

## CHAPTER 4

### THE SULMAN COMMITTEE 1921-1925

On 22 January, 1921 the Federal Capital Advisory Committee was appointed to inquire into and advise upon a scheme for the progressive construction of the City *with a view to enabling the Federal Parliament to meet and the Central Administration of the Commonwealth Government to be carried on as early as practicable at Canberra (and on the basis of the acceptance of the plan of lay-out of the Federal Capital City by Mr. W. B. Griffin)*. The Committee members were:-

John Sulman, Consulting Architect and Town Planner, Chairman,  
E.M. de Burgh, Chief Engineer, Department of Works (N.S.W.),  
Herbert E. Ross, Architect and Consulting Engineer,  
P.T. Owen, Director-General Commonwealth Department Works and  
Railways,  
J.T. Goodwin, Commonwealth Surveyor-General and Officer in Charge  
Administration Federal Capital Territory,  
Secretary: C.S. Daley.

The appointment of the Federal Capital Advisory Committee (often referred to as the Sulman Committee) was a most important milestone in the history of Canberra. The Committee was fully aware that if its recommendations were too costly to implement the whole project of Canberra's development as a functioning capital would be deferred indefinitely. Its reports therefore again emphasised the revenue to be obtained from land rent and it recommended a provisional Parliament House and that the Yass railway be abandoned.<sup>1</sup> It should be remembered that the Committee was appointed at a time of continuing post war economic slump. The war debt loomed large in public discussion and the Minister for Home and Territories was constantly urging the Committee to realise the absolute necessity of observing the strictest economy consistent with achieving the main purpose of an early transfer to Canberra. In short, the duty of the Sulman Committee was to advise the Commonwealth Government on how to get to Canberra "on the cheap".

The Committee's First General Report dated 18 July, 1921 contained a review of the works at Canberra which had been completed and commenced and an outline scheme, with estimates of cost, for transferring the Seat of Government within a period of 3 years. The Committee suggested Canberra should be developed in 3 stages but the realisation of the Committee's first stage programme became an impossibility. The main proposals were approved but the money to carry them out was not forthcoming.

The Sulman Committee was not primarily concerned with land policy which was a matter of administration rather than construction. But the question affected city development and the Committee advised that before city area lands could be leased it would be necessary to have in force building regulations specially drafted to suit the peculiar conditions under which the Federal Capital would develop and which would be quite different from those affecting ordinary cities or towns. The leasing of city lands was therefore:-

*... a step which the Committee advises should be deferred until the construction of the first stage is well advanced, the exception being sites for ecclesiastical buildings. It is thought that under such circumstances there would be a more definite prospect of inducing the public to lease at good rentals than if leases were granted whilst there might remain in the public mind any uncertainty as to how and when the City would be occupied by the Government.*<sup>2</sup>

The Report was undoubtedly an expert assessment of the minimum requirements before the transfer was commenced. The recommendations for temporary buildings, such as Parliament House, are understandable in view of the Minister's instructions to the Committee to observe the strictest economy in its proposals. But any success the Sulman Committee did have or may have had in its task of finding a cheap road to Canberra could not and did not win widespread approval. The anti-Canberra, anti-federal, anti-any capital city campaigns which had been a feature of Australian public life for years had not diminished in intensity. Petitions were still being presented, meetings were still being called, motions were still being moved and speeches were still being made – all demanding either the abandonment of Canberra as the capital city site and “a return to Dalgety” or a suspension of work at Canberra for 50 or even 100 years or a dropping of the whole concept of a federal capital city. All around Australia Canberra continued to get the full treatment from the press. It was a handy stand-in when news was a little scarce – “a crying shame, a waste of public money, a future rest home for public servants, a bush capital” etc. And as if to prove their case the Parliamentary critics found the revenue the Commonwealth obtained from its land *grossly inadequate*.<sup>3</sup> By 1921 total Commonwealth expenditure since 1901 on the territory for the Seat of Government was estimated at £2,000,000 and in that very year land rent amounted to £35,000 or a 1¾ per cent return on total out-lay. And all of this at a time when the Commonwealth was paying 6 per cent on loan money!

Tasmania, having paid its share towards the construction of a trans-continental railway which *did not even earn enough to pay for axle grease* was depicted as *groaning beneath Federal oppression* and was *most apprehensive* about any further capital expenditure at Canberra.<sup>4</sup> In Western Australia, Taxpayers Associations were most active.<sup>5</sup> Canberra was always seen as an unnecessary and unwarranted expenditure of public money which should

have been and should be devoted to shipbuilding, unification of railway gauges etc.

The acceptance of the Sulman Committee recommendation to delay making land in the city area available angered some and pleased others. Those angered charged the Government with crucifying Canberra and they asked whether the real reason for the delay was a desire to convert Canberra leasehold into freehold.<sup>6</sup> Those pleased welcomed any postponement of the *celestial city*<sup>7</sup> and they wanted more. Late in 1920 a delegation of non-Labor politicians from all States, convinced that any expenditure at all at Canberra was harmful and wasteful, converged on Melbourne and sought an interview with the Prime Minister, W.M. Hughes. They urged him to postpone all work indefinitely. Hughes was non-committal and soon scattered these campaigners by announcing the grant of rural leases in the territory to returned soldiers.<sup>8</sup>

