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## LAND & LIBERTY

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### CHALLENGE OF PRIVILEGE

#### Proposed Amendments to South Australia Local Government Act

A momentous victory for the land value principle was won in South Australia earlier this year. On May 1, ratepayers of the important district of Marion voted decisively in favour of levying rates exclusively on the unimproved, or site value, of land, with consequential liberation of all buildings and other man-made improvements from charge of local taxation. The decision thus given was all the more significant in that it ignored the plausible pleadings of powerful sectional interests that had waged a tendentious campaign—the most vigorous ever conducted in the State—to misrepresent the principle of land value rating. Owners of vacant land held for speculation, and other owners in possession of garden land on the fringe of the building area, combined in spending money freely and enlisted the sympathy and votes of absentee owners in other districts and States. Only in one area—the predominantly rural ward No. 4—were they successful. There the voting was: for land value rating, 94; against, 390. But for the whole district the votes cast were: for land value rating, 5,211; against, 2,126. The majority of 3,085 in favour of rating land values was 809 in excess of the three-fifths majority required by law for the adoption of land value rating.

The landed interests, smarting under the defeat they had suffered, and aware that the (to them) dangerous example that the citizens of Marion had set might well be followed in other areas, resolved to hit back hard in defence of the privileges they enjoy at the expense of the rest of the community. Their opportunity came sooner than they may have expected. Differences of opinion arose among the councillors of Marion Municipality regarding the declaration of the rates, and eventually the Minister of Local Government was requested to dissolve the Council. Opponents of land value rating took advantage of the dissolution to wait upon the Minister. They alleged that to levy rates exclusively on the value of land would be hurtful to market gardeners who would not be able to pay the rate and continue in business; the consequence of a shortage of fruit and vegetables, they asserted, would be dire indeed. Those circumstances and that flimsy pretext paved the way for a most unjust Bill for an Act to amend the Local Government Act, 1934-1952.

The amending Bill has been carried by the Legislative Council (the Upper House) and was given its first reading in the House of Assembly, October 26. A number of its clauses are framed to over-ride the will of the ratepayers

as expressed at duly constituted polls. These clauses are designed to curtail further the power of municipal and district councillors, to ignore the democratic principle of majority rule, and if carried, they will deprive councillors of their present right to determine the rates they deem to be necessary for raising the revenue to pay for urban and rural services.

Effective challenge to this flagrantly biased Bill comes from Mr. E. J. Craigie, honorary secretary of the Land Values Central Rating Committee\*, in an eight-page printed pamphlet produced at very short notice within a few days of his return home to Adelaide from his visit to Britain. A copy has been sent to each of the 143 municipalities in South Australia, to each Member of both Houses of Parliament, and to the press. It calls upon local Councils to defend their rights and to send telegrams of protest to their parliamentary representatives in both Houses in the hope that Parliament, which was about to be prorogued, would reject the unjust sections of the Bill, and thus preserve such liberal and democratic principles as are said to exist in connection with the government of the State.

With apt quotation from the Bill itself and from the *Hansard* reports of speeches in the Upper House, Mr. Craigie shows how opponents of land value rating are prepared to disregard principles of economic justice and democratically taken decisions. What a tragedy it is that the landless everywhere, and the owners of well-developed properties, large and small, industrial and commercial, residential and agricultural alike, have not the same understanding of the meaning and purpose of the rating and taxation of land values as have its bitter opponents!

Champions in the Legislative Council of the land owners who receive special mention by Mr. Craigie are the Hon. F. T. Perry, who sought to obtain special privileges for the wealthy minority that plays golf and polo; the Hon. L. E. Anthony, who posed as the friend of the market gardeners; and the Hon. L. H. Densley, "who may be looked upon as the star actor in this great fight for special privilege." The latter did not attempt to disguise his hatred of land value rating. Boldly he declared that "It would be desirable that Parliament should take further steps in the matter and do away with the land value system of rating . . . Some objections may be taken by district councils which at present are using the land value method of raising rates, but with their wings clipped, they will not be quite so keen on it and would be less unhappy if we decided to do away with it." Later he remarked, "It is desirable to restrict, as far as possible, a departure from the present annual value system [which maintains the taxation of buildings and improvements] as generally adopted by councils in district council areas." If Mr. Densley could have his way, entrenched privilege in South Australia would be protected from the possibility of suffering any future defeats such as that sustained at Marion!

