

FINANCE.

GENERAL REVENUE AND EXPENDITURE.

THE functions of Government are much alike in all the provinces of Australasia, and, therefore, it is only to be expected that similar items of expenditure will be found in the budgets of each. The chief difference is the extent to which local requirements are provided for out of general revenue. In most of the Colonies the provision for local improvements is a matter very largely of local concern, but in New South Wales and Western Australia the central government still charges itself with the construction of public works of purely local character, especially in rural districts, hence the appearance in the statements of expenditure of these Colonies of items of large amount which find no parallel in the other Colonies. So far as New South Wales is concerned, the system is on all hands agreed to be wasteful, and open to much abuse, and there is some hope that a comprehensive system of local government may be passed into law at no distant date. All the Governments assist the local administrations by grants proportionate to the sum raised locally, and these subsidies are in some sense a set-off against the revenues which the State receives from public lands.

Need for local government in New South Wales.

Services undertaken by the State.

Railway communications, electric telegraphs, and postal services are almost entirely in the hands of the State, and also, in some instances, water conservation, water supply, and sewerage works, and it is on account of the expenses of such services that the Australasian budgets mount up to such large figures.

The total income of the Australasian Governments for the year Public Income. 1891-2 amounted to £30,270,416, and their expenditure to £31,140,273, leaving an apparent deficit of £869,857. The revenue returns of all the Colonies are for the fiscal year only, and take no account of balances carried over from a previous year. This is an important consideration in dealing with Australasian finances, as the expenditure set against a particular year is quite irrespective of whether it rightly forms a charge against that year, or partly also against other years. The revenue and expenditure for each of the Colonies were as follows :—

Colony.	Total.		Per Inhabitant.	
	Revenue.	Expenditure.	Revenue.	Expenditure.
	£	£	£ s. d.	£ s. d.
New South Wales.....	10,501,104	10,536,820	8 17 10	8 18 5
Victoria	7,729,572	8,482,917	6 13 6	7 6 6
Queensland	3,473,716	3,625,281	8 9 4	8 16 8
South Australia.....	2,741,623	2,737,133	8 8 4	8 8 0
Western Australia ...	543,889	550,616	9 14 4	9 16 8
Tasmania	883,199	851,559	5 18 7	5 14 4
New Zealand	4,397,313	4,355,947	6 16 11	6 15 8
Australasia.....	30,270,416	31,140,273	7 14 4	7 18 10

The New South Wales and Western Australian returns are Fiscal years. for the year ending December, 1892; those of Victoria, Queensland, and South Australia, are for the fiscal year ending with June, 1892. The New Zealand figures are for the year ending March 31, 1893, and the Tasmanian return is for the year which closed with December, 1891.

REVENUE.

The revenue is mainly derived from taxation, which produced Sources of revenue. £12,182,771, and from public services, such as railways, post and telegraphs, which yielded £12,103,270; in all £24,286,041, or

SOURCES OF REVENUE.

over 80 per cent. of the total revenue. The following table shows the revenue of each Colony, arranged under the various heads:—

Colony.	Taxation.		Railways.	Post and Tele-graphs.	Public Lands.	All other Revenue.	Total Revenue.
	Customs.	Other.					
	£	£	£	£	£	£	£
New South Wales ..	2,677,890	771,897	3,416,496	650,635	2,214,062	770,124	10,501,104
Victoria	2,388,961	783,446	3,098,251	484,035	519,379	454,900	7,729,572
Queensland	1,145,660	290,161	1,025,700	214,898	626,465	170,763	3,473,716
South Australia....	615,597	197,272	1,229,598	205,812	241,963	251,381	2,741,623
Western Australia..	276,554	23,169	94,258	35,572	78,028	35,708	543,889
Tasmania	376,130	126,009	168,046	73,150	85,233	54,631	883,199
New Zealand	1,642,590	867,435	1,174,099	232,051	300,675	180,463	4,307,313
Total, Australasia	9,123,332	3,059,389	10,206,517	1,896,753	4,066,465	1,917,970	30,270,416

Revenue per head.

The revenue per head averaged £7 14s. 4d., and ranged from £5 18s. 7d. for Tasmania, to £9 14s. 4d. for Western Australia. The rate for each Colony, subdivided into the classification adopted in the previous table, was as follows:—

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

Revenue from taxation.

The Colonies differ considerably in respect to the proportion of revenue raised by taxation. Thus, in New Zealand, 57·1, and in Tasmania, 56·9 per cent. of the revenue passing through the hands

of the Government is due to this source, while in New South Wales the proportion only reaches 32·8 per cent.; the comparison, however, is only interesting as showing the large territorial revenue which New South Wales is fortunate enough to possess.

The amount of taxation collected during 1891-2 is shown in the following table. The revenue has been divided into direct and indirect, according to the usually accepted classification :—

Direct and
indirect
taxation.

Colony.	Total.			Per Inhabitant.		
	Direct.	Indirect.	Total.	Direct.	Indirect.	Total.
	£	£	£	£ s. d.	£ s. d.	£ s. d.
New South Wales	349,795	3,099,992	3,449,787	0 5 11	2 12 6	2 18 5
Victoria	620,139	2,552,263	3,172,407	0 10 9	2 4 1	2 14 10
Queensland	190,318	1,245,503	1,435,821	0 9 3	3 0 9	3 10 0
South Australia	176,015	636,854	812,869	0 10 10	1 19 1	2 9 11
Western Australia	11,904	237,819	299,723	0 4 3	5 2 10	5 7 1
Tasmania	84,274	417,867	502,139	0 11 4	2 16 1	3 7 5
New Zealand	808,047	1,701,973	2,510,025	1 5 2	2 13 0	3 18 2
Australasia	2,240,400	9,942,281	12,182,771	0 11 5	2 10 8	3 2 1

It is interesting to compare these figures with the returns of ten years ago, which are given below. Much the same features are displayed by all the Colonies. The shrinkage of other revenue, and the failure of land sales, have necessitated the adoption of direct taxation, while the Customs Revenue has also increased as compared with the population, not through the increased purchasing power of the people, but by reason of the extension of the number of dutiable articles and increase in the duties levied. The returns for 1881 were :—

Increase in ten
years.

Colony.	Total.			Per Inhabitant.		
	Direct.	Indirect.	Total.	Direct.	Indirect.	Total.
	£	£	£	£ s. d.	£ s. d.	£ s. d.
New South Wales	192,503	1,573,345	1,770,848	0 5 0	2 1 3	2 0 3
Victoria	347,782	1,635,345	1,983,127	0 8 1	1 18 0	2 0 1
Queensland	49,311	608,443	657,754	0 4 7	2 10 7	3 1 2
South Australia	14,522	569,617	584,139	0 1 1	2 2 7	2 3 8
Western Australia	1,206	114,919	116,125	0 0 10	3 17 10	3 18 8
Tasmania	66,748	283,398	350,146	0 11 5	2 8 6	2 19 11
New Zealand	406,802	1,480,507	1,886,309	0 10 6	3 0 1	3 16 7
Australasia	1,077,874	6,270,574	7,348,448	0 10	2 5 8	2 13 6

Methods of
taxation.

Customs, Excise, and Stamp Duties, with License Fees are the ordinary forms of taxation in each Colony; in addition to these, in Victoria a land tax on large estates has been imposed since 1877, a land and dividend tax in Tasmania since 1880, a land and income tax in South Australia since 1884, a dividend tax in Queensland since 1890, while New Zealand, after trying a land and property tax, now levies a graduated land and income tax. The land and property tax, however, was in force during part of the year 1892, as the subjoined table will show. In New South Wales several attempts have been made to introduce land and income taxes, and, quite recently, an income tax was proposed by the Government, but, so far, parliamentary sanction to this system of taxation has not been obtained.

Sources of
revenue.

The following is a statement of the amount derived from various sources of direct taxation in each of the Colonies during 1891-2 :—

	Stamp Duties.	Total amount of Direct Taxation.
	£	£
New South Wales ...	349,795	349,795
Victoria	493,488	620,139
Queensland	127,483	190,318
South Australia	61,509	176,015
Western Australia ...	11,904	11,904
Tasmania	30,407	84,272
New Zealand.....	426,373	908,047

Revenue not
proportionate to
tariffs.

The Colony with the highest revenue from import duties as compared with population is Western Australia, South Australia being at the other end of the scale. A false impression is apt to be gathered from a bare statement of the amounts per head, as it may be assumed that the provinces obtaining the least revenue are the most lightly taxed, while those with large revenues are heavily burthened. The truth is often the reverse of this. Where the taxation is obtained through the custom house, a low consumption of taxable goods under a high tariff—such as is the case in

South Australia—may give a revenue per inhabitant not greater than a high consumption under a lower tariff, as is the case of New South Wales. A reference to the table on page 327 will show the correctness of this.

Australasia raises in proportion to its total income a less sum by taxation than most countries concerning which information is available, as the following table shows. The figures, however, prove very little, because in most of these countries taxation is the chief source of revenue, while in the Colonies a large share of the income is obtained from railways and telegraphs, which, in older countries, are generally in the hands of private companies.

A return is given below showing the percentage of direct and indirect Taxation to total revenue exclusive of the receipts from Railways and Electric Telegraphs. The returns are either for 1890 or 1891 :—

Country.	Total Revenue less Receipts from Railways and ElectricTelegraphs	Taxation.	Percentage of Revenue derived from Taxation to total in first column.
	£	£	
United Kingdom	88,514,786	75,340,000	85·1
Russia	88,387,100	62,516,900	70·7
Italy	65,754,409	51,042,127	77·6
United States	81,794,000	76,085,000	93·0
Canada	7,371,706	6,315,448	85·7
Cape Colony	2,301,497	1,654,583	71·9
Australasia	19,431,600	12,182,771	62·7

The practice of treating money derived from the sale and occupation of Crown lands as revenue obtains in all the Colonies, and the money so raised forms one of the largest items of their annual 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 to construct public 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

Taxation compared with total revenue.

Revenue from sale of land.

declining year by year, both absolutely and when compared with population. In New South Wales and South Australia the falling off has been most noticeable; in the former the revenue from this source is now some £150,000 less than was the case ten years ago, while in South Australia the revenue from land sales has almost disappeared.

Sinking fund.

In only three of the Colonies is a general sinking fund established to assist in the redemption of public loans on maturity. The desirability of such a fund is on all sides admitted, and a portion of the proceeds of lands sales could, with advantage, be set apart from the general revenue and devoted to this purpose.

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

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

Decline in land revenue.

