

SECTION XX.

STATE FINANCE.

§ 1. General.

1. Functions of State Governments.—In any comparison of the finances of the several States due recognition must be made of the actual functions assumed by the respective Governments, and also of the local conditions and requirements in each case. Direct comparisons of public expenditure are thus rendered difficult, owing to the fact that functions which in one State are assumed by the Central Government are in another State relegated to local governing bodies, and further by the fact that costly developmental work may, under certain conditions, be not only economically justifiable, but may be an essential of progress, whilst parsimonious expenditure may be a serious economic blunder. A large expenditure may, therefore, be an indication either of gross extravagance and bad economy on the one hand or healthy and vigorous progress and good economy on the other.

Similarly, as regards revenue, imposts which in some States are levied by the Central Government are in others considered as matters to be dealt with locally. Under these circumstances care is needed in instituting comparisons between the several States, and the particulars contained in this section should be read in connection with those contained in the section dealing with Local Government. It should also be noted that in many ways the budgets of the Australian Governments differ materially from those of most European countries, owing to the inclusion therein of the revenue and expenditure of departments concerned in rendering public services, such for instance as railways, tramways, water supply, etc., which, in the other countries referred to, are often left to private enterprise.

2. Accounts of State Governments.—The various financial transactions of the States are in each case concerned with one or other of three Funds—the “Consolidated Revenue Fund,” the “Trust Funds,” and the “Loan Funds.” All revenue collected by the State is placed to the credit of its Consolidated Revenue Fund, from which payments are made under the authority of an Annual Appropriation Act passed by the Legislature, or by a permanent appropriation under a special Act. The hypothecation of the revenue from a specific tax to the payment for some special service is not practised in Australia, all statutory appropriations ranking on an equality as charges on the Consolidated Revenue Fund. The Trust Funds comprise all moneys held in trust by the Government, and include such items as savings bank funds, sinking funds, insurance companies’ deposits, etc. The Loan Funds are credited with all loan moneys raised by the State, and debited with the expenditure therefrom for public works or other purposes.

3. Inter-relation of Commonwealth and State Finance.—The principal alteration in State finance, brought about by Federation, has been that the States have transferred to the Commonwealth the large revenue received by the Customs and Postal Departments, and have been relieved of the expenditure connected with these and the Defence Departments, while, on the other hand, a new item of State revenue has been introduced, viz., the payment to the States of a Commonwealth subsidy. Provision for the taking over by the Commonwealth of certain of the public debts of the States is made

in section 105 of the Constitution, and a proposed law extending this provision to the whole of the State indebtedness, which passed both Houses of the Federal Legislature by the statutory majority, was submitted to a referendum at the election in April, 1910, and received the requisite endorsement by the electorate. (See also Section XXXIV., *Miscellaneous*, re resolution at Premiers' Conference, 1914.)

§ 2. State Consolidated Revenue Funds.

(A) Receipts.

1. **Sources of Revenue.**—The principal sources of State revenue are:—

- (a) Taxation.
- (b) The public works and services controlled by the State Governments.
- (c) Sale of and rental from Crown lands.
- (d) The Commonwealth subsidy.
- (e) Miscellaneous sources, comprising fines, fees, interest, etc.

Of these sources, that yielding the largest revenue for the States as a whole is the group of public works and services, the principal contributor being the Government railways and tramways. Next in magnitude comes the payment of the subsidy by the Commonwealth, followed in order by Taxation and Land Revenue.

2. **Amount Collected.**—The following table furnishes particulars of the total amount of consolidated revenue received by the several States during the ten years 1903-4 to 1912-13:—

STATE REVENUES, 1903-4 to 1912-13.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
1903-4 ...	11,248,328	7,319,949	3,595,440	2,568,100	3,550,016	857,668	29,139,501
1904-5 ...	11,336,918	7,515,742	3,595,399	2,798,849	3,615,340	852,681	29,714,929
1905-6 ...	12,283,082	7,811,475	3,853,523	2,866,308	3,558,939	900,657	31,273,984
1906-7 ...	13,392,435	8,345,534	4,307,912	3,252,705	3,401,354	970,843	33,670,783
1907-8 ...	13,960,768	8,314,480	4,488,398	3,722,090	3,376,641	1,005,274	34,867,646
1908-9 ...	13,646,126	8,247,684	4,769,172	3,591,260	3,268,993	934,405	34,457,640
1909-10	14,540,073	8,597,992	5,119,254	4,032,891	3,657,670	1,008,932	36,956,812
1910-11	13,839,139	9,204,503	5,320,008	4,181,472	3,850,439	970,092	37,365,653
1911-12	15,776,816	10,009,796	5,989,347	4,450,739	3,966,673	1,084,663	41,278,034
1912-13	16,057,293	10,287,285	6,378,213	4,506,698	4,596,659	1,206,292	43,032,445

The figures given in this table relate in each instance to the financial year ended 30th June, except in the case of Tasmania, where the figures shewn for 1903-4 relate to the year ended 31st December, 1903.

During the nine years from 30th June, 1903-4, to 30th June, 1912-13, the aggregate revenues of the States increased by no less a sum than £13,892,944, or a little less than 48 per cent. Increases were in evidence in all the States, the largest increase being that of £4,808,970 in New South Wales.

It will be noticed that in all the States, except Queensland, the revenue for 1908-9 was lower than that of the preceding year, largely owing to the fact that the revenue for 1907-8 was swelled by the payment of Customs duties in anticipation of, or in consequence of, the new tariff imposed on 8th August, 1907.

3. **Revenue per Head.**—Details concerning the revenue per head of population, collected in the several States of the Commonwealth during the ten years 1903-4 to 1912-13, are furnished in the table given hereunder. It will be seen that throughout the period Western Australia has collected by far the largest amount per head, and that Tasmania has collected the least.

STATE REVENUE PER HEAD OF POPULATION, 1903-4 to 1912-13.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	C'wealth.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1903-4 ...	7 17 11	6 1 6	6 18 11	7 2 2	15 15 11	4 13 9	7 8 10
1904-5 ...	7 15 9	6 4 8	6 17 0	7 14 0	15 2 0	4 15 1	7 9 6
1905-6 ...	8 5 1	6 9 1	7 5 0	7 16 4	14 4 7	4 16 8	7 15 1
1906-7 ...	8 16 0	6 16 10	7 19 10	8 15 7	13 16 7	5 4 8	8 4 7
1907-8 ...	8 18 10	6 14 11	8 4 6	9 17 3	13 5 9	5 6 0	8 7 7
1908-9 ...	8 12 4	6 11 11	8 11 3	9 4 5	12 11 9	4 17 6	8 2 10
1909-10 ...	9 0 2	6 14 8	8 17 2	10 3 6	13 15 4	5 4 6	8 10 11
1910-11 ...	8 8 5	7 1 5	8 17 8	10 3 11	13 18 2	5 0 1	8 8 11
1911-12 ...	9 8 5	7 6 11	9 12 6	10 12 10	13 9 8	5 12 1	9 0 8
1912-13 ...	9 0 6	7 9 0	10 0 5	10 9 6	15 0 3	6 2 4	9 1 10

In all the States, except Western Australia, the four years up to 1909-10 witnessed a marked increase in the State revenue collections per head, the most noticeable advances being £2 7s. 2d. in the case of South Australia and £1 12s. 2d. in that of Queensland. The Western Australian decline was continuous until 1908-9, though recovering in 1909-10, and for 1912-13 the revenue per head in that State exceeded the Commonwealth average by nearly 65 per cent.

4. Details for 1912-13.—Classifying the revenue of the several States in the manner indicated in § 2 (A) 1 above, particulars for the year 1912-13 are as follows:—

DETAILS OF STATE REVENUE, 1912-13.

Particulars.	N.S.W.	Victoria.	Q'land.	S.A.	W.A.	Tas.	All States.
	£	£	£	£	£	£	£
Taxation ...	1,405,360	1,577,878	806,677	536,401	393,615	345,282	5,065,213
Public Works & Services ...	10,116,827	5,799,119	3,451,027	2,773,235	2,909,593	377,109	25,426,910
Land ...	1,835,948	383,131	910,202	360,262	382,117	95,367	3,967,027
Commonwealth subsidy ...	2,178,683	1,691,833	775,948	527,151	605,145	(a)336,709	6,115,469
Miscellaneous ...	520,480	635,324	434,359	309,649	306,189	51,825	2,457,826
Total ...	16,057,298	10,287,285	6,378,213	4,506,698	4,596,659	1,206,292	43,032,445

(a) Including special grant £95,000.

It will be noted that the amounts returned under the heading "Commonwealth subsidy" do not quite agree with those given in the chapter on Commonwealth Finance, page 707. This arises from the fact that the State figures shew the amount for which credit was taken by the State during the financial year 1912-13, whilst the Commonwealth figures shew the amounts paid to State Treasurers on account of that financial year.

5. Revenue per Head, 1912-13.—Particulars concerning the revenue per head of population in each State derived from the several sources enumerated in the preceding paragraph are given hereunder:—

STATE REVENUE PER HEAD, 1912-13.

Particulars.	N.S.W.	Victoria.	Qld.	S. Aust.	W. Aust.	Tas.	C'wealth.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Taxation ...	0 15 10	1 2 10	1 5 4	1 4 11	1 5 8	1 15 0	1 1 5
Public Works & Services ...	5 13 8	4 4 0	5 8 5	6 9 0	9 10 1	1 18 3	5 7 5
Land ...	1 0 8	0 5 7	1 8 7	0 16 9	1 5 0	0 9 8	0 16 9
Commonwealth Subsidy ...	1 4 6	1 4 6	1 4 5	1 4 6	1 19 6	1 14 2	1 5 10
Miscellaneous ...	0 5 10	0 12 1	0 13 8	0 14 4	1 0 0	0 5 3	0 10 5
Total ...	9 0 6	7 9 0	10 0 5	10 9 6	15 0 3	6 2 4	9 1 10

The magnitude of the revenue per head from public works and services in the case of Western Australia is mainly due to the fact that the number of miles of railway in that State is large compared with the population, and that the revenue-earning power of the railways is also high.

