

## 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 in its hands 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.

The financial year of the colonies of Victoria, Queensland, South Australia, and Western Australia ends on the 30th June; that of Tasmania, on the 31st December; and that of New Zealand, on the 31st March. For New South Wales the fiscal year was the same as the calendar year until 1894; but in 1895 the accounts for the six months were closed at the end of June, and the fiscal year began on the 1st July, as in most of the other colonies. It must also be pointed out that from the revenue and expenditure of Victoria, South Australia, Tasmania, and New Zealand as given in the following table refunds are excluded; for Western Australia there is nothing to show whether the accounts are gross or net; while for New South Wales and Queensland the gross amounts are given. The net revenue of New South Wales for the year 1895-6 was £9,073,091, or £7 2s. per head of population,

and the net expenditure £9,707,523, or £7 11s. 11d. per head ; but as the refunds cannot be distributed over the various heads of receipts it has been deemed advisable, as in previous years, to use the gross figures throughout this chapter :—

Colony.	Year ended.	Total.		Per head of population.	
		Revenue.	Expenditure.	Revenue.	Expenditure.
		£	£	£ s. d.	£ s. d.
New South Wales.....	30 June, 1896..	9,251,845	9,886,277	7 4 10	7 14 9
Victoria .....	30 June, 1896..	6,461,142	6,823,647	5 9 4	5 15 6
Queensland .....	30 June, 1896..	3,641,583	3,567,947	7 18 2	7 14 12
South Australia* .....	30 June, 1896..	2,535,230	2,640,688	7 4 8	7 7 9
Western Australia .....	30 June, 1896..	1,438,717	1,212,314	14 4 3	11 19 6
Tasmania .....	31 Dec., 1895..	761,971	748,946	4 15 9	4 14 1
New Zealand .....	31 Mar., 1896..	4,398,751	4,349,981	6 6 6	6 5 1
Australasia .....		28,539,239	29,229,800	6 14 10	6 18 1

\* Including Northern Territory.

As will be seen from the above table, the revenue of the colonies for the financial year 1895-6 was £28,539,239 or £6 14s. 10d. per head of population, and the expenditure £29,229,800 or £6 18s. 1d. per head, leaving a total deficit on the twelve months' transactions of £690,561. The colonies which show a surplus are Queensland, Western Australia, Tasmania, and New Zealand ; and those which show a deficit, Victoria and South Australia. For New South Wales an explanation is needed. It will be seen that the figures for that colony give an apparent deficit of £634,432. This is caused by the inclusion in the expenditure of payments to the amount of £967,263, made on account of previous years, which Parliament authorized should be charged against those years ; on the transactions of the financial year 1895-6, taken by themselves, there was, according to the Treasurer's financial statement, a surplus of £333,296. In regard to South Australia, it may be stated that the revenue and expenditure of the colony proper were £2,521,409 and £2,509,468, and of the Northern Territory, £63,821 and £131,220. The deficit on the year's transactions was therefore 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 1895-6 the Customs yielded £7,970,876, and other forms of taxation, £3,221,944 ; while the railways and tramways returned a revenue of £9,294,662, and posts and telegraphs £2,226,212 ; making altogether a sum of £22,713,694 derived from these sources,

or 79·6 per cent. of the total receipts. A division of the revenue of each colony is appended:—

Colony.	Taxation.		Railways and Tramways	Posts and Telegraphs.	Public Lands.	Other Revenue.	Total Revenue.
	Customs.	Other.					
	£	£	£	£	£	£	£
New South Wales .....	1,825,240	740,872	3,156,553	676,668	2,018,196	834,316	9,251,845
Victoria .....	1,733,672	949,248	2,396,993	503,557	411,005	466,667	6,461,142
Queensland .....	1,290,795	276,188	1,052,692	238,115	554,167	229,626	3,641,583
South Australia .....	553,037	280,731	1,001,654	245,713	222,232	281,863	2,538,230
Western Australia .....	614,457	74,015	351,772	113,086	153,876	131,511	1,433,717
Tasmania .....	304,365	160,012	152,718	55,878	61,271	37,727	701,971
New Zealand .....	1,049,310	740,878	1,182,280	393,195	291,673	141,415	4,398,751
Australasia .....	7,970,876	3,221,944	9,294,662	2,226,212	3,702,420	2,123,125	23,539,230

Below will be found a statement of the revenue in 1895-6 on the basis of population. It will be seen that the average for the whole of Australasia was £6 14s. 10d. per head, the amount ranging from £4 15s. 9d. in Tasmania to £14 4s. 3d. 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 all 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 Telegraphs.	Public Lands.	Other Revenue.	Total Revenue.
	Customs.	Other.					
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
New South Wales .....	1 8 7	0 11 7	2 9 5	0 10 7	1 11 7	0 13 1	7 4 10
Victoria .....	1 9 4	0 16 1	2 0 7	0 8 6	0 6 11	0 7 11	5 9 4
Queensland .....	2 16 1	0 12 0	2 5 8	0 10 4	1 4 1	0 10 0	7 18 2
South Australia .....	1 10 11	0 15 9	2 16 1	0 13 9	0 12 5	0 15 9	7 4 8
Western Australia .....	6 1 5	0 14 7	3 9 6	1 2 4	1 10 5	1 6 0	14 4 3
Tasmania .....	1 18 3	1 0 1	0 19 3	0 7 0	0 6 5	0 4 9	4 15 9
New Zealand .....	2 7 5	1 1 4	1 14 0	0 11 3	0 8 5	0 4 1	6 0 6
Australasia .....	1 17 8	0 15 3	2 3 11	0 10 6	0 17 6	0 10 0	6 14 10

It will be seen from the above table that the colony with the highest revenue from import 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, as in Victoria and South Australia, may give

no greater revenue than a high consumption under a lower tariff, as in New South Wales.

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.			Per head of population.		
	Direct.	Indirect.	Total.	Direct.	Indirect.	Total.
	£	£	£	£ s. d.	£ s. d.	£ s. d.
New South Wales .....	345,950	2,220,153	2,566,112	0 5 5	1 14 9	2 0 2
Victoria .....	616,616	2,066,304	2,682,920	0 10 5	1 15 0	2 5 5
Queensland .....	153,085	1,413,898	1,566,983	0 6 8	3 1 5	3 8 1
South Australia .....	221,015	612,753	833,768	0 12 4	1 14 4	2 6 8
Western Australia .....	43,668	644,804	688,472	0 8 7	6 7 5	6 16 0
Tasmania .....	118,394	345,983	464,377	0 14 11	2 3 5	2 18 4
New Zealand .....	678,220	1,711,968	2,390,188	0 19 6	2 9 3	3 8 9
Australasia .....	2,176,957	9,015,863	11,192,820	0 10 4	2 2 7	2 12 11

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 Queensland and 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 .....	49,311	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 by taxation, the colonies differ considerably. Thus, no less than 60·9 per cent. of the revenue of Tasmania was derived from that source; while in New Zealand the proportion was 54·3 per cent.; in Western Australia, 47·9 per cent.; in Queensland, 43·0 per cent.; in Victoria,

41·5 per cent. ; in South Australia, 32·3 per cent. ; and in New South Wales, only 27·7 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 except Western Australia probate duties are levied, and in all the colonies except Western Australia and Queensland, land and income taxes. In Queensland incomes are only taxed in the form of dividends of joint-stock companies. A description of the probate and succession duties and the land and income taxes levied in Australasia may not be without interest.

#### PROBATE AND SUCCESSION DUTIES.

*New South Wales.*—The Stamp Duties Act of 1880 (44 Vic. No. 3), which was assented to on the 20th June, and came into force on the 1st July following, provided that a duty of 1 per cent. should be payable on the value of the real and personal estate of a testator or intestate, and on settlements of property taking effect after death. Under the Amendment Act of 1886 (50 Vic. No. 10) the rate of 1 per cent. was limited to property of a value under £5,000, and 2 per cent. was fixed as the duty chargeable 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. For a number of years there was no exemption, but by the Probate Act 1890 Amendment Act of 1893 (56 Vic. No. 30) it was provided that estates not exceeding £200 in gross value should be free from duty.

*Victoria.*—The Administration and Probate Act of 1890 (54 Vic. No. 1,060), which was assented to on the 10th July, consolidated the law relating to the estates of deceased persons, and provided that no duty should be payable if the net value of the estate left by the testator or intestate did not exceed £1,000 ; that if the net value exceeded £1,000 and did not exceed £5,000, duty should be payable at the rate of 2 per cent., with an exemption of £1,000 ; and that if the value exceeded £5,000 and did not exceed £10,000, 3 per cent. should be charged, with no exemption ; exceeding £10,000 and not exceeding £20,000, 4 per cent. ; exceeding £20,000 and not exceeding £30,000, 5 per cent. ; exceeding £30,000 and not exceeding £40,000, 6 per cent. ; exceeding £40,000 and not exceeding £60,000, 7 per cent. ; exceeding £60,000 and not exceeding £80,000, 8 per cent. ; exceeding £80,000 and not exceeding £100,000, 9 per cent. ; and exceeding £100,000, 10 per cent. It was further provided that only one-half of these rates should be payable on the net amount received from an estate by the widow, children, and grandchildren of the testator or intestate ; but by an important Amendment Act, passed in 1892 (56 Vic. No. 1,261), the half-rates were made applicable only to estates the total value of which was not more than £50,000 after all debts had

been paid. This Amendment Act also considerably increased the rates of duty levied on estates generally, the new schedule, which is in force at present, being as follows :—

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

\* With exemption of £1,000.

