

STATE FINANCE.

THE functions of government are much alike throughout Australasia, and it is only to be expected, therefore, that similar items of expenditure should be found in the budgets of the various states. The chief point of difference is the extent to which local requirements are provided for out of general revenue. In most of the states provision for local improvements is a matter of which the state has long since divested itself; but in New South Wales and Western Australia the central government still charges itself with the construction of works of a purely local character, especially in the rural districts; hence the appearance, in the statements of public expenditure of those states, of items of large amount which find no parallel in the other states. Also, when comparison is made with outside countries, other points of difference are found. In Australasia, as in other young communities, it has been necessary for the state to initiate works and services which in older countries have come within the province of the local authorities or have been left to be undertaken by private enterprise. Even at the present day it is deemed advisable that the Government should retain the control of services, such as the railways, which in the United Kingdom and some other countries are not regarded as forming part of the functions of the state, and it is on account of the administration of these services that the budgets of the Australasian states reach such comparatively high figures.

The revenues of the Australasian states have been subject to considerable fluctuations, due not so much to changes in the incidence of the revenue, as to variation in the amount of the imports, for it was upon taxation of imports that the states have most largely depended for revenue. The years of highest revenue ought, under normal conditions, to be coincident with the years of greatest prosperity; but some of the states have been able to efface the effect of unfavourable seasons by lavish borrowing, and the inflow of loans, as represented by taxable goods, has, at times, more than counterbalanced the shrinkage in the imports, due to failure in the wool or wheat crops, for which these imports are payment. This effect of the borrowing policy of the various states upon their revenue was not so great in the last decade as in the previous one, but that it was considerable may be gathered from the fact that in the ten years 1891-1901 the various State Governments contrived to borrow and spend £70,000,000, obtained in London. The unsteadiness of the railway revenue, due to variations in the seasons, is another cause of disturbance to Australian finance, and one which will not be obviated

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

The establishment of the Commonwealth on the 1st January, 1901, necessitated the transfer of the Customs Department to the Federal Government; and, by proclamation, the Postal, Telegraph, and Defence Departments were taken over on the 1st March of the same year. The receipts of the six states are inclusive of the surplus returned by the Commonwealth, but the expenditure excludes all Federal transactions. The finances of the Commonwealth are dealt with on page 812.

The revenue for each state during the past ten years is shown in the following table. For New South Wales and New Zealand the figures shown for the years 1893 to 1895 inclusive, are those for the twelve months ended on the 31st December of the previous year; while for the remainder of the period the fiscal year ended on the 30th June in the former state, and on the 31st March in New Zealand. The amounts given for Tasmania are for the year ended 31st December prior to the years shown, while for the remaining states the financial year ends on the 30th June:—

Year.	New South Wales.	Victoria.	Queensland.	South Australia, including Northern Territory.	Western Australia.	Tasmania.	Commonwealth.	New Zealand.	Australasia.
	£	£	£	£	£	£	£	£	£
1893	10,066,463	6,959,229	3,445,943	2,525,525	575,822	787,764	24,360,740	4,069,551	29,030,297
1894	9,499,910	6,716,814	3,343,069	2,591,271	681,246	706,972	23,539,232	4,692,463	28,231,745
1895	9,350,051	6,712,152	3,413,172	2,497,648	1,125,941	696,795	23,795,759	4,447,899	28,243,658
1896	9,091,368	6,458,682	3,641,568	2,585,230	1,858,695	761,971	24,397,529	4,556,015	28,953,544
1897	9,109,253	6,630,217	3,613,150	2,698,759	2,842,751	797,976	25,692,106	4,798,768	30,490,874
1898	9,304,884	6,598,240	3,768,152	2,633,727	2,754,747	845,019	26,204,769	5,070,230	31,283,999
1899	9,573,415	7,378,842	4,174,086	2,731,208	2,478,811	908,223	27,244,565	5,258,228	32,502,813
1900	9,973,736	7,450,676	4,588,207	2,853,329	2,875,306	943,970	28,635,314	5,699,618	34,334,932
1901	10,612,422	7,722,397	4,096,290	2,836,854	2,964,121	1,054,980	29,337,064	5,906,916	35,243,980
1902	11,007,356	7,006,333	3,535,062	2,477,432	3,354,123	826,163	28,206,469	6,152,839	34,359,308

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

Year.	New South Wales.	Victoria.	Queensland.	South Australia, including Northern Territory.	Western Australia.	Tasmania.	Commonwealth.	New Zealand.	Australasia.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1893	8 11 0	5 19 5	8 8 6	7 10 0	9 16 4	5 3 1	7 7 7	7 5 5	7 7 3
1894	7 17 11	5 14 10	8 0 0	7 9 5	10 9 5	4 12 0	7 0 2	7 1 11	7 0 5
1895	7 12 5	5 14 5	7 19 4	7 1 11	13 14 5	4 9 5	6 19 0	6 11 0	6 17 8
1896	7 4 1	5 10 1	8 5 1	7 5 0	18 7 2	4 15 10	6 19 7	6 11 0	6 18 3
1897	7 2 5	5 13 10	8 0 6	7 10 6	20 12 2	4 17 8	7 4 3	6 15 1	7 2 9
1898	7 2 11	5 18 7	8 3 8	7 5 11	17 0 3	5 0 1	7 4 6	7 0 1	7 3 9
1899	7 4 8	6 7 2	8 17 1	7 9 7	14 14 10	5 4 2	7 8 4	7 2 2	7 7 4
1900	7 8 5	6 8 1	9 10 3	7 13 11	16 16 3	5 5 0	7 14 1	7 11 4	7 13 7
1901	7 15 7	6 9 0	8 4 5	7 19 10	16 9 1	6 2 3	7 15 5	7 13 4	7 15 1
1902	7 19 7	5 15 11	6 18 6	6 15 10	17 4 2	4 15 2	7 7 2	7 16 3	7 8 7

The following statements show that the expenditure of the six Commonwealth states has increased from £25,983,968 in 1893, to £29,240,334 for the year 1901-2, while the amount per inhabitant has decreased from £7 19s. 11d. to £7 12s. 7d. The expenditure of Australasia has increased, during the same period, from £30,308,958 to £35,155,249, while the amount per inhabitant has decreased from £7 16s. 1d. to £7 12s. 0d. The expenditure for each state during the past ten years is set forth in the following table:—

Year.	New South Wales.	Victoria.	Queensland.	South Australia, including Northern Territory.	Western Australia.	Tasmania.	Commonwealth.	New Zealand.	Australasia.
	£	£	£	£	£	£	£	£	£
1893	10,103,272	7,989,757	3,557,620	2,784,145	629,372	919,802	25,983,968	4,324,990	30,308,958
1894	10,082,198	7,310,246	3,351,536	2,749,081	656,357	836,417	24,985,835	4,455,116	29,440,951
1895	9,329,353	6,760,439	3,308,434	2,661,934	936,729	789,806	23,786,095	4,266,712	28,053,407
1896	9,698,891	6,540,182	3,567,947	2,640,688	1,823,863	748,946	25,020,517	4,370,481	29,390,998
1897	9,316,620	6,568,932	3,604,264	2,779,110	2,839,453	750,244	25,858,623	4,509,981	30,368,604
1898	9,299,411	6,928,850	3,747,428	2,750,959	3,256,912	785,026	26,768,586	4,602,372	31,370,958
1899	9,562,739	7,001,663	4,024,170	2,777,614	2,539,358	830,168	26,735,712	4,858,511	31,594,223
1900	10,086,186	7,280,689	4,540,418	2,936,619	2,615,675	871,454	28,331,041	5,140,128	33,471,169
1901	10,729,741	7,683,079	4,624,479	3,007,034	3,051,331	923,731	30,019,395	5,479,703	35,499,098
1902	11,020,105	7,407,781	3,967,001	2,823,578	3,151,427	870,442	29,240,334	5,914,915	35,155,249

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

Year.	New South Wales.	Victoria.	Queensland.	South Australia, including Northern Territory.	Western Australia.	Tasmania.	Commonwealth.	New Zealand.	Australasia.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1893	8 11 8	6 17 2	8 13 11	8 5 4	10 14 7	6 0 4	7 19 11	6 14 8	7 16 1
1894	8 7 7	6 4 11	8 0 4	7 18 6	10 1 9	5 8 10	7 10 10	6 14 9	7 8 7
1895	7 12 1	6 15 3	7 14 5	7 11 3	11 8 3	5 1 4	7 1 3	6 5 8	6 18 11
1896	7 13 8	5 11 5	8 1 9	7 8 1	18 0 4	4 14 2	7 5 9	6 5 8	7 2 9
1897	7 5 9	5 16 10	8 0 1	7 15 0	20 11 8	4 11 10	7 7 11	6 7 0	7 4 9
1898	7 2 10	5 17 2	8 2 9	7 12 5	20 2 3	4 13 0	7 7 10	6 6 11	7 4 3
1899	7 4 6	5 18 4	8 10 8	7 12 2	15 2 1	4 15 2	7 5 10	6 11 4	7 2 3
1900	7 10 1	6 3 1	9 8 3	7 18 5	15 5 10	4 17 0	7 12 5	6 16 6	7 9 8
1901	7 17 3	6 8 4	9 5 8	8 6 5	16 18 9	5 7 0	7 19 1	7 2 3	7 16 3
1902	7 19 10	6 2 7	7 15 5	7 14 10	16 3 5	5 0 3	7 12 7	7 10 2	7 12 0

Below will be found a statement showing the total revenue and expenditure of each state for the financial year 1901-2, with the amounts per head of population. It must be pointed out that from the revenue and expenditure of New South Wales, Victoria, South Australia, Tasmania, and New Zealand, as given in the table, refunds are excluded; while for Queensland and Western Australia there is nothing in the published statements to show whether the amounts are gross or net:—

State.	Year ended—	Total.		Per head of population.	
		Revenue.	Expenditure.	Revenue.	Expenditure.
		£	£	£ s. d.	£ s. d.
New South Wales.....	30 June, 1902..	11,007,356	11,020,105	7 19 7	7 19 10
Victoria.....	30 June, 1902..	7,006,333	7,407,781	5 15 11	6 2 7
Queensland.....	30 June, 1902..	3,535,062	3,967,001	3 18 6	7 15 5
South Australia*.....	30 June, 1902..	2,477,432	2,823,578	6 15 10	7 14 10
Western Australia.....	30 June, 1902..	3,354,123	3,151,427	17 4 2	16 3 5
Tasmania.....	31 Dec., 1901..	826,163	870,442	4 15 2	5 0 3
Commonwealth.....	.....	28,206,469	29,240,334	7 7 2	7 12 7
New Zealand.....	31 Mar., 1902..	6,152,839	5,914,915	7 16 3	7 10 2
Australasia.....	.....	34,350,308	35,155,249	7 8 7	7 12 0

* Including Northern Territory.

As will be seen from the table, the revenue of the states included in the Commonwealth for the financial year 1901-2 was £28,206,469, or £7 7s. 2d. per head of population, and the expenditure £29,240,334, or £7 12s. 7d. per head, showing a total deficiency on the twelve months' transactions of £1,033,865. The revenue of the

whole of Australasia was £34,359,308, or £7 8s. 7d. per head of population, and the expenditure £35,155,249, or £7 12s. per head, showing a deficiency of £795,941. The only states which had a surplus were Western Australia and New Zealand.

SOURCES OF REVENUE.

The revenue of the states is mainly derived from taxation and public services. During the year 1901-2 the customs and excise duties, and postal and telegraph revenue of the states forming the Commonwealth were collected by the Federal Government, and the balance, after deducting expenses of the transferred and new services, was returned to the states. These balances amounted to £7,438,094, and other forms of taxation, £2,654,873; while the railways and tramways returned a revenue of £11,806,022, making altogether a sum of £21,898,989 derived from these sources, or 77·6 per cent. of the total receipts. For New Zealand, customs and excise duties yielded £2,291,349 and other taxation, £821,730; railways returned £1,869,489, and posts and telegraphs, £488,573; the receipts from the sources mentioned being £5,471,141, or 88·9 per cent. of the total. It will thus be seen that for the whole of Australasia the collections under the headings mentioned amounted to £27,370,150, or 79·7 per cent. of the gross revenue. A division of the revenue of each state is appended:—

State.	Taxation.		Railways and Tramways	Posts and Telegraphs.	Public Lands.	Surplus Commonwealth Revenue returned to State.	All Other Sources.	Total Revenue.
	Import and Excise Duties.	Other.						
	£	£	£	£	£	£	£	£
New South Wales	....	1,108,770	4,324,432	....	2,001,574	2,385,905	1,188,675	11,007,356
Victoria	....	716,446	3,362,044	....	354,195	1,820,974	652,074	7,006,333
Queensland	....	276,770	1,310,829	....	*580,633	904,775	456,055	3,535,062
South Australia	....	267,790	1,107,146	....	156,913	623,582	322,001	2,477,432
Western Australia	....	173,532	1,483,574	....	183,489	1,225,076	278,402	3,354,123
Tasmania	....	111,515	206,997	* 20,399	73,970	377,782	35,560	826,163
Commonwealth	....	2,654,873	11,806,022	* 20,399	3,355,774	7,438,094	2,931,307	28,206,469
New Zealand	2,291,349	821,730	1,869,489	488,573	249,019	....	432,079	6,152,839
Australasia	2,291,349	3,476,603	13,675,511	508,972	3,805,393	7,438,094	3,663,386	34,359,308

* Two months only.

Below will be found a statement of the revenue in 1901-2 on the basis of population. The average for the states included in the Commonwealth was £7 7s. 2d., and for the whole of Australasia was £7 8s. 7d. per head, the amount ranging from £4 15s. 2d. in Tasmania to £17 4s. 2d. in Western Australia. The high revenue in the latter state is attributable to the influx of foreign capital consequent on the discovery of the gold-fields. While oversea goods entering the state are

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

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

* Two months only.

Dividing the revenue derived from taxation into that payable (a) directly and (b) indirectly by the people, the former including land and income taxes, stamp duties, &c., and the latter customs and excise, license fees, &c., the appended figures are obtained. The figures for the Commonwealth States include the collections of the Federal Government within each state as shown on page 815. As already stated, the Customs and Excise Duties were collected by the Commonwealth Government during the year ended 30th June, 1902, and from the 9th October, 1901, were not determined by the state, but by the Parliament of the Commonwealth.

State.	Total Taxation, 1901-2.			Per head of population.		
	Direct.	Indirect.	Total.	Direct.	Indirect.	Total.
	£	£	£	£ s. d.	£ s. d.	£ s. d.
New South Wales ..	954,332	2,937,160	3,921,492	0 14 3	2 2 7	2 16 10
Victoria ..	700,856	2,392,073	3,092,929	0 11 7	1 19 7	2 11 2
Queensland ..	219,791	1,354,644	1,574,435	0 8 7	2 13 1	3 1 8
South Australia ..	248,126	718,356	966,482	0 13 7	1 19 5	2 13 0
Western Australia ..	143,047	1,365,248	1,509,105	0 14 9	7 0 1	7 14 10
Tasmania ..	94,490	390,160	484,656	0 10 11	2 4 11	2 15 10
Commonwealth ..	2,391,543	9,157,641	11,549,189	0 12 6	2 7 9	3 0 3
New Zealand ..	821,730	2,291,340	3,113,079	1 0 10	2 18 2	3 19 0
Australasia ..	3,213,273	11,448,990	14,662,268	0 13 11	2 9 7	3 3 6

Comparing these figures with the returns for the year 1881, which are given below, it will be found that the general tendency has been to

increase the direct taxation of the people, on account of the diminished land sales and the shrinkage in other revenue.

State.	Total Taxation, 1881.			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	1,035,345	1,383,127	0 8 1	1 18 0	2 0 1
Queensland	49,311	608,443	657,754	0 4 7	2 16 7	3 1 2
South Australia	14,522	569,617	584,139	0 1 1	2 2 7	2 3 8
Western Australia	1,206	114,919	116,125	0 0 10	3 17 10	3 18 8
Tasmania	66,748	283,398	350,146	0 11 5	2 8 6	2 19 11
Commonwealth	672,072	4,790,067	5,462,139	0 5 11	2 1 11	2 7 10
New Zealand	405,802	1,480,507	1,886,309	0 16 6	3 0 1	3 16 7
Australasia	1,077,874	6,270,574	7,348,448	0 7 10	2 5 8	2 13 6

In respect of the proportion of revenue raised at the present time by direct taxation, the states differ considerably. Thus, no less than 11·44 per cent. of the revenue of Tasmania in 1901-2 was derived from that source; while in New Zealand the proportion was 13·36 per cent.; in Queensland, 6·22 per cent.; in Victoria, 10 per cent.; in Western Australia, 4·29 per cent.; in South Australia, 10·02 per cent.; and in New South Wales, only 8·94 per cent. The comparison, however, is chiefly interesting as showing the large territorial revenue that New South Wales is fortunate enough to possess.

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

PROBATE AND SUCCESSION DUTIES.

