

PRIMARY PRODUCERS AND SITE-VALUE RATING

Shire Of Frankston Survey

In a recent issue we announced that the Shire of Frankston and Hastings had decided to change to site-value rating by Council resolution. This decision was taken largely as a result of a survey conducted by the Shire Valuer, the results of which were placed before the Council. These results will be of deep interest to other Shires whose councillors may be uncertain as to how primary producers would fare by a change in the rating system, and we are pleased to print them in this paper.

The Shire of Frankston and Hastings has a total area of 84½ square miles. It is composed of two distinct types of interests, the one part urban and the other rural in nature.

There is, on the one hand, the very important holiday township of Frankston, 26½ miles by rail from Melbourne, with a population of 4,400, this being more than half the population of the whole Shire. In addition, there is the much smaller township of Hastings, with a population of 520.

Outside these townships the rural interests are predominantly orchard properties. The Shire Valuer's survey was devoted primarily to find out how these primary producers would fare by a change in the rating, as it was recognised that normal residential properties in the townships would benefit strongly by a change.

Examination of the Shire statistics showed that of a total of 6,922 assessments given in the Municipal Directory for 1945 only 2,627 carried dwellings. With an allowance of about 10 per cent. for those occupied by shops and other buildings, there remain about 4,000 holdings in the Shire which have no buildings upon them. A high proportion of these are vacant subdivisional lots within the township areas.

Centre Riding Orchards

The area of this Riding, excluding the small township of Somerville, is 18,351 acres made up as follows:

Orchards:—1,848 acres with a capital improved value of £77,958 averaging £43/6/- per acre.

Cleared Land:—10,893 acres with capital improved value of £208,485, allowing for land in the township area valued at £5,360. The value per acre averages £18/12/-.

Uncleared Land:—5,610 acres valued at £55,244 with an average value of approximately £10 per acre.

The ratings under annual value rating were proportionate to these capital improved figures so that it was seen that under annual value rating a landowner who held his property as uncleared bushland would be paying rates on a £10 unit figure. If he cleared his holding he would be rated on an £18/12/- unit (nearly a doubling of his rates). If he put it under orchard he would be rated on a £43/6/- unit. In other words, he would have to pay more than four times as much for his own industry in making the improvements than if he had left his land as bush. The services provided by the council would have been the same had he left his holding vacant, as in the improved condition.

Over all holdings in this Riding the unimproved value per acre averaged £9/10/-, and the rate of 4½d. in the £ of unimproved value would return the same yield as the annual value rate of 2/9 in the £.

East Riding Orchards

Similar analysis in the East Riding showed that the area was 14,009 acres, excluding the township of Hastings. This area was made up as follows:

Orchards:—2,548 acres valued at £107,562, being an average of £42/4/- per acre.

Cleared Land:—6,412 acres valued at £113,981, being an average of £17/15/- per acre.

Bushland:—5,049 acres valued at £52,600, being an average of £10/8/- per acre.

As the annual value ratings are proportionate to these unit figures it will be seen that the farmer who clears his land has his rates nearly doubled under Net Annual Value rating, while one who puts his holding under orchard pays four times as much as he would if he had left it as bushland.

In this Riding the unimproved value per acre over all holdings averaged £9/6/-, and the rate of 5d. in the £ of unimproved value would yield the same revenue as the N.A.V. rate of 2/9 in the £ now in force.

In both the Centre and East Ridings above, it was found that completely unimproved land formed a third of the total value of the ridings yet contributed only one-ninth of the rate revenue under annual value rating. The orchardists who improved their holdings were being called upon to pay more than their fair share of rate revenue to make up the deficiency. This penalising of the industrious citizen as against his indolent and often absentee neighbour was obviously not in the best interests of the district.

Actual Orchard Properties

Several examples were given of actual orchard properties well developed, moderately improved and poorly improved, showing how they fare under the two rating systems. These are given below.

Example 1:—Well Improved

A property in the Centre Riding of a total area of 54½ acres, of which 41 acres are under orchard, 13 acres cleared land and there is no bushland. There are two houses on the property which has an annual value of £139 and unimproved land value of £654.

Rates under N.A.V.	£19	2	3
Rates under U.C.V.	11	12	5
Reduction	£ 7	9	10

Example 2:—Moderately Improved

This is a very large holding in the Centre Riding. It has an area of 131¼ acres of which 40 are under orchard, 36 cleared and 55 are still bushland. It has two houses on the property. The annual value is £131 and the unimproved land value is £984.

Rates under N.A.V.	£18	5	3
Rates under U.C.V.	17	8	6
Reduction	16	9	

It may be noted that this property would gain under U.C.V. rating, although almost half the total acreage is still under bushland. The extent of the gain will increase as the 55 acres of bushland is brought under improvement.

Example 3:—Poorly Improved

A property in the Centre Riding of a total area of 78 acres, of which only 15 acres are under orchard, 10 acres cleared and 53 acres (two-thirds) are bushland. The annual value is £68 and the unimproved land value is £780.

Rates under N.A.V.	£ 9	7	0
Rates under U.C.V.	13	6	3
Increase	£ 3	19	3

Example 4:—Completely Unimproved

A very large holding of completely unimproved bushland in the East Riding. It has an area of 100 acres with an annual value of £50 and an unimproved land value of £960.

Rates under N.A.V.	£ 6	17	6
Rates under U.C.V.	19	15	10
Increase	£12	18	4

It will be seen that the acreages are all rather large for orchard holdings. Smaller and more intensively developed properties might have been chosen and would show much more spectacular reductions under the site-value rating basis than these. Small orchards are usually more highly improved than the larger ones, and upon them annual value rating falls with especial severity. Small holdings up to 20 acres fully improved commonly pay, under annual value rating, five or more times what the payment in rates would have been had the site remained bushland.

Unquestionably, the owner who develops his holding is of more value to the district than is the mere vacant holder (who is frequently an absentee speculator), and it is both economically sound and fair that the improver should not be penalised for his own industry.

Further copies of this Study may be obtained from L. F. Bawden, Hon. Secretary, Land Values Research Group, 52 Guildford Road, Surrey Hills, at 1/- per dozen, plus postage. The following Research Group Studies are also available:—
 Rural No. 1—Shire of Rosedale (4d. each).
 Urban No. 2—City of Oakleigh (3d. each).
 Rural No. 2—Town of Hamilton (4d. each).
 Interstate—Public Charges on Land Values (6d.).
 Book—"Social Effects of Municipal Rating" (2/6).
 Reduced rates for dozen lots.