

N.Z. PREMIER ON LAND-VALUE TAXATION

Its Fundamental Importance and Proven Benefits

Wellington, New Zealand.
21st February, 1958.

Mr. J. Rupert Mason, President Emeritus,
International Union for Land-Value Taxation and Free Trade,
1920 Lake Street,
San Francisco, 21, California, U.S.A.

Dear Mr. Mason,

Thank you for your letter and good wishes of 21 December. I much regret that in the pressure of work in connection with the recent change of government, I have overlooked replying.

With you I believe taxation of unimproved value of land to be of fundamental importance. I shall do my best, nationally and internationally, to banish poverty from the life of mankind and to reduce economic causes of conflict.

With all good wishes,

I am, Yours sincerely,

(Signed) W. Nash, Prime Minister.

PRIME Ministers who have pronounced forthrightly in favour of the taxation of land values are, unfortunately, all too rare. Therefore these affirmations by the Hon. Walter Nash, New Zealand's new Premier, are worth recalling. They were made in New York in January, 1947, when Mr. Nash, then N.Z. Minister to the United States, addressed a joint meeting of the American Institute of Planners and the Citizens' Housing Council of New York. It should be explained that in New Zealand the taxation of land values for local purposes is known as rating on unimproved values. British readers are more familiar with the alternative terms, land-value rating or the rating of site values.

"The provision of adequate housing can be seriously handicapped and retarded if abnormal prices have to be paid for the land that is required. A sound and scientifically based system of taxation can help a great deal by correcting such a situation.

"I believe that the kind of procedure we have adopted in New Zealand, although it is far from perfect, has nevertheless tended to discourage excessive inflation of land values generally and building sites in particular. . . .

"With all the definiteness that might be required, I affirm that benefits received should be based on services rendered, and the payment should be made to that person or body which renders the service.

"Values should belong to those who created them. Expenditures of taxes collected from the community should be reflected in service for or benefits to the whole community.

"This objective, I suggest, can best be achieved through a system of rating on the unimproved value of land. In the light of our New Zealand experience, I am convinced that the taxation of land values in accordance with this principle secures the best results from the point of view of the community, while, at the same time, ensuring as near justice as any system could to the individual landowner. Because, from the point of view of both community and individual, it means that the tax liability which land bears is in direct relationship to the value due to its site—its access to community facilities, its productivity, including all values other than those created by the owner or occupier of the land. . . .

"The unimproved value method of rating has been found on experience to be the most equitable. In the case of *rural lands* it has the advantage of lessening somewhat the burden on those properties that are well cared for and into which the owner has sunk considerable capital in the form of improvements designed to increase the property's productivity. At the same time it tends to place a somewhat heavier burden on other properties which are left in an undeveloped state. It would also bear less heavily on the small farmer as against the large estate owner.

"In the case of *urban property* this system of rating similarly operates to the advantage of the small suburban householder as against the owner of valuable city estate. It likewise puts a premium on making the most effective possible use of land, since with increasing rate burdens it will not pay to keep land idle with a view to reaping the benefit of community created value."