Smith Street Rate Increases According to Ownership.

The rates payable on Smith Street sites were analysed according to whether they were paid by individuals resident in Fitzroy; absentees resident elsewhere; by estates, executors, or trusts; or by firms and companies. The results are given below for the whole of Smith Street between Victoria Parade and Johnston Street :—

Smith Street Rate Incidence According to Ownership

Ownership by	Rates Under		Extra
	Annual Value	Site Value	
	£	£	£
Local Individuals	142	318	176
Absentee Individuals ..	844	1,320	476
Estates, Trusts	458	710	252
Firms, Companies	1,447	1,905	458

These increased rates under site-value rating are quite appropriate, for they fall on a value which is not created by the owners themselves, but is due to the presence and industry of the community as a whole. To this value the municipal services provided by the Council contribute strongly. It seems fitting that the Council should secure a larger share of this value for its needs.

(24) HOW OTHER SHOP CENTRES HAVE FARED DURING THE LAST 40 YEARS.

Similar information to that obtained for Smith Street was taken out for some other main shopping centres as to the changes under annual-value rating during the last 40 years. These changes are summarised below :—

PART VI.

FACTORIES AND INDUSTRIAL CONCERNS.

(25) FITZROY AS A MANUFACTURING CENTRE.

Fitzroy is a highly industrialised city. In regard to the numbers of factories it contains it stands sixth of the 28 cities and one shire embraced in Greater Melbourne. For the numbers of persons employed in its factories it stands seventh on the list for Greater Melbourne.

These figures understate its industrial importance, for they ignore differences in size of municipalities compared. Fitzroy is the smallest of the Greater Melbourne municipalities. Having regard to area, it ranks equally with Collingwood as second only to Melbourne City, for the number of factories in its territory. It occupies fourth place to Melbourne, Collingwood and Richmond for the number of persons employed per acre.

Its industries are not of the heavy type. There are a considerable number of large concerns, but also a very large number of small and medium-sized firms.

These industrial concerns vary greatly among themselves, as in all municiaplities. Some are modern, of pleasing appearance and an asset to the locality in which they are situated. Others are old, dilapidated, eyesores, tending to depreciate values of residential and other properties in their vicinity. Some have a high degree of economic development of their sites, while others have improvements altogether disproportianate to the value of the sites occupied.

(26) THE STANDARD OF COMPARISON.

The industrial properties have been classified according to their degree of economic develapment of the sites they occupy. That is to say, according to the ratio which the rental value of the property in its improved condition bears to the rental value it would have if it were vacant, viz., 5 per cent. of the unimproved capital value of the site.

Table Comparing Ratable Annual Values at 1946-7 With Those of the Same Sites at 1906-7.

Centre	Less Now	Equal Now	1½ Times	1½-2 Times	2-3 Times	3-4 Times	4-5 Times	Over 5 Times
Gertrude St.—								
East Ward	21	3	24	23	8	1	1	2
West Ward	4	—	18	43	23	1	—	1
Brunswick St.—								
West Ward	48	15	73	21	22	6	5	4
Central Ward	21	4	40	34	9	10	4	1
Queen's Parade	1	3	8	30	18	3	—	2
Totals	95	25	163	151	80	21	10	10

This comparison was not made in all centres, but covers the most important ones. The first two columns cover the worst of the properties. Despite inflation as compared with 1906-7, they carry lower ratable values now than 40 years ago. They have been allowed to deteriorate over the period and many have little more than demolition value today. Between them they cover 120 properties and these are the ones which would pay substantially more under site-value rating.

On the other hand, the last four columns with 121 properties, are ones which have been substantially improved since 1906-7. They are the ones which have been most penalised by annual-value rating because of the improvement. In them the rates have been increased manyfold. They are the ones which would secure the most stubstantial reduction under site-value rating. They are also the type of best value to the shopping community.

This is a vital measure of the desirability of undertakings from a municipal and social viewpoint. Given a particular site for an undertaking, the municipal services provided will be practically the same whether the site is poorly or highly improved. The interests of the district and the community generally, however, are clearly best served by a high degree of development of the site.

This study has, therefore, sought to find how the two rating systems affect industrial undertakings, according to their degree of economic development.

Industrial firms have been grouped into two categories, "large" concerns, and "small to medium" sized concerns respectively. The division between the two is arbitrary. Those with site-values exceeding £1,000 have been classed as large concerns. Those with a value less than £1,000 have been classed as small.

Most of those in the "large" group have more than a single

holding. In some cases they have a great number of holdings. In the "small to medium" group very few have more than a single holding. In this analysis all the holdings of a firm have been aggregated to find the overall effect of the rating systems. As some firms have such a large number of different types of properties it would be inadequote only to consider their works.

Altogether there are 318 factory assessments listed upon the rate books. This does not include garages and service stations which are treated among the miscellaneous properties. However, the number of firms involved is only 196, showing the large number of multiple holdings.

(27) "LARGE" INDUSTRIAL CONCERNS CLASSIFIED.

When the firms were classified according to their degree of economic development it was found that they fell into two distinct groups, so far as the incidence of the rating systems was concerned.

All of those whose improved annual value had a ratio to that unimproved of more than 4.65, were in one group which would be benefited by lower rates under site-value rating. It was found that the degree of rate benefit in this group became more marked the higher the degree of the improvement. This group included most of the factories with better than the average appearance.

All of those whose improved annual value was less than 4.65 times that in the unimproved condition, formed another group benefited by lower rates under annual-value rating. The degree of rate benefit under that system was found to increase as the degree of improvement fell. This group includes all the factories which are least improved and, from many viewpoints, a liability to the district.

At the ratio 4.65 the rates were found to be the same under either system, and the disparity between the systems was most marked in the extremes of the "improved to unimproved" ratios. Site-value rating was seen to favor the best improved and to penalise the least improved properties. Annual-value rating was seen to favor the least improved and to penalise the most improved properties.

These tendencies will be obvious from the table below camparing the properties summarised in groups. The detailed figures for each individual firm are given in the Appendix Table No. 4.

TYPES MOST BENEFITED BY THE TWO SYSTEMS.

From this table it is seen that the most improved firms benefit most strongly under site-value rating. The least improved firms benefit strongly under annual-value rating. The first two well-improved groups between them would carry rate reductions of £865 on the site-value basis. The fourteen poorly improved firms in the Eighth and Ninth groups, between them would pay £808 more under the change. **Thus the rate reductions of the best-improved firms are almost exactly balanced by the increased rate payments of the least-improved firms.**

The ten most-improved firms have improvements worth approximately £156,000 as against £98,000 for the fourteen least-improved firms. The latter have more than twice the value in sites of the former, yet under annual-value rating pay only half as much in rates.

The Twenty Most-Improved Firms.

That the incidence of site-value rating is more fitting and socially desirable will be evident by considering the identity of the firms most benefited by the two system respectively.

Each of the twenty firms most benefited by site-value rating is either of fine architectural design or substantial construction. There are not many fine looking factories in Fitzroy, but almost all of them are in this group.

Of outstanding appearance are McColl Electric Works, McLaren Printers, Purina Grain Foods, British United Shoe Machinery Company, Shovelton & Storey (Gumleaf Paper), Australian Can Company, Dowd Corset Company. All of these are of very attractive design. (See photos Nos. 73 to 78.)

Less notable for appearance than for the solidity of the buildings are the following, all of which have at least two storeys in their main buildings : Georgian Footwear, Cox Bros. (Aust.) Ltd.; Goold & Porter Shoes; La Mode Corsets; Fisher Floor Polish; Lynn Shoe Coy.; Paddle Bros. Shoes; J. Gadsden Pty.; Morris & Walker; Moran & Cato; O. Wurth; Ramsden & Chaplin, and W. Chalmers. (See photos Nos. 85 to 90.)

The Twenty Least-Improved Firms.