The pro-Canberra campaign was never as active as the anti campaign. Of course it did not have a sympathetic press. The Melbourne dailies, *The Age* and *The Argus* and the *Sydney Bulletin* never ceased to ridicule the bush capital. And yet time was on the side of those who urged greater constructional work at Canberra. Someday somewhere some Commonwealth Government would have to erect a federal capital city. Canberra had been chosen and there was no turning back. The only questions to be answered were when construction activity should commence and how much money should be spent on the task. For years demands had been made that the Government make residential and business sites at Canberra available to private enterprise. This it was felt would operate to accelerate Commonwealth activity. In Parliament during 1921 the Minister for Home and Territories, Alexander Poynton, was either promising early action or giving assurances that a Lands Ordinance would be, was being or had been prepared to deal with land tenure in the Territory. The Ordinance was said to be *one which could be converted into an Act if so desired*.<sup>9</sup> This assurance was probably considered necessary because members were not only unfamiliar with Ordinances, they distrusted them. One prominent member in an earlier Parliament had criticised the use of Ordinances and called upon the Government to administer Territory land under the law.<sup>10</sup> In any event, the City Leases Ordinance 1921 duly appeared.

Under the Seat of Government (Administration) Act 1910 the Governor-General was empowered to make Ordinances having the force of law in the Territory. The Ordinances were deemed to have commenced on the date of gazetting or such other date as specified in the Ordinance. They were to be laid before both Houses of Parliament within 30 days of the making thereof, or, if Parliament was not then sitting, within 30 days after the next meeting of Parliament. If either House passed a resolution disallowing an Ordinance it would thereupon cease to have effect.

Territory Ordinances are obviously too limited in their application to be of extensive political interest. The only people really concerned with their operation are Territory residents. There is no political advantage to be obtained from them outside the Territory. Not surprisingly therefore the Commonwealth Parliament as such has shown very little interest in Territory legislation. As motions for the disallowance of Ordinances were the exception rather than the rule Parliamentary debate on most Territory legislation has been limited and mostly non-existent.

Before the introduction of the early Ordinances relating to city area leases Parliamentary discussion of land tenure in the federal territory was chiefly of a general nature. No speaker ever spelt out the advantages the Commonwealth land ownership in its territory would give to the town planner in the form of effective land use controls. But this is understandable. Town planning, said to be in its infancy in 1911, was really only a toddler a decade later and the public ignorance of and uninterest in it was well reflected in Parliament. In addition, the anti campaigns ensured that the emphasis should be on the revenue to be obtained from leasehold. There were of course some important exceptions. For instance, the unanimous opinion of every Parliament had been that land in the city area (or indeed anywhere in the Territory) should only be made available to land users. The vacant suburban block was to be non-existent and the land speculator was to be refused entry into the Commonwealth domain. Other notable exceptions were the insistence by one member in 1904 that land values should only be re-appraised at 20 year intervals<sup>11</sup> and the proposal by another member in 1903 that there should be an annual rent of 5 per cent of the unimproved value of the land.<sup>12</sup>

The anti-Canberra members of Parliament in 1921 were united in their opposition to Canberra being the federal capital but their unity ceased at that point excepting where land tenure was concerned. Political opinion in 1921 in Australia on the land tenure which ought to be established in the federal territory (wherever it might be) remained as it had been in 1901. But the apparent unanimity of 1901 was gone. However, the occasional dissident of 1921 was not anti-Canberra. In fact, he was usually the very opposite. He saw in the money which could be obtained from the sale of Commonwealth owned land as freehold the answer to the Government's inability to finance the erection of the city.<sup>13</sup> But all the political parties as such were committed to a policy of Commonwealth ownership of all land in the federal territory and to the establishment of some form of leasehold. No political party would have countenanced the sale of the land as freehold. The long debate in Australian politics on land tenure had centred on the tenure of rural land. This was a battle the squatter had won. Vast areas of rural land had been permanently alienated in fee simple. In popular thinking freehold land title was tainted with fraud, corruption and jobbery and this wholesale alienation was regarded as a betrayal of the common interest. Public ownership and leasehold tenure remained a popular ideal but the passing of the tenure battle was long spent and could only be feebly related to the birth of

a new capital city remote from any centre of population. However the fire was only smouldering and any suggestion of alienating Canberra land in fee simple blew upon the still burning embers and caused them to flame anew. Still time had bought some change. By 1920 the successor to the hated squatter of the 19th century had become accepted in society. In fact, he was Society. The Picnic Race Meetings, replete with wide brimmed hats, were a regular feature of the social pages of the larger metropolitan newspapers and the new squatter had risen in social standing and prestige. Not a few of them made their way into Parliament under the banner of the newly born Country Party. The popular feeling against the squatter had previously been so intense that few sought and even fewer gained election to any Parliament elected on an adult franchise. Nevertheless, the squatters had found a political influence far beyond their number by their entry into the various State "Houses of Review", the members of which were appointed or elected by voters holding a property qualification.

The most notable omission in 1921 and in the years which followed was that no political party had any declared policy on the contents of the legislation which would be necessary to launch this unique form of urban land tenure. It was all very well to favour leasehold tenure but its practical implementation was another thing. Yet on this the political parties were silent. It followed therefore that the Minister for Home and Territories and his advisers — Departmental, legal and the Sulman Committee — were more or less alone in deciding the form and content of the legislation which launched the leasehold system in the city area. Parliament as a whole was uninterested but the lone voice of John Grant (Labor, N.S.W.) crying in this wilderness of indifference was much more effective than his record of lapsed (unseconded) motions would indicate.

