

This direct burden falls mainly upon the industries concerned in maintenance and renovation of existing improvements. Apart from discouraging the making of repairs and alterations, on account of prospective rate increases, the heavy rate incidence upon the buildings impairs the owners' financial capacity to make the improvements.

There is a further direct burden upon construction of new buildings under annual value rating as compared with site value rating, due to the increased cost of houses and other buildings under the former.

In Section 12 it was shown that annual value rating increases the cost of houses in Footscray by a variable amount, commonly about £50, through the general rate alone. As the Metropolitan Board of Works uses the same method of rating for water and sewerage purposes, there is a further increase in cost of about £37, due to this rate. The total increase in the cost of houses, as compared with that under site value rating, is thus commonly about £87.

By reducing the cost level of housing to such an extent, site value rating would directly benefit the building construction and allied industries. It would extend demand for the products of these industries to a new population group, whose income now compels them to tenancy, but who would be enabled by lower costs to become home purchasers.

The reduction of cost levels in this way would also enable higher income groups to build better classes of houses, or instal better fittings, without increasing their annual charges. Similar considerations apply to the construction of all classes of business and industrial premises.

The tendency to make sites available more cheaply under site value rating also works in the direction of stimulating the building construction industries. Other studies, conducted by the Research Group, have shown that both the numbers and values of building permits, per acre available for building, are more than twice as great in the districts rating site values as in their counterparts rating annual values.

Site value rating would, therefore, directly benefit employment prospects of carpenters, bricklayers, plumbers, plasterers, painters, electricians, glaziers and others employed in the building construction industries. It would equally benefit employers and employees in the manufacture and supply of materials such as timber, cement, bricks, tiles, glass, paint, iron and steel, and other related products used in the building industry.

PART III—HOW VACANT LAND IS AFFECTED.

15. THE EXTENT OF VACANT HOLDINGS.

The fact that vacant land is the only class of property which would inevitably have to meet increases in rates with a change to the unimproved land value basis justifies a special section in this study.

As part of this study, an exhaustive investigation has been made of the number and distribution of such vacant holdings. The proportions in which such holdings are held by residents and by absentees have also been determined.

There are some 4,400 vacant lots representing 25% of the total holdings. Many of these lots are acres in extent, so that the proportion of vacant land is greater than appears above.

The following dissection has been made from the Municipal Rolls, and summarises the holdings of vacant land only for each ward. It does not include holdings of vacant land held in conjunction with other built lots. Nor does it

Holdings of Vacant Land Only.

Ward	Number of Holders	Annual Value of Holdings	Unimproved Value
North	25	£538	£10,760
Middle	22	£384	£7,680
South	61	£687	£13,740
North-west	226	£2,364	£47,280
Kingsville	336	£8,190	£163,800
Totals	670	£12,163	£243,260

include holdings less than £100 unimproved value, which is the qualification required to carry a vote.

Values given are for 1937, and do not take account of appreciation to 1942.

Vacant Land Held in Conjunction With Dwellings.

In addition to the group owning vacant land only, is another owning vacant land in addition to dwellings. The two assessments are lumped together on the rolls, but an approximation to the amount has been obtained by deducting the average rental value of houses from the total to leave the land value. The result is given below.

Ward	Number of Holders	Annual Value of Holdings	Unimproved Value
North	50	£635	£12,700
Middle	36	£418	£8,360
South	86	£580	£11,600
North-west	95	£1,009	£20,180
Kingsville	143	£1,045	£20,900
Totals	410	£3,687	£73,740

These figures do not include very considerable areas held vacant by a number of factories, and which cannot be separated from the figures for their works. Again, the values are for 1937, no addition being made for 1942 values.

It will be surprising to many to see the small proportion of the Footscray residents who actually own land in addition to their residence. Practically all such persons will be included in the figure of 410 above.

Holdings Below the Voter's Qualification.

The number of holders of vacant sites below the value of £100 which qualifies for a vote could not be found exactly, but an approximation to it is given by the difference between the total number of ratepayers and the number qualified to vote.

The total of ratepayers was 15,137, and the number of voters on the roll was 14,325; the difference being 812. This is the minimum figure for the number of land owners below the voting qualification. But a check of the rolls showed that there were approximately 740 ratepayers duplicated on the rolls where two separate persons share the same property. Hence there are in all about 1,550 holders of land below the voting qualification. These holders are almost exclusively absentees, since residents generally will be included in the table above.

