

GENERAL FINANCE.

The following is a return of the revenue and expenditure of Victoria for the five years 1898-1902—special receipts and expenditure being excluded. The Mallee land receipts (£12,914 in 1901-2), which are set apart for the redemption of loans, are included as revenue, an equivalent amount being entered as expenditure, and afterwards transferred to the Mallee Land Account:—

Revenue and expenditure, 1897-8 to 1901-2.

Year ended 30th June.	Revenue.	Expenditure.	Surplus.	Deficit.
	£	£	£	£
1898	6,898,240	6,692,444	205,796	...
1899	7,389,444	7,107,206	282,238	...
1900	7,453,355	7,285,636	167,719	...
1901	7,712,099	7,672,780	39,319	...
1902	6,997,792	7,398,832	...	401,040

Early in 1901, the Customs, Post and Telegraph, and Defence Departments were transferred to the Commonwealth Government. If the returns from these departments were included, the revenue for 1902 would be increased to £8,053,318, the expenditure to £8,455,602, and the figures for the five years would show that an annual increase in both revenue and expenditure had been maintained; but that, while the increase in revenue between 1898 and 1902 would have been £1,155,078, the increase in expenditure would have been £1,763,158. The latter is mainly due to the introduction of old age pensions, and to increased expenditure on education and on the railway working expenses. In the period shown, the excess of revenue over expenditure is £294,032. The accumulated revenue deficiency on 30th June, 1902, was £2,356,119. The whole of this amount was, however, covered by advances from trust funds, with the exception of £100,000 which was raised by the issue of Treasury Bonds.

The sources of revenue may be grouped under three headings—(1) taxation, (2) public works, and (3) other services. Customs and Excise (under taxation), and Posts and Telegraphs (under public works) were transferred to the Federal Government in 1900-1, and an additional heading, "Federal Government," which comprises these sources, is therefore added. Land revenue, which averaged £381,000 yearly, is included under "other sources." The amounts received during the last five financial years were:—

Heads of revenue, 1897-8 to 1901-2.

Head of Revenue.	1897-8.	1898-9.	1899-1900.	1900-1.	1901-2.
	£	£	£	£	£
Federal Government ...	...	...	...	1,177,740	1,920,974
State Taxation—					
Customs and Excise	2,110,866	2,234,442	2,267,131	1,202,191	...
Other ...	799,371	851,363	717,161	762,438	818,274
Public Works and Services—					
Railways ...	2,602,547	2,849,370	3,008,521	3,302,202	3,362,030
Posts and Telegraphs	526,401	553,672	586,061	410,435	...
Others ...	188,263	191,371	175,445	195,743	202,502
Other Sources ...	670,792	709,226	698,736	661,350	694,012
Total ...	6,898,240	7,389,444	7,453,355	7,712,099	6,997,792
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Per Head of Population	5 16 8	6 4 11	6 5 4	6 8 10	5 15 9

In this table the figures for 1900-1 for Customs and Excise include only the amounts collected for the half-year ended 31st December, 1900, and for Posts and Telegraphs for the eight months ended 28th February, 1901. There is no State revenue under these headings for 1901-2. The amount returned to the State by the Federal Government—£1,177,740 for the former year, and £1,920,974 for 1901-2—is that collected from the transferred departments, less the amount deducted by the Federal Government under Section 89 of the "Commonwealth of Australia Constitution Act." For 1901-2, the Federal Government received £2,376,525 from Customs and Excise; £591,470 from Posts and Telegraphs; and £8,505 from other sources; and returned to the State Government £1,920,974. Had the old arrangement remained in existence, the amount per head of the population would have been £6 13s. 4d. instead of £5 15s. 9d. under the new arrangement.

Income tax.

An income tax was first imposed in Victoria in 1895, and was to have expired by effluxion of time in 1898, but it has been from time to time extended ever since. The Act is administered by a Commissioner, who, together with his officers, are bound by oath to secrecy. Incomes assessed for tax in any year are those earned, derived, or received in Victoria in the preceding calendar year; and are divided into two classes, viz.:—Incomes, (1) from personal exertion, and (2) from property. The former consists of earnings, salaries, wages, allowances, pensions, &c., or stipends earned in or derived from Victoria, and all income arising or accruing from any profession, business, or occupation carried on in Victoria, and the latter, of all other income. This is the gross income, and the net income is ascertained by making certain deductions, the principal of which are losses and outgoings incurred in the production of the income, all other

taxes under any Victorian Act, life assurance premiums not exceeding £50, and calls or contributions actually paid into any reconstructed company whose shares are of no value. Incomes of certain public, local, religious, provident, &c., bodies or societies are exempt from taxation, also the official salaries of the Governor and of Ministers of the Crown, and the incomes of mutual life offices with head offices in Australia, fire, fidelity, &c. insurance companies taking out licences under the "Stamps Act," limited to income from that class of business; and income from stock debentures or bonds of the Victorian Government or of any public or municipal trust or body prior to 1902. An exemption to the extent of £200 was allowed, except in the case of absentees. The rate of tax was 4d. in the £ in on the first £1,200 of the taxable amount (allowing for £200 exemption), 6d. on the next £1,000, and 8d. on all over £2,200 on income from personal exertion, and double these rates on income from property. The rate of tax for 1902 was fixed by Parliament in 1903 as follows:— (a) Personal exertion—Net incomes up to £125 exempt; from £125 to £500, 4d. (with £100 exemption); over £500, 4d. on first £500 (no exemption), 1d. extra on every £500 or portion thereof up to £2,000; and 8d. on all over £2,000. (b) Property—Double these rates. The following is a statement of the assessments, taxpayers, taxable income, and tax payable from personal exertion and property during the last five years:—

	1898.	1899.	1900.	1901.	1902.
Number of Assessments:					
Personal exertion ...	17,607	17,954	20,322	21,511	22,863
Property ...	16,517	16,766	15,322	17,589	17,562
Total ...	34,124	34,720	35,644	39,100	40,425
Distinct taxpayers ...	33,051	33,577	34,377	37,803	39,166
Taxable Income—	£	£	£	£	£
Personal exertion ...	4,613,500	4,570,300	6,027,200	6,150,300	6,245,200
Property ...	2,244,500	2,126,400	2,316,500	2,348,000	2,318,400
Total ...	6,858,000	6,696,700	8,343,700	8,498,300	8,563,600
Tax Payable—	£	£	£	£	£
Personal exertion ...	89,140	89,444	123,457	125,824	123,333
Property ...	90,373	83,976	93,787	95,091	91,273
Total ...	179,513	173,420	217,244	220,915	214,606
Per Taxpayer ...	£ s. d. 5 8 7	£ s. d. 5 3 4	£ s. d. 6 6 5	£ s. d. 5 16 11	£ s. d. 5 9 7
Average Tax payable in the £ on Taxable Incomes derived from—	d.	d.	d.	d.	d.
Personal exertion ...	4·64	4·70	4·91	4·91	4·75
Property ...	9 67	9·48	9·72	9·72	9·45

PRINCIPAL HEADS OF STATE EXPENDITURE, 1897-8 TO 1901-2.

Heads of expenditure, 1897-8 to 1901-2.

