

THE TAXATION OF LAND VALUES IN OPERATION IN BRITISH DOMINIONS AND OTHER COUNTRIES

ADDRESS BY MR. A. W. MADSEN, B.Sc.

Mr. MADSEN said that the United Committee, which had been rightly named the headquarters of their International movement, maintained a Foreign Information Bureau as an indispensable adjunct of its work. It aimed in that way to keep abreast of the great advance that was being made in so many countries where the ideas of Henry George were taking shape in actual legislation. It had co-workers in a number of able correspondents abroad who sent authoritative statements from time to time; and official sources supplied the Bureau regularly with copies of enactments, reports, statistics, land-value maps of cities and other official data. In the result the office possessed a great deal of highly instructive material, more complete and comprehensive than could be found in any one office elsewhere. It was the kind of equipment that appealed to the so-called "practical" man who wanted to know where the policy was in operation, to what extent, with what result, how this or that alleged difficulty was dealt with, and so on. It was the duty of the Bureau to be prepared for such inquiries and to distribute its information to those in the movement itself who could make good use of it in the propaganda. The columns of *LAND & LIBERTY* bore testimony to the service the Bureau was rendering in that direction and he wished it could be even better equipped for the purpose. Its usefulness was apparent day by day in consultations with people like Members of Parliament, municipal councillors, journalists and public officials, who frequently applied personally or by letter to the office for just such information. This remarkable record of progress and of successful application of our policy not only strengthened and encouraged the friends of the movement; it also helped as well as anything could to convince whomsoever was willing to be convinced.

The main question however was: "What proof have you that your policy has brought in its train those benefits that you claim for it?" In replying to that question it had to be borne in mind that, in the countries under review, protective tariffs held sway and undid much of the good that came from land value taxation. They ought also to eliminate from the discussion the Federal and State land taxes in Australia and New Zealand in so far as they thwarted the principle of land value taxation by grading the rate of tax and by granting exemptions to landowners who possessed less than a given amount of land value. It was from the experience of the advances in the field of local taxation on land value, substituted for taxes on industry and improvements and levied without exemption or gradation, that overwhelming testimony came proving that the claims made in favour of the Taxation of Land

Value had been more than adequately justified. That is to say, in proportion as the policy had been adopted, conditions had improved and development had been stimulated just in the same proportion. The evidence showed, apart from any abstract argument, what great and beneficial changes would follow increasingly with every further step in the direction of their goal.

Many practical lessons were to be learned from these precedents in other countries, lessons affecting valuation and the easiest and most efficient methods for levying the tax and ensuring payment. With these lessons in mind, and making use of them as he proceeded, Mr. Madsen reviewed the land values legislation that had been carried and was in operation in a number of countries not specially mentioned at their other sessions.

Most informing papers on New Zealand, New South Wales and South Australia had been submitted to the Conference by eminent colleagues who unfortunately had not been able to attend; Mr. G. M. Fowlds of Auckland, Mr. A. G. Huie of Sydney and Mr. E. J. Craigie of Adelaide. It was unfortunate also that there would be no opportunity to hear these papers read, but they would be printed in the Official Report of the Conference and as members would get the facts fully presented to them there, it would be superfluous for him to tell any part of that interesting story.

In Queensland, the exemption of improvements from local taxation was first partially recognised in 1879 and the principle was gradually extended until, in 1902, the law provided that all local taxes must be levied on land value with improvements totally exempt. There was an exception however in respect of the cleansing and sanitary service (removal of garbage, etc.), which was charged according to scale and made only a small part of the local tax-revenue.

In Victoria, nine towns and shires had put into operation, and seven others were carrying through, the provisions of the 1920 Acts enabling them to raise a large part of the local revenue by the Taxation of Land Value, local taxes on improvements being correspondingly reduced or abolished. The adoption of the principle depended on local decisions as in New Zealand and South Australia, although in the several countries both the scope of the law and the facilities for taking advantage of the option varied, New Zealand being most liberal in that respect. In Queensland there was no option, the law obliging local authorities to levy local taxes on land value. In New South Wales, to continue the comparison, local authorities must levy a given amount of local taxes on land value and had the option to take all their tax-revenue from land value, or any proportion of it above the obligatory minimum.

