

CHAPTER VIII.

FINANCE.

A. COMMONWEALTH FINANCE.

§ 1. General.

1. **Financial Provisions of the Constitution.**—The main provisions of the Constitution relating to the initiation and development of the financial system of the Commonwealth are contained in Chapter IV., "Finance and Trade," being sections 81 to 105 of the Constitution Act. Two other sections which have a most important bearing on questions of Commonwealth finance are sections 69 and 51.

Section 69 provides for the transfer to the Commonwealth from the States of certain specified departments, while section 51, in outlining the powers of the Federal Parliament, implies the transfer or creation of various other departments. Section 87 deals with the financial relations between the Commonwealth and the States. These matters have been treated in some detail in previous issues of the Official Year Book up to and including No. 12, and further reference to them will not be made here.

The Commonwealth Treasury issues annually a document entitled "The Treasurer's Statement of Receipts and Expenditure during the year ended 30th June," with which is incorporated the report of the Commonwealth Auditor-General for the year. This series of annual statements is the authority for the majority of the tables given herein.

2. **Accounts of Commonwealth Government.**—The Commonwealth Government, like the States Governments, bases its accounts mainly upon three funds, the Consolidated Revenue Fund, the Trust Fund, and the Loan Fund. The last mentioned fund came into existence in the financial year 1911-12, but on the outbreak of war it became so important that it is now treated in two parts—a General Loan Fund mainly for purposes of Public Works, and a War Loan Fund for purely military purposes. The accounts of these funds are now so interwoven that a proper conspectus of the Commonwealth Accounts can hardly be obtained by an analysis of each of them singly. Two tables are therefore appended, showing receipts and disbursements from all sources for the last five years. The different funds will then be treated in detail in the subsequent paragraphs.

COMMONWEALTH RECEIPTS, 1919-20 TO 1923-24.

Heading.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
Consolidated Revenue	52,783,102	65,517,608	64,897,046	64,720,635	66,017,203
Trust Funds in aid of Revenue ..	3,523,057	5,724,806	6,618,327	6,408,424	7,428,574
Total	56,306,159	71,242,414	71,515,373	71,129,059	73,445,777
General Loan Fund	1,286,786	4,101,726	12,253,610	10,362,083	34,086,149
Unexpended Balance from previous years .. ..	..	..	..	822,079	1,557,078
Total	1,286,786	4,101,726	12,253,610	11,184,162	35,643,227
War Loan Fund	27,125,203	33,064,475	14,452,902	36,784	13,662,824
Unexpended Balance from previous years	18,945,392	..	6,205,030	8,889,183	4,296,988
Total	46,070,595	33,064,475	20,657,932	8,925,967	17,959,812
Grand Total	103,663,540	108,408,615	104,426,915	91,239,188	127,048,816

COMMONWEALTH EXPENDITURE, 1919-20 TO 1923-24.

Heading.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
Expenditure from Consolidated Revenue	£ 40,337,804	£ 52,059,118	£ 51,453,087	£ 50,108,510	£ 48,676,907
Balance paid into Trust Funds ..	5,724,806	6,618,327	6,408,424	7,428,571	600,003
Expenditure from Trust Funds ..	3,523,057	5,724,806	6,618,327	6,408,424	7,428,574
Unexpended Balance from Trust Funds					
Subsidy to States	6,720,492	6,840,163	7,035,535	7,195,551	7,324,538
Surplus allocated to specific purposes					4,500,000
Redemptions from Revenue					4,915,755
Total	56,306,159	71,242,414	71,515,373	71,129,059	73,445,777
General Loan Fund Expenditure	1,286,786	4,101,726	11,431,531	9,627,081	34,150,164
Unexpended Balance of General Loan Expenditure			822,079	1,557,078	1,493,063
Total	1,286,786	4,101,726	12,253,610	11,184,162	35,643,227
War Expenditure from War Loan Fund	46,070,595	26,859,445	11,768,749	4,628,979	16,973,913
Unexpended Balance from War Loan Fund		6,205,030	8,889,183	4,296,988	985,899
Total	46,070,595	33,064,475	20,657,932	8,925,967	17,959,812
Grand Total	103,663,540	108,408,615	104,426,915	91,239,188	127,048,816

§ 2. Consolidated Revenue Fund.

Division I.—Nature of Fund.

The provisions made for the formation of a Commonwealth Consolidated Revenue Fund, and the means to be adopted for operating on that fund, are contained in sections 81, 82, and 83 of the Constitution. In section 81 it is provided that "All revenues or moneys raised or received by the Executive Government of the Commonwealth shall form one Consolidated Revenue Fund, to be appropriated for the purposes of the Commonwealth in the manner and subject to the charges and liabilities imposed by this Constitution." A strictly literal interpretation of this section would appear to require all loan and trust moneys received by the Commonwealth Executive to be paid to Consolidated Revenue. It is, however, held by Quick and Garran, in their "Annotated Constitution," that the "generic word *moneys* must be controlled by the preceding specific word *revenues*, and limited to moneys in the nature of revenue." This is the view of the matter which has been adopted by the Commonwealth Treasury in the preparation of its accounts. At present, certain moneys received by the Commonwealth, which are not of the nature of revenue, are paid to Trust Account, and other moneys are paid to Loan Account. As regards expenditure from the Consolidated Revenue Fund, section 82 provides that the costs, charges, and expenses incident to the collection, management, and receipt of the Consolidated Revenue Fund should form the first charge thereon, while section 83 stipulates that "no money shall be drawn from the Treasury of the Commonwealth except under appropriation made by law." Such appropriations are either special, and as such are provided for by means of a permanent Act, or annual, and provided for in an annual Appropriation Act.

Division II.—Revenue.

1. Total.—The consolidated revenue of the Commonwealth, which in 1901-2, the first complete financial year under the new régime, amounted to £11,296,985, had, in 1923-24, reached a total of £66,017,203, an increase in the period of £54,720,218.

Particulars concerning the total amount of revenue collected by the Commonwealth Government from 1st July, 1919, to 30th June, 1924, are contained in the following table:—

COMMONWEALTH CONSOLIDATED REVENUE, 1919-20 TO 1923-24.

Revenue.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
Total ..	52,783,102	65,517,608	64,897,046	64,720,635	66,017,203

The great increase in recent years is due to the large expansion in taxation, which is considered in detail in a later sub-section.

2. **Revenue per Head.**—The table hereunder gives particulars of the amount of revenue from various sources per head of population for the last five years:—

COMMONWEALTH CONSOLIDATED REVENUE PER HEAD, 1919-20 TO 1923-24.

Source of Revenue.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Taxation	7 17 10	9 13 9	9 0 4	8 17 1	8 16 11
Public Works and Services ..	1 8 7	1 13 4	1 14 8	1 14 9	1 13 11
Other Receipts	0 12 7	0 15 1	1 0 7	0 17 11	0 18 10
Total	9 19 0	12 2 2	11 15 7	11 9 9	11 9 8

3. **Sources of Revenue.**—(i) *General.* The following table furnishes details of the revenue from each source during the years 1919-20 to 1923-24:—

COMMONWEALTH CONSOLIDATED REVENUE—SOURCES, 1919-20 TO 1923-24.

Source.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
Taxation—					
Customs	13,705,220	21,731,210	17,328,310	22,597,306	25,177,882
Excise	7,869,339	10,078,696	10,302,049	10,274,823	10,572,902
Land Tax	2,110,306	2,155,699	2,284,040	2,018,876	2,030,127
Estate Duty	1,441,819	1,179,513	991,378	1,172,935	1,320,911
Income Tax	12,848,123	14,351,408	16,790,682	12,904,518	11,057,555
Entertainments Tax	567,911	649,828	675,675	629,802	622,460
War Time Profits Tax	2,569,012	2,083,139	1,806,708	286,757	70,646
War Postage	745,962	197,928	..	..	..
Total	41,847,692	52,427,421	49,678,842	49,885,017	50,852,483
Public Works and Services—					
Postal	6,744,755	8,388,569	9,320,654	9,792,273	9,757,021
Railways	265,918	235,387	217,301	230,136	232,406
Commonwealth Steamers .. ..	..	137,959	..	..	..
Detained Enemy Vessels	344,411	131,763	..	..	..
Other	218,209	141,418	4,094	14,340	..
Total	7,573,293	9,035,096	9,542,049	10,036,749	9,989,427
Other Revenue—					
Interest, Discount, etc.	1,589,347	1,996,012	2,361,137	2,574,962	2,386,136
Coinage	76,439	106,373	178,439	137,696	151,682
Defence	183,227	185,649	150,297	223,402	315,708
Quarantine	62,053	42,972	42,639	41,388	38,445
Territories, (a)	65,206	79,575	77,844	28,189	30,658
Patents, etc.	34,067	40,639	41,393	40,491	37,770
Lighthouses	153,992	180,105	171,967	173,363	179,733
Pension Contributions	57,642	54,632	57,489	58,205	56,638
Defence Trust Account	270,504	116,329	203,085	102,419	40,565
Unexpended Balances of London Orders	708,264	696,095	..	..	..
Net Profit on Australian Note Issue .. ..	..	394,016	1,261,482	1,072,893	1,264,583
Miscellaneous	161,376	162,694	1,130,383	345,861	673,375
Total	3,362,117	4,055,091	5,676,155	4,798,869	5,175,293
Grand Total	52,783,102	65,517,608	64,897,046	64,720,635	66,017,203

(a) Exclusive of Railways, and other items which appear elsewhere under their appropriate headings.

The revenue from taxation reached its highest point in 1920-21 with upwards of £52,400,000. The total taxation for 1921-22 was nearly £3,000,000 less than that for 1920-21, while that for 1923-24 was slightly above the total for 1922-23. With the exception of the year 1923-24, the postal receipts have shown a consistent upward tendency, and there was also a large addition to the revenue in several years from the operations of the Commonwealth steamers, detained enemy vessels, and other activities. During the last three financial years, however, the operations of the shipping line have resulted in a deficit. The large amount for 1921-22, under the head of "Miscellaneous," includes £835,000, payment on account of the Army of Occupation.

(ii) *Taxation.*—(a) *Customs Revenue.* Particulars for the five years 1919-20 to 1923-24 are furnished in the following table :—

COMMONWEALTH CUSTOMS REVENUE, 1919-20 TO 1923-24.

Classes.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
Stimulants	1,880,531	1,773,103	1,981,882	2,294,264	2,604,200
Narcotics	1,590,450	1,533,860	1,619,916	1,699,023	1,746,785
Sugar	(a) 7,229	3,193	9,991	10,723	12,995
Agricultural products	726,360	819,842	951,816	1,156,209	1,296,361
Apparel and textiles ..	3,444,292	6,195,545	4,514,541	5,825,461	5,174,929
Metals and machinery	2,165,221	4,728,937	3,324,601	3,732,677	4,323,070
Oils, paints, etc. ..	311,022	542,619	409,768	563,257	696,235
Earthenware, etc. ..	280,064	643,731	503,941	557,017	631,056
Drugs and chemicals ..	289,437	420,327	395,777	536,975	444,587
Wood, wicker and cane	274,500	540,638	552,842	1,054,543	1,209,814
Jewellery, etc. ..	413,134	704,749	525,207	723,180	773,206
Leather, etc. ..	576,106	690,455	482,389	1,131,572	1,561,086
Paper and stationery ..	467,623	1,091,173	633,261	746,906	723,267
Vehicles	625,498	1,033,006	718,080	1,553,355	2,673,447
Musical instruments ..	142,082	239,822	170,859	248,467	460,445
Miscellaneous articles	477,612	718,752	480,461	706,572	796,069
Other receipts	48,517	51,458	52,978	57,105	50,330
Total Customs	13,705,220	21,731,210	17,328,310	22,597,306	25,177,882

(a) Debit.

The receipts from this source in 1920-21 were abnormally high owing to the fulfilment of large numbers of contracts from abroad before the anticipated time. The large increase in 1922-23 and 1923-24 over previous years may be ascribed to the increase in imports due to a considerable extent to heavy borrowings abroad by the Commonwealth and State Governments.

(b) *Excise Revenue.* Particulars concerning the amount of Excise collected under each head during each of the years ending 30th June, 1920, to 1924, are given hereunder :—

COMMONWEALTH EXCISE REVENUE, 1919-20 TO 1923-24.

Particulars.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
Beer	3,702,442	5,439,339	5,473,220	5,498,800	5,501,648
Spirits	1,609,065	1,558,766	1,510,432	1,617,975	1,757,414
Tobacco	2,545,214	3,055,308	3,288,852	3,124,926	3,284,594
Licences	12,598	12,569	12,716	12,780	12,428
Starch	20	12,714	16,829	20,342	16,818
Total Excise	7,869,339	10,078,696	10,302,049	10,274,823	10,572,902

A comparison of the Excise collections for 1923-24 with those for 1919-20, shows that the revenue from beer increased by 50 per cent. in the period under review, while that from tobacco has increased by more than 30 per cent. The large increase in every item except licences in the last four years is due to the operation of increased excise duties which came into force on 25th September, 1918.

(c) *Land Tax.* Details in regard to rates of tax, etc., will be found in Official Year Book No. 14 at the end of Section XX.

A table is appended showing the actual amounts received by the Treasury for five years. The yield of the tax has been remarkably constant, the decrease of £265,164 in 1922-23 being due mainly to the abolition during the year of the additional 20 per cent. tax which was imposed under Act No. 30 of 1918.

COMMONWEALTH LAND TAX COLLECTIONS, 1919-20 TO 1923-24.

State.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
New South Wales ..	955,935	933,649	1,015,851	900,330	854,589
Victoria ..	818,769	865,001	910,764	748,016	818,328
Queensland ..	112,064	85,978	95,763	70,398	91,106
South Australia ..	118,318	166,260	174,983	181,893	162,593
Western Australia ..	60,613	63,349	45,820	80,952	64,345
Tasmania ..	44,607	41,462	40,859	37,287	39,166
Total ..	2,110,306	2,155,699	2,284,040	2,018,876	2,030,127

(d) *Estate Duty.* Collections from this source for the five years, 1919 to 1924, are given hereunder:—

COMMONWEALTH ESTATE DUTY COLLECTIONS, 1919-20 TO 1923-24.

Year.	N.S.W.	Vic. (b)	Q'land.	S. Aust.(a)	W. Aust.	Tas.	Total.
	£	£	£	£	£	£	£
1919-20 ..	399,896	700,629	60,670	144,077	99,826	36,720	1,441,818
1920-21 ..	385,070	432,281	98,054	171,450	76,516	16,142	1,179,513
1921-22 ..	363,731	372,126	97,785	82,698	39,865	35,173	991,378
1922-23 ..	483,616	397,489	100,158	132,833	41,455	17,384	1,172,935
1923-24 ..	477,974	555,324	87,278	147,035	27,322	25,978	1,320,911

(a) Including Northern Territory.

(b) Including Central Office.

(e) *Income Tax.* The first Commonwealth Income Tax was levied during the financial year 1915-16. The legislation on the subject comprises the Income Tax Assessment Act No. 34 of 1915, and subsequent amending Acts. Full details as to the original Acts are to be found in Commonwealth Official Year Book No. 9. The result of the last five years' collections was as follows:—

COMMONWEALTH INCOME TAX COLLECTIONS, 1919-20 TO 1923-24.

States.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
New South Wales ..	4,291,947	4,920,154	5,273,221	4,274,432	3,629,203
Victoria (a) ..	5,325,003	5,867,958	7,312,618	5,525,429	4,873,611
Queensland ..	1,446,503	1,269,242	1,547,138	1,209,829	1,011,458
South Australia ..	906,837	1,382,029	1,494,210	1,072,821	713,042
Western Australia ..	558,026	557,277	692,339	624,781	552,779
Tasmania ..	318,051	350,382	463,421	292,641	274,510
Northern Territory ..	1,757	4,366	7,735	4,585	2,952
Total ..	12,848,124	14,351,408	16,790,682	12,904,518	11,057,555

(a) Including Central Office.

The steady rise up to 1921-22 was due in part to increases in the rates of tax, and in part to the increase in money incomes associated with rising prices. The large decrease in the collection for 1922-23 is accounted for mainly by the raising of the exemption to £200, the introduction of the averaging system, the reduction of rates under Act No. 38 of 1922, and the decision to exempt bonus shares not paid out of current profits for all previous years. The smaller amount collected during 1923-24 is due to the operation of concessions, including the increase in the deduction for children, and the reduction in the Company rate from 2s. 5d. to 1s.

Agreements between the Commonwealth and all the States except Western Australia were made in 1923 with respect to the collection of Commonwealth Income Tax. These agreements came into operation in the cases of New South Wales, Victoria and South Australia on 1st July, 1923, Tasmania on 10th October, and Queensland on 31st October, 1923. It is provided in each agreement that the Commonwealth Tax and the State Tax shall be collected by an officer acting for the Commonwealth and State, the Commonwealth appointing the State Commissioner as Deputy Commissioner for the State under the Income Tax Assessment Act of the Commonwealth. Provisions are included relating to the transfer of officers, the accounting of receipts and for the division of expenses. A joint form of Income Tax return is to be used in cases where the income is derived only in one State. The respective agreements are to remain in operation for a period of five years and thereafter until the expiration of not less than six calendar months upon notice being given in writing by either party to the agreement.

In Western Australia an arrangement was made previously by which the Commonwealth undertakes the collection of the State Income Tax.

(f) *Entertainments Tax.* The rate of Entertainments Tax, according to Amending Act No. 15 of 1922 which came into force on the 2nd October, 1922, is as follows:—For tickets of 1s., 1d.; exceeding 1s., 1d. for the first shilling, and $\frac{1}{2}$ d. for every subsequent sixpence or part of sixpence. The collections for the last five years are given hereunder.

The decreased returns for 1922-23 and 1923-24 as compared with 1921-22 are explained by the exclusion from taxation as from the 2nd October 1922, of amounts for admission under one shilling.

COMMONWEALTH ENTERTAINMENTS TAX COLLECTIONS, 1919-20 TO 1923-24.

State.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
New South Wales ..	234,327	272,373	276,786	256,755	248,615
Victoria ..	176,411	203,781	222,210	208,240	212,011
Queensland ..	62,671	75,332	75,048	66,512	64,194
South Australia ..	38,990	42,210	45,925	45,015	46,114
Western Australia ..	34,210	39,716	38,420	37,605	35,358
Tasmania ..	10,993	16,266	17,193	15,589	16,066
Northern Territory ..	309	150	93	86	102
Total ..	557,911	649,828	675,675	629,802	622,460

(g) *War-Time Profits Tax.* This tax came into force on the 22nd September, 1917. It provides for a tax on the amount by which the profits made in the war-time financial year (1st July to 30th June following), exceeds the pre-war standard of profits, which may be either:—(a) the average profits of two of the three years before 4th August, 1917, or (b) 10 per cent. on the capital employed in the business. The tax in respect of profits derived in the financial year 1st July, 1915, to 30th June, 1916, was 50 per cent., and in all subsequent years 75 per cent. The collections for the last five years are given in the accompanying table. The original section 2 of the War Time Profits Tax Assessment Act stated that this Act would apply to the profits of any business arising up to 30th

June next after the Declaration of Peace in connexion with the late war. Subsequent to the signing of the armistice, on 11th November, 1918, the section was amended to accord with that intention, and thus fixed the final application of the Act to profits arising during the year ended 30th June, 1919. The figures for subsequent years represent delayed collections under this Act.

COMMONWEALTH WAR-TIME PROFITS TAX COLLECTIONS, 1919-20 TO 1923-24.

State.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
New South Wales	880,442	784,339	376,480	43,524	8,412
Victoria (a)	1,066,161	930,927	687,211	168,255	Dr. 19,595
Queensland	230,283	122,728	83,892	70,402	33,767
South Australia.. ..	243,527	144,198	86,603	b Dr.15,302	42,944
Western Australia	105,517	85,255	44,351	15,377	3,777
Tasmania	43,083	15,692	28,172	4,501	1,341
Total	2,569,013	2,083,139	1,306,709	286,757	70,646

(a) Including Central Office. (b) Including Northern Territory, £1,334.

(h) *War Postage.* This was a new source of revenue derived from an additional halfpenny rate imposed on postages from the 28th October, 1918. The amount credited to "War Postage" is the excess over the normal increase of revenue from postage. The amount collected for the balance of the financial year 1918-19 was £463,317, and in 1919-20 it was £745,962. In 1920-21 it fell to £197,928, as credits under this head of revenue ceased on 1st October, 1920.

(iii) *Public Works and Services.*—(a) *Postal Revenue.* Particulars concerning this branch of revenue for each of the financial years from 1919-20 to 1923-24 are contained in the following table:—

COMMONWEALTH POSTAL REVENUE, 1919-20 TO 1923-24.

Particulars.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
Private boxes and bags ..	37,188	40,044	42,606	44,542	48,132
Commission—					
Money orders and postal notes	147,175	169,256	172,861	179,571	181,663
Telegraphs	1,274,527	1,369,922	1,375,584	1,405,664	1,426,542
Telephones	2,159,449	2,431,980	2,724,552	2,983,069	3,301,651
Postage	2,874,730	4,142,781	4,682,964	4,913,162	4,362,660
Radio Receipts	(a)	12,052	25,995	7,711	4,012
Miscellaneous	251,686	222,534	296,092	258,554	432,361
Total	6,744,755	8,388,569	9,320,654	9,792,273	9,757,021

(a) Credited to Navy Revenue.

The decrease of £550,502 in 1923-24 as compared with the preceding year under the sub-head "Postage" is due to reductions in postal rates. The item "Miscellaneous" includes a subsidy from the Commonwealth Bank for the conduct of Savings Bank business, payments by the United Kingdom in respect of mail transit rates, and certain allowances.

(b) *Railway Revenue.* The Commonwealth Government is responsible for four lines, the Kalgoorlie-Port Augusta, the Port Augusta-Oodnadatta, the Darwin-Katherine River, and the Federal Capital Territory line. The appended table shows the amounts paid into the credit of the Consolidated Revenue Fund on account of each of these railways for the past five years. Under an arrangement which came into effect on 1st January, 1914, the Port Augusta-Oodnadatta Railway is worked by the South Australian Government, and the Commonwealth Government receives the profit, if any, on the working, or pays the deficiency. Since 1914 there has always been a deficiency, which is met by a payment from the Commonwealth Government.

COMMONWEALTH RAILWAY REVENUE, 1919-20 TO 1923-24.

Railway.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
Kalgoorlie-Port Augusta ..	233,564	221,386	201,084	215,368	215,945
Port Augusta-Oodnadatta ..	..	..	..	..	..
Darwin-Katherine River ..	31,783	12,761	14,370	14,768	16,461
Federal Capital Territory ..	571	1,240	1,847	(a)	(a)
Total	265,918	235,387	217,301	230,136	232,406

(a) Not available.

(c) *Commonwealth Steamships.* For the year 1922-23 the estimated earnings, including those of the detained enemy vessels, were £2,529,800, and the estimated expenditure £2,980,100, leaving a loss of £450,300 on the year's operations. Further information relative to the Commonwealth Government Line of Steamers will be found in Chapter VII., part A, Shipping.

(d) *Other Public Works and Services.* The most important items in 1919-20 were "Profit under Cornsacks Distribution Account" £130,472, and "Profit under Wool Tops Agreement" £78,273. In 1922-23 Sale of Dyes accounted for £13,851.

(iv) *Other Sources of Revenue.* (a) *Interest, Discount, etc.* The most important investments of the Commonwealth Government from which interest is derived are—Loans to States, General Trust Funds, Loans placed in London, Fixed Deposits with the Commonwealth and other Banks, and certain advances and overdrafts. In 1923-24 they included Interest on Loans and Advances to States, £1,833,919; Interest on General Trust Fund Investments, £352,271; Interest on Bank Deposits, £70,764; and Interest, Nauru Island Agreement, £88,018.

(b) *Coinage.* The Commonwealth Revenue under this head is derived from profit on coin issued, and for 1923-24 was made up of £123,349 for silver and £28,333 for bronze.

(c) *Defence.* The income from this source (which is derived from both Defence and Navy Offices) arises chiefly from sales of material and stores supplied, forfeitures, fines, costs, etc. In 1923-24, £148,105 was contributed by the Defence Department, and £167,603 by the Navy Office.

(d) *Patents, etc.* This heading includes Patents, Trade Marks, Copyright and Designs. In 1923-24, £27,639 was obtained from Patents, and £10,131 from Trade Marks, Copyright and Designs.

(e) *Defence Trust Account.* This is credited with receipts from Parliamentary appropriations, and from the Departments and the public for work done and material supplied. In the year 1923-24 the total receipts amounted to £150,775, and the expenditure to £110,210, leaving a balance of £40,565, which has since been paid into the Consolidated Revenue Fund, thus closing the account.

(f) *Unexpended Balance of London Orders.* The largely increased amount for the two years 1919-20 and 1920-21 is due to an amendment by the Treasury of the London Account Regulations, which superseded the system of charging votes upon the remittance of amounts from the Commonwealth, and made such charge only when payment in London was actually completed. This necessitated the closing of the Trust Account for London Liabilities, and the transfer of unexpended balances to the revenue. There were no unexpended balances in 1921-22, 1922-23, or 1923-24.

(g) *Miscellaneous.* This includes several items which are either small in themselves, or not included under separate headings, as they are virtually non-recurring. Thus in 1922-23 there was a payment into revenue of £168,709 on account of Sugar—Interest on Overdraft, and in 1923-24, a sum of £195,000 being a repayment of advances to Trust Fund—Cockatoo Island Dockyard Account.

Division III.—Expenditure.

1. *Nature of Commonwealth Expenditure.*—The disbursements by the Commonwealth Government of the revenue collected by it fell naturally, under the “book-keeping” system, into three classes, viz. :—

- (a) Expenditure on transferred services.
- (b) Expenditure on new services.
- (c) Payment to States of surplus revenue.

Of these three, only the first two were actual expenditure, the last being merely a transfer, the actual expenditure being incurred by the States. In accordance with the provisions of the Constitution, the expenditure on transferred services was, under the “book-keeping” system, debited to the several States in respect of which such expenditure was incurred, while the expenditure on new services was distributed *per capita*. Surplus Commonwealth revenue was paid to the States monthly. During the earlier years of Federation, viz., until the end of the year 1903-4, new works, etc., for transferred departments were treated as transferred expenditure, and were charged to the States on whose behalf the expenditure had been incurred. In subsequent years all such expenditure was regarded as expenditure on new services, and distributed amongst the States *per capita*. Under the arrangement, which superseded the “book-keeping” system, a specific subsidy of 25s. per head of population is made annually by the Commonwealth to the States, and there is no further debiting of expenditure to the several States.

2. *Total Expenditure.*—The total expenditure by the Commonwealth Government and the expenditure per head of population during the period 1919-20 to 1923-24 are shown in the following table :—

COMMONWEALTH EXPENDITURE, 1919-20 TO 1923-24.(a)

Particulars.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
Total	50,581,353	64,624,087	65,106,949	63,700,485	63,430,019
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Per head	9 10 8	11 18 10	11 16 3	11 6 1	11 0 8

(a) Including expenditure from Trust Funds and subsidies to States.

The largely increased expenditure in recent years is due partly to Old-age and Invalid Pensions, but mainly to the expenditure from Revenue upon War Services and to the general rise in prices.

* For an exposition of the “book-keeping system” see Commonwealth Year Book No. 6, page 780.

3. Details of Expenditure from Consolidated Revenue.—(i) *General*. The following table gives details of the expenditure from Consolidated Revenue during the last five years. The amounts quoted for each Department represent the expenditure incurred on behalf of that Department :—

**COMMONWEALTH EXPENDITURE—CONSOLIDATED REVENUE,
1919-20 TO 1923-24.**

Heads of Expenditure.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
Cost of Departments—	£	£	£	£	£
Governor-General	27,215	30,707	27,897	28,045	27,845
Parliament	348,415	323,359	346,192	446,464	336,012
Prime Minister	312,408	434,939	733,528	908,527	1,094,661
Attorney-General	111,007	132,446	148,045	162,797	162,136
Treasury	5,829,504	6,664,051	6,984,277	7,180,785	8,034,480
Trade and Customs	992,142	964,993	889,121	2,243,809	1,627,818
Defence	2,912,639	4,184,719	4,456,198	3,785,582	3,852,531
Postmaster-General	6,136,920	7,305,243	8,188,686	8,242,025	9,273,494
Home and Territories	478,281	746,569	695,708	526,033	522,640
Works and Railways	714,106	698,392	609,327	1,127,306	669,331
Health .. .. .	..	..	172,227	153,912	167,917
Total	17,862,727	21,485,418	23,251,206	24,807,283	25,768,865
Miscellaneous—					
New Works	335,154	2,098,203	2,571,794	720,927	620,660
War Services	24,751,731	33,289,053	31,337,164	30,100,472	28,770,106
Subsidies to States	6,720,432	6,840,163	7,035,535	7,185,551	7,324,538
Interest—State Loans Act	911,250	911,250	911,250	886,250	945,850
Total	32,718,627	43,138,669	41,855,743	38,893,200	37,661,154
Grand Total	50,581,354	64,624,087	65,106,949	63,700,485	63,430,019

The amounts shown under the heading “Treasury” include payments from the Trust Fund on account of Pensions.

The items included under the above general heads are referred to in some detail in the succeeding sub-sections.

(ii) *Cost of Departments—(a) Governor-General*. Section 30 of the Constitution enacts that, until the Commonwealth Parliament otherwise provides, there shall be payable out of the Consolidated Revenue Fund for the salary of the Governor-General an annual sum of ten thousand pounds, and a proviso is made that the salary of the Governor-General shall not be altered during his continuance in office. The total expenditure in connexion with the Governor-General and establishment for the five years 1919-20 to 1923-24 is as follows :—

**EXPENDITURE.—GOVERNOR-GENERAL AND ESTABLISHMENT,
1919-20 TO 1923-24.**

Details.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
Salary	10,000	10,000	10,000	10,000	10,000
Governor-General's Establishment	9,243	13,127	11,708	11,046	10,931
Contingencies (a)	7,972	7,374	6,189	6,999	6,914
Interest on Commonwealth Treasury Bills .. .. .	..	206	..	..	..
Total	27,215	30,707	27,897	28,045	27,845

(a) Represents official services outside the Governor-General's personal interests, and carried out in the main at the instance of the Government.

(b) *Parliament*. Under this head have been grouped all the items of expenditure connected with the Parliamentary government of the Commonwealth for the five years 1919-20 to 1923-24.

EXPENDITURE.—COMMONWEALTH PARLIAMENT, 1919-20 TO 1923-24.

Details.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
Salaries of Ministers	15,231	15,368	15,300	14,598	13,569
Allowances to Senators	22,376	34,710	34,916	34,790	35,312
Allowances to Members of House of Representatives	40,993	69,133	69,395	65,275	74,359
Officers, staff, contingencies, etc. ..	40,182	51,661	63,253	61,484	61,418
Repairs, maintenance, etc.	1,663	1,686	2,529	1,800	1,894
Printing	21,347	23,810	24,912	23,108	24,244
Travelling expenses of Members and others	9,379	11,996	12,262	29,300	20,200
Insurance	342	342	342	342	342
Electoral Office	60,677	70,200	72,816	78,706	74,401
Election expenses	98,110	3,037	5,201	89,808	721
Administration of Electoral Act ..	33,859	28,477	42,548	44,703	25,576
Miscellaneous	4,256	12,939	2,718	2,550	3,976
Total	348,415	323,359	346,192	446,464	336,012

In section 66 of the Constitution, provision is made for payment out of the Consolidated Revenue Fund of the Commonwealth, for the salaries of Ministers of State, of an annual sum which, until Parliament otherwise provides, shall not exceed £12,000. This was modified in 1915-16, when the Minister of the Navy was given separate Cabinet rank. Allowances to senators and members of the House of Representatives are also provided for in the Constitution, section 48 of which specifies that until Parliament otherwise provides, each such allowance shall consist of £400 a year reckoned from the day on which the member takes his seat. During the second session of the Parliament in 1907 an Act was passed raising the annual allowance from £400 to £600, such increase to date from 1st July, 1907. In 1920, the salaries of members of both Houses were further increased to £1,000 per annum.