Heads of Expenditure.	1897-8.	1898-9.	1899-1900.	1900-1.	1901-2.
	£	£	£	£	£
General Administration ...	219,155	220,199	231,189	246,238	249,043
Retiring Allowances, Gratuities, &c.	335,897	313,005	320,118	310,301	318,780
Defences ...	184,316	197,585	201,611	161,342	...
Law, Order, and Protection	455,520	470,374	484,597	501,767	502,645
Education :—					
State ...	521,086	543,987	585,062	621,774	656,761
Secondary and Technical	24,748	29,250	31,100	33,682	33,976
Science, Medical, &c. ...	41,763	46,319	60,371	61,083	63,084
Charitable Institutions ...	264,038	305,196	281,656	293,154	313,735
Agriculture ...	89,988	78,503	133,961	150,222	169,351
Mining ...	53,435	59,021	64,889	67,953	59,502
Crown Lands ...	67,128	67,186	68,879	78,978	83,096
Public Works and Services :—					
Railways ...	1,559,552	1,710,696	1,801,954	1,982,421	2,052,264
Posts and Telegraphs ...	506,268	514,500	521,918	329,272	...
Others ...	246,929	368,349	280,156	322,370	330,545
Public Debt :—					
Interest and expenses	1,852,056	1,881,198	1,852,970	1,900,139	1,941,449
Redemption ...	10,777	30,543	37,947	47,702	94,414
Old Age Pensions ...	...	...	...	129,338	292,432
Other Expenditure ...	259,788	271,295	327,258	435,044	237,755
Total { Special Appropriations	2,577,473	2,758,073	2,672,851	2,878,550	2,996,333
Votes ...	4,114,971	4,349,133	4,612,785	4,794,230	4,402,499
Grand Total ...	6,692,444	7,107,206	7,285,636	7,672,780	7,398,832
Per Head of Population ...	£ s. d. 5 13 1	£ s. d. 6 0 3	£ s. d. 6 2 7	£ s. d. 6 8 2	£ s. d. 6 2 5

A steady increase is observed in the expenditure under the headings General Administration, Law, Education, Science, Charities, Agriculture, Lands and Public Works. The interest on the public debt has advanced from £1,852,056 in 1897-8 to £1,941,449 in 1901-2, and the old age pensions appear as a new item in 1900-1. On the whole, notwithstanding the transfer of the Departments of Defence, Post and Telegraphs, and Customs to the Commonwealth Government, the total expenditure has increased from £6,692,440 in 1897-8 to £7,398,832 in 1901-2, and the amount per head of the population from £5 13s. 1d. per annum to £6 2s. 5d.

Loss on working of railways, 1897-8 to 1901-2.

After deducting the net earnings of the Department of Railways from the amount of interest and expense of loans,

a correct idea of its financial condition is obtained. This has been done in the table which follows, and from the figures quoted the actual annual loss to the State in the last five years is shown. No account is, however, taken of the value of the work performed free of cost for other Government departments, which is estimated at £20,000 in each of the first 3 years, £31,000 in 1900-1, and £34,000 in 1901-2:—

—	1897-8.	1898-9.	1899-1900.	1900-1.	1901-2.
	£	£	£	£	£
Gross Receipts ...	2,608,896	2,873,729	3,025,162	3,337,797	3,367,843
Working Expenses ...	1,566,073	1,716,441	1,807,301	1,984,796	2,072,374
Pensions, Gratuities, &c.	83,720	81,284	95,239	90,443	93,744
Net Receipts ...	959,103	1,076,004	1,122,622	1,262,558	1,201,725
Interest on Cost of Construction	1,437,269	1,472,090	1,430,448	1,464,809	1,492,695
Deficit ...	478,166	396,086	307,826	202,251	290,970

An annual increase is here shown, both in the receipts and in the working expenses. There is only a slight variation under the heading Interest, but in the case of pensions and gratuities, which stood at about £80,000 for the first two years, it is observed that a sudden increase to £95,000 took place in the third year, and that this expenditure had decreased in the two latter years to £90,000 in 1900-1, and to £93,000 in 1901-2. During the years under review an increase is shown in the revenue amounting to £759,000, and in the expenditure to £516,000 for working expenses and pensions, and nearly £56,000 for interest, the deficit in 1901-2 being £187,000 less than that of 1897-8.

The expenditure during 1901-2 on State education amounted to £800,202, portion of which, however, was for the Melbourne University and for technical schools. Pensions, gratuities, &c., are also included, but this expenditure may

Expenditure
on public
instruction

be considered as more appropriately belonging to the education of a past generation rather than as a portion of the cost of instruction of the children of the present day. The expenditure in detail for the five years 1897-8 to 1901-2 is as follows:—

Expenditure on—	1897-8.	1898-9.	1899-1900.	1900-1.	1901-2.
	£	£	£	£	£
Instruction	477,455	487,592	517,714	546,009	565,931
Training			2,242	4,516	4,701
Administration	30,532	31,024	34,218	39,865	41,977
Technical Schools	11,998	20,930	24,740	26,225	22,958
Melbourne University	3,250	5,250	5,250	5,750	6,000
Pensions, Compensation, and Gratuities	78,847	77,993	75,785	75,166	76,352
Miscellaneous	1	120	144	22	338
Total (exclusive of Buildings)	602,083	622,909	660,093	697,553	718,257
Buildings—					
Expended by the Public Works Department:—					
From Loans		1,089	13,940	4,758	35,197
„ Annual Votes	9,000	20,919	25,756	24,144	39,231
By Boards of Advice	2,191	2,202	2,077	3,293	3,398
Rents	1,911	2,186	2,912	3,845	4,119
Total	615,185	649,305	704,778	733,593	800,202

A considerable annual increase in the expenditure will be noticed during each of the last five years. The principal increase is in the item of instruction, which was greater by £88,476 in 1901-2 than in 1897-8, of which, however, £10,795 was caused by manual training, cookery instruction, kindergarten, scholarships, and exhibitions. The increase in the average attendance from 136,576 in 1897-8 to 150,271 in 1901-2 accounts for £47,876, and the balance is mainly due to the operation of Acts Nos. 1,642 and 1,721, which largely added to the salaries of certain teachers. The increase in the cost of administration was caused by the appointment of new inspectors and truant officers, expenditure in the erection of new schools to meet the requirements of additional scholars, and repairs rendered necessary by the bad state into which many of the buildings had been allowed to fall owing to the

heavy retrenchment which had to be carried out for several years. Since the inception of the system of free, compulsory, and secular education in 1872, the expenditure on public instruction has amounted to £19,692,580, of which £14,604,264 has been spent on instruction, £1,099,535 on administration, £145,682 on training teachers, £1,471,080 on miscellaneous items, principally pensions, technical schools, and the Melbourne University (excluding the annual fixed grant of £9,000 to that institution), £2,372,019 on buildings, of which £1,118,492 was paid out of loans, and £1,253,527 from revenue. For particulars of the progress of State instruction since its inception, see Part Social Condition, post.

The foregoing statement deals with public instruction generally, and includes some items of expenditure on secondary and technical education; but in the following statement particulars are given of primary State school education only,—that is, the cost to the State of the “free, compulsory, and secular” system:—

Expenditure on primary education.

Items.	1897-8.	1898-9.	1899-00.	1900-01.	1901-02.
Instruction :—	£	£	£	£	£
Teachers' Salaries	437,263	446,340	472,704	496,336	511,846
Singing, Drawing, Drill, Gymnas- tics, Kindergarten, Cookery, and Manual Training	...	...	1,211	2,497	4,681
Teachers' Travelling Expenses ...	1,746	1,789	1,438	1,803	2,060
Conveyance of Children to Schools	1,910	1,978	2,372	2,063	2,386
Books, Stores, Cadets, Kinder- garten, Manual Training, and Cookery Expenses	4,733	5,630	7,350	9,479	9,140
Cleaning, Stationery, Fuel, &c. ...	30,162	30,178	30,863	31,039	31,459
Teaching Night Schools ...	211	232	306	615	804
Training ... ..	...	...	2,242	4,516	4,701
Total Instruction ...	476,025	486,147	518,486	548,348	567,077
Administration :—					
Office and Inspectors	26,296	26,814	29,380	31,257	31,235
Truant Officers	3,234	3,342	3,655	6,793	7,569
Stores, Cleaning, &c.	1,002	868	1,183	1,814	3,173
Total Expenditure ...	506,557	517,171	552,704	588,212	609,054

