

Register 5-5-23

LAND TAXATION IN AUSTRALIA.

Results of Federal Land Tax.

IV.—By Dr. H. Heaton.

The Federal land tax has now been collected for 13 years. During that time the rate of tax has been increased, and three States, Victoria, Tasmania, and Queensland, have introduced State taxation of unimproved value. It is time, therefore, to ask what results have been obtained; have the hopes of the supporters of the tax been fulfilled? The Federal Royal Commission on Taxation shirked the task of answering this question, on the plea that the evidence is not available. May I suggest that evidence is available, or might have been obtained, on which at least a tentative opinion could have been expressed. The reports of the Commissioner of Land Taxation contain valuable statistical material, from an analysis of which certain broad tendencies can be traced. The imposition of the tax undoubtedly led to a redistribution of land, especially at first, and in the case of large holdings. Some, probably much, of this redistribution was nominal rather than real, legal rather than economic. Partition of interest between joint owners, between husband and wife, between parents and children, and between partners, was, in the words of the Commissioner, "not uncommon." The 1912-13 report refers to "a large number of transfers from parents to children." In many of these cases the "child" paid no deposit, but gave a mortgage for the whole value of the property, or agreed to pay an annuity to the parent. The Commissioner did his utmost to combat "the considerable amount of ingenuity" displayed in these and other directions, demanding statutory declarations of separate enjoyment, searching the Lands Titles Office records, &c. It was evident also that many large owners had made partitions of land by will for settlement just before the Bill was introduced in the Federal Parliament, anticipating the imposition of a heavy land tax as one of the first fruits of the Labour Party's victory at the polls.

Artificial Subdivision.

In most cases of family settlement the estate remained virtually intact, and was probably worked as one block, in the old way. There was no change in the use of the soil, no increased settlement of people on it. How far this artificial subdivision went we do not know, and it would be extremely laborious work to find out. But in addition to the nominal transfers there was, especially during 1910-13, great activity on the part of owners in disposing by sale of some of their lands, and in consequence large areas passed into the hands of middle-sized and small taxpayers, while a big portion passed entirely out of the taxable field. The unimproved value of land passing out of the taxable field, by sale or transfer, from 1910-18, was about £62,000,000. In the first two years over £23,000,000 U.V. went below the tax line, but after that the amount of land escaping from taxation became smaller. The unimproved value of all taxable land in 1910 was £184,000,000; the Commissioner estimates that this land would in 1918 have been worth £274,000,000. But £62,000,000 of it had escaped, so in terms of unimproved value about one-quarter of the land originally taxed passed into the hands of non-taxpayers during eight years. We can take the enquiry further. Who sold or transferred? The big men disposed of large sections of their holding, and bought little, if any, land in return. For instance, in 1910-11, people paying tax on £120,000-£130,000 disposed of 47 per cent. of their estates; in the following year owners in the £180,000-£190,000 class got rid of 26 per cent. of their land, and in 1912-13 owners in the £160,000-£170,000 grade reduced their properties by 35 per cent. Resident owners above the £200,000 mark disposed of land worth £7,000,000 U.V. in eight years, and bought only £1,000,000 U.V. of new land. When Crown leaseholds began to be taxed one company reduced its land tax payment from £79,000 in 1915 to £56,000 in 1917, by getting rid of 600,000 acres of freehold and conditional purchase lands and by reducing the U.V. of its crown leaseholds from £750,000 to £217,000. But though the big holder disposed of much land, the smaller taxpayers also reduced the value of their holdings. Men owning estates between £50,000 and £200,000 U.V. disposed of over five times as much land as they bought, and even the men paying tax of £1 to £10,000 sold twice as much land as they bought.

The Absentee Owner.

The effect of the tax on the absentee owner can be clearly traced from the statistics. Apart from the fact that some of the biggest absentees held land as shareholders in companies, the absentee was found by the Commissioner to be not nearly so big or so bad as he had been painted in public discussions. In 1910 there were only 3,606 absentee owners, holding land worth less than £7,000,000 U.V. It was chiefly freehold land, much of it in town blocks. Only 127 absentees owned land worth more than £20,000 U.V., and of them only 16 were above the £80,000 mark. During the first eight years of Federal taxation, the area of country held by the absentees fell by half, and the unimproved value by more than a half. £2,000,000 U.V. of land was sold, and only £300,000 bought. The U.V. of all absentee land dropped from £6,800,000 to £4,200,000. In all the eight years only 38 purchases of land were made by absentees paying tax on more than £7,000, and even in spite of the increase in land values the number of absentees paying tax on more than £20,000 dropped from 127 in 1910 to 67 in 1919. The taxation of crown leaseholds caused absentees to reduce their holdings of this kind from 10,000,000 acres to 5,000,000 between 1915 and 1917.

