

## CHAPTER 6

### THE CITY OF DISCONTENT

The Federal Capital Commission officially assumed its responsibilities on 1 January, 1925. Apart from a comparatively few public servants on loan the staff of the Commission was recruited from all over Australia by public advertisement. The Commission staff reached its highest number — 408 — in June, 1929. The Commission was of course a statutory corporation and as such it was not part of the Public Service. It is important to remember this when considering the attacks on the Commission by public servants shanghaied to Canberra. In the many Parliamentary attacks on the Commission the Public Service Board was often contrasted with the Commission and saluted as a body of dedicated geniuses whose expertise in the recruitment, use and control of staff had established new world standards. Such a heady dose had its effect — the Public Service Board actually began to believe it — and whilst there is no evidence that any public servant ever suffered because of his outspoken opposition to the Commission it is most probable that some owed their promotion or preferential treatment within the service to that opposition.

The population of the Territory on 1 January, 1925 was estimated as being about 2,900 of whom 1350 were in Commonwealth employment as building tradesmen, builders labourers, brickmakers, sewer miners and labourers. During the peak of the Commission's activities the number of men so engaged was approximately 3,500 whilst probably another 500 were employed by private contractors.

The laws in the Territory on 1 January, 1925 consisted of certain Commonwealth Statutes and Ordinances and Regulations made thereunder and — where no other provision had been made — New South Wales laws which were in force prior to 1 January, 1911. The Commission soon made arrangements to have an officer of the Attorney-General's Department attached to the Commission and rapid progress was made providing Ordinances to supersede existing New South Wales laws which were in many respects unsuitable in their application to the territory.

The Commission's immediate task was to plan and carry out the greatly accelerated works programme necessary to fulfill the early transfer to Canberra objective. The services of experienced tradesmen had not only to be obtained, but most importantly, they had to be retained. This meant additional married accommodation was essential and the Commission promptly had 125 of what were styled *portable cottages* erected at Causeway. Other timber houses for

married men were erected at Acton, Ainslie, Westridge (later Yarralumla) Eastlake (hereinafter called Kingston) and Civic Centre.

The story of the reign of the Federal Capital Commission is essentially a story of John Henry Butters, the Chief Commissioner for the active part of the Commission's life. Butters, who had been Chief Engineer and General Manager of the Tasmanian Hydro-Electric Department for the 10 years before his appointment to Canberra, dominated the Canberra scene during the 1925-1929 period. Whilst the years 1912-1920 in Canberra were, in a very limited sense, the years of the American Walter Burley Griffin, the years 1925-1929 were in a very real sense the years of the Englishman, John Henry Butters.

Griffin, the Town Planner cum Director of Federal Capital Design, harassed by Ministerial and Departmental jealousies and intrigues coupled with a paralysing diversity of public opinion as to whether Australia really needed a Federal capital city was completely frustrated in his efforts to put his plans into effect. Butters, the Engineer cum Chief Administrator, freed from Departmental control and endowed with a strong personality successfully carried out his urgent mission of construction. But whereas Griffin dealt with plans and designs and peeved public servants and a prejudiced Minister Butters was dealing with a construction programme and very unhappy people — *exiles from Melbourne*.<sup>1</sup> And of all the Chief Commissioner's virtues public relations was not the strongest. His attitude to politicians, irrespective of their party alignments, was one of thinly disguised disdain. The Labor Party, however, contained his most vocal antagonists.

William Maloney (Vic) the little doctor of Labor history was one of them. *The most useful act said Dr. Maloney that the Chief Commissioner does will be to leave Canberra. The words "thank God" will then echo in many homes in Canberra and the people are now offering prayers of thanks giving because the dictator's reign has about finished.*<sup>2</sup> Prime Minister Bruce promptly rejected this assessment and maintained that when the history of Canberra came to be written it would not be condemnatory of Butters' work but rather it would commend him for the success with which he carried out a difficult task during the early days of establishing the federal capital.

The harsh judgements<sup>3</sup> which many of Butters' contemporaries passed on him may, as Bruce implied, be calmly revised by history. This may happen one day and if it does the view expressed by one time Labor man Mathew Reid will be assessed. . . . *the Commission was working against the clock. Had a jelly-fish type been Chief Commissioner the large amount of work done at Canberra would never had been done.*<sup>4</sup>

One of the most interesting features about the Commission was that whilst it was under constant attack by the Parliamentary Labor Party it enjoyed close and good relations with trade unions.<sup>5</sup> Butters acknowledged that the Sydney Trades Hall had given considerable assistance to the Commission. *It has played the game and enabled us to get on with the job in a way exceeding*

our anticipations. I might state that the men who pass through Sydney Trades Hall are not angels.<sup>6</sup>

The population of the Territory had increased to near 5,000 by 1926 the increase was due mostly to the influx of construction workers. The population was further increased by the transfer of 646 public servants from Melbourne early in 1927 and a further 223 in 1929.

The buildings being erected by private enterprise were all subject to regulations under the Building and Services Ordinance 1924 which provided that building work carried on by private enterprise could only be performed by registered contractors and in accordance with plans which were signed by registered architects and approved by the Commission.<sup>7</sup> In addition, electricians and plumbers had to be licensed by the Commission to carry on their work. These restrictions were soon another complaint being made against the Commissioner, the claim being that as all buildings had to pass the Commission's inspectors any man should be entitled to build.<sup>8</sup> The Commission was not impressed – it retained the registration restriction protesting its determination that no half finished or faulty buildings would become part of the Canberra skyline.

The Building and Services Ordinance 1924 and the regulations made thereunder operated alongside and filled in the details left out of the City Area Leases Ordinance which was basically an Ordinance relating to tenure.

The year 1927 was an important one for Canberra – Parliament House was due to be opened on 9 May. Here was an event for the historically minded and a date of great importance for the first-night brigade. But more was at stake. The Duke of York, then second in line of succession to the British Throne and later King George VI was to open the Parliament. The suggestion that an invitation to visit Canberra on this historic occasion should be extended to General Pershing, United States Army Commander in France (1917-1918) was greeted with stunned silence and disbelief.<sup>9</sup> Australians had not forgotten and for decades did not forget that the United States of America did not enter the 1914-1918 conflict until 1917. This was and remained the first thing which came to the mind of Australians when America was mentioned. Other thoughts were of how champion boxer Les Darcy and racehorse Phar Lap died in the United States. Australians of this period had a deep yet simple faith in national myths – the inferiority of other races, the fighting qualities of the Digger, the establishment of a society in Australia where the principles of equality for all and a radical and unvarnished democracy flourished. They revelled in the knowledge that their forefathers had ridiculed and rejected a proposal that what was dubbed a *bunyip aristocracy* should be established in Australia. They sensed no inconsistency in their eager acceptance of feudal decorations and lower titles of dignity. The period was one of immense loyalty to the British throne. The accusing finger of the advertiser pointed out from the newspaper to declare and enquire *The King's Christmas Pudding was made of Empire products – was yours?*<sup>10</sup> The Prince of Wales, later to be

King Edward VIII for a few hectic months in 1936 and thereafter to be known as the Duke of Windsor, was well exposed. He had already visited Australia amid hysteria. But a visit by the King's second son was different and Canberra on 9 May, 1927 became an absolute must in the social calendar. The number of visitors expected was nearly 30,000. This of course raised one big accommodation problem. Thus it was that the *temporary settlement of portable cottages* at the Causeway tasted its brief but exciting hour of national eminence. The social and the titled jostled each other to obtain the private accommodation being offered there at £3 per night. In other areas of the embryonic city the tariff was higher but Canberra householders proudly announced there was no dearth of takers.<sup>11</sup> Whether it was because of the invasion of the Causeway by the socially minded or whether it was just something which would have happened anyway is not clear but following close upon the retreat from the Causeway it was being condemned as a national disgrace, a blot on Canberra and an eyesore. Henceforth Ministers began to promise that the Causeway would be or was about to be removed. The Ministers are all gone now but the Causeway remains — oblivious of the days it was invaded by those who delighted in their acceptance and recognition as the high society of Australia.

Some criticism of the Commission's land administration policies was being voiced by 1926 but by 1927 the criticism was assuming loud and clear proportions. The Commission had of course by that year become the favourite butt and whipping boy for every discontented person in Canberra — and the city was full of discontents.