	1897-8.	1898-9.	1899-1900.	1900-1.	1901-2.
	£	£	£	£	£
Grants to Agriculture, &c. ...	69,348	56,429	107,039	123,508	142,418
„ Mining ...	17,643	20,917	23,399	24,900	15,992
Subsidy to Municipalities ...	100,000	100,000	100,000	100,000	100,000
<i>Educational Grants, &c.—</i>					
Melbourne University—Endowment under Act	9,000	9,000	9,000	9,000	9,000
Melbourne University—Additional Endowment voted	3,250	3,250	3,250	6,250	6,000
College of Pharmacy ...	500	500	500	500	500
Technological Schools—Maintenance, &c.	11,998	14,500	16,350	17,932	18,476
Working Men's College—Workshops	...	6,000	...	...	...
Public Libraries, &c. (including Melbourne Public Library)	17,724	19,870	24,767	26,660	27,065
Royal Society ...	100	100	100	100	100
Royal Geographical Society ...	...	...	...	...	75
Victorian Artists' Society ...	100	100	100	150	100
Fine Art Galleries—Ballarat, Bendigo, &c.	200	500	500	500	500
Zoological and Acclimatisation Society, &c. ...	3,100	3,100	3,600	3,500	3,500
Parks and Gardens (including Melbourne Botanical Gardens)	12,569	13,963	14,383	14,867	15,175
Charitable Institutions ...	108,669	136,483	116,026	115,979	114,459
Instructor of the Blind ...	170	170	170	170	170
Animals Protection Society ...	50	50	50	50	50
<i>Miscellaneous Grants and Subsidies—</i>					
Exhibitions ...	...	9,296	4,302	500	1,000
Exhibition Trustees, Expenses of	1,250	2,249	2,749	1,250	1,250
Fire Brigades ...	13,941	14,423	14,766	15,941	16,215
Mint Subsidy ...	20,000	20,000	20,000	20,000	20,000
Village Settlements and Labor Colonies	5,018	5,898	4,000	3,987	2,993
Carriage of Water—to reimburse Railway Department for	2,730	102	...	5,036	11,026
Relief on account of Bush Fires, Cyclones, Drought, &c.	1,766	221	...	1,250	3,295
Relief of the Unemployed ...	1,086	700	1,082	906	1,161
Savings Banks Commissioners—Extra Working Expenses	...	13,736	10,841	11,178	12,685
Total ...	400,212	451,557	476,974	504,114	523,205

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

Commonwealth revenue and expenditure for Victoria

Revenue from—	1901-2.
	£
Customs Duties ...	1,976,245
Excise Duties ...	400,280
Posts and Telegraphs ...	591,470
Miscellaneous ...	8,505
Total ...	2,976,500

Expenditure on—				£
Customs and Excise	...	...	...	63,812
Posts and Telegraphs	...	...	...	588,888
Defences	...	...	...	316,876
New Expenditure	...	...	...	87,194
Balance paid over to the State	...	...	...	1,920,974
Total	...	...	...	2,977,744

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

Revenue.	1901-2.	Expenditure.	1901-2.
	£		£
Customs and Excise	2,376,525	Customs and Excise	63,812
Posts and Telegraphs	591,470	Posts and Telegraphs	588,888
Railways	3,362,030	Railways	2,052,264
State Taxation	818,274	Public Instruction	690,737
Other sources	905,019	Public Debt—	
		Interest and Expenses	1,941,449
		Redemption	94,414
		Other Expenditure	3,024,038
Total	8,053,318	Total	8,455,602

The Customs and Excise revenue was less by £181,765 than during the preceding year, when the State tariff was in force, but exceeded that for the year 1899-00 by £109,394. It is satisfactory to note that since the transfer of that department to the Commonwealth the expenditure on Customs and Excise has decreased by £5,500. On the other hand, under the Commonwealth in 1901-2 Posts and Telegraphs only showed a surplus of £2,582, whereas under State control in 1899-1900 there was a surplus of £64,143, the loss of which has not been caused by a diminution of revenue, but by an increase in expenditure under Commonwealth control.

The following statement gives particulars respecting the various loans forming part of the public debt, which were raised in London since 1859, together with the average prices obtained after deducting flotation expenses as well as accrued interest, and the rates of interest to which such prices are equivalent:—

Revenue and expenditure, Commonwealth and State combined.

Loans floated in London.

When Raised.	Debentures or Stock.				Average Price Obtained per £100 Debenture or Bond.			Actual Rate of Interest per £100 Net.
	Currency.		Amount Sold.	Rate of Interest.	Ex Accrued Interest.	Ex Interest and Expenses. (Net Proceeds.)		
	When Due.	No. of Years.					£ s. d.	
			<i>Debentures.</i>	Per cent.				
1859	1883	24	1,000,000	6	105 1 11 ³ / ₄	103 18 11 ³ / ₄	5 14 0	
"	"	"	750,000	6	107 17 7 ¹ / ₄	106 14 7 ¹ / ₄	5 9 10	
1860	"	23	1,837,500	6	104 17 10 ¹ / ₂	103 14 10 ¹ / ₂	5 14 1	
"	1884	"	812,500					
1861	1885	24	1,000,000	6	103 1 6 ¹ / ₄	101 18 6 ¹ / ₄	5 17 0	
1862	"	23	1,600,000	6	102 19 7	101 16 7	5 17 2	
1866	1891	25	850,000	6	100 8 11 ³ / ₄	99 5 11 ³ / ₄	6 1 1	
1869	1894	"	588,600	5	98 4 2 ³ / ₄	97 1 2 ³ / ₄	5 4 3	
1870	"	24	1,518,400	5	100 17 6 ¹ / ₂	99 14 6 ¹ / ₂	5 0 5	
1874	1899	25	1,500,000	4	90 2 7	88 19 7	4 15 5	
1876	1901	"	{ 500,000 } { 2,500,000 }	4	94 16 10 ³ / ₄	93 18 11 ³ / ₄	4 8 1	
1878	1904	26	457,000	4	...	...	...
1879	"	25	3,000,000	4 ¹ / ₂	97 17 5 ¹ / ₂	96 19 2 ¹ / ₂	4 14 0	
1880	"	24	2,000,000	4 ¹ / ₂	103 3 8 ¹ / ₂	102 5 11	4 6 11	
			<i>Stock.</i>					
1883	1907	"	4,000,000	4	98 16 8 ¹ / ₂	97 13 7 ¹ / ₂	4 3 0	
"	1908	"	2,000,000	4	97 14 1 ¹ / ₂	96 10 11 ¹ / ₂	4 4 6	
1884	1913	29	{ 2,636,600 } { 1,363,400 }	4	98 5 7	97 2 8 ¹ / ₄	4 3 3	
1885	1919	34	{ 3,180,620 } { 819,380 }	4	98 18 6 ¹ / ₂	97 15 9 ¹ / ₄	4 2 5	
1886	1920	"	1,500,000	4	105 12 3 ¹ / ₄	104 9 0	3 15 5	
1887	"	33	3,000,000	4	102 5 6 ³ / ₄	101 2 9	3 18 9	
1888	"	32	1,500,000	4	108 1 1 ¹ / ₄	106 18 0 ³ / ₄	3 12 9	
1889	1923	34	3,000,000	3 ¹ / ₂	102 14 10	101 11 11 ¹ / ₂	3 8 5	
1890	"	33	4,000,000	3 ¹ / ₂	100 2 4	98 19 6	3 11 1	
1891	1921-6	30-5	{ 850,000 } { 2,150,000 }	3 ¹ / ₂	96 3 7	95 0 10	3 15 6	
1892	"	29-34	2,000,000	3 ¹ / ₂	91 13 7	90 10 8	4 1 5	
1893	1911-26	17-32	2,107,000	4	94 7 5	93 4 8	4 11 7	
1899	1929-49	30-50	1,600,000	3	94 7 1	93 4 2	3 7 3	
1901	1929-49	28-48	3,000,000	3	92 2 1	89 14 5	3 11 10	
			<i>Treasury Bonds.</i>					
1892	1893	1	1,000,000	4 ¹ / ₂	99 3 11	99 1 5	5 0 0	
1898	1901	1-3	500,000	3 ³ / ₄	100 0 0	100 0 0	3 15 0	
Total			60,121,000					
Paid off			15,497,657					
Outstanding			44,623,343					

The figures in the last column represent the rate of interest payable by the State for the actual amount of money which was realized after the deduction of all expenses which

had been incurred in connection with the flotation. The column, Amount Sold, includes £957,000 for conversion loans.

