

B 2215

SELECTED READINGS  
ON  
LAND VALUE TAXATION  
IN AUSTRALIA

LINCOLN FOUNDATION  
Washington, D. C. June 1964



## PREFACE

This group of documents and articles describing the property tax laws and practices of the Australian states was received from the various state governments in Australia in response to an inquiry sent for us during 1963 by the then Australian Ambassador to the United States, Sir Howard Beale. Without his gracious cooperation none of this would have been possible. With his kind permission these documents have been reproduced for distribution in this country. All personal references have been deleted from the correspondence, but otherwise the material has been reproduced in its entirety.

A. M. Woodruff

Dean, School of Government, Business,  
and International Affairs,  
The George Washington University  
Washington, D. C.



## TABLE OF CONTENTS

	PAGE
1. Memorandum from Queensland State Land Tax Office, Feb. 1964 .....	1
2. Excerpts from Letter sent by Premier's Department, Sydney New South Wales, Feb. 1964, to Secretary, Department of External Affairs, Canberra, A.C.T. ....	5
3. New South Wales Land Tax, "Information Sheet, 1964-64." .....	9
4. Excerpts from Letter by Secretary for Local Government, Perth, Western Australia, 5th Feb. 1964. ....	15
5. Memorandum on "Taxes on Land in Western Australia", Feb. 1964 .....	16
6. Excerpts from Letter Sent by Secretary to Premier, Adelaide, South Australia, 6th Feb. 1964 to Secretary, Department of External Affairs, Canberra, A.C.T. ....	18
7. Excerpts from Memorandum on "Land Valuation and Property Taxation in Tasmania" Feb. 1964 .....	19
8. "How Site-Value Rating Would Affect Devonport, Tasmania"; Report on Survey Conducted by the Land Values Research Group, Victoria for the Devonport Junior Chamber of Commerce with the Cooperation of the Devonport Municipal Council, 1955 .....	21
9. "How Site-Value Rating Would Affect Clarence Municipality, Tasmania"; Report on Survey Conducted by the Land Values Research Group at the Request of the Clarence Municipal Council, 1954 .....	35
10. Report on Land Values Research Group Survey of City of Sale, Victoria	46
11. "What Has Land-Value Rating Done for Malvern"; Article by Mr. A. R. Hutchinson, Reprinted from "Malvern Advertiser" 20/7/61. ....	52
12. Excerpts from Letter Sent by Secretary, Premier's Department, Melbourne, Victoria, 28th Feb. 1964. ....	55
13. Memorandum on Laws and Procedures Affecting Property Taxation from State Rivers and Water Supply Commission, Victoria, 1964 ...	56
14. Notes on the Methods of Property Taxation Used in Victoria, Particularly for Local Government Rating Purposes, 12th Feb. 1964 .....	58
15. "Key to Decentralization?" by A. T. Hutchinson, B.Sc., A.M.I.E. Aust....	59

4.19

9.19

## SELECTED READINGS ON LAND VALUE

### TAXATION IN AUSTRALIA

#### 1. Memorandum from Queensland State Land Tax Office, Feb., 1964.

##### Application of Tax

Land Tax applies to all land in Queensland which has been alienated from the Crown for an estate in fee simple and is not exempt from taxation under the Act.

##### Lands Exempt from Taxation

The Land Tax Acts contain a comprehensive list of lands which are exempt from taxation.

Such lands include -

- (i) lands owned by the Commonwealth of Australia or the State or any Local Authority or other Public Authority.
- (ii) lands owned by or in trust for any friendly society.
- (iii) lands owned by or in trust for any trade union provided such land is not carried on for business or for pecuniary profit.
- (iv) lands owned by or in trust for any charitable or educational institution, if the institution is carried on solely for charitable or educational purposes and not for pecuniary profit.
- (v) lands owned by or in trust for any religious society if the proceeds thereof are devoted solely to religious, charitable or educational purposes.
- (vi) lands owned by or in trust for any person or society and used or occupied by that person or society solely as a site for a place of worship, a place of residence for any clergy, a charitable or educational institution not carried on for pecuniary profit, a building owned and occupied by a society, club or association not carried on for pecuniary profit, a public library, an institute or museum, a show ground, a public cemetery or public garden, recreation ground or reserve or fire brigade station, etc.

In addition, where only one parcel of land (less than 48 perches in area) is owned and used exclusively by a person for his own residential use and that person does not own any other land in Queensland, such land is exempt from taxation under the Act.

## Basis of Taxation

Land Tax is calculated on the aggregate unimproved value (less the statutory exemption applicable) of all lands held by an owner as at midnight on the 30th June immediately preceding the financial year in and for which the tax is levied.

"Unimproved value" is defined as the capital sum which the fee simple of the land might be expected to realise if offered for sale on such reasonable terms and conditions as a bona fide seller would require, assuming that at the time as at which the value is required to be ascertained, the improvements did not exist.

Particulars of unimproved values are furnished by the Valuer General and such values by law form the basis of assessments for land tax purposes.

However, since 1960, legislation has been brought down each year whereby, in respect of those lands in Local Authority areas valued by the Valuer General since 1960, the unimproved value, for land tax purposes, is calculated on the basis of 50 per cent of the aggregate of the previous and new values.

## Liability for Returns

Land tax returns are required to be lodged annually with the Commissioner for Land Tax by the 30th September if the aggregate unimproved value of a resident's holdings at midnight on the 30th June preceding the date for lodgment of returns amounts to or exceeds a certain figure. For 1962/63 this figure was 1,500 pounds - for the current financial year it has been increased to 2,000 pounds.

In the case of absentees from Australia and companies, returns must be lodged irrespective of the value of the land owned.

## Statutory Exemptions

The Land Tax Acts provide for an exemption to be allowed to owners resident in Australia before determining the taxable value.

The exemptions allowable for the current financial year are as follows:-

- (a) As respects country land which is used by the owner personally for agricultural, dairying or grazing purposes - the exemption is 5,250 pounds.
- (b) As respects land not so used - the exemption is 1,750 pounds.

No exemption is allowed to absentees or companies.

The amounts allowable by way of exemption are reviewed annually.

## Rates of Land Tax

The rates of tax applicable for the financial year 1963/64 are as follows:-



## SELECTED READINGS ON LAND VALUE

### TAXATION IN AUSTRALIA

#### 1. Memorandum from Queensland State Land Tax Office, Feb., 1964.

##### Application of Tax

Land Tax applies to all land in Queensland which has been alienated from the Crown for an estate in fee simple and is not exempt from taxation under the Act.

##### Lands Exempt from Taxation

The Land Tax Acts contain a comprehensive list of lands which are exempt from taxation.

Such lands include -

- (i) lands owned by the Commonwealth of Australia or the State or any Local Authority or other Public Authority.
- (ii) lands owned by or in trust for any friendly society.
- (iii) lands owned by or in trust for any trade union provided such land is not carried on for business or for pecuniary profit.
- (iv) lands owned by or in trust for any charitable or educational institution, if the institution is carried on solely for charitable or educational purposes and not for pecuniary profit.
- (v) lands owned by or in trust for any religious society if the proceeds thereof are devoted solely to religious, charitable or educational purposes.
- (vi) lands owned by or in trust for any person or society and used or occupied by that person or society solely as a site for a place of worship, a place of residence for any clergy, a charitable or educational institution not carried on for pecuniary profit, a building owned and occupied by a society, club or association not carried on for pecuniary profit, a public library, an institute or museum, a show ground, a public cemetery or public garden, recreation ground or reserve or fire brigade station, etc.

In addition, where only one parcel of land (less than 48 perches in area) is owned and used exclusively by a person for his own residential use and that person does not own any other land in Queensland, such land is exempt from taxation under the Act.

## Basis of Taxation

Land Tax is calculated on the aggregate unimproved value (less the statutory exemption applicable) of all lands held by an owner as at midnight on the 30th June immediately preceding the financial year in and for which the tax is levied.

"Unimproved value" is defined as the capital sum which the fee simple of the land might be expected to realise if offered for sale on such reasonable terms and conditions as a bona fide seller would require, assuming that at the time as at which the value is required to be ascertained, the improvements did not exist.

Particulars of unimproved values are furnished by the Valuer General and such values by law form the basis of assessments for land tax purposes.

However, since 1960, legislation has been brought down each year whereby, in respect of those lands in Local Authority areas valued by the Valuer General since 1960, the unimproved value, for land tax purposes, is calculated on the basis of 50 per cent of the aggregate of the previous and new values.

## Liability for Returns

Land tax returns are required to be lodged annually with the Commissioner for Land Tax by the 30th September if the aggregate unimproved value of a resident's holdings at midnight on the 30th June preceding the date for lodgment of returns amounts to or exceeds a certain figure. For 1962/63 this figure was 1,500 pounds - for the current financial year it has been increased to 2,000 pounds.

In the case of absentees from Australia and companies, returns must be lodged irrespective of the value of the land owned.

## Statutory Exemptions

The Land Tax Acts provide for an exemption to be allowed to owners resident in Australia before determining the taxable value.

The exemptions allowable for the current financial year are as follows:-

- (a) As respects country land which is used by the owner personally for agricultural, dairying or grazing purposes - the exemption is 5,250 pounds.
- (b) As respects land not so used - the exemption is 1,750 pounds.

No exemption is allowed to absentees or companies.

The amounts allowable by way of exemption are reviewed annually.

## Rates of Land Tax

The rates of tax applicable for the financial year 1963/64 are as follows:-

<u>Taxable Value</u>	<u>Tax</u>	
	<u>pound</u>	<u>§. d.</u>
Under 500		1 d. per pound of taxable value
500 to 999 inclusive -	2.	1. 8 plus 1 3/4 d. per pound of taxable value over 500 pounds
1,000 to 1,999 inclusive -	5.	14. 7 plus 2 3/4 d. per pound of taxable value over 1,000 pounds
2,000 to 2,499 inclusive -	17.	3. 9 plus 4 1/4 d. per pound of taxable value over 2,000 pounds
2,500 to 2,999 inclusive -	26.	0. 10 plus 4 3/4 d. per pound of taxable value over 2,500 pounds
3,000 to 3,999 inclusive -	35.	18. 9 plus 5 1/4 d. per pound of taxable value over 3,000 pounds
4,000 to 4,999 inclusive -	57.	16. 3 plus 5 3/4 d. per pound of taxable value over 4,000 pounds
5,000 to 19,999 inclusive -	81.	15. 5 plus 6 1/4 d. per pound of taxable value over 5,000 pounds
20,000 to 34,999 inclusive -	472.	7. 11 plus 6 3/4 d. per pound of taxable value over 20,000 pounds
35,000 to 49,999 inclusive -	894.	5. 5 plus 7 1/4 d. per pound of taxable value over 35,000 pounds
50,000 to 64,999 inclusive -	1,347.	7. 11 plus 7 3/4 d. per pound of taxable value over 50,000 pounds
65,000 to 79,999 inclusive -	1,831.	15. 5 plus 8 1/4 d. per pound of taxable value over 65,000 pounds
80,000 to 99,999 inclusive -	2,347.	7. 11 plus 8 3/4 d. per pound of taxable value over 80,000 pounds
100,000 and Over		7 1/2 d. per pound of taxable value.

As respects land owned by a Mutual Life Assurance Society (i. e. a Life Assurance Society which distributes the whole of the profits among the policy holders) the rate of tax is 4 pence for every pound of the unimproved value of the land.

As in the case of exemptions allowable, the rates and grades of tax are annually reviewed.

## Penalties

The Land Tax Acts provide for the imposition of penalties in certain circumstances.

These include -

- (i) where an owner fails to lodge a return as required.
- (ii) where a return is lodged late - i. e. after the 30th September or at the expiration of any additional time which may be allowed by the Commissioner.
- (iii) where particulars of land owned are omitted from a return, etc.

Penalties imposed may be remitted in part or in whole by the Commissioner for reasons which in his discretion he thinks sufficient.

## Objection and Appeal Rights

A Notice of Assessment is issued to each land owner liable for payment of land tax setting out the unimproved value, the amount of exemption allowed, the taxable value on which the tax has been assessed, the amount of tax payable and the due date for payment thereof.

If a taxpayer is dissatisfied with his assessment he may -

- (a) Lodge an objection thereto, with the Commissioner, or
- (b) Lodge an appeal to the Land Court direct.

Should he be dissatisfied with the decision by the Commissioner on his objection, he may lodge an appeal to the Land Court.

## Recovery of Tax

Land Tax is a debt due to the Crown and may be recovered by the Commissioner in his own name in any District Court or Magistrates Court. Commissioner may, as an alternative, require the mortgagee, lessee or occupier of the land to pay the tax.

## General

In Queensland, most of the land is leased from the Crown under some form of leasehold tenure - only 6% approximately of the total area of the State being freehold land subject to the provisions of The Land Tax Acts.

Collections by way of land tax over the last few years have been as follows:-

<u>Year</u>	<u>Amount of Tax</u>
1960/61	1, 745, 000 pounds
1961/62	1, 760, 000 pounds
1962/63	1, 655, 000 pounds

By far the greater proportion of the tax is paid by companies, combines and banking corporations who own valuable lands in the capital and provincial cities and towns. As an example, for 1962/63, although these companies represented only 25% of the 13,300 taxpayers involved they contributed 70% of the tax for the year.

For 1963/64, the estimated revenue from land tax is 1,750,000 pounds.

---

2. Excerpts from Letter Sent by Premier's Department, Sydney, New South Wales, Feb. 1964 to Secretary, Department of External Affairs, Canberra, A.C.T.

Local Government Rating.

The primary source of local government revenue in New South Wales for general purposes as distinct from charges and fees for special services such as night-soil and garbage removal, electricity and gas supply, is the rating of land.

All municipal and shire councils are required to levy a uniform general rate on the unimproved capital value (site value) of all ratable land within their areas with the exception that in certain municipalities a lower general rate must be levied upon "urban farm lands".

Councils are also empowered to levy special rates (i.e., rates levied throughout the whole area for a special purpose), local rates (i.e., rates levied in a definite part of an area for a special purpose, e.g., water supply and sewerage) and loan rates levied to meet instalments of principal and interest on loans raised from private lenders. These rates may be levied on either the unimproved or improved capital value, but, as there are only two minor instances where the latter value is used, the rating system generally in force for local government purposes is rating upon the unimproved capital value.

Determination of the valuations upon which rates shall be levied is, in the more important parts of this State, the duty of the Valuer General, a Government Officer who operates under and in pursuance of the Valuation of Land Act 1916-1963. His valuations are used for a number of other official purposes besides local government rating, including the levy of land tax by the State and rating by various statutory bodies.

The general scheme of valuing embodied in the Valuation of Land Act ensures that valuations will reflect market values as at the time they are made and that the valuations are made irrespective of the purposes for which they may be used.

In areas to which the provisions of the Act have not yet been extended, valuations are made for local government purposes by qualified persons appointed by councils, in accordance with Schedule Three to the Local Government Act. In general the provisions of the Schedule parallel the Valuation of Land Act.

The influence of rising land values upon rating and taxing is a constant source of representations for amendment of the valuation and rating laws. In 1959 the Government appointed an expert committee to examine certain relevant questions. The Committee concluded that in general the system was satisfactory and, although amendments have been made to overcome certain problems and other amendments are currently under consideration, the main provisions have not, and are unlikely to be, altered in substance.

### Stamp Duty

The Stamp Duties Act, 1920, as amended, has imposed a stamp duty on certain types of instruments executed by persons in this State, or which, if executed outside New South Wales, relate to any property situate, or any matter or thing done or to be done, in any part of New South Wales. The second main division of the Act imposes also a charge for death duty in the estate of deceased persons.

The section of the Act which deals with the charge for stamp duty includes also certain types of returns and documents which the Act requires to be completed and which on completion become subject to stamp duty.

The types of instruments and returns charged with stamp duty under the Stamp Duties Act referred to are very similar to those in other countries including England and the other States of the Commonwealth of Australia, and extend to contracts for the sale of land with the subsequent transfers and conveyances, transfers of shares, transfers and assignments of various other classes of personal property such as insurance policies, mortgages and property rights under various contracts. It includes also a charge on a policy of insurance of any kind except a life policy, declaration of trust, lease or agreement for lease whether over real or personal property, hire-purchase agreements, letter or power of attorney, receipts, bills of exchange including cheques and promissory notes, and on agreements or contracts generally.

