National Capital Plan 1990 (December 1990)

as amended

made under

_Australian Capital Territory (Planning and Land Management) Act 1988_

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This compilation has been split into 8 volumes

Volume 1: [Part One 1.1-1.4]
Volume 2: [Part One 1.4-5.2]
Volume 3: [Part One 5.2-Part Two]
Volume 4: [Part Three]
Volume 5: [Appendices A-F]
Volume 6: [Appendix F]
Volume 7: [Appendices G-H]
Volume 8: [Appendices I-W, Endnotes]

Each volume has its own contents

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About this compilation

This compilation

This is a compilation of the National Capital Plan 1990 (December 1990) as in force on 15 June 2006. It includes any commenced amendment affecting the legislation to that date.

This compilation was prepared on 10 October 2014.

The notes at the end of this compilation (the endnotes) include information about amending laws and the amendment history of each amended provision.

Uncommenced amendments

The effect of uncommenced amendments is not reflected in the text of the compiled law but the text of the amendments is included in the endnotes.

Application, saving and transitional provisions for provisions and amendments

If the operation of a provision or amendment is affected by an application, saving or transitional provision that is not included in this compilation, details are included in the endnotes.

Modifications

If a provision of the compiled law is affected by a modification that is in force, details are included in the endnotes.

Provisions ceasing to have effect

If a provision of the compiled law has expired or otherwise ceased to have effect in accordance with a provision of the law, details are included in the endnotes.
Contents

PART THREE  Background Notes  1
   The Future of the Capital  1
   Canberra and the Region  25
   Commonwealth Funding and the National Capital Plan  36
PART THREE  Background Notes

The Future of the Capital

Influences on Growth

With the establishment of the ACT Government, and with a government in place with strong policies directed at diversifying the economy of the Territory, Canberra is increasingly likely to be the focus for new development, both in the context of national economic and demographic expansion, and as a result of the city’s particular advantages as a location for many new forms of economic activity. Likely influences on growth include:

- More new prestigious institutions and organisations are likely to be established in Canberra, as Australia’s international and regional roles expand.
- 65 nations now have resident diplomatic representation in Canberra. Over the next decade or two, other nations will wish to establish here.
- A larger national population and the nation’s wider international and regional roles are likely to lead to more jobs and more people in Canberra.
- The ACT Government plans to stimulate and diversify the city’s economy through an extensive national and international promotion of Canberra. This, together with related policies of support for private investment, will create more jobs.
- Opportunities for representation and lobbying are rapidly expanding. This trend is likely to continue as organisations increasingly find it necessary to be represented in Canberra for access to government and to attempt to influence its decisions.
- The provision of services to government by the private sector is also growing. Contract services of many types, consultancy, training, management support, computer services, legal advice, and property maintenance are examples of the areas which could expand in the future.
- Businesses which supply government’s physical needs, from computers to paper clips, will continue to be an important part of Canberra’s economy. As new office technologies are introduced, together with improvements to work places and working conditions, new business opportunities will emerge.
- The property industry is likely to expand as the private sector increasingly takes on the task of land development and the provision of a share of the office and other accommodation needs of government.

The restructuring of tertiary education, and the emergence of new educational and research opportunities for Australia and overseas students, will increase the potential for economic growth in Canberra.

Travel and tourism are among the nation’s, and Canberra’s, fastest economic growth sectors. As awareness of the role and qualities of Australia’s National Capital grow, we can expect more visitors and more services and facilities to support them.

- The South East Region of New South Wales, and more importantly, the smaller sub-region including the ACT, will contribute to economic and demographic expansion.
• The proposed development of a Very Fast Train (VFT) may dramatically improve accessibility between Sydney, Canberra and Melbourne. The effects on Canberra of being perhaps as little as one hour by train from the heart of Sydney and two hours from the heart of Melbourne may be very great indeed. The possibility even emerges of regular commuting between Sydney and Canberra.

• As Australia’s population increases and Sydney and Melbourne continue to expand, Canberra’s superb environment and a growing national concern with quality of life issues will increasingly attract people to live in Canberra because of its attractive character and high quality environment.

Many of these influences build on and relate to the role of Canberra as the National Capital and the Seat of Government; others relate to the city’s current size and the likely future needs of the resident population; while others arise directly from Canberra’s locational and environmental advantages.

Given that these influences will stimulate Canberra’s economy, and increase the city’s attractiveness as an area to live, then employment and population forecasts indicate that a population of 500,000 for Canberra and Queanbeyan may well be reached within the next three decades.

With the likely limits on government expansion however, it is clear that the role of the private sector will be of fundamental importance in underpinning future economic and population growth.

**National Capital Needs of the Future**

In the context of Territorial self-government, the Commonwealth has elected to share its interests in Canberra and the Territory with the citizens of the Territory and their Government. But because of the national significance of Canberra and the Territory, the Commonwealth retains:

(a) a general concern with the Territory as a whole, because of its constitutional function as the setting of the Seat of Government, and therefore as a place of national significance

(b) a specific interest in the development of particular parts of the Territory, because of their direct or indirect influence on the national importance of the Territory and the Seat of Government

(c) a clear power to directly control the development of those areas whose influence on the character and perception of the National Capital is so great that they are not only of national significance but are also national responsibilities.

These differing levels of Commonwealth involvement are reflected in the provisions of the National Capital Plan. In particular, the areas having the special characteristics of the National Capital, and which may be designated as such under the Plan (and therefore come under direct Commonwealth control) generally reflect those areas which have traditionally been regarded as areas of special national concern.

They include:

• The National Triangle, bounded by State Circle, Kings Avenue, Commonwealth Avenue and Constitution Avenue, including City Hill and Russell, and its immediate environs
• Lake Burley Griffin and its foreshores
• The inner hills and ridges which frame Canberra’s central basin
• The major approach routes and avenues which lead to the Parliamentary Zone
• The diplomatic areas
• Land accommodating major national institutions and defence establishments adjacent to the Parliamentary Zone and within the central basin
• Land in the vicinity of Parliament House.

These core areas are the location for today’s National Capital functions and the formal setting for those functions. They, and other places in the Territory, must continue to fulfil that role in the future.

Twenty years ago, Canberra’s planners defined their ideas of what a National Capital should be:

*A good National Capital supplies the buildings and roads that the government and citizens need, but it should also be a city which mirrors the nation’s aspirations and conflicts. It should be a place of debate and intellectual ferment, a place for ceremonies, memorials, and national culture, a place for diplomatic missions, national pressure groups and institutions, for education, communication, conventions and visitors.*

*Tomorrow’s Canberra 1970*

At that time, Canberra was performing increasingly well as a Seat of Government, but not well enough as a place for ceremony and national culture. In 1990 this is still the case.

In looking to Canberra’s future development, there will be a continuing consolidation of the National Capital roles the city performs as:

• the Seat of Government
• the location of the National Parliament and the Executive
• the centre of national administration
• a location for national institutions in research, education, arts, music and sports
• a symbol of Australian national life and a location for memorials and ceremonial events.

From this list, a range of opportunities and needs associated with each role can be identified, assisting the translation of the context of National Capital functions into clearer statements of land and locational requirements which have to be taken into account in planning the future for the National Capital.

*The Seat of Government*

The Seat of Government is the place where the Head of State resides and where foreign countries establish diplomatic representation at the national level. It is also an appropriate location for the headquarters or agencies of international organisations, either worldwide or regional.
It is expected another 20 to 30 diplomatic missions may be established in Canberra in the next
decade or two. Traditionally these have been located in recognised diplomatic precincts.
There may be a need for an additional area allocated by the turn of the century which has
environmental suitability, prestigious location, proximity to the Government and Parliament
House and other diplomatic precincts, and with the ability to provide appropriate levels of
security.

International agencies can be expected to locate in the National Capital. This is likely to occur
as Australia’s involvement in international affairs, especially in the Pacific Basin, increases.

Accommodation for the Head of State and visiting dignitaries may need augmentation
because of its limited capacity to cater for official visitors and for formal occasions.

*Impact of National Parliament and the Executive*

The completion of the new Parliament House has stimulated growth in the burgeoning
government relations industry of lobbyists and national associations representing professional,
industry, labour and conservation groups, political parties, and specialist media units. This
will generate significant pressures for location in areas adjacent to Parliament House.

Each of these groups of users have different space requirements, ranging from their own
building site to rental accommodation, all with good accessibility.

National associations which are research or technology oriented have demonstrated a
preference for locations near one of the universities, or adjacent to one of the hospitals.