*Queensland.*—The Succession and Probate Duties Act of 1892 (56 Vic. No. 13), which was assented to on the 4th October, and took effect from the 7th September previous, repealed the Succession Duties Act of 1886, and levied on property acquired by a person on the death of its former owner a succession duty of 2 per cent. when the value of the property is £200 and under £1,000 ; 3 per cent. 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 ; provided that when the successor is the wife or husband or lineal issue of the predecessor one-half of these rates only shall be charged, and that when the successor is a stranger in blood to the predecessor double rates shall be charged. Under the same Act the following small probate duties are 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.

*South Australia.*—The Succession Duties Act of 1893 (56 and 57 Vic. No. 567), which was assented to on the 25th October, repealed the Probate and Succession Duty Act of 1876 and its Amendment Acts of 1881 and 1885, and imposed succession duties 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,  $7\frac{1}{2}$  per cent.; £60,000 and under £80,000, 8 per cent.; £80,000 and under £100,000,  $8\frac{1}{2}$  per cent.; £100,000 and under £150,000, 9 per cent.; £150,000 and under £200,000,  $9\frac{1}{2}$  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,  $1\frac{1}{2}$  per cent.; £300 and under £400, 2 per cent.; £400 and under £700, 3 per cent.; £700 and under £1,000,  $3\frac{1}{2}$  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.*—No probate or succession duties are levied in this colony.

*Tasmania.*—The Probate Duties Act of 1868 (32 Vic. No. 1), assented to on the 14th September, repealed the Succession Duty Act and imposed duties 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. Where the amount is under £100 no duty is payable; where it is £100 and not more than £500 the duty is 2 per cent.; and

where it is £500 and upwards the duty is 3 per cent. Life policies are exempt from taxation.

*New Zealand.*—The Deceased Persons Estates Duties Act of 1881 (45 Vic. No. 41), which was assented to on the 24th September, and came into force on the 1st October following, repealed the Stamp Act of 1875 and the Stamp Act Amendment Act of 1876 in so far as they related to the rates of duty payable on the estates of deceased persons, and imposed the following duties on the final balance of the real and personal property left by a testator or intestate, and on settlements of property taking effect after the death of the settlor :—

Not exceeding £100 .....	Nil.
Over £100 and under £1,000 .....	2 per cent.
Over £5,000—	
On first £1,000 .....	2    "
On remainder .....	3    "
On every additional £5,000 (or part thereof) up to £20,000—	
On first additional £5,000 (or part thereof).....	4    "
On second    "       "       " .....	5    "
On third     "       "       " .....	6    "
On every additional £10,000 (or part thereof) up to £50,000—	
On first additional £10,000 (or part thereof) .....	7    "
On second    "       "       " .....	8    "
On third     "       "       " .....	9    "
On any excess over £50,000 .....	10   "

It was provided that no duty should be payable on property passing absolutely into the possession of the widow of the deceased, and that only half-rates should be payable on property acquired by the children and grand-children of the testator or intestate. It was further provided that in the case of property in which the widow of the deceased acquired a life interest or annuity which would be diminished by the payment of duty upon the estate, such payment should be delayed until the death of the widow, or until she married again if by her second marriage she would forfeit her interest in the property ; but in any such case in which the interest of the widow of the deceased would be diminished by the payment of duty, it was open to the administrator of the estate to pay duty during her lifetime, and secure to her such an abatement, not exceeding 50 per cent. of the amount, as might be agreed upon.

By the Amendment Act of 1885 (49 Vic. No. 21) some important alterations in the law were made. The word "children," who had been granted the privilege of paying half-rates on property derived from the estate of their deceased father, was defined as including step-children. The application of the Act was extended to 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. As property passing absolutely into the possession of the



widow on the death of her husband was exempted from the payment of duty, so was such an exemption made applicable to property passing absolutely into the possession of the widower on the death of his wife. The provision of the principal Act in regard to the suspension of payment of duty in the case of an estate in which the widow of the deceased derived a life interest was repealed, and it was 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 should be made in ordinary course if the property possessed a capital value which would give an annual return of not less than £500 if invested at 6 per cent., and when the property was of lower value the widow or widower should obtain a refund not exceeding 50 per cent. of the duty. The schedule of duties payable under the principal Act was repealed, and the following new scale imposed :—

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.

#### LAND AND INCOME TAXATION IN NEW SOUTH WALES.

The Land and Income Tax Assessment Act of 1895 (59 Vic. No. 15), which was assented to on the 12th December, provided for the taxation of both land and incomes. The land tax is levied on the unimproved value; and by the rating Act of 1895 (59 Vic. No. 16), the rate is fixed at 1d. in the £ from the 1st January, 1896. 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.

The Assessment Act of 1895 also imposed a tax 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; and the rating Act of 1895 (59 Vic. No. 17) fixed the amount of the tax at 6d. in the £ from the 1st January, 1896. 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 of 1877 (41 Vic. No. 575), which was assented to on the 11th October, 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  $1\frac{1}{4}$  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 Income Tax Act of 1895 (58 Vic. No. 1,374), which was assented to on the 29th January, and took effect from the beginning of that year, provided for the levying of a tax upon incomes until the end of the next session of Parliament after the 1st January, 1898, the rate of tax varying according to the source whence the income is derived and the taxable amount of such income. The rates of tax are annually declared by a special Act of Parliament. For the years 1895 and 1896 it was provided that on incomes derived from personal exertion 4d. in the £ should be 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.; and that double these rates should be 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. 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. This duty is levied under the Dividend Duty Act of 1890 (54 Vic. No. 10), which was assented to on the 6th November, and took effect from the 19th September previous. 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.

The Taxation Act of 1884 (47 and 48 Vic. No. 323), which was assented to on the 14th November, provided for the taxation of both land and incomes from the 30th June previous. The land tax was calculated on the unimproved value, the rate being  $\frac{1}{2}$ d. in the £; but under the Amendment Act of 1894 (57 and 58 Vic. No. 604) an additional tax of  $\frac{1}{2}$ d. was levied on every £ in excess of £5,000, and the amount of tax payable by an absentee, who was declared to be a person who had been absent from or resident out of the colony for two years, was ordered to be 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 imposed by the Taxation Act of 1884 varied according to the source whence the income was derived. On incomes derived from personal exertion the tax originally payable was 3d. in the £, and on incomes the produce of property 6d. in the £; but under Act 55 and 56 Vic. No. 548 the taxation on both sources of income for the year 1892 was temporarily increased 50 per cent., and for the year 1893 (Act 56 and 57 Vic. No. 572), 100 per cent. The further Amendment Act 57 and 58 Vic. No. 604, assented to on the 21st December, 1894, permanently raised the tax on incomes derived from personal exertion

to 4½d. 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 original sum exempted from taxation was £300, but this was reduced to £200 in 1887 by Act 50 and 51 Vic. No. 423; and under the Amendment Act of 1895 (58 and 59 Vic. No. 624) it was declared that for the financial year ending 30th June, 1896, the exempted sum should be £120 if the income did not exceed £300, while if it exceeded £300 there should be no exemption. Under the principal Act the basis of taxation was fixed as the income derived from property during the preceding year, and the average income derived from personal exertion during the last three years; but the Amendment Act of 1885 (48 and 49 Vic. No. 356) placed the assessment of the incomes from personal exertion on the same basis as those the produce of property. 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 Amendment Act of 1887 (50 and 51 Vic. No. 423) declared the income of a company to be the produce of property for taxation purposes.

#### LAND AND INCOME TAXATION IN TASMANIA.

The Real and Personal Estates Duties Act of 1880 (43 Vic. No. 12), which was assented to on the 26th February, and took effect from the 1st of the same month, imposed taxes on real estate and on the dividends of public companies carrying on business within the colony. The duty payable on land and tenements was fixed at 9d. per £ of the assessed annual value. Where the taxable property was of small value, being assessed at not more than £20 per year, or was let to weekly or monthly tenants, whom it would have been impossible to hold responsible for the tax, or where the buildings were let out in apartments and it would have been inconvenient to distribute the tax over the various tenants, the owner was looked to for payment in the first instance; but with these exceptions the tax was payable by the occupier, who had the right to claim from the landlord if he did not own the property himself. If the property were mortgaged, the mortgagor was called upon to pay the full amount of the tax, but was entitled to recover from the mortgagee the proportion payable on the sum advanced on the mortgage, and under the Amendment Act of 1881 (45 Vic. No. 11) he was empowered to deduct this proportion from the interest due to the mortgagee and hand only the balance over. The estate which was exempted from taxation consisted of property belonging to municipal corporations; churches and other buildings used solely for public worship; public schools under the Board of Education; public libraries and museums; hospitals, benevolent

asylums, and other buildings used solely for charitable purposes; the public gardens at Launceston and the gardens of the Royal Society at Hobart; and land held under lease or license issued under the Waste Lands Act, the Gold Fields Regulation Act of 1890, and the Mineral Lands Act of 1877.

