upon the Value of the Land only, and the exemption of Improvements from taxation, need only pay a visit to Brisbane and see the system with all its excellent consequences, in operation in actual fact in this State.