

AN HISTORICAL ANALYSIS OF COMMISSARIAT AND ALLIED
PUBLIC EXPENDITURE WITHIN NEW SOUTH WALES
1788-1821

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ABSTRACT

"AN HISTORICAL ANALYSIS OF COMMISSARIAT AND ALLIED PUBLIC EXPENDITURE IN NEW SOUTH WALES 1788-1821"

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The founding of a penal settlement in New South Wales in 1788 had many unique features, the most significant being the role of the English Government in the planting of this settlement. It would appear that the government undertook such a function only because no private groups would undertake the settlement of this site.

While Whitehall's ultimate motives in founding the settlement may be somewhat obscure, their immediate hope was for the creation of a cheap colony, by the attainment of self-sufficiency within two years of settlement. This hope was thwarted by conditions, both geographic and human, but the demand remained for a cheap colony, so that each Governor's success was measured by the volume of Commissariat expenditure, as reflected in the amount of bills drawn upon the Treasury. Each successive governor's administration was dominated by Whitehall's demand for economy, so that all administrative acts either stemmed directly from, or were highly influenced by this demand. While therefore, present documentary evidence does not permit of a definitive answer to Whitehall's long-term aim (if one did exist) in founding New South Wales, nevertheless the history of the colony up to 1821, in its various aspects reflects the attempts by the Governors to curtail

Commissariat expenditure to Whitehall's desired minimum.

Bills on the Treasury, as used by the Commissariat for the purchase of provisions and stores from colonial inhabitants, provided much of the capital requirements for the growing colony. This process was accelerated during two interregnum periods, when the unfettered rule of the New South Wales Corps officers allowed them to turn government assets to their private advantage.

The degree to which government expenditure provided an income for the colony, as reflected in Commissariat expenditure, has long been a neglected feature of Australian historiography. Accounts often quoted as showing such expenditure have never been analyzed as to what they actually showed. It has been attempted in this paper to show that these accounts do not only show the expenditure made within the colony, which is the expenditure of crucial importance to considerations of Australian economic development. An attempt has therefore been made to compile from various sources an account showing the volume of Commissariat expenditure within New South Wales during the period 1788 - 1821. Documentary deficiencies do not permit a complete account to be compiled, but a sufficient estimate has been made to show the main outlines of the growth of this expenditure.

While therefore Commissariat expenditure within New South Wales from 1788 to 1821, is not as large as accredited by those writers who have blandly accepted accounts such as in the Bigge Commission Evidence, the governmentally policy controlling this expenditure, as

it reflected Whitehall's desires for the colony, was a central, and more important feature of colonial history, than is usually credited.

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NOTES ON TERMINOLOGY, ABBREVIATIONS AND USAGE

H.R.A. - - Historical Records of Australia - - a collection which consists mainly of official papers, designed to show the main features of the history of Australia up to 1848. All references in this study, are to Series I of these Records, which contains dispatches to and from the New South Wales Governors.

H.R.N.S.W. - - Historical Records of New South Wales -- the seven volumes of this series cover the story of New South Wales, from its earliest discovery till 1811, in greater detail than the comparable volumes of Historical Records of Australia.

In references to documents contained in the above series, the following information is shown -- (a) addressor and addressee; (b) date of writing; (c) name of series, volume and page reference.

NEW HOLLAND - - an 18th Century name for the Australian continent.

TABLES showing Commissariat, Police Fund, Orphan Fund, Gaol Fund or Orphan School Fund expenditure, unless accredited to a definite source, have been compiled or estimated by the author. Because of the vast multiplicity of sources often used, it has not been possible to always show the various

sources of the tables presented, though often Governors' dispatches have proved the valuable source of information regarding the Commissariat.

TASMANIA and Van Diemen's Land are used interchangeably, though officially the name, Tasmania, did not come into being till 1852. In the same way Australia and Australian have been used, where the officially recognized names of Botany Bay, and New South Wales would have been correct. However, since in the period under review, the only European settlement was New South Wales, and its southern appendage, and since historians commonly use "Australia" in speaking of the period, the usage followed appears well justified.

TREASURY BILL is never used in its modern sense. It is a bill of exchange drawn on the British Treasury. This contracted appellation is commonly found in the Governors' dispatches of the time, and is often employed by present-day historians.

PREFACE

There were many unique features associated with the founding of New South Wales. For purposes of this study the feature of greatest importance is the role played by the English government in being the actual colonizing agent. If the English government had not been willing or perhaps forced, to found a settlement at Botany Bay, it is doubtful whether Australia would have been possessed by Britain, for private enterprise had displayed little interest in these antipodean climes. Such progress as was made prior to 1850 was based, to no small degree, on the spending of the British government for the maintenance of its criminal emigrants. British government participation in the founding and early development of Australia, with its effect, both direct and subsequential, is therefore both a unique and a significant factor.

Considerations involving "economy" in public expenditure dominate not only the decision to settle a penal colony at Botany Bay but also the early history of New South Wales. However, while historians recognise this fact, none have considered, to any extent, how these considerations have affected the developments which occurred during the colonial period, yet in the period up to 1821, New South Wales was a government colony, with a governor of unfettered power. A further feature of significance was the function of the expenditure, by the Commissariat, in providing for colonial

producers, funds which were to finance subsequent development, in terms of capitalistic enterprise. The volume of such funds is of marked significance, but unfortunately there is no complete record of such expenditure extent, so an attempt has been made in this study, to compile, and where this is not possible, to estimate, the yearly volume of expenditure sanctioned and incurred within New South Wales between its foundation in 1788 and the end of Governor Macquarie's administration in 1821, which date marks a watershed in Australian development.

The aims of this study are therefore, (1) to formulate an estimate of Commissariat and related expenditures in the period 1788 - 1821; and (2) to show the policy of the English government regarding this expenditure; how it was interpreted by the various Governors, especially in the light of the peculiar conditions existing in the colony; and the manifestations of this policy and its interpretations in the early history of the colony. An interpretation of the colonial history, which sees the English government's desire for economy as the central feature of its policy, being interpreted by the various Governors with varying degrees of success in varying conditions, provides a more consistent explanation of events otherwise apparently inconsistent, than do more prevalent interpretations based on sometimes doubtful suppositions.

Australian colonial history has in the past suffered from an over-production of generalized works based on previous generalized works, and it is only in recent years that attention has been turned

to an examination of the bewildering array of documentary material available. Any analysis involving treatment of a hitherto unexamined aspect of the history of this period, should therefore be told in detail¹, to lessen the bewilderment for subsequent researchers. Any substantive treatment of the economic history of the colonial period, will require statistical bases, so statistical material has been presented in full, even when its connection with the main theme has been tenuous.

Party and personal antagonisms were not only a feature of the history of the first thirty or so years as covered within this work, but have continued even into present writings on this period. To obviate criticism of distortion by quotation out of context, or by misinterpretation of documentary evidence, resort has sometimes been made to quoting at length from original documents, rather than paraphrasing or curtailing the quotation. Individual personalities played a more significant role during early colonial days than is sometimes accredited, and the quotations presented often show not only their personal opinions and views, but more significantly, provide an insight into their personalities. Quotations from original sources have therefore been utilized for purposes of exactness, and for the illustration they offer, of the characters who acted out the early days of Australia.

¹ Vide. S. J. Butlin, Foundations of the Australian Monetary System 1788-1851 (Melbourne, University Press, 1953), Preface.

PART I

INTRODUCTION

CHAPTER I

FOUNDATION OF AUSTRALIA

I

Any interpretation of the early colonial period of New South Wales is conditioned by the motive ascribed to the English government in founding the colony at Botany Bay in 1788. The existing Government documents of the period lay stress on its function as a receptacle for part of the large prison population of the time, and so, many historians see the founding of the colony as an end in itself, in providing this receptacle, but others see it only as a means to an end, or as part of a much larger policy.

The views of the first group are perhaps best illustrated in Dr. Eris O'Brien's opening sentence, in his The Foundation of Australia "... after years of fruitless searching for a suitable base to take the place of the one lost by the American Revolt...the Government had decided to dump its surplus felons on the territory discovered by Captain Cook". To such historians the settlement represents "the direct solution of a sordid domestic problem"¹, and Botany Bay was settled because of the advantages it offered as a prison. Beyond the solution of this immediate, pressing problem, such historians see no further

¹ Eris O'Brien, "The Foundation of Australia" (Sydney: Angus and Robertson, 2nd Edition 1950) p.1 "Australia".

purpose in Botany Bay, so that the Australian historian, Ernest Scott, claims that, "no member of the ministry, as far as the evidence permits an opinion to be formed, had any vision of a new nation of British origin arising from these unpromising beginnings".² In this view then, Botany Bay was designed as a gaol and would have remained so, and perhaps even petered out of existence, except that the activities of the New South Wales Corps officers ushered in private enterprise, so forcing the English government to forsake its plans for a gaol, or to express the idea a little differently, wool presented the opportunity of converting a gaol into a colony.³ In 1817, Bennett demanded in the House of Commons that the Government should make up its mind whether New South Wales was a gaol or a colony, but this does not necessarily imply the existence of a governmental plan for a gaol-colony, but could indicate a lack of a realization on the part of the English authorities of the colonial potential of New South Wales.

A second group of historians view the settlement of New South Wales as part of an imperial design of the English government.⁴ To them, the mercantilist hopes of England, far from being completely

² Ernest Scott, "Australia", Cambridge History of the British Empire Vol. VIIa (Cambridge: University Press, 1933) p. 58.

³ M. Clark, "The Origins of Convicts Transported...1787-1852", Historical Studies of Australia and New Zealand 7:27 May 1956 p.122.

⁴ Discussion of Brian Fitzpatrick's thesis regarding the "planting of a peasantry" has been deferred (Vide *supra* p.289.) as it represents an attempt to theorize the entire colonial period rather than simply the foundation of the colony.

wiped out by the American Revolution, were reflected in the desire to colonize the east coast of New Holland, so that the pressing criminal problem, which to the former group constitute the essential reason for the colony, to the latter group, gives only the reason for the 'convict form' of the colony.

In H. E. Egerton's view, the comparative closeness of Canada and the United States to England, and the lack of any pressure of surplus population, would have foredoomed to failure any attempt to colonize Australia by free immigrants, so transportation provided, not only an economical means of overcoming a social problem, but also "rendered possible those "preparatory works" without which free settlement would remain impossible".⁵

That the commercial advantages of the proposed colony, were the ultimate causative factor, is brought forward in a recent article by M. Roe⁶, and is also set out, most clearly, in a paper written by K. M. Dallas⁷. While there are differences in the analyses of these writers, both are agreed on the commercial purpose of the Botany Bay settlement, so Mr. Roe asserts that, "the foundation of Australia has an unquestionable place in the history of England's new imperialism.

⁵ H. E. Egerton, A Short History of British Colonial Policy (London, Melthuen & Co. Ltd. 4th Edn. 1913) p.263.

⁶ M. Roe, "Australia's Place in the Swing to the East", Historical Studies of Australia and New Zealand 7:30 May 1958. p.209.

⁷ K. M. Dallas, "The First Settlements in Australia", Papers and Proceedings Tasmanian Historical Research Association. 1952 No. 3

Had there been no long-term interest 'terra australis incognita', a colony could not have been founded in that particular place at that particular time." Mr. Roe questions whether "the official emphasis on the 'convict' motive" cannot be "regarded as a manoeuvre designed to safeguard political harmony" with the East India Company who were fearful of "the development of an extra-monopoly trade with China?"⁸

Mr. Dallas considers the usual explanation involving the loss of American colonies and the overcrowding of the gaols, to be superficially absurd, since no consideration is taken of the costs involved, or "the obvious superiority of nearer prison sites, e.g. Bermuda". This criticism seems unfounded for (1) the English government initially saw the settlement as a means of achieving economy in confining prisoners, even though this hope was never fulfilled; (2) convicts were considered as fair subjects of hazardous experiments to the point where public feeling was not aroused, so the difficulties of the site were not seen as hindrances; and (3) previous to the 1786 decision to colonize Australia, much evidence had been taken by the 1779, 1784 and 1785 Select Committees and many sites discussed so whether any other suitable site was available is problematical; certainly, the West Indies had been ruled out by the 1779 Committee, since the importation of white felons was then illegal.⁹ Mr. Dallas' more positive and significant

⁸ M. Roe, op. cit. p. 210

⁹ Eris O'Brien, op. cit. p. 162

thesis is that while "the documents will bear out that literal interpretation (viz. the mere getting rid of convicts)...this ignores the mercantilist spirit", and Mr. Dallas sees the most positive manifestation of mercantilism in the desire to expand the Southern Whale fisheries. If however, mercantilism is viewed as expressing a desire for profits, Botany Bay insofar as it rid the English government of a pressing and somewhat expensive problem, was desirable and in keeping with the spirit of the times, just as previously the idea of ridding England of indigent debtors by the foundation of Georgia, was not only an act of philanthropy on the part of Oglethorpe, but a boon to England at large.

Nevertheless, with regard to mercantilism in its more positive aspect of the promotion of trade, Mr. Dallas advances an interesting and creditable theory.¹⁰

Under Mercantilism, commercial privilege and the public good coincided. There is no need to assume that the whalers actually suggested the planting of a settlement in Australia, though there is also no need to exclude that possibility. The point is, that whalers, traders and governments were well aware of the opportunities for gain from both trade and war, the successful prosecution of both of which depended upon a strong base in the strategic area; they were also aware of the danger to their Eastern trade if the other powers should establish themselves there. That this plantation (i.e. New South Wales) was undertaken by government instead of by private enterprise is to be accounted for partly by its character of a naval base, whose first governors were naval officers, and partly by the need to keep faith with the East India Co. by policing its rights in Asiatic trade.

¹⁰ K. M. Dallas, op. cit. p. 10

To substantiate such a neat theory, it appears necessary to show a connection between the commercial personages who stood to profit by a settlement at Botany Bay, and the Pitt Ministry, who were responsible for its foundation. In Mr. Dallas' view, the development of the Southern whales' fishery appears of prime importance, and Samuel Enderby of over-riding importance in this regard, so it would be necessary to show that Enderby had influence or a close connection with the Pitt Ministry. It is however difficult, if not impossible to conclusively show such influence, especially in an age of privilege and patronage, such as the late 18th Century, so while all evidence hints and suggests such a possibility, it appears an insufficient basis for a complete explanation.

Mercantilist considerations were not completely absent from the official planning for the colony, but were present to the extent that the transports of the First Fleet were to proceed to China, after leaving Botany Bay. The problem appears to be one of degree, as to whether mercantilist considerations were secondary or predominant in the decision to found New South Wales, and perhaps some examination of the pre-history of New South Wales may assist in assessing their importance.

II

The decision to colonize New South Wales came as a result of the American War of Independence which "brought the traffic in convicts

across the Atlantic to a standstill". Estimates of the volume of this traffic vary considerably, from the 2,000 per year quoted in Phillip's Voyage to Botany Bay and subsequently adopted by many historians, to the total figure of 2,000 quoted by Jefferson. Amid all the conflicting figures, the most reasonable and best substantiated estimate places the annual number transported at about 1,000 per year ¹¹, during the twenty years immediately prior to the cessation of transportation to the American colonies. With this number of annual emigres, when this outlet was cut off, the nation's gaols soon became overcrowded. In 1779 Sir Charles Bunbury moved in the House of Commons, to have appointed a Select Committee to consider alternative measures to the rather ineffectual hulk system, and from that time till the decision in 1786 to settle a convict colony on the eastern coast of New South Wales, various proposals were advanced for (a) the settlement of the eastern parts New Holland, and (b) the solution of the problem created by the overcrowded hulks. Sir Joseph Bank's suggestion before the 1779 Select Committee united proposals for both these courses of action, but from then till they were again united in the 1786 decision, proposals for the two matters followed separate ways.

(i) There is less documentation available on the proposals to settle New South Wales than there is on the plans for the resumption of transportation, consequently the latter topic often receives an undue preponderance of attention in discussions of pre-settlement history.

¹¹ Eris O'Brien, op. cit. pp 126 - 127

Sir Joseph Banks is traditionally credited as the "Father of Australia", for when requested by the 1779 Select Committee -

... in case it should be thought expedient to establish a Colony of convicted Felons in any distant Parts of the Globe, from whence their Escape might be difficult, and where, from the Fertility of the Soil, they might be enabled to maintain themselves, after the First Year, with little or no aid from the Mother Country, to give his Opinion what Place would be most eligible for such Settlement? informed your Committee, That the Place which appeared to him best adopted for such a Purpose, was Botany Bay.¹²

Sir Joseph felt that "if the People formed among themselves a Civil Government, they would necessarily increase and find Occasion for many European commodities".

Besides this recommendation to found a "free" convict colony in New South Wales, which apparently was to develop along lines similar to the early American colonies, there were also in 1779, proposals "by Glasgow merchants for a privateering expedition against Spanish America, to use Cook's harbours in Australia or New Zealand as refit bases, even before a settlement was mooted".¹³ The author of a plan for the colonization of New Holland, written anonymously in 1785, claimed that he "had proposed to Lord North in 1779 that an expedition should be sent to the South Seas to foment insurrection in Chile and Peru".¹⁴ The mercantilist possibilities of this antipodean area were well appreciated in the era after Cook's discovery, but this

¹² C. M. H. Clark, Select Documents in Australian History Vol. 1 (Sydney: Angus & Robertson, 1950) p. 26 citing Commons Journal Vol. 27 p. 311.

¹³ K. M. Dallas, in private correspondence with the author.

¹⁴ Eris O'Brien, op. cit. p.171

appreciation led to no immediate action.

Beyond the above suggestions, there are two major published plans for the colonization of New Holland viz. (1) Matra's Proposal, and (2) Sir George Young's scheme. James Matra was an American loyalist, and had sailed with Captain Cook on his 1770 Voyage, so his "Proposal for Establishing a Settlement in New South Wales", put forward in 1783, was based on his first-hand knowledge of the site of the proposed settlement. The colonization was to be undertaken by American Loyalists, many of whom were subsisting in London on charity, and also by suitable Englishmen. The Government was to send out two ships with two companies of marines, and some artificers, to prepare the settlement for the arrival of the Loyalists. The total expense of the project would not be in excess of £3,000, and in return the government would have solved the problem of the Loyalists in London; have secured a site eminently suitable for a naval base; and most important, have obtained a strategically placed base for trade with the Far East.

There are certain significant features to be noted in connection with this proposal:-

(1) The omnipresence of Sir Joseph Banks, both as a cited authority and as a supporter of this scheme. Matra, in fact, appears to have been voicing the opinions of a "casual committee" of which Sir Joseph was a member. The continuing interest of Sir Joseph Banks in New South Wales has never been adequately explained e.g. the significance, if any, of the closeness in time between his 1779 pro-

posal and the 1779 plan of the Glasgow merchants, is yet to be explored. In July, 1793, Matra wrote to Banks,

I have heard a rumour of two plans for a settlement in the South Seas; one of them for New South Wales to be immediately under your direction, and in which Sir George Young, Lord Sandwich, Lord Mulgrave, Mr. Colman and several others are concerned.¹⁵

The names listed represent a formidable array of power in such an age of patronage, and not only would such interest as was displayed, be "mercantilist" in nature, but in an insidious way would eventually bring results. It is also significant that Sir George Young's subsequent plan incorporated the utilisation of surplus prison population as the means of founding a settlement, which could be construed as meaning that this group desired settlement, by any means available. Patriotic sentiment alone would not sustain such a continuing interest and desire.

(2) The second significant feature of Matra's plan is the role assigned to the government as the colonizing agency, especially in an age where government intervention in such matters was little or unknown. This role can partly be explained as part of the rehabilitation programme of the British government, for American Loyalists, but it can also be seen as a practical necessity, so that instead of a philanthropic role there is one of necessity stemming from the lack of any other means of settling a much desired location, or of thwarting possible objections and hindrances of the East India

¹⁵ Eris O'Brien, op. cit. p.167 citing British Museum - Additional Manuscripts 32977 (206)

Company. While the role assigned to the government is unusual for the times, any finality as to the reason for this participation appears impossible on present available evidence.

As far as the government were concerned, Matra's plan seems initially to have fallen on deaf ears, but in 1784 Lord Sydney granted Matra an interview which resulted in Matra revising his plan to take into account Lord Sydney's suggestion that New South Wales would be a suitable site to which the surplus prison population could be transported. Once Matra had amended his plan to allow for the transportation of convicts the plan was accepted by Lord Sydney, but then the Admiralty found it unacceptable.

On April 21st, 1785, there was published in London, a plan for the settlement of New South Wales, compiled by Admiral Sir George Young. This, to a considerable extent, merely reiterated what had already been suggested in Matra's amended plan, and pointed out the commercial advantages of a settlement so near the Far Eastern trade, and the country's production capacity for flax, cotton, indigo, coffee and many other such raw materials. Young assuaged the very prevalent fear of the "depopulationists", who saw dire results stemming from emmigration, by planning that only felons and American loyalists were to enter this settlement. He claimed that not only would England gain a rich prize, but such an undertaking would "considerably reduce the heavy expense" of the hulks and also of the upkeep of the American Loyalists in London.

(ii) Contemporaneously with these plans for settling the antipodean climes, the government's attention was focussed on the problems presented by the overcrowded state of the prison hulks. The drying up of the American demand for convict labour left England with an excessive supply of this unwanted commodity, so after 1775, when the last batch of English convicts were received into the American colonies, Whitehall was faced with the task of disposing of this excess.

The immediate solution put forward in 1776 was to institute "punishment by hard labour" of those sentenced to transportation, while being confined in hulks. This hulk system (originally seen as a temporary expedient) was to continue for eighty years, in spite of continual objections, so that the founding of New South Wales can only be regarded as arising from an attempt to alleviate, rather than obliterate, this system.

In the period between the commencement of the hulk system in 1776, and the decision in 1786, to settle Botany Bay, numerous complaints were made against the hulks, and many alternatives suggested. The 1776 Act covered only a two-year period, so that in 1778 the problem had again to be considered. On this latter occasion, such were the conflicting views, opinions and suggestions put forward, in the course of the debate, that a Select Committee was appointed, under the chairmanship of Sir Charles Bunbury. The report of this Committee led to the prolongation of the hulk system till June 1, 1779,

but the system came under scrutiny before this proposed expiry date, for in February, 1779, Sir Charles Bunbury complained, in the Commons, that the Hulks Act was a failure, since the hulks could not accommodate all those sentenced for confinement, and he therefore proposed the revival of transportation. Again the difficulty was solved by a Select Committee chaired by Sir Charles Bunbury.

This Committee was to examine (a) the operation of the hulk system; (b) the merits and demerits of the proposed, rival system of penitentiaries; and (c) the possibility of the resumption of transportation. As a result, certain recommendations were made for the improvement of the operation of the hulk system, which in turn led to an Act, introduced by Bunbury and Eden, providing for a continuation of the system till June 1, 1784. Towards the end of this period, an Act of a year's duration, was passed, allowing those sentenced to transportation to be confined to hulks. This marked a new twist to the punishment, for whereas in 1776 confinement to hulks was viewed as being in lieu of transportation, now it was seen as part of the punishment of transportation. By this time the resumption of transportation was seen as a necessity, because of the overcrowded conditions of hulks and prisons, so late in 1784, an Act (24 Geo. III c.56) was passed providing for the recommencement of transportation.

In April 1785, rumours that the Government was planning to transport convicts to Africa, led Burke and Lord Beauchamp to severely criticise such a project, which criticism in turn led to the

appointment of a Select Committee, headed by Lord Beauchamp, to examine the working of 24 Geo. III c.56. This was the last committee prior to the decision to settle New South Wales.

The Committee issued its report in two parts, the first of which was published on May 9, 1785, and consisted entirely of evidence taken on the proposal to establish a penal settlement on the West Coast of Africa. The proposed site was on the Island of Lemane, 400 miles up the River Gambia. Except for one witness, Mr. John Barnes, an African merchant, the project was unequivocally condemned and so expired as a mere plan, though at one stage very close to implementation. Mercantilist considerations were not absent for the project, for it was planned that the convicts should be landed with provisions, on the island and thenceforth left to their own devices. It was thought that they would from necessity, form some type of civil government, and that would then provide a ready source of trade for England.

The second part of its Report appeared on July 28, 1785, and contained the Committee's recommendations, the main one being the settling of a penal colony at Das Voltas Bay (half-way between Angola and the Cape of Good Hope) to provide a port of call for ships on their way to India. This represented a compromise solution for other parts of the globe including Gambia, Guinea, British America and even the United States were each in turn considered and ruled-out. Admittedly the United States were but briefly considered, and then only as a possibility for the transportation of convicts "acquainted with husbandry or

manufactures".

The other significant recommendation was concerned with the form of the proposed settlement. The Committee thought that the idea of a colony of convicts "without any other government or control but what they may form from necessity be led to establish for themselves, can answer no good or rational purpose". If the government were going "to establish a new settlement for enlarging the commerce of His Majesty's subjects, the labour of these convicts may be employed to the most useful purposes", under the control of the government. Not only would this labour be beneficial by its productive results but also be a means of abolishing crime within the new settlement. Crime, the Committee saw as a result of the inequality of fortunes and an aversion to labour, but in the newness of the colony these features would have no operation, hence ending crime.

The Committee's minor recommendations regarding the form of the colony and the necessity of resuming transportation were subsequently implemented, but its main recommendation proposing a colony at Das Voltas was doomed, for preliminary exploration showed the site to be sandy, barren and unfit for settlement. This ended the designs for a convict colony on the African coast, but the crime problem in England still persisted.

Figures available show, that the English prison population in 1787 - 88 was 7,482, of whom 2,011 were debtors, compared with an estimated 4,429 in 1782, including 2,197 debtors. This shows an

increase of over 200% in the non-debtor prison population in a five-year period but this increase was not spread evenly throughout the years. The year 1786 saw an upsurge of crime, reflected by a petition presented to the King by the City of London, in March, 1786, bemoaning this increase, and requesting an improvement in the execution of the law. Up till this time, the government seems to have paid little attention to the question of resuming transportation, in fact, Pitt, in replying to Beauchamp's criticism in the Commons, of the proposed African settlement, had expressed regret that "the pressure of public business had caused the neglect of so important a subject".¹⁶ The overcrowded condition of the prisons with the ever-present fear of wholesale escapes or an epidemic of fever, had by 1784 occasioned a decision to resume transportation, but the lack of any real pressure allowed the government to dither around for over a year without formulating any definite programme for the actual resumption. It appears that the crime conditions of 1786 forced a decision upon the government who in the circumstances chose the only site available, where the expected commercial and political advantage to be derived would indemnify the public the original charge. At least this was the criteria of "desirableness" expressed in the 1785 Select

¹⁶ Eris O'Brien, op. cit. p. 172

Committee Report.

III

"The motives of the Pitt Government in making this fateful decision (i.e. to settle New South Wales) have been the subject of controversy ever since".¹⁷ Unfortunately, there is just enough material available to throw doubt on the interpretation that "there was no other motive than that of getting rid of the convicts", and yet not enough to substantiate theories such as put forward by Messrs. Roe and Dallas. Undoubtedly, there are many interesting features related to the personae involved in the pre-history days of New South Wales, to be explained e.g. the continued interest of Sir Joseph Banks; the interest of Sir George Young and his evidence before the 1785 Select Committee; and then the less obvious characters such as Enderby, who seemed to hold some sway with Pitt. Later research related to such characters may not only display some interesting sidelights on patronage and privilege of the period, but perhaps show less patriotic and more mercenary motives as impelling the actions of our forebears than is sometimes credited.

Without a doubt, both aspects were present in the decision to colonise Botany Bay. The early proposals to settle these climes were purely mercantilist in spirit, but in the period subsequent to Matra's

¹⁷ Eris O'Brien, *op. cit.* p.181

revised plan, New South Wales was seen more as a gaol than as a source of mercantilist advantage. Not that this latter element was missing, but rather that it was overshadowed by other considerations. Perhaps the best way of viewing it, is to say that the Government hoped for mercantilist advantage to accrue in the long-run, but saw Botany Bay as the best answer to a pressing short-term problem.

It is a mistake to assume that Whitehall had anything more than a vague hope for future profitability in mind, when it founded New South Wales. What to subsequent generations may appear as a policy seems to have been mere random decisions. H. E. Egerton in speaking of the British colonial policy of that time, sums this up by saying, -

if by 'policy' be meant a premeditated advance to a definite goal, the criticism (as above) must be allowed ...nevertheless behind the dim gaze and circumscribed horizon of each individual generation, we recognize forces at work fitting events apparently fortuitous, into the scheme of a mighty system.¹⁸

While mercantilist considerations were of necessity, of secondary importance, they were present in the original thinking about the colony. If the Instructions given to Phillip do not specifically mention these hopes, this does imply that they had departed from considerations of the colony. Such a lack stems partly from the haste in the preparation and planning, but mainly from the fact that the government did not see it as their task to bring any hopes for the future of the colony, to fruition. This circumscribed view did not

¹⁸ H. E. Egerton, op. cit. p. V.

even take into account the fate of the convicts once their sentence had been served, or at least little mention is made of this. This does not appear as accidental, but rather a reflection of the hopes of what would be achieved by this settlement in the way of the reformation of the criminal character.

The transportees to America "glided" into honest habits, at least in the view of some of the Select Committees, and it may be recalled that the 1785 Committee saw the peculiar conditions of a new colony as wiping away the causes, and hence the phenomena of crime. Since these emigrants were not to return to England, it seems that they would form the nucleus of a free colony, a position some of them were later to occupy in Governor Macquarie's era. New South Wales then was not to be solely a gaol, but also ultimately a colony. The poor material of its beginnings were seen not only as subjects of punishment but also as objects for reform, with both of these aims to be achieved by the conditions of the colony. This age saw much hope being expressed, in various ways, for the mutability of Man, and in some ways Botany Bay reflects this hope, so, to some advocates it was seen as a deterrent of crime, while to others more optimistic, it appeared as an expurgator of criminal tendencies.

Botany Bay shared one other feature, in its design, with other penological proposals of the time, and that is the hope of its self-sufficiency and hence cheapness. This is of utmost importance for this particular study. All plans for the settlement mentioned only

the "original charge" i.e. the cost of transporting the convicts to the site, so that these various proposals saw the project in terms of one cost only. After this initial cost, the colony was to prove self-sufficient, and hence entail no expense. The proposal for Botany Bay represented an alternative means of dealing with the criminal problem, to other schemes propounded at this time, e.g. the Penetentiary Scheme. Botany Bay had to justify itself by its relative cheapness, besides its ability to reform the criminal character, but unfortunately it failed in both respects.

The early history of New South Wales is therefore the story of this failure of the colony to attain self-sufficiency or to achieve any reformation in the criminal character. It is the first aspect of this failure which is relevant to this study, for it shaped all Whitehall's instructions to the Governors. The original design for the colony envisaged no public spending beyond the original charge, but not only was this original charge larger than ever anticipated, but the subsequent spending through the Commissariat increased the disillusionment of the government's original hopes, and a measure of this is to be found in the increasing Commissariat expenditure.

IV

In his review of Professor S. J. Butlin's study of Australian monetary and banking development up to 1851¹⁹, Professor Max Hartwell

¹⁹ S. J. Butlin's, Foundations of the Australian Monetary System (Melbourne: University Press, 1953).

commented: "Would that Professor Butlin had added to his statistics a table of Commissariat expenditure over the whole period!"²⁰ While such a statement reflects a realisation of the importance of Commissariat expenditure in the colony, it also displays a lack of appreciation of the difficulties entailed in compiling such a table, particularly for the period up to 1821, (subsequent to that date Commissariat expenditure was listed in the annual Blue Book begun by Governor Brisbane). Difficulties in compiling an estimate of expenditure prior to 1821, arise partly from the procedure involved in the expenditure, and partly from the deficiencies in the documentary evidence available.

(i) System of Expenditure The original plan for the colony did not envisage the need for any governmental expenditure within the colony. The entire desire of the English government was that the colony would become self-sufficient after a very short time, and in spite of the early reverses to this desire it remained an integral part of governmental policy during the period under review.

It was presumed that the fertility of the soil aided by the industriousness of the convicts would ensure self-sufficiency within two years at the outside, so clothing and provisions considered adequate for this period were sent with the First Fleet. Subsequent supplies were to be produced by convict labour, so that beyond the cost

²⁰ R. M. Hartwell, "Colonial Money and Banking", The Economic Record XXXI:55 May, 1958 p.74.

of these initial supplies, the only other government expenditure would be that of transporting further batches of convicts. No provision was made for internal government expenditure, purely because it was believed to be unnecessary.

While instructions were given regarding the purchasing of supplies at Rio de Janeiro and at Cape Town en route to Botany Bay, nothing was mentioned about subsequent purchases, neither was there any provision made in the form of coin for such purchases. The deficiencies of this arrangement became apparent very soon after the arrival of the First Fleet at Sydney Cove for storehouses had to be built to protect the provisions from the deprivations of nature and of Man. Since the convict population was singularly lacking in any carpentering skills (or even inclination), Governor Phillip had to utilize the services of the carpenters off the "Sirius", and since this constituted additional duties, the Governor had to pay for these services. But Governor Phillips had no treasury of coin, so he was forced to resort to a normal military practice and draw bills of exchange on the Treasury to meet this exigency. This set the precedent for the method to be utilized for subsequent government expenditure in the colony.

Deficiency in labouring skills among the convicts was instrumental in setting the pattern for governmental expenditure, while disinclination for labouring created the need for continued expenditure. Soon after the colony commenced, it became apparent

that the hopes for self-sufficiency had no basis, especially in regard to the quality of the land and labour available, and that food supplies would need to be imported for some time. The hopes for self-sufficiency based on convict labour were finally dashed by the rapacious conduct of the officers of the New South Wales Corps, who steered New South Wales, at great expense to the English Government, into its channels of future development.

During Phillip's administration the requisite food supplies were, in the main, obtained from overseas, but subsequent to his departure, there developed, on a large-scale, a system whereby the Commissariat department purchased the food required for the convicts from private cultivators. The system was simple in structure but highly irregular in many aspects. When supplies were delivered to the Commissariat, a receipt was issued showing the amount and value of the produce supplied. These store receipts were, in theory, to be retained and presented on certain specified dates for consolidation into Treasury Bills. The shortage of coin in the colony, however, impelled the local inhabitants to use store receipts as a circulating media of exchange, and this practice continued, in spite of the various Governors' attempts to systematize this irregular aspect of the government purchasing system.

Even when the Store Receipts were brought in and consolidated, the Treasury Bills issued were also utilized for exchange media, and often continued in circulation for a considerable time before being

forwarded to the London Treasury for payment. In discussing the volume of government expenditure initiated and incurred within the colony, differentiation must be made between:-

- (a) the value of supplies purchased in any year;
- (b) Treasury Bills drawn by the Governor within any year;
- (c) Treasury Bills passed at the London Treasury in any given year.

Discrepancies between items (a) and (b), for any particular year, are to be accounted for by (i) the continuation in circulation of Store Receipts; and (ii) the purchasing of services and supplies by "barter", utilizing governmentally-imported supplies, or in one case, a government-granted monopoly. Differences between figures for (b) and (c) for any year, are explainable by (i) the use of Treasury Bills in exchange thereby delaying their payment; and (ii) the fees paid on Treasury Bills at the time of their presentation.

The two most complete accounts of government spending on New South Wales are (i) that incorporated in the Report of the 1812 Select Committee on Transportation; and (ii) the accounts which appear in the Appendix to the Bigge Report, and which were compiled at the Treasury in March 1819. In each there is a section showing the amount of Treasury Bills drawn, but it is necessary (a) to reconcile the differences between the two accounts of Treasury Bills; and (b) to show what these figures represent, particularly with reference to expenditure initiated and occurring within the colony.

TABLE 1

TREASURY BILL EXPENDITURE ON
NEW SOUTH WALES 1798-1810

as shown in

(a)	(b)
"Report of the 1812 Select Committee".	"Appendix to the Bigge Report" - March 1819.

		"Treasury Bills...to- gether with sundry small sums".	"Treasury Bills, Provisions".	
1798	£26,937	(£111,514)*	£26,407	(£111,514)*
1799	43,536	(80,274)	43,448	(80,274)
1800	52,391	(110,235)	50,707	(110,895)
1801	17,267	(125,563)	17,267	(125,563)
1802	18,239	(149,410)	17,837	(149,410)
1803	43,313	(116,395)	21,465	(96,962)
1804	19,607	(46,519)	19,298	(46,519)
1805	32,383	(118,457)	32,351	(118,597)
1806	14,290	(105,198)	13,972	(105,297)
1807	31,500	(119,333)	31,264	(121,859)
1808	25,012	(131,484)	23,222	(131,542)
1809	46,630	(124,230)	49,921	(124,636)
1810	72,600	(172,239)	78,805	(178,700)

*Total Expenditure on the Colony.

(a) Difference between the two accounts. The two sets of accounts cover different periods for while the "1812 Report" accounts covers only the period 1798-1810, the "Bigge Appendix" accounts are for the period 1788-1817. Set out in Table I are the accounts of Treasury Bills for the period 1798-1810, which is the period common to both sets of accounts. The figures in brackets represent the total expenditure on New South Wales for each year.

Except for 1801, when the "1819 Account" figures duplicate those of the "1812" Account", none of the figures for Treasury Bills agree, though for 1798, 1799, 1802 and 1804, the figures for total expenditure agree. In the case of these four years²¹, the difference between the figures for "Treasury Bills" is exactly offset by the difference between the amounts spent under the heading "Tools, Clothing etc." in the complete accounts. By redistributing these differences the two sets of accounts can be made to coincide. Further, in those years where the figures of total expenditure differ (except for 1803), the "1819" figures invariably exceed the "1812" figures, and here again the difference in the "Treasury Bills" accounts can be offset by the differences in the amounts expended on "Tools, Clothing etc.", as long as some allowance is made for the fact that the "1819" accounts include Bills not received at the time of the compilation of the "1812" accounts.

Taking these points into consideration, the differences between two sets of accounts of "Treasury Bills" are explicable by (i) the inclusion in the "1819" accounts of Bills not received when the "1812" accounts were compiled (this would be the case particularly for the 1809 and 1810 figures); and (ii) the transfer of certain expenditure included in the "1812" accounts as "Treasury Bills", to

²¹ Vide Appendix A.

the "Tools and Clothing" account of the "1819" account. The fuller and more settled nature of the "1819" accounts warrants attention being focussed on them, so in subsequent discussion references made are to the "1819" accounts.

(b) The significance of the Treasury Bill figures. The importance of Treasury Bills for development in New South Wales, as will be seen later, warrants or necessitates the availability of figures showing the volume of Treasury Bills drawn for expenditure actually occurring in the colony, (i.e. expenditure from which money passes into the hands of colonial inhabitants) and also this volume as spread over time (i.e. the expenditure actually made each year, and the money becomes available to the infant economy). Do these figures, available in the "1819" accounts, give this information?

The first point to be determined is whether these figures show "Bills Passed" (at the Treasury) or "Bills Drawn" (by the Governor) for any particular year. Reference to Table II, which shows part of an itemised account of "Treasury Bills 1788 - 1792", would suggest that the "1819" Account figures are for "Bills Passed" in each year.

The dates shown in this account undoubtedly represent the dates on which the Treasury Bills were passed at the Treasury, for while the First Fleet was at Rio Janeiro in the second half of 1787, the supplies purchased there are dated, 4 March, 1788, (similar discrepancies for the other items in the account).

TABLE II

AN EXTRACT FROM A SURVEY OF NEW SOUTH WALES EXPENSES
MADE BY THE TREASURY 5th JUNE, 1793.²²

No. 4 Treasury Accounts

Bills drawn...on the Board of Treasury, for necessaries etc., for the settlement in New South Wales, from its foundation up to April 13, 1793.

	£	s	d	£	s	d
4 March 1788						
Bills drawn by Commissary Miller for provisions purchased...	2,379	19	3			
Bills drawn by Governor Phillip for expenses attending transports, and for the purchase of articles at Rio Janeiro...	135	0	0			
	2,514	19	3			
Fees	137	8	0	2,652	7	3

2 July 1788

Bills drawn by Commissary Miller for victualling convicts etc.	1,966	0	7			
Fees	109	5	6	2,075	6	1
				4,727	13	4

The total of Treasury Bills, as in this account for 1788, is
£4,727. 13. 4d., which coincides with the rounded figure of £4,728 as
given in the "1819" accounts, while figures for those years included

²² H.R.N.S.W. Vol. 2. p. 40.

in the "1819" accounts and the complete accounts of which Table III is part, either coincide or show insignificantly small differences, so that unless the accounting procedures of the Treasury underwent considerable change subsequent to 1792, the "1819" Account figures may be taken to represent the "Bills Passed" at the Treasury in each particular year.

The second feature of these "1819" Account figures is that they do not represent merely "Treasury Bills", but as their heading states include also expenditure on "Provisions". These "Provisions" probably are the "Annual" and "Extra Supplies" shipped out for use, by the later Governors of the colonial period, in the "barter-purchase" of produce in the colony, but this is mere conjecture.

It has been previously stated that for purposes of studying and appreciating the early development of New South Wales, it is desirable to have available figures showing the Commissariat expenditure in each of the particular years, for this expenditure provided Treasury Bills which in turn provided the foreign exchange necessary for the growth of the economy, or viewed from another angle, they provided the capital (or to be more correct, the system of purchases provided the means) for the growth of an entrepreneurial class within the colony. While the growth of capital, and of an entrepreneurial class are not specifically traced in this study, still much can be added to the understanding of these phenomena by the availability of accounts of "Treasury Bills" drawn in the colony each

year.

As has been shown above, no such account is available, and such documentary material as is available is fragmented, so that it is not possible to compile a comprehensive account, but where compilation is not possible, sometimes estimation is, so that a reasonably full account of Treasury Bills drawn each year in New South Wales is possible. This, it is hoped, has been achieved in the following study.

V

What follows then is:- (a) An attempt to show how the British parsimonious policy towards the colony, based on a hope for self-sufficiency, which proved impossible, was, for various reasons, continued, and provided the central feature of government administration in the colony. (b) An estimation of Commissariat Expenditure, in its various forms, and of related Public Expenditure, in each year, and their significance.

The usual approach of dividing the period according to the Governors has been adopted not only because it is usual, but also because personalities of the various Governors are a more significant feature than sometimes credited. The Governor was ordered by Whitehall to follow a certain policy aimed at "cheapness of costs", which was a policy largely incompatible with conditions of the colony. It was then that the Governor interpreted this policy according to his own views, and while sometimes this interpretation won Whitehall's

commendation, sometimes it received only its condemnation. For each period, therefore, an attempt has been made to show the conditions, physical, social and economic, facing the governor; his interpretation of Whitehall's parsimonious policy as reflected in his public spending; and the results of both his interpretation and his spending.

PART II

HISTORY

CHAPTER II

1788-1792 GOVERNOR ARTHUR PHILLIP'S ADMINISTRATION

The early Governors of New South Wales were not required to "balance a budget" nor even curtail their expenditure to a specified amount, but were enjoined, in their official "Instructions", to the practice of "economy". This was a hazy precept and created many problems, for controversy continually arose between Whitehall, with their idea of what constituted economy, and the Governors, with their differing concept of economy shaped by the peculiar circumstances of the colony. Whitehall's "Instructions" for the Governor in regard to expenditure, lacked precision, while their expectations lacked realism regarding the conditions and problems of the colony, but continuous pressure was placed on the Governors, subsequent to Phillip, in regard to restricting and lessening expenditure in the colony.

Phillip escaped official reprimand about the expenditure he sanctioned, yet at the time, criticism was being made in England, of the new colony, and particularly its expense. Botany Bay was by 1792 being attacked as a most expensive means of dealing with the convicts, especially in comparison with other possible means. One estimate, made and published anonymously¹ in 1792, calculated the cost of New South Wales to that time as being £355,019, so compared to the cost,

¹ Phillip Papers - Bonwick Transcripts (Mitchell Library, Sydney) Box 6, No. 546.

if the prisoners had been confined in hulks, of £213,343, and while it may be proved that these figures are far from accurate, this should not detract from the criticism inherent in them. Though the home authorities were being criticised for this expenditure, in no ways was this criticism passed on, by reprimanding Phillip.

Various suggestions may be advanced to explain the official acceptance of Phillip's expenditure. R. B. Madgwick² claims that,

having found the necessary outlet for their convicts, the Ministry, Parliament and the public of Great Britain apparently forgot about the settlement till 1800...they showed a momentary interest in its affairs then because of its increasing cost at a time when Government was endeavouring to economize.

Another explanation is best expressed, in a newspaper of the time - "it was for the Minister's credit to make his projects appear as wise as possible, and to suppress a part of this enormous expenditure to serve the temporary purposes of debate".³

The significant point is, that the Government did not heed this criticism, and so Phillip escaped any reprimand. Apathy, could to some extent, explain the government's immunity to the criticism, for if they had been rationalizing their position, surely Phillip would have not escaped their censure, for placing them in a position which required

² R. B. Madgwick, Immigration into Eastern Australia 1788-1851 (London: Longmans, Green & Co., 1937) p.9.

³ The Bee (Edinburgh, October 1791) in Newspaper Clippings File, Mitchell Library, Sydney.

rationalization. There is one further aspect, viz. could this reflect a government belief in the future of the colony? The idea is expressed in a doggerel verse of a previous era⁴ -

Let no one think of a trifling expense;
Who knows what may happen a hundred years hence?
The loss of America what can repay?
New colonies seek for at Botany Bay.

The imperviousness of the government to criticism at this stage, subsequently gave away to them becoming the critics, so that by the mid-1790s official doubts about the utility of the colony and the justification of its continued existence, were being expressed. This merely reflected the same doubts and fears which were causing Whitehall to bind the Governors to ~~ex~~^{is} new paths leading to "oeconomy".

Whitehall's indefiniteness, as to what actually constituted "oeconomy", arose from their vagueness regarding the probable expenses of the colony. To some, the foundation of the settlement at Botany Bay was a means of "oeconomy". Sir George Young in his Plan (1785)⁵ considered it as a means of "reducing the heavy expense Government is put to for transporting and otherwise punishing the felons", for "upon the most liberal calculation the expense of this plan cannot exceed £3,000, for it must be allowed that ships of war are as cheaply fed and paid in the South Seas as in the British Channel". If this estimate were believed, then the colony would represent a great

⁴ Whitehall Evening Post (London, 26th November, 1791) in Newspaper Clippings File, Mitchell Library, Sydney.

⁵ Sir George Young's Plan is to be found in H.R.N.S.W. Vol. 1

saving to England, for according to the 1779 Committee, "the charge to the public for these convicts...now amounts to more than £20,000 each year". While Whitehall may not have shared Young's optimism in regard to the savings achievable, they must have considered the expense was justified, but just what expense, is the question.

Did the British government have any real idea of how much the colony was going to cost? Colquhoun,⁶ writing in 1793, claimed that if the British government had realised the enormous expense involved in their plan, it would never have been put into operation. Lord Sydney had claimed that by the settlement of Botany Bay "two objects of most desirable and beautiful union will be permanently blended - economy to the public and humanity to the individual", yet in 1786, he admitted that the cost of the Botany Bay scheme would exceed that of the usual method of confinement, but "the difference in expense, is too trivial to be a consideration with Government."⁷ These two statements may be aligned, by (a) the fact that Lord Sydney was referring only to the high cost of initial expenses, and (b) the object attained, justified this expenditure. English government thinking about the colony, was in terms of a high initial cost, to be followed by the growth a self-sufficient, self-supporting colony. When it was all summed up, this had been the experience in America and Whitehall could not see why a colony in antipodean climes should be different.

⁶ P. Colquhoun, A Treatise on the Police etc. (London:1793)p.318

⁷ Lord Sydney to Lords Commissioners of the Treasury 1786 - Bonwick Transcripts, Mitchell Library Sydney.

Prior to the commencement of the colony, none of the criticisms of the project were in terms of its cost, and it was only when the dismal reports on the colony began to filter through to the public, that such criticisms arose. Even then, the government still maintained its original view, so that Pitt was satisfied that by 1791 "the chief expense of the colony was already passed and paid". This optimism was far from universal, for Sir John Sinclair in his "History of Public Finance", published in 1790, observed -

about £100,000 has already been laid out in attempting to establish a very unpromising colony in New South Wales... at the most moderate calculation, the punishment of petty felons... will cost above £50,000 per annum: an article which has not as yet been stated in any estimate of the permanent expenses of this country".⁸

Both of these statements exemplify the government's belief in the transient nature of the expenses of New South Wales. This belief, combined with pre-occupation with European affairs, ^{led the government to pay scant attention to} of its distant ^{the affairs} colony, so criticism was apathetically received, and little heeded, because of faith in the future of the new settlement.

This faith on the part of the government may be largely traced to Sir Joseph Banks. His evidence before the 1779 Committee painted a rosy picture of Botany Bay, with its long, luxuriant grass; its abundance of timber and water; its rich soil and mild, moderate weather. In an age, when national affairs were settled between gentlemen and when personal influence was paramount, the testimony of

⁸ Sir John Sinclair; History of Public Finance (London: 1790) p. 32.

a rich, influential man, such as Banks, could be instrumental in influencing governmental thinking. Bank's influence, interest and thinking, are evident in Matra's "Proposal", Young's Plan, and in Lord Sydney's design for the settlement.

