

CHAPTER 8

THE YEARS OF CRISIS 1950-1970

The administration of public lands in a new country was, in Lord Durham's words, *an operation of Government which has a paramount influence over the happiness of individuals and the progress of society towards wealth and greatness . . . upon the manner in which this business is conducted, it may be said that everything else depends.*¹

The Territory for the Seat of Government of the Commonwealth of Australia is an excellent illustration of the accuracy and practical working of this observation. The Commonwealth owns all the land within the City Area and a large percentage of the land outside the area. Hence it is that the Government has exercised and can exercise a very profound influence over almost every aspect of the economic and social development of the Territory. This was envisaged by the early Parliaments. Many members spoke of or hinted at a connection or relationship between the *experiment in land nationalisation* which was being proposed for the federal territory and *the quality of life* within that area. The far sighted Labor Leader Gregor McGregor (S.A.) granted this relationship but he visualised other possibilities. To McGregor the central pivot of the whole leasehold system was administration. In his view, competent administration would point the way to further beneficial reforms. In 1902, when urging Parliament to obtain as large an area as possible for the federal territory he said:-

*Only fancy what could be done in a federal territory if we had the right men representing the Commonwealth. Look at the lessons which could be taught in connection with land tenure . . .*²

McGregor's school of Departmental administrators never materialised. He died in 1914. Indeed, his whole vision of lands administration in the federal area stands in stark contrast to the notices presently issued inviting applications for appointment to relatively senior positions within the Lands Administration Branch of the Department of the Interior. These Gazette notices invariably list *experience in investigation, analysis and report writing* as essential qualifications, and then, as if in an unimportant afterthought, they add *some knowledge of A.C.T. land tenure an advantage* or, if the position is one in which the applicant will be required to recommend amendments to

the legislation they add *knowledge of relevant legislation desirable*. Interior's many land administration critics seize upon these notices, some contending the day may yet dawn when the Canberra Hospital invites applications for appointment as the Hospital Surgeon and adds that *some knowledge of medicine is desirable or would be an advantage!* The basic theme of this Chapter is not surprisingly one of a crisis in lands administration.

The Federal Capital Commission in its comparatively short span of active building operations had erected about 1000 houses for rental and during the period 1930-1945 a further 1400 houses for rental were built by the Government. Of course private enterprise was never completely absent but by 1950 at least 80 per cent of the houses in Canberra were Government built houses. The refusal of the established financial institutions, eg banks, insurance companies etc., to accept Canberra leases as security continued more or less over the years but as the Commonwealth had instituted its own housing loan scheme this was not the only nor the most important explanation of why private enterprise would not build houses for sale. The simple fact is that in the pre-war years it hardly occurred to the average family man in Canberra to build or buy a house for himself any more than (say) a British officer serving in the Indian Army would have thought of building a family residence in India. Most did not feel that they had come to the place to really settle and to rent a Government (or service) dwelling seemed the only thing to do.

The immediate post-war years brought with them a change in the whole concept of government in Australia. In the pre-war years the Government, then known as the Federal Government, was viewed by the Australian public as something remote and no more important to them than their respective State Governments. In fact, they probably regarded it as being much less important. The war years undermined this attitude. The mobilisation for war, the Australia-wide war organisation of industry, manpower controls, rationing and the uniform tax legislation all operated to bring the Government, now known as the Commonwealth Government, much closer to the Australian public and its new or expanded activities in almost all fields of social activity kept it there in the post-war years. The Commonwealth Government had now assumed a new and ever increasing importance in the minds of the Australian people. The States and the State Governments remain — Australia has a surplus of the flotsam of constitutional history — and although occasionally they are given to preening themselves as *sovereign entities*, they are in reality reduced to pleading with the Commonwealth Government for hand-outs to perform the vital social functions that men long since in their graves decreed they should perform.

The increased role being played by the Commonwealth Government brought with it a changing public attitude to the concept of Canberra. No longer was it being condemned as a white elephant or proclaimed a mistake or a failure. No longer were motions being moved calling for its abandonment.

