FACTORS AFFECTING RURAL LAND PRICES IN N.S.W. AND THE CONSTRUCTION OF INDEXES OF RURAL LAND VALUES

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Changes in Land Values in N.S.W.

Changes in rural land values since the war have been considerable. This article is an endeavour to describe the changes and supply reasons for them.

By 1946, pent-up demand for rural lands had become very noticeable and marked the end of a long and difficult period for rural producers which went back as far as 1929. The earlier stages of this period were characterised by low commodity prices, indifferent seasons and uncertainty, whilst in the latter stages, war-time controls, shortages of labour and materials, lack of finance and drought had all assisted to keep demand in check. 1946 saw the end of a long and disastrous drought and, with the war concluded, demand for land strengthened. Transactions were restricted, however, by the operations of Lands Sales Control which had, under National Security Regulations, related "consent" prices to those ruling as at the 10th February, 1942. The Commonwealth handed over these controls to the States on September 20, 1948, who continued them for a further period, which in N.S.W. was of approximately a year's duration.

With the lifting of controls, a land hunger was evidenced by a large volume of transactions and steeply increasing prices which did not abate until prices had risen spectacularly and prospects had become more uncertain. The actual end of controls was followed very closely by currency devaluation in September, 1949; the Korean War broke out in June, 1950; as a result the price of primary products continued to rise, partly because of stockpiling, culminating in the sensational prices reached by wool during 1950-51 (£1 per 1 lb.). Prices continued to increase for most types of land after 1951-52 but at a steadily decreasing rate until about 1956-57 since when they have been relatively stable in spite of fluctuations in commodity prices, taxation, interest rates and finance available for the purchase of land.

In N.S.W. and most of Australia the period since 1946 has been free of major droughts, prices received for most primary products have been satisfactory for most of the time and the rabbit menace has been nowhere near as bad as in earlier periods. At the same time, population has increased rapidly because of immigration intake, taxation concessions have been given to primary producers, plant and machinery has been improved and some farm products have benefited from stabilization schemes and government support prices.

During the earlier part of the period acquisitions by governments of land for war service land settlement resulted in a number of dispossessed

owners competing for available suitable properties, competition between lending institutions resulted in more money being available to assist in farm purchase and both assisted in making the effective demand for land greater. Allied with other factors set out above the price of land had to move up. In N.S.W. this influence has been continued to a lesser degree by such bodies as the Snowy Mountains Authority, because of acquisitions for water storage and by the State Government because of its new general settlement scheme and such other schemes as Colleambally, thereby causing dispossessed owners to look for other properties.

Taxation concessions mentioned above have not only encouraged primary producers to increase investment in their properties but have also made rural properties attractive for investment by wealthy city business men who would hope eventually to make a capital gain. During the earlier part of the period when the purchasing power of money was declining rapidly, rural properties were even more attractive as hedges against inflation. Lately the provision of better facilities such as transport, extension services, electricity and education has not only been accompanied by a remarkable increase in productivity but has made many areas of the country much more attractive places in which to live.

Whilst these factors were affecting the prices paid for land, replacement costs increased also, causing existing improvements to be valued at higher figures, and of course, the provision of bigger and better machinery resulted in better methods of land utilization, such as cropping and pasture establishment. Since 1946, seasons have generally been far better than for any other period of equal length this century. Consequently in spite of lower commodity prices and increased production costs, returns have encouraged the maintenance of a high level of land prices. In some areas prices continue to increase.

Valuation Procedure and Definition

As a result of the large increase in rural land prices mentioned in the previous section, it was felt in certain quarters that an index showing changes in prices would be of very real value to lending institutions as well as to some other authorities.

Before considering the construction of an index it is important to clearly understand what it is which it is proposed to measure.

Any index of rural land values should be based on value, "not as defined in the Oxford English Dictionary as 'worth', 'desirability' or 'utility' but in the economic sense which includes the benefit conferred by ownership and the possibility of exchange for other commodities and all the satisfaction that may arise from possession."[1]

The valuer of rural lands normally has to deal with the concept of value which is know as 'value in exchange'. He is attempting to measure market value. "This may be defined as the amount of money that the land would bring in the open market by voluntary bargaining between vendor and purchaser, both willing to trade but neither of them so anxious to do so, that he would overlook any ordinary business consideration. We must further suppose both to be perfectly acquainted with the land and cognisant of all the circumstances which might affect its value, either advantageously or prejudicially, including its situation, character, quality, proximity to conveniences or inconveniences, its

[1] J. F. N. Murray, *Principles and Practice of Valuation,* Commonwealth Institute of Valuers, Sydney, 1948.

surrounding features, the then present demand for land and the likelihood, as then appearing, to persons best capable of forming an opinion, of a rise or fall for what reason so ever in the amount which one would otherwise be willing to fix as the value of the property."[2]

This definition is well understood by valuers but the final part of the quote is where most difficulty is experienced because, in a period of intense competition, many would-be purchasers do not measure up, in that they are not *perfectly* acquainted with the land which they are attempting to purchase. Many of them have special reasons for the purchase of particular pieces of land so that *many sales transactions are special ones and cannot be taken as evidence of normal market value.* As a result many sales transactions which are examined by the valuer are discarded and it frequently becomes difficult to obtain sufficient sales within a reasonably short period, in a district, to determine the value, as at a certain date, of all the various land types within that district.

Under these circumstances the valuer is perfectly entitled to use sales of similar lands in other areas or as a last resort of other types of land to estimate a figure which certain lands would have brought had they been offered for sale. The resultant figures depend on the valuer's opinion formed after studying all available information. They are a judgement which may not be agreed to by another valuer using the same information.

