

STATE 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 states. The chief point of difference is the extent to which local requirements are provided for out of general revenue. In most of the states provision for local improvements is a matter of which the state has long since 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 states, of items of large amount which find no parallel in the other states. Also, when comparison is made with outside countries, other points of difference are found. In Australasia, 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 been left to be undertaken by private enterprise. Even at the present day it is deemed advisable that the Government should retain the control of services, such as the railways, which in the United Kingdom and some other countries are not 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 states reach such comparatively high figures.

The revenues of the Australasian states have been subject to considerable fluctuations, due not so much to changes in the incidence of the revenue, as to variation in the amount of the imports, for it was upon taxation of imports that the states have most largely depended for revenue. The years of highest revenue ought, under normal conditions, to be coincident with the years of greatest prosperity; but some of the states have been able to efface the effect of unfavourable seasons by lavish borrowing, and the inflow of loans, as represented by taxable goods, has, at times, more than counterbalanced the shrinkage in the imports, due to failure in the wool or wheat crops, for which these imports are payment. This effect of the borrowing policy of the various states upon their revenue was not so great in the last decade as in the previous one, but that it was considerable may be gathered from the fact that in the ten years 1895-1904 the various state Governments contrived to borrow and spend over £52,000,000, obtained in London. The unsteadiness of the railway revenue, due to variations in the seasons, is another cause of disturbance to Australian finance, and one which will not be obviated

until the resources of the states are so developed that wool and wheat will no longer play the important part they do at present in the railway trade of the country. In 1895 large reductions were made in the New South Wales tariff; these account for a reduction in the revenue of the state during that and the three following years, while to other influences must be added the financial crisis of 1893, which had a numbing effect upon trade throughout the states comprised in the Commonwealth. It will be observed from the table that Western Australia and New Zealand are in a different position to the more important mainland states. The financial position of Western Australia is exceptional, being due to the opening up of the goldfields, and the influx of a large amount of capital, and, as the tariff was of a wide range, the importation necessarily involved a large customs revenue, while the trade expansion increased the earnings of the railways. The configuration of the colony of New Zealand renders it to a very great extent immune from the droughts that so much affect the mainland of Australia, and the financial crisis of 1893 had only a comparatively slight influence on its trade; the progress of trade in that colony was, therefore, fairly regular during the years when the finances of the mainland states were most disturbed.

The establishment of the Commonwealth on the 1st January, 1901, necessitated the transfer of the Customs Department to the Federal Government; and, by proclamation, the Postal, Telegraph, and Defence Departments were taken over on the 1st March of the same year. The receipts of the six states are inclusive of the surplus returned by the Commonwealth, but the expenditure excludes all Federal transactions. The finances of the Commonwealth are dealt with on page 635.

The revenue for each state during the past ten years is shown in the following table. For New South Wales and New Zealand the figures shown for the year 1895, are those for the twelve months ended on the 31st December of the previous year; while for the remainder of the period the fiscal year ended on the 30th June in the former state, and on the 31st March in New Zealand. The amounts given for Tasmania are for the year ended 31st December prior to the years shown, while for the remaining states the financial year ends on the 30th June:—

Year.	New South Wales.	Victoria.	Queensland.	South Australia, including Northern Territory.	Western Australia.	Tasmania.	Commonwealth.	New Zealand.	Australasia.
	£	£	£	£	£	£	£	£	£
1895	9,350,051	6,712,152	3,413,172	2,497,648	1,125,941	696,795	23,795,759	4,447,599	28,243,658
1896	9,091,308	6,458,682	3,641,583	2,585,230	1,858,695	761,971	24,397,529	4,556,015	28,953,544
1897	9,109,253	6,030,217	3,613,150	2,698,759	2,342,751	797,976	25,092,106	4,798,708	30,490,314
1898	9,304,884	6,898,240	3,768,152	2,633,727	2,754,747	845,019	26,204,769	5,070,230	31,283,999
1899	9,573,415	7,378,842	4,174,086	2,731,208	2,478,811	908,223	27,244,585	5,253,228	32,502,813
1900	9,973,736	7,450,676	4,588,207	2,853,329	2,875,396	943,970	28,685,314	5,690,618	34,384,932
1901	10,612,422	7,722,397	4,096,290	2,836,854	2,964,121	1,054,080	29,337,064	5,906,916	35,243,980
1902	11,007,356	7,006,378	3,535,062	2,477,432	3,340,450	826,163	28,201,841	6,152,839	34,354,680
1903	11,296,009	6,968,051	3,520,465	2,531,545	3,630,288	734,063	28,687,029	6,447,435	35,134,464
1904	11,248,328	7,313,591	3,595,440	2,568,101	3,550,016	857,668	29,133,144	7,130,116	36,263,260

The revenue per inhabitant for each state during the past ten years was as follows :—

Year.	New South Wales.	Victoria.	Queensland.	South Australia, including Northern Territory.	Western Australia.	Tasmania.	Commonwealth.	New Zealand.	Australasia.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1895	7 12 5	5 14 5	7 10 4	7 1 11	13 14 5	4 9 5	6 19 0	6 11 0	6 17 8
1896	7 4 1	5 10 1	8 5 1	7 5 0	18 7 2	4 15 10	6 10 7	6 11 0	6 18 3
1897	7 2 5	5 13 10	8 0 6	7 10 6	20 12 2	4 17 8	7 4 3	6 15 1	7 2 9
1898	7 2 11	5 18 7	8 3 8	7 5 11	17 0 3	5 0 1	7 4 6	7 0 1	7 3 9
1899	7 4 8	6 7 2	8 17 1	7 9 7	14 14 10	5 4 2	7 8 4	7 2 2	7 7 4
1900	7 8 5	6 8 1	9 10 3	7 13 11	16 16 3	5 5 0	7 14 1	7 11 4	7 13 7
1901	7 15 6	6 9 0	8 4 5	7 19 10	16 9 1	6 2 3	7 15 5	7 13 4	7 15 1
1902	7 19 7	5 15 11	6 18 6	6 15 10	17 4 2	4 15 2	7 7 2	7 16 3	7 8 7
1903	8 0 9	5 15 7	6 17 0	6 18 5	16 17 6	4 3 8	7 7 0	7 19 7	7 9 10
1904	7 17 2	6 1 0	6 18 1	6 19 6	15 12 7	4 16 1	7 8 1	8 12 7	7 12 4

The following statements show that the expenditure of the six Commonwealth states has increased from £23,786,695 in 1895, to £29,127,665 for the year 1903-4, while the amount per inhabitant has increased from £7 1s. 3d. to £7 8s. 0d. The expenditure of Australasia has increased, during the same period, from £28,053,407 to £35,561,946, while the amount per inhabitant has increased from £6 18s. 11d. to £7 9s. 4d. The expenditure for each state during the past ten years is set forth in the following table :—

Year.	New South Wales.	Victoria.	Queensland.	South Australia, including Northern Territory.	Western Australia.	Tasmania.	Commonwealth.	New Zealand.	Australasia.
	£	£	£	£	£	£	£	£	£
1895	9,329,353	6,760,439	3,308,434	2,661,934	936,729	789,806	23,786,695	4,266,712	28,053,407
1896	9,698,891	6,540,182	3,567,947	2,640,688	1,823,863	748,940	25,020,517	4,370,481	29,390,998
1897	9,316,620	6,568,932	3,004,264	2,779,110	2,839,453	750,244	25,858,623	4,509,981	30,368,604
1898	9,299,411	6,928,850	3,747,428	2,750,959	3,256,912	785,026	26,768,586	4,602,372	31,370,958
1899	9,562,739	7,001,663	4,024,170	2,777,614	2,539,358	830,168	26,735,712	4,358,511	31,594,223
1900	10,086,186	7,280,689	4,540,418	2,936,619	2,615,675	871,454	28,331,041	5,140,128	33,471,169
1901	10,729,741	7,683,079	4,024,479	3,007,034	3,051,331	923,731	30,019,395	5,479,703	35,499,098
1902	11,020,105	7,407,781	3,967,001	2,823,578	3,151,427	870,442	29,240,334	5,014,915	35,155,249
1903	11,467,235	6,774,084	3,717,806	2,641,789	3,521,763	850,684	28,973,361	6,214,019	35,187,380
1904	11,319,837	6,914,993	3,607,864	2,707,253	3,608,312	879,356	29,127,665	6,484,281	35,561,946

The expenditure per inhabitant in each state for the last ten years is as follows :—

Year.	New South Wales.	Victoria.	Queensland.	South Australia, including Northern Territory.	Western Australia.	Tasmania.	Commonwealth.	New Zealand.	Australasia.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1895	7 12 1	6 15 3	7 14 5	7 11 3	11 8 3	5 1 4	7 1 3	6 5 8	6 18 11
1896	7 13 8	5 11 5	8 1 9	7 8 1	18 0 4	4 14 2	7 5 9	6 5 8	7 2 9
1897	7 5 9	5 16 10	8 0 1	7 15 0	20 11 8	4 11 10	7 7 11	6 7 0	7 4 9
1898	7 2 10	5 17 2	8 2 9	7 12 5	20 2 3	4 13 0	7 7 10	6 6 11	7 4 3
1899	7 4 6	5 18 4	8 10 8	7 12 2	15 2 1	4 15 2	7 5 10	6 11 4	7 2 8
1900	7 10 1	6 3 1	9 8 8	7 18 5	15 5 10	4 17 0	7 12 5	6 16 6	7 9 8
1901	7 17 3	6 8 4	9 5 8	8 0 5	16 18 9	5 7 0	7 19 1	7 2 3	7 16 3
1902	7 19 0	6 2 7	7 15 5	7 14 10	16 3 5	5 0 3	7 12 7	7 10 2	7 12 0
1903	8 3 2	5 12 4	7 4 5	7 4 5	16 7 5	4 16 10	7 9 3	7 13 10	7 10 1
1904	7 18 2	5 14 5	6 18 7	7 7 0	16 5 7	4 18 7	7 8 0	7 15 9	7 9 4

Below will be found a statement showing the total revenue and expenditure of each state for the financial year 1903-4, with the amounts per head of population. It must be pointed out that from the revenue and expenditure of New South Wales, Victoria, South Australia, Tasmania, and New Zealand, as given in the table, refunds are excluded; while for Queensland and Western Australia there is nothing in the published statements to show whether the amounts are gross or net :—

State.	Year ended—	Total.		Per head of population.	
		Revenue.	Expenditure.	Revenue.	Expenditure.
		£	£	£ s. d.	£ s. d.
New South Wales.....	30 June, 1904..	11,248,323	11,319,887	7 17 2	7 18 2
Victoria	30 June, 1904..	7,313,591	6,914,993	6 1 0	5 14 5
Queensland	30 June, 1904..	3,595,440	3,607,864	9 18 1	6 18 7
South Australia*	30 June, 1904..	2,563,101	2,707,253	6 19 6	7 7 0
Western Australia	30 June, 1904..	3,550,016	3,698,312	15 12 7	16 5 7
Tasmania.....	31 Dec., 1903..	857,698	879,356	4 16 1	4 18 7
Commonwealth .....	.....	29,133,144	29,127,665	7 8 1	7 8 0
New Zealand	31 Mar., 1904..	7,130,116	6,434,231	8 12 7	7 15 9
Australasia .....	.....	36,263,260	35,561,946	7 12 4	7 9 4

* Including Northern Territory.

As will be seen from the table, the revenue of the states included in the Commonwealth for the financial year 1903-4 was £29,133,144, or £7 8s. 1d. per head of population, and the expenditure £29,127,665, or £7 8s. 0d. per head, showing a total surplus on the twelve months' transactions of £5,479. The revenue of the

whole of Australasia was £36,263,260, or £7 12s. 4d. per head of population, and the expenditure £35,561,946, or £7 9s. 4d. per head, showing a surplus of £701,314. The only states which had a surplus were Victoria, Western Australia and New Zealand.

SOURCES OF REVENUE.

The revenue of the states is mainly derived from taxation and public services. During the year 1903-4 the customs and excise duties, and postal and telegraph revenue of the states forming the Commonwealth were collected by the Federal Government, and the balance, after deducting expenses of the transferred and new services, was returned to the states. These balances amounted to £7,424,126, and other forms of taxation, £3,074,946; while the railways and tramways returned a revenue of £11,999,976, making altogether a sum of £22,499,048 derived from these sources, or 77·23 per cent. of the total receipts. For New Zealand, customs and excise duties yielded £2,698,046 and other taxation, £951,555; railways returned £2,167,992, and posts and telegraphs, £580,771; the receipts from the sources mentioned being £6,398,364, or 89·74 per cent. of the total. It will thus be seen that for the whole of Australasia the collections under the headings mentioned amounted to £28,897,412, or 79·69 per cent. of the gross revenue. A division of the revenue of each state is appended:—

State.	Taxation.		Railways and Tramways	Posts and Telegraphs.	Public Lands.	Surplus Commonwealth Revenue returned to State.	All Other Sources.	Total Revenue.
	Import and Excise Duties.	Other.						
	£	£	£	£	£	£	£	£
New South Wales	....	1,100,193	4,263,744	....	1,860,570	2,683,417	1,340,404	11,248,328
Victoria	....	760,929	3,400,243	....	384,708	2,092,804	764,907	7,313,591
Queensland	....	475,184	1,296,961	....	637,080	810,855	375,360	3,595,440
South Australia	....	353,434	1,178,306	....	181,408	556,949	297,714	2,568,101
Western Australia	....	235,114	1,612,008	....	206,854	1,065,244	431,196	3,550,016
Tasmania	....	150,092	248,024	....	72,585	304,857	82,110	857,866
Commonwealth	....	3,074,946	11,999,976	....	3,342,405	7,424,126	3,291,691	29,133,144
New Zealand	2,698,046	951,555	2,167,992	580,771	247,842	....	483,910	7,130,116
Australasia	2,698,046	4,026,501	14,167,968	580,771	3,590,247	7,424,126	3,775,601	36,263,260

Below will be found a statement of the revenue in 1903-4 on the basis of population. The average for the states of the Commonwealth was £7 8s. 1d., and for the whole of Australasia £7 12s. 4d. per head, the amounts ranging from £4 16s. 1d. in Tasmania to £15 12s. 7d. in Western Australia. The high revenue in the latter state is attributable partly to the influx of foreign capital for the development of the gold-fields, but chiefly to the large consumption of dutiable goods and the railway revenue yielded by the gold-fields. While oversea goods entering the state are

subject to the Federal tariff, importations from the other states are dutiable under the Special Western Australian Tariff, and as a consequence a large importation of capital necessarily means a large customs revenue and increased traffic and earnings for the railways:—

State.	Taxation.		Railways and Tramways.	Posts and Telegraphs.	Public Lands.	Surplus Commonwealth Revenue returned to State.	All Other Sources.	Total Revenue.
	Import and Excise Duties.	Other.						
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
New South Wales ..	....	0 15 4	2 19 7	....	1 0 0	1 17 6	0 18 9	7 17 2
Victoria ..	....	0 12 7	2 16 3	....	0 6 4	1 13 2	0 12 8	6 1 0
Queensland ..	....	0 18 3	2 9 10	....	1 4 6	1 11 1	0 14 5	6 18 1
South Australia ..	....	0 19 3	3 4 0	....	0 9 10	1 10 3	0 16 2	6 19 6
Western Australia ..	....	1 0 8	7 2 0	....	0 18 2	4 13 9	1 18 0	15 12 7
Tasmania ..	....	0 16 10	1 7 9	....	0 8 2	1 14 2	0 9 2	4 16 1
Commonwealth ..	....	0 15 7	3 1 0	....	0 17 0	1 17 9	0 16 9	7 8 1
New Zealand ..	3 5 3	1 3 3	2 12 5	0 14 1	0 5 11	....	0 11 8	8 12 7
Australasia	0 11 4	0 16 11	2 19 6	0 2 5	0 15 1	1 11 2	0 15 11	7 12 4

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, &c., and the latter customs and excise, license fees, &c., the appended figures are obtained. The figures for the Commonwealth states include the collections of the Federal Government within each state as shown on page 639. As already stated, the Customs and Excise Duties were collected by the Commonwealth Government during the year ended 30th June, 1904, and from the 9th October, 1901, were not determined by the state, but by the Parliament of the Commonwealth.

State.	Total Taxation, 1903-4.			Per head of population.		
	Direct.	Indirect.	Total.	Direct.	Indirect.	Total.
	£	£	£	£ s. d.	£ s. d.	£ s. d.
New South Wales ..	978,056	3,355,255	4,333,311	0 13 8	2 7 0	3 0 8
Victoria ..	744,563	2,458,676	3,203,239	0 12 4	2 0 8	2 13 0
Queensland ..	420,930	1,186,134	1,607,064	0 16 2	2 5 7	3 1 9
South Australia ..	333,064	715,394	1,052,058	0 18 1	1 19 0	2 17 1
Western Australia ..	202,598	1,290,100	1,492,698	0 17 10	5 13 8	6 11 6
Tasmania ..	135,253	357,060	492,313	0 15 2	1 19 9	2 14 11
Commonwealth ..	2,815,064	9,365,619	12,180,683	0 14 4	2 7 7	3 1 11
New Zealand ..	951,555	2,693,046	3,644,601	1 3 1	3 5 5	4 8 6
Australasia	3,766,619	12,063,665	15,830,284	0 15 10	2 10 8	3 6 6

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 both forms of taxation: this is contrary to the general experience, which is that the expenses of government as compared with population, should diminish as population increases.

State.	Total Taxation, 1831.			Per Inhabitant.		
	Direct.	Indirect.	Total.	Direct.	Indirect.	Total.
	£	£	£	£ s. d.	£ s. d.	£ s. d.
New South Wales	192,503	1,578,345	1,770,348	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	509,617	524,139	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
Commonwealth	672,072	4,790,067	5,462,139	0 5 11	2 1 11	2 7 10
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

With regard to the proportion of revenue raised at the present time by direct taxation, the states differ considerably. Thus, no less than 15·76 per cent. of the revenue of Tasmania in 1903-4 was derived from that source; while in New Zealand the proportion was 13·34 per cent.; in Queensland, 11·71 per cent.; in Victoria, 10·18 per cent.; in Western Australia, 5·71 per cent.; in South Australia, 12·99 per cent.; and in New South Wales, only 8·69 per cent. The comparison, however, is chiefly interesting as showing the large territorial revenue that New South Wales is fortunate enough to possess.

In all the states probate duties are levied, and except in Western Australia and Queensland, land and income taxes. In Queensland, with few exemptions, all incomes are taxed as well as the dividends of joint-stock companies, and in Western Australia a dividend and companies tax was introduced at the close of the financial year 1898-9. In the edition of this work for 1895-6 the changes in the probate and succession duties, and in the land and income taxes, were traced; the description given below deals only with the duties as they stand at the present time.

PROBATE AND SUCCESSION DUTIES.

New South Wales.—In this state a duty of 1 per cent. was payable to the end of the year 1899 on the value of the real and personal estate of a testator or intestate, and on settlements of property taking effect after death, provided the value of the property was less than £5,000; 2 per cent. was payable on estates of the value of £5,000 and under £12,500; 3 per cent. upon £12,500 and under £25,000; 4 per cent. upon £25,000 and under £50,000; and 5 per cent. upon £50,000 and upwards. Estates not exceeding £200 in gross value were exempt from duty. On the 22nd December, 1899, an amending Act was assented

to, under which the following duties on the estates of deceased persons are now payable:—

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

Only one-half of these rates is payable on the net amount received by the widow, children, and grand-children of the testator or intestate, provided the total value of the estate is not more than £30,000 after all debts have been paid.

Victoria.—The succession duties in force in Victoria are the same as those levied in New South Wales under the 1899 Act, with the exception that on estates exceeding £1,000, but not exceeding £5,000, an exemption of £1,000 is allowed in Victoria. The conditions as to half-rates payable by widows, children, and grand-children, on amounts received by them, are the same as in New South Wales.