Grant was elected to the Senate in 1914, defeated in 1919 and re-elected a Senator in 1922. He served in that capacity until his death in 1928. Unlike most Labor politicians Grant unashamedly declared himself to be a disciple of Henry George and called for the government of the federal territory according to *the principles of Henry George as set out in his Progress and Poverty*.<sup>14</sup>

The first principle of George's teaching was that all land should be publicly owned. Leasehold tenure was in perfect harmony with this principle but it was not advocated by Henry George whose plan was to achieve all the fruits of public ownership by concentrating taxes in one single tax on land so as to constitute a rent. Thus would be secured a de facto leasehold tenure within the legal framework of the fee simple.

*Nearly 20 years after the publication of Progress and Poverty there are men who profess its principles, without in the least comprehending them, and who therefore advocate measures in the name of Henry George, in direct opposition to his teachings, while, on the other hand there are those who can hardly mention the man's name without foaming at the mouth, who*

*without knowing it are in fact striving their utmost to accomplish the very reforms which Henry George aimed at.*<sup>15</sup>

The City Leases Ordinance 1921 empowered the Minister to grant leases of land within the city area for periods not exceeding 90 years. The leases were to be granted for business or residential purposes and were to be subject to such conditions as to rent and otherwise as the Minister determined. Lessees were required to erect or contribute to the erection of such fences on the boundaries of the land as the Minister considered necessary and upon any failures to comply the Minister could determine the lease. The area of land which was from the earliest days loosely described as the city area and the area eventually specified by notice in the Gazette as *the City Area* was never merely a few acres of land surrounding what is today known as Civic Centre. In 1911 the area included over 7,000 acres, and the area first specified was considerably larger. Today the City Area as specified embraces all Canberra suburbs – from the most southern in the Woden Valley to Fyshwick and to the most northern point of Belconnen. The City Area will thus expand with each new suburb.

The City Leases Regulations 1921 spelt out in detail the basic provisions which were to govern city area leases. An annual rent (exclusive of rates and payable quarterly in advance) at not less than 5 per cent of the unimproved value of the land as assessed by the Minister was prescribed. The unimproved value of the land was to be re-appraised at the expiration of 20 years and thereafter every 10 years. The erection of a building, suitable for the purposes for which the lease was granted, and according to plans and specifications approved by the Minister, was to be commenced within one year and completed within two years after the granting of the lease. An extension of time for the completion of the building was available if in the Minister's opinion there was good reason for the delay but upon any failure to complete the building within the specified or extended time the Minister was empowered to cancel the lease. The building was to be maintained on the land during the currency of the lease and kept at all times in a state of repair satisfactory to the Minister and upon any failure for a period of 2 years by the lessee to maintain a building on the land the Minister could cancel the lease. The lessee could, with the consent of the Minister, mortgage his lease to obtain money to commence or complete the erection of the building but otherwise, until the completion of the building, the lease could not be assigned or mortgaged.

The City Leases Ordinance 1921 and the Regulations made thereunder are interesting as an indication of the extent and nature of the control the Commonwealth was seeking to exercise over the use of the land it would lease. Nevertheless, the legislation fell far short of what would be required. In particular, it failed to prescribe how leases would be granted. Merely empowering the Minister to grant leases in the City Area left many questions

unanswered. Was the Minister to invite applications or call for tenders, and, if so, what was to be the deciding factor in choosing between rival applicants or tenderers? Was the Minister to offer the leases at auction or to allot them by ballot? But an answer was not immediately necessary. The Sulman Committee about this time advised against the granting of leases in the City Area and the Government accepted the advice. No leases were therefore ever granted under the 1921 Ordinance. But before passing on it is of interest to note that the Ordinance empowered the Minister to *determine* the lease in certain events whereas under the Regulations the Minister was said to *cancel* the lease. The result is the same — the lease is brought to an abrupt end — but in later legislation the legal terminology took over and leases were said to be *determined*.

There was an additional reason why no leases were granted under this 1921 Ordinance. It was clear that legislation relating to the erection of buildings, water supply, sewerage and electricity was first necessary. The Sulman Committee had noted this and recommended that the services of a specialist be obtained to review the existing law and prepare suitable regulations. The Committee regarded this as all important because of the necessity to maintain proper standards in the new city, bearing in mind the difficulties that had arisen in large capital cities in which committees of experts had the subject constantly under review with the object of evolving a comprehensive and suitable set of regulations. But the Public Service Board was not impressed. It refused to approve the appointment of an expert but offered to detail a clerk in the Department of Works and Railways to undertake the task!

In its Second General Report (dated 31 July, 1922) the Sulman Committee lamented the reduction in the first year's estimated expenditure of £417,000 for water supply and sewerage. The completion of these services was considered a basic necessity before the official and civil occupation of the City. The Committee insisted that as large an expenditure as possible, consistent with the general development of other essential works, should be allotted to them. The Committee's recommendations did not originate the policy of servicing blocks in Canberra before offering them for sale, but undoubtedly they ensured its continuance. That policy was initiated by the Fisher Government and confirmed by the Cook Government. O'Malley and Kelly, the first two Ministers responsible for Canberra's development, insisted that each block would have to be serviced before being made available. They silenced critics who wanted immediate building by asking how any building could be commenced until a water and sewerage system had been installed for the residents! Nobody queried this policy. The costly experience in Melbourne of putting in a sewerage system after the city had been built was convincing evidence of its ultimate benefit. O'Malley claimed that 40 per cent of the construction costs in Melbourne might have been saved if the system had been put in first.<sup>16</sup>

