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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

*Joint Committee on the Australian Capital Territory*

# REPORT

on the supply of

## RESIDENTIAL BLOCKS IN CANBERRA

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By Authority :

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(Printed in Australia.)

## JOINT COMMITTEE ON THE AUSTRALIAN CAPITAL TERRITORY

The Committee was appointed for the life of the 25th Parliament by Resolutions of the House of Representatives and the Senate on 6th May and 7th May, 1964 respectively.

The duties of the Committee are—

- (a) examine and report on all proposals for modifications or variations of the plan of lay-out of the City of Canberra and its environs published in the *Commonwealth of Australia Gazette* on the nineteenth day of November, 1925, as previously modified or varied, which are referred to the Committee by the Minister for the Interior; and
- (b) examine and report on such other matters relating to the Australian Capital Territory as may be referred to the Committee by the Minister for the Interior.

### PERSONNEL OF THE COMMITTEE (June, 1965)

#### Chairman:

Senator I. A. C. Wood

#### Members:

Senator D. C. Hannaford  
\*Senator R. Kendall, R.D.  
Senator D. M. Tangney  
Senator J. P. Toole

Mr. W. C. Coutts, M.P.  
Mr. J. A. England, R.D., M.P.  
Mr. E. M. C. Fox, M.P.  
Mr. J. R. Fraser, M.P.

\* Term as Senator expired 30th June, 1965.

**JOINT COMMITTEE ON THE AUSTRALIAN CAPITAL TERRITORY  
REPORT ON THE SUPPLY OF RESIDENTIAL BLOCKS IN CANBERRA**

**FINDINGS OF THE COMMITTEE**

**YOUR COMMITTEE FINDS—**

**The question of the adequacy of supply in relation to demand**

- (1) That, in relation to demand, the supply of residential blocks in Canberra has been grossly inadequate for a number of years.

**Reasons for the inadequacy**

- (2) That the inadequacy of supply of residential blocks was brought about by a population growth which had not been anticipated by the authorities concerned.

**Plans to overcome the inadequacy**

- (3) That the proposed design and development of residential land as programmed by the National Capital Development Commission over the next five years should be adequate to meet the needs and demand of the rapidly expanding population of Canberra and that the present inadequacy should be overcome during that period.
- (4) That the principle of balanced development should be maintained and that residential neighbourhoods should be brought into being complete with the necessary schools, playing fields, public utility headworks and other essential community facilities.

**Lower cost housing**

- (5) That the inadequacy in supply of residential blocks has been a major cause in the high cost of housing in Canberra.
- (6) That the inadequacy of the supply of land and the high restrictive building covenants are the major causes in the inability of the building companies to provide lower cost housing in Canberra.
- (7) That, at the present rate of premiums and minimum covenants, it is not possible for private builders to market a house under £5,000.
- (8) That a factor militating further against the provision by building companies of low cost housing has been the relatively small number of blocks made available at group auctions and the lack of regularity of those auctions.

**Premium payments**

- (9) That premiums on leases were never intended to feature as a significant item of revenue and the City Area Leases Ordinance makes no reference to any "premium" as such.
- (10) That, progressively during the last 6 years or so, the failure of the supply of land to keep abreast of demand has provoked the premium.
- (11) That any contention that the premium is intended to cover the capital outlay for services is fundamentally mistaken. The land rent is imposed for that purpose and any premium obtained is merely an additional impost on the lessee and highly inflationary of land values.
- (12) That its recommendation in regard to the availability of finance to the Commission for its five year land development programme should have a profound effect in the reduction of premiums and is of opinion that, during the five year period, premiums will become only a nominal figure and a measure of discrimination between blocks.

**Land Rent**

- (13) That, with recent reappraisals increasing the unimproved value by up to 700 per cent, and with General Rates somewhere between 3 and 4 per cent. in the same sliding scale, the investment is a highly profitable venture for the Commonwealth.
- (14) That there is no evidence to indicate that reappraisals are being made at a conservative figure but rather that they are being related to the high premiums paid at auction during a boom period when prices have been inflated due to a shortage of residential blocks.
- (15) That the assessed unimproved value and thus the land rent payable on blocks purchased in recent years appears to be related to the high prices paid at previous auctions.

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**The auction system**

- (16) That the auction method is the most practicable one of disposing of land under present conditions.
- (17) That the present balance between restricted and unrestricted auctions is satisfactory.
- (18) That an undesirable practice has crept into group auctions as evidenced by testimony that a successful bidder, not being a building company, had made the blocks purchased available to speculative builders for development. This practice is not within the intentions of group auctions.
- (19) That a disadvantage of the group disposal of leases is that some land, prior to the auction, can be viewed only in its virgin state. Subsequently, road and drainage works are carried out and cases have arisen where, as a result of these operations, considerable quantities of loose spoil have been deposited on already purchased blocks, causing the lessee to be faced with added expense in the construction of foundations. Although the lessee has no control over the depositing of spoil, the Commonwealth, in its Sales Conditions, states that the risk of such a happening shall rest with the lessee. In your Committee's opinion, some responsibility in such cases should be taken by the Commonwealth if it is sincere in its desires for the production of lower cost housing.
- (20) That the necessity for the successful bidders at group auctions to pay immediately the premiums on unserviced blocks, the leases of which may not commence for twelve months, could be a factor in increasing housing costs, particularly in the case of a small building company with limited finance or one which may have to rely on finance raised at high interest rates.

**Land development by private enterprise**

- (21) That the proposal for land development by private enterprise is not consistent with the principles of the City Area Leases Ordinance. The whole leasehold structure is built around the outlay of funds by the Commonwealth itself and the return to it of income on those funds by means of land rental. The practical effect on the cost of housing would be gravely inflationary, if this procedure were changed.

**Rural leases**

- (22) That no formula for just compensation to rural lessees has been forthcoming from the Department of the Interior.
- (23) That, although no compensation for goodwill or the unexpired portion of the lease is given to rural lessees on withdrawal, on the death of a lessee the Commonwealth requires probate duty to be paid on the current value of the property as a going concern even though the lease could be withdrawn shortly afterwards. That is, the Commonwealth takes from a man when he is dead, what it was not prepared to allow him while he lived.

**REJECTIONS OF THE COMMITTEE****YOUR COMMITTEE REJECTS—****Plans to overcome the inadequacy**

- (1) Any suggestion that the present inadequacy should be quickly overcome by making vast areas of serviced land available when it would be impossible, within the Commission's budget, to provide the essential community services.

**Lower cost housing**

- (2) The tendency to quote the costs incurred in building Government houses in attempts to establish that lower cost houses are possible and practicable.

**The auction system**

- (3) The suggestions that a land list, in the same way as there is a housing list, be established and that group blocks should be available over the counter.
- (4) The suggestion that only restricted auctions be held with the balance of the land being allocated on a performance or stock replacement basis to existing bona fide builders at market value prices related to the prices paid at restricted auction.
- (5) The suggestion that a maximum building covenant be placed on blocks offered at restricted auction as it believes that this would unduly restrict the right of the individual purchaser to build the type of home he desires.

**RECOMMENDATIONS OF THE COMMITTEE****YOUR COMMITTEE RECOMMENDS—****Plans to overcome the inadequacy**

- (1) That the Government endorse, as a basic minimum, the five years residential land development programme of the National Capital Development Commission, and that funds be provided to finance any acceleration of this programme found physically possible, in consonance with the provision of essential community services.
- (2) That the aim of the Government should be to ensure that, as rapidly as possible, the supply of serviced residential sites should be brought to a level adequate to meet the needs of private builders in all categories as well as to permit a substantial increase in Government home construction for rental.

**Lower cost housing**

- (3) That the minimum covenants in respect of group blocks be reduced so that building companies may be encouraged to seek the lower price market and establish its existence.