#### Valuation

*One half of the discontent in Canberra has been occasioned by the high price of land* said John Thomas Goodwin, retired Surveyor-General, in evidence to the Public Works Committee 1929-1930. Few would have denied a connection between Canberra discontent and rising land values which meant increased land rent and rates. But many would have allocated the causes of discontent more evenly between land values, a bitter disinclination on the part of the exiles from Melbourne to settle happily in Canberra, the real or alleged administrative blunders of the Federal Capital Commission and the leasehold system of land tenure itself. In any event, Goodwin summed up the land problem admirably when he said:-

*The Commonwealth endeavoured to make cheap land available but owing to speculation the values were increased.*

J. T. Goodwin, member of the former Sulman Committee and one time Territory Administrator, was not a critic of the Federal Capital Commission. The many locals who were critics however constantly attacked the Commission for the rising land values which flowed from the orgy of land speculation unleashed when authority was given for the transfer of unimproved leases. Yet not one of those critics ever attacked the unleashing. The abandonment of

one of the most basic principles of *the experiment in land nationalisation* as originally conceived – land would be made available to land utilisers and to land utilisers alone – passed completely unnoticed. In short, many saw and attacked the Commission for the natural effects of its action but no one attacked the action itself.

There were two valuations on each block. Firstly, there was the valuation for land rent purposes. This valuation was either the upset price fixed by the Commission or the higher amount bid by the purchaser. No land could be sold below the upset price, and this valuation, whether it was the upset price or a higher amount was to be reappraised 20 years from the date of the grant of the lease and thereafter in each tenth year. Secondly, there was an annual valuation for rating purposes.

To appreciate why land valuations became one of the major seeds of discontent it should be noted that the public servant tenants of Government owned houses as well as lessees under the City Area Leases Ordinance both paid land rent and rates. The public servant tenants made these payments in addition to and separately from the house rental, or, as it is for some unknown reason more often described, cottage rental. The public servant tenant's concern with land valuation was thus as great if not greater than the 99 year lessee's. The 99 year lessee had chosen to purchase a lease and expected to be charged land rent and rates. The public servant tenants had chosen nothing, least of all their new life in Canberra.

The Federal Capital Commission set aside several hundred blocks for the erection of houses for public servants. The unimproved capital value of these blocks was fixed at a figure around £400 and land rent was to be payable by these tenants at 5% p.a. as though they had purchased a lease. In evidence before the 1926 Public Works Committee Chief Commissioner Butters stated that he could not say how the £400 reserve on public service blocks was arrived at but he claimed that the 1926 land sales had given to the Commission some indication of the reserve value it should obtain. Butters denied the Commission was fixing land values on the re-sales of unimproved leases which were taking place. He expressed the hope of the Commission to arrive at a fair value because *it knows that an unduly inflated value would be suicidal.*

John Stewart Weatherston, Parliamentary Reporter, who appeared before the Joint Committee of Public Accounts (1928) in his capacity as representative of the Parliamentary officers on the Public Service (Canberra) Welfare Committee, was mostly concerned with the land valuation question. Weatherston said:-

*I think I am voicing the belief of every transferred officer when I say that the values placed on blocks on which houses have been erected for public servants are altogether too high. It means that while they reside in the Federal Capital they will pay an annual rental for the land alone which is much more than they expected, and indeed, ought to pay.*

Weatherston considered that whilst the house rentals were higher than expected they could be justified by the Commission on a strictly business basis by reference to building costs. But in his view this argument could not be applied to the values fixed on the land on which the houses were erected. The witness continued:-

*I understand that these (land) values were originally fixed on what is universally accepted as the only true system of ascertaining land values, sale by public auction. When blocks brought a certain price at the earlier Canberra auctions corresponding prices were fixed on neighbouring blocks reserved for occupation by public servants. The theory was solid enough but was wrongly applied, inasmuch as the blocks offered for sale were few and scattered; many of them were acquired by speculators, and others were purchased for sentimental reasons, cost being a secondary consideration.*

Henry Stanley Richards, Clerk, Department of Treasury, stressed the liability of the tenant for land rent. Richards told the Public Accounts Committee:-

*In Melbourne the rent of a house includes the rental of the land on which it is erected and rates payable thereon. In Canberra many additions are made to the rent of the building itself. Land rent, rates and cost of out-houses are charged as extras; £25 is added for footpaths, £20 for contingencies and £5 for planting a front hedge.*

Richards informed the Committee how the Commission fixed rental on its houses, observing *the Commission has adopted a fine comb method by which nothing is missed.*

The witness complained of the difficulties of finding from official statements just how the market value — *the only reasonable basis of valuation according to the Commission* — was ascertained. He concluded that a general impression existed that land valuations were fixed from the result of the 1926 auction sales when prices quite unrepresentative of the true market values were obtained. Once again the claim was made that the increases in price from the 1st sale (1924) to the 3rd sale (1927) was due to speculators who purchased blocks in the hope of a quick turnover.

From Melbourne, *The Argus*, which continued to give publicity to Canberra leases<sup>12</sup> reminded its readers that bids at Canberra land auctions were based on the assumed freehold value of the blocks without improvements. The £3,000 reserve value placed on some *superior* residential land (Mugga Way) — the land failed to find a bidder — was seen as greater than was required in any part of Melbourne for residential land but the article on 12 April, 1927 continued:-

*It must be remembered however that the purchaser of Melbourne freehold has to pay the stipulated capital price for the land but the Canberra lessee is responsible only for ground rent . . . it is this immunity from responsibility to pay the freehold value that has frequently led to high bids at*

*auctions of leasehold land. This occurred when the Wonthaggi township sites were offered at auction some years ago. In that case some of the highest bidders afterwards made strong efforts to get their security converted into absolute freeholds.*

*The Argus reference to the experience at Wonthaggi may possibly have been incomplete. Was there behind it a story similar to that at Yallourn where the miners, finding it impossible to borrow money on leasehold estates, begged for the freehold? Was this another case of financial institutions considering it absolutely absurd to advance money on leaseholds?<sup>1 3</sup>*

The effect had by the no capital outlay procedure which operated in respect to all leases granted in the days of the Federal Capital Commission on the amount bid at auction cannot be denied or ignored. Here was the golden opportunity for the person of limited means to devote all of his capital (excepting the first year's land rent) to the erection of a building on the land. And yet on the evidence the 1925 amendment to the City Area Leases Ordinance which opened the door to the removal of restrictions on the transfer of unimproved leases was much more decisive in causing the steep rise in land values — particularly with business purpose leases. For example, Block 16 of the Sydney Building site at the Civic Centre was sold, when the possibilities in land speculation were not so obvious, at the upset price of £400. A few months later when the speculation possibilities were more obvious the corresponding Block of the Melbourne Building site on the opposite side of the road (Northbourne Avenue) was sold at auction for £2,100.

One of the most consistent of the valuation attacks on the Commission was that it was fixing an inflated upset price on blocks offered for sale. This is a most difficult question. In establishing a new city on broad acres it was no easy task to determine values until some sales had occurred. The Commission was able to claim that in fixing the upset values for the second sale it took figures which were much below the known resale prices of blocks of land purchased at the first sale, and yet in all cases the upset price was greatly exceeded. The purchasers carried the blocks offered from a reserve of £500 up to £5,600. From this sale the Commission obtained its justification to set an upset price of £1,000 on similar blocks.

Butters requested the 1928 Public Accounts Committee to:-

*... consider for one moment whether it would have been quite fair to the people who bought at the 2nd sale if the upset prices at the 3rd sale had been so low . . . that purchasers at the 3rd sale could have bought exactly similar blocks at a much lower price. We would have been kicked from the opposite direction and such a practice would be an encouragement to the public to hang off every sale in the hope of easier conditions in the next . . .*

#### Rates

The valuation problem assumed new dimensions with the Gazettal of the Rates Ordinance 1926. This Ordinance which provided for the levying of

rates based on the unimproved capital value of all land in the Territory repealed all previous Rates Ordinances. The unimproved capital value of land was defined in the Ordinance as the capital sum which the fee simple of the land might be expected to realise if offered for sale on such reasonable terms and conditions as a bona fide seller would require assuming that the improvements (if any) thereon or appertaining thereto had not been made. An equally important definition was that of *owner* in relation to land as including *the occupier lessee tenant or holder of the land*. Many of these provisions were only a continuation of what had been provided in earlier Rates Ordinances but the importance was that many hundreds of public servant tenants would now be effected.

The Commission in 1927 struck a General Rate of 3d. in the £1 on the unimproved capital value of land within the City Area. The Ordinance empowered a levy of a General Rate not exceeding 5d. in the £1 in respect of lands within the City Area and not exceeding 3d. in the £1 in regard to those lands outside the City Area, on the unimproved capital value of the land.

