

CHAPTER 7

THE YEARS OF DEPRESSION AND WAR 1929-1945

The result of the election held on 12 October, 1929 was a landslide to Labor. Five Ministers of the outgoing Government lost their seats, including the Prime Minister, Bruce. Labor won 46 of the 75 seats.

Since there was no Senate election the party line-up in the Chamber created ostensibly to protect State interests, but designed also to stifle the expression of the popular will, remained the same as at the end of the 11th Parliament – non-Labor 29, Labor 7.

Few Australian Governments have assumed office with such widespread public support and acclaim as the Labor Government led by James Henry Scullin which was sworn in on 22 October, 1929 and fewer Australian Governments have lost that support so rapidly and so completely. The Government's failure was its lack of political courage. Faced with a strong and hostile Senate majority it ignored the warning that it should choose an issue early in 1930 and go to the country on a double dissolution¹ or more to the point it failed to take immediate action to abolish the Senate. It chose instead to stay in office and accommodate itself to accepting the mangled versions of its policy salvaged from the conservative attack in the Senate. In a period when Australia was suffering the miseries of the world wide economic depression such a Government could not survive long and it broke into factional disarray some time before the electors swept it into history at the end of 1931.

The Labor victory hastened the execution of the changes proposed in Canberra by the outgoing Government. With the suspension of expenditure of new developmental works at Canberra² the Commission's prime role as a construction authority was finished and Bruce had informed Parliament of Butters' resignation and of the arrangements being made to continue the Commission for a further 12 months during which consideration could be given to a more permanent form of control.³ Bruce was moving slowly towards the abolition of the Commission and a return to Departmental control. The Commission had sought and obtained the services of A.J. Christie from

the Post-Master General's Department to supervise the winding up which had begun in July 1929, with a sweeping retrenchment of architects, accountants and engineers.⁴ Bruce informed Parliament of his Government's intention to appoint Christie as Chief Commissioner for the 12 month period and J.S. Murdoch, Director General of Works, as Commissioner in place of retiring Commissioner B. Crosbie Gould. The changes and appointments were not effected before the Government was defeated but Labor's Minister for Home Affairs, Arthur Blakeley, promptly declared his Government's intention of abolishing the Commission in 6 months and re-establishing Departmental control. He also announced the appointment of Messrs. Christie and Murdoch for the 6 months term beginning on 2 November, 1929.

The most immediate effect Labor's victory had in Canberra was undoubtedly the pronounced interest in the party itself which soon became evident. All efforts to form a branch of the A.L.P. during the previous years had failed for want of a quorum. But now the attitude changed. About 300 men attended the inaugural meeting held in November, 1929. Such a sudden mass conversion or display of interest not unnaturally provoked suspicions, it being reported before the meeting that *precautions would be taken to prevent men from joining the Branch to see what they could get out of it. Particular attention will be paid to the bona fides of persons desirous of being elected to the executive.*⁵

The after-meeting report does not describe the precautions taken or the degree of success claimed or the degree actually attained.

Like many new Ministers Blakeley seems to have commenced with the open door approach. In the first 6 or 7 months of his Ministry he received innumerable deputations from local interests. The City Area Lessees Association sent a deputation to complain about the rating of leaseholds on a freehold basis and the Rural Lessees Association sent a deputation, including J.T. Goodwin, to request an Advisory Board to cover rural lease problems. Goodwin insisted that the duties of this Board should include and cover every facet of rural land administration. Blakeley told the deputations that all the lessees in the Territory could expect sympathetic treatment from the Ministry and he promised to put their views before the Cabinet.⁶

The next deputation was from the Federal Territory Citizens League, a body claiming to be representative of many interests in the Territory. It was led by League President J.S. Crapp. The deputation submitted a resolution calling for a local government authority consisting of 2 executive officers, two members appointed by the Government and three elected members one of whom was to be elected by residents outside the City Area.⁷

The deputation suggested to the Minister that in addition to the powers properly vested in local governing bodies the local government authority in the Territory should have full power to promulgate its own Ordinances and control those services usually entrusted to the State Government instrumentalities, and control the valuation and rating of lands, promotion and super-

vision of services and the revenue therefrom. The claim was that the debt incurred up to May, 1927 and the accumulated interest thereon plus any expenditure subsequent to that time not represented by tangible assets necessary to meet the existing needs of the citizens should not be the responsibility of the local governing authority.

The suggestions embodied in the resolution were explained by C. Francis who contended that there should be a line of demarcation between those matters which were purely local and those which were of a national character and of the expenditure upon them. The National Parliament should not be burdened with the discussion of local matters. Citizens felt that they had the right to a local governing authority in which all proposed Ordinances could be debated in the same way as Bills were debated in Parliament.

