

FINANCE.

STATE REVENUE AND EXPENDITURE.

The following table shows the receipts and expenditure from general revenue during the year ended 30th June, 1904. On 1st July, 1903, the total revenue deficiency was £2,161,460 3s. 5d.; and in the course of the year this amount was increased by £19,659 9s., leaving the accumulated revenue deficiency at the end of the financial year 1903-4 £2,181,119 12s. 5d., the whole of this amount, as in previous years, being covered by advances from the trust funds, with the exception of £75,000, which has been raised by the issue of Treasury bonds.

Revenue
and expen-
diture,
1903-4.

REVENUE AND EXPENDITURE, 1903-4.

Revenue.	Amount.	Expenditure.	Amount.
From—	£ s. d.	On—	£ s. d.
Excise and Inland Territorial ...	760,928 15 5	Revenue deficiency, 30/6/03: Consolidated deficit	2,161,460 3 5
Public Works ...	3,445,905 18 2	Special Appropriations	2,847,588 1 4
Ports and Harbors	70,302 15 7	Chief Secretary ...	667,758 14 1
Fees ...	265,899 8 5	Minister of Public Instruction	631,991 18 7
Fines ...	9,793 8 8	Attorney-General	74,498 0 3
Mallee Land Account	23,776 15 0	Solicitor-General ...	59,118 15 9
Miscellaneous ...	355,830 6 3	Treasurer ...	266,608 16 11
Commonwealth balances returned	2,002,803 9 10	Commissioner of Crown Lands and Survey	91,682 8 6
Revenue deficiency 30/6/04: Consolidated deficit	2,181,119 12 5	Commissioner of Public Works	154,957 10 9
		Minister of Mines and Water Supply	70,268 10 7
		Minister of Agriculture	86,529 8 8
		Minister of Health	19,683 9 2
		Minister of Railways	1,501,814 3 2
		Mallee Land Account	23,776 15 0
		Surplus Revenue transferred to Trust Fund for Works	443,331 5 5
Total ...	9,501,068 1 7	Total ..	9,501,068 1 7

Trust funds,
1900 to 1904.

The following are the amounts to the credit of the trust funds, and the manner of their investment, at the end of each of the last five financial years:—

TRUST FUNDS: RETURN FOR FIVE YEARS.

Accounts.	Credit Balance on 30th June.				
	1900	1901.	1902.	1903.	1904.
	£	£	£	£	£
Deposits in Savings Banks	3,675,418	3,675,418	3,603,187	3,595,418	3,495,418
Deposits in Savings Banks Security Account	2,116,141	2,453,452	2,500,327	1,543,952	1,625,812
Municipal Investments Account	614,480	1,116,380	1,115,380	1,113,799	1,112,799
Municipal Sinking Funds	610,895	626,368	652,951	634,141	633,464
Assurance Fund ...	161,025	169,076	176,683	184,685	194,773
Intestate Estates ...	93,575	89,482	89,288	88,698	100,511
Country Tramways ...	137,872	137,872	137,872	137,872	137,872
Trustee and Assurance Companies ...	99,795	104,795	104,795	104,795	104,795
Police Superannuation Fund	37,422	15,327	1,665	3,253	5,579
Other Funds ...	858,751	945,731	1,437,001	1,018,959	1,341,376
Total ...	8,405,374	9,333,901	9,819,149	8,422,572	8,752,399
How Invested:—					
Invested in Debentures, &c.	2,136,814	2,673,002	2,689,430	2,709,343	2,647,263
Deposited in Banks	306,138	132,096	504,228	42,624	454,510
Held otherwise ...	5,962,422	6,528,803	6,625,491	5,670,605	5,650,626

The revenue deficiency on 30th June, 1904, £2,181,119 12s 5d., is exclusive of a debit balance of £297,182 17s. 4d. in the Land Sales by Auction Fund, and is, with the exception of £75,000 met out of Treasury bonds, made a charge against the item "Held Otherwise," £5,650,626.

In 1898 an Act was passed to relieve any municipality, which desired relief, from further contributions to its loan sinking fund. The amount already to the credit of the sinking fund of any municipality which took advantage of the Act is allowed to accumulate with interest, and at the maturity of the loan the Government will, by the sale of inscribed stock, pay the difference between the amount at credit of the fund and the amount of the loan to be redeemed, the municipality repaying to the Government the amount so paid.

The amount of money to the credit of the municipal sinking funds has not materially altered during recent years. On 30th June, 1904, it was £633,464.

The reduction of £100,000 in the item "Deposits in Savings Banks" in 1904 represents a payment made to the Commissioners of Savings Banks in reduction of certificate, under the 19th section of Act, No. 1481.

The following is a return of the revenue and expenditure of Victoria for the five years 1900-1904. The Mallee land receipts, (£23,777 in 1903-4), which are set apart for the redemption of loans, are included as revenue, an equivalent amount being entered as expenditure, and afterwards transferred to the Mallee Land Account. The expenditure in 1904 also includes £443,331 transferred for works under Surplus Revenue Act.

Revenue and expenditure, 1899-00 to 1903-4.

REVENUE AND EXPENDITURE: RETURN FOR FIVE YEARS.

Year ended 30th June.	Revenue.	Expenditure.	Surplus.	Deficit.
	£	£	£	£
1900	7,453,355	7,285,636	167,719	...
1901	7,712,099	7,672,780	39,319	...
1902	6,997,792	7,398,832	...	401,040
1903	6,954,619	6,759,960	194,659	...
1904	7,319,949	7,339,608	...	19,659

Early in 1901 the Customs, Post and Telegraph, and Defence Departments were transferred to the Commonwealth Government. If the full Federal returns were included, the revenue for 1904 would be increased to £8,419,597, the expenditure to £8,439,455, and the figures for the five years would show that an annual increase in both revenue and expenditure had been maintained; but that, while the increase in revenue between 1900 and 1904 would have been £966,242, the increase in expenditure would have been £1,153,819. The latter is mainly due to the introduction of old-age pensions, and to increased expenditure on education and on the railway working expenses. In the period shown, the excess of expenditure over revenue is £19,002.

There was, on the transactions of the year, a surplus of £423,672, viz., cash balance, £398,672, and Treasury bonds in aid of revenue redeemed, £25,000. Against this sum £443,331 was transferred to the trust fund, for the purposes of the public works specified in the Surplus Revenue Acts Nos. 1904 and 1945, leaving a deficiency for the year ended 30th June, 1904, as specified in the above table, of £19,659.

The sources of revenue may be grouped under three headings—(1) taxation, (2) public works, and (3) other services. Customs and Excise (under taxation), and Posts and Telegraphs (under public works) were transferred to the Federal Government in 1900-1, and an additional heading, "Federal Government," which comprises these sources, is therefore added. Land revenue, which averaged

Heads of revenue, 1899-00 to 1903-4.

£373,000 yearly, is included under "other sources." The amounts received during the last five financial years were as follow:—

HEADS OF REVENUE: RETURN FOR FIVE YEARS.

Heads of Revenue.	1899-1900.	1900-1.	1901-2.	1902-3.	1903-4.
	£	£	£	£	£
Federal Government...	...	1,177,740	1,920,974	2,105,450	2,002,804
State Taxation—					
Customs and Excise	2,267,131	1,202,191	...	...	...
Other ...	717,461	762,438	818,274	950,183	1,012,119
Public Works and Services—					
Railways ...	3,008,521	3,302,202	3,362,030	3,033,596	3,400,243
Posts and Telegraphs	586,061	410,435	...	...	...
Others ...	175,445	195,743	202,502	180,379	198,026
Other Sources ...	698,736	661,350	694,012	685,011	706,757
Total ...	7,453,355	7,712,099	6,997,792	6,954,619	7,319,949
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Per Head of Population	6 5 4	6 8 10	5 15 9	5 15 5	6 1 1

In this table the figures for 1900-1 for Customs and Excise include only the amounts collected for the half-year ended 31st December, 1900, and for Posts and Telegraphs for the eight months ended 28th February, 1901. There is no State revenue under these headings for 1901-2, 1902-3, and 1903-4. The amount returned to the State by the Federal Government—£1,177,740 for 1900-1, £1,920,974 for 1901-2, £2,105,450 for 1902-3, and £2,002,804 for 1903-4—is that collected from the transferred departments, less the amount deducted by the Federal Government under Section 89 of the "Commonwealth of Australia Constitution Act." For 1903-4 the Federal Government received £2,443,505 from Customs and Excise; £650,583 from Posts and Telegraphs; and £8,364 from other sources; and returned to the State Government £2,002,804. Had the old arrangement remained in existence, the amount of revenue per head of the population would have been £6 19s. 4d. instead of £6 1s. 1d. under the new arrangement.

The railway revenue during 1902-3 was lower than in 1900-1 or 1901-2, the falling off in that year amounting to £328,434, which is entirely due to severe drought, the almost total harvest failure, and the consequent small carriage of grain resulting therefrom. As compared with the previous year, there was an advance in railway revenue of £366,647 in 1903-4, largely due to the excellent wheat harvest of that year, when there was a yield of 28½ million bushels, a large quantity of which had to be carried to the sea-board; whereas in 1902-3 the crop was only 2½ million bushels.

Income tax.

An income tax was first imposed in Victoria in 1895, and was to have expired by effluxion of time in 1898, but it has been from time

to time extended ever since. The Act is administered by a Commissioner, who, together with his officers, are bound by oath to secrecy. Incomes assessed for tax in any year are those earned, derived, or received in Victoria in the preceding calendar year, and are divided into two classes, viz. :—Incomes (1) from personal exertion, and (2) from property. The former consists of earnings, salaries, wages, allowances, pensions, &c., or stipends earned in or derived from Victoria, and all income arising or accruing from any profession, business, or occupation carried on in Victoria, and the latter, of all other income. This is the gross income, and the net income is ascertained by making certain deductions, the principal of which are losses and outgoings incurred in the production of the income, all other taxes under the Victorian Act, life assurance premiums not exceeding £50, and calls or contributions actually paid into any reconstructed company whose shares are of no value. Incomes of certain public, local, religious, provident, &c., bodies or societies are exempt from taxation, also the official salaries of the Governor and of Ministers of the Crown, and the incomes of mutual life offices with head offices in Australia, fire, fidelity, &c., insurance companies taking out licences under the "Stamps Act," limited to income from that class of business; and income from stock debentures or bonds of the Victorian Government or of any public or municipal trust or body. Prior to 1903 an exemption to the extent of £200 was allowed, except in the case of absentees.* The rate of tax was 4d. in the £1 on the first £1,200 of the taxable amount (allowing for £200 exemption), 6d. on the next £1,000, and 8d. on all over £2,200 on income from personal exertion, and double these rates on income from property. The rate of tax for 1903, based on the incomes of the previous year, was fixed by Act. No. 1819, as follows:—(a) Personal exertion—Net incomes up to £125 exempt; from £125 to £500, 4d. (with £100 exemption); over £500, 4d. on first £500 (no exemption), 1d. extra on every £500 or portion thereof up to £2,000; and 8d. on all over £2,000. (b) Property—Double these rates. This Amending Act also makes companies taxable as persons, except mining companies, the shareholders of which still pay on the dividends received. Special provision is also made for the assessment and taxation of life, fire, fidelity, and guarantee assurance and insurance companies. The rates for the year 1904, based on the incomes of 1903, were altered by Act No. 1863, which did not alter the exemption, but raised the minimum taxable from £125 to £150. The following are the rates under this Act:—Incomes from personal exertion—3d. for every £1 of the taxable amount up to £300; thence up to £800, 4d.; thence to £1,300, 5d.; thence to £1,800, 6d.; and over £1,800, 7d. Incomes from property—Double these rates. The rates for the year 1905, based on the incomes of 1904, were again altered by Act No. 1938, as follow:—Incomes from personal exertion are taxed 3d. for every £1 of the taxable amount up to £500; thence up to £1,000, 4d.; thence to £1,500, 5d.; over £1,500, 6d. Taxes from income on property are double these rates. The minimum amount taxable is £156, the exemption being £100 on incomes from £156 to £500, no exemption being made for companies. The tax on the income of life assurance companies is 8d.; that for other companies liable to tax, 7d. for every

£1 of the taxable amount. The taxable amount of the income of a mining company is the total amount of the dividends declared during the year. The following is a statement of the assessments, taxpayers, taxable income, and tax payable from personal exertion and property during the last five years:—

INCOME TAX: RETURN FOR FIVE YEARS.

