

(Bloemfontein—Contd.)

Leading authorities in the country, and in fact all over the world, had gone into this matter exhaustively and had come to the conclusion that the value of land was created by the community and should, therefore, be taxed for the benefit of the community, while buildings and other improvements on the land were created by the individual and should not be taxed to benefit the community.

In going over to site rating the Town Council would not increase its revenue but merely alter the incidence of such revenue. The Council was bound by the Local Government Ordinance, which in effect laid down that if the ratepayers decided to go over to a site rating system the Town Council must derive the same revenue under that system as it had obtained under the previous composite system. The Council was thus tied down to a specific amount of revenue.

Under the present system the Town Council levied a town rate of 2½d. in the £, of which 1½d. was the statutory amount allowed to all municipalities without sanction of the ratepayers, and a 1d. special rate sanctioned by the ratepayers in respect of loans for particular improvements in the town.

Then there was a sanitary rate of 1½d. in the £, levied on both land and buildings. In terms of the Local Government Ordinance this rate must be levied on both land and buildings.

In recommending that the Council should go over to a site rating system the Finance Committee confined itself to the town rate as distinct from the sanitary rate, and it proposed that the change-over should be introduced gradually in three consecutive yearly steps—a levy of 4½d. on land values and 1½d. on improvements for the first year; 7½d. on land and ¾d. on improvements for the second year, and 9½d. on land and nothing on buildings for the third year.

Counsel's opinion had been taken on the matter, and counsel's interpretation of the Local Government Ordinance was that the proposed annual steps could not be taken without the consent of the ratepayers in respect of each step.

To his mind, said Colonel Deane, site rating would be a big inducement to citizens to build their own residences. An obstacle in the past had always been the opinion expressed by many that the town rates on dwellings were prohibitive. Site rating would mean a reduction in the rates payable by the average owner of suburban residential property to the extent of approximately 22½ per cent.

Councillor C. Sutton said that the Council should be grateful to Colonel Deane for his clear exposition. It was apparent that the ratepayers were not satisfied with the existing position, and it was up to the Council to change over to site rating.

The Mayor (Councillor A. C. White) recalled that about five years ago he had submitted a similar proposal to the

Council, so that no one could say he was opposed to site rating. In effect site rating meant the shifting of the burden of taxation from the suburban residents to the shoulders of the commercial community and the industrialists in the centre area of the town. It was contended that the business men and the industrialists would in all probability pass the burden back to the shoulders of the suburban community by increased charges for goods. He expressed the fear that the incidence of site rating would induce owners of property in the business centre to seek alleviation in the erection of bigger buildings, which might result in "overbuilding" and a consequent surplus of shops and offices.

In reply to Councillor White, Colonel Deane said that competition from suburban stores would in a large measure nullify the possibility of the tax burden being passed on to the general public. In comparison with the turnover of the large merchants the increased amount they would have to pay in rates would be negligible. Prudent business men would work out the position very carefully, and would not overbuild, as feared by Councillor White.

In reply to Councillor R. C. Streeten, who feared that the mere adoption of the principle of site rating would lead to the shelving of the proposal and felt that there was no necessity to leave the matter in abeyance until after the war, Colonel Deane said that he himself was far more in favour of a definite date being fixed and suggested 1st April, 1945. He felt that a reasonable time should be given those concerned to adjust themselves to the changed incidence of taxation.

The following resolution was adopted unanimously:—

"That the Town Council adopt in principle the system of site rating, to take effect from 1st April, 1945, and that representations be made meanwhile for the amendment of the Local Government Ordinance to enable the adoption of a scheme allowing for the gradual change-over to site rating, spread over three years, and for an amendment permitting local authorities to apply site rating either in full or in part to the sanitary rate."

ADVOCATE STREETEN

We are indebted to Mr. F. A. W. Lucas, K.C., of Johannesburg, for the newspapers reporting the Bloemfontein victory. But Mr. Lucas had to add the sad note that Councillor R. C. Streeten, who did so much to achieve the victory, died not long after. We associate ourselves with the tribute paid in *The Free People*, Johannesburg, April issue: "By the passing of Mr. R. C. Streeten, our movement has lost a devoted and active helper who will stand as a bright example to us all. It was the justice of the cause for which this paper stands that called forth his vigorous support. Bloemfontein, of which he was at one time Mayor, and South Africa as a whole have lost a faithful son in his death."

MR. E. J. CRAIGIE'S CAMPAIGN

The *People's Advocate* (Adelaide), 22nd May, reports the results in the Flinders District in the recent South Australian State general election. The alternative vote is the method of election, and compulsory voting was used for the first time in the history of the State. The resentment felt by many electors at being compelled to mark a preference for a candidate they had no desire to see elected was shown in the large number of informal votes.

First preference votes were: Craigie (Independent), 1,207; Mrs. J. Octoman (unendorsed Liberal and Country League), 410; J. V. O'Leary (Labour), 1,382; R. W. Pearson (the sitting Liberal and Country League member), 2,183; informal, 183. Mrs. Octoman's second preference votes were transferred, making the count: Craigie 1,333, O'Leary 1,416 and Pearson 2,419; and when Craigie's second preference votes were transferred the final totals were Pearson (elected) 3,001 and O'Leary 2,072.

The result of the election, the *People's Advocate* says, was surprising to many. The Labour candidate appears to have addressed only one meeting, where three Labour men spoke to 25 electors. The first preference vote of 1,382 was a testimony of party members to their candidate. Many farmers supported Labour believing it was the Labour Party that gave them better prices and subsidies for primary products. The Liberal candidate rested his case on the work of the Playford Government and the many promises as to what would be done if that Government was returned to power. Despite the fact that the Liberal Government shows a deficit of about £300,000 on this year's accounts, it did not hesitate to promise works and concessions amounting to about £8,000,000, without any reference as to how they would be financed.

Mr. Craigie, the Land Values and Free Trade and P.R. candidate, had so many and such well-attended meetings and there was such public interest in his campaign that the vote obtained was disappointing. "Although the seat was not won for our principles," the *People's Advocate* says, "good educational work was done, and the worth of that work will be assessed at its true value when the realities of the post-war problems have to be faced by the parliamentary representatives. The promises made during the recent election campaign will then stand out in their true light and be revealed as a delusion and a snare."

Mr. Craigie is President of the International Union for Land Value Taxation and Free Trade, 4 Great Smith Street, London, S.W.1. He sat for the Flinders District in the South Australia Parliament from 1930 to 1941.

2s. 6d. LAND AND FREEDOM. A new, comprehensive and up-to-date treatise on Land Value Taxation. By Frederick Verinder.

2s. 6d. LAND VALUE RATING. Theory and Practice. A handbook for all interested in municipal finance and the rating question. By F. C. R. Douglas, M.A., L.C.C., M.P.