On the other hand, the twenty firms most benefited by annual-value rating include only two firms whose main works

"Large" Industrial Firms Summarised.

Group.	Number of Properties	Degree of Improv'mt	Annual Value	Site Value	Rates Under Annual Value	Rates Under Site Value	Difference
With Rate Reductions on Site-Value :			£	£	£	£	£
First	10	7.8	9,020	23,501	1,128	685	443 less
Second	10	5.8	17,341	59,932	2,170	1,748	422 ,,
Third	8	4.90	5,649	22,999	710	667	43 ,,
	28	6.00	32,010	106,432	4,008	3,100	908 ,,
Rates Approx. Same on Site-Value :							
Fourth	2	4.56	12,153	53,610	1,519	1,564	45 more
With Rates Higher on Site-Value :							
Fifth	9	4.05	3,343	16,479	417	470	53 more
Sixth	10	3.55	5,690	32,161	710	935	225 ,,
Seventh	10	2.68	3,915	29,176	491	883	392 ,,
Eighth	10	2.14	4,431	41,574	555	1,211	656 ,,
Ninth	4	1.37	551	8,091	68	234	166 ,,
	43	2.80	17,930	127,481	2,241	3,733	1,492 ,,

Of the 73 firms in the "large" class, 28 were found to have degrees of improvement greater than 4.65 and to be benefited by rate reductions under site-value rating. This is 38.5 per cent. of the total number. There were two with substantially the same rates under either system, while the remaining 43, forming 59.0 per cent. of the total, would be subject to rate increases with the change in rating.

are of fine appearance. These are K. G. Luke Pty. and Spicer Shoe Coy. Both are undervalued and the latter has nine poor houses purchased for expansion of its premises. When this expansion takes place it can expect to benefit on the site-value basis.

Peerless Engineering Coy; J. H. Munro Bedding Coy; C. F. Rojo, are solidly constructed works, but are valued on a low scale compared with the extent and scale of their operations.

R. Harrison Pty. Ltd.; Commando Engines; A. J. Skipper; Botany Knitting Mills Pty.; Kennedy's Concrete Works; Anderson & Ritchie; Bartlett & McBryde, have some well-improved holdings but balanced by poorly-improved parts. (See photos Nos. 79 to 84 and 91 to 96.)

The factories owned by F. McOwan are in very poor condition, as also are holdings of the Stone Estate, which have a large extent of vacant land associated. Clifton Body Builders' works are a very poor timber structure, an eyesore occupying one of the most valuable sites in the City. The holdings of F. W. Niven are mainly slum houses purchased for demolition and replacement by modern works. When this improvement has been made this firm will move into the group benefited by site value rating.

The holding of H. Gage has already been remodelled, but its valuation has not yet been reviewed. When this occurs it will not show the disparity in rates shown in the table. This site was occupied by Green's Timber Yard at the St. George's Road railway crossing. It was one of the most discreditable looking of the sites on main streets. It has already been replaced by a good-looking works. The alterations are not yet complete, but transformation is most marked. The firm may look forward to a fine for their enterprise when their next annual-value assessment is received. (See photos Nos. 17 and 18.)

The Largest Industrial Firm

The largest industrial firm in Fitzroy is the MacRobertson confectionery works. These works cover the whole or part of seven sections of the City, each bound by four main streets. They have an annual value of £10,818 and a site-value of £48,248. The overall degree of improvement is 4.50, which is just a fraction less than the average for the city as a whole. It would pay £45 more in rates on the site-value basis. There are 29 separate assessments in this firm's holdings, which are detailed in Table No. 6 of the Appendix. From these it will be seen that most of the holdings are very well improved, but that there are a number which are poorly developed. When these holdings are improved to the same extent as the majority this firm will benefit on the site-value basis.

Most " Large " Firms Pay More Rates.

The fact that a majority of the " large " industrial firms in this City would pay increased rates with a change to the site-value rating basis may at first glance seem surprising. It contrasts strongly with the results of the survey conducted by the Canadian economist, H. Bronson Cowan, in the adjoining City of Brunswick.

That survey showed that 86 per cent. of the " large " industrial firms carried lower rates on the site-value basis than they would have paid on the annual-value basis.

The obvious explanation for the difference is that Bronson Cowan's survey was made 25 years **after** Brunswick adopted site-value rating. Encouraged by a rating system which did not penalise them for improvement of their holdings, Brunswick firms have made very marked improvements over that quarter-century, and with this improvement the proportion benefiting under site-value rating will have risen.

Examination of the detailed lists in Tables No. 4 and 6 in the Appendix shows that many of these Fitzroy firms have large holdings of poorly-developed sites. The increased rates on these offset the rate reductions upon their other well-improved factory premises. In many cases there are vacant holdings or slum houses purchased for future extension of their premises.

When these sites are built over, of course, the firms would effect rate savings on the site-value basis. But, in the meantime, they would pay more while they are in poor condition. There is thus an incentive to improve them more rapidly than would otherwise happen. As this improvement occurs, the proportion benefited by site-value rating may be expected to rise. The extent of the possible improvement to the general advantage may be seen in the case of the largest firms with multiple holdings in Table 6, where the details of each property are given.

In some cases firms appear on this list as losers simply because they have been under-valued on the annual-value basis. This is particularly true of those in Queen's Parade.

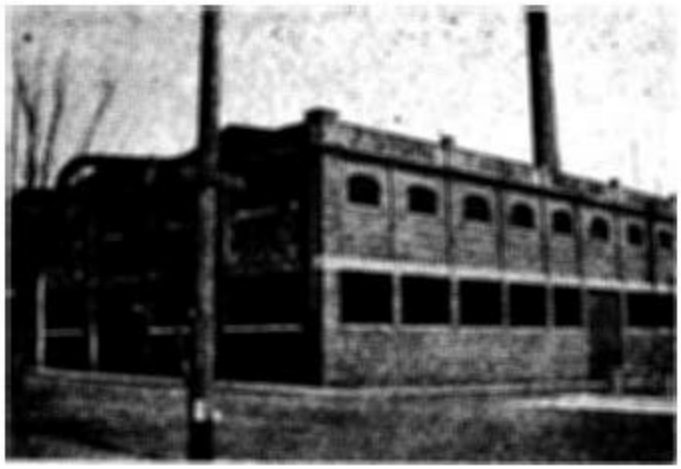
(28) " MEDIUM AND SMALL " CONCERNS CLASSIFIED.

The same principles were found to operate among the medium and small sized industrial concerns when these were classified. The most-improved were found to gain under site-value rating, at the expense of the less worthy concerns.

Of the 122 firms in the " medium and small" class 70 are found to carry lower rates under the site-value basis. A further 10 carry the same rates under either system. Thus 65 per cent.

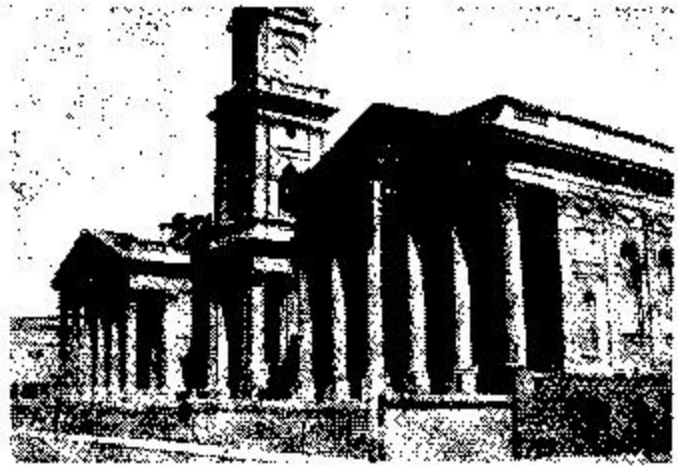
" Medium and Small " Firms Summarised.