**If this move proves unsuccessful in reducing sale prices—**

- That an additional auction section be created in which bidding is limited to builders of proven size and ability and that a maximum sale price covenant be placed on the houses built on the blocks within this section.
- (4) That the number of blocks made available at group auctions be raised to and maintained at not less than 40 per cent. of the total blocks made available for auction in a financial year, while demand continues.
- (5) That, while some smaller parcels of land should be available at each group auction for the small building company, there should be sufficient groups offering at least 12 blocks in each stage. The lesser number parcels would remove small builders from competition with individual home seekers at the unrestricted auctions, and the large number parcels would permit building economies.
- (6) That group auctions be held at regular three monthly intervals.
- (7) That, as nearly as practicable, an equal number of blocks be released at each of the four group auctions in a financial year.
- (8) That, where practicable, a large percentage of the group blocks be made available on the flatter areas of a sub-division so to reduce foundation costs.
- (9) That the level of building covenants on all types of residential leases be reviewed, to encourage the construction of lower-cost housing, recognising that required approval of building plans and specifications ensures the maintenance of desired standards.

**Land Rent**

- (10) That a departmental committee of inquiry be set up to examine the method of assessing land rent and general rates with a view to ironing out the inequities that have arisen and producing a more equitable and consistent formula. Specifically that consideration be given to providing that, during the currency of a lease, re-assessment of land rent be made only at point of sale or transfer.

**The auction system**

- (11) That restricted and unrestricted auctions be held at regular three-monthly intervals in conjunction with group auctions, and that the need to continue with restricted auctions be progressively reviewed as supply of serviced sites approaches parity with demand.
- (12) That, prior to the commencement of each auction, an announcement be made indicating the land to be made available at the succeeding auction.
- (13) That provision be made in the Conditions of Sale for group auctions that the successful bidder construct the houses on those blocks.
- (14) That, if it is impossible for all land to be serviced prior to a group auction, some compensation be available to the lessee when the construction of mains and roads affects a block to a marked degree.

**OR**

- That the Commission ensure that the unserviced blocks are not in an area where large amounts of fill are required and so avoid a substantial rise in the cost to a lessee in respect of foundations.

- (15) That the necessity for successful bidders at group auctions to pay premiums immediately on all blocks, serviced or unserviced, be reviewed and consideration given to premiums on unserviced blocks being payable on the commencement of the lease, with the lessee being placed under a bond, in the interim from the time of auction, to ensure good faith.

#### Building Regulations

- (16) That action be taken, as a matter of urgency, to expedite the introduction of amended building regulations.
- (17) That departmental procedures be reviewed for the purpose of expediting approval of plans and specifications.

#### Rural leases

- (18) That, on withdrawal of a rural lease or portion of a rural lease, the lessee be compensated on just terms, i.e. at least to the value of the lease for probate purposes.

#### DEFINITIONS

**RESIDENTIAL LAND.** Blocks of land provided for both Government and private houses, including land leased for residential purposes under the City Area Leases Ordinance.

**AUCTION SALES.** Sales at which leases of residential land are offered. The following types of auction sales are referred to:—

*Unrestricted.* Normal auction sales where leases of blocks are offered singly and bidding is not restricted to any class of persons.

*Restricted.* Auction sales where leases are offered singly but bidding is restricted to a particular class of persons.

*Groups.* Auction sales of leases offered in groups.

*Special.* Leases of blocks offered in groups and for which applications have been invited.

**PREMIUM.** Amount paid by the successful bidder and which is fixed by people bidding in competition for leases.

**LESSEES.** Successful bidders at auction who thereby acquire residential leases. The following categories of lessees are referred to:—

*Building Companies.* Incorporated companies known to have been engaged in home building in Canberra.

*Speculative Builder.* Unincorporated person or firm known to be engaged in home building in Canberra.

*Finance Companies.* Finance companies known to be engaged in home building in Canberra.

*Building Firms.* Reference to building companies, speculative builders and finance companies.

*Other Lessees.* Lessees other than the above, principally comprising private persons intending to reside in a home to be built on the block leased.

**COVENANT.** The amount specified in the lease as being the minimum cost of a building to be erected on the block.

**UNIMPROVED VALUE.** Amount on which land rent is based and on which it is calculated at the rate of 5 per cent. per annum. It is subject to reappraisal during each 20th year of the term of the lease.

**PERMIT TO BUILD.** Permit necessary to build under the Canberra Building Regulations before a building can be commenced.

**COMMENCEMENT OF LEASE.** Leases commence as from the day of auction except in the case of groups of leases for staged development, when other dates are specified.

## JOINT COMMITTEE ON THE AUSTRALIAN CAPITAL TERRITORY REPORT ON THE SUPPLY OF RESIDENTIAL BLOCKS IN CANBERRA

### I. THE INQUIRY

1. On the 8th April, 1965, the Minister for the Interior, the Honorable J. D. Anthony, forwarded a letter to the Committee in the following terms:—

Your Committee will be aware of the very active demand that has been experienced in recent years for the available leases of residential sites in Canberra. These are 99 year leases offered, pursuant to the provisions of the City Area Leases Ordinance, for residential purposes only, subject to a covenant requiring the erection of one approved residence only on each block to be commenced within 6 months and completed within 12 months of the date of commencement of the lease. Leases are also offered of sites for residential flats.

It has been the established policy of succeeding Governments to offer publicly the leases of residential blocks to which services have been provided. The leases are offered at public auction where the bidding is by capital sum for the right to leases for which specified annual land rentals are payable. During the past few years the demand for the leases of the available serviced blocks has been so great that, generally speaking, very high cash premiums have been bid for them at auction.

The high premiums that have been consistently paid for such leases recently has caused much concern, and the matter has been the subject of discussion on a number of occasions by the Australian Capital Territory Advisory Council. I have had before me a resolution of the Council recommending that your Committee be requested to investigate the need for an increase in the supply of home sites in Canberra to the level of demand. I might say that this resolution had been adopted by the Council as an amendment to a motion that had been under discussion, proposing to recommend that action be taken to increase the number of residential building blocks being released to bring the supply of home sites up to the level of demand.

I have accepted the Council's recommendation, and the purpose of this letter is to refer to your Committee for examination and report the question of the adequacy of the supply, in relation to demand, of residential blocks offered for leasing in Canberra.

### II. INTRODUCTORY

#### (a) Witnesses

2. Your Committee invited by public advertisement oral and written submissions. Twenty submissions were received from interested organizations and persons and 18 persons were called and examined by your Committee. A list of witnesses is attached as Appendix I.

#### (b) Administration of the land laws

3. The Minister for the Interior is responsible for the administration of the land laws of the Australian Capital Territory, and it is the Lands Branch of the Department of the Interior which is concerned primarily with this function. Crown leases in Canberra are granted by the Minister under the powers conferred on him under the various leasing Ordinances, all of which stem from the provisions of the *Seat of Government (Administration) Act 1909-1959*. Residential leases are granted under the City Area Leases Ordinance.

4. As distinct from the administration of the land laws of the Australian Capital Territory, the functions of the National Capital Development Commission are as stated in the National Capital Development Commission Act, viz.: " . . . to undertake and carry out the planning, development and construction of the City of Canberra as the National Capital of the Commonwealth ".

5. Shortly after the establishment of the National Capital Development Commission in 1958, the Minister directed that it be a function of the Commission to select blocks for disposal for residential purposes.

6. In regard to the supply of residential blocks, the Department's main function commences with advice from the Commission that the Commission has selected for development by lessees for residential purposes certain blocks to which engineering services are, or are about to be, available. The Department offers leases of such blocks, usually at public auction, and is concerned with the subsequent grant of those leases.

#### (c) The leasehold system

7. The leasehold system in Canberra results from the provisions of Section 9 of the Seat of Government (Administration) Act which says that "no Crown lands in the Territory shall be sold or disposed of for any estate in freehold . . .".

8. Evidence of the thinking which led to this provision can be seen in the Parliamentary Debates recorded in Hansard of 1901, 1909 and 1910. These debates disclose that the following two things were uppermost in the minds of practically all who expressed their views at the time:

- (i) that there should be no opportunity for land speculation, either in the area to be adopted for the proposed city or in its near vicinity, as a result of the Government's decision to establish a national capital city. This will explain the large area of Commonwealth-owned land in the northern part of the Australian Capital Territory surrounding the city, the freehold of which was acquired by the Commonwealth, and which is now mainly leased for grazing purposes;
- (ii) that "the unearned increment created by the expenditure of the people's money" should belong to the people. The "unearned increment" is reflected in the enhancement of value of land. The statutory requirement for periodic reappraisal of the unimproved value of leased lands provides the Commonwealth with the means of deriving benefit from the enhanced value of land in the form of increased land rent, as property values rise consequent upon the continued development of the national capital.