For the year 1928 the Commission struck a General Rate of 4d. in the £1 on the unimproved capital value within the City Area, and 2d. in the £1 as a Lighting Rate on land within the City Area where street lighting was provided. Prior to 1928 no charges had been levied in respect to water supply and sewerage but in that year the Commission levied a charge for water at the rate of 3½d. in the £1 and for sewerage at the rate of 2½d. in the £1. The only land affected was within the City Area and the amount payable calculated on the unimproved capital value in the same way as was adopted in regard to General and Lighting rates. The Commission's power to make charges in respect of water and sewerage was contained in Regulations made under the Building and Services Ordinance 1924-1928. The total rate being levied in 1928 was 1/- in the £1 of the unimproved capital value. A similar rate was imposed for 1929.

The Federal Capital Commission was under constant and growing criticism by those who considered that the Commission was overvaluing lands both for land rent and rating purposes. The Commission's reply on the rating values was that it interpreted its mandate from Parliament as meaning that it was expected to see that *a fair thing* was done between the Commonwealth taxpayer resident in Canberra and the rest of the Commonwealth taxpayers. Or as Commission Secretary C. S. Daley put it:-

*... the rates had not been made with the object of meeting the interest and fixed charges on the capital expenditure which had necessarily been incurred to provide services ultimately for a much larger population. In striking rates the Commission had had regard to the capacity of the lessee to pay and the amounts which they would be required to pay in other towns of a similar size.*<sup>14</sup>



The agitation was continuing regardless of its explanations and the Commission submitted its rating valuation figures to New South Wales Valuer-General Legge for review and comment. The Valuer-General found the Commission's figures to be too low. Such a finding only intensified the agitation and the Commission appointed a Board of Review consisting of three of the leading land valuers in Australia to report on Canberra land valuations for rating purposes and on land value matters generally. The Board consisted of Messrs. E. J. Sievers, Ex Valuer-General of New South Wales, C. H. Crammond, Managing Director of Richardson & Wrench, Ltd., Sydney, and E. P. Arnold of Sydney Arnold, Best & Co., Melbourne.

The Board met in Canberra during October, 1928 and newspapers carried the reports of the evidence of some witnesses. Chairman of the Public Service (Canberra) Welfare Committee F. K. Gell maintained that for rating purposes values were placed on residential blocks as if the city was fully developed. He cited the great disparity of values between the blocks in Mugga Way and those in Forrest and Griffith — the Mugga Way values being lower. All land values in Canberra were, according to the witness, purely artificial and could not be supported by any comparable value. He referred to the land sales where *speculators had bought many blocks with no intention of building and had since sold at a premium (profit) or were holding them waiting for a purchaser to pay a premium.*

R. Welsh, a lessee from Vancouver Street, Red Hill, said that his block was valued in the original subdivision at £300. He had taken up at that price but last year the valuation had been increased by the Commission by £50 and his rates had been doubled although every other block in the same street had been forfeited or surrendered. He was one of the unfortunate individuals who had invested money in the place. He knew at the time he did so it was a bad risk, but he did not know it was as *rotten* as it was.<sup>15</sup>

The Board delivered its report on 8 November, 1928 when it advised that in its judgement the principles and practices generally followed with rating valuation evidenced an attempt to do substantial justice. The Board expressed a strong preference for freehold tenure in lieu of the leasehold system. It recommended a rental re-appraisal every 50 years and remarked on the evidence of unrest, discontent and dissatisfaction in Canberra which it attributed to the unsettlement due to the change of environment and the opportunity given in such a community as Canberra for the discussion of grievances. The Board's rating valuations amounted to £350,245 as against the Commission's £356,125 or a 1.65 reduction. *It was hoped*, said Chief Commissioner Butters *that the public of Canberra would accept the decision.* Needless to say they did not.

One particular point of agitation was that the only appeal available from Commission valuations was to the Commission. The Commission therefore sought and obtained legislation establishing a Land Valuation Appeal Court able to hear and determine all rating appeals. The Chief Commissioner ex-

pressed the optimistic hope that with the hearing of the first appeals by the Land Valuation Court *this troublesome question of land values may be settled definitely.*

The legislation under which the Commission functioned included no guide as to the rates to be levied. It merely provided that the Commission was to be debited with interest on all expenditure with a sinking fund to redeem the expenditure on and costs appertaining to municipal services.

The Board of Review (1928) considered the question why any rates at all were imposed in Canberra and reported:-

*We are aware that the customary practice of local governing bodies is to strike a rate commensurate with their annual requirements or commitments and if the valuations are low the rate is probably increased accordingly, but as we understand your policy, the Commission is governed in the rate struck, not by the interest bill upon capital expenditure, or upon the sum required for annual maintenance, but in the aggregate such a sum as a taxpayer, occupying property of similar value, would pay in a municipality that might be deemed comparable with the Federal Capital. . .*

In short, the sole justification for and principle behind rates in Canberra was that rates were payable in other parts of Australia and therefore they should be paid in Canberra. If the rest of Australia had Friesians and ducks *the model farm* would have Friesians and ducks!

The Minister for Home Affairs, C. L. Abbott, came out in defence of the Commission's position in a press conference.<sup>16</sup>

*No sensible individual* said Abbott, *expects to be able to live anywhere without paying for his home rates and general municipal services and it may be accepted as a fact that the charges that have been made by the Commission are fair and reasonable not only to Australia as a whole but quite definitely to the Canberra residents, in particular. In any event, the machinery will be available for ensuring that a dissatisfied tenant can appeal to an independent authority and receive just treatment.*

*I notice,* said Abbott, *that it is suggested that there has been nothing shown to the satisfaction of the community that the assessments which have been made are equitable, that they are in fact fictitious, and the result of arbitrary decision by the administrative body. As a matter of fact the basis of the assessments was approved by the Board of Review on Land Valuation consisting of three leading experts. It is also suggested that one ground of protest is that the Board of Review expressed disapproval of the procedure of the owner requiring the tenant to pay rates in contradistinction to the ordinary practice.*

*The Board of Review did nothing of the sort. It is true that the Board said 'It is not the custom of the private owner to levy rates directly upon the tenants' and that in concluding its comment the Board made the statement 'We think it would be found simpler and less costly in administration to im-*

*pose a rent covering all charges. This has been the experience of private landlords the world over in short tenancy occupations'.*

*The Commission however is in effect carrying out this recommendation, said the Minister, and will in future send a fortnightly account to its tenants. The account will include a charge for ground rental, a charge for house rental and a fortnightly charge for rates.*

The Land Valuation Court which opened on 24th September, 1929 to hear appeals against rating valuations assessed in 1927 and continuing in 1929 was obviously dealing with a different set of circumstances than Valuer-General Legge and the Board of Review considered. Land values throughout Australia were crashing to an all time low. The new Court, with Mr. Justice Pike of the New South Wales Land Valuation Court on the Bench, incidentally was the first Court of any kind to sit in the Territory. Prior to 1929 when offences against the law occurred in the Territory the cases were heard in Queanbeyan and any fines imposed were paid to the New South Wales Government. One member in 1928 lamented that *we cannot even make a profit out of our criminals.*<sup>17</sup>

The building which was used as the Court House was originally Acton House erected in 1840 or earlier. The Commission had spent £750 remodelling the building which was intended to serve as a Police Court for the following 5 years.

Mr. G. A. Pitt who appeared as Counsel for the near 500 appellants opened by referring to the three shopping centres in Canberra – Kingston, Manuka and Civic Centre. Manuka was practically moribund. Its existence was a tragedy. The operations of speculators during the early days of Commission control had given land fictitious values. Numerous leaseholders had forfeited their rights rather than build and those investors who had built in the shopping areas had found it impossible to let their shops. Only two shops were at present occupied in the large Manuka Arcade and at Civic Centre over 60 per cent of the shops were vacant. The owners were willing to take any rents for their shops but tenants could not be found. The layout of Canberra was not conducive to business. The suburbs were scattered, the distances to be travelled were too great and the means of transport were too meagre. In view of these facts it was an extraordinary thing that the total rates citizens were called upon to pay were higher than in any other capital city.

The Chief Lands Officer of the Commission, J. E. Brackenreg, in evidence before the Court stated that his work included land valuation and although he had no city experience in this regard prior to the fixation of the 1927 land valuations he had obtained advice on the subject from five town clerks and had based his valuations on the information received. Since a revision of the land values in 1927 there had been no revaluation. Mr. Justice Pike pointed out that the decrease in land values since 1927 had not therefore been given effect in the rates since that date.

The Chief Lands Officer informed the Court that he had valued the land at Manuka, which was being considered as a test case, at £1,000. The remaining leases in the subdivision had been valued in proportion.

In reply to a question Brackenreg said he had arrived at the valuation of £1,000 by calculation.