Details of Sales.

From various sources we learn details of the sales which took place. In some notable instances tenants on large estates were allowed to purchase their holdings on easy terms. In other cases the tax might create the desire to sell, but this desire was strengthened by the fact that good prices were obtainable for land suitable for agriculture. This was the case in the Boorabowie area, where large transactions took place either in sales to the Government or in auction sales, at which the buyer was offered extremely generous terms. The hope of some Federal Parliamentarians that land would have to be sold at any price, and that the market would be glutted, was not realized, and there were very few cases of forced sale or serious depreciation in land values. Who bought, or received under transfer? We have just seen that the land which passed out of the taxable field had belonged to large and small men alike. Of the £63,000,000 U.V., which went to non-taxpayers in eight years, men owning land worth £3,000 to £5,000 U.V., took only about a quarter, i.e., £16,000,000. The remaining £47,000,000 apparently went to men below the £3,000 U.V. line. The men who bought were occasionally new to land owning, but often they were local farmers who purchased in order to add to the size of their farms; this was especially the case in one of the sales in South Australia where 6,000 acres in the Duncan estate went almost entirely to neighbouring settlers.

A Comparative Lull.

Unfortunately the Land Tax Commissioner's reports bring the statistics down only to 1917-18, so we cannot tell what has happened during the years of doom and depression since then. But we do know that after the initial outburst of subdivisional activity in 1910-13 there was a comparative lull. The increased rates and taxation of Crown leaseholds in 1914 decline in the number of big estates, but there was little increase in the number of small taxable holdings between 1914 and 1918. During that time the estates paying tax on over £50,000 fell from 630 to 543, but the number of taxable estates below £50,000 almost stood still, thus bearing out the contention that land has moved into lower taxable grades or out of the taxfield altogether.

Gains and Losses.

We may say, therefore, that the land tax has achieved some of its purpose in so far as the diversion of large estates has been real and not nominal. But its administration has been cased by complicated legislative provisions, and the abolition of the distinction between primary and secondary taxpayers and the reconstruction of the valuation machinery are necessary. Beyond that lies the question whether there is any further work for the tax in its present progressive form to achieve if revenue is now the chief aim, can that revenue be raised in any better way? If the desire is, however, to go on breaking up big unused estates, how much land in

big estates can with advantage still be broken up? Mere bigness is not an economic crime in itself, and some big areas can only be properly worked in large blocks. If settlement lags, if men turn from agriculture to pasture or grazing, if rural depopulation goes on apace, and our agricultural population grows only 10 per cent. between 1911 and 1921, what are the causes? Defective and expensive transport? Inadequate, inefficient, over-expensive labour supply? Lack of capital or credit facilities? Over costly machinery and equipment? Disorganized marketing machinery? The glamour of the town? Land monopoly? Lack of water supply? Before we paint rosy pictures for the British would-be migrant, we should search for an answer to these questions. The need to-day is for an exhaustive rural stocktaking of our continent.

Register 5-5-23

UNIVERSITY SOCIAL LIFE.

PROFESSOR McKELLAR STEWART'S ADDRESS.

Professor McKellar Stewart addressed a meeting of the combined societies of the University Arts Association in the history room at the Adelaide University, during the lunch hour on Friday. He dealt in an interesting manner with the importance of the social side of university life, in its bearing upon the bringing out of those qualities which make for good citizenship.

A university, said the professor, was a form of community, and, like every other form of community, it must have some controlling purpose which would give it unity and permanence. The unifying purpose in this case was the pursuit of truth, the discovery of knowledge. It was this end towards which the whole organization of a university was primarily directed. In particular, students and teachers co-operated in the great enterprise which the pursuit of that end involved. In the course of that enterprise the intellectual excellences or virtues were developed—intellectual honesty and sincerity, toleration, patience, and perseverance. The acquisition of these virtues was the first qualification for real membership of the university community, and the production of such excellences was the first and the essential contribution which a university had to make to the life of the more inclusive community which we called the nation or the State. If it did not accomplish that, then, whatever else it might accomplish, it did not fulfil its unique and proper function. But it had other contributions to make to the life of the nation. These might become apparent if they proceeded to analyse the student membership of a modern university. Students were divided roughly into two classes. In the first were to be found the men and women who caught the true spirit of the university, entered into its central purpose, and became disinterested seekers after truth. These formed a comparatively small group, but they constituted the living nucleus of the university community. To them the university was their alma mater, and their intellectual home. There was, however, a second, and a numerically more important, class. In every modern university the large majority of students came up to be prepared for the practice of a profession. At the best, the university was regarded by those as a kind of training ground in which they would find equipment for a career of professional service; at the worst, they regarded it as a "shop" at which they purchased for money a commodity—knowledge, served out in the form of lectures. That commodity enabled them to pass examinations and thus overcome the first obstacle in the way of their making a livelihood or entering upon a professional career. It was this large majority that the university sent out to be its representatives in the life of the wider community. They were its product; by them the value of the university as a national institution was commonly judged. It became important, therefore, that they should go out, not only equipped with knowledge, not only in possession of those virtues described as intellectual, but also, to some extent at least, trained in the practical principles of good citizenship.

