

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 principal 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 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 complete view of Commonwealth Finance can hardly be obtained by separate analysis of each. 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, 1923-24 TO 1927-28.

Heading.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	£	£	£	£	£
Consolidated Revenue	66,017,203	68,854,809	72,285,806	78,163,235	76,670,222
Trust Funds in aid of Revenue	7,428,574	2,591,153	3,109,530	285,897	2,821,494
Deficit .. .. .	..	..	..	..	2,628,743
Total	73,445,777	71,445,962	75,395,336	78,454,132	82,120,459
Loan Fund	40,762,300	16,565,704	32,814,796	7,755,173	32,603,133
Unexpended Balance from previous year	5,854,066	2,487,812	3,411,612	6,212,225	3,223,369
Total	46,616,366	19,053,516	36,226,408	13,967,398	35,826,502
Grand Total	120,062,143	90,499,478	111,621,744	92,421,530	117,946,961

COMMONWEALTH EXPENDITURE, 1923-24 TO 1927-28.

Heading.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
Expenditure from Consolidated Revenue	£ 48,685,757	£ 56,709,988	£ 63,048,182	£ 67,083,829	£ 70,215,779
Balance paid into Special Trust Funds	2,591,153	3,109,530	285,897	2,821,494	..
Expenditure from Special Trust Funds	7,428,574	2,591,153	3,109,530	285,897	2,821,494
Subsidy to States	7,324,538	7,535,291	7,951,727	8,262,912	9,083,186
Surplus allocated to Naval Construction	2,500,000	..	..	..	..
Special Redemptions from Revenue	4,915,755	1,500,000	1,000,000	..	..
Total	73,445,777	71,445,962	75,395,336	78,454,132	82,120,459
Loan Fund Expenditure—					
New Works, etc.	6,060,048	6,341,758	7,678,856	7,051,128	6,888,099
War Services	2,412,015	975,612	324,224	697,289	728,842
Redemptions	35,656,491	8,324,534	22,011,103	2,995,612	23,888,330
Unexpended Balance	2,487,812	3,411,612	6,212,225	3,223,369	4,320,631
Total	46,616,366	19,053,516	36,226,408	13,967,398	35,826,502
Grand Total	120,062,143	90,499,478	111,621,744	92,421,530	117,946,961

§ 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 the 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 appropriations 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 regime, amounted to £11,296,985, had, in 1927-28, reached a total of £76,670,222, an increase in the period of £65,373,237.

The total amount of revenue collected by the Commonwealth Government during each of the last five years is shown in the following table :—

COMMONWEALTH CONSOLIDATED REVENUE, 1923-24 TO 1927-28.

Revenue.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	£	£	£	£	£
Total ..	66,017,203	68,854,809	72,285,806	78,168,235	76,670,222

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

2. Revenue per Head.—The next table shows the amount of revenue from various sources per head of population for the last five years :—

COMMONWEALTH CONSOLIDATED REVENUE PER HEAD, 1923-24 TO 1927-28.

Source of Revenue.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Taxation	8 16 11	8 19 11	9 1 6	9 13 1	9 1 9
Public Works and Services	1 13 11	1 15 2	1 17 1	1 19 7	2 1 5
Other Receipts	0 18 10	0 19 5	1 2 8	1 3 2	1 2 11
Total	11 9 8	11 14 6	12 1 3	12 15 10	12 6 1

3. Sources of Revenue.—(i) *General.* The following table furnishes details of the revenue from each source during the years 1923-24 to 1927-28 :—

COMMONWEALTH CONSOLIDATED REVENUE—SOURCES, 1923-24 TO 1927-28.

Source	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	£	£	£	£	£
Taxation—					
Customs	25,177,882	26,405,161	27,839,889	31,832,600	29,848,379
Excise	10,572,902	10,787,620	11,358,989	11,719,878	11,588,351
Land Tax	2,030,127	2,519,711	2,521,910	2,615,900	3,027,206
Estate Duty	1,320,911	1,381,051	1,411,336	1,362,351	1,752,118
Income Tax	11,057,555	11,136,344	10,858,046	11,126,278	10,165,175
Entertainments Tax	622,460	680,586	460,326	366,159	358,865
War Time Profits Tax	70,646	Dr. 74,783	Dr. 77,491	Dr. 28,357	Dr. 112,236
Total	50,852,483	52,835,690	54,373,005	58,994,809	56,637,858
Public Works and Services—					
Postal	9,757,021	10,044,486	10,771,756	11,606,819	12,304,142
Railways	232,406	287,037	349,768	477,734	603,162
Total	9,989,427	10,331,523	11,121,524	12,084,553	12,907,304
Other Revenue—					
Interest, Discount, etc.	2,386,136	3,358,239	4,594,346	5,074,694	5,352,962
Coinage	151,682	107,275	332,014	373,071	203,252
Defence	315,708	139,078	130,862	152,494	132,877
Quarantine	38,445	36,599	30,553	40,451	31,547
Territories (a)	30,658	38,720	41,973	34,385	23,182
Patents, etc.	37,770	39,026	42,017	41,594	44,258
Lighthouses	179,733	205,170	198,353	202,143	212,490
Pension Contributions	56,638	51,868	56,781	51,575	55,439
Defence Trust Account	40,565	7,413			
Net Profit on Australian Note Issue	1,264,583	1,277,975	1,048,062	852,357	846,274
Miscellaneous	673,375	426,233	316,516	266,109	222,779
Total	5,175,293	5,687,596	6,791,277	7,088,873	7,125,060
Grand Total	66,017,203	68,854,809	72,285,806	78,168,235	76,670,222

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

The revenue from taxation reached its highest point in 1926-27 with £58,994,809. This represents an increase of more than £4,600,000 over that of 1925-26, the previous record collection. The increase was principally due to Customs and Excise Receipts which, however, declined by £2,105,748 during 1927-28 when the total revenue from taxation was £2,356,951 less than for the previous year. With the exception of the year 1923-24, when there was a slight decrease, the postal receipts have shown a consistent upward tendency.

(ii) *Taxation.*—(a) *Customs Revenue.* Particulars for the five years 1923-24 to 1927-28 are furnished in the following table :—

COMMONWEALTH CUSTOMS REVENUE, 1923-24 TO 1927-28.

Classes.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	£	£	£	£	£
Stimulants	2,604,200	2,740,191	2,945,846	2,908,982	2,820,547
Narcotics	1,746,785	1,889,604	2,075,940	2,201,550	2,374,659
Sugar	12,995	10,414	20,438	20,112	16,797
Agricultural products	1,296,361	1,118,219	1,287,944	1,547,711	1,403,054
Apparel and textiles	5,174,929	5,524,439	5,179,366	6,233,206	5,802,848
Metals and machinery	4,323,070	4,433,374	4,895,918	5,654,629	5,284,993
Oils, paints, etc. ..	696,235	792,994	950,991	2,173,367	2,594,879
Earthenware, etc. ..	631,056	654,120	688,321	735,699	704,207
Drugs and chemicals	444,587	465,174	525,649	561,530	520,424
Wood, wicker and cane	1,209,814	1,152,269	1,349,687	1,384,469	1,594,825
Jewellery, etc. ..	773,206	875,365	866,799	961,691	845,099
Leather, etc. ..	1,561,086	1,576,032	1,770,373	1,577,765	1,124,091
Paper and stationery	723,267	724,370	682,745	751,254	760,448
Vehicles	2,673,447	3,038,209	3,064,427	3,340,556	2,534,738
Musical instruments	460,445	504,419	466,054	520,482	364,326
Miscellaneous articles	796,069	845,993	1,007,789	1,192,059	1,040,080
Other receipts	50,330	59,975	61,602	77,538	62,364
Total Customs ..	25,177,882	26,405,161	27,839,889	31,832,600	29,848,379

The increased revenue received in 1924-25 and 1925-26 is due merely to increased trade resulting from the prosperity of the seasons, while the particularly large increase in 1926-27 is due partly to increased imports as a result of borrowings abroad and an amended Customs tariff. The decrease in revenue in 1927-28 as compared with 1926-27 which was, however, an exceptional year, being the absolute "peak" period for Customs revenue, may be ascribed to reduced imports of "luxury" goods, (ales and spirits, silks, vehicles (including motor-cars), tyres, musical instruments and jewellery and fancy goods) owing to a temporary depression.

(b) *Excise Revenue.* Particulars concerning the amount of Excise collected under each head during each of the years ending 30th June, 1924 to 1928, are given hereunder :—

COMMONWEALTH EXCISE REVENUE, 1923-24 TO 1927-28.

Particulars.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	£	£	£	£	£
Beer	5,501,648	5,642,646	5,847,974	6,103,004	6,155,661
Spirits	1,757,414	1,766,526	2,026,415	2,061,573	1,881,040
Tobacco	3,284,594	3,349,095	3,457,052	3,533,984	3,544,602
Starch	16,818	17,368	15,539	9,647	4,737
Licences	12,428	11,985	12,009	11,670	12,311
Total Excise ..	10,572,902	10,787,620	11,358,989	11,719,878	11,598,351

The decrease in Excise revenue is mainly due to reduced imports of spirits.

(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.

It will be seen from the appended table that the yield of the tax during the past five years has been fairly constant, the increase of nearly £500,000 in 1924-25 being due to the collection of arrears and of taxes due on Crown leaseholds, while the increase in 1927-28 was due to higher valuations and the reduction of arrears of tax due.

COMMONWEALTH LAND TAX COLLECTIONS, 1923-24 TO 1927-28.

State.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	£	£	£	£	£
New South Wales ..	854,589	1,172,317	1,079,414	1,070,670	1,223,308
Victoria ..	818,328	944,997	1,074,265	1,094,050	1,292,968
Queensland ..	91,106	114,874	46,138	79,445	84,756
South Australia ..	162,593	182,191	198,630	258,521	314,523
Western Australia ..	64,345	62,503	78,778	71,379	77,380
Tasmania ..	39,166	42,829	44,685	41,835	37,273
Total ..	2,030,127	2,519,711	2,521,910	2,615,900	3,027,206

(d) *Estate Duty.* Collections from this source for the five years 1924 to 1928, are given hereunder :—

COMMONWEALTH ESTATE DUTY COLLECTIONS, 1923-24 TO 1927-28.