These duties on real estate continued in operation until they were abolished by the Land Tax Act of 1888 (52 Vic. No. 31), which was assented to on the 16th October, and imposed a tax of  $\frac{1}{2}$ d. in the £ on the total capital value of land—unless it were the property of a municipal corporation or other local authority, or of a registered friendly society; or it were the site of a State school under the Education Department, a public library or museum, the Tasmanian Museum, a hospital or benevolent asylum or other building used solely for charitable or religious purposes, or vested in trust for public purposes; or it consisted of public roads, or of cemeteries which were not owned by joint-stock or public companies, or of public reserves, gardens, and recreation grounds. Crown lands held on lease were also exempted from taxation, but if they had been purchased on credit the occupier was required to pay tax, and by the Amendment Act of 1892 (56 Vic. No. 27) the tax was declared to be payable on such lands only after one-half of the price had been paid or had become due. The principal Act declared that the value of land subject to taxation should be assessed every three years, but the Amendment Act of 1890 (54 Vic. No. 24) provided that a fresh assessment should be made whenever Parliament might authorise it to be done. The owner of the land was looked to directly for the amount of the tax, unless he resided out of the colony or could not be found, in which case the occupier became responsible, but was allowed to deduct the sum from the amount of his rent. The Commissioner was given power to let the land if the tax remained unpaid six months after it became due, or, with the approval of a Judge of the Supreme Court, to sell it if the tax remained unpaid for two years; and it was provided that the balance of the proceeds, after the amount of the tax, with costs and expenses, had been deducted, should be handed over to the owner of the rented property or the original owner of the property which had been sold. Under the principal Act the mortgagor of any land was allowed to deduct from the interest due to the mortgagee such a proportion of the amount of tax as the sum advanced on the mortgage bore to the assessed capital value of the land; but in 1895, when an Income Tax Act had been passed in the colony, it was provided by Act 59 Vic. No. 21 that the owner of any land subject to mortgage might deduct from the amount of tax payable to the State one-sixth of a penny for every £ advanced on such mortgage, while the mortgagee was reached by the income tax. For five years and a half from the 1st January, 1889, the rate of land tax was  $\frac{1}{2}$ d. per £ of assessed capital value, but on the 1st July, 1894 (under Act 58 Vic. No. 2) the tax was raised to 1d. in the £, at which it remains.

The tax on the dividends of public companies, which was imposed by the Real and Personal Estates Duties Act of 1880, was fixed at 9d. in the £. It was provided that companies whose head offices were outside the colony should pay duty on the dividends accruing to shareholders on the Tasmanian register, while if there were no shareholders residing in the colony, or if the amount of the dividends accruing to the Tasmanian shareholders did not reach £50, the company should be liable to pay this sum, and if the dividends accruing to such shareholders should be over £50 and not more than £100, the company should be liable to pay the sum of £100. This provision originally applied to all foreign companies; but the Amendment Act of 1880 (44 Vic. No. 15) made an exception in the case of insurance companies of all kinds, which it was decided to tax at the rate of £2 10s. for every £100 of gross premiums received within the colony, with a minimum sum of £25 payable to the State and a maximum of £50. Still another change was made in 1892, when Act 56 Vic. No. 12 made the foregoing provision applicable to companies carrying on life business only, and imposed a duty of £50, in addition to 9d. per £ of gross dividends, on every company effecting any other form of insurance whose head office was in Tasmania, and on every such company whose head office was outside the colony, in lieu of the duty of 9d. per £, £2 10s. on every £100 of net premiums received by the company over and above the sum of £1,500. It was likewise provided by this Amendment Act that banking companies whose head offices were not in Tasmania should pay 9d. per £ on such proportion of the total dividends declared by the companies as the Tasmanian deposits held to the total deposits, and this rate was raised to 1s. in the £ in 1894 by Act 58 Vic. No. 19.

With the exception of the duties payable by banking and insurance companies whose head offices were not in the colony, the taxes on the dividends of companies imposed by the Real and Personal Duties Act of 1880 and its Amendment Acts were repealed by the Income Tax Act of 1894 (58 Vic. No. 16), assented to on the 21st August, which provided that from the 31st July, 1894, to the 31st December, 1897, 8d. per £ should 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 were 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 incomes of persons who have not been resident in the colony for at least twelve months. It was provided that persons deriving income from sources outside the colony should not be taxed in

respect of the same if income tax had been paid upon the money in the colony or country whence it was derived. Under the principal Act all incomes not exceeding £150 in amount, whether derived from personal exertion or from property, were exempt from taxation; on all incomes exceeding £150 and not exceeding £400, the sum of £120 escaped taxation; and all incomes over £400 were taxed to the full extent. But the Amendment Act of 1895 (59 Vic. No. 20) provided that the foregoing exemptions should only apply to incomes derived from personal exertion; and that where the money was the produce of property incomes not exceeding £100 in amount should be exempted from taxation, while only £80 should be exempt when the income exceeded £100 and did not exceed £400. It was also provided by this Amendment Act that when the income was derived from both sources no tax should be payable if the total amount did not exceed £150 and the part derived from property was less than £100, and that an exemption of £120 should be allowed if the total income was in excess of £150 but did not exceed £400, and the sum derived from property was less than £100.

#### LAND AND INCOME TAXATION IN NEW ZEALAND.

The Land and Income Tax Assessment Act of 1891 (54 and 55 Vic. No. 18), which was assented to on the 8th September, repealed the Property Assessment Act of 1885 and its Amendment Act of 1886, and imposed a tax upon incomes and an ordinary tax upon land and mortgages, the amount of which it was provided should be fixed annually by a Rating Act; and also an additional graduated tax upon the unimproved value of land, the rates of which were 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 was originally provided that the owner of any land should pay the tax on the actual value of his land and improvements thereon, and also on the value of any mortgages which he might hold over other land, less the value of improvements up to £3,000, and of any mortgage which might be owing on his land. If, then, the net value did not exceed £1,500, an exemption of £500 was allowed, but for every £2 by which the net value exceeded the sum of £1,500 the exemption of £500 was reduced by £1, so that when the value reached the sum of £2,500 there was no exemption at all. An important alteration was made in 1893 by Act 57 Vic. No. 33, which exempted all improvements, leaving only the unimproved value of the land subject to the ordinary tax. A further exemption to that already mentioned was provided by the principal Act 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 being raised to £2,000 if the annual income produced by the land and mortgages did not amount to a larger sum than £120, afterwards raised to



£200 by the Amendment Act of 1892 (56 Vic. No. 54). 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. The principal Act provided that on an unimproved value of £5,000 and under £10,000,  $\frac{1}{8}$ d. per £ should be payable; on £10,000 and under £20,000,  $\frac{1}{4}$ d. per £; £20,000 and under £30,000,  $\frac{3}{8}$ d.; £30,000 and under £40,000,  $\frac{1}{2}$ d.; £40,000 and under £50,000,  $\frac{5}{8}$ d.; £50,000 and under £70,000,  $\frac{3}{4}$ d.; £70,000 and under £90,000,  $\frac{7}{8}$ d.; £90,000 and under £110,000, 1d.; £110,000 and under £130,000,  $1\frac{1}{8}$ d.; £130,000 and under £150,000,  $1\frac{1}{4}$ d.; £150,000 and under £170,000,  $1\frac{3}{8}$ d.; £170,000 and under £190,000,  $1\frac{1}{2}$ d.; £190,000 and under £210,000,  $1\frac{5}{8}$ d.; and £210,000 and over,  $1\frac{3}{4}$ d. per £; and it was further provided that an absentee, who was declared to be a person who had been absent from or resident out of the colony for a period of three years or more, should pay a graduated tax of 20 per cent. additional to the schedule rates. These rates, however, were abolished by the Amendment Act of 1893 (57 Vic. No. 33), and the following schedule substituted:—£5,000 and under £10,000,  $\frac{1}{8}$ d. per £; £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,  $1\frac{3}{8}$ d.; £130,000 and under £150,000,  $1\frac{1}{2}$ d.; £150,000 and under £170,000,  $1\frac{5}{8}$ d.; £170,000 and under £190,000,  $1\frac{3}{4}$ d.; £190,000 and under £210,000,  $1\frac{7}{8}$ d.; and £210,000 and over, 2d. per £.