*Period 1924-1935*

9. The first disposal of leases of residential sites in Canberra took place on 12th December, 1924, when leases of 266 blocks were offered at public auction. Further public auctions were held in 1926 and 1927, 80 blocks being offered on each occasion. The auction held on 19th March, 1927, was the last public auction of residential blocks held in Canberra until 1951. Applications were invited for 26 residential leases in October, 1927.

10. In all these cases the successful bidder (or applicant) undertook to pay land rent at the rate of 5 per cent. per annum of the amount bid (or stated) by him to be the unimproved value. This basis was changed in 1935, after which the lessee was required to pay in cash the amount by which his assessment of the unimproved value exceeded the "reserve" value placed on the land by the Commonwealth. Rent was calculated at the rate of 5 per cent. per annum of the "reserve" value.

*Period 1935-1950*

11. Between August 1937 and March 1950 a total number of 555 leases of sites were offered by means of inviting applications for them from the public. A number of leases of these blocks were not taken up at the time of offer and during most of the 1924-1950 period, certainly from the early 1930's to 1949, it was possible for prospective lessees to choose from these blocks and from those which had been surrendered by lessees who, for one reason or another, decided not to build.

12. Generally speaking, it could be said that during this period the supply of residential blocks exceeded demand.

*Period 1950-1965*

13. Disposal of leases at public auction was resumed on 14th July, 1951, when 51 particularly choice sites were offered, and this means of disposing of residential leases has continued. The 43rd auction sale will be held in September, 1965, when a total of 501 leases will be offered.

14. Until the practice ceased, blocks "passed in" at auction were available for leasing to persons "over the counter" on application.

15. During the early 1950's, concern about what was then regarded to be high "premium" payments, and the undesirability of using what were in fact Commonwealth funds to intensify the already keen competition for leases at public auction, led to the decision to grant leases of residential blocks directly to the Australian National University to meet its special housing needs. In this regard the Minister has exercised from time to time his authority under the Ordinance to grant leases directly to this body.

16. Similar concern about high premium payments led to the introduction in 1959 of leases of residential blocks being offered in small groups instead of singly. Initially applications for the leases were invited, but from 1962 groups were offered at public auctions. It was hoped by these means to reduce the demand at public auction by so providing for builders, whose competition for individual blocks at the normal auction sales was felt to be causing bids to rise unduly.

17. In March, 1962, the Minister announced the adoption of an altered system of bidding at auction sales. Instead of bidding starting as hitherto, at a reserve value, and the successful bidder paying as premium the difference between the reserve and the amount bid, persons would bid the actual premium offered for the right to the lease, with bidding starting at £1 or some such nominal sum. This system which now operates, was introduced to avoid confusion. Rent remained to be calculated at the rate of 5 per cent. per annum of the unimproved value placed on the land by the Commonwealth.

18. "Restricted" auctions were introduced in June, 1962, and the Minister explained that this type of auction was intended "to cater for persons with limited resources desiring to build their own homes, without requiring them to compete for leases against builders or other persons who were better able to face open competition for residential blocks carrying higher land rentals and building covenants". At this auction, known as the 30th auction of residential leases, 69 leases were offered in groups varying from 5 to 10, 50 leases were offered singly on the "restricted" basis, and 176 singly on the normal basis of auction.

19. "Staged group" disposals of leases were introduced in October, 1963, and when announcing this the Minister said that "288 blocks would be offered in groups. However, in order to cater for the needs of builders who wished to be assured of a continuity of land for building over a reasonable period, the leases would commence at different times during the next year". The Minister explained that "the objective of this new method of offering leases in groups was to give builders an assurance of greater numbers of leases and continuity of supply of serviced blocks so that they would be able to 'stage' their building operations over a total period of about 18 months".

20. At the same time as the announcement of the 288 leases in "staged groups", the Minister announced that further restrictions were being introduced "to prevent malpractices which occurred at restricted auctions earlier" during that year. Leases obtained at "restricted" auctions henceforth would not be capable of being transferred during the first five years without the prior consent of the Commonwealth.

*(d) Particular features of the system*

21. Section 12 of the City Area Leases Ordinance provides that:

"A lease shall be:

(a) for such period not exceeding 99 years; and

(b) subject to such covenants and conditions as to rent and otherwise,

as the Minister determines or as are prescribed."

(i) *Period.* Residential leases are in fact granted for the maximum period of 99 years.

(ii) *Rent.*

(A) Land rent is prescribed by the Ordinance to be payable at the rate of 5 per cent. per annum of the unimproved value of the land.

(B) The unimproved value of the land is reappraised during the twentieth year of the term of the lease, and during each twentieth year thereafter.

(C) A lessee may appeal to an Appeal Board against a reappraisal. The Board is established by the Ordinance and its powers are set out therein.

(iii) *Building Covenant.* A lessee is required to commence and complete the erection of an approved residence on the block, within 6 months and 12 months respectively from the date of commencement of the lease, or within such further time as may be approved by the Minister, the building to cost not less than a specified sum.

(iv) *Approved Residence* is a building which has been erected in accordance with plans and specifications approved previously by the proper authority under the Canberra Building Regulations.

(v) *Renewal of Lease.* Unless at the expiration of the lease the land is required for any Commonwealth purpose, the lessee is entitled to the grant of a further lease under such terms and conditions as may then be determined.

(vi) *Tenant Right.* At the expiration of the term of a lease, and if the lessee is not granted a further lease, the Commonwealth must pay to the lessee the value of the improvements on the land.

(vii) *Purpose Clause.* Under the City Areas Leases Ordinance leases can be granted for business and/or residential purposes. A serious view is taken of any breach of the purpose clause of a lease, penalty for which could be the determination of the lease, or as recently provided in the Ordinance, the imposition of a fine upon conviction by a Court.

(viii) *Change of Purpose.* There is provision in the Ordinance for a lessee to make application to the Supreme Court for a variation of the purpose of the lease. A copy of such application must be served on the Minister, who may file a certificate with the Court objecting to the application on the grounds 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". If such a certificate is filed no variation can be made. In considering any application the Minister seeks the advice of the National Capital Development Commission and his Department.

- (ix) *Determination of Lease.* The Commonwealth may determine a residential lease if:
- Rent remains unpaid for more than twelve months.
  - The building covenant is not complied with.
  - After completion of a building, the land at any time is not used for a period of one year for the purpose for which the lease is granted.
- (x) *Transfer or Mortgage of Lease.* A lease cannot be transferred or mortgaged prior to the completion of the building, without the consent of the Minister. After completion of the building the lease may be transferred freely and mortgaged.

(e) *Disposal of leases*

22. Together with advice of blocks selected for residential development by lessees, to which engineering services are, or are about to be, available, the National Capital Development Commission indicates to the Department the type of construction (brick, timber, &c.) and the minimum sum required to be expended by each lessee in the construction of an approved building on each block, and any other special features to achieve the standard of development desired.

23. At the same time, and in accordance with the long established policy of succeeding Governments to offer for lease only those blocks to which engineering services are available, or will be available, at the latest, by the time they are required by lessees, the Department satisfies itself concerning the provision of such services before proceeding to offer leases of the blocks concerned.

24. It is appropriate to mention that the Seat of Government (Administration) Act provides for certain procedures to be observed if the plan of layout of the City of Canberra and its environs published in the Gazette of 19th November, 1925, is to be modified or varied. This Act, and the National Capital Development Commission Act, expressly forbid the Minister and the Commission respectively, from departing from or doing anything inconsistent with the plan as formally modified or varied.