	1900.	1901.	1902.	1903.	1904.
Number of Assessments:					
Personal exertion ..	20,322	21,511	22,901	61,635	43,122
Property	15,322	17,589	17,577	12,757	8,872
Total	35,644	39,100	40,478	74,392	51,994
Distinct taxpayers ...	34,377	37,803	39,215	67,812	48,034
Taxable Income—	£	£	£	£	£
Personal exertion ...	6,027,200	6,150,300	6,261,800	10,006,700	11,720,299
Property	2,316,500	2,348,000	2,325,000	3,930,400	3,102,203
Total	8,343,700	8,498,300	8,586,800	13,937,100	14,822,502
Tax Payable—	£	£	£	£	£
Personal exertion ...	123,457	125,824	123,609	211,870	199,655
Property	93,787	95,091	91,494	194,850	112,335
Total	217,244	220,915	215,103	406,720	311,990
Per taxpayer ...	£ s. d. 6 6 5	£ s. d. 5 16 11	£ s. d. 5 9 8	£ s. d. 6 0 0	£ s. d. 6 9 11
Average Tax payable in the £ on Taxable Incomes derived from—	d.	d.	d.	d.	d.
Personal exertion ...	4·91	4·91	4·74	5·08	4·09
Property	9·72	9·72	9·45	11·90	8·69

The effect of the Act of 1904 was that during the five years under review the number of assessments was increased from 35,644 in 1900 to 51,994 in 1904, the latter figures including 659 assessments of companies. Of the total increase, 22,800 were from personal exertion; but there was a decrease of 6,450 from property. From 1898 to 1902, under the authority of the Income Tax Act in operation during that period, there were between 6,000 and 7,000 non-resident persons assessed in small amounts in respect of dividends paid to them. The reduction in the number of assessments from the latter date is due to the fact that such income was not taxable after that time. The taxpayers increased by 13,657; the number in 1904 being 48,034. The taxable income from personal exertion increased from £6,027,200 in 1900 to £11,720,299 in 1904; and that from property, in the years given, from £2,316,500 to £3,102,203. The total increase in the taxable income was £6,478,802. The income exempt from taxation in 1900 was £5,681,400, and in 1904 it was £4,152,400. The amount of tax payable increased from £123,457 in 1900 to £199,655 in 1904 from personal exertion; and from £93,787 to £112,335 from property—a total increase of £94,746.

Notwithstanding the fact that by adopting a lower taxable income a large number of smaller taxpayers were included in the figures for 1903 and 1904 by the alteration of rates and exemptions and by the taxation of companies as individuals, the average amount per taxpayer in 1904 shows a considerable increase over previous years.

The average tax payable in the pound was also raised in 1903, both on taxable incomes derived from personal exertion (to 5d.) and from property (to nearly 1s.). The highest previous rates were—under 5d. and 9½d., and in 1904 they were 4d. and 8⅓d. respectively. The following return shows particulars of rates of taxation, assessments, taxable incomes, and taxes payable in the respective groups for which different rates of taxation are charged:—

INCOME TAX ASSESSMENTS, 1904—BASED ON INCOMES OF 1903.

Taxable Income.	Rate of Tax in £ on Incomes derived from		Number of Assessments.		Taxable Income from		Tax Payable on	
	Personal Exertion.	Property.	Personal Exertion.	Property.	Personal Exertion.	Property.	Personal Exertion.	Property.
Up to £300 ...	d. 3	d. 6	35,677	6,695	£ 4,301,266	£ 746,827	£ 53,766	£ 18,671
£300 to £800 ...	4	8	5,314	1,448	2,567,262	729,973	36,146	20,716
£800 to £1,300 ...	5	10	1,123	369	1,127,061	372,063	18,333	12,121
£1,300 to £1,800 ...	6	12	366	124	561,000	191,300	10,370	7,065
Over £1,800 ...	7	14	642	236	3,163,710	1,062,040	81,040	53,762
Total ...	...	...	43,122	8,872	11,720,299	3,102,203	199,655	112,335

It is here shown that the taxable income from personal exertion amounts to £11,720,299, and that from property to £3,102,203, after allowing for exemptions of about £4,152,400. The total net incomes of those who paid income tax, during 1903-4, amounted to nearly nineteen millions sterling, or an average of £395 for each taxpayer.

A Land Tax was first imposed in Victoria in 1877, and has continued in force ever since without any amendment. All estates over 640 acres in extent, valued at upwards of £2,500, whether consisting of one block or several blocks of land not more than five miles apart, are taxed at the rate of one and a quarter per cent. upon their capital value after deducting an exemption of £2,500. If a proprietor holds more than one estate, only one exemption is allowed. The lands are valued on a purely pastoral basis, according to their sheep-carrying capacity, irrespective of whatever value may attach to such lands for dairying or agricultural purposes. The estates in question are divided into four classes, the value being estimated according to the number of sheep they are able to carry, as follows:—

	Value per Acre.
	£
Class I.—carrying 2 sheep or more per acre ...	4
Class II. „ 1½ sheep per acre ...	3
Class III. „ 1 sheep per acre ...	2
Class IV. „ under 1 sheep per acre ...	1

The following are particulars regarding the land tax for the half-year ended February, 1905:—

LAND TAX: RETURN FOR THE HALF-YEAR ENDED
27TH FEBRUARY, 1905.

Class.	Estates Assessed.			Exemptions.		Net Taxable Value.	Half-year's Tax Payable.
	Number.	Area.	Capital Value.	Number.	Value.		
		Acres.	£		£	£	£
I. ...	95	194,627	778,508	85	212,510	566,008	3,538
II. ...	170	508,613	1,525,839	160	400,000	1,125,839	7,036
III. ...	369	1,510,152	3,020,304	324	810,000	2,210,304	13,814
IV. ...	492	4,637,175	4,637,175	384	960,000	3,677,175	22,982
Total...	1,126	6,850,567	9,961,826	953	2,382,510	7,579,326	47,370

There are thus 953 properties in the State, containing land to the extent of 6,850,567 acres, valued at £9,961,826, or an average of 7,200 acres to each property; from which a tax of £47,370 has been levied for the half-year ended 27th February, 1905. The collections in 1898-9 amounted to £108,745; in 1899-1900, to £108,222; in 1900-1, £97,948; in 1901-2, £97,862; in 1902-3, £92,867; and in 1903-4, to £106,445. In the following return a comparison is made of the number and size of the estates assessed for land tax in 1900 and in 1904:—

LAND TAX: RETURN FOR 1900 AND 1904.

Year.	Number of Assessments.	Estates.			Net Taxable Value.	Average Area to each Assessment.
		Assessed.	Area.	Capital Value.		
			Acres.	£	£	Acres.
1900	907	1,146	7,424,542	11,775,026	9,507,526	8,106
1904	953	1,126	6,850,567	9,961,826	7,579,326	7,188

The total area of the State being 56,245,760 acres, there is thus slightly less than an eighth of the whole subjected to taxation. The area of land alienated and in process of alienation is 24,526,255 acres, of which the taxable land is only two-sevenths.

COMMONWEALTH REVENUE AND EXPENDITURE.

The amount of revenue collected in this State by the Federal Government since its inauguration is £10,742,883. Of this amount £3,507,473 was used to meet the Victorian portion of Commonwealth expenditure, and £7,206,968 was returned to the State Government. A balance of £28,442 is still due to the State, but of this amount £28,000 is retained as "till-money," principally in the offices of the Post and Telegraph Department in the State.

A statement of the Commonwealth revenue and expenditure for Victoria, given separately, is as follows:—

COMMONWEALTH REVENUE AND EXPENDITURE CREDITED OR DEBITED
TO THE STATE OF VICTORIA: RETURN FOR 3½ YEARS.

	1901, to 30th June.	1901-2.	1902-3.	1903-4.
REVENUE.				
Customs Duties	£ 1,123,106	£ 1,976,245	£ 2,096,318	£ 2,040,128
Excise Duties	232,993	400,250	402,696	403,377
Posts and Telegraphs ...	177,931	591,470	622,700	650,583
Miscellaneous	2,780	8,505	5,407	8,364
Total	1,536,810	2,976,500	3,127,121	3,102,452
EXPENDITURE.				
Customs and Excise	£ 32,645	£ 63,812	£ 64,770	£ 66,731
Posts and Telegraphs ...	181,177	588,888	597,008	631,313
Defences	77,148	316,876	258,852	258,471
New Expenditure	41,056	87,194	98,200	143,332
Paid over to the State ...	1,177,740	1,920,974	2,105,450	2,002,804
Total	1,509,766	2,977,744	3,124,280	3,102,651

COMMONWEALTH AND STATE REVENUE AND EXPENDITURE.

The total revenue and expenditure of the State of Victoria is shown by combining State and Commonwealth receipts and expenditure. The following are the main heads:—

REVENUE AND EXPENDITURE OF COMMONWEALTH AND STATE
COMBINED: RETURN FOR FOUR YEARS.

Heads of Revenue and Expenditure.	1900-1.	1901-2.	1902-3.	1903-4.
REVENUE				
	£	£	£	£
Customs and Excise	2,558,290	2,376,525	2,499,014	2,443,505
Posts and Telegraphs	588,366	591,470	622,700	650,583
Railways	3,302,202	3,362,030	3,033,596	3,400,243
State Taxation... ..	762,438	818,274	950,183	1,012,119
Other sources	859,873	905,019	870,797	913,147
Total Revenue	8,071,169	8,053,318	7,976,290	8,419,597
EXPENDITURE.				
Customs and Excise	67,255	63,812	64,770	66,731
Posts and Telegraphs	510,449	588,888	597,008	631,313
Railways	1,982,421	2,052,264	1,849,989	1,896,359
Public Instruction	655,456	690,737	661,024	651,342
Public Debt—				
Interest and Expenses	1,900,139	1,941,449	1,907,656	1,948,376
Redemption	47,702	94,414	68,155	95,060
Other Expenditure	2,841,384	3,024,038	2,630,188	3,150,274
Total Expenditure	8,004,806	8,455,602	7,778,790	8,439,455

In 1901-2 the Customs and Excise revenue was less by £181,765 than during the preceding year, when the State Tariff was in force, but exceeded that for the year 1899-00 by £109,394. In 1902-3 and in 1903-4 this source of revenue showed an increase of £122,489 and £66,980 respectively over that of 1901-2. It is satisfactory to note that since the transfer of that department to the Commonwealth the expenditure on Customs and Excise was reduced to £64,770 and £66,731 in the last two years, as against £68,107 in 1899-00 under State control. On the other hand, under the Commonwealth in 1902-3 and 1903-4 Posts and Telegraphs showed surpluses of only £25,692 and £19,270 respectively, whereas under State control in 1899-1900 there was a much larger surplus—£64,143—the reduction of which has not been caused by a diminution of revenue, but by an increase in expenditure under Commonwealth control.