Blakeley promised a local governing body truly representative of the residents of Canberra but he did not think the time had yet come when the whole control of the Territory should be handed over to such a body. The Minister is not reported as having specifically mentioned an Advisory Council on this occasion although an advisory body of one sort or another was being canvassed from 1928 onwards, the year non-Labor members generally grew tired of the Federal Capital Commission.

A deputation from the City Area Lessees Association was back with the Minister in February, 1930 this time requesting that the 20 year re-appraisal be extended to 50 years.⁹ This, it was contended, would encourage business solidity and assist the leaseholders in obtaining financial help.

The deputation claimed that legal opinion had been given that under the existing law not only the land but all improvements and buildings erected thereon would revert to the Crown at the end of 99 years. This, it was stated, had never been intended and the Minister was asked to have the law amended so that at the end of the 99 years the tenant should have rights over buildings and improvements and the option of a renewal of the lease.

The Minister was also asked to take all steps possible to make leasehold property in the Territory authorised security for the investment of trust funds.

In regard to the determination of the fair rateable value of leasehold property in the Territory the deputation condemned the then operating system of assessing leasehold on the unimproved freehold value and expressed the opinion that the fair rateable value of land in the City Area on a leasehold basis was 50 per cent of the freehold value as determined from time to time. It was suggested, however, as a reasonable compromise, that the assessed value of the leasehold property should be the value on a freehold basis, less 40 per cent.

Blakeley undertook to place the Association's views before Cabinet and a few days later he announced the Government did not approve the 50 year re-appraisal period or assessment on a freehold basis less 40 per cent for rating purposes. The Government had decided, however, to grant tenant

right in improvements at the end of 99 years and to provide, subject to there being no legal obstacle, for leases to be made authorised trustee investments.

No legislation came forward during the time of the Scullin Government to implement the tenant right policy but the Government did however amend the Rates Ordinance in 1931, along the general lines advocated by the Association. Henceforth, if in determining land value for rating purposes the freehold value of any land outside the Territory was taken into account, regard was to be had to the difference of tenure.

Meanwhile, the Third Commissioner, Dr. Alcorn, who had resigned his office as a protest against the decision to validate the kerb and guttering charges by legislation,¹⁰ — Blakeley refused to accept the resignation¹¹ — was demanding that Parliament House be rated to make up the rates deficiency in Canberra.¹² (The legislation validating the kerb and guttering charges never eventuated). The Doctor then turned to the advocacy of an art union — *on the style of the Queensland Golden Casket* — to get money to meet the Capital City debts.

*I quite recognise said Alcorn that objection will be raised on the grounds that an art union is merely a gamble but I do not think that that is a real objection in view of the fact that since its inception Canberra has been a gamble of the worst possible kind, and has paid no dividends to its shareholders.*¹³

Blakeley rejected the idea.

The absence or indisposition of Dr. Alcorn in January, 1930 called for an acting Third Commissioner. C.W. Davies filled the role and took the opportunity to criticise the Commission for its failure to appoint the Appeals Board provided for in the City Area Leases Ordinance. (The Board could not of course have had any appeals to hear until 1944, the year the first re-appraisements were due).

Davies spoke of the many surrendered leases and of the high rentals in Civic Centre paid by lessees, *the slaves of the Commission*. A few days later he issued a statement protesting against the proposed conversion of the Hotel Acton into office accommodation for Patents and Statistics. Davies maintained that close contact between Departments should be preserved as far as possible and that available office space at Civic Centre should be used before going further afield. He pointed out that the previous Government had taken over buildings from Civic Centre lessees who could not find tenants for their expensive premises and this policy, he thought, should be continued to relieve owners of the buildings from *the plight into which they were forced by the Federal Capital Commission*.¹⁴

When the Commission offered Civic Centre leases for auction in 1926 it required the successful bidders to begin building within seven months and lessees were hurried into erecting elaborate buildings only to find in many cases that there was no possibility of finding tenants. Some of the buildings erected had been wholly or partly vacant for 2 or 3 years.

The opposition by the acting Third Commissioner to the leasehold tenure and his problem in understanding why lessees were required to commence building within a specified time were well known. His statement on this occasion was of course too tendentious to be taken seriously. The *elaborate buildings* at Civic Centre were designed before the Commission was even appointed and each lessee had covenanted to commence building within a specified time and to build in accordance with the design. The Commission's failings may have been many or few but they certainly fell short of causing the grave and deep economic slump which was sweeping Australia, together with the rest of the world, wreaking its vengeance on the prudent and imprudent investor alike. Whether the Scullin Government actually agreed with the specious argument advanced by Davies in support of renting additional private premises as Departmental offices is not known. But what is known is that the practice was condemned in 1930 by D.C. McGrath, then the Labor member for Ballarat. McGrath urged the Minister to remove Government offices out of rented buildings into vacant Government buildings.¹⁵ *Cancel the lease* he demanded only to be met with Blakeley's reply that the lease could not be terminated until 1933. The principal beneficiary (if not the only beneficiary in 1930) of the policy of using rented buildings for Departmental offices was none other than the arch opponent of Canberra's leasehold tenure, Senator H.E. Elliott. The Commonwealth was paying £5000 per annum for the rental of Elliott's Lariston Chambers building in Civic Centre and using it to accommodate a Post Office and the Superannuation Board.