25. Arrangements made by the Department include the provision by its Survey Branch of "sale plans" which are prepared to provide the interested public with information about the location, dimensions and areas of the blocks concerned. That Branch is required also to ensure that blocks concerned are marked suitably on the ground, and in addition, to prepare plans of subdivision which are required to be lodged with the Registrar of Titles in connection with the registration of land dealings under the Real Property Ordinance.

26. Advice about unimproved values on which land rent for the blocks will be based is furnished by valuers of the Taxation Branch appointed for this purpose, while the Lands Branch is concerned with the collation of all relevant matters and for the considerations necessary towards the preparation of actual sale and lease conditions required to achieve effectively, on the one hand, the development desired by the Commission, and on the other, the grant of leases to those who desire them. In the course of this, decisions about which blocks and the numbers to be offered on a "restricted" basis, have to be made. Lately, it has been the practice to offer half of the blocks available for disposal singly on a "restricted" basis.

27. All of these, and other arrangements, have to be made before an auction sale can be held, and usually take some little time before the Minister is in a position to make an announcement about the proposed public offer of leases, and before details can be advertised and made available to the public. The Department normally endeavours first to advertise proposed auction sales about six weeks before the date of sale. This has been found to be a reasonable time to allow prospective lessees to inspect and consider the implications and to select the blocks of their choice.

28. In the case of "restricted" auctions, it is necessary for the Minister to make an order specifying the class of persons eligible to bid. At the present time the requirements of such an order would be:—

- That the right to bid at the auction shall be restricted to persons who within the period of three years immediately preceding the date of the auction have not been separately or jointly or whose spouse has not been within that period separately or jointly registered or entitled to be registered as a lessee or lessees of a parcel or parcels of land in the Australian Capital Territory held for residential purposes only, and
- That any such person eligible to bid shall not be entitled to obtain at the auction the right to the grant of a lease of more than one block.

(f) "Premium" payments

29. "Premium" payments realised at auction are amounts fixed by people bidding in competition for the leases being offered at the time.

30. The Ordinance does not mention the word "premium" but it does provide that "the successful bidder" is the person who bids the highest amount. The highest amount can be any positive sum, and the purpose of the Ordinance is served when competition has been resolved and a "successful bidder" thereby determined.

(g) *Leasehold and freehold*

31. The Department of the Interior drew attention to the fact that any attempt to make meaningful comparisons between what is paid elsewhere for freehold residential blocks and the payments made by lessees in respect of residential leases is fraught with difficulty at the outset, because of the great dissimilarity of the freehold and leasehold systems.

32. The freeholder is without the contractual obligations entered into by the leaseholder, not the least of which is the covenant to erect an approved building costing not less than a sum specified by the Commonwealth, within 12 months of the commencement of the lease.

33. The lessee's rental payment calculated at the rate of 5 per cent. per annum of the unimproved value, is subject to reappraisal during each twentieth year of the lease, and it is impossible for any lessee to foresee the circumstances which will prevail from time to time during the full term of the lease. The freeholder pays the one purchase price at the time he becomes the owner, and he can remain the owner, generally speaking, as long as he likes. The lessee's term is specified and is limited. He never becomes the owner of the land, but is required at all times during his term of occupancy to observe the various conditions of his lease.

### III. THE MINISTER'S REFERENCE

(a) *The question of the adequacy of supply in relation to demand*

34. Your Committee finds that, in relation to demand, the supply of residential blocks in Canberra has been grossly inadequate for a number of years.

(b) *Reasons for the inadequacy*

35. Prior to the establishment of the National Capital Development Commission in March, 1958, the Government had reached a decision to initiate a programme of transfers of public servants to Canberra. The population at that stage was approximately 35,000.

36. The first transfer was set down for January, 1959. This was the beginning of the movement of 2,500 Defence personnel.

37. Suitable planning steps had been taken by the Departments of the Interior and Works to commence the provision of services such as land, housing units and schools and it was at this stage that the Commission began its operations.

38. In 1958, the best estimate of population growth was a figure of 90,000 to be reached in the period 1980-90. The Commission found no valid reason to differ from this estimate as the annual growth rate of the Public Service in Canberra was approximately 4 per cent., the Australian National University was in its infancy and the commercial interests were not attracted because of little profit and no room for enterprise.

39. However, with some forethought, the Commission did provide in its first year of operation a further estimate of growth, which indicated a population of 90,000 in 1972-73.

40. The continuing programme of transfers, together with other forces of government leading to growth, aroused the interest of the entrepreneur and people became assured that they could build or buy a home in Canberra and not lose money.

41. All these things produced a rate of population growth significantly greater than any expectations and, in fact, a population of 90,000 will probably be reached before the end of 1965.

42. As early as 1962 the Commission sensed that these growth forces were operating at a higher level than had been anticipated but there were only limited reserves of planned and subdivided residential land available to meet this unexpected demand.

43. Your Committee finds that the inadequacy of supply of residential blocks was brought about by a population growth which had not been anticipated by the authorities concerned.

(c) Plans to overcome the inadequacy

44. Your Committee was informed by the Commission that the complete process of residential land design and development, which is arranged on the basis of projects of about 400 building blocks, takes approximately 2 years and 9 months to the time the first blocks are available for auction. Appendix II outlines the various stages in this process.

45. A further 12 months will pass before private homes have been completed and occupied on about half of these sites and a second 12 months period will elapse before houses have been completed and occupied on all sites.

46. In other words, there is a period of 4 to 5 years between the commencement of residential land design and the completion and occupation of private houses on this land. This means that, generally speaking, housing requirements have to be assessed 5 years ahead.

47. Your Committee was informed that the time required for these various phases cannot, in normal circumstances, be reduced but the Commission is moving to achieve greater flexibility in its programme by building up a "bank" of land subdivision design ahead of the requirement for actual work in the field.

48. Such a stock pile of land design would give a much increased flexibility in any short term programme to increase the supply of residential land.

49. At the present time land subdivision design is proceeding at the rate of about 4,000 separate residential blocks each year and this will enable a "bank" of subdivision design to commence to accumulate within 2 years.

50. The Commission's current programme and its proposed programme of design and development for the period 1965-70 will rise from the 1900 blocks in 1963-64 and nearly 2400 blocks in 1964-65 to 2500 blocks in 1965-66 and a capability of 3000 blocks a year thereafter.

51. In collaboration with outside consultants, the Commission has produced a population projection for the period 1965-70 which indicates that Canberra's population will rise to about 125,000 by the end of that period, and increase of 40,000 persons.

52. This information, together with the knowledge that broadly 90 per cent. of the population requires accommodation of the separate house or flat type and that each separate house accommodates an average of 4.13 persons, can be combined to produce a programme of design and development.

53. About 36,000 added people will require separate houses or flats and if 4.13 persons are taken as occupying each house then 8,700 houses will have to be completed and occupied during the period 1965-70.

54. This estimated need for 8,700 houses does not provide for the estimated backlog requirement of perhaps 1900 houses or for possible new requirements from changes in population composition.

55. If all these elements are taken together a generous estimate of the total houses needed in the five years would be a maximum of 12,000 separate units. Allowing for a two year period for housing construction and occupation then some 12,000 residential blocks will be required during the period 1963-64 to 1967-68.

56. The Commission's current land development programme should yield 13,000 residential blocks in the period.

57. This programme is subject to the availability of finance.

58. No mention has been made of that portion of the population preferring flats and the exclusion of this preference from the foregoing calculation is an important factor of safety. There is, the Commission states, a significant demand for flat accommodation and in recent years family flats have accounted for about 8 per cent. of all housing completions in Canberra.

59. Your Committee finds that the proposed design and development of residential land as programmed by the National Capital Development Commission over the next five years should be adequate to meet the needs and demand of the rapidly expanding population of Canberra and that the present inadequacy should be overcome during that period.

60. Your Committee further finds that the principle of balanced development should be maintained and that residential neighbourhoods should be brought into being complete with the necessary schools, playing fields, public utility headworks and other essential community facilities.

61. Your Committee rejects any suggestion that the present inadequacy should be quickly overcome by making vast areas of serviced land available when it would be impossible, within the Commission's budget, to provide the essential community services.

