

PUBLIC FINANCE.

THE functions of Government are much alike throughout Australasia, and it is only to be expected, therefore, that similar items of expenditure should be found in the budgets of the various colonies. The chief point of difference is the extent to which local requirements are provided for out of general revenue. In most of the provinces provision for local improvements is a matter of which the State has ere this divested itself; but in New South Wales and Western Australia the central government still charges itself with the construction of works of a purely local character, especially in the rural districts; hence the appearance, in the statements of public expenditure of those colonies, of items of large amount which find no parallel in the other provinces. Also, when comparison is made with outside countries, other points of difference are found. In these colonies, as in other young communities, it has been necessary for the State to initiate works and services which in older countries have come within the province of the local authorities or have naturally been left to be undertaken by private enterprise. Even at the present day it is deemed advisable that the Government should retain the control of services, such as the railways, which in the United Kingdom and some other countries are not generally regarded as forming part of the functions of the State, and it is on account of the administration of these services that the budgets of the Australasian colonies reach such comparatively high figures.

In the colonies of New South Wales, Victoria, Queensland, South Australia, and Western Australia, the financial year ends on the 30th June; in Tasmania, on the 31st December; and in New Zealand, on the 31st March. Below will be found a statement showing the total revenue and expenditure of each colony for the financial year 1896-7, with the amounts per head of population. It must be pointed out that from the revenue and expenditure of New South Wales, Victoria, South Australia, Tasmania, and New Zealand, as given in the table, refunds are excluded; while for Queensland and Western Australia there is

nothing in the published statements to show whether the amounts are gross or net :—

Colony.	Year ended—	Total.		Per head of population.	
		Revenue.	Expenditure.	Revenue.	Expenditure.
		£	£	£ s. d.	£ s. d.
New South Wales.....	30 June, 1897..	9,107,208	9,140,350	7 0 5	7 0 11
Victoria	30 June, 1897..	6,630,217	6,814,843	5 12 11	5 16 0
Queensland	30 June, 1897..	3,613,150	3,604,261	7 13 1	7 12 8
South Australia*	30 June, 1897..	2,098,759	2,779,110	7 9 10	7 14 4
Western Australia	30 June, 1897..	2,842,751	2,839,453	20 12 2	20 11 8
Tasmania.....	31 Dec., 1896..	797,976	750,244	4 17 8	4 11 10
New Zealand	31 Mar., 1897..	4,725,799	4,483,981	6 13 6	6 6 8
Australasia		30,415,860	30,412,245	7 1 0	7 0 11

* Including Northern Territory.

As will be seen from the table, the revenue of the colonies for the financial year 1896-7 was £30,415,860, or £7 ls. per head of population, and the expenditure, £30,412,245, or £7 Os. 11d. per head, showing a total surplus on the twelve months' transactions of £3,615. The colonies which had a surplus were Queensland, Western Australia, Tasmania, and New Zealand; and those which had a deficit, New South Wales, Victoria, and South Australia. In regard to the last-mentioned colony, it may be stated that the revenue and expenditure of the colony proper were £2,628,049 and £2,635,860 respectively, and of the Northern Territory, £70,710 and £143,250. The deficit on the year's transactions was, therefore, chiefly due to the administration of the great area north of the 26th degree of south latitude.

SOURCES OF REVENUE.

The revenue of the colonies is mainly derived from taxation and public services. During the year 1896-7 the customs and excise duties yielded £8,765,594, and other forms of taxation, £2,834,743; while the railways and tramways returned a revenue of £10,494,612, and posts and telegraphs £2,467,936; making altogether a sum of £24,562,885

derived from these sources, or 80·8 per cent. of the total receipts. A division of the revenue of each colony is appended :—

Colony.	Taxation.		Railways and Tramways	Posts and Tele-graphs.	Public Lands.	Other Revenue.	Total Revenue.
	Customs and Excise Duties.	Other.					
	£	£	£	£	£	£	£
New South Wales	1,523,778	865,579	3,334,316	686,895	1,898,779	707,861	9,107,208
Victoria	2,023,422	573,628	2,597,255	522,739	412,972	500,201	6,630,217
Queensland	1,265,646	234,698	1,136,861	239,335	514,439	222,171	3,613,150
South Australia	629,807	311,263	1,038,909	260,725	177,517	280,533	2,698,759
Western Australia	1,087,257	97,027	930,146	222,716	397,533	98,472	2,842,761
Tasmania	347,925	108,792	160,985	70,564	69,522	40,183	797,976
New Zealand.....	1,887,750	643,151	1,287,140	464,962	272,954	169,833	4,725,799
Australasia.....	8,765,594	2,834,743	10,494,612	2,467,936	3,743,716	2,100,259	30,415,860

Below will be found a statement of the revenue in 1896-7 on the basis of population. The average for the whole of Australasia was £7 1s. 0d. per head, the amount ranging from £4 17s. 8d. in Tasmania to £20 12s. 2d. in Western Australia. The high revenue in the latter colony is attributable to the influx of foreign capital consequent on the discovery of the gold-fields. As most of the goods entering the colony are subject to duty, a large importation of capital necessarily means a large customs revenue and increased traffic and earnings of the railways :—

Colony.	Taxation.		Railways and Tramways.	Posts and Tele-graphs.	Public Lands.	Other Revenue.	Total Revenue.
	Customs and Excise Duties.	Other.					
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
New South Wales	1 3 6	0 13 4	2 11 5	0 10 7	1 9 3	0 12 4	7 0 5
Victoria	1 14 5	0 9 10	2 4 3	0 8 11	0 7 0	0 8 6	5 12 11
Queensland	2 13 8	0 9 11	2 8 2	0 10 2	1 1 9	0 9 5	7 13 1
South Australia	1 15 0	0 17 3	2 17 8	0 14 6	0 9 10	0 15 7	7 9 10
Western Australia	7 17 8	0 14 2	6 16 2	1 12 3	2 17 8	0 14 3	20 12 2
Tasmania	2 2 7	0 13 4	0 19 8	0 8 8	0 8 6	0 4 11	4 17 8
New Zealand	2 13 4	0 18 2	1 16 4	0 13 2	0 7 8	0 4 10	6 13 6
Australasia.....	2 0 8	0 13 2	2 8 8	0 11 5	0 17 4	0 9 9	7 1 0

It will be seen that the colony with the highest revenue from customs and excise duties as compared with population is Western Australia, New South Wales being at the other end of the scale. A false impression, however, is apt to be gathered from a bare statement of the amounts per head, as it might be assumed that the provinces with the least revenue are the most lightly taxed, while those with large revenues are heavily burdened. As a matter of fact, the truth is often the reverse of this ; for a low consumption of dutiable goods under a high tariff might give no greater revenue than a high consumption under a lower tariff.

Dividing the revenue derived from taxation into that payable (a) directly and (b) indirectly by the people, the former including land and income taxes, stamp duties, etc., and the latter customs and excise, license fees, etc., the appended figures are obtained :—

Colony.	Total Taxation, 1896-7.			Per head of population.		
	Direct.	Indirect.	Total.	Direct.	Indirect.	Total.
	£	£	£	£ s. d.	£ s. d.	£ s. d.
New South Wales	748,899	1,040,458	2,389,357	0 11 7	1 5 3	1 16 10
Victoria	557,187	2,030,863	2,597,050	0 9 6	1 14 9	2 4 3
Queensland	177,380	1,322,964	1,500,344	0 7 6	2 16 1	3 3 7
South Australia	289,940	651,120	941,075	0 16 1	1 16 2	2 12 3
Western Australia	74,968	1,100,916	1,184,884	0 10 11	3 0 11	8 11 10
Tasmania	95,238	361,429	456,717	0 11 8	2 4 3	2 15 11
New Zealand	643,151	1,837,759	2,530,910	0 18 2	2 13 4	3 11 6
Australasia	2,580,822	9,013,515	11,600,337	0 12 0	2 1 10	2 13 10

Comparing these figures with the returns for the year 1881, which are given below, it will be found that the general tendency has been to increase the direct taxation of the people, on account of the diminished land sales and the shrinkage in other revenue; while, with the exception of Western Australia, the revenue from indirect taxation per head of population has decreased, despite the general extension of the number of dutiable articles and the heavier duties levied. This, however, is only what might be expected to follow the smaller borrowings and the diminished purchasing power of the people during the past few years :—

Colony.	Total Taxation.			Per Inhabitant.		
	Direct.	Indirect.	Total.	Direct.	Indirect.	Total.
	£	£	£	£ s. d.	£ s. d.	£ s. d.
New South Wales	192,503	1,578,345	1,770,848	0 5 0	2 1 3	2 6 3
Victoria	347,782	1,635,345	1,983,127	0 8 1	1 18 0	2 6 1
Queensland	40,811	608,443	657,754	0 4 7	2 16 7	3 1 2
South Australia	14,522	569,617	584,139	0 1 1	2 2 7	2 3 8
Western Australia	1,206	114,919	116,125	0 0 10	3 17 10	3 18 8
Tasmania	66,748	283,398	350,146	0 11 5	2 8 6	2 19 11
New Zealand	405,802	1,480,507	1,886,309	0 16 6	3 0 1	3 16 7
Australasia	1,077,874	6,270,574	7,348,448	0 7 10	2 5 8	2 13 6

In respect of the proportion of revenue raised at the present time by taxation, the colonies differ considerably. Thus, no less than 57·2 per cent. of the revenue of Tasmania in 1896-7 was derived from that source; while in New Zealand the proportion was 53·5 per cent.; in Western Australia, 41·7 per cent.; in Queensland, 41·5 per cent.; in Victoria, 39·2 per cent.; in South Australia, 34·9 per cent.; and in New South Wales, only 26·2 per cent. The comparison, however, is only interesting as showing the large territorial revenue that New South Wales is fortunate enough to possess.

In all the colonies probate duties are levied, and in all the colonies except Western Australia and Queensland, land and income taxes. In Queensland the only incomes taxed are the dividends of joint-stock companies. In the previous edition of this work the changes in the probate and succession duties, and in the land and income taxes, were traced; the description given below deals only with the duties as they stand at the present time.

PROBATE AND SUCCESSION DUTIES.

New South Wales.—In this colony a duty of 1 per cent. is payable on the value of the real and personal estate of a testator or intestate, and on settlements of property taking effect after death, provided the value of the property is less than £5,000; 2 per cent. is payable on estates of the value of £5,000 and under £12,500; 3 per cent. upon £12,500 and under £25,000; 4 per cent. upon £25,000 and under £50,000; and 5 per cent. upon £50,000 and upwards. Estates not exceeding £200 in gross value are exempt from duty.

Victoria.—The present rates of duty payable in Victoria on the estates of deceased persons are as follow:—

Exceeding—	Not exceeding—	Rate.	Exceeding—	Not exceeding—	Rate.
£	£	per cent.	£	£	per cent.
.....	1,000	Nil.	34,000	36,000	6 $\frac{3}{4}$
1,000*	5,000*	2	36,000	38,000	6 $\frac{3}{4}$
5,000	6,000	3	38,000	40,000	6 $\frac{3}{4}$
6,000	7,000	3 $\frac{1}{2}$	40,000	44,000	7
7,000	8,000	3 $\frac{3}{4}$	44,000	48,000	7 $\frac{1}{2}$
8,000	9,000	3 $\frac{3}{4}$	48,000	52,000	7 $\frac{3}{4}$
9,000	10,000	3 $\frac{4}{5}$	52,000	56,000	7 $\frac{3}{5}$
10,000	12,000	4	56,000	60,000	7 $\frac{1}{2}$
12,000	14,000	4 $\frac{1}{2}$	60,000	64,000	8
14,000	16,000	4 $\frac{2}{5}$	64,000	68,000	8 $\frac{1}{2}$
16,000	18,000	4 $\frac{3}{5}$	68,000	72,000	8 $\frac{3}{5}$
18,000	20,000	4 $\frac{4}{5}$	72,000	76,000	8 $\frac{3}{5}$
20,000	22,000	5	76,000	80,000	8 $\frac{4}{5}$
22,000	24,000	5 $\frac{1}{5}$	80,000	84,000	9
24,000	26,000	5 $\frac{2}{5}$	84,000	88,000	9 $\frac{1}{5}$
26,000	28,000	5 $\frac{3}{5}$	88,000	92,000	9 $\frac{2}{5}$
28,000	30,000	5 $\frac{4}{5}$	92,000	96,000	9 $\frac{3}{5}$
30,000	32,000	6	96,000	100,000	9 $\frac{4}{5}$
32,000	34,000	6 $\frac{1}{2}$	100,000	.....	10

* With exemption of £1,000.

Only one-half of these rates is payable on the net amount received by the widow, children, and grandchildren of the testator or intestate, provided the total value of the estate is not more than £50,000 after all debts have been paid.

Queensland.—A succession duty of 2 per cent. is levied in Queensland on property acquired by a person on the death of its former owner when the value of the property is £200 and under £1,000; 3 per cent. is chargeable upon property valued at £1,000 and under £2,500; 4 per cent. upon £2,500 and under £5,000; 6 per cent. upon £5,000 and under £10,000; 8 per cent. upon £10,000 and under £20,000; and 10 per cent. upon £20,000 and upwards. When the successor is the wife or husband or lineal issue of the predecessor, one-half of these rates only is charged; and when the successor is a stranger in blood to the predecessor double rates are charged. The following small probate duties are also payable on the net value of the property:—

Value.	Probates.	Letters of Administration.
Under £50	Nil.	Nil.
£50 and not exceeding £100.....	10s.	£1.
Over £100 and not exceeding £200.....	£1.	£2.
„ £200 „ „ £500.....	£2.	£4.
„ £500	£5.	£10.

Succession duty is chargeable on all property held within the colony, although the testator or intestate may have been domiciled elsewhere; but power is taken to compound the duty and to accept one sum in respect of all successions, present and future, in the case of the deceased having been domiciled in the United Kingdom or a British possession, and it has been found difficult to assess the value of the succession. Also, where the British Government or the Government of a British possession exempts from duty property held in Queensland by a person domiciled in the United Kingdom or the British possession referred to, no duty is chargeable by the Queensland Government on property held in the United Kingdom or such British possession by a person domiciled in the colony.

