

PUBLIC FINANCE.

TAKING the state of the Revenue Account as a guide, it would seem that New South Wales and Victoria have suffered most severely from the crisis of 1892-3, while New Zealand and Western Australia have apparently suffered least, for not only have these Colonies been able to live within their income, but they have carried forward a credit balance to the succeeding year, a creditable performance considering the trying times. New Zealand, it may be pointed out, suffered from the general inflation, but luckily it had weathered its troubles when the credit of the other Colonies was attacked, and the remarkable strides made by it in recovering lost ground afford a striking illustration of its recuperative powers.

A discussion of the causes of the stagnation in trade and the general depression hardly comes within the scope of this chapter. It may be mentioned, however, that distrust in Australasian finance was first exhibited in London, and as far back as 1890 the British investor, who had up to that time possessed unbounded confidence in Australian securities, suddenly faced about and regarded the scrip with suspicion. This distrust eventually spread to investments of a general nature in the Colonies, and the crisis of April and May, 1893, was the result, when thirteen banks of issue, several of them leading institutions, were forced to suspend payment. The figures relating to Government finance during the period referred to possess more than ordinary interest.

REVENUE ACCOUNT, 31st DECEMBER, 1893.

The following table has been compiled with the view of showing the position of the Revenue Account of each Colony. It will be seen that five of the Colonies have large overdrafts, which are partly cash and partly in the form of Treasury Bills; and that to establish the necessary equilibrium between income and outgo a restricted expenditure by future administrations will be absolutely necessary. The credit or

debit balance of each Colony, on the 31st December, 1893, was as follows:—

Colony.	Cr. Balance.	Dr. Balance.		
		Overdraft liquidated by Treasury Bills.	Cash Overdraft.	Total Dr. Balance.
	£	£	£	£
New South Wales.....	.....	1,902,884	591,462	2,494,346
Victoria .....	.....	738,866	1,914,565	2,653,431
Queensland.....	.....	1,000,622	79,931	1,080,553
South Australia.....	.....	676,288	296,538	972,82
Western Australia	30,768	.....	.....	.....
Tasmania.....	.....	304,800	57,318	362,118
New Zealand	290,238*	.....	.....	.....
Total.....	321,006	4,623,460	2,939,814	7,563,274

* 31st March, 1894.

The figures given in the last column of the above table represent the accumulated deficiency on the 31st December, 1893. It is very necessary that this fact should be borne in mind, as it often happens that the official statements of the Colonies show only the cash overdraft, the amount represented by outstanding Treasury Bills being omitted from consideration.

The condition of the revenue accounts of two of the Colonies needs further explanation than the table affords. In 1889 land was resumed for the purpose of facilitating certain improvements in connection with a street facing the General Post Office, Sydney, and it was determined that the sum paid for resumption should not be treated as a matter of ordinary expenditure, but be held in suspense pending the sale of the land resumed, or so much of it as was not needed for the formation of the Post Office street. The amount so held in suspense at the close of 1893 was £319,566. In Victoria certain public works were undertaken on the understanding that the cost should be defrayed from the proceeds of the sale of certain lands specifically set apart for the purpose. The works have been constructed, but the sales have fallen short to the extent of £512,543, and this sum has been placed to a suspense account. Neither of these amounts is included in the debit balance shown above.

TREASURY BILLS USED TO LIQUIDATE OVERDRAFTS.

The practice of issuing Treasury Bills for the purpose of liquidating an overdraft obtains in all the Colonies, the bills being, in this respect, somewhat like the Exchequer Bills issued by the British Treasury. This, however, is the only point of resemblance. The British Exchequer Bills

bear interest at a rate which is fixed from year to year, and at the end of every twelve months the holder has the option of retaining them or presenting them at the Treasury for payment. They are, therefore, readily saleable, and are used with great freedom in commercial transactions, for, as will be seen, they combine the two advantages of ready money and money bearing interest. The Treasury Bills of these Colonies, on the other hand, are only payable at the Treasury on the expiry of the period for which they are issued, and they carry interest at a fixed rate during the whole term of currency; consequently they are not used to any extent in commerce. The nearest approach to the British system seems to prevail in New Zealand. Treasury Bills are generally regarded as unfunded or floating debt, and until wiped off form part of the Public Debt.

TRUST FUNDS.

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

GENERAL REVENUE AND EXPENDITURE.

The revenue and expenditure of each of the Colonies for the last financial year were as follow:—

Colony.	Year ended.	Total.		Per Inhabitant.	
		Revenue.	Expenditure.	Revenue.	Expenditure.
		£	£	£ s. d.	£ s. d.
New South Wales.....	31 Dec., 1893 ..	10,536,504	10,833,381	8 14 1	8 19 10
Victoria	30 June, 1894 ..	6,719,623	7,334,961	5 14 6	6 5 10
Queensland	30 June, 1894 ..	3,343,069	3,351,536	7 14 8	7 15 1
South Australia	30 June, 1894 ..	2,526,705	2,525,606	7 5 8	7 5 7
Western Australia	30 June, 1894 ..	681,246	656,357	10 9 5	10 1 9
Tasmania	31 Dec., 1893 ..	704,641	832,874	4 11 8	5 8 4
New Zealand	31 Mar., 1894 ..	4,653,038	4,386,359	6 18 5	6 10 6
Australia		29,164,826	30,024,074	7 3 10	7 8 1

The returns given for each Colony represent the cash transactions during the fiscal year. 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 a 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. Railway communication and electric telegraphs are almost entirely in the hands of the State, and also, in some instances, water conservation, water supply, and sewerage works, which are usually outside State control in other countries; and it is on account of the expenses of such services that the Australasian budgets mount up to such large figures.

It may also be pointed out that a uniform system of keeping the public accounts is not followed by the Colonies. For instance, Victoria, South Australia, Tasmania, and New Zealand, exclude refunds; while the New South Wales and Queensland returns represent the gross receipts and expenditure. The calendar and financial years are the same for New South Wales and Tasmania; the financial year of Victoria, South Australia, Queensland, and Western Australia, ends on the 30th June; while New Zealand closes its transactions on the 31st March. These differences should be borne in mind when a comparison between the Colonies is instituted; but the figures, for all practical purposes, may be regarded as comparative.

REVENUE.

The revenue is mainly derived from taxation, which produced, during 1893-4, £10,696,641; and from public services, such as railways, post and telegraphs, which yielded £11,325,584; in all £22,022,225, or over 75 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 Telegraphs.	Public Lands.	All other Revenue and Receipts.	Total Revenue.
	Customs.	Other.					
	£	£	£	£	£	£	£
New South Wales	2,127,645	706,834	3,253,272	643,849	2,206,272	1,598,632	10,536,504
Victoria	1,716,788	884,572	2,712,383	420,589	500,092	485,199	6,719,623
Queensland	1,085,638	261,149	981,053	208,474	588,613	268,142	3,343,069
South Australia	503,754	255,466	1,008,769	217,584	234,835	306,207	2,526,705
Western Australia	331,293	29,709	134,967	47,680	98,661	38,931	681,246
Tasmania	285,456	114,245	152,525	59,044	58,138	35,233	704,641
New Zealand	1,655,503	738,584	1,175,548	359,847	313,059	410,497	4,653,038
Australasia	7,706,082	2,990,559	9,368,517	1,957,067	3,999,670	3,142,931	29,164,826

The revenue per head averaged £7 3s. 10d., and ranged from £4 11s. 8d. for Tasmania, to £10 9s. 5d. 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	1 15 2	0 11 8	2 13 9	0 10 8	1 16 5	1 6 5	8 14 1
Victoria	1 9 3	0 15 1	2 6 3	0 7 2	0 8 6	9 8 3	5 14 6
Queensland	2 10 3	0 12 1	2 3 1	0 9 8	1 7 2	0 12 5	7 14 8
South Australia.....	1 9 0	0 14 9	2 18 2	0 12 6	0 13 7	0 17 8	7 5 8
Western Australia	5 1 10	0 9 2	2 1 6	0 14 8	1 10 4	0 11 11	10 9 5
Tasmania.....	1 17 2	0 14 10	0 19 10	0 7 8	0 7 7	0 4 7	4 11 8
New Zealand	2 9 3	1 2 0	1 14 11	0 10 8	0 9 4	0 12 3	6 18 5
Australasia.....	1 18 0	0 14 9	2 6 2	0 9 8	0 19 9	0 15 6	7 3 10

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 in New South Wales. A reference to the above table will show the correctness of this statement.

Customs and Excise, Stamp Duties, and License Fees are the ordinary forms of taxation in each Colony; in addition to these, various forms of direct taxation are levied in most of the Colonies, particulars of which will be found on page 345.