62. Your Committee recommends—

(a) That the Government endorse, as a basic minimum, the five years residential land development programme of the National Capital Development Commission, and that funds be provided to finance any acceleration of this programme found physically possible, in consonance with the provision of essential community services.

(b) That the aim of the Government should be to ensure that, as rapidly as possible, the supply of serviced residential sites should be brought to a level adequate to meet the needs of private builders in all categories as well as to permit a substantial increase in Government home construction for rental.

(d) Effects of the inadequacy

*Lower cost housing*

63. Your Committee finds that the inadequacy in supply of residential blocks has been a major cause in the high cost of housing in Canberra.

64. Your Committee was informed by the Commission that the private housing market does not provide a reasonable range of housing at the lower price levels so that there is no private market alternative to Government housing in Canberra. The Commission further stated that Government houses costing about £4,000 are built by private contractors so that it is possible for private enterprise to build moderate cost housing. It is not possible to buy a ready-built house for under £5,000 at the present time.

65. Your Committee rejects the tendency to quote the costs incurred in building Government houses in attempts to establish that lower cost houses are possible and practicable.

66. The cost of a 10½ square house built for the Commission, under the contract system, is not much more than £4,000. The building companies who tender for these contracts rely on monthly progress payments to the value of the work completed and an order for a large number of houses. In short, the client is a substantial Government body offering known and guaranteed income in return for performance.

67. By comparison, the building company offering houses for sale ties up the full value of its house and land less its profit and costs of selling. It may be several months before a contract for the sale of the house is completed and, in the meantime, even for a moderately priced house, the builder will have capital exceeding £5,000 tied up. The client may be unknown and in some cases the builder must make provision to aid the purchaser in obtaining first and second mortgage finance so that he can recoup his money.

68. There is a prevailing misunderstanding that the minimum selling price of a house can be obtained by adding the premium paid at auction to the building covenant.

69. The covenant is interpreted by the Department of the Interior by valuing the design of a house submitted on a basic cost figure which it is understood is obtained from standards normal to contract building and quantity output. These standards cannot be obtained in building small quantities of houses for sale and consequently actual costs are in excess of the valuations.

70. When interpreting the covenant, the Department does not take into consideration the holding costs during the building and selling period, the cost of the required survey certificate, the costs of selling (such as advertising), sales commission, transfer fee, and legal fees.

71. These conditions show that to the premium and covenant must be added the above incidentals which, in the case of a £5,000 house, could exceed £400.

72. Your Committee finds that the inadequacy of the supply of land and the high restrictive building covenants are the major causes in the inability of the building companies to provide lower cost housing in Canberra.



73. The following table illustrates the point by showing the land made available to builders with a covenant of £4,000 or less in both unrestricted and group auctions since June, 1962. The table also shows the average premium for the blocks and the minimum selling price by adding to the sum of the premium and covenant the incidentals figure of £400 referred to in paragraphs 70 and 71.

Date	No. of Blocks	Average Premium	Minimum Covenant	Land plus Covenant	Land plus Covenant plus £400
	£	£	£	£	£
<b>GROUP AUCTIONS—</b>					
June, 1962 .. .. .	28	636	4,000	4,636	5,036
December, 1962 .. .. .	29	1,194	3,500	4,694	5,094
	21	1,194	4,000	5,194	5,594
June, 1963 .. .. .	10	1,772	3,500	5,272	5,672
	50	1,772	4,000	5,772	6,172
October, 1963 .. .. .	84	1,030	4,000	5,030	5,430
	40	870	3,750	4,620	5,020
April, 1964 .. .. .	128	870	4,000	4,870	5,270
December, 1964 .. .. .	75	1,040	4,000	5,040	5,440
June, 1965 .. .. .	144	764	4,000	4,764	5,164
<b>UNRESTRICTED AUCTIONS—</b>					
	1	675	3,000	3,675	4,075
June, 1962 .. .. .	9	742	3,500	4,242	4,642
	8	769	3,750	4,519	4,919
	31	769	4,000	4,769	5,169
October, 1962 .. .. .	2	1,113	4,000	5,113	5,513
December, 1962 .. .. .	3	1,267	4,000	5,267	5,667
	18	1,431	3,500	4,931	5,331
March, 1963 .. .. .	28	1,437	4,000	5,437	5,837
June, 1963 .. .. .	1	1,650	4,000	5,650	6,050
April, 1964 .. .. .	4	1,600	4,000	5,600	6,000
April, 1965 .. .. .	1	2,750	4,000	6,750	7,150

74. It should be noted that at these auctions blocks with higher covenants were also available but have been omitted as they are not relevant to lower cost housing.

75. Your Committee finds that, at the present rate of premiums and minimum covenants, it is not possible for private builders to market a house under £5,000.

76. Your Committee finds that a factor militating further against the provision by building companies of low cost housing has been the relatively small number of blocks made available at group auctions and the lack of regularity of those auctions.

77. This makes future planning by a building company extremely difficult and leads to a tendency to buy prematurely rather than wait on what may be an indeterminable date.

78. Your Committee notes that the Commission has announced that 600 blocks will be made available at group auctions in the present financial year, almost double the previous highest number in any one year.

79. Your Committee recommends—

- (a) That the minimum covenants in respect of group blocks be reduced so that building companies may be encouraged to seek the lower price market and establish its existence.

If this move proves unsuccessful in reducing sale prices—

That an additional auction section be created in which bidding is limited to builders of proven size and ability and that a maximum sale price covenant be placed on the houses built on the blocks within this section.

- (b) That the number of blocks made available at group auctions be raised to and maintained at not less than 40 per cent. of the total blocks made available for auction in a financial year, while demand continues.

- (c) That, while some smaller parcels of land should be available at each group auction for the small building company, there should be sufficient groups offering at least 12 blocks in each stage. The lesser number parcels would remove small builders from competition with individual home seekers at the unrestricted auctions, and the large number parcels would permit building economies.
- (d) That group auctions be held at regular three monthly intervals.
- (e) That, as nearly as practicable, an equal number of blocks be released at each of the four group auctions in a financial year.
- (f) That, where practicable, a large percentage of the group blocks be made available on the flatter areas of a sub-division so to reduce foundation costs.
- (g) That the level of building covenants on all types of residential leases be reviewed, to encourage the construction of lower-cost housing, recognizing that required approval of building plans and specifications ensures the maintenance of desired standards.

#### Premium payments

80. Your Committee finds that premiums on leases were never intended to feature as a significant item of revenue and the City Area Leases Ordinance makes no reference to any "premium" as such.

81. The highest bidder method of disposal was purely a device for discriminating between competing applicants for leases and the occasional premium would be merely a fortuitous windfall to the Commonwealth.

82. Until fairly recent years, a prospective lessee could make a leisurely selection of available sites and virtually arrange a lease over the counter, paying nothing except the nominal survey and title fees, and the first year's land rent.

83. Your Committee finds that, progressively during the last 6 years or so, the failure of the supply of land to keep abreast of demand has provoked the premium.

84. Your Committee also finds that any contention that the premium is intended to cover the capital outlay for services is fundamentally mistaken. The land rent is imposed for that purpose and any premium obtained is merely an additional impost on the lessee and highly inflationary of land values.

85. Your Committee finds that its recommendation in regard to the availability of finance to the Commission for its five year land development programme should have a profound effect in the reduction of premiums and is of opinion that, during the five year period, premiums will become only a nominal figure and a measure of discrimination between blocks.

#### Land Rent

86. Your Committee was informed that one of the original objectives of the policy of leasehold tenure was to give the Commonwealth a measured return in the form of rents on its capital expenditure incurred on urban development.

87. There was much divergence of opinion as to the percentage rental the urban works ought to bear and the originators of the scheme never contended that the Commonwealth must show a profit from the venture.

88. There was much confusion of ideas, especially in regard to rentals customary on freehold buildings in the States, profit margins, buildings' repair, depreciation and replacement allowances, etc., which, of course, had nothing to do with Canberra, where the capital investment, being in land, was imperishable; or in so far as it was in service mains, roads, etc., it would be covered by General Rates.

