

CHAPTER 5

THE FEDERAL CAPITAL COMMISSION 1925-1930

The Federal Capital Commission began operations on 1 January, 1925 and from that date until 1 May, 1930 when the Commission was abolished the history of Canberra and of its leases is essentially a story of the Commission.

The members of the Commission were:-

John Henry Butters:	Chairman
John Harrison)	Part time members
Clarence H. Gorman)	
Secretary:	Charles S. Daley

Butters, who dominated the activities of the Commission, was formerly Chief Engineer and General Manager of the Tasmanian Hydro-Electric Department.

The Act establishing the Federal Capital Commission provided that it should be a body corporate with perpetual succession and a common seal, able to acquire, hold and dispose of real and personal property and capable of suing and being sued. In short, the Federal Capital Commission was a statutory corporation.

The policies or attitudes of Australian political parties towards statutory or public corporations (the terms are synonymous) reflect the changing world assessments of their value. At different times in different countries these corporations have been denounced as the instruments of socialism or as devices of political reaction. On the other hand they have been hailed as possessing a greater managerial efficiency than a public service department can ever attain and as the only satisfactory method of getting a big job completed. In Australia, the Labor Party in Government under John Curtin, and more particularly J.B. Chifley, came to regard statutory corporations as not merely useful methods of carrying out some large public undertaking but as the only satisfactory or worthwhile method. But this attitude was years ahead and in 1924 Opposition Leader Matthew Charlton led the Labor attack on the Bill establishing the Commission.¹ The arguments used were that the Sulman Committee, a body composed of able and competent men had given satisfaction at a low cost and that the great progress which had been made in the 1921-1924 period removed any justification for a Commission. The administrative blunders and financial scandals associated with the War Service Homes Commission in the early 1920's were used to support the claim that it was

wrong in principle for Parliament to delegate its authority. Another complaint against the proposed Commission was its freedom from Public Service Board control in recruiting staff.

In introducing the legislation establishing the Commission the Minister assured the House that the Commission would be required to make the best use of the revenue and resources of the Territory. Land was the only significant resource in the Territory and over the years Parliament had repeatedly expressed its belief that the revenue to be obtained from leasing this land would be a handsome endowment. The Commission was thus given the task of reaping a harvest for a Parliament which was in no mood to pay the cost of cultivation and for a public increasingly indifferent to the concept of leasehold. The land struggles of the nineteenth century had receded into history and Australians of the Commission era, reared with the idea of freehold land, had come to regard it as a birthright. Land ownership signified social status. It was the hallmark of success. A man's worth was assessed by his land and bullocks and whether he was a returned soldier. If the right of property ownership was an unconditional right, and it was so regarded, any reference to its obligations was dismissed as nonsense. For whether the obligations were fulfilled or neglected the right continued unchallenged and indefeasible. Urban leasehold land tenure with its multiple restrictions on ownership was an unwelcome if not frightening deviation from the norms of the free enterprise freehold society. It was a restriction on that basic liberty which entitled the economically strong to lawfully maim the weak in a civilised society. Yet in 1924-1925 there were no civil right sit-ins or demonstrations and no organised opposition to the Canberra experiment in land nationalisation. The feeling against leasehold was a strong undercurrent which manifested itself in 1927 and the succeeding years.

One interesting example of the Government's and Parliament's attitude to Canberra can be seen in the fact that the Commission was made to commence its operations very much in debt, it being charged with the total Commonwealth expenditure on the Territory for the Seat of Government right back to 1901. The interest payable on this amount was fixed at 2½ per cent per annum for expenditure before the Commission was appointed and 5½ per cent for expenditure thereafter. The actual amount of this commencing indebtedness was long in doubt, the Commission not being advised until 1928 that the Auditor-General certified the amount to be £3,900,000. Perhaps the imposition of this financial burden on the Commission arose from a desire to continually remind it that it was obliged to conduct the Territory on a business basis and make the whole thing pay. Or perhaps it was the result of a lingering belief that the Commission, as the custodian of Territory lands, was necessarily going to make a large amount of money and ought to be loaded with this original debt.

The Commonwealth had, by June, 1924, erected 88 permanent brick houses in the Territory and was continuing to make use of the former Molonglo Internment Camp (in the area known today as Fyshwick)

as temporary accommodation for married men. In addition, late in 1924, 51 of what were styled portable cottages were erected at Westlake. It was clear that if Parliament was to meet in Canberra in mid 1926 rapid progress in constructional work at Canberra was essential.² The Federal Capital Commission was therefore vested with wide powers and duties. The task allotted to the Commission meant in effect that it was destined to become something of a building, planning and constructional authority, completing such buildings and works as had been commenced and planning and constructing such new buildings and works as would be required to meet the Government's intention. And yet the Commission was much more. It was the delegate of the Minister, the municipal Government of the Territory recommending laws for and administering everything in the Territory from the maternity home to the cemetery. The Federal Capital Commission was therefore much more than a Lands Board although that was one of its functions. It was given complete control of all Crown Lands in the Territory and by a 1926 amendment to the Seat of Government (Administration) Act title to all such land (other than the sites allotted for the provisional Parliament House and the Governor-General's residence) was vested in the Commission. The Act provided that the Commission was not to dispose of the freehold title to any of this land.

The commencement of the Federal Capital Commission more or less coincided with the leasing of business and residential sites within the City Area, the first sale of leases having been held on 12 December, 1924. The Commission was however acutely aware that it inherited the policy of leasehold land tenure and it saw its task as being one of carrying on the administrative work involved in giving effect to existing legislative provisions. This indeed may have been the Commission's role in its initial months but thereafter it moulded those legislative provisions in its own fashion.

Messrs. Richardson and Wrench Limited of Sydney acting in conjunction with Messrs. Woodgers and Calthorpe of Queanbeyan conducted the first sale. The auctioneer was Mr. C.H. Crammond of Sydney. At subsequent sales the Queanbeyan firm acted alone and for years those who questioned its exclusive engagement were curtly reminded that the members of the firm were returned soldiers.

The first sale of City Area leases was held on the slopes of Capital Hill with about 300 people in attendance. The sale received a surprisingly wide press coverage, most newspapers stressing its historical significance. From Melbourne, *The Argus* of 13 December, 1924 carried a story from its *Special Reporter*:

On a sun scorched hillside overlooking the partly erected provisional Parliament House six leasehold subdivisions in the city area of the Federal Capital were offered for sale by auction today. The sale was of historic importance, but the comparatively small assemblage of buyers suggested that the significance of the occasion was not fully recognised. With the exception of a handful of businessmen from Melbourne and Sydney the

attendance consisted chiefly of residents of the district, who were the principal purchasers of the leaseholds. It required a strong imagination to picture the Canberra of the future with graceful edifices where now there are only grassy slopes intersected by very dusty roads.