The Sulman Committee had the unhappy experience of seeing the amount of money it recommended for expenditure on the sewerage service reduced while the amount allocated to road construction in the Committee's recommendations was raised considerably to meet the Government's desire to find additional employment for unemployed returned soldiers. The influence of returned soldiers on Australian political life after the 1914-1918 war was immediate and important. They had formed themselves into a League (RSL) which was overwhelmingly conservative and somewhat authoritarian.<sup>17</sup> The widespread unemployment which followed the 1914-1918 war and which ended only with the 1939-1945 war served to increase the disappointments and frustrations of these men. The complaints by the RSL of the inability of many returned men to obtain employment led to clashes with trade unions. What were alleged by returned soldiers to be insults by unionists to the Union Jack and to the Empire led to many nasty scenes. In Queensland, returned soldiers, spurred on by the press, had worked as strike breakers and during the early 1920's Ministers were denying that a body of returned soldiers was being sent to Canberra as strike breakers.<sup>18</sup> The Government had dropped the earlier policy decision that City Area leases would be available only to returned soldiers. Nevertheless it was determined that opportunities for employment in the Territory would as far as possible be restricted to returned soldiers.

But it was on the question of leasing city lands that the Committee found some reason for comfort. The Government had accepted its advice to delay making city lands available. In its Second Report the Committee acknowledged its awareness of the growing representations being made in Parliament and in the press that the Government should forthwith throw open land in the Civic Centre for the erection of business and other premises by private enterprise. In the Committee's view however these lands constituted one of the principal assets of the Commonwealth at Canberra — an asset which would not be realisable to the best advantage until prospective purchasers felt assured beyond any doubt that Canberra would very soon be occupied as the Seat of Government. The Committee reported:

*The only real assurance to the public in this respect will be the further commitment of the Government in its expenditure upon municipal services and construction for official purposes. The extension of works, such as water mains, sewerage reticulation, electric supply, tree planting in roads and parks — all of which should be undertaken within a year or more — will greatly enhance the value of the lands.*<sup>19</sup>

The Committee maintained that if leases were granted in 1922 the demand would not be great unless rents were on a much lower basis than would be obtainable with the completion of the works mentioned and the consequent large influx of subsidiary population and private enterprise. This was a period of varying opinions as to the scope of private enterprise in the territory. Many believed that the Commonwealth and the Commonwealth alone should erect all buildings at Canberra. The belief was certainly not



confined to those of any one political persuasion but perhaps it was a little stronger among some Labor politicians although no party as such had any declared policy on this or indeed on any other question concerning Canberra. And yet one of the many difficulties facing the Commonwealth at the time was finding some reasonable and accurate basis for land valuation. To claim that the Commonwealth would receive a 5 per cent return on Canberra land was pleasing but it left unanswered the all important question – 5 per cent of what? Of the purchase price? This was unsatisfactory if only for the reason that few public statements ever agreed on the average price paid per acre. The figures £3.15.0 and £5 per acre were the most popular quotes but £4 and £4.10.0 per acre get an occasional mention. Assuming that each parcel of land being offered for lease was one quarter of an acre in size and assuming that the purchase price per acre averaged £5.0.0 the 5 per cent return would have been a mere thirteen pence. To claim that the 5 per cent annual return was to be 5 per cent of the unimproved value of the land only raised another question – what is the unimproved value? On what basis could it be determined? It must be remembered that there was no market guide. The Sulman Committee may not have found a sound basis for land valuation but it never entertained the slightest doubt that the servicing of blocks i.e. the provision of sewerage and water services would result in a higher land value and thus higher land rent. The strange argument of later years that the existence of these services is not reflected in the value of the land and thus in the land rent had no audience in days of yore. It would certainly have been greeted with derision. Committee members took every opportunity to stress the correlation between services and land values. This they did to obtain money to ensure completion of the services before land was made available. Works Director P.T. Owen explained it to a 1923 Public Accounts Committee enquiry on Canberra housing:-

*Everything we do – planting of trees, construction of roads and kerbs, installation of electric light, building of cottages, every £1 that we spend will affect the leasing value of the land – I really believe that in 6 months time the value of the property will be double what it is at present.*

The Sulman Committee in 1921 had tentatively agreed that £30 would be a fair valuation for residential blocks but Committee member J.T. Goodwin recommended the estimated value be £100. The Minister accepted the recommendation. Goodwin, who was also Surveyor-General and Territory Administrator, admitted that the £100 was an *arbitrary assessment with absolutely no data upon which to base it* but, he argued, *as nowhere else could the convenience of electricity, sewerage and water supply be obtained at the cost of £5 per year the valuation was reasonable.*<sup>20</sup>

The valuation problem was not settled easily. Llewelyn Atkinson, Vice President of the Executive Council, used it in 1923 to explain and excuse the Government's continuing refusal to release land in the city area. In reply to a question he said:

*... the conditions upon which residential and business sites will be made available will be announced as soon as the construction of the first stage of the federal capital is sufficiently advanced to permit a determination of a reasonably accurate basis of valuation for the leasing of city lands.*<sup>21</sup>

The Minister's statement implies that by 1923 the Government had decided that no leases would be granted under the City Leases Ordinance 1921. Of greater interest is the clear admission by the Minister that an acceptable basis for valuation had not then been found. But help was coming. John Grant dismissed the discussion on whether the Commonwealth alone should erect buildings at Canberra as a waste of time, as a matter of no consequence. What was important in his view was that the Commonwealth should be collecting land rent. The progress of the city, he claimed, was being retarded because no one had been permitted to engage in building operations.