This wider acceptance of Canberra was not of course accompanied by any demand for increased expenditure on its development. Nonetheless an awareness or a recognition of the permanence of Canberra was emerging. Those who came to Canberra in the post-war years did so with a completely different outlook from the earlier generation of pioneers. To begin with they most probably associated the word Dalgety with a firm of wool brokers but above all else they did not conceive of their life in Canberra as a banishment from civilisation. They came with a feeling that they would be settling and the idea of buying or building a house situated on leased land therefore seemed much less unreal to them than to the earlier generation.

Throughout the 1939-1945 war there was a critical shortage of accommodation of every description in Canberra. Private building had been stopped and the Government was only able to build a few hundred houses to meet pressing needs. The Department of Interior had adopted a waiting list and allocated houses, as they became vacant, in order of registration, modified by a priority system. The Territory population at the 1938 census was 11,652 and at the 1947 census 16,905. The number on the housing list in 1941 was 401 and in 1947 it was 1445.

The years 1946-1948 saw a marked increase in housing construction in Canberra. Plans were being made for the transfer of more Departments and work began on providing housing and accommodation for the building and allied trades work force already engaged or expected to be engaged in the accelerated building programme. Workmen's hostels, monocrete type houses and houses of a steel-framed, partially prefabricated type known as *de-mountables* were erected during this period. In addition, two storied timber buildings resembling woolsheds were erected at Barton as temporary Departmental offices. To what extent some of these 1948 plans actually went beyond mere proposals may be debatable but in any event no Departments were transferred to Canberra at that time. The shortage of skilled tradesmen and building materials in the more immediate post-war years is part of the explanation for the failure, although no doubt Government priorities and the lack of any unified direction among the Departments concerned with Canberra's construction also contributed. Whilst the most obvious lesson to be learned from the 1948 failure was that a stop-go approach to house building in Canberra would neither attract nor hold the tradesmen necessary for any big building programme, the learning was somewhat tardy. Ten years after the 1948 failure the stop-go approach was still causing bitter local criticism.

The Australian Capital Territory Representation Acts 1948 and 1949 provided for the election to the House of Representatives of a representative of the Territory, the member to have voting rights only on motions to disallow Ordinances of the Capital Territory. This absurd restriction on voting rights was an adoption of that part of the Northern Territory Representation Act 1922 which dealt with the voting rights of the member for that Territory. The first member for the A.C.T., Dr. L.W. Nott (Ind.),

who won the seat at the 1949 elections, was defeated at the 1951 elections. The successful candidate, J.R. Fraser (Labor), held the seat until his death in 1970.

The growth of Commonwealth Government activities in the 1940-1960 period and the gradual centralisation of the public service in Canberra meant an increasing population and an increasing housing demand. The Government's failure to satisfy that demand either in quantity or quality was the cause of a new but slow development in the story of Canberra leases. Those suffering from the housing shortage – the waiting list for Government built houses for rental was usually at least 2 years – and those who considered for one reason or another that Government built houses were insufficient for them began to buy blocks of land in spite of the leasehold tenure and engage building contractors to build. Additionally, speculative building contractors began to buy blocks and build houses confident in the knowledge that a ready market was available. This development, which was well established by 1960, was gradual and yet obvious. Unfortunately for the Canberra leasehold system the historical and most importantly the administrative significance of this development was passing unnoticed. It was of course too forced an event to be called a conversion to the principles of leasehold tenure but nonetheless it was a real acceptance. Whereas the earlier generation had viewed the leasehold system firstly with distaste and hostility and then, without accepting it, with indifference, the post-war population in Canberra saw it differently. The new generation, certainly more affluent and probably younger than the earlier one, began accepting leasehold without question. Henceforth the demands for freehold which over the years had grown progressively weaker gave way to loud and clear demands that the leasehold system should be administered with more foresight and less attention to immediate cash return.

