

## SOUTH AUSTRALIA

South Australia imposed a tax on the unimproved value of land, amounting to  $\frac{1}{2}$ d. in the £, by "The Taxation Act 1884," which came into force in 1885. This State thus enjoys the distinction of having first adopted this reformatory system of taxation only a few years after the publication of Henry George's epoch-making work. The Act, moreover, is a model of its kind, as the following provisions prove:

Section 7. A tax is hereby imposed on all land in South Australia, with the following exceptions:

- I. Land of the Crown which, for the time being, shall not be subject to any agreement for sale or purchase.
- II. Park lands, public roads, public cemeteries, and other public reserves.
- III. Land used solely for religious or charitable purposes or used by any institute under the provisions of the "Institute Act No. 10 of 1874."

Section 8. The Land Tax shall be at the rate of one half-penny for every pound sterling on the amount of the taxable value thereof.

Section 11. The unimproved value of any land shall be the taxable value thereof.

Section 15. The taxpayers in respect of the land tax shall be the owners of the fee-simple of the land taxed.

Then follow provisions:

The burden of the land tax shall be distributed between the taxpayers in the relative proportions of the value of their interest in the land taxed. Payers are entitled to proportionate contributions from the owners of freehold and from owners of leaseholds in the land, and may deduct the same from rent or recover by distress. Assessments are to be made in every third year, and shall show the capital improved value of the land, its unimproved

value and the amount of the land tax, and, where possible, the name of the taxpayer. The tax is a first charge on the land preceding all other charges. After the tax is unpaid for two years, notice may be published that after another year the Commissioner will let the land from year to year, or apply to the Supreme Court for permission to sell the same. If the proceeds of the sale exceed the taxes due and costs, the residue is to be held for the parties interested in the same. Appeals against the assessment are to be made to the Commissioner, and his decision may be appealed against to a special Court of Appeal.

"The Taxation Act Amendment Act 1894" imposes additional taxation on the unimproved value of land, viz., a tax of  $\frac{1}{2}$ d. in the £ on all land owned by any party, the unimproved value of which exceeds £5000; and a surtax of 20 per cent, on land tax and additional land tax due from absentee owners.

The rates of land tax have varied with the requirements of the Government. They are:

- 1885 to 1894 - One half-penny in the £.
- 1895 to 1902 - One half-penny in the £, and a further half-penny in the £ on values exceeding £5000, with surtax of 20 per cent for absentees.
- 1903 - Three farthings in the £, and one half-penny additional on values exceeding £5000 and 20 per cent surtax on absentees.
- 1904 - One half-penny in the £, and one half-penny additional, and surtax as above.
- 1905 - Three farthings in the £, and three farthings additional on values exceeding £5000, with surtax as above.
- 1906 to 1908 - One half-penny in the £, and one half-penny additional on values exceeding £5000, with surtax as above.

The assessed unimproved value of land in 1907 was £33,527,099, and the revenue from the land value tax was £90,200. (Parliamentary Paper No. 86, 1907.) The total revenue derived from both Federal and State taxation was £1,035,258, that from land value taxation being thus 8.7 per cent of the whole.

A Parliamentary Paper (No. 18, 1907) supplies the

following information:

	1898	1907
Number of payers of Ordinary Land Tax...	50,160	60,102
Amount of Tax Paid .....	£60,731	£71,002
Average per Tax payer .....	£1/4/2	£1/3/7
No. of payers of Additional Land Tax.....	548	722
Amount of Tax Paid .....	£17,779	£17,283
Average per Tax payer.....	£32/8/10	£23/18/9
Number of payers of Absentee Land Tax...	1,827	626
Amount of Tax Paid .....	£ 2,998	£ 1,915
Average per Tax payer .....	£1/12/9	£ 3/1/2
Number of payers of Total Land Taxes ....	50,160	60,102
Amount of Tax paid .....	£81,508	£90,200
Average per Tax payer .....	£1/12/6	£1/10/

The increase in the number of payers of the additional land tax and the decline in the average amount paid by them shows that larger estates have, to a considerable extent, been converted into medium estates.