Compared with 1881, the land revenue for 1892 shows a large decline, in all amounting to £1,630,708; the falling off is found entirely in the amount of revenue from sales; that derived from rents has largely increased. However, general remarks applicable to all the Colonies can scarcely be made. New South Wales

obtained £2,483,338 for land sales in 1881, out of a total of £4,691,672 for all the Colonies, or more than one half, while from occupation its revenue was £337,651 out of £1,005,441, or little more than one-third; in 1892 the revenue of that Colony from sales amounted to £1,195,389, still a large amount, but £1,287,949 short of the receipts of 1881. In regard to occupation, a different condition of things is disclosed—the receipts in New South Wales during 1892 rose to £1,018,673, or by £681,000 as compared with 1881, and amounting to more than half the aggregate for Australasia. The following are the figures for 1892 for all the Colonies:—

Colony.	Total.			Per Inhabitant.		
	Revenue received.		Total.	Revenue received.		Total.
	From Auction and other classes of sales.	Occupation, &c., of Crown lands.		From Auction and other classes of sales.	Occupation, &c., of Crown lands.	
	£	£	£	£ s. d.	£ s. d.	£ s. d.
New South Wales	1,195,389	1,018,673	2,214,062	1 0 3	0 17 3	1 17 6
Victoria	392,544	126,835	519,379	0 6 10	0 2 2	0 9 0
Queensland	261,265	365,200	626,465	0 12 8	0 17 10	1 10 6
South Australia ...	59,923	182,040	241,963	0 3 8	0 11 2	0 14 10
Western Australia	20,048	58,580	78,628	0 7 2	1 1 0	1 8 2
Tasmania	42,043	43,190	85,233	0 5 8	0 5 9	0 11 5
New Zealand	110,355	190,320	300,675	0 3 5	0 5 11	0 9 4
Australasia ...	2,081,567	1,984,838	4,066,405	0 10 7	0 10 2	1 0 9

PUBLIC EXPENDITURE.

The amount disbursed by the Government of New South Wales is far larger than that of any other Colony of the group; it exceeds that of Victoria by from one to two millions, and is equal to the united expenditure of New Zealand, Queensland, and South Australia.

Large expenditure of New South Wales.

Total expenditure.

The total expenditure during 1891-2 for each Colony, distributed under various heads, was:—

Colony.	Railways.	Post and Telegraphs.	Public Instruction.	Interest and charges on Public Debt.	All other Services.	Total Expenditure.
	£	£	£	£	£	£
New South Wales..	2,150,220	759,017	847,790	1,979,327	4,800,466	10,536,820
Victoria	2,131,787	628,382	776,308	1,705,139	3,241,306	8,482,917
Queensland	633,502	329,055	252,639	1,167,061	1,243,024	3,625,281
South Australia ..	676,732	196,995	140,779	902,616	820,011	2,737,133
Western Australia ..	92,600	49,975	15,397	98,211	294,433	550,616
Tasmania	147,896	78,480	43,577	263,853	317,753	851,559
New Zealand	729,276	277,224	377,941	1,821,129	1,150,377	4,355,947
Australasia ..	6,562,013	2,319,128	2,454,426	7,937,336	11,867,370	31,140,273

Details of expenditure.

It will be seen from the foregoing statement that 21·1 per cent. of the whole expenditure is for working the railways of the Colonies, a service not usually undertaken by the State. Post and Telegraphs absorb 7·4 per cent., Public Instruction 7·9 per cent., and the interest on the Public Debt 25·5 per cent.

Expenditure per inhabitant.

Adopting the classification of expenditure used in the preceding table, the amount per inhabitant of each province is given below. It may be here mentioned that in New South Wales the street tramways are the property of the State, and are under the same management as the railways, and are included therewith in the various statements in this chapter relating to revenue and expenditure:—

Colony.	Railways.	Post and Telegraphs.	Public Instruction.	Interest and charges on Public Debt.	All other Services.	Total Expenditure.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
New South Wales..	1 16 5	0 12 10	0 14 4	1 13 6	4 1 4	8 18 5
Victoria	1 16 10	0 10 10	0 13 5	1 9 5	2 16 0	7 6 6
Queensland	1 10 10	0 16 0	0 12 4	2 16 11	3 0 7	8 16 8
South Australia ..	2 1 6	0 12 1	0 8 8	2 15 5	2 10 4	8 8 0
Western Australia	1 13 1	0 17 10	0 5 6	1 15 1	5 5 2	9 16 8
Tasmania	0 19 10	0 10 6	0 5 10	1 15 6	2 2 8	5 14 4
New Zealand	1 2 8	0 8 8	0 11 9	2 16 9	1 15 10	6 15 8
Australasia ..	1 13 6	0 11 10	0 12 6	2 0 6	3 0 6	7 18 10

The most remarkable feature in the general expenditure is the largeness of the amount required to pay interest on the public debt, both in regard to the rate per head and the proportion of total revenue thus hypothecated. The proportion for Australasia is slightly more than one-fourth of the total expenditure, and £2 Os. 6d. per head of population, while the actual expenditure for each Colony, during 1891-92 was :—

Interest on Public Debt.

Colony.	Interest and Charges on Public Debt.		
	Total.	Per Inhabitant.	Percentage to Total Expenditure.
	£	£ s. d.	
New South Wales	1,979,327	1 13 6	18·8
Victoria	1,705,139	1 9 5	20·1
Queensland	1,167,061	2 16 11	32·2
South Australia	902,616	2 15 5	33·0
Western Australia.....	98,211	1 15 1	17·8
Tasmania	263,853	1 15 6	31·0
New Zealand	1,821,129	2 16 9	41·8
Australasia	7,937,336	2 0 6	25·5

A casual glance at the figures quoted will lend colour to the suggestion sometimes hazarded that the Colonies are too rapidly mortgaging their resources, and that the expense of the public debt will prove a greater burthen than can easily be borne. However true this may be as far as any individual Colony is concerned, it is certainly erroneous as regards the whole of Australasia. Out of the sum £7,937,336, required to pay interest and charges on Public Debt during 1891-2, £3,644,500 was directly recouped by the profit on public railways, while water supply, sewerage, and other productive services yielded a further sum of £513,000, making total of £4,157,500. Besides this, there is a large indirect revenue obtained by each Colony from the opening up of its public lands, and from the construction of breakwaters, lighthouses, bridges, and other works of public utility. But even these advantages might be bought at too dear 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.

Mortgaging the resources.

Form of accounts misleading.

The form in which the Public Accounts of all the Colonies are presented has led to a great deal of misconception regarding the actual requirements of the various Governments for public purposes. Nor has it been possible to do other than adopt 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 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.

South Australia's surplus from services.

Only one Colony—South Australia—is fortunate enough to have a surplus revenue from services after all charges and interest have been defrayed. Several of the other Colonies have a surplus on some of their services, although, on the whole, the receipts exceed the cost of working the services. Treating the services generally as a matter apart from the Public Accounts, and on the one hand taking into consideration as revenue only the surplus (where such exists) after working expenses and interest charges have been allowed for, and on the other hand counting as expenditure only the deficiency of the revenue from the working expenses and interest, the results shown in the following tables are obtained. The services separately dealt with are Railways, Tramways, Telegraphs and Telephones, Water Supply and Sewerage. The Post Office has not been included, inasmuch as it is a matter of governmental administration in all countries. First as regards revenue:—

True adjusted revenue.

Colony.	Revenue from all sources except excluded Services.	Revenue (if any) from Services after deducting cost of Working and Interest.	Total.	
			Revenue as adjusted.	Per Inhabitant.
	£	£	£	£ s. d.
New South Wales...	6,646,662	Nil.	6,646,662	5 12 6
Victoria	4,482,603	Nil.	4,482,603	3 17 6
Queensland	2,360,073	Nil.	2,360,073	5 15 0
South Australia.....	1,268,064	82,253	1,350,317	4 3 0
Western Australia...	433,563	Nil.	433,563	7 19 0
Tasmania	688,297	Nil.	688,297	4 12 5
New Zealand	3,080,714	Nil.	3,080,714	4 15 11
Australasia...	18,959,976	82,253	19,042,229	4 17 1

As already explained, South Australia is the only Colony which Loss on services. can show an actual profit on the services which it carries out; all the other Colonies fail to achieve this desirable result. In the following table the adjusted expenditure is given. From the first column of expenditure the expenses of services have been excluded; in the second the actual cost of such to the State is inserted, after allowing for revenue received and for interest. No sum appears against South Australia, for the reason already explained:—

Colony.	Expenditure except for excluded Services.	Net cost of Services to the State, allowing for Revenue received against Working Expenses and Interest.	Total.	
			Expenditure as adjusted.	Per Inhabitant.
	£	£	£	£ s. d.
New South Wales	6,336,962	345,416	6,682,378	5 13 3
Victoria.....	4,788,104	390,495	5,178,599	4 9 6
Queensland	2,213,456	298,182	2,511,638	6 2 6
South Australia	1,345,827	Nil.	1,345,827	4 2 9
Western Australia	393,866	46,474	440,340	7 17 6
Tasmania	537,674	118,983	656,657	4 8 2
New Zealand	2,882,117	157,231	3,039,348	4 14 8
Australasia	18,498,006	1,356,781	19,854,787	5 1 3

The figures just given show that the actual cost of government Actual cost of Government. is materially less in all the Colonies than would appear from the ordinary statement of revenue and expenditure. The difference is largest in the case of the Colonies of New South Wales and Victoria, in which the various services show the most development; and least in Western Australia, where the opposite condition obtains.

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

First loans
raised.

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, this Colony 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.

Indebtedness
before
responsible
Government.

So far as most of the Colonies are concerned, their Public Debts date from about the time of their assuming the control of their own affairs. Western Australia, however, which obtained responsible government in 1890, incurred liabilities in London as far back as 1872, but in the case of that Colony the granting of parliamentary government was unduly delayed. The following table is interesting as showing the liabilities of each of the Colonies at the date of its taking charge of its own affairs :—

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

Growth of
indebtedness.

No feature of Australasian finance is so astonishing as the growth of the public indebtedness, and this fact forms the gravamen of the indictments which have been urged against the Colonies during the past few years, especially since the great London failure of the house of Baring Brothers. The debts have undoubtedly grown at a much more rapid pace than the population, but as the Colonies were in an entirely undeveloped state when public borrowing first came into favour, the more rapid growth of their

indebtedness as compared with the population was in a sense the corollary of the position taken up by the 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, the figures in the following statement are sufficiently striking :—

Colony.	1861.	1871.	1881.	1892.
	£	£	£	£
New South Wales ...	4,017,630	10,614,330	16,924,019	54,209,933
Victoria	6,345,060	11,994,800	22,426,502	46,681,287
Queensland.....	70,000	4,047,850	13,245,150	30,157,134
South Australia.....	866,500	2,167,700	11,196,800	22,079,925
Western Australia..	.....	.....	511,000	2,261,864
Tasmania .....	.....	1,315,200	2,003,000	7,399,000
New Zealand	600,761	8,900,991	29,659,111	39,257,840
Australasia.....	11,899,951	39,040,871	95,965,582	202,046,983

Increase of debt since 1861.

The increase between the periods has been, in round numbers, from 1861 to 1871, 27 millions; from 1871 to 1881, 57 millions, and from 1881 to 1892, 106 millions.

The figures just given would be incomplete without corresponding information of the debt per head for the same period. In 1861 the debt stood at £9 10s. 5d.; in 1871, £19 16s. 4d.; in 1881, £34 0s. 2d., while in 1892 it was £50 14s. 2d. For each Colony the figures stand as follow :—

Indebtedness per Inhabitant

Colony.	1861.	1871.	1881.	1892.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
New South Wales.....	11 4 5	20 10 0	21 14 8	45 5 9
Victoria	11 14 3	16 0 11	25 9 7	39 19 10
Queensland.....	2 0 9	32 6 11	58 7 2	71 11 8
South Australia.....	6 16 8	11 13 7	39 2 1	65 11 6
Western Australia .....	.....	.....	17 0 6	38 11 0
Tasmania .....	.....	12 18 5	16 16 10	48 6 3
New Zealand	6 1 4	33 6 9	59 4 2	60 7 2
Australasia.....	9 10 5	19 16 4	34 0 2	50 14 2

OUTSTANDING LOANS.