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

The outstanding balance of loans floated in Melbourne amounted to £3,451,088 on 30th June, 1898; but during the last four years, the local debt having been increased by 2 1-3 millions sterling, it stood, on 30th June, 1902, at £5,785,614. The following is a statement of these loans, showing the amounts originally raised, the amounts converted or paid off, and the amounts outstanding on 30th June, 1902:—

Authorization.		Loans as originally raised.			Amounts.		Loans Outstanding on 30th June, 1902.
Act No.	Year.	Rate of Interest.	When due.	Amount.	Converted into Stock or Debentures.	Paid off.	
		Per cent.		£	£	£	
					<i>Debentures.</i>		
13 & 23	1854	...	1855-75	735,000	...	735,000	...
40	1855	6	1857-72	299,100	...	299,100	...
15	1856	6	1872-4	2,900	...	2,900	...
36	1857	6	1883-5-8	1,000,000	52,780	947,220	...
150	1862	6	1889	300,000	23,900	276,100	...
332	1868	5	1874	610,000	297,100	312,900	...

Loans
floated in
Melbourne.

Authorization.		Loans as originally raised.			Amounts.		Loans Outstanding on 30th June, 1902.			
Act No.	Year.	Rate of Interest.	When due.	Amount.	Converted into Stock or Debentures.	Paid off.				
		Per cent.		£	£	£	£			
<i>Debentures.</i>										
371	1870	5	...	100,000	100,000	...	...	
1296	1893	4	1913-23	746,795	...	...	746,795	
1440	1896	3	1912	63,000	...	...	63,000	
1659	1900	3	1921-30	1,000,000	...	...	1,000,000	
1753	1901	3	1923-32	280,200	...	...	280,200	
<i>Inscribed Stock.</i>										
428	1872	4	1897	1,113,000	} 2,659,613	...	...	
439	1872	4	"	{ 86,780 }						
				{ 13,102 }						
741	1882	4	"	167,600						
963	1887	4	"	130,000						
1015	1889	4	"	750,000						
1341	1893	4	"	150,000						
1369	1895	4	"	249,131						
1468	1896	3	1917	2,290,482				...	10,000	2,280,482
1552	1898	3	"	1,228				...	1,000	228
1564	1898	3	"	500,000	...	...	500,000	
1602	1898	3	"	206,284	...	5,002	201,282			
1623	1899	3	"	213,627	...	...	213,627	
<i>Treasury Bonds.</i>										
1574	1898	3½	1901	500,000	...	...	500,000	
Total				11,508,229	3,133,393	2,589,222	5,785,614			

Of the total loans raised in Victoria, £2,337,000, i.e., the total of those loans which were floated prior to 1863, was obtained at 6 per cent.; £710,000, or those floated from 1868 to 1870, at 5 per cent.; £3,406,408, or those floated from 1872 to 1895, at 4 per cent.; and £4,554,821, floated since 1895, at 3 per cent. During 1898, short-dated Treasury bonds, for £500,000, at 3½ per cent., were issued. Of the total loans outstanding on 30th June, 1902, £746,795 is bearing interest at 4 per cent., £500,000 at 3½ per cent., and the balance, £4,538,819, at 3 per cent. In the total raised to date is included conversion loans of £2,089,613.

The total debt on 30th June, 1902, was £50,408,957, and of this sum £7,546,995 was in the form of debentures; £38,666,343 of inscribed stock (London Register); £3,195,619 of Repayment of debt.

funded stock (Melbourne Register); and £1,000,000 in the form of Treasury bonds. The following are the dates on which these loans are repayable, and those repayable in Melbourne and London are also indicated:—

Under Act No.	When Repayable.	Rate of Interest per cent.	Amount Repayable.		
			In Melbourne.	In London.	Total.
			£	£	£
	<i>Debentures.</i>				
608	1st Jan., 1904 ...	4½	...	5,000,000	5,000,000
611	" " ...	4	...	457,000	457,000
1296	1st April, 1913-23 ...	4	746,795	...	746,795
1440	" 1912-22 ...	3	63,000	...	63,000
1659	1st Jan., 1921 ...	3	1,000,000	...	1,000,000
1753	" 1923-32 ...	3	280,200	...	280,200
	<i>Inscribed Stock (London).</i>				
717	1st July, 1907 ...	4	...	4,000,000	4,000,000
739	1st April, 1908 ...	4	...	2,000,000	2,000,000
760	1st Oct., 1913 ...	4	...	4,000,000	4,000,000
805	" 1919 ...	4	...	4,000,000	4,000,000
845	" 1920 ...	4	...	6,000,000	6,000,000
989 } 1032 }	" 1923 ...	3½	...	7,000,000	7,000,000
1196 } 1217 }	1st Jan., 1921 to 1926 ...	3½	...	5,000,000	5,000,000
1287	" 1911-1926 ...	4	...	2,107,000	2,107,000
1560	" 1929-1940 ...	3	...	4,559,343	4,559,343
	<i>Funded Stock (Melbourne).</i>				
1468	} 29th Sept., 1917 ...	3	2,280,482	...	2,280,482
1552			228	...	228
1564			500,000	...	500,000
1602			201,282	...	201,282
1623			213,627	...	213,627
	<i>Treasury Bonds.</i>				
1574	{	4	...	500,000	500,000
		3½	500,000	...	500,000
	Total ...	...	5,785,614	44,623,343	50,408,957

The last of the 6 per cent. loans was paid off on the 1st January, 1891, and the last of the 5 per cents. on the 1st January, 1897. The only loan now bearing a higher rate of interest than 4 per cent. is one of 5 millions at 4½ per cent., and this becomes due for redemption on 1st January, 1904. The loans at the higher rates of interest which have already been redeemed, were replaced by others obtained at lower rates, and by this means a considerable saving in interest has been effected. The last two loans which fell due were one for 1½ millions in 1899, and the other for 3 millions in 1901. Both were 4 per cent. debentures, and they were redeemed by the proceeds of £4,600,000 stock raised in London

at 3 per cent., the transaction effecting an annual saving of £42,000 in the amount of interest payable.

The aggregate amount of the loans raised to 30th June, 1902, exclusive of temporary Treasury bonds in aid of revenue, was £71,602,649; but a total of £21,193,692 (exclusive of £2,089,613 conversion loans) having been repaid, viz., £2,243,457 out of the general revenue, and £18,950,235 out of the proceeds of redemption loans, the balance on 30th June, 1902, was reduced to £50,408,957. The purpose for which each amount was borrowed, the amount paid off, the amount outstanding on 30th June, 1902, and the annual interest payable thereon, are as follow:—

Purposes for which loans were incurred.