Queensland.—A succession duty of 2 per cent. is levied in Queensland on property acquired by a person on the death of its former owner when the value of the property is £200 and under £1,000; 3 per cent. is chargeable upon property valued at £1,000 and under £2,500; 4 per cent. upon £2,500 and under £5,000; 6 per cent. upon £5,000 and under £10,000; 8 per cent. upon £10,000 and under £20,000; and 10 per cent. upon £20,000 and upwards. No duty is levied on estates under the net value of £200. When the successor is the wife or husband or lineal issue of the predecessor, one-half of these rates only is charged; and when the successor is a stranger in

blood to the predecessor double rates are charged. The following small probate duties are also payable on the net value of the property :—

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

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

South Australia.—Succession duties are imposed on real and personal property derived from the estate of a deceased person; on settlements of property to take effect after the death of the settlor; and on property made over by deed of gift during the lifetime of the donor, and not made before and in consideration of marriage, or in favour of a *bona-fide* purchaser or encumbrancer for valuable consideration. The duty is levied on the net present value, and is fixed at 10 per cent. when the legatee or beneficiary is a stranger in blood to the person from whom the property is received. When the person taking the property is the widow, widower, descendant, or ancestor, it is subject to a duty of $1\frac{1}{2}$ per cent. if the value is £500 and under £700; if £700 and under £1,000, 2 per cent.; £1,000 and under £2,000, 3 per cent.; £2,000 and under £3,000, $3\frac{1}{2}$ per cent.; £3,000 and under £5,000, 4 per cent.; £5,000 and under £7,000, $4\frac{1}{2}$ per cent.; £7,000 and under £10,000, 5 per cent.; £10,000 and under £15,000, $5\frac{1}{2}$ per cent.; £15,000 and under £20,000, 6 per cent.; £20,000 and under £30,000, $6\frac{1}{2}$ per cent.; £30,000 and under £40,000, 7 per cent.; £40,000 and under £60,000, $7\frac{1}{2}$ 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.—Probate duty is payable on the estates of deceased persons, and upon settlements of property to take effect after the death of the donor, with the exception of ante-nuptial settlements, on all post-nuptial settlements made in pursuance of an agreement entered into before marriage, all settlements, on or for the wife, or her issue, or the issue of the settlor, of property which has accrued to the settlor after the marriage in right of his wife; and upon all settlements made in favour of a purchaser or encumbrancer in good faith and for valuable consideration. The duty is imposed on the net value of the estate after all debts have been paid. The lowest sum subject to taxation is £1,500, and this sum is likewise exempted when the net value of the estate is less than £2,500, but when this value is exceeded no exemption is made. The rates of duty are as follow:—

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

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

Tasmania.—In this state duties are imposed on probates of wills and letters of administration. The duty is levied on the net value of the personal estate of the testator or intestate. When the amount is under £200 no duty is payable; when it is £200 and not more than £500 the duty is 2 per cent.; and when it is £500 and upwards the duty is 6 per cent. Life policies are exempt from taxation up to £1,000, and the duty on bequests to widows and children is one-half the rates indicated.

New Zealand.—The following duties are imposed in New Zealand on the final balance of the real and personal property left by a testator or intestate; on settlements of property taking effect after the death of the settlor; and on property made over by deed of gift taking effect during the lifetime of the donor, and not being property granted before

and in consideration of marriage, or in favour of a *bona-fide* purchaser or encumbrancer in return for valuable consideration:—

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

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

LAND AND INCOME TAXATION IN NEW SOUTH WALES.

In New South Wales, land tax is levied on the unimproved value; the present rate being 1d. in the £. An exemption of £240 is allowed, and if the unimproved value is in excess of this sum a deduction equal to the exemption is made, but when a person or company holds several blocks of land only one sum of £240 may be deducted from the aggregate unimproved value. Also, when a block of land is mortgaged, the mortgagor is allowed to deduct from the amount of his tax a sum which is equal to the income tax chargeable to the mortgagee on the interest derived from the mortgage of the whole property, including improvements. The exemptions from taxation comprise Crown lands not subject to right of purchase, or held under special or conditional lease, or as homestead selections; other lands vested in His Majesty or his representatives; lands vested in the Railway Commissioners; lands belonging to or vested in local authorities: public roads, reserves, parks, cemeteries, and commons; lands occupied as public pounds, or used exclusively for or in connection with public hospitals, benevolent institutions, and other public charities; churches and chapels, the University and its affiliated colleges, the Sydney Grammar School, and mechanics' institutes and schools of arts; and lands dedicated to and vested in trustees and used for zoological, agricultural, pastoral, or horticultural show purposes, or for other public or scientific purposes. Should the tax remain unpaid for a period of two years after it becomes due the

Commissioners may, after giving another year's notice, let the land for a period not exceeding three years, or, with the permission of a Judge of the Supreme Court, sell so much of it as may be necessary for the payment of the tax, with fines, costs, and expenses added.

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

The receipts from the land and income taxes since their imposition were as follows. The amounts are exclusive of refunds rendered necessary through correction of errors by the taxpayer or adjustments by the Department, but include refunds brought about through the income of the year of assessment falling short of the amount of income of the preceding year on which the assessment was made, a provision which has been repealed by the "Land and Income Tax Amendment Act, 1904."

Year.	Land Tax.	Income Tax.
	£	£
1896 .....	.....	27,658
1897	139,079	295,537
1898	364,131	166,395
1899	253,901	178,032
1900	286,227	183,460
1901	288,369	215,893
1902	301,981	203,625
1903	314,104	214,686
1904	322,246	211,831

The irregularities noticeable in the first three years are due to the difficulties inseparable from the introduction of a system of direct taxation; the returns for 1899 and subsequent years are under normal conditions.

The value of land assessed for taxation purposes is £129,178,000; while £16,440,000 represents the value of land falling below the minimum taxable value (£240), or untaxable in consequence of mortgage deductions. As an exemption of £240 is allowed for each person, the taxable amount is further reduced by £9,840,000; exemptions in respect of mortgages described in the text still further

reduce the taxable balance by £16,800,000, and balances due on land conditionally purchased from the state by £9,298,000, so that the actual taxable value is £76,800,000.

The number of persons owning land in New South Wales is about 178,000, but the deductions allowed by law reduced the actual number of taxpayers to 41,000.

The incomes liable to taxation do not vary greatly either in regard to their number or amount, and during the last five years were as follows :—

Year.	Number of Incomes.	Net Income.
		£
1899	19,775	11,123,343
1900	20,051	12,140,569
1901	19,991	12,065,842
1902	20,299	12,127,129
1903	22,234	13,415,760

The difference between the gross and the net income represents the deductions allowed to taxpayers on account of cost of earning their incomes, and certain allowances for life assurance on premium payments up to £50 per annum. A distribution of the incomes subject to taxation according to amounts taxable is given below, the figures representing the average of four years. It should be remembered that these represent only a proportion of the incomes derived from New South Wales, as incomes derived from land, or the use or occupancy of land, are not taxable. The amounts given are the net earnings :—

Categories.	Average of four years.		Percentage in each category.	
	Number of Incomes.	Amount of Incomes.	Of number of Incomes.	Of amount of Incomes.
£200 and under £250 ...	5,796	£ 1,292,273	28·94	10·89
250 „ 300 ...	3,899	1,052,000	19·47	8·87
300 „ 400 ...	3,951	1,344,751	19·73	11·33
400 „ 500 ...	1,836	812,083	9·17	6·84
500 „ 700 ...	1,802	1,044,465	9·00	8·80
700 „ 1,000 ...	1,114	913,504	5·56	7·70
1,000 „ 1,200 ...	358	390,491	1·79	3·29
1,200 „ 2,000 ...	666	1,005,414	3·32	8·48
2,000 „ 5,000 ...	434	1,262,306	2·16	10·64
5,000 „ 10,000 ...	103	701,682	0·51	5·92
10,000 „ 20,000 ...	44	595,209	0·22	5·02
20,000 and upwards	26	1,450,044	0·13	12·22
Total	20,029	11,864,222	100·00	100·00

LAND AND INCOME TAXATION IN VICTORIA.

The Land Tax Act in force in Victoria was passed with the object of breaking up large holdings. For this purpose it was declared that all "landed estates" should be subject to taxation; that a "landed estate" should consist of one or more blocks of land not more than 5 miles apart which possessed an aggregate area of upwards of 640 acres and a capital value of more than £2,500; that the value in excess of £2,500 should be taxed at the rate of $1\frac{1}{4}$ 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 rate of income tax payable in the state varies according to the source whence the income is derived and the taxable amount of such income. On incomes derived from personal exertion 3d. in the £ is payable up to £300; on every £ in excess of £300 up to £800, 4d.; on every £ in excess of £800 up to £1,300, 5d.; on every £ in excess of £1,300 up to £1,800, 6d.; and on every £ in excess of £1,800, 7d.; double these rates being payable on incomes the produce of property within the state. All incomes, except those of companies, of and under £150 escape taxation. In the case of a company liable to pay tax, with the exception of those referred to later on, the income chargeable is the profits earned in or derived from Victoria by such company during the year immediately preceding that of assessment. The taxable amount of the income of a company which carries on in Victoria the business of life assurance, is assessed at a sum equal to £30 per cent. of the premiums received by the company during the year immediately preceding that of assessment in respect of insurances or assurances effected in Victoria, and such sum is chargeable with tax as income the produce of property. In respect of companies carrying on fire, fidelity, guarantee, marine assurance or insurance business, the premiums derived from any such business are not included in the premiums received by any such company within the meaning of the previous sentence. The rate of income chargeable in respect of life assurance companies is 12d. in the £ of the taxable amount of income. The income of a taxpayer, from any trade carried on in Victoria, to the extent of £4 per cent. of the surplus of assets employed or used in such trade over and above the liabilities thereof during the year immediately preceding that of assessment, is chargeable with tax as income from property, and beyond such extent with tax as income from personal exertion, the determination of such surplus being left with the Commissioner. Land and buildings used by the owner for residential

purposes are regarded as returning an income of 4 per cent. on the capital value. It is provided that shipowners whose principal place of business is outside the state shall pay £5 for every £100 received for the carriage of Victorian passengers, goods, and mails. In the case of sales of property, where the principal is not a resident of Victoria, the taxable amount of his income derived from such sale or disposal of property is assessed at 5 per cent. of the total amount for which the property was sold or otherwise disposed of, unless it should be proved to the satisfaction of the Commissioner that the amount received was less than 5 per cent., when a corresponding reduction will be made. The exemptions include the income of the state, local authorities, savings banks, University of Melbourne and affiliated colleges, Working Men's College, schools of mines, technical schools, religious bodies, registered friendly societies, building societies, and trade unions; of societies and public bodies not carrying on business for purposes of gain to shareholders or members of 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.

The land tax of Victoria affects an area of 6,797,028 acres of the nominal value of £9,972,340, the municipal valuation being estimated to be about £22,000,000. Private land having an area of about 16,000,000 acres and land values to the extent of about £100,000,000 therefore escape taxation. The classification of land for taxation purposes has been given in a preceding paragraph, and the following table gives the number of taxpayers of each class, with the area, assessed capital value, and other particulars of taxable land.

Classification of land.	No. of Proprietors.	Area.	Capital Value.	Net taxable value allowing deduction of £2,500 for each proprietor.	Tax payable.
		acres.	£	£	£
I. (2 sheep per acre).....	80	232,383	925,632	725,632	7,070
II. (1½ sheep per acre)	158	503,225	1,504,613	1,109,613	13,870
III. (1 sheep per acre).....	274	1,480,675	2,961,350	2,276,350	28,454
IV. (less than 1 sheep per acre)	360	4,580,745	4,580,745	3,680,745	46,010
Total	872	6,797,028	9,972,340	7,792,340	95,404

The number of payers of income tax in Victoria during 1904, on incomes earned in 1903, was 43,003, comprising 42,379 individuals and 624 companies. Of these 34,572 were from personal exertion only; 4,620 from property only; and 3,811 combined both classes of income. The total income of taxpayers, who paid tax, was £18,138,606, being

£14,425,963 from personal exertion, and £3,712,643 from property. The income on which the tax was assessed after the deduction of the exemption amounted to £14,084,876, and was distributed as follows: In the case of individuals, from personal exertion, £9,678,185, and from property £2,571,454; and in the case of companies £1,379,478 from personal exertion, and £455,759 from property. Taking into consideration 3,811 assessments, which combine income from both personal exertion and property, the taxpayers aggregate 46,814, of whom, 38,383 derived their income from personal exertion, with net incomes valued at £11,057,663, while 8,431 obtained their income from property with a net return of £3,027,213. The following is a statement of the taxpayers and their incomes after deducting the exemption of £100, according to the latest assessment, the tax payable being that for the year 1904:—

Incomes.	Total Taxpayers.		Taxable Incomes.		
	Personal Exertion.	Property.	From Personal Exertion.	From Property.	Total.
	No.	No.	£	£	£
£200 and under	26,718	5,305	2,728,563	459,243	3,187,806
£201 to £1,200	10,548	2,710	4,490,768	1,248,006	5,738,774
£1,201 to £2,000	565	216	863,142	329,088	1,192,230
£2,001 and upwards	552	200	2,975,190	99,876	3,966,066
Total	38,383	8,431	11,057,663	3,027,213	14,084,876

The annual assessments, and the revenue obtained from all sources since the imposition of the income tax, were as follows:—

Year.	Tax Assessed.		Revenue.
	Personal Exertion.	Property.	
	£	£	£
1896	79,928	92,793	169,946
1897	85,977	85,133	168,320
1898	89,140	90,373	178,619
1899	89,444	83,976	172,721
1900	123,457	93,787	215,867
1901	125,824	95,091	218,792
1902	123,609	91,494	214,492
1903	206,227	188,535	385,208

The revenue in arrears is the difference between the total of the second and third columns and the last column.

INCOME AND DIVIDEND TAXES IN QUEENSLAND.

The Income Tax Act became law in November, 1902, and provided for the imposition from the 1st January, 1902, of a tax on the income of all persons, except males under the age of 21 years and all females whose incomes did not respectively amount to £150.

The Act was limited in its operation to the 31st December, 1904, but was continued in its operation, and amended by the Income Tax Amendment of 1904. Under the Amending Act, where the total income does not in the aggregate exceed £100 it is exempt from taxation, except in the case of companies or absentees. If the taxable income does not in the aggregate exceed £300, and is derived partly from personal exertion and partly from property, the exemption of £100 is to be deducted from the income from personal exertion. The rates levied on income derived from personal exertion are as follows:—Where the total income exceeds £100 but does not exceed £125, a fixed sum of 10s. If the total income exceeds £125 but does not exceed £150, a fixed sum of £1. For incomes over £150 but not over £300, the tax is 6d in every £ in excess of £100. For incomes over £300 but not over £500, the rate is 6d in the £ without exemption. On incomes over £500 but not exceeding £1000, the tax is 6d. in the £ on the first £500, and 7d on each £ over £500, without exemption. For incomes over £1000 but not exceeding £1500, the tax is 7d. in the £ on the first £1000, and 8d in each £ over £1000, without exemption. On incomes over £1500, the rate is 8d in the £, without exemption. On incomes derived from the produce of property the rates are:—On the taxable income over £100 but not exceeding £120, a fixed sum of £1; on incomes over £120 but not exceeding £300, 1s in the £ over £100; on incomes over £300, 1s in the £, without exemption. Incomes of all companies and absentees pay 1s in the £. Companies having their head office or chief place of business in Queensland are assessed at not less than the amount of the dividends declared during the year of assessment, and where any of the profits remain undistributed to shareholders only 6d in the £ is paid on such undistributed profits. In the case of mining companies carrying on business in Queensland, the first or subsequent dividend declared or paid by the companies is to be taken to be applied in the first place in repayment of the cost actually incurred prior to the declaration of such 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 raising ore and other materials from the mine, and is to be deducted from the income of the company.

The Dividend Tax which was collected up to the 1st December, 1904, has now become merged in the ordinary Income Tax.

The incomes, revenues, and funds not liable to taxation are: Governor's salary and incidental expenses; revenues of local bodies; incomes of

Mutual Assurance Companies; incomes of societies and institutions not carrying on business for profit or gain; funds of friendly societies and trade-unions; incomes of religious, charitable, and educational institutions; income from dividends which have paid dividend duty; income derived by absentees from debentures, stock, or treasury bills; sums expended on the maintenance of infirm, aged, and indigent relatives up to the amount of £26; premiums on life assurance up to £50; payments for superannuation or into friendly societies up to £50; calls or contributions to companies in liquidation.

The number of taxpayers was 77,240, of whom 16,726 were assessed at over £1; 20,022 at the fixed sum of £1; and 40,492 at 10s. each. The number of taxpayers subject to the tax by way of property was 1,013, with a total income of £414,239, and from personal exertion; 16,037 with an aggregate income of £5,624,756. The total incomes over £150 subject to taxation were £6,038,995, and, allowing for 324 appearing under both heads, the number of individual taxpayers was 16,726. The following table shows the grades of assessments, number of taxpayers, and amount of income in relation to those above £150:—

Assessment.	From Property.		From Personal Exertion.	
	Number of Taxpayers.	Amount of Income.	Number of Taxpayers.	Amount of Income.
Over £150 up to £210.. ...	316	£ 56,772	8,149	£ 1,383,284
„ £210 „ £310.....	262	65,538	3,848	959,754
„ £310 „ £510.....	241	91,306	2,275	855,803
„ £510 „ £910.....	120	82,582	1,007	665,475
„ £910 „ £2,110...	60	74,924	552	670,064
„ £2,110	14	43,117	206	1,090,376
	1,013	414,239	16,037	5,624,756

An additional tax, called the “Totalisator Tax,” is imposed at the rate of 5 per cent. on all moneys received by conductors of authorised totalisators in connection with horse races.

LAND AND INCOME TAXATION IN SOUTH AUSTRALIA.

In South Australia the land tax is calculated on the unimproved value, the rate being $\frac{1}{2}$ d. in the £, with an additional tax of $\frac{1}{2}$ d. on every £ in excess of £5,000. The amount of tax payable by an absentee, who is defined as a person who has been absent from or resident out of the state for twelve months, is increased by 20 per cent. The exemptions to the land tax comprise Crown lands which are not subject to

any agreement for sale or right of purchase, park lands, public roads, public cemeteries, and other public reserves, and land used solely for religious or charitable purposes, or used by any institute under the provisions of the Institute Act of 1874. It is provided that an assessment shall be made every three years, and that the distribution of the tax shall be made according to the proprietary interest held in the land. It is further provided that if the payment of the tax has been in arrear for a period of two years the Commissioner may, after giving another year's notice of his intention, let the land from year to year, and after deducting from the rents the amount of tax, with costs and expenses, hold the balance for the benefit of the owner; or he may even go so far as to petition the Supreme Court for permission to sell so much of the land as may be necessary for the payment of the tax and costs and expenses.

The income tax varies according to the source whence the income is derived. On incomes derived from personal exertion the rate imposed is 4½d. in the £ up to and including £800, and 7d. for every £ in excess of that sum. On incomes the produce of property the rate imposed is 9d. in the £ up to and including £800, and 13½d. for every £ in excess of that amount. The sum exempted from taxation is £150, but where the net income of a taxpayer from all sources exceeds £400 he is not entitled to any exemption. No exemption is allowed if the taxpayer has been absent from South Australia for twelve consecutive months prior to November, 1904. The exemptions from taxation comprise the incomes of municipal corporations and district councils; of companies, public bodies, and societies not carrying on business for purposes of gain to be divided amongst shareholders or members; and of friendly societies. Land and buildings occupied by the owner for residential purposes are taken as returning an income of 5 per cent. on the capital value, and the income of a company is declared to be the produce of property for taxation purposes. In the case of income derived from shipping, the taxable amount is £5 per cent. of the gross receipts for the carriage of passengers, mails, or goods out of any port in South Australia, whether to some other port in South Australia or beyond the state. Income tax may be charged on casual shipping, the assessment being made by the Commissioner. In the case of companies carrying on the business of life assurance the taxable amount is such portion of the profits and surplus as would be actuarially distributable to or amongst the holders of in South Australia of the company's policies. In the case of companies other than banking, fire insurance, life assurance, and those engaged in carrying by sea, the taxable amount of income is a sum which shall bear to the company's whole net income wherever arising the proportion which the assets in South Australia bear to the whole assets of the company.

The net receipts from land tax during the past ten years are shown below. The total number of holders of land within the state is approximately 61,712, and the aggregate unimproved value of the land is

£41,348,241, while the unimproved value of the land subject to taxation is £28,598,241.