Transfers of land and of personal property by way of gift are charged at a higher rate than transfers on sale, the gift rate being applied to any instance where the value of the property so transferred exceeds the saleprice.

The death duty provisions also are very similar to those operating in England and several States of the Commonwealth and extend to real estate of deceased persons situate in New South Wales; personal estate situate in New South Wales and, where the deceased person was domiciled in New South Wales, the personal estate wherever situate. Provision is made, in order to avoid double taxation, for a rebate in those cases where duty is chargeable also in the State or country where the personal property is actually situate.

Besides charging testamentary property the Act makes provision for the charge to extend to property the subject of a gift within the period of three years preceding the date of death if the gift was free of any benefit or possession in favour of the deceased donor and to a gift made at any time where not so freed of benefit or possession. Additional thereto, the property contained in a settlement made by the deceased person containing a trust to take effect after his death is made dutiable; also dutiable are a settlement or disposition of property which is accompanied by a contract for benefit or where the deceased has retained a right to reclaim the property, and any property over which he has a general power of appointment.

Other taxation provisions extend to jointly held property, a policy of insurance where the deceased has paid premiums, and to property purchased or in some way provided by the deceased where a benefit arises on his death.

The taxing provisions extend also to property over which the deceased person had an interest limited to cease on his death, the property being taxed in the proportion that the interest enjoyed bears to the total income from the property referred to.

Some material on taxation provisions covering stamp duty and death duty in New South Wales are contained in a fairly recent Harvard University taxation study prepared by the Dean of the Faculty of Law and issued approximately in 1960. This study was prepared by the Dean with the aid of several senior Officers of the Stamp Duties Department and may be of some assistance to Mr. Woodruff in his study of property taxation in Australia.

### State Land Tax

A tax on the unimproved capital value of freehold lands in New South Wales and lands held from the Crown on tenures such as conditional purchase, settlement purchase, or lease in perpetuity, has been imposed by the State since the 1st November, 1956. A tax on freehold tenures in the unincorporated areas of the Western Division, where local rates are not imposed, was abolished on the 31st October, 1956.

The land tax is imposed at graduated rates on the aggregate of the unimproved values of all lands owned by a person, company, etc., on the 31st October each year. No tax is payable if the aggregate value of the lands is 7,500 pounds or less (15,000 pounds in the case of land used for primary production). A deduction of similar amounts is allowed in respect of lands of higher value, but this is reduced by 3 pounds for every 1 pound by which the value exceeds 7,500 pounds (or 15,000 pounds). A further deduction of 6 pounds for each registered merino ewe owned at the 31st December (preceding the year of tax) is allowed to owners of merino sheep studs.

The rates at which the tax is levied are shown in the table at the end of this letter.

Certain lands are wholly exempt from the tax. These include those owned by the Crown, Local government or other public authority, specified gas or electricity supply authorities, public or licensed private hospitals, charitable or educational institutions carried on solely for those purposes and not for profit, registered associations of employers or employees, and building, cooperative, friendly, medical benefit, or hospital benefit societies, and those owned by and used for the purposes of religious societies, racing clubs, and agricultural show societies. Lands used solely as a site for a place of worship, a club or charitable institution not carried on for profit, a children's home, a registered private school, a cemetery, or other prescribed purposes are also exempt, as are lands used primarily for sport and owned by sporting clubs not carried on for profit. Land used as a site for a club is only partially exempt if the building erected on it is not occupied solely by the club.

The value of lands owned by a mutual life assurance society and used for the conduct of life assurance business is taxed at a concessional rate of 1d. per 1 pound per

taxable value. If the society is a non-mutual one, the proportion of the value of the land to be taxed at the concessional rate is determined by reference to the proportion of the amount of the society's surplus allocated to policy holders. The concession applies to only part of the value of the land if it is used also for purposes other than life assurance business.

The amount of Land Tax collected in 1962/63 was 10,143,517 pounds.

It might be noted that, as indicated in the attached Information Sheets, a rebate of 5% is now allowed from land tax payable under the rates set out previously. The rebate is applicable to land tax assessments in respect of the 1963/64 and future land tax years.

Table ----- Rates of Land Tax, New South Wales

Taxable Value		Tax on Amount in First Column	Tax on each 1 pound of Balance of Taxable Value.
Not less than	Not more than		
pounds	pounds	pounds . s . d	d.
-	2,500	Nil	1
2,500	5,000	10. 8. 4	1 1/2
5,000	10,000	26. 0. 10	2
10,000	15,000	67. 14. 2	2 1/2
15,000	20,000	119. 15. 10	3
20,000	25,000	182. 5. 10	3 1/2
25,000	30,000	255. 4. 2	4
30,000	35,000	338. 10. 10	4 1/2
35,000	40,000	432. 5. 10	5
40,000	45,000	536. 9. 2	5 1/2
45,000	50,000	651. 0. 10	6
50,000	55,000	776. 0. 10	6 1/2
55,000	60,000	911. 9. 2	7
60,000	65,000	1,057. 5. 10	7 1/2
65,000 and over		1,213. 10. 10	8



3. New South Wales Land Tax, "Information Sheet, 1963-64."

Persons Liable To Furnish Returns. - Returns must be furnished by persons and companies who own one or more parcels of land in New South Wales, the total unimproved value of which-- exceeds 15,000 pounds where all the land is used for primary production: exceeds 7,500 pounds in all other cases.

In arriving at the total unimproved value of land owned, persons should have regard to land owned individually and also, where applicable, under any of the special forms of ownership specifically referred to in the Act. For further details see also paragraphs 7 and 8.

Owners of non-residential lots in home units registered under the Conveyancing (Strata Titles) Act, 1961, must furnish returns where the unimproved value of the land on which the building is erected exceeds 7,500 pounds.

A return must be furnished by all persons within the abovementioned categories irrespective of whether or not there has been any change in land holdings between midnight on 31st October, 1962, and midnight on 31st October, 1963.

5. Unimproved Value. -- The unimproved value of a parcel of land for land tax purposes is the unimproved value which as at midnight on 31st October 1963, appeared in--

- (a) the valuation list last furnished to a Shire or Municipal Council by the Valuer-General but excluding valuations made under Section 70 of Valuation of Land Act, 1916-1961; or
- (b) in areas not valued by the Valuer-General, the valuation book of a Shire or Municipal Council in force for the rating year 1963; or
- (c) in the unincorporated areas of the Western Division, the valuation roll kept by the Western Lands Commissioner.

6. Statutory Exemption. -

(a) Land used for primary production purposes (where no other land is owned)--

Where the total unimproved value of all land owned--

Is 15,000 pounds or less ... .. fully exempt.

Lies between 15,000 pounds and 20,000 pounds ... a deduction of 15,000 pounds less 3 pounds for each 1 pound by which the unimproved value exceeds 15,000 pounds.

Is 20,000 pounds or more ... .. nil exemption.

(b) Other land (where no land used for primary production is owned)--

Where the total unimproved value of all land owned--

Is 7,500 pounds or less ... .. fully exempt.

Lies between 7,500 pounds and 10,000 pounds ... a deduction of 7,500 less 3 pounds for each 1 pound by which the unimproved value exceeds 7,500 pounds.

Is 10,000 pounds or more ... .. nil exemption.

(c) Composite holdings (where both types of land are owned)--

Where the total unimproved value of all land owned--

Is 7,500 pounds or less . . . . . fully exempt.

Lies between 7,500 and 20,000 pounds . . . partial exemption, having regard to the proportion each type of land bears to the whole.

Is 20,000 pounds or more . . . . . nil exemption.

(d) Registered merino sheep studs--

In addition to the deduction (if any) provided for in (a) or (c) above, a further deduction of an amount calculated at the rate of 3 pounds for every stud merino ewe registered in the New South Wales Section of the Australian Stud Merino Flock Register as owned by the taxpayer at 31st December, 1962.

NOTE: No deduction is allowable for amounts owing by an owner under any mortgage or other charge on land or as unpaid purchase money.

7. Primary and Secondary Taxpayers. -- In certain cases, the Act provides for the inclusion of land in the assessments of both a primary taxpayer (usually the legal owner) and a secondary taxpayer. For example, land held in trust for a beneficiary would be taxed in the hands of the trustee (and legal owner) as primary taxpayer and would also be aggregated with any other land owned by the beneficiary in his assessment. The beneficiary would be a primary taxpayer in respect of his other land and a secondary taxpayer in respect of the trust land.

To prevent double taxation, however, a person assessed in respect of land as secondary taxpayer is entitled to have deducted from the land tax payable by him the lesser of the following amounts:--

- (a) The tax payable in respect of that land in his own assessment; and
- (b) The tax payable in respect of that land in the primary taxpayer's assessment.

Secondary taxpayers include joint owners in their individual assessments, beneficiaries under Trusts, Settlements and Wills and persons receiving the income from a business carried on on land by some other person who is the legal owner. See also paragraph 8.

8. Special Forms of Ownership. -

(a) Joint Owners, etc. -- Means persons who own land jointly or in common and includes persons who have a life or greater interest in shares of income from the land.

Where persons own land individually and such land is used by a partnership of which they are members, they are deemed, for the purpose of land tax, to be joint owners of such land.

A return must be furnished for the Joint Ownership and, in addition, each Joint Owner must include in his separate return his proportion of the jointly-owned land as well as other land owned by him individually.

(b) Trustees. -- Includes executors, administrators, guardians, committees, receivers and liquidators.

A separate return must be lodged for each trust.

Trustees should refer to Section 64 of the Act in regard to the liability imposed on them.

(c) Beneficiaries under Trusts, Settlements and Wills. -- Returns are not required by Annuitants but Life Tenants and others who derive an interest in land under Trusts, Settlements and Wills, must furnish returns including their interest under the Trust, Settlement or Will as well as any other land owned by them either individually or as joint owners.

(d) Persons deemed to be owners. -- These include--

any person to whom the Crown has contracted to grant the fee simple of any land, e. g., Conditional Purchases, Settlement Purchases, etc. ;

any person who holds a lease in perpetuity from the Crown;

any person owning a freehold estate less than the fee simple (other than under a lease for life) to the exclusion of remaindermen or reversioners;

any person owning an equitable estate in land;

any purchaser of land so soon as he has obtained possession of the land;

a vendor of land until possession of the land has been delivered to the purchaser and at least 15 percent of the purchase money paid, unless

exempted by the Commissioner. Reference should be made to Section 26;

any person receiving (e. g., as beneficiary) the income from a business carried on on land by some other person who is the legal owner of the land (e. g., a trustee);

mortgagees who in regard to the land mortgaged have, for three years prior to 1st November, 1963, used that land, been in receipt of the rents and profits of that land, been in receipt of the income of any business carried on on such land or appointed a receiver of the rents and profits of that land.

9. Home Units. - Special provisions apply to the liability for land tax of home units registered under the Conveyancing (Strata Titles) Act, 1961.

Briefly, the unimproved value of such a unit is an amount equal to that portion of the unimproved value of the land on which the building is erected which is proportionate to the units interest in the whole building.

Special provisions regarding liability for land tax apply where a unit is used for purposes other than a residence. These provisions are set out in Section 21 of the Act abovementioned.

The same section imposes on the persons managing the building as a council of the home unit owners the duty of forwarding to the Land Tax Office two copies of the plan registered under that Act.

It is be be specially noted that these provisions apply only to home units registered under the Conveyancing (Strata Titles) Act, 1961, and do not apply to home units owned as tenants in common or by virtue of ownership of shares in a company. In these two instances liability will be determined having regard to 8(a) and 2 above.

10. Land Used for Primary Production. - This is defined in the Act as "land used primarily for --  
 the cultivation thereof for the purpose of selling the produce of such cultivation;  
 the maintenance of animals or poultry thereon for the purpose of selling them  
 or their natural increase or bodily produce; or  
 the keeping of bees thereon for the purpose of selling their honey;  
 and includes all land owned by a society registered as a rural society under the Co-  
 operation, Community Settlement, and Credit Act, 1923."
11. Basis of Assessment. - Taxpayers will be assessed on the taxable value of all land  
 in New South Wales owned by them at midnight on 31st October, 1963.  
 The taxable value of all land owned is the total of the UNIMPROVED VALUE of each  
 parcel of the land, less the deductions (if any) set out in paragraph 6.  
 The Act also provides for certain specific exemptions --see paragraph 18 hereunder.  
 Where Form A is used, details of ALL land owned MUST be included in Schedule 1  
 of the Return. Additional information must also be furnished under Schedules 2 to  
 10, where applicable.  
 Where Form B is used, it will be only necessary to indicate variation in land  
 holdings or in information in the Schedules 2 to 10, where applicable.  
 Where Form B is used, it will be only necessary to indicate variations in land  
 holdings or in information in the Schedules as indicated on the return form.
12. Penalties. - Any person required to furnish a return who fails to do so or who fails  
 to include any land owned by him in the Return renders himself liable to sub-  
 stantial penalties.
13. Sales of Land--Unpaid Land Tax Remains a Charge on Land. -Unpaid land tax  
 is a first charge on the land taxed and the charge remains on the land in the hands  
 of any purchaser until the tax is paid.  
 Purchaser of land may apply for a certificate showing if there is any land tax due  
 and unpaid on any land which they propose to buy.  
 Applications for a certificate must be made on the official forms which may be ob-  
 tained from the Land Tax Office Court Houses and Clerks of Petty Sessions. An  
 application fee of 2s, 6d. is payable by affixing a duty stamp for that amount to  
 the application form.  
 Refer to paragraph 8(d) above re liability of vendors.
14. Appeals Against Assessments. -Any taxpayer who is dissatisfied with an assess-  
 ment may, within 30 days after service of the notice of assessment, lodge with the  
 Commissioner an objection in writing against the assessment, stating fully and in  
 detail the grounds of the objection.  
 No objection can be made to the Commissioner against the valuation of land shown  
 in any assessment if it is the unimproved value referred to in paragraph 5 above.  
 Any taxpayer who is dissatisfied with the Commissioner's decision on his ob-  
 jection may, within 30 days after service of notice of the decision, in writing  
 request the Commissioner to treat his objection as an appeal and forward it to  
 the Supreme Court.  
 The valuation of Land Act and the Local Government Act provide for the lodging

of objections to valuations within prescribed times and similar provisions have been made for objections to valuations by the Western Lands Commissioner. Such objections should be made to the appropriate valuing authority and NOT to the Commissioner of Land Tax.

Land tax returns must be furnished on the basis of the unimproved values referred to in paragraph 5 above, irrespective of whether any objection against a valuation has been made to the Valuer-General, a Council, the Western Lands Commissioner or the Land and Valuation Court.

15. Landlord and Tenant Act. - This Act has been amended to allow a Fair Rents Board to have regard to land tax payable in determining the fair rent of prescribed premises used for business or commercial purposes. These provisions apply even though the premises have been fair-rented within the last twelve months.

Taxpayers who have received their assessments may obtain a letter setting out the amount of land tax payable in respect of any particular parcel of land. The Fair Rents Board requires production of these letters when application is being made to that Board for a rental determination in respect of land tax paid.

17. Life Assurance Societies. - Life Assurance Societies are eligible for a partial exemption from land tax. For details, see Section 4 of the Land Tax Act, 1956.

18. Specific Exemptions. - Section 10 of the Act sets out a number of specific exemptions from land tax. Any person, authority, association or society, in doubt as to the status of land owned should seek a decision from the Land Tax Office.