The value of land owned by this group cannot be ascertained exactly. A reasonable approximation is obtained by taking the average between the minimum value of a single site £20, and the maximum of £100, which would confer a vote, the average value being £60. This gives an approximate total of £93,000 for the unimproved land value held by this group with an annual value of £4,650.

16. TOTAL VACANT HOLDINGS AND THE RATE INCREASE UPON THEM.

The total in the three classes of vacant holdings above is an unimproved value of £410,000 distributed over 2,630 owners. To this should be added appreciation in value between 1937 and 1942. This will vary greatly, in some parts being little and in others a good deal. As an overall average, the value of 15% found with residential properties will be fairly close, bringing the total value in these groups to £470,000 unimproved. These holdings contribute on the annual value basis £2,440 in rates. On the unimproved value basis, the rate contribution would be £9,300.*

This total still does not include vacant land held in conjunction with factories. Nor does it include considerable areas nominally counted as built although the buildings are of little value, or only occupy part of the site.

* An independent check from the field study showed that the unimproved value above was actually £520,000 and the rate contribution under site value rating would be £10,300.

17. THE RELATIVE PROPORTIONS OF ABSENTEE AND RESIDENT HOLDERS OF VACANT LAND.

An exhaustive analysis of the vacant holdings has been made to find the proportions in which they are held by residents and absentee speculators respectively. The figures below dissect the holdings of vacant land only, above £100 in unimproved value.

Distribution of Vacant Land Between Residents and Absentees.

Ward	Number of Holders Residents	Number of Holders Absentees	Annual Value of Holdings	
			of Residents	of Absentees
North . . .	12	13	£367	£271
Middle . . .	15	7	£166	£218
South . . .	40	21	£474	£213
North-west	148	78	£1,276	£1,088
Kingsville .	129	207	£1,250	£6,940
Total . . .	344	326	£3,533	£8,730

Of the total annual value of £12,263 above, it will be seen that no less than 71% is held by absentees. In the Kingsville Ward the proportion is 85%.

Of the £3,687 annual value of land held in conjunction with dwellings, the great bulk will be held by residents. On the other hand, the great bulk of the minimum figure of £4,650 in holdings below the voting qualification is held by absentees.

An approximation to the distribution of the total between residents and absentees is, therefore, £7,220 Residents, and £13,380 Absentees.

Thus, of the increase of approximately £8,000 in rates on vacant land under the unimproved value rating system, £5,200 would be contributed by absentees living in other districts, and £2,800 by residents of Footscray.

The study has shown that, whether owned by residents or absentees, these vacant holdings are highly speculative. The indications of high pressure land salesmanship are very strong. One evidence of the speculative nature of these holdings is the fact that no less than 213 of the 670 detailed above, are owned by females. These are extremely unlikely to be holding the land with the intention of building homes in Footscray.

The main point of distinction between resident and absentee speculators lies in the fact that with the latter, their low rate bonus is spent in other districts than Footscray, and is a clear loss to the district.

18. THE LARGEST HOLDINGS OF VACANT LAND.

All the holdings of purely vacant land exceeding £500 in unimproved value are listed in Table No. 3 of the Appendix. There are 43 such holdings of which 24 are owned by absentees and 19 by Footscray residents. The rates now paid on this land are £822, and those payable under site value rating are £2,900. Reference to the occupation column shows that these holders are in a much better position to pay more rates than the house and factory owners who would be relieved by the change.

It will be seen that one holder (Sir Wm. Angliss) holds more than all the other 42 holdings put together. In fact, this one holder has more vacant land than the holdings of all the other absentees put together (£4,900 out of £8,730 annual value).

This holder occupies a unique position in Footscray as an industrialist, owner of shop and house properties, and as a land speculator. The magnitude of these operations merits a special section to consider the effect of a rating change.

19. EFFECT UPON SIR W. ANGLISS INTERESTS.

The Angliss interests in Footscray comprise the meat canning factory with an annual value of £20,700, and unimproved value of £37,800. There are three blocks of shops,

two in Barkly Street (17 shops), and the other in Williamstown Road (6 shops). The former have an annual value of £2,770 and unimproved value of £18,750. The latter have an annual value of £660, and unimproved value of £720. The vacant land, of which some 200 acres are still unsubdivided, has an annual value of £5,437, and an unimproved value of £108,735 (allowing 10% appreciation on the 1937 valuation figure). The comparative rate position on balance would be as follows.

