



A BLUNT REPLY FROM AUSTRALIA

Progress of Melbourne comments on the R.I.C.S. Report on Site-Value Rating

WE HAVE SEEN a copy of an interim report of a Royal Institution of Chartered Surveyors Working Party published in *The Chartered Surveyor* for December, 1964.

This working party considers that the system is neither practicable nor desirable, saying: "We think that in Britain as opposed to other countries where site-value rating is in operation, considerable difficulties of valuation would arise because of:

- (i) the complicated system of land tenures;
- (ii) the artificial restrictions imposed by contract or by statute which inhibit the full enjoyment of the development value of the land;
- (iii) the imprecise nature of Development Plans, which must of necessity remain flexible; and
- (iv) the lack of reliable evidence upon which valuations can be based.

"We are convinced that a system of assessing owners on the basis of values which they are for various reasons unable to realise would lead to substantially more widespread hardship than that which is found under the existing system.

"On the other advantages claimed for site-value rating we think it true that the imposition of some form of tax on undeveloped land might tend to retard the rise in land values and that it might often prove unprofitable for landowners to hold on to land for speculative reasons. We are of the opinion, however, that this problem could be tackled in other ways and that it would not be in the interests of the community to introduce a defective system of taxation in order to achieve this object."

It is amazing to find how successfully various British committees manage to make mountains out of molehills that the benighted colonials take in their stride.

We are reminded of the argument often raised here by people with an axe to grind when a change to site-value rating is suggested in their area. They will agree that site-value rating has great merits for other places but say there are local circumstances that make it unsuitable or untimely in their particular area.

What they really mean is that they have interests in vacant or under-developed land which would cause them to pay more under site-value rating. We strongly suspect that the working party think that their interest as surveyors is bound up with that of the landowners whom they

think would be affected by site-value rating. It may not have penetrated their skulls that with site-value rating there would be many more opportunities open to surveyors since landowners now holding sites idle would become willing sellers and subdividers.

There are no real difficulties about site-value rating in Britain. Even an imperfect and partial approach to site-value rating would be far more equitable than the present system of rating value of improvements alone and charging no rates at all on vacant land there.

The alleged importance of exactitude in valuation in Britain has already twice allowed opponents to overthrow hard won legislation passed to apply land-value taxation. First there was Lloyd George's and later Snowden's Act. The time taken to achieve the valuations allowed opponents to engineer new public issues behind which they first suspended and later repealed the steps taken for land valuations and land tax.

We in Australia in 1910 cut the Gordian knot with the introduction of the Commonwealth Land Tax. Land valuations did not exist in all States at that time. But each landholder was required to lodge a return giving his own estimated land value on his holdings. The Taxation Department had the right to make its own check valuations and to purchase at the declared values if it wished. This was rough justice to get the system into operation immediately.

After a few years the department built up a most efficient and competent land valuation service. It wasn't long before the initial anomalies were cleared up. We now send our valuation experts abroad to show other countries how to develop their own valuation systems. (e.g. Jamaica and Trinidad).

The perfectionists might well learn something from this apparently crude and sudden approach. It is a case of division of labour. To value a whole country initially before implementing land value taxation would require a small army of valuers. But each landowner has a pretty good idea of the value of his own holding—or could readily get it from any local estate agent. That is a first approximation which later checks of permanent valuers would refine.

On the other hand if complete valuation of a country takes three to five years to achieve there will be anomalies between the first and last valued parts greater than those under the self-assessment approach.