In examining properties which have been sold so as to obtain a basis to use when valuing other properties the valuer must make sure that the sales he is using are normal transactions in every respect and there are no abnormal influences affecting the sale. Having ensured that this is so, the depreciated replacement cost of all buildings is determined and deducted from the sale price, provided they are appropriate to the property and not too lavish or unsuitable. The resultant figure includes land, fencing, water and pastures. Depending upon the basis required so the value of each of these improvements can be determined and deducted and bases obtained such as those explained in the next section of this paper.

The First Index of Rural Land Values

Mr H. G. Collins, who was the Chief Valuer of the Commonwealth Bank, constructed an index. It was first published in *The Quarterly Review of Agricultural Economics* of October, 1954 and subsequently revised and published in *The Valuer* of July, 1958. The figures he arrived at were not statistical averages derived directly from sale prices. Collated sales information was inadequate to provide a statistical method of averaging which would show significant changes in land values and indeed could have been misleading, for reasons already enumerated, hence Mr. Collins preferred to make his own judgement after having examined many hundreds of sales transactions.

The index was a first attempt to measure broadly movements in rural land prices in N.S.W. since 1937-38. It has been revised and brought up to date and is shown in Table 1. The figures added since 1958 have also been decided upon after the examination of some hundreds, possibly thousands, of sales occurring in N.S.W. since 1958 and collated

[2] Spencer versus the Commonwealth of Australia, 5 C.L.R. 441, *The Valuer,* 1 July 1933.

TABLE 1

RURAL LANDS, NEW SOUTH WALES

Index showing movement in land values deduced from sales

Base years 1937-38 = 100

CLASSIFICATION	1942/46	1946/47	1947/48	1948/49	1949/50	1950/51	1951/52	1952/53	1953/54	1954/55	1955/56	1956/57	1957/58	1958/59	1959/60	1960/61	1961/62	1962/63	APPROX. AVERAGE VALUE PER UNIT DURING BASE YEARS
Grazing Land:																			
1. Merino breeding and woolgrowing	100	111	116	120	135	190	205	230	260	280	280	270	260	260	270	280	285	290	£5. 8.0 per sheep area
2. Wether country (woolgrowing)	100	105	110	115	125	170	185	200	230	250	270	260	255	250	250	245	245	245	£3.10.0 per sheep area
Grazing: part arable																			
3. Suitable sown pastures	100	115	120	125	150	210	250	270	290	300	305	295	295	300	300	300	305	310	£5. 0.0 per sheep area (native pasture basis)
Agricultural Land:																			
4. Suitable fodder crops and high production sown pastures	100	115	120	125	160	230	270	300	320	340	345	345	345	350	355	360	365	375	£6-£10 per cleared acre
5. Wheat, fat lambs, etc.	100	115	120	125	170	240	260	275	285	290	290	270	270	280	285	290	295	300	£6.10.0 per cleared acre
Dairying:																			
6. Butter fat and milk for processing	100	110	115	120	140	160	170	180	190	200	205	200	190	190	190	185	185	185	£50. 0.0 per cow area
Dairying: Milk Board Zone																			
7. Fresh milk production	100	110	120	125	150	180	200	215	220	225	225	225	225	225	225	230	230	230	£70. 0.0 per cow area
AVERAGE	100	111	117	122	147	197	220	238	256	269	274	265	263	265	268	270	273	276	

into valuation schedules and distributed to the banking system. The indexes are an expression of opinion as a result of the examination, inspection, rejection and acceptance of many sales and are subject to a number of objections but in the absence of anything else are at least an attempt to measure land price movements in recent years.

The units used in the index are the "sheep area", "cow area" and "cleared acre". The sheep and cow area values relate to areas adequately improved, except for buildings, sufficient to carry one sheep and one cow respectively. The cleared acre value applies to arable land and means one acre cleared for cultivation but otherwise unimproved. A most important provision is that "the values in each classification are of land assumed to be in the same state of development and in the same physical condition throughout the period covered by the index".[3] This assumption is most necessary, but, as time proceeds, who can be sure that the index arrived at will be of land in the same state of development as in the beginning?

There are other objections. Some of the categories cover such a wide area of land that different influences within the category could influence the index and this would not be apparent to anyone applying it. For instance, if we take the "woolgrowing and breeding" index. This would cover land on our tablelands, slopes and plains. Early in the period the pasture potential of tableland areas was not realised but, as this became evident, the value of land suitable for pasture moved upwards. Land in the lower rainfall, more westerly areas also moved up but at a slower rate and for different reasons. Later—within the last two or three years when other lands in this category have remained at fairly steady price levels—land on the western border has moved up more than land in the higher rainfall districts to the east, not because of any increased profitability of sheep, but because seasons have been kind, machinery is larger and wheat prices are sufficiently attractive to cause wheat growing to become established further and further west. The usefulness of the index then becomes confused. Another unsatisfactory feature is that the basic value for "Agricultural Land", £6-£10 per cleared acre, is indefinite and makes the fixing of subsequent indexes difficult.

Increases in value within categories then may have been at different times and of different types of land—in one case in land and in another case partly because of better machinery becoming available—and partly due to wheat prices being sufficiently attractive to encourage wheat growing on land previously regarded as marginal and best suited for grazing. In its present form it is subject to serious handicaps, not the least being that it relies on the judgement of one individual and there are few statistics to which it can be related. Apart from this, it is very general and open to criticism should the subject become topical, it being difficult to factually support a particular index in the event of a difference of opinion, as each figure is a purely subjective one, unsupported by statistics. Additionally, there is the physical difficulty which it is practically impossible to overcome. Huge areas of land in different categories have to be viewed and sales prices examined each year and "average" values assessed, using the procedure outlined in the previous section dealing with "Valuation Procedure".

[3] H. G. Collins, *The Quarterly Review of Agricultural Economics*, Vol. 7, No. 4, October, 1954.

