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27, 1950

27
UNIVERSITY OF LONDON

IN THE PRIVY COUNCIL

No. 17 of 1950.

ON APPEAL FROM THE HIGH COURT OF AUSTRALIA

B E T W E E N:

^{PTY}
GRACE BROS. PROPERTY LIMITED
(Plaintiff) Appellant

- and -

THE COMMONWEALTH OF AUSTRALIA and
THE MINISTER OF STATE FOR THE INTERIOR
(Defendants) Respondents

RECORD OF PROCEEDINGS

UNIVERSITY OF LONDON
W.C.1.
20 JUL 1953.
INSTITUTE OF ADVANCED
LEGAL STUDIES

INSTITUTE OF ADVANCED
LEGAL STUDIES,
25, RUSSELL SQUARE,
LONDON,
W.C.1.

ON APPEAL FROM THE HIGH COURT OF AUSTRALIA

B E T W E E N:

GRACE BROS. PTY. LIMITED

(Plaintiff)

Appellant OF LONDON

- and -

THE COMMONWEALTH OF AUSTRALIA

and 20 JUL 1953

THE MINISTER OF STATE FOR THE INTERIOR

(Defendants)

Respondents

ADVANCED LEGAL STUDIES

RECORD OF PROCEEDINGS

INDEX OF REFERENCE

No.	Description of Document	Date	Page
<u>IN THE HIGH COURT OF AUSTRALIA</u>			
1	Writ of Summons issued on	21st January, 1946	1
2	Statement of Claim		3
3	Notice of Motion	15th February 1946	6
4	Affidavit of John Ashley Howard Terrill and relevant part of Exhibit "1" and annexures thereto marked respectively "A" and "B" sworn	13th February 1946	7
5	Demurrer	21st February 1946	13
6	Judgment and Order	17th April, 1946	14
7	Reasons for Judgment Sir John Greig Latham, C.J. Starke, J. Dixon, J. McTiernan, J. Williams, J.		15 23 28 36 38
<u>IN THE PRIVY COUNCIL</u>			
8	Order in Council	4th March, 1949	47

1.

No. 1

WRIT OF SUMMONS

In the
High Court
of Australia

IN THE HIGH COURT OF AUSTRALIA

No. 4 of 1946

No.1

NEW SOUTH WALES REGISTRY

Writ of Summons
21st January,
1946.

BETWEEN: GRACE BROS. ^{PTY} PROPERTY LIMITED Plaintiff

- and -

THE COMMONWEALTH OF AUSTRALIA
and THE MINISTER OF STATE FOR
THE INTERIOR Defendants

10 GEORGE the Sixth by the Grace of God of Great
Britain Ireland and the British Dominions beyond the
Seas King Defender of the Faith Emperor of India.

TO: THE COMMONWEALTH OF AUSTRALIA
and THE MINISTER OF STATE FOR THE INTERIOR

20 WE command you that within Twenty-eight days after
the service of this writ upon you inclusive of the
day of such service you do cause an appearance to
be entered for you in our High Court of Australia
in an action at the suit of GRACE BROS. PROPERTY ^{PTY}
LIMITED of Broadway, Sydney in the State of New
South Wales: and take notice that in default of
your so doing the Plaintiff may proceed therein
and judgment may be given in your absence.

WITNESS: The Right Honourable Sir John Greig Latham
G.C.M.G., Chief Justice of Our said High Court the
21st day of January One thousand nine hundred and
forty-six.

F.C.LINDSAY,
DISTRICT REGISTRAR

30 N.B. This writ is to be served within twelve calen-
dar months from the date thereof, and if renewed,
within six calendar months from the date of the
last renewal, including the day of such date and
not afterwards. .

Appearance to this writ may be entered by the

In the
High Court
of Australia

No.1

Writ of Summons
21st January,
1946 -
Continued.

Defendants either personally or by Solicitor at the District Registry of the High Court at Sydney.

If any Defendant neither resides nor carries on business in the State of New South Wales its appearance may, at its option be entered on the place above mentioned or at the Principal Registry of the High Court at Melbourne.

THE PLAINTIFF'S CLAIM IS:

- (1) FOR A DECLARATION that the Notification dated the Twenty-fourth day of October One thousand nine hundred and forty-five and published in the Commonwealth of Australia Gazette number 216 of 1945, issued on the eighth day of November One thousand nine hundred and forty-five relating to ALL THAT PIECE of land containing an area of Two roods Fourteen perches more or less being allotments 13, 14, 15 and 16 Section 27, City of Sydney, Parish of St. Andrew County of Cumberland, State of New South Wales, is void and of no effect in that such Notification does not comply with the requirements of Section 15 of The Lands Acquisition Act 1906-1936. 10
- (2) FOR A DECLARATION that the Lands Acquisition Act 1906-1936 is wholly void and of no effect in that such Act is ultra vires of the Constitution of the Commonwealth of Australia Section 51 Placitum (XXXI). 20
- (3) FOR A DECLARATION (alternatively to (2)) that Section 29 of the Lands Acquisition Act 1906-1936 is wholly void and of no effect in that the said Section 29 is ultra vires of the Constitution of the Commonwealth of Australia Section 51 Placitum (XXXI). 30
- (4) FOR AN INJUNCTION restraining the Defendants and each of them and their servants and agents from -
 - (a) entering upon or in any way interfering with the said land or premises erected thereon or the user or enjoyment thereof by the Plaintiff or any person or persons lawfully claiming through the Plaintiff and 40

(b) selling, mortgaging, alienating, charging encumbering or otherwise dealing with the said land.

In the High Court of Australia

(5) DAMAGES

No.1

(6) COSTS.

Writ of Summons
21st January,
1946 -
Continued.

A. LAURENCE,
Solicitor for the Plaintiff.

10 This writ is issued by Alexander Laurence of No.44 Martin Place, Sydney in the State of New South Wales whose address for service is No. 44, Martin Place, Sydney aforesaid the Solicitor for the Plaintiff whose registered office is situate at Broadway Sydney, aforesaid.

No.2

No.2

STATEMENT OF CLAIM

Statement of Claim.

IN THE HIGH COURT OF AUSTRALIA

No. 4 of 1946

NEW SOUTH WALES REGISTRY

BETWEEN: GRACE BROS. ^{PTY} PROPERTY LIMITED Plaintiff

- and -

20

THE COMMONWEALTH OF AUSTRALIA
and THE MINISTER OF STATE FOR
THE INTERIOR Defendants

1. Grace Bros. Pty. Limited (hereinafter called the "Plaintiff") is a company duly incorporated according to the laws for the time being of the State of New South Wales and is entitled to sue in and by its said corporate name.

30

2. The Plaintiff is now and at all material times has been the registered proprietor for an estate in fee simple of the whole of the land contained in Certificate of Title registered Volume 5078 Folio 163 under the provisions of the Real Property Act 1900 as amended of the State of New South Wales upon which said land is erected

In the
High Court
of Australia

No.2

Statement of
Claim -
Continued.

a building known as "the Grace Building". The said building is situate on the corner of York, King and Clarence Streets, Sydney, in the said State and comprises a basement ground and eleven upper floors.

3. By notification published in the Commonwealth of Australia Gazette No. 216 of 1945 on the Eighth day of November One thousand nine hundred and forty-five the Defendants purported to acquire the said land and building for the Defendant Commonwealth pursuant to the provisions of the Lands Acquisition Act 1906-1936. 10
4. Except for the description of the said land the said notification is in the words and figures following that is to say :-

COMMONWEALTH OF AUSTRALIA
THE LANDS ACQUISITION ACT 1906-1936
NOTIFICATION OF THE ACQUISITION OF LAND BY
THE COMMONWEALTH

It is hereby notified and declared by His Royal Highness the Governor-General acting with the advice of the Federal Executive Council, that the land hereunder described has been acquired by The Commonwealth under the Lands Acquisition Act 1906-1936, for the following public purposes, namely:- Purposes of the Commonwealth at Sydney, New South Wales. (C.L. 12694) 20

Dated this Twenty-fourth day of October, One thousand nine hundred and forty-five.

HENRY
GOVERNOR-GENERAL 30

By His Royal Highness's Command

VICTOR JOHNSON
Minister of State for the Interior.

5. The land described in the said notification is part of the land contained in the said Certificate of Title.
6. The Plaintiff submits that the said Act is void and of no effect in that it is ultra vires of the Constitution of the Defendant Commonwealth. 40

7. In the alternative the Plaintiff submits that the said notification is void and of no effect in that it is not authorised by the said Act.

In the
High Court
of Australia

8. The Defendants and each of them claim that the said land together with the said building is the unencumbered property of the said Commonwealth and have since the said date of the publication of the said notification wrongfully commenced to demolish and alter and are now wrongfully demolishing and altering parts of the said building which said demolitions and alterations are and always have been carried out contrary to the wishes and without the consent of the Plaintiff.

No.2

Statement of
Claim -
Continued.

10

9. The Plaintiff fears that by reason of the said wrongful acts of the Defendants and each of them the said land and building will be seriously damaged and rendered unfit for the uses and purposes of the Plaintiff and that unless restrained the Defendants and each of them will continue to commit the said wrongful acts.

20

10. The Plaintiff has sustained serious loss and damage by reason of the said wrongful acts of the Defendants and each of them and will continue to do so unless the Defendants and each of them are restrained by the Order and injunction of this Honourable Court.

30

11. The Plaintiff has requested the Defendants and each of them to refrain from committing the wrongful acts referred to in paragraph eight hereof but the Defendants and each of them have refused to refrain from committing the said wrongful acts.

THE PLAINTIFF THEREFORE CLAIMS:-

- (1) a declaration that the said Lands Acquisition Act 1906-1936 is void and of no effect.
- (2) a declaration (alternatively to prayer (1) hereof) that the said notification referred to in paragraph three hereof is void and of no effect.
- (3) that the Defendants and each of them and their and each of their servants and agents may be

In the
High Court
of Australia

No.2

Statement of
Claim -
Continued.

restrained from selling, disposing, leasing, mortgaging, encumbering and from further altering, demolishing or otherwise dealing or interfering with the said land or building or any part thereof.

- (4) that an inquiry may be had of the loss and damage sustained by the Plaintiff by reason of the wrongful acts of the Defendants and each of them referred to in paragraph eight hereof and that the Defendants may be ordered to pay to the Plaintiff the amount of such loss and damage when so ascertained. 10
- (5) that the Defendants may be ordered to pay to the Plaintiff the costs of the Plaintiff of this action.
- (6) that the Plaintiff may have such further or other relief as the nature of the case may require.

A. LAURENCE
Solicitor for the Plaintiff. 20

No.3

Notice of
Motion.

15th February
1946.