These figures present the amount of the public indebtedness as represented by outstanding debentures or stock, but the real amount is less in the case of Western Australia, New Zealand, and Tasmania, which have established sinking funds. To this matter reference will be made later on.

Varieties of
Stock.

Of the £202,046,983 which constituted the debt of Australasia in 1892, £192,968,244 was funded debt raised either as debentures, funded, or inscribed stock, and £9,078,739 unfunded or floating debt. The particulars for each Colony were, on the 31st December, 1892:—

Colony.	Debenture Bonds.	Inscribed Stock.	Treasury Bills.	Total.
	£	£	£	£
New South Wales	13,476,540	35,680,500	5,052,884	54,209,933
Victoria	22,530,800	23,150,487	1,000,000	46,681,287
Queensland	11,325,500	18,131,634	700,000	30,157,134
South Australia	11,063,100	9,567,600	849,225	22,079,925
Western Australia	451,000	1,810,804	.....	2,261,804
Tasmania	3,815,870	2,106,500	1,476,630	7,399,000
New Zealand	4,608,157	34,649,683	.....	39,257,840
Australasia	67,870,976	125,097,268	9,078,739	202,046,983

Sinking Funds.

As before mentioned, three of the Colonies have sinking funds, which should be reckoned as decreasing the indebtedness shown in the foregoing statement. The amounts of the sinking funds are as follows:—New Zealand, £1,035,449; Western Australia, £99,325; and Tasmania, £145,004.

Rate of interest
to be considered.

The relative burthen of the public debt for each Colony is not to be determined by comparing the gross amount with the population, unless the rate of interest payable is also taken into consideration. Thus the general average interest payable by New

South Wales is 3·80 per cent., while New Zealand pays 4·05 per cent., so that a debt of £100 in the former is not more burthensome than £94 in the latter Colony. A more exact basis of comparison is obtained by taking the interest payable. This is shown in the following table. It will be understood that the interest shown is on the supposition that the debt is outstanding for the whole of the year following the day on which the amounts are made up. The whole debt, funded and unfunded, has been included :—

Colony.	Average rate of Interest.			Interest.	
	Funded Debt.	Unfunded Debt.	Total.	Amount on Outstanding Liabilities on 31st December, 1892.	Per Inhabitant.
	Per cent.	Per cent.	Per cent.	£	£ s. d.
New South Wales...	3·80	4·03	3·82	2,072,861	1 14 8
Victoria	3·98	4·50	3·99	1,862,990	1 11 6
Queensland	3·93	4·00	3·93	1,165,061	2 16 3
South Australia ...	4·07	4·50	4·08	901,517	2 13 7
Western Australia..	4·09	.....	4·09	92,582	1 11 7
Tasmania	4·07	4·67	4·19	309,895	2 0 6
New Zealand	4·05	.....	4·05	1,588,732	2 8 10
Australasia	3·95	4·23	3·96	8,013,638	2 0 3

In 1884 the nominal rate of interest on New South Wales loans was fixed at 3½ per cent., at which rate stock to the amount of £28,494,200 has been sold to January, 1892. It was not till 1888 that this example was followed by any of the other Colonies, when Queensland successfully floated the loan of £2,520, 00 at the reduced rate, and in 1889 Victoria, South Australia, Tasmania,

Comparison of Colonies.

Reduction of nominal interest.

Nominal interest
3½ per cent.

and New Zealand, in the order named, were successful in issuing stock at a similar nominal rate. Western Australia is now the only Colony floating loans other than Treasury Bills, at 4 per cent. The following shows the amount and proportion to the total debt under each rate of interest for each of the group:—

Rate of Interest.	New South Wales.	Victoria.	Queensland	South Australia.	Western Australia.	Tasmania.	New Zealand.
			FUNDED DEBT.				
per cent.	£	£	£	£	£	£	£
Nil.	1,100	.....	.....	.....	.....	.....	311
7	.....	.....	.....	.....	.....	.....	15,000
6½	.....	.....	.....	.....	.....	.....	35,000
6	92,000	.....	705,600	1,116,200	33,000	684,100	233,700
5	4,326,600	2,573,800	.....	300,000	87,400	55,100	1,798,700
4½	.....	.....	.....	.....	.....	41,750	.....
4½	.....	5,000,000	.....	.....	114,900	.....	2,386,439
4	16,243,089	26,107,487	21,384,300	17,564,400	2,026,564	3,034,220	31,305,802
3½	28,494,200	12,000,000	7,307,234	2,250,100	.....	2,107,200	3,482,888
Total	49,157,049	45,681,287	29,457,134	21,230,700	2,261,864	5,922,370	39,257,840
			UNFUNDED DEBT—Treasury Bills.				
5	.....	.....	.....	.....	.....	393,500	.....
4½	.....	.....	.....	.....	.....	472,300	.....
4½	.....	1,000,000	.....	849,225	.....	367,900	.....
4½	750,000	.....	.....	.....	.....	242,930	.....
4	4,302,884	.....	700,000	.....	.....	.....	.....
Total	5,052,884	1,000,000	700,000	849,225	.....	1,476,630	.....
Grand Total	54,209,933	46,681,287	30,157,134	22,079,925	2,261,864	7,399,000	39,257,840

Loans redeemable at fixed dates.

Australasian loans have, with few exceptions, been issued for fixed periods, the only interminable loans being the New South Wales issues of 1855-7 of £2,700, and 1873-6 of £530,189. The date fixed for the redemption of the loans is therefore a matter of very great importance, and a study of the figures found below will show with what small judgment the periods of redemption have been arranged, and how necessary it is that local Treasurers should consider the circumstances not only of their own Colony but those of their neighbours, in determining the currency of a proposed loan. The following figures show the amount of Australasian loans coming due in the various years. It will be understood that where there is an option of various dates for

redemption the last has been assumed as being the date when the loan will fall due :—

Dates of Redemption.

FUNDED DEBT.

	£		£
Overdue ...	1,471	1915 ...	12,828,600
1893 ...	758,700	1916 ...	1,423,500
1894 ...	2,721,550	1917 ...	1,363,800
1895 ...	1,786,793	1918 ...	13,463,100
1896 ...	2,128,600	1919 ...	4,026,000
1897 ...	554,900	1920 ...	6,314,550
1898 ...	1,520,900	1923 ...	7,000,000
1899 ...	2,875,146	1924 ...	31,125,134
1900 ...	951,320	1926 ...	5,000,000
1901 ...	3,602,200	1929 ...	29,350,302
1902 ...	589,200	1930 ...	2,522,400
1903 ...	2,018,000	1931 ...	900,000
1904 ...	5,599,900	1933 ...	7,186,300
1905 ...	191,800	1934 ...	910,864
1906 ...	1,262,400	1935 ...	1,560,400
1907 ...	5,538,500	1936 ...	2,182,400
1908 ...	8,298,000	1939 ...	2,250,100
1909 ...	1,884,500	1940 ...	5,589,388
1910 ...	2,953,000	Interminable ...	532,889
1911 ...	1,076,600	Annual Drawings	1,782,600
1912 ...	353,000	Dates undefined...	1,150,487
1913 ...	6,560,650		
1914 ...	1,278,300	Total ...	<u>£192,968,244</u>

UNFUNDED DEBT.

(Treasury Bills.)

1893 ...	1,590,740	1898 ...	3,230
1894 ...	2,022,660	Annual payments	<u>2,052,884</u>
1895 ...	40,000		
1896 ...	2,490,000	Total ...	<u>£9,078,739</u>
1897 ...	879,225		
		Total Debt...	<u>£202,046,983</u>

The amount of debt repayable in each year from 1893 onward is given for each of the seven colonies in the following statement. For New South Wales the most serious years are happily still far removed ; £11,994,000 fall due in 1918, £16,500,000 in 1924, and £7,186,300 in 1933. The Victorian redemptions are more evenly distributed ; the largest in any one year is £7,000,000 in 1923 ; Queensland will be called to redeem £11,728,800 in 1915, and £12,973,834 in 1924 ; South Australia has something to redeem in almost every year, the largest amount at any one time is £4,548,000 in 1908. The redemptions for New Zealand are light till 1929, when £29,150,302 fall due. The list of redemptions,

Large Redemptions in some years.

Due dates of
Loans.

though lengthy, is marked by so many interesting features that it is printed in full detail:—

Year.	New South Wales.	Victoria.	Queens- land.	South Australia.	Western Austr'lia.	Tasm'nia	New Zealand.
FUNDED DEBT.							
	£	£	£	£	£	£	£
Overdue	1,160						311
1893	40,000			153,700		131,500	428,500
1894		2,419,900		68,100		168,250	65,300
1895	832,000	122,000		60,000		106,900	666,893
1896	977,400		765,600	60,000		100,000	225,600
1897	65,800	31,900		60,000		100,000	297,200
1898	177,200			140,000		56,700	1,147,000
1899	197,700	1,500,000		1,140,000			37,446
1900	857,100			63,000		31,220	
1901	404,900	3,000,000		64,300	33,000	100,000	
1902	459,000			65,000	34,000	31,200	
1903	1,901,500			70,000	31,500	15,000	
1904	58,000	5,457,000		67,500		17,400	
1905	2,300			42,500	21,900	10,500	114,600
1906	224,900			1,037,500			
1907		4,000,000		538,500			1,000,000
1908	1,450,000	2,000,000		4,548,000		300,000	
1909	1,709,500			45,000			40,000
1910	2,863,700			64,300			25,000
1911				76,600		1,000,000	
1912	287,000			66,000			
1913		4,000,000	1,460,500	41,000		546,650	500,500
1914				32,500		800,000	445,800
1915			11,728,800	595,000			504,800
1916				1,411,300			12,200
1917				1,363,800			
1918	11,994,200			1,468,900			
1919		4,000,000		26,000			
1920		6,000,000		13,000		301,550	
1923		7,000,000					
1924	16,500,000		12,973,834	1,651,300			
1926		5,000,000					
1929				200,000			29,150,302
1930			2,522,400				
1931					900,000		
1933	7,186,300						
1934					910,864		
1935				1,560,400			
1936				2,182,400			
1939				2,250,100			
1940						2,106,500	3,482,888
Interminable	532,889						
Annual Drawings	344,500				330,600		1,107,500
Dates undefined		1,150,487					
Total	40,157,049	45,681,287	29,457,134	21,230,700	2,261,864	5,922,370	39,257,840
UNFUNDED DEBT. (Treasury Bills.)							
1893		1,000,000				590,740	
1894	1,250,000					772,660	
1895						40,000	
1896	1,750,000		700,000			40,000	
1897				849,225		30,000	
1898						3,230	
Annual payments	2,052,884						
Total	5,052,884	1,000,000	700,000	849,225		1,476,630	
Total Debt	54,209,933	46,681,287	30,157,134	22,079,925	2,261,864	7,399,000	39,257,840

MUNICIPAL BORROWINGS.

The question of the indebtedness of the local government bodies in municipalities has already been touched upon in this chapter and in another part of this volume. Authority to borrow.