(c) *Prime Minister's Department.* This department was created during the financial year 1911-12. In addition to the Prime Minister's Office it includes the Audit Office taken from the Treasury, the Executive Council taken from the External Affairs Department, the Public Service Commissioner's Office (now the Public Service Board's Office) taken from the Home Affairs Department, and Commonwealth Shipbuilding. In 1916-17 it assumed control of the High Commissioner's Office in London, which was detached from the old External Affairs Department when the latter was merged in the Home and Territories Department. It has recently enlarged its activities by administering the affairs of the Mandated Territory of Nauru. The expenditure for the last five years is shown in the following table :—

EXPENDITURE.—PRIME MINISTER'S DEPARTMENT, 1919-20 TO 1923-24.

Details.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
Salaries, contingencies, etc.	29,125	32,876	38,191	38,896	34,800
Executive Council	210	250	165	..	..
Audit Office	27,745	32,211	34,689	34,754	35,382
Rent, repairs, etc.	6,997	7,214	9,021	7,710	10,348
Public Service Board's Office	26,757	30,546	34,960	33,745	47,491
High Commissioner's Office, London ..	66,037	75,764	69,417	59,024	54,508
Australian Commissioner's Office, New York	15,727	12,215	9,353	6,466	11,489
Interest on Commonwealth Securities ..	27,464	21,620	204,316	439,054	464,071
Sinking Fund on Commonwealth Securities	2,433	433	550	31,013	48,967
Mail Service to Pacific Islands	21,600	43,501	49,167	46,805	52,953
Contribution to Secretariat, League of Nations .. ..	..	68,350	40,984	37,470	34,620
Immigration .. ..	..	..	72,175	69,560	66,866
Interest on Transferred Properties ..	..	..	30,370	30,370	29,480
Miscellaneous	88,313	109,959	140,170	73,660	203,686
Total	312,408	434,939	733,528	908,527	1,094,661

The "Miscellaneous" vote for 1919-20 included £32,979 as a grant for the relief of distress caused by the maritime strike; £17,301 for the expenses incurred during the visit of the Prince of Wales; £10,994 for the Basic Wage Commission; and £10,000 as a reward to Sir Ross Smith. In 1920-21 the largest single item was one of £50,371, representing the balance of the expenses of the visit of the Prince of Wales. The remaining items included £10,881 for Basic Wage Commission; £5,418 for Conferences on Coal Industry disputes; £5,802 for Commonwealth representation at Geneva Conference; and £4,000 for Imperial Mineral Resources Bureau Grant. In 1921-22 it included £49,070 for relief of distress in Europe, and £32,500 as payment to the South African Government on account of wheat. The agreement with the Amalgamated Wireless Limited for the upkeep of Coastal Stations accounted for £47,330 of the "Miscellaneous" vote in 1922-23. In 1923-24 this item was debited with £137,697, payment to Central Wool Committee in respect of wool supplied for the local manufacture of wool-tops, and £14,109, British Empire Exhibition.

(d) *Attorney-General's Department.* The extra expenditure connected with this Department of late years has been caused in large measure by the extension of the Federal High Court, and an increase in the item "Patents, Trade Marks, etc." Details for the five years 1919-20 to 1923-24 are furnished hereunder :—

EXPENDITURE.—ATTORNEY-GENERAL'S DEPARTMENT, 1919-20 TO 1923-24.

Details.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
Attorney-General's Office	14,492	15,558	18,358	20,010	17,949
Crown Solicitor's Office	16,042	17,879	18,248	18,829	19,478
Salaries of Justices of High Court ..	22,448	21,556	21,500	21,500	21,500
High Court expenses	11,922	12,925	12,276	13,957	14,104
Court of Conciliation and Arbitration ..	7,650	9,112	4,949	11,182	8,378
Rent, repairs, etc.	4,733	5,889	8,200	12,797	11,081
Patents, Trade Marks, etc.	32,321	42,389	43,602	43,973	42,935
Investigation Branch .. ..	..	4,244	7,496	7,904	8,905
Public Service Arbitrator's Office .. ..	..	1,036	4,524	3,604	3,955
Miscellaneous	1,399	1,858	8,892	9,041	13,851
Total	111,007	132,446	148,045	162,797	162,136

(e) *Treasurer's Department.* The sub-departments under the control of the Commonwealth Treasurer are the Treasury, the Pensions Department, the Taxation Office, the Supply and Tender Board, and Superannuation. Details of the expenditure of this Department for the last five years are given in the following table :—

EXPENDITURE.—TREASURER'S DEPARTMENT, 1919-20 TO 1923-24.

Details.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
Treasury	48,393	61,139	56,084	50,698	51,007
Taxation Office	375,710	513,422	592,149	576,424	516,887
Pensions Office	73,509	85,016	88,687	84,535	88,405
Maternity Allowance Office	12,708	15,902	15,143	15,764	14,512
Coinage	18,956	33,981	50,785	31,979	16,273
Rent, Repairs, etc.	25,676	28,090	33,002	29,426	22,993
Interest on Commonwealth Securities .. ..	..	41,223	..	..	..
Miscellaneous	29,132	34,277	77,693	(b) 279,508	130,347
Departmental Expenditure	584,084	813,050	913,543	1,068,334	840,424
Invalid and Old-age Pensions (a)	4,546,880	5,074,336	5,290,056	5,337,936	6,426,752
Maternity Allowance	625,865	700,760	690,700	688,435	670,175
Maintenance of persons in charitable institutions	72,675	75,905	89,978	86,080	97,129
Total	5,829,504	6,664,051	6,984,277	7,180,785	8,034,480

(a) Including the following amounts spent from Trust Funds :—In 1919-20, £3,350,425; in 1920-21, £2,900,000; in 1921-22, £4,417,704; in 1922-23, £3,204,212; and in 1923-24, £3,714,287. (b) Including Taxation Officers' Compensation, £200,000.

The increase in the departmental expenditure is largely on account of the Taxation Office. During 1923-24, however, expenditure under this item decreased by £59,537. The "Miscellaneous" vote for 1921-22 included a loan of £25,000 to the Returned Soldiers' Woollen Company, and £11,034 for the Royal Commission on Taxation. For 1922-23 it included a loan of £25,000 to the Returned Soldiers' Woollen Company and £200,000 Taxation Officers' Compensation. In 1923-24, it included £60,000, donation to Japanese Earthquake Fund, a loan of £21,000 to the Port Huon Fruit Growers' Association, and £10,000 to the Returned Soldiers' Woollen Company.

(f) *Trade and Customs.* Under this head have been included the expenditure of all the sub-departments under the control of the Minister of Trade and Customs, as well as the amounts payable as sugar and other bounties, and the expenses in connexion therewith. The administration of Patents, Trade Marks, and Copyright is now entrusted to the Attorney-General's Department, and that of Quarantine to the new Department of Health. Particulars for the five years 1919-20 to 1923-24 are given in the following table:—

EXPENDITURE.—TRADE AND CUSTOMS DEPARTMENT, 1919-20 TO 1923-24.

Details.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
Chief Office	37,362	43,861	68,677	70,037	72,238
Customs (ordinary)	399,534	460,187	477,666	439,462	503,150
Navigation	1,479	8,100	18,188	25,426	39,927
Analyst	5,637	5,663	5,794	5,829	6,039
Audit (proportion)	5,538	7,940	6,869	9,371	10,970
Quarantine	100,030	100,583	..	..	..
Pensions and retiring allowances ..	17,186	16,803	16,946	18,736	20,365
Rents, repairs, etc.	20,933	24,386	23,089	21,445	22,616
Sugar and other bounties	16,292	24,406	29,793	192,114	455,859
Inter-State Commission	10,545	3,650	..	..	..
Lighthouses	147,349	168,314	160,518	162,946	169,045
Interest on transferred properties ..	77,795	71,469	42,497	47,162	49,541
Interest on Commonwealth securities ..	3,267	3,501	1,741	4,943	8,180
Bureau of Commerce and Industry ..	3,774	5,160	5,000	4,659	3,484
Institute of Science and Industry ..	13,109	16,042	17,201	22,591	22,679
Miscellaneous	132,312	4,928	15,242	1,219,088	243,725
Total	992,142	964,993	889,121	2,243,809	1,627,818

The large "Miscellaneous" vote in 1919-20 is due to an item of £130,036 paid to the Australian Wheat Board as profit on cornsacks, while that in 1922-23 includes Loans for purchase of Wire Netting, £250,000, and Losses and Advances on Fruit Pools, £863,000. In 1923-24, it included an amount of £141,262, British Empire Exhibition.

(g) *Defence.* The expenditure in connexion with Defence, which in 1901-2 amounted to £861,218, had by 1923-24 grown to £3,852,531. Expenditure on the Air Service is included for the first time in 1920-21. Particulars for the last five years are as follows:—

EXPENDITURE.—DEFENCE, COMMONWEALTH, 1919-20 TO 1923-24.

Details.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
Chief Office	108,429	125,491	150,384	89,732	96,645
Military	914,089	1,276,531	1,386,042	1,208,005	1,289,171
Naval	1,562,029	2,367,748	2,198,268	1,942,227	1,916,384
Air Services .. ..	..	62,888	155,282	179,337	222,657
Audit (proportion)	16,104	17,298	15,032	14,374	17,169
Pensions and retiring allowances	1,202	2,162	2,633	2,921	2,899
Rents, Repairs, etc.	78,461	108,728	107,312	92,894	107,871
Interest on transferred properties	130,471	122,325	93,586	97,112	94,459
Interest on Commonwealth securities	71,005	71,433	18,776	84,756	79,823
Miscellaneous	30,849	30,115	328,883	74,224	25,453
Total	2,912,639	4,184,719	4,456,198	3,785,582	3,852,531

The large sum under "Miscellaneous" for 1921-22 includes £300,000 for compensation under the Defence Retirement Act.

(h) *Postmaster-General's Department.* Details of the expenditure of this Department for the last five years are given in the table hereunder :—

EXPENDITURE.—POSTAL DEPARTMENT, 1919-20 TO 1923-24.

Details.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
Chief Office	25,842	30,949	33,954	37,800	46,685
Postal Department (ordinary)	5,681,340	6,844,979	7,722,459	7,556,391	8,121,381
Audit (proportion) ..	6,224	8,182	8,927	10,293	10,663
Pensions and retiring allowances	67,842	75,057	81,171	84,057	92,436
Rents, repairs, etc. ..	62,415	86,824	101,047	123,405	138,092
Interest on transferred properties	214,815	186,070	186,752	193,103	198,699
Interest on Commonwealth Securities	52,832	49,562	19,516	90,421	353,387
Sinking Fund on Commonwealth Securities ..	16,271	16,193	16,193	23,218	197,552
Miscellaneous	9,339	7,427	18,667	123,337	114,599
Total	6,136,920	7,305,243	8,188,686	8,242,025	9,273,494

The "Miscellaneous" item for 1922-23 includes £47,330 for upkeep of coastal wireless stations, and for 1923-24, £59,560 for compensation to officers retired compulsorily, and £28,999 for Superannuation.

(i) *Home and Territories.* Under this Department, created in the financial year 1916-17, is placed the bulk of the old External Affairs Department (after the removal of the London office), the Census and Statistics and Meteorological Offices taken from the old Home Affairs Department, and the Mandated Territory of New Guinea. The Darwin-Katherine River Railway is administered by the Works and Railways Department.

EXPENDITURE.—HOME AND TERRITORIES DEPARTMENT, 1919-20 TO 1923-24.

Details.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
Chief Office	18,528	21,756	21,594	21,141	24,544
Census and Statistics	16,795	17,713	18,936	20,438	19,575
Meteorological Branch	29,706	84,923	88,932	80,911	39,245
Lands and Survey	17,280	22,236	22,226	15,124	12,354
Papua	51,492	62,656	179,245	80,894	79,139
Rents, repairs, etc.	13,207	16,380	15,941	23,128	22,615
Northern Territory	186,782	232,011	193,950	195,886	212,469
Federal Capital Territory ..	25,482	26,828	32,741	..	..
Norfolk Island	3,000	3,000	3,000	3,500	3,500
Interest on Commonwealth Securities (a)	91,572	54,032	34,280	46,843	68,226
Sinking Fund, Commonwealth Securities (a)	5,853	2,612	2,535	4,346	7,711
Miscellaneous	18,584	202,422	82,328	33,822	33,262
Total	478,281	746,569	695,708	526,033	522,640

(a) Includes Northern Territory.

The large "Miscellaneous" item in 1920-21 includes £149,150 special expenditure on the Census of 1921.

(j) *Works and Railways Department.* The extension of Commonwealth Works and Railways led, in 1916-17, to the separation of these branches from the former Home Affairs Department and the constitution of a separate Department which also administers the railways which were formerly under the control of the former External Affairs Department. The expenditure for the last five years was as follows:—

EXPENDITURE.—WORKS AND RAILWAYS DEPARTMENT, 1919-20 TO 1923-24.

Details.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
Chief Office	39,770	45,317	31,724	32,939	34,274
Kalgoorlie-Port Augusta Railway	264,798	292,168	255,776	249,289	265,293
Port Augusta-Oodnadatta Railway, and Northern Territory Railways	159,456	156,900	180,034	183,293	188,441
Interest on transferred properties	403	374	374	..	..
Interest on Commonwealth Securities	232,948	174,002	100,408	127,717	135,085
Sinking Fund on Commonwealth Securities	11,957	13,200	13,200	16,178	15,007
Rent, repairs, etc.	3,286	4,670	4,544	5,526	4,928
Royal Commission—Unification of Gauge .. .. .	..	6,287	9,229	449	560
Main Roads Development .. ..	..	..	..	500,000	..
Miscellaneous	1,578	5,474	14,038	11,915	25,743
Total	714,196	698,392	609,327	1,127,306	669,331

(k) *Health Department.* This department came into existence in the financial year 1921-22. Details of expenditure are as follow:—

EXPENDITURE.—HEALTH DEPARTMENT, 1921-22 TO 1923-24.

Details.	1921-22.	1922-23.	1923-24.
	£	£	£
Central Administration	9,601	8,486	9,898
Salaries, Contingencies, etc.	134,934	114,429	125,186
Interest on Treasury Bills	87	965	1,804
Interest on Transferred Properties	6,909	7,979	7,466
Rent and Repairs	10,065	14,858	15,292
Miscellaneous	10,631	9,195	8,271
Total	172,227	155,912	167,917

(iii) *Miscellaneous.* (a) *New Works.* Particulars of the expenditure on new works, etc., during the last five years are given in the following table:—

EXPENDITURE ON NEW WORKS, 1919-20 TO 1923-24.

Department.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
Parliament .. ..	..	700	2,086	..	..
Prime Minister .. ..	..	1,653	1,029	143	31,250
Treasury	1	5,832	54,242	..	..
Trade and Customs	12,104	28,103	7,249	3,609	1,675
Defence	116,663	1,097,062	1,507,758	460,734	311,323
Postmaster-General	184,788	940,917	940,114	221,709	240,026
Home and Territories	21,439	23,564	31,463	13,885	15,282
Works and Railways	159	372	109	..	..
Health .. ..	..	..	27,744	20,847	21,104
Total	335,154	2,098,203	2,571,794	720,927	620,660

(b) *War Services.* Full details concerning the expenditure from Consolidated Revenue upon War and Repatriation will be found in a later sub-section.

(c) *Interest—State Loans Act.* The amount of £945,850 is the interest on the sum of £17,787,460 borrowed by the Commonwealth in London and advanced to the States (except New South Wales). Of this amount £5,037,460 carried interest at 5 per cent., and £12,750,000 at 5½ per cent.

Division IV.—Subsidy Paid to States.

1. *Payments to the Several States.*—The following table furnishes particulars of the subsidies paid to the States on account of each of the financial years 1919-20 to 1923-24:—

COMMONWEALTH SUBSIDY PAID TO STATES, 1919-20 TO 1923-24.

State.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
New South Wales	2,472,717	2,533,234	2,632,036	2,690,198	2,738,725
Victoria	1,847,085	1,878,449	1,918,967	1,969,772	2,014,746
Queensland	895,454	912,628	952,728	978,673	1,005,486
South Australia	578,094	588,603	621,862	635,833	650,453
Western Australia	569,512	564,735	554,704	554,828	558,573
Tasmania	357,630	362,514	355,238	356,247	356,555
Total	6,720,492	6,840,163	7,035,535	7,185,551	7,324,538

The amounts of subsidy given in the table are based upon an annual payment of £1 5s. per capita, with special concessions to Western Australia and Tasmania, and are in accordance with the provisions of the "Commonwealth Surplus Revenue Act" passed in 1910 which came into effect on the 1st July of that year for a period of ten years, subject to revision on the expiration thereof. This period expired on the 30th June, 1920, and it was then possible for Parliament to extend the Act for a further period, or to enter into new financial relations with the States. The "per capita" payment has been continued provisionally up to the present time.

§ 3. Trust Fund and Miscellaneous.

1. **Trust Accounts.**—The Trust Fund balances on 30th June, 1924, totalled £14,323,001, as compared with £17,569,701 for the corresponding date in the year ending 30th June, 1923. Details concerning the most important trust accounts are contained in the following table :—

COMMONWEALTH TRUST FUND AT 30th JUNE, 1924.

Trust Accounts.	Balance at 30th June, 1924.	Trust Accounts.	Balance at 30th June, 1924.
	£		£
Admiralty	49,617	National Debt Sinking Fund	2,059,372
Australian Notes and Bond Printing	56,000	New Guinea Agency	10,587
Australian Soldiers' Repatriation	60,623	Northern Territory	13,115
Australian Soldiers' Repatriation Con- tribution	121,079	Other Trust Moneys	976,162
Australian War Records Publications	19,151	Public Trustee	225,186
Canned Fruit Bounty	80,000	Railway Plant and Stores Suspense	75,984
Cockatoo Island Dockyard	25,621	Railway Provision Stores	13,605
Commonwealth Government Ships	91,661	State Loans Expenses Suspense	40,797
Defence—Clothing Material	60,070	Superannuation Fund	492,329
Naval Construction	2,000,000	Suspense	19,316
Reserve	499,044	Taxation Officers' Compensation	172,678
Small Arms	30,240	Treaty of Peace—Clearing Office	7,826
Small Arms Ammunition	196,683	Account	226,549
Stores London Liabilities	690,303	Liquidation Account	19,123
Deferred Pay	382,838	Unclaimed Militia Pay	918,163
General Average Deposits	11,767	War Loan Securities Repurchase	867,992
Insurance—Lost Enemy Vessels	30,091	War Pensions	207,457
International Postal and Money Order	50,649	War Savings Certificates Interest	58,805
Invalid and Old-age Pensions	1,732,011	War Service Homes Insurance	25,042
Loans—Wire Netting	219,000	Williamstown Dockyard	38,939
London Loans Expense Suspense	358,482	Miscellaneous	
Main Roads Development	367,544		
Money Order	721,500	Total	14,323,001

2. **London Flotations on behalf of States.**—Act No. 17 of 1916 authorized the Treasurer to borrow £8,940,000 in the United Kingdom, and Act No. 16 of 1917 to raise £8,000,000, also to lend the amount to the several States, other than New South Wales, and, pending the borrowing of the money, to advance the amounts set forth in the Acts out of loans made by the Government of the United Kingdom to the Commonwealth. In pursuance of these Acts, £16,907,287 was distributed to the States up to 30th June, 1924. The money was allocated as follows :—

COMMONWEALTH LOANS RAISED IN LONDON ON BEHALF OF STATES AS AT 30th JUNE, 1924.

State.	Amount.
	£
Victoria	1,980,902
Queensland	5,515,269
South Australia	4,139,812
Western Australia	4,196,026
Tasmania	1,075,278
Total	16,907,287

In addition to these amounts, the Commonwealth Government has made further advances to the States for various purposes which are set out as follows, the amounts representing what was outstanding at 30th June, 1924 :—

ADVANCES TO STATES AT 30th JUNE, 1924.

Advances to—	Amounts.	Total.
	£	£
Government of New South Wales—		
Settling returned soldiers	9,806,057	
Silos for wheat storage	500,000	10,306,057
Government of Victoria—		
Settling returned soldiers	11,794,075	
Providing employment	92,000	
Advances for Immigration	130,173	12,016,248
Government of Queensland—		
Settling returned soldiers	2,762,337	
Providing employment	400,000	
Forestry	71,132	
Advances for Public Works	1,250,000	4,483,469
Government of South Australia—		
Settling returned soldiers	2,833,005	
Providing employment	28,796	2,861,801
Government of Western Australia—		
Settling returned soldiers	5,431,202	
Advances for Immigration	750,000	
Advances for Public Works	500,000	6,681,202
Government of Tasmania—		
Settling returned soldiers	2,129,563	2,129,563
Total		38,478,340

3. Surplus Revenue.—Until the end of 1906-7, the balance of the Consolidated Revenue Fund was paid to the States. From 1907-8 until the abolition of the book-keeping provisions of the Constitution, the States received only three-fourths of the net Customs and Excise Revenue, and the balance of the Consolidated Revenue Fund was transferred to the Invalid and Old-age Pensions Trust Account and the Naval Defence Trust Account to provide for expenditure in subsequent years. A statement of surpluses and deficiencies for the past five years is appended hereto.

COMMONWEALTH SURPLUS REVENUE, 1919-20 TO 1923-24.

Year.	Surplus.	Deficiency.	Accumulated Surplus at end of Year.
	£	£	£
1919-20	2,201,749	..	5,724,806
1920-21	893,521	..	6,618,327
1921-22 .. ..	..	209,903	6,408,424
1922-23	1,020,150	..	7,428,574
1923-24	2,587,184	..	(a) 10,015,758

(a) Of this sum £4,915,755 was used in debt redemption and £5,100,003 transferred to Trust Funds.

§ 4. Commonwealth Loan Funds and Public Debt.

1. General.—Although it was not until 1915 that the Federal Government came into the loan market as a borrower, there had previously existed a Commonwealth Public Debt which included several items, such as the balance of the debt taken over from South

Australia and the money owing to the States for transferred properties. The debt still includes the items mentioned, in addition to the General Loan Fund, the loans for military purposes, etc. In view of the large expansion of the Public Debt, and its present importance in Commonwealth public finance, the different items are treated seriatim in the following sub-sections.

2. Loans taken over from South Australia.—The first portions of the debt were contracted at the beginning of 1911, when the Commonwealth assumed responsibility for the payment of interest on transferred properties (further dealt with in sub-section 4) and also for the administration and the liabilities of the Northern Territory and the Port Augusta-Oodnadatta Railway. At 30th June, 1911, the debt on account of the former was £3,657,836, and on account of the latter, £2,274,486—a total of £5,932,322. As the securities fall in they are redeemed by the Commonwealth Government, the money required being taken from the Loan Fund. The item is thus constantly diminishing, and on 30th June, 1924, stood at £3,879,151, of which £2,208,719 was on account of the Northern Territory, and £1,670,432 on account of the railway.

3. Loan Fund for Public Works, etc.—Up to 1911 the Commonwealth Government had met its Public Works expenditure out of revenue. In that year, however, in view of the heavy prospective cost of the Transcontinental Railway and the Federal Capital Territory, it was decided to institute a Loan Fund similar to those of the States. The initiation of this Fund was greatly assisted by the fact that the Treasury at that time held a large quantity of gold, principally on behalf of the Australian Notes Account. Up to 30th June, 1914, the money required for loan expenditure was obtained mainly from this source at 3½ per cent., and inscribed stock of an equivalent value was created. Since the outbreak of war, the money required for the Loan Fund has been mainly obtained by the issue of Treasury Bills. The details of the expenditure for the last five years are given in the following table:—

COMMONWEALTH LOAN EXPENDITURE FOR WORKS, 1919 TO 1924.

Particulars.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
Railways Construction—					
Trans-Australian Railway	138,164	76,009	69,072	82,500	62,506
Northern Territory	2,539	1,654	6,436	7,651	20,420
Other	91c	4,258	8,946	12,997	33,355
Loan Redemption—					
Northern Territory .. ..	..	223,814	..	..	..
Papua—Railways and Wharves .. ..	..	20,000	15,700	47,720	..
Posts and Telegraphs—					
Purchase of land	596c	920	7,706	138,875	47,348
Construction of conduits, etc. ..	305,538	9c	795,085	2,059,523	3,855,673
Acquisition of land (a)—					
London	58,611	55,727	18,651	6,921	4,395
Perth	23,073	21,644	45,000	90,239	..
Federal Capital Territory	11,968	83,232	148,425	354,041	499,349
Elsewhere (b)	37,375	5,474	32,757	4,968	19,220
Defence Machinery; Dockyards, Cockatoo Island; Naval Bases, etc.	282,044	305,721	159,769	43,566	66,089
Ship Construction .. ..	..	2,999,630	3,369,118	1,815,713	629,646
General Arsenal; Small Arms, etc.; Cordite	350,616	153,083	181,095	27,525	91,796
Lighthouses	26,795	29,746	14,556	10,400	26,285
Contribution under River Murray Waters Act	39,241	56,722	112,372	176,921	235,609
Acetate of Lime Factory .. ..	..	2,420	..	..	..
Wireless Telegraphy	11,509	..	..	..	62,500
Immigration .. ..	..	..	133,848	199,483	203,744
Construction of Roads .. ..	..	..	..	217,944	31,788
Subscription to Capital of Oil Refining Company .. ..	..	25,000	75,000	50,000	100,000
Miscellaneous .. ..	..	36,681	52,967	36,962	82,175
Total	1,286,786	4,101,726	5,246,503d	5,383,949e	6,068,895

(a) Including cost of erection of buildings. (b) Excluding purchases for Posts and Telegraphs. (c) Credited by repayment. (d) In addition, £7,007,107 was carried to General Loan Fund Redemption Account from which £6,185,028 was spent in redeeming Treasury Bills. (e) In addition, £243,135 was spent in redeeming Treasury Bills, and £4,000,000 for redemption of loans raised in London for the States.

4. **Properties Transferred from States.**—At the time of Federation, when the Commonwealth took over the control of a great many departments which had previously been administered by the States, a large amount of property was handed over to the Commonwealth Government. A valuation was made, with results set out in detail in Official Year Book No. 14, page 694, and the Commonwealth now pays interest to the States on account of all the transferred properties.

Since the valuation some transfers and retransfers have been made. The estimated value of the transferred properties for the last five years is given in the table in sub-section 7 hereinafter.

5. **War Loan from the Imperial Government.**—On the outbreak of the European war in 1914, the Commonwealth Government obtained a loan from the Imperial Government for the purpose of financing the prospective large military expenditure. At first, the arrangement was that the Imperial Government should advance the sum of £18,000,000 in twelve monthly instalments of £1,500,000 each. It was soon found, however, that this would be insufficient, and the Imperial Government made a fresh advance of £6,500,000, also to be paid in monthly instalments. A third loan of £25,000,000 was subsequently negotiated, of which £12,000,000 was received by 30th June, 1916, and £11,000,000 in 1916-17. In addition to this capital indebtedness, a further sum of £42,696,500 was due to the British Government for the maintenance of Australian troops.

The last item of nearly £43,000,000 remained unfunded until early in 1921. An arrangement was then concluded with the Imperial Government, by means of which almost the entire debt (nearly £92,500,000) was consolidated. The Commonwealth Government undertook to extinguish the debt by annual payments of approximately £5,550,000, spread over about 35 years, the payment representing 6 per cent. of the original debt. This provides for interest at nearly 5 per cent., and a sinking fund of a little more than 1 per cent., and may be regarded as a very satisfactory arrangement for the Commonwealth, since it entails only a moderate rate of interest, and provides for the ultimate extinction of nearly one-fourth of the National War Debt. The amount outstanding on 30th June, 1924, was £89,270,922, which will diminish steadily year by year owing to the operation of the sinking fund.

6. **Flotation of War Loans in Australia.**—In addition to the advances from the Imperial Government, the Commonwealth Government has raised large amounts of money for the prosecution of the war by direct application to the investing public of Australia.

Full details of the seven War Loans and the first Peace Loan are given in Official Year Book No. 14. In the financial year 1920-21 a second Peace Loan was floated with a currency of 10½ years and a rate of interest of 6 per cent. In the financial year 1921-22 a third Peace Loan was floated with a currency of 9½ years and a rate of interest of 6 per cent. It was issued at 96 and matures with the second Peace Loan on the 15th December, 1930. Totals for the ten issues are given in the tables hereunder. The first table refers to the gross total :—

COMMONWEALTH WAR LOANS LOCALLY RAISED.—TOTAL TO 30th JUNE, 1924.

Local Loans.	Number of Subscribers.			Amount Subscribed.		
	Inscribed Stock.	Treasury Bonds.	Total.	Inscribed Stock.	Treasury Bonds.	Total.
	No.	No.	No.	£	£	£
Total	123,683	710,069	833,752	132,601,940	117,570,500	250,172,440

The gross proceeds amounted to £249,768,962. The next table shows the net proceeds of the loans.

COMMONWEALTH WAR LOANS LOCALLY RAISED.—NET PROCEEDS TO 30th JUNE, 1924.

Local Loans.	Deductions.			Net Proceeds of Loan.
	Accrued Interest.	Flotation Expenses.	Total.	
	£	£	£	£
Total	2,786,747	762,153	3,548,900	246,220,062

7. **Commonwealth Public Debt.**—(i) *Total Debt.* Separate consideration has already been given to the items composing the Public Debt. The table appended shows the debt of the Commonwealth (apart from the States) at yearly intervals since 1920.

COMMONWEALTH PUBLIC DEBT AS AT 30th JUNE, 1920 TO 1924.

Details.	1920.	1921.	1922.	1923.	1924.
	£	£	£	£	£
Balance of loans taken over from South Australia—					
(a) On account of Northern Territory	2,433,108	2,209,294	2,209,294	2,209,169	2,208,719
(b) On account of Oodnadatta railway	1,759,003	1,759,003	1,742,452	1,693,745	1,670,432
Value of properties transferred by States	11,440,462	11,536,139	11,186,169	11,042,987	10,860,591
Inscribed Stock	4,580,000	8,764,716	23,764,716	23,764,716	36,227,255
Treasury Bills	9,815,600	8,094,153	2,843,125	2,843,125	5,021,545
War Loan from British Government ..	49,082,059	92,480,156	91,453,288	90,388,604	89,270,922
Commonwealth Internal Loans ..	207,184,380	232,819,660	241,879,840	241,746,090	249,751,997
Accrued Deferred Pay, A.I.F. ..	260,000	14,720			
Loans raised on behalf of States ..	16,750,000	16,750,000	16,750,000	16,750,000	17,787,461
Gratuities	30,000,000	25,279,925	23,088,153	19,508,481	700,900
Miscellaneous	48,005,293	2,012,258	1,153,472	1,049,399	2,100,277
Total	381,309,905	401,720,024	416,070,509	410,996,316	415,600,099
Commonwealth Debt <i>per capita</i> ..	£71 19 0	£73 12 9	£74 14 6	£72 5 2	£71 12 3

It will be noticed that up to 1923 the amount of the Commonwealth Internal Loans falls somewhat short of the totals of the ten issues in the table immediately preceding the above. This is owing to the fact that stock to a considerable amount has been presented as payment of Estate Duty, and cancelled, the payments being accepted in accordance with the provisions of section 5 of the Commonwealth Inscribed Stock Act 1915. The increase in 1923–24 was due to the issue of a conversion loan to provide for the redemption or conversion of War Loan and War Gratuities falling due this year.