Between August, 1937 and March, 1950 the Commonwealth offered 550 residential purpose leases by inviting applications from the public at large. The Minister fixed and advertised a reserve value for each block, the only and yet important significance of which was that the land rent of 5 per cent per annum was payable on this reserve. The successful applicant who offered an amount over and above the reserve was required to pay this extra or premium in cash before the lease was granted. The measure of demand for and supply of residential leases in those years is well illustrated by the total premiums paid:

1935 - 1945	Nil
1946	\$204
1947	\$142
1948	\$ 80
1949	\$1279
1950	\$346

The strong protests about premiums which began later may be better understood if it be emphasised at this stage that the vast majority of residential

leases granted up to 1950 were granted at the Minister's reserve value. This meant in effect that the only payment made by the lessee at the time of the grant was the first year's land rent and a \$4 survey fee. Those who offered or paid amounts over and beyond the Minister's reserve were regarded by many as being a trifle eccentric. The offering or payment of these premiums was not of course the public event that the premiums bid at later auctions became. Many therefore would not have even been aware that premiums were being paid. During the 1937-1950 period the number of applications actually received in response to public advertisements was very small indeed. Leases for which no application was received were not withdrawn from offer but rather they became available for selection over the counter. These were the golden years of the Canberra leasehold system — the supply of leases exceeded the demand for them. Those who proclaimed the leasehold system hailed the no capital outlay aspect as being the prime virtue or most admirable feature of the system so far as the ordinary or average citizen was concerned. The continued existence of this characteristic was of course no longer guaranteed but during the 1937-1950 period (and sometimes even later) the system operated as though it was. Nonetheless the no capital outlay feature was finished, its apparent and occasional survival depending to a very large degree on supply and demand. When the demand completely outstripped the supply this aspect of the Canberra leasehold system was soon buried in the administrative confusion which followed.

The growing demand for residential leases would probably have finished the over-the-counter method of lease disposal sooner or later. But the public complaints hastened its phasing out. In the Advisory Council complaints were being voiced at the alleged practice of reserving blocks for people who had left Canberra secure in the knowledge that a block of their choosing was available for them if and when they chose to return. The Advisory Council at its meeting in February, 1950 recommended to the Minister that in the future all residential blocks should be submitted for sale at public auction. Soon after his election to Parliament as the member for the Territory, Dr. Nott began to urge the Minister to substitute a system of auctions in lieu of *the present system of tendering "key money" above the upset value of properties.*³ This 1950 campaign met with more approval than the earlier campaigns concerning various aspects of the leasehold system and what became known as the 4th auction was held on 14 July, 1951 when 51 *particularly choice sites* were offered for sale. The public auction method of allocating leases had begun again.

To understand the first and subsequent auctions held during the 1950's and the general operation or administration of the Canberra leasehold system in that decade several practices should be noted.

Firstly, bidding at auction during the 1950s commenced at the Minister's reserve value e.g., if the Minister fixed a \$1000 reserve value for a particular block the lowest first bid accepted for that block was \$1000. The purchaser however only paid the difference (if any) between the Minister's reserve and

his successful bid. This difference or premium could be only \$1 but the newspaper reports of these sales could very well be read by the unknowledgeable reader to mean that the purchaser paid his \$1001 bid. The real position of course was that the purchaser paid at auction the \$1 premium, the survey fee and the first year's land rent e.g. \$50 or 5% of the Minister's reserve value. It should be borne in mind that since 1935 the Minister's reserve value has been the amount payable over a period of 20 years by the lessee to the Commonwealth as land rent. This value is re-appraised in the 20th year and in each subsequent 20th year of the 99 year lease.

In 1962 the above bidding or sale practice was changed. The Minister's reserve value was advertised before sale (as it had been previously) but bidding at auction now commenced at zero or \$1, or, as it was in that year, 10/- (ten shillings). Not unnaturally sales reports emphasised the amount of the successful bid. For residential purpose leases the actual amount of this bid or premium has been and will be largely dictated by supply and demand. However, at almost every other auction in the later 1960s a lease or two has been obtained for a nominal premium in spite of the demand exceeding the supply — sometimes with a premium as low as \$1. This event may happen late on a day of a 2 or 3 day auction by which time those who consider their demand urgent have happily or otherwise paid a \$4000 or higher premium for a lease and gone. Or it may happen at a time many prospective purchasers, noticing the high premiums being paid, realise the inadequacy of their financial resources and retire in disgust and disillusionment. Or it may result from some real or alleged defective feature in the block which would increase building costs. To identify the reasons for this departure from the normal is not always easy. It is however quite easy to predict the reaction to the appearance of the black sheep. Outside Canberra anguished outcries about land being given away for nothing come through loud and clear — inside Canberra confused embarrassment takes over and administrative explanations about what has really happened are almost a public confession of failure. The original concept of the Canberra leasehold system — no capital outlay to obtain a lease — is either ignored or unknown, probably the latter. The torch has passed into other hands.