6. Relative Importance of Sources of Revenue.—The following table furnishes an indication of the relative importance of the different sources of revenue in the several States, the figures given being the percentage which each item of revenue bore to the total for the State for the year 1912-13:—

PERCENTAGE OF TOTAL STATE REVENUE, 1912-13.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	C'wth.
	%	%	%	%	%	%	%
Taxation	8.75	15.34	12.65	11.90	8.57	28.62	11.77
Public Works and Services ...	63.00	56.37	54.11	61.54	63.30	31.26	59.09
Land	11.43	3.73	14.27	7.99	8.31	7.91	9.22
Commonwealth Subsidy ...	13.57	16.44	12.16	11.69	13.16	27.91	14.21
Miscellaneous	3.25	8.12	6.81	6.88	6.66	4.30	5.71
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

One of the most noticeable features of the figures here given is the comparatively low percentage for "public works and services" and the high percentage for "taxation" in the case of Tasmania. In New South Wales and Queensland land revenue is an important item, while in Queensland the revenue from "public works and services" falls considerably below the Commonwealth average.

7. State Taxation.—(a) *Details, 1912-13.* Prior to the inauguration of Federation the principal source of revenue from taxation was the imposition of duties of Customs and Excise. At the present time the most productive forms of State taxation are the income tax, which is now imposed in all the States (Western Australia, the last of the States to adopt this method of taxation, having passed the necessary legislation during the Parliamentary session of 1907), and probate and succession duties. For 1912-13 stamp duties occupied third place. In addition to these a State land tax is now collected in all the States except Queensland, and license fees of various kinds are collected in all the States, while a dividend tax is collected in Western Australia. The total revenue from taxation collected by the States during the year 1912-13 was £5,065,213, details of which are set forth in the table given hereunder:—

STATE REVENUE FROM TAXATION, 1912-13.

Taxation.	N.S.W.	Victoria.	Q'land.	S. Aust.	W.A.	Tas.	All States
	£	£	£	£	£	£	£
Probate and succession duties	365,250	443,682	108,367	58,811	47,929	25,980	1,050,019
Other stamp duties	233,940	252,407	186,083	101,498	70,652	75,171	919,751
Land tax	5,738	308,275	...	141,807	46,519	79,276	581,615
Income tax	662,625	542,236	421,507	210,034	72,775	148,413	2,156,054
Dividend tax ... ..	...	...	...	...	98,464	...	...
Licenses	137,807	21,751	68,175	24,251	45,934	13,917	311,835
Other taxation ... ..	...	9,527	22,545	...	11,342	2,525	45,939
Total	1,405,360	1,577,878	806,677	536,401	393,615	345,282	5,065,213

The most productive form of taxation in the several States during the year 1912-13 was income tax, except in Queensland, where it was exceeded by the kindred dividend tax.

(b) *Summary, 1903-4 to 1912-13.* The total amount raised by means of taxation by the several State Governments during the ten years 1903-4 to 1912-13 is given in the following table:—

STATE REVENUE FROM TAXATION, 1903-4 to 1912-13.

Year.	New South Wales.	Victoria.	Queensland.	S. Australia.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
1903-4	1,100,193	938,147	475,184	353,432	235,114	150,091	3,252,161
1904-5	1,114,408	897,870	454,574	442,030	221,738	216,953	3,347,573
1905-6	1,297,776	990,735	494,165	369,756	260,609	248,799	3,661,840
1906-7	1,381,305	1,110,411	540,737	411,867	266,152	276,450	3,986,922
1907-8	1,077,534	977,620	525,540	477,637	277,463	265,656	3,601,450
1908-9	907,249	1,072,228	535,194	450,250	296,599	250,835	3,512,355
1909-10	1,223,521	1,088,353	584,997	481,003	336,396	303,390	4,017,660
1910-11	1,027,519	1,344,573	667,196	545,986	325,246	284,965	4,195,485
1911-12	1,885,653	1,501,696	787,577	551,994	352,314	340,434	5,419,668
1912-13	1,405,360	1,577,878	806,677	536,401	393,615	345,282	5,065,213

During the period between 30th June, 1903-4, and 30th June, 1912-13, the aggregate State revenue from taxation increased by about 56 per cent., the increase varying considerably in the several States. Thus, while New South Wales shewed an increase of only 28 per cent., and South Australia an increase of about 50 per cent., the Queensland revenue advanced by 70 per cent., and that of Tasmania by about 130 per cent. The total decrease in State taxation for the year amounted to £354,455.

The revenue from State taxation per head of population, collected in the several States during each of the years 1903-4 to 1912-13, was as follows:—

STATE TAXATION PER HEAD, 1903-4 to 1912-13.

Year.	New South Wales.	Victoria.	Queensland.	S. Australia.	W. Aust.	Tasmania.	C'wealth.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1903-4	0 15 5	0 15 7	0 18 4	0 19 7	1 0 10	0 16 5	0 16 7
1904-5	0 15 4	0 14 11	0 17 4	1 4 4	0 18 6	1 3 5	0 16 10
1905-6	0 17 5	0 16 4	0 18 7	1 0 2	1 0 10	1 6 8	0 18 2
1906-7	0 18 2	0 18 2	1 0 1	1 2 3	1 0 10	1 9 10	0 19 6
1907-8	0 13 9	0 15 10	0 19 3	1 5 3	1 1 10	1 8 0	0 17 3
1908-9	0 11 6	0 17 2	0 19 2	1 3 1	1 2 10	1 6 2	0 16 7
1909-10	0 15 2	0 17 0	1 0 3	1 4 3	1 5 4	1 11 5	0 18 7
1910-11	0 12 6	1 0 8	1 2 3	1 6 8	1 3 6	1 9 5	0 19 0
1911-12	1 2 6	1 2 1	1 5 4	1 6 2	1 3 11	1 15 2	1 3 9
1912-13	0 15 10	1 2 10	1 5 4	1 4 9	1 5 8	1 15 0	1 1 5

Taking the States as a whole the State taxation increased by four shillings and tenpence per head during the period from 1903-4 to 1912-13, the most marked increase being that of eighteen shillings and sevenpence per head in the case of Tasmania. State taxation per head is at present highest in Tasmania and lowest in New South Wales.

8. Commonwealth and State Taxation.—For the purpose of obtaining an accurate view of the extent of taxation imposed on the people of the Commonwealth by the central governing authorities it is necessary to add together the Commonwealth and State collections. This has been done in the table given hereunder, which contains particulars

concerning the total taxation for each of the years 1908-9 to 1912-13, as well as the amount per head of population:—

COMMONWEALTH AND STATE TAXATION, 1908-9 to 1912-13.

Particulars.	1908-9.	1909-10.	1910-11.	1911-12.	1912-13.
	£	£	£	£	£
Commonwealth taxation ...	10,844,067	11,593,164	14,350,788	16,076,593	17,117,828
State taxation ...	3,512,355	4,017,660	4,195,485	5,419,668	5,065,213
Total ...	14,356,422	15,610,824	18,546,273	21,496,261	22,183,041
Taxation per head ...	£3 7 2	£3 11 2	£4 3 10	£4 14 1	£4 13 9

Whilst the Commonwealth taxation increased during the period by £6,273,761, the State taxation advanced by £1,552,858, the aggregate increase being £7,826,619. The amount has, however, fluctuated somewhat during the period, and has ranged between a minimum of £3 7s. 2d. per head in 1908-9 and a maximum of £4 14s. 1d. per head in 1911-12. The large increase in Commonwealth taxation in recent years is mainly due to the appearance of the Federal Land Tax.

9. Public Works and Services.—A very large proportion of the revenue of all the States of the Commonwealth is made up of the receipts from the various public works and services under the control of the several Governments. The principal of these are railways and tramways, harbour works, and water supply and sewerage, while in addition, State batteries for the treatment of auriferous ores exist in Western Australia, and various minor revenue-producing services are rendered by the Governments of all the States. For the year 1912-13 the aggregate revenue from this source totalled £25,426,910, or nearly 60 per cent. of the revenue from all sources. Details of revenue from public works and services for the year 1912-13 are as follows:—

STAT REVENUE FROM PUBLIC WORKS AND SERVICES, 1912-13.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and Tramways ...	8,544,376	5,250,599	3,318,752	2,265,827	2,047,820	324,909	21,752,283
Harbour Services ...	579,555	122,257	46,177	108,219	190,613	...	1,046,821
Public Batteries ...	...	412	...	42,884	...	...	43,296
Water Supply and Sewerage ...	699,744	(a)176,140	...	(a)184,489	374,203	...	1,434,581
Other Public Services ...	293,152	249,711	86,098	214,700	254,068	52,200	1,149,929
Total ...	10,116,827	5,799,119	3,451,027	2,773,235	2,909,593	377,109	25,426,910

(a) Water supply only.