The arranging of this office accommodation was declared to be a function of the Department of Works and the Commission played no part in it.¹⁶ The £5000 (\$10,000) paid to Elliott's private company in 1930 as office rental was almost certainly equal to the total land rent collected by the Commonwealth in that year from City Area and rural lessees combined. The year was one of surrenders and of determinations. Blakeley determined numerous rural leases for non-payment of rent, the lessees having failed to respond to repeated opportunities and invitations to submit proposals for the liquidation of their indebtedness.¹⁷ All of this was happening as the Commonwealth was being invited to rent more buildings from private enterprise for office accommodation and leave its own buildings vacant. The whole concept of the Capital City as originally envisaged and of its land tenure was thus being thwarted almost from its inception.

On 21 January, 1930 Blakeley announced that the Government had decided to amend the City Area Leases Ordinance to provide that the successful bidder or applicant for a lease would pay in cash a sum representing the difference between the reserve value and the unimproved capital value of the land as offered by the successful bidder or placed on it by the successful applicant. A draft Ordinance giving effect to the Government's decision was said to be in course of preparation. (This amendment, which would have initiated the premium, did not eventuate until much later). On the same day it was announced from the recently established Registry of Births, Deaths and

Marriages that Mr. and Mrs. Arthur Bowtell of Bombala were the first couple to have their marriage registered in the Territory for the Seat of Government and that the first birth registered had been that of Isobel Joyce Hollins of Forrest who was born on 2 January, 1930.

The Seat of Government (Administration) Act 1930 abolished the Federal Capital Commission as from 1 May, 1930 and Canberra returned to Departmental control. Henceforth public servants who had found the Commission fair game to be taken on, criticised and attacked at will and at whim lapsed into silence. The Advisory Council Ordinance 1930 provided for a Council to advise the Minister in relation to any matter affecting the Territory including the making of new Ordinances or the repeal or the amendment of existing Ordinances. The Council was to be made up of 4 senior public servants occupying designated offices and 3 residents of the Territory elected for a period of 12 months on an adult franchise with the Territory voting as one electorate.

Not all people welcomed the Advisory Council. As soon as it was mooted Senator Pearce announced his intention to move a motion to disallow the Ordinance. To him the Council was a mere nothing, it had no executive power and it was not self-government. When the Ordinance came up for discussion many Senators agreed with Pearce but they also agreed with the view that *an Advisory Council was at least an improvement on the form of government by Commission under which Canberra had been labouring and suffering for many years.*¹⁸ But it was Government leader, J.J. Daly, who persuaded Pearce to withdraw his motion. Daly invited Pearce to regard the Advisory Council as a transitional measure only, created with the hope that at the end of 12 months greater civic responsibility could be granted to the people.

Perhaps in withdrawing his motion Pearce took notice of developments in Canberra. The local groups opposed to the establishment of a mere advisory body booked the Albert Hall for a mammoth public protest meeting. The publicity given to this meeting was extensive and preparations were made for a large gathering. But only 19 people bothered to attend.¹⁹ Canberra had lost interest in self-government, and according to many cynics the loss was permanent.

The first Advisory Council election was held on 19 May, 1930 when 13 candidates offered themselves for election. The results of the primary count were:

Bray, A. J.	29
Deans, John	78
Evan, G.	155
Gell, F.	763
Goodwin, J.T.	203
Hammond, W.P.	393

Henderson, G. E. (Mrs.)	244
Johnston, Henry	-
Marriott, L.	213
Rowe, Roy	609
Shakespeare, T. M.	488
Sharkey, Daniel	365
Woodger, W. G.	593

On the final count Messrs. Shakespeare, Gell and Rowe were declared elected. Shakespeare was the Editor-Proprietor of *The Canberra Times*, Gell had been prominent in the Public Service (Canberra) Welfare Association which seems to have become moribund by 1930 and Roy Rowe was the returned soldiers candidate.