Sir Joseph had recommended, in his evidence before the 1779 Committee, that the colony should be provided at the outset, with a year's allowance of provisions and clothing, and "with all kinds of tools for labouring the Earth, and building houses...with seeds... and that afterwards, with a moderate portion of Industry they might, undoubtedly, maintain themselves without any assistance from England". This idea was incorporated into Lord Sydney's Plan of 1786, which provided that a two years' supply of stores should be conveyed to the new colony - "one year to be issued at whole allowance, and the other year's provisions at half allowance, which will last two years longer". The supplies covering the latter two years were much in the nature of emergency supplies, for at the end of this period it was assumed that the colony's produce would be sufficient to at least feed and clothe its inhabitants.

This entire plan rested on the belief in the fertility of the land at Botany Bay, and such a description as had been given in his evidence by Sir Joseph Banks would substantiate such a belief. Prior to actually landing; Phillip had displayed a belief in the fertility of the site, insofar as he had proposed sending a small advance party, two or three months ahead of the rest of the expedition, so that "huts

would be ready to receive the convicts who are sick, and they would find vegetables of which it may naturally be supposed they will stand in great need".⁹ However, he was quickly disillusioned, for less than four months after landing, he reported himself convinced of "the necessity of a regular supply of provisions for four or five years".

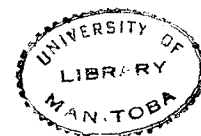
Phillip's disillusionment, in regard to agricultural prospects, arose from three factors - (1) the lack of suitable land; (2) the lack of suitable labour; (3) the lack of suitable supervision. People, raised and bred in the urban centres of England, whose lives had previously been marked by a minimum of socially acceptable exertion, were not the material with which to create a colony. They lacked both the experience of agricultural pursuits and the experience of honest pursuits, but with suitable supervision may have been made to undertake agricultural labour. The haughtiness of the Marine Corps, in declining to undertake any duties except those purely military, forced Phillip to select overseers from among the ranks of the convicts, which proved a far from successful expediency. Even so, if the site had possessed just some of its imagined fertility, success may have been easily won, but instead it was inhospitable enough to thwart even stout-hearted attempts at agriculture. When these three difficulties became so apparent, it did not require great prudence on the part of Phillip to foresee these difficulties would not only shatter the expectation of self-support at the end of two years, but also prevent the colony from attaining this

⁹ Phillips to Lord Sydney, 15th May, 1788 H.R.A. Vol. I p.167

position, with the material and supervision available, for at least four years.

Whitehall did not share Phillip's first-hand experience, nor even his prudence, and so continued to expect its desired ends, by means which had proved unsuitable. The interrugnum period was to show that self-sufficiency was attainable but not by governmental use of convict labour, which was the means chosen by Whitehall. However, the Home authorities' determination, to achieve self-sufficiency based on convict labour, was to be the source of censure for all the subsequent Governors and the downfall of most. Phillip escaped this censure, partly because the government was preoccupied with matters nearer home; partly because they saw these costs as prolonged initial costs; and partly because the expenditure sanctioned by Phillip (except for 1791, when drought necessitated large expenditure) was not large enough to arouse concern.

Public Expenditure 1788-1792 Practically all of the expenditure sanctioned by Phillip was either on food, or connected with the supply of food for the colony. Whitehall had not provided for such purchases or expenses, so Phillip's first concern was to establish a means for such spending. Originally, the Commissariat Department of the Civil Establishment of the colony, was seen as being responsible for the storing and issuing of "the productions of all descriptions acquired by the labour of the convicts", but, very simply there were no such "productions". This lack of "productions" expanded the functions of



the Commissariat so as to include the purchase of food supplies, and also of services. Both this function and the spending it involved represented the blighting of the English government's hopes, in the failure of their plan.

From the very beginning, unexpected exigencies arose, for which no provision had been made, and about which Phillip had not received specific instructions. The first, involved the construction of storehouses to shelter the provisions brought with the First Fleet, which necessitated the payment of wages to the carpenters and sawyers of the "Sirius" and "Supply". The colony however had not been supplied with a "Treasury" of coin, to meet such contingent expenses, so Phillip had to draw Bills on the Treasury, to make these payments, and in doing so he may have been exceeding the letter of his Instructions but not "the spirit of them (for) he was extending his general power to draw bills to cover an unforeseen item of expenditure".¹⁰ This then became the accepted means for public expenditure in the colony, and was to continue so for some sixty years at least.

The construction of food storehouses was a fleeting problem, compared to that of feeding the colony, for not only were the provisions supplied inadequate, but it was not possible to grow the requisite supplies as planned by Lord Sydney. Convict labour, especially when supervised by convict overseers, was ill-fitted in aptitude or ability for the agricultural pursuits envisaged. Further-

¹⁰ S. J. Butlin: op. cit. p.15

more, the seeds and methods of farming brought with the First Fleet were unsuitable for the climate of the region, and the implements provided inadequate. Lastly the land itself, far from being "suitable to support a large number of people", was infertile; covered with thick vegetation; and lacking in water supplies.

Faced then with an inhospitable land, and an unwilling and unruly labour force, equipped with meagre, unsuitable equipment, Phillip could not hope to fulfil the expectations of Lord Sydney's Instructions. He, at least, thought that they were attainable in about four years, but Major Ross, his Lieutenant-Governor, considered they could not be fulfilled "in less time than a hundred years hence"¹¹ if based on the public labour of convicts.

The problem of feeding the colony absorbed most of Phillip's attention, and repeatedly in his despatches to the English authorities he analyzed the situation and suggested remedial measures, none of which were heeded. It was not only the difficulties, as described above, which hindered the development of public agriculture. A long period of drought ruined the prospects of the crop (such as they were), and in turn led to a reduction in convict rations which in turn provided an excuse for the convicts to undertake "little labour". It was a vicious circle, unbreakable, largely because of the lack of overseers able or willing to goad extra labour from the unwilling labourers.

¹¹ Major Ross to Nepean, 10th July, 1788 H.R.A. Vol. 1 p. 167.

Phillip saw that, "when this colony becomes self-supporting depends on the number engaged in agriculture...at present the few are providing for the many". In view of the contemporary agricultural methods, and the stage of development of the colony, this was a most significant factor. The muster (census) figures of 9th July, 1788 show that there were 966 people victualled from the government store, which included 684 convicts, but only 320 of these convicts were employed in "erecting buildings and cultivating lands". To take a later instance, the muster figures for 23rd-24th July, 1790, show 1,715 people being victualled by the government, distributed in the following way:-

<u>Convicts</u>	Male	908	
	Female	358	
	Children	47	
		<u>1,313</u>	
	Wives	6	
	Children	<u>5</u>	1,324
<u>Military</u>	Marines	125	
	Wives	27	
	Children	43	
	N. S. W.		
	Corps.	<u>103</u>	298
<u>Civil Establishment</u>			<u>93</u>
			<u>1,715</u>

Of the total population, the Civil and Military Establishment; (b) those engaged in building construction; (c) the sick and the aged, and (d) women and children, must be regarded as agriculturally unproductive. This means that the colony's food production came from

the public labour of the 908 male convicts, but of these 448 were listed as sick, 38 were employed on officers' farms, and "upwards of 100" were aged, which left 322 employed. Many of these, however, were engaged in constructional activities, which meant that less than 200 convicts were left to be employed in raising food sufficient for 1,715 people. With the methods and equipment available, it is little wonder that public agriculture was proving inadequate to the task of feeding the colony.

A list of the Commissariat Bills drawn by Governor Phillip, or his representative, shows the inadequacy and difficulties of Whitehall's plans for, with a few small exceptions they cover expenditure on, items, unforeseen and unprovided for in their Plan.

TABLE III

TREASURY BILLS DRAWN IN NEW SOUTH WALES 1788-1792¹²

	£	s	d	£	s	d
<u>1788</u> 1. Payment for the carpenters' work on construction of storehouses	192	17	6			
2. Purchase of surplus Salt Beef from the First Fleet	<u>436</u>	<u>11</u>	<u>9</u>	629	9	3

¹² Compiled by author from material in various Governors' despatches.

		£	s	d	£	s	d
<u>1789</u>	3. Certificates granted by Commissary Miller for carpenters' work and advances of salaries to Superintendents	365	11	10	365	11	10
<u>1790</u>	4. Commissary Miller's Bills for carpenters' work	8	2	0			
	5. Salaries of three Superintendents and Deputy Surveyor of Lands in advance	96	10	9	104	12	9
<u>1791</u>	6. Bill drawn by Governor Phillip for an allowance to a secretary, and for stationery supplies for $3\frac{1}{2}$ years.	389	5	0			
	7. Bill drawn by Commissary Palmer for payment of artificers, and for articles purchased.	550	0	0	939	5	0
<u>1792</u>	8. Bills drawn for sundry items	300	0	0			
	Bill drawn for the purchase of stock at Norfolk Island.	313	10	0			
	Bill drawn by Governor Phillip for own expenses	150	0	0	763	10	0
	TOTAL 1788-1792				2,802	8	10

This total of £2,802. 8. 10d. represents the amount of Bills drawn for payments within New South Wales, and except for £436. 11. 9d. paid to the contractors for the surplus Beef from the First Fleet, was paid to residents of the colony. Most of this expenditure (approximately 80%) was for wages and salaries paid to the minor officials not included in the Civil Establishment. It represented only a fraction

of the total expenditure sanctioned by Phillip, for most of his expenditure was for foodstuffs imported into the colony.

Phillip quickly saw the impossibility of producing enough food for the colony within the planned time, so in May 1788, and again in July, 1788 asked for further supplies to be sent. Much of the food brought with the First Fleet was not fit for consumption, thus decreasing the available supplies, and this together with the forlorn expectations of obtaining supplies locally or from England, forced Phillip to despatch the "Sirius" to the Cape of Good Hope, in October 1788. Even so, the increasing severity of the famine conditions required reductions in rations at the end of 1788, with further reductions being made in the period up till June 1790. The situation had been worsened by the wreck of the "Guardian", which was carrying the provisions from the Cape, so in February 1790 Phillip sent the "Sirius" to Batavia to purchase supplies, but this ship was also wrecked, with a loss of valuable supplies, so the "Supply" had then to be sent off to Batavia.

The supplies obtained provided only temporary relief, for "in 1791, when drought conditions prevailed in the settlement, and more than 1,800 additional convicts had arrived, it was found necessary to reduce rations considerably".¹³ Though the English authorities had, in 1791, promised to send out supplies biennially, they never

¹³ E. O'Brien: op. cit. p.175

materialised, so that throughout Phillip's tenure of office, the food problem was acute. Phillip had been instructed in 1791, that any food supplies required were to be purchased from the English possessions in India, so on the last occasion he sent overseas for food, he purchased supplies from Calcutta, and these arrived in June 1792. From this time on, supplies came from England so temporarily ending the Governor's purchases of supplies at overseas markets.

These supplies purchased at the Cape of Good Hope, Batavia and Calcutta represented a large expenditure on the colony, and more significant, an unexpected and unplanned expenditure, details of which are set out in Table IV.

During his administration Phillip spent £25,531. 10. 1d. on food supplies and for services, unenvisaged in the government plan for the colony. If it is possible to judge from Whitehall's remarks, the colony had proved, during these initial years, more costly than planned by the government. Up till 1792, when Phillip left the colony, the settlement of Botany Bay had cost £578,498, which meant an average yearly expenditure of £96,416. Nevertheless, the government still hoped that self-support was close and a consequent reduction in costs imminent.

TABLE IV

COST OF SUPPLIES ETC. PURCHASED AT THE CAPE, BATAVIA AND CALCUTTA¹⁴
1788 - 1792

a. Cape of Good Hope	£	s	d
"24th June, 1789, delivered by the purser of H.M.S. Sirius viz:- Flour 127,302 lb. purchased at the Cape..."	1,548	5	1
	<u>1,548</u>	<u>5</u>	<u>1</u>
b. Batavia			
"October, 1791 (date Bill was passed) Lt. Ball's Bills from Batavia for the freight of the brig "Waaksamheyd", and for a supply of provisions for use of the settlement"	3,784	14	0
Lt. Ball's Bills, do.	8,475	3	4
	<u>12,259</u>	<u>17</u>	<u>4</u>
c. Calcutta			
"Bills drawn by Lt. Bower, at Calcutta for provisions etc.	4,500	0	0
Lt. Bower's Bills do.	1,010	18	10
Cost of freight	3,410	0	0
	<u>8,920</u>	<u>18</u>	<u>10</u>
Total Cost of Supplies purchased overseas by order of Governor Phillip	<u>22,729</u>	<u>1</u>	<u>3</u>

This attitude is illustrated in the following passage, from "Remarks on the 1794 Estimate".¹⁵

Governor Phillip sailed with the first convicts, viz. 800 in May 1787. The average expense, therefore, of the settlement from its commencement has been £78,740. per annum. The various circumstances which have occurred to aggravate the expenses of the settlement must be taken into consideration in making a future reasonable and fair calculation of the expense. Besides, as in all human probability no more flour or pease will be wanted, nearly one-third of the annual average of the provisions must be in the future deducted...so the expenses per head cannot increase, but must gradually diminish.

Very simply, Whitehall wanted the expenses of New South Wales to diminish by the growth of public agriculture in the colony. Phillip had recognised the difficulties and impossibilities in this scheme, and had made certain recommendations, which were largely ignored. The period immediately subsequent to Phillip's departure was to show that it was possible for the colony to grow its own food, but not in the way envisaged by Whitehall.

¹⁵ "Remarks on the 1794 Estimate", H.R.N.S.W. Vol. 2. p. 44.

CHAPTER 3

THE INTERREGNUM LIEUTENANT-GOVERNOR GROSE AND COLONEL PATERSON 1792-1795

Phillip's period of administration came to an end in 1792, when he left the colony because of ill-health, but it was not until 1795 that Hunter, the next appointed governor, arrived. In the meantime the colony was administered firstly by Lieutenant-Governor Grose and subsequently, by Colonel Paterson the commander of the New South Corps.

This interregnum period is generally accredited as being one of "unscrupulous exploitation", when "the spirit of commercialism and the desire to obtain landed estates became the principal motives in life with many officers of the New South Wales Corps.,"¹ so that "an economic system (was set up) which was maintained in spite of the Crown during most of the long war-period, and, through the enterprise of one or two of them, forced at last the abandonment of the Imperial Government's plans"² At times, it appears that writers, commenting on this particular period, fail to see that some of the reforms and innovations made during this interregnum represent recommendations previously made by Phillip, or logical extensions of rulings given by the Whitehall authorities. The results of the period must not be seen merely as arising from a breakdown of "Crown authority", but also as

¹ H.R.A. Vol 7 p. VI

² B. Fitzpatrick, British Imperialism and Australia 1788-1833 (London: Allen & Unwin, 1939) p.92

improvements stemming from the accumulating experience of the peculiar antipodean conditions; from the more favourable climatic conditions; and from the new methods of farm organization. Undoubtedly abuses arose at this time which ultimately altered the scope and design of the economy, but these represented only part of the changes of this period.

The major changes of the period may be summarized as being - (1) private farming of large estates; (2) the utilization of convict labour in private farming; (3) the introduction of the use of rum as a medium of exchange, and (4) arising partly from these previous changes and partly from their favoured position - the monopolization of the monopoly-type commissariat market for grain. Now, Phillip had himself suggested the adoption of the first two changes wrought,² as he considered the system of public farming inefficient, and in fact had not only suggested the granting of land to the military officers but had, actually, made such grants. The Home Secretary's despatch legalizing these grants arrived in the colony just after Phillip's departure, so that any grants made during the interregnum, were made with Whitehall authority.

It was not, however, the land-grants, by themselves, which were to subsequently alter the structure of the economy, but these allied with the abuses outlined in the last three changes listed

² Phillip to Lord Sydney 12th February, 1790 in Brabourne Papers (Manuscript, Mitchell Library, Sydney) "I think each settler should not have less than twenty men on his farm, which I suppose to be from 500 to 1,000 acres".

The English government did not object to the granting of large estates to the officers, as such, but to the abuses which developed as a result of this, and then, because of the additional expense occasioned by the utilization of government-victualled convicts for the private production of food supplies, subsequently sold to the government; the decline in public farming attending the growth of private farming with its use of convicts; and the impoverishment of the growing body of small settlers arising from the commissariat monopoly and the traffic in spirits. In reality the government underestimated the commercialism of New South Wales Corps' officers in permitting them grants of land, for when it was all summed up, they were in the colony, on military duty, but a seeming abundance of land permitted an allotment of land to enable the officers to feed themselves better. It does not appear that it was ever considered that the officers would undertake commercial farming to compete ^{with} and oust public farming, but that they would merely supply their own wants. Military officers of the day were not averse to making a little extra "on the side", especially since in this case, Mess "cameradie" gave them a favoured position with regard to the operation of the Commissariat department, so a seemingly innocuous move by the English authorities, when used by the officers in an unforeseen way, provided problems for the future governors, and the basis for the later colonial development of New South Wales.

The farming of large estates by the officers certainly brought benefits to the colony. Mrs. Macarthur, the wife of the most famous

New South Wales Corps officer, was particularly vociferous in her praise of them when she writes -

The changes we have undergone since the departure of Governor Phillip are so great and extraordinary that to recite them all might create some suspicion of their truth. From a state of desponding poverty and threatened famine, that this settlement should be raised to its present aspect in so short a time is scarcely credible.⁴

Furthermore, praise was not missing from official despatches, so that Governor Hunter, who had been in the colony during part of Phillip's period, on returning, expressed much satisfaction in

the very great success attending both the raising of grain and the breeding of live-stock in the hands of private individuals...(as) they are self-interested in what is their own property, and it certainly succeeds better with them than in the hands of the Government.⁵

Lastly, Whitehall itself saw much virtue in the private agriculture which developed in this period, for "the encouragement given to the settlers and other individuals, is the surest and most expeditious way of promoting the agriculture of the country, inasmuch as it holds out a personal motive for exertion."⁶ Private agriculture, as such, was not at variance with Whitehall's policy, but private agriculture as it developed in the colony with its attendant gross expense, shattered Whitehall's plans for economy, in the short-run, and any hopes it may have had for a cheap gaol in the long-run.

⁴A letter written by Elizabeth Macarthur 22nd August, 1794
H.R.N.S.W. Vol. 2 p.44

⁵Hunter to Portland 25th October, 1795 H.R.A. Vol. 1 p.533

⁶Portland to Hunter August 1796 co 201-11 (Microfilm, Mitchell Library, Sydney.)

The notion of "cheapness" and the plan or hope of "self-sufficiency", in the planning for the establishment of New South Wales, has been stressed above, so that while, what New South Wales was to become, may have been vague, it was clear that "economy" was the all-important present concern. By 1793, the English authorities considered that the major part of the expense of the settlement was past, and that rapidly diminishing amounts of foodstuffs and supplies would be required in the future, since the colony was fast approaching its goal of self-sufficiency.⁷ The Government had watched with some alarm the mounting expenses of the colony under Phillip, due to its lack of foresight in the matter of supplies and to unpropitious conditions in the colony, but since the former had, by this time, been remedied, and the latter forgotten, Whitehall now expected the expenses, especially those incurred within the colony, to diminish. Instead, during this interregnum period, the level of expenditure incurred in the colony grew, so that when its size was fully comprehended, it shocked the Secretary of State into a fury of condemnations.

Before proceeding, it is necessary to give some impression of the size of this expenditure, but this is most difficult, since accounts of expenditure are lacking for most of this period. Such figures as are available do not permit a fully accurate estimate of colonial spending to be made, but it is possible from the figures

⁷ "Remarks on the 1794 Estimate" H.R.N.S.W. Vol. 2 p.44.

that are available, supplemented by reference to David Collins' famous "Account...", to give a broad estimate of the dimensions of colonial expenditure during the interregnum period.

Commissariat Expenditure 1793-1795 By 1793 there had developed a sizeable settlement at Norfolk Island, which was mostly separate in administration, from the parent settlement centred on Sydney. Such accounts as are available, relate mainly to the expenses of the parent colony and only spasmodically to Norfolk Island expenditure, but, in spite of this lack of comprehensiveness, the accounts do enable the trend of expenditure to be gauged. The interregnum period's expenditure, in terms of annual expenditure is as follows, for 1793 --

TABLE V

COMMISSARIAT EXPENDITURE DURING THE PERIOD
FROM GOVERNOR PHILLIP'S DEPARTURE TILL
30TH JUNE, 1793.⁸

		£	s	d
28th Dec., 1792	By provisions and spirits purchased of Ben. Page, master of the ship "Hope"...	2,957	6	6
17th Feb., 1793	By $\frac{3}{4}$ cask Teneriffe wine, for the use of the hospital...	37	16	0
7th April, 1793	By provisions and stores purchased of Mr. W. Bampton of the "Shah Hormusear"...	9,603	7	6
17th April, 1793	By hogs purchased for the use of the settlers...	115	8	6

⁸This account is abstracted from a fuller account appearing in H.R.N.S.W. Vol. 2. p. 36.

		£	s	d
18th April, 1793	By paid sundry Bills drawn by Lt.-Governor King at Norfolk Island for Indian Corn purchased by him.	362	2	6
23rd May, 1793	By paid...Superintendents, their salaries.	245	8	7
	By paid miscellaneous amounts	50	13	6
		<u>£13,372</u>	<u>3</u>	<u>1</u>

Commissariat Expenditure 30th June to 31st December, 1793. No accounts showing expenditure are available for this period, but it is known that during these six months, the Lieutenant-Governor approved of the purchase, for the Sydney Commissariat Store of

14,856 lb Flour)
 15,800 lb Beef) (purchased from
 3,200 lb Pork) visiting ships)
 107 lb Pease)
 1,856 bushells Maize - "from various Settlers".

The cost of these items, reckoned at the average prices for the time quoted by Collins (Vol. 1, p.332) would amount to £1,570, of which £650 would represent the cost of the locally grown Maize.

The total expenditure for 1793 would amount therefore at the least, to £14,942, of which £13,518 would have been paid out for purchases from visiting ships, and £658 would represent payments made out of the proceeds of the sale of goods, (particularly spirits) purchased from the "Hope". The expenditure paid by Bills drawn on the Treasury would be £14,284, of this total an amount far in excess

of the previous highest total of £12,364 incurred in 1790, when the purchase of badly-needed supplies from Batavia, inflated the level of expenditure.

Expenditure for 1794. No official records exist covering expenditure of this year, but again by reference to Collins: "Account" ..., an approximation can be attempted. Listed in Collins, are the following items of expenditure for 1794 -

TABLE VI

SYDNEY COMMISSARIAT PURCHASES DURING 1794 -
ABSTRACTED FROM DAVID COLLINS, ACCOUNT..

	£	s	d
The cost of the cargo of the "Arthur"	307	16	0 (p. 359)
*Hogs bought from settlers	254	19	6 (p. 358)
*Wheat bought from the settlers	151	10	0 (p. 358)
Cost of the hire of the "Brittania"	2,210	7	7 (p. 373)
Cost of supplies bought at Batavia	7,549	4	3 (p. 373)
Rum purchased at 3-6d. per gallon	49	0	0
*Maize purchased from settlers	2,157	8	0
	<u>£12,680</u>	<u>5</u>	<u>4</u>

* For these items, an estimate has been made from quantities of purchases mentioned allowing an average of prices throughout 1794.

While this list of expenditure is not exhaustive, it does show that expenditure continued at a very high rate, for 1794.

The expenditure for 1795, up till Hunter's accession on the 7th September, set new heights, and was more than double the expenditure for any period of similar length during Phillip's administration, although the rate of growth of other variable in the

colony, by no means matched this increase. The only source available by which this expenditure may be gauged, are three references appearing in despatches sent by Lieutenant-Colonel Paterson to Dundas, the Secretary of State⁹, and these give a total expenditure for the eight-month's period, of £31,103. 9. 5d., and of this amount £17,673. 10. Od. was paid "for the grain and swine's flesh" purchased from the settlers, and the remainder (viz. £13,429. 19. 5d.) was the amount of Treasury Bills drawn to cover the expenses of the "Endeavour", which had been sent to India, ostensibly, to purchase cattle for the government.

If these figures, such as they are, are set against the figures for expenditure during Phillip's regime, the enormous increase in expenditure, which so incurred Whitehall's wrath and subsequent vigilance may be illustrated.

TABLE VII

TREASURY BILLS DRAWN BY ORDER
OF THE NEW SOUTH WALES GOVERNOR*
1788 - 1795

Year	Amount of Bills drawn for Payments						Total		
	Within the Colony			Outside the Colony					
	£	s	d	£	s	d	£	s	d
1788	629	9	3				629	9	3
1789	365	11	0	1,548	5	1	1,913	16	1
1790	104	12	9	12,259	17	4	12,364	10	1
1791	939	5	0	1,107	10	0	2,046	15	0
1792	763	10	0	8,920	10	10	9,684	8	10
1793	766	0	0 **				14,283	18	6
1794				10,116	7	10	10,116	7	10
1795	17,673	10	0	13,429	19	5	31,103	9	5

⁹ Paterson to Dundas, 21st March, 1795; 15th June, 1795; 16th September, 1795. H.R.A. Vol. 1

* Using 'Governor' to include Grose and Paterson

** In 1793, £658 worth, and in 1794, £2,921 worth of provisions were purchased locally using the proceeds of the sale of spirits etc. purchased from visiting ships in 1792.

A significant feature of Commissariat expenditure in this period was the increased amount being paid to inhabitants of the colony. This was particularly marked for 1795, when £17,673. 10. Od. was paid to "settlers" for food supplies purchased from them. Therefore the purchase of food supplies, which accounted for the greater part of Commissariat expenditure, must be considered in two parts (a) the purchase of food supplies from foreign sources, and (b) the purchase of food supplies from local sources.

The Purchase of Food Supplies from Outside Sources By the end of 1792, the colony had in cultivation, a sufficient area to supply the grain requirements of the colony, but there was still no local source of meat, the supplies of which still in store were not large. Furthermore there had been times in the colony's short history when hopes of a good harvest had been damned by the caprices of nature, so, in the circumstances little faith was expressed in local grain supplies. When, therefore, a fortnight after Phillip's departure, an American ship, the "Hope", arrived in Sydney, carrying supplies of food, Grose decided to act. In his own words -

I directed the Commissary to lay before me a state of the provisions then in store; and having reason to fear the crops would fail from the great drought which

has lately prevailed, and to guard against the delays which have been observed to take place in the arrival of ships with supplies from England, I judged it my duty to avail myself of this opportunity, and have the satisfaction of acquainting you that by the purchase which I directed the Commissary to make I have augmented the quantity of provisions in the colony to seven months at the established ration.¹⁰

It is interesting to note the composition of the purchase from the master of the "Hope", for out of the total amount expended of £2,957,¹¹ £1,709 was for 7,597 gallons of spirits, which represented a large quantity for a population of approximately 3,500. According to Grose, the master of the "Hope", would not sell the food supplies required unless this quantity of spirits was also purchased, which makes Grose appear a very unwilling customer. In fact, Grose and his fellow officers of the New South Wales Corps had been privately importing quantities of spirits even while the colony was under Phillip's control, and the supply brought by the "Hope" seems to have been brought for an anticipated demand rather than as a wild speculation. To anticipate the story a little, it was these supplies of spirits which were largely instrumental in allowing the New South Wales Corps fraternity to gain such a hold over the colony much to Whitehall's consternation.

At the time of the "Hope"'s arrival in the colony, there was no real shortage of stores, but "as the colony had not yet seen the

¹⁰ Grose to Dundas 9th January, 1793. H.R.N.S.W. Vol. 2. p. 1

¹¹ David Collins, An Account of the English Colony in New South Wales (London, 1798) Vol. 1 p. 225 (This book is referred to in the text as Collins' "Account").

day when it could have independently said, "We are not in want of provisions; procure your wood and water and go your way",¹² the Lieutenant-Governor ordered the purchase of the supplies. This was also the case when the "Shah Hormuzear", arrived from Calcutta, with a speculative supply of stores in January, 1793, so these supplies were purchased even though they were not immediately required.

In the latter half of 1793 supplies did become short due to the failure of the Indian Corn crop because of unseasonable rains, so that in June, it was announced that the daily ration was to be reduced. This threatened unpleasantness was fortunately forestalled by the timely arrival of the "Brittania", carrying supplies from the Cape of Good Hope, which proved a god-send in one further way. According to Collins' Account¹³ -

when it was considered that the colony's supplies would always be affected by commotions at home, and that, if a war should take place between England and any other nation, they might be retarded, or taken by the enemy, the Lieutenant-Governor determined, while he had in his own hands, the means of supplying himself to employ them; and on the 26th June chartered the "Brittania" for India where supplies of grain and "salted provisions" were to be procured.

The remainder of the story of the purchase of foreign supplies and its causes, is well recorded in Eris O'Brien's, "Foundation of Australia",¹⁴ and the following is quoted from that source-

¹²Ibid., p. 193

¹³Ibid., p. 223

¹⁴Eris O'Brien, The Foundation of Australia (Sydney: Angus and Robertson, 2nd Edition 1950) pp 214-215

In November (1793) the stores were nearly expended, and in January 1794, but ten weeks' supply remained on a weekly ration of three pounds of meat to each convict ... on February 10th, when the doors of the store had been closed, two ships arrived, with limited cargoes of meat but no wheat, and the convicts were put upon a diet of Indian corn and meat...Famine was lifted in June 1794 when five store-ships arrived, and in view of the new but temporary affluence Grose refused to purchase wheat raised by settlers at Norfolk Island. From that date until May 1795 provisions were sufficient; but then, once again ships had to be sent for supplies, and in July a further reduction of rations had to be made, as all the salt meat had been used up and only a few casks remained for the privileged use of the military...While it was evident that the food problem of the colony was not fully appreciated in England, it must be understood that the right of commerce between India and the colony was recognised in England and the Bills drawn on the Treasury for these purposes were not disputed.

The Purchase of Supplies from Local Sources The purchase of food supplies from foreign sources occurred mainly because of the failure of the English authorities to send the regular shipments of food supplies as they had promised in 1793, and secondly, because of the anticipated or actual failure of the local harvest. From the beginning of 1794 onwards the colony began to attain a certain measure of self-sufficiency in grain supplies, but it was a self-sufficiency based on private farming rather than on the planned, public farming. Whereas purchases of food from outside sources could be condoned because of the associated necessity, the purchase of locally-grown supplies by private farming, represented a perversion of the original intention that this colony should be self-sufficient, and therefore economical, and furthermore, abuses associated with the

New South Wales Corps monopoly, which developed as a result, were to prove the major problem for all subsequent Governors. There are three aspects of this monopoly during the interregnum, which are most significant, viz. (i) the development of the farming of large private estates; (ii) the monopolization of the grain market, i.e. of the Commissariat Store purchases, by the New South Wales Corps officers; and (iii) the use of spirits as a medium of exchange to further this monopolization and to increase the pauperization of the lower class free settlers.

(i) The Growth of Private Estates It does not appear, from the official despatches, that private farming was antithetical to Whitehall's desires. On the contrary, they had legalized the granting of lands to military officers, and were also in agreement that private farming was more efficient since it offered "a personal motive for exertion". They were however most concerned that the costs of the colony should be at a minimum, so the subsequent objections to the large scale private farming which developed as a result of the officer land grants given during the interregnum, were in terms of the expense which this change involved, and not because of its incompatibility with some Whitehall plan. In fact, Whitehall had never made clear what its intentions for the colony were; it seems doubtful whether they themselves were clear as to its future; and immersed as they were in a European War, at this time, the decision to give land-grants to military officers seems to have been an on-the-spot decision

to a problem regarded there as trifling.

In all probability, Whitehall saw these grants as the first step in the establishment of a plantation-type of economy - possibly a replica of the mid-southern American colonies, where, prior to 1776, convicts had provided a source of plantation labour. Phillip had suggested a similar-type scheme,¹⁵ in which free settlers were to have been brought from England, and given land and the convict labour necessary to produce the supplies required for the gaol. Officer land-grants, need not have been then, in Whitehall's view, incompatible with the maintenance of a gaol.

The officers however instituted a scheme far removed from any possibly conceived by Whitehall. While in the early phases of their farming, they paid for the convict labour they employed, which was in accordance with Whitehall's ideals, subsequently, they began to hire the gangs of convicts after they had completed the day's task. Since they paid them in spirits at a grossly inflated value, due partly to its scarcity and partly to its illegality, the officers were able to produce crops cheaply, but at the expense of the public labour done by the convicts. The final stage in this perversion, came when convicts formerly employed on the government farms were assigned to work full-time on the officers' estates.

The English authorities' objections were very simple -

the interest of the Public must not be lost sight of,
and it is not reasonable that the Public should feed
those convicts whose labour it gives to individuals, and

15. Vide Phillip to Sydney 12th February, 1790.

should afterwards purchase the produce of that labour.¹⁶

The use of convicts by private individuals was quite acceptable, but only if they were fed and clothed by their employers. In the scheme that developed during the interregnum, not only were the convicts provisioned by the Crown, but the results of their labour were subsequently sold back to the Crown, a state of affairs which heightened the expenses of the colony and proved most repugnant to the English authorities.

(ii) The Monopolization of the Grain Market There had grown up in both the parent colony on the mainland, and also on Norfolk Island, a free section of the population, of the "lower classes", composed of (a) convicts whose sentences had expired, and (b) marines and soldiers who had chosen to be discharged and remain in the colony. They had received small grants of land and sought to eke out a living on their holdings. It is doubtful, whether in the original ideas about the colony, whether they were seen as potential suppliers of food for the gaol, but rather as subsistence units such as had been the early settlers in the British colonies of America. However, in the changed circumstances of the interregnum period, the small settlers also turned their attention to commercial farming, but as potential suppliers to the Commissariat department they had two disadvantages viz. (i) they were not members of the ruling clique, and (ii) many of them possessed a weakness for liquor.

¹⁶Whitehall to Hunter August, 1796. co 201-11 (Microfilm, Mitchell Library, Sydney).

The officers did not hesitate to use their official position to destroy competitors, by securing a privileged position in selling their crops to the Commissariat. This in turn, provided them with Treasury Bills, which in turn represented the means of monopolizing the import trade, by their control of foreign exchange. This further permitted them to monopolize the supply of liquor coming to a land of an unusually warm climate, peopled by those with an unusually strong thirst. Thus developed a most vicious circle.

(iii) The Liquor Traffic The significance of the liquor traffic in New South Wales is often bound up with polemics about liquor itself. For a period when the intemperate use of spirits was still an accepted part of English working-class life, the situation in New South Wales, peopled as it was with society's weaker characters, was not unusual, and though moral reform was one of the achievements hoped for in the colony's inhabitants, Whitehall would not be unduly optimistic in this regard. The major significance of the liquor traffic for Whitehall, was that it vastly increased the costs of the colony, because of the pauperization it caused among the small free settlers. This point often eludes historians viewing this period, who wish to see more complicated explanations of the simple fact, that Whitehall wished this traffic to stop because it added so much to the expense of the colony.

To understand how this happened, it is necessary to return briefly to 1790, when Phillip initiated a scheme whereby those whose

period of servitude was completed, could choose either to remain "on the store" and work for the government, or else, to take a grant of land and fend for themselves. Many chose this latter course, but subsequently, either because of their own excesses or because of misfortune, soon fell on hard times. Now in England of the time, persons in such circumstances could receive relief from the Parish, but in this colony, no such institution existed, so that these paupers instead, received relief from the government in the form of provisions from the store. Just as in England, there were abuses of the Poor Law, so in New South Wales, abuses of this relief system soon developed. Free settlers, who were entitled to receive provisions from the government store for the first eighteen months following their arrival, often remained "on the Store", after this eighteen months, so that, as early as 1794, there were at least sixty-eight families unlawfully receiving provisions.

During Grose's and Paterson's administration, the activities of the "officer monopoly" forced many small settlers into debt, thus enabling members of the monopoly to purchase these holdings. Deprived as they were of the means of making a livelihood, the settlers were forced to seek relief from the government, thereby increasing the expenses of the colony.¹⁷

¹⁷ Vide H.R.A. Vol. 2 p. 107 "If the settlers continue to groan under this load of oppression, agriculture must soon be at an end, the colony in want of grain, and consequently the expenses of government increased, as many farmers will have no other means of support than the public store".

By monopolizing the Commissariat market for grain, the officers monopolized the supply of Treasury Bills, the only media acceptable to the masters of visiting ships, and the articles purchased from these ships, were retailed to the settlers at a profit of 400% and upwards. Excluded as they were from the grain market, the small settler was forced to sell to "forestallers" at a lower price, and then with the diminished proceeds pay exorbitant prices for imported necessities. In these circumstances, it is little wonder that many "sober and industrious" settlers were forced by debt, to seek relief from the government.

Not all of the settlers were "sober and industrious", so many became bankrupt because of their mania and passion for liquor. Spirits, which were being openly imported with the Lieutenant-Governor's blessing, served as an inflated currency, whereby the officers were able to purchase twelve shillings worth of labour or goods, for an initial outlay of four shillings and sixpence. The Hawkesbury River settlers were described by Collins as "immersed in intoxication", with their crops for two to three years to come pledged to pay their debts. Many settlers gladly relinquished the hopeless job of farming, since it merely enriched the officer clique, and instead sought relief in the form of rations from the Store.

The developments which occurred during the interregnum administration of Grose and Paterson, introduced private, commercial farming into the colony. Of itself, this did not conflict with any

of the vague notions which Whitehall held about the future of the colony, but in so far as it provided the basis of a monopoly organization, which vastly increased the expenses of the colony, both by its abuse in the use of convict labour, and by its pauperization of the small settlers, it was unacceptable to the English authorities, who therefore sought a return to the public farming organization that had existed under Phillip. It was Governor Hunter who was given the task of undertaking this reform.

CHAPTER 4

1795-1800 HUNTER'S ADMINISTRATION

Governor Hunter was expected to put humpty-dumpty together again, but he had as much success in his attempt to restore the original system of the colony as did the proverbial "king's men". Fitzpatrick's summation¹ of the task presented to Hunter and his successors is most apt:-

Whatever changes the wars had wrought in English society, the demand from England remained insistent that the colony should not cost much; should absorb shiploads of convicts sent as opportunity offered; be the scene of perfect administrative harmony, though the Governor have no executive assistants save those whose vested interest was opposed to Governments; create a public agriculture, though Whitehall omit to send ploughs or trained farm managers; settle effectively time-expired and pardoned convicts, though an officers' ring close to them the only colonial market, the store of the Commissary... This strange insistence is the thread which joins Hunter's Administration, from 1795, and Macquarie's, until 1821.

Though Hunter's Instructions were couched in terms appropriate to a colony such as he had left in 1791, they were to be applied to a settlement which had undergone vast changes during the intervening period. Under Grose and Paterson there had developed a system whereby private agriculture supplied the Commissariat store replacing the former method by which public agriculture supplied the government's grain needs. There was also now a firmly entrenched monopoly constituted by the officer class, which ruled the trade of the colony

¹B. Fitzpatrick - op. cit. p. 16.

to the impoverishment of many 'small settlers". These revisions in the administration of the colony caused some surprise and difficulty to Hunter, for he had hoped that, "I should have discovered on my arrival everything moving on generally upon the same plan which was at first established upon those Instructions...but this was not the case, and the change, I found, was such as required some time to alter."²

Hunter was in a most unenviable position. Faced with a colony, whose function and direction had been perverted from its original official intentions, he was pulled "one way by the circumstances on the spot, and to the contrary by the commands of his superiors". He compromised by endeavouring to convince the English authorities to accept the new system which had arisen. Now he was caught between the intentions of the English authorities, based on an assumption of the continuance of Phillip's ideals, and the actual prevailing conditions in the colony. But Whitehall recognized neither the changed conditions nor the difficulties entailed in a reversion to their original ideals of self-sufficiency, and its attendant cheapness.

To further complicate the process of colonial administration, throughout Hunter's regime, England's attention was concentrated on the anxieties of a European War. By completely diverting the attention of the government from the affairs of the colony, this war added to the already onerous task facing Hunter. The risks of war attending the despatch of cargoes to the colony and the diversion of governmental

² Hunter to Portland 25th May, 1798 H.R.A. Vol. 2. p.587

attention caused the sending of necessary supplies to become haphazard, while the expenses of war focussed Whitehall's attention on the mounting expense of their distant settlement.

Continual conflict between Hunter and Whitehall was centred on the growing costs of the colony as reflected in the Treasury Bills drawn for expenses in the colony. Both recognized the ominous fact but differed as to its cause and remedy, for whereas Whitehall saw it as stemming from the incompleteness of their theoretical plan to lessen expenses, Hunter explained it by the vastly different circumstances of the colony to those envisaged by Whitehall. This may be shown by reference to the question of agriculture with its complementary problem of convict assignment.

When Hunter first arrived in the colony, he was impressed by the progress made since his departure, "independence (in the matter of food supplies) was at that time much nearer than he could have conceived possible at his leaving in 1791".³ He realized that men assigned to the officers were not wasted; and that agriculture would not have advanced without the intrusion of private enterprise, and he did not hesitate to convey these sentiments to the English authorities.⁴ Hunter visualised a continuance of the system of private enterprise, and centred his problems around the creations of the necessary institutions to support such a system, but while Whitehall agreed as

³D. Collins: op. cit. Vol. 1 p. 307

⁴Hunter to Portland 25th October 1795 H.R.A. Vol. 2. p.523

to the superiority of self-interest as an impelling motive for economic activity they were more concerned that the expense of the colony should diminish, and this, they considered, could only be achieved by a reversion to public agriculture, and by the receivers of convict labour paying for the maintenance of their convict labourers. The orders of the government were therefore couched in terms of the above desires, so throughout Hunter's administration Whitehall equated economy with a return to Phillip's set-up, and expressed this wish for economy, in orders formulating the path back to this system. Hunter was also most concerned that economy should be observed, for he was a naval officer, used to obeying orders to the minutest detail, and the instruction requiring economy appeared as the main function of the Governor. However, Hunter had also to consider the circumstances of the settlement.

Immediately Hunter arrived in the colony he ordered a muster to be taken of the inhabitants of the colony, and as a result of this muster "he thought proper to make some regulations in the assistance afforded by Government to settlers and others holding grants of land."⁵ Here was Hunter as the government servant, concerned with creating economy, but his actual decision was that though the number of "convicts issued to the officers...far exceed the number which had at home been though necessary, he did not conceive the present to be the moment for reducing it", in view of the approaching wheat harvest and

⁵ D. Collins: op. cit. Vol. 1 p. 307.

the preparations taking place for the planting of corn. On one hand there is Hunter's consideration for Whitehall's orders, while on the other hand there is his over-riding attention to the need of supplying food to the colony, by what he considered as the most efficient and hence, economic means. This is the conflict which always faced Hunter, and throughout his administration, his indecisiveness and lack of firmness prevented him from breaking the pattern imposed on the colony during Grose-Paterson regime, though Whitehall commanded this measure.

Hunter did not find it difficult to justify his noncompliance with the English Authorities' desires to reinstate public agriculture. On his arrival in the colony, he found that no land had been cleared for government agriculture for some time past, and as a result the small area of land then devoted to public farming was either the second-rate land not taken up by the officers, or else was exhausted, due to the inefficient farming methods of the colony, and consequently would yield only a poor return in relation to the large number of convicts needed to work it. The alternatives open to Hunter were either to reduce the number of convicts assigned to private farmers and reintroduce public farming on exhausted land, making the colony once more dependent on supplies sent from England, while public agriculture was being reinstated, or else to disobey instructions, and allow more than the legal number of convicts to maintain the existing private farming. If the latter course were adopted, it would allow the country to become independent, and reach the stage when the convict labourers

"will be taken off the store". It was this latter alternative which attracted Hunter, for to him it offered both immediate and future advantages.

The officers had grown more than half of the colony's grain supplies in 1795, and if their labourers were to be withdrawn, there would be meagre supplies of grain in the following year, and this scarcity would increase the price of grain, thus adding to the government's expenses. So the maintenance of private farming offered short-term advantages to the Government. As for the future, Hunter believed that New South Wales would lose its purely penal character and much of his effort was based on this belief. He saw that if the colony was

to increase to a state of respectability, some encouragement must be held out to respectable settlers and industrious people of all descriptions...This can never be the case if it be the intention of the Government to cultivate land enough for the maintenance of all the convicts sent here. The farmer will be labouring for a mere subsistence; he can never clothe himself and family if he has no market for his surplus corn, and if the Government does not become his purchaser he can have no market. What then must be the consequence? A general indolence, a total inattention to farming, a dissatisfaction with their situation, and a desire to quit the country by every opportunity which offers".⁶

The English Government's ideal was to develop a self sufficient colony so that expenses would be kept to a minimum. Such ideals are reflected in Hunter's Instructions (1st July, 1794) for, after stating that the colony was now producing its own grain supplies, they

⁶Hunter to Portland 25th October 1795 H.R.A.Vol. 2. p.534

continued -

that Article of His Majesty's Instructions which relates to the supplying the colony with Live Stock is of first importance, and demands your most immediate and most earnest attention, and you will therefore lose no time in exercising the discretion thereby vested in you, for the speedy and effectual execution of the same.

The English authorities desired the retention of the original plan for governmental organization of all production within the colony, and Hunter's ideas as to the future of the colony ran contrary to this ideal. Furthermore Hunter could not be concerned with ethereal principles, or what appeared economical to Whitehall, but had to focus his abilities on the very practical and paternal problem of supplying food to the growing population, in the cheapest possible manner, and all his actions were directed to this purpose. So, one of his earliest moves in the colony was an attempt to lower, and to fix the price of wheat and corn, backing it by a threat to withdraw the convict labour supplies, if the officers failed to comply, but when they petitioned Hunter, he allowed prices to remain as before. All through his period as Governor, Hunter strived to obey the Home authorities' desires to cut down the assignment of convicts and to minimize costs, but his instability, coupled with the prevailing conditions in the colony, prevented the attainment of these ideals.

Hunter did not come into conflict with Whitehall only, but also with the officer-class of the colony, in his attempts to break their monopolies. He realized and appreciated their function in

agriculture with their progressive policy, and assisted them by allowing them more than the prescribed number of convicts, but he had also to consider the growing body of small settlers depending solely on farm production for their livelihood and their very existence was threatened by the activities of the officers. This concern was prompted partly by paternal and charitable considerations, but particularly by a desire to lessen the expense of victualling, by reducing the number receiving rations from the Commissariat store.

This officer problem, as ~~the~~ stated before, had three aspects, (a) their monopoly of the grain market; (b) their monopoly of the import market; and (c) their trading in spirits. Hunter unsuccessfully attempted to remedy all three problems, but his attempts were doomed to failure, as the executors and administrators of his Orders were those against whom the Orders were directed. From the beginning of his administration, Hunter issued Orders to countermand the influence of the Officers' activities, but ultimately it was the officer clique who won the day.

Hunter saw that

instead of our cultivation increasing, I fear we shall raise less grain every year for the settlers are so frequently ruined, their crops mortgaged, their persons imprisoned, and their families beggared.⁷

if the trading activities of the officer-class were not stopped.

Hunter tried to remedy the situation by recommending the setting-up of

⁷ Hunter to Portland 10th January 1798 H.R.N.S.W. Vol. 2. p.246

a government trading store and such a store had a struggling infancy during the latter part of his administration. Ultimately, however, he wilted before the officers' opposition, and gave official sanction for their trade in imported articles.

In the early months of 1798, Hunter ordered a survey to be conducted of the various districts, and of their grievances. Throughout the districts, the small settlers unanimously complained of the "difficulties and impositions the farmers in general meet with in this colony, owing to the trading part meeting with great countenance and protection", and of "the exploitations by the dealers which have tended to the destruction of many settlers and their families". Most of the meetings held to air these grievances, also put forward constructive suggestions for reform entailing control of the import trade by the Governor, by the regulation of prices of imports, or by the setting-up of a government trading store. Hunter had suggested the establishment of such a store the previous year⁹ as a means of providing a Government market for the produce of the small settler class which would also help to overcome the destructive effects of the officer monopoly.¹⁰

However, in June 1798, an agreement was entered into by all the military officers, and some of the principal inhabitants of the colony,

⁹Bigge Report Evidence - Bonwick Transcripts Box 12 (Mitchell Library, Sydney.)

⁹Hunter to Portland 10th June, 1797, H.R.A. Vol. 2. p.218

¹⁰Some writers suggest other motives for the establishment of the store, however, it appears that Hunter was primarily concerned with effecting economy by curtailing the pauperization effects of the import monopoly.

to act as factors for the cargoes brought to the colony by private speculators. By this agreement, an arrangement was made to elect two officers who, on behalf of the whole group should purchase such "goods, wares or merchandise" as were brought into the harbour for sale in any private vessel, and Hunter officially recognized this scheme, and furthermore recommended it to the settlers, not realizing how dangerous a privilege the officers were claiming, but on the other hand, regarding it as an indication of public spirit on their part. On June 11th he had instructed the inhabitants that when ships arrive with articles for sale, "no part of the cargo was to be disposed of till he had heard from the settlers in the various districts their requirements and what sums of money they can raise". For this purpose they were to appoint managers for their purchase, and when the officers offered to act in this capacity, Hunter accepted, regarding it as a manifestation of their public spirit. Once again the "pleasant, sensible old man" with "his probity and honesty of purpose" had been tricked and deceived by those in whom he placed his confidence, so that a measure he intended to break the officer monopoly, eventually strengthened their monopoly position.

Hunter also sought to overcome the abuses in the grain purchasing by the Commissariat store. He issued Orders stating that preference should be given to the actual growers of grain, especially those with large families,¹¹ but these instructions were ignored by the

¹¹ General Order, 23rd April, 1798.