No.3

NOTICE OF MOTION

IN THE HIGH COURT OF AUSTRALIA

NEW SOUTH WALES REGISTRY

No. 4 of 1946

BETWEEN: GRACE BROS. PTY. LIMITED Plaintiff

- and -

THE COMMONWEALTH OF AUSTRALIA
and THE MINISTER OF STATE FOR
THE INTERIOR Defendants

TAKE NOTICE that by leave granted by the Honourable Mr. Justice Williams a Justice of this Honourable Court on the Fifteenth day of February instant this Honourable Court will be moved by the above-named Plaintiff before the Honourable Mr. Justice Williams sitting in the exercise of the original jurisdiction of this Honourable Court at High Court 30

Buildings Melbourne on Tuesday the Nineteenth day of February instant at the hour of ten o'clock in the forenoon or so soon thereafter as Counsel can be heard for an Order.

In the High Court of Australia

No.3

Notice of Motion
15th February 1946 -
Continued.

10

(1) THAT the ~~above~~ named Defendants and each of them be restrained by the Order and Injunction of this Honourable Court from selling, disposing, leasing, further altering demolishing or otherwise dealing or interfering with the land and buildings described in paragraph 2 of the Affidavit of John Ashley Howard Terrill sworn hereon on the thirteenth day of February instant and filed herein.

(2) THAT the Defendants may be ordered to pay to the Plaintiff the costs of the Plaintiff of this application and for such further or other relief as the nature of the case may require.

DATED this Fifteenth day of February, 1946.

A. LAURENCE,
Solicitor for the Plaintiff.

20

Note: This Notice of Motion was taken out by Mr. Alexander Laurence of No.44 Martin Place, Sydney, Solicitor for Grace Bros. Pty. Limited whose registered office is situate at Broadway Sydney the ~~above~~ named Plaintiff.

It is intended to serve this Notice of Motion upon the abovenamed Defendants the Commonwealth of Australia, and the Minister of State for the Interior.

No. 4

AFFIDAVIT OF J.A.H.TERRILL

30

IN THE HIGH COURT OF AUSTRALIA No. 4 of 1946
NEW SOUTH WALES REGISTRY

BETWEEN: GRACE BROS. PTY. LIMITED Plaintiff

- and -

THE COMMONWEALTH OF AUSTRALIA
and THE MINISTER OF STATE FOR
THE INTERIOR Defendants

No.4

Affidavit of John Ashley Howard Terrill and relevant part of Exhibit "I" and annexures thereto marked respectively "A" and "B" sworn 13th February 1946.

I, JOHN ASHLEY HOWARD TERRILL of Sydney in the

In the
High Court
of Australia

No.4

Affidavit of
John Ashley
Howard Terrill
and relevant
part of Exhibit
"I" and annex-
ures thereto
marked
respectively
"A" and "B"
sworn
13th February
1946 -
Continued.

State of New South Wales Chartered Accountant (Aust)
make oath and say as follows :-

1. I am the Manager of the Grace Building Management Trust which has charge of the administration on behalf of the abovenamed Plaintiff Company of the land and building described in paragraph 2 hereof.
2. The Plaintiff Company is the registered proprietor for an estate in fee simple of the whole of the land contained in Certificate of Title registered Volume 5078 Folio 163 under the provisions of the Real Property Act 1900 as amended of the State of New South Wales upon which said land is erected a building known as "The Grace Building". The said building is situate on the corner of York, King and Clarence Streets, Sydney, aforesaid and comprises basement, ground and eleven (11) floors. 10
3. Prior to the entry into possession of the said building by the Minister of State for the Army as hereinafter mentioned the said building was occupied in part by the Plaintiff Company and in part by the Plaintiff Company's tenants. The said building was erected in or about the year One thousand nine hundred and thirty by the Plaintiff Company to safeguard its trading in the city of Sydney and as a means of advertising the Plaintiff's name in the said city 20 30
4. On or about the Twenty-eighth day of August in the year One thousand nine hundred and forty-two the Minister of State for the Army entered into possession of the said building pursuant to the National Security (General) Regulations and since that date and until the Seventh day of November last the Defendant Commonwealth has been paying periodical compensation in respect of such possession pursuant to the said Regulations to the Plaintiff Company. 40
5. By notification published in the Commonwealth of Australia Gazette on Thursday the 8th day of November last the abovenamed Defendants purported to acquire the said land and buildings for the Defendant Commonwealth pursuant

to the provisions of the Lands Acquisition Act 1906-1936. Exhibited to me at the time of swearing this my Affidavit and marked with the figure "1" is the said Gazette which contains on page 2421 thereof the said notification. The description of the land referred to in the said notification is identical with the land contained in the above-mentioned Certificate of Title.

In the
High Court
of Australia

No. 4

Affidavit of
John Ashley
Howard Terrill
and relevant
part of Exhibit
"I" and annex-
ures thereto
marked
respectively
"A" and "B"
sworn
13th February
1946 -
Continued.

- 10 6. I am informed by Mr. Alexander Laurence and verily believe that on the Twenty second day of January in the year One thousand nine hundred and forty-six his firm Messieurs Laurence & Laurence the Solicitors for the Plaintiff Company wrote and caused to be delivered to the Commonwealth Crown Solicitor, a letter, a true copy whereof, omitting formal parts, is hereunto annexed and marked with the letter "A", and that on or about the Thirtieth day
20 of January last Messieurs Laurence & Laurence received from the said Crown Solicitor for the Commonwealth, a letter, a true copy whereof, omitting formal parts, is hereunto annexed and marked with the letter "B".
7. Pursuant to the provisions of the said Act the Defendants and each of them claim that the said land and buildings are the unencumbered property of the said Defendant Commonwealth and are now demolishing and altering
30 parts of the said building contrary to the wishes of the Plaintiff Company and the Plaintiff Company fears that the said Building will be seriously damaged and rendered unfit for the use and purposes of the Plaintiff Company by reason of the actions of the Defendants and that the Plaintiff Company will suffer substantial injury as a result thereof.
8. The Plaintiff Company has been advised by its
40 Counsel and claims that the Lands Acquisition Act 1906-1936 is ultra vires of the Constitution of the Commonwealth, and alternatively that the said notification is void and of no effect under the said Act.
9. The Plaintiff Company requests that this Honourable Court will see fit to restrain the Defendants and each of them and their servants and agents from selling, disposing,

In the
High Court
of Australia

No.4

Affidavit of
John Ashley
Howard Terrill
and relevant
part of Exhibit
"I" and annex-
ures thereto
marked
respectively
"A" and "B"
sworn
13th February
1946 -
Continued.

leasing, altering, demolishing or otherwise
dealing or interfering with the said land and
buildings until the hearing of this suit or
until further order.

10. On the Twenty-first day of January last the
Plaintiff Company issued out of this Honour-
able Court a Writ of Summons against the
above-named Defendants herein and the Plain-
tiff Company craves leave to refer on the
hearing of this application for the injunc-
tion to the said Writ of Summons.

10

11. Except where otherwise expressly mentioned
the matters herein deposed to by me are with-
in my own knowledge and true.

SWORN by the Deponent on the)
13th day of February, 1946) J. A. TERRILL.
at Sydney, before me :-)

S.E.Young, J.P.,
A Justice of the Peace.

Relevant portion
only of Exhibit
"I" to Affidavit
of John Ashley
Howard Terrill
sworn 13th
February 1946
as consists of
the relevant
notification
printed.

EXHIBIT "1"

20

COMMONWEALTH OF AUSTRALIA
THE LANDS ACQUISITION ACT 1906-1936
NOTIFICATION OF THE ACQUISITION OF LAND BY
THE COMMONWEALTH

It is hereby notified and declared by His Royal
Highness the Governor-General acting with the
advice of the Federal Executive Council, that the
land hereunder described has been acquired by the
Commonwealth under the Lands Acquisition Act 1906-
1936, for the following public purpose, namely :-
Purposes of the Commonwealth at Sydney, New South
Wales.- (C.L.12694).

30

Dated this twenty-fourth day of October, One
thousand nine hundred and forty-five.

HENRY
Governor-General.

By His Royal Highness's Command,

VICTOR JOHNSON

Minister of State for the Interior.

DESCRIPTION OF LAND REFERRED TO.

All that piece of land containing an area of 2 roods 14 perches more or less being Allotments 13, 14, 15 and 16 Section 27 City of Sydney Parish of St. Andrew, County of Cumberland State of New South Wales as shown hachured on plan hereunder.

In the
High Court
of Australia

Relevant portion
only of Exhibit
"1" to Affidavit
of John Ashley
Howard Terrill
sworn 13th
February 1946
as consists of
the relevant
notification
printed. -
Continued.

10

ANNEXURE "A"

AFFIDAVIT OF J.A.H.TERRILL

22nd January, 1946

re GRACE BROS. PTY. LIMITED v THE
COMMONWEALTH OF AUSTRALIA and
THE MINISTER OF STATE FOR THE INTERIOR

HIGH COURT ACTION NO. 4 of 1946

Annexure "A"
referred to in
Affidavit of
John Ashley
Howard Terrill
sworn 13th
February 1946.

20

In this matter we refer to the purported acquisition of the Grace Building, York Street, Sydney, by the Commonwealth on the 8th November, 1945 under the Lands Acquisition Act 1906-1936 and we enclose Writs for service upon both the Defendants and would be obliged if you would arrange to accept service on their behalf and notify us accordingly.

30

We also refer to the nature of the Plaintiff's claim in the Writ issued by us. We have to request you to obtain instructions from the Defendants as to whether they are prepared to furnish an immediate undertaking not to proceed further with the acquisition of the subject property and the taking possession thereof pending the determination of

In the
High Court
of Australia

Annexure "A"
referred to in
Affidavit of
John Ashley
Howard Terrill
sworn 13th
February 1946 -
Continued.

this action. In this regard we are advised that already substantial alterations to the building of a structural nature are taking place including the piercing of the outside walls to permit of the installation of water pipes and the erection of terra-cotta cement rendered partitions. You will note that substantial questions of law arise having regard to the advices which the Plaintiff's Counsel has tendered in this matter. Unless the Defendants are prepared to give this undertaking we shall presume that they intend to proceed further with the acquisition of the property immediately treating it as the property of the Commonwealth and accordingly we have instructions to move for an injunction at the Defendant's risk as to costs.

10

Your immediate advices will be appreciated.

Yours faithfully,

This is the annexure marked "A" mentioned and referred to in the annexed Affidavit of John Ashley Howard Terrill sworn at Sydney on the 13th day of February 1946 before me:

20

S.E.YOUNG, J.P.
A Justice of the Peace.

Annexure "B"
referred to in
Affidavit of
John Ashley
Howard Terrill
sworn 13th
February 1946.

ANNEXURE "B" to
AFFIDAVIT OF J.A.H.TERRILL.

30th January 1946.

THE COMMONWEALTH OF AUSTRALIA AND THE MINISTER OF
STATE FOR THE INTERIOR ats GRACE BROS.PTY.LIMITED

Referring to your letter herein dated 22nd January 1946, I am instructed to inform you that the Defendants are not prepared to furnish the undertaking sought in your letter.