Before inviting bids the auctioneer described the sale as being worthy of a place in Australian history. He expressed the hope that the first contracts for business and residential leases would be made out in triplicate and that one copy of each contract, together with the mallet, inkstand and gold pens used at the sale would be preserved. Where were these mementoes of the sale to be housed? Some reports have the auctioneer saying they should be kept at the National Library, others said the National Gallery, but *The Argus*, perhaps sensing the stormy battles yet to come, said it was the National War Memorial. But historical relics were not auctioneer Crammond's only concern. A few days earlier, 10 December, 1924, the *Sydney Morning Herald* had featured an article headed *Canberra : An Asset or a Liability*, in which harsh judgments were passed on Canberra generally and in particular on the leases about to be auctioned. Crammond pointed out many errors and described the article as *unfair, untrue and un-British*. None the less the article is interesting as evidence of some of the conceptions and misconceptions about Canberra leases which prevailed at the time.

A total of 290 residential and 194 business sites situated in six different parts of the city were offered at the auction, the idea being that the city should be developed concurrently at these points. First sub-division to be offered was Eastlake (later known as Kingston) containing 12 business and 68 residential sites. Manuka, planned for a retail shopping centre was next and then followed residential sites in Blandfordia and Red Hill, described by the auctioneer as *the Darling Point of Canberra*. (Blandfordia became known as Forrest some years later). Business sites in Civic Centre and business and residential sites in Ainslie were also offered. The first block put up, a business site in Eastlake, brought an immediate bid of £650 which was the upset price. The bidding ran rapidly up by £50 rises to £1,750 when H.F. Halloran, of Sydney and Enviroa fame, who had been competing with J. Colman of Messrs. J.B. Young Ltd., storekeepers, of Queanbeyan for the honour of first purchase jumped to £2,000. Colman bid another £50 and the first lease was knocked down to the Queanbeyan firm amid applause. Halloran however gained the distinction of purchasing the first residential site, the upset price of which was £200, with his bid of £400. (For particulars of purchases and prices at the first sale see Appendix "A").

The newspaper reports of the first sale were all careful to remind their readers that the prices bid merely fixed the capital values and that all the purchaser paid at auction was the first years land rent, which amounted to 5 per cent of the capital value. From Sydney, *The Daily Telegraph* of 13 December, 1924 after referring to the sparsity of attendance at the sale declared that *150 leases were sold at the total capital value of £60,000 which*

will bring the Commonwealth a yearly revenue of £3,000. It was a good beginning and the day will go down as an event in Commonwealth history.

The Federal Capital Commission disposed of an additional 67 blocks of city area leases subsequent to the sale and the following schedule sets out the number of blocks sold in the various centres to 30 June, 1925:

<i>Subdivision</i>	<i>Residential</i>	<i>Business</i>	<i>Capital Value</i>
Ainslie	37	6	£15,414
Blandfordia	16		6,635
Civic Centre		20	14,700
Eastlake	68	12	26,150
Manuka		23	10,282
Red Hill	32		11,302
	153	61	£84,483

The Commission, convinced that commercial dealings in land would be facilitated and placed on an assured basis only after the establishment of some known and acceptable form of land title registration, promptly decided to register leases under the Torrens system. The Real Property Ordinance under which the system was to operate came into force on 19 May, 1925. The meaning and method of operation of the Torrens system will be examined in a later chapter it being sufficient at this stage to acknowledge that its use should have made Canberra leases more attractive as security. The problem was however much more fundamental than a mere question of land title registration. Leasehold interests were known in country districts – particularly in Queensland – but the prescription of an exclusive leasehold tenure in an urban area was unknown. Investors and their legal advisers read into the legislation establishing this tenure all sorts of frightening possibilities. Articles such as that which appeared in the *Sydney Morning Herald* on 10 December, 1924 almost on the eve of the first sale, only fed the suspicion.

The stringent conditions of the leases will make our State banking institutions shy of assisting a client to build. Whether the Commonwealth Bank will step into the breach and accept these leases as security for reasonable advances remains to be seen. The power given to the Minister to include in a lease what additional covenants he 'may think advisable' is too far reaching for the ordinary mortgagee to feel safe under while the ever possible determination of a lease through failure to carry on the allowed business would necessitate close investigation beyond the security in the strongroom. Any instrument of title which cannot be hypothecated readily loses its value. Canberra leases cannot be other than a drug in the market unless the Government evolves some method of financing leases. The Commonwealth is the landlord, the lessees will be improving its property and advances to a fixed limit of improvements could not go wrong. Besides the greater the improvements the greater will be enhanced the value of surrounding vacant lots.

The Commission soon opened negotiations with the Commonwealth Bank to interest the Bank in lending money on Canberra leases for building purposes. After some delay the Commonwealth Bank Board advised that it was not interested in the proposal. Chief Commissioner Butters arranged a conference with the Bank Board and although he claimed to have left this conference *somewhat hopeful* he was apparently taking nothing for granted. He took the matter up with Home and Territories Minister Pearce and requested that either the Prime Minister (S.M. Bruce) or the Treasurer (Dr. E.C. Page) or both of them advise the Bank Board that it was the Government's wish that the Commission's request be granted. Pearce agreed. Whether the Bank Board ever received this advice is not clear but what is known is that after a long delay the Commission received advice from the Bank Board that the Commonwealth Bank would not be lending any money on Canberra leases. The delay was occasioned by the Board's sending the Commission's proposals to its legal advisers for an opinion on the value of Canberra leases as security.

The Chief Commissioner's prompt reaction to the Bank's refusal illustrates his ineligibility for membership of the league of indecisive and vacillating administrators. He issued instructions that an Ordinance be immediately drafted the effect of which would have been to give the Federal Capital Commission power to establish a Bank for receiving deposits and advancing money to persons desiring to build. The draft Ordinance which was soon prepared provided that the Commission was to conduct ordinary banking business and pay depositors four per cent on their money and loan it at 6 per cent or 6½ per cent, the difference being considered sufficient to pay expenses. Butters declared the proposed legislation had been prepared to let the Commonwealth Bank authorities know that if the refusal to accept Canberra leases as good security was continued the Commission was ready, willing and able to move into the banking field in the Federal Territory and presumably drive the Bank out. Not surprisingly the Government acted quickly. When Pearce received the draft Ordinance in Melbourne the telegraph wires ran hot. Butters was instructed to go to Sydney immediately and there, in company with the Prime Minister and the Treasurer, he was closeted in conference with the Commonwealth Bank authorities once again. The confrontation could not have been a happy get-together. Prime Minister Bruce was genuinely interested in Parliament meeting in Canberra at an early date and no doubt a reasonable amount of arm-twisting by him hastened the solution. The Bank surrendered. It would accept Canberra leases as security for money advanced to lessees.³