Public Borrowings Contracted for—	Amount of Loans.			Annual Interest Payable.
	Borrowed.	Paid Off.	Outstanding on 30th June, 1902.	
	£	£	£	£
REVENUE-YIELDING WORKS.				
Railways	38,785,067	380,542	38,404,525	1,456,824
Tramways, Country	200,000	...	200,000	7,750
Water Supply and Irrigation—				
Melbourne	3,189,934	1,107,598	2,082,336	77,742
Country	5,607,689	5,892	5,601,797	202,134
Harbors and Docks	275,554	...	275,554	11,022
Graving Dock	353,797	1,068	352,729	13,091
Agriculture—Advances to Beet Sugar Company	63,000	...	63,300	1,890
Agriculture—Wineries, &c.	50,533	...	50,533	1,516
Purchase of Land for Closer Settlement	206,285	5,002	201,283	6,038
Development of Mining	99,669	...	99,669	2,990
Total Revenue Yielding	48,831,528	1,500,102	47,331,426	1,780,997
OTHER WORKS OF A PERMANENT CHARACTER.				
Parliament Houses	246,453	...	246,453	10,305
Law Courts	354,501	793	353,708	13,186
Public Offices	165,954	371	165,583	6,098
Defence Works	151,024	...	151,024	5,031
State School Buildings	1,159,341	3,151	1,156,190	40,741
Melbourne and Geelong Improvements	735,000	735,000	...	...
Other	1,008,613	4,040	1,004,573	31,519
Total other Permanent Works	3,820,886	743,355	3,077,531	106,880
Net Borrowings	52,652,414	2,243,457	50,408,957	1,887,877
Redemption of Loans	18,950,235	18,950,235	...	...
Gross Borrowings	71,602,649	21,193,692	50,408,957	1,887,877

The loans outstanding on the 30th June, 1902, include sums not yet expended, amounting in the aggregate to £316,974, of which £257,150 has been borrowed for railways, £51,787 for country water supply, and the balance (£8,037) for different other services. Of the total sum borrowed, 94 per cent. has been devoted to revenue-yielding works, namely, railways, water supply, and country trams.

Including money borrowed for temporary purposes (£525,000) in aid of revenue, the total debt on the 30th June, 1902, is £50,933,957, upon which the amount of interest payable is £1,921,807, or an average of 3·77 per cent. on the total debt. The amount of interest due was fully earned by £36,989,237, the amount of such interest being £1,395,721. This leaves £13,944,720, all the interest upon which, £526,086, has to be met by charge upon the general revenue. In addition, a sum of £2,613,308 has been advanced from the trust funds, upon which the interest is £54,880, or 2·10 per cent. The total interest which has to be met from general revenue is thus £580,966, equal to 3·51 per cent., or 9s. 8d. per head of population on a debt of £16,558,028, and this amount represents the real burden on 30th June, 1902. It is, however, worthy of notice that £3,820,886 (of which £743,355 has been repaid) has been expended in the erection of Parliament House, public offices, and school buildings throughout the State, defence, and other works of a necessary and permanent character, and if these are not directly reproducing in character, yet they save the State in rent charges and otherwise. A sum of £2,863,308 has been expended to meet revenue deficiencies, and the balance of the real debt, £10,617,189, has been expended on railways, water conservation, country trams, development of the agricultural and mining resources of the State, the graving dock, and on other revenue-producing works, which do not at the present time earn sufficient to cover working expenses and interest on the money expended in their construction, and will not do so until the population of the State has materially increased.

The following is a statement of the total indebtedness of the Australian States on 30th June, 1902:—

State indebtedness.

State.	State Debts.		Municipal and Corporation Debts* (exclusive of Loans from Government).	Grand Total.	
	Funded.	Unfunded.		Amount.	Per Head of Population.
	£	£	£	£	£ s. d.
Victoria. ...	50,408,957	3,090,007	11,387,557	64,886,521	53 15 4
New South Wales ...	69,109,208	6,865,188	2,893,044	78,867,740	56 10 3
Queensland ...	38,307,427	2,936,890	60,620	41,934,937	81 9 5
South Australia ...	26,423,045	1,088,674	101,310	27,613,029	75 19 8
Western Australia ...	14,942,310	...	360,850	15,303,160	73 9 2
Tasmania ...	9,009,051	96,835	514,252	9,620,138	55 14 11
Total ...	208,199,998	14,077,894	15,947,633	238,225,525	61 13 10

The figures, £238,225,525, include loans raised by the Australian Governments, by municipal bodies, corporations, and trusts, but exclude moneys advanced by the Governments to these bodies.

On 30th June, 1901, the sinking funds (which have been deducted from these loans) were as follow:—

State.	Sinking Funds in Connection with—	
	State Funded Debts.	Municipal and Other Debts.
	£	£
Victoria ...	208,284	676,701
New South Wales ...	386,383	304,471
Queensland ...	...	...
South Australia ...	26,879	...
Western Australia ...	429,227	48,967
Tasmania ...	183,022	73,190
Australia ...	1,233,795	1,103,329

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

Expenditure from loans.

*The figures in this column refer to the year 1901, excepting those for South Australia, which are for 1902; and for Tasmania, which are for 1900.

Works.	1897-8.	1898-9.	1899-1900.	1900-1.	1901-2.
	£	£	£	£	£
Railways	248,140	451,087	595,543	490,857	467,937
Water Supply	45,871	100,077	144,149	138,233	88,902
Defences ... ..	...	34,827	229	4,080	11,889
Schools—					
Primary ... ..	...	1,088	13,745	4,618	34,332
Technical ... ..	...	4,832	6,892	99	...
Beet Sugar Company	40,000	22,000	...	...	...
Wineries ... ..	...	5,094	12,063	15,480	17,895
Closer Settlement, Purchase of Estates	...	...	63,985	85,040	55,462
Bush Fires—Advances to Farmers	...	17,302	...	2,366	332
Mining Development...	...	...	41,294	25,932	32,443
Pilots — Advance for Steam Service	...	...	23,000	...	...
Sundry Public Works	...	75,786	104,989	165,560	175,083
Total	334,011	712,093	1,005,889	932,265	884,275
Per Head of Population	s. d. 5 8	s. d. 12 0	s. d. 16 11	s. d. 15 7	s. d. 14 8

It will be seen that during the last five years the loan expenditure averaged £773,707 yearly, whereas during the preceding five years the average was £368,703, and during the ten years ended 30th June, 1892, it was £2,300,000. During the last five years the loan expenditure of Victoria and New South Wales was as follows:—

	Total Last Five Years.	Annual Average.
Victoria	£3,868,533	£773,707
New South Wales	13,806,362	2,761,272

During the year 1901-2 the loan expenditure in New South Wales was nearly five millions.

The permanent loans authorized, but not raised, on the 30th June, 1902, amounted to £1,636,888, which sum now represents the unfloatable balance of loans authorized in 1896, 1898, 1899, and 1901. The following is a return of the amounts authorized, showing the purposes for which the original loans were intended, and the amounts raised up to June, 1902:—

Loans authorized but not raised.

Purposes.	Under Loan Act—				
	59 Vict., No. 1440.	62 Vict., No. 1562.	62 Vict., No. 1602.	63 Vict., No. 1623.	1 Ed. VII., No. 1753.
	£	£	£	£	£
Railways ...	...	700,000	...	205,810	350,573
Irrigation Works, &c. ...	...	300,000	...	100,000	100,000
Beet Sugar Industry ...	100,000	...	...	...	...
Closer Settlement ...	...	...	300,000	...	...
Miscellaneous ...	...	...	...	194,190	49,427
Total ...	100,000	1,000,000	300,000	500,000	500,000
Amount raised to 30th June, 1902	63,000	...	206,285	213,627	280,200
Balance not Floated ...	37,000	1,000,000	93,715	286,373	219,800

In addition to the £50,408,957, the total amount of the outstanding funded loans of the State on the 30th June, 1902, these figures show that authority had been obtained from Parliament for a further borrowing to the extent of £1,636,888, and of this sum £901,071 is for railway purposes, £426,960 for water supply, £93,715 for closer land settlement, and £215,142 for other works. The rate of interest on the full amount is 3 per cent.

The following is a summary of the funded debts of the Australian States and New Zealand on the 30th June, 1902, their proportion to population, and the total and average interest payable. The amounts are exclusive of Treasury bonds or bills issued for revenue purposes:—

Funded
debts of
Australian
States and
New
Zealand,
1902.