Under the Local Government Acts of the various Colonies, the municipal authorities are empowered to borrow money to carry out works for the improvement of the districts under their control, and this power has been availed of to a considerable extent. It has also been the practice of the general governments to construct works, such as, for example, those for water supply and sewerage, the cost of which is charged against the municipalities in the books of the Treasury, and repaid with interest in annual instalments. The sums so advanced have been obtained from the proceeds of general loans, and have been included in the statement of public loans already given. The following table distinguishes these two sorts of loans for the four Colonies in regard to which information is available :—

Colony.	Amount of Money advanced from General Loan Account.	Other Loans.	Total Indebtedness.
	£	£	£
New South Wales ...	5,301,109	1,793,775	7,094,884
Victoria	4,003,953	6,773,602	10,777,555
Tasmania .....	.....	.....	420,000
New Zealand.....	459,000	6,081,934	6,540,934

The amount to the credit of the sinking funds of local bodies in New South Wales and Victoria was £162,747 and £225,216 respectively. For the other Colonies similar information is not obtainable. In the case of the Tasmanian municipal indebtedness, shown in the above table, the amount due to the outside public cannot be distinguished from that advanced from the general loans account. Municipal Sinking Funds.

FUNDED AND UNFUNDED LOAN ISSUES.

London the
market for
loans.

From 1855, when the first New South Wales loan was placed on the London market, until the present time, the Colonies have obtained from the same source nearly the whole of the money which they have borrowed. In only two of the Colonies does the amount of the outstanding loans locally subscribed reach large figures, and even in these instances the local borrowings form but a small fraction of the whole sum for which the Colony stands indebted. Thus, for New South Wales the total local borrowing is only £2,164,149, and for Victoria £1,463,387. These amounts, however, are exclusive of the floating debt in the form of Treasury Bills, which to a large extent have been placed locally. This dependence on the English market was originally due to the lack of local capital; but of late years, when such capital has been fairly abundant, the Governments have still turned to London, where the rate of interest at which they could borrow was very much below what would have been demanded by the local capitalist; and it has only been the closing of the London markets that has driven the Australasian Governments during the last few years to look to local capitalists for the funds required to enable them to complete their engagements, and a conjunction of unlooked for accidents has made it possible for the local loans to be placed at a figure only slightly above the present London rates.

Incidental
charges.

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. to the British Government on inscribed stock. The other charges are for services rendered. New South Wales, Queensland, and New Zealand issue their stock through the Bank of England, the London and Westminster Bank acts for Victoria, Western Australia, and Tasmania. South Australia issues its loans through its Agent-General resident in London, while with Tasmania also the Agent-General is the channel through whom the loans are placed, but in the case of that Colony its representative 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, by the London and Westminster Bank $\frac{1}{4}$ per cent. The 12s. 6d. per cent. composition duty per £100 inscribed stock has already been referred to. Brokerage costs $\frac{1}{4}$ per cent., and in addition to these charges there has usually to be added 4d. or 5d. per £100 for incidental expenses. The charges annually made by the Bank of England for the inscription and management of stock and the payment of the half-yearly dividends are £600 per million for the first ten millions, £550 for the next five, and £500 per million for all subsequent amounts; the charges of the London and Westminster Bank are £500 for the first ten millions, £450 for the second like sum, and £400 per million for any subsequent amounts.

Bank of England charges.

Under the old form of debenture the stamp duty imposed was only 2s. 6d. per cent., but in 1892 the duty was increased by 1s. for a "Goschen" stamp, the duty now being equal to £1,750 per one million debentures. The expenditure per £100 debenture and stock for issues of those Colonies for which information was obtainable is given in the subjoined table. The debenture loans shown are some of the last issued by the Colonies. It will be seen that the cost of floating inscribed stock loans is much larger than that under the debenture system, but the extra outlay is considered fully compensated for by the advantages gained in other ways :—

Stamp Duties.

Colony.	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	0 11 9 $\frac{3}{4}$	Debentures.
	1889	3 $\frac{1}{2}$	3,500,000	1 13 1	Inscribed.
	1891	3 $\frac{1}{2}$	4,500,000	1 8 11	do.
Victoria	1880	4 $\frac{1}{2}$	2,000,000	0 17 9 $\frac{3}{4}$	Debentures.
	1891	3 $\frac{1}{2}$	3,000,000	1 2 9	Inscribed.
	1892	3 $\frac{1}{2}$	2,000,000	1 3 0	do.
Queensland	1881	4	1,089,500	0 15 9	Debentures.
	1890	3 $\frac{1}{2}$	2,264,734	1 8 0	Inscribed.
	1891	3 $\frac{1}{2}$	2,500,000	1 8 2	do.
South Australia	1883	4	1,438,500	0 9 0	Debentures.
	1889	3 $\frac{1}{2}$	1,317,800	0 19 1	Inscribed.
	1892	3 $\frac{1}{2}$	932,300	1 1 2	do.
Western Australia.....	1891	4	250,000	1 5 7	Inscribed.
Tasmania	1886	4	1,000,000	0 18 0	Debentures.
	1889	3 $\frac{1}{2}$	1,000,000	1 4 10	Inscribed.

Inscribed Stock. The first inscribed stock loan placed by Australasia was in 1879, at which date New Zealand issued a 5 per cent. loan of £5,000,000 at 97½, in the form of debentures, the subscribers having the option up to March, 1881, of exchanging for 4 per cent. inscribed stock at the rate of £120 of stock for each £100 of debentures. The loan was successfully floated, and within the stated period £4,476,000 of the £5,000,000 debentures were exchanged for £5,371,200 inscribed stock at 4 per cent.

Queensland, in 1882, was the next Colony to issue a loan under the new conditions, New South Wales following its example in 1883, Victoria in 1884, and the other Colonies at various intervals since the date last mentioned.

Inscribed Stock popular.

Of the three classes of securities—inscribed stock, registered stock, and debenture bonds—the first mentioned is the most popular. All the Colonies now float their loans as inscribed, and the bulk of the debt of each Colony, except those of South Australia and Tasmania, is under this denomination. By inscription the possibilities of fraud in transfer are minimised, as the stock is inscribed in the books of the stock kept by the inscribing bank, and transferable there personally by the stock-holders or their attorneys in the said books, with no issue of certificates of stock, while with the registered stock the certificates are issued transferable by deed. The debenture coupons are, like an ordinary bank-note, negotiable by bearer.

TREASURY BILLS.

As late as the year 1890 the Colonies could borrow in London on very favourable terms, but in the year named the conditions were no longer favourable. This change had for its immediate cause a condition of things not of the Colonies' own creation, the

Baring failure and the Argentine crisis being primarily responsible ^{Revolusion of Credit.} for the stoppage of Australasian credit, but there can be no reasonable ground for supposing that if the Baring failure had not taken place, the London markets would have been much longer open to the Australasian Colonies. The Treasurers of the various Colonies 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 preparation had been made to meet debentures falling due in a short time. This sudden stoppage of credit greatly embarrassed the Colonial Governments, and most of the Colonies have had recourse to Treasury Bills to enable them to adjust their finances to the altered circumstances, with the hope that a year or two's abstention from borrowing would prove favourable to their prospect of placing a long dated loan. Their expectation in this respect does not seem likely to be early realised. The amounts received from the sale of Treasury Bills was devoted to meeting loans maturing and providing funds for public works already contracted for when the markets closed against the Colonies. New South Wales during 1892 placed three issues of 4 per cent. Treasury Bills on the London market, the face value of the issues being £2,513,500. The first instalment was sold at 10s. per cent. discount, the second at 5s. premium, and the third at par; the currency was for two, three, and four years respectively. The issues were negotiated by the London and Westminster Bank, which also in January, 1893, successfully placed two further issues of 4 per cent. Bills, amounting to £736,500. In addition to these, £750,000 at 4½ per cent. were raised locally at par during 1892, the currency being 4 years.

Victoria during 1892 issued locally £1,000,000 of 4½ per cent. ^{Local Loans.} Bills at a rate slightly above par; they are repayable in 1893. During January and February, 1893, the Government issued also locally 4½ per cent. Treasury Bills to the extent of £750,000 in

three equal parts, the dates of maturity being three, four, and five years, and the average prices realised were £99 1s. 2d., £99 2s. 2½d. and £99 12s. 5½d. respectively ; the general average was equal to £99 5s. 3½d.

Treasury Bills—
Queensland.

The Queensland Government had authority from Parliament to issue Treasury Bills to the amount of £1,420,945. £700,000 of these bills had been disposed of by the end of 1892, of which £400,000 were placed locally, and £300,000 in London. They bear a nominal rate of 4 per cent., and are fixed to mature in 1896.

South Australia.

South Australia issued in June, 1892, Bills 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, 1893, a further issue of £250,000 was made bearing the same rate and currency. In both issues the amounts required were largely over subscribed.

Western Aus-
tralia.

The Government of Western Australia had authority to issue 4½ per cent. bills during 1893. The first instalment of £20,000 was raised during May of that year.

Tasmania.

Tasmania raised in 1892 £915,890 by Treasury Bills, £360,000 of which was obtained in London at 4½ per cent. repayable in two years ; the remaining sum was raised in the Colony. The rates of the local bills are 4¼, 4½, and 5 per cent. and the currency ranges from two to six years. £200,000 of 4½ per cent. Treasury Bills, bearing a currency of two years, were placed on the London market in June, 1893.

New Zealand.

No Treasury Bills were raised in New Zealand during the year under review, but an advance of £400,000 has been renewed bearing 4½ per cent. interest. The loan liabilities as they matured were met from surplus revenue or sinking fund, or were converted into 3½ and 4 per cent. inscribed stock.

The following are the particulars of the Treasury Bills issued during 1892 by each Colony :—

Colony.	Year of Maturity.	Nominal		Net Proceeds, less charges and accrued Interest.		Interest per £100 sterling.				
		Interest.	Amount of Loan.	Total.	Per cent.	Nominal Interest on net Proceeds.	Gain or loss in interest by redemption at par on maturity.		Actual interest paid by the Government, allowing for redemption at par.	
							Gain.	Loss.		
		Per cent.	£	£	£	£ s. d.	s. d.	s. d.	£ s. d.	
New South Wales (b)	1894	4	1,250,000	1,244,607	99·57	4 0 4	.....	0 4	4 0 8
„ (b)	1896	4	1,000,000	998,750	99·87	4 0 1¼	.....	0 1	4 0 2¼
„ (b)	1896	4	263,500	264,711	100·46	3 19 8	2 7	.....	3 17 1
„ (a)	1896	4½	750,000	750,000	100·00	4 5 0	.....	.....	4 5 0
Victoria (a)	1893	4½	1,000,000	990,701	99·07	4 10 10	.....	0 10	4 11 8
Queensland (b)	1896	4	300,000	687,588	98·23	4 1 5¼	.....	1 3½	4 2 8¾
„ (a)	1896	4	400,000							
South Australia (a)	1897	4/11/3	349,225	349,005	99·94	4 11 3½	.....	0 0½	4 11 4
Tasmania (a)†	1894	5	372,460	372,460	100·00	5 0 0	.....	.....	5 0 0
„ (a)	1893-7	4½	183,230	183,230	100·00	4 5 0	.....	.....	4 5 0
„ (b)	1894	4½	360,000	359,820	99·98	4 10 0¼	.....	0 0¼	4 10 0½

† In addition to these issues, £200 stock was floated in Hobart at 4½ per cent.

(a) Placed locally.