(ii) *Place of Flotation.* The loans taken over from South Australia, which constituted the first portion of the Federal Public Debt, included both London and Australian securities. The presence in the Treasury of a large holding of gold, and the moderate rate of interest ruling on gilt-edged securities, made the conditions in 1911 and for some little time afterwards very favourable for the flotation of local loans. London securities were redeemed as they fell due, and replaced by the 3½ per cent. stock of the Loan Fund. Consequently, up to 1914 the amount of the securities repayable in London fell steadily, and the amount repayable in Australia rose rapidly. In 1915 the military loan from the Imperial Government caused a sharp rise in the amount of the securities repayable in London, which was maintained in the two following years. This was, however, more than offset by the flotation of the local war loans. The appended table gives particulars

of Commonwealth loans which have been floated in London and Australia respectively during the last five years. A separate column is devoted to the cost of the transferred properties, which, for obvious reasons, it is impossible to allocate.

COMMONWEALTH PUBLIC DEBT.—PLACE OF FLOTATION, 1920 TO 1924.

At 30th June—	Payable in—		Value of Transferred Properties.	Total.
	London.	Australia.		
	£	£	£	£
1920	111,680,602	258,188,841	11,440,462	381,309,905
1921	117,322,199	272,861,686	11,536,139	401,720,024
1922	131,278,780	273,605,560	11,186,169	416,070,509
1923	126,165,389	273,787,939	11,042,988	410,996,316
1924	142,524,394	262,215,114	10,860,591	415,600,099

(iii) *Amount of Debt at Various Rates of Interest.* When the first debt was taken over from South Australia, it consisted mainly of securities varying from 3 per cent. to 4 per cent., the average rate of interest for the first year being £3 12s. 4d. For the first three years the increase in the debt was due almost entirely to the expansion of the 3½ per cent. stock of the Loan Fund, consequently the average rate of interest fell steadily, until on 30th June, 1914, it stood at £3 11s. 10d. Then came the loans for military purposes, and the fall in the average rate was ultimately converted into a rise which was steadily maintained until at 30th June, 1922, the average rate stood at £4 19s. 9d. At the 30th June, 1923, however, the average rate had fallen to £4 19s. 3d. per cent., but by the 30th June, 1924, it had risen to £5 0s. 1d. per cent.

The accompanying table gives particulars of rates of interest for the five financial years ended 30th June, 1924 :—

COMMONWEALTH PUBLIC DEBT.—RATES OF INTEREST, 1920 TO 1924.

Rates of Interest.	At 30th June—				
	1920.	1921.	1922.	1923.	1924.
%	£	£	£	£	£
3	35,063	35,063	35,063	35,060	35,063
3½	17,455,377	15,469,528	15,119,558	14,976,377	14,793,980
£3/12/3	720,411	720,411	703,860	655,153	631,840
3¾	1,054,600	833,870	833,870	833,745	833,295
4	12,025,880	8,304,433	5,053,405	9,053,405	5,504,903
4½	192,130,633	126,769,038	122,093,692	120,835,510	116,908,700
£4/18/4 .. ..	..	92,480,156	91,453,288	90,388,604	89,270,922
5	111,137,941	64,576,210	61,280,220	67,298,328	82,400,498
5½	34,000,000	29,279,925	27,088,153	19,508,481	700,900
5¾	12,750,000	12,750,000	12,750,000	12,750,000	12,750,000
6 .. ..	..	2,000,000	..	..	..
Overdue .. ..	..	48,501,390	79,659,400	74,661,653	91,578,657
	..	..	..	..	191,341
Total	381,309,905	401,720,024	416,070,509	410,996,316	415,600,099
Average rate of interest	£4/13/7	£4/17/11	£4/19/9	£4/19/3	£5/0/1

(iv) *Amount of Interest Payable.* A table is appended showing the amounts payable as interest on the Commonwealth Public Debt as at 30th June in the years 1920 to 1924 inclusive. The rapid increase is due not only to the great expansion of the War Loan Fund, but also to the high rate of interest on recent loans.

COMMONWEALTH PUBLIC DEBT.—INTEREST PAYABLE IN LONDON AND AUSTRALIA, AS AT 30th JUNE.

30th June—				Payable in—			Total.
				London.	Australia.		
					Loans.	Transferred Properties.	
				£	£	£	£
1920	..	..	..	5,546,055	12,105,372	400,416	18,051,843
1921	..	..	..	5,993,884	13,281,175	403,765	19,678,824
1922	..	..	..	6,677,781	13,630,843	391,516	20,700,140
1923	..	..	..	6,413,668	13,591,968	386,505	20,392,141
1924	..	..	..	7,248,400	13,131,877	380,121	20,760,398

(v) *Dates of Maturity.* The dates of maturity of the several portions of the Commonwealth debt are shown hereunder. The Commonwealth Government has refrained from issuing interminable stock, although as regards about 6 per cent of the debt no definite date of maturity had been assigned on 30th June, 1924. It will be noticed that about £190,000,000 falls due in the space of five years 1924 to 1928, the bulk of this being represented by the balance of the first eight internal loans.

COMMONWEALTH PUBLIC DEBT.—DUE DATES OF AMOUNTS OUTSTANDING ON 30th JUNE, 1924.(a)

Due Dates.				Amounts.	Due Dates.				Amounts.
				£					£
1924	..	..	..	228,972	1937	..	..	..	1,200
1925	..	..	..	68,823,750	1938	..	..	..	18,377
1926	..	..	..	6,005,264	1939	..	..	..	151,448
1927	..	..	..	89,956,750	1941	..	..	..	15,000,000
1928	..	..	..	25,130,590	1945	..	..	..	22,500,000
1929	..	..	..	2,817,903	1948	..	..	..	10,577,290
1930	..	..	..	60,368,820	1972	..	..	..	3,764,716
1933	..	..	..	39,387	Indefinite	..	..	..	15,439,873
1934	..	..	..	4,465,439	Annual Repayments	..	..	..	89,270,922
1935	..	..	..	46,342					
1936	..	..	..	993,056	Total	..	..	..	415,600,099

(a) Those loans in the case of which the Government has the option of redemption during a specified period have been in each case classified according to the latest date of maturity.

The graphs accompanying this chapter illustrate the rise in the revenue, public debt and taxation of the Commonwealth and States since 1902, the year 1901-2 being the first complete financial year since Federation.

(vi) *Sinking Fund.* The Commonwealth Government established a sinking fund against most of the securities which constitute its public debt. Part of the inscribed stock issued for works purposes carried a sinking fund of 5 per cent., and the remainder one of $\frac{1}{2}$ per cent. The internal issues carried sinking funds, partly of $\frac{1}{2}$ per cent., and

partly of 1 per cent. The War Savings Certificates carried a sinking fund of $\frac{1}{2}$ per cent., and the Northern Territory and Port Augusta-Oodnadatta Railway loans one of $\frac{1}{4}$ per cent. These sinking funds were invested partly in Treasury Bills, partly in Commonwealth Inscribed Stock, and partly in Bonds (War Issues).

(vii) *National Debt Sinking Fund.* This fund was created by virtue of the *National Debt Sinking Fund Act 1923*, No. 5 of 1923, which was assented to on the 11th August, 1923. Provision is made therein for the merging of the Loans Sinking Fund, the Northern Territory Sinking Fund, and the Port Augusta Railway Sinking Fund into the National Debt Sinking Fund, the *Loans Sinking Fund Act* of 1918 being repealed. This Act also provides for the payment annually to the Fund of the sum of £1,250,000, for the payment thereto of a sum equal to 10 shillings per cent. of the net debt created, also a sum equal to £5 per cent. of debt redeemed and cancelled by the Commission in pursuance of the Act. In addition, there is to be paid to the Fund repayments of advances from Loan Fund made to States and to Territories under the authority of the Commonwealth; of advances for the erection of wheat silos; of advances under the Nauru Island agreement; of advances for such purposes as are prescribed; of purchase money and repayments of advances under the War Service Homes Act; and unexpended balances of the Loan Fund. The provision as to the payment of £5 per cent. to the Fund does not, however, apply to these repayments, purchase money, and unexpended balances. The Fund also benefits by half the net profits derived by the Commonwealth Bank of Australia on or after the first day of July, 1923, in place of the payment hitherto made to the Bank Redemption Fund.

The National Debt Commission was created for the purpose of taking general control of all Sinking Fund moneys, and of deciding when and how these moneys shall be invested or used for the redemption of the debt. The situation of the Sinking Funds, as at 30th June, 1923, is set out in the accompanying table:—

COMMONWEALTH PUBLIC DEBT.—SINKING FUNDS, 1919 TO 1923.

At 30th June—	Total Accumulation to date.	Total Securities Cancelled to date.	Balance Available.
	£	£	£
1919 ..	3,740,824	1,636,621	2,104,203
1920 ..	5,139,281	2,969,980	2,169,301
1921 ..	8,391,349	7,386,822	1,004,527
1922 ..	10,292,881	9,335,129	957,752
1923 ..	11,756,992	9,606,739	2,150,253

The old Sinking Funds were merged in the National Debt Sinking Fund on 11th August, 1923. The receipts of this fund, including £2,051,588 transferred from the old funds, totalled £5,060,969. Stocks, Bonds, &c., to the value of £3,001,597 were purchased during the period, leaving on 30th June, 1924, a balance on hand of £2,059,372.

The Imperial Government loan comes in a different category from the others, since it is being liquidated by the funding arrangement described in detail on a previous page.

§ 5. Cost of War and Repatriation.

1. *General.*—In view of the importance of the subject, a further reference is here made to the cost of the war. The general policy of the Commonwealth Government has been to pay from Consolidated Revenue all recurring charges for interest, sinking fund, pensions, and other charges consequent upon the war, and part of the expense of repatriation. On the other hand, the whole direct cost of the war and the larger proportion of the cost

of repatriation have been paid from loans. The total cost from both sources to the 30th June, 1924, is set out in the following table :—

COST OF WAR SERVICES TO 30th JUNE, 1924.

Year.	From Revenue. (a)	From War Loan Fund.	Total.
	£	£	£
1914-15	640,218	14,471,117	15,111,335
1915-16	3,778,378	37,423,568	41,201,946
1916-17	8,427,329	53,114,237	61,541,566
1917-18	11,863,251	55,095,109	66,958,360
1918-19	21,255,101	62,192,889	83,447,990
1919-20	24,751,732	45,385,587	70,137,319
1920-21	33,286,233	24,148,501	57,434,734
1921-22	31,337,164	7,576,977	38,914,141
1922-23	30,100,472	1,762,694	31,863,166
1923-24	28,770,106	2,412,015	31,182,121
Total Expenditure ..	194,209,984	303,582,694	497,792,678
Indebtedness to the Government of the United Kingdom for payments made, services rendered, and goods supplied during the war ..			40,188,863
War Gratuity Paid in Cash			26,723,347
Total			564,704,888

(a) Including the amounts spent from Trust Fund War Pensions Account.

2. Expenditure from Revenue.—The following table gives the details of the war expenditure from revenue for the last five years :—

WAR SERVICES EXPENDITURE FROM REVENUE, 1919-20 TO 1923-24.

Heading.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
Interest	14,461,902	16,445,068	18,075,693	18,399,978	18,353,553
Sinking Fund	1,312,812	3,168,820	3,000,000	2,401,934	2,225,323
War Pensions	6,032,270	7,389,739	7,028,379	7,134,967	7,169,285
Repatriation of Soldiers and War Service Homes	2,732,346	3,867,707	2,239,754	1,794,105	472,696
Expeditionary Forces	(a)	(a)	200,000	(a)	(a)
Transport Services	(a)	698,052	157,884	(a)	(a)
Loan Conversion Expenses .. .. .	..	..	..	183,635	254,236
Other War Expenditure payable out of Revenue	69,127	(b) 1,716,320	628,842	184,809	265,013
Total	24,608,457	33,285,706	31,330,562	30,099,428	28,770,106

(a) Paid from War Loan Fund. (b) Including £857,932 to make good deficiency in War Loan Fund.

3. Expenditure from War Loan Fund.—The following table gives the details of the war expenditure from loans, showing the expenditure on account of each Department, etc. :—

EXPENDITURE FROM WAR LOAN FUND, 1919-20 TO 1923-24.

Department, Etc.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
Defence and Navy	21,559,812	599,419	(a) 311,530	179,149	(a) 179,549
Treasury	15,379,318	15,330,885	6,648,039	1,249,968	612,649
Prime Minister	140,713	1,678,775	(a) 11,221	(a) 94,548	228,352
Trade and Customs	(a) 41,680	(a) 54,602	(a) 158	(a) 23,239	4,252
Repatriation	8,090,614	6,593,924	1,247,466	480,620	1,720,768
Home and Territories	38,531	7,200	4,381	(a) 889	25,543
Works and Railways	220,279	(a) 7,100	..	(a) 58,367	..
Total War and Repatriation Expenditure	45,385,587	24,148,501	7,576,977	1,762,694	2,412,015
Redemptions—					
Gratuity Bonds cashed	685,008	8,035,066	2,191,772	2,866,285	(b) 14,561,898
Treasury Bills .. .. .	..	..	2,000,000	..	..
Total Expenditure from War Loan Fund	46,070,595	32,183,567	11,768,749	4,628,979	16,973,913

(a) Repayment.

(b) Including repayment of £6,000,000, advanced by Banks for payment of War Gratuities.

The large sums debited to the Treasury are mainly on account of advances to the States, and the money has been spent partly in settling soldiers on the land, and partly in providing reserve employment through Local Government Bodies. The expenditure under the heading "Repatriation" was incurred under the working of the War Service Homes Act of 1918.

§ 6. Old-age and Invalid Pensions.

1. General.—In previous issues of this work an account was given of the introduction of the old-age pension system into Australia, together with a detailed description of the Commonwealth Invalid and Old-age Pensions Act of 1908 which became operative on 1st July, 1909. (See Year Books, Nos. 3 to 8.) An amendment of this Act, assented to on 30th September, 1916, made a very important alteration. Section 24 originally enacted that the pension "shall not exceed the rate of twenty-six pounds per annum in any event, nor shall it be at such a rate as will make the pensioner's income, together with pension, exceed fifty-two pounds per annum." It was amended (a) by omitting the words "twenty-six pounds," and inserting in their stead the words "thirty-two pounds ten shillings," and (b) by omitting the words "fifty-two pounds" and inserting in their stead the words "fifty-eight pounds ten shillings." Section 26 originally enacted that if an applicant for pension was in receipt of board or lodging, the actual or estimated value or cost thereof should be counted as income, to an extent not exceeding five shillings per week. This was amended by omitting the words "five shillings" and inserting in their stead the words "seven shillings and sixpence."

In 1919 the Act was again amended, and the rate of pension raised to £39 per annum and the maximum amount allowable to £65 per annum. The estimated value of board and lodging was raised to 10s. per week.

A further amending Act in 1923 raised the rate of pension to £45 10s. per annum and the maximum amount allowable to £78 per annum.

In 1920 special provision was made for a permanently blind person, by which the amount of pension may be at such a rate (not exceeding £39) per annum, as will make his income, together with the pension, equal to an amount not exceeding £221 per annum or such other amount as is declared to be a basic wage.

2. Old-age Pensions.—(i) *Summary, 1924.* Details regarding Old-age Pensions as at 30th June, 1924, are as follows:—

OLD-AGE PENSIONS.—SUMMARY, 1924.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
Claims examined during year ended 30th June, 1924 ..	7,054	4,488	2,524	1,182	1,181	666	17,095
Claims rejected ..	482	371	494	40	156	2	1,545
Claims granted ..	6,572	4,117	2,030	1,142	1,025	664	15,550
Transfers from other States ..	582	528	169	212	105	99	1,695
Existing 30th June, 1923 ..	41,220	31,248	13,812	10,166	5,599	5,344	107,389
	48,374	35,893	16,011	11,520	6,729	6,107	124,634
Deduct —							
Deaths ..	3,320	2,402	1,029	758	369	417	8,295
Cancellations and transfers to other States ..	1,311	888	265	352	261	208	3,285
	4,631	3,290	1,294	1,110	630	625	11,580
Old-age Pensions existing on 30th June, 1924 ..	43,743	32,603	14,717	10,410	6,099	5,482	113,054

(ii) *Sexes of Pensioners.*—Of the 113,054 persons in receipt of pensions at 30th June, 1924, 45,117 (or 40 per cent.) were males, and 67,937 (or 60 per cent.) were females. Details for the several States are as follows:—

OLD-AGE PENSIONS.—SEXES OF PENSIONERS, 1924.

State.	Males.	Females.	Total.	(a) Masculinity.
New South Wales ..	18,179	25,564	43,743	— 16.98
Victoria ..	12,260	20,343	32,603	— 24.79
Queensland ..	6,355	8,362	14,717	— 13.64
South Australia ..	3,702	6,708	10,410	— 28.88
Western Australia ..	2,608	3,491	6,099	— 14.48
Tasmania ..	2,013	3,469	5,482	— 26.56
Total ..	45,117	67,937	113,054	— 20.19

(a) Excess of males over females in each 100 of total pensioners.

(iii) *Ages and Conjugal Condition of Pensioners.* The recorded ages of the 15,550 persons to whom pensions were granted during the year 1923-24 varied considerably, ranging from 2,592 at age 60 to one at age 100. Particulars for quinquennial age-groups are as follows :—

OLD-AGE PENSIONS GRANTED 1923-24.—AGES AND CONJUGAL CONDITION OF PENSIONERS,

Age Groups.	Males.				Females.				Grand Total.
	Single.	Married.	Widowed.	Total.	Single.	Married.	Widowed.	Total.	
60-64 ..	295	649	165	1,109	590	2,508	2,225	5,323	6,432
65-69 ..	1,068	2,458	865	4,391	148	869	627	1,644	6,055
70-74 ..	275	715	301	1,291	62	329	302	693	1,984
75-79 ..	78	210	127	415	20	77	189	286	701
80-84 ..	23	57	63	143	5	19	104	128	271
85-89 ..	5	8	17	30	3	3	43	49	79
90 and above ..	..	3	5	8	..	..	20	20	28
Total ..	1,744	4,100	1,543	7,387	848	3,805	3,510	8,163	15,550

3. *Invalid Pensions.*—(i) *Summary, 1924.* Details as at 30th June, 1924, are given hereunder :—

INVALID PENSIONS.—SUMMARY, 1924.

Particulars.	N.S.W.	Vic.	Q'land.	S.A.	W.A.	Tas.	Total.
Claims examined during year ended 30th June, 1924 ..	2,969	2,010	1,387	465	796	324	7,951
Claims rejected	594	366	426	76	354	62	1,878
Claims granted	2,375	1,644	961	389	442	262	6,073
Transfers from other States ..	158	109	67	51	15	20	420
Existing 30th June, 1923 ..	16,352	11,707	5,359	2,593	2,063	1,990	40,064
	18,885	13,460	6,387	3,033	2,520	2,272	46,557
Deduct—							
Deaths	888	830	328	182	160	151	2,539
Cancellations and Transfers to other States ..	483	410	177	120	110	101	1,401
	1,371	1,240	505	302	270	252	3,940
Invalid Pensions existing 30th June, 1924	17,514	12,220	5,882	2,731	2,250	2,020	42,617

(ii) *Sexes of Pensioners.* Of the 42,617 persons in receipt of invalid pensions on 30th June, 1924, 19,391, or 46 per cent., were males, and 23,226, or 54 per cent., were females. Details for the several States are as follows:—

INVALID PENSIONS.—SEXES OF PENSIONERS, 1924.

State.	Males.	Females.	Total.	(a) Masculinity.
New South Wales	7,763	9,751	17,514	-11.35
Victoria	5,722	6,498	12,220	- 6.35
Queensland	2,899	2,983	5,882	- 1.43
South Australia	999	1,732	2,731	-26.84
Western Australia	1,109	1,141	2,250	- 1.42
Tasmania	899	1,121	2,020	-10.99
Total	19,391	23,226	42,617	- 9.00

(a) Excess of males over females in each 100 of total pensioners.

(iii) *Ages and Conjugal Condition of Pensioners, 1924.* The recorded ages of the 6,073 persons to whom invalid pensions were granted during the period under review varied from 16 to 84. The following table gives particulars for those up to age 20, and in decennial age-groups after age 20:—

INVALID PENSIONS.—AGES AND CONJUGAL CONDITION OF PENSIONERS, 1924.

Age Groups.	Males.				Females.				Grand Total.
	Single.	Married.	Widowed.	Total.	Single.	Married.	Widowed.	Total.	
16-19 ..	269	1	..	270	251	..	..	251	521
20-29 ..	292	66	1	359	317	27	9	353	712
30-39 ..	185	228	7	420	260	73	72	405	825
40-49 ..	201	423	47	671	224	140	163	527	1,198
50-59 ..	365	684	111	1,160	278	459	561	1,298	2,458
60-69 ..	33	88	28	149	17	52	68	137	286
70-79 ..	4	24	13	41	4	7	18	29	70
80 and over ..	..	2	1	3	..	..	..	..	3
Total ..	1,349	1,516	208	3,073	1,351	753	891	3,000	6,073

4. *Cost of Administration.*—Under the State régime the cost of administration differed considerably in the several States, and for 1908-9 represented in New South Wales 4.17 per cent. of the amount actually paid in pensions. In Victoria for the same year the corresponding percentage was 0.70. During the year 1923-24 the total cost to the Commonwealth of administering the Old-age and Invalid Pensions Department was

£92,366, or about 1.4 per cent of the amount actually paid in pensions. Details concerning the cost of administration for 1923-24 are as follows:—

OLD-AGE AND INVALID PENSIONS.—COST OF ADMINISTRATION, 1923-24.

Heading.	Amount.
	£
Salaries	37,335
Temporary assistance	1,036
Payments to State Governments and payment of commission to Postmaster-General's Department, at 11s. 6d. per £100 paid	35,498
Postage and telegrams	4,619
Medical examinations	5,046
Other expenses	8,832
Total	92,366

The actual sum disbursed in Old-age and Invalid Pensions in the financial year 1923-24, apart from the cost of administration, was £6,426,752.

5. Summary.—The following table gives detailed statistical information concerning the working of the Act for the last five years:—

OLD-AGE AND INVALID PENSIONS.—SUMMARY, AUSTRALIA, 1920 TO 1924.

Financial Year ended 30th June—	Number of Pensioners.			Amount Paid in Pensions.	Amount Paid to Asylums for Maintenance of Pensioners.	Total Payment to Pensioners and Asylums.	Cost of Administration.	Cost of Administration per £100 paid to Pensioners and Asylums.	Average Fortnightly Pension on last day of Financial Year.
	Old-age.	Invalid.	Total.						
				£	£	£	£	£ s. d.	s. d.
1920	99,170	35,231	134,401	4,411,629	72,675	4,484,304	74,120	1 13 1	29 1
1921	102,415	37,981	140,396	5,074,336	75,905	5,150,241	88,271	1 14 3	28 9
1922	105,096	39,019	144,115	5,290,056	89,978	5,380,034	93,608	1 14 10	28 9
1923	107,389	40,064	147,453	5,337,936	86,080	5,424,016	87,910	1 12 5	28 9
1924	113,054	42,617	155,671	6,426,752	97,129	6,523,881	92,366	1 8 4	33 9

§ 7. Maternity Allowance.

During the session of 1912 the Federal Parliament passed an Act (assented to on 10th October, 1912) providing for the payment of maternity allowances. The scope and main provisions of the Act are given in Year Book No. 14, p. 1047. The most important conditions are that the sum of five pounds is payable in the case of each confinement resulting in the birth of a viable child whether such child was born alive or dead. The mother must be a native of the Commonwealth, or intend to settle permanently therein. No payment is made in the case of an aboriginal or an Asiatic.

The following table gives a summary in connexion with the working of the Maternity Allowance Act for the years 1920 to 1924:—

MATERNITY ALLOWANCE.—SUMMARY, 1920 TO 1924.

Year.	Claims Paid.	Claims Rejected.	Amount Paid.	Cost of Administration.	Cost per £100 of allowance paid.
			£	£	£ s. d.
1919-20 ..	125,173	621	625,865	12,785	2 0 10
1920-21 ..	140,152	622	700,760	16,173	2 6 2
1921-22 ..	138,140	520	690,700	15,441	2 4 9
1922-23 ..	137,687	421	688,435	16,008	2 6 6
1923-24 ..	134,035	432	670,175	14,770	2 4 1

§ 8. War Pensions.

1. General.—An Act for the provision of war pensions was passed in 1914 and amended in 1915 and 1916. Its scope can be determined by the following extract from section 3. "Upon the death or incapacity of any member of the forces whose death or incapacity results, or has resulted, from his employment in connexion with warlike operations in which His Majesty is, or has since the commencement of the present state of war been engaged, the Commonwealth shall, subject to this Act, be liable to pay to the member or his dependents, or both, as the case may be, pensions in accordance with this Act."

2. Number of Pensioners.—The following table shows the number of pensioners and the places where payments were made at the 30th June, 1924 :—

WAR PENSIONS.—NUMBER OF PENSIONERS, 1924.

Where Paid.	Incapacitated Members of the Forces.	Dependents of—		Total.
		Deceased Members.	Incapacitated Members.	
London	1,553	4,494	3,244	9,291
South Africa	50	47	56	153
New Zealand	227	257	233	717
Other Overseas	24	5	20	49
New South Wales	24,037	11,970	37,097	73,104
Victoria	24,214	13,763	41,581	79,558
Queensland	8,057	3,884	12,375	24,316
South Australia	4,079	3,812	6,957	14,848
Western Australia	7,533	3,781	12,987	24,301
Tasmania	2,986	1,800	5,638	10,424
Total	72,760	43,813	120,188	236,761

3. Expenditure on War Pensions, 1924.—The expenditure on war pensions for the year ended 30th June, 1924, is given in the table hereunder :—

WAR PENSIONS.—EXPENDITURE, 1923-24.

Where Paid.	Amount.	Where Paid.	Amount.
	£		£
New South Wales	2,443,149	London and elsewhere	331,414
Victoria	2,094,248		7,090,815
Queensland	767,560	Payments in Australia in respect of other countries ..	291,105
South Australia	446,951		7,381,920
Western Australia	714,805	Less amounts other countries, including payments by contra	212,636
Tasmania	292,688	Total	7,169,284

4. **Cost of Administration.**—The cost of administration in 1923-24 was £144,762, made up as follows :—

WAR PENSIONS.—COST OF ADMINISTRATION, 1923-24.

Items.	Total.
	£
Salaries	73,132
Postage and telegrams	3,012
Medical examinations	3,353
Services of Registrars, Police, and Postal Officials	43,091
London Office	6,791
Fees for State Boards	4,975
Miscellaneous	10,408
Total	144,762

§ 9. Commonwealth Public Service Superannuation Fund.

This Fund which was inaugurated on the 20th November, 1922, is maintained by contributions of employees of the Commonwealth Public Service and by payments from the Consolidated Revenue—the latter being made when the officers retire on pension.

The unit of pension is £26 per annum, and the number of units in respect of which an employee can contribute bears relation to the salary in accordance with the scale set out in Section 13 of the *Superannuation Act* 1922, the minimum pension being two units or £52 per annum, and the maximum 16 units or £416 per annum. The rates of contribution depend on the age at which the employee commences to contribute, a special concession being made in respect of employees in the service at the commencement of the Act who were then upwards of 30 years of age.

The pension is payable when the employee reaches 65 years of age, or is retired through physical or mental incapacity at an earlier age. Provision is, however, made for retirement at an earlier age than 65 under special conditions as to contribution. The widow of a contributor or pensioner receives one-half of the pension to which her husband was entitled and a pension of £13 per annum in respect of each child under 16 years of age.

The number of contributors to the fund at 30th June, 1924, was 26,794, viz., 23,433 males and 3,361 females, and the average number of units contributed for was 3.76, representing a pension of £97 15s. per annum.

For the year ended 30th June, 1924, receipts were £331,414, of which £274,943 represented employees' contributions, £42,239 from the Consolidated Revenue, and £14,232 from interest. Payments amounted to £55,843, including £45,349 paid in pensions. Of the balance of £492,329 which remained on hand on the 30th June, 1924, £492,012 was invested in Commonwealth Inscribed Stock.

Pensions in force on the 30th June, 1924, numbered 717 with an annual liability of £49,626, of which £41,170 represents the share payable from the Consolidated Revenue.

The Act of October, 1922, was amended in October, 1924. It was known that the original scheme would not be entirely suited to the needs of officers of the Defence Department owing to their earlier and irregular ages for retirement. A promise was made during the passage of the original Act, that attention should be given to the especial needs of the Defence Department at a later date. The Amending Act of 1924 was passed with the

main object of redeeming this promise, and rectifying the anomalies which had arisen. At the same time certain clauses appeared in the Act which considerably modified the scheme :—

- (a) The Amending Act brought about 1,700 new Defence officers into the scheme, thus increasing the number of participants to about 28,500. The pension liability of the Government is increased by about 6 per cent.
- (b) The original Act provided an invalidity benefit only after seven years' service. The amending Act abolishes the seven year period, and makes the eligibility to this benefit vest from the beginning of service.
- (c) The age for retirement in the Defence Department was fixed at 60 years. If officers retire before 60, but after the age of 55, they receive an actuarially equivalent pension.
- (d) The privilege of retiring at age 60 instead of 65 was extended to the General Service. If an officer elects to take this option he must contribute according to a new scale of rates based upon retirement at 60. He pays the rates appropriate to his then age, but as a set off he receives a refund of contributions paid under the old scale. This refund is not paid in cash, but is applied to the reduction of future contributions.

B. STATE FINANCE.

§ 1. General.

1. **Functions of State Governments.**—In comparing the financial returns of the States allowance must be made for the various functions discharged by the respective Governments, and for local conditions in each case. Direct comparisons of expenditure are difficult, owing to the fact that functions which in one State are assumed by the Central Government are in another relegated to local governing bodies, and that costly developmental work may, under certain conditions, be not only economically justifiable, but may be essential to progress, while parsimonious expenditure may be an economic blunder. A large expenditure may, therefore, be an indication either of gross extravagance and bad economy on the one hand, or of healthy 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 dealt with locally. Care, therefore, is needed in instituting comparisons, and the particulars contained in this chapter should be read in connexion with those contained in the chapter dealing with Local Government. In many respects, moreover, 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 other countries 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' banks funds, sinking funds, insurance companies' deposits, etc. The Loan Funds are debited with all loan moneys raised by the State, and credited with the expenditure therefrom on public works or other purposes.

