AUSTRALIA

Land Policy and Local Taxation in Canberra

The new Federal Capital of Australia is described and illustrated in an official booklet *Canberra and the Territory for the Seat of Government of the Commonwealth*, issued by the authority of the Federal Capital Commission. We are indebted to the High Commissioner of Australia, Australia House, Strand, London, W.C.2, for a copy of this informing publication.

ACQUIRING THE SITE

The establishment of the Seat of Government in Federal territory is one of the obligations imposed by the Constitution of the Commonwealth of Australia and is provided for in Section 125 of the Commonwealth Constitution Act 1900, which reads as follows :—

> " The Seat of Government of the Commonwealth shall be determined by the Parliament, and shall be within territory which shall have been granted to or acquired by the Commonwealth, and shall be vested in and belong to the Commonwealth, and shall be in the State of New South Wales, and be distant not less than one hundred miles from Sydney.
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> " Such territory shall contain an area of not less than one hundred square miles, and such portion thereof as shall consist of Crown lands shall be granted to the Commonwealth without any payment therefor."

In choosing a locality for its Seat of Government Australia went through an experience very similar to that of the United States of America. Strong local influences were exerted in the interests of particular sites and the Parliament found very great difficulty in making a final selection.

It is explained how, after much negotiation with the New South Wales Government, the Yass-Canberra district was ultimately adopted in terms of the Seat of Government Act, 1908.

Apart from the Crown lands transferred, it was necessary for the Commonwealth to acquire from private owners estates of freehold, either those completely alienated or in process of alienation under the State law existing at the time of the transfer. Since the transfer, the Commonwealth has acquired about 209,500 acres of privately-owned land at a cost of approximately £750,000. There are still (to be acquired) about 43,000 acres of alienated land and about 65,500 acres in process of alienation. The privately-owned lands first acquired were those in the site for the city, and in the catchment areas of those streams which may be required in connection with the water supply.

LAND POLICY

Under the provisions of the Seat of Government Administration Act (1910), no Crown lands in the territory may be sold or disposed of for any estate in freehold, except in pursuance of some contract entered into before the commencement of that Act. The policy has been to encourage the leasing of lands outside the city area, and such leases are governed by the Leases Ordinance, 1918-25, which provides for leases not exceeding 25 years for agricultural and grazing purposes. The leases contain special conditions in regard to the extermination of weeds and noxious animals. About 40,000 acres are leased under the Leases Ordinance to returned soldiers for periods varying from 5 to 25 years.

During the year 1924, the Government decided to lease lands in the city area, and the City Area Leases Ordinance was passed governing the conditions under which this might be done. It was provided that the terms of such leases should not exceed 99 years, and that the rental should be at the rate of 5 per cent per annum on the unimproved capital value as ascertained by bids at public auction or assessed by the Government, such rentals to be subject to re-appraisement after a term of 20 years and thereafter every 10 years. The lessee is required to commence the erection of a building and complete the building within a specified time, such building to be in accordance with plans previously submitted for approval. Leases are not transferable until buildings have been erected on the land as prescribed, or where the Commission is satisfied that a building is being or about to be erected on the land. Strict regulations have been introduced which govern, not only the planning, but the design of the buildings, and in laying out the city area special zones have been established for residential and commercial purposes and for undertakings of an industrial character.

LOCAL TAXATION PURELY ON LAND VALUE

These provisions for the tenure of land in Canberra are now well known. There remained the question of the powers of the Federal Commission to levy local taxation for municipal services and thereby obtain if necessary revenue additional to that received from the leases of land. The question is well put in a letter addressed to us by a correspondent :—

> " Is the annual land rent required by the Federal Government of Australia from users of sites in Canberra taken in lieu of all other taxes and rates for the support of local government within the area ? This point, which, of course, is of tremendous significance to us, has not been touched upon so far as I know. The experiment, so important as an object lesson, will be spoiled in its effect if the improvers of these sites are to be taxed on their improvements or other taxes on trade or industry are to be levied locally for the public utilities and amenities which are to be created to serve the community needs. I beg you for information as soon as you can conveniently send it."

We passed on this query to the Australian High Commissioner in London and have the following reply :—

> " Municipal functions at Canberra are under the control of the Federal Capital Commission, which is authorized to levy rates for services by the Seat of Government Administration Acts, copies of which are enclosed. By an Ordinance of 1926 it was provided that the General Rate should not exceed 5d. in the £ in the city area, and 3d. outside the city boundaries, and that Sanitary and Lighting Rates should not exceed 3d. in the £ respectively. All rates are calculated on the unimproved value of the land."

