

result from the current cyclical revaluation procedure and the intervals between re-valuations.

Narrow terms of reference such as these have their dangers. They virtually invite the committee to take the hint – to accept that the suggested anomalies really do exist and then to recommend “remedies” which, since the committee have not made a comprehensive enquiry into the whole system, often create more anomalies than they solve.

WHILE THE enquiry was proceeding, the pro-land tax group of Western Australia went into action. Submissions to the committee were made by Messrs S. Graham Hart, Allan C. Harris, Andrew Priddle and B. Newsham.

Despite these efforts, their apprehensions about the committee and its inhibiting terms of reference were realised when they saw its main conclusions. These were that:

- a. Wherever it is possible to assess the costs, specific services rendered by rating authorities should be charged at cost to the recipients of the benefits of these services.
- b. Where rating contributions are needed to meet costs of more generalised services, only one valuation base should be used. The base should be capital value for improved properties and its equivalent, namely site value, for unimproved properties. (Capital Value [CV] is the combined value of the land and its fixed improvements.)

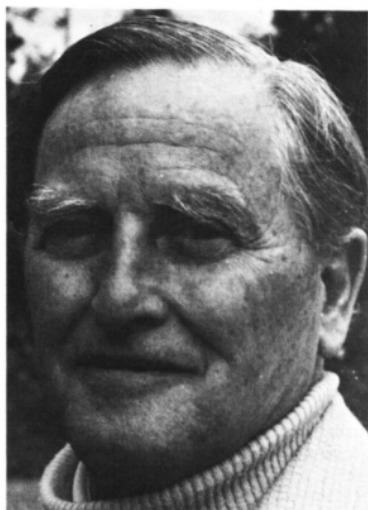
The committee also recommended that the target of annual re-valuations should be adopted and achieved within a reasonable period.

The main effect of these recommendations is that, in very many instances, the property tax would cease to be payable by land owners according to the value given to their sites by the availability of such essential public services as water, sewerage and drainage. Charges for these would be shifted from land owners as such and placed upon the tenants and owner-occupier users of the service.

The second recommendation, of course, would mean that all Western Australian ratepayers would be taxed largely according to the value of the improvements they made; the better they built, the more they would be taxed.

Amazingly, the McCusker Committee based its advocacy of the CV base partly on the conclusions of the British Layfield Committee which

BRITAIN: time to tax rural land



● RICHARD CLARKE

Gun Law and The Land Law

CLLR. Richard Clarke of Gloucester County Council is not too popular at present with the landowners who sit with him on this British council's Policy and Resources Committee.

After a motion that he moved in the committee last April, he was reminded that landowners usually kept guns on their premises – the implication being that one or two might just be pointed in his direction! For good measure, he has also been threatened that never again can he be expected to be re-elected to the council.

He treats it all light-heartedly, convinced that tongues were firmly in cheeks when the “threats” were made. At least, he hopes so . . .

The harsh words in the committee arose because Mr. Clarke has been looking at the de-rating of agriculture – the exemption of agricultural land and buildings from the local property tax which took place in the 1920s.

At the time, agriculture was in the doldrums, with farmland selling at a rock-bottom £20 an acre. But since those depressed years, the average price of agricultural land has bounced up again and, since the 1940s, has taken off in a big way. By 1981, Councillor Clarke told the committee, it had zoomed to a mind-boggling £1850 an acre. Agricultural rents were also buoyant with regular upward rent reviews. Yet not only does agriculture remain de-rated, it also gobbles up the biggest EEC subsidy of any industry in Britain.

carried out an enquiry into local government finance in 1976. For Australia, whose rating laws were adopted in this century, to look for guidance to Britain, whose rating system dates basically from the time of Elizabeth I, looks rather on a par with 20th century medical science seeking advice from a group of experienced witch-doctors.

This state of affairs, said Mr. Clarke, must not be allowed to continue. When local taxation is under strain, the burden of rates should be distributed fairly. The Society of Metropolitan Treasurers, he pointed out, had estimated that the re-rating of agriculture would add some £200m to the country's rateable value.

He refuted any idea that re-rating would bear heavily on farmers. That part of the rates that fell on land, he asserted, would become a reduction from rent and thus not affect the overall costs of the industry.

But Mr. Clarke made it clear to the committee that he regarded the re-rating of agriculture as only a temporary measure to get round the current problem of rates. Levying rates on agricultural buildings, he said, would prejudice farm development, just as it already hindered development in all other industries. The answer to this was to levy rates only on unimproved land values – to adopt the system known as site-value rating.

He roundly criticised the government's recent Green Paper, *Alternatives to the Rates* for failing to mention site-value rating while giving space to wild ideas such as a Poll Tax which could hardly be taken seriously.

The value of land, he said, was the ideal basis for raising local revenue. The value of land was due to the services provided by the community in the form of roads, water supply, schools, hospitals etc. That value increased as the local population expanded and the services became more generally available. The revenue from such a rate would thus rise in step with need for more services, so reducing the need for grants from the central government.

Mr. Clarke claimed that site-value rating complied totally with the criteria for a local taxation system set out in the Green Paper. It was practicable. It was fair. It was cheap to collect. By its very nature it was most suitable for financing local government. Yet it had one additional attribute that made it virtually unique; it was evasion-proof. You cannot, he said, take your land to the Bahamas.

The motion was narrowly defeated, the vital votes against it being cast by five landowning councillors who, under the rules, had voted after disclosing their interest. But it is safe to assume that Gloucester County Council have not heard the last of site-value rating, always provided that Mr. Clarke remains a member of the council – and keeps out of the line of fire.

Paul Knight

At all events, it was clear to the Western Australian land-taxers that these ill-informed recommendations had to be countered. Accordingly, they returned to the charge with a comprehensive critique of the whole McCusker Report, which they submitted to the state authorities.

In the first place, they pointed out, the CV basis recommended by