COMMONWEALTH, STATE, AND MUNICIPAL TAXATION.

In the following table will be found a statement showing for the years 1899-00 to 1903-4 the amount of revenue collected under the various heads of taxation by the Commonwealth, the State, and the Municipal bodies:—

COMMONWEALTH, STATE, AND MUNICIPAL TAXATION: RETURN FOR FIVE YEARS.

Heads of Taxation.	Amount Received.				
	1899-00.	1900-1.	1901-2.	1902-3.	1903-4.
Federal—					
Customs Duties... ..	£ ...	£ 1,123,106	£ 1,976,245	£ 2,096,318	£ 2,040,128
Excise Duties ... ..	... ..	232,993	400,280	402,696	403,377
Total Federal Taxation	... ..	1,356,099	2,376,525	2,499,014	2,443,505
State—					
Customs Duties... ..	1,937,754	1,027,805	...	...	...
Excise Duties	329,377	174,386	...	...	...
Wharfage Rates	34,462	37,592	41,760	43,976	45,216
Ports and Harbors	24,763	29,248	28,298	27,616	28,756
Business Licences	19,205	18,377	16,914	16,969	17,852
Probate & Succession Duties	126,478	155,902	217,796	161,636	308,531
Duties on Bank Notes	18,660	19,057	19,041	18,434	18,440
Land Tax	108,222	97,948	97,862	92,867	106,445
Income Tax	215,071	220,314	220,629	415,048	311,147
Stamp Duty	170,600	184,000	175,974	173,637	175,732
Total State Taxation ...	2,984,592	1,964,629	818,274	950,183	1,012,119
Municipal Taxation ...	857,322	897,062	964,246	940,351	981,312
Melbourne Harbor Trust Taxation	127,785	136,178	140,258	164,611	162,105
Total Taxation ...	3,969,699	4,353,968	4,299,297	4,554,159	4,599,041

STATE EXPENDITURE.

The following table shows for the years 1899-1900 to 1903-4 the principal heads of State expenditure:—

Heads of State expenditure.

PRINCIPAL HEADS OF STATE EXPENDITURE: RETURN FOR FIVE YEARS.

Heads of Expenditure.	1899-1900.	1900-1.	1901-2.	1902-3.	1903-4.	
	£	£	£	£	£	
General Administration	231,189	246,238	248,543	226,374	232,014	
Retiring Allowances, Gratuities, &c.	320,118	310,301	319,280	337,226	341,297	
Defences ...	201,611	161,342	...	...	...
Law, Order, and Protection	484,597	501,767	502,645	484,344	483,778	
Education:—						
State ...	585,062	621,774	656,761	631,129	621,314	
Secondary and Technical	31,100	33,682	33,976	29,895	30,028	
Science, Medical, &c.	60,371	61,083	63,084	52,398	51,792	
Charitable Institutions	281,656	293,154	313,735	300,821	292,864	
Agriculture	133,961	150,222	169,351	110,867	150,380	
Mining ...	64,889	67,953	59,502	53,961	45,975	
Crown Lands ...	68,879	78,978	83,096	79,014	73,906	
Public Works and Services.—						
Railways ...	1,801,954	1,982,421	2,052,264	1,849,989	1,891,430	
Posts and Telegraphs	521,918	329,272	...	...	1,198*
Others ...	280,156	322,370	330,555	209,146	666,555	
Public Debt:—						
Interest and expenses	1,852,970	1,900,139	1,941,449	1,907,656	1,948,376	
Redemption ...	37,947	47,702	94,414	68,155	99,989	
Old Age Pensions ...	...	129,338	292,432	215,973	205,183
Other Expenditure ...	327,258	435,044	237,745	203,012	203,529	
Total	Special Appropriations	2,672,851	2,878,550	2,996,333	2,810,955	3,343,342
	Votes ...	4,612,785	4,794,230	4,402,499	3,949,005	3,996,266
	Grand Total	7,285,636	7,672,780	7,398,832	6,759,960	7,339,608
Per Head of Population	£ s. d. 6 2 7	£ s. d. 6 8 2	£ s. d. 6 2 5	£ s. d. 5 12 2	£ s. d. 6 1 5	

* Arrears of salary to letter carriers

As compared with the previous year, the figures for 1903-4 show an increase of expenditure to the amount of £532,387 under special appropriations, and of £47,261 under annual votes. The former increase consists principally of additional expenditure on public works, amounting to £457,409, which sum includes £443,331 surplus revenue transferred for works, &c. Important increases of £39,513, £41,441, and £40,720 under agriculture, railways, and interest on debt respectively, also took place. On the other hand, the expenditure on old-age pensions was reduced by £10,790, and that on State primary education by £9,815.

The causes of the reduction under old-age pension payments since 1901-2 were that under Act No. 1751 the maximum payments were reduced from 10s. to 8s. per week, and provision was made for enforcing contributions from relatives. The total expenditure has decreased from £7,398,832 in 1901-2 to £7,339,608 in 1903-4, and the amount per head of the population from £6 2s. 5d. to £6 1s. 5d. per annum.

PENSIONS AND GRATUITIES.

During the year 1903-4 2,796 pensions were paid under special appropriations, amounting to £271,842; from annual votes, 193, amounting to £9,660. The total number of pensions was 2,989, and the amount £281,502. 103 compensations and gratuities were also paid, the amount being £17,795; and £42,000 was paid as a subsidy to the Police Superannuation Fund. The following statement contains full particulars, showing various Acts under which these payments have been made:—

PENSIONS, SUPERANNUATION ALLOWANCES, AND GRATUITIES, &C.,
PAID, 1903-4.

Division of Service.	Special Appropriations.		Annual Votes.		Total.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.
		£		£		£
General Public Service—						
Under Civil Service Act	487	83,381	14	872	700	109,812
„ Public Service Act	187	20,567				
„ Other Acts ...	12	4,992				
„ Discipline Act ...	18	1,351				
„ Lunacy Act ...	57	3,701	...	...	18	1,351
Education Department	880	76,465	34	2,037	914	78,502
Railways	1,149	76,823	138	6,523	1,287	83,346
Miscellaneous—						
Under Constitution Act	1	1,500	...	...	1	1,500
„ County Courts Act	5	3,062	...	...	5	3,062
Police	...	...	7	228	7	228
Total Pensions and Superannuation Allowances	2,796	271,842	193	9,660	2,959	281,502
Compensations and Gratuities	56	9,162	47	8,633	103	17,795
Subsidy to Police Superannuation Fund	...	2,000	...	40,000	...	42,000
Total Amount Paid ...	2,852	283,004	240	58,293	3,092	341,297

The total amount of pensions paid in 1903-4—£281,502—was an advance of £7,407 on that of the previous year. In the Education Department the increase was £2,104, and in the Railway Department £5,827. In other departments the increases or reductions were small.

In 1903-4 the payments out of the Police Superannuation Fund were as follow:—357 pensions, amounting to £42,935, and 17 gratuities, amounting to £6,404. The Police Superannuation Fund is maintained by the annual income arising from the balance of an investment in Government stock; by an annual subsidy of £2,000 from the consolidated revenue; by a moiety of the fines inflicted by the Courts of Petty Sessions; and, if necessary, by a deduction, not exceeding 2½ per cent., from the pay of the members of the force, and a further grant in aid from the consolidated revenue.

In the year 1903-4 31 pensions, amounting to £1,086, and £38 sick allowances were paid out of the Port Phillip Pilot Sick and Superannuation Fund, towards which, however, the Government does not contribute.

RAILWAY REVENUE.

After deducting the net earnings of the Department of Railways from the amount of interest and expense of loans, a correct idea of its financial condition is obtained. This has been done in the table which follows, and from the figures supplied by the Railway Department representing the actual receipts and expenditure of the railways, and not those brought to account in the revenue statement, and referred to in a previous table; the actual annual loss to the State in the last five years is shown; the loss in 1903-4 being much less than in any of the years under review. No account is taken of the value of the work performed free of cost for other Government departments, which is estimated at £20,000 in each of the first two years, £31,000 in 1900-1, £34,000 in 1901-2, and £61,161 in 1902-3.

RAILWAY DEFICIT: RETURN FOR FIVE YEARS.

	1890-1900.	1900-1.	1901-2.	1902-3.	1903-4.
	£	£	£	£	£
Gross Receipts ...	3,025,162	3,337,797	3,367,843	3,046,856	3,438,141
Working Expenses ...	1,807,301	1,984,796	2,072,374	1,938,580	1,921,867
Pensions, Gratuities, &c.	95,239	90,443	93,744	93,507	100,536
Net Receipts ..	1,122,622	1,262,558	1,201,725	1,014,771	1,415,738
Interest on Cost of Construction	1,430,448	1,464,809	1,492,695	1,473,532	1,515,755
Deficit ...	307,826	202,251	290,970	458,761	100,017

Loss on working, 1890-1900 to 1903-4.

As compared with the four preceding years, this table shows an increase in receipts, and a decrease (except in one year) in working expenses. There is only a slight variation—an increase of £42,223—in the last year, under the heading Interest on Construction. The amount paid in pensions is slightly more than in the preceding year. During the years under review an increase is shown in the revenue, amounting to £412,979, and in the expenditure to £119,863 for working expenses and pensions, and to £85,307 for interest, the deficit in 1903-4 being £207,809 less than that of 1899-1900.

EXPENDITURE ON EDUCATION.

The expenditure during 1903-4 on State education amounted to £721,674, portion of which, however (£20,778) was for the Melbourne University and technical schools. Pensions, gratuities, &c., are also included, but this expenditure may be considered as more appropriately belonging to the education of a past generation rather than as a portion of the cost of instruction of the children of the present day. The expenditure in detail for the five years 1899-1900 to 1903-4, extracted from the report of the Education Department, is as follows:—

EXPENDITURE ON EDUCATION: RETURN FOR FIVE YEARS.

Expenditure on—	1899 1900.	1900-1.	1901-2.	1902-3.	1903-4.
	£	£	£	£	£
Instruction	517,714	546,009	565,931	552,838	556,595
Training	2,242	4,516	4,701	4,555	4,177
Administration	34,218	39,865	41,977	39,148	37,621
Technical Schools	24,740	26,225	22,958	16,430	16,278
Melbourne University	5,250	5,750	6,000	4,500	4,500
Pensions, Compensation, and Gratuities	75,785	75,166	76,352	77,535	78,732
Miscellaneous	144	22	338	4,622	4,269
Total (exclusive of Buildings)	660,093	697,553	718,257	699,628	702,172
Buildings— Expended by the Public Works Department:—					
From Loans	13,940	4,758	35,197	10,734	384
„ Annual Votes	25,756	24,144	39,231	20,886	12,167
By Boards of Advice	2,077	3,293	3,398	3,901	3,383
Rents	2,912	3,845	4,119	3,848	3,568
Total	704,778	733,593	800,202	738,997	721,674

A considerable annual increase in the expenditure will be noticed during each of the three years, 1899-1900 to 1901-2, but a decrease to the extent of £61,205 for 1902-3, and a further decline of £17,323 in 1903-4. The decreases in 1903-4, as compared with 1902-3, are under—Training, £378; Administration, £1,527; Technical Schools, £152; Buildings, £19,867; and Miscellaneous, £352.

