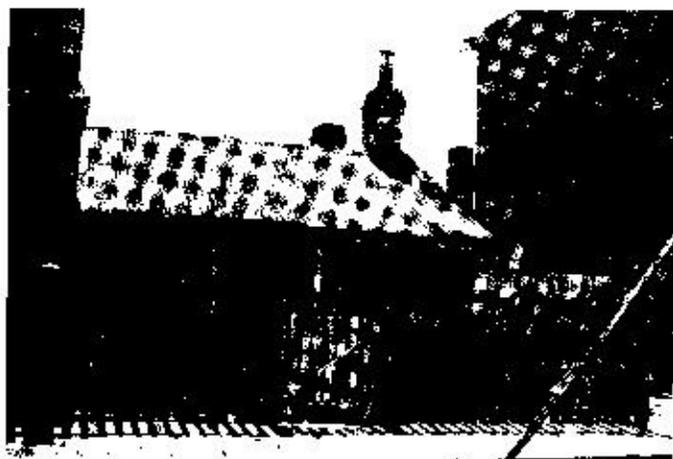


TYPES OF HOUSES MOST BENEFITED BY NETT ANNUAL-VALUE RATING.
 Classified by the Slum Abolition Board as Unfit for Human Habitation.



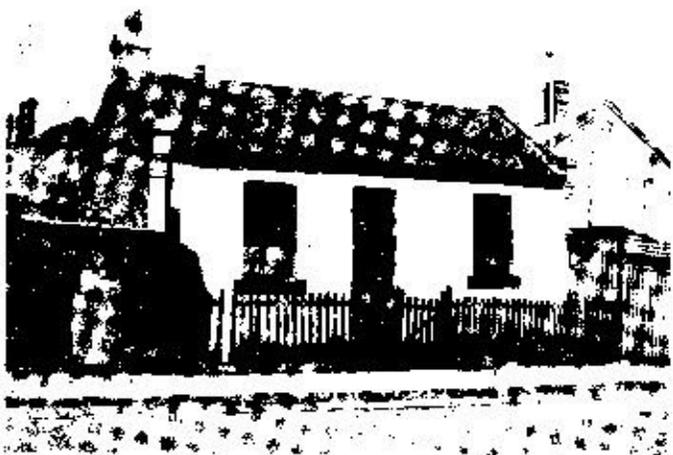
No. 1 Nos. 139 ARGYLE STREET

Has no bath, wash-house nor light. Walls only 6ft. 6in. high. Small front (18ft.). Age 85 years. Has 3 rooms. N.A.V. Rate, £3/2/6. U.C.V. Rate, 54/4/-.



No. 2 No. 72 JOHN STREET

Dereck timber house with 4 rooms, lacking amenities. Frontage, 21ft. Age, 80 years. N.A.V. Rate, £2; U.C.V. Rate, £3/2/-.



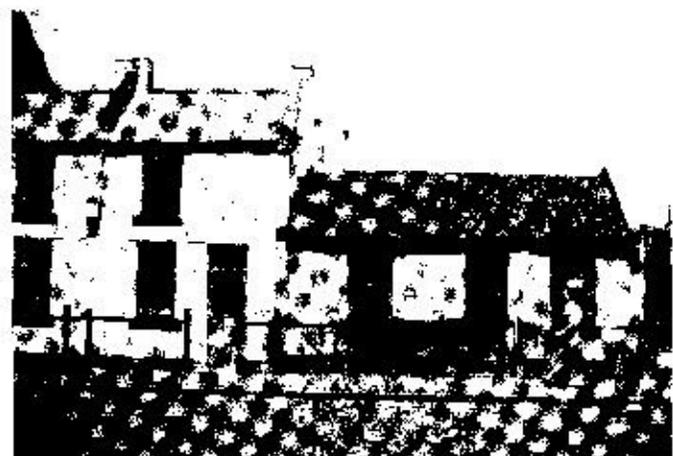
No. 3 No. 52 ST. DAVID STREET

Has no bath nor wash-house. Age, 80 years. Size, 51ft. x 16ft. 6in. N.A.V. Rate, £2/5/-; U.C.V. Rate, £2/19/-.



No. 4 Nos. 88-90 KERR STREET

Has no bath nor wash-house and lacks other amenities. Has 4 rooms. Age, 90 years. N.A.V. Rate, £2/10/-; U.C.V. Rate, £3/10/-.



No. 5 Nos. 70 KERR STREET

Old bluestone house with 4 rooms. Has no bath nor wash-house. Frontage, 24ft. N.A.V. Rate, £9/5/-; U.C.V. Rate, £5/12/-.



No. 6 Nos. 90-92-94 ST. DAVID STREET

These have no bath nor wash-house. Age, 100 years. N.A.V. Rate (for three), £9/7/6; U.C.V. Rate, £15/19/-.

N.A.V. means Nett Annual Value of land and buildings.

U.C.V. means Unimproved Capital Value of site alone.

The Greater the Decrepitude the Greater the Benefit.



No. 7 **No. 30 CECIL STREET**
 Derelict timber house on 33ft. frontage. Compare height with its neighbor. Twenty years ago was rated on N.A.V. £25. Now rated on N.A.V. £15. N.A.V. Rate, £2/5/-; U.C.V. Rate, 65/15/6.



No. 8 **No. 46 ROSE STREET**
 Derelict house, only 13ft. 6in. front, with carriers' yard alongside with 30ft. front. House has 3 rooms. (On house) N.A.V. Rate, £7; U.C.V. Rate, £3/2/-; (On yard) N.A.V. Rate, £1/2/6; U.C.V. Rate, 57.



No. 9 **No. 4 LITTLE CHARLES STREET**
 Very poor brick and cement house with 4 rooms. No bath nor wash-house. Age, 77 years. Size, 34ft. x 40ft. N.A.V. Rate, £2/10/-; U.C.V. Rate, £3/19/6.



No. 10 **No. 184 KERR STREET**
 Derelict timber house 4 rooms. Age, 87 years. Very low walls. Classified unfit for human habitation by San. Abolition Board. Size, 31ft. 6in. x 88ft. N.A.V. Rate, £2/5/-; U.C.V. Rate, 56/8/-.



No. 11 **No. 38 LEICESTER STREET**
 Very poor timber house, 4 rooms. Compare height with neighbor. Lacks amenities. Closed until fit for human habitation by San. Abolition Board. Age, 87 years. N.A.V. Rate, £2/10/-; U.C.V. Rate, 15/1/5.



No. 12 **No. 67 REID STREET**
 Derelict timber house, with only 3 rooms, on block 36ft. 6in. x 90ft. Lacks amenities. Rated on N.A.V. £15. N.A.V. Rate, £1/17/6; U.C.V. Rate, 57/8/6.

The two classes of habitable dwellings are penalised by heavier rates under annual value rating. The two slum classes are rewarded by lower rates under annual-value rating.

The site-value rates are at a level which ignores the value of the improvements. There is, therefore, no rating obstacle to improvement, but rather every inducement to put the property into the best earning condition possible.

The overwhelming proportion of the sound properties provided with amenities are seen to be benefited by a change to the site-value rating basis. For those in need of repairs, the proportion which would benefit is less, as might be expected. The proportion gaining reduces as the quality deteriorates, and in the last group, fit only for demolition, the majority would carry rate increases.

To whatever extent a change to site-value rating gives an incentive to improve, it would provide a force working with increasing pressure against the poorest types. The reason why some of the properties in the poorest class would now gain under site-value rating is simply that the general level of improvements for the City is low. As more properties were repaired or rebuilt the average degree of improvement for the City would rise and the pressure on the remaining decadent properties would increase.

Magnitude of the Change in Rates.

It is not only in terms of numbers or proportions of dwellings gaining lower rates in these classes that the effects of the rating system are to be tested. What is almost equally important is the magnitude of the difference in the rates under the two systems.

The houses covered in the Housing Investigation and Slum Abolition Board Report were further classified to find the magnitude of the rate increases and decreases under the two rating systems.

In each of the four classes the average degree of improvement was found for those carrying lower rates under the site-value rating basis. The degree of improvement was also found for those carrying lower rates under annual-value rating. The results are summarised below, together with the percentage difference in the rates under the two systems.

Degree of Improvement and Magnitude of Difference in Rates on Houses Investigated by Slum Abolition Board.

Class of House	Annual-Value Rates Higher		Site-Value Rates Higher	
	Avg. Impvt. Ratio	Higher by	Avg. Impvt. Ratio	Higher by
V	7.1	53%	3.4	36.5%
VX	6.2	34%	3.4	36.5%
X	6.1	32%	3.4	36.5%
XX & XXX	5.5	19%	2.9	60.0%

Improvement ratio is a comparison with vacant land as unity.

It has been seen that in the two classes of houses fit for human habitation the large majority (72% and 63%) would carry lower rates under site-value rating. These are the best of the inspected houses. Conversely, annual-value rating penalises them to the extent of 53 per cent. in the first group and 34 per cent. in the case of the second group.