The Colonies differ considerably in respect to the proportion of revenue raised by taxation. Thus, in New Zealand 51·4, in Western Australia 53·0, and in Tasmania 56·7 per cent. of the revenue passing through the hands of the Government during 1893 was derived from this source, while in New South Wales the proportion only reached 26·9 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 1893-4 is shown in the following table. The revenue has been divided into direct and indirect, according to the usually accepted classification :—

Colony.	Total.			Per Inhabitant.		
	Direct.	Indirect.	Total.	Direct.	Indirect.	Total.
	£	£	£	£ s. d.	£ s. d.	£ s. d.
New South Wales	311,637	2,522,842	2,834,479	0 5 2	2 1 8	2 6 10
Victoria	558,749	2,042,611	2,601,360	0 9 6	1 14 10	2 4 4
Queensland	162,220	1,184,567	1,346,787	0 7 6	2 14 10	3 2 4
South Australia	230,627	528,593	759,220	0 13 4	1 10 5	2 3 9
Western Australia	11,280	349,727	361,007	0 3 6	5 7 6	5 11 0
Tasmania	67,650	332,051	399,701	0 8 10	2 3 2	2 12 0
New Zealand	676,776	1,717,311	2,394,087	1 0 2	2 11 1	3 11 3
Australasia	2,018,939	8,677,702	10,696,641	0 9 11	2 2 10	2 12 9

It is interesting to compare these figures with the returns of 1881, 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 :—

Colony.	Total.			Per Inhabitant.		
	Direct.	Indirect.	Total.	Direct.	Indirect.	Total.
	£	£	£	£ s. d.	£ s. d.	£ s. d.
New South Wales	192,503	1,578,345	1,770,848	0 5 0	2 1 3	2 6 3
Victoria	347,782	1,635,345	1,983,127	0 8 1	1 18 0	2 6 1
Queensland	49,311	608,443	657,754	0 4 7	2 16 7	3 1 2
South Australia	14,522	569,617	584,139	0 1 1	2 2 7	2 3 8
Western Australia	1,206	114,910	116,116	0 0 10	3 17 10	3 18 8
Tasmania	66,748	283,398	350,146	0 11 5	2 8 6	2 19 11
New Zealand	405,802	1,480,507	1,886,309	0 16 6	3 0 1	3 16 7
Australasia	1,077,874	6,270,574	7,348,448	0 7 10	2 5 8	2 13 6

PROBATE AND STAMP DUTIES.

Probate duties are imposed in all the Colonies except Western Australia; but in Tasmania they only apply to personal estate. The New South Wales duties range from 1 to 5 per cent., according to the value of the estate; and in Victoria the duties range from 2 to 10 per cent. In Queensland they are unusually light, but in that Colony they are bound to succession duties ranging from 2 to 10 per cent., the rate being doubled if the legatee is not a blood relation. In South Australia the legacy and succession duties vary from $1\frac{1}{2}$ to $7\frac{1}{2}$, and from 1 to 10 per cent., respectively. Duty on personal estate in Tasmania ranges from 2 to 3 per cent.; while the probate duties in New Zealand run from $2\frac{1}{2}$ to 10 per cent., with an additional 3 per cent. if the legatees are strangers in blood. The other stamp duties are of the ordinary kinds, the chief among them being the composition duty on bank-notes, and stamps on receipts and other documents.

LAND AND INCOME TAXES.

Victoria, in 1877, was the first Colony to introduce a land tax; the object of the impost being, however, not so much to obtain revenue as to cause the sub-division of large estates. The rate imposed in that Colony is $1\frac{1}{4}$ per cent. on all holdings exceeding 640 acres, and possessing a capital value of at least £2,500. Tasmania and South Australia, in 1880 and 1884 respectively, and New Zealand in 1885 and 1891, adopted the system of taxing land values. Tasmania first adopted the taxation of properties, and, to a limited extent, the taxation of incomes by means of a dividend tax. A rate of 9d. per £ was collected on the assessed annual value of the property; and the dividend tax was also fixed at 9d. in the £ on the amount of the dividends received. The property tax was reduced to 6d. in 1883; and in 1888 the Land Tax Act was passed superseding the property tax. This measure fixed the capital value as the basis of assessment, and the rate as $\frac{1}{2}$ d. per £ on all private holdings, lands belonging to Municipal Corporations and other public bodies being the only exemptions; and the rate was increased to 1d. in 1894. In the same year an income tax was imposed, the rate being 8d. in the £ on incomes derived from personal exertion, and 1s. on other incomes, with exemptions of incomes under £150.

In Queensland a dividend tax of 1s. per £ on all dividends has been in force since 1890.

South Australia was first to adopt a general system of land and income taxation. The assessment for the land tax is made on the unimproved value, the rate being one half-penny in the £. The income tax is 3d. in the £ on incomes derived from personal exertion only, and 6d. in the £ on incomes derived from invested capital. The sum of £200 or under is exempted from taxation, from whichever source it may be derived.

During 1891 an Act was passed in New Zealand for the taxation of both land and incomes, and superseded a system of property tax

which had previously prevailed in that Colony. The former is assessed on the actual capital value of the land; but a taxpayer is entitled to a deduction on account of the value of all improvements up to £3,000, and also on account of any sum which may be owing on a registered mortgage. There are other exemptions which, with the two previously mentioned, considerably reduce the number of estates liable to taxation. The rate for 1893 was 1d. in the £. A graduated tax, ranging from one-eighth of a penny to 1½d. in the £, is imposed on all lands of an unimproved value of £5,000 or more. The income tax is levied on all incomes over £300, this sum being exempted in every case. The rate for 1893 was 6d. in the £ on the first £1,000 liable to taxation, and 1s. per £ on all beyond that sum.

The following is a statement of the amount derived from the various sources of direct taxation in each of the Colonies during 1893 :—

Colony.	Stamp Duties.		Land Tax.	Income Tax.	Dividend Tax.	Property Tax.	Total.
	Probate.	Other.					
	£	£	£	£	£	£	£
New South Wales.....	114,248	197,389	....	....	....	....	311,637
Victoria	144,612	290,695	123,442	....	....	....	558,749
Queensland	106,752	....	....	....	55,468	....	162,220
South Australia.....	55,622	27,119	147,886	....	....	....	230,627
Western Australia	11,280	....	....	....	....	....	11,280
Tasmania	5,271	13,724	37,375	....	11,280	....	67,650
New Zealand	314,800	....	360,564	....	....	1,412	676,776

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. The return given below shows the percentage of direct and indirect taxation to total revenue, exclusive of the receipts from railways and electric telegraphs. The returns are for latest available dates :—

Country.	Total Revenue, less Receipts from Railways and Electric Telegraphs	Taxation.	Percentage of Revenue derived from Taxation to total in first column.
	£	£	
United Kingdom.....	87,915,377	74,800,000	85·1
Russia	88,388,100	63,275,900	71·6
Italy	65,453,000	50,787,700	77·6
United States	80,379,100	75,913,000	94·4
Canada	7,036,511	5,926,283	84·2
Cape Colony.....	2,301,497	1,654,583	71·9
Australasia	19,165,000	10,696,641	55·8

LAND REVENUE.

The practice of treating as ordinary revenue money derived from the sale and occupation of Crown lands obtains in all the Colonies, and the money so raised forms one of the largest items of their income. The propriety of so doing is open to grave doubt, but the argument used in its justification is that the sums so obtained have enabled the Government 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 declining year by year, both absolutely and as compared with population. In New South Wales and South Australia the falling off has been most noticeable; in the former Colony the revenue from this source is now some £1,200,000 less than was the case in 1881, while in South Australia the revenue from land sales has almost disappeared.

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

Compared with 1881, the land revenue for 1893 shows a large decline, in all amounting to £1,697,443. The falling off is found entirely in the amount of revenue from sales, that derived from rents having largely increased. However, general remarks applicable to all the Colonies can scarcely be made. New South Wales obtained £2,483,338 from land sales in 1881, out of a total of £4,691,672 for all the Colonies, or more than one half; while from occupation its revenue was £337,651 out of £1,005,441, or little more than one-third. In 1893 the revenue of the

Colony from sales amounted to £1,297,564, still a large amount, but £1,185,774 short of the receipts of 1881. In regard to occupation, a different condition of things is disclosed—the receipts in New South Wales during 1893 rose to £908,708, or an increase of £571,000 as compared with 1881, and amounting to more than half the aggregate for Australasia. The following are the figures for 1893 or 1894 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.
New South Wales	1,297,564	908,708	2,206,272	1	1	5	0	15	0
Victoria	383,165	116,927	500,092	0	6	6	0	2	0
Queensland	131,959	456,654	588,613	0	6	1	1	1	1
South Australia	54,531	180,304	234,835	0	3	2	0	10	5
Western Australia	25,000	73,661	98,661	0	7	8	1	2	8
Tasmania	36,914	21,224	58,138	0	4	10	0	2	9
New Zealand	128,670	184,389	313,059	0	3	10	0	5	6
Australasia	2,057,803	1,941,867	3,999,670	0	10	2	0	9	7

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. Victoria deals with a portion of the proceeds from the sale of Crown lands apart from the general revenue, by annually placing about £100,000 derived from that source to the credit of the Railway Construction Account.