Increases were in Instruction, £3,757; Pensions, &c., £1,197. Since the inception of the system of free, compulsory and secular education in 1872, up to the 30th June, 1904, the expenditure on public instruction has amounted to £21,153,251, of which £15,713,697 has been spent on instruction, £1,176,304 on administration, £154,414 on training teachers, £1,677,946 on miscellaneous items, principally pensions, technical schools, and the Melbourne University (excluding the annual endowment of £9,000 to that institution under Act 16. Vict., No. 34), £2,430,890 on buildings, of which £1,129,610 was paid out of loans, and £1,301,280 from revenue. For particulars of the progress of State instruction since its inception, see Part Social Condition, *ante*.

The foregoing statement deals with public instruction generally, and includes some items of expenditure on secondary and technical education; but in the following statement particulars are given of primary State school education only—that is, the cost to the State of the “free, compulsory, and secular” system, the subjects of which are set out in the schedule of Act. No. 1777, as follow:—Reading, writing, arithmetic, grammar, geography, history, drill, singing, drawing, elementary science, manual training, and, where practicable, gymnastics and swimming; also, for children over nine years of age, lessons in health and temperance from standard works; and, for girls, sewing, needlework, cookery, and domestic economy:—

Expenditure
on primary
education.

EXPENDITURE ON PRIMARY EDUCATION: RETURN FOR FIVE YEARS.

Items.	1899-00.	1900-1.	1901-2.	1902-3.	1903-4.
	£	£	£	£	£
Instruction—					
Teachers' Salaries	472,704	496,336	511,846	499,559	502,562
Singing, Drawing, Drill, Gymnas- tics, Kindergarten, Cookery, and Manual Training	1,211	2,497	4,681	5,955	5,334
Teachers' Travelling Expenses	1,438	1,803	2,060	2,540	2,562
Conveyance of Children to Schools	2,372	2,063	2,386	2,536	2,129
Books, Stores, Cadets, Kinder- garten, Manual Training, and Cookery Expenses	7,350	9,479	9,140	10,034	10,559
Cleaning, Stationery, Fuel, &c.	30,863	31,039	31,459	31,532	32,781
Teaching Night Schools	306	615	804	682	668
Training	2,242	4,516	4,701	4,555	4,177
Total Instruction	518,486	548,348	567,077	557,393	560,772
Administration—					
Office and Inspectors	29,380	31,257	31,235	29,156	28,830
Truant Officers	3,655	6,793	7,569	6,046	5,046
Stores, Cleaning, &c.*	1,183	1,814	3,173	3,946	3,745
Buildings	44,685	36,040	81,946	39,369	19,502
Retiring Allowances, Compensa- tion, and Gratuities	75,785	75,166	76,352	77,535	78,732
Total Expenditure	673,174	699,418	767,352	713,445	696,627

* Including Postage and Telegrams, £2,186 in 1902-3, and £2,615 in 1903-4.

Out of the total decrease (£78,528) which has taken place in the expenditure on Education during the past two years, £70,725 has been effected on items comprising primary instruction. This has occurred principally in the items Teachers' Salaries and Buildings. Slight increases are shown in the expenditure on Singing, &c., Teachers' Travelling Allowances, Books, Stores, &c., Cleaning, Stationery, Fuel, and Pensions.

The following return shows the cost per head of primary instruction, including salaries and allowances paid to teachers, travelling expenses, stores, maintenance of schools, stationery, fuel, books and school requisites, office administration, inspection, buildings, and retiring allowances, computed on the number of children in daily average attendance throughout the year:—

COST OF PRIMARY INSTRUCTION IN VICTORIA: RETURN FOR FIVE YEARS.

Year.	Cost to the State.		Scholars in Average Attendance.	Per Head of Scholars in Average Attendance.	
	Including Buildings	Excluding Buildings.		Including Buildings.	Excluding Buildings.
	£	£	£	£ s. d.	£ s. d.
1899-00 ...	673,174	628,489	145,868	4 12 4	4 6 2
1900-01 ...	699,418	663,378	147,818	4 14 8	4 9 9
1901-2 ...	767,352	685,406	150,939	5 1 8	4 10 10
1902-3 ...	713,445	674,076	150,268	4 14 11	4 9 8
1903-4 ...	696,627	677,125	145,500	4 15 8	4 13 1

SUBSIDIES, GRANTS, AND ENDOWMENTS.

The following is a statement of all grants and endowments, and expenditure in aid of various services, institutions, and societies, from 1899-1900 to 1903-4:—

	1899-00.	1900-1.	1901-2.	1902-3.	1903-4.
	£	£	£	£	£
Grants to Agriculture, &c. ...	106,478	123,358	142,418	82,978	124,255
" Mining ...	23,399	24,900	15,992	11,866	15,950
Subsidy to Municipalities ...	100,000	100,000	100,000	50,000	50,000
<i>Educational Grants, &c.—</i>					
Melbourne University — Endowment under Act	9,000	9,000	9,000	9,000	9,000
Melbourne University — Additional Endowment voted	3,250	6,250	6,000	4,500	4,500
College of Pharmacy ...	500	500	500	250	250
Technological Schools — Maintenance, &c.	16,350	17,932	18,476	16,145	16,278

SUBSIDIES, GRANTS, AND ENDOWMENTS—*continued.*

	1899-00.	1900-1.	1901-2.	1902-3	1903-4.
	£	£	£	£	£
<i>Educational Grants, &c.—continued.</i>					
Public Libraries, &c. (including Melbourne Public Library)	24,767	26,660	27,065	20,828	18,611
Royal Society	100	100	100	50	50
Royal Geographical Society ...	...	...	75	...	...
Victorian Artists' Society ...	100	150	100	...	...
Fine Arts Galleries, Ballarat, Bendigo, &c.	500	500	500	250	...
Zoological and Acclimatisation Society, &c.	3,600	3,500	3,500	3,000	3,000
Parks and Gardens (including Melbourne Botanical Gardens)	14,383	14,867	15,175	12,295	11,321
Charitable Institutions	116,026	115,979	114,459	98,384	99,358
Instructor of the Blind	170	170	170	164	170
Animals' Protection Society ...	50	50	50	50	50
<i>Miscellaneous Grants and Subsidies—</i>					
Exhibitions	4,302	500	1,000	...	...
Exhibition Trustees, Expenses of ...	2,749	1,250	1,250	300	300
Fire Brigades	14,766	15,941	16,215	16,262	16,283
Mint Subsidy	20,000	20,000	20,000	20,000	20,000
Village Settlements and Labour Colonies	4,000	3,987	2,993	3,519	2,085
Carriage of Water—to reimburse Railway Department for Relief on account of Bush Fires, Cyclones, Drought, &c.	...	5,036	11,026	2,919	...
Relief of the Unemployed	1,082	906	1,161	907	736
Savings Banks Commissioners—Extra Working Expenses	10,841	11,178	12,685	13,663	15,046
Assistance to Municipalities for Drainage Works, &c.	14,939	10,508	8,287	2,816	2,111
Assistance to Municipalities for Roads and Bridges	16,875	21,540	28,035	6,054	19,929
Aborigines—Maintenance	4,845	4,705	4,633	4,810	4,407
International Astrophotographic Catalogue	192	200	200	200	200
Total	513,264	540,917	564,360	381,705	433,890

The total amount of these grants and subsidies for 1903-4 is greater than the total for 1902-3 by £52,000, but is less than the other totals shown by from £79,000 to £130,000. Compared with 1902-3, the only important increases are £40,000 in grants to Agriculture, &c., caused by increased allowance for carriage of grain on railways at reduced rates, and £14,000 in grants to municipalities for roads and bridges. The grant for the Public Libraries, Museums, and National Gallery of Victoria is reduced by £2,000.

LOANS FLOATED IN LONDON.

The total amount of loans raised in London at varying rates of interest was £67,297,560, after conversion operations. The amount paid off by means of new loans was £21,931,285, and by means of

payment derived from revenue, £566,100, leaving a balance due on 30th June, 1904, £44,800,175, consisting of debentures amounting to £1,114,700, inscribed stock, £41,501,675, and Treasury Bonds, £2,183,800. The following statement gives particulars respecting the various loans now forming part of the public debt, which were raised in London since 1859, together with the average prices obtained after deducting flotation expenses as well as accrued interest, and the rates of interest to which such prices are equivalent:—

LOANS FLOATED IN LONDON, 1859 TO 1904.

When Raised.	Debentures or Stock.				Average Price Obtained per £100 Debenture or Bond.		Actual Rate of Interest per £100 Net.
	Currency.		Amount Sold.	Rate of Interest.	Ex Accrued Interest.	Ex Interest and Expenses. (Net proceeds.)	
	When Due.	No. of Years.					
			£	Per cent.	£ s. d.	£ s. d.	£ s. d.
1859	1883	24	1,000,000	6	105 1 11 ³ / ₄	103 18 11 ³ / ₄	5 14 0
"	"	"	760,000	6	107 17 7 ¹ / ₄	106 14 7 ¹ / ₄	5 9 10
1860	"	23	1,837,500	} 6	104 17 10 ³ / ₄	103 14 10 ³ / ₄	5 14 1
"	1884	"	812,500		103 1 6 ¹ / ₄	101 18 6 ¹ / ₄	5 17 0
1861	1885	24	1,000,000	6	102 19 7	101 16 7	5 17 2
1862	"	23	1,600,000	6	100 8 11 ³ / ₄	99 5 11 ³ / ₄	6 1 1
1866	1891	25	850,000	5	98 4 2 ³ / ₄	97 1 2 ³ / ₄	5 4 3
1869	1894	"	588,600	5	100 17 6 ³ / ₄	99 14 6 ³ / ₄	5 0 5
1870	"	24	1,518,400	4	90 2 7	88 19 7	4 15 5
1874	1899	25	1,500,000	} 4	94 16 10 ³ / ₄	93 18 11 ³ / ₄	4 8 1
1876	1901	"	{ 500,000 2,500,000		4
1878	1904	26	457,000	4	97 17 5 ¹ / ₂	96 19 2 ¹ / ₂	4 14 0
1879	"	5	3,000,000	4 ¹ / ₂	103 3 8 ¹ / ₂	102 5 11	4 6 11
1880	"	24	2,000,000	4 ¹ / ₂			
			<i>Stock.</i>				
1883	1907	"	4,000,000	4	98 16 8 ¹ / ₂	97 13 7 ¹ / ₂	4 3 0
"	1908	"	2,000,000	4	97 14 1 ¹ / ₂	96 10 11 ¹ / ₂	4 4 6
1884	1913	29	{ 2,636,800 1,363,400	} 4	98 5 7	97 2 8 ¹ / ₂	4 3 3
1885	1919	34	{ 3,180,620 819,380		4	98 18 6 ¹ / ₂	97 15 9 ¹ / ₂	4 2 5
1886	1920	"	1,500,000	4	105 12 3 ¹ / ₄	104 9 0	3 15 5
1887	"	33	3,000,000	4	102 5 6 ³ / ₄	101 2 9	3 18 9
1888	"	32	1,500,000	4	108 1 1 ¹ / ₄	106 18 0 ³ / ₄	3 12 9
1889	1923	34	3,000,000	3 ¹ / ₂	102 14 10	101 11 11 ³ / ₄	3 8 5
1890	"	33	4,000,000	3 ¹ / ₂	160 2 4	98 19 6	3 11 1
1891	1921-6	30-5	{ 850,000 2,150,000	} 3 ¹ / ₂	96 3 7	95 0 10	3 15 6
1892	"	29-34	2,000,000		3 ¹ / ₂	91 13 7	90 10 8	4 1 5
1893	1911-26	17-32	2,107,000	4	94 7 5	93 4 8	4 11 7
1899	1929-49	30-50	1,600,000	3	94 7 1	93 4 2	3 7 3
1901	"	28-48	3,000,000	3	92 2 1	89 14 5	3 11 10
1902	"	27-47	1,000,000	3	95 16 6 ¹ / ₂	93 8 3 ³ / ₄	3 7 6
1903	"	26-46	3,038,560	3 ¹ / ₂	91 14 9 ³ / ₄	89 8 0	4 3 8
			<i>Treasury-bonds.</i>				
1892	1893	1	1,000,000	4 ¹ / ₂	99 3 11	99 1 5	5 0 0
1898	1900	2	500,000	3 ¹ / ₂	100 0 0	100 0 0	3 15 0
1903	1906	3	2,183,800	4	99 10 8 ³ / ₄	96 18 10	5 2 7
Total	..	..	66,343,360				
Paid off	..	..	21,543,185				
Outstanding	..	..	44,800,175				