On the other hand the minority of houses in these two habitable groups would carry increased rates to the extent of

36.5% under site-value rating. This minority is generally composed of the worst quality houses within the class.

So far as these groups are concerned the incidence of annual-value rating is directly opposed to the interests of the city. Site value-rating would not merely benefit **more** owners and tenants in these classes but would benefit those **most deserving** of consideration.

It is in the lost two groups which are unfit for habitation that the diametrically opposite social effects of the rating system are apparent.

In the (X) group the numbers getting rate reductions under the one system are just about balanced by those under the other. The magnitude of the difference is nearly equal also. But even here it is the better ones within the class that benefit on the site-value basis and the worse that are penalised.

The last (XX & XXX) group is fit only for demolition. This is the class of house that the Council wants to get rid of and see replaced by better types.

In this group not only do the majority of houses carry heavier rates under site-value rating, but the magnitude of the increases is considerable in these cases, while the proportionate reduction in rates in the minority of houses receiving them is small. Site-value rating would, therefore, be a strong force working towards improvement of these problem houses.

The Losing Houses Lack Amenities.

A special analysis was made of the internal condition of the 323 houses which were found to carry increased rates under the site-value rating system. The results of this investigation were:

87 Contained no bath	27%	of total number
137 Contained no wash-house . .	42%	" " "
44 Contained no gas stove . .	13%	" " "
125 Had no electric light	38%	" " "

Of those without electric light 58 had gas lamps, but the remaining 67 were only lit by candles or kerosene lamps. Hardly any of the houses in this losing category had kitchen sinks. The age of these houses ranged from an average figure between 75 and 80 years to a few cases over 100 years.

It is evident that a rating system which grants low rates to such anti-social owners of property as these is not conducive to the general well-being. In fact, it is little wonder that there has been no counter to the forces of decay under these conditions.

(12) HOW ANNUAL VALUE RATING FOSTERS SLUMS.

Advocates of site-value rating claim that annual-value rating gives rate reductions to those who allow their properties to decay, while penalising those who keep them in good order.

This claim can be readily tested by comparing the ratable values set on properties in decadent streets at the present time with those set upon them many years ago. This has been done in our survey, comparing the ratable values of 20 years ago (1926-7) with those today.

The results show that the harmful effects of this form of rating in developing slums have been altogether underestimated, even by those who are critical of the system.

Atherton Street, Fleet Street, Hanover Street, Marion Street, Argyle Street, John Street, Young Street, are all poor streets. In them most of the houses have been allowed progressively to decay. In some cases decay has gone so far that the houses have actually been demolished and bare land remains today. The trend in the rating for these streets over the period is shown on next page.

Table Showing Reduction in Ratable Values in Slum Areas with Continued Decay.

Street	No. of Properties	Total Annual Value		Change in Ratable Value
		1926-7	1946-7	
Atherton (Nos. 12 to 28)	8	£206	£161	less £45 (22%)
Little Hanover	3	£90	£55	less £35 (39%)
Marion (Nos. 2 to 54)	24	£654	£346	less £308 (47%)
(Nos. 33 to 45)	6	£148	£10	less £138 (93%)
Argyle (Nos. 99 to 199)	32	£1155	£910	less £245 (21%)
Alma (Nos. 1 to 41)	4	£86	£10	less £76 (88%)
(Nos. 14 to 20)	4	£96	£9	less £87 (90%)
Fitzroy (Nos. 22 to 82)	18	£1436	£1134	less £302 (21%)
Young (Nos. 17 to 65)	12	£565	£440	less £125 (22%)
John (Nos. 3 to 23)	3	£308	£157	less £151 (49%)
(Nos. 2 to 22)	10	£365	£326	less £29 (9%)
Fleet (Deteriorated)	14	£461	£268	less £193 (42%)
(Better)	5	£235	£285	more £50 (21%)

These cases are typical. They demonstrate how pernicious is the principle of annual-value rating in its influence in extending sub-standard conditions. **These substantial decreases in ratable value have meant that other properties have had to make up the loss in revenue. The ones that have had to bear this burden are the comparatively few new or renovated places or those in better condition.**

The streets above in which the very highest proportionate reductions are given are those where decadence has reached its ultimate result with the houses demolished. An example of this is in Nos. 30 to 50 Marion St., which in 1926-7 were occupied by 11 houses of 3 to 5 rooms each. They then had a ratable annual-value of £250. They were then in bad condition and deteriorated further. They have since been demolished and the ratable value of their sites is now £35. For permitting progressive deterioration the owners are now rewarded by charging them rates **less than one-seventh of what they were paying 20 years ago.**

ANNUAL VALUE RATING REWARDS SLUM OWNERS.

Some actual examples of how annual-value rating rewards those who do nothing to arrest decay are appropriate.

No. 90 Kerr Street.

Has no bath, wash-house, gas nor electric light. In 1926-7 was rated at annual value of £33. After 20 years further decay is now rated on £20.

No. 170 Argyle Street.

Galvanised Iron House, 3 rooms, no information on any conveniences. In 1926-7 this was rated on annual value of £25. After 20 years further decay it is rated on only £13.

No. 38 Leicester Street.

Derelict W.B. house with 4 rooms. At 1926-7 had rated value of £25. At 1946-7 has rated value of £20.

No. 30 Cecil Street.

Derelict W.B. house with 3 rooms. At 1926-7 rated on value of £26. It is now rated at £18.

These are illustrations only of what is happening throughout the municipality. They are not exceptional and reductions could be listed in hundreds of cases where decay has gone on. Such cases are essentially bound up with the annual-value rating system which rewards the indolent and negligent owners with rate remissions.

(13) THE RATING SYSTEMS IN THEIR BEARING ON SLUM ABOLITION SCHEMES.

Slums could be abolished either by Governmental or semi-Governmental bodies (such as the Housing Commission) operating upon a comprehensive plan, or by private persons.

Whoever does the work there is no doubt that some master plan is necessary to deal with the "small streets" which have developed in limited areas under the influence of land speculation.

The tendency seems to be to look to governmental agencies to effect the slum clearance, on the grounds that private operators have failed to prevent their development, and that there is no alternative to public action.

It is quite probable that in certain areas the position has gone to such extremes that public action is necessary and desirable, although it is noteworthy that there has been a general reluctance on the part of the past governments to provide the necessary funds for this work.

However, it is evident from this survey that private interests are far less reproachable for the generally decadent conditions



No. 13 No. 114 KING WILLIAM STREET

Ten years ago a poor old stone house was pulled down and replaced with this fine modern home. The old one was rated on N.A.V. at £24. New one is rated an £80. N.A.V. Rate, £10; U.C.V. Rate, £6/10/-.



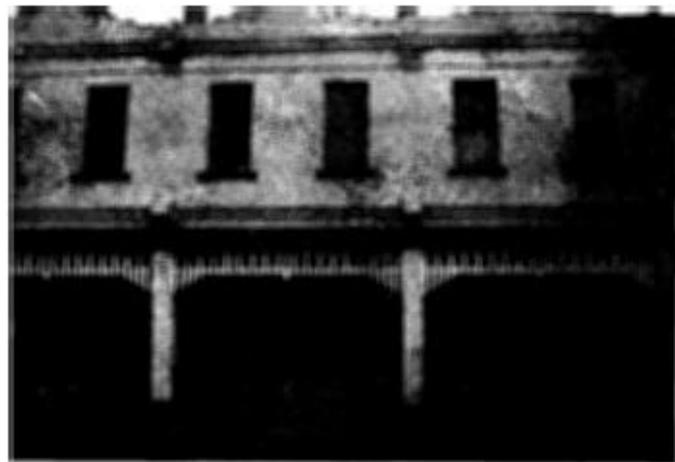
No. 14 No. 88 PARK STREET

An old house similar to its neighbor was modernised. Neighbor is rated on N.A.V. of £40, while improved one (No. 88) is rated on £45. (No. 88) N.A.V. Rate, £5/12/6; U.C.V. Rate, £4/12/2. (No. 90) N.A.V. Rate, £5; U.C.V. Rate, £4/16/1.



No. 15 No. 20 LIVERPOOL STREET

Modernised. Given wide windows and nice front. Now rated on N.A.V. £50 against £35 and £36 for its untreated neighbors. (No. 18) N.A.V. Rate, £4/7/6; U.C.V. Rate, £3/11/2. (No. 20) N.A.V. Rate, £6/5/-; U.C.V. Rate, £3/11/2.



No. 16 Nos. 108-14 SCOTCHMER STREET

Ten years ago these were four old shops. The lower part has been modernised and turned to houses. Before improvement rated on £42. Since improvement rated on £55. N.A.V. Rate, £6/17/6; U.C.V. Rate, £3/17/-.



No. 17 No. 284 ST. GEORGE'S ROAD

This site was an eyesore on a main road. It is being replaced with a more modern structure. The original poor building can be seen with the new one rising in front of it.