Lands exempt from taxation under Section 10 are--

land owned by the Crown, by a Municipal, Shire or County Council, or by any public authority (see definition in Section 3 of the Act);

land owned by any marketing board constituted under the Marketing of Primary Products Act;

land owned by or in trust for any incorporated hospital or separate institution within the meaning of the Public Hospitals Act, or any private hospital or rest home licensed under the Private Hospitals Act;

land owned or in trust for a charitable or educational institution if the institution, however formed or constituted, is carried on solely for charitable or educational purposes and not for pecuniary profit;

land owned by or in trust for a religious society, where the land is held solely for, or the proceeds of the land are devoted solely to, religious, charitable or educational purposes, including the support of the aged or infirm clergy or ministers of the society, or their wives or widows or children;

land owned by or in trust for any association of employees or employers registered as an organization under the Conciliation and Arbitration Act of the Parliament of the Commonwealth, or any trade union of employees, or any association of persons or of incorporated companies registered under the Industrial Arbitration Act as an industrial union of employers and land owned by any company in which shares representing not less than eighty-five per

centum of the paid-up capital thereof are held by or in trust for any association or trade union referred to in this paragraph;

land owned by or in trust for any person or society and used or occupied by that person or society solely as a site for --

- (i) a place of worship for a religious society or a place of residence for any clergy or ministers or order of a religious society;
  - (ii) a place licensed under Part VII of the Child Welfare Act, or a school registered under Section 10 of the Public Instruction (Amendment) Act;
  - (iii) a building owned, and solely occupied by a society, club or association not carried on for pecuniary profit;
  - (iv) a charitable institution not carried on for pecuniary profit;
  - (v) a public cemetery or crematorium;
  - (vi) a public garden, public recreation ground or public reserve;
  - (vii) a fire brigade, ambulance or mines rescue station;
- land owned by, or in trust for, any club or body of persons and used primarily and principally for the purposes of cricket, football, golf, bowling, tennis or other athletic sports or exercises and not used for the pecuniary profits of the members of that club or body;
- land owned by, or in trust for, any club or body of persons, formed for promoting or controlling horse-racing, trotting-racing or greyhound-racing and used primarily and principally for the holding of meetings for horse-racing, trotting-racing or greyhound-racing;
- land used and occupied for the purpose of holding agricultural shows, or shows of a like nature and owned by, or held in trust for, a society which is established for the purpose of holding such shows and is not carried on for the pecuniary profit of its members and applies its revenues substantially towards the promotion or holding of such shows;
- land owned by any society registered under the Friendly Societies Act;
- land owned by a hospital benefits or medical benefits organization registered under the National Health Act of the Parliament of the Commonwealth.
- land owned by any building society established or registered or deemed to be established or registered as a building society under the Building and Co-operative Societies Act or the Co-operation, Community Settlement, and Credit Act, or by any association of any such societies formed under the Co-operation, Community Settlement, and Cred Act;
- land owned by any gas or electricity supply authority specified in the regulations to the extent, and from the date (whether that date is before or after the commencement of the regulations), prescribed by the regulations in respect of such authority;
- land owned by the Returned Sailors, Soldiers and Airmen's Imperial League of Australia (New South Wales Branch) and being the site of Anzac House.

Where non-profit clubs or associations occupy only part of a building owned by them a proportionate exemption only is allowable.

Exemptions under this Section are limited to the owners specified and do not apply to any other person owning an estate or interest in the land.

4. Excerpts from Letter by Secretary for Local Government, Perth, Western Australia, 5th Feb. 1964.

Tax in the case of local authorities in this state is based on land and buildings where annual values is the system in use, or on the land alone where the system of unimproved values is in use.

There is no tax of any kind on chattels in the ordinary sense, nor on choses in action or possession as is common in the United States. The nearest approach to this form of taxation is perhaps the license fees on motor vehicles and the registration fees on dogs. The first mentioned, however, is a license based not on possession or ownership of the vehicle, but on the fact that the vehicle is on a road. If used purely on private property no tax is chargeable, and therefore it cannot be regarded as a property tax in any real sense.

Dog license fees are payable in all cases, and this might be regarded as a form of property tax, but I think in fact that in the United States there are separate licenses for dogs the same as in this State, and therefore this also should be disregarded.

The two systems of valuation both lead to the same rating activity. The proposed expenditure by a Council for the year is calculated, and there is then deducted therefrom the expected income from source other than rating. A rate of so much in the pound is then levied to make up the deficiency.

Where annual values is the system in use the valuation concerned is the valuation of the land and of buildings thereon, but not of any other improvements and specifically excluding machinery, the value of precious metals, etc., and the value for rating purposes is calculated at either 4% of the capital value or 60% the rental value, whichever is the greater.

On that basis of valuation the normal maximum rate in the pound is 5/-d., but this can be increased to 7/-d. if the Council provides a reticulated water supply to the properties affected. In this State there is no local authority which is providing a reticulated water supply from Municipal rates. The only three local authorities now controlling Water Boards operate these as separate entities and rate on annual values under the Water Boards Act.

Where the system of valuation in use is that of unimproved values, the valuation is the price for which it is expected the particular piece of land would sell in the open market if it were without any improvements whatsoever, but all other land in the district was in the same unimproved condition as it now is and all public conveniences were in existence. This is, of course, a somewhat artificial conception, and is in fact arrived at by taking the sales value of the land and deducting therefrom the value of any buildings and other improvements on the land.

On that valuation the maximum rate is 1/3d. in the pound in normal circumstances, but this may be increased to 1/6d. in the pound in special cases with the approval of the Minister.

In general, it may be said that cities and towns chiefly use annual values, although the City of Perth uses unimproved values for the portion of its district known as Endowment Lands, in respect of which it wishes to encourage rapid development.

Shire Councils, on the other hand, mainly use unimproved values, although quite a number of them use annual values in a townsite within the district, this being principally because unimproved values the townsite does not always yield sufficient revenue.

5. Memorandum on "Taxes on Land in Western Australia," Feb. 1964.

The State Commissioner of Taxation in Western Australia is responsible for the assessment and collection of three taxes on land - Land Tax, Metropolitan Region Improvement Tax and Vermin Rate.

Land Tax.

Under the Land Tax Assessment Act, 1907-1960, Land Tax is imposed on land held at 30th June each year. It is assessed according to a graduated scale (as prescribed in the Land Tax Act, 1948-1956) on the unimproved value of the land; the rate commences at 1 1/2d. in the pound (on unimproved values up to 5,000 pounds and reaches a maximum of 7d. in the pound (on the excess of the unimproved value over 60,000 pounds).

If land is improved within the meaning of the Assessment Act, the tax payable in respect of it is reduced by ten per cent.

If it is not improved, a surcharge of 1d. in the pound on the unimproved value is payable in addition to the amount calculated at the rates outlined above.

In the case of an owner who was not a resident of the Commonwealth in the preceding financial year, the rate of tax is increased by fifty per cent.

Exemption is provided for land in certain categories, the more important being:-

- (a) improved land used solely or principally for the purposes of an agricultural, pastoral or similar business;
- (b) land held by:-
  - (i) any person in receipt of an Age, Invalid or Widow's Pension under the Commonwealth Social Services Act;
  - (ii) the recipients of certain Service Pensions under the Repatriation Act.
  - (iii) the widow of a member of the Forces within the meaning of the Repatriation Act, or by a widowed mother of an unmarried member. (If the unimproved value of the widow's land holding is greater than 5,000 pounds, the exemption does not apply in respect of the excess over 5,000 pounds.



Metropolitan Region Improvement Tax.

The Metropolitan Region Town Planning Scheme Act, 1959-1962, particularly sections 38 and 41, and the Metropolitan Region Improvement Tax Act, 1959-1962, particularly sections 38 and 41, and the Metropolitan Region Improvement Tax Act, 1959-1961 impose this tax on the unimproved value of land (as defined in the Land Tax Assessment Act) situated in the Perth Metropolitan Region. For assessment purposes, all the appropriate sections of the Land Tax Assessment Act are deemed to apply, including those relating to exemptions.

The rate of tax in respect of ownership at 30th June, 1963 was 3/8 d. in the pound.

It is important to note that section 46 of the Metropolitan Region Town Planning Scheme Act, which provided that the Act would operate only until 30th June, 1962, was repealed by the Amending Act of 1960 (Act No. 39 of 1960).

Vermin Rate.

Vermin Rate is levied on the unimproved value of land holdings exceeding ten acres in area. The rates on holdings as at 30th June 1963 were:-

Pastoral leases 2d. in the pound.

Other holdings 9/16 d. in the pound.

Land held by Age, Invalid, widow and service Pensioners is exempt, as is land used for zoological or agricultural etc. show purposes, and land owned by certain public, benevolent or religious bodies.

In the assessment of this rate, the directly relevant sections of the Vermin Act, 1918-1962 are section 4 (particularly the definitions of "Holding", "Occupier", "Owner" and "Rabbit-proof fence") and section 103.

Legislation.

The legislation concerning these taxes is to be found in the following Acts of the Parliament of Western Australia:-

Land Tax Assessment Act, 1907-1959	(Sixth Reprint)
" " " " Amendment Act, 1960	(No. 68 of 1960).
Land Tax Act, 1948	(No. 32 of 1948).
" " " Amendment Act, 1956	(No. 85 of 1956).
Metropolitan Region Town Planning Scheme Act, 1959	(No. 78 of 1959).
" " " " " " " "	Amendment Act, 1960
" " " " " " " "	(No. 39 of 1960)
" " " " " " " "	Amendment Act 1962
" " " " " " " "	(No. 44 of 1962)

The Land and Income Taxation Act, 1910, relates to the administration of the tax, and sets out the lands which are exempt from taxation. (The greater part of this Act is concerned with income taxation. It should be noted that the operation of the Sections dealing with income taxation has been temporarily suspended as the State does not now impose an Income Tax).

The Land Tax rates are on a graduated scale, and a distinction is made between urban and rural land. These types of land are defined in Section 10 (2) of the Land and Income Taxation Act. The tax is assessed on the taxable value of land. In the case of urban land, the taxable value is equal to the unimproved value of that land. With rural land, the taxable value equals the unimproved value with the following exceptions:-

- pounds
- (i) Where any rural land does not exceed 4,800/in unimproved value, the taxable value is nil.
  - (ii) Where any rural land exceeds 4,800 pounds in unimproved value but does not exceed 7,200 pounds, the taxable value is the unimproved value less an exemption arrived at by deducting from 4,800 pounds, 2 pounds for each 1 pound by which the unimproved value exceeds 4,800 pounds.

For example, if an area of land had an unimproved value of 5,500 pounds, the taxable value would be 5,500 pounds if the land were urban land. If it were rural land, the taxable value would equal 5,500 pounds - (4,800 pounds - 2 (700 pounds)) = 2,100 pounds.

The effect of the rates is that land with an unimproved value of 120 pounds or less is exempt from tax. Where land has an unimproved value of greater than 120 pounds but not exceeding 4,800 pounds, it is taxable only where it is urban land. If the unimproved value exceeds 4,800 pounds but does not exceed 7,200 pounds, the land is taxable but some exemption is allowed in the case of rural land. Where the unimproved value of land exceeds 7,200 pounds, rural land is taxable at the same rate as urban land.

#### Municipal Rates

Municipal councils impose rates on landowners in the nature of charges for services performed. These charges may be for necessary services such as the provision of water and sewerage, road construction and maintenance or street lighting, or for other services which the council considers should be provided - for example, the provision of a community hall or library.

Rates are assessed on the basis of the annual value of the property, which includes land and improvements. Municipal councils review the charge for rates annually. The actual rate levied at any particular time will vary from municipality to municipality, the difference arising because of varying years in which municipal revaluations occurred. For example, in a particular financial year, a municipality which had been recently revalued may strike a rate of 2/6d. per pound of annual value, while a neighboring

municipality which had not been revalued for some years may fix a rate of 5/- in the pound.

8. "How Site-Value Rating Would Affect Devonport, Tasmania"; Report on Survey Conducted by the Land Values Research Group, Victoria for the Devonport Junior Chamber of Commerce with the Cooperation of the Devonport Municipal Council, 1955.

#### General

Devonport municipality comprises 27,300 acres and serves a zone of 138,000 acres. The population of Devonport municipality in 1955 is approximately 10,000 and of the whole area served by it 28,000. The overall values for rateable property in the municipality are: Unimproved Capital Value, 2,030,406 pounds; Capital Improved Value, 7,095,410 pounds; Assessed Annual Value 350,941 pounds.

The rating system is at present the Assessed Annual Value basis under which portion of the rates falls upon the value of the site-itself but the major part falls upon the value of the buildings and other improvements made by the owners. Of the total rate yield to Devonport Municipality 77 per cent is drawn from the value of buildings and other improvements while 23 per cent is drawn from the value of the sites themselves.

The alternative rating system is the Unimproved Capital Value (or Site-Value) basis under which buildings and Other improvements are completely exempted from any rate payments, the basic rate upon the value of the site being increased to yield the same total revenue to the municipality. It was the objective of the survey to find how the various types of property would be affected by changing to the site-value rating.

For this survey it was necessary to classify each assessment according to whether it would carry (a) lower rates or (b) higher rates, because of the change to site-value rating. To make this comparison it was not necessary to work out the money comparison for each property. The Unimproved Capital Value recorded above is 5.785 times that of the Assessed Annual Value for the Municipality. All assessments in which the Unimproved Capital Value is less than 5.785 times the Assessed Annual Value would benefit in lower rates under the change to the site-value rating basis. Those where the U.C.V. is more than 5.785 times the A.A.V. would carry rate increases under that change. Thus simply dividing the U.C.V. by the N.A.V. made it possible quickly to classify each assessment

#### The Overall Effects of Change

The rateable assessments in the Municipality totalled 4,372. These comprised 2,983 housing, 117 shops, 144 other miscellaneous buildings mostly business, and 1,128 holdings of vacant land. Of the total assessments it was found that 2,521 (58%) would carry rate reductions under site-value ratings. The number

of holdings of undeveloped land represents 26% of the total assessments. If these vacant land holdings be excluded and improved properties alone are considered it is found that 2,521 such assessments would carry lower rates while only 727 assessments with buildings upon them would carry increased rates. The proportion which would benefit is thus 78 per cent.

These proportions are substantially applicable to the parts as well as for the municipality as a whole. For the urban part subject to Town and Water Rates the proportion of assessments with buildings which would benefit by the change would be 79%; for the area subject to the Spreyton Rate 78% for the rural area outside these it would be 66%.

The total rates payable by the properties which would carry lower rates under site-value rating would be reduced from 60,869 pounds down to 32,297 pounds. This is an average reduction by almost half the present rates. The remainder would be increased under the change from the present total of 28,950 pounds up to a new figure of 57,706 pounds. The saving made by the one group is directly at the expense of the other. Further analysis was made to see which is in the best interests of the municipality as a whole.

#### Improvement of Holdings.

The progress and continued prosperity of the municipality depends upon the extent of capital investment made by its citizens in buildings and other improvements upon their holdings. To encourage and accelerate investment in such improvements is obviously in the interests of the local business community which is dependent for its very existence upon such outlay. The ability to provide local employment and sustain increasing population is also dependent upon the outlay of individual owners in improvements. The following analysis showing the values of the improvements upon the sites grouped according to rating system under which they carry least rates is therefore of great interest;

	<u>Value of Sites</u> pounds	<u>Value of Improvements</u> pounds
Properties carrying lower rates on site-value system	683,937	3,988,568
Properties carrying lower rates on A. Annual Value system	1,336,320	1,071,173

In the group carrying lower rates on the site-value basis of rating the value of the buildings and other improvements is 6 times that of the sites occupied. For the other group the value in buildings and other improvements is less than the value of the sites occupied. For the other group the value in buildings and other improvements is less than the value of the sites occupied. The aggregate value in improvements for the first group is 4 times that of the second group but the value sites in the less-developed group is twice that of the better-developed group. The average value of sites in the group which

would benefit in lower rates under the change to site-value ratings is 270 pounds. The average for the other group is 720 pounds.

Of the total approximately 89,820 pounds contributed in 1955 rates 69,300 pounds falls upon the value of the improvements and only 20,500 pounds upon the value of the sites. This shows a most substantial permanent burden imposed directly upon the constructive industries and the business community generally. It has important influence in directing investment into the sterile holding of under-developed properties instead of the beneficial investment into buildings, plant and other improvements.

### How the Main Types of Properties Fare

#### 1. Dwellings

Pre-eminently the merits of the alternative rating systems may be determined by their treatment of the citizens. These homes in Devonport comprise 90 percent of all assessments other than vacant land holdings.

Of the 2,983 residential assessments 2,405 would carry lower rates under site-value rating while only 578 would pay more because of the change. The over-all proportion of homes which would carry lower rates through the change is 80 per cent. For the area subject to the Town Rate it is 82 percent. For the area subject to the Town Rate it is 82 per cent; for the Spreyton Rate area the proportion is 83 percent; for the rural area it is 65 percent. (See Table I on page 24).

In the table below group (i) covers the normal houses. For these the proportion which would benefit in lower rates under site-value rating is 85 percent of the total number. The proportion is less in regard to temporary dwellings for which it is 62 percent. Many of these assessments are temporary structures for occupation while the permanent home is being built. When built these assessments would move into the group benefiting under site-value rating.