(b) Placed in London.

FUNDED LOANS ISSUED IN 1892-3.

New South
Wales Funded
Stock.

New South Wales, in November, 1892, had authority to issue £1,000,000 of the £3,000,000 4 per cent. Funded stock at a minimum price of par, £227,000 of which was disposed of by the 31st December of that year. A further issue of £500,000 at par was authorised in April, 1893. Up to 1st June, 1893, £1,224,430 of stock had been disposed of. The cost of the issue is practically nil, except the $\frac{1}{4}$ per cent. paid for brokerage; but this last is only payable in respect of a portion of the issue, the bulk of the stock being taken direct by the Treasury.

Victorian Loan
of 1892.

Victoria issued a £2,000,000 loan in June, 1892; the average price realised was £92 1s. 4d. per cent., and the rate yielded to investors, after allowing for redemption at par on maturity, was £3 18s. 10d.

Western Aus-
tralia.

Western Australia floated two loans during 1892, amounting to £250,000 and £400,000 respectively, which were the second and third instalments of the £1,336,000 loan, authorised in 1891. The former brought an average price of £99 2s. and the latter £100 3s. 1d., as compared with £100 10s. 10d. obtained in 1891. The rate of interest was 4 per cent.

Queensland Loan
of 1893.

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 was £88 16s. 4d. The charges were heavier than usual as the loan was underwritten at the rate of 1 per cent.

Tasmania.

Tasmania issued a $3\frac{1}{2}$ -per cent. loan of £800,000 in March, 1893, which is 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 particulars of the last funded loan issues made by each Colony since 1889 to the end of 1892, are as follow:—

Colony.	Year of Issue.	Year of Maturity.	Nominal.		Net Proceeds, less charges and accrued Interest.		Interest per £100 sterling.				
			Interest.	Amount of Loan.	Total.	Per cent.	Nominal Interest on net Proceeds.	Gain or loss in interest by redemption at par on maturity.		Actual interest paid by the Government allowing for redemption at par.	
								Gain.	Loss.		
			Per cent.	£	£	£	£	£ s. d.	s. d.	s. d.	£ s. d.
New South Wales...	1891	1918	3½	4,500,000	4,182,493	92·94	3 15 3½	.....	2 1½	3 17 5
New South Wales...	1892	1912	4	†227,000	226,596	99·82	4 0 1½	.....	.....	4 0 1½
Victoria	1892	1921-1926	3½	2,000,000	1,810,666	90·53	3 17 3½	.....	3 1½	4 0 5
Queensland	1891	1930	3½	2,500,000	.....	88·01	4 0 0	.....	1 10½	4 1 10½
South Australia	1890-91	1939	3½	*932,300******	
Western Australia...	1892	1911-1931	4	400,000	393,211	98·30	4 1 4½	.....	0 3½	4 1 8
Tasmania	1889	1940	3½	1,000,000	964,311	96·43	3 12 7	.....	0 3	3 12 10

* Part of the £1,532,913 loan, particulars of which will not be available till the whole of the stock is sold. † Funded stock.

By comparing the returns in the foregoing table with those of Treasury Bills, it will be seen that the rates per cent. paid on the latter are much in advance of those on loans floated as part of the fixed debt.

Repayment of
Loans.

The repayment of the Victorian and Western Australian Loans are either on or after a fixed date ; the Governments under this condition reserve to themselves the option of redeeming at the minimum or maximum dates, or any period between them, on giving the necessary six or twelve months' notice. Canada was the first of the British possessions to introduce this principle, and it is probable that it will be generally adopted by the Colonies.

Conversion.

Much attention has been bestowed on the question of converting the loans of each Colony to a uniform interest basis, and arranging that the stock shall fall due on a uniform date, the Government having the option of either repaying at that date or continuing the loan for a further period, as may seem the more expedient. Several of the Colonies have had under consideration a method of conversion, but it is obvious that the present time is inopportune for any such proposal. It is certain, however, that conversion cannot be long delayed, as the existing arrangement is confusing to investors, and awkward for the Colonies when the market is against reborrowing.

Interest to
Investors.

The following statement shows the rates obtained by investors on loans floated by the Colonies during the years 1889, 1890, 1891, and 1892. The computations allow for the repayment of the various loans at par on maturity. The loans are arranged in the order in which they were floated, and it will be seen that the market has been gradually rising against the Colonies during the whole period. The loan yielding least income to investors and consequently the most favourable to the Colony borrowing, was the Victorian loan of January, 1889, which gave the investors £3 5s. 5d. per cent., while the highest was the Western Australian loan of July, 1891, which gave investors £4 0s. 11d. per cent. During the period covered by the table the average

interest has increased 10s. 3d. per cent., the increase being fairly general :—

Colony.	Date of Negotiation.	Principal		Currency of Loan.	Rate per cent. to Investors, allowing for redemption at par on maturity.
		Rate of Interest.	Amount.		
	1889.	Per cent.	£	years.	£ s. d.
Victoria	January ...	3½	3,000,000	35	3 5 5
South Australia	January ...	3½	1,317,800	40	3 10 8
Tasmania ..	April	3½	1,000,000	30 to 50	3 12 0
New South Wales	July.....	3½	3,500,000	30	3 7 10
Western Australia	July.....	4	100,000	45	3 6 7
New Zealand	October ...	3½	2,700,000	50	3 13 11
	1890.				
Queensland	March.....	3½	2,264,734	34½	3 13 9
Victoria	April	3½	4,000,000	34	3 9 7
	1891.				
South Australia ..	February..	3½	*932,300	48	3 12 5
Victoria	April	3½	2,000,000	35	3 13 10
Queensland	May-June..	3½	2,500,000	40	4 0 3
Victoria	July	3½	1,000,000	34½	3 14 0
Western Australia	July.....	4	250,000	40	4 0 11
New South Wales	Sept.	3½	4,500,000	27	3 16 8
	1892.				
New South Wales	Nov.-Dec..	4	227,000	20	4 0 0
Victoria	June	3½	2,000,000	29 to 34	3 18 10
Western Australia	November.	4	400,000	19 to 39	4 0 2

* Part of the £1,532,913 loan.

None of the loans floated during 1892 and 1893 were obtained on terms which can be considered altogether satisfactory, clearly indicating that the prestige of colonial securities has for the present departed. Some few years ago New Zealand stock was

Depreciation of colonial securities.

held in low estimation, but now, through adopting a policy of abstaining from placing any further issues for a long period, the securities have risen in value.

Selling price of colonial stock.

The selling price of a loan is not perhaps the most exact test which may be applied to ascertain the credit of a country in the London market. There are many causes which may combine to influence adversely the price obtained by tender, and it will be evident that in some of the instances given in the table on page 353 the selling price of loans was influenced by circumstances entirely apart from the credit of the Colonies concerned. A truer gauge of credit will be found in the selling price and interest yielded to investors by representative stock at a given date. The following table shows the interest returned by the stock of different Colonies in February, 1889, a date when colonial securities were in demand, and February, 1893, when the same were anything but popular. Due allowance has been made in the returns for accrued interest, and for repayment of loans at par on maturity. The market quotations were all considered to be "cum-dividend" :—

Interest returned to investors.

Country.	1889.	1893.
	£ s. d.	£ s. d.
New South Wales	3 3 1	3 15 10
Victoria	2 19 3	4 3 9
Queensland	3 2 8	3 19 1
South Australia	3 5 6	3 15 8
Tasmania	3 7 9	3 16 3
New Zealand	3 16 11	3 10 2
Canada	3 0 1	3 4 6
Cape Colony	3 4 9	3 4 6
Natal.....	3 8 2	3 5 11
India.....	3 1 6	3 0 6

It will be seen that in 1889 Victoria, Queensland, and New South Wales held a very high position amongst the Colonies who sought aid from the British investor ; their stocks were selling at superior prices to those of any of the countries named, India and Canada alone excepted. Since 1889 things have vastly changed, and in February, 1893, the stock of the Colonies named held a position below even the most heavily burthened of the other Australasian Colonies. The resources of a country and its ability to meet its engagements may be implicitly relied on by investors, but it is evident there are other considerations affecting the sale of stock to which the intrinsic goodness of the investment must at times give way. This is a lesson which Australasian Treasurers have now by experience been compelled to learn.

Depreciation in values.

The Imperial guarantee for the Indian and some of the Canadian Dominion loans is certainly to the advantage of those dependencies, as, in addition to the security afforded, the guarantee carries with it the right of trustees to invest trust funds in this class of stock, a privilege not yet extended to Australasian securities.

Imperial guarantee.

EXPENDITURE OF PROCEEDS OF LOANS.

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, sewerage, and electric telegraphs. In the early stages of Australasian borrowing the expenditure was moderate, loans were hard to raise, and interest high ; but latterly, as the conditions under which loans could be contracted became favourable, especially since 1881, few of the Colonies set any bounds to their requirements. It was a repetition of the old experience, the opportunity engendered the desire, and the open purses of the investors tempted the Colonies to undue borrowing and lavish expenditure. What is termed a "vigorous public works policy"

Expenditure mostly on services.

Improvident
expenditure.

was the order of the day, and works were pressed forward which under other circumstances would not have been undertaken, or have been held back until the growth of population warranted their construction. The plethora of money has been harmful in many ways, but is most apparent in the construction of not a few branch railways in outlying and sparsely-settled districts, which do not pay even their working expenses, with the consequence that the interest on loan capital has to be met out of general revenue, and in some instances the present generation will pass away before this condition of affairs will be remedied. But when every allowance has been made for unwise or improvident expenditure, it will be found that by far the larger portion of the proceeds of loans has been well expended. In some instances, as the subsequent pages show, 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 be ultimately self-supporting, they have already materially assisted in developing the country's resources, and have largely enhanced the value of the public estate.

Expenditure
from loan funds

The expenditure of Australasia during 1892 from funds derived from the proceeds of loans was £6,963,409. Of this amount £5,284,400 was spent on services directly revenue-producing, and the remainder was chiefly devoted to the construction of works of a substantial nature, such as roads and bridges, improvements to harbours and rivers, lighthouses, schools, and public buildings. The amount expended on fortifications and military works was relatively small. Besides these sums, there was an apparent expenditure of £7,175,123 for redemption of loans, but this last item in no way affects the amount of the public debt, and no further reference need be made to it.

The following statement gives, under a convenient classification, ^{Loan expenditure classified.} the loan expenditure of each Colony during 1892 :—

Colony.	Amount spent on Works yielding direct Revenue.				Other Works and Services.	Total.
	Railways.	Water Supply and Sewerage.	Electric Telegraphs.	Total.		
	£	£	£	£	£	£
New South Wales ..	1,834,927	553,045	25,837	2,413,809	600,871	3,014,680
Victoria	620,707	367,793	.....	988,500	80	988,580
Queensland	682,486	16,234	8,441	707,211	328,312	1,035,523
South Australia ..	314,168	92,236	11,024	418,328	129,054	547,382
Western Australia..	231,413	.....	11,674	243,087	99,545	342,632
Tasmania	254,321	.....	5,194	259,515	302,145	561,660
New Zealand.....	220,894	3,811	29,245	253,950	219,002	472,952
Australasia	4,158,916	1,033,169	92,315	5,284,400	1,679,009	6,963,409

The returns of New South Wales and Western Australia are ^{Date of returns.} for the year ending 31st December, 1892 ; those of Victoria, Queensland, and South Australia are up to June of that year. The New Zealand figures are for the year ended 31st March, 1893. The Tasmanian returns refer to 1891, no later figures having been published by the Treasurer of that Colony at the time this work was issued—July, 1893. The loan expenditure per inhabitant for the same period is given on page 361.