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

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

Exceeding—	Not exceeding—	Rate.	Exceeding—	Not exceeding—	te.
£	£	per cent.	£	£	per cent.
.....	1,000	Nil.	34,000	36,000	6 $\frac{1}{2}$
1,000	5,000	2	36,000	38,000	6 $\frac{1}{2}$
5,000	6,000	3	38,000	40,000	6 $\frac{3}{4}$
6,000	7,000	3 $\frac{1}{2}$	40,000	44,000	7
7,000	8,000	3 $\frac{3}{4}$	44,000	48,000	7 $\frac{1}{2}$
8,000	9,000	3 $\frac{1}{2}$	48,000	52,000	7 $\frac{3}{4}$
9,000	10,000	3 $\frac{3}{4}$	52,000	56,000	7 $\frac{3}{4}$
10,000	12,000	4	56,000	60,000	7 $\frac{3}{4}$
12,000	14,000	4 $\frac{1}{2}$	60,000	64,000	8
14,000	16,000	4 $\frac{3}{4}$	64,000	68,000	8 $\frac{1}{2}$
16,000	18,000	4 $\frac{3}{4}$	68,000	72,000	8 $\frac{3}{4}$
18,000	20,000	4 $\frac{3}{4}$	72,000	76,000	8 $\frac{3}{4}$
20,000	22,000	5	76,000	80,000	8 $\frac{3}{4}$
22,000	24,000	5 $\frac{1}{2}$	80,000	84,000	9
24,000	26,000	5 $\frac{3}{4}$	84,000	88,000	9 $\frac{1}{2}$
26,000	28,000	5 $\frac{3}{4}$	88,000	92,000	9 $\frac{3}{4}$
28,000	30,000	5 $\frac{3}{4}$	92,000	96,000	9 $\frac{3}{4}$
30,000	32,000	6	96,000	100,000	9 $\frac{3}{4}$
32,000	34,000	6 $\frac{1}{2}$	100,000	.....	10

Only one-half of these rates is payable on the net amount received by the widow, children, and grand-children of the testator or intestate, provided the total value of the estate is not more than £50,000 after all debts have been paid.

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

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

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

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

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

South Australia.—Succession duties are imposed on real and personal property derived from the estate of a deceased person; on settlements of property to take effect after the death of the settlor; and on property made over by deed of gift during the lifetime of the donor, and not made before and in consideration of marriage, or in favour of a *bona-fide* purchaser or encumbrancer for valuable consideration. The duty is levied on the net present value, and is fixed at 10 per cent. when the legatee or beneficiary is a stranger in blood to the person from whom the property is received. When the person taking the property is the widow, widower, descendant, or ancestor, it is subject to a duty of $1\frac{1}{2}$ per cent. if the value is £500 and under £700; if £700 and under £1,000, 2 per cent.; £1,000 and under £2,000, 3 per cent.; £2,000 and under £3,000, $3\frac{1}{2}$ per cent.; £3,000 and under £5,000, 4 per cent.; £5,000 and under £7,000, $4\frac{1}{2}$ per cent.; £7,000 and under £10,000, 5 per cent.; £10,000 and under £15,000, $5\frac{1}{2}$ per cent.; £15,000 and under £20,000, 6 per cent.; £20,000 and under £30,000, $6\frac{1}{2}$ per cent.; £30,000 and under £40,000, 7 per cent.; £40,000 and under £60,000, $7\frac{1}{2}$ per cent.; £60,000 and under £80,000, 8 per cent.; £80,000 and under £100,000, $8\frac{1}{2}$ per cent.; £100,000 and under £150,000, 9 per cent.; £150,000 and under £200,000, $9\frac{1}{2}$ per cent.; and £200,000 and upwards, 10 per cent.; one-half of these rates only to be charged when the person taking the property is the child (under 21 years of age) or the widow of the deceased, and the net present value of the whole estate is under £2,000. When the property is taken by a brother or sister, or a descendant of a brother or sister, or a person in any other

degree of collateral consanguinity to the deceased person, settlor, or donor, a duty of 1 per cent. is charged if the net present value is under £200; if £200 and under £300, $1\frac{1}{2}$ per cent.; £300 and under £400, 2 per cent.; £400 and under £700, 3 per cent.; £700 and under £1,000, $3\frac{1}{2}$ per cent.; £1,000 and under £2,000, 4 per cent.; £2,000 and under £3,000, 5 per cent.; £3,000 and under £5,000, 6 per cent.; £5,000 and under £10,000, 7 per cent.; £10,000 and under £15,000, 8 per cent.; £15,000 and under £20,000, 9 per cent.; and £20,000 and upwards, 10 per cent.

Western Australia.—Probate duty is payable on the estates of deceased persons, and upon settlements of property to take effect after the death of the donor, with the exception of ante-nuptial settlements, on all post-nuptial settlements made in pursuance of an agreement entered into before marriage, all settlements, on or for the wife, or her issue, or the issue of the settlor, of property which has accrued to the settlor after the marriage in right of his wife; and upon all settlements made in favour of a purchaser or encumbrancer in good faith and for valuable consideration. The duty is imposed on the net value of the estate after all debts have been paid. The lowest sum subject to taxation is £1,500, and this sum is likewise exempted when the net value of the estate is less than £2,500, but when this value is exceeded no exemption is made. The rates of duty are as follow:—

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

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

Tasmania.—In this state duties are imposed on probates of wills and letters of administration. The duty is levied on the net value of the personal estate of the testator or intestate. When the amount is under £100 no duty is payable; when it is £100 and not more than £500 the duty is 2 per cent.; and when it is £500 and upwards the duty is 3 per cent. Life policies are exempt from taxation.

New Zealand.—The following duties are imposed in New Zealand on the final balance of the real and personal property left by a testator or intestate; on settlements of property taking effect after the death of the settlor; and on property made over by deed of gift taking effect

during the lifetime of the donor, and not being property granted before and in consideration of marriage, or in favour of a *bona-fide* purchaser or encumbrancer in return for valuable consideration:—

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

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

LAND AND INCOME TAXATION IN NEW SOUTH WALES.

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

institutes and schools of arts; and lands dedicated to and vested in trustees and used for zoological, agricultural, pastoral, or horticultural show purposes, or for other public or scientific purposes. Should the tax remain unpaid for a period of two years after it becomes due the Commissioners may, after giving another year's notice, let the land for a period not exceeding three years, or, with the permission of a Judge of the Supreme Court, sell so much of it as may be necessary for the payment of the tax, with fines, costs, and expenses added.

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

The receipts from the land and income taxes since their imposition were as follows. The amounts are exclusive of refunds:—

Year.	Land Tax.	Income Tax.
	£	£
1896 .....	.....	27,658
1897	139,079	279,753
1898	364,131	144,269
1899	253,901	171,273
1900	286,227	166,051
1901	288,369	205,304
1902	301,981	190,315

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

The value of land assessed for taxation purposes is £124,015,000; but the owners of estates valued at £10,000,000 could not be discovered, while £13,200,000 represents the value of land falling below the minimum taxable value (£240). As an exemption of £240 is allowed for each person, the taxable amount is further reduced by £9,600,000; exemptions in respect of mortgages described in the text still further

reduce the taxable balance by £14,400,000, and balances due on land conditionally purchased from the state by £7,215,000, so that the actual taxable value is £69,600,000.

The number of persons owning land in New South Wales is about 110,000, but the deductions allowed by law reduced the actual number of taxpayers to 40,000.

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

Year.	Number of Incomes.	Gross Income.	Net Income.
1899	19,775	£ 23,046,181	£ 11,123,343
1900	20,051	25,770,057	12,140,569
1901	19,991	26,293,249	12,065,842

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

Grade.	1899.		1900.		1901.		
	Incomes.		Incomes.		Incomes.		
	No.	Net.	No.	Net.	No.	Net.	
£200 and under	£250	6,138	£ 1,370,404	5,824	£ 1,292,501	5,726	£ 1,277,561
250	300	3,814	1,024,882	3,830	1,035,180	3,923	1,060,673
300	400	3,819	1,295,990	3,946	1,338,668	3,968	1,358,333
400	500	1,758	778,758	1,840	814,349	1,836	810,742
500	700	1,710	992,752	1,783	1,035,137	1,839	1,068,134
700	1,000	1,028	848,779	1,184	964,218	1,071	879,489
1,000	1,200	345	378,713	326	354,290	360	392,947
1,200	2,000	623	936,024	690	1,032,815	671	1,020,669
2,000	5,000	386	1,131,300	434	1,238,487	423	1,252,534
5,000	10,000	99	679,392	111	748,346	99	667,483
10,000	20,000	32	432,469	54	709,028	45	617,970
20,000 and upwards	...	23	1,253,880	29	1,577,550	25	1,659,307
Total		19,775	11,123,343	20,051	12,140,569	19,991	12,065,842

LAND AND INCOME TAXATION IN VICTORIA.

The Land Tax Act in force in Victoria was passed with the object of breaking up large holdings. For this purpose it was declared that all "landed estates" should be subject to taxation; that a "landed estate" should consist of one or more blocks of land not more than 5 miles apart which possessed an aggregate area of upwards of 640 acres and a capital value of more than £2,500; that the value in excess of £2,500 should be taxed at the rate of $1\frac{1}{4}$ per cent. per annum, but that only one exemption should be allowed to a person or company owning more than one "landed estate"; and that the assessment of the capital value of the "landed estate" should be based upon the average number of sheep which it was estimated to be able to maintain, £4 per acre being fixed as the value of land which could carry 2 sheep or more to that area; £3 per acre if it could carry only $1\frac{1}{2}$ sheep; £2 per acre if it could carry only 1 sheep, and £1 if it could not maintain an average of a single sheep to the acre.

The rate of income tax payable in the state varies according to the source whence the income is derived and the taxable amount of such income. On incomes derived from personal exertion 4d. in the £ is payable up to £1,200; on every £ in excess of this sum up to £2,200, 6d.; and on every £ in excess of £2,200, 8d.; double these rates being payable on incomes the produce of property within the state. All incomes of and under £200 escape taxation, and this sum is exempted in all cases in which the income is higher, but no exemption is allowed if the taxpayer has been absent from Victoria for six consecutive months in the year during which the income was received. Land and buildings used by the owner for residential purposes are regarded as returning an income of 4 per cent. on the capital value; and the income of companies whose head office is not within the state is taken to be such a proportion of the total dividends of the company as the receipts or assets and liabilities (as may be prescribed) in Victoria bear to the total receipts or assets and liabilities. It is provided that shipowners whose principal place of business is outside the state shall pay £5 for every £100 received for the carriage of Victorian passengers, goods, and mails. In the case of sales of property, where the principal is not a resident of Victoria, the taxable amount of his income derived from such sale or disposal of property is assessed at 5 per cent. of the total amount for which the property was sold or otherwise disposed of, unless it should be proved to the satisfaction of the Commissioner that the amount received was less than 5 per cent., when a corresponding reduction will be made. The exemptions include the income of the state, local authorities, savings banks, University of Melbourne and affiliated colleges, Working Men's College, schools of mines, technical schools, religious bodies, registered friendly societies, building societies, and trade unions; of societies and public bodies not carrying on business for purposes of gain to shareholders or members; of mutual life assurance

companies whose head offices are in Australia ; of insurance companies (other than life) taking out an annual license under the Stamps Act ; and of mining companies, also such dividends derived from mining companies as may not be in excess of calls paid up during the year ; and income derived by foreign investors from the stock of Government or local bodies.

The land tax of Victoria affects an area of 7,424,542 acres of the nominal value of £11,775,026, the actual value being probably twice that amount. Private land having an area of 15,865,401 acres and land values to the extent of about £100,000,000 therefore escape taxation. The classification of land for taxation purposes has been given in a preceding paragraph, and the following table gives the number of taxpayers of each class, with the area, assessed capital value, and other particulars of taxable land.

Classification of land.	No. of Proprietors.	Area.	Capital Value.	Net taxable value allowing deduction of £2,500 for each proprietor.	Tax payable.
		acres.	£	£	£
I. (2 sheep per acre).....	95	266,765	1,104,482	866,982	10,838
II. (1½ sheep per acre)	199	683,480	2,155,673	1,658,173	20,726
III. (1 sheep per acre).....	313	2,202,547	4,240,058	3,457,558	43,220
IV. (less than 1 sheep per acre)	300	4,271,750	4,274,813	3,524,813	44,060
Total	907	7,424,542	11,775,026	9,507,526	118,844

The number of payers of income tax in Victoria is 34,513, of whom 28,464 are residents, and 6,049 are non-residents, the majority of the latter having incomes less than £200 a year. The taxpayers are divided into persons deriving income from personal exertion and income from property, and 18,536 belong to the former and 13,871 to the latter class, while 1,053 belong to both classes. The following is a statement of the taxpayers and their incomes according to the latest assessment, the tax payable being for the year 1901 :—

Incomes.	Total Taxpayers.		Taxable Incomes.		
	Personal Exertion.	Property.	From Personal Exertion.	From Property.	Total.
	No.	No.	£	£	£
Under £200	469	4,559	27,960	158,310	186,270
£201 to £1,200	18,285	9,975	3,304,560	1,050,690	4,355,250
£1,201 to £2,200	438	239	519,080	283,880	802,960
£2,201 and upwards	397	151	1,624,560	573,465	2,198,025
Total	19,589	14,924	5,476,160	2,066,345	7,542,505

The exemption of £200 is not allowed to absentees, hence the appearance in the table of incomes under that amount. This denial of the usual exemption of £200 to absentees benefits the revenue to the extent of about £11,750.

The number of absentees and the incomes were as shown in the following statement; included in the total taxpayers were seventy-nine persons obtaining income both from personal exertion and property, so that the actual number of absentee income-tax payers was 5,970 :—

Incomes.	Absentee Taxpayers.		Taxable Incomes.		
	Personal Exertion.	Property.	Personal Exertion.	Property.	Total.
	No.	No.	£	£	£
Under £200	469	4,559	27,960	158,310	186,270
£201 to £1,200	187	655	92,820	294,570	387,390
£1,201 to £2,200	28	84	32,680	96,700	129,380
£2,201 and upwards	21	46	65,580	183,315	248,895
Total... ..	705	5,344	219,040	732,895	951,935

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

Year.	Tax Assessed.		Revenue.
	Personal Exertion.	Property.	
	£	£	£
1896	79,928	92,793	169,946
1897	85,977	85,133	168,320
1898	89,140	90,373	178,619
1899	89,444	83,976	172,721
1900	122,620	93,699	213,295
1901	116,326	89,005	194,141

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

INCOME AND DIVIDEND TAXES IN QUEENSLAND.

The Income Tax Act became law in November, 1902, and provided for the imposition of a tax on the income of all persons, except males under the age of 21 years and all females whose incomes do not respectively amount to £150. The rates levied are : (1.) If the total

income does not amount to £100, a fixed sum of 10s. (2.) If the total income exceeds £100, but does not amount to £150, a fixed sum of £1. (3.) If the total income amounts to £150 and upwards, on the first £150 a fixed sum of £1, and on income over £150, 6d. per £ from personal exertion; and 1s. per £ from produce of property. The incomes, revenues, and funds not liable to taxation are: Governor's salary and incidental expenses; revenues of local bodies; incomes of Mutual Assurance Companies; incomes of societies and institutions not carrying on business for profit or gain; funds of friendly societies and trade-unions; incomes of religious, charitable, and educational institutions; income from dividends which have paid dividend duty; income derived by absentees from debentures, stock, or treasury bills; sums expended on the maintenance of infirm, aged, and indigent relatives up to the amount of £26; premiums on life assurance up to £50; payments for superannuation or into friendly societies up to £50; calls or contributions to companies in liquidation.

Dividend tax is collected in Queensland on the dividends declared by public companies. The rate is 1s. per £ on dividends declared by all companies having their head office or chief place of business in Queensland, provided that when the operations of such a company extend beyond the state duty shall only be payable on so much of the dividends as is proportionate to the average capital employed within the state. In the case of companies which have not their head office in Queensland, and which are not companies carrying on insurance business only, the duty is payable on so much of the total dividends as is proportionate to the average amount of capital employed in the state during the year as compared with the total average capital of the company; and in the case of insurance companies duty is payable at the rate of 20s. for every £100 or part of £100 of gross premiums received. An exemption is allowed in the case of mining companies, the tax of 1s. per £ being payable only on dividends over and above those applied in repayment of the expenditure actually incurred by the company before the declaration of the first dividend in respect of labour or material employed in developing the mine, and in repayment of three-fourths of the cost of machinery erected for the raising of ores and other materials from the mine.

An additional tax, called the "Totalisator Tax," is imposed at the rate of $2\frac{1}{2}$ per cent. on all moneys received by conductors of authorised totalisators in connection with horse races.

LAND AND INCOME TAXATION IN SOUTH AUSTRALIA.

In South Australia the land tax is calculated on the unimproved value, the rate being $\frac{1}{2}$ d. in the £, with an additional tax of $\frac{1}{2}$ d. on every £ in excess of £5,000. The amount of tax payable by an absentee, who is defined as a person who has been absent from or

resident out of the state for two years, is increased by 20 per cent. The exemptions to the land tax comprise Crown lands which are not subject to any agreement for sale or right of purchase, park lands, public roads, public cemeteries, and other public reserves, and land used solely for religious or charitable purposes, or used by any institute under the provisions of the Institute Act of 1874. It is provided that an assessment shall be made every three years, and that the distribution of the tax shall be made according to the proprietary interest held in the land. It is further provided that if the payment of the tax has been in arrear for a period of two years the Commissioner may, after giving another year's notice of his intention, let the land from year to year, and after deducting from the rents the amount of tax, with costs and expenses, hold the balance for the benefit of the owner; or he may even go so far as to petition the Supreme Court for permission to sell so much of the land as may be necessary for the payment of the tax and costs and expenses.