Office accommodation required by the major commercial element of the government relations
industry does not differ significantly in form from that preferred by national associations, but
tends to be more “upmarket” in design and prefer more high profile locations such as adjacent
to a group centre or along a major access road, for example Canberra Avenue. Minor
commercial users will tend to favour older space and may increase pressure for conversion of
residential properties.

Provision for a new Prime Minister’s Lodge will require consideration within the relatively
near future. A site has been identified at Stirling Ridge.

*National Administration*

The major space needs associated with the role of the National Capital as the centre of
Commonwealth administration will continue to revolve around provision of office space for
Commonwealth Government departments.

The expectation is that growth will be slow in the immediate future with only some 300 jobs
being added each year, for much of the coming decade. Nevertheless, even if growth is
considerably less than predicted, the floorspace needs of Commonwealth Departments are
likely to increase. The main reason for this is a steady increase in the average floorspace for
each government office employee, which rose from 13.5 square metres in the mid 1980s to
17.8 square metres in 1988. This rise was largely the result of technological change, the needs
of libraries and other information services, and the impact of expanding executive offices and
other areas associated with status and prestige.

Given there are still a number of departments accommodated in sub-standard conditions, and
that the overall space utilisation is likely to continue to increase, substantial areas of new
office space are likely to be required over the next 30 years. Requirements for colocation of
previously distinct agencies can be expected to add to continuing demands for large buildings
to house single departments. In addition, there is a significant amount of Commonwealth
owned office space which may require extensive renovation over the next 10 years, and alternative accommodation, even if only temporary, will need to be found for its occupants.

Over the past 10 years, there has been a trend towards leasing office space for Commonwealth use, rather than constructing buildings under the capital works programme. This had the effect of creating a concentration of office space in Civic — the development location preferred by private investors — and an under-representation of offices in the new town centres. A reversal of this trend may be evident in the recent commencement in Tuggeranong Town Centre of the first major new offices to be built by the Commonwealth in Canberra for many years.

The role of the National Capital as the centre of administration also encompasses functions associated with the national elements of the judicial system. Needs over the next ten years are likely to include a new building for the Federal Court, and possibly the upgrading of accommodation for the Family Court. In the longer term, there is also the potential to relocate the Industrial Court to Canberra. Each of these uses would warrant a site within the Central Area, but not necessarily in the Parliamentary Zone.

**National Institutions**

Providing for the needs of national institutions requires coverage of a large number of activities, each of which has different space and locational requirements.

The needs of research institutions such as the CSIRO range from sites for office buildings, laboratory, computer facilities and storage sheds to broadacre areas for extensive experiments. Finding sites for office and associated uses should not present any major difficulties in the future. However, identification and reservation of areas for potential broadacre needs is a considerable problem.

If potential development land is to be protected from urban expansion in order to accommodate national broadacre uses, appropriate areas should be identified as soon as possible. The Molonglo Valley is one location which could be suitable for this purpose given topographic and environmental considerations.

Likely expansion needs of the national tertiary education institutions should be able to be accommodated on their existing sites. However, the vocational element of the defence forces’ educational complex includes a number of field training facilities, such as the artillery range, which require careful consideration. Similar considerations apply to other facilities such as the defence communication stations in the ACT which raise cost and efficiency arguments about relocation.

Some of the greatest growth needs in the next few decades are likely to be associated with museums and cultural institutions. A site has already been set aside for the Museum of Australia, but development has been deferred. Conversion of the old Parliament House to a constitutional museum, the headquarters of the Australian Heritage Commission, a temporary home for the Museum of Australia, or to some other worthwhile use, is also awaiting allocation of funds.

Other expansions and alterations actively under consideration include extensions to the National Library, the Australian War Memorial and the National Gallery. The National Film and Sound Archive may require either a new building or extensive alterations to its present accommodation. Land has been identified for the expansion of the National Botanical Gardens. The Australian Institute of Sport also has proposals for establishment of new facilities including a rowing centre and a field house.
New museums and cultural institutions have been proposed at various times. Similar facilities are present in comparable capitals such as Washington and Ottawa. They include a national portrait gallery, a national performing arts centre, museum of modern art, a national sports museum and a headquarters for the Australian Archives.

Symbol of Australian Life

The function of the National Capital as a symbol of Australian national life and the values of our people is one of the most important but also most intangible roles that the city will be called on to play. Developing and enhancing this role will require imagination and consultation with the community at large.

This can be done in a number of ways. For example, the preservation, extension and appropriate development of the National Capital Open Space System is essential. There is great potential to develop the National Botanic Gardens as a symbol of the unique qualities of Australia. Other suggestions include a national farm and an “Australian experimental centre” in the Paddy’s River area, establishment of an Australian National Trail to link points of interest in the Central Area and adjacent lands, and further development of the Jerrabomberra Wetlands and Tidbinbilla Nature Reserve.

There has also been discussion of the possibility of nominating the Namadgi/Cotter Catchment/Tidbinbilla area as a UNESCO Biosphere Reserve — an international study area covering natural and cultural systems which have been subject to impact by man. In parallel, a concerted effort should be made to restore the degraded farmlands of the ACT and in this regard a national land care centre could be considered.

Apart from the War Memorial and the Anzac Parade memorials, there are very few monuments in the National Capital to the achievements and contributions not only of “great Australians”, but of the ordinary people who have shaped the nation. Construction of a national portrait gallery, the provision of better access to the records of the National Archives and development of a constitutional museum of Australian democracy would redress much of this imbalance.

The Role of the Private Sector

There have been several distinct stages in the evolution of the role of Canberra’s private sector.

The first stage can be identified as the “milkrun” economy where the private sector’s main role was to provide public servants living and working in Canberra with goods and services. These activities were largely located in Civic and in the inner suburbs. They were characterised by the small family business.

Similarly, private sector tertiary activities were largely a derivative of the market created by the centralisation of the public service in Canberra. This saw major banks first established in 1926-1927 followed soon after by major insurance companies and legal practices which handled mainly conveyancing and domestic rather than commercial matters.

Accounting services and the main stockbroking firms were established during the period to just after World War Two, but in the main provided services to private sector clients.

Construction has been an important private sector activity over the past 65 years in the ACT. Initial government policies stimulated private sector construction activity, but as time has progressed the need for this stimulation lessened. Much of the construction activity at this stage was undertaken by the private sector either directly or on behalf of the public sector.
One of the overriding features of the “milk run” private sector phase was the small population of the ACT. Even after the influx of bureaucrats and defence personnel during the second world war, the population of the ACT was only 15 156 in 1947, about one-fifth the size of Hobart at the time.

Over the following three decades, however, the ACT’s population grew at an average 9.4 per cent per annum faster than any other major city in the nation. As a result of this growth spurt, the ACT’s population surpassed Hobart’s by more than 40 000 in 1976. It was the period of rapid growth for the public sector in the ACT. For the private sector, it ushered in a new era.

In this new era, or the second stage, the local private sector developed an additional role — serving the needs of Government and its agencies, with its more sophisticated requirements, in addition to the needs of individuals. This saw development of higher levels of specialist expertise characterised by a diversification in the range of private sector economic activity. This stage has attracted some of the major international corporations to the ACT.

In this stage the public sector has remained the main engine for growth in the ACT, but in a more equal partnership with the private sector.

The emergence of high-technology industry in the mid 1970s in the ACT probably marked the start of this era, although no single event or clearly defined turning point marks the transition from the “milk-run” economy. The private sector is currently in the midst of this stage, which will probably run on until the end of the 1990s.

The more-equal partnership between the public and private sectors which characterises this phase is evident from the changing patterns of public and private sector employment. The mid-1970s marked the end of the surge in public-sector-driven growth in Canberra. Whereas Commonwealth Government employment in the ACT typically grew at around 7 per cent per annum over the decade to 1975, growth was negative in 1976 and 1977 and remained below 2 per cent per annum until 1983-1985 when it ranged between 3 and 4 per cent per annum. There has been a marked slowdown since.

Over the six years to September 1989 private sector employment grew by 45.7 per cent, compared with growth of only 11.6 per cent in public sector employment. As of September 1989, the private sector accounted for 44.6 per cent of total employment.

The ACT’s experience is consistent with trends nationally. For example, over the five years to June 1989 private sector employment in Australia grew at an average rate of 5.0 per cent per annum, compared with 0.5 per cent per annum for public sector employment.

This era of public sector restraint has had particular significance for the ACT. Public sector employment accounts for only 28 per cent of the total for Australia, compared with 55.4 per cent for the ACT. Given this difference, it is not surprising that total employment in the ACT has grown more slowly than all States except Tasmania over the last five years. What is perhaps surprising is that despite the smallness of the private sector in the ACT, it has (until recently) continued to expand, notwithstanding the slowdown in the public sector.