Group.	Number of Properties	Degree of Improv'mt	Annual Value	Site Value	Rates Under Annual Value	Rates Under Site Value	Difference
With Rate Reductions on Site-Value :			£	£	£	£	£
First	10	13.6	2,110	3,123	266	97	169 less
Second	10	9.0	1,855	4,133	232	120	112 ,,
Third	10	8.16	1,460	3,569	183	104	79 ,,
Fourth	10	7.16	1,647	4,615	208	134	74 ,,
Fifth	10	5.94	870	2,930	107	85	22 ,,
Sixth	10	5.22	1,440	5,500	182	161	21 ,,
Seventh	10	4.88	1,150	4,699	144	137	7 ,,
	70	7.40	10,532	28,569	1,322	838	484 ,,
With Rates Same on Site-Value :							
Eighth	10	4.60	956	4,155	119	119	—
With Rates Higher on Site-Value :							
Ninth	10	4.09	1,237	6,059	157	177	20 more
Tenth	10	3.30	852	5,198	107	152	45 ,,
Eleventh	10	2.75	578	4,187	73	124	51 ,,
Twelfth	12	2.02	522	5,201	64	152	88 ,,
	42	3.10	3,189	20,645	401	605	204 ,,



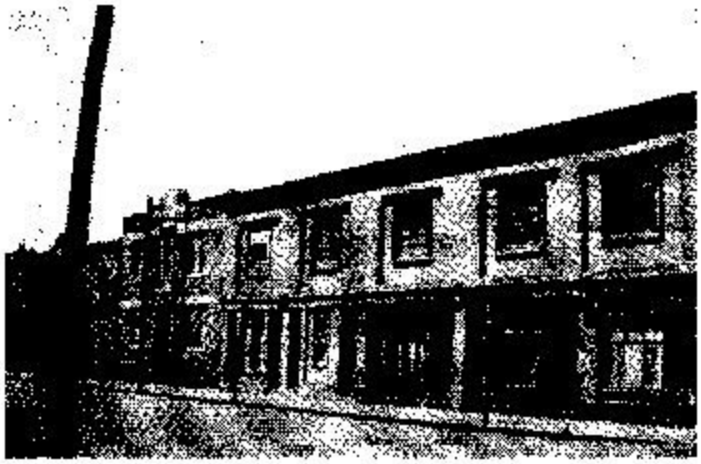
No. 49 SOUTH END

Facing the south wall of the Town Hall is this timber mill, forming part of the Stone Estate.
N.A.V. Rate is £64; U.C.V. Rate, £184.



No. 50 THE FITZROY TOWN HALL

A beautiful example of architecture in Napier Street, spoilt by shabby surroundings. Higher rates on the poor-type properties around it would encourage better development.

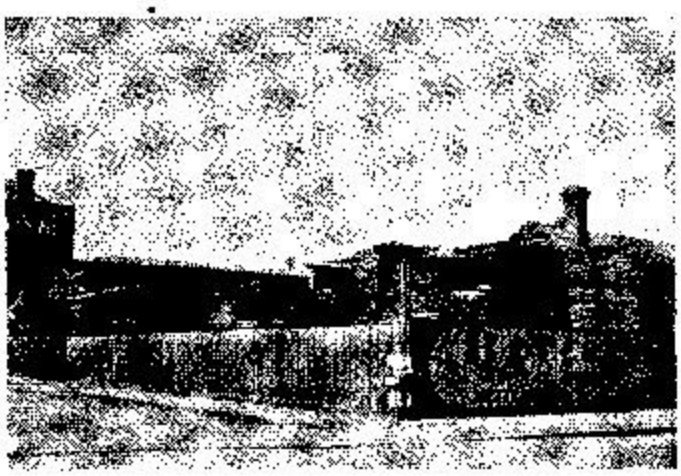


No. 51 DIRECTLY OPPOSITE

A terrace of decadent houses owned by the Catherine Foley Estate. They are sub-standard and lack amenities. N.A.V. Rates, £18; U.C.V. Rates, £22/15/-

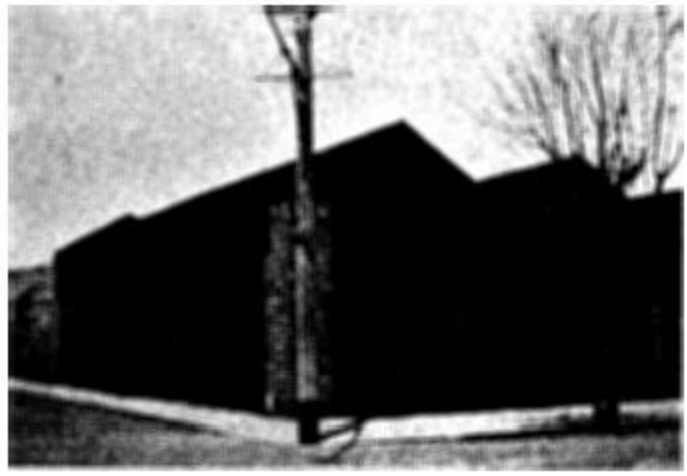
No. 52 Opposite Cor. NAPIER and CHARLES STREETS

A complete block owned by the Stone Estate. Poor use of a most valuable site bounded by four streets. N.A.V. Rates, £39; U.C.V. Rates, £96.



No. 53 Cor. NAPIER and CHARLES STREETS

Another property in the Stone Estate, occupying a complete block bounded by four streets. N.A.V. Rates, £44; U.C.V. Rates, £103.



No. 54 Cor. NAPIER and LITTLE CHARLES STREETS

Opposite poorly improved sheds, etc. Owned by Stone Estate. N.A.V. Rate, £10; U.C.V. Rate, £17.

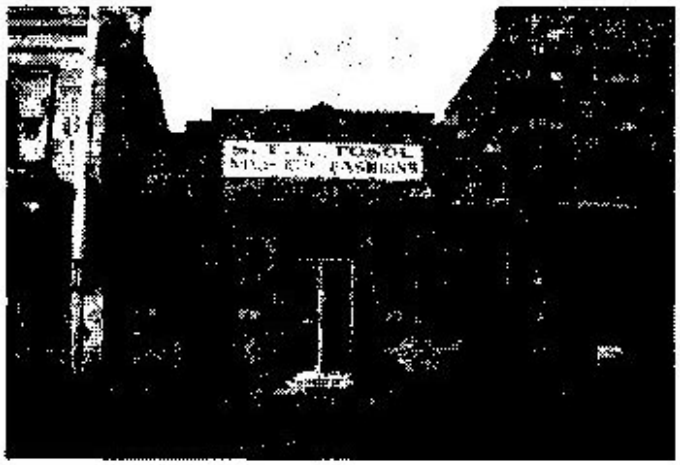
A SECTION OF THE BRUNSWICK STREET SHOP AND BUSINESS CENTRE.