South Australia.—Succession duties are imposed on real and personal property derived from the estate of a deceased person; on settlements of property to take effect after the death of the settlor; and on property made over by deed of gift during the lifetime of the donor, and not made before and in consideration of marriage, or in favour of a *bona-fide* purchaser or encumbrancer for valuable consideration. The duty is levied on the net present value, and is fixed at 10 per cent. when the legatee or beneficiary is a stranger in blood to the person from whom the property is received. When the person taking the property is the widow, widower, descendant, or ancestor, it is subject to a duty of $1\frac{1}{2}$ per cent. if the value is £500 and under £700; if £700 and under £1,000, 2 per cent.; £1,000 and under £2,000, 3 per cent.; £2,000 and under £3,000, $3\frac{1}{2}$ per cent.; £3,000 and under £5,000, 4 per cent.; £5,000 and under £7,000, $4\frac{1}{2}$ per cent.; £7,000 and under £10,000, 5 per cent.; £10,000 and under £15,000, $5\frac{1}{2}$ per cent.; £15,000 and under £20,000, 6 per cent.; £20,000 and under £30,000, $6\frac{1}{2}$ per cent.; £30,000 and under £40,000, 7 per cent.; £40,000 and under £60,000,

7½ per cent. ; £60,000 and under £80,000, 8 per cent. ; £80,000 and under £100,000, 8½ per cent. ; £100,000 and under £150,000, 9 per cent. ; £150,000 and under £200,000, 9½ per cent. ; and £200,000 and upwards, 10 per cent. ; one-half of these rates only to be charged when the person taking the property is the child (under 21 years of age) or the widow of the deceased, and the net present value of the whole estate is under £2,000. When the property is taken by a brother or sister, or a descendant of a brother or sister, or a person in any other degree of collateral consanguinity to the deceased person, settlor, or donor, a duty of 1 per cent. is charged if the net present value is under £200 ; if £200 and under £300, 1½ per cent. ; £300 and under £400, 2 per cent. ; £400 and under £700, 3 per cent. ; £700 and under £1,000, 3½ per cent. ; £1,000 and under £2,000, 4 per cent. ; £2,000 and under £3,000, 5 per cent. ; £3,000 and under £5,000, 6 per cent. ; £5,000 and under £10,000, 7 per cent. ; £10,000 and under £15,000, 8 per cent. ; £15,000 and under £20,000, 9 per cent. ; and £20,000 and upwards, 10 per cent.

Western Australia.—Probate duty is payable on the estates of deceased persons, and upon settlements of property to take effect after the death of the donor, with the exception of ante-nuptial settlements, all post-nuptial settlements made in pursuance of an agreement entered into before marriage, all settlements, on or for the wife, or her issue, or the issue of the settlor, of property which has accrued to the settlor after the marriage in right of his wife ; and payable upon all settlements made in favour of a purchaser or encumbrancer in good faith and for valuable consideration. The duty is imposed on the net value of the estate after all debts have been paid. The lowest sum subject to taxation is £1,500, and this sum is likewise exempted when the net value of the estate is less than £2,500, but when this value is exceeded no exemption is made. The rates of duty are as follow :—

£1,500 and under £2,500 (on excess of £1,500)	.....	1 per cent.
£2,500	„ £5,000	2 „
£5,000	„ £10,000	3 „
£10,000	„ £20,000	4 „
£20,000	„ £30,000	5 „
£30,000	„ £40,000	6 „
£40,000	„ £60,000	7 „
£60,000	„ £80,000	8 „
£80,000	„ £100,000	9 „
Over £100,000	.....	10 „

with half these rates when the beneficiaries comprise the parent, issue, husband, wife, and issue of husband or wife of the deceased.

Tasmania.—In this colony duties are imposed on probates of wills and letters of administration. The duty is levied on the net value of the personal estate of the testator or intestate. When the amount is

under £100 no duty is payable ; when it is £100 and not more than £500 the duty is 2 per cent. ; and when it is £500 and upwards the duty is 3 per cent. Life policies are exempt from taxation.

New Zealand.—The following duties are imposed in New Zealand on the final balance of the real and personal property left by a testator or intestate ; on settlements of property taking effect after the death of the settlor ; and on property made over by deed of gift taking effect during the lifetime of the donor, and not being property granted before and in consideration of marriage, or in favour of a *bona-fide* purchaser or encumbrancer in return for valuable consideration :—

Not exceeding £100	Nil.
£100 and not exceeding £1,000—	
On first £100	Nil.
On remainder	2½ per cent.
Over £1,000 and not exceeding £5,000	3½ „
Over £5,000 and up to £20,000.....	7 „
On £20,000 and upwards	10 „

with 3 per cent. additional in the case of strangers in blood, except adopted children. It is provided that no duty shall be payable on property passing absolutely into the possession of the widow of the deceased, or of the widower of the deceased ; and that only half-rates shall be payable on property acquired by the children, step-children, and grand-children of the testator or intestate. It is further provided that in the case of property in which a life estate or interest is acquired by the widow on the death of her husband, or by the widower on the death of his wife, payment of duty shall be made in ordinary course if the property possesses a capital value which would give an annual return of not less than £500 if invested at 6 per cent., and when the property is of lower value the widow or widower shall obtain a refund not exceeding 50 per cent. of the duty.

LAND AND INCOME TAXATION IN NEW SOUTH WALES.

In New South Wales, land tax is levied on the unimproved value ; the present rate being 1d. in the £. An exemption of £240 is allowed, and if the unimproved value is in excess of this sum a deduction equal to the exemption is made, but when a person or company holds several blocks of land only one sum of £240 may be deducted from the aggregate unimproved value. Also, when a block of land is mortgaged, the mortgagor is allowed to deduct from the amount of his tax a sum which is equal to the income tax chargeable to the mortgagee on the interest derived from the mortgage of the whole property, including improvements. The exemptions from taxation comprise Crown lands not subject to right of purchase, or held under special or conditional lease, or as homestead selections ; other lands vested in Her Majesty or her

representatives; lands vested in the Railway Commissioners; lands belonging to or vested in local authorities: public roads, reserves, parks, cemeteries, and commons; lands occupied as public pounds, or used exclusively for or in connection with public hospitals, benevolent institutions, and other public charities, churches and chapels, the University and its affiliated colleges, the Sydney Grammar School, and mechanics' institutes and schools of arts; and lands dedicated to and vested in trustees and used for zoological, agricultural, pastoral, or horticultural show purposes, or for other public or scientific purposes. Should the tax remain unpaid for a period of two years after it becomes due the Commissioners may, after giving another year's notice, let the land for a period not exceeding three years, or, with the permission of a Judge of the Supreme Court, sell so much of it as may be necessary for the payment of the tax, with fines, costs, and expenses added.

A tax is also imposed upon so much of every income as may be in excess of £200, except in so far as it is derived from the ownership or use or cultivation of land upon which land tax is payable; the present rate being 6d. in the £. The exemptions include the revenues of local authorities; the income of life assurance societies and of other societies and companies not carrying on business for purposes of profit or gain, and not being income derived from mortgages; the dividends and profits of the Savings Bank of New South Wales and the Post Office Savings Bank; the funds and income of registered friendly societies and trade unions; the income and revenues of all ecclesiastical, charitable, and educational institutions of a public character; and income accruing to foreign investors from Government stock. The regulations provide that in the case of every company its income shall be taken as the income of the company in New South Wales and from investments within the colony. Public companies are not allowed the exemption of £200.

LAND AND INCOME TAXATION IN VICTORIA.

The Land Tax Act in force in Victoria was passed with the object of breaking up large holdings. For this purpose it was declared that all "landed estates" should be subject to taxation; that a "landed estate" should consist of one or more blocks of land not more than 5 miles apart which possessed an aggregate area of upwards of 640 acres and a capital value of more than £2,500; that the value in excess of £2,500 should be taxed at the rate of $1\frac{1}{2}$ per cent. per annum, but that only one exemption should be allowed to a person or company owning more than one "landed estate"; and that the assessment of the capital value of the "landed estate" should be based upon the average number of sheep which it was estimated to be able to maintain, £4 per acre being fixed as the value of land which could carry 2 sheep or more to that area; £3 per acre if it could carry only $1\frac{1}{2}$ sheep; £2 per acre if it could carry only 1 sheep, and £1 if it could not maintain an average of a single sheep to the acre.

The rate of income tax payable in the colony varies according to the source whence the income is derived and the taxable amount of such income. On incomes derived from personal exertion 4d. in the £ is payable up to £1,200 ; on every £ in excess of this sum up to £2,200, 6d. ; and on every £ in excess of £2,200, 8d. ; double these rates being payable on incomes the produce of property within the colony. All incomes of and under £200 escape taxation, and this sum is exempted in all cases in which the income is higher. Land and buildings used by the owner for residential purposes are regarded as returning an income of 4 per cent. on the capital value ; and the income of companies whose head office is not within the colony is taken to be such a proportion of the total dividends of the company as the receipts or assets and liabilities (as may be prescribed) in Victoria bear to the total receipts or assets and liabilities. It is provided that shipowners whose principal place of business is outside the colony shall pay £5 for every £100 received for the carriage of Victorian passengers, goods, and mails. In the case of sales of property, where the principal is not a resident of Victoria, the taxable amount of his income derived from such sale or disposal of property is assessed at 5 per cent. of the total amount for which the property was sold or otherwise disposed of, unless it should be proved to the satisfaction of the Commissioner that the amount received was less than 5 per cent., when a corresponding reduction will be made. The exemptions include the income of the State, local authorities, savings banks, University of Melbourne and affiliated colleges, Working Men's College, schools of mines, technical schools, religious bodies, registered friendly societies, building societies, and trade unions ; of societies and public bodies not carrying on business for purposes of gain to shareholders or members ; of mutual life assurance companies whose head offices are in Australia ; of insurance companies (other than life) taking out an annual license under the Stamps Act ; and of mining companies, also such dividends derived from mining companies as may not be in excess of calls paid up during the year ; and income derived by foreign investors from the stock of Government or local bodies.

DIVIDEND TAX IN QUEENSLAND.

There is no land tax in Queensland, and income tax is only collected on the dividends declared by public companies. The rate is 1s. per £ on dividends declared by all companies having their head office or chief place of business in Queensland, provided that when the operations of such a company extend beyond the colony duty shall only be payable on so much of the dividends as is proportionate to the average capital employed within the colony. In the case of companies which have not their head office in Queensland, and which are not companies carrying on insurance business only, the duty is payable on so much of the total dividends as is proportionate to the average amount of capital employed

in the colony during the year as compared with the total average capital of the company ; and in the case of insurance companies duty is payable at the rate of 20s. for every £100 or part of £100 of gross premiums received. An exemption is allowed in the case of mining companies, the tax of 1s. per £ being payable only on dividends over and above those applied in repayment of the expenditure actually incurred by the company before the declaration of the first dividend in respect of labour or material employed in developing the mine, and in repayment of three-fourths of the cost of machinery erected for the raising of ores and other materials from the mine.

LAND AND INCOME TAXATION IN SOUTH AUSTRALIA.

In South Australia the land tax is calculated on the unimproved value, the rate being $\frac{1}{2}$ d. in the £, with an additional tax of $\frac{1}{2}$ d. on every £ in excess of £5,000. The amount of tax payable by an absentee, who is defined as a person who has been absent from or resident out of the colony for two years, is increased by 20 per cent. The exemptions to the land tax comprise Crown lands which are not subject to any agreement for sale or right of purchase, park lands, public roads, public cemeteries, and other public reserves, and land used solely for religious or charitable purposes, or used by any institute under the provisions of the Institute Act of 1874. It is provided that an assessment shall be made every three years, and that the distribution of the tax shall be made according to the proprietary interest held in the land. It is further provided that if the payment of the tax has been in arrear for a period of two years the Commissioner may, after giving another year's notice of his intention, let the land from year to year, and after deducting from the rents the amount of tax, with costs and expenses, hold the balance for the benefit of the owner ; or he may even go so far as to petition the Supreme Court for permission to sell so much of the land as may be necessary for the payment of the tax and costs and expenses.

The income tax varies according to the source whence the income is derived. On incomes derived from personal exertion the rate imposed is $4\frac{1}{2}$ d. in the £ up to and including £800, and 6d. for every £ in excess of that sum, with double these rates on incomes the produce of property. The sum exempted from taxation is £150, if the income does not exceed £300 per annum ; but no exemption is allowed in the case of an income in excess of the sum named. The exemptions from taxation comprise the incomes of municipal corporations and district councils ; of companies, public bodies, and societies not carrying on business for purposes of gain to be divided amongst shareholders or members ; and of friendly societies. Land and buildings occupied by the owner for residential purposes are taken as returning an income of 5 per cent. on the capital value, and the income of a company is declared to be the produce of property for taxation purposes.

LAND AND INCOME TAXATION IN TASMANIA.

The land tax payable in Tasmania is at the rate of $\frac{1}{4}$ d. in the £ on the total capital value of land, with a deduction of $\frac{1}{6}$ d. in the £ on account of mortgages. The exemptions comprise land the property of a municipal corporation or other local authority, or of a registered friendly society; the site of a State school under the Education Department; of a public library or museum; of the Tasmanian Museum; of a hospital or benevolent asylum or other building used solely for charitable or religious purposes, or land vested in trust for public purposes, public roads, cemeteries which are not owned by joint-stock or public companies, and public reserves, gardens, and recreation grounds. Crown lands held on lease are also exempted from taxation, but if they have been purchased on credit the occupier is required to pay tax; provided one-half of the price has been paid or has become due. The owner of the land is looked to directly for the amount of the tax, unless he resides out of the colony or cannot be found, in which case the occupier becomes responsible, but is allowed to deduct the sum from the amount of his rent. The Commissioner has power to let the land if the tax remains unpaid six months after it has become due, or, with the approval of a Judge of the Supreme Court, to sell it if the tax has remained unpaid for two years; and it is provided that the balance of the proceeds, after the amount of the tax, with costs and expenses, has been deducted, shall be handed over to the owner of the rented property or the original owner of the property which has been sold.

The Income Tax Act in force in the colony provides that 8d. per £ shall be payable on incomes derived from personal exertion, 1s. per £ on incomes the produce of property, and 1s. per £ on the profits of public companies. The chief exemptions are the revenues of municipal corporations and other local authorities; incomes of companies, societies, or public bodies or trusts not carrying on business with a view to a distribution of profits amongst their shareholders or members; the funds and incomes of registered friendly societies and trade unions; income accruing to foreign investors in Tasmanian Government stock; rents from land subject to land tax; incomes of banking and insurance companies which have not their head offices in the colony (and which are specially taxed); and incomes of persons who have not been resident in the colony for at least twelve months. It is provided that persons deriving income from sources outside the colony shall not be taxed in respect of the same if income tax has been paid upon the money in the colony or country whence it has been derived. In the case of incomes derived from personal exertion, an exemption is made of all incomes not exceeding £150; on incomes exceeding £150 and not exceeding £400, the sum of £120 escapes taxation; but all incomes exceeding £400 in amount are taxed to the full extent. Where the income is the produce of property, incomes not exceeding £100 in amount

are exempt from taxation ; but only £80 is exempted when the income exceeds £100 and does not exceed £400 ; and no exemption is allowed when the income is in excess of £400 per annum. It is also provided that, when the income is derived from both sources, no tax shall be payable if the total amount does not exceed £150 and the part derived from property is less than £100 ; but when the income from the combined sources exceeds £150 in amount and is less than £400, a certain deduction is made, provided the part derived from property is less than £100, or the part derived from personal exertion is less than £150 ; the deduction must, however, be made in such a manner that the amount of tax payable shall not be less than if the whole of such income had been derived either from property or from personal exertion.

LAND AND INCOME TAXATION IN NEW ZEALAND.

In New Zealand the Land and Income Tax Assessment Act imposes a tax upon incomes and an ordinary tax upon land and mortgages, the amount of which it is provided shall be fixed annually by a Rating Act ; and also an additional graduated tax upon the unimproved value of land, the rates of which are fixed by the Assessment Act. The rate of the ordinary tax upon land and mortgages at present stands at 1d. in the £ of capital value. It is provided that the owner of any land shall pay the tax on the actual value of his land, and also on the value of any mortgages which he may hold over other land, less the value of improvements, and of any mortgage which may be owing on his land. If, then, the net value does not exceed £1,500, an exemption of £500 is allowed, but for every £2 by which the net value exceeds the sum of £1,500 the exemption of £500 is reduced by £1, so that when the value reaches the sum of £2,500 there is no exemption at all. In the case of land owned and mortgages held by persons incapacitated by age, ill-health, or other cause from earning further income from business or employment, the exemption of £500 is raised to £2,000 if the annual income produced by the land and mortgages does not amount to a larger sum than £200. Mortgages are treated as land, and the holder is allowed the exemption of £500 from the ordinary tax.