EXPENDITURE.

The amount disbursed by the Government of New South Wales is far larger than that expended by any other Colony of the group; in the last financial year it exceeded that of Victoria by three and a half millions, and was equal to the united expenditure of New Zealand, Queensland, and South Australia. This is chiefly owing to the large extent of settled territory in the Colony, and the system of centralisation already referred

to. The total expenditure during 1893-4 for each Colony, distributed under various heads, was:—

Colony.	Year ended.	Railways.	Post and Telegraphs.	Public Instruction.	Interest and charges on Public Debt.	All other Services.	Total Expenditure.
		£	£	£	£	£	£
New South Wales..	31 Dec., 1893	1,896,347	774,502	805,330	2,537,898	4,873,304	10,886,381
Victoria	30 June, 1894	1,565,052	523,065	624,077	1,912,000	2,758,967	7,384,961
Queensland	30 June, 1894	592,403	296,407	210,245	1,255,533	996,948	3,351,536
South Australia ..	30 June, 1894	575,551	193,448	143,280	923,737	689,590	2,525,606
Western Australia.	30 June, 1894	105,978	66,983	20,300	133,262	329,834	656,357
Tasmania	31 Dec., 1893	136,420	75,239	45,120	323,150	252,895	832,874
New Zealand.....	31 Mar., 1894	728,624	292,433	381,652	1,885,697	1,097,953	4,386,359
Australasia ..	.....	5,590,975	2,222,727	2,230,004	8,971,877	10,099,491	30,024,074

It will be seen from the foregoing statement that 18·6 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 and Public Instruction absorb 7·4 per cent. each, and the interest on the Public Debt, 29·9 per cent.

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, and to some extent in South Australia and Western Australia, the tramways are the property of the State, and are under the same management as the railways, with which they are included in the various statements in this sub-chapter relating to revenue and expenditure:—

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

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 hypothe-

cated. The proportion for Australasia is more than one-fourth of the total expenditure, and £2 4s. 3d. per head of population, while the actual expenditure for each Colony during 1893-4 was as follows:—

Colony.	Interest and Charges on Public Debt.		
	Total.	Per Inhabitant.	Percentage of Total Expenditure.
	£	£ s. d.	
New South Wales	2,537,898	2 1 11	23·3
Victoria	1,912,600	1 12 7	25·9
Queensland	1,255,533	2 18 1	37·5
South Australia	923,737	2 13 3	36·6
Western Australia	133,262	2 1 0	20·3
Tasmania	323,150	2 2 0	38·8
New Zealand	1,885,697	2 16 1	43·0
Australasia	8,971,877	2 4 3	29·9

The amounts given are actual payments made during the financial year, and do not represent the interest liabilities of that period, the amounts of which will be found on page 363. In the case of New South Wales the sum of £288,750 is included which should properly have been taken into account during the previous year, so that the actual sum chargeable to 1893 was £2,249,148, or £1 16s. 9d. per inhabitant.

A casual glance at the figures quoted will lend colour to the suggestion sometimes hazarded that the Colonies are too rapidly mortgaging their resources, and that the expense of the public debt will prove a greater burthen than can easily be borne. However true this may be as far as any individual Colony is concerned, it is certainly erroneous as regards the whole of Australasia. Out of the sum of £8,971,877 required to pay interest and charges on the public debt during 1893-4, £3,768,500 was directly recouped by the profit on public railways; while water supply, sewerage, and other productive services yielded a further sum of £300,300, making a total of £4,068,800. 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 have been 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.

ADJUSTED REVENUE AND EXPENDITURE.

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 follow that form in the foregoing pages, as otherwise the figures quoted would differ from the various Treasury statements, and add another element of confusion; nevertheless, it would be well before closing the remarks on 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 was fortunate enough in 1892 to have a surplus revenue from services after all charges and interest had been defrayed. The conditions are now changed, and the equilibrium between revenue and expenditure has not been maintained; this Colony, during 1893, like the others, exhibiting a loss on the working of its 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 (if 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 :—

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.....	6,830,124	Nil.	6,830,124	5 12 10
Victoria	3,735,556	Nil.	3,735,556	3 3 8
Queensland.....	2,342,356	Nil.	2,342,356	5 8 4
South Australia.....	1,336,902	Nil.	1,336,902	3 17 1
Western Australia.....	523,811	Nil.	523,811	8 1 0
Tasmania	536,397	Nil.	536,397	3 9 9
New Zealand	3,362,490	Nil.	3,362,490	5 0 0
Australasia.....	18,667,636	Nil.	18,667,636	4 12 1

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:—

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	6,936,984	431,000	7,367,984	6 1 9
Victoria.....	3,943,986	456,908	4,400,894	3 15 0
Queensland	1,874,915	475,908	2,350,823	5 8 9
South Australia	1,160,995	174,808	1,335,803	3 17 0
Western Australia	459,147	39,775	498,922	7 13 4
Tasmania	509,852	154,778	664,630	4 6 5
New Zealand	2,466,948	628,863	3,095,811	4 12 1
Australasia	17,352,827	2,362,040	19,714,867	4 17 3

The figures just given show that the 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 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. On a population basis, however, the last-mentioned Colony shows the heaviest expenditure.

COLONIAL SECURITIES.

In another chapter the growth of Australasian indebtedness has been traced over a period of about twenty-five years, and it has been shown that nearly the whole of the advances made to the various State Governments, and some one hundred and twelve millions of private advances, have been obtained in Great Britain. This condition of dependence on external capital for the development of the country has on more than one occasion proved a great danger to Australasia, but never to the same extent as during the crisis of 1892-93, when the withdrawal of confidence on the part of the British investor caused widespread confusion in almost every department of industry, and

intense financial unrest, from which some of the Colonies are even now only slowly recovering. That there has been a recovery in part cannot be denied, as some of the following tables will clearly show.

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

Country.	Class of stock.	Selling price "cum dividend."		
		June, 1892.	June, 1893.	June, 1894.
Australasia—				
New South Wales	3½ per cent. Inscribed..	96½	93	98½
Victoria	3½ do do ..	97	88½	97½
Queensland	4 do do ...	103½	99	104
South Australia	4 do do ...	106	103	106½
Western Australia.....	4 do do ...	103½	104	108
Tasmania	4 do do ...	103	98½	103
New Zealand	4 do do ...	104½	104½	108½
Canada	3 do do ...	94½	96	97
Cape Colony	4 do do ...	106	108	112
Natal	4 do Debentures	103	108	109
India.....	3 do Stocks ...	97¼	98½	99¼

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

redemption at par on maturity, is given below. The stocks were inscribed except in the case of Natal:—

Country.	Class of Stock.	Selling Price, "ex Dividend."	Currency.	Annual Rate of Interest per £100 sterling.				
				If no allowance is made for re- demption at par on maturity.	Gain or Loss per annum by redemp- tion at par on maturity.		Rate if Stock is held till date of maturity.	
					Gain.	Loss.		
June, 1892.								
Australasia—	Per cent.	£	Years.	£ s. d.	s. d.	s. d.	£ s. d.	
New South Wales	3½	96·19	32	3 12 10	1 3	....	3 14 1
Victoria	3½	95·45	31	3 13 4	1 8	....	3 15 0
Queensland	4	101·72	32	3 13 8	....	1 11	3 16 9
South Australia	4	105·22	44	3 16 0	....	4 11	3 11 1
Western Australia	4	101·72	42	3 13 8	....	1 9	3 10 11
Tasmania	4	101·22	16	3 19 0	....	0 2	3 18 10
New Zealand	4	104·05	37	3 16 11	....	4 2	3 12 9
Canada	3	93·17	46	3 4 5	1 4	....	3 9 9
Cape Colony	4	105·89	31	3 15 6	....	6 6	3 5 0
Natal	4	102·55	34	3 13 0	....	2 9	3 15 3
India	3	96·69	56	3 2 1	0 5	....	3 2 6
June, 1893.								
Australasia—	Per cent.	£	Years.	£ s. d.	s. d.	s. d.	£ s. d.	
New South Wales	3½	92·33	31	3 16 0	2 8	....	3 13 8
Victoria	3½	86·07	30	4 0 6	4 8	....	4 5 2
Queensland	4	97·25	31	4 2 3	0 11	....	4 3 2
South Australia	4	102·23	43	3 13 3	....	2 2	3 16 1
Western Australia	4	102·25	41	3 13 3	....	2 3	3 16 0
Tasmania	4	96·75	15	4 2 8	3 3	....	4 5 11
New Zealand	4	104·06	36	3 16 10	....	4 2	3 12 8
Canada	3	94·68	45	3 3 4	1 1	....	3 4 5
Cape Colony	4	107·90	30	3 14 2	....	8 10	3 5 4
Natal	4	107·56	33	3 14 4	....	8 0	3 6 4
India	3	97·92	55	3 1 3	0 4	....	3 1 7
June, 1894.								
Australasia—	Per cent.	£	Years.	£ s. d.	s. d.	s. d.	£ s. d.	
New South Wales	3½	98·21	30	3 11 3	0 9	....	3 12 0
Victoria	3½	95·92	29	3 13 0	1 7	....	3 14 7
Queensland	4	102·25	30	3 13 3	....	2 7	3 15 8
South Australia	4	105·74	42	3 15 8	....	5 6	3 10 2
Western Australia	4	106·25	40	3 15 4	....	6 1	3 9 3
Tasmania	4	101·25	14	3 19 0	....	0 3	3 13 9
New Zealand	4	108·45	35	3 13 9	....	8 8	3 5 1
Canada	3	95·68	44	3 2 9	0 11	....	3 3 8
Cape Colony	4	111·91	29	3 11 6	....	13 4	2 13 2
Natal	4	108·57	32	3 13 8	....	9 2	3 4 6
India	3	98·68	54	3 0 10	0 2	....	3 1 0