Commissariat officials, and it was not within Hunter's power to enforce such rulings. In the 1798 survey, the settlers had all complained of the Commissariat countenancing the practices of the "forestallers and huxters" with whom they were forced to barter their grain, to obtain imported implements and commodities, but Hunter only issued proclamations to overcome this abuse, and these of course had no effect.

The third set of problems arose from the trading in spirits.

Collins described the problem:-

The practice of purchasing the crops of the settlers for spirits had too long prevailed; and Governor Hunter thought it necessary, by all means in his power, to put an end to it; for it was not possible that a farmer who should be idle enough to throw away the labour of twelve months, for the gratification of a few gallons of poisonous spirits, could expect to thrive, or to enjoy those comforts which were only to be procured by sobriety and industry. From such characters he determined to withdraw the assistance of the Government.¹²

This was Hunter's first move in his battle against trading in spirits and their excessive consumption. This threat had little effect, so on June 18th, 1796, Hunter instituted a system of licenses for the retaining of spirits in an attempt to counter "that continual state of intoxication in which many of the settlers and others employed in farming seem disposed to indulge themselves". This however did little to diminish the importation of spirits, or their use as media of exchange. In August 1796 Hunter reported that he had found it necessary to grant in each district a certain number of licenses for the retailing of spirits which appeared quite effective

¹² David Collins, op. cit. Vol. 1 p.327

in preventing much intoxication, but "to prevent the importation of spirits entirely...is next to an impossibility, unless the Governor had more assistance to depend on".¹³

Hunter never succeeded in eradicating the excessive consumption of spirits, because of the nature of the colony's population, nor did he succeed in ousting rum as a means of exchange, simply because he never attacked the problem at its source by the officers' trading. To do so was difficult because of the administrative structure of the colony, and it required a stronger man than Hunter to deal with this officer problem.

Hunter's problems in dealing with the officer class is typified in his dealings with Macarthur, and these were ultimately to play a large part in Hunter's downfall.

In August 1796 Macarthur claimed that he was willing to take up to one hundred men "off the store", and supply them with bread. In return all he required from the public stores were "tools, clothes, nails, ironwork, and the usual ration of salt meat" for twelve months, after which time he would give the government grain in exchange for these items (reckoning the value of both the supplies and the grain in English prices). He further claimed that if this scheme were adopted, the government "will be instantly relieved from the expense of purchasing grain for the whole of the labouring part of the colony".

¹³ Hunter to Portland 20th August, 1796 H.R.A. Vol. 1 p.593

Hunter replied to this offer as follows:-

I shall never refuse any offer which may appear to me calculated to reduce the expenses of Government, but at present I find the state of the colony to be such, with respect to labourers, as well as to tools, nails, iron, and in short, every other kind of store, as to put it out of my power to avail myself of any part of the offer you make except that of your furnishing bread for your own servants.

This reply had biting sarcasm, for Macarthur depicted himself as magnanimous and public-spirited in this offer, but actually it could be construed as an attempt to dupe Hunter and obtain cheap labour at the expense of the government. When he was forestalled by Hunter, he could increase his original offer to include the payment "at English prices for all the meat my servants draw from the public store", but still this offer was not as public-spirited as it may appear, "for a two pounds ration of bread cost only five pence and a convict's labour was worth five shillings".¹⁴ However, it was not an inadequacy of supplies which prompted Hunter to reject these offers,¹⁵ but rather (a) a desire to restrain Macarthur's quest for power, and (b) a realization that this plan would prove most expensive to the government.

Whitehall, when confronted with Macarthur's account of this offer, were rather impressed with his magnanimity, and especially interested in his claims that the settlement would have been able to maintain itself, thus reducing governmental expense, if his plan were adopted. These were the two all-important considerations for Whitehall

¹⁴ E.O'Brien: op. cit. p.238

¹⁵ S. J. Butlin: op. cit. p. 42

so when Macarthur claimed that these aims could have been fulfilled, they were favourably impressed and paid much attention to his other claims, that Hunter was mismanaging the colony.

It is little wonder that a contemporary in commenting on Hunter's recall,¹⁶ compared Phillip's and Hunter's administrations in the following terms:- "the first was like a party of amusement and without expense (in comparison with) the second which was laborious, anxious and expensive". Hunter was faced with the wishes of Whitehall, the desires of the colonial military class, and his own ideas as to how the colony should function. The variance in these were to prove too much for him especially in view of his guileless nature. ~~He~~ To turn now to a consideration of the internal costs of the colony and their causes.-

Commissariat Expenditure 1796 - 1800 Due to a lack of reliable figures it is impossible to make an exact estimate of the yearly Commissariat expenditure during Hunter's administration. Hunter was lax in submitting returns of expenditure, and even when he did so they usually showed merely a total figure without any indication of the component items of expenditure.¹⁷ In his evidence before the 1812 Committee, Hunter could not even state "how far" the colonial expenditure increased during his administration, which further

¹⁶ "Memorandum on Hunter's Recall" Brabourne Papers Box 63. No. 76 (Mitchell Library, Sydney)

¹⁷ Portland to Hunter 5th November 1799. H.R.N.S.W. Vol. 3 p. 334.

illustrated the difficulty of estimating his annual, or even total expenditure. Though there are no regular returns, sufficient figures are available to permit the trends of expenditure to be gauged.

In his despatch of the 5th November, 1799, in which he recalled Hunter, the Duke of Portland pointed out that the Bills drawn in New South Wales from September 1795, and which had so far been received at the Treasury, amounted to £80,854. 8. 6d., while those for Norfolk Island totalled £4,012. 4. Od. This would represent the Bills drawn for the period ending about the beginning of 1799. This expenditure was not spread evenly throughout the period, for (i) from the 1st September, 1796, to the 30th June 1798, the Bills drawn amounted to £34,822, while (ii) the expenditure during the remaining periods of September 1795 till September 1796, and June 1798 till the beginning of 1799, totalled £46,032, with a preponderance of this amount representing the expenditure during Hunter's first year of administration.

Now the components of the expenditure for the main period, (vide (i) above) may be assessed by reference to Hunter's despatch of 7th September, 1798:-

TABLE VIII

EXPENSES FOR NEW SOUTH WALES - 1ST SEPTEMBER 1796 TO 30TH JUNE, 1798
FOR WHICH BILLS MUST BE DRAWN BY THE GOVERNOR ON THE TREASURY.

Paid for Grain and Swine's flesh	£29,177.	1.	3.
Wages of superintendents and storekeepers, which will be repaid into the Treasury by the agent for the colony.	1,178.	11.	9.

Wages of the colonial Schooner	£	432.	14.	9.
Wages for hired artificers unavoidably employed in making tools of agriculture and other works, but who are now most of them discharged.		1,416.	0.	3.
Stores of various kinds, purchased from real necessity.		1,917.	13.	4.
Rum purchased for various necessities of Government.		700.	0.	0.
		<hr/>		
		234,822.	1.	4.

Any variation in the expenditure in the colony, must be accounted for in terms of those circumstances which increased the expenditure on food supplies purchased within the colony. This was due to the increased demand for government food supplies, reflected in an increased volume of internal purchases, for the price of wheat and corn (major items in the Commissariat purchases) remained stable throughout Hunter's administration.¹⁸

Colonial expenditure, increased during Hunter's administration, sufficiently to rouse Whitehall from a lethargic attitude towards the colony, to view with alarm the increased cost of their New South Wales settlement. So Hunter was constantly inundated with reprimands from the Duke of Portland who censured him for his lack of economy in the management of the colony. Hunter was so incensed by these accusations that after leaving the colony he wrote a defence of his conduct, in

¹⁸ T. A. Coghlan, Labour and Industry in Australia (London: Oxford University Press, 1918) Vol. 1 p. 142.

the management of the colony's affairs. Though no complete estimates of expenditure exist, despatches related to the increase in expenditure abound, and it is to this material that ~~it~~^{is} ~~wish~~^{ed} now to direct attention.

Both in his despatches while Governor, and subsequently in his apologia, Hunter defended his expenditure of government monies, but the Home authorities considered his excuses rather lame, and held him responsible for a vast increase in expenditure. Initially Hunter claimed that the increase was due to (i) the commitments which his predecessors had made to import certain supplies, and to purchase certain local supplies;¹⁹ (ii) the lack of essential public buildings, which meant that there was insufficient storage space for the crops, the remedying of which necessitated the hiring of artificers from among the free people and military²⁰ at a "considerable expense" to the Government; and (iii) "the sums paid for last year's growth of wheat and maize." Since these were all attributable to his predecessors, Hunter was able to fob off the responsibility for his expenditure during his initial period as governor. When the expenditure continued at a high level, he had to produce other explanations.

By mid-1797, Hunter had determined that it was "his indispensable duty to use every practicable means for reducing the heavy expenses of the colony"²¹. He explained this high level of expenditure

¹⁹ Hunter to Portland 25th August 1796 H.R.A. Vol. 1 p.599

²⁰ Most of the convicts formerly used for building construction had been assigned to officers' private farms.

²¹ Hunter to Portland 25th June 1797 H.R.N.S.W. Vol. 2 p.232

by "the want of those articles which have generally been sent us from England, and which, being a part of the allowed ration, necessitated substituting some other in lieu; having no other, we serve an additional proportion of wheat".²² Hunter, therefore, explained the increased expenditure, by the exigencies created by the European war, which resulted in a shortage of supplies from Britain, requiring the substitution of "an additional quantity of wheat, which makes the expense of that article very considerable", for the increased demand increased the price. Also, whereas formerly Britain sent various articles such as "beef and pork, flour, pease, oatmeal, rice, oil or sugar", now only salt meat was sent. This compelled Hunter to purchase required items in the colony, at prices "some hundreds percent more than if sent us by government".²³

By the middle of 1798, Hunter had brought forward two other reasons for the large expenditure, (i) "internal difficulties" arising from the conflict of public and private interests, and from the task of establishing "the reform necessary for order and good government"; (ii) the system of purchasing stores by store receipts. When censured by Portland, Hunter stated that he was "particularly hurt when any occasion appears for calling into question the want of economy in the affairs of the colony", and then explained that a considerable part of

²² Hunter to Portland 20th June 1797 H.R.A. Vol. 2. p.22.

²³ Hunter to Under-Secretary King, 9th June 1798 H.R.A. Vol. 2. p.156.

the sum complained of (£40,000) was due to store receipts which had lain dormant "for a length of time before my arrival..for..these notes may continue for any length of time in the hands of their possessor.. and at any convenient time the holder may bring them forward and receive a Bill upon the Treasury for their amount".²⁴

Throughout his administration Hunter was ready to offer excuses for his expenditure, and they were always in terms of factors beyond his control. In his "Remarks on Colonial Expense" (1802) which he published subsequent to his return from New South Wales, he lists fourteen reasons for the large expenditure during his administration, but many of them appear quite trivial, and only explain a very minor portion of the increase. Thirteen of the fourteen reasons referred to the internal conditions of the colony, and eleven of these reasons are attributable to the operations of the officer class within the colony. The primary reason according to Hunter was the system of assignment and task work introduced during the interregnum, which led to the cultivation being undertaken by the officers at great expense to the Crown. Allied with this was the operation of the colonial monopoly, leading to, firstly, the imprisonment of many convicts and small settlers for debt, thus losing their labour; and secondly, to the impoverishment of many settlers who were forced to seek relief from the Crown. Together with these two main causes, other practices mostly stemming from the two principal causes, led to the increased

²⁴ Hunter to Portland 25th May, 1798 H.R.N.S.W. Vol. 3. p.386

expenditure, e.g. the buying up of soldiers' land grants; the lack of artisans in government employ; the neglect of necessary repairs to the public buildings and boats; the improvident and lavish use of stores by the officers; and the immense number of orphan children in the colony.

The Secretary of State saw a much simpler explanation for the greatest part of the large expenditure. To him, it arose from the colony "not adverting to the original purpose for which it was established, and from the manner in which the convicts and public provisions are disposed of"²⁵, resulting in the individual gaining all the profit from agriculture, and the public gaining nothing but loss. Having analysed the causes of the expense, the Duke of Portland (in his despatch of 31st August 1797) decided that "radical reform as may affect a system of real and substantial economy" was necessary in the colony and recommended a reversion to the system of public agriculture, at the expense of the existing private farming system in the colony. In his despatch dismissing Hunter (5th November 1799) Portland stated-

I am clearly of the opinion that if the labour of the men and women convicts who had been victualled at the public store during the period in question had been fairly employed in the cultivation of lands for the amount of the government, no grain whatever need have been purchased for the public stores during that period".

²⁵ Portland to Hunter 31st August, 1797 H.R.A. Vol. 2. p. 107

Hunter did not put "humpty-dumpty together again", partly because he saw no real need to, and partly because it was, in any case, an impossible task. He attempted to lessen the cost of the colony, but never attacked the root of the trouble, so that his attempts mostly appeared as token moves, fulfilling the orders requiring economy. He attempted to decrease expenses by sending back to England all those distressed invalids whose contract or agreement with the government was expired and who were a deadweight upon the colony²⁶; by discharging those government servants who were not usefully employed; and by striking "from the victualling books of the colony all improper persons".²⁷ All such measures were superficial and did little to lessen the expenses, but Hunter hesitated to undertake the measures which would remedy the situation.

It was against his wishes to reinstate public farming, for he realized that once re-established, the lack of a market for grain would ruin private farming, and so hamper the development of a free colony. It is with a tinge of disappointment that he reports,

if no change takes place in my instructions, I trust I shall soon have as much ground in cultivation on Government account as will prevent the necessity of purchasing grain to such an extent from individuals".²⁸

²⁶ Hunter to Under-Secretary King 20th August, 1796 H.R.N.S.W. Vol. 3. p.75

²⁷ Hunter to Portland 25th June, 1797 H.R.A. Vol. 2. p. 31

²⁸ Hunter to Under-Secretary King 1st June, 1797 H.R.N.S.W. Vol. 3. p.210

So Hunter was dismissed from his post, because of his failure to curtail expenditure. Conditions existing in the colony precluded such a curtailment, especially by a person of Hunter's nature, but to Whitehall, unaware as it was of the true conditions of the colony, the solution was simple, viz. a reversion to the system of public agriculture as established by Phillips. Public enterprise to Whitehall was the only means of attaining economy within the colony, but to Hunter it represented the doom of the colony. He failed, therefore, in Whitehall's eyes, because he did not fetter private enterprise, while in the eyes of the New South Wales Corps. officers, his attempt to fetter private enterprise foredoomed his failure.

The Administration of Public Finance During his period of government Hunter tried to develop an efficient system of administering public finance. His reforms were of three types, (a) those associated with the financial structure of the colony in regards to the method of issuing store receipts; (b) those with a social basis designed to counteract the operations of the officers' monopoly and spirits trading; and (c) those designed to provide the means for undertaking public works, and ~~it~~^{is} ~~wish~~^{ed} to allude to these reforms, particularly to the third type.

Soon after assuming command of the colony, Hunter discovered that the receipts which the storekeepers gave and which served merely as notations for the Commissary's promissory note (the Store receipt proper) were themselves being used as currency. He forbade the practice by an order of 15 June, 1796, and required Store receipts to be approved and signed by him. The

holder could bring them forward for consolidation "at any convenient time". Later this cumbersome procedure was abandoned, a receipt rather than a promissory note being immediately issued, while consolidation was effected at specified times".²⁹

The system, as it stood when Hunter took over, was highly irregular both in regard to its legality, and its operation, but very simply it was the only one possible. Hunter's reform, at least, sought to regularize it.

(b) Hunter attempted several reforms aimed at nullifying the effects of the officers' trading. Since the governor was in such close touch with the population, somewhat in the role of a squire, it was natural that he should be much concerned with their welfare, so when this was threatened by the ruthlessness of the officers' monopoly, it followed that Hunter should take steps to either prevent or modify the actions of this monopoly. Hunter, therefore, instituted a system of licences for retailing spirits; suggested, and saw, the initial creation³⁰ of a public trading store; and placed destitute settlers on the store.

(c) Whereas during Phillip's governorship, there were sufficient convicts to undertake all the public works which the condition of the colony required, when Hunter took over control there were not enough convicts left in government employ to complete the necessary public works. During the interregnum, public works had been neglected, so

²⁹ S. J. Butlin, op. cit. p. 32

³⁰ Portland to Hunter, 18th September, 1798 H.R.N.S.W. Vol. 3 p.490.

Hunter had both to overcome the lack of necessary storehouses etc. and also to improve the facilities, especially communications, required by the geographically expanding and growing colony. The method which he used for public works was based on three considerations - (a) the lack of convicts in public employ; (b) the economy of expenditure required by Whitehall; and (c) the system of public works in operation in England. To illustrate the means used, reference will be made to public works undertaken during Hunter's government.

When the main roads of the colony, especially the Sydney-Windsor Road, fell into disrepair, Hunter decided that they should be put into "good and perfect condition as early as possible", but he lacked sufficient convicts in public employ to fulfil his intention. He therefore issued an Order on 11th January, 1797, which commanded all settlers to provide a certain amount of labour, and necessary tools to complete the project. Officers owning farms, were to provide two men for three days per week; minor officials were to provide one man for three days a week; and settlers were to provide one man, or else work themselves.

This scheme was adopted not so much because of its cheapness, since the settlers received recompense in one form or another, but simply because it was the only means by which shortage of government labour could be overcome. Except for a few short breaks this scheme of forced labour operated throughout the period Hunter commanded the colony.

Another problem arose with regard to the construction of gaols, at Sydney and Parramatta. The background to the problem is to be found in Collins -

the frequent commission of the most atrocious crimes, together with the dissipated, turbulent, and abandoned disposition of the convicts, which had more than ever at this time been manifest, determining the Governor to enforce the most rigid discipline, he resolved on constructing a strong and capacious Log Prison at each of the towns of Sydney and Parramatta. It being absolutely necessary that these should be erected as expeditiously as possible, the safety of the inhabitants and security of their property, rendering any delay extremely dangerous and the public gangs being very weak, he called upon every officer, settler and housekeeper within the abovementioned districts, to furnish a certain number of logs for this purpose.³¹ In a very short time the materials which were required, were brought in...and by the close of the month (Sept. 1796) the stone foundations were much advanced.

The entire structure was finished fairly promptly, so the inhabitants could relax knowing that "all idle and worthless characters" were safely confined.

This, however, did not end the story for on February 10th, 1799, this public gaol at Sydney, which had cost so much labour and expense to erect, was set on fire, and completely destroyed, and so to prevent a repetition of this it was decided to construct "a strong and permanent building of stone, with very substantial walls". This building was commenced about the beginning of March, 1799, but the work languished, so that in June 1799, Hunter called upon the settlers to form a committee to oversee the completion of the gaol.

³¹ Government Order 20th September 1796 H.R.N.S.W. Vol. 2. p.139
Each military officer with convicts, was to furnish 20 logs per week while householders were to give 10 logs per week, until such times as the Gaol was built.

This call to the settlers marked a new era in New South Wales public finance, because for the first time the colonists were being called upon to bear the expense of a public work. Previously they had been required to provide materials or labour, but now, for the first time, they were to contribute money. Hunter realized the novelty of the situation, so besides stressing the need for gaols, he went to great trouble to explain why it was to be financed in such a way. He gave three reasons - (i) the first was based on the current English practice by which the country paid for gaols but here there was no equivalent of the county, so the nearest equivalent were the local inhabitants.³² (ii) The second reason was based on the principle that each individual should pay for the protection, both to this own person and property, which he enjoys under the State -

I have now only to observe that I conceive every person possessing landed property in the colony, either by lease or grant, as well as all such persons as may be engaged in any mercantile concern, of whatever nature it may be, will consider the safety and security of their property, on which will very much depend their domestic comfort, as very precarious without the building I have mentioned and that of the most secure kind. It is but fair, therefore, that the expense of the building be defrayed by them.

(iii) The final reason was primarily put forward to answer the objection that previously all public buildings necessary, had been erected by the Crown, and this practice should continue. It is closely allied with the second reason stated above, for it relates to the growth of private property within the colony - "in the early days of this settlement there

was scarcely any property but what belonged to the Crown, and the private property in this settlement is now very considerable". The growth of private property, and Hunter's desire to curtail expenditure, and so find favour with Whitehall, combined in the evolution of a system of public revenue in New South Wales, for having given his reasons, Hunter suggested to the inhabitants that "it will be proper you should consult upon the best means of making the assessment". Hunter decided that a "tax" was necessary but left the form that the tax was to take to be decided by the inhabitants.

Hunter's proposal found agreement among the principal inhabitants, and a committee of officers was formed, to plan for the completion of the gaol. In November 1799, Collins reports -

the building of the public gaol at Sydney was not yet completed: nor, although a meeting of the officers had been lately held to consider the means, was any mode devised of defraying the still heavy expense thereof. It had been suggested to raise a fund on the importation of merchandise; but nothing conclusive was yet determined upon.

Subsequent to this the Committee decided to "levy and assessment on lands and servants" ³³ to finance the completion, but this again proved unsuccessful, for in January 1800 -

the public gaol at Sydney was still wanting much of its completion, from the insufficiency of the sums which had been raised to carry it on; and it appearing that most of the officers had already paid to the amount of forty pounds each as an individual share of the expense, it became indispensably requisite that some means should be immediately adopted to finish the building; and, as the price of wheat had, at the

³³ The officers were the only ones able to pay their "taxes".

urgent and repeated solicitation of the settlers, been for this season continued at 10s. per bushel, it was proposed to raise a sum for this purpose, by each person leaving in the hands of the Commissary sixpence for each bushel of wheat they should put into the store. This contribution would be the least felt and was to cease so soon as a sufficient for the purpose was collected. (But again this move proved to be of no use), the settlers of several of the districts declining to come forward to assist with the small assessment of sixpence per bushel on their wheat, which had been proposed toward the completion of the public gaol, it became necessary to adopt some other expedient; and as an article of luxury was considered a fitter subject than any other for taxation, an order was published, directing that an applicant for a permit to land spirits, wine, beer or other strong drink, was to make his first application to the gentlemen of the committee appointed to carry on the above building...if the permit was granted, which depended on the character of the person applying, (the fees) were to be paid into the hands of the committee, and appropriated to the above purpose.³⁴

By the end of 1800, the gaol was completed at a cost of £3,954, "the greatest part of which had been paid by assessments upon individuals".

This assessment provided the basis for the future public revenue system of New South Wales, adopted as it was, as a last resort, to meet specific needs, it continued as the major source of revenue for some years. Though Hunter had desired and suggested a system of duties to control the import of liquor, just as had Phillip before him,³⁵ it was a committee of officers who instituted the assessment system after all other methods of raising the requisite finance had proved impracticable. Subsequently, with modification, this tax on imported spirits was to be used as a weapon against the importation of spirits,

³⁴Gaol Committee to Hunter 1st February 1800 H.R.N.S.W. Vol. 4. p.42.

³⁵Phillip to Nepean 18th November 1791 H.R.A. Vol. 1 p. 509

but initially, no such social motive was entailed. To Hunter the entire system was a temporary measure, till such times as Whitehall sanctioned the establishment of a regular system of duties, but which "in the meantime may raise a sum for those public purposes, and which will never be felt by the consumer".³⁶ He may have been wrong in the latter statement, for obviously the officers were in a position to pass on any increase in price occasioned by the assessment, but he was correct in stating that it would raise some money in the meantime, though this meantime extended longer than he would have imagined, for this assessment was to remain the form of a regular public revenue in the colony for some many more years.

³⁶Hunter to Portland 2nd February 1800 H.R.N.S.W. Vol. 4. p. 35.

CHAPTER 5

1800-1806 GOVERNOR KING'S ADMINISTRATION

Lacking the drama of Bligh's rule, the grandeur of Macquarie's administration, or the novelty of Phillip's, the period of King's administration has been passed over by most historians and has not received the attention which it deserves. Though much has been written of the more spectacular Governors and those where perhaps a greater wealth of documentary and biographical material exists, Governor King has been relegated to the sweeping statements of generalized text-books. This inattention is unfortunate, for the years of King's administration were critical years in the economic development of the colony, and saw many momentous changes.

It was during this period that the raising of fine-wool sheep was formulated as the staple industry of New South Wales; that the settlement was extended southwards to Van Diemen's Land, and northwards to Newcastle; that the growth of a private market economy threatened the predominantly penal character of New South Wales; that the beginnings of free immigration, and the growth of a free population are evident; and that there emerges indications of a new attitude by the English government towards the ultimate purpose of the colony, and hence towards its administration. In all, the settlement of New South Wales began to assume a character more like that of the typical mercantilist colony. The changes occurring were, however, in spite of,

rather than because of, the decisions of King, as administrator of the colony.

The developments which occurred were mostly contrary to King's policy, though many of them subsequently gained the favour and support of the English authorities. Whereas Hunter had, during his rule, had a long-term view of the colony and its possibilities,¹ and directed his administration towards the attainment of this ideal, King possessed no such long-term view, and only sought to meticulously fulfil his "Instructions", supposedly issued by Whitehall, but mainly manufactured by himself, as the need arose. His measures were reactionary, and he sought only to gain favour with the English authorities, by lessening the expenses of the colony in reverting to the original organization of the colony, as under Phillip. It was natural that this programme should clash with the progressive profit-seekers of the officer-class.

Sir Joseph Banks commented on the changes in King's administration, in an analogic description written in 1806.

The colony of Sydney at its first establishment may not inaptly be compared to a newborn infant hanging at its mother's breast. It derived the whole nourishment from the victuals of its parent, and the exhaustion it occasioned was not unfelt. In this state it was tolerated only because no other expedient could be devised for disposing of those malefactors whom the policy of this country found it necessary to expel from society, and whom the American States, from an ill-considered peevishness of disposition,

¹Hunter to Lord Pelham 29th December 1801 - H.R.N.S.W. Vol. 4 p.462. "When it is considered in the political point of view, I am of the opinion (the colony) will appear of more importance than it has hitherto been seen, and will be thought to merit a better fate than that of becoming merely a public foreign gaol for the reception and correction of prisoners and criminals of the very worst description".

refused at that time to receive, as they had formerly done ...Its present state may be compared to that of a young lad beginning to attain some learning, but, between the intervals of his schooling, gaining by his industry part of his necessary maintenance, and certain of soon becoming a blessing, instead of a burden, to his family, if a little attention only is given to the direction of his talents and the advancement of his wordly interest.²

In this view New South Wales was no longer a penal settlement, wholly dependent on England, but was to become an advantage to the mercantile British. If it was to become a real boon, a sound long-term policy on the part of Whitehall and of the Governor was required, but Whitehall, was immersed in more pressing European affairs, and was still content to pay only fleeting regard to the future welfare of its antipodean colony, while King was wholly concerned in obeying his "economy" instructions. Development was then not sought nor guided by the government, but rather in many ways, happened in spite of them, and in spite of their appointed representative - Governor King.

It was during King's governorship, that New South Wales became recognised as a possible source of raw material for the English textile industry, and that English authorities decided to encourage the development of the wool industry. Macarthur's persistence, both in the breeding of sheep, and in publicising in England, the advantages and possibilities of the New South Wales wool industry, won the attention and patronage of Lord Camden, and so advanced the development of the Sheep raising industry. While King had not hindered such a development, he originally saw sheep-raising only as a source of raw

² H.R.N.S.W. Vol. 6. p. 86.

material for the manufacture of convict clothing, and hence as a means of reducing expenses. Such an opinion is expressed in his despatch to Lord Hobart (18th August, 1804) -

Instead of forming the decided opinion of the immense sum to be saved by Great Britain by exporting wool from hence ...it might have had a greater air of local patriotism and public spirit if it had been considered in the first instance how soon the wool could have been applied to clothing the convicts.

Furthermore he doubted the practicability of Macarthur's scheme and foredoomed it to failure, particularly since "the great cupidity of the individual possessors" of sheep in selling them for meat at high prices, would prevent the quantity of wool increasing to such a level as would meet English demand. Sir Joseph Banks initially shared King's pessimism and considered Macarthur to be "too sanguine in his wishes". He saw the "tall, coarse, seedy" grass, the unsuitable climate and the added price imposed by freight as factors militating against success in the wool industry.

In spite of these gloomy prophesies, Macarthur ultimately won the support of the English textile manufacturers, swung the opinions of influential men, including even Sir Joseph Banks, in his favour; and succeeded in gaining the patronage of Lord Camden. So when Macarthur presented King with a letter of recommendation, stating that "His Majesty's Government takes a peculiar interest in forwarding the development of the New South Wales wool industry" and so grants Macarthur five thousand acres at Compastures and the use of two hundred

convicts, King had no option but to obey these instructions, and hence to assist the development of the wool-growing industry. In an age of patronage, it was only natural that King should decide that "such a communication (Camden's letter) was not to be disregarded by me, whether right or wrong",³ and having then been forced to initiate aid for the development of the wool industry, King decided that wool-raising was to be left to private enterprise, "experience having convinced (him) of the fallacy of appropriating public labour and expense in works of that nature". So though King did not favour, nor voluntarily initiate aid, for the development of the wool industry, he did decide that its development was to be along purely private enterprise lines. Prompted by political considerations (most of England's supplies of wool being then mostly drawn "from a country influenced if not dependent on France"), and harassed by Macarthur's persistence, the English authorities granted their patronage to the development of wool, but this took place, just as most other developments during his administration without any recommendation from King.

One other development of the period was that New South Wales began to be viewed as an independent colony in regards to food provisions. Hunter had been instructed to focus his attention on expanding the "animal industries" of the colony, so that they might, with the already developed grain production, remove the need of the supplies exported from England. In this regard he had some measure of

³ King to Hobart 21st July 1805 H.R.N.S.W. Vol. 5. p.672.

success, and the colony, having previously achieved total independence in regard to meat supplies. Yet it still depended on England for certain supplies, as shown by Hobart's despatch of the 29th August, 1802, in which he writes -

I hope that no considerable period will elapse before the resources to be derived from New South Wales will be found adequate to the consumption of all essential articles of provisions, and that a material diminution will consequently take place in the burden at present borne by this country.

Six months later Lord Hobart advised King, that -

Until I receive an answer to my despatches...no additional supplies of provisions of any kind will be sent from hence for the use of the colony as I have every reason to conclude that, unless you should experience a repetition of calamities or some other unforeseen events should occur, against which human foresight cannot provide, your internal resources, with the supplies you may be enabled to draw from Otaheite and the Islands, will render it unnecessary to send any more from hence before the year 1805, and by that period, your stock of cattle, of sheep, and of swine must be so very much increased, that I shall hope little or no provision will be required to be exported from this country for the settlements already established, after the close of that year.⁴

This decision was repeated in a despatch of the 30th November, 1805.

Self-sufficiency represented the essential ideal in the original design for the colony, and now self-sufficiency was being attained, but self-sufficiency based on private enterprise, not public enterprise as had been planned. This necessitated a new attitude by Whitehall, to the operation of private enterprise in the settlement.

⁴Hobart to King 24th February 1803 H.R.A. Vol. 4. p. 16.

Throughout Hunter's governorship, he had sought to convince the English authorities of the necessity and advantages of private farming, but they, in their desire for economy, had insisted on the reinstatement of public agriculture, for they objected to the use of convicts maintained at the government's expense, for private cultivation. At first, King followed Whitehall's instructions, endeavoured to reinstate and expand public agriculture even though he realised that the government provided the only market for grain within the colony. With the evolution of a new form of convict assignment, whereby private farmers were to maintain their convict labourers, and with Whitehall's growing realisation that the purchase of supplies was essential for the colony, the English authorities adopted a new attitude towards private cultivation within the colony, as shown in a despatch sent in 1803 by Hobart -

I observe that the quantity of land cultivated for government has been of late considerably increased. It will certainly be right that there should always be a sufficient proportion in the hands of Government to ensure the employment of the convicts whose labour may remain at your disposal; but I am inclined to think it would not be advisable to augment it to any considerable extent beyond that proportion.⁵

The changing conditions and changing policy for the colony provide not only the background, but the cause of the changes in the volume and the nature of governmental expenditure incurred within the colony, and it is to these changes ~~it is~~^{it is} ~~to~~^{ed} wish^{ed} to refer.

⁵ Hobart to King 24th February 1803 H.R.A. Vol. 4. p. 16.

PUBLIC EXPENDITURE 1800 - 1806

During King's administration there were four methods by which provisions were obtained, or governmental purchases made viz.

- (i) Purchase by Treasury Bill
- (ii) Purchase by "Barter" (i.e. the trading of produce for governmentally imported supplies).
- (iii) Purchase by Coin, Foreign Bill etc.
- (iv) Provisions produced by Public Labour.

Firstly, each of these methods is viewed separately, and then the aggregate situation is examined.

(A) Expenditure by Treasury Bills For King's governorship, there is an abundance of relevant documentary material, but most of it is in some measure conflicting. If, however, the Treasury Bills Accounts published long after King's retirement, are omitted, then there is a great deal of agreement to be found. In fact, the only years where complete agreement is not found in such accounts are 1803, 1804 and 1806, but these differences can be readily resolved.

Set out below are the two complete accounts of the amount of Bills.

TABLE IX

TREASURY BILLS DRAWN 1800 - 1806

	A			B		
1800	£ 7,677	9	10 $\frac{1}{2}$	£ 6,167	3	4 $\frac{1}{2}$
1801	8,721	17	0 $\frac{1}{2}$	10,232	3	6 $\frac{1}{2}$

1802	£14,105	13	11 $\frac{1}{2}$	£14,105	13	11 $\frac{1}{2}$
1803	16,926	11	9	17,477	0	9 $\frac{1}{2}$
1804	14,919	4	4 $\frac{1}{2}$	10,504	9	0 $\frac{3}{4}$
1805	20,874	10	6 $\frac{1}{4}$	20,874	10	6 $\frac{1}{4}$
1806	6,274	9	5 $\frac{1}{2}$	6,137	14	11 $\frac{1}{2}$
	<u>£89,472</u>	<u>16</u>	<u>11$\frac{1}{2}$</u>	<u>£85,498</u>	<u>16</u>	<u>21$\frac{1}{4}$</u>

(The figures in column A are compiled from those given by King in his despatch to Castlereagh (11th December 1807), while those of column B are based on the list of Bills drawn, found in King's Letter Book).

Generally the discrepancies which exist between the two accounts are of a minor nature, with the possible exception of 1804. Such differences are due to:-

(i) items listed in different years in different e.g. the 1800 and 1801 accounts have identical totals, but items listed for 1800 in A appear for 1801 in B.

(ii) inclusion of items in B which King subsequently considered as not due to his policy, and so omitted from his "apologia".

If the 1807 estimates are compared with accounts subsequently compiled, e.g. those of the 1812 Select Committee, and the Bigge Inquiry, vast divergences appear.

TABLE X

A COMPARISON OF TREASURY BILL EXPENDITURE (1801 -
1806) AS GIVEN IN VARIOUS ACCOUNTS

	"1807 Estimates"			"1812 S.C."	"Bigge Inquiry"
	£	s	d	£	£
1801	8,721	17	0 $\frac{1}{2}$	17,267	17,267
1802	14,105	13	11 $\frac{1}{2}$	18,239	17,837
1803	16,926	1	9	43,313	21,465
1804	14,919	4	4 $\frac{1}{2}$	19,607	19,298
1805	20,874	10	6 $\frac{1}{2}$	32,383	32,351
1806	6,274	9	5 $\frac{1}{2}$ ^a	14,290	13,972

a. For period 1st January - 12th August 1806.

When it is considered that the two latter accounts make no pretence of representing solely expenditure within the colony, such claims as that advanced by Professor S. J. Butlin ⁷ that figures, such as in the 1807 estimates, are "too low", have no basis: The 1812 Select Committee accounts, and the Bigge Report accounts, include Bills drawn in England, for their primary concern was with aggregate expense, and not just with expense arising within the colony, which of course, is the concern of this work. There therefore appears to be sufficient basis for taking the accounts compiled by King as representing the expenses originating with New South Wales during his period of administration

⁷ Vide S. J. Butlin: op. cit. p.51.

TABLE XII

EXPENDITURE IN TREASURY BILLS SHOWING THE VARIOUS OBJECTS
1800 - 1806 (£)

	1800 ^a	1801	1802	1803	1804	1805	1806 ^b	Total
Grain	1,510	5,688	4,324	5,288	3,288	2,292	87	22,502
Cattle	1,961		987	7,068		15,350		25,365
Pork		109	160	100	143	1,943	44	2,499
Salt Meat	2,066	429	7,101			129		9,725
Spirits	204	61	47	308	251	476	814	2,161
Sugar		987	707	543		121	1,781	4,139
Livestock		217	158	428	2,271			3,074
Salt			188		96			284
Stores	150	1,033	162		262	16	157	1,780
Salaries			110	925	647	158	498	2,339
Tobacco	182	139						321
Wine	65	57			140			262
Bread					209			209
Flour					35	96		131
Freight					4,956			4,956
Calcutta Stores					2,450			2,450
Rent of Cornwallis Farm						295		295
Orphans	1,539							1,539
Oil			161					161
Crew of Norfolk				216				216
Dollars				2,025				2,025
"Extremia"							2,194	2,194
Potatoes							56	56
Kangaroo's Flesh							370	370
Investigator					172			172
Meal							347	347
TOTAL	7,677	8,722	14,106	16,927	14,919	20,874	6,274	89,472

a. For the period of 28th August to the 31st December 1800

b. For the period of 1st January to the 12th August, 1806

The expenditure could be classified as (a) "Capital expenditure representing expenditure on such durable consumer and producer goods, as livestock, cattle, housing, and shipping. (b) expenditure on "current" consumption items e.g. grain, salt, meat, pork, flour, etc.; and (c) expenditure for services rendered, i.e. arrears of Salaries, Freight and Rent, and would then appear as follows:-

TABLE XIII

TREASURY BILL EXPENDITURE 1800 - 1806
ACCORDING TO ITS PURPOSE

	a. "Capital"	b. "Current Consumption"	c. Services
1800	£ 3,500	£ 4,177	
1801	217	8,505	
1802	1,145	12,850 ^a	£ 110
1803	7,496	8,289 ^b	1,141
1804	2,271	7,045 ^d	5,603
1805	15,350 ^c	5,072	452
1806	2,194	3,556	497

a. includes £7,077 for Salt Meat Supplies sufficient for a considerable period.

b. includes £2,025 for purchase of Dollars.

c. represents sum spent in Calcutta for cattle for Port Dalrymple.

d. includes £2,450 for stores obtained in Calcutta, including some livestock.

(B) Purchases by Barter During King's administration, the procuring of food supplies, for governmental purposes, by the trading of grain, became the main means for obtaining such provisions. By using accounts appearing in King's Letter Book and his official despatches, it is possible to compile accounts of (a) the volume of such "bartering" transactions; and (b) the utilisation of the "Supplies" received into New South Wales.

(a) Volume of Barter Transactions.

TABLE XIV

PROVISIONS OBTAINED BY ANNUAL & EXTRA SUPPLIES * BARTERED
1800 - 1806

To Dec. 1801	£ 2,960
1802	3,874
1803	2,692
1804	7,568
1805	7,277
To Aug. 1806	<u>4,513</u>
TOTAL	<u>£28,894</u>

(* Annual Supplies were supplies of trade goods annually shipped from England, while Extra Supplies were those purchased by the Governor as the need arose).

TABLE XV

ANNUAL SUPPLIES RECEIVED AND THEIR UTILISATION 1800 - 1806

Received				Utilisation			
To Dec. 1801	£ 4,112	11	5 $\frac{1}{2}$	Bartered for			
				Grain and Pork	£11,469	14	8 $\frac{3}{4}$
" 1802	4,668	11	10	Debts due	4,486	1	3
" 1803	2,766	19	2	Issued to Govern-			
				ment	3,214	14	11 $\frac{3}{4}$
" 1804	1,407	5	5	Condemned, damaged	424	18	5 $\frac{3}{4}$
Aug. 1806	3,291	0	9 $\frac{1}{2}$	Remains in Store	1,995	0	0
Total	£16,299	13	8				
Profit obtained	5,290	15	9 $\frac{1}{4}$				
	£21,950	9	5 $\frac{1}{4}$		£21,950	9	5 $\frac{1}{4}$

Beyond their monopoly forestalling function, the Supplies provided the Government with a most advantageous means of obtaining their victualling requirements at a handsome rate of profit (32%). Besides the £11,470 worth of provisions obtained by bartering "Annual Supplies", provisions to the value of £17,425 were obtained from transactions involving "Extra Supplies".

In all, transactions involving Extra and Annual Supplies totalled £39,509 (as shown below), for outstanding debts incurred by such transactions, which would have to be settled at subsequent harvests, remained at the end of King's administration.

TABLE XVI

ANNUAL AND EXTRA SUPPLIES TRANSACTIONS 1800 - 1806

	Bartered for Grain and Pork			Debts Due			Total		
Annual S's.	£11,469	14	8 $\frac{3}{4}$	£ 4,486	1	3	£15,955	15	11 $\frac{3}{4}$
Extra S's.	17,424	13	1 $\frac{3}{4}$	6,129	0	10 $\frac{3}{4}$	23,553	13	11 $\frac{3}{4}$
TOTAL	£28,894	7	10 $\frac{1}{8}$	£10,615	2	1	£39,509	9	11 $\frac{1}{8}$

(C) Purchases by Coin etc. Besides the bartering of Supplies and purchases by Treasury Bill, other purchases, perhaps trivial in amount, were made with coin, dollars, and Bills received from Commodore Baudin, the Commander of a visiting French expedition. It is not possible to compile a complete account of these transactions, because of their spasmodic nature, but some indication of their extent can be attempted.

There are no records of governmental transactions in coin previous to 1802, though such transactions did occur, but from 1802 on, records of purchases using copper coin, obtained from sales of Supplies, or else, Spanish Dollars purchased from the master of the "Dart" during his visit in 1802. Coin, especially dollars, was also used for such governmental transactions as the payment of minor officials' salaries.

Again by reference to King's Letter-Book an account of the provision purchases, at least, may be compiled.

TABLE XVII

PURCHASES MADE BY COPPER COIN AND SPANISH DOLLARS 1802 - 1806

To Dec. 1802	£ 517.	4.	0.
1803	522.	4.	0.
1804	1,095.	11.	9.
1805	34.	11.	2.
To Aug. 1806	459.	7.	2 $\frac{3}{4}$.
	<hr/>		
TOTAL	£2,628.	18.	1 $\frac{3}{4}$.

(D) Provisions obtained by Public Agriculture According to Governor King, during the period of his administration, there was £8,500 worth of wheat; £9,000 worth of maize; and £6,160 worth of "fresh beef", raised for the government by convict labour. This would represent only 29% of the total value of the provisions obtained within the colony, so illustrating the decline in the relative importance of public agriculture during King's period.

This decline was most marked, subsequent to the first two years of King's governorship. King vigorously prosecuted plans to reinstate and expand public agriculture, as ordered by Whitehall¹, during 1800 - 1801, but subsequently, the English authorities altered policy and King's compliance relegated public agriculture to a humble role of employing otherwise unemployed convicts. This change of policy on Whitehall's part, was based on (a) a realization that a continuance of large-scale public farming would destroy the government market for grain - the only market within the economy - and thus destroy private farming so condemning New South Wales to a perpetual career as a gaol;

and (b) a new method of assignment of convict labour whereby the farmer was to feed and clothe his labourers, thus obviating this expense to the government.

While the acreage devoted to grain production increased from 7,595 acres in 1800 to 12,311 acres in 1804, the acreage devoted to public agriculture declined to a mere 640 acres in 1804. By 1804 private farming had expanded to such an extent, that King in his despatches to the Home Secretary, began to stress the need for an export industry, for the growing colony e.g. in his despatches of 20th December 1804, he wrote - "now that the colony supplies itself with grain, and the rearing of stock continues so successful, the inhabitants ought and must of necessity, turn a part of their attention to some other objects". In July 1805, King decided, in view of the advancements in private farming, to cease all public farming. This marked a departure from the original plans for the colony.

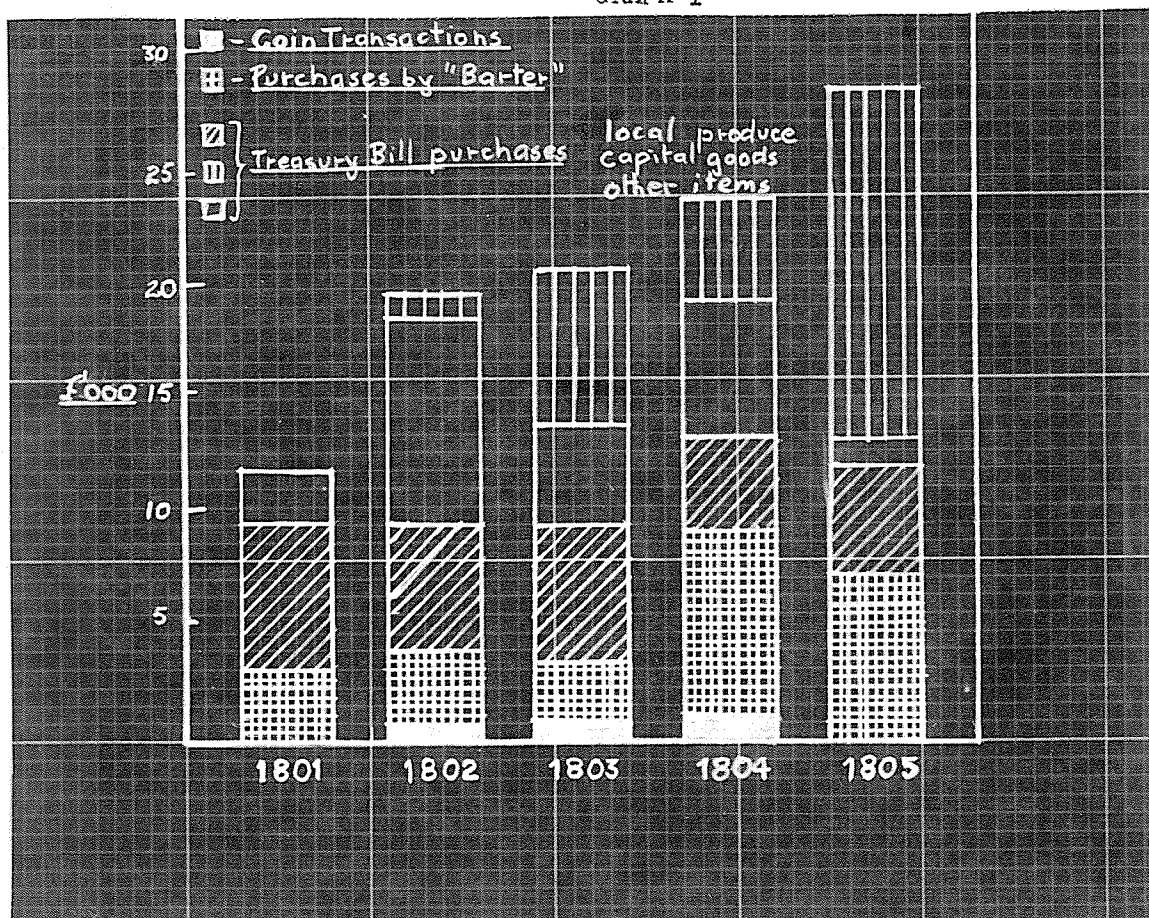
Total Public Expenditure within New South Wales 1800 - 1806

The constituent means used for obtaining governmental supplies having been examined, it remains to examine them in aggregate.

The growth of government expenditure and its composition is shown in Graph 1. Three features may be seen from this - (a) the overall growth in expenditure and especially the growth in Treasury Bill expenditure from £8,722 in 1801 to £20,874 in 1806; (b) the constancy of expenditure on locally produced consumer goods; and (c)

the declining volume of Treasury Bills being given for locally produced items.

GRAPH 1



GOVERNMENTAL PURCHASES 1801 - 1805*
SHOWN ACCORDING TO MEANS UTILISED

(*The period is restricted to 1801 - 1805 as this represents the period of complete years under King).

Between 1801 and 1805, there was a 240% increase in Public Expenditure, and Treasury Bill expenditure increased at the same rate.

However, statistics available indicate only an increase in population of approximately 125% for the same period, thus indicating a large increase in per capita expenditure.

Superficially, it appears that this increase in expenditure occurred in spite of King's fervor in seeking to curtail expenditure. Among his first administrative orders were some designed to reduce governmental expenditure by (a) reducing and stabilizing the price at which provisions would be purchased by the government, and their volume of purchases; and by (b) cutting down on the number victualled by the government store. Both sets of reforms earned for King much criticism and unpopularity in the colony.

In October 1800, King reduced the price at which grain and pork would be purchased by the Commissariat, and fixed these prices, as he was determined "that neither scarcity or plenty should influence the prices". The Treasury, however, decided that the cheapest possible means of effecting purchases within the colony would be by means of tenders, and instructed King accordingly in a despatch received in February, 1801. This measure, due to the "monopoly situation" in the colony, was not implemented till December 1803, and even then with qualifications designed to protect the small-grower. The system proved ineffectual, so a "fixed-price" system was reinstated, so abolishing the Treasury's suggested scheme for attaining "economy". King, however, constantly strove for economy in Treasury Bill expenditure, partly by his fixed price system, which owed its success

to the government's monopsonistic position, and partly by restricting the quantities purchased each month to the amount immediately required. Because of the comparatively advanced development of agriculture within the settlement, King succeeded in this regard where the former governors had foundered.