No. 55	Nos. 428-424	No. 422
Size	52ft. x 120ft.	30ft. x 100ft.
Improvements.	Good Factory	Average type shop
N.A.V. Rate	£22/10/–	£12/10/–
U.C.V. Rate	£22/15/–	£11/7/6

No. 56	No. 420	Nos. 418-416	Nos. 414-412
Size	24ft. x 120ft.	23ft. x 120ft.	46ft. x 120ft.
Improvements	Poor type Shop	Good Works	Factory
N.A.V. Rate	£5	£32/10/–	£21/2/4
U.C.V. Rate	£9/1/–	£12/10/10	£21/7/6

No. 57	No. 404	No. 400	Nos. 398-396
Size	24ft.6in. x 120ft.	33ft. x 120ft.	40ft. x 120ft.
Improvements.	Poor Shop	Vacant Lot	Engineer Works
N.A.V. Rate	£6/5/–	£8/15/–	£20
U.C.V. Rate	£10	£12/11/8	£18/13/4

No. 58	Nos. 394-392	No. 390	No. 388
Size	30ft. x 120ft.	19ft. x 120ft.	19ft. x 120ft.
Improvements	Vacant Lot	Shop	Shop
N.A.V. Rate	£3/15/–	£6/17/6	£6/15/–
U.C.V. Rate	£15/15/–	£7/17/6	£7/17/6



No. 59	Nos. 382 & 382a	No. 380	No. 378
Size	33ft. x 70ft.	27ft. x 70ft.	16ft. x 70ft.
Improvements	Shop	Good Factory	Shop
N.A.V. Rate	£10/12/6	£13/15/–	£8/15/–
U.C.V. Rate	£11/10/3	£9/12/6	£7/11/8

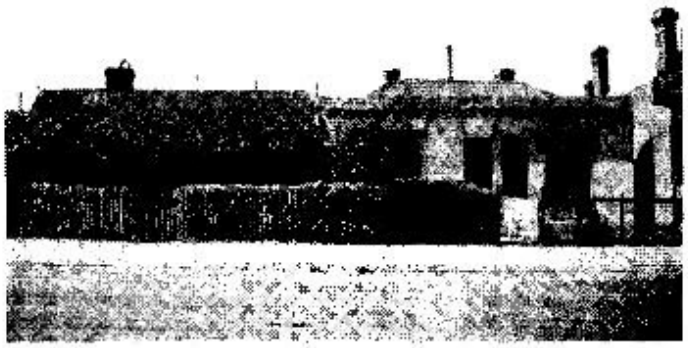
No. 60	No. 362	No. 360
Size	15ft. x 78ft.	29ft. x 78ft.
Improvements.	Shop	Vacant and poor Shop
N.A.V. Rate	£5	£3/2/6
U.C.V. Rate	£5/0/9	£10/11/2

POOR TYPES OF HOUSES ON STREETS NOW IN DEMAND FOR BUSINESS SITES.

Many of these are Owned by Firms.

No. 61 No. 640 NICHOLSON STREET No. 636

Size	(56ft. x 136ft.)	(28ft. x 196ft.)
N.A.V. Rate	£5/12/6	£3/2/6
U.C.V. Rate	£24/10/–	£12/5/–



No. 62 No. 626 NICHOLSON STREET Nos. 624 and 622

Size	(32ft. x 63ft.)	(32ft. x 124ft.)
N.A.V. Rate	£3/2/6	£7/10/–
U.C.V. Rate	£8/8/–	£14

No. 63 No. 318 NICHOLSON STREET No. 316

Two very poor old houses next to shops.

N.A.V. Rate	£3/15/–	£3/15/–
U.C.V. Rate	£8/2/–	£8/9/–

No. 64 Nos. 37-39 SMITH STREET

Two very poor iron houses among shops in the main business street. Owned by business firm. (32ft. x 130ft.) N.A.V. Rates, £9; U.C.V. Rates, £19.

AN UNSIGHTLY TYPE OF HOLDING.

No. 65 Cor. FITZROY and ARGYLE STREETS

Very unsightly car-wrecker's yard and poor factory. Such properties reduce value of nearby properties. (On yard) N.A.V. Rate, £2/10/–; U.C.V. Rate, £9/11/4. (On factory) N.A.V. Rate, £6/5/–; U.C.V. Rate, £8/8/–.

A FINE PRIVATE HOSPITAL

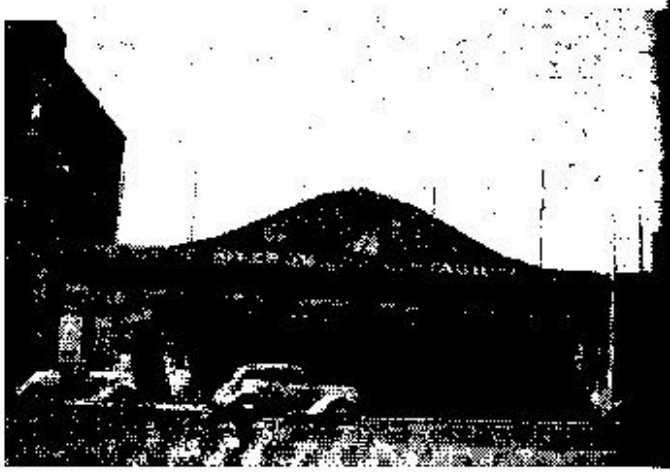
No. 66 No. 59 VICTORIA PARADE

"Mount St. Evins" Private Hospital. A fine building, with 27 rooms. Site is 67ft. x 165ft. It is penalised under N.A.V. rating. N.A.V. Rate, £103/2/6; U.C.V. Rate, £68/7/11.

SECTIONS OF BUSINESS STREETS
Mainly Interior Type.

No. 67 Nos. 438-440 BRUNSWICK STREET

Improvements	Poor Shop	Land	V. Poor Hse	Vacant
Size	20ft. x 120ft.	34ft.	40ft.	36ft.
N.A.V. Rate ..	£5	£1/17/6	£5	£2/15/-
U.C.V. Rate ..	£7/5/1	£12/8/-	£14/11/8	£15/15/-



No. 68 No. 234 BRUNSWICK STREET

Old Fitzroy Stadium and Vacant Land. 109ft. x 282ft.
N.A.V. Rate, £41/17/6; U.C.V. Rate, £116/18/-.

No. 69 Nos. 210-206 BRUNSWICK STREET Nos. 204-202

Improvements.	Derelict Shops.	Derelict Shops
Fronts	46ft x 140ft.	45ft x 140ft.
N.A.V. Rate	£15	£12/5/-
U.C.V. Rate	£21/9/4	£21

No. 70 Nos. 246-240 ST. GEORGE'S RD. No. 234 No. 232

	Good Shops (4)	V. Poor Shop	V. Poor Sho
	62ft.	20ft. 6 in.	20ft. 6in
N.A.V. Rate	£38/2/6	£3	£3/2/6
U.C.V Rate	£14/14/-	£7/3/6	£7/3/6

No. 71 No. 144 GERTRUDE STREET No. 142

Improvements.	Derelict Shop.	Derelict Shop
Fronts	20ft. 2 in.	13ft. 4in
N.A.V. Rate	£2	£2
U.C.V. Rate	£9/8/	£6/4/-

No. 72 No. 200 GERTRUDE STREET No. 194

Very highly improved block. 172ft. x 90ft.

N.A.V. Rate	£100
U.C.V. Rate	£79/6/8

would pay no more than they do under annual-value rating and only 35 per cent. would carry increased rates.

The incidence in this "medium and small" class is therefore different to that of the "large." In the large group the increases exceed the reductions for the group as a whole, by £669. In the "medium and small" group the reductions exceed the increases by £260. The "medium and small" - sized concerns, therefore, may be said to gain at the expense of the least-improved of the large concerns.

"Medium and Small" Firms More Highly Improved.

Comparison of the two summaries shows that the "medium and small" - sized firms are more improved than the "large." In the large class the highest degree of improvement seen in the detailed Table 4 is the Georgian Footwear Coy, with a ratio of 9.4, and the average for the ten most-improved is 7.8.

In the "medium and small" class the first 10 firms have higher degree of improvement than the best of the large group, while no less than 29 have higher degree of improvement than the average for the best ten in the large group.

This is partly because most of the medium and small concerns have only one or two ossessments and do not hold other poorly-improved holdings in conjunction, as with mony of the larger.

A further factor is the added difficulty of valuation of lorge concerns under annual-value rating, with a tendency to under-valuation due to the difficulty of supporting high figures with the restricted numbers of comparable firms. There is not the same difficulty of valuotion of the smaller concerns which tend to be too heavily rated under annual-value rating as compored with the larger.

We class as "medium" size the firms with unimproved site-values of between £400 and £1000 and as "small" those with less than £400. Again, this is arbitrary, but gives a good working distinction between the two groups.