The Commonwealth Bank attitude in 1925 was undoubtedly at variance with the remarks on Canberra leases alleged by one member in the Representatives in 1924 to have been made to him by the foundation Governor of the Bank before the Governor's death. The Governor (Denison Miller) was alleged to have said:-

*Let the Government give me the Canberra Territory for 20 years and I will build them a Parliament House costing £2 million, put up all the houses they require, present them with all the necessary administrative offices, and at the same time I will make a very good dividend for the Bank and will hand the Territory back to the Commonwealth in 20 years time.*⁴

To have achieved this something more substantial than mere weekly or fortnightly tenancies of houses would have been necessary. Perhaps the late Governor was less impressed than his successors by legal opinions on the mortgage value of leasehold tenure. Or perhaps he considered the quality of advice he could receive from a Legal Department as so suspect that he never even bothered to create one. But whatever the reason the Commonwealth Bank was not alone as a reluctant mortgagee in the Territory. No private Bank ever sought this class of business although as the years passed some of them accommodated special clients particularly those offering additional security outside the Territory. The small Queensland National Bank, maybe because of its wider experience with leasehold tenure, had fewer inhibitions about accepting Canberra leases as good security. In a letter to the Commission dated 7 May, 1928 the Bank wrote: *the present leasehold tenure has not in any way prevented us from granting advances against the security of property in Canberra.*⁵ The Queensland National Bank had the distinction of being the first Bank mortgagee in Canberra but the policies and activities of a small Bank could not lessen the suspicion and remove the fears of the larger Banks. Nor could it satisfy much of the demand for money to build. The better known Insurance Companies were more resolute in their rejection of Canberra's leasehold tenure. Unlike the Banks, these Companies did not seek to create a public impression that a mortgage over a Canberra lease was an acceptable security and then require additional security before making any advances. For many years the A.M.P. Society refused to lend money on Canberra leases. It dismissed them as worthless securities. The opposition to the Canberra leasehold tenure may have been very largely a fear of the unknown. Its novelty alone excited fear — no money lender likes to stray from the worn path — and yet there were specific objections some of which have since been legislated out of existence whilst most of them have been forgotten. Time has shown them to be groundless.

The following quotation from the *Sydney Morning Herald* article is a fair illustration of the groundless fear or prevailing misconceptions or ill-informed comment:

If a lessee starts out in business as say, a chemist, sub-clause (f) fixes that particular block as a chemist's shop for the period of his lease, 99 years. Woe betide him if he tires of the smell of castor oil and hankers after the life of a tobacconist. He, or his widow, or his descendants, or his assigns must carry on the trade in pills to the bitter end for clause 3(a) says — If after completion of a building as aforesaid the land is at any time not used for a period of two years for the main purpose for which this lease is granted the Commonwealth may determine the lease.

The misinterpretation should have been obvious even to those who were looking for a stick with which to beat the Canberra leases. The lease granted for *business purposes only* could in fact be used for any activity provided the activity fell within the broad meaning of the term *business*. The class of business commenced on a *business purposes only* lease did not permanently fix the class of business for which the land could be used. The practice of denoting the particular class of business which could be conducted on a lease began with the leases granted in 1924 but the Commission was extremely sparing in the use of this power.

The Commonwealth power to determine a lease was exaggerated out of recognition, it being forgotten that to determine a lease the Commonwealth must show cause. The power given to the Minister to include in any lease such additional covenants and conditions as he considered necessary or advisable brought strong objections. Even the most unimaginative feared its possibilities. With changing Governments and the urge of utopian ideas, what might not be considered necessary and advisable? In practice, the Minister has not only not abused this power, he has in fact hardly ever used it. The only exception has been a penalty rate for late payment of land rent and prescriptions relating to the building to be erected. But who amongst those who regarded the leasehold tenure as a hybrid creation would have been willing to concede that this was the most likely event? Other objections raised were that the lessee had no tenant right in improvements and that a transfer of the lease was barred until the building had been erected. But above all else the particular provision in the Territory leasehold legislation which excited the greatest suspicion of money lending institutions was the re-appraisal provision. In the financial world of the time a leasehold estate upon which land rent could be increased was incurably defective as a security.

It is clear that section 16 of the City Area Leases Ordinance 1924 (which in effect barred transfer or assignment of a lease before the building was erected complete) was and was meant to be a barrier through which no land speculator could pass. The section was not without defects. Upon the death of a lessee before the building was completed the lessee's beneficiary was entitled to sell the unimproved land. In permitting this exception to the no building — no transfer provision, Parliament had allowed emotion influence its judgment. A reasonable argument could be made out that the widow beneficiary — and there was one widow of a lessee in 1925 — was entitled to a refund of rents paid. But was it correct to permit her to sell the unimproved land? Would it not have been more sensible to grant the widow some ex-gratia payment rather than permit a re-sale of unimproved land and thus distort or disturb the valuation pattern? This very minute avenue through which speculation in unimproved land was possible would of course have had little if any effect had not the 1925 Ordinance turned the avenue into a many lane highway.

Section 16 was repealed by the 1925 Ordinance and a new section 16 was inserted. The new section adopted the repealed sub-sections, substituting the Federal Capital Commission for the Minister, but it included a new sub-section which provided:

(3) The Federal Capital Commission may consent to a legal or an equitable transfer or assignment of a lease or an interest in a lease before completion of a building in accordance with a building plan or design prepared or approved by the Federal Capital Commission for the building to be erected on the leased land where it is satisfied that a building in accordance with that building plan or design is either about to be erected or about to be completed on the leased land.

The City Area Leases Ordinance 1925 was gazetted on 5 November, 1925 and section 16 was expressed as being deemed to have commenced on the date of the commencement of the City Area Leases Ordinance 1925. The Commission explained sub-section (3) as being necessary to enable transfers of leases prior to the erection of a building in cases *where for financial and other reasons the existing procedure proved embarrassing.*⁶ The ultimate effect or operation of this amendment was so obvious, so certain and so inevitable that here is one of those occasions in history when the benefit of hindsight can be disclaimed. It was as though every page in the history of Australian land settlement was ripped to shreds or airily dismissed with this one reckless amendment. Over 130 years previously, Governor Phillip, guided by his innate commonsense insisted that land was to be made available only to land utilisers. Time and time again the evils which flow from a relaxation of this policy were spelled out in the story of Australian land settlement. The very, leasehold system the Commission was being called upon to administer was largely inspired by a desire to prevent those evils. Yet in 1925, the Federal Capital Commission, completely unaware or unappreciative of the lessons of history, sought legislative sanction for land speculation. And Parliament gave that sanction! The door was open for the land speculators and they entered with glee. They were at home again and they operated at leisure.