The figures given in the last column of the preceding table show the relative positions of the stocks referred to at the respective dates. As will be seen, the credit of each division of Australasia was somewhat better in 1894 than in 1892, notwithstanding the financial panic which occurred between these dates. In 1893 there was naturally a heavy fall, as compared with the preceding year, in all Australasian securities except those of New Zealand and Western Australia. Victorian stock shows the largest fall—a thing to have been expected, seeing that the panic originated in that Colony, and Victorian finances generally were at a low ebb. The quotation for New Zealand stocks at the middle of

1893 was the same as that of the preceding year, which seems to point to the conclusion that the London market does not consider the interests of New Zealand to be bound up with those of the Colonies on the mainland.

Although there has been an improvement during the last few years, the position of Australasian stocks is still very much below the level of 1889. To this general statement New Zealand and Western Australian stocks are exceptions. To illustrate this, the rates obtained during 1892, 1893, and 1894 are given below, in a simpler form than in the preceding table, and an additional column is added, showing the interest yielded to investors in 1889. During the same periods, British consols were selling at 98 $\frac{1}{4}$, 97, 99, and 101 $\frac{1}{8}$:—

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

PRICES OF STOCK TO GOVERNMENT.

So far, only the return yielded to the investor has been considered. The following table shows the average prices obtained by the issuing Governments for some of the last issues, and the quotations for the same stocks at June, 1894, the latter prices being, of course, "ex dividend." Except in the case of South Australia, whose loan was at 3 $\frac{1}{2}$ per cent., the loans quoted bore interest at 4 per cent. :—

Colony.	Date of Negotiation.	Amount of Issue.	Average price realised.	Quotation, ex-dividend, June, 1894.
		£	£	£
New South Wales.....	1893	2,500,000	100.59	104.75
Victoria.....	1893	2,107,000	96.00	102.25
Queensland.....	1893	1,182,400	88.82	92.46
South Australia.....	1894	475,600	90.75	.....
Western Australia.....	1893	400,000	100.26	106.25
Tasmania.....	1894	1,000,000	101.21	100.25

The following statement shows the rates obtained by investors on loans floated by the Colonies during the periods covered by the table on page 354. 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. 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 investors £3 5s. 5d. per cent.; while the highest was the New South Wales loan of October, 1893, which gave investors £4 1s. 1½d. per cent. As the state of credit during the years shown has been previously reviewed, the fluctuations during the period covered call for no special comment. The returns for each Colony were:—

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
	1893.				
New South Wales	October....	4	2,500,000	40	4 1 1½
Do	Jan.-Dec..	4	1,829,400	20	4 0 0
Victoria	October....	4	2,107,000	18 to 33	.....
Do	Various...	4	300,953	Various	.....
Do	do	4	377,595	20 to 30	.....
Queensland	January....	3½	1,182,400	37	.....
South Australia .....	.....	3½	125,000	46	.....
Tasmania	March	3½	600,000	47	.....
	1894.				
South Australia	January..	3½	475,600	45	.....
Do	February..	3½	200,000	.....	.....
Western Australia	June	4	540,000	.....	.....
Tasmania	January....	4	1,000,000	46	3 18 9
New South Wales	September	3½	832,000	24	3 7 10½

INSCRIBED STOCK.

By far the larger part of Australasian loans are inscribed, and the outstanding issues under the debentures system are being converted into inscribed stock as quickly as circumstances permit. New Zealand was the first to introduce inscription in 1877, in which year was passed the Consolidated Stock Act, a measure made necessary by the abolition of the provincial Councils. Under this Act the liabilities of the various provinces were merged into the general debt of the Colony; and under the same Act and its amendment of 1884 the Government has worked systematically to consolidate the debt by conversion and inscription, so that in March, 1894, the whole of the public liabilities were inscribed, with the exception of £4,120,123 represented by debentures. The Consolidated Stock Act of New Zealand was assented to in December, 1877; and in August of that year the Imperial Parliament passed the Colonial Stock Act, which provided for the inscription and transfer of Colonial stock raised in the United Kingdom. Certain steps were required to be taken before a Colony could take advantage of the provisions of the Imperial Act. As already mentioned, New Zealand passed the necessary legislation at the end of 1877; but nothing was done by the other Colonies until 1882, when Victoria and South Australia passed Inscribed Stock Acts; New South Wales and Queensland passed similar legislation in the following year, Western Australia in 1884, and Tasmania in 1889. It will thus be seen that a gradual change in the mode of floating loans for public purposes has been going on since 1877, and the time cannot be far distant when the whole debt of each Colony will be represented by one class of stock. In 1879, or two years after passing the Consolidated Stock Act, New Zealand placed on the market a 5 per cent. loan of £5,000,000 at 97½ in the form of debentures, the subscribers having the option, up to March, 1881, of exchanging for 4 per cent. inscribed stock, at the rate of £120 of stock for each £100 of debentures. The loan was successfully floated, and within the stated period £4,476,000 of the £5,000,000 debentures were exchanged for £5,371,200 inscribed stock at 4 per cent. The other Colonies issued inscribed stock loans shortly after passing the respective Acts.

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

DEBENTURES, REGISTERED AND INSCRIBED STOCK.

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

TREASURY BILLS.

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

CONVERSION AND CONSOLIDATION.

Conversion and consolidation as applied to loans are not interchangeable terms, but represent two distinct transactions in so far related that, without conversion, consolidation would be impracticable. All the Colonies are systematically converting their old loans into inscribed stock, and by so doing they are taking a step towards consolidation.

Since the Consolidated Stock Act was passed in 1877, New Zealand has been engaged in converting its old loans into inscribed stock, and consolidating the whole debt by adopting two uniform interest rates of 4 and 3½ per cent. and fixing the dates of maturity at 1929 and 1940 for each class of stock. The transactions in conversion and consolidation in New Zealand from 1877 to 31st March, 1894, were as follow :—

Amount of Old Debentures Converted.	Additional Capital added to Principal by Conversion.	New Stock Issued.		
		Nominal Rate of Interest.	Amount.	Date of Maturity.
£ 17,923,900 660,800	£ 1,375,162 41,276	4 per cent. 3½ „	£ 19,299,062 702,076	1929 1940

The loading of the principal by conversion appears heavy ; but New Zealand was saddled with a number of small loans, much after the type of municipal borrowings, which it was most desirable should be consolidated without delay, and some sacrifice was made to accomplish this ; besides, the compensation obtained in a lower rate of interest must be set against the increased capital. The subject of the New Zealand conversion is a large one, and inquirers should consult the publications of the Government of that Colony, which give details hardly in place in a volume such as this,

REDEMPTIONS.

Loans are either redeemed or renewed. In the former case, the amount of the obligations of the State to its public creditors is reduced ; in the latter case, the liability remains the same or is only slightly decreased. Repayments, however, are chiefly effected under the head of renewals, the amount of loans redeemed from revenue, by sinking fund, annual drawings, or directly from the general account, at date of maturity, being small. The principle of extinguishing public debt by the operation of sinking funds or by annual drawings is not general in Australasia, and in the Colonies in which it has been adopted the loans affected do not amount to a large sum. In cases in which sinking funds are adopted the funds are held until the date of redemption ; but exactly the opposite course is followed where annual drawings are provided, for in such cases the Government retires a certain amount of its debentures yearly, and thus effects a gradual extinction of the loan. New Zealand, Tasmania, and Western Australia have sinking funds in operation, the amounts to the credit of which will be found on page 362. The system of annual drawings has been adopted to a very limited extent only by New Zealand, New South Wales, and Western Australia.