89. Comprised in the unimproved value was the Commonwealth's purchase price of the land—acquired at an average of £4 16s. per acre—and the respective costs of service installations such as mains and roads.

90. The Government finally decided that land rent would be payable at the round figure of 5 per cent. per annum of the unimproved value with a reappraisal during each twentieth year of the lease.

91. Your Committee finds that, with recent reappraisals increasing the unimproved values by up to 700 per cent. and with General Rates somewhere between 3 and 4 per cent. in the same sliding scale, the investment is a highly profitable venture for the Commonwealth.

92. Your Committee also finds that there is no evidence to indicate that reappraisals are being made at a conservative figure but rather that they are being related to the high premiums paid at auction during a boom period when prices have been inflated due to a shortage of residential blocks.

93. If valuations are doubled in each twentieth year the following example shows the return to the Commonwealth on a block with an unimproved value of £100:

Years	Unimproved Value	Rent (Interest)	Rates (say $\frac{1}{3}$ of rent)
	£	£	£ s. d.
1-20 .. .. .	100	5 per annum total 100	66 0 0 total plus water rates
20-40 .. .. .	200	10 per annum total 200	133 0 0 total plus water rates
40-60 .. .. .	400	20 per annum total 400	266 0 0 total plus water rates
60-80 .. .. .	800	40 per annum total 800	532 0 0 total plus water rates
80-100 .. .. .	1,600	80 per annum total 1,600	1,064 0 0 total plus water rates
	1,600 Asset	3,100 Income	2,061 10 0 Fund Takings

This illustration becomes more graphic when it is borne in mind that evidence showed that in the 1964 re-valuations some unimproved values of residential leases increased by more than 700 per cent. as referred to in paragraph 91. (See Appendix III). Your Committee hastens to point out that, in the period 1960-64, the average unimproved value of all blocks auctioned has been almost 9 times greater than the above example.

94. Your Committee finds that the assessed unimproved value and thus the land rent payable on blocks purchased in recent years appears to be related to the high prices paid at previous auctions.

95. The average annual land rent on each block sold at auction since 1959 has risen steadily from £25 in 1960 to £53 14s. in April, 1965. A comparison of the cost of developing a block in the same years shows an increase from approximately £700 to £1,000, most of the increase being not due to inflationary factors but to the undulating areas now being developed and an increase in the size of some blocks.

96. An example was given to your Committee where land rent in respect of comparable blocks in the same street, but purchased at different auctions, ranged between £30 and £100.

97. Your Committee recommends—

That a departmental committee of inquiry be set up to examine the method of assessing land rent and general rates with a view to ironing out the inequities that have arisen and producing a more equitable and consistent formula. Specifically that consideration be given to providing that, during the currency of a lease, re-assessment of land rent be made only at point of sale or transfer.

(e) The auction system

98. Your Committee finds that the auction method is the most practicable one of disposing of land under present conditions.

99. Your Committee rejects the suggestions that a land list, in the same way as there is a housing list, be established and that group blocks should be available over the counter.

100. Your Committee also rejects the suggestion that only restricted auctions be held with the balance of the land being allocated on a performance or stock replacement basis to existing bona fide builders at market value prices related to the prices paid at restricted auction.

101. Your Committee finds that the present balance between restricted and unrestricted auctions is satisfactory.

102. In making this finding your Committee is conscious of the vastly higher premiums paid at unrestricted auctions but is equally conscious of the need for younger people to be able to purchase blocks at reasonable prices for the building of their first home.

103. Evidence was given that the supply of land at restricted auctions is closer to meeting demand than is supply at open auctions. This is reflected in the premiums paid at the last restricted auction where the average premium was £480, the lowest since the first restricted auction in 1962.

104. Your Committee is hopeful that, if this trend continues, the stage may soon be reached when those qualified to bid at restricted auctions will be so few that the value of this type of auction will cease to exist.

105. Your Committee rejects the suggestion that a maximum building covenant be placed on blocks offered at restricted auction as it believes that this would unduly restrict the right of the individual purchaser to build the type of home he desires.

106. Your Committee finds that an undesirable practice has crept into group auctions as evidenced by testimony that a successful bidder, not being a building company, had made the blocks purchased available to speculative builders for development. This practice is not within the intentions of group auctions.

107. Your Committee finds that a disadvantage of the group disposal of leases is that some land, prior to the auction, can be viewed only in its virgin state. Subsequently, road and drainage works are carried out and cases have arisen where, as a result of these operations, considerable quantities of loose spoil have been deposited on already purchased blocks causing the lessees to be faced with added expense in the construction of foundations. Although the lessee has no control over the depositing of spoil, the Commonwealth, in its Sales Conditions, states that the risk of such a happening shall rest with the lessee. In your Committee's opinion, some responsibility in such cases should be taken by the Commonwealth if it is sincere in its desires for the production of lower cost housing.

108. Your Committee finds that the necessity for the successful bidders at group auctions to pay immediately the premiums on unserviced blocks, the leases of which may not commence for twelve months, could be a factor in increasing housing costs, particularly in the case of a small building company with limited finance or one which may have to rely on finance raised at high interest rates.

109. Additional matters in regard to group auctions have been dealt with under the heading "Effects of the inadequacy—Lower cost housing."

110. Your Committee's attention has been drawn to the desirability of better public relations between the developing authorities and representatives of the builders and estate agents. It has been pointed out that for stability it is essential that information on the programme for land disposals be released at regular intervals to all members of the public. It has been suggested that contour plans be exhibited showing the location of the areas proposed for auction during the succeeding 18 months, indicating auction conditions, quantities, valuations and covenants and showing the proposed location of schools, shops and the dates for their erection and opening. Your Committee would hope that this desirable stage will be reached in the not too distant future.

111. Your Committee recommends—

- That restricted and unrestricted auctions be held at regular three monthly intervals in conjunction with group auctions, and that the need to continue with restricted auctions be progressively reviewed as supply of serviced sites approaches parity with demand.
- That, prior to the commencement of each auction, an announcement be made indicating the land to be made available at the succeeding auction.
- That provision be made in the Conditions of Sale for group auctions that the successful bidder construct the houses on those blocks.
- That, if it is impossible for all land to be serviced prior to a group auction, some compensation be available to the lessee when the construction of mains and roads affects a block to a marked degree.

OR

That the Commission ensure that the unserviced blocks are not in an area where large amounts of fill are required and so avoid a substantial rise in the cost to a lessee in respect of foundations.

- That the necessity for successful bidders at group auctions to pay premiums immediately on all blocks, serviced or unserviced, be reviewed and consideration given to premiums on unserviced blocks being payable on the commencement of the lease, with the lessee being placed under a bond, in the interim from the time of auction, to ensure good faith.

(f) Land development by private enterprise

112. It was suggested to your Committee that the possibility of releasing tracts of unserviced land for servicing and subsequent building by private enterprise should be examined.

113. This question has already been a subject of discussion between the Commission and the Department of the Interior and legal opinion indicates that the City Area Leases Ordinance does not have in contemplation the issue of broad acres to one person for sub-divisional development.

114. Details of the proposal appear to be that the Commission would prepare a design with specifications of roads, services and blocks, etc., in respect of an area to be developed for sub-divisional leasing, and invite lump sum tenders for the construction of the works. Tenderers would be further invited to tender a separate lump sum for the right to the grant of leases of the prospective blocks on the basis that the tenderer would waive payment due to him for the works if he be granted leases to the blocks. When the successful tenderer completed the servicing works, he would be granted the leases, erect houses on them in the manner of a speculative builder, and sell the improved leases at the best price he could get for them.

115. Your Committee has been advised that the first practical difficulty is that under the Ordinance, the offering of leases is the province of the Minister and not the province of the Commission. Therefore, any arrangement for leases that the Commission might enter into with tenderers whether combined or associated with engineering works or not, would be ultra vires and void. The Minister certainly would not be bound by any such agreement. On the other hand, no provision of the Ordinance appears to be wide enough to empower the Minister to invite applications for the right to the future grant of leases contingent upon the applicant entering into a contractual agreement with the Commission to complete certain engineering works and, at completion of the works, further contingent on the applicant foregoing payment for that contract.

