

Alan Hutchinson of Melbourne

writes:



THIS report follows the Victorian municipal elections and rating polls. These were on August 25 and there was only one rating poll this time. That was in the Shire of Melton some twenty-three miles from G.P.O. Melbourne. Melton has been in the news several times during the last two years - particularly because it was the subject of a Supreme Court action to establish that the ratepayers' demand for a poll had precedence over the Council's attempts to head off reform by passing a resolution for "shandy rating"* which they had no real intention to adopt anyway.

This poll was carried by 2,682 votes to 2,010 so the long battle was finally won for site-value rating. The magnitude of the victory is far greater than these figures suggest. There were over 8,000 rateable properties of which only a little more than 2,000 had buildings on them. The rest were vacant land holdings. Thus vacant land outnumbers built by three to one. What gave a hope of winning was that most of the houses had the husband and wife as joint owners, both having votes, and the fact that a lot of the vacant land holders might not vote. Efforts were made to convince vacant lot holders that if they were genuine prospective builders rather than land speculators, they could afford to pay the extra rates under site-value rating for a few years until they were able to build, because the extra penalties under the system of taxing buildings and improvements when they *did* build would eat up many times their saving on the comparatively low rates on their land while vacant.

* Neither rates on site values nor rates on composite values, but rates on both.

This one Shire is 111,298 acres which will be a source of homesites for metropolitan expansion at cheaper land prices for years. Its growth, with untaxed improvements, is expected to prove staggering.

My own term as Councillor in Camberwell being up, I had to re-contest as candidate. Bearing in mind the *fait accompli* I scotched with the council officers attempt to get legislation to abolish ratepayers' rate polls, I felt they were only waiting till I went out to raise the "shandy rate" issue again. In fact some councillors encouraged a young candidate to oppose me, he being well known in youth movements and they hoped this would edge me out gracefully without a direct fight on the rate issues. However I circulated two reports to ratepayers on Camberwell affairs that told them what had happened on various important issues. I was re-elected by 6,161 votes to 4,037. Most candidates work on the "tell them as little as possible" plan in the belief that the more you open your mouth the more you are liable to hurt your chances of election. I took the opposite course of taking the ratepayers into my full confidence as thinking persons. They responded very emphatically and have confounded the political experts of the "tell them little



school." So I have the satisfaction of knowing that I gave a full message and that it was accepted by the ratepayers.

To a letter to the Department of Local Government, Mr. Hutchinson received the following reply from the Under Secretary:-

Your comments on "shandy" rating are very interesting. The Department has never favoured the recommendations of the Royal Commission in this regard. It complicates the system of rating to such an extent as to make it impracticable and beyond the understanding of the man in the street.

Property rating is never popular and is certainly open to criticism in many respects. But, in my view there is no substitute for it as the central core of local government revenue if local government is to preserve its autonomy.

Seeing that we are stuck with rating I believe the system must be simple, readily understood and achieve a reasonable degree of equity as between ratepayers. This is where the basis of rating comes in. There are, of course, arguments for and against assessed annual value rating of land and buildings taken together and site-value rating but in my view the latter has the greater merit not only in principle but in meeting the conditions mentioned.

As you probably know councils in New South Wales rate on unimproved value whilst the Water Boards rate on composite annual value. The making of all these values creates tremendous work for the Valuer General who is finding increasing difficulty in coping with the problem of revaluation. Once he was able to do revaluations every three years. He is having great difficulty now in coping with a six years cycle. One wonders whether valuation is not becoming an end in itself, instead of a means to an end—a simple basis for spreading the incidence of rating.

I favour an unimproved value for all rating bodies. With computerisation it would be possible to keep values right up to date, which is essential if there is to be equity as between ratepayers.