Alternate Methods of Index Construction

Being aware of some of the shortcomings of the present index and that various people were interested in having it revised and kept up to date a number of alternative procedures have been looked at in an endeavour to produce something which would be satisfactory to all concerned, but with little success. At one stage the most satisfactory way to construct an index appeared to be to take a number of properties in the State, representative of the main rural industries, and value these as at 1st July or 1st January each year. Unfortunately this procedure would be subject to many of the objections inherent in the present method. There would still be the physical task of examining sufficient sales to obtain a basis to enable comparison and revaluation. The resultant figures would depend upon correct interpretation of the sales and their application to the theoretical farms. Not all types of industry would be covered, nor would all areas of the State or Commonwealth be represented.

In dealing with this subject it is important to understand that independently of prospects, the availability of finance exerts a strong influence on the number of transactions effected and subsequently on prices. The price level of rural land does not move quickly according to prospects of unprofitability. In periods of high prices for the products of land more properties tend to come on the market and higher prices are paid but, when these conditions no longer apply, there is a tendency to ask the old price or not sell and the time lag may be considerable before mortgagee sales, deaths, and other eventualities establish new price levels for lands in different districts.

During the waiting period it is frequently very difficult to obtain sufficient sales to establish a level of value. It is during a period such as this that the volume of transactions shrinks appreciably and agents tend to become vociferous about the fall in land values, when in fact there have been insufficient sales to arrive at a new level of value. Under these circumstances the old adage is most applicable—one swallow does not make a summer—nor do one or two high or low sales make a new level of values.

It is understood that the Bureau of Agricultural Economics, in the course of various industry surveys, gathered information which led it to conclude that only about 2 per cent of rural properties are sold each year. If this is so it would not require much diminution in volume to cause difficulty in obtaining enough sales to analyse and form opinions about trends in value of all types of land. Apparently about this percentage changes hands in U.S.A. each year, as is evidenced by the following quote:

> "The nation's farmland and buildings are worth roughly $140 billion, but less than 2 per cent of this value changes hands from year to year. Total value of all sales was about $2·5 billion in 1961-62".[4]

The Commonwealth Statistician collects monthly details of the numbers of urban and rural properties changing hands together with the consideration involved. These figures are not published and no details of the acreages concerned are available. However, inquiries show they

[4] *The Farm Index*, United States Department of Agriculture, Economic Research Service, May 1963.

include the majority of Crown Lands. The definition of "rural" is not precise as it may include all properties of 5 acres or more unless described as non-rural and could include a number of subdivisions, in outlying suburbs, of the major cities. However, this data indicates a change of ownership each year of 5 per cent of properties—see Table 2—without including transfer of Crown Lands. This estimate is considerably higher than the B.A.E.'s estimate of 2 per cent.[5] So far as is known these are the only figures of their kind that are available.[6] If the acreage involved were known, a rough index could be constructed.

TABLE 2

Number of Rural Properties Changing Hands in N.S.W. Expressed as Percentage of Total Rural Holdings

	No. changing hands	Total number Rural properties	%
1956	*4,374	77,855	5·6
1957	3,978	77,812	5·1
1958	4,177	78,120	5·4
1959	4,324	77,857	5·6
1960	5,179	77,499	6·7
1961	4,096	76,871	5·3
1962	4,017	76,949	5·2
1963	4,765	76,294(s)	

* Adjusted as March 1956 figures are not available.
(s) Subject to revision.
Source: Derived from unpublished data from the Commonwealth Bureau of Census and Statistics.

The United States Department of Agriculture regularly publishes information concerning the percentage increase in land values in each state, the proportion of land purchased by farmers, the method of finance and factors affecting the price of land. For example:

> "Since 1945 the price of an acre of land has been more closely keyed to the rise in per capita income of the non-farm population than it has to the incomes of farm people."[7]

Similar information, if available here, would be very valuable to government departments, lenders and others.

How is it that the U.S.D.A. is able to be so definite and specific in their statements concerning various aspects of land transfers while at best we are able to make only general statements? The following explains in part some of the riddle.

> "The Farm Economics Division of the Department of Agriculture is responsible for a continuous survey of *farm real estate values,* which is used by the Department and many other Government agencies in the formulation of Government farm policy, tax policy, or credit policy. The findings are also made available to lending

[5] Details of the number of rural properties of 5 acres or more changing hands monthly for N.S.W. are available from the author.

[6] F. H. Gruen, K. O. Campbell and Sir John Crawford, "Report on Shortcomings of Australian Farm Financial Statistics and Desirable Improvements". *Australian Journal of Agricultural Economics,* Vol. 6 No. 2, pp. 81-84, December, 1962 and K. M. Archer's comment on this report, *Australian Journal of Agricultural Economics,* Vol. 6, December, 1962, p. 85.

[7] *The Farm Index,* U.S.D.A.—Economic Research Service, October 1963.

agencies or other persons concerned with the transfer or financing of farm real estate.

"The Department of Agriculture established a chain of observation posts throughout the United States in 1912 to obtain regular reports for this purpose. The observers comprise two main groups of voluntary reporters. Farm-reporters provide estimates of the market value of farmland and the number of farms sold in their localities over certain periods. A special group of dealers in farm real estate and others familiar with the farm real estate market was added in 1926. At the present time the voluntary reporting system includes more than 20,000 farmers and about 10,000 special real-estate reporters. They submit their observations by mail twice a year. Data from all sources are summarized, and reports for general distribution are published three times a year.

"The value the Farm Economics Research Division places on farmland is of course an estimate, as there is no system for reporting the actual prices of all farms sold. However, it appears that the estimated price is closely in line with the price certain farm-land would bring if offered for sale."[8]

This method, whilst still open to criticism of various kinds, apparently works and enables the type of measurements to be made, and information supplied which is sought.