*If Government officials had been compelled to live under the same conditions as apply to the workmen, building sites would have been available years ago.*<sup>22</sup>

It was obvious to Grant that immediate action to unlock the land was essential if his wishes were to be realised. He accordingly moved a motion that in the opinion of the Senate a section of the residential and business sites at Canberra should be made available to private enterprise without further delay. The motion lapsed for want of a seconder but the importance of this episode lies in Grant's supporting speech. The Senator took the opportunity to critically review the City Leases Ordinance 1921. He denounced the 20 year lapse before first re-appraisal as being too lengthy a period and rejected as absurd the whole idea of the land rent being based on the Minister's assessment of the unimproved value of the land. In Grant's view the public were the best judges of Canberra land values. He contended that leases for 99 years – not 90 years – each containing a clause specifying the purpose for which the land may be used should be widely advertised and sold at auction with the annual land rent assessed on the unimproved value as bid by the purchaser. By this method the Commonwealth would, he considered, obtain the full rental value and no more of each block. In other words, it would be fair to the Commonwealth and to the purchaser of the lease.

The City Leases Ordinance 1924 was gazetted a few weeks after Grant's speech. It amended the City Leases Ordinance 1921 by empowering the Minister to offer 99 year leases for sale, the bidding at auction to be by capital sum representing the unimproved value of the land. The annual land rent was to be paid at such periods as prescribed and was to be 5 per cent of the unimproved value of the land as bid by the purchaser. The Ordinance provided that the unimproved value of the land was to be re-appraised at the end of 20 years from the commencement of the lease and every 10 years thereafter. Provision was made for appeals against re-appraisal – an Appeals Board consisting of three Ministerial appointees was to hear and

determine them. Land was to be leased in perpetuity for church purposes, rental to be at one per cent upon the unimproved value as determined by the Minister, such value not to be subject to re-appraisal.

Grant responded with a motion to disallow the Ordinance.<sup>23</sup> He denied that anyone anywhere was capable of estimating what the value of Canberra land would be 5 years hence let alone 20 years. The amount bid at auction could be too high or it could be too low and a 5 year period between re-appraisals was essential in fairness to the lessee and the Commonwealth. In addition, it would remove anomalies between adjoining blocks and ensure an early re-adjustment if in the first place it was fixed too high. Grant maintained that early re-adjustments would also operate as a further barrier or safeguard against the hated land speculator. But one interjector informed him that this was unnecessary as the laws obtaining in the Territory already contained such safeguards as were *almost certain* to keep the speculator out, particularly the provision for the cancellation of the lease if it was not built upon within the prescribed time.

The Minister for Home and Territories (G.F. Pearce) complained that the City Leases Ordinance 1924 had been drafted in conformity with Grant's earlier views and was deserving of the Senator's support. The Minister was substantially correct, but only substantially. Grant had always condemned the 20 years lapse before first re-appraisal and he had called for the insertion in each lease of a clause specifying the purpose for which the land may be used. But the Minister defended the amended Ordinance. He reminded the Senate that one of the main objections urged against the principle of leasehold was insecurity of tenure and that everybody seemed to prefer freehold because of the security of tenure it gave. The principle of re-appraisal, Pearce argued, undoubtedly introduced an element of insecurity since if in a lease for 99 years there is a condition that it will be subject to re-appraisal in 20 years time the rent may be so raised as the result of re-appraisals that the land may cease to be profitable to the lessee. To Grant's interjection that this could never happen where the Government was the owner of the land Pearce insisted that it could. The Minister referred the Senate to the experience in South Australia where, notwithstanding very liberal lease conditions, working men, afraid of the re-appraisal, had agitated and campaigned until they got the freehold.

Pearce was convinced that if the Commonwealth was to attract capital to Canberra to ensure a good class of building the leasehold conditions had to be made as attractive as possible. He contended that unattractive lease conditions — and re-appraisal at short intervals was unattractive — would prevent the competition which would be necessary to guarantee the payment of a fair economic rent for the land. In the Minister's opinion, the only value of Canberra leases in the first few years would be use value. They would have no speculative value as

*their negotiability will be hampered by the knowledge that there will be a large area of other land, equally valuable, remaining in the hands of the Government and which the Government will seek to make available as soon as possible.*<sup>24</sup>

The Minister was well aware of Grant's attachment to the principles of Henry George and perhaps he had this in mind when he appealed for the Senate's approval of the Government decision that the first re-appraisal of land value should be at the end of 20 years:-

*... as we are building a city on leasehold land for the first time in Australia let us not in our desire to follow the pathway of theory load these leaseholds with conditions that will make them so unattractive that the people will not settle there...*<sup>25</sup>

The motion to disallow the Ordinance was defeated.

The opposition to the 20 year re-appraisal by Grant was not the only occasion members of the Parliament elected in 1922 had shown interest in the matter. J.T. Goodwin was questioned on re-appraisal by the 1923 Public Accounts Committee on Canberra housing:-

*448. By Mr. Fenton – There will be no re-appraisal for twenty years. Supposing within that period there was a marvellous development? – Supposing, on the other hand there was an enormous slump.*

*Is not twenty years too long a period? – That was decided by Cabinet. It is now law.*

*But the law can be repealed? – The scheme has never been given a fair trial.*

*455. By Mr. Makin. Were the decisions of Cabinet made on your recommendations? My original recommendation was ten years. Cabinet decided that twenty years would not be too long, and I agreed with their decision. I have consulted a good many business people on this question and most of them think that twenty years without re-appraisal is not too long.*

The belief that a person who was willing to invest in Canberra should be encouraged and entitled to do so by knowing that he would not have to spend more than a certain amount for a certain period thus won the day. It rationalised the 20 year re-appraisal and guaranteed its survival. The events of later years however were to cause Grant to present his argument against the 20 year re-appraisal with renewed vigour.