Printing is an example of an industry which emerged in the ACT well before the mid-70s to service the “milk-run” economy and has seen transition to the second stage.

While the public sector stimulus to the ACT printing industry pre-dates the mid-1970s, there has been very strong growth of the printing industry over the past decade and a half as the balance of printing orders has shifted to the private sector. The number of people employed in the printing trades in the ACT reached 1 700 in November 1989 and accounts for almost one third of total manufacturing employment.
The growth of industry groups and other national organisations with headquarters in Canberra, the centralisation of decision-making authority in Canberra among the bureaucracies of the major political parties and the growth of lobbyists and consultancies in Canberra have all swelled the demand for local printing services. The spur to the growth of the printing industry from the private sector since 1975 is illustrative of another face of the serving-the-public-service phase — the emergence of trade within the private sector.

While private sector activity in the ACT has reached the point where firms are establishing in the ACT and Queanbeyan in order to service private sector customers, there is still a long way to go in developing intra-private sector trading, characterised by reduced reliance on imports from other parts of the Australia or overseas.

The ACT has a small manufacturing base, largely because of the relatively small size of its population, and the lack of primary industries to provide inputs into manufacturing processes. As a consequence the ACT has small scale individual private sector operations where, as of May 1989, only 30 per cent of total private sector employees worked in establishments with 100 or more employees. This compares with 38 per cent in Tasmania, about 44 per cent on average in Queensland, Western Australia and South Australia and over 46 per cent in both of the largest States.

There are some notable examples of successful manufacturing ventures located in the ACT. High-technology industry has been growing at double digit rates (in terms of the number of businesses) during the 1980s. It directly employed about 4000 persons, or 3 per cent of the ACT labour force, in mid-1986.

High-technology developments in the ACT have been stimulated by the presence of the Commonwealth administration, which is one of the principal markets in Australia for computers, electronics and other information technology. The Commonwealth outlays about $1.5 billion per annum on information technology, which makes it the largest single customer for computers in the country. All the major computer manufacturers have developed operations in the ACT.

Another ingredient in the transition from the first stage has been the enhancement of the city as a major domestic and international tourist attraction. To a large extent this derives from the increase in number and stature of buildings of national significance in Canberra, climaxed recently by the opening of the new Parliament House. Anyone with an interest in the national collections of Australia and seeing the most important public institutions in Australia must visit the National Capital. This is aided by the shrinking barriers to travel within Australia.

The private sector responded to the increase in tourism demand with large number of developments in the late 1980s increasing the amount of accommodation. In total, tourism generates about $370 million in revenue for the ACT and employs some 8 000 people, or about 6 per cent of total employment.

Recent years have seen the contracting out of particular tasks to the private sector. This is growing in importance as time passes. Printing was one example mentioned earlier. Another is the increasing use of contractors to meet departmental computer programming requirements. The latter was virtually all performed in-house in the public service in the early 1980s.

Land development is another major area of private sector growth. In the late 1980s the private sector assumed responsibility for the design and servicing of residential subdivisions and began to play a more prominent role in servicing land for commercial and public buildings. For example, the early eighties saw a rapid growth in the rate of office construction. The rates of new construction in 1986 and 1987 were well in excess of historical levels.
While construction remains a major industry, its changing significance to the ACT economy over the past few decades is evidence of the change in the mix of private sector activities.
The third stage of looking ahead — serving the wider market — will mark the maturity of the private sector and will involve building on existing industries and developing new ones. Continued growth of the private sector then, is contingent on the emergence of private sector activity oriented to reducing the ACT’s dependence on imports and on serving markets outside Canberra.

Attainment of this next phase is dependent on maintaining the momentum currently in progress. This will need to be achieved against the background of likely subdued growth — if any — in the size of the public service in the ACT.

There are a number of important factors that are shaping the pace and nature of expansion of the private sector. The 1990s will see continued upgrading and duplication of the major highways surrounding and leading to the National Capital, encouraging tourism in particular.

In October 1990 the termination of the two airline agreement should encourage greater competition in the provision of airline services throughout Australia and in particular the ACT, with the possibility of direct air links with cities other than Sydney and Melbourne.

The above benefits could be magnified if the Very Fast Train (VFT) project proceeds. Travel times to Canberra would be reduced to one hour from the centre of Sydney and two hours from Melbourne. The VFT would make commuting to Sydney practical. It would also be a tourist attraction in its own right and would boost the ACT’s already favourable share of international tourists. The location of servicing facilities in Canberra and freight possibilities could open up new opportunities for manufacturing and warehousing operations.

Another influence on the growth of the private sector in the 1990s and beyond is the increasing problem of congestion in other capital cities and constraints limiting expansion to Sydney and Melbourne. These factors have the effect of increasing the attractiveness of Canberra as a place to live.

As the population in south-eastern New South Wales is likely to become more dispersed, the Bowral/Mittagong region and the south coast are likely to be growth areas. As a result, Canberra’s role as a regional centre will be further enhanced and the growth of the domestic market will encourage more manufacturers to locate in the ACT. Key factors will be relatively cheap land and ready access, though improved transport links will gradually see the ACT economy drawn more closely into an inter-dependent relationship with the rest of the Australian economy.

**Employment Projections**

**Employment levels**

At the end of 2002 the ACT’s population was 322,680. The employment level at November 2002 was 174,300 with a labour force participation rate of 73%. Compared to the national average of 64%, the ACT has a significantly higher labour force participation rate.

In trend terms a total of 74,800 people were employed in the public sector in the ACT in the February quarter of 2003 (or 43% of employees). This public sector component comprised 57,500 Commonwealth employees (77%) and 17,300 Territory employees (23%). The remaining 99,500 (57% of total employees) were from the private sector (ABS 1367.8 Dec/June 2003).

This trend shows the shift from the situation in 1986 when the public sector employment was 55.4% and the private sector comprised 44.6 %.
Office Space

Historically the ACT has experienced low office vacancy rates of between 1% and 3%. In 1997 office vacancy rates peaked at 10% or more, then dropped continuously until 2001 when the vacancy rate was 4.1%. The vacancy rate then increased to 5.3% in 2002. At January 2004, the ACT had the lowest office vacancy rate (5.5%) of all Australian capital cities.

The main location of office employment remains Civic with 28% of the total ACT office floor space. The Town Centres follow with a combined share of 21%. See Figure 1.

![Figure 1 – Location of Office Space in the ACT](source: Australian Office Market Report January 2004, Property Council of Australia)

In the period between 1981 and 2002, office distribution in the Central Area (Civic, Northbourne Avenue Corridor, Russell, Campbell, Barton, Parkes and Forrest), the Town Centres and the remaining ‘Other Locations’ (Bruce, Deakin, Canberra Airport and Other areas) has changed. The proportion of offices in the Central Area decreased from 69% in 1981 to 66% in 2002. During the same period, office floor space in Town Centres decreased from 25% to 21% and it increased from 5% to 12% in ‘Other Locations’. See Figure 2.
Projected Office Space Availability

Several different estimates are given for future office space requirements and are generally estimated on a 10 year basis. The following estimate of office space demand and availability is based on Working Paper No. 3 developed by the Planning Policy Section of PALM in October 2002.

For the purpose of estimating the amount of future land required for offices, the assumption is that existing office space in 2002 is occupied by employment in the Government and Administration & Defence and the Property & Business Services sectors only. Assuming an
average 22 sq m of office space per employee in predicting future office space, there will be a requirement for additional floorspace in the order of 202,400 sq m by 2010.

The withdrawal of stock, particularly in Civic has played a significant role in reducing the amount of vacant space. Between 1997 and 2002, approximately 50,000 sq m of office floor space has been withdrawn from Civic. This has been partially accelerated by the Civic revitalisation policy which provided financial incentives to convert vacant office buildings to other uses, mainly residential. Over the same period approximately 25,000 sq m of new office floor-space entered the Civic office market.

Policy changes to office employment location have been necessary to take account of the significant changes that have occurred over the last 10 to 15 years. Policies such as outsourcing, down-sizing, competition policy and more particularly the Commonwealth’s property divestment programme have all contributed to a more open market and less intervention by the Commonwealth Government in market decisions – in this case the location of offices. The policies in relation to office employment location are set out in Chapter 3 of the National Capital Plan.

Population Projections

As Australia’s economy diversifies, and as its international and regional influence expands, it is expected that there will be continued population growth through both natural increase and international migration. Current national population forecasts indicate that Australia’s total population is likely to increase from 17 million at present to some 19 million by the year 2001.