The income tax varies according to the source whence the income is derived. On incomes derived from personal exertion the rate imposed is 4½d. in the £ up to and including £800, and 6d. for every £ in excess of that sum, with double these rates on incomes the produce of property. The sum exempted from taxation is £200, without any limitation. The exemptions from taxation comprise the incomes of municipal corporations and district councils; of companies, public bodies, and societies not carrying on business for purposes of gain to be divided amongst shareholders or members; and of friendly societies. Land and buildings occupied by the owner for residential purposes are taken as returning an income of 5 per cent. on the capital value, and the income of a company is declared to be the produce of property for taxation purposes.

The net receipts from land tax during the past ten years are shown below. The unimproved value, determined on the settlement of appeals from assessment, is at present £27,538,316, and as the receipts show, there has been no great alteration in the assessed value since the tax was first imposed.

Year.	Land Tax.	Year.	Land Tax.
	£		₹
1892	68,953	1897	78,130
1893	74,909	1898	78,534
1894	70,666	1899	78,228
1895	86,912	1900	77,931
1896	78,532	1901	78,983

The payers of income tax during 1901 number 9,632, viz., 7,922 on personal exertion, 752 on property, and 958 on both personal exertion and property. The taxable incomes from personal exertion amount to

£2,200,319, and from property, £962,104. The incomes for the three years, 1899 to 1901, were :—

Year.	Number of Taxable Incomes.	Amount of Assessment.
		£
1899	12,761	3,050,396
1900	8,528	3,384,928
1901	9,632	3,162,423

These sums do not represent the total income, being exclusive of the exemptions allowed by law to incomes under £200. For the year 1901 the total incomes subject to taxation were :—

9,632 incomes, exclusive of exemption	£3,162,423
Exemption of £200 on 8,858 incomes	1,771,600
	£4,934,023

Included in the taxable incomes are those of 135 persons not resident in the state, and 182 companies, both local and with head offices outside the state.

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

Year.	Income Tax Received.	Year.	Income Tax Received.
	£		£
1892	48,763	1897	86,476
1893	60,235	1898	82,396
1894	70,853	1899	84,184
1895	55,969	1900	92,281
1896	86,570	1901	85,746

DIVIDEND AND COMPANIES TAX IN WESTERN AUSTRALIA.

Of all the states, Western Australia was the last to introduce the system of direct taxation ; but, the field of taxation was restricted to the income and dividends of companies. The Act authorising this taxation is known as the Companies Duty Act of 1899. The main object aimed at by Parliament in sanctioning this partial taxation of incomes was to secure to the state some portion of the golden harvest of the mining fields ; and although the Act has not been sufficiently long in operation to enable a full estimate of its effects to be obtained, it is quite plain that the fears of its opponents—that it would scare capital away from the state—have not been, and are not likely to be, realised. It was originally proposed that the charges should be—5 per cent. on dividends, whether called by the name of dividends, bonuses, profits, interest, or any other term ; but on bonuses of insurance companies, 1 per cent. only. Ultimately, life insurance companies were

exempted from the operation of the Act, and fire and marine insurance companies were required to pay on their net premiums. All other incorporated companies and banks, were to pay on their declared profits, and local companies on their dividends. In view of the Act being regarded as legislation of an experimental character, it was thought desirable to limit its existence to a period of about three years. Provision was therefore made that the measure should only remain in force until the 31st December, 1902.

The net receipts from the tax on companies during the past three years were as follows :—

Year.	Amount of Tax received. £
1899.....	6,117
1900.....	83,971
1901.....	81,175

LAND AND INCOME TAXATION IN TASMANIA.

The land tax payable in Tasmania is at the rate of $\frac{1}{2}$ d. in the £ on the total capital value of land, with a deduction of $\frac{1}{8}$ d. in the £ on account of mortgages. The exemptions comprise land the property of a municipal corporation or other local authority, or of a registered friendly society; the site of a State school under the Education Department; of a public library or museum; of the Tasmanian Museum; of a hospital or benevolent asylum or other building used solely for charitable or religious purposes, or land vested in trust for public purposes; public roads; cemeteries which are not owned by joint-stock or public companies; and public reserves, gardens, and recreation grounds. Crown lands held on lease are also exempted from taxation, but if they have been purchased on credit the occupier is required to pay tax, provided one-half of the price has been paid or has become due. The owner of the land is looked to directly for the amount of the tax, unless he resides out of the state or cannot be found, in which case the occupier becomes responsible, but is allowed to deduct the sum from the amount of his rent. The Commissioner has power to let the land if the tax remains unpaid six months after it has become due, or, with the approval of a Judge of the Supreme Court, to sell it if the tax has remained unpaid for two years; and it is provided that the balance of the proceeds, after the amount of the tax, with costs and expenses, has been deducted, shall be handed over to the owner of the rented property or the original owner of the property which has been sold. As the value of the land rated is declared by law to be the sum which the fee simple would sell for, the tax is not purely a land tax, but a tax on real estate.

The Income Tax Act formerly in force in the state provided that 8d. per £ should be payable on incomes derived from personal exertion, 1s. per £ on incomes the produce of property, and 1s. per £ on the profits of public companies. The chief exemptions were the revenues of municipal corporations and other local authorities; incomes of

companies, societies, or public bodies or trusts not carrying on business with a view to a distribution of profits amongst their shareholders or members; the funds and incomes of registered friendly societies and trade unions; income accruing to foreign investors in Tasmanian Government stock; rents from land subject to land tax; incomes of banking and insurance companies which have not their head offices in the state (and which are specially taxed); and incomes of persons who had not been resident in the state for at least twelve months. It was provided that persons deriving income from sources outside the state should not be taxed in respect of the same if income tax had been paid upon the money in the state or country whence it was derived. In the case of incomes derived from personal exertion, an exemption was made of all incomes not exceeding £150; on incomes exceeding £150 and not exceeding £400, the sum of £120 escaped taxation; but all incomes exceeding £400 in amount were taxed to the full extent. Where the income was the produce of property, incomes not exceeding £100 in amount were exempt from taxation; but only £80 was exempted when the income exceeded £100 and did not exceed £400; and no exemption was allowed when the income was in excess of £400 per annum. It was also provided that, when the income was derived from both sources, no tax should be payable if the total amount exceeded £150 and the part derived from property was less than £100; but when the income from the combined sources exceeded £150 in amount and was less than £400, a certain deduction was made, provided the part derived from property was less than £100, or the part derived from personal exertion was less than £150; the deduction, however, was to be made in such a manner that the amount of tax payable should not be less than if the whole of such income had been derived either from property or from personal exertion. This Act expired on the 31st December, 1897, and, in the latter year, an Amending Act was passed, providing for the continuation of so much of the original Act as related to dividends and incomes of companies only, and further continuing Acts have been passed, the latest of which became law in 1899, extending the period to the 31st December, 1902.

The land tax of Tasmania is levied on a capital value of over 20 millions sterling, and yields from £30,000 to £40,000 a year. The estates subject to taxation in 1901 numbered 44,417. The following is the result of six years' working:—

Year.	Estates subject to Tax.	Capital Value of Land.	Amount of Tax.
	No.	£	£
1896	34,806	19,376,559	37,609
1897	34,980	19,213,591	37,226
1898	34,987	19,261,841	37,531
1899	42,739	20,020,051	38,223
1900	43,132	20,026,162	30,231
1901	44,417	20,258,393	42,209

The income tax, or more properly companies dividend tax, is levied on from thirty to forty companies, the major part of the tax being obtained from a few large mining companies. The returns for the last four years were—

Year.	Companies.	No.	Taxable Dividends.	Tax Paid.
1898	Mining	7	£ 284,850	£ 14,242
	Other	22	45,746	2,287
	Total	29	330,596	16,529
1899	Mining	16	365,437	18,272
	Other	23	45,732	2,286
	Total	39	411,169	20,558
1900	Mining	13	505,123	25,256
	Other	27	47,983	2,399
	Total	40	553,106	27,655
1901	Mining	9	302,823	15,141
	Other	25	47,934	2,397
	Total	34	350,757	17,538

LAND AND INCOME TAXATION IN NEW ZEALAND.

In New Zealand the Land and Income Tax Assessment Act imposes a tax upon incomes and an ordinary tax upon land and mortgages, the amount of which it is provided shall be fixed annually by a Rating Act; and also an additional graduated tax upon the unimproved value of land, the rates of which are fixed by the Assessment Act. The rate of the ordinary tax upon land and mortgages at present stands at 1d. in the £ of capital value. It is provided that the owner of any land shall pay the tax on the actual value of his land, and also on the value of any mortgages which he may hold over other land, less the value of improvements, and of any mortgage which may be owing on his land. If, then, the net value does not exceed £1,500, an exemption of £500 is allowed, but for every £2 by which the net value exceeds the sum of £1,500 the exemption of £500 is reduced by £1, so that when the value reaches the sum of £2,500 there is no exemption at all. In the case of land owned and mortgages held by persons incapacitated by age, ill-health, or other cause from earning further income from business or employment, the exemption of £500 is raised to £2,000 if the annual income produced by the land and mortgages does not amount to a larger sum than £200. Mortgages are treated as land, and the holder is allowed the exemption of £500 from the ordinary tax.

The graduated land tax is imposed on all land possessing an unimproved value of £5,000 and upwards, an important difference between the two taxes being that the mortgagee escapes the graduated tax, and no deduction is allowed to the mortgagor in consideration of any sum which may be advanced on the property. It is provided that on an unimproved value of £5,000 and under £10,000, $\frac{1}{8}$ d. per £ shall be payable; on £10,000 and under £15,000, $\frac{1}{4}$ d.; £15,000 and under £20,000, $\frac{3}{8}$ d.; £20,000 and under £25,000, $\frac{1}{2}$ d.; £25,000 and under £30,000, $\frac{5}{8}$ d.; £30,000 and under £40,000, $\frac{3}{4}$ d.; £40,000 and under £50,000, $\frac{7}{8}$ d.; £50,000 and under £70,000, 1d.; £70,000 and under £90,000, $1\frac{1}{8}$ d.; £90,000 and under £110,000, $1\frac{1}{4}$ d.; £110,000 and under £130,000, $1\frac{3}{8}$ d.; £130,000 and under £150,000, $1\frac{1}{2}$ d.; £150,000 and under £170,000, $1\frac{5}{8}$ d.; £170,000 and under £190,000, $1\frac{3}{4}$ d.; £190,000 and under £210,000, $1\frac{7}{8}$ d.; and £210,000 and over, 2d. per £.; and it is further provided that an absentee, who is declared to be a person who has been absent from or resident out of the colony for a period of three years or more, shall pay a graduated tax of 20 per cent. additional to the schedule rates.

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

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

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

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

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

There are about 110,000 land owners in New Zealand and of these 17,500 pay tax, the remainder being exempted from one cause or another. The land tax yielded £313,000 for the year ended 31st March, 1902, of which £234,000 came from ordinary land tax and £79,000 from graduated tax, the latter amount including £6,000 collected from absentees. The total value of land subject to taxation is about £30,175,000 out of a total unimproved value of £61,466,000. The following is a statement of the tax levied during the past five years:—

Year ended 31st March.	Ordinary Land Tax.	Graduated Land Tax.	Total Amount of Land Tax.
	£	£	£
1898	196,000	73,000	269,000
1899	215,000	83,000	298,000
1900	214,000	80,000	294,000
1901	222,000	72,000	294,000
1902	234,000	79,000	313,000

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

Year ended 31st March.	Income Tax Paid.	Year ended 31st March.	Income Tax Paid.
	£		£
1893	67,367	1898	115,210
1894	75,238	1899	115,480
1895	89,891	1900	128,721
1896	92,778	1901	173,809
1897	105,504	1902	179,397

The number of taxpayers for 1902 was 6,556, including 620 absentees and 538 companies. The total incomes assessed for taxation amounted to £6,105,464, but the taxable amount was reduced to £4,486,064 by exemptions. The incomes of companies are assessed at £1,989,734, and of absentees £153,218.

REVENUE FROM DIRECT TAXATION.

The following table shows the amount of revenue received from the various sources of direct taxation during the year 1901-2:—

State.	Stamp Duties.		Land Tax.	Income Tax.	Dividend Tax.	Total.
	Probate.	Other.				
	£	£	£	£	£	£
New South Wales	257,727	234,309	301,981	190,315	.....	984,352
Victoria	217,796	164,569	97,862	220,629	.....	700,856
Queensland	146,513	.....	.....	.....	73,278	219,791
South Australia	61,106	29,776	82,738	74,506	.....	248,126
Western Australia	13,624	44,433	.....	.....	785,890	143,947
Tasmania	8,629	23,455	42,209	17,538	72,665	94,496
Commonwealth	1,201,937	.....	524,790	502,988	161,833	2,391,548
New Zealand	110,621	218,876	312,836	179,397	.....	821,730
Australasia	1,531,434	.....	837,626	682,385	161,833	3,213,278

* Includes £7,073 from Totalisator Tax. † From Companies' Tax.

LAND REVENUE.

The practice of treating as ordinary revenue money derived from the sale and occupation of Crown lands obtains in all the states, and the money so raised forms one of the largest items of their income. The propriety of so doing is open to grave doubt, but the argument used in

its justification is that the sums so obtained have enabled the Government either to construct works, which both enhance the value of the remaining public lands and facilitate settlement, or to endow municipalities, and thus enable them to carry out local works. The revenue from land sales is declining year by year, both absolutely and as compared with population. In New South Wales and South Australia the falling-off has been most noticeable; in the former state the revenue from this source is now some £1,214,000 less than was the case in 1881, while in South Australia the revenue from land sales is only slightly over £41,000.

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

State.	Total Land Revenue, 1881.			Land Revenue per head.		
	From Auction and other classes of sales.	Occupation, &c., of Crown lands.	Total.	From Auction and other classes of sales.	Occupation, &c., of Crown lands.	Total.
	£	£	£	£ s. d.	£ s. d.	£ s. d.
New South Wales.....	2,483,338	337,651	2,820,989	3 4 11	0 8 10	3 13 9
Victoria	701,276	135,194	836,470	0 16 4	0 3 2	0 19 6
Queensland	435,664	186,893	622,557	2 0 6	0 17 5	2 17 11
South Australia	651,914	97,042	748,956	2 8 9	0 7 3	2 16 0
Western Australia	5,750	34,695	40,445	0 3 11	1 3 6	1 7 5
Tasmania.....	37,269	39,487	76,756	0 6 5	0 6 9	0 13 2
Commonwealth	4,315,211	830,962	5,146,173	1 17 10	0 7 3	2 5 1
New Zealand	376,461	174,479	550,940	0 15 4	0 7 1	1 2 5
Australasia	4,691,672	1,005,441	5,697,113	1 14 2	0 7 4	2 1 6

Compared with 1881, the land revenue for 1901-2 shows a large decline, amounting to £1,790,399 for the states included in the Commonwealth, and to £2,091,720 for the whole of Australasia. The falling-off is found entirely in the amount of revenue from sales, that derived from rents having largely increased. However, general remarks applicable to all the states can scarcely be made. New South Wales obtained £2,483,338 from land sales in 1881, out of a total of £4,691,672 for all the states, or more than one-half; while from occupation its revenue was £337,651 out of £1,005,441, or little more than one-third. In 1901-2 the revenue of the state from sales amounted to £1,269,559—still a large amount, but £1,213,779 short of the receipts of 1881. In regard to occupation, a different condition of things is disclosed. The receipts in New South Wales during 1901-2 totalled £732,015, or an increase of £394,364 as compared with 1881, and amounting to 48·8 per cent. of the total of the states comprising the

Commonwealth, or to 43·6 per cent. of the total for Australasia. The following are the figures for 1901-2 :—

State.	Total Land Revenue, 1901-2.			Land Revenue per head.		
	From Auction and other classes of sales.	Occupation, &c., of Crown lands.	Total.	From Auction and other classes of sales.	Occupation, &c., of Crown lands.	Total.
	£	£	£	£ s. d.	£ s. d.	£ s. d.
New South Wales	1,269,559	732,015	2,001,574	0 18 5	0 10 7	1 9 0
Victoria	255,823	98,372	354,195	0 4 3	0 1 7	0 5 10
Queensland	219,310	361,323	580,633	0 8 7	0 14 2	1 2 9
South Australia	41,130	115,783	156,913	0 2 3	0 6 4	0 8 7
Western Australia	36,723	151,766	188,489	0 3 9	0 15 7	0 19 4
Tasmania	35,698	38,272	73,970	0 4 1	0 4 5	0 8 6
Commonwealth	1,858,243	1,497,531	3,355,774	0 9 8	0 7 10	0 17 6
New Zealand	68,011	181,608	249,619	0 1 9	0 4 7	0 6 4
Australasia	1,926,254	1,679,139	3,605,393	0 8 4	0 7 3	0 15 7

In all the states, New South Wales and Victoria excepted, a general sinking fund is established to assist in the redemption of public loans on maturity, and in New South Wales and Victoria special sinking funds have been inaugurated in connection with portions of the local funded stocks. The desirability of establishing a general sinking fund is on all sides admitted, and a portion of the proceeds of land sales could with advantage be set apart from the general revenue and devoted to this purpose. Victoria deals with a portion of the proceeds from the sale of Crown lands apart from the general revenue, and at the close of the financial year 1890-1 a sum of £578,740 derived from that source had been placed to the credit of the Railway Construction Account; while since that year various sums amounting to £678,532 have been appropriated on account of the "Land Sales by Auction Fund" for expenditure on public works, and a total of £298,686 has been received from sales, &c., leaving a debit balance of £379,846 on the 30th June, 1901.

HEADS OF EXPENDITURE.