10. Land Revenue.—The revenue derived by the States from the sale and rental of Crown lands has, with few exceptions, been treated from the earliest times as forming part of their respective Consolidated Revenue Funds, and has been applied to meet ordinary current expenses. Where the rentals received are for lands held for pastoral or for residential purposes, such application of the revenue appears perfectly justifiable. On the other hand, where the rentals are those of mineral and timber lands, and in all cases of sales of lands, such a proceeding is essentially a disposal of capital in order to defray current expenses. As a matter of financial procedure such a course is open to criticism. In the following table particulars of revenue derived from sales and rental of Crown lands are given for the year 1912-13:—

STATE LAND REVENUE, 1912-13.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
Sales ...	999,363	233,232	260,785	222,343	238,744	62,568	2,017,035
Rentals ...	836,585	149,899	649,417	137,919	143,373	32,799	1,949,992
Total ...	1,835,948	383,131	910,202	360,262	382,117	95,367	3,967,027

11. **Commonwealth Subsidy.**—The payments to the States of Commonwealth subsidy represent in each instance a considerable proportion of the State's revenue, and for the year 1912-13 aggregated £6,115,469. This represents a great decline from the amounts received up to 1910, owing to the new system of allotting the subsidy. The percentage which the subsidy received by each State for 1912-13 was of the total revenue of that State is shewn in the following table:—

COMMONWEALTH SUBSIDY PAID TO STATES DURING 1912-13.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Commonwealth subsidy ...	2,178,683	1,691,833	775,948	527,151	605,145	(a) 336,709	6,115,469
Total revenue ...	16,057,298	10,287,285	6,378,213	4,506,698	4,596,659	1,206,292	43,032,445
Percentage of subsidy on revenue ...	% 13.57	% 16.44	% 12.16	% 11.69	% 13.16	% 27.91	% 14.21

(a) Includes special grant of £95,000.

The amount of subsidy here shewn is that for which the several States took credit during the year 1912-13. (See also page 714.)

12. **Miscellaneous Items of Revenue.**—In addition to the foregoing sources of revenue there are in each State several miscellaneous ones, including such items as interest, fines, fees, etc., which for the year 1912-13 aggregated £1,201,278.

(B) Disbursements.

1. **Heads of Expenditure.**—The principal heads of State expenditure from Consolidated Revenue Funds are:—

- (a) Interest and sinking funds in connection with public debt.
- (b) Working expenses of railways and tramways.
- (c) Justice.
- (d) Police.
- (e) Penal establishments.
- (f) Education.
- (g) Medical and charitable expenditure.
- (h) All other expenditure.

Of these items that of working expenses of railways and tramways was the most important, and for the year 1912-13 represented about 35 per cent. of the aggregate expenditure from the Consolidated Revenue Fund. Next in order for that year was the item of interest and sinking fund in connection with the public debt, then education, medical and charitable expenditure, police, other public works, and lands and surveys in the order named.

2. **Total Expenditure.**—The total expenditure from Consolidated Revenue Funds in the several States during each of the years 1903-4 to 1912-13 is furnished in the table given hereunder:—

STATE EXPENDITURE, CONSOLIDATED REVENUE FUNDS, 1903-4 to 1912-13.

Year.	N.S. Wales.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
		£	£	£	£	£	£
1903-4 ...	11,319,888	7,339,608	3,607,864	2,707,254	3,698,312	879,356	29,552,282
1904-5 ...	11,195,075	7,343,742	3,581,403	2,860,894	3,745,224	840,184	29,566,522
1905-6 ...	11,386,864	7,261,475	3,725,712	3,004,974	3,632,318	853,147	29,864,490
1906-7 ...	11,876,657	7,679,143	3,911,797	3,394,999	3,490,182	913,762	31,266,540
1907-8 ...	12,095,593	7,862,246	4,373,097	3,862,336	3,379,006	929,885	32,502,163
1908-9 ...	12,893,662	8,240,177	4,759,231	3,760,005	3,370,530	960,237	33,983,842
1909-10 ...	13,038,150	8,579,980	5,113,578	4,196,493	3,447,732	997,321	35,373,254
1910-11 ...	13,807,538	9,194,157	5,314,737	4,181,472	3,734,448	1,016,963	37,249,315
1911-12 ...	15,277,001	9,999,342	5,965,692	4,450,739	4,101,082	1,064,725	40,858,581
1912-13 ...	16,798,500	10,258,081	6,372,097	4,506,698	4,787,063	1,095,883	43,818,322

As in the case of the table previously given for revenue, the above figures relate to the year ended 30th June, except in the case of 1903-4, which contains Tasmanian figures for the year ended 1903.

3. **Expenditure per Head.**—Owing to the varying conditions of the several States and the extent to which the different functions of Government are distributed therein between central and local governing authorities, the expenditure per head from Consolidated Revenue Funds differs materially in the several States, being highest in the case of Western Australia and lowest in that of Tasmania. The expenditure per head of population for each State for the years 1903-4 to 1912-13 is as follows:—

STATE EXPENDITURE PER HEAD, 1903-4 to 1912-13.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	C'wealth.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1903-4 ...	7 18 10	6 1 10	6 19 4	7 9 11	16 9 1	4 16 2	7 10 11
1904-5 ...	7 13 10	6 1 10	6 16 5	7 17 4	15 12 10	4 10 9	7 8 9
1905-6 ...	7 13 1	6 0 0	7 0 2	8 3 11	14 10 5	4 11 6	7 8 1
1906-7 ...	7 16 1	6 5 11	7 5 2	9 3 4	13 13 7	4 18 6	7 12 10
1907-8 ...	7 14 11	6 7 6	8 0 3	10 4 8	13 5 6	4 18 1	7 16 2
1908-9 ...	8 2 10	6 11 9	8 10 10	9 13 1	12 19 7	5 0 2	8 0 7
1909-10 ...	8 1 7	6 14 4	8 17 0	10 11 9	12 19 6	5 3 3	8 3 7
1910-11 ...	8 8 0	7 1 3	8 17 5	10 3 11	13 9 9	5 4 11	8 8 4
1911-12 ...	9 2 5	7 6 9	9 11 9	10 12 10	13 18 10	5 10 1	8 18 10
1912-13 ...	9 9 0	7 8 8	10 0 3	10 9 6	15 12 9	5 11 2	9 5 2

In all the States except South Australia increases in the expenditure per head took place during the year 1912-13, ranging from 33s. 11d. per head in the case of Western Australia to 1s. 1d. per head in that of Tasmania.

4. **Details of Expenditure for 1912-13.**—The following table furnishes for the year 1912-13 particulars as to the expenditure of the several States under each of the principal heads:—

DETAILS OF STATE EXPENDITURE, 1912-13.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Public debt (int., sink'g fund, &c.)	3,068,336	2,415,324	1,844,066	1,314,091	1,207,967	447,581	11,217,395
Rlways. & tramways (work'g exps.)	6,390,420	3,459,832	2,143,991	1,479,301	1,518,293	217,355	15,214,192
Justice	336,923	201,931	85,200	88,820	61,321	11,807	736,002
Police	552,146	357,396	277,861	116,847	127,179	43,236	1,474,665
Penal establishments	89,712	53,189	27,304	18,905	22,291	5,664	217,065
Education	1,496,525	1,088,796	487,135	284,853	310,345	100,411	3,778,065
Medical and charitable	643,126	528,346	346,627	159,519	216,700	67,725	1,962,046
All other expenditure	3,301,312	2,143,267	1,154,883	1,094,362	1,322,967	202,101	9,218,192
Total	16,798,500	10,258,081	6,372,097	4,506,693	4,787,063	1,095,883	43,818,322

5. **Expenditure per Head, 1912-13.**—The expenditure per head of population of the several States for the year 1912-13, under each of the principal items, is given hereunder:—

STATE EXPENDITURE PER HEAD, 1912-13.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	C'wealth.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Public debt, (interest, sink- ing fund, &c.)	2 4 10	1 15 0	2 18 2	3 1 2	3 18 11	2 5 6	2 7 5
Railways and tramways (working expenses)	3 11 11	2 10 2	3 7 6	3 8 9	4 19 3	1 2 0	3 4 3
Justice	0 3 9	0 2 11	0 2 8	0 1 9	0 4 0	0 1 2	0 3 1
Police	0 6 2	0 5 3	0 8 8	0 5 4	0 8 4	0 4 5	0 6 3
Penal establishments	0 1 0	0 0 9	0 0 10	0 0 10	0 1 5	0 0 7	0 0 11
Education	0 16 10	0 15 11	0 15 3	0 13 3	1 0 3	0 10 2	0 16 0
Medical and charitable	0 7 3	0 7 8	0 10 11	0 7 5	0 14 2	0 6 10	0 8 3
All other expenditure	1 17 3	1 11 0	1 16 3	2 11 0	4 6 5	1 0 6	1 19 0
Total	9 9 0	7 8 8	10 0 3	10 9 6	15 12 9	5 11 2	9 5 2

In four of the States, viz., Western Australia, South Australia, Queensland, and New South Wales, the average State expenditure per head exceeded that for the Commonwealth as a whole, falling short of it in the other two States.

6. **Relative Importance.**—The relative importance of the items of expenditure enumerated above varies considerably in the several States. This will readily be seen from the following table, giving for each State the percentage of the expenditure under the various items, on the total expenditure for the State:—

PERCENTAGE OF TOTAL STATE EXPENDITURE, 1912-13.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	C'wealth.
	%	%	%	%	%	%	%
Public debt (interest, sink- ing fund, &c.)	23.74	23.55	28.91	29.16	25.23	40.85	25.60
Railways and tramways (working expenses)	38.04	33.73	33.73	32.83	31.72	19.83	34.72
Justice	2.01	1.97	1.34	0.86	1.28	1.08	1.68
Police	3.29	3.48	4.36	2.59	2.66	3.94	3.37
Penal establishments	0.53	0.52	0.44	0.42	0.47	0.52	0.50
Education	8.91	10.71	7.65	6.32	6.48	9.16	8.62
Medical and charitable	3.83	5.15	5.44	3.54	4.53	6.18	4.48
All other expenditure... ..	19.65	20.89	18.13	24.28	27.63	18.44	21.03
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Taken together, the interest and sinking fund on the public debt, and the working expenses of the railways and tramways, represented for the year 1912-13 about 60 per cent. of the aggregate State expenditure.

(c) Balances.