It was originally provided that returns of land and mortgages should be made annually by companies and triennially by persons, but under the Amendment Act of 1894 (58 Vic. No. 65) such returns must now be made biennially in both cases. 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. It was declared by the principal Act that the exemptions to the land tax should comprise Crown lands; lands vested in the Railway Commissioners (the Railway Commission has now been abolished) 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 laid down by the Amendment Act of 1892 (56 Vic. No. 54) 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 was provided for by the Amendment Act of 1895 (59 Vic. No. 70), 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 was also declared by this Amendment Act that native land occupied by any other person than the Maori owner should 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 should be liable to the payment of ordinary land tax. Mortgages held by banking companies are reached by the income tax; and the Amendment Act of 1893 (57 Vic. No. 33) exempted land owned and mortgages held by any registered building society from taxation, the profits derived by members being subject to income tax. The principal Act gave the Commissioner for Taxation power to purchase at the returned value, with 10 per cent. added, land which seemed to him to be undervalued; but by the Amendment Act of 1892 the Commissioner is required in such a case to 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 should 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 having been withdrawn from absentees by the Amendment Act of 1893 (57 Vic. No. 33); 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 was originally provided that banking companies should be taxed upon the income derived from mortgages; but by the Amendment Act of 1893 (57 Vic. No. 33) it was decided that their income should not be assessed at less than £10,000; and by the Amendment Act of 1894 (58 Vic. No. 65) it was declared that every banking company should 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 issued in March, 1893, 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 on 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 provided by the principal Act 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. By the Amendment Act of 1892 the income of any savings bank constituted under the Savings Bank Act of 1858, and the income of any public charitable institution, were 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.

Under the Amendment Act of 1892 (56 Vic. No. 54) it was provided that income derived from the proceeds of sales of goods by an agent acting on behalf of a principal outside the colony should be subject to income tax. This was found to place agents with a place of business at a disadvantage compared with commercial travellers, and accordingly an Amendment Act (59 Vic. No. 70) was passed in 1895, making it 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 1895-6. It must be borne in mind that as regards New South Wales neither land nor income tax was properly payable during the year—the income tax shown was paid in advance:—

Colony.	Stamp Duties.		Land Tax.	Income Tax.	Dividend Tax.	Total.
	Probate.	Other.				
	£	£	£	£	£	£
New South Wales .....	136,060	182,241	.....	27,658	.....	345,959
Victoria .....	148,432	172,918	127,178	168,088	.....	616,616
Queensland .....	27,984	72,068	.....	.....	53,033	153,085
South Australia .....	34,066	28,388	75,297	83,264	.....	221,015
Western Australia .....	.....	43,668	.....	.....	.....	43,668
Tasmania .....	4,360	15,337	49,883	46,528	2,286	118,394
New Zealand .....	313,992		*271,450	92,778	.....	678,220
Australasia .....	1,179,514		523,808	418,316	55,319	2,176,957

\* Including £55 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 £1,325,000 less than was the case in 1881, while in South Australia the revenue from land sales is under £50,000.

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

C lony.	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 1895-6 shows a large decline, in all amounting to £1,994,693. 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 1895-6 the revenue of the colony from sales amounted to £1,158,235—still a large amount, but £1,325,103 short of the receipts of 1881. In regard to occupation, a

different condition of things is disclosed. The receipts in New South Wales during 1895-6 totalled £859,961, or an increase of £522,310 as compared with 1881, and amounting to nearly one-half of the total for Australasia. The following are the figures for 1895-6 for all the colonies :—

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 .....	1,158,235	859,961	2,018,196	0 18 2	0 13 5	1 11 7
Victoria .....	296,517	114,488	411,005	0 5 0	0 1 11	0 6 11
Queensland .....	168,006	386,161	554,167	0 7 4	0 16 9	1 4 1
South Australia .....	45,967	176,265	222,232	0 2 7	0 9 10	0 12 5
Western Australia .....	89,408	64,468	153,876	0 17 8	0 12 9	1 10 5
Tasmania .....	28,234	23,037	51,271	0 3 6	0 2 11	0 6 5
New Zealand .....	126,571	165,102	291,673	0 3 8	0 4 9	0 8 5
Australasia .....	1,912,938	1,789,482	3,702,420	0 9 0	0 8 6	0 17 6

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. The desirability of such a 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, by appropriating about £100,000 derivable from that source to the credit of the Railway Construction Account.

#### 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 that of Victoria by £3,062,630, and was only £672,339 less than the united expenditure of New Zealand, Queensland, and South 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 fiscal year 1895-6 :—

Colony.	Railways and Tramways.	Posts and Telegraphs.	Public Instruction.	Interest and charges on Public Debt.	All other Services.	Total Expenditure.
	£	£	£	£	£	£
New South Wales .....	1,884,700	746,208	794,893	2,360,700	4,099,677	9,886,277
Victoria .....	1,432,518	499,279	555,044	1,981,625	2,355,181	6,823,647
Queensland .....	644,362	296,401	222,850	1,286,531	1,117,713	3,567,947
South Australia .....	588,329	198,541	149,562	948,762	755,494	2,640,688
Western Australia .....	215,351	108,578	26,575	174,279	687,531	1,212,314
Tasmania .....	120,388	61,972	39,211	328,881	198,494	748,946
New Zealand .....	743,670	331,063	420,156	1,683,775	1,171,317	4,340,981
Australasia .....	5,629,318	2,242,132	2,208,291	8,764,652	10,385,407	29,220,800

It will be seen from the foregoing statement that 19·3 per cent. of the whole expenditure is for working the railways of the colonies—a service not undertaken by the State in the United Kingdom and the United States. Posts and Telegraphs absorb 7·7 per cent., while Public Instruction accounts for 7·6 per cent., and interest on the Public Debt, 30·0 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 9 6	0 11 8	0 12 6	1 16 11	3 4 2	7 14 9
Victoria .....	1 4 3	0 8 6	0 9 5	1 13 6	1 19 10	5 15 6
Queensland .....	1 8 0	0 12 11	0 9 8	2 15 10	2 8 6	7 14 11
South Australia....	1 12 11	0 11 1	0 8 5	2 13 1	2 2 3	7 7 9
Western Australia..	2 2 7	1 1 5	0 5 3	1 14 5	6 15 10	11 19 6
Tasmania .....	0 15 2	0 7 9	0 4 11	2 1 4	1 4 11	4 14 1
New Zealand .....	1 1 5	0 9 6	0 12 1	2 8 5	1 13 8	6 5 1
Australasia .....	1 6 7	0 10 7	0 10 5	2 1 5	2 9 1	6 18 1

The most remarkable feature in the general expenditure of the Australasian colonies is the largeness of the amount required to pay interest 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 fully 30 per cent. of the total expenditure, or

£2 1s. 5d. per head of population, while the actual expenditure for each colony during 1895-6 was as shown below :—

Colony.	Interest and Charges on Public Debt.		
	Total.	Per head of Population.	Proportion of Total Expenditure.
	£	£ s. d.	per cent.
New South Wales .....	2,360,799	1 16 11	23·88
Victoria .....	1,981,625	1 13 6	29·04
Queensland .....	1,286,531	2 15 10	36·06
South Australia .....	948,762	2 13 1	35·93
Western Australia.....	174,279	1 14 5	14·38
Tasmania .....	328,881	2 1 4	43·91
New Zealand .....	1,683,775	2 8 5	38·71
Australasia .....	8,764,652	2 1 5	30·00

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 392.

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 £8,764,652 required to pay interest and charges on the public debt during 1895-6, £3,665,344 was directly recouped by the net revenue from public railways; while water supply and sewerage yielded a further sum of £356,254, making a total of £4,021,598. 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 1895-6 will be found below :—

Colony.	Revenue, excluding Services.*	Net Revenue from Services.*	Total adjusted Revenue.	Per head of Population.
	£	£	£	£ s. d.
New South Wales.....	5,824,915	.....	5,824,915	4 11 2
Victoria .....	3,899,293	.....	3,899,293	3 6 0
Queensland .....	2,588,891	.....	2,588,891	5 12 5
South Australia.....	1,487,814	.....	1,487,814	4 3 3
Western Australia.....	1,069,772	19,849	1,089,621	10 15 3
Tasmania .....	609,253	.....	609,253	3 16 7
New Zealand .....	3,216,471	.....	3,216,471	4 12 6
Australasia .....	18,696,409	19,849	18,716,258	4 8 5

\* Railways, tramways, water supply and sewerage.