In this country we are blessed or cursed with a plethora of uncoordinated valuation bodies as is evidenced by the following statement of the Rural Reconstruction Commission.

"The various authorities in each State which maintain valuation services of one kind or another with few exceptions operate independently, follow different principles and objectives and adopt divergent viewpoints and procedures. This results in administrative duplication and multiple values, and causes annoyance to landowners, confusion to taxpayers and misunderstandings in the general community.

". . . Overall, valuations are uneven and defective, and often unreliable. Considered as a general system of recording values, they are expensive, confused and chaotic. As a system of informing opinion they do more harm than good. Certainly, the publicity which valuations receive is so slight that no positive results can accrue. In this they are in marked contrast to the wide publicity so often given by interested parties to a sale at a high price."[9]

Subsequent to the Commission's report a Commonwealth Permanent Heads Committee ensured that for all Commonwealth purposes there would be one valuation authority. This is now a section which operates in the Taxation Department. It carries out valuations for such Departments as Civil Aviation, War Service Homes, Interior and many others. This is in distinct contrast to the position in N.S.W. where many of the remarks quoted above still apply.

The Valuer General's Department is the main State valuation authority within the State of N.S.W. and eventually will cover the whole State. When this is so, this Department could provide much

[8] C. de Geode, U.S. Embassy, Canberra. (Letter to Author).

[9] Ninth *Report* of The Rural Reconstruction Commission. "Rural Land Tenure and Valuation", Commonwealth Government Printer, Canberra, 1946.

valuable information concerning trends in land values throughout the State.

So far as this paper is concerned it is suggested that a system similar to the U.S.A. system could be used but, unlike it, professional valuers in Government Departments such as the Valuer General's Department of N.S.W., Federal Land Tax Department, State Rivers and Water Supply Commission of Victoria, as well as the larger institutions would be used and required to furnish values of particular types of land each year. These figures would be used by a responsible body to chart land price movements throughout the Commonwealth. At the same time the Commonwealth Statistician should be asked to collect some additional statistics regarding changes in farm ownership.

As a starting point it is suggested that particulars of the area changing hands, number of farms involved, cash consideration, whether purchased by farmer or non-farmer, number of family transactions together with the area and price involved, some details about the method of financing the purchase by either cash, bank, insurance company or vendor finance should be obtained. Further details about investment in new improvements or replacements would also be helpful.

Careful consideration of the additional facts required about the change in ownership of land is important, and should be undertaken in conjunction with other matters where more information is required. By the use of statistics combined with valuation authorities' opinions we should be able to make soundly-based judgements similar to those quoted by the U.S.D.A. They would provide a useful background for future development and enable the consequences of changes in economic conditions, as they affect the rural community, to be more closely observed.

A possibility in New South Wales

The N.S.W. Valuer General aggregates the value of all the properties in each shire revaluation but the area valued is not extracted. However, he does value all the land within a shire or municipality, the areas of which are set out by the Statistician. They can be used to determine the percentage increase in value per acre from valuation to revaluation. One difficulty here is that revaluations are not carried out annually and in fact the period between revaluations is increasing and may at present be as long as 5 or 6 years. However, by taking the N.S.W. Valuer General's valuations since 1939-40, the Statistician's shire areas in the relevant year and thus obtaining the average unimproved value per acre for each shire, it is possible by taking the values existing from 1939-40 to 1944-45 as the base year ($= 100$) to obtain per acre indexes for each shire at each revaluation. These indexes for six statistical divisions of N.S.W. are set out in Table 3. At present the Valuer General values less than half of N.S.W. but eventually he will cover the whole state. The indexes in Table 3 can be graphed and compared with those from the relevant land classification in Table 1. These results are shown in Figures 1, 2, 3, 4, 5 in the Appendix.

The method is not ideal and can probably be objected to as relying too much on different valuers' opinions and a combination of information which is not necessarily related and subject to time lags but, in the absence of certain essential statistics already referred to, appears to be about the only other avenue where corroboration or contradiction of the existing index may be forthcoming. Only the unimproved value

TABLE 3

Indexes of Unimproved Value per Acre for Six N.S.W. Statistical Divisions, 1939-45 = 100

NORTH COAST STATISTICAL DIVISION

Shire	Byron		Gundurimba		Kyogle		Terania		Tintenbar		Tweed	
	Year	Index	Year	Index	Year	Index	Year	Index	Year	Index	Year	Index
	1939-40	100	1939-40	100	1938-39	100	1940-41	100	1940-41	100	1941-42	100
	1942-43	100	1942-43	100	1946-47	105	1943-44	100	1943-44	100	1944-45	100
	1945-46	103	1945-46	102	1949-50	121	1946-47	105	1946-47	99	1947-48	141
	1948-49	112	1948-49	121	1952-53	146	1949-50	120	1949-50	113	1950-51	213
	1951-52	139	1951-52	179	1955-56	177	1952-53	144	1952-53	136	1953-54	279
	1954-55	166	1954-55	215	1959-60	168	1955-56	163	1956-57	152	1956-57	342
	1958-59	154	1958-59	199			1959-60	146	1960-61	159	1960-61	476
	1962-63	190	1962-63	172								

NORTH WEST AND SOUTH WEST SLOPES STATISTICAL DIVISIONS

Shire	Cockburn		Nundle		Peel		Holbrook		Hume		Tumbarumba	
	1941-42	100	1940-41	100	1939-40	100	1939-40	100	1941-42	100	1941-42	100
	1944-45	100	1943-44	100	1942-43	100	1942-43	100	1944-45	100	1947-48	172
	1947-48	116	1946-47	101	1948-49	138	1945-46	110	1947-48	114	1950-51	200
	1950-51	164	1949-50	134	1951-52	257	1948-49	114	1950-51	138	1953-54	271
	1953-54	191	1952-53	186	1954-55	303	1951-52	155	1953-54	212	1957-58	331
	1957-58	203	1956-57	204	1962-63	284	1954-55	201	1956-57	289	1961-62	321
	1961-62	199	1960-61	213			1958-59	216	1960-61	303		
							1962-63	223				