The second reform, designed to assist in attaining "economy" was the removal "from the store" of many, whose 14 year sentence had long since been completed, and those who were no longer employed by the government. According to King's estimate, this reform created a saving of £14,000 in the first year of his administration. While Governor Hunter had constantly complained of the numbers illegally victualled by "the store", he made only ineffectual attempts to remedy these malpractices, but King acted immediately on assuming control, and his curt methods earned for him the displeasure of many colonial inhabitants. His actions in this matter were bitterly attacked by the anonymous writer of a series of lampoons, displayed around Sydney in 1803. One verse read:-

But damn me, while powerful, I'll do what I can,
According to what I proposed as a plan
To make all subservient, humble and poor,
Take women and children all from the store.

There is, however, some doubt as to the veracity of King's claims regarding the economy effected by the dismissing of many from the store⁸. The ferocity of the opposition it engendered, would seem to indicate a more marked success, and greater significance of King's

⁸ Vide Introduction to H.R.A. Vol. 5.

measure than perhaps Dr. Watson's criticism would have us believe. Undoubtedly the natural progress of the colony, with a growing emancipist class; a growing demand by private employers for convict labour; and a growing free immigration, contributed to the decline in the percentage "on the store", from 53% in late 1800, to 31% in 1806, but King's reforms accelerated this decline, so increasing the savings in government expenditure.

Besides reducing the numbers "on the store" King undertook other reforms, of a more indirect nature, designed to curtail Treasury Bill expenditure. One such, was the establishment of the 'Annual and Extra Supplies' system, by which necessities were imported by the government store, to be exchanged with the settlers for wheat, and other provisions. This scheme was to reduce expenditure in two ways - (a) by curtailing the operations of the officer-monopoly and hence reducing the impoverishment of the settlers and their dependence on "store" rations for existence; and (b) by encouraging a local supply of provisions which could be obtained at a cheaper price than imported supplies. One of the doggerel verses, the origin of which was explained above, summed up this latter aspect, as follows:-

Horned cattle cattle now, many settlers take for grain -
 Save drawing bills, to Government a gain;
 And save the expense of sending flour here
 At eighteen pence a pound - so very dear.

When previously in the colony, as Lieutenant-Governor, King

had suggested the establishment of government "bartering" for provisions, to "destroy the imposing and oppressive monopolies".⁹ He saw these monopolies as causes of the increased government expenditure, and so immediately he relieved Hunter, King sought to destroy these monopolies.

He subsequently described his first actions as follows:-

In September 1800 - the period of my taking command - the American ships John Jay and Diana arrived with an extensive investment for sale. This was the moment to strike at monopoly. I engaged almost the whole of their investments on the faith of Government at 100% on their prime cost, with which they were well satisfied. The articles were distributed among the inhabitants at large, who gladly paid for their respective shares, a convenience they had never so generally before experienced...¹⁰

This action was closely followed by an Order, issued on the 1st October, which forbade anyone to board incoming ships without the Governor's permission. The Government was to have the first option on the purchase of imported stores, and if they did not exercise this option, the cargo was to be valued, and the profit allowed to private dealers was limited to 20% of this determined value.

The government purchases of supplies brought by visiting ships, represented a temporary means of obtaining items required for the barter transactions. By 1802, there was a fully established system whereby regular shipments of supplies were sent by the English authorities, for sale or barter with inhabitants. These were known as

⁹ King to King, 8th March 1789. H.R.A. Vol. 2. p. 507.

¹⁰ King to Hobart, 1st March 1804 H.R.A. Vol. 4. p. 488.

Annual Supplies, and as shall be seen later, the profit obtained from these, was allocated to the Orphan Fund.

A further source of supplies were the cargoes brought by whaling ships, which called at Sydney en route to the southern whaling fields. These were known as "Extra Supplies", and were received into the government store to be sold at a profit of 50% which was the same profit margin as was obtained for Annual Supplies. This profit was remitted to the ship's owners by the Commissary, and served to help defray the expenses of these whaling ventures.

Why was such a scheme countenanced and by the Government? King affirmed that the whalers had a claim to the peculiar support of the English Government, as they were inaugurating an export industry for the colony. Behind this seemingly public-spirited reason, there lurks yet another aspect. Governor King was a personal friend of Enderby, who dominated the southern whaling industry, and King showed this friendship in the help he gave to the whaling interest. He also had a personal financial interest in some of these whalers' cargoes, but this, of course, was not inconsistent with the practice of the day, or with King's character, which does not appear as blameless as some historians would have it. Beyond this personal interest "King's sponsoring of the whale fishery was quite consistent with his public duty, (for) under Mercantilism, commercial privilege and the public good coincided".¹¹ Not only was the government's countenancing of

¹¹ K. M. Dallas: op. cit. p. 10

King's support significant, but also King's talk of the desirability of an export industry reflected the progress the colony had made and the desired development of the colony by free enterprise.

George Bass, in a description of the conditions in the colony in October 1801, stated:-

The import market is glutted with goods beyond all comparison; glutted even on two accounts, a natural glut from the quantity of goods far exceeding the consumption, and glutted also because of the new system of government is built upon a plan of the most rigid economy...it issues very little or no bills.¹²

While the "barter" system was successful in obviating the need to draw Treasury Bills for the purchase of locally-produced supplies (Vide Diagram 1), how successful was it as a measure against the officer-monopoly?

King claimed that he banished the monopoly, but there seems to be no basis for such a claim. In a memorial,¹³ submitted by the small settlers to Lord Castlereagh, just after the "Rum Rebellion", it was stated,

During the time Governor King had the command, the officers were indulged with great quantities of... articles which they sold wholesale and retail, and also kept hawkers and pedlars travelling through the different settlements to dispose of their property, which was almost totally monopolized by those gentlemen.

It was not that the officers were "indulged with...articles", by Governor King, but rather that (a) those who officially administered

¹²Bass to Waterhouse, 4th October 1801 H.R.B.S.W. Vol. 4. p.587

¹³Vide (a) Surgeon Lutterell to U. Sec. Sullivan 8th October 1807 H.R.N.S.W. Vol. 6. p.296. (b) Settlers to Castlereagh 22nd February, 1809. H.R.N.S.W. Vol. 7. p.46.

the Commissariat purchases were of the officer group; and (b) this group had the means and power to monopolize the grain market, in spite of King's Orders, and so were able to obtain government Supplies.

On the other hand, the institution of government bartering, led to a transference of debt from the officer class, to the government. While the "barter" system could not wipe out previously incurred debts due to the officer class it did permit an extension of credit to those already in debt, which led to an increase in indebtedness to the government. This, coupled in many cases, with a sheer unwillingness to pay government debts, led to a large increase in such indebtedness, and King had constantly to threaten legal action, and even resorted on occasion to confiscating settlers' crops or part thereof. The character of the small-settler class, with their intemperance, extravagance, and lack of industry, led to this great amount of debt, both to the government and to the officer-class. It also provided a vast problem to the governor, for, to punish these settlers for debt, merely put them back as an expense to the government, while if they became an officer's debtor again, they would ultimately become a government charge. The solution of this dilemma was for them to remain a debtor to the government as no matter which course of action were adopted, the small settler class with their peculiar character, would remain a burden to the government. If they could remain a productive burden (i.e. with un-foreclosed lands) so much the better.

It has been claimed above, that the increase in expenditure particularly Treasury Bill expenditure, occurred in spite of King's policy for expenditure within the colony. So far, only the measures he adopted to curtail Treasury Bill expenditure have been shown, but these curtailed expenditure on consumption goods, i.e. on food items, which up to this stage had represented the major portion of spending by the various governors. However, while King was successful in curtailing such expenditure, aided, of course, by the "natural progress" of the colony, Treasury Bill expenditure did increase, but in terms of capital goods expenditure, which in this case, meant expenditure on cattle.

Governor Hunter had been ordered to develop a cattle industry in the colony, so that England might be freed of the responsibility of providing meat supplies, and these instructions were repeated in King's original "Instructions". In order to obey these Instructions to develop this industry, King issued Orders forbidding the slaughter of cattle, and also purchased large numbers of cattle. He was most concerned that the cattle population should increase, not only to hasten the independence from English supplies, but also to increase the efficiency of colonial agriculture, for the primitive methods, originally devised to meet the peculiar conditions of the colony, were not capable of efficiently producing the food requirements of the growing colony, and he realised that an increase of draught cattle would assist the development of efficient farming. Governor

King therefore sought to increase the number of cattle in the colony by purchasing cattle from outside sources, and also from any officers who were returning to England. These measures proved so effective, that, before long, he could afford to exchange some of the increased Government stock for grain, grown by settlers.

In all the purchase of cattle during King's governorship amount to £25,366, though most of this sum (£15,350) was spent on the cattle purchased to stock the infant settlement at Port Dalrymple in 1805.

It was not, therefore, simply an increase in expenditure which occurred during King's administration, but a change in the nature of the expenditure, which was significant. Private agriculture was now recognised not only as inevitable by the Governors, but as desirable, by Whitehall, so that the demand on the Governors now was to curtail Treasury Bill expenditure, both by (i) allotting convict labour to private farmers and seeing that such labour was maintained by the employers and not by the government; and (ii) by utilising other more politically expedient and more economical means of effecting governmental purchases of provisions. While then, public agriculture as a means of maintaining the colony, had fallen into disfavour with the English authorities, the ideal of self-sufficiency was retained, but now self-sufficiency based on private enterprise. It was this ideal that impelled Whitehall into ordering the cattle industry to be built up in the colony, which, of course, occasioned much of the increased expenditure within the colony.

It was during King's administration that New South Wales began to lose its purely penal aspect, partly because of the proof which Macarthur had advanced to the English government, that the colony could be a source of raw material-wool, but moreso, because the developments which had occurred created a situation in which public enterprise of the type originally instituted by Phillip, was incompatible with further progress in the colony. While their demand that the colony should not cost much persisted, Whitehall now saw that the colony had greater possibilities than originally envisaged. Unfortunately both their demand and their vision varied with European political conditions so that peace afforded breadth of vision and lightness of demand, while war and its consequences narrowed vision and heightened the demand.

There were two other aspects of King's administration which reflected the developing nature of the colony - - (a) the public works undertaken, and (b) the system of colonial public finance developed by King.

Public Works 1800 - 1806 Perhaps the main feature of the public works of the period was the non-essential nature of some of the buildings erected, for churches, schools and a brewery were not essential for the operation of a gaol, but were desirable if New South Wales were to be a colony in the accepted sense. The works completed during the period are shown in Table XVIII.

TABLE XVIII

PUBLIC BUILDINGS CONSTRUCTED IN NEW SOUTH WALES 1800 - 1806

	£	s	d
Granary at the Hawkesbury	600	0	0
Church and School at the Hawkesbury	400	0	0
Brewery at Parramatta	1,000	0	0
Fort Phillip (as far as completed)	1,909	8	0
Salt Works at Sydney	500	0	0
Church at Sydney (as far as completed)	500	0	0
Guard House at Sydney	600	0	0
Other works	1,600	0	0
	<u>6,509</u>	<u>8</u>	<u>0</u>

It may be seen that the volume of public works for the period was not great, especially in comparison to the numbers employed, for the amounts that appear represent materials used, or paid services of free labour and do not include the value of convict labour

COLONIAL PUBLIC FINANCE

(a) The Gaol Fund As had been previously explained this Fund was established to pay for the construction and subsequent re-erection of a "County" gaol in Sydney. Though started for this specific project, it is doubtful whether Hunter intended it simply for the purpose of this construction. He had ruled that the expense of the Gaol was to be

borne by the local inhabitants, since such an expense was borne by the County in England, implying that all such expenses as were borne by the County in England were to be borne by the free inhabitants of New South Wales. The only other expense of this nature in the colony was that of road and bridge construction, and since this was met during Hunter's administration, by a levy of labour, there was no need for a monetary fund for this purpose. The Gaol Fund was established to meet a particular exigency, and a monetary tax was imposed only when the peculiar conditions necessitated it, for originally it had been hoped to build the Gaol by a levy of building materials and labour. This was to be the pattern, but levied labour is notoriously ineffective, and besides it proved troublesome to the settlers who had to leave their farms to undertake their tasks. King did away with levied labour for such public works, so the Gaol Fund was continued, and its functions expanded.

Under King, the taxes raised to support the Gaol Fund, and also the Orphan Fund, were designed and used as instruments of economic and social control, for the main emphasis was on their imposition rather than their expenditure.¹⁴ Whereas Hunter had determined what was required and then raised the necessary finance by taxation, King obtained money and then decided how to spend it. This policy is reflected in his despatch of 1st March, 1802 to Lord Portland,¹⁵ when he

¹⁴ King to Portland August 1801, H.R.A. Vol. 3. p.123

¹⁵ King to Portland 1st March 1802, H.R.A. Vol. 3. p.406.

writes - "As the whole of the debt due on the erection of the spacious and strong County Jail at Sydney is paid, the Committee are now erecting a bridge and jail at Parramatta¹⁶ from the Gaol Fund". So it was, that as each project was completed, the sums obtained from the assessments on spirits imported were applied to some new construction.

In the Sydney Gazette of the 5th June, 1803, it was announced that the Gaol Fund Committee had decided to replace the old wooden bridge connecting the "two sides of the Cove in Sydney" with a stone structure, which would "facilitate communication", and would also incorporate a dam for a water mill and for a supply of fresh water for ships visiting the Cove.¹⁷ The bridge was created at a cost of "2307 stg. paid in copper coin and stores, not including the value of the convict labour employed,"¹⁸ while the public also aided in the construction e.g. a waggon taking a load from one side of the Cove to the other was expected to bring a load of filling on its return journey.

When the major project of the stone bridge was completed, the funds of the Gaol Committee were applied to other necessary public works; besides the payment of certain salaries, of gratuities to soldiers, for the detection of malefactors.¹⁹ However, most of the

¹⁶The cost of erecting the Parramatta Gaol and Houses of Industry was £1,500.

¹⁷King to Hobart 7th August 1803, H.R.A. Vol. 4., p.311.

¹⁸Vide "Note 116" H.R.A. Vol. 4. p. 680

¹⁹"The Treasurer of the Gaol Fund is directed to make a present to John Martin, Private in the N.S.W. Corps..as an acknowledgement of the merit due to an honest man in detecting and bringing forward a robbery on the Public Stores". H.R.A. Vol. 4. p. 68

expenditure was for public works, particularly those concerned with the construction and maintenance of the roads of the colony.²⁰

The story of the Gaol Fund is best shown in its accounts from when King took over in August 1801, till the end of his governorship. These records show the amount received from the tax on the import of spirits, etc., and the disbursement of these amounts, among various public works, etc.

TABLE XIX

1. THE GAOL FUND AUGUST 1801 - DECEMBER 31ST, 1804

	£	s	d		£	s	d
Assessments on Spirits Allowed to be landed.. 1 Aug.1801-31 Dec.1802				Paid by Order approved by the Gaol Committee viz-			
	886	10	11	Salaries to Gaoler and Clerk, and for			
1 Jan.1803-31 Dec. 1803	652	0	0	building a Gaol,			
1 Jan.1804-31 Dec. 1804	381	1	0	Houses of Industry and Offices there- to attached at			
	<hr/>			Parramatta..1st			
Total received as above	1923	11	11	Aug., 1801 to 31st Dec., 1802.	771	0	2
Remains in Store unexpended	198	0	0 ^a				
	<hr/>						
	2121	11	11				
	<hr/>						

²⁰ Assistant Surgeon Thomas to Under-Secretary Cooke 28th June, 1804, H.R.A. Vol. 5. p. 390. "These principal roads through the Colony are excellent and kept in good repair, and bridges (wooden) built when necessary from an impost of one shilling per gallon on spirits and sixpence per gallon on wine. This fund also built the County Gaol at Sydney".

By do. as above,
and building a
Stone Bridge at
Sydney, Gratuities
to Soldiers and
others for public
services, and
Glass for Farra-
matta Church
1st Jan.-31st
Dec. 1803

£ 748 9 11 $\frac{1}{2}$

Do. as above
1st Jan.-31st
Dec. 1804

475 5 11 $\frac{1}{2}$

1,994 16 1

By 15 percent to
Collector

288 9 1 $\frac{1}{2}$

2,283 5 2 $\frac{1}{2}$

2,121 11 11

a. This was the remaining
unspent from the
collection previous
to August, 1801).

By balance due
Collector

161 13 3 $\frac{1}{2}$

2. GAOL FUND 1st JANUARY - 31st DECEMBER, 1805

By assessments on
Spirits landed
from ships by per-
mit (a) 1s.gallon

£1,569 11 3

Disbursements

1,067 19 0

Remains in Treas-
urer's hands

501 12 3

By do. in Store-
keeper's charge
unexpended

253 12 0

Remains unrec'd
for assessments

70 0 0

By balance due

Collector Dec. 1804 161 13 3 $\frac{1}{2}$

Salaries to
Gaoler and
Clerk, articles
for keeping Gaols
in repair

381 9 2 $\frac{1}{2}$

By 704 $\frac{3}{4}$ Gallons of
Spirits on Account
of assessments

289 8 0

15% due to Collector 235 8 6

1,067 19 0

3.

GAOL FUND 1ST JANUARY - 12TH AUGUST, 1806

By balance in hands of Treasurer	£501	12	3½	Salaries to Gaoler and Clerk, Repairs to Gaol.	£122	1	5½
Assessment on Spirits	199	10	6	By 197½ Gallons of Spirits on account of Assessments	108	9	6
	701	2	9½				
Disbursements	260	9	5½	15% due to Collector	29	18	6
	440	13	4½		260	9	5½
Remains in Store- keeper's charge, unexpended articles to the value of	171	14	0	By issue from Gaol Stores of articles for repairing the Public roads, making a Bridge, building a house at Parra- matta, apprehending bushrangers, detection of pri- vate Stills, pur- chase of lime appropriated to Public use	442	6	0

Disbursements from the Gaol Fund were generally paid in the form of provisions, and often spirits, for much of the impost on imported spirits was received in the form of spirits, which were in turn used to obtain other provisions, by trade. The system seems to have been, that the spirits which were received in payment for the assessments, were placed to the credit of the Gaol Fund, in the Commissariat store and (from 1802) the Gaol Committee used them to purchase quantities of provisions such as soap, tea and tobacco, which were in turn used for paying the contractors, etc. for their work. Payment in kind therefore

constituted the main form of expenditure, though payments in copper coin were also made.

While the expenditure of the Gaol Fund was administered by a Committee, appointed by the Governor, the extent of their powers is vague. Though no records remain of the Committee's activities, it would appear that King decided how its monies were to be spent. Undoubtedly, economy to the English authorities, and hence Whitehall's favour, was the guiding motive in King's expansion of this fund, for no directive had been issued that the roads, etc., were not to be constructed with government assistance.

THE ORPHAN SCHOOL FUND

One of the ideals, fondly held by the early proponents of the scheme for a Botany Bay settlement, was that the moral reformation of its criminal population was not only desirable but possible. Subsequent history was to show the impracticability of this ideal, but yet it did remain one of the objects which Governors were instructed to seek. Perhaps King realised the unattainability of this ideal as far as the bulk of the convicts were concerned, but he did seek to improve the tone of the colony. He was most anxious to provide some opportunity for the colony's children to grow up in decency. He was most concerned that schools should be provided for these children and since private agencies were unable to, he decided the Government should make such provision. In an age when governments showed so little or no concern with educational matters, King's provisions for education seem most

progressive, but the peculiar conditions of New South Wales forced an unusual remedy on the government.

In the case of the education of free settlers' children, the following "Government and General Order" shows how such provision was made, -

Whereas a subscription was set on foot in August 1802, by a great part of the settlers and others at Hawkesbury to build a public school at Green Hills, and it having appeared that no subscription was paid, or that any other person was inclined to undertake the charge of erecting a suitable building for that purpose; and whereas the Governor has caused a spacious brick building, which will be completed about October next, to be erected at the Green Hills at the expense of the Crown; and a greater part of the settlers in that quarter having, at the last general muster, signed an instrument engaging themselves and their heirs, etc., for the term of fourteen years, to pay the annual sum of twopence per acre for all lands granted by the Crown and held by them, for the purpose of providing maintenance for such persons as may be appointed to instruct their Children, and for the support of a person authorised by the Governor to perform Divine Service at the Schoolhouse and Chapel now building at the expense of the Crown. The said building and the ground adjoining being leased by the Governor on behalf of the Crown for the term of fourteen years... And a specific legal instrument will be drawn out by the Judge-Advocate previous to the School and Chapel being opened. It will remain for signature from the 1st to the 7th September next, at the Judge-Advocate's office; from the 7th to the 14th at the Court-House, Parramatta, and from the 14th to the 21st at the Magistrates at the Green Hills, Hawkesbury, at which time the plan of education may be seen by those who wish to become subscribers to so beneficial an institution.²¹

The major portion of the junior population of their time, however, consisted of illegitimate children, or as they were more

²¹ Government and General Order - 10th August, 1804 H.R.A.
Vol. 5. pp. 412 - 413.

euphemistically termed - "national" or "natural" children, so that at the end of King's governorship (August 1806), only 807 of the 1822 children in the colony were legitimate, and if King's claims are valid then this proportion was higher when he assumed command. These children were a real problem in the community, for in most cases they had been deserted by their shiftless parents, and left to shift for themselves. Besides the problem of moral danger, these children were a great expense to the government as each drew a full ration, so in these circumstances, King wasted no time in setting up a means of overcoming this problem, by the establishment of a Female Orphan School.

While commandant of Norfolk Island, King had established an Orphan School,²² but nothing of this sort had been established in Sydney. Since over one-third (398 out of 958) of the children in New South Wales, in 1800 were officially classified as "orphans", King was faced with a problem of some size. He invited six citizens to act as a committee of management for his project, and then purchased a house, soon to be vacated by Lieutenant Kent, who was returning to England, which would provide accommodation for one hundred girls. This was the beginning of a philanthropic scheme, which would, it was hoped, soon expand to take care of all "orphan" children in the colony. Private donations would be insufficient to finance such a project, so King, beginning in October 1800, set down a series of levies designed

²² Vide D. Collins: op. cit. Vol. 1. p. 511.

to meet the expenses of the Orphan School. Most of these levies were duties on imports, and included a 5% ad valorem duty "on all items imported from East of the Cape of Good Hope" (directed against American traders). Whitehall also allowed King to allocate to the Orphan Fund, any profits arising from the sale of Supplies, so with two steady sources of income the Orphan Fund grew.

By March 1803, the Committee of the Orphanage could report to King that they had

carefully examined the account current of the last year, and approve of the same. They beg also to state that the children now in the school amount to fifty-four in number; that they appear to have made considerable improvements both in their morals and education, considering the situations from whence they have been taken. The Committee beg further to state to His excellency the considerable addition they are making to Orphan House will be capable to containing an equal number of children to those already admitted, and would also observe that after examining the accounts of the last year, they are happy to find that the receipts of monies exceed the disbursements, and flatter themselves that when the present improvements are completed they will be enabled to receive into the Orphan House such real objects to a certain number as may claim the patronage and real protection of the committee.²³

With taxes collected, and profits from the Government Supplies, the Orphan Fund increased, and by January 1805, King could report that "as the Fund is now so rich, they are struck off the Store for grain, and receive but a small proportion of Salt meat".²⁴ From the 11th June, 1806, the Orphan School was completely independent of the Government Stores for their provisions and so had reached the condition desired by

²³ Report of the Orphan School Committee - H.R.A. Vol. 5. p.75.

²⁴ King to Hobart 13th January 1805 - H.R.A. Vol. 5. p.269.

King.

Though backed by the Government, who imposed the fees, etc., levied for funds, and supplied some necessary items, the management of the Fund was entirely in the hands of private individuals. The Naval Officer was responsible for the collection of all the fees which except for the Liquor licence were connected with shipping, and for this service he received 15% of all monies he collected. The remaining 85% was transferred once a year to the Treasurer of the Orphan Fund, who was then responsible for managing the disbursements of the fund, and was for this entitled to 5% of all the money he received. (While Marsden was Treasurer he paid back his five per cent share into the Fund). Besides the payment of these fees to the Collector and Treasurer, all other expenses entailed in the collection of these duties were taken out of the amounts collected, and consequently the amounts, ultimately received by the Orphan School, were often only about half of what was collected by the Naval Officer.

Some accounts of the Orphan Fund covering the period from a year after its inception, till the end of King's governorship, are shown as -

TABLE XX

ORPHAN FUND ACCOUNTS 1801 - 1806

Orphan Fund 1st August, 1801 - 31st December, 1804 ²⁵		
Naval Officer's Account	Receipts	Disbursements
1st August 1801 - 31st Dec. 1802	£ 257. 0 10 ¹ / ₂	£ 321 13 0

²⁵ H.R.A. Vol.4. p. 281

Naval Officer's Account	Receipts	Disbursements
1st Jan. 1803 - 31st Dec. 1803	£ 528 11 7 $\frac{1}{2}$	£ 420 10 9
1st Jan. 1804 - 31st Dec. 1804	1,009 2 10	271 8 0
		<hr/> 1,013 11 9
15% paid Collector on £1,894. 15. 4d.		284 4 3
Paid Treasurer on account of next year		526 7 10
Balance		<hr/> 70 11 6
	<hr/> £1,894 15 4	<hr/> £1,894 15 4

Orphan Fund 1st January - 31st December, 1805²⁶

Naval Officer's Account

Receipt of Money for Entry and Clearance of Ships, 5% ad valorem Duty, Fees, License Money	Money expended	£ 358 8 0
By receipts of above...£1,095. 19. 3 $\frac{1}{2}$.	15% to Collector	<hr/> 164 7 3
		£ 522 15 3
	Balance paid to Treasurer of Orphan Fund	£ 573 4 0 $\frac{1}{2}$

Orphan Fund Treasurer's Account

Remains in hands of Treasurer Dec. 1804	£1,360 1 10 $\frac{1}{2}$	Work done to buildings, food, clothing, etc. Servants' Salaries	£ 817 4 2 $\frac{3}{4}$
Rec'd from licenses to sell Spirits, Port, Fees, Entry and Clearance, 1 $\frac{1}{2}$ % on Auctions	595 13 7	5% on £1,294.12.10. to Treasurer	<hr/> 64 14 6
5% ad valorem duty	531 10 3		<hr/> £ 881 18 8 $\frac{3}{4}$
Bills from Norfolk Is. and profits on Govt. Investments for 1804	72 1 1		

Work done by Orphans	£	9.	2	3
Fines		86.	5	8
		£2,654.	14	8 $\frac{1}{2}$
Disbursements		881.	18	8 $\frac{3}{4}$
Remains in Treasurer's Hands		£1,772.	15	11 $\frac{1}{2}$

The Orphan School also received £502. 19. 2d. worth of goods from the Commissary as part of the allocation of the profits of Government Investments. (By this time the Orphan School had the following property- a house, offices and gardens in Sydney, a farm of 12,300 in the Cabramatta district and another of 600 acres at Petersham).

3. Orphan Fund 1st January - 12th August, 1806

Naval Officer

Receipts of ad valorem Duty etc.	£	58	9	0	Monies expended	£	7	17	0
					15% to Collector		8	15	6
					Balance paid to Treasurer		41	16	6
						£	58	9	0

Treasurer-Orphan Fund

Remains Dec. 1805	£1,772	15	11 $\frac{1}{2}$	Building, Food etc.	484	19	0 $\frac{1}{2}$
Port Fees, 1 $\frac{1}{2}$ % on Auctions, Licence Money etc.	217	6	6	Stock brought from Govt.	420	0	0
Fines	95	7	0	Treasurer's percentage used to buy stock	254	5	0

Treasurer's Percent- age given to Instit- ution	£	254	5	0	50 Bedsteads - from England	40	0	0	150	4	0
Remains in Treasu- rer's Hands	£2,339	14	5 $\frac{1}{4}$	4	Building Stone Wall around Orphan Institute	86	4	2 $\frac{1}{2}$			
	845	1			Articles rec'd from Public Stores	43	0	3			
					5% paid to Treasurer	16	0	7			
	<u>£1,494</u>	<u>13</u>	<u>1$\frac{1}{2}$</u>			<u>£1,494</u>	<u>13</u>	<u>1$\frac{1}{2}$</u>			

Owed by Commissary -
profits on Govt.
Investments

39 18 11

Such accounts as are available give a very incomplete picture of the progress of the Orphan School Fund. Two sets of accounts are involved viz. the Naval Officer's Accounts and the Fund Treasurer's Accounts. The former show the duties collected from shipping, while the latter show all collections and disbursements, and unfortunately these latter are incomplete.

A perusal of the Naval Officer's Accounts show the growth in the amount of duties he collected, as -

Duties collected	£
Aug.1801 - Dec.1802	357
Jan.1803 - Dec.1803	529
Jan.1804 - Dec.1804	1,009
Jan.1805 - Dec.1805	1,095

This increase was due to (a) the growth in the volume of imports and (b) the growth in the number of taxes and duties imposed on imports. The duties collected were paid over at the end of each year, and then sometimes some was withheld and owed to the Fund Treasurer. Again, duties were often paid in kind, which was deposited with the Commissariat Store, for sale and then the proceeds paid to the Fund.

However, the Naval Officer's returns were only one source of revenue, though perhaps the major source, and the complete details of other revenues are not available, but the growth in the assets of the Orphan imply a large source of revenue than that shown in the above accounts.

The institution and development of the Orphan Fund are significant, for (i) the underlying philosophy of the function of government in the colony, which permitted and prompted King to form such an institution in such a way; (ii) the level of development and growing independence of the colony, which it betokens; and (iii) the system of duties, taxes etc. established, which provided a framework, elaboration upon which could provide a system for the future free colony. The Gaol and Orphan Funds derive their significance from their function as the bases of the future public finance system of New South Wales - the free settlement.

Summary At the beginning of this chapter, regret was expressed at the insignificance normally accorded to King's administration by historians. It might well be asked whether any significance has been

shown by this analysis, or whether any significance does exist. During King's years as governor, momentous changes occurred within the colony itself, and in the English authorities' attitude towards the colony, as prompted partly by the easing of European conditions and partly by the potentialities of the colony as shown by Macarthur. Whitehall began to see the colony as more than a cheap means of ridding themselves of their surplus felon population. Yet on the other hand, the demand remained insistent that New South Wales was to be the site of a cheap prison. King was therefore torn by Whitehall's instructions, between providing for development and attaining economy of expenditure. His faith and belief in the future of the colony, led King to seek for development, but his subservient position in the English colonial hierarchy forced him to meticulously obey Whitehall's orders.

Everything seemed to happen in spite of King. Wool became the hope of the colony's future, in spite of his gloomy forebodings; private agriculture completely ousted public farming, in spite of his policies; expenditure increased rapidly, in spite of his economy measures. In all, the colony showed marked progress, but not because of King's policies, though generally he did not oppose the progress which was occurring.

King did not oppose the genuine progress of the colony, but did fight the ravages of the officer-monopoly with its ramifications. So much of his energy went into this struggle, that King lost sight of the progress being made.

How did Commissariat Expenditure and other government expenditure assist in this progress? Very simply, in at least 6 ways -

- (1) the expenditure in the form of Treasury Bills, provided the major source of foreign exchange available to the inhabitants, and represented in fact exports for the colony;
- (2) the 'Supplies' brought to the colony, while often consumption goods, did include, however, capital items, which served to aid the development of farming etc;
- (3) the 'Extra Supplies' of the whalers, by reducing whalers' costs, assisted in expanding this export industry;
- (4) the public works financed by the Gaol Fund, provided facilities necessary for economic expansion;
- (5) the widespread functions of government, transcending the functions normally allotted to government, permitted the government to intervene and assist development to a greater degree than in normal colonies;
- (6) the creation of the Gaol and Orphan Funds laid the basis of a system of colonial public finance.

The role of the government may therefore, be summed up as, providing (a) subsidies for private enterprise; (b) the *raison d'etre* of private enterprise (in its role as the grain market for the colony); (c) the provider of capital for private enterprise (in the form of Treasury Bills etc.); and (d) the source of all colonial public enterprise. When viewed this way, the essential and central role of the government in the colony may be appreciated, and the importance of the policy which goaded the Governor, gauged.

CHAPTER 6

1806 - 1810 GOVERNOR BLIGH'S ADMINISTRATION AND ITS AFTERMATH

1806 - 1808 Bligh's Governorship

Towards the end of 1803, the Secretary of State for the Colonies, informed Governor King, that it had been decided to terminate his appointment as Governor of New South Wales, because of the persistence of the differences between him as Governor, and the officers of the New South Wales Corps. However, Whitehall was in no particular hurry to appoint a successor, so it was not until 1805, that Captain Bligh, of "Bounty" fame, was appointed, at the suggestion of Sir Joseph Banks, but Bligh did not arrive in the colony until August, 1806~~6~~. King therefore continued to serve as Governor for just on three years, after having been informed of Whitehall's severest expression of their displeasure.

Captain Bligh assumed control of the colony in August, 1806 and continued as Governor till January, 1808, when deposed in, what some historians have christened, the "Rum Rebellion".¹ This nomenclature, for the action of John Macarthur and the New South Wales Corps in placing Bligh under arrest, might be misleading, if it is seen as simply implying that Bligh was deposed solely because of his growing success in prohibiting the use of rum as a medium of exchange. Many historians would certainly quarrel with such an interpretation and nomenclature;

¹ The term "Rum Rebellion" is first used by H.V. Evatt, Rum Rebellion (Sydney: Angus and Robertson, 6th edition 1947).

instead, seeing this deposition as being a blow for liberty, struck against a particularly harsh tyrant.

A very lucid, comprehensive account of various historians' views of the events of 26th January, 1808, is given by Dr. H. V. Evatt in his Rum Rebellion. The constructions based on this latter viewpoint mentioned above, Dr. Evatt terms, "the copy-book tradition", and offers the alternative interpretation in which cupidity won the day. It is unfortunate, however, that historians, by identifying themselves with either the "copy-book tradition" or the "Rum Rebellion" interpretation, tend to bring forward only the hackneyed quotations and facts required to bolster their particular case. While no radically new approach may be offered, new constructions are possible, which slightly alter former interpretations, which tend to see events too much in terms of sharp black and white.

A surprising feature of the historiography of the "Rum Rebellion"² is that so much has been based on such meagre documentary evidence. Immediately prior to his arrest Bligh destroyed many of his papers, both private and public, while the officer-fraternity obviously did not commit any of their mutinous plans to paper. Consequently supposition and circumstantial evidence are the basis for much of the writing on this period, as full and indisputable account of the culmination of Bligh's governorship is not possible. Any history covering Bligh's

² I will use the term "Rum Rebellion" as meaning the events of 26th January, 1808, but using this term not necessarily as implying that "rum" was the causal feature.

period predominantly concerns itself with his overthrow and then merely cites material, relative to his administration, supporting the particular view of the rebellion adopted, so the "copy-book traditionists" depict Bligh, in a vein similar to that of the famous Charles Laughton portrayal³, and stress his overriding personal antagonisms towards the colonial citizenry as leading up to the rebellion. In presenting the alternative view, H.V. Evatt has stressed the legal perfidy of the officer-class⁴ in the court cases which constituted the immediate reason for the rebellion, but Evatt's explanation may be considered as a constituent part of Brian Fitzpatrick's thesis for colonial development⁵, so that this thesis provides the ultimate causative factor. Evatt's work therefore represents a break with tradition in so far as blame is apportioned to Macarthur, but what if the Fitzpatrickian thesis is repudiated, then while Evatt's work still shows Macarthur's duplicity, it fails to show why Bligh stood up to Macarthur, and why Macarthur⁶ was forced to resort to mutiny to achieve his ends. To explain these, certain facts usually disregarded must be utilized.

³ In the film - "Mutiny on the Bounty".

⁴ All court cases in New South Wales were tried by a tribunal composed of military officers and the Judge-Advocate.

⁵ Vide ^{supra} ~~infra~~ p. 263

⁶ The issue has been spoken of as Bligh v. Macarthur, thus implying that Macarthur was not just the leader of the N.S.W. Corps in the Rum Rebellion, but also its main, if not sole, instigator. Without entering into discussion, it may be pointed out, as substantiating such a view that historians as widely separated in their viewpoint as H.V. Evatt and M.H. Ellis (John Macarthur) agree in this matter.

A crucial question which goes unanswered in the usual discussion of the Bligh mutiny, is why was the officer-group willing to resort to mutiny? Mutiny represented a most serious military offence, and the officers were well aware of this. Admittedly, mutiny was not an infrequent occurrence, and the officers had a quotable precedence in the overthrow of the Governor of Madras in 1776, yet the division in the ranks and the hesitancy evident in certain administrative acts during the interregnum, are symptomatic of misgivings entertained by at least a section of the Corps. officers. The hierachial military structure, the persuasiveness of Macarthur, and the stressed advantage of solidarity led the officer-group into the rebellion, but undoubtedly not all were fired with the same degree of enthusiasm, nor did they all hold the same reasons for ridding the colony of the undoubtedly obnoxious Bligh. Macarthur, when faced with the prospect of economic ruin, was able to rally the officers to his, and their, cause, primarily because Macarthur promised them the protection of his patronage in London, and because he underestimated Bligh's influence in London, and overestimated the strength of Bligh's notoriety. Bligh was a notorious character because of his implication in the Nore Mutiny, and in the Mutiny on the Bounty, and there was much opposition to him, in London. However, he had been officially exculpated, and in recommending Bligh as governor, Sir Joseph Banks commended his firmness, a quality which Whitehall was seeking in a successor to the quavering King.

Bligh's notoriety preceded him to the colony, and when news of the appointment reached Sydney, some dissatisfaction was expressed, but when he arrived he was greeted with an address of welcome expressing the hope that his "just, moderate, firm and wise government will promote the happiness of all who deserve it"⁷, and that "commerce might flourish". Bligh entered the colony as an unpopular figure, and straight away put into operation a series of reforms, which would materially affect the profitability of trading in the colony. Now, it was trading, which was the sole source of wealth in the colony, and the officer-traders began to see themselves threatened with annihilation, for King, by developing government trading had circumscribed trading activities, and now, Bligh by interfering with the most profitable enterprise - barter with spirits - threatened the very basis and source of wealth.

Too often the Rum Rebellion is viewed as a conflict between Bligh, and the officers whom he had alienated by interfering with these trading activities. This implies that Bligh's reforms affected all the officers, and that, as a group, they then sought to remove this impediment to their profit-making. But the officers did not act collectively because they had been influenced by the same factors, for they were not all engaged in trading, but they acted together because of their unity in their social class. In one way, or another, Bligh had either by his personality, or reforms, offended many or most of the

⁷ The qualification in the Address, which was undoubtedly compiled by the military group, is most significant. It also appears as symptomatic of the growing strength of the small settlers who may be taken as, in the officers' view, not deserving "it".

principal officers of the Corps, and provoked their opposition, and it did not require the whole officer group to be offended. Living as a compact social unity in the colony, and possessing great power, it needed only a few malcontents to convince the clique of the necessity of deposing a tyrant.

It was not only what Bligh did, but also what he was, which provoked the hostility of the officers, and there were three things about him which gave offence. Firstly, there was the general hostility of the principal inhabitants towards the governors, for, as Governor King wrote⁸-

There is no society where the clashing of duty and interest between the Governor and the governed are more violent than in New South Wales, and more particularly so if the Governor does his duty. Such has ever been the situation of that colony under a naval, and, indeed, a military Governor, that much bearance and forbearance has been reciprocally necessary between the Governor and the officers.

If the Governor was willing to extend a certain amount of "forbearance" towards the officers, the conflicting parties could co-exist in an uneasy state of peace, but the forbearance extended to the officers in their trading practices, entailed distress for the lower classes of settlers. Bligh's training and character did not permit him to extend such forbearance, and so, unlike his two predecessors, Bligh never became malleable.

Bligh could not extend such forbearance, firstly, because of his career as a naval commander, which emphasized obeying superiors'

⁸ King to Under Secretary Cooke 18th June, 1808 H.R.N.S.W.
Vol. 6, p. 656

instructions to the letter, and having complete charge of a ship, with subordinates unquestionably obeying every instruction. This formed Bligh's conception of the government of the colony, so when he states "the Governor should remain invested with the same power he now holds. He must be determined and firm in his measures, and not subject to any control here,"⁹ he is merely quoting the absolute power of the naval commander. To Bligh, any position of command necessitated obedient subordinates and solitary rule, and this was the formula he applied to the government of New South Wales, but here, his subordinates, with their junta, had, up to this time ruled the governor - the Commander. Not only did this idea of government prevent Bligh from extending the necessary "forbearance", but it necessitated a radical switch in the power of government, for Bligh saw himself as the absolute power in the colony, as was the English Government's design, but this was inconsistent with local tradition where real power rested with the officers. For a New South Wales Governor to assume his full powers was novel, and naturally such a man would soon earn himself the title of a tyrant.

Bligh's previous career as a naval officer, had been marked by his solicitude for the lower ranks on his ships. Any forbearance towards the officer-group entailed a certain amount of distress for the lower orders of the community, and Bligh carrying on his previous concern, sought to preserve the welfare of the small settlers. Though never quoted as one of the officers' grievances, Bligh's concern for, and protection of, the small settlers, particularly those of the

⁹ Bligh to Windham 31st October, 1807 H.R.N.S.W. Vol. 6. p.356

Hawkesbury area where the officer monopoly was apparently strongly entrenched, not only took from the officer-traders a rich source of profit, but also won for Bligh these settlers' support. It is significant that when Bligh had been arrested, one of the first actions taken by the rebels was to place a guard on the Parramatta Road, and to cut off communication between Sydney and the Hawkesbury, where Bligh had strong support. Under Bligh these settlers became a power in the colony, to the extent that they petitioned the Governor disowning Macarthur as a fit representative to sign, on their behalf, the Address of Welcome which had been tendered to Bligh on his arrival. But they went further, for they did not only voice their independence, but also, in an accompanying document, set forth what they considered as reforms necessary in the colony. Never before had the small settler group voiced their disapproval of the officer-class to the Governor, and I would suggest that they did at this time only because Bligh had already shown great concern for their welfare, in the measures he had adopted to relieve them from the disastrous effects of the 1806 flood. His display of concern on this occasion emboldened the settlers, to bring forward their grievances, and so, early in his administration, Bligh was committed to the support of the small settlers, and thus ranged against the officer clique.

Of the three aspects of Bligh which evoked hostility in the officer group, only one has so far been examined, viz. Bligh's unrelenting attitude. A second feature which militated against Bligh was

his previous record - the fact that he was Bligh of the 'Bounty', and so Bligh entered the colony as an unpopular figure. In writing of the Bligh regime, Surgeon Luttrell stated that "prior to Governor Bligh coming into the colony a clamour had been raised against him, and an opposition formed to counteract his government",¹⁰ while Reverend Fulton claimed that "from the time of his (Bligh's) arrival in the colony, and even before it, he has been traduced as a tyrant".¹¹ Now both of these observers were sympathetic to Bligh, so this evidence may be doubted, but there are hints present in correspondence of his opponents that opposition had arisen even before Bligh's arrival, so the very tone of Surgeon Harris' statement in a letter to Mrs. King - "I have heard much said of Bounty Bligh even before I saw him"¹² suggests the judgement of Bligh even before his arrival.

Bligh in being a Governor giving to seeking that public interest, which clashed with the private interests of the officer group, impelled a certain degree of conflict, but the fact that he was 'Bounty' Bligh strengthened the opposition of the officer clique. All that was known of Bligh showed him to be a despot, so to counter this threat, the officers quickly combined and must have planned to meet this new circumstance. Any new Governor provided problems for this influential

¹⁰ Luttrell to Under Secretary Cook 8th October 1807, H.R.N.S.W. Vol. 6, p. 296

¹¹ Fulton to Castlereagh 20th July, 1808, H.R.N.S.W. Vol. 6, p. 697.

¹² H.R.N.S.W. Vol. 6, p. 344

group, for weaning into the ways of the colony was necessary, but to have a new Governor, who of repute was harsh and tyrannical, greatly heightened the problem. The officers had forced King into an attitude of "Live and let live", and naturally they would wish Bligh adopt it also, but Bligh was to prove a vastly different opponent, than either Hunter or King.

The third important aspect of Bligh's dealing with the officers, related to his character. A lot has been written about Bligh, both on the "Bounty", and in New South Wales, and most writers depict him as either "black or white", either as an unrelenting despot, or as a victim of circumstances. Whatever the case, it is very obvious that there were certain facets of Bligh's personality which offended people. Surgeon Harris complained of the "most vile, abusive language and degrading epithets" which Bligh had used, even in his presence, but Bligh excused such behaviour as resulting from his nautical life, and further, he felt that the use of such strong language in such a colony might be necessary and excusable. Though the use of bad language might be excusable, other colonials complained not only of his vulgarity and coarseness, but also of his arbitrary behaviour, so while there were many eager to find fault, Bligh's rather pompous and arrogant behaviour afforded them every opportunity, especially when this was allied to his assumption of absolute power. Pride of position, stubbornness of nature, and coarseness of manner, all bred in Bligh by his naval career proved inappropriate in the colonial circumstances,

and yet, he could act in no other way, for if he had relented, and allowed the officers to continue unimpeded, they ultimately would have gained control just as with Hunter and King, but by forcing them to rebellious action Bligh drew the startled attention of the Home authorities to the real situation of the antipodean colony.

In examining the cause or causes of the Rum Rebellion, there are two questions which must be answered - (a) Why did the officers wish to be rid of Bligh? and (b) Why did they get rid of Bligh by mutinying? Any answer to the first must go beyond one sole ultimate reason, and must take into account the variety of ways in which Bligh antagonised the Corps elite, all of which were finally focussed into Macarthur's conflict with Bligh. To answer the second question, two factors must be considered - (i) the practise of patronage, whereby each of the protagonists enjoyed the protection of some powerful person; and (ii) the last-resort nature of the mutiny.

Till more is known of the patronage associated with early New South Wales, there can be no definitive history of this period, for without doubt, patronage, and the interplay of patrons in the London political scene, is a more powerful factor than often accredited. All that can be claimed is that, in deposing Bligh, the rebels must have been laying great stress on either Bligh's known unpopularity in certain London quarters, or else on protection by some powerful patron.

Less supposition is required in tracing the second factor. Right from the time the news of Bligh's appointment reached the colony,

there were some who gave thought as to how to nullify his power, and preferably, his appointment. At first it was hoped that Whitehall might curb Bligh's 'excesses', as shown in a letter written by Mrs. Macarthur -

Our system of government is very wretched - much as Mr. Macarthur strove when in England to direct the attention of the Administration towards this Colony they seem to think little about us, having no doubt, affairs of more consequence on their hands. The expenses, however, that are incurred may rouse them again into a little exertion for our good.¹³

Whitehall were too immersed in more pressing matters to take account of the increased cost of this one colony, and besides, Bligh had ample reason for such an increase, so more positive measures were to be required. These took the form of a spate of letters written by the various malcontents and addressed to persons in London, who might be able to bring the situation before persons of influence.¹⁴ Some success must have attended this, for early in January 1808, there was current in London a rumour that Bligh was to be recalled from his post as Governor.¹⁵ While these letters never achieved their aim, they did at least prepare Whitehall for what was to follow, so that when events forced the hand of Macarthur and his colleagues, they acted hoping that their letters had succeeded in condemning Bligh in the eyes of the English Authorities.

¹³ Macarthur Papers in Mitchell Library, Sydney: Elizabeth M. to Kingdom 29th January 1807.

¹⁴ That there was some concerted effort underlying these various letters, may be shown in a letter from Fitz to U. Secretary Chapman (15th Oct. 1807 - H.R.A. Vol. 6. p.305)- "indeed the numerous complaints that will be sent from hence will tend to show the sentiments of the people of the colony towards Governor Bligh".

¹⁵ Mrs. Bligh to Sir Joseph Banks 14 Jan. 1808. H.R.N.S.W. Vol. 6. p.417.

Too often Bligh's administration is viewed completely as a prelude to the Rum Rebellion, and events seem only as causes of this upheaval. Bligh did more than merely antagonise officers, and regulate rum trafficking, though estimates of the efficacy of his reforms, and of the extent of his public works vary considerably. Gore¹⁶, who supported Bligh, described the administration as follows:-

Governor Bligh found the town of Sydney sinking into decay; the public buildings and store houses in a state of dilapidation; a bridge which cost Government immense labour and expense in the erection of it, fallen to pieces before it was passable. The Church, from the slow progress made in building it, strongly indicated to the stranger that religion and morality were indeed at a very low ebb in Sydney, and denoted that little regard or attention was hitherto manifested towards the external forms of the Christian religion or decorum. However, in the short space of one year and two months, the country in general, and Sydney in particular, have acquired a very different appearance. Confidence is restored; the public buildings that are not already finished are advanced near their completion; the Christian religion is respected and its ceremonies observed; Libertinism and incontinence are checked; matrimony is encouraged; and the meritorious and honest settler is protected in his property and rewarded for his industry. Abuses of a date coeval with the establishment of the British settlements in New Holland have been corrected by the determined but temperate administration of Governor Bligh.

Naturally this rosy-hued view was not universally held, for the changes made by Bligh were of more advantage to the small settler than to the more influential members of Sydney society, in fact Gore's account stresses this very feature. Bligh assumed control of the colony just as it was recovering from the effects of the Hawkesbury River flood of 1806, which had mainly effected the small-settlers

¹⁶ Gore to Castlereagh 21st October 1807 H.R.N.S.W. Vol. 6. p.371

class, and he quickly saw and learnt at first-hand of their plight and grievances. The assistance given them by Bligh, in turn, encouraged the settlers to set forth the reforms they desired, in an "Address" presented to Bligh in September 1806. This contained "Seven Demands", designed to lessen the hold of the officers on the colony's economic life, and Bligh set out to fulfil these "Demands". The first and most important of these was that "payment should be made in such money or Government orders as will pass current in the purchase of every article of merchandise without drawback or discount", and this demand was met by the General Order of 1st November, 1806, wherein it was decreed that "the term currency...is only applicable to money and not barter in goods". The attitude of the officer-traders to this change is reflected in a sarcastic remark made by Surgeon Harris in his letter to ex-Governor King - "and that, everybody knows, and he will make them know, the use of pounds, shillings and pence".¹⁷ So, a change designed for the general good, damaged the profit opportunities of the officer-group, and so aroused their hostility.