The City Leases Regulations 1924 amended the 1921 Regulations by extending by 1 year the time in which the commencement and completion of the erection of the building on the land had to be effected. The building was now to be commenced within 2 years from the date of the grant of the lease, or such further time as was approved by the Minister in writing, and completed within 3 years. The amendment was explained, on the evidence

rather unconvincingly, as being necessary because of possible building material shortages. Most likely the amendment was motivated by the desire to make leases as attractive as possible. In any event, Grant's reaction was inevitable. He had repeatedly urged the Government to insert in each lease a purpose clause and insisted that every block leased at Canberra should be promptly put to the use for which it was intended. On this occasion he condemned the Government for *hampering progress* at Canberra by its long refusal to make land available but he insisted that any change in this policy could not justify building sites being made available unless they were promptly built on.

*Until the blocks have been put up to auction no one can say what the rent will be but I have no doubts that it will be fairly substantial. The mere collection of rent is not however the object to be aimed at. The sites are presumably to be made available for the purpose of having buildings erected upon them, and any regulation which will allow them to be acquired without that stipulation must act detrimentally to the progress of Canberra.*<sup>26</sup>

The earlier Parliaments which had been so enthusiastic about leasehold land tenure in the territory for the seat of Government, and which had recommitted a Bill to guarantee its establishment, had never been particularly interested in the finer details of the legislation which would be necessary to launch the experiment. But the Parliament Grant was addressing was bored with the whole subject. His motion to disallow the amendment lapsed for want of a seconder and the claim he made that leased land would lie idle for 2 years was dramatically confirmed by subsequent events.

The first sale of leases for residential and business sites in the City Area of the Territory was set down for 25 October, 1924. The sale, by public auction, was to be held at Canberra. The Government's object, Pearce said, was to keep the land speculator out of the Territory and to allow anyone desirous of obtaining residential or business blocks to have equal rights at the auction. The Minister promised that sub-divisional plans and full information regarding the conditions of sale would be made available in all States.<sup>26</sup> But the Australian people, whether of a second, third or even convict generation, were and remained at heart expatriate Englishmen and Pearce promised to cable full particulars of the sale *home* for the information of prospective purchasers.<sup>28</sup>

To understand the history of City Area leases in the years which followed the first sale in 1924 it is also necessary to understand the means by which the Government sought to achieve its twin objectives of no land speculators and equal rights.

The person who purchased a lease, completed the building covenant and then sold his interest in the lease was not regarded as a land speculator. But the person who purchased a lease, held it in its unimproved state until values increased and then sold it, still unimproved, at an inflated price — or for that matter at any price — was a land speculator. This individual was to be forever barred from the Territory. His banishment was felt to be guaranteed

firstly by the covenant in the lease requiring a building to be erected on the land within a specified time and secondly and more decisively by the legislation prohibiting any transfer or assignment of an estate or interest in a lease until an approved building had been erected thereon. The Territory Administrator, J.T. Goodwin, who on the evidence seems to have drafted the City Leases Ordinance 1921 and Regulations thereunder, was convinced that the no building – no transfer provision would operate as the death knell of the land speculator. The Government agreed even though it did not agree with the whole of the 1921 legislation. Parliament, in so far as it was interested, also agreed.

The method of ensuring that each person at the auction had equal rights seems to have been inserted in the legislation at Grant's insistence. But the idea was much older. As far back as 1904 it was being advanced by none other than the 1924 Home and Territories Minister Pearce. In the course of a speech on the Seat of Government Bill in 1904 Pearce said:

*... the want of capital is an additional reason for having a leasehold system, under which all capital may be devoted to the business and need not, half of it, be devoted to buying out private landlords at fancy prices.*<sup>29</sup>

The practice of paying *premiums* for leases has been so long established that it may not be easy for many present day Canberra residents to conceive a system of land disposal in Canberra without them. But the principal attraction of leasehold in the early years was that it involved no capital outlay. At auction the purchaser paid the first year's land rent plus a survey fee fixed by the Minister. There is no evidence that the Minister did in fact ever fix any survey fee. The only payment made therefore was 5 per cent of the purchaser's successful bid.

The original intention was that the first sale would be held on 1 October, 1924 but an unexpected delay in the preparation of necessary plans had caused a postponement. By August, 1924 a warning was given that lack of accommodation at Canberra would probably compel an abandonment of the arrangements for the 25 October sale. The section of the government hostel which was to be used to accommodate prospective purchasers was not complete. The Minister duly announced a new date for the sale. It was to be on 12 December, 1924. The Government's plans for the sale were interesting. It would not accept any responsibility for transport to Canberra for the sale and although it promised to ensure that accommodation was available at government hostels it announced that it would take no responsibility for the comfort of visitors whilst they were there!

The delay in holding the first sale afforded the Government an opportunity to review the legislation. The result was the City Area Leases Ordinance 1924. The first City Area leases for residential and business purposes were therefore granted under this Ordinance.