1. **Position on 30th June, 1913.**—On various occasions in each of the States the revenue collected for a financial year has failed to provide the funds requisite for defraying the expenditure incurred during that year, the consequence being a deficit which is usually liquidated either by cash obtained from trust funds, or by the issue of Treasury bills. In some of the States a number of such deficits has occurred, interspersed with occasional surpluses, the result being an accumulating overdraft, which in certain instances assumed very large proportions. Thus, during the period of financial stress resultant upon the crisis of 1893 and the drought conditions of succeeding years, the accumulated overdrafts of several of the States grew very rapidly. The very favourable financial conditions of recent years have enabled the various Treasurers to considerably reduce such liabilities from time to time, and at 30th June, 1913, the position of the balances of the several Consolidated Revenue Funds was as set forth in the table hereunder:—

STATE CONSOLIDATED REVENUE FUND BALANCES, 30th JUNE, 1913.

State.	Cash Credit Balances.	Debit Balance.		Net Result.
		Cash Overdraft.	Overdraft liquidated by Treasury Bills	
	£	£	£	£
New South Wales ... ..	...	1,167,017	...	Dr. 1,167,017
Victoria ... ..	...	264,971	...	Dr. 264,971
Queensland	6,116	...	...	Cr. 6,116
South Australia	176,416	...	...	Cr. 176,416
Western Australia ... ..	...	311,515	...	Dr. 311,515
Tasmania	106,823	...	...	Cr. 106,823
Total	289,355	1,743,503	...	Dr. 1,454,148

(d) Principal State Taxes.

(a) Probate and Succession Duties.

1. **General.**—Probate duties have been levied for a considerable time in all the States of the Commonwealth. From the provisions of the several State Acts governing the payment of duty, it will be seen that both the ordinary rates and those which apply to special beneficiaries differ widely in several cases. In the following table the amount under which the estates of deceased persons were sworn, is shewn for the years 1908 to 1912:—

VALUE OF ESTATES OF DECEASED PERSONS, 1907-8 to 1911-12.

State.	1908.	1909.	1910.	1911.	1912.
	£	£	£	£	£
New South Wales	7,838,572	11,142,068	8,834,934	13,138,068	13,389,806
Victoria	7,128,085	6,480,376	7,430,949	8,469,163	8,533,502
Queensland	1,376,255	1,508,883	1,652,691	2,409,495	2,730,039
South Australia	2,105,351	1,939,509	2,422,519	2,855,089	(a) 2,383,238
Western Australia	955,995	939,318	868,638	844,151	(a) 841,800
Tasmania	1,023,629	722,011	797,439	596,870	983,618
Total	20,427,887	22,732,165	22,007,170	28,312,836	28,862,003

(a) Gross values.

The duty collected in the several States for the financial years 1908-9 to 1912-13 is as follows:—

AMOUNT OF PROBATE AND SUCCESSION DUTIES COLLECTED, 1908-9 to 1912-13.

State.	1908-9.	1909-10.	1910-11.	1911-12.	1912-13.
	£	£	£	£	£
New South Wales ...	301,681	650,202	357,750	849,405	365,250
Victoria ...	418,418	358,173	433,104	448,283	443,682
Queensland ...	57,012	61,193	71,637	144,309	108,367
South Australia ...	86,344	84,651	109,698	95,667	58,811
Western Australia ...	20,132	57,416	23,124	22,276	47,929
Tasmania ...	28,641	44,267	27,459	35,012	25,980
Total ...	912,228	1,255,902	1,022,772	1,594,952	1,050,019

For particulars relating to the legislation of the different States on probate and succession duties see Year Book No. 6, pp. 815-818.

(b) Stamp Duties.

1. **Legislation in the Several States.**—The principal Acts at present in force in the several States relating to stamp duties are as follows:—

- (a) *New South Wales.* Stamp Duties Act 1898, with amendments in 1900, 1904, and 1907.
- (b) *Victoria.* Stamps Act 1890, with amendments in 1892, 1900, 1904, and 1908.
- (c) *Queensland.* Stamp Act 1894, with amendment in 1904.
- (d) *South Australia.* Stamp Act 1886, with amendment in 1902.
- (e) *Western Australia.* Stamp Act 1882, with amendments in 1905 and 1906.
- (f) *Tasmania.* Stamp Duties Act 1882, with amendments in 1886, 1888, 1892, 1900 and 1904.

These Acts provide for the payment of duty on bank notes, bills of exchange, and promissory notes, deeds, leases, policies, receipts, transfers, and so forth, all of which with the exception of bank notes are required to be stamped either by an impressed or adhesive stamp, as the case may be.

The revenue derived by the several States of the Commonwealth from the imposition of stamp duties for the years 1908-9 to 1912-13 is shewn in the accompanying table:—

**STAMP REVENUE (EXCLUSIVE OF PROBATE AND SUCCESSION DUTIES),
1908-9 to 1912-13.**

State.	1908-9.	1909-10.	1910-11.	1911-12.	1912-13.
	£	£	£	£	£
New South Wales ...	205,022	222,720	268,091	255,085	233,940
Victoria ...	237,681	250,358	275,314	285,212	252,407
Queensland ...	132,073	145,556	174,051	187,533	186,083
South Australia ...	89,160	97,877	109,274	106,910	101,498
Western Australia ...	58,065	62,714	79,404	74,828	70,652
Tasmania ...	53,713	54,741	61,118	64,236	75,171
Total ...	775,714	833,966	967,252	973,804	919,751

2. **Bank Notes.**—Promissory notes issued by any bank are not required to bear a duty stamp either impressed or adhesive, and may be re-issued as often as thought fit. An annual composition was, however, paid in lieu of stamp duty up to 1910. This composition was payable quarterly, and was the same in all States, being at the rate of £2 per annum

on every £100 or part thereof of the average annual amount of bank notes in circulation. On 2nd June, 1893, the Treasury Notes Act of Queensland was assented to, by which the issue of Treasury notes payable on demand was authorised. These notes were used exclusively by the banks in that State, but their issue has been prohibited by the Federal Bank Note Tax Act, and they have now almost passed out of circulation. (See Section xxi., Private Finance.)

The issue of bank notes by the banks has been seriously restricted by this Act, which passed the Federal Parliament in the session of 1910, and was assented to on 10th October, 1910. Further reference is made to the Act in the section dealing with Private Finance. It is enough to say here that it imposes a tax of 10 per cent. per annum on all bank notes issued or re-issued by any bank in the Commonwealth after the commencement of the Act and not redeemed.

3. Bills of Exchange and Promissory Notes.—(i.) Rates. In all the States except New South Wales, when a bill of exchange or promissory note is payable on demand, the rate charged is one penny. When the bill was not payable on demand the duty levied in New South Wales, until the Amendment Act of 1907 came into force on 1st January, 1908, was sixpence for every £25 or part thereof, but under this Act no duty is now payable on bills of exchange or promissory notes in that State. The rate in Victoria for all bills of exchange was sixpence for every £25* up to £100, and one shilling for every £50 over £100, but under the Act of 1908 these rates only apply to those bills both drawn in and payable in Victoria, all others being free from duty. One shilling is charged in Queensland for every £50. For every £25 the duty in South Australia is sixpence if the bill is negotiable in the Commonwealth, but when a bill is drawn in South Australia and payable in any place beyond the Commonwealth, one shilling is charged for every £100, in which case an adhesive stamp only is to be used. In Western Australia, when the amount of the bill does not exceed £25 the duty payable is sixpence; when it exceeds £25 the duty is increased by sixpence for every £25 up to £100, and when it exceeds £100, one shilling for every £50 is charged. An amount of threepence is levied in Tasmania for a bill not exceeding £5; sixpence for one exceeding £5 and under £25; and an additional sixpence for every succeeding £25.

(ii.) *Exemptions.* The chief classes of bills which are exempt from taxation are Government debentures, Treasury notes, drafts on account of Public Service, drafts by banker on banker, letters of credit in the State, etc.

4. Bills of Lading.—Rates. The charge made for a bill of lading or copy thereof is sixpence in four of the States, viz., New South Wales, Victoria, South Australia, and Tasmania. In Queensland the rate is one shilling, and for a receipt of a bill of lading sixpence, whilst in Western Australia the duty is threepence if the goods do not exceed half a ton in weight or measurement, and sixpence if the goods exceed that quantity. The Acts provide that no bill of lading is to be stamped after its execution.

5. Receipts.—(i.) Rates. The duty payable on receipts given on payment of the amount of £2 or upwards in the States of Victoria, South Australia and Western Australia is one penny. Under the provisions of the Stamp Duties Act of 1898 the rate in New South Wales was twopence for £2 or over, but this was repealed by the Stamp Duties Amendment Act of 1907, and no duty is now payable on receipts in that State.† Acknowledgments for payment of £1 or upwards were taxed one penny in Queensland under the 1894 Act, but by Amendment Acts of 1901, 1903 and 1904, the first two of which have since been repealed, it was provided that amounts of £1 and less than £2 were to be taxed one penny; £2 and less than £50, twopence; £50 and less than £100, threepence; and £100 or over, sixpence for every £100 or part thereof. By the 1904 Amendment Act of Tasmania, receipts for sums amounting to £2 and not over £5 are subject to a duty of one penny, and when the amount exceeds £5, one penny is charged for every additional £10 or part thereof, provided that the maximum duty on any receipt is fourpence.

* "Or fractional part thereof" is to be understood after all amounts mentioned.

† Since the above was written the duty has been re-instated.

(ii.) *Exemptions.* The exemptions from payment of duty on receipts vary considerably in the several States, and amongst others may be mentioned the following:—On His Majesty's Service, banker's receipt for bill of exchange or promissory note, current accounts, savings bank accounts, municipal rates, money orders and postal notes, wages received by labourers, workmen, etc.

(c) **Land Tax.**

1. **General.**—Queensland is the only State in the Commonwealth in which a State land tax is not levied, although it was as recently as 1907 that the first tax on land was imposed in Western Australia. In all of the other States the tax dates back to a much earlier period.

The following table shews the amount collected by means of such taxes during the financial years 1908-9 to 1912-13 in the States in which a land tax was imposed:—

LAND TAX COLLECTIONS, 1908-9 to 1912-13.