The 1962 bidding method change did not of course alter the relative position of purchasers who purchased blocks carrying the same reserve value. Assuming two blocks carried a reserve value of \$1000 the pre-1962 purchaser who obtained a lease over one block with a \$1001 bid was in exactly the same position as the post-1962 purchaser who obtained a lease over the other block with a \$1 bid. At auction both of these purchasers would have paid the survey fee, the \$1 premium and the same amount as the first year's land rent.

The 1962 change came about, according to most critics, because the Commonwealth decided that its payment of the auctioneer's commission on

the amount bid was unwarranted. This had in effect meant that commission was actually being paid on the reserve value e.g. the figure at which bidding commenced. The official or Departmental explanation was that the change was necessary to rationalise the system and avoid confusion.

Another administrative practice, particularly during the 1940s and early 1950s, must be noted. The lessee's covenant to build was not during those years enforced rigorously, if at all. This was not due to administrative laxity. Rather it must be seen in the background of those years. The war and the acute shortage in building materials for some years after the war plus the difficulty of obtaining the services of skilled tradesmen contributed to and caused this failure to enforce compliance with the lessee's covenant to build. From about 1955 onwards however this state of affairs ended — lessees were warned to build or suffer the determination of their leases. (The phrase *determine the lease* is a legal term meaning the lease is brought to an end.)

Another factor which warrants mention at this stage is the official attitude to land speculation. The speculator's charter or entree card — section 16 (3) of the City Area Leases Ordinance 1925 — has continued in one form of words or another in all subsequent Ordinances. However, in the years when the supply of leases exceeded the demand the speculator's lot was a lonely one. There were no mugs available to buy from him. When the demand began to exceed supply in the 1950s the situation changed. But it was not until 1959 that a decision was made that consent to the transfer of unimproved leases would no longer be given. This decision was accompanied by an amendment to the Ordinance providing for the refund in certain cases of the premium paid for a lease which was surrendered. The decision and amendment were of course 34 years overdue. Land speculators e.g. buyers and sellers of unimproved leases did operate in Canberra during the 1950s but it is not proposed to deal with their activity at any length. The rising land values in that decade were not the result of their rather limited activities.

The 51 choice residential sites and the 18 business sites offered at the 1951 sale were all sold. In later years bitter complaints were made about the alleged abuse of the term *choice sites*, the charge being made that it was Departmental jargon used to describe almost every other block for which a high premium was being paid. The 18 business sites — the shopping centres at O'Connor, Griffith and Ainslie — sold for a total premium of £57,700 whilst for the 125 residential purpose leases granted in 1951 an average premium of \$304 was paid.

During the years 1951-1958 the Commonwealth granted 1290 residential purpose leases at an average premium of \$232. The emergence of the premium payment as an essential pre-requisite for a lease under the City Area Leases Ordinance should not obscure or be confused with the land rent revenue the Commonwealth was receiving. The total land rent and premium revenue received in the financial years 1951-1958 in respect of leases granted under the City Area Leases Ordinance and other Ordinances was as follows⁴:-

YEAR	TOTAL PREMIUM		LAND RENT
	Residential Leases	Business Leases	
	\$	\$	
1951	37,940	28,850	106,429
1952	-	-	155,664
1953	27,134	104,860	182,076
1954	32,200	6,140	220,162
1955	17,300	65,595	176,302
1956	24,200	75,800	231,940
1957	43,760	14,200	293,501
1958	112,730	-	448,633

The number of leases under other Ordinances — mostly rural leases under the Leases Ordinance — are continually diminishing proportionately to the number held under the City Area Leases Ordinance. The lessened land rent in the 1954-1955 financial year — the land rent figures being for the financial years — may possibly have been the result of a withdrawal of some land leased under the Leases Ordinance prior to its allocation under the City Area Leases Ordinance. In any event, land rent was very clearly the main land revenue in the years under consideration, premium payments being rather uncertain. This position however was to change dramatically within a year or so. Before noting that change and identifying its causes the *raison d'être* of the premium must be examined or re-examined.