It is significant that almost all of the shacks would carry higher rates under site-value rating. This is appropriate for these are problem types generally depreciating the value of other homes in their vicinity. The average site-value of the shacks which would pay more under site-value rating is nearly 50% greater than for the normal houses in group (i). This shows there is poor development of site. Municipal services offered to the shacks are the same as to the normal houses but present rates for the shacks are only a quarter of those charged on the houses. The proportion of farm assessments which would carry lower rates under site-value rating is 54 percent of such assessments.

It is significant that in these groups the houses which would not benefit in the lower rates under site-value rating have site-values averaging two to five times those of their counterparts which would benefit. Yet despite the extra maintenance and other charges incurred by the

TABLE I

Further Classification of Residential Assessments

Type	Number In Group	Rates Lower Under		Number In Group	Rates Lower Under	
		<u>U. C. Value</u> Average	<u>A. A. Value</u> Average		<u>A. Annual Value</u> Average	<u>A. A. Value</u> Average
(i) Houses	2,152	240 pounds	78 pounds	371	680 pounds	78 pounds
(ii) Temporary Dwellings	104	148 pounds	53 pounds	65	286 pounds	30 pounds
(iii) Shacks	3	20 pounds	15 pounds	19	326 pounds	23 pounds
(iv) Houses (comb. other (mainly farm) bldgs.	146	260 pounds	80 pounds	123	1280 pounds	130 pounds

municipality for the abnormally large frontages in these properties the assessed annual value on which they are rated in types (i) and (ii) is no more than for the better developed group.

Total Savings to Householders.

The Balance sheet of rate gains and losses forming part of this Report shows that the housing assessments benefiting under site-value rating would carry 21,415 pounds less in rates on that basis while the minority would carry rate-increases totalling 5,936 pounds. These figures are not complete as they do not include allocation for the Sewerage Rate, Fire Brigade Rate and the Water Rate in the Spreyton and Rural areas. Allowing for these the houses benefiting under site-value rating would carry rate reductions of 23,493 pounds while those benefited by Annual Value rating do so to the extent of only 6,512 pounds. The overall saving of approximately 17,000 pounds annually to householders is most substantial.

Average House Rates in Various Localities.

	Rates Lower Under <u>Site-Value</u>	Rates Lower Under <u>Annual Value</u>
<u>Town Area</u>		
Number of houses	2,069	578
Average value of site	254 pounds	665 pounds
Average annual Value	83 pounds	71 pounds
Average Annual Value rate @ 70.5d.	24.7.8.	20.17.1.
Average Site-Value Rate @ 12.07d.	12.15.5	33.8.10
<u>Spreyton Area</u>		
Number of Houses	153	31
Average value of site	165 pounds	486 pounds
Average annual value	69 pounds	54 pounds
Average Annual Value rate @ 60.5d.	17.7.11	13.12.3
Average Site-Value Rate @ 10.99d.	7.11.3	22.5.6
<u>Rural Area</u>		
Number of Houses	187	100
Average Value of site	112 pounds	1,255 pounds
Average Annual Value	42 pounds	142 pounds
Average Annual Value rate @ 37.5d.	6.11.3.	22.3.9.
Average site-value rate @ 6.45d.	3 pounds	33.12.6.

(The rates applied above in the Town area are those for the sewerage area. For the Spreyton area they apply to assessments subject to Water Rate.)

Housing Commission Homes and Rentals

There are 130 houses owned by the Agricultural Bank which is the State housing Authority. These are important because they have been constructed for rental

to tenants and therefore exemplify the effects of the rating systems on house rents.

The 130 houses have total site-value of 29,867 pounds while the values of the houses themselves is 197,623 pounds. The rated annual value is 11,645 pounds upon which rates of 2,937 pounds are paid apart from Sewerage Rate. The total rates payable on these houses under site-value rating would be 1,244 pounds giving an annual saving to the Housing Authority of 1,693 pounds.

These houses are constructed for the express purpose of providing accommodation at as low a rent as possible to tenants after covering costs among which are the rates paid to the municipality. The change to site-value rating would mean an average saving of at least 13 pounds on each of these houses enabling the housing authority to reduce its rent charge by 5/- per week. Where Sewerage Rates also are paid the housing authority could afford to reduce the rental charge by an additional 1/- per week due to the rate saving under site-value rating.

The effect of Assessed Annual Value rating in raising house rents above the level needed under site-value rating is not confined to housing Commission homes but applies generally. As more than 85% of normal homes carry higher rates under the A. A. Value system absorption of these rates by the tenant in his rent becomes a condition of supply. The owners do not gain from the higher rentals caused by the rating of the buildings and other improvements. Site-value rating would tend to lower rentals to general advantage without reducing the return to the owners.

## 2. Miscellaneous Business Properties.

### Shop-Sites

There are 261 miscellaneous assessments of various types other than dwellings. Of these shops are the most numerous with 117 assessments. For shop assessments 46 would carry lower rates under site-value rating while 71 would carry increased rates under that system. Of those with dwellings attached 39 would carry lower rates under the site-value basis while 37 would pay more.

The group benefiting under site-value rating would gain to the extent of 1,829 pounds while the rate payments of the other group would be increased by site-value rating to the extent of 5,058 pounds apart from sewerage rates.

For the shopping and business community the advantages of change to site-value rating do not depend upon the question of whether rate savings are made or not upon their sites as it does with the householders. To the business community the increased turnover they can expect from the spending of the rate-savings of the householders is far more important than the rate increases or decreases on their premises. These net savings available to householders as a group to spend locally would exceed 17,000 annually.



Interests of business operators (whether owners or tenants) would be promoted by site-value rating. Their prosperity depends upon that of their customers who are the householders. The benefit to business operators does not rest with the spending of the rate savings of householders although this is immediate and substantial.

They stand to gain further from the more rapid development which is found to follow change to site-value rating bringing new customers.

A study of building development over the twenty year period 1922 to 1941 showed that there were built in the 7 Melbourne suburbs rating site-values over the period more than twice as many houses per acre available for building as were built in the 10 comparable suburbs rating Annual-Values. To whatever extent the building industry is stimulated by the exemption of buildings from rates the business community will benefit strongly from the added demand for building materials and consumer goods for new homes.

Devonport is a shopping centre for its own citizens and the district around it. A high proportion of the expenditure of the municipality is incurred in maintenance on the roads giving access to this centre. Although owners of these central sites have benefited greatly in increased ground rents with the development of the district they have not contributed adequately to council revenue. With continued development in Devonport, the municipality itself will obtain a larger share of the increased ground rent received by the owners from the extension of its municipal services.

#### Other Business Properties.

In addition to shops there are 144 assessments of business properties with buildings of various types. They are almost equally divided in numbers between those which would carry reduced as compared with increased rates under site-value rating. Again those which have the improvements of greatest value compared to that of the site would benefit by the change while those with inferior improvements would pay more. The better-developed group would carry rate reductions (apart from sewerage rates) totalling 4,965 pounds. The less developed group would carry rates increased by 6,016 pounds.

The summarized position of these business properties is as follows:

Item	System with Lower Rates	
	Site-Value (U. C. V.)	Annual-Value (A. A. V.)
Number of assessments	66	78
Total Assessed Annual Values	33, 897 pounds	30, 830 pounds
Total Site-Values	83, 090 pounds	319, 321 pounds
Approx. Value of Improvements	595, 000 pounds	277, 000 pounds
Ratio Improvements/Sites	7, 20	0, 87
Rates Payable A. A. V. @ 60. 5d (Ø)	8, 545 pounds	7, 771 pounds
Rates Payable U. C. V. @ 10. 34d (Ø)	3, 580 pounds	13, 787 pounds

(Ø) Other than Sewerage rates.

The value of the site-itself reflects the extent and value of municipal services offered to the ratepayer. It is therefore inequitable that the less improved group, which has nearly four times as much in site-values as the better developed group contributes less than the latter under A. A. Value rating. The incidence of A. A. Value rating is not in proportion to value of services received from the council but in proportion to the owner's outlay in buildings and other improvements, i. e. in proportion to their own civic worth. The rate incidence for these two groups is more equitable under site-value rating.

#### Details of Business Properties.

The position of the more important types of business properties is summarised in Table II on Page 29. The rates shown do not include Town, Fire Brigade or sewerage rates, but are those common to the whole Municipality (i. e. 6. 22d. U. C. V. = 3/- A. A. V.)

#### 3. Vacant Land

Holdings of vacant land are extensive in Devonport comprising 26 percent of the total assessments. Of the 1,128 such assessments 168 have minor improvements such as fencing and clearings while the other 960 have no improvements at all. The total site-value of the undeveloped holdings is 342, 447 pounds and the assessed Annual Value is 15, 415 pounds.

Under site-value rating in Devonport completely undeveloped land will contribute 4. 33 times the rates it would pay under the A. A. Value system. The total rates contributed by such un-developed holdings under site-value rating would be approximately 14, 700 pounds compared with 3, 900 pounds under A. A. Value. This works out at an average site-value payment of 13. 0. 0 pounds per assessment, compared with the present 3. 8. 0 pounds.

The number of actual owners of the vacant holdings is much less than the number of assessments. An incomplete dissection showed that 63 owners have multiple holdings totalling at least 289 assessments of vacant land.

TABLE II

Type of Property	Rates Lower Under	Nos. of Assessments	Value of Improvements	Value of Sites		Annual Values (A. A. V.)	U. C. V. Rates	A. A. V. Rates
				(U. C. V.)	(U. C. V.)			
			Pounds	Pounds	Pounds	Pounds	Pounds	Pounds
Industrial	(U. C. V.) (A. A. V.)	22 18	296,424 33,361	24,051 47,314	18,182 4,673	622 1220	2,727 701	
Hotels	(U. C. V.) (A. A. V.)	4 3	67,175 30,160	12,825 49,240	4,550 4,839	330 1280	682 726	
Banks	(A. A. V.) (U. C. V.)	6 1	22,800 7,850	41,750 400	3,223 650	1034 11	483 49	
Theatres	(A. A. V.) (U. C. V.)	1 1	7,375 75,300	5,625 10,800	650 5,794	145 280	49 866	
Office Building	(U. C. V.) (A. A. V.)	3 11	51,680 18,693	46,470 4,882	5,200 1,374	1200 126	780 207	
Stores	(U. C. V.) (A. A. V.)	7 12	51,380 40,139	47,695 5,061	5,050 2,436	1235 131	757 366	
Garage and Service Stations	(U. C. V.) (A. A. V.)	11 5	20,010 7,350	21,390 1,800	2,144 549	550 47	321 82	
Bookmakers	(U. C. V.) (A. A. V.)	1 1	3,200 3,410	2,000 3,940	260 294	52 102	39 44	
Golf Clubs	(U. C. V.) (A. A. V.)	2 5	5,498 570	1,302 430	309 40	34 11	46 6	
Halls & Schools	(U. C. V.) (A. A. V.)	1 2	2,300 4,980	600 1,980	180 114	16 50	27 17	
Bakeries	(A. A. V.) (A. A. V.)	1 1	2,570 2,570	1,130 1,130	148 148	29 29	22 22	
Racecourse	(A. A. V.)	1						

The value of the buildings and other improvements is due to the outlay of the owner. The value of the site is due to the services offered by the municipality and other community factors. The heavier rates payable under the Annual Value rating in the better developed groups are clearly a penalty charge imposed on the owners according to their industry and not proportionate to any services received.

Of the vacant land holdings 956 (comprising 85 percent of the total number and 90 percent of the Value of such holdings) are within the area subject to the town rate. This is significant for it indicates that there is already enough land subdivided within the serviced area to meet development of the district for some years without extending to the surrounding rural parts. If these vacant holdings can be brought into use the municipality will be freed of the increased costs in extending services prematurely beyond the already serviced area.

Such extension is demanded under the present system because so many holdings of land suitable for buildings are withheld for speculative rise in price. Genuine home-seekers are forced further afield to unserviced areas because the prices for inner lots are driven beyond their means. The higher rates payable upon the vacant holdings under site-value rating would tend to make these lots available at lower price while the exemption of improvements from local taxation would stimulate investment in buildings instead of sterile investment in vacant land.

It is significant that 57 of the assessments of vacant land are held as estates of deceased persons. As such they are unlikely to be properly developed and their continued holding is clearly speculative and against the interests of the municipality.

#### 4. Secondary Industries

Establishment of secondary industries is strongly sought by councils. Many go to the length of offering free land to induce firms to establish their boundaries. Among the reasons for seeking to attract factories are: - desirability of providing employment for the children of local people to avoid the drift to capital cities; industrial firms usually attract further settlers around them with resultant increase in prosperity of the trading community and the increased number of ratepayers spreads the costs more widely.

Yet the assessed Annual-Value rating system cuts right across this objective. It loads such industries with annual rate charges heavy enough to make their establishment or continuance uneconomic. This is exemplified with the three main factories having substantial capital investment which Devonport has so far succeeded in attracting. These are the Devon Cannery of H.J. Heinz Co. Pty. Ltd., the Ovalitine Factory of A. Wander, Ltd.; and the establishment of Tootal Broadhurst Lee and Company. Citizens are proud of these works as show places lifting the status of their municipality and improving property values generally. The valuations and rates upon them are as follows:

<u>Firm</u>	<u>Area</u> <u>Acres</u>	<u>Value of</u> <u>Impvmts.</u> <u>Pounds</u>	<u>Value</u> <u>of Site</u> <u>Pounds</u>	<u>Annual</u> <u>Value</u> <u>Pounds</u>	<u>Rates payable</u> <u>under</u>	
					<u>U.C.V.</u> <u>Pounds</u>	<u>A.A.V.</u> <u>Pounds</u>
Broadhurst	22	78,500	5,000	4,175	208	1044
A. Wander	9	112,500	4,500	7,020	148	1190
H.J. Heinz	8	41,300	3,000	2,658	99	445
		<u>232,300</u>	<u>12,500</u>	<u>13,853</u>	<u>455</u>	<u>2679</u>

These three firms between them have invested at least 232,300 pounds in buildings and other improvements. This is most substantial, being 5% of the value of improvements in the whole municipality. Upon this investment they would have to earn at least 11,615 pounds annually above other costs to pay interest at 5%. The rates upon these firms annually total 2,679 pounds under A. A. V. rating. This is equivalent to increasing the capital outlay upon which interest must be met by 23%.

It is little wonder that few such enterprises are established outside capital cities when the rating system imposes such burdens. Such rates have no relation to the cost of services received from the municipality which are actually very limited. Such high rates could well result in the killing of the goose that lays the golden eggs. Probably more important in the fortunes of the municipality is the effect in preventing other similar or more modest geese from being hatched at all let alone reaching the laying stage.

Under site-value rating such firms would contribute to the Council a little more than one-fifth of the present rates. More firms might well be able to establish themselves locally under these more reasonable conditions. The increased charges on sites and the exemption of improvements would encourage local capital investments in such industries to the general good instead of sterile investment in vacant land.

Provincial towns in Victoria with rating on site-values, in efforts to attract new industries to their districts, have made a strong point of the fact that improvements effected by manufacturers would not be rated.

#### 5. Rating Change Would Not Cause Hardship.

The survey has shown that a substantial majority of the assessments with houses or other buildings upon the site would carry reduced rates under site-value rating. In each group those whose property has been developed to the advantage of the community would be relieved of the excessive share of the rate burden now imposed on them to make up for the inadequate contributions of others whose holdings are under-developed.

Further check was made to see whether any undue hardship would be involved for those who would be called upon to pay increased rates with adoption of site-value rating.

#### Properties Owned by Firms

Of the 1,855 properties which would carry increased rates under site-value rating, 116 are owned by companies, firms or organizations in which the increased rate payments will not be met by single individuals but spread as business costs. These 116 assessments cover site-value of 261,817 pounds which is 20% of the total held by the properties which would carry increased rates. The Annual Value is 24,021 pounds. The rates payable under Site-Value rating (apart from sewerage) would be 10,884 pounds compared with 6,016 pounds under A. Annual Value. Some of these firms

also own other assessments of well improved property on which the reductions in rates under site-value rating would offset the increases on their less developed holdings.

#### Properties Owned by Estates

Among those which would carry increased rates there are 114 assessments held by estates of deceased persons. Of these 10 assessments are held by one estate and 9 by another. Half the losing assessments held in estates are of vacant land. The total site-value is 120,483 pounds and the A. Annual Value 10,444 pounds. The rates payable under the change would be 5,021 pounds compared with 2,633 pounds under A. Annual Value.