Nearly all of Bligh's reforms served to undermine the trading activities of the officers. One, whose intent was much distorted by the rebels, was the recall of many ticket-of-leave men, but Luttrell's account¹⁸ of this shows why the officers should wish to misrepresent it:

¹⁷ Harris to King (not dated) H.R.N.S.W. Vol. 6. p. 337.

¹⁸ Luttrell to Under Secretary Cooke 8th October 1807 H.R.N.S.W. Vol. 6. p. 296.

Prior to Governor Bligh's arrival, a considerable injury to the colony had crept in: that of ticket-of-leave men. The original idea might have been a good one; but, as a great number of the most worthless of the convicts had from some recommendation or other obtained this liberty..the greatest part of them became hucksters and dealers in various articles of food, and especially during the famine, enhancing the price of every commodity on the people, and making them their prey. But Governor Bligh, seeing, the pernicious tendency of the measure, has recalled a great number of them into Government employ.

Undoubtedly these men were employed as "agents and pedlars, directly or indirectly, for the officers",¹⁹ and so Bligh's reform designed to protect the interest of the majority, won for him the enmity of the officers.

It may well be asked why Bligh supported the lower orders of the colonial society, for that he did, and that the officer-group saw the growing strength of this class, fostered as it was by Bligh, as the means which would overthrow their hold on the colony, where official intervention along had failed, is well attested²⁰. Bligh's support of the small-settler stemmed partly from King's policy in this regard, which, as previously shown, was part of an overall policy of "economy"; and partly, from Bligh's concern for the lower orders of society a concern which had been previously shown in his naval command. The personal policies of the early Governors was a larger factor than generalized theories of Australian history would have us believe, but Bligh's reforms and achievements stemmed not so much from official orders, as

¹⁹ Vide Martin Mason to Bligh 20th August 1808 H.R.N.S.W. Vol. 6 p.203.

²⁰ Vide Johnston to Castlereagh 11th April 1808 H.R.N.S.W. Vol. 6 p.576.

from his own personal view as to how the colony should be ordered. This same attitude is evident in the manner in which Bligh administered the public finances of the colony.

Public Expenditure September 1806 - January 1808 Bligh controlled the colony for the comparatively short period of one year and four months, but these were extraordinary months in so far as the colony was in the throes of recovering from a particularly disastrous flood. In March 1806 it "pleased Divine Providence to send" a great flood, "the rise of the water being near ten feet perpendicular height greater than had been in this colony since it was first inhabited by Europeans"²¹, which covered 4,500 acres of wheat and barley land, and 2,424 acres of maize, destroyed 23,606 bushels of wheat and 59,450 bushels of maize, and caused a loss of livestock, valued at £33,248. Such a loss of farm produce presented the large problem to firstly Governor King, and more particularly to Governor Bligh, of providing substitute supplies.

In his first despatch, Bligh gave a long comment on the state of the colony, which was then "in considerable want of Grain from the overflowing of the Hawkesbury". It was not only that the flood suddenly and unexpectedly deprived the colony of its food supply, but it also wiped out the colony's stocks of seed wheat, which presented a problem of even greater magnitude for the seed which was proving successful in

²¹ Hawkesbury Settlers' Address 1806 H.R.N.S.W. Vol. 6. p. 190.

the colony, had been adapted over a long period. While the lack of grain for consumption could be overcome by supplies obtained in Calcutta and other Asian ports, the replacing of the lost supplies of seed was a more difficult problem, for Norfolk Island, the only source, had but a limited supply. To further add to the problem of provisions, the vessels sent out from England "came short-victualled under expectations of plentiful supplies" in the colony, which further heightened the problem of provisions. This shortage of provisions with its resultant problems of providing substitute food supplies, and of the reviving agriculture in the colony, was to provide the reason for most of the Commissariat expenditure during Bligh's administration.

There is a paucity of information regarding Commissariat spending during Bligh's administration, for Bligh's accounts available are meagre, since he considered accounts as a necessary evil, and so was quite casual in his approach. He informed the Secretary of State, in February 1807, that though,

Governor King has hitherto sent Home every six months an abstract of the receipt and expenditure of provisions, Stores and Annual Supplies; from the great increase of business in the Commissary's, and the considerable trouble it gives the Governor, and takes him from very momentous concerns of the Colony; I hope my sending them Home yearly will be deemed sufficient.²²

Again, whereas King had instituted a system of accounting which enabled him to estimate expenditure for six-month periods, and promptly

²² Bligh to Windham 7th February 1807, H.R.A. Vol. 6., p. 126

demanded of the Commissary an account at the end of each half-year, Bligh was lax in this regard, and so, in February 1807 reported that the Commissary was still compiling the 1806 accounts. Bligh regarded accounts required by the authorities as something to be completed only when there was nothing more important to be done. Such laxity did not escape the notice of the malcontents, who explained the non-compilation of accounts by the supposed private transactions of Bligh and his supporters, so Harris²³ commented:

How Mr. P. (Palmer) will make up his public accounts I know not whilst he is about nine hours out of the twelve at Government House...I do not think that any Government account can ever be made up without Palmer's office is burnt down.

It is impossible to draw up a full account of all the Bills drawn by Bligh, partly because of Bligh's laxity in compiling accounts and partly because the insurrectionaries confiscated all Commissariat accounts, and did not report on the spending during the latter half of 1807. It is possible to indicate the extent of the expenditure, by referring to available accounts.

TABLE XXI

TREASURY BILLS DRAWN 13TH SEPTEMBER 1806 - 30TH JUNE 1807

1806	Freight of Sophia to Port Dalrymple	£	250	0	0
	Spirits for the use of the Colony		259	13	0
	Wheat purchased		7,451	3	6 $\frac{1}{2}$
1807	Rice		2,575	12	2
	Wine for General Hospital		63	0	0
			<u>£10,089</u>	<u>15</u>	<u>8$\frac{1}{2}$</u>

²³ Vide footnote 17.

There are three aspects of this expenditure worthy of comment.

(1) Just as during previous governorships, the greatest portion of the expenditure, during this period was on grain, and most of this grain was purchased during this first quarter of 1807, for only £926 was expended on grain during the three months ending the 30th June, while no grain at all was purchased by Bligh during latter 1806: (2) The bigger portion of these supplies of wheat, were bought from individual inhabitants of the colony, though £2,582. 17. Od. was spent overseas, for wheat and rice: (3) Of this total government expenditure of £10,090, purchases from Robert Campbell accounted for only £4,609.²⁴

Practically all of the items purchased by Bligh, consisted of food provisions for current consumption, and none at all were of a nature of capital expenditure. This is in contrast with the expenditure during King's administration, when a large portion of the expenditure was for capital items, but it was probably this large expenditure on capital items by King which forestalled the necessity of any further purchases by Bligh. Cattle, which had constituted a

²⁴ This figure showing purchases from Campbell, is very significant, for it was one of the accusations of the malcontents that Campbell was becoming a monopolist of government purchases. Previously ~~it~~ ~~have~~ ~~been~~ shown the importance of Campbell during King's administration as a supplier of the Government's requirements, and his vast sales then provoked no open criticism. During Bligh's period, the percentage of government purchases from Campbell did increase from 23% of total purchases as in King's time, to approximately 46% of total purchases. Yet this small increase would hardly warrant Fitz's reporting that "all purchases for Government are always made from Mr. Campbell..I hope the Government at Home will see the impolicy of encouraging a monopoly."

²⁵ Vide Microfilm CO201-44 in Mitchell Library, Sydney.

large item in King's expenditure, in his policy of building up the colony's herds, had, by the time of Bligh, increased to such an extent that further importation of stock was not required. Also, there still remained out of the large purchases made by King of iron and brass, and other such materials, required for public buildings, sufficient to enable Bligh to carry on his public works programme, the implementation of which was prevented by the shortness of his rule.

Now just as in King's period, supplies were obtained by means other than Treasury Bill purchases, so these other means were utilised during Bligh's administration, for purchasing provisions. The extent of these transactions is shown in Table XXII.

TABLE XXII

AN ACCOUNT OF GRAIN RECEIVED INTO HIS MAJESTY'S STORES AT
SYDNEY, PARRAMATTA AND HAWKESBURY BETWEEN THE 12TH AUGUST, 1806
AND THE 12TH AUGUST 1807

Quantity of grain-

Purchased by Bills on Treasury	£10,026	15	0
Traded for Livestock	504	0	0
Barter of Annual and Extra Supplies	1,602	15	3
Received for payment of Government Debts	2,227	15	10
From Government Barns and Stacks	1,704	16	6 $\frac{1}{2}$
As toll for grinding corn for individuals	109	7	8 $\frac{1}{4}$
Traded for Salt	<u>24</u>	<u>16</u>	<u>8$\frac{1}{2}$</u>
	£16,200	7	8

This purchase of grain during the first year of Bligh's administration represented the largest purchase of grain since Hunter's time. Throughout the period 1801 - 1806 the amount of grain purchased remained comparatively stable, as may be seen from the Table XXIII. When it is considered that a portion of the figures for provisions obtained by "ways and means" during King's administration, represents purchases of "swine's flesh", the great increase in grain purchases might be appreciated.

TABLE XXIII

SUPPLIES OF PROVISIONS PURCHASED BY COMMISSARIAT SEPTEMBER 1800 -
AUGUST 1807.

	Purchased by Treasury Bills	Obtained by "Ways & Means" ^a	Total
To Dec. 1801)	7,189	2,960	10,149
" 1802)	4,324	4,392	8,716
" 1803)	5,313	3,215	8,528
" 1804)	3,288	8,663	11,951
" 1805)	2,292	7,312	9,604
To Aug. 1806)	87	4,972	5,059
" 1807	10,026	6,174 ^b	16,200

(a) During King's period there was no differentiation shown in accounts between grain and pork obtained by this means.

(b) This figure includes £1,705 worth of grain raised by public labour.

Most of the additional purchases of grain were made by Treasury Bills, for the amount obtained by 'barter' for Supplies declined from £4,972 in 1806, to £4,469 in 1807, i.e. if allowance is made for the amount raised by public labour. This decline in the amount obtained by barter for Supplies is further emphasised, when it is noted that £638 worth of grain was received for "ways and means" introduced by Bligh viz. (a) trading of livestock with settlers for grain; (b) the toll collected, in grain, for the grinding of corn, etc. and (c) the grain traded for salt. Since it was mainly small-settlers who were effected by the Hawkesbury floods, and because they had been the main participants in the barter scheme, this decline was inevitable. Consequently, Bligh had to depend on the larger settlers, who were willing to supply at the government price, and on the supplies he could obtain overseas, and for both of these sources of supply, he had to draw Treasury Bills. But by this time the Home government was convinced that the expense of the colony, measured in Treasury Bills, had diminished, and would continue so, so Bligh was quick to offer an explanation of the increased expenditure.²⁶ While this represented the largest expenditure for some years, the Bills were honoured, and Bligh

²⁶ While the increased price was partly responsible for the increased expenditure, the increased volume of purchases was a contributing factor. This latter increase arose from the increased numbers victualled, so in September 1806, when Bligh took over, there were 3,363 out of a total population of 8,593, victualled from the store; while in February 1807, the comparable figures were 3,651 out of 8,607. Part of this increase was due to the relief afforded to the distressed settlers by issuing them with government rations, but most of the increase was due to the arrival of convicts, and the recalling of many ticket-of-leave men to government labour gangs.

escaped censure in view of "the circumstances of the Calamity which has happened".²⁷

The increased expenditure did not simply represent an increased volume of provisions purchased, for the price of grain rose during 1806 - 1807, for as a result of the flood, and the machinations of some sections of the community, the government price of wheat had to be increased from 6s. per bushel to 14-9d. per bushel.²⁸ This rise in price due to the shortage, prompted Bligh to consider government farming as to "a certain degree" necessary, "because it is a check on the price of grain".

Practically all of Bligh's expenditure was for provisions, in fact, except for the £260 paid for the freight of the "Sophia" to Port Dalrymple, all his expenditure was for food requirements. Part of the explanation for this, was because capital expenditure on livestock and such items as building materials, was not necessary, as King had made large purchases of these items, and as now the colony was self-sufficient in cattle, but these factors do not totally explain the absence of non-food items, for one other development was important in this regard. There was an increasing volume of government transactions

²⁷ Castlereagh to Bligh 31st December 1807 H.R.A. Vol. 6, p.201.

²⁸ In February, 1807 he forwarded to the Secretary of State, an estimate of the "sums of money as may be absolutely necessary to be drawn for the support of the Colony", estimated at £12,000 for grain purchases which together with the grain received for payment of debt was estimated to provide sufficient supplies.

in coin during Bligh's regime, so that by June 1808, Bligh could report that "as money can be procured here sufficient to pay the Troops, it would be a most desirable thing for them to be paid in cash, whereby their pay would give them a most satisfactory advantage".²⁹ All of the salaries, formerly met by Bills on the Treasury were paid in copper coin, and apparently many of the items formerly bought with small Bills were obtained by coin.

Complete accounts of these transactions in coin are not available, but an indication of their volume during Bligh's rule, can be had from (i) the account for the period 13th August - 31st December, 1806, set out below, and (ii) the diminished indebtedness to the Government, of the inhabitants.

TABLE XXIV

GOVERNMENT IN ACCOUNT CURRENT WITH JOHN PALMER ESQ. FOR
COPPER COIN 13TH AUGUST - 31ST DECEMBER, 1806.³⁰

1806	£	s	d		£	s	d
Aug.13 Balance due to							
J. Palmer	46	19	5	Aug.13 Cash rec'd			
Sept.15 Sundries purch'd				for Annual			
of I. Jackson	15	13	3	Supplies	374	15	4
Dec.31 Wages of Gover-				To dec. 21			
nor's Body Guard	29	16	8	Cash rec'd for			
Dec.31 Wages of Crew of				Extra Supplies	22	7	6 ³ / ₄
"Resource"	46	19	6				
Dec.31 Salary to Mr.							
Gower for issuing							
articles of							
barter	20	0	0				

²⁹ Bligh to Castlereagh 30th June, 1808 H.R.A.Vol. 6. p.583

³⁰ Microfilm CO201-44 in Mitchell Library, Sydney.

	£	s	d		£	s	d
Dec. 31 Salary of Engineer and Assistant	69	0	0				
Dec. 31 Wages of Crew of "Extremia"	55	1	11				
Dec. 31 Balance due to Government.	113	12	1 ³ / ₄				
	<u>397</u>	<u>2</u>	<u>10³/₄</u>		<u>397</u>	<u>2</u>	<u>10³/₄</u>

A second indication of the volume of cash transactions is the decrease in debt due to the government. When Bligh took over, there were outstanding debts of £10,472. 0. 4d., while one year later this debt had decreased to £7,304. 10. 6d., but only £2,227. 15. 10d. worth of grain was received for debt liquidation, which leaves a balance of £939. 14. 0d. It is suggested that this balance represents coin received by the government for debt liquidation, during the year and hence indicates the volume of coin available for government purposes. In the main, cash payments by the government were for salary and wage payments, and no purchases of food supplies by coin are mentioned either in Table 4 or Table 2, Bligh probably reserved coin for wage payments, realising the loss incurred by the recipients if paid in Treasury Bills.

What did Bligh achieve by his public expenditure? All his public spending was tempered by the preceding disastrous floods, which had not only swept away a large portion of the colony's food supplies, but had also left a large section of the community destitute. More important, the section of the farming community worst affected were the small-

settlers of the Hawkesbury district, and they appear to be the main, if not the only ones, engaged in the trading of wheat for government supplies. While the Governor could exercise a great measure of control over the price of their crop, for they could not successfully compete on the Sydney market, and had to depend on the Government for a market, when their crops were destroyed, Bligh had to depend on the larger settlers, where he could not control the price-level. On the other hand, Bligh would not resort to large scale importation to overcome the shortage or the price increase, for in his view it "would lead to great indifference, as it would reduce the price of grain, and not make it worthwhile to grow it", so instead he decided that the colony "must struggle through until next harvest, which will teach the settlers to be more provident and industrious".³¹ While this policy led to increased expenditure, at least it ensured that colonial agriculture was not undermined for Macarthur's contemporaneous success with sheep-raising would have tempted many away from the agriculture which had taken so long to develop.

Much of this expenditure on food, was to feed the convicts employed by the government in public works, so Bligh's achievements in public works should also be considered. When he first arrived in the colony, the necessity of a large volume of public works in the construction and repair of buildings, filled Bligh's mind, so that in his

³¹ Bligh to Windham 7th February, 1807 H.R.A. Vol. 6. p. 120.

despatch of the 5th November, 1806, he warned the Secretary of State that, "the Public Stores and Government Houses require great repairs, and building the church here, and what will be required at Parramatta, will considerably add to the expenses of the first year or two of my Government". Unfortunately, the only available lists of Bligh's public works are those compiled by the insurrectionaries, who in their desire to malign Bligh and his administration, exaggerated any faults in his public works. According to them, he either totally neglected public works, or used them for his own benefit, so Surgeon Harris in his letter to Ex-Governor King reported -

No public buildings of any kind have been erected. His whole attention has been taken up with the garden and shrubbery - in short, in doing things that can never benefit twopence to the public good. He is getting on with the church, which I think is more for the sake of showing himself than for the love of worship, as he is quite a man of parade.

Even Bligh's supporters were not over-zealous in praise of his building programme, but rather stressed the moral and social reforms he had effected, so Gore while depicting Bligh as the redeemer of the colony, merely states that "the public buildings that are not already finished are advanced near completion". In his programme of public works Bligh had enumerated Government House, the Church and the Government Store as those most in need of attention, but due to the brevity of his administration it was only Government house and the Church which were repaired, and completed; significantly, in that order. Bligh did little in the way of erecting and repairing buildings in the

developing colony, partly because he had little opportunity to embark upon such a programme, but more so because public buildings did not rank high in Bligh's programme of necessary reforms.

1806 - 1810 The Insurrectionary Administration

(i) Major Johnston Immediately Major Johnston, the commanding officer of the rebellious N.S.W. Corps, assumed control of the colony, two major problems faced him with regard to public finance. Firstly, there was the problem of formulating and administering a policy of public expenditure within the colony, which would be acceptable to the English authorities, while a second problem arose from the relationship of the government and the governed within the colony. The overthrow of Bligh had not been a unanimously popular movement, and many of the inhabitants were in doubt as to its legality and to its future reception in England, and so there was considerable doubt among the populace as to whether Treasury Bills drawn by Johnston, for the purchase of supplies, would be honoured by the English Treasury. Bligh summed up these two problems, when he observed of the Insurrectionary government that, "everything they think of is done to supply the want of public credit, and to impress an idea that the Colony can be supported at less expense than hitherto".³²

A major concern of the new rulers was the justification of their

³² Bligh to Castlereagh 30th April 1808 H.R.A. Vol. 6., p. 439

action in arresting Bligh, so one of their first actions was to appoint committees to investigate the supposed mal-practices and abuses of the Commissariat department under Bligh. But it was not sufficient to prove that Bligh had used the Commissariat supplies to his own advantage, and incurred needless expenditure, for the new regime had also to show that they had corrected these abuses, and that the Commissariat and public expenditure were being properly conducted under their administration. Johnston also realised the importance of economy in expenditure, in gaining favour with the English authorities, and so he outlined in a despatch by Lord Castlereagh a scheme which would not only enable "all the grain wanted by government this year for this settlement to be provided, and so I shall be relieved of the necessity of drawing Bills for its purchase on His Majesty's Treasury",³³ but would also provide a way to improve the cattle of the colony. Johnston's scheme is outlined in an extract from his despatch -

Conceiving that a moderate distribution of cows amongst the steadiest of the settlers and inhabitants will be of great public utility (as it is indisputable they improve more under the management of individuals when they become their private property than when herded in large numbers with only the care of the convicts, who have no interest in them), I have promised to dispose of three hundred cows and a few working oxen at £28 per head, to be paid for immediately in grain, and the cattle to be received with the usual restrictions as to killing or selling them.

Though Johnston depicted the scheme as being an economy measure, it is more probable that it was introduced as a means of overcoming "the

³³ Johnston to Castlereagh 12th April 1808 H.R.A. Vol. 6. p.408 - 409.

want of public credit", for soon after Johnston's administration began, rumours were rife in the colony that any Treasury Bills drawn by Johnston would not be honoured, and naturally the inhabitants were loath to accept Bills for supplies sold to the Commissariat. On the other hand, the officers were wary of drawing Bills on the Treasury, for they could be held personally responsible for debt so contracted, so consequently some other means of purchase, beyond Treasury Bills, was necessary. So this measure of Johnston's was not provoked solely by a desire for public economy, and though it may have been depicted of benefit to the whole colony, in actual operation it served as a means of enriching but a few. Caley³⁴ writes of this aspect of the administration, in an imaginary letter to Major Johnston.

When the licentious and extravagant mirth began to abate, the mind of course was more at liberty to inquire into the cause, and it was soon whispered that the Government Bills given during your administration were not likely to be duly honoured. This was a blow upon public credit, and a scarcity of money was soon a general complaint...The popular voice concerning the bills given by you on the Treasury being insolvable, at length you issued orders that grain would be received into His Majesty's Stores in exchange for the Cattle belonging to the Government. This was an artful, cunning scheme towards supporting and strengthening your authority. The stores were in want of cattle and you took the advantage...You are not justifiable in the number of bullocks you have constantly killed for to supply the public stores; this is done to feast the soldiers and others, to keep them true to your interest at the expense of the Government... You are evidently desirous of showing how must the expenses of the establishment may be reduced (but which will be found hereafter to have increased).³⁵

³⁴ Caley was a botanist sent out to N.S.W. by Sir Joseph Banks.

³⁵ Caley to Sir Joseph Banks 7th July 1808 H.R.N.S.W. Vol. 6.
p.688.

So during Johnston's rule, barter in cattle became the main method of making government purchases, because (1) the administrators wished to impress the English authorities with their scheme for economy, and (2) because of the hesitancy of the administrators to make, and the inhabitants to take, payment in Treasury Bills. But barter in cattle did not totally abolish the drawing of Treasury Bills, for while Captain Abbott claimed that in the period up to September 1808 "no government bills have been drawn since the Governor's arrest, except about £400"³⁶ Lt. Governor Foveaux reported that "the whole amount of the expenses incurred during the command of Major Johnston, for which it will be needful to draw Bills on His Majesty's Treasury, will not exceed £4,000".³⁷ A more comprehensive estimate is shown in Table XXV.

TABLE XXV

"ESTIMATE OF THE PROBABLE AMOUNT FOR WHICH IT WILL BE REQUISITE TO DRAW BILLS UPON HIS MAJESTY'S TREASURY TO DEFRAY THE EXPENSES INCURRED IN THIS SETTLEMENT FROM THE 26TH JANUARY TO THE 31ST JULY 1808" ³⁸

For 1,550 Bushels of Wheat @ 10s. per Bushel sent to Port Dalrymple	£	775	0	0
For 79 Bushels of Barley @ 8s. per Bushel sent to Port Dalrymple		31	12	0
For 1,700 Bushels of Wheat @ 10s. per bushel sent to the Derwent		850	0	0
For the purchase of Grain &c. for the Supply of this Settlement, the Returns and Vouchers for which have not yet been obtained from the Acting Commissary.		2,000	0	0
	£	3,656	12	0

³⁶ Captain Abbott to King 4 Sept. 1808 H.R.N.S.W. Vol. 6. p.835

³⁷ Foveaux to Castlereagh 4 Sept. 1808 H.R.A. Vol. 6. p.626

³⁸ Mitchell Library Microfilm CO-201

Besides this grain obtained by Treasury Bills purchase, £2,342. 5. Od. worth was obtained by trade with cattle; £175. 0. Od. worth was received for barter in Government supplies; while some of the provisions viz. meat supplies were not purchased but were obtained from the government herds, and such provisions amounted to £7,840. The total cost of provisions for the main settlement during Johnston's administration amounted to:-

TABLE XXVI

TOTAL COST OF PROVISIONS FOR NEW SOUTH WALES
PURCHASED DURING JOHNSTON'S ADMINISTRATION

Grain purchased by Treasury Bills	£ 2,000	0	0	²⁹
Grain received in return for Cattle	2,342	5	0	
Grain received for payment of articles	175	0	0	
Bullocks killed for the public store	7,840	0	0	
Total	<u>£12,357</u>	<u>5</u>	<u>0</u>	

If Johnston's financial administration were judged solely on this expenditure for food stuffs used, there would be little reason for condemnation, for Bligh had earlier estimated that it would be "absolutely necessary to draw on His Majesty's Treasury for a sum not less than Twenty-one thousand pounds" during 1808 for provisions. It was not the supplies actually obtained, but the attendant trade in Cattle, which was censurable, for the officers and their supporters

²⁹ The remainder of the £23,656 12 Od spent on provisions, was for provisions for the Tasmanian settlements.

used this trade as a means of enrichment at government expense. In promoting a policy of reducing expenditure of "Public Money and Stores", and of being extremely circumspect in the distribution of live stock and convicts", Johnston encountered the opposition of many of his former supporters, and it was this opposition group who turned this policy to their own advantage.⁴⁰ Thus Johnston's scheme for using cattle as barter for grain was altered by pressure from this group, into a wholesale cattle trade for their own profit, so that during the six months of his administration, 197 head of cattle worth £5,516 were sold from the government stock, while many others were slaughtered or given away as gifts.

The former Commissary Palmer ⁴¹ compiled an account of the trading of cattle and government supplies, and the debt resulting from these transactions (See Table XXVII) Of the debt shown in this account approximately one half was owed by seven individuals, who were active supporters of the rebellion, which shows how the government cattle herds were used to the rebellion party's advantage.

⁴⁰ The several changes of the Commissariat officers during the insurrectionary period illustrate this conflict between the Lieutenant-Governor's policy, and the actual practice of the Commissariat department as prompted and abetted by many of the officer-group.

⁴¹ A supporter of Bligh.

TABLE XXVII

COMMISSARY PALMER'S ACCOUNT OF CATTLE TRANSACTIONS
DURING MAJOR JOHNSTON'S ADMINISTRATION
(JANUARY - JULY 1808)

	£	s	d
Cows disposed of for grain	5,516	0	0
Bullocks killed for the public store	7,840	0	0
Exclusive of Cattle given to be paid in kind and as gifts.			
	13,356	0	0
Grain rec'd for above	2,242	5	0
Leaving a balance	11,013	15	0
Articles issued from the Store, exclusive of Government purposes	2,247	10	11½
Various purchases made	1,690	3	2
	4,064	14	1½
Grain rec'd for payment of articles	£175	0	0
Copper Coin rec'd	524	6	6
	699	6	6
	£2,365	7	7½

(ii) Lieutenant-Colonel Foveaux Lt. Colonel Foveaux took command of the colony on his arrival from England on the 31st July, 1808, and was in turn superceded by Colonel Paterson on the 9th January 1809, so Foveaux was in control for only a short interval of a little over five months. He made no sweeping changes in the 'financial' administration, but he appears to have reduced the number of cattle disposed of, and only traded them when grain was actually needed.

Foveaux also began a programme of public construction - a facet of administration which had been neglected by Bligh and by Johnston.

Major Johnston had secured large supplies of grain from the preceding harvest, so there was little necessity for Foveaux to make further purchases of grain. But since the lack of an assured market for grain would seriously hamper the future development of agriculture, and since there was a large crop of maize, Foveaux decided "to offer 1s. per pound for Swine's flesh for the use of His Majesty's Stores, which by increasing the demand for grain, will tend to encourage the cultivation, and thereby promote the interest of the Colony".⁴² Consequently, though Foveaux made some purchases of grain, the greater portion of his purchases were of mutton and pork, so that out of a total expenditure of £3,444. 14. 4 $\frac{1}{4}$ d., the purchase of meat supplies accounted for £2,282. 5. 7 $\frac{1}{4}$ d. (See Table XXVIII).

TABLE XXVIII

NEW SOUTH WALES COMMISSARIAT EXPENDITURE
31ST JULY - 31ST DECEMBER, 1808. ⁴³

For following purposes -	£	s	d
Wheat	486	16	3
Barley	140	0	0
Maize	282	10	0
Mutton and Pork	2,282	5	7 $\frac{1}{4}$
Freight of "Venus" to Derwent	120	0	0
24 Canvas Bags	12	0	0
Rice purchased for Hospital	28	0	0
Sugar purchased for Hospital	93	2	6
	£3,444	14	4 $\frac{1}{4}$

⁴² Foveaux to Castlereagh 4 September 1808 H.R.A. Vol. 6. p.627

⁴³ Taken from H.R.A. Vol.6. p.702. These amounts represent store receipts issued.

Of this total, Treasury Bills were drawn for £2,841. 11. 0d. which left a balance of £603. 3. 4¹/₂d., for unconsolidated store receipts. These Treasury Bills were drawn for -

TABLE XXIX

RECIPIENTS OF TREASURY BILLS DURING FOVEAUX ADMINISTRATION

Thomas Jamison	£ 711	4	9
Wm. Redfern	577	7	0
Rob. Campbell	525	18	3
Garnham Blaxcell	296	2	6
John McArthur	212	12	0
Neville Butler	173	11	3
James Larra	167	15	3
Walter Davidson	117	14	3
Anthony Kemp	59	5	9
<hr/>			
Total	£2,841	11	0
<hr/>			

The nine recipients of Bills were the major traders of the colony, into whose hands the store receipts would naturally gravitate, so there can be no claim from this evidence that the purchase of commissariat supplies was monopolistically organised. Nevertheless abuses were prevalent in the purchase of supplies, firstly since the articles sent from England for barter were used by the officers and their supporters in purchasing grain, subsequently resold to the Commissariat, and secondly, because of the continuing use of spirits for purchasing crops from the settlers, though recent Government orders had forbidden this practice.

The total shown in Table XXVIII represents most of the Foveaux's expenditure for he did not dispose of cattle as readily as Johnston,

for whereas Johnston, during his six months, disposed of 322 head of cattle, Foveaux disposed of only 53 cattle, (worth £1,484) and then mostly in ones or twos, and not in the large quantities such as during Johnston's administration. The decrease in the number of cattle traded can be partly explained by the reduced quantities of wheat required, and partly by Foveaux's superior ability in controlling the administration. Foveaux did express an intention of bartering cattle for grain when the next harvest was ready, so as to "materially reduce the expenses of the ensuing year", but as the harvest failed, and as Paterson had assumed command by harvest-time, these proposed transactions never ensued.

Foveaux followed Johnston's example in seeking means of reducing the amount of Treasury Bills drawn in the colony. When the "City of Edinburgh" was chartered to remove the settlers from Norfolk Island to the Derwent Valley in Tasmania, the freight charges were paid by a cargo of timber to be supplied to the Master. Another means used to defray government expenses, was the payment of certain salaries in spirits, a measure which could be agreeable to both payer and payee.

Foveaux's administration was also marked by the public works begun during his rule. On his return to the colony, Foveaux was struck by the "state of deplorable decay and delapidation" of the public buildings, and was "decidedly of the opinion that most of them must be rebuilt". He began to do just this, and by September 1808, he could report that "the principal artificers are employed in erecting a

substantial stone Storehouse at Parramatta, the old one having entirely fallen into ruin".⁴⁴ He was also concerned that a Store be erected in Sydney, and that Barracks be built to supplement the scanty provision for housing the military. He drew up the plans for these structures himself, and succeeded in completing the barracks, and also the Store at Parramatta, but had to leave the erection of the Sydney store to his successor.

(iii) Colonel Paterson Colonel Paterson governed the colony from 9th January 1809 till 31st December 1809, when Macquarie took over. Paterson's expenditure was greater than that of his two predecessors, firstly because of the failure of the grain crop in December 1808, and secondly, because of the longer period of his administration. The Bills drawn during his administration are shown in Table XXX.

Besides this expenditure, Paterson made purchases with cattle e.g. he bought two houses for Military officers with cattle, but he made a greater portion of his purchases with Treasury Bills, than did either Johnston or even Foveaux. Perhaps the fact that Paterson was the legally appointed Lieutenant-Governor increased the willingness, of people, to accept Bills, and of Paterson, to draw them. On the whole Paterson tightened up the system of government finance in the

⁴⁴ Foveaux to Castlereagh 4th September, 1808 H.R.A. Vol. 6.
p. 630.

TABLE XXX

TREASURY BILLS DRAWN IN NEW SOUTH WALES
9TH JANUARY 1809 - 31ST DECEMBER 1809

Purpose	Amount		
	£	s	d
Grain and Animal Food	18,131	9	10 $\frac{1}{2}$
Spirits	201	10	0
Salted Pork	950	13	0
Oil	180	0	0
Rice	26	0	0
Freight of "King George" to the Derwent	600	0	0
Potatoes	290	0	0
Barley	6	7	6
Total	20,386	0	4 $\frac{1}{2}$

community so that goods⁴⁶ and cattle were no longer sold on credit, which increased the amount of Bills which had to be drawn, though as far as possible, Paterson used barter to lessen Treasury Bills⁴⁷, expenditure. So the shortage of grain caused by (1) the washing-out of November and December 1808; (2) the Hawkesbury floods of August 1809; and (3) the rapid growth of a new class of traders in the colony, diverting labour from agriculture,⁴⁸ together with Paterson's stricter supervision of government credit transactions necessitated an increased volume of Treasury Bills.

Interregnum Period - Summary

TABLE XXXI

TREASURY BILLS DRAWN JANUARY 1808 - DECEMBER 1809

	£	s	d	£	s	d
a. Bills drawn during 1808						
by Johnston	3,656	12	0 ^a			
by Foveaux	2,841	11	0 ^b	6,498	3	0
b. Bills drawn during 1809				20,386	0	4 $\frac{1}{2}$
Total Bills drawn during						
Insurrectionary period				26,884	3	4 $\frac{1}{2}$

a. This amount is only an estimate, though Johnston officially reports it as the amount drawn for.

b. The total expense was £23,444. 14. 4 $\frac{1}{2}$ d. but there were many Store receipts from the above amount still in circulation.

⁴⁶ Vide General Order 21st March, 1809 H.R.N.S.W. Vol. 7. p. 88.

⁴⁷ When rice was to be imported because of the grain shortage a cargo of timber and permission to import spirits, was to be given to the Master for the freight involved. See H.R.A. Vol. 7. p. 20.

⁴⁸ See Paterson to Castlereagh 23rd March 1809 H.R.A. Vol. 7. p. 29

When the total expenditure compared with the amount of Bills drawn during nine months of Bligh's administration (13th September, 1806 - 20th June, 1807) totalling £10,090, it may be seen that the 'economy' of the insurrectionaries was not as stringent as that of Bligh, while if the volume of cattle trading is considered, a vastly more extravagant situation is evident, for according to Palmer's calculation, up to June 1809, the following were the transactions in cattle -

TABLE XXXII

TRADING IN GOVERNMENT CATTLE - JANUARY 1808 TO JUNE 1809

To 322 Head to Individuals	£ 9,016
" 49 " by Auction for Maize	1,372
" 66 " Private Contract	1,848
" 137 " by Instalments	3,836
" 34 " by Donations	952
	<hr/>
	£ 17,024
	<hr/>

If these two totals are considered together, as representing the government expenses, there appears little justification for the insurrectionaries' pride in their economical administration of the colony, and in their diminution in the amount of Treasury Bills drawn⁴⁹ Possibly the period is well-summarized in Professor Butlin's terse description⁵⁰ - "No doubt individuals seized the golden opportunity to enrich themselves and especially to obtain the coveted government cattle".

⁴⁹ Vide Bligh to Castlereagh 28th October 1808 H.R.A.Vol.6.p.673

⁵⁰ S. J. Butlin op. cit. p. 70

THE ORPHAN AND GAOL FUNDS, 1806 - 1809

Neither Bligh nor his successors manifested as much interest in the Orphan School as did King, nor did they utilise the Gaol Fund to the same extent as King. There is practically no material available describing the functioning of these two funds, during this period, in fact, the only accounts available, are for the period from the 2nd May 1807, when Campbell took over as Treasurer of both these funds, to the 31st December 1807. The functions of these funds remained the same, but though the Orphan School continued to function with varying degrees of success and public approbation, the activities of the Gaol Fund Committee were limited. Set out in Table XXXIII are the accounts for both these Funds⁵¹ up to 30th June 1807.

From June 30th to December 31st 1807, the Jail Fund received £422. 4. 8d. for "Duties and Fees of Entry", and at the 31st December had a credit balance of £1,822. 16. 6d. This balance exceeded the sum of the above amount received and the balance at the 30th June by £145. 3. 6d. which would represent license fees collected within the colony. The growth of this fund is indicative of the neglect of public works during Bligh's administration.

From the 30th June to the 31st December the Fund received £422. 5. 10d. for "Duties and Fees of Entry", and by 31st December had a credit balance of £269. 0. 0d. representing an expenditure by the Committee of at least £385. 17. 11d.

⁵¹ Vide H.R.A. Vol. 6. pp. 169 - 172.

TABLE XXXIII

THE GAOL FUND 2ND MAY 1807 - 30TH JUNE 1807

	£	s	d		£	s	d
May 16. Purchase of 182 bush. of Lime for bldg. Church	9	2	0	May 29. Cash rec'd from J. Harris for duties from 13th Aug. - 31st Dec. 1806	498	15	4
Paid Thos. West for Coffins	13	1	0	Balance due for duties 31 Dec. - 2 May 1807 less his 10% Commission (Sundry Promissory Notes)	432	3	0
Jun. 20. Paid John Gower for taking charge of articles in Store belonging to this Fund	7	8	8	Jun. 30. Sale of Brandy in Store belonging to this Fund	294	10	0
Jun. 30. Balance in Hand	1,195	16	8				
	<hr/>				<hr/>		
	1,255	8	4		1,255	8	4
	<hr/>				<hr/>		

Accounts of these Funds for the interregnum period are not available, but the Committees remained active.⁵² One Committee was set up to replace the two former separate committees, as any reference is to "the Committee of the Orphan and Gaol Funds".⁵³ One other reform, during the period, was of importance, for by an Order of 23rd July, 1809, it was commanded that due to -

the inconvenience which results from the present mode of collecting duties in this colony, the Lieutenant-Governor directs that from this day all duties arising from the importation of goods for sale shall be paid in money which can be consolidated, viz. in Paymaster's Bills, Government receipts for meat or grain, or in cash.

This reform is significant, firstly as indicative of the developing monetary system of the colony, and secondly, it laid a foundation for Macquarie's reforms and expansion of these funds, for while ever the Funds were to operate in terms of barter, their scope was to be limited, but by demanding cash and Stores receipts etc. the Funds could expand, and ultimately aid the development of the settlement.

⁵² The Female Orphan School lapsed from its original purposes, so that at one stage it was named as one of the bawdiest houses in Sydney.

⁵³ Vide General Order 23rd July 1809 H.R.N.S.W. Vol. 7. p. 198.

CHAPTER 7

1810 - 1821 THE GOVERNOR MACQUARIE ERA

In all histories of the Macquarie era, there is somewhere to be found the following quotation, which, in his own words, describe the changes which occurred during Macquarie's administration -

I found the colony barely emerging from infantile imbecility and suffering from various privations and disabilities; the country impenetrable beyond forty miles from Sydney; agriculture in a yet languishing state; commerce in its early dawn; revenue unknown; threatened by famine; distracted by faction; the public buildings in a state of dilapidation and mouldering to decay; the few roads and bridges, formerly constructed, rendered almost impassable; the population in general depressed by poverty; no public credit nor private confidence; the morals of the great mass of the population in the lowest state of debasement, and religious worship almost totally neglected.

Part of these evils may perhaps be ascribed to the Mutiny of the 102nd Regiment; the arrest of Governor Bligh; and the distress occasioned to the Settlers by the then recent floods of the Hawkesbury and Nepean Rivers, from whose banks chiefly the Colony was at that time supplied with wheat.

Such was the state of New South Wales, when I took charge of its administration on the 1st of January, 1810. I left it, in February last, reaping incalculable advantages from my extensive and important discoveries in all directions, including the supposed insurmountable barrier called the Blue Mountains, to the westward of which are situated the fertile plains of Bathurst, and, in all respects, enjoying a state of private comfort and public prosperity, which I trust will at least equal the expectation of His Majesty's Government. This change may indeed be ascribed in part to the natural operation of time and events on individual enterprise. How far it may be attributed to measures originating with myself, and my zeal and judgement in giving effect to my instruction, I humbly submit to His Majesty and his Ministers.¹

¹ Macquarie to Bathurst 27th July 1822. H.R.A. Vol. 10. p. 672.

While this apologia of Governor Macquarie is the most often quoted, it is not unique in the early history of New South Wales. Far from it, for each of the previous governors had, subsequent to their departure from the colony, defended their administrative actions in practically the self-same terms as used by Macquarie, so each had found the colony in a state of material and spiritual degradation, and left it in a vastly improved condition. When the difficulties under which the various Governors had laboured, are considered, what may at first be construed as implying failure by previous Governors, may instead be seen as slow and discontinuous progress. However, there can be little doubt, of the rapid material progress of the colony during Macquarie's administration, partly because of the length of his administration; partly because obstacles which had formerly baulked the Governor's administration were removed (e.g. the New South Wales Corps.); and partly because the colony had progressed to a sufficient degree prior to Macquarie, to materially benefit from his far-sighted policy. The end of the Macquarie era is therefore seen as a watershed in Australian history, when paternal conviction gave way to emergent capitalism, which was soon to be marked by the first boom and slump of Australian history.

Professor S. J. Butlin has described the governorship of Macquarie, 1810 - 1821, as being, "the period which finally determined that the ultimate destiny of the colony of New South Wales and its

Tasmanian appendage should be a free capitalist society, not a gaol"²
 By 1822, even Earl Bathurst, the Secretary of State for Colonies, had recognised that New South Wales "as a place of punishment had not answered all the purposes for which it was intended due to the rapid and unprecedented succession of convicts, transported of late years to New South Wales"³.

By 1822, the English authorities had resigned themselves to the fact that New South Wales was now committed to being a colony, in the usual sense of the word, and it was the policies which Macquarie had adopted, to promote the welfare of the colony which provided the basis for the development of this capitalist society, which was to be incompatible with the English design, for a prison. When commending Macquarie's administration⁴, Earl Bathurst spoke of Macquarie's being forced to gradually depart from the intentions inherent in his original instructions. It would appear, however, to be nearer the truth, to say that while Macquarie obeyed the letter of these Instructions, based as they were on immediate practicalities, he rather altered their "spirit", so that his policies for improvement, together with the "natural operation of time", incapacitated the colony in its function as a receptacle for offenders. This was far from the intentions of Whitehall,

² S. J. Butlin, Foundations of the Australian Monetary System 1788 - 1851 (Melbourne: University Press, 1953) p.5.

³ Bathurst to Macquarie 10th September 1822 H.R.A. Vol.10. p.793

⁴ See preceding paragraph.

for, as in Earl Bathurst's words, it was either that "strict discipline, regular labour and constant superintendence were to be maintained; or the system of unlimited transportation to New South Wales must be abandoned". Criminal punishment was designed as a deterrent so when the "apprehension entertained" in England, of the severity of transportation to New South Wales, diminished the colony could no longer efficiently perform its function as a place of punishment. This is what happened during the Macquarie era, for one reason or another so that New South Wales lost its deterrent abhorrence for criminals. No longer of use as a gaol it could at least become a valuable British possession as a commercial colony,⁵ so, with the growing realisation, in England, of the increasing inefficiency of New South Wales as a penal settlement, came the resignation to the emphasis on the commercial possibilities of the colony.

Whitehall's original Instructions to Macquarie were identical to those issued to his four predecessors, except that they contained explicit orders designed to remedy the position caused by the mutiny of 1808 and the interregnum administration of the New South Wales Corps. It was not long, however, before Macquarie began to embark on a programme, designed to not only cater for the needs of a penal settlement, but which was to provide the pre-requisites for a capitalist society. This programme had three important aspects, (a) that connected with feeding the convicts and others victualled by the Government; (b) that

⁵ Vide Bathurst to Lord Sidmouth 23rd April 1817 H.R.A.Vol.10 p.807.

concerned with moral and social reforms, the principal part of which was the encouragement offered to emancipists; and (c) that related to public works. Of these three aspects, only the first was essential to the Imperial Government's design for the colony. The other two represented policies which, as designed by Macquarie, presupposed the emergence of a free society.

The keystone of Macquarie's programme is his "emancipist policy", which, in turn, reflected his entire attitude towards the function of criminal punishment, and of the colony itself. He propounded this policy, in one of his earliest despatches:

I was very much surprised and concerned, on my arrival here, at the extraordinary and illiberal policy I found had been adopted by all the persons who had preceded me in office respecting those men who had been originally sent out to this country as convicts, but who, by long habits of industry and total reformation of manners, had not only become respectable, but by many degrees the most useful members of the community. Those persons have never been countenanced or received into society. I have, nevertheless, taken upon myself to adopt a new line of conduct, conceiving that emancipation, when united with rectitude and long-tried good conduct, should lead a man back to that rank in society which he had forfeited, and do away, in as far as the case will admit, all retrospect of former bad conduct. This appears to me to be the greatest inducement that can be held out toward the reformation of the manners of the inhabitants, and I think it is consistent with the gracious and humane intentions of His Majesty and His Ministers in favour of this class of people⁶.

Macquarie's emancipist policy clearly reflects Whitehall's lack of long-range planning for the colony. New South Wales had been founded, largely as an emergency measure, and little thought had been devoted to

⁶ Macquarie to Castlereagh 30th April 1810. H.R.A. Vol. 7. p.276.

the future of transported convicts, once their period of penal servitude was ended. The Home authorities had never formulated any definite policy on this matter, and the previous Governors had not adopted any regular policy. By 1810, many former convicts had attained to positions of responsibility, and eminence within the colony and while they were accepted as "equals" in colonial commerce and officialdom, were not admitted to "society". Macquarie wished to promulgate a policy to make them "equals" in all aspects of society, partly because he felt that once the punishment had ended no stigma should remain, and partly because he saw New South Wales developing as an increasingly free colony.

It was in seeking to implement this policy that Macquarie encountered his strongest opposition, simply because those who had arrived "free" considered themselves superior to those freed. Initially, the British authorities accepted this policy, but with a certain amount of reserve, stating that they "concur in the propriety of the general principle...but this principle may be carried too far",⁷ but when malcontents in the colony complained to men of influence in England, Whitehall's attitude turned to one of severe distaste.

In the eyes of the English authorities it contravened the purpose of the colony which was to be a deterrent to prospective criminals, and a place where strict discipline and hard labour would reform those undeterred. But still was left unanswered, the problem of

⁷ Bathurst to Macquarie 3rd February 1814 H.R.A. Vol. 8. p. 134

the future of the criminals, after their crimes had been expiated. Governor Macquarie attempted to answer this problem with charity, but this destroyed the very bases of the penal colony, for where Macquarie considered that offenders would reform if given some hope, Whitehall, concerned as it was with the upsurge of crime in England, felt that hard work alone would reform, besides deterring. Deterrence was more important for the English authorities, for they had to consider the future, in a society with growing lower-class unrest, but Macquarie faced the future in a society with growing "freed" class unrest.

Macquarie's emancipist policy stemmed from three sources (a) his ideas as to the function of criminal punishment; (b) the social position of the colony; and (c) his view of the future of the colony. Criminal punishment, Macquarie saw as a debt, which once paid, freed the offender who should then be free to return to his former position in society. In this view punishment was for the reformation of the character, and once evidence of rectitude was present, then the process of punishment was completed and the individual should be able to return to society.

There were therefore in the colony many who had served their sentence, and whom Macquarie felt it was part of his charge to rehabilitate. Fortunately, certain peculiar conditions arose within the colony to assist, if not impel, this policy of rehabilitation:

With the exodus of officers of the 102nd Regiment, of gentlemen settlers rushing to London to save their skins at the trials of the rebels, and of witnesses taken to England to support Bligh or Johnston, Macquarie found the colony largely denuded of residents to whom he could normally look for civil services.⁸

He had therefore to utilise emancipists to perform these services, especially since many of the free settlers were little above the poorest of the convicts, in habits of industry, manners, or morals, which further forced Macquarie into a dependence on emancipists, for many of the civic functions. It was, however, merely an immediate expediency for Macquarie's policy constituted a part of his entire plan for the colony.

Governor Macquarie's policy for New South Wales had three aspects, of which his emancipist policy was one, the other two being (a) his public works policy, and (b) his policy regarding the colony's food supplies, and of these two, it was only for the latter that Macquarie had received definite instructions, and which can be seen as part of the Imperial Government's scheme for the settlement.

By the time of Macquarie's arrival, governmental procedure for securing food supplies was well established, private agriculture finding its market in the Commissariat department, so Macquarie's only concern was to ensure sufficient agricultural production to meet the colony's needs. This problem had been aggravated throughout the history of the colony by the ravages of the Hawkesbury River which intermittently

⁸ M. H. Ellis, Lachlan Macquarie (Sydney: Angus and Robertson, 1952) p. 224.

jeopardised the colony's food supplies. Once again, just previous to Macquarie's arrival, a "dreadful and calamitous inundation of the Hawkesbury had destroyed the whole of the crops of that fertile district",⁹ so Macquarie was immediately acquainted with the problem of the colonial food supply. He relieved the immediate effects of this disaster by importing a cargo of wheat from Bengal, and sought to provide against a repetition of this disaster by the formation of township with adequate storage facilities on high ground, in the Hawkesbury River district.