The mistakes made by the Federal Capital Commission were certainly much fewer than those alleged against it but all the Commission's mistakes – real or alleged – fade into insignificance when compared with the removal of a restriction which was considered *almost certain* to keep the land speculator out. From this mistake flowed many of the biggest problems which were to beset the Commission.

The Public Works Committee in 1926 conducted one of its innumerable enquiries into Canberra. (Between 1914-1928 the Public Works Committee conducted 24 enquiries on Canberra). In evidence before the Committee Butters pointed out that although leases which had been sold in Canberra contained certain building covenants the Commission had the power under the Ordinance to approve the transfer of a lease providing it was satisfied the building covenant would be carried out. The Chief Commissioner's conclusion

that this was permissible under the law and could not be prevented by the Commission means that the Commission believed section 16(3) was a direction rather than a discretionary power. In later evidence Butters was even more emphatic. He declared that there was nothing in the Territory law which said the land must be built upon before a transfer could be made and that the Commission had no real power to refuse transfers. Butters informed the Committee that there was really little opportunity for land speculation at Canberra although he conceded that *quite a number* of leases had been transferred before building operations commenced. He suggested that in some cases that they bought for sentimental reasons. These absurd claims were to be repeated for decades. No one chose to disturb them by asking whether the 1924 purchasers bought on chance that they might actually build in Canberra or whether they bought on chance that an opportunity would arise to transfer the lease at considerable profit without their having done anything but pay the first year rental. Perhaps the question did not really matter. The sentimental purchasers had both chances.

The Chief Commissioner informed the Works Committee that *it may be true that in several cases lessees have been asking premiums on the prices they paid ranging from £200 to £1,500. They may be looking for "mugs". In a number of cases we have agreed to transfers under which the original lessees have made a profit. We cannot very well prevent it.*

The first auction held by the Federal Capital Commission was that on 10 February, 1926 when the lease of a site for the erection of a picture theatre at Manuka was sold at a price representing a capital value of £7,000. The Commission however had been selling by private negotiation leases passed in at the 1924 auction. But what is referred to as the second sale was held on 29 May, 1926 when 18 business and 80 residential sites were offered, and a further 20 residential sites were sold within a month. (For particulars see Appendix B). The interesting thing about the second sale was the marked increase in prices bid for Civic Centre business sites.

The number of leases granted under the City Area Leases Ordinance 1924-1926 to 30 June, 1926 was 354 representing a capital value of £166,311. The blocks represented in these leases were situated as follows:-

<i>Subdivision</i>	<i>No. of Sites Leased</i>	<i>Capital Value</i>
Ainslie (Residential)	74	£ 11,797
Ainslie (Minor Industrial)	20	18,500
Blandfordia (Residential)	28	11,275
Blandfordia No. 4 (Residential)	6	2,775
Blandfordia/No. 5 (Residential)	6	2,495
Civic Centre Section 48 (Business)	30	20,400
Civic Centre Section 1 (Business)	18	39,100
Eastlake (Residential)	68	12,070

Eastlake (Business)	12	14,080
Manuka Centre (Business)	24	11,582
Red Hill (Residential)	42	14,252
South Ainslie (Residential)	20	5,505
Telopea Park (Residential)	7	2,560
TOTAL	354	£166,311

The construction works completed at Canberra in pre-Commission days were mostly of the major engineering or servicing variety i.e. water dams, electricity generating power house, sewerage trunk lines, brickworks etc. By 1 January, 1925 only 88 permanent brick houses had been erected. The coming of the Federal Capital Commission spelt the end of what some condemned as the Government's half hearted approach to Canberra. The works programme initiated by the Commission soon began to give Canberra a look of permanence. Each of the Commission's accomplishments made the policy of an early transfer to Canberra more certain to be carried out. Undoubtedly all of this had some effect on Canberra land values. No longer was the purchaser in doubt about the future of Canberra. Parliament would soon meet there, the territory would become the Territory for the Seat of Government in fact and in law, Departments would be transferred and Canberra's future population growth and investment prospects assured.

Some people sought comfort in the belief that the steeply increased land prices of 1926-1927 were solely a reflection of the Commission's building and constructional activities. And perhaps a few found the comfort they were seeking. But on the evidence such a conclusion was only a delusion. It ignored the attraction section 16(3) was giving to Canberra land sales. The Federal Capital Commission believed (or was it advised?) that the subsection actually obliged the Commission to consent to all transfers and it acted accordingly. As Butters said to the Public Works Committee in 1926:-

the Commission could not reasonably refuse a transfer within 1 year and 11 months - we have no real power to refuse . . . I cannot see how we can reasonably prevent the sale at higher prices than those at which they were originally obtained . . . It may have been the intention of Parliament to prevent land speculation but machinery has not been provided us to prevent it entirely . . . there is nothing in the law which says the land must be built upon before a transfer is made . . . we cannot pay any regard to the profit which may be made . . . notwithstanding the intention of Parliament land speculation still exists to a limited extent at Canberra.

The shifting of responsibility for land speculation to Parliament was justified in the sense that Parliament had allowed the single exception to the no building - no transfer provision of the 1924 Ordinance to be widened. But then it cannot be forgotten that the Federal Capital Commission itself requested the addition of section 16(3) - and that the Commission could

with equal success have requested its removal. Yet nobody in Parliament or outside seemed to notice that if the door with the engraved invitation to the speculator was closed many of the problems which beset the Federal Capital Commission would never have arisen. It was not that no one noticed the effect the speculator was having on land values. Many did notice this but no one seemed to notice how he or she came in and how he or she could be put out.

In later years when asked the total number of these (no building) transfers various Ministers would reply *about 30*. The number was in fact much higher, probably reaching closer to 130 by the end of 1929. This number may appear small but it must be viewed against the total number of leases granted. By the end of 1929, 485 leases had been granted under the City Area Leases Ordinance and of this number 186 had been surrendered. Most of these transfers (certainly all the big profit ones) occurred in the years 1926-1927. A list has been prepared (Appendix "C") which is neither a complete list of all the transfers which were effected in these years nor a selective list in the sense that only the high profit ones are included. The ten cents or one shilling (1/-) and the one dollar or ten shilling (10/-) premiums are listed along with the £1,000 (\$2,000) and the £3,000 (\$6,000) ones. The amounts are not really important: the principle involved was the same whether the amount paid was big or small. The original lessee was receiving money for the leased land without his having turned one sod, removed one stone or disturbed one blade of grass and in some instances without his having even seen the land. This disgraceful state of affairs must heap shame on the Tenth Parliament of the Commonwealth of Australia for its failure to recognise the cause of and cure for this unjust enrichment. The first commandment of the federal territory leasehold system enunciated by its early sponsors *Thou shalt build on the land* was allowed to be overgrown with the poisonous weeds of land speculation. Parliament after Parliament had been the scene of speeches insisting that land in the Territory should be made available to land users only:

