

CANBERRA PUTS THE CLOCK BACK

HAND-OUTS FOR THE PRIVILEGED



THE CITY OF CANBERRA is on the brink of losing its system of the public collection of land rent. Since 1924 all Crown land in Canberra has been leased from the Government at an annual rent of five per cent of capital value. Unfortunately, rentals are reappraised only at twenty-year intervals so that there are substantial differences between the rents of neighbouring lessees depending upon the dates the rents were fixed. The twenty year interval for rent revisions has also created the situation of new "shock rents" for lessees whose existing term has come to an end, for these tenants have enjoyed both the benefits of monetary depreciation and of steady increases in real land values. These imperfections and anomalies, instead of leading to more frequent reappraisals so that rents might be constantly realistic and equitable, have led to a proposal to change the entire system—in short to abolish the public collection of land rent altogether, and in effect, make a present of the freeholds to the lessees.

The Administration has admitted that it is not legally

entitled to dispose of land as freehold, but this is what in essence it is proposing to do. Although the tenure of land will still be known as leasehold, the rent will be reduced to a nominal "five cents per annum if and when demanded," reports the December-January issue of *Progress* (Melbourne).

New "leases" will be sold by the Administration for a cash price at auction, subject to a minimum reserve price. As the rent will be negligible, this price is to be the equivalent of a freehold price.

The legislation for the change is not being enacted by the Federal Parliament directly but by ordinances prepared by the Department of the Interior. Being ordinances rather than bills, they do not automatically come under discussion in Parliament. They are tabled, and unless members move for their disallowance within fifteen days, they become laws. Says *Progress*: "This is a most undemocratic and dangerous set-up in which fundamentally important changes can be made by stealth." In a speech in the House against the proposed change, Mr. Enderby

The Speculator Prefers Freehold

The Australian Capital Territory, and more particularly Canberra has since 1910 been a laboratory for the testing of ideas and programmes in urban land use.

In most respects, the experiments that have been conducted in it, principally through the introduction of leasehold system of land tenure, have been commonly regarded as successful.

While there are few who would not argue for improvements in the system, it has only been the occasional land speculator who would prefer the freehold system, with its accompanying inequities and inflated land prices that have been the order of the day in the other major cities.

Now, all but unnoticed beyond its borders, the Australian Capital Territory is in the throes of a substantial alteration in the system which has important implications both for the Territory itself and for the rudimentary land reforms that are gaining increasing attention outside it.

—Dr. Neutze, *Australian Financial Review*, Nov. 6, 1970.

Q.C., M.H.R. for Canberra said:

“In the Australian Capital Territory we are fortunate because in 1910 our founding fathers decreed that all land released by government should not be released as freehold land. This left us with what is now the situation. Most of our land is held under a leasehold system. Those early statesmen who chose a leasehold system did so for a variety of reasons. The principal ones were, firstly, the idea that the residual value of land should belong to the community as a whole and not to individuals, and that all increases in value brought about by circumstances which were not the result of the efforts of the landholders themselves should accrue to the public instead of to some lucky individual. The leasehold system also ensured that governments would not be deterred from acquiring land in the public interest because of having to make enormous compensation payments. The second reason was to facilitate town planning, although they did not call it ‘town planning’ in those days.

“I believe that the Australian Capital Territory system of land tenure is the envy of every person in Australia who thinks seriously about the problems of urban living and how they can be overcome. Over the years there have been demands for more frequent reappraisements of ground rents on a triennial basis rather than on a 20-year basis.

“The Prime Minister (Mr. Gorton) hastily announced his proposals to abolish land rents. Up until that time, as far as I am aware and as far as I can ascertain through the research I have been able to do, there had been no

public discussion, no agitation, and no demands for any such step to abolish land rent. It is believed that the Government intends to abolish land rent as from the end of this year. This belief causes grave concern to many people in Canberra.

“They know that their rates will go up, but they do not know to what extent. They have been told that increased rates will be an income tax deduction whereas payments on ground rent are not, but they know that this will benefit only the wealthier members of the community.

“There is grave cause to suspect that the proposals result from pressure on the Government by large commercial leaseholders in the Australian Capital Territory.

“There is another aspect that causes concern. The proposals of the Government amount to a unilateral repudiation of the contracts that the Commonwealth has entered into in its leasehold agreements with about 20,000 people in the Australian Capital Territory. They are all lessees of the Commonwealth. They have not been consulted. They are about to have their contracts changed at the whim of the Government.”