The amount disbursed by the Government of New South Wales is far larger than that expended by any other state of the group; in the last financial year it exceeded the expenditure of Victoria by £3,612,324, was nearly twice as great as that of New Zealand, and was over one million more than the united expenditure of Queensland, South Australia, and Western Australia. This is chiefly owing to the absence of a complete system of local government in New South Wales and the system of centralisation already referred to. Below will be found a

statement of the expenditure of each state during the financial year 1901-2 :—

State.	Railways and Tramways.	Posts and Telegraphs.	Public Instruction.	Interest and charges on Public Debt.	All other Services.	Total Expenditure.
	£	£	£	£	£	£
New South Wales	2,806,161	.....	852,200	2,773,300	4,588,444	11,020,105
Victoria	2,030,493	.....	647,806	2,043,815	2,685,667	7,407,781
Queensland	990,751	.....	287,375	1,480,376	1,208,499	3,967,001
South Australia	731,072	.....	159,899	1,055,944	877,163	2,823,578
Western Australia	1,269,619	.....	102,359	602,138	1,177,311	3,151,427
Tasmania	173,422	*7,568	57,106	327,822	304,524	870,442
Commonwealth	8,001,518	*7,568	2,106,245	8,283,395	10,841,608	29,240,334
New Zealand	1,280,997	463,817	539,817	1,822,939	1,807,845	5,014,915
Australasia	9,282,515	471,385	2,645,562	10,106,334	12,649,453	35,155,249

* Two months only.

It will be seen from the foregoing statement that for the states of the Commonwealth 27·4 per cent. of the whole expenditure is for working the railways—a service not undertaken by the Government in the United Kingdom and the United States. Public instruction accounts for 7·2 per cent., and interest on the public debt, 28·3 per cent. For the whole of Australasia the corresponding percentages are :—Railways, 26·4 ; public instruction, 7·5 ; and interest on the public debt, 28·7 per cent.

Adopting the classification of expenditure used in the preceding table, the amounts per inhabitant of each province are given below. It may be here mentioned that in New South Wales, and to some extent in South Australia and Western Australia, the tramways are the property of the State, and are under the same management as the railways, with which they are included in the various statements in this sub-chapter relating to revenue and expenditure :—

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

* Two months only.

The most remarkable feature in the general expenditure of the Australasian states is the largeness of the amount required to pay interest and charges on the public debt, both in regard to the rate per head and the proportion of total revenue thus hypothecated. The proportion for the states of the Commonwealth is 28·33 per cent. of the total expenditure, or £2 3s. 3d. per head of population, and for the whole of Australasia 28·75 per cent., or £2 3s. 9d. per head. The actual expenditure for each state during 1901–2 was as shown below. The amounts given are actual payments made during the financial year, and do not represent the interest liabilities of that period, the amounts of which will be found on page 1020 :—

State.	Interest and Charges on Public Debt.		
	Total.	Per head of Population.	Proportion of Total Expenditure.
	£	£ s. d.	per cent.
New South Wales	2,773,300	2 0 3	25·16
Victoria	2,043,815	1 13 10	27·59
Queensland	1,480,376	2 18 0	37·32
South Australia	1,055,944	2 17 11	37·40
Western Australia	602,138	3 1 10	19·11
Tasmania	327,822	1 17 9	37·66
Commonwealth	8,283,395	2 3 3	28·33
New Zealand	1,822,939	2 6 4	30·82
Australasia	10,106,334	2 3 9	28·75

A casual glance at the figures quoted will lend colour to the suggestion sometimes hazarded that the states are too rapidly mortgaging their resources, and that the expense of the public debt will prove a greater burthen than can easily be borne. However true this may be so far as any individual state is concerned, it is certainly erroneous as regards the whole of Australasia. Out of the sum of £8,283,395 required to pay interest and charges on the public debt by the states of the Commonwealth during 1901–2, £3,804,504 was directly recouped by the net revenue from public railways, while water supply and sewerage yielded a further sum of £371,457 making a total of £4,175,961. For the whole of Australasia, the sum required to pay interest and charges on the public debt was £10,106,334, but of this £4,763,887 was directly recouped, viz., £4,392,996 by the net revenue from railways, and £370,891 by water supply and sewerage. Besides this, there is a large indirect revenue obtained by each of the states from the opening-up of its public lands, and from the construction of breakwaters, wharves, bridges, and other works of public utility. But even these advantages might have been bought at too high a price if production had not

correspondingly advanced. Fortunately such has been the case, as will be seen from the chapters in this volume which deal with the leading items of Australasian production.

ADJUSTED REVENUE AND EXPENDITURE.

The form in which the public accounts of the states are presented has led to a great deal of misconception regarding the actual requirements of the various Governments for public purposes. Nor has it been possible to do other than follow that form in the foregoing pages, as otherwise the figures quoted would differ from the various Treasury statements, and add another element of confusion; nevertheless, it would be well before closing the remarks on this branch of public finance to make a separation of the items of revenue and expenditure according to the principles which should govern the presentation of the public accounts. This is effected by treating the services which are generally regarded as outside the functions of the central Government, namely, railways and tramways, and water supply and sewerage, as matters apart from the general receipts and expenditure, and only crediting the State with the surplus from, or debiting it with the cost of these services, after deducting working expenses and making allowance for the estimated interest on the invested capital. Posts and telegraphs have not been excluded in the case of New Zealand, but the exclusion has been made from the returns of the six states of the Commonwealth as the administration is now with the Federal Government. The adjusted revenue for the year 1901-2 will be found below :—

State.	Revenue, excluding Services.*	Net Revenue from Services.*	Total adjusted Revenue.	Per head of Population.
	£	£	£	£ s. d.
New South Wales.....	6,306,138	.....	6,306,138	4 11 5
Victoria	3,605,617	.....	3,605,617	2 19 8
Queensland	2,218,233	.....	2,218,233	4 6 11
South Australia.....	1,261,340	.....	1,261,340	3 9 2
Western Australia.....	1,850,515	..	1,850,515	9 9 11
Tasmania	619,166	.....	619,166	3 11 4
Commonwealth	15,861,009	.....	15,861,009	4 2 9
New Zealand	4,279,378	.....	4,279,378	5 8 8
Australasia.....	20,140,387	.....	20,140,387	4 7 2

* Railways, tramways, water supply and sewerage.

It will be seen that none of the states obtained a revenue from its services during 1901-2, after working expenses and interest on capital had been allowed for, owing chiefly to the decrease in the revenue of most of the states, due to the prolonged drought. The next table shows the adjusted expenditure:—

State.	Expenditure, excluding Services.*	Net Expenditure on Services.*	Total adjusted Expenditure.	Per head of Population.
	£	£	£	£ s. d.
New South Wales	6,118,610	200,277	6,318,887	4 11 7
Victoria	3,702,356	304,709	4,007,065	3 6 4
Queensland	2,124,768	525,404	2,650,172	5 3 10
South Australia	1,362,886	244,600	1,607,486	4 8 2
Western Australia	1,549,930	97,889	1,647,819	8 9 1
Tasmania	550,698	112,747	663,445	3 16 5
Commonwealth	15,409,248	1,485,626	16,894,874	4 8 2
New Zealand	3,908,143	133,311	4,041,454	5 2 7
Australasia	19,317,391	1,618,937	20,936,328	4 10 8

* Railways, tramways, water supply and sewerage.

The figures just given show that the actual cost of government is materially less in the states than would appear from the ordinary statement of revenue and expenditure.

POSITION OF REVENUE ACCOUNTS.

The following table has been compiled with the view of showing the position of the Revenue Account of each state at the close of the last financial year. It will be seen that five of the states have large overdrafts, partly cash and partly in the form of Treasury bills, and that to establish the necessary equilibrium between income and outgo a restricted expenditure by future administrations will be absolutely necessary. For Tasmania the figures refer to the end of the year 1901; for New Zealand, to the 31st March, 1902; and for the other five states, to the 30th June, 1902. The figures given in the last column of the table represent the total debit balances at these dates. It is very necessary

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

State.	Cr. Balance.	Dr. Balance.		
		Overdraft liquidated by Treasury Bills.	Cash Overdraft.	Total Dr. Balance.
	£	£	£	£
New South Wales.....	.....	2,477,626	236,781	2,714,407
Victoria .....	.....	150,000	2,463,377	2,613,377
Queensland.....	.....	529,189	431,940	961,129
South Australia.....	.....	849,500	353,789	1,203,289
Western Australia	123,185	.....	.....	.....
Tasmania.....	.....	.....	96,835	96,835
Commonwealth	123,185	4,006,315	3,582,722	7,589,037
New Zealand	543,852	.....	.....	.....
Australasia.....	667,037	4,006,315	3,582,722	7,589,037

It will be seen that for the state of New South Wales the table shows an overdraft of £2,477,626 which has been liquidated by Treasury bills, and a cash overdraft on 30th June, 1902, of £236,781, inclusive of £152,187 brought forward from the previous year. In reference to the South Australian cash overdraft of £353,789, it should be pointed out that £239,174 represents the debit balance for South Australia proper, and £114,615 for the Northern Territory, while the overdraft liquidated by Treasury bills belongs entirely to the Northern Territory. It is the intention of the Government to issue Treasury bills to the amount of £239,000 to liquidate portion of the deficiency for the state proper.

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

commemorate the centenary of the state. Of the area so acquired, 640 acres were to be set aside for the park, and the remainder was to be sold, and the proceeds placed against the expenditure. So far no sales have been effected, and in 1894 the payments on account of the formation of the park were transferred from the Consolidated Revenue Fund Account to a special Suspense Account. On the 30th June, 1901, the debit balance of the Centennial Park Account was £228,417, and of the General Post-office New Street Resumption Account, £376,762, neither of which amounts is included in the above table. Legislation has been passed, and Treasury bills have been issued covering the liability under the Suspense Accounts referred to, and the replacing of £150,000 to the credit of the sinking fund for Railway Loan, 53 Vic. No. 24, which was applied to the redemption of the balance of Railway Loan, 31 Vic. No. 11. The authority was for the issue of Treasury bills to the amount of £755,179, which will cover all deficiencies to 30th June, 1902, with the exception of the debit balance of the Consolidated Revenue Fund. Provision is made that on the 31st December, 1902, and on the same day in each year thereafter, until all the payments provided for have been made, the sum of £100,000 is to be paid from the Consolidated Revenue Fund to the credit of the respective accounts mentioned. Such annual sums are in the first place to be paid to the credit of a special Trust Account. In addition to the annual sum of £100,000, the net proceeds of the sales of the unsold portions of the land resumed under the General Post Office (Approaches Improvement) Act of 1889, and the net proceeds of the sale of the unsold portions of the land referred to in the Centenary Celebration Act of 1887 (Centennial Park), are to be paid to the credit of the account. The moneys at credit of such account are to be applied to the purpose of redeeming the bills issued under the Treasury Bills Deficiency Acts of 1901 and 1902, and when all such bills have been redeemed the account is to be closed. The appropriation of £100,000 is, however, to continue to redeem bills issued under the Deficiency Act of 1889, and on the redemption of these bills, the same annual appropriation is to be applied to redeem bills issued under the Deficiency Act of 1895. When this has been effected the appropriation is to lapse. The annual appropriation of £150,000 under the Deficiency Act of 1889 continues, so that the total annual appropriation for the liquidation of the unfunded debt for revenue purposes will be £250,000.

In Victoria certain public works to the amount of £678,624 were undertaken on the understanding that the cost should be defrayed from the proceeds of the sale of certain lands specifically set apart for the purpose. These works have been constructed, but the sales have fallen short to the extent of £379,913, and this sum has been placed to a Suspense Account, which is likewise excluded from the debit balance given above. In the credit balance of New Zealand, shown on page 1014, allowance has been made for the transactions of several Suspense Accounts, viz., the State Forests Account, the Local Bodies Account,

and the Deposits Account ; but in order to place the revenue and expenditure of that colony on the same footing as those of the other provinces, the operations on the accounts referred to have not been taken into consideration in the table on page 983. The credit balance of the Consolidated Revenue Fund proper amounted to £270,489.

The practice of issuing Treasury bills for the purpose of liquidating an overdraft, which is illustrated by the above table, obtains in all the states, the bills being in this respect somewhat like the exchequer bills issued by the British Treasury. This, however, is the only point of resemblance between the two. The British exchequer bills bear interest at a rate which is fixed from year to year, and at the end of every twelve months the holder has the option of retaining them or presenting them at the Treasury for payment. They are, therefore, readily saleable, and are used with great freedom in commercial transactions, for, as will be seen, they combine the two advantages of ready money and money bearing interest. The Treasury bills of these states, on the other hand, are only payable at the Treasury on the expiry of the period for which they are issued, and they carry interest at a fixed rate during the whole term of currency ; consequently they are not used to any extent in commerce. The nearest approach to the British system seems to prevail in New Zealand, where Treasury bills to the amount of £700,000 were outstanding at the close of the financial year, but are not included in the public debt. With the exception of these New Zealand bills, Treasury bills are regarded as unfunded or floating debt, and until wiped off form part of the public debt.

TRUST FUNDS.

It may be pointed out here that all the Governments in Australasia hold sums in trust, either directly or indirectly. In some instances these sums are considerable, and are found extremely useful in adjusting the finances, forming a strong reserve which a Government is able to use in tiding over temporary difficulties. It is, however, very questionable whether the existence of a large balance, out of which a necessitous Treasurer can make advances to an overdrawn Revenue or Loans Account, is desirable. In past years it has led to much extravagance that a Treasurer forced to rely on the legitimate revenue of the country would have been compelled to avoid. Several states have seen this, and in Victoria, New Zealand, and South Australia, public trustees have been appointed to control Trust Funds in the hands of the Government ; but in the other states these funds are directly subject to the Treasury. The following are the balances of the Trust Funds at the close of the financial year, exclusive of the Funds now dealt with by the Federal Government. The figures for New South Wales, Queensland, and South Australia, are for the year ended 30th June, 1902 ; for Victoria, and Western Australia, for the year ended 30th June, 1901 ; for

Tasmania, for the year ended 31st December, 1901; and for New Zealand, for the year ended 31st March, 1902 :—

State.	Invested.	Uninvested.	Total.
	£	£	£
New South Wales.....	6,560,340	5,160,549	11,720,889
Victoria	5,153,183	3,984,829	9,138,012
Queensland	3,086,513	976,514	4,063,027
South Australia	56,715	384,806	441,521
Western Australia	1,736,628	420,392	2,157,020
Tasmania	536,612	23,210	559,822
Commonwealth	17,129,991	10,950,300	28,080,291
New Zealand	8,073,464	961,137	9,034,601
Australasia	25,203,455	11,911,437	37,114,892

The New Zealand figures include £2,467,614 in the hands of the Public Trustees.

GROWTH OF PUBLIC DEBT.

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

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

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

No feature of Australasian finance is so astonishing as the growth of the public indebtedness, and this fact has formed the gravamen of the many indictments which have been urged against the states during recent years. The debts have undoubtedly grown at a much more rapid pace than the population; but as the states were in an entirely undeveloped state when public borrowing first came into favour, the more rapid growth of their indebtedness as compared with the population was in a sense the corollary of the position taken up by the various Governments—that the State should reserve to itself the construction of railways and similar undertakings which in other countries are prosecuted by private enterprise. Even with this explanation, however, the figures in the following statement are sufficiently striking:—

State.	1861.	1871.	1881.	1891.	1901-2.
	£	£	£	£	£
New South Wales	4,017,630	10,614,330	16,924,019	52,950,733	71,592,485
Victoria	6,345,060	11,994,800	22,426,502	43,638,897	53,547,659
Queensland	70,000	4,047,850	13,245,150	29,457,134	39,338,427
South Australia ...	866,500	2,167,700	11,196,800	20,347,125	27,272,545
Western Australia	1,750	Nil	511,000	1,613,594	14,942,310
Tasmania	Nil	1,315,200	2,003,000	7,110,290	9,095,735
Commonwealth .	11,300,940	30,139,880	66,306,471	155,117,773	215,789,161
New Zealand	600,761	8,900,991	29,659,111	38,844,914	52,966,447
Australasia	11,901,701	39,040,871	95,965,582	193,962,687	268,755,608

The Queensland figures are exclusive of £1,079,750 for Savings Bank Inscribed Stock.

The amounts for the year 1901-2 represent both funded and unfunded debt. In round figures the increase for the states of the Commonwealth from 1861 to 1871 was 19 millions; from 1871 to 1881, 36 millions; from 1881 to 1891, 89 millions; and from 1891 to 1901-2, 60 millions; or for the whole of Australasia, from 1861 to 1871, 27 millions; from 1871 to 1881, 57 millions; from 1881 to 1891, 98 millions; and from 1891 to 1901-2, 75 millions. It must be pointed out that the figures in the last column show the public indebtedness as represented by outstanding debentures or stock; but the real sum is less by the amount of sinking funds in the case of all the states viz., New South Wales, £655,796; Victoria, £429,138; Queensland, £9,079; South Australia, £92,985; Western Australia, £486,737; Tasmania, £186,446; and New Zealand, £1,128,816. In New South Wales, sinking funds have been established in connection with some of the recent loans for the purpose of extinguishing portions of the expenditure on works of an unproductive character, the total amount accrued to 30th June, 1902, being £205,796. There are also annual

payments on account of one of the railway loans and the Treasury bills in aid of revenue, but the instalments in the latter case are deducted annually, and the net indebtedness is shown in the statement of the public debt, while for the redemption of the railway loan an amount of £450,000 was in hand at the same date, inclusive of £150,000 from proceeds of Treasury Bills.