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

ACCUMULATED DEBT LIABILITIES.

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

So far as most of the Colonies are concerned, their Public Debts date from about the time of their assuming the control of their own affairs. Western Australia, which obtained responsible government in 1890, incurred liabilities in London, however, 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	.....

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 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.	1893-4.
	£	£	£	£
New South Wales	4,017,630	10,614,330	16,924,019	58,079,033
Victoria	6,345,060	11,994,800	22,426,502	47,297,708
Queensland	70,000	4,047,850	13,245,150	32,076,434
South Australia	866,500	2,167,700	11,196,800	22,546,225
Western Australia .....	.....	.....	511,000	2,873,098
Tasmania .....	.....	1,315,200	2,003,000	7,645,604
New Zealand	600,761	8,900,991	29,659,111	39,826,415
Australasia	11,899,951	39,040,871	95,965,582	210,344,517

The figures for the year 1893-4 represent both funded and unfunded debt. 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 1893, 114 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, at £19 16s. 4d.; in 1881, at £34 0s. 2d.; while in 1893 it was £51 13s. 1d. For each Colony the figures stand as follow:—

Colony.	1861.	1871.	1881.	1893-4.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
New South Wales	11 4 5	20 10 0	21 14 8	47 9 6
Victoria	11 14 3	16 0 11	25 9 7	40 6 1
Queensland	2 0 9	32 6 11	58 7 2	74 4 0
South Australia	6 16 8	11 13 7	39 2 1	65 0 0
Western Australia .....	.....	.....	17 0 6	44 3 2
Tasmania .....	.....	12 18 5	16 16 10	49 10 2
New Zealand	6 1 4	33 6 9	59 4 2	58 17 0
Australasia	9 10 5	19 16 4	34 0 2	51 13 1

These figures present the amount of the public indebtedness as represented by outstanding debentures or stock, but the real amount is less in New Zealand, Western Australia, and Tasmania, each of these Colonies having established a sinking fund. To this matter reference will be made later on.

Of the £210,344,517 which constituted the debt of Australasia in 1893, £200,705,019 was funded debt raised either as debentures, funded, or inscribed stock, and £9,639,498 unfunded or floating debt. The particulars for each Colony, on the 31st December, 1893 were:—

Colony.	Year.	Debenture Bonds.	Inscribed and Funded Stock.	Treasury Bills.		Total.
				For Works.	In aid of Revenue.	
		£	£	£	£	£
New South Wales..	1 Jan., 1894	12,659,060	40,767,089	2,750,000	1,902,884	58,079,033
Victoria	30 June, 1894	20,607,130	25,850,578	.....	750,000	47,297,708
Queensland	31 Dec., 1893	11,325,500	19,314,034	436,278	1,000,622	32,076,434
South Australia ..	1 Jan., 1894	11,482,600	9,714,400	500,000	849,225	22,546,225
Western Australia..	31 Dec., 1893	434,000	2,259,563	179,535	.....	2,873,098
Tasmania	31 Dec., 1893	3,668,150	2,706,500	966,154	304,800	7,645,604
New Zealand	31 Mar., 1894	4,120,123	35,706,292	.....	... ..	39,826,415
Australasia		64,386,563	136,318,456	4,831,967	4,807,531	210,344,517

In one or two instances the amount of the Bills current in aid of Revenue, which is set down in the above table, differs somewhat from that given on page 340. The figures there given represent the net indebtedness, and are exclusive of the provision made to meet the Bills when they fall due.

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 to the credit of the sinking funds were as follow at the specified dates:—New Zealand, 31st March, 1894, £951,924; Western Australia, 31st December, 1893, £129,099; and Tasmania, 31st December, 1893, £136,592.

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 3·83 per cent., while New Zealand pays 4·03 per cent., so that a debt of £100 in the former is not more burthensome than £95 in the latter Colony. A more exact basis of comparison is obtained by taking the interest liability. 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, 1893.	Per Inhabitant.
	Per cent.	Per cent.	Per cent.	£	£ s. d.
New South Wales.....	3·82	4·04	3·83	2,227,037	1 16 5
Victoria	3·93	4·50	3·94	1,862,197	1 11 9
Queensland	3·91	4·00	3·91	1,255,921	2 18 1
South Australia	4·06	4·56	4·09	921,813	2 13 2
Western Australia.....	4·08	4·50	4·10	117,870	1 16 1
Tasmania	3·94	4·63	4·06	310,263	2 0 2
New Zealand	4·03	.....	4·03	1,605,466	2 7 5
Australasia	3·93	4·23	3·95	8,300,567	2 0 9

In 1884 the nominal rate of interest on New South Wales loans was fixed at $3\frac{1}{2}$ per cent., at which rate stock to the amount of £28,494,200 had been sold to January, 1894. This example was not followed by any of the other Colonies until 1888, when Queensland successfully floated the loan of £2,520,000 at the reduced rate; and in 1889 Victoria, South Australia, Tasmania, and New Zealand, in the order named, were successful in issuing stock at a similar nominal rate. Through the pressure of events already referred to, the nominal rate for those Colonies issuing in 1893 was increased to 4 per cent. Early in the following year, however, South Australia and Tasmania issued again at

the lower rate. The following shows the amount of the total debt under each rate of interest for each of the group :—

Rate of Interest.	New South Wales (to 1 Jan., 1894).	Victoria (to 30 June, 1894).	Queensland (to 31 Dec., 1893).	South Australia (to 1 Jan., 1894).	Western Australia (to 31 Dec., 1893).	Tasmania (to 31 Dec., 1893).	New Zealand (to 31 Mar., 1894).
			FUNDED DEBT.				
per cent.	£	£	£	£	£	£	£
Nil.	860	.....	.....	.....	.....	.....	311
7	.....	.....	.....	.....	.....	.....	15,000
6½	.....	.....	.....	.....	.....	.....	35,000
6	92,000	.....	765,600	1,067,500	33,000	484,400	203,200
5	4,266,000	153,900	.....	290,900	83,100	100	1,699,400
4½	.....	.....	.....	.....	.....	40,450	.....
4¼	.....	5,000,000	.....	.....	111,700	.....	2,546,634
4	20,572,489	29,393,808	21,384,300	17,464,400	2,465,763	3,142,500	30,805,802
3½	28,494,200	12,000,000	8,489,634	2,375,100	.....	2,707,200	4,521,068
Total	53,426,149	46,547,708	30,639,534	21,197,000	2,693,563	6,374,650	39,826,415
			UNFUNDED DEBT—Treasury Bills.				
5	.....	.....	.....	.....	.....	465,304	.....
4½	.....	.....	.....	.....	.....	95,500	.....
4·5625	.....	.....	.....	1,349,225	.....	.....	.....
4¼	.....	750,000	.....	.....	179,535	445,920	.....
4	750,000	.....	.....	.....	.....	154,430	.....
4	3,902,884	.....	1,436,900	.....	.....	109,800	.....
Total	4,652,884	750,000	1,436,900	1,349,225	179,535	1,270,954	.....
Total Debt ..	58,079,033	47,297,708	32,076,434	22,546,225	2,873,098	7,645,604	39,826,415

The Treasury Bills of New Zealand do not rightly form part of the Public Debt, and outstanding bills have therefore been excluded from the foregoing statement.

DATES OF MATURITY.

Australasian loans, as previously shown, have been issued for fixed periods, and the accumulated amount maturing for Australasia in each year is given in the following statement. No combined action is taken to regulate the raising of loans, each Colony acting according to the exigencies of its Government, regardless of the condition of its neighbours. The placing of a loan on the London market, especially if it be for a large amount, generally results in an all round fall in the prices of Australasian stocks, and subsequent issues of other Colonies are placed at a disadvantage if the market is approached before it has recovered its tone; in fact, the Colonies have, in this respect, all the evils of disintegration and all the liabilities of federation, without any of the advantages which federation would give. It would be useless

to criticise the amount falling due in any year, large though it may be, unless for a period close at hand, as existing conditions will eventually become so intolerable that some change must perforce be made. Happily, the amounts to be redeemed during the next decade are moderate, and the fact of heavy obligations requiring to be met in any remote year may prove a solid advantage, as it will simplify negotiations when the time is ripe for the conversion of Australasian loans into one consolidated stock. As previously mentioned, only one Colony is at present systematically working with this end in view, but so far it has treated the question from a provincial standpoint only. The principle of adopting a minimum and a maximum date for repayment has been so recently introduced that, in the table now given, no attempt has been made to specially show the amounts to which it is applicable, the period of redemption in each case being assumed to be the more remote date:—

FUNDED DEBT.