Population growth rates have varied considerably between the States and Territories since 1971. In the period 1971-76 the highest growth rates were recorded in the Australian Capital Territory and the Northern Territory, with average annual growth rates of 6.57 per cent and 2.76 per cent respectively. Since 1976, the Northern Territory has continued to grow at a rate well above the national average, whereas growth in the Australian Capital Territory has slowed to a rate considerably closer to the national rate.

The ACT’s population grew from 103,500 in 1967 to 273,200 in 1988. The ACT Commercial Research Bureau has projected the population to increase by a further 75,000 by the year 2001. These forecasts provide for an average population growth of only 4,500 per year to 1991, the lowest growth recorded in the ACT since 1981, and then a gradual increase because of private sector employment growth in the financial, property and business, retail and tourism sectors offsetting expected low levels of government employment growth and the downturn in the construction industry. Long term population growth is expected to show increases up to 6,000 per year by 1996 reaching 6,800 by 2001. Natural increase, which has remained relatively stable over a long period, is forecast to increase marginally from around 3,200 in 1989 to 3,600 in the same period.

The major component affecting the rate of population growth in the ACT is net migration and is influenced directly by high rates of labour force participation particularly in the resident female labour force. This is expected to remain a major factor in population growth. Increases in net migration range from 1,100 to 3,200 per year towards the end of the forecast period.

Annual population growth is expected to increase overall largely due to changes in the age structure of the population. For example, towards the turn of the century there will be a greater proportion of ACT residents reaching retirement age and at the same time fewer young people will be entering the labour force. Consequently more of the available jobs in Canberra will need to be filled by migrants from interstate or overseas.
Ageing of the ACT population is expected to continue with the median age increasing from
28.9 years in 1989 to 32.8 years in 2001. The proportion of the population in all age groups
under 25 years is forecast to decline while the age groups between 25 to 34 years and over 50
years will increase in both proportion and in absolute numbers.

The areas immediately surrounding the ACT are among the most rapidly growing population
areas in NSW. For example, Yarrowlumla Shire adjacent to the ACT has experienced a
population increase between the 1981 and 1986 Census of almost 50 per cent. Other shires
have also experienced growth — Yass 12 per cent and Gunning about 5 per cent. Queanbeyan
City has also experienced growth of around 12 per cent.

There have been fluctuations in the population growth rate in the South-East Region since the
early 1970s. The second half of the 1970s reflected depressed economic conditions in the
ACT. However declines in most areas were offset by growth in Young, Yarrowlumla, and to a
lesser extent, in Yass and Mulwaree Local Government Areas. The most pronounced growth
in the period to 1981 was in the coastal areas of Bega Valley and Eurobodalla.

Since 1981, there has been a general increase in the regional growth rate with population
growth accelerating in Queanbeyan and continuing in the Lower South Coast subdivision.
Forecasts expect this growth to continue as the South Coast is providing retirement areas for
Canberra and Victoria.

Forecasts in 1988 projected the population of the South-East Region to reach between 182
700 and 195 200 in 2001. Within the Southern Tablelands subdivision, Yarrowlumla, Yass
and Young are expected to improve their share of population growth. Yarrowlumla and Yass
are influenced by proximity to Canberra and attract commuters seeking a rural lifestyle.
Queanbeyan’s population growth is closely tied to the fortunes of the ACT public sector
expansions and contractions. Goulburn on the other hand is currently beyond recognised
commuting time to the ACT and its percentage share of population is expected to decrease.
Gunning is assumed to remain stable. Coastal growth is expected to continue to be centred on
Eurobodalla Shire. The expected regional growth rate is about one and a half per cent per
annum.

**Land and Housing Projections**

The demand for housing is not solely a function of population growth but is highly dependent
on changes in household structure, the ageing of the population and the composition of the
housing stock.

Average household size in Canberra, as in most other Australian cities, is declining. The
reasons for this include:

- older people forming a growing proportion of the population
- the number of children per family is decreasing
- there are more single people living alone for various reasons.

Compared to the Australian pattern, the age structure of Canberra’s population has a much
lower proportion aged over 65 years; a lower proportion in all age groups over 45 years; and a
higher proportion of those aged 0-14 years.

Although Canberra’s population shows a younger age distribution, a number of changes have
occurred during the past twenty years, the most significant being a decline in the proportion of
0-14 year olds, consistent with national trends, and an increase in the proportion of those aged
over 45 years. This ageing process produces demands for different types of housing and welfare services as time progresses.

Over the past twenty five years the average household size in Canberra has declined from above 4 persons to about 3 persons per dwelling. This reflects both the ageing of the population and social changes, including smaller family size and, more recently, the greater incidence of single parent families and single person households. Average household size is forecast to decline further to 2.8 persons per dwelling by 2001.
The trend to smaller household size has several implications. To the extent that it reflects increasing numbers of aged persons and single person households, it indicates a need for increased numbers of nonstandard dwellings (eg. townhouses, flats, aged person units). The reduction in family size has required adjustments to the location and size of schools. In the older areas, the demographic change has lead to significant under-utilisation of existing school space.

In the future the increase in the number of households will be proportionally greater than the increase in population. By 2016 there may be a 109 per cent increase in households to around 171 000. Allowing for vacancies, this means that over the next 25 to 30 years, provision will need to be made for about 93 000 more homes. Recent forecasts for the city’s long term development indicate more than 100 000 new homes may be needed over the next 30 years.

**Forecasts For 2016**

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<td>Population</td>
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The housing stock in Canberra in 1986 comprised 82 per cent standard housing at densities around 10 dwellings per hectare, about 2 per cent on small lots at densities of 18 dwellings per hectare and about 16 per cent in medium density housing at densities of about 25 dwellings per hectare.

However, this description does not reflect recent important changes in the housing mix. For example, in the private market from 1985 to 1988, standard housing has been averaging 61 to 63 per cent of the stock, small lots 13 to 14 per cent, and medium density 23 to 25 per cent. The proportion of medium density has been stable around the 20 per cent level since the mid 1970s. However, small lots have gained popularity only in recent years.

A brief review of demographic trends suggests that approximately one third of the housing market could be for small lot and medium density and about two thirds for standard housing. A number of market factors could affect this mix, however. Providing a wide variety of location, price and improved block and house designs could increase markets for small lots and medium density housing.

In 1988 it was estimated that sites for around 20 000 dwellings had either been serviced or were in the pipeline for servicing over the following few years. These were mostly in Tuggeranong, but the total also included remaining pockets in Woden and Belconnen. The 1988 estimates also indicated that other forms of consolidation, including dual occupancy and possibly redevelopment, may yield another 7 000 to 10 000 dwellings by 2016.

There are currently some large areas of vacant or non-urban land within the serviced areas of the established districts which are well suited to urban use and may be appropriate for residential development. These include the Belconnen Naval Station. These areas could accommodate more than 3 100 dwellings.

On the basis of these assumptions there will still be a need for another 60 000 new housing sites to accommodate the expected population growth. While this may be reduced to a degree by intensive redevelopment, it seems unlikely that the demand for dwellings in new areas
could be less than 55 000 by 2016. These new areas include Gungahlin and other, as yet unspecified, areas.

**By 2016**

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Recent times have seen an increased demand for residential blocks in Yass and Queanbeyan influenced to some extent by their nearness to Canberra and the demand for a different lifestyle. This brings with it pressures for further releases of residential land in close proximity to existing services. Queanbeyan has the potential for an estimated 4 500 additional residential blocks before it is necessary to look to other areas for additional supply. A limiting factor in the further growth of Queanbeyan is its water supply which is obtained from the ACT water supply system.

There is a small but continuing demand for village living outside the main urban areas of Yass and Queanbeyan. However the potential for such growth is dependent largely on factors such as availability of good quality water, the extent to which peripheral land has been fragmented into small lots for rural residential development, and the protection of water supply catchments.

Demand for small-lot rural subdivision in NSW has increased with the growth of Canberra. This is partly related to the fact that no such subdivisions exist within the ACT. By far the bulk of demand comes from people working in Canberra or Queanbeyan and desiring to live within easy commuting distance.

The most pressure for small-lot rural subdivisions is in Yarrowlumla Shire, in close proximity to Canberra and Queanbeyan to the east and north-east of the ACT, and in Yass Shire especially around Murrumbateman to the north of the ACT.