Year.	N.S.W.	Vic. (b)	Q'land.	S. Aust.(a)	W. Aust.	Tas.	Total.
	£	£	£	£	£	£	£
1923-24 ..	477,974	555,324	87,278	147,035	27,322	25,978	1,320,911
1924-25 ..	604,358	496,723	87,820	116,950	58,380	16,820	1,381,051
1925-26 ..	547,712	515,570	95,827	180,991	41,993	29,243	1,411,336
1926-27 ..	479,011	544,600	128,096	159,405	26,051	25,188	1,362,351
1927-28 ..	666,588	634,999	126,316	181,160	99,056	43,999	1,752,118

(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, 1923-24 TO 1927-28.

State in which Collected.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	£	£	£	£	£
New South Wales ..	3,629,203	3,579,546	3,640,219	4,365,567	3,606,463
Victoria (a) ..	4,873,611	5,159,331	4,703,200	4,564,995	4,691,068
Queensland ..	1,011,458	679,745	980,852	914,269	745,184
South Australia ..	713,042	1,110,015	844,076	803,730	669,904
Western Australia ..	552,779	327,607	501,982	367,565	336,657
Tasmania ..	274,510	277,226	185,024	108,130	114,165
Northern Territory ..	2,952	2,874	2,693	2,022	1,734
Total ..	11,057,655	11,136,344	10,858,046	11,126,278	10,165,175

(a) Including Central Office.

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, 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 the division of expenses. A joint form of Income Tax return is to be used in cases where the income is derived in one State only. 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 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. By an Amending Act (No. 23 of 1925) the rate is now two-pence halfpenny for a payment of two shillings and sixpence, and one halfpenny for every subsequent sixpence or part thereof. The collections for the last five years are given hereunder.

The decrease in the collections during the past two years is due to the remission of taxation on tickets for less than two shillings and sixpence.

COMMONWEALTH ENTERTAINMENTS TAX COLLECTIONS, 1923-24 TO 1927-28.

State.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	£	£	£	£	£
New South Wales	248,615	274,791	183,856	160,393	159,944
Victoria	212,011	223,555	161,010	123,797	119,115
Queensland	64,194	76,533	48,745	36,048	30,922
South Australia	46,114	52,588	35,327	25,233	22,621
Western Australia	35,358	37,797	23,934	17,291	22,068
Tasmania	16,066	15,214	7,382	3,370	4,167
Northern Territory	102	108	72	27	28
Total	622,460	680,586	460,326	366,159	358,865

(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 years (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. After 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. Amendments of earlier assessments entailed the payment of refunds in each of the last five years.

COMMONWEALTH WAR-TIME PROFITS TAX COLLECTIONS, 1923-24 TO 1927-28.

State in which Collected.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	£	£	£	£	£
New South Wales	8,412	Dr. 78,079	9,642	56,698	Dr. 47,499
Victoria (a)	Dr. 19,595	5,428	Dr. 18,547	Dr. 18,788	Dr. 32,503
Queensland	33,767	Dr. 6,683	Dr. 35,553	Dr. 31,624	Dr. 6,784
South Australia	42,944	Dr. 386	Dr. 32,337	Dr. 11,615	Dr. 17,835
Western Australia	3,777	316	51	Dr. 16,258	Dr. 4,022
Tasmania	1,341	4,621	Dr. 747	Dr. 6,770	Dr. 3,593
Total	70,646	Dr. 74,783	Dr. 77,491	Dr. 28,357	Dr. 112,236

(a) Including Central Office.

(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 1923-24 to 1927-28 are contained in the following table:—

COMMONWEALTH POSTAL REVENUE, 1923-24 TO 1927-28.

Particulars.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	£	£	£	£	£
Private boxes and bags ..	48,132	52,301	55,813	59,184	61,346
Commission—					
Money orders and postal notes	181,663	192,809	201,445	229,453	240,392
Telegraphs	1,426,542	1,481,784	1,490,480	1,488,156	1,422,179
Telephones	3,301,651	3,599,864	4,044,414	4,576,863	5,034,051
Postage	4,362,660	4,333,461	4,580,354	4,847,317	5,006,019
Radio receipts	4,012	18,291	21,178	35,815	45,030
Miscellaneous	432,361	365,976	378,072	370,031	495,125
Total	9,757,021	10,044,486	10,771,756	11,606,819	12,304,142

The installation of additional telephones was responsible for the large annual increases under the item "Telephones" during each of the past four years. 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 was worked by the South Australian Government, and the Commonwealth Government paid the deficiency on the working. This arrangement was terminated on 31st December, 1925, since when this railway has been worked by the Commonwealth Railway Commissioner. The Federal Capital Territory line was, until 30th June, 1928, operated by the New South Wales Government on behalf of the Commonwealth Government, who received profits accruing from the working of the line.

COMMONWEALTH RAILWAY REVENUE, 1923-24 TO 1927-28.

Railway.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	£	£	£	£	£
Kalgoorlie-Port Augusta ..	215,945	254,291	276,278	299,295	333,000
Port Augusta-Oodnadatta ..	(a)	(a)	27,035	105,988	191,115
Darwin-Katherine River ..	16,461	29,105	38,879	62,202	68,844
Federal Capital Territory ..	(b)	3,641	7,576	10,249	10,203
Total	232,406	287,037	349,768	477,734	603,162

(a) See paragraph (b) above.

(b) Not available.

Further detailed particulars are stated in Chapter VII., part B, Railways.

(c) *Commonwealth Steamships.* For the year 1927-28 the estimated earnings, including those of the detained enemy vessels, were £1,418,427, and the estimated expenditure, including Interest and Depreciation, £2,011,502, leaving a loss of £593,075 on the year's operations. Further information relative to the Commonwealth Government Line of Steamers will be found in Chapter VII., part A, Shipping.

(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 1927-28 they included interest on Loans and Advances to States, £2,861,995; Interest on General Trust Fund Investments, £321,151; and Interest, Nauru Island Agreement, £86,421.

(b) *Coinage.* The Commonwealth Revenue under this head is derived from profit on coin issued, and for 1927-28 was made up of £185,652 for silver and £17,600 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 1927-28, £56,628 was contributed by the Defence Department (Military), £6,831 by the Air Services, and £69,418 by the Navy Office.

(d) *Patents, etc.* This heading includes Patents, Trade Marks, Copyright and Designs. In 1927-28, £33,181 was obtained from Patents, and £11,077 from Trade Marks, Copyright and Designs.

(e) *Marine.* The Marine Branch of the Department of Trade and Customs administers the Lighthouse and Navigation Services. The revenue under this heading for each of the past five years, derived chiefly from light dues, was—1923-24, £193,693; 1924-25, £220,675; 1925-26, £211,998; 1926-27, £216,781; and 1927-28, £212,490.

(f) *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 1923-24 there was paid into revenue a sum of £195,000, being a repayment of advances to Trust Fund—Cockatoo Island Dockyard Account. Receipts under the Commerce Act amounted to £55,210 in 1924-25, £44,391 in 1925-26, £36,452 in 1926-27, and to £12,497 in 1927-28.

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 was made annually by the Commonwealth to the States, and there was no further debiting of expenditure to the several States. The States Grants Act (No. 4 of 1927) provides for the abolition of the *per capita* payments as from 30th June, 1927. Further details in connexion therewith will be found in part A, Division iv, and part B, § 1, 3 of this chapter.

2. *Total Expenditure.*—The total expenditure by the Commonwealth Government and the expenditure per head of population during the period 1923-24 to 1927-28 are shown in the following table :—

COMMONWEALTH EXPENDITURE, 1923-24 TO 1927-28.

Particulars.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	£	£	£	£	£
Total	68,354,624	68,336,432	75,109,438	75,632,638	82,120,459
Per head	£ s. d. 11 18 0	£ s. d. 11 12 9	£ s. d. 12 10 8	£ s. d. 12 7 7	£ s. d. 13 3 6

The foregoing statement, while including expenditure from Trust Funds, does not take into consideration payments into Special Trust Funds. The following Special Debt redemptions from Revenue are included above :—1923-24, £4,915,755; 1924-25, £1,500,000; and 1925-26, £1,000,000. In 1923-24, £2,500,000 was allocated from Surplus Revenue for the purposes of Naval Construction and a Reserve for Defence; this amount also has been included above in the expenditure for that year.

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,
1923-24 TO 1927-28.**

Heads of Expenditure.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
Cost of Departments—	£	£	£	£	£
Governor-General	27,845	26,777	29,928	31,272	27,366
Parliament	336,012	355,257	469,419	537,634	419,931
Prime Minister	1,094,661	1,023,844	944,379	1,325,182	1,623,066
Home and Territories	522,640	524,983	699,756	777,291	789,787
Attorney-General	162,136	169,015	185,427	198,511	231,698
Works and Railways	669,331	1,335,267	1,811,098	1,122,072	1,267,173
Treasury	8,034,480	8,406,285	9,640,409	10,503,432	11,246,348
Trade and Customs	1,027,818	1,298,275	1,541,864	1,877,424	2,002,143
Defence	3,852,531	3,784,415	4,004,827	4,240,828	4,185,818
Postmaster-General	9,273,494	10,288,438	10,651,925	11,285,899	12,392,976
Health	167,917	187,799	176,672	206,679	371,354
Markets and Migration .. .. .	..	869,717	685,714	117,391	172,025
Total	25,768,865	28,270,072	30,841,418	32,223,615	34,729,685
Miscellaneous—					
New Works	629,510	343,916	316,941	216,447	220,867
War Services	28,770,106	28,482,761	29,171,850	29,309,083	29,008,815
Payments to or for the States	7,324,538	7,535,291	7,951,727	8,262,912	9,083,186
Interest—State Loans Act	945,850	1,216,253	2,084,757	2,623,852	2,861,995
Special Defence Provision .. .. .	..	988,139	3,742,745	996,729	4,215,911
Federal Aid Roads .. .. .	..	..	..	2,000,000	2,000,000
Special Debt Redemptions	4,915,755	1,500,000	1,000,000	..	..
Total	42,585,759	40,066,360	44,268,020	43,409,023	47,390,774
Grand Total	68,354,624	68,336,432	75,109,438	75,632,638	82,120,459

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 1923-24 to 1927-28 is as follows:—

**EXPENDITURE.—GOVERNOR-GENERAL AND ESTABLISHMENT,
1923-24 TO 1927-28.**

Details.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	£	£	£	£	£
Salary	10,000	10,000	10,000	10,000	10,000
Governor-General's Establishment	10,931	9,924	12,761	13,950	10,152
Contingencies (a)	6,914	6,061	6,314	6,469	6,361
Interest on Commonwealth Treasury Bills .. .. .	..	792	853	853	853
Total	27,845	26,777	29,928	31,272	27,366

(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 1923-24 to 1927-28.