Due Dates.	£	Due Dates.	£
Overdue ...	1,171	1916 ...	1,423,500
1894 ...	424,050	1917 ...	1,363,800
1895 ...	1,520,722	1918 ...	13,463,100
1896 ...	2,243,700	1919 ...	4,026,000
1897 ...	564,190	1920 ...	6,313,000
1898 ...	1,805,850	1923 ...	7,586,230
1899 ...	2,993,722	1924 ...	31,125,134
1900 ...	951,320	1926 ...	7,174,600
1901 ...	3,618,200	1929 ...	29,350,302
1902 ...	589,200	1930 ...	3,704,800
1903 ...	2,058,680	1931 ...	1,436,000
1904 ...	5,599,900	1933 ...	9,686,300
1905 ...	187,500	1934 ...	823,563
1906 ...	1,262,400	1935 ...	1,560,400
1907 ...	5,538,500	1936 ...	2,182,400
1908 ...	8,298,000	1939 ...	2,375,100
1909 ...	1,884,500	1940 ...	7,227,568
1910 ...	2,953,000	Interminable...	532,889
1911 ...	1,076,600	Annual Drawings	1,682,600
1912 ...	2,182,400	Dates undefined	1,743,578
1913 ...	6,560,650		
1914 ...	1,278,300		
1915 ...	12,328,600	Total ...	£200,705,019

UNFUNDED DEBT.

(Treasury Bills.)

(£ thousands)			
	£		£
1894 ...	769,360	1900 ...	250,000
1895 ...	556,594	1903 ...	11,000
1896 ...	4,168,400	Annual payments	1,902,884
1897 ...	1,129,225		
1898 ...	629,535	Total ...	£9,639,498
1899 ...	222,500		
		Total Debt ...	£210,344,517

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

Year.	New South Wales (to 1 Jan., 1894).	Victoria (to 30 June, 1894).	Queens- land (to 31 Dec., 1893).	South Australia (to 1 Jan., 1894).	Western Australia (to 31 Dec., 1893).	Tasmania (to 31 Dec., 1893).	New Zealand (to 31 March, 1894).
FUNDED DEBT.							
Overdue	£ 860	£	£	£	£	£	£
1894 .....	.....	.....	.....	68,100	.....	40,650	315,300
1895	832,000	122,000	.....	60,000	.....	105,900	400,822
1896	977,400	.....	765,600	60,000	.....	100,600	340,100
1897	65,300	31,900	.....	60,000	.....	100,600	305,890
1898	177,200	.....	.....	140,000	.....	60,150	1,481,500
1899	197,700	1,500,000	.....	1,140,000	.....	.....	156,022
1900	857,100	.....	.....	63,000	.....	31,220	.....
1901	420,900	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	55,680	.....
1904	58,000	5,457,000	.....	67,500	.....	17,400	.....
1905	2,300	.....	.....	42,500	17,600	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	1,799,500	.....	.....	45,000	.....	.....	40,000
1910	2,863,700	.....	.....	64,300	.....	.....	25,000
1911 .....	.....	.....	.....	76,600	.....	1,000,000	.....
1912	2,116,400	.....	.....	60,000	.....	.....	.....
1913 .....	.....	4,000,000	1,466,500	41,000	.....	548,650	506,500
1914 .....	.....	.....	.....	32,500	.....	800,000	445,800
1915 .....	.....	.....	11,728,800	595,000	.....	.....	4,800
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	.....	300,000	.....
1923 .....	.....	7,586,230	.....	.....	.....	.....	.....
1924	16,500,000	.....	12,973,834	1,651,300	.....	.....	.....
1926 .....	.....	7,107,000	.....	.....	.....	67,600	.....
1929 .....	.....	.....	.....	200,000	.....	.....	29,150,302
1930 .....	.....	.....	3,704,800	.....	.....	.....	.....
1931 .....	.....	.....	.....	.....	1,436,000	.....	.....
1933	9,636,300	.....	.....	.....	.....	.....	.....
1934 .....	.....	.....	.....	.....	823,563	.....	.....
1935 .....	.....	.....	.....	1,560,400	.....	.....	.....
1936 .....	.....	.....	.....	2,182,400	.....	.....	.....
1939 .....	.....	.....	.....	2,375,100	.....	.....	.....
1940 .....	.....	.....	.....	.....	.....	2,706,500	4,521,068
Interminable	532,889	.....	.....	.....	.....	.....	.....
Annual Drawings	308,500	.....	.....	.....	317,900	.....	1,056,200
Dates undefined .....	.....	1,743,578	.....	.....	.....	.....	.....
Total	53,426,149	46,547,708	30,639,534	21,197,000	2,693,563	6,374,650	39,826,415
UNFUNDED DEBT. (Treasury Bills.)							
1893 .....	.....	.....	.....	.....	150,000	619,360	.....
1894 .....	.....	.....	.....	.....	20,000	530,594	.....
1895 .....	.....	.....	.....	.....	.....	40,000	.....
1896	2,750,000	250,000	1,128,400	.....	.....	30,000	.....
1897 .....	.....	250,000	.....	849,225	.....	.....	.....
1898 .....	.....	250,000	75,000	250,000	9,535	45,000	.....
1899 .....	.....	.....	222,500	.....	.....	.....	.....
1900 .....	.....	.....	.....	250,000	.....	.....	.....
1901 .....	.....	.....	.....	.....	.....	.....	.....
1902 .....	.....	.....	.....	.....	.....	.....	.....
1903 .....	.....	.....	11,000	.....	.....	.....	.....
Annual payments	1,902,884	.....	.....	.....	.....	.....	.....
Total	4,652,884	750,000	1,436,900	1,349,225	179,535	1,270,954	.....
Total Debt	58,079,033	47,297,708	32,076,434	22,546,225	2,873,093	7,645,604	39,826,415

EXPENSES OF NEGOTIATION.

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 £3,127,449; and for Victoria, £2,329,808. 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 has been very much below what would have been demanded by the local capitalist.

The charges incidental to the floating of an inscribed stock loan in England are heavy. The chief expense is the stamp duty of 12s. 6d. per cent. imposed by the British Government on inscribed stock. The other charges 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 this 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; and 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. 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 per million for the first ten millions, £450 for the second like sum, and £400 per million for any subsequent amount.

Under the old form of debenture the stamp duty imposed is 2s. 6d. per cent., or £1,250 per one million debentures. The expenditure per £100 debenture or stock, for the issues of those Colonies for which information is 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 inappreciable when compared with the advantages gained :—

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

The high rate of expenses on the last Queensland loan is accounted for partly by the fact that the amount was underwritten at the rate of 1 per cent.

LATE ISSUES OF LOANS AND TREASURY BILLS.

As late as the year 1890 the Colonies could borrow in London on very favourable terms, but in the year named the conditions were no longer 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 for the stoppage of Australasian credit; but there is no reasonable ground for supposing that if the Baring failure had not taken place, the London markets would have been much longer open to the Australasian Colonies. The Treasurers of the various 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. The sudden stoppage of credit greatly embarrassed the Governments, and most of the Colonies had recourse to Treasury Bills to enable them to adjust their finances to the altered circumstances. The amounts received from the sale of Treasury Bills were devoted to meeting loans maturing, and providing funds for public works already contracted for. Pressing necessities, and the improved condition of the London market, encouraged several of the Colonies during 1893 and 1894 to place ordinary loan issues, which were successfully negotiated ; and the proceeds of these loans relieved the liabilities on matured Treasury Bills and current obligations.

NEW SOUTH WALES.

Loan Issues.—New South Wales, in 1892 and 1893, had authority to issue £3,000,000 4 per cent. funded stock at a minimum price of par. Up to 8th May, 1894, when the stock was withdrawn, £2,345,780 had been disposed of. The cost of the issue was practically nil.

In October, 1893, an inscribed stock loan was floated in London, the rate of interest being 4 per cent., and the currency forty years. The minimum price was fixed at 98½, and the average price realized was £100 11s. 10½d. The rate paid by the Government, allowing for redemption at par on maturity, was £4 2s. 5¾d. ; while the return to investors was £4 1s. 1½d. During 1894, several small 5 per cent. loans matured, which amounted in the aggregate to £832,000. In September of that year a 3½ per cent. covering loan was successfully issued, the average price realised on the gross proceeds being £101 15s., which is reduced to £99 13s. 6d. if allowance is made for accrued interest and charges. The rate paid by the Government is £3 10s. 4d. per cent., and the interest yielded to investors, £3 7s. 10½d. The loan was subscribed over five-fold, the amount tendered being £4,268,000.

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

VICTORIA.