3. **Inter-relation of Commonwealth and State Finance.**—The principal alteration in State finance brought about by Federation was that the States transferred to the Commonwealth the large revenue received by the Customs and Postal Departments, and were relieved of the expenditure connected with these and the Defence Departments,

while, in their place, a new item of State revenue was introduced, viz., the payment to the States of a Commonwealth subsidy. With regard to this, an important development in the financial relations of the Commonwealth and State Governments was discussed at the Premiers' Conference of May, 1923. The main problem for settlement was that arising from the raising and allocation of the revenues of the Commonwealth and States. The Conference aimed at the termination of the present arrangement under which the Commonwealth pays to the States on a *per capita* basis part of the revenue which it collects; concurrently it was hoped to simplify the entire taxation systems of Australia.

The Commonwealth Prime Minister submitted a scheme intended to secure the attainment of both of these objects. He proposed to cease to collect income tax from all individuals whose incomes were £2,000 a year or less, and to grant an exemption of £2,000 to individuals with incomes over that amount. At the same time he proposed to discontinue the *per capita* payments to the States, leaving the latter free to balance their Budgets by increasing their income tax revenues in the field vacated by the Commonwealth. On the basis of figures supplied by the Commonwealth Treasury, it was believed that Queensland and Tasmania would stand to lose by this arrangement. Accordingly it was proposed to stabilize the finances of these States by a grant of £55,000 to the former and £80,000 to the latter. Inclusive of the above shortage, and certain special payments to the States of Queensland, Western Australia, and Tasmania, the Commonwealth would make an annual payment of £778,000 per annum to these three States. Finally, the Commonwealth Government proposed to enter on these arrangements for a period of five years, and thereafter until otherwise provided.

These proposals were not acceptable to the State Ministers, who put forward counter-proposals for the complete retirement of the Commonwealth from the field of income taxation. The States were willing on that condition to relinquish the capitation payments and to contribute to the Commonwealth Treasury sums to cover any Commonwealth loss entailed under the proposals.

As Commonwealth Ministers could not accept the offer of the States, the Prime Minister proposed that the Commonwealth should vacate the field of income taxation so far as it related to individuals, but should retain the right to tax companies up to a maximum limit of 2s. 6d. in the £1. As a set-off against this the Commonwealth would cease the payment to the States of the capitation allowances and the interest on the transferred properties. Before completing the new scheme it would be necessary to ascertain the exact value of the field to be vacated by the Commonwealth, because certain cash payments to be made by the Commonwealth to the States to save embarrassment of State finances could not be calculated until that value was ascertained.

These suggestions were much more favourably received, and ultimately five of the States—New South Wales dissenting—agreed to accept the principle of the new Commonwealth proposals.

The statistics relating to income tax have since been carefully investigated, and it has been found that figures on which to base payments to the States would not be available for some time. The operation of the scheme was therefore deferred for one year. In June, 1924, the scheme was again considered by the Commonwealth Government, but owing to the continuance of opposition the operation of the proposals has again been postponed. Meanwhile efforts were made to arrange for one collecting authority for both State and Federal income taxes. Agreements have been drawn up between the Commonwealth, on the one hand, and all the States except Western Australia, on the other, under which the State taxation officers will collect both taxes, except where the Commonwealth incomes are derived from two or more States. In Western Australia there has been for some years only one collecting authority—the Commonwealth.

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. No action has, however, been taken, although the subject has, on more than one occasion, been under discussion.

§ 2. State Consolidated Revenue Funds.

Division I.—Revenue.

1. General.—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 Taxation, followed in order by the Commonwealth Subsidy and Land Revenue.

2. Revenue Received.—The following table furnishes particulars of the total amounts and the amounts per head of consolidated revenue received by the several States during the five years 1919–20 to 1923–24 :—

STATE CONSOLIDATED REVENUE, 1919–20 TO 1923–24.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL COLLECTIONS.							
	£	£	£	£	£	£	£
1919–20	28,650,496	15,866,184	11,293,743	6,582,788	5,863,501	1,815,031	70,071,743
1920–21	34,031,396	19,054,475	12,601,031	7,151,366	6,789,565	2,105,449	81,733,282
1921–22	35,637,820	20,357,733	12,311,378	7,771,752	6,907,107	2,181,395	85,167,185
1922–23	36,145,944	21,634,677	12,599,403	8,431,700	7,207,492	2,174,062	88,193,278
1923–24	37,351,809	23,075,968	13,428,039	8,932,340	7,865,595	2,447,677	93,101,428

PER HEAD OF POPULATION.

	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
1919–20	14	1	1	10	11	1	15	6	10	13	13	5	17	17	8	8	13	0
1920–21	16	5	5	12	9	5	16	15	9	14	11	4	20	9	10	9	17	11
1921–22	16	15	0	13	2	7	16	0	6	15	9	5	20	11	6	9	19	10
1922–23	16	12	8	13	12	1	15	19	6	16	8	7	20	19	7	9	18	7
1923–24	16	17	8	14	3	11	16	11	1	17	0	6	22	4	7	11	3	6

During the four years from 30th June, 1920, to 30th June, 1924, the aggregate revenue of the States increased by no less a sum than £23,029,685, or about 33 per cent. Increases were in evidence in all the States, the largest being that of £8,701,313 in New South Wales. This general advance is the more notable since, during recent years, a much smaller amount has been received from the Commonwealth in the way of subsidy, than was the case up to 1910.

There has been a marked increase in the collections per head in all the States. Western Australia throughout the period has occupied the premier position, and in 1923–24 the revenue per head in that State exceeded the average for Australia by about 37 per cent. In Tasmania, however, the revenue per head has averaged about 60 per cent. only of the average for Australia.

3. Sources of Revenue.—(i) *General.* Classifying the revenue of the several States in the manner indicated in 1 *ante*, particulars for the year 1923–24 are as follows :—

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL REVENUE.							
Taxation	£ 7,988,131	£ 4,476,158	£ 3,617,201	£ 1,841,720	£ 1,173,568	£ 928,360	£ 20,025,138
Public works and services	23,532,422	13,460,856	5,927,785	5,435,612	4,388,088	967,887	53,712,650
Land	1,929,703	447,218	1,514,455	292,584	462,657	83,290	4,729,907
Commonwealth subsidy	2,738,725	2,014,746	1,004,892	650,453	(a) 585,723	(b) 356,565	7,351,104
Miscellaneous	1,162,823	2,676,990	1,363,706	711,971	1,255,559	111,575	7,282,629
Total	37,351,809	23,075,968	13,423,039	8,932,340	7,865,595	2,447,677	93,101,428

	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
Taxation	3	12	3	2	15	1	4	9	2	3	10	2	3	6	4	4	4	9
Public works and services	10	12	9	8	5	8	7	6	2	10	7	2	12	8	1	4	8	5
Land	0	17	5	0	5	6	1	17	4	0	11	2	1	6	2	0	7	7
Commonwealth subsidy	1	4	9	1	4	9	1	4	9	1	4	10	1	13	1	1	12	7
Miscellaneous	0	10	6	1	12	11	1	13	8	1	7	2	3	10	11	0	10	2
Total	16	17	8	14	3	11	16	11	1	17	0	6	22	4	7	11	3	6

(b) Including special grant of £85,000.

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, while the revenue-earning power of the railways is also high. In New South Wales and Western Australia the revenue from tramways is also included.

STATE CONSOLIDATED REVENUE.—PERCENTAGE OF ITEMS. 1923-24.

[illegible]

(iii) *Revenue from Taxation.*—(a) *General.* Prior to Federation, duties of Customs and Excise constituted the principal source of revenue from taxation. At present, the most productive State tax is the income tax, imposed in all the States. For 1923–24 stamp duties occupied second place. In addition to these, a State land tax and licence fees of various kinds are collected in all the States, while a dividend tax is levied in Western Australia. The total revenue from taxation collected by the States during the year 1923–24 was £20,025,138, details of which are set forth in the table hereunder:—

STATE CONSOLIDATED REVENUE FROM TAXATION, 1923–24.

Taxation.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Probate and succession duties	965,200	798,315	280,472	191,373	66,969	71,750	2,374,079
Other stamp duties	1,538,924	1,179,364	405,056	430,045	194,176	180,773	3,928,338
Land Tax	2,657	412,165	445,873	184,226	71,449	120,657	1,237,027
Income Tax	4,373,519	1,702,483	2,300,044	894,283	719,160	431,271	10,420,760
Licences	333,934	363,988	101,379	49,292	67,904	38,000	954,497
Other Taxation	773,897	19,843	84,377	92,501	53,910	85,909	1,110,437
Total	7,988,131	4,476,158	3,617,201	1,841,720	1,173,568	928,360	20,025,138

(a) Includes £216,895 Dividend Tax.

The total amount and the amount per head raised from taxation by the several State Governments during the five years 1919–20 to 1923–24 is given in the following table:—

STATE CONSOLIDATED REVENUE FROM TAXATION, 1919–20 TO 1923–24.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
TOTAL.							
	£	£	£	£	£	£	£
1919–20	4,962,518	3,159,767	3,323,745	1,391,830	844,197	609,576	14,291,633
1920–21	7,388,133	3,846,833	3,682,642	1,622,076	955,359	708,603	18,203,646
1921–22	7,249,017	3,791,174	3,420,296	1,778,576	881,159	727,701	17,847,923
1922–23	7,799,118	4,077,046	3,330,885	1,816,776	987,558	728,175	18,739,558
1923–24	7,988,131	4,476,158	3,617,201	1,841,720	1,173,568	928,360	20,025,138

PER HEAD OF POPULATION.							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1919–20	2 8 8	2 2 0	4 10 4	2 17 10	2 11 6	2 18 1	2 14 0
1920–21	3 10 8	2 10 4	4 18 1	3 6 1	2 17 8	3 6 7	3 7 3
1921–22	3 8 2	2 8 11	4 9 0	3 10 10	2 12 6	3 6 8	3 4 9
1922–23	3 11 9	2 11 3	4 4 6	3 10 10	2 17 6	3 6 6	3 6 6
1923–24	3 12 3	2 15 1	4 9 2	3 10 2	3 6 4	4 4 9	3 9 8

During the period between 30th June, 1920, and 30th June, 1924, State revenue from taxation increased by 40 per cent, the increase varying considerably in the different States. The great increase of recent years in New South Wales is due principally to the broadening of the basis of the State Income Tax, increased receipts from Stamp Duties, and in addition in 1923–24, £518,636 was collected from Racing Taxes. While State taxation for the year 1921–22 showed a slight decline from the previous year, owing mainly to diminished collections in New South Wales and Queensland, increases occurred in 1922–23 and 1923–24 in every State except Queensland.

Taking the States as a whole, taxation increased by 15s. 8d. per head during the period from 1919–20 to 1923–24, the most marked increase occurring in the case of New South Wales.

(b) *Probate and Succession Duties.* Probate duties have been levied for many years in all the States, but the provisions of the Acts governing the payment of duty differ

widely both in regard to the ordinary rates and those which apply to special beneficiaries. A table showing the values of the estates in which probates and letters of administration were granted is given hereinafter. (See also Private Finance § 8 hereinafter.)

The duties collected for the financial years 1919-20 to 1923-24 are as follows :—

STATE PROBATE AND SUCCESSION DUTIES.—COLLECTIONS, 1919-20 TO 1923-24.

State.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
New South Wales ..	1,062,533	734,352	907,307	1,176,596	965,200
Victoria ..	881,423	702,468	706,181	697,482	798,315
Queensland ..	(a)	328,204	295,748	257,402	280,472
South Australia ..	192,540	158,107	197,764	205,382	191,373
Western Australia ..	121,951	42,407	76,817	45,997	66,969
Tasmania ..	50,271	53,407	61,142	56,530	71,750
Total ..	2,308,718 (b)	2,018,945	2,244,959	2,439,389	2,374,079

(a) Included in Stamp Duties.

(b) Excluding Queensland.

(c) *Other Stamp Duties.* The revenue derived from stamp duties (exclusive of probate and succession duties) for the years 1919-20 to 1923-24 is shown in the accompanying table :—

STATE STAMP DUTIES.—COLLECTIONS, 1919-20 TO 1923-24.

State.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
New South Wales ..	978,343	1,414,468	1,343,389	1,460,436	1,538,924
Victoria ..	822,489	930,221	932,649	1,117,839	1,179,364
Queensland ..	698,382	332,559	308,991	353,745	405,056
South Australia ..	325,034	370,288	346,918	397,050	430,045
Western Australia ..	173,541	177,404	164,929	173,453	194,176
Tasmania ..	128,574	148,893	144,125	166,424	180,773
Total ..	3,126,363 ^a	3,373,833	3,241,001	3,668,947	3,928,338

(a) Including Queensland probate and succession duties.

(d) *Land Tax.* All the States impose a Land Tax, although Queensland, the last State to fall into line, collected its first levy in 1915-16. In the other States the impost is of long standing. In New South Wales the Land Tax is levied on the unincorporated portion of the western division of the State only.

The following table shows the amount collected by means of such taxes during the financial years 1919-20 to 1923-24 :—

STATE LAND TAX.—COLLECTIONS, 1919-20 TO 1923-24.

State.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
New South Wales ..	2,834	2,717	2,490	2,570	2,657
Victoria ..	314,217	331,756	372,060	392,594	412,165
Queensland ..	459,188	469,175	480,518	417,865	445,873
South Australia ..	146,336	168,020	162,104	197,107	184,226
Western Australia ..	46,415	57,791	42,549	79,983	71,449
Tasmania ..	87,785	89,085	97,031	97,352	120,657
Total ..	1,056,775	1,118,544	1,156,752	1,187,471	1,237,027

(e) *Income Tax.* A duty on the income of persons, whether it be derived from personal exertion or from property, is also imposed in all the States. As might be expected, the rates, exemptions, etc., are widely divergent, but the general principles of the several Acts are similar. The Dividend Duties Act of Western Australia supplied to a certain extent the place of an income tax in that State in former years, but, with the increasing demands upon the Treasury, the levying of a direct income tax was found necessary.

In 1923 agreements were made between the Commonwealth and all States except Western Australia in respect to the collection of the Commonwealth Income Tax. Reference to this subject is made in Section A of this Chapter (Commonwealth Finance, §2). A single collecting authority has been in existence in Western Australia for some years.

The following table shows the total amount collected in the several States during the years 1919-20 to 1923-24. In the case of Western Australia the amount of dividend duty collected is included.

STATE INCOME AND DIVIDEND TAXES.—COLLECTIONS, 1919-20 TO 1923-24.

State.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
New South Wales ..	2,308,267	4,399,360	4,077,897	4,196,228	4,373,519
Victoria ..	915,551	1,591,198	1,443,209	1,514,256	1,702,483
Queensland ..	2,023,316	2,410,171	2,194,361	2,149,607	2,300,044
South Australia ..	662,384	852,001	975,043	903,460	894,293
Western Australia ..	416,136	579,289	497,879	579,060	719,160
Tasmania ..	279,476	348,005	355,035	325,151	431,271
Total ..	6,605,130	10,180,024	9,543,424	9,667,762	10,420,760

(f) *Commonwealth and State Taxation.* The table hereunder shows the combined Commonwealth and State taxation for each of the years 1919-20 to 1923-24, as well as the amount per head of population :—

TOTAL COMMONWEALTH AND STATE TAXATION, 1919-20 TO 1923-24.

Particulars.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
Commonwealth taxation	41,847,692	52,427,421	49,678,842	49,885,017	50,852,483
State taxation ..	14,291,633	18,203,646	17,847,923	18,739,558	20,025,138
Total ..	56,139,325	70,631,067	67,526,765	68,624,575	70,877,621
Taxation per head ..	£10/11/9	£13/1/0	£12/5/1	£12/3/7	£12/6/7

Whilst the Commonwealth taxation increased during the period by £9,004,791, all of which was due to Customs and Excise, the State taxation advanced by £5,733,505, the aggregate increase being £14,738,296. The amount *per capita* of total taxation has increased about 16 per cent. in the period under review.

(iv) *Public Works and Services.* A very large proportion of State revenues is made up of receipts from public works and services under the control of the 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 States. For the year 1923-24 the aggregate revenue from

these sources was £53,712,650, or nearly 58 per cent. of the revenue from all sources. Details of revenue from public works and services for the year 1923-24 are as follows :—

STATE REVENUE FROM PUBLIC WORKS AND SERVICES, 1923-24.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways	19,508,486	11,922,195	5,684,653	3,870,854	3,465,296	586,913	45,038,397
Harbour services ..	1,218,638	207,692	69,308	645,949	224,850	..	2,366,437
Public batteries ..	..	620	..	..	39,235	..	39,855
Water supply and sewerage ..	2,057,069	635,636	..	499,114	424,835	..	3,339,654
Other public services ..	748,229	971,713	173,824	419,695	233,872	380,974	2,928,307
Total ..	23,532,422	13,460,856	5,927,785	5,435,612	4,388,088	967,887	53,712,650

(a) Railways only.

(b) Water supply only.

(v) *Lands.* The revenue from the sale and rental of Crown lands has, with few exceptions, been treated from the earliest times as forming part of the Consolidated Revenue Funds, and has been applied to meet ordinary expenses. Where the rentals received are for lands held for pastoral or residential purposes such application of the revenue appears perfectly justifiable. On the other hand, where the rentals are for mineral and timber lands, and in all cases of sales of lands, the proceeding is essentially a disposal of capital to defray current expenses, and is open to adverse criticism. The following table gives the revenue from sales and rentals of Crown lands for the year 1923-24.

STATE LAND REVENUE, 1923-24.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Sales ..	92,340	27,858	150	30,326	330,234	32,521	513,429
Rentals ..	1,837,363	419,360	1,514,305	262,258	132,423	50,769	4,216,478
Total ..	1,929,703	447,218	1,514,455	292,584	462,657	83,290	4,729,907

(vi) *Commonwealth Subsidy.* The payments to the States of Commonwealth subsidy represent in each instance a considerable proportion of the States' revenue, and for the year 1923-24 aggregated £7,351,104. A reference to recent proposals to discontinue the payment of this subsidy will be found in Section B, §1. 3. of this chapter. The percentage represented by the subsidy received by each State for 1923-24 on the total revenue of that State is shown in the following table :—

COMMONWEALTH SUBSIDY PAID TO EACH STATE, 1923-24.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Commonwealth subsidy	2,738,725	2,014,746	1,004,892	650,453	558,723	636,565	7,351,104
Total revenue ..	37,351,809	23,075,968	13,428,039	8,932,340	7,865,595	2,447,677	93,101,428
Percentage of subsidy on revenue ..	7.33	8.73	7.48	7.28	7.45	14.57	7.90

(a) Including special grant of £120,000.

(b) Including special grant of £85,000.

(vii) *Miscellaneous.* In addition to the foregoing, there are in each State several miscellaneous sources of revenue, including such items as interest, fines, fees, etc., which for the year 1923-24 aggregated £7,282,629. Of this amount, interest was responsible for £4,159,088.

Division II.—Expenditure.

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

- (a) Interest and sinking funds in connexion 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, that of working expenses of railways and tramways was the most important, and for the year 1923-24 represented about 36 per cent. of the aggregate expenditure from the Consolidated Revenue Fund. Next in importance for that year was the item of interest and sinking fund in connexion with the public debt, then education, medical and charitable expenditure, and police, in the order named.

2. *Total Expenditure.*—The total expenditure from Consolidated Revenue Funds in the several States, and the expenditure per head of population during each of the years 1919-20 to 1923-24 are given in the table hereunder :—

STATE EXPENDITURE.—CONSOLIDATED REVENUE FUNDS, 1919-20 TO 1923-24.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
1919-20	30,210,013	15,752,459	11,266,910	6,457,039	6,531,725	1,828,301	72,046,447
1920-21	34,476,892	18,941,698	12,591,201	7,543,640	7,476,291	2,189,157	83,218,879
1921-22	36,966,525	20,297,279	12,499,970	7,826,241	7,639,242	2,302,077	87,531,334
1922-23	35,342,436	21,611,309	12,784,382	8,426,517	7,612,856	2,472,523	88,250,023
1923-24	37,251,419	23,050,968	13,415,332	8,985,599	8,094,753	2,658,382	93,456,453

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1919-20	14 16 4	10 9 7	15 6 1	13 8 3	19 18 5	8 14 3	13 11 8
1920-21	16 9 8	12 7 11	16 15 6	15 7 3	22 11 4	10 5 10	15 7 6
1921-22	17 7 5	13 1 9	16 5 5	15 11 6	22 15 1	10 10 11	15 17 8
1922-23	16 5 4	13 11 10	16 4 3	16 8 4	22 3 2	11 5 11	15 13 4
1923-24	16 16 10	14 3 8	16 10 9	17 2 6	22 17 7	12 2 9	16 5 1

As in the case of the table previously given for revenue, the above figures relate to the year ended 30th June.

3. Details of Expenditure for 1923-24.—(i) *General.* The following table shows the total expenditure and expenditure per head under each of the principal items:—

STATE EXPENDITURE.—DETAILS, 1923-24.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
TOTAL							
	£	£	£	£	£	£	£
Public debt (interest, sinking fund, etc.) ..	8,452,535	6,152,878	3,761,140	2,839,215	2,839,460	1,045,724	25,090,952
Railways and tramways (working expenses) ..	14,206,722	a8,818,314	a4,988,849	a2,791,502	2,533,058	a558,390	33,896,835
Justice ..	540,055	253,285	150,954	68,167	85,575	20,624	1,118,660
Police ..	1,090,946	789,191	461,446	220,559	180,079	78,313	2,820,534
Penal establishments ..	138,330	101,122	34,635	36,538	23,198	9,475	343,298
Education ..	3,649,833	2,139,578	1,319,188	666,089	606,797	271,269	8,652,754
Medical and charitable	1,847,894	984,718	836,197	382,719	365,447	165,290	4,582,265
All other expenditure	7,325,104	3,811,832	1,862,923	1,380,810	1,461,139	509,297	16,951,155
Total ..	37,251,419	23,050,968	13,415,332	8,985,599	8,094,753	2,658,382	93,456,453
PER HEAD OF POPULATION.							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Public debt (interest, sinking fund, etc.) ..	3 16 5	3 15 9	4 12 9	5 8 2	8 0 6	4 15 6	4 7 3
Railways and tramways (working expenses) ..	6 8 6	a5 8 6	a6 3 0	a5 6 5	7 3 2	a2 11 0	5 17 11
Justice ..	0 4 10	0 3 1	0 3 9	0 2 7	0 4 10	0 1 11	0 3 11
Police ..	0 9 10	0 9 9	0 11 4	0 8 5	0 10 2	0 7 2	0 9 10
Penal establishments ..	0 1 3	0 1 3	0 0 10	0 1 5	0 1 4	0 0 10	0 1 2
Education ..	1 13 0	1 6 4	1 12 6	1 5 5	1 14 4	1 4 9	1 10 1
Medical and charitable	0 16 9	0 12 1	1 0 8	0 14 7	1 0 8	0 15 1	0 15 11
All other expenditure	3 6 3	2 6 11	2 5 11	3 15 6	4 2 7	2 6 6	2 19 0
Total ..	16 16 10	14 3 8	16 10 9	17 2 6	22 17 7	12 2 9	16 5 1

(a) Railways only.

(ii) *Relative Importance of Various Items.* The relative importance of the items varies considerably, and the following table shows for each State the percentage under each item on the total expenditure:—

STATE EXPENDITURE.—PERCENTAGES OF ITEMS, 1923-24.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	%	%	%	%	%	%	%
Public debt (interest, sinking fund, etc.) ..	22.69	26.69	28.04	31.60	35.08	39.34	26.85
Railways and tramways (working expenses) ..	38.14	a38.26	a37.19	a31.07	31.29	a21.00	36.27
Justice ..	1.45	1.10	1.13	0.76	1.06	0.78	1.20
Police ..	2.93	3.42	3.44	2.45	2.22	2.95	3.02
Penal establishments ..	0.37	0.44	0.26	0.41	0.29	0.36	0.37
Education ..	9.80	9.28	9.83	7.41	7.50	10.20	9.26
Medical and charitable	4.96	4.27	6.23	4.26	4.51	6.22	4.90
All other expenditure ..	19.66	16.54	13.88	22.04	18.05	19.15	18.13
Total ..	100.00	100.00	100.00	100.00	100.00	100.00	100.00

(c) Railways only.

The interest and sinking fund on the public debt, together with the working expenses of the railways and tramways, represented for the year 1923-24 about 60 per cent. of the aggregate State expenditure, a proportion which has been maintained with great regularity for many years past.

Division III.—Balances.

1. Position on 30th June, 1924.—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 consequent deficit being usually liquidated either by cash obtained from trust funds, or by the issue of Treasury bills. 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, and the situation has changed very much for the worse in recent years, so that no State has now a credit balance. The position of the balances of the several Consolidated Revenue Funds on 30th June, 1924, was as follows :—

STATE CONSOLIDATED REVENUE FUND BALANCES, 30th JUNE, 1924.

State.	Debit Balance.		Net Debit Balance.
	Cash Overdraft.	Overdraft liquidated by Treasury Bills.	
	£	£	£
New South Wales	2,674,365	..	2,674,365
Victoria	18,796	903,286	922,082
Queensland	797,303	..	797,303
South Australia	1,592,488	..	1,592,488
Western Australia	2,194,746	3,945,341	6,140,087
Tasmania	509,166	349,401	858,567
Total	7,786,864	5,198,028	12,984,892

§ 3. State Trust Funds.

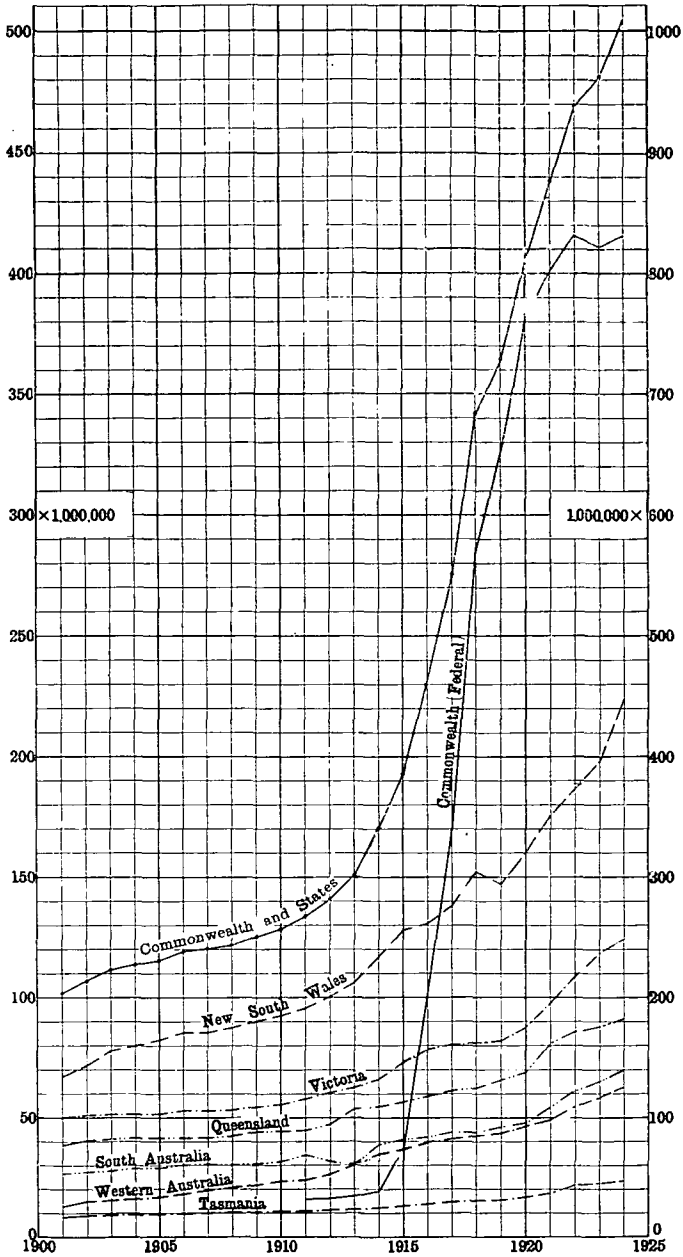
1. Nature.—In addition to the moneys received as revenue and paid to the credit of their respective Consolidated Revenue Funds, considerable sums are held by the State Governments in trust for various purposes. In most of the States also, sinking funds for the redemption of public debt are provided, 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 Governments. 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 help to swell the trust funds. Various other deposit accounts, superannuation funds, suspense accounts, etc., also find a place. 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 liquidated in this manner is open to question.

2. Extent.—The amount of trust funds held on the 30th June, 1924, was as follows :—

STATE TRUST FUNDS, 30th JUNE, 1924.

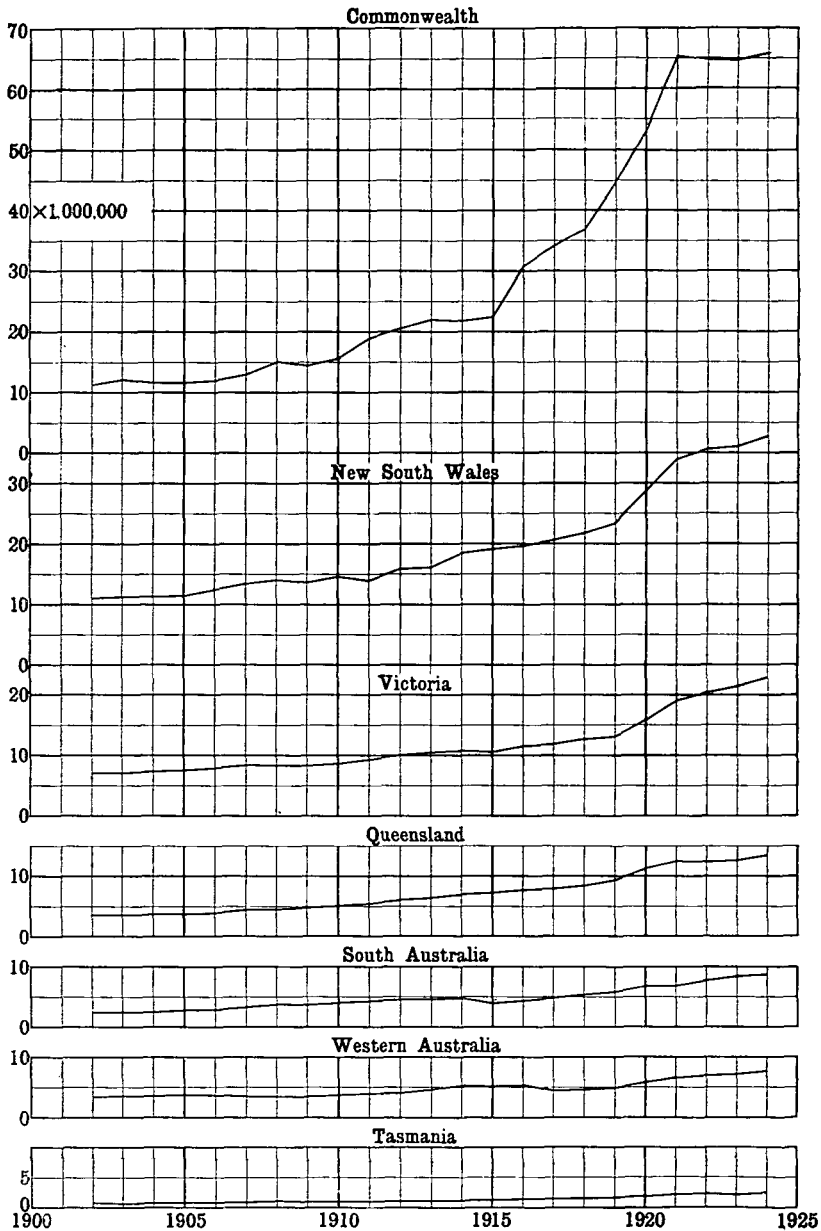
Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
Amount of trust funds	19,666,636	7,852,923	Dr. 889,798	3,186,587	18,488,936	1,701,828	50,007,112

PUBLIC DEBT—COMMONWEALTH AND STATES, 1901 TO 1924.



