

# WANGARATTA BOOMS

## DECLARED A CITY AFTER TWO YEARS OF EXEMPTION OF BUILDINGS FROM LOCAL TAXES

Wangaratta Borough has now been declared a city by special Act of Parliament. This event and the development that prompted it are of special importance to those who share our principles throughout the world.

Following a poll of ratepayers in 1956 general rates, sewerage and water rates were all changed simultaneously to the site-value basis and buildings and cultivation completely exempted from local taxes. Rates levied per pound of unimproved capital value were: General, 8d.; Water, 3½d.; Sewerage, 3d., making a total of 1/2½d. which is a tax-rate of 6 per cent. on the site-value.

Wangaratta was thus first municipality to exercise the option (available to provincial municipalities only in Victoria) to put its water and sewerage rates upon the site-value basis. Its example has since been followed by several others.

In Queensland and New South Wales all rural water and sewerage undertakings have exempted buildings and rated site-value for more than 50 years. The system there had operated from a time when a lower level of municipal services was offered and the magnitude of the rate had risen gradually as the range of municipal services available extended.

American, Danish and other overseas discussions have suggested that a sudden complete swing-over from taxing buildings to taxing of sites might have all sorts of harmful dislocations in a modern city. So saturated has been the atmosphere with this idea that advocates of exemption of buildings abroad have generally proposed change spread over a period of years gradually reducing taxes on buildings and increasing those on sites.

Wangaratta is therefore a test case of what happens when a highly serviced municipality makes the change at one stroke. It can be said already with certainty that Wangaratta's experience has laid this bogey beyond doubt. The results have fully confirmed the claims that they would bring greatly stimulated development.

Wangaratta Borough was developing rapidly since the war despite local taxation of buildings. Between the census years 1947 and 1954 the total occupied dwellings rose from 1,520 to 2,704. There are now 3,241 of which 650 have been constructed by the Housing Commission.

With such healthy growth it might well have been thought difficult to get much improvement. Yet

Wangaratta's advancement in the two complete years since exempting buildings has been meteoric. Here are the building figures for the two years immediately before and after the change from N.A.V. to the U.C.V. basis. They speak for themselves.

### PRIVATE BUILDING CONSTRUCTION PERMITS

Municipal Year ended 30th June	Rating System	New Houses No.	Total Value of all Bldg. Permits	
			Actual £	(Expected under NAV) £
1958	U.C.V.	141	836,526	(360,000)
1957	U.C.V.	127	682,024	(380,000)
1956	N.A.V.	81	419,212	
1955	N.A.V.	79	393,692	

The effects of the change were immediate and staggering. The previous building construction level had been stable at around the high figure of £400,000. Yet it was raised within two years to a new level more than double the previous.

This occurs at a time of recession for the rural areas of Victoria, where value of building construction has fallen each year since 1956. The figures in brackets are those which could have been expected for Wangaratta under the old basis of taxing buildings — in accordance with the general rural trends.

The doubling of the building construction level in Wangaratta with exemption of buildings from local taxes has resulted that for 1958 approximately £476,000 more was distributed through the local building industries than could have been expected for Wangaratta under the old basis. Most of this will have re-circulated through the local business community.

Investment in commercial and business undertakings is brisk, enabling the growing output from the schools to be placed locally. Some details of the building permits for commercial buildings, alterations and additions are given below:—

Municipal Year ended 30th June	Rating System	Permits for:		Value of Other Bldgs. Altns. & Addns. £
		Shops Nos.	Other Commercial Nos.	
1958	U.C.V.	9	27	331,526
1957	U.C.V.	4	20	252,024
1956	N.A.V.	4	7	184,212
1955	N.A.V.	3	9	137,692

And what of the effect on property values? The "Chronicle Dispatch," April 15th says:

"Nobody knows exactly what Wangaratta is really worth in money terms. Borough valuation figures for rating purposes last year placed it at nearly £7,400,000 (land plus buildings) — and this valuation is regarded as extremely conservative. A true market value would be at least £12 million and possibly as much as £15 million — if Wangaratta were selling out."

Have land values been depressed? Sometimes the bogey of a catastrophic decline in land values due to heavier taxes on land is raised. In our view it would be a good thing for improved property owners if selling price of land fell to the point of extinction because the value of their buildings would correspondingly be increased as the taxes were removed from building to site-value. That would make it so much easier for people to start homes and businesses.

There has been no catastrophic decrease in land values in Wangaratta. But land is actually changing hands at prices within reach of more people instead of being held for fancy figures. Here are typical examples of building blocks from the property agents' advertisements in the press of 17/4/59:

"Two sewered blocks in sealed street and partly fenced. Priced at only £475 per block, easy terms.

High well drained block, sealed street, close to schools and shops. Price £600.

High, dry blocks, close to West End School and shops. Priced from £250 on £50 deposit.

Two large building blocks, situated on high ground with lovely view, sealed street. Price £375 per block.

Sewered allotments, choice corner sites from £660 onwards. Shop and factory sites also. Ample finance available."

Melbourne home-site seekers faced with demands of over £1000 for blocks in unmade streets on the outer perimeter will endorse the reasonableness of these prices.

In an article dealing with the growth of the new City the "Wangaratta Chronicle" (15/4/59) gives this interesting information:

"Land values have followed the trend.

One property of a quarter-acre in Murphy Street was bought by John Dennett in the early 1880's for £14. In the first decade of the 20th century, it was occupied by Rundles buildings and the Victorian Government offered £94 a foot for it with the aim of making it the site of the State Savings Bank. The offer was refused.

Valuation for rating purposes is now £1000 per foot — justified by the sale of a nearby property some years ago at £957 per foot."

Even more striking than Wangaratta's building growth since the change has been the transformation of the general tone of municipal life. For several years before that change Wangaratta had ranked among the least harmonious councils in Victoria. At one stage the complete council resigned, goaded by complaints of a section that it could handle affairs more economically. Later, four councillors resigned when ouster proceedings were initiated against them.

By contrast it would now be difficult to find elsewhere a more harmonious team of councillors working constructively for the development of their district than in Wangaratta. Much of this improvement stems from the ability under site-value to raise adequate revenue without imposing crushing burdens on those who improve their properties. Where vacant lots and other under-developed holdings pay their fair share the task of councillors and municipal staff is eased.

## Historical Case Study: Wangaratta

Wangaratta exempted buildings from council taxes in 1957. The city's advancement in the two completed years after 1957 date can be seen.

Displayed are the building figures for the two years immediately before and after the change. The doubling of new house starts occurred at a time of general recession for rural areas of Victoria, where the value of construction had fallen for the years 1956 and 1957. The doubling of the building construction level in Wangaratta, with exemption of buildings from local taxes resulted in there being, in 1958, £476,000 increased worth of activity spread throughout the local building industry, than could have been expected under the old system of taxing buildings.

Year	Rating system	New houses	Value blding permits	Expected with NAV (pounds)
1958	SVR	141	836 526	360 000
1957	SVR	127	682 024	380 000
1956	NAV	81	419 212	
1955	NAV	79	393 692	

On 9 November 1970, the **The Age** reported; "Wangaratta City Council has acquired more than 160 acres of good industrial land, into which runs a rail spur, as well as roads and underground drains. Rates are on site value providing substantial savings for industry."