Comprehensive planning controls have been introduced in the shires around the ACT in an endeavour to provide opportunities for small-lot rural subdivisions in suitable locations. Primary objectives for these controls include:

- to conserve better agricultural land by preventing fragmentation into unproductive units
- to avoid development prejudicial to orderly and economic expansion of urban centres
- to avoid ribbon development.

Generally opportunities for rural living will continue to be provided in NSW but the extent of such provision will be influenced by economic and social parameters such as the cost of provision of services, water quality in streams, rivers, and water supply catchments, maintenance costs, and pressures on areas of viable commercial farming. Additional pressures...
will arise from the interaction of activities on either side of the ACT/NSW border, especially following the development of Gungahlin.

Present Growth Strategy

The General Plan Concept for metropolitan growth (the ‘Y-Plan’) formulated by the NCDC in the 1960s proposed a policy of developing distinct towns, linked in a linear form by a system of peripheral parkways. An express public transport route was to connect the town centres, running through the built-up spine of each town. Each town was to have a substantial town centre offering its population a wide range of local shopping facilities and services, and also serving as a location for employment, especially government office employment.

Subsequent plans, including the 1984 Metropolitan Policy Plan (MPP), confirmed this strategy as a basis for Canberra’s continuing urban development.

Other major urban structure principles and planning policies from earlier strategic plans were also maintained in the 1984 Plan. The principal elements included:

- the establishment of Civic as the dominant commercial centre and centre for citywide community services, but with a limitation on the amount of employment, especially government office employment

- the location of employment, especially government office employment, in the separate towns so as to enable people to work closer to their homes, with consequent reductions in the demands on the road network at peak times

- the extension of the parkway network and the arterial road network, to provide Canberra with good roads and low congestion, even during peak hour

- keeping Canberra’s natural setting of river valleys, hills and ridges free of urban development.

In the five years since the adoption of the MPP as policy, these planning principles have continued to guide the city’s development.

A major review by the Joint Committee on the Australian Capital Territory of the 1984 Metropolitan Policy Plan and the implications for the Commonwealth Government of implementing the MPP, concluded that:

- the National Capital Open Space System was a major structural element of the General Plan Concept

- the possible benefits of urban consolidation in the established areas of the city should be fully exploited as an alternative to continued, rapid peripheral expansion

- Gungahlin should be the next new town but development should not proceed until transport links had been evaluated and approved

- land occupied by the Department of Defence in Belconnen and Jerrabomberra should be vacated for possible urban development.

Other recent events of importance to the planning of Canberra’s metropolitan development include the following:

- the establishment in 1989 of the Legislative Assembly, providing self-government for the Australian Capital Territory on a basis similar to that for the Northern Territory and in some ways parallel to arrangements in the States of Australia
the introduction of a separate ACT budget, requiring Canberra’s residents and ratepayers rather than the Commonwealth to take responsibility for financing most of the city’s development and services

a greatly increased role for the private sector in undertaking many tasks, notably land development, which were formerly the responsibility of the Commonwealth Government through the NCDC

growing interest in urban consolidation, through both infill development, and redevelopment of residential areas to higher densities

indications of a slow-down in public sector employment growth, and of more jobs in the private sector

the completion of Parliament House, and the resulting pressures for development in south Canberra

the building of more tourist facilities, such as the National Convention Centre, major hotel developments, and proposals for the development of a casino at Civic Square

pressures for additional development in and around Civic, with consequent pressure for access and parking in that centre.

The Australian Capital Territory (Planning and Land Management) Act 1988 requires the National Capital Plan to set out broad policies for land use, applicable throughout the Territory. A major issue in responding to this requirement is the preferred location, scale and timing of development of additional urban areas to accommodate the forecast population growth over the next decade and possibly beyond that time.

The present metropolitan growth strategy provides for the development of Gungahlin, and the ACT Government has commenced planning for initial infrastructure investment and land development in that urban district. Additional areas may be needed however, either as lower cost alternatives to Gungahlin in the short term, or as areas for additional urban development within the Territory after Gungahlin approaches the limits of its development capacity.

Central to the question of where additional urban development, if any, might best occur, is the matter of the costs of transport infrastructure, public transport services and travel to users of either the road network or the public transport network. The principal variable in determining transport and travel costs is the location of employment. This determines potential travel distances, the extent of congestion and the need for major road works and additional public transport capacity, as well as the costs of parking, car operating costs, public transport operating costs and the cost of congestion.

Land use and employment location policies which encourage the development of a cost-effective urban structure, from the viewpoint of total travel costs, have always and should continue to play a key role in Canberra’s planning. Additional objectives such as minimising Commonwealth and particularly ACT Government capital outlays for transport infrastructure, and minimising the environmental effects of travel, are also of importance.

While a full and detailed review of urban land use policy alternatives has not been conducted in Canberra for some years, and could not be undertaken in the time available for the preparation of this first National Capital Plan, a partial analysis of two possible land use scenarios was commenced by the former National Capital Development Commission, and completed by the Authority. This analysis throws significant light on the most cost-effective policy combinations.
Transport and travel costs for the two scenarios were analysed as follows:

**Scenario 1:**

Normal housing densities, with development taking place in the established urban areas of Canberra plus Gungahlin, Jerrabomberra, the fringes of Belconnen and in the lower Molonglo Valley, and in Queanbeyan, to accommodate in total a population of some 500,000 people by the year 2016.

Employment in Civic totalling 35,000 workers, with substantial employment in town centres and other locations outside Canberra Central — generally a ‘dispersed’ employment option.

**Scenario 2:**

Increased housing densities in the established urban areas of Canberra, and in newly developed areas in Gungahlin, Jerrabomberra and lower Molonglo, again to accommodate a total population of 500,000 people including a population of 40,000 in Queanbeyan.

Employment in Civic exceeding 40,000, and with additional centralised employment located in a corridor between Civic and the airport, and in addition, substantial employment in the town centres and other non-central locations.

While the analysis conducted was at a broad scale, and did not detail the major costs of internal roadworks within towns, it did provide a basis for assessing cost differences between the scenarios and for indicating the most cost-effective policy combination.

The study’s conclusions include the following:

- To the extent that urban development at higher densities than apply presently in Canberra can be achieved in the established towns and Gungahlin, expenditure in new areas such as Jerrabomberra and the lower Molonglo Valley would be avoided until late in the planning period to the year 2016, thus saving road and public transport capital costs.

- In particular, development in the lower Molonglo incurs very high capital costs for roads and public transport.

- Centralised employment concentrations increase the total user costs for both private cars and public transport, including parking costs and the costs of congestion — which arise through increases in travel time on the road network.

- Increases in the use of public transport require major increases in capital investment, and if employment is strongly concentrated in Civic and Canberra Central, are also likely to increase public transport operating deficits due to the unbalanced pattern of peak hour loadings.

- The net present value of total transport infrastructure capital costs over the period to 2016 is less than the net present value of user costs in the year 2016 alone. A system which reduces user costs is to be strongly preferred, and this means a system where employment is not heavily concentrated in Canberra Central.

- The strategy to be preferred is one which achieves higher urban development densities, thus concentrating development in as few new urban areas as possible, while ensuring that employment is also located throughout these urban areas rather than being concentrated centrally.
While this study is preliminary only, and a major review along more detailed lines is planned to commence in the financial year 1990/91, the basic conclusions are reflected in the National Capital Plan in policies which advocate measures to increase urban consolidation and limitations on the concentration of Commonwealth employment in Civic.

In addition, the strategy adopted for the Plan is to provide for additional urban development around the fringes of Belconnen, and on the site of the Belconnen naval station, to increase the population in that district; and an investigation of the future of development in the Jerrabomberra area in the context of a metropolitan review.

Until that review is completed, the broad policy for the location of urban areas in the Territory will conform to the general structure of metropolitan development previously approved. Urban land use therefore comprises:

- the existing developed towns of Canberra Central, Woden-Weston Creek and Belconnen
- Tuggeranong, which will be developed on the east bank of the Murrumbidgee River as far as Lanyon, to accommodate an eventual population of 85,000-90,000
- the new town of Gungahlin which will occupy land to the north of the Federal and Barton Highways and will accommodate an eventual population in excess of 80,000
- additional urban land at the northern and western fringes of Belconnen.

On the basis of this policy, Canberra could accommodate some 350,000 to 400,000 people, depending on the population density of the developing and developed urban areas.

There are three major ways in which population beyond that level could be accommodated:

- by developing more land within the Territory for urban use, for example the Jerrabomberra Valley
- by redeveloping substantial areas at higher population densities
- by developing land across the ACT border in New South Wales.

These courses of action are not mutually exclusive, and will all be examined in the context of a review of long term metropolitan development.