The total expenditure from loans up to the end of the financial ^{Analysis of expenditure.} year 1892, exclusive of the amounts paid in redemption of loans, was £192,173,095. Of this sum £144,066,627, or nearly three-fourths, was spent in the construction of Railways, Water Supply, Sewerage, and Electric Telegraphs ; the balance was expended on works and services which, though classed as non-productive, for the most part assisted in the national development. The expenditure on defence, and the payments made to meet deficiency

TOTAL EXPENDITURE FROM LOANS.

of revenue are the exceptions to the rule which has governed the expenditure of the proceeds of loan issues; the expenditure to cover deficiency in revenue has not been large, and is looked upon as but a temporary charge on the loan funds, while the expenditure on defence has been extremely small in all the Colonies except New Zealand. The following table shows the total loan expenditure for each Colony up to the respective dates mentioned for the previous table:—

Loan expenditure of each Colony.

Colony.	Amount spent on works yielding direct Revenue.				Other Works and Services.	Total.
	Railways.	Water Supply and Sewerage.	Electric Telegraphs.	Total.		
	£	£	£	£	£	£
New South Wales..	37,417,319	6,119,840	801,301	44,338,460	7,836,200	52,174,720
Victoria	34,206,153	7,547,909	.....	41,754,062	2,693,240	44,447,302
Queensland	17,805,512	1,720,859	830,000	20,356,371	6,741,166	27,007,537
South Australia ..	11,998,831	2,965,096	853,651	15,822,578	4,829,604	20,652,182
Western Australia..	1,107,136	8,697	250,010	1,365,843	411,538	1,777,381
Tasmania	3,508,730	.....	106,744	3,615,474	3,136,877	6,752,351
New Zealand	15,583,004	567,160	663,666	16,813,839	22,457,783	39,271,622
Australasia	121,626,685	18,929,570	3,510,372	144,066,627	48,106,468	192,173,095

New Zealand Provincial debts.

In the New Zealand returns old provincial debts contracted prior to 1876, amounting to £11,535,469, have been included under the head "Other Works and Services," as there is no available record of the services upon which the loans of the old Provisional Governments were expended, except where such was for the construction of Railways. The figures given for New South Wales under the head of "Railways" include loan expenditure on State Tramways to the amount of £1,526,817.

In the preceding table a large sum has been placed under the head of "Other Works and Services;" in the following statement

this amount has been subdivided into several heads. In regard to New Zealand, the item under the heading of "Defence Works" also includes light-houses and harbour works, and in "Miscellaneous" the provincial loans prior to 1876 are included. The returns for each Colony were :—

Colony.	Roads and Bridges, Harbours, &c.	Defence Works.	Immigration.	Miscellaneous.	Total.
	£	£	£	£	£
New South Wales.....	3,987,472	1,096,530	569,930	2,182,328	7,836,260
Victoria	717,166	98,299	.....	1,877,775	2,693,240
Queensland	2,829,718	108,760	2,760,608	952,080	6,741,166
South Australia.....	2,512,162	234,414	.....	2,083,023	4,829,604
Western Australia	208,434	.....	12,706	100,398	411,538
Tasmania.....	1,759,130	118,993	235,000	1,023,754	3,136,877
New Zealand	3,708,817	900,370	2,146,209	15,792,387	22,457,783
Australasia	15,722,899	2,647,366	5,724,453	24,011,750	48,106,468

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

Colony.	Amount spent on Works yielding direct Revenue.				Other Works and Services.	Total.
	Railways.	Water Supply and Sewerage.	Electric Telegraphs.	Total.		
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
New South Wales...	31 13 6	5 3 7	0 13 8	37 10 9	6 12 8	44 3 5
Victoria	29 10 11	6 10 5	.....	36 1 4	2 6 6	38 7 10
Queensland	43 7 10	4 3 10	2 0 6	49 12 2	16 8 7	66 0 9
South Australia ..	36 16 9	9 2 0	2 12 9	48 11 6	14 16 7	63 8 1
Western Australia	19 15 6	0 3 1	4 9 4	24 7 11	7 7 1	31 15 0
Tasmania	23 11 1	.....	0 14 4	24 5 5	21 1 2	45 6 7
New Zealand	24 5 3	0 17 8	1 0 8	26 3 7	34 19 5	61 3 0
Australasia	31 0 3	4 16 6	0 17 11	36 14 8	12 5 4	49 0 0

Analysis of works and services.

Loan expenditure per inhabitant.

EXPENDITURE BY THE GOVERNMENT AND LOCAL BODIES.

General and local Government expenditure.

The question of local Government is dealt with in another place. It is well, however, to give here a statement of the total amount which passes through the hands of the general and local Governments. The sum can in no sense be taken as the cost of governing the various Colonies, which, as will appear from page 335, may be taken as £19,854,787.

Total expenditure.

The total sum expended by the general and local Governments of Australasia during the year 1892 fell little short of £43,000,000, or £10 19s. 3d. per head. Of this large sum £30,938,446, or £7 17s. 9d. per inhabitant, was spent by the general Governments from their revenues, and £6,963,409, or £1 15s. 6d. per inhabitant, from loans; the local expenditure, exclusive of course of a sum equal to the Government endowment, was £5,092,914, or £1 6s. per inhabitant.

Expenditure of each Colony.

The following was the General, Loan, and Local Expenditure for each Colony :—

Colony.	Government.		Local.	Total.
	General.	Loans.		
	£	£	£	£
New South Wales.....	10,536,820	3,014,680	923,077	14,474,577
Victoria	8,482,917	988,580	2,061,660	11,533,157
Queensland.....	3,625,281	1,035,523	433,002	5,093,806
South Australia.....	2,737,133	547,382	221,688	3,506,203
Western Australia	550,616	342,632	.....*	893,248
Tasmania	851,559	561,660	180,752	1,593,971
New Zealand	4,154,120	472,952	1,272,735	5,899,807
Australasia.....	30,938,446	6,963,409	5,092,914	42,994,769

* No returns.

Expenditure per inhabitant.

The expenditure per inhabitant under the same classification will be found below. The average expenditure per inhabitant on account of local Government given for New South Wales is to

some extent misleading, as about 40 per cent. of the population live outside the boundaries of the municipalities :—

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

* No returns.

CURRENCY.

The coins circulating in Australasia are those of the United Kingdom. Gold is the standard, the silver and copper current are more properly tokens than coins. Gold coins are legal tender to any amount, silver for an amount not exceeding forty shillings, and bronze for one shilling. The standard weight and fineness of each coin are given below. The least current weight of a sovereign is 122.5 Imperial grains, and a half-sovereign 61.25 grains :—

Coins of United Kingdom current.

Standard weight of coins.

Denomination of Coin.		Standard Weight.	Standard Fineness.
		Imperial grains.	
Gold	Sovereign	123.27447	{ Eleven-twelfths fine gold, one-twelfth alloy, or decimal fineness .91666.
	Half-sovereign	61.63723	
Silver.....	Crown.....	436.36363	{ Thirty-seven-fortieths fine silver, three-fortieths alloy, or decimal fineness .925.
	Double Florin..	349.09090	
	Half-crown	218.18181	
	Florin	174.54545	
	Shilling	87.27272	
	Sixpence	43.63636	
Threepence.....	21.81818		
Bronze ...	Penny.....	145.83333	{ Mixed metal, copper, tin, and zinc.
	Halfpenny.....	87.50000	

Coinage of Australian Mints.

The only coins struck at the Sydney and Melbourne Mints are of gold, though silver and bronze of English coinage are also issued; the amounts of these issued during 1892 were at the Sydney Mint—silver, £13,925; bronze, £2,065; and at the Melbourne Mint—£2,475 and £760 respectively. The Sydney Branch of the Royal Mint was opened on the 14th May, 1855, and that in Melbourne on the 12th June, 1872. The amount of gold received for coinage up to the end of 1892, in the Sydney Mint was 19,490,466 oz., valued at £73,118,658, and that received into the Melbourne Mint amounted to 13,709,825 oz., valued at £54,844,576.

Gold minted at Sydney and Melbourne.

The following table shows the quantity of gold received into the two Mints to the end of 1892, that received from outside sources being distinguished from that locally produced:—

Country in which the Gold was raised.	Quantity received for Coinage.	
	Sydney Mint.	Melbourne Mint.
	oz.	oz.
New South Wales	7,703,075	13,115
Victoria	1,442,318	10,794,463
Queensland	7,684,888	9,437
South Australia	78,438	274,359
New Zealand	2,306,904	1,817,974
Other Countries	31,708	791,224
Old Coin, &c.	243,136	9,253
Total	19,490,467	13,709,825

Total value of Australasian gold.

The total value of gold raised in Australasia to the end of 1891 was £348,311,209, of which amount 36·74 per cent. passed through the Mints, during the same period.

The following table shows the amount of gold coin and bullion issued to the end of 1892 by each Mint:—

Mint.	Sovereigns.	Half-sovereigns.	Bullion.	Total Value of Coin and Bullion issued.
	£	£	£	£
Sydney	67,538,500	2,497,500	2,943,339	72,979,339
Melbourne	49,124,291	277,807	5,441,783	54,843,881
Total	116,662,791	2,775,307	8,385,122	127,823,220

The quantity of gold received into the Sydney Mint in 1892 was 785,208 oz., valued at £2,780,829, of which only 144,259 oz., or less than one-fifth, was the produce of New South Wales. Queensland contributed 578,757 oz., or nearly three-fourths of the whole, the remainder being chiefly from New Zealand and South Australia, and old coin received for reminting. The amount of gold received into the Melbourne Mint for the same year was 880,052 oz., valued at £3,491,757, of which all but one-fourth was the produce of Victoria.

Gold minted in 1892.

The gold coin issued in 1892 from the Sydney Mint was 2,837,000 sovereigns. The Melbourne Mint issued 3,488,750 sovereigns during the year, but no half-sovereigns have been issued since 1887. The value of the gold coinage issued from the Sydney, Melbourne, and London Mints was as follows:—

Gold issued from the Mints.

	£
Sydney	2,837,000
Melbourne	3,488,750
London	13,907,023

Besides gold coin, the Sydney Mint during 1892 issued gold bullion to the value of £872, and the Melbourne Mint to the value of £5,184.

Bullion issued.

BANKING.

The laws relating to banks and banking at present in force are susceptible of great improvement; and the recent failure of many monetary institutions posing as banks has directed attention to

Revision of banking legislation necessary.

the strong necessity for entirely revising the conditions under which deposits may be taken from the general public.

Returns
required to be
furnished.