The figures in the last column represent the rate of interest payable by the State for the actual amount of money which was realized after the deduction of all expenses which had been incurred in connexion with the flotation with allowance for redemption at par on maturity. The column, Amount Sold, includes £957,000 for conversion loans.

The nominal rate of interest has varied from 6 per cent. for earlier loans to 3 per cent. for those of later date, and the actual rate obtained by investors varied from 6 per cent. in 1866 to $3\frac{3}{8}$ per cent. in 1899 and 1902. The first six loans raised were obtained at about $5\frac{3}{4}$ per cent., but the credit of the State would appear to have gradually improved after 1866, and money was obtained four years later at 5 per cent. In 1883 it was obtained at 4 $\frac{1}{5}$ th per cent., in 1885 at $4\frac{1}{8}$, in 1888 at $3\frac{5}{8}$, and in 1889 at less than $3\frac{1}{2}$ per cent., In 1891 there was a reaction, when the money obtained cost $3\frac{3}{4}$ per cent., and the rate was still increased to over $4\frac{1}{2}$ in 1893, while 5 per cent. was paid on short-dated Treasury bonds obtained in 1892. Some later loans show a marked improvement, as in 1899 the actual rate of interest was less than $3\frac{3}{8}$ per cent., this being the lowest rate of those loans which were raised in London, while for the two later loans, one of which was floated in 1901, the money was obtained at slightly over $3\frac{1}{2}$ per cent., and the other in 1902, at $3\frac{3}{8}$ per cent., but the interest on loans raised in 1903 was as high as $5\frac{1}{8}$ per cent. on short-dated Treasury bonds, and $4\frac{1}{8}$ on stock sold.

LOANS FLOATED IN MELBOURNE.

The total amount of loans floated in Melbourne after conversion operations was £10,053,125. Of this amount, £1,989,461 was redeemed by loans, and £1,343,877 by revenue, leaving due a balance of £6,719,787 on 30th June, 1904, consisting of debentures, £2,599,295; inscribed stock, £3,120,492; and Treasury bonds, £1,000,000; but included is a sum of £1,000 overdue for debentures of the late Melbourne and Hobson's Bay Railway Company not yet presented for payment. The outstanding balance of loans floated in Melbourne amounted to £3,451,088 on 30th June, 1898, but during the last six years the local debt has been increased by over $3\frac{1}{4}$ millions sterling. The following is a statement of these loans, exclusive of Melbourne and Hobson's Bay Railway debentures, show-

ing the amounts originally raised, the amounts converted or paid off, and the amounts outstanding on 30th June, 1904:—

LOANS RAISED IN MELBOURNE.

Authorization.		Loans as originally raised.			Amounts.		Loans Outstanding on 30th June, 1904.
Act No.	Year.	Rate of Interest.	When due.	Amount.	Converted into Stock or Debentures.	Paid off.	
		Percent.		£	£	£	£
<i>Debentures.</i>							
13 & 23	1854	...	1855-75	735,000	...	735,000	...
40	1855	6	1857-72	299,100	...	299,100	...
15	1856	6	1872-4	2,900	...	2,900	...
36	1857	6	1883-5-8	1,000,000	52,780	947,220	...
150	1862	6	1889	300,000	23,900	276,100	...
332	1868	5	1894	610,000	297,100	312,900	...
371	1870	5	...	100,000	100,000	...	...
1296	1893	4	1913-23	746,795	...	...	746,795
1440	1896	3	1912	63,000	...	...	63,000
1659	1900	3	1921-30	1,000,000	...	...	1,000,000
1753	1901	3	1923-32	331,500	...	...	331,500
1816	1903	3½	1904	45,000	...	45,000	...
1901	1903	3	1934-54	457,000	...	...	457,000
<i>Inscribed Stock.</i>							
428	1872	4	1897	1,113,000	} 2,659,613	...	...
439	1872	4	"	86,780			
741	1882	4	"	13,102			
963	1887	4	"	167,600			
1015	1889	4	"	130,000			
1341	1893	4	"	750,000			
1369	1895	4	"	150,000			
1468	1896	3	1917	249,131			
1564	1898	3	"	2,290,482			
1623	1899	3	"	500,000			
1623	1899	3	"	268,184	...	131,887	2,926,779
1552	1898	3	"	3,809	...	3,809	...
1602 } 1749 }	1898	3	"	211,135	...	17,422	193,713
<i>Treasury Bonds.</i>							
1574	1898	3½	1901	500,000	...	500,000	...
1800	1902	3½	1907	1,000,000	...	...	1,000,000
Total ...				13,123,518	3,133,393	3,271,338	6,718,787

NOTE.—Exclusive of £62,000, Melbourne and Hobson's Bay Railway debentures redeemed in Melbourne.

Of the total loans raised in Victoria, £2,337,000, *i.e.*, the total of those loans which were floated prior to 1863, was obtained at 6 per cent.; £710,000, or those floated from 1868 to 1870, at 5 per cent.; £3,406,408, or those floated from 1872 to 1895, at 4 per cent.; and £5,125,110, floated since 1895, and £45,000 in 1903, at 3 and 3½ per cent. respectively. During 1898 and 1902 short-dated Treasury

bonds, for £500,000 and £1,000,000 respectively were authorized at $3\frac{1}{2}$ per cent. Of the total Melbourne loans outstanding on 30th June, 1904, £746,795 is bearing interest at 4 per cent., £1,000,000 at $3\frac{1}{2}$ per cent., and the balance, £4,971,992, at 3 per cent.

REPAYMENT OF LOANS.

The total debt on 30th June, 1904, exclusive of debentures for £1,000 overdue since 1897, was £51,518,962, and of this sum £2,598,295 was in the form of debentures; £42,616,375 of inscribed stock (London Register); £3,120,492 of stock (Melbourne Register); and £3,183,800 in the form of Treasury bonds. The following are the dates on which these loans are repayable, those repayable in Melbourne and London being also indicated:—

TOTAL DEBT, INTEREST, AND DATE OF REPAYMENT.

Under Act No.	When Repayable.	Rate of Interest per cent.	Amount Repayable.		
			In Melbourne.	In London.	Total.
	<i>Debentures.</i>		£	£	£
1296	1st April, 1913-23 ...	4	746,795	...	746,795
1440	" 1912-22 ...	3	63,000	...	63,000
1659	1st Jan., 1921-30 ...	3	1,000,000	...	1,000,000
1753	" 1923-32 ...	3	331,500	...	331,500
1901	" 1934-54 ...	3	457,000	...	457,000
	<i>Inscribed Stock (London).</i>				
717	1st July, 1907 ...	4	...	4,000,000	4,000,000*
739	1st April, 1908 ...	4	...	2,000,000	2,000,000*
760	1st Oct., 1913 ...	4	...	4,000,000	4,000,000*
805	" 1919 ...	4	...	4,000,000	4,000,000
845	" 1920 ...	4	...	6,000,000	6,000,000
989	" 1923 ...	$3\frac{1}{2}$	...	7,000,000	7,000,000
1032	" 1923 ...	$3\frac{1}{2}$	...	7,000,000	7,000,000
1196	1st Jan., 1921-26 ...	$3\frac{1}{2}$	...	5,000,000	5,000,000
1217	" 1911-26 ...	4	...	2,107,000	2,107,000
1287	" 1929-49 ...	3	...	4,496,081	4,496,081
1560	" 1929-49 ...	$3\frac{1}{2}$	...	3,013,294	3,013,294
1532	" 1929-49 ...	3	...	1,000,000	1,000,000
	<i>Stock (Melbourne).</i>				
1468	29th Sept., 1917 ...	3	2,926,779	...	2,926,779
1564	" " ...	3	193,713	...	193,713
1623	" " ...	3	193,713	...	193,713
1602	" " ...	3	193,713	...	193,713
	<i>Treasury Bonds.</i>				
1800	1st October, 1907 ...	$3\frac{1}{2}$	1,000,000	...	1,000,000
1847	1st July, 1906 ...	4	...	2,183,800	2,183,800
	Total ...	...	6,718,787	44,800,175	51,518,962

* Debentures convertible into inscribed stock at option of holder. The amount so converted to 30th June, 1904, was £8,885,300.

The last of the 6 per cent. loans was paid off on the 1st January, 1891, and the last of the 5 per cents. on the 1st January, 1897. The loans at the higher rates of interest which have already been redeemed, were replaced by others obtained at lower rates, and by this means a considerable saving in interest has been effected. The last four loans which fell due were one for 1½ millions in 1899, another for 3 millions in 1901, and two for £5,457,000 in 1904. These were redeemed by the proceeds of loans amounting to £10,279,360 raised in London, the transaction effecting an annual saving of £77,869 in the amount of interest payable.

PURPOSES FOR WHICH LOANS WERE RAISED.

The aggregate amount of the loans raised to 30th June, 1904, exclusive of temporary Treasury bonds in aid of revenue, was £77,350,685; but a total of £25,830,723 (exclusive of £2,089,613 conversion loans) having been repaid, viz., £1,909,977 out of the general revenue, and £23,920,746 out of the proceeds of redemption loans, the balance on 30th June, 1904, was reduced to £51,519,962. The purpose for which the amount outstanding was borrowed and the annual interest payable thereon are as follow:—

PURPOSES FOR WHICH LOANS WERE RAISED.