Loan Issues.—An inscribed stock loan of £2,107,000 was floated in London in October, 1893, the rate of interest being 4 per cent., and the date of maturity between 1911 and 1926, at the option of the Government on due notice being given. Four per cent. debentures were also disposed of locally to the amount of £377,595 ; and 4 per cent. stock on Melbourne register, amounting to £300,953, was sold.

Treasury Bills.—No Treasury Bills were sold during 1893, and the amount of outstanding Bills on the 30th June, 1894, was £750,000.

QUEENSLAND.

Loan Issues.—Queensland, in January, 1893, placed a 3½ per cent. loan of £1,182,400 on the London market, the average price obtained

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

Treasury Bills.—During 1893, three issues of Treasury Bills were placed locally, viz., £222,500 in January, £5,000 in April, and £11,000 in December. The rate of interest is 4 per cent., and the dates of maturity are 1899, 1898, and 1903 respectively. In January, 1894, Bills to the amount of £1,000 were also disposed of locally, the rate being the same as for the previous issues, and the date of redemption, 1903.

SOUTH AUSTRALIA.

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

An instalment of the £1,013,279 loan of 1892 was floated in Adelaide, in February, 1894. The amount of the issue was £200,000, the price realised per £100 being 92, and the rate of interest being $3\frac{1}{2}$ per cent.

Treasury Bills.—In June, 1892, Treasury Bills were issued to the amount of £349,225, with interest at the rate of £4 11s. 3d. per cent., and payable in five years; and in March and July, 1893, further issues of £250,000 each were made bearing the same rate, the dates of maturity being 1898 and 1910 respectively.

WESTERN AUSTRALIA.

Loan Issues.—In June, 1894, a loan of £540,000, at £4 per cent., was floated in London at a minimum of 102, the average price realised being £103 6s. 1d.

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

TASMANIA.

Loan Issues.—Tasmania issued a $3\frac{1}{2}$ -per cent. loan of £800,000 in March, 1893, which was part of the £2,100,000 authorised in December, 1892. The loan was only a partial success, £600,000 being taken up and the balance withdrawn. The rate of interest is $3\frac{1}{2}$ per cent., and the average price realised per £100 was £92 2s. 2d. In 1894 a loan of £1,000,000 was negotiated in London, the rate of interest being 4 per cent., and the date of maturity between 1920 and 1940, at the option of the Government on 12 months' notice being given. The average amount realised per £100 was £101 4s. 3d.

Treasury Bills.—During 1893, four issues of Treasury Bills were negotiated in London, viz.:—£109,800 at 4 per cent., £50,000 at $4\frac{1}{2}$ per cent., £95,500 at $4\frac{3}{4}$ per cent., and £79,000 at 5 per cent., the total amount sold being £334,300. The currency in all cases is 2 years.

NEW ZEALAND.

Loan Issues.—During the year 1893-4, £920,000 of old debentures were converted into inscribed stock of the amount of £1,038,180. Under the amending Consolidation Act of 1884, short dated debentures are issued, pending sale of inscribed stock under the Act of 1877. During 1893-4, £402,300 of debentures were sold under these conditions. Debentures were also issued under specific Acts during the same period, as follows:—

	£
Native Land Purchase Act, 1892	131,700
Cheviot Estate.....	250,000
Loans to Local Bodies	200,800
Naval and Military Settlers	26,661
Land for Settlement	53,966

Treasury Bills.—The amount of Treasury Bills sold during 1893-4 was £280,000. The outstanding bills on 31st March, 1894, amounted to £811,000; but as allowance is made for these at the end of the financial year, when carrying forward the balance of the Revenue Account, the liability is practically wiped out.

The particulars of the latest issues of the Funded Debts are as follow:—

FUNDED LOANS—LATEST ISSUES.

Colony.	Year of Issue.	Year of Maturity.	Nominal.		Net Proceeds, less charges and accrued Interest.		Annual Interest per £100 sterling, paid by Government.				
			Interest.	Amount of Loan.	Total.	Per cent.	Nominal Interest on net Proceeds.	Gain or loss in interest by redemption at par on maturity.		Rate paid, allowing for redemption at par on maturity.	
								Gain.	Loss.		
			Per cent.	£	£	£	s. d.	s. d.	s. d.	£ s. d.	
New South Wales..	1893	1933	4	2,500,000	2,437,249	97.49	2 0½	..	0 5	4 2 5½	
New South Wales..	1893	1913	4	1,829,400	1,927,850	99.92	0 0½	..	0 0½	4 0 1½	
New South Wales..	1894	1918	3½	832,000	829,307	99.63	3 10 2½	..	0 1½	3 10 4	
Victoria.....	1892	1921-1926	3½	2,000,000	1,810,666	90.53	3 17 3½	..	3 1½	4 0 5	
Victoria.....	1893	1911-1926	4	2,107,000							
Victoria.....	1893	undefined.	4	1300,953							
Victoria.....	1893	1913-23	4	1377,595							
Queensland	1893	1930	3½	1,182,400							
South Australia ..	1893	1939	3½	*125,000							
South Australia ..	1894	1939	3½	*475,000							
South Australia ..	1894	....	3½	200,000						
Western Australia	1892	1911-1931	4	400,000	393,211	98.30	4 1 4½	..	0 3½	4 1 8	
Western Australia	1894	....	4	540,000						
Tasmania	1893	1920-40	4	1,000,000	994,912	99.49	4 0 5	..	0 0½	4 0 5½	

* Part of the £1,532,900 loan, particulars of which are not yet available. † Funded stock.
 ‡ Stock on Melbourne Register. § Debentures sold in Melbourne. ¶ Part of the £1,013,279 loan, particulars of which are not yet available.

The particulars of Treasury Bills issued during 1893-4 are as follow:—

TREASURY BILLS—LATEST ISSUES.

Colony	Year of Maturity.	Nominal.		Net Proceeds, less charges and accrued interest.		Annual Interest per £100 sterling, paid by Government.				
		Interest.	Amount of Loan.	Total.	Per cent.	Nominal interest on net proceeds.	Gain or loss in interest by redemption at par on maturity.		Rate paid by Govern- ment, allowing for par redemption at par on maturity.	
							Gain.	Loss.		
		Per cent.	£	£	£	£ s. d.	s. d.	s. d.	£ s. d.	
New South Wales . (b)	1896	4	725,700	721,059	99·36	4 0 6	..	0 5½	4 0 11½	
" (b)	1896	4	10,800	10,759	99·62	4 0 3½	..	0 3	4 0 6½	
Victoria .....	..	no issues.	..	..	..	..	..	..	..
Queensland (a)	1899	4	222,500	222,500	100·00	4 0 0	..	..	4 0 0	
" (a)	1898	4	5,000	5,000	100·00	4 0 0	..	..	4 0 0	
" (a)	1903	4	11,000	10,973	99·76	4 0 2½	..	0 1½	4 0 4	
" (a)	1903	4	1,000	997	99·68	4 0 3½	..	0 1½	4 0 5	
South Australia (a)	1898	4/11/3	250,000	249,839	99·94	4 11 3½	..	0 0½	4 11 4	
" (a)	1910	4/11/3	250,000	249,918	99·97	4 11 3½	..	0 0½	4 11 3½	
Western Australia (a)	1895-8	4½	29,535	29,513	99·92	4 10 0½	..	0 0½	4 10 1½	
" (b)	1894	4½	150,000	150,000	100·00	4 10 0	..	..	4 10 0	
Tasmania (b)	1895	4	109,800	108,290	98·62	4 1 3½	..	0 10½	4 2 2	
" (b)	1895	4½	50,000	49,812	99·63	4 10 4	..	0 4	4 10 8	
" (b)	1895	4½	95,500	95,196	99·63	4 15 3½	..	0 3½	4 15 7	
" (b)	1895	5	79,000	78,749	99·68	5 0 4	..	0 3½	5 0 7½	

(a) Placed locally.

(b) Placed in London.

EXPENDITURE OF PROCEEDS OF LOANS.

In the foregoing pages the chief points dwelt upon have been the amount of the public indebtedness and the credit enjoyed by each Colony as tested by the selling price of its loans. Before closing this chapter it would be well to consider for what purpose the debts were incurred. The services upon which the proceeds of the public loans were expended are various, but the bulk of the expenditure may be placed to the account of the construction of railways, water supply, sewerage, and electric telegraphs. In the early stages of Australasian borrowing the expenditure was moderate, loans being hard to raise, and interest high; but latterly, as the conditions under which loans could be contracted became favourable, especially since 1881, few of the Colonies set any bounds to their requirements. It was a repetition of the old experience, the opportunity engendered the desire, and the open purses of the investors tempted the Colonies to undue borrowing and lavish expenditure. What is termed a "vigorous public works policy" was the order of the day, and works were pressed forward which, under other circumstances, would not have been undertaken, or have been held back until the growth of population warranted their construction. The

plethora of money has been harmful in many ways, the most apparent being the construction of not a few branch railways, in outlying and sparsely-settled districts, which do not pay even their working expenses. The consequence is that the interest on loan capital has to be met out of general revenue, and in some instances the present generation will pass away before this condition of affairs will be remedied. But when every allowance has been made for unwise or improvident expenditure, it will be found that by far the larger portion of the proceeds of loans has been well expended. In some instances, 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.