No. 18 No. 284 ST. GEORGE'S ROAD

Note the improvement compared with opposite, although not yet complete. Revaluation has not yet been made, but the firm will be fined in higher rates for making this improvement.



No. 19 No. 134 and No. 136 MILLER STREET
N.A.V. Rate, £8/15/- and £9/7/6; U.C.V. Rate, £4/18/- and £4/18/-



No. 20 No. 130 MILLER STREET
N.A.V. Rate, £8/2/6; U.C.V. Rate, £8/4/-



No. 21 Nos. 1-15 KING STREET
N.A.V. Rate (each), £8/2/6; U.C.V. Rate, £4/14/6.

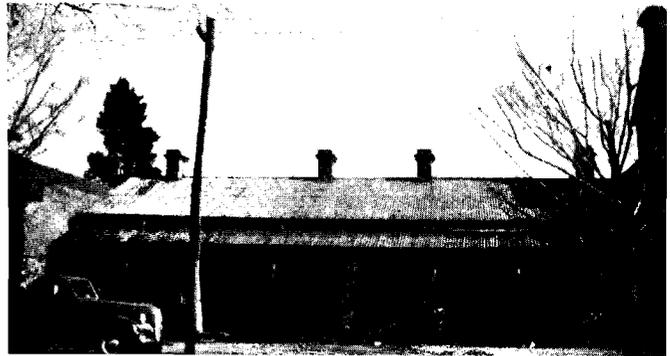


No. 22 Nos. 76-78 PARK STREET
N.A.V. Rate (each), £7/10/-; U.C.V. Rate, £5/10/3.

RAE STREET IS RATHER POOR LOOKING — BUT THOSE IMPROVING IT ARE FINED.



No. 23 Nos. 139-143-145 RAE STREET
N.A.V. Rate, £2/5/-, £2/17/6, £2/17/6; U.C.V. Rate, £4/1/6, £3/1/3, £3/1/3.



No. 24 Nos. 177-79-81-83 RAE STREET
N.A.V. Rate, £2/5/- (each); U.C.V. Rate, £3/8/6 (each).



No. 25 No. 319 RAE STREET
N.A.V. Rate, £6/17/6; U.C.V. Rate, £3/10/.
Nos. 321 and 323: N.A.V., £6/17/6, £6/17/6; U.C.V., £4/2/-, £4/2/-



No. 26 No. 239 and No. 241 RAE STREET
N.A.V. Rate, £6/17/6 and £8/2/6; U.C.V. Rate, £4/4/- and £7/4/-
(See Panel opposite)

SEE PLATE IV OPPOSITE

Photo No. 19

A fine modern brick pair of a type rare in Fitzroy. The frontage is 48ft. for the pair. The two houses are similar, yet one is rated on a value of £75 and the other on £70 although services supplied by the Council are identical. This type of anomaly is very common under annual-value rating.

Photo No. 20

A fine modern home on a 47ft. frontage. It is greatly undervalued, being rated on N.A.V. of £65, whereas its neighbors (photo No. 19) are each rated on a higher figure although inferior to it. Correctly valued it would gain greatly under site-value rating.

Photo No. 21

A street of new houses on the border of Brunswick, the boundary post of which can be seen in the photo. These houses greatly improved the values of near-by properties. Each house has frontage of 25ft. and is rated on N.A.V. £65.

Photo No. 22

A modern brick pair with tiled roof. Each house is now rated on a N.A.V. of £60. Before these homes were built the sites were vacant land each rated on a N.A.V. of £10. The Council services offered then were as now. A commendable act of improvement has been attended with a sixfold increase in rates.

Photo No. 23

Three very poor type timber houses typical of many which disfigure the City. These poor properties are almost invariably owned by absentees who have no personal interest in the City or its people.

Photo No. 24

A terrace of four very poor timber houses with galvanized iron roofs. Each house has only three rooms and is in poor condition. The terrace is owned by an estate as are many of the problem houses in the City. Notwithstanding the very small frontages (14 feet) these houses would carry substantially increased rates on the site-value basis.

Photo No. 25

A good type single house and a fine modern brick pair. Houses of this type replacing the derelict ones could transform the City. But such houses are penalised by annual-value rating.

Photo No. 26

A very good house on small frontage (18ft.) and a very good one on a relatively large frontage (34ft.). Both are most desirable, but are penalised by annual-value rating.

in these areas than has been thought. In its adherence to a system of rating which bonusses the most anti-social owners and penalises those doing something to improve the district, the municipality must accept a large measure of responsibility.

In fact, there have been a number of private activities in Fitzroy which have come to our attention and which have all the characteristics of slum clearance schemes. Some of these have been modernisations of old premises, in some cases, the building of new modern houses in the midst of poor areas.

In a very few cases there has been comprehensive building of a large number of dwellings analagous to the operations of a body such as the Housing Commission.

These cases have been rare. So rare that they make little impression in the totality of the deteriorated houses. But they are evidence of forces for improvement which might be stepped up in frequency by the right stimulus.

It is important to see how the rating system has treated these desirable operations.

(a) Old Houses Demolished and Replaced With New.

King William Street is in the West Ward. On the whole it has gone down in quality. In 1936-7 the site of No. 114 was occupied by an old stone house rated at an annual value of £24. It has since been pulled down and replaced with a splendid modern tiled brick home. This act improved the properties of all its neighbours. It was penalised by increasing the ratable value to £80. The neighbouring property (No. 116) has still the same rating of £25 which it had in 1936-7, so that the penalty in the case of No. 114 was simply due to the improvement. (See photo No. 13.)

Consider what this extra charge has meant in the cost of the house. As the building was new, we can assume that the capital value is about 20 times the annual value. This figure is £1600, but the value of the land itself is £224, so that the cost of making the new house was about £1376. The extra rates payable on this increased valuation, as compared with those payable on the demolished house, amount to £7 per annum. This means that without any increased rent return for his outlay in the improvements, the owner needs to charge an extra 2/9 weekly to the tenant solely due to the Fitzroy Council's adherence to annual-value rating. As the Metropolitan Board of Works uses the same valuation as a base for its rates this involves a further 1/10 weekly to cover the Board's rates. The total is an increased rent of 4/7 **purely and simply due to the rating system used.** With the necessary additional rent that must be charged by the builder to cover his outlay on the improvements, the total figure that would have to be charged is more than tenants in this area would be able or willing to pay.

When it is realised that but for the Council and Metropolitan Board rating system the rental charged to tenants for this type of property could be 4/9 per week less and still leave the owner the same net return as at present, new light is thrown on the situation. Such a reduction would bring many lower income groups to afford such houses and would make it economic for private enterprise to make an effective contribution to the solution of the slum problems.

(b) Old Houses Modernised.

No. 20 Liverpool Street is an old house of the same frontage as its neighbours. Twenty years ago it was in worse condition than those on either side of it which were rated at annual values of £55 and £50 respectively, while it was then rated at only £34. Since then conditions have altered. Its neighbours continued to deteriorate and their ratings have been reduced down to £35 and £36 respectively. (See photo No. 15.)

No. 20, however, has been modernised. The narrow style windows have been replaced by wide windows giving better light access. A brick fence and neat gate have been provided. The dark bricks have been cement rendered to give a light and pleasant appearance. But all this commendable effort has been rewarded by increasing the rates by 50%, the ratable value now being set at £50.

This house is on a 17ft. 6in. frontage. It is similar to over a thousand Fitzroy homes. Such treatment, if it became general,

would in itself transform the appearance of the municipality. Such action is most commendable, but the whole psychology of the rating system is set against improvement. **The Council is in the very worst position possible to ask for improvement. It holds the constant shadow of a threat of increased rates against those who improve.**

(c) Multiple Unit Housing Schemes.

There are two splendid examples of large-scale building projects within Fitzroy, the extension of which would transform the city. They both involve multiple unit flats.

It is usually taken for granted that any general slum reclamation schemes undertaken would have to be of the form of multiple unit flats to be economic in these areas, due to the high price of land.

"Cairo" Flats.

The first of these two examples is that of "Cairo Flats" in Nicholson St., nearly opposite the Exhibition. The price of land here is relatively high.

"Cairo Flats" is a splendid block of 37 flats and a cafe. It has all modern amenities and garages. There are three wings of two storeys each, with excellent light access to each flat. The whole block is set in gardens and lawns. These flats are incomparably better than the neighbouring old types of properties and are a type of multiple unit planning scheme which could be expected to be widely used in any comprehensive slum reclamation project. They provide safe playing areas for children instead of the Street. (See photos Nos. 35 and 36.)

The dimensions of the site are 131 feet by 196 feet. Twenty years ago the site was occupied by a single old house of 14 rooms. It was then rated on an annual value of £225.

With the building of the Cairo flats the annual rating was increased eightfold to £1845. This increase is not attended with additional municipal services other than garbage removal and acts as a penalty for most commendable initiative. The magnitude of the impost strongly affects the economics of such a scheme.