State.	Funded Debt.		Interest Payable.	
	Amount.	Per Head of Population.	Amount.	Average Rate Per Cent.
	£	£ s. d.	£	
Victoria ...	50,408,957	41 15 5	1,887,877	3·76
New South Wales ...	69,109,208	49 10 5	2,465,081	3·57
Queensland ...	38,307,427	74 8 6	1,420,689	3·71
South Australia ...	26,423,045	72 14 3	994,347	3·76
Western Australia ...	14,942,310	71 14 6	502,729	3·36
Tasmania ...	9,009,051	52 4 1	331,012	3·67
Total Australia ...	208,199,998	53 18 4	7,601,735	3·65
New Zealand ...	52,966,447	67 0 11	1,992,747	3·76

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

the rates of interest were high. Victoria has a loan of £5,000,000 at 4½ per cent., which falls due on 1st January, 1904; arrangements have now been made to convert this into 3½ per cent. stock for 25 years, and this will result in an annual saving, without allowing for redemption of the new stock, of £36,000 in interest, and the average rate of the total funded debt will be reduced to 3·65.

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

Accounts.	Credit Balance on 30th June.				
	1898.	1899.	1900.	1901.	1902.
	£	£	£	£	£
Deposits in Savings Banks	3,595,418	3,595,418	3,675,418	3,675,418	3,603,187
Deposits in Savings Banks Security Account	1,480,448	1,727,988	2,116,141	2,453,452	2,500,327
Municipal Investments Account	...	...	614,480	1,116,380	1,115,380
Municipal Sinking Funds	625,455	660,711	610,895	626,368	652,951
Assurance Fund ...	146,717	153,680	161,025	169,076	176,683
Intestate Estates ...	92,488	87,590	93,575	89,482	89,288
Country Tramways ...	137,872	137,872	137,872	137,872	137,872
Trustee and Assurance Companies	90,000	89,845	99,795	104,795	104,795
Police Superannuation Fund	71,079	55,803	37,422	15,327	1,665
Other Funds ...	433,026	650,380	858,751	945,731	1,437,001
Total ...	6,672,503	7,159,287	8,405,374	9,333,901	9,819,149
How Invested:—					
Invested in Debentures, &c.	1,451,684	1,494,277	2,136,814	2,673,002	2,689,430
Deposited in Banks	240,012	198,851	306,138	132,096	504,228
Held otherwise ...	4,980,807	5,466,159	5,962,422	6,528,803	6,625,491

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

When application is made to bring land under the "Transfer of Land Act," a contribution of ½d. in the £ on the value of the land is levied on the applicant to assure

Trust funds,
1898 to
1902.

Municipal
Investment
Account.

Assurance
funds.

and indemnify the Government in granting a clear title against all the world, when there may have been a latent interest of some other person in the property, whom the Government recompenses out of this fund for the loss of such interest. Since 1884-5 the assurance fund has been reduced by £75,073, which amount was advanced towards the purchase of land adjoining the Titles Office, and on which the fund receives 4 per cent. per annum from the general revenue. Since its first formation, 28 claims have been made, and sums amounting to only £6,262 (including costs) have been paid to claimants.

The Police Superannuation Fund is maintained by the annual income arising from the balance of an investment in Government stock; by an annual subsidy of £2,000 from the consolidated revenue; by a moiety of the fines inflicted by the Courts of Petty Sessions; and, if necessary, by a deduction, not exceeding 2½ per cent., from the pay of the members of the force, and a further grant in aid from the consolidated revenue. The item "Other Funds" includes £550,000 advance to the Treasurer, £429,196 to the credit of the Public Debt Redemption Funds, £83,112 to the credit of the Railway Accident Fund, £81,801 to the credit of the Railway Stores Suspense Account, including various smaller funds.

GENERAL AND LOCAL FINANCE.

In addition to the indebtedness of the Australian States, as shown in a preceding table, there are further debts (unfunded) consisting of advances from trust funds to revenue and to loan and suspense accounts, cash overdrafts, Treasury bonds in aid of revenue, &c., and debts contracted by local bodies. A full statement of these for 1902 is given in the following table:—

State.	State Debts.		Municipal, &c., Debts.	Grand Total.	
	Funded.	Unfunded.		Amount.	Per Head of Population.
	£	£	£	£	£ s. d.
Victoria ...	50,408,957	3,091,007	11,387,557	64,886,521	53 15 4
New South Wales ...	69,109,208	6,865,488	2,893,044	78,867,740	56 10 3
Queensland ...	38,307,427	2,936,890	690,620	41,934,937	81 9 5
South Australia ...	26,423,045	1,088,674	101,310	27,613,029	75 19 8
Western Australia ...	14,942,310	...	360,850	15,303,160	73 9 2
Tasmania ...	9,009,051	96,835	514,252	9,620,138	55 14 11
Commonwealth ...	208,199,998	14,077,894	15,947,633	238,225,525	61 13 10

These figures show the full public indebtedness of the Commonwealth and the States. Victoria has the smallest amount per head, Tasmania the next, and Queensland the

largest. There are of course private debts to a considerable extent and private investments by British capitalists; but there is no reliable information as to the amount of this class of indebtedness.

General
and local
revenue
and ex-
penditure.

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

	1898.	1899.	1900.	1901.	1902.
<i>Revenue.</i>	£	£	£	£	£
Government ...	6,785,493	7,277,395	7,344,495	7,603,009	6,908,731
Municipalities ..	1,008,005	1,027,926	1,036,497	1,105,262	1,201,230
Melbourne Harbour Trust	132,948	126,946	143,362	151,383	155,513
Melbourne and Metro- politan Board of Works	168,553	236,100	269,213	292,793	315,054
Fire Brigades Boards	17,551	16,818	18,516	19,529	20,278
Total ...	8,112,550	8,685,185	8,812,083	9,171,976	8,600,806
<i>Ordinary Expenditure.</i>					
Government ...	6,579,697	6,995,157	7,176,776	7,563,690	7,309,771
Municipalities	1,041,470	976,679	1,067,038	1,151,282	1,196,422
Melbourne Harbour Trust	137,909	135,607	148,612	158,007	162,603
Melbourne and Metro- politan Board of Works	281,421	306,002	337,079	366,936	373,571
Fire Brigades Boards	14,410	18,253	20,124	19,429	17,887
Total ...	8,054,907	8,431,698	8,749,629	9,259,344	9,060,254
<i>Loan Expenditure.</i>					
Government ...	334,011	712,093	1,005,889	932,265	884,275
Municipal ...	39,141	58,289	61,600	254,098	135,251
Melbourne and Metro- politan Board of Works	439,969	453,356	308,785	616,676	346,884
Fire Brigades Boards	...	1,533	1,609	...	...
Total ...	813,121	1,225,271	1,377,883	1,803,039	1,366,410
<i>Expenditure—Grand Total.</i>	8,868,028	9,656,969	10,127,512	11,062,383	10,426,664
Per Head of Popula- tion—					
Revenue ...	£ s. d. 6 17 2	£ s. d. 7 6 10	£ s. d. 7 8 2	£ s. d. 7 13 2	£ s. d. 7 2 4
Ordinary Expendi- ture	6 16 2	7 2 6	7 7 1	7 14 8	7 9 11
Loan Expenditure	0 13 9	1 0 9	1 3 2	1 10 1	1 2 8

The decrease in the Government revenue and expenditure is due to the transfer of the Departments of Customs, Posts and Telegraphs, and Defence to the Commonwealth.

LOCAL FINANCE.

The municipal districts of the State are of two kinds—urban and rural. In the former the area should not exceed 9 square miles, and should have no point in such area more than 6 miles from any other point therein, and must when first proclaimed contain at least 300 inhabitant householders, and they are designated, according to their gross revenue, cities, towns, or boroughs. A city must have a gross revenue of not less than £20,000; and a town, one of at least £10,000. Rural municipal districts are called shires, and their extent is undefined, but they must contain rateable property capable of yielding a revenue, upon a rate not exceeding one shilling in the pound on the annual value thereof, of £500. Each municipality is a body corporate with perpetual succession and a common seal, and is capable of suing and being sued, and of purchasing, holding, and alienating land. Every ratepayer has one or more votes according to the amount of his rates.

Municipalities.

