

SHOPS IN AUSTRALIA

AN EXTENSIVE SURVEY of the condition of shops in the three eastern states of Australia—Queensland, New South Wales and Victoria—reveals that where rates are levied on land values, with consequent rate-exemption of buildings, modern shops predominate. But where rates are levied (in the British manner) on the assessed value of the composite subject, land and buildings, the majority of shops are obsolete or at best "semi-modern."

The survey has been undertaken by the Director of the Land Values Research Group, Mr. A. R. Hutchinson, B.Sc., A.M.I.E.Aust. A trained and practiced observer, Mr. Hutchinson has travelled thousands of miles by plane and by car during his last three annual holidays. In more than one hundred of the towns through which he passed he examined and recorded the condition of commercial properties. In this way a dossier of evidence has been compiled which strikingly endorses one of the claims made by advocates of land-value rating, namely that it tends to promote good development.

For the benefit of the new reader it is perhaps well to explain briefly why land-value rating has this effect. Under that system the rate payable on any given land holding is the same, at any one time, whether the site is vacant, poorly used or highly developed. As a result non-use or poor use of land is unprofitable. On the other hand, no penalty by way of an increased assessment is incurred when land is developed, or an existing building is extended or improved.

Mr. Hutchinson's research demonstrates that when all other things are equal, shopkeepers react in the same way as industrialists and home owners: they are more ready to improve their properties if buildings are exempt from taxation than they are when the local authority "fines" them annually for improving the appearance and amenities of their town.

Writing in the January issue of our Melbourne contemporary, *Progress*, Mr. Hutchinson reports that he found that development generally was better in New South Wales and Queensland than in Victoria. This he attributes to the fact that land-value rating, with exemption of buildings and other improvements (including cultivation) has been in force for 48 years in N.S.W. and for 66 years in Queensland. In Victoria while a number of municipalities do rate on the land-value basis and each year more towns change to that system, many remain on the old system of taxing improvements. By this means the social scientist is provided with a laboratory in which to compare and contrast the effects of the two methods of deriving local revenues.

Towns in N.S.W. and Queensland through which Mr. Hutchinson passed were generally more compact than those in Victoria. There was very little ribbon development or needless distention of services. In Victorian country towns, such as Morningside, Rosebud, Inverloch, Healesville and Lilydale, the shopping areas are strung out along long road frontages. This, of course, causes needless inconvenience to shoppers and unnecessary extra expense to the local authority responsible for servicing the area. It is caused by the large number of idle sites scattered between the shops. Another point noted by Mr. Hutchinson was that compared with Victorian towns, there are very few really derelict buildings in the other two states.

Our table summarises the town-by-town analyses published in *Progress* (for the very large towns) and other material received privately from Mr. Hutchinson. It does not include some of the most highly developed towns in N.S.W. and Queensland through which he passed, and because the method of classification does not differentiate between remodelled old buildings and recently constructed

How Improvement of Shops is Stimulated Under Land-Value Rating

No. OF TOWNS	RATES ON	AVERAGE No. OF SHOPS				PERCENTAGE OF SHOPS WHICH ARE		
		VERY LARGE TOWNS (MORE THAN 90 SHOPS)			MODERN	SEMI-MODERN	OBSELETE	
16(a).....Land Values	134	62	25	13	
16(b).....Buildings	133	35	36	29	
LARGE TOWNSHIPS (40-90 SHOPS)								
12(c).....Land Values	61	66	24	10	
18(Vic.)..Buildings	62	35	30	35	
MEDIUM TOWNSHIPS (20-40 SHOPS)								
6(d).....Land Values	30	63	11	26	
14(Vic.)..Buildings	30	22	16	42	

(a) Queensland: 4 towns. N.S.W.: 5 towns. Victoria: 7 towns.

(b) Victoria: Includes cities of Castlemaine, Sale and Warrnambool which recently adopted L.V.R.; part of development since change is reflected in the figures.

(c) New South Wales: 6 towns. Victoria: 6 towns.