Throughout his governorship, Macquarie had to contend with fluctuations in colonial agricultural production, with either a deficiency due to the cruelties of the climate, or with a surplus, for which there was no demand. In the period from 1811 to early 1813, the colony experienced favourable conditions, and abundant harvests, but drought conditions prevailed in the latter half of 1813, and famine once more haunted the colony. Wheat had to be imported from Bengal, and this importation continued until early 1815, when Macquarie could again report - "there is enough wheat saved for the consumption of the colony without being obliged to resort to foreign Markets."¹⁰ This improvement was of very short duration, for in early 1816, supplies of wheat had again to be imported from Bengal. In the 1816 and 1817, droughts were replaced by floods, and outside supplies were required, but, by this time Van Diemen's Land (Tasmania) had developed, so that it

⁹ Macquarie to Castlereagh 8th March 1810. H.R.A. Vol. 7. p.220

¹⁰ Macquarie to Bathurst 24th March 1815. E.R.A. Vol. 8. p.464

could "supply the great deficiency occasioned by the successive inundations in the Interior of this part of the Territory".¹¹ While 1818 and early 1819 saw a respite from natural calamities, so that the colony could once again be self-sufficient in grain, from March to July 1819 there were two further floods in the Hawkesbury wheat-growing area. But Macquarie's policy of cultivating the high ground in these areas, allowed sufficient grain to be produced to meet the colony's needs. In September, 1820 heavy rainfall again destroyed the wheat crop, and once more, wheat had to be imported from Tasmania. In all, the development of the fertile Hawkesbury River region as the granary of the colony, brought with it an increased precariousness of supplies.

The third and perhaps most significant of Macquarie's policies was his public works programme. After Governor King's departure there had been practically no attempt to undertake a programme of consistent public works, so by the time of Macquarie's arrival, many public buildings were in a dilapidated and decayed state, while the roads linking Sydney to the out-settlements were in many cases impassable.

Under Governor Hunter, a system for public works had been developed, whereby the cost of those works of direct concern to penal functions of the settlement was paid by the Government, by means of Treasury Bills, while that for works of a developmental nature, e.g. roads, was paid for, out of the colonial revenue which was under the

¹¹ Macquarie to Bathurst 12th December 1817 H.R.A. Vol. 9. p.710.

control of the Gaol Fund Committee. The principle Hunter had enunciated was that those public works such as were undertaken by the County authorities in England, should be controlled by the Gaol Fund Committee and paid for from this fund. However, convicts victualled at Government expense were utilised on such projects as labourers, but any materials used were paid for from the Gaol Fund. Now this system had eventually been approved by the Home authorities and while it had fallen into abeyance during Bligh's governorship, and during the Interregnum, it still remained available, at the commencement of Macquarie's governorship.

In his very first despatch Macquarie stressed the need for a programme of public works, and enumerated those immediately essential - "New substantial Barracks" for the military; a new General Hospital; "Granaries and other Public Stores; as well as Barracks for the reception of male and female convicts on their first arrival in this country".¹² Even at this early juncture, Macquarie hinted at the size of the works he was envisaging, when, in the same despatch he requested the appointment of a full-time Government Architect. The puniness of previous piecemeal efforts was to be replaced by a comprehensive scheme, designed to provide the buildings required in a growing colony, and the temporary nature of many of the previous constructions, was to be replaced by the substantial constructions of the Macquarie era.

¹² Macquarie to Castlereagh 8th March, 1810 H.R.A. Vol. 7. p.223.

This represented Macquarie's intentions for those public works related to the prison function of the colony, and these were, of necessity, vast, for firstly the existing deficiencies had to be remedied, and secondly, provision had to be made for expansion. With these thoughts in mind, Macquarie requested the services of an architect, and also warned Whitehall of the "very considerable expense" which would be involved, in the erection of "essentially necessary Public Buildings". Macquarie also saw a need for an expansion of developmental public works within the colony, and to facilitate this, he reorganised the system of colonial revenues, or rather restored certain features. During the interregnum, one committee controlled both previously separate Funds, while the system by which custom duties and fees were paid to the two funds, led to disproportion in finances so that the Orphan Fund could accumulate large balances, while the Gaol Fund remained impecunious. Macquarie therefore, firstly separated the two funds, and their management; and secondly, allocated three-quarters of all taxes collected to the Gaol Fund, and renamed it the Police Fund. The Police Fund was to provide funds necessary for "the erection of Wharfs, Quays, Bridges, and the making and repairing of Streets and Roads within the Limits of the town of Sydney", as well as defraying the expenses of the Gaol and Police establishments.

It should be noticed, that in enumerating the functions of the Police Fund, Macquarie made no mention of the cost of constructing

roads outside the town of Sydney. While the expenses for constructing and maintaining the streets of the principal towns, were met from the Police Fund, main roads connecting towns throughout the colony, were maintained by a system of Turnpike Tolls, though the original cost was paid from the Police Fund. Prior to Macquarie's administration, the main means of road construction and repair, was a forced labour system, whereby each landholder in a district had to provide a certain amount of labour for road building and maintenance. This system had many defects, and though it operated successfully during Governor King's administration, during the interregnum, the hostility of landholders towards the administration, prevented its continuation, so that roads fell into disrepair, and no new roads were built. Because of this, Macquarie was faced with paucity of roads linking the various settlements, and (b) disrepair in those which did exist. He considered "the making Permanent Roads and Bridges is one of the first Steps towards Improving a new Country", and so quickly embarked upon a scheme to remedy the defects of communications within the colony.

The first road to be built, was to connect Sydney with its food supply at the Hawkesbury, and this was to be a Turnpike Road. "The funds to defray the expense of making this road and erecting the necessary bridges will be advanced in the first instance, out of the Colonial Fund...but this advance is to be repaid, with interest, from the produce of the Tolls to be established on the road when finished".¹³ This

¹³ Macquarie to Castlereagh 30th April, 1810 H.R.A. Vol. 7.p.275

represented an innovation within the colony, and since there was no established control Macquarie appointed a Turnpike Committee, whose function was to auction the Tolls, and to regularly inspect the roads. This established the means by which Governor Macquarie could construct a network of roads in the colony, to assist and foster development designed to advance a free colony.

Governor Macquarie always sought to maintain the cardinal principle of economy, in his Public Works, which sometimes led him to adopt peculiar means of attaining his ends. The construction of the General Hospital illustrates this quirk. His famous contract, for this building, with Riley Blaxcell and D'Arcy Wentworth, which gave them the exclusive privilege of importing spirits for three years, appears incongruous as a government transaction, especially when the avowed purpose of New South Wales is considered. However, the interests of government in regard to economy had been well considered. As one writer has shown - "To Macquarie the balance sheet looked like this:-

Credit	Debit
One Hospital urgently needed and which the Government could not afford to build. £X	80 Oxen for slaughter 450lb. each at 1-6d per lb. £2,700
Duty on 4,500 gallons of rum at 3s. per gallon £6,750	20 Convicts for 3 years worth £20 p.a. each 1,200
	20 Oxen on loan worth £5 p.a. each 300
<hr/> £6,750 plus X <hr/>	<hr/> £4,200 <hr/>

Whatever happened, whatever sort of building the contractors made, the government could not lose as it would have both the building and £2,550 added to the Colonial Treasury.¹⁴

Governor Macquarie's policy for public works did not gain the approval of Lord Liverpool, the Secretary of State. Obviously no complaint could be made of extravagance, for the monies involved were raised within the colony. It was simply that Macquarie's projects brought sharply into focus the paradoxical situation within what Whitehall still largely regarded as a gaol, with little hope of a future. Beyond this, in the case of the Hospital Contract, Macquarie had, just previous to completing it suggested to the British authorities, that free importation of spirits would solve the age-old spirits problem, and, Lord Liverpool, acting on this suggestion had made moves to issue licences in England, for the exportation of spirits to New South Wales. Naturally, Macquarie's contract embarrassed English officialdom, and while Lord Liverpool did not quarrel over the need of a new Hospital, he roundly condemned the means adopted to obtain it. But this was not the only aspect of Macquarie's Public Works policy which Lord Liverpool condemned, for he found many faults in Macquarie's administration.

It is interesting here to note, the contrast between Lord Liverpool's attitude towards this feature of the colony, and the attitude adopted by Earl Bathurst, when he assumed the office of the

¹⁴ B.H. Travers, The Captain-General (Sydney: Shakespeare Head Press, 1953) p.83.

Secretary of State in June, 1812. Whereas Liverpool saw little to commend Macquarie's endeavours in regards Public Works, and condemned them as extravagant; Bathurst was willing to see them as promoting the welfare of the colony, and hence commendable. Marion Phillip's claim that it was "the personality and opinions of the Secretary of State which were of importance in affecting the development of the Colony",¹⁵ speaks of a factor which is too often neglected in considerations of early Australian history, so just as it may be claimed that, "for the first half Century the personalities of the successive governors were of dominating importance"¹⁶ in the colony, so also the personalities of the various Secretaries of State determined to no little degree the destiny of the Australian Colony. Generally the antipodean colony received scant attention during the restless period in European affairs and the entire responsibility for the colony devolved completely upon the Secretary of State. He set the pattern which the Governors interpreted in the peculiar conditions of the colony and as long as expenditure from within the colony was economically administered, New South Wales escaped attention, in the more pressing concern for matters nearer Home. Even the large expansion of expenditure during Macquarie's period, at first aroused little interest, partly because of the over-all increase in all Government expenditure.

¹⁵ Marion Phillips, A Colonial Autocracy (London: P.S. King and Son, 1909) p.290

¹⁶ J. J. Auchmuty, "The Background to the Early Australian Governors", Historical Studies of Australia and New Zealand 6:23 November 1954. p.300.

Many Secretaries therefore, had little or no concern, save in ensuring economy in expenditure and any effect they had on development arose from this concern.

Lord Liverpool was the most prominent politician during the early 19th Century to hold the office of Secretary of State for War and Colonies, as this office was generally held by men of lesser calibre, using it as a stepping stone to higher offices. It is natural that such a person who had already "arrived", would devote less time to the affairs of the colony; would be more inclined to make on-the-spot decisions based on reactionary promises; and would probably also be prone to adopt a belligerent attitude. Politics of the period were very much a matter of personalities, and patronage, and a powerful person such as Lord Liverpool, in view of the conditions prevailing in Europe of 1810 - 1812, could show little interest in an antipodean colony and would be most annoyed when routine administration was disrupted by a Governor with grandiose schemes. Furthermore much of the thinking in England about the colony, was still in terms of the eighteenth-century, conditions described so ably in David Collins' books, and so many, including Whitehall, did not realise that New South Wales was no longer Botany Bay.

It is not to be wondered that Lord Liverpool saw fit to criticize Macquarie's actual and projected Public Works, primarily because of the amount of Treasury Bills drawn, for as he pointed out, "the necessity of it (economy) is enjoined not merely by every consideration of

frugality in the expenditure of the Public Money, but by the beneficial effects which must be produced by an example of good management necessarily so public".¹⁷ Lord Liverpool's attitude is epitomised in his statement that he trusted "that no public buildings whatsoever have been commenced, the construction of which was not indispensibly required for the Public Service". Only the bare minimum of construction was considered as necessary by Lord Liverpool, and eventually he ruled that Macquarie -

undertake no public buildings or works of any description without having the previous Sanction of His Majesty's Government ...or without being enabled to prove...that the delay of reference would be productive of Serious Injury to the Public Service.¹⁸

This ruling did little to hinder Macquarie's policy, and it is amazing how many public works of the Macquarie would have prejudiced the "Public Service" if delayed by referral to Whitehall.

Liverpool's policy of frugality and economy extended beyond a mere reduction in the volume of Treasury Bills drawn, for he also proposed to reduce the expense of the colony by making "the Colonial Revenue applicable to that part of the Expenditure of the Colony which now falls so heavily upon the Treasury of this Country".¹⁹ This meant that revenue raised in New South Wales would be applied to the cost of

¹⁷ Liverpool to Macquarie 26th July 1811. H.R.A. Vol. 7. p.362.

¹⁸ Liverpool to Macquarie 4th May 1812. H.R.A. Vol. 7. p. 478

¹⁹ Liverpool to Macquarie 5th May 1812. H.R.A. Vol. 7. p.481.

feeding and maintaining the convicts sent from England. This was a most innocuous proposal based on a failure to comprehend the change in the colony's status from being a mere appendage to a developing independence. Liverpool argued that those improvements such as roads and bridges, whose cost would be met from the Police Fund, were the "offspring, rather than the cause of, internal prosperity", and therefore, berated Macquarie for such expenditure as it was "mere speculation of improvement". Now if Liverpool's argument is admitted then there would have existed a fund, raised within the colony, for which there was no good purpose, so it could well be used to defray some of the expenses, which represents a very improbable position, of transportation. It is very interesting, however, to conjecture how Liverpool's continuance in office might have retarded the development of the colony, but fortunately, Earl Bathurst became Secretary of State for the colonies, and brought a markedly different policy from that of Lord Liverpool, who had been appointed Prime Minister.

Earl Bathurst had a different attitude towards the colony, for while Liverpool had been concerned that all policies within the colony should lead to the benefit of England, Bathurst emphasised that their aim should be to benefit the inhabitants of the colony. In one of his early despatches, he commended the Turnpike system adopted in the colony as appearing "in every respect well calculated to promote the general welfare of the Colony and the convenience of the Inhabitants"²⁰

²⁰ Bathurst to Macquarie 23rd November 1812 H.R.A. Vol. 7.p.666.

which scheme Liverpool had roundly condemned. Such a change provoked Macquarie to point out this inconsistency with former rulings to Bathurst. Bathurst's reply displays discomfit at such a suggestion, but while he paid lip-service to Liverpool's policy he still advanced his own ideas, and stated that he still considered there was no objection to roads and other Public Works being financed from the Police Fund.²¹

Governor Macquarie's Public Works policy was made possible by the attitude adopted by Earl Bathurst, for a continuation of the prescriptive restrictions applied by Lord Liverpool would certainly have prevented him carrying out this policy. Throughout Macquarie's governorship, Bathurst made few criticisms of the colony's Public Works, and often the criticisms made appear more as token criticisms, made unwillingly by Bathurst, at the instigation of his superiors, at such times as their interest was captured by the colony's affairs. Bathurst never condemned any works financed from colonial revenue, taking the attitude that since they were "generally highly useful" and "to be defrayed from Colonial Funds", he would trust Macquarie's judgement and gave them his sanction, while for those works financed by Treasury Bills, Bathurst was not so conceding, but nevertheless, his condemnations were few. He fluctuated in his attitude according to the conditions existing in Europe, and according to the intelligence he received regarding the colony, so, while in 1815 he considered convict barracks unnecessary, (due to "the present Circumstances of the Country, an Application to

²¹ Vide Bathurst to Macquarie 3rd February 1814. H.R.A. Vol. 8. p. 132.

Parliament for an Additional Grant of Money is undesirable), in 1818 the same constructions had Bathurst's entire approbation. Bathurst's main criticisms were (a) Macquarie's procedure regarding Public Works, whereby "so large a sums were spent without the previous sanction of the Government at Home",²² and (b) the grandiosity of some of Macquarie's plans. Earl Bathurst allowed most of Macquarie's plans to be fulfilled, so that this programme of works can be seen as the product (a) the permissive environment created by Bathurst's attitude, and (b) Macquarie's expectations for the Colony.

Before turning to a fuller examination of Earl Bathurst's attitude, and of Macquarie's expectations for New South Wales, there is one aspect of Macquarie's public works programme which has been too often neglected in histories of the Macquarie administration, viz. the "rate" of this programme. In his apologia²³, Macquarie devotes a large section to his public works, and describes there their rate.

The decayed and dilapidated state of all the public Buildings, both at Sydney and the subordinate Settlements, and the state of the public roads and bridges throughout the Colony also claimed my early attention; but the resources then under my control were very inadequate to repairs and improvements of that nature. My plans were circumscribed and my progress retarded accordingly.

At that time, there were no Colonial Funds to defray the expense of constructing such works, and there were then very few convict artificers of labourers in the colony. I was therefore under the necessity of getting some of these works by contracting with private individuals. The first public roads and bridges, constructed in the Colony, and also the Colonial General

²² Bathurst to Macquarie 24th August 1818, H.R.A. Vol.8. p.833.

²³ Macquarie to Bathurst 27th July 1822, H.R.A. Vol. 10. p.671.

Hospital and a few other public buildings, were of this description. But, since the existence of a Colonial Revenue, and after so great an increase of convict artificers and labourers as has taken place within the last seven years, all the public buildings in the Colony (with very few exceptions) have been erected by the government artificers and labourers, as have also all the roads and bridges.

Most commentators on Macquarie, give the impression that he pursued a vast programme of public works throughout his entire period of administration. This arises partly from a mistaken interpretation of Macquarie's phraseology, so that when one reads of the founding of towns during his early years in the colony, this creates an impression beyond the mere nailing of a placard to a tree, which was Macquarie's favourite method of creating towns. The passage quoted above, and an examination of the public works completed in the four main centres of New South Wales, gives a different impression to the traditional. In his "apologia" despatch, Macquarie gives a fairly comprehensive list of works completed at Sydney, Parramatta, Windsor and Liverpool, but no dates are mentioned. By referring to the Bigge Commission evidence and the Police Fund accounts, it has been possible to compile a chronological list of works completed. The following table, therefore shows Macquarie's programme of works for his first six years.

TABLE XXXV

PUBLIC WORKS * 1810 - 1816 - SYDNEY, WINDSOR, PARRAMATTA, LIVERPOOL
(THE FOUR MAIN CENTRES OF NEW SOUTH WALES)

1810	Turnpike Road - Sydney to Windsor
1810 - 12	Commissariat Store - Sydney
	Judge-Advocate's House - Sydney
1810 - 12	Colonial Secretary's House - Sydney
1810 - 15	General Hospital - Sydney
1810 - 15	Construction of Watch Houses - Sydney
1810 - 20	Levelling and repair of Sydney Streets and Bridges
1810 - 20	Repairs to Gaols
1810	Fencing of Market Place - Sydney
1811 - 12	Light-Horse Barracks - Sydney
1811	Toll Houses - Sydney
1812	Government Wharf - Sydney
1812	Repairs to Church - Sydney
1812 - 18	Macquarie Place - Sydney
1812 - 18	Levelling and repair of Parramatta Streets
1812	Construction of Gaol at Windsor
1813	Fencing of Parramatta Market Place
1813	Court House at Windsor
1813	Levelling and repair of streets of Windsor
1813	Clearing of Government Domain and making a Garden - Sydney
1813	Repairs to Government House - Sydney
1814 - 15	Construction of Wharf at Windsor
1814	Parramatta to Emu Ford Road
1814	Sydney to Liverpool Road
1815	Repairs to Government Houses at Parramatta, and Windsor
1815	Government Domain, Parramatta
1815	Road across the Blue Mountains
1815	Military Barracks, Liverpool
1816	Guard Houses at Sydney
1816 - 17	Chaplain's House at Sydney
1816	Government Domain Wall, Sydney
1816 - 17	Light-House at South Head, Sydney
1816	Hospital at Liverpool

* Unless otherwise stated, the works listed represent new construction.

Within this early period, there may be differentiated two distinct phases in the public works' programme, viz. (a) 1810-1812, and (b) 1813 onwards. During this first phase (1810-1812) the emphasis was upon (i) repairing and improving the facilities of the township of Sydney; and (ii) the provision of improved means of communication, while the emphasis during the second phase (1813-1816) was upon (i) the provision of requisite facilities in towns created in the earlier period (i.e. Windsor, Parramatta and Liverpool); (ii) the construction of a network of major roads within the colony, the most notable of which was the road across the Mountains to the newly-discovered interior; and (iii) the repair and enlargement of already-existing buildings. When Macquarie assumed control of the colony, in 1810, he decided upon certain improvements and repairs as being essential, and immediately went about completing these, so that for the latter half of 1810 during which Macquarie controlled the colony, some half-dozen major projects were begun. After this initial period of urgency, which extended to about 1812, the public works programme represented an attempt to open up the growing area of the colony for settlement.

The period from 1817 till the end of Macquarie's administration, we could refer to as his "classical period", for it was during this time, that those works and constructions for which Macquarie has remained famous were undertaken, and it is to these works, that most writers on Macquarie refer, when discussing his public works programme. Not only the volume of works increase, but also their character

TABLE XXXVI

PUBLIC WORKS - NEW SOUTH WALES - 1817-1821

Roads

Sydney to South Head Lighthouse
 Sydney to Botany Bay
 Parramatta to Richmond
 Liverpool to Bringelly, the Nepean, and Appin
 Appin to the Cowpastures.

Buildings

At Sydney

A Military Hospital; Military Barracks; Convict Barracks and a Garden; Carters' Barracks; a Toll House in Hyde Park; Houses for the Judge of the Supreme Court, the Superintendent of Police, and the Chaplain; an Asylum; A Fort and a Powder Magazine; Stables for Government House; a Market House, and a wharf at Market Place; a new Burial Ground; and St. James' Church.
 Two major projects were planned and their foundations laid, but they were not finished, viz. a Cathedral, and a Court House.

At Parramatta

Spires were added to All Saints Church; a Hospital; a Parsonage; Military and Convict Barracks; the new Factory; a Stable and Coach House at Government House; a Reservoir.

At Windsor

St. Matthew's Church; Military Barracks; Convict Barracks.

At Liverpool

St. Luke's Church; a Gaol; a Wharf; Convict Barracks.

changed, both in relation to their purpose, and, in some cases, their architecture. It was, as will be subsequently seen, the volume of expenditure and nature of the buildings undertaken, during this period, which aroused Whitehall's feelings, and was a major factor in prompting the famous commission of enquiry under Thomas Bigge.

Table XXXVI lists the programme of works undertaken from 1817 till the end of Macquarie's administration.

Not only does this Table illustrate the increased scale of constructional activity during this period, but perhaps of greater significance is the increased quality of construction, which is displayed by the number of the buildings listed which still remain, and which are accounted as a rich heritage of Australian colonial architecture.

While the influx of convicts from 1818 onwards, due to the post-war social upheaval in England, made this accelerated rate of works possible, according to Macquarie, it was this feature which also made them desirable. In the period from May 1818 to March 1819, no fewer than -

2,600 male and female convicts have arrived in this country from England and Ireland, thus greatly augmenting the population and consequently the expenses of this colony to the Mother Country; the settlers being unable to take more than a small proportion of them 'Off the Store' on account of their poverty and the losses they sustained by the recent inundations...thereby leaving a large body of convicts on the hands of the government to be victualled and clothed at the expense of the Crown...I have no alternative but to employ large gangs of them on the government Public Works now in progress at Sydney and the other Settlements, and also in constructing new roads and bridges, and repairing of old ones throughout the several parts of the colony...

As the expense of constructing new roads and bridges and keeping the old ones in repair, has hitherto been defrayed from the Colonial Revenue, the work being done by contract, the whole of that heavy expense will now be saved to the Crown by thus employing strong gangs of government men to execute this important and indispensable work.²⁴

The British government did nothing to stop this programme of work even though they involved such a vast increase in expenditure, partly because they had little effective means of financial control beyond "rebuks and reproach, and perhaps as a last resort recall", and partly because the colony had in the late 1810s assumed a renewed importance as a receptacle for unwanted members of British society, Macquarie therefore suffered neither proscription nor approbation.

Even Thos. Bigge, the Commissioner enquiring into the colony's affairs, found little to condemn, and went so far as to suggest a list of buildings and improvements needed within the colony, - a list which involved a magnitude which even outshone Macquarie's efforts. Bigge was highly critical of that expenditure which could be deemed unnecessary, and he therefore singled out for criticism those constructions, - dear to the architectural aspirations of Macquarie, - which he (Bigge) considered costly because of their ornamentation, or their ornamental function. In early 1821, he submitted to Macquarie a list of questions regarding colonial Public Works, which implied criticism of ornamentation in the function and design of certain constructions. Macquarie mistook Bigge's intentions, and interpreted

²⁴ Macquarie to Bathurst 24th March, 1819 H.R.A.Vol.10. p.88

this as a general criticism of his public works' programme, and in his reply summarised and defended his entire policy. Succinctly stated, Macquarie claimed that he only sought always to promote the welfare of the entire community, by providing those facilities, required in a free society, in such a style as would provide beauty within harsh surroundings. This was his aim, modified by the availability of resources and by the English authorities' attitude which together determined the scale of Macquarie's programme.

Professor Butlin, taking into account Macquarie's ancestral background, has said of Macquarie, "as governor (he) thought in the mould of a Scottish chieftain; his policy was to promote...with as little interference as could be managed from the Colonial Office, the welfare of convicts and colonists as he saw it".²⁵ This claim is well illustrated by reference to the reply made by Macquarie to Bigge's queries especially when he says -

It is not possible for the Governor to answer personally of charges of this kind. Sufficient it is then to say that the Turnpike gate may be unsuitable, the Obelisk not necessary, the Fountain absurd, the Tower, Lighthouses, all useless extravagant expenditure - but the Governor did not consider them so; nor does he think the little unadorned Obelisk, placed as it was, as a Point from whence distances were to be measured, and rendered at a trifling expense, somewhat ornamental to the Town, meriting any censure. He does not agree in opinions that the Fountain has been improperly erected, inasmuch as it secures a large supply of water for the use of the Town, which would otherwise have been lost. If the expenses of the Lighthouse, with those connected with it, be deemed unnecessary, the Governor

²⁵ S. J. Butlin: op. cit. p.6.

will only observe, that the style of work itself demanded some little sacrifice in its surrounding decorating...In fact the Governor cannot enter further into the subject of each and every building constructed, road made, Church repaired, &c. than finally to declare that they were one and all of them done with the sole aim and view of rendering services to the Public and the government, and if he has not succeeded equally in all of his numerous buildings and improvements, he thinks his objects and views will not be so misconstrued as to be assigned to any unworthy motive.²⁶

The upsurge of constructional activity during the latter half of Macquarie's governorship is therefore the product of his desire to advance the welfare of the colony, aided by a comparative passivity on the part of Earl Bathurst. Part of this attitude, at least, stemmed from the growth in the proportion of works paid for by colonial revenues, together with an appreciation of the difficulties occasioned by the vast influx of convicts during the post-war period. ~~It~~^{is} wished therefore to examine the means adopted for undertaking financing the colonial public works.

The availability of resources, both human and financial, limited the rate at which Macquarie's programme of works could proceed, and also determined the method, by which these works were undertaken, and financed.

Originally, Hunter had created a dichotomy, whereby those works whose cost was borne by the County authorities in England, were to be financed by colonially-raised revenue, and those works related to the penal aspects of the colony were paid for by the English government, and this system had continued. So, roads and bridges in the colony

²⁶ Macquarie to Bigge 4th February 1821 Bonwick Transcripts Box 11.(Mitchell Library, Sydney).

were constructed with materials paid for by the Gaol Fund, and with free labour, while road repairs were completed by a "tax" of labour, whereby each landholder was taxed a certain number of day's work. This system had worked particularly successfully during Governor King's administration, and had provided the means of constructing some main roads, but, subsequent to King's period, this system had fallen into abeyance, and the roads into disrepair.

Within a short time of his arrival, Macquarie announced the urgent need for roads throughout the colony, and for certain public buildings, but he had no means with which to fulfill these requirements.

All of the convict labour force available for Government purposes, was employed on the construction of the Commissariat Stores, begun by Colonel Foveaux, and, in any case, road construction came under the "County" works category. The roads envisaged by Macquarie were to consist of more than mere trail markings on tree trunks, which was the method hitherto used, and so their quality and scale necessitated more labour and cost than the constructions previously made. Both finance and labour were unobtainable to the government, so Macquarie resorted to a new means for public works, viz. construction by contract. This was but one of the four methods utilized by Macquarie, which were:-

A. Construction using convict labour, with materials paid for with Treasury Bills;

B. Construction by contract, utilizing free labour, and all costs being paid from the Police Fund;

C. Construction by contract, whose cost was met by Treasury Bills; and -

D. Construction using convict labour, with materials paid for by the Police Fund.

The first of these methods was confined to the erection of those buildings most closely concerned with the function of the colony as a prison, while the second though initially utilised in accordance with practice established by Governor King, was later expanded to meet any needs as decided upon by Macquarie. The third method was of little importance being used for the construction of only one or two buildings, but the last method was the main means for public works during the great expansion of 1818 to 1821. The relative importance of the four methods can be seen by reference to Table XXXVII, which lists those works constructed by convict labour with materials paid for either by Treasury Bills or by the Police Fund, and to Table XXXVIII which lists works completed by contract.

Both Tables are compiled from the Bigge Evidence Appendix (Volume 133).

The increase in public works during the last three years of Macquarie's administration as shown in Table XXXVII is compensated for by the decline in contract works, as shown in Table XXXVIII. The bulk of these contracts were for the years prior to 1816 which period saw three-quarters of all such works. The criteria used by Macquarie in deciding the procedure to be adopted for the various public works seems

TABLE XXXVII

BUILDINGS UNDERTAKEN, NOW IN PROGRESS, OR COMPLETED IN
NEW SOUTH WALES SINCE THE 1ST FEBRUARY, 1810, BY GOVERNMENT
LABOUR.

Date of Completion	(All at Sydney unless otherwise stated)
1812	1. Commissariat Stores 2. Light-Horse Stables 3. St. Phillip's Church
1813	4. Clearing the Domain 5. Repairs and Enlarging Government House 6. Military Barracks enlarged and enclosed 7. Governor's Residence improved - Windsor 8. Military Barracks - Liverpool
1816	9. Governor's Stables and Granary - Liverpool 10. Two Guard Houses 11. Construction of Bridge "Princess Charlotte"
1817	12. Construction of an Arcade in Government Garden 13. Light-House at South Head 14. Improvement of Government House - Parramatta 15. Commissariat Store - Liverpool 16. Commandant's House and Commissariat Store - Bathurst
1818	17. Parsonage 18. Military Barracks - Bathurst 19. Road at Government House 20. Mess Hall at Military Barracks 21. Hospital - Parramatta 22. Military Barracks - Windsor 23. Wharf at Liverpool 24. Field Officer's Quarters 25. School-house at Military Barracks 26. Military Garden 27. Market-place - Parramatta
1819	28. Dockyards enlarged 29. Military Hospital 30. Powder Magazine 31. Convict Barracks 32. Orphan School enlarged 33. Carters' Barracks 34. Lime Kiln 35. Repair of Parramatta, Liverpool, Windsor and Emuford Roads

TABLE XXXVII (continued)

BUILDINGS UNDERTAKEN, NOW IN PROGRESS, OR COMPLETED IN
NEW SOUTH WALES SINCE THE 1ST FEBRUARY, 1810, BY GOVERNMENT
LABOUR.

Date of Completion	(All at Sydney unless otherwise stated)
1820	36. Erection of 2 steeples at Parramatta Church 37. Military Barracks - Parramatta 38. New Burial Ground enclosed 39. Old Burial Ground enclosed 40. Lumberyard repaired 41. Parsonage repaired - Liverpool 42. Convict Barracks - Parramatta 43. Dawe's Battery Tower 44. Market Wharf 45. Wall round Carters' Barracks 46. Turnpike Gate 47. Verandah to Military Barracks 48. Road to South Head 49. Reservoir - Parramatta 50. Repair of Buildings at Grose Farm 51. Farm and offices at Longbottom 52. Road to Waterloo Mill 53. Brick kiln at Brickfields 54. Repair of Streets in Sydney and Parramatta 55. Residence for Judge of Supreme Court 56. Several boats built 57. One wing added to Government House 58. Barn - Bathurst 59. Convict Barracks begun - Windsor 60. Court Houses begun. 61. Market Houses begun 62. Buildings at Emu Plains 63. Lodge at Government House - Parramatta 64. Stables and Coach House 65. Church at Windsor (not finished) 66. St. James Church covered in 67. Asylum for Aged and Infirm (not finished) 68. Wall round Convict Garden 69. Fort Macquarie - building 70. Repairs to General Hospital 71. Parramatta Bridge repaired 72. Residence of Magistrate of Police - begun.
1821	

TABLE XXXVIII

THE COST OF PUBLIC BUILDINGS ERECTED 1810-20 BY CONTRACT OR
VALUATION IN THE RESPECTIVE DISTRICTS WITH THE DATES OF
COMMENCEMENT AND CONTINUATION (POLICE FUND PAYMENTS)

Sydney	£	s	d
Levelling and repairing Streets 1810 - 20.	3,475	17	5
Construction of Bridges and Wharf 1810 - 16.	597	15	0
Market Place 1810	136	5	5
Watch Houses 1810 - 16	852	19	1
Gaol - repairs 1812 - 19	5,239	6	7
Fountain in Bent Street 1812	177	12	0
Toll House on South Head Road 1813	22	0	0
Work at Grose Farm 1813 - 16	502	17	0
Military Garden 1814	284	11	3
General Hospital 1815 (remainder in "spirits monopoly")	136	5	5
Judge-Advocate's House 1812 (remainder in spirits)	550	0	0
Enclosure of Government Domain 1816	282	8	3
Toll House 1816	227	2	7
Secretary's House 1816	279	18	6
Obelisk and Fountain (Macquarie Place) 1818-20	332	0	0
Dock Yard Wall 1818	556	9	0
Burial Ground 1818	90	0	0
Convict Barrack Wall 1819	150	0	0
	<hr/>		
	13,883	7	6
	<hr/>		
Parramatta			
Making and repairing streets and bridges 1812 - 18	2,110	14	11
Repairing the Church 1812	110	0	0
Toll Houses 1813	400	0	0
Repairs to Old Parsonage 1815	237	4	3
Native Institution 1815	286	13	2
Clearing Government Domain 1815	403	4	8
Gaol - repairs 1816	400	0	0
Repairs to Old Factory 1816	324	3	11
Erecting new Parsonage 1816 - 18	2,390	0	0
Market Place 1813	142	5	2
New Factory 1818 - 20	4,867	7	6
	<hr/>		
	11,671	13	7
	<hr/>		

TABLE XXXVIII (continued)

THE COST OF PUBLIC BUILDINGS ERECTED 1810-20 BY CONTRACT OR
VALUATION IN THE RESPECTIVE DISTRICTS WITH THE DATES OF
COMMENCEMENT AND CONTINUATION (POLICE FUND PAYMENTS)

Windsor	£	s	d
Making and repairing Streets, 1812	225	0	0
Gaol - erecting and altering 1812	1,439	0	0
Repairs to Court House 1813	51	6	0
Constructing a Wharf 1815	1,179	10	0
Building Purch'd from Estate of Andw. Thompson 1815	2,000	0	0
Repairs to the old Church 1816	135	12	0
Erecting a new Church 1817 - 20 (not finished)	1,072	16	7
	<u>6,104</u>	<u>5</u>	<u>7</u>
Liverpool			
Parsonage 1815	1,211	4	0
Hospital 1816	301	5	6
School-house 1817	70	0	0
Toll-house 1817	200	0	0
New Church 1818	1,780	0	0
Gaol 1819	917	8	11
	<u>4,479</u>	<u>18</u>	<u>5</u>
Sundries			
School houses - Pitt Town, Castlereagh 1813 - 16	676	8	6
School-Chapel Wilberforce 1812 - 19	345	16	0
Parsonage - Castlereagh 1813	1,788	3	6
Stock Yards 1814 - 18	2,324	11	1
Making and Repairing Roads 1810 - 18	12,462	13	2 1/2
Bricks and Lime 1810 - 20	3,177	16	11 1/2
Toll Houses - South Ok. and Western Road 1817	400	0	0
Toll House at Rouse Hill 1817	221	17	0
Repairs to Richmond Church 1818 - 19	659	10	4
	<u>21,996</u>	<u>16</u>	<u>7</u>

to have been solely, the availability of resources at the particular time, so similar type works with similar purposes appear in both Tables XXXVII and XXXVIII.

By comparing these two lists there emerges a pattern of methods utilized as follows:- (a) Up to 1818, public works were compared to the 1818-1821 period, on a minor scale, and the dichotomy using the criteria as under Governor King, still remained with one difference, viz. instead of County type works utilizing a labour tax, private contractors undertook such works while a shortage of convict labour for government purposes precluded the use of government labour on anything but government works. (b) From 1818 on, the influx of convicts, meant that supply of convict labour far exceeded the private demand which necessitated their employment on public works, and consequently, for this period, all public works, neglecting the former criterion, utilise convict labour. For this latter period the materials used, were mostly paid for by the Police Fund, so even those works formerly built at the expense of the Treasury, were now constructed with materials so purchased, however, the majority of the works of this period, were of the "County" type.

Table XXXIX, compiled from the Bigge Enquiry Appendix (Volume 133) shows the story more clearly. In it may be seen the increase in 1818 - 1820, of expenditure on "Buildings for Government Purposes", and "Building Materials", occasioned by the increased convict population's need for employment.

TABLE XXXIX

POLICE FUND EXPENDITURE ON PUBLIC WORKS (£) 1810 - 1820

	1810 ^a	1811	1812	1813	1814	1815	1816	1817	1818	1819	1820 ^b
A. Communi- cation ²⁷	1017	597		1248	1352	1362	832	2083	1602	2500	1388
B. Town Im- provement	520	1193	1424	1333	1071	915	380	374	431	266	581
C. Law and Order	183	536	565	558	597	1635	791	1262	427	760	1310
D. Education and Eccle- siastical		357	130	1177	813	950	206 ^c	1904	1064	980	945
E. Buildings for Govt. purposes		33	2050		60	831	301	680	1343	3375	2823
F. Stock & Govt. Farming		40			644	310	79	50	106	31	323
G. Building Materials and tools		11		40	80	311	238	165	723	5730	5433
H. Support of Convict Labour										2145 ^d	414
I. Provision of Commercial Facilities			25	489	152	175	300	424			316
J. Salaries	20	213	91	92	202	241	246	241	234	350	663
K. Miscellaneous					78	62	16		98	249	370
TOTAL	1740	3005	4759	4600	5072	6920	5380	7036	6030	16486	14597

a. this is for half a year only; b. this is for three-quarters of the year; c. this includes £1,500 spent for the purchase of land for a Glebe at Castlereagh; d. this represents the cost of Slop Clothing

- ²⁷ The sections adopted in this table are mostly self-explanatory.
- A. includes all expenditure on main roads and constituent bridges.
 - B. the making and repairing of streets, and provision of facilities and ornaments.
 - C. the cost of building and repairing Gaols and Watch houses.
 - D. the erecting, repair etc. of schools, churches, Parsonages &c.
 - E. the erection of convict and military barracks and adjuncts
 - F. the building of stock-yards, farm buildings &c.
 - G. the purchase of Lime and other materials, waggons, horses, tools.
 - H. the cost of constructing wharves and markets.

More specific reference will be made to this expenditure in the subsequent section devoted to the Police Fund, but Table XXXIX shows the change in the pattern of public works and their vast expansion in the latter period of Macquarie's governorship. Of course, the Police Fund was only part, though perhaps the most important part, of expenditure on public works, for expenditure by items listed under Footnote 27. Treasury Bills was also a means of financing such works. This latter is best considered in relation to total Commissariat expenditure, and it is to this now that attention is drawn.

Commissariat Expenditure 1810 - 21 The period of Macquarie's governorship, is as bereft of Commissariat Accounts, as that of many of his predecessors. Beyond this paucity of documentary material, difficulties arising from changes in Commissariat administration, hinder the compilation of a complete record of expenditure for this period. The purpose of this section is therefore, to draw together, from various sources, accounts and figures of expenditures, and to compare such figures with accounts later compiled in England.

In 1813, the Commissariat administration was completely changed, for from that date its control became the Commissary-General in England, which was the authority responsible for military store-keeping and purchases, in England, and all its colonies. The appointment of the colonial Commissary was now no longer a prerogative of the Governor, but came under the jurisdiction of the Treasury, though, the local Commissary was directly responsible to the Governor. The new appoin-

tees adopted the accounting procedures universally used within their Department, though this differed from that which had evolved in New South Wales. Under the new system it emitted accounts, such as had been formerly forwarded with the Governor's Despatches, were now only forwarded by the Deputy-Commissary General in the colony, to the Secretary of the Treasury, and these accounts are not now available. A generalised account of Commissariat expenditure is often given in the Governor's Despatches, (up to 1819), and for some years, an account of the Treasury Bills drawn was also given and these accounts are available. However, their generalised nature precludes any accurate estimate of the objects of expenditure, for these were set out in the reports sent directly to the Treasury. In 1819, another change was made whereby the accounts of the colony were forwarded directly from the Deputy Commissary-General to the Treasury, without being shown to the Governor. Consequently these accounts do not appear in the Governor's Despatches, but some part of them appears in the Colonial Secretary's Papers.²⁸

The availability, and form of the Commissariat Accounts available depends then on the official in charge, and, since for Macquarie's administration, there were three officials in charge, his administration may be divided for purposes of computation and analysis, according to the management of the Commissariat department, into 3 periods.

²⁸ The post of Colonial-Secretary had, but recently been created in the colony.

1. January 1810 - June 1813 The first period is from the assumption of government by Macquarie in 1810, till the reorganisation of the Commissariat in June 1813, and during this period, Broughton was colonial Commissary. He had been appointed by the Governor, and followed the accounting method which was peculiar to the colony. Accounts of Commissariat expenditure exist for the period till June, 1813, except for a gap of six months - September 30th 1812 till April 1st 1813. In the accounts below, expenditure has been grouped under seven headings, most of which are self-explanatory, but in two cases, some explanation - viz. Supplies and Stores - some explanation may be required. According to the usage of the Commissariat, at that time, "Supplies" referred to softgoods articles, and, in this case, it referred to the cloth which was purchased, to remedy the lack of slop clothing. "Stores" referred to those articles purchased for use in public works projects, and under this latter heading is grouped all expenditure on materials with such projects.

The figures in Table XL represent Commissariat expenditure for both New South Wales and Van Diemen's Land, for Macquarie grouped both these expenses, in one set of accounts. The expenses of New South Wales constituted the major portion of the total expenditure - in 1810, it represented approximately 82% of the total; in 1811, 81%; and in 1812 and 1813 (for the periods where figures are available) 80% and 70% respectively. These figures show the expenditure of the Commissariat, and the amount of Treasury Bills drawn differs from this, because of

TABLE XL

COMMISSARIAT EXPENDITURE JANUARY 1810 TO JUNE 1813

	Provisions	Stores	Salaries	Freight	Spirits	Sundries	Supplies	Total
1810								
1 ^a .	15,895	1,022	1,220 ^b	225	1,000	972	2,221	22,555
2.	6,799	583	265	354				8,001
3.	12,745	2,121	179	326		519	567	16,457
4.	9,540	612	336	571	1,384	118	507	13,069
	44,979	4,338	2,001	1,476	2,384	1,609	3,295	60,082
1811								
1.	19,118	421	368	381	400	329		21,011
2.	27,451	1,778	371	793		345		30,728
3.	12,925	4,590	385	304		552		18,756
4.	9,271	787	366	450	1,438	152		12,464
	70,765	7,576	1,490	1,928	1,838	1,372		84,969
1812								
1.	16,620	2,106	357	710	1,500			20,100
2.	16,974	560	379	225				27,777
3.	26,761	412	194	147				19,068
4.	No figures available							
	60,555	3,078	930	1,082	1,500			66,945
1813								
1.	No figures available							
2 ^c .	9,314	893	304	1,508		45		12,064
	9,314	893	304	1,508		45		12,064

a. The figures 1, 2, 3, 4, refer to the quarters of the year.

b. This includes \$682 baggage money to the 73rd Regt.; 2508 to Macquarie and staff officers.

c. This period ends on the 24th June when Allan took over.

(1) the amount of payments made by cash or by trade goods, and (2) the Store Receipts issued and still in circulation. So, while the expenditure in 1810 amounted to £60,082. 19. 5d., Treasury Bills drawn, amounted to £57,112. 0. 11d., while for 1811 the expenditure was £84,969. 8. 10d. and Bills drawn totalled £85,098. 16. 0d. It is not possible to account for the amount of Bills drawn for the remainder of this first phase, with great accuracy, but it would appear, that the divergence between the two amounts, was usually relatively small.

2. June 1812 - January 1819 The second phase covers the major portion of Macquarie's administration, beginning on 24th June 1812, when Allan assumed the office of Deputy Commissary-General in the colony, and extending till 25th January 1819, when Drennan succeeded Allen in this post. Allen's appointment represented an alteration in the entire Commissariat set-up, for, by it, the colonially-evolved administration was to be formalised, and made uniform with the British Government's Commissary administration, though New South Wales was to constitute a special case. This change brought with it alterations in the personnel and in the accounting procedure of the Commissariat, for, as pointed out above, the itemised accounts were sent directly to the Treasury, by Allen, while the accounts submitted to Macquarie and forwarded in his despatches, were generalised accounts. These latter are the only ones still available, and even here, there are some slight gaps, which are, however, of minor importance.

As with the previous period, during this time, there is a

divergence each year between the Commissariat expenditure and the amount of Treasury Bills drawn for that year, due largely to the Store Receipts still in circulation.²⁹ According to Government Regulations, Store Receipts were to be brought in for consolidation, after six months, but this rule was never enforced, since Macquarie realised the importance of these Receipts as a medium of exchange, and consequently a large volume of Store Receipts were always outstanding. With the increased volume of commercial transactions within the growing colony, Store Receipts assumed an increasingly important role.

However, it is in no ways possible to ascertain the volume of Store Receipts, or their substitutes, (i.e. Allen's Notes)³⁰ since usually there is no indication in the Commissariat accounts of the volume of money transactions.

Table XLI shows the expenditure of Allen's period as Deputy-Commissary-General for New South Wales

The generalised nature of the accounts available, does not permit the degree of analysis attainable for the previous period, nevertheless it is possible to give some indication of the purposes of the expenditure, and their geographic distribution. Firstly it is necessary to differentiate Commissariat expenditure, according to its place of origin, as shown in Table XLII.

²⁹ On his arrival in the colony Allen sought to replace the Store Receipt system with an issue of his own Notes. The subsequent history and disaster is well told by S. J. Butlin: op. cit. pp.94-97.

³⁰ Vide S. J. Butlin: loc. cit.

TABLE XLI

COMMISSARIAT EXPENDITURE AND TREASURY BILLS DRAWN
JUNE 24TH, 1813 TO DECEMBER 24TH, 1818

	Commissariat Expenditure	Treasury Bills drawn
1813	£ 34,161. 3. 5.	£ 35,779. 2. 5.
1814 ^b	85,985. 4. 2.	84,440. 0. 0. ^a
1815	95,888. 4. 3.	97,559. 0. 0. ^a
1816	No figures available	112,400. 0. 0. ^a
1817	110,874. 3. 8.	107,601. 6. 6. ^c
1818	163,274 18. 6.	140,039. 11. 5.

a. These three figures are estimates only, insofar as there is a month or two missing in the list of Bills drawn, but by reference to the accounts of expenditure, an estimate can be made to fill these slight gaps.

b. These figures represent the period from 25th February to 25th December - the accounts for the first two months are missing.

c. In the list of Bills drawn no allowance has been made for Commissary Department Salaries. This would be in the vicinity of £5,000 - so such an allowance has been made.

TABLE XLII

N.S.W. COMMISSARIAT EXPENDITURE JUNE 1813 - DEC. 1818

	Total for N.S.W.	Percentage of Total Expenditure
1813	£ 25,397	74%
1814	71,044	83%
1815	64,293	67%
1816	----	---
1817	83,590	75%
1818	127,120	78%

Expenditure for New South Wales averaged around 75% of the total expenditure for the period with fluctuations in this percentage, due partly to the differing prosperities of the two settlements, but mostly to the system of accounting, whereby returns from Van Diemen's Land were sent intermittently to Sydney.

While it is not possible to discriminate between objects of expenditure with complete accuracy, nevertheless a broad classification of expenditure may be made, and this is shown in Table XLIII.