The graduated land tax is imposed on all land possessing an unimproved value of £5,000 and upwards, an important difference between the two taxes being that the mortgagee escapes the graduated tax, and no deduction is allowed to the mortgagor in consideration of any sum which may be advanced on the property. It is provided that on an unimproved value of £5,000 and under £10,000, $\frac{1}{8}$ d. per £ shall be payable ; on £10,000 and under £15,000, $\frac{1}{4}$ d. ; £15,000 and under £20,000, $\frac{3}{8}$ d. ; £20,000 and under £25,000, $\frac{1}{2}$ d. ; £25,000 and under £30,000, $\frac{5}{8}$ d. ; £30,000 and under £40,000, $\frac{3}{4}$ d. ; £40,000 and under £50,000, $\frac{7}{8}$ d. ; £50,000 and under £70,000, 1d. ; £70,000 and under £90,000, $1\frac{1}{8}$ d. ; £90,000 and under £110,000, $1\frac{1}{4}$ d. ; £110,000

and under £130,000, 1½d. ; £130,000 and under £150,000, 1½d. ; £150,000 and under £170,000, 1½d. ; £170,000 and under £190,000, 1½d. ; £190,000 and under £210,000, 1½d. ; and £210,000 and over, 2d. per £. ; and it is further provided that an absentee, who is declared to be a person who has been absent from or resident out of the colony for a period of three years or more, shall pay a graduated tax of 20 per cent. additional to the schedule rates.

It is provided that returns of land and mortgages shall be made biennially. Purchasers of Crown lands on credit are liable to taxation, and the owner of a leasehold interest in land is liable to taxation in respect of the value of such interest. The exemptions comprise Crown lands ; lands vested in the Railway Commissioners and in local governing bodies ; land used solely in connection with a place of worship or a place of residence for the clergy of any religious body, or in connection with public schools established under the Education Act of 1877, or with any other school not carried on exclusively for gain or profit, but the maximum area of land exempted for the purposes of any school carried on for profit is 15 acres ; the site of a university or college, or school incorporated by any Act or Ordinance, or the site of a public library, atheneum, mechanics' institute, or school of mines ; a public cemetery or burial-ground ; the ground or place of meeting of any agricultural society, provided it be the property of such society ; the place of meeting of a friendly society or Masonic lodge, or of a registered building society ; land used for the purposes of public charitable institutions constituted under the Hospitals and Charitable Institutions Act, and of other charitable institutions not carried on for gain or profit ; public gardens, domains, or recreation or other public reserves not occupied by a tenant, and all public roads and streets ; land owned and occupied by Maoris, and not leased to or occupied by any person other than the Maori owner ; and any public railway, including the land occupied and used as permanent way and for yards, stations, and sheds, and all buildings used for the purposes of railway traffic only. Further exemptions comprise all land owned and mortgages held by any friendly society within the meaning of the Act ; all land owned and mortgages held by any savings bank constituted under the Savings Bank Act of 1858 ; all land owned and mortgages held by the Commissioners of Sinking Funds under the Public Debts Sinking Funds Act of 1868, or by the trustees of any local authority whose revenues are exempt from taxation ; and all mortgages held by or on behalf of any charitable institution.

Still another exemption is provided for, namely, all land owned and mortgages held by or on behalf of any religious body, the proceeds of which land and mortgages are devoted to the support of aged or infirm ministers, or of widows or orphan children of ministers. It is also declared that native land occupied by any other person than the Maori owner shall be subject to one-half of the ordinary land tax in respect of the Maori landowner's interest therein, while being exempt from the graduated tax, and that all mortgages held by or in trust for Maoris

shall be liable to the payment of ordinary land tax. Mortgages held by banking companies are reached by the income tax; and land owned and mortgages held by any registered building society are exempted from taxation, the profits derived by members being subject to income tax. In the event of land being undervalued, the Commissioner may give notice to the owner, within twelve months of the signing of the assessment roll, that he must increase the value of the land to the sum placed upon it by the taxation authorities. If the owner is not willing to increase the value to the sum notified by the Commissioner, he may appeal to the Resident Magistrate to assess the value; but should he neither adopt this course nor consent to the Commissioner's valuation within thirty days, the Commissioner may recommend that the Government shall purchase the land at the returned value plus 10 per cent. On the other hand, if the owner is not satisfied with the value at which the land has been assessed, whether by the Board of Review or not, he may call upon the Commissioner to reduce the valuation to a certain sum or to purchase the land at this price.

The income tax is payable upon income derived from employment and from business, including investments other than those in mortgages of land, upon which ordinary land tax is levied. An exemption of £300 is allowed to every person domiciled in the colony, this concession being withheld from absentees; but no exemption is allowed to a public company. The rate of tax is 6d. in the £ on the first taxable £1,000, and 1s. on every additional £, except in the case of public companies, which pay 1s. per £ on the whole sum. The income of public companies is declared to be the amount of dividends earned, sums carried to reserve fund, and any other profits made or income derived by such companies. To this provision exception is made in the case of banking companies, insurance companies, shipping companies, and loan, building, and investment companies. It is provided that every banking company shall be assessed for income tax at the rate of 7s. 6d. per £100 of the average of the total liabilities and assets for the four quarters of the preceding year. The shareholders of loan, building, and investment companies are personally taxed upon the amount of income derived from such societies. The regulations declare that a person or company engaged in business as the owner or charterer of shipping shall be assessed upon the income derived from such business carried on in New Zealand and with places beyond the colony; and that when the head office of a person or company engaged in such business is outside the colony the agent shall be liable to the payment of income tax of 5 per cent. of the receipts from the carriage of passengers, goods, and live stock shipped at New Zealand ports. It is also provided by these regulations that the income of every insurance company shall be taken as the income derived from business carried on in the colony, and from investments within the colony other than those in land and in mortgages of land. The exemptions to the income tax comprise the revenues of any county council, borough council, town

board, road board, harbour board, public university, public school, education board, school commissioners, licensing committee, and every other local authority receiving revenue of any kind for the purposes of or in relation to local self-government; the income of friendly societies and building societies, and of all public bodies and societies not carrying on business for purposes of gain to be divided amongst the shareholders or members; and income derived by the owner or occupier from any land on which land tax is payable, and from mortgages of such land. The income of any savings bank constituted under the Savings Bank Act of 1858, and the income of any public charitable institution, are also exempted. Also, when a person occupies for purposes of business or employment land on which he pays land tax, he is allowed to deduct from his income a sum equal to 5 per cent. on the amount on which he is liable to pay land tax. It is imperative that a person who does not reside permanently in the colony, and who offers or exposes goods for sale or disposition by sample or otherwise, shall take out an annual license, the fee for which is fixed by regulation at £50.

REVENUE FROM DIRECT TAXATION.

The following table shows the amount of revenue received from the various sources of direct taxation during the year 1896-7 :—

Colony.	Stamp Duties.		Land Tax.	Income Tax.	Dividend Tax.	Total.
	Probate.	Other.				
	£	£	£	£	£	£
New South Wales	143,428	186,639	139,079	279,753	.....	748,899
Victoria	86,906	175,456	115,524	179,301	.....	557,187
Queensland	114,929		.....	.....	*62,451	177,380
South Australia	100,259	28,747	75,084	85,859	.....	289,949
Western Australia	74,968		.....	.....	.....	74,968
Tasmania	1,993	17,130	39,353	34,506	2,306	95,288
New Zealand	265,275		†272,372	105,504	.....	643,151
Australasia	1,195,730		641,412	684,923	64,757	2,586,822

* Including £5,217 from totalisator tax.

† Including £63 from property tax.

LAND REVENUE.

The practice of treating as ordinary revenue money derived from the sale and occupation of Crown lands obtains in all the colonies, and the money so raised forms one of the largest items of their income. The propriety of so doing is open to grave doubt, but the argument used in its justification is that the sums so obtained have enabled the Government either to construct works, which both enhance the value of the remaining public lands and facilitate settlement, or to endow municipalities, and thus enable them to carry out local works. The revenue from land sales is declining year by year, both absolutely and as compared with population. In New South Wales and South Australia the falling-off has been most noticeable; in the former colony the revenue from this source is now some £1,353,000 less than was the case in 1881, while in South Australia the revenue from land sales is under £40,000.

Adopting the division of land revenue into receipts from sales and receipts from occupation, the following table shows the income for 1881:—

Colony.	Total Land Revenue.			Land Revenue per head.		
	From Auction and other classes of sales.	Occupation, &c., of Crown lands.	Total.	From Auction and other classes of sales.	Occupation, &c., of Crown lands.	Total.
	£	£	£	£ s. d.	£ s. d.	£ s. d.
New South Wales	2,483,338	337,651	2,820,989	3 4 11	0 8 10	3 13 9
Victoria	701,276	135,194	836,470	0 16 4	0 3 2	0 19 6
Queensland	435,664	186,893	622,557	2 0 6	0 17 5	2 17 11
South Australia	651,914	97,042	748,956	2 8 9	0 7 3	2 16 0
Western Australia	5,750	34,695	40,445	0 3 11	1 3 6	1 7 5
Tasmania	37,269	39,487	76,756	0 6 5	0 6 9	0 13 2
New Zealand	376,461	174,479	550,940	0 15 4	0 7 1	1 2 5
 Australasia	 4,691,672	 1,005,441	 5,697,113	 1 14 2	 0 7 4	 2 1 6

Compared with 1881, the land revenue for 1896-7 shows a large decline, in all amounting to £1,953,397. The falling-off is found entirely in the amount of revenue from sales, that derived from rents having largely increased. However, general remarks applicable to all the colonies can scarcely be made. New South Wales obtained £2,483,338 from land sales in 1881, out of a total of £4,691,672 for all the colonies, or more than one-half; while from occupation its revenue was £337,651 out of £1,005,441, or little more than one-third. In 1896-7 the revenue of the

colony from sales amounted to £1,129,925—still a large amount, but £1,353,413 short of the receipts of 1881. In regard to occupation, a different condition of things is disclosed. The receipts in New South Wales during 1896-7 totalled £768,854, or an increase of £431,203 as compared with 1881, and amounting to 40 per cent. of the total for Australasia. The following are the figures for 1896-7 :—

Colony.	Total Land Revenue.			Land Revenue per head.		
	From Auction and other classes of sales.	Occupation, &c., of Crown lands.	Total.	From Auction and other classes of sales.	Occupation, &c., of Crown lands.	Total.
	£	£	£	£ s. d.	£ s. d.	£ s. d.
New South Wales	1,129,925	768,854	1,898,779	0 17 5	0 11 10	1 9 3
Victoria	306,387	106,585	412,972	0 5 2	0 1 10	0 7 0
Queensland	131,753	382,686	514,439	0 5 7	0 16 2	1 1 9
South Australia	36,056	141,461	177,517	0 2 0	0 7 10	0 9 10
Western Australia	103,262	294,271	397,533	0 15 0	2 2 8	2 17 8
Tasmania	29,974	39,548	69,522	0 3 8	0 4 10	0 8 6
New Zealand	109,521	163,433	272,954	0 3 1	0 4 7	0 7 8
Australasia	1,846,878	1,896,838	3,743,716	0 8 7	0 8 9	0 17 4

In all the colonies, New South Wales and Victoria excepted, a general sinking fund is established to assist in the redemption of public loans on maturity, and in New South Wales special sinking funds have been inaugurated in connection with portions of the local funded stocks. The desirability of establishing a general sinking fund is on all sides admitted, and a portion of the proceeds of lands sales could with advantage be set apart from the general revenue and devoted to this purpose. Victoria deals with a portion of the proceeds from the sale of Crown lands apart from the general revenue, and in 1891 a sum of £578,740 derived from that source had been placed to the credit of the Railway Construction Account; while since that year various sums have been appropriated on account of the "Land Sales by Auction Fund" for expenditure on public works.

HEADS OF EXPENDITURE.

The amount disbursed by the Government of New South Wales is far larger than that expended by any other colony of the group; in the last financial year it exceeded the expenditure of Victoria by £2,325,507, was more than twice as great as that of New Zealand, and was about equal to the united expenditure of Queensland, South Australia, and Western Australia. This is chiefly owing to the large extent of settled territory in the colony, and the system of centralisation already referred

to. Below will be found a statement of the expenditure of each colony during the financial year 1896-7 :—

Colony.	Railways and Tramways.	Posts and Telegraphs.	Public Instruction.	Interest and charges on Public Debt.	All other Services.	Total Expenditure.
	£	£	£	£	£	£
New South Wales	1,800,027	686,894	716,760	2,404,953	3,531,716	9,140,350
Victoria	1,562,671	489,911	538,684	1,802,092	2,331,485	6,814,843
Queensland	682,646	309,830	220,219	1,263,650	1,127,901	3,604,204
South Australia	639,602	204,132	153,560	1,018,555	763,261	2,779,110
Western Australia	580,147	313,203	40,260	251,172	1,654,671	2,839,453
Tasmania	122,452	64,506	37,657	339,698	185,961	750,244
New Zealand	776,748	352,386	457,482	1,725,597	1,171,768	4,483,981
Australasia	6,164,293	2,420,871	2,164,622	8,895,696	10,766,763	30,412,245

It will be seen from the foregoing statement that 20·3 per cent. of the whole expenditure is for working the railways of the colonies—a service not undertaken by the Government in the United Kingdom and the United States. Posts and telegraphs absorb 8·0 per cent., while public instruction accounts for 7·1 per cent., and interest on the public debt, 29·2 per cent.