SOUTH COAST AND CENTRAL TABLELANDS STATISTICAL DIVISIONS

Shire	Mittagong		Wingecarribee		Wollondilly		Abercrombie		Blaxland		Cudgegong	
	1941-42	100	1940-41	100	1941-42	100	1940-41	100	1939-40	100	1939-40	100
	1947-48	113	1943-44	100	1947-48	114	1943-44	100	1942-43	100	1942-43	100
	1950-51	184	1946-47	104	1950-51	180	1946-47	103	1945-46	110	1945-46	93
	1953-54	257	1949-50	140	1953-54	255	1949-50	125	1948-49	125	1948-49	108
	1956-57	217	1952-53	295	1956-57	342	1952-53	201	1951-52	166	1951-52	156
	1960-61	329	1955-56	346	1959-60	528	1956-57	256	1954-55	207	1954-55	222
			1959-60	482			1960-61	276	1958-59	221	1957-58	278
									1962-63	213	1961-62	274

SOUTHERN TABLELANDS STATISTICAL DIVISION

Shire	Oberon		Turon		Waugoola		Mulwaree	
	1940-41	100	1939-40	100	1940-41	100	1942-43	100
	1943-44	100	1942-43	100	1941-42	100	1945-46	102
	1946-47	112	1945-46	107	1944-45	100	1948-49	118
	1949-50	131	1948-49	114	1947-48	114	1951-52	201
	1952-53	187	1951-52	170	1950-51	154	1954-55	213
	1955-56	309	1954-55	252	1953-54	230	1958-59	296
	1959-60	395	1958-59	301	1957-58	257	1962-63	308
			1962-63	304	1961-62	234		

indexes have been charted and compared with the appropriate index of Table 1. The improved values would include improvements made during the period, and it would be difficult to assess the additional value of these improvements.

Unimproved value in relation to improved land means the sum which the land might be expected to realise if offered for sale upon such reasonable terms and conditions as a bona fide seller would require, assuming that at the time at which the value is assessed the improvements did not exist upon the land, but includes the benefits derived from all amenities adjacent to the land existing at the date of valuation. In ascertaining this figure the Valuer General's officers would either use sales of reasonably comparable unimproved land, or use sales of improved lands from which had been deducted the value of all improvements effected to the land. It is a notional figure but does exclude the effect of improvements made during the period under review.

The index constructed in Table 1, subject to all of its limitations, does receive some support by comparing its movements with those of the indexes of unimproved values struck by the N.S.W. Valuer General in a number of N.S.W. shires. Comparison of these movements from two completely independent sources is set out in Figs. 1-5. By and large, the divergence of opinion is not great—with the exception of the Tweed in Fig. 1.

APPENDIX

*Comparison of the Valuer General's U.C.V. index with that from Table 1 for 6 North Coast Shires**