In determining a future long term development strategy however, it will be important to adopt policies which will enhance Canberra’s role as the National Capital, safeguard its landscaped setting and visual character, and ensure that future development is cost effective in terms of both capital and recurrent costs.

**Canberra and the Region**

**Identification of Canberra’s Region**

The region, determined for the purpose of this discussion, is by its very nature far broader than that set in place by the NSW Government in 1972 as the South-East Region.

However, with the exception of the City of Shoalhaven, the NSW Local Government Areas (LGAs) coincide with the South-East Region currently coordinated through the Queanbeyan office of the NSW Department of Planning.
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<td>(%) Diff.</td>
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Notes: (1) Developer’s share not included
       (2) Public Transport deficit not included.
Closer to Canberra, and more central to Canberra’s influence, is the Canberra-Queanbeyan subregion consisting of the Shires of Yarralumla, Yass and Gunning, and the City of Queanbeyan and the ACT. This loosely coincides with the “ACT sub-region” demarcated by the 1976 South-East Region Joint Steering Committee (SERJSC) regional strategy report but includes the ACT in its considerations.

The South-East Region’s Human Resources

The population of the South-East region at the 1986 census amounted to a little more than 608,000 persons of whom 47 per cent resided in the Canberra-Queanbeyan sub-region and 86 per cent lived in urban centres of 500 persons or more. By mid 1991, it is estimated that the Canberra-Queanbeyan sub-region’s population will be half the regional total of 636,000.

Demographic characteristics of the region are similar to those for Australia as a whole. These include:

- a declining birth rate (especially since 1984)
- a large component aged 20 to 39 (approximately a third of the population)
- an ageing population (approximately 9 per cent are aged 65 or more)
- more males than females in every age group under 60.

Geographical comparison of 1981 and 1986 census data shows the ACT to possess lower birth rates and lower death rates than the NSW portion of the region. The net result, however, is that the ACT average rate of natural increase is higher than in south eastern NSW (1.3 percent and 0.9 per cent per annum, respectively). When the effect of net migration over the same period is considered as well, a more complex demographic pattern emerges that is characterised by the following main features:

- the City of Queanbeyan demonstrated the highest birth rate for any LGA in the region, with in-migration lifting annual growth to 3.1%
- Canberra’s declining birth rate was balanced by a rising rate of new arrivals to retain the annual growth of 2.4 per cent (this dropped dramatically to 1.6 per cent during 1988-89 with the exodus of a large section of the construction industry)
- Nowra-Bomaderry (1.8 per cent per annum) grew faster than Albury or Wagga
- Shire populations in the urban dormitory zones were boosted by in-migration (Yarralumla Shire averaged 9.6 per cent growth per annum and Goulburn’s apparent population decline should be matched against overspill into Mulwaree Shire)
- all coastal shires and the alpine Snowy River Shire exceeded 2 per cent growth per annum (Eurobodalla Shire reached 6.5 per cent and the City of Shoalhaven maintained 4.2 per cent)
- all other shires experienced a net migration loss greater than natural population increase — but no shire has yet reached the crisis point where the rate of natural increase has also dropped below zero
- every NSW shire, with the sole exception of the Snowy River Shire (influenced by winter sports enthusiasts when the census was taken), displayed a deficit of 20 to 24 years olds for both censuses, with the deficit often extended into the upper teenage group and/or the 25 to 29 year age bracket
• the LGAs with the highest percentage of population aged 65 years or more were the three coastal shires, Tallaganda Shire, the City of Goulburn, and the three northern Shires of Temora, Young and Crookwell

• the LGAs with the highest percentage of population of employable age (15 to 64 years) were Goulburn and the surrounding Shire of Mulwaree, and all LGAs of the Canberra-Queanbeyan subregion (including the ACT).

Demographic forecasts suggest that as much as 12 per cent of the regional population could be aged 65 or more by the year 2001. Such forecasts assume no change to the pattern of migration into and out of the region. However, the history of the region has been one of considerable economic change.

The Employment and Industrial Base

The regional labour force is estimated to at 273 000 persons now but this is highly imbalanced. More than half work in Canberra or Queanbeyan and another quarter work in Albury, Wagga, Nowra-Bomaderry or Goulburn. Canberra’s variety and security of employment opportunities, as well as its higher-education facilities, attract between 10 per cent and 40 per cent of NSW high school leavers throughout the region, with the percentage from each school controlled by local job prospects and distance to Canberra.

The five urban growth areas of the region provide a wide range of employment, each with an economic base spread across at least five industrial sectors and each with considerable post-1981 expansion in commercial retail and office space. Outside the ACT, the NSW and Commonwealth Governments are the two largest employers, with Commonwealth interests including regional services and defence bases located in or near Albury, Wagga and Nowra. However, public service employment at Commonwealth and State levels is no longer a growth industry and the future of the region’s cities now depends upon their ability to attract private investment.

Within the ACT, high-growth industries (community services, finance, property and business services and recreation, tourism and personal services) account for 38 per cent of all employment. ACT industries which showed more-moderate growth between 1976 and 1986 (wholesale and retail trade, public administration and defence and transport, storage and communication) employ nearly 50 per cent of the labour force. The percentage in high-growth industries in Queanbeyan is somewhat less (27 per cent) because of greater commitment by nearly a quarter of the workforce to industries of declining employment (construction and manufacturing).

Employment throughout much of the region is linked to the fortunes of the farming and grazing industries although the rural sector now accounts for less than 8 per cent of the labour force. Mining employs about a thousand persons or 0.4 per cent of regional employment (concentrated at Ardlethan, Marulan South, Woodlawn near Tarago, and including a number of sand, gravel and limestone quarries within the urban dormitory zones).

Regional standards of rural living have not improved greatly for many farms or country towns since the growth of NSW public sector employment during the 1970s. Out-migration since 1961 reflects a contraction of the non-family farm workforce and a rationalisation of rural banking and finance sector activities. Whereas adjustments to the grazing industry include greater integration into the agribusiness system, there is no reason to suggest improved employment prospects in shires away from the coast.
Overall, rural employment remains geared to the unpredictable climate, the efficiency of land management and stock-breeding programs, the cautious investment of capital, access to export markets and variations in exchange rates.
The general incapacity of primary and secondary industries to provide many jobs outside the cities and larger towns is presented as a major regional planning issue of relevance to the development of Canberra.

Regional Environmental Issues

The region includes the highest part of Australia and contains the most valuable alpine national parks as well as extensive forest reserves, winter sports facilities, fishing and recreational resorts. The tourist appeal of the high country and the coastline is internationally attractive. Topographically, the region may be separated into:

- the South Coast lowland, demarcated by the upper Shoalhaven valleys and a distinct escarpment which has acted as an east-west transport obstacle
- the Southern Tablelands, which for convenience could be delineated to the west by a line drawn from Wyangala Weir to the Hume Weir
- a portion of the South Western Slopes.

The overriding environmental issue in the region is the availability of water and its quality. There have been periods of extreme drought, at different times, in almost every district and the inland Australian sequence of flood, fire, drought and bankruptcy is as true here as elsewhere. The region contains six of the ten largest dams of NSW (Eucumbene, Hume, Blowering, Wyangala, Burinjuck and Talbingo), constructed primarily for generating hydroelectricity and for meeting irrigation, rural domestic and stock requirements. The Jindabyne and Tantangara Dams serve a similar role, but the comparatively smaller Googong, Pejar and Tallawa Dams are designed exclusively for urban water supply. The combined regional dam capacity of 13 825 gigalitres is Australia’s largest mainland water storage and represents 56 per cent of NSW public water availability.

The Commonwealth Government holds paramount rights to water within the ACT, and from the Molonglo River catchment to the east, under the Seat of Government Acceptance/Severance Acts 1909 to 1955 and the Googong Act 1975.

Through the Snowy Mountains Council, the Commonwealth shares with the Victorian and NSW Governments the management of all works associated with alpine dams other than Blowering where water release by the NSW Government is dictated entirely by NSW irrigation requirements.

Potential water supply from at least one proposed dam to be constructed on the Shoalhaven River is reserved for Sydney’s long term needs, and therefore cannot be considered for Nowra or Canberra-Queanbeyan expansion. Water from the Murrumbidgee and Murray River systems (now supplemented by the Snowy River dams) is fully committed as the only permanent, surface flows across the South Western Slopes and from which water is reticulated to several country towns from pumping stations at Jugiong, Wagga and Albury. The movement of groundwater is not fully researched, but the main aquifer intake area is understood to be the western portion of the Southern Tablelands.