To begin with, it will be recalled that the Canberra leasehold system as originally conceived and launched provided for no capital outlay in respect of the grant of a lease. The land rent was paid on the amount bid at auction, the lowest first bid acceptable being the Minister's upset price. The purchaser was said to be establishing the value.

In a somewhat misleading publication on Canberra leases recently issued by the Department of the Interior the statement is made that the premium payment was instituted because *some bidders tended to take little account of the continuing land rent and consequently offered high prices*. Such a conclusion is not entirely without support. Many considered the premium payment system would dampen some of the unthinking enthusiasm which so often prevails at auction and consequently reduce bids. Others saw the provision that land rent should be paid on the Minister's upset price and not on the amount bid as a way to remove accusations that the Government was accepting rent on fictitious land values far above the Government's own value. And yet the Interior statement on its own misleads more than it informs. It ignores the influence speculation with business leases had on the amount bid and it ignores the fact that very few (if any) of the residential leases offered in the 1920s were the subject of excess bidding. The simple truth is that when the door was opened for the speculators the prices bid for

business purpose leases rose rapidly. Higher bids meant higher land rents and the higher the land rent the fewer people willing to buy from the speculator. Dr. J.F. Watson who advocated land rent on the Minister's upset price and the institution of a system of cash premium payment saw this. Watson informed the Public Accounts Committee 1928 that *under such a system an improvident purchaser would be able to realise on his purchase subject to a ground rental determined by experts instead of possessing an unsaleable lease subject to a heavy ground rental determined by the accidents of the auction room.*

The 1928 Committee adopted Dr. Watson's contention and recommended that future legislation should provide that the upset price, and not the price bid, should form the basis of land rent and rates, and that where land was sold at a price in excess of the upset price, the excess or premium should be paid in cash by the successful bidder. The Committee reported that *by this means speculators would be discouraged and the payment of rent and rates on fictitious values avoided.*

It is therefore rather futile to argue that premiums on Canberra leases were never meant to be high or that premium payments generally were never intended to feature as a significant item of land revenue. The fact is that the premium payment was recommended as a cure for a state of affairs which arose very largely from the invitation to speculators to operate in Canberra. The legislation introducing premium payments did not eventuate until 1935, when the supply of leases far exceeded the demand, and for the next 15 years premium payments were practically unknown. Consequently, no Minister or administrator of the period would have needed to give premium payments a moment's thought let alone spend time considering the highest possible amounts which might or should be bid as premiums.

The Territory population growth was slow but steady during the 1940s. (This population of course includes the small number resident at Jervis Bay and those in the rural areas but the number so resident was continually declining as a percentage of the number resident within the Canberra City Area. By 1970, at least 97 per cent of Territory residents live in the Canberra City Area.) The quickened population growth in the 1950s and the rapid growth of the 1960s should be considered in conjunction with the increased private demand for leases and the increased premium payments. These increases caused the introduction in 1959 of group auctions, a system whereby leases were offered not only singly but also in groups. It was hoped by this means to satisfy the demand by project builders and thus reduce the premiums being bid for single blocks. Then in 1962 came the *restricted auctions*, so called because eligibility to purchase was restricted to those who had not or whose spouse had not held a lease or an interest in a lease for a specified number of years. The average premium bids at restricted auctions are invariably lower than at unrestricted auctions. It is however rather fatuous to refer to these restricted auction sales as being available for

young people or people of limited means. There is no age limit or means test applied to restricted auction purchasers, a grandmother and a multi-millionaire could be eligible for such a lease. The premiums are lower simply because there are fewer bidders, many thousands of older Canberra residents having lost their eligibility when they became tenant-purchasers of Government built houses. Most of them had purchased before restricted auctions were introduced.