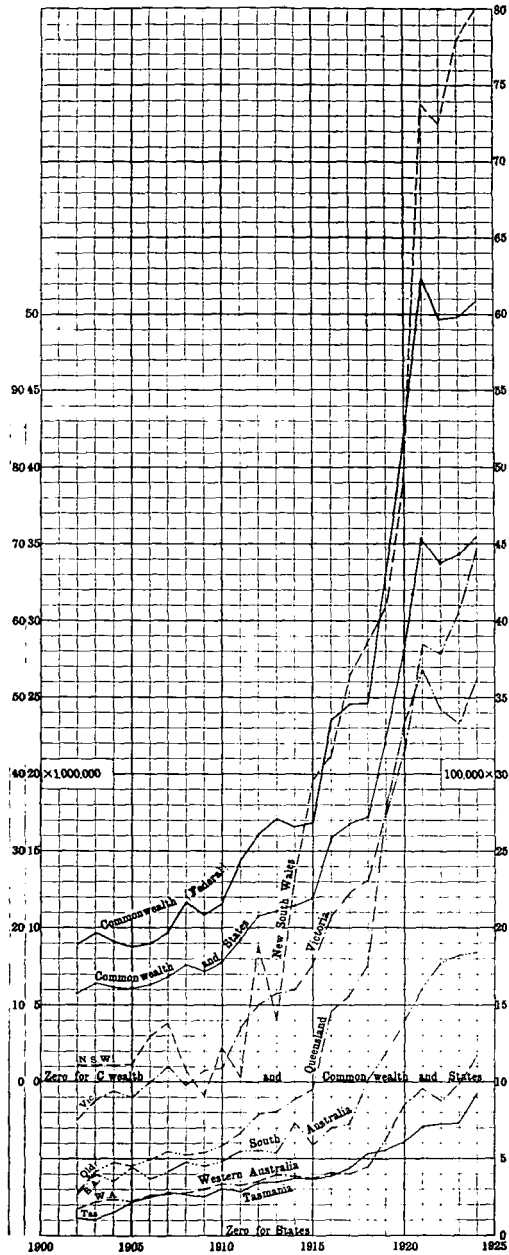
EXPLANATION.—The base of each small square represents an interval of one year, while the vertical height represents £10,000,000 in the case of the Commonwealth (Federal) and States Debts, the scale for which is on the left hand side, and £20,000,000 for Commonwealth and States combined, the scale for which is on the right hand. The Commonwealth (Federal) debt commenced in the year 1911.

CONSOLIDATED REVENUE—COMMONWEALTH AND STATES, 1902 TO 1924.



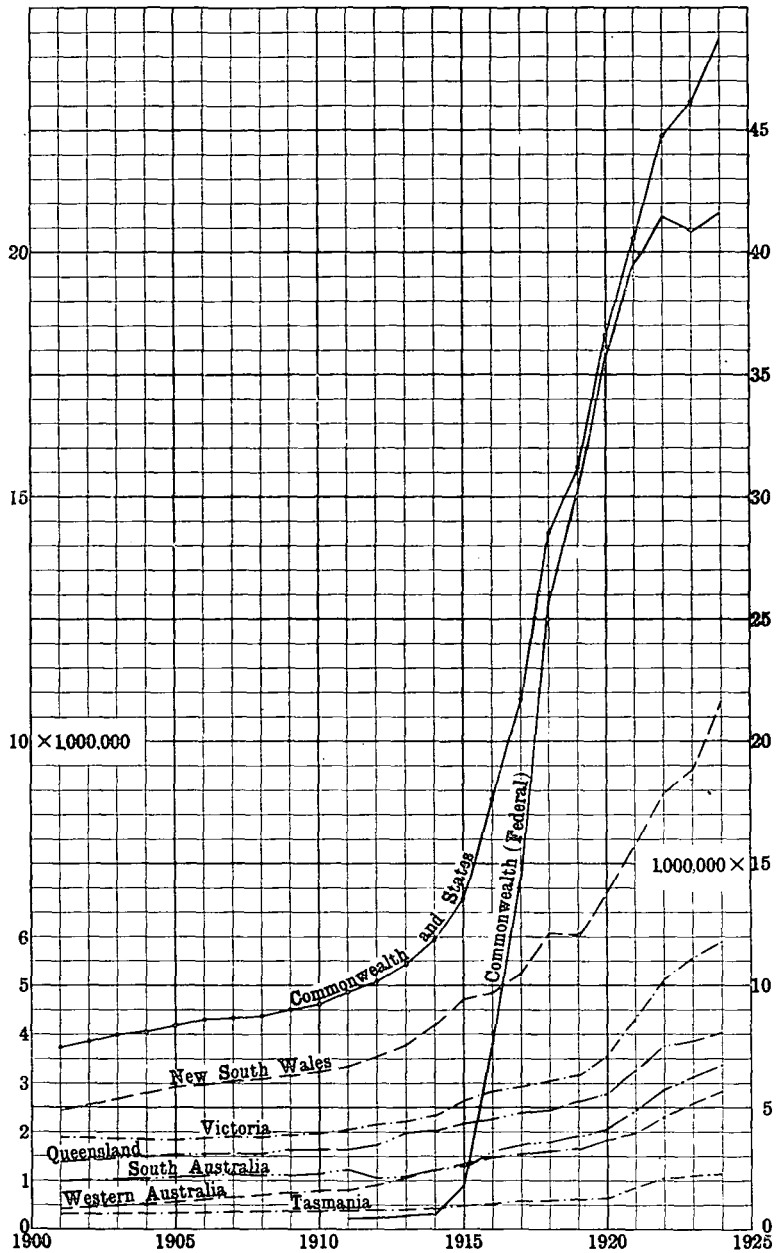
EXPLANATION.—The base of each small square represents an interval of one year, while the vertical height represents £5,000,000. The zero lines in each case are marked thus "0."

TAXATION.—COMMONWEALTH AND STATES, 1902 TO 1924.



EXPLANATION.—The base of each small square represents an interval of one year. Of the two scales on the left hand, the outer one is that for the Commonwealth and States combined, the vertical height of each square representing £2,000,000, and the inner one that for the Commonwealth (Federal), the vertical height representing £1,000,000. The scale on the right hand is that for the States, and the vertical height of each small square represents £100,000.

INTEREST ON PUBLIC DEBTS.—COMMONWEALTH AND STATES, 1901 TO 1924.



EXPLANATION.—The base of each small square represents an interval of one year, while the vertical height represents £500,000 in the case of the Commonwealth (Federal) and States, the scale for which is on the left hand side, and £1,000,000 in the case of the Commonwealth and States combined, for which the scale is on the right hand side.

§ 4. State Loan Funds.

Division I.—Loan Expenditure.

1. **General.**—So far back as the year 1842 revenue collections were supplemented with borrowed moneys, the earliest loan being by New South Wales for the purpose of assisting immigration, at rates of interest varying from $2\frac{1}{4}$ d. to $5\frac{1}{4}$ d. per £100 per diem, or approximately from $4\frac{1}{4}$ per cent. to 8 per cent. per annum. Australian public borrowing, however, is mainly due to the fact that the State Governments, in addition to ordinary administrative duties, undertake functions which in other countries are usually entrusted to local authorities or left to the initiative of private enterprise. Foremost amongst these are the construction and control of the railway systems, while loan moneys have largely been used for improvements to harbours and rivers, and the construction of water supply and sewerage works. The State loan expenditure and public debt thus differ very materially from those of most European countries, and also from those of the Commonwealth, where such expenditure was very largely incurred for purposes of defence, or absorbed in the prosecution of war. As shown above, the State debts consist chiefly of moneys raised and expended with the object of assisting the development of the resources of the country, and are, to a very large extent, represented by tangible assets.

2. **Loan Expenditure, 1923-24.**—For the year ended 30th June, 1924, State expenditure from loan funds was £29,414,190, Victoria with a total of £8,407,526 being the principal contributor to this amount. Expenditure on railways and tramways is a very heavy item, but in recent years the settlement of returned soldiers upon the land has absorbed large sums. Details for the year for each State are given in the following table :—

STATE LOAN EXPENDITURE, 1923-24.

Heads of Expenditure.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways ..	3,652,814	1,395,282	2,318,205	779,441	619,803	250,514	9,016,059
Water supply, sewerage, and water conservation	2,790,223	1,415,109	155,402	832,829	435,665	..	5,629,228
Harbours, rivers, etc. }	565,102	619,738	496,000	852,862	216,757	94,931	2,845,390
Roads and bridges }	..	..	..	..	..	..	..
Public buildings ..	499,264	359,511	287,726	132,439	88,595	41,289	1,366,246
Development of mines, etc. }	..	..	..	..	84,221	..	84,221
Advances to settlers ..	100,663	..	..	1,407,620	..	27,739	1,435,382
Land purchases for settle- ment ..	..	2,433,330	294,373	440,059	2,307,086	159,857	6,690,609
Loans to local bodies ..	4,659	..	676,291	..	..	37,187	718,137
Rabbit-proof fences ..	62,179	..	24,991	3,991	..	..	91,161
Other public works and purposes ..	60,576	62,184,556	397,211	2,815	184,706	414,275	2,973,130
Total ..	7,735,480	8,407,526	4,650,190	3,971,938	3,936,833	712,214	29,414,190

(a) Repayment.

(b) Including £2,090,091 for Electricity supply.

(c) Including £141,219 spent on Hydro-Electric scheme.

3. **Loan Expenditure, 1919-20 to 1923-24.**—The following table gives the loan expenditure during each of the years 1919-20 to 1923-24 :—

STATE LOAN EXPENDITURE, 1919-20 TO 1923-24.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
1919-20	8,794,905	7,601,266	4,797,865	3,446,617	2,663,319	1,375,960	28,679,932
1920-21	14,701,028	11,095,158	4,251,248	1,826,841	2,586,404	2,717,452	37,178,131
1921-22	10,442,732	11,804,991	2,599,573	2,689,422	2,454,924	2,097,364	32,089,006
1922-23	9,794,019	8,764,306	3,701,750	3,480,281	3,389,299	1,153,645	30,283,300
1923-24	7,735,480	8,407,526	4,650,199	3,971,938	3,936,833	712,214	29,414,190

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1919-20	4 6 4	5 1 2	6 10 4	7 3 2	8 2 6	6 11 1	5 8 2
1920-21	7 0 7	7 5 3	5 13 3	3 14 5	7 16 1	12 15 6	6 17 4
1921-22	4 18 2	7 12 3	3 7 8	5 7 1	7 6 3	9 12 2	5 16 6
1922-23	4 10 2	5 10 3	4 13 11	6 15 8	9 17 4	5 5 5	5 7 6
1923-24	3 9 11	5 3 6	5 14 8	7 11 5	11 2 6	6 5 0	5 2 4

The loan expenditure per head of population varies in the different States and in different years, reaching its highest point for the five years under review in Tasmania in 1920-21 with £12 15s. 6d. per head, and its lowest in Queensland in 1921-22 with £3 7s. 8d. per head.

4. Total Loan Expenditure to 30th June, 1924.—(i) *General.* The total loan expenditure of the States from the initiation of borrowing to the 30th June, 1924, amounted to £559,674,209. The purposes for which this sum was expended are shown in the following table:—

TOTAL STATE LOAN EXPENDITURE TO 30th JUNE, 1924.

Heads of Expenditure.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways	110,172,735	64,704,193	49,828,206	23,424,655	19,888,771	6,846,689	274,955,249
Telegraphs and telephones	1,761,845	..	996,587	991,773	..	142,410	3,692,615
Water supply, sewerage and water conservation	39,246,240	17,660,034	1,190,245	15,057,357	6,046,653	..	79,800,529
Harbours, rivers, etc.	..	..	..	..	..	..	..
Roads and bridges	21,602,487	6,886,785	4,108,755	8,413,484	4,819,859	5,521,451	51,352,821
Defence	1,457,536	149,323	363,084	291,615	..	128,224	2,389,782
Public buildings	7,131,618	4,143,064	3,294,129	1,967,949	1,005,914	1,481,594	19,024,268
Immigration	569,930	20,000	2,763,070	..	448,257	235,000	4,036,257
Development of mines, etc.	..	510,454	..	5,111	2,013,672	..	2,529,237
Land purchases for settlement	6,047,000	27,709,427	2,878,341	1,867,572	12,339,233	3,056,750	70,980,410
Advances to settlers	776,604	1,131,558	..	14,897,360	..	281,565	17,084,010
Loans to local bodies	93,925	..	8,258,843	..	..	1,513,917	9,861,685
Rabbit-proof fences	230,417	..	..	201,530	328,703	..	760,650
Other public works and purposes	10,158,866	11,975,948	3,889,581	3,682,130	5,904,949	4,479,232	40,090,706
Total	199,240,203	134,980,786	77,560,841	71,400,536	52,796,011	23,686,832	559,674,209

The figures in the table show the amounts actually spent, and differ from those given later in the statements relating to the public debt, which represent the amount of loans still unpaid. The statement above includes all expenditure, whether the loans have been repaid or are still in existence. In the public debt statement, however, loans repaid are not included, and in the case of loans still outstanding each is shown according to the amount repayable at maturity, and not according to the amount originally available for expenditure.

(ii) *Relative Importance of Items.* The relative importance of the different items of loan expenditure is indicated in the following table, which gives the percentage of each loan on the total loan expenditure in each State and for the States as a whole to 30th June, 1924 :—

TOTAL STATE LOAN EXPENDITURE TO 30th JUNE, 1924.—PERCENTAGES OF ITEMS.

Heads of Expenditure.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	%	%	%	%	%	%	%
Railways and tramways ..	55.29	48.00	64.24	32.81	37.67	28.91	49.12
Telegraphs and telephones	0.88	..	1.29	1.39	..	0.60	0.70
Water supply, sewerage, and water conservation	19.70	13.08	1.53	21.93	11.45	..	14.26
Harbours, rivers, etc. }	10.84	5.10	5.30	11.78	9.13	23.31	9.18
Roads and bridges }							
Defence ..	0.73	0.11	0.47	0.41	..	0.54	0.43
Public buildings ..	3.58	3.07	4.25	2.76	1.91	6.26	3.40
Immigration ..	0.29	0.02	3.56	..	0.85	0.99	0.72
Development of mines, etc.	..	0.38	..	0.01	3.81	..	0.45
Land purchases for settlement ..	3.03	20.53	3.70	2.62	23.37	12.90	12.68
Advances to settlers ..	0.39	0.84	..	20.86		1.19	
Loans to local bodies ..	0.05	..	10.64	..	..	6.39	1.76
Rabbit-proof fences ..	0.12	..	..	0.28	0.62	..	0.14
Other public works and purposes ..	5.10	8.87	5.02	5.15	11.19	18.91	7.16
Total ..	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Division II.—State Public Debts.

1. *General.*—The first government loan raised in Australia was obtained by New South Wales in 1842. This and nine other loans prior to 1855 were all procured locally. In the last-mentioned year Australia approached the London market, 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 other States the first public loans were raised in the following years:—Queensland 1861, South Australia 1854, Western Australia 1845, and Tasmania 1867.

2. *State Debts, 1920 to 1924.*—The table hereunder shows the State public debts and the amounts owing per head of population at the 30th June in each year from 1920 to 1924 inclusive. The totals include sums advanced by the Commonwealth to the States for settling returned soldiers on the land, and for this reason they differ in some cases from those given in previous issues.

STATE PUBLIC DEBTS, 30th JUNE, 1920 TO 1924.

Date.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
30th June, 1920 ..	£ 159,649,649	£ 98,273,123	£ 70,152,471	£ 48,565,562	£ 46,822,003	£ 16,830,039	£ 430,092,847
" 1921 ..	175,084,937	97,317,830	79,744,321	54,888,685	42,039,668	18,772,018	474,847,459
" 1922 ..	190,857,535	109,099,199	85,691,228	60,936,238	54,959,778	21,945,411	523,489,389
" 1923 ..	197,936,092	118,562,029	88,005,001	65,451,873	58,485,555	22,438,091	550,878,641
" 1924 ..	224,179,515	124,108,326	90,561,350	70,016,820	62,765,782	23,732,685	595,364,487

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
30th June, 1920 ..	77 4 3	58 7 9	93 14 1	99 16 9	141 16 3	79 8 10	80 4 5
" 1921 ..	83 5 11	63 7 5	103 18 8	110 7 3	146 19 8	83 11 11	87 0 10
" 1922 ..	88 17 1	69 9 6	109 7 2	120 14 0	161 12 4	102 17 8	94 0 4
" 1923 ..	90 5 6	73 15 0	109 4 9	125 15 9	163 0 1	104 19 2	96 16 11
" 1924 ..	100 10 3	75 13 9	109 8 9	132 7 10	174 3 7	111 6 4	102 11 9

The greatest increase in indebtedness was experienced in New South Wales, which added £84,529,866 during the period under review. During the period between 30th June, 1920, and 30th June, 1924, the public debt of the States increased by £165,271,640, or at the rate of about £41,300,000 per annum.

3. Place of Flotation of Loans.—(i) *For each State.* As pointed out previously the early loans, 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 market, the practice of raising 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. Moreover, certain loans have been placed in New York on account of the Queensland and Tasmanian Governments. The following table gives particulars of loans outstanding on the 30th June, 1924, which had been floated abroad and in Australia respectively :—

STATE PUBLIC DEBTS.—PLACE OF FLOTATION OF LOANS, 30th JUNE, 1924.

State.	Floated Abroad.		Floated in Australia.		Total Public Debt.
	Amount.	Percentage on Total Debt.	Amount.	Percentage on Total Debt.	
	£	%	£	%	£
New South Wales ..	145,989,307	65.12	78,190,208	34.88	224,179,515
Victoria ..	48,551,314	39.12	75,557,012	60.88	124,108,326
Queensland ..	(a) 58,953,083	65.10	31,608,267	34.90	90,561,350
South Australia ..	33,328,773	47.60	36,688,056	52.40	70,016,829
Western Australia ..	42,932,680	68.40	19,833,102	31.60	62,765,782
Tasmania ...	(b) 12,905,265	54.38	10,827,420	45.62	23,732,685
Total ..	342,660,422	57.55	252,704,065	42.45	595,364,487

(a) Including £4,521,167, floated in New York.

(b) Including £144,015, floated in New York.

(ii) *Total, All States.* The next table showing similar particulars of aggregate State indebtedness at the end of the years 1919–20 to 1923–24, indicates the rapidity with which the local holdings have increased.

STATE PUBLIC DEBTS.—PLACE OF FLOTATION OF LOANS, 30th JUNE, 1920 TO 1924.

Year.	Floated Abroad.		Floated in Australia.		Total Public Debt.
	Amount.	Percentage on Total Debt.	Amount.	Percentage on Total Debt.	
	£	£	£	%	£
30th June, 1920 ..	266,307,448	61.92	163,785,399	38.08	430,092,847
„ 1921 ..	271,981,090	57.28	202,866,369	42.72	474,847,459
„ 1922 ..	300,274,441	57.36	223,214,948	42.64	523,489,389
„ 1923 ..	309,216,201	56.13	241,662,440	43.87	550,878,641
„ 1924 ..	342,660,422	57.55	252,704,065	42.45	595,364,487

In the course of four years the foreign indebtedness of the States has increased by £76,352,974, while the local indebtedness has increased by £88,918,666. In other words, the Australian proportion had on 30th June, 1924, grown to more than two-fifths.

The total indebtedness of the States increased during the year 1923-24 by £44,485,486, and is accounted for chiefly by the loans from the Commonwealth Government, which has either advanced money to the States, or acted as agent in obtaining loans from London. The sums raised have been largely spent in settling returned soldiers on the land, in constructing silos for wheat storage, and in providing employment through the medium of local bodies.

4. Rates of Interest.—(i) *At 30th June, 1924.* As mentioned previously, the highest rate of interest paid for the earliest State loans was fivepence farthing per £100 per diem, or, approximately, 8 per cent. per annum. At present the rates vary from 7½ per cent. to 3 per cent. It is probable, however, that the debt at the higher rates will largely increase in the future, since conversion can scarcely be effected at present at a lower rate of interest than 5 per cent. The average rate payable on the aggregate indebtedness is nearly 4½ per cent. For the separate States the average varies considerably, being lowest in the case of Queensland and highest in that of Tasmania, the difference between these two average rates being about ½ per cent. The table hereunder gives particulars of the rates of interest payable at the 30th June, 1924 :—

STATE PUBLIC DEBTS.—RATES OF INTEREST PAYABLE, 30th JUNE, 1924.

Rate of Interest.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
%	£	£	£	£	£	£	£
7½ ..						144,015	144,015
7½ ..	2,311,068	586,414	830,976	513,564	1,380,000	268,649	5,890,671
7 ..			2,466,091	..	..	..	2,466,091
£6/15/2 ..	1,250,000	631,248	10,742	..	477,802	..	2,369,792
£6/14/- ..		..	..	..	500,000	19,280	519,280
6½ ..	6,500,000	101,786	3,130,650	3,000,000	250,000	3,436,540	16,317,190
£6/7/- ..	4,535,099	5,523,543	1,580,780	1,730,158	1,939,883	900,000	16,209,463
6¼ ..		127,794	..	..	..	164,644	266,430
6 ..	10,551,191	1,279,794	5,841,976	8,832,620	5,305,135	1,664,626	33,475,342
5½ ..	25,914,452	3,237,943	..	..	1,500,000	25,290	30,677,685
£5/13/2 ..		..	..	28,796	..	..	28,796
5½ ..	34,343,906	18,666,310	6,701,290	14,163,139	3,992,042	2,444,234	80,310,921
£5/6/11 ..	2,124,411	3,563,724	501,241	522,283	1,045,559	600,000	8,357,218
£5/5/3 ..	85,478	1,581,146	309,730	67,000	87,958	341,635	2,472,947
5¼ ..	5,662,131	6,847,830	1,973,730	1,399,301	347,535	..	16,230,527
5 ..	33,612,335	39,164,480	1,654,869	11,692,175	6,357,187	2,313,815	94,794,861
4¾ ..	..	350,000	..	..	..	..	350,000
4½ ..	..	335,980	..	1,000,000	..	..	1,335,980
£4/14/5 ..	7,400,000	3,900,000	..	2,706,000	3,100,000	1,000,000	18,106,000
4½ ..	19,268,534	3,184,198	16,016,123	496,262	5,592,573	363,649	44,921,339
4¼ ..	..	733,660	..	..	..	140,750	874,410
4 ..	21,141,994	5,851,755	21,044,809	7,486,291	9,572,618	4,634,620	69,732,087
3¾ ..	1,912,085	220,000	2,025,300	4,220,515	1,650,000	..	10,027,900
3½ ..	30,519,759	18,243,439	20,983,660	6,196,380	12,317,490	4,820,938	93,081,666
3 ..	17,047,072	10,105,076	5,489,383	5,962,345	7,350,000	450,000	46,403,876
Total ..	224,179,515	124,108,326	90,561,350	70,016,829	62,765,782	23,732,685	595,364,487
Average rate	£4/16/2	£4/15/1	£4/8/10	£4/16/11	£4/9/11	£4/17/10	£4/14/4

(ii) *All States, 1920 to 1924.* The rapid increase recently in the amounts bearing interest at the higher rates is exhibited in the table hereunder which shows the aggregate amount of indebtedness at the several rates of interest at the 30th June in each of the years 1920 to 1924 :—

STATE PUBLIC DEBTS.—RATES OF INTEREST PAYABLE 30th JUNE, 1920 TO 1924.

Rate of Interest.	30th June, 1920.	30th June, 1921.	30th June, 1922.	30th June, 1923.	30th June, 1924.
%	£	£	£	£	£
7½ .. .. .	..	100,090	122,123	144,015	144,015
7½ .. .. .	..	..	4,499,529	5,790,670	5,890,671
7 .. .. .	..	..	2,466,091	2,466,091	2,466,091
£6/15/2 .. .. .	..	..	2,369,792	2,369,792	2,369,792
£6/14/0 .. .. .	..	..	..	..	519,280
£6/13/10 .. .. .	..	123,991	..	..	..
6½ .. .. .	..	11,972,379	16,149,635	16,306,663	16,317,190
£6/7/- .. .. .	..	16,209,462	16,209,463	16,209,463	16,209,463
6½	461,795	5,100,770	8,651,849	5,696,341	266,430
6	2,241,800	6,545,219	30,630,929	29,807,617	33,475,342
5½	19,576,000	20,171,777	31,565,051	32,539,261	30,677,685
£5/13/2 .. .. .	..	28,796	28,796	28,796	28,796
5½	33,093,115	47,234,718	58,264,168	66,573,879	80,310,921
£5/6/11	8,377,014	8,357,218	8,357,218	8,357,218	8,357,218
£5/5/3	3,149,665	3,088,428	3,012,870	2,980,759	2,472,947
5½	22,460,909	24,272,989	24,111,789	24,082,463	16,230,527
£5/3/10	17,085	13,571	..	..	..
5	21,698,079	19,443,800	18,657,115	38,526,496	94,794,861
4½ .. .. .	..	..	1,000,000	1,050,000	350,000
4½	7,275,350	6,582,390	2,148,160	2,406,010	1,335,930
£4/14/5 .. .. .	..	..	..	18,000,000	18,106,000
£4/14/3	20,000	11,874	5,010	398	..
£4/13/10	93,247	..	..	..	..
4½	20,000	..	..	..	..
4½	30,113,383	29,236,033	29,966,961	38,823,200	44,921,339
4½	640,750	837,010	837,010	874,410	874,410
4½	18,000,000	18,000,000	18,000,000	..	..
4	90,463,298	86,904,348	84,773,988	77,444,696	69,732,087
3½	14,123,008	13,265,810	12,213,148	11,583,600	10,027,900
3½	111,963,434	111,123,493	103,420,420	102,811,575	93,081,666
3½	24,718	24,718	..	..	..
3	46,280,197	46,198,575	46,028,274	46,005,168	46,403,876
Total	430,092,847	474,847,459	523,489,389	550,878,641	595,364,487
Average rate	£4/3/1	£4/7/8	£4/12/0	£4/13/0	£4/14/4

The increase in the average rate started in 1912, but was accelerated by the war, which has virtually made 5 per cent. the present minimum rate of interest for gilt-edged securities. The figure is likely to rise for some time, since securities falling due in the future will probably have to be renewed at a higher rate of interest.

5. **Interest per Head.**—The relative burden of the State debts in respect of interest will be seen from the following table, which gives for the 30th June, 1924, the amount of interest payable on the public debt outstanding at that date, and the corresponding amount per head of population :—

STATE PUBLIC DEBTS.—INTEREST PAYABLE, 30th JUNE, 1924.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Total annual interest payable	10,783,185	5,898,632	4,023,593	3,393,218	2,820,425	1,161,066	28,080,119
Annual interest payable per head	£4/16/8	£3/11/11	£4/17/3	£6/8/4	£7/16/6	£5/8/11	£4/16/0

6. **Dates of Maturity.**—Whereas securities like the British Consols are interminable, Australian debts have in most cases a fixed date for repayment, there being a few exceptions which are included in the following table under the headings "interminable," "interminable at Government option," and "not yet fixed." The "interminable at Government

option" includes amounts which are payable by the respective Governments after giving a specified notice, and the "not yet fixed" consists of certain amounts owing to the Commonwealth Government. In most cases at date of maturity renewal is effected in respect of the greater portion of the loan, as provision for redemption has been made in exceptional cases only. In order to avoid application to the market at an unfavourable time, several States have adopted the practice of specifying a period 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. The Government can, therefore, take advantage of opportunities that may offer during the period for favourable renewals. Particulars concerning the due dates of the State loans outstanding on the 30th June, 1924, are given in the following 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.

**STATE PUBLIC DEBTS.—DUE DATES OF AMOUNT OUTSTANDING
ON 30th JUNE, 1924.**

Year of Maturity.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
Overdue ..	17,963	5,580	..	..	..	..	23,543
1924 ..	18,205,397	6,673,496	13,008,834	3,522,156	442,920	486,755	42,339,558
1925 ..	11,782,006	12,497,837	12,021,000	10,055,054	3,871,460	2,064,641	52,292,000
1926 ..	7,202,941	6,105,367	963,300	4,081,189	2,172,695	881,501	21,407,083
1927 ..	18,051,676	4,848,265	4,343,750	6,662,720	5,681,320	1,714,531	41,302,262
1928 ..	1,165,611	12,334,162	487,100	2,101,936	161,650	1,247,895	17,498,354
1929 ..	1,106,589	9,082,913	93,100	2,476,046	555,000	1,270,985	14,584,633
1930 ..	8,924,184	4,297,745	4,577,200	1,089,082	..	133,134	14,021,345
1931 ..	3,485,242	1,388,638	..	66,851	..	210,760	5,151,491
1932 ..	14,214,200	2,031,366	..	13,170	1,168,995	35,075	17,462,806
1933 ..	17,838,022	332,960	..	2,340,028	951,220	350,500	21,813,630
1934 ..	14,247,721	6,773,749	485,030	2,429,901	1,616,643	..	25,553,044
1935 ..	17,598,465	..	..	1,561,550	8,408,185	142,750	27,710,950
1936 ..	92,150	300,000	2,925,650	5,201,330	1,240,000	6,000	9,765,130
1937 ..	98,700	40,000	..	16,400	..	6,698	161,798
1938 ..	84,450	..	2,362,697	101,440	865,285	..	3,413,852
1939 ..	2,900	312	..	2,734,050	106,603	..	2,843,865
1940 ..	16,506,014	4,248,900	2,000,000	6,014,861	4,500,000	7,810,022	41,079,797
1941 ..	5,100	324,380	2,928,391	..	..	38,647	3,294,518
1942 ..	4,008,100	14,485,100	15,000	6,650,300	61,697	1,150,000	26,370,197
1943 ..	765,700	3,600	..	1,037,925	756,100	..	2,563,325
1944 ..	252,900	400	..	..	..	..	253,300
1945 ..	11,006,015	1,856,943	7,557,009	798,812	5,895,527	200,000	27,314,306
1946 ..	..	217,400	..	..	..	250,000	467,400
1947 ..	3,200	..	6,553,769	..	2,250,000	..	8,806,969
1948 ..	6,500	..	..	..	..	..	6,500
1949 ..	2,900	11,699,271	..	..	..	..	11,702,271
1950 ..	22,061,870	11,886,075	10,108,937	2,861,801	5,431,202	4,929,564	57,279,449
1951 ..	..	..	999,600	..	..	..	999,600
1952 ..	3,100	..	125,400	..	..	..	128,500
1953 ..	6,500	..	2,147,809	..	..	..	2,154,309
1954 ..	2,900	123,874	..	..	..	..	126,774
1955 ..	22,001,500	..	..	..	4,437,000	..	26,438,500
1960 ..	..	2,979,700	2,000,000	3,000,000	1,000,000	..	8,979,700
1962 ..	10,500,000	..	..	..	6,000,000	..	16,500,000
1964 ..	..	..	..	..	1,566,000	..	1,566,000
1965 ..	..	..	..	..	3,000,000	..	3,000,000
1970 ..	..	..	2,000,000	..	..	..	2,000,000
Interminable ..	532,889	..	2,062,000	77,382	..	..	2,672,271
Interminable at Government option ..	7,395,208	5,498,834	..	5,122,845	..	..	18,016,887
Annual Drawings ..	..	..	71,132	..	31,300	..	102,432
Half-yearly ..	..	..	7,984,642	..	..	805,137	8,789,779
Date not fixed ..	..	4,071,359	2,740,000	..	595,000	..	7,406,359
Total ..	224,179,515	124,108,326	90,561,350	70,016,829	62,765,782	23,732,685	595,364,487

7. **Sinking Funds.**—The practice of providing sinking funds has been consistently adopted in the case of Western Australia only. This State has established, in connexion 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. The funds are placed with trustees in London, by whom they are invested in securities, and applied from time to time to the redemption of loans falling due. In the other 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. The following table gives the sinking funds and net indebtedness of each State at the 30th June, 1924 :—

STATE SINKING FUNDS AND NET INDEBTEDNESS, 30th JUNE, 1924.