On this basis there are 58 "medium" size and 64 "small" firms in the Table 5.

Of the 58 medium-size firms 30 gain lower rates on the site-value basis, five pay the same under either system and 23 would pay increased rates on the site-value basis. The proportion carrying lower or the same rates would thus be 60 per cent.

Of the 64 small firms, 40 would carry lower rates on the site-value basis, five would corry the same rates under either system, and 19 would carry higher rates under the site-value rating system. The proportion carrying lower or the same rates under that system would thus be 70 per cent.

It is significont to note that site-value rating would benefit a higher proportion of the small and medium-sized concerns than of the largest. Annual-value rating is prejudicial to proper development in all classes of industry, discouraging improvement and rewarding the most backward and anti-social concerns. But it is relatively less harmful to the large than the smaller concerns. This will be seen from the following summary :

Proportions of Industrial Concerns in Fitzroy.
As Affected by Site-Value Rating.

Class	Carry Lower Rates	Carry Same Rates	Carry Higher Rates
"Small" firms	62.5%	7.8%	29.7%
"Medium" size firms ..	51.5	8.6	39.9
"Large" size firms ..	39.0	2.7	58.3

(29) CONCLUSIONS ON INDUSTRIAL RATING.

From the survey it is concluded that the incidence of the rating systems for industrial firms follows the same lines as for the housing and shopping centres. Annual-value rating charges those firms who fail to develop their properties, less than their fair share of rates. The more decrepit they are the more their benefit.

The loss in rates is recouped at the expense of those firms which have made good use of their sites. The better improved they are the heovier the rate contribution demonded.

Many of the firms which could well afford to develop their properties to their own ond the City's advantage are paying grossly inadequate rates.

Site-value rating would make a strong contribution to the improvement of the industrial properties of the City by encouraging investment of capital in buildings instead of in vacant land or poor structures.

PART VII.

MISCELLANEOUS PROPERTIES.

What They Include.

Miscellaneous properties comprise warehouses, and stores, hotels, banks, garages, holls and theatres, dispensaries and hospitals, and Metropolitan Tramway Board properties. Some of the warehouse properties and most of the stores have already been included with the aggregated holdings of the industrial firms in o previous section of the study.

Rates Upon Warehouses.

Firm Name	Degree of Imp'vmt	Values		Rates Under		Difference
		Annual	Site	Annual Value	Site Value	
Rates Lower Under Site-Value—		£	£	£	£	£
* Cox (Australia) Ltd.	* 8.15	375	920	47	27	20 less
D. K. Ross	8.00	200	500	25	15	10 ,,
* British United Shoe	* 7.90	1,750	4,452	219	130	89 ,,
* Johnston's Pty. Ltd.	* 5.93	980	3,296	123	95	28 ,,
Yeo. Crosthwaite	5.83	560	1,920	70	56	14 ,,
	7.00	3,865	11,088	484	323	161 ,,
Rates Higher under Site-Value—						
Tye & Co. Pty. Ltd.	4.18	500	2,400	63	70	7 more
Foy & Gibson Ltd.	3.85	2,519	13,200	315	382	67 ,,
Paterson's Pty. Ltd.	3.67	775	4,250	97	124	27 ,,
A. B. Paterson Pty.	3.00	625	4,200	78	122	44 ,,
A. Brooks	2.70	200	1,485	25	43	18 ,,
* D. & W. Chandler Ltd. ..	* 2.67	335	2,500	42	72	30 ,,
Maples (Nathan Estate) ..	2.63	480	3,640	60	105	45 ,,
Worliment	2.16	160	1,485	20	43	23 ,,
	3.40	5,594	33,160	700	961	261 ,,

(30) WAREHOUSES.

There are thirteen warehouse holdings on the ratebooks, all held by important firms. These are classified and listed on page 19 in order of their degree of improvement. Those which have been included in the industrial list are denoted by the sign *. These figures cover only the holdings styled as "warehouses." Some of the firms have also shops in addition.

There is strong ground for belief that most of the warehouse firms in this list are undervalued at present. A revaluation, long overdue, would bring more of them into the group gaining under site-value rating. Evidence of this is found in the Yeo. Crosthwaite property, which is tenant occupied, the valuation being based upon the actual rental. Inspection of this property shows it is not well-improved at all. Compared with almost any of the other properties in the whole list this property is extremely inferior. If the valuation set upon it be accepted as correct, then most of the other warehouses in this list must be substantially undervalued. Alternatively, this property may be over-valued on economic rentals. In any case there is obvious inequity of rating between the various warehouses on present valuations. Such inconsistencies are common under annual-value rating, even in councils where full-time valuers are employed, for it is difficult to substantiate the rental-value of a warehouse where the occupier is the owner and no rent is actually paid to a third party.

No such difficulty in attaining equity between one firm and another is met with in site-value rating, as land values can be established with much greater certainty than can the rental or capital value of a building. The site-value rates for these warehouses, as shown in the table, appear more reasonably related to the value of municipal services provided than do the annual-value rates.

(31) STORES.

The major number of assessments described as "stores" are buildings owned by industrial firms and are included in the classified lists of their holdings. Apart from these there are only 12 buildings described as stores.

These are all poorly improved holdings, only one having a degree of improvement sufficiently great to give it a very slight reduction in rates on the site-value basis. Some of these assessments are very little more improved than vacant land. Some occupy very extensive sites.

The 12 assessments between them have an annual value of £809 and have an unimproved site-value of £7,109. The average degree of improvement is only 2.22 times the rental value of the same sites if they were vacant.

The rates payable under annual-value aggregate £101, and on the site-value basis would aggregate £207. This group would, therefore, contribute £106 more to the Council under the site-value rating basis. Its contribution is altogether too nominal at present, particularly as there is considerable road wear caused by vehicles using these properties.

(32) BANKS.

There are 13 banks within the City of Fitzroy. Most of them are good-looking buildings although built many years ago. As shown elsewhere in this study, however, the ratable annual values set on these buildings are in many cases less now than they were forty years ago and in the others little greater than at that time. The values set on other classes of property have been stepped up where modernisation has taken place. The value of money, too, has depreciated over the last 40 years so that these businesses are not making an adequate contribution to the rate-revenue of the City under annual-value rating.

Under site-value rating, nine of the thirteen banks would carry higher rates. The exceptions are the State Savings Banks, which were built more recently than the others and also occupy less favorable sites. The details for all banks are given below.

It may be noted that, although occupying far more valuable business sites than in the other streets, the Smith Street banks at present contribute very little more in rates than those in the less-favored centres.

(33) GARAGES AND SERVICE STATIONS.

Garages and service stations vary greatly in quality. On the whole they are relatively poorly improved, in some cases being little more than a few bowsers set in vacant ground. They are associated with a great deal of the wear and tear on roads through their customers. In general they contribute a disproportionately small share of rate-revenue under annual-value rating.

There are 26 garages and service stations included among the miscellaneous group of assessments in Fitzroy.

Of these, only seven have a degree of improvement great enough to give them lower rates on the site-value basis. The remaining 19 would carry increases.

The seven which would get rate reductions are Assessment 616 (Jones); 828 (Virgona); 1539 (Kilfor Motor Service); 2460

Fitzroy Banks.