Item	Rates on N.A.	Rates on Un.	Change
	Value @ 2/1 in £	Value @ 4½d. in £	
Factory	£2,156	£746	Dec. £1,410
Shops (Barkly St.) .	£288	£370	Inc. £82
Shops (Wmstn. Rd.)	£69	£14	Dec. £55
Vacant Land	£565	£2,154	Inc. £1,589
Totals	£3,078	£3,285	Inc. £207

It would seem that the site value rating system is more in accord with common sense than the annual value method in the treatment of this individual. The site value rating method gives this ratepayer lower rates in his capacity as a manufacturer, in which he is performing a public service and providing a livelihood for a great number of employees. On the other hand it would increase his rates in his capacity as a land speculator, in which he performs no useful public service and gives employment to none. It is further more appropriate to give reduced rates on the Williamstown Road shops, which are on the outer fringes of settlement, than to those in Barkly Street, which have a turnover much greater.

On the other hand, the annual value rating penalises this ratepayer in his capacity as manufacturer and rewards him in his capacity as land speculator.

20. WEMBLY PARK ESTATE.

This is an area of land bounded by Geelong Road, Robert Street, Francis Street, Richard Street, in the Kingsville Ward. It contains 576 allotments of land. It forms portion of the land in the Angliss interests which was subdivided and of which a large part was sold to individuals many years ago. In this whole block there are only 9 houses, 7 being in Robert Street.

This block was drawn to the attention of the Land Values Research Group by the sub-Finance Committee of the Council for special study. It was required to know whether the increased rates on this vacant land would be unreasonable or beyond the capacity of the owners.

The nett annual value (1937) for this block is £1,812 and the present rate at 2/3 in the £ yields £203. The unimproved value is £29,000 and the rate on this at 4½d. in the £ would yield £575, an increase of £372.

A dissection of ownership of holdings in this area has been made from the municipal voters' roll for all the streets (other than the four bounding streets which extend beyond this area). The results of this dissection are given in detail in Table No. 4 of the Appendix.

Reference to this Table shows that there is not a single genuine intending home builder among all these holders. There is only one Footscray resident in the list, and this a speculator to the extent of three lots. With the exception of two other holders, all are located in country towns in Victoria and N.S.W. These owners can have no intention of settling in Footscray and have obviously been induced to buy land in this city as a speculation by unscrupulous land salesmen.

The conclusion seems inescapable that this whole block has not been built upon, purely because the lots have been bought by speculators who wish to re-sell at a profit to genuine home buyers. The net result here of subdivision, is that of disposal from a large scale speculator to small scale speculators.

The increase in rates on these lots cannot possibly do anything but benefit Footscray residents, since they fall almost exclusively upon absentees.

PART IV—HOW SHOPPING CENTERS ARE AFFECTED.

21. THE DISTRIBUTION OF THE SHOPPING CENTERS.

The main shopping centers in Footscray are, pre-eminently, a short section of Nicholson Street between Barkly Street and Irving Place on the West side, and between Hopkins Street and Irving Street on the East side. Sales have been effected recently at over £350 per foot on the West side, and £250 on the East side. Other less busy but very prosperous streets are Paisley, Leeds, Hopkins and Barkly Streets, and Anderson Street in the South Ward.

In addition to these main centers, there are a number of well defined subsidiary shopping centers. These centers (which are listed later), are more numerous and take in a much greater proportion of the total shopping properties, than might at first be supposed.

Outside of the defined shopping centers there are a great number of isolated shops scattered here and there in residential streets. There are at least 194 of the total of over 1047 shop and business properties, in this class.

22. SCOPE OF THE SHOPPING INVESTIGATION.

An exhaustive investigation has been made to find how the rates are distributed under the two rating systems, between the shopping centers and between sections of the same centers. The incidence of the rates upon owners and tenants has been investigated, and also the question of "ability to pay." The effect upon shop rentals has been examined. The extent to which changes in the rates upon other classes of property will be likely to affect business in the shopping centers has been investigated.