The three comparatively trivial amendments successfully moved by the Hon. F. T. Perry are, in our view, among the most blatant examples on record of special pleading on behalf of a small, wealthy minority. They consolidate and extend privileges accorded in 1951 when the Local Government Act last was amended. Then the Legislative Council accepted, despite the protests of the Minister in that Chamber, a clause moved by Sir Wallace Sandford providing that areas of land, ten acres in extent, used for the playing of games, in an area where the rating

\* 8 Grant Avenue, Rose Park, South Australia.

of land values obtained, should be assessed at one half the unimproved land value. That concession was designed to assist the 900 members of two golf clubs, and the 180 members of a polo club. Between them the three clubs held £107,394 in unimproved land values. In the Assembly the clause was opposed by the then Minister, the Hon. M. McIntosh, and was defeated by 21 votes to 10. However, at a conference arranged between the two Houses a compromise was accepted inimical to the general body of ratepayers in Glenelg and West Torrens, whereby those clubs were granted a one-quarter reduction in their assessments, to operate for five years only. Mr. Perry's three amendments seek to make the concession permanent, to increase the reduction to one-half, and to extend it to clubs with only two acres of land. The four Labour Members opposed each amendment, and the three Ministers opposed the second and third amendments. The inherent dangers of the slightest departure from the strict principle of contribution according to benefits enjoyed is well illustrated by this incident, and there is every reason to believe that if the Assembly is weak and foolish enough to accept Mr. Perry's amendments, vested interests will use them on some future occasion as a precedent by which to argue for more concessions.

A further and greater injustice is the proposal to declare certain lands within a municipality "urban farm land," and to make it mandatory that such land shall pay only one-half of the amount of general and special rates paid by other lands. This amendment was introduced by the Hon. L. H. Densley, and was carried by the majority of the Legislative Council. Politically it is to be condemned on the grounds that it would deprive elected local representatives of their power to determine the rates necessary to yield the revenue required to provide services within the areas under their jurisdiction. Economically it would have serious and far-reaching effects. Councils would be obliged either to raise considerably the rates in the town areas, or to reduce them in the rural areas, or to do both. Two examples of how this would work may be quoted. At present the East Murray District Council levies a rate of 5½d. in the pound of capital land value without any differential rate between town and rural areas; under the new proposal it would have to levy a rate of 11d. on town land. The Barmera District Council levies a rate of 1s. 3d. in the pound on the value of township land, and a rate of 1s. 2d. on the value of land outside the town; under the Bill, township land would either have to be increased to 2s. 4d. in the pound or the rate on outside land would have to be reduced to 7½d.

Generously, Mr. Craigie suggests that this proposal indicates that a number of members of the Legislative Council do not understand the principle underlying the rating of land values. In view of Mr. Densley's undisguised hostility to that principle, that is questionable. But certainly, as Mr. Craigie points out, it is fallacious to assume that the benefit of roads, footpaths and lighting services provided within township areas are enjoyed exclusively by ratepayers within those areas and that accordingly they should pay a higher rate in the pound. He writes: "Ratepayers from every part of the district come regularly into the township to transact business, thus participating in the advantages of the better social services provided in the town. Under land value rating the difference between social services provided in one area as compared with land in the rural sections without such services is reflected in a higher assessment of the land where the services are available—not by a higher

differential rate as is proposed under the new Bill. Manifestly it is unjust to load ratepayers in the built-up areas with a 100 per cent higher rate, in addition to the higher assessment placed upon such areas."

We await with anxiety the outcome of the deliberations in the House of Assembly. We know that the world-wide land values movement will be grateful, as we are, to Mr. Craigie and his Committee for their vigilance and prompt action in publishing and distributing this telling pamphlet. We will hope that it may lead to the rejection of the offending clauses of the Bill now before the South Australian Assembly. If landlordism wins the day, liberal principles will have suffered a serious setback, but whatever new shackles reactionary interests may forge, those who campaign to restore the equal rights of all to use land and to enjoy its community-created value will continue unabated. The challenge will give new strength to their endeavours.

P. R. S.

#### A LETTER FROM E. J. CRAIGIE

On his way home to South Australia from Britain Mr. Craigie sent an air-letter to LAND & LIBERTY from which we quote: "Last night a discussion on Australia was arranged for the benefit of migrants on board. Six speakers talked about how to make cakes and scones, and discussed cricket, football and other big national questions. Someone in the audience suggested that I should be asked to say a few words, and so I spoke about the debt and tax burdens awaiting the migrants. Life was worth living while the discussion was on and I enjoyed every minute of it. Many of these people are expecting to have things handed to them on a plate in Australia and hence they did not like my side of the picture. When I returned to Australia from the 1929 International Conference at Edinburgh I had a similar experience."

When *R.M.S. Stratheden* put in at Bombay Mr. Craigie took the opportunity of calling at the Libertarian Social Institute where he spent two hours answering questions about Australia and obtaining information about India. Members of the Institute are free traders, strongly opposed to State interference with industry and trade, and to State paternalism, but not as conversant with the right solution of the land question as Mr. Craigie could have wished. Although the time at his disposal was strictly limited no doubt their visitor was able to throw new light on the problem for them. He was made very welcome, a car being put at his disposal so that he might see some of the sights before returning to the ship.

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