Pitt. *But how did you fix it?*

Brackenreg. *I just thought £1,000 was a fair figure. It was a matter of opinion.*

Pitt. *Then it was just a guess.*

Brackenreg said he could not make it any clearer how he had arrived at the decision. Questioned further he said he took into consideration the sale of 18 blocks of land sold in 1926. He could not remember whether he had originally valued the land at £1,700 and not £1,000.

The Court resumed on 26 September, 1929 and during a discussion on forfeiture and surrender of leases Pitt offered his opinion that speculators in land could not lose much under the covenants and conditions of leases as they were only called upon to pay 5 per cent of the purchase price and could then wait for 12 months before being called upon to build.

Mr. Justice Pike said it appeared to him that under the covenants and conditions the lessees who forfeited were liable for the rent of their leases in perpetuity.

During a general survey of the leases of residential sites it was pointed out by counsel that the general average of rates paid in Canberra was £12/7/3 whereas the average in country towns such as Cowra, Orange, Goulburn, Katoomba and Tamworth was only £7/13/6. Mr. Justice Pike handed down his decision on 3 October, 1929 in which he substantially reduced the rating values in Canberra business centres. The reduction was from 15 to 40 per cent and in one case 80 per cent. In comparison the reductions on residential purpose leases were small.

### **Kerbing and Guttering**

The year 1927 was one of extensive public servant transfers from Melbourne and the acceleration of complaints about the high cost of living in Canberra and its relationship to the leasehold tenure. In that year the first indications are given of a notable dispute between lessees and the Commission. Home Affairs Minister Marr in reply to a question informed the House that:-

*... the kerbing and guttering for which lessees have been charged is that in front of their properties. In all cities it is the custom to charge – directly or indirectly – the occupiers of land for the cost of road making services. It is difficult to perceive therefore what justification there could be for acceding to the request that the cost of kerbing and guttering should be borne by the nation instead of the lessee.<sup>18</sup>*

The kerbing and guttering dispute which raged for the next two years seemed for a while to hinge on whether the Auctioneer at the first sale had made a statement that kerbing and guttering costs were included in the unimproved capital value.<sup>19</sup>

The Building and Services Ordinance 1924-1924 which came into force on 10 October, 1924 empowered the Commission to make provision for the supply of water, electricity and other services and also to make regulations to prescribe the charge to be made for services supplied in pursuance of the Ordinance. Regulations were made from time to time as the services became chargeable. The regulations relating to kerbing, guttering and footpaths, the Roads and Footpaths Regulations, were gazetted on 10 November, 1927 and took effect on and from that date. Minister Howse explained the proposed charges for kerbing and guttering thus:-

*There is no proper analogy between city area leaseholders in the Territory and leaseholders in other states. To avoid confusion the conditions in regard to services affecting City leases in the Federal Capital Territory must be compared with those relating to freehold in other States. No good purpose is therefore served by examining the question of the liability of lessees in other States of the Commonwealth for contribution to the costs of kerbing and guttering.*<sup>20</sup>

Rumours or reports began circulating around Canberra early in 1928 that the Commission did not intend to proceed with the kerbing and guttering levy from lessees. Butters flatly denied the rumours. *Of course we intend to impose a levy* he said. *There is no reason why we should not do so. Why should the public of Australia be asked to pay for the guttering of the streets of Canberra? The roadways are being measured by the surveyors and a schedule of accounts prepared which will shortly be forwarded to the lessees.*<sup>21</sup>

Meanwhile back in Parliament Canberra was getting the full treatment. So much so that Minister Pearce was moved to express his

*regret that too much time of this Parliament has already been taken up with Canberra affairs. In fact there is a danger that the National Parliament may degenerate into a Parliament for Canberra.*<sup>22</sup>

The issue was the charge for kerbing and guttering. As Pearce saw the matter if a person purchased land anywhere in Australia he did so on the assumption that if the municipality in which the land was situated provided a footpath he would be called upon to pay his share of the cost of providing it. *Why should we feed the lawyers?* asked Pearce when questioned whether the Government would compensate lessees if their appeal to the High Court was unsuccessful. *The general taxpayer of Australia has to pay for the kerbing and guttering and footpaths. Having paid for them is he now to be called upon to pay taxes to provide kerbing and guttering for the residents of Canberra?* To the interjection that the general taxpayer of Australia had freehold tenure Pearce retorted with the question *Is not the tenure in Canberra equivalent to*

*freehold?* The argument that a 99 year lease in the Territory was equivalent to freehold was one much favoured by Pearce. But others saw the whole kerbing and guttering dispute in a different light. They argued that if a municipal council provided kerbing and guttering in front of their freehold property and charged them with the costs they were in the happy position that the kerbing and guttering added to the value of their property and they reaped the benefit of that increased value. The position in Canberra was seen as different. The value added to the land by the provision of kerbing and guttering did not go to the lessee because as soon as a new valuation is made the lessee who has borne the costs of the work is compelled to pay an increased rental. As these opponents of the charge saw it the Commission was seeking to compel the residents of Canberra to expend money that would ultimately compel them to pay more rent.<sup>23</sup> In despair, Pearce asked: *Are we to make the residents of Canberra a privileged class at the expense of the rest of the Commonwealth?* He informed the Senate that the Government would not undertake not to introduce legislation re-imposing liability in the event of a successful appeal to the High Court by lessees. *On the contrary* he said *the Government will take any steps which further consideration may show to be desirable in order to prevent the true intention of the Ordinance being defeated by an argument based upon a verbal technicality.* It was however a legal technicality which defeated the Government's and the Commission's intention to make this charge. (*Federal Capital Commission v Laristan Building & Investment Co. Pty. Ltd.* 42. C.L.R. p.582). No more was heard of the charge until the Scullin Government took office. But in 1928 it was the Chief Commissioner who had the final word. In a press statement he *deplored the constant agitations to obtain for Canberra residents free kerb and guttering, a moratorium on rents and taxes, reduced pastoral rents, free cutting of noxious weeds, reduced city rents, lower boarding house rates and cheaper recreation. They are giving to Canberra the name of a place where residents are always wanting something for nothing.*<sup>24</sup>

#### **The Acre value versus Block value**

The 1926 Public Works Committee which conducted an enquiry into the proposed erection of houses at Canberra was informed that the cost of the land being made available for the public service averaged about £4 or £5 an acre. George S. Knowles, Assistant Secretary, Attorney-General's Department, emphasised this point. Knowles, who gave evidence in his capacity as Chairman of the Public Service (Canberra) Committee, a body formed to watch the interests of public servants in connection with all matters relating to their transfer to and residence in Canberra, maintained that the average rent payment per acre by the public service for residential purpose leases would be about £1,200 for land that cost the Commonwealth £4. He referred to the sale of half an acre at Manuka as a site for a moving picture theatre which, although he estimated it only represented an expenditure by the Commonwealth of £2, apart from the public money spent in providing different services, brought a capital value of £7,000 at auction. (This meant in effect that

from rent at 5 per cent per annum of that capital value the Commonwealth would receive £7,000 as land rent over a period of 20 years, or, £350 per annum.)

Chief Commissioner Butters rejected this criticism and reminded the Public Works Committee that the many millions of pounds spent by the Commonwealth in Canberra justified a great deal of difference between the thousand acre value and the foot frontage value. The question of the thousand acre value and the foot frontage value was not however so easily settled. It continued to attract attention throughout the life of the Commission and for decades afterwards. The question was raised in Parliament in 1926 and in 1927. In reply to a question Prime Minister Bruce said:-

*Five pounds per acre does not represent the cost of the land to the Commonwealth. In addition to the cost of the acquisition much expenditure has been incurred in connection with the subdivision of the land, the construction of the roads and the provision of services such as water supply and sewerage.*<sup>25</sup>

William Glasgow, Minister for Home and Territories, saw it thus:-

*... the lessee does not pay the capital sum but only 5 per cent on the unimproved capital value of the land. His is thus left with more capital to spend on his building and the ground rent of 5 per cent is lower than that at which he could obtain money from any source at the present time . . . the cost per acre was for land unimproved whilst the present values are for land with all services provided and values of land in towns of similar size are equally high even though they are much behind Canberra so far as services go.*<sup>26</sup>

#### The anti-Leasehold Campaigns

The most publicised opponent to *the experiment in land nationalisation* during the Commission's term was Harold Edward Elliott from Victoria. Elliott of course had a ready made platform. He was a member of the Senate. But Elliott was not, however, the only opponent although his many motions or calls in the Senate for an abandonment of the leasehold system attracted the widest attention.

