

## A. ANNUALLY RECURRING PAYMENTS

## (1) RATES ON CROWN LANDS

The Crown in general is not liable for rates on property owned by it. Such Crown property may be classified somewhat as follows :—

- (1) Land utilized for State or departmental buildings. This heading can be subdivided into—
  - (a) Land occupied by State trading Departments ; and
  - (b) Land occupied for ordinary departmental activity.
- (2) Land utilized for State housing activities.
- (3) Land utilized by departmental housing schemes for operators of the Department.
- (4) Land which, though previously in private ownership, has reverted to the Crown.
- (5) Agricultural land. This again may be subdivided into—
  - (a) Land owned by the Crown but leased for agricultural purposes ; and
  - (b) Lands under developmental schemes for ultimate disposal to selected settlers.

With the extension of State activities the amount of land occupied by the Crown has steadily increased. Much land which was previously in private ownership and which was therefore liable to rates is now owned by the Crown and not legally liable for rates. Because of this trend, some local authorities have in recent years been embarrassed financially. Some local authorities suggested that all Crown land should pay full rates, but the general opinion was that land used for housing or for agricultural purposes should pay rates. The policy of the various Departments concerned is set out hereunder :—

*(a) Railways Department*

Land occupied by the Railways Department specifically for transport purposes is exempt from rates. Where houses are constructed for railway workers the Department does not pay general rates, but pays special rates on loans that were a charge on the lands at the time of acquisition of the land by the Crown, and, in addition, pays an agreed sum for such services as water-supply, rubbish-removal, and sanitary services. When, however, such houses are let to tenants other than railway servants or other Government servants in occupation for the more efficient performance of their duties, full rates are paid for the duration of such tenancy.

*(b) State Advances Corporation*

(1) *Houses erected under Government Housing Scheme.*—Full rates, both general and special, are paid for the portion of the year during which the house is occupied, but special rates for which the Crown under existing law is liable are paid for that portion of the year during which the property is unoccupied.

(2) *Other Houses under the Corporation's Administration.*—Full rates, both general and special, are paid for the portion of the year during which rent is paid ; special rates for which the Crown is under existing law liable\* for that portion of the year during which rent is not paid. From 1945, however, the arrangements as set out above regarding houses under the housing scheme are to operate for all State houses†.

*(c) Lands and Survey Department*

When land is purchased and held by the Department for development and settlement in the future by individual occupiers it becomes non-rateable so far as general rates are concerned, but the Crown is liable for and pays special rates which were made before the land was acquired.\* In blocks under development the Department not only pays the special rates for which it is liable, but also makes a grant in lieu of rates in respect of general and other special rates provided profits are available for that year from the farming operations carried out on individual blocks. When land is fully developed and is opened for selection its tenant then becomes liable for full rates.

The principle on which these payments are made comes in for considerable justifiable criticism. Under the settlement programme, whether for rehabilitation purposes or otherwise, the State has in recent years frequently taken over the land which was formerly under private ownership and paid full rates, with a view to cutting it up into smaller holdings. During that developmental period the State has paid only special rates for which the Crown is liable. The rural local authorities pointed out that they had been in the habit of receiving rates from these areas of land ; that their financial responsibilities were in no way lessened because the land was now in the occupancy of the State ; and that therefore the other ratepayers in their territories were forced to pay higher rates in order to make up the deficit arising from the non-payment of rates by the Crown. Witnesses generally admitted that undeveloped Crown land—that is, land which has always been in the ownership of the State and which is undeveloped—should not be rated, but it was maintained that where the State takes over land to promote closer settlement or for any other purpose it should be liable for the same rates as paid by previous private owners. This claim seems very just. The situation whereby the State pays

\* The Crown is legally liable for special rates imposed before the land was acquired by the Crown : Local Bodies' Loans Act, 1926, section 123.

† The State Advances Corporation, as a Corporation, does not have the privileges of the Crown in regard to exemption from rates in so far as advances made by the Corporation are concerned. In so far as the Corporation is administering loans made by the State Advances Department before the creation of the State Advances Corporation it is legally entitled to the privileges of the Crown. The effect of this is that, in relation to advances made by the Corporation, rates take priority over the mortgage.