Adopting the classification of expenditure used in the preceding table, the amounts per inhabitant of each province are given below. It may be here mentioned that in New South Wales, and to some extent in South Australia and Western Australia, the tramways are the property of the State, and are under the same management as the railways, with which they are included in the various statements in this sub-chapter relating to revenue and expenditure :—

Colony.	Railways and Tramways.	Posts and Telegraphs.	Public Instruction.	Interest and charges on Public Debt.	All other Services.	Total Expenditure.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
New South Wales..	1 7 9	0 10 7	0 11 1	1 17 1	2 14 5	7 0 11
Victoria	1 6 7	0 8 4	0 9 2	1 12 3	1 19 8	5 16 0
Queensland	1 8 11	0 13 2	0 9 4	2 13 6	2 7 9	7 12 8
South Australia....	1 15 6	0 11 4	0 8 6	2 16 7	2 2 5	7 14 4
Western Australia..	4 4 1	2 5 5	0 5 10	1 16 5	11 19 11	20 11 8
Tasmania	0 15 0	0 7 11	0 4 7	2 1 7	1 2 9	4 11 10
New Zealand	1 1 11	0 10 0	0 12 11	2 8 9	1 13 1	6 6 8
Australasia.....	1 8 7	0 11 2	0 10 0	2 1 3	2 9 11	7 0 11

The most remarkable feature in the general expenditure of the Australasian colonies is the largeness of the amount required to pay interest and charges on the public debt, both in regard to the rate per head and the proportion of total revenue thus hypothecated. The proportion for Australasia is 29 per cent. of the total expenditure, or £2 1s. 3d. per head of population. The actual expenditure for each

colony during 1896-7 was as shown below. The amounts given are actual payments made during the financial year, and do not represent the interest liabilities of that period, the amounts of which will be found on page 390 :—

Colony.	Interest and Charges on Public Debt.		
	Total.	Per head of Population.	Proportion of Total Expenditure.
	£	£ s. d.	per cent.
New South Wales	2,404,953	1 17 1	26·31
Victoria	1,892,092	1 12 3	27·76
Queensland	1,263,659	2 13 6	35·06
South Australia	1,018,555	2 16 7	36·65
Western Australia	251,172	1 16 5	8·84
Tasmania	339,668	2 1 7	45·27
New Zealand	1,725,597	2 8 9	38·48
Australasia	8,895,696	2 1 3	29·25

A casual glance at the figures quoted will lend colour to the suggestion sometimes hazarded that the colonies are too rapidly mortgaging their resources, and that the expense of the public debt will prove a greater burthen than can easily be borne. However true this may be as far as any individual colony is concerned, it is certainly erroneous as regards the whole of Australasia. Out of the sum of £8,895,696 required to pay interest and charges on the public debt during 1896-7, £4,330,319 was directly recouped by the net revenue from public railways, while water supply and sewerage yielded a further sum of £284,591, making a total of £4,614,910. Besides this, there is a large indirect revenue obtained by each of the colonies from the opening-up of its public lands, and from the construction of breakwaters, lighthouses, bridges, and other works of public utility. But even these advantages might have been bought at too high a price if production had not correspondingly advanced. Fortunately such has been the case, as will be seen from the chapters in this volume which deal with the leading items of Australasian production.

ADJUSTED REVENUE AND EXPENDITURE.

The form in which the public accounts of the colonies are presented has led to a great deal of misconception regarding the actual requirements of the various Governments for public purposes. Nor has it been possible to do other than follow that form in the foregoing pages, as otherwise the figures quoted would differ from the various Treasury statements, and add another element of confusion; nevertheless, it would be well before closing the remarks on this branch of public finance to make a separation of the items of revenue and expenditure

according to the principles which should govern the presentation of the public accounts. This is effected by treating the services which are generally regarded as outside the functions of the central Government, namely, railways and tramways, and water supply and sewerage, as matters apart from the general receipts and expenditure, and only crediting the State with the surplus from, or debiting it with the cost of these services, after deducting working expenses and making allowance for interest on the invested capital. Posts and telegraphs have not been excluded, as they are matters of governmental administration in nearly all countries. The adjusted revenue for the year 1896-7 will be found below :—

Colony.	Revenue, excluding Services.*	Net Revenue from Services.*	Total adjusted Revenue.	Per head of Population.
	£	£	£	£ s. d.
New South Wales.....	5,486,738	4,422	5,491,160	4 4 8
Victoria	4,032,962	.....	4,032,962	3 8 8
Queensland.....	2,476,289	.....	2,476,289	5 4 11
South Australia.....	1,561,202	.....	1,561,202	4 6 8
Western Australia.....	1,903,605	175,255	2,078,860	15 1 5
Tasmania	636,991	.....	636,991	3 17 11
New Zealand	3,438,659	.....	3,438,659	4 17 1
Australasia.....	19,536,446	179,677	19,716,123	4 11 5

* Railways, tramways, water supply and sewerage.

It will be seen that the only colonies which obtained a revenue from these services during 1896-7, after working expenses and interest on capital had been allowed for, were New South Wales and Western Australia—a position due to the increased traffic on the railway lines. The next table shows the adjusted expenditure :—

Colony.	Expenditure, excluding Services.*	Net Expenditure on Services.*	Total adjusted Expenditure.	Per head of Population.
	£	£	£	£ s. d.
New South Wales	5,524,302	.....	5,524,302	4 5 2
Victoria.....	3,822,009	395,579	4,217,588	3 11 10
Queensland	2,151,405	315,998	2,467,403	5 4 6
South Australia	1,455,746	185,807	1,641,553	4 11 2
Western Australia	2,076,162	.....	2,076,162	15 1 0
Tasmania	474,936	114,323	589,259	3 12 1
New Zealand	3,106,975	89,866	3,196,841	4 10 3
Australasia	18,611,535	1,101,573	19,713,108	4 11 4

* Railways, tramways, water supply and sewerage.

The figures just given show that the actual cost of government is materially less in the colonies than would appear from the ordinary statement of revenue and expenditure.

POSITION OF REVENUE ACCOUNTS.

The following table has been compiled with the view of showing the position of the Revenue Account of each colony at the close of the last financial year. It will be seen that five of the colonies have large overdrafts, partly cash and partly in the form of treasury bills, and that to establish the necessary equilibrium between income and outgo a restricted expenditure by future administrations will be absolutely necessary. For Tasmania the figures refer to the end of the year 1896; for New Zealand, to the 31st March, 1897; and for the other five colonies, to the 30th June, 1897. The figures given in the last column of the table represent the total debit balances at these dates. It is very necessary that this fact should be borne in mind, as it often happens that the official statements of the colonies show only the cash overdraft, the amount represented by outstanding treasury bills being omitted from consideration:—

Colony.	Cr. Balance.	Dr. Balance.		
		Overdraft liquidated by Treasury Bills.	Cash Overdraft.	Total Dr. Balance.
	£	£	£	£
New South Wales.....	114,445	2,477,584	.....	2,477,584
Victoria .....	.....	500,000	2,152,968	2,652,968
Queensland.....	.....	.....	286,722	286,722
South Australia.....	.....	.....	485,856	485,856
Western Australia	315,362	.....	.....	.....
Tasmania.....	.....	.....	394,371	394,371
New Zealand	354,286	.....	.....	.....
Total.....	784,093	2,977,584	3,319,917	6,297,501

It will be seen that for the colony of New South Wales the table shows an overdraft of £2,477,584 which has been liquidated by treasury bills, while at the same time the revenue account had a credit balance of £114,445 at the close of the financial year. This is explained by the fact that the Government have decided not to apply this credit balance to the redemption of any part of the outstanding bills, which were issued to cover deficiencies of previous years, but to carry the balance to the next year. In reference to the South Australian cash overdraft of £485,856, it should be pointed out that this is obtained by a credit balance of £3,656 for the colony proper, after paying £20,000 to the Public Debt Sinking Fund, and a debit balance of £489,512 for the Northern Territory. Also, in the case of Tasmania, it is necessary to mention that the cash overdraft of £394,371 shown

above was covered by treasury bills and local inscribed stock to the amount of £469,808, which had been issued and were outstanding at the end of the year. The proceeds from these sales had not, however, been brought to account on the 31st December, 1896.

The condition of the revenue accounts of New South Wales, Victoria, and New Zealand needs further explanation. In New South Wales land was resumed in 1889 for the purpose of facilitating certain improvements in connection with a street facing the General Post-office, Sydney, and it was determined that the sum paid for resumption should not be treated as a matter of ordinary expenditure, but be held in suspense pending the sale of the land resumed, or so much of it as was not needed for the formation of the Post-office street. Another resumption of land by the Government of New South Wales was authorised by the Centenary Celebration Act of 1887, which provided for the acquisition of a large area of land, close to Sydney, for the formation of a public park to commemorate the centenary of the colony. Of the area so acquired, 640 acres were to be set aside for the park, and the remainder was to be sold, and the proceeds placed against the expenditure. So far no sales have been effected, and in 1894 the payments on account of the formation of the park were transferred from the Consolidated Revenue Fund Account to a special suspense account. On the 30th June, 1897, the debit balance of the Centennial Park Account was £224,372, and of the General Post-office New Street Resumption Account, £469,263, neither of which amounts is included in the above table. In Victoria certain public works were undertaken on the understanding that the cost should be defrayed from the proceeds of the sale of certain lands specifically set apart for the purpose. These works have been constructed, but the sales have fallen short to the extent of £451,378, and this sum has been placed to a suspense account, which is likewise excluded from the debit balance given above. In the credit balance of New Zealand, shown on page 385, allowance has been made for the transactions of several suspense accounts, but in order to place the revenue and expenditure of that colony on the same footing as those of the other provinces, the operations on the accounts referred to have not been taken into consideration in the tables on page 365.

The practice of issuing Treasury bills for the purpose of liquidating an overdraft, which is illustrated by the above table, obtains in all the colonies, the bills being in this respect somewhat like the exchequer bills issued by the British Treasury. This, however, is the only point of resemblance between the two. The British exchequer bills bear interest at a rate which is fixed from year to year, and at the end of every twelve months the holder has the option of retaining them or presenting them at the Treasury for payment. They are, therefore, readily saleable, and are used with great freedom in commercial transactions, for, as will be seen, they combine the two advantages of ready money and money bearing interest. The Treasury bills of these colonies, on the other hand, are only payable at the Treasury on the expiry of

the period for which they are issued, and they carry interest at a fixed rate during the whole term of currency ; consequently they are not used to any extent in commerce. The nearest approach to the British system seems to prevail in New Zealand. Treasury bills are generally regarded as unfunded or floating debt, and until wiped off form part of the public debt.

TRUST FUNDS.

It may be pointed out here that all the Governments in Australasia hold sums in trust, either directly or indirectly. In some instances these sums are considerable, and are found extremely useful in adjusting the finances, forming a strong reserve which a Government is able to use in tiding over temporary difficulties. It is, however, very questionable whether the existence of a large balance out of which a necessitous Treasurer can make advances to an overdrawn revenue or loans account, is desirable. In past years it has led to much extravagance that a Treasurer forced to rely on the legitimate revenue of the country would have been compelled to avoid. Several colonies have seen this, and in New Zealand and South Australia public trustees have been appointed to control Trust Funds in the hands of the Government ; but in the other colonies these funds are directly subject to the Treasury. The following are the balances of the Trust Funds on the 30th June, 1897, so far as they can be ascertained :—

	£
New South Wales	8,672,742
Victoria	5,342,611
Queensland	2,901,053
South Australia	311,581
Western Australia.....	1,657,177

GROWTH OF PUBLIC DEBT.

The practice of raising money for State purposes by means of public loans was begun in 1842, when New South Wales issued debentures redeemable in two years and bearing interest at the rate of 8 per cent. per annum. The sum raised—£45,900—was devoted to immigration purposes. This, as well as the succeeding loans, nine in number, raised prior to 1855, was obtained locally ; in the year named, however, New South Wales placed on the London market the first instalment of a 5 per cent. loan for £683,300, which was the first external loan raised, and may be rightly said to mark the commencement of the present Australasian indebtedness.

So far as most of the colonies are concerned, their public debts date from about the time of their assuming the control of their own affairs ; but Western Australia, which obtained responsible government in 1890, incurred liabilities in London as far back as 1872. In the case of that colony, however, the granting of Parliamentary government was unduly

delayed. The following table is interesting as showing the liabilities of each of the provinces at the date of its taking charge of its own affairs:—

Colony.	Date of obtaining Responsible Government.	Amount of Debt Liability at that date.
		£
New South Wales	1855	1,366,770
Victoria	1855	480,000
Queensland	1859	Nil
South Australia	1856	294,900
Western Australia	1890	1,367,444
Tasmania	1855	Nil
New Zealand	1856	Nil

No feature of Australasian finance is so astonishing as the growth of the public indebtedness, and this fact has formed the gravamen of the many indictments which have been urged against the colonies during recent years. The debts have undoubtedly grown at a much more rapid pace than the population; but as the colonies were in an entirely undeveloped state when public borrowing first came into favour, the more rapid growth of their indebtedness as compared with the population was in a sense the corollary of the position taken up by the various Governments—that the State should reserve to itself the construction of railways and similar undertakings which in other countries are prosecuted by private enterprise. Even with this explanation, however, the figures in the following statement are sufficiently striking:—

Colony.	1861.	1871.	1881.	1891.	1896-7.
	£	£	£	£	£
New South Wales	4,017,630	10,614,330	16,924,019	52,950,733	61,074,498
Victoria	6,345,060	11,994,800	22,426,502	43,638,897	47,529,321
Queensland	70,000	4,047,850	13,245,150	29,457,134	33,498,414
South Australia ...	866,500	2,167,700	11,196,800	20,347,125	24,414,000
Western Australia	Nil	Nil	511,000	1,613,594	7,310,815
Tasmania	Nil	1,315,200	2,003,000	7,110,290	8,251,778
New Zealand	600,761	8,900,991	29,659,111	38,844,914	44,366,618
Australasia.....	11,899,951	39,040,871	95,965,582	193,962,687	226,445,444

The amounts for the year 1896-7 represent both funded and unfunded debt. In round figures the increase from 1861 to 1871 was 27 millions; from 1871 to 1881, 57 millions; from 1881 to 1891, 98 millions; and from 1891 to 1897, 32 millions. It must be pointed out that the figures in the last column show the public indebtedness as represented by outstanding debentures or stock; but the real sum is less by the amount of sinking funds in the case of all the colonies except Victoria, viz., New Zealand, £814,294; Queensland, £70,393;

South Australia, £204,989 ; Western Australia, £205,637 ; and Tasmania, £128,662. In New South Wales, sinking funds have been established in connection with some of the recent loans for the purpose of extinguishing portions of the expenditure on works of an unproductive character, the total amount accrued to 30th June, 1897, being £28,022. There are also annual payments on account of two of the railway loans and the treasury bills in aid of revenue, but the instalments are deducted annually, and the net indebtedness shown in the statement of the public debt.

The figures showing the total amount of the debt of each colony would be incomplete without corresponding information respecting the debt per head of population. In 1861 the public debt of Australasia stood at £9 8s. per inhabitant; in 1871, at £19 16s. 4d.; in 1881, at £34 0s. 2d.; in 1891, at £49 14s. 11d.; while in 1897 it was £52 9s. 8d. For each colony the figures are as follow :—

Colony.	1861.	1871.	1881.	1891.	1896-7.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
New South Wales	11 4 5	20 10 0	21 14 8	45 8 10	46 12 1
Victoria	11 14 3	16 0 11	25 9 7	37 13 11	40 8 7
Queensland	2 0 9	32 6 11	58 7 2	71 15 9	70 0 4
South Australia ...	6 16 8	11 13 7	39 2 1	62 9 2	67 10 3
Western Australia	Nil.	Nil.	17 0 6	30 5 8	48 15 2
Tasmania	Nil.	12 18 5	16 16 10	46 11 9	49 13 6
New Zealand	6 1 4	33 6 9	59 4 2	61 5 3	61 16 5
Australasia ...	9 8 0	19 16 4	34 0 2	49 14 11	52 9 8

Of the £226,445,444 which constituted the debt of Australasia in 1897, £222,195,540 represented funded debt raised either as debentures or as funded or inscribed stock, and £4,249,904 unfunded or floating debt. The particulars for each colony will be found below. With regard to the treasury bills shown as outstanding in Tasmania, it has already been pointed out that these are held to liquidate the accumulated revenue deficiency shown on page 385 :—

Colony.	Date.	Debenture Bonds.	Inscribed and Funded Stock.	Treasury Bills.		Total.
				For Works.	In aid of Revenue.	
		£	£	£	£	£
New South Wales..	30 June, 1897	10,695,150	47,890,764	*5,000	2,477,584	61,074,498
Victoria	30 June, 1897	20,703,795	26,225,526	100,000	500,000	47,529,321
Queensland	30 June, 1897	11,434,380	22,064,034	.....	.....	33,498,414
South Australia ..	30 June, 1897	11,184,600	12,729,400	500,000	.....	24,414,000
Western Australia..	30 June, 1897	370,000	6,447,595	492,320	.....	7,310,915
Tasmania	31 Dec., 1896	3,325,670	4,751,108	.....	175,000	8,251,778
New Zealand	31 Mar., 1897	7,528,529	36,838,089	.....	.....	44,366,618
Australasia		65,243,024	156,952,510	1,097,320	3,152,584	226,445,444

* Overdue.