The total capital improved value would be about £36,900. The land value is £4,192, so that the expenditure in the buildings would be about £32,700. As compared with the rates payable before building these flats, there has been an increase of £202 due to the Fitzroy Council's annual-value rate, and of a further £135 for the M.&M.B. Works, making a total annual increase of £337 due to the rating system alone.

Thus, this scheme has been loaded with annual charges equivalent to an increase in its capital cost by £6740. Or, looked at from the tenants' angle, the annual-value rating system has directly increased the rental of these flat units by an average of 3/6 per week above what the owner would have otherwise needed to charge.

This increase would apply equally to a Housing Commission project as to a private operator. The economic rent would be increased by this amount over what would be needed but for the annual-value rating basis.

It is evident that the rating system has had and will continue to have a very strong influence upon the existence of slums.

Pilkington Street Block.

The block bounded by St. George's Road, Barkly, Pilkington and Holden Streets is an excellent example of the best type of development scheme. Until less than 10 years ago this area was vacant land except for three shops, Nos. 363, 365 and 367, in St. George's Road. The vacant land was owned by the Metropolitan Tramways Board and was rated on an annual value of £30.

This block has now been turned into a model building project which would have few superiors in any other cities and is unique in Fitzroy. With the exception of one site still vacant, the whole of St. George's Road frontage has had first-class modern shops erected upon it, some with dwellings above, all of the most pleasing design. In Barkly Street there are two pairs

SEE PLATE V OPPOSITE

Photo No. 27

A derelict galvanized iron house of 3 rooms. Lacking in amenities. Size, 29ft. x 40ft. Now rated on N.A.V. of £15. Twenty years ago this was rated on N.A.V. of £25 so that continued deterioration has been rewarded by substantial rate reductions.

Photo No. 28

Derelict galvanized iron house of 3 rooms, lacking in amenities. Size, 39ft. 6ins. x 40ft. Twenty years ago this was rated on N.A.V. of £25. With progressive deterioration the rates have been progressively reduced. It is now rated on a N.A.V. of only £13.

Photo No. 29

These holdings are of two types. In the distance is a terrace of three two-storey houses with a total frontage of 55ft. In the foreground is vacant land where other houses have been demolished. The frontage of this vacant land is 88ft., and it forms an eyesore. Under site value rating a small reduction in rates would be gained on the houses but a large increase on the vacant land.

Photo No. 30

Derelict bluestone houses (3) and shop with a total frontage of 217ft. to Johnston Street. Twenty years ago these buildings were rated on a total N.A.V. of £136. As deterioration continued the rates have been reduced and are now based on a N.A.V. of £116 in all. Such a policy fosters the growth of slums.

Photo No. 31

Ten years ago the site of this nice house was occupied by a poor iron workshop rated on N.A.V. £30. The poor forge above was then rated on N.A.V. £25. The new house is rated on £52 N.A.V. while the rating on the derelict forge has been reduced to N.A.V. £20. The new house greatly improved this poor section. It is a good example of what can be done to improve small frontages (16ft.).

Photo No. 32

A very nice modern home on 23ft. frontage. The new house site was part of vacant land held by its neighbor. Such houses are all too rare in this city. Comparison of the rates opposite shows it has been heavily penalized.

Photo No. 33

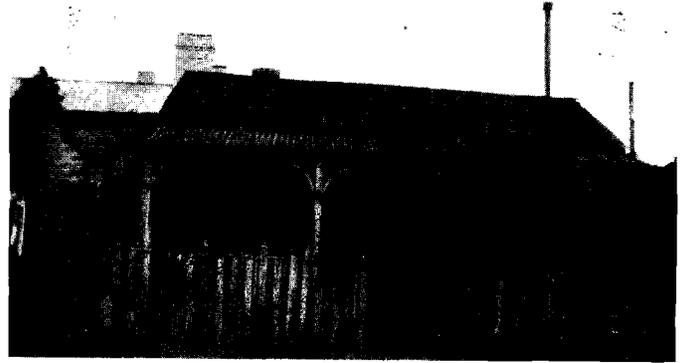
Ten years ago the site of this modern pair was a poor G. I. stable rated on N.A.V. £20. It is now rated on N.A.V. £120 (a ten-fold increase). The street is one of the poorest on the whole and commendable improvement is discouraged.

Photo No. 34

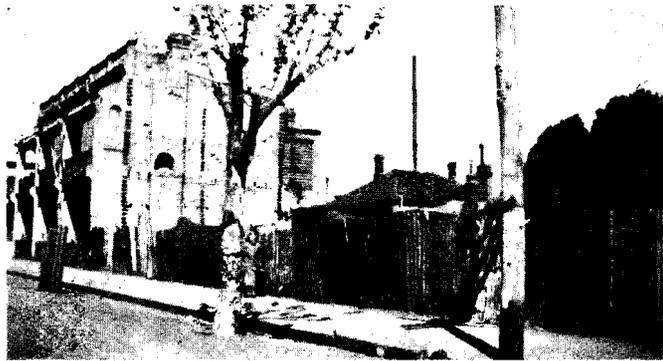
In 1936 was rated on N.A.V. of £40. It has since been remodelled and its ratable value increased to N.A.V. £50. The services offered since the improvement are the same as before it.



No. 27 No. 174 ARGYLE STREET
N.A.V. Rate, £1/17/6; U.C.V. Rate, £4/4/6.



No. 28 No. 170 ARGYLE STREET
N.A.V. Rate, £1/12/6; U.C.V. Rate, £5/15/-.



No. 29 Nos. 371-5 GORE STREET Nos. 377-387
N.A.V. Rates, £11/15/- £2/10/-
U.C.V. Rates, £10/13/6 £17/19/4



No. 30 Nos. 191-203 JOHNSTON STREET
N.A.V. Rates, £14/10/-; U.C.V. Rate, £47/12/7.

COMMENDABLE ACTS OF IMPROVEMENT PENALISED BY INCREASED RATES. (See panel opposite for text.)



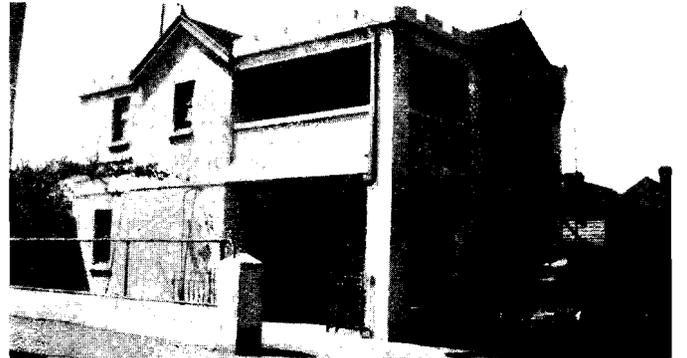
No. 31 No. 320 RAE STREET (Forge) No. 318 (House)
N.A.V. Rate, £2/10/- £6/10/-
U.C.V. Rate, £3/10/- £3/17/6



No. 32 No. 328 RAE STREET No. 324 No. 322
N.A.V. £5, U.C.V. £4/2/- £8/15/- & £4/14/- £6/5/- & £7
Old House (20ft.) New House (23ft.) Old House (30ft.)



No. 33 28-30 SALISBURY STREET
Replacing a poor G.I. Stable. N.A.V. Rate, £15; U.C.V. Rate, £4/15/8



No. 34 No. 7 CECIL STREET
An old house remodelled. N.A.V. Rate, £6/5/-; U.C.V. Rate, £5/17/-.

SOME RECENTLY BUILT MULTIPLE UNIT HOUSES.

PLATE VI



No. 35



No. 36

"CAIRO" FLATS, NICHOLSON STREET

Two views of "Cairo" Flats, a very good type of multiple unit dwelling project, the extension of which would transform the appearance of the City. Set in extensive and well-kept lawns and gardens, the flats front to Nicholson Street. There are 37 flats and a cafe. Size of site is 131 ft. x 196 ft. Twenty years ago this site was occupied by a single old house of 14 rooms with rateable value of £225. It is now rated on a N.A.V. of £1,845, paying rates of £231. The U.C.V. rates would be £122.



and two individual homes. In Pilkington Street there are three blocks of flats of 2, 4 and 3 units respectively and one single house. The flats are of the very best modern type.

In all there are 13 shop sites and 17 dwelling assessments in the area previously vacant. This area is now unrecognisable as part of Fitzroy, being more like a section of the best parts of Camberwell or Kew. (See photos Nos. 39 to 42.)

The whole block bounded by the four streets named had a rated annual value of £240 in 1936 before the transformation occurred. Of this the three existing shops had an annual value of £210 and the very large area of vacant land was only rated at £30. Since the area has been built it is rated at £2,527, which is more than 10 times as much. This is a heavy penalty for what is almost the only large-scale attempt to improve the City over the last 20 years.

The Council rates on these valuations are now £316 as compared with £30 prior to the improvement. Board of Works rates have been increased from £20 up to £210.

