

# KORUMBURRA SHIRE RATING SURVEY

## Land Values Research Group Rural Rating Study No. 5:

Korumburra Shire, located in South Gippsland, Victoria, in September 1963, comprised 151,680 acres, with total population of 7,900. It contained the town of Korumburra of population 3000, and the small townships of Jeetho., Jumbunna, Kongwak, Loch, and Nyora. It is essentially an agricultural, pastoral and dairying shire.

For the poll taken in August 1963, the council obtained provisional valuation figures, and issued official assessments to each ratepayer, showing alternative charges under the then existing Net Annual Value system, and the proposed Unimproved Capital Value system. The comparative rates used were 3/2d. per £ of N.A.V. and 4.81d. per £ of U.C.V.

Using these valuations, the Land Values Research Group analysed the four rural ridings separately, the four rural ridings as a group, and the Korumburra Riding separately.

Over the four rural ridings, of the farms with houses, 668 have reduction in rates under U.C.V. averaging 22%. These comprise the average and better developed farms. 407 farms with houses have rate increases, averaging 18%.

442 holdings without houses have rate increases averaging 35%. For the whole of the ridings, total of reductions under U.C.V. was £9,590, and total of increases £14,671.

Graphical presentation was used in the report to show the effects on various classes of farms, showing vividly how by changing from N.A.V. to U.C.V., the high rates on well improved farms are reduced, and the poorly developed holdings which escape their fair share under N.A.V., are given encouragement to improve.

In the Korumburra Town Riding, 751 houses have rate reductions under U.C.V. averaging 38%, and 113 houses have rate increases averaging 33. The first group had improvements averaging 3.5 times land value, and the second group, less than 2.0.

Of the commercial properties, 26 had lower rates under U.C.V., and 64 had rate increases. The most highly improved obtained the benefits, instead of being penalised as under the then existing N.A.V. system.

The Korumburra Dairy Products Co-operative, on an 11.3 acre site had improvements valued at £182,000 on land valued at £8,500. Its rates were reduced under U.C.V. from £1,510 per year to £170. This illustrates the crippling effect of the N.A.V. rating system on rural industries, and the driving force towards decentralization of industry exerted by changing to the U.C.V. system.

There were 212 holdings of vacant land, whose rates were increased under U.C.V. from £1,230 per year to £2,541 per year. For the whole riding, total rate reductions under U.C.V. were £9,785, and total increases £3,432.

The analysis showed that under the N.A.V. rating system that was in operation in 1963, the class of property that is desirable to the shire, i.e., the well developed property, was being penalized. The higher the degree of improvement, the more heavily the N.A.V. rate bore on the property. On the other hand, vacant land and poorly developed farms, which provide no employment in the district, and are undesirable from the communities' point of view, were being let off lightly.

The municipal services available are reflected in the land value alone, and under the U.C.V. system, rates are equitably apportioned. Justice between ratepayers, and the best interests of the shire were both served by the change from N.A.V. to U.C.V.

The poll taken in August 1963 resulted in adoption of U.C.V. rating, by 3,211 votes to 2,859. The Korumburra Water Trust and the Korumburra Sewerage Authority have since also changed from the N.A.V. to the U.C.V. basis.

—J. A. French.