The environmental questions of what sized city populations can be supported and whether urban growth should continue around Canberra-Queanbeyan can be answered in part by an assessment of available water supply.

The most recent published estimates, by ACT authorities, identify that with augmentation of the Googong water treatment plant and construction of a fourth weir on the Cotter River, Canberra-Queanbeyan will be adequately supplied with water only until approximately 2010
based on current consumption rates. By this date, the combined metropolitan population could be approaching half a million persons. Clearly, if urban growth here or elsewhere in the region is to be encouraged, the resolution of a total water management program in time for completion of the necessary engineering works has to be of utmost importance.

The Canberra-Queanbeyan Sub-region

Regional planning issues of immediate relevance to the National Capital Plan arise as matters of kinship with LGAs adjacent to the ACT border. Canberra-Queanbeyan symbiosis dates from the first years of surveying and construction of the National Capital, when Queanbeyan operated as the rail head, materials and stores depot, assembly base, retail centre and home for workers and their supervisors. Since the 1960s a second phenomenon, described as hobby farming or rural retreating, has led to widening of a dormitory zone which now includes at least nine villages and the town of Yass.

Yass, Gunning and Captains Flat draw water from nearby weirs, but Bungendore, Murrumbateman and Dalton rely upon groundwater of mediocre quality. The remaining villages have no reticulated supply and depend entirely upon tank water. Residents on the rapidly expanding number of rural subdivisions look to similar independent water supply, with tanks supplemented by sub-artesian bores.

Localised points of stress in the water system have been identified already as effluent discharge into the Murrumbidgee River (now controlled by the Lower Molonglo Water Quality Control Centre), Lake Burley Griffin and the Yass River Valley. Further rural subdivision of holdings less than 20 hectares could lead to a deterioration of water quality in Lake Burley Griffin, the tributary Jerrabomberra Wetlands and Googong Dam.

Although many commuters to Canberra and Queanbeyan may imagine that they are escaping rapidly rising municipal charges or other elements of city living, a major dilemma confronting the shire councils of the subregion is the escalation of their expenditure on urban-related services and engineering projects. Methods to balance the costs of the necessary infrastructure appear necessary as the dormitory population continues to increase in numbers and village density.

An issue of notable consternation to the sub-regional shire councils is that ratepayers are obliged to meet the maintenance and upgrading expenses of local roads breaking up under the weight of sand and gravel trucks bringing construction materials to Canberra and Queanbeyan. Approximately 60 per cent of the subregional road system is sealed, but much of this is inadequately constructed for the recorded peak traffic densities. The origin and destination of the bulk of traffic is within the sub-region (10 per cent is Sydney-oriented and 15 per cent relates to other NSW and Australian locations).

The main transport planning policy issues arise from deficiencies in the standard of the road network (including the Hume, Barton, Federal, Kings and Monaro Highways for which Commonwealth funding is negotiated through the Sydney-centred NSW Roads and Traffic Authority) and the protection of the main roads from urban ribbon development.

A landmark in intra-regional coordination has been the joint release of a protocol statement of the ACT Chief Minister and the NSW Premier. This relates to the larger region and specifies activities for inter-governmental information exchange and action where either there has been coordination for some time or problems need to be resolved.

Canberra-Queanbeyan possesses a geographical economic catchment to which it has given little attention during the formative years of city development. Regional planning now opens the door across political boundary lines and provides the opportunities to look beyond street
design, landscape planning and city building in cement, bricks and mortar. The potential for achieving a common purpose in developing the region’s economic and social fabric should ensure that Australia’s National Capital is a vibrant and dynamic city, and has a clear regional, as well as national, role.

**Commonwealth Funding and the National Capital Plan**

The basis of financial relationships between the Commonwealth and the ACT Government is set out in the Australian Capital Territory (Self-Government) Act 1988, and specifically acknowledges the Commonwealth’s continuing financial responsibility for those aspects of Canberra’s financial needs and circumstances which arise from its role as Australia’s National Capital.

Section 59 of the Self-Government Act provides that:

> The Commonwealth shall conduct its financial relations with the Territory so as to ensure that the Territory is treated on the same basis as the States and the Northern Territory, while having regard to the special circumstances arising from the existence of the National Capital and the Seat of Government of the Commonwealth in the Territory.

> The Territory is not liable to bear the cost, or part of the cost, of any function retained by the Commonwealth.

In addition, the Second Reading Speech to the Act set out the following undertaking:

> Commonwealth funding to the ACT will fully recognise the effects of Canberra’s role as the National Capital and Seat of Government, on the standards and costs of works and services.

In considering the implications of the above commitments, both recurrent and capital expenditures must be considered, together with any limitations on ACT Government revenue raising capacities which might be attributable to provisions within the National Capital Plan (once that Plan is formally approved and accepted by the Commonwealth Parliament) or which might otherwise arise as a consequence of Commonwealth responsibilities and activities in the Territory.

**Recurrent Expenditure**

Assessment of any impact of the role of Canberra and the Territory as the National Capital and the Seat of Government on the finances of the Territory has been the responsibility of the Commonwealth Grants Commission. The Grants Commission has held three inquiries into the fiscal arrangements associated with the development of the Territory. These inquiries were completed in 1984, 1986 and 1988.

The Inquiries provided an independent comparative assessment of the financial circumstances of the Territory with those of the other States. The scope of the third inquiry, which is the most relevant to today’s circumstances, differed from the previous two in the following respects:

- the comparative assessments made related to all States (not just to NSW and Victoria, as in the previous two Inquiries)
- it was made explicit that the principles and methods of assessment were to be those applied by the Commission in its 1988 State relativities review
• the expenditures to be attributable to the Commonwealth Government, rather than the ACT community, were to include any additional costs resulting from Commonwealth policies which affected the cost of providing services but did not affect the levels at which those services were provided (as well as those directly and indirectly arising from Canberra’s status as the National Capital and Seat of Government)

• the government services to be assessed were restricted to recurrent expenditures on State-type services including water and sewerage but excluding services of a municipal or local government nature.

In undertaking its 1988 review and in applying the equalisation principle, the terms of reference required the Commission to base its assessments on the standards of government services and the level of taxes and charges which applied in the States. This contrasted with the Commission’s procedures in previous ACT inquiries where the equalisation standard was explicitly defined with respect to NSW and Victoria only.

The Terms of Reference for the 1988 Inquiry asked the Commission to:

(a) identify and exclude the direct expenditures attributable to the Commonwealth Government (rather than to the ACT community) by virtue of their emanating explicitly from Canberra’s status as the National Capital and Seat of Government

(b) take account of additional costs resulting from indirect National Capital/Seat of Government influences and other Commonwealth policies which affect the cost of providing services but do not affect the standards at which services are provided.

In determining direct expenditure to be considered national, and therefore a Commonwealth responsibility, the Commission applied the criteria approved by the Commonwealth Government for its 1986 Inquiry. These have been referred to earlier in this report, and are presented in full in Appendix K.

They included the costs of facilities and services relating to National Capital functions, such as the Parliament and the defence establishments, the National Library, the Australian National Gallery and the Australian National Botanic Gardens.

The Commission also excluded direct expenditures attributable to the Commonwealth Government (rather than to the ACT community) emanating explicitly from Canberra’s status as the National Capital. Such expenditures included costs relating to the land providing the setting and landscape backdrop to the National Capital (for example, Black Mountain, Mount Ainslie and Mount Majura), land providing landscapes designed and maintained for symbolic, formal or National Capital purposes (for example, the Parliamentary Zone and Lake Burley Griffin) and land utilised for National Capital facilities and infrastructure (for example, some major roads and the Royal Australian Mint).

In cases where National Capital influences indirectly affected ACT revenues and expenditures included within the Commission’s assessments, the Commission assessed National Capital allowances. Those allowances reflected the influences of indirect National Capital factors on the costs of providing standard levels of service. Such allowances were made, for example, for:

• the extent to which the ACT Administration incurred above-standard expenditures in the provision of standard services because of the design and layout of Canberra (such as those in the metropolitan transit and fire protection categories)
• expenditures associated with planning decisions and requirements of relevant authorities which were considered to be integral to the status of Canberra as the National Capital (in the education, public works and local government and town planning categories)

• expenditures associated with the existence of national facilities and services (in relation to such services as recreation and police these allowances could be positive or negative)

• expenditures incurred on the provision of certain services to diplomatic families.

Allowances for other Commonwealth policy influences were assessed in categories where the Commission considered that a Commonwealth policy had increased recurrent expenditure levels but did not raise service standards relative to those prevailing in the States or where a particular Commonwealth policy had served to increase or restrict a revenue base to a level different from that which would have existed had standard conditions applied in the Territory.