Year ended 30th June.	Land Tax.	Year ended 30th June.	Land Tax.
	£		£
1894	74,501	1900	78,404
1895	86,305	1901	79,908
1896	75,295	1902	76,350
1897	78,389	1903	105,024
1898	81,508	1904	77,369
1899	77,622		

The payers of income tax during 1903 numbered 11,952, comprising 13,120 assessments, viz., 9,923 on personal exertion, 2,695 on property, 121 firms, 185 companies, and 196 trustees. The taxable incomes from personal exertion amount to £2,220,002, and from property, £1,188,136. The incomes for the five years, 1899 to 1903, were :—

Year.	Number of Taxable Incomes.	Amount of Assessment.
		£
1899	12,761	3,050,396
1900	8,528	3,384,928
1901	9,632	3,162,423
1902	15,226	3,791,848
1903	11,952	3,247,818

These sums do not represent the total income, being exclusive of the exemptions allowed by law to incomes under £150. For the year 1903 the total incomes subject to taxation were :—

11,952 incomes, exclusive of exemption.....	£3,247,818
Exemption of £150 on 9,569 incomes.....	1,453,200
	£4,701,018

The receipts from income tax during the last ten years are shown in the following table :—

Year.	Income Tax Received.	Year.	Income Tax Received.
	£		£
1894	70,853	1899	84,184
1895	55,969	1900	92,281
1896	86,570	1901	85,746
1897	86,476	1902	81,293
1898	82,396	1903	129,327

DIVIDEND AND COMPANIES TAX IN WESTERN AUSTRALIA.

Of all the states, Western Australia was the last to introduce the system of direct taxation ; but, the field of taxation was restricted to the income and dividends of companies. The Act authorising this taxation is known as the Companies Duty Act of 1899. The main

object aimed at by Parliament in sanctioning this partial taxation of incomes was to secure to the state some portion of the golden harvest of the mining fields. The Act was regarded as legislation of an experimental character, and as a consequence was limited in its operation to the period of three years ended 31st December, 1902. It is apparent that the fears of the opponents of this method of taxation—that it would scare away capital from the state—have not been realised, for in December, 1902, the Dividend Duties Act was passed into law. Under Section 6 of that Act a tax of 1s. in the £ is imposed on the dividends of all companies, other than insurance or assurance companies, carrying on business in Western Australia and not elsewhere. In the case of any company, other than an insurance or assurance company, carrying on business in Western Australia and elsewhere, a similar tax is imposed, under Section 7 of the Act, on profits made by such company in Western Australia. Section 8 provides that any company carrying on, in Western Australia, any insurance or assurance business, not being a life assurance company which is exempt from the operation of the Act, shall be taxed to the amount of 20s. per £100 of gross premiums paid in Western Australia, but the taxable amount shall exclude any portion of such premiums actually paid away by way of reinsurance effected in Western Australia with any other company.

The net receipts from the tax on companies during the four years ended 30th June, 1903, were as follows :—

Year.	Amount of Tax received. £
1900.....	55,015
1901.....	67,998
1902	85,890
1903.....	127,607

The receipts under the Dividend Duties Act for the year ended 30th June, 1904, are as follows :—

Class of Business.	Section 6.	Section 7.	Section 8.	Total.
	£	£	£	£
Mining	82,699	22,795	...	105,494
Mercantile Firms.....	724	1,553	...	2,277
Shipping.....	77	1,438	...	1,515
Financial Institutions	1,079	5,295	...	6,374
Insurance .....	...	...	2,229	2,229
Miscellaneous	4,982	2,200	...	7,182
Total	89,561	33,281	2,229	125,071

LAND AND INCOME TAXATION IN TASMANIA.

The land tax payable in Tasmania is at the rate of $\frac{1}{2}$ d. in the £ where the assessed value is under £5,000; $\frac{5}{8}$ d. in the £ where the assessed value is £5,000 and under £15,000; $\frac{3}{4}$ d. in the £ where the value is £15,000 and under £40,000; $\frac{7}{8}$ d. in the £ where the value is £40,000 and under £80,000; and 1d. in the £ where the value is

£80,000 and over, with a deduction of $\frac{1}{4}$ d. in the £ on account of mortgages. The exemptions comprise land the property of a municipal corporation or other local authority, or of a registered friendly society; the site of a State school under the Education Department; of a public library or museum; of the Tasmanian Museum; of a hospital or benevolent asylum or other building used solely for charitable or religious purposes, or land vested in trust for public purposes; public roads; cemeteries which are not owned by joint-stock or public companies; and public reserves, gardens, and recreation grounds. Crown lands held on lease are also exempted from taxation, but if they have been purchased on credit the occupier is required to pay tax, provided one-half of the price has been paid or has become due. The owner of the land is looked to directly for the amount of the tax, unless he resides out of the state or cannot be found, in which case the occupier becomes responsible, but is allowed to deduct the sum from the amount of his rent. The Commissioner has power to let the land if the tax remains unpaid six months after it has become due, or, with the approval of a Judge of the Supreme Court, to sell it if the tax has remained unpaid for two years; and it is provided that the balance of the proceeds, after the amount of the tax, with costs and expenses, has been deducted, shall be handed over to the owner of the rented property or the original owner of the property which has been sold. As the value of the land rated is declared by law to be the sum which the fee-simple would sell for, the tax is not purely a land tax, but a tax on real estate.

The income tax in force in the state provides for the imposition of 1s. in the £ on all income of any company, on the income of any person at the rate of 6d. in the £ of the taxable amount thereof derived from business and 1s. in the £ on that derived from property, and on every dividend not included in either of the foregoing at the rate of 1s. in the £ on such dividend. The chief exemptions are the revenues of municipal corporations and other local authorities, incomes of companies, societies, or public bodies or trusts not carrying on business with a view to a distribution of profits amongst their shareholders or members, the funds and incomes of registered friendly societies and trade unions, income accruing to foreign investors in Tasmanian Government stock, rents from land subject to land tax, income derived from dividends which have already been taxed, income of the Governor of Tasmania, income from all sources that is less than £100 per annum, and incomes of persons who have not been resident in the state for six months. Where any person's income is assessed at £100 or over and is less than £400 a deduction by way of exemption is allowed as follows:—£100 and under £110, a deduction of £80; £110 and under £120, £70; £120 and under £150, £60; £150 and under £200, £50; £200 and under £250, £40; £250 and under £300, £30; £300 and under £350, £20; £350 and under £400, £10. Where the income is derived partly from business and partly from property the deduction is made upon that from

business, and if such income is insufficient to allow the full benefit of the deduction, the balance of the deduction is made from the income from property. No deductions are allowed in respect of the income of a company or on income receivable by a person as a prize in any lottery authorised by law in Tasmania. The taxable amount of the income of companies having their head office in Tasmania is the sum represented by the dividends declared or becoming due to the shareholders. In the case of companies whose head office is outside Tasmania, the income during the year preceding that of assessment is adopted, but in no case is it to be deemed less than £1,000, and the assessment is to be calculated as follows:—In the case of banking companies to be so much of the total dividend declared by the company during the year ended 31st December preceding that of assessment as is proportionate to the average amount of the average quarterly assets and liabilities of the company in Tasmania during the same year compared with the total assets and liabilities of the company for a like period as disclosed by the balance sheet. In the case of fire, accident, fidelity, guarantee or marine assurance or insurance companies, the taxable amount is a sum equal to £50 per cent. of the net premiums received by the company in Tasmania. The taxable amount of life assurance companies is £20 per cent. of the premiums received in Tasmania. In the case of shipping companies the taxable amount is £5 per cent. of the receipts for the carriage of livestock, goods, mails and passengers shipped in Tasmania and carried to any port in or beyond the state. Mercantile and other companies liable to taxation are taxed on £5 per cent. of the turnover of business in Tasmania.

On the 1st November, 1904, assent was given to an Act to levy a tax upon persons in proportion to their means or ability entitled "The Taxation Act, 1904." Under this form of taxation a man's income is determined according to the annual assessment of the house in which he lives, provision being made for the taxation of lodgers according to the amount they pay for board and lodging. The amount upon which tax is to be paid by occupiers or sub-occupiers of property who occupy for purposes of residence or partly for purposes of residence and partly for business, and who practise a profession other than that of schoolmaster, is as follows:—"Where the assessed annual value or aggregate assessed annual value of the property or properties is under £30 the taxable amount is to be five times thereof; £30 and under £40, six times thereof; £40 and under £60, seven times thereof; £60 and under £80, eight times thereof; £80 and under £100, nine times thereof; and £100 and over, ten times thereof. Where the taxable amount is £60 or over an exemption of the first £30 is allowed, and a further reduction of £10 for each child under the age of 17 years residing with and dependent upon the taxpayer where the taxable amount is under £100. Where the taxable amount is under £60, the amount of the tax to be paid is 2s. 6d.; £60 and under £100, 1d. in the £; £100 and under £115, 2d. in the £; £115 and under £150,

3d. in the £; £150 and under £400, 4d. in the £; £400 and over, 4d. in the £ for the first £400, and 6d. in the £ for the amount in excess thereof. Where the taxable amount is £400 or over the exemption is to be made from the first £400, on which the tax is payable at the rate of 4d. in the £. Occupiers or sub-occupiers of property who occupy partly for purposes of residence and partly for those of business, and who do not practise a profession other than that of schoolmaster are assessed in the following amounts:—For the first £50 of the assessed annual or aggregate annual value of the property or the fractional part two and a half times thereof; for the second £50 or fractional part, one and a half times thereof; and for the remainder three-fourths thereof. Where a person carries on any agricultural, pastoral, or horticultural pursuit, the land upon which such pursuit is carried on or upon which he resides is deemed to be property occupied partly for purposes of residence and partly for business. Where the taxable amount is £50 or over an exemption of £30 is allowed. Where the taxable amount is under £50, the amount of the tax to be paid is 2s. 6d.; £50 and under £100, 2d. in the £; £100 and under £153, 3d. in the £; £153 and under £185, 4d. in the £; £185 and under £238, 4½d. in the £; £238 and under £2,375, 5d. in the £; £2,375 and over, 6d. in the £.

The amount upon which tax is to be paid by lodgers is calculated upon and ascertained from the assessed annual value of their board and lodging as follows:—Where the assessed annual value of the board and lodging is under £36 in the case of a female lodger it is exempt; under £36 in the case of a male lodger, twice the amount thereof; £36 and under £65 in the case of either sex, twice the amount thereof; £65 and under £78 in the case of either sex, two and half times thereof; £78 and under £104 in the case of either sex, three times the amount thereof; and £104 and over in the case of either sex, four times the amount thereof. Where the taxable amount is under £60, the amount of the tax to be paid is 2s. 6d.; £60 and under £100, 1d. in the £; £100 and under £115, 2d. in the £; £115 and under £150, 3d. in the £; £150 and under £400, 4d. in the £; £400 and over, 4d. in the £ on the first £400, and 6d. in the £ for any amount in excess thereof. Where a tax-payer proves to the satisfaction of the Commissioner that his income is exclusively derived from property, being "income from property" within the meaning of the "Income Tax Act, 1902," he may be declared exempt.

The land tax of Tasmania is levied on a capital value of £21,831,937, and yields over £46,000 a year. The imposition of a graduated tax, under the provisions of "The Land Tax Amendment Act, 1902, together with the increase resulting from improved capital values, has considerably swelled the receipts from land tax for 1903. In connection with the graduated tax there were during 1903, 551 owners of £5,000 and under £15,000, possessing property of the capital value of £4,502,056; 142, of £15,000 and under £40,000, with a

capital value of £3,206,571; 22, of £40,000 and under £80,000, with a capital value of £1,136,732; and 13, of £80,000 and over, with a capital value of £1,585,430. The estates subject to taxation in 1903 numbered 46,655. The following is the result of seven years' working:—

Year.	Estates subject to Tax.	Capital Value of Land.	Amount of Tax.
	No.	£	£
1896	34,806	19,376,559	37,609
1897	34,980	19,213,591	37,226
1898	34,987	19,261,841	37,577
1899	42,739	20,020,051	38,866
1900	43,132	20,026,162	38,915
1901	44,417	20,258,393	39,337
1902	45,188	20,464,094	35,337
1903	46,655	21,831,937	46,548

The demand for payment of income tax, for 1903, was not issued until the 31st December of that year, consequently the only collections made were those relating to companies, particulars of which are furnished below. The returns for the last five years were—

Year.	Companies.	No.	Taxable Dividends.	Tax Paid.
			£	£
1899	Mining	16	365,437	18,272
	Other	23	45,732	2,286
	Total	39	411,169	20,558
1900	Mining	13	505,123	25,256
	Other	27	47,983	2,399
	Total	40	553,106	27,655
1901	Mining	9	302,823	15,141
	Other	25	47,934	2,397
	Total	34	350,757	17,538
1902	Mining	12	184,906	9,245
	Other	26	52,937	2,647
	Total	38	237,843	11,892
1903	Mining	11	195,164	9,758
	Head office, or chief place of business in Tasmania, including licensees of lotteries.....	31	460,961	23,048
	Head office, or chief place of business not in Tasmania	48	94,563	4,728
	Total	90	750,688	37,534

LAND AND INCOME TAXATION IN NEW ZEALAND.

In New Zealand the Land and Income Tax Assessment Act imposes a tax upon incomes and an ordinary tax upon land and mortgages, the amount of which it is provided shall be fixed annually by a Rating Act; and also an additional graduated tax upon the unimproved value of land, the rates of which are fixed by the Assessment Act. The rate of the ordinary tax upon land and mortgages at present stands at 1d. in the £ of capital value, but on native land occupied by Europeans the rate is $\frac{1}{2}$ d. in the pound. It is provided that the owner of any land shall pay the tax on the actual value of his land, and also on the value of any mortgages which he may hold over other land, less the value of improvements, and of any mortgage which may be owing on his land. If the net value does not then exceed £1,500, an exemption of £500 is allowed, but for every £2 by which the net value exceeds the sum of £1,500 the exemption of £500 is reduced by £1, so that when the value reaches the sum of £2,500 there is no exemption at all. In cases where the income from any land or mortgages, plus income from all other sources, is less than £200 per annum, and the owner is incapacitated by age or infirmity from supplementing such income, a further exemption may be allowed by the Commissioner upon his being satisfied that the payment of the tax would entail hardship on such owner. All mortgages are assessed at their full nominal value, except where it is satisfactorily shown that owing to depreciation of the security or other cause such value has been diminished. In the case of mixed mortgages, that is, mortgages which are secured on both real and personal property, the amount of the mortgage chargeable with land tax is taken to be the assessed value of the land included in the security, the interest derived from the balance of mortgage being liable to income tax.

The graduated land tax is imposed on all land possessing an unimproved value of £5,000 and upwards, an important difference between the two taxes being that the mortgagee escapes the graduated tax, and no deduction is allowed to the mortgagor in consideration of any sum which may be advanced on the property. It is provided that on an unimproved value of £5,000 and under £7,000, $\frac{1}{16}$ d. per £ shall be payable; on £7,000 and under £9,000, $\frac{1}{8}$ d.; on £9,000 and under £11,000, $\frac{3}{16}$ d.; £11,000 and under £13,000, $\frac{1}{4}$ d.; £13,000 and under £15,000, $\frac{1}{8}$ d.; £15,000 and under £17,500, $\frac{3}{8}$ d.; £17,500 and under £20,000, $\frac{7}{16}$ d.; £20,000 and under £22,500, $\frac{1}{2}$ d.; £22,500 and under £25,000, $\frac{5}{8}$ d.; £25,000 and under £27,500, $\frac{3}{4}$ d.; £27,500 and under £30,000, $\frac{11}{16}$ d.; £30,000 and under £35,000, $\frac{1}{2}$ d.; £35,000 and under £40,000, $\frac{1}{4}$ d.; £40,000 and under £45,000, $\frac{1}{8}$ d.; £45,000 and under £50,000, $\frac{3}{16}$ d.; £50,000 and under £55,000, 1d.; £55,000 and under £60,000, $1\frac{1}{16}$ d.; £60,000 and under £65,000, $1\frac{1}{8}$ d.; £65,000 and under £70,000, $1\frac{3}{16}$ d.; £70,000 and under £75,000, $1\frac{1}{4}$ d.; £75,000 and under £80,000, $1\frac{1}{8}$ d.; £80,000 and under £85,000, $1\frac{3}{8}$ d.; £85,000 and under £90,000, $1\frac{7}{16}$ d.; £90,000 and under £95,000

1½d. ; £95,000 and under £100,000, 1⅙d. ; £100,000 and under £105,000, 1⅝d. ; £105,000 and under £110,000, 1⅞d. ; £110,000 and under £115,000, 1⅞d. ; £115,000 and under £120,000, 1⅞d. ; £120,000 and under £125,000, 1⅞d. ; £125,000 and under £130,000, 1⅞d. ; £130,000 and under £135,000, 2d. ; £135,000 and under £140,000, 2⅙d. ; £140,000 and under £145,000, 2⅙d. ; £145,000 and under £150,000, 2⅙d. ; £150,000 and under £155,000, 2⅙d. ; £155,000 and under £160,000, 2⅙d. ; £160,000 and under £165,000, 2⅙d. ; £165,000 and under £170,000, 2⅙d. ; £170,000 and under £175,000, 2⅙d. ; £175,000 and under £180,000, 2⅙d. ; £180,000 and under £185,000, 2⅙d. ; £185,000 and under £190,000, 2⅙d. ; £190,000 and under £195,000, 2⅙d. ; £195,000 and under £200,000, 2⅙d. ; £200,000 and under £205,000, 2⅙d. ; £205,000 and under £210,000, 2⅙d. ; and £210,000 and over, 3d. in the £ ; and it is further provided that an absentee, who is declared to be a person who has been absent from or resident out of the colony for a period of not less than one year next preceding the date of the passing of the annual taxing act, shall pay a graduated tax of 50 per cent. additional to the schedule rates.

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

under the Public Debts Sinking Funds Act of 1868, or by the trustees of any local authority whose revenues are exempt from taxation ; and all mortgages held by or on behalf of any charitable institution.

Still another exemption is provided for, namely, all land owned and mortgages held by or on behalf of any religious body, the proceeds of which land and mortgages are devoted to the support of aged or infirm ministers, or of widows or orphan children of ministers. It is also declared that native land occupied by any other person than the Maori owner shall be subject to one-half of the ordinary land tax in respect of the Maori landowner's interest therein, while being exempt from the graduated tax, and that all mortgages held by or in trust for Maoris shall be liable to the payment of ordinary land tax. Mortgages held by banking companies are reached by the income tax ; and land owned and mortgages held by any registered building society are exempted from taxation, the profits derived by members being subject to income tax. In the event of land being undervalued, the Commissioner may give notice to the owner, within twelve months of the signing of the assessment roll, that he must increase the value of the land to the sum placed upon it by the taxation authorities. If the owner is not willing to increase the value to the sum notified by the Commissioner, he may appeal to the Resident Magistrate to assess the value ; but should he neither adopt this course nor consent to the Commissioner's valuation within thirty days, the Commissioner may recommend that the Government shall purchase the land at the returned value plus 10 per cent. On the other hand, if the owner is not satisfied with the value at which the land has been assessed, whether by the Board of Review or not, he may call upon the Commissioner to reduce the valuation to a certain sum or to purchase the land at this price.

The income tax is payable upon income derived from employment and from business, including investments other than those in mortgages of land, upon which ordinary land tax is levied. An exemption of £300 is allowed to every person domiciled in the colony, this concession being withheld from absentees ; but no exemption is allowed to a public company. The rate of tax is 6d. in the £ on the first taxable £1,000, and 1s. on every additional £, except in the case of public companies which pay 1s. per £ on the whole sum. The income of public companies is declared to be the amount of dividends earned, sums carried to reserve fund, and any other profits made or income derived by such companies. To this provision exception is made in the case of banking companies, insurance companies, shipping companies, and loan, building, and investment companies. It is provided that every banking company shall be assessed for income tax at the rate of 7s. 6d. per £100 of the average of the total liabilities and assets for the four quarters of the preceding year. The shareholders of loan, building, and investment companies are personally taxed upon the amount of income derived from such societies. The regulations declare that a person or company engaged in business as the owner or charterer of shipping shall be

assessed upon the income derived from such business carried on in New Zealand and with places beyond the colony; and that when the head office of a person or company engaged in such business is outside the colony the agent shall be liable to the payment of income tax of 5 per cent. of the receipts from the carriage of passengers, goods, and live stock shipped at New Zealand ports. It is also provided by these regulations that the income of every insurance company shall be taken as the income derived from business carried on in the colony, and from investments within the colony other than those in land and in mortgages of land. The exemptions to the income tax comprise the revenues of any county council, borough council, town board, road board, harbour board, public university, public school, education board, school commissioners, licensing committee, and every other local authority receiving revenue of any kind for the purposes of or in relation to local self-government; the income of friendly societies and building societies, and of all public bodies and societies not carrying on business for purposes of gain to be divided amongst the shareholders or members; and income derived by the owner or occupier from any land on which land tax is payable, and from mortgages of such land. The income of any savings bank constituted under the Savings Bank Act of 1858, and the income of any public charitable institution, are also exempted. Also, when a person occupies for purposes of business or employment land on which he pays land tax, he is allowed to deduct from his income a sum equal to 5 per cent. on the amount on which he is liable to pay land tax. It is imperative that a person who does not reside permanently in the colony, and who offers or exposes goods for sale or disposition by sample or otherwise, shall take out an annual license, the fee for which is fixed by regulation at £50.