Had site-value rating been in force the Council would also have gained increased revenue from this block on a more moderate scale. With the subdivision and transformation of the section land values have risen from the unsubdivided figure of £5 per foot in 1936 to about £15 on the St. George's Road frontage.

The unimproved site-value of the whole block is now £8,614 and the site-value rates upon it would be £250. The Council would, therefore, have received quite a large increase in revenue from the increase in site values. It could expect to reap increased revenue on this basis wherever such large improvement schemes were undertaken, as values in Fitzroy decadent areas have been depreciated much below those in similarly situated areas of better standing.

It may be noted that the two shops existing in this block in 1926 were then rated at a combined annual value of £340. By 1936 their rating had fallen to £180 and by 1946 it had been further reduced to £107 as depreciation proceeded.

(14) Conclusion on Housing.

From these investigations the conclusion is inescapable that annual-value rating works directly towards the production and extension of slums. It penalises with higher rates those properties which are kept in better repair than the average. Those which deteriorate are rewarded with rate reductions. It takes from the owners who have shown some initiative and desire to improve some of their financial ability to make further improvement. In effect, it gives a bonus in reduced rates to those owners who have shown least interest in the condition of the property, of their tenants living conditions, or of the serious effect of the deterioration upon the value of their neighbours' assets.

PART IV

THE EFFECTS UPON VACANT LOTS AND INFERIOR BUILDINGS.

(15) VACANT LOTS IN FITZROY.

Vacant lots are the single class of property which invariably pay more in rates under site-value rating than under annual-value. They are, therefore, an important source of the rate reductions obtainable by the houses.

With inner industrial cities, where there are fewer vacant lots than in outer suburbs, there is a tendency to think of site-value rating as less effective than in the latter, simply because of the fewness of the vacant lots. This probably accounts for the fact that site-value rating has not been introduced in the inner areas.

This surface viewpoint has overlooked the fact that in inner areas such as Fitzroy, although the number of these lots is less, they would pay several times as much as they would pay in outer areas. In Fitzroy, vacant lots would pay under site-value rating 4.65 times as much as they would pay under annual-value rating. In an outer suburb, vacant lots pay little more than double the annual-value rate upon a change to the site-value basis.

Another fact that is overlooked is the large number of "near vacant" properties which are only nominally improved. These embrace such properties as stables, sheds, etc., which are in many cases practically vacant. To this should be added the fact that the large number of slum dwellings are, in themselves, very little more improved than vacant lots.

There are 152 assessments of vacant land in Fitzroy. Some are quite extensive in area. Under annual-value rating they have been contributing to municipal revenue a mere £325 between them. Under site-value rating they would contribute £1,614, an increase of £1,289. Some of these lots are owned by industrial firms for future expansion. Some are owned by investment companies. A considerable number are held by executors of deceased persons' estates.

Comparatively few in number, these lots present some of the major obstacles to the improvement of the City. Some are used as builders' and carriers' yards, which in themselves are unsightly. Some are bottle-yards and auto-wreckers' yards, which are far from ornamental. Some are merely hidden from view by hoardings.

Many of these lots are in the most valuable parts of the City, quite frequently on valuable corner sites. The fact that owners have been able to hold them vacant for so long seems only explicable in the light of the nominal amounts of the rates under annual-value rating.

The existence of these vacant lots in what has been regarded as a fully built city cannot be a temporary condition after the demolition of old buildings. **Most of these lots have been in their present condition for very many years prior to the war.**

A high proportion of these lots have never been built on at all. An analysis was made in the Central Ward, which is, perhaps, the most decadent. It was found by reference to the rate-books of 40 years ago that 20 of the 43 vacant lots in this ward were vacant then. In the West Ward the proportion was only slightly less, being 13 of the 32.

An outstanding example of this is the vacant lot on the corner of Smith and Gertrude Streets. This lot is one of the best sites in the city. It is hidden from view by a hoarding with advertisements. Forty years ago this block was in its present condition, occupied by a shed of negligible value and a hoarding. It is owned by the Matthew Cole Estate and carries an annual value rating of £45, contributing rates of £5/12/6, which is less than now exacted from average quality houses. Under site-value rating this lot would pay a rate of £19 yearly. It seems unlikely that the estate could then afford to retain it in its present unproductive condition. (See photo No. 43.)

Ownership of Vacant Lots.

An analysis has been made of the ownership of the vacant lots in the East, West and Central Wards. These are the older wards, in which the presence of vacant lots is most anomalous. Of 114 vacant assessments in these wards it was found ownership was distributed as follows:—

Owned by Estates and Trusts	26
Owned by Industrial Firms	30
Owned by Absentee Individuals	29
Owned by Local Individuals	29

(16) STABLING AND SHEDS.

Hardly more improved than the vacant lots were the stables and sheds, with a very few exceptions. Of 72 such assessments only five were found to benefit under site-value rating to an aggregate amount of £5. The other 67 would carry rates increased from the present total of £210 up to £616. This is an increase of £406, the site-value rates being nearly three times as great as the annual-value rates.

The vacant lots and the sheds and stables between them would contribute £1,690 more in rates under the site-value rating basis than under annual-value. This would mean corresponding reductions to other groups of well-improved properties.

(17) SOME LARGE ESTATES WITH INFERIOR IMPROVEMENTS.

Many of the most decadent or inadequately developed Fitzroy properties are in estates. Some of these estates comprise a large number of properties, frequently in large blocks.

An examination has been made to see whether a rating change would be likely to stimulate development of these holdings. Some of these estates are considered below.

The Fitzroy Town Hall is a beautiful structure. It is surrounded on all sides with decay and ugliness. For this two estates are largely responsible. Directly opposite the Town Hall, in Napier Street, is a terrace of decadent two-storey houses, owned by the Catherine Foley Estate. Some of these houses have no electric light and their appearance is not in keeping with the municipal offices. (See photos Nos. 49 to 54.)

The Stone Estate.

Facing the south side of the Town Hall is a timber yard, forming part of the John Stone Estate. This estate is most extensive and ties up in a very inferior condition land which could be put to excellent use industrially or for rehousing projects.

The holdings of this estate are especially valuable, because they cover almost four complete blocks of the City, bounded by Young Street, Condell Street, George Street and Webb Street, with cross-streets between. Being in single ownership they would allow full scope for planning in their development. There are 16 separate assessments in the whole. Some are vacant land used for timber storage, others are poor quality houses.

Both of these estates would contribute substantially increased rates under site-value rating. The Stone Estate is now rated on an annual value of £1,414; its site-value is £14,963. Its present rates are £176, which would be increased to £436 under site-value rating. This increase is substantial and would make the executors more ready to seek a better economic use for the sites.

If the higher rates on these inferior buildings induce better development the City would gain both additional rates more in line with the cost of road maintenance and other services rendered, and at the same time would secure improvement of one of its worst areas. This in turn would improve the value of other properties in the vicinity and make others more willing to improve. If better use was not induced at least the City would gain a fairer rate contribution from the estate.

Catherine Foley Estate.

This estate comprises 21 assessments, some in good condition, others very inferior. The overall position would mean an increase under site-value rating from the present £78 up to £88.

Of the 21 assessments 12 are houses in relatively good condition and these would secure rate reductions from £50 under annual-value down to £39 under site-value rating, a reduction of £11.

The other nine assessments comprise seven poor houses and two vacant lots. On these the rate increase would be from £28 under annual-value to £49, an increase of £21. This is an increase of 75 per cent., which would be a substantial inducement to improvement of the poor holdings.

T. R. Faulkner Estate.

This estate is one of the most extensive in Fitzroy. It comprises 50 assessments in the East and Central Wards. Some of the properties are in reasonably good condition and would benefit in reduced rates. Others are deplorable and among the worst slum properties in the City. (See photos Nos. 27 to 30.)

The numbers are equally balanced. There are 25 houses in reasonably good condition which would carry lower rates with a change. Under annual-value rating their contribution is £105 between them, which would reduce down to £89 under site-value rating, a reduction of £16.

The other 25 are very poor. Of them two are actually vacant land of considerable extent, six are very old bluestone or galvanised iron houses of the worst type, the remainder are some-

what better. This group only pays £78 in all under annual-value rating. It would contribute £159 under the site-value basis. The increase of £81 on £78 is equal to 104 per cent.

Terence Smith Estate.

This estate comprises 33 assessments in the West and East Wards. Some are well improved, others are inadequately improved. Of the total number, 16 are in the well improved class and would gain rate reductions with a change. The other 17 are poorly improved and would carry rate increases.

The 16 in reasonable condition would have their rates reduced from the present £67 down to £53 being a reduction of £14.

The 17 inadequately improved properties would carry rates increased from the present total of £96 up to £152 under site-value rating. The increase is £56 or 58 per cent.

The overall result would be a nett increase of £42.

