

II. *Freight, Insurance, and Tourist Expenditures.*

Services of various kinds function equally with commodity imports as items in the balance of indebtedness. Freight and insurance upon imports are the most important of these charges to Australia; and, in order to calculate Australia's capacity to borrow, the amount chargeable from year to year upon these 'invisible imports' must be computed. No continuous estimate of the cost to the Commonwealth of freight and insurance for the period under discussion was known to the writer; and in the face of the perennial controversies as to the fairness or otherwise of shipping charges, and the total dependence of Australia upon other countries for overseas carrying services, the lack of interest in the matter is as surprising as the lack of data.

Because of the geographical isolation, the close integration of shipping services, and the custom by which all shipping charges are met by the Australian importer, the problem of estimating the annual charge for freight is not to be compared for difficulty with that of other countries such as Canada. Nevertheless the task of making an accurate estimate of the cost of inward carriage is one of extraordinary complexity. Goods arrive mainly by regular 'liners' of two distinct types, viz. the cabin-cargo or passenger vessels, and the purely cargo vessels trading on regular or irregular schedules. The kind of cargo carried in each type of vessel differs to some extent; and the chief difficulties in calculation arise from the differing rates of freight for the various groups of commodities. Imports consist broadly of two classes, viz. bulky, light articles such as textiles, and heavy articles varying greatly in value such as machinery and metal goods. Shipowners distinguish to some extent between the two classes of goods by a twofold system of freight charges, i. e. by weight and by measurement; but there is no ready means of establishing a basis for computing the gross cost of ocean carriage.

This difficulty is not by any means the only barrier in the way of correct estimates. No statistical connexion between the value of the cargo and the charge for freight upon that cargo is made in the Australian returns. Ships' manifests contain entries which are merely descriptions of packages. Invoice values of imported goods are declared for customs purposes by each importer; and thus, while the freight paid is known to the shipowner, the value of the cargo scarcely concerns him. Insurance