The figures showing the total amount of the debt of each state would be incomplete without corresponding information respecting the debt per head of population. In 1861 the public debt of the states included in the Commonwealth stood at £9 13s. 8d. per inhabitant; in 1871, at £17 13s. 11d.; in 1881, at £28 10s. 9d.; in 1891, at £47 14s. 1d.; while in 1901-2 it was £55 17s. 4d. The corresponding figures for Australasia were: in 1861, £9 8s.; in 1871, £19 16s. 4d.; in 1881, £34 0s. 2d.; in 1891, £49 18s. 4d.; and in 1901-2, £57 15s. 11d. For each state the figures are as follows:—

State.	1861.	1871.	1881.	1891.	1901-2.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
New South Wales	11 4 5	20 10 0	21 14 8	45 10 8	51 6 0
Victoria	11 14 3	16 0 11	25 9 7	37 14 4	44 7 6
Queensland	2 0 9	32 6 11	58 7 2	73 12 5	76 8 6
South Australia ...	6 16 8	11 13 7	39 2 1	62 9 11	75 2 10
Western Australia	0 2 3	Nil.	17 0 6	30 5 8	71 14 6
Tasmania	Nil.	12 18 5	16 16 10	46 11 10	52 4 1
Commonwealth .	9 13 8	17 13 11	28 10 9	47 14 1	55 17 4
New Zealand	6 1 4	33 6 9	59 4 2	61 5 3	67 4 11
Australasia	9 8 0	19 16 4	34 0 2	49 18 4	57 15 11

The figures in the subsequent tables relating to the Public Debt differ slightly from those shown in the previous pages, owing to the fact that complete details of the Victorian debt on the 30th June, 1902, are not yet available, and consequently the amount shown for Victoria represents the debt on the 30th June, 1901, as shown in the report of the Commissioners of Audit.

Of the £215,312,777 which constituted the debt of the states of the Commonwealth in 1901-2, £207,013,151 represented funded debt raised either as debentures or as funded or inscribed stock, and £8,299,626 unfunded or floating debt. For the whole of Australasia, the total debt of £268,279,224 was divided into £259,979,598 of funded debt

and £8,299,626 of unfunded debt. The particulars for each state will be found below :—

State.	Date.	Debenture Bonds.	Inscribed and Funded Stock.	Treasury Bills.		Total.
				For Works.	In aid of Revenue.	
New South Wales..	30 June, 1902	£8,777,250	£7,331,109	£13,006,500	£2,477,628	£71,592,485
Victoria	30 June, 1901	20,266,795	31,369,480	1,185,000	250,000	53,071,275
Queensland	30 June, 1902	13,969,180	24,838,247	.....	531,000	39,338,427
South Australia ..	30 June, 1902	9,351,500	17,071,545	.....	849,500	27,272,545
Western Australia..	30 June, 1902	276,000	14,666,310	.....	.....	14,942,310
Tasmania	31 Dec., 1901	3,133,500	5,962,235	.....	.....	9,095,735
Commonwealth..	.....	55,774,225	151,238,926	4,191,500	4,108,126	215,312,777
New Zealand	31 Mar., 1902	9,153,697	43,812,750	.....	.....	52,966,447
Australasia .....	.....	64,927,922	195,051,676	4,191,500	4,108,126	268,279,224

* £1,650 overdue.

† £6,500 overdue.

The relative burthen of the public debt of the various states is not to be determined only by comparing the gross amounts with the population, for the rate of interest payable must also be taken into consideration. Thus the general average interest payable by Western Australia is 3·36 per cent., while South Australia pays 3·75 per cent., so that a debt of £100 in the former is not more burthensome than £89 12s. 0d. in the latter state. A more exact basis of comparison is obtained by taking the interest liability, which is shown below. The interest given is on the supposition that the debt is outstanding for the whole of the year following the day on which the amounts are made up. The whole debt, funded and unfunded, has been included :—

State.	Average rate of Interest.			Amount of Interest.	
	Funded Debt.	Unfunded Debt.	Total.	Amount on Outstanding Liabilities.	Per Inhabitant.
	per cent.	per cent.	per cent.	£	£ s. d.
New South Wales.....	3·56	3·38	3·55	2,540,625	1 18 10
Victoria	3·59	3·71	3·59	1,923,013	1 12 0
Queensland	3·70	4·00	3·70	1,456,928	2 17 1
South Australia	3·76	3·50	3·75	1,024,080	2 16 2
Western Australia.....	3·36	.....	3·36	502,729	2 11 7
Tasmania	3·47	.....	3·47	315,626	1 16 4
Commonwealth.....	3·60	3·49	3·60	7,763,001	2 0 6
New Zealand	3·76	.....	3·76	1,992,743	2 10 7
Australasia	3·63	3·49	3·63	9,755,744	2 2 3

In 1884 the nominal rate of interest on New South Wales loans floated in London was reduced to 3½ per cent., at which rate stock to the amount of £29,326,200 and Treasury bills for £2,000,000 had been sold to June, 1902. This example was not followed by any of the other states until 1888, when Queensland successfully floated a loan of £2,520,000

at the reduced rate ; and in 1889 Victoria, South Australia, Tasmania, and New Zealand, in the order named, were successful in issuing stock at a similar nominal rate. Through the pressure of the financial crisis, the nominal rate for those states which issued in 1893 was increased to 4 per cent. Early in the following year, however, South Australia and Tasmania again placed loans on the market at the lower rate. New Zealand, in May, 1895, was the first colony to issue a 3 per cent. loan—an example which was followed by New South Wales in October of the same year, and by all the states since that date. Tasmania, however, did not place a 3 per cent. loan in London till 1901, but local inscribed stocks had been previously sold at the rate mentioned. Below will be found the amount of the total debt under each rate of interest. For Victoria, the figures refer to the 30th June, 1901; for Tasmania, to the 31st December, 1901; for New Zealand, to the 31st March, 1902; and for all the other states to the 30th June, 1902:—

Rate of Interest.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	Commonwealth.	New Zealand.	Australasia.
FUNDED DEBT.									
cent.	£	£	£	£	£	£	£	£	£
Nil.	1,650	.....	.....	.....	.....	.....	1,650	.....	1,650
6	12,300	.....	.....	533,900	.....	3,100	549,300	56,000	605,300
5	400,000	.....	.....	290,000	40,100	100	799,200	609,400	1,408,600
4½	3,700	5,000,000	.....	.....	73,600	.....	5,077,300	52,900	5,130,200
4	21,065,440	26,310,795	21,384,300	16,302,400	3,005,230	4,120,600	92,107,765	33,427,852	125,625,617
3½	.....	.....	.....	.....	.....	.....	.....	349,000	349,000
3½	30,300,197	12,000,000	11,524,434	3,363,000	4,404,380	4,207,107	65,850,118	10,438,338	76,207,456
3¼	.....	.....	.....	.....	.....	24,918	24,918	.....	24,918
3¼	14,265,072	8,325,480	5,898,693	5,933,745	7,350,000	730,910	42,503,000	8,032,957	50,536,857
3	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total	86,108,359	51,636,275	38,807,427	26,423,045	14,942,310	9,095,735	207,013,151	52,966,447	259,979,598
UNFUNDED DEBT. (Treasury Bills for Works and Deficiencies in Revenue.)									
Nil.	6,500	.....	.....	.....	.....	.....	6,500	.....	6,500
4	1,131,500	750,000	531,000	.....	.....	.....	2,412,500	.....	2,412,500
3½	2,000,000	410,000	.....	840,500	.....	.....	3,259,500	.....	3,259,500
3¼	.....	275,000	.....	.....	.....	.....	275,000	.....	275,000
3	2,346,126	.....	.....	.....	.....	.....	2,346,126	.....	2,346,126
Total	5,484,126	1,435,000	531,000	840,500	.....	.....	8,299,626	.....	8,299,626
Total Debt	71,502,485	53,071,275	39,338,427	27,272,545	14,942,310	9,095,735	215,312,777	52,966,447	268,279,224

The treasury bills of New Zealand do not rightly form part of the public debt, and such of these as were outstanding have therefore been excluded from the foregoing statement.

REDEMPTION OF LOANS.

Loans are either redeemed or renewed. In the former case, the amount of the obligations of the state to its public creditors is reduced ; in the latter case, the liability remains the same or is only slightly

altered. Repayments, however, are chiefly effected under the head of renewals, the amount of loans redeemed from revenue—by sinking fund, annual drawings, or directly from the general account—being small. The principle of extinguishing public debt by the operation of sinking funds or by annual drawings does not extend to the whole of the public debt of Australasia, and the loans affected do not amount to a large sum. In the case of sinking funds, the money is held until the date of redemption; but exactly the opposite course is followed where annual drawings are provided, for in such cases the Government retire a certain amount of their debentures yearly, and thus effect a gradual extinction of the loan. As already explained, all the states have sinking funds in operation, the amounts to the credit of which will be found on page 1018. The system of annual drawings has been adopted to a very limited extent only by New Zealand, New South Wales, and Western Australia; the only loan so issued by New South Wales has, however, been redeemed.

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

DATES OF MATURITY.

Australasian loans have been issued for fixed periods, and the amount maturing in each year is given in the following statement. No combined action is taken to regulate the raising of loans, each state acting according to the exigencies of its Government, regardless of the financial condition of its neighbours. The placing of a loan on the London market, especially if it be for a large amount, generally results in an all round fall in the prices of Australasian stocks, and subsequent issues of other states are placed at a disadvantage if the market is approached before it has recovered its tone; in fact, the states have in this respect all the evils of disintegration and all the liabilities of federation, without any of the advantages which federation would give. The evil effects of this lack of consultation between the Australian Treasurers will be seen from the table on the opposite page. In ten years only of the next fifty is there no loan to be renewed or to be paid off, and the amounts to be met range as high as £31,323,199. Happily, the amounts to be redeemed during the next decade are moderate, and the fact of heavy obligations requiring to be met in any remote year may prove of advantage, as it will simplify negotiations when the time is

ripe for the conversion of Australasian loans into one consolidated stock. Only one colony—New Zealand—is at present systematically working with this end in view, but so far it has treated the question from a provincial standpoint only. The principle of adopting a minimum and a maximum date for repayment has been so recently introduced that, in the table now given, no attempt has been made to show specially the amounts to which it is applicable, the period of redemption in each case being assumed to be the more remote date.

Due Dates.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	Commonwealth.	New Zealand.	Australasia.
FUNDED DEBT.									
Over-due..	£ 1,650	£	£	£	£	£	£ 1,650	£	£ 1,650
1901	.....	3,000,000	.....	.....	.....	.....	3,000,000	.....	3,000,000
1902	400,300	.....	.....	.....	.....	167,441	576,741	260,100	836,841
1903	1,003,700	.....	.....	65,000	31,500	163,794	1,263,994	480,000	1,748,994
1904	58,000	5,457,000	.....	62,500	.....	24,840	5,602,340	1,448,950	7,051,290
1905	903,800	.....	.....	72,500	.....	17,600	1,171,886	1,070,800	2,842,186
1906	224,900	.....	.....	37,500	.....	.....	233,811	496,211	1,445,977
1907	.....	4,000,000	.....	1,037,500	.....	26,418	5,063,918	1,750,800	6,823,718
1908	2,865,500	2,000,000	.....	1,951,100	.....	343,815	7,160,415	400,438	7,560,853
1909	384,000	.....	.....	3,122,700	.....	115,466	3,622,166	523,000	4,145,166
1910	2,863,700	.....	.....	60,300	1,334,380	20,892	4,279,272	493,324	4,772,596
1911	.....	.....	.....	68,300	.....	1,024,661	1,092,961	2,843	1,095,804
1912	7,533,049	.....	.....	85,000	.....	1,000	7,669,049	.....	7,669,049
1913	.....	4,000,000	1,466,500	40,300	.....	546,650	6,059,450	490,300	6,559,750
1914	.....	.....	.....	35,000	.....	.....	835,000	.....	1,186,800
1915	.....	.....	11,728,800	35,000	.....	.....	11,763,300	3,800	11,767,600
1916	.....	.....	.....	6,633,930	.....	100	6,634,800	12,700	6,646,780
1917	.....	.....	.....	1,363,800	.....	.....	1,363,800	.....	1,363,800
1918	12,826,200	.....	.....	1,474,400	.....	.....	14,300,600	.....	14,300,600
1919	245,050	4,000,000	.....	26,000	.....	.....	4,271,050	.....	4,271,050
1920	.....	6,000,000	.....	336,300	.....	300,000	6,636,300	.....	6,636,300
1921	.....	.....	.....	.....	.....	170,161	170,161	500,000	670,161
1922	.....	63,000	.....	.....	.....	.....	63,000	.....	63,000
1923	.....	7,746,795	.....	.....	.....	.....	7,746,795	.....	7,746,795
1924	16,698,065	.....	12,973,834	1,651,300	.....	.....	31,323,199	.....	31,323,199
1925	222,255	.....	.....	.....	.....	100	222,255	.....	222,255
1926	.....	7,107,000	.....	839,500	.....	67,600	8,014,100	.....	8,014,100
1927	.....	.....	.....	.....	2,500,000	.....	2,500,000	.....	2,500,000
1929	.....	.....	.....	200,000	.....	.....	200,000	20,150,302	20,350,302
1930	.....	532,495	3,704,800	.....	.....	.....	4,237,295	.....	4,237,295
1931	.....	.....	.....	.....	1,876,000	.....	1,876,000	.....	1,876,000
1933	9,636,300	.....	.....	.....	.....	.....	9,636,300	.....	9,636,300
1934	.....	.....	.....	.....	975,930	.....	975,930	.....	975,930
1935	9,600,000	.....	.....	1,560,400	6,880,000	.....	18,040,400	.....	18,040,400
1936	.....	.....	.....	2,515,300	1,100,000	.....	3,615,300	.....	3,615,300
1939	.....	.....	.....	2,719,800	.....	.....	2,719,800	.....	2,719,800
1940	.....	.....	.....	.....	.....	4,906,500	4,906,500	6,161,167	11,067,667
1945	.....	.....	2,000,000	.....	.....	.....	2,000,000	8,032,957	10,032,957
1947	.....	.....	4,498,693	.....	.....	.....	4,498,693	.....	4,498,693
1949	.....	4,583,413	.....	.....	.....	.....	4,583,413	.....	4,583,413
1950	.....	.....	934,800	.....	.....	.....	934,800	.....	934,800
1951	.....	.....	1,000,000	.....	.....	.....	1,000,000	.....	1,000,000
Inter-minable..	532,890	.....	.....	.....	.....	.....	532,890	.....	532,890
Annual Drawings...	.....	.....	.....	.....	226,900	.....	226,900	283,400	515,300
Undefined	.....	3,146,572	500,000	423,505	.....	.....	4,070,137	.....	4,070,137
Total	66,103,359	51,636,275	38,807,427	26,423,045	14,942,310	0,095,735	207,013,151	52,966,447	259,979,598

Due Dates.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	Commonwealth.	New Zealand.	Australasia.
UNFUNDED DEBT. (<i>Treasury Bills for Works and Deficiencies in Revenue.</i>)									
Overdue..	£ 6,500	£	£	£	£	£	£ 6,500	£	£ 6,500
1902 .....	.....	935,000	.....	.....	.....	.....	935,000	.....	935,000
1903 .....	.....	275,000	1,000	.....	.....	.....	276,000	.....	270,000
1904 .....	.....	25,000	.....	316,600	.....	.....	341,600	.....	341,600
1905	2,000,000	25,000	.....	532,900	.....	.....	2,557,900	.....	2,557,900
1906	1,000,000	25,000	.....	.....	.....	.....	1,025,000	.....	1,025,000
1907 .....	.....	25,000	.....	.....	.....	.....	25,000	.....	25,000
1908 .....	.....	25,000	.....	.....	.....	.....	25,000	.....	25,000
1909 .....	.....	25,000	.....	.....	.....	.....	25,000	.....	25,000
1910 .....	.....	25,000	.....	.....	.....	.....	25,000	.....	25,000
1911 .....	.....	25,000	.....	.....	.....	.....	25,000	.....	25,000
1912 .....	.....	25,000	530,000	.....	.....	.....	555,000	.....	555,000
Annual Drawings...	2,477,626	.....	.....	.....	.....	.....	2,477,626	.....	2,477,626
Total	5,484,126	1,435,000	531,000	849,500	.....	.....	8,299,626	.....	8,299,626
Total Debt	71,592,485	53,071,275	39,338,427	27,272,545	14,042,310	9,095,735	215,312,777	52,966,447	268,279,224

EXPENSES OF NEGOTIATION.

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

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

State	Raised locally.	Raised in London.	Total Debt.	Percentage of Loans raised locally to Total Debt.
	£	£	£	
New South Wales.....	13,838,035	57,754,450	71,592,485	19·33
Victoria	5,423,862	47,647,413	53,071,275	10·22
Queensland.....	4,689,080	34,649,347	39,338,427	11·92
South Australia.....	4,045,745	23,226,800	27,272,545	14·83
Western Australia	1,334,380	13,607,930	14,942,310	8·93
Tasmania	1,265,485	7,830,250	9,095,735	13·91
Commonwealth	30,596,587	184,716,190	215,312,777	14·21
New Zealand	6,354,721	46,611,726	52,966,447	12·00
Australasia.....	36,951,308	231,327,916	268,279,224	13·77

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

The charges incidental to the floating of an inscribed stock loan in England are heavy. The chief expense is the stamp duty of 12s. 6d. per cent. imposed by the British Government on inscribed stock, the other

charges being for services rendered. New South Wales, Queensland, and New Zealand issue their stock through the Bank of England; the London and Westminster Bank acts for Victoria and Western Australia; South Australia issues its loans through its Agent-General in London; while in the case of Tasmania also the Agent-General is the channel through whom the loans are placed, but he has the assistance of the London and Westminster Bank.