30

Yours truly,
H.F.E.WHITLAM,
Crown Solicitor for the Commonwealth
per:

This is the annexure marked "B" mentioned and referred to in the annexed Affidavit of John Ashley Howard Terrill sworn at Sydney on the 13th day of February, 1946, before me:

40

S.E.YOUNG, J.P.
A Justice of the Peace.

No.5

DEMURRER

In the
High Court
of Australia

IN THE HIGH COURT OF AUSTRALIA
NEW SOUTH WALES REGISTRY

No. 4 of 1946

No.5

BETWEEN: GRACE BROS. PTY. LIMITED

Plaintiff

Demurrer.
21st February
1946.

- and -

THE COMMONWEALTH OF AUSTRALIA
and THE MINISTER OF STATE FOR
THE INTERIOR

Defendants

10

D E M U R R E R

The Defendants demur to the whole of the
Statement of Claim on the grounds that -

- (a) It discloses no cause of action.
- (b) The Lands Acquisition Act 1906-1936 and every part thereof is a valid exercise of the legislative power of the Parliament of the said Commonwealth pursuant to the Constitution of the Commonwealth.
- (c) The notification referred to in paragraph 3 of the Statement of Claim and published in the Commonwealth of Australia Gazette No.216 of 1945 on the Eighth day of November One thousand nine hundred and forty-five and every part thereof is a valid exercise of the power conferred on the Governor-General of the said Commonwealth by the Lands Acquisition Act 1906-1936.

20

DATED the Twenty-first day of February, 1946.

30

H.F.E.WHITLAM,

Crown Solicitor for the Commonwealth and
Solicitor for the Defendants,
Commonwealth Bank Building,
108-120 Pitt Street,
SYDNEY.

This Demurrer was delivered by Harry Frederick Ernest Whitlam, Crown Solicitor for the Commonwealth whose address for service is Commonwealth Bank Chambers, 108-120 Pitt Street, Sydney, Solicitor for the Defendants.

In the
High Court
of Australia

No. 6

JUDGMENT AND ORDER

No.6

IN THE HIGH COURT OF AUSTRALIA

NEW SOUTH WALES REGISTRY

Full Court
No.4 of 1946

Judgment and
Order.
17th April
1946.

BETWEEN: GRACE BROS. PTY. LIMITED

Plaintiff

- and -

THE COMMONWEALTH OF AUSTRALIA
and THE MINISTER OF STATE FOR
THE INTERIOR

Defendants

Before Their Honours, the Chief
Justice, Mr. Justice Starke, Mr.
Justice Dixon, Mr. Justice
McTiernan and Mr. Justice Williams.

10

Wednesday the Seventeenth day of April One
thousand nine hundred and forty-six.

THE DEMURRER of the above-named Defendants to the
Statement of Claim in this action which was com-
menced by Writ of Summons issued on the 21st day
of January 1946 and the motion of the Plaintiff
for an Injunction herein notice of which was filed
in this Court on 15th day of February, 1946 coming
on to be heard together on the 28th day of Febru-
ary 1946 and the 1st day of March 1946 WHEREUPON
AND UPON READING the Demurrer Book and the trans-
cript record of the proceedings of the Motion for
an injunction AND UPON HEARING what was alleged by Mr.
G.E.Barwick of King's Counsel with whom were Mr.F.
W.Kitto of King's Counsel and Mr.K.W.Asprey of
Counsel for the Plaintiff and by Mr.H.H.Mason of
King's Counsel with whom were Mr.A.R.Taylor of
King's Counsel and Mr.A.H.Curlewis of Counsel for
the Defendants THIS COURT DID ORDER on the said
last-mentioned day that the said Demurrer and the
said Motion for Injunction stand for judgment and
the same standing in the list for judgment this
day in the presence of Mr.A.H.Curlewis of Counsel
for the Defendants THIS COURT DOTH ORDER THAT the
said Demurrer be and the same is hereby allowed
AND THIS COURT DOTH FURTHER ORDER that the said
Motion for Injunction be and the same is hereby
dismissed and THIS COURT DOTH FURTHER ORDER that

20

30

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the said Action be and the same is hereby dismissed
AND THIS COURT DOTH FURTHER ORDER that it be re-
 ferred to the Proper Officer of this Court to tax
 and certify (a) the costs of the Defendants in-
 cluding reserved costs of and incidental to the
 said Motion for injunction and (b) the costs of
 the Defendants of and incidental to the said
 Action and that such costs when so taxed and
 certified be paid by the Plaintiff to the Defend-
 ants or to their Solicitor, George Albert Watson
 after service of a copy of the Certificate of Tax-
 ation.

10

By the Court
 (Sgd.) F.C.LINDSAY,
 District Registrar.

In the
 High Court
 of Australia

No.6

Judgment and
 Order.
 17th April,
 1946 -
 Continued.

No.7.

REASONS FOR JUDGMENT

GRACE BROS. PTY. LIMITED

v.

THE COMMONWEALTH OF AUSTRALIA
 & ANOTHER.

20

No.7

Reasons for
 Judgment

Sir John
 Greig Latham,
 C.J.

LATHAM, C.J.

Demurrer to a statement of claim in an action
 in which the Plaintiff claims a declaration that
 the LANDS ACQUISITION ACT 1906-1936 is void and
 that a notification given under the Act that cer-
 tain land belonging to the Plaintiff was acquired
 by the Commonwealth under the Act was void. The
 Plaintiff also moved for an interlocutory injunc-
 tion restraining the Defendants (the Commonwealth
 and the Minister of State for the Interior) from
 altering and demolishing parts of the building up-
 on the land to which the notification referred.
 The motion was referred to the full Court.

30

The Lands Acquisition Act 1906-1936 was en-
 acted under the power conferred upon the Federal
 Parliament by the Constitution, Section 51(xxxi),
 to make laws with respect to the acquisition of

In the
High Court
of Australia

No.7

Reasons for
Judgment.

Sir John
Greig Latham,
C.J. -
Continued.

property on just terms from any State or person for any purpose in respect of which Parliament has power to make laws. It is contended by the Plaintiff that the Act does not provide just terms for the acquisition of land and therefore is invalid: Johnston Fear & Kingham v. The Commonwealth 67 C.L.R., 314. The Plaintiff also relies upon what is contended to be a failure to comply with the requirement of the Act that the notification of acquisition should specify the particular purpose for which the land has been acquired: see the Act, sec.15. The more important question is that of the validity of the Act, and I propose to deal with that question in the first place.

10

The Act provides that the Governor-General may direct that any land may be acquired from the owner by compulsory process (sec.15) and that when the notification referred to in Sec.15(2) is published in the Gazette the land, by force of the Act, is vested in the Commonwealth, freed and discharged from all trusts, obligations etc. - sec. 16. Sec.26 provides that the owner of land which has been acquired shall be entitled to compensation, and sec.28 provides that in determining compensation under the Act regard shall be had, subject to the Act, to, inter alia, "(a) The value of the land acquired". Sec.29(1) is in the following terms:

20

"The value of any land acquired by compulsory process shall be assessed as follows:-

30

(a) In the case of land acquired for a public purpose not authorised by a Special Act, according to the value of the land on the first day of January last preceding the date of acquisition; and

(b) In the case of land acquired for a public purpose authorised by a Special Act, according to the value of the land on the first day of January last preceding the first day of the Parliament in which the Special Act was passed."

40

Sec.40 provides that compensation shall bear interest at the rate of three per cent from the date of acquisition of the land, or the time when the right to compensation arose, until payment

thereof is made to the claimant or until the amount thereof has been deposited in the Treasury.

In the
High Court
of Australia

No.7

Reasons for
Judgment.

Sir John
Greig Latham,
C.J. -
Continued.

10 It is contended for the Plaintiff that the Act fails to provide just terms for the acquisition of property for four reasons. In the first place, Sec.29 requires compensation to be assessed according to the value of the land on the 1st day of January last preceding the date of acquisition. It is argued that an expropriated owner must, if he is treated justly, be entitled to obtain the value of his property as at the date of acquisition.

20 In my opinion this argument takes too narrow a view of the powers of Parliament under sec.51 (xxxi). Sec.51(xxix) empowers Parliament to enact legislation providing a method of acquiring property, and imposes upon Parliament the necessity of providing just terms for the acquisition of property. Payment of the value of the property at the time of acquisition would doubtless be a just basis of compensation in most cases, but there might be particular cases in which it could reasonably be contended that the payment of the value as at that date was not entirely just. The value of the property might have been depreciated in advance by Government action, as, for example, by the acquisition by the Government in a residential area of land near the land as to which the question of compensation arose, it being the known intention of the Government to use the land for some industrial or other purpose which had depreciated the value of the land acquired. In such a case it might be said that it would be unfair to limit the owner to receiving by way of compensation the value at the date of acquisition. Some criticism of the justice of terms of acquisition of property depending upon the circumstances of particular cases could often be advanced with some reason. I do not think that the terms of sec.51(xxix) entitle the Court to declare a statute providing a general method for the acquisition of property invalid because in particular cases it was possible to devise a more just scheme. The Court should not, in my opinion, hold such legislation to be invalid unless it is such that a reasonable man could not regard the terms of acquisition as being just.

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Justice involves consideration of the interests of the community as well as of the person

In the
High Court
of Australia

No.7

Reasons for
Judgment.

Sir John
Greig Latham,
C.J. -
Continued.

whose property is acquired. In some cases the announcement of the intention of the Government to acquire land might itself put up the value of the land. It is at least not obviously unjust to make provision against the community being compelled to pay higher prices for such a reason.

Sec.29 takes the 1st January in the year of acquisition as the date of valuation as being on the whole a reasonable basis for adjusting the interests of the individual and of the community. In my opinion this is a not unfair provision. I am not prepared to hold that it is so obviously unjust as to invalidate the Act.

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The second ground of attack was that sec.28(1) (a) limited compensation to the value of the land acquired, as distinct from the value of the land to the dispossessed owner. After 1st January in the year of acquisition a crop might have been grown upon the land, or a building might have been placed upon it. Plainly compensation should be paid for the crop or the building. Reference was made to cases in which it was held that in determining the value of land it was proper to take into account the actual and potential uses of the land. It was therefore argued that a change in ownership or in use might effect the value of the land and that the combined effect of sec.28 and sec.29 would be in some cases to exclude any consideration of the purpose for which an owner was using his land at the date of acquisition.

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The Plaintiff relied upon such cases as Inland Revenue Commissioner v. Glasgow & South-Western Railway Co., 12 A.C.315 (per Halsbury L.C. at p.321); In re Lucas & Chesterfield Gas & Water Board, 1909, 1 K.B., 16 (per Fletcher Moulton L.J. at p.29 - "The Owner receives for the lands he gives up their equivalent, i.e., that which they were worth to him in money.") Cedars Rapids Manufacturing & Power Company v. Lacoste, 1914 A.C., 569, at p.576; Corrie v. McDermott, 1914 A.C.1056, at p.1062. What these cases establish is that the actual use of land by an owner, and also its potential use, are elements which should be taken into account in determining the value of the land, because any vendor of the land and any purchaser of the land would take into consideration the uses to which the land had in fact been put (that is,

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actual use) and also the possibilities of profitable user of the land in other ways (that is, potential use).