Exhaustive treatment has been given to each property in the main shopping center, and these properties are tabulated. In those centers where increased rates are common, special examination has been made of all properties carrying increases.

In addition, a series of graphs has been prepared, covering every shop and business property in the main and subsidiary centers, from which it can be readily seen whether a change to site value rating would result in higher or lower rates.

23. MOST SHOPS CARRY LOWER RATES UNDER SITE VALUE RATING.

The investigation has shown that an overwhelming majority of the shop and business properties would carry reduced rates under a change to site value rating. Of the total of 1,047 built sites studied, no less than 692 (66%) would have their rates reduced by such a change, while a further 69 (6%) would carry substantially the same rates. Only in 286 cases (28%) would the rates be increased.

The results in each of the shopping centers are summarised in the Table 6, together with the net result, for that center, of balancing the rate increases and decreases.

Inspection of this table will show that it is only in the main shopping center, on the West and East sides of Nicholson Street, that really considerable increases in rates occur. These increases are carried by 76 shop sites, the increase averaging £62 per annum, which is an increase of 140%. This is a considerable increase and the ability to meet it is specially investigated later.

Outside of this center, the only other areas in which rate increases are common are in Leeds, Paisley, and parts of Barkly, Hopkins and Anderson Street centers. These centers are also specially examined later, but it may be noted here that the increases are much more modest in these centers, both as a percentage and in amount.

The table covers only sites which are built. In these same shopping centers there are no less than 85 shop sites vacant, the owners evidently holding in anticipation of higher prices. Site value rating would increase rates on these by 275%.

It may be noted that the streets in which reductions

in rates are general, under site value rating, are those streets in which the turnover or general scale of business is at a much lower level than in the main business centers. This is reflected in the lower scale of land values.

Thus, site value rating tends to compensate the less prosperous centers for their disabilities, whereas annual value rating gives lower rates to the most favored business centers at the expense of the less favored.

24. HOW INDIVIDUAL SHOP SITES FARE

The position of each individual shop site is shown for the various shopping centers, on a series of graphs, L to T, from which it can be seen immediately which properties would gain reduced rates by a change to site value rating and the extent of the reduction, or vice versa.

In those streets where rate reductions are general, it has not been considered necessary to calculate the actual amount of the rates for inclusion in this study, the relative position being sufficient.

For those sections in which rate increases under site value rating are common, however, a detailed treatment has been given. Of these streets, Nicholson is the most important, since the aggregate rates for this street would be increased by £4,440.

Every property in the shopping sections of this street has been tabulated in Table No. 9, which shows the owner of the site and also the occupier and nature of business, together with the respective rates under the two systems.

A further dissection is made for this and the other streets, covering each property which carries increased rates, tabulated in Table No. 7, according to whether ownership is by: (a) a resident of Footscray; (b) a resident of some other municipality; (c) held as a part of an estate or in the hands of executors.

25. INCREASES IN RATES FALL UPON THE SITE OWNER AND NOT UPON THE TENANT

In considering the cases where increased rates occur under site value rating, it should be borne in mind that these increases fall upon the site owner and cannot generally be passed on to the tenant.

Even where the lease agreements stipulate that the tenant is to pay the rates, it merely defers the owner's liability till a new lease is negotiated.

This fact is not sufficiently recognised by the general public, although well understood by economists. The matter is thoroughly dealt with in "Economics for Commerce," by J. K. Gifford, M.A., Lecturer in Economics, University of Queensland, this work being a text book for students at Melbourne University (see pp. 195-211).

It will, however, be obvious that the owners of the 76 sites having rate increases in Nicholson Street would find it very difficult to get increased rents from their tenants when there are 692 other shop sites carrying reduced rates.

Further, as the increased rates upon the 85 vacant sites in shopping centers would tend to induce building upon them, the competition for tenants for these new shops would tend to reduce shop rents.

In this study, however, it has been found that the general conclusions would be unaffected whether the owners or the tenants bore the rates. In either case these localities are able to bear the increases.

26. THE ABILITY OF NICHOLSON STREET SITES TO CARRY HIGHER RATES AS COMPARED WITH OTHER SHOPPING CENTERS.

The study shows that the rate contribution of sites in this main center under annual value rating is out of proportion with that required from other much less prosperous shopping centers.