EXPENDITURE.—COMMONWEALTH PARLIAMENT, 1923-24 TO 1927-28.

Details.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	£	£	£	£	£
Salaries of Ministers	13,569	14,408	15,300	15,300	15,300
Allowances to Senators	35,312	35,135	34,769	35,635	35,251
Allowances to Members of House of Representatives	74,359	74,628	66,055	74,190	74,278
Officers, staff, contingencies, etc.	61,418	60,353	64,089	71,837	85,343
Repairs, maintenance, etc.	2,522	2,285	2,280	1,832	4,459
Printing	24,244	24,323	28,182	24,623	37,888
Travelling expenses of Members and others	20,200	19,898	20,144	20,897	28,074
Insurance	342	342	342	45	..
Electoral Office	74,401	81,791	83,285	87,007	88,226
Election expenses	721	2,951	106,704	107,051	875
Administration of Electoral Act	25,576	32,437	41,568	43,702	31,260
Miscellaneous	3,348	6,706	6,701	55,515	18,977
Total	336,012	355,257	469,419	537,634	419,931

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, while the control of mail services to the Pacific Islands has been transferred to the Home and Territories Department. Immigration was administered until 1923-24, when it was transferred to the newly-created Markets and Migration Department. During 1926-27 the control reverted to the Prime Minister's Department. The expenditure for the last five years is shown in the following table:—

EXPENDITURE.—PRIME MINISTER'S DEPARTMENT, 1923-24 TO 1927-28.

Details.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	£	£	£	£	£
Salaries, contingencies, etc.	34,800	41,623	41,483	47,475	57,749
Audit Office	35,382	36,052	33,459	36,511	34,877
Rent, repairs, etc.	10,347	10,094	8,453	8,351	32,142
Public Service Board's Office	47,491	50,849	50,485	52,628	55,946
High Commissioner's Office, London	54,508	60,664	63,744	63,220	80,820
Australian Commissioner's Office, New York	11,489	14,875	12,270	12,966	13,808
Interest on Commonwealth Securities	464,071	530,006	548,709	688,244	762,791
Sinking Fund on Commonwealth Securities	48,967	48,177	48,179	53,792	55,276
Mail Service to Pacific Islands	52,953	(a)	(a)	(a)	(a)
Contribution to Secretariat, League of Nations	34,620	25,500	24,893	24,975	23,994
Immigration	66,866	(a)	(a)	6108,746	6124,092
Interest on Transferred Properties	29,480	29,945	29,965	29,967	42,809
Scientific and Industrial Research .. .. .	..	(b)	(b)	11,803	269,629
Miscellaneous	203,687	176,059	82,739	186,504	69,133
Total	1,094,661	1,023,844	944,379	1,325,182	1,623,066

(a) Transferred to other Departments.

(b) Transferred from other Departments.

(c) Development and Migration Commission.

In 1923–24 the “Miscellaneous” vote 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. In 1924–25, the largest item was a further payment of £137,697 to the Central Wool Committee. The largest items in 1925–26 were—Oil Agreement, £26,992, and American Fleet visit, £19,198. Included under “Miscellaneous” in 1926–27 was an expense of £95,462 in connexion with the Royal Visit and opening of Parliament at Canberra in May, 1927.

(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 Arbitration Court, and an increase in the item “Patents, Trade Marks, etc.” Details for the five years 1923–24 to 1927–28 are furnished hereunder :—

EXPENDITURE.—ATTORNEY-GENERAL'S DEPARTMENT, 1923–24 TO 1927–28.

Details.	1923–24.	1924–25.	1925–26.	1926–27.	1927–28.
	£	£	£	£	£
Attorney-General's Office	17,949	19,555	21,596	26,801	17,337
Crown Solicitor's Office	19,478	21,997	22,690	24,465	28,626
Salaries of Justices of High Court	21,500	21,500	21,500	21,500	21,500
High Court expenses	14,104	13,269	14,000	14,994	13,511
Court of Conciliation and Arbitration	8,378	11,995	12,958	23,162	27,625
Public Service Arbitrator's Office	3,955	4,027	3,953	4,220	4,368
Rent, repairs, etc.	11,032	11,472	12,571	12,039	20,004
Patents, Trade Marks, etc.	42,935	45,598	48,691	48,119	52,671
Investigation Branch	8,905	9,184	9,970	10,189	10,769
Miscellaneous	13,850	10,418	17,498	13,022	35,287
Total	162,136	169,015	185,427	198,511	231,698

(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 Fund Management Board. Details of the expenditure of this Department for the last five years are given in the following table :—

EXPENDITURE.—TREASURER'S DEPARTMENT, 1923–24 TO 1927–28.

Details.	1923–24.	1924–25.	1925–26.	1926–27.	1927–28.
	£	£	£	£	£
Treasury	51,007	54,413	51,808	52,585	53,418
Taxation Office	516,887	463,176	426,425	416,889	452,738
Pensions Office	88,405	92,999	97,761	114,446	117,071
Maternity Allowance Office	14,512	16,117	16,384	16,067	15,297
Coinage	16,273	23,836	54,905	45,968	43,008
Rent, repairs, etc.	22,942	12,993	15,302	10,209	16,371
Miscellaneous	130,398	61,641	45,582	42,399	79,179
Departmental Expenditure	840,424	725,175	707,167	698,563	777,082
Invalid and Old-age Pen- sions (a)	6,426,752	6,896,401	8,146,636	9,034,938	9,681,837
Maternity Allowance	670,175	688,205	680,855	660,280	678,920
Maintenance of persons in charitable institutions	97,129	96,504	105,751	109,651	108,509
Total	8,034,480	8,406,285	9,640,409	10,503,432	11,246,348

(a) Including the following amounts spent from Trust Funds :—In 1923–24, £3,714,287; 1924–25, £1,723,162; 1925–26, £1,884,530; 1926–27, £285,897; and in 1927–28, £1,421,493.

The "Miscellaneous" vote for 1923-24 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, that of Quarantine to the Department of Health, and that of the Institute of Science and Industry to the Department of Markets and Migration. Particulars for the five years 1923-24 to 1927-28 are given in the following table:—

EXPENDITURE.—TRADE AND CUSTOMS DEPARTMENT, 1923-24 TO 1927-28.

Details.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	£	£	£	£	£
Chief Office	72,238	78,159	79,813	82,410	69,029
Customs (ordinary)	503,150	531,189	551,161	566,223	553,846
Marine—					
Navigation	39,927	44,484	44,726	44,872	} 280,225
Lighthouses	169,045	184,298	199,057	230,439	
Analyst	6,039	5,854	(b)	(b)	(b)
Audit (proportion)	10,970	10,552	11,030	12,487	10,045
Pensions and retiring allowances	25,863	33,283	34,091	35,145	36,618
Rents, repairs, etc.	18,223	23,322	21,950	19,102	24,251
Sugar and other bounties	455,859	304,548	498,582	781,347	890,574
Interest on transferred properties	49,541	47,217	46,986	46,924	66,985
Interest on Commonwealth securities	8,180	13,667	21,224	22,507	23,033
Bureau of Commerce and Industry	3,484	..	..	..	..
Institute of Science and Industry	22,679	(a)	(a)	(a)	(a)
Miscellaneous	242,620	21,702	33,244	35,968	47,537
Total	1,627,818	1,298,275	1,541,864	1,877,424	2,002,143

(a) Transferred to other Departments.

(b) Included in Customs (Ordinary).

In 1923-24, an amount of £141,262, British Empire Exhibition, was included under "Miscellaneous."

(g) *Defence.* The expenditure in connexion with Defence, which in 1901-02 amounted to £861,218, had by 1927-28 grown to £4,185,818, of which £1,605,428 was expended on Military Services, £2,152,217 on Naval Services, and £428,173 on Air Services. Expenditure on the Air Service was included for the first time in 1920-21. Particulars for the last five years are as follows:—

EXPENDITURE.—DEFENCE, COMMONWEALTH, 1923-24 TO 1927-28.

Details.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	£	£	£	£	£
Chief Office	96,645	103,438	103,913	109,475	107,805
Military	1,289,171	1,269,799	1,307,815	1,299,454	1,284,886
Naval	1,916,384	1,842,937	1,943,911	2,003,639	1,930,861
Air Services	211,978	205,002	254,882	381,982	377,176
Audit (proportion)	17,169	9,474	8,625	9,433	8,737
Pensions and retiring allowances	5,355	7,566	13,884	15,221	19,095
Rents, repairs, etc.	97,892	98,168	108,258	94,977	83,179
Interest on transferred properties	94,459	95,706	94,121	95,154	135,882
Interest on Commonwealth securities	79,823	100,162	123,028	142,705	152,623
Miscellaneous	43,655	52,163	46,390	88,788	85,574
Total	3,852,531	3,784,415	4,004,827	4,240,828	4,185,818

(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, 1923-24 TO 1927-28.