There were important plans afoot, proceeded the speaker, for the development, within their own University, of its social life—the proposals for the establishment of a union building, a University College and a Graduates' Club. It had been thought by the Arts Association that one's experience of several universities in different parts of the world might, if related, afford some stimulus to the carrying out of this project. Experience in different types of universities had led him to the conviction that no modern university was completely equipped until it had a union building. Such an institution provided the means for that personal contact of student with student within which were created and developed those qualities of character which formed the basis of good citizenship. This was a matter which concerned not only graduates and under-graduates, but all men and women in the community, who desired that the university should make its fullest possible contribution to the life of the State.

Advertiser 5-5-23

THE UNIVERSITY BALL.

A BRILLIANT GATHERING.

The Elder Conservatorium was on Friday evening the scene of the annual ball of the University Sports' Association. This is one of the occasions on which the students, past and present, and their friends, set out to enjoy themselves, and they did it thoroughly. Elder Hall, the home of the State's best music, where budding artists make their debut, has been the scene also of many a glorious night's enjoyment by the irrepressible students. It is admirably fitted for both purposes. On this occasion its large floor space was made available, and a splendid polish put upon its even surface.

The guests arrived early, and were received by the Chancellor of the University (Sir George Murray) and the Vice-Chancellor (Professor Mitchell). Long before his Excellency the Governor was due to arrive the University driveways were banked with cars. Sir Tom Bridges was attended by Mr. Leigh Winser, and accompanied by Captain and Mrs. Medley, and Miss Judge. The viceregal party was received by the Chancellor and presented to the Vice-Chancellor and to Mr. and Mrs. R. H. Wallman. The 22 debutantes, who were dressed in white, were presented to his Excellency, who then proceeded to a dais in front of the platform, where the viceregal party was accommodated.

Gold and black was the dominant note in the decorations, which had been artistically carried out under the capable direction of Mrs. Frank Marcus and Mrs. G. B. Osborn. The walls were hung with festoons of gold caught up with black pom-poms, and the electric lights were shaded with attractive devices in similar colors. The floor in front of the platform and the platform itself were plentifully supplied with ferns, admirably arranged. The orchestra was accommodated in the centre of the floor. Lady Moulden was in charge of the whole of the arrangements, and, assisted by a committee, also made provision for the supper. Dancing continued until the early hours of this morning.

Register 5-5-23

MUSIC LECTURE BY DR. H. DAVIES.

Like a Diogenes searching for an honest man, Dr. H. Davies (director of the Elder Conservatorium, Adelaide University), recently took a stroll down Collins street looking for an absolutely carefree face amongst an endless stream of pedestrians (says The Melbourne Age of May 4). He did not need a lamp, for he made his search in broad daylight, yet—so he told an audience at the Independent Hall last evening—his task was almost in vain until he went into the Town Hall to conduct community singing. Then there was a change. Under the spell of an old British folk song the faces of the impromptu singer reflected the power of music in banishing care to the mental background, and inspiring at least a period of temporary enjoyment. Lecturing last evening on "The place of music in education" to members of the Workers' Educational Association, Dr. Davies urged a much greater appreciation of the importance of music as an adjunct to the ordinary education of the rising generation in influencing character and conduct in the life of the community. Supporting his address with gramophone records showing the activities in Welsh schools among young children respecting the development of rhythmical culture and perception in music, he said music was a language which found ready expression in the imaginative minds of children. Melody was the outline and harmony the colour in the world of sound. Children showed a constructive originality which put to shame the efforts of many adults. In art, painting, sculpture, &c., found primary inspiration in representation of living or worldly things. Music stood apart as a directly creative art, with no material prototype in the external world—a contradiction of the proverb "out of nothing, nothing comes." Education was not mere instruction. There was the development of perception and creative imagination. The mere learning to play the piano was no more music study than learning the typewriter was literature. The unadorned five-finger exercise might even deaden the development of the musical sense in the young child.