10 But secs. 28 and 29 of the Act do not exclude these considerations. The assessment of value which is required by secs. 28 and 29 is an assessment of the value of the land acquired; that is, of the land as it is when it is acquired - in its then ownership and in its then physical state, regard being had to all its actual and potential uses. Any changes in the land itself and in the possibility of using the land since the preceding 1st January are taken into account under the Act, though the value of the land so regarded is taken at an earlier date.

20 The third objection to the Act is that the Act does not provide adequate interest upon the compensation money from the date of expropriation to the date of payment. Sec. 40 provides for payment of interest at 3%, and it is said that requirements of justice necessitate the payment of interest whenever there is delay in payment after the date of acquisition, and that interest should be paid at the market rate as it may exist from time to time.

30 This Court has approached, but has not decided, the question whether just terms of acquisition of property necessarily require the allowance of interest in all cases where there is delay in payment of compensation. In The Commonwealth v. Huon Transport Pty. Ltd. 1945 A.L.R. 141, it was held by a majority that no interest was allowable (as part of compensation) on moneys due by way of compensation for the temporary use of a vessel. In the Marine Board of Launceston v. The Minister for the Navy, 1946 A.L.R., 61 the Commonwealth had acquired the property in a tug. The compensation money was not paid at once. There were proceedings before a Compensation Board and before this Court. The following question was submitted to the Full Court. - "Whether the Court has any authority or jurisdiction under the regulations (that is the National Security (General) Regulations) or at all to determine and order 40 that interest be paid to the Marine Board on the balance of compensation from the date of acquisition of the tug to the date of payment or for any

In the
High Court
of Australia

No. 7

Reasons for
Judgment.

Sir John
Greig Latham,
C.J. -
Continued.

In the
High Court
of Australia

No.7

Reasons for
Judgment.

Sir John
Greig Latham,
C.J. -
Continued.

other and what period of time". The majority of the Court answered this question in the affirmative, thus holding that the Court has authority and jurisdiction to order payment of interest in such a case, but not deciding that "just terms" require either that interest shall be allowed in all cases, or that there shall be a discretion in the Court to allow interest in all cases. Rich J. did express an opinion to that effect. In the Huon Transport case he had said "Just terms, therefore, involve as a matter of elementary fairness the payment to him (the expropriated owner) of interest on the money to which he is entitled for the time during which it is withheld from him", and he held that interest should be allowed "as constituting a part of the just compensation". In the Marine Board case His Honour adhered to the opinion expressed in the Huon Transport case. Dixon J. answered the question in the affirmative in the Marine Board case, but not on the ground that an allowance for interest was part of the compensation money. He based his decision on the ground that the Court might properly include in its order a provision for the payment of interest where interest was "independently payable under the principles of equity". As in cases where specific performance of a contract to acquire property could be decreed. McTiernan J. placed his decision upon the same ground. Williams J., who also answered the question in the affirmative, was of opinion that payment of interest was required "to make the compensation full and adequate or, in other words, just, so that the words 'just compensation' in the regulation are sufficient to authorise the Court to award interest". His Honor was also of opinion that the Court had power to apply the equitable rule under which interest was allowed in cases of compulsory purchase of property where a court of equity could have ordered specific performance of a contract for the purchase of the property. His Honor, however, did not hold that just terms or the application of the equitable rule required the payment of interest in all cases from the date of acquisition. In Australian Apple & Pear Marketing Board v. Tonking, 66 C.L.R.77, Williams J. allowed interest, not from the date of acquisition of the property, but from the date when the acquiring authority would, in an ordinary course of business have been able to sell the acquired property on the market.

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In my opinion there is not, up to the present time, any decision by a majority of the Court that provision for payment of interest from the date of acquisition must be made in order to render the terms of acquisition of property just. If there were such a decision the Plaintiff would have a useful starting point for the development of the objection now under consideration. In the absence of any such decision, however, sec.40, limiting the rate of interest allowable to 3% may, in my opinion, be regarded as a provision relating not to the assessment of compensation, but as a provision which, while allowing and recognising the obligation to pay full and just compensation, prescribed a maximum rate of interest of 3 per cent, thus imposing a limit upon the discretion of the Court in applying the rule of equity which was held to be relevant and applicable by the majority of the Court in the Huon Transport case, and again in the Marine Board case. If sec.40 is so regarded, the limitation of the rate of interest to 3% cannot be relied upon in order to show that the provisions for compensation contained in the Act are unjust.

The fourth objection to the Act is that proceedings under the Act result only in an assessment of an amount of compensation, which (sec.38 (4)), is made final and conclusive, the compensation being payable (sec.42) in the case of claims other than claims by States (as to which see Sec. 41) upon the claimant making out to the satisfaction of the Attorney-General a title to the land and executing such conveyance or assurance as the Attorney-General directs. It is objected that there is no appropriation of moneys by Parliament to meet the obligation to pay compensation which the Act creates, so that the assessment of compensation results only in a claim against the Commonwealth in respect of which a certificate may be given to the claimant under the Judiciary Act 1903-40, sec.65, which (sec.66) the Treasurer "shall satisfy out of moneys legally available". It is contended that there cannot be a just scheme of compensation unless it includes a provision making moneys "legally available" for the satisfaction of claims. In my opinion there is no substance in this objection. The claimant is given a right to receive moneys from the Commonwealth, it being left to the Treasurer to honour

In the
High Court
of Australia

—
No.7

Reasons for
Judgment.

Sir John
Greig Latham,
C.J. -
Continued.

In the
High Court
of Australia

No.7

Reasons for
Judgment.

Sir John
Greig Latham,
C.J. -
Continued.

the obligation of the Commonwealth which corresponds to this right. The Court should not presume that the Commonwealth will not honour its obligations, judicially declared, and I am unable to see anything unjust in this provision or in the absence of a further provision actually appropriating moneys to meet claims.

I am therefore of opinion that the objections to the Act fail.

It is further objected, however, that the procedure prescribed by the Act has not been observed by the Governor-General. Sec.15(2) of the Act provides that the Governor-General may, by notification published in the Gazette, declare that land has been acquired under the Act "for the public purpose therein expressed". I agree with the argument that these provisions require a particular public purpose to be expressed in the notification published in the Gazette. In the present case the notification of acquisition published in the Gazette declared that the Plaintiff's land was acquired under the Act "for the following public purposes, namely, purposes of the Commonwealth at Sydney, New South Wales". In my opinion it cannot be held that this notification complies with sec.15(2).

But the provisions of the Act have been modified by regulations made under the National Security Act 1939-1943, Sec.18 of which provides that a regulation made under the Act shall have effect notwithstanding anything inconsistent therewith contained in any enactment other than the National Security Act. National Security (Supplementary) Regulations, reg. 72A is in the following terms:-

"Notwithstanding anything contained in section 15 of the Lands Acquisition Act 1906-1936, the public purpose for which any land has been acquired shall be deemed to be expressed sufficiently if the notification declares that the land has been acquired under that Act for the purposes of the Commonwealth."

If this regulation is valid, then the notification made in the present case that the land has been acquired under the Act "for the purposes of the Commonwealth" is sufficient and the Plaintiff's

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objection fails. It is contended, however, that the regulation is not valid, because it has no connection of any kind with defence purposes. In my opinion this objection fails. The requirements of defence may make it desirable that there should be no publicity with respect to the acquisition of land for defence purposes, and therefore that no opportunity should be offered for distinguishing between acquisitions of land for defence and for other purposes. Accordingly, in my opinion, reg. 72A is valid, and it provides an answer to the objection which would otherwise have been fatal under the terms of the Lands Acquisition Act considered in themselves.

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Therefore, in my opinion, all the objections of the plaintiff to the Act and to the notification fail and the demurrer should be allowed.

Under the Rules of Court, Order XXIV, Rule 10 it is the duty of the Court to give such judgment as upon the pleadings the successful party appears to be entitled to. The objections of the Plaintiff to the action of the Defendants in entering into possession of the land and altering and in part demolishing the building thereon depend entirely upon the objections to the Act and to the notification which, in my opinion, cannot be supported. There is no ground for granting the injunction claimed, and the order of the Court should be that the demurrer be allowed the motion refused with costs, and the action dismissed with costs.

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 No. 7

REASONS FOR JUDGMENT STARKE J.

Starke, J.

Demurrer to a Statement of Claim, claiming a declaration that the Lands Acquisition Act 1906-1936 is void and alternatively a declaration that a notification of acquisition given pursuant to the Act is void and other ancillary relief.

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The Act is attacked on the ground that it fails to provide "just terms" for the acquisition of lands as required by the Constitution, S.51 (xxxi). This contention was based upon the

In the
High Court
of Australia.

 No.7

Reasons for
Judgment.

Sir John
Greig Latham,
C.J. -
Continued.

Reasons for
Judgment.

Starke J.

In the
High Court
of Australia

No.7

Reasons for
Judgment.

Starke, J. -
Continued.

proposition that the Constitution requires that any law made by Parliament with respect to the acquisition of lands shall provide compensation to the owner of any land acquired, the value of the land to him with all its potentialities and with all the actual use of it by him. Apparently, according to this contention, the power conferred upon the Parliament is wholly for the protection and benefit of an owner (whether a State or person) without any regard to the interests of the community as a whole.

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But, in my opinion, the contention is radically unsound though it finds some support in the opinions of members of this Court in the case of the Australian Apple and Pear Marketing Board v. Tonking 66 C.L.R. 77 at pp.84-45. 106. And I venture to repeat what I said in Minister of State for the Army v. Dalziel 68 C.L.R.261 at p.291. "The Constitutional power given to the Commonwealth by S.51(xxxi) is a legislative power and not, as in the Fifth Amendment of the Constitution of the United States of America, a provision that private property shall not be taken for public use without just compensation. Under the Australian Constitution the terms of acquisition are, within reason matters for legislative judgment and discretion. It does not follow that terms are unjust merely because 'the ordinary established principles of the law of compensation for the compulsory taking of property' have been altered, limited or departed from, any more than it follows that a law is unjust merely because the provisions of the law are accompanied by some qualification or some exception which some judges think ought not to be there. The law must be so unreasonable as to terms that it cannot find justification in the minds of reasonable men".

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It is contended that the terms prescribed by the Act are not just because the owner is not given the value of the land to him. Subject to the special provisions of SS.28 and 29 the ordinary rule or practice of compensation has been applied (Spencer v. The Commonwealth 5 C.L.R.418; Minister for Home and Territories v. Lazarus 26 C.L.R.159).