The relative burthen of the public debt of the various colonies is not to be determined only by comparing the gross amounts with the population, for the rate of interest payable must also be taken into consideration. Thus the general average interest payable by New South Wales is 3·67 per cent., while South Australia pays 3·94 per cent., so that a debt of £100 in the former is not more burthensome than £93 2s. 11d. in the latter colony. A more exact basis of comparison is obtained by taking the interest liability, which is shown below. The interest given is on the supposition that the debt is outstanding for the whole of the year following the day on which the amounts are made up. The whole debt, funded and unfunded, has been included :—

Colony.	Average rate of Interest.			Amount of Interest.	
	Funded Debt.	Unfunded Debt.	Total.	Amount on Outstanding Liabilities.	Per Inhabitant.
	per cent.	per cent.	per cent.	£	£ s. d.
New South Wales.....	3·69	3·15	3·67	2,241,933	1 14 5
Victoria	3·88	4·08	3·88	1,845,087	1 11 5
Queensland	3·79	.....	3·79	1,271,244	2 13 2
South Australia	3·93	4·56	3·94	962,979	2 13 3
Western Australia.....	3·55	4·01	3·59	262,142	1 15 0
Tasmania	3·81	4·33	3·82	315,222	1 17 11
New Zealand	3·92	.....	3·92	1,738,622	2 8 5
Australasia	3·82	3·60	3·81	8,637,229	1 19 8

In 1884 the nominal rate of interest on New South Wales loans was fixed at 3½ per cent., at which rate stock to the amount of £29,326,200 had been sold to June, 1897. This example was not followed by any of the other colonies until 1888, when Queensland successfully floated a loan of £2,520,000 at the reduced rate; and in 1889 Victoria, South Australia, Tasmania, and New Zealand, in the order named, were successful in issuing stock at a similar nominal rate. Through the pressure of the financial crisis, the nominal rate for those colonies which issued in 1893 was increased to 4 per cent. Early in the following year, however, South Australia and Tasmania again placed loans on the market at the lower rate. New Zealand, in May, 1895, was the first colony to issue a 3 per cent. loan—an example which was followed by New South Wales in October of the same year, and by Western Australia in May, 1896, and May, 1897. South Australia also has issued 3 per cent. stock to the amount of £1,946,300. In June, 1897, Queensland floated a 3 per cent. loan of £1,500,000 in London, and local stocks were also issued at the same rate of interest. In Victoria and Tasmania local stocks, bearing interest at 3 per cent., were sold in 1896 and 1897. Below will be found the amount of the total debt under each rate of

interest. For Tasmania the figures refer to the 31st December, 1896 ; for New Zealand, to the 31st March, 1897, and for all the other colonies, to the 30th June, 1897 :—

Rate of Interest.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	New Zealand.	Australasia.
FUNDED DEBT.								
3 cent.	£	£	£	£	£	£	£	£
Nil.	3,650	.....	.....	.....	.....	.....	4,500	8,150
6	94,500	.....	.....	849,400	32,500	179,900	128,200	1,284,500
5½	4,500	.....	.....	.....	.....	.....	.....	4,500
5	2,289,200	.....	.....	290,000	83,100	100	937,700	3,600,100
4½	3,700	5,000,000	.....	.....	83,400	.....	1,374,534	6,961,634
4	21,065,439	27,930,857	21,384,300	17,464,400	3,019,495	4,144,970	31,513,102	126,522,563
3½	29,320,200	12,000,000	10,489,634	3,363,900	750,000	3,699,300	8,381,962	68,010,996
3	5,804,725	1,998,464	1,624,480	1,046,300	2,850,000	62,508	1,526,620	15,803,097
Total	58,501,914	46,929,321	33,498,414	23,914,000	6,818,495	8,076,778	44,366,618	222,195,540

UNFUNDED DEBT—Treasury Bills.

Nil.	5,000	.....	.....	.....	.....	.....	.....	5,000
4-5625	.....	.....	.....	500,000	.....	.....	.....	500,000
4½	.....	250,000	.....	.....	12,320	97,470	.....	359,790
4	.....	.....	.....	.....	.....	34,430	.....	34,430
4	388,500	250,000	.....	.....	480,000	43,100	.....	1,161,600
3½	.....	100,000	.....	.....	.....	.....	.....	100,000
3	2,089,084	.....	.....	.....	.....	.....	.....	2,089,084
Total	2,482,584	600,000	.....	500,000	492,320	175,000	.....	4,249,904
Total Debt	61,074,498	47,529,321	33,498,414	24,414,000	7,310,815	8,251,778	44,366,618	226,445,444

The treasury bills of New Zealand do not rightly form part of the public debt, and such of these as were outstanding have therefore been excluded from the foregoing statement.

REDEMPTION OF LOANS.

Loans are either redeemed or renewed. In the former case, the amount of the obligations of the State to its public creditors is reduced ; in the latter case, the liability remains the same or is only slightly altered. Repayments, however, are chiefly effected under the head of renewals, the amount of loans redeemed from revenue—by sinking fund, annual drawings, or directly from the general account—being small. The principle of extinguishing public debt by the operation of sinking funds or by annual drawings is not general in Australasia, and in the colonies in which it has been adopted the loans affected do not amount to a large sum. In the case of sinking funds the money is held until the date of redemption ; but exactly the opposite course is followed where annual drawings are provided, for in such cases the Government

retire a certain amount of their debentures yearly, and thus effect a gradual extinction of the loan. As already explained, all the colonies except Victoria have sinking funds in operation, the amounts to the credit of which will be found on page 388. The system of annual drawings has been adopted to a very limited extent only by New Zealand, New South Wales, and Western Australia.

With the exception of one or two small amounts of perpetual or interminable stock, all the Australasian loans are redeemable at prescribed dates; hence the Governments frequently find themselves at the mercy of an adverse market when they are compelled to raise a loan to pay off stock falling due. Within the last few years, however, practical steps have been taken by Victoria, South Australia, Western Australia, and Tasmania to avoid this disability, the Governments of those colonies, in their late issues, having reserved to themselves the option of redeeming at a minimum or a maximum date, or any intervening period, on giving the necessary six or twelve months' notice. Canada was the first of the British possessions to introduce this principle.

DATES OF MATURITY.

Australasian loans have been issued for fixed periods, and the amount maturing in each year is given in the following statement. No combined action is taken to regulate the raising of loans, each colony acting according to the exigencies of its Government, regardless of the financial condition of its neighbours. The placing of a loan on the London market, especially if it be for a large amount, generally results in an all round fall in the prices of Australasian stocks, and subsequent issues of other colonies are placed at a disadvantage if the market is approached before it has recovered its tone; in fact, the colonies have in this respect all the evils of disintegration and all the liabilities of federation, without any of the advantages which federation would give. It would be useless to discuss the amount falling due in any year, large though it may be, unless for a period close at hand, as existing conditions will eventually become so intolerable that some change must perforce be made. Happily, the amounts to be redeemed during the next decade are moderate, and the fact of heavy obligations requiring to be met in any remote year may prove of advantage, as it will simplify negotiations when the time is ripe for the conversion of Australasian loans into one consolidated stock. Only one colony—New Zealand—is at present systematically working with this end in view, but so far it has treated the question from a provincial standpoint only. The principle of adopting a minimum and a maximum date for repayment has been so recently introduced that, in the table now given, no attempt has been made to specially show the amounts to which it is applicable, the period of redemption in each case being assumed to be the more remote date.

Due Dates.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	New Zealand.	Australasia.
FUNDED DEBT.								
Overdue	£ 3,650	£	£	£	£	£	£ 4,500	£ 1,150
1897 .....	.....	120,062	.....	.....	.....	50,177	263,032	433,271
1898	170,700	.....	.....	140,000	.....	157,954	2,265,100	2,742,754
1899	107,700	1,500,000	.....	1,140,000	.....	20,267	724,292	3,583,250
1900	861,000	.....	.....	60,000	.....	74,040	141,800	1,137,440
1901	420,000	3,000,000	.....	67,300	32,500	122,028	.....	3,642,728
1902	459,000	.....	.....	65,000	34,000	32,000	250,000	840,000
1903	1,003,700	.....	.....	65,000	31,500	58,240	.....	1,158,440
1904	58,000	5,457,000	.....	62,500	.....	24,040	.....	5,601,540
1905	903,800	.....	.....	72,500	17,000	61,282	101,000	1,156,782
1906	224,900	.....	.....	37,500	.....	.....	.....	262,400
1907 .....	.....	4,000,000	.....	1,037,500	.....	.....	1,000,000	6,037,500
1908	1,450,000	2,000,000	.....	1,951,100	.....	300,000	500,000	6,201,100
1909	1,710,500	.....	.....	3,122,700	.....	.....	40,000	4,962,200
1910	2,803,700	.....	.....	60,300	.....	.....	322,405	3,246,405
1911 .....	.....	.....	.....	68,300	.....	1,000,000	.....	1,068,300
1912	3,993,755	.....	.....	85,000	.....	.....	.....	4,078,755
1913 .....	.....	4,000,000	1,400,500	47,000	.....	540,650	500,500	6,560,650
1914 .....	.....	.....	.....	36,000	.....	800,000	340,800	1,176,800
1915 .....	.....	.....	11,723,800	35,000	.....	.....	3,800	11,767,600
1916 .....	.....	.....	.....	3,070,100	.....	.....	12,200	3,082,300
1917 .....	.....	.....	.....	1,365,800	.....	.....	.....	1,365,800
1918	12,826,200	.....	.....	1,476,900	.....	.....	.....	14,303,100
1919 .....	.....	4,000,000	.....	26,000	.....	.....	.....	4,026,000
1920 .....	.....	6,000,000	.....	537,200	.....	300,000	.....	6,637,200
1921 .....	.....	.....	.....	.....	.....	.....	500,000	500,000
1922 .....	.....	7,746,795	.....	.....	.....	.....	.....	7,746,795
1923	16,608,065	.....	12,973,834	1,651,300	.....	.....	.....	31,233,199
1924	222,255	.....	.....	.....	.....	.....	.....	222,255
1925 .....	.....	7,107,000	.....	830,500	.....	67,000	.....	8,014,100
1926 .....	.....	.....	.....	200,000	.....	.....	29,150,302	29,350,302
1927 .....	.....	.....	3,704,800	.....	.....	.....	.....	3,704,800
1928 .....	.....	.....	.....	.....	1,870,000	.....	.....	1,870,000
1929	9,680,300	.....	.....	.....	.....	.....	.....	9,680,300
1930 .....	.....	.....	.....	.....	971,505	.....	.....	971,505
1931	4,000,000	.....	.....	1,560,400	2,500,000	.....	.....	8,060,400
1932 .....	.....	.....	.....	2,515,300	1,100,000	.....	.....	3,615,300
1933 .....	.....	.....	.....	2,719,800	.....	.....	.....	2,719,800
1934 .....	.....	.....	.....	.....	.....	4,450,500	6,161,167	10,617,667
1935 .....	.....	.....	2,000,000	.....	.....	.....	1,526,620	3,526,620
1936 .....	.....	.....	1,624,480	.....	.....	.....	.....	1,624,480
1937 .....	.....	.....	.....	.....	.....	.....	.....	532,889
Interminable	532,889	.....	.....	.....	.....	.....	.....	.....
Annual Drawings	206,300	.....	.....	.....	255,300	.....	552,500	1,014,100
Undefined ..	.....	1,998,404	.....	.....	.....	.....	.....	1,998,404
Total	58,591,914	40,920,321	33,498,414	23,914,000	6,818,495	3,076,778	44,366,618	222,195,540
UNFUNDED DEBT. (Treasury Bills.)								
Overdue	5,000	.....	.....	.....	.....	.....	.....	5,000
1897 .....	.....	.....	.....	.....	.....	30,000	.....	30,000
1898 .....	.....	250,000	.....	250,000	492,320	45,000	.....	1,037,320
1899 .....	.....	25,000	.....	.....	.....	50,000	.....	75,000
1900 .....	.....	25,000	.....	250,000	.....	50,000	.....	325,000
1901 .....	.....	25,000	.....	.....	.....	.....	.....	25,000
1902 .....	.....	25,000	.....	.....	.....	.....	.....	25,000
1903 .....	.....	250,000	.....	.....	.....	.....	.....	250,000
Annual payments	2,477,584	.....	.....	.....	.....	.....	.....	2,477,584
Total	2,482,584	000,000	.....	500,000	492,320	175,000	.....	4,249,904
Total Debt	61,074,498	47,520,321	33,498,414	24,414,000	7,310,815	3,251,778	44,366,618	226,445,444

EXPENSES OF NEGOTIATION.

From 1855, when the first New South Wales loan was placed on the London market, until the present time, the Australasian colonies have obtained from this source nearly the whole of the money which they have borrowed. In only two of the provinces—New South Wales and New Zealand—does the amount of the outstanding loans locally subscribed form more than 10 per cent. of the sum in which the colony stands indebted. In New South Wales the total local borrowings only come to £7,935,798; in Victoria, to £3,465,321; in Queensland, £1,624,280; in South Australia, £1,952,900; in Western Australia, £575,320; in Tasmania, £688,728; and in New Zealand, £5,526,529, making altogether a sum of £21,768,876, or 9·6 per cent. of the total debt of Australasia. This dependence on the English market was originally due to lack of local capital; but of late years, when such capital has been fairly abundant, the Governments have still turned to London, where the rate of interest at which they could borrow has been much below what would have been demanded by the Australian capitalist.

The charges incidental to the floating of an inscribed stock loan in England are heavy. The chief expense is the stamp duty of 12s. 6d. per cent. imposed by the British Government on inscribed stock, the other charges being for services rendered. New South Wales, Queensland, and New Zealand issue their stock through the Bank of England; the London and Westminster Bank acts for Victoria and Western Australia; South Australia issues its loans through its Agent-General in London; while in the case of Tasmania also the Agent-General is the channel through whom the loans are placed, but he has the assistance of the London and Westminster Bank.