State.	Gross Indebtedness.	Sinking Fund.	Net Indebtedness.	Net Indebtedness per Head.
	£	£	£	£
New South Wales ..	224,179,515	429,211	223,750,304	100 6 5
Victoria ..	124,108,326	3,560,225	120,548,101	73 10 4
Queensland ..	90,561,350	940,244	89,621,106	108 6 1
South Australia ..	70,016,829	2,496,931	67,519,898	127 13 5
Western Australia ..	62,765,782	9,373,572	53,392,210	148 3 4
Tasmania ..	23,732,685	1,108,621	22,624,064	106 2 4
Total ..	595,364,487	17,908,804	577,455,683	99 10 0

C. COMMONWEALTH AND STATE PUBLIC DEBTS.

The table hereunder, showing the public debts of the Commonwealth and the States, contains a column headed "deduction for debts counted twice." For each year this includes certain advances made by the Commonwealth to the States.

COMMONWEALTH AND STATE PUBLIC DEBTS, 1919-20 TO 1923-24.

Year ended 30th June.	Public Debt of Commonwealth.	Public Debt. of States.	Total Debt.	Deduction for Debts Counted Twice.	Balance, i.e., Public Debt of Australia.	Public Debt per Capita.
	£	£	£	£	£	£ s. d.
1920..	381,309,905	430,092,847	811,402,752	33,060,917	778,341,835	145 3 6
1921..	401,720,024	474,847,459	876,567,483	48,551,637	828,015,846	151 15 7
1922..	416,070,509	523,489,389	939,559,898	55,182,665	884,377,233	158 16 8
1923..	410,996,316	550,878,641	961,874,957	56,390,011	905,484,946	159 3 9
1924..	415,600,099	595,364,487	1,010,964,586	55,385,628	955,578,958	164 13 1

A series of graphs illustrating the rise in the revenue, public debt, and taxation of the Commonwealth and States since 1902, the year 1901-2 being the first complete financial year since Federation, accompanies this chapter.

D. PRIVATE FINANCE.

§ 1. Coinage.

1. Australian Mints.—(i) *General*. Soon after the discovery of gold in Australia steps were taken for the establishment of a branch of the Royal Mint in Sydney. The formal opening took place on the 14th May, 1855. The Melbourne branch was opened on the 12th June, 1872, and the Perth branch on the 20th June, 1899. The States of New South Wales, Victoria, and Western Australia provide an annual endowment in return for which the mint receipts are paid into the respective State Treasuries, and it might be said until recently that, apart from expenditure on buildings, new machinery, etc., the accounts paid into the Treasuries fairly balanced the mint subsidies. Early in 1923, however, it was announced that owing to losses incurred in the operations of recent years, the New South Wales Government had decided to close the Sydney branch at the end of 1923. This decision was, however, not carried out.

(ii) *Gold Receipts and Issues in 1924*. (a) *Assay of Deposits Received*. The deposits received during 1924 at the Sydney Mint reached a gross weight of 114,822 ozs.; at the Melbourne Mint, a gross weight of 109,222 ozs.; and at the Perth Mint, a gross weight of 614,032 ozs. The average composition of these deposits in Sydney was, gold 949.6, silver 33.2, base 17.2 in every 1,000 parts; Melbourne, gold 797.0, silver 143.3, base 59.7 in every 1,000 parts; and Perth, gold 792.3, silver 147.4, base 60.3 in every 1,000 parts.

(b) *Issues*. The Australian mints, besides issuing gold coin in the shape of sovereigns and half-sovereigns, also issue gold bullion, partly for the use of local manufacturers (jewellers and dentists), and partly for export, India taking a considerable quantity of gold cast into 10-oz. bars. During recent years the export was subject to regulation by the Commonwealth Government, but the embargo was lifted in 1925. The issues during 1924 are shown in the table below :—

AUSTRALIAN MINTS.—ISSUES OF GOLD, 1924.

Mint.	Coin.			Bullion.	Total.
	Sovereigns.	Half-sovereigns.	Total.		
	£	£	£	£	£
Sydney ..	394,000	..	394,000	19,901	413,901
Melbourne ..	278,140	..	278,140	101,347	379,487
Perth ..	1,464,416	..	1,464,416	616,148	2,080,564
Total ..	2,136,556	..	2,136,556	737,396	2,873,952

(c) *Withdrawals of Worn Coin*. The mints receive light and worn coin for recoinage. The total withdrawals of worn gold coin were as follows :—Sydney, £1,090,997; Melbourne, £865,392 (since and including 1890); Perth, £1,401.

(iii) *Total Gold Receipts and Issues*. (a) *Receipts*. The total quantities of gold received at the three mints since their establishment are stated in the gross as follows :—Sydney, 40,416,689.62 ozs.; Melbourne, 39,784,213.64 ozs.; and Perth, 30,165,666 ozs.

As the mints pay for standard gold (22 carats) at the rate of £3 17s. 10½d. per oz., which corresponds to a value of £4 4s. 11½d. per oz. fine (24 carats), it is possible to arrive at an estimate of the number of fine ounces from the amounts paid for the gold received. These amounts were:—Sydney, £149,805,746; Melbourne, £155,808,258; Perth, £105,018,587; corresponding to—Sydney, 35,267,270 ozs. fine; Melbourne, 36,679,987 ozs. fine; and Perth, 24,723,477 ozs. fine. In the case of deposits containing over a certain minimum of silver, the excess is paid for at the rate fixed from time to time by the Deputy-Master of the branch mint concerned.

(b) *Issues.* The total values of gold coin and bullion issued by the three mints are shown in the table hereunder. It may be said that about four-sevenths of the total gold production of Australasia has passed through the three Australian mints, the production of Australia to the end of 1924 being valued at £618,999,818, and that of New Zealand at approximately £93,300,000, or a total of about £712,299,818.

AUSTRALIAN MINTS.—TOTAL ISSUES OF GOLD TO END OF 1924.

Mint.	Coin.			Bullion.	Total.
	Sovereigns.	Half-sovereigns.	Total.		
	£	£	£	£	£
Sydney ..	137,772,500	4,781,000	142,553,500	7,206,824	149,760,324
Melbourne ..	142,464,953	946,780	143,411,733	12,395,923	155,807,656
Perth ..	95,820,212	367,338	96,187,550	8,817,032	105,004,582
Total ..	376,057,665	6,095,118	382,152,783	28,419,779	410,572,562

(iv) *Silver and Bronze Coinage.* (a) *Prices of Silver.* The value of silver has greatly decreased since its demonetization and restricted coinage in almost the whole of Europe. A noticeable increase, however, took place for some years after 1915, the price of silver following the general trend of world prices. Its average price in the London market in recent years is shown in the table in Chapter XXI. Mineral Industry.

(b) *Profits on Coinage of Silver.* As sixty-six shillings are coined out of one pound troy of standard silver, the silver required to produce £3 6s. of coin was only worth on the average about £1 12s. 1d. during 1923–24, the difference represents, therefore, the gross profit or seigniorage made on the coinage of every £3 6s. Negotiations took place for a number of years between the Imperial authorities and the Governments of New South Wales and Victoria, and in 1898, resulted in permission being granted to the two Governments named to coin silver and bronze coin at the Sydney and Melbourne Mints for circulation in Australia. No immediate steps were, however, taken in the matter, and as section 51 of the Commonwealth Constitution makes legislation concerning “currency, coinage, and legal tender” a Federal matter, the question remained in abeyance until the latter part of 1908, when the Commonwealth Treasurer announced his intention of initiating the coinage. Since 1916 silver and bronze coins have been minted in Australia on behalf of the Commonwealth Treasury.

(c) *Silver and Bronze Issues.* The total issues of silver and bronze coinage on account of the Commonwealth since 1910 as obtained from returns furnished by the Treasury, are set out in the following table:—

AUSTRALIAN MINTS.—SILVER AND BRONZE ISSUES, 1910 TO 1924.

Year.	Silver.					Bronze.		
	2/-. £	1/-. £	6d. £	3d. £	Total. £	1d. £	½d. £	Total. £
1910-18 ..	1,730,950	1,138,600	303,700	295,100	3,468,350	92,220	42,950	135,170
1919 ..	98,600	48,900	28,500	37,725	213,725	29,204	9,930	39,134
1920 ..	94,800	93,000	54,800	53,775	296,375	33,320	8,555	41,875
1921 ..	118,300	58,400	72,500	82,900	332,100	30,779	10,525	41,304
1922 ..	129,100	37,400	40,400	40,650	247,550	31,770	4,400	36,170
1923 (30th June)	59,850	35,900	13,100	7,000	106,850	9,650	370	10,020
1923-24 ..	146,200	58,800	25,400	29,250	259,650	30,650	4,560	35,210
Total ..	2,368,800	1,471,000	538,400	546,400	4,924,600	257,593	81,290	338,883

(d) *Withdrawals of Worn Silver Coin.* The value of worn silver coins received during 1924 was as follows:—Sydney, £74,400; Melbourne, £84,597; Perth, £8,136. The total withdrawals of worn silver coin were:—Sydney, £1,159,172; Melbourne, £903,128; Perth, £77,606.

(v) *Standard Weight and Fineness of Coinage.* The coinage of Australia, so far as the coins minted are concerned, is the same as that of the United Kingdom, and the same provisions as to legal tender apply, viz., gold coins are legal tender to any amount, silver for an amount not exceeding forty shillings, and bronze up to one shilling. As will be seen from the table below, the standard weights of the sovereign and half-sovereign are respectively 123.27447 grains and 61.63723 grains, but these coins will pass current if they do not fall below 122.5 grains and 61.125 grains respectively.

AUSTRALIAN COINAGE—STANDARD WEIGHT AND FINENESS.

Denomination.	Standard Weight.	Standard Fineness.
	Grains.	
GOLD—		
Sovereign ..	123.27447	} Eleven-twelfths fine gold, viz. :— Gold .. 0.91667 } 1.00000 Alloy .. 0.08333
Half-sovereign ..	61.63723	
SILVER—		
Florin ..	174.54545	} Thirty-seven-fortieths fine silver, viz. :— Silver .. 0.925 } 1.000(a) Alloy .. 0.075
Shilling ..	87.27272	
Sixpence ..	43.63636	
Threepence ..	21.81818	
BRONZE—		
Penny ..	145.83333	} Mixed metal, viz. :— Copper .. 0.95 } 1.00 Tin .. 0.04 Zinc .. 0.01
Halfpenny ..	87.50000	

(a) The fineness of Australian silver coins is still 925, but since December, 1920, the fineness of British silver coins has been reduced to 500.

§ 2. Cheque-Paying Banks.

1. *Banking Legislation.*—(i) *Commonwealth Legislation.* Under Section 51 of the Commonwealth Constitution Act the Commonwealth Parliament has power to legislate with respect to "Banking, other than State banking, also State banking extending beyond the limits of the State concerned, the incorporation of banks, and the issue of paper money." Legislation under this authority comprises the following Acts: No. 27 of 1909, dealing with Bills of Exchange, Cheques, and Promissory Notes; No. 11 of 1910, dealing with Australian Notes; and No. 14 of 1910, a Bank Notes Tax Act. The Notes Act and the Bank Notes Tax Act were supplemented in the following year by the passing of No. 18

of 1911, "An Act to provide for a Commonwealth Bank," which passed both Houses and was assented to on 22nd December, 1911. Some account of the foundation of the Bank appeared in No. 6 to No. 10 issues of the *Official Year Book*.

As the initial expenses of the bank were heavy, the early operations resulted in a small loss, but with the increasing prosperity of the institution the early deficit was gradually reduced, until on 30th June, 1915, it was entirely extinguished. The following table shows the aggregate net profits from the initiation of the bank to the end of each of the last five financial years:—

COMMONWEALTH BANK.—AGGREGATE PROFITS, 1920 TO 1924.

Date.	Aggregate Net Profits to Date.		
	General Bank.	Savings Bank.	Total.
	£	£	£
30th June, 1920	2,426,067	330,038	2,756,105
„ 1921	3,082,249	369,116	3,451,365
„ 1922	3,577,317	424,342	4,001,659
„ 1923	3,869,219	534,768	4,403,987
„ 1924	3,964,620	690,053	4,654,673

In accordance with the provisions of section 30 of the Bank Act and section 9 (2) of the National Debt Sinking Fund Act, half of the net profits of the Bank have been placed to the credit of the Bank's Reserve Fund and half to the credit of the National Debt Sinking Fund.

The Commonwealth Bank Act 1924 was assented to on 20th August, 1924. This Act was passed to broaden the scope of the Commonwealth Bank and to enable it to perform the functions for which it had been established. Five main amendments to the Bank Act 1911-20 are included:—(1.) Appointment of a Board of Directors to control not only the general business, but also that of the note issue. The Board consists of the Governor of the Bank, the Secretary to the Treasury, and six others who are or have been actively engaged in agriculture, commerce, finance or industry. In addition to the above Board there is a Board of Advice in London. (2.) Strengthening the bank by the provision of further capital. It is proposed to capitalize £4,000,000 of the accumulated profits and to authorize the Treasurer to raise by loan sums aggregating £6,000,000 and to lend the proceeds to the Commonwealth Bank as additional capital. The Ministry does not propose to interfere with the authority already included in the Commonwealth Bank Act to issue debentures up to £10,000,000. (3.) The Board is to fix and publish its discount rate. (4.) The associated banks are required to settle their exchanges through the Commonwealth Bank. (5.) The associated banks are required to supply to the Treasurer each quarter a statement of average weekly liabilities and assets in accordance with the schedule prescribed.

(ii) *State Legislation.* The Acts under which the various banks are incorporated differ somewhat. While most of the older banks were incorporated by special Act or Charter, e.g., the Bank of New South Wales, by Act of Council 1817; the Bank of Australasia, by Royal Charter; the Bank of Adelaide, by Act of the South Australian Parliament; and the Bank of New Zealand, by Act of the General Assembly of New Zealand, the newer banks are generally registered under a "Companies Act," or some equivalent Act. This is also the case with those banks which, after the crisis of 1893, were reconstructed.

(iii) *Australian Note Issue.* In December, 1920, the Australian Note Issue was handed over to the control of the Commonwealth Bank, the notes, however, still remaining Treasury Notes. The Note Issue Department of the Bank is administered by a Board including the Governor and Secretary of the Bank, a leading Treasury official, and two outside financial experts. The notes in circulation on 30th June, 1924, amounted to £56,890,225, of which approximately 61 per cent. was held by the Banks and 93 per cent. by the public. Against this there was a reserve of gold coin amounting

to £24,441,276, or nearly 43 per cent., and other assets including investments of £32,448,949. The investments are set out in detail as follows:—

AUSTRALIAN NOTES ACCOUNT.—PARTICULARS OF INVESTMENTS AS AT 30th JUNE, 1924.

Investment.	Amount.	Rate of Interest.	Date of Maturity.	Annual Amount of Interest.
	£	%		£
Commonwealth Inscribed Stock	3,014,716	3½	1/4/62 to 1/4/72	105,515
Commonwealth Inscribed Stock	5,584,700	6	31/5/25 to 15/12/30	335,082
Commonwealth War Loan	63,640	4½	15/12/25	2,864
New South Wales Treasury Bills	7,400,000	4/14/5	1925	349,354
Victorian Debentures (face value £250,000)	245,000	5½	1/7/24 to 1/7/26	13,750
Victorian Debentures	3,900,000	4/14/5	1925	184,119
Victorian Inscribed Stock	583,000	5½	(a)	160,875
Queensland Securities	1,490,000	5½	(a)	78,225
South Australian Treasury Bills (face value £2,706,000)	2,600,000	4/14/5	1925	127,750
South Australian Securities	326,000	6	(a)	19,500
Western Australian Stock	590,000	3½	1/1/26	22,125
Western Australian Treasury Bills	3,100,000	4/14/5	1925	146,351
Western Australian Securities	335,000	5½	(a)	17,587
Tasmanian Inscribed Stock	100,000	5½	1/10/24 to 1/10/25	5,500
Tasmanian Treasury Bills	1,000,000	4/14/5	1925	47,210
Tasmanian Securities	469,000	5½	(a)	24,622
Total	(b)30,801,056	..	..	1,640,489

(a) Not yet fixed.

(b) Exclusive of other assets amounting to £1,647,892.

2. **Banks in Operation.**—The nineteen banks trading in Australia at the 30th June, 1924, are arranged in the table hereafter according to the situation of their head offices. Where reference to the banks is made by name they will be dealt with in the order thus given, with the exception of the Commonwealth Bank, which is placed first:—

CHEQUE-PAYING BANKS AT 30th JUNE, 1924.

Bank.	Head Office.
Commonwealth Bank of Australia	Sydney
Joint Stock Banks—	
Bank of Australasia	London
Union Bank of Australia Limited	"
English, Scottish, and Australian Bank Limited	"
Bank of New South Wales	Sydney
Commercial Banking Company of Sydney Limited	"
Australian Bank of Commerce Limited	"
Primary Producers' Bank of Australia Limited	"
National Bank of Australasia Limited	Melbourne
Commercial Bank of Australia Limited	"
Bank of Victoria Limited	"
Royal Bank of Australia Limited	"
Ballarat Banking Company Limited	Ballarat
Queensland National Bank Limited	Brisbane
Bank of Adelaide	Adelaide
Western Australian Bank	Perth
Bank of New Zealand	Wellington
Comptoir National d'Escompte de Paris	Paris
Yokohama Specie Bank Limited	Yokohama

Amalgamations, which have been such a feature in British banking of late years, have also been effected in Australia, the number of competitive joint-stock banks being thereby reduced considerably. During the calendar years 1917 and 1918 the following were recorded:—(a) the Royal Bank of Queensland Limited with Bank of North Queensland Limited; (b) City Bank of Sydney with Australian Bank of Commerce Limited; (c) National Bank of Tasmania Limited with Commercial Bank of Australia Limited; and (d) National Bank of Australasia Limited with Colonial Bank of Australasia Limited. A further amalgamation took place in August, 1920, viz., the London Bank of Australia Ltd. and the English, Scottish and Australian Bank Ltd., and these banks absorbed the Commercial Bank of Tasmania in May, 1921. The National Bank of Australasia also absorbed the Bank of Queensland.

3. **Capital Resources.**—The paid-up capital of the cheque-paying banks, together with their reserve funds, the rate per cent., and the amount of their last dividends, are shown in the table hereunder. The information relates to the balance-sheet last preceding the 30th June, 1924. In regard to the reserve funds it must be noted that in the case of some of the banks these are invested in Government securities, while in other cases they are used in the ordinary business of the banks, and in a few instances they are partly invested and partly used in business:—

CHEQUE-PAYING BANKS.—CAPITAL RESOURCES, 30th JUNE, 1924.

Bank.	Paid-up Capital.	Rate per cent. per annum of last Dividend and Bonus.	Amount of last Half-yearly Dividend and Bonus.	Amount of Reserved Profits.
	£	%	£	£
Commonwealth Bank of Australia ..	..	..	..	4,465,660
Joint Stock Banks—				
Bank of Australasia	4,000,000	10 and Bonus 3	260,000	3,745,427
Union Bank of Australia Ltd. ..	3,000,000	15	225,000	3,439,712
English, Scottish and Australian Bank Ltd.	1,500,000	12½	178,494	1,732,600
Bank of New South Wales	6,000,000	10	150,000(a)	4,213,159
Commercial Banking Coy. of Sydney Ltd.	3,476,288	10	157,128	2,668,489
Australian Bank of Commerce Ltd. ..	1,200,000	7	42,000	370,265
Primary Producers' Bank of Australia Ltd.	199,333	..	..	975
National Bank of Australasia Ltd. ..	3,690,880	10	161,250	2,133,176
Commercial Bank of Australia Ltd. ..	2,626,928	4 Pref., 15 Ord.	68,712	144,786
Bank of Victoria Ltd.	1,478,010	9	66,510	757,854
Royal Bank of Australia Ltd.	750,000	10	37,500	601,001
Ballarat Banking Coy. Ltd.	127,500	8	5,100	63,484
Queensland National Bank Ltd. ..	1,150,048	10	27,671(a)	536,705
Bank of Adelaide	875,000	10	43,750	778,024
Western Australian Bank	392,288	20	37,800	845,540
Total Australian Banks	30,466,275	..	1,460,915	26,496,857
Bank of New Zealand				
Bank of New Zealand	5,029,989	10 Pref., 13½ Ord.	487,307(b)	2,831,514
Comptoir National d'Escompte de Paris ..	10,000,000	11	1,100,000(b)	3,093,817
Yokohama Specie Bank Ltd.	10,000,000	12	600,000	7,962,036
Grand Total	55,496,264	..	3,648,222	40,384,224

(a) Dividend for quarter.

(b) For twelve months.

4. **Liabilities and Assets.**—(i) *Liabilities, each State, Quarter ended 30th June, 1924.* Banks transacting business in any State are obliged, under the existing State laws, to furnish a quarterly statement of their assets and liabilities, which contains the averages of the weekly statements prepared by the bank for that purpose, and they have since the year 1908 furnished quarterly statements to the Commonwealth Statistician. As all other financial returns in this work generally refer to a period closing on the 30th June, the banking figures are given throughout for the June quarter of each year. The liabilities are those to the general public, and are exclusive of the banks' liabilities to their shareholders, which are shown in the preceding table. As the Commonwealth Bank also engages in Savings Bank business, it has been deemed desirable to keep the figures for this bank separate from those of the Joint Stock banks. The figures set out in the tables which follow are, therefore, exclusive in every case of the Commonwealth Bank.

JOINT STOCK BANKS—LIABILITIES, JUNE QUARTER, 1924.

State.	Notes in Circulation not Bearing Interest.	Bills in Circulation not Bearing Interest.	Balances Due to Other Banks.	Deposits.			Total Liabilities.
				Not Bearing Interest.	Bearing Interest.	Total.	
	£	£	£	£	£	£	£
New South Wales	66,581	1,041,565	1,325,268	43,764,872	46,765,049	90,529,921	92,963,335
Victoria ..	87,278	385,374	1,160,104	33,194,062	51,107,426	84,301,488	85,937,244
Queensland ..	(a)	712,651	295,948	13,398,567	16,250,997	29,649,564	30,658,193
South Australia ..	23,165	93,141	853,046	8,172,008	11,012,305	20,085,213	21,054,565
Western Australia ..	25,448	151,710	246,351	5,041,013	4,195,742	9,236,755	9,660,264
Tasmania ..	2,353	52,385	150,674	2,730,483	2,931,011	5,661,494	5,866,911
Northern Territory	..	29	5,782	76,931	110,490	187,421	193,232
Total ..	204,830	2,439,885	4,037,173	106,378,836	133,273,020	239,651,856	246,333,744

(a) In Queensland, Treasury Notes were used instead of bank notes.

(ii) *Liabilities, all States, June Quarters, 1920 to 1924.* In the next table, which shows the average liabilities of the Joint Stock Banks for the quarters ended 30th June, 1920 to 1924, for Australia as a whole, the growth in liabilities is almost entirely due to an increase in the deposits, in which deposits not bearing interest and deposits bearing interest have both shared, although the latter show by far the larger proportion.

JOINT STOCK BANKS—LIABILITIES, JUNE QUARTER, 1920 TO 1924.

Year.	Notes in Circulation not Bearing Interest.	Bills in Circulation not Bearing Interest.	Balances Due to Other Banks.	Deposits.			Total Liabilities.
				Not Bearing Interest.	Bearing Interest.	Total.	
	£	£	£	£	£	£	£
1920 ..	224,130	2,173,552	4,330,439	114,287,669	102,775,452	217,063,121	223,791,242
1921 ..	213,868	2,207,959	5,602,725	111,822,644	109,718,452	221,541,096	229,565,648
1922 ..	209,894	2,132,280	4,273,238	104,582,491	117,776,754	222,359,245	228,974,657
1923 ..	207,228	2,279,149	3,724,411	108,937,936	131,903,047	240,840,983	247,051,771
1924 ..	204,830	2,439,885	4,037,173	106,378,836	133,273,020	239,651,856	246,333,744

(iii) *Assets, each State, Quarter ended 30th June, 1924.* The average assets of the banks are shown in the following table:—

JOINT STOCK BANKS.—ASSETS, JUNE QUARTER, 1924.

State.	Coined Gold and Silver and other Metals.	Gold and Silver in Bullion or Bars.	Government and Municipal Securities.	Landed and House Property.	Notes and Bills of other Banks.	Balances Due from other Banks.	Discounts, Over-drafts, and all other Assets.	Australian Notes.	Total Assets.
	£	£	£	£	£	£	£	£	£
N.S.W.	9,133,750	389,421	7,554,519	2,650,400	668,451	2,030,478	78,861,693	8,006,009	100,294,721
Victoria	5,367,063	35,790	2,595,209	1,639,793	792,834	2,043,725	63,914,412	7,859,885	84,248,711
Q'land	1,824,405	5,929	802,340	1,859,274	303,207	142,569	26,076,079	2,618,545	32,832,348
S. Aust.	1,653,388	167	153,127	423,818	129,345	431,209	14,310,376	2,435,856	19,542,286
W. Aust.	914,230	138,561	125,514	306,654	122,062	201,364	10,748,734	1,427,999	13,985,118
Tasmania	571,313	71	..	177,096	21,330	51,853	4,831,856	593,101	6,246,620
Nor. Ter.	4,308	920	..	600	6	..	7,625	3,455	16,914
Total	19,473,457	570,859	11,230,709	6,057,635	2,037,235	4,901,198	193,750,775	22,944,850	265,966,718

(iv) *Assets, all States, June Quarters, 1920 to 1924.* The average assets of the banks for the June quarters of each of the years 1920 to 1924 are given below.

JOINT STOCK BANKS.—ASSETS, JUNE QUARTERS, 1920 TO 1924.

Year.	Coined Gold and Silver and Other Metals.	Gold and Silver in Bullion or Bars.	Landed and Other Property.	Notes and Bills of Other Banks.	Balances Due from Other Banks.	Discounts, Overdrafts, and all Other Assets.(a)	Australian Notes.	Total Assets.
	£	£	£	£	£	£	£	£
1920	19,056,163	602,402	4,964,753	1,823,819	4,341,734	168,875,884	31,499,464	231,164,219
1921	19,219,429	549,847	5,112,203	1,467,015	3,294,237	193,301,301	29,570,072	252,514,104
1922	19,010,983	541,200	5,292,681	1,762,379	3,114,741	183,331,660	25,584,150	238,637,794
1923	18,716,480	559,004	5,721,410	1,920,488	5,390,423	203,526,917	25,037,449	260,872,121
1924	19,473,457	570,859	6,057,635	2,037,235	4,901,198	209,981,484	22,944,850	265,966,718

(a) Including Government and Municipal securities, and Australian notes.

The increase in assets is mainly due to advances, and the growth in 1921 is almost exactly accounted for by increases in this respect, largely on account of the action of the banks in financing wheat and other commodities awaiting shipment and in assisting individuals to invest in war loans.

5. Percentage of Coin, Bullion, and Australian Notes to Liabilities at Call.—

(i) *General.* Although it is not strictly correct to assume that the division of deposits into those bearing interest and not bearing interest would in every case coincide with a division into fixed deposits and current accounts, the division, in default of a better one, is adopted, and in the following table "liabilities at call" are therefore understood to include the note circulation of the banks and the deposits not bearing interest. Since 1912, however, the former item has steadily decreased, and is now almost negligible as compared with the latter.

JOINT STOCK BANKS.—PERCENTAGE ON LIABILITIES OF COIN, BULLION, AND AUSTRALIAN NOTES, 1920 TO 1924.

Year.	Liabilities at Call.	Coin, Bullion, and Australian Notes.	Percentage on Liabilities at Call.
	£	£	%
1920	114,511,799	51,158,029	44.67
1921	112,036,512	49,339,348	44.04
1922	104,792,385	45,136,333	43.07
1923	109,145,164	44,312,883	40.60
1924	106,583,666	42,989,166	40.33

The figures in the last column show that the banks generally consider it advisable to hold from 40 to 45 per cent. of the amount of liabilities at call in coin, bullion, and notes.

(ii) *Queensland Treasury Notes.* In Queensland, Treasury notes took the place of bank notes in 1893. These Treasury notes are disregarded in the quarterly statements of the banks; according to Treasury returns the amount outstanding on 30th June, 1924, was £22,912. Under the Australian Notes Act, previously referred to, the issue of notes by a State is now prohibited.

(iii) *Percentage in each State.* The proportion of coin, bullion, and Australian notes to liabilities at call varies considerably amongst the States, and sometimes in the same State from year to year. A table is appended showing the percentage for each State for the quarter ended 30th June in each of the years 1920 to 1924 :—

JOINT STOCK BANKS.—PERCENTAGE ON LIABILITIES OF COIN, BULLION, AND AUSTRALIAN NOTES, 1920 TO 1924.

Year.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	All States.
	%	%	%	%	%	%	%	%
1920 ..	45.96	40.20	45.87	50.75	53.93	42.89	14.41	44.67
1921 ..	43.43	45.38	34.29	49.51	54.34	56.55	13.64	44.04
1922 ..	40.79	44.61	32.95	57.26	54.99	52.38	14.51	43.07
1923 ..	39.46	40.82	31.54	54.32	50.68	45.54	10.96	40.60
1924 ..	39.99	39.85	33.20	49.96	48.96	42.61	11.29	40.33

6. *Deposits and Advances.*—(i) *Deposits.* The amount and average per head of population of deposits held by the banks during each of the last five years are given hereunder.

JOINT STOCK BANKS.—DEPOSITS, 1920 TO 1924.