It will be seen that the only colony which obtained a revenue from these services during 1895-6, after working expenses and interest on capital had been allowed for, was Western Australia—a position due to the increased traffic on the railway lines leading to the goldfields. 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 .....	6,157,514	301,833	6,459,347	5 1 1
Victoria .....	3,883,890	377,908	4,261,798	3 12 2
Queensland .....	2,167,698	347,557	2,515,255	5 9 2
South Australia .....	1,368,282	174,990	1,543,272	4 6 4
Western Australia .....	863,218	.....	863,218	8 10 6
Tasmania .....	468,183	128,045	596,228	3 14 11
New Zealand .....	2,944,287	223,413	3,167,700	4 11 1
Australasia .....	17,853,072	1,553,746	19,406,818	4 11 8

\* 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, which are 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 1895; for New Zealand, to the 31st March, 1896; and for the other five colonies, to the 30th June, 1896. The figures given in the last column of the table represent the accumulated deficiency 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.....	357,132	2,627,584	.....	2,270,452
Victoria .....	.....	741,366	2,003,575	2,744,941
Queensland.....	.....	71,000	221,972	292,972
South Australia.....	.....	849,225	405,503	1,254,728
Western Australia .....	312,064	.....	.....	.....
Tasmania.....	.....	*398,154	442,103	840,257
New Zealand .....	215,559	.....	.....	.....
Total.....	884,755	4,687,329	3,073,153	7,403,350

\* Treasury Bills and Local Inscribed Stock.

It will be seen that for the colony of New South Wales the table shows an overdraft of £2,627,584 which has been liquidated by

Treasury bills, while at the same time the revenue account had a credit balance of £357,132 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 devote £333,296 to the construction of works and the payment of a special subsidy to municipalities, and to hold the balance—£23,836—in suspense against outstanding liabilities of 1895 and previous years. In reference to the South Australian cash overdraft of £405,503, it may be explained that this is obtained by a credit balance of £11,468 for the colony proper, and a debit balance of £416,971 for the Northern Territory.

The condition of the revenue accounts of New South Wales and Victoria needs further explanation. In the former colony 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, 1896, the debit balance of the Centennial Park Account was £224,372, and of the General Post-office New Street Resumption Account, £469,238, neither of which amounts is included in the above table. In Victoria, also, 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 £465,268, and this sum has been placed to a suspense account, which is likewise excluded from the debit balance given above.

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.

#### 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 the past few 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.	1895-6.
	£	£	£	£
New South Wales .....	4,017,630	10,614,330	16,924,019	62,263,473
Victoria .....	6,345,060	11,994,800	22,426,502	47,636,211
Queensland .....	70,000	4,047,850	13,245,150	32,444,934
South Australia .....	866,500	2,167,700	11,196,800	24,216,425
Western Australia .....	Nil	Nil	511,000	4,736,572
Tasmania .....	Nil	1,315,200	2,003,000	8,447,470
New Zealand .....	600,761	8,900,991	29,659,111	43,050,780
Australasia .....	11,899,951	39,040,871	95,965,582	222,795,865

The amounts for the year 1895-6 represent both funded and unfunded debt. In round figures the increase from 1861 to 1871 was 27 millions; from 1871 to 1881, 57 millions; and from 1881 to 1896, 127 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 New South Wales and Victoria, viz., New Zealand, £778,891; Queensland, £74,096; South Australia, £200,466; Western Australia, £175,033; and Tasmania, £122,464.

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.; while in 1896 it was £52 1s. 4d. For each colony the figures are as follow :—

Colony.	1861.	1871.	1881.	1896-6.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
New South Wales.....	11 4 5	20 10 0	21 14 8	48 5 6
Victoria .....	11 14 3	16 0 11	25 9 7	40 9 2
Queensland .....	2 0 9	32 6 11	58 7 2	69 6 7
South Australia.....	6 16 8	11 13 7	39 2 1	67 19 1
Western Australia.....	Nil.	Nil.	17 0 6	38 13 10
Tasmania.....	Nil.	12 18 5	16 16 10	52 4 10
New Zealand .....	6 1 4	33 6 9	59 4 2	61 4 2
Australasia .....	9 8 0	19 16 4	34 0 2	52 1 4

Of the £222,795,865 which constituted the debt of Australasia in 1896, £216,017,636 was funded debt raised either as debentures or as funded or inscribed stock, and £6,778,229 was represented by unfunded or floating debt. The particulars for each colony will be found below :—

Colony.	Date.	Debenture Bonds.	Inscribed and Funded Stock.	Treasury Bills.		Total.
				For Works.	In aid of Revenue.	
		£	£	£	£	£
New South Wales..	30 June, 1896	11,548,850	46,334,439	1,752,000	2,627,584	62,203,473
Victoria .....	30 June, 1896	20,735,695	26,150,516	.....	750,000	47,036,211
Queensland .....	30 June, 1896	11,809,900	20,564,034	.....	71,000	32,444,934
South Australia ..	30 June, 1896	11,275,000	11,592,200	500,000	849,225	24,216,425
Western Australia..	30 June, 1896	382,000	4,341,752	12,320	.....	4,736,572
Tasmania .....	30 June, 1896	3,525,970	4,706,500	.....	215,000	8,447,470
New Zealand .....	31 Mar., 1896	6,269,582	36,781,198	.....	.....	43,050,780
Australasia .....		65,546,997	150,470,639	2,265,420	4,512,809	222,795,865

In one or two instances the amount of the bills current in aid of revenue which is set down in the above table differs somewhat from that given on page 387. The figures there given represent the net indebtedness, allowance being made for funds in hand to meet the bills when they fall due.

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 3·72 per cent., while South Australia pays 4·01 per cent., so that a debt of £100 in the former is not more burthensome than £92 15s. 4d. 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.....	3·73	3·53	3·72	2,313,892	1 15 11
Victoria .....	3·93	4·33	3·93	1,873,267	1 11 10
Queensland .....	3·89	4·00	3·89	1,260,849	2 13 11
South Australia .....	3·98	4·56	4·01	972,120	2 14 7
Western Australia.....	3·80	4·50	3·80	180,183	1 9 5
Tasmania ... ..	3·87	4·31	3·88	327,635	2 0 6
New Zealand .....	3·94	.....	3·94	1,696,002	2 8 3
Australasia .. .....	3·87	3·86	3·87	8,623,948	2 0 5

In 1884 the nominal rate of interest on New South Wales loans was fixed at  $3\frac{1}{2}$  per cent., at which rate stock to the amount of £29,326,200 had been sold to June, 1896. 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 June, 1896. South Australia also has issued 3 per cent. stock to the amount of £839,500. Below will be found the amount of the total debt

under each rate of interest. For New Zealand the figures refer to the 31st March, 1896, and for all the other colonies to the 30th June of that year :—

Rate of Interest.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	New Zealand.	Australasia.
FUNDED DEBT.								
3 cent.	£	£	£	£	£	£	£	£
Nil.	6,750	.....	.....	.....	.....	.....	.....	6,750
6½	.....	.....	.....	.....	.....	.....	35,000	35,000
6	94,500	.....	.....	909,400	32,500	379,900	155,800	1,572,100
5½	4,500	.....	.....	.....	.....	.....	.....	4,500
5	3,139,800	31,900	.....	290,000	53,100	100	1,007,900	4,552,800
4½	3,700	5,000,000	.....	.....	85,100	.....	1,906,192	6,994,992
4	21,057,839	20,854,311	21,384,300	17,464,400	3,023,052	4,145,270	31,537,302	128,466,474
3½	29,326,200	12,000,000	10,989,634	3,363,900	750,000	3,707,200	6,908,586	67,045,520
3	4,250,000	.....	.....	839,500	750,000	.....	1,500,000	7,339,500
Total ....	57,883,289	40,886,211	32,373,934	22,867,200	4,723,752	8,232,470	43,050,780	216,017,636

## UNFUNDED DEBT—Treasury Bills.

Nil.	2,600	.....	.....	.....	.....	.....	.....	2,600
4-5625	.....	.....	.....	1,349,225	.....	.....	.....	1,349,225
4½	.....	500,000	.....	.....	12,820	97,470	.....	610,290
4¼	750,000	.....	.....	.....	.....	74,430	.....	824,430
4	1,388,500	250,000	71,000	.....	.....	43,100	.....	1,752,600
3	2,239,084	.....	.....	.....	.....	.....	.....	2,239,084
Total ....	4,380,184	750,000	71,000	1,349,225	12,820	215,000	.....	6,778,229
Total Debt	62,263,473	47,636,211	32,444,934	24,216,425	4,736,572	8,447,470	43,050,780	222,795,865

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



retires a certain amount of its debentures yearly, and thus effects a gradual extinction of the loan. As already explained, New Zealand, Queensland, South Australia, Tasmania, and Western Australia have sinking funds in operation, the amounts to the credit of which will be found on page 391. 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 these 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.