A. H. Gonge Estate.

This estate comprises 33 assessments in the East and Central Wards. They vary greatly in quality between them. This estate differs from most in having shown some desire to rebuild recently. In George Street it has demolished decadent houses and built a block of four modern flats. (See photo No. 38.)

Of the 33 assessments, 24 are above the average degree of improvement and would gain rate savings with a change. The other nine are inferior properties which would carry rate increases, one being a vacant holding.

The 24 improved holdings would secure rate reductions from the present £161 down to £102, a reduction of £59. Of this the modern block of flats would secure a reduction from £36 down to £14.

The nine poorly developed holdings would carry increases from the present £32 up to £50.

These examples cover some of the largest of the many estates owning Fitzroy property. In each case the vital factor working for improvement would be the increased rates payable upon the poorest holdings. As shown elsewhere in this study, the proportion of their total holdings which are in the poorly developed group is greater for estates than for individuals.

Estote-Owned Properties Overall.

A complete analysis was made of the rate incidence on all estate-owned properties in the two oldest wards to see how their rate contributions compared under the two systems.

In the East Ward it was found that there were 82 separate estates. Of these, 27 with 100 assessments between them would receive rate-reductions totalling £162/8/5 under site-value rating. The other 55 estates (with a total of 201 assessments), would carry increased rates totalling £997/14/8 under site-value rating.

In the West Ward it was found that there were 62 estates, of which 25 (having a total of 72 assessments) would receive rate reductions totalling £122/16/8 under site-value rating. The other 37 estates (with 127 assessments) would carry rate-increases totalling £616/14/5.

These are the two wards in which blighted and slum areas are most extensive and a high proportion of the poor properties are held in estates. It is significant, therefore, that the 92 poorly improved estates in these two wards would carry rate increases amounting to £1,614/9/1 under site-value rating with corresponding reductions on more deserving owners.

Similar analysis was made for the other three wards. In them it was found that estates were about evenly divided in numbers and in the rate-changes involved. The better-improved estates would get rate-reductions at the expense of the poorly-improved estates under site-value rating. The rate incidence would thus work to encourage executors to put the properties into better earning conditions.

The results of this analysis are summarized in the table on next page.

UNRECOGNISABLE AS PART OF FITZROY

PLATE VII

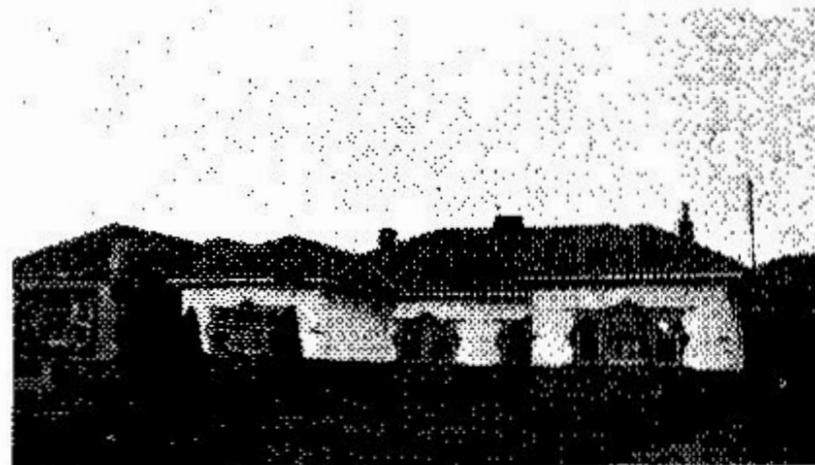
This Block in Barkly and Pilkington Streets is unique in Fitzroy. Such Properties are penalised by Nett Annual-Value Rating.



No. 39

Nos. 200 and 198 BARKLY STREET

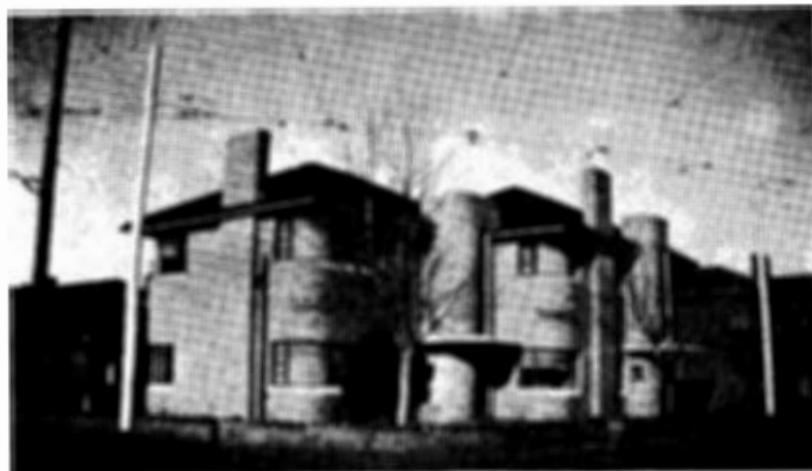
Two fine modern individual homes, 30ft. fronts.
No. 200: N.A.V. Rate, £9/7/6; U.C.V. Rate, £8/15/-
No. 198: N.A.V. Rate, £10; U.C.V. Rate, £7/17/6.

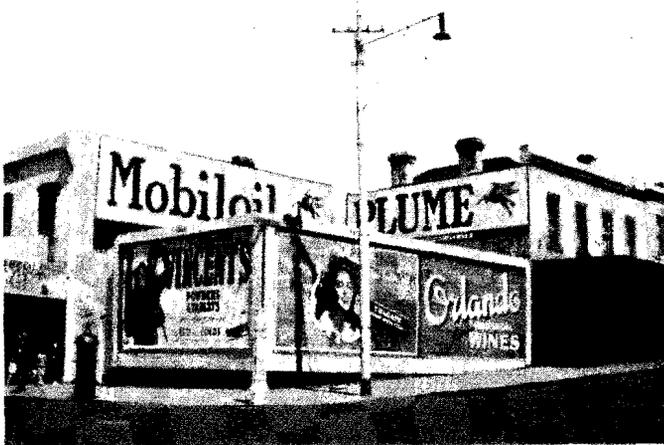


No. 40

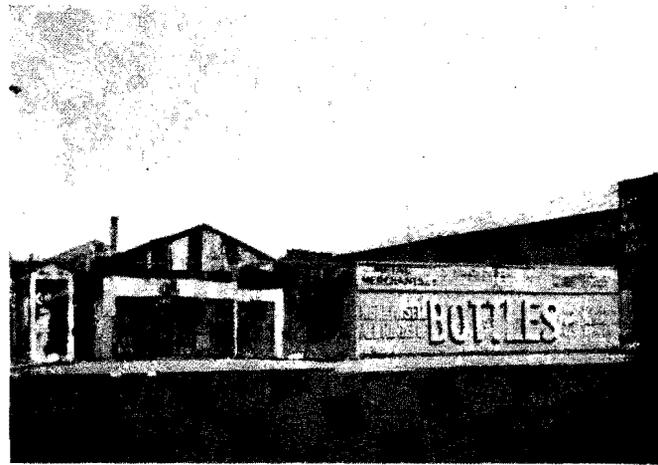
Nos. 196 and 194 BARKLY STREET

A fine modern pair of dwellings each 30ft. front.
No. 196: N.A.V. Rate, £10; U.C.V. Rate, £7/17/6.
No. 194: N.A.V. Rate, £10; U.C.V. Rate, £7/17/6.

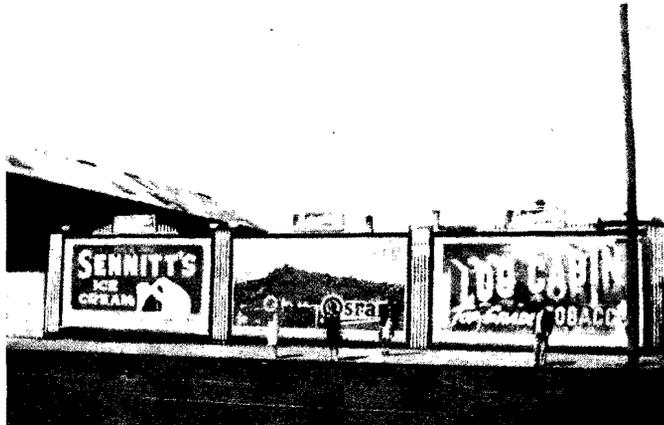




No. 43 Cor. SMITH and GERTRUDE STREETS
 Very valuable site owned by Matthew Cole Estate, vacant, 40 years old.
 N.A.V. Rate, £5/12/6; U.C.V. Rate, £18/19/-.