Year	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	N. Ter.	All States.
TOTAL.								
	£	£	£	£	£	£	£	£
1920..	81,246,318	76,240,023	26,416,378	18,141,773	8,867,514	5,897,148	253,967	217,063,121
1921..	85,932,190	75,524,209	26,063,176	18,969,502	8,879,346	5,943,048	229,619	221,541,096
1922..	86,960,221	76,546,572	26,655,927	18,499,834	8,523,244	4,988,004	185,443	222,359,245
1923..	94,079,939	85,135,739	28,442,137	18,486,453	9,185,087	5,333,688	177,910	240,840,983
1924..	90,529,321	84,301,488	29,649,564	20,085,213	9,236,755	5,661,494	187,421	239,651,856

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1920..	39 7 0	50 10 6	35 10 5	37 7 5	26 18 5	28 1 2	59 19 8	40 12 0
1921..	40 17 0	49 5 0	34 4 6	38 4 7	26 13 0	27 18 6	58 18 2	40 13 10
1922..	40 10 7	48 17 1	34 4 9	36 13 10	25 2 10	23 5 8	50 7 0	40 1 0
1923..	42 19 4	53 1 6	35 11 2	35 16 8	26 9 5	24 16 3	49 3 2	42 8 9
1924..	40 13 4	51 9 0	36 1 7	38 1 3	25 15 5	26 8 6	52 1 6	41 7 9

(ii) *Advances.* In the quarterly statements furnished by the banks, the column headed "all other debts due to the banks" is made up of such miscellaneous items as bills discounted, promissory notes discounted, overdrafts on personal security, overdrafts secured by deposit of deeds or by mortgage, etc. The form prescribed for quarterly returns furnished to the Commonwealth Statistician in 1908 and 1909 provided for a division of the amounts under this heading into a number of sub-headings, but all the banks were not in a position to make the necessary division, and as it is impossible to separate these items the totals in the column must, therefore, be treated as advances. The following table shows the totals for each State during the years 1920 to 1924.

JOINT STOCK BANKS.—ADVANCES, 1920 TO 1924.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	N. Ter.	All States.
	£	£	£	£	£	£	£	£
1920 ..	60,796,144	44,092,848	20,854,200	10,298,159	9,672,634	3,845,181	16,108	149,575,272
1921 ..	73,244,709	55,681,441	22,158,802	12,787,356	9,883,544	4,760,431	22,852	178,539,136
1922 ..	67,724,902	53,151,759	21,173,091	12,246,704	9,571,052	4,226,561	12,742	168,106,871
1923 ..	74,737,819	61,055,847	23,361,167	14,234,371	10,107,456	4,732,433	6,455	188,235,548
1924 ..	78,861,693	63,914,412	26,076,079	14,310,376	10,748,734	4,831,856	7,625	198,750,775

(iii) *Proportion of Advances to Deposits.* The percentage of advances on total deposits shows to what extent the needs of one State are supplied by the resources of another State, and, where the percentage for Australia as a whole exceeds 100 (as it did in the early years of the century), the banks must have supplied the deficiency from their own resources, or from deposits obtained outside Australia. The following figures show, however, that the banking business of Australia has been self-contained in every State, except Western Australia, during the period under review :—

**JOINT STOCK BANKS.—PERCENTAGE OF ADVANCES ON DEPOSITS,
1920 TO 1924.**

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Nor. Ter.	All States.
	%	%	%	%	%	%	%	%
1920 ..	74.83	57.83	78.94	56.76	109.08	65.20	6.34	68.91
1921 ..	85.24	73.73	84.99	67.41	111.31	80.10	9.95	80.59
1922 ..	77.88	69.44	79.43	66.20	112.29	84.73	6.87	75.60
1923 ..	79.44	71.72	82.14	77.00	110.04	88.73	3.63	78.16
1924 ..	87.11	75.82	87.95	71.25	116.37	85.35	4.07	82.93

7. *Commonwealth Bank of Australia.*—(i) *Liabilities, June Quarter, 1924.*—On account of the magnitude of the Savings Bank business of this bank, the figures have been separated from those of the Joint Stock banks, and are shown hereunder. The total deposits amounted to £68,178,054, of which Savings Bank deposits accounted for £38,273,478 or 56 per cent.

COMMONWEALTH BANK OF AUSTRALIA.—LIABILITIES, JUNE QUARTER, 1924.

States and Territory.	Bills in Circulation.	Balances Due to Other Banks.	Deposits.				Total Liabilities.
			Not Bearing Interest.	Bearing Interest.	Savings Bank Deposits.	Total Deposits.	
	£	£	£	£	£	£	£
New South Wales	54,688	3,248	8,790,623	1,825,675	7,693,565	18,309,863	18,367,799
Victoria ..	69,932	19,718	4,735,131	2,767,377	5,370,284	12,872,792	12,962,442
Queensland ..	57,582	399	5,174,112	1,124,433	19,456,916	25,755,461	25,813,442
South Australia	12,110	23	2,335,373	436,801	2,112,572	4,884,746	4,896,879
Western Australia	14,131	5,670	1,427,463	621,994	2,107,782	4,157,239	4,177,040
Tasmania ..	3,919	3	541,972	123,622	1,501,371	2,166,965	2,170,887
Northern Territory	..	..	..	..	30,988	30,988	30,988
Total ..	212,362	29,061	23,004,674	6,899,902	38,273,478	68,178,054	68,419,477

(ii) *Liabilities, all States, June Quarters, 1920 to 1924.*—The average liabilities in the years specified are given in the table below. The increase in Savings Bank deposits in 1921 was occasioned by the absorption of the Queensland Government Savings Bank in 1920–21.

**COMMONWEALTH BANK OF AUSTRALIA.—LIABILITIES, JUNE QUARTERS,
1920 TO 1924.**

Quarter ended 30th June—	Bills in Circulation.	Balances Due to Other Banks.	Deposits.				Total Liabilities.
			Not Bearing Interest.	Bearing Interest.	Savings Bank Deposits.	Total Deposits.	
	£	£	£	£	£	£	£
1920 ..	170,161	174,678	19,625,131	11,932,081	17,008,259	48,565,471	48,910,310
1921 ..	184,115	143,045	15,966,670	10,608,164	34,440,421	61,015,255	61,342,415
1922 ..	167,590	104,466	19,236,693	10,812,159	36,137,065	66,185,793	66,457,973
1923 ..	204,576	29,849	17,718,999	14,658,671	38,102,850	70,480,520	70,714,945
1924 ..	212,362	29,061	23,004,674	6,899,902	38,273,478	68,178,054	68,419,477

(iii) *Assets, June Quarter, 1924.* The assets for the June Quarter, 1924, are as follows:—

COMMONWEALTH BANK OF AUSTRALIA—ASSETS, JUNE QUARTER, 1924.

States and Territory.	Coin.	Bullion.	Government and Municipal Securities.	Landed and House Property.	Notes and Bills of Other Banks.	Balances Due from Other Banks.	Discounts, Overdrafts, and all other Assets (not including Contingent Assets).	Australian Notes.	Total Assets.
	£	£	£	£	£	£	£	£	£
N.S.W. ..	590,035	..	13,681,503	315,910	218,866	2,088,358	5,385,654	4,105,571	26,385,897
Victoria ..	336,118	2,285	3,910,972	350,942	160,583	1,608,494	2,018,369	2,969,035	11,356,798
Queensland ..	454,825	12	17,882,738	141,400	295,503	218,293	2,943,910	800,991	22,737,672
S. Australia ..	109,697	..	1,365,593	89,237	120,363	613,826	436,893	447,310	3,182,919
W. Australia ..	590,444	4,386	747,931	19,924	96,095	230,238	858,265	530,407	3,077,690
Tasmania ..	19,755	..	1,940,114	..	30,877	67,232	356,266	231,020	2,653,773
Nor. Ter. ..	..	..	..	..	45,000	45,880	75	..	90,955
Total ..	2,100,874	6,683	39,537,851	917,413	966,787	4,872,321	11,999,432	9,084,343	69,485,704

(iv) *Assets, all States, June Quarters, 1920 to 1924.*—In the last five years assets have increased from £38,710,054 to £69,485,704, the increase having taken place mainly in Government and Municipal Securities.

COMMONWEALTH BANK OF AUSTRALIA—ASSETS, JUNE QUARTERS, 1920 TO 1924.

Quarter ended 30th June—	Coin.	Bullion.	Government and Municipal Securities.	Landed and House Property.	Notes and Bills of Other Banks.	Balances Due from Other Banks.	Discounts, Overdrafts, and all other Assets (not including Contingent Assets).	Australian Notes.	Total Assets.
	£	£	£	£	£	£	£	£	£
1920 ..	1,647,915	23,384	17,835,529	410,526	1,085,212	3,477,920	11,118,269	3,111,299	38,710,054
1921 ..	1,846,976	10,580	33,640,763	624,186	939,500	3,350,321	14,896,625	4,922,840	60,231,791
1922 ..	2,339,719	10,151	34,760,870	599,960	3,487,074	3,488,840	14,130,747	4,730,493	63,547,854
1923 ..	2,637,450	9,397	37,479,846	762,730	5,138,747	2,772,000	14,035,767	3,750,438	66,586,375
1924 ..	2,100,874	6,683	39,537,851	917,413	966,787	4,872,321	11,999,432	9,084,343	69,485,704

8. Clearing Houses.—The Sydney Banks' Exchange Settlement, and the Melbourne Clearing House, at which settlements are effected daily between the banks doing business in New South Wales and Victoria respectively, publish figures of the weekly clearances effected. From these it appears that in 1924 the total clearances in Sydney amounted to £846,000,000, and in Melbourne to £734,000,000. Owing to the different distribution of the banking business in the two cities, the figures do not necessarily afford a fair comparison of the volume of banking business transacted in Sydney and Melbourne. Returns of all Australian Clearing Houses for the last five years are shown in the following table:—

CHEQUE-PAYING BANKS.—CLEARING HOUSE RETURNS, 1920 TO 1924.

Year.	Sydney.	Melbourne.	Brisbane.	Adelaide.	Perth.
	£	£	£	£	£
1920 ..	764,546,000	725,006,000	160,539,000	166,011,000	80,758,000
1921 ..	709,734,000	609,335,000	157,549,000	157,503,000	67,619,000
1922 ..	726,583,000	623,789,000	172,836,000	147,374,000	75,279,000
1923 ..	805,032,000	697,050,000	194,915,000	160,524,000	83,730,000
1924 ..	845,855,000	734,080,000	179,335,000	212,220,000	97,920,000

§ 3. Savings Banks.

1. **General.**—In the following tables dealing with Savings Banks the figures for all the States except Tasmania refer to financial years ended 30th June. In the case of Tasmania, figures for the two trustee savings banks were made up to the last day of February in each year up to 1918–19, but in 1919–20 and subsequent years were made up to August. The figures in each State are inclusive of the Savings Bank Department of the Commonwealth Bank made up to the 30th June.

2. **Accounts Open.**—The number of accounts open, not of those making deposits, and the number per 1,000 of the population, at 30th June in each of the last five years are shown in the following table:—

SAVINGS BANKS.—ACCOUNTS OPEN, 1920 TO 1924.

30th June.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	N. Ter.	All States.
NUMBER.								
1920 ..	1,053,893	1,014,223	364,149	377,435	204,005	108,289	987	3,122,981
1921 ..	1,126,157	1,072,554	327,065	396,970	217,136	115,502	935	3,256,319
1922 ..	1,186,948	1,127,892	337,621	414,570	225,136	120,252	861	3,413,280
1923 ..	1,246,191	1,188,437	355,902	432,438	250,214	124,850	869	3,598,901
1924 ..	1,306,948	1,268,629	375,025	452,342	264,842	130,032	844	3,798,662

PER 1,000 OF POPULATION.

1920 ..	509	671	486	776	618	517	243	583
1921 ..	535	698	426	798	651	545	238	597
1922 ..	552	718	431	821	662	564	235	613
1923 ..	568	739	442	836	719	583	238	633
1924 ..	586	774	453	855	735	610	233	655

The fall in the number of accounts open in Queensland in 1920–21 is due to the absorption of the State Savings Bank by the Commonwealth Bank.

In connexion with the number of accounts open per 1,000 of the population, it must be borne in mind that savings bank accounts are not restricted to adults, since many accounts are opened in the names of children. The proportion, notwithstanding, is a very large one, amounting in the case of Australia to nearly two-thirds, and rising in Victoria to over three-quarters and in South Australia to six-sevenths of the population. As it is possible in some States for the same person to have accounts in both Commonwealth and State Savings Banks, the figures given are somewhat in excess of the number of individual depositors. Allowance must also be made for the fact that the funds of various societies, small trust funds, etc., are sometimes deposited in Savings Banks.

3. **Deposits.**—The deposits in Australia reached in 1924 the large sum of £176,871,477, and would no doubt be even larger if the banks did not restrict interest-bearing deposits to certain limits. While not granting facilities to draw cheques, the Australian savings banks practically afford the small tradesman all the advantages of a current account, and in addition allow interest on the minimum monthly balance instead of charging a small fee for keeping the account, as is the practice of the ordinary banks. All the Savings Banks have a reciprocity arrangement, under which money deposited in one State may be drawn out in another State, even by telegraph.

The table below shows the amount at credit of depositors, the average per account open, and the average amount deposited for head of population at the end of each of the last five years :—

SAVINGS BANKS.—DEPOSITS, 1920 TO 1924.

30th June.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	N. Ter.	All States.
TOTAL.								
	£	£	£	£	£	£	£	£
1920 ..	49,933,535	42,317,863	17,909,571	15,496,514	7,258,384	3,930,181	57,106	136,903,154
1921 ..	57,394,441	48,970,989	18,587,942	16,317,353	7,663,440	4,159,502	53,790	153,147,457
1922 ..	61,791,273	52,131,032	19,394,156	16,931,678	7,759,317	4,224,662	41,115	162,273,233
1923 ..	64,324,670	56,101,260	20,483,581	18,249,540	8,033,419	4,414,653	36,689	171,643,812
1924 ..	66,162,055	58,028,190	20,410,364	19,351,127	8,218,147	4,670,804	30,790	176,871,477

AVERAGE PER SAVINGS BANK ACCOUNT.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1920 ..	47 7 7	41 14 6	49 3 8	41 1 2	35 11 7	36 5 10	57 17 2	43 16 9
1921 ..	50 19 4	45 13 2	56 16 8	41 2 1	35 5 10	36 0 3	57 10 7	47 0 7
1922 ..	52 1 2	46 4 5	57 8 10	40 16 10	34 9 4	35 2 7	47 15 1	47 10 10
1923 ..	51 12 4	47 4 1	57 11 1	42 4 0	32 2 1	35 7 2	41 5 5	47 13 10
1924 ..	50 12 6	45 14 10	54 8 6	42 15 7	31 0 7	35 18 5	36 9 7	46 11 3

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1920 ..	24 2 6	27 19 10	23 18 5	31 17 1	21 19 8	18 12 10	14 0 8	25 10 10
1921 ..	27 5 5	31 17 10	24 4 6	32 16 2	22 19 5	19 12 8	13 14 1	28 1 7
1922 ..	28 14 7	33 3 11	24 15 0	33 10 9	22 16 4	19 16 1	11 4 8	29 3 0
1923 ..	29 6 9	34 17 11	25 8 6	35 6 5	23 1 6	20 13 0	10 1 2	30 3 6
1924 ..	29 13 4	35 7 9	24 13 3	36 11 10	22 16 1	21 18 2	8 9 10	30 9 6

A comparison of the number of accounts open and the amount of deposits shows that the average amounts to the credit of each account are considerably larger in some States than in others; in other words, in one State a comparatively larger proportion of the population makes use of the savings banks than in another, with the result that there is a smaller amount to the credit of the individual account. Within the same State there is little variation in the figures from year to year, except that each State generally shows a steady advance.

The average amount deposited per head of population increased during the period by almost 20 per cent., the figures for Victoria being particularly noticeable.

4. Rates of Interest.—The rates of interest allowed, and the limits of interest-bearing deposits, are as follows :—New South Wales, Government Savings Bank, 4 per cent. up to £500 and 3½ per cent. on the excess up to £1,000; Victoria, 4 per cent. on first £500 and then 3 per cent. for a further £500, also 4 per cent. on deposit stock up to £1,000; South Australia, 3½ per cent. on accounts closed during the year, and 4½ per cent. up to £500 on accounts remaining open; Western Australia, 3½ per cent. from £1 to £500, and 3 per cent. from £500 to £1,000; also 4 per cent. on deposit stock up to £1,000; Hobart Trustees' Savings Bank, 4½ per cent. up to £300; Launceston Trustees' Savings Bank, 4½ per cent. up to £150, and Commonwealth Savings Bank, 3½ per cent. on the first £1,000, and 3 per cent. upon another £300.

5. Annual Business.—The business transacted by the savings banks is very large when compared with the total amount of deposits. This is of course due to the fact that many accounts are used as convenient current accounts. Thus, during the last year of the period under review, the total amount deposited and withdrawn (exclusive of interest added) amounted to more than double the total amount of deposits at the end of the previous year, while the amount at credit of depositors (inclusive of interest added)

increased 3 per cent. during the same year. The following table shows the business transacted during the year 1923-24 :—

SAVINGS BANKS.—TRANSACTIONS, 1923-24.

State.	Total Deposits at end of Year 1922-23.	Amounts Deposited during Year 1923-24.	Interest Added during Year 1923-24.	Total.	Amounts Withdrawn during Year 1923-24.	Total Deposits at end of Year 1923-24.
	£	£	£	£	£	£
N.S. Wales ..	64,324,670	66,597,386	2,310,624	133,232,680	67,070,625	66,162,055
Victoria ..	56,101,260	58,053,949	2,037,129	116,192,338	58,164,148	58,028,190
Queensland ..	20,483,581	21,816,023	660,233	42,959,837	22,549,473	20,410,364
South Australia ..	18,249,540	16,401,276	747,116	35,397,932	16,046,805	19,351,127
West. Australia ..	8,033,419	8,429,570	256,983	16,719,972	8,501,825	8,218,147
Tasmania ..	4,414,653	4,303,107	171,847	8,889,607	4,218,803	4,670,804
Nor. Territory ..	36,689	18,724	1,155	56,568	25,778	30,790
Total ..	171,643,812	175,620,035	6,185,087	353,448,934	176,577,457	176,871,477

6. Commonwealth Savings Bank.—The figures in the preceding tables include those relating to the Savings Bank Department of the Commonwealth Bank, which commenced operations in Victoria on the 15th July, 1912, in Queensland on the 16th September, 1912, in the Northern Territory on the 21st October, 1912, and in the States of New South Wales, South Australia, and Western Australia on the 13th January, 1913. Extensive use is made of the country post-offices as local agencies.

The Commonwealth Bank absorbed the Tasmanian State Savings Bank in January, 1913, on terms set out in Official Year Book No. 6. The transfer of the Queensland Savings Bank was effected in 1920.

The following table gives the number of depositors, and the amount at credit on 30th June, 1924, at the various branches of the Commonwealth Savings Bank :—

COMMONWEALTH SAVINGS BANK, 30th JUNE, 1924.

Locality.	Number of Depositors.	Amount at Credit.
		£
New South Wales	261,863	8,169,751
Victoria	148,074	5,669,977
Queensland	375,025	20,410,364
South Australia	53,150	2,276,657
Western Australia	67,961	2,298,027
Tasmania	60,940	1,598,783
Northern Territory	844	30,790
Papua and New Guinea	1,664	74,783
London	7,719	541,967
Total	977,240	41,071,099

A series of graphs illustrating the progress of banking accompanies this chapter.

§ 4. Companies.

1. General.—Returns in regard to registered companies are defective, and, with few exceptions, are not available for Tasmania. They embrace (a) Returns relating to Trustees, Executors and Agency Companies; (b) Returns relating to Registered Building and Investment Societies; and (c) Returns relating to Registered Co-operative Societies.

2. Trustees, Executors and Agency Companies.—Returns are available for eight Victorian, two New South Wales, one Queensland, four South Australian, two Western Australian, and three Tasmanian companies. The paid-up capital of these twenty companies amounted to £934,234; reserve funds and undivided profits to £669,067; other liabilities, £288,198; total liabilities, £1,891,499. Among the assets are included:—Deposits with Governments, £197,504; other investments in public securities, fixed deposits, etc., £486,917; loans on mortgage, £164,103; property owned, £714,243;

other assets, £328,732. Of the nineteen companies, nine show the total amount of the estates, etc., under administration, the total for 1924 being over £75,000,000. Net profits for the year totalled £165,383, of which £100,274 was paid in dividends.

3. Registered Building and Investment Societies.—(i) *General.* Returns have been received relating to 85 societies, viz., 7 in New South Wales, 27 in Victoria, 13 in Queensland, 19 in South Australia, 15 in Western Australia, and 4 in Tasmania. The information is not exhaustive, as particulars regarding unimportant organizations are not included.

REGISTERED BUILDING AND INVESTMENT SOCIETIES.—SUMMARY, 1923-24.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania	All States.
Number of societies ..	7	27	13	19	15	4	85
Number of shareholders ..	(a)	8,919	6,452	12,744	7,235	3,566	38,916b
Number of shares ..	(a)	(a)	1,109,573	43,518	21,888	26,832	1,201,811c
Number of borrowers ..	(a)	9,673	3,457	2,653	1,434	1,326	18,543b
Income for year from interest ..	£ 102,977	£ 262,421	£ 43,489	£ 23,437	(d)	£ 32,901	£ 465,225
Working expenses for year ..	£ 94,752	£ 106,740	£ 10,048	£ 11,805	£ 18,690	£ 12,531	£ 254,566
Amount of deposits during year ..	(a)	£ 1,268,266	£ 124,322	£ 16,586	£ 140,724	£ 54,394	£ 1,604,292b
Repayment of loans during year ..	(a)	£ 962,390	£ 140,378	£ 112,360	£ 84,894	£ 94,436	£ 1,394,458b
Loans granted during year ..	(a)	£ 1,094,994	£ 182,612	£ 156,949	£ 129,870	£ 100,053	£ 1,664,478b

(a) Not available.

(b) Exclusive of New South Wales.

(c) Exclusive of New South Wales and Victoria.

(d) Included in repayment of Loans.

(ii) *Liabilities.* The balance-sheets cover various periods ended during the second half of 1923 and the first half of 1924, so that the returns may be assumed to correspond roughly to the financial year 1923-24.

REGISTERED BUILDING AND INVESTMENT SOCIETIES.—LIABILITIES, 1923-24.

State.	Paid-up Capital or Subscriptions.	Reserve Funds.	Deposits.	Bank Overdrafts and other Liabilities.	Total Liabilities.
	£	£	£	£	£
New South Wales ..	364,440	263,325	522,329	51,403	1,201,497
Victoria ..	1,530,426	549,427	1,170,352	244,592	3,494,797
Queensland ..	595,906	27,376	6,476	42,188	671,946
South Australia ..	410,477	54,690	14,942	24,338	504,447
Western Australia ..	250,440	..	61,786	17,933	330,159
Tasmania ..	155,986	75,290	218,583	10,682	460,541
Total ..	3,307,675	970,108	1,994,468	391,136	6,663,387

(iii) *Assets.* The assets of the companies for the same period were as follows:—

REGISTERED BUILDING AND INVESTMENT SOCIETIES.—ASSETS, 1923-24.

State.	Advances on Mortgage.	Landed and House Property, Furniture, etc.	Cash in Hand and on Deposit and other Assets.	Total Assets.
	£	£	£	£
New South Wales ..	1,040,854	(a)	160,643	1,201,497
Victoria ..	3,277,145	93,491	124,161	3,494,797
Queensland ..	631,323	7,098	31,437	669,858
South Australia ..	464,279	17,930	22,238	504,447
Western Australia ..	314,155	229	15,775	330,159
Tasmania ..	409,423	10,390	40,728	460,541
Total ..	6,137,179	129,138	394,982	6,661,299

(a) Included with other assets.

4. Co-operative Societies.—(i) *General.* The returns relating to Co-operative Societies have been divided into two classes—(i) those engaged in the manufacture and marketing of primary products and trade requirements, and (ii) those engaged in retailing general household requirements. The former may be described briefly as Producers' Co-operative and the latter as Consumers' Co-operative Societies. The following table shows the number of societies, the membership, and the capital employed for the year 1924 :—

CO-OPERATIVE SOCIETIES.—NUMBER, MEMBERSHIP AND CAPITAL, 1924.

Heading.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
Producers' Co-operative Societies—							
Number of Societies ..	52	55	26	20	17	10	180
Membership ..	39,050	50,860	21,844	19,027	1,748	4,760	137,289
Loan Capital £	417,118	969,184	194,223	107,693	20,013	109,564	1,817,795
Share Capital £	726,535	1,172,249	330,902	606,319	24,281	61,988	2,922,274
Total Capital £	1,143,653	2,141,433	525,125	714,012	44,294	171,552	4,740,069
Consumers' Co-operative Societies—							
Number of Societies ..	29	27	7	11	40	4	118
Membership ..	34,380	9,654	3,161	32,317	5,858	746	86,116
Loan Capital £	33,290	167,266	25,030	176,066	33,577	13,733	448,971
Share Capital £	476,619	147,688	40,044	585,854	72,010	17,332	1,339,547
Total Capital £	509,918	314,954	65,074	761,920	105,587	31,065	1,788,518
All Societies—							
Number of Societies ..	81	82	33	31	57	14	298
Membership ..	73,430	60,514	25,005	51,344	7,606	5,506	223,405
Loan Capital £	450,417	1,136,450	219,253	283,759	53,590	123,297	2,266,766
Share Capital £	1,203,154	1,319,937	370,946	1,192,173	96,291	79,320	4,261,821
Total Capital £	1,653,571	2,456,387	590,199	1,475,932	149,881	202,617	6,528,587

(ii) *Sales, Profits, Interest, and Dividends paid.* The next table gives the total sales, net profits, interest paid on loan capital, and dividends on share capital.

The profits made by Consumers' Co-operative Societies, after payment of interest on loan and share capital, are distributed as dividends on the amount of purchases made by members.

CO-OPERATIVE SOCIETIES.—SALES, PROFITS, INTEREST, AND DIVIDENDS, 1924.

Heading.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
Producers' Co-operative Societies—							
Total Sales ..	£ 14,966,287	11,277,168	2,663,539	3,941,454	280,558	156,434	33,285,440
Total Net Profits ..	£ 142,352	79,497	30,718	27,454	16,584	(-) 589	290,016
Interest on Loan Capital—							
Amount ..	£ 18,512	54,379	8,320	3,258	1,205	4,305	89,979
Rate per Cent. ..	7.0	6.5	6.5	6.5	7.7	5.8	6.7
Dividend on Share Capital—							
Amount ..	£ 44,194	22,816	5,156	1,499	1,865	141	75,671
Rate per Cent. ..	6.1	1.9	1.6	0.2	7.5	0.2	2.9
Consumers' Co-operative Societies—							
Total Sales ..	£ 2,197,196	927,442	241,658	1,847,960	425,034	117,855	5,757,145
Total Net Profits ..	£ 184,269	31,342	6,907	86,166	21,335	3,873	333,892
Interest on Loan Capital—							
Amount ..	£ 1,122	7,472	1,412	11,175	2,096	1,166	24,443
Rate per Cent. ..	6.3	6.7	6.0	5.7	6.5	6.9	6.4
Interest on Share Capital—							
Amount ..	£ 10,642	7,827	1,247	25,585	2,579	573	43,453
Rate per Cent. ..	2.2	5.3	3.1	4.4	3.6	3.3	3.6
Dividends on Purchases ..	£ 170,664	12,796	4,638	40,375	5,883	2,032	242,388
Rate in the £1 ..	1s. 7d.	0s. 3d.	0s. 5d.	0s. 6d.	0s. 3d.	0s. 4d.	0s. 10d.

(-) Indicates a loss.

§ 5. Life Assurance.

[Note.—A Conspectus of Australian Life Assurance Legislation will be found in Chap. XXVII. "Miscellaneous."]

1. **General.**—Under section 51 of the Commonwealth Constitution Act, the Commonwealth Parliament is empowered to legislate in regard to "insurance, other than State insurance; also State insurance extending beyond the limits of the State concerned." With the exception of Act No. 12 of 1905, "An Act relating to assurance on the lives of children by life assurance companies or societies," no legislation relating to life assurance has been passed by the Commonwealth Parliament, and life assurance companies carry on their business under State laws where such laws are in existence, or otherwise under the provisions of various companies' or special Acts.

Returns for the year 1923 have been collected from life assurance societies, with results which are in the main satisfactory. The figures below refer to Australian business only.

2. **Companies Transacting Business.**—(i) *General.* The number of companies transacting life assurance business in Australia during 1923 was 35, of which the full name and location of head office are set out in the table below.

LIFE ASSURANCE SOCIETIES OPERATING IN AUSTRALIA, 1923.

Full Name of Company or Society.	Head Office.	Business Transacted.
Australian Mutual Provident Society	Sydney	Ord. Ind.
Mutual Life and Citizens' Assurance Company Limited ..	"	"
City Mutual Life Assurance Society Limited ..	"	Ord.
Australian Metropolitan Life Assurance Company Limited ..	"	Ord. Ind.
People's Prudential Assurance Company Limited ..	"	"
Assurance and Thrift Association Limited ..	"	Ord.
Co-operative Assurance Company Limited ..	"	"
Australian Provincial Assurance Association Limited ..	"	"
Commonwealth General Assurance Corporation Limited ..	"	Ord. Ind.
Commonwealth Life Assurance Society Limited ..	"	"
Australian Benefit Life Assurance Society Limited ..	"	Ord.
Farmers' and General Assurance Corporation Limited ..	"	"
Producers' and Citizens' Co-operative Assurance Company of Australia Limited ..	"	Ord. Ind.
Australian Natives' Association Limited ..	"	"
Australasian Catholic Assurance Company Limited ..	"	"
Australian Federal Life and General Assurance Company Limited ..	"	Ord.
Empire Life and General Assurance Company Limited ..	"	"
Citizens' and Graziers' Life Assurance Company Limited ..	"	Ord. Ind.
Australian Group and General Assurance Company Limited ..	"	"
Australian Alliance Assurance Company Limited ..	Melbourne	Ord.
National Mutual Life Association of Australasia Limited ..	"	"
Victoria Life and General Insurance Company ..	"	"
Colonial Mutual Life Assurance Society Limited ..	"	Ord. Ind.
Australasian Temperance and General Mutual Life Assurance Society Limited ..	"	"
Life Insurance Company ..	"	"
Southern Cross Assurance Company Limited ..	"	Ord.
New Era Insurance Company of Australasia Limited ..	"	"
Queensland State Insurance Office ..	Brisbane	"
Equitable Life Assurance Company of Queensland Limited ..	"	"
Queensland Probate Insurance Company Limited ..	"	"
Western Australian Insurance Company Limited ..	Perth	"
Provident Life Assurance Company ..	Dunedin	Ord. Ind.
Liverpool and London and Globe Insurance Company ..	Liverpool	Ord.
Mutual Life Insurance Society of New York ..	New York	"
New York Life Insurance Society ..	"	"

Early in 1923 the Equitable Life Assurance Society re-insured its entire Australasian business with the National Mutual Life Association, which accepted the transfer of the whole of the assets of the Equitable consisting of property, bonds, and deposits.

Of the Australian companies seven are purely mutual, and twenty-three are proprietary companies with a paid-up capital aggregating £1,307,877, part of which is, however, used in fire, marine, and accident insurance business. One office is a State government institution. Four foreign companies transacted business in Australia in 1923, two being mutual and two proprietary companies.

(ii) *Ordinary and Industrial Business.*—Of the societies enumerated in the preceding paragraph, fifteen transacted both ordinary and industrial business. Ordinary and industrial business have, where possible, been kept separate, while figures relating to companies whose head offices are in New Zealand or in Europe or America have been restricted to the Australian business.

3. *Australian Business, 1923.*—(i) *Ordinary.* The subjoined table shows the ordinary life business in force for each of the last five years. While the total sum assured has increased by over 56 million pounds, the average per policy has increased from £239 to £264. The amount assured in 1923 represents an average of £37 per head of population.

ORDINARY LIFE ASSURANCE.—AUSTRALIAN BUSINESS, 1919 TO 1923.