Details.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	£	£	£	£	£
Chief Office	46,685	48,643	51,660	66,504	77,469
Postal Department (ordinary)	8,121,381	8,950,694	8,705,960	9,115,787	9,926,463
Audit (proportion)	10,663	10,630	10,009	10,359	11,149
Pensions and retiring allowances	92,436	95,928	102,518	110,429	102,173
Superannuation	28,999	45,687	59,136	75,563	93,431
Rents, repairs, etc.	136,666	142,831	146,859	137,096	151,109
Interest on transferred properties	198,699	198,923	(a)315,398	203,978	290,262
Interest on Commonwealth Securities	353,387	494,054	855,507	1,084,431	1,194,453
Sinking Fund on Commonwealth Securities	197,552	269,469	355,891	416,161	475,009
Miscellaneous	87,026	31,579	48,987	65,591	71,458
Total	9,273,494	10,288,438	10,651,925	11,285,899	12,392,976

(a) Includes £110,734 arrears of interest on value of Overland Telegraph Line, Adelaide to Darwin.

The "Miscellaneous" items for 1923-24 includes £59,560 for compensation of officers retired compulsorily.

(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 Bureau of Census and Statistics, Meteorological and Lands and Survey 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. The Shipping and Mail Service to the Pacific Islands were transferred from the Prime Minister's Department in 1924-25, and the Lands and Survey branch of the Department of Works and Railways in 1925-26. The Electoral Office which is administered by this Department is for the purposes of this Chapter shown under Sub-section (ii) (b) ante.

EXPENDITURE.—HOME AND TERRITORIES DEPARTMENT, 1923-24 TO 1927-28.

Details.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	£	£	£	£	£
Chief Office	24,544	27,891	27,369	48,328	50,599
Census and Statistics	19,575	23,394	26,240	27,620	29,170
Meteorological Branch	39,245	34,656	34,562	36,616	36,103
Lands and Survey	12,354	15,035	(c)	(c)	(c)
Papua	79,139	71,239	96,745	67,158	53,650
Northern Territory	212,469	145,685	147,120	126,582	108,702
Federal Capital Territory .. .. .	..	..	..	43,485	108,923
Norfolk Island	3,500	3,500	3,945	4,339	4,000
New Guinea .. .. .	..	10,064	10,214	11,077	12,828
Shipping and Mail Services, Pacific Islands	(b)	52,834	50,418	53,092	52,051
Interest on Commonwealth Securities (a)	68,226	75,226	88,209	99,825	207,645
Sinking Fund, Commonwealth Securities (a)	7,711	8,771	8,854	8,735	11,604
Rents, repairs, etc.	21,942	15,281	12,066	12,293	16,579
Miscellaneous	33,935	41,407	194,014	238,141	97,933
Total	522,640	524,983	699,756	777,291	789,787

(a) Includes Federal Capital Territory.

(b) Included in Prime Minister's Department.

(c) Included in Department of Works and Railways.

The "Miscellaneous" in 1924-25 includes Census expenditure £11,999, and a grant of £10,000 for medical purposes in New Guinea. In each of the years 1925-26 and 1926-27 were included sums of £100,000 to aid prospecting.

(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 Works and Railways Department. To this Department was entrusted the administration of the railways originally under

the control of the old External Affairs Department and the Lands and Survey branch, which was transferred to it from the Department of Home and Territories in 1925-26. The expenditure for the last five years was as follows :—

EXPENDITURE.—WORKS AND RAILWAYS DEPARTMENT, 1923-24 TO 1927-28.

Details.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	£	£	£	£	£
Chief Office	34,274	33,495	35,683	15,270	24,655
Kalgoorlie-Port Augusta Railway	265,293	285,912	285,876	271,398	286,175
Port Augusta-Oodnadatta Rail- way, and Northern Territory and Federal Capital Territory Railways	188,441	131,238	213,898	213,362	255,536
Lands and Survey .. .. .	..	..	(a)13,952	17,143	(b)
Interest on transferred properties	..	..	1,654	2,067	4,171
Interest on Commonwealth Sec- urities	135,085	332,266	425,737	519,252	612,575
Sinking Fund on Commonwealth Securities	15,007	37,713	45,283	57,511	72,669
Rent, repairs, etc.	4,928	7,648	7,939	9,629	5,385
Main Roads Development .. .. .	..	500,000	750,000	..	..
Miscellaneous	26,303	6,995	31,076	16,440	6,007
Total	669,331	1,335,267	1,811,098	1,122,072	1,267,173

(a) Previously included in Department of Home and Territories. (b) Included with Chief Office.

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

EXPENDITURE.—HEALTH DEPARTMENT, 1923-24 TO 1927-28.

Details.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	£	£	£	£	£
Central Administration	9,898	12,432	13,543	18,488	23,769
Salaries, Contingencies, etc. ..	72,104	79,392	83,396	85,146	91,746
Interest on Treasury Bills	1,804	2,083	3,128	3,359	3,460
Interest on Transferred Properties	7,466	7,674	7,668	8,356	9,325
Rent and repairs	15,292	11,000	17,746	22,553	29,340
Miscellaneous	61,353	75,218	51,191	68,777	213,714
Total	167,917	187,799	176,672	206,679	371,354

Included under the item Miscellaneous in 1924-25 is an expenditure of £22,488 in connexion with the rinderpest outbreak in Western Australia. During 1927-28 £100,000 was expended on the purchase of radium.

(l) *Markets and Migration Department.* This department, which was formed in the financial year 1924-25, took over various functions previously performed by other departments. Details of expenditure are as follow :—

EXPENDITURE.—MARKETS AND MIGRATION DEPARTMENT, (a) 1924-25 TO 1927-28.

Details.	1924-25.	1925-26.	1926-27.	1927-28.
	£	£	£	£
Chief Office	1,529	9,989	12,871	59,744
Immigration	63,058	93,588	..	..
Commonwealth Council for Scientific and Industrial Research	24,796	32,574	..	..
British Empire Exhibition	13,567	21,133	..	..
Loan to State of Tasmania for Relief of Apple Growers .. .. .	..	..	25,000	..
Dried Fruits Export Control	19,072	29,229	30,791	27,623
Dairy Produce Export Control .. .. .	..	26,728	20,664	21,294
Fruit Pool Losses	154,000	..	..	..
Assistance to Primary Production	500,000	..	..	..
Interest on Commonwealth Securities	30,325	95,780	11,558	13,908
Miscellaneous	63,370	376,693	16,507	49,456
Total	869,717	685,714	117,391	172,025

(a) Name subsequently changed to Department of Markets.

The item "Miscellaneous" includes in 1925-26 Scientific and Industrial Investigations, £250,000, and Science and Industry Endowment, £100,000.

(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, 1923-24 TO 1927-28.

Department.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	£	£	£	£	£
Parliament					
Prime Minister	31,250	..	5,844	..	237
Treasury .. .. .	..	..	..	..	..
Attorney-General .. .. .	..	..	3,251	..	..
Trade and Customs	1,675	7,887	714	837	12,081
Defence	311,323	309,277	247,398	177,992	170,219
Postmaster-General	248,876	..	..	..	874
Home and Territories	15,282	16,613	33,629	22,697	28,443
Works and Railways .. .. .	..	..	17,677	11,801	..
Health	21,104	10,139	8,018	3,078	9,013
Markets and Migration .. .. .	..	..	410	42	..
Total	629,510	343,916	316,941	216,447	220,867

(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 £2,861,995 is the interest on moneys borrowed by the Commonwealth and advanced to the States.

Division IV.—Subsidy Paid to States.

1. *Payments to the States.*—(i) *Surplus Revenue Act 1910.*—The following table furnishes particulars of the subsidies paid to the States on account of each of the financial years 1922-23 to 1926-27 :—

COMMONWEALTH SUBSIDY PAID TO STATES, 1922-23 TO 1926-27.

State.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
New South Wales	2,690,198	2,738,725	2,796,928	2,853,850	2,917,411
Victoria	1,969,772	2,014,746	2,055,834	2,090,951	2,127,159
Queensland	978,673	1,005,486	1,035,791	1,069,286	1,096,235
South Australia	635,833	650,453	668,084	684,932	703,816
Western Australia	554,828	558,573	561,741	(b)915,231	(b)773,432
Tasmania	356,247	356,555	(a)416,913	(c)337,477	(c)644,859
Total	7,185,551	7,324,538	7,535,291	7,951,727	8,262,912

(a) Including a special payment of £61,656 income tax received by the Commonwealth in respect of prizes won on lotteries and paid to the State under Section 4 of the Tasmania Grant Act 1924. (b) Including special grants of £353,112 (1925-26), and £212,793 (1926-27). (c) Includes special grants of £68,000 (1925-26), and £378,000 (1926-27).

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 was continued until the end of the year 1926-27. A Conference of Commonwealth and State Ministers was held in May, 1926, to consider the question of the inter-relation of Commonwealth and State finance. No satisfactory conclusions were arrived at, but the Commonwealth Government passed the "States Grants Act 1927" repealing the "per capita" payments specified by the "Surplus Revenue Act 1910."

(ii) *Financial Agreement Act 1928.* The "Financial Agreement Act 1928" provided *inter alia* that the Commonwealth Government shall contribute—

- (a) £7,584,912 per annum for 58 years towards the interest charges on the gross Public Debts of each State existing on 30th June, 1927, and all other debts existing on 1st July, 1929,
- (b) 2s. 6d. per cent. per annum into a Sinking Fund to extinguish existing debts in 58 years, and
- (c) 5s. per cent. per annum into a Sinking Fund to extinguish in 53 years from the respective dates of issue all future debts raised after 1st July, 1927.

The following table shows particulars of the payments made to or for the States during the year 1927-28 in accordance with the "Financial Agreement Act 1928" and provided also by the "States Grants Act 1927."

PAYMENTS TO OR FOR THE STATES, 1927-28.

State.	Contribution towards—		Special Grants.	Total.
	Interest on State Debts.	Sinking Fund on State Debts.		
	£	£	£	£
New South Wales	2,917,411	296,286	..	3,213,697
Victoria	2,127,159	178,429	..	2,305,588
Queensland.. ..	1,096,235	131,784	..	1,228,019
South Australia	703,816	107,143	..	810,959
Western Australia	473,432	78,035	300,000	851,467
Tasmania	266,859	28,597	378,000	673,456
Total	7,584,912	820,274	678,000	9,083,186

Division V.—Surplus Revenue.