In the yearly accounts, expenditure on "Items purchased for the Public Service", bulks large in 1813 and 1814, this included all articles of food, building materials, free labour etc., beyond those otherwise mentioned, but from March 1815, when the system of Store Receipts was reintroduced³¹, it is difficult to ascertain what items are represented by this appellation. It seems to have included (a) provisions purchased directly by Treasury Bills (this method was apparently used for the purchase of large quantities from the one

TABLE XLIII

N.S.W. COMMISSARIAT EXPENDITURE JUNE 1813 - DEC. 1818

1813	£	s	d
Items purchased for the Public Service	23,745	6	0
Salaries	1,651	16	6
	<u>25,397</u>	<u>2</u>	<u>6</u>
1814			
Items purchased	52,814	15	2
Salaries	2,641	1	7
"Paymaster's Bills rec'd and remitted to the Treasury"	8,456	4	2
Colonial Sec'ys. House - Contract	750	0	0
"Wheat and Sugar from India and Passage of Troops to Ceylon"	5,282	9	0
	<u>71,044</u>	<u>9</u>	<u>11</u>
1815			
Items purchased	24,558	9	10
"Store Receipts brought in for Consolidation"	15,102	13	3
"Paymaster's Bills"	13,267	18	8
"Advanced for the use of Troops serving in the colony".	6,092	14	6
Salaries	4,463	0	8
"Bills paid to the Governor of Mauritius for 3 runaway Convicts"	225	0	0
"Passage of Troops to Madras"	383	0	0
Colonial Secretary's House	200	0	0
	<u>64,292</u>	<u>16</u>	<u>11</u>

TABLE XLIII (continued)

N.S.W. COMMISSARIAT EXPENDITURE JUNE 1813 - DEC. 1818

1817	£	s	d
Items purchased	11,931	13	10
Store Receipts brought in for Consolidation	43,848	1	8
"Use of Troops"	15,650	11	5
Copper Coin and Dollars brought in for consolidation	2,183	10	0
Salaries	5,316	16	0
Passage Money to England	2,001	10	0
Purchase of a Cutter	2,000	0	0
Freight of Convicts to Van Diemen's Land	632	6	8
Purchase of Wheat Sacks	24	6	0
	<hr/> 82,589	<hr/> 15	<hr/> 7
1818			
Items purchased	17,665	14	2
Store Receipts - for consolidation	67,988	13	4
Colonial Dollars for consolidation	14,919	10	0
"Use of Troops"	15,733	7	1
Salaries	4,483	1	3
Passage of Troops to India	2,912	0	0
Passage of Troops to England	275	0	0
Freight of Convicts to Van Diemen's Land	1,283	0	0
Passage Money to England	1,140	0	0
Out-Pensioners of Chelsea Hospital	580	9	6
	<hr/> 109,455	<hr/> 1	<hr/> 2

seller), and (b) expenditure on Public Works both for materials and for the hire of skilled free labour. Though the figures for "Store Receipts" from 1815 onwards represent purchases of food provisions, they do not necessarily represent provisions bought within the particular year, nor necessarily the total amount of food provisions purchased, for some quantity of these provisions was purchased by coin, bank notes or by trading. There are no means available of estimating the extent of such monetary transactions by the Commissariat, but some slight indication can be gained from the fact that by July 1820 there was a "Cash Reserve" in the Sydney Commissary's Office of £15,926.

It is possible, however, to estimate the cost of the Commissariat purchases of the main food-stuffs, from returns in the Bigge Appendix³², but in these accounts no indication is given, as to the portions purchased by coin, Treasury Bill, or Store Receipt.

Beyond the expenditure related to the purchase of colonial food supplies, there appears in the Table of Commissariat Expenditure (Table a) the item, "Paymaster's Bills received and transmitted to the Treasury", and subsequently "Sums advanced for the Use of the Troops in the Colony". While no definite evidence exists, it is most probable that this represents the assumption of the function of Regimental Paymaster by the Deputy Commissary-General, for in other colonies the Deputy-Commissary General undertook such duties. Lastly, in relation

³² Bonwick Transcripts Box II, Mitchell Library, Sydney.

TABLE XLIV

N.S.W. COMMISSARIAT PURCHASES OF FOOD-STUFFS JULY 1813
TO JUNE 1820 ³³

		£	s	d
July - December 1813	Bread	4,686	14	1
	Flour	920	0	4
	Wheat	722	0	0
	Maize	383	5	0
	Meat	4,586	1	0
		<hr/>		
		11,298	0	5
		<hr/>		
1814	Bread	1,245	2	9
	Flour	258	11	3
	Wheat	15,161	5	0
	Maize	3,986	5	0
	Meat	25,222	17	3
		<hr/>		
		45,985	1	3
		<hr/>		
1815	Wheat	15,880	10	0
	Maize	3,897	0	0
	Meat	19,186	16	6
		<hr/>		
		38,964	6	6
		<hr/>		
1816	Wheat	19,888	10	0
	Maize	864	15	0
	Meat	24,022	3	1
		<hr/>		
		54,786	8	6
		<hr/>		

³³ These estimates were obtained by taking the amounts of food-stuffs received, and costing them at the average prices quoted for the year.

TABLE XLIV (continued)

N.S.W. COMMISSARIAT PURCHASES OF FOOD-STUFFS JULY 1818
TO JUNE 1820

		£	s	d
1817	Wheat	14,672	10	0
	Maize	187	16	0
	Meat	37,878	19	8
		<hr/>		
		52,739	5	8
1818	Wheat	25,642	10	0
	Maize	1,560	16	0
	Meat	39,700	7	0
		<hr/>		
		66,904	12	0
1819	Wheat	27,447	10	0
	Maize	3,061	0	0
	Meat	28,577	2	4
		<hr/>		
		59,085	12	4
to June 1820	Wheat	17,718	0	0
	Maize	532	0	0
	Meat	15,264	15	10
		<hr/>		
		33,514	15	10

to the Salaries mentioned in the account, from the time of Allen's arrival all Commissariat officials' salaries were paid by Treasury Bill, and debited against the accounts as an expense of the Commissariat, so that the geographical expansion of the colony necessitated a larger Commissariat, with an increasing Salary Bill.

3. January 1819 - 1821 During the third phase, Drennan controlled the Commissariat department, and this period began in January 1819, and extended nearly to the end of Macquarie's administration. Drennan came to the colony with a zeal for reformation, with a host of imagined verbal instructions from important personages, and with fictitious written instructions.²⁴ What Drennan's aims were in wishing to affect reforms, it is difficult to conjecture, yet, in the circumstances, the method he adopted showed his ability. To have suggested reforms would have only resulted in Macquarie's rebuffal, and a continuation of the existing system, but to depict himself as having been sent with specific instructions, from important Treasury officials, certainly facilitated Drennan's reforms. This well illustrates the importance of patronage and personalities in the ordinary functioning of government of that period.

Accounts of Drennan's expenditure do not appear in any of Macquarie's despatches, for he never submitted such accounts to the

²⁴ Vide S. J. Butlin. op. cit. p. 121 et. seq.

governor. Neither did he have Macquarie countersign the Treasury Bills drawn, and this, brought a severe rebuke from the Secretary of the Treasury, who not only ordered Drennan to have Macquarie countersign all Bills, but also to "immediately furnish the Governor with a Schedule of all Bills drawn by you upon this Board, giving him such explanation as he may require of the services for which each Bill was drawn". The only accounts available, are those submitted to the Committee of Inquiry in 1820, and these only fully cover the expenditure for 1819. There is, however, available, the amount of Bills drawn from December 1819 till June 1820, and also an "Estimate of the General Expenditure which may probably be incurred on account of the Public Service in New South Wales and Van Diemen's Land from 25th September, 1820 to 24th December, 1821", and these two accounts can give some indication of the expenditure during this period.

Table XLV shows an abstract of Drennan's account of expenditure for 1819, together with available accounts covering the period till Macquarie left the colony.

TABLE XLV

COMMISSARIAT EXPENDITURE - ACCOUNTS AND ESTIMATES 1819-1821

Commissariat Expenditure Jan. 25th - Dec. 25th 1819

A. 1819

N.S.W. Commissariat Expenditure	£ 86,815.	6.	8.
Van Diemen's Land Commissariat Expenditure	27,095.	19.	7.
Cash paid to V.D.L. Commissariat	24,700.	0.	0.
Money Advanced to French Ships	2,685.	8.	2.
Total	<u>£141,296.</u>	<u>14.</u>	<u>5.</u>

Treasury Bills drawn during same period £131,916. 15. 10d.

B. 1820

Treasury Bills drawn for the "Ordinary and Extraordinary Expenses" of New South Wales and Van Diemen's Land for the period from 25th December, 1819 to the 24th June, 1820, amounted to £79,476. 8. 9d.

Of the above two amounts for Treasury Bills drawn, the infant Bank of New South Wales³⁵ received £19,092. 5. 6d. in 1819, and £18,912. 0. 0d. in 1820, which gives some indication of their volume of trading in Store Receipts, and also of the demand for Foreign Exchange in those years.

C. 1820 - 21

As part of the Bigge Evidence, Drennan submitted an Estimate of Expenditure for the period September 1820 to December, 1821.³⁶ (This had apparently been compiled in accordance with the instructions given by the Secretary of the Treasury in a circular of the 8th August, 1820, which demand "an estimate of expense 24th December 1820 to 24th December, 1821, distinguishing such under general heads". The estimate submitted to Bigge covers a longer period than that demanded by the Treasury, and is dated the 20th March, 1821, so must contain the actual expenditure incurred for part of the period).

- (1) "GENERAL EXPENDITURE WHICH MAY PROBABLY BE INCURRED ON ACCOUNT OF THE PUBLIC SERVICE IN NEW SOUTH WALES AND VAN DIEMEN'S LAND FROM 25TH SEPTEMBER 1820 TO 24TH DECEMBER 1821"

	£	s	d
Expenses which may be incurred			
...by the Commissariat Department	189,008	5.	0
...by the Chief Engineer's Dept.	13,478	5.	0
	202,486	10.	0

³⁵ The Bank of New South Wales - the first chartered bank in Australia began operations in 1817. Vide S.J. Butlin: op. cit. Ch. 5.

³⁶ Mitchell Library Microfilms 20th March 1821. 00201-130.

(ii) PROBABLE EXPENSES OF THE COMMISSARIAT DEPARTMENT

	£	s	d
Rations of Troops	143,270	0	0 ^a
Spirits for Troops	4,500	0	0
Pay of Troops	20,000	0	0
Salt for curing meat	500	0	0
Passage Money and Freight	3,500	0	0
Pay of Colonial Vessels	1,500	0	0
Grinding Wheat	5,000	0	0
Pay for Colonial Brig.	1,750	0	0
Chelsea Out-Pensioners	750	0	0
Articles for Prisoners	3,000	0	0
Pay for Commissariat	5,138	5	0
	<u>189,008</u>	<u>5</u>	<u>0</u>

a Though not mentioned the rations of Convicts was included in this Total.

The foregoing accounts display certain changes which took place in the administration during Drennan's period of office:-

(1) Part (i) is divided into two estimates, - one for the Commissariat, the other for the Chief Engineer's Department. While this changed is not specifically mentioned in any of Macquarie's despatches, or in the official papers, it appears that from 1819 on, the administration of Public Works was totally the concern of the Chief Engineer, who was then responsible for the supervision of the convicts employed by the Government. By an order of the Governor he could at any time, demand from the Commissariat, any stores required for the Public Works, without the specific permission of the Governor. This innovation in delegating such responsibilities to the Chief Engineer, shows the narrowing field of the Governor's direct concern for with the expanding colony, Macquarie could not undertake all the functions formerly undertaken by his predecessors. The era of the personal, direct control of all facets of colonial life by the governor was coming to an end, and, in regards Public Finance, Macquarie did as had King and the earlier Governors.

(2) The second feature emerging from the above estimates, is the distribution of Commissariat expenditure. From 1813 on, it is impossible to minutely apportion the expenditure according to the articles or services purchased, but the estimates permit an estimate of the proportion of expenditure devoted to the various ends to be made. This shows victualling convicts and military, still constituted the largest element in the cost of the Commissariat, while the pay of the Troops stationed in the colony (not formerly charged against Commissariat Accounts) added largely to the expense.

So far, the Commissariat expenditure and volume of Treasury Bills drawn in the Colony during Macquarie's administration, have been examined in a piecemeal manner, and it remains to compound these various estimates. In Table XLVI, in Columns A and B, the amounts of expenditure, and of Treasury Bills drawn, as reported in Macquarie's despatches are listed respectively, while in Column C, there is the list of Treasury Bills drawn, as submitted in the account of the expenses of the Colony, to the Bigge Inquiry, by the English Treasury.

Discrepancies between A and B arise from the operation of the Store Receipt system and cash purchasing, but discrepancies between Columns B and C - i.e. the two accounts of Treasury Bills drawn - still remain.

Column C figures were compiled in England and represent Bills passed and paid at the Treasury, while Column B is for Bills drawn in New South Wales in the various years and this would explain differences in the various years. If the period 1810 to 1817 is considered, (omitting 1812) and the totals for Columns B and C considered, there is only a divergence of £12,000,³⁷ which is surprisingly small, especially

³⁷ Column C. Exceeds Column B by this amount.

TABLE XLVI
COMMISSARIAT EXPENDITURE AND TREASURY BILLS DRAWN 1810 - 1823

	Commissariat Expenditure.	Treasury Bills Drawn	
	A	B	C
	£	£	£
1810	60,082	57,112	78,805
1811	84,969	85,099	92,128
1812	66,945 ^a	----	91,019
1813	46,225 ^b	47,843 ^b	57,948
1814	85,985	84,440 ^c	74,174
1815	95,888	97,559 ^c	86,021
1816	----	112,400 ^c	109,117
1817	110,874	107,601 ^c	101,163
1818	163,275	140,040	
1819	141,297	131,917	
1820	----	79,476 ^d	
1821		No figures available ^e	
1822	212,188 ^f	230,064 ^f	
1823	149,709 ^f	119,035 ^f	

a. January to 30th September only

b. April to 31st December only

c. Vide notes to Table XLI

d. December 1819 to June 1820

e. Vide Table XLV

f. As reported in Blue Books for
1822 and 1823.

considering that the Column B figure for 1813 is for a 9 months period only. Column C, which is the well-accepted measure of Macquarie's spending, would, in these circumstances act as corroborative evidence for claiming that Column B represents an accurate estimate of Bills drawn in New South Wales and dependancies for the period. For purposes of examining the development of New South Wales as arising from internally produced forces, Column B estimates are of greater significance and value than those of Column C.

From this set of figures, certain definite features arise, viz. (a) the size of Macquarie's expenditure as compared with previous governorships; and (b) the increase in expenditure during Macquarie's period. Naturally, the increasing expenditure during the period did not go unnoticed in Britain, especially when that country's financial resources were strained by a European War, so firstly the official English attitude on Macquarie's expenditure should be examined, together with the explanations offered by Macquarie, and by this, the reasons given for the increase of expenditure during this period should also be examined.

The constant theme has been that considerations of economy dominated the English authorities' attitude towards New South Wales, and this is also true for the period of Macquarie's governorship. Throughout his Instructions, Macquarie is enjoined to the precept of economy, both in a direct and indirect fashion, so not only was he to issue "Stores" and "Provisions" with the utmost economy, but his aim

was ever to be to reduce the expense of the colony - free settlers were therefore to be encouraged "without subjecting the Public to expense", and convicts were to be assigned as an economy measure. It is little wonder that it is with pride, that Macquarie once claimed, there is not "a greater economist in every branch of Public Expenditure than myself".

Economy, however, is a rather indefinite term, and so there is a sharp division discernible in the attitude displayed by the English authorities, according to the conception of economy held by the current Secretary of State, so Lord Liverpool demanded the utmost stringency in the colony's expenditure, while Earl Bathurst displayed a tolerance and understanding of the colonial situation. Liverpool's attitude is perhaps best summed up in one of his condemnatory despatches²⁸. -

It is impossible for me to point out what expenses have been unnecessarily incurred, or in the execution of what services retrenchments might have been made...but while you (Macquarie) remain in charge of the colony of New South Wales you will use the most unremitting exertions to reduce the expense.

Now Macquarie had previously proffered lengthy explanations of the causes of the increased expenditure, and its necessity, nevertheless Liverpool condemned the increased expenditure without even referring to Macquarie's explanations. Liverpool's sole criterion in

²⁸ Liverpool to Macquarie 4th May 1812. H.R.A. Vol. 7. p.477.

assessing Macquarie's expenditure was by comparison with the expenditure of previous Governors, and so, since Macquarie's expenditure had increased beyond the former level, it was undesirable, and had to be "reduced to its former limits", without reference to the changed colonial conditions.

Bathurst adopted a different attitude towards expenditure. Whereas Lord Liverpool had grudgingly accepted the need of but a few of Macquarie's public works, and only then when reminded by Macquarie, that they had had Lord Castlereagh's ³⁹ sanction, and generally wished to curtail any programme of public construction, Earl Bathurst was willing to adopt the necessity for such a programme. The fundamental difference in attitude seems to have arisen from their differing concepts of the colony, for whereas Bathurst foresaw its inevitable development as a free colony and accepted Macquarie's reforms made in this light, Liverpool still thought of the colony in terms of 1788 and its function as a prison.

It was not that Bathurst forsook the precept of economy, or was even prepared to commend Macquarie for his expenditure, but rather that he was willing to understand the circumstances of the colony and view the expenditure in the light of these conditions. As far as records permit us to judge, Bathurst never wrote condemning Macquarie's expenditure but nevertheless at all times commended to Macquarie the desirability of economy, and even had Macquarie minutely examine his

³⁹ Lord Castlereagh was Lord Liverpool's predecessor as the Secretary of State responsible for the Colonies.

expenditure for possible sources of savings and retrenchments. But it was this permissive and tolerant attitude adopted by Bathurst, which enabled Macquarie to undertake his programme for the development of the colony.

In his despatches, Governor Macquarie expressed regret for Liverpool's "severe censure and strong animadversions" yet he never expressed any intention of reducing his public works or expenditure, but instead stressed the absolute need for any expenditure he had incurred. The tone of Macquarie's replies suggests he considered himself wronged by Liverpool's censure, and so, he does not hesitate to justify his actions. He slates Liverpool's comparison of himself with former Governors and points out that if they had spent more on necessary works, he would not have needed to spend so much. Furthermore he feels quite correct in his actions, for their results justify their means, and the results are manifold. This attitude is well conveyed in the following extract - 40

I believe I may also without vanity and with great truth assert that I have already done more for the general amelioration of this colony, the improvement of the manners, morals, industry, and religion of its Inhabitants, than my three last predecessors, during the several years they governed it. I may likewise observe in addition, that there could be no good reason for their drawing Bills for a greater amount than they did as no works or Public Buildings of the least consequence were ever undertaken or erected since the departure of Governor Phillip, who to do him justice did a great deal with small means.

Macquarie could have allowed this situation to persist, and like his predecessors undertake a bare minimum of constructional activities. Undoubtedly, conditions in the colony had changed, so that by 1810 it had lost its purely penal character and there were "trends discernible" of a capitalist development for the colony, but these only became realities because they were consistent with Macquarie's policy. Macquarie made considerations of economy subservient to the promotion of the welfare of the colony's inhabitants, or, as it has been well and succinctly expressed, Macquarie in his expenditure always considered "the responsibility of the Crown to the freed community it had brought into being".⁴¹

On one hand, therefore, there is Macquarie seeking to promote the welfare of the colony as he saw it, and subverting considerations of economy to this end, while on the other is the English authorities and it is very hard to see just what they expected of the settlement in New South Wales. So, while it was to be a prison, the Governor was also to assign as many of the convicts as possible to the free farmers of the colony, which represents a paradoxical situation, only solved by the promise that at the time considerations of economy predominated, or else Whitehall wished to establish a system akin to that which had prevailed in America previous to its secession.

⁴¹ B. Fitzpatrick, British Imperialism and Australia 1788-1833 London: Allen & Unwin, 1939) p. 215.

Whatever else would result, did not seem to worry the authorities, as long as the reduction in the numbers of convicts in Government hands reduced the expenses. But, instead of reducing the number of convicts in government hands, Macquarie began public buildings requiring the retention of convicts. Consequently, when Liverpool received accounts of expenditure showing a vast increase, he immediately condemned these public works as the cause of the increase. His condemnation seems to be based more on the innovatory nature of these works rather than on their actual cost, for the convicts employed on public works constituted only a small proportion of the total numbers victualled, as may be seen from Table XLVII.

It may be seen in Table XLVII, that the cost of victualling convicts represented only part of the total cost of provisioning New South Wales, and though this portion increased over the period, during the early period it altered very little thereby negating Liverpool's criticism. This is also shown in Table XLVIII which shows the numbers of convict arrivals in the years 1814 to 1820, and those taken for government work on public constructions. Neglecting the years 1818 - 20 when prevailing conditions in the colony not only prevented settlers from taking convict labourers, but also forced them to return some convict labour to the government, the numbers taken by the government during the remaining period was comparatively minor.

TABLE XLVII

NUMBERS VICTUALLED FROM N.S.W. PUBLIC STORES 1810 - 20

	Free Persons	Convicts	Civil & Military	Total No. Victualled	Total Popn.
1810	702	1,437	2,048	4,227	10,452
1811	498	1,499	1,599	3,596	10,025
1812	572	1,705	1,799	4,076	10,521
1813	725	1,364	1,717	3,806	12,173
1814	789	1,765	1,244	3,798	13,116
1815	830	2,112	1,141	4,083	13,911
1816	840	1,995	1,244	4,079	15,175
1817	1,415	2,663	1,309	5,387	17,265
1818	956	3,202	961	5,120	24,294
1819		4,583		7,176	^a 26,026
1820				7,774	^b 26,526

a. This table was compiled from a variety of sources, but figures are not available for 1819 and 1820.

b. This figure of 26,526 is an "official estimate" only as no census muster was held during 1820.

TABLE XLVIII

DISTRIBUTION OF CONVICT ARRIVALS 1814 - 1820 ⁴²

Year of Arrival	Number of Male Convicts	Number of Merchants Arrived	Taken by Govt.	Labourers Taken by Govt.	Total Taken by Govt.
1814	819	194	122	186	308
1815	909	226	143	203	346
1816	1,257	211	120	142	262
1817	1,653	263	157	243	400
1818	2,748	577	390	531	921
1819	2,376	477	385	865	1,250
1820	2,003	470	270	830	1,100
	<u>11,767</u>	<u>2,418</u>	<u>1,587</u>	<u>3,000</u>	<u>4,587</u>

⁴² Vide Bigge Inquiry Evidence. Bonwick Transcripts Box 13.
(Mitchell Library, Sydney).

When Tables XLVII and XLVIII are taken into consideration, it may be seen that any increase in expenditure in the period 1810 to 1818 was not due solely to the cost of labour, nor for that matter of the materials utilised in public works. Many historians of the Macquarie era give the erroneous impression that Macquarie was constantly engaged in large-scale public works thereby considerably increasing the colony's expenditure. Undoubtedly, the scale of Macquarie's public works was vast in comparison to his predecessors, but yet it alone, did not account for the increased expenditure, in fact up to 1817 - 18, it can be claimed that it was a minor element in creating the increase in commissariat expenditure, for most of the expenditure on such works was the cost of maintaining the convicts employed, and as is shown in Table XLVII, these numbers showed a minor increase, especially when compared to the rate of increase in expenditure. To account for this increase in expenditure, up to 1817 - 18, we must look beyond the programme of public works, for though subsequent to this time the increase in convict arrivals and their absorption into the public works programme certainly raised the expenditure, prior to 1817 - 18 the cost of public works appears to be a minor item in Treasury Bill expenditure. Liverpool certainly stressed public works as the cause of the rising expenditure, but this condemnation arose from his idea that these works were unnecessary in the colony, rather than from any analysis of the expenditure. However, Macquarie, in justifying his administration emphasised that it was the

developing nature of the colony which was the cause of this increase, so that the growing numbers of convicts and free settlers in the colony occasioned increased expenditure. What were then the causes of the increase in expenditure in the period 1810 to 1817?

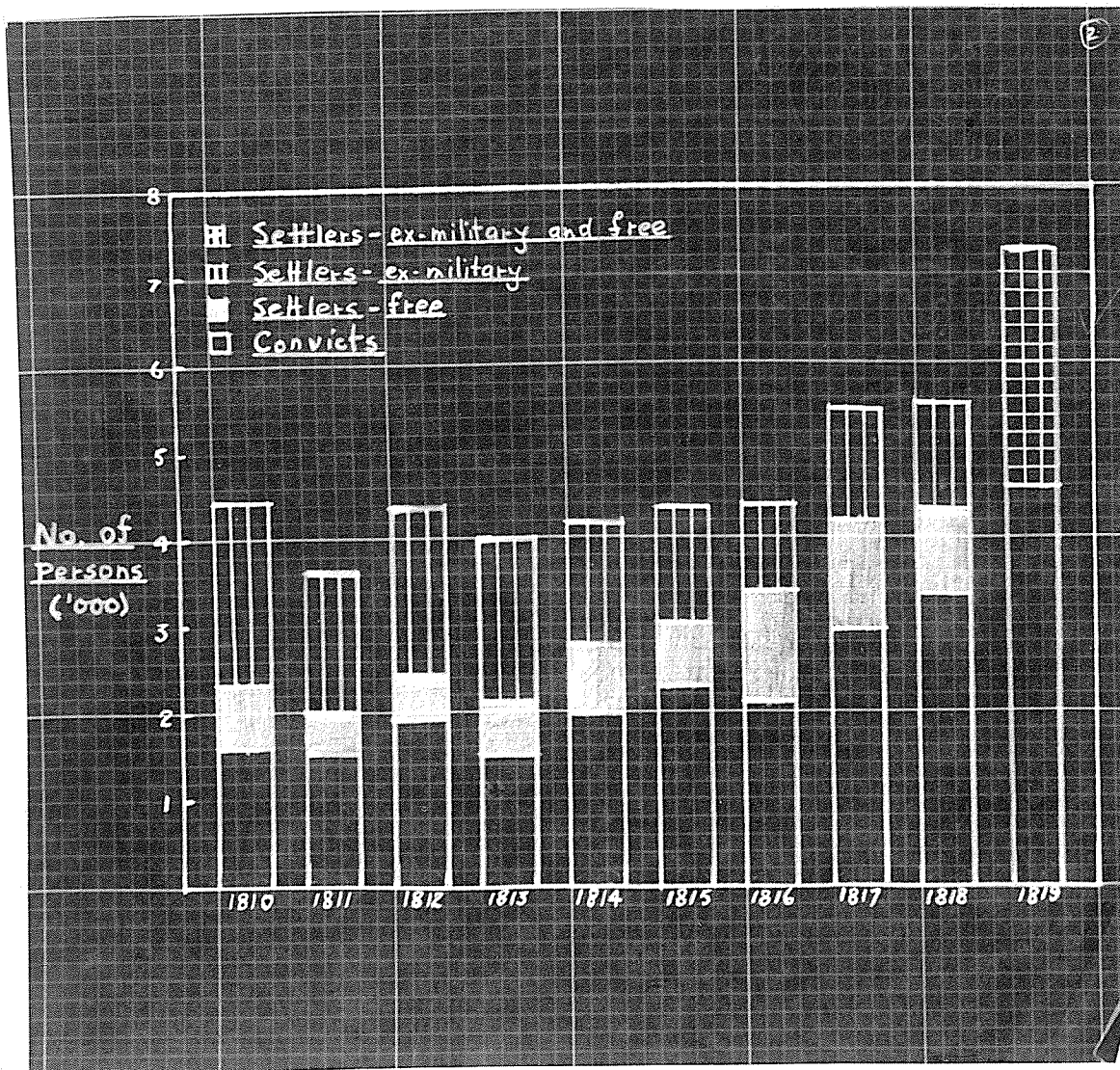
The major portion of the expenditure during this period was on provisions for the colony, and these were not solely for the convict population, as may be seen from Graph 2, which shows the proportion of Convicts, Free Settlers and Military and Civil personnel victualled from the Store during the period 1810 - 19.

Up to 1813 the Military and Civil personnel constituted the largest group victualled from the Public Stores, and from 1814 to 1816 this group, together with the Free Settlers victualled, still exceeded the number of convicts victualled. It was only from 1817 on that the number of convicts victualled exceeded that of the free members of the community. As to total numbers, they remained relatively stable up to 1816, and it was from then onwards that the numbers victualled rose to new heights.

The supplies received into the Commissariat stores followed a slightly different pattern to that of the numbers victualled, for the system of grain purchasing was to buy up stocks until all the stores were filled, and so store supplies for some time ahead. A different system was used for the purchase of meat, whereby an even flow of supplies, relative to demand, was ensured. Also the government herds could always be used to fill any deficiency of supply due to either

GRAPH 2

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NUMBERS VICTUALLED FROM N.S.W. PUBLIC STORES
1810 - 1819

climatic or market conditions. The supplies of grain and meat received into the Government Stores are shown in Graph 3, which covers the period from January 1814 till December 1819.⁴⁸

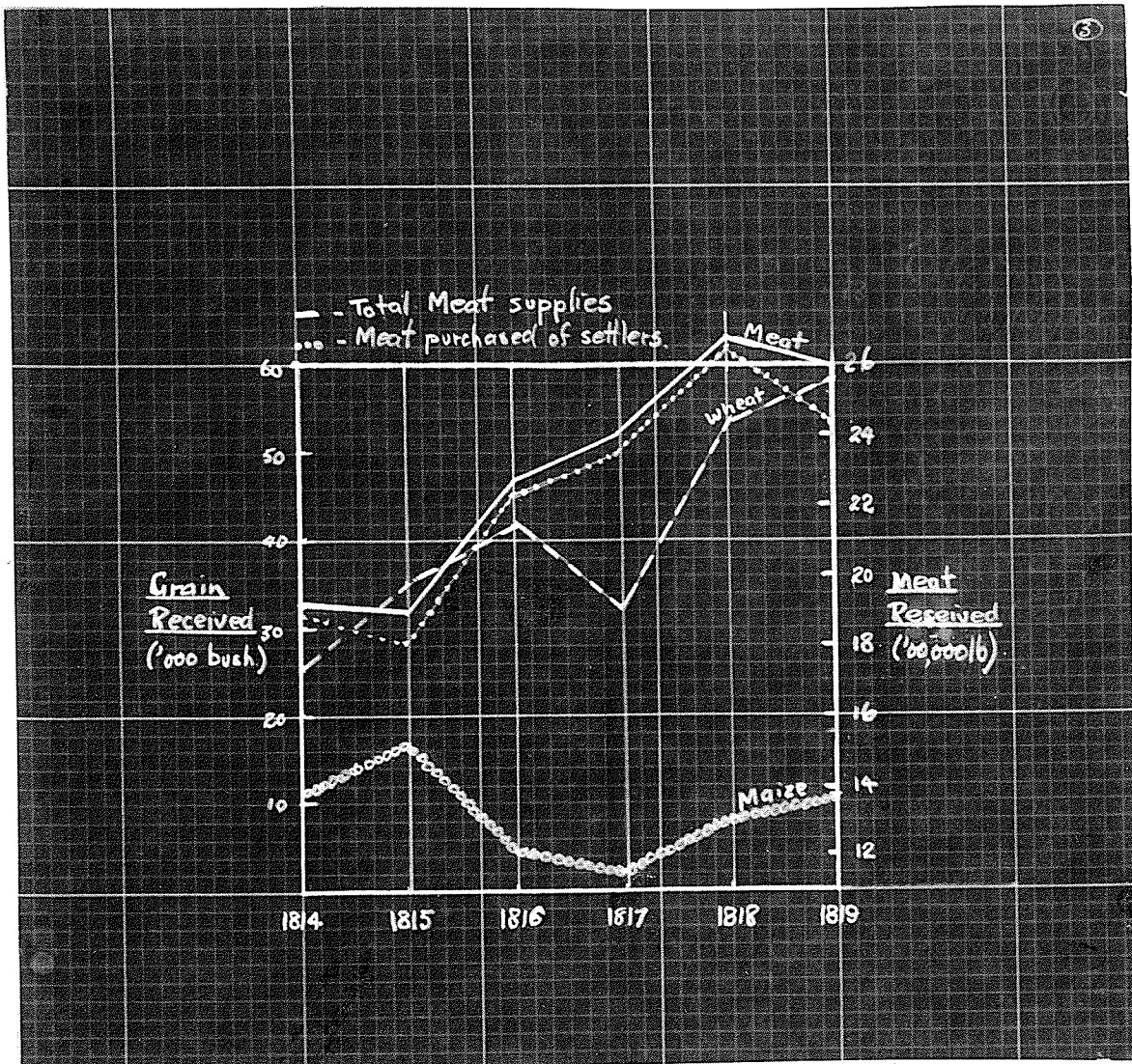
One general feature emerges from a consideration of Graph 3, viz. that the volume of Commissariat purchases of provisions increased over the period though following, (as explained before) a slightly pattern to the causative increase in numbers victualled. Such statistics as are available for the previous years, suggest that from 1810 to 1814 the amount of provisions received into the Stores, gradually increased to keep pace with the increasing numbers on the Store.

The increased volume of purchases, should not, by itself, be taken as explaining the increased cost of provisioning the colony without reference to the prices paid for these provisions. It had been the expressed desire of the English Treasury, for supplies to be purchased on a competitive market with supply and demand determining price, but Macquarie retained the system of governmentally-fixed "just and equitable" prices. This tended to keep the price of grain offered by the Commissariat, always below the market price, so in times of scarcity the Commissariat experienced difficulty in procuring sufficient supplies. Since any government deficiency could, during

⁴⁸ Figures are taken from the Bigge Inquiry Appendix CC201-120. The years 1814 - 19 are the only ones for which complete figures for these three commodities are available.

GRAPH 3.

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COLONIALY-PRODUCED WHEAT, MAIZE, MEAT RECEIVED INTO N.S.W.
COMMISSARIAT STORES 1814 - 1819

the later part of the era, be filled by supplies obtained in Van Diemen's Land, and, from 1819 on partly at least by the produce of the re-established government farms, the prices were not altered, in fact, according to tables submitted to Bigge, the Commissariat price of wheat remained at 10s. a bushel from 1815 to 1820.⁴⁴ Much the same procedure applied to the purchase of meat, the price being fixed by the Governor, and the suppliers tendering to supply certain amounts at that fixed price. Since Commissariat provision prices were fixed in this manner, they remained relatively stable throughout the period, as is shown in Table XLXIX. (This index has been constructed and takes the fluctuations in the prices of the three main commodities purchased by the N.S.W. Commissariat, viz. Wheat, Maize and Meat, weighed by the proportion of their purchases).

TABLE XLXIX

COMMISSARIAT PRICES OF WHEAT, MAIZE AND MEAT 1813 - 20

1810 - 1,000	1817 - 822
1813 - 765	1818 - 817
1814 1,160	1819 - 981
1815 878	1820 - 869
1816 878	

In 1813, Macquarie reduced the government prices of provisions, and from then onwards, the price-level of these main supplies remained relatively stable. In 1814, the harsh climatic conditions forced

⁴⁴ Mitchell Library Microfilms CO 201-130.

Commissariat prices up, but in 1815 they returned to the "official" level, and except for 1819 when the price of maize rose sharply, the tendency was for the price level to decline, as is shown in a comparison of the prices at the beginning and at the end of Macquarie's administration - the price of wheat fell from 12s. per bushel to 10s.; the price of meat from 9d. a pound to 5d.; and though the price of maize was the same at 5s. per bushel, it had been at 4s. per bushel during 1817 - 18. This stability of the price-level, therefore suggests that the increased expenditure which occurred was due to the increased volume of purchases of provisions, and not to price changes.

To sum up then, the first, a cause of the increased expenditure was the cost of the provisions purchased, which constituted the major portion of such expenditure. On the demand side, the increased expenditure was necessary because of the increased numbers victualled from the store, due, in the long-run to the increased convict arrivals, while on the supply side this expansion of numbers on the stores, implied an increased volume of purchases. While only statistics of the cost of purchases made in New South Wales (See Table XLIV) are available, these seem misleading as they show only a small increase, in comparison to the physical volume of provisions purchased, and the numbers victualled. This may be explained by (a) the increasing volume of provisions (grain) obtained from Van Diemen's Land; and (b) the dampening down effect of the price-level decline for the period which these figures cover (i.e. 1814 - 1819). If an aggregate of all

Commissariat expenditure (i.e. in Van Diemen's Land as well as New South Wales) on food supplies could be made, evidence suggests that it would display an increase in the expenditure on provisions throughout the whole of Macquarie's governorship. This claim could be based on -

- (i) the large proportion of expenditure devoted to the purchase of food supplies throughout this period,⁴⁵ and
- (ii) available lists of Store receipts consolidated during this period.

It would appear then that a major reason for the increase in government expenditure was the increased expenditure on food supplies.

Though the major portion of expenditure, and its increase was accounted for by the purchases of provisions, there are two other factors which contributed to this increase. The first is the monies paid to the military forces and Commissariat staff within the colony, from 1814 onwards when the administration of the Commissariat was altered, (as described above). The payment of troops first appears in Commissariat accounts in 1814 as being £8,456, and it rose gradually, till in 1821 it was estimated at £20,000. Allied to this, was the payment of the Commissariat staff, which previously had been provided out of the Civil Establishment Estimates. In 1814, salaries for the Commissariat amounted to £2,641 and in 1821 to £5,138.

The other factor, which constituted part of the Treasury Bill expenditure up to 1817 - 18, was the cost of the stores used in Public

⁴⁵ In 1810 - 11 purchases of food supplies accounted for 80% of total Commissariat purchases while in 1822 it accounted for 82%.

Works, but this appears to have been quite trivial, though admittedly, it was more than that expended by any previous Governor, even though many of the materials used were produced by convict labour in the colony (even to the clock in the Convict Barracks), but compared to total expenditure, it would appear of little significance. Neither of these factors were of major significance in accounting for the increase in Treasury Bill expenditure, which increase must be attributed to the increasing expenditure on provisioning the colony. In so far as this was due to the increased number of convicts in government employ, it is attributable to Macquarie's policies, but not simply to his policy of public works, as was charged by Lord Liverpool, but also to his attempt to make even the penal aspects of the colony workable. Even here, feeding and clothing the convicts, as a charge against the British Treasury, assumed its major significance in expenditure after 1817, for previous to this convicts were a minority in store victualling.

So far the concern has been to show how much expenditure was incurred during Macquarie's administration, particularly in the main settlement of New South Wales, and the reason and objects of this expenditure. There remains one other aspect to be considered - the importance of this expenditure to colonial development. This may be said to derive from two sources (a) from the means by which purchases were made; and (b) from the objects of the expenditure (i.e. the works constructed and services supplied by the Government and their effect on the colony).

The Commissariat's purchases had served as a source of circulating media for the colony, and for foreign exchange. With the growing free population with the resultant development of commerce, both internal and external, it followed that there should be an increased demand for specie, i.e. for store, receipts, dollars, and Treasury Bills. It is indeed unfortunate that lists of Store Receipts issued are not available,⁴⁶ ~~(See Table \ \ \)~~, for they would throw some interesting sidelights on the commerce and finance of the period.

The importance of Store Receipts to the colony, was shown by the confusion caused on the two occasions their circulation was replaced by Commissariat notes, issued by Allen and later by Drennan.⁴⁷ Their importance stems also from the esteem held for this government-issued "currency" which is amply displayed by the following wording, which appeared on the back of the Bank of New South Wales notes, (1819)⁴⁸ -

While we discharge our small engagements in the Silver and Copper specie of the colony, we will with equal promptitude, pay the greater, either in Dollars, Store Receipts, or Bills upon the Treasury. This is our pledge to the Public, and we will redeem it. Our faith shall be inviolate, and no man shall say with truth, the Bank has not deserved a good name.

The increased purchases of provisions and supplies from colonial inhabitants, meant an increased volume of Store Receipts, which in turn

⁴⁶ Some lists of Store Receipts consolidated do exist, but they cover only small, unrelated periods.

⁴⁷ Vide S. J. Butlin: op. cit. pp 94 - 97

⁴⁸ Vide Drennan to Harrison 5th March 1819, Colonial Secretary's Papers, Mitchell Library, Sydney.

enabled a growth in commercial transactions. This increased government expenditure was therefore an important factor, in assisting the development of a merchant class within the colony, during Macquarie's governorship, for it was Treasury Bills, into which Store Receipts were convertible, which served as foreign exchange enabling increased private imports, and it was Store Receipts which provided means of developing internal commerce. The importance of government finance to the colony's mercantile interests, is shown in the following extract,⁴⁹

Merchants and other individuals are very troublesome requesting Bills, to be remitted by them to Europe &c. I have not drawn any Bills since I received the letter from the Treasury of the 17th instant, and the Bank require 1 $\frac{1}{2}$ % premium on what Bills they have in their possession.

Lists of Store Receipt consolidation (i.e. conversion into Treasury Bills) are filled with the names of Sydney merchants - Simeon Lord, Blaxcell, Jones and Riley, etc., - while later on the Bank of New South Wales figured prominently in presenting Store Receipts for consolidation. Control of the Commissariat purchases had enabled the N.S.W. Corps officers to monopolize trade in the colony, and still government finance, provided the basis for the internal and external trade of the colony. The increased government expenditure of Macquarie's governorship, permitted the growth of a mercantile class, of which, at present, little detailed information is available. Nevertheless, it is certain that this development, represented the growth of a capitalist society.

⁴⁹ Drennan to Macquarie 26th August 1820, Colonial Secretary's Papers, Mitchell Library, Sydney.

The other means of government purchase, viz. barter, which had been important previous to Macquarie's coming, dwindled in importance and was finally abandoned during his governorship. At its inception, this scheme of barter had a strong anti-monopoly bias, and it was continued as a cheap means of obtaining provisions, but it entailed the government extending a great deal of credit. Macquarie, prior to his arrival, had been instructed to examine this scheme, for the English authorities were doubtful of its usefulness especially since it meant that a considerable amount was owed to the Government, and also because of the restrictive influence it exercised over private commerce. Macquarie continued the scheme for a time since there were -

No regular supplies imported by private merchants sufficient to answer the demands of the inhabitants, and the prices laid on by individuals on European Articles imported by them are so enormously high that the lower orders of the people cannot afford to purchase them however much they may stand in need of them.⁵⁰

There are no accounts available of the scale of these barter transactions during Macquarie's time, but it would appear that they constituted only a small proportion of total purchases.⁵¹

With the introduction of free imports at the end of 1814, Macquarie also abolished the practice of government barter, for by this time the volume of commerce was sufficient to ensure the provision of imported goods at a reasonable price, and consequently there was no

⁵⁰ Macquarie to Castlereagh 30th April, 1810 H.R.A. Vol. 7.p.250.

⁵¹ Vide H.R.A. Vol. 7. p. 535.

further need for governmental intervention. So while such reforms as this permitted the growth of colonial mercantile pursuits, the spending by the government provided the means and incentive for such a growth, and in this way, the means of public expenditure proved important in the early development of New South Wales.

Government expenditure was also important in relation to its purposes for the buildings and roads constructed during Macquarie's administration, helped provide a basis for development. I have already listed the main projects undertaken and their distribution throughout the period, and their importance may be judged from this list. But, there is one feature of Macquarie's public works which would well bear comment, viz. the "classical tradition" regarding them.

The impression often given by historians is that Macquarie arrived in the colony bursting with schemes for public works and went ahead to build towns and roads, throughout New South Wales, but as shown above, Macquarie's public works were on a much smaller scale up to 1817, than usually suggested, and certainly incurred less expense than often credited. After 1817, the numbers of convicts arriving in the colony together with those returned to the Store, because of hardship in the colony, forced Macquarie to utilise these men in the construction of buildings and roads, this therefore being the earliest occasion in Australian history when public works were used to overcome unemployment. Furthermore, there is a little doubt as to the extent of Macquarie's innovatory capacity in the public works programme.

Macquarie is usually depicted as acting from foresight, yet certain features suggest that much of his public works programme resulted from pressure from the colony's inhabitants. To take one instance - Macquarie is usually accredited with the formulation and institution of the Turnpike system, yet this system was suggested to him by the Hawkesbury settlers, because of their difficulty in getting their goods to market. They therefore suggested, that "tollbars be erected at convenient distance between the places, in order to raise a fund for the putting such roads into good repair and for their regularly being kept in good order".⁵² All that Macquarie was responsible for in this scheme, was to give it his blessing, and to approve of the erecting of the tollbars for "this beneficial object". But no matter who was ultimately responsible for the innovation of public works, it remains that during Macquarie's governorship, roads and buildings were constructed, which materially assisted the development of the colony.

Colonial Revenue 1810 - 21 During Macquarie's governorship there emerged a system of colonial revenue, which formed the basis for the subsequent local Treasury organization in New South Wales. During the Interregnum, the system evolved under Governor King fell into

⁵² Vide Colonial Secretary's Papers for 24th March 1810

abeyance, and only the broad outlines of this system remained, and Macquarie had to complete the necessary detail, so within a short time of assumption of office, he reinstituted and reformed the system of colonial finance.

Previously, there had been two funds (into which all revenues received, were paid), - the Female Orphan School Fund and the Gaol Fund, the first being used to defray the expenses of the Female Orphan School founded by King, while the latter provided the finance for "County" public works in the colony, and for Gaol expenses. Their revenues were derived from duties on spirits, an ad valorem duty, and certain fees connected with the importation of goods, and - each of the two funds received income from certain of these imports. This arrangement, though it served the purposes intended by King, led to an uneven distribution of revenue, so while the Female Orphan School was well endowed, the Gaol Fund did not receive a sufficient amount to meet the demands of a growing colony. Macquarie realised this deficiency, and so reconstituted Funds, renaming them the Police Fund and Orphan Fund. Three-quarters of all colonially raised taxes were to be paid to the Police Fund, and the remaining quarter was allocated to the Orphan Fund.

The new Funds were to meet practically the same purposes as their predecessors but Macquarie renamed them, as he wished to instigate a completely new scheme of colonial finance, not hindered by past usage or tradition. Slight but significant changes in the actual functions

of the Funds were made, so that (a) the Orphan Fund, was to meet the expense of the "Female Orphan School Establishment" and "also that of the other Charity Schools intended to be established here and at the other principal Settlements in the colony"; and (b) the expense of the Police Establishment founded by Macquarie was to be added to the other expenses formerly met out of the Gaol Fund. Though the Funds were to be under the management of "distinct Trustees", (for during the Interregnum one committee had controlled both Funds), in the case of the Police Fund, the Governor was to have absolute control over the expenditure of its monies,⁵³ whereas formerly a committee had controlled expenditure from the Gaol Fund.

At the same time as Macquarie revised the system of colonial Public Finance, he also proposed revision of the system of duties, and of importing of spirits. Instead of rigid control of spirits imports, he proposed free importation at a high rate of duties, but, since, for three years spirits' imports were regulated by the terms of the Hospital Contract, it could not be immediately implemented.

The Orphan Fund Less reforms were made in relation to the Orphan Fund. Its method of the management and its controlling committee, remained the same and though its scope was enlarged to cover the establishment of Charity Schools, its main function was still to pay the expenses of the Female Orphan School, which was by now

⁵³ Vide J. Harris' evidence 7th November 1819, Bonwick Transcripts Box 2. Mitchell Library, Sydney.

accommodated in pleasant surroundings. During Macquarie's era, it grew so, that its portion of duties collected, was reduced from one quarter to one eighth, and even so, it could bear the expense of the Charity schools set up by Macquarie, and later, could contribute towards the establishment of a Male Orphan School.

The abstract of Orphan Fund - Receipts and Expenditure 1810-1819, in Table L, shows the growth of the Fund, and its disbursements during the major part of Macquarie's administration.

Expenditure from the Orphan Fund covered a heterogeneity of purposes, the major portions being to cover the running expenses of the Female Orphan School, while the Charity Schools, which were formed about 1810 were also financed from this fund.⁵⁴ Beyond the expenditure on the "Farm" and "Building" connected with the Female Orphan School, monies were also spent on Parramatta Church. This was not a direct expenditure, but represented Rev. Samuel Marsden's ⁵⁵ 5% commission for acting as Treasurer for the Fund, which he used for Church purposes, rather than privately accept this commission.

Table L also shows that throughout the period Receipts exceeded Expenditure, and this without making any allowance for the credit balance which apparently existed at the beginning of the period. Admittedly, the Receipts listed, represented amounts owed the Fund by

⁵⁴ Other educational expenses were paid from the Police Fund.

⁵⁵ Rev. Marsden was incumbent for the Parish of Parramatta.

TABLE L

ORPHAN FUND - RECEIPTS & EXPENDITURE 1810 - 1819 (a)

	Expen- ses	Farm	Buil- ding	Parra- matta Church	Charity Schools	Sun- dries	Total Expendi- ture	Total Re- ceipts
1810 ^a	415				70		485	400
1811	1560			57	204		1821	2740
1812	1001				348		1349	2027
1813	1109		880	431	393		2813	2988
1814	781	114	1315		172		2382	1488
1815	1371	82	707	532	476	471 ^b	3639	4534
1816	836	74	962	83	157	718 ^c	2830	3980
1817	1191	44	473		373		2081	3121 ^e
1818	1244	45	349	56	321		2015	2584
1819						2356 ^d	2356	1935
TOTAL	9508	359	4686	1159	2514	3545	21771	25797

- a. This is for the 4th quarter of 1810 only.
- b. This sum is for Bills "not yet due", received from the Naval Officer for the Fund's share of the duties.
- c. This sum represents the expenses for the 4th quarter which are not detailed in the accounts.
- d. The accounts for 1819 give just a total of expenses for each quarter.
- e. During 1817 the Orphan Fund was apportioned only 1-8th of the Customs duties collected.

the Naval Officer rather than amounts received, (for long-term credit was allowed for the duties due), but since the Orphan Fund had first call on the monies in the hands of the Naval Officer, and often their monies were paid in the same quarter as the duties were received. As a result, a sizeable balance accumulated in Marsden's care, and in 1820 the Committee decided that this should be deposited with the Bank of New South Wales, especially since the Police Fund was also to be deposited with this institution. The scandal which arose from this decision offers an interesting sidelight to colonial conditions of the time, and shows how public monies were used as banking capital by mercantile interests, and so provided another support for development. After the decision was made, Marsden bitterly opposed it, since from the hints and opinions at that time expressed, it would seem that Marsden had this balance deposited with some of the Sydney merchants, apparently making "a little for himself on the side". Everyone wondered how Marsden could find enough money to deposit the balance, (but whether this arose from maliciousness is difficult to say,⁵⁶ and he tried hard to convince the Committee that it would be better to keep the balances in the hands of "Messrs. Jones and Riley and other merchants since they would pay a handsome rate of interest and afford securities whereas the Bank would in all probability pay no interest". The Committee, however, remained unmoved, and cautiously "decided in

⁵⁶ Vide Cowper's evidence to the Bigge Inquiry 21st January, 1821. Bonwick transcripts Box 8. (Mitchell Library, Sydney).

favour of the Bank, as securing the Principal without any risk to the Fund".

