

# Melting-pot worry from Down Under

NEW ZEALAND is often cited as one of the success stories in the chequered history of land value taxation, and with some justification. But the forces that have kept land value taxation at arm's length elsewhere are still at work there.

These forces maintain a close contact with the larger city councils, and exert a strong influence over them. They consist of those people who use land ownership as an instrument for appropriating other people's earnings. This they achieve either by buying land cheaply and selling it dearly, or by taking the rent from the users, often in the form of interest payments on loans.

*Land value taxation, even in its mild form of local revenue raising, reduces their gains from these activities; so they resist it to the uttermost.*

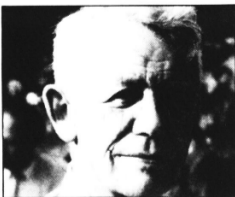
Users, on the other hand, who envisage a plot of land as a site for a house, factory, warehouse, shop or office, want to get it as cheaply as possible, and, in their New Zealand variety, have not only recognised land value rating as a means to this end, but have also had hitherto, enshrined in their ordinary rights as citizens, *the power to make their wishes effective.*

IT ALL began in 1896 with the Rating on the Unimproved Value of Land Act, followed the next year by the adoption of land value rating for the borough of Palmerston North. At the time of writing, the system is in use in 90% of the municipalities of New Zealand!

This splendid result has been achieved, not by central or local government authorities, *but by the ratepayers themselves*, who have made use of the provision in the various legal enactments for a decision by popular vote, or "poll".

The effects of land value rating, even when applied to the raising of general revenue alone, have been remarkable. Wellington, for example, adopted it in 1901; and the town clerk, in his annual report for 1903-4, was able to state: "That which was claimed by its exponents has been fulfilled. It encourages improvement, stimulates the use of land, and mulcts all lands in their fair share of taxation."

## NEW ZEALAND'S ACCLAIMED LVT INITIATIVES ARE UNDER THREAT



*Report by  
David  
Redfearn*

For many years the city was a model of self-renewal; for the high rates on raw land compel the owners to use their plots to the best possible advantage. Uneconomic buildings were pulled down to make room for new.

All this is now back in the melting-pot. Local authorities are to be fewer in number, larger, and to have functions hitherto exercised by central government. The system of the poll, already eroded by government action, has been replaced by one in which councils decide how to raise their revenues. Wellington City Council has already changed (1st April 1988) to capital value rating. The next step may well be a decision by central government, and a uniform system throughout the country.

It is vital to the economic future of New Zealand that, if there is to be a uniform system, it should be the one of land value rating. It has had the approval, by means of the poll, of the majority of the population, and has justified itself in practice.

Other forms of taxation now being contemplated have shown themselves to be damaging to the community as a whole, but they suit the speculator and exploiter.

If the Labour Party, now in office, will not support the site-value tax, popular attention needs to be drawn to the infant New Labour Party, who are proposing that the site-value tax should be used to generate larger revenues for the entire community.