The cost of negotiation by the Bank of England is $\frac{1}{2}$ per cent. commission; and by the London and Westminster Bank, $\frac{1}{4}$ per cent. Brokerage costs $\frac{1}{4}$ per cent. In addition to these charges and the stamp duty referred to above, there has usually to be added 4d. or 5d. per £100 for incidental expenses. The charges annually made by the Bank of England for the inscription and management of stock and the payment of the half-yearly dividends were formerly £600 per million for the first ten millions, £550 for the next five, and £500 per million for all subsequent amounts. In 1895, however, these rates were reduced by £100 per million to the three states employing the Bank; while from May, 1899, all amounts raised through the agency of the Bank of England, on behalf of New South Wales, are charged £200 per million. The charges of the London and Westminster Bank were £500 per million for the first ten millions, £450 for a second like sum, and £400 per million for any subsequent amount to the end of 1897, when the Victorian Government arranged with the Bank to reduce its rates for inscription of stock to £250 per million, without regard to the total amount inscribed.

On the old form of debenture the stamp duty imposed is 2s. 6d. per cent., or £1,250 per million. The expenditure per £100 debentures or inscribed stock floated in London of those states for which information is obtainable is given in the subjoined table. The debenture loans shown are some of the last issued. It will be seen that the cost of floating inscribed stock loans is much greater than that under the debenture system, but the extra outlay is inappreciable when compared with the advantages gained:—

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

* Including underwriting commission.

STATE FINANCE.

State.	Year of Negotiation.	Principal.		Expenses per £100 Debenture and Stock.	Class of Stock.
		Rate of Interest.	Amount.		
Victoria	1880	4½	£ 2,000,000	£ s. d. 0 17 9½	Debentures.
	1891	3½	3,000,000	1 2 9	Inscribed.
	1892	3½	2,000,000	1 3 0	do.
	1893	4	2,107,000	1 3 0	do.
	1899	3	1,600,000	1 2 11	do.
	1901	3	3,000,000	2 8 0	do.
Queensland	1881	4	1,089,500	0 15 9	Debentures.
	1890	3½	2,264,734	1 8 0	Inscribed.
	1891	3½	2,500,000	1 8 2	do.
	1893	3½	1,182,400	2 18 8	do.
	1895	3½	1,250,000	1 11 7	do.
	1896	3	1,500,000	1 9 4	do.
	1900	3	1,400,000	2 15 0	do.
South Australia.....	1901	3	1,374,213	2 15 0	do.
	1883	4	1,438,500	0 9 0	Debentures.
	1889	3½	1,317,800	0 19 1	Inscribed.
	1892	3½	932,300	1 1 2	do.
	1893	3½	125,000	.....	do.
	1894	3½	475,600	.....	do.
	1894	3½	200,000	.....	do.
	1896	3	839,500	1 2 5	do.
	1897	3	500,000	1 0 11	do.
	1899	3	1,500,000	2 4 5	do.
Western Australia ...	1900	3	1,000,000	2 7 7	do.
	1891	4	250,000	1 3 6	do.
	1892	4	400,000	1 3 7	do.
	1894	4	540,000	1 5 6	do.
	1895	3½	750,000	1 3 7	do.
	1896	3	750,000	1 3 8	do.
	1897	3	1,000,000	1 3 7	do.
	1898	3	1,000,000	1 3 11	do.
	1898	3	1,000,000	1 3 11	do.
	1900	3	1,000,000	2 9 0	do.
Tasmania	1900	3½	880,000	2 12 3	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.
	1895	3½	750,000	1 4 5	do.
New Zealand.....	1901	3	450,000	.. .....	do.
	1895	3	1,500,000	2 2 8	do.
	1899	3	1,000,000	1 13 0	do.
	1901	3	1,000,000	.....	do.

Against several loans the expenses have not been stated, as the information has not been published by the state interested. The high

rate of expenses on the 1893 Queensland loan is accounted for partly by the fact that the amount was underwritten at the rate of 1 per cent. The latest loans issued by all the States and New Zealand have also been burdened with a charge for underwriting.

QUOTATIONS OF STOCK.

In another chapter the growth of Australasian indebtedness on private account has been traced over a period of about thirty-one years, and it has been shown that during that time nearly the whole of the advances made to the various State Governments, and nearly one hundred and eight 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 states have not yet recovered, although, as will be seen from the appended table, Australasian stocks are now quoted at satisfactory prices.

The quotations for Colonial stocks in the London markets at the close of June, 1892, 1893, 1894, and 1902 are given below, the price in every instance being "cum dividend." With one exception—India—the quotations are for loans raised on the security of the local revenues of the country borrowing; in the case of India there is an Imperial guarantee. This advantage has also been extended to some Canadian, Mauritius, and New Zealand loans, but these are not quoted in the following list. In passing, it may be mentioned that the guarantee of the British Government is certainly to the advantage of the dependencies to which it has been extended, as in addition to the absolute security afforded, it carries the right of trustees in the United Kingdom to invest trust funds in the stock—a privilege which was not extended to Australasian securities till September, 1901:—

Country.	Class of Stock.	Selling Price, "cum dividend."			
		June, 1892.	June, 1893.	June, 1894.	June, 1902.
Australasia—					
New South Wales	3½ per cent. Inscribed	96½	93	98½	104
Victoria	3½ do do	97	88½	97½	103
Queensland	4 do do	103½	99	104	109
South Australia	4 do do	106	103	106½	106½
Western Australia	4 do do	103½	104	108	112
Tasmania	4 do do	103	98½	103	104½
New Zealand	4 do do	104½	104½	108½	113
Canada	3 do do	94½	96	97	102
Cape Colony	4 do do	106	108	112	106
Natal	4 do do	103	108	109	118
India	3 do Stocks	97½	98½	99½	101½

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

Country.	Nominal rate of Interest.	Selling Price, "ex dividend."	Cur-rency.	Effective annual Rate of Interest per £100 sterling.	
				If no allowance is made for redemption at par on maturity.	Rate if Stock is held till date of maturity..
				per cent.	£ s. d.	£ s. d.
June, 1892.					
Australasia—					
New South Wales.....	3½	96·19	32	3 13 5	3 14 2½
Victoria	3½	95·45	31	3 13 11½	3 15 0
Queensland.....	4	101·72	32	3 19 5	3 19 1½
South Australia.....	4	105·22	44	3 16 9½	3 16 4
Western Australia.....	4	101·72	42	3 19 5	3 19 3
Tasmania.....	4	101·22	16	3 19 10.	3 19 0
New Zealand	4	104·05	37	3 17 8	3 17 1½
Canada	3	93·17	46	3 4 10½	3 5 7½
Cape Colony	4	105·89	31	3 16 3½	3 15 1½
Natal	4	102·55	34	3 18 9½	3 18 4½
India	3	96·69	56	3 2 6¼	3 2 9

June, 1893.

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

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

June, 1894.

Australasia—					
New South Wales.....	3½	98·21	30	3 11 10¾	3 12 4
Victoria	3½	95·92	29	3 13 7½	3 14 8
Queensland.....	4	102·25	30	3 19 0¼	3 18 6½
South Australia.....	4	105·74	42	3 16 5	3 15 10½
Western Australia	4	106·25	40	3 16 0½	3 15 4¼
Tasmania	4	101·25	14	3 19 9½	3 18 9
New Zealand	4	108·45	35	3 14 6	3 13 2½
Canada	3	95·68	44	3 3 2¼	3 3 8
Cape Colony	4	111·91	29	3 12 2½	3 9 5
Natal	4	108·57	32	3 14 5	3 12 9¾
India	3	98·68	54	3 1 3	3 1 4¼

June, 1902.

Australasia—					
New South Wales.....	3½	103·22	22	3 8 5	3 4 9½
Victoria	3½	101·36	34	3 9 8	3 9 5
Queensland.....	4	107·12	22	3 15 5	3 12 7½
South Australia.....	4	105·61	34	3 16 6	3 15 8¾
Western Australia.....	4	110·12	32	3 13 4½	3 11 5½
Tasmania	4	102·62	6	3 18 8¾	3 11 8
New Zealand	4	112·44	27	3 11 10¼	3 8 6
Canada	3	100·59	36	3 0 1	2 19 11¾
Cape Colony	4	105·78	21	3 16 4½	3 13 10¾
Natal	4	117·11	24	3 9 0	3 3 2¾
India	3	100·83	46	3 0 2	3 0 1

The figures given in the last column of the table show the relative positions of the various stocks quoted. As will be seen, the credit of each division of Australasia was somewhat better in 1894 than in 1892, notwithstanding the financial panic which occurred between

those dates. In 1893 there was naturally a heavy fall, as compared with the preceding year, in all Australasian securities except those of New Zealand and Western Australia. Victorian stock showed the largest fall—which was only to be expected in view of the fact that the panic originated in that state, and Victorian finances generally were at a low ebb. The quotation for New Zealand stock at the middle of 1893 was the same as that of the preceding year, which seemed to point to the conclusion that the London market did not consider the interests of New Zealand to be bound up with those of the states on the mainland. In 1895 a great improvement took place in the prices of stock of all the states, and the rise has since been well maintained. To illustrate the fluctuations in the prices of colonial securities, the rates obtained during 1892, 1893, 1894, and 1902 are given below in a simpler form than in the preceding table. During the same periods British consols were selling at 98½, 97, 99, and 96½:—

Country.	1892.	1893.	1894.	1902.
Australasia—	£ s. d.	£ s. d.	£ s. d.	£ s. d.
New South Wales	3 14 2½	3 18 2½	3 12 4	3 4 9½
Victoria	3 15 0	4 4 3½	3 14 8	3 9 5
Queensland	3 19 1½	4 3 7½	3 18 6½	3 12 7½
South Australia	3 16 4	3 18 10	3 15 10½	3 15 8½
Western Australia	3 19 3	3 18 9½	3 15 4½	3 11 5½
Tasmania	3 19 0	4 6 0½	3 18 9	3 11 8
New Zealand	3 17 1½	3 17 1	3 13 2½	3 8 6
Canada.....	3 5 7½	3 4 5½	3 3 8	2 19 11½
Cape Colony	3 15 1½	3 13 2½	3 9 5	3 13 10½
Natal	3 18 4½	3 13 9½	3 12 9½	3 3 2½
India	3 2 9	3 1 0½	3 1 4½	3 0 1

So far, only the return yielded to the investor has been considered. The following table shows the average prices obtained by the Australasian Governments for some of their last issues, and the quotations for

the same stocks in June, 1902, the latter prices being, of course, "ex dividend":—

State.	Date of Negotiation.	Rate per cent.	Amount of Issue.	Net average price realised.	Quotation, ex-dividend, June, 1902.
			£	£	£
New South Wales.....	1895	3	4,000,000	95·14	95·33
Do	1898	3	1,500,000	98·65	95·33
Do	1901	3	4,000,000	91·12	°
Victoria	1893	4	2,107,000	96·00	101·13
Do	1899	3	1,600,000	93·21	°
Do	1901	3	3,000,000	89·86	°
Queensland	1897	3	1,500,000	95·61	93·59
Do	1900	3	1,400,000	91·26	°
Do	1900	3	1,374,213	91·50	*
South Australia.....	1896	3	839,500	95·34	94·09
Do	1897	3	500,000	96·05	94·09
Do	1899	3	1,500,000	92·67	94·09
Do	1900	3	1,000,000	90·81	94·09
Western Australia	1897	3	1,000,000	93·45	93·59
Do	1898	3	1,000,000	94·76	93·59
Do	1898	3	1,000,000	91·96	93·59
Do	1900	3	1,000,000	89·66	93·59
Do	1900	3½	880,000	97·39	°
Tasmania	1895	3½	750,000	98·30	102·59
Do	1895	3	450,000	.....	°
New Zealand.....	1895	3	1,500,000	93·73	95·33
Do	1899	3	1,000,000	96·55	95·33
Do	1901	3	1,000,000	.....	°

* No quotation.

CHARACTER OF STOCK ISSUED.

By far the larger part of Australasian loans is inscribed, and the outstanding issues under the debenture system are being converted into inscribed stock as quickly as circumstances permit. New Zealand was the first colony to introduce inscription in 1877, in which year was passed the Consolidated Stock Act, a measure made necessary by the abolition of the Provincial Councils. Under this Act the liabilities of the various provinces were merged into the general debt of the colony; and under the same Act and its amendment of 1884 the Government has worked systematically to consolidate the debt by conversion and inscription, so that in March, 1902, the whole of the public liabilities were inscribed, with the exception of £9,153,697 represented by debentures. The Consolidated Stock Act of New Zealand was assented to in December, 1877; and in August of that year the Imperial Parliament passed the Colonial Stock Act, which provided for the inscription and transfer of Colonial stock raised in the United Kingdom. Certain steps were required to be taken before a colony could take advantage of

the provisions of the Imperial Act. As already mentioned, New Zealand passed the necessary legislation at the end of 1877; but nothing was done by the other states until 1882, when Victoria and South Australia passed Inscribed Stock Acts; New South Wales and Queensland passed similar legislation in the following year, Western Australia in 1884, and Tasmania in 1889. It will thus be seen that a gradual change in the mode of floating loans for public purposes has been going on since 1877, and the time cannot be far distant when the whole debt of each state will be represented by one class of stock. In 1879, or two years after passing the Consolidated Stock Act, New Zealand placed on the market a 5 per cent. loan of £5,000,000 at $97\frac{1}{2}$ in the form of debentures, the subscribers having the option up to March, 1881, of exchanging for 4 per cent. inscribed stock, at the rate of £120 of stock for each £100 of debentures. The loan was successfully floated, and within the stated period £4,476,000 of the £5,000,000 debentures were exchanged for £5,371,200 inscribed stock at 4 per cent. The other colonies issued inscribed stock loans shortly after passing the respective Acts.

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

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

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

The practice of issuing Treasury bills, either in anticipation of or to make good deficiencies in revenue, obtains in each state, and, as previously explained, is an old-established custom; but Treasury bills have been made to serve another purpose, and money has been raised by their sale to meet certain obligations for public works. This is an innovation which could not well be avoided in the disturbed markets of the last few years. The bills are in reality ordinary loans with short currencies, and carry

generally a higher rate of interest than issues of the funded debt. The unsatisfactory state of Australasian finance does not allow of the absolute redemption of these bills; consequently they will either have to be renewed or converted into stock, an operation which will entail an additional expenditure to the charges of first negotiation. The New Zealand Treasury bills are issued direct by the Treasury at par, and the expenses of negotiation are small. The bills are usually redeemed during the year of issue, and for this reason they have not been included with or considered as part of the public debt of New Zealand, though in the case of the other states Treasury bills have been so included. Australasian Treasury bills are like the British Treasury bills in name only, but they have some points in common with the British exchequer bills.

CONVERSION AND CONSOLIDATION OF LOANS.

Conversion and consolidation as applied to loans are not interchangeable terms, but represent two distinct transactions in so far related that without conversion consolidation would be impracticable. All the states are systematically converting their old loans into inscribed stock, and by so doing they are taking a step towards consolidation. Since the Consolidated Stock Act was passed in 1877, New Zealand has been engaged in converting its old loans into inscribed stock, and consolidating the whole debt by adopting three uniform interest rates of 4, 3½, and 3 per cent., and fixing the dates of maturity at 1929, 1940, and 1945 respectively. The transactions in conversion and consolidation in New Zealand from 1877 to 31st March, 1901, were as stated below. In addition to the transactions shown, old debentures to the amount of £6,225,500 were converted into short-dated debentures under the 1884 Consolidated Stock Act, pending subsequent conversion into inscribed stock; of these short-dated debentures, £4,257,700 have since been converted into 4 per cent. stock, and are included in the £19,724,400 shown below. The amount of these debentures outstanding on 31st March, 1901, was £1,967,800:—

Amount of Old Debentures Converted or Redeemed.	Additional Capital added to Principal by Conversion or Consolidation.	New Stock Issued.		
		Nominal Rate of Interest.	Amount.	Date of Maturity.
£	£		£	
19,724,400	1,600,902	4 per cent.	21,325,302	1929
5,720,550	440,617	3½ „	6,161,167	1940
3,324,252	49,558	3 „	3,373,810	1945

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

amount converted to the 31st March, 1901, is stated as £199,520, viz., £102,114 on the 4 per cent., £59,262 on the 3½ per cent., and £38,144 on the 3 per cent. stock. All conversions into short-dated debentures took place at par, the saving in interest thereby amounting to £7,990 annually, in addition to the £199,520 shown above. The subject of the New Zealand conversion is a large one, and inquirers should consult the publications of the Government of that colony, which give details that would hardly be in place in a volume such as this.

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

LATE ISSUES OF LOANS AND TREASURY BILLS.