The outcome of the Commission’s consideration of the 1988 Inquiry showed that, in total, the indirect National Capital and other Commonwealth policy allowances made by the Commission amounted to $40.224 million or $154.49 per capita in 1986-87.

The major identified areas of above-standard expenditures arising from the form of Canberra’s development as the National Capital were metropolitan transit services and metropolitan water supply and sewerage.

**Metropolitan Transit Services**

The Commission compared the deficit on the bus operations in the ACT with deficits in the States arising from the operations of all metropolitan buses, trams, ferries and rail services.

To identify indirect National Capital influences the Commission estimated the costs imposed by the design and layout of Canberra which result from its status as the National Capital.

To identify other Commonwealth policy influences, the Commission measured costs arising from differences between the standard States and the ACT in operating efficiency, and also made allowance for interest earnings not available to the public transport organisation, ACTION.

In order to quantify the first component, the Commission accepted an estimate of the additional costs incurred by the bus service resulting from the pattern of separate towns in the ACT arising from its planning as the National Capital. The Department of Territories estimated these costs by reference to the above-standard level of “dead running” in the ACT which was interpreted as a percentage of route kilometres travelled outside passenger catchment areas. In addition to the operating costs identified by the Department, the Commission included some notional debt charge expenditure which it derived by reference to the Department’s estimate of the extra buses required as a result of the above-standard level of “dead running”.

The Commission concluded that the Territory faced substantial difficulties in providing standard levels of services, principally as a result of National Capital planning factors which resulted in a significant above-standard level of dead running. It placed a value of $5.1 million per annum, or $20 per capita per annum on this effect.

**Metropolitan Water Supply and Sewerage**

The Commission made its comparisons for this service in terms of the net operating results of the metropolitan water and sewerage operations of the States and those of the ACT
Administration, with adjustments made to ACT revenue for a notional reimbursement by the Commonwealth for costs incurred in respect of national responsibilities and to ACT expenditure for debt charges and payroll tax payments. It concluded that the ACT community should not be required to meet the additional costs of providing metropolitan water supply and sewerage services arising from the influences of National Capital factors. Accordingly it made a number of allowances for National Capital and other Commonwealth influences.

These allowances included the additional costs attributable to the Googong Dam and Lower Molonglo Water Quality Control Centre arising from their excess capacities resulting from Commonwealth policy decisions, for the above-standard length of mains required to service the ACT because of its dispersed urban development and for the costs of protecting the environment of Lake Burley Griffin which provided the setting for National Capital areas. It also accepted that the ACT was disadvantaged compared with the States and Commonwealth financial and administrative arrangements meant interest revenue from the investment of cash reserves could not be realised by the ACT Administration as it could in the States. The assessed allowances totalled $10.846 million in 1986/87, or $42 per capita.

Future Inquiries

Although in practice the Commission has found it difficult to calculate the proportion of overall expenditure attributable either directly or indirectly to Canberra’s status as the National Capital and the Seat of Government, the NCPA considers that in any future inquiries by the Grants Commission it is appropriate in principle for calculations of allowances for such influences to be made. As these expenditures are due to National Capital requirements, on both equity and efficiency grounds it is reasonable, in the Authority’s view, that taxpayers of the Commonwealth as a whole rather than the citizens of the ACT should finance such expenditures. As long as a distinction is based upon the national scope of associated benefits, it cannot simply be argued that the ACT taxpayer should bear the full costs of such expenditures.

The Commonwealth Grants Commission has announced that it will undertake a further inquiry into aspects of Commonwealth funding of the ACT. Due to the introduction of self-government in the Territory in 1989, the inquiry will be able to be undertaken with a better understanding and determination of Commonwealth and Territory financial responsibilities. The inquiry will also be able to be undertaken with the benefit of the ACT having political autonomy from the Commonwealth.

Capital Works Expenditure

The assessment that the impact of Canberra’s role as the National Capital may have on the requirement for capital works in the Territory above and beyond what would be necessary to meet normal Territory needs, is complex. Capital works funding is not a matter addressed by the Commonwealth Grants Commission. Instead, the resolution of Commonwealth and ACT Government responsibilities in this area will essentially take place through processes of negotiation.

The financial arrangements under the Self-Government Act make it quite clear that the Commonwealth will accept funding responsibility for capital works within the Territory designed to meet the Commonwealth’s own purposes — for example, Commonwealth offices and other developments which house or provide for Commonwealth activities.

Certain major works of a national nature are also proposed to be funded by the Commonwealth. These may include works such as the refurbishment of the Old Parliament House and the development of the Museum of Australia.
The Commonwealth has also accepted responsibility for certain capital works undertaken in the interests of maintaining and enhancing the character of the National Capital, and the National Capital Planning Authority in 1989/90 is undertaking a programme of works throughout Canberra Central amounting to a total capital expenditure of $5.5 million. A programme of future capital works to serve this same purpose will be proposed in the context of the Commonwealth Budget. The initial focus of this programme will be the completion of the works involved in the Parliamentary Zone Development Plan, the first stage of which presently involves the construction of landscaping and pathways along the Lake Burley Griffin foreshores at the northern end of the Parliamentary Zone.

The immediate implications of the provisions of the National Capital Plan for the Commonwealth are essentially limited to the need, established through the Plan’s identification of Designated Areas (areas having the special characteristics of the National Capital), for Commonwealth funding of programmes of works in those areas. The Designated Areas in the Plan are areas defined using essentially the same criteria as those adopted by the Commonwealth Government for the purposes of the 1986 Commonwealth Grants Commission Inquiry, and set out in Appendix K.

These criteria provided guidance as to the nature and extent of areas to be designated under the National Capital Plan, and hence the areas within which the Commonwealth might reasonably be expected, in the Authority’s view, to accept a significant measure of financial responsibility.

Beyond these categories of works, circumstances may arise where the Commonwealth may wish to influence the nature, timing or standard of works being undertaken essentially to meet the needs of Canberra as a city, but which are either located in areas considered important from the viewpoint of the National Capital, or are considered works whose timing or standard of development should be influenced by consideration of their impact on the National Capital.

In these cases, there will need to be agreement reached between the Commonwealth and ACT Governments, probably in the context of the Premier’s Conference or another appropriate forum, on the extent, if any, of a Commonwealth contribution.

Subsections 6(c) and (d) of the Australian Capital Territory (Planning and Land Management) Act 1988 give the National Capital Planning Authority the following functions:

(c) on behalf of the Commonwealth, to commission works to be carried out in Designated Areas in accordance with the Plan where neither a Department of State of the Commonwealth nor any Commonwealth Authority has the responsibility to commission those works;

(d) to recommend to the Minister the carrying out of works that it considers desirable to maintain or enhance the character of the National Capital.

Other works may be recommended to the Commonwealth in any area of the Territory, if they are considered desirable in the interests of the National Capital.

Major projects currently being undertaken by the Authority include Stage I(a) of the Parliamentary Zone Lake Foreshore Promenade and improvements to the lookout on the Mount Ainslie summit.

Major future works proposals includes the continued provision of infrastructure in the Parliamentary Zone over the next decade with the aim of completing the infrastructure works within the Zone by the year 2001 the centenary of Federation.
Possible future capital works of national significance, for which funding could be sought by the relevant Commonwealth agency and/or recommended by the National Capital Planning Authority, may include:

- National Museum of Australia
- National Gallery Extensions Aboriginal Gallery
- Old Parliament House refurbished and open
- Archives and Exposition Building in the Parliamentary Zone
- Australian War Memorial Technology Pavilion
- National Film and Sound Archive — new building

**Municipal Type Expenditures**

The Commonwealth has accepted responsibility for contributions to municipal type costs incurred by the ACT Government in providing services to the extensive areas of Commonwealth occupied land in the Territory, and in 1989/90 has provided funding through the Commonwealth budget to cover these costs. The basis for assessing the level of funding was established by the Grants Commission in its 1985/86 Inquiry.

In 1989/90, the Commonwealth paid the Territory $17 million to compensate for the “loss” of revenue from rates on land occupied by the Commonwealth.

In addition, the Commonwealth paid $15 million to the ACT Government to provide for the management and maintenance of National Land and diplomatic areas within the Territory, particularly involving landscape maintenance, road maintenance and related work within the Parliamentary Zone.

This form of financial contribution is planned to continue in future years, and the 1990 Grants Commission Inquiry may further refine the details of the basis and level of contribution required.