The volume of business on Nicholson Street is many times greater than in other shopping centers, and particularly than in the minor centers. So also is the wear

and tear on the roads from the extra traffic carried by this street. The road has been specially constructed with wood blocks on concrete to handle this traffic. Not only is the capital and maintenance cost of this section to be considered, but a considerable proportion of the costs for other main roads are incurred on behalf of this area for deliveries to and from it, and to enable customers to reach it easily.

Notwithstanding these advantages to the site, and extra costs to the Council, the average single shop site in the main center contributes to Council revenue only as much as 3 or 4 shops in the minor streets, and only as much as 5 average type houses.

(The actual figures are given in Table No. 10 in the Appendix.)

27. THE RELATIVE VOLUME OF BUSINESS BETWEEN CENTERS COMPARED WITH THEIR RATE CONTRIBUTION.

Some idea of the difference in the volume of business between the various main and minor shopping centers, is obtainable from the comparative statistics of business done by the branches of the State Savings Bank, as published in the Annual Report for 1944.

There are branches serving four of these shopping areas. Footscray Branch (Barkly Street), Yarraville Branch (Ballarat Street), Seddon Branch (Pentland Parade), and Footscray South Branch (Charles Street).

The comparative statistics are given for these centers, the actual figures being quoted first, followed by the relative volume of business, the Footscray Branch being considered as the standard 100.

TABLE No. 6.

HOW BUILT PROPERTIES IN SHOP AND BUSINESS CENTERS WOULD FARE UNDER A CHANGE TO SITE VALUE RATING.

Street Center	Total Built Sites	Number Gaining Site Val. Rating	Number With No Change	Number Losing Site Val. Rating	Annual Value £	Total Rates Site Value £	Under Change In Rates £
Nicholson Street (West)							
Barkly-Irving Place ..	37	—	—	37	2,092	5,124	+ 3,032
Irving Place-Buckley ..	25	22	1	2	478	252	— 226
Nicholson Street (East)							
Byron-Hopkins	5	3	2	—	58	40	— 18
Hopkins-Irving	39	—	—	39	1,244	2,896	+ 1,652
Paisley Street							
Leeds-Nicholson	27	3	—	24	665	920	+ 255
Leeds Street							
Irving-Hopkins	28	3	2	23	426	642	+ 216
Hopkins Street							
North Side (82 on) . . .	36	20	2	14	413	435	+ 22
South Side (85 on) . . .	25	9	1	15	517	547	+ 30
Barkly Street							
South to Geelong Road .	82	7	7	68	1,700	2,280	+ 580
South, Geelong Road on	39	33	5	1	288	175	— 113
North to Geelong Road	39	15	6	18	700	676	— 24
North, Geelong Road on	34	33	—	1	309	169	— 140
Anderson Street							
North to Railway	22	3	5	14	298	433	+ 135
South to Railway	29	9	8	12	490	490	—
Beyond Rly., Nth. & Sth.	15	15	—	—	96	65	— 31
Ballarat Street							
Full length	35	30	5	—	240	118	— 122
Ballarat Road							
Rosamond End	11	11	—	—	117	41	— 76
Irving Street							
Full length	25	20	3	2	215	147	— 68
Bellaire Street							
Seddon Station	6	4	2	—	31	22	— 9
Birmingham Street							
Full length	12	12	—	—	88	34	— 54
Buckley Street							
Victoria-Nicholson .. .	56	46	7	3	340	181	— 159
Charles Street							
Victoria-Gamon	27	21	1	5	267	198	— 69
Droop Street							
Both ends	17	11	4	2	150	100	— 50
Gamon Street							
Full length	21	19	2	—	146	85	— 61
Pentland Parade							
Seddon Station	16	15	—	1	108	74	— 34
Somerville Road							
Railway to W'stown Rd.	33	28	3	2	222	130	— 92
Williamstown Road on .	27	26	1	—	—	—	— 118
Stephen Street							
Full length	28	27	—	1	148	63	— 85
Victoria Street							
Full length	38	34	2	—	—	—	— 107
Williamstown Road							
Full length	19	19	—	—	163	48	— 115
Shops distributed in resi- dential streets	194	194	—	—	1,230	464	— 766
Totals	1,047	692	69	286	13,747	17,132	+ 3,385