The City Area Leases Ordinance 1924 applied to land the property of the Commonwealth within an area specified at any time by the Minister by notice in the Gazette as *the City Area*. Under the Ordinance the Minister was authorised to grant, in the name of the Commonwealth, leases of land for business and/or residential purposes. The leases were to be for a period not exceeding 99 years and subject to such terms and conditions as to rent and otherwise as the Minister determined. A lease granted for business and residential purposes could specify the particular class or classes of business for which the leased land could be used and no land was to be used for any purpose other than the purpose specified in the lease. Here was the legislative birth of the purpose clause.

The Sulman Committee had considered the question of land use in 1921 and advised that in the initial stages of Canberra development strict control should be exercised not only over the class of business but also over the number of businesses sought to be established. The Committee recommended that business sites be granted subject to the condition that a building of an approved design be erected within a limited time and used only for a specific business for the first five years. These recommendations seem to have been ignored. At all events the purpose clause was not included in any of the legislation until this Ordinance on the eve of the first sale. Over the years John Grant, the Senator without a seconder, had striven to convince the Government that every lease should contain a purpose clause. Seldom have speeches supporting motions, many of which were to lapse for want of a seconder, been more influential than those delivered by this self-proclaimed disciple of Henry George.

The Sulman Committee had recommended in 1921 that the erection of buildings of a nondescript character be absolutely prohibited in the Territory. To achieve this object and to establish proper standards for building and associated works, the Canberra Building Regulations, the Canberra Electric Supply Regulations and the Canberra Sewerage and Water Supply Regulations soon followed. Henceforth it was necessary for architects, builders, electricians and plumbers to be licensed in order to carry out their work in the Territory. The Canberra Building Regulations contained the rather steady provision that no builder could commence the erection of any building without a written permit which was obtainable only after the plans and specifications for the building had been approved by the proper authority. The Regulations defined *the proper authority* as the person or persons for the time being appointed by the Minister.

With all of this legislation, containing as it did so many restrictions, the Commonwealth Government approached the first sale of city leases confident in the belief that on its home ground it could ensure a high standard of building, give equal land rights to all citizens of the Commonwealth, obtain a good and ever increasing income from the leasehold system and prevent the operation of any land speculator. But the land speculator was an ubiquitous character.

In 1923, hundreds of acres of freehold land were being advertised for sale in London under the heading *Canberra Freeholds*. The advertisements implied that the land was the only freehold in the vicinity of Parliament House. The very natural claim was made that an immense future value for this land was assured.

The land, which actually lay in New South Wales across the border about 10 miles from Parliament House along the Cooma Road, had been subdivided into residential blocks. The soothing title of *Environa* was bestowed on the area by the enterprising land agent H.F. Halloran. Australia House, London was alerted. Halloran actually had an office in the building. The advertisement was amended to read *Nearest Freehold to Canberra*. The line between misrepresentation and puffing is often a little cloudy but as it was considered that the advertisement involved no false representation of fact no further action was taken. Those in Australia and in London who purchased blocks at *Environa* – and many did – were left to repent at leisure. The land remains today what it was in 1923 – grazing country. The expanded growth of Queanbeyan along the railway line to Cooma could however change this.

The belief or hope that the Commonwealth would receive an ever growing revenue from its land ownership in the Territory was emphasised to the point where very few politicians considered the immense advantages such ownership would be to the town planner. Grant was one exception in so far as he insisted that every lease should contain a clause specifying the purpose for which the land could be used. In spite of his disagreement over the re-appraisal provision in the legislation Grant was convinced of happy days ahead for the Commonwealth. Almost on the eve of the first sale he informed the Senate:

*The future progress of Canberra will be such that instead of the £40,000 now received in rents we shall derive a large revenue from leased land that will enable us not only to pay off the money now being advanced but also to afford considerable assistance to the finances of the Commonwealth.*<sup>30</sup>

This optimism did not belong to Grant alone. The Government shared it. Ministers P.G. Stewart (Vic) and Littleton Groom (Qld) expressed it.<sup>31</sup> Perhaps the emphasis on land revenue remained as much a political necessity as ever. The concept of a federal capital city had many opponents and land revenue was held forth as an answer to the costs charge.<sup>32</sup> In addition, Littleton Groom, who was one of the earliest and most persistent advocates of development work at Canberra, stressed the great saving in office rental an early transfer to Canberra would bring.

The Commonwealth Government in 1924 was still very much the poor relation, the near destitute offspring of the States. The reversal of roles was a thing of the future hidden behind years of economic misery and war. The Commonwealth wanted money and it believed Canberra lands would supply it. But it had been obvious to many people for years that before the land revenue could be made to flow the Commonwealth would have to find the money



necessary to ensure that developmental work at Canberra proceeded smoothly and evenly and that it was a continuing job.

The assumption of office of the Bruce Government in 1923 was another important landmark in Canberra history. The inclusion in the Ministry of Chapman, Groom, Stewart and Pearce was equivalent to a public announcement that Canberra was about to leave the drawing board. Within days Prime Minister Bruce announced that the task of building the capital city was to be placed in the hands of a three man commission. The newspapers around Australia, most with resignation and regret, noted *the ultimate triumph of Austin Chapman*. The Seat of Government (Administration) Act 1924 provided that a Commission of three members be appointed to control the Territory and assume direct responsibility for its administration and for the construction of the Federal Capital. The Commission was not appointed, however, until 3 November, 1924 and did not assume its responsibilities officially until 1 January, 1925. In the meantime the preparations were made for the first sale to be held on 12 December, 1924. This sale was therefore held in pre-Commission days but as its consequences were all felt after the Commission assumed control it is better examined with the story of the Federal Capital Commission.