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The special provisions in S.28 provide that enhancement or depreciation in value of other land shall be set off against or added to the amount of

the value and damage specified in the section whilst those in S.29 provide that the value of the land shall be assessed without reference to any increase in value arising from the proposal to carry out the public purpose for which the land is acquired. But such provisions are usual and certainly not unreasonable. But S.29 also provides that "the value of any land acquired by compulsory process shall be assessed as follows:-

- 10 (a) In the case of land acquired for a public purpose not authorised by a Special Act, according to the value of the land on the first day of January last preceding the date of acquisition; and
- (b) In the case of land acquired for a public purpose authorised by a Special Act, according to the value, of the land on the first day of January last preceding the first day of the Parliament in which the
- 20 Special Act was passed".

The latter provision (b) is common enough and its object, I apprehend, is to ascertain the true value of the land before the exercise of the compulsory powers. And the provision in para. (a) has much the same object. Once it is known or rumoured that a Government Department is buying or acquiring land a rise in value may be expected. The true value of the land is thus ascertained about the time of a compulsory acquisition. These

30 provisions are reasonable in themselves and in my opinion well within the authority of Parliament. It by no means follows from anything I have said that Parliament has authority to fix any date it thinks proper for the assessment of compensation. But it is for those attacking legislation to establish its invalidity. However, if the Parliament were to fix a date for the assessment of compensation so remote from the date of acquisition of land that it afforded no reasonable or substantial

40 basis for ascertaining the value of the land to the owner at and about that time, then the Courts might well conclude that the enactment was beyond power and invalid.

Other objections to the validity of the Lands Acquisition Act were that the rate of interest on compensation provided in S.40 was unreasonably low

In the
High Court
of Australia

—
No.7

Reasons for
Judgment.

Starke, J. -
Continued.

In the
High Court
of Australia

No.7

Reasons for
Judgment.

Starke J. -
Continued.

and that no moneys were appropriated for the payment of compensation. Both objections I regard as frivolous particularly the latter (R. v. Fisher 1903 A.C.158 at p.167). In my opinion, the Lands Acquisition Act 1906-1936, which has been acted upon for many years, is a valid law.

The contention that the notification of acquisition is bad depends upon the construction of S.15(2) of the Lands Acquisition Act 1906-1936 and Regulation 72 of the National Security (Supplementary) Regulations as amended by Statutory Rules 1944 No.74. It is provided by S.15(2) that "the Governor-General may...by notification published in the Gazette, declare that the land has been acquired under this Act for the public purpose therein expressed".

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The notification declares that the land mentioned therein "has been acquired under the Lands Acquisition Act 1906-1936 for the following public purpose namely: purposes of the Commonwealth at Sydney, New South Wales".

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The Act does not allow the compulsory acquisition of land but for the particular purpose declared in the notification. And the notification in this case does not declare the particular purpose but for the purposes of the Commonwealth generally which by the definition of the words "public purpose" in S.5 of the Act means, so far as material, any purpose in respect of which the Parliament has power to make laws.

In my opinion, the notification does not comply with the Act and would be bad.

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But the provisions of Statutory Rules 1944 No.74 are relied upon. That Rule provides, Clause 2:

"72A. Notwithstanding anything contained in Section 15 of the Lands Acquisition Act 1906-1936, the public purpose for which any land has been acquired shall be deemed to be expressed sufficiently if the notification declares that the land has been acquired under that Act for the purposes of the Commonwealth".

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It is contended, however, that this rule is unauthorised by the National Security Act 1939-

1943 under which it purports to have been made. Under that Act the Governor-General may make regulations for securing the public safety and the defence of the Commonwealth and in particular for a number of purposes set forth in the Act including regulations for authorising the acquisition, on behalf of the Commonwealth, of any property other than land. But specifying particular purposes does not limit the operation or effect of the general words conferring upon the Governor-General power to make regulations for securing the public safety and the defence of the Commonwealth. The particular authorities put beyond question the inclusion of those authorities within the general power.

In the
High Court
of Australia

—
No.7

Reasons for
Judgment.

Starke J. -
Continued.

Next it was said that the regulation, Statutory Rules 1944 No.74, was not an amendment of S.15 of the Lands Acquisition Act but merely an interpretation section which was not inconsistent with the Act. The National Security Act contemplates regulations affecting existing legislation and S.18 provides that a regulation made under the Act shall have effect notwithstanding anything inconsistent therewith in any enactment other than the National Security Act. But there is nothing in the Act which precludes the Governor-General from re-writing definitions in the legislation of the Commonwealth if the regulation be for securing the public safety and defence of the Commonwealth whether it be called an amendment or a mere interpretation clause. If the regulation is for the public safety and defence of the Commonwealth it is to have effect whether it be or be not inconsistent with existing legislation. The real question is whether the regulation affords some reasonable and substantial basis for the conclusion that the regulation is one for the public security and defence of the Commonwealth. That conclusion is, I think, clear enough in this case (Cf. reg. 72(2)); indeed the regulation has a much closer connection with defence than many of the regulations that have been upheld in this Court.

Lastly it was said that regulation 72A was connected with reg.72 and applied only to cases within that regulation. But, in my opinion, reg. 72A is a substantive and independent provision. The provision of the regulation, its context and language, all, I think, support this conclusion.

The result is that the demurrer should be upheld.

In the
High Court
of Australia.

REASONS FOR JUDGMENT -

DIXON, J.

No.7
Reasons for
Judgment.
Dixon J.

The question upon which this demurrer and notice of motion depend is whether a purported acquisition by the Commonwealth on 8th November 1945 of the Plaintiff's land and buildings is valid. The first point taken against its validity is that there was a failure to give the kind of notification required by sec.15(2) of the Lands Acquisition Act 1906-1936. A notification was published in the gazette, but it contented itself with declaring that the land had been acquired for the purposes of the Commonwealth at Sydney, whereas sec. 15(2) calls for a declaration that the land has been acquired under the Act for the public purpose therein expressed, that is, expressed in the notification or declaration.

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The answer made by the Commonwealth is that the failure to state the particular public purpose is justified by reg.72A of the National Security (Supplementary) Regulations. That Regulation, which was adopted on 3rd May 1944 by Statutory Rules 1944 No.74, provides that, notwithstanding anything contained in sec.15 of the Lands Acquisition Act 1906-1936, the public purpose for which any land has been acquired shall be deemed to be expressed sufficiently if the notification declares that the land has been acquired under that Act for the purposes of the Commonwealth.

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Unless reg.72A is ultra vires, there can be no question that it does not justify the form of the notification or declaration. The attack upon the validity of the regulation is put upon the grounds that it is not restricted to acquisitions for purposes connected with the war, and that, even if it were, the state of the war in May 1944 provided no support for such a measure.

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I think that we must sustain the regulation. It is not hard to understand that during hostilities the publication of the particular purpose for which any land is required may prove useful to the enemy and that a general rule should be adopted whether the purpose is connected with the war or not, so as to avoid the giving of inferential information by declaring purposes when non-military

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and suppressing them if military. The fact that the regulation was not passed until so late a stage in the war may bring the authors within the class of Italics Seri Studiorum but cannot invalidate the provision.

In the
High Court
of Australia.

No.7

Passing from this not very elevated ground of attack upon the acquisition of their land, the Plaintiffs next proceed to impugn the validity of the Lands Acquisition Act 1906-1936 itself.

Reasons for
Judgment.

Dixon, J. -
Continued.

10 Time does not run in favour of the validity of legislation. If it is ultra vires, it cannot gain legal strength from long failure on the part of lawyers to perceive and set up its validity. At best, lateness in an attack upon the constitutionality of a statute is but a reason for exercising special caution in examining the arguments by which the attack is supported. In the present instance, it is said that the Lands Acquisition Act, although forty years old and frequently in-
20 voked, is not truly a law with respect to the acquisition of property on just terms from any State or person; it is not truly such a law because there is an inadequacy of justice in certain of the provisions it makes for compensating the expropriated owners. The assignments of injustice are four. Firstly, sec.29(1) of the Act requires that the land shall be valued as at a date anterior to the actual acquisition. Secondly, sec.28(1) (a) gives, not the value of the land to the owner
30 but the value of the land simpliciter. Thirdly, sec.40 gives interest at the rate of only three per cent per annum. Fourthly, there is no provision making moneys legally available to pay compensation, and so the actual payment to the owner is left dependent on Parliamentary appropriation.

40 The argument invoking these grounds appears to me to proceed from the assumption that sec. 51 (xxxi) of the Australian Constitution has the same effect as the last paragraph of the Fifth Amendment of the American Constitution and that the case law upon that and upon analogous constitutional provisions of the American States should be applied in Australia.

I am not able to assent to such an assumption. The material part of the Fifth Amendment says "nor shall private property be taken for public use,

In the
High Court
of Australia.

No.7

Reasons for
Judgment.

Dixon, J. -
Continued.

without just compensation". It follows the due process clause, repeated in reference to the States in the Fourteenth Amendment, which has been construed as producing the same effect in protecting the proprietary interests of the citizens when the power of eminent domain is exerted. The clause of the Fifth Amendment concerning the just compensation cannot be dissociated from the due process clause nor, indeed, from the general principles of American constitutional law animating what is called the Bill of Rights. The framers of the Australian Constitution preferred to leave these principles, in the main, to constitutional convention and traditions, as they have been left in England, rather than to follow the American course of expressing them in the paramount law.

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In sec.51(xxxi) the phrase "on just terms" is, of course, reminiscent of the Fifth Amendment. But that paragraph of the Australian Constitution is an express grant of specific power and the phrase forms part of the definition of the power. Indeed, the Plaintiffs rely on this fact for the argument that if the terms provided in the Statute are not just, the whole Act falls, including the power of acquisition. In the United States the opposite result might be reached, namely, a result by which the power of acquisition would remain but the compensation would be settled under or moulded by the Fifth Amendment.

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The legislative power given by sec.51(xxxi) is to make laws with respect to a compound conception, namely, "acquisition-on-just terms". "Just terms" doubtless forms a part of the definition of the subject matter, and in that sense amounts to a condition which the law must satisfy. But the question for the Court when validity is in issue is whether the legislation answers the description of a law with respect to acquisition upon just terms. In considering such a matter much assistance may be derived from American judicial decisions and juridical writings dealing with analogous difficulties, but they must be used with care and, in my opinion, cannot be applied directly to sec.51(xxxi). Under that paragraph the validity of any general law cannot, I think, be tested by inquiring whether it will be certain to operate in every individual case to place the owner in a situation in which in all respects he will be as well

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off as if the acquisition had not taken place. The inquiry rather must be whether the law amounts to a true attempt to provide fair and just standards of compensating or rehabilitating the individual considered as an owner of property, fair and just as between him and the government of the country. I say "the individual" because what is just as between the Commonwealth and a State, two Governments, may depend on special considerations not applicable to an individual.

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The power conferred by sec.51(xxxi) is express, and it was introduced as specific power, not, like the Fifth Amendment, for the purpose of protecting the subject or citizen, but primarily to make certain that the Commonwealth possessed a power compulsorily to acquire property, particularly from the States. The condition "on just terms" was included to prevent arbitrary exercises of the power at the expense of a State or the subject.