Year.	Policies.	Amount.	Average per Policy.	Annual Premium Income.
	No.	£	£	£
1919	643,975	153,682,007	239	5,209,139
1920	692,160	168,255,272	243	5,871,894
1921	730,010	180,694,068	248	6,074,375
1922	769,893	196,844,810	256	6,526,907
1923	795,887	210,049,945	264	6,925,581

(ii) *Industrial.* Information in regard to the industrial business of the nine societies transacting it is given in the following table.

The amount assured has increased by nearly 76 per cent. in the period under review. The average amount per policy in 1923 was £35, comparing with an average of £27 in 1919.

INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN BUSINESS, 1919 TO 1923.

Year.	Policies.	Amount.	Average per Policy.	Annual Premium Income.
	No.	£	£	£
1919	841,001	22,755,456	27	1,390,899
1920	904,346	26,223,335	29	1,586,313
1921	973,019	30,314,759	31	1,789,846
1922	1,061,569	35,303,233	33	2,087,148
1923	1,144,004	40,009,115	35	2,387,187

4. *Receipts and Expenditure.*—(i) *Ordinary Business.* The following table shows the aggregate Australian revenue for 1922 and 1923 of all the societies doing business in Australia. In the latter year premiums—new and renewal—amounted to 61 per cent., and interest, dividends, and rent to nearly 36 per cent. of the Australian revenue :—

ORDINARY LIFE ASSURANCE.—AUSTRALIAN RECEIPTS, 1922 AND 1923.

Heading.	Amount.	
	1922.	1923.
	£	£
Premiums—New	925,146	976,682
Renewal	5,601,761	5,948,899
Consideration for annuities	76,993	48,191
Interest, dividends and rents	3,762,410	4,078,407
Other receipts	152,247	218,961
Total Income	10,518,557	11,271,140

In 1923 expenditure amounted to £7,158,026, of which claims accounted for nearly 55 per cent., surrenders over 11 per cent., expenses of management nearly 12 per cent., and commission 8 per cent.

ORDINARY LIFE ASSURANCE.—AUSTRALIAN EXPENDITURE, 1922 AND 1923.

Heading.	Amount.	
	1922.	1923.
	£	£
Claims	3,796,599	3,926,371
Surrenders	689,869	838,066
Annuities	93,273	95,550
Commission	544,686	611,914
Expenses of management	788,391	817,508
Licence fees and taxes	101,310	113,302
Shareholders' dividends	49,279	58,037
Cash bonuses paid to shareholders	311,394	309,429
All other expenses	325,667	387,849
Total expenditure	6,700,468	7,158,026

A summary for the last five years is given hereunder :—

ORDINARY LIFE ASSURANCE.—AUSTRALIAN RECEIPTS AND EXPENDITURE, 1919 TO 1923.

Year.	Receipts.	Expenditure.	Excess Receipts.
	£	£	£
1919	8,172,614	5,698,551	2,474,063
1920	9,037,314	5,330,050	3,707,264
1921	9,599,866	5,813,414	3,786,452
1922	10,518,557	6,700,468	3,818,089
1923	11,271,140	7,158,026	4,113,114

(ii) *Industrial Business.* The aggregate Australian revenue for 1922 and 1923 of societies transacting industrial business was as follows :—

INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN RECEIPTS, 1922 AND 1923.

Heading.	Amount.	
	1922.	1923.
	£	£
Premiums—New and renewal	2,087,148	2,387,187
Consideration for annuities	23	268
Interest, dividends and rents	399,477	512,644
Other receipts	18,143	20,584
Total Income	2,504,791	2,920,683

Expenditure during 1923 totalled £1,637,646. Claims amounted to £514,156, or 31 per cent., commission 36 per cent., and expenses of management nearly 20 per cent.

INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN EXPENDITURE, 1922 AND 1923.

Heading.	Amount.	
	1922.	1923.
	£	£
Claims	425,359	514,156
Surrenders	34,103	50,846
Annuities	295	295
Commission	505,716	689,029
Expenses of management	240,867	321,692
Licence fees and taxes	15,693	17,297
Shareholders' dividends	57,421	56,809
Cash bonuses paid to shareholders .. .. .	..	13
All other expenses	76,358	87,509
Total Expenditure	1,355,812	1,637,646

The aggregate receipts and expenditure for the last five years are as follows :—

INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN RECEIPTS AND EXPENDITURE, 1919 TO 1923.

Year.	Receipts.	Expenditure.	Excess Receipts.
	£	£	£
1919	1,674,700	992,974	681,726
1920	1,929,717	1,060,622	869,095
1921	2,223,319	1,122,920	1,100,399
1922	2,504,791	1,355,812	1,148,979
1923	2,920,683	1,637,646	1,283,037

5. *Liabilities and Assets, 1923.*—(i) *General.* The liabilities of the Australian societies consist mainly of their assurance funds; as already mentioned, however, some of the societies are proprietary, and in these cases there is a further liability on account of the shareholders' capital. The assets consist chiefly of loans on mortgage and policies, Government, municipal, and similar securities, shares, freehold property, etc. As in some cases the Australian liabilities exceed the Australian assets, this table should be read in connexion with the table dealing with assets. Loans on personal security are granted by very few of the Australian societies.

(ii) *Ordinary and Industrial Business.* For various reasons several societies do not attempt the division of liabilities and assets between the industrial and ordinary branches, and a few societies cannot state the amount of liabilities in Australia. In the following table, therefore, the figures relate to both branches. Australian liabilities amounted in 1923 to £64,100,864, including assurance and annuity funds, £56,480,692, other funds, including those used in fire and marine business, £4,380,967, and paid-up capital, £1,307,877.

Australian assets aggregated £88,099,016, of which the following are the principal items :—Government and municipal securities, £49,261,981; mortgages, £19,546,248; loans on companies' policies, £8,138,547; and landed and house property, £3,576,368. Details regarding liabilities for the years 1922 and 1923 are given in the next table :—

**ORDINARY AND INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN LIABILITIES,
1922 AND 1923.**

Heading.	Amount.	
	1922.	1923.
	£	£
Shareholders' capital, paid up	1,122,109	1,307,877
Assurance and annuity funds	52,098,875	56,480,692
Other funds	3,923,512	4,380,967
Claims admitted but not paid	695,348	632,116
All other liabilities	1,637,333	1,299,212
Total Australian liabilities (a) ..	59,477,177	64,100,864

(a) Excluding Mutual Life and Citizens, Australian Provincial, National Mutual, Western Australian, London and Liverpool and Globe, and Mutual Life of United States.

Assets for the years specified are set out in detail in the table hereunder:—

**ORDINARY AND INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN ASSETS, 1922
AND 1923.**

Heading.	Amount.	
	1922.	1923.
	£	£
Government and municipal securities	46,488,751	49,261,981
Mortgages	17,603,444	19,546,248
Loans on companies' policies	7,492,847	8,138,547
Railway debentures and stock	423,102	504,548
Landed and house property	3,168,158	3,576,368
Life interests and reversions	124,885	131,565
Other investments	1,465,865	1,209,171
Outstanding premiums	619,349	714,157
Outstanding interest, dividends and rents	730,409	783,755
Cash	1,223,727	1,256,994
Establishment and organization accounts	442,276	693,484
All other assets	1,191,122	2,282,198
Total Australian Assets	80,973,935	88,099,016

The next table gives the Australian liabilities and assets for the latest five years available:—

**ORDINARY AND INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN LIABILITIES
AND ASSETS, 1919 TO 1923.**

Year.	Liabilities.(a)	Assets.
	£	£
1919	44,683,471	64,513,919
1920	49,489,851	71,768,149
1921	54,258,431	77,127,498
1922	59,477,177	80,973,935
1923	64,100,864	88,099,016

(a) Excluding Mutual Life and Citizens, People's Prudential, Australian Provincial, National Mutual, Western Australian, London and Liverpool and Globe, and Mutual Life of United States.

(iii) *Total Assets.* It has been thought advisable to restrict the figures relating to life assurance to business in Australia. Several of the companies whose head offices are in Australia transact, however, a large amount of business elsewhere, viz., in New

Zealand, in South Africa, and in the United Kingdom, while in the case of the foreign companies, the Australian business is insignificant compared with that done elsewhere. Particulars as to this foreign business of both Australian and foreign companies will be found in "Finance Bulletin No. 15" (published by this Bureau), and a short table only is inserted here, showing the total assets of the various companies.

LIFE ASSURANCE COMPANIES.—TOTAL ASSETS, 1922 AND 1923.

Heading.	Amount.	
	1922.	1923.
	£	£
Government and municipal securities	176,458,610	144,837,468
Mortgages	122,341,469	101,969,269
Loans on companies' policies	84,250,676	65,091,066
Railway debentures and debenture stock	175,796,865	136,685,044
Landed and house property	12,349,551	10,190,544
Life interests and reversions	307,697	339,294
Other investments	7,149,051	2,057,446
Outstanding premiums	7,200,994	6,621,985
Outstanding interest, dividends, and rent	7,789,990	6,323,469
Cash	7,240,532	5,114,661
Establishment and organization accounts	452,626	703,834
All other assets	4,704,812	4,241,335
Total Assets	606,042,873	484,175,415

6. **New Policies issued in Australia, 1923.**—(i) *Ordinary Business.* During 1923, 94,546 new policies were issued for £30,127,386. The average amount per policy was £318, which compares with an average of £306 per policy for all policies which were in existence in 1923.

(ii) *Industrial Business.* New policies to the number of 240,356 were issued during the year for a total of £11,744,508. The average per policy was £48, which is 37 per cent. more than the average for all industrial policies which were current in 1923.

7. **Policies Discontinued in Australia, 1922 and 1923.**—(i) *Ordinary Business.* The volume of business which from various causes becomes void in each year is always large. The number and amount of policies discontinued in 1922 and 1923, and the reasons for discontinuance, are given in the following table :—

ORDINARY LIFE ASSURANCE.—POLICIES DISCONTINUED IN AUSTRALIA, 1922 AND 1923.

Mode.	1922.		1923.	
	No. of Policies.	Amount.	No. of Policies.	Amount.
		£		£
Death or maturity	13,018	3,023,386	13,216	2,928,407
Surrender	10,853	2,590,826	18,612	3,720,874
Forfeiture	31,028	8,418,628	35,637	9,951,997
Total	54,899	14,032,840	67,465	16,601,278

(ii) *Industrial Business.* The number of policies discontinued in this branch each year is also very large. Of the total amount of discontinuance during 1923 only 8 per cent. was due to death or maturity, while 87 per cent. was due to forfeiture.

INDUSTRIAL LIFE ASSURANCE.—POLICIES DISCONTINUED IN AUSTRALIA, 1922 AND 1923.

Mode.	1922.		1923.	
	No. of Policies.	Amount.	No. of Policies.	Amount.
		£		£
Death or maturity	21,974	474,215	25,902	562,568
Surrender	6,516	341,340	7,048	374,517
Forfeiture	103,554	4,882,044	128,837	6,258,021
Total	132,044	5,697,599	161,787	7,195,106

Graphs illustrating the progress of Life Assurance, both Ordinary and Industrial, accompany this chapter.

§ 6. Fire, Marine and General Insurance.

1. Australasian Business.—(i) *General.* Returns are available showing the revenue and expenditure, assets and liabilities, and investments of 36 insurance companies having their head offices either in Australia, New Zealand, or Fiji. The names of these companies, with the location of their respective head offices, are given in the following table:—

AUSTRALASIAN FIRE, MARINE, AND GENERAL INSURANCE COMPANIES.

Company.	Head Office.
Assurance and Thrift	Sydney
Australian Alliance	Melbourne
Australian Mutual Fire	Sydney
Australian Provincial	"
Australian Traders'	"
Automobile	Melbourne
Bankers and Traders'	Sydney
Chamber of Manufacturers	Melbourne
City Mutual Fire	Sydney
Colonial Mutual Fire	Melbourne
Commonwealth General	Sydney
Co-operative	Melbourne
Derwent and Tamar	Hobart
Farmers' Co-operative, New Zealand	Christchurch
Farmers and Settlers'	Sydney
Federal Mutual	"
Insurance Office of Australia	"
Mercantile Mutual	"
Manufacturers' Mutual	"
Mutual Fire Insurance Co. of Tasmania	Launceston
National of New Zealand	Dunedin
New Zealand Insurance Co.	Auckland
New Zealand State Fire Insurance Office	Wellington
New Zealand Government Accident	"
Pacific Insurance Co.	Fiji
Queensland Insurance Co.	Sydney
Queensland State Government	Brisbane
South British	Auckland
Southern Union	Melbourne
Standard of New Zealand	Dunedin
Tasmanian Government	Hobart
United	Sydney
Victoria	Melbourne
Victoria General	"
Victoria State Accident	"
Western Australian Insurance Co.	Perth

(ii) *Revenue and Expenditure.* The accounts given hereunder relate approximately to calendar years. The most important items of revenue and expenditure are given below. While the receipts from premiums have increased during the period under review, the

amounts debited to expenses, commission, and taxation and to losses have increased at a much greater rate, with the result that the trade surplus has decreased very considerably, amounting in 1922-23 to only £97,452, representing 1.70 per cent. of premium income, and in 1923-24 to £231,387, equal to 4 per cent. of premium income.

FIRE, MARINE, AND GENERAL INSURANCE COMPANIES.—SUMMARY OF REVENUE AND EXPENDITURE, 1919 TO 1924.

Heading.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
	£	£	£	£	£
Premiums, less re-insurances ..	4,975,879	5,132,329	6,143,416	5,740,063	5,791,549
Losses ..	2,614,430	2,637,234	3,361,584	3,378,013	3,298,437
Expenses, commission, and taxes ..	1,588,322	1,698,406	2,194,452	2,264,598	2,261,725
Trade surplus ..	773,127	796,689	587,380	97,452	231,387
Interest, rent, etc. ..	380,622	374,751	499,382	515,487	549,792
Total surplus ..	1,153,749	1,171,440	1,086,762	612,939	781,179
Dividends and bonuses paid ..	398,699	378,943	450,477	461,940	494,603
Ratio to premium income of—					
(a) Losses .. per cent.	52.54	51.39	54.72	58.85	56.95
(b) Expenses, &c. .. per cent.	31.92	33.09	35.72	39.45	39.05
(c) Trade surplus .. per cent.	15.54	15.52	9.56	1.70	4.00

(iii) *Liabilities and Assets.* The liabilities and assets for the same period are set out in the following tables. Comparison of the results for 1923-24 with those for 1919-20 shows that paid-up capital increased by 54 per cent. and reserves by 28 per cent. While loans on mortgage decreased 21 per cent., Government securities nearly doubled, and landed and other property showed a growth of over 50 per cent.

FIRE, MARINE, AND GENERAL INSURANCE COMPANIES, 1919 TO 1924.

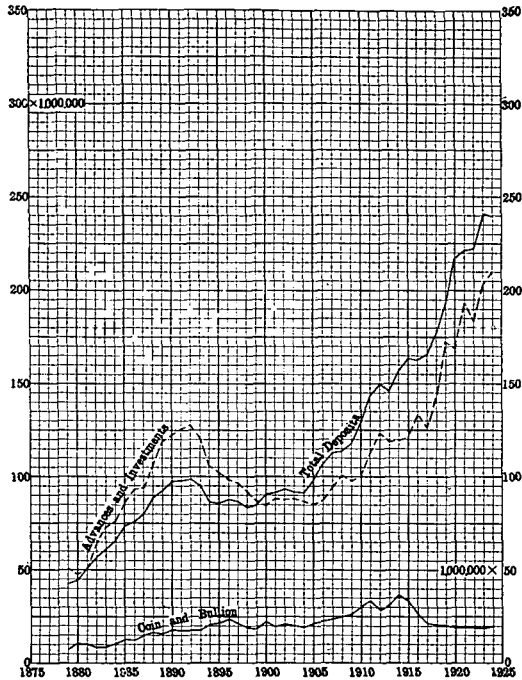
Heading.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.
PAID-UP CAPITAL, RESERVES, AND LIABILITIES.					
	£	£	£	£	£
Paid-up capital ..	3,365,235	3,879,641	4,652,348	5,100,651	5,201,715
Reserves and re-insurance funds (a) ..	4,635,401	5,282,399	5,574,784	5,530,537	5,925,283
Undivided profits ..	394,795	503,657	493,388	455,992	510,009
Losses unsettled ..	790,992	893,312	811,979	861,973	880,840
Sundry creditors, etc. ..	1,138,306	1,822,914	1,970,797	1,815,836	2,010,505
Dividends, etc., to pay ..	279,618	310,333	322,257	326,287	311,187
Life assurance funds (b) ..	136,732	480,608	736,083	947,669	1,083,941
Total Liabilities ..	10,741,079	13,172,864	14,561,636	15,038,945	15,923,480
INVESTMENTS AND OTHER ASSETS.					
	£	£	£	£	£
Loans on mortgage ..	1,137,746	1,020,195	995,702	908,972	896,838
Government securities, etc. ..	4,969,458	6,433,893	7,274,220	8,177,285	8,869,090
Landed and other property ..	1,322,642	1,743,536	1,929,951	2,001,155	2,227,934
Fixed deposit, etc. ..	1,193,627	1,623,028	1,440,612	1,119,008	1,171,420
Loans on life policies (b) ..	4,297	8,795	17,062	18,844	21,876
Investments ..	183,804	65,681	93,704	98,630	101,069
Cash and bills receivable ..	832,630	584,694	785,979	706,739	725,441
Sundry debtors and other assets ..	1,091,875	1,693,042	2,024,406	2,008,312	1,909,812
Total assets ..	10,741,079	13,172,864	14,561,636	15,038,945	15,923,480

(a) Including amount required as reserves against unexpired risks.

(b) Some of the companies transact Life Business.

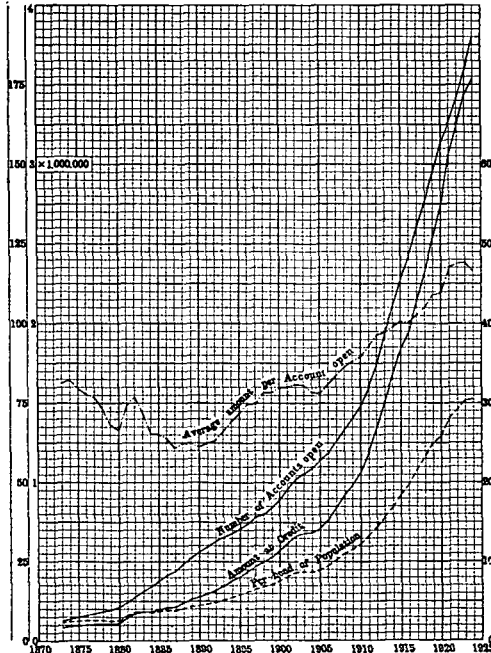
(iv) *Marine Insurance.* Separate returns regarding this branch of insurance are not available. Act No. 11 of 1909, "An Act relating to Marine Insurance," passed by the Commonwealth Parliament, and assented to on the 11th November, 1909, altered the conditions under which marine policies had up till then been issued.

CHEQUE-PAYING BANKS, AUSTRALIA, 1879 TO 1924.



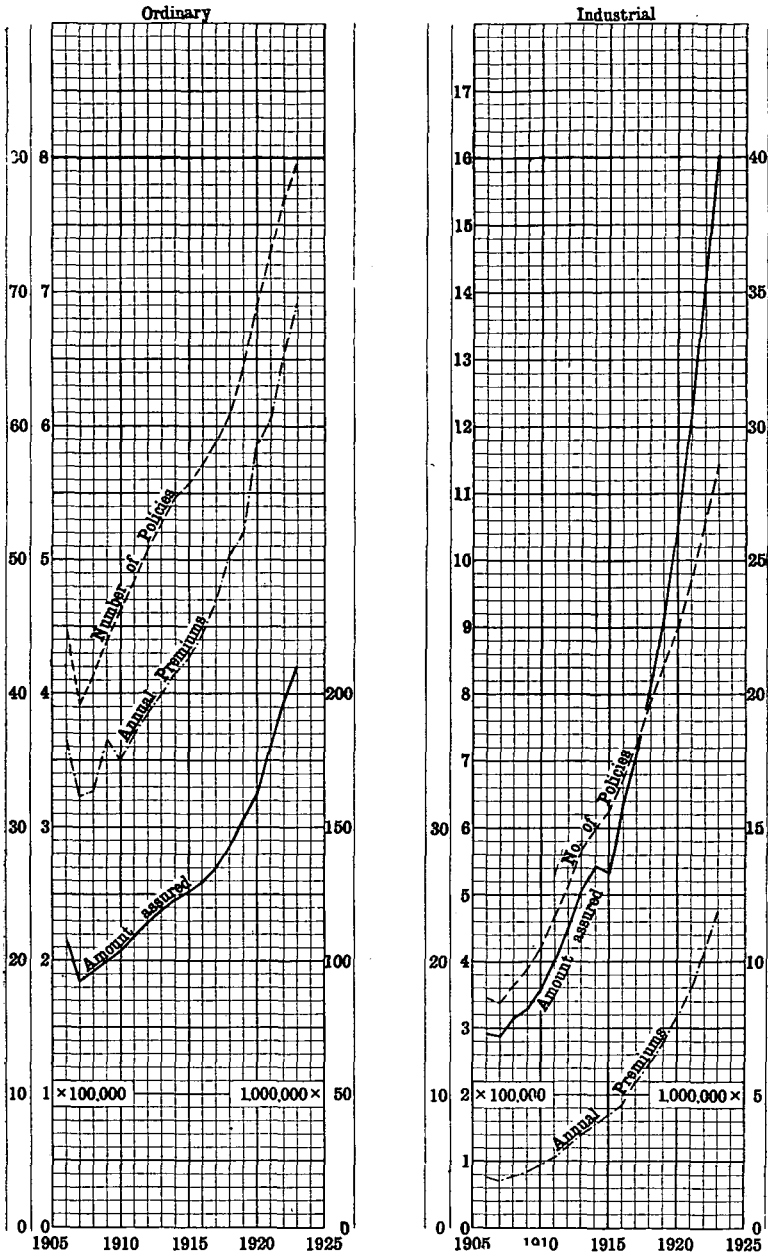
EXPLANATION.—The base of each small square represents an interval of one year, and its vertical height a sum of £5,000,000.

SAVINGS BANKS, AUSTRALIA, 1873 TO 1924.



EXPLANATION.—The base of each small square represents an interval of one year. Of the two scales on the left, the outer one shows the amount at credit, and the inner one the number of depositors, while the vertical height of each small square represents £2,500,000, and 50,000 in number. The scale on the right shows the average amount per depositor, and per head of population, while the vertical height of each small square represents £1.

LIFE ASSURANCE, ORDINARY AND INDUSTRIAL DEPARTMENTS.—AUSTRALIA,
1906 TO 1924.



EXPLANATION.—The base of each small square represents in each graph an interval of one year.

In the case of the "Ordinary" Assurance graph there are three scales—two on the left—the outer one representing the Annual Premiums, and the inner one the number of Policies in force,—and one on the right representing the Amount Assured, exclusive of bonus additions. The vertical height of each small square represents £100,000 premium, 10,000 in number and £5,000,000 in sum assured.

In the case of the "Industrial" graph, the outer scale on the left represents the Annual Premiums, and the inner scale the number of Policies in force. The scale on the right represents the Amount Assured, exclusive of bonus additions. The vertical height of each small square represents £100,000 premium, 20,000 in number; and £500,000 in sum assured.

§ 7. Friendly Societies.

1. **General.**—Friendly societies are an important factor in the social life of the community, as probably one-third of the total population of Australia comes either directly or indirectly under their influence. Their total membership is over 500,000, but as certain benefits, such as medical attendance and free medicines, and in many cases funeral expenses, are granted to members' families as well as to members themselves, this figure must, even when due allowance is made for young and unmarried members, be multiplied by about four to arrive at the total number of persons more or less connected with these societies. Legislation has conferred certain privileges on friendly societies, but, on the other hand, it insists on their registration, and it is the duty of the Registrars in the various States, prior to registering a new society, to see that its proposed rules are conformable to the law, and that the scale of contribution is sufficiently high to enable the promised benefits to be conferred on members. Societies are obliged to forward annual returns as to their membership and their finances to the Registrar, and reports are published in most of the States dealing with the returns thus received.

In the following tables the figures refer to the year 1923, with the exception of New South Wales and Victoria, the figures for which relate to the year and the eighteen months ended 30th June, 1924, respectively.

2. **Number of Societies, Lodges, and Members.**—The number of different societies and lodges, the total number of benefit members at the end of the year, and their average number during the year are shown in the following table:—

FRIENDLY SOCIETIES.—SOCIETIES, LODGES, AND MEMBERS, 1923.

State.	Number of Registered Friendly Societies.	Number of Lodges.	Benefit Members at end of year.	Average No. of Benefit Members during the year.
New South Wales	34	2,158	204,617	201,442
Victoria	60	1,469	153,840	150,264
Queensland	18	615	59,649	58,625
South Australia	17	632	72,454	71,810
Western Australia	15	290	19,590	19,309
Tasmania	20	190	24,660	24,212
Total .. ..	..	5,354	534,810	525,662

With regard to the number of registered Friendly Societies no total is given for Australia, since many of the societies operate in all the States.

3. **Sickness and Death Returns.**—Sick pay is generally granted for a number of months at full rates, then for a period at half rates, and in some societies is finally reduced to quarter rates. The following table shows the total number of members who received sick pay during the year, the number of weeks for which they received pay in the aggregate, and the average per member sick, and further the number of benefit members who died during the year, together with the proportion of deaths per thousand average members:—

FRIENDLY SOCIETIES.—SICKNESS AND DEATH RETURNS, 1923.

State.	Number of Members who received Sick Pay.	Total Number of Weeks Sick Pay Granted.	Average Number of Weeks per Member Sick.	Deaths of Benefit Members and Wives.	Proportion of Deaths to 1,000 Average Benefit Members.
New South Wales ..	(a)	(a)	(a)	(a)	(a)
Victoria(c)	41,698	405,034	9.71	2,927	12.59
Queensland	11,919	84,474	7.09	484	8.26
South Australia ..	13,711	129,116	9.42	1,013	14.11
Western Australia ..	3,256	24,405	7.50	147	7.61
Tasmania	5,007	39,854	7.96	295	12.18
Total	(b) 75,595	(b) 682,883	(b) 9.03	(b) 4,866	(b) 11.99

(a) Not available.

(b) Exclusive of New South Wales.

(c) For eighteen months.

4. *Revenue and Expenditure.*—(i) *Revenue.* The financial returns are not prepared in the same way in each State, but an attempt has been made in the subjoined table to group the revenue under the main headings :—

FRIENDLY SOCIETIES.—REVENUE, 1923.

State.	Entrance Fees, Members' Contributions, and Levies.	Interest, Dividends, and Rents.	All other Income.	Total Revenue.
	£	£	£	£
New South Wales	711,058	150,427	58,878	920,363
Victoria (a)	757,582	281,116	154,852	1,193,550
Queensland	213,727	63,841	(b)	277,568
South Australia	215,994	88,750	19,142	323,886
Western Australia	63,248	19,716	22,548	105,512
Tasmania	78,118	16,520	13,382	108,020
Total	2,039,727	620,370	268,802	2,928,899

(a) For eighteen months.

(b) Included in interest, dividends, and rents.

(ii) *Expenditure.* The returns relating to expenditure are more complete than those for revenue. The figures show that the excess of revenue for the year was £605,429 for Australia. The revenue exceeded the expenditure by more than one pound per average benefit member.

FRIENDLY SOCIETIES.—EXPENDITURE, 1923.

State.	Sick Pay.	Medical Attendance and Medicine.	Sums Paid at Death of Members and Members' Wives.	Adminis- tration.	All other Expendi- ture.	Total Expendi- ture.
	£	£	£	£	£	£
New South Wales	247,567	280,827	64,548	145,977	37,867	776,786
Victoria (a)	260,081	306,930	49,381	147,207	141,697	905,296
Queensland	61,720	83,404	25,040	45,127	..	215,291
South Australia	76,127	74,677	32,562	42,877	12,606	238,849
Western Australia	17,379	23,714	6,727	20,384	23,164	91,368
Tasmania	27,403	26,791	15,124	16,510	10,052	95,880
Total	690,277	796,343	193,382	418,082	225,386	2,323,470

(a) For eighteen months.

It appears from the above figures that sick pay averaged about 20s. per week, but, as the returns include pay at half and quarter rates, and as the proportion of these to full rates is not stated, the average given must be taken for what it is worth. Medical attendance and medicine came to about 23s. per average benefit member.

5. *Funds.*—The two foregoing tables show that the surplus of revenue over expenditure in five States amounted to £605,429 for the year, and a small surplus must, of course, result annually in every society which levies adequate contributions to enable it to meet all possible claims. These accumulations of profits are generally invested, and the subjoined table shows the division into invested and uninvested funds :—

FRIENDLY SOCIETIES.—FUNDS, 31st DECEMBER, 1923.

State.	Invested Funds.	Uninvested Funds.	Total Funds.
	£	£	£
New South Wales (b)	2,871,568	(a)	2,871,568
Victoria (b)	3,760,469	77,583	3,838,052
Queensland	1,222,909	4,134	1,227,043
South Australia	1,722,392	26,940	1,749,332
Western Australia	342,125	7,803	349,928
Tasmania	297,648	17,719	315,367
Total	10,217,111	134,179	10,351,290

(a) Included in Invested Funds.

(b) At 30th June, 1924.

The total funds amounted, therefore, to over £19 per member at the close of the year under review.

§ 8. Probates.

1. Probates and Letters of Administration.—The value of the estates left by deceased persons gives a fair view of the distribution of property among the general population. There were in 1923, 42,374 deaths of adult persons, while the number of probates and letters of administration granted during the same period was 16,955. It would therefore appear that about two-fifths of the adults who died during the year were possessed of sufficient property to necessitate the taking out of probate. The details for each State are shown in the table hereunder :—

PROBATES AND LETTERS OF ADMINISTRATION, 1923.

State.	Number of Estates.			Net Value of Estates.		
	Probates.	Letters of Administration.	Total.	Probates.	Letters of Administration.	Total.
				£	£	£
New South Wales (b)	6,281	(a)	6,281	16,429,860	(a)	16,429,860
Victoria	4,616	1,667	6,283	15,070,725	(a)	15,070,725
Queensland	933	140	1,073	3,406,406	188,061	3,594,467
South Australia	1,430	393	1,823	3,798,411	245,136	4,043,547
Western Australia	607	300	907	1,155,512	203,334	1,358,846
Tasmania (b)	458	111	569	1,211,401	72,237	1,283,638
Northern Territory (b)	9	10	19	5,242	764	6,006
Total	14,334	2,621	16,955	41,077,557	709,532	41,787,089

(a) Included with Probates.

(b) For year ended 30th June, 1924.

2. Intestate Estates.—The number of intestate estates placed under the control of the Curator during the year, and the amount of unclaimed money paid into Consolidated Revenue in each State during the year 1923, are given hereunder :—

INTESTATE ESTATES, 1923.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N.Ter.	Total.
Intestate estates placed under control of Curator during 1923 —								
Number	(a)	429	1,119	216	252	103	8	(b) 2,127
Value £	(a)	55,661	415,161	91,116	12,346	53,585	60	(b) 627,929
Unclaimed money paid into Consolidated Revenue by Curator during 1923 £	74,477	6,943	9,872	1,680	3,614	..	316	96,902

(a) Included with Probates.

(b) Exclusive of New South Wales.