(not all estate owned properties are in this class. There are 82 estate owned properties which would carry less rates under the change. These are almost exclusively residences left by their owners, presumably to surviving relatives).

#### Properties Owned by Individuals

The remaining 1,625 losing assessments have total site-value of 954,320 pounds and A. Annual Value 79,944. This works out at an average U. C. V. of 586 pounds and A. A. Value of 49 pounds. The maximum rates on these values (apart from sewerage if applicable) would be 24 pounds compared with 12 pounds under A. A. Value. This cannot be said to impose undue hardship upon individuals concerned. It is no more than the average house owner is now paying in rates. Again, many of the owners of these assessments have other improved properties upon which they would make rate savings to offset the increases upon their less developed holdings.

Generally, owners of the under developed properties who would pay more in rates under the change have the obvious remedy of developing the holdings to give greater earning capacity, with the knowledge that their expenditure in this development will not result in higher rates. If unable or unwilling to so develop they could sell to advantage to others able and willing to do so.

#### 6. Payment for Services Rendered

It should be borne in mind that rates are a payment for services rendered to the taxpayers. It should, therefore, be possible to see in the rate payment demanded some connection with the service offered. The value of the site is itself perhaps the best possible measure of the value of the service offered to the individual by the municipality since this site-value is due to community factors and not to anything the ratepayer himself has done.

The relative frontages between one ratepayer and his neighbor indicate the relative service they enjoy from the municipality. This is clearly seen in regard to street maintenance, street lighting, footpaths, water and sewerage mains for which the costs to the municipality vary according to the frontage held.

Site-value rating, therefore, approximates to the principle of payment in accordance with the value of service received from the municipality.

That assessed Annual Value has no demonstrable connection with the service rendered is seen from analysis of the properties subject to the Sewerage Rate in Devonport.

There are 1,795 properties subject to this rate of which 1,272 would carry lower rates under the site-value basis and 523 would carry increased rates. The total frontage of those which would carry reduced rates is approximately 80,000 feet while that of the properties which would carry increased rates is 47,300 feet. The Average frontages for the two groups are 63 feet and 90 feet respectively. There are 145 holdings of vacant land with a total of 14,900 feet frontage (i. e. 11 percent of the total) and average frontage of 103 feet.

Council costs for sewerage mains, road maintenance, lighting, etc., are the same for the vacant lot of similar frontage as for one with house upon it. Yet the average house in the town area is rated on an Assessed Value of 83 pounds against a rating of 11 pounds for a vacant lot of similar frontage and value (i. e. more than 7 times as much for the same service.)

#### 7. Regional Comparisons

In addition to the overall analysis for the municipality as a whole the three distinct parts were considered separately, these parts are:

- (a) Town area subject to the Town and Water Rates as well as the other rates common to the whole municipality.
- (b) Spreyton Area subject to the Spreyton Community Centre rate as well as the other rates common to the whole municipality.
- (c) Rural Area subject to the rates common to the whole municipality i. e. General Rates, Road Rate, Health Rate, Street Lighting Rate and (for most assessments) the Fire Brigade Rate.

For these three distinct areas Balance Sheets for the distribution of rate increases and decreases under the change to site-value rating have been worked out for Housing, Miscellaneous Buildings and Vacant Land assessments and are included in this report.

These Balance Sheets do not include the distribution of the Sewerage Rate (10d) which applies to only about half the properties subject to the Town Rate. Nor do they include the Fire Brigade (1 1/2d) or the Water Rate (1/8d.) in the Spreyton and rural areas (since they only apply to a proportion of the total assessments in these areas).

#### 8. Summary and Conclusion

Change to site-value rating would be beneficial to Devonport. It would remove in-equity in rating between ratepayers offered the same service by the Municipality. It would spread the costs of municipal services to ratepayers in proportion to value of the services offered them by the Municipality instead of charging them according to the extent of their own industry. It would reduce

the rates payable by 80 per cent of the house owners of Devonport while calling upon vacant lot holders and those with poorly developed holdings to contribute their fair share towards municipal costs.

Site-value rate savings in the hands of resident owners would be spent within the local business community whereas a proportion of the savings under annual value rating go to absentee vacant lot or business site-owners and are a net loss to the trading community. Stimulation to the making of improvements by their exemption from local taxation would benefit business operators, as also would the increased number of customers attending acceleration of buildings. Industries could be more readily attracted and maintained under the more reasonable rating levels of the site-value rating system.

The finances of the Municipality would be more stable under site-value rating. Expenses would be kept within bounds as site-value rating would encourage building on the vacant lots within the area already served by road, water and sewerage before extension to outer areas involving new capital expenditure. Revenue of the municipality would benefit directly as it draws a more reasonable share in the increased site-values attending extension of its services. Should necessity for rate increases arise they would be less onerous under site-value rating since vacant holders would contribute their full share instead of the increases being concentrated upon house-holders as under annual value rating.



Balance Sh

Type of Proper

Town Area

Houses

Miscellaneous

Vacant Land

Totals

Spreyton Area

Houses

Miscellaneous

Vacant Land

Totals

Rural Area

Houses

Miscellaneous

Vacant Land

Totals

Town Area

Spreyton Area

Rural Area



9. "How Site-Value Rating Would Affect Clarence Municipality, Tasmania"; Report on Survey Conducted by the Land Values Research Group at the Request of the Clarence Municipal Council, 1954.

### Part 1 - General

Clarence Municipality is extensive embracing 70,500 acres. Its main Town Bellerive is directly opposite Hobart on the opposite side of the Derwent River and 1 1/2 miles from it. Other town areas close to Bellerive (mileage in brackets) are: Lindisfarne (2); Warrane (1); Howrah (2); Montagu Bay (2). More distant seaside resorts set within the rural area are Rokeby (5); Sanford (9); Seven Mile Beach (11); South Arm (20); Opossum Bay (23). These are mainly communities of week-end shacks with a sprinkling of permanent homes.

#### Rating Systems

The present rating system is the Assessed Annual Value (A. A. V.) basis under which portion of the rates falls upon the value of the site itself but the major part falls upon the value of the buildings, cultivation or other improvements made by the owners. Of the total rate yield to Clarence Municipality 80 percent is levied on the value of improvements while only 20 percent is levied on the value of the sites.

The alternative rating system is the Unimproved Capital Value (i. e. Site-Value) basis under which buildings and other improvements are completely exempted from any rate payments, the basis rate upon the value of all sites being increased to yield the same total revenue to the municipality. It was the object of the survey to find how the various types of property would be effected by changing to the site-value rating.

#### Valuations

The valuations of the properties covered by this survey total: Unimproved Capital Value of land, 3,809,277 pounds; Capital Improved Value (land plus improvements), 15,549,021 pounds; Assessed Annual Value, 706,089 pounds. These agree within one-half percent of the official totals for the municipality after allowing for rate-exempt properties.

#### Equivalent Rates per Pound

There are four broad groupings subject to different rates for which the equivalents under the two rating systems are set out below:

Area	Rate Applicable	Rate per pound of	
		A. A. V.	U. C. V.
Rural	Consolidated Rate (1/11)	23d	4.2847 d.
Howrath Town	Consolidated Rate (1/11)		
	Sewerage Rate 1d)	24d	4.4672 d.
Town Areas (except Howrah)	Consolidated Rate (1/11)		
	Sewerage Rate 1d)		
	Water Rate 11d)		
	Spec. Street Light. 2 1/2 d)		
	Fire Brigade 1 1/2 d)	39d	7.7559 d.
Sewerage Service (mainly Warrane)	As for above plus		
	Sewerage Service 6d)	45d	8.9158 d.

### Nature of Survey

Each assessment was classified according to rating system under which it would pay least in rates. This is not dependent upon the rate in the pound used by the municipality (which may vary from one year to another). It depends on the proportion which value of the improvements bears to that of land plus improvements for the property considered as compared with the average for all properties in the municipality. For Clarence the Unimproved Capital Value for the municipality as a whole is 5.37 times the Assessed Annual Value. Hence all assessments for which the U. C. V. is less than 5.37 times the A. A. V. will benefit in lower rates under the change to Site-Value Rating while those which exceed that figure will pay more.

### Part II - The Over-All Effects of Change

The number of rateable assessments totalled 6,179. These comprised 4,578 Dwellings, 204 business or other buildings, and 1,397 holdings of vacant land. Each of these groupings is dealt with in a separate section of this report. The over-all position for the municipality of Clarence is summarized in the following table:

Item	Group A	Group B.
	Rates Least Under U. C. V.	Rates Least Under A. A. V.
Number of Vacant Land Assessments	---	1,397
Number of Building Assessments	3,605	1,177
Proportion of building assessments	75%	25%
Total Assessed Annual Value (A. A. V)	527,613 pounds	178,476 pounds
Total Site-Values (U. C. V)	1,742,842 pounds	2,066,435 pounds
Total Value of Building & Improvements	9,523,212 pounds	2,216,532 pounds
Proportion value impvmts to C. I. V.	85%	51%
Rates Payable under A. A. V.	80,342 pounds	23,254 pounds
Rates Payable under U. C. V.	51,905 pounds	51,942 pounds

## Prosperity Depends on Improvements

The present and continued prosperity of the municipality depends upon the extent of capital outlay by its citizens in buildings and other improvements on their holdings. Ability to provide local employment and to sustain increasing population with rising living standards is dependent upon the multiplication of just such improvements. Indeed, civilization would cease if all lots remained undeveloped.

The summary above shows that use of the Assessed Annual Value basis to distribute municipal costs cuts right across public interest by charging those making such improvements many times the amount they would pay if their sites were left undeveloped.

As vacant sites their Annual Value would be assessed at only 4 percent of the unimproved capital value, i. e. at 69, 712 pounds for Group A and 82, 656 pounds for Group B. Comparing these figures with the Assessed Annual Values of 527, 613 pounds and 178, 476 pounds respectively in their present improved condition as shown in the table (page 36) holdings in Group A are charged on the average more than 7-fold and in Group B 2-fold the amounts payable if the improvements had not been made. Owners are therefore now being charged according to their own industry rather than extent of services offered their property.

## Extent of Rate Burden on Improvements

Of the total of approximately 103, 500 pounds (apart from sewerage services rates) under the Annual Value basis 82, 000 pounds falls on the value of improvements and only 21, 500 pounds upon the value of the site. This is a most substantial permanent burden imposed directly on the constructive industries and the business community generally. It has important influence in directing investment into the sterile holding of under-developed properties instead of the beneficial investment into buildings, plant, cultivation and other improvements.

## Re-distribution of Rates

The total site-values in both groups A and B are about the same. In the first the improvements are more than 5 times the value of the sites while in the second they are barely equal to the value of the sites. As direct result of their own enterprise owners of the properties in Group A now pay almost 80 percent of the total rate-revenue.

Under the site-value basis rates on Group A properties would be reduced by approximately 28, 500 while those in Group B would be increased a corresponding amount.

The rate distribution under U. C. V. by which the rate-payments of these two groups are equalized is fairer and more in accord with public interest.

Part 111 - How the Main Types of Properties Fare

1. Dwellings

Pre-eminently the merits of the alternative rating systems may be determined by their treatment of the homes of the citizens. In Clarence Municipality these comprise 96 percent of all assessments other than vacant land holdings.

Of the 4, 678 dwelling assessments 3, 523 would carry lower rates under site-value rating while only 1, 085 would pay more because of the change. The overall proportion of homes which would carry lower rates through the change is 75 percent. Over the town areas including Bellerive, Lindisfarne, Montagu Bay and Warrane the proportion is 82 percent; for Howrah 67 percent; for the rural areas 60 percent.

The general position for the town and rural areas is shown in the 'Balance Sheet' forming part of this report. More detailed distribution of the dwellings between normal houses; shacks and temporary dwellings; and farmsteads is given in the summaries below:

	<u>Normal Houses</u>		<u>Shacks &amp; T/Dwellgs.</u>		<u>Farmsteads</u>	
	Rates	Rates	Rates	Rates	Rates	Rates
	Least	Least	Least	Least	Least	Least
	U. C. V.	A. A. V.	U. C. V.	A. A. V.	U. C. V.	A. A. V.
	Nos.	Nos.	Nos.	Nos.	Nos.	Nos.
<u>Town Areas</u>						
Bellerive	727	156	17	20	-	-
Warrane	835	13	-	1	-	-
Lindisfarne	1,072	318	18	58	-	-
Howrah	219	57	5	46	-	9
Total	<u>2,853</u>	<u>544</u>	<u>40</u>	<u>125</u>	<u>-</u>	<u>9</u>
 <u>Rural Areas</u>						
Cambridge	107	32	16	10	5	43
Lindisfarne	31	15	4	20	3	26
Sandford	225	33	181	168	28	60
	<u>363</u>	<u>80</u>	<u>201</u>	<u>198</u>	<u>36</u>	<u>129</u>

Normal Houses

For complete houses other than shacks, temporary dwellings and farmsteads the proportion which would benefit in lower rates under site-value rating is 82 percent both for the town and rural areas.

## Shacks and Temporary Dwellings

These are lower degree improvements and it is only to be expected they would benefit in lower proportion than normal homes by the change. Of them 76 percent in the Town and 47 percent in Rural areas would pay increased rates under the site-value basis.

## House in Course of Erection

Many of the temporary dwellings are on sites on which the owners are building more substantial homes. Of the total 669 homes in the town area not benefitting in lower rates under the site-value basis 128 are only partly built and would benefit in lower rates when complete. Similarly 45 of those in the rural areas are in course of erection and would benefit when complete.

### Average Values and Rates for Dwellings Compared Rates Payable Least Under Site-Value    Annual Value

#### A. TOWN AREA

##### (a) Normal Houses

Number of Houses	2,853	544
Average value of site	512 pounds	1,010 pounds
Average value of bldgs	2,950 pounds	1,800 pounds
Average annual value	152 pounds	124 pounds
Average A. A. V. Rate @ 39d	24. 14.0 pounds	20.3.0 pounds
Average U. C. V. Rate @ 7 3/4 d.	16. 10.8 pounds	32.12.4. pounds

##### (b) Shacks & T/Dwellings, Number of

	40	125
Average value of site	468 pounds	504 pounds
Average value of buildings	2,600 pounds	550 pounds
Average Annual value	138 pounds	50 pounds
Average A. A. V. Rates @ 39d	22. 8.6. pounds	8.2. 6 pounds
Average U. C. V. Rates @ 7 3/4 d.	15. 2. 3.pounds	16.5. 6 pounds

#### B. RURAL AREA

##### (a) Normal Houses

Number of Houses	363	82
Average value of site	217 pounds	841pounds
Average value of buildings	1,550 pounds	1,428 pounds
Average Annual Value	72 pounds	93 pounds
Average A. A. V. Rates @ 23d.	6.18.0 pounds	8.18.3 pounds
Average U. C. V. Rates @ 4 1/4d.	3.16.10 pounds	14.17.10 pounds

<u>(b) Shacks &amp; T/Dwellings</u>			
Number of Shacks and T/Dwellings.	201		198
Average value of site	162 pounds		254 pounds
Average value of buildings	922 pounds		481 pounds
Average annual value	44 pounds		30 pounds
Average A. A. V. Rates @ 23d	4.4.4	pounds	2.17.6 pounds
Average U. C. V. Rates @ 4 1/4 d.	2.17.4	pounds	4.10.0 pounds
<u>(c) Farms</u>			
Number of farms w/dwellings	36		121
Average value of sites	1,480	pounds	3,350 pounds
Average value of improvements	6,900	pounds	5,420 pounds
Average Annual Value	335	pounds	346 pounds
Average A. A. V. Rates @ 23d.	32.2.1	pounds	33.3.2 pounds
Average U. C. V. Rates @ 4 1/4 d.	26.4.2	pounds	59.6.6 pounds

(The rates quoted above are exclusive of the Sewerage Service Rate applicable to some of the Town properties only)

#### Housing Department Homes

There were 997 Housing Department homes covered by the survey all of which would carry lower rates under the site-value basis. For these the total values for sites were 413,425 pounds, houses, 3,006,200 pounds; annual values 150,122 pounds. The average value per home was - site, 413 pounds; house, 3,006 pounds; annual value 150 pounds.