The recently formed A.L.P. Branch fielded 3 candidates, Messrs. Hammond, Marriott and Sharkey amid loud protestations that there was no place for party politics in local government. Commenting on the election result *The Canberra Times* reported—*a feature of the election was the repudiation by Canberra people of the attempt to introduce party politics by the Canberra Branch of the A.L.P.*

Mr. Commissioner B. Crosbie Gould spoke of Canberra on the occasion of his retirement. He saw it as likely to be practically self-supporting in 25 years and contended that in 1928 there had been a 2½ per cent return on the money expended on development work at Canberra. The retiring Commissioner also referred to the many suggestions being made as to the future government of Canberra. Words such as these may have brought comfort to some people inside Canberra, but outside the chilly winds of economic depression were being felt and the campaigns to *abandon Canberra*, to *scrap it as a failure* grew stronger and stronger.²⁰ *Let national economy begin at Canberra* became a rallying call. From Hobart the Australian Women's National League issued a call to *scrap the city*. The climate was said to be *atrocious* and the League contended that the great joy and happiness in trains coming away from Canberra proved that nobody liked to be there. But Scullin met a deputation of Canberra residents in February, 1931 and assured them his Government was not scrapping anything but that it must overcome *other troubles* first.²¹

The other troubles were those arising from the economic depression sweeping the world. In Australia, with a total population of 6 million, many hundreds of thousands or about 30 per cent of the work force were unemployed and a similar number were on reduced wages, restricted hours of employment and threatened with unemployment. Here was one of those periods in the history of mankind when a feeling of helplessness took over—even the most optimistic spirit flickered like a flame without air. Some Governments turned to the bankers and economists of the period for advice. The Scullin Government in Australia was one example. It sought to ease the

effects of the depression by applying the anti-cure measures advocated by orthodox economists. It was as though a slow poison was being administered to the patient. No other discipline (if indeed economic theories merit such a description) has ever caused and prolonged such widespread human misery as did the orthodox economic advice at that period. In Australia recovery was made in spite of the bankers and economists, but it was a slow and painful process, far from complete when war broke out in 1939.

The central theme of the message of salvation preached by the economists during most of this period was that all Government expenditure should be reduced and no additional activities which necessitated new expenditure should be commenced. The call was for a stringent national economy campaign to stave off inflation! Not unexpectedly the Australian public demanded that the economy campaign should begin at Canberra. And begin at Canberra it did!

The last year of the Bruce-Page Government had seen large scale developmental or constructional work at Canberra grinding to a halt, and the almost complete stop came in the first year of the Scullin Government. For the next 20 years large scale developmental or constructional work at Canberra remained mostly a dream of the future. During the 1930's labour and materials were in abundance but the Government, acting on the advice of the economists, refused to take advantage of them. Today it is widely accepted that any drastic reduction in private employment should be followed closely by increased Governmental activity to take up the unemployed and the demands for goods and services thus created will recharge private industry. The idea in the 1930's was the exact opposite. As private industry contracted so did Government activity — public servants dismissed and all salaries reduced. All of this was to stave off inflation!

There were some notable exceptions to Government inactivity at Canberra during this period. The Federal Highway from Goulburn to Canberra and a good road to Yass were completed and stood as an indication of what could have been done. Another exception was the Manuka Swimming Pool. Probably the only building work of any magnitude undertaken at Canberra by the Scullin Government, the Manuka Baths, as they were dubbed, provoked a hostile reaction which today makes amusing yet tragic reading. All around Australia the Manuka baths were denounced as an *extravaganza*²², as an example of the Government's waste and ineptitude. Financial editors and economists generally emphasised the need to close every avenue of Government expenditure to avert *the possibility of inflation!* The editorial writers claimed such works as the Manuka Baths were undertaken *for the sake of winning popularity by creating artificial employment.* The Government was not unmoved by the press campaign. The pool, originally planned to be of Olympic size, was to be reduced in size and then a further reduction was under consideration. But Arthur Blakeley, Union Secretary-cum-Minister had had

enough and the pool was constructed 100 feet length 40 feet width. There is little doubt that but for Blakeley's intervention the Manuka pool would have finished up about the size of a bathtub.

The Manuka pool was opened on 26 January, 1931. Civic Administrator C.S. Daley reminded the gathering that it was to the public spirit of the Minister that the people of Canberra owed the construction of the baths. Blakeley, who had taken up residence in Canberra some time before becoming Minister, deplored the *crusade of hate* against Canberra, the *scrap Canberra* campaigns being worked up around Australia and reminded his audience that *if we go to Sydney or Melbourne we would have to pay*.

The charges against the Scullin Government that it would wreck the entire economic framework of Australia if it persisted with the construction of a swimming pool at Canberra were mild in comparison with the attacks which followed the leakage of information from London that Scullin, who had gone there, was advising the King on the appointment of a new Governor-General in terms which permitted the King no choice. Chief Justice Isaac Isaacs, an Australian, was Scullin's choice and Scullin insisted on his appointment, a circumstance which was reported to have greatly displeased George V. The protests from Australia's true blue imperialists were intense.²³ *A gesture which is more suited to Irish irreconcilables than to Australian statesmen* snorted *The Argus*²⁴ whilst *The Sydney Morning Herald* thundered against an Australian being appointed as Governor-General . . . *our sentiment for and ties to Britain are too strong*.²⁵ Isaac Isaacs was appointed.

