

# "Tidying Up" the Local Scene

by W. H. PITT

THE Shire of Ferntree Gully was a municipality covering about 130 square miles about fifteen miles east of Melbourne, Australia. It ran through pleasant undulating hills to the nearby mountains and plateau-country, and served a population of some 58,000 living in homes valued around \$16,000.

Sixteen years ago I moved with my family from one of Melbourne's inner suburbs to Bayswater, a few minutes' walk from the railway which carries me to my city job. There were a great many vacant blocks, all, like so much of the farming country, held for speculation, and I immediately started in with letters to the editor of the local (sympathetic) paper, advocating that the shire revenues be got as a charge against the land value instead of the building value.

For years this effort seemed fruitless, but after a while there was a response and then I began gathering signatures for a demand that would bring the case to a vote. The opposition answered with action in the form of a move to split the area into two municipalities. There were several purposes here; to raise a side issue causing a few years' delay; to take one portion away from my concern; and to cut off the western end from the assistance of the sympathetic newspaper editor.

But two years ago, just as the severance took effect. I found a newly arrived enthusiast, and we organized a public meeting where we got enough support to form a body with site rating for its objective "for all revenue purposes in the Shire." Perhaps because of the opposition with which we were immediately faced, we have gone from strength to strength.

Our first job was to persuade 10 per cent of the ratepayers to sign a

fresh demand. We got this by working from tables outside polling booths one federal election day. Next we asked ratepayers to pledge 20 per cent of the first year's saving effected by the new system. We explained that it would be impossible to approach all who stood to gain, so we had to touch pretty hard those whom we could.

By rights the poll ought to have been held later that year. However, this didn't suit our opponents inside the council and they were able to obtain a deferment for twelve months. We objected as violently as we could in print and took every possible political advantage of it. But the additional year gave us many advantages and allowed us time to plan street corner meetings and distribution of leaflets.

Our opponents forecast all sorts of dire results if the people were to vote "YES." Fortunately we had made an analysis of figures from an adjoining municipality where the reform has been operating for several years with good results. On polling day, August 28th, our site rating won by a vote of 17432 to 11583, and we elected two representatives to the council, who have revolutionized things in the few weeks they have been there. The first meeting was electric in atmosphere, as our men made it quite clear that mere rubber-stamping days were over and henceforth the council would be open for debate.

Our objectives were clear — all revenues would be on the site value system. We knew the law somewhat better than our opponents did, and watching from the gallery, we saw their astonishment when our members blandly moved for the water revenues to be raised this way. There was silence for a full minute that seemed like a requiem for the bad old system we are in the process

of ousting. Whether it happens this month or next, our "Site Rating Association for the Shire of Knox," is quite confident of the outcome.

About 9,000 homes in my municipality will save around \$25 a year in the general rate, and about half that much again in the water rate. Holders of vacant land make up for the difference — and they are squealing! The same is true in the other portion — the easterly, more elevated area — and there are about 6500 homes there that will benefit.

All this came about because our "sympathetic" editor and some of his friends had the patience and persistence to gather the necessary signatures for demanding the vote, and then aroused the public interest with publicity efforts. The other adjoining municipality — where the general revenues had for some years been raised on the site value basis, but where there had been no change in representation on the council — now finds also that the charges for water must henceforth be on the site values.

The operation therefore seems to have recovered about \$600,000 of a Georgist-type revenue that has hitherto been falling quietly into the pockets of landholders. They are from now on going to be just that much more ready to sell the land they have been sitting on. One long term effect will be that the price of land here will come down by some \$12 million. A year or two back I suggested a slogan, "The price of land is your enemy." I'm rather proud now of the dent we have put in the enemy.

But what gives me even greater cause for pride is the way the members of the SR Association have held together as a group and widened their grasp of economic principle. Our primary objective has been gained, but we are not content to let it rest at that and are now actively seeking ways of making the site rating applicable on

more levels of government than merely the municipal.

There is "tidying up" to do on the local scene, along with the election of suitable councillors over the next few years so as to protect our gains from counter attack and keep a check on the correctness of the "assessed" land values. Here we intend to follow the Danish practice of showing the values on subdivisional plans or maps. But we will go a bit further and show what we consider to be the market values, alongside the official figures. We reckon to display these maps where the public can see them and believe this will result in a standard of accuracy that has never previously existed in municipal finances. The opposition is not expected to like it, but the results will be good.

From the viewpoint of the economist (Georgist variety) I'm hoping then to have a subcommittee research a little further and convert the figures from the capitalized land price basis, back to the annual site rent basis, i.e., from the artificial back to the natural. I think these maps then will show, in a very practical fashion, that the Georgist reform is not unattainable.

There have been all sorts of heartening developments from this local operation. To mention one, I was invited into a home to receive a donation and be told that, although my host had for many years recognized the correctness of the Georgist argument, he had hitherto considered it impractical in that he thought it required action from the central government down. I had now shown him that the objective was being worked from the local government level — the base of the structure — upwards to its pinnacle, with each step bringing individual benefits.

Thus from start to finish there have been joys of different kinds affecting different people — and this is by no means the end.