State.	1908-9.	1909-10.	1910-11.	1911-12.	1912-13.
	£	£	£	£	£
New South Wales	80,794	9,066	7,438	6,479	5,738
Victoria	85,559	114,357	210,640	293,823	308,275
South Australia	92,158	94,126	135,614	118,725	141,807
Western Australia	33,120	34,344	37,871	45,166	46,519
Tasmania	59,651	79,021	64,932	81,234	79,276
Total	351,282	330,914	456,495	545,427	581,615

For details relating to State Land Tax legislation see Year Book No. 6, pp. 821-823.

(d) **Income Tax.**

1. **General.**—A duty on the income of persons, whether it be derived from personal exertion or from the produce of property, is now imposed in all the States of the Commonwealth. As might be expected in dealing with the different States, the rates, exemptions, etc., are widely divergent, but the general principle of the several Acts is strikingly consistent. The Dividend Duties Acts of Queensland and Western Australia—the former of which is now repealed—supplied to a certain extent the place of an income tax in those States in former years, but, with the increasing demands upon the State Treasury, the levying of a direct income tax has been resorted to.

In the following table particulars are furnished concerning the total amount collected in the several States during the years 1908-9 to 1912-13. In the case of Queensland and Western Australia the amount of dividend duty collected is included, this tax being closely allied to the income tax.

INCOME AND DIVIDEND TAXES, 1908-9 to 1912-13.

(STATES.)

State	1908-9.	1909-10.	1910-11.	1911-12.	1912-13.
	£	£	£	£	£
New South Wales	202,369	219,977	269,142	644,571	662,625
Victoria	304,464	338,585	395,998	443,248	542,236
Queensland	273,091	304,693	348,513	372,497	421,507
South Australia	160,777	180,923	168,707	207,416	210,034
Western Australia	134,164	132,180	134,075	154,442	171,239
Tasmania	94,015	110,258	115,836	143,875	148,413
Total	1,168,880	1,286,616	1,432,271	1,966,049	2,156,054

For details relating to Income Tax legislation in the various States see Year Book No. 6, pp. 823-829.

§ 3. Trust Funds.

1. **Nature.**—In addition to the moneys received by the several State Governments as revenue, and paid to the credit of their respective Consolidated Revenue Funds, considerable sums are held by the Governments in trust for various purposes. One of the chief sources of these trust funds is the State Savings Bank, which exists in each State, either as a Government department or under the control of a Board acting under Government supervision or Government guarantee. In most of the States also, sinking funds for the redemption of public debt are provided, and the moneys accruing thereto are paid to the credit of the appropriate trust funds. A similar course is followed in the case of municipal sinking funds placed in the hands of the Government. In all the States except New South Wales, life assurance companies carrying on business are required to deposit a substantial sum in cash or approved securities with the Government, and these deposits go to further swell the trust funds. Various other deposit accounts, superannuation funds, suspense accounts, etc., find a place in these funds. The trust funds have at various times enabled the several State Treasurers to tide over awkward financial positions, but the propriety of allowing deficits to be frequently liquidated in this manner is worthy of very serious consideration.

2. **Extent of Funds.**—The amount of such funds held by the several State Governments on 30th June, 1913, was as follows:—

TRUST FUNDS ON 30th JUNE, 1913.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Amount of trust funds	6,134,067	8,223,116	6,365,891	730,516	9,853,769	715,839	32,023,198

§ 4. Loan Funds.

1. **Nature.**—As early in the history of Australia as 1842 it was deemed expedient to supplement the revenue collections by means of borrowed moneys, the earliest of the loans so raised being obtained by New South Wales for the purpose of assisting immigration, at rates of interest varying from 2½d. to 5½d. per £100 per diem, or approximately from 4½ per cent. to 8 per cent. per annum. The principal reason for Australian public borrowing, however, has been the fact that the Governments of the several States have, in addition to ordinary administrative duties, undertaken the performance of many functions which, in other countries, are usually entrusted to local authorities, or left to the initiative of private enterprise. Principal amongst these have been the construction of railways and the control of the railway systems of the several States, while the assumption by the State Governments of responsibilities in connection with improvements to harbours and rivers, and the erection of lighthouses, as well as the construction of works for the purposes of water supply and sewerage, have materially swelled the amounts which it has been considered expedient to obtain by means of loans. The Australian loan expenditure and public debt thus differ very materially from those of most European countries, where such expenditure is very largely incurred for purposes of defence, or absorbed in the prosecution of war. The debt of Australia, on the other hand, consists in the main of moneys raised and expended with the object of assisting the development of the resources of the Commonwealth, and is, to a very large extent, represented by tangible assets such as railways, tramways, waterworks, etc.

2. **Loan Expenditure, 1912-13.**—During the year ended 30th June, 1913, the actual expenditure of the Australian States from loan funds amounted to £18,429,274, New South Wales with a total of £7,703,594 being the principal contributor to this amount, while Western Australia, whose expenditure amounted to £3,423,020, ranked second. The chief item of expenditure for the year was that of railways and tramways, which represented a total of £11,189,503, water supply and sewerage works contributing the amount of £2,630,408; the expenditure on harbours, rivers, etc., and roads and bridges totalling £1,203,549, and land purchases for settlement, loans to local bodies, etc., £2,113,231, were the most important of the remaining items. Details for the year for each State are given in the following table:—

STATE LOAN EXPENDITURE, 1912-13.

Heads of Expenditure.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways ...	4,618,967	1,231,113	2,066,819	1,207,335	1,948,876	116,393	11,189,503
Water supply and sewerage ...	1,595,093	256,724	2,534	382,672	393,385	...	2,630,408
Harbours, rivers, etc. ...	...	...	...	...	...	...	...
Roads and bridges ...	677,631	753	...	173,471	168,069	183,625	1,203,549
Public buildings ...	410,031	...	52,332	32,771	70,133	27,856	593,123
Development of mines, etc. ...	...	446	...	...	48,190	...	48,636
Advances to settlers ...	...	54,061	...	411,741	...	...	...
Land purchases for settlement ...	300,000	...	...	(a)33,168	404,937	18,897	2,113,231
Loans to local bodies ...	...	569,473	305,749	...	...	57,789	...
Rabbit-proof fences ...	3,012	...	17,367	3,373	...	...	...
Other public works and purposes ...	98,860	90,127	3,265	69,142	389,430	...	650,624
Total ...	7,703,594	2,202,697	2,448,066	2,247,337	3,423,020	404,560	18,429,274

(a) Credit.

3. **Aggregate Loan Expenditure.**—The total loan expenditure of the Australian States from the initiation of the borrowing system to the 30th June, 1913, has amounted to no less a sum than £293,741,002. The manner in which this sum has been spent in the several States is furnished in the following table:—

AGGREGATE STATE LOAN EXPENDITURE TO 30th JUNE, 1913.

Heads of Expenditure.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways ...	66,625,035	44,511,881	32,101,216	16,033,551	15,269,500	4,670,042	179,209,225
Telegraphs & telephones ...	1,761,845	...	996,587	991,773	332,116	142,410	4,224,733
Water supply & sewerage ...	17,492,777	10,893,726	365,277	6,904,810	3,957,371	...	39,613,961
Harbours, rivers, etc. ...	10,754,612	611,512	2,445,290	2,502,007	3,000,549	4,023,274	28,125,444
Roads and bridges ...	1,839,076	176,475	923,656	1,464,736	383,957	...	2,389,782
Defence ...	1,457,536	149,323	363,084	281,615	...	128,224	12,990,151
Public buildings ...	6,543,721	1,912,029	1,552,783	1,186,848	792,432	1,002,358	3,879,872
Immigration ...	569,930	...	2,763,070	...	311,872	235,000	1,553,622
Development of mines, &c. ...	...	281,664	...	...	1,271,958	...	...
Advances to settlers ...	...	289,644	...	982,838	...	...	...
Land purchases for settlement ...	789,000	4,382,807	...	1,765,448	1,970,804	156,931	14,960,042
Loans to local bodies ...	...	...	3,355,615	...	...	834,813	...
Rabbit-proof fences ...	55,415	...	...	376,727	...	...	...
Other public works & purposes ...	329,461	1,743,049	1,529,135	2,249,943	472,089	470,493	6,794,170
	(a)	(a)	(a)	(a)	(a)	(a)	(a)
Total ...	108,216,408	64,952,410	46,395,713	34,750,296	27,762,650	11,663,525	293,741,002

(a) Exclusive of £1,866,168 for "Loans in aid of Revenue."

It must be noted that the figures furnished in this table represent the amounts actually spent, and consequently differ somewhat from those given later in the statements relating to the public debt, which represent amount of loans still unpaid at a given date. The loan expenditure statement includes all such expenditure, whether the loans by means of which the necessary funds were raised have been repaid or are still in existence. On the other hand, in the public debt statement loans repaid are excluded,

but in the case of loans still outstanding each is shewn according to the amount repayable at maturity, not according to the amount originally available for expenditure.