1. *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, 1923-24 TO 1927-28.

Year.	Surplus.	Deficiency.	Accumulated Surplus at end of Year.	Accumulated Deficit at end of Year.
	£	£	£	£
1923-24 .. ..	..	4,837,421	2,591,153	..
1924-25	518,376	..	3,109,529	..
1925-26 .. ..	..	2,823,632	285,897	..
1926-27	2,535,597	..	2,821,494	..
1927-28 .. ..	..	5,450,237	..	2,628,743

The ordinary transactions of the year 1923-24 resulted in a surplus of £2,578,334, which, with the surplus brought forward, made an accumulated surplus of £10,006,908. Of this amount, £4,915,755 was applied to debt redemption, and £2,500,000 to provide for Naval Construction and a reserve for Defence. The following payments totalling £2,820,000 were made out of the surplus of £2,821,494 available at 30th June, 1927, and brought to account as expenditure during 1927-28:—Naval Construction and Defence Reserve, £2,250,000; Science and Industry Investigations, £250,000; Civil Aviation, £200,000; Purchase of Radium, £100,000; and Geophysical Survey of Australia, £20,000. The result of the ordinary transactions of the year 1927-28 omitting these special appropriations, was therefore a deficit of £2,630,237.

§ 3. Trust Funds.

1. Trust Accounts.—The Trust Fund balances on 30th June, 1928, totalled £13,669,231 as compared with £14,559,994 for the corresponding date in the year ending 30th June, 1927. Details concerning the most important trust accounts are contained in the following table:—

COMMONWEALTH TRUST FUNDS AT 30th JUNE, 1928.

Trust Accounts.	Balance at 30th June, 1928.	Trust Accounts.	Balance at 30th June, 1928.
	£		£
Admiralty	18,071	Northern Territory	33,893
Australian Soldiers' Repatriation ..	6,692	Other Trust Moneys	1,441,455
Australian Soldiers' Repatriation Contribution	16,557	Primary Production	118,900
Cockatoo Island Dockyard	21,721	Prospecting for Precious Metals	35,033
Commonwealth Government Ships ..	7,817	Prospecting for Petroleum	69,240
Defence—Clothing Material	19,472	Railway Plant and Stores Suspense ..	28,783
Naval Construction	2,130,214	Science and Industry Stores	7,122
Reserve	298,276	Science and Industry Investigations ..	393,009
Small Arms	32,495	Stamp Printing	9,734
Small Arms Ammunition	90,926	Superannuation Fund	1,940,139
Stores, London Liabilities	955,679	Suspense	19,060
Deferred Pay	581,496	Taxation Officers' Compensation	164,101
Federal Aid Roads	1,799,749	Treaty of Peace—Clearing Office Account	48,105
General Average Deposits	12,244	Unclaimed Militia Pay	857
Imperial Pensions	7,084	Victorian Parliament House Memorial ..	50,000
International Postal and Money Order ..	26,351	War Savings Certificates Interest ..	134,097
Loans—Wire Netting	26,088	War Service Homes Insurance	121,089
Main Roads Development	18,091	Wire and Wire Netting	158,843
Money Order	493,500	Miscellaneous	1,159,827
National Debt Sinking Fund	1,260,026		
New Guinea Agency	3,395	Total	13,669,231

§ 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 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, 1928, stood at £2,100,770, of which £1,124,974 was on account of the Northern Territory, and £975,796 on account of the railway.

3. Loan Fund for Public Works Redemptions, etc.—Up to the year 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 and other securities issued in London and New York as well as in Australia. The details of the expenditure for the last five years and the total expenditure to 30th June, 1928, are given in the following table:—

COMMONWEALTH LOAN EXPENDITURE FOR WORKS, 1924 TO 1928, AND TOTAL.

Particulars.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	Total to 30/6/1928.
	£	£	£	£	£	£
Railway Construction—						
Trans-Australian Railway ..	62,506	52,113	69,565	88,198	54,896	6,518,874
Northern Territory ..	20,420	50,535	195,123	398,764	425,874	1,497,460
Grafton—South Brisbane						
Railway ..			840,000	1,000,000	1,202,000	3,042,000
Other ..	33,355	211,074	91,489	420,385	735,813	1,553,788
Papua—Railways and Wharves						111,556
Posts and Telegraphs—						
Purchase of land ..	47,348	41,330	33,179	49,901	11,425	554,026
Construction of conduits, etc.	3,855,673	4,495,662	5,505,454	3,895,424	3,642,938	25,665,668
Acquisition of land (a)—						
London ..	4,395		500			880,190
Perth ..						152,205
Federal Capital Territory ..	498,349	296,061				2,014,697
Elsewhere (b) ..	19,220	24,396	5,750	14,102	10,906	241,829
Defence Machinery: Dockyards,						
Cockatoo Island; and Naval						
Bases, etc. ..	66,689	56,807	78,027	153,901	117,047	1,797,480
Ship Construction ..	626,646	312,952			Cr. 163,216	9,166,241
General Arsenal; Small Arms,						
etc.; Cordite ..	91,796	219,271	67,720	70,873	73,548	1,056,866
Royal Australian Air Force						
—Construction of Buildings			126,000	139,819	103,154	368,973
Lighthouses ..	26,285	18,155	67,359	15,481	14,113	180,159
Contribution under River						
Murray Waters Act ..	235,609	192,500	205,000	209,500	250,000	1,533,625
Wireless Telegraphy ..	62,500	62,500	79,560	50,000	50,565	334,800
Immigration ..	203,744	181,193	262,589	248,104	261,353	(c) 1,490,315
Construction of Roads	31,788					249,636
Subscription to Capital of Oil						
Refining Company ..	100,000	93,750				343,751
Miscellaneous ..	73,325	33,459	51,541	296,676	97,682	1,953,737
Total ..	6,060,048	6,341,758	7,678,856	7,051,128	6,888,098	60,707,986

(a) Including cost of erection of buildings.

(b) Excluding purchases for Posts and Telegraphs.

(c) Exclusive of loans to States for Immigration purposes.

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 paid interest at the rate of 3½ per cent. to the States on account of all the transferred properties.

The terms of the Financial Agreement between the Commonwealth Government and the Governments of the several States provided, *inter alia*, that, as a temporary measure, the Commonwealth Government would for a period of two years from 1st July, 1927, to 30th June, 1929, pay to each State interest at the rate of 5 per cent. per annum on the agreed value of transferred properties as shown hereunder :—

	£
New South Wales	4,788,005
Victoria	2,302,862
Queensland	1,560,639
South Australia	1,035,631
Western Australia	736,432
Tasmania	500,754
	<hr/>
Australia	10,924,323
	<hr/>

From 1st July, 1929, the Commonwealth Government will assume all liability for so much of the Public Debt of the States bearing interest at the rate of 5 per cent. per annum as is equivalent to the agreed value of the transferred properties shown above. The Commonwealth Government will receive the freehold or equivalent title to the transferred properties consisting of land or interests in land and all liability of the Commonwealth to the State in respect of transferred properties is extinguished from that date.

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. Subsequently further loans totalling £31,500,000 were negotiated. In addition to this capital indebtedness of £49,500,000, a further sum of £42,696,500 was due to the British Government for the maintenance of Australian troops.

Early in 1921 an arrangement was concluded with the Imperial Government, by means of which almost the entire debt (upwards of £92,000,000) 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. on 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, 1928, was £84,215,449, 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 raised large amounts of money in Australia. Full details of the seven War Loans are given in Official Year Book No. 14.

7. *Flotation of Loans, 1927–28.*—During the year 1927–28, the six loans raised by the Commonwealth amounted to a total of £76,656,544, of which £49,762,925 was for Commonwealth purposes and £26,893,619 for the States.

COMMONWEALTH LOANS FLOATED, 1927-28.

For whom Raised.	Amount Raised.			Rate of Interest.	Date of Maturity.	Price.
	Overseas.	Australia.	Total.			
	£	£	£	%		£
Commonwealth ..	1,375,262	} a 7,000,000	..	5	1.7.45-75	98
States ..	5,624,738					
Commonwealth ..	2,889,140	} b 8,219,460	..	5	1.9.47-57	98
States ..	5,330,320					
Conversion and Redemption ..	..	28,981,530	28,981,530	} 5½	{ 15.2.33	} 98½
	..	3,943,110	3,943,110				{ 15.2.38
Commonwealth ..	2,636,413	} a 7,000,000	..	5	1.7.45-75	97½
States ..	4,368,587					
Commonwealth ..	2,358,448	} ..	8,000,000	5	1.7.45-75	98
States ..	5,641,552					
Commonwealth ..	4,340,902	} b 10,274,324	..	4½	1.5.56	92½
States ..	5,933,422					
Total ..	..	} a 14,000,000	} 44,162,760	..	..	..
	..	b 18,493,784				

(a) Floated in London.

(b) Floated in New York.

8. 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 that of the States) at 30th June, 1928.

COMMONWEALTH PUBLIC DEBT AT 30th JUNE, 1928.