## LAND VALUES RESEARCH GROUP

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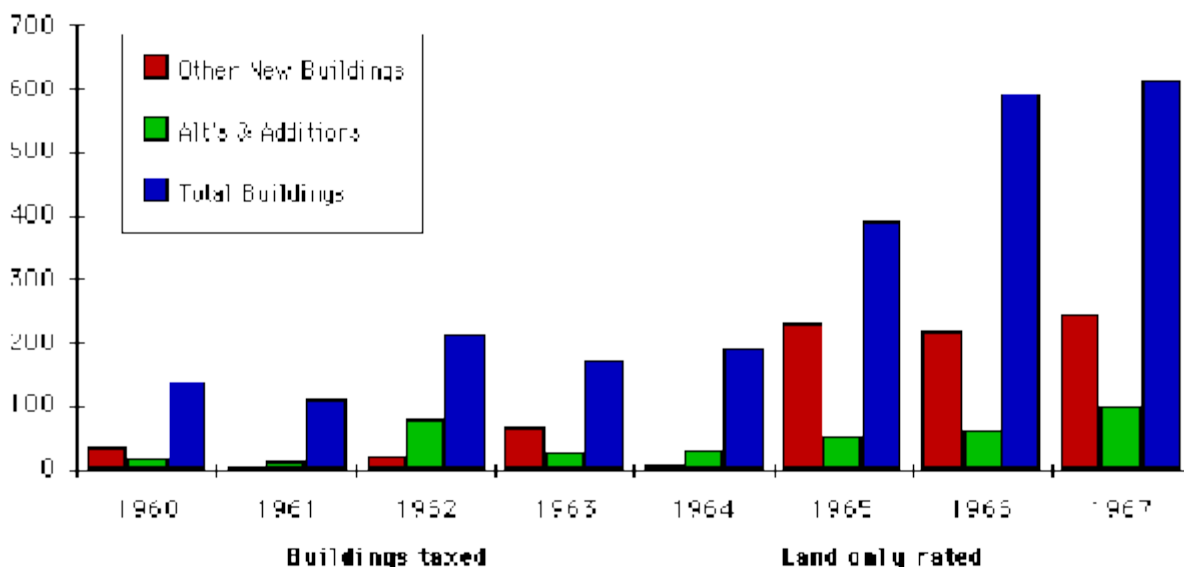
A brochure dealing with the Groups activities and surveys is available free on application.

# Korumburra research

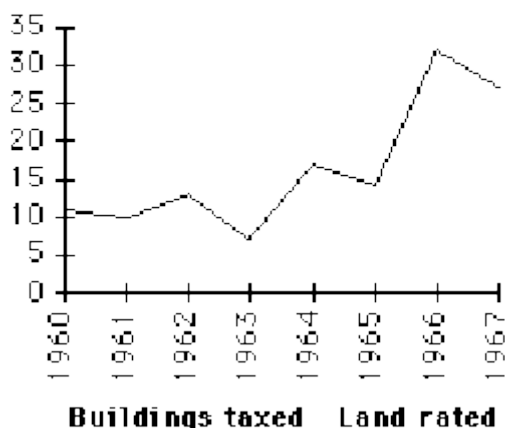
## A farming shire changes to site value

In 1963, the farmers of Korumburra decided to have their council collect rates under a new system. The farmers opted to cease using the old NAV system, which was penalising their improvements, and continue for the future under site rating. The effect on their community can be seen from the charts and graphs.

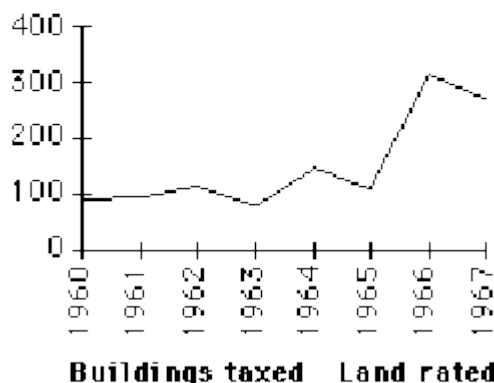
Building approvals Korumburra, by \$ value '000's



house and flat approvals by quantity



House and flat approvals by value \$'000's



Historically, the changeover was of some interest. The Korumburra shire council fought strongly against the change. This was despite the wishes of the majority of ratepayers. It was noted at the time, that after the change, several of the rural riding councillors decided to take advantage of site rating and avail themselves of the now available differential farm rate. Such

use of course was never intended in these circumstances. The farm rate, under site rating, was designed for those farming areas where city growth into outlying areas reflected values ahead, to land still being used for farming. A genuine problem, with an easy solution under site rating, still relevant today. Never-the-less, it was alleged that " our rural riding councillors may be regarded as out of bounds in thus arranging monetary benefits by way of the farm rate to their rural ridings." 1

In addition to the rating change, the water and sewerage rates levied by the Water and Sewerage Trusts were also changed to site value. Since that date, the increase in private building construction has been significant. The Korumburra farmers are aware of this of course. It helped their community to grow and prosper, and keep local government rates off their homes, farm buildings, fences and other improvements.

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1.Frank Hawtin, President, Korumburra Shire Rating Association in a letter to the Korumburra times, June 6,1968.

# SITE VALUE RATING HAS PROVED ITS POINT

## KORUMBURRA SHIRE BUILDING BOOMS SINCE UN-TAXING OF IMPROVEMENTS

The following letter from the Korumburra Shire Rating Association compares the private building permits for the four years before and after change to rate the Unimproved Capital Value of the site alone instead of the value of the site plus improvements. It was given a major heading as above in "Korumburra Times," June 6, 1968. In this Shire, not only the municipal rates but the water and sewerage rates levied by the Water and Sewerage Trusts were simultaneously changed to site value (U.C.V.) basis in 1964. The step up in private building construction since has been most spectacular compared with the previous years when buildings were taxed. Accelerated growth almost invariably attends such changes in the rating system.