116. Your Committee was further advised that even if it was found possible by ingenious manipulation to devise a procedure capable of being manoeuvred through the literal provisions of the Ordinance, there is always the grave danger that the Commonwealth could be mulct by the contractor electing to take payment under the first contract or defaulting performance under that contract and leaving the project and area in tatters. It would appear to be virtually impossible to draw up any conditions of contract in a lump sum contract between the Commission and the contractor which in the context would be capable of minimising or inhibiting either possibility.

117. As the proposal is not in the least consonant with the principles of the Ordinance, it would be surprising indeed if the proposal could be brought within its literal provisions. In effect it would engraft a more grievous evil onto an existing evil, the payment of premiums, and have the effect of obliging the lessee/purchaser to pay many times over for his services, first by cash payment to the contractor to cover both the premium and the capital cost (and profit), and finally by mounting rentals to the Commonwealth which, having expended nothing, would enjoy entirely unjust enrichment.

118. Your Committee finds that the proposal for land development by private enterprise is not consistent with the principles of the City Area Leases Ordinance. The whole leasehold structure is built around the outlay of funds by the Commonwealth itself and the return to it of income on those funds by means of land rental. The practical effect on the cost of housing would be gravely inflationary, if this procedure were changed.

#### (g) Building Regulations

119. It was brought to your Committee's attention by a number of witnesses that the building regulations in Canberra are in an appalling state leading to differing interpretations by building inspectors, inordinate delays in construction and a resulting increase in the cost of houses.

120. Evidence was given that introduction of uniform building regulations (such as in Victoria) and streamlining administration could result in a reduction of at least £150 in the cost of a home in Canberra.

121. Complaint was also registered at the existing system of licensing trades for individual building jobs.

#### 122. Your Committee recommends—

- (a) That action be taken, as a matter of urgency, to expedite the introduction of amended building regulations.
- (b) That departmental procedures be reviewed for the purpose of expediting approval of plans and specifications.

#### (h) Rural leases

123. Your Committee was informed that a substantial source of blocks available for leasing has in the past comprised lands which were the subject of leases to agricultural lessees with a "withdrawal clause" under which payment is made for the value of a lessee's improvements and nothing is paid for the termination of the lease. Land has in fact been withdrawn and made available for home sites out of such leases. Initially, withdrawals were made from the shorter term agricultural leases but more recently withdrawals have been and are being made from long term leases, e.g. leases having a 50 year term.

124. In 1956, when the leases came up for renewal, the lessees sought to have the "withdrawal clause" modified in the new leases so as to provide for adequate compensation. The lessees were informed by the Department of the Interior that refusal to accept the clause as presented would mean that a lease would not be renewed. The Department refused a request for leases in perpetuity for the safer areas and stated that it would offer lessees new leases of 50 years duration after these areas had been carefully screened to see what areas might be required for Commonwealth purposes. Other lessees would receive a shorter term.

125. On the faith of these negotiations the lessees, whose properties were screened as not likely to be required, accepted the 50 year leases, notwithstanding the "withdrawal clause", and proceeded to develop and improve them.

126. It would appear with the rapid development of Canberra that a number of rural lessees, who have contributed a great deal to the productivity and progress of the Australian Capital Territory, will lose their means of livelihood without compensation for an unexpected termination of a 50 year lease granted only 9 years ago.

127. Your Committee was informed that, in 1962, the President of the A.C.T. Rural Lessees Association discussed the matter of the "withdrawal clause" with the Prime Minister and the then Minister for the Interior. It was stated in evidence that the Prime Minister said to the Minister for the Interior, "This clause cuts out just terms which the Commonwealth always pays. You will have to find a formula for compensation."

128. Your Committee finds that, no formula for just compensation to rural lessees has been forthcoming from the Department of the Interior.

129. Evidence was given that banks and other financial institutions regard the clause as a deterrent for lending money for improvements or any other purpose as the clause actually reduces a 50 year lease to a monthly tenancy. The clause, coupled with the rapid development of Canberra, does away with the incentive to improve the productivity of the land.

130. Your Committee finds that, although no compensation for goodwill or the unexpired portion of the lease is given to rural lessees on withdrawal, on the death of a lessee the Commonwealth requires probate duty to be paid on the current value of the property as a going concern even though the lease could be withdrawn shortly afterwards. That is, the Commonwealth takes from a man when he is dead, what it was not prepared to allow him while he lived.

#### 131. Your Committee recommends—

That, on withdrawal of a rural lease or portion of a rural lease, the lessee be compensated on just terms, i.e., at least to the value of the lease for probate purposes.

#### APPRECIATION

132. Your Committee is grateful for the many thoughtful submissions placed before it and extends its thanks to all witnesses for their contributions.

133. The Deputy Chairman and all members of your Committee record, and draw to the attention of the Parliament, their appreciation of, and admiration for, the manner in which the Secretary, Mr. A. R. Browning, carried out his many duties, during the currency of the inquiry and in the compilation of the Committee's report.

J. R. FRASER,  
Deputy Chairman

Canberra,  
1st September, 1965.

## APPENDIX I

## LIST OF WITNESSES

A.C.T. Trades and Labour Council.

Anderson, Mr. G., President, Master Builders' Association of the A.C.T.

Bennet, Mr. F. S., President, A.C.T. Rural Lessees Association.

Bourke, Mrs. K., President, National Council of Women of A.C.T.

Byrnes, Mr. R. H.

Dalgarno, Mrs. A. P., Elected Independent Member of the A.C.T. Advisory Council.

Douglas, Mr. C., First Assistant Secretary, A.C.T. Services Branch, Department of the Interior.

East, Mr. S. G., Secretary, Canberra Chamber of Commerce.

Francis, Mr. W. A.

Funda, Mr. P., Executive Engineer (Construction), National Capital Development Commission.

Garran, Mr. J. C., of the A.C.T. Rural Lessees Association.

Granger, Mr. B. G., Manager, George Wimpey and Co. Ltd.

Greenish, Mr. R. P., Elected Independent Member of the A.C.T. Advisory Council.

Griffiths, Mr. E. J., Acting Chief Clerk, Lands Branch, Department of the Interior.

Hegerty, Mr. F. J., Councillor of the Master Builders' Association of the A.C.T.

Howitt, Mr. W. S., Chairman, Canberra Consumers Incorporated.

Kousal, Mr. F. A.

Lansdown, Mr. R. B., Secretary/Manager, National Capital Development Commission.

Macphillamy, Mr. N. M., Chairman, Policy Committee of the Liberal Party of Australia (Canberra Branch).

Marr, Mr. A. R., Representative of the Master Builders' Association of the A.C.T.

McKeown, Mr. J. V., Branch President, Administrative and Clerical Officers' Association, A.C.T. Branch.

McKillop, Mr. R. I., President, Real Estate Institute of N.S.W., Southern Districts Branch.

Millet, Mr. T. W.

O'Keefe, Mr. R. R., Elected A.L.P. Member of the A.C.T. Advisory Council.

Sharp, Mr. W. J., General Manager, A. V. Jennings Industries (Australia) Ltd.

Walsh, Mr. G. J., Elected A.L.P. Member of the A.C.T. Advisory Council.

Webster, Mr. R. H., Director, L. J. Hooker Ltd.

Wensing, Mrs. D. J.

Wigley, Mr. E., Assistant Secretary, Lands Branch, Department of the Interior.

## APPENDIX II

## STAGES OF NEIGHBOURHOOD DESIGN AND LAND DEVELOPMENT

The complete process of residential land design and development, which is arranged on the basis of projects of about 400 building blocks, takes approximately two years and nine months to the time the first blocks are available for leasing. This note outlines the various stages in the process giving a brief comment on each and stating the normal time taken for each stage.

A number of such projects are always in progress and there are usually up to 24 projects in various stages of design or development. This volume of activity is necessary to maintain a turn-off of blocks sufficient to meet the housing and residential land requirements of Canberra.