Particulars.	Payable in London.	Payable in New York.	Payable in Australia.	Total.
	£	£	£	£
War Debt—				
Stocks and Bonds .. ..	.. ..	.. ..	123,802,616	231,802,616
Registered Stock and Bonds	12,607,210	.. ..	.. ..	12,607,210
Peace Savings Certificates .. ..	.. ..	.. ..	354,251	354,251
War Savings Certificates and Stamps .. ..	.. ..	.. ..	266,417	266,417
War Gratuity Bonds .. ..	.. ..	.. ..	22,232	22,232
Indebtedness to United Kingdom	84,215,449	.. ..	.. ..	84,215,449
Total	96,822,659	.. ..	232,445,516	329,268,175
Deduct advances to States for Soldier Land Settlement .. ..	.. ..	.. ..	35,848,068	35,848,068
War Debt	96,822,659	.. ..	196,597,448	293,420,107
Works and other Purposes—				
Stocks and Bonds	74,382,790	33,563,752	39,993,166	147,939,708
Treasury Bills .. ..	.. ..	.. ..	3,797,000	3,797,000
Balance of Loans taken over from South Australia—				
(i) Northern Territory	329,100	.. ..	783,874	1,112,974
(ii) Port Augusta Railway	963,435	.. ..	12,361	975,796
Transferred Properties .. ..	.. ..	.. ..	11,035,447	11,035,447
Total Works and other Purposes	75,675,325	33,563,752	55,621,848	164,860,925
Advances to States for Soldier Land Settlement .. ..	.. ..	.. ..	35,848,068	35,848,068
Total	172,497,984	33,563,752	288,067,364	494,129,100

COMMONWEALTH PUBLIC DEBT AT 30TH JUNE, 1928—*continued.*

Particulars.	Payable in London.	Payable in New York.	Payable in Australia.	Total.
ALLOCATION OF PUBLIC DEBT.				
	£	£	£	£
War	96,822,659	..	196,597,448	293,420,107
Works and Other Purposes	39,393,187	17,291,277	20,665,883	77,350,347
Loans Raised for Federal Capital Commission .. .. .	..	..	2,013,635	2,013,635
Total Commonwealth Purposes	136,215,846	17,291,277	219,276,966	372,784,089
Loans Raised for States	36,282,188	16,272,475	68,790,398	121,345,011
Total Public Debt	172,497,984	33,563,752	288,067,364	494,129,100
PER HEAD OF POPULATION.				
	15.407	..	31.283	46.690
War	6.268	2.751	3.289	12.308
Works and Other Purposes .. .. .	..	..	.320	.320
Loans Raised for Federal Capital Commission .. .. .	..	..	..	..
Total Commonwealth Purposes	21.675	2.751	34.892	59.318
Loans Raised for States	5.773	2.590	10.946	19.309
Total Public Debt	27.448	5.341	45.838	78.627

Of the total indebtedness of the Commonwealth at 30th June, 1928, viz. :—£494,129,100 (£78.627 per head of population), £372,784,089 (£59.318 per head of population) was for Commonwealth purposes, the remainder being raised on behalf of the several States.

Particulars of the combined Commonwealth and State Public Debts will be found on a later page.

(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 $3\frac{1}{2}$ 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. In 1925–26 a loan of £15,411,487 was raised in New York. The appended table gives particulars of Commonwealth loans outstanding in each of the last five years which had been floated in London, New York, and Australia respectively. A separate column is devoted to the cost of the transferred properties which, for obvious reasons, it is impossible to allocate. The percentage of loans floated in each centre is also given and shows that approximately 42 per cent. of the total loan moneys has been obtained abroad.

COMMONWEALTH PUBLIC DEBT.—PLACE OF FLOTATION, 1924 TO 1928.

At 30th June—	Payable—				Value of Transferred Properties.		Total.
	Abroad.		In Australia.		Amount.	Percentage on Total Debt.	
	Amount.	Percentage on Total Debt.	Amount.	Percentage on Total Debt.			
	£	%	£	%	£	%	£
1924..	142,524,394	34.29	262,215,114	63.09	10,860,591	2.62	415,600,099
1925..	146,117,023	33.91	273,972,946	63.57	10,858,093	2.52	430,948,062
1926..	(a) 171,294,986	37.36	276,083,236	60.22	11,065,129	2.42	458,443,351
1927..	(a) 168,218,789	36.49	281,813,406	61.12	11,035,547	2.39	461,067,742
1928..	(a) 206,061,736	41.70	277,031,917	56.07	11,035,447	2.23	494,129,100

(a) Including, for 1925–26, £15,411,487 (3.36 per cent.); for 1926–27, £15,365,663 (3.33 per cent.); and for 1927–28, £33,563,752 (6.79 per cent.), payable in New York.

(iii) *Amount of Debts at Various Rates of Interest.*—When the first debt was taken over from South Australia, it consisted mainly of securities bearing interest 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 and repatriation purposes, and the fall in the average rate was ultimately converted into a rise which steadily maintained until at 30th June, 1928, the average rate stood at £5 5s. 2d.

The accompanying table gives particulars of rates of interest for the five financial years ended 30th June, 1928 :—

COMMONWEALTH PUBLIC DEBT.—RATES OF INTEREST, 1924 TO 1928.

Rates of Interest.	At 30th June—				
	1924.	1925.	1926.	1927.	1928.
%	£	£	£	£	£
3	35,063	35,063	33,261	..	..
3½	14,793,980	14,791,482	14,998,518	3,933,389	4,044,513
£3/12/3	631,840	576,288	576,288	485,949	476,207
3¾	833,295	833,295	758,495	758,495	753,850
3⅞ .. ..	..	375,000	..	..	..
4	5,504,903	5,504,903	4,484,361	5,785,118	4,453,778
4½	116,908,700	113,520,010	46,600,260	29,783,480	10,274,324
4⅝ .. ..	..	..	..	375,000	..
4¾ .. ..	..	6,000,000	6,000,000	6,000,000	6,000,000
£4/18/4	89,270,922	88,097,605	86,865,883	85,572,848	84,215,449
5	82,400,498	81,125,491	103,243,689	112,362,689	131,332,055
5½	700,900	..	8,614,820	49,386,660	86,136,870
5¾	12,750,000	12,750,000	80,109,440	67,333,780	67,304,010
6	91,578,657	107,218,818	105,890,122	98,920,556	98,915,628
Overdue	191,341	120,107	268,214	369,778	222,416
Total	415,600,099	430,948,062	458,443,351	461,067,742	494,129,100
Average rate of interest	£5/0/1	£5/0/10	£5/3/11	£5/4/8	£5/5/2

(iv) *Amount of Interest Payable.* A table is appended showing the amounts payable as interest on the total Commonwealth Public Debt (including amounts raised on behalf of the several States) at 30th June in the years 1924 to 1928 inclusive. The rapid increase is due not only to the great expansion of the Loan Fund, but also to the high rate of interest on recent loans.

COMMONWEALTH PUBLIC DEBT.—INTEREST PAYABLE IN LONDON, NEW YORK, AND AUSTRALIA, AT 30th JUNE, 1924 TO 1928.

30th June—	Payable in—				Total.
	London.	New York.	Australia.		
			Loans.	Transferred Properties.	
	£	£	£	£	£
1924	7,289,787	..	13,131,877	380,121	20,801,785
1925	7,454,001	..	13,943,932	380,033	21,777,966
1926	7,949,761	770,575	14,719,956	387,280	23,827,572
1927	7,689,240	768,283	15,106,231	551,777	24,115,531
1928	8,674,152	1,626,815	15,128,488	550,106	25,979,561

(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 3 per cent. of the debt no definite date of maturity had been assigned on 30th June, 1928. It will be noticed that about £101,000,000 falls due in the space of three years 1928 to 1930, the bulk of this being represented by the balance of the first eight internal loans. While the actual dates of maturity extend from 1928 to 1975, or a period of 47 years, the average period till maturity is only 14.05 years.

**COMMONWEALTH PUBLIC DEBT.—DUE DATES OF AMOUNTS OUTSTANDING ON
30th JUNE, 1928. (a)**

Due Dates.				Amounts.	Due Dates.				Amounts.
				£					£
1928	..	..	..	24,525,130	1948	..	..	..	9,794,730
1929	..	..	..	2,859,431	1955	..	..	..	15,307,511
1930	..	..	..	73,416,990	1956	..	..	..	10,274,324
1931	..	..	..	29,347,050	1957	..	..	..	7,981,917
1933	..	..	..	45,774,950	1960	..	..	..	6,000,000
1934	..	..	..	3,899,693	1972	..	..	..	3,764,716
1935	..	..	..	5,470,770	1975	..	..	..	43,606,000
1936	..	..	..	14,747,655	Overdue	..	..	..	222,416
1937	..	..	..	772	Indefinite	..	..	..	605,445
1938	..	..	..	12,019,950	Annual Repayments	..	..	..	84,215,449
1939	..	..	..	169,484	Transferred Properties	..	..	..	11,035,447
1940	..	..	..	340					
1941	..	..	..	48,056,340	Total	..	..	..	494,129,100
1942	..	..	..	198,000					
1943	..	..	..	18,450,590					
1945	..	..	..	22,384,000	Average period to maturity				14.05 years

(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.

9. *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. Other loans have since been floated in London, New York and Australia. The totals so raised have been distributed as shown in the following table :—

**COMMONWEALTH LOANS RAISED ON BEHALF OF STATES AT
30th JUNE, 1928.**

State.	Amount Floated in—			Total.
	London.	New York.	Australia.	
	£	£	£	£
New South Wales	4,027,958	3,955,615	2,981,850	10,965,423
Victoria	5,867,170	4,695,366	8,639,350	19,201,886
Queensland	9,289,675	3,462,448	5,647,860	18,399,983
South Australia	7,293,921	1,804,171	11,263,310	20,361,402
Western Australia	8,394,565	2,116,511	3,325,210	13,836,286
Tasmania	1,408,849	238,364	1,084,750	2,731,963
Total	36,282,138	16,272,475	32,942,330	85,496,943

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 figures representing sums outstanding at 30th June, 1928 :—

ADVANCES TO STATES OUTSTANDING ON 30th JUNE, 1928.

Advances for—	New South Wales.	Victoria.	Queens- land.	South Australia.	Western Australia.	Tas- mania.	Total.
	£	£	£	£	£	£	£
Settling returned soldiers	9,805,983	11,794,075	2,700,583	2,833,005	5,431,202	2,129,563	34,694,411
Providing employment	..	86,702	400,000	28,796	..	..	515,498
Public Works, Redemp- tion, etc.	9,960,966	18,830,059	18,772,103	19,892,766	10,833,712	3,015,189	81,304,800
Grafton-South Brisbane Railway	1,004,457	..	375,875	..	..	..	1,380,332
Silos for wheat storage	500,000	..	..	..	..	..	500,000
Immigration . . . . .	..	1,121,828	..	468,636	3,604,395	..	5,194,859
Other purposes . . . . .	..	12,500	203,158	..	101,158	25,000	346,816
Total	21,271,406	31,845,164	22,456,724	23,223,203	19,970,467	5,169,752	123,936,716

10. **Sinking Fund.** (i) *To 1923.* At an early stage of its public debt experience 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).