On these average values the rates payable (excluding sewerage service charge) would be 24.7.6 pounds under A. A. V. compared with 13.10.0 pounds under U. C. V.

As the formula used for fixing Housing Department rentals includes the rates this has the effect that rentals charged to tenants are inflated by use of the Assessed Annual Value basis to the extent of 4/2d. per week above the rental calculated under site-value rating.

Housing Department homes are usually built on cheaper land on the outskirts where municipal services offered are inferior to those centrally situated. It is therefore anomalous that the average Annual Value (and rates charged thereon) is actually greater than for private houses. This is simply because they are built more recently at higher construction cost levels.

#### Orchard Properties

Examination of the farms with both homesteads and orchards was made for the Sanford Ward covering a total of 45 properties. Of these 21 would carry lower and 24 higher rates under the site-value basis.

The 21 which would carry less rates under site-value rating have average particulars as follows:- Area, 127 acres; site-value, 1,020 pounds; buildings and cultivation, 5,080 pounds; annual-value, 257 pounds; A. A. V. Rates @ 23d; 24,12.7 pounds; U. C. V. Rates @ 4 1/4 d., 17,16.8 pounds.



The 24 carrying less rates under Annual-Value have average particulars as follows: Area, 227 acres; site-value, 3,800 pounds; buildings and cultivation 5,500 pounds; Annual-Value, 380 pounds; A. A. V. Rates @ 23d., 36,8.4 pounds; U. C. V. Rates @ 4 1/4d., 67,5.10 pounds.

## 2. VACANT LAND

Holdings of vacant land are the second largest group in Clarence Municipality the 1,397 such assessments forming 22 1/2 percent of the total holdings.

Vacant land holdings where minor improvements exist such as fencing and clearing are shown in the summary below separately from those devoid of any improvements whatever.

	<u>Vacant Land Holdings</u>	
	<u>With Minor Im- Provements</u>	<u>Completely Undeveloped</u>
<u>Town Areas</u>		
Number of assessments	172	535
Total Site-Values	114,826 pounds	307,325 pounds
Improvements value	10,685 pounds	-
Annual Value	6,960 pounds	12,209 pounds
A. A. V. Rates @ 39d.	1,131 pounds	1,984 pounds
U. C. V. Rates @ 7.3/4d.	3,708 pounds	9,923 pounds
Average A. A. V. Rates	6.11.0 pounds	3.14.9 pounds
Average U. C. V. Rates	21.11.2 pounds	18.10.11 pounds
<u>Rural Areas</u>		
Number of Assessments	58	622
Total Site-Values	42,995 pounds	134,155 pounds
Improvements Value	13,690 pounds	-
Annual Value	3,295 pounds	5,332 pounds
A. A. V. Rates @ 23d.	316 pounds	511 pounds
U. C. V. Rates @ 4 1/4d.	762 pounds	2,375 pounds
Average A. A. V. Rates	5.8.11 pounds	-.16.5 pounds
Average U. C. V. Rates	13.2.9 pounds	3.16.3 pounds

Vacant land is the only class of property which invariably pays higher rates under site-value rating. In Clarence municipality completely undeveloped land under site-value rating would contribute 5.0 times the rates it would carry under A. A. Value. The total rates contributed by vacant land under site-value basis would be 16,768 pounds compared to 3,942 pounds under A. A. Value. The savings gained by house-holders as a group will be mainly at the expense of vacant land holdings. Nevertheless the average amounts payable under site-value rating on vacant land holdings cannot be regarded as onerous being less than the amounts now paid by average houses.

Of the vacant land holdings half are within the town areas and these contain 70 percent of the total value. This is significant for it shows there is enough vacant land already subdivided within the serviced area to meet development for

several years without extending to the rural parts. If these vacant holdings can be brought into use the municipality will be freed of increased costs in extending services prematurely beyond the already serviced area.

Such extension is demanded under the A. A. V. rating system because so many holdings are withheld for speculative rise in price. Genuine home-seekers are forced further afield to unserved areas because prices of inner lots are driven beyond their means. The higher rates payable on vacant holdings under site-value rating would tend to make these lots available at lower price while the exemption of improvements from local taxation would stimulate investment in buildings instead of sterile investment in vacant land.

(In a later section of this report we consider the adequacy of rate payments made on vacant land in relation to the overhead and operative costs incurred for it.)

### 3. BUSINESS AND OTHER BUILDINGS

Properties other than dwellings and vacant land have been considered as a group. They are small in numbers but important as they include the business properties. The summarized results for the group are as follows:

	<u>System Charging Least Rates</u>	
	<u>Site-Value (U. C. V.)</u>	<u>Annual Value (A. A. V.)</u>
Number of Assessments	112	92
Total Annual Values	37,642 pounds	13,383 pounds
Total Site Values	93,630 pounds	231,600 pounds
Total Value Bldgs & Impvmts.	529,255 pounds	111,950 pounds
Proportion Impvmts. to C. I. V.	82%	32%
Rates Payable under A. A. V.	5,490 pounds	2,264 pounds
Rates payable under U. C. V.	2,660 pounds	6,629 pounds

The effect of change to site-value rating would be to give rate-relief to the better developed at the expense of the poorly developed properties in this group. Exemption of improvements made by owners would stimulate investment in business undertakings and open new opportunities for local residents.

MAIN TYPES OF BUSINESS PROPERTIES

<u>Type of Property</u>	<u>Rates Least Under</u>	<u>Nos of Assmts.</u>	<u>Value of Impvmts Pounds</u>	<u>Value of Sites Pounds</u>	<u>Annual Value Pounds</u>	<u>Rates Under:</u>	
						<u>U. C. V. *</u>	<u>A. A. V *</u>
						<u>Pounds</u>	<u>Pounds</u>
Shops	(U. C. V.	49	182, 775	41, 650	16, 337	1, 345	2, 661
	(A. A. V.	10	11, 175	10, 375	1, 639	335	266
Garages	(U. C. V	10	48, 900	9, 850	4, 296	318	698
	(A. A. V	9	5, 465	6, 285	828	203	135
Workshops & Industrial	(U. C. V	7	96, 300	11, 850	4, 737	383	770
	(A. A. V	2	1, 350	5, 900	388	190	63
Halls	(U. C. V.	5	14, 250	1, 700	688	55	112
Hotels	(U. C. V.	3	81, 650	7, 850	5, 300	254	861
Golf Clubs	(A. A. V.	4	7, 500	75, 000	3, 300	2, 420	536
Stores	(U. C. V.	3	8, 750	2, 500	728	81	118
	(A. A. V.	1	1, 900	1, 000	117	32	19

\* Computed at 7 3/4d. for U. C. V. and 3/3 for A. A. V. for simplicity although some are actually at the lower rural rate.

Part IV

How Rate Payments Compare with Council Costs

Rates are intended to be contributions by property owners to cover their share of council costs incurred on their behalf in carrying out the functions of a municipality. It should therefore be possible to see in the amount demanded under whatever basis is used a definite relation with the costs.

The municipal costs which must be recovered in rates are of two types (1) overhead costs (2) operative costs of the actual works and services provided.

Overhead Costs

The overhead costs which must be spread over all ratepayers include administrative costs, interest on municipal loans and sinking funds or repayments of principal.

These costs are incurred by the council on behalf of all ratepayers and are independent of whether particular owners make use of the services or not. These costs are also independent

of whether the owner has built on his site or hold it vacant or under-developed. Hence A. A. V. is not a suitable basis to distribute overhead costs to ratepayers. Of the two alternative systems site-value rating is clearly the most equitable basis to distribute overhead costs among ratepayers. The minimum rate which any owner can be expected to pay is at least enough to cover his share of the overhead costs.

For Clarence municipality the total Overhead Costs for the year ended 30. 6. 56 were 53,700 pounds comprising: Administrative charges, 12,488 pounds; Pay Roll Tax, 1,307 pounds; Superannuation, 1,731 pounds; Workers Compensation premiums, 1,119 pounds; loan interest and repayments including sinking fund 37,055 pounds.

Thus overhead costs absorbed 56 percent of the total rate revenue of 95,093 pounds leaving only 41,393 pounds towards operative costs (supplemented by substantial amounts received in government subsidies and income other than rates.)

To cover these overhead costs alone a rate of 3.38d in the pound of U. C. V. would be needed upon each property in Clarence. This is the irreducible minimum amount which any property owner should pay since he must at least be expected to cover his share of overhead costs.

#### Operative Costs of Services

The relative frontages of one ratepayer and his neighbour measure approximately the relative service offered them and the costs incurred by the council on their behalf. This is clearly seen for street construction and maintenance, street lighting, footpaths, water and sewerage mains for which the costs to the municipality are proportionate to frontage held for properties in the same street.

Hence it is to be expected that in any particular street rate contributions between neighbors will vary approximately according to their frontage and be independent of the value of their buildings or other improvements.

Site-value rating accords with this reasonable expectation but A. A. Value does not. Under A. A. V. rating the average house in Clarence is charged 8 times as much as adjoining vacant lots of equal frontage.

The site-value itself reflects the difference in the extent of services offered between different localities being high in the fully serviced areas and low per foot in the outer areas where few services are available.

Examination of Clarence Accounts for year ended 30. 6. 56 shows that (after excluding the overhead items) maintenance costs of roads and working plant was 34,642 pounds; water supply, 6,971 pounds; street lighting, 2,154 pounds. These three items totalled 43,767 pounds, equal to 47 percent of the rate revenue.

#### A. A. V. Rates on Under-developed Holding are Inadequate

Type of Property	Num and lea
------------------	-------------------

(1)

TOWN AREAS

(except Howrah)

Dwellings

Business &  
other bldgs.

Vacant Land

Totals

HOWRAH TOWN

Dwellings

Business &  
other bldgs.

Vacant Land

Totals

RURAL AREAS

Dwellings

Business &  
other bldgs.

Vacant Land

Totals

Town Areas (except

Howrah Town

Rural Areas



Examination of the under-developed properties comprising the groups contributing least rates under the A. A. V. basis shows that they now pay substantially less than the minimum amount needed to cover their share of the overhead costs of the municipality. For Clarence Municipality this is an amount equal to a rate of 3 1/2 d. in the pounds of U. C. V.

The average rates payable under the alternative systems are compared in the table below with the minimum amount required from the ratepayer for overhead costs alone.

<u>Property Type</u>	<u>Average Site-Value</u>	<u>Rates Payable Under</u>		<u>Compare Minimum Needed for Overhead Pounds.</u>
		<u>U. C. V.</u>	<u>A. A. V.</u>	
		<u>Pounds.</u>	<u>Pounds.</u>	
		<u>s. d.</u>	<u>s. d.</u>	<u>s. d.</u>
<u>Rural Areas</u>				
Vacant Land	2, 600 pounds	46. 0. 10	20. 6. 3	37. 18. 4.
Farms	3, 350 pounds	59. 6. 6	33. 3. 2	48. 17. 1.
Shacks	254 pounds	4. 10. 0	2. 17. 6.	3. 13. 9.
Houses	841 pounds	14. 17. 10	8. 18. 3.	12. 5. 4.
<u>Town Areas</u>				
Vacant Land	540 pounds	17. 8. 9.	4. 7. 9.	7. 17. 6.
Shacks & T/D	504 pounds	16. 5. 6.	8. 2. 6.	7. 6. 9.
Houses	1, 010 pounds	32. 12. 0	20. 3. 0	14. 14. 7.
Other Bldgs	2, 500 pounds	72. 1. 1	24. 12. 2.	36. 9. 2.

#### Rural Areas

In the rural area where few municipal services operate beyond those of road maintenance and construction the site-value rate is almost confined to the minimum needed to cover overhead costs. This absorbs 3 1/2 d. out of the 4 1/4 d. per pound under the site-value basis leaving only 3/4 d. towards operating costs. The amounts charged under U. C. V. on these properties are not excessive.

On the other hand the low rates charged to each of the under-developed types under A. A. V. are quite inadequate. They cause other owners of well-developed properties to pay more than their fair share to make up the revenue contribution avoided by the under-developed holdings.

#### Town Areas

Actual services provided by councils are mainly available to the town areas. Hence town sites must be expected to pay substantially greater amounts toward operative costs above the common share of overhead costs met in the rural areas. Yet vacant lots and miscellaneous buildings under A. A. V. contribute barely half the minimum overhead share with no margin towards operative costs.

It is concluded that change to site-value rating would simply call on under-developed holdings to contribute their fair and increased contribution to council costs and would relieve those with well-developed holdings of an unfair burden.

#### PART V - BALANCE SHEET

Balance sheets showing the distribution of rates under the two alternative systems form part of this report. They are prepared in three sections covering respectively the Rural Areas (subject only to the consolidated rate); and other Town areas (subject to all rates apart from sewerage service).

#### PART VI - CONCLUSION

Change to site-value rating would be beneficial to Clarence Municipality. It would remove inequity in rating between rate-payers offered the same service by the municipality. It would spread the costs of municipal services to ratepayers in proportion to value of the services offered them by the municipality instead of according to their own industry. It would reduce the rates payable upon 75 percent of the dwellings in Clarence while calling upon vacant lot holders and those with poorly-developed holdings to contribute their fair share towards municipal costs.

Stimulation to the making of improvements with their exemption from local taxation would benefit business operators. Local industries could be more readily attracted and maintained under the more reasonable rating levels of the site-value system.

Finances of the municipality would be more stable under site-value rating. Expenses would be kept within bounds as that rating would encourage building on the vacant lots within the area already served by roads, lighting, water and sewerage services before extension to outer areas involving new capital expenditure. Revenue of the municipality would benefit more directly from extension of its services as it would draw a more reasonable share in the resultant increase in site values. Should need arise for increased rate-revenue this would be less onerous under site-value rating since vacant land holders would contribute their full share instead of increases being concentrated upon house-holders as under assessed annual value rating.

#### 10. Report on Land Values Research Group Survey of City of Sale, Victoria

This survey was made at the request of the Sale City Council to provide factual information in view of a forthcoming poll on a proposal to change from Nett Annual Value to the Unimproved Capital Value (i. e. Site-Value) basis of rating. Valuation details and comparative rates under the two alternative rating systems have been analyzed and the results are set out below

Abbreviations: U.C.V. means Unimproved Capital Value

N.A.V. means Nett Annual Rental Value



Of the total 2,672 assessments covered by the 1954 valuation 2,613 were analyzed in this survey. The total valuation figures for sale were: Unimproved capital value 1,255,982 pounds; capital improved value 4,623,103 pounds and net annual value 235,050 pounds. The rate of 9d. per pounds of U. C. V. is equivalent in yield to 4/- per pound of N. A. V. these rates being used in rate comparisons.

OVER-ALL RESULTS

	<u>GROUP A</u> <u>Rates Least</u> <u>Under U. C. V.</u>	<u>GROUP B</u> <u>Rates Least</u> <u>Under N. A. V.</u>
Number of Assessments	1,251	1,362
Total value of sites	4,174,93 pounds	823,546 pounds
Total value of Impvmts	2,829,655 pounds	583,546 pounds
Total net annual values	161,875 pounds	70,725 pounds
Rates payable under U. C. V.	15,656 pounds	30,883 pounds
Rates payable under N. A. V.	32,375 pounds	14,145 pounds

Of the 1,362 carrying lower rates under N. A. V. 789 are of vacant land. Excluding these and confining comparison only to holdings with buildings upon them 1,251 (69%) would carry lower rates and only 564 higher rates under the U. C. V. basis. Of houses 1,152 (75%) carry lower rates and only 387 higher rates under U. C. V.

Degree of development is high in Group A above the value of improvements made by holders being seven times the value of their sites. In Group B degree of development is low, value of improvements being little more than half the value of their sites.

HOUSES

Of the total houses 1,152 (75%) carry lower rates under the site-value basis and only 387 carry increased rates. The reductions total 12,713 pounds and the increases only 2,952 pounds. There is thus an overall reduction of 9,761 for houses as a group.

