

cases became exhausted owing to various causes, which were dealt with last year. Since then, however, by large realization of wool, and the previous year's wheat crop, the position has swung around in the other direction, and substantial funds have accumulated in London, with a resultant shortage of money on this side. The excess of exports over imports, which had been accumulating for some considerable time, had, with the proceeds of several successfully floated loans in Great Britain, in behalf of the Commonwealth and State Governments, resulted in the heavy accumulation of funds lying at credit in London. The business people in this country are well acquainted with the semi-paralysis in trade that occurred through the inability to get those funds transferred from London to Australia.

—“An Even Keel on Exchange.”

“In my last annual report I drew attention to the necessity for maintaining an even keel on the question of exchange by increasing our exports, or decreasing our imports,” went on the speaker. “In the short period of 12 months, the position has been entirely reversed, and there is no doubt that the present relief to Australian traders has been occasioned by the swinging of the pendulum in the opposite direction. For the eight months ending February 28, 1923, the imports aggregated £89,214,470 and the exports totalled £81,305,836. The figures show that the exports for this period were about the same as a year ago, but that imports have expanded by nearly £27,000,000. The increase of our imports is due mainly to the necessary replenishment of stocks by our importing houses. There seems little prospect of an early reduction in overdraft rates, owing to the fact that the banks rely for their trading funds largely upon their deposits. There is no indication of the deposit rates being reduced, owing to the fact that various Governments are borrowing at rates ranging from 5½ per cent. to 5 per cent., and so competing with the banks, and compelling them to maintain the present rates which largely determine the rates charged for overdraft. Although the 1921 vintage was a record for the State, the 1922 ‘make’ was particularly good, amounting to 3,700,000 gallons of wine. The export trade has not been exceptionally good, but shipments are now going forward to the United Kingdom, and should improve the export figures. The interstate trade continues satisfactorily, and it is generally admitted that the local consumption of Australian wines is increasing. The 1923 vintage promises to be very good.”

Broken Hill Activities.

At present there is great activity in the Broken Hill trade, went on Mr. Clarkson. “Large quantities of zinc concentrates are flowing from Broken Hill to Port Pirie, and are being shipped away to the Electrolytic Zinc Works at Hobart for to Europe. It should, however, be remembered that a large portion of these concentrates are the product of the tailing dumps accumulated over many years. Already two zinc treatment companies at Broken Hill have almost completed the treatment of their tailing dumps and other companies are nearing the end of their tailings. We must, therefore, expect that in the future, when

the treatment of tailings will be confined to those from current production, the volume of freight on the railway from Broken Hill to Port Pirie, and the number of ships required to carry the concentrates away, will be lessened. However, owing to favourable metal markets, practically all the companies of Broken Hill are now mining and milling, while at Port Pirie the smelters are running at almost full capacity. With a continuance of the comparatively high metal prices for lead, silver, and zinc, the prosperity of Broken Hill, which largely affects the financial well-being of this State, will continue, provided that there is no occurrence of the industrial troubles which some years ago crushed the great mining industry of Broken Hill.”

Industrial Legislation.

“The past year has been a peaceful one industrially,” proceeded Mr. Clarkson. “South Australia happily has been free from industrial strife by way of lock-outs or strikes, and this is an occasion for congratulation to both employer and employee. During the year considerable feeling was displayed owing to the introduction by the Premier of the Industrial Disputes Bill. Apart altogether from the merits or demerits of the Bill, the smoke and bitterness of party feeling obscured the main issue; but I am of opinion that the measure, as it appeared after its first adaptation, would have gone a long way towards a better and happier understanding between the contending parties. What ever difference of opinion there may be regarding the wisdom of abolishing out-

State Industrial Court, there is an accumulating weight of public opinion in favour of the abolition, or limitation, of the powers of the Federal Arbitration Court. With a few qualifications, the existence of the Federal Arbitration Court has become an unmitigated menace. It has driven two powerful industrial forces—capital and labour—into opposing camps, and the distance between these parties is ever being widened by an army of lawyers and union officials. The real parties do not come together, and are often in doubt regarding what all the trouble is about. Melbourne has become the storm centre, and it is quite a common sight to see a large number of employers gathered in that city from almost every State. There they wait, away from their businesses, kicking their heels until the Court comes to a decision on mere pen, paper, and ink disputes. The time is long overdue for reform in this matter, and it is to be hoped that the forthcoming Conference of Premiers will decide that the powers of the Federal Court shall be restricted to such industries as are Federal in character, leaving the States to act, with their own industrial affairs.”

Government Trading Ventures.