A motion moved by Senator Elliott in 1927 that all future residential sites be sold on a freehold basis afforded William Glasgow, then Minister for Defence, an opportunity to review the whole concept of the leasehold tenure in Canberra.<sup>27</sup> Elliott argued that Section 9 of the Seat of Government (Administration) Act 1910 which prohibited the alienation in freehold of any Crown Land in the Territory was a provision which was introduced without debate and without any reference to the difficulties which might arise from the attempted application of this principle to modern conditions. He saw the leasehold tenure which followed on from Section 9 as a denial of a birthright, as unfair, as an infringement of liberty. In his view, the whole of the framework of the law regarding land tenure went by the board when Section 9 was passed — that the lessee had parted with his liberty, and become a slave, unable to leave his home unless he sacrificed all he had put into it.

Defence Minister Glasgow saw it all differently. His speech on Elliott's motion ranks in importance with those delivered by Staniforth Smith and Edmund Barton in 1901 and 1903 respectively.<sup>28</sup> But whereas Smith and Barton were proposing a system of leasehold tenure Glasgow was defending and justifying a system actually in being. One particular point of interest in Glasgow's speech is that whilst the revenue aspect of the leasehold system is not forgotten the town planning benefits which flow from it were receiving a new emphasis.

Elliott had been strongly critical of the Commission for its refusal to grant to him a business purpose lease on the Duntroon Road. The Minister referred to this criticism and said:-

*... the adoption of a definite plan for a city, involving a zoning system as is advocated by all modern authorities upon town planning, both for practical and aesthetic reasons must necessitate restrictions on the actions of those actuated by purely commercial motives. The restrictions however are imposed in the public interest.*

Not surprisingly the Georgian Labor man John Grant quickly lined up in support of the non-Labor Minister. Grant said:-

*... we are told an Englishman's home is his castle, but a more mischievous statement was never made ... Englishmen are allowed to remain in the country only if they pay their rent regularly ... where ever the freehold principle has been applied it has either driven the people off the land or forced them to pay heavy rents to the landowners. The founders of Canberra did not contemplate that land speculators would carry on their nefarious operations here. It was believed that the increment in value would belong to the people.*

The anti-leasehold campaigns were a vital part of Canberra history of the time but they should not be read as dominating the whole scene. For instance, in addition to the land and housing problems facing the Commission there were as 1928 opened problems of internal transport, accommodation and financial restrictions which caused the dismissal of staff and the suspension of the construction of the road to Mt. Ainslie.

On the internal transport question the Commission had called tenders for a private bus service but the successful tenderer failed to perform her obligations. The Commission, with its 4 buses built to order,<sup>29</sup> sought to run a half hour service but almost immediately the complaints about the bus service began and soon it was being spoken of as a matter causing *grave discontent*.<sup>30</sup>

On the accommodation problem the fact is that shortage of accommodation in Canberra dates back to 1928 and probably earlier. Home Affairs Minister Marr in reply to a question denied there was any need to cancel any regulation before a lessee could take in a boarder.<sup>31</sup> And Defence Minister Glasgow denied that there was anything in the Territory law which prevented



householders from taking in boarders. *On the contrary* said Glasgow, *the Commission was hoping some leaseholders would take boarders and thus relieve the strain on hotels and boarding houses.* In the Minister's view the meaning of *residential* in City Area leases was very wide indeed.<sup>32</sup>

From Melbourne *The Argus* reported the growth in Canberra of opposition to the principle of leasehold. In a report dated 28 January, 1928 *The Argus* announced the formation of a Committee with the object of obtaining a reversion to the freehold system. The Committee appointed a deputation to put its views to the Minister for Home and Territories. The report continued:-

*The deputation will make a request to Mr. Marr that a Select Committee of the Commonwealth Parliament be appointed to enquire into a proposal that Section 9 of the Seat of Government, (Administration) Act 1910 be amended to provide that lessees of the City Area leases who have complied with the covenants and erected buildings thereon have the right if they so elect to the freehold of the land and that in all future sales the title of land in the City Area be freehold. Business men concerned in the development of Canberra contend that there is now definite evidence that the leasehold principle is not favoured in financial circles. In many cases investors would be prepared to buy freehold for their children and develop the land with the idea that the unearned increment would go to their children at a later date. These views it is stated were expressed three years ago by the A.M.P. Society which refused to advance money on first mortgage in the Territory and has still refused to do so.*

One of the most interesting features about this deputation is that Chief Commissioner Butters consented to *lead it* to the Minister. Later this was changed to *introduce it* but whatever the correct term it gave to the Chief Commissioner's many Labor opponents in Parliament a new ground for attack. Butters was condemned for his *colossal impudence in introducing to a Minister of the Crown a deputation which asked that freehold be granted.*<sup>33</sup>

The agitation which had begun in the Territory (then known as the Federal Capital Territory) against the leasehold tenure was soon brought to the notice of the Prime Minister.

*Mr. Bruce said he had no comment to make beyond saying that, at present, the Ministry did not have in contemplation any change in the system of land tenure in the Territory.*<sup>34</sup>

On 27 February, 1928 the newspapers reported that Bert Hinkler had completed his solo flight from London to his home town of Bundaberg, Queensland. They also carried reports of a large meeting of Canberra leaseholders at Civic Centre at which a deputation of 8 members were appointed

to wait upon the Minister and request an abandonment of leasehold system. The disabilities said to be caused by it were explained to the new Minister of Home and Territories (Neville Howse V.C.) when he received the deputation.

Chief Commissioner Butters introduced the deputation.<sup>36</sup>

John Deans, Chairman of the deputation, informed the Minister that it was desired that the operation of the present leasehold system of land tenure in the Territory should be referred to a Select Committee of the Federal Parliament to allow it to determine whether the system should be varied and if so to what extent. This action would be taken in view of the present depression in Canberra, the absence of private capital for investment in leaseholds or other private enterprise, the failure of residents to purchase houses, land or buildings, the lack of voluntary influx of citizens, the approaching forfeiture of a large number of leases and the high cost of living.

The Minister was quick to remind the deputation that he did not think that it had any right to say what action he should take. Howse maintained that it was for him to say whether a Select Committee should be appointed but he would nevertheless be pleased to hear any views the deputation had to place before him on the question of land tenure. Deans took the rebuke and continued:-

*... it was felt that the lack of support for Canberra from outside the Territory was due largely to the present system of land tenure and to the large decrease in population caused by the reduction of funds by the Minister. . . . Civil servants and others were deterred from building homes at Canberra because of the difficulty of disposing of their property should they have to move.*

The Parliamentary Joint Committee of Public Accounts opened an inquiry on 23 March, 1928 into housing and building costs generally in the Territory. As land, its costs and tenure, is a prime consideration in any building programme it was not unnatural the whole question of Canberra leases should have been examined on the occasion. Moreover the large amount of the Committee's time taken on this aspect of their more comprehensive enquiry is only an indication of the strong feelings aroused.

H. S. Richards, in evidence before the Committee, questioned whether in view of the special circumstances due to leasehold tenure in the Territory, New South Wales officers were sufficiently experienced to give satisfactory advice.

The next witness, Cyril Walter Davies, a member of the legal firm of Davies and Francis practicing in Canberra in 1928 had some more fundamental, or, as he termed it, *radical* proposals to make. The leasehold system must be phased out.

After stating that he could not understand why the time limit in regard to the completion of the building on the lease was imposed Davies claimed that the most objectionable feature of the City Area Leases Ordinance was,

in his opinion, that which allowed for any restriction at all on the transfer of a lease:-

*... if through a sale of a lease a man makes a little profit that surely is the concern of nobody but himself.*

The Official Representative of the Public Service (Canberra) Welfare Committee, Albert Rinder Townsend, was the principal witness from the public service.

Townsend opened by assuring the Committee that the public service was not as a body hostile to the spirit and purpose of Canberra or to Canberra as a national institution. He added, however, that *whilst the institution and ideal of Canberra are unreservedly accepted, the administration of the Federal Capital Commission is an entirely different matter and is by no means sacrosanct.* This bought a spirited reply by the Chief Commissioner in which he mentioned that *it is one of the favourite amusements of people who have never had to get work done to dilate upon the bad results which are secured by those who have* and an equally spirited retort Townsend in which he referred to the Commission's *autocratic tendencies that suggest that the Australian psychology is not understood.*

Townsend began his evidence by dissociating himself and *public servants generally from the purely personal view expressed ... by Mr. Weatherston ... that the leasehold system should be given a fair trial of 30 to 40 years.* The witness argued that the leasehold principle was so unpopular, *even abhorrent* to 99 per cent of Australians that it seemed certain to remain a very great deterrent indeed to the settlement in Canberra of persons other than public servants and shopkeepers.