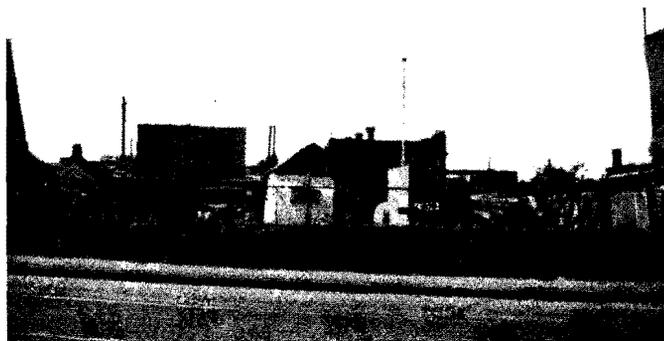
No. 44 Cor. NICHOLSON and HENRY STREETS
 G.I. Shed and Land— Bottle Yard—
 Size, 35ft. x 140ft. 77ft. x 140ft.
 N.A.V. Rate, £5 £12/10/-
 U.C.V. Rate, £20/8/4 £35/16/4



No. 45 Cor. NICHOLSON and JOHNSTON STREETS
 Very valuable corner site, 84ft. x 90ft.
 N.A.V. Rate, £9/15/-; U.C.V. Rate, £49/5/1.



No. 46 ST. GEORGE'S ROAD
 Valuable corner site, as junk yard. Triangular shape, 204ft. frontage.
 N.A.V. Rate, £10/12/6; U.C.V. Rate, £33/5/-.



No. 47 Nos. 254-6 ST. GEORGE'S ROAD
 Valuable site used to display second-hand cars. Frontage 60ft.
 N.A.V. Rate, £3/5/-; U.C.V. Rate, £17/10/-.



No. 48 No. 62a HOLDEN STREET
 Derelict House (18ft.) and Woodyard (72ft.)
 N.A.V. Rate, £2/5/- £6/5/-
 U.C.V. Rate, £4/4/- £21

N.A.V. means Nett Annual Value.

U.C.V. means Unimproved Capital Value of site.

How Estate-Owned Properties Would Fare.

Quality of Property and Ward	Number of Assessments	Rates Under		Change in Rates
		Annual Value	Site Value	
Mainly Well-Improved :				
27 Estates in East Ward ..	100	£643 17 6	£481 9 1	£162 8 5 less
25 Estates in West Ward ..	72	532 17 6	410 0 10	122 16 8 "
55 Estates in Central Ward ..	175	980 0 0	772 14 5	207 5 7 "
47 Estates in Clifton Ward ..	82	488 15 0	364 11 6	124 3 6 "
64 Estates in North Ward ..	116	607 0 0	467 5 1	139 14 11 "
218 Estates in Whole City ..	545	3,252 10 0	2,496 0 11	756 9 1 "
Mainly Poorly-Improved :				
55 Estates in East Ward ..	201	1,426 5 6	2,424 0 2	997 14 8 more
37 Estates in West Ward ..	127	917 15 0	1,534 9 5	616 14 5 "
45 Estates in Central Ward ..	115	520 7 6	713 1 3	192 13 9 "
55 Estates in Clifton Ward ..	81	557 12 6	763 13 8	206 1 2 "
58 Estates in North Ward ..	78	364 10 0	506 3 2	142 13 2 "
250 Estates in Whole City ..	602	£3,786 10 6	£5,941 7 8	£2,155 17 2 "

(18) FORCING DEVELOPMENT OF NEGLECTED PROPERTIES.

Many people think of site-value rating as solely a penal device to make holders of vacant or poorly developed holdings pay more and induce them to either develop their properties or, if they are unable, let others do so.

In principle, however, this is not its main claim. Whatever penal effect it has arises simply from the inequities of the annual-value rating system.

Site-value rating simply levies upon a value which is essentially created and maintained by the community at large which is not due to individual efforts as the improvements are.

The site-value rate is thus based upon the potential earning power of the site without consideration of whether the owner is developing it or not. It may be considered as the natural level of rating, since it exacts payment for public purposes in proportion to values created by public effort.

Any penal effect on undeveloped property on changing from an annual-value basis to the site-value basis is simply due to the fact that the annual-value basis has been letting off the holders of under-developed property with less than their fair share of rates, while penalising those who do develop by charging them more than their fair share to make up for the rates avoided. Site-value rating is therefore a return to an equitable distribution.

However, those who have been escaping with nominal rates upon their neglected holdings certainly would find the increases powerful enough to stimulate them to put their properties into better condition.

One important point emerging from this study is the observation that site-value rating becomes more effective as an agent to induce improvement in the inner industrial areas than in the outer suburbs. This is because, in the outer areas, the proportion of vacant land is high and so the average degree of improvement is low. In the outer suburbs a change to site-value rating will mean little more than a doubling of the annual-rate upon vacant land. But as an area becomes built up (as in inner industrial areas such as Fitzroy) the average degree of improvement rises, since the proportion of vacant lots is low. This means that as the vacant and near vacant lots become fewer in number, the pressure on them to improve becomes greater.

PART V

EFFECTS ON THE SHOPPING AND BUSINESS AREAS.

(19) GENERAL INFORMATION ON THE SHOPPING CENTRES.

Fitzroy has a number of long streets devoted to business and shopping interests. The main shopping centre is Smith Street, one side of which is in Collingwood while the other is in Fitzroy.

This centre has been well known for decades as the home of a few very large and important furniture and warehouse firms. It has attracted custom from many other more distant cities. In it land values are relatively high for the district, being commonly £50 per foot.

Other shopping streets, in which the business is largely retail, are Gertrude and Johnston and Brunswick Streets, in the older part of the City. Newer centres are in Queen's Parade, St. George's Road, Nicholson Street, Best Street and Scotchmer Street in the North Fitzroy portion. The Queen's Parade centre has built up as a strong competitor to Smith Street with later development. Here values are around £30 per foot. In Gertrude Street they are more commonly £20 per foot and in parts of Brunswick Street and Johnston Street nearer £15 per foot. Those values reflect the differences in earning value in the streets.

Apart from Smith Street, which has been mainly modernised, the quality of the shopping premises presents a very mixed aspect. Some are of modern type, but many are very old, decadent and repulsive properties.

(20) HOW THE VARIOUS CENTRES WOULD FARE.

In a previous section it was stated that the numbers of shops which would carry lower rates under site-value rating were just about balanced by the number which would carry rate increases. The numbers were 555 which would carry lower rates and 538 which would carry rate increases.

Although the numbers are about balanced their distribution varies among the various shopping centres. The numbers for the various streets are set out in Table No. 2 of the Appendix with the extent of the rate changes.

It is seen that most of the Smith Street shops carry higher rates under the site-value basis than under annual-value. On the other hand the substantial majority of shops outside this centre would carry lower rates under the site-value basis. Smith Street sites would carry increases of £934 more under the site-value basis.

On the other hand in the majority of cases shops outside Smith Street would carry reductions in rates, the total of which would exceed the increases carried by the minority. In these other centres the gains of the majority group are directly at the expense of the minority group of site owners. It remains to be seen which is the more worthy of the two groups.

As Smith Street is the main shopping centre and most properties carry increased rates a special investigation is made in this study of its ability to carry the increases. Details are also given for each site in this centre in the Appendix, Table No. 3.

(21) GOOD SHOPS GAIN AND POOR QUALITY LOSE.

It is not sufficient to consider merely the numbers of properties which get rate reductions or increases. It is obvious that between any two systems some will get increases and others decreases. The vital point to consider is the type and condition of the business properties benefited by each system.

During the field study, the business properties had been classified according to whether they were of modern type or of obsolescent type. So far as shopping properties were concerned, this usually meant that those with metal window frames and tiled fronts were classed as modern while those with wood frames were classed as old type.

The results of this analysis as to how site-value rating would treat business premises according to type are given in the table below covering the main shopping centres. In this case the numbers do not exactly agree with those of the previous table, as they include other business premises besides shops.

How Business Premises Would Fare Under Site-Value Rating According to the Type of Premises.

Street	Modern Type Fronts		Obsolete Type Fronts	
	Carry Reductions	Carry Increases	Carry Reductions	Carry Increases
Smith Street	17	89	1	16
Gertrude Street . .	67	24	22	36
Brunswick Street . .				
West Ward . .	47	34	34	68
Central Ward . .	42	30	42	41
Johnston Street . .	47	9	21	22
Queen's Parade . .	13	22	7	16
St. George's Road and Best Street . .	64	13	14	30
Total other than Smith Street . .	280	132	140	213

The results of this analysis are most significant. They show that (except in Smith Street, which is the subject of special treatment) the modern type shop and business properties getting rate reductions under the site-value basis outnumber those with increases by over two to one. On the other hand, the obsolete properties carrying increases outnumber those with reductions by nearly two to one.

This means that owners of the better quality shops are being penalised by higher rates under annual-value rating while those with the worst shops, which are dragging down the whole area as a business centre, are being favoured with less than their fair share of the rate burden.

This broad division is rough but effective. Quality investigation could be pushed further, for there are great varieties within the types classed as modern. It is found that many of those in the losing group among the "modern" fronts are in poor condition.

As a broad general principle this inquiry has established that (outside of Smith Street) the business properties which would get rate reductions under site-value rating are those in the best type and condition most conducive to continued prosperity for the shopping community. Those which carry rate increases under that system are the most decadent and inferior properties.