The following statement gives, under a convenient classification, the loan expenditure of each Colony during 1893-4 :—

Colony.	Year.	Amount spent on Works yielding direct Revenue.				Other Works and Services.	Total.
		Railways.	Water Supply and Sewerage.	Electric Tele-graphs.	Total.		
		£	£	£	£	£	£
New South Wales ..	31 Dec., 1893	1,143,330	353,931	15,985	1,513,246	416,334	1,929,580
Victoria	30 June, 1893	373,210	251,205	.....	624,415	136,785	761,200
Queensland	30 June, 1894	137,268	5,647	1,241	144,156	233,921	378,077
South Australia ..	31 Dec., 1893	262,726	225,066	1,101	488,893	97,491	586,384
Western Australia..	31 Dec., 1893	451,775	11,595	16,106	479,476	175,086	654,562
Tasmania	31 Dec., 1893	13,542	.....	2,464	16,006	158,021	174,027
New Zealand	31 Mar., 1894	176,294	5,272	16,127	197,693	208,323	406,016
Australasia .....	.....	2,558,145	852,716	53,024	3,463,885	1,425,961	4,889,846

The expenditure of Australasia during 1893-4 from funds derived from the proceeds of loans was £4,889,846. Of this amount the sum of £3,463,885 was spent on services directly revenue-producing, and the remainder was chiefly devoted to works of a substantial nature, such as the construction of roads and bridges, the improvement of harbours and rivers, and the erection of lighthouses, schools, and public buildings. The amount expended on fortifications and military works was relatively small.

The expenditure from loans has been largely reduced during the last three years, especially in the larger Colonies. This may be attributed, in some case, to a settled policy of retrenchment; but in others, the difficulty of raising a loan in London affords a more probable explanation.

The expenditure during the four periods shown for each province is given in the following table :—

Colony.	1890-1.	1891-2.	1892-3.	1893-4.
	£	£	£	£
New South Wales.....	4,750,167	4,813,780	3,014,680	1,929,580
Victoria	3,427,195	1,051,719	988,580	761,200
Queensland	1,296,259	662,281	1,035,523	378,077
South Australia.....	488,869	576,713	547,382	586,384
Western Australia	15,906	77,994	342,632	654,562
Tasmania	561,661	353,066	561,660	174,027
New Zealand	346,324	488,781	472,952	406,016
Australasia	£ 10,886,381	8,024,334	6,963,409	4,889,846

The total expenditure of the proceeds of loans from the commencement of borrowing to the year 1893-4 was £198,266,773. Of this sum £145,580,637, or nearly three-fourths, was spent in the construction of railways, water supply, sewerage, and electric telegraphs; and the balance was expended on works and services which, though classed as non-productive, for the most part assisted in the national development. The expenditure on defence, and the payments made to meet deficiency 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 close of the last financial year :—

Colony.	Year ended.	Amount spent on works yielding direct Revenue.				Other Works and Services.	Total.
		Railways.	Water Supply and Sewerage.	Electric Telegraphs.	Total.		
		£	£	£	£	£	£
N. S. Wales ..	Dec, 1893	38,557,903	6,473,680	817,286	45,848,869	8,255,431	54,104,300
Victoria	June, 1893	34,146,000	7,847,899	.....	42,294,499	2,830,623	45,125,122
Queensland....	June, 1894	18,226,414	292,532	839,256	19,358,202	8,752,510	28,110,712
South Australia	Dec, 1893	12,407,743	3,264,134	859,491	16,531,368	5,006,247	21,537,615
Western Australia	Dec 1893	1,565,444	39,578	266,116	1,871,138	560,804	2,431,942
Tasmania	Dec 1893	3,653,033	.....	116,287	3,769,300	3,510,144	7,279,444
New Zealand ..	Mar., 1894	14,655,027	572,441	679,793	15,907,261	23,770,377	39,677,638
Australasia...	.....	123,512,164	18,490,264	3,573,209	145,580,637	52,686,135	198,266,773

In the New Zealand returns old provincial debts contracted prior to 1876, amounting to £11,535,469, have been included under the head "Other Works and Services," as there is no available record of the services upon which the loans of the old Provisional Governments were expended, except where such was for the construction of railways.

The figures given for New South Wales, South Australia, Western Australia, and Tasmania under the head of "Railways" include loan expenditure on State tramways, but, except in the case of the first-mentioned Colony, the amount expended is unimportant, as this service in the other Colonies is generally in the hands of municipal authorities or private companies.

In the preceding table a large sum has been placed under the head of "Other Works and Services;" in the following statement this amount has been subdivided and is shown under several heads. In regard to New Zealand, the sum under the heading of "Defence Works" also includes the expenditure on light-houses and harbour works; and under "Miscellaneous" the provincial loans prior to 1876 are included. The returns for each Colony were:—

Colony.	Roads and Bridges, Harbours, &c.	Defence Works.	Immigra- tion.	Miscella- neous.	Total.
	£	£	£	£	£
New South Wales.....	4,216,608	1,148,327	569,930	2,320,566	8,255,431
Victoria	718,371	98,299	.....	2,013,953	2,830,623
Queensland	2,775,511	232,201	2,787,942	2,956,706	8,752,510
South Australia	2,583,761	236,123	.....	2,186,363	5,006,247
Western Australia	312,155	.....	5,960	242,689	560,804
Tasmania	1,991,953	120,763	30,500	1,366,928	3,510,144
New Zealand	3,855,455	1,336,677	2,146,552	16,431,693	23,770,377
Australasia	16,453,814	3,172,480	5,540,884	27,518,953	52,686,136

The subjoined table shows the expenditure per inhabitant on the basis of the figures given in the table on the opposite 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 10 4	5 5 10	0 13 4	37 9 6	6 15 0	44 4 6
Victoria	29 8 8	6 14 1	.....	36 2 9	2 8 4	38 11 1
Queensland	42 3 3	0 13 6	1 18 10	44 15 7	20 4 11	65 0 6
South Australia	35 15 5	9 8 2	2 9 7	47 13 2	14 18 8	62 1 10
Western Australia	24 1 3	0 12 2	4 1 9	28 15 2	8 12 5	37 7 7
Tasmania	23 13 1	.....	0 15 1	24 8 2	22 14 7	47 2 9
New Zealand	21 13 1	0 16 11	1 0 1	23 10 1	35 2 6	58 12 7
Australasia	30 7 1	4 10 11	0 17 7	35 15 7	12 13 11	48 14 6

EXPENDITURE BY THE GOVERNMENT AND LOCAL BODIES.

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 352, may be taken as £19,714,867.

The total sum expended by the general and local Governments of Australasia during the year 1893-4 fell little short of £40,000,000, or £9 13s. 2d. per head. Of this large sum £30,024,074, or £7 8s. 1d. per inhabitant, was spent by the general Governments from their revenues, and £4,889,846 or £1 4s. 4d. per inhabitant, from loans; the local expenditure, exclusive of course of a sum equal to the Government endowment, was £4,206,653, or £1 0s. 9d. per inhabitant.

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

Colony.;	Government.		Local.	Total.
	General.	Loans.		
	£	£	£	£
New South Wales.....	10,886,381	1,929,580	1,074,148	13,890,109
Victoria	7,384,961	761,200	1,519,587	9,665,748
Queensland.....	3,351,536	378,077	290,009	4,019,622
South Australia.....	2,525,606	586,384	262,123	3,374,113
Western Australia.....	656,357	654,562	*	1,310,919
Tasmania.....	832,874	174,027	169,959	1,176,860
New Zealand	4,386,359	406,016	890,827	5,683,202
Australasia	30,024,074	4,889,846	4,206,653	39,120,573

* No returns.

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 19 10	1 14 4	0 17 9	11 11 11
Victoria	6 5 10	0 13 1	1 5 11	8 4 10
Queensland.....	7 15 1	0 17 6	0 13 5	9 6 0
South Australia.....	7 5 7	1 13 10	0 15 1	9 14 6
Western Australia.....	10 1 9	10 1 2	*	20 2 11
Tasmania.....	5 8 4	1 2 6	1 2 1	7 12 11
New Zealand	6 10 6	0 12 0	1 6 6	8 9 0
Australasia	7 8 1	1 4 4	1 0 9	9 13 2

* No returns.