The cost of negotiation by the Bank of England is $\frac{1}{2}$ per cent. commission; and by the London and Westminster Bank, $\frac{1}{4}$ per cent. Brokerage costs $\frac{1}{4}$ per cent. In addition to these charges and the stamp duty referred to above, there has usually to be added 4d. or 5d. per £100 for incidental expenses. The charges annually made by the Bank of England for the inscription and management of stock and the payment of the half-yearly dividends are £600 per million for the first ten millions, £550 for the next five, and £500 per million for all subsequent amounts. The charges of the London and Westminster Bank are £500 per million for the first ten millions, £450 for a second like sum, and £400 per million for any subsequent amount. From the 1st March and 1st May, 1895, respectively, the Governments of New South Wales and New Zealand obtained a reduction of charges from the Bank of England, bringing them slightly below those of the London and Westminster Bank. The reduced charges are:—£500 per million for the first ten millions, £450 per million for the next five millions, and £400 per

million for amounts over £15,000,000. At the end of 1897, the Victorian Government arranged with the London and Westminster Bank to reduce its rates for inscription of stock to £250 per million, without regard to the total amount inscribed.

On the old form of debenture the stamp duty imposed is 2s. 6d. per cent., or £1,250 per million. The expenditure per £100 debentures or inscribed stock of those colonies for which information is obtainable is given in the subjoined table. The debenture loans shown are some of the last issued. It will be seen that the cost of floating inscribed stock loans is much greater than that under the debenture system, but the extra outlay is inappreciable when compared with the advantages gained :—

Colony.	Year of Negotiation.	Principal.		Expenses per £100 Debenture and Stock.	Class of Stock.
		Rate of Interest.	Amount.		
			£	£ s. d.	
New South Wales.....	1883	4	2,000,000	0 11 5	Debentures.
	1889	3½	3,500,000	1 7 10	Inscribed.
	1891	3½	4,500,000	1 7 9	do.
	1893	4	2,500,000	1 8 0	do.
	1894	3½	832,000	1 9 5	do.
Victoria	1895	3	4,000,000	1 7 10	do.
	1880	4½	2,000,000	0 17 9½	Debentures.
	1891	3½	3,000,000	1 2 9	Inscribed.
	1892	3½	2,000,000	1 3 0	do.
	1893	4	2,107,000	1 3 0	do.
Queensland	1881	4	1,089,500	0 15 9	Debentures
	1890	3½	2,264,734	1 8 0	Inscribed.
	1891	3½	2,500,000	1 8 2	do.
	1893	3½	1,182,400	2 18 8	do.
	1895	3½	1,250,000	1 11 7	do.
South Australia.....	1896	3	1,500,000	.....	do.
	1883	4	1,438,500	0 9 0	Debentures.
	1889	3½	1,317,800	0 19 1	Inscribed.
	1892	3½	932,300	1 1 2	do.
	1893	3½	125,000	.....	do.
Western Australia ...	1894	3½	475,600	.....	do.
	1894	3½	200,000	.....	do.
	1896	3	839,500	1 2 5	do.
	1897	3	500,000	1 0 11	do.
	1891	4	250,000	1 3 6	do.
Tasmania	1892	4	400,000	1 3 7	do.
	1894	4	540,000	1 5 6	do.
	1895	3½	750,000	1 3 7	do.
	1896	3	750,000	1 3 8	do.
	1897	3	1,000,000	1 3 7	do.
New Zealand	1886	4	1,000,000	0 18 0	Debentures.
	1889	3½	1,000,000	1 3 6	Inscribed.
	1893	3½	600,000	1 3 5	do.
	1894	4	1,000,000	1 3 8	do.
	1895	3½	750,000	1 4 5	do.
	1895	3	1,500,000	2 2 8	do.

Against several loans the expenses have not been stated, as the information has not been computed by the colony interested. The high rate of expenses on the 1893 Queensland loan is accounted for partly by the fact that the amount was underwritten at the rate of 1 per cent.

QUOTATIONS OF STOCK.

In another chapter the growth of Australasian indebtedness on private account has been traced over a period of about twenty-seven years, and it has been shown that during that time nearly the whole of the advances made to the various State Governments, and over one hundred millions of private advances, have been obtained in Great Britain. This condition of dependence on external capital for the development of the country has on more than one occasion proved a great danger to Australasia, but never to the same extent as during the crisis of 1892-93, when the withdrawal of confidence on the part of the British investor caused widespread confusion in almost every department of industry, and intense financial unrest, from which some of the colonies have not yet recovered, although, as will be seen from the appended table, Australasian stocks are now quoted at satisfactory prices.

The quotations for Colonial stocks in the London markets at the close of June, 1892, 1893, 1894, and 1898 are given below, the price in every instance being "cum dividend." With one exception—India—the quotations are for loans raised on the security of the local revenues of the country borrowing; in the case of India there is an Imperial guarantee. This advantage has also been extended to some Canadian, Mauritius, and New Zealand loans, but these are not quoted in the following list. In passing, it may be mentioned that the guarantee of the British Government is certainly to the advantage of the dependencies to which it has been extended, as in addition to the additional security afforded, it carries the right of trustees in the United Kingdom to invest trust funds in the stock—a privilege not extended to Australasian securities in general:—

Country.	Class of Stock.	Selling Price, "cum dividend.			
		June, 1892.	June, 1893.	June, 1894.	June, 1898.
Australasia—					
New South Wales	3½ per cent. Inscribed	96½	93	98½	110
Victoria	3½ do do ...	97	88½	97½	106
Queensland	4 do do do ...	103½	99	104	112
South Australia	4 do do do ...	106	103	106½	112
Western Australia	4 do do do ...	103½	104	108	118
Tasmania	4 do do do ...	103	98½	103	111
New Zealand	4 do do do ...	104½	104½	108½	116
Canada	3 do do do ...	94½	96	97	104
Cape Colony	4 do do do ...	106	108	112	115
Natal	4 do do do ...	103	108	109	120
India	3 do Stocks	97½	98½	99½	107

In order to make the comparison between different stocks quite fair, other things than bare quotations on a given date—chiefly the accrued interest and the unexpired currency of the scrip—have to be considered. A uniform date for the payment of interest on loans has not been adopted, so that the amount of interest accrued at the above-quoted dates varies with each loan; while the date on which the loan is repayable is a factor not to be neglected in estimating the price of a stock. The return obtained by investors from the inscribed stock of each colony on the basis of previous quotations, allowing for interest accrued and redemption at par on maturity, is given below:—

Country.	Nominal rate of Interest.	Selling Price, "ex dividend."	Cur-rency.	Effective annual Rate of Interest per £100 sterling.	
				If no allowance is made for redemption at par on maturity.	Rate if Stock is held till date of maturity.
	℥ cent.	£	Years.	£ s. d.	£ s. d.

June, 1892.

Australasia—					
New South Wales.....	3½	96·19	32	3 13 5	3 14 2½
Victoria	3½	95·45	31	3 13 11½	3 15 0
Queensland.....	4	101·72	32	3 19 5	3 19 1½
South Australia.....	4	105·22	44	3 16 9½	3 16 4
Western Australia.....	4	101·72	42	3 19 5	3 19 3
Tasmania.....	4	101·22	16	3 19 10	3 19 0
New Zealand	4	104·05	37	3 17 8	3 17 1½
Canada	3	93·17	46	3 4 10½	3 5 7½
Cape Colony	4	105·89	31	3 16 3½	3 15 1½
Natal	4	102·55	34	3 18 9½	3 18 4½
India	3	96·69	56	3 2 6½	3 2 9

June, 1893.

Australasia—					
New South Wales.....	3½	92·33	31	3 16 5½	3 18 2½
Victoria	3½	86·97	30	4 1 2½	4 4 3½
Queensland.....	4	97·25	31	4 3 1	4 3 7½
South Australia.....	4	102·23	43	3 19 0½	3 18 10
Western Australia.....	4	102·25	41	3 19 0½	3 18 9½
Tasmania.....	4	96·75	15	4 3 6	4 6 0½
New Zealand	4	104·06	36	3 17 8	3 17 1
Canada	3	94·68	45	3 3 10	3 4 5½
Cape Colony	4	107·90	30	3 14 10½	3 13 2½
Natal	4	107·56	33	3 15 1½	3 13 9½
India	3	97·92	55	3 1 8½	3 1 0½

Country.	Nominal rate of Interest.	Selling Price, "ex dividend."	Cur- rency.	Effective annual Rate of Interest per £100 sterling.	
				If no allowance is made for redemption at par on maturity.	Rate if Stock is held till date of maturity.
	per cent.	£	Years.	£ s. d.	£ s. d.
June, 1894.					
Australasia—					
New South Wales.....	3½	98·21	30	3 11 10¾	3 12 4
Victoria	3½	95·92	29	3 13 7¼	3 14 8
Queensland.....	4	102·25	30	3 19 0¼	3 18 6½
South Australia.....	4	105·74	42	3 16 5	3 15 10½
Western Australia	4	106·25	40	3 16 0½	3 15 4¼
Tasmania	4	101·25	14	3 19 9½	3 18 9
New Zealand	4	108·45	35	3 14 6	3 13 2½
Canada	3	95·68	44	3 3 2¼	3 3 8
Cape Colony	4	111·91	29	3 12 2½	3 9 5
Natal	4	108·57	32	3 14 5	3 12 9¾
India	3	98·68	54	3 1 3	3 1 4¼
June, 1898.					
Australasia—					
New South Wales.....	3½	108·32	26	3 5 2¼	3 2 6
Victoria	3½	103·96	25	3 7 11	3 6 6½
Queensland.....	4	107·74	26	3 15 0	3 12 9¼
South Australia	4	109·72	38	3 13 8	3 12 5
Western Australia.....	4	114·74	36	3 10 5	3 8 3
Tasmania	4	105·74	10	3 16 5	3 8 6½
New Zealand	4	114·55	31	3 10 6¼	3 7 7
Canada	3	101·68	40	2 19 5¼	2 19 2¼
Cape Colony	4	113·89	25	3 10 11¼	3 6 7½
Natal	4	118·22	28	3 8 4	3 3 9½
India	3	105·92	50	2 17 1	2 16 6

The figures given in the last column of the table show the relative positions of the various stocks quoted. As will be seen, the credit of each division of Australasia was somewhat better in 1894 than in 1892, notwithstanding the financial panic which occurred between those dates. In 1893 there was naturally a heavy fall, as compared with the preceding year, in all Australasian securities except those of New Zealand and Western Australia. Victorian stock showed the largest fall—which was only to be expected in view of the fact that the panic originated in that colony, and Victorian finances generally were at a low ebb. The quotation for New Zealand stock at the middle of 1893 was the same as that of the preceding year, which seemed to point

to the conclusion that the London market did not consider the interests of New Zealand to be bound up with those of the colonies on the mainland. In 1895 a great improvement took place in the prices of stock of all the colonies, and the rise has since been well maintained. To illustrate the fluctuations in the prices of colonial securities, the rates obtained during 1892, 1893, 1894, and 1898 are given below in a simpler form than in the preceding table. During the same periods British consols were selling at $98\frac{1}{4}$, 97, 99, and $111\frac{1}{2}$:—

Country.	1892.	1893.	1894.	1898.
Australasia—	£ s. d.	£ s. d.	£ s. d.	£ s. d.
New South Wales	3 14 $2\frac{3}{4}$	3 18 $2\frac{1}{4}$	3 12 4	3 2 6
Victoria	3 15 0	4 4 $3\frac{1}{2}$	3 14 8	3 6 $6\frac{1}{2}$
Queensland	3 19 $1\frac{1}{2}$	4 3 $7\frac{1}{2}$	3 18 $6\frac{1}{2}$	3 12 $9\frac{1}{2}$
South Australia	3 16 4	3 18 10	3 15 $10\frac{1}{2}$	3 12 5
Western Australia	3 19 3	3 18 $9\frac{1}{2}$	3 15 $4\frac{1}{2}$	3 8 3
Tasmania	3 19 0	4 6 $0\frac{1}{4}$	3 18 9	3 8 $6\frac{1}{2}$
New Zealand	3 17 $11\frac{1}{4}$	3 17 1	3 13 $2\frac{1}{2}$	3 7 7
Canada	3 5 $7\frac{1}{2}$	3 4 $5\frac{1}{2}$	3 3 8	2 19 $2\frac{1}{2}$
Cape Colony	3 15 $1\frac{1}{2}$	3 13 $2\frac{1}{2}$	3 9 5	3 6 $7\frac{1}{2}$
Natal	3 18 $4\frac{1}{2}$	3 13 $9\frac{1}{2}$	3 12 $9\frac{1}{2}$	3 3 $9\frac{1}{2}$
India	3 2 9	3 1 $0\frac{1}{4}$	3 1 $4\frac{1}{2}$	2 16 6

So far only the return yielded to the investor has been considered. The following table shows the average prices obtained by the Australasian Governments for some of their last issues, and the quotations for the same stocks in June, 1898, the latter prices being, of course, “ex dividend” :—

Colony.	Date of Negotiation.	Rate per cent.	Amount of Issue.	Average price realised.	Quotation, ex-dividend, June, 1898.
			£	£	£
New South Wales	1895	3	4,000,000	95·14	108·42
Victoria	1893	4	2,107,000	96·00	106·24
Queensland	1897	3	1,500,000	95·61	96·68
South Australia	1896	3	839,500	95·34	100·68
Western Australia	1897	3	1,000,000	93·45	97·67
Tasmania	1895	$3\frac{1}{2}$	750,000	98·30	106·46
New Zealand	1895	3	1,500,000	93·73	98·42

CHARACTER OF STOCK ISSUED.

By far the larger part of Australasian loans is inscribed, and the outstanding issues under the debenture system are being converted into inscribed stock as quickly as circumstances permit. New Zealand was the first colony to introduce inscription in 1877, in which year was passed the Consolidated Stock Act, a measure made necessary by the

abolition of the Provincial Councils. Under this Act the liabilities of the various provinces were merged into the general debt of the colony ; and under the same Act and its amendment of 1884 the Government has worked systematically to consolidate the debt by conversion and inscription, so that in March, 1897, the whole of the public liabilities were inscribed, with the exception of £4,814,892 represented by debentures. The Consolidated Stock Act of New Zealand was assented to in December, 1877 ; and in August of that year the Imperial Parliament passed the Colonial Stock Act, which provided for the inscription and transfer of Colonial stock raised in the United Kingdom. Certain steps were required to be taken before a colony could take advantage of the provisions of the Imperial Act. As already mentioned, New Zealand passed the necessary legislation at the end of 1877 ; but nothing was done by the other colonies until 1882, when Victoria and South Australia passed Inscribed Stock Acts ; New South Wales and Queensland passed similar legislation in the following year, Western Australia in 1884, and Tasmania in 1889. It will thus be seen that a gradual change in the mode of floating loans for public purposes has been going on since 1877, and the time cannot be far distant when the whole debt of each colony will be represented by one class of stock. In 1879, or two years after passing the Consolidated Stock Act, New Zealand placed on the market a 5 per cent. loan of £5,000,000 at 97½ in the form of debentures, the subscribers having the option up to March, 1881, of exchanging for 4 per cent. inscribed stock, at the rate of £120 of stock for each £100 of debentures. The loan was successfully floated, and within the stated period £4,476,000 of the £5,000,000 debentures were exchanged for £5,371,200 inscribed stock at 4 per cent. The other colonies issued inscribed stock loans shortly after passing the respective Acts.