*The overwhelming majority of the public servants, said Townsend, feel that the inherited tendencies of countless generations in favour of freehold will combine to impede the future progress of Canberra under leasehold beyond the barest advance arising from those who simply must remain in Canberra to make a living. It might not be a disadvantage if the whole of Australia were under leasehold, but the difference in tenure is against Canberra.*

The next witness at this 1928 enquiry was one who was to play a leading role in Canberra public life during the succeeding year or so. He was James Frederick William Watson, graduate in medicine, former editor of the Historical Records of Australia, lessee of land at Gungahlin and one of the Commission's most severe critics.

As Watson saw it the funds of the Commission were derived from five principal sources: (1) rates, (2) charges for services, (3) rents from land leased, (4) fines for breaches of by-laws and (5) moneys borrowed for general purposes. *It is evident* said Dr. Watson *that the redemption of the capital in-*

*debtedness of the Commission must come from rates and rents practically, that is to say any useless expenditure will fall on the land.*

It was however the letter Dr. Watson read to the 1928 Public Accounts Committee which was important for it contained a proposal which amounted to an abandonment of yet another of the basic principles of Canberra's leasehold system as originally conceived. Nevertheless it won immediate endorsement (and eventual acceptance) as a remedy for a state of affairs which owed its existence almost wholly to the Commission having abandoned the first basic principle – land to land utilisers only. The letter was one Dr. Watson had sent to the Editor of the Canberra Times on 6 April, 1927. The letter was unpublished, most likely because it was only a few days before the third lease auction. The letter in part read:-

*During the past twelve months there has been a boom in land value at Canberra, and this has been fostered by the Commission in raising the upset prices, which have been increased by 150 per cent at Civic Centre. At auction the allotments in the past have brought invariably a higher price than the upset price, and the ground rental is thereby increased. The folly of the moment in bidding a high price is converted into a liability for twenty years in an increased ground rental.*

*The Federal Capital Commission are virtually in the position of trustees for the people of Australia. As such it should take care of the assets committed to its care but at the same time it should protect the beneficiaries, so to speak, from their own folly, and not take advantage of their weakness.*

And now comes the proposal – a solution to the apparently insoluble – which contained an open invitation to the introduction of some of the very evils which early federal politicians sought to exclude by the establishment of a leasehold system within the Territory for the Seat of Government.

Dr. Watson wrote:-

*The remedy is simple. The principle of the City Area Leases Ordinance should be altered. The Commission should obtain expert valuations of all land to be leased. On these valuations an unalterable ground rent for twenty years on a 5 per cent basis should be determined. The allotments could then be sold at auction for a cash premium.*

No one in those far off days could have realised that this proposal, when adopted, would play such an important part in the administration of the leasehold system.

Not all who appeared before the 1928 Committee were however enthusiastic about Watson's proposal. John Henry Butters, Chief Commissioner of the Federal Capital Commission was one who viewed the proposal without enthusiasm. He reminded the Committee that one of the intended conditions of the leasehold system was to enable the man with limited capital to establish himself on an equal footing with the man having unlimited capital.

But the Chief Commissioner did not persist and he informed the Committee that the Commission was convinced that a new sales method was essential. The Commission was soon advocating the cash premiums method. The word *premium* soon caught on and has been used ever since to describe the amount paid to obtain the grant of a lease. The word itself is not defined nor even mentioned in any legislation relating to Canberra leases.

The demands of politics seem the most probable explanation for the contradiction between Dr. Watson's 1928 views on the leasehold tenure and those he expressed in 1929. In the latter year as a candidate for public office he proposed an abandonment of the leasehold system but in 1928 he declared his support for its retention. He suggested to the Committee that there should be two re-appraisals only of Canberra leases — at 33 years and 66 years. In reply to a question as to why he favoured leasehold Watson said . . . *I believe that posterity will bless the present generation if it maintains the 99 years' lease, because the development of Canberra will create a fund that will assist to wipe out the national debt.*

A statement such as the reply given seems almost incredible when it is remembered that by that time it had become abundantly clear that the revenue from Canberra leases was not and would never become other than a steady but comparatively small income. However, Dr. Watson had other reasons for supporting the leasehold system and in reply to further questioning he maintained that freehold would alter the whole principle upon which Canberra had been developed.

*It would be very difficult to impose building and maintenance restrictions on freehold property. A freeholder would resent periodical inspection of his house by an outside official, whereas under the leasehold system the improvement conditions are well recognised . . .*

But it was these very improvement conditions and covenants of the lease which angered the next witness, Harold Edward Elliott, the Senator who never lost an opportunity to proclaim the alleged need for freehold in Canberra and the alleged failings of the Federal Capital Commission. Much of Elliott's evidence to this Committee was an incorporation of Hansard reports of his Senate debates with Defence Minister Glasgow and John Grant on the question of land tenure generally and Commission administration, or mal-administration, as the Senator would have called it. Elliott was, in addition to being a Senator, solicitor for the Melbourne City Council. After mentioning that he was constantly advising the Council on different matters he emphasised that the conditions in Canberra were quite unique in Australia. Nonetheless he voiced the opinion that the Commission valuers lacked experience and were unable to give any rational explanation of the basis upon which the valuations were made.

*To illustrate the extraordinary nature of the position I may mention I have just received a rates assessment which, notwithstanding the fact that the buildings erected by me in the Civic Centre have been idle since Christmas and*

*that there appears to be no reasonable prospect of letting them, show an advance 100 per cent on the unimproved value. When you ask what is the justification for the increase you are told that sales have since taken place at the increased prices. They disregard the fact that the people who bought at those sales have in many instances since forfeited their leases.*

One of the principle arguments used by Elliott against the Commission was that by its not making sufficient land available to meet the demand it was using its monopolistic land powers like a *get rich quick Wallingford* and engaging in a policy which was worthy of the most experienced land boomers anywhere in the world.

But it was on the subject of land tenure itself that Senator Elliott was most emphatic. In his opinion no reasonable progress could be expected in Canberra until the leasehold system was abolished and a freehold system instituted in its place. He saw leasehold as likely to bring Canberra to a complete standstill. Elliott's opinion on this question was, of course, widely shared

The case for the Federal Capital Commission was put to the Committee by the Chief Commissioner. Butters mentioned what he termed the continuous series of references to the work of the Commission in Parliament, in the press, and in evidence before the Committee which *to say the least, have filled me with feelings of utter amazement. I have seen a continuous series of statements that owing to the Commission's ineptitude, autocracy, chicanery and callousness every conceivable kind of iniquity has been perpetrated at Canberra, large sums of money have been wasted, inefficiency has been the order of the day for the last three and a half years, that we have done everything which we ought not to have done and have left undone all those things which we ought to have done . . .*

Butters reminded the Committee that in January, 1925 there was very little above ground in Canberra and that in 1928 there was a city actually in being and functioning as the Seat of Government of Australia. He claimed that the completion of the task involved the Commission in a concentration of effort and a volume of work which had probably not been equalled in the history of Australia and pointed out that in less than 2½ years from the date of the Commission's appointment, Parliament was opened and in less than 3 years the last of 800 public servants was brought to Canberra and established in home and office. He offered the opinion that not a single member of the Committee had inspected the work which had been completed but he invited them to have a look around and try to visualise what had really been achieved since January, 1925 and make some attempt to understand that all they saw did not merely *just happen*. He requested the Committee members to make these inspections and then *apply the resulting impression to evidence that some one had to wait for a few days for the payment of an account, that some one bought a cistern from the Commission's store which had to be replaced subsequently, or that a building should have had Marseilles tiles instead of Cordova tiles.*

Summarised, the Chief Commissioner's evidence on the land question amounted to this —

- (a) The Commission had carried out the law with regard to land sales and in its administration it had adopted standard practices.
- (b) The Commission was pressed on all sides to throw more land on the market although it continually maintained that further blocks were not justified and would eventually be a drug on the market.
- (c) When the Commission did make additional blocks available it placed on them upset values very considerably below the prices realised at the previous sale and those upsets were exceeded by from two or three and a half times.
- (d) The Commission having studied the whole situation had determined to advise a change in method in connection with future sales of business blocks which would to some extent protect irresponsible members of the general public against themselves.

At the time of the Public Accounts Committee enquiry in 1928 there were over 500 public servants living in Commission built houses as monthly tenants. Only 10 public servants had availed themselves of the Commission's rental purchase scheme and a further 17 public servants had taken up residential leases, built on them and were residing there. Butters was aware of this great reluctance to settle in Canberra when he denied the Commission was responsible for the atmosphere of depression and discontent in Canberra. The atmosphere, Butters contended, was an artificial one, created by the agitations which had developed — agitation against leasehold tenure, agitation for reduced house rents and reduced land rents by public servants and others, press and parliamentary exaggeration of minor detail and perhaps most of all agitation against the Commission itself.