# REDEMPTION OF PUBLIC DEBT.

395

Due Dates.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	New Zealand.	Australasia.
FUNDED DEBT.								
Overdue .....	£ 6,750	£ .....	£ .....	£ .....	£ .....	£ .....	£ .....	£ 6,750
1896 .....	758,000	.....	.....	.....	.....	108,200	51,800	918,000
1897 .....	65,800	31,900	.....	60,000	.....	150,177	303,890	611,767
1898 .....	179,700	.....	.....	140,000	.....	128,604	2,161,400	2,609,704
1899 .....	197,700	1,500,000	.....	1,140,000	.....	17,717	418,302	3,273,719
1900 .....	861,600	.....	.....	60,000	.....	67,340	48,000	1,036,940
1901 .....	420,900	3,000,000	.....	67,300	32,500	122,028	.....	3,042,723
1902 .....	459,000	.....	.....	65,000	34,000	31,200	.....	589,200
1903 .....	1,905,200	.....	.....	65,000	31,500	58,240	.....	2,059,940
1904 .....	58,000	5,457,000	.....	62,500	.....	24,040	.....	5,601,540
1905 .....	2,300	.....	.....	72,500	17,600	54,174	101,600	243,174
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	448,000	6,149,100
1909 .....	1,799,500	.....	.....	3,122,700	.....	.....	40,000	4,962,200
1910 .....	2,863,700	.....	.....	60,300	.....	.....	186,390	3,110,390
1911 .....	.....	.....	.....	68,300	.....	1,000,000	.....	1,068,300
1912 .....	2,781,750	.....	.....	85,000	.....	.....	.....	2,866,750
1913 .....	.....	4,000,000	1,466,500	47,000	.....	546,650	506,500	6,566,650
1914 .....	.....	.....	.....	35,000	.....	800,000	342,200	1,177,200
1915 .....	.....	.....	11,728,800	35,000	.....	.....	3,800	11,767,600
1916 .....	.....	.....	.....	1,963,300	.....	.....	12,200	1,975,500
1917 .....	.....	.....	.....	2,205,300	.....	.....	.....	2,205,300
1918 .....	12,826,200	.....	.....	1,476,900	.....	.....	.....	14,303,100
1919 .....	.....	4,000,000	.....	26,000	.....	.....	.....	4,026,000
1920 .....	.....	6,000,000	.....	337,200	.....	300,000	.....	6,637,200
1923 .....	.....	7,746,795	.....	.....	.....	.....	.....	7,746,795
1924 .....	16,520,000	.....	12,073,834	1,651,300	.....	.....	.....	31,145,134
1925 .....	50,000	.....	.....	.....	.....	.....	.....	50,000
1926 .....	.....	7,107,000	.....	.....	.....	67,600	24,200	7,198,800
1929 .....	.....	.....	.....	200,000	.....	.....	29,150,302	29,350,302
1930 .....	.....	.....	3,704,800	.....	.....	.....	.....	3,704,800
1931 .....	.....	.....	.....	.....	1,876,000	.....	.....	1,876,000
1933 .....	9,686,300	.....	.....	.....	.....	.....	.....	9,686,300
1934 .....	.....	.....	.....	.....	965,752	.....	.....	965,752
1935 .....	4,000,000	.....	.....	1,560,400	1,500,000	.....	.....	7,060,400
1936 .....	.....	.....	.....	2,515,300	.....	.....	.....	2,515,300
1939 .....	.....	.....	.....	2,719,800	.....	.....	.....	2,719,800
1940 .....	.....	.....	.....	.....	.....	4,456,500	6,130,896	10,587,396
1945 .....	.....	.....	2,500,000	.....	.....	.....	1,500,000	4,000,000
Interminable	532,889	.....	.....	.....	.....	.....	.....	532,889
Annual Drawings	233,100	.....	.....	.....	266,400	.....	621,300	1,120,800
Undefined ..	.....	2,043,516	.....	.....	.....	.....	.....	2,043,516
Total ....	57,883,289	46,886,211	32,373,934	22,867,200	4,723,752	8,232,470	43,050,780	216,017,036
UNFUNDED DEBT. (Treasury Bills.)								
Overdue .....	2,600	.....	.....	.....	.....	.....	.....	2,600
1896 .....	1,750,000	.....	.....	.....	.....	40,000	.....	1,790,000
1897 .....	.....	250,000	.....	849,225	.....	30,000	.....	1,129,225
1898 .....	.....	250,000	70,000	250,000	12,820	45,000	.....	627,820
1899 .....	.....	.....	.....	.....	.....	50,000	.....	50,000
1900 .....	.....	.....	.....	250,000	.....	50,000	.....	300,000
1903 .....	.....	250,000	1,000	.....	.....	.....	.....	251,000
Annual payments	2,627,584	.....	.....	.....	.....	.....	.....	2,627,584
Total ....	4,380,184	750,000	71,000	1,349,225	12,820	215,000	.....	6,778,229
Total Debt	62,263,473	47,636,211	32,444,934	24,216,425	4,736,572	8,447,470	43,050,780	222,795,865

## 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 none of the provinces 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 £6,490,173; in Victoria, £3,540,611; in Queensland, £2,070,800; in South Australia, £2,381,625; in Western Australia, £95,820; in Tasmania, £644,420; and in New Zealand, £4,033,682, making altogether a sum of £19,257,131, or 8·6 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, Western Australia, and Tasmania; 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, the Governments of New South Wales and New Zealand respectively 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.

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 10 1	do.
	1895	3	4,000,000	1 7 10	do.
Victoria .....	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	.....	do.
South Australia.....	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.
	1894	3½	475,600	.....	do.
	1894	3½	200,000	.....	do.
	1895	3½	311,000	.....	do.
Western Australia ...	1891	4	250,000	1 3 6	do.
	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	.....	do.
Tasmania .....	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.

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 has been traced over a period of about twenty-five years, and it has been shown that during that time nearly the whole of the advances made to the various State Governments, and some 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 1896 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, 1896.
Australasia—					
New South Wales .....	3½ per cent. Inscribed	96½	93	98½	111
Victoria .....	3½ do do ...	97	88½	97½	108
Queensland .....	4 do do do ...	103½	99	104	117
South Australia .....	4 do do do ...	106	103	106½	117
Western Australia .....	4 do do do ...	103½	104	108	126
Tasmania .....	4 do do do ...	103	98½	103	113
New Zealand .....	4 do do do ...	104½	104½	108½	118
Canada .....	3 do do do ...	94½	96	97	106
Cape Colony .....	4 do do do ...	106	108	112	122
Natal .....	4 do Debentures	103	108	109	123
India .....	3 do Stocks	97½	98½	99½	114½

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 stock of each colony on the basis of previous quotations, allowing for interest accrued and redemption at par on maturity, is given below. The stocks, with the exception of those of the colony of Natal, are inscribed :—

Country.	Class of Stock.	Selling Price, "ex dividend."	Currency.	Annual Rate of Interest per £100 sterling.			
				If no allowance is made for re- demption at par on maturity.	Gain or Loss per annum by redemp- tion at par on maturity.		Rate if Stock is held till date of maturity.
					Gain.	Loss.	
	Cent.	£	Years.	£ s. d.	s. d.	s. d.	£ s. d.
June, 1892.							
Australasia—							
New South Wales .....	3½	96.19	32	3 12 10	1 3	....	3 14 1
Victoria .....	3½	95.45	31	3 13 4	1 2	....	3 15 0
Queensland .....	4	101.72	32	3 18 8	....	1 11	3 16 9
South Australia .....	4	105.23	44	3 16 0	....	4 11	3 11 1
Western Australia .....	4	101.72	42	3 18 8	....	1 9	3 16 11
Tasmania .....	4	101.22	16	3 19 0	....	0 2	3 18 10
New Zealand .....	4	104.05	37	3 16 11	....	4 2	3 12 9
Canada .....	3	93.17	46	3 4 5	1 4	....	3 9 9
Cape Colony .....	4	105.89	31	3 15 6	....	6 6	3 5 0
Natal .....	4	102.55	34	3 18 0	....	2 9	3 15 3
India .....	3	96.69	56	3 2 1	0 5	....	3 2 6

June, 1893.

Australasia—							
New South Wales .....	3½	92.33	31	3 16 0	2 8	....	3 18 8
Victoria .....	3½	86.97	30	4 0 6	4 8	....	4 5 2
Queensland .....	4	97.25	31	4 2 3	0 11	....	4 3 2
South Australia .....	4	102.23	43	3 18 3	....	2 2	3 16 1
Western Australia .....	4	102.25	41	3 18 3	....	2 3	3 16 0
Tasmania .....	4	96.75	15	4 2 8	3 3	....	4 5 11
New Zealand .....	4	104.06	36	3 16 10	....	4 2	3 12 8
Canada .....	3	94.68	45	3 3 4	1 1	....	3 4 5
Cape Colony .....	4	107.90	30	3 14 2	....	8 10	3 5 4
Natal .....	4	107.56	33	3 14 4	....	8 0	3 6 4
India .....	3	97.92	55	3 1 3	0 4	....	3 1 7

Country.	Class of Stock.	Selling Price, "ex dividend."	Currency.	Annual Rate of Interest per £100 sterling.			
				If no allowance is made for re- demption at par on maturity.	Gain or Loss per annum by redem- tion at par on maturity.		Rate if Stock is held till date of maturity.
					Gain.	Loss.	
	per cent.	£	Years.	£ s. d.	s. d.	s. d.	£ s. d.