Name of Bank	Street	Degree Imprv'mt	Values		Rates Under		Difference
			Annual	Site	Annual Value	Site Value	
Rates Lower Under Site Value :			£	£	£	£	£
State Savings	Brunswick St.	6.60	230	695	29	20	9 less
E.S.&A.	Queen's Pde.	5.40	220	814	28	24	4 ,,
State Savings	Smith St.	5.00	350	1,400	44	41	3 ,,
State Savings	Nicholson St.	5.00	250	1,000	31	29	2 ,,
		5.4	1,050	3,909	132	114	18 ,,
Rates Same Under Either System :							
State Savings	Queen's Pde.	4.6	200	870	25	25	—
Bank of Victoria	Brunswick St.	4.63	300	1,300	38	38	—
		4.62	500	2,170	63	63	—
Rates Higher Under Site Value :							
Union Bank	Brunswick St.	4.40	200	1,000	28	29	1 more
National Bank	Queen's Pde.	3.78	250	1,320	31	39	8 ,,
Bank of A/asia	Smith St.	2.33	280	2,400	35	70	35 ,,
National Bank	Smith St.	2.15	325	3,010	41	88	47 ,,
Bank of N.S.W.	Smith St.	1.88	280	2,970	35	87	52 ,,
National Bank	Brunswick St.	1.65	150	1,820	19	53	34 ,,
Union Bank	Smith St.	1.16	325	3,300	41	96	55 ,,
		2.22	1,820	15,820	230	462	232 ,,

(R. M. Ellis). 3220 (Smart's Super Service Station); 3830 (Adelphi Service Station); 5106 (L. Page). All of these are well-improved.

The annual-value rates on these seven now aggregate £120 and those under site-value rating would be £83, a reduction of £37.

Of the others, Bayford Motors, with three assessments, has a degree of improvement of 4.50 times that of vacant land. The aggregate rates on this firm would be £80 under site-value as against £78 under annual-value, being almost the same under either system.

The other 18 are relatively poorly improved. Their annual-value rates aggregate £152, which would increase to £337 under the site-value basis, being an increase of £185.

The least-improved of the garages is the Southern Cross Garage, the site of which is owned by the Roff Trustees. It occupies one of the most valuable sites in the City on the corner of Nicholson Street and Victoria Parade. The site has a value of £4140 and is practically vacant, improvements being little more than a set of bowsers. This site at present contributes in rates £30, which would increase to £121 under site-value rating.

(34) THEATRES AND HALLS.

Entertainment centres are very necessary in any large centre of population. They tend to hold the community together. The number in Fitzroy is hardly adequate to such a dense population.

In the whole city there are three picture theatres and seven dance halls or halls suitable for meetings.

Annual-value rating operates with great severity against theatres and halls and is thus an influence for disintegration. All of the Theatres and of the Halls would carry lower rates under site-value rating. The rates on each are listed below.

Theatre or Hall	Degree Impvt.	Annual Value	Site Value	Rates Under		Difference
				Annual	Site	
Merri Picture Theatre ..	20.0	£1,625	£2,200	£203	£64	£139 less
Merri Dance Hall	11.9	400	675	50	20	30 ,,
Regent Theatre	11.35	1,400	2,465	175	72	103 ,,
Carrington Lodge Hall ..	9.25	300	648	38	19	19 ,,
Cathedral Hall	7.15	600	1,675	75	49	26 ,,
Allinson's Hall	5.4	100	370	13	11	2 ,,
226 Johnston Street ..	5.4	70	255	9	8	1 ,,
Palace Theatre	4.55	630	2,730	79	79	—

There are in addition two church halls which are not fully ratable. It may be noted that the Palace Theatre does not gain a rate reduction while the other two do. It is not as highly improved as the others in proportion to the value of its site. The aggregate reduction over the eight halls and theatres is £320.

(35) HOTELS.

Within Fitzroy City there are 40 hotels. They vary greatly in quality among themselves. Some are fine residential hotels, while others rely mainly upon the bar trade. Examination of the ratebooks shows that most of these hotels have increased their residential accommodation over the last 40 years. Most of them have been modernised, at least externally, over the period and present a good appearance. Hotels are, in fact, the only class of property in Fitzroy which has been consistently improved over the period. These improvements have been attended with most substantial increases in their rates.

It is not surprising, therefore, that all except one of the hotels would carry lower rates on the site-value basis. In some of the least improved cases the reduction is small, in others it is great. The overall rates at present are £3,638, which would be reduced to £1,820 on the site-value basis. The average overall reduction is thus 50 per cent. The value of the licence has not been taken into account in estimating the site-value.

The most heavily rated at present is the Aberdeen Hotel in St. Georges Road. This is a fine residential hotel of 42 rooms and has a rated annual-value of £1,500 and site-value of £2,000. Its degree of improvement is 15.0. The one which pays increased rates is the Birmingham Hotel with 15 rooms and an annual-value of £875 with a site-value of £3,880.

The annual-values set upon the hotels show little correspondence with the structural value of the buildings. The rates on the site-value basis show far greater consistency with equity between one hotel and another.

(36) DISPENSARIES AND HOSPITALS.

Fitzroy has within its boundaries two hospitals. One is St. Vincents Public Hospital which is non-ratable. The other is the Mount St. Evins private hospital. This is a very fine building of three storeys and contains 27 rooms. Such hospitals are most desirable, but are discouraged by the rating system. This hospital is rated on an annual-value of £825 and contributes rates of £103. The site-value is £2,345 and the rates on this basis would be £68. The reduction is very considerable, despite the fact that land values are very high in this locality, being £35 per foot. (See photo No. 66.)

The owners of the hospital have an equal-sized lot alongside with wooden huts for nurses quarters. This lot is only rated on an annual-value of £140. At present the increased rates on the poorly-improved lot would balance the rate reduction on the hospital. But under site-value rating the extension of the hospital on this adjoining lot could be undertaken without any increase in rates.

Extension of this hospital is evidently hoped for else the continued holding of the extra lot would be uneconomic. Extra hospital accommodation would be socially most desirable but annual-value rating places substantial obstacles in the way.

An extension of three storeys similar to the existing hospital and occupying most of the site would provide 30,000 square feet of floor space. Present building costs would be at least £80 per square so that the building would cost at least £24,000. When built it would be rated on an annual-value of 5 per cent. of the capital improved value, of land and improvements. Its annual-value would thus be more than £1,200 and the additional rates under annual-value would be £150 yearly. There would be no additional rates at all under site-value rating on account of this project.

The extra rates of £150 under annual-value rating would be an annual charge equivalent to an increase in the capital cost of the project by £3,000. The Board of Works also uses annual-value rating, so that its increase of £100 in rates would equal a further £2,000 increase in capital costs on which interest would have to be found. It is evident that these heavy rating charges are high enough to destroy the possibility of needed extensions.

In addition to this hospital there are two United Friendly Society Dispensaries in Fitzroy. Both are good quality buildings and are penalised by annual-value rating. One in Gore Street, has an annual-value of £150 and site-value of £330. Its rates would be reduced from the present £19 down to £10 by a change to site-value rating. The other, in Queens Parade, has an annual-value of £160 and a site-value of £550. Its rates would be reduced from the present £20 down to £16.

(37) METROPOLITAN TRAMWAY BOARD PROPERTIES.

The Metropolitan Tramway Board has very extensive and numerous properties in Fitzroy. There are in fact 17 assessments of built property apart from tramway tracks.

Many of these properties were at one time power stations and works in use in the days of the cable trams. Some are now occupied by shops. In others the properties are used as storage depots. Many of them are unsightly looking and hold some of the most valuable sites in the City in a poorly improved condition. These contribute little in rates at present.

On the other hand, the Tramway bus depot in Scotchmer Street is very highly improved and very heavily rated under annual-value rating.

Under the Local Government Act provisions lands and buildings owned and used by the tramway authorities for the conduct of their tramway functions are regarded as Special Ratable Properties and must be rated on the annual-value basis.

But those owned by that authority and used for other purposes are not Special Properties. Tramway tracks and depots are clearly in the Special category. Many of the other properties no longer used for legitimate tramway purposes would be ratable on the site-value basis.

The details of the Metro. Tramway Board properties are given at the end of the Table 5 among the details of large industrial firms. They are grouped in two parts, those which appear to be used for tramway services and may be regarded as Special Properties, and those which do not now seem legitimately regarded as Special Properties.