Sale comprises 5,442 acres of which only 800 acres is residential or built-up area and the balance is larger holdings with more rural interests. The township and rural parts have therefore been considered separately with the following results so far as housing properties are concerned:

	<u>Total Rates Payable</u> <u>on Houses Under</u>		<u>Average Rates</u> <u>per House Under</u>	
	<u>U. C. V.</u> <u>pounds</u>	<u>N. A. V.</u> <u>pounds</u>	<u>U. C. V.</u> <u>pounds</u>	<u>N. A. V.</u> <u>pounds</u>
	<u>s. d.</u>	<u>s. d.</u>	<u>s. d.</u>	<u>s. d.</u>
<u>Township Area</u>				
929 houses (U. C. V. least)	10,450	20,363	11.5.0	21.18.4
341 houses (N. A. V. least)	5,208	3,377	15.5.3	9.18.8

Rural Area

223 Houses (U. C. V. least)	1,785	4,585	8.0.0	20.1.0
46 Houses (N. A. V. least)	2,538	1,422	55.3.6	30.18.3

In both urban and rural parts the majority of holdings with dwellings carry lower rates under the site-value basis. The proportion benefiting in the rural part (83%) is actually higher than in the township (73%). This shows the widely-held impression that the rural section would not benefit by the change is unfounded.

Houses benefiting in lower rates under U. C. V. are fair to good quality while those with higher rates are poor-type or under-developed in relation to value of the site. Those benefited in the town have average value 1,900 pounds in improvements compared with only 550 pounds for those paying more. In the rural area the corresponding values are 1,840 pounds and 1,600 pounds.

RURAL HOLDINGS

Below is a break-up for the rural holdings which are located in four distinct areas:

<u>Rural Section</u>	<u>Holdings with Houses thereon</u>		<u>Holdings of Vacant land</u>	
	<u>Nos.</u>	<u>Rate Saving Pounds</u>	<u>Nos.</u>	<u>Rate Saving Pounds</u>
<u>Northern</u>				
U. C. V. rates least	68	851	-	-
N. A. V. rates least	29	659	75	589
<u>Eastern</u>				
U. C. V. rates least	114	1,659	-	-
N. A. V. rates least	16	338	214	1,044
<u>Netherlands</u>				
U. C. V. rates least	37	211	-	-
N. A. V. rates least	6	19	113	711
<u>Desailly Flats</u>				
U. C. V. rates least	4	9	-	-
N. A. V. rates least	5	60	133	666
<u>Total Rural</u>				
U. C. V. rates least	233	2,700	-	-
N. A. V. rates least	46	1,116	535	3,010

VACANT LAND

Vacant subdivisional land is the only group which in all cases pays increased rates under site-value rating. The 798 vacant land holdings in sale form nearly one-third of the total assessments. Of them 263 are in the town area and 535 in the rural portion.

The 263 vacant township holdings have total U. C. V. of 122,000 pounds and would contribute 4,650 pounds in site-value rates against only 1,432 pounds under N. A. Value. The 535 vacant holdings in the rural area have U. C. V. of approximately

151,500 pounds and would contribute 5,690 pounds in rates compared with their N. A. V. rating of 1,598 pounds.

The site-value rates upon purely vacant land in Sale are 3.68 times the N. A. V. rates. This is more appropriate to costs incurred by the Council. It has been found elsewhere that vacant lots under N. A. V. do not contribute more than one-third of actual maintenance costs on their frontage.

#### SHOPS

In most cases shop sites in Sale would carry increased rates under the site-value basis since only one-third are fully modern and a further one-third are obsolete type. Of 123 shops 102 would carry increases from a total of 5,044 pounds under N. A. V. to 9,656 under U. C. V. this being an increase of 90 percent.

Different to the householder whose interests are more directly connected with the rate saving obtainable on his house the shopping community is not vitally affected by rates whether high or low. These are quite insignificant compared with turnover in such an important centre and are readily absorbed as business costs. The average amount payable in rates on the 102 shop-sites with increases would be 91 pounds per annum on U. C. V. compared with 45 pounds under N. A. Value. Modernization of the premises could be undertaken under the site-value basis without bringing rate-penalties as under N. A. Value).

The site-value rates on the shopping centre are more reasonably related to the heavier municipal costs in the vicinity of the shopping centre and the wear and rear on the excess roads leading to the centre. Under N. A. V. the average rate paid by the 102 most valuable shop-sites is only twice that paid by the average house in the township area.

Business operators in the Sale shopping centre would benefit directly by the spending of the rate savings of the householders. These are generally family people who spend their income as distinct from investment groups. Portion of their rate-savings would be gained at expense of vacant holdings owned by absentees and would be a net gain to the district. Further stimulation to business turnover could be expected from new customers linked with the step-up in the building construction industry found elsewhere to follow the exemption of buildings from rates.

#### OTHER BUSINESS PROPERTIES

78 other business assessments with buildings valued at 610,120 pounds and sites at 81,680 pounds would carry rate reductions totalling 3,844 pounds under U. C. V. rating.

75 other business assessments with buildings valued at 79,730 pounds and sites at 95,790 pounds would carry increases totalling 1,832 pounds.

OTHER BUSINESS PROPERTIES (continued)

The main groups of these miscellaneous business properties are summarized below.

Type Property	Rates	Number of Assmnts.	Value	Value	Rates Payable Under:	
	Lower Under		of Sites	of Impvmts	Site-Value (U. C. V.)	Annual Value (N. A. V.)
			Pounds	Pounds	Pounds	Pounds
Factories &	(U. C. V.)	15	11,920	110,660	507	1,384
Workshops	(N. A. V.)	4	5,995	6,605	223	127
Garages	(U. C. V.)	4	6,820	25,880	256	332
	(N. A. V.)	6	8,240	6,950	309	151
Offices	(U. C. V.)	8	3,855	19,485	146	238
	(N. A. V.)	11	14,435	6,555	584	232
Hotels	(U. C. V.)	6	25,630	219,500	963	2,195
Banks	(U. C. V.)	2	2,130	7,720	88	99
	(N. A. V.)	5	26,505	29,005	994	555
Plats	(U. C. V.)	8	1,475	3,525	55	73
	(N. A. V.)	7	2,340	2,910	90	59

In each case it is the better-improved group which carried lower rates and the less-improved which carried increases under the site-value basis.

SECONDARY INDUSTRIES

Attraction of further industries to Sale has been sought recently but the N. A. V. rating cuts right across this objective. It loads the industries with annual rate charges which (together with the freight charges they must pay to and from the capital) may make their establishment or continued existence uneconomic.

Extent of the penalties imposed on such industries is seen below for the few firms which have been able to establish themselves in Sale.

Factory	Value of	Value of	General Rates Under	
	Impvmts	Site	U. C. V.	N. A. V.
	Pounds	Pounds	Pounds	Pounds
*Woolen Mill	43,120	3,200	180	463
Butter Factory	19,800	500	19	203
Iron Factory	8,500	2,500	94	160
Bacon Factory	6,770	230	9	70
Flour Mill	7,000	560	21	76

Compared with site-value rates the General rates on the Woolen Mill are 283 pounds greater under N. A. Value. Water rates at 1/6 in pounds would be greater by 106 pounds making total difference due to rating system 389 pounds. This is an annual charge equivalent to increasing capital cost on which interest has to be met by 7,780 pounds (i. e. 18 percent of value of the improvements) compared with that payable under site-value. Similar proportionate increases for the other industries would be Butter

**Type of  
Property**

**HOUSES**

**SHOPS**

**OTHER BUSINESS**

**VACANT LAND**

**TOTALS**

Faint, illegible text and data, possibly a table or list of property details, located to the right of the 'Type of Property' header.

Faint text at the bottom right of the page, possibly a signature or date.

1. 1990-1991

2. 1992-1993

3. 1994-1995

4. 1996-1997

5. 1998-1999

6. 2000-2001

7. 2002-2003

8. 2004-2005

9. 2006-2007

10. 2008-2009

11. 2010-2011

12. 2012-2013

13. 2014-2015

14. 2016-2017

15. 2018-2019

16. 2020-2021

17. 2022-2023

18. 2024-2025

19. 2026-2027

20. 2028-2029

21. 2030-2031

Factory (25%); Iron Foundry (21%); Bacon Factory (25%); Flour Mill (22%).

The high N. A. V. rates to these concerns as above are not warranted by extent of services rendered them by the Council. These are practically confined to road maintenance for wear caused by vehicles serving them. This cost would still be incurred by the council if these concerns had established in Melbourne or some other centre outside Sale. The vehicles would then have to carry the materials to rail-head or along roads to distant centres. Road-wear would still occur and council have to meet cost but would receive no rate revenue from the distant concern. The site-value rates are a reasonable contribution to council costs. \*The Woolen Mill failed shortly after presenting this report. The premises were later taken over by J. J. Davies and Son following change to site-value rating. That firm acknowledged exemption of their prospective improvements from rate-increases was an important factor in their decision to settle in Sale.

### CONCLUSION

It is considered that the information available from the survey warrants the conclusion that adoption of the site-value rating would be beneficial to Sale City.

### ACKNOWLEDGEMENTS

Special acknowledgements are made to the following who have assisted in the analysis of the material and preparation of the report: Messrs F. J. Doolan, M. V. I. S., M. C. I. V., L. M. Perrott, F. R. I. B. A.; J. H. Morris, J. P.; A. W. R. Wood, J. P.; L. M. Donnelly, A. I. C. A.; K. N. Grigg, M. B., B. S.; P. McKenzie; A. G. Sandow, B. E., A. M. I. E. Aust.; Misses M. A. Holdsworth; V. Perrott. In addition special thanks are due to Councillor G. L. Cameron who was responsible for the extraction of the basic data from municipal records without which the survey would not have been possible.

A. R. Hutchinson, B. Sc. A. M. I. E.  
Aust.,  
Hon. Research-Director,  
Land Values Research Group,  
32 Allison Ave.,  
GLEN IRIS. S. E. 6

(It will be of interest to record that the rating poll taken in August, 1954 resulted in the adoption of site-value rating in Sale. Votes recorded in favor of the change were 1,932 to 736 against.)

11. What Has Land-Value Rating Done for Malvern"; article by Mr. A.R. Hutchinson  
reprinted from "Malvern Advertiser" 20/7/61

Malvern's municipal rating system was changed in August, 1955, to abolish local taxes upon buildings and improvements and base them upon the land value of the site alone. In municipal terms the system was changed from the Nett Annual Value (N. A. V.) to the Unimproved Capital Value (U. C. V.) basis.

With the change the Land Values Research Group commenced a survey of the effects upon Malvern's development. The object was to see how effective the rate-change proved in solving problems shared by Malvern in common with other inner municipalities, for which land value rating has been urged as a remedy.

The problems causing concern arise from failure to re-develop or even maintain the older properties which have been allowed to run down with formation of blighted areas. Result has been progressive loss of population from these inner municipalities to the outer suburbs. This has been accompanied by stagnation of the retail business centres which have been supporting fewer shops at successive retail trade censuses.

#### Malvern's Problem Area

The problem area in Malvern is the Western section between Kooyong Road and Tooronga Road. Here were blighted pockets which figured in the 1933 Slum Abolition Report. There were virtually no vacant lots in this section but many mansion properties on large blocks capable of re-development. A case study has been made in this area illustrated with photographs showing conditions "before" and "after".

The change to land-value rating reduced charges upon well-improved properties in the problem area while increasing them upon under-developed and run-down properties. Owners knew their rates would not be further increased because of any re-development they might undertake as under the old system.

#### Re-Development Accelerated

The case study showed re-development has taken place in this problem area on a scale which could not have been expected under the old system. This is evident from analysis of the building permits issued by the council for new dwellings, other new buildings, alterations and additions. Details of permits for substantial improvements valued at 1000 pounds or more are published weekly by the "Building and Construction Journal." These were analyzed according to location. The number issued within the problem area and their proportion to the total for the whole city are compared below.



Year Ended 30th Sept.	Rating System	Nos. of Permits		Permits in Problem Area as Proportion on total for whole city
		Problem Area	Whole City	
1955	N. A. V.	39	174	22%
1956	U. C. V.	72	206	35%
1957	U. C. V.	80	194	41%
1958	U. C. V.	78	210	37%
1959	U. C. V.	110	231	48%
1960	U. C. V.	204	432	47%

The problem area accounted for barely one-fifth of the whole city's building permits while buildings were subject to local taxes under N. A. V rating. It now accounts for almost half, where buildings are tax free. The proportion increased spectacularly with the first year of the changed system and has been increased since.

#### Permits Expected Under N. A. V?

We require to compare the permits that could reasonably have been expected in the same years had local taxes on improvements continued in force. This is given by taking the pre-change level of permits in 1955 as base year and applying to it the same growth factors for the successive years as shown by permits for dwelling units over the whole metropolitan area.

From this it is seen that the development under U. C. V. has been at a level approximately three times what could have been expected under N. A. V.

#### Regeneration of Run-down Streets

Regeneration has covered a wider field than shown by the building permits, although the three-fold increase in these since the change is spectacular. Maintenance operations such as new fences and repainting do not require building permits. There were many Malvern streets with small properties which had been allowed to run down. These included Gordon, Egerton, Gladstone, Clarendon, St. Georges, St. James and Elizabeth Streets. It would be hard to find any timber properties in these streets in which the owners have not taken advantage of the exemption of improvements from rates to at least repaint or re-fence since the change. The whole tone of the neighborhood has been lifted in these areas. In some cases slate or iron roofs have been replaced with tiles, while in others new brick houses have been built around old timber ones while still in occupation.

#### New Deal for the Shopping Centres.

Double-frontage lots and large mansion properties have been sub-divided to build fine new homes or blocks of flats. This has brought many new families into the area as potential customers for the shops where few could have been expected before.

Even excluding the boom 1960 year, which partly reflects the effects of removal of rent controls, the annual level of permits for new dwelling unit construction in this

problem area over the first four years following the rate-change was approximately three times that with buildings taxed.

What this build-up of new family-customers has already meant to the Malvern business community is seen from the change in retail-shopping census trends.

Due to the loss of population to other areas the Glenferrie Road and High Street shopping areas have been deteriorating for years before the rate change. In this they were no different to those of Melbourne, Hawthorn, Prahran, Richmond and St. Kilda. For these there was an average decrease of 3% between the retail census of 1949 and 1953 in the number of retail shops supported. Malvern's decline in this period was 3.6%. By the 1957 census the decline had continued in all these other centres rating net annual value to average 7.3% below 1949. Malvern alone, having removed local taxes from buildings, reversed the previous trend and increased the number of retail traders supported to bring its net drop on 1949 to only 1.2%. Its total turnover of retail trade over 1949 increased by 160% compared with the average of 140% for the others.

These trends cover only the effects of two years' development since the rate change. The effects of the major re-development over the last three years will not become evident until results of next year's retail census are available. But it is clear that the multiplication of new dwellings and customers at the back door of these shopping centres has already given a new deal to the shopping community in Malvern.

#### Shopping Centres Modernized

That business has been improved since this change is evidenced by the modernization effected in the Glenferrie Road and High Street shopping centres. Most shops have put in new cantilever verandahs or modern fronts, or both, partly because there is more trade about to warrant it, and they know that their outlay in improvement would not increase their rates.

The extent of this modernization is seen below comparing the classification of each of the shops in the Glenferrie Road, High Street and Station Street centres at the time of the change in 1955 with that five years later. Most of the changes shown occurred before mid-1958.

	<u>Before Change</u>	<u>After Change</u>	<u>Difference</u>
<u>Classification</u>	1955	1961	
Modern	174	278	+104
Semi-modern	162	73	- 89
Obsolete	60	43	- 17

Modern features are cantilever verandahs and metal-framed windows. Shops with both are classed modern. Those with only one of these are classed "semi-modern". Those with no verandahs and with wood or stone-frame windows are classed "obsolete" Malvern city by-laws outlawing pillar type verandahs have had no appreciable

influence on the position above. Where such improvements are taxed shopkeepers simply pull down their pillars and do without verandahs instead of erecting cantilevers. This was found with High Street, St. Kilda, and Toorak Road, Prahran, and other places.

---

MALVERN

RATE POLL RESULTED

Favor U. C. V. , 25, 681

Favor N. A. V. , 10, 140

All booths and the postal votes favored retention of U. C. V. , giving proportions ranging from minimum 57% to maximum 94% of the booth totals.

---

12. Excerpts from Letter Sent by Secretary, Premier's Department, Melbourne, Victoria, 28th February 1964.

The Minister of Water Supply has advised as follows:

"Much of the information has been obtained by the Commission from the 'Land Values Research Group', whose Director of Research is Mr. A. R. Hutchinson, B.Sc., A.M.I.E. Aust., of 32 Allison Avenue, Glen Iris S.E. 6. All of the members of the Research Panel, of whom there are 26, hold academic qualifications of various kinds, and the Commission regards its work as authoritative.

