

Gain without pain

Land management the registration, valuation and development of land has economic and social dimensions. It is not just about the environment.

What cannot be said too often is that the policy Henry George and his followers promote is neither land nationalisation, nor is it a tax on developers. It certainly is not an extra tax. It is absurd how even respectable economists still claim that land no longer matters in a primarily urban society, because quite the opposite is the truth. The more people crowd on to this planet, the more valuable our finite resources become. This applies to housing and commerce as well as food and makes managing land, including all its natural resources, more important, not less.

The value of land may remain difficult to quantify as it will always involve a measure of subjective judgement by the assessors, but land valuation can and does happen.

In Germany, recent research has concluded that a land value tax would support sustainable development more effectively than the present property tax and would be cheaper to administer. In Victoria, Australia value maps are helping assessors and taxpayers achieve mutual understanding. If only Zimbabwe had followed the example of neighbouring Namibia and taxed farmers instead of stealing their land. If introducing and administering land value tax (LVT) is nowhere near as complex as rocket science, why isn't it more widely implemented? After all, what is being nationalised under LVT is development rights, not land or development. It is already recognised in English law that communities have the right to prevent owners of land doing harm in its use with no duty to compensate owners for losing any development potential. There are few democracies without some powers to control land use, but there is confusion over the economic consequences good and bad that follow from wielding them.

The problem arises when the wealth accompanying the award of development rights is not recycled. The right to wealth arising from land development isn't the same as the right to wealth arising from permission to develop. The former the fruits of lawful development ought to be retained by the developer, who adds value to the community. The latter is entirely the product of others. When I chaired a local planning committee, I made a point of congratulating successful applicants when they were granted permission. With a friendly assessor providing the figures I was able to inform successful applicants just how much the permission was worth to them.

It is perfectly understandable for local councils, to seek recovery of some of this public largesse which many try to do by placing 'planning obligations' on developers, requiring them to build amenities. But it is even more understandable for many outside the system to see it as legalised bribery and corruption.

The solution is not to make a bad system more corrupt, but to replace it with one that achieves the gain without the unjustified pain experienced by those who present proposals for sustainable development. While one-off development levies are Dumb Taxes, LVT equals Smart Tax. Not to develop our planet sustainably carries a price. Not to develop tools to aid understanding of sustainable development also incurs a cost.

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