



Collecting the Rent of Australia

BY E. P. MIDDLETON

ICV (Improved Capital Value)=land plus buildings. UCV (Unimproved Capital Value)=land only.

IT IS SEVENTY-FOUR YEARS since Henry George brought to Australia his message of emancipation from economic slavery. The generation that heard it and was inspired by it is dead. The flooding world tide of socialism, where it did not wash it out entirely, shallowed and softened the imprint of the message on Australia's sands of time.

The generations that followed have enjoyed the advantages bequeathed them by their far-sighted fathers with little comprehension of how or why they came to be there. And today they face, with equanimity, or at the most a vague uneasiness, the prospect of losing the remainder of their birthright.

What those men who responded to George's inspiring message left us—apart from the hope that we would continue the advance from where they left it—was legislation that established the basic principle that the rent of Australia belonged to the people of Australia. On this basis was erected the framework of land taxes and local government rating which returns to the nation today, through Federal and State and Local Government channels, a sum which, though it is practically impossible to report with any great degree of accuracy—the records simply not being kept in a manner to fully disclose it—can be estimated at approximately £113.5 million for the year 1961-2.

This total is arrived at in the following way, using figures from the *Commonwealth Year Book*, No. 49, 1963, based on the year 1961-2:

LAND TAX REVENUE—STATES	
New South Wales	£9,285,000
Victoria	7,406,000
Queensland	1,762,000
South Australia	2,388,000
Western Australia	1,272,000
Tasmania	547,000
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	£22,660,000

LOCAL GOVERNMENT RATING	
New South Wales (100 per cent UCV)	£38,609,000
Victoria (est'd. 50 per cent on UCV)	15,000,000
Queensland (100 per cent UCV)	15,182,000
South Australia (est'd. 1/3rd UCV)	3,000,000
West Australia (est'd. 50 per cent UCV)	2,100,000
Tasmania (estimated on ICV)	600,000
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	£74,491,000

COMMONWEALTH TERRITORIES

(1) CANBERRA

Local Government rates		£204,122
Land rent		278,079
Premiums on leases	(£1,037,160 in 1960/61)	511,970
Est'd. proportion of "Rent of Housing"	(£1,584,078 in 1960/1)	400,000
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		£1,394,171

(2) NORTHERN TERRITORY

Rent and rates		£502,560
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		502,560

STATE LAND RENTS

(including forestry royalties and excluding land sales)

New South Wales	£4,658,000
Victoria	2,866,000
Queensland	3,636,000
South Australia	237,000
Western Australia	1,402,000
Tasmania	529,000
Sundry items	1,132,000
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	14,460,000
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Grand Total	113,507,731

Looked at as a proportion of the total of Commonwealth, State and Local Government revenue (for 1961-2) amounting to approximately £2,256,500,000, this is pretty small beer, being roughly five per cent. It is at least a long way better than in those countries—the majority—that raise no revenue at all directly from land.

It would, of course, be more interesting to relate this figure of £113.5 million to the total recorded capital value of land in the Commonwealth, but here again we are up against a frustrating insufficiency of information. The latest available figures are for the year 1960-1, but even these disclose the figures in only four States, so that it is necessary to estimate it in the case of Victoria and South Australia as a proportion of the "Improved Capital Value." For this purpose, a figure of 25 per cent has been used as being a reasonable guess.

Here then, is a table of recorded assessed capital value of land (including estimates in respect of Victoria and South Australia):

New South Wales	...	£1,483,228,000
Victoria	...	£759,496,500
Queensland	...	320,364,000
South Australia	...	247,750,000
Western Australia	...	109,473,000
Tasmania	...	92,965,000

£3,013,276,500

Estimated figures for Northern Territory and Canberra ... 15,000,000

Total ... £3,028,276,500

Set against this total—gross understatement as it must be of the true capital value of the land of Australia—our £113.5 million represents a mere 3.7 per cent of the capital value. If the above figure were doubled, it would be nearer the mark; in which case, the total amount of the site rent collected would be under two per cent.

This likelihood is borne out by some interesting statistics produced by a correspondent in the *Sydney Morning Herald* of March 3, in respect of New South Wales, which disclosed that for the year 1961 the total assessed capital value of land was £1,672,902,000 and the rate revenue £43,752,000, representing 2.9 per cent.

It is significant that this correspondent, Mr. J. R. Firth, ex-mayor of Strathfield, a large Sydney municipality, showed that in the ten years from 1951 to 1961 the percentage of rate revenue to assessed land value had fallen—from 3.2 per cent to 2.9 per cent. He was answering the present claims of local government spokesmen that the rates have reached "saturation point." The total assessed value of rateable land in New South Wales at June 30, 1963 was £2,392,962,247. This represents an increase of £720 million in two years, or about 43 per cent. At this rate of increase, with a decreasing rate revenue ratio, the moan about "saturation point" seems a shade unrealistic.

The fact is, of course, that the grandsons of the visionaries of the 'nineties, whose education in economics has been the best example one could find in a day's march of "indoctrination" of the worst kind, are utterly ignorant of the basis and meaning of the system of rating of which they are now obediently complaining.

On the other hand, taxation, like the poor, and like the weather, is accepted as a permanent natural feature of life. One can raise an outcry about local rates and everybody cheers; raise an outcry about taxation and everybody says you are as silly as a ram butting a brick wall. Yet this is the battlefield. So Australian Georgeists have now to fight on two fronts—on the offensive of teaching the economic facts of life, and a rear-guard action against the reactionaries in the field of local government. The prospect does not daunt them; but they are feeling a bit extended at the moment.

Resistance

and Support

THE CALIFORNIA Democratic Council has endorsed a state constitutional amendment to allow cities to put a higher tax assessment on building land and a lower assessment on buildings.

Says the Council (quoted by *House & Home*): "The differential will encourage good construction and repair and will make long-term raw land holding for speculation which sky-rockets housing costs, unprofitable."

"A constitutional amendment opening the door to such site-value taxation has been kept off the ballot by California legislature for two years," says *House & Home*. Two state-wide groups, the Statewide Homeowners Association and the Incentive Taxation Committee, are to ask the United Republicans of California to take similar action and present their requests to both national political conventions this year.

Other action in the attempt to transfer some of the burden of taxation from buildings to land is being taken in Los Angeles where it is claimed that homes are valued at 22 per cent to 28 per cent of value for tax purposes while "raw" land is assessed at only 5 per cent.

In suburban Nassau County on Long Island, County Executive Eugene H. Nickerson is meeting bitter opposition to raising the assessments on vacant land. Nickerson is quoted as follows: "Today homeowners are assessed at one-third of the value while vacant land is assessed as little as one hundredth of the market value. Since 1939 the value of vacant land has increased one-hundred times."

In Britain there is no tax at all on vacant land, but it is clear that token measures only in the field of land-value taxation are almost as bad, and certainly have no effect on land speculation.

The bitter resistance to land-value taxation provides testimony that land owners themselves have no faith in the fallacious theory that land-value taxes can be shifted on to someone else.

Expensive Space

MORE than £2 million is involved in one of the biggest freehold land transactions in the Greater London area. Ten acres in the centre of Romford, Essex, have been acquired by the Hammerson group of companies.

An eight-acre site was bought from a consortium of owners for over £1,500,000. The Gaumont cinema and premises in Market Place have increased the site area to ten acres.

—*The Daily Telegraph*, March 12.