The growth of the premium payment and the population increase can be seen from the following table:-

RESIDENTIAL LEASES

1951 - 1969

YEAR	POPULATION	UNRESTRICTED		RESTRICTED		GROUP	
		No. of Blocks	Average Premium \$	No. of Blocks	Average Premium \$	No. of Blocks	Average Premium \$
1951	25,400	125	305	-	-	-	-
1952		-	-	-	-	-	-
1953		98	226	-	-	-	-
1954		184	176	-	-	-	-
1955	30,712	167	104	-	-	-	-
1956	34,418	98	245	-	-	-	-
1957		214	204	-	-	-	-
1958	39,061	404	280	-	-	-	-
1959	43,973	568	622	-	-	100	365
1960	50,237	679	665	-	-	-	-
1961	56,848	629	530	-	-	50	510
1962	63,821	569	2055	179	1130	138	1790
1963	70,775	440	3315	324	1675	348	2280
1964	77,644	525	3575	436	1635	336	1880
1965	85,690	470	1905	472	960	504	1020
1966	96,013	458	2160	448	670	444	505
1967		442	2160	440	730	593	980
1968	117,200	538	3015	555	935	688	1905
1969	129,000	619	3126	619	1071	812	1965

The Australian Governments throughout the 1950s and the early 1960s were Menzies Governments in more than the political, conventional or legal sense. Prime Minister Robert Gordon Menzies was very much the First Minister in his Governments and his strong desire to see Canberra develop in size and stature was no secret. These facts were a warning that Canberra would grow rapidly. They presented a challenge to Canberra's land admini-

strators to have land available to meet the greatly expanded demand which could be expected. The challenge was not accepted. According to most critics of Interior it was not accepted because it was not even perceived.

The Department of the Interior was until 1957 responsible for the planning and development of Canberra and the Department of Works, with its head office comfortably settled in Melbourne, was responsible for construction. These early 1950s were in a sense the calm before the storm. Canberra was going to grow and grow rapidly. Most of the criticism of Interior during that period was that it was ignoring the impending growth, making no preparations for it. The role played by the Department of Works also came in for criticism. Most explanations given by Works of the apparent slowness to commence and even more apparent slowness to complete the construction of houses and offices and the servicing of blocks were dismissed as absurd. It seemed as though almost every other Canberra resident of those years knew as a fact that the senior and not so senior officers in the head office of the Department of Works in Melbourne were hostile to Canberra. To these Canberra residents the real explanation of the inactivity of the Department of Works lay in the fear amongst its officers that if houses were constructed or if an abundance of serviced land was made available for leasing their Department would soon be transferred to Canberra. On the other hand the Departmental explanation for the lack of an abundance of serviced land in Canberra was that it was not good policy to have serviced land unused because that would represent capital lying idle. The Department seemed to overlook that the raw land awaiting servicing also represented capital lying idle.

The position of the Department of the Treasury during the early 1950s was not the subject of criticism. Most senior officers of that Department during the period insist that had money for building houses or servicing land been requested by those responsible the money would have been available. But no special requests were ever made. Interior was by the middle 1950s openly described as the *Cinderella department*. The general public service growth had passed this Department by. Perhaps the Government sensed certain limitations when it appointed a Senate Select Committee in 1955 to examine the whole question of Canberra's development. The most important outcome of this Committee's recommendations was the establishment of the National Capital Development Commission (N.C.D.C.) in 1957 as a statutory authority responsible for the planning, development and construction of the City of Canberra as the National Capital of Australia. Administration was left with Interior. The Advisory Council attempts to obtain special representation with or on the N.C.D.C. were unsuccessful.

By the late 1950s the critics were turning on the Department of the Treasury which, it was alleged, had little knowledge of the difference between a freehold and leasehold and less interest in the difference, preferring to regard them both as being equal sources of revenue without distinction. In

the opinion of these critics, the Department of the Treasury was suffering from a mistaken conception of its purely auditing and accounting function in the general scheme of public administration. It was claimed to have developed grand illusions of itself as being a pre-eminent policy making Department and was standing over other Departments, was exerting undue influence to establish and maintain policies and practices designed to guarantee that the highest possible immediate revenue was obtained from the leasehold system, regardless of the fact that these policies inevitably lead to the very inflationary land prices which the leasehold system was meant to prevent.