*Keep your claws off our Territory*⁷ was Barton's 1903 warning to the land speculator. *Come one - come all* was the invitation issued by the Federal Capital Commission in 1925 with the full approval of the Tenth Parliament. . . . *whilst I should not blame any man who would speculate in federal territory lands if he got the opportunity I should very severely blame members of this Senate who are here to conserve the public interests if they did not try to prevent him doing so . . .*

The words of Senator Arthur Rae (Lab. N.S.W.) spoken on 17 November, 1910 echoed the general sentiment of the time but in 1926 the Parliamentary attitude to land speculation in the Territory was one of almost complete indifference. Those who saw and disapproved forfeited their opportunity to influence events when they failed to prescribe the simple but only effective remedy. Indeed, they even failed to identify which door had been opened to permit the speculation.

The position of the Federal Capital Commission was different. The Commission was established to build a city in the wilderness and to do so in a hurry. Its charter was wide but the central core was build, build and build again. It was charged with the administration of the Territory and required to make the best possible use of the revenue and resources of the Territory. Land was the only significant resource and increased land values meant increased revenue. The belief that the Commonwealth's ownership of land in the Territory would bring substantial revenue had not lost its appeal.⁸ As late as 1928 the anticipated revenue was being spoken of as *a fund that will assist to wipe out the national debt.*⁹ Within its administrative structure the Commission included the office of Registrar of Land Titles and it may be assumed the Commission was well aware of how the land speculators got in, the extent of their operation and the effect these operations were having on land values. It must therefore be asked: did the Commission consciously obtain the 1925 amendment to force land values upwards? There is certainly more convincing evidence to suggest that this was the Commission's motive than there is to support alternate explanations. Butters informed the Parliamentary Public Accounts Committee (1928) that not more than a moment's thought was needed to realise that if nothing better than the 1924 sales returns were obtained Canberra would be *hopelessly uncommercial.*

I very quickly realised by observation and a little mental arithmetic that the residential blocks in 1924 were really a substantial gift by the Commonwealth Government to the purchasers.

The Federal Capital Commission, claimed the Chief Commissioner, interpreted its responsibilities as involving a trusteeship for the people of Australia as well as for the people of Canberra and could not be unmindful of the fact that it had to pay interest and sinking fund on all expenditure. *Surely, said Butters, the Commission should expect that no land sold should involve it in a loss.* The Commission was entitled, he continued, to expect that the land within any individual subdivision should show some reasonable profit to the Commonwealth after expenses were met.

The Chief Commissioner's statement must be read within the context of that time. The Commission was under constant attack in Parliament and around Australia generally for not making an immediate profit. His statement therefore was not a broad dissertation of the principles of the leasehold scheme but sufficient unto the day for particular attacks. The idea was being put about by some critics that federal capital expenditure was supposed to be self-regenerating by immediate recoupment to the Commonwealth. To achieve anything like this the Commission needed land values to be as high as possible. Of course the whole idea of immediate capital return was as mistaken then as it is now. It fails to realise one simple but basic distinctive mark of the Canberra leasehold tenure . . . the land upon which the money is spent is leasehold granted for a term certain (99 years) and thereafter for an indeterminate term. In time, the lessees and their successors pay annual

rentals which constitute unfailing dividends of at least 5% per year on the Commonwealth capital expenditure.

That increased revenue was the Commission's motive in permitting land speculation seems clear when rural (farming) leases are considered. Many rural lessees transferred their leases at considerable profit. These transfers were made with Commission's consent, and, as new leases were granted, or existing ones came up for renewal, the rent was increased having regard to the substantial profits being made by those who bought and sold rural leases. It was though the Commission was pumping the market to give itself a justification for increasing land rentals. The position inside and outside the City Area was the same . . . without the speculators, land values would have been static, with them land values became artificially high.

Alternate explanations for the relaxation or practical removal of the no building — no transfer provision includes (a) the desire to get land out of the hands of people who had neither the intent nor the financial resources to build and into the hands of people who could and would build, and (b) a disinclination for a mass determination of leases. These are less convincing than the desire for increased revenue.

The timing of the speculator's passport, section 16(3) of the City Area Leases Ordinance 1925, is not without interest. The Ordinance was gazetted on 5 November, 1925 in the midst of an election campaign. This gazettal meant in effect that the Ordinance became law on 5 November, 1925. It was of course open to Parliament to move for its disallowance within 15 sitting days after the day the Ordinance was laid on the table. But the next sitting day was at least two months away. In short, the City Area Leases Ordinance 1925 was in operation at least 3 months before Parliament had a chance to notice it or ignore it. The Tenth Parliament which met in February, 1926 ignored it.

The Tenth Parliament was elected on 14 November, 1925. The election was a sweeping victory for the Bruce-Page Government Parties. Labor suffered badly at this election by the charge that it was being infiltrated and influenced by Communists. The Government parties won 50 seats in the Representatives to Labor's 22 and 2 Independents. In the Senate, Labor was left with 7 members as against 29 members of the Government parties. The election result may be of interest as background to the Tenth Parliament but in the context of Canberra leases the result has no significance. The simple fact is that if the Labor Party had any policy on the operation of Canberra's leasehold system during this Parliament the policy was neither published nor discussed. Labor was against the Federal Capital Commission and any views the vast majority of Labor members may have had on Canberra were restricted to and coloured by this opposition.¹⁰

Senator H.E. Elliott (Vic. Non Lab.), a persistent opponent of leasehold, visited Canberra in 1926 after the second sale in search of a site in Civic

Centre upon which he proposed to build and open a branch of his legal business. He met the Chief Commissioner and was informed that there was no land for sale and that it was uncertain when there would be another sale. But enquiries from the local estate agents, who were of course also the Commission's agents, revealed that there were *a great number* of Civic sites which previous purchasers were willing to sell. Elliott considered the prices so high that he declined to purchase any of the sites offered. The agent then referred him to 4 adjoining Civic Centre business sites which had been offered but passed in at the 1924 sale. These 4 blocks which formed part of the proposed Sydney Buildings block, Section 48, City, each had a 20 foot Northbourne Avenue frontage. They had been sold some months previously at the upset price of £400 per block. The purchasers, Mrs. Winifred Appleton and Mrs. Anne Courtney journeyed from Sydney to complete their purchase by paying to the Commission the first years land rent of £20 per block. Maybe the Sydney women (they were sisters) did see the land before paying their £80 at the Commission offices. But there is no doubt that they saw the need for a united front when Elliott made his request that any one of the four blocks be sold to him. All or nothing at all was the response. The Senator took all 4 blocks paying a premium of £1,100.¹¹