There are about 115,713 landowners in New Zealand, and of these 20,865 pay tax, the remainder being exempted from one cause or another. The land tax yielded £335,122 for the year ended 31st March, 1904, of which £232,906 came from ordinary land tax and £102,216 from graduated tax, the latter amount including £3,536, imposed upon persons who have been absent from the colony for not less than one year prior to the passing of the yearly taxing act. The total value of land subject to taxation is £35,550,809 out of a total unimproved value of £70,524,604. The following is a statement of the tax levied during the past six years:—

Year ended 31st March.	Ordinary Land Tax.	Graduated Land Tax.	Total Amount of Land Tax.
	£	£	£
1898	196,000	73,000	269,000
1899	215,000	83,000	298,000
1900	214,000	80,000	294,000
1901	222,000	72,000	294,000
1902	234,000	79,000	313,000
1903	217,000	79,000	296,000
1904	232,906	102,216	335,122

The income tax returns have shown great expansion during the last four years; indeed, the yield shows substantial increases in almost every year since the first imposition of the tax. The revenue obtained during each of the last ten years was as follows:—

Year ended 31st March.	Income Tax Paid.	Year ended 31st March.	Income Tax Paid.
	£		£
1895	89,891	1900	128,721
1896	92,778	1901	173,809
1897	105,504	1902	179,397
1898	115,210	1903	200,684
1899	115,480	1904	221,369

The number of taxpayers for 1904 was 8,258, including 489 absentees and 605 companies. The total incomes assessed for taxation cannot be stated, but the taxable amount was reduced to £5,767,984 by exemptions. The incomes of companies are assessed at £2,600,020, and of absentees £181,712.

The cost of collection in each of the states imposing either land or income taxes, or both combined, varies considerably. The complex character of the Acts under which the impost is levied necessitates a larger expenditure in some states than in others. In New South Wales, where the machinery for the administration of the land tax is of an elaborate character, taking land and income taxes together, the cost is largely in excess of that of any other state, showing, for the period since the inception of the taxes in 1895-6, an expenditure of 8·52 per cent. of the net receipts. In Victoria, for the ten years ended 30th June, 1904, it was only 3·22 per cent.; In South Australia, for the same period, 5·75 per cent.; in Tasmania, for the same period, 4·55 per cent.; and in New Zealand, for the same period, 3·88 per cent. Queensland has had only two years' experience, and the proportion of cost to net receipts was 5·11 per cent. Covering a period of ten years, the proportion of cost to net receipts, for the whole of Australasia, was 5·26 per cent.

REVENUE FROM DIRECT TAXATION.

The following table shows the amount of revenue received from the various sources of direct taxation during the year 1903-4 :—

State.	Stamp Duties.		Land Tax.	Income Tax.	Dividend Tax.	Total.
	Probate.	Other.				
	£	£	£	£	£	£
New South Wales	225,115	237,455	322,246	193,240	.....	978,056
Victoria	308,531	18,440	106,445	311,147	.....	744,563
Queensland	96,454	90,535	.....	144,488	*89,453	420,930
South Australia	72,926	61,899	77,370	121,469	.....	333,664
Western Australia	21,759	55,768	.....	.....	†125,071	202,598
Tasmania	4,750	42,093	50,881	§37,529	.....	135,253
Commonwealth	729,535	506,190	556,942	807,873	214,524	2,815,064
New Zealand	142,917	252,275	334,991	221,369	‡3	951,555
Australasia	872,452	758,465	891,933	1,029,242	214,527	3,766,619

* Includes £11,598 from Totalisator Tax.

† From Companies' Tax.

‡ Property-tax.

§ Includes Dividend Tax.

LAND REVENUE.

The practice of treating as ordinary revenue money derived from the sale and occupation of Crown lands obtains in all the states, and the money so raised forms in several states a large item of 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 state the revenue from this source is now some £1,367,000 less than was the case in 1881, while in South Australia the revenue from land sales is only £51,000.

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

State.	Total Land Revenue, 1881.			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
Commonwealth	4,315,211	830,962	5,146,173	1 17 10	0 7 3	2 5 1
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 1903-4 shows a large decline, amounting to £1,803,768 for the states included in the Commonwealth, and to £2,106,866 for the whole of Australasia. The falling-off is found entirely in the amount of revenue from sales, that derived from rents having largely increased in all the states except Victoria and Tasmania. However, general remarks applicable to all the states 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 states, 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 1903-4 the revenue of the state from sales amounted to £1,116,061—still a large amount, but £1,367,277 short of the receipts of 1881. In regard to occupation, a different condition of things is disclosed. The receipts in New South Wales during 1903-4 totalled £744,509, or an increase of £406,858 as compared with 1881, and amounting to 49·11 per cent. of the total of the states comprising the

Commonwealth, or to 43·59 per cent. of the total for Australasia. The following are the figures for 1903-4 :—

State.	Total Land Revenue, 1903-4.			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	1,116,061	744,509	1,860,570	0 15 7	0 10 5	1 6 0
Victoria	278,554	106,154	384,708	0 4 7	0 1 9	0 6 4
Queensland	314,298	322,782	637,080	0 12 1	0 12 5	1 4 6
South Australia	51,079	130,529	181,608	0 2 9	0 7 1	0 9 10
Western Australia	25,077	180,777	205,854	0 2 2	0 16 0	0 18 2
Tasmania	41,231	31,354	72,585	0 4 8	0 3 6	0 8 2
Commonwealth	1,826,300	1,516,105	3,342,405	0 9 4	0 7 8	0 17 0
New Zealand	56,072	191,770	247,842	0 1 4	0 4 7	0 5 11
Australasia	1,882,372	1,707,875	3,590,247	0 7 10	0 7 3	0 15 1

In all the states, New South Wales and Victoria excepted, a general sinking fund is established to assist in the redemption of public loans on maturity, and in New South Wales and Victoria special sinking funds have been inaugurated in connection with portions of the local funded stocks. The desirableness of establishing a general sinking fund is on all sides admitted, and a portion of the proceeds of land sales could with advantage be set apart from the general revenue and devoted to this purpose. Victoria deals with a portion of the proceeds from the sale of Crown lands apart from the general revenue, and at the close of the financial year 1890-1 a sum of £578,740 derived from that source had been placed to the credit of the Railway Construction Account; while since that year various sums amounting to £678,532 have been appropriated on account of the "Land Sales by Auction Fund" for expenditure on public works, and a total of £381,349 has been received from sales, &c., leaving a debit balance of £297,183 on the 30th June, 1904.

HEADS OF EXPENDITURE.

The amount disbursed by the Government of New South Wales is far larger than that expended by any other state of the group; in the last financial year it exceeded the expenditure of Victoria by £4,404,894, was nearly twice as great as that of New Zealand, and was nearly one million and a half more than the united expenditure of Queensland, South Australia, and Western Australia. This is chiefly owing to the absence of a complete system of local government in New South Wales, and the system of centralisation already referred to. The following is a

statement of the expenditure of each state during the financial year 1903-4 :—

State.	Railways and Tramways.	Posts and Telegraphs.	Public Instruction.	Interest and charges on Public Debt.	All other Services.	Total Expenditure.
	£	£	£	£	£	£
New South Wales	2,921,020	.....	905,975	3,114,760	4,378,126	11,319,887
Victoria	1,894,553	.....	657,565	2,159,050	2,203,825	6,914,993
Queensland	810,251	.....	314,399	1,547,331	935,583	3,607,664
South Australia	693,600	.....	154,220	1,120,731	738,702	2,707,253
Western Australia	1,228,235	.....	134,337	714,634	1,621,106	3,698,312
Tasmania	160,351	.....	70,073	340,095	302,337	870,356
Commonwealth	7,714,016	.....	2,236,569	8,996,601	10,180,479	29,127,665
New Zealand	1,451,954	524,500	583,860	1,957,963	1,911,004	6,434,281
Australasia	9,165,970	524,500	2,825,429	10,954,564	12,091,483	35,561,946

It will be seen from the foregoing figures that for the states of the Commonwealth 26·5 per cent. of the whole expenditure is for working the railways—a service not undertaken by the Government in the United Kingdom and the United States. Public instruction accounts for 7·7 per cent., and interest on the public debt, 30·9 per cent. For the whole of Australasia the corresponding percentages are :—Railways, 25·8 ; public instruction, 7·9 ; and interest on the public debt, 30·9 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 :—

State.	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..	2 0 10	.....	0 12 8	2 3 6	3 1 2	7 18 2
Victoria	1 11 4	.....	0 10 11	1 15 9	1 16 5	5 14 5
Queensland	1 11 1	.....	0 12 1	2 9 6	1 15 11	6 18 7
South Australia.....	1 17 8	.....	0 8 5	3 0 10	2 0 1	7 7 0
Western Australia..	5 8 1	.....	0 11 10	3 2 11	7 2 9	16 5 7
Tasmania	0 18 8	.....	0 7 10	1 18 2	1 13 11	4 18 7
Commonwealth	1 19 2	.....	0 11 4	2 5 9	2 11 9	7 8 0
New Zealand	1 15 2	0 12 8	0 14 3	2 7 5	2 6 3	7 15 9
Australasia.....	1 18 6	0 2 2	0 11 10	2 6 0	2 10 10	7 9 4

The most remarkable feature in the general expenditure of the Australasian states is the largeness of the amount required to pay interest and charges on the public debt, both in regard to the rate per head and the proportion of total revenue thus hypothecated. The proportion for the states of the Commonwealth is 30·89 per cent. of the total expenditure, or £2 5s. 9d. per head of population, and for the whole of Australasia 30·80 per cent., or £2 6s. 0d. per head. The actual expenditure for each state during 1903-4 was as shown below. The amounts given are actual payments made during the financial year, and do not represent the interest liabilities of that period, the amounts of which will be found on page 703 :—

State.	Interest and Charges on Public Debt.		
	Total.	Per head of Population.	Proportion of Total Expenditure.
	£	£ s. d.	per cent.
New South Wales	3,114,760	2 3 6	27·51
Victoria	2,159,050	1 15 9	31·22
Queensland	1,547,331	2 19 6	42·88
South Australia	1,120,731	3 0 10	41·40
Western Australia	714,634	3 2 11	19·32
Tasmania	340,095	1 18 2	38·68
Commonwealth	8,996,601	2 5 9	30·89
New Zealand	1,957,963	2 7 5	30·43
Australasia	10,954,564	2 6 0	30·80

A casual glance at the figures quoted will lend colour to the suggestion sometimes hazarded that the states 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 so far as any individual state is concerned, it is certainly erroneous as regards the whole of Australasia. Out of the sum of £8,996,601 required to pay interest and charges on the public debt by the states of the Commonwealth during 1903-4, £4,285,960 was directly recouped by the net revenue from public railways. Water supply and sewerage yielded a sum of £629,354, the net revenue from harbour and river improvements was £184,905, and the interest on advances to settlers, local bodies, and on the purchase of lands for settlement yielded a further sum of £140,584, making a total of £5,240,803. Including New Zealand, the sum required to pay interest and charges on the public debt was £10,954,564, but of this £6,294,087 was directly recouped, viz., £5,001,998 by the net revenue from railways, £629,354 by water supply and sewerage, together with £662,735, representing the net revenue from harbour and river improvements, interest on

advances to settlers and local bodies, and on the purchase of land for settlement. Besides this, there is a large indirect revenue obtained by each of the states from the opening-up of its public lands, and from the construction of breakwaters, wharves, 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 states 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, viz., railways and tramways, water supply and sewerage, harbours, rivers, and navigation, advances to settlers, loans to local bodies, and the purchase of land for settlement, 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 the estimated interest on the invested capital. Posts and telegraphs have not been excluded in the case of New Zealand, but the exclusion has been made from the returns of the six states of the Commonwealth as the administration is now with the Federal Government. The adjusted revenue for the year 1903-4 will be found below :—

State.	Revenue, excluding Services.	Net Revenue from Services.	Total adjusted Revenue.	Per head of Population.
	£	£	£	£ s. d.
New South Wales.....	6,120,640	.....	6,120,640	4 5 6
Victoria	3,639,225	.....	3,639,225	3 0 2
Queensland	2,197,261	.....	2,197,261	4 4 5
South Australia.....	1,203,858	.....	1,203,858	3 5 5
Western Australia.....	1,859,149	43,480	1,902,629	8 7 6
Tasmania	599,089	.....	599,089	3 7 2
Commonwealth	15,619,222	43,480	15,662,702	3 19 7
New Zealand	4,030,736	.....	4,030,736	4 17 7
Australasia	19,649,958	43,480	19,693,438	4 2 9

It will be seen that Western Australia was the only state that obtained a revenue from its services during 1903-4, after working expenses and interest on capital had been allowed for, a result brought about chiefly by the decrease in the revenue of most of the states, due to the after effects of the prolonged drought. The next table shows the adjusted expenditure :—

State.	Expenditure, excluding Services.	Net Expenditure on Services.	Total adjusted Expenditure.	Per head of Population.
	£	£	£	£ s. d.
New South Wales	5,483,655	708,544	6,192,199	4 6 6
Victoria	3,214,776	25,851	3,240,627	2 13 7
Queensland	1,706,725	502,960	2,209,685	4 4 11
South Australia	1,192,578	150,432	1,343,010	3 12 11
Western Australia	2,050,925	.....	2,050,925	9 0 7
Tasmania	534,538	86,239	620,777	3 9 7
Commonwealth	14,183,197	1,474,026	15,657,223	3 19
New Zealand	3,262,260	72,641	3,334,901	4 0 9
Australasia	17,445,457	1,546,667	18,992,124	3 19 9

The figures just given show that the actual cost of government is materially less in the states than would appear from the returns of ordinary 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 state at the close of the last financial year. It will be seen that five of the states have large overdrafts, partly cash and partly in the form of Treasury bills, and that to establish the necessary equilibrium between income and outgo a restricted expenditure by future administrations will be absolutely necessary. For Tasmania the figures refer to the end of the year 1903 ; for New Zealand, to the 31st March, 1904 ; and for the other five states, to the 30th June, 1904. The figures given in the last column of the table represent the total debit balances at these dates. It is very necessary

that this fact should be borne in mind, as it often happens that the official returns of the states show only the cash overdraft, the amount represented by outstanding Treasury bills being omitted from consideration :—

State.	Cr. Balance.	Dr. Balance.		
		Overdraft represented by Treasury Bills.	Cash Overdraft.	Total Dr. Balance.
	£	£	£	£
New South Wales.....	.....	1,977,626	524,064	2,501,690
Victoria .....	.....	75,000	2,156,119	2,231,119
Queensland.....	.....	1,130,000	35,705	1,165,705
South Australia.....	.....	1,088,950	364,189	1,453,139
Western Australia	83,364	.....	.....	.....
Tasmania.....	.....	107,330	234,545	341,875
Commonwealth	83,364	4,378,906	3,314,622	7,693,528
New Zealand	837,986	.....	.....	.....
Australasia	921,350	4,378,906	3,314,622	7,693,528

It will be seen that for the state of New South Wales the table shows an overdraft of £1,977,626 which has been liquidated by Treasury bills, and a cash overdraft on 30th June, 1904, of £524,064, inclusive of £484,356 brought forward from the previous year. In reference to the South Australian cash overdraft of £364,189, it should be pointed out only £32,230 represents the debit balance for South Australia proper, while the overdraft liquidated by Treasury bills belongs both to South Australia proper and the Northern Territory. During the year ended 30th June, 1903, the Government issued Treasury bills liquidating the cash overdraft on the 30th June, 1902, for the state proper.

The condition of the revenue accounts of New South Wales, Victoria, and New Zealand needs further explanation. In New South Wales land was resumed in 1889 for the purpose of facilitating certain improvements in connection with a street facing the General Post-office, Sydney, and it was determined that the sum paid for resumption should not be treated as a matter of ordinary expenditure, but be held in suspense pending the sale of the land resumed, or so much of it as was not needed for the formation of the Post-office street. Another resumption of land by the Government of New South Wales was authorised by the Centenary Celebration Act of 1887, which provided for the acquisition of a large area of land, close to Sydney, for the formation of a public park to

commemorate the centenary of the state. 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, 1901, the debit balance of the Centennial Park Account was £228,417, and of the General Post-office New Street Resumption Account, £376,762, neither of which amounts is included in the above table. Legislation has been passed, and Treasury bills have been issued covering the liability under the Suspense Accounts referred to, and the replacing of £150,000 to the credit of the sinking fund for Railway Loan, 53 Vic. No. 24, which was applied to the redemption of the balance of Railway Loan, 31 Vic. No. 11. The authority was for the issue of Treasury bills to the amount of £755,179, which will cover all deficiencies to 30th June, 1902, with the exception of the debit balance of the Consolidated Revenue Fund. Provision was made that on the 31st December, 1902, and on the same day in each year thereafter, until all the payments provided for have been made, the sum of £100,000 was to be paid from the Consolidated Revenue Fund to the credit of the respective accounts mentioned. Such annual sums are in the first place to be paid to the credit of a special Trust Account. In addition to the annual sum of £100,000, the net proceeds of the sales of the unsold portions of the land resumed under the General Post Office (Approaches Improvement) Act of 1889, and the net proceeds of the sale of the unsold portions of the land referred to in the Centenary Celebration Act of 1887 (Centennial Park), are to be paid to the credit of the account. The moneys at credit of such account are to be applied to the purpose of redeeming the bills issued under the Treasury Bills Deficiency Acts of 1901 and 1902, and when all such bills have been redeemed the account is to be closed. The appropriation of £100,000 is, however, to continue to redeem bills issued under the Deficiency Act of 1889, and on the redemption of these bills, the same annual appropriation is to be applied to redeem bills issued under the Deficiency Act of 1895. When this has been effected the appropriation is to lapse. The annual appropriation of £150,000 under the Deficiency Act of 1889 continues, so that the total annual appropriation for the liquidation of the unfunded debt for revenue purposes will be £250,000.

In Victoria certain public works to the amount of £678,624 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 £297,183, and this sum has been placed to a Suspense Account, which is likewise excluded from the debit balance given above. In the credit balance of New Zealand, shown on page 697, allowance has been made for the transactions of several Suspense Accounts, viz., the State Forests Account, the Local Bodies Account,

the Deposits Account, and the State Coal Mines Account ; but in order to place the revenue and expenditure of that colony on the same footing as those of the other provinces, the operations on the accounts referred to have not been taken into consideration in the table on page 661. The credit balance of the Consolidated Revenue Fund proper amounted to £649,741.

The practice of issuing Treasury bills for the purpose of liquidating an overdraft, which is illustrated by the above table, obtains in all the states. The bills have been sometimes compared to the exchequer bills issued by the British Treasury. There is, however, only a slight 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 states, 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 is that prevailing in New Zealand, where Treasury bills to the amount of £700,000 are outstanding at the close of the financial year, but are redeemed early in the following year. With the exception of these New Zealand bills, Treasury bills are 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 states have seen this, and in Victoria, New Zealand, and South Australia, public trustees have been appointed to control Trust Funds in the hands of the Government ; but in the other states these funds are directly subject to the Treasury. The following are the balances of the Trust Funds at the close of the financial year, exclusive of the Funds now dealt with by the Federal Government. The figures for New South Wales, Victoria, Queensland, South Australia, and Western Australia, are for the year ended 30th June, 1904 ; for

Tasmania, for the year ended 31st December, 1903; and for New Zealand, for the year ended 31st March, 1904 :—

State.	Invested.	Uninvested.	Total.
	£	£	£
New South Wales.....	6,307,829	3,883,331	10,191,160
Victoria	3,728,986	5,023,413	8,752,399
Queensland	3,210,973	402,808	3,613,781
South Australia		372,503	372,503
Western Australia	3,076,549	773,300	3,849,849
Tasmania	601,012	53,479	654,491
Commonwealth	16,925,349	10,508,834	27,434,183
New Zealand	9,213,887	154,435	9,368,322
Australasia	26,139,236	10,663,269	36,802,505

The New Zealand figures include £1,660,716 in the hands of the Public Trustees.