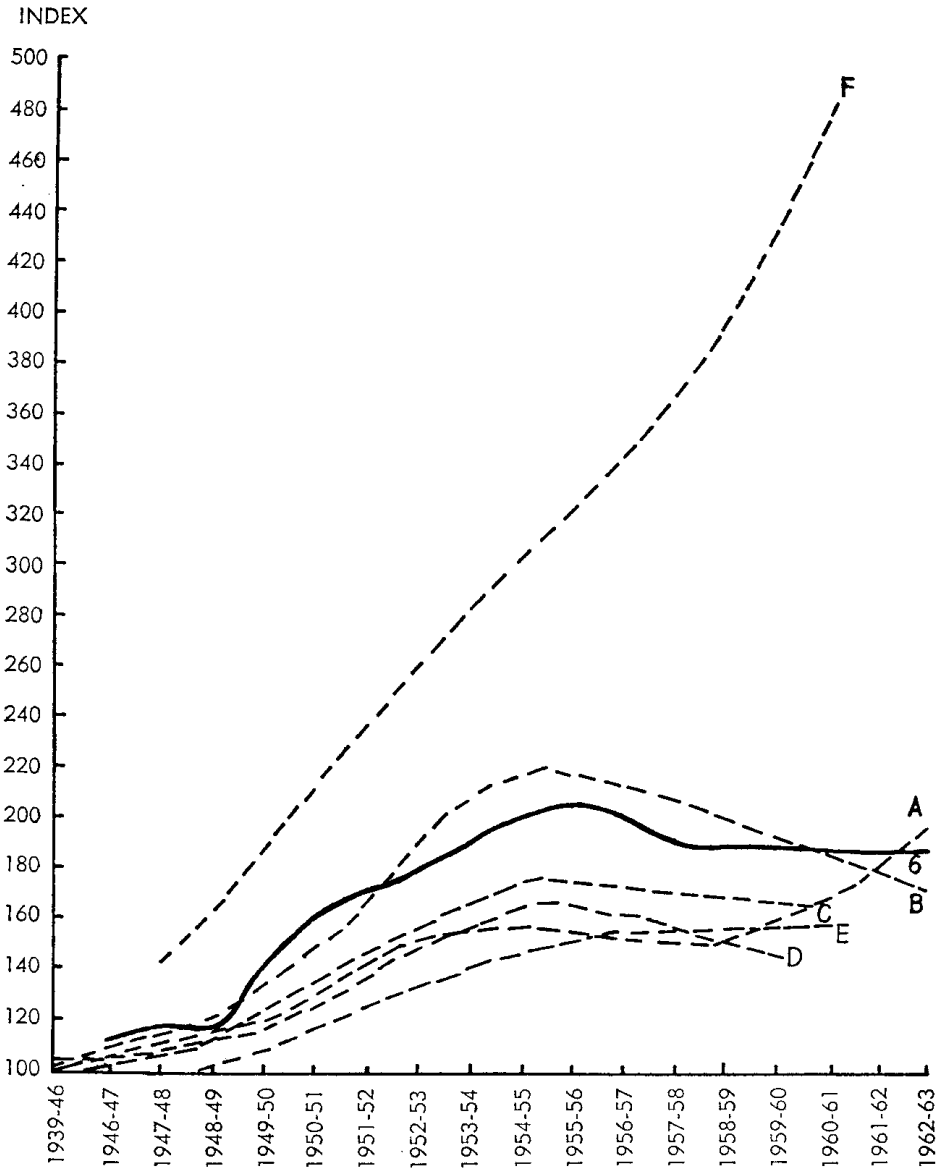

FIG. 1

* From Table 1, class 6 lands—dairying for butter and milk processing—were chosen to compare with the Valuer General's U.C.V. index.

A = Byron C = Kyogle E = Tintenbar
B = Gundurimba D = Terania F = Tweed
6 = Class 6 lands from Table 1

*Comparison of the Valuer General's U.C.V. index with that from Table 1 for 3 South Coast Shires**

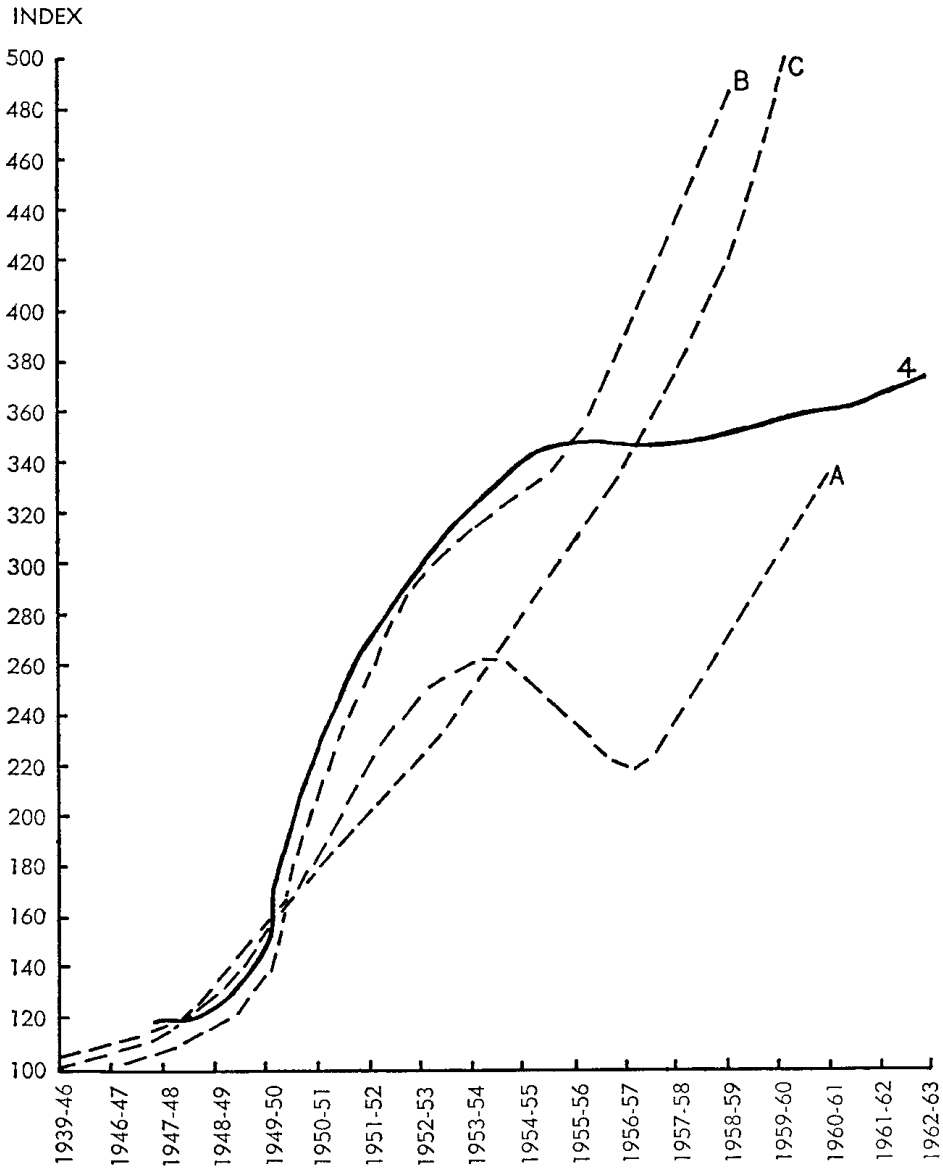

FIG. 2

* From Table 1, class 4 lands—agricultural land suitable for fodder crops and high production sown pastures—were chosen to compare with the Valuer General's U.C.V. index.