(22) WHERE THE POOR SHOPS ARE LOCATED.

This description may be checked readily by general observation. In Brunswick Street, in the West and Central Wards, mere inspection will show that the buildings on the West side are, on the whole, very much better than those on the East side. There are whole stretches on the East side which are in the highest degree of dilapidation and decadence. (See photos 67 to 69.)

It is significant that on this eastern side in the West Ward there are only 25 of the properties that would carry lower rates, as against 55 that would carry increases. On the other hand, on the western side, which has a preponderance of better properties, 56 would carry lower rates compared with 44 with increases.

Similarly, in the part which is in the Central Ward, on the poorer eastern side, 31 would carry rate increases to 19 with reductions. On the better type western side, however, 65 would carry reductions to only 40 with increases.

Gertrude Street, too, is one of mixed quality. In the portion in the West Ward the shops are of better type and quality than those in the East Ward portion, where there are some very poor sections. Here the area has gone down in quality, and is occupied mainly by poor-type secondhand dealer shops.

It is significant to note that in the better western part of this street, 52 shops would carry rate reductions while only 15 would carry increases. On the other hand, the eastern part would have 37 with reductions compared with 45 with increases.

Experience everywhere is that once a shopping centre begins to go down, becomes shabby and has a dilapidated appearance, it is very hard to recover. Whole sections of these streets have already reached that condition, of which the number of second-hand dealers' shops, shops boarded over and used as residences and shops turned into factories, are symptoms.

From the viewpoint of the business community itself, it seems that the most important consideration is not whether site-value rating would produce rate reductions or increases. It is the fact that the incidence of annual-value rating is working to hasten those forces of deterioration which are attacking their very existence as shopping centres and driving elsewhere the type of customers they want most. Site-value rating works to preserve their livelihood, and the value of their assets.

(23) ABILITY OF SMITH STREET SITES TO CARRY HIGHER RATE.

So far as shop sites outside Smith Street are concerned the question of ability to pay rate increases does not arise. The ones that are in best condition and type get rate reductions at the expense of the ones in worst type and condition.

If those owners of the dilapidated properties are not able to pay the higher rates it is high time that they sold their properties to others who are able and willing to improve them. So far as these sites are concerned, therefore, the incidence would be to the public interest.

Smith Street as a whole would carry higher rates under site-value rating. Over 123 shop sites the increase would total £934 while on 11 warehouse firms and banks there would be an increase of £448. The question arises whether this would impose any burden upon the business community of Smith Street.

It is necessary to remember that increased rates on these sites fall upon the site-owner and not the tenants. Most of the shops are tenanted properties. The increase in rates over these shops average £7/10/- yearly. This is a small amount compared to the earning power in this street. The charge must be met by the owner out of his income from rents.

In general it will not be possible for him to pass it on to the tenant because of the competition from the other shopping centres where such quality shops receive rate reductions. There is considerable mobility among tenants because ground rent leaves the return to personal effort little different in one centre as compared with another, so far as tenants are concerned. In any case this average figure represents a mere 3/- per week which is negligible as a business cost.

So far as the 11 warehouse firms and banks are concerned the increases average £41. In these cases the firms concerned all own their own sites and receive the rent themselves in addition to their operating profits. The increases in their case would be an insignificant fraction of the ground rent which they are receiving in their business and which is due to community factors and not to their own efforts.

The relative rates for these firms are set out below :—

Firm		N.A.V. Rate	U.C.V. Rate	Increase
Brooks, A.	W/House	£47½	£87	£39½
Warliment, C.	"	20	43½	23½
Foy & Gibson	"	315	385	70
Patterson's Pty.	"	97	124	27
A. B. Patterson Estate	"	89	123	45
Tye & Co. Pty.	"	62½	70	7½
Maples	"	60	106	46
" Union "	Bank	£40½	£96½	£56½
" National "	"	40½	88	47½
Bank of N.S.W.	"	35	86	51
Bank of A/asia	"	35	70	35

There can be no question but that all of these firms have ample ability to pay these increases, averaging about 15/6 per week. The amounts are quite insignificant compared with their operating costs.

Smith Street Not Paying Fair Share.

But the clearest proof that the present annual-value rating system does not charge in proportion to ability to pay is seen in the fact that **Smith Street sites are today paying less rates in the aggregate than they did 20 years ago and in many cases, less even than they did forty years ago.**

The most valuable business part is between Gertrude and Johnson Streets. Examination of the ratebooks shows that forty years ago (1906-7) this section provided 9.1 per cent. of the total rate revenue of Fitzroy. Today the proportion has dropped to 4.2 per cent. less than half.

In 1926-7 this section, at 2/6 in the £ of annual-value, would have contributed £3197 in rates overall. In 1946-7 at 2/6 in the £ it contributed £2431, a decline of £766. Land values are practically the same now as then but the value of the buildings has decreased with 20 years of depreciation. The decrease in rates is simply due to the principle of annual-value rating in rewarding those who allow deterioration. Not all sites have had rate reductions. Some have been improved over the period and have suffered very substantial increases in rates in consequence.

In Fitzroy the 20 years between 1906-7 and 1926-7 formed a period when styles of shops were changing. The modern metal-frame styles of windows and tiled fronts were replacing the old wood-frame style. In this period a high proportion of the old shops were modernised. Those that took this progressive step were penalised with heavily increased rates. Those that failed to modernise are in many cases paying less now than forty years ago. **This is despite the fact that currency is inflated now and actually worth much less than then.**

An Indictment Of Annual-Value Rating.

The outstanding claim urged in favour of annual-value rating by its advocates is its alleged payment in accordance with the "ability to pay" of the person rated. This claim seems based purely upon presumption rather than any factual study. An examination of the ratebooks provides a damning indictment of annual-value rating upon this very count of "ability to pay."

Comparing the ratable values of properties today with those they carried forty years ago we find for this main business section of Smith Street between Gertrude and Johnson Streets:

6	are rated on values lower than 40 years ago
11	are rated on values up to 1½ .. times those of 1906-7
22	" " " " " " 1½ to 2 " " " "
20	" " " " " " 2 to 3 " " " "
6	" " " " " " 3 to 4 " " " "
3	" " " " " " 4 to 5 " " " "
1	" " " " " " over 5 " " " "

The fact that most have higher ratings than at 1906-7 shows that there has been no general fall in land values to account for decreased ratings. Most of these places showed substantial in-

creases up to 1926-7, but they have decreased or remained stationary since. That decreases since then have reflected decline in the value of the improvements and not of land values is further shown by the fact that there have been nine properties in this section improved in the last 20 years and these show substantially increased ratings.

Ratings Upon Banks.

Among those presenting the most marked anomalies in rate treatment are the four trading banks in Smith Street. There can be no doubt about the ability of these bodies to pay adequate rates. The ratable values set upon them are as follows:—

Bank	Ratable Value at Year		
	1906-7	1926-7	1946-7
" Union "	£330	£350	£325
" National "	330	350	325
" Australasia "	275	300	280
" New South Wales "	270	300	280

These banks have not shared in the rate increases carried by other business premises over the years. Two are actually paying on lower values than at 1906-7 despite inflation over the period. No considerable structural improvements were made on these.

It must certainly be regarded as anomalous that main branches of such substantial banks in such an important business centre should be paying under annual-value rating no more than 5 to 6 ordinary houses pay.

Ratings Upon Smith Street Warehouses.

The best known warehouses show outstanding variations in their ratings over the 40-year period. In some of these warehouses there has been no material alteration to the improvements over the period. In others modernisation of shop fronts was made by 1926. In others, again, very substantial rebuilding has occurred. The comparison is in two sections in the following table.

Table showing Changes in Ratable Values of Warehouses.

(A) Warehouses Where Substantial Improvement Has not Been Made—	Ratable Value at Year		
	1906-7	1926-7	1946-7
	£	£	£
Profitt Bros.	240	320	160
A. Brooks	250	250	200
Renfrew's	180	180	105
Foy & Gibson (Old Building) . .	773	884	693
A. B. Paterson	550	650	625
(B) Warehouses Where Substantial Improvements Were Made—			
Paterson's Pty. Ltd.	114	750	775
Maples	145	800	480
Foy & Gibson (New Building) .	422	2720	1650
Tye & Co. Pty.	326	510	500
Morris & Walker	1047	3400	3345

These examples show that there is the greatest inequity in treatment under the annual-value rating system, between these firms. Those which have failed to modernise carry less rates now than 40 years ago. Those which have undertaken substantial building programmes have been savagely treated for their enterprise.

Such fluctuations in values as shown in this comparison defy reconciliation with "ability to pay." The ability of Foy & Gibson to pay was less after outlaying their capital on the new building in 1911 than before they had spent the money. Yet they were treated to nearly a sevenfold increase in rates. Since then there has been continuous reduction in rates. Similar observations apply to each of these firms.