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 states 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 state, 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:—

State.	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 states during recent years. The debts have undoubtedly grown at a much more rapid pace than the population; but as the states 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:—

Stato.	1861.	1871.	1881.	1891.	1901-2.	1903-4.
	£	£	£	£	£	£
New South Wales	4,017,630	10,614,330	16,924,019	52,950,733	71,592,485	80,033,531
Victoria	6,345,060	11,994,800	22,426,502	43,638,897	50,933,957	51,819,962
Queensland	70,000	4,047,350	13,245,150	29,457,134	39,338,427	41,781,287
South Australia	866,500	2,167,700	11,196,800	20,347,125	27,272,545	28,593,645
Western Australia	1,750	Nil.	511,000	1,613,594	14,942,310	16,090,283
Tasmania	Nil.	1,315,200	2,003,000	7,110,290	9,095,735	9,313,400
Commonwealth	11,300,940	30,139,880	66,306,471	155,117,773	213,175,459	227,637,163
New Zealand	600,761	8,900,991	29,659,111	38,844,914	52,966,447	57,522,215
Australasia	11,901,701	39,040,871	95,965,582	193,962,687	266,141,906	285,159,373

The Queensland figures are inclusive of £1,082,060 for Savings Bank Inscribed Stock.

The amounts for the year 1903-4 represent both funded and unfunded debt. In round figures the increase for the states of the Commonwealth from 1861 to 1871 was 19 millions; from 1871 to 1881, 36 millions; from 1881 to 1891, 89 millions; and from 1891 to 1903-4, 72 millions; or for the whole of Australasia, from 1861 to 1871, 27 millions; from 1871 to 1881, 57 millions; from 1881 to 1891, 98 millions; and from 1891 to 1903-4, 91 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 states viz., New South Wales, £369,621; Victoria, £271,687; Queensland, £8,159; South Australia, £114,476; Western Australia, £864,752; Tasmania, £180,257; and New Zealand, £2,457,887. In New South Wales, sinking funds have been established in connection with some of the recent loans for the purpose of extinguishing portions of the expenditure on works of an unproductive character, the total amount accrued to 30th June, 1904, being £294,621. There are also annual payments on account of one of the railway loans and the Treasury bills in aid of revenue, but the instalments in the latter case are deducted annually, and the net indebtedness is shown in the statement of the

public debt, while for the redemption of the railway loan an amount of £75,000 was in hand at the same date, the sum of £525,000 having been applied during the year just closed in liquidation of debentures that had matured.

The figures showing the total amount of the debt of each state would be incomplete without corresponding information respecting the debt per head of population. In 1861 the public debt of the states included in the Commonwealth stood at £9 13s. 8d. per inhabitant; in 1871, at £17 13s. 11d.; in 1881, at £28 10s. 9d.; in 1891, at £47 14s. 1d.; in 1901-2 it was £55 3s. 10d.; in 1902-3 it was £57 1s. 5d, while in 1903-4 it was £57 8s. 8d. The corresponding figures for Australasia were: in 1861, £9 8s.; in 1871, £19 16s. 4d.; in 1881, £34 0s. 2d.; in 1891, £49 18s. 4d.; in 1901-2, £57 4s. 8d.; in 1902-3, £59 1s. 3d., and in 1903-4, £59 7s. 6d. For each state the figures are as follows:—

State.	1861.	1871.	1881.	1891.	1901-2.	1903-4.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
New South Wales	11 4 5	20 10 0	21 14 8	45 10 8	51 6 0	55 7 2
Victoria	11 14 3	16 0 11	25 9 7	37 14 4	42 4 2	42 19 4
Queensland	2 0 9	32 6 11	58 7 2	73 12 5	76 8 6	79 11 5
South Australia	6 16 8	11 13 7	39 2 1	62 9 11	75 2 10	77 9 1
Western Australia	0 2 3	Nil.	17 0 6	30 5 8	71 14 6	67 12 1
Tasmania	Nil.	12 18 5	16 16 10	46 11 10	52 4 1	51 18 4
Commonwealth	9 13 8	17 13 11	28 10 9	47 14 1	55 3 10	57 8 8
New Zealand	6 1 4	33 6 9	59 4 2	61 5 3	67 4 11	68 11 3
Australasia	9 8 0	19 16 4	34 0 2	49 18 4	57 4 8	59 7 6

Of the £227,637,163 which constituted the debt of the states of the Commonwealth in 1903-4, £210,539,607 represented funded debt raised either as debentures or as funded or inscribed stock, and £17,097,556 unfunded or floating debt. For the whole of Australasia, the total debt of £285,159,378 was divided into £268,061,822 of funded debt and £17,097,556 of unfunded debt. The particulars for each state will be found below:—

State.	Date.	Debenture Bonds.	Inscribed and Funded Stock.	Treasury Bills.		Total.
				For Works.	In aid of Revenue.	
		£	£	£	£	£
New South Wales..	30 June, 1904	*7,366,150	62,560,505	†8,129,300	1,977,626	80,033,581
Victoria	30 June, 1904	12,599,295	35,736,867	3,408,800	75,000	51,819,962
Queensland	30 June, 1904	13,980,980	26,670,307	.....	1,130,000	41,781,287
South Australia ..	30 June, 1904	9,210,200	17,113,945	1,180,550	1,088,950	28,593,645
Western Australia..	30 June, 1904	436,350	15,653,938	.....	.....	16,090,288
Tasmania	31 Dec., 1903	3,046,620	6,164,450	.....	107,330	9,318,400
Commonwealth..	.....	46,639,595	163,900,012	12,718,650	4,378,906	227,637,163
New Zealand	31 Mar., 1904	12,219,373	45,302,842	.....	.....	57,522,215
Australasia .....	.....	58,858,968	209,202,854	12,718,650	4,378,906	285,159,378

* £3,550 overdue.

† £4,000 overdue.

The relative burthen of the public debt of the various states 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 Western Australia is 3·40 per cent., while South Australia pays 3·74 per cent., so that a debt of £100 in the former is not more burthensome than £90 18s. 2d. in the latter state. 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 :—

State.	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.....	3·53	3·70	3·55	2,841,368	1 19 4
Victoria	3·63	3·79	3·64	1,885,983	1 11 3
Queensland	3·70	4·00	3·70	1,547,470	2 18 11
South Australia	3·75	3·59	3·74	1,069,325	2 17 11
Western Australia.....	3·40	.....	3·40	547,160	2 6 0
Tasmania	3·67	3·50	3·66	341,627	1 18 1
Commonwealth.....	3·60	3·66	3·61	8,232,933	2 1 7
New Zealand	3·83	.....	3·83	2,203,420	2 12 6
Australasia ..	3·66	3·66	3·66	10,436,353	2 3 6

In 1884 the nominal rate of interest on New South Wales loans floated in London was reduced to $3\frac{1}{2}$ per cent., at which rate stock to the amount of £29,326,200 and Treasury bills for £2,000,000 had been sold to June, 1903. This example was not followed by any of the other states 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 states 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 all the states since that date. Tasmania, however, did not place a 3 per cent. loan in London till 1901, but local inscribed stocks had been previously sold at the rate mentioned. Hereunder will

be found the amount of the total debt under each rate of interest. For Tasmania the figures refer to the 31st December, 1903; for New Zealand, to the 31st March, 1904; and for all the other states to the 30th June, 1904:—

Rate of Interest.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	Commonwealth.	New Zealand.	Australasia.
FUNDED DEBT.									
per cent.	£	£	£	£	£	£	£	£	£
Nil.	3,550	1,000	....	....	....	....	4,550	....	4,550
6	2,300	....	....	431,400	....	....	433,700	55,200	488,900
5	60,700	....	....	265,000	17,600	100	343,400	501,500	844,900
4½	....	....	....	....	69,100	....	69,100	52,900	122,000
4	20,441,658	22,353,795	21,384,300	16,302,400	3,958,768	4,045,820	88,986,741	35,599,652	124,586,393
3½	1,500,000	....	....	....	....	....	1,500,000	349,000	1,849,000
3½	30,570,375	15,013,294	13,777,604	3,363,000	4,694,820	4,200,335	71,625,428	10,772,490	82,397,918
3½	....	....	....	....	....	30,700	30,700	....	30,700
3	17,342,072	10,468,073	5,489,383	5,962,345	7,350,000	934,115	47,545,988	10,191,473	57,737,461
Total	69,926,655	48,336,162	40,651,287	26,324,145	16,090,288	9,211,070	210,539,007	57,522,215	268,061,822
UNFUNDED DEBT. (<i>Treasury Bills for Works and Deficiencies in Revenue.</i>)									
Nil.	4,000	....	....	....	....	....	4,000	....	4,000
4	5,531,800	2,183,800	1,130,000	417,400	....	....	9,563,000	....	9,563,000
3½	325,000	....	....	....	....	....	325,000	....	325,000
3½	2,000,000	1,075,000	....	1,852,100	....	107,330	5,034,430	....	5,034,430
3½	....	225,000	....	....	....	....	225,000	....	225,000
3	1,946,126	....	....	....	....	....	1,946,126	....	1,946,126
Total	10,106,926	3,483,800	1,130,000	2,269,500	....	107,330	17,097,556	....	17,097,556
Total Debt	80,033,581	51,819,962	41,781,287	28,593,645	16,090,288	9,318,400	227,637,163	57,522,215	285,159,378

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 does not extend to the whole of the public debt of Australasia, and the loans affected do not amount to a large sum. In the case of sinking funds, the money is held until the date of redemption; but exactly the opposite course is followed where annual drawings are provided, for in such cases the Government retire a certain amount of their debentures yearly, and thus effect a gradual extinction of the loan. As already explained, all the states have sinking funds in operation, the amounts to the credit of which will be found on page 701. The system of annual drawings has been adopted to a very limited extent, only by New Zealand, New South Wales, and Western Australia; the only loan so issued by New South Wales has, however, been redeemed.

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, Queensland, South Australia, Western Australia, and Tasmania to avoid this disability, the Governments of those states, 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 state 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 states are placed at a disadvantage if the market is approached before it has recovered its tone; in fact, the states have in this respect all the evils of disintegration and all the liabilities of federation, without any of the advantages which federation would give. The evil effects of this lack of consultation between the Australian Treasurers will be seen from the table on the opposite page. In ten years only of the next fifty years is there no loan to be renewed or to be paid off, and the amounts to be met range as high as £37,859,677. 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 show specially the amounts to which it is applicable, the period of redemption in each case being assumed to be the more remote date.

Due Dates.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	Commonwealth.	New Zealand.	Australasia.
FUNDED DEBT.									
	£	£	£	£	£	£	£	£	£
Over-due..	3,550	1,000	....	....	....	....	4,550	....	4,550
1904	58,000	....	....	....	....	24,840	82,840	1,748,950	1,831,790
1905	903,800	....	....	72,500	17,000	179,986	1,173,886	1,950,700	3,124,586
1906	224,900	....	....	37,500	....	236,511	498,911	2,124,766	2,623,677
1907	376,218	4,000,000	....	1,037,500	....	177,028	5,591,346	1,866,800	7,458,146
1908	2,865,500	2,000,000	....	1,951,100	....	469,367	7,285,967	1,113,688	8,399,655
1909	334,000	....	....	3,122,700	....	122,835	3,629,535	1,455,150	5,084,085
1910	2,863,700	....	....	60,300	1,529,105	67,701	4,520,806	499,276	5,020,082
1911	....	2,107,000	....	68,300	....	1,024,661	3,199,061	843	3,200,804
1912	9,366,227	63,000	....	85,000	....	2,125	9,516,352	53,476	9,569,828
1913	....	4,746,795	1,466,500	46,300	....	547,650	6,807,245	496,360	7,303,545
1914	....	....	....	35,000	....	800,000	835,000	331,800	1,166,800
1915	....	....	11,728,800	35,000	35,715	....	11,799,515	3,000	11,802,515
1916	....	....	....	9,488,045	....	100	9,488,145	12,700	9,498,845
1917	....	3,120,492	....	3,540,200	....	....	6,666,692	....	6,666,692
1918	12,826,200	....	....	1,474,400	....	100	14,300,700	....	14,300,700
1919	415,050	4,000,000	....	26,000	....	....	4,441,050	....	4,441,050
1920	....	6,000,000	....	336,300	....	300,000	6,636,500	....	6,636,500
1921	....	6,000,000	....	....	....	270,164	6,270,164	500,000	6,770,164
1922	....	....	....	....	....	8,252	8,252	....	8,252
1923	....	7,331,500	....	....	605,325	....	7,936,825	....	7,936,825
1924	16,698,065	....	12,973,834	1,651,300	354,590	....	31,677,789	299,800	31,977,589
1925	222,255	....	....	....	....	5,050	227,305	....	227,305
1926	....	....	....	....	....	67,600	67,600	....	67,600
1927	....	....	....	....	2,500,000	....	2,500,000	....	2,500,000
1929	....	8,509,375	....	200,000	....	....	8,709,375	29,150,302	37,859,677
1930	....	....	3,704,800	....	....	....	3,704,800	....	3,704,800
1931	....	....	....	....	1,876,000	....	1,876,000	....	1,876,000
1933	9,696,300	457,000	....	....	....	....	10,143,300	....	10,143,300
1934	....	....	....	....	993,553	....	993,553	....	993,553
1935	12,500,000	....	....	....	6,880,000	....	19,380,000	....	19,380,000
1936	....	....	....	332,900	1,100,000	....	1,432,900	....	1,432,900
1939	....	....	....	2,719,800	....	....	2,719,800	....	2,719,800
1940	....	....	....	....	....	4,906,500	4,906,500	6,161,167	11,067,667
1945	....	....	2,750,000	....	....	....	2,750,000	9,572,997	12,322,997
1947	....	....	4,498,693	....	....	....	4,498,693	....	4,498,693
1950	....	....	946,600	....	....	....	946,600	....	946,600
1951	....	....	1,000,000	....	....	....	1,000,000	....	1,000,000
Inter-min-able..	532,890	....	....	....	....	....	532,890	....	532,890
Annual Draw-ings...	....	....	....	....	198,400	....	198,400	180,500	378,900
Unde-fined	....	....	1,582,060	....	....	....	1,582,060	....	1,582,060
Total	69,926,655	48,336,162	40,651,287	26,324,145	16,090,288	9,211,070	210,539,607	57,522,215	268,061,822

Due Dates.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	Commonwealth.	New Zealand.	Australasia.
UNFUNDED DEBT. (<i>Treasury Bills for Works and Deficiencies in Revenue.</i>)									
	£	£	£	£	£	£	£	£	£
Over-due..	4,000	....	....	....	....	....	4,000	....	4,000
1904	....	....	....	361,500	....	....	361,500	....	361,500
1905	2,000,000	50,000	....	760,725	....	106,210	2,916,935	....	2,916,935
1906	1,000,000	2,233,800	....	333,325	....	1,120	3,568,245	....	3,568,245
1907	4,900,000	1,050,000	....	295,575	....	....	6,245,575	....	6,245,575
1908	225,300	25,000	....	257,050	....	....	507,350	....	507,350
1909	....	25,000	....	261,325	....	....	286,325	....	286,325
1910	555,179	25,000	....	....	....	....	580,179	....	580,179
1911	....	25,000	....	....	....	....	25,000	....	25,000
1912	....	25,000	530,000	....	....	....	555,000	....	555,000
1913	....	25,000	600,000	....	....	....	625,000	....	625,000
Annual Drawings...	1,422,447	....	....	....	....	....	1,422,447	....	1,422,447
Total	10,106,926	3,483,800	1,130,000	2,269,500	....	107,330	17,097,556	....	17,097,556
Total Debt	80,033,581	51,819,962	41,781,237	28,593,645	16,090,238	9,318,400	227,637,163	57,522,215	285,159,378

EXPENSES OF NEGOTIATION.

From 1855, when the first New South Wales loan was placed on the London market, until the present time, the Australasian states have obtained from the same source a large proportion of the money which they have borrowed.

The following table shows the amounts raised locally, and in London, but small sums raised in states other than those incurring the debt, have been included with the London flotations :—

State.	Raised Locally.			Raised in London.			Total Debt.	Percentage of Loans raised Locally to Total Debt.
	Debentures, Inscribed and Funded Stock.	Treasury Bills for Public Works and in aid of Revenue.	Total.	Debentures, Inscribed and Funded Stock.	Treasury Bills for Public Works and in aid of Revenue.	Total.		
	£	£	£	£	£	£	£	£
New South Wales ..	11,281,305	5,102,926	16,384,231	58,645,350	5,004,000	63,649,350	80,033,581	20.48.
Victoria	5,719,787	1,300,000	7,019,787	42,616,375	2,183,800	44,800,175	51,819,962	13.55.
Queensland	5,241,940	1,130,000	6,371,940	35,409,347	....	35,409,347	41,781,237	15.25.
South Australia	3,434,105	2,069,500	5,503,695	22,889,950	200,000	23,089,950	28,593,645	19.24.
Western Australia ..	2,524,735	....	2,524,735	13,565,553	....	13,565,553	16,090,238	15.69.
Tasmania	1,380,820	107,330	1,488,150	7,830,250	....	7,830,250	9,318,400	15.97.
Commonwealth	29,582,782	9,709,756	39,292,538	180,956,825	7,387,800	188,344,625	227,637,163	17.26.
New Zealand	9,473,373	....	9,473,373	48,048,842	....	48,048,842	57,522,215	16.47.
Australasia	39,056,155	9,709,756	48,765,911	229,005,667	7,387,800	236,393,467	285,159,378	17.10.

The dependence on the English market was originally due to lack of local capital; but even in late years, when such capital has been fairly abundant, the Governments have still turned to London, and, strange to say, have offered the London investor a higher rate than that at which they have been able to place the small loans raised locally.

The charges incidental to the floating of an inscribed stock loan in England are heavy. The chief expense is the stamp duty of 12s. 6d. per cent. imposed by the British Government on inscribed stock, the other charges being for services rendered. New South Wales, Queensland, and New Zealand issue their stock through the Bank of England; the London and Westminster Bank acts for Victoria and Western Australia; South Australia issues its loans through its Agent-General in London; 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 were formerly £600 per million for the first ten millions, £550 for the next five, and £500 per million for all subsequent amounts. In 1895, however, these rates were reduced by £100 per million to the three states employing the Bank; while from May, 1899, all amounts raised through the agency of the Bank of England, on behalf of New South Wales, are charged £200 per million. The charges of the London and Westminster Bank were £500 per million for the first ten millions, £450 for a second like sum, and £400 per million for any subsequent amount to the end of 1897, when the Victorian Government arranged with the Bank to reduce its rates for inscription of stock to £250 per million, without regard to the total amount inscribed.

On the old form of debenture the stamp duty imposed is 2s. 6d. per cent., or £1,250 per million. The expenditure per £100 debentures or inscribed stock floated in London of those states 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:—

State.	Year of Negotiation.	Principal.		Expenses per £100 Debenture and Stock.	Class of Stock.
		Rate of Interest.	Amount.		
New South Wales.....	1883	4	2,000,000	£ s. d. 0 11 5	Debentures.
	1889	3½	3,500,000	1 7 10	Inscribed.
	1891	3½	4,500,000	1 7 9	do.
	1893	4	2,500,000	1 8 0	do.
	1894	3½	832,000	1 9 5	do.
	1895	3	4,000,000	1 7 10	do.
	1898	3	1,500,000	1 8 5	do.
	1901	3	4,000,000	*2 12 8	do.
	1902	3	3,000,000	*2 12 11	do.

* Including underwriting commission.