A = Mittagong B = Wingecarribee C = Wollondilly

4 = Class 4 lands from Table 1

*Comparison of the Valuer General's U.C.V. index with that from Table 1 for 7 Central Tablelands and Mulwaree (Southern Tablelands) shires**

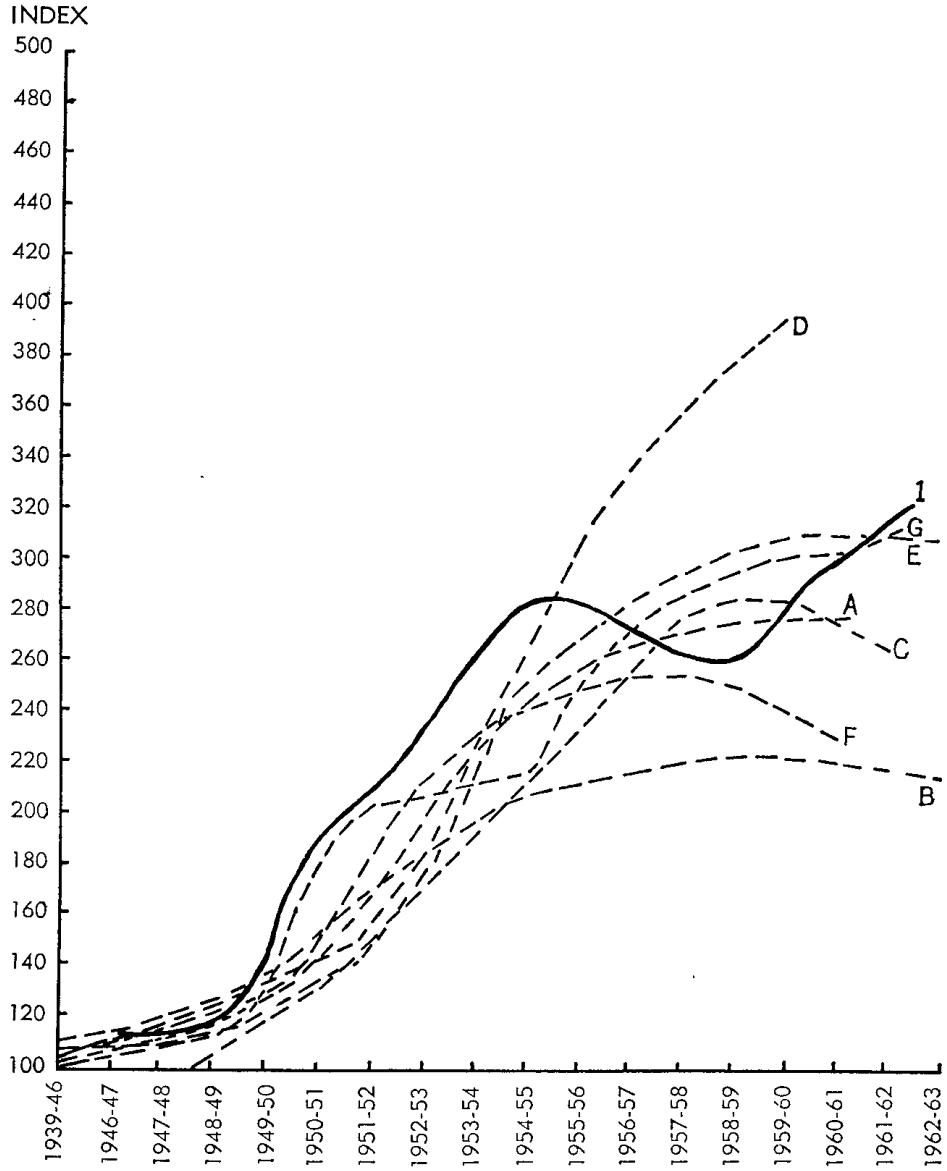

FIG. 3

* From Table 1, class 1 lands—grazing land for merino breeding and wool-growing —were chosen to compare with the Valuer General's U.C.V. index.

A = Abercrombie
B = Blaxland
C = Cudgegong
D = Oberon
E = Turon
F = Waugoola
G = Mulwaree

1 = class 1 lands from Table 1

*Comparison of the Valuer General's U.C.V. index with that from Table 1 for 3 North West Slopes Shires**

