

Operating Public Utilities

How New Zealand does it---How others might do it

Article II.—By E. A. Weir, B.S.A.

How often do we hear a huge per capita national debt spoken of as a mark of extravagance and lack of conservation on the part of governments? New Zealand has the largest national debt in the world in relation to the number of its people. Denmark has a huge national debt considering the area and population of the country, yet these are two of the richest countries in the world in spite of their debts, because great national debt with them also means great national assets. The richest men in the world constantly owe the greatest sums, yet in estimating their wealth their debts are only considered co-incidentally with their assets. So in considering the debt of any country, what that nation has got for the expenditure it has made, what part of its national resources are available to the people and what have been alienated from the people must also be considered at the same time. Too many national debts have grown from enormous war expenditures, either in preparation or during actual conflict. These wars left the nation poorer, her industries paralyzed, her people crippled and with nothing to show for it in material improvement. They were exceedingly fortunate if they maintained their independence. Yet New Zealand exceeds any and all of them in her national debt, the interest charge on which is \$10 per head per annum. New Zealand owes \$350 per head, but only \$30 per head of this was spent in anything but constructive national resources, and this \$30 represents the capital expenditure on two native wars. All the other national expenditure has gone to enterprises from which New Zealand is drawing a regular revenue that pays her annual interest charges, plus a sinking fund to retire her debts. Furthermore, she gets service from the utilities thus established at rates lower than in almost any other country in the world.

The public debt of New Zealand is made up chiefly as follows: Native wars, \$35,000,000; public works, including railways, harbor, telegraph, telephone, construction, etc., \$250,000,000; land purchase and agricultural credit, \$70,000,000; municipal loans, advances to workers, etc., \$22,000,000. Thus little money has gone to anything which cannot produce a direct return to the people, and the interest charges on these public utilities are paid by the people in proportion to the use made of them by the people.

Agricultural Loans

A previous article outlined how New Zealand administered her lands to conserve their resources for all the people and to guarantee the repayment of all the national debt involved in such administration. But New Zealand, tho she made laws to get the people on the land, had to go further and furnish money and credit for them after the land was made available. In the purchase of lands from private individuals who were holding for speculative purposes New Zealand has paid out in the last twenty years \$30,000,000. A second sum of over \$38,000,000 has been advanced to settlers up to a certain proportion of an independent expert valuation. Nothing but some tremendous fall in the

price of land could throw back on the community any burden connected with such advances, and such is out of the question the more settlement proceeds. The improvements made by occupiers of land under this assistance have been enormous, and the capital value of the land is much increased. Interest charges have been cut from eight, nine or ten per cent. to approximately four per cent. The policy of agricultural loans inaugurated there are only being seriously thought of in Canada. The last session of the British Columbia legislature saw a bill passed inaugurating a system in that province modelled after New Zealand. Other provinces are considering other systems. There may be no one best

approximate cost of \$52,850 per mile. And, remember, that is for complete finished cost. Two things are worth remembering here. New Zealand is a comparatively rough, broken country, much more difficult to build railroads over than our prairies, and we believe generally more difficult to build over than any part of our roads, except the Rocky Mountain sections. The second point to remember is that for many years all the unskilled labor as well as practically every rail, car and engine had to come from the opposite side of the world. Contrast this with Canada. In the report respecting railway statistics issued by the minister of railways for Canada and covering the year ending 1911, it is stated that the capital liability of Canadian railways stood then at \$1,398,089,701, and the mileage 23,251. On this basis the capital liability per mile at that time, which is fairly comparable with the date New Zealand's statistics cover, was \$60,130 per mile. This takes no consideration of the enormous grants of land to railway corporations. At the end of 1913, the C.P.R. alone held almost 12,000,000 acres of our best land free from taxation. In the United States the average capital liability per mile at the end of 1911, according to official reports, was \$59,345 per mile. Now, mark this, the people of New Zealand own their railways, every mile, every engine, every car and every cent of their surplus earnings goes to the public treasury. The people of Canada own practically none of their profitable railways, and the profits from Canadian railways go not to the Canadian people, but very largely to foreign stockholders.

New Zealand had a greater mileage per head of population up to the end of 1910 than any other country in the world. These facts prove that New Zealand has amply served the people with railways at a most conservative cost. But has she made them pay? As stated, twenty years ago New Zealand's railways covered 1,800 miles. At the end of 1910 they covered 2,800 miles. The relative growth in traffic in twenty years in New Zealand's roads is shown below. Add "million" after each set of figures to get the absolute amount.

	Miles covered	No. of passengers	Tons freight	Livestock carried
1891	29-10	34	13.5	11.3
1910	8	124	43.5	52.3

During these twenty years the rates for passengers and freight were little changed. The uniform passenger rate was one penny or two cents per mile, and the freight rates per mile generally less than the American or Canadian rates. Railroad revenue increased 200 per cent. in twenty years, and instead of earning 2-9-10 per cent. as in 1891, when there was really 34 per cent. due on the money, these earnings left in 1910, after payment of all expenses, 31 per cent. on all the capital invested. This was more than enough to pay the interest on all the money borrowed to build national railroads. In short, New Zealand has demonstrated that a nation can not only build and equip its

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The first Shorthorns were landed in New Zealand in 1839, before Great Britain assumed possession of the islands. Shorthorns had a boom and slump in the twenties and early thirties. Many of the best herds were then dispersed. Dairying has made enormous strides in recent years and the special dairy breeds are finding a ready reception.

system, but it is certain some one can be found that is superior to our present lack of system and lack of appreciation of the requirements of agriculture.

New Zealand's Railroads

The ownership and operation of public utilities by the government seems to be more fully developed in New Zealand than anywhere else. This includes the public ownership of railroads, telegraphs and telephone service, parcels post and postoffice savings banks. All have been in operation many years.

The scattered nature of the early seaside settlements in New Zealand necessitated the construction of railroads to link up these settlements. One or two short lines were built by private capital previous to 1876. In that year the government inaugurated a policy of railroad construction and management. Since that time nearly 2,800 miles of railway have been constructed, and over a thousand miles of this in the last twenty years. For many years the complete rolling stock equipment, including engines, have been constructed in the country. There is now a main line running thru the greater part of both islands with many branches. The total cost of building and equipping these roads has been \$118,000,000, including \$8,000,000 paid for the two short private lines previously built. This is a total



Reclamation work in New Zealand. Sprouting willows along a groyne. These soon form a solid wall and the area of water at the back of the groyne is cut off and gradually reclaimed by the settling sand. Large areas, part of which previously only produced flax, thus treated soon become rich dairy farms. The navigable portions of the rivers are also much improved. This work is done by the government.



On the Waikato Experimental Farm, New Zealand has six experimental farms. Most of them were established to solve local problems and have done the work well. In 1914, nine hundred farmers co-operated with the Department of Agriculture in conducting experiments on their farms. By concentrating their agricultural educational program two years ago New Zealand, to special request, had Dr. G. G. Croftman, of the Ontario Agricultural College, visit the country to give them the benefit of his expert advice.