(ii) *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 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 Act was amended in 1924 to provide for additional payments being made to the Fund in respect of expenditure from the Loan Fund by the Postmaster-General's Department.

Further amendments made by the National Debt Sinking Fund Act 1925, provide that reparation moneys received under the Treaty of Peace with Germany, and Sinking Fund contributions received from the States in respect of loans raised for them by the Commonwealth, shall be paid into the National Debt Sinking 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 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. Particulars of receipts and expenditure are as follows:—

**COMMONWEALTH PUBLIC DEBT.—NATIONAL DEBT SINKING FUND,
1923-24 TO 1927-28.**

Items.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	£	£	£	£	£
Cr. Brought forward		2,059,372	4,152,992	3,269,249	1,562,854
Balance transferred to fund on 11th August, 1923	2,262,982				
From Consolidated Revenue	1,430,141	3,111,216	2,796,722	2,017,391	2,278,696
Repayments of Sundry Loans	513,073	16,482	33,157	18,171	9,931
Purchase Money and Repayments under War Service Homes Act	675,174	746,012	744,548	831,562	787,897
Half net Profit Commonwealth Bank	61,673	130,477	226,176	236,280	320,568
Reparation Moneys		257,692	302,922	1,340,573	651,779
Interest on Investments	117,926	94,271	83,950	89,754	54,246
Contributions by States			76,711	162,464	310,623
Total	5,060,969	6,415,522	8,417,178	7,965,444	5,976,589
Dr. Redemptions	3,001,597	2,262,530	5,147,929	6,402,590	4,716,568
Carried Forward	2,059,372	4,152,992	3,269,249	1,562,854	1,260,026
Total	5,060,969	6,415,522	8,417,178	7,965,444	5,976,589

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, 1928, is set out in the following table:—

COST OF WAR SERVICES TO 30th JUNE, 1928.

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	45,385,586	70,137,318
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
1924-25	28,482,761	975,612	29,458,373
1925-26	29,171,850	324,225	29,496,075
1926-27	29,309,083	697,289	30,006,372
1927-28	29,008,815	728,842	29,737,657
Total Expenditure	310,182,493	306,308,661	616,491,154
Indebtedness to the Government of the United Kingdom for payments made, services rendered, and goods supplied during the war			43,398,098
War Gratuity Paid in Cash			27,476,985
Total			687,366,237

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

§ 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 in 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 an old-age 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 regard to Invalid pensions, the applicant must satisfy the Department that her or his disability was contracted in Australia and is both total and permanent.

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

In 1925 an amending Act increased the rate of pension to £52 per annum and the maximum amount allowable to £84 10s. per annum from 1st October, 1925.

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 £52) 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, 1928.* Details regarding Old-age Pensions at 30th June, 1928, are as follows:—

OLD-AGE PENSIONS.—SUMMARY, 1928.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
Claims examined during year ended 30th June, 1928 ..	7,787	5,846	2,876	1,820	1,106	979	20,414
Claims rejected ..	906	350	433	154	105	34	1,982
Claims granted ..	6,881	5,496	2,443	1,666	1,001	945	18,432
Transfers from other States	717	764	204	217	194	140	2,236
Existing 30th June, 1927 ..	51,530	38,702	17,236	11,537	7,326	6,903	133,234
	59,128	44,962	19,883	13,420	8,521	7,988	153,902
Deduct—							
Deaths ..	3,864	2,990	1,272	785	467	461	9,839
Cancellations and transfers to other States ..	1,989	1,330	426	382	341	228	4,696
	5,853	4,320	1,698	1,167	808	689	14,535
Old-age Pensions existing on 30th June, 1928 ..	53,275	40,642	18,185	12,253	7,713	7,299	139,367
Number per 1,000 of population ..	22.14	23.34	20.22	21.12	19.66	33.81	22.35

(ii) *Sexes of Pensioners.* Of the 139,367 persons in receipt of pensions at 30th June, 1928, 57,381 (or 41 per cent.) were males, and 81,986 (or 59 per cent.) were females. Details for the several States are as follows:—

OLD-AGE PENSIONS.—SEXES OF PENSIONERS, 1928.

State.	Males.	Females.	Total.	(a) Masculinity.
New South Wales	22,899	30,376	53,275	-14.03
Victoria	15,577	25,065	40,642	-23.34
Queensland	8,020	10,165	18,185	-11.79
South Australia	4,476	7,777	12,253	-26.94
Western Australia	3,390	4,323	7,713	-12.09
Tasmania	3,019	4,280	7,299	-17.28
Total	57,381	81,986	139,367	-17.65

(a) Excess of males over females in each 100 of total pensioners. It will be noted that in every State there is an excess of female pensioners.

(iii) *Ages and Conjugal Condition of Pensioners.* The recorded ages of the 18,432 persons to whom pensions were granted during the year 1927-28 varied considerably, ranging from 2,931 at age 60 to two at age 96. Particulars for quinquennial age-groups are as follows:—

OLD-AGE PENSIONS GRANTED 1927-28.—AGES AND CONJUGAL CONDITION OF PENSIONERS.

Age Groups.	Males.				Females.				Grand Total.
	Single.	Married.	Widowed.	Total.	Single.	Married.	Widowed.	Total.	
60-64 ..	342	814	193	1,349	710	2,930	2,169	5,809	7,158
65-69 ..	1,178	3,241	939	5,358	228	1,110	735	2,073	7,431
70-74 ..	349	1,025	389	1,763	101	370	400	871	2,634
75-79 ..	87	258	165	510	29	100	204	333	843
80-84 ..	10	68	58	136	15	27	97	139	275
85-89 ..	2	12	18	32	1	3	38	42	74
90 and over ..	2	..	1	3	..	2	12	14	17
Total ..	1,970	5,418	1,763	9,151	1,084	4,542	3,655	9,281	18,432

3. Invalid Pensions.—(i) Summary, 1928. Details at 30th June, 1928, are given hereunder:—

INVALID PENSIONS.—SUMMARY, 1928.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
Claims examined during year ended 30th June, 1928 ..	4,418	2,820	1,659	648	679	423	10,647
Claims rejected	1,179	579	437	136	227	113	2,671
Claims granted	3,239	2,241	1,222	512	452	310	7,976
Transfers from other States ..	238	74	66	67	45	41	531
Existing 30th June, 1927 ..	21,645	15,327	7,357	3,129	2,699	2,242	52,399
	25,122	17,642	8,645	3,708	3,196	2,593	60,906
Deduct—							
Deaths	1,204	742	488	200	180	149	2,963
Cancellations and Transfers to other States ..	1,175	502	314	180	150	105	2,426
	2,379	1,244	802	380	330	254	5,389
Invalid Pensions existing 30th June, 1928	22,743	16,398	7,843	3,328	2,866	2,339	55,517
Number per 1,000 of population	9.45	9.42	8.72	5.74	7.31	10.84	8.90

(ii) *Sexes of Pensioners.* Of the 55,517 persons in receipt of invalid pensions on 30th June, 1928, 24,623, or 44 per cent., were males, and 30,894, or 56 per cent., were females. Details for the several States are as follows :—

INVALID PENSIONS.—SEXES OF PENSIONERS, 1928.

State.	Males.	Females.	Total.	(a) Masculinity.
New South Wales	9,980	12,763	22,743	—12.24
Victoria	7,316	9,082	16,398	—10.77
Queensland	3,747	4,096	7,843	—4.45
South Australia	1,202	2,126	3,328	—27.78
Western Australia	1,361	1,505	2,866	—5.02
Tasmania	1,017	1,322	2,339	—13.04
Total	24,623	30,894	55,517	—11.29

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

(iii) *Ages and Conjugal Condition of Pensioners, 1928.* The recorded ages of the 7,976 persons to whom invalid pensions were granted during the period under review varied from 16 to 81. The following table gives particulars of those up to age 20, and in decennial age-groups thereafter :—

INVALID PENSIONS.—AGES AND CONJUGAL CONDITION OF PENSIONERS, 1928.

Age Groups.	Males.				Females.				Grand Total.
	Single.	Married.	Widowed.	Total.	Single.	Married.	Widowed.	Total.	
16-19 ..	387	1	..	388	483	2	..	485	853
20-29 ..	386	90	1	477	499	29	11	539	1,016
30-39 ..	206	287	10	503	262	105	41	408	911
40-49 ..	234	587	41	862	268	265	179	712	1,574
50-59 ..	426	888	122	1,436	288	625	659	1,572	3,008
60-69 ..	68	137	40	245	18	88	104	210	455
70-79 ..	8	49	24	81	7	25	43	75	156
80 and over ..	..	..	1	1	1	1	..	2	3
Total ..	1,695	2,039	239	3,973	1,826	1,140	1,037	4,003	7,976

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 1927-28 the total cost to the Commonwealth of administering the Old-age and Invalid Pensions Department was £118,641, or about 1.2 per cent. of the amount actually paid in pensions. Details concerning the cost of administration for 1927-28 are as follows :—

OLD-AGE AND INVALID PENSIONS.—COST OF ADMINISTRATION, 1927-28.

Heading.	Amount.
	£
Salaries	51,110
Payments to State Governments and payment of commission to Postmaster-General's Department, at 11s. 6d. per £100 paid	47,411
Postage and telegrams	5,121
Medical examinations	7,216
Other expenses	7,783
Total	118,641

The actual sum disbursed in Old-age and Invalid Pensions in the financial year 1927-28, apart from the cost of administration and inclusive of the amount paid to asylums for the maintenance of pensioners, was £9,790,346.

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, 1924 TO 1928.

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.
1924	113,054	42,617	155,671	6,426,752	97,129	6,523,881	92,366	1 8 4	33 9
1925	117,516	44,840	162,356	6,896,401	96,504	6,992,905	94,486	1 7 0	33 8
1926	126,918	48,803	175,721	8,146,636	105,751	8,252,387	99,620	1 4 2	38 7
1927	133,234	52,399	185,633	9,034,938	109,651	9,144,589	116,008	1 5 4	38 6
1928	139,367	55,517	194,884	9,681,837	108,509	9,790,346	118,641	1 4 3	38 5

§ 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 1924 to 1928 :—

MATERNITY ALLOWANCE.—SUMMARY, 1924 TO 1928.