The Imperial "Colonial Stock Act, 1877," as previously mentioned, provides for the inscription and transfer of stock raised in the United Kingdom and for stamp duty to be levied thereon. It also defines the position of the British Government as regards Colonial indebtedness, and provides that every document connected with stock transactions shall have printed upon it a distinct intimation that no liability, direct or indirect, is incurred by the British Government in respect of such stock, unless the loan is under Imperial guarantee.

The difference between registered and inscribed stock is practically small. Transactions under the former head are confined to a few old funded stock loans. Debentures and inscribed stock form the principal classes of securities, and, as previously pointed out, the debenture form is rapidly giving way to inscription. Debenture coupons are, like ordinary scrip, negotiable by bearer, and are liable to the risk of forgery. By inscription the possibilities of fraud in transfer are minimised, as the stock is inscribed in the books of the bank, and transferable therein by the stock-holders personally or by their attorneys, without the issue of certificates of stock. In the case of registered stock, certificates are issued transferable by deed.

The practice of issuing treasury bills, either in anticipation of or to make good deficiencies in revenue, obtains in each colony, and, as previously explained, is an old-established custom; but treasury bills have been made to serve another purpose, and money has been raised by their sale to meet certain obligations for public works. This is an innovation which could not well be avoided in the disturbed markets of the last few years. The bills are in reality ordinary loans with short currencies, and carry a higher rate of interest than issues of the funded debt. The unsatisfactory state of Australasian finance does not allow of the absolute redemption of these bills; consequently they will either have to be renewed or converted into stock, an operation which will entail an additional expenditure to the charges of first negotiation. The New Zealand treasury bills are issued direct by the Treasury at par, and the expenses of negotiation are small. The bills are usually redeemed during the year of issue, and for this reason they have not been included with or considered as part of the public debt of New Zealand, though in the case of the other colonies treasury bills have been so included. Australasian treasury bills are like the British treasury bills in name only, but they have some points in common with the British exchequer bills.

CONVERSION AND CONSOLIDATION OF LOANS.

Conversion and consolidation as applied to loans are not interchangeable terms, but represent two distinct transactions in so far related that without conversion consolidation would be impracticable. All the colonies are systematically converting their old loans into inscribed stock, and by so doing they are taking a step towards consolidation. Since the Consolidated Stock Act was passed in 1877, New Zealand has been engaged in converting its old loans into inscribed stock, and consolidating the whole debt by adopting three uniform interest rates of 4, 3½, and 3 per cent., and fixing the dates of maturity at 1929, 1940, and 1945 respectively. The transactions in conversion and consolidation in New Zealand from 1877 to 31st March, 1897, were as stated below. In addition to the amounts shown, old debentures to the amount of £5,716,000 were converted into short-dated debentures under the 1884 Consolidated Stock Act, pending subsequent conversion into inscribed stock :—

Amount of Old Debentures Converted or Redeemed.	Additional Capital added to Principal by Conversion or Consolidation.	New Stock Issued.		
		Nominal Rate of Interest.	Amount.	Date of Maturity.
£ 19,724,400	£ 1,600,902	4 per cent.	£ 21,325,302	1929
5,720,550	440,617	3½ „	6,161,167	1940
24,200	2,420	3 „	20,620	1945

The loading of the principal by conversion appears heavy ; but New Zealand was saddled with a number of small loans, much after the type of municipal borrowings, which it was most desirable should be consolidated without delay, and some sacrifice was made to accomplish this ; besides, the compensation obtained in a lower rate of interest must be set against the increased capital. The annual saving in interest on the amount converted to the 31st March, 1897, is stated as £167,332, viz., £102,114 on the 4 per cent., £65,049 on the 3½ per cent., and £169 on the 3 per cent. stock. The subject of the New Zealand conversion is a large one, and inquirers should consult the publications of the Government of that colony, which give details that would hardly be in place in a volume such as this.

In Victoria the 4 per cent. stock floated in Melbourne to the amount of £2,089,613 has been converted into 3 per cent. stock, with the exception of £120,062 still to be converted or redeemed. The saving in interest by the conversion is £18,298.

LATE ISSUES OF LOANS AND TREASURY BILLS.

As late as the year 1890 the colonies could borrow in London on very favourable terms, but in the year named the conditions were no longer satisfactory. This change had for its immediate cause a condition of things not of Australasia's own creation, the Baring failure and the Argentine crisis being primarily responsible for the stoppage of Australasian credit ; but there is no reasonable ground for supposing that if the Baring failure had not taken place the London markets would have been much longer open to the Australasian colonies. The Treasurers of the various provinces were entirely unprepared for this revulsion in credit. They were committed to engagements for the construction of public works which they could not terminate ; contracts had been entered into for large sums on the assumption that funds would be available ; besides this, no preparations had been made to meet debentures falling due in a short time. The sudden stoppage of credit greatly embarrassed the Governments, and most of the colonies had recourse to treasury bills to enable them to adjust their finances to the altered circumstances. The amounts received from the sale of these bills were devoted to meeting loans maturing, and providing funds for public works already contracted for. Pressing necessities and the improved condition of the London market encouraged several of the colonies during 1893 and 1894 to place ordinary loan issues, which were successfully negotiated ; and the proceeds of these loans relieved the liabilities on matured treasury bills and current obligations. In 1895 the credit of the Australasian colonies was fully re-established in London.

New South Wales.—In 1892 and 1893 the Treasury had authority to issue £3,000,000 of 4 per cent. funded stock at a minimum price of par. Up to the 30th June, 1897, £2,549,350 had been disposed of, the cost

of the issue being practically nil. In 1894 and in 1895 further issues of funded stock, amounting to £2,617,212, were authorised, and up to the 30th June, 1897, the amount sold was £1,804,725. The rate of interest on the stock is 3 per cent., and the date of maturity, 1912. The only expense attached to the issues was a small amount for brokerage. Provision has been made for sinking funds to liquidate certain portions of the loans expended on works of an unproductive character.

In October, 1893, an inscribed stock loan was floated in London, the rate of interest being 4 per cent., and the currency forty years. The minimum price was fixed at 98½, and the average price realised was £100 11s. 10½d. The rate paid by the Government, allowing for redemption at par on maturity, was £4 3s. 0½d.; while the return to investors was £4 1s. 8½d.

During 1894 several small 5 per cent. loans matured, amounting in the aggregate to £832,000. In September of that year a 3½ per cent. covering loan was successfully issued, the average price realised on the gross proceeds being £101 15s., which is reduced to £99 13s. 6d. if allowance be made for accrued interest and charges. The rate paid by the Government is £3 10s. 11d. per cent., and the interest yielded to investors, £3 9s. 4½d. The loan was subscribed over five-fold, the amount tendered being £4,268,000.

In October, 1895, an inscribed stock loan for £4,000,000 was floated, the rate of interest being 3 per cent., and the currency forty years. The minimum price was fixed at 94, and the gross proceeds averaged £96 18s. 3d. No further loans were placed on the London market until January, 1898, when a loan of £1,500,000, bearing interest at 3 per cent., with a minimum of 99, was successfully floated, the gross proceeds being £1,506,250.

In 1895 authority was given to issue treasury bills to the amount of £1,174,700 to cover the accumulated deficiencies in revenue on the 30th June of that year. The rate of interest allowed is 3 per cent., and a sum of £150,000 is set aside annually for the repayment of the debt.

Victoria.—An inscribed stock loan of £2,107,000 was floated in London in October, 1893, the rate of interest being 4 per cent., and the date of maturity between 1911 and 1926, at the option of the Government on due notice being given. Four per cent. debentures were also disposed of locally from March, 1893, to June, 1897, to the amount of £746,795.

During 1896 an Act was passed providing for the conversion of the 4 per cent. stocks on the Melbourne register into a 3 per cent. stock. The amount of 4 per cent. stock sold from January, 1895, to December, 1896, was £249,130, holders of which have availed themselves of the privilege of conversion. The amount of new 3 per cent. stock sold under the Conversion Act was £28,913.

No treasury bills were sold during 1893, and the amount of outstanding bills on the 30th June, 1894, was £750,000. Soon afterwards treasury bills for £250,000 were sold, making the amount outstanding on the 30th June, 1895, £1,000,000; while on the 30th June, 1896, the treasury bills redeemable amounted to £750,000.

In September, 1896, authority was given for the issue of £375,000 treasury bills for public works and services. The amount sold to the 30th June, 1897, was £100,000, bearing interest at $3\frac{1}{4}$ per cent., and repayable in four annual instalments of £25,000 each, the first payment being due on the 1st January, 1899. The total amount of treasury bills outstanding on the 30th June, 1897, was £600,000.

Queensland, in January, 1893, placed a $3\frac{1}{2}$ per cent. loan of £1,182,400 on the London market, the average price obtained being £88 16s. 4d. The charges were heavier than usual, as the loan was underwritten at the rate of 1 per cent.

In June, 1895, another $3\frac{1}{2}$ per cent. loan for £1,250,000, with a currency of fifty years, was placed on the market. The gross price obtained was £101 12s. 7d., and deducting accrued interest the Government received about £100 0s. 2d. In addition, stock to the amount of £750,000 was sold locally, the net proceeds being £743,750, or £99 3s. 4d. per £100.

In June, 1897, a 3 per cent. loan for £1,500,000, repayable in 1947, was floated in London, the average price realised being £97 1s. 5d. Local sales of 3 per cent. stock were also negotiated during the year, the total issued being £124,480, which was sold at the average price obtained in London.

Another class of stock was authorised in 1895, viz., Government Savings Bank Stock. The object of the establishment of this class of security was to enable depositors of over £200 to earn interest on such excess. The first issue was limited to £1,000,000, and up to the 30th June, 1897, the amount sold was £952,960, of which £952,610 is bearing interest at $3\frac{1}{2}$ per cent., and £350 at 3 per cent.

During 1893 three issues of treasury bills were placed locally, viz., £222,500 in January, £5,000 in April, and £11,000 in December. The rate of interest is 4 per cent., and the dates of maturity are 1899, 1898, and 1903 respectively. In January, 1894, bills to the amount of £1,000 were also disposed of locally, the rate being the same as for the previous issues, and the date of redemption, 1903. Various small parcels have been sold up to June, 1897, the amount outstanding on that date being £71,000. The Trustees of the Public Debt Reduction Fund hold Government Savings Banks stock to meet the balance of the treasury bills as they become due, viz.:—£70,000 in October, 1898, and £1,000 in January, 1903. These represent the whole of the bills outstanding.

South Australia.—In 1893 a small loan of £125,000, being portion of the 1890 loan of £1,532,900, was floated in London. The rate of interest is $3\frac{1}{2}$ per cent., and the loan is redeemable in 1939. An instalment

of the £1,013,279 loan of 1892 was placed in Adelaide in February, 1894. The amount of the issue was £200,000, the price realised per £100 being 92. The rate of interest is $3\frac{1}{2}$ per cent. In June, 1895, a further issue of £311,000 was floated in Adelaide. In February, 1896, a loan of £839,500 was issued in London, bearing interest at 3 per cent., and redeemable in 1926. The net proceeds, after allowing for charges and accrued interest, amounted to £800,406, or £95 6s. 10d. per cent. A further loan of £500,000 was floated in London in May, 1897, also bearing 3 per cent. interest. From the latest available particulars, the average price realised per £100 was £95 10s. During 1896 local stocks bearing 3 per cent. were sold, the total issue being £606,800, and the net proceeds £98 2s. per £100. The two last-mentioned loans mature in 1916.

In June, 1892, treasury bills were issued to the amount of £349,225, with interest at the rate of £4 11s. 3d. per cent., and payable in five years; and in March and July, 1893, further issues of £250,000 each were made bearing the same rate, the dates of maturity being 1898 and 1900 respectively.

Western Australia.—In June, 1894, a loan of £540,000, at 4 per cent., was floated in London at a minimum of 102, the average price realised being £103 6s. 1d. In May, 1895, the colony floated a $3\frac{1}{2}$ per cent. loan of £750,000, having a forty years' currency, but redeemable from 1915 on twelve months' notice being given. The minimum price was fixed at 99, and the average obtained was £103 1s. 5d., or, deducting accrued interest, £101 9s. 2d.

In May, 1896, Western Australia, following the example of New Zealand and New South Wales, placed on the market a 3 per cent. loan for £750,000, having a currency until 1935, but redeemable from 1915 on twelve months' notice being given. A sinking fund is to be established in connection with this loan, commencing three years after flotation, the contribution being 1 per cent. per annum. The gross price obtained was £100 16s. 8d., and the accrued interest amounted to about 7s. 6d., so that the Government obtained £100 9s. 2d. This is the cheapest loan yet floated by any of the Australasian colonies.

In May, 1897, a further issue of £1,000,000 was floated in London, the minimum price being fixed at 95, and the rate of interest 3 per cent. The loan is redeemable in 1935, and the net proceeds per £100, after allowing for charges and accrued interest, amounted to £93 8s. 11d.

The Government had authority to issue treasury bills during 1893, the total amount sold to the 30th June, 1897, being £665,085, of which £150,000 were negotiated in London, and the balance locally. The amount outstanding on the 30th June, 1897, was £492,320, of which £480,000 bears interest at 4 per cent., and the balance at $4\frac{1}{2}$ per cent. The whole amount is repayable in 1898, and is due at Perth.

Tasmania, in March, 1893, issued a $3\frac{1}{2}$ -per cent. loan of £800,000, which was part of the £2,100,000 authorised in December, 1892. The

loan was only a partial success, £600,000 being taken up and the balance withdrawn. The average price realised per £100 was £92 2s. 2d. In 1894 a loan of £1,000,000 was negotiated in London, the rate of interest being 4 per cent., and the date of maturity between 1920 and 1940, at the option of the Government on 12 months' notice being given. The average amount realised per £100 was £101 4s. 3d. In February, 1895, a $3\frac{1}{2}$ per cent. loan of £750,000 was floated, redeemable in 1940, or from 1920 on 12 months' notice being given. The price realised was £98 6s. 1d.

In 1895 authority was given for the issue of £250,000 "Local Inscribed Stock" to cover deficiencies in revenue, and in 1896 a further sum of £250,000 was authorised. The total amount outstanding on the 31st December, 1896, was £294,608, of which £242,100 is earning $3\frac{1}{2}$ per cent., and £52,508, 3 per cent. The loans are repayable at various periods from 1897 to 1905.

During 1894, treasury bills to the amount of £96,900 were negotiated in the colony, viz., £40,500 at 4 per cent. and £56,400 at $4\frac{1}{2}$ per cent., the bills having a currency until 1899 and 1900 respectively. The total amount of treasury bills floated was £215,000, and £175,000 were outstanding on 31st December, 1896. Of these, £97,470 are bearing interest at $4\frac{1}{2}$ per cent., £34,430 at $4\frac{1}{4}$ per cent., and £43,100 at 4 per cent. The dates of redemption and amounts due are:—£30,000 in 1897, £45,000 in 1898, and £50,000 in each of the years 1899 and 1900.

New Zealand.—During the year 1894–5, £682,200 of old debentures were converted into inscribed stock of the amount of £720,559; in 1895–6 debentures to the amount of £1,247,020 were converted into £1,277,526 of inscribed stock; while in 1896–7 the debentures converted amounted to £722,250, the value of the stock being £727,216.