The £1,100 return on an £80 investment may appear good business but in the high noon of land speculation at Canberra it was neither the highest nor the lowest percentage return. The lease of corner Block 3 Section 48 City was sold for the reserve price of £1,200. The only payment required from or made by the purchaser was the first years land rent of £60 (Annual Rent. A.R.). The lease was soon resold by the original lessee for a £1,600 profit or premium and then resold again for £2,000 without any improvements at all having been made on the land. The building on this block nowadays is the one presently occupied by Fletcher Jones & Staff Pty. Ltd. The 20 foot frontage Block 20 Section 48 City lease was granted (A.R. £20) 21 December, 1926 and resold by the lessee on 30 May, 1927 for £425. The 20 foot frontage Block 17 lease in the same Section was granted on 11 December, 1926 (A.R. £20) and sold by the original lessee for £350 on 7 January, 1927 and then resold on 15 June, 1927 for £183.12.9. The 20 foot frontage Block 22 lease granted 21 November, 1926 (A.R. £20) was sold by the lessee some months later to Kodak (Australasia) Pty. Ltd. for £3,000.

The sales on the opposite subdivision Section 1 were somewhat similar. The Block 6 lease purchased on 29 May, 1926 (A.R. £90) was sold by the lessee to the Government Savings Bank of New South Wales for £650 whilst the Block 20 lease purchased at the same sale (A.R. £150) was sold by the lessee for £600 to the Queensland National Bank. But the Banks were at both ends of this speculation. *The Argus* of 28 October, 1926, carried the following Canberra report:-

The Queensland National Bank is to have the distinction of being the first bank to be established in permanent premises in Canberra. It is lease No. 20,

facing the City Circuit – which was bought at auction by Dr. C. Finlay of Eastlake at a capital value of £3000 – after the sale Dr. Finlay disposed of his lease (A.R. £150) to the Bank (premium £600) which has also obtained a residential site in South Ainslie. One of the most interesting recent developments has been the sale of two leases on No. 1 subdivision of the Civic Centre by two Banks. The Government Savings Bank of New South Wales sold lease No. 6 (A.R. £35 : premium £250) while the Commercial Bank of Australia Limited has sold lease No. 5 (A.R. £35 : premium £275). Both of these Banks had previously acquired sites on No. 2 subdivision of the Civic Centre and they took the opportunity of selling at a profit the leases held in the subdivision.

The Canberra Times, which commenced publication in 1926, reported an excellent market for business sites particularly at Civic Centre where several Blocks sold at the recent sales have changed hands at substantial increases.¹²

But not all the speculation in business sites occurred at the Civic Centre subdivisions. At least 13 of the 23 Manuka business sites sold at the 1924 sale changed hands. At the Eastlake subdivision the position was only a little different. Large scale building operations commenced at Eastlake much sooner than they did at the other subdivisions. Yet about 5 of the 12 business sites there were transferred without any sign of building activity on the land.

How was this orgy of land speculation regarded around Australia? The majority of Australians were undoubtedly either ignorant of it or indifferent. What happened at that far away and artificial but developing city of Canberra, the construction of which most Australians opposed anyway, was of no interest to a people grown indifferent to land laws and administration.

How was this land speculation regarded locally? In a lengthy editorial entitled *Hail the Speculator* *The Canberra Times* of 28 October, 1926 declared enthusiastic support. As always with editorials and newspaper articles it is difficult to decide whether the opinions expressed are any more than the often inexperienced and biased personal opinion of the writer. In any event, Canberra master builder Ernest Spendelove held contrary views and claimed for them a wide acceptance. Spendelove, in evidence before the Parliamentary Public Works Committee (1929-1930) said:-

When I came here (1926) practically every block of building land for residential purposes was in the hands of investors – call them speculators if you like. Any one wanting a block of land had to go to one of these investors, and pay a premium on it. Practically all those blocks have now been surrendered to the Commission, or have been sold. I think the fact this land was held by speculators had something to do with preventing people from building here. They would not pay the premium, and quite rightly so. They could not see why they should not be able to go to the Commission and buy a block of land over the counter.

John Stewart Weatherston, Parliamentary Reporter and witness before the 1928 Parliamentary Public Accounts Committee, referred to land rent collected by the Commission from unsuccessful speculative purchasers as being regarded by the latter *as a good bet gone astray*. Another witness before the Committee, Henry Stanley Richards, Clerk, Department of Treasury spoke of how *one gentleman told me he had 8 blocks and if he could make a "tenner" on them he would transfer them but he did not see any hope of doing so*.

The Sydney press was for the most part scornful of Commonwealth activity at Canberra. Twenty years previously the influence of these newspapers was decisive in gaining the selection of Canberra as the site for the federal capital city but they had never forgotten that Canberra was only a second choice. To them Sydney should have been the Capital of Australia. The Melbourne press generally was equally scornful, equally critical of Commonwealth action and expenditure at Canberra. *The Argus* however endeavoured to carry informative reports on Canberra land problems. But *The Argus* of these years was espousing the land policy which it had condemned in the nineteenth century. During the 1850's *The Argus* lampooned squatters who demanded monetary compensation for the land their early arrival allowed them to grab and in the 1860-1880 period it was highly critical of selectors who selected some choice part of an existing run and then sought to sell their selection. In those far off years such squatters and selectors were denounced as highway robbers and loathsome creatures who ought to be ostracised by any right minded society. In the 1920's in the context of Canberra leases the person who purchased a lease (i.e. paid first years land rent) and then, without having built anything at all on the land, sold the lease for a profit was an astute business man rightly reaping the reward of his early faith in Canberra's future!