Public Borrowings Contracted for—	Amount of Loans Outstanding on 30th June, 1904.	Annual Interest Payable.
REVENUE-YIELDING WORKS.		
	£	£
Railways	39,429,556	1,454,344
Tramways, Country	200,000	7,750
Water Supply and Irrigation—Melbourne	1,848,663	67,439
" " Country	5,851,647	204,960
Harbours and Docks	280,928	10,744
Graving Dock	352,710	11,874
Agriculture—Advances to Beet Sugar Company	63,000	1,890
" Wineries, &c.	57,021	1,726
Purchase of Land for Closer Settlement	193,713	5,811
Development of Mining	129,865	4,040
Total Revenue Yielding Works... ..	48,407,103	1,770,578
OTHER WORKS OF A PERMANENT CHARACTER.		
Public Offices, Law Courts, and Parliament Houses	793,006	28,227
Defence Works	149,153	4,974
State School Buildings	1,237,811	41,767
Other	932,889	30,465
Total other Permanent Works	3,112,859	105,433
Net Borrowings	51,519,962	1,876,011

The loans outstanding on the 30th June, 1904, include sums not yet expended, amounting in the aggregate to £219,869, of which

£181,745 has been borrowed for railways, and £63,811 for country water supply. For different other services the expenditure was £25,687 in excess of the amounts raised. Of the total sum borrowed, 94 per cent. has been devoted to revenue-yielding works, namely, railways, water supply, and country trams, etc.

The following return shows the growth of the public debt and interest since the date of the establishment of responsible government in 1855. The average rate of interest payable on the indebtedness has steadily declined from 6 per cent. in 1855 to 3·64 in 1904. In relation to population, however, the amount per head has substantially increased from 1855 to 1900, but since the latter year there has been no very great alteration.

Growth of
Funded
Debt in
Victoria.

GROWTH OF PUBLIC DEBT AND INTEREST IN VICTORIA, 1855 TO 1904.

End of Financial Year in—	Loans Outstanding.			Amount per head of population.	
	Amount.	Annual Interest Payable.		Debt.	Annual Interest.
		Total.	Average rate per cent.		
	£	£		£ s. d.	£ s. d.
1855	480,000	28 800	6·00	1 6 4	0 1 7
1860	5,118,100	306,405	5·99	9 10 4	0 11 5
1870	11,924,800	688,740	5·78	16 8 3	0 19 0
1880	20,056,600	1,004,436	5·01	23 11 9	1 3 7
1890	41,377,693	1,649,465	3·99	36 19 11	1 9 6
1900	48,774,885	1,867,604	3·83	40 17 4	1 11 3
1901	49,546,275	1,861,547	3 76	41 3 0	1 11 0
1902	50,408,957	1,887,877	3·74	41 15 5	1 11 4
1903	51,097,900	1,904,514	3·73	42 5 11	1 11 6
1904	51,519,962	1,876,011	3·64	42 13 4	1 11 1

Including money borrowed for temporary purposes (£300,000) in aid of revenue, the total debt on the 30th June, 1904, is £51,819,962, upon which the amount of interest and expenses (paid in 1903-4) was £1,947,862, or an average of 3·76 per cent. on the total debt. The amount of interest and expenses paid was fully earned by £42,121,940, the amount of such interest and expenses being £1,583,323. This leaves £9,698,022, all the interest and expenses upon which, £364,539, has to be met by charge upon the general revenue. In addition, a sum of £2,403,302 has been advanced from the trust funds, upon which the interest is £61,765, or 2·57 per cent. The total interest which has to be met from general revenue is thus £426,304, equal 3·52 per cent., or 7s. per head of population on a debt of £12,101,324, and this amount represents the real burden on 30th June, 1904. It is, however, worthy of notice that £3,112,859 of the indebtedness has been expended in the erection of Parliament House, public offices, and school buildings throughout the State, defence, and other works of a necessary and permanent character, and

if these are not directly reproductive in character, yet they save the State in rent charges and otherwise. A sum of £2,703,302 has been expended on works in anticipation of revenue and to meet revenue, deficiencies, etc., and the balance of the real debt, £12,101,324, has been expended on railways, water conservation, country trams, development of the agricultural and mining resources of the State, the graving dock, and on other revenue-producing works, which do not at the present time earn sufficient to cover working expenses and interest on the money expended in their construction, and will not do so until the population of the State has materially increased.

EXPENDITURE FROM LOANS.

In addition to the ordinary expenditure from revenue, certain sums are annually disbursed for various purposes from amounts raised by means of loans. The following table shows the details of such expenditure in each of the last five years:—

LOAN EXPENDITURE : RETURN FOR FIVE YEARS.

Works.	1899-1900	1900-1.	1901-2.	1902-3.	1903-4.
	£	£	£	£	£
Railways	595,543	490,857	467,937	354,916	236,944
Water Supply	144,149	138,233	88,902	115,405	118,392
Defences	229	4,080	11,889	..	..
Schools—					
Primary	13,745	4,618	34,332	12,039	558
Technical	6,892	99	..	..	..
Wineries, &c.	12,063	15,480	17,895	6,352	376
Closer Settlement, Purchase of Estates	63,985	85,040	55,462	1,189	3,666
Bush Fires—Advances to Farmers .. .. .	..	2,366	332	..	..
Loans to Farmers—Purchase of Seed and Fodder .. .. .	..	..	..	82,059	11,067
Mining Development	41,294	25,932	32,443	23,895	7,466
Pilots—Advance for Steam Service	23,000	..	..	..	..
Assistance to Municipalities—					
For Roads, &c.	30,765	36,439	45,714	44,552	17,267
For Drainage Works .. .. .	..	5,827	23,504	8,951	249
Drainage of Swamps	22	6,046	31,392	18,354	4,504
Levees, &c., Goulburn and Murray Rivers	5,837	11,340	13,569	26,775	6,339
River Yarra Improvements	9,856	5,245	8,338	2,999	3,706
Accommodation for Federal Parliament .. .. .	..	22,542	17,132	226	..
Other Public Works	58,509	78,121	35,434	31,691	15,276
Total	1,005,889	932,265	884,275	729,403	425,810
Per Head of Population	s. d. 16 11	s. d. 15 7	s. d. 14 8	s. d. 12 1	s. d. 7 0

It will be seen that during the last five years the loan expenditure averaged £795,528 yearly, whereas during the preceding five years the average was £334,406, and during the ten years ended 30th June, 1894, it was £1,995,600 yearly. During the last five years the loan expenditure of Victoria and New South Wales was as follows:—

	Total Last Five Years.	Annual Average.
Victoria	£3,977,642	£795,528
New South Wales	17,130,063	3,426,012

LOANS AUTHORIZED BUT NOT RAISED.

The permanent loans authorized, but not raised, on the 30th June, 1904, amounted to £1,893,980, which sum now represents the un-floated balance of loans authorized in 1896, 1898, 1899, 1901, and 1903. The following is a return of the amounts authorized, showing the purposes for which the original loans were intended, and the amounts raised up to June, 1904:—

LOANS AUTHORIZED BUT NOT RAISED, 30TH JUNE, 1904.

Purposes.	Under Loan Act—					
	59 Vict. No. 1440	62 Vict. No. 1552.	62 Vict., No. 1602. & 1 Ed. VII., No. 1749.	63 Vict., No. 1623.	1 Ed. VII., No. 1753	1 Ed. VII., No. 1816.
	£	£	£	£	£	£
Railways ... ..	...	...	...	206,357	350,609	...
Irrigation Works, &c.	...	...	...	100,000	100,000	...
Beet Sugar Industry	100,000	...	...	...	...	...
Closer Settlement ...	...	...	500,000	...	...	...
Loans to Farmers for Purchase of Seed	...	...	...	...	...	100,000
Redemption of Muni- cipal Debentures	...	1,116,608	...	...	...	...
Miscellaneous ... ..	...	...	...	193,643	49,391	...
Total	100,000	1,116,608	500,000	500,000	500,000	100,000
Amount raised to 30th June, 1904	63,000	3,809	211,135	268,184	331,500	45,000
Balance not floated...	37,000	1,112,799	288,865	231,816	168,500	55,000

In addition to the £51,519,962, the total amount of the outstanding funded loans of the State on the 30th June, 1904, these figures show that authority had been obtained from Parliament for a further borrowing to the extent of £1,893,980, and of this sum £114,808 is not apportioned to any service; £142,933 is for railway purposes, £142,575 for water supply, £288,865 for closer land settlement, £1,112,799 for the redemption of municipal debentures, and £92,000 for other works. The rate of interest on the amount to be raised is 3 per cent. on £1,838,980, and 3½ per cent. on £55,000.

SINKING FUNDS.

On 30th June, 1904, the sinking funds in Australia were as follow:—

SINKING FUNDS IN AUSTRALIAN STATES, 30TH JUNE, 1904.

State.	Sinking Funds in Connexion with—	
	State Funded Debts.	Municipal and Other Debts.*
	£	£
Victoria	320,957	656,314
New South Wales	894,621	323,894
Queensland .. .. .	..	..
South Australia	114,476	..
Western Australia	864,752	59,953
Tasmania	180,257	102,133
Australia	2,375,063	1,142,294

* Figures for 1903, except in the case of Western Australia, which are for 1902.

The following table shows for Victoria the various funds having balances to their credit on 30th June, 1904:—

	Balance at Credit
Mallee Land Account	£52,444
Farms Settlement Fund	4,618
Victorian Loans Redemption Fund	82,474
Victorian Government Consolidated Inscribed Stock Redemption Fund	168,839
Municipalities Contribution—Prince's Bridge	12,582
Total	£320,957

By Act No. 1428 of 1896, the moneys accruing from licensing, leasing, or selling of land in the Mallee country, or Mallee border, are to be paid into the Treasury and placed to the credit of a separate account, to be called the Mallee Land Account. The sums standing at credit to this account are available solely for the repurchase, redemption, or paying off of any Victorian stock or debenture.

By Act No. 1749 of 1901, it was provided that all moneys received by the Board of Land and Works, from lessees or purchasers of farm allotments, or purchasers of any land acquired by the Board, pursuant to the general provisions of the Act, should be paid into the Treasury, and placed to the credit of a separate account, to be called "The Farm Settlements Fund," which fund should be applied to the redemption of stock and the payment of interest thereon. Under the *Closer Settlement Act* of 1904, this fund was transferred to the Board appointed to administer that Act.

By Act No. 1561 of 1898, it was enacted that a Victorian Government Consolidated Inscribed Stock Redemption Fund should be kept in the Treasury, and should be applied in purchasing or repurchasing and ultimately in redeeming consolidated stock, and in paying expenses

Mallee Land Account.

Farm Settlements Fund.

Consolidated Inscribed Stock Redemption Fund.

and costs of such purchase or redemption. The fund is made up of money derived from repayments by Water Trusts, from the Mallee Land Account, dividends on investments, &c.

By Act No. 1565 of 1898, it was enacted that a Victorian Loans Redemption Fund should be kept in the Treasury, and should be available for the purchase, repurchase, or redemption of any Victorian Government 3 per cent. Stock, and in paying the expenses, costs, &c., incurred. This fund is derived from special appropriations, repayments on account of resumption of land in the Mallee district, bush fires and floods relief, seed advances, pilot service, municipalities, &c.

Loans Redemption Fund.

By Act No. 854 of 1885, authorizing the construction of a bridge over the Yarra, at Melbourne, known as Prince's Bridge, the Treasurer was empowered to apply £47,000 out of "The Railway Loan Account 1878" towards the cost of construction of the bridge and its approaches, and the improvement of the river channel and banks, and to make advances up to a specified amount (set out in the schedule to the Act) to the Board of Land and Works, on behalf of the municipal bodies interested in the construction of the bridge, such corporations to repay the amounts of their advances, and until repayment is fully made, to annually repay a percentage, as agreed between the municipalities and the Board. These sums are to be applied by the Treasurer to payment of interest and liquidation of principal.