The N.C.D.C., from its establishment in 1957, tended to receive the criticism formerly directed at the Department of the Interior. The charge was made against the N.C.D.C. that its *hopelessly confused* thinking on the leasehold system was evidenced by its boasting about how much revenue was being obtained by cash premium payments for the grant of residential blocks, and by implication its explanation of these payments as being necessary to recoup the cost of installing services on a block.

The strongest, most consistent, and it would seem the most important criticism directed against the Commonwealth Government or its Departments and instrumentalities in regard to the operation and administration of the Canberra leasehold system during these years related to the quantity of residential blocks made available. Almost all other points of criticism stemmed from this question of supply. In any event, the charge was soon being made that either the Government or the Department of the Treasury or both of them deliberately restricted the funds available for the servicing of residential blocks to guarantee that the short supply of blocks made available (in view of the urgent demand) resulted in the payment of high cash premiums.

Among the principal points of criticism relating to the demand for residential blocks were charges that:-

- (a) there had been a deliberate restriction of the funds made available for the building of Commonwealth houses for rental to force would-be tenants to join the already existing demand for residential blocks. Or alternatively, to compel these would-be tenants to purchase a spec built house for a price inflated by the premium the builder had already paid for the residential block. In support of this charge it was claimed that in 1956 83% of the residential blocks made available were provided for Government housing for rental whereas by 1964 only 34% of the blocks made available were so provided and that by 1970 this percentage had fallen even further.
- (b) this deliberate restriction of funds for the building of houses for rental caused the relevant authorities to spread their building expenditure and build smaller and less attractive houses. As a result of this, dissatisfied tenants, finding the houses allotted to them to be too small or certain to become too small, were forced to join the demand for residential blocks.

- (c) that arrangements were made for the transfer to Canberra of sections of Departments without any appreciation that such an increase in population would naturally bring a growth in the private business sector and in complete disregard of the need for extra residential blocks.

Another charge made against the Government, or against the Department of the Treasury, was that it encouraged or dictated the growth of ideas and beliefs in the N.C.D.C. which might have some justification with freehold land but which are objectionable to the Canberra leasehold system as originally established and operated. Such ideas and beliefs were said to include those that:-

- (a) premium payments for residential blocks are indications of the enhanced value of land in Canberra, or are signs of progress or are very desirable things, whereas, according to the critics, premium payments in most cases at restricted auction were desperation bids by shot gun purchasers at an auction where dog eats dog in the mad panic scramble to obtain any one of the relatively few residential leases made available by the absolute land monopolist in Canberra – the Commonwealth. In the opinion of most of these critics, the Commonwealth's monopoly of the supply of residential blocks and its alleged connivance in or apparent blessing of policies and practices which they claimed were deliberately designed to create and maintain an urgent demand for residential blocks made the Commonwealth Government a party to the greatest land racket ever witnessed in the history of Australia. The term *land shark* was often used by critics to describe and denounce the alleged Government action or inaction.
- (b) if the (the N.C.D.C.) wished to be assured of a yearly provision of funds to complete its programmes it was obliged to obtain the highest possible revenue from the sale of residential blocks.

The official explanation of premium payments for residential blocks was that premium payments were not sought, they were fortuitous windfalls, the size of which was determined by purchasers bidding in competition for the blocks being offered at a particular public auction. As there is no official determination on what the premium payment (if any) should be made for any particular residential block offered at auction there would be no official concern if premium payments decreased to a very low level or even disappeared. The amount of premium payments was the personal decision of purchasers bidding to obtain their preferred block and was a measure of the desirability of a particular block.