The results of the 1924 sale did not go unnoticed in Parliament. John Grant was enthusiastic on 26 June, 1925. He calculated that the Commonwealth would receive in land rental an average of £613 per acre for land it had purchased for about £4 per acre. In Grant's view the Commonwealth was *not doing too badly* but he urged that the 20 year re-appraisal period should be shortened and that greater areas of land be made available.¹³ The Minister Pearce in reply declared that the Commonwealth Government had no intention of depreciating *the rightful values* of land in Canberra by throwing the whole lot on the market at once. Pearce maintained that the fact that all the blocks offered at the first sale had not been purchased proved that ample land had been made available. But to those many members who still dreamed of the day when Canberra land rents would form a substantial part of Commonwealth revenue — some spoke of *40 years hence*¹⁴ — the future looked bright. Canberra city leases had been granted and the days when Territory revenue consisted almost entirely of the dribbling amounts received from rural leases were finished. To the many doubters the proposed transfer to Canberra was beginning to look a sound move financially. The increased population

would mean increased demand for leases and thus increased revenue. In addition, the payment of rent for office accommodation in Melbourne would cease. The Commonwealth would move to its own buildings in its own territory and pay rent no more. These office rent payments had been a constant source of irritation to most members since the first Parliament in 1901. In the early years these payments were often advanced as something which demanded the early election of a federal territory. Later they were pointed to as something making an early transfer to Canberra imperative. How could these members have foreseen the real position 40 years after the transfer to Canberra? Today (1970) the Commonwealth pays as rent for government offices in Canberra every cent it receives as land rent. How could these members have foreseen that *40 years hence*, whilst the land nationalisation programme would continue, the benefits of the unearned increment which they loved to quote would be all poured down the drain to private enterprise no-risk investors to pay for Commonwealth office accommodation. They could not. They were not prophets, they were politicians. They had no crystal balls, they had elections coming and visions of the future were not their business. And in this year of 1925 the immediate future for Canberra looked bright.

But the promising picture of 1925 had changed dramatically by 1926. The land speculators had taken over in Canberra. John Grant was incensed that people who had not laid one brick or even dug out for the foundations for a building should obtain many hundreds of pounds for a lease which cost them a few pounds. He was incensed at Parliament for standing behind the *shrewdies* who got in first and then demanded a premium of *upwards of £1,500* before they would permit one brick to be laid on their allotments. He was incensed that the Federal Capital Commission should fix an upset price on the blocks made available.¹⁵ He contended that *hundreds of blocks of land* were being deliberately held out of use, the holders of the leases waiting for a rise in values. He described these lessees as belonging to *the great nursing brigade* and maintained that if the Federal Capital Commission had the right to re-appraise the blocks in Civic Centre every 12 months the *nurses* holding for a rise in value would have to build on them or dispose of the leases.¹⁶ The argument that if the rent were too high no one would buy the leases was countered with the claim that no one would purchase the lease of an annually re-appraised block in the first instance unless he intended to build on it. Grant admitted that the adoption of his proposals would cause an immediate drop in land value but maintained that those who were prepared to build on them would be able to do so at a cheap price. Whilst he did favour and in fact often advocate the release of more blocks his most consistent demand was for a more frequent re-appraisal of land values. The proposal never found favour with the Government. Home and Territories Minister William Glasgow (1926-1927) expressed the Government's view thus:-

I can conceive of nothing that would do more to hamper development by discouraging people from building in Canberra than a proposal of that

*nature because the lessees would not know from one year to the next what would be the valuation of their leases.*¹⁷

But Grant was not convinced. He reminded the Minister that every municipality in Australia followed that practice in its annually levied rates.

Senator Elliott's demand was more fundamental. He advocated the abandonment of the leasehold system but interspersed between his calls for freehold was an insistence that more leases should be made available and that the Federal Capital Commission should be sacked.

Elliott claimed that many buyers at Canberra land sales were men without capital who could not build and who never purchased with any intention of building. He argued that if freehold were being sold and these buyers had to find the cash instead of a mere £20 per annum land rent their speculation would be halted. Wakefield's theory of the *sufficient price* had not lost its appeal!¹⁸

Elliott contended that the prices realised at auction were not a true indication of the value of the land. He charged the Federal Capital Commission with offering about 3 blocks at auction when 10 were wanted. By this policy the Commission was, in Elliott's view, collecting a *rack rent*. He charged the Commission with fixing upset prices representing many thousands of pounds per acre for land which cost the Commonwealth about £4 an acre. He conceded that he would have raised no objections had some private land speculator adopted a similar policy but he deplored the Commission *playing the role of a land monopolist. . . . it is profiteering on a scale which I have never previously known. Such prices could not be secured had not the Commission adopted the policy of doling out land in quantities insufficient to satisfy the demand . . . in the Federal Capital a good-for-nothing-useless out of date Commission backed up by an equally useless Minister is determined that only a limited number of blocks should be made available.*¹⁹

The Commission adopted a policy of not permitting a second transfer of leases until the buildings had been erected. The policy was not rigidly applied but as Elliott, who was anxious to re-sell 3 of his 4 blocks, neither sought nor received the benefit of its flexible application he remained a bitter critic of the Commission until its abolition. There seems little doubt that had Elliott sought permission for a re-sale of 3 of his 4 blocks it would have been granted.²⁰ In any event, Elliott's Company, Lariston Pty. Ltd., completed a building covering the 4 blocks.

The claim that the Commission was deliberately forcing land prices to rise by restricting the amount of land made available was not confined to Parliament. Local interests had been agitating on this and related questions during the latter months of 1926 and the earlier months of 1927. The Commission's (and the Government's) answer to the charge was to point to the number of blocks unsold at auction and to the fact that much shop and office space was unoccupied. As Butters said:-

*to open up one further subdivision would have involved several thousand pounds of expenditure in preparation and services and not one single new business would have been attracted to Canberra as a result.*²¹

The Commission reviewed the whole question in 1927 and informed the Government of its firm conviction that further business sites were not required. The Commission however compromised its opinion by the addition of a statement that there seemed no objection to testing the situation by holding another sale. The result was the sale held on 9 April, 1927 at which 57 residential sites, 12 business sites, 4 minor industrial and 3 boarding house sites and a site at Eastlake for the erection of a garage were offered. The total capital value of the leases sold was £69,825 or £35,000 more than the total upset prices. All the business sites offered were sold at prices two or three times the upset fixed by the Commission and of the residential sites offered 38 were sold. (Appendix D).

The highlight of the third sale was undoubtedly the disposal of the garage or motor service station site at Eastlake. The upset price for the site was £2,000 but rapid bidding quickly sent the (capital value) price to £11,300 when it was knocked down to H. Brodie of Bredbo. Echoes of the applause and loud cheering which greeted the purchase had hardly filtered away before the purchaser began requesting and later demanding that the capital value and thus land rent (£565 per annum) should be reduced. Whether the purchaser ever obtained any relief and to what extent is not clear. But what is known is that with the exception of this garage site every lease sold at the third sale had been surrendered within 12 months!

The fact that the surrenders occurred within the 12 months is of course not without significance. The leases granted under the City Area Leases Ordinance 1924 had contained covenants by the lessee that a commencement would be made in the erection of a building on the land within 2 years after the granting of the lease. But the Commission found the 2 year period unnecessarily long and all leases granted under and subsequent to the City Area Leases Ordinance 1925 provided for shorter periods before the building had to be commenced. Sometimes the commencing period was stipulated to be as short as 7 months but the commencing period for most leases granted at the third sale was 12 months.