## District Outline Plan

Prior to the commencement of the neighbourhood design process it is necessary to compile a base map (with a contour interval of 25 feet) from existing maps and aerial photographs and often with additional information from field survey. The district outline plan is prepared on this base. This district outline plan covers a major grouping of neighbourhoods and shows the location of each neighbourhood, the location of such features as the district office and shopping centre and industrial areas and the major road pattern. Once the district plan is finalized and accepted the design and development process commences with the design of the outline plan for a neighbourhood.

## Neighbourhood Design: [24 weeks]

The planner requires 16 weeks to complete the site planning proposals for the neighbourhood. To plan the neighbourhood he must get to know the area thoroughly by inspecting it under a variety of climatic conditions and noting wind exposure, aspect, views, vegetation, topography, sub-surface features and other factors which might influence the design or have a bearing on the economics of development. This information guides the gradual emergence of a plan. The objectives are to create a good environment for homes, to obtain the greatest benefit from the site and to eliminate engineering problems so far as is possible to facilitate the engineering design.

This draft plan is then examined by the engineering and other divisions within the Commission and if it is considered necessary the plan is amended before being forwarded to the Department of the Interior for survey.

Total time to the completion of this stage: 24 weeks.

## Land and Engineering Surveys: [12 weeks]

From this diagrammatic plan (and notes) forwarded by the Commission, the Department of the Interior surveyors compute the centre lines for the proposed roads and identify their location by setting up flags on the site. Following joint inspection by Interior and Commission staff any necessary adjustments are made and included in the surround computation drawings which are then prepared and forwarded to the Commission.

Total time to the completion of this stage: 36 weeks.

## Block Sub-Division [8 weeks]

On receipt of these detailed computation drawings the Commission prepares the residential block sub-division for each building section. At this stage the neighbourhood is divided into two parts, each part being equivalent to an anticipated single engineering land development contract (which is usually of the order of 360-450 blocks). Drawings and supporting information concerning block frontages, block area, &c., are prepared and approved showing the final boundaries of each lot in relation to road or other frontage. These approved drawings for the first part of the neighbourhood are forwarded to the Department of the Interior for computation and detailed drawing.

Total time to the completion of this stage: 44 weeks.

## Survey Drawing: [12 weeks]

The drawings prepared by the Department of the Interior include longitudinal and cross section drawings of all proposed roads as well as contours at regular close intervals over the area and they show special features and any site peculiarities. Like the initial base map, these drawings must be highly accurate as they are a very important part of the basis for engineering working designs and for descriptions of the land for legal purposes.

Total time to the completion of this stage: 56 weeks.

## Engineering Design: [42 weeks]

Detailed planning of water supply, sewerage and drainage works, road designs, and so on, is one of the longest stages in the entire process. In accordance with an approved brief, a consultant prepares designs for these services and works. At the preliminary stage (pencil drawings stage) these are presented to the Commission for consideration. Any amendments required are incorporated into the final drawings presented together with explanatory documents.

Total time to the completion of this stage: 98 weeks.

## Tendering: [8 weeks]

It normally takes about two months to call and receive tenders, examine and consider them, accept one submission and draw up a contract.

Total time to the completion of this stage: 106 weeks.

## Land Development: [56 weeks]

This final stage of the process is the first sign of major activity visible in the field. In accordance with a previously agreed sequence of land operations the first group of 100 blocks is to be ready to hand over after six months. This period includes the time taken for the contractor to set up in the field and carry out a large number of operations related to the entire project rather than merely the first 100 blocks. Every two months thereafter a further 100 serviced blocks are handed over. The usual maintenance period then follows.

This final stage takes 56 weeks altogether but it should be noted that the first group of blocks is ready for hand-over after 26 weeks, that is, some 132 weeks from the commencement of design.

Total time to the completion of this stage: 162 weeks.

## APPENDIX III

## Residential Leases—1964 Reappraisements

Block	Section	Division	Unimproved	Unimproved
			value for previous 20 years	value for next 20 years
			£	£
11	36	Reid .. .. .	240	1,200
6	59	Braddon .. .. .	215	1,150
2	21	Ainslie .. .. .	110	750
9	17	Griffith .. .. .	250	900
14	22	Kingston .. .. .	250	1,200
3	29	Reid .. .. .	260	1,050
8	4	Red Hill .. .. .	440	3,600
13	30	Reid .. .. .	240	1,100
24	21	Ainslie .. .. .	120	900
1	38	Forrest .. .. .	325	1,850
11	25	Braddon .. .. .	190	840
14	25	Braddon .. .. .	180	780
15	25	Braddon .. .. .	180	500
5	46	Braddon .. .. .	250	1,000
8	2	Forrest .. .. .	475	2,300
2	2A	Forrest .. .. .	430	2,100
7	2A	Forrest .. .. .	500	2,700
8	2A	Forrest .. .. .	475	2,400
2	19	Kingston .. .. .	195	700
3	19	Kingston .. .. .	195	700
4	19	Kingston .. .. .	195	700
5	19	Kingston .. .. .	195	680
6	19	Kingston .. .. .	195	680
8	19	Kingston .. .. .	215	860
9	19	Kingston .. .. .	215	940
10	19	Kingston .. .. .	215	960
11	19	Kingston .. .. .	200	900
18	19	Kingston .. .. .	240	840
19	19	Kingston .. .. .	225	900
20	19	Kingston .. .. .	225	960
21	19	Kingston .. .. .	215	880
23	19	Kingston .. .. .	210	780
24	19	Kingston .. .. .	210	780
25	19	Kingston .. .. .	210	780
26	19	Kingston .. .. .	220	780
27	19	Kingston .. .. .	220	780
28	19	Kingston .. .. .	220	780
2	22	Kingston .. .. .	205	720
3	22	Kingston .. .. .	205	720
4	22	Kingston .. .. .	205	720
5	22	Kingston .. .. .	205	720
6	22	Kingston .. .. .	210	820
7	22	Kingston .. .. .	215	820
8	22	Kingston .. .. .	215	960
9	22	Kingston .. .. .	225	1,000
10	22	Kingston .. .. .	225	900
13	22	Kingston .. .. .	225	1,120
15	22	Kingston .. .. .	225	1,120
16	22	Kingston .. .. .	225	980
17	22	Kingston .. .. .	215	900
18	22	Kingston .. .. .	215	900
19	22	Kingston .. .. .	225	900
20	22	Kingston .. .. .	225	900
1	24	Kingston .. .. .	325	1,420
2	24	Kingston .. .. .	400	1,520
3	24	Kingston .. .. .	400	1,520
5	24	Kingston .. .. .	350	1,400
6	24	Kingston .. .. .	350	1,400
7	24	Kingston .. .. .	350	1,400
11	24	Kingston .. .. .	290	1,540
12	24	Kingston .. .. .	280	1,400
1	25	Kingston .. .. .	325	1,300
2	25	Kingston .. .. .	315	1,300
3	25	Kingston .. .. .	315	1,340

## APPENDIX III—continued

## Residential Leases—1964 Reappraisements—continued

Block	Section	Division	Unimproved	Unimproved
			value for previous 20 years	value for next 20 years
			£	£
4	25	Kingston .. .. .	325	1,400
5	25	Kingston .. .. .	400	1,720
6	25	Kingston .. .. .	400	1,740
7	25	Kingston .. .. .	325	1,340
9	25	Kingston .. .. .	325	1,220
10	25	Kingston .. .. .	325	1,300
2	1	Red Hill .. .. .	325	1,220
4	1	Red Hill .. .. .	450	3,100
4	2	Red Hill .. .. .	500	3,440
4	3	Red Hill .. .. .	475	3,600
1	5	Red Hill .. .. .	475	3,000
4	5	Red Hill .. .. .	575	3,800
5	5	Red Hill .. .. .	600	3,860
6	5	Red Hill .. .. .	600	3,800
7	5	Red Hill .. .. .	600	3,780
8	5	Red Hill .. .. .	600	3,860
8	5	Red Hill .. .. .	600	3,760
9	5	Red Hill .. .. .	600	3,960
10	5	Red Hill .. .. .	550	3,860