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In deciding whether any given law is within the power, the Court must, of course, examine the justice of the terms provided. But it is a legislative function to provide the terms and the Constitution does not mean to deprive the legislature of all discretion in determining what is just. Nor does justice to the subject or to the State demand a disregard of the interests of the public or of the Commonwealth.

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In the United States the question usually is whether in a particular case there has been a taking without due process or just compensation, as the case may be. Even there it has been said that to bring about a taking without due process of law by force of a judgment not devoid of error, the error must be gross and obvious, coming close to the boundary of arbitrary action: Roberts v. New York (1935) 295 U.S.264, at p.277; 79 Law Ed. 1429 at p.1435, per Cardozo J., whose discussion of the matter shows that it is one of degree not susceptible of definition. Under sec.51(xxxi) perhaps the test may be whether the provisions made might reasonably be regarded as just. It will therefore be of some help when the justice of the terms provided by Commonwealth legislation is in question, to see how other British legislatures have regarded the same matter. This, I think, applies to the

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In the
High Court
of Australia.

No.7

Reasons for
Judgment.

Dixon, J. -
Continued.

In the
High Court
of Australia.

No.7

Reasons for
Judgment.

Dixon, J. -
Continued.

first point against the Lands Acquisition Act. That point depends upon sec.29(1), which directs in effect that where the acquisition is not authorised by a special Act the value of the land should be assessed as at the first of January preceding the taking, and, where there is a special Act, as at the first of January, preceding the first day of Parliament in which the special Act was passed.

This provision appears to have been directed to obtaining a value uninfluenced by the prospect of the Commonwealth's acquiring the land, a thing for which sub-sec.(2) of sec.29 attempts again to provide. It is said, however, to be unjust to fix an anterior date arbitrarily because (1) values may have greatly changed, and (2) the property may have been improved. The second complaint is not, I think, in accordance with the meaning of the provision, which appears to me to relate only to values prevailing and not to the state of the property. 10 20

The first complaint depends upon the conception of a value as at the exact date of the acquisition. In conditions of great economic instability, when the measurement of values in money fluctuated violently and rapidly, it perhaps might be that just terms would require not only valuation, but payment, almost as at the date of acquisition. Further, a statute which fixed some anterior date for the ascertainment of value because values were known generally to be lower might be open to attack. Here, however, we are not confronted with any such question. The contention is based simply on the view that justice requires the legislature to accept a date at or about the time of acquisition. 30

It is true that under the Lands Clauses Consolidation Act 1845 Imp. the notice to treat was looked upon as fixing the date as at which the value of the property acquired should be assessed. But that is not a course uniformly adopted under other legislation. For instance, sec.28 of Act No.1288 of 1893 of the State of Victoria (Railways Lands Acquisition Act) provided that the purchase money should not exceed the value of the land taken at the commencement of the session of Parliament in which the authorizing Act was passed. Sec.12(2) 40

of the Compulsory Acquisition of Land Act 1925 of the State of South Australia takes a period of twelve months prior to the taking of land or, where land is not taken, the execution of works, and directs that the value of the land at the beginning of the period shall be taken to be its value together with that of bona fide improvements made in the meantime, Sec.35(1) of the Lands Resumption Act 1910 (No.11) of Tasmania makes a provision almost the same as that of the Commonwealth Act now in question. The Railway Act of the Dominion of Canada makes the date of the deposit of plans that with reference to which compensation shall be ascertained, provided that the lands are actually acquired within one year of the deposit, see Toronto Suburban Railway Co., v. Everson (1917) 54 S.C.R.(Can) 395, at p.407.

In the
High Court
of Australia.

No.7

Reasons for
Judgment.

Dixon, J.-
Continued.

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Are we to say that these Statutes are based on unjust conceptions?

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They are different ways of meeting the same difficulty as the Commonwealth Parliament had in mind in enacting sec.29(1). It appears to me that we cannot say that it was not fairly open to the Parliament to regard that provision as a just expedient. Its logic, efficacy or wisdom is not the matter in question. Nor do I think that we are required to test its validity by imagining conditions in which its operations might cease to be just: cf. Australian Textiles Pty. Ltd. v. Commonwealth, (1945) 71 C.L.R.161, at pp.179, 180.

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The second ground for impeaching the validity of the Act is that it does not contemplate recompensing the owner by assessing the value of the land to him. I do not propose to go into the considerations which are involved in the phrase "value to the owner" in compensation for compulsory acquisition. For, on the statute itself, the contention seems to me to lose its foundation, because of the rule adopted in this Court for administering the provisions of the Act. It is enough to cite the following passage from the judgment of Isaacs and Rich JJ. in Minister for Home & Territories v. Lazarus, (1919) 26 C.L.R.159 at p.165.

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"The ordinary rule has been repeatedly enunciated, and it is thus stated in the latest

In the
High Court
of Australia.

No.7

Reasons for
Judgment.

Dixon, J. -
Continued.

case dealing with the matter - Fraser v. City of Fraserville (1917) A.C. 187 at p. 194.

There, Lord Buckmaster, for the Judicial Committee, said: 'The value to be ascertained is the value to the seller of the property in its actual condition at the time of expropriation with all its existing advantages and with all its possibilities, excluding any advantage due to the carrying out of the scheme for which the property is compulsorily acquired, the question of what is the scheme for which the property is compulsorily acquired' being a question of fact for the arbitrator in each case'. That is the rule which applies under the Lands Acquisition Act 1906, subject to sec.29 of the Act".

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The third ground of attack on the justice of the terms of the Act is that sec.40 provides that compensation shall bear interest from the date of the acquisition, or the time when the right to compensation arose, until payment at 3% per annum. It is said that the rate is so low as to be unjust, and that the only just course is to fix the rate prevailing for the time being.

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The question of interest appears to me to be eminently a matter for the legislature to decide. It was laying down a general rule for an indefinite period. It was providing for a period occasioned by the time occupied, whether necessarily or unnecessarily, in assessing compensation, and at the same time conferring a right on the owner to have it assessed and, subject to parliamentary appropriation, paid. The Parliament chose to lay down a general rule, a thing to my mind not unreasonable and to give interest limited to 3% per annum.

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The difficulties which Courts of Equity have experienced in adopting and varying a rate of interest for the different purposes of that jurisdiction are not unfamiliar. See, for instance, the discussion by Russell J. in re Baker, Baker v. Public Trustee (1924) 2 Ch., 271, at pp.273-5, by Eve J. in re Beech; Saint v. Beech, 1920 1 Ch. 40, at pp.42-5 by Long Innes J. in Nixon v. Furphy (1926) 26 S.R.(N.S.W.), 409, and by Harvey C.J. in Eq. in Skinner v. James Syphonic Visible Measures Ltd. (1927) 28 S.R.(N.S.W.) 20, and also in re Tennant; Mortlock v. Hawker (1942) 65 C.L.R., 473,

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at pp.507-8. It is not easy to see why the judgment of the legislature on this matter should be considered outside the limits of what might reasonably be thought just.

In the
High Court
of Australia.

No.7

Reasons for
Judgment.

Dixon, J. -
Continued.

10 As to the fourth ground for denying that the terms given by the Land Acquisition Act are just, it is enough to say that sec.42 confers on the claimant, who makes title and executes an appropriate assurance, a right to receive payment of compensation. There is thus, a debt due by the Commonwealth. In New South Wales v. Bardolph, (1934) 52 C.L.R., 455. we explained the relation of parliamentary appropriation to contractual liability on the part of the Crown under such fiscal provisions of a constitution as secs.81-83 of the Commonwealth Constitution and such procedural provisions as Secs.64-66 of the Judiciary Act.

20 I can see no reason why an exceptional rule should apply to liability for compensation for property acquired, or why such a general constitutional rule should be condemned as unjust. The compensation becomes a debt like other debts of the Crown and that appears to me to be certainly enough.

30 There is in the United States authority for the position that under the Fifth Amendment possession cannot be lawfully taken of property under the power of eminent domain if the statute, though otherwise constitutional, fails to give adequate assurances of the ascertainment and payment of compensation (see Notes 67 Lawyers Edition, United States Reports, p.667, Col.1). But these rest on considerations which in my opinion should not be imported into sec.51(xxxi).

I think that the demurrer should be allowed and judgment in demurrer should be given for the Defendants. The motion for an injunction should be refused with costs.

In the
High Court
of Australia.

REASONS FOR JUDGMENT

McTIERNAN, J.

No.7
Reasons for
Judgment.

McTiernan, J.

I agree that the demurrer should be allowed, the motion for an injunction dismissed and that there should be judgment for the Defendants.

In the action the Plaintiff claims that the acquisition of land on the terms of each of certain provisions of the Lands Acquisition Act is not acquisition of the land "on just terms" and for that reason that each of these provisions is invalid. It also claims that all of those provisions are not severable and that the whole Act is therefore invalid. 10

The words "just terms" are part of the composition of the power contained in sec.51(xxxi). It is a specific legislative power to make laws for "the acquisition of property on just terms" from owners of the two classes and for the purposes to which sec.51(xxxi) refers. It follows that Parliament has a discretion not only to provide for the acquisition of any property but also to enact the just terms which it thinks fit to be part of any law which it makes in pursuance of this power. In my opinion, if the terms enacted by Parliament might reasonably be regarded as just terms, there is no ground for holding that the law is not a law with respect to the acquisition of property on just terms. The question whether the terms enacted by Parliament might reasonably be regarded as just terms is for the Court to decide. If the Court decides that the terms might reasonably be regarded as just it will not declare the terms unjust and in excess of the power, even if the Court entertained an opinion that other terms would appear to be fairer. The words "just terms" imply that the terms of acquisition are just as between the owner of the acquired property and the Commonwealth. 20 30

The Plaintiff claims that acquisition upon the terms that in determining compensation regard shall be had, as sec.28(1) requires, to "the value of the land acquired" is not acquisition on just terms. It is contended that it is not just to determine compensation otherwise than upon the basis 40

of the value of the land acquired to its owner. This contention is met by the passage which my brother Dixon cites from The Minister For Home & Territories v. Lazarus, 26 C.L.R., 159, at p.165. In this passage the elements of value which are to be taken into account in assessing compensation are set forth.

In the
High Court
of Australia.

No.7

Reasons for
Judgment.

McTiernan, J. -
Continued.

10 The next provision of the Act which was im-
pugned on the ground that it does not contain just
terms is sec.29(1). Hypothetical cases were put
in argument in which, under the rule in the sub-
section, the owner of land compulsorily taken would
receive less compensation than if the compensation
were based on the value of the land at acquisition.
But there is nothing to show to what extent the
rule would work that way in practice. Indeed, the
Chief Justice puts a hypothetical case on the other
side of the line in which the rule would be advan-
tageous to the owner of the resumed land.