The following is a summary of the population, number of ratepayers, estimated number of dwellings (inhabited and uninhabited), total and annual value of rateable property, and annual revenue of cities, towns, boroughs, and shires in each of the five years ended 1901-2:—

Year.	Estimated Population.	Number of Rate-payers.	Estimated Number of Dwellings.		Estimated Value of Rateable Property.		Total Revenue.
			Inhabited.	Un-inhabited.	Total.	Annual	
Cities, Towns and Boroughs—							
1898-9	595,485	157,363	132,696	5,990	£ 66,983,137	£ 4,605,199	£ 654,858
1899-00	605,944	153,285	133,825	4,543	67,113,600	4,670,200	657,775
1900-01	} 647,397 {	153,783	} 130,215 {	} 4,250 {	67,302,423	4,765,632	736,240
1901-02		157,320			77,289,493	5,223,282	809,325
Shires—							
1898-9	567,615	159,487	117,212	4,406	101,473,386	5,528,909	538,905
1899-00	577,600	154,662	118,588	4,840	102,798,300	5,613,300	531,102
1900-01	} 551,523 {	159,128	} 111,162 {	} 7,376 {	106,839,331	5,771,865	544,994
1901-02		147,671			107,812,500	5,661,805	491,209
Total—							
1898-9	1,163,100	316,850	249,908	10,396	168,456,523	10,134,108	1,193,763
1899-00	1,183,544	307,947	252,413	9,383	169,911,900	10,283,500	1,188,877
1900-01	} 1,198,920 {	312,911	} 241,377 {	} 11,626 {	174,141,754	10,537,497	1,281,234
1901-02		305,491			185,101,993	10,885,087	1,300,534

The population of the municipalities on the 31st March, 1901, was 1,198,920, and as the total population of the State was 1,201,341, there were only 2,421 persons outside municipal jurisdiction when the census was taken. Of these 2,281 were living on board of ships and vessels, and there were only 140 persons in the State who were not accounted for in any municipality on that night. The number of houses was 253,003, of which 11,626 were uninhabited.

The number of ratepayers returned for 1901-2 was 305,491, and the total value of rateable property £185,101,993, which was equivalent to 17 years' purchase on the annual value, £10,885,087.

The ordinary revenue and expenditure and the revenue and expenditure from loans of municipalities for the financial year ended 30th September, 1902, were as follow:—

Sources of Revenue.				1902.
Taxation—				£
Rates	...	...	...	784,810
Licenses	...	...	...	121,317
Market and Weighbridge Dues	...	...	...	58,113
Government Endowment and Grants	...	...	...	99,304
Contributions for Streets, Footpaths, &c.	...	...	...	21,901
Sanitary Charges	...	...	...	48,332
Rents	...	...	...	56,494
Interest	...	...	...	9,991
Other Sources	...	...	...	100,272
Total				1,300,534
Heads of Expenditure.				
Salaries, &c....	...	...	...	139,174
Sanitary Work	...	...	...	64,095
Street Cleaning, &c.	...	...	...	67,752
Lighting	...	...	...	97,414
Fire Brigades Contribution	...	...	...	15,884
Roads and Bridges—				
Construction	...	...	...	176,251
Maintenance	...	...	...	245,648
Parks, Gardens, Reserves, &c.	...	...	...	24,196
Other Public Works	...	...	...	90,183
Redemption of Loans...	...	...	...	32,015
Interest on Loans	...	...	...	195,186
Charities	...	...	...	13,277
Other Expenditure	...	...	...	134,651
Total				1,295,726

Population and dwellings in municipalities, 1901.

Ratepayers and rateable property in municipalities.

Municipal revenue and expenditure.

MUNICIPAL LOAN RECEIPTS AND EXPENDITURE, 1902.

	Cities, Towns, and Boroughs.	Shires.	Total.
	£	£	£
Receipts during the year	8,496	21,132	29,628
Balance unexpended from previous year ...	365,915	21,937	387,852
Expenditure during the year	109,287	25,964	135,251
Balance unexpended at the end of 1902 ...	265,124	17,105	282,229

The municipal expenditure of loan moneys during the year 1902 amounted to £135,251, of which £109,287 was spent by cities, towns, and boroughs, and £25,964 by shires. This was only a little more than half the amount of such moneys expended in the preceding year, but almost equalled the total expenditure in the three years, 1898 to 1900:—

Municipal
loan ex-
penditure,
1898 to
1902.

	Receipts.	Expenditure.
	£	£
1898	15,421	39,241
1899	42,361	58,289
1900	93,098	61,600
1901	375,683	254,098
1902	29,628	135,251

Sixty per cent. of municipal revenue was derived from rates, 9 per cent. from licences of all kinds, 4 per cent. from market and weighbridge dues, 8 per cent. from Government endowments and grants, 2 per cent. from contributions for streets, footpaths, &c., 4 per cent. from sanitary charges, 4 per cent. from rents, 1 per cent. from interest, and 8 per cent. from all other sources.

Proportion
of municip-
al
revenue
raised
from
different
sources.

In 1902 the salaries of the municipal officers amounted to £139,174, or nearly 10 $\frac{3}{4}$ per cent. of the entire revenue.

Salaries.

A sum of £13,277, equivalent to about 1 per cent. of the revenue, was devoted to local charities—the greater part of this disbursement was in aid of hospitals, benevolent asylums and associations, and orphan asylums.

Local
charities.

The assets of the municipalities are shown under three heads—(1) Municipal Fund, (2) Loan Fund, (3) Property; the

Assets and
liabilities
of municip-
alities.

liabilities under two heads—(1) Municipal Fund, (2) Loan Fund.

Assets.		
Municipal Fund—		£
Uncollected Rates		141,482
Other Assets		153,490
Loan Funds—		
Sinking Funds—		
Amount at Credit		697,019
Arrears due... ..		1,175
Unexpended Balances		282,229
Property—		
Halls, Buildings, Markets, &c.		2,470,460
Waterworks		210,367
Gasworks		61,592
Total Assets		4,017,814
Liabilities.		
Municipal Fund—		
Arrears due to Sinking Funds		1,175
Overdue Interest		13,044
Bank Overdraft		148,236
Temporary Government Advances		17,604
Other Liabilities... ..		147,888
Loan Funds—		
Loans Outstanding... ..		4,254,061
Due on Loan Contracts		33,455
Total Liabilities		4,615,463

Municipal
assets and
liabilities
compared.

The total assets of municipalities amounted to £4,017,814, and the liabilities to £4,615,463, showing a deficiency of £597,649. The aggregate of the current liabilities (Municipal Fund) was £327,947, against which there were assets amounting to £294,972. The gross liability on account of loan expenditure for works completed and in progress was £4,287,516, which, after deducting sinking funds and unexpended balances, was reduced to £3,307,093. If credit were taken for the value of municipal properties (£2,742,419) in markets, halls, buildings, gasworks, waterworks, &c., the net burden on account of loan moneys would be £564,674.

Endowment
of muni-
cipalities.

Under the "Local Government Act 1891," £450,000 was provided as an annual endowment for the municipalities. This was the first statutory provision made since 1879, when an endowment of £310,000, authorised under the "Local Government Act 1874," ceased to be payable. A subsidy, however, in lieu thereof, amounting to £310,000, was voted by Parliament annually, but this vote was gradually increased

until £450,000 was reached in 1889-90 and 1890-91. This amount was reduced to £405,000 per annum from the 1st January, 1893; to £310,000 from 1st July, 1894; to £100,000 from 1st July, 1895, and to £50,000 from 1st July, 1902. The endowment is payable in equal moieties in March and September in each year.

The number of properties rated and the annual assessments thereon in cities, towns and boroughs, and shires, in 1901-2, were as follow:—

Classifica-
tion of
properties
rated,
1901-2.