The former include the Scotchmer Street depot and that in Queen's Parade. This group has an annual-value aggregating £4,660 and a site-value of £20,737. This group would pay almost exactly the same under either rating system.

The other group, which is considered liable to site-value rating, has an aggregate annual-value of £1,985 and a site-value of £21,000. The annual-value rates are £248 and would increase to £611 under site-value rating. A change in rating would thus prove a strong influence towards the improvement of these neglected properties.

PART VIII.

(38) THE EFFECT UPON COUNCIL FINANCES.

One of the major problems of municipal authorities in blighted areas of the United States and Great Britain has been the decline in the ratable annual value of the district. Pressed for revenue, councils are forced to step up both the rate in the pound overall and the valuations of the better types of buildings to make up for the loss in rates on decadent properties. This starts a vicious circle, as buildings which have reached the end of their useful life are not replaced because the extra rates they would be called upon to bear make replacement uneconomic.

Owing to the shorter period of settlement, decadence has not reached the same depths in this country, nor have its effects upon municipal revenue been felt so acutely. In Fitzroy, however, the forces of deterioration have already gone far and the rate bases have been strongly affected. This is evident from comparisons over the last 40 years, as shown below for the various wards.

Ratable Annual Values at Various Years.

Ward	1906-7	1926-7	1946-7
West	£65,424	£116,294	£96,952
East	54,895	107,027	91,772
Central	58,398	117,743	112,986
North	38,138	100,078	104,596
Clifton	41,034	85,626	83,353
	257,989	526,768	489,659

From this table it will be seen that the peak was reached in 1926-7, since when the rate base has fallen away. There was a very substantial increase in the total for the City between 1907 and 1927 suggesting extensive improvement in the quality of buildings. To some extent this increase is misleading, as it partly reflects depreciation of the currency at the later periods.

The period was, however, one of genuine growth. Figures for building activity are not available over the whole period, but between 1911 and 1927 there were 1047 houses built compared with a mere 123 from 1927 until the end of the war. In this period, too, most of the modernisation of shops took place.

Most of the building activity in the early period was confined to building on vacant lots which were then more numerous in the North and Clifton Wards.

Declining Revenue Base.

Comparing the figures for 1926-7 with those for 1946-7, it is seen that the decline has been serious. It has been particularly severe in the West, East and Central Wards which are the oldest and in which decay has gone furthest. What little building activity has taken place in this span has been centred mainly in the North and Clifton Wards. The first of these shows a very slight increase in ratable value while the latter shows only a small decline.

These two wards have, to some extent, carried the older ones, but unless some new stimulus is given to improve them they must now be expected to decline in ratable value.

The decrease in ratable value is greatest in the West Ward, being 17 per cent. In the East Ward it is 14 per cent. and in the Central Ward 4 per cent.

These overall figures do not give a full picture of the extent of the decline in ratable value under annual-value rating. They are nett after balancing the increased valuations imposed on those who have made improvements against the reductions on those who have failed to improve.

In the housing section of this study examples have been given for poor streets showing how continued decay has been rewarded with reduction in rates. In the business section of the study it was shown how, in three of the most important shopping centres, 18 per cent. of the shops (those in the poorest state of repair) were rated on values less than they carried 40 years ago.

Site-Value Rating as a Corrective.

It is evident that the revenue situation of Fitzroy must become progressively more serious unless some new stimulus be given to induce people to improve their properties instead of the reverse. Site-value rating would provide a force in the right direction and to whatever extent it succeeds in stimulating improvement would build up the rate-base of the district.

The site-value rate is adjusted to yield the same revenue as would be raised by a declared rate upon the annual-rental-value basis. But the maximum revenue under either system is the equivalent of a rate of 3/- in the £ on the annual-rental-value, so that any force tending to build up annual-rental-value works in the direction of sound municipal finance.

The annual-rental-value depends upon the extent to which a property is improved, the more highly improved, the greater the rental-value.

But the system of rating upon annual-rental-value takes too much from those who are highly improving their properties and too little from those failing to improve them. It induces people to refrain from improving them to the extent that they otherwise would do, and by taking from them cash with which they might further improve their properties, it impairs their capacity to do so.

The site-value rating system, on the other hand, would take relatively more rates from those holding properties idle or in deteriorated condition and less from those who develop their holdings adequately. It would leave those willing to improve or maintain their properties with more funds to do so, and at the same time would provide the additional incentive to improve in that such improvements would not result in rate increases.

The nett result would be that under site-value rating the annual-rental-value of the district (which sets the limit of potential revenue under both systems), would be increased more rapidly than it would under annual-value rating.

Municipal Costs Compared With Rates.

In a previous survey for the City of Footscray, published under the title "Social Effects of Municipal Rating," an exhaustive comparison was made of the rates paid by vacant and built lots respectively, with the cost of municipal services rendered to the site in question.

It has not been considered necessary to repeat this investigation for Fitzroy. The information obtained in that study was basic in nature and will apply to all municipalities, with only minor changes with varying degrees of overall improvement.

The broad conclusions reached from that analysis were that under annual-value rating there is no correspondence between the value of the service rendered and the rate payment demanded. On the other hand, there is very close agreement on the site-value rating basis between the value of the service received and the rate payment demanded.

Under annual-value rating vacant, near vacant, and poorly improved lots contribute less than their fair share of rate-revenue, while those with more than the average improvement have to pay more than their fair share to make up for the rates avoided by the inferior lots.

All of these observations apply with full force to inner industrial cities such as Fitzroy.

Council Share of Increased Land Values.

A change to site-value rating would not merely increase the rental value of the City. To the extent to which it succeeded in promoting or stimulating renovation and improvement of properties it would help to increase the unimproved value of land in the neighbourhood. The Council would share to a much larger extent in any appreciation of values that might occur, under the site-value rating system, as compared with the Council share under annual-value rating.

It might be pointed out that land values in the East, West and Central Wards of Fitzroy are low compared to what might be expected in view of their proximity to the centre of Melbourne and the excellence and cheapness of the transport services in the area.

The levels of land values have been debased by the general degree of deterioration and decadence in these wards. It has been pointed out earlier that land values are nominally about the same now in these three wards as they were 20 years ago, but that when the inflation of currency is taken into account there has been a relative and substantial decrease in values as compared with that period.

To the extent that renovation or re-development of properties would be stimulated under site-value rating the general level of land values would be increased to the individual and Council advantage. The example already given in section 13 for the appreciation with the re-development of the Pilkington Street area shows to what extent such increases in values may be expected. It will be seen that, in this case, substantial sharing by the Council in the increased values would have resulted on the site-value basis without any undue penalty being imposed on those effecting the improvements.

PART IX.

(39) "ABILITY TO PAY" CONSIDERED.

General Principles.

The main ground upon which annual-value rating has been retained by councils has been the belief that it calls upon citizens to contribute rates in accordance with their "ability to pay."

The previous sections of this study have shown decisively that, on other counts, annual-value rating is opposed to the best interests of the City. It was advisable, therefore, to see how far it does accord with the principle of "ability to pay."

The belief that annual-value rating accords with that principle does not appear to rest upon the results of any factual study. It appears to rest merely upon the observed fact that rent is received by some owners from tenants, and the presumption that the amount received is a measure of ability to pay. In the case of owners who occupy their own premises they are assumed to pay a rental to themselves.

This assumption contains several fallacies which render the annual value a most unreliable, if not useless, indicator of the wealth of the person taxed, and his ability to pay rates. It ignores the question whether the citizen has other sources of income or is relying solely upon his return from the rated property. And yet it is evident that one with supplementary income either from personal effort, bonds, or other investments is very differently situated from one without, so far as ability to pay rates is concerned.