In the House of Representatives Texas Green (Lab. W.A.) was condemning the exaggeratedly high upset prices placed on land in Canberra, maintaining that speculators had boosted land values with the idea of making large profits out of the re-sale of unimproved leases,<sup>37</sup> whilst Dr. Maloney was applauding the cash premium payment as *the proper solution* to land values.<sup>38</sup>

Meanwhile John Grant had died and in the Senate H. E. Elliott was continuing his attack on leasehold contending that *the high prices paid for land and consequent high rentals are killing business in Canberra.*<sup>39</sup> Elliott's motion on this occasion would have vested power in the Commission to grant freehold titles. It did not obtain wide support but the idea of the cash premium payment as a means of establishing Canberra land values was hailed as the real answer, most speakers claiming that solid values for land would be established if cash was demanded. Matthew Reid (Qld. Non-Lab.) condemned the premium idea and criticised the Commission for taking it up:-

... the Commission does not understand the leasehold system... it is trying to superimpose upon it conditions which properly relate only to the freehold system. This is the cause of much alarm and discontent among the residents. I have always maintained that land values in Canberra are too high... In connection with the disposal of land in Canberra I favour a system under which a value is being placed on each block and all applications for it go to a ballot...

Thomas: *And let the man who was successful in the ballot dispose of land at profit!*

Reid: *No. Build or else!*<sup>40</sup>

But Reid was too late. The damage had been done and the Canberra leasehold system was due for a fundamental change.

The Federal Capital Commission is a landmark in Australian history. Few can study the Commission and the social, political and economic concepts of its time without realising that the transfer to Canberra in 1927 was its true claim to fame. Without the Commission the transfer would most certainly have been delayed, probably until about 1950. And yet the Commission's greatest failing was on the matter of land administration. In the long series of faulty enactments and administrative blunders recorded in the annals of Australian land history to that time none was more foolish than the Commission's opening of the gate to land speculators. It ignored the experiences of previous generations. But was the Commission alone to blame? A Parliament which loaded the Commission with past debts, expected it to erect a city and continually sniped at it and spoke as though it should show an immediate favourable balance sheet must surely share the blame.

#### Miscellaneous agitations

One feature of life in Canberra during the term of the Federal Capital Commission was the multitude of Committees, Leagues and Associations which flourished. The objectives of these bodies were often somewhat similar and almost all of them were likely to change their names or disappear overnight.

The Australian Natives Association Representation League was continually mounting a *vigorous campaign* to achieve the rights of representation for the Territory residents and League President C. Francis began to talk of the need to refuse to pay taxes.<sup>41</sup> The League's aim was to obtain direct representation on the Federal Capital Commission as well as Parliamentary representation. Another League, the Federal Capital Licence League, was campaigning hard for a referendum on the liquor sales prohibition and making great use of the information that 76,000 dozen empties representing a few months consumption of beer and spirits were collected in Canberra in 1926.<sup>42</sup> King O'Malley, Minister for Home Affairs in the early construction camp period, considered the slow progress being made in building the capital was



due to the effects of *stagger juice*. He therefore secured an Ordinance prohibiting the sale of liquor in the Territory. But the Licence League had opposition . . . a No-Licence League had been formed to promote the case for keeping the Territory a place where intoxicating liquor could not be sold. This latter League was charged with sponsorship by publicans in the nearby New South Wales town of Queanbeyan. The opposition to the referendum proposal was not, however, confined to Canberra. *The Canberra Times* on 14 October, 1926 reported a prominent temperance leader as saying *the experiment of no liquor sales in Canberra should be continued but if a referendum is ever sought it should be by the people of Australia and not merely by those who lived in Canberra.*

And yet another League was busy . . . The Federal Capital Citizens League. This one was calling for a moratorium on all charges on city leases for one year.<sup>43</sup>

The Federal Capital Commission from 1927 onwards was being condemned for allocating suburbs to various public servants according to salary and status. *Let us put an end to the creation of class distinctions at Canberra*, pleaded William Maloney (Lab. Vic.).<sup>44</sup> *The time is not far distant when in Canberra there will be in operation a caste system worse than that of India*, protested former Labor man Matthew Reid.<sup>45</sup> The *Sydney Morning Herald* of 8 February, 1928 carried a report that Victorian Minister of Forests W. Beckett had declared that *the Federal Capital was a hideous waste of public money, a hotbed of class consciousness and snobbery and had been planned in a nightmare*. Prime Minister Bruce declared this statement to be so unbalanced he was not prepared to take any notice of it. But others did notice and years later similar judgements were still being made on the alleged snobishness or aloofness of Canberra people.<sup>46</sup> A gathering of *self opinionated snobs* was a fairly common conclusion. Sociologists considered the middle class pretensions and career and social aspirations of public servants would ensure the continuance of snobbery and the absence of any genuine radicalism in local political action or thinking.

When considering the hostility to Canberra it should always be noted that it came from all around Australia. Chief Commissioner Butters lamented what he described as *let us curse Canberra general feeling throughout Australia*.<sup>47</sup> Whilst Dr. Maloney from Melbourne was calling on Parliament to abandon Canberra as a mistake and move to Albury, or even to Sydney, V.C. Thompson from the New England area of New South Wales was urging the Government to suspend all expenditure at *this federal city . . . this sink for people's money*.<sup>48</sup>

The eighth day of August, 1928 was a red letter day in the story of Canberra. On that day it was announced that the Commonwealth Government, which had listened to arguments that it should hasten the transfer of Parliament to Canberra, establish the seat of Government in fact as well as in law, and thus save office rentals in Melbourne, announced that it proposed

taking a sub-lease of large areas of office space in Canberra for Departmental staff. *Stabilising conditions are coming to Canberra* declared the *Sydney Morning Herald* without apparently noting the contradiction and the birth of a practice which must now rank as a national scandal.

### Self Government

The Seat of Government (Administration) Act 1928 was the beginning of the end for the Federal Capital Commission. The Government sought to extend the life of the Commission for 5 years but the feeling amongst members of the House of Representatives of all parties had grown so strongly anti-Commission that the Government was forced to abandon the attempt and the Act as passed limited its life to 1 year with the term of office of all Commissioners to end in November, 1929. In addition, provision was made for the election of one Commissioner for the remaining year of the Commission's life. Voting rights were to be confined to ratepaying lessees.

The provision in the Act for the election of the Third Commissioner was some measure of success for those Territory residents who had long been protesting against their disenfranchisement and agitating for a form of local government. In 1928, the one elected Commissioner was about as far as Parliament was willing to go to meet these demands. Perhaps the general attitude of members was expressed by John G. Duncan-Hughes (Non-Lab. S.A.) when he said:-<sup>49</sup>

*Canberra will be the National Capital for all time – we cannot entrust the building of such a city to a municipal council elected from amongst the comparatively few residents who happen to be here at the present moment.*

As an interim measure Home and Territories Minister Abbott announced the formation of a Consultative Committee made up of himself, the Chief Commissioner and Home and Territories Department Secretary P. E. Deane to hear and deal with complaints concerning affairs at Canberra. This Committee seems to have faded away in February, 1929 without having been more than a place for the many agitating Associations, Leagues and Committees to take their complaints. The City Area Lessees Association which had become moribund sometime in 1928 reformed itself and sent a deputation to the Consultative Committee to present a case on rates and rents. In addition, a well attended protest meeting of the Public Service Welfare Committee appointed a deputation comprising Messrs. Smallhorn, Weatherston and Wilkinson to protest to the Committee about rates.<sup>50</sup> Rates had been struck at the end of 1928 and residents were given 90 days to pay while rates for 1929 had been added to fortnightly rentals thus making the two imposts payable together.

Meanwhile the *Sydney Morning Herald* of 21 January, 1929 was reporting *fireworks* in the election campaign along the Molonglo. Dr. Watson, a candidate for the office of Third Commissioner, favoured leasehold only for such time *as may be necessary to prevent speculation. When that time*

*arrives he is in favour of the lessees being granted the right to convert into freehold with all future sales to be made on a freehold basis.*

In this campaign Dr. Watson criticised Prime Minister Bruce, firstly for appointing the Commission, and secondly for having given charge of the Territory to 4 Ministers in 6 years. Dr. Watson promised that if elected he would oppose all Commissioners but his principal object was to abolish the Commission and secure the appointment of a Legislative Council with two nominee members to represent the interest of Australian taxpayers, two executive officers to carry out the will of the council and three representatives to represent the interests of the local residents.