The sensational distorts historical perspective. The strong impression made by the mass surrender of leases granted at the third sale was no exception. Local opinion became fixed on the event and many are the tales told of how this one or that one had his or her fingers burnt when they joined the ranks of the speculators. The fact is that Australia was experiencing an economic slump and the purchasers could not find any mugs to relieve them of their obligations. They simply cut their losses and surrendered the leases. The popular concentration on their predicament almost completely obscured the much less dramatic but none the less rewarding speculation spree which had operated earlier.

Butters described the result of the third sale as *ridiculous* and the Commission began to consider seeking authority to adopt a method by which any sum bid at auction higher than a certain percentage above the upset price should be paid for in cash.²² On the other hand Elliott explained the mass surrender of leases as a realisation of *the crushing rack rent on the bare ground* and not a lack of demand for the land.²³

The first question to be asked in any review of this period is whether or not those who purchased unimproved leases from the original lessees were really mugs (as the Chief Commissioner described them.) Elliott maintained they were not.²⁴ He pointed out that the 4 blocks for which he paid the £1,100 premium had been purchased by the original lessees at the upset price of £400 per block i.e. a total annual land rent of £80 was payable on these 4 blocks. The 4 similarly placed blocks over the road on the Melbourne Building site were sold at the following sale for capital values of £2,300, £2,600, £2,700 and £2,900 respectively i.e. a total annual land rent of £525 was payable in respect of these 4 blocks.

A not unusual argument against those who demanded that more land be made available was that they ignored the contempt for and opposition to Canberra which had been fostered over the years.

*What would be the position if 1,000 blocks were made available and only 300 people wanted them? There would be an immediate slump in land values with the result that statements that Canberra was a failure would be broadcast throughout Australia.*²⁵

The charge that the Commission had a settled policy of deliberately under-estimating the demand for land with a view to forcing up prices and thus enabling it to make a good showing against expenditure was a much favoured one by Commission critics. The supporting evidence is however confused by the picture of leases passed in at sales and of empty shops and offices, surrenders, undeveloped leases and the Parliamentary injunction to the Commission to pay its own way. In addition, it completely ignores the effect the land speculation spree was having on land values. The charge finds little support when residential leases are considered. At each of the two land sales held during the Commission's term of office only about 60 per cent of the leases offered were sold and by 1928 the Commission had commenced a sale over the counter technique for residential leases. The unpleasant truth about these residential leases being offered over the counter at this time is that some of them were originally held by speculators, who, unable to sell them, had surrendered them.

The business purpose lease was a different proposition. Here was the speculator's main playground but the existence of the many empty shops and offices around Manuka and Civic Centre is certainly not supporting evidence of a shortage in the supply of such sites.

The Commission's charter was to build a city in the wilderness and there seems no reason to doubt that it accurately gauged the demand for residential purpose leases having regard to the expected population growth and to the very definite hostility to leasehold. A similar attitude seems to have influenced its supply of business purpose leases. An unlimited supply of business purpose leases in Canberra could not have bought one new business to the infant city in the uncertain economic climate of the Commission's term.

Almost all historical reviews of the Federal Capital Commission period in Canberra's development stress the failure of the Commission to win the hearts and minds of the Canberra people. Whilst this is undoubtedly true no writer seems to notice that a very large amount of this discontent and dissension arose directly or indirectly from the novel form of urban land tenure the Commission was called upon to launch. When considering the Commission and its land administration it ought to be remembered there is nothing more difficult to take in hand, more perilous to conduct or more uncertain in its success than to take the lead in the introduction of a new order of things. The innovator has for his enemies all those who have done (or hope to do) well under the old conditions and only lukewarm supporters in those who may do well under the new. These considerations were particularly important in the days of the Commission. The new order was an unpopular form of land tenure designed to give to the State many of the benefits which had previously gone to individuals. Consequently supporters were more non-existent than lukewarm. And yet the Commission failed badly. Whilst it is true that the Commission was an innovator, that it was ushering in a novel and unpopular form of urban land tenure with few if any precedents to guide it, and whilst it is also true the Commission took almost every course which might be expected from prudent men, it is equally true that the Commission failed to take the one course which should have been taken. And that course was a blanket refusal to permit the transfer of unimproved leases.

Another most disappointing omission in the Commission period was the lack of any extensive Parliamentary interest, in the operation of the novel urban tenure. It was all very well to favour the establishment of a leasehold tenure but its practical implementation was another matter. Freehold is simple, understandable and profitable for a few who will always warmly advocate it. It offers glittering prizes. Its evils are monstrous but condoned. The early parliamentarians had talked so long and so often about and against these evils. They had legislated to debar them from the Territory and if the Parliamentarians of the Commission era had concerned themselves more with the operation of the leasehold system, and less with sniping at the Commission on minor administrative matters, the Commission's land administration blunder might possibly have been noticed. But Australian history had now entered a new phase. Whereas previous generations had been acutely aware of the absence of sensible land policies and legislation the Commission

generation had lost all interest in the subject. This loophole for land speculation continued to operate until 1959. And in Darwin where a truncated system of leasehold struggles to survive the loophole is still available to and enjoyed by the land speculators.

NOTES ON CHAPTER 5

1. P.D. 106:529
2. P.D. 103:1061
3. *Parliamentary Standing Committee on Public Works: Erection of a Hostel (No.4) at Canberra, 1925.*
4. P.D. 106:529
5. See evidence by Chief Commissioner Butters: *Joint Committee of Public Accounts. Report on Housing and Building Costs Generally in the Federal Capital Territory, 1928, p.197.*
6. See *Second Annual Report of the Federal Capital Commission, 1926.*
7. P.D. 3:2817
8. See speech by Butters reported in *The Argus*, 30 September, 1926 and by Charles Marr M.P. reported in *Sydney Morning Herald* 23 August, 1927.
9. See evidence by Dr. J.F. Watson to *Joint Committee of Public Accounts: Report, 1928. Op. Cit.*
10. P.D. 114:4381
11. P.D. 114:4385
12. 3 September, 1926.
13. P.D. 110:491 and see also remarks by Pearce in P.D. 6 September, 1926.
14. P.D. 110:492
15. P.D. 114:4385
16. P.D. 115:834
17. P.D. 115:812
18. See evidence by H.E. Elliott to *Joint Committee of Public Accounts: Report, 1928, Op. Cit.*
19. P.D. 115:819
20. See evidence by Butters to *Joint Committee of Public Accounts Report, 1928, Op. Cit.*
21. *Ibid.*
22. *Ibid* p.211. See also *Fifth Annual Report of the Federal Capital Commission* p.14.
23. P.D. 115:812
24. *Joint Committee of Public Accounts Report, 1928, Op. Cit.*
25. P.D. 114:4392