4. **Relative Importance of Loan Items.**—The relative importance of the different items of loan expenditure given in the foregoing table varies considerably in the several States, but in each instance the expenditure on railways and tramways predominates, the percentage of this item on total expenditure ranging between the limits of 40 per cent. in the case of Tasmania and 69 per cent. in that of Queensland. The following table gives for each State the percentage of each item on the total loan expenditure of that State to 30th June, 1913:—

**PERCENTAGE OF EACH ITEM ON TOTAL LOAN EXPENDITURE OF THE STATES
TO 30th JUNE, 1913.**

Heads of Expenditure.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	%	%	%	%	%	%	%
Railways and tramways ...	61.56	68.53	69.19	46.14	55.00	40.04	61.01
Telegraphs and telephones ...	1.63	...	2.15	2.85	1.20	1.22	1.44
Water supply and sewerage ...	16.16	16.77	0.79	19.87	14.25	...	13.49
Harbours, rivers, etc. ...	9.94	0.94	5.27	7.23	10.81	} 34.49	9.58
Roads and bridges ...	1.70	0.27	1.99	4.21	1.38		
Defence ...	1.35	0.23	0.78	0.84	...	1.10	0.81
Public buildings ...	6.05	2.94	3.35	3.41	2.85	8.59	4.42
Immigration ...	0.53	...	5.96	...	1.13	2.01	1.32
Development of mines, etc. ...	...	0.44	...	...	4.58	...	0.53
Advances to settlers ...	...	0.45	...	2.83	} 7.10	} 1.35	} 5.09
Land purchases for settlement	0.73	6.75	...	5.07			
Loans to local bodies ...	...	...	7.23	...	} 1.08	} 7.17	} 2.31
Rabbit-proof fences ...	0.05	...	...	1.08			
Other public works & purposes	0.30	2.68	3.29	6.47	1.70	4.03	2.31
Total ...	100.00	100.00	100.00	100.00	100.00	100.00	100.00

5. **Loan Expenditure in Successive Years.**—In the following table are given particulars relative to the loan expenditure of the several States during each of the years 1903-4 to 1912-13:—

STATE LOAN EXPENDITURE, 1903-4 to 1912-13.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
1903-4 ...	2,288,742	447,244	603,805	415,728	710,629	167,123	4,633,271
1904-5 ...	1,571,257	373,191	225,466	449,214	654,353	150,994	3,424,475
1905-6 ...	1,367,022	932,966	297,624	449,930	372,442	136,971	3,556,955
1906-7 ...	1,058,553	595,658	683,570	499,132	900,964	156,945	3,894,822
1907-8 ...	1,965,329	783,538	1,033,676	495,928	733,745	224,954	5,237,170
1908-9 ...	2,906,507	1,098,360	1,247,821	832,114	1,012,452	334,200	7,431,454
1909-10 ...	3,246,640	1,209,505	1,486,216	978,082	1,028,995	435,104	8,384,542
1910-11 ...	3,921,758	2,657,271	1,995,301	1,567,210	1,484,367	300,216	11,926,123
1911-12 ...	5,491,103	2,974,149	3,324,248	1,756,050	2,344,070	435,557	16,325,177
1912-13 ...	7,703,594	2,202,697	2,448,066	2,247,337	3,423,020	404,560	18,429,274

Throughout the ten years under review the loan expenditure of New South Wales exceeded that of any other of the States, and for the year 1903-4 represented about half of the aggregate of Australia. The large loan expenditure of New South

Wales in 1908-9, 1909-10 and 1910-11 was incurred chiefly in connection with railway construction and the resumption of the fore-shores and adjoining properties of Darling Harbour. In Victoria the large expenditure of 1905-6 resulted in large measure from the purchase of lands for closer settlement, while the construction of railways and water supply and sewerage works was mainly responsible for the high amounts of 1908-9 and 1909-10. In 1910-11 the large amount was mainly accounted for by heavy expenditure on railways and land purchased for settlement. In the case of the large loan expenditure of Queensland in 1906-7, 1908-9, 1909-10 and 1910-11, railway construction was the principal contributing item. In Western Australia the heavy loan expenditure of 1908-9 was principally in connection with railway construction and water supply.

6. Loan Expenditure per Head.—The loan expenditure per head of population varies materially in the different States and in different years, reaching its highest point for the ten years under review in Western Australia in 1912-13 with £11 3s. 7d. per head, and its lowest in Victoria in 1904-5 with 6s. 2d. per head. Particulars concerning the loan expenditure per head for the ten years 1903-4 to 1912-13 are given hereunder:—

LOAN EXPENDITURE PER HEAD, 1903-4 to 1912-13.

Year	N.S.W.			Victoria.			Q'land.			S. Aust.			W. Aust.			Tasmania.			All States.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
1903-4	1	12	1	0	7	4	1	3	4	1	3	0	3	3	3	0	18	3	1	3	8
1904-5	1	1	7	0	6	2	0	8	7	1	4	8	2	14	8	0	16	3	0	17	3
1905-6	0	18	4	0	15	5	0	11	2	1	4	6	1	9	9	0	14	8	0	17	8
1906-7	0	13	10	0	9	9	1	5	4	1	7	0	3	10	7	0	16	11	0	19	0
1907-8	1	5	2	0	12	9	1	17	11	1	6	3	2	17	8	1	3	9	1	5	2
1908-9	1	16	8	0	17	7	2	4	10	2	2	9	3	18	0	1	14	10	1	15	1
1909-10	2	0	3	0	18	11	2	11	5	2	9	4	3	17	6	2	5	1	1	18	9
1910-11	2	7	9	2	0	10	3	6	7	3	16	5	5	7	3	1	11	0	2	13	11
1911-12	3	5	7	2	3	8	5	6	10	4	4	0	7	19	4	2	5	0	3	11	6
1912-13	4	6	8	1	11	10	3	16	11	5	4	6	11	3	7	2	1	0	3	17	10

§ 5. Public Debt.

1. The Initiation of Public Borrowing.—The earliest of the loans raised in Australia for Government purposes was that obtained by New South Wales in 1842. This and nine other loans raised prior to 1855 were all procured locally. In the last-mentioned year Australia's first appearance on the London market occurred, the occasion being the placing of the first instalment of the New South Wales 5 per cent. loan for £683,300. Victoria first appeared as a borrower in 1854, and made its first appearance on the London market in 1859. In the remaining States the first public loans were raised in the following years:—Queensland 1861, South Australia 1854, Western Australia 1845, and Tasmania 1867.

2. Nature of Securities.—All the earlier loans raised by the Australian States were obtained by the issue of debentures, some of which were repayable at fixed dates, and others by annual or other periodical drawings. In more recent years, however, the issue of debentures has given place to a great extent to that of inscribed stock, the inscription in the case of local issues being carried out by the State Treasuries, and in the cases of loans floated in London being mainly performed by the Bank of England and the London and Westminster Bank. The issue of debentures has not, however, been entirely discontinued, for within the last seven years debentures to a large amount have been placed on the market by the Government of New South Wales. In other States also, recent issues of debentures have taken place, the occasions usually being those in which the term of the loan is less than that ordinarily attaching to issues of

inscribed stock. Another form of security is that variously known as the Treasury bill or Treasury bond. This is usually merely a short term debenture having a currency in most instances of from three to five years. The bonds are issued in certain cases to liquidate deficiencies in revenue, and in others to obtain moneys for the purpose of carrying on public works at a time when it is deemed inexpedient to place a permanent loan on the market. The amount of the public debt of the several States held in each of these forms of security is furnished in the table hereunder:—

PUBLIC DEBT OF THE AUSTRALIAN STATES, 30th JUNE, 1913.

State.	Debentures.	Inscribed Stock.	Treasury Bills.		Total Amount Outstanding.
			For Public Works and Services.	In aid of Revenue.	
	£	£	£	£	£
New South Wales ...	6,636,450	98,784,297	750,000	...	106,170,747
Victoria ...	12,611,607	43,331,257	6,733,860	...	(a) 62,776,724
Queensland ...	14,803,889	37,713,794	...	1,087,050	53,604,733
South Australia ...	2,654,666	24,104,212	3,389,005	...	30,147,883
Western Australia ...	381,000	23,422,366	1,473,070	...	30,276,436
Tasmania ...	1,957,383	9,463,970	...	74,610	11,495,963
Total ...	39,044,995	241,819,896	12,345,935	1,161,660	(a) 294,472,486

(a) Includes an advance of £100,000 from Queensland Government to Victorian Government.

The manner in which the amount of public debt of the Australian States held under these various forms of security has grown during the past nine years will be seen from the following table:—

PUBLIC DEBT OF THE AUSTRALIAN STATES, 1903-4 to 1912-13.

Date.	Debentures.	Inscribed Stock.	Treasury Bills.		Total Amount Outstanding.
			For Public Works and Services.	In aid of Revenue.	
	£	£	£	£	£
30th June, 1904 ...	37,741,025	172,796,361	12,493,650	4,716,576	227,747,612
" 1905 ...	39,158,744	175,047,336	12,045,100	4,487,491	230,738,671
" 1906 ...	39,587,224	181,279,045	12,194,464	5,367,087	238,427,820
" 1907 ...	38,061,799	184,157,771	13,571,985	4,358,172	240,149,727
" 1908 ...	37,665,279	190,377,823	12,131,871	3,660,516	243,835,489
" 1909 ...	31,218,229	203,640,152	13,620,561	3,294,591	251,773,533
" 1910 ...	29,765,929	213,599,894	12,393,503	1,864,337	257,623,663
" 1911 ...	31,148,162	222,343,184	8,939,771	3,946,166	(a) 267,127,283
" 1912 ...	31,576,656	230,170,271	13,962,002	1,265,166	(b) 277,124,095
" 1913 ...	39,044,995	241,819,896	12,345,935	1,161,660	(c) 294,472,486

(a) Includes an advance of £750,000 from South Australian Government to Victorian Government. (b) Includes £150,000, balance of £750,000 referred to in Note (a). (c) Includes £100,000 advance from Queensland to Victorian Government.

During the period between 30th June, 1904, and 30th June, 1913, the public debt of the States increased by £66,724,874, or at the rate of about £7,400,000 per annum. The amount of debentures comprised in the total debt increased by £1,303,970 during the period, while the amount held as inscribed stock increased by £69,023,535 and that held as Treasury bills decreased by £3,702,631.

3. Increase in Indebtedness of the Several States.—The table given hereunder furnishes particulars of the increase which has taken place during the past nine years in the public debts of the several States:—

PUBLIC DEBT OF AUSTRALIAN STATES, 30th JUNE, 1904 to 1913.

