

Site rental victory

JUST WHY never becomes clear, but "site values" seems always to have been unacceptable to municipal administrators in Australia.

At the insistence of ratepayers, and almost invariably against official obduracy, municipalities comprising over two-thirds of metropolitan Melbourne now use the site value basis for their revenues. But simmering beneath the surface there always appear to be moves for a return to the rating of improvements.

With the selective use of figures, the officials issue critical reports to their time-harassed and unpaid councillors. They publish material that is antagonistic towards site rating. To try and ensure the adoption of rating on improvements, they try to prevent the issue being placed before the electorate for decision.

Last year, reversions to the capital value (land and buildings) basis would have been foisted on suburban Oakleigh and Mordialloc, but ratepayers forced a public vote. Each proposal was soundly beaten. Similar proposals were also beaten off in suburban Malvern and in rural Orbost — a mountainous, thinly populated shire in eastern Victoria.

IT WAS different in Nunawading, a dormitory suburb with more than 30,000 homes. Site rating was adopted in 1952. Since then there has been enormous residential, industrial and commercial development along the arterial roads. By 1983, there were plans for reversion, but a small ratepayer organisation forced a poll. The council felt it wiser to wait. But it encouraged the state government with talk of imposing capital value as the sole basis for municipal revenues.

The owners of homes in some beautiful localities with allotments that were above average in size and value felt threatened. They

W.H. PITT in MELBOURNE analyses why bureaucrats try to shift the property tax onto buildings — and how land tax campaigners try to defend site rating

imagined that they would be disadvantaged by site rating. So, feeling that the prospect of government action could not be relied upon, they raised the signatures for a reversion poll.

The beneficiaries would have been the owners of vacant blocks and the outmoded or shabby homes on the large, high value sites. Commerce and industry would have been victimised, and general improvements would have been blighted.

At municipal expense, material was distributed by bureaucrats that alleged the majority of homes would benefit from a reversion to rates on capital values — a doubtful claim. Nothing was said about how there would be increases in industrial costs and job losses.

VOTES FAVOURING SITE RATING

	1985	%	Votes cast
Oakleigh	58		24,704
Malvern	67		14,929
1986			
Nunawading	75		44,714
Malvern	78		17,956
Orbost	82		2,867

Site-rentals-for-revenue supporters disseminated correct information, and the result was resounding in their favour.

WHY ARE bureaucrats implacably

opposed to the site value method of raising revenue?

In the middle of the 19th century, when Australia was mainly carved up in enormous holdings, newcomers brought a little cash with them, made more in the goldfields and promptly bought land. That helped to enrich those who, wishing to retire with wealth, found that more could be made by selling small parcels rather than in large lumps to adjoining monopolists.

Ownership gave newcomers what had been denied them in the lands of their birth — the power of the vote. This gave them their revenge against the wealth that had been their oppressor. Whether it was land or capital mattered not, for these were viewed as mutually exchangeable.

All this happened in an era in which liberty was making headway: Wilberforce freeing slaves; Cobden freeing trade; Disraeli — religion; Gladstone — education; Ruskin and others, the arts. In Australia, in which vested interests were few, reform came only in part, for it came with the spirit of revenge. Karl Marx got more attention than Henry George!

Buildings were rated; large holdings paid a heavier land tax than small ones. Death duties were levied, like lump sum land taxes, at the end of one's life. The parliamentarians had remembered to hate.

Had justice been sought, the levies would have been against the nub of all landholding, the site rentals. Legislation could have been in accord with the ancient patterns, merely by exempting the improvements.

That might not have riled the traditionalists among the civic authorities in the last century, nor produced the unjustifiable opposition of their successors today.

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nomadic peoples presents special problems, but these are not insuperable. In some places, nomadic populations are in occupation because the land produces a better yield from a nomadic economy than from any available alternative. There is no problem in principle in assessing the value of such land, and requiring a tribe, rather than an individual, to pay the tax.

In other places, it may be desirable for ecological or

conservation reasons to retain nomadic populations even though other forms of land use would prove more productive for that land. In such a case, public authorities could zone the land for nomadic use only, which would automatically reduce its value (and therefore the tax which it could command) to one which the nomads could afford to pay.

[To be concluded]