Rateable Values.	Number of Properties Rated.			Assessment of Properties.		
	In Cities, Towns, and Boroughs.	In Shires.	Total.	In Cities, Towns, and Boroughs.	In Shires.	Total.
				£	£	£
Under £25 ...	138,191	119,146	257,337	2,713,023	2,426,477	5,139,500
£25 to £50 ...	34,848	44,225	79,073			
£50 to £75 ...	8,002	10,681	18,683	693,482	1,096,013	1,789,495
£75 to £100 ...	3,094	6,612	9,706			
£100 to £200	3,823	5,813	9,636	517,663	762,504	1,280,167
£200 to £300	1,013	1,112	2,125			
£300 to £400	435	406	841	1,299,114	1,376,811	2,675,925
£400 to £500	257	226	483			
£500 and up- wards	627	707	1,334			
Total ...	190,290	188,928	379,218	5,223,282	5,661,805	10,885,087

Of these properties, 89 per cent. were of an annual value of under £50, 68 per cent. being less than £25. The annual assessment on properties under £50 amounted to over five millions, or 47 per cent. of the total. Although there are a greater number of properties rated in cities, towns, and boroughs, than in shires, the latter are the more valuable, as evidenced by the fact that the assessment on rural properties amounted to £5,660,000, as against £5,220,000 in urban municipalities.

Value of
properties
compared.

Of the 60 cities, towns, and boroughs, 13 levied rates of 1s. in the £, 3 of 1s. 3d., 3 of 1s. 4d., 12 of 1s. 6d., 15 from 1s. 8d. to 1s. 10d., 9 of 2s., 3 of 2s. 3d., 1 of 2s. 4d., and 1 of 2s. 6d. Of the 148 shires, 3 levied rates of 9d. in the £, 123 of 1s., 7 of 1s. 3d., 1 of 1s. 4d., 6 of 1s. 6d., 3 of 1s. 7d. to 1s. 10d., 4 of 2s., and 1 of 2s. 3d. in the £. These figures give an average rating of 1s. 8d. in the £ in cities, towns, and boroughs, and 1s. 1d. in shires. The rating in the urban districts is thus shown to be 7d. in the £ more than in the rural districts, and it would appear to be a question of considerable importance as to whether the rating in the latter is sufficient to meet the reasonable requirements of the districts.

Ratings in
municipali-
ties, 1902.

Melbourne
and Metro-
politan
Board of
Works—
constitu-
tion and
finances.

The Melbourne and Metropolitan Board of Works was constituted in 1891 for the purpose of taking over from the Board of Land and Works, which was under the direct control of the central Government, the Metropolitan Water Supply and Sewerage Works; and for the purpose of carrying out a scheme of sewerage for the metropolis and its suburbs. The Board consists of 40 members, one of whom is a Chairman elected every four years by the other members, the retiring Chairman being eligible for re-election. Seven of the members are elected by the Melbourne City Council, four by the South Melbourne, three by the Prahran, two each by the Fitzroy, Richmond, St. Kilda, and Collingwood, and one each by the other suburban municipal councils. That portion of the public debt incurred in connection with the Yan Yean Water Supply, amounting to £2,140,000 and the interest thereon, was made a liability of the Board. The following is a statement of the receipts and expenditure of the Board during the five years 1897-8 to 1901-2:—

	1897-8.	1898-9.	1899-1900.	1900-1.	1901-2.
	£	£	£	£	£
<i>Ordinary Receipts.</i>					
Water Supply... ..	163,214	153,603	163,366	164,271	170,488
Sewerage	5,339	82,494	105,937	128,522	144,566
Total	168,553	236,100	269,303	292,793	315,054
<i>Ordinary Expenditure.</i>					
Management	23,954	27,335	36,959	46,171	50,253
Maintenance—					
Water Supply	19,157	16,258	17,486	19,410	20,808
Sewerage... ..	5,633	13,282	22,587	24,582	24,336
Interest on Loans	232,677	249,127	260,047	268,196	278,174
Total	281,421	306,002	337,079	358,359	373,571
<i>Loans Receipts</i>					
	498,748	488,016	247,496	646,328	404,459
<i>Loan Expenditure.</i>					
Water Supply	7,426	17,260	14,814	14,294	16,042
Sewerage	419,983	430,203	292,523	322,030	325,111
Redemption of Loans ... ..	...	...	...	276,820	3,004
Other	12,560	5,893	1,448	3,532	2,727
Total	439,969	453,356	308,785	616,676	346,884

Melbourne
Harbor
Trust—
receipts
and expendi-
ture.

The Melbourne Harbor Trust is a corporate body established in 1876 to regulate, manage, and improve the Port of Melbourne and portions of the Yarra and Saltwater Rivers adjacent, for which purpose certain lands and properties are

vested in seventeen Commissioners, two of whom are elected by the Melbourne City Council, one each by the ratepayers of the municipalities of South Melbourne, Port Melbourne, Williamstown, and Footscray, three by the owners of ships registered at Melbourne, three by merchants and traders paying wharfage rates, and five are appointed by the Governor-in-Council. The following are particulars of the receipts and expenditure during each of the last five years:—

Net Receipts from—	1898.	1899.	1900.	1901.	1902.
	£	£	£	£	£
Wharfage Rates	112,263	110,393	127,785	136,178	140,258
Rents and Licence Fees	10,738	10,904	11,091	10,907	11,861
Other Receipts	9,947	5,649	4,486	4,298	3,394
Total	132,948	126,946	143,362	151,383	155,513
Net Expenditure on—					
Harbour Improvements and Maintenance	19,418	19,668	24,608	28,006	32,062
Wharves, &c. — Construction and Maintenance	19,400	17,746	25,638	32,414	32,871
General Management, &c.	9,968	9,644	10,150	10,107	10,196
Interest on Loans and Expenses	89,123	88,549	88,216	87,480	87,474
Total	137,909	135,607	148,612	158,007	162,603

During the 25½ years since the Trust has been in existence, the net receipts have amounted to £3,451,510, and the expenditure to £5,437,968, or £1,986,458 in excess of the receipts, to meet which loans amounting to £2,000,000 have been incurred. Of this expenditure of nearly 5½ millions, £1,822,804 has been expended on harbour improvements and maintenance, including dredging, landing and depositing silt; £1,383,692 on wharves and approaches, construction and maintenance; and £533,349 on plant.

There are two Fire Brigades Boards, viz.:—A Metropolitan Board having jurisdiction within a radius of 10 miles from the General Post Office; and a Country Board for other parts of the State. Each Board consists of nine members, 3 of whom are appointed by the Governor-in-Council, and in the case of the Metropolitan Board, 3 are elected by the municipalities and 3 by the fire offices; and in the case of the Country Board, 2 are elected by the municipalities, 2 by the fire offices,

Fire
Brigades'
Board—
receipts
and ex-
penditure.

and 2 by the brigades. Particulars of receipts and expenditure during the five years ended 30th June, 1902, are as follow:—

	1898.	1899.	1900.	1901.	1902.
<i>Ordinary Receipts.</i>					
Contributions—Government, Municipal, and Insurance	£ 44,159	£ 42,607	£ 46,852	£ 48,494	£ 49,280
Receipts for Services	591	682	815	1,344	2,062
Interest and Sundries	2,656	1,631	1,774	2,324	1,954
Total	47,406	44,920	49,441	52,162	53,296
<i>Ordinary Expenditure.</i>					
Salaries	16,981	18,585	19,494	23,693	24,410
Fire Expenses	3,008	2,992	3,013	2,917	3,027
Horses, Quarters, &c.	12,414	12,177	12,649	11,319	11,464
Plant—Purchase and Repairs	3,064	3,736	6,962	5,045	2,866
Interest	6,085	6,066	6,071	6,087	6,080
Sinking Fund	2,000	2,000	2,000	2,000	1,971
Miscellaneous	713	799	860	1,001	1,087
Total	44,265	46,355	51,049	52,062	50,905
<i>Loan Expenditure.</i>					
Sewerage Connections ... ..	...	1,533	1,609	...	...