

PROSPER AUSTRALIA

MECHANICS OF SITE REVENUE

The Assessment of Site Revenue

Trained valuers can ascertain the cost of improvements (such as buildings, roads, dams, orchards) by using construction & depreciation schedules. By observing the sale price of sites and deducting the value of the improvements, the valuers can ascertain the value of the bare site itself. That value tends to reflect factors such as its vista, fertility and proximity to utilities (water, gas, electricity) and services (roads, railways, schools, hospitals, police & ambulance stations etc.). Indeed, Site Revenue is not a tax at all, but rather simply a market payment for the value of the monopoly (over the site) bestowed by the community.

The proper quantum of site revenue to be collected is that amount at which a site transfers for the value of its improvements only. If too little site revenue is collected (as is now the case), capital value created by the community accrues in the site and is pocketed by the siteholder as a windfall gain. If too much site revenue is collected, owners will be unable to recover the value of improvements upon transfer of the site. By marking equivalent (in size, location, vista etc.) sites upon cadastral maps available for public inspection (e.g. on the Internet), and the site revenue charged for each, the whole process will be readily transparent and honest. It cannot be manipulated by politicians.

The Collection of Site Revenue

Site Revenue can best be assessed and collected at local level, where local valuers are continuously aware of factors affecting site values and of transfer prices. Local Governments would then remit proportions of the monies collected to State and Federal level. The proportions would be agreed by delegates from each level of government sitting in conference. This mode of collection reverses the current predominance of federal power, and would require constitutional change.

The Avoidance of Site Revenue

A big problem with current forms of taxation is that those obliged to pay take steps, often extreme, to avoid being liable. For instance, a huge cash economy subverts exposure to income tax, and those who should pay the most avoid doing so by a range of artificial corporate & trust structures and offshore arrangements. Taxation also distorts the economy: for instance, a payroll tax will constrain employment and tariffs will force consumers to pay more for imported items. When the English taxed windows, folk built houses without them. When the Egyptians taxed date palms, peasants cut them down. By way of contrast, sites, their ownership and the value of them cannot be hidden and payment of Site Revenue cannot be avoided. In fact, by forcing site improvement and improving public infrastructure, Site Revenue (uniquely) actually improves the value of the object 'taxed'.

Introduction of Site Revenue

Site Revenue must be introduced 'overnight', as of next 30 June. At that moment, all forms of taxation and impost will cease. Immediate, rather than gradual, introduction will force the desired changes and prevent confusion. The Site Revenue would be assessed (as an educated estimate) prior to introduction, and thereafter continuously monitored & adjusted until sites transfer for the value of improvements only. Perfection of the adjustment may take a year, and during that period any transfers 5%+ below the value of improvements should be compensated (for the element of loss exceeding 5%), whilst any profits in respect of transfers 5%+ above the value of improvements

should be confiscated (as regards the element of profit exceeding 5%). Otherwise, no compensation should be payable to anyone.

Compensation upon Introduction

Most citizens would not truly lose anything by adoption of a Site Revenue system. Certainly the community-created “capital value”, which currently inheres in sites and is privately pocketed as a windfall, would evaporate. However, the other side of this coin is that citizens would be able to purchase elsewhere by only paying the value of improvements. The ‘old widow’ who wants to stay in her (now) highly-rated home would not lose: she can stay there, with the site rentals being secured (as a priority) against the improvements, and collected at her death.

One true loser would be site speculators, who have bought multiple sites to grow fat on community-created windfalls, and who deserve no sympathy. Another true loser would be the aged person whose wealth is tied up in the ‘capital value’ of a site and who does not want to move elsewhere. Such an aged person may wish to cash-in on this ‘capital value’ and spend up big holidaying, or bequeath that windfall to a relative. If so, that aged person should do so immediately upon reading this. The final category of true loser is the mortgagee whose security depends upon this artificial construct of capital value. Under a Site Revenue system, mortgagees will only be able to obtain true security to the value of the improvements. However, mortgagees will have time to adjust (commencing now) and usually they will hold mortgagors bound under personal covenants anyway.

Personal Endeavour in a Site Revenue System

Site Revenue is neither capitalism nor communism: it is just freedom, sanity and commonsense. The essence of capitalism is that it treats sites (although not made by humans) as just personal property (like machinery & chattels, which are made by humans). The essence of communism is that it confiscates private property and centrally organizes people, thereby robbing them of their freedom. Site Revenue does not do these things. True, it collects the “unearned increment” in site value, but this is created by the community and the current pocketing of it by private individuals is just theft. Preventing thieves enjoying stolen property is not confiscation of private goods.

Anyone willing to work with hand or brain will be free to prosper in a Site Revenue economy. Those unwilling to do so, or wishing to work as little as possible, will be free and able to make shift for themselves at the margins of the economy. Those who fail to care for their health or wish to be unemployed will be able to form their own co-operative communities and to live at their own desired level & pace (for instance as peasants at the margins paying little or no site revenue), without having to depend on welfare.