All institutions transacting the business of banking are required by law to furnish quarterly statements of their assets and liabilities in a specified form, and from these statements and the periodic balance-sheets the tables in this chapter have been compiled. The returns furnished by the banks, though in compliance with the laws of the Colonies, are by no means so satisfactory as could be desired, being somewhat out of date, and cannot be taken without question as indicating the stability or otherwise of the banks. Thus, in the subsequent table, the total liabilities of the banks are given as £117,994,440, and the assets £169,764,673, showing a surplus of assets of £51,770,233. If the returns gave all the facts in relation to the operation of the banks, this surplus would be represented almost entirely by capital or funds provided out of their own resources, but the capital and reserve funds amount only to £24,809,251, so that there is a balance of about £27,000,000 to be otherwise accounted for. This sum represents deposits obtained in the United Kingdom, and used in their Australian business. The total British deposits with Australasian banks, however, is probably not less than 40 millions, for those held by the banks which have offices in New South Wales amount to about 30 millions.

Distribution of
Banks.

Of the twenty-five banks operating in Australasia at the close of 1892, fourteen had offices in New South Wales, thirteen in Victoria, eleven in Queensland, nine in South Australia, five in Western Australia, four in Tasmania, and six in New Zealand. There was only one bank doing business in each of the seven colonies, two that did business in six colonies, one in five colonies, three in four, two in three, four in two, and twelve banks did not extend their business beyond the limits of one colony. The liabilities and assets of the twenty-five banks operating in the different colonies during the December quarter of 1892 are shown in the following table; the figures must be taken with the

qualifications already given. The following figures give the liabilities :—

Liabilities of Banks.

Colony.	Notes in circulation not bearing Interest.	Bills in circulation not bearing Interest.	Deposits.		Balances due to other Banks.	Total.
			Not bearing Interest.	Bearing Interest.		
New South Wales..	£ 1,430,871	£ 104,223	£ 0,207,109	£ 26,357,083	£ 63,093	£ 37,171,379
Victoria	1,210,565	132,235	9,672,997	30,355,172	170,191	41,541,100
Queensland	575,435	25,942	2,594,439	7,899,465	97,919	11,103,200
South Australia ...	400,156	10,733	1,690,113	5,800,405	49,630	7,900,037
Western Australia..	101,433	10,981	543,416	771,309	34,923	1,466,162
Tasmania	110,630	13,845	916,469	2,740,406	3,161	3,798,561
New Zealand	955,623	43,071	4,049,237	9,782,904	23,106	14,863,941
Australasia....	4,793,763	351,030	28,637,780	83,715,744	446,123	117,994,440

The assets for the same period were :—

Assets of Banks.

Colony.	Coin.	Bullion.	Landed Property.	Notes and Bills discounted, and all other Debts due to the Bank.	Notes and Bills of other Banks, and Balances due from other Banks.	Total.
New South Wales..	£ 5,217,371	£ 95,894	£ 1,801,590	£ 42,278,399	£ 2,067,307	£ 51,460,552
Victoria	7,805,397	373,890	1,962,707	52,631,227	396,721	63,169,942
Queensland	1,824,694	257,569	738,936	17,410,895	286,974	20,552,085
South Australia ...	1,612,820	19,043	402,505	7,270,715	162,402	9,691,620
Western Australia..	412,639	18,482	116,532	2,193,697	9,110	2,763,010
Tasmania	669,219	....	108,024	3,075,504	26,598	3,974,260
New Zealand	2,381,319	141,406	528,124	14,925,212	77,144	18,153,265
Australasia....	19,923,459	906,284	5,658,468	139,790,640	3,026,256	169,764,673

Certain assets of small amount, not classifiable under any of the sub-heads of the table, have been included in the total, and in the case of one Colony an over-statement of the assets of some of the banks has been rectified.

Liabilities
consist chiefly
of Deposits.

The preceding table shows that over 95 per cent. of the Australasian liabilities of the bank consisted of deposits, viz. :— £112,403,524 out of £117,994,440. The statements by banks in each colony, with the exception of Tasmania, distinguish between deposits at call and deposits bearing interest. In Tasmania, although not obliged by law to do so, the same distinction has been made by every bank but one; and assuming the proportion of deposits at call to total deposits in that bank to be the same as in the case of the other banks doing business in Tasmania, the total deposits at call are as stated in the table, viz. :—£28,687,780, or somewhat over 25 per cent. of all deposits.

Capital and
Reserves.

The total shareholders' capital invested in all the banks amounts to £15,988,754, and the reserve profits £8,820,497. The capital, profits, and other information regarding banks are given below. The institutions are not stated separately, but grouped together under the heading of the colony or country in which their head-quarters are situated. The figures refer to the December quarter, 1892 :—

Banks whose Head Offices are in	Number of Banks.	Capital paid up.	Reserved Profits at the time of declaring last Dividend.	Total.
		£	£	£
England	6	6,150,000	2,535,144	8,685,144
New South Wales	4	2,834,637	2,575,037	5,409,674
Victoria	7	4,406,250	2,594,939	7,001,189
Queensland	3	1,424,335	552,465	1,976,800
South Australia	1	400,000	157,149	557,149
Western Australia	1	80,000	100,039	180,039
Tasmania	2	293,532	231,098	524,630
New Zealand	1	400,000	74,626	474,626
Total	25	15,988,754	8,820,497	24,809,251

Metallic
reserves.

The following table shows the metallic reserves held by the banks as against their total Australasian liabilities, and also against their liabilities at call, viz., deposits at call and note circulation.

The table, however, cannot be taken as complete, as those banks which receive deposits in England and elsewhere, and which do not include such deposits or liabilities, are shown in too favourable a light:—

Colony.	Coin and Bullion.	Total Liabilities.	Liabilities at Call.	Percentage of Coin and Bullion.	
				To Total Liabilities.	To Liabilities at Call.
New South Wales	£ 5,313,265	£ 37,171,379	£ 10,646,980	14·29	49·90
Victoria	8,179,287	41,541,160	10,883,562	19·69	75·14
Queensland	2,082,263	11,193,200	3,169,874	18·60	65·69
South Australia..	1,631,863	7,960,037	2,099,269	20·50	77·73
West'n Australia	431,121	1,466,162	649,849	29·40	66·34
Tasmania	669,219	3,798,561	1,027,149	17·62	65·15
New Zealand.....	2,522,725	14,863,941	5,004,860	16·97	50·41
Australasia ...	20,829,743	117,994,440	33,481,543	17·65	62·21

It will thus be seen that New South Wales holds the weakest position in the proportion of cash reserves both to total liabilities and liabilities at call. Weak position of New South Wales.

BANK CRISIS.

The foregoing figures relate to the affairs of the banks prior to the close of 1892, but since that date very considerable changes have taken place in the banking position. Distrust in companies receiving deposits had been growing for some time, and the failure of various land companies and building societies during the year 1891 created a very restless feeling, which was accentuated by the failure of the Mercantile Bank of Melbourne. Constant withdrawals of deposits were made from nearly all the banks, and many institutions felt that they would not long be able to meet the drain. The first large institution to suspend payment was the Commercial Bank of Australia, and after that failures followed in rapid succession until thirteen banks had Financial crisis.

Liabilities of
suspended
Banks.

closed their doors. The interests involved in the thirteen banks which have closed are as follows :—

Due to the Shareholders £13,995,451 Cash and Investments.. £17,633,626
Advances, &c. 84,901,986
Due to the Public 91,982,598 Bank Premises 3,740,626
or a total liability of £105,978,049, including note issues equivalent to £2,767,883, and apparent assets of £106,276,238.

Position of the
other Banks.

The latest available figures for the twelve banks which survived the panic are as follows :—

Bank.	Capital Paid-up.	Reserved Profits.	Coin and Bullion.	Deposits.	
				Australasian.	Other.
	£	£	£	£	£
Bank of New South Wales.....	1,250,000	1,008,330	3,428,877	17,744,342	2,815,662
Bank of Australasia.....	1,600,000	809,641	2,702,370	11,979,300	3,143,506
Union Bank of Australia (Limited)	1,500,000	1,011,056	3,093,710	12,696,760	5,053,559
Bank of New Zealand.....	900,000	53,331	1,045,959	5,018,023	2,344,122
City Bank of Sydney.....	250,000	187,845	139,683	1,385,406	29,668
Colonial Bank of New Zealand....	400,000	74,626	251,121	1,629,402	676,803
Commercial Bank of Tasmania (Limited).	141,492	192,025	259,881	1,600,200	184,670
National Bank of New Zealand (Limited).	250,000	6,834	238,639	1,090,442	523,167
Bank of Adelaide.....	400,000	157,140	190,070	1,093,190	33,791
Royal Bank of Australia (Limited)	300,000	7,659	36,024	131,351	262,568
National Bank of Tasmania (Limited).	152,040	39,073	56,208	303,929	14,984
Western Australian Bank.....	86,000	100,039	66,306	430,777	5,586

Amount of
advances.

These institutions had made advances to customers to the extent of £61,347,586.

Reconstruction
schemes.

The suspended banks have almost all put forward schemes for reconstruction, for the most part based on an extension of the maturing dates of deposits, either by the exchange of that form of security for preference shares or for other deposit receipts at long dates, some being as distant as fifteen and twenty years. At the same time calls have been made on shareholders for over five millions of money. The reconstruction schemes of the recently-suspended banks have, with some slight modifications, been approved by both creditors and shareholders, and by the time this volume is issued the whole of the institutions which closed their doors subsequent to the 5th of April, 1893, it is hoped, will have resumed business.

One feature of the crisis was the prompt action of the Government of New South Wales—first, in framing and passing through the Legislature a measure giving the Executive power to declare the notes of the banks of issue legal tenders; and, further, in obtaining authority for the issue of Treasury notes to the extent of half the amount standing to the credit of current accounts in suspended banks. Relief measures were also adopted by the Government of Queensland.

Action of the Governments.

DEVELOPMENT OF BANKING.

Considering the population of these colonies the banking operations of Australasia have attained enormous development. The following table from Mulhall's Dictionary shows the capital employed in banking, and the amount of deposits in some of the principal countries. The figures regarding Australasia are brought down to the latest date:—

Extent of banking operations.

Country.	Million £.			Amount per Inhabitant.
	Paid up Capital and Reserves.	Deposits.	Total.	
United Kingdom	284	626	910	£ 24
France.....	140	128	268	7
Germany	85	146	231	5
Russia	42	64	106	1
Austria	45	102	147	4
Italy	25	83	108	4
Spain	31	16	47	3
Portugal	6	4	10	2
Belgium	11	19	30	5
Holland	14	6	20	4
Sweden	9	15	24	5
Norway	5	1	6	3
Denmark.....	2	21	23	12
Switzerland	5	12	17	6
Cape Colony	2	7	9	6
Argentina	12	17	29	8
Uruguay	3	5	8	12
United States.....	270	760	1,030	16
Canada	13	27	40	8
Australasia	25	112	137	34

SAVINGS BANKS.

Australasian
Savings Banks.

In all the colonies Savings Banks are in existence, either directly or indirectly under the control of the State, to enable the working classes to securely invest their surplus earnings. These banks have been developed to a larger extent in Victoria than any other province, and from the number of deposits it would appear that twenty-six persons out of every hundred in that colony have accounts standing in their names in the Savings Banks. The highest average amount per depositor is in Queensland, while the amount of deposits as compared with population is greatest in South Australia :—

Colony.	No. of Depositors.	Amount of Deposits.	Average amount per Depositor.	Average amount per head of Population.	Depositors per 100 of Population.
		£	£ s. d.	£ s. d.	
New South Wales ...	158,426	5,342,135	33 14 5	4 11 8	13
Victoria	300,781	5,715,687	19 0 1	4 18 9	26
Queensland	46,259	1,660,753	35 18 0	4 0 11	11
South Australia	78,795	2,217,419	28 2 10	6 13 11	24
Western Australia ...	3,564	46,181	12 19 2	0 17 4	7
Tasmania	26,916	554,417	20 12 0	3 12 8	18
New Zealand	126,886	3,406,949	26 17 0	5 7 6	20
Australasia ...	741,627	18,943,541	25 10 10	4 17 0	19

Savings Banks
in other
countries.