State.	Year of Negotiation.	Principal.		Expenses per £100 Debenture and Stock.	Class of Stock
		Rate of Interest.	Amount.		
			£	£ s. d.	
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.
	1899	3	1,600,000	1 2 11	do.
	1901	3	3,000,000	2 8 0	do.
	1903	3½	2,964,720	2 6 10	do.
Queensland	1881	4	1,089,500	0 15 9	Debentures
	1890	3½	2,264,734	1 8 0	Inscribed.
	1891	3½	2,500,000	1 8 2	do.
	1893	3½	1,182,400	2 18 8	do.
	1895	3½	1,250,000	1 11 7	do.
	1896	3	1,500,000	1 9 4	do.
	1900	3	1,400,000	2 15 0	do.
	1901	3	1,374,213	2 15 0	do.
	1903	3½	750,090	3 2 6	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.
	1896	3	839,500	1 2 5	do.
	1897	3	500,000	1 0 11	do.
	1899	3	1,500,000	2 4 5	do.
	1900	3	1,000,000	2 7 7	do.
	1891	4	250,000	1 3 6	do.
	1892	4	400,000	1 3 7	do.
Western Australia ...	1894	4	540,000	1 5 6	do.
	1895	3½	750,000	1 3 7	do.
	1896	3	750,000	1 3 8	do.
	1897	3	1,000,000	1 3 7	do.
	1898	3	1,000,000	1 3 11	do.
	1898	3	1,000,000	1 3 11	do.
	1900	3	1,000,000	2 9 0	do.
	1900	3½	880,000	2 12 3	do.
	1886	4	1,000,000	0 18 0	Debentures.
Tasmania	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.
	1901	3	450,000	.. ..	do.
	1895	3	1,500,000	2 2 8	do.
New Zealand	1899	3	1,000,000	1 13 0	do.
	1901	3	1,500,000	2 16 0	do.
	1903	3	1,250,000	2 14 5	do.

The loan of £3,000,000 raised by Victoria in 1901 was for the purpose of redeeming a similar amount floated in 1876 and falling due on 1st July, 1901, and that raised by the same state in 1903 was partly for the purpose of redeeming £5,000,000 debentures maturing on 1st January, 1904.

Against several loans the expenses have not been stated, as the information has not been published by the state 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. The latest loans issued by all the states and New Zealand have also been burdened with a charge for underwriting.

QUOTATIONS OF STOCK.

In another chapter the growth of Australasian indebtedness on private account has been traced over a period of about thirty-two years, and it has been shown that during that time nearly the whole of the advances made to the various state governments, and one hundred and eighteen 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. The withdrawal of confidence on the part of the British investor at that time caused widespread confusion in almost every department of industry, with intense financial unrest, from which some of the states 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 1904 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 absolute security afforded, it carries the right of trustees in the United Kingdom to invest trust funds in the stock—a privilege which was not extended to Australasian securities till September, 1901:—

Country.	Class of Stock.	Selling Price, "cum dividend."			
		June, 1892.	June, 1893.	June, 1894.	June, 1904.
Australasia—					
New South Wales	3½ per cent. Inscribed	96½	93	98½	98
Victoria	3½ do do ...	97	88½	97½	97
Queensland	4 do do ...	103½	99	104	104
South Australia	4 do do ...	106	103	106½	102
Western Australia	4 do do ...	103½	104	108	103
Tasmania	4 do do ...	103	98½	103	102
New Zealand	4 do do ...	104½	104½	108½	107
Canada	3 do do ...	94½	96	97	99
Cape Colony	4 do do ...	106	108	112	103
Natal	4 do do ...	103	108	109	109
India	3 do Stocks	97½	98½	99½	96½

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

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

June, 1892.

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

June, 1893.

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

Country.	Nominal rate of Interest.	Selling Price, "ex dividend."	Cur- rency.	Effective annual Rate of Interest per £100 sterling.	
				If no allowance is made for redemption at par on maturity.	Rate if Stock is held till date of maturity.
	Per cent.	£	Years.	£ s. d.	£ s. d.
June, 1894.					
Australasia—					
New South Wales.....	3½	98·21	30	3 11 10½	3 12 4
Victoria	3½	95·92	29	3 13 7½	3 14 8
Queensland.....	4	102·25	30	3 19 0½	3 18 6½
South Australia.....	4	105·74	42	3 16 5	3 15 10½
Western Australia	4	106·25	40	3 16 0½	3 15 4½
Tasmania	4	101·25	14	3 19 9½	3 18 9
New Zealand	4	108·45	35	3 14 6	3 13 2½
Canada	3	95·68	44	3 3 2½	3 3 8
Cape Colony	4	111·91	29	3 12 2½	3 9 5
Natal	4	108·57	32	3 14 5	3 12 9½
India	3	98·68	54	3 1 3	3 1 4½

June, 1904.

Australasia—					
New South Wales.....	3½	97·32	20	3 12 6½	3 13 11½
Victoria	3½	95·45	22	3 14 0	3 16 0
Queensland.....	4	102·22	20	3 19 0½	3 18 0
South Australia	4	101·22	32	3 19 9½	3 19 7
Western Australia.....	4	102·22	27	3 19 0½	3 18 5½
Tasmania	4	100·22	4	4 0 7½	3 19 7½
New Zealand	4	106·55	25	3 15 10	3 13 9½
Canada	3	97·67	34	3 1 10½	3 2 4½
Cape Colony	4	102·89	19	3 18 6½	3 17 0½
Natal	4	108·55	22	3 14 5	3 11 0½
India	3	95·67	44	3 3 5	3 3 11½

The figures given in the last column of the table show the relative positions of the various stocks quoted. As will be seen, the credit of each division of Australasia was somewhat better in 1894 than

in 1892, notwithstanding the financial panic which occurred between those dates. In 1893 there was naturally a heavy fall, as compared with the preceding year, in all Australasian securities except those of New Zealand and Western Australia. Victorian stock showed the largest fall—which was only to be expected in view of the fact that the panic originated in that state. 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 states on the mainland. In 1895 a great improvement took place in the prices of stock of all the states, and the rise has since been well maintained. To illustrate the fluctuations in the prices of colonial securities, the rates obtained during 1892, 1893, 1894, and 1904 are given below in a simpler form than in the preceding table. It is probable that the price of Victorian securities would have been higher were it not for the large sum that matured at the opening of the year.

Country.	1892.	1893.	1894.	1904.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Australasia—				
New South Wales	3 14 2 $\frac{3}{4}$	3 18 2 $\frac{1}{2}$	3 12 4	3 13 11 $\frac{1}{2}$
Victoria	3 15 0	4 4 3 $\frac{1}{2}$	3 14 8	3 16 0
Queensland ..	3 19 1 $\frac{1}{2}$	4 3 7 $\frac{1}{2}$	3 18 6 $\frac{1}{2}$	3 18 0
South Australia	3 16 4	3 18 10	3 15 10 $\frac{1}{2}$	3 19 7
Western Australia	3 19 3	3 18 9 $\frac{1}{2}$	3 15 4 $\frac{1}{2}$	3 18 5 $\frac{1}{2}$
Tasmania	3 19 0	4 6 0 $\frac{1}{2}$	3 18 9	3 19 7 $\frac{1}{2}$
New Zealand	3 17 1 $\frac{1}{2}$	3 17 1	3 13 2 $\frac{1}{2}$	3 13 9 $\frac{1}{2}$
Canada.....	3 5 7 $\frac{1}{2}$	3 4 5 $\frac{1}{2}$	3 3 8	3 2 4 $\frac{1}{2}$
Cape Colony	3 15 1 $\frac{1}{2}$	3 13 2 $\frac{1}{2}$	3 9 5	3 17 0 $\frac{1}{2}$
Natal	3 18 4 $\frac{1}{2}$	3 13 9 $\frac{1}{2}$	3 12 9 $\frac{1}{2}$	3 11 0 $\frac{1}{2}$
India	3 2 9	3 1 0 $\frac{1}{2}$	3 1 4 $\frac{1}{2}$	3 3 11 $\frac{1}{2}$

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, 1904, the latter prices being, of course, "ex dividend":—

State.	Date of Negotiation.	Rate per cent.	Amount of Issue.	Net average price realised.	Quotation, ex-dividend, June, 1904.
			£	£	£
New South Wales.....	1895	3	4,000,000	95·14	86·42
Do	1898	3	1,500,000	98·65	86·42
Do	1901	3	4,000,000	91·12	86·42
Do	1902	3	3,000,000	90·90	86·42
Victoria	1893	4	2,107,000	96·00	99·23
Do	1899	3	1,600,000	93·21	87·50
Do	1901	3	3,000,000	89·86	87·50
Queensland	1897	3	1,500,000	95·61	86·00
Do	1900	3	1,400,000	91·26	86·00
Do	1900	3	1,374,213	91·50	86·00
South Australia.....	1896	3	839,500	95·34	85·67
Do	1897	3	500,000	96·05	85·67
Do	1899	3	1,500,000	92·67	85·67
Do	1900	3	1,000,000	90·81	85·67
Western Australia	1897	3	1,000,000	93·45	85·66
Do	1898	3	1,000,000	94·76	85·66
Do	1898	3	1,000,000	91·96	85·66
Do	1900	3	1,000,000	89·66	85·66
Do	1900	3½	880,000	97·39	95·61
Tasmania	1895	3½	750,000	98·30	99·00
Do	1895	3	450,000	.....	•
New Zealand.....	1895	3	1,500,000	93·73	88·42
Do	1899	3	1,000,000	96·55	88·42
Do	1901	3	1,000,000	.....	88·42
Do	1903	3	1,250,000	.....	88·42

* No quotation.

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, 1903, the whole of the public liabilities were inscribed, with the exception of £10,601,997 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 states 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 state will be represented by one class of stock. In 1879, or two years after passing the Consolidated Stock Act, New Zealand placed on the market a 5 per cent. loan of £5,000,000 at 97½ in the form of debentures, the subscribers having the option up to March, 1881, of exchanging for 4 per cent. inscribed stock, at the rate of £120 of stock for each £100 of debentures. The loan was successfully floated, and within the stated period £1,476,000 of the £5,000,000 debentures were exchanged for £5,371,200 inscribed stock at 4 per cent. The other states 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.

Under the provisions of the Colonial Stock Act, 1900, trustees are empowered to invest in Australasian securities after certain conditions have been complied with, and these conditions were proclaimed in the *London Gazette* of 6th September, 1901.

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

The practice of issuing Treasury bills, either in anticipation of or to make good deficiencies in revenue, obtains in each state, 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 generally 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 states Treasury bills have been so included.

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 states are systematically converting their old loans into inscribed stock, and by so doing they are taking a step towards consolidation. Since the Consolidated Stock Act was passed in 1877, New Zealand has been engaged in converting its old loans into inscribed stock, and consolidating the whole debt by adopting three uniform interest rates of 4, 3½, and 3 per cent., and fixing the dates of maturity at 1929, 1940, and 1945 respectively. The transactions in conversion and consolidation in New Zealand from 1877 to the 31st March, 1903, were as stated below. In addition to the transactions shown, old debentures to the amount of £6,225,500 were converted into short-dated debentures under the 1884 Consolidated Stock Act, pending subsequent conversion into inscribed stock; of these short-dated debentures, £4,257,700 have since been converted into 4 per cent. stock, and are included in the £19,724,400 shown below. The amount of these debentures outstanding on 31st March, 1903, was £1,967,800 :—

Amount of Old Debentures Converted or Redeemed.	Additional Capital added to Principal by Conversion or Consolidation.	New Stock Issued.		
		Nominal Rate of Interest.	Amount.	Date of Maturity.
£ 19,724,400	£ 1,600,902	4 per cent.	£ 21,325,302	1929
5,720,550	440,617	3½ „	6,161,167	1940
3,919,332	68,665	3 „	3,987,997	1945

The loading of the principal by conversion appears heavy; but New Zealand was saddled with a number of small loans, much after the type of municipal borrowings, which it was most desirable should be consolidated without delay, and some sacrifice was made to accomplish this; besides, the compensation obtained in a lower rate of interest must be set against the increased capital. The annual saving in interest on the

amount converted to the 31st March, 1903, is stated as £203,658, viz., £102,114 on the 4 per cent., £59,262 on the 3½ per cent., and £42,282 on the 3 per cent. stock. All conversions into short-dated debentures took place at par, the saving in interest thereby amounting to £7,990 annually, in addition to the £203,658 shown above. The subject of the New Zealand conversion is a large one, and inquirers should consult the publications of the Government of that colony, which give details that would hardly be in place in a volume such as this.

In Victoria the 4 per cent. stock floated in Melbourne to the amount of £2,089,613 was converted during 1898-9 into 3 per cent. stock, with the exception of £120,062 subsequently redeemed. The saving in interest by the conversion is £19,696.

LATE ISSUES OF LOANS AND TREASURY BILLS.

As late as the year 1890 the states 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 states. 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 states 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 states 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 states was fully re-established in London.

New South Wales.—In 1892 and 1893 the Treasury had authority to issue £3,000,000 of 4 per cent. funded stock at a minimum price of par. Up to the 30th June, 1904, £2,549,350 had been disposed of, leaving stock to the amount of £450,650 yet to be raised, the cost of the issue being practically nil.

The Loan Acts 58 Vic. No. 14, 59 Vic. No. 6, 60 Vic. No. 32, 61 Vic. No. 43, 62 Vic. No. 36, 63 Vic. No. 42, and 64 Vic. No. 60, passed

in 1894, 1895, 1896, 1897, 1898, 1899, and 1900 respectively, provided for the establishment of other local stocks. The stocks under the first-mentioned Act are known as New South Wales 1924 Stock and Funded Stock, the latter running *pari passu* with the stock floated under 56 Vic. No. 1, the amounts outstanding on 30th June, 1904, being £198,065 and £863,947 respectively; the stocks under the 1895 Act are known as New South Wales 1925 Stock and Funded Stock, the latter also being subject to the same conditions as that floated under 56 Vic. No. 1 (Funded Stock Act of 1892). The amounts outstanding on the 30th June, 1904, were £222,255 and £1,332,945 respectively. The stocks under the 1896 Act are known as New South Wales 1927 Stock and Funded Stock, and are subject to conditions similar to those imposed in respect of the issues under the 1894 and 1895 Acts. Up to the 30th June, 1904, sales of funded stock had been effected to the extent of £1,809,810. The rate of interest on the stock is 3 per cent., and the date of maturity, 1912. The stocks under the 1897 Act are known as New South Wales 1928 Stock and Funded Stock, and are issued under the same conditions as those already referred to. The amount of funded stock sold to 30th June, 1904, was £1,250,175, the rate being $3\frac{1}{4}$ per cent., and the date of maturity, 1912. The only expense attached to the issues was a small amount for brokerage. The stocks under the 1898 Act are known as New South Wales 1929 Stock and Funded Stock, and are issued under similar conditions to those already adverted to. The amount of funded stock sold to 30th June, 1904, was £1,500,000, the rate being $3\frac{3}{4}$ per cent., and the date of maturity 1912. No expense was attached to the issue. Provision has been made for sinking funds to liquidate certain portions of the loans expended on works of an unproductive character. With regard to the loan authorised under the Loan Act 1899, it must be mentioned that no sales have yet taken place under that Act, but the annual instalment for the sinking fund has been appropriated each year. Under the Loan Act of 1900, 64 Vic. No. 60, sales to the amount of £376,218 were made locally during the year ended 30th June, 1904.

The Loan Act of 1899 gave authority for the local issue of £500,000 inscribed stock at 3 per cent., maturing in 1919, for the purpose of making advances to settlers. Under the Advances to Settlers (Amendment) Act, No. 106 of 1902, the issue was increased to £1,000,000. Of this stock, £415,050 were issued to the 30th June, 1904. As in the case of the 4 per cent. funded stock, the only expense in connection with the later local issues of funded and inscribed stock was a small amount of brokerage.

In October, 1893, an inscribed stock loan of £2,500,000 was floated in London, the rate of interest being 4 per cent., and the currency forty years. The minimum price was fixed at $98\frac{1}{2}$, and the average price realised was £100 11s. $10\frac{1}{2}$ d. The rate paid by the Government, allowing for redemption at par on maturity, was £4 3s. $0\frac{1}{4}$ d.; while the return to investors was £4 1s. $8\frac{1}{2}$ d.

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

In October, 1895, an inscribed stock loan for £4,000,000 was floated, the rate of interest being 3 per cent., and the currency forty years. The minimum price was fixed at 94, and the gross proceeds averaged £96 18s. 3d. The next flotation on the London market took place in January, 1898, when a loan of £1,500,000, bearing interest at 3 per cent., with a minimum of 99, was successfully floated, the gross proceeds being £1,506,269. The actual rate paid by the Government was £3 1s. 6d., and the yield to investors, allowing for redemption at par, was £3 0s. 4½d.

In September, 1901, stock to the amount of £4,000,000 was authorised to be raised for the purpose of resuming wharfs and other premises and services generally. The loan was negotiated at 94, the nominal rate being 3 per cent., and the due date 1935. The actual cost to the Government was £3 9s. per cent., while the yield to investors was £3 5s. 10d. In May, 1902, a 3 per cent. loan of £3,000,000 was placed in London at a fixed price of 94½, the total applications being £35,420,000. The gross proceeds amounted to £2,835,000, and the net proceeds available for expenditure, after allowing for accrued interest, underwriting, and other expenses, were £2,727,191, or £90 18s. 1½d. per £100. The actual rate per cent. payable by the Government, allowing for redemption at par on maturity, is £3 8s. 7d. per £100, and the yield to investors £3 6s. 1½d.

In 1895 authority was given to issue Treasury bills to the amount of £1,174,700 to cover the accumulated deficiencies in revenue on the 30th June of that year. The rate of interest allowed is 3 per cent., and a sum of £150,000 is set aside annually for the repayment of the debt, together with the Treasury bills issued under the Act of 1889.

In 1899 the London market was practically closed to the state government, chiefly on account of the South African war; and, as money was urgently required to complete existing contracts, and to provide for urgent works, authority was obtained under Act 63 Vic. No. 46 for the issue of short-dated Treasury bills to the amount of £4,000,000. The first instalment, viz., £1,000,000 at 4 per cent. was negotiated in London, the net proceeds realising £99 12s. per £100—the cost to the Government being £4 9s. 11½d., and the yield to investors £4 6s. 0½d. The second instalment, amounting to £500,000, was placed locally at 3½ per cent., the net average price realised being 100·14 per £100. The actual cost to the Government was £3 10s. 7½d., and

the yield to investors £3 9s. 6d. During 1900-1 three instalments of £500,000 each at $3\frac{1}{2}$ per cent. were sold at the Treasury in Sydney. The net averages per £100 were 99·92, 99·71, and 99·37 respectively, and the corresponding amounts paid by the Government were £3 10s. 11 $\frac{1}{4}$ d., £3 11s. 9 $\frac{3}{4}$ d., and £3 13s. 3 $\frac{1}{4}$ d., the yield to investors being £3 10s. 3 $\frac{1}{4}$ d., £3 11s. 4 $\frac{1}{4}$ d., and £3 12s. 9d. respectively. The balance, viz., £1,000,000, was floated in London at 4 per cent., the net price per £100 being 98·63—the cost to Government, £4 8s. 1d., and the actual yield to investors, £4 6s. 1d. During 1901 Treasury bills to the amount of £755,179 were issued to cover deficiencies in revenue to the 30th June, 1902, exclusive of the debit balance of the Consolidated Revenue Fund. The rate allowed is 3 per cent., and the bills are repayable by annual instalments of £100,000. During the year ended 30th June, 1903, Treasury bills for public works were issued in London, under the authority of 2. Edw. VII No. 94 for £1,000,000, £600,000 and £200,000, carrying interest at the rate of 4 per cent., redeemable in 1907. After allowing for charges of negotiation, the net amount raised in each case was £996,250, £597,750, and £197,750, or a net price per £100 in respect of the first two of 99·63, and in the last 98·88. Under the same authority Treasury bills were issued locally to the amount of £175,000 with interest at the rate of 4 per cent., £75,000 being redeemable in 1907, and £100,000 in 1909; no expense was attached to these issues. During the year ended 30th June, 1904, Treasury bills were issued for public works in London under the authority of 2. Edw. VII No. 94 for £200,000, £1,000,000, £250,000, and £250,000, carrying interest at the rate of 4 per cent., redeemable in 1907. After allowing for charges of negotiation, the net amount raised in each case was £197,625, £986,250, £244,607, and £244,063. Treasury bills to the amount of £500,000 were also floated in London under the authority of 64 Vic. No. 10, in connection with the Darling Harbour resumptions, at 4 per cent., redeemable in 1907, the net amount raised being £486,875. Treasury bills for public works were raised locally under the authority of 2 Edw. VII No. 94, and 2 Edw. VII No. 14 for £325,000 and £125,300 respectively, the former carrying interest at the rate of $3\frac{3}{4}$ per cent. and the latter 4 per cent.; the net amounts realised were £325,000 and £124,450. In addition, under the provisions of 64 Vic. No. 10 in connection with the Darling Harbour resumptions, amounts of £260,000, £203,000, and £37,000 were raised locally, with interest at the rate of 4 per cent., redeemable in 1907, the net amounts realised being £260,000, £202,690, and £37,000.