Date.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
30th June, 1904 ...	80,033,581	51,819,962	41,773,297	28,593,645	16,030,288	9,436,839	227,747,612
" 1905 ...	82,321,998	51,763,767	41,764,467	28,773,695	16,642,773	9,471,971	230,738,671
" 1906 ...	85,641,734	53,079,800	41,764,467	30,082,635	18,058,553	9,800,631	238,427,820
" 1907 ...	85,607,832	53,104,989	41,764,467	30,526,718	19,222,638	9,923,063	240,149,727
" 1908 ...	87,635,826	53,305,487	42,264,467	29,985,858	20,493,618	10,130,233	243,835,459
" 1909 ...	90,307,419	54,067,197	44,276,067	30,436,183	21,951,753	10,134,914	251,773,535
" 1910 ...	92,525,035	55,576,725	44,276,067	31,387,870	23,287,453	10,570,453	257,623,663
" 1911 ...	95,523,926	57,983,764	44,613,197	34,224,653	23,703,953	11,077,790	267,127,283
" 1912 ...	100,052,635	60,737,216	47,069,186	31,680,124	26,283,523	11,302,411	277,124,095
" 1913 ...	106,170,747	62,776,724	53,604,733	30,147,883	30,276,436	11,495,963	294,472,486

The States in which the greatest increase in indebtedness was experienced during the period are New South Wales and Western Australia, the former advancing by £26,137,166, the latter by £14,186,148. On the other hand the public debt of Tasmania increased by only about £2,000,000.

4. **Indebtedness per Head.**—The indebtedness per head of population varies considerably in the several States, being highest in the case of Western Australia, and lowest in that of Victoria. Details for the period from 30th June, 1904, to 30th June, 1913, are as follows:—

PUBLIC DEBT OF AUSTRALIAN STATES PER HEAD, 30th JUNE, 1904 to 1913.

Date.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
30th June, 1904 ...	55 11 7	43 1 8	80 1 1	80 2 0	68 15 6	51 11 4	57 14 3
" 1905 ...	55 19 4	42 18 5	78 19 2	79 18 10	67 9 4	51 8 3	57 13 9
" 1906 ...	56 18 3	43 14 8	77 17 9	82 16 11	70 19 11	53 3 8	58 14 5
" 1907 ...	55 9 2	43 6 8	76 19 0	83 0 4	75 4 8	53 14 0	58 4 9
" 1908 ...	55 14 0	42 19 5	76 6 10	79 6 7	79 9 9	54 2 9	58 2 8
" 1909 ...	56 10 3	43 6 11	77 13 8	78 7 1	83 7 7	53 5 7	58 18 0
" 1910 ...	56 13 2	43 6 8	74 16 10	78 18 6	85 18 6	55 6 10	58 19 0
" 1911 ...	57 9 4	43 18 3	72 12 4	83 4 6	82 13 0	58 4 2	59 9 9
" 1912 ...	57 11 9	44 16 11	74 5 0	75 5 8	86 18 8	59 9 7	59-13 5
" 1913 ...	58 13 4	45 3 0	81 13 4	68 18 5	96 8 0	59 0 2	61 6 5

5. **Flotation of Loans.**—The early loans of the Australian States, usually for comparatively small amounts, were raised locally, but, with the increasing demand for loan funds and the more favourable terms offering in the London than in the local money market, the practice of placing Australian public loans in London came into vogue, and for many years local flotations, except for short terms or small amounts, were comparatively infrequent. In more recent years, however, the accumulating stocks of money in Australia seeking investment have led to the placing of various redemption and other loans locally, with very satisfactory results. In the following table are given particulars of loans of the several States outstanding on 30th June, 1913, which had been floated in London and Australia respectively:—

PUBLIC DEBT OF AUSTRALIAN STATES, 30th JUNE, 1913.

State.	Floated in London.		Floated in Australia.		Total Public Debt.
	Amount.	Percentage on Total Debt.	Amount.	Percentage on Total Debt.	
	£	%	£	%	£
New South Wales	73,740,413	69.45	32,430,334	30.55	106,170,747
Victoria...	37,281,578	59.39	25,495,146	40.61	62,776,724
Queensland ...	44,250,947	82.55	9,353,786	17.45	53,604,733
South Australia ...	17,001,866	56.39	13,146,017	43.61	30,147,883
Western Australia	24,099,753	79.60	6,176,683	20.40	30,276,436
Tasmania ...	8,020,572	69.77	3,475,391	30.23	11,495,963
Total ...	204,395,129	69.41	90,077,357	30.59	294,472,486

The following table, giving corresponding particulars for the aggregate indebtedness of the Australian States at the end of each of the financial years 1903-4 to 1912-13, furnishes an indication of the rapidity with which the local holdings of Australian securities have grown in recent years:—

PUBLIC DEBT OF AUSTRALIAN STATES, 30th JUNE, 1904 to 1913.

Date.	Floated in London.		Floated in Australia.		Total Public Debt.
	Amount.	Percentage on Total Debt.	Amount.	Percentage on Total Debt.	
	£	%	£	%	£
30th June, 1904 ...	188,165,495	82.62	39,582,117	17.38	227,747,612
" 1905 ...	188,918,820	81.88	41,819,851	18.12	230,738,671
" 1906 ...	190,887,001	80.06	47,540,819	19.94	238,427,820
" 1907 ...	185,579,389	77.28	54,570,338	22.72	240,149,727
" 1908 ...	183,321,256	75.18	60,514,233	24.82	243,835,489
" 1909 ...	189,410,036	75.23	62,363,497	24.77	251,773,533
" 1910 ...	191,972,479	74.52	65,651,184	25.48	257,623,663
" 1911 ...	189,067,671	70.78	78,059,612	29.22	267,127,283
" 1912 ...	192,190,771	69.35	84,933,324	30.65	277,124,095
" 1913 ...	204,395,129	69.41	90,077,357	30.59	294,472,486

It will be seen that in the course of nine years the London indebtedness of the States has increased by £16,229,634, while the local indebtedness has increased by no less than £50,495,240. In other words, whilst on 30th June, 1904, the Australian portion of the debt represented only about 17 per cent. of the total, the proportion had on 30th June, 1913, grown to 31 per cent.

6. **Rates of Interest.**—As mentioned above, the highest rate of interest paid in connection with the earliest Australian public loans was fivepence farthing per £100 per diem or, approximately, 8 per cent. per annum. At the present time the principal rates of interest payable on Australian public securities are 4 per cent., 3½ per cent., 3¼ per cent., and 3 per cent. The average rate payable on the aggregate indebtedness of the Australian States is about 3½ per cent. For the separate States the average rate payable varies considerably, being lowest in the case of Western Australia and highest in that of Queensland and Tasmania; the difference between these two average rates is ½ per cent. In the table given hereunder particulars are furnished of the rates of interest payable on the public debt of the several States of the Commonwealth on 30th June, 1913:—

RATES OF INTEREST PAYABLE ON PUBLIC DEBT OF STATES, 30th JUNE, 1913.

Rate of Interest.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
%	£	£	£	£	£	£	£
6	...	...	...	109,900	...	...	109,900
5	...	...	...	140,000	...	...	142,700
4½	...	...	...	...	42,900	...	42,900
4¼	...	100,000	...	...	...	...	100,000
4	24,538,655	15,375,117	26,021,940	8,848,031	8,135,321	4,592,788	87,511,852
3½	13,514,093	248,000	2,550,050	8,308,210	2,112,070	1,123,011	27,855,439
3¼	51,056,302	36,759,065	19,540,760	6,815,009	12,636,145	5,301,378	132,108,659
3½	...	...	...	...	...	24,718	24,718
3	17,047,072	10,293,542	5,489,383	5,926,733	7,350,000	454,068	46,560,798
Not bearing interest	11,920	1,000	2,600	...	...	...	15,520
Total public debt ...	106,170,747	62,776,724	53,604,733	30,147,883	30,276,436	11,495,963	294,472,486
Average rate per cent. payable ...	£ s. d. 3 11 4	£ s. d. 3 10 9	£ s. d. 3 14 1	£ s. d. 3 12 8	£ s. d. 3 10 8	£ s. d. 3 14 1	£ s. d. 3 11 11

The rapid increase which has taken place in recent years in the amount of Australian Government securities, bearing interest at $3\frac{1}{2}$ per cent., is clearly shewn in the table hereunder, which gives particulars concerning the aggregate amount of the Australian indebtedness, at the several rates of interest, on 30th June, in each of the years 1909 to 1913 :—

**RATES OF INTEREST PAYABLE ON PUBLIC DEBT OF STATES, 30th JUNE,
1909 TO 1913.**

Rate of Interest.	30th June, 1909.	30th June, 1910.	30th June, 1911.	30th June, 1912.	30th June, 1913.
	£	£	£	£	£
6 %	269,800	209,500	191,200	156,200	109,900
5 %	242,700	242,700	192,700	142,700	142,700
$4\frac{1}{2}$ %	55,900	52,800	49,700	46,400	42,900
$4\frac{1}{4}$ %	...	...	...	...	100,000
4 %	80,403,472	76,983,242	71,433,697	70,204,992	87,511,852
$3\frac{3}{4}$ %	5,218,435	10,896,757	21,587,696	26,251,486	27,855,439
$3\frac{1}{2}$ %	117,970,370	121,987,932	126,678,118	133,631,321	132,108,659
$3\frac{1}{4}$ %	124,718	75,000	74,718	49,718	24,718
3 %	47,472,888	47,161,895	46,909,879	46,636,728	46,560,798
Not bearing interest	15,250	13,837	9,575	4,550	15,520
Total public debt	251,773,533	257,623,663	267,127,283	277,124,095	294,472,486
Average rate % payable	£3 11 6	£3 11 5	£3 11 4	£3 11 4	£3 11 11

During the four years between 30th June, 1909, and 30th June, 1913, the Australian State Government 4 per cent. securities increased by £7,108,380, and the 3 per cent. securities decreased by £912,090, while the $3\frac{1}{2}$ per cents. advanced by £14,138,289, and the $3\frac{3}{4}$ per cents. by £22,637,004. During the same period the total amount at all other rates than the four here mentioned declined by about 54 per cent.

