

LETTERS TO THE EDITOR

I have read *Progress* sympathetically for some years now and often find something of interest in it. I think that land taxes and, more generally, resource rent taxes, are going to become much more common in Australia, although, like others, I have no feeling as to the levels of government revenues which it might be possible to raise in this way.

In a leasehold system, the lessee has only those development rights which the landlord is prepared to grant under the terms of the lease contract. In discussing the pros and cons of a leasehold versus freehold system for the newly-independent Australian Capital Territory, John Mant observes that 'the manner in which all States have dissipated their rights as owners of the Crown estate does not provide a model for emulation.' Aynsley Kellow agrees:

After the establishment of self-government, the distribution of unalienated land is politically easy because the government is able to dispense favours which, apparently at least, do not have to be provided at the expense of anyone else but which will attract capital investment. Ultimately, of course, such 'free gifts' do come at the expense of others, if only at the expense of the opportunities available to future generations.¹

At first sight, the perpetual lease seems to be a reasonable compromise as the basic form of land tenure. To quote Dick Condon, former NSW Western Lands Commissioner: 'Perpetual lease means security of tenure for the lessee but can still be conditioned with covenants to safeguard the environment, and other matters for which the Government may feel responsible'.²

There is however a problem with perpetual lease in that covenants cannot be varied once the lease is granted. Also, the loss of control over land use which accompanies the introduction of perpetual lease creates a need to establish local government. Finally, there is an expectation among landholders that perpetual leases will eventually be converted to freehold.

A tenure system based on term leasehold with periodic covenant review (say, five yearly) would seem to satisfy public and private interests provided that it can be constructed to offer acceptable security of tenure, e.g. lease periods of 50 or so years with the opportunity to renew after, say, 30 years.

Violation of covenants would automatically invoke conversion to a short-term lease without a renewal option. This is an adaptation of a suggestion from an interdepartmental working group on the administration of South Australia's pastoral lands.³ I am however envisaging this form of tenure as a desirable standard on most non-urban land in Australia, not just pastoral lands. It would, for example, facilitate control of erosion in cropping areas. Politically, however, reversion of freehold to leasehold is not possible and other social technologies such as the selective purchase of landholder rights (e.g. the right to grow crops) must be devised.

Yours sincerely,
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1. Mant, J., 1988, Discussion paper on the proposed ACT planning system, PFS Consultants, Sydney.
Kellow, A., 1986, Federalism, development and the environment, *Regional J. of Social Issues*, No. 18, 75-84.
2. Condon, R. W. 1982, Pastoralism, in Messer, J., and Mosley, J. G., (eds), *What future for Australia's arid lands?*, Australian Conservation Foundation, Melbourne.
3. Anon, 1981b, *The administration, management and tenure of South Australia's pastoral lands*, Report by an interdepartmental working group to the South Australian Government.

Ed.'s Note: This letter has been abridged. Our masthead has now dropped reference to freehold. Our main concern is the collection of site rents, whether on a freehold or leasehold basis. The respective merits in different situations is a highly technical matter, and we are grateful to our correspondent for opening up the issue.