The original formulation of the purposes of the Orphan Fund, made by Macquarie, implied that it was to cover all expenses connected with education in the colony. Due to peculiar conditions, government-supported primary education was a feature of New South Wales, years before it became a reality in England, though admittedly it did lapse in New South Wales in the 1820s. However, beyond the Orphan School and the Charity School, the Orphan Fund had no connection with the other educational ventures of the colony, largely, I would suggest, because of Macquarie's personal antagonism with Marsden, which resulted in Macquarie doing everything possible to limit Marsden's influence. As a result the Orphan Fund's functions were limited, and functions formerly ascribed to it, were instead administered through the Police Fund, over which Macquarie had direct personal control, so that the Orphan Fund declined in importance as Macquarie's governorship progressed.

The Police Fund While the Orphan Fund declined in importance as the colony developed under Macquarie, the Police Fund grew in importance, expanding both in the volume, and the scope of its transactions. In regard to the volume of transactions, Table LI ⁵⁷ shows the growth in both "Receipts" and "Expenditure", from comparatively

⁵⁷ This table has been compiled from numerous sources, the main one being the Bigge Report's Evidence found in manuscripts in the Mitchell Library.

TABLE LI
POLICE FUND
RECEIPTS AND EXPENDITURE 1810 - 1820 (£)

	Receipts	Expenditure
1810	3,272 ^a	1,992 ^b
1811	10,181	5,923
1812	8,445	8,992
1813	10,120	8,605
1814	7,301	11,645
1815	16,313	14,667
1816	14,326	17,915
1817	19,125	15,343
1818	21,645	12,109
1819	21,946	26,537
1820	25,885	32,242

a. This covers the last three-quarters of 1810

b. This covers the second half of 1810 only.

small beginnings at the commencement of Macquarie's administration to the sizeable sums involved in 1820.

A comparison of "Receipts" and "Expenditure" shows that no attempt was made during the period 1810 to 1819 for expenditure to be related to receipts, or vice-versa, so at times the Fund accrued large credit balances, while, if the Naval Officer was tardy in forwarding the Fund's share of the duties, the Fund went into debit. Quite often D'Arcy Wentworth (the Fund Treasurer) had to make Police Fund payments from his own resources, for even if the accounts showed a credit balance at the end of the quarter for "duties received from Captain Piper" (the Naval Officer) often this represented only the amount of duties due for that quarter. Long-term credit was allowed for the payment of import duties,⁵⁸ (with whose sanction it is difficult to tell), and consequently often Wentworth held only drafts on the Naval Officer for the duties owing,⁵⁹ and it is these drafts which appear as receipts for the Fund. "At one period such long credit had been given for the payment of the duties that Mr. D. Wentworth was under an advance to the Police-Fund in the sum of £3,500".

Macquarie tried to alter this situation by instituting Court-action, but legalities did not permit the recovery of such debt, so Macquarie then introduced bonded-warehouses (Bigge Report p.84) to

⁵⁸ According to Bigge "these duties...have never been enforced with rigour".

⁵⁹ Bigge Report on the State of Agriculture and Trade p.85.

overcome the reluctance of many merchants to pay the imposts.

Customs duties constituted the main source, but not the only source of revenue for the Police Fund. Revenue came under six classifications -

- a. Customs Duties (i.e. $\frac{3}{4}$ s of all duties collected up to 1817, and seven-eighths of all duties from then on)
- b. License Fees for (i) the sale of spirits; (ii) the sale of beer; (iii) the brewing of beer.
- c. Court Fines - half the fines imposed for smuggling or sly-grogging offences.
- d. Rent of the tolls on turnpike roads.
- e. Tolls on goods brought into Market Places.
- f. Sundry fees, such as hawkers' and pedlars' licenses; auction duties, sale of confiscated goods.

The amounts received into the Police Fund from various sources are shown in Table LII.

These various taxes were designed more for their means of "Social control" than for revenue-raising and were administered with the former aim only, in mind, so that, the increases made by Macquarie in the duties on spirits imports were occasioned more by the rising wage-level in the colony, than from the government's need for funds, as the credit balances in the Police Fund at the time shown. The social purpose prompting fees on retailing and brewing of liquor are obvious, but even the other duties were socially rather than economically

TABLE LII

POLICE FUND - RECEIPTS 1810 - 1820

	Duties	Fees	Fines	Tolls	Market Fees	Slaugh- tering Fees	Sun- dries	Total
1810	1384	50						1434
1811	7902	2480	108	222	155		132	10181
1812	5680	2328	47	357	122			8445
1813	2392	1745	48	187	121		5485 ^a	10120
1814	4549	2158		421	173			7301
1815	13197	2095		567	206	222	15	16213
1816	11201	2246	71	400	151	367		14336
1817	16204	2160		110	161	450	120	19125
1818	17740	2624		380	57	527	207	21645
1819	18432	2070	90	655	124	510	65	21946
1820	22741	1540		904	220	411	68	25885

a. There are no detailed accounts available for the fourth quarter.

prompted.

Superficially, the "slaughtering duties" were to repay the Government the cost of the erection of the Slaughter-house, but this had been erected as an anti-monopoly measure.

The object of the establishment was to protect the settlers who supplied meat to the King's store from the extravagant demands made by the butchers in Sydney for killing their cattle ...The continuance of the slaughtering duties, although attended with expense to the Government, is upon the whole beneficial to the public, although not a productive source of revenue.⁶⁰

Again the market duties were designed to permit the existence of market-places in the principal settlements, at which produce could be bought and sold under government regulation, for the protection of the small producer. So, throughout his administration, Macquarie's administration of the colonial "Public Income", was in terms of the means of social control which it afforded, rather than the financial needs of the government.

In commenting on the system of colonial taxation, Bigge stressed a different aspect, for he was concerned that a permanent system of revenue be established, and therefore wished to see the establishment of a system which would (a) guarantee a sufficient and stable income for government purposes within the colony; and (b) which would protect and offer an incentive to the establishment of colonial manufactories, especially colonial distilleries. In his Report, he suggested a series of reforms in colonial taxation designed for the attainment of these

⁶⁰ Vide Bigge: op. cit. p.88

ends, and entailing reductions in some taxes, and complementary increased "to meet the reduction in revenue". Bigge also suggested certain reforms in taxation collection, aimed at formalising the system and covering loop-holes which had developed. The most significant point about the Police Fund is summed up by Bigge when he writes -

Considering the present state of the colony, I have not been able to discover any new sources of revenue that would not have the effect of discouraging or restraining the attempts of the colonists to avail themselves of the productions that either their own industry or the resources of the soil and climate may supply.⁶¹

This was the important feature of the colonial taxation which had developed potential and so, when in 1823 the Colony was granted some little degree of self-government, there was an already developed and formalised system of public income.

In considering this Fund in its role as the forerunner of the Colonial Treasury, there were three important changes, which occurred during Macquarie's period, which paved the way for this latter organisation. These were (a) the full development of the system of taxes and imposts, which have been referred to above; (b) the assumption of complete control of the Fund by Macquarie, which replaced the control of colonial public finance by a private committee, with control by the government; and (c) the legalizing of the Colony's taxation system. Bent had questioned Macquarie's power to levy certain taxes, but Macquarie's assurance that such a claim "would impede the

⁶¹ These changes in duties are listed in Bigge's Report on Agriculture and Trade p. 87.

just measures of Government and increase the taxes on the Mother Country", served to allay any suspicions. It was only in 1817, when Macquarie tried to institute Court actions for the recovery of Customs duties owed to the Government, and that Justice Field ruled that such was not possible, that the true position was realised, and an Act of Parliament (59 Geo. III) had to be passed in England to legalise the colonial taxes. These three reforms in the administration of the colonial public finance, formed the basis for all future development of internal public finance in New South Wales.

Turning to the other side of Police Fund Accounts - expenditure grew sixfold during Macquarie's governorship, and assumed a role of increasing importance. The increase in Police Fund expenditure was due to two factors -

- (a) the increased scope of expenditure, and
- (b) the increased expenditure on the original "components" of the Police Fund (or its predecessor the Gaol Fund).

Originally the Police Fund was designed to cover the expenses of the Police and Gaol Establishments, and, to provide for "the erection of Wharfs, Quays, Bridges, and the making and repairing of Streets and Roads", but by the end of Macquarie's administration, it had been used to meet many purposes beyond its original intent, e.g. in 1819 when the Colony's supply of convict slop clothing petered out, Macquarie immediately purchased new supplies with money from the Police Fund. Bigge commented in this regard -

Of late years it has been customary to defray the expense of extensive purchases of tools and implements required in the public works from the colonial funds, and to defray the expense of the lodgings of military officers, of their passage from one colony to the other, and even those of their equipment on voyages from New South Wales to India.⁶²

Prior to 1818, Macquarie had adhered to the formula, promulgated by Governor King, that colonial revenues should meet the cost of those works undertaken by County authorities in England, but subsequent to this time Macquarie often used the Police Fund for the purchase of stores, for public works. Previously, there had been three methods by which such stores were obtained - (a) those sent by the English government; (b) those purchased within the colony by the Commissariat and (c) those purchased by the Police Fund. By 1818 the stores obtained in the first manner had been exhausted, while the rapid growth of convicts in government hands necessitated an increase in public works, and hence an increased supply of stores. Macquarie could have resorted to the former system, and purchased them with Commissariat funds, but he must have considered the Police Fund balances large enough to allow such purchases, and thus also affording him a means of reducing the controversial expenditure by Treasury Bills. Later he requested the English authorities to send out supplies for public works, because Sydney merchants were taking advantage of the government's necessity,⁶³ and this appeal was echoed by Bigge in his Report.

It is very difficult to trace the expansion of the scope of

⁶³ According to Drutt's evidence, to Bigge, iron which cost £12. 10. Od. per ton in England had been retailed to the government at £45. per ton, forcing the government to stop its purchasing till the price was reduced.

Police Fund expenditure, for Police Fund accounts not only frequently alter in their form of compilation, but also show, much of the expenditure only in terms of the payees without stating the object of expenditure. It is possible to trace the expansion of the expenditure on one object, viz. salaries and this expenditure represented a significant part of Fund expenditure.

Originally, the only wages paid out of the Police Fund were (a) allowances to officials, - such as the Engineer directly concerned with public works; and (b) wages and salaries paid to officials appointed by Macquarie, either for whom, there was no allowance in the Civil Establishment estimate, or else while such an allowance was being approved. This practice continued till 1819, when Macquarie began to make permanent payments of salary from the Police Fund, so that by 1821, while salaries paid in N.S.W. from the parliamentary estimate amounted to £8,474. 17. 6d. those paid from the Police Fund amounted to £9,824. 5. 0d. all of the new officials, locally appointed as a result of the great increase in the convict population between 1818 and 1821, were paid out of the Police Fund, while any augmentation of salaries made during this period were also met from this fund. This led to a considerable increase in salary payments from the Fund, as shown in Table LIII.

TABLE LIII

SALARIES PAID FROM THE POLICE FUND 1812-1821

	£	s	d		£	s	d
1812	2,469	3	0	1819	4,811	2	7
1814	1,886	1	8	1820	^a 5,069	9	4
1815	3,461	15	11	1821	9,824	5	0
1816	3,611	19	5				

a. This includes the £1,000 allowed to Wentworth for his services as Treasurer.

Any explanation of why such new objects come under the auspices of the Police Fund, must refer to the Fund's administration. Prior to Macquarie's arrival, Police Fund expenditure, or its equivalent Gaol Fund expenditure, was under the control of a committee, which decided upon objects of expenditure. Macquarie altered this system so that the only function of the appointed committee was to audit the quarterly accounts, and in no ways were they responsible for the determination of the objects of expenditure. Though in the latter part of his governorship, Macquarie did not determine the object of expenditure, since this became the prerogative of the Chief Engineer, he was always responsible for such expenditure and had ultimate control.

Macquarie's administration of Police Fund expenditure, was guided by two considerations - (a) a desire to lessen the expenditure paid out by England; and (b) to use the money raised in the colony for the colony's benefit. During the early part of his governorship, consideration which predominated, so that Macquarie even disputed with

Liverpool about this principle, but subsequently some of his expenditure, Macquarie departed from this principle, being probably prompted by (a) the urgency of the Stores etc., required to provide employment for the influx of convicts, and (b) the growing credit balance of the Police Fund.⁶⁴ However, while Macquarie did depart it was not a radical departure for the expenditure on clothing and stores in question, were partly utilized in some of the public works around the township of Sydney. If Police Fund expenditure were analyzed (see above), it would be seen that this expenditure served to provide many of the facilities necessary for growth in a developing economy.

⁶⁴ In December 1818, the Police Fund had a credit balance of £18,726.

PART III

ANALYSIS

CHAPTER 8
THE ANALYSIS

I

There are two facets of this study which require justification. Firstly, an attempt has been made to tell the story in detail, introducing, in some cases, material not absolutely germane to the aims of this study, yet of relevance to the environment of the expenditure, and secondly, the story of public expenditure has only been superimposed onto the "fabric of the growth of the Australian economy", rather than woven into it. But the present state of Australian historiography is such as to both occasion, and to require such a treatment of such a subject, for while inadequacies in the literature make it necessary to seek out background material from the very original sources, they also preclude the development of definitive generalizations for this earliest period of Australian history. Professor Max Hartwell has summarized the problem as -

Australian history now needs a large dose of "rigorous documentation", of hard work with the sources and careful scholarship, rather than new general books on the same thin base of old general books.¹

Surprisingly, this quotation is taken from a critique of Professor S. J. Butlin's work on Australian monetary history,² which

¹ R. M. Hartwell, "Colonial Money and Banking", The Economic Record XXXI: 55, May, 1958. p.74.

² S. J. Butlin, Foundations of the Australian Monetary System 1788-1851 (Melbourne: University Press, 1953).

Professor Hartwell condemns as encouraging "description rather than analysis". It does not appear possible to fulfil both of Professor Hartwell's inconsistent, expressed and implied principles, so the advice implicit in the former statement has been accepted, so that this work has followed Professor Butlin's dictum - "on first telling, the story requires detail"³.

Australian colonial economic history may be thought of, as still being in the archaeological stage, in which it is necessary to present all the evidence found, though subsequently, a clearer generalized view may enable some of it to be discarded. If therefore there appears to be in this study, a cramming of detail, it is because the story is being told for the first time, involving the presentation of material found and compiled from diverse sources.

II

To justify in the subject of this study - Commissariat and allied Public Expenditure - answers should be sought to two questions, viz. How did considerations of public expenditure enter into the administration of the colony? and, What effect did public expenditure have on the development of New South Wales?

Most historians in writing of early Australian development pay lip-service to the importance of public expenditure, but yet fail to

³ Ibid, p. V

elaborate on it. Both the standard general works⁴ on the economic history of this period recognize, "Whitehall's intermittent tugging on the financial reins",⁵ but both are so concerned in elaborating generalized-type theories that both neglect to closely examine "the financial reins", as this is unnecessary for their major theses. Shann's depiction of the period, as exemplifying progress from "the last economic ditch," "communism", to the higher planes of capitalism does not warrant our attention, as much of it represents an exercise in pedantry,⁶ but Brian Fitzpatrick's theory represents a major and powerful force in Australian historiography.

As Mr. Brian Fitzpatrick has shown...the English Government had evolved an economic plan for Australia which was put into operation by Governor Phillip. Briefly, it envisaged the strong establishment of a small-holding peasantry in the country, the bulk of the peasants in any future then visible to be time-expired and emancipated convicts. This scheme which may or may not have been wise - to me it seems merely the projection on virgin Australia of an economic pattern contemporaneously being disrupted in England by the industrial revolution - was destroyed after Governor Phillip's departure from Sydney by the military officers.⁷

⁴ i.e. B. Fitzpatrick, British Imperialism and Australia 1788-1833 (London: Allen & Unwin 1939)

E. G. Shann, Economic History of Australia (Cambridge: University Press 1930).

⁵ E. G. Shann: op. cit. p. 17.

⁶ Vide S. J. Butlin: op. cit. p.2.
"Study of the earliest quarter century of economic foundations, which is in some ways the most important of all just because it concerns foundations, has been bedevilled by the application of stereotype concepts, Rogers finds it to be "State Socialism"; Shann "the economic last ditch, communism"; Fitzpatrick...a Marxist contradiction.

⁷ C. Hartley-Gratten in Preface to H. V. Evatt, Rum Rebellion (Sydney: Angus and Robertson 6th Edn. 1947).

The proposition that the early history of Australia represented such an attempt to found a peasant economy,

rests on nothing more secure than instructions to governors. These appear to represent spur-of-the-moment thinking as to how to dispose of convicts who were freed, not a design for an economic system. There were two possibilities, that convicts should become free peasants or that they should become employees. Someone said: let them grow their own food on land provided by the Crown and look after themselves; and as it is the way with departmental memoranda, phrases and ideas perpetuated without thought or understanding. The test of how far the phrases meant policy is the action taken to implement them.⁸

Fitzpatrick's thesis presupposes two things - (a) the English Government had a plan for the future of "Botany Bay" beyond continuing as a mere penitentiary; and (b) the plan was, the establishment of a society with a smallholding peasantry.⁹ Professor Butlin's criticism implies that neither of these claims are correct, and that, the colony was founded as a solution to an urgent social problem, and was viewed by Whitehall only in this way, so that what has been subsequently construed as a policy, was virtually only ad hoc solutions to ad hoc problems. While admittedly, Fitzpatrick sees a policy, (completely out of keeping with official 18th Century thought) where none exists, this does not mean that none existed.

In spite of a superficial preoccupation with the immediate

⁸ S. J. Butlin: op. cit. pp. 2-4.

⁹ The grant was to be fifty acres for a married couple with an additional ten acres for each child. This would hardly create a "small-holding peasantry" in the English 18th Century means of the term.

problem of founding a gaol, Whitehall's original plans as embodied in Governor Phillip's "Commission and Instructions" tacitly assume a future for the colony beyond its penal function. This is also shown, when in a plan of action compiled by Phillip prior to embarking for New South Wales, he states:

As I would not wish convicts to lay the foundations of an Empire, I think they should ever remain separate from the garrison and other settlers that may come from Europe and not be allowed to mix with them, even after the seven or fourteen years for which they are transported may be expired.¹⁰

Governor Phillip viewed himself not only as the governor of a gaol, but as the founder of a colony, in the usually accepted sense of the word. Now founding colonies was a hazardous venture as it entailed pioneering on an inhospitable shore with an unknown potential. Botany Bay was, in this regard, the immediate successor of Jamestown,¹¹ and the founding of Jamestown had been a most dangerous undertaking, and furthermore, Jamestown, in its expanded form, had been lost to its private "owners". Colonizing was therefore a chancy business both in its beginnings, which required "a planned and well-financed enterprise",

¹⁰ H.R.N.S.W. Vol. 1 part II p.50.

If Phillip's view is taken as characteristic of his time, surely the scheme propounded by him reflects a very different future for the colony than that envisaged by Fitzpatrick.

¹¹ Phillip's statement could imply that the original settlement, if successful, was to serve as an inducement for other settlements as had the Jamestown settlement. It should be noted that the area to be annexed by Phillip was the entire Eastern Coast, an area far larger than required for a prison. Vide H. G. Nicholas. *The American Union* p. 11.

and, in what might be its ultimate results for the founders. Private enterprise could not again take such risks, and yet if "Terra Australis" were to replace the lost American colonies, a Jamestown was necessary. When social problems at home necessitated the resumption of transportation, Whitehall was therefore presented with the necessary means, for if Lord Auckland represents the sentiments of his time convicts

might be sent to Tunis, Algiers, and other mahometan ports for the redemption of Christian slaves; others might be compelled to dangerous expeditions; or be sent to establish new colonies, factories, and settlements.¹²

The Botany Bay settlement was therefore to be the Jamestown of Australia, but the risks and danger of such colonization had now grown too great for private enterprise. Once the Botany Bay settlement was established and it had been proved that success was possible, it was hoped that others would follow, to develop another source of wealth. This had been the pattern of development in the first American settlements, and it seems implicit in the thinking regarding the settlement of Australia. The gaol was to found the colony, but once success had induced further settlement the gaol was to be kept apart from the hoped-for free settlements, so that Phillip's statement echoes the hopes for the development of the antipodean colony. Whitehall therefore sought a cheap gaol and a Jamestown, but achieved

¹² Lord Auckland: A History of New Holland. (London, 1776?) Preface. Note the degree of danger ascribed to founding a colony.

neither, for numerous difficulties forestalled any display of inducing success, and at the same time abolished all hope of a cheap gaol. Instead of having a self-supporting gaol, with separately developing settlements, Whitehall had a Gaol mingled with a developing free settlement, for the only ones induced by the "success" of the gaol, were the military officers, a circumstance for which no allowance had been made, and to which Whitehall had slowly to adjust. If therefore Whitehall thought of the settlement, for the first quarter-century, mainly as a gaol, it is because this is what she had planned for, and only a growth in the realization of the true position of the colony, changed this attitude.

Implication must be the main basis for such a claim as to Whitehall's original concept of the Botany Bay settlement, but if Whitehall's policy is viewed as being reflected in its public expenditure policy, a firmer basis is available.

¹³
Rogers' depiction of the early period of Australian history, as "State Socialism", while suffering from the usual faults of such descriptions,¹⁴ does forcibly depict one aspect of early New South

¹³ J. D. Rogers: Historical Geography of the British Colonies (Cambridge: 1896?) vi, p.53.

¹⁴ Vide T. S. Ashton: An Economic History of England: the 18th Century p.V. "Capitalism, Mercantilism and Imperialism, I confess a distaste for these imprecise terms which seem to me to have blurred, rather than sharpened, our vision of the past.

Wales which is often neglected, viz. that it was a governmentally-founded settlement designed for governmental purposes. In an age "when cheapness was regarded as an outstanding merit, and the keeping down of public expenditure ranked among statesmen as a cardinal virtue"¹⁵, the demand which Whitehall incessantly made of each of the Governors, was that the colony should not cost much. Cheapness, was a prime motive in the foundation of the colony for it was expected that the colony would be self-supporting at the end of two years, and when this expectation was never realised, Whitehall continued to demand frugality of expenditure within the colony. This was the central feature of Whitehall's policy towards New South Wales and each Governor from Phillip to Macquarie, was enjoined to precepts of "oeconomy", which he then, had personally to put into practice, in the peculiar conditions of the settlement. Whitehall's and the Governors' concept of what constituted "oeconomy" often differed, due to Whitehall's incomprehension of the real state of New South Wales, so its entire colonial history represents the interpretation by the various Governors, of the precept of economy.

In the main part of the text an attempt has been made to show how Whitehall's consistent policy of a cheap colony, was translated by the various Governors. This was the major concern of each successive Governor, and their attempts to keep Treasury Bill expenditure to an

¹⁵ G. D. H. Cole: Essays in Social Theory p. 49.

acceptable minimum pervaded all their administrative actions, so that Instructions to Governors, and Governors' actions, interpreted as implying the founding of a peasantry, were actually based on a desire to attain economy. The colonial era of New South Wales may therefore be viewed as the Governors continued attempts to fulfil Whitehall's hopes, being frustrated firstly, by geographic inhospitability, subsequently, by a military monopoly, and finally, by the nasancy of the wool industry.

Beyond its function as providing the central policy which shaped the administration of the various Governors, Commissariat Expenditure also derives importance in relation to the development of New South Wales, because of (i) the capital it provided for the colony, and (ii) the pre-requisites for development which it furnished. Fleeting regard has been paid by historians to this aspect of colonial history, for as K. Dallas has commented:¹⁶

The invisible export of services to the guests of His Majesty's Governments is the important economic factor which though well recognized by contemporary writers, has no place in current publications on our economic history.

There were in the infant colony, three sources of disposable wealth:¹⁷

(i) The local produce of "grain, meat, hides, wool, whale oil and minerals".

¹⁶ K. Dallas: Transportation and Colonial Income in Historical Studies of Australia and New Zealand, February 1949.

¹⁷ Vide Dallas: op. cit. p. 297

(ii) The capital introduced by immigrants.

(iii) The British Government's expenditure on the maintenance of the colony.

It is not possible to give quantitative estimates of each of these sources, but when it is considered that the local produce of grain and meat found its main market in the Commissariat store, and that the other elements in the first two categories of Dallas' tri-partite classification, are, for the period under review, relatively insignificant, the importance of the British Government's expenditure as a source of wealth for the colony might be appreciated. It was not only that this expenditure constituted "our first great export", so that, "to this extent they (the local inhabitants) were able to buy more foreign goods than they could have paid for by their exports and the wealth brought in by private persons",¹⁸ but the abuses of the Commissariat organization which developed during the rule of Grose and Paterson (1792-1795) meant that officers of the New South Wales Corps were able to use governmental expenditure as a source of private fortunes. In so far as it was these officers, and particularly John Macarthur, who were to constitute the dynamic element in Australian capitalistic development, British Government expenditure may be viewed as the ultimate foundation of such development.

¹⁸ Dallas: op. cit.

Explanations of the growth in the private fortunes as such persons as John Macarthur, vary because of the inaccessibility of private records, and because of the hostility, and hence unreliability of some of the contemporary commentators. According to Governor King:

Captain Macarthur came here in 1790 more than £500 in debt and is now (i.e. 1801) worth at least £20,000. His fortune, and thro' accumulating gains in this colony, by the great quantity of stock and land he possesses, enables him to boast of his indifference of whatever change happens to him. His employment during the eleven years he has been here has been that of making a large fortune, helping his brother officers to make small ones (mostly at the public expense) and sowing discord and strife.¹⁹

Without entering any pedantic discussion as to the veracity of King's estimate of Macarthur's fortune²⁰, (Governor Hunter had estimated it at £8,000 in 1796) suffice it is to say that he entered the colony with no means after having spent some time on officer's half-pay, and yet, ten years later could ask £4,000 for part of his estates. Since during this ten year period the only wealth producing pursuits were the inter-related 'industries' of spirits-trading and 'commissariat-monopolizing', there can be little doubt that the foundation of Macarthur's fortune lay in abuses of British Government expenditure on their guests in the antipodean climes. This also appears to be the case in the amassing of fortunes by some of the other officers, though their success in this regard was not as marked as that of Macarthur.

¹⁹ King to Under Secretary King 8th November 1801, H.R.A. Vol. 2 p.313.

(Sydney, Angus and Robertson 1955)

²⁰ M. H. Ellis: John Macarthur/p.206.

While some of the private acquisition of capital from this source involved perversion of the purchasing system of the Commissariat much private capital was acquired by legitimate trading with the Commissariat. Throughout the period, the purchase by the government of food for the convicts remained the major internal market in the colony, and in so far as these purchases were effected by Treasury Bills, they constituted the source of foreign exchange for the colonial economy, whilst the Store Receipts originally issued for the purchases provided the main media for internal exchange. But it was also the avowed intent of each of the governors from Hunter on, to curtail the amount of Treasury Bills drawn, and most of their administration centred around these attempts to economize. It was not however a matter of simply pursuing a policy of frugality in expenditure, for any curtailment, struck against the interests of the strongly entrenched officer monopoly, (at least during the governorships of Hunter, King and Bligh) and in fact, it was the pauperizing activities of this group which was partly responsible for inflating the costs of government, thereby necessitating the adoption by the Governors, of remedial measures.

One such measure which sought to lessen Treasury Bill expenditure both by its anti-monopoly import, and also by its substitutive affect, was the introduction of 'bartering' for governmental requirements of

provisions.²¹ Though the ancestry of such a scheme may be traced back to more peaceful motives, the store, as proposed and founded by Hunter, and later as restored by King, had an anti-monopoly purpose, not that it was entirely successful in achieving this, for the officers turned the scheme to their own advantage. Though unsuccessful in this regard, it was favoured by Whitehall for, as summarized by Professor Butlin:

it represented a way of reducing the cost of the colony. Instead of buying all the colonial produce needs at high prices for bills on the Treasury, it bought goods at English prices to barter at Sydney prices against grain and meat at Sydney prices.²²

Later "a significant new development was that, as the government herds increased, livestock was increasingly given in exchange for settlers' grain and meat. The nascent capitalism of Australia was almost entirely the creation of government which provided the land by grants, the labour in the form of assigned convicts and the market in the Commissariat store. It facilitated the acquisition of equipment by its "Annual" and "Extra" supplies and other goods which were often available on credit. At every stage the lusty infant was carefully nursed."²³

Two other aspects of the nascent capitalism derived from Commissariat expenditure. The first was the programme of public works,

²¹ Vide S. J. Butlin: op. cit. pp. 41-43
Professor Butlin implies that the Government Store around which the barter centred was set up simply for the colonists' convenience. While there may have been some vague plan for such a scheme, (it certainly was not the idea behind Lord Portland's proposal) the store, when put into operation by Hunter, and improved by King, was aimed against the ravages of the monopoly. If this were not so why did the officers oppose King's policy in this regard, so vehemently?

²² S. J. Butlin: op. cit. p. 4b.

²³ S. J. Butlin: op. cit. p. 60.

especially as undertaken by Governor Macquarie provided the pre-requisites of capitalist development. The second aspect was the development of a local system of government finance, from its wavering beginnings under Hunter to the refined form it had reached at the end of the Macquarie era. Both of these derived from attempts to economize the local finance structure being designed to lessen Treasury Bill expenditure on certain works adjudged unessential to the functioning of a gaol, and the public constructions being initially of the nature of stores to stop loss by spoilage. When these two combined as in the programme of works instituted by Macquarie, governmental constructions widened their scope to include works of all types, but even these were impelled more by an attempt at an economic solution to the problem of utilizing a vast throng of convict immigrants, than by a desire to governmentally develop the colony.

Commissariat expenditure therefore doubly blessed the colony both by providing the completed constructions and by paying the contractors etc. who built them. Blessed as it was during this early period, the foundations were laid in both these ways, by providing both the fixed and the circulating capital necessary for the vast pastoral expansion of the 1820s. New South Wales was therefore a colony formed with the seeds of capitalist development unwittingly implanted within it, and a major portion of them lay in the Commissariat expenditure and its administration during the first quarter-century of the colony.

III

In this study an attempt has been made to show (i) how Commissariat expenditure and its controlling policy were significant in the colony, from its inception till 1821; and (ii) how 'far' Commissariat expenditure was significant i.e. the volume of such expenditure incurred within the colony, for, it was this expenditure which provided the capital for development, to a very large extent. In relation to this first aim, ~~Y beca~~ the lack of attention which has previously been accorded to this factor in considerations of development during the period, ^{has been bewailed} for Whitehall's policy of 'oeconomy' provided the focus for Governors' policies during this time. Naturally this disregard has meant that historians have never inquired as to the extent of Commissariat expenditure within the colony, and have accepted generalised accounts compiled for the Bigge Inquiry, but, as discussed above, these were compiled in England and partly represent expenditure within England. For purposes of considering Australian development, such expenditure is not relevant, for the expenditure only becomes significant, in this regard, when the recipients of the Treasury Bills are Australian inhabitants. To estimate the volume of this capital accumulation it has been necessary to extract from the various accounts available, the expenditure, incurred and sanctioned by the Governors, for which Treasury Bills were issued.

Before proceeding to summarize the accounts presented above for

each of the governorships, it is necessary to show that the "Bigge Accounts" do represent more than just expenditure in New South Wales. This could be shown by reference to several despatches from Whitehall, e.g. In his despatch of 5th November, 1799, the Duke of Portland stated that the Bills drawn in the colony from Hunter's accession, and so far received at the Treasury amounted to £84,867, but even if an allowance of a year is made to cover the time necessary for the Bills to be transmitted to and processed in England the expenditure as shown in the "Bigge Accounts" for 1796 - 1798 only²⁴ exceeds the above figure by £80,458,²⁵. While the same general trend is evident in both the "Bigge Account" figures and the estimates of expenditure compiled in this study, the amounts listed for the various years differ and because of variations in the Treasury's accounting methods, reconciliation is not possible. While therefore the "Bigge Accounts" provide a comprehensive coverage of the period under review, it is not possible to delineate the extent of the purposes of expenditure covered, though their title in their original setting viz. "Treasury Bills, Provisions", and other evidence imply purposes beyond the consolidation of Bills drawn by order of the New South Wales Governor.

²⁴ No allowance has been made in the "Bigge Accounts" total for the period in 1795 during which Hunter commanded the colony.

²⁵ Some slight part of such a difference is accounted for by the "Fees" entailed in consolidating the Bills at the Treasury.

If our concern is with Treasury Bill expenditure's function in providing capital for Australian development, then computations of such expenditure within the colony are necessary. These are shown in Table LIV, together with estimates of the expenditure sanctioned by the Governors but made overseas (e.g. provisions bought in Batavia, Calcutta etc. or from visiting ships, mainly to alleviate the effects of local famines or floods).

The examination of all available material on government expenditure has shown how it is impossible to compile an absolutely definitive account of such expenditure during the colonial period. One thing is certain that the expenditure sanctioned by the Governors was less than that listed in the accounts compiled in England, and was more akin to that shown in the second column of Table LIV, which has been compiled from sources originating in the colony. The other feature which is significant is that the amount of income earned by New South Wales, for the "export"²⁶ of services to the convicts was less again than the expenditure approved by the Governors, for a significant portion of this was for exports, so that it was not available for use in the development of the colony. While it is possible therefore to say that the accounts hitherto used in speaking of the cost of New South Wales, and the amount by which Whitehall "subsidized" Australian colonial development, are incorrect, it is not possible to provide comprehensive, accurate accounts in their stead, but I would claim that the available figures, as shown in Table LIV,

²⁶ "Export" as used by K. Dallas.

TABLE LIV

TREASURY BILL EXPENDITURE MADE BY NEW SOUTH WALES GOVERNORS
1788 to 1820

Year	Expenditure made within the colony.	Total expenditure sanctioned by Governor.
	£	£
1788	629	940
1789	366	1,914
1790	105	12,365
1791	939	2,047
1792	763	9,684
1793	766 ^a	14,284
1794		10,116
1795	17,673	21,103
1796)		
1797)	32,204 ^b	34,822 ^b
1798)		
1799		
1800	5,716 ^c	7,677 ^c
1801	6,014	8,722
1802	4,799	14,106
1803	6,957	16,927
1804	6,765	14,919
1805	4,921	20,874
1806	2,596 ^d	6,274 ^d
1807		
1808		6,498
1809		20,386
1810	46,000 ^e	57,112
1811	58,000 ^e	85,099
1812		
1813		47,843
1814	61,000 ^e	84,440
1815	63,000 ^e	97,559
1816	83,000 ^e	112,400
1817	83,000 ^e	107,601
1818	120,000 ^e	140,040
1819		121,917
1820		79,476 ^f

a. In 1793, £658 worth, and in 1794, £2,921 worth of provisions were purchased locally using the proceeds of the sale of spirits etc. purchased from visiting ships in 1792.

b. These figures cover the period 1st September, 1796 to 30th June, 1798.

TABLE LIV (continued)

TREASURY BILL EXPENDITURE MADE BY NEW SOUTH WALES GOVERNORS
1788 to 1820

- c. These figures cover only the last 4 months of 1800
- d. These figures cover only the first 8 months of 1806
- e. Fully detailed accounts of expenditure are not available for Macquarie's period, so these figures represent only "informed guesses". They represent the lowest limit of such expenditure, and serve to show that some at least of the colonial expenditure at this time was being made outside of the colony.

do show the significant and correct outlines of expenditure.

IV

A history of one aspect of society can rightly be regarded as a history of society from that aspect. When therefore the story of a certain aspect is told for the first time, it involves not only the presentation of the new material which constituted the story, but also a re-appraisal of the entire story. Commissariat expenditure was the central feature of the infant colony not only in its economic function, but also in a political sense, for control of Commissariat expenditure meant control of the source of disposable wealth.

On one hand therefore stood Whitehall who wished Commissariat expenditure to be administered with frugality, on the other, the trading-officers of the colony who wished to turn this expenditure to their own advantage, while between them was the Governor, who could obviously not meet both sets of demands. In the main part of the text, an attempt has been made to show, how the Governors from Hunter on, were placed in this most unenviable dilemma. But it was simply not that Whitehall was right and the others wrong, but Whitehall's demands were often out of tune with the conditions of the colony, while the demands of the other group too often represented legitimate demands of dynamic capitalists, which the too rigid policy adopted by Whitehall threatened to thwart.

Again, paternalism was a characteristic of the early Governors,

whether impelled by righteous motives or simply by a desire to economize. The embryonic capitalists lacked one necessity - capital - and sought it where it was very simply to be found, because of the passion for liquor which existed "among the lower orders". But preying on human weakness thus, served to pauperize a large section of the small farmer class, especially during King's governorship, and since the "Parish organization" and the government were coeval in this government founded settlement, pauperization added to the already growing expenses. The Governors' concern for the welfare of the small settlers was therefore based as much on economic considerations as on philanthropy. The conflict of Governor and officers centred to a large extent on the small settler problem, but it was not that the Governor was committed to any long-term policy of founding a peasantry (in fact, there are hints that plantation-type farming was at one time considered) but rather that he was committed to curtailing expenses by forestalling the creation of further paupery.

Since in the main body of the text, the implications of this revision have been fully discussed, it will not be dwelt upon here. Suffice it is to say that New South Wales society viewed from this new aspect, shows facets of a consistent attempt at economy by the Governors, which show the history of the period as different to that usually depicted. Within the text, these differences have been discussed within their context, and their implications shown, so that such features as the acceleration of Macquarie's public works

programme subsequent to 1817 - 1818 has been shown with its implications.

V

This study represents an attempt to bring forward and interpret the story of Commissariat Expenditure within New South Wales during its foundation years and infancy. Enough has been said above, to show the importance of this hitherto neglected aspect of Australian development. The only regret that may be expressed is that source material available is of a spasmodic nature and hence does not permit a comprehensive account to be compiled of the flow of British Government Funds to colonial inhabitants.

The major findings of the study may be summarized as -

(1) that accounts of government expenditure used in any discussions of the period 1788 - 1821, have been misinterpreted, as such accounts show more than the expenditure emanating from the colony, which is the expenditure of primary importance in discussing Australian development.

(2) That source material available permits the compilation of accounts of Commissariat expenditure, with a certain number of inadequacies, not sufficiently to prevent the major outlines of this expenditure being shown.

(3) That the primary motive which impelled the settlement of New South Wales by the British authorities, was a desire to get rid of a surplus gaol population cheaply, and at the same time, lay the

foundations of Australian colonization. Though both of these hopes were thwarted, the demand remained constant that the colony not cost much, and so Commissariat expenditure particularly as embodied in Treasury Bill expenditure represented the failure of Whitehall's hopes and plans. Governors were enjoined to the practice of economy and this represented the central feature of their colonial administration, so that actions which may appear otherwise motivated can be shown to stem from measures designed to attain economy, and actions which appear to break this policy of economy (e.g. Macquarie's public works) can be shown to emanate from unusual pressures which impelled unusual remedies (Macquarie's works largely stem from his attempt to overcome unemployment among the convict labour force by public works). Commissariat expenditure and its guiding policy was the government's attempt to continue a cheap prison, but instead it provided the means for the development of a free enterprise economy.

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BIBLIOGRAPHY

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- (2) The Historical Records of New South Wales - Volumes 1 to 7

The 7 volumes published in this Series, contain many of the despatches reproduced in the Historical Records of Australia, together with private correspondence of the period. They cover the period from the earliest Dutch discoveries on the west coast of Australia, up till 1811, and offer more detailed descriptive material of the early colonial period than do the Historical Records of Australia.

- (3) Public Record Office Papers relating to New South Wales - reproduced on microfilms to be found in the Mitchell Library, Sydney.

The material contained in these microfilm reproductions supplements the material of the above two Series. It is only partly catalogued, and covers a wide range of aspects of the colony development.

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Commissioner Bigge issued his Report on the colony in the three parts listed. He had travelled extensively throughout both the parent colony of New South Wales, and in Van Diemen's Land. Some of the "Evidence" taken by Bigge is reproduced in the volumes of the Historical Records of Australia, already referred to, while the bulk of the "Evidence" is to be found in the "Bonwick Transcripts"¹ within the Mitchell Library, Sydney.

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(2) Other collections of private papers and letter-books filed in the Mitchell Library, Sydney. Those of particular relevance included

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¹ During the latter part of the 19th Century Mr. Bonwick was sent to London by the New South Wales Government, to select and transcribe material and records available there, which related to the early history of New South Wales. These transcriptions are commonly referred to as the "Bonwick Transcripts".

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Books

- (1) Barnard, M.: Macquarie's World (Sydney: Angus and Robertson 1946)
- (2) Bassett, Marie: The Governor's Lady - Mrs. Phillip Gidley King
(London, Oxford University Press 1941)
- (3) Butlin, S. J.: Foundations of the Australian Monetary System 1788-1851 (Melbourne, Melbourne University Press 1953).
Besides being the definitive work on early Australian monetary development, this work offers an analysis of the general economic development of the period. Rigorous documentation is a marked feature of this work, though not to the point of pedantry. New and refreshing interpretations of certain facets of early development are offered. This present analysis has been attempted to supplement certain aspect of Professor Butlin's broader work.

² Comment has been offered only on those works found to be of direct relevance to the present study.

- (4) Clark, C. M. H.: Select Documents in Australian History Volume 1 1788-1850 (Sydney, Angus and Robertson 1950)

- (5) Coghlan, T.: Labour and Industry in Australia 1788-1901 (London Oxford University Press 1918)
 This work is often looked upon as a foundation of Australian economic history. It offers an impartial description, of the economic development of the period, but gives no references or sources whatever to validate its interpretation.

- (6) Egerton, E.: A Short History of British Colonial Policy (4th Edition, London, Melthuen and Co. Ltd. 1912)

- (7) Eldershaw, M. B.: Phillip of Australia (London, Oxford University Press, 1938)

- (8) Ellis, M. H.: Francis Greenway (Sydney, Angus and Robertson 1949)

- (9) _____, John Macarthur (Sydney, Angus and Robertson 1955)

- (10) _____, Lachlan Macquarie (Sydney, Angus and Robertson 1952)

- (11) Evatt, H. V.: Rum Rebellion (6th Edition, Sydney, Angus and Robertson 1947).

- (12) Fitzpatrick, B.: British Imperialism and Australia 1788-1838 (London: Allen and Unwin 1939)
 This is the "greatest single contribution" yet offered, as an analysis of the early economic history of Australia, but, being its Marxist and extremely partisan stand detracts from its overall worth. Much subsequent research on the period, has been concentrated on repudiating aspects of Fitzpatrick's work, rather than constructing a new framework neglecting his keystone thesis.

- (13) _____, The Australian People 1788 - 1945 (Melbourne, Melbourne University Press 1954).

- (14) Greenwood, G.: A Social and Political History of Australia
(Sydney, Angus and Robertson 1955)
- (15) Hermann, M.: The Early Australian Architects (Sydney, Angus and
Robertson 1954)
- (16) Mackaness, G.: Admiral Arthur Phillip, Founder of New South Wales,
1788-1814 (Sydney, Angus and Robertson 1937)
- (17) _____, The Life of Admiral Bligh (Revised Edition, Sydney,
Angus and Robertson 1951)
- (18) _____, Sir Joseph Banks - His Relations with Australia
(Sydney, Angus and Robertson 1936)
- (19) Madgwick, R. B.: Immigration into Eastern Australia 1788-1851
(London, Longman, Green & Co. 1937)
- (20) Melbourne, A. C. V.: Early Constitutional Development in New
South Wales 1788-1856 (London, Oxford University Press 1934)
- (21) O'Brien, Eris: The Foundations of Australia (2nd Edition, Sydney,
Angus & Robertson 1950)
Dr. O'Brien's book represents the definitive study on both
events leading up to the settlement at Botany Bay and the
first years of its operation.
- (22) Phillips, Marion: A Colonial Autocracy - New South Wales under
Governor Macquarie (London, P. S. King & Son 1909)
- (23) Scott, Sir Ernest (ed): Cambridge History of the British Empire
Vol. VIIa (Cambridge University Press, 1933).
- (24) Shann, E.: Economic History of Australia (Cambridge University
Press 1930)
Professor Shann's work "suffers from an opposing prejudice"
to that of Fitzpatrick's, nevertheless it does represent a
pioneering venture in Australian economic historiography.

- (25) Shaw, A. G. L.: The Story of Australia (London, Faber & Faber, 1955).
- (26) Travers, B. H.: The Captain-General (Sydney, Shakespeare Head Press 1953)

Periodicals

The two periodicals of greatest significance for this present study are the "Journal of the Royal Australian Historical Society", and the "Historical Studies of Australia and New Zealand". Much of the content of the former journal is of an "antiquarian" nature, and no articles of direct relevance may be cited. In the latter journal the following articles were found to be most useful -

- (1) Auchmuty, J. J.: "The Background to the Early Australian Governors" Historical Studies of Australia and New Zealand Vol. 6. No. 23 November 1954, p. 301
- (2) Beaglehole, J. C.: "The Colonial Office 1782-1854" Historical Studies of Australia and New Zealand Vol. 1. No. 2. April 1941 p.170
- (3) Clark, M.: "The Origin of Convicts Transported to Eastern Australia 1787-1852" Historical Studies of Australia and New Zealand Vol. 7, No. 26 p. 121 and Vol. 7 No. 27 p.314.
- (4) Dallas, K.: "Transportation and Colonial Income" Historical Studies of Australia and New Zealand Vol. 2, No. 12, Feb.1949 p.306.

- (5) Roe, M.: "Australia's Place in the Swing to the East 1788-1810"
Historical Studies of Australia and New Zealand, Vol. 8,
No. 30, p. 202.

- (6) _____, "Colonial Society in Embryo" Historical Studies of
Australia and New Zealand, Vol. 7, No. 26, p. 149.

- (7) Dallas, K.: "The First Settlements in Australia" Papers and
Proceedings, Tasmanian Historical Research Association
1952, No. 3.

APPENDIX

THE ACCOUNT OF THE EXPENSES OF N.S.W. 1786 - 1817*

SUBMITTED MARCH 1819

BIGGE APPENDIX CO 201-130 (MICROFILM)

Year	Transporting Convicts	Victual- ling Convicts	Tools Clothing etc.	Treasury Bills Provisions	TOTAL
1786	28,339				28,346
1787	23,729		2,099		21,341
1788	7,293	261		4,728	18,008
1789	39,558	21,125	12,853	891	88,029
1790	8,203	1,840	18,402	1,341	44,774
1791	47,356	25,682	25,603	13,064	129,020
1792	34,334	17,261	31,139	2,842	104,588
1793	21,411	19,762		11,411	69,962
1794	15,363	25,470	12,309	11,217	79,362
1795	14,909	36,696	4,392	3,814	75,281
1796	16,156	31,921	7,931	10,020	83,855
1797	7,703	7,092	4,031	78,898	120,372
1798	38,990	12,033	5,169	26,407	111,514
1799	7,672	6,568	88	42,448	80,274
1800	8,276	13,824	11,796	50,707	110,985
1801	61,261	12,126	7,187	17,267	125,563
1802	1,612	93,273	11,188	17,837	149,410
1803	15,916	16,610	16,204	21,465	96,962
1804	247		307	19,298	46,519
1805	30,196	9,511	20,289	32,251	118,597
1806	13,588	36,782	6,921	13,972	105,297
1807	7,156	21,772	17,067	31,264	121,859
1808	32,271	35,876	1,849	23,222	121,542
1809	19,956	11,901	115	49,921	124,636
1810	40,767	18,136	2,134	78,805	178,700
1811	5,637	55,114	20,747	92,128	214,696
1812	21,115	17,911	1,296	91,019	185,548
1813	79,248	21,760	829	57,948	218,735
1814	55,536	23,009	34,651	74,174	225,085
1815	39,041	18,833	557	86,021	181,590
1816	36,504	24,613	16,513	109,117	216,291
1817	54,094	31,821	21,927	101,163	222,585

* The expenses of the Civil, Military and Marine Establishments have been omitted.

S.O. ON TRANSPORTATION - 1812

ANNUAL EXPENSE OF NEW SOUTH WALES

Year	Trans- port £	Victu- alling £	Tools Clothing £	Treasury Bills** £	Civil £	Military £	Marine £	TOTAL £
1798	38990	12033	4639	26937	6137	19726	3032	111514
1799	7672	6568		43536	6017	16481		80274
1800	8276	13834	9364	52291	6310	18953	1107	110235
1801	61261	12126	7137	17267	7146	20576		125563
1802	1612	92273	10786	18239	5908	19592		149410
1803	15916	16609	13790	42313	9125	16223	1419	116395
1804	247			19607	10049	15386	1232	46519
1805	30196	9511	20117	32383	7226	15384	3640	118457
1806	13588	36782	6504	14290	12319	19983	1232	105193
1807	7156	21772	14505	31500	12705	30663	1232	119533
1808	22271	35876		25012	11163	25101	2053	131484
1809	19936	11901		46630	15134	26277	1232	124220
1810	4076	18136	1968	72600	12269	25258	1232	172239
1811	5637	55114	20073	21864*	13209	24312	3449	142783

* The Bills included in this column, are those drawn in each year subsequent and the last sum does not include any Bills drawn subsequent to 11th March 1811.

** Bills drawn by.....for the use of the Colony and paid at the Treasury; together with sundry small sums.