The finding of solutions to Canberra's problems was a favourite playground for letter writers. Sell the freehold, institute a Town Council elected by ratepayers and let the Government wipe their hands of *the white elephant* declared one writer who maintained that Canberra should be left to private enterprise and the money gained from the sale of freehold *would in time return to the taxpayers the £12 million invested*.²⁶

Meanwhile in the Advisory Council elected members T.M. Shakespeare and F.K. Gell had persuaded the Council to agree to a recommendation appointing a sub-committee to consider and report on the details of land valuation in the Territory.²⁷ Shakespeare and Gell both condemned the existing high valuations as being one of the main factors retarding the Territory.

The public now took a hand. At a meeting attended by between 300 and 400 residents strong protests were voiced against the failure of the Government to complete the transfer of Departments to Canberra.²⁸ It was claimed that one result of the decision not to transfer the Patents Office was that many houses that had been erected for the accommodation of departmental officers would remain empty instead of being let and producing revenue.

E. Arbuckle declared that if the Government would not carry out the undertakings it had given it should come to the assistance of business people of Canberra nine tenths of whom were losing money and facing ruin.

Other residents sought the granting of additional funds for relief work and the honouring of the promises given at the land sales in 1924 by granting residents relief from the payment of ground rents. The promises alleged to have been given at that sale in 1924 seem inexhaustible!

Advisory Councillor Shakespeare continued the criticism of the Government for its failure to transfer Departments.²⁹ On the question of rates and rents he told the Council:

matters could not remain as they are and the people of Canberra were almost driven to desperation – civil disobedience is beginning to break out – it will come and when it comes it will come in an ugly form.

Shakespeare's strong language excited considerable attention and he apparently thought fit to water it down a bit at the following Council meeting. He explained his words *civil disobedience* as being meant as a warning that a state of affairs was possible in Canberra alien to the strictly legal sense of civil disobedience but which might also be expressed by the words *legal resistance*. Shakespeare assured the Council that what he advocated had nothing in common with any brand of civil disobedience.

At the last Advisory Council meeting for 1930 Shakespeare moved a motion urging a review of the conditions of minor industrial leases.³⁰ He contended that owing to the restrictions imposed on lessees, confining one industry to one block, the compulsory building clause and the restriction of the number of employees to 25, people were unwilling to invest in Canberra. As a result Public Servants suffered a grave injustice because there was no prospect of employment for their children. Another result was that the business people of Canberra got most of their supplies from Sydney. He knew a number of people willing to start industries in the Territory if the restrictions were removed. *If we can get a fair go*, he added, *I can guarantee that new industries will be established, giving employment to 100 people.*

Rowe, who seconded the motion, said that if private enterprise was to be encouraged, the Government must be prepared to make the conditions of the leases less stringent.

C.S. Daley the Civic Administrator explained that the lease conditions were framed in conformity with the planning of the city. Any relaxing of the provisions would result in overcrowding which would subvert the general principles laid down by the planners.

Gougard: *Have not conditions changed since the city was planned?*

Daley: *I do not think there should be any compromise on questions of principle. According to the plan an industrial area is provided as distinct from the 'minor industrial area' and if it is desired to establish large industries there would be little difficulty.*

At the end of 1930 there were 1494 houses in the Territory, 1154 of which were Government built and owned. Of the total houses, 1300

were in the City Area and 194 in the rural area. The Territory population at this time was approximately 5200. Population figures were considered uncertain because each time the Government announced relief work for Canberra's growing unemployed hundreds of unemployed from other parts would converge on Canberra. In the result, Christmas 1930 was a time of great distress in the National Capital as indeed it was in all parts of Australia.

The publicity given by Sydney and Melbourne newspapers to the proceedings at Advisory Council meetings during 1930-31 is interesting. Perhaps news material was scarce and Advisory Council proceedings usually contained what was considered to be a story.

If Signor Mussolini desired a consulate in the Federal Capital let him ask the Italian community around Innisfail to meet the cost said Shakespeare in opposition to elected Councillor Rowe's motion that land be offered for the building of consulates.³¹ Rowe saw this as a method of encouraging growth in Canberra. To Shakespeare the vision was different. . . . many residents of 'No Man's Land' floating over Canberra as a special concession to foreign nations. . . . The cold fact that no foreign country was in the least interested in having any establishment whatever in Canberra in those days was apparently immaterial!

