

LAND RENT AS PUBLIC REVENUE

ERIC STANDRING (Claremont, W. Australia) writes:

In Allan Hutchinson's paper for the Caswell Bay Conference, his statistics are already out of date. For instance, he gives mining royalties as \$291,000, whereas last year they were \$5,200,000 in Western Australia, and this year will show a very large increase on that. Things are moving at a great rate here, so statistics of three years ago are ancient history.

ALLAN R. HUTCHINSON (Victoria, Australia) replies:

It is true that the mineral royalty position is rapidly changing and that the public treasury in Western Australia is benefiting more than other States as a result of these changes. For that base year I used, fiscal 1964-65, the mineral royalties received by the Western Australian Government were \$291,354, but for the year 1967, mineral royalties received by it were \$5,166,463. This is an enormous increase and in the right direction. The result is that taxes upon labor and its products in that State are so much less than otherwise, to produce the same public revenue.

However, this great change has no appreciable bearing upon the value of the statistics in my paper and the conclusions to be drawn from them. The figures for mining and forestry royalties were shown in my paper in separate columns to give a complete picture of the extent to which public revenue was drawn from natural resources in Australia at that common date for the various States. But these royalties were excluded from consideration in the tables on pages 13 to 15 which arrive at the proportion of the site rent potential collected as public revenue. This is clearly indicated in a footnote to the table.

The proportion publicly collected is the sum of the amounts shown under land-value taxes, land value rates and land rents, divided by the site rent potential of the land in private occupation subject to these charges.

The revenue under these various headings does not vary greatly from year to year as does that from mining and forestry royalties. The one other element that has increased rapidly since the base year in Western Australia is the price of land. Unless further extension of land value taxation occurs in that State, the proportion of the site rent potential collected for public purposes may show a fall when similar checks are made in later years.

In a note accompanying my paper it was indicated that the proportion of the site rent potential collected for public revenue in South Australia and Western Australia would be a little greater than shown. This was because several rating authorities for irrigation and drainage services had not submitted their returns at the time of preparing the report.

These returns are now available and show the additions for South Australia for 1964-65 to be \$532,602 in water rates for irrigation areas plus \$52,408 based on the unimproved value of the land in irrigation towns. The first figure mentioned is a rate based on the irrigable acreage held. In addition, the Southeastern Drainage Board levied drainage rates of \$58,737 and betterment rates of \$13,590. These are both based on the unimproved value of the land. In all they add \$657,337 to the portion publicly collected, making the total for South Australia \$19,321,000; and the percentage of the site rent potential collected becomes 23 instead of 22 as shown on page 13.

Similarly, the Western Australian irrigation charges add \$306,188 to the previous total for that State, making its new total \$15,534,000 publicly collected. In this case the proportion is unaltered.