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. A 3 per cent. inscribed stock loan of £1,600,000 was floated in London in February, 1899—the minimum price fixed being £95. The gross proceeds amounted to

£1,522,835, and the net proceeds to £1,491,355, or to £93 4s. 2d. per £100. The date of maturity is from 1929 to 1949. Four per cent. debentures were also disposed of locally from March, 1893, to June 1903, to the amount of £746,795, and 3 per cent. debentures, amounting to £1,063,000, had been sold in Melbourne to the same date.

During 1896 an Act was passed providing for the conversion of the 4 per cent. stocks on the Melbourne register into a 3 per cent. stock. The amount of 4 per cent. stock sold from January, 1895, to June, 1903, was £249,130, holders of which have availed themselves of the privilege of conversion. The amount of new 3 per cent. stock sold under the Conversion Act to 30th June, 1903, was £2,290,482.

In December, 1898, and December, 1901, Acts were passed providing for the issue of local inscribed stock at 3 per cent. to the amount of £500,000, and on the 30th June, 1904, the total sales amounted to £211,135. Another Act for the same purpose became law in November, 1899, the amount authorised being £500,000 at 3 per cent., of which £268,184 had been sold to 30th June, 1904.

An issue of 4 per cent. Treasury bills in aid of revenue to the amount of £1,250,000 was authorised in 1893; in 1898, however, the amount was reduced to £250,000. The amount sold to 30th June, 1903, was £250,000, of which £150,000 has been redeemed.

In September, 1896, authority was given for the issue of Treasury Bills to the amount of £375,000 for public works and services. The amount sold to the 30th June, 1903, was £375,000, bearing interest at $3\frac{1}{4}$ per cent., and repayable in annual instalments of £25,000 each. The total amount of Treasury bills outstanding under this Act on the 30th June, 1903, was £250,000.

A further issue of £1,000,000 Treasury bills was authorised in December, 1898, and, to the 30th June, 1903, bills to the amount of £500,000 were sold locally at $3\frac{1}{2}$ per cent. interest, and to the amount of £500,000 at 4 per cent. interest in London. These bills were converted into stock in January, 1903, carrying interest at the rate of 3 per cent. The total amount of Treasury bills outstanding on 30th June, 1903, was £1,050,000.

On the 22nd March, 1901, a loan of £3,000,000 at 3 per cent. was floated in London for conversion purposes, the price being fixed at 93 $\frac{1}{2}$. The expenses were increased by a charge of $1\frac{1}{4}$ per cent. for underwriting, and, consequently, the net proceeds realised only £89 17s. 3d. per £100. Debentures to the amount of £500,000 at 3 per cent. were disposed of locally on the 21st August, 1900, realising £96 10s. 5d. per £100, and a further instalment of £500,000, sold on 4th June, 1901, realised £96 8s. 1d. per £100. Local 3 per cent. inscribed stock, amounting to £86,833, was also taken up during 1900-1, at par or a slight premium.

To meet £5,000,000 debentures at $4\frac{1}{2}$ per cent., falling due on 1st January, 1904, arrangements were made in London during October,

1903, for their conversion. The present holders of the maturing debentures were offered the following options, viz.:—(1) £108 of $3\frac{1}{2}$ per cent. inscribed stock, due 1929-49, at the Government's option, acceptors to retain the interest coupons on the $4\frac{1}{2}$ per cent. debentures due on 1st January, 1904, and equal to $2\frac{1}{4}$ per cent., while the new $3\frac{1}{2}$ per cents. will carry interest as from 1st October, 1903; (2) for every £100 of $4\frac{1}{2}$ per cent. debentures, £100 in Treasury bills, bearing interest at 4 per cent. and maturing on 1st July, 1906, acceptors to be paid 25s. per cent. in cash, and have the option, up to 31st December, 1905, of converting into $3\frac{1}{2}$ per cent. inscribed stock, due 1929-49, at par, six months' interest to be paid on the Treasury bills on 1st July, 1904. The balance was offered to the public, with the option of taking $3\frac{1}{2}$ per cent. stock at £92 12s. 6d., or 4 per cent. Treasury bonds at £98 15s. The total amount of inscribed stock sold to the 30th June, 1904, was £2,964,720, and the amount of Treasury bonds issued was £2,254,800. The net proceeds amounted to £2,650,419 and £2,185,832 respectively, and the actual rates realised per £100 were £3 18s. $3\frac{1}{2}$ d. on the stock, and £4 2s. 6d. on the Treasury bonds. The total amount of the loan, if all bonds are converted into stock on or before the 31st December, 1905, will be £5,309,712, and the saving in interest will be approximately 15s. per cent.

Queensland, in January, 1893, placed a $3\frac{1}{2}$ per cent. loan of £1,182,400 on the London market, the average price obtained being £88 14s. $0\frac{1}{2}$ d. The charges were heavier than usual, as the loan was underwritten at the rate of 1 per cent.

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

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

In July, 1898, an amount of £100,000 at 3 per cent. was sold locally at £97 1s. 5d. per £100, and in December, 1899, further sales to the extent of £750,000, also at 3 per cent., took place at an average of 97. In July, 1900, loans amounting to £150,000 at 3 per cent., and £1,400,000 at the same rate, were floated in Brisbane and London respectively, the average prices realised being £97 for the former issue, and £94 0s. 2d. for the latter. The expenses of the London issue were largely increased owing to an underwriting commission of $1\frac{1}{4}$ per cent. In 1900, further sales to the amount of £2,374,213 took place, £1,000,000 of which bearing interest at $3\frac{1}{2}$ per cent.

was sold locally, and the balance, which carries 3 per cent., in London. The former realised £99 7s. 7½d. (net) per £100, and the latter, £88 12s. 4d. per £100.

In July, 1903, a 3½ per cent. loan for £750,000, maturing in 1945, was floated in London. The gross price obtained was £96, and after deducting the expenses of issue the net proceeds amounted to £697,500, the actual interest payable being therefore £3 15s. 3d. per cent.

Another class of stock was authorised in 1895, viz., Government Savings Bank Stock. The object of the establishment of this class of security was to enable depositors of over £200 to earn interest on such excess. On the 30th June, 1904, the amount outstanding was £1,074,070, of which £983,380 is bearing interest at 3½ per cent., and £90,690 at 3 per cent.

During 1893 three issues of Treasury bills were placed locally, viz., £222,500 in January, £5,000 in April, and £11,000 in December. The rate of interest was 4 per cent., and the bills have been redeemed. 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. Bills to the amount of £286,000, which were issued during 1897-8, under the 1893 Act, have been purchased with the proceeds of the Savings Bank Stock. Under the Treasury Bills Act of 1901, authority was given for the issue of bills to the amount of £530,000 to cover deficiencies in revenue. The rate of interest was fixed at 4 per cent., and the due date is 1912. The total amount realised, less expenses, was £535,119, or £100 19s. 5d. per £100.

Under the Treasury Bills Act of 1902, authority was given for the issue of bills to the amount of £600,000 to cover deficiencies in revenue. The rate of interest was determined at 4 per cent., and the due date is 1913. The total amount realised, less expenses, was £603,826, or £100 12s. 9d. per £100.

The Treasury bills outstanding on the 30th June, 1904, amounted to £1,130,000, £530,000 of which mature on the 1st January, 1912, and the balance on 1st January, 1913.

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 3½ per cent. In June, 1895, a further issue of £311,000 was floated in Adelaide. In February, 1896, a loan of £839,500 was issued in London, bearing interest at 3 per cent., and redeemable in 1926. The net proceeds, after allowing for charges and accrued interest, amounted to £800,406, or £95 6s. 10d. per cent. In May, 1897, the first of a number of loans under the

"Consolidated Stock Act" was floated in London, amounting to £500,000. Further issues took place in Adelaide for £295,835 and £606,800; in London and Adelaide, for £1,500,000; and in Adelaide, for £249,075. Of the last issue, £36,000 was sold at par, on condition of being placed on the London register, while the balance realised £98 17s. 3d. per cent. The first issue of £500,000 was sold for £94 7s. 4d.; the £295,835 for £99 18s. 8d.; the £606,800, for £98 3s. 9d.; and the £1,500,000, for £94 17s. 10½d. per cent. The total issues under the "Consolidated Stock Act" to the 30th June, 1903, amounted to £5,094,245. All these loans bear interest at the rate of 3 per cent., and mature in 1916. On the 4th April, 1900, an issue of £1,000,000 at 3 per cent. was floated in London, being part of the loan authorised under the "Public Purposes Loan Act of 1898," the minimum price being fixed at 94½. The net proceeds, after allowing for charges, amounted to £92 3s. 1½d. per £100. During 1899-1900, stock to the amount of £518,970 was disposed of in Adelaide, the net price realised being £95 7s. 11d., while in 1900-1, further local sales, amounting to £384,325, were effected at an average price of £94 7s. 6¼d. These issues bear the same rate, and are redeemable on the same date, as the former consolidated stock loans. During 1901-2, a small parcel of £64,240 was sold locally at £95 6s. 10d., and in 1902-3 £3,600 at about £92.

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 bills have all been redeemed.

In order to liquidate the debt due by the Northern Territory to South Australia proper, authority was obtained in 1901 to issue Treasury bills to the amount of £849,500 at 3½ per cent. The whole of the bills were floated at par, and, with the exception of £200,000 sold in London, were negotiated locally.

During the year ended 30th June, 1903, it became necessary to issue Treasury bills to liquidate the deficit of the previous year, and to provide funds for carrying on works in progress without appealing to the London money market, which was not in a favourable condition. An issue of Treasury bills, in aid of revenue, to the amount of £238,950 was made, the expenses in connection with which totalled £607. The bills were for periods extending from two to seven years, carrying interest at the rate of 3½ per cent. Other bills, to aid the loan fund, were issued to the extent of £367,775, the total expense attached to which was £2,568. The bills have a currency of from two to five years, and carry interest at the rate of 3½ per cent.

During the year ended 30th June, 1904, Treasury bills to the amount of £812,775 were issued, of which £66,125 carries interest at

the rate of $3\frac{1}{2}$ per cent. and the balance 4 per cent. The bills have a currency ranging from three to five years.

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 state floated a $3\frac{1}{2}$ per cent. loan of £750,000, having a forty years' currency, but redeemable from 1915 on twelve months' notice being given. The minimum price was fixed at 99, and the average obtained was £103 1s. 5d., or, deducting accrued interest, £101 9s. 2d.

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

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

In January, 1898, an issue of £1,000,000 was placed in London, being the first instalment under the Coolgardie Gold-fields Water Supply Loan Act, the minimum price being fixed at £95, and the rate of interest 3 per cent. For this, applications to the amount of £2,891,250 were received. The loan matures in 1927, and the net proceeds were £94 15s. 3d. per £100.

In July, 1898, a further issue of £1,000,000 was floated in London, being the second instalment under the Loans Act of 1896, the minimum price being fixed at £94, and the rate of interest 3 per cent. At the public tendering only £550,000 were offered, which brought an average price of £94 3s. 4d. The balance was sold afterwards at the minimum, which brought the average down to £94 1s. 10d. per cent. The loan is redeemable in 1935, and the net proceeds per £100 amounted to £91 19s. 4d.

In March, 1900, another issue of £1,000,000 was floated in London, the minimum price being fixed at £93 $\frac{1}{4}$, and the rate of interest 3 per cent. The amount offered was £1,570,000, and the average price obtained was £93 12s. 9 $\frac{1}{4}$ d. per cent., while the net proceeds per £100, after deducting accrued interest and expenses, came to £89 13s. 2d. In November, 1900, loans to the amount of £880,000 were negotiated, the rate of interest being raised to $3\frac{1}{2}$ per cent. The net proceeds per £100 were £96 8s. 3d. and the rate paid by the Government, allowing for

redemption at par at the latest date of maturity (1935) was £3 13s. 8d., while the corresponding yield to original investors was £3 11s.

During the year ended 30th June, 1904, loans aggregating £468,290 were floated locally, but no particulars in connection with them are yet available.

The Government has authority to issue Treasury bills, but there were no bills outstanding on the 30th June, 1904.

Tasmania, in March, 1893, issued a $3\frac{1}{2}$ per cent. loan of £800,000, which was part of the £2,100,000 authorised in December, 1892. The loan was only a partial success, £600,000 being taken up and the balance withdrawn. The average price realised per £100 was £92 2s. 2d. In 1894 a loan of £1,000,000 was negotiated in London, the rate of interest being 4 per cent., and the date of maturity between 1920 and 1940, at the option of the Government on 12 months' notice being given. The average amount realised per £100 was £101 4s. 3d. In February, 1895, a $3\frac{1}{2}$ per cent. loan of £750,000 was floated, redeemable in 1940, or from 1920 on 12 months' notice being given. The price realised was £98 6s. 1d. In 1901, stock to the amount of £450,000 was sold in London, being the first 3 per cent. loan placed there. The amount realised averaged 92 per £100, but no other particulars are available.

In 1895 authority was given for the issue of £250,000 "local inscribed stock" to cover deficiencies in revenue, and in 1896 and 1897 further sums of £250,000 in each year, and a sum of £100,000 in 1898, were authorised. Prior to the passing of the Appropriation Act of 1899 the whole of the local inscribed stock hitherto raised in the state was placed in the Treasury books to an account for stock raised temporarily in aid of Consolidated Revenue; but as the amount raised was far in excess of revenue requirements, and was largely being used to meet expenditure on loans and public works accounts, which had not otherwise been provided for, a transfer of the whole of the local inscribed stock then issued, and maturing subsequently to the year 1900, was effected by that enactment, and was marked as an addition to the funded debt of the state. The amount so treated was £510,747, leaving a sum outstanding on the 31st December, 1899, of £91,727, which has been duly paid off.

Local inscribed stock for general purposes was sold during 1900 to the amount of £270,258, the rate of interest being 3 per cent., while during 1901, £136,000 was sold at 3 per cent., £25,000 at $3\frac{1}{4}$ per cent., and £252,000 at $3\frac{1}{2}$ per cent. During 1902, local inscribed stock to the amount of £302,719 was sold, and in 1903 similar stock to the amount of £150,100, but no particulars in connection therewith are available.

During 1894, Treasury bills to the amount of £96,900 were negotiated in the state, viz., £40,500 at 4 per cent. and £56,400 at $4\frac{1}{2}$ per cent., the bills having a currency until 1899 and 1900 respectively. The total amount of Treasury bills floated was £215,000, and they have

all been redeemed. During the year ended 31st December, 1903, Treasury bills in aid of revenue amounting to £107,330 were issued locally.

New Zealand.—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.

In February, 1899, a further issue of £1,000,000 was placed in London, the minimum price being fixed at £96, and the rate of interest 3 per cent. For this stock applications to the amount of £3,027,500 were received. The loan is redeemable in 1945, and the average price secured was £96 11s. per cent. This was the last flotation in London till November, 1901, when a loan of £1,500,000 was floated at 3 per cent. The price of issue was £94 per £100, and the loan was underwritten at a fee of £1 per cent. The amount subscribed by the public was £665,000, and that taken by the underwriters £835,000. The cost of raising the loan was £41,996. Debentures and stocks have been sold locally, £500,000 being disposed of in 1900–1, bearing interest at 4 per cent., and £250,000 in 1901–2 at the same rate of interest. Authority was given to raise £1,750,000 under "The Aid to Public Works and Land Settlement Act of 1902," and £1,000,000 of the loan so authorised, together with £250,000 authorised by "The Government Advances to Settlers Extension Act, 1901," was placed upon the London market in February, 1903, the loan carrying 3 per cent. interest. The price of issue was £94 10s. per £100. Inclusive of £50,000 New Zealand 3 per cent. stock the net amount realised was £1,148,719. During the year ended 31st March, 1903, under the authority of "The Aid to Public Works and Land Settlement Act, 1902," an amount of £750,000, and a sum of £338,700 under "The Land for Settlements Consolidation Act, 1900," were raised locally; these amounts carry interest at the rate of 4 per cent. Under "The Aid to Public Works and Land Settlement Act, 1903," an amount of £500,000 was raised locally or in Australia. The loan carries interest at the rate of 4 per cent., with an alternative currency of five or twenty years at the option of the Government.

The amount of Treasury bills outstanding on the 31st March, 1903, was £700,000; the issue during the ensuing twelve months amounted to £1,100,000, while bills representing £1,100,000 were paid off, leaving the amount outstanding on the 31st March, 1904, at £700,000. As, however, allowance is made for these at the end of the financial year when carrying forward the balance of the Revenue Account, the liability is practically wiped out.

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

State.	Year of Issue.	Year of Maturity.	Nominal—		Net Proceeds, less charges and accrued Interest.		Effective annual Interest per £100 sterling, paid by Government.	
			Inter-est.	Amount of Loan.	Total.	Per cent.	Nominal Interest on net Proceeds.	Rate paid, allowing for redemption at par on maturity.
			per cent.	£	£	£	£ s. d.	£ s. d.
New South Wales.....	1893	1933	4	2,500,000	2,440,549	97·62	4 2 9½	4 3 0½
„	1894	1918	3½	832,000	829,551	99·70	3 10 10	3 10 11
„	1895	1935	3	4,000,000	3,804,573	95·14	3 3 6½	3 4 3½
„	1898	1935	3	1,500,000	1,470,746	98·65	3 1 3½	3 1 6
„	1901	1935	3	4,000,000	3,644,918	91·12	3 6 4	3 9 0
„	1902	1935	3	3,000,000	2,727,191	90·91	3 6 6	3 8 7
Victoria.....	1892	1921-26	3½	2,000,000	1,810,666	90·53	3 18 0	3 19 8½
„	1893	1911-26	4	2,107,000	1,999,733	94·91	4 5 1½	4 6 0
„	1899	1926-49	3	1,600,000	1,491,355	93·21	3 4 4	3 5 7
„	1901	1926-49	3	3,000,000	2,605,875	89·86	3 7 3½	3 8 8
„	1903	....	3½	2,964,720	2,650,419	89·40	.....	.....
Queensland	1893	1930	3½	1,182,400	1,014,162	85·77	4 2 4	4 4 4½
„	1895	1945	3½	1,250,000	1,230,274	98·42	3 11 9	3 11 10½
„	1896	1947	3	1,500,000	1,434,122	95·61	3 3 2½	3 3 7½
„	1900	1950	3	1,400,000	1,277,590	91·26	3 6 3	3 7 0
„	1901	1947	3	1,374,213	1,217,790	88·61	3 8 2½	3 9 4½
„	1903	....	8½	750,000	697,500	93·00	.....	.....
South Australia	1890-4	1939	3½	1,532,900	1,417,457	92·47	3 16 4½	3 17 0
„	1892-4	1939	3½	513,200	497,052	96·85	3 12 11	3 13 2½
„	1896	1926	3	839,500	800,406	95·34	3 3 5	3 4 8½
„	1897	1916	3	500,000	480,246	96·05	3 2 11½	3 5 4½
„	1899	1916	3	1,500,000	1,390,084	92·67	3 5 2½	3 10 2½
„	1900	1916	3	1,000,000	908,125	90·31	3 6 6½	3 14 1
Western Australia....	1892	1911-31	4	400,000	393,211	98·30	4 2 2½	4 2 4½
„	1894	1911-31	4	540,000	544,964	100·92	4 0 0½	4 0 0
„	1895	1915-35	3½	750,000	760,934	101·46	3 9 7	3 9 5
„	1896	1915-35	3	750,000	744,542	99·27	3 3 10½	3 1 0
„	1897	1915-35	3	1,000,000	934,465	93·45	3 4 8½	3 5 9½
„	1898	1927	3	1,000,000	947,610	94·76	3 3 4	3 5 3
„	1898	1915-35	3	1,000,000	919,648	91·96	3 5 8	3 7 8
„	1900	1915-35	3	1,000,000	896,583	89·66	3 7 5	3 9 6
„	1900	1920-35	3½	880,000	843,426	96·41	3 12 7	3 11 0
Tasmania	1893	1920-40	4	1,000,000	994,912	99·49	4 1 2½	4 1 3
„	1895	1920-40	3½	750,000	737,308	98·31	3 11 10	3 12 0
„	1901	....	3	450,000	.....	.....	.....	.....
New Zealand	1895	1945	3	1,500,000	1,394,117	92·94	3 5 0½	3 5 9½
„	1899	1945	3	1,000,000	*833,375	93·34	3 4 9	3 5 6
„	1901	1945	3	1,500,000	1,368,006	91·20	.....	.....
„	1903	....	3	1,250,000	1,148,719	91·89	.....	.....