June, 1894.

Australasia—							
New South Wales .....	3½	98·21	30	3 11 3	0 9	....	3 12 0
Victoria .....	3½	95·92	29	3 13 0	1 7	....	3 14 7
Queensland .....	4	102·25	30	3 18 3	....	2 7	3 15 8
South Australia .....	4	105·74	42	3 15 8	....	5 6	3 10 2
Western Australia .....	4	106·25	40	3 15 4	....	6 1	3 9 3
Tasmania .....	4	101·25	14	3 19 0	....	0 3	3 18 9
New Zealand .....	4	108·45	35	3 13 9	....	8 8	3 5 1
Canada .....	3	95·08	44	3 2 9	0 11	....	3 3 8
Cape Colony .....	4	111·91	29	3 11 6	....	13 4	2 18 2
Natal .....	4	108·57	32	3 13 8	....	9 2	3 4 6
India .....	3	98·68	54	3 0 10	0 2	....	3 1 0

June, 1896.

Australasia—							
New South Wales .....	3½	109·73	28	3 3 9	....	10 7	2 13 2
Victoria .....	3½	105·86	27	3 6 2	....	6 8	2 19 6
Queensland .....	4	114·13	28	3 10 1	....	16 0	2 14 1
South Australia .....	4	115·12	40	3 9 6	....	14 1	2 15 6
Western Australia .....	4	123·13	38	3 4 11	....	21 4	2 3 7
Tasmania .....	4	108·63	12	3 13 8	....	18 1	2 15 7
New Zealand .....	4	116·95	33	3 8 5	....	17 4	2 11 1
Canada .....	3	104·00	42	2 17 8	....	3 4	2 14 4
Cape Colony .....	4	120·79	27	3 6 3	....	23 7	2 2 8
Natal .....	4	121·12	30	3 6 1	....	22 5	2 3 8
India .....	3	113·34	52	2 12 11	....	9 6	2 3 5

The figures given in the last column of the preceding 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, the position of Australasian stocks in 1896 being considerably above the level of 1889. To this general statement the only exception is Victoria. To illustrate the fluctuations in the prices of colonial securities, the rates obtained during 1892, 1893, 1894, and 1896 are given below in a simpler form than in the preceding table, and a column showing the interest yielded to investors in 1889 has been added. During the same periods, British consols were selling at 98 $\frac{1}{2}$ , 97, 99, 101 $\frac{1}{8}$ , and 113 :—

Country.	1889.	1892.	1893.	1894.	1896.
Australasia—	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
New South Wales.....	3 3 1	3 14 1	3 18 8	3 12 0	2 13 2
Victoria .....	2 19 3	3 15 0	4 5 2	3 14 7	2 19 6
Queensland .....	3 2 8	3 16 9	4 3 2	3 15 8	2 14 1
South Australia .....	3 5 6	3 11 1	3 16 1	3 10 2	2 15 5
Western Australia.....	.....	3 16 11	3 16 0	3 9 3	2 3 7
Tasmania .....	3 7 9	3 18 10	4 5 11	3 18 9	2 15 7
New Zealand .....	3 16 11	3 12 9	3 12 8	3 5 1	2 11 1
Canada .....	3 0 1	3 5 9	3 4 5	3 3 8	2 14 4
Cape Colony .....	3 4 9	3 9 0	3 5 4	2 18 2	2 2 8
Natal .....	3 8 2	3 15 3	3 6 4	3 4 6	2 3 8
India .....	3 1 6	3 2 6	3 1 7	3 1 0	2 3 5

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, 1896, 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, 1896.
			£	£	£
New South Wales .....	1894	3 $\frac{1}{2}$	832,000	99·68	108·93
Victoria .....	1893	4	2,107,000	96·00	110·13
Queensland .....	1895	3 $\frac{1}{2}$	1,250,000	100·01	108·86
South Australia .....	1894	3 $\frac{1}{2}$	475,600	90·75	109·36
Western Australia .....	1895	3 $\frac{1}{2}$	750,000	102·63	111·52
Tasmania .....	1895	3 $\frac{1}{2}$	750,000	98·30	108·86
New Zealand .....	1895	3	1,500,000	93·73	102·34

#### 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, 1895, the whole of the public liabilities were inscribed, with the exception of £1,671,636 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  $97\frac{1}{2}$  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 class 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 transfer-

able 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 two uniform interest rates of 4 and 3½ per cent. and fixing the dates of maturity at 1929 and 1940 respectively. The transactions in conversion and consolidation in New Zealand from 1877 to 31st March, 1896, were as follow:—

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 5,022,500	£ 1,600,902 438,071	4 per cent. 3½ „	£ 21,325,302 5,460,571	1929 1940

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, 1896, is stated at £159,644, viz., £102,114 on the 4 per cent., and £57,530 on the  $3\frac{1}{2}$  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.

#### 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 8th May, 1894, when the stock was withdrawn, £2,345,780 had been disposed of. The cost of the issue was practically nil. 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 2s. 5¾d.; while the return to investors was £4 1s. 1½d. 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. 4d. per cent., and the interest yielded to investors, £3 7s. 10½d. 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.

In January, 1893, the two last issues of the £4,000,000 treasury bills, amounting to £736,500, were placed in London.

*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, 1895, to the amount of £746,795; and 4 per cent. stock on the Melbourne register, amounting to £134,151, was sold during the first half of 1895.

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.

*Queensland*, in January, 1893, placed a 3½-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 3½ 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.

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.

*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 3½ 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 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 1910 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 June, 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 12s. 4d., so that the Government obtained £100 4s. 4d. This is the cheapest loan yet floated by any of the Australasian colonies.

The Government had authority to issue treasury bills during 1893, the total amount sold being £179,535, of which £150,000 were negotiated in London, and the balance locally. The rate of interest was  $4\frac{1}{2}$  per cent., and the dates of maturity were 1895–8 for the bills due in Perth, and 1894 for those redeemable in London.

*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.

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.

*New Zealand.*—During the year 1894–5, £682,200 of old debentures were converted into inscribed stock of the amount of £720,559.

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, 1895, was £810,000; the issue during the ensuing twelve months amounted to £1,255,100, while bills amounting to £1,330,100 were paid off, leaving the amount outstanding on the 31st March, 1896, at £735,000. 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 are as follow:—

Colony.	Year of Issue.	Year of Maturity.	Nominal—		Net Proceeds, less charges and accrued Interest.		Annual Interest per £100 sterling, paid by Government.				
			Interest.	Amount of Loan.	Total.	Per cent.	Nominal Interest on net Proceeds.	Gain or loss in interest by redemption at par on maturity.		Rate paid, allowing for redemption at par, on maturity.	
								Gain.	Loss.		
			per cent.	£	£	£	£ s. d.	s. d.	s. d.	£ s. d.	
New South Wales..	1893	1933	4	2,500,000	2,437,249	97.49	4 2 0½	..	0 5	4 2 5½	
„	*..	1893	1913	4	1,829,400	1,827,850	99.92	4 0 0½	..	0 0½	4 0 1½
„	..	1894	1918	3½	832,000	829,307	99.68	3 10 2½	..	0 1½	3 10 4
„	..	1895	1935	3	4,000,000	3,804,673	95.11	3 3 1	..	0 11	3 4 0
Victoria.....	1892	1921-26	3½	2,000,000	1,810,666	90.53	3 17 3½	..	3 1½	4 0 3	
„	.....	1893	1911-26	4	2,107,000	1,999,733	94.91	4 4 5	..	5 9	4 10 2
Queensland .....	1893	1930	3½	1,182,400	1,014,162	85.77	4 1 7	..	15 0	4 16 7	
„	.....	1895	1935	3½	1,250,000	.....	.....	..	..	.....	
South Australia ..	1890-4	1939	3½	1,532,900	1,417,457	92.47	3 15 8	..	7 0½	4 2 8½	
„	†..	1892-4	1939	3½	513,200	497,052	96.85	3 12 3	..	2 10½	3 15 1½
Western Australia	1892	1911-31	4	400,000	393,211	98.30	4 1 4½	..	0 3½	4 1 8	
„	..	1894	1911-31	4	540,000	544,964	100.92	3 19 3½	0 11	..	3 18 4½
„	..	1895	1915-35	3½	750,600	760,934	101.46	3 9 10½	1 4½	..	3 8 0½
„	..	1896	1915-35	3	750,000	.....	.....	..	..	.....	
Tasmania .....	1893	1920-40	4	1,000,000	994,912	99.49	4 0 5	..	0 0½	4 0 5½	
„	.....	1895	1920-40	3½	750,000	737,308	98.31	3 11 2	..	1 0	3 12 8
New Zealand ....	1895	1945	3	1,500,000	.....	..	.....	..	..	.....	

\* Funded stock.

† Part of the £1,013,279 loan.