Under the amending Consolidation Act of 1884, short-dated debentures are issued pending the sale of inscribed stock under the Act of 1877. In May, 1895, New Zealand placed a loan for £1,500,000 on the market. With the exception of some New South Wales treasury bills, this was the first 3 per cent. loan floated by any of the Australasian colonies. The loan has a currency of fifty years, and the minimum price was fixed at 90. The average gross price obtained was £94 8s. 9d., so that, after deducting accrued interest, the Government obtained £93 14s. 6d.

The amount of treasury bills outstanding on the 31st March, 1896, was £735,000; the issue during the ensuing twelve months amounted to £1,525,000, while bills representing £1,530,000 were paid off, leaving the amount outstanding on the 31st March, 1897, at £730,000. As, however, allowance is made for these at the end of the financial year when carrying forward the balance of the Revenue Account, the liability is practically wiped out.

The particulars of the latest issues of the Funded Debts negotiated in London for which particulars are available are as follow :—

Colony.	Year of Issue.	Year of Maturity.	Nominal—		Net Proceeds, less charges and accrued Interest.		Effective annual Interest per £100 sterling, paid by Government.	
			Inter-est.	Amount of Loan.	Total.	Per cent.	Nominal Interest on net Proceeds.	Rate paid, allowing for redemption at par, on maturity.
			per cent.	£	£	£	£ s. d.	£ s. d.
New South Wales.....	1893	1933	4	2,500,000	2,440,549	97·62	4 2 9½	4 3 0½
"	1894	1918	3½	332,000	829,551	99·70	3 10 10	3 10 11
"	1895	1935	3	4,000,000	3,804,573	95·14	3 3 6½	3 4 3½
Victoria.....	1892	1921-26	3½	2,000,000	1,810,696	90·53	3 18 0	3 19 8½
"	1893	1911-26	4	2,107,000	1,999,733	94·91	4 5 1½	4 6 0
Queensland	1893	1930	3½	1,182,400	1,014,162	85·77	4 2 4	4 4 4½
"	1895	1945	3½	1,250,000	1,230,274	98·42	3 11 9	3 11 10½
"	1896	1947	3	1,600,000	1,434,122	95·61	3 3 2½	3 3 7½
South Australia	1890-4	1939	3½	1,532,900	1,417,457	92·47	3 16 4½	3 17 0
"	1892-4	1939	3½	513,200	497,052	96·85	3 12 11	3 13 2½
"	1896	1926	3	839,500	800,406	95·34	3 3 5	3 4 8½
"	1897	1916	3	500,000	481,591	96·32	3 2 9	3 4 10½
Western Australia....	1892	1911-31	4	400,000	393,211	98·30	4 2 2½	4 2 4½
"	1894	1911-31	4	540,000	544,964	100·92	4 0 0½	4 0 0
"	1895	1915-35	3½	750,000	760,934	101·46	3 9 7	3 9 5
"	1896	1915-35	3	750,000	744,542	99·27	3 0 10½	3 1 0
"	1897	1915-35	3	1,000,000	934,465	93·45	3 4 8½	3 5 9½
Tasmania	1893	1920-40	4	1,000,000	994,012	99·49	4 1 2½	4 1 3
"	1895	1920-40	3½	750,000	737,308	98·31	3 11 10	3 12 0
New Zealand	1895	1945	3	1,500,000	.....	..	.....	.....

* Part of the £1,013,279 loan.

The treasury bills outstanding on the 30th June, 1897, were floated to cover deficiencies in revenue, with the exception of £100,000 in Victoria, £500,000 in South Australia, and £492,320 in Western Australia. The expenses incurred in these issues were practically nil, as the bills were floated at par, and in some cases were sold at a premium. Particulars of the cost of treasury bills negotiated prior to 1896 will be found in previous editions of this work.

EXPENDITURE FROM LOANS.

In the foregoing pages the chief points dwelt upon have been the amount of the public indebtedness and the credit enjoyed by each colony as tested by the selling price of its loans. Before closing this chapter it would be well to consider for what purpose the debts were incurred. The services upon which the proceeds of the public loans were expended are various, but the bulk of the expenditure may be placed to the account of the construction of railways, water supply and sewerage, and electric telegraphs. In the early stages of Australasian borrowing the

expenditure was moderate, loans being difficult to raise and interest high; but latterly, as the conditions under which loans could be contracted became favourable, especially since 1881, few of the colonies have set any bounds to their requirements. It was a repetition of the old experience—the opportunity engendered the desire, and the open purses of the investors tempted the colonies to undue borrowing and lavish expenditure. What is termed a “vigorous public works policy” was the order of the day, and works were pressed forward which under other circumstances would not have been undertaken, or have been held back until the growth of population warranted their construction. The plethora of money has been harmful in many ways, the most apparent being the construction of not a few branch railways, in outlying and sparsely-settled districts, which do not pay even their working expenses. The consequence is that the interest on loan capital has to be met out of general revenue, and in some instances the present generation will pass away before this condition of affairs will be remedied. But when every allowance has been made for unwise or improvident expenditure, it will be found that by far the larger portion of the proceeds of loans has been well expended. In some instances it will be years, taking a most hopeful view of the situation, before many of the revenue-producing works will yield a sum sufficient to pay working expenses and interest; nevertheless, a practical consideration of the conditions which surround Australasian settlement will demonstrate that in some instances the construction of these works was justifiable, for apart from the consideration that they will ultimately be self-supporting, they have already materially assisted in developing the country's resources, and have largely enhanced the value of the public estate. Whether their cost in all cases should have been charged against the loans account is a different matter, seeing that the rents obtained from public lands, and proceeds of sales, invariably go into the ordinary revenue of the colonies.

The following statement gives, under a convenient classification, the loan expenditure of each colony during 1896–7:—

Colony.	Year ended.	Amount spent on Works yielding direct Revenue.				Other Works and Services.	Total.
		Railways.	Water Supply and Sewerage.	Electric Telegraphs.	Total.		
		£	£	£	£	£	£
New South Wales..	30 June, 1897	476,674	440,109	68,664	985,447	562,658	1,548,105
Victoria	30 June, 1897	208,154	19,104	.....	227,258	49,416	276,674
Queensland	30 June, 1897	709,462	7,857	25,037	742,356	405,985	1,148,341
South Australia ..	30 June, 1897	58,058	168,180	13,446	239,684	118,974	358,658
Western Australia..	30 June, 1897	2,226,795	16,994	.....	2,243,789	365,880	2,609,669
Tasmania	31 Dec., 1896	25,825	.....	1,175	27,000	54,801	81,801
New Zealand	31 Mar., 1897	207,231	10,508	36,791	254,530	835,060	1,089,590
Australasia		3,912,109	662,752	145,113	4,720,004	2,392,774	7,112,833

The expenditure of Australasia during 1896-7 from funds derived from the proceeds of loans was £7,112,838. Of this amount, the sum of £4,720,064 was spent on services directly revenue-producing, and the remainder was chiefly devoted to works of a substantial nature, such as the construction of roads and bridges, the improvement of harbours and rivers, and the erection of lighthouses, schools, and public buildings. The amount expended on fortifications and military works was relatively small.

In most of the colonies the expenditure from loans has been greatly reduced during the last few years. In some cases this may be attributed to a settled policy of retrenchment; but in others, the difficulty of raising a loan in London affords a more probable explanation. The expenditure, however, now shows a tendency to increase, the figures for the last financial year being largely in excess of the previous three years in the colonies of Queensland, Western Australia, and New Zealand. In those three provinces the increased expenditure was chiefly made on account of the railways; and, also, in the case of New Zealand and Queensland the amounts partly represented loans to local bodies. The expenditure of each province during the last five years is given in the following table:—

Colony.	1892-3.	1893-4.	1894-5.	1895-6.	1896-7.
	£	£	£	£	£
New South Wales	3,014,680	1,929,580	1,330,046	1,270,898	1,548,105
Victoria	988,580	761,200	214,713	218,796	276,674
Queensland	1,035,523	378,077	230,120	592,158	1,148,341
South Australia	547,382	586,384	502,160	533,157	358,658
Western Australia	342,632	654,562	606,502	650,708	2,609,669
Tasmania	561,660	174,027	109,202	113,278	81,801
New Zealand	472,952	406,016	760,287	412,330	1,089,590
Australasia	6,963,409	4,889,846	3,753,030	3,791,325	7,112,838

The total expenditure of the proceeds of loans from the commencement of borrowing to the year 1896-7 was £212,971,819. Of this sum, £156,670,782, or nearly three-fourths, was spent in the construction of railways, water supply and sewerage works, and electric telegraphs; and the balance was expended on works and services which, though classed as non-productive, for the most part assisted in the national development. The expenditure on defence and the payments made to meet deficiency in revenue are the exceptions to the rule which has governed the expenditure of the proceeds of loan issues. The expenditure to cover deficiency in revenue has not been large, and is looked upon as but a temporary charge on the loan funds; while the expenditure on defence has been extremely small in all the colonies except New South Wales and New Zealand. The following table shows the

total loan expenditure of each province up to the close of the last financial year :—

Colony.	Expenditure to—	Amount spent on works yielding direct Revenue.				Other Works and Services.	Total.
		Railways.	Water Supply and Sewerage.	Electric Telegraphs.	Total.		
		£	£	£	£	£	£
N. S. Wales	30 June, 1897	40,273,797	7,786,584	935,396	48,995,777	9,549,397	58,545,174
Victoria	30 June, 1897	35,089,134	8,052,285	.....	43,741,419	2,680,758	46,422,177
Queensland	30 June, 1897	19,477,988	311,827	853,992	20,643,807	9,263,477	29,907,284
South Australia	30 June, 1897	12,789,342	3,994,654	889,315	17,673,311	4,667,977	22,341,288
Wern Australia	30 June, 1897	4,843,830	23,801	269,308	5,136,939	1,455,522	6,592,461
Tasmania	31 Dec., 1896	3,685,460	.....	117,986	3,803,446	3,780,279	7,583,725
New Zealand	31 Mar., 1897	15,306,573	598,159	771,351	16,676,083	24,903,627	41,579,710
Australasia		132,066,124	20,767,310	3,837,348	156,670,782	56,301,937	212,971,819

In the New Zealand returns old provincial debts contracted prior to 1876, amounting to £11,535,469, have been included under the head "Other works and services," as there is no available record of the services upon which the loans of the old Provisional Governments were expended, except where such was for the construction of railways. The figures given for New South Wales, South Australia, Western Australia, and Tasmania under the head of "Railways" include loan expenditure on State tramways, but, except in the case of the first-mentioned colony, the amount thus expended is unimportant, as this service in the other provinces is generally in the hands of municipal authorities or private companies.

In the preceding table a large sum has been placed under the head of "Other works and services"; in the following statement this amount has been subdivided and is shown under several heads. In regard to New Zealand, the sum under the heading of "Miscellaneous" also includes the provincial loans prior to 1876; but it is certain that a very large proportion of this miscellaneous expenditure was incurred for war purposes, the cost of suppressing the Maori risings between 1860 and 1870 being charged to loan votes :—

Colony.	Roads and Bridges, Harbours, &c.	Defence Works.	Immigration.	Miscellaneous.	Total.
	£	£	£	£	£
New South Wales	5,049,510	1,242,006	194,430	3,068,451	9,549,397
Victoria	733,154	98,299	.....	1,849,305	2,680,758
Queensland	2,910,796	224,494	2,776,136	3,352,051	9,263,477
South Australia	2,669,311	235,885	.....	1,762,781	4,667,977
Western Australia	941,840	.....	16,239	497,443	1,455,522
Tasmania	2,197,808	121,423	235,000	1,226,048	3,780,279
New Zealand	4,075,950	923,781	2,146,945	16,856,951	24,903,627
Australasia	19,478,369	2,845,888	5,368,750	28,608,030	56,301,037

In the case of New South Wales the sum of £705,200, which was spent on immigration before the inauguration of the Loan Account, is not included in the above table. If this amount were included, the loan-expenditure on immigration by that colony would be £899,630.

The subjoined table shows the expenditure per inhabitant on the basis of the figures given in the table on the preceding page:—

Colony.	Amount spent on Works yielding direct Revenue.				Other Works and Services.	Total.
	Railways.	Water Supply and Sewerage.	Electric Telegraphs	Total.		
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
New South Wales	30 14 7	5 18 10	0 14 3	37 7 8	7 5 9	44 13 5
Victoria	30 7 2	6 17 0	.....	37 4 2	2 5 7	39 9 9
Queensland.....	40 14 3	0 13 0	1 15 8	43 2 11	19 7 3	62 10 2
South Australia.....	35 7 4	11 0 11	2 9 2	48 17 5	12 18 2	61 15 7
Western Australia	32 6 2	0 3 2	1 15 11	34 5 3	9 14 2	43 19 5
Tasmania	22 3 9	.....	0 14 2	22 17 11	22 15 2	45 13 1
New Zealand	21 6 7	0 16 8	1 1 6	23 4 9	34 14 0	57 18 9
Australasia	30 5 10	4 15 3	0 17 7	35 18 8	12 18 3	48 16 11

EXPENDITURE BY THE GOVERNMENT AND LOCAL BODIES.

The question of Local Government is dealt with in another chapter. It is well, however, to give here a statement of the total amount which passes through the hands of the general and local governments. The sum can in no sense be taken as the cost of governing the various colonies; as will appear from page 384, this may be taken as £19,713,108.

The total sum expended by the general and local governments of Australasia during the year 1896-7 was over £41,000,000, or £9 10s. 11d. per head. Of this large sum, £30,412,245, or £7 0s. 11d. per inhabitant, was spent by the general governments from their revenues, and £7,112,838, or £1 13s. per inhabitant, from loans; the local expenditure—exclusive, of course, of a sum equal to the Government endowment—was £3,668,448, or 17s. per inhabitant.

The following table shows the general, loan, and local expenditure for each colony :—

Colony.	General Government.		Local Government.	Total.
	From Revenue.	From Loans.		
	£	£	£	£
New South Wales.....	9,140,350	1,548,105	799,398	11,487,853
Victoria	6,814,843	276,674	1,094,353	8,185,870
Queensland.....	3,604,264	1,148,341	309,655	5,062,260
South Australia.....	2,779,110	358,658	230,410	3,368,178
Western Australia.....	2,839,453	2,609,669	71,537	5,520,659
Tasmania.....	750,244	81,801	133,135	965,180
New Zealand	4,483,981	1,089,590	1,029,960	6,603,531
Australasia	30,412,245	7,112,838	3,668,448	41,193,531

The expenditure per inhabitant, under the same classification, will be found below. The average expenditure for New South Wales is to some extent misleading, as about 40 per cent. of the population live outside the boundaries of the municipalities :—

Colony.	General Government.		Local Government.	Total.
	From Revenue.	From Loans.		
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
New South Wales..	7 0 11	1 3 10	0 12 4	8 17 1
Victoria	5 16 0	0 4 8	0 18 8	6 19 4
Queensland	7 12 8	2 8 8	0 13 1	10 14 5
South Australia ...	7 14 4	0 19 11	0 12 8	9 6 11
Western Australia.	20 11 8	18 18 4	0 10 4	40 0 4
Tasmania	4 11 10	0 10 0	0 16 4	5 18 2
New Zealand	6 6 8	1 10 9	1 9 1	9 6 6
Australasia ...	7 0 11	1 13 0	0 17 0	9 10 11