20 In my opinion a presumption that the sub-sec-
tion does not provide just terms of acquisition
cannot be held to arise merely because the sub-
section requires the value of the land to be
assessed at a date anterior to the date of acqui-
sition. The reasons why it may be presumed that
Parliament enacted the sub-section now in question
are gone into by the Chief Justice and my brother
Dixon and I adopt those reasons. It is, I think,
30 within the discretion of Parliament under sec. 51
(xxxi) to enact a provision requiring value to be
assessed for purposes of compensation as at a date
anterior to acquisition. It does not seem to me
that in fixing the date specified in the sub-sec-
tion Parliament exceeded its ^{discretion} ~~discretion~~ under this
placitum. The sub-section is not open to attack on
the ground that its effect would be to deprive the
owner of the value of improvements made between
the date fixed by the sub-section and the date of
40 acquisition. According to its proper interpreta-
tion the sub-section requires the compensation to
be assessed according to its value at the fixed
date, but not according to its then physical state.

Sec. 40 was also attacked on the ground that
it does not provide just terms. It does not seem
to me that it is unfair or inequitable to lay down
as a general rule applicable to any person whose
land is acquired under the Act that he should re-
ceive interest at the rate of 3 per cent per annum

In the
High Court
of Australia.

No. 7

Reasons for
Judgment.

McTiernan, J. -
Continued.

on the compensation for the period specified in the section. I think that it would be driving the conception of just terms too far to hold that it requires that the rate of interest should vary with any fluctuation of interest rates.

I agree that there is no substance in the contention that the terms on which the Act provides for the acquisition of property are not just because the right of the owner to receive compensation is dependent on appropriation of money by Parliament to pay the compensation. This contention depends upon the supposition which was put on behalf of the Plaintiff that moneys may not be made available by Parliament to meet a just claim against the Commonwealth or to satisfy a judgment against the Commonwealth. I do not think that the Court should entertain this supposition in considering whether this Act authorises the acquisition of land on just terms.

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As to the objection taken to the notification of acquisition published in the Gazette, I agree that it is justified by reg. 72A of the National Security (Supplementary) Regulations and that this regulation is within the powers conferred upon the Governor-General in Council by the National Security Act.

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Reasons for
Judgment.

REASONS FOR JUDGMENT

Williams, J.

WILLIAMS, J.

By notification published in the Government Gazette on 8th November 1945 purporting to be made under the Lands Acquisition Act 1906-36 H.R.H. The Governor-General acting with the advice of the Federal Executive Council notified and declared that certain land owned by the Plaintiff in fee simple situate at the corner of York, King and Clarence Streets, Sydney, on which there is erected a building consisting of a basement ground and eleven upper floors, had been acquired by the Commonwealth under this Act "for the following public purposes namely, purposes of the Commonwealth

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at Sydney N.S.W." Thereupon the Commonwealth, which was already in temporary possession of the premises pursuant to the National Security (General) Regulations, commenced to make substantial alterations to the building. The Plaintiff then commenced this action claiming that the acquisition of 8th November was void on several grounds and obtained leave to serve short notice of motion for an interlocutory injunction restraining the Defendants from selling, disposing, leasing, further altering, demolishing or otherwise dealing with the land and the buildings thereon.

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Pending the hearing of the notice of motion the Defendants demurred to the Statement of Claim. The notice of motion raised the same points of law as the demurrer so that for convenience an order was made under s.18 of the Judiciary Act 1903-1940 directing that the notice of motion should be referred to the Full Court and heard at the same time as the demurrer.

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These points of law are 1. that the Notice of Acquisition is invalid because it does not comply with s.15(2) of the Lands Acquisition Act: 2. that ss.29(1) and 40 of this Act are invalid because they do not contain just terms for the acquisition of property within the meaning of s.51(xxxi) of the Constitution and the invalidity of either of these sections avoids the whole Act because they are not severable under s.15 A. of the Acts Interpretation Act 1901-1941: 3. that the Lands Acquisition Act is also invalid within the meaning of s.51(xxxi) of the Constitution because it does not provide for the appropriation of the necessary funds to satisfy claims for compensation under this Act.

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As to 1. S.5 of the Lands Acquisition Act defines "public purpose" to mean "any purpose in respect of which the Parliament has power to make laws, but shall not include the acquisition of territory for the Seat of Government of the Commonwealth under the Constitution". S.13 provides that the Commonwealth may acquire any land for public purposes (a) by agreement with the owner; or (b) by compulsory process. S.14 deals with the acquisition of land by agreement, while s.15(1) deals with the acquisition by compulsory process. Neither of these provisions confines an acquisition

In the
High Court
of Australia

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No.7

Reasons for
Judgment.

Williams, J.-
Continued.

In the
High Court
of Australia

No.7

Reasons for
Judgment.

Williams, J.-
Continued.

of land to a purpose in respect of which the Parliament has power to make laws but this had already been done by s.13. S.15 (2) provides that the Governor General may by Notification published in the Gazette declare that the land has been acquired under this Act for the public purpose therein expressed. Where land is acquired under s.14, therefore, it is not necessary that the agreement should state the public purpose for which the land has been acquired provided that it has in fact been acquired for a public purpose within the meaning of the Act. But where land is acquired by compulsory process the notification must express, that is to say it must specify, the public purpose or purposes for which it is acquired. The question is whether the statement that land has been acquired "for the public purposes of the Commonwealth at Sydney" is a sufficient statement of the public purposes to satisfy s.15(2). In my opinion the sub-section means that the particular public purpose or purposes must be specifically stated in the notification. Indeed it is necessary to place this meaning on the sub-section if s.19 is to have an effective operation. This section authorises either House of the Parliament, except in certain cases, within a specified time, to pass a resolution that a notification under s.15 shall be void and of no effect, and provides that thereupon the land shall be deemed not to have been vested in the Commonwealth. Unless the particular purpose is stated in the notification it would be impossible for either House to know whether or not the acquisition fell within the exceptions. Thus it would not know whether or not it had power to pass a resolution under this section. The notification of 8th November does not, therefore, comply with s.15(2). But the matter does not rest there because on 3rd May 1944 Reg. 72A was added to the National Security (Supplementary) Regulations. It provides that notwithstanding anything contained in s.15 of the Lands Acquisition Act 1906-36 the public purpose for which any land has been acquired shall be deemed to be expressed sufficiently if the notification declares that the land has been acquired under that Act for the purposes of the Commonwealth. It was not contended that the notification of 8th November does not comply with this regulation, so that if the regulation is valid the notification was effective because s.18 of the National Security Act provides that a

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regulation made under this Act shall have effect notwithstanding anything inconsistent therewith contained in any other Act. The National Security Act delegates to the Executive authority to legislate under s.51(vi) of the Constitution for the purposes stated in the Act. Mr. Mason said that the object of the regulation was to prevent information reaching the enemy that land had been acquired for some purpose of defence, and that, unless the regulation was made to apply to every acquisition instead of being restricted to cases where land was acquired for some purpose of defence, the fact that a notification did not state a particular purpose would in itself indicate that the land had been acquired for the latter purpose. This object does not constitute to my mind a very marked connection with the defence particularly having regard to the date on which the regulation was made, but it is clear that in wartime a wide latitude of discretion must be accorded to the Executive to determine what legislation is required to protect the safety of the nation. It is not a regulation which affects the rights of the subject to any material degree. He loses his land whatever the lawful purpose for which it is acquired and the Commonwealth can subsequently use it for another lawful purpose. The only material effect of the regulation is to affect the rights of either House under s.19, and either House could have disallowed it under s.48 of the Acts Interpretation Act. In all these circumstances it would not be proper, I think, to hold that the regulation was not justified as an exercise of the Defence Power.

As to 2, I have already indicated shortly in Dalziel's case 68 C.L.R.261 at pps.306 and 308 my own opinion of the proper approach to the determination of the question whether an Act which provides for the acquisition of property contains just terms within the meaning of s.51(xxxi) of the Constitution. In the Commonwealth v. Huon Transport Coy. (1945) 70 C.L.R. 293 at pps.333 and 338 and Marine Board of Launceston v. Minister for the Navy (1945) 70 C.L.R.518 at pp.537-8 70 I expressed the opinion that in the case of income producing property it is a necessary incident of such terms that interest should be paid to the person dispossessed between the date of acquisition and the date of payment of the compensation. S.40 of the Lands Acquisition Act provides, so far as material,

In the
High Court
of Australia

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No.7

Reasons for
Judgment.

Williams, J.-
Continued.

In the
High Court
of Australia

No.7

Reasons for
Judgment.

Williams, J.-
Continued.

that the compensation shall bear interest at the rate of 3% per annum from the date of acquisition of the land until payment. There is a proviso to the section that where the compensation awarded in the action is not more than the amount offered by the Minister in satisfaction of the claim the compensation shall only bear interest to the date when the offer of the Minister is communicated to the Claimant. But a Claimant in an action for compensation who obtained an award of a Court which was not immediately paid could enter the award as a judgment of the Court, which would carry the same rate of interest as any other judgment and he could do so when not awarded more than the amount offered by the Minister because there could be no reason why interest should not be payable upon such an amount awarded where it is not paid immediately after the award. Thus the direction for payment of interest at 3% is a direction which need only operate during the period required to ascertain the amount of the compensation. 10

Division 2 of Part IV prescribes the preliminary steps that must be taken before a claim becomes a disputed claim for compensation. No time is provided within which the Minister must take the step required by s.34(2) but he would have to act within a reasonable time. There is nothing to prevent a claimant abridging the full time allowed for taking the requisite steps on his part in which case a relatively brief period need elapse before a claim is settled by agreement or becomes a disputed claim for compensation which can be determined by an award of a Court. Mr. Barwick contended that in an Act of indefinite duration like the Lands Acquisition Act, it is requisite that a rate of interest must be provided which would be adequate in all reasonably conceivable circumstances, or in other words, that the rate must be fixed by some standard which varies as interest rates vary from time to time, as for instance a provision that the rate should be the same as the rate for the time being payable on government loans. But the power of Parliament under s.51(xxi) of the Constitution is not in my opinion circumscribed to this extent. The rate of interest prescribed by s.40 is, as I have said, intended to cover a strictly limited period. The rates of interest upon government loans have varied above and below the rate of 3%. The rate of interest usually allowed by the courts is 4% per 30 40 50

annum but this rate has also varied with prevailing interest rates. The rate of 3% is, I think, on the low side, but it is substantial and is not in all the circumstances so low as to be unjust within the meaning of the placitum.

In the
High Court
of Australia

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No.7

Reasons for
Judgment.

Williams, J.-
Continued.

10 As to s.29(1). S.17 converts the estate and interest of the owner of the land into a claim for compensation. Division 1 of Part IV deals with the right to compensation. S.26 provides that the owner of the land shall if deprived of the land in whole or in part, "be entitled to compensation under this Act". S.28(1) provides that in determining compensation under this Act regard shall be had (subject to this Act) to (a) the value of the land acquired, (b) the damage caused by the severance of the land acquired from other land of the person entitled to compensation. (c) the enhancement or depreciation in the value of other land adjoining the land taken or severed therefrom of the person entitled to compensation by reason of the carrying out of the public purpose for which the land was acquired. (2) that the enhancement or depreciation in value shall be set off against or added to the amount of the value and damage specified in sub-section (1) (a) and (b).