But the establishment of the Advisory Council had not silenced all demands for self-government. Dr. Alcorn, the Third Commissioner, had written a caustic letter to Blakeley in reply to the Government's expression of appreciation of his services. In his letter Alcorn wrote —

I am grateful that the serious inconvenience to my professional work, the mental strain, and the financial loss associated with the holding of the office has been recognised. I must, however, take the opportunity of expressing my sense of failure and my deep regret that the conduct of my office has not engendered in the minds of the members of the Government sufficient confidence in the integrity and mental ability of the residents of the Federal Territory to justify the extension to them of a civil and constitutional status consistent with the dignity of the Australian people.³²

On 25 November, 1930 Canberra witnessed the first sitting of the Territory Court of Petty Sessions. In the same month rumours abounded that a *secret* society pledged to *taking action* to obtain the speedy abolition of the Advisory Council and the attainment of *real self-government* was flourishing in the infant city.³³ The Advisory Council's life had been extended a further 12 months by the Advisory Council Ordinance 1931. The society, which was dubbed *secret* because it claimed that it would keep the names of its office bearers and members secret (at least temporarily) to avert possible public service victimisation, was actually made up of young men resident at the Bachelor's Quarters. The society members considered the Advisory Council a joke and an absurdity. They planned to field such a large number of candidates at the 1931 Council election as would make the ballot difficult if not

impossible to conduct. When the 1931 election day dawned, however, only 6 or 7 society members were candidates. No doubt a journalist informing his readers of this episode would report that *wiser counsel had prevailed* and that only the *hot heads* had persisted with the agreed plan. Such platitudes may be appropriate sometimes but in this instance the more probable explanation is that the *secret society* contained within its ranks an unusually high percentage of backsliders who chose to remain secret. In any event the society candidates received little (if any) public support. The election results were —

Adams, George	153
Dethridge, Charles	83
Douglas, J.J.	3
Gell, F.R.	535
Gerrard, Elsie	27
Goodwin, J.J.	1013
Gourlay, W.D.	6
Hammond, W.P.	136
Henry, J.D.	1
Irving, J.A.	29
McDonald, Warren	331
McFadyen, C.H.	635
Rowe, Roy	403
Shakespeare, T.M.	501
Walsh, J.	1
Westcott, George	1
Wingfield, Alan	3

On the final count Messrs. Goodwin, Gell and Shakespeare were declared elected.

The Commonwealth financial losses during 1931 in Canberra were severe. The maintenance of the Government hotels and hostels was considered to be the heaviest item of expenditure which the Government had to bear. It was estimated that in less than 5 years the loss on the Government hotels had been about £300,000 whilst the original cost of construction was a little more than £500,000. In 1931 the Hotel Ainslie was closed and the £150,000 Hotel Canberra, which in 1930 was operating on a £2.5.0 per day tariff or a £7.10.0 per week single room *shakedown* for visitors, was without a single guest for January. The Hotel Acton was closed to guests to make room for Branches of Departments which might be moved to Canberra. Guests complained at their compulsory transfer to the inferior accommodation at the Hotel Kurrajong.

The Federal election held on 19 December, 1931 was a landslide victory for the non-Labor parties, the main one being the United Australia Party (U.A.P.) led by J.A. Lyons. The economic crisis which helped to wreck the Scullin Government did not suddenly vanish with the coming to power of the Lyons Government. In fact, it worsened with the sterner application of

the remedies advised by the orthodox economists. But by 1935 it was beginning to improve and unemployment having declined to about 14 per cent of the work force the economists began to talk of an unhealthy boom and proclaim the need for restrictive measures. The employment position in Canberra was bad and remained so for years. The Lyons Government established a camp for the itinerant unemployed run on a walk in-walk out basis. The thousands who trudged to Canberra looking for work were not considered the responsibility of the Federal Government and the order to keep moving was given after a maximum 14 days rest period. Out of a total Territory population of about 8,500 in 1934 there were over 800 Canberra residents unemployed and as late as October, 1939 relief work – often a sweeping of the streets or footpaths or hoeing of weeds – remained a regular feature of the Canberra scene.

The high percentage of leases granted under the City Area Leases Ordinance and surrendered or determined is a reflection of the depression years and of the gradual improvement. This factor is best illustrated by figures showing the position on the dates indicated.

<i>As at</i>	<i>Total Leases Granted</i>	<i>Total which had been surrendered or determined</i>
30.6.30	495	192
30.6.33	506	212
30.6.35	542	239
30.6.37	575	244
30.6.38	604	249
30.6.39	636	260

On 12 April, 1932 the Departments of Works and of Home Affairs were abolished and the Department of Interior established. These changes were welcomed as they meant a £20,000 saving effected by a reduction of staff salaries!

The demands for freehold were growing weaker by 1933 and it is doubtful if the private individuals who occasionally approached Ministers seeking a change of tenure really represented any extensive public demand. The simple truth is that Canberra was at a standstill. If there was any public opinion on land tenure, or indeed on any other question, it was most likely so enervated by apathy and indifference that any talk about freehold being a civil right or an essential civil liberty would have aroused nothing but derision.