7. Interest Payable per Head.—The relative burden of the debts of the several States in respect of interest payments will be seen from the following table, which gives for the 30th June, 1913, the amount of interest payable annually on the debt of each State as outstanding at that date, and also the corresponding amount per head of population :—

**ANNUAL INTEREST PAYABLE ON PUBLIC DEBT OUTSTANDING AT 30th
JUNE, 1913.**

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Total annual interest payable	3,516,233	2,154,806	1,844,096	1,040,138	963,412	390,433	9,909,118
Annual interest payable per head	£1 18 10	£1 11 0	£2 16 2	£2 7 6	£3 1 4	£2 0 2	£2 1 3

8. Dates of Maturity.—An important point in which the securities of the Australian Governments, whether in the form of inscribed stock, debentures, or Treasury bills, differ from such a well-known form of security as British consols, consists in the fact that whereas the latter are interminable, the Australian Government securities have in almost all cases a fixed date for repayment, the exceptions being the State of New South Wales, which includes in its public debt an amount representing interminable securities totalling on 30th June, 1913, £532,890; also £7,395,208 redeemable by Government on giving 12 months' notice; the State of Victoria, which includes £4,723,324 and £328,362 due in 1931, payable at the option of the Government at any time after 29th September, 1917; also £100,000 for which date not fixed; and the State of South Australia, which includes £5,089,034 similarly repayable. The terms of the loans raised by the issue of debentures and inscribed stock have varied considerably in the different States, ranging between fifteen and fifty years, while loans obtained by means of Treasury

bills have usually been for such short terms as from six months to five years. In the case of the majority of the loans the arrival of the date of maturity means that arrangements for renewal are necessary in respect of the greater portion of the loan, as it is only in exceptional cases that due provision for redemption has been made. The condition of the money market at the date of maturity has an important bearing on the success or otherwise with which the renewal arrangements can be effected, and consequently, in order to obviate the necessity for making an application to the market at an unfavourable time, several of the States have now adopted the practice of specifying a period of from ten to twenty years prior to the date of maturity within which the Government, on giving twelve, or in some cases six, months' notice, has the option of redeeming the loan. By such means advantage may be taken by the Government during the period of opportunities that may offer for favourable renewals. Particulars concerning the due dates of the loans of the several States outstanding on 30th June, 1913, are given in the following table:—

**DUE DATES OF THE PUBLIC DEBTS OF THE SEVERAL STATES OF THE
COMMONWEALTH OUTSTANDING ON 30th JUNE, 1913.**

Due Dates.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
Overdue ...	11,920	1,000	2,600	...	...	...	15,520
1913 ...	...	1,988,000	...	423,889	850,000	406,484	3,668,373
1914 ...	750,000	30,000	1,000,000	784,942	300,000	1,192,230	4,057,172
1915 ...	3,881,081	530,000	11,728,800	303,854	85,840	220,084	16,749,659
1916 ...	...	2,797,000	...	2,472,662	262,070	305,907	5,837,639
1917 ...	1,224,350	3,044,860	...	2,148,162	311,000	235,487	6,963,859
1918 ...	12,826,200	58,000	...	2,192,354	...	141,068	15,217,622
1919 ...	11,083,945	4,842,650	...	682,519	...	2,400	16,611,514
1920 ...	...	6,017,500	...	553,111	...	302,143	6,903,759
1921 ...	4,872,843	2,593,200	119,100	1,035,325	...	...	9,257,864
1922 ...	4,500,000	4,008,850	1,085,850	745,188	...	17,326	10,357,214
1923 ...	4,735,690	7,943,005	...	275,531	556,550	50	13,510,826
1924 ...	16,698,065	...	12,973,834	741,190	664,530	...	31,077,619
1925 ...	222,255	...	...	11,224	...	5,050	238,529
1926 ...	...	5,103,000	...	1,024,764	1,922,305	39,600	8,089,669
1927 ...	...	202,000	...	570,651	2,500,000	...	3,272,651
1928 ...	...	897,500	40,000	736,708	...	...	1,674,208
1929 ...	...	377,500	...	202,645	...	300,000	880,145
1930 ...	...	1,754,850	3,804,100	300,275	...	100	5,859,325
1931 ...	...	1,061,648	...	450	...	...	1,062,098
1932 ...	...	976,650	...	1,225	1,380,540	...	2,358,415
1933 ...	9,686,300	...	...	368,912	493,848	39,207	10,588,267
1934 ...	...	...	...	1,043,421	997,853	39,207	2,080,481
1935 ...	12,500,000	...	...	1,478,499	8,280,000	39,207	22,297,706
1936 ...	...	300,000	...	4,250,380	1,100,000	39,207	5,689,587
1937 ...	...	...	...	15,586	...	39,207	54,793
1938 ...	...	...	87,907	92,383	...	39,207	219,497
1939 ...	...	...	...	2,560,999	...	39,207	2,600,206
1940 ...	...	248,900	...	6,000	...	5,645,707	5,900,607
1941 ...	...	324,380	...	...	...	39,207	363,587
1942 ...	...	485,100	...	...	...	39,207	524,307
1943 ...	...	3,600	...	...	...	39,207	42,807
1944 ...	...	400	...	...	...	39,207	39,607
1945 ...	...	...	6,444,440	...	...	39,207	6,483,647
1946 ...	...	217,400	...	...	...	39,207	256,607
1947 ...	...	...	4,498,693	...	2,000,000	39,207	6,537,900
1948 ...	...	...	...	...	...	39,207	39,207
1949 ...	...	11,694,171	...	...	...	39,207	11,733,378
1950 ...	12,250,000	...	2,946,600	...	...	1,339,207	16,535,807
1951 ...	...	...	999,600	...	...	39,207	1,038,807
1952 ...	...	...	125,400	...	...	39,200	164,600
1953 ...	...	...	1,747,809	...	...	...	1,747,809
1954 ...	...	123,874	...	...	...	...	123,874
1955 ...	...	...	...	...	4,437,000	...	4,437,000
1960 ...	...	...	...	...	1,000,000	...	1,000,000
1962 ...	3,000,000	...	...	...	3,000,000	...	6,000,000
1970 ...	...	...	6,000,000	...	...	...	6,000,000
Interminable	532,890	...	...	...	...	...	532,890
Annual drawings	...	...	...	...	134,900	...	134,900
Indefinite...	7,395,208	5,151,686	...	5,089,034	...	...	17,635,928
Total	106,170,747	62,776,724	53,604,723	30,147,883	30,276,436	11,495,963	294,472,466

In the above table those loans in the case of which the Government has the option of redemption during a specified period, have been in each instance classified according to the latest date of maturity.

9. **Sinking Funds.**—The practice of providing for the ultimate extinction of the public debt by means of the creation of sinking funds, receiving definite annual contributions from Consolidated Revenue, and accumulating at compound interest, has only been consistently adopted in the case of Western Australia. This State has established, in connection with each of its loans, sinking funds varying from 1 per cent. to 3 per cent. per annum of the nominal amount of the loan. These funds are placed in the hands of trustees in London, by whom they are invested in the securities of the British, Indian, and Colonial Governments, and applied from time to time in the redemption of loans falling due. In the remaining States the sinking fund provision made is varied, consisting in certain instances of the revenues from specified sources, in others of the Consolidated Revenue Fund surplus, and in others again of fixed annual amounts. In the following table are given particulars of the sinking funds of each State, and the net indebtedness of each after allowance for sinking fund has been made, the details given being those for 30th June, 1913:—

STATES SINKING FUNDS AND NET INDEBTEDNESS, 30th JUNE, 1913.

State.	Gross Indebtedness.	Sinking Fund.	Net Indebtedness.	Net Indebtedness per head.
	£	£	£	£ s. d.
New South Wales ...	106,170,747	381,893	105,788,854	58 9 2
Victoria ...	62,776,724	1,226,667	61,550,057	44 5 4
Queensland ...	53,604,733	51,347	53,553,386	81 12 2
South Australia ...	30,147,883	299,567	29,848,316	68 4 8
Western Australia ...	30,276,436	3,309,346	26,967,090	85 18 0
Tasmania ...	11,495,963	496,031	10,999,932	56 11 0
Total ...	294,472,486	5,764,851	288,707,635	60 2 5

10. **London Prices of Australian Stocks.**—In examining the prices quoted for Australian State Government securities, particularly if the examination is made with the object of comparing the prices at a given time of different stocks, or the prices at different times of the same stock, several points in connection with the securities need to be kept in view; the principal of these are—(a) the rate of interest payable, (b) the date of maturity, and (c) the date at which interest is payable.

In the following table particulars are given of the London prices of some of the principal $3\frac{1}{2}$ per cent. stocks of the several States during 1913. The quotations given are the middle prices, taken from the *Economist*, and are for the last Friday in each quarter:—

LONDON QUOTATIONS FOR AUSTRALIAN $3\frac{1}{2}$ PER CENT. STOCKS DURING 1913.

State.	Rate of Interest Payable.	Year of Maturity.	Months in which Interest is Payable.	London Prices (cum dividend) on—			
				29th Mar. 1913.	26th June 1913.	27th Sept. 1913.	27th Dec. 1913.
New South Wales	$3\frac{1}{2}$ %	1918	Mar.—Sept.	96	97½	98	98
Victoria ...	$3\frac{1}{2}$ %	1923	Jan.—July	94	93	94	93
Queensland ...	$3\frac{1}{2}$ %	1924-30	Jan.—July	94	90	93	...
South Australia ...	$3\frac{1}{2}$ %	1939	Jan.—July	91	89	89	88
Western Australia	$3\frac{1}{2}$ %	1915-35	May—Nov.	90	88	90	89
Tasmania ...	$3\frac{1}{2}$ %	1920-40	Jan.—July	89	88	89	87

Throughout the year the prices of Australian $3\frac{1}{2}$ per cent. stocks on the London market were, on the average, slightly less than those for the corresponding periods of the preceding year.