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S.29(1) provides that the value of any land acquired by compulsory process shall be assessed as follows:- (a) in the case of land acquired for a public purpose not authorised by a Special Act, according to the value of the land on the first day of January last preceding the date of acquisition; and (b) In the case of land acquired for a public purpose authorised by a Special Act, according to the value of the land on the first day of January last preceding the first day of Parliament in which the Special Act was passed.

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Apart from these sub-sections the value of the land would be determined as at the date upon which the owner's rights to the land were converted into a claim for compensation. In the present case that would be upon the date of the publication of the notification in the Gazette on 8th November 1945. The effect of s.29(1) is to require this value to be assessed as at 1st January 1945. There was a good deal of argument as to the meaning of this sub-section. In my opinion it means that the property is to be valued on its

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In the
High Court
of Australia

No.7

Reasons for
Judgment.

Williams, J.-
Continued.

actual physical condition at the date of expropriation with all its existing advantages and all its possibilities, but this value is to be assessed at a sum which a reasonably willing vendor would have been agreeable to accept and a reasonably willing purchaser would have been agreeable to pay rather than fail to obtain the property in a friendly negotiation which took place on the previous 1st January.

It was contended for the Defendants that the antecedent dates were fixed because land values are apt to rise as soon as it is known that it is proposed to pass legislation to acquire land in that neighbourhood for some public purpose and that these dates were chosen to ensure that the price paid for the land was not enhanced in this way. But this danger is guarded against by s.29 (2) which provides that the value of the land shall be assessed without reference to any increase in value arising from the proposal to carry out the public purpose. It is clear in my opinion that to substitute an arbitrary date for the actual date of acquisition is liable to work injustice in many cases. In Spencer v. The Commonwealth 5 C.L.R. 418 at p.440 Isaacs J. said in reference to a similar section in the Property For Public Purposes Acquisition Act 1901, that "prosperity unexpected, or depression which no man would ever have anticipated, if happening after the date named, must be alike disregarded". His Honour was there dealing with suburban land, and in the case of such land all kinds of improvements might take place between the arbitrary date and the date of notification due to causes which have nothing to do with the proposal to carry out the public purpose for which the land is to be resumed such as the construction of roads or pavements by the local council, or of water and sewerage works by the local water and sewerage board. Country land might be subject to a severe drought on the arbitrary date but might be enjoying a bountiful season on the date of the notification. Examples might be multiplied almost indefinitely how the values on the two dates might differ materially quite irrespective of the carrying out of the public purpose for which the land was resumed. Mr. Mason pointed out that the difference in values might be in favour of or against the dispossessed owner but this is to my mind immaterial. It is no

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In the
High Court
of Australia

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No.7

Reasons for
Judgment.

Williams, J.-
Continued.

satisfaction to an owner who has not received a fair equivalent in money for property of which he has been dispossessed to know that another owner has received more than the real value of his land. It is only if the value is assessed at the date of acquisition that an owner will in every instance be fairly and justly compensated for the loss of his property. In my opinion, therefore, s.29(1) (a) and it would appear to follow s.29(1) (b) is not authorised by s.51(xxxi) of the constitution and is invalid. The question then arises whether the sub-section is severable under the provisions of s.15A of the Acts Interpretation Act. The main purpose of the Lands Acquisition Act to be gathered from its terms is to confer upon the Commonwealth power to acquire land compulsorily for the legislative purposes enumerated in s.51 of the Constitution. In order that the acquisition may be lawful the Act must provide for compensation which will be just within the meaning of s.51 (xxxi) of the Constitution. The owner's right to his land is converted by s.17 into a right to receive its equivalent value in money. Various directions are then given by subsequent sections as to the manner in which this equivalent in money is to be assessed. These sections can only restrict the application of the ordinary principles of assessment to the extent to which they are valid. S.29(1) is one of the attempted restrictions. If it is struck out of the Act it still leaves intact the principal direction that the owner of the land is to receive full compensation, and the purpose for which the sub-section was inserted is still safeguarded by s.29(2). The provisions which are within power are independent and severable and will continue in every substantial sense to operate in the same manner as they would have done if the Act as a whole had been valid. I am therefore of the opinion that s.29(1) is severable and that its invalidity does not avoid the whole Act.

As to 3. s.17 converts the estate and interest of every person entitled to the land into a claim for compensation. Part IV provides for the assessment of compensation.

Division 5 of this part provides for the payment of compensation. S.42 provides that upon taking the steps therein mentioned the person to be compensated shall be entitled to receive payment

In the
High Court
of Australia

No.7

Reasons for
Judgment.

Williams, J.-
Continued.

S. 37(d) and 38(3) place costs in the discretion of the Court in the case of disputed claims for compensation. S.61 requires the Commonwealth to pay the costs, charges and expenses of all conveyances and assurances of the land and of the other documents therein mentioned. The Act therefore imposes an absolute obligation upon the Commonwealth to pay the compensation moneys and such costs as it is ordered or becomes liable to pay under the Act. This liability is absolute and not conditional upon the appropriation of moneys to make the payments. It is true that the obligation could not be discharged until Parliament appropriated the necessary funds and that under s.65 of the Judiciary Act the person dispossessed could not issue execution or attachment against the property or revenues of the Commonwealth. But such a person could enter judgment under s.66, and the absolute obligation already mentioned implies, and s.66 expressly provides, that on receipt of the certificate of judgment against the Commonwealth the Treasurer of the Commonwealth shall satisfy the judgment out of moneys legally available. A suggestion that Parliament would not consider itself bound in these circumstances readily and promptly to make the necessary moneys legally available should not, as the Chief Justice intimated during the argument, be entertained for a moment by the Court.

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For these reasons I would dismiss the motion for injunction but overrule the demurrer; and, on the application of the Plaintiff, declare that s. 29(1) (a) of the Lands Acquisition Act is invalid.

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No. 8

In the Privy
Council

ORDER IN COUNCIL GRANTING SPECIAL
LEAVE TO APPEAL.

No.8

AT THE COURT AT BUCKINGHAM PALACE

Order in
Council
granting
special leave
to Appeal.

The 4th day of March 1949

PRESENT

4th March 1949.

THE KING'S MOST EXCELLENT MAJESTY

	LORD PRESIDENT	MR.NESS EDWARDS
	LORD HAILEY	MR.MARQUAND
10	LORD PAKENHAM	DR.EDITH SUMMERSKILL
	MR.CHANCELLOR OF THE DUCHY OF LANCASTER	

WHEREAS there was this day read at the Board a Report from the Judicial Committee of the Privy Council dated the 24th day of February 1949 in the words following, viz:-

20 "Whereas by virtue of His late Majesty King Edward the Seventh's Order in Council of the 18th day of October 1909 there was referred unto this Committee a humble Petition of Grace Bros. Pty. Ltd. in the matter of an Appeal from the High Court of Australia between the Petitioner (Plaintiff) Appellant and the Commonwealth of Australia and the Minister of State for the Interior (Defendants) Respondents setting forth (amongst other matters): that this is a Petition for special leave to appeal from a Judgment of the High Court allowing a demurrer by the Defendants to the Plaintiff's Statement of Claim and dismissing the Plaintiff's motion and action for an injunction: that the Plaintiff is a company duly incorporated according to the laws of the State of New South Wales and at all material times was and is the registered proprietor of certain land contained in Certificate of Title registered Volume 5078 Folio 163 under the provisions of the Real Property Act 1900 as amended of the State of New South Wales upon which is erected a building known as the 'Grace Building': that by notification

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In the Privy
Council

No.8

Order in
Council
granting
special leave
to Appeal.

4th March 1949
Continued.

published in the Commonwealth of Australia Gazette No.216 of 1945 on the 8th November, 1945 the Defendants purported to acquire the land and building pursuant to the Lands Acquisition Act 1906-1936: that the Defendants thereupon entered upon the land and building and commenced alterations and demolitions thereon: that the Plaintiff claimed a declaration that the Lands Acquisition Act 1906-1936 was void as being ultra vires of the Constitution of the Defendant Commonwealth and alternatively a declaration that the notification was void as not being authorised by the said Act and also asked for an injunction to restrain the Defendants from dealing with or interfering with the land and building: that the Defendants demurred to the Statement of Claim asserting the validity of the Act and of the notification: that the Plaintiff moved for an interlocutory injunction and both matters were argued together before the Full Court of the High Court: that it was submitted (inter alia) on behalf of the Plaintiff that the Lands Acquisition Act fails to afford just terms within the meaning of placitum (xxxii) of Section 51 of the Constitution: that the majority of the Court rejected the submissions of the Plaintiff on this point and in the result the demurrer of the Defendants was allowed and the Plaintiff's motion and action for an injunction were dismissed with costs: that Williams, J. differing from the majority of the Court held that section 29 of the Act was not authorised by placitum (xxxii) of section 51 of the Constitution and was invalid: that he further held that under the provisions of section 15A of the Acts Interpretation Act 1901-1941 Section 29(1) was severable and its invalidity did not avoid the whole Act: that it is submitted that the Act is invalid and that the decision of the High Court is wrong in law: And humbly praying Your Majesty in Council to grant the Petitioner special leave to appeal from the Judgment of the High Court dated the 17th April 1946 or for such further or other Order as to Your Majesty in Council may seem fit:

"THE LORDS OF THE COMMITTEE in obedience to His late Majesty's said Order in Council

10 have taken the humble Petition into consideration and having heard Counsel in support thereof and in opposition thereto Their Lordships do this day agree humbly to report to Your Majesty as their opinion that the Petitioner upon depositing in the Registry of the Privy Council the sum of £400 as security for costs ought to be granted leave to enter and prosecute its Appeal against the Judgment of the High Court of Australia dated the 17th day of April 1946 as to the following questions viz. (a) whether the Petitioner is entitled to be compensated under section 29(1) of the Lands Acquisition Act 1906-1936 or upon a Common Law basis (i.e. whether section 29(1) is ultra vires or not) and (b) as to the principle upon which such compensation is to be given; but not as to the question whether the actual acquisition under the said Act is invalid:

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HIS MAJESTY having taken the said Report into consideration was pleased by and with the advice of His Privy Council to approve thereof and to order as it is hereby ordered that the same be punctually observed obeyed and carried into execution.

30 Whereof the Governor-General or Officer administering the Government of the Commonwealth of Australia for the time being and all other persons whom it may concern are to take notice and govern themselves accordingly.

In the Privy Council

No.8

Order in Council granting special leave to Appeal.

4th March 1949
Continued.

E.C.E. LEADBITTER.

IN THE PRIVY COUNCIL

No. 17 of 1950.

ON APPEAL FROM THE HIGH COURT OF AUSTRALIA

B E T W E E N:

PTY
GRACE BROS. PROPERTY LIMITED
(Plaintiff) Appellant

- and -

THE COMMONWEALTH OF AUSTRALIA and
THE MINISTER OF STATE FOR THE INTERIOR
(Defendants) Respondents

RECORD OF PROCEEDINGS