* Approximate.

The Treasury bills outstanding on the 30th June, 1904, were issued to cover deficiencies in revenue, with the exception of £8,129,300 in New South Wales, of which a sum of £4,000 is overdue, £3,408,800 in Victoria, and £1,180,550 in South Australia. The expenses incurred in these issues were practically nil—except for the flotations by New South Wales in London, the usual charges being made for brokerage, commission, and stamp duty—as the bills were sold at par, or a very small discount, and in some cases even at a premium. Particulars of the cost of Treasury bills negotiated prior to 1896 will be found in previous editions of this work.

EXPENDITURE FROM LOANS.

In the foregoing pages the chief points dwelt upon have been the amount of the public indebtedness and the credit enjoyed by each state as tested by the selling price of its loans. Before closing this chapter it would be well to consider for what purpose the debts were incurred. The services upon which the proceeds of the public loans were expended are various, but the bulk of the expenditure may be placed to the account of the construction of railways, water supply and sewerage, and electric telegraphs. In the early stages of Australasian borrowing the expenditure was moderate, loans being difficult to raise and interest high; but latterly, as the conditions under which loans could be contracted became favourable, especially since 1881, few of the states 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 states 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 either 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. But when every allowance is made for unwise or improvident expenditure, it will be found that by far the larger portion of the proceeds of loans has been well expended. In some instances it will be years, taking a most hopeful view of the situation, before many of the revenue-producing works will yield a sum sufficient to pay working expenses and interest; nevertheless, a practical consideration of the conditions which surround Australasian settlement will demonstrate that in some instances the construction of these works was justifiable, for apart from the consideration that they will ultimately be self-supporting, they have already materially assisted in developing the country's resources, and have largely enhanced the value of the public estate. Whether their cost in all cases should have been charged against the loans account is a

different matter, seeing that the rents obtained from public lands, and proceeds of sales, invariably go into the ordinary revenue of the states.

The following statement gives, under a convenient classification, the loan expenditure of each state during 1903-4 :—

Service.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.
Railways and Tramways	£ 805,520	£ 229,444	£ 388,255	£ 132,376	£ 443,319
Telegraphs and Telephones			16,465		
Water Supply and Sewerage	316,760	113,392	7,327	150,671	130,442
Harbours, Rivers, and Navigation	879,213	3,706	10,073	50,387	84,165
Roads and Bridges	47,812			78	
Public Works and Buildings	164,063	62,331	58,758	81,058	53,243
Defence			9,408	1,157	
Immigration			7,654		Cr. 540
Advances to Settlers	80,600				
Land for Settlement		3,666			
Loans to Local Bodies			105,865		
Total	2,293,973	417,599	603,805	415,727	710,629

Service.	Tasmania.	Commonwealth.	New Zealand.	Australasia.
Railways and Tramways	£ 37,450	£ 2,036,364	£ 828,704	£ 2,865,068
Telegraphs and Telephones		16,465	47,227	63,692
Water Supply and Sewerage		723,592	16,278	739,870
Harbours, Rivers, and Navigation	31,614	1,059,218	10,863	1,070,081
Roads and Bridges	39,037	86,927	387,595	474,522
Public Works and Buildings	30,472	449,930	532,694	982,624
Defence		10,565	38,724	49,289
Immigration		7,114		7,114
Advances to Settlers		80,600	220,350	300,950
Land for Settlement		3,666	632,135	635,801
Loans to Local Bodies	23,550	134,415	221,405	355,820
Total	167,123	4,608,856	2,935,975	7,544,831

The expenditure of the Commonwealth states during 1903-4 from funds derived from the proceeds of loans was £4,608,856. Of this amount, the sum of £4,037,855 was spent on services, the net revenue from which, during the financial year ended 30th June, 1904, amounted to £5,240,803, and the remainder was chiefly devoted to works such as the construction of roads and bridges, and the erection of schools and public buildings, less obviously a proper charge against loan votes. The loan expenditure of the six Commonwealth states and New Zealand during 1903-4 was £7,544,831, of which amount £5,967,590 was spent on works from which a net return of £6,294,087 was received during the year ended 30th June, 1904.

In most of the states the expenditure from loans was greatly reduced during the years 1893 to 1896. In some cases this was to be attributed to a settled policy of retrenchment; but in others, the

difficulty of raising a loan in London affords a more probable explanation. The expenditure, however, since 1897-8, shows a tendency to increase, the figures for the last financial year being largely in excess of the previous five years in the states of New South Wales, Tasmania, and New Zealand. The expenditure was chiefly on account of revenue-producing works; and in the case of New Zealand and Queensland large advances from loans were also made to local bodies. The expenditure of each state during the last five years is given in the following table:—

State.	1899-1900.	1900-1.	1901-2.	1902-3.	1903-4.
	£	£	£	£	£
New South Wales	2,400,943	2,788,120	4,938,212	4,708,815	2,293,973
Victoria	1,005,889	932,265	884,275	729,403	417,599
Queensland	1,182,668	1,212,020	1,161,689	1,022,405	603,805
South Australia	602,650	422,343	566,080	465,554	415,727
Western Australia	878,329	1,495,292	1,545,823	1,665,901	710,629
Tasmania	176,257	283,537	341,994	238,631	167,123
Commonwealth	6,246,736	7,133,577	9,438,073	8,830,709	4,608,856
New Zealand	2,071,604	2,126,141	3,297,100	2,441,865	2,935,975
Australasia	8,318,340	9,259,718	12,735,173	11,272,574	7,544,831

The total expenditure of the proceeds of loans from the commencement of borrowing to the end of the financial year 1903-4 for the six Commonwealth states was £220,121,461, and for the whole of Australasia £277,196,111. Of these sums, £190,661,378, or over eighty-six per cent., was spent by the Commonwealth states, and £221,528,110, or seventy-nine per cent., by the six states of Australia and New Zealand in the construction of railways, water supply and sewerage works, electric telegraphs, the improvement of harbours and rivers, advances to settlers, purchase of estates for the purpose of settlement, and advances to local bodies from which a net revenue of £5,240,000 was received during the last financial year in the case of the Commonwealth states, and in that of the whole of Australasia a net return of £6,294,000. The balance was expended on services which, though non-productive, were claimed by their proposers as being necessary in the interests of 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 states except New South Wales and New

Zealand. The following table shows the total loan expenditure of each state up to the close of the last financial year :—

Service.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.
	£	£	£	£	£
Railways and Tramways	47,903,758	38,317,217	23,518,746	13,725,204	9,050,687
Telegraphs and Telephones	1,294,887	8,366	1,064,975	991,812	269,308
Water Supply and Sewerage	11,245,479	8,803,315	1,250,006	5,064,126	2,873,241
Harbours, Rivers, and Navigation	10,195,735	617,824	2,607,558	1,422,139	2,057,798
Roads and Bridges	1,654,411	108,259	900,221	1,464,736	142,538
Public Works and Buildings	4,864,426	3,190,708	3,170,162	3,473,514	1,086,828
Defence	1,421,976	149,324	380,505	293,840	.....
Immigration	194,430	.....	2,951,617	.....	28,085
Advances to Settlers	508,435	.....	.....	.....	.....
Land for Settlement .....	.....	209,341	.....	235,708	300,000
Loans to Local Bodies .....	.....	.....	2,098,150	.....	.....
Total	70,283,537	51,402,354	37,956,940	26,676,070	15,808,485

Service.	Tasmania.	Commonwealth.	New Zealand.	Australasia.
	£	£	£	£
Railways and Tramways	4,085,243	136,000,855	20,090,453	156,691,808
Telegraphs and Telephones	142,410	3,771,758	1,053,693	4,825,451
Water Supply and Sewerage .....	.....	29,245,167	742,170	29,987,337
Harbours, Rivers, and Navigation	472,453	17,373,507	1,002,216	18,375,723
Roads and Bridges	2,214,783	6,482,948	6,635,843	13,118,791
Public Works and Buildings	1,397,540	17,188,178	16,651,512	33,839,690
Defence	128,180	2,379,825	772,563	3,152,388
Immigration	235,000	3,409,132	2,148,000	5,557,132
Advances to Settlers .....	.....	508,435	3,543,749	4,052,184
Land for Settlement .....	.....	745,049	2,631,148	3,376,197
Loans to Local Bodies	318,457	2,410,607	1,803,303	4,219,910
Total	8,994,066	220,121,461	57,074,650	277,196,111

In the New Zealand returns, old provincial debts contracted prior to 1876, amounting to £11,535,469, have been included under the head "Public works and buildings," as there is no available record of the services upon which the loans of the old Provincial Governments were expended, except for the construction of railways. There is, however, no doubt that a very large proportion of this expenditure was incurred for war purposes, the cost of suppressing the Maori risings between 1860 and 1870 being charged to loan votes. 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 state, the amount thus expended is unimportant, as this service in the other states is generally in the hands of municipal authorities or private companies. The Governments of New South Wales and New Zealand have borrowed money for the purpose of making advances to settlers for the improvement of their holdings, such advances being interest bearing and repayable by instalments. The sums advanced by the respective Governments named were—New South Wales, £508,435, to the 30th June, 1904, and New Zealand, £3,543,759, to 31st March, 1904.

In the case of New South Wales a sum of £724,733 was spent on immigration before the inauguration of the General Loan Account, but it is not included in the above table. The total expenditure on immigration in the states comprising the Commonwealth was, therefore, £4,133,865, and for Australasia, £5,281,865.

The subjoined table shows the expenditure per inhabitant on the basis of the figures given in the table on page 732 :—

Service.	New South Wales.			Victoria.			Queensland.			South Australia.			Western Australia.			Tasmania.			Commonwealth.			New Zealand.			Australasia.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
Railways and Tramways.	33	0	3	31	13	10	45	3	5	37	5	5	39	16	11	22	17	10	34	14	3	32	6	3	32	18	2
Telegraphs and Telephones.	0	18	1	0	0	2	2	0	11	2	13	10	1	3	8	0	16	0	0	19	2	1	5	6	1	0	3
Water Supply and Sewerage.	7	17	1	7	5	7	2	8	4	13	15	0	12	13	0	....	7	8	8	0	17	11	6	5	11		
Harbours, Rivers, and Navigation.	7	2	5	0	10	3	5	0	2	3	17	3	0	1	2	2	12	11	4	8	4	1	4	3	3	17	2
Roads and Bridges.	1	3	1	0	1	9	1	14	7	3	19	6	0	12	7	12	8	2	1	12	11	8	0	7	2	15	1
Public Works and Buildings.	3	8	0	2	12	9	6	1	10	9	8	11	4	15	8	7	16	7	4	7	4	20	3	1	7	2	2
Defence	0	10	10	0	2	6	0	14	10	0	16	0	....	0	14	4	0	12	11	0	18	8	0	13	3		
Immigration.	0	2	9	....	....	....	5	13	5	....	0	2	6	1	6	4	0	17	4	2	12	0	1	3	4		
Advances to Settlers.	0	7	1	....	....	....	....	....	....	....	....	....	....	....	....	....	0	2	7	4	5	9	0	17	0		
Land for Settlement.	....	....	....	0	3	5	....	....	....	0	12	10	1	6	5	....	0	3	10	3	3	8	0	14	2		
Loans to Local Bodies.	....	....	....	....	....	....	4	0	7	....	....	....	....	....	....	1	15	8	0	12	4	2	3	8	0	17	9
Total.....	55	7	7	42	10	3	72	18	1	72	8	9	69	11	11	50	7	10	55	19	8	69	1	4	58	4	3

A perusal of the previous pages indicates that while the public debt of the states of the Commonwealth, on the 30th June, 1904, aggregated £227,637,163, there has been an expenditure of £220,121,461 on public services; and that in New Zealand the total debt stood at £57,522,215 and the loan expenditure £57,040,650. An attempt has been made in the previous pages to classify this expenditure under such specific headings as would admit of the amount being ascertained on which there is a margin left after the payment of working expenses to meet interest on capital cost. In the subjoined table the receipts, expenditure, and the amount available to meet the interest on capital expenditure in connection with the services are set forth, and it will be observed that so far as the Commonwealth states are concerned, the net revenue shows a return of 2·30 per cent. on the public debt of the states, and for the whole of Australasia, 2·21 per cent. In the consideration of these figures, the fact must not be overlooked that the transactions of the past twelve months can by no means be considered normal, inasmuch as the greater part of Australia, and certainly that portion involving the most vital interests, has not altogether recovered from the effects of a severe drought, and as a consequence not only were the avenues

of revenue restricted, but the working expenditure necessary to obtain the results secured unduly increased. There may have been other items of receipts that might be included but have been overlooked; the sum of such items in any case would, however, be very small.

Service.	New South Wales.			Victoria.		
	Receipts.	Expendi- ture.	Amount available to meet interest on capital cost.	Receipts.	Expendi- ture.	Amount available to meet interest on capital cost.
Railways and Tramways	£ 4,263,744	£ 2,921,026	£ 1,342,718	£ 3,400,243	£ 1,894,553	£ 1,505,690
Water Supply and Sewerage	444,148	141,550	302,598	190,401	28,163	162,238
Harbours, Rivers, and Navigation	407,763	282,765	124,998	77,673	32,205	45,468
Advances to Settlers	12,158	4,456	7,702	.....	.....	.....
Loans to Local Bodies .....	.....	.....	.....	.....	.....	.....
Land for Settlement .....	.....	.....	.....	6,049	.....	6,049
Total	5,127,813	3,349,797	1,778,016	3,674,366	1,954,921	1,719,445

Service.	Queensland.			South Australia.		
	Receipts.	Expendi- ture.	Amount available to meet interest on capital cost.	Receipts.	Expendi- ture.	Amount available to meet interest on capital cost.
Railways and Tramways	£ 1,296,961	£ 810,251	£ 486,710	£ 1,178,396	£ 693,600	£ 484,796
Water Supply and Sewerage .....	.....	.....	.....	144,839	44,842	99,997
Harbours, Rivers, and Navigation .....	.....	.....	.....	26,788	11,349	14,439
Advances to Settlers .....	.....	.....	.....	.....	.....	.....
Loans to Local Bodies	101,218	.....	101,218	.....	.....	.....
Land for Settlement .....	.....	.....	.....	15,220	160	15,060
Total	1,398,179	810,251	587,928	1,364,243	740,951	614,292

Service	Western Australia.			Tasmania.		
	Receipts.	Expendi- ture.	Amount available to meet interest on capital cost.	Receipts.	Expendi- ture.	Amount available to meet interest on capital cost.
Railways and Tramways	£ 1,612,608	£ 1,228,235	£ 334,373	£ 248,024	£ 166,351	£ 81,073
Water Supply and Sewerage	78,259	13,738	64,521	.....	.....	.....
Harbours, Rivers, and Navigation .....	.....	.....	.....	.....	.....	.....
Advances to Settlers .....	.....	.....	.....	.....	.....	.....
Loans to Local Bodies .....	.....	.....	.....	10,555	.....	10,555
Land for Settlement .....	.....	.....	.....	.....	.....	.....
Total	1,690,867	1,241,973	448,894	258,579	166,351	92,228

Service.	Commonwealth.			New Zealand.		
	Receipts.	Expenditure.	Amount available to meet interest on capital cost.	Receipts.	Expenditure.	Amount available to meet interest on capital cost.
	£	£	£	£	£	£
Railways and Tramways	11,999,976	7,714,016	4,235,960	2,167,992	1,451,954	716,038
Water Supply and Sewerage	857,647	228,293	629,354	.....	.....	.....
Harbours, Rivers, and Navigation	511,224	326,319	184,905	.....	.....	.....
Advances to Settlers	12,158	4,456	7,702	132,712	8,632	124,080
Loans to Local Bodies	111,773	.....	111,773	67,498	.....	67,498
Land for Settlement	21,269	160	21,109	150,407	4,739	145,668
Total	13,514,047	8,273,244	5,240,803	2,518,009	1,465,325	1,053,284

Service.	Australasia.		
	Receipts.	Expenditure.	Amount available to meet interest on capital cost.
	£	£	£
Railways and Tramways	14,167,968	9,165,970	5,001,998
Water Supply and Sewerage	857,647	228,293	629,354
Harbours, Rivers, and Navigation	511,224	326,319	184,905
Advances to Settlers	144,870	13,088	131,782
Loans to Local Bodies	179,271	.....	179,271
Land for Settlement	171,676	4,890	166,777
Total	16,032,656	9,738,569	6,294,087

EXPENDITURE BY THE GOVERNMENT AND LOCAL BODIES.

The question of Local Government is dealt with in another chapter. It is well, however, to give here a statement of the total amount which has passed through the hands of the general and local governments. The sum can in no sense, however, be taken as the cost of governing the various states; as will appear from page 696, this may be taken as £15,657,223 for the six Commonwealth states, and £18,992,124 for the whole of Australasia.

The total sum expended by the general and local governments of the Commonwealth states during the year 1903-4 was £37,944,705, or £9 12s. 10d. per head, and for Australasia £49,689,520, or £10 8s. 7d. per head. Of these large sums, £29,127,665, or £7 8s. per inhabitant, was spent by the general governments of the six Commonwealth states from their revenues, and £4,608,856, or £1 3s. 5d. per inhabitant, from loans; the local expenditure—exclusive, of course, of a sum equal to the

Government endowment—was £4,208,184, or £1 1s. 5d. per inhabitant. For the six Commonwealth states and New Zealand the expenditure by the general government from revenue was £35,561,946 or £7 9s. 4d. per inhabitant, and from loans £7,544,831, or £1 11s. 8d. per inhabitant; while the local expenditure, exclusive of government endowment, amounted to £6,582,743, or £1 7s. 7d. per inhabitant.

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

State.	General Government.		Local Government.	Total.
	From Revenue.	From Loans.		
	£	£	£	£
New South Wales.....	11,319,887	2,293,973	927,560	14,541,420
Victoria	6,914,993	417,599	2,187,897	9,520,489
Queensland.....	3,607,864	603,805	452,202	4,663,871
South Australia.....	2,707,253	415,727	244,893	3,367,873
Western Australia.....	3,698,312	710,629	201,837	4,610,778
Tasmania.....	879,356	167,123	193,795	1,240,274
Commonwealth	29,127,665	4,608,856	4,208,184	37,944,705
New Zealand	6,434,281	2,935,975	2,374,559	11,744,815
Australasia	35,561,946	7,544,831	6,582,743	49,689,520

The expenditure per inhabitant, under the same classification, will be found below. The distribution of the expenditure for New South Wales, between general and local government, is to some extent misleading, as 38 per cent. of the population lives outside the boundaries of the municipalities :—

State.	General Government.		Local Government.	Total.
	From Revenue.	From Loans.		
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
New South Wales..	7 18 2	1 12 1	0 12 11	10 3 2
Victoria	5 14 5	0 6 11	1 16 2	7 17 6
Queensland	6 18 7	1 3 2	0 17 4	8 19 1
South Australia ...	7 7 0	1 2 7	0 13 4	9 2 11
Western Australia.	16 5 7	3 2 7	0 17 9	20 5 11
Tasmania	4 18 7	0 18 8	1 1 7	6 18 10
Commonwealth	7 8 0	1 3 5	1 1 5	9 12 10
New Zealand	7 15 9	3 11 1	2 17 0	14 3 10
Australasia ...	7 9 4	1 11 8	1 7 7	10 8 7