The official explanation was denounced and rejected by most critics as being either demonstrably false, deceptive or hypocritical. The attack by the critics cannot be adequately summarised. It read as several attacks. Some pointed to the obligation upon the tenant-purchaser of a Government house to pay, in addition to the purchase price of the house, an amount representing

the amount he would have paid as a premium if he had purchased the residential lease at auction when it was unimproved. This practice was seen as positive proof that premium payments were sought as a source of revenue and were not *fortuitous windfalls* resulting from competitive biddings at a public auction. Others referred to the practice of the Department of the Treasury of including in its estimates of receipts from the A.C.T. premium payments for residential blocks expected to be made during the next financial year as evidence which completely exploded as humbug the official explanation that premium payments were unsought – mere fortuitous windfalls the decrease of which would cause no official concern. In the opinion of these critics, these unsought fortuitous windfalls were awaited with joyous anticipation and a certainty that could only come from the complete control of supply and near complete control of demand. In this context, critics pointed to the gloom which they alleged descended upon the officers of the Department of the Interior directly concerned with the sale of leases after a low premium public auction. Those officers were said to go away from such an auction as though they had suffered some great and personal tragedy, blissfully ignorant that the cumulative effect of successive high premium sales on re-appraised unimproved values would, in the not too distant future, cause extreme financial hardship on an increasing number of leaseholders, probably including themselves, and price many residents out of Canberra.

In the opinion of most of these critics premium payments for residential blocks were self-explanatory. According to them the policies and practices pursued by the Government and its instrumentalities during those years were designed to restrict to the minimum level the supply of residential blocks made available and to keep the demand as buoyant and vigorous as possible. The result was a foregone conclusion – premium payments. The greatest determinant in the size of premium payments in the vast majority of cases was the supply of residential blocks made available and the demand for them. The Commonwealth completely controlled the supply and very largely determined the demand.

The emergence of the premium as the main item of land revenue can be seen from the following table⁵ :-

YEAR	TOTAL PREMIUM ON LEASES			LAND RENT
	Residential	Business	Industrial	
	\$	\$	\$	\$
1959	390,280	106,776	78,000	319,105
1960	450,660	1,958,410	-	429,840
1961	347,900	163,400	47,000	519,971
1962	1,619,460	229,500	29,700	556,158
1963	2,794,174	701,630	113,300	673,135
1964	3,223,256	2,706,400	412,400	793,230
1965	1,979,824	3,105,900	228,000	1,210,440
1966	1,517,921	2,846,250	134,000	1,575,731
1967	1,881,571	1,194,900	48,000	1,852,680

The 1955 Senate Select Committee on the development of Canberra and the Parliamentary Joint Committee (A.C.T.) on supply of residential land (1965 Land Enquiry Report) concerned themselves with almost all of the criticisms mentioned. The findings of these Committees were very largely an acceptance of the criticism and their recommendations included much which had been advocated by the critics. And yet the deliberations and findings of Parliamentary Committees on Canberra matters – particularly in relation to land – are seldom regarded locally with respect. Perhaps this is not hard to understand. As one Advisory Councillor who gave evidence before the 1965 Lands Enquiry said:-

*... the fact in the enquiry which disturbed me was the apparent lack of knowledge among our Federal Parliamentarians of our local problems. They were abysmally ignorant of what land system we have here – if anything the enquiry's best results might be in educating some of our politicians from out of town.*⁶

The land critics of the 1950-1970 period differed from the critics of the Federal Capital Commission era. The Commission critics were attacking the whole concept of leasehold, calling for its abandonment, whilst the more modern day ones were attacking the administration or operation of the system. The 20 year re-appraisal which will be dealt with in a later chapter featured largely in the criticism of the period under review.

The absence of any published works elucidating basic principles of the Canberra leasehold system has always been notable. This feature has not disappeared with the belated but most pronounced growth of the Department of the Interior since 1960. Consequently as the years have passed the land administrator's knowledge or appreciation of the historical origins and development of Canberra's leasehold system have lessened. A river is at its purest closest to its source.

NOTES ON CHAPTER 8

1. C.P. Lucas (ed.), Lord Durham's Report on the Affairs of British North America 1839 (Oxford, 1912), ii, p.203.
2. P.D. 12:16491
3. P.D. 207:1846
4. P.D. 13 September, 1968. p. 1062.
5. Ibid.
6. R.P. Greenish, *Advisory Council Debates*, December, 1965.