(d) N.S.W.: 2. Victoria: 4, of which 3 have recently changed to L.V.R.

shops, there is a certain range in the proportions within each group. Nevertheless the number of towns studied is large enough for reliable conclusions to be drawn from the survey. As may be seen from the table, where buildings are exempt from rates, the proportion of fully "modernised" shops is nearly double what it is where buildings are taxed. In the smallest towns (five to 20 shops) the difference was less marked, presumably because competition between shopkeepers is less keen.

Comparing Victorian towns of similar size, those which rate buildings are less well-developed than those where rates are on land values. Even so, the latter are not so fully modernised as their counterparts across the state border. This is because only the general rates are on land values whereas in New South Wales (except for Greater Sydney and two other cities) water and sewerage rates also are levied on the land-value basis.

VICTORIA FORGES AHEAD

Water and Drainage Rates on Land Values

TWO IMPORTANT EXTENSIONS of the land-value principle in Victoria are reported in the Melbourne *Progress*, January issue.

(1) The State Rivers and Water Supply Commission has decided to adopt the land-value rating basis for the general and drainage rates it imposes. Hitherto these have been based on the assessed value of the land and improvements. Evidence submitted by the General Council for Rating Reform showing that the overwhelming majority of ratepayers in recent polls had voted for municipal rates to be levied on that basis influenced the decision, which had the support of 11 of the 18 Advisory Boards. Thirty irrigation districts are affected, covering an area of more than two million acres. The selling value of the land apart from improvements is assessed at more than £26.28 million. Revenue from this source for the current financial year is expected to amount to £192,869. The Commission also charges irrigators for water actually consumed as well as for the right to draw water, whether or not it is used. This latter provision is strictly in line with the land-value principle since the value of undeveloped land with an entitlement to draw water is obviously thereby enhanced. Revenue from water rights and sales is estimated at £862,537 for the current year.

Similar Trend in the Towns

(2) In the towns a similar trend is becoming apparent. Until now most of the polls taken to decide whether to adopt land-value rating have been restricted to the general rate. But the successful poll at Mildura taken last August provided that the sewerage rate should also be on land values. Now at Wangaratta, which also changed to land-value rating by decision of the ratepayers last August, the autonomous Water Trust and Sewerage Authority has decided to levy its rates on land values instead of on the composite subject, land and buildings. Demands for polls to be held in August in a number of places which were

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circulating when the report in *Progress* was written (they had to be presented before the end of January) all specifically included water and sewerage as well as general rates.

SOUTH AUSTRALIA

Absentee Speculators Again Frustrate Residents

AN ABSOLUTE MAJORITY was secured in favour of adopting Land-Value Rating at the poll of ratepayers taken last July in the Encounter Bay District Council area, a few miles south of Adelaide. Two out of every three home owners and other resident ratepayers who voted—the people who had improved their landholdings—were in favour of local taxation being levied exclusively on the value of land with consequent total exemption of buildings, etc., from charge of local taxation. On the other hand two out of three of the postal voters—most of whom are owners of vacant land held for speculation—voted against adoption of Land-Value Rating. Convincing testimony to the economic effects of land-value rating is offered by the following voting figures:

	To adopt L.V.R.		Against
Residents	335		152
Postal Voters	62		136
	397		288

Because a three-fifths majority in favour is necessary under South Australian law to adopt the land values system (although only a simple majority is required at a poll to overthrow that system), the vote was "invalid."

Local residents were understandably angry that their decision had been over-ruled by a minority of absentee landholders. The Minister for Local Government was requested to amend the Act so that a simple majority might decide the question but the request was refused. Thereupon the Council decided to make another attempt to free improvements from local taxation. A second poll was taken on February 2, and this time voting was:

	To adopt L.V.R.		Against
Residents	329		192
Postal Voters	20		141
	349		333

Thus for the second time more than three-fifths of the local ratepayers have registered their desire for, and confidence in, a system of local taxation which imposes no penalty on improvements and takes from none what is rightfully his. And for the second time they have been frustrated by absentee land speculators.

A remark in Parliament by the Liberal Premier of South Australia, Sir Thomas Playford, last August 22 gives an ironic twist to this unjust situation. While speaking on an opposition motion dealing with local government administration, Sir Thomas said: "Surely local government means that people in a particular area can express themselves on local government affairs in their own way." Yet he upholds and refuses to amend the section of the Local Government Act which makes it extremely difficult for the will of the ratepayers to prevail.