Municipalities Contribution—Prince's Bridge.

STATE DEBTS.

The following is a statement of the total indebtedness of the Australian States on 30th June, 1904:—

FUNDED AND UNFUNDED DEBT OF AUSTRALIAN STATES,
30TH JUNE, 1904.

State.	State Debts.		Municipal and Corporation Debts (exclusive of Loans from Government.)	Grand Total.	
	Funded.	Unfunded.		Amount.	Per Head of Population.
	£	£	£	£	£ s. d.
Victoria.. ..	51,519,962	2,703,302	12,156,077	66,379,341	54 19 6
New South Wales	78,055,955	4,484,335	2,931,511	85,471,801	59 5 3
Queensland(31.12.03)	40,151,287	1,165,705	690,022	42,007,014	81 9 8
South Australia ..	27,504,695	1,453,139	119,202	29,077,036	78 8 6
Western Australia	16,090,288	..	418,050	16,508,338	69 16 0
Tasmania (31.12.03)	9,211,070	341,875	531,226	10,084,171	56 3 8
Total ..	222,533,257	10,148,356	16,846,088	249,527,701	63 5 11

The figures, £249,527,701, include loans raised by the State Governments, municipal bodies, corporations, and trusts. The figures for Victoria also exclude the amount of the tramways trust loan, viz., £1,650,000, which is treated as a loan to a private company, for although the money has been borrowed by the trust, which is composed of representatives of municipalities, on the security of municipal property, yet the interest is paid and a sinking fund provided by the tramway company, which renders the liability of the trust merely nominal; further, the property must be purchased by the municipalities when the trust's lease has expired.

The figures in the table show the full public indebtedness of the Commonwealth, including States, municipalities, and corporation debts, to the date at which comparison can be made. Victoria has the smallest amount per head, Tasmania the next, and Queensland the largest. There are, of course, private debts to a considerable extent and private investments by British capitalists; but there is no reliable information as to the amount of this class of indebtedness.

The State debts are those at the end of 1904, the municipal and corporation debts are for the year ended 1903, figures for 1904 for other States than Victoria not being available. The complete figures for Victoria on the 30th June, 1904, appear in the following statement:—

STATE AND LOCAL DEBTS, 30TH JUNE, 1904.

	£	£
State Debts (Funded)— ..		
London Register	44,800,175	
Melbourne Register	6,718,787	
State Debts (Unfunded)	2,703,302	
Overdue Debenture, late Melbourne and Hobson's Bay Railway—unpresented	1,000	
Total State Debts		54,223,264
Municipal Debts	3,925,377	
Harbor Trust Debts	2,000,000	
Fire Brigades Board	130,000	
Melbourne and Metropolitan Board of Works	7,127,000	
Total Debts of Municipalities and Corporations		13,182,377
Total Debts		67,405,641

This sum (£67,405,641) is equal to a debt of £55 17s. 9d. per head of the population on 30th June, 1904.

The following is a summary of the funded debts of the Australian States and New Zealand on the 30th June, 1904, their proportion to population, and the total and average interest payable.

The amounts are exclusive of Treasury bonds or bills issued for revenue purposes:—

FUNDED DEBT OF AUSTRALIAN STATES AND NEW ZEALAND,
30TH JUNE, 1904.

State.	Funded Debt.		Interest Payable.	
	Amount.	Per Head of Population.	Amount.	Average Rate Per Cent.
	£	£ s. d.	£	
Victoria	51,519,962	42 13 4	1,876,011	3.64
New South Wales	78,055,955	54 2 4	2,781,724	3.56
Queensland (31.12.03)	40,151,287	77 17 8	1,484,770	3.70
South Australia	27,504,695	74 3 9	1,031,212	3.75
Western Australia	16,090,288	68 0 7	547,159	3.40
Tasmania (31.12.03)	9,211,070	51 6 4	337,871	3.67
Total Australia	222,533,257	56 9 0	8,058,747	3.62
New Zealand (31.3.04)	57,522,215	69 2 0	2,150,622	3.74

South Australia and New Zealand pay the highest average rate of interest on their loans, the reason being, not that their securities are considered of less value, but that a larger proportion of their loans was raised when the rates of interest were high.

In the following statement will be found the indebtedness per head of the various States of Australia and New Zealand during the last three years. In all the States except Western Australia and Tasmania, there has been an appreciable increase since 1901-2:—

GOVERNMENT FUNDED DEBTS PER HEAD OF POPULATION IN
AUSTRALASIA.

—		1901-2.	1902-3.	1903-4.
		£ s. d.	£ s. d.	£ s. d.
Victoria	30th June ..	41 15 5	42 5 11	42 13 4
New South Wales .. .. .	.. .. .	49 10 5	53 6 1	54 2 4
Queensland	31st December ..	74 8 6	74 14 10	77 17 8
South Australia	30th June ..	72 14 3	73 5 11	74 3 9
Western Australia .. .. .	.. .. .	71 14 6	70 7 11	68 0 7
Tasmania	31st December ..	52 4 1	52 3 1	51 6 4
New Zealand	31st March ..	67 0 11	68 5 4	69 2 0

DEBTS IN VARIOUS COUNTRIES.

In order that a comparison may be instituted between the States of Australia and other countries of the world in regard to indebtedness, the following table is furnished. The highest debt per head of population here disclosed is that of France (£26 12s. 3d.), which is about one-half of that of Victoria. The next highest is Cape Colony (£24 4s. 2d.), the next Great Britain (£17 16s. 10d.). From this amount there is a gradual diminution of indebtedness to

about £1 per head in British India and Japan. It must be remembered, however, that the large indebtedness of the Australian States is the result of expenditure on railways, roads, irrigation and water supply works, harbors, public and other works, required for the speedy development of an entirely new country, whilst in the older countries of the world, much of this class of work is left to private enterprise.

GOVERNMENT DEBTS PER HEAD OF POPULATION IN VARIOUS COUNTRIES.

Country.	Date.	Amount per Head.
		£ s. d.
United Kingdom	31st March, 1904 ..	17 16 10
British India	31st March, 1902 ..	0 19 10
Canada	30th June, 1903 ..	13 8 8
Cape of Good Hope	1902	24 4 2
Natal	30th June, 1902 ..	13 10 8
France	1st January, 1903 ..	26 12 3
Italy	30th June, 1903 ..	15 16 9
Austria	1902	14 3 7
Hungary	1902	10 17 8
German States	1902	10 4 10
German Empire (Imperial only)	1st March, 1902 ..	2 7 4
Norway	31st March, 1903 ..	6 8 8
United States of America	30th June, 1903 ..	5 14 2
Russia	1902	5 0 10
Sweden	1902	3 14 1
Japan	31st March, 1903 ..	1 4 5

The figures in the next table show that within the Commonwealth nearly sixty millions of money has to be redeemed within the next ten years, and 106 millions in the succeeding ten years. There is no prospect of any of these amounts being redeemed from revenue. It is therefore evident that borrowing for redemption purposes will have to be resorted to to the full extent, and heavy expenses thereby incurred.

DUE DATES OF AUSTRALIAN LOANS ON 30TH JUNE, 1904.

When Repayable.	Amount.	When Repayable.	Amount.
	£		£
Overdue	8,550	1935 to 1939	15,552,700
1904	444,340	1940	4,906,500
1905 to 1909	30,768,075	1945 and 1947	8,330,753
1910 to 1914	27,254,999	1950 and 1951	1,946,600
1915 to 1919	52,294,102	Annual Drawings	198,400
1920 to 1924	53,949,415	Interminable	532,890
1925 to 1929	11,504,280		
1930 to 1934	14,841,653		
		Total Funded Debt	222,533,257

VALUATION OF STATES' DEBTS.

In view of the possible transference of the States' debts to the Federal Government, it will be of interest to ascertain the present value of each State's indebtedness so far as funded stock is concerned. A mere statement of the various loans is not necessarily an indication of their actual value. Although a loan may be raised at above the market rate of interest and realize a premium, which when considered in conjunction with the term of the loan reduces the nominal rate to something approaching the current rate at par, the value of the loan at any time of its currency has a greater value than the nominal amount. To illustrate this: Suppose a loan of a million has a term of twenty years to run, upon which interest at the rate of 4 per cent. per annum is paid, and assuming, as is probably the case, the market rate of interest is $3\frac{1}{2}$ per cent. What is the value of the loan? Clearly, the present value of the principal (£1,000,000) due twenty years hence, together with the present value of an annuity of the amount of the interest (£40,000) for twenty years. The value of the former is £502,566, and that of the latter £568,496, and the total value of the loan £1,071,062. If the loan carry only 3 per cent. interest with the same currency, the value is £928,938.

Valuation of States' debts on $3\frac{1}{2}$ per cent. basis.

Each debt of each State of the Commonwealth has thus been separately valued upon a $3\frac{1}{2}$ per cent. basis, as from the 1st January, 1905—the presumption being that all debts due up to and inclusive of that date will be paid by the States indebted—and not including loans raised after 30th June, 1903. To this extent the amounts shown in the next table are deficient as compared with those shown in preceding tables, but it affords an idea of the comparative values of the nominal debt and its present worth on a $3\frac{1}{2}$ per cent. basis. Full particulars are not available to effect the complete valuation. The results are set forth in the following table:—

VALUATION OF STATE FUNDED DEBTS.

State.	Funded Debt. Nominal Amount.	Value of—		Total.
		Principal.	Interest.	
	£	£	£	£
Victoria	51,036,378	29,283,964	21,587,140	50,871,104
New South Wales ..	68,992,960	38,834,208	30,003,602	68,837,810
Queensland	38,318,627	19,720,491	19,105,742	38,826,233
South Australia ..	25,831,980	14,229,962	11,799,340	26,029,302
Western Australia ..	14,910,810	7,125,862	7,310,679	14,436,541
Tasmania	9,036,129	4,725,981	4,463,771	9,189,752
Commonwealth ..	208,126,884	113,920,468	94,270,274	208,190,742

It will be seen that the actual value of the whole of the States' debts differs but slightly from the nominal amount. This is due to the fact that the mean rate of interest is nearly $3\frac{1}{2}$ per cent. It is also noticeable that the actual values of the Victorian, New South

Wales, and Western Australian loans are less than the nominal values, whilst the actual values of the Queensland, South Australian, and Tasmanian loans are greater. In each of the first series of States the mean rate of interest payable upon the loans—after attaching due weight to the currencies of the loans—is less than $3\frac{1}{2}$ per cent., whilst in the latter it must be more. It is necessary to mention, however, that the above valuations have been made upon the assumption that interest is payable annually—not as is the case every six months.

COST OF PERIODIC CONVERSIONS.

Cost of
periodic
conversions.

The whole of this debt is practically in terminable stock—the average currency of these loans being probably about 35 years. The average rate of expenses in floating or converting the Victorian loans is about $1\frac{1}{4}$ per cent., which it is presumed does not differ essentially from those of the other States. As these debts necessitate the renewal during this period of 35 years, it is obvious that at the end of the period the expenses involved in the conversions of the debts of the Commonwealth would be approximately £2,600,000. Assuming an equal distribution throughout the period, the annual expense is £74,000—a rather large amount for the comparatively small population of Australia. In any scheme for the transference and consolidation of the present State debts, it might be advisable to take into consideration the conversion of the present into interminable stock in order to avoid the expenses in connexion with the present system of periodic conversions.