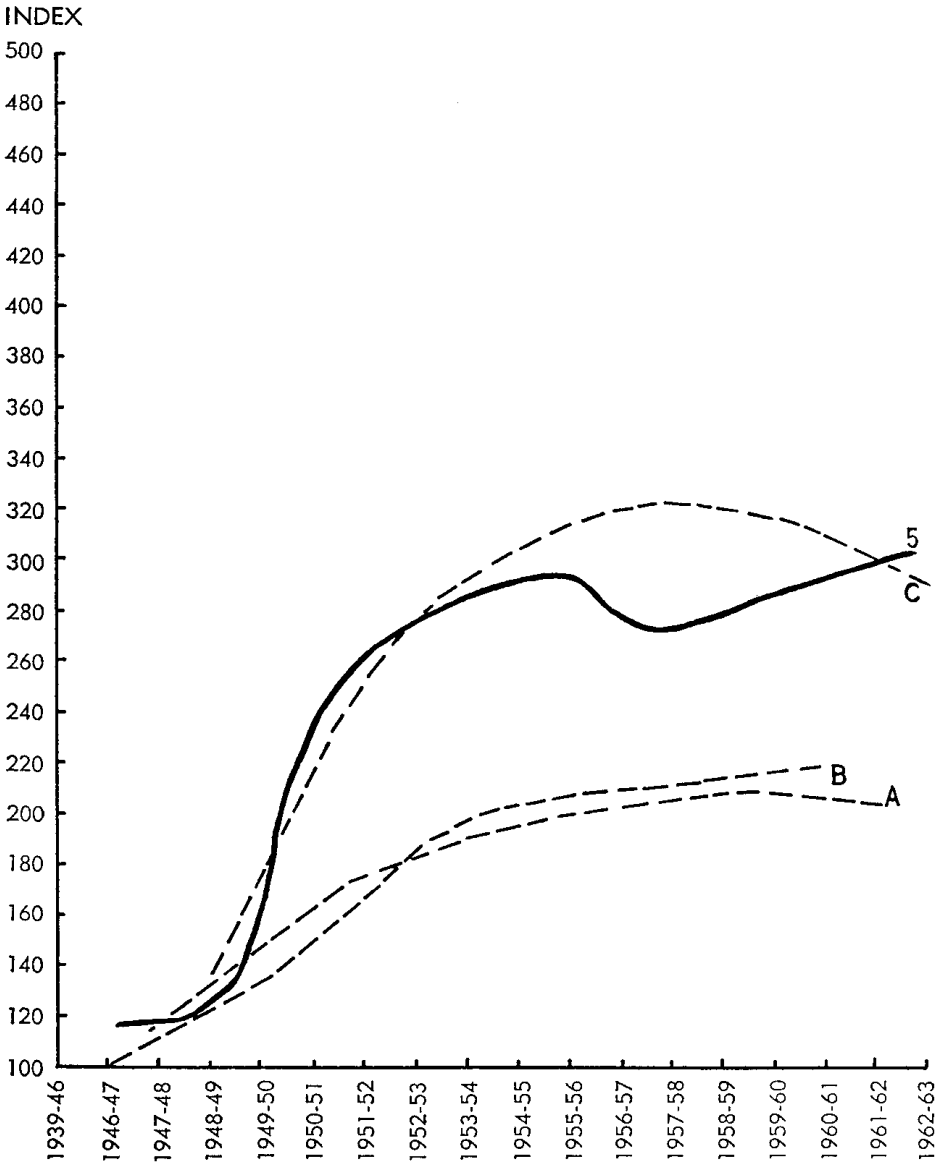

FIG. 4

* From Table 1, class 5 lands—agricultural land for wheat, fat lambs etc.—were chosen to compare with the Valuer General's U.C.V. index.

A = Cockburn B = Nundle C = Peel

5 = class 5 lands from Table 1

*Comparison of the Valuer General's U.C.V. index with that from Table 1 for 3 South West Slopes shires**

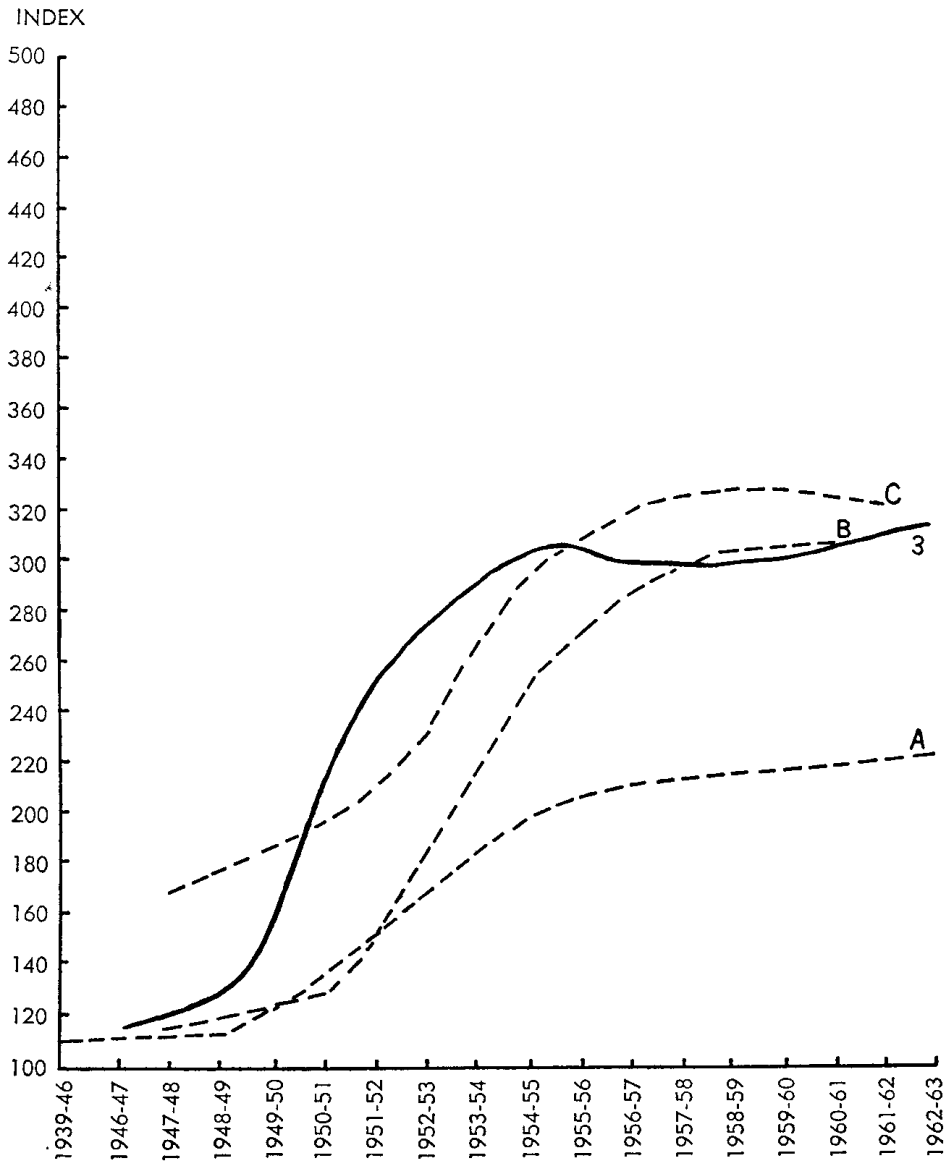

FIG. 5

* From Table 1, class 3 lands—grazing, part arable with suitable sown pastures—were chosen to compare with the Valuer General's U.C.V. index.

A = Holbrook B = Tumbarumba C = Hume

3 = class 3 lands from Table 1

Sources: Commonwealth Bureau of Census and Statistics; Department of the Valuer General, N.S.W.

(Figures are averages for 3 year periods ending with the year shown)