The marked decline in the number of payers of absentee tax would lead to the conclusion that the Act had induced a considerable number of absentee owners to select South Australia as their permanent abode. The ease with which this tax can be avoided, however, causes reluctance in accepting this conclusion.

The rates of taxation were identical in both years.

#### NUMBER OF FREEHOLDS AND THEIR UNIMPROVED VALUE

Return No. 76. Ordered to be printed by House of Assembly, November 14th, 1905:

Unimproved Value			Holdings
£	£		
--	to 50	...	22,005
50	to 100	...	7,991
100	to 500	...	15,657
500	to 1,000	...	5,842
1,000	to 2,500	...	4,632
2,500	to 5,000	...	1,330
5,000	to 10,000	...	430
10,000	to 20,000	...	155
20,000	to 30,000	...	54
30,000	to 50,000	...	48
50,000	to 100,000	...	31
100,000	to 737,828	...	17
			<u>58,192</u>

The population in 1905 numbered 378,206. Consequently landholders formed 15.1 per cent of the population.

On October 28th, 1885, the Tax Commissioner made a report regarding the first assessment of the land value tax. In it occurs the following passage, which confutes certain assertions frequently made by opponents of this system of taxation:

"Taxpayers do not appear to have experienced much trouble in separately stating values for their lands and improvements, comparatively few inquiries being made on this point."

Mr. Arthur Searcy, Deputy Commissioner of Taxes, was requested by the Government to furnish a report on the working of the land value tax, in response to enquiries by the Secretary of State to the Colonies. The following statements are extracted from this report: \*

"After 1895...it became distinctly noticeable that large holders of land were realising and disposing of their lands as opportunity offered, especially so with regard to absentee owners, where they could sell and were untrammelled by any trust restrictions. Considerable areas of suburban land, formerly the property of large owners, have been subdivided, and many persons have purchased plots of land for residential purposes and built thereon. For years past there has been a gradual

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*See British Blue Book, Cd. 3191 (1906).*

closing up of all vacant land around the city, a great deal of which may be attributed to the land tax..

"The introduction of taxation did most certainly have an effect on land values, as thereafter there was a decline, but other causes must also be taken into account... With regard, more particularly, to suburban and town lands, the effect has been a steadying one...there being now little or no fluctuation, but a fair value according to the position and the use to which the land may be put.

"The effect on the building trade has been beneficial, owing to the subdivision of suburban lands and the building of residences.

"In regard to land speculation the tax must certainly have a deterrent effect..."

#### RATING ON UNIMPROVED LAND VALUES

In 1893 was passed "The Land Values Assessment Act 1893," making it optional for rating bodies to assess the unimproved value of land alone for local rates. The Act, while depriving the councils of any power of initiative and reposing it in the hands of ratepayers, makes the extravagant condition that no poll of the latter shall be valid unless at least one-half in number of the ratepayers shall have voted.

Taking advantage of this provision the owners of large areas of unimproved or little improved land, generally persons of influence, found it easy to prevent any valid poll. The means employed were to make it understood that opponents of rating on the unimproved value had decided not to vote, and that consequently anyone entering the polling booths would be regarded as having voted in favour. As a result of these proceedings the polls have proved invalid for want of the statutory minimum vote.

Several endeavours have been made to obtain a reasonable amendment of this restrictive clause, and have been but partially successful. An amending Act (No. 738) passed in 1900, reduced the minimum to one-fourth of the ratepayers. This amendment, however, proved ineffective, only one Municipality, the town of Thebarton, having succeeded in 1908 to hold a valid poll and to adopt the new system of rating.

Since 1900 renewed endeavours have been made to secure the validity of any poll carried by a simple majority of the voting ratepayers. A Bill to that effect was passed in 1905 by the Legislative Assembly, and rejected by the Legislative Council. At present a strong movement is taking place, under the auspices of the Councils of suburban municipalities, to induce the Government to introduce another Bill amending the law in this respect, as well as in the direction of enlarging the taxing power of rating bodies.