A revised City Area Leases Ordinance 1935 contained the most important amendments which had been made to the Canberra leasehold system to that date, as well as some amendments of more immediate practical effect. In conformity with reduction of interest generally, which was a consequence of the financial crisis, land rent was reduced to 4 per cent of the unimproved

capital value. This reduction was deemed to have commenced on 31 July, 1931 and was expressed to continue until a date to be fixed by the Minister by notice in the *Gazette*. The 4 per cent land rent (20 per cent discount) actually remained in operation until 31 March, 1952. Another amendment in the 1935 Ordinance of immediate but limited effect was the authority bestowed on the Minister to reduce the unimproved capital value of any land leased under the Ordinance for a 5 year period from 1 January, 1933.

The first of the more fundamental amendments made in 1935 was that relating to re-appraisal of land value. Until this enactment the unimproved value of land leased under the Ordinance was due to be re-appraised by the prescribed authority during the twentieth year of the term of the lease and during each tenth year thereafter. The Ordinance as amended now provided that the re-appraisements subsequent to the first were to be *during each twentieth year thereafter*. The extension of the second re-appraisal period does not appear to have been openly discussed. Perhaps the best explanation of it is that it was in conformity with a general belief, and even a demand, that re-appraisements should be few and far between. Fifty year periods between re-appraisements had been openly advocated for some years. In 1929 the Commission had recommended a lengthening of the period before the first re-appraisal.

The most important of the 1935 fundamental amendments was undoubtedly that which related to the offering of leases by the Commonwealth. Thenceforth the successful bidder or applicant for a block would pay in cash the difference (if any) between the Minister's reserve and the amount of his successful bid or application as the case may be. Here was the legislative birth of the cash premium payment. The word *premium* did not appear in the legislation but the payment envisaged has, in popular usage, become so known, although at times the confusing term *key money* is used.

The provision for a cash payment was of course a renunciation of one of the basic principles of the Canberra leasehold system. This principle had operated as the most popular defence of the system. With this amendment no longer could it be claimed that the system necessarily:

- (a) involved no capital out-lay in respect of the land;
- (b) gave equal rights to all Australians;
- (c) left a purchaser free to devote all his money to building on the land.

In 1935 and the years which followed the detrimental possibilities of this amendment would not have been obvious. The abundant supply of blocks and the small demand for them ensured that the amendment operated in a way which left the popular defences of the leasehold system seemingly intact. It was however the prevailing economic circumstances of those years and not a legal barrier which shielded from view the possible results of this amendment. One generation cannot always anticipate the problems it bequeathes to its successor. It has to do the best in the circumstances confronting it, and in 1935 the ultimate effect of this amendment on a

future generation, when the demand for blocks would completely outstrip the supply, would have been inconceivable even to the most farsighted. And a generation which condemned land speculators, held them to be loathsome creatures, legislated to allow them operate and then wailed about their presence, was, as a generation, hardly likely to be gifted with foresight!

The immediate reason for this amendment in 1935 seems to have been the intention to sell the sites upon which the Kingston and Civic Hotels were to be erected. The sites were duly sold in 1937 and the Commonwealth received its first premium payment – £1625 (\$3250).

The City Area Leases Ordinance 1936 was a consolidation. It swept up and collected and re-enacted in one Ordinance the existing enactments on the City Area leases. The opportunity was taken to amend or repeal some existing provisions and to insert new ones.

The first amendment to this consolidated Ordinance came within a few months when provision was made to enable application by any lessee to seek a variation of the purpose for which his leasehold parcel could be used. His application seeking a change in the purpose covenant of the lease would be made to the Supreme Court. This provision did not mean any abdication of control by the town planners and land use controllers. The Ordinance as amended provided that no variation would be made if the Minister filed a certificate stating that in his opinion the variation sought would be repugnant to the principles for the time being governing the construction and development of the City of Canberra. The introduction of the Supreme Court into a question which was basically one of town planning was explained as necessary to give an impartial forum and hearing to all others who might desire to object to a change of the purpose for which that land could be used.

The City Area Leases Ordinance was again amended in 1938 to provide for the granting of one of the major demands of the earlier years – tenant rights in improvements. The phrase *tenant right in improvements* is itself capable of several meanings but in this context of City Area leases its particular meaning was spelled out. Under the new provision, each lessee was statutorily accorded an equity in all completed improvements e.g., buildings etc., erected by the lessee at his own expense or purchased by him i.e. where he purchased a Government built house. On the reversion of that lease to the Commonwealth, whether by expiration, prior determination, or surrender the Commonwealth would be obliged to pay the lessee in cash the residual value at that time of those improvements less anything the lessee might still owe under the lease for purchase, mortgage or the like.

The major amendments to the Ordinance in the 1930s – the cash premium payment, the possibility of variation of purpose clauses and tenant right in improvements – were all recommended in the 1920s by the Federal Capital Commission. It is evident that the drafting of amending Ordinances was no less slow in those years than many claim it is today.

