



LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON PLANNING, TRANSPORT AND CITY SERVICES
Jo Clay MLA (Chair), Suzanne Orr MLA (Deputy), Mark Parton MLA

Submission No 6 -

Mr Kevin Cox

Inquiry into DV 364 -

Gungahlin Town

Centre

Received - 30/06/21

Authorised - 01/07/21

From: [REDACTED]
To: [LA Committee - PTCS](#)
Subject: DV364
Date: Wednesday, 30 June 2021 1:05:10 PM

CAUTION: This email originated from outside of the ACT Government. Do not click links or open attachments unless you recognise the sender and know the content is safe.

DV364 Submission

Australia has a structural problem with the use of capital. The problem is indirectly causing the issues with DV364 and the development of the Gungahlin Town Centre. Australia has too much capital tied up in the price of inflated assets - particularly land. It shows itself in the ACT in the discrepancy between the unimproved land value and the market price of land. In suburban Gungahlin the discrepancy is about 300%. The difference between the two values results in the unnecessary use of capital. If a community can remove this discrepancy or replace it with zero or low interest money, the community will free up the money for use elsewhere.

The approach suggested below is not a new idea. It has the same principles used in the first 50 years of Canberra's existence.

The ACT government, quite rightly, sells land leases in the Town Centre at the market price. If it doesn't, the difference between the unimproved value and the market price becomes a windfall gain to the buyers. However, paying the market price restricts the land use to activities that generate sales from the land that covers the capital cost of buying the lease. One way to overcome the problem is to pay for the lease with low-cost funds and restrict the onselling of the leases.

The Covid19 pandemic and the sensible economic response of the Federal government to "print money" provides us with an opportunity to break the cycle of the ever-increasing price of land. The following is an outline of how to use the opportunity to bring business and community use buildings to the Gungahlin Town Centre.

The Gungahlin Community, guided by the ACT government, could form a not for profit entity that would purchase the remaining leases in the Gungahlin Town Centre with low-cost loans backed by the government. The community-owned entity would engage with banks, planners, builders, architects, engineers and other development professionals to fund, design, construct and operate buildings in the Town Centre. The entity could be a community owned entity something like Quango.

One block could house the promised community centre, and other government community services. Others could house flexible office space for rent to government departments and other organizations. Other blocks could be mixed-use and provide affordable housing for a range of tenants and commercial space. Others could be open space rented by the government.

The funds to build the buildings could come from banks, super funds, and local citizens. These funds would give a relatively high return. Making the returns in the form of lower rental costs reduces the amount of capital transferred. Having a not for profit owning the buildings removes the need to generate profits. Removing the need to transfer the leases

when renters change reduces costs as does low-interest loans to purchase leases.

Rentals within the Gungahlin Town Centre for the new buildings are likely to be lower than other rentals while still giving investors a relatively high return on investment. Owners of buildings in the Town Centre could choose to sell to the Community Organisation.

Notably, the residents of Gungahlin working with the ACT government will create a vibrant town centre that reduces the Gungahlin cost of living and the ACT government will sell the leases for the full market price.

Kevin Cox