Canberra carrier and businessman J. S. Crapp campaigned on a programme of better housing for workmen and a promise to have the Molonglo settlement abolished while practicing physician R. M. Alcorn waged a campaign on the *so called administration of the Commission*. The former Surveyor-General, J. T. Goodwin, who had earlier been in charge of construction work at Canberra handicapped his candidature by explaining to an unbelieving electorate that he was not antagonistic to the Commission. *The Argus* reported a general disinclination among Canberra ratepayers to take this election seriously because, before November, the system of administration had to be reviewed, and it was considered unlikely that the Commission would be retained in its present form, or, for that matter, in any form. The newspaper report was however not exactly borne out by the number who voted at the election held on 2 February. 1929 — 960 voters out of 1096 or an 87 per cent poll. The result of the primary count was:-

Alcorn	324
Watson	268
Crapp	195
Goodwin	164

and the result after distribution of preferences was:

Watson	507
Alcorn	444

Dr. Watson was therefore declared elected as Third Commissioner to hold office until 2 November, 1929 when the term of appointment of the other Commissioners was to expire. Meanwhile Canberra was receiving other publicity. A special correspondent of the *Sydney Morning Herald* wrote on 6 February, 1929:-

*The atmosphere of Canberra is insidious. It eats into the determined hatred of its opponents and at every corner one stumbles upon people in the throes of a touching reunion. Brothers in exile! If one paused to eavesdrop no doubt one would hear them saying to one another the very same thing that*

*Crusoe said when he met his man Friday. No ship wrecked sailor ever felt worse for having a companion in distress.*

*Newcomers to the capital gaze, wondering at the sights and the fewness of them and listen credulously to the oldest inhabitants discourse on the prodigality, waste and extravagance of the Commission and the futility of all forms of Government save a dictatorship by the oldest inhabitant.*

And after Parliament was opened the persistent advocate of freehold, Senator Elliott, returned to his argument that a different system of land tenure was absolutely essential to foster any progress at Canberra, the developmental works then being very largely at a standstill. On this occasion Elliott did receive some encouragement. Senator H. S. Foll, Government Whip in the Senate, expressed the view that when the developmental stage has been passed land tenure in Canberra would be changed from leasehold to freehold. The Whip's views were undoubtedly personal as there is nothing in the statements of Prime Minister Bruce or any of his Ministers during or after their term of office to support a belief that they or any one of them ever considered Canberra's leasehold tenure was other than a permanent programme.

Outside Parliament trouble was brewing. The trouble was the nature and extent of the powers of the elected Commissioners, Dr. Watson. *I am not seeking additional power* said Watson who challenged Bruce to decide whether the claim in the Prime Minister's policy speech that the *residents of the Federal Capital Territory had been given representation is to be defeated by the actions of his appointee, Butters.*<sup>4</sup>

Watson claimed that former Home and Territories Minister Howse had promised that the elected Commissioner would be given access to all papers *but the Chief Commissioner had decided that all information must pass through him and the fact that I must state in my application for information whether I am prepared to treat it confidentially implies he won't give it to me without such undertaking.*

The meetings of the Federal Capital Commission were now being described as *heated* and *The Argus* of 13 March, 1929 was moved to question whether:

*The Ministry may have to consider whether it has not made a mistake in trying to mix incongruous elements . . . it is damaging to the Federal Capital Commission prestige both among citizens and its own employees for its proceedings to be marked by unnecessary quarrels between its members in public.*

The *heated* meeting gave way to the *stormy* meeting and at a particularly stormy one on 19 March, 1929 Dr. Watson resigned. Minister Abbott spoke of revolution only to be informed by Watson that *only an advocate of stagnation would regard my action as revolutionary.*

The candidates to fill the vacancy soon declared themselves: Dr. Watson had lodged his protest and decided to try again. Other candidates were Dr. R. M. Alcorn, Mr. J. T. Goodwin and yet another medical man, Dr. L. W. Nott.

The Chief Commissioner offered the free use of the Albert Hall to all 4 candidates. Dr. Watson objected and forwarded a cheque for £1.1.0. Butters returned the cheque to Watson with a curt note that when he owed the Commission money he would send him a bill.

A day or so before the election Dr. Watson inserted an advertisement in a newspaper attacking Dr. Nott as a Government nominee. Minister Abbott issued a denial and promised to refer *this childish nonsense to the Attorney-General*.

The result of the primary count at this election held on 18 March, 1929 was:

Watson	395
Alcorn	291
Nott	165
Goodwin	104

After preferences were distributed the figures were —

Alcorn	479
Watson	476

Dr. Alcorn's victory did not spell the end of the local hostility to the Commission. In fact a Melbourne newspaper said of Alcorn that his publicly expressed animosity towards Chief Commissioner Butters *leaves the tirades of Dr. Watson limping in the rear*.<sup>51</sup> In any event his campaign was a call for *total war* on the Commission. At the poll declaration he declared his policy to be one of *no surrender to the autocratic and undemocratic methods of Government in this place . . . not 5 per cent of the population are satisfied with the present system. My purpose is to strive for proper civic status for Canberra and for rights of the people to have that effective voice in their own affairs which they have been denied in the past.*

The story of Dr. Alcorn and the Commission is only a repeat of the Dr. Watson experience but this time the resignation was not accepted. Speaking on the experiences of this period Opposition Leader Latham said . . . *we tried to give local residents a say but it seems they wanted all the say. It is difficult to say what they wanted. Canberra is a national city and it cannot be entirely governed by its residents*.<sup>52</sup> Alcorn remained with the Commission until its abolition early in 1930. Chief Commissioner Butters had resigned in September, 1929.

The anti-Canberra campaign around Australia livened up again in 1929. Prime Minister Bruce refused to spend more money on Canberra, most probably because he had none. A deputation of Canberra people had waited

on him on 30 August, 1929. In Hobart, the Chamber of Commerce called upon the Government to close Canberra for 100 years at the end of which period the Commonwealth might be able to maintain such a capital and the administration necessary for it.<sup>53</sup>

The Bruce-Page Government was defeated at the elections held on 12 October, 1929 and a Labor Government took office. The Commission's term was drawing to a close.

#### NOTES ON CHAPTER 6

1. *Sydney Morning Herald* 17 April, 1930 - statement by Bishop Bergmann.
2. P.D. 121:889
3. *The Argus* 26 April, 1928 - statement by J. McCallum Smith M.L.A. (W.A.)
4. P.D. 119:6974
5. *Public Accounts Committee* 1928 - evidence by J. A. McDowell, Industrial Officer Federal Capital Commission.
6. *Public Works Committee* 1926 - evidence by Butters.
7. *The Argus*, 13 December, 1924.
8. *Sydney Morning Herald*, 16 April, 1926.
9. *The Argus*, 17 February, 1926.
10. *The Canberra Times*, 31 December, 1926.
11. *Sydney Morning Herald*, 3 May, 1927.
12. *The Argus*, 9 August, 28 October, 1926. 11 April, 12 April, 28 January, 2 February, 1 March and 29 March, 1928.
13. P.D. 116:500
14. *Sydney Morning Herald*, 1 October, 1928.
15. *The Argus*, 5 November, 1928.
16. *Sydney Morning Herald*, 4 January, 1929.
17. P.D. 119:6702
18. P.D. 117:2157
19. P.D. 118:3981
20. P.D. 118:4123
21. *The Argus*, 23 February, 1928.
22. P.D. 119:6340
23. P.D. 119:6581
24. *The Argus*, 8 August, 1928.
25. P.D. 115:256
26. P.D. 117:1839
27. P.D. 116:496; 117:1839

28. *P.D.* 2:1785; 17:5281
29. *The Argus*, 13 January, 1928.
30. *Op cit.*, 28 March, 1928.
31. *P.D.* 116:544
32. *P.D.* 115:257
33. *P.D.* 119:6938
34. *The Argus*, 2 February, 1928.
35. *Op cit.* 27 February, 1928.
36. *Op cit.* 1 March, 1928.
37. *P.D.* 119:6904
38. *P.D.* 119:6907
39. *P.D.* 119:6970
40. *P.D.* 119:6976
41. *Sydney Morning Herald*, 29 May, 1928.
42. *Op cit.* 6 August, 1928.
43. *Op cit.* 16 July, 1928.
44. *P.D.* 115:622
45. *P.D.* 115:819
46. *The Canberra Times*, 15 May, 1936.
47. *The Argus*, 27 February, 1928.
48. *P.D.* 122:209
49. *P.D.* 120:121
50. *The Argus*, 25 January, 1929.
51. Wigmore, L., *The Long View*, Melbourne, Cheshire, 1963.
52. *P.D.* 122:169
53. *The Argus*, 19 September, 1929.