It overlooks the fact that rates upon improvements do not rest upon the owner, but tend to be passed on to the tenant in the rent charged. That part of the rates falling on the improvements (as opposed to the part falling on the site itself) is borne, not by the owner, but by the tenant. This happens through the operation of the law of supply and demand — an increase in rates on improvements tending to check the supply until the tenants are willing to absorb the charge in higher rents.

It completely overlooks the fact that, as compared with another citizen who keeps the same amount of capital in the bank or in liquid assets, the one who spends his cash in building has reduced his "ability to pay."

It ignores the important fact of differing demands upon persons with the same incomes. For example, breadwinners with the same income often differ very greatly in the size of the families they support. A large family will need a three-bedroom house where the small one can do with two or even one. Three-bedroom houses in general require a substantially higher rent and in consequence carry higher rates under the annual-value system. An owner-occupier of this class of house will be treated as though he has greater "ability to pay" when in fact his larger family demands will leave him **less** margin than in the case of the small family supported by the same income.

Given any owner of property, his site may be built on or kept vacant. In the former case there will be a cash income from the property. In the latter case there will be no cash income. As the same person was involved in either case the ability to pay would be identical. Yet the former would be heavily rated while the latter would escape rates, although he might gain substantial "unearned increment" on sale of his site.

To use cash income alone as a base for rates would clearly be a travesty as a measure of ability to pay, since vacant land would pay no rates no matter how wealthy its owner might be. This weakness has been recognised in Victoria and in an attempt to mitigate its effects the modification has been made that vacant land is presumed to earn rent equal to 5 per cent. of its unimproved value.

This simply has the effect that instead of escaping altogether vacant land is called upon to pay rates on a very nominal scale.

In these circumstances, on general grounds, it is considered that little credence can be given to the reliability on the rental-value as a measure of ability to pay rates. There are, however, certain broad comparisons between classes of property in Fitzroy that are significant.

Various Classes Considered in Detail.

Houses.

It will be generally agreed that houses as a group have less ability to carry heavy rates than any of the other classes of property. A considerable proportion of houses are occupied by their owners who must absorb the rate charge. In the case of the tenants, too, the level of rating on improvements tends to be reflected in the rents.

It is significent to find, therefore, that houses as a group would gain lower rates under site-value rating at the expense of other classes of property. In the aggregate, the rate reductions would exceed the rate increases for the housing group by £1,614.

Within the housing group, too, it is found that the majority of houses which receive rate reductions benefit to an aggregate extent of £6,094, while the minority would incur increases of £4,480. It has been seen from the housing section of this study

that the minority which would have the increases are largely owners of sub-standard properties who could, and should, be expected to pay a higher share of rates.

It has been seen that a high proportion of the decadent houses which would carry increased rates are in the hands of estates, whose ability to pay increased rates must be ranked as high.

Shops and Warehouses.

Ability of shops to pay has been examined at some length in section (23). It was found that a considerable proportion of the oldest and worst shops are now paying less rates than they were paying 40 years ago.

Site-value rating would have maintained their rates and, in their case, would accord better with ability to pay. In the case of these poor properties there can be no credence given to claims of inability to meet the same rates as neighbouring and better improved properties. The obvious remedy would be to sell to others able and willing to improve.

Most of the warehouse firms have owned their own properties for more than forty years covered by this study. They are not in the position of most of the smaller shopkeepers who have to find rent. These firms must be regarded as having high ability to pay rates. Reference to the balance sheet, Part XI., shows that they carry more rates in the aggregate under the site-value rating system. Smith Street sites would pay more in the aggregate under site-value rating than under annual-value. Most of the owners of these sites are firms, estates or absentees. In any case, as the high land values in this street are due to the presence and industry of the people as a whole and not of the site-owners their ability to pay must be ranked as high. The higher site-value rates here would simply mean that site-owners pay a higher portion of a value which others have presented to them.

Industrial Firms.

"Large firms" will be generally accepted as having greater ability to pay as a group than the small. It was found that large firms would pay more in the aggregate than the small and medium-sized under site-value rating. The latter would gain rate reductions as a group at the expense of the large.

Further, examination of the lists of firms in the losing groups of Tables 4 and 5 shows many very wealthy firms which could well afford to pay the higher site-value rates and whose annual-value rates are quite inadequate.

In particular, auto-wreckers, bottle dealers, contractors and carriers are businesses that do not involve a great deal of capital outlay in good buildings. They are usually very unsightly and involve a good deal of wear and tear on roads. They are, however, all very profitable businesses and ability to meet rates is high. They contribute very little on the annual-value basis as compared with site-value.

Garages and Service Stations.

This is another class of business which is very profitable and yet involves a low outlay in improvements. The higher site-value rates are more proportioned to the income.

Banks.

Banking is a business which is highly profitable. It will be seen that the banks would contribute more rates on the site-value basis.

Hotels and Theatres.

Hotels and theatres are both highly profitable businesses. They usually carry lower rates under site-value rating. They form the only considerable class of high ability to pay in which annual-value rating charges more than the site-value basis. Yet the numbers of such properties are quite insignificant in the total for the City. Although they certainly pay more under annual-value rating **so also do the vastly greater number of the other categories with less ability to meet high rates.**

We do not consider that "ability to pay" is a sound basis for assessing the rate charge. The rate payment is in essence a payment for services rendered by the Council and should be proportionate to the value of those services. The value of the site is regarded as the measure of the value of those social services available and therefore an appropriate basis for rating.

Nevertheless, it is concluded that site-value rating actually accords better with the principle of "ability to pay" than does annual-value rating.

PART X.

(40) A PROGRAMME FOR IMPROVEMENT.

From the evidence accumulated in this Fitzroy Study, the conclusion is drawn that any long-established or well-built-up urban area would be best served by the adoption of rating upon site-values.

The rating upon site-values in itself would provide a force working to encourage rehabilitation and improvement of properties. It would, at the same time, provide an economic disadvantage for those who fail to keep their properties in good order. These forces, together, would work to increase the value of the assets of owners of well-kept properties which are now depreciated by the general trend towards deterioration.

The change would give a better approach to equity in rate payments between one owner and another. It would call upon those anti-social owners, whose neglected properties are now escaping their fair contribution, to pay an adequate share. In consequence, it would relieve those whose sites are adequately improved and who are now paying more than their fair share of rate revenue.

By stimulating improvement and with it expanding the value of the district, the change would maintain and increase the rate-base of the City more rapidly than would be possible under annual-value rating. The Council would thus have a more assured revenue at a lower equivalent rate than it would have under the annual-value basis.

A Drive for Improvement.

It seems probable that an inner-industrial city which adopts site-value rating, and at the same time launches a concerted drive to make its ratepayers " improvement conscious," could effect a rapid transformation in the City.

Under annual-value rating any question of a drive for improvement is futile. The Council concerned could hardly expect to be taken seriously when it is common knowledge that public-spirited citizens who do respond will be fined through increased rates.

The mere knowledge that renovations, improvements, or re-building will result in increased rates exerts a deterring influence against betterment out of all proportion to the actual amount of the rate increase that would be involved. A psychology is created against improvement which extends to the great body of owners.

Tenants seeking most necessary repairs, renovations, or the addition of needed amenities, often find that the owners use the prospective increase in Council rates which would follow the improvements as an excuse for doing nothing. This psychology works with owners to restrict renovations to the minimum essential.

With the adoption of site-value rating a council could reverse this psychology to one favouring improvement with which its rating system would be self-consistent. It could approach its ratepayers for their co-operation in a drive for improvement of the City, assuring them that in its desire to better the City it had decided to adopt rating on the site-value basis and to exempt from municipal taxation all improvements made.

Special efforts might be made to secure improvement of the worst properties by drawing particular attention of the owners to the fact that the holding of the property in such poor condition would be uneconomic. The appointment of a special municipal officer to exploit these possibilities to the full might well be repaid in better civic development.

As far as the Group is aware, none of the districts which have adopted site-value rating to date have coupled it with such a drive for improvement as suggested.