“We view with great satisfaction the assurance given by the Commonwealth Government that it is their intention to interfere as little as possible with individual enterprise,” the speaker continued. “Many unprofitable experiments have been abandoned, and it would appear that the Prime Minister has under serious consideration the unprofitable venture known as the ‘Commonwealth Line of Steamers.’ Before the war, splendidly equipped passenger steamers brought our correspondence and merchandise from the mother country with the regularity of an express train, and our ports were generally filled with overseas shipping. Our primary products could always be delivered to our oversea customers with regularity and promptitude. The advent of the war quickly altered this happy position. The relentless submarine warfare of the enemy, and the early withdrawal of overseas shipping from Australian trade revealed our helpless geographical isolation. This shortage of freight developed a critical situation, as our producers found themselves bereft of their markets, and our wharfs and sheds became congested with the accumulation of unshipped food products. The suggestion of a Government-owned line of steamers under these circumstances caught the popular fancy, and a fleet of ships flying the Commonwealth flag soon appeared in our waters. These vessels had been bought and paid for without Parliamentary consideration or sanction. Right from the outset of this venture many commercial men expressed their disapproval and their fears of ultimate failure. With the cessation of hostilities much shipping was quickly released from its war activities, and began again to explore their regular avenues of trade. There came a time when the Federal Government could have honourably and profitably withdrawn from this business, and it might then have justified its incursion into the trading world. That day has passed, and to-day it is reported that there is an idle fleet of Commonwealth boats lying at anchor in Australian waters. Some of the vessels have not yet been put into commission. We sympathize with the Prime Minister (Mr. Bruce) in the legacy handed over from a former Government. Mr. Bruce recently said, ‘The capitalization of the vessels will have to be altered. The line cannot be expected to produce a balance sheet with the capitalization of the original values.’ The commercial community would welcome a balance sheet clearly showing this position. Commonwealth legislation, more than any other affects the stability of commerce, and we look to our Governments to relieve us of the serious handicaps and uncertainty arising from war-time conditions, and, to some extent, post-war-time necessities.” (Applause.)

Empire Trade and Oversea Markets.

“I have to report the addition of 5 new members—double the increase of any previous year. Much has been said by our public men on the subject of ‘trade within the Empire.’ On the outbreak of war most of our oversea markets were lost to us, and since the cessation of hostilities many of our former customers are too poor to buy much from us. Following is a comparison of the competitive imports of the United Kingdom and U.S.A. for the last two financial years:—

United Kingdom, 1921-22,	£52,598,436
1920-1,	£76,620,169.
United States, 1921-22,	£12,261,116
1920-1,	£23,375,432.

“The particularly favourable position of the United Kingdom is attributed to no small measure to the tariff preference given by Australia to British goods, and the Commonwealth continues to occupy a place of importance in regard to the export trade of the United Kingdom.

Question of Preference.

“We know that the word ‘preference’ will raise a thousand fears in the minds of our English friends, nor can the tradition of years be lightly disturbed. The war has, however, compelled the financial world to abandon many of its age-long theories, and, no doubt, the altered conditions of the world's markets will com-

mand the sympathetic consideration of this great problem. The whole question of inter-Imperial trade relationships needs to be completely reviewed, and the difficulties that have arisen from altered economic conditions should be frankly admitted and discussed. For this reason we welcome the announcement that the Prime Minister will be attending the Empire Conference to be held in London in October. We congratulate our Premier upon his efforts to secure oversea markets for our primary products and our manufactures. We appreciated the candid and constructive criticism given to us by Sir Henry Barwell upon his return from his trip abroad. His references to defective packing and careless shipping were stringent, but will, without doubt, be productive of good results.

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LAND TAXATION IN AUSTRALIA.

The Federal Land Tax.

By Dr. H. Heaton.

The Federal Land Tax, imposed in 1910, differed from its State predecessors in that it was frankly and chiefly aimed at the big, valuable estate. Of course, revenue was a subsidiary object, for the expenditure on new projects such as the East-West line, the maternity allowance, old-age pensions, the navy, the Territory, and so on, called for funds which would have to be raised by loan, by increased customs and excise, or by tapping some new source of taxation. The yield at first was about £1,400,000 a year, but with the increase in rates, in 1914 and 1918, and the taxation of Crown leaseholds after 1914, the yield from the tax climbed up to over £2,000,000, approximately 4 per cent. of the total Federal tax-income. A perusal of Federal Hansard and of political speeches during the 1910 election, shows that the Labour Party had set its heart on using the Federal Parliament to achieve the eviction of the big or idle landowner, who was regarded as the only obstacle to rapid closer settlement of the continent. By 1910 it was evident that Australia was progressing far too slowly with the settlement of a big rural population. In spite of legislation in favour of the small settler, enormous expenditure in public works, resumption for closer settlement, irrigation, refrigeration, “super,” dry farming, immigration, agricultural education, &c., our rural growth was painfully slow. The net immigration for the first ten years of this century had been only 40,000, and Victoria had lost 50,000 by emigration to other States or countries. The total population had increased by only a million in 16 years, despite the fact that during that period, 40,000,000 acres had been disposed of by the Crown to purchasers, and at least 100,000,000 acres to lessees. Between the censuses of 1901 and 1911, the population of Australia grew 18 per cent., and the number of persons engaged in factories and workshops, 58 per cent. But the number occupied in agricultural pursuits rose less than 4 per cent., the number in pastoral occupations 36 per cent. Twenty years of experimental legislation, resumption, &c., had given New South Wales 5,000 more agriculturists, Victoria 1,000 more, and Queensland 200 less in 1911 than in 1891.