As late as the year 1890 the states could borrow in London on very favourable terms, but in the year named the conditions were no longer satisfactory. This change had for its immediate cause a condition of things not of Australasia's own creation, the Baring failure and the Argentine crisis being primarily responsible for the stoppage of Australasian credit; but there is no reasonable ground for supposing that if the Baring failure had not taken place the London markets would have been much longer open to the Australasian states. The Treasurers of the various provinces were entirely unprepared for this revulsion in credit. They were committed to engagements for the construction of public works which they could not terminate; contracts had been entered into for large sums on the assumption that funds would be available; besides this, no preparations had been made to meet debentures falling due in a short time. The sudden stoppage of credit greatly embarrassed the Governments, and most of the states had recourse to treasury bills to enable them to adjust their finances to the altered circumstances. The amounts received from the sale of these bills were devoted to meeting loans maturing, and providing funds for public works already contracted for. Pressing necessities and the improved condition of the London market encouraged several of the states during 1893 and 1894 to place ordinary loan issues, which were successfully negotiated; and the proceeds of these loans relieved the liabilities on matured treasury bills and current obligations. In 1895 the credit of the Australasian states was fully re-established in London.

New South Wales.—In 1892 and 1893 the Treasury had authority to issue £3,000,000 of 4 per cent. funded stock at a minimum price of par. Up to the 30th June, 1902, £2,549,350 had been disposed of, leaving stock to the amount of £450,650 yet to be raised, the cost of the issue being practically nil.

The Loan Acts 58 Vic. No. 14, 59 Vic. No. 6, 60 Vic. No. 32, 61 Vic. No. 43, 62 Vic. No. 36, and 63 Vic. No. 42, passed in 1894, 1895, 1896, 1897, 1898, and 1899 respectively, provided for the establishment

of other local stocks. The stocks under the first-mentioned Act are known as New South Wales 1924 stock and Funded Stock, the latter running *pari passu* with the stock floated under 56 Vic. No. 1, the amounts outstanding on 30th June, 1902, being £198,065 and £863,947 respectively; the stocks under the 1895 Act are known as New South Wales 1925 Stock and Funded Stock, the latter also being subject to the same conditions as that floated under 56 Vic. No. 1 (Funded Stock Act of 1892). The amounts outstanding on the 30th June, 1902, were £222,255 and £1,332,945 respectively. The stocks under the 1896 Act are known as New South Wales 1927 Stock and Funded Stock, and are subject to conditions similar to those imposed in respect of the issues under the 1894 and 1895 Acts. Up to the 30th June, 1902, sales of funded stock had been effected to the extent of £1,802,810. The rate of interest on the stock is 3 per cent., and the date of maturity, 1912. No sales of the 1927 stock have yet been effected. The stocks under the 1897 Act are known as New South Wales 1928 Stock and Funded Stock, and are issued under the same conditions as those already referred to. The amount of Funded Stock sold to 30th June, 1902, was £973,997, the rate being $3\frac{1}{2}$ per cent., and the date of maturity, 1912. The only expense attached to the issues was a small amount for brokerage. Provision has been made for sinking funds to liquidate certain portions of the loans expended on works of an unproductive character. With regard to the loans authorised under the Loan Acts of 1897, 1898, and 1899, it must be mentioned that no sales have yet taken place under these Acts, but the annual instalments for the Sinking Funds have been appropriated each year.

The Loan Act of 1899 gave authority for the local issue of £500,000 inscribed stock at 3 per cent., and maturing in 1919, for the purpose of making advances to settlers. Of this stock, £245,050 were issued to the 30th June, 1902. As in the case of the 4 per cent. funded stock, the only expense in connection with the later local issues of funded and inscribed stock was a small amount of brokerage.

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

During 1894 several small 5 per cent. loans matured, amounting in the aggregate to £832,000. In September of that year a $3\frac{1}{2}$ per cent. covering loan was successfully issued, the average price realised on the gross proceeds being £101 15s., which is reduced to £99 13s. 6d. if allowance be made for accrued interest and charges. The rate paid by the Government is £3 10s. 11d. per cent., and the interest yielded to investors, £3 9s. $4\frac{1}{4}$ d. The loan was subscribed over five-fold, the amount tendered being £4,268,000.

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

In September, 1901, stock to the amount of £4,000,000 was authorised to be raised for the purpose of resuming wharfs and other premises and services generally. The loan was negotiated at '94, the nominal rate being 3 per cent., and the due date 1935. The actual cost to the Government was £3 9s. per cent., while the yield to investors was £3 5s. 10d. In May, 1902, a 3 per cent. loan of £3,000,000 was placed in London at a fixed price of 94½, the total applications being £35,420,000. The gross proceeds amounted to £2,835,000, and the net proceeds available for expenditure, after allowing for accrued interest, underwriting, and other expenses, were £2,727,191, or £90 18s. 1½d. per £100. The actual rate per cent. payable by the Government, allowing for redemption at par on maturity, is £3 8s. 7d. per £100, and the yield to investors £3 6s. 1¼d.

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

In 1899 the London market was practically closed to the State Government, chiefly on account of the South African war; and, as money was urgently required to complete existing contracts, and to provide for urgent works, authority was obtained under Act 63 Vic. No. 46 for the issue of short dated Treasury Bills to the amount of £4,000,000. The first instalment, viz., £1,000,000 at 4 per cent. was negotiated in London, the net proceeds realising £99 12s. per £100—the cost to the Government being £4 9s. 11¾d., and the yield to investors £4 6s. 0¼d. The second instalment, amounting to £500,000, was placed locally at 3½ per cent., the net average price realised being 100·14 per £100. The actual cost to the Government was £3 10s. 7½d., and the yield to investors £3 9s. 6d. During 1900–1 three instalments of £500,000 each at 3½ per cent. were sold at the Treasury in Sydney. The net averages per £100 were 99·92, 99·71, and 99·37 respectively, and the corresponding amounts paid by the Government were £3 10s. 11¾d., £3 11s. 9¾d., and £3 13s. 3¼d., the yield to investors being £3 10s. 3¼d., £3 11s. 4¼d., and £3 12s. 9d. respectively. The balance, viz., £1,000,000, was floated in London at 4 per cent., the net price per £100 being 98·63—the cost to Government, £4 8s. 1d., and the actual yield to investors, £4 6s. 1d. During 1901 Treasury bills to

the amount of £755,179 were issued to cover deficiencies in revenue to the 30th June, 1902, exclusive of the debit balance of the Consolidated Revenue Fund. The rate allowed is 3 per cent., and the bills are repayable by annual instalments of £100,000.

Victoria.—An inscribed stock loan of £2,107,000 was floated in London in October, 1893, the rate of interest being 4 per cent., and the date of maturity between 1911 and 1926, at the option of the Government on due notice being given. A 3 per cent. inscribed stock loan of £1,600,000 was floated in London in February, 1899—the minimum price fixed being £95. The gross proceeds amounted to £1,522,835, and the net proceeds to £1,491,355, or to £93 4s. 2d. per £100. The date of maturity is from 1929 to 1949. Four per cent. debentures were also disposed of locally from March, 1893, to June, 1901, to the amount of £746,795, and 3 per cent. debentures, amounting to £1,063,000, had been sold in Melbourne to the same date.

During 1896 an Act was passed providing for the conversion of the 4 per cent. stocks on the Melbourne register into a 3 per cent. stock. The amount of 4 per cent. stock sold from January, 1895, to June, 1901, was £249,130, holders of which have availed themselves of the privilege of conversion. The amount of new 3 per cent. stock sold under the Conversion Act to 30th June, 1901, was £2,290,482.

In December, 1898, an Act was passed providing for the issue of local inscribed stock at 3 per cent. to the amount of £300,000, and on the 30th June, 1901, the total sales amounted to £150,911. Another Act for the same purpose became law in November, 1899, the amount authorised being £500,000 at 3 per cent., of which £204,951 had been sold to 30th June, 1901.

An issue of 4 per cent. treasury bills in aid of revenue to the amount of £1,250,000 was authorised in 1893; in 1898, however, the amount was reduced to £250,000. The amount sold to 30th June, 1901, was £250,000.

In September, 1896, authority was given for the issue of £375,000 treasury bills for public works and services. The amount sold to the 30th June, 1901, was £350,000, bearing interest at $3\frac{1}{4}$ per cent., and repayable in annual instalments of £25,000 each. The total amount of treasury bills outstanding under this Act on the 30th June, 1901, was £275,000.

A further issue of £1,000,000 treasury bills was authorised in December, 1898, and, to the 30th, June, 1901, bills to the amount of £410,000 were sold locally at $3\frac{1}{2}$ per cent. interest, and to the amount of £500,000 at 4 per cent. interest in London. These bills have been renewed from year to year, and the total amount of treasury bills outstanding on 30th June, 1901, was £1,435,000.

On the 22nd March, 1901, a loan of £3,000,000 at 3 per cent. was floated in London for conversion purposes, the price being fixed at $93\frac{1}{2}$. The expenses were increased by a charge of $1\frac{1}{4}$ per cent. for underwriting, and, consequently, the net proceeds realised only £89 17s. 3d.

per £100. Debentures to the amount of £500,000 at 3 per cent. were disposed of locally on the 21st August, 1900, realising £96 10s. 5d. per £100, and a further instalment of £500,000, sold on 4th June, 1901, realised £96 8s. 1d. per £100. Local 3 per cent. Inscribed Stock, amounting to £86,833, was also taken up during 1900-1, at par or a slight premium.

Queensland, in January, 1893, placed a 3½ per cent. loan of £1,182,400 on the London market, the average price obtained being £88 14s. 0½d. The charges were heavier than usual, as the loan was underwritten at the rate of 1 per cent.

In June, 1895, another 3½ per cent. loan for £1,250,000, with a currency of fifty years, was placed on the market. The gross price obtained was £101 12s. 7d., and deducting accrued interest the Government received about £100 0s. 2d. In addition, stock to the amount of £750,000 was sold locally, the net proceeds being £743,750, or £99 3s. 4d. per £100.

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

In July, 1898, an amount of £100,000 at 3 per cent. was sold locally at £97 1s. 5d. per £100, and in December, 1899, further sales to the extent of £750,000, also at 3 per cent., took place at an average of 97. In July, 1900, loans amounting to £150,000 at 3 per cent., and £1,400,000 at the same rate, were floated in Brisbane and London respectively, the average prices realised being £97 for the former issue, and £94 0s. 2d. for the latter. The expenses of the London issue were largely increased owing to an underwriting commission of 1¼ per cent. In 1900, further sales to the amount of £2,374,213 took place, £1,000,000 of which bearing interest at 3½ per cent. were sold locally, and the balance, which carries 3 per cent., in London. The former realised £99 7s. 7¾d. (net) per £100, and the latter, £88 12s. 4d. per £100.

Another class of stock was authorised in 1895, viz., Government Savings Bank Stock. The object of the establishment of this class of security was to enable depositors of over £200 to earn interest on such excess. On the 30th June, 1902, the amount outstanding was £1,079,750; of which £989,060 is bearing interest at 3½ per cent., and £90,690 at 3 per cent.

During 1893 three issues of treasury bills were placed locally, viz., £222,500 in January, £5,000 in April, and £11,000 in December. The rate of interest was 4 per cent., and the bills have been redeemed. In January, 1894, bills to the amount of £1,000 were also disposed of locally, the rate being the same as for the previous issues, and the date of redemption, 1903. Bills to the amount of £286,000, which were issued during 1897-8, under the 1893 Act, have been purchased with the proceeds of the Savings Bank Stock. Under the Treasury Bills Act

of 1901, authority was given for the issue of bills to the amount of £530,000 to cover deficiencies in revenue. The rate of interest was fixed at 4 per cent., and the due date is 1912. The total amount realised, less expenses, was £535,119, or £100 19s. 5d. per £100.

South Australia.—In 1893 a small loan of £125,000, being portion of the 1890 loan of £1,532,900, was floated in London. The rate of interest is $3\frac{1}{2}$ per cent., and the loan is redeemable in 1939. An instalment of the £1,013,279 loan of 1892 was placed in Adelaide in February, 1894. The amount of the issue was £200,000, the price realised per £100 being £92. The rate of interest is $3\frac{1}{2}$ per cent. In June, 1895, a further issue of £311,000 was floated in Adelaide. In February, 1896, a loan of £839,500 was issued in London, bearing interest at 3 per cent., and redeemable in 1926. The net proceeds, after allowing for charges and accrued interest, amounted to £800,406, or £95 6s. 10d. per cent. In May, 1897, the first of a number of loans under the "Consolidated Stock Act" was floated in London, amounting to £500,000. Further issues took place in Adelaide for £295,835 and £606,800; in London and Adelaide, for £1,500,000; and in Adelaide, for £249,075. Of the last issue, £36,000 were sold at par, on condition of being placed on the London Register, while the balance realised £98 17s. 3d. per cent. The first issue of £500,000 was sold for £94 7s. 4d.; the £295,835 for £99 18s. 8d.; the £606,800, for £98 3s. 9d.; and the £1,500,000, for £94 17s. $10\frac{1}{2}$ d. per cent. The total issues under the "Consolidated Stock Act" to the 30th June, 1902, amounted to £5,094,245. All these loans bear interest at the rate of 3 per cent., and mature in 1916. On the 4th April, 1900, an issue of £1,000,000 at 3 per cent. was floated in London, being part of the loan authorised under the "Public Purposes Loan Act of 1898," the minimum price being fixed at $94\frac{1}{2}$. The net proceeds, after allowing for charges, amounted to £92 3s. $1\frac{1}{2}$ d. per £100. During 1899–1900, stock to the amount of £518,970 was disposed of in Adelaide, the net price realised being £95 7s. 11d., while in 1900–1, further local sales, amounting to £384,325, were effected at an average price of £94 7s. $6\frac{1}{4}$ d. These issues bear the same rate, and are redeemable on the same date, as the former Consolidated Stock Loans. During 1901–2, a small parcel of £64,240 was sold locally, but no particulars relating to the flotation are yet to hand.

In June, 1892, treasury bills were issued to the amount of £349,225 with interest at the rate of £4 11s. 3d. per cent., and payable in five years; and in March and July, 1893, further issues of £250,000 each were made bearing the same rate; the bills have all been redeemed.

In order to liquidate the debt due by the Northern Territory to South Australia proper, authority was obtained in 1901 to issue treasury bills to the amount of £849,500 at $3\frac{1}{2}$ per cent. The whole of the bills were floated at par, and, with the exception of £200,000 sold in London, were negotiated locally.

Western Australia.—In June, 1894, a loan of £540,000, at 4 per cent., was floated in London at a minimum of 102, the average price

realised being £103 6s. 1d. In May, 1895, the state floated a 3½ per cent. loan of £750,000, having a forty years' currency, but redeemable from 1915 on twelve months' notice being given. The minimum price was fixed at 99, and the average obtained was £103 1s. 5d., or, deducting accrued interest, £101 9s. 2d.

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

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

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

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

In March, 1900, another issue of £1,000,000 was floated in London, the minimum price being fixed at £93½, and the rate of interest 3 per cent. The amount offered was £1,570,000, and the average price obtained was £93 12s. 9¾d. per cent., while the net proceeds per £100, after deducting accrued interest and expenses, came to £89 13s. 2d. In November, 1900, loans to the amount of £880,000 were negotiated, the rate of interest being raised to 3½ per cent. The net proceeds per £100 were £96 8s. 3d. and the rate paid by the Government, allowing for redemption at par at the latest date of maturity (1935) was £3 13s. 8d., while the corresponding yield to original investors was £3 11s.

The Government has authority to issue treasury bills, but there were no bills outstanding on the 30th June, 1902.

Tasmania, in March, 1893, issued a 3½-per cent. loan of £800,000, which was part of the £2,100,000 authorised in December, 1892. The loan was only a partial-success, £600,000 being taken up and the balance

withdrawn. The average price realised per £100 was £92 2s. 2d. In 1894 a loan of £1,000,000 was negotiated in London, the rate of interest being 4 per cent., and the date of maturity between 1920 and 1940, at the option of the Government on 12 months' notice being given. The average amount realised per £100 was £101 4s. 3d. In February, 1895, a 3½ per cent. loan of £750,000 was floated, redeemable in 1940, or from 1920 on 12 months' notice being given. The price realised was £98 6s. 1d. In 1901, stock to the amount of £450,000 was sold in London, being the first 3 per cent. loan placed in London. The amount realised averaged 92 per £100, but no other particulars are available.

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

Local inscribed stock for general purposes was sold during 1900 to the amount of £270,258, the rate of interest being 3 per cent., while during 1901, £136,000 was sold at 3 per cent., £25,000 at 3¼ per cent., and £252,000 at 3½ per cent.

During 1894, treasury bills to the amount of £96,900 were negotiated in the state, viz., £40,500 at 4 per cent. and £56,400 at 4½ per cent., the bills having a currency until 1899 and 1900 respectively. The total amount of treasury bills floated was £215,000, and they have been all redeemed.

New Zealand.—Under the amending Consolidation Act of 1884, short-dated debentures are issued pending the sale of inscribed stock under the Act of 1877. In May, 1895, New Zealand placed a loan for £1,500,000 on the market. With the exception of some New South Wales treasury bills, this was the first 3 per cent. loan floated by any of the Australasian colonies. The loan has a currency of fifty years, and the minimum price was fixed at 90. The average gross price obtained was £94 8s. 9d., so that, after deducting accrued interest, the Government obtained £93 14s. 6d.

In February, 1899, a further issue of £1,000,000 was placed in London, the minimum price being fixed at £96, and the rate of interest 3 per cent. For this stock applications to the amount of £3,027,500 were received. The loan is redeemable in 1945, and the average price secured was £96 11s. per cent. This was the last flotation in London

till November, 1901, when a loan of £1,000,000 was floated at 3 per cent. The price of issue was £94 per £100, and the loan was underwritten at a fee of £1 per cent. No further particulars are yet available. Debentures and stocks have been sold locally, £500,000 being disposed of in 1900-1, bearing interest at 4 per cent., and £250,000 in 1901-2 at the same rate of interest.