The particulars of the treasury bills issued during 1893-4 were as follow :—

Colony.	Year of Maturity.	Nominal—		Net Proceeds, less charges and accrued interest.		Annual Interest per £100 sterling, paid by Government.				
		Interest.	Amount of Loan.	Total.	Per cent.	Nominal interest on net proceeds.	Gain or loss in interest by redemption at par on maturity.		Rate paid by Government, allowing for redemption at par on maturity.	
							Gain.	Loss.		
		per cent.	£	£	£	£ s. d.	s. d.	s. d.	£ s. d.	
New South Wales (b)	1896	4	725,700	721,059	99·36	4 0 6	..	0 5½	4 0 11½	
" (b)	1896	4	10,800	10,759	99·62	4 0 3¾	..	0 3	4 0 6¾	
Victoria (a)	1903	4	250,000	..	..	..	..	..	..	
Queensland (a)	1899	4	222,500	222,500	100·00	4 0 0	..	..	4 0 0	
" (a)	1898	4	5,000	5,000	100·00	4 0 0	..	..	4 0 0	
" (a)	1903	4	11,000	10,973	99·76	4 0 2½	..	0 1½	4 0 4	
" (a)	1903	4	1,000	997	99·68	4 0 3½	..	0 1½	4 0 5	
South Australia (a)	1898	4/11/3	250,000	249,839	99·94	4 11 3¾	..	0 0½	4 11 4	
" (a)	1910	4/11/3	250,000	249,918	99·97	4 11 3½	..	0 0½	4 11 3½	
Western Australia (a)	1895-8	4½	29,535	29,513	99·92	4 10 0½	..	0 0½	4 10 1½	
" (b)	1894	4½	150,000	150,000	100·00	4 10 0	..	..	4 10 0	
Tasmania (b)	1895	4	109,800	108,290	98·62	4 1 3¾	..	0 10½	4 2 2	
" (b)	1895	4½	50,000	49,812	99·63	4 10 4	..	0 4	4 10 8	
" (b)	1895	4½	95,500	95,196	99·63	4 15 3¾	..	0 3½	4 15 7	
" (b)	1895	5	79,000	78,749	99·68	5 0 4	..	0 3½	5 0 7½	

(a) Placed locally.

(b) Placed in London.

### 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 hard 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.

The following statement gives, under a convenient classification, the loan expenditure of each colony during 1895-6:—

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, 1896	386,125	288,511	36,710	711,346	559,552	1,270,898
Victoria .....	30 June, 1896	177,581	41,215	.....	218,796	.....	218,796
Queensland .....	30 June, 1896	268,003	7,047	6,731	281,781	310,377	592,158
South Australia..	30 June, 1896	102,672	237,447	11,246	351,365	181,792	533,157
Western Australia..	30 June, 1896	398,121	.....	11,698	409,819	240,889	650,708
Tasmania .....	31 Dec., 1895	1,022	.....	396	2,318	110,960	113,278
New Zealand .....	31 Mar., 1896	197,105	9,345	35,538	241,988	170,342	412,330
Australasia .....		1,531,529	583,565	102,310	2,217,413	1,573,912	3,791,325

The expenditure of Australasia during 1895-6 from funds derived from the proceeds of loans was £3,791,325. Of this amount, the sum of £2,217,413 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.

The expenditure from loans has been greatly reduced during the last three years, especially in the larger colonies. This may be attributed in some cases to a settled policy of retrenchment; but in others, the difficulty of raising a loan in London a year or two ago affords a more



probable explanation. The expenditure of each province during the last five years is given in the following table :—

Colony.	1891-2.	1892-3.	1893-4.	1894-5.	1895-6.
	£	£	£	£	£
New South Wales .....	4,813,780	3,014,680	1,929,580	1,330,046	1,270,898
Victoria .....	1,051,719	988,580	761,200	214,713	218,796
Queensland .....	662,281	1,035,523	378,077	230,120	592,158
South Australia .....	576,713	547,382	586,384	502,160	533,157
Western Australia .....	77,994	342,632	654,562	606,502	650,708
Tasmania .....	353,066	561,660	174,027	109,202	113,278
New Zealand .....	488,781	472,952	406,016	760,287	412,330
Australasia .....	8,024,334	6,963,409	4,889,846	3,753,030	3,791,325

The total expenditure of the proceeds of loans from the commencement of borrowing to the year 1895-6 was £206,376,299. Of this sum £151,875,779, 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 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, 1896	39,797,126	7,140,962	866,732	47,804,820	8,922,017	56,726,837
Victoria .....	30 June, 1896	35,480,263	8,033,181	.....	43,513,444	2,631,341	46,144,785
Queensland .....	30 June, 1896	18,743,488	303,970	853,992	19,901,450	8,857,493	28,758,943
South Australia .....	30 June, 1896	12,812,820	3,893,570	876,002	17,582,392	5,188,506	22,770,898
Wern Australia .....	30 June, 1896	2,604,696	.....	270,644	2,875,340	1,107,452	3,982,792
Tasmania .....	31 Dec., 1895	3,659,635	.....	116,811	3,776,446	3,725,478	7,501,924
New Zealand .....	31 Mar., 1896	15,090,677	587,650	734,560	16,421,887	24,068,233	40,490,120
Australasia .....		128,197,705	19,959,333	3,718,741	151,875,779	54,500,520	206,376,299

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 "Defence works" also includes the expenditure on light-houses and harbour works; and under "Miscellaneous" the provincial loans prior to 1876 are included:—

Colony.	Roads and Bridges, Harbours, &c.	Defence Works.	Immigra- tion.	Miscella- neous.	Total.
	£	£	£	£	£
New South Wales.....	4,065,479	1,230,904	194,430	2,831,204	8,022,017
Victoria .....	717,317	98,209	.....	1,815,725	2,631,341
Queensland .....	2,883,781	218,073	2,787,985	2,967,654	8,857,493
South Australia .....	3,457,048	236,412	.....	1,495,046	5,188,506
Western Australia .....	728,474	.....	13,130	865,848	1,107,452
Tasmania .....	2,114,790	121,402	235,000	1,254,236	3,725,478
New Zealand .....	3,982,728	1,352,232	2,146,644	16,586,629	24,063,233
Australasia .....	18,540,617	3,257,322	5,377,189	27,316,392	54,500,520

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 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 17 2	5 10 9	0 13 5	37 1 4	6 18 4	43 19 8
Victoria .....	30 2 8	6 16 5	.....	36 19 1	2 4 9	39 3 10
Queensland .....	40 1 1	0 13 0	1 16 6	42 10 7	18 18 7	61 0 2
South Australia .....	35 19 1	10 18 6	2 9 2	49 6 9	14 11 3	63 18 0
Western Australia .....	21 5 0	.....	2 4 3	23 9 9	9 0 11	32 10 8
Tasmania .....	22 12 8	.....	0 14 5	23 7 1	23 0 9	46 7 10
New Zealand .....	21 9 4	0 16 9	1 0 11	23 7 0	34 4 4	57 11 4
Australasia .....	29 19 2	4 13 3	0 17 5	35 9 10	12 14 9	48 4 7

## EXPENDITURE BY THE GOVERNMENT AND LOCAL BODIES.

The question of Local Government is dealt with in the next 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 386, this may be taken as £19,406,818.

The total sum expended by the general and local governments of Australasia during the year 1895-6 was over £37,000,000, or £8 14s. 10d. per head. Of this large sum, £29,229,800, or £6 18s. 1d. per inhabitant, was spent by the general governments from their revenues, and £3,791,325, or 17s. 11d. per inhabitant, from loans; the local expenditure, exclusive of course of a sum equal to the Government endowment, was £3,983,218, or 18s. 10d. per inhabitant.

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

Colony.	General Government.		Local Government.	Total.
	From Revenue.	From Loans.		
	£	£	£	£
New South Wales.....	9,886,277	1,270,898	1,087,693	12,244,868
Victoria .....	6,823,647	218,796	1,062,743	8,105,186
Queensland.....	3,567,947	592,158	432,468	4,592,573
South Australia.....	2,640,688	533,157	238,655	3,412,500
Western Australia.....	1,212,314	650,708	* .....	1,863,022
Tasmania.....	748,946	113,278	144,836	1,007,060
New Zealand .....	4,349,981	412,330	1,016,823	5,779,134
Australasia .....	29,229,800	3,791,325	3,983,218	37,004,343

\* No returns.

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 14 9	0 19 11	0 17 0	9 11 8
Victoria .....	5 15 6	0 3 8	0 18 0	6 17 2
Queensland .....	7 14 11	1 5 9	0 18 9	9 19 5
South Australia ...	7 7 9	1 9 10	0 13 4	9 10 11
Western Australia.	11 19 6	6 8 7	* .....	18 8 1
Tasmania .....	4 14 1	0 14 3	0 18 3	6 6 7
New Zealand .....	6 5 1	0 11 10	1 9 3	8 6 2
Australasia ...	6 18 1	0 17 11	0 18 10	8 14 10

\* No returns.