One of the Acts referred to is No. 8 of 1924, where it is provided in Section 14 that : " The powers of the Commission in relation to the territory shall include the following . . . (*b*) the levying and collection of rates upon land in the territory alienated from the Crown, and upon land held under lease from the Crown (not being land exempted by or under any regulation made in pursuance of this Act)." And in Section 17 it is provided that : " The revenue of the Commission shall consist of the following moneys : (*a*) rates ; (*b*) charges for services ; (*c*) rents received for land leased by the Commission, or under any Ordinance made under the Seat of Government (Administration) Act, 1910 ; . . ." Other receipts, not related to taxation, are named.

It is thus clear not only that the land is leased on Single Tax principles (a defect being that the periodic valuation is not frequent enough to prevent speculation altogether) but also that the local taxation the Commission is empowered to levy is based on the same

principle up to the limit of 11d. in the £ of the (capital) value of the land apart from improvements.

The whole local revenue of the Federal territory, so far as it can be administered and collected by the Federal Commission, comes from land value alone. Improvements and industry are entirely exempt from landlord tribute and taxation. Of course, the dwellers in Canberra, like the dwellers in the rest of Australia, are subject to the iniquitous Customs tariff and to the burden of income tax, and as long as these exactions are maintained Canberra cannot be called a "Single Tax City" any more than Sydney or Brisbane.

Nevertheless, the provisions for the land tenure in Canberra and for the revenue to pay for local government are, like the provisions for land value taxation in Sydney and Brisbane, an extraordinary testimony to the acceptance of the Single Tax principle. Canberra promises to be a "garden city" beyond compare and it is more than a coincidence that its administrative foundations are so broad based on social justice, its designer having been the well-known American Single Taxer, Mr W. B. Griffin, of Chicago. He had the vision of a great possibility as he planned the city and in the realization it is seen that it is not always true that "we are not such stuff as dreams are made of."

QUEENSLAND

The Progress of Brisbane

The Brisbane *Daily Mail*, of 6th May, reports the speech made by the the Mayor, Alderman W. A. Jolly, at the Constitutional Club when he reviewed the financial side of the City Council's activities. The Mayor said that the marked and steady progress the city had been making for the past two years gave every confidence for the future. Last year the total value of new buildings erected amounted to over £3,500,000, and covered about 4,000 new buildings. The population showed an increase of nearly 11,000 for the year. The total unimproved valuation of the area (Greater Brisbane) was £22,000,000, and it was estimated that the improved value in addition to the unimproved was approximately £100,000,000.

It was not possible for the Mayor to do more than estimate the total value of improvements. In Queensland it is only the value of land apart from improvements that appears on the local valuation rolls, which is the sensible and simple way of dealing with the matter seeing that improvements are not taxed. There is no need to value them, and as they are not valued, very much time, trouble and expense is thereby saved to the authorities in charge of the valuation. In this respect Queensland sets an eminent example; by taking no notice whatever of improvements even the temptation to tax them is removed.

The general rates of Greater Brisbane (levied as indicated above solely on land value) produced £751,572 in 1926.

TASMANIA.

Reports in newspapers like *The Mercury* and the *Voice* (Hobart) tell of good work being done by Mr W. E. Lloyd, Hon. Secretary of the local Land Values League. He is working hard to secure for Hobart and the other towns and local authorities in Tasmania the powers to rate land values that exist in more or less measure in all the States of the Australian Commonwealth other than Tasmania. The only instalment Tasmania has yet achieved is a State land tax of small amount which is vitiated by the plan of grading the rate of tax according to the value of land held by the taxpayer, a plan that defeats the principle of land value taxation. In the matter of local taxation Tasmania is behind the other Australian States, particularly Queensland and New South Wales, but the situation is in the way of being improved, especially if the agitation is maintained, since both Hobart and Launceston Town Councils have urged the Government to legislate for the local rating of land values. In his letter to *The Mercury*, of 19th April, Mr W. E. Lloyd wrote:—

"Despite the fact that we have had bad times during the last four years, unimproved land values in Hobart during the last four years have increased by the modest sum of £600,000. Where has this money gone? What have owners of land contributed to the community by holding their estates unimproved and being rewarded to the extent of £150,000 a year? Glenorchy, our adjacent municipality, actually increased its unimproved land values from £600,000 in 1921 to £950,000 in 1925. This is an increase of over 50 per cent."

Addressing the Denison Branch of the Australian Labour Party (the speech is fully reported in the *Voice* of 14th May) Mr Lloyd said that landowners as mere landowners could not possibly contribute anything to the production of wealth without the aid of labour. If they had to pay substantial sums to the State for their right to hold land away from labour, land monopoly as an obstructive force and a cause of unemployment would at once cease. Hobart and Tasmania could be at once prosperous if they put the financial onus on the wealthy holders of shabby city undeveloped and rural properties to improve their lots. No one could improve property without employing labour.

Mr Lloyd and his associates are engaged in a promising campaign. We wish early success to their efforts.