The history of Australian land settlement may be viewed as a series of attempts to reconcile aggressive individualism with the necessity to protect society from its frequent excesses. The battle had been fought and lost by about 1860 although the skirmishes until the end of the century hardened popular belief in the justice of the cause. To some extent therefore the Canberra system of leasehold tenure had a philosophical basis. But to invest the system with lofty origins can obscure its more politically mundane birth.

*... many support this expenditure (Canberra) for no other reason than that they believe that this system of taking the unearned increment for the people will make the capital a payable proposition within a few years of its inauguration. The rise in (land) rental values will be such that it will finance the great bulk of our undertakings...* <sup>33</sup>

*... we can establish our capital without borrowing a single penny for the purpose and under a system (of land tenure) which will provide us with a rent producing city for all time...* <sup>34</sup>

These professions of faith and those previously noted should not obscure the presence of the occasional sceptic. As far back as 1904 Parliament was warned against deluding itself into believing that the establishment of a leasehold system of land tenure would necessarily mean that sufficient money would be obtained to pay even the interest on the enormous capital outlay required to develop the federal territory.<sup>35</sup> But such doubts were unusual. Later the same day Parliament was being urged to acquire a 5000 square mile territory and demonstrate to the world that it was possible to carry on the Government of the Commonwealth of Australia and meet its entire expenditure out of revenues derived from land rent in the federal area.<sup>36</sup>

The member was anxious to see the federal city made a model city free from the mistakes and imperfections of other cities. He wanted it to demonstrate to the people of the world the advantages of collective ownership of land and industry as against private ownership. But this was too much. Land nationalisation, yes; industry nationalisation, no, was the immediate reaction amidst charges that this was an attempt to establish a communistic state in the federal area. Nearly 20 years later the Sulman Committee was to recommend that during the first stage of its developmental programme reliance should be placed on a co-operative system of supply and distribution of commodities, private enterprise being restricted to those spheres not sufficiently covered by co-operative undertakings. The Committee was seeking to deter needless multiplication of trading and distributing concerns. The strongest accusation made against the Committee would seem to be that it was trying to change human nature.<sup>37</sup> But it all came to nothing. Co-operative enterprises there were in the early years in Canberra but they appear to have lacked popular support and appeal.

The fate of the co-operative ownership of land was different. The leasehold system of urban land tenure survived in spite of the concentrated opposition it encountered in its early years which coincided with the reign of the Federal Capital Commission.

The Sulman Committee Reports and John Grant's speeches during this period are indications of the emergence of a comparatively new appreciation of the Canberra leasehold system. These Reports and speeches evidence a growing awareness that land use control was vital to a planned city. Grant was emphasising this aspect when, speaking to one of his many unseconded motions, he declared:-

*I would not support a proposal to give any person . . . the lease of a block unless he utilized it for the purpose for which it was intended.*<sup>38</sup>

The Minister for Works and Railways, P.G. Stewart, was aware what this control really meant. He informed Parliament:-

*. . . the whole of the cities of the world have, like Topsy, 'just grown' in a haphazard fashion . . . Canberra is the only city in the world that will be built from the start to a definite plan which embodies all the most modern requirements of town planning.*<sup>39</sup>

Walter Burley Griffin, the Town Planner, had of course mentioned all of this a decade or more earlier but over the years the continual stressing of the revenue a leasehold tenure would bring to the Commonwealth tended to obscure the other benefits obtainable from strict land use control.

The relationship of Canberra's leasehold tenure to city planning and development was to be highlighted in the next period of the city's history. This was the period of the Federal Capital Commission set up by the Bruce Government in 1924.

#### NOTES ON CHAPTER 4

1. *The Public Works Committee* 1924 directed or endorsed this.
2. *Construction of Canberra. First General Report* of the Federal Capital Advisory Committee.
3. P.D. 96:9340
4. P.D. 102:144; 104:1334
5. *The Argus*, Melbourne, 1 February, 1922.
6. P.D. 95:7538; 108:4094
7. P.D. 108:3189
8. *The Argus* 7 August, 1920; 16 November, 1920.
9. P.D. 94:7383; 95:7538; 97:11581
10. P.D. 69:6961
11. P.D. 19:1516
12. P.D. 17:5718
13. P.D. 92:3167
14. P.D. 116:198
15. E.W. Foxall, *Australian Economist*, Vol.3, 1901 p.13.
16. P.D. 71:2218
17. See *Dissent*, Autumn 1968 article by D. Rawson
18. *The Age* 25 April, 1922. *The Argus* 25 and 26 April, 1922.
19. *Construction of Canberra: Second General Report of the Federal Capital Advisory Committee* (Sulman Committee), 1922 p.7, para.44.
20. *Joint Committee of Public Accounts: Report on Canberra Housing*, 1923.
21. P.D. 104:1312
22. P.D. 106:664
23. P.D. 106:1308
24. P.D. 106:1314-5
25. *Ibid*
26. P.D. 107:1798
27. See *The Argus* 26 July, 1924 *The Sydney Morning Herald*, 26 July, 1924.
28. See *The Argus* 13 and 14 August, 1924; see also P.D. 108:3023.
29. P.D. 19:1493
30. P.D. 109:4461
31. P.D. 106:306
32. O'Collins G. *Patrick McMahon Glynn*, Melbourne M.U.P., 1965.
33. P.D. 71:2699

- 34. P.D. 71:2249
- 35. P.D. 19:1515
- 36. P.D. 19:1968
- 37. See *The Sydney Morning Herald*, 11 December, 1924.
- 38. P.D. 106:663
- 39. P.D. 106:309