In Western Australia, the Road Districts (what we would call the Shires or Counties) must make a valuation of land apart from improvements once a year and must levy their local taxes on land value; Town Sites (country

towns) within the Road Districts could, however, if they chose, levy their taxes on the annual value of land and improvements, but in no case could that annual value, following generally the Australian and New Zealand conception of annual value for assessment purposes, be less than 4 per cent of the selling value. The taxation of improvements on agricultural land was not permitted.

It was interesting to notice the differences in regard to valuation practice in these different countries. In New Zealand a duly constituted and separate department of State made all valuations of selling value of land with and without improvements, the land value so ascertained being the basis of the Dominion land tax. The department supplied the valuations for the local authorities which levied local taxes either on land value or on the selling value of land plus improvements; the local authorities that assessed on annual value of land and improvements continued to make their own valuations for that purpose. In New South Wales, a new and independent department of State, concerned only with valuation, had been established and the results of its work were gradually, but only too slowly, being substituted for the unsatisfactory valuations heretofore made by the local Councils themselves. In Victoria, the valuation for the State land tax was found to be wholly inefficient for the purposes of local taxation; it was so constructed and tabulated that the records could not, except with great difficulty, be obtained for each separate district. No progress was possible with local taxation of land value until the law gave the local Councils power to make a land valuation on their own account. In South Australia, the local Councils could adopt the valuation for State land tax or could make their own valuations as they saw fit.

There was much need in Australia for co-ordinating valuations for Federal tax, State tax and local taxation on land value. That was generally recognized, and recommendations had gone forward on two occasions from the Australian Premiers' Annual Conferences which if adopted would establish in each State a Valuation Department as in New South Wales concerned only with valuation, whose assessments should be accepted for all public purposes.

In the Transvaal, since 1916, Municipalities and Village Councils had been obliged to tax land value at least 1d. in the £ more than they taxed improvements. They were also given the power to go further, tax land value more and improvements less, or tax land value only. Of the 18 towns, eight levied all taxes on land value, and they included the Municipality of Johannesburg. Of the 20 Village Councils, 13 exempted improvements, and taxed land value, more than the necessary minimum. All valuations were made by the local authorities, and since 1903, that was long before land value taxation was adopted, they had to show separately the value of land apart from improvements.

In the Cape Province, local authorities were given the power by an Ordinance of 1918 to increase taxation on land value and reduce taxes on improvements. East London and Cambridge had made liberal use of these powers, Cambridge abolishing all taxes on improvements and taxing land value only. In the Cape Province the valuation was made quinquennially under direction of a central Valuation Board and showed separately the value of the land apart from improvements in every district. Ample facilities were thus afforded to any local authority to put the 1918 Ordinance into operation.

Reference was made to the prospects in Natal where the Town Council of Durban had taken the lead in a masterly official report recommending the taxation of land value. Then Pittsburgh and Scranton, Nairobi, the Malay States and other places where progress had been recorded were mentioned.

A description followed of the position as they found it in the Western Provinces of Canada, where urban municipal revenues were mainly derived from local taxes imposed on the value of land, improvements being either exempt or being taxed on not more than 75 per cent, generally not more than 25 per cent, of their value. In these Canadian Provinces all rural municipalities with some few exceptions, taxed only the value of land and exempted improvements entirely. There had been some controversy about what had happened in Canada and some foolish allegations, which should not be allowed to mislead any member of the Conference. He had therefore distributed in connection with that morning's session a special print of an article that had appeared on the subject in *LAND & LIBERTY* of August, 1922, which he hoped would effectively dispose of the contention that the "Single Tax had failed in Canada."

DISCUSSION

In the discussion that followed, Mr. HARRY BLAND (Melbourne) spoke of the work that they had been doing in Victoria and the good prospects of further advance. Local option in taxation was a slow process and confined the benefits of the reform to very circumscribed areas, but it did at least give a splendid opening to them to educate public opinion.

Mrs. SIGNE BJØRNER and others also spoke, but there was not time for all who wished to take part. It was accordingly agreed to adjourn the meeting till the afternoon of the next day and to link up all the topics with those that had been raised at the evening session on the 15th.

At this place, and in due sequence, we publish the article on Canada that was mentioned by Mr. Madsen in his Address.

LAND VALUE RATING AND THE ABOLITION OF RATES ON BUILDINGS AND IMPROVEMENTS. With a Reply to the Report of the Birmingham City Treasurer on the Operation of Land Value Rating in Sydney, N.S.W. By A. W. Madsen, B.Sc. 1s.