The work of this group has been of considerable help to the Commission when considering the basis of rating for water supply and drainage in the districts controlled by the Commission.

The arguments for and against a change in rating from a net annual values basis to site values basis are somewhat similar whether the rating is for water supply, for drainage, or for municipal purposes, and when deciding to change over its rating of rural lands for water supply and drainage from net annual values to site values a number of years ago, the Commission was guided by the results of a great number of polls conducted by municipalities which showed increasing majorities of ratepayers in favor of site values rating.

It is of interest to record that although 40,000 assessments were affected by the change in water and drainage rating to site values basis, a number of years ago, not more than half a dozen objections were received either before or after the change. There has been no move in any of the waterworks or irrigation districts for a reversion to rating on net annual values - almost certainly because rating on site values does not penalize progressive landowners who improve their properties.

13. Memorandum on Laws and Procedures Affecting Property Taxation from State Rivers and Water Supply Commission, Victoria, 1964.

The Commission operates a number of different types of District, namely Irrigation, Waterworks, Drainage, Flood Protection, and Urban. With the exception of Urban Districts which are rated on N. A. V., the Commission generally rates on Unimproved Capital Values (U. C. V.) In its Urban Districts, the Commission must rate on the basis of municipal valuations, which are generally on Net Annual Valuations (N. A. V.) In its other Districts, the Commission makes its own valuations and is therefore not restricted by the municipal system of valuing.

Authority for the Commission to rate on U. C. V. is given by Section 78 of Act 6413 (1958). This provides that U. C. V. rating shall be introduced by Order published in the Government Gazette, provided that no such order shall be made to apply to any Urban District except under the provisions of Division five of Part V of the same Act.

Under the authority of Section 78 of Act 6413, the Commission levies general and drainage rates on U. C. V. in all of its Irrigation Districts. The general rate is a statutory rate of one penny in the pound of U. C. V. (Section 66 of Act 6562 (1959)). This rate, which is applied to some 15,000 assessments, returned about 130,000 pounds in 1962/63, or approximately 7 per cent of the gross revenue of the irrigation districts.

It is of interest that the Water Act of 1905, which constituted the State Rivers and Water Supply Commission, provided for all costs in irrigation districts to be recovered by a form of rating on U. C. V. The legislation, which was somewhat unusual, provided for a rate of 4/- per 1 pound of total N. A. V. less the value of defined improvements, that is, one-fifth of the "unearned increment" in land values. However, this system was never tried, on the ground that it was too difficult to apply, and amending legislation in 1909 substituted direct payment for water delivered (which still continues as the major source of revenue) supplemented by a rate on improved property values.

The latter rate was to be such as to recover what, in the opinion of the Commission, was the estimated cost of providing the irrigators with drinking water for stock and water for domestic use, from channels constructed for irrigation. In practice, this proved an unsatisfactory basis for making a rate because of indefiniteness, and the present statutory general rate of one penny per pound of U. C. V. was substituted in 1959.

The legislative provisions affecting drainage rates in Irrigation Districts are covered by Section 93 of Act 6413. Unlike the general rate, which is applied without regard to the level of District expenditure, the drainage rates in Irrigation Districts are designed to recover the estimated cost of maintaining and operating the drainage system. In 1962/63, revenue from drainage rates in Irrigation Districts returned 186,000 pounds or 10 percent of gross Irrigation District revenue.

In addition to the Drainage Districts within the Irrigation Districts, there is a separate Drainage District specifically established to improve drainage in the area. This District is also rated on U.C.V., and revenue from its 7,600 assessments in 1962/63 was 25,000 pounds. The provisions of Section 93 of Act also apply generally to Flood Protection Districts. All of these have not yet been changed over to site value rating.

For both the general and drainage rates in the Irrigation and Drainage Districts, land may be classified in several divisions as provided for by the legislation already referred to above. The bulk of rate revenue, however, is received from land classified in the first division. The same also applies to the rating divisions in Waterworks Districts, (i.e., rural areas served with water for domestic and stock purposes, and, except for very small areas, not irrigated.)

The provisions governing rating in Waterworks Districts are contained in Section 76 of Act 6413 (1958). Rating in all Waterworks Districts - with one minor exception of no consequence - is on U.C.V., being changed from N.A.V. in 1957-1958. Revenue from rating approximately 16,000 Waterworks Districts assessments totalled 336,000 pounds in 1962/63, but about half of this was received from minimum payments made on the basis of area. Minimum payments principally apply in the extreme northwest of the State where the land is of very low value on account of its low and variable rainfall.

In the Urban Districts which it operates, the Commission is required by Section 78 (1) of Act 6413 to rate according to the provisions of Division five of Part V of the same act.

In its Urban Districts, the Commission must use municipal valuations. Currently the Commission levies all rates on N.A.V. although Section 255 (1) gives the Commission power to adopt U.C.V. where the municipality concerned has elected to use U.C.V. for its own rating. One problem in the adoption of the U.C.V. system in Urban Districts is that the boundaries of the municipalities and of the Urban Districts do not necessarily coincide and an Urban District may lie partly within two municipalities. The procedure when one municipality is on U.C.V. and the other on N.A.V. rating is set out in a recent amendment, providing that the Commission may adopt U.C.V. in any Urban District where two-thirds or more of the valuations are on the U.C.V. basis.

In addition to operating its own Urban Districts, the Commission supervises the the operation of town water supplies constructed by local authorities, generally termed Waterworks Trusts. The provisions affecting the rating of these Trusts are contained in Sections 161-166 of Act 6413. None of the provisions in these sections are particularly noteworthy. Generally speaking, they give each Trust the power to rate on U.C.V. or N.A.V., depending on the system in force for municipal rating.

The legislative provisions relating to valuations --- are of a routine nature except possibly for the provision that re-valuations must normally be made every 5 years or less, and never at intervals exceeding 8 years.

The adoption of U. C. V. rating in lieu of N. A. V. has been generally well received ratepayers, not more than half a dozen objections having been received from about 30,000 ratepayers in rural holdings. The only difficulty which has been experienced has been in valuating land cleared of timber many years ago.

14. Notes on the Methods of Property Taxation Used in Victoria, Particularly for Local Government Rating Purposes, 12th Feb. 1964.

Bases of Value

The Local Government Act gives the option to councils to rate either on the unimproved capital value of land or its net annual value.

Of some 40 metropolitan municipalities, 25 have adopted the unimproved value system, the remainder (including the City of Melbourne itself) use the net annual value basis.

Of the remaining 169 municipal councils in Victoria, only 24 have adopted unimproved value and, of these 24, only 5 could be said to be predominantly rural in character.

The decision as to whether unimproved capital value or net annual value will be adopted is made finally by a poll of ratepayers but the requirement that a poll be held can arise either from a council decision or petition by 10% of the ratepayers enrolled.

Amount of Rate in the Pound:

The Local Government Act provides for a flat rate which must not exceed 4/- in the pound of net annual value. Should unimproved capital value be used, the rate in the pound must be such as not to produce a total which would be in excess of the amount received if the maximum of 4/- in the pound of net annual value were levied. It is thus necessary for net annual value to be assessed even when unimproved capital value is used as the basis of rating.

Where unimproved value is used, there is provision for a lesser rate to be levied on farm lands. This is at the discretion of the council.

Unimproved Capital Value:

The definition of unimproved capital value basically requires that it is the value of the land only to be assessed. All improvements, both visible and invisible, are not to be taken into account. Thus, in addition to ignoring the improvements of houses, garages, fences, etc., the valuer is also required to make his assessment supposing that any timber and stone, etc., which have been cleared from the property were in fact still present.

Net Annual Value:

The basic requirement of the valuer in assessing net annual value is that he fixes an amount based on the rental which the property may be expected to command from year to year, free of all the usual rates and taxes normally paid by the tenant but deducting therefrom all the normal expenses incurred in maintaining the property in a condition calculated to command the rental.

Unlike the general trend of English law in relation to net annual value, the Victorian Act requires that in no case shall the net annual value be less than 5% of the capital value of the property.

Illustration - Unimproved Capital Value v. Net Annual Value:

A simple example of five properties will serve as an illustration of the difference in rate payable in consequence of the use of one or other basis of value, yet yielding the same total revenue.

<u>Property</u>	<u>Capital Value</u> Pounds	<u>Value of Improvts.</u> Pounds	<u>N. A. V.</u> Pounds	<u>Amount of Rate</u> Pounds	<u>U. C. V.</u> Pounds	<u>Amt of Rate</u> Pounds
No. 1	4,000	3,000	200	40	1,000	20
No. 2	6,000	3,000	300	60	3,000	60
No. 3	7,000	2,000	350	70	5,000	100
No. 4	12,000	7,000	600	120	5,000	100
No. 5	11,000	5,000	550	110	6,000	120
Total Other Properties			498,000	99,600	4,980,000	99,600
			500,000	100,000	5,000,000	100,000

Note: In the case of Properties Nos. 1 and 3, a change from N. A. V. to U. C. V. (or vice-versa) is seen to have a very marked effect, in opposite directions, on the amount of rate for which property becomes liable. The rate is 4/-d. in 1 pound N. A. V. and 4/8d. in U. C. V.

GENERAL COMMENT:

No comment is proffered on the merits or demerits of rating on net annual value or unimproved value or on the difficulties attendant on the actual assessment of value under either system.

A number of other rating authorities, e.g. water, sewerage, drainage and river improvements trusts in Victoria are required to use the valuations assessed by the councils, in most cases, on net annual value, though in some instances provision is made for unimproved capital value to be used if it is assessed by the council.

One large irrigation authority, the State Rivers and Water Supply Commission, may either assess its own valuations or use those fixed by councils. It also has the power to rate either on unimproved capital value or net annual value and has in recent years used unimproved capital value almost exclusively for irrigation and rural water supply purposes.

15. "Key to Decentralization?" by A. T. Hutchinson, B.Sc., A.M.I.E. Aust. "

Decentralization of population and industry is the aim of a substantial section of citizens who believe there is something amiss when more than half of the Victorian population is concentrated in Greater Melbourne.

The decentralization aim is general with members of rural and provincial councils, commerce

and local development organizations but by no means confined to them. Much of the drive and direction for it comes from metropolitan citizens whose interest is unselfish, stemming only from their belief that the evident unbalanced growth will be altered only by direct action to remove its causes.

The recent report of the Distribution of Population Committee presented recommendations covering many contributory factors but surprisingly omitted some of the most important.

In a paper given at the National Conference on Balanced Development at Wagga Wagga in November, 1962, Sir Douglas Copland drew attention to the fact that certain large provincial towns had shown population growth rates since the 1954 census faster than that of Greater Melbourne. He suggested that we study these to learn the reasons and the lessons to be applied elsewhere. This was sound practical advice for a new angle of approach to the problems. Let us see where it leads.

Between the census of 1954 and that of 1961 the population of Greater Melbourne increased by 24.6%. There were eight provincial towns outside the Central District, each with population of more than 5,000 at 1954, which showed a growth of 24% or more in the same period. These were Moe, Morwell-Yallourn, Portland, Shepparton, Traralgon, Wangaratta, Warrnambool, Wodonga.

Morwell-Yallourn form a single complex whose growth is directly tied with the State Electricity Commission and the Gas and Fuel Corporation. Its growth is not under normal conditions as with other towns where growth must be linked to private investment rather than the public purse. Hence it can be excluded in the search for lessons applicable elsewhere.

Considering the other seven fast-growing towns one important characteristic stands out clearly. Six of the seven use the site-value basis for municipal rating under which industrial, commercial and residential buildings and improvements are not penalized by rates levied on their value. This could be significant since one of the specific claims made by advocates of that system is that it will help development of the building construction and other industries on which population growth is dependent.

Following this lead, the provincial towns where the 1954 population was 5,000 or more have been arranged in the accompanying table to show those where municipal rates are levied on bare-land value, separately from those where buildings and other private improvements are rated. The figures for population at 1954 and 1961 are taken from Census Bulletin No. 26 issued by the Commonwealth Bureau of Census and Statistics. They are the final figures adjusted to take account of boundary changes between census years so that the same area is compared at both periods. Where the rating system has changed between census years the town has been grouped according to which system operated for the longer period.

The conclusion is warranted that freedom from local taxes on buildings and other improvements is a major common factor in the towns showing high growth rates.



Ten of the 14 towns where improvements are rate-free show growth of more than 18%. This compares with only three of nine rating improvements.

Indeed, it would surely be surprising if pursuit of a policy of tax-free buildings and other improvements did NOT stimulate growth markedly. Those engaged in the building construction industries are convinced that it does. Both the Building and Allied Trades Association and the Building Industry Congress (which together represent most of those engaged in the building industries) have endorsed this view and pressed for extension of rating on site-values with abolition of rates on buildings and improvements.

There are other contributory conditions but it seems clear that rural areas wanting the benefits of decentralization and population growth have in their own hands the means to go a long way towards achieving it. This is for their municipal, water and sewerage authorities to stop rating improvements and rate instead the bare-land value only. The Local Government Act gives councils and ratepayers the option on which system they use. Change can be made either by Council resolution or poll demanded by ratepayers.

The Distribution of Population Committee has recommended various forms of subsidies, concessions, incentives and other measures to assist decentralization of population and industry. These are valuable aids to supplement the rating change but are not a substitute for it. The recommendations and the cessation of rating of improvements are complementary. It remains basically true that the diseased of unbalanced growth in rural areas is like alcoholism -- largely a self-inflicted one -- to which the basic remedy is STOP TAXING IMPROVEMENTS.

POPULATION GROWTH OF PROVINCIAL TOWNS

Between Census of 1954 and 1961

Below are details of population growth for all provincial cities, towns, boroughs, and non-municipal towns (within shires) outside the metropolitan and central statistical districts, where the population was 5000 or more at 1954 census.

They are arranged in two groups according to the municipal rating system in use. Where this has changed within the period the place has been grouped with that in force longest in the period.

POPULATION INCREASES 1954-61.

Locality	1954 Census No.	1961 Census No.	Increase No.	%Increase %
<u>(A) WHERE IMPROVEMENTS ARE TAX FREE</u>				
<u>(Rating Unimproved Capital Value (Land only).)</u>				
WODONGA (N.M.)	5,259	7,498	2,239	42.5
TRARALGON (B)	8,845	12,300	3,455	39.0
WANGARATTA (B)	10,715	13,784	3,069	28.6
WARRNAMBOOL (C)	12,502	15,702	3,200	25.5
PORTLAND (T)	4,809	6,014	1,205	25.0
MOE (B)	12,427	15,463	3,036	24.4
BENALLA (B)	6,818	8,260	1,442	21.1
SALE (C)	6,537	7,899	1,362	20.8
ECHUCA (B)	5,405	6,443	1,038	19.2
SWAN HILL (B)	5,197	6,186	989	19.0
MILDURA (C)	10,972	12,279	1,307	11.9
HAMILTON (C)	8,507	9,495	988	11.6
CASTLEMAINE (T)	6,577	7,216	639	9.7
ARARAT (C)	7,433	7,943	510	6.7
		Average growth		21.8%
<u>(B) WHERE IMPROVEMENTS ARE TAXED</u>				
<u>(Rating Net Annual Value (land and improvements))</u>				
SHEPPARTON (C)	10,848	13,580	2,732	25.2
WARRAGUL (N.M)	5,324	6,405	1,081	20.3
HORSHAM (C)	7,767	9,240	1,473	18.9
COLAC (C)	8,032	9,252	1,220	15.1
BALLARAT (Urban)	48,030	54,880	6,850	14.3
BAIRNSDALE (N.M.)	6,398	7,427	1,029	11.6
BENDIGO (Urban)	36,918	40,327	3,409	9.2
MARYBOROUGH (C)	6,827	7,235	4,408	6.0
STAWELL (B)	5,463	5,506	43	0.6
		Average Growth		13.4%
<u>(C) STATE ENTERPRISE TOWNS *</u>				
<u>(MORWELL)</u>				
(YALLOURN) N.M.	14,978	19,843	4,865	32.4

Source of figures is Census Bulletin No. 26 issued by Commonwealth Bureau of Census and Statistics.

\*Morwell rates N.A.V. while Yallourn is not subject to rating at all being owned and operated by the State Electricity Commission.

N.M. - Nonmunicipal town.  
B. - Borough  
C. - City  
T. - Town.