“Enemy of Progress.”

What was the cause of this snail-like progress of agricultural settlement? Was it lack of transport facilities, of capital labour, energy, or markets? Or was it that pastoral work gave the least trouble, and made the greatest net return? The politician's answer was that the large estate was the enemy of progress. This view was naturally held by the Labour Party, but it was also shared by many prominent opponents of political Labour,

such as Messrs. Deakin, Watt, and Cook. Mr. Deakin, in his twenty years' advocacy of irrigation, immigration, and closer settlement, had soon realized that big pastoral estates in the arable or dairy areas must be broken up or turned to better use, while Mr. Watt was the father of the Victorian tax on unimproved value.

Australian land statistics are sufficiently detailed to show the extent of the big estate problem in 1910. In that year there were about 210,000 freehold estates of over an acre in Australia (Queensland excepted). These holdings had a total area of 107,000,000 acres. Of the 210,000 holdings, 1,150 had an area of over 10,000 acres, and 111 were over 50,000 acres in size. The total area of these large estates was nearly 31,000,000 acres, so 5 per cent. of the total land owners held nearly 30 per cent. of the alienated land. If we turn from the crude test of area to that of unimproved value, we find that in 1913 nearly 14,000 residents owned land worth £5,000 U.V. or over. Of these 561 had land worth more than £55,000 U.V. (or, roughly, £100,000 improved value), and their estates contained 31 per cent. of the total area of country land subject to tax and 25 per cent. of its unimproved value. Most of the big holdings were in New South Wales or Queensland. In South Australia there were few large pastoral runs left inside the area fit for wheat, or dairy farming. To “burst up” these big holdings, to bring the land into better use or into the market, was the chief aim of the Federal land tax. The hopes of its supporters were great. Land would be made available for settlement in vast areas, and both the native-born and the immigrant would be able to satisfy their alleged land hunger. “There will be an influx (of immigrants) which will be an object lesson to the world,” said one Senator, and Mr. Hughes declared that through the operation of the tax there would be “land for the people, and where there is land there will the people come. There will not be lacking guests to sit at the table.” It is good that legislators should be so sanguine as to the effects of their efforts, otherwise we should get no laws passed.

Turns of the Screw.

Unfortunately for the Federal land reformer, the Commonwealth Parliament had no power to touch land legislation on matters of tenure, and its only weapon for carving up the estates was a tax. Since only absentees and big holders were to be dealt with, residents owning land worth less than £5,000 U.V. were exempt from tax, as was also the first £5,000 of all residents' taxable estates. Further, since the big holder was to be pinched, the tax was progressive, working up, by one of those mystic formulae which charm the Federal tax collector and bemuse the taxpayer, from 1d. on the first taxable pound to 3d. at £75,000 of taxable value. Beyond that point a flat rate of 6d. was imposed. Absentees paid an extra penny all through. With the outbreak of the war, the tax was such a useful source of revenue that the screw was given an additional turn, and by an alteration of the formula the total yield was increased about 30 per cent. At the same time the area liable to tax was extended from freeholds—real and virtual—to all Crown leaseholds. Originally about 70,000,000 acres had been taxed; now nearly 400,000,000 acres were covered. In 1918 one more twist of the screw took place, with the addition of a further 20 per cent. to the rate of tax. Hence to-day a landowner whose estate is worth £10,000 U.V. is paying to the Federal Treasurer in land tax £2,312. If he lives in South Australia he pays an additional £40 for State tax, a total of over £2,700 in land tax alone. If he lives in Queensland, where the State tax is almost as steeply graded as the Federal, his total land tax bill to State and Federal coffers is £4282, to say nothing of contributions to local government authorities. If the estate is worth £200,000 U.V., the total tax on the Queensland is £10,532, i.e., over 5 per cent. of the capital unimproved value of the land.

A Complex Act.

The Act by which this impost was made is one of the most complex, ingenious, and incomprehensible in the whole history of taxation. It endeavoured to make the tax watertight against all efforts at evasion, and gave the man who levied the tax the power also to value the land on which he was going to charge. It established a distinction between primary and secondary taxpayers, by which if John Brown owned land worth £40,000 U.V. in his own name, and held one-hundredth part of the shares of a company which owned land, one-hundredth part of the unimproved value of the company lands would be added to the value of his private holding; then, since his total holding was increased in this way by, say, £500, the rate of tax on his whole £40,500 would be raised. Ingenious, novel, but productive of much work for the department and of little additional revenue! This far-reaching, and in cases onerous tax, was imposed 13 years ago. Let us therefore see, in the next article, what results it has achieved.