

FEDERAL PARLIAMENT BETRAYS THE PEOPLE

Gives away (for nothing) \$160,000,000 of public equity in Canberra land assets and \$8,000,000 annually in land rentals on leasehold lands held in trust for the people of Australia.

This is the immediate result of its failure to disallow the ordinances abolishing payment of land rentals on Canberra leasehold lands. But the sums mentioned above are only the tip of the iceberg compared with the long term effects with the growth of Canberra.

In their failure to disallow these departmental ordinances Government members have put party politics before principles. The leasehold land tenure system was adopted by common consent of all parties many years ago. To make it a political plaything now was quite indefensible. While Prime Minister, Mr. Gorton started it at the instigation of departmental bureaucrats. It then became a matter of preserving "face" by members of a Government that shows unmistakable signs of having been in office too long.

Its arrogance, in gagging debate on some 20 bills in order to rush legislation through and close the session early, has deservedly been criticised by the press as a public scandal. The gagging started with the debate on the motion to disallow the Canberra ordinances in the House of Representatives. Only eight members were allowed to speak there. It was even worse in the Senate, where a time limit of two hours in all was set, which allowed only four speakers. Senator Cotton, a Government speaker on the ordinances in the Senate, raced through his speech saying he was reading it as fast as he could to give someone else a chance to speak. Belatedly, Prime Minister McMahon has admitted that these proceedings are unacceptable, and promised to do something about them in future.

In both the House of Representatives and the Senate the A.L.P. strongly pressed for disallowance of the ordinances, showing a good understanding and appreciation of the leasehold issues. Tom Uren, M.H.R., in concluding his address, gave an undertaking in respect of land tenure that one of the first acts of a Federal Labor administration after the next Federal elections would be to have a thorough investigation into all aspects of land tenure in the Australian Capital Territory. Good speeches were made by Senators Devitt and Milliner, and by Messrs Enderby, Connor and Gun in the House of Representatives. We gave some extracts from the press report of two of them in our last issue. But now that Hansard reports are available we propose to give further treatment of these and other speeches in this and the following issue of "Progress."

The Democratic Labor Party attitude in the Senate was a great disappointment. It holds the balance of power there and had an opportunity to make its reputation as the custodian of the Australian people's rights. But it threw the chance away. After press reports that it was first leaning one way and then another it finally ended up voting with the Government for abolition of land rental payments. Its speaker was Condon Byrne, who echoed the Government line and committed his party to it. This will be viewed with very mixed feelings by his party members.

Mr. Terry Christie, the man the Canberra branch of the D.L.P. has endorsed as its candidate for the next Federal election, publicly went on record as opposed to the ordinances and wanting to see them disallowed. He said that the Canberra Division was divided 50 per cent for and

50 per cent against. And it is only in Canberra that any widespread support could be expected from people who think they would get something for nothing out of it.

It was encouraging that Government Senator Wood voted with the Opposition on principle and so did the Independent Senator Turnbull. Thus, even with the five D.L.P. senators voting with the Government, the disallowance motion only failed by two votes — 25 to 23.

The Consequences

Government spokesmen, both before and during the debates, showed an extraordinary capacity to misunderstand the basis of the charge that a 'gift' of public property was being made to private lessees. They indignantly denied this and asserted that there was no departure from leasehold as the title was still vested in the Government and possession would return to it after 99 years. **They ignored the central point that what really matters is who receives the land rental in the intervening 99 years.** The ordinances in question divert the land rental from the government to the private lessee, less only that part absorbed by the municipal type rates.

Because of this obtuseness in the interest of party unity, it is necessary to spell out the basis of the claims made in our heading, so that even Government members of Parliament can understand the harm that their decision inflicts on the Commonwealth taxpayers they are supposed to represent.

At present there are some 27,000 Canberra lessees who have been liable to pay land rent to the Government but are now relieved of the obligation. The total unimproved capital value of their sites at the end of 1970 was officially announced at \$233 millions. At 5 per cent of this the true rentals which should have been payable on these sites total \$11.65 millions annually. The yield of the general rate of 1.65 cents in the dollar of unimproved value which the Government has fixed instead of land rentals would be \$3.84 millions*. The difference of approximately \$8 millions is the actual **cash** gift of rental remitted **annually** to the lessees and will increase over the years. This sum will be capitalized into extra land price which purchasers of these 27,000 leases must pay as the properties change hands in future. The sale value of these existing leases is thus raised by \$160 millions through the abolition of the land rentals (after off-setting the higher general rate charge). This added sum of \$160 millions, plus appreciation, will be reaped by the lessees as they sell the properties. With the exception of a few businesses which have continuing existence, all these leases will change hands (with the removal or death of the holders) at least twice during their 99 years currency.

So far as these existing 27,000 leases are concerned, the Government has now forgone the certain revenue accretions from rents which the founders of Canberra provided for

* In addition there are fixed charges for water and sewerage which the Government calls "rates", but are not based on valuations though included in their official totals. These charges are common to both the old and new arrangements and can be ignored in comparisons between them.

public purposes to relieve the burden of this City from taxpayers generally. It will get only a minor increase from rates. Canberra is at present costing the Commonwealth taxpayers \$63 millions in taxes annually and will cost more in future as result of the loss of land rentals.

The ultimate loss to Commonwealth taxpayers in the changed land tenure will be many times that indicated above — enormous though it is. That sum relates only to the present time and the existing 27,000 leaseholders. It is expected that there will be a vast expansion of Canberra with over 100,000 leases before the end of this century. From these the only revenue the Government will receive under the present conditions will be a single initial payment approximating to the freehold price, which in turn, can be regarded as 20 years' rental at current levels. It

will receive nothing for the use of the land over the next 80 years unless the land rate charge is increased above that currently applied for municipal purposes.

Clearly, this is unacceptable as a permanent solution to the land tenure problem of the Australian Capital Territory. Somewhere along the line a Government will have to be found with enough backbone to alter it and make the tenure operate as the founders of the Commonwealth intended. We must press for a parliamentary inquiry to establish what modifications are needed to assure this result and then give effect to them. This means a campaign starting NOW to make politicians and others realise the consequences of the unsound decisions made and remedy them.

— A.R.H.