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CHAPTER IX.

APPROPRIATION OF LAND REVENUE.

The revenue from sales of land for the first quarter-century was £4,672,659, besides £853,583 representing grants made in consideration of land orders issued to immigrants but not included in the revenue and expenditure returns. Nor does it include the sum of £382,346 received in cash for land sold within railway reserves and afterwards transferred to revenue. The latter amount must, however, be added to the cash receipts for land sold, which therefore totalled £5,055,005.

The practice of treating proceeds of land sales as ordinary revenue has already been incidentally alluded to, but it may be well to refer more fully to the subject. It is held that the taxpayer ought annually to provide for current expenditure, and that if land is alienated from the Crown at all the net proceeds, after defraying the cost of administration, should be applied to the construction of public works that would otherwise be of a character to justify charging their cost to the Loan Fund.

This principle in the abstract is unexceptionable; but in a new country much work is expected to be done by the Government for posterity in the nature of “invisible improvements”: in fact, it is so done, and cannot well be provided for by loan. Roads have to be cleared and formed, and buildings erected for the benefit of posterity as well as of those who so invest their money.

Moreover, the advent of population enhances the value of both public and private estates, while the maintenance of great public works like railways involves in most cases a heavy revenue loss for years after the lines are open for traffic. Only in very recent times have our railway earnings approximated, after payment of working charges and maintenance, to the amount of the interest charge upon the capital invested in them; but they have immensely benefited the country by providing facilities for internal transport, and by enhancing the value of the land, Crown and other, which they intersect and make accessible. Years ago, when the railway debt of Queensland stood at about 17 millions, an official estimate showed that, in making good the annual deficiency of interest and working expenses on the various open lines, at least as much had been spent by the Treasury as the entire first cost of their construction. So that contemporary colonists have still a charge against posterity for public works to be handed down, even though the first cost remains a liability in the form of interest upon inscribed stock held by the public creditor.

Further, it has to be said that, since the railways have begun nearly to defy all interest upon capital, the auction sale of Crown land, except in small areas, has practically ceased. The receipts from auction sales in 1907-8 totalled only £33,391, and much of that sum would be absorbed were it charged with its share of the cost of administration. By the Land Sales Proceeds Act of 1906, all moneys received in payment for land sold under the authority of Part VI. of the Land Act of 1897—by auction sales of town, suburban, and country lands, or of such lands sold by selection after having been so offered—must be paid into the Loan Fund Account, and be applied to defraying the cost of such works as Parliament may from time to time determine shall be executed out of moneys standing to the credit of that fund. True, receipts for lands sold under the Special Sales of Land Act of 1901, being applied to the special purpose of retiring Treasury bills issued to make good revenue deficits, are excluded from the general law in this respect. But it is satisfactory that, even though the recognition of the principle that land is capital and not revenue has been tardy, it has now in Queensland the full force of statute law.

As to the past, it has been argued with much reason that small areas alienated were for farming purposes, and soon became far more valuable than when held for grazing purposes by tenants of the Crown. As to the future, what Parliament seems determined to guard against by every possible means is the alienation of large areas of the public domain to persons who will use the land for speculative purposes, or who by locking it up will seek to check the wave of closer settlement which it is obviously in the best interests of the State to foster and stimulate.

As the Special Sales of Land Act of 1901 still remains upon the Statute-book a few words in explanation of its provisions and objects may be useful. The first Act of this kind was passed in 1891—(1) to provide for maturing Treasury bills for £500,000 authorised but not issued in 1887; (2) to make provision for meeting Treasury bills for £500,000 floated to cover a revenue deficit in 1890; (3) to make good an anticipated deficit of £300,000 for the financial year 1891-2; and (4) to retire £1,209,45
worth of Brisbane Bridge debentures—a total of £1,420,945. Despite any statute to the contrary, country lands, not within twenty miles of a railway or the permanent survey of one, or of any navigable stream, were authorised to be sold by auction in areas of 320 acres to 5,120 acres, at the upset price of 10s. an acre. Payments might be extended over three years, but the unpaid instalments must bear 5 per cent. interest. Any land so offered and unsold would remain open for six months for purchase at the same price and on the same terms.

The proceeds of these sales were to be applied (1) to payment of the sums appropriated by Parliament for the service of the financial years 1891-2 and 1892-3 respectively, and (2) to the payment of interest upon and retirement of the Treasury bills before mentioned. In 1901 the Philip Government were in financial trouble through federal charges and the unexampled drought, and they passed a Treasury Bills Act and a Special Sales of Land Act, the former for the sum of £530,000; and the proceeds of the latter to be applied (1) to making good any revenue deficiency during the years 1901-2 and 1902-3, and (2) to the payment of interest upon and retirement of the bills issued under the Treasury Bills Act. In 1902 another Treasury Bills Act covering £600,000 was passed by the same Government. The Auditor-General in his report for 1907-8 showed that there were still outstanding £1,130,000 in Treasury bills issued under the 1901 and 1902 Acts, and maturing in 1912 and 1913 respectively. In the same report the Auditor-General refers to the sum of £8,148 received from special sales of land during the year, and appropriated to the payment of interest on Treasury bills. For some years past these special sales of land have been stopped, but instalments of payments were received annually until last year (1907-8), when they amounted to £3,279; but none are now outstanding, and the Act is practically a dead letter.