Another amendment in 1938 is of interest. The Seat of Government Acceptance Act was amended to provide that the Territory should be known as the Australian Capital Territory.

The attacks in Parliament on Canberra's leasehold system were becoming less frequent with the passage of time. Archie Cameron (S.A. Conservative) raised the issue in 1939 when he complained of the shortage of accommodation in Canberra. *The real trouble said Cameron is that no one is able to obtain a freehold building block with the result that the development of Canberra is being absolutely retarded. So long as the ridiculous position in regard to leasehold tenure is kept in force there will be no such thing as investment by private enterprise in home building.*³⁴

Perhaps the Parliamentarians realised that private enterprise had very largely moved out of the housing for rental field even in freehold areas thus giving rise to the various State Housing Commissions. In any event, Cameron's remarks excited neither support nor opposition.

On 17 May, 1939 the Department of the Interior announced that £32,099 had been spent on the Royal Canberra Golf Links to that date and as the depression years gave way to the war years the pattern of growth at Canberra remained as it had been -- restricted activity by government and private enterprise. When compared with the large volume of work undertaken and completed within the 4 active years of the Federal Capital Commission the building or developmental works of the 1929-1949 period were quite limited. And yet during the second decade of that period far reaching circumstances were emerging, the consequences of which were to have a tremendous impact on the whole concept of Canberra as a national capital city, on its growth, on its leasehold system and indeed on everything and anything related to Canberra. The most dramatic change, which came with the war years, and from which so many changes have flowed, was the Commonwealth move into the income tax field to the total exclusion of the States. Henceforth, as the States sank in power and prestige the trend towards centralism which Deakin had foretold was at hand. The Commonwealth had come into its own and the idea of Canberra as the federal capital city gained wider if not universal acceptance. Still, the *scrap Canberra* campaigns were not completely finished. In 1944, Dr. Gaha (Lab. Tas.) claiming that he at least was a man with the courage to declare his feelings described Canberra as *a good sheep station spoilt*. He urged its abandonment. But in the new world Dr. Gaha envisaged, he insisted on the retention of a second Chamber of Parliament *to restrain a disturbing democratic element in society.*³⁵

The demands of war, themselves, would have caused a shift of power to and a concentration of attention on the central government but that, plus the new role the Commonwealth was assuming as the keeper of the public purse, necessitated or caused a greatly expanded Commonwealth Public Service. During the War new Departments and agencies were established in the States

and many of Canberra's pre-war public servants were transferred from Canberra to occupy senior positions in this expanded public service. Many never returned. But along with this exodus from Canberra there was an even larger number coming to Canberra, mostly younger people and with this increasing population the housing shortage grew more acute than ever.

NOTES ON CHAPTER 7

1. Denning, W. *Caucus Crisis: The Rise and Fall of the Scullin Government*. Parramatta, *Cumberland Argus*, 1937.
2. *The Argus*, Melbourne, 30 August, 1929.
3. *P.D.* 121:826
4. *The Argus*, 26 July, 1929.
5. *Op. Cit.*, 11 November, 1929.
6. *Op. Cit.*, 20 November, 14 December, 1929 and 26 February, 1930.
7. *The Sydney Morning Herald*, 23 January, 1930.
8. *Op. Cit.*, 6 July, 1929.
9. *Op. Cit.*, 4 February, 1930.
10. *The Canberra Times* 25 November, 1929.
11. *Op. Cit.*, 26 November, 1929.
12. *The Argus*, 4 February, 1930.
13. *The Sydney Morning Herald*, 18 March, 1930.
14. *The Argus*, 7 January, 1930, 11 January, 1930.
15. *P.D.* 124:4925; 124:5030
16. *P.D.* 126:5412
17. *P.D.* 125:4235
18. *P.D.* 123:1400
19. *The Sydney Morning Herald*, 26 April, 1930.
20. *The Sydney Morning Herald*, 26 September, 1930; 13, 14 and 23 January, 1931; *The Age*, 20 May, 1930; *The Argus*, 19 September, 1929, 3 and 10 July, 1930. 13 January, 1931 and see also *P.D.* 127:395.
21. *The Argus* and *The Sydney Morning Herald*, 4 February, 1931.
22. *The Argus*, 27 January, 1931.
23. *P.D.* 127:1073
24. 28 March, 1930.
25. 24 April, 1930.
26. *The Sydney Morning Herald*, 26 September, 1930.
27. *Op. Cit.*, 11 June, 1930.
28. *Op. Cit.*, 17 September, 1930.
29. *Op. Cit.*, 14 October, 1930.

- 30. *Op. Cit.*, 16 December, 1930.
- 31. *The Argus*, 8 July, 1930.
- 32. *Op. Cit.*, 2 May, 1930.
- 33. *Op. Cit.*, 7 November, 1930.
- 34. *P.D.* 161:132
- 35. *P.D.* 177:478