Some interesting figures furnished by the Acting Deputy Commonwealth Statistician on behalf of the Commonwealth Bureau of Census and Statistics are printed herewith.

The progress of the municipality may be judged by the extent of building activities being carried on within its boundaries.

A glance at the chart printed will show that in the year of the rating poll, 1963, the number of new houses constructed in the shire was seven and the total value of all new buildings and improvements and alterations carried on in that year was \$170,000.

The figure for the same buildings in 1967 has risen to 27 new houses and the total value of new buildings and additions total \$616,000. A truly astronomical growth which has been steadily maintained each year since the introduction of site value rating in the Shire.

Ratepayers will recall promises made by the Rating Association to the effect that improvement along the lines indicated in the Commonwealth Statistician's report, would follow the change over to the present system of rating on site values.

The figures quoted and those shown herewith covering as they do the years 1960 to 1967, are most suitable as a basis on which to judge results of the change.

The present method of assessment first came into use in 1963. Prior to this it must be remembered Korumburra knew nothing but the Net Annual Value method of raising rates.

We suggest that the final column showing as it does the total value of buildings approved for each year be given special attention. Allowing the year 1964 for the community to assess the new position with rate penalties removed from improvements, this column becomes most impressive, and the figure therein must convince ratepayers of the wisdom of their choice at the 1963 poll.

### FARM RATE

For reasons best known to themselves the members of the Korumburra Shire Council fought strongly to keep site value rating out at any cost. Most of these councillors of the poll era are still occupying the position of trust and influence as councillors of the shire, and, for reasons just as mysterious, appear intent on continuing to administer the present rating system in a manner contrary to the wishes of the bulk of the ratepayers.

We refer here, of course, to the differential farm rate. At the poll in 1963 this matter did not come up for consideration. The question was fought on the straight out issue of one method of rate assessment against the other. On that basis ratepayers accepted the change to U.C.V.

Because they had seen fit to so forcibly oppose the newly accepted system, certain councillors, seemingly out of childish pique, decided to use their positions of office to make townfolk realise that they had been wrong in refusing to accept the wishes of rural councillors . . . thus the imposition of the farm rate.

We grant the existence of the clause in the act which allows these tactics, but re-assert, as stated when first mooted here, that such use was never intended. The fit and proper circumstances to warrant the farm rate application, are those where city growth into outer areas reflects value ahead, to land still being used for farming pursuits. Therefore, our rural riding councillors may be regarded as being completely out of bounds in thus arranging monetary benefits by way of the farm rate to their rural ridings.

Members of the Korumburra Rating Association condemn these tactics as being totally unnecessary. We realise such things could become at any time the cause of sufficient discord between rural and urban ridings to initiate a breakaway on the part of the Korumburra town area.

We are familiar with this suggestion which comes forward frequently when the rating position is discussed, but, would definitely prefer removal of the cause of discord, to acceptance of such a drastic course of action.

In spite of the distasteful aspect herein referred to; members of the Korumburra Rating Association are happy to present this report in figures of the beneficial effect of site value rating in this shire compared with years preceding the change. Results to date augur well for the future.

Frank Hawtin, president; Lynn Hurley, hon. secretary, of the Korumburra Shire Rating Association.

### DETAILS OF PRIVATE BUILDING WORK APPROVED FOR SHIRE OF KORUMBURRA

Year	Houses & Flats		Other New Buildings	Alterations & Add'ns.	Total Building
	No.	Value \$'000's	Value \$'000's	Value \$'000's	Value \$'000's
<b>Buildings Taxed</b>					
1960	11	88	34	16	138
1961	10	94	4	14	112
1962	13	112	20	78	210
1963	7	78	66	26	170
Totals	41	372	124	134	630
<b>Buildings Un-Taxed</b>					
1964	17	148	8	32	188
1965	14	108	230	54	392
1966	32	315	217	61	593
1967	27	274	243	99	616
Totals	90	845	698	246	1789

Reprinted from "Progress" July 1968 for the General Council for Rating Reform, G. P. O. Box 955G, Melbourne, 3001. Victoria.