FEDERAL, STATE, AND LOCAL REVENUE AND EXPENDITURE.

A statement of the ordinary revenue and expenditure and also of the loan expenditure of the Federal and the State Governments and of municipal and local bodies during the last five years will be found in the following table. From the totals of revenue and expenditure, the amounts granted by one body to another have been deducted:—

FEDERAL, STATE, AND LOCAL REVENUE AND EXPENDITURE : RETURN FOR FIVE YEARS.

	1900.	1901.	1902.	1903.	1904.
	£	£	£	£	£
<i>Revenue.</i>					
Government—					
Federal ..	..	1,536,810	2,976,500	3,127,121	3,102,452
State ..	7,344,495	6,425,269	4,987,757	4,767,168	5,234,887
Municipalities ..	1,036,497	1,105,262	1,201,230	1,180,453	1,229,609
Melbourne Harbor Trust ..	143,362	151,383	155,513	177,233	175,998
Melbourne and Me- tropolitan Board of Works ..	269,213	292,793	315,054	362,450	355,650
Fire Brigades Boards	18,516	19,529	20,278	21,639	19,797
Total ..	8,812,083	9,531,046	9,656,332	9,636,084	10,118,393

FEDERAL, STATE, AND LOCAL REVENUE AND EXPENDITURE :
RETURN FOR FIVE YEARS—*continued.*

—	1900.	1901.	1902.	1903.	1904.
	£	£	£	£	£
<i>Ordinary Expenditure.</i>					
Government—					
Federal ..	..	1,509,766	2,977,744	3,124,280	3,102,651
State ..	7,176,776	6,385,950	5,388,797	4,572,509	5,254,546
Municipalities ..	1,067,038	1,151,282	1,196,422	1,099,620	1,209,967
Melbourne Harbor Trust ..	148,612	158,007	162,603	150,174	144,897
Melbourne and Me- tropolitan Board of Works ..	337,079	366,936	373,571	398,879	409,039
Fire Brigades Boards	20,124	19,429	17,887	20,455	19,607
Total ..	8,749,629	9,591,370	10,117,024	9,365,917	10,140,707
<i>Loan Expenditure.</i>					
Government ..	1,005,889	932,265	884,275	729,403	425,810
Municipal ..	61,600	254,098	135,251	132,044	84,339
Melbourne and Me- tropolitan Board of Works ..	308,785	616,676	346,884	358,387	1,053,526
Fire Brigades Boards	1,609	..	..	..	..
Total ..	1,377,883	1,803,039	1,366,410	1,219,834	1,563,675
<i>Expenditure—Grand Total</i> ..	10,127,512	11,394,409	11,483,434	10,585,751	11,704,382
Per Head of Popu- lation—					
Revenue ..	£ s. d. 7 8 2	£ s. d. 7 19 3	£ s. d. 7 19 9	£ s. d. 7 19 10	£ s. d. 8 7 5
Ordinary Ex- penditure ..	7 7 1	8 0 3	8 7 5	7 15 5	8 7 9
Loan Expendi- ture ..	1 3 2	1 10 1	1 2 7	1 0 3	1 5 10

The total revenue of the Federal and State Governments, the municipalities and other corporations, is 5 per cent. more than in the previous year, and amounts to over ten millions. The ordinary expenditure also shows that a substantial increase has been made in the twelve months, the amount being increased by £774,790, and this has occurred mainly in the State expenditure. The loan expenditure increased by £343,841. The revenue per head in 1903 was £7 19s. 10d., and in 1904, £8 7s. 5d. The ordinary expenditure was £7 15s. 5d. and £8 7s. 9d. in those years; and the loan expenditure was £1 0s. 3d. and £1 5s. 10d. respectively.

TAXATION.

In the return following will be found, for the purpose of comparison, particulars of taxation by Government and by local bodies throughout the States of Australia and in the United Kingdom:—

TAXATION BY GOVERNMENT AND LOCAL BODIES IN THE STATES OF AUSTRALIA AND THE UNITED KINGDOM, 1903-4.

—	Total Amount of Taxation.	Rate per Head of Population.
	£	£ s. d.
Victoria	4,558,080	3 15 5
New South Wales	5,070,524	3 11 0
Queensland	1,967,943	3 16 4
South Australia	1,203,133	3 5 3
Western Australia	1,616,673	7 2 5
Tasmania	582,861	3 4 11
Australia	14,999,214	3 16 4
United Kingdom	179,494,767	4 4 4

In these figures the Commonwealth and the State taxation have been taken for the year 1903-4, and the municipal taxation for the year 1902-3, and it appears that the total taxation for Australia is £14,999,214, or an average of £3 16s. 4d. per head per annum. The lowest rate, £3 4s. 11d. per head obtains in Tasmania; South Australia is next with £3 5s. 3d.; then follow New South Wales, Victoria, Queensland, and Western Australia, with £3 11s.; £3 15s. 5d.; £3 16s. 4d.; and £7 2s. 5d. respectively. In Great Britain, the taxation is 8s. per head above the average of all Australia, and is higher than any of the Australian States except Western Australia.

LICENCES.

Under the *Licensing Act 1890*, dealing with the licensing of public-houses and the sale of fermented and spirituous liquors, it is provided that each licensing district shall consist of one division of an electoral district, and that every such licensing district shall be proclaimed in the *Government Gazette*. Sections 20 and 23 provide that the number of victuallers' licences issued in any one district shall not exceed one licence for each 250 inhabitants up to 1,000, and one for each subsequent 500 inhabitants. The number of inhabitants for the purpose of determining the number for such licensing district shall be taken to be five times the number of ratepayers on the rolls. Section 22 provides that there shall be no increase of licences in a district until the number shall be below the statutory number, and unless the electors shall determine that an increase shall be made. By section 27 it is enacted that if the number of licences is either above or below the statutory number, one-fifth of the electors may petition for a poll to be taken to determine whether the number shall be reduced or increased, as the case may be, to the statutory number, but no further. If on a poll being taken the electors decide that the number of licences is to be reduced, all licencees and owners are summoned

to the next available sitting of the Licensing Court, which determines the licences that are not to be renewed. Section 44 provides that the amount of compensation to be allowed to owners and occupiers of licensed premises diminished in value by the taking away of the licence shall be determined by arbitration—the owner and occupier appointing a joint arbitrator—the Minister another, and both arbitrators appointing an umpire. Under section 200 the licence-fees, fines, penalties, and forfeitures incurred under the Act, are paid to the credit of a trust fund account called the Licensing Act Fund, which is applied to the carrying out of the provisions of the Act. Should this fund be found insufficient to meet the necessary payments for compensation the amount required is to be paid from the proceeds of any duty on liquor which may be imposed hereafter, and specially appropriated by Parliament for the purpose. The first charge on the Licensing Act Fund, however, is that enacted by the next section, which provides for payment to the municipalities of a sum of money equal to the gross amount paid on account of licence-fees, fees for registration of brewers and spirit merchants, and fines, forfeitures, and penalties incurred under the Act, by persons within the municipalities for the year 1884; the Under-Treasurer certifying in writing each year the amount to which each municipality is entitled. This payment is called “the equivalent of licence-fees.”

The Act further provides for the issue of licences to vigneron to sell at their own vineyards wine made from grapes of their own growing in quantities of not less than one pint, not to be drunk on the vineyard; and specifies the conditions under which licences may be issued to steam packets, companies, grocers, vendors of colonial wines, lessees of railway refreshment-rooms, and for temporary and billiard-table licences; for the payment of all licences and fees, the conditions of obtaining licences, the establishment of licensing courts for applications for licences, for renewals, for hearing objections, for transfers, and generally for the liabilities devolving upon all licensed persons.

The following is a statement showing, as far as practicable, the number of licences issued for various purposes in 1904, and the amount of annual and temporary fees under each head, collected during the year:—

LICENCES—NUMBER AND REVENUE, 1904.

Description of Licence.	Number of Licences Granted.			Amount of Fees Collected.						
	Annual.	Temporary.	Total.	Annual.	Temporary.	Total.				
				£	s.	d.	£	s.	d.	
<i>Excise.</i>										
The Distilling of Spirits—										
General ..	4	..	4	160	13	2	..	160	13	2
Wine ..	5	..	5	125	0	0	..	125	0	0
Vignerons ..	45	..	45	225	0	0	..	225	0	0
Test Still ..	34	..	34	3	11	7	..	3	11	7

LICENCES—NUMBER AND REVENUE, 1904—*continued.*

Description of Licence.	Number of Licences Granted.			Amount of Fees Collected.								
	Annual.	Temporary.	Total.	Annual.		Temporary.		Total.				
				£	s.	d.	£	s.	d.	£	s.	d.
<i>Excise—continued.</i>												
The Manufacture of Tobacco, Cigars, Cigarettes, and Snuff	52	..	52	944	18	4	..	..	..	944	18	4
The making of Beer	45	..	45	1,118	8	2	..	..	..	1,118	8	2
Sugar Refining ..	1	..	1	5	0	0	..	..	..	5	0	0
<i>Under Licensing Acts.</i>												
Victuallers ..	3,569	626	4,195	78,730	0	0	1,252	0	0	79,982	0	0
Packet	12	..	12	240	0	0	..	..	..	240	0	0
Grocers	330	..	330	3,300	0	0	..	..	..	3,300	0	0
Colonial Wine ..	325	..	325	1,625	0	0	..	..	..	1,625	0	0
Railway Refreshment Rooms ..	31	..	31	775	0	0	..	..	..	775	0	0
Billiard Tables ..	97	..	97	485	0	0	..	..	..	485	0	0
Spirit Merchants, &c.	406	..	460	11,500	0	0	..	..	..	11,500	0	0
Auctioneers—General	505	..	505	12,072	8	2	..	..	..	12,072	8	2
Gold-buyers	367	..	367	176	13	2	..	..	..	176	13	2
<i>Explosives—</i>												
Importation ..	140	..	140	355	0	0	..	..	..	355	0	0
Manufacture of Rackerock ..	30	..	30	7	10	0	..	..	..	7	10	0
Manufacture of other Explosives	7	..	7	8	10	0	..	..	..	8	10	0
Magazine	235	..	235	160	10	0	..	..	..	160	10	0
Fireworks	750	..	750	37	10	0	..	..	..	37	10	0
Sale of	1,265	..	1,265	316	15	0	..	..	..	316	15	0
Chemical Examination ..	44	..	44	138	15	0	..	..	..	138	15	0

NOTE.—In addition to the above there are other licences, particulars of which cannot be obtained for the calendar year 1904, but the fees collected during the financial year 1903-4 are as follow:—

Description of Licence.	Amount of Fees Collected.		
	£	s.	d.
Insurance	11,883	0	0
Sale of Tobacco, &c. ..	1,485	14	7
Servants' Registry Office ..	109	7	6
Pawnbrokers	1,010	0	0
Hawkers	1,544	0	0
Carriers	49	4	0
Stage Carriage	163	0	0
Marine Store	145	9	0
Forwarding Agents	160	0	0
Auctioneers' Temporary ..	127	0	0
Permits to Fish	13	0	0