

UNIMPROVED VALUE RATING— THE BEGINNINGS

It is commonly thought and asserted by ill-informed persons that the exemption of improvements on land from local taxation in Australia and New Zealand sprang largely from the social philosophy of the American economist Henry George whose ideas on land ownership and tenure found expression in the Single Tax movement. There is no doubt that George's influence gave a great impetus to this movement but it did not originate it. His principal work "Progress and Poverty" was published in 1872 but the exemption of improvements from taxation began in New Zealand nearly twenty years earlier.

This fact is brought to mind in Mr. Robertson's booklet reviewed elsewhere in the Bulletin. There reference is made to a Wellington Provincial Streets Ordinance of 1854 which provided for rates to be levied on the value of land only and which specifically excluded from taxation the value of houses and other building. Whether this ordinance operated and for how long is not stated. However, in Taranaki Province the principle of rating land alone and exempting improvements from all rates was enforced in town and country from the inception of responsible government until the provinces were abolished in 1876. In that year the Rating Act was passed providing for a "uniform system of rating" on the Annual Value throughout the country.

In Taranaki the Public Works Ordinance 1855 provided:—

1. That in the town of New Plymouth all lots should be assessed for rating purposes and that a rate of 10/- per £100 value should be

struck on the value of the lots exclusive of the value of houses and other improvements.

2. That rates should be struck on rural land on an acreage basis. The rural area was divided into nine districts and the ratepayers in each district decided the amount of the rate in each area. This varied from 3d. to 1/6 per acre. Presumably each district contained land as near as possible of a similar kind and this could really be a classification of the land. This was a crude substitute for valuation of individual properties which was considered impracticable in the new province. Improvements were quite exempt from taxation. This is probably the first example in the world of the application of the principle of rating on the unimproved value. A small beginning but a great principle. It was specifically designed, as a debate in the Provincial Council shows, to get at speculators and owners of underused lands and to promote settlement and improvements of every kind.

The British people's unique contribution to mankind has been in the fields of law, government and administration. Their peculiar genius in this field flowered splendidly in Australia and New Zealand. Here were originated the secret ballot, the Hare system of proportional representation, the Torrens system of land registration, our valuation procedures and rating on the Unimproved Value. In the last — the greatest and most beneficial reform of them all — the New Zealand province of Taranaki was the pioneer. As far as can be ascertained this is the first known application of this principle of taxation anywhere in the modern world.