The amount of treasury bills outstanding on the 31st March, 1901, was £700,000; the issue during the ensuing twelve months amounted to £1,380,000, while bills representing £1,380,000 were paid off, leaving the amount outstanding on the 31st March, 1902, at £700,000. As, however, allowance is made for these at the end of the financial year when carrying forward the balance of the Revenue Account, the liability is practically wiped out.

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

State.	Year of Issue.	Year of Maturity.	Nominal—		Net Proceeds, less charges and accrued Interest.		Effective annual Interest per £100 sterling, paid by Government.	
			Inter-est.	Amount of Loan.	Total.	Per cent.	Nominal Interest on net Proceeds.	Rate paid, allowing for redemption at par on maturity
			per cent.	£	£	£	£ s. d.	£ s. d.
New South Wales.....	1893	1933	4	2,500,000	2,440,540	97'62	4 2 9½	4 3 0½
"	1894	1918	3½	832,000	829,551	99'70	3 10 10	3 10 11
"	1895	1935	3	4,000,000	3,804,573	95'14	3 3 0½	3 4 3½
"	1898	1935	3	1,500,000	1,479,746	98'65	3 1 2½	3 1 6
"	1901	1935	3	4,000,000	3,644,918	91'12	3 6 4	3 9 0
"	1902	.....	3	3,000,000	2,727,191	90'91	3 6 6	3 8 7
Victoria.....	1892	1921-26	3½	2,000,000	1,810,666	90'53	3 18 0	3 19 8½
"	1893	1911-26	4	2,107,000	1,999,733	94'91	4 5 1½	4 6 0
"	1899	1926-49	3	1,600,000	1,491,355	93'21	3 4 4	3 5 7
"	1901	1926-49	3	3,000,000	2,695,875	89'86	3 7 2½	3 8 3
Queensland.....	1893	1930	3½	1,182,400	1,014,162	85'77	4 2 4	4 4 4½
"	1895	1945	3½	1,250,000	1,230,274	98'42	3 11 0	3 11 10½
"	1896	1947	3	1,500,000	1,434,122	95'61	3 3 2½	3 3 7½
"	1900	1950	3	1,400,000	1,277,590	91'26	3 6 3	3 7 0
"	1900	1947	3	1,374,213	1,217,790	88'61	3 8 2½	3 9 4½
South Australia.....	1890-4	1939	3½	1,532,900	1,417,457	92'47	3 16 4½	3 17 0
"	1892-4	1939	3½	513,200	497,052	96'85	3 12 11	3 13 2½
"	1896	1926	3	830,500	800,406	95'34	3 3 5	3 4 8½
"	1897	1916	3	500,000	480,246	96'05	3 2 11½	3 5 4½
"	1899	1916	3	1,500,000	1,390,084	92'67	3 5 2½	3 10 2½
"	1900	1916	3	1,000,000	905,125	90'81	3 6 6½	3 14 1
Western Australia.....	1892	1911-31	4	400,000	393,211	98'30	4 2 2½	4 2 4½
"	1894	1911-31	4	540,000	544,964	100'92	4 0 0½	4 0 0
"	1895	1915-35	3½	750,000	760,934	101'46	3 9 7	3 9 5
"	1896	1915-35	3	750,000	744,542	99'27	3 3 10½	3 1 0
"	1897	1915-35	3	1,000,000	934,465	93'45	3 4 8½	3 5 9½
"	1898	1927	3	1,000,000	947,610	94'76	3 3 4	3 5 3
"	1898	1915-35	3	1,000,000	919,648	91'96	3 5 8	3 7 8
"	1900	1915-35	3	1,000,000	896,583	89'86	3 7 5	3 9 6
"	1900	1920-35	3½	880,000	848,426	96'41	3 12 7	3 11 0
Tasmania.....	1893	1920-40	4	1,000,000	994,912	99'49	4 1 2½	4 1 3
"	1895	1920-40	3½	750,000	737,308	98'31	3 11 10	3 12 0
"	1901	.....	3	450,000	.....	.....	.....	.....
New Zealand.....	1895	1945	3	1,500,000	1,394,117	92'94	3 5 0½	3 5 9½
"	1899	1945	3	1,000,000	*933,375	93'34	3 4 9	3 5 6
"	1901	.....	3	1,000,000	.....	.....	.....	.....

* Approximate.

The treasury bills outstanding on the 30th June, 1902, were issued to cover deficiencies in revenue, with the exception of £3,006,500 in New South Wales, of which a sum of £6,500 is overdue, and £1,185,000 in Victoria. The expenses incurred in these issues were practically nil—except for the flotations by New South Wales in London, the usual charges being made for brokerage, commission, and stamp duty—as the bills were sold at par, or a very small discount, and in some cases even at a premium. Particulars of the cost of treasury bills negotiated prior to 1896 will be found in previous editions of this work.

EXPENDITURE FROM LOANS.

In the foregoing pages the chief points dwelt upon have been the amount of the public indebtedness and the credit enjoyed by each state as tested by the selling price of its loans. Before closing this chapter it would be well to consider for what purpose the debts were incurred. The services upon which the proceeds of the public loans were expended are various, but the bulk of the expenditure may be placed to the account of the construction of railways, water supply and sewerage, and electric telegraphs. In the early stages of Australasian borrowing the expenditure was moderate, loans being difficult to raise and interest high; but latterly, as the conditions under which loans could be contracted became favourable, especially since 1881, few of the states have set any bounds to their requirements. It was a repetition of the old experience—the opportunity engendered the desire, and the open purses of the investors tempted the states to undue borrowing and lavish expenditure. What is termed a “vigorous public works policy” was the order of the day, and works were pressed forward which under other circumstances would either not have been undertaken, or have been held back until the growth of population warranted their construction. The plethora of money has been harmful in many ways, the most apparent being the construction of not a few branch railways, in outlying and sparsely-settled districts, which do not pay even their working expenses. But when every allowance is made for unwise or improvident expenditure, it will be found that by far the larger portion of the proceeds of loans has been well expended. In some instances it will be years, taking a most hopeful view of the situation, before many of the revenue-producing works will yield a sum sufficient to pay working expenses and interest; nevertheless, a practical consideration of the conditions which surround Australasian settlement will demonstrate that in some instances the construction of these works was justifiable, for apart from the consideration that they will ultimately be self-supporting, they have already materially assisted in developing the country's resources, and have largely enhanced the value of the public estate. Whether their cost in all cases should have been charged against the loans account is a

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

The following statement gives, under a convenient classification, the loan expenditure of each state during 1901-2 :—

State.	Year ended.	Amount spent on Works yielding direct Revenue.				Other Works and Services.	Total.
		Railways.	Water Supply and Sewerage.	Electric Telegraphs.	Total.		
		£	£	£	£	£	£
New South Wales..	30 June, 1902	2,243,072	480,205	39,287	2,769,164	2,169,048	4,938,212
Victoria	30 June, 1902	461,824	88,902	3,910	554,636	334,695	889,331
Queensland	30 June, 1902	751,451	7,462	17,551	776,464	385,225	1,161,689
South Australia ..	30 June, 1902	118,674	212,506	12,456	343,636	222,445	566,081
Western Australia..	30 June, 1902	578,085	731,989	.....	1,310,974	234,849	1,545,823
Tasmania	31 Dec., 1901	80,948	.....	11,520	92,468	249,520	341,994
Commonwealth..	.....	4,235,554	1,527,064	84,724	5,847,342	3,595,788	9,443,130
New Zealand.....	31 Mar., 1902	1,333,941	15,325	31,729	1,380,995	1,903,937	3,284,932
Australasia .....	.....	5,569,495	1,542,389	116,453	7,228,337	5,499,725	12,728,062

The expenditure of the Commonwealth states during 1901-2 from funds derived from the proceeds of loans was £9,443,130. Of this amount, the sum of £5,847,342 was spent on services directly revenue-producing, and the remainder was chiefly devoted to works such as the construction of roads and bridges, the improvement of harbours and rivers, and the erection of lighthouses, schools, and public buildings, less obviously a proper charge against loan votes. The loan expenditure of the six Commonwealth states and New Zealand during 1901-2 was £12,728,062, of which amount £7,228,337 was spent on works directly revenue-producing.

In most of the states the expenditure from loans was greatly reduced during the years 1893 to 1896. In some cases this was to be attributed to a settled policy of retrenchment; but in others, the difficulty of raising a loan in London affords a more probable explanation. The expenditure, however, since 1897-8, shows a tendency to increase, the figures for the last financial year being largely in excess of the previous five years in the states of New South Wales, Tasmania, and New Zealand. The expenditure was chiefly on account of revenue-producing works; and in the case of New Zealand and Queensland large advances from loans were also made to local bodies. The

expenditure of each state during the last five years is given in the following table:—

State.	1897-8.	1898-9.	1899-1900.	1900-1.	1901-2.
	£	£	£	£	£
New South Wales	1,653,143	2,025,944	2,400,943	2,788,120	4,938,212
Victoria	462,094	775,841	1,033,588	939,890	889,331
Queensland	937,066	1,054,787	1,182,668	1,212,020	1,161,689
South Australia	495,193	581,577	602,650	422,343	566,081
Western Australia	1,896,145	1,032,690	878,329	1,495,292	1,545,823
Tasmania	79,602	130,257	176,257	283,537	341,994
Commonwealth	5,523,243	5,601,096	6,274,435	7,141,202	9,443,130
New Zealand	1,428,502	1,836,863	2,051,899	2,246,221	3,284,932
Australasia	6,951,745	7,437,959	8,326,334	9,387,423	12,728,062

The total expenditure of the proceeds of loans from the commencement of borrowing to the end of the financial year 1901-2 for the six Commonwealth states was £206,118,355, and for the whole of Australasia £257,702,272. Of these sums, £161,158,989, or over three-fourths, was spent by the Commonwealth states, and £181,278,705, or nearly three-fourths, by the six states of Australia and New Zealand in the construction of railways, water supply and sewerage works, and electric telegraphs; and the balance was expended on services which, though non-productive, were claimed by their proposers as being necessary in the interests of national development. The expenditure on defence and the payments made to meet deficiency in revenue are the exceptions to the rule which has governed the expenditure of the proceeds of loan issues. The expenditure to cover deficiency in revenue has not been large, and is looked upon as but a temporary charge on the loan funds; while the expenditure on defence has been extremely small in all the states except New South Wales and New Zealand. The following table shows the total loan expenditure of each province up to the close of the last financial year:—

State.	Expenditure to—	Amount spent on works yielding direct Revenue.				Other Works and Services.	Total
		Railways.	Water Supply and Sewerage.	Electric Telegraphs.	Total.		
		£	£	£	£	£	£
N. S. Wales	30 June, 1902	45,414,483	10,305,038	1,294,887	57,074,408	15,206,341	72,280,749
Victoria	30 June, 1902	37,740,161	8,569,518	8,366	46,318,045	4,202,343	50,520,888
Queensland	30 June, 1902	22,592,617	358,389	1,034,578	23,985,584	11,460,030	35,455,514
South Australia ..	30 June, 1902	13,450,880	5,051,646	992,214	19,494,740	6,300,058	25,794,798
West'n Australia ..	30 June, 1902	7,547,949	2,329,365	269,308	10,146,622	3,324,412	13,471,034
Tasmania	31 Dec., 1901	3,997,873	.....	141,717	4,139,590	4,455,782	8,595,372
Commonwealth .....	.....	130,743,963	26,673,956	3,741,070	161,158,989	44,959,366	206,118,355
New Zealand	31 Mar., 1902	18,501,967	679,802	937,887	20,119,716	31,464,201	51,583,917
Australasia .....	.....	149,245,930	27,353,818	4,678,957	181,278,705	70,423,567	257,702,272

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 Provincial 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 state, the amount thus expended is unimportant, as this service in the other states is generally in the hands of municipal authorities or private companies. The Governments of New South Wales and New Zealand have borrowed money for the purpose of making advances to settlers for the improvement of their holdings, such advances being interest bearing and repayable by instalments. The sums advanced by the respective Governments named were—New South Wales to the 30th June, 1902, £268,902, and New Zealand to 31st March, 1902, £3,073,685.

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 "Miscellaneous" also includes the provincial loans prior to 1876; but it is certain that a very large proportion of this miscellaneous expenditure was incurred for war purposes, the cost of suppressing the Maori risings between 1860 and 1870 being charged to loan votes:—

State.	Roads and Bridges, Harbours, &c.	Defence Works.	Immigra- tion.	Advances to Settlers.	Miscella- neous.	Total.
	£	£	£	£	£	£
New South Wales ..	8,832,306	1,422,957	194,430	268,902	4,487,746	15,206,341
Victoria	784,473	137,435	.....	.....	3,280,935	4,202,843
Queensland	3,900,217	358,773	2,935,326	.....	4,275,614	11,469,930
South Australia	2,809,753	289,290	.....	.....	3,201,015	6,300,058
Western Australia ..	1,977,749	.....	27,697	.....	1,318,966	3,324,412
Tasmania	2,545,144	127,834	235,000	.....	1,547,804	4,455,782
Commonwealth	20,849,642	2,336,289	3,392,453	268,902	18,112,080	44,959,366
New Zealand	7,067,152	696,836	2,147,859	3,073,685	18,538,669	31,464,201
Australasia	27,856,794	3,033,125	5,540,312	3,342,587	36,650,749	76,423,567

In the case of New South Wales a sum of £724,733 was spent on immigration before the inauguration of the General Loan Account, but it is not included in the above table. The total expenditure on immigration in the states comprising the Commonwealth was, therefore, £4,117,186, and for Australasia, £6,265,045.

The subjoined table shows the expenditure per inhabitant on the basis of the figures given in the table on page 1045 :—

State.	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	32 18 4	7 10 3	0 18 9	41 7 4	11 0 5	52 7 9
Victoria	31 4 5	7 1 10	0 0 2	38 6 5	3 9 6	41 15 11
Queensland.....	44 5 1	0 14 1	2 0 6	46 19 8	22 9 4	69 9 0
South Australia.....	36 17 5	13 16 11	2 14 5	53 8 9	17 5 5	70 14 2
Western Australia	38 14 7	11 19 0	1 7 8	52 1 3	17 1 2	69 2 5
Tasmania	23 0 7	.....	0 16 4	23 16 11	25 13 4	49 10 3
Commonwealth.....	34 2 4	6 19 3	0 19 6	42 1 1	11 14 8	53 15 9
New Zealand	23 9 9	0 17 3	1 3 10	25 10 10	39 18 11	65 9 9
Australasia	32 6 1	5 18 5	1 0 3	39 4 9	16 10 10	55 15 7

EXPENDITURE BY THE GOVERNMENT AND LOCAL BODIES.

The question of Local Government is dealt with in another chapter. It is well, however, to give here a statement of the total amount which 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 states; as will appear from page 1013, this may be taken as £16,894,874 for the six Commonwealth states, or £20,936,328 for the whole of Australasia.

The total sum expended by the general and local governments of the Commonwealth states during the year 1901-2 was £41,465,629, or £10 16s. 5d. per head, and for Australasia £51,969,820, or £11 4s. 9d. per head. Of these large sums, £29,240,334, or £7 12s. 7d. per inhabitant, was spent by the general governments of the six Commonwealth states from their revenues, and £9,443,130, or £2 9s. 4d. per inhabitant, from loans; the local expenditure—exclusive, of course, of a sum equal to the Government endowment—was £2,782,165, or 14s. 6d. per inhabitant. For the six Commonwealth states and New Zealand the

expenditure by the general government from revenue was £35,155,249, or £7 12s. 0d. per inhabitant, and from loans £12,728,062, or £2 15s. 1d. per inhabitant; while the local expenditure, exclusive of government endowment, amounted to £4,086,509, or 17s. 8d. per inhabitant.

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

State.	General Government.		Local Government.	Total.
	From Revenue.	From Loans.		
	£	£	£	£
New South Wales.....	11,020,105	4,938,212	791,719	16,750,036
Victoria	7,407,781	889,331	1,034,968	9,332,080
Queensland.....	3,967,001	1,161,689	432,262	5,560,952
South Australia.....	2,823,578	566,081	231,008	3,620,667
Western Australia.....	3,151,427	1,545,823	157,169	4,854,419
Tasmania.....	870,442	341,994	135,039	1,347,475
Commonwealth	29,240,334	9,443,130	2,782,165	41,465,629
New Zealand	5,914,915	3,284,932	1,304,344	10,504,191
Australasia	35,155,249	12,728,062	4,086,509	51,969,820

The expenditure per inhabitant, under the same classification, will be found below. The distribution of the expenditure for New South Wales, between general and local government, is to some extent misleading, as nearly 40 per cent. of the population live outside the boundaries of the municipalities :—

State.	General Government.		Local Government.	Total.
	From Revenue.	From Loans.		
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
New South Wales..	7 19 10	3 11 7	0 11 5	12 2 10
Victoria	6 2 7	0 14 8	0 17 2	7 14 5
Queensland	7 15 5	2 5 6	0 16 11	10 17 10
South Australia ...	7 14 10	1 11 0	0 12 8	9 18 6
Western Australia..	16 3 5	7 18 7	0 16 2	24 18 2
Tasmania	5 0 3	1 19 5	0 15 7	7 15 3
Commonwealth	7 12 7	2 9 4	0 14 6	10 16 5
New Zealand	7 10 2	4 3 5	1 13 1	13 6 8
Australasia ...	7 12 0	2 15 1	0 17 8	11 4 9