The following table shows the like information for some of the principal countries of the world, compiled from the latest available returns :—

Country.	No. of Depositors.	Amount of Deposits in Savings Bank.	Average Amount per Depositor.
		£	£ s. d.
United Kingdom	6,628,677	114,483,567	17 5 5
Sweden	1,062,231	15,247,012	14 7 1
Norway	416,713	9,424,307	22 12 4
Holland	499,445	5,980,000	12 0 0
Prussia	5,029,174	144,462,000	28 14 6
Belgium	731,057	14,641,863	20 0 7
Switzerland.....	802,697	23,749,000	29 11 11
Italy	3,915,405	80,646,602	20 12 0
France	7,682,646	160,141,289	20 16 11
Denmark ...	696,578	20,980,442	30 2 5
United States.....	4,781,605	352,421,610	73 14 1
Australasia, 31 Dec., 1891 ...	741,627	18,943,541	25 10 10

The figures for the United States are given on the authority of the official Statistical Abstract, and are, to all appearances, correct. The Comptroller of Currency, in his report for the year 1892, gives the total deposits in Banks making returns as over 320 millions sterling.

If to the amounts deposited in Savings Banks as shown above Total deposits, be added the deposits in Chartered Banks it will be seen that the total sum on deposit in these institutions is equal to nearly £33 for each inhabitant of Australasia. The largest amount on deposit as compared with population is found in Victoria with £39 11s. 10d., or more than £6 above the average of all the colonies. The particulars for each will be found below :—

Colony.	Deposits in Banks (Averages for the last quarter of 1892).	Deposits in Savings Banks, 1891-92.	Total Deposits.	Amount of Deposits per head of Pop- ulation.
	£	£	£	£ s. d.
New South Wales.....	35,564,192	5,342,135	40,906,327	34 3 5
Victoria	40,028,169	5,715,687	45,743,856	39 11 10
Queensland	10,493,904	1,660,753	12,154,657	28 17 0
South Australia.....	7,499,518	2,217,419	9,716,937	28 15 2
Western Australia ...	1,319,725	46,181	1,365,906	23 5 7
Tasmania	3,665,875	554,417	4,220,292	27 11 2
New Zealand.. ..	13,832,141	3,406,949	17,239,090	26 10 1
Australasia.....	112,403,524	18,943,541	131,347,065	32 19 1

Large sums are also deposited with various Building and Investment Societies, but the returns are deficient. The latest available returns show that the amounts so invested were, in New South Wales £2,082,223, Victoria £4,439,695, New Zealand £258,346. Other Invest-
ment Societies.

LIFE ASSURANCE. •

The law in some of the colonies does not provide for the publishing of sworn returns by Life Assurance Companies, and Law relating to
Assurance.

although valuable and interesting reports are made annually by some companies, it has been found quite impossible to distinguish the progress of assurance in each individual colony. Most of the companies have extended their business beyond the Colony in which their chief office is established; the following figures therefore refer to Australasia generally, though only to those offices whose head-quarters are in the colonies. The assets of eleven societies amount to £19,181,179, of which £10,618,052 are invested in mortgage, £3,359,053 in loans on policies and personal security, £1,459,348 in Government securities, £124,018 in shares, £1,999,405 in freehold and leasehold property, cash, principally at fixed deposit, £1,040,364, and sundry debts, £580,939. The interest earned during the year amounted to £1,021,451, being at the rate of 5·80 per cent.; the net increase in the accumulated funds was £1,464,811.

Analysis of
assurance
business.

New policies.

On analysing the accounts of these societies, as published, it is seen that the total number of outstanding policies, and the amount they represent, are not given. With regard to new business it will be found that in 1892 there were 30,876 policies issued, to the value of £8,677,055, or an average amount upon each policy of £281. This means an increase of 100 policies, but a decrease in value amounting to £442,860 as compared with the transactions of the previous year, and a decline in the average value of the policies of £16. Since the end of the year 1880 the societies in question issued altogether no less than 361,835 new policies, representing an assurance of £100,974,698, but there is nothing in the published accounts to show how many of these policies have lapsed, and how many still remain in force. The new annual premiums, which amount to £282,629, bear an average rate of £3·257 per cent. to the total amount of new assurance.

Premiums
received.

The amount of premiums received in 1892 was £2,453,435, of which sum £266,888 was income from new premiums, and £2,186,547 was for renewals. The amount just given was £92,211 in excess of the income of the previous year. The total

receipts, obtained by adding to the premium income the items "consideration for annuities granted," "interest," and other receipts, came to £3,530,946, as against the sum of £3,361,613 in the year 1891, being an increase of £169,333. The average rate of interest realised by the ten offices from which this could be ascertained, as already stated, was 5·80 per cent. ; some of the purely mutual offices, however, realised considerably over 6 per cent.

Claims and surrenders during the year amounted to £1,420,275, Claims and surrenders. of which sum £917,356 was for claims with bonus additions, £159,614 for endowments and endowment assurances matured, and £343,305 for surrenders, &c. The total amount paid to policy-holders in 1892 was £1,524,964, as against £1,273,340 in 1891. The expenses of the year exceeded those of the previous year by £13,798. This is equivalent to an increase of 2·74 per cent. on the expenditure of 1891, while the increase in the premium income was 3·90 per cent., and in the gross income 5·04 per cent.

If comparison be made between the years 1881 and 1892, an Increase of assurance business increase of 141 per cent. is shown in premium income and of 169 per cent. in gross income, while the amount paid for claims and surrenders increased in the same period by no less than 344 per cent. In 1881 claims and surrenders absorbed 31·42 per cent. of the premium income, while in 1892 this ratio had risen to 57·89 per cent. This increase is mainly due to the growth in age of the offices, but partly also to the small proportion of new business permanently retained. The total income for the twelve years was £29,167,144, of which amount £21,573,173 was contributed by policy-holders as premiums, and consideration for annuities granted, and £7,593,971 was from interest and other sources. Of the total income £10,188,405, or 34·93 per cent. was returned to policy-holders, and £4,817,069, or 16·52 per cent. was absorbed by expenses, while £14,161,670, or 48·55 per cent. has been saved, and added to the funds of the societies to meet future liabilities.

Average
amounts
assured.

With regard to the average amount assured per policy the following information has been compiled, based on the latest available returns :—

Country.	Average amount assured per Policy. £
Australasia	296
New South Wales	333
Victoria	273
Queensland	359
South Australia	263
Western Australia.....	383
Tasmania.....	278
New Zealand	285
United Kingdom	401
United States (New York only).....	567
Canada.....	315

The average amount of assurance per head of population was in Australasia £19, Canada £11, United Kingdom £13, and the United States £13, while the average number of policies per thousand of population was in Australasia 65, Canada 35, United Kingdom 31, and the United States 22.

Bonus additions,

The average policy is scarcely a fair measure of thrift. In these colonies mutual assurance is the rule, and members of the various societies have acquired large bonus additions, and during 1891 the average existing policy and bonus of four of the leading assurance companies doing business in Australasia, was £342, as compared with the £296 shown in the comparative table. For the other countries named this information is not obtainable.

Prevalence of
Assurance.

It would seem that the practice of assuring life is much more prevalent in Australasia than in any of the other countries, named; and although the average sum assured by each policy is less than elsewhere, the number of policies is so much greater as compared with population that the amount assured, per inhabitant is considerably higher than in the other countries mentioned.

MONEY ORDERS, &c.

The business transacted in the various Postal Departments under the system of money orders has grown to very large dimensions. This increase is due mainly to the greater facilities now afforded for the transmission of money by this method, though it is also to some extent attributable to the more general appreciation of the system by the working classes. The following is a statement of the business transacted during 1891 :—

Colony.	Orders issued.		Orders paid.	
	Number.	Amount.	Number.	Amount.
New South Wales.....	488,326	£ 1,577,744	507,849	£ 1,518,987
Victoria	258,776	767,757	244,453	761,120
Queensland.....	127,800	402,532	88,397	288,971
South Australia.....	78,874	230,256	67,979	214,115
Western Australia	10,988	43,850	4,950	17,468
Tasmania	92,204	224,882	73,599	173,509
New Zealand.....	195,239	651,990	160,069	582,054
Australasia.....	1,252,207	3,899,011	1,147,296	3,556,224

Money Order business.

The average amount of each money order issued was £3 2s. 3d., and the business done by New South Wales greatly exceeded that of any other member of the group. The average value of money orders issued in the United Kingdom during 1891 was £2 14s. 9d.

Average value of orders.

Besides the money orders mentioned above, a system of postal notes is in force in all the colonies, New South Wales having adopted the system in July, 1893. These notes are issued at

Postal notes.

NUMBER OF BANKRUPTCIES.

fixed amounts, varying from 1s. to 20s. The number of notes paid and their value during 1891 were :—

Colony.	No.	Amount.
		£
Victoria	476,032	196,044
Queensland	31,803	6,997
South Australia	134,948	44,266
Western Australia	2,005	475
Tasmania	7,903	2,537
New Zealand	212,645	76,865
Total (six colonies).....	865,336	327,184

These figures show an increase on those of the previous year of 133,708 in the number, and £46,383 in the value of Postal notes.

BANKRUPTCIES.

Number of
bankruptcies.

During 1891 the number of bankruptcies was largest in New South Wales, the total number for the whole of Australasia being 3,176. This number includes 75 private arrangements under the Insolvency Act of South Australia, for which neither liabilities nor assets are shown, and 26 insolvencies in Western Australia, for which the amount of liabilities only is returned as £18,679. The cases for which complete returns are available numbered therefore only 3,075, and were distributed as follows :—

Colony.	Number of Sequestrations.	As shown in Bankrupts' Schedules.		
		Liabilities.	Assets.	Deficiency.
		£	£	£
New South Wales	1,189	989,778	454,211	535,567
Victoria	807	1,824,595	1,432,800	391,795
Queensland	300	197,078	107,604	89,474
South Australia	67	33,100	19,209	13,891
Tasmania	107	117,575	32,188	85,387
New Zealand	605	499,650	349,218	150,432
Total (six colonies) ...	3,075	3,661,776	2,395,230	1,266,546

Little, if any, reliance can be placed upon the statements made by bankrupts as to the state of their affairs, the assets being invariably exaggerated. Taking the figures given above for what they are worth, it would appear that the average amount of liabilities per bankrupt was £1,190; of assets, £778, showing a deficiency of £412. In the following table the average figures for the ten years ending 1891 are given; the assets, however, have been omitted, as the statements, as far as some of the colonies are concerned, are palpably worthless :—

Colony.	Number of Sequestrations.	Liabilities, as shown in Bankrupts' Schedules.
		£
New South Wales	1,020	807,942
Victoria	602	1,064,729
Queensland	262	210,707
South Australia	198	188,696
Tasmania	85	73,466
New Zealand	980	976,155
Total	3,147	3,321,695

Bankrupts' estimates unreliable.