Year.	Claims Paid.	Claims Rejected.	Amount Paid.	Cost of Administration.	Cost per £100 of allowance paid.
			£	£	£ s. d.
1923-24 ..	134,035	432	670,175	14,770	2 4 1
1924-25 ..	137,641	455	688,205	16,425	2 7 9
1925-26 ..	136,171	517	680,855	15,702	2 6 1
1926-27 ..	132,056	1,122	660,280	16,181	2 9 0
1927-28 ..	135,784	1,261	678,920	15,489	2 5 8
Aggregate— 1912-13 to 1927-28 ..	2,088,424	9,816	10,442,118	218,221	2 1 10

§ 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 dependants, 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, 1928 :—

WAR PENSIONS.—NUMBER OF PENSIONERS, 1928.

Where Paid.	Incapacitated Members of the Forces.	Dependents of—		Total.
		Deceased Members.	Incapacitated Members.	
New South Wales	24,760	10,446	49,936	85,142
Victoria	23,523	11,705	53,226	88,454
Queensland	7,826	3,413	15,899	27,138
South Australia	4,289	3,344	9,202	16,835
Western Australia	7,551	3,387	16,557	27,495
Tasmania	2,848	1,504	7,101	11,453
London	1,576	4,124	3,516	9,216
South Africa	50	34	67	151
New Zealand	218	232	279	729
Other Overseas	26	5	26	57
Total	72,667	38,194	155,809	266,670

3. Expenditure on War Pensions, 1928.—The expenditure on war pensions for the year ended 30th June, 1928, is given in the table hereunder :—

WAR PENSIONS.—EXPENDITURE, 1927-28.

Where Paid.	Amount.	Where Paid.	Amount.
	£		£
New South Wales	2,663,625	London and elsewhere	428,333
Victoria	2,183,365		7,690,890
Queensland	825,011	Payments in Australia in respect of other countries	373,065
South Australia	501,173		8,063,955
Western Australia	772,343	Less amounts from other countries, including payments by contra	456,674
Tasmania	317,040	Total	7,607,281

4. Cost of Administration.—The cost of administration in 1927-28 was £183,178, or 2.4 per cent. on the total amount paid in pensions, made up as follows :—

WAR PENSIONS.—COST OF ADMINISTRATION, 1927-28.

Items.	Total.
	£
Salaries	112,376
Postage and telegrams	2,670
Medical examinations	4,323
Services of Registrars, Police, and Postal Officials	47,979
London Office	3,008
Fees for State Boards	866
Miscellaneous	11,956
Total	183,178

§ 9. Commonwealth Public Service Superannuation Fund.

This Fund, which was inaugurated on the 20th November, 1922, is maintained by contributions of officers of Parliament, of employees of the Commonwealth Public Service and the Defence Department, and by payments from the Consolidated Revenue—the latter being made when the officers retire on pension. Full particulars as to the benefits etc., will be found in Official Year Book No. 18, page 383.

The following table shows particulars of the number of contributors, receipts, expenditure and investments at the end of each year since the inception of the fund.

COMMONWEALTH PUBLIC SERVICE SUPERANNUATION FUND.—RECEIPTS AND EXPENDITURE, 1923 TO 1928.

Particulars.	Year ended 30th June.					
	1923.	1924.	1925.	1926.	1927.	1928.
Contributors at end of year .. No.	26,876	26,794	28,024	28,660	29,843	30,977
	£	£	£	£	£	£
Receipts—						
Officers' Contributions	128,138	275,743	316,182	361,453	377,343	406,920
Interest on Investments	202	14,233	33,303	56,163	65,245	84,423
Other	1,272	..	848	1,408	402	20
Total	129,612	289,976	350,333	419,024	442,990	491,363
Expenditure—						
Pension Payments—						
From Consolidated Revenue ..	10,468	41,251	68,661	89,696	113,141	140,998
From Fund	145	4,056	8,133	13,289	19,868	27,150
Total	10,613	45,307	76,794	102,985	133,009	168,148
Refunds of Contributions	481	7,867	18,089	20,262	20,952	25,914
Investments	126,529	278,441	297,463	397,550	392,238	445,943
Other .. ..	..	1,709	5,137	6,540	2,160	..
Total expenditure from Fund ..	127,155	292,073	328,822	437,641	435,218	499,007
Grand Total, including expenditure from Consolidated Revenue	137,623	333,324	397,483	527,337	548,359	640,005
Investments at end of year (at cost) ..	126,488	404,970	702,433	1,099,412	1,491,651	1,937,594

The number of contributors to the fund at 30th June, 1928, was 30,977, viz., 27,635 males and 3,342 females, and the average pension contributed for was £114 8s. per annum.

Pensions in force on the 30th June, 1928, numbered 2,318 with an annual liability of £179,300, of which £125,694 represents the share payable from the Consolidated Revenue.

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 Funds,” 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 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, but it did not prove 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 were carefully investigated, and it was 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 was further postponed until early in the year 1926.

A satisfactory conclusion was not reached at the Conference of Commonwealth and State Ministers held in May, 1926. In his Budget Speech of 8th July, 1926, however, the Commonwealth Treasurer outlined the Government’s proposals for terminating

the present relations. In pursuance of these proposals the Commonwealth Parliament passed the States Grants Act (No. 4 of 1927) repealing the *per capita* payments specified by the Surplus Revenue Act (No. 8 of 1910). The Act further provides for the payment to the States on a population basis of any surplus revenue in the hands of the Commonwealth Treasurer on 30th June, 1928, and of each year thereafter. The payments to be made to the States during 1927–28 will be equal in amount to those which would have been made under the provisions of the Surplus Revenue Act 1910, and are designed to afford the States ample time to adjust their finances to the impending changes. The Commonwealth Government invited the States to a further conference in June, 1927, at which the whole question was discussed in the light of the changes made by the provisions of the States Grants Act.

Meanwhile efforts were made to arrange for one collecting authority for both State and Federal income taxes. Agreements were made between the Commonwealth, on the one hand, and all the States except Western Australia, on the other, under which the State taxation officers collect both taxes, except where the Commonwealth incomes are derived from two or more States. In Western Australia there has been for some years one collecting authority only—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 had, however, been taken in connexion therewith, until the Conference referred to above.

At a further Conference of Premiers in 1927, proposals submitted by the Commonwealth Government were tentatively affirmed by the several Premiers and subsequently validating acts ratifying the agreement were passed by the Commonwealth and State Governments. In accordance with the provisions of section 128 of the Commonwealth Constitution, the matter was submitted to a referendum of Commonwealth electors during November, 1928, when the electors agreed to the proposed amendment to the constitution by a very large majority. Particulars of the votes polled in connexion with this referendum will be found on page 68 of this work. A temporary agreement on similar terms operated for the period 1st July, 1927, to 30th June, 1929.

The following is a brief outline of the principal permanent provisions of the "Financial Agreement" :—

The Commonwealth shall take over on 1st July, 1929, the unpaid balance of the gross public debts of each State existing on 30th June, 1927, viz., £672,120,415 and all other debts of each State existing on 1st July, 1929, for moneys borrowed by that State which are deemed to be moneys borrowed by the Commonwealth for, and on behalf of, that State, and shall contribute £7,584,912 per annum for 58 years towards the interest charges thereon.

The Commonwealth shall contribute 2s. 6d. per cent. and the States 5s. per cent. per annum into a sinking fund to extinguish existing debts in 58 years. Future debts raised after 1st July, 1927, are to be extinguished in 53 years from their respective dates of issue by the establishment of a sinking fund to which Commonwealth and States each contribute 5s. per cent. per annum.

All future borrowing on behalf of Commonwealth and States Governments will be arranged by the Commonwealth according to the decisions of the Loan Council, composed of representatives of Commonwealth and all State Governments.

In full payment for properties transferred from the States, the Commonwealth Government shall take over State debts to the value of £10,924,323 bearing interest at 5 per cent.

§ 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 1923–24 to 1927–28 :—

STATE CONSOLIDATED REVENUE, 1923–24 TO 1927–28.

Year.	N.S.W.	Victoria. (a)	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
-------	--------	------------------	---------	----------	----------	-----------	-------------

TOTAL COLLECTIONS.

	£	£	£	£	£	£	£
1923–24	37,351,809	23,075,968	13,428,039	8,932,340	7,865,595	2,447,677	93,101,428
1924–25	38,822,588	24,304,887	14,897,256	9,733,038	8,381,446	2,762,013	98,901,228
1925–26	38,540,031	25,269,756	15,599,718	10,474,094	8,808,166	2,726,482	101,418,247
1926–27	44,149,566	27,128,700	16,147,787	10,784,897	9,750,833	3,040,220	111,002,003
1927–28	44,198,972	27,357,917	16,718,070	11,346,903	9,807,949	2,962,687	112,392,498

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1923–24	16 18 2	14 3 11	16 11 1	17 0 5	22 4 7	11 3 5	16 4 2
1924–25	17 4 5	14 13 4	17 16 10	18 1 6	23 0 4	12 13 5	16 17 2
1925–26	16 15 4	15 0 1	18 2 3	18 19 9	23 13 4	12 11 3	16 18 11
1926–27	18 16 2	15 16 11	18 6 1	19 0 10	25 14 11	14 3 2	18 3 10
1927–28	18 8 3	15 14 3	18 11 10	19 14 2	25 0 0	13 14 6	18 1 1

(a) Public Revenue; includes certain moneys not paid into Consolidated Revenue Fund.

During the four years from 30th June, 1924, to 30th June, 1928, the aggregate revenue of the States increased by no less a sum than £19,291,070, or about 21 per cent. Increases were in evidence in all the States, the largest being that of £6,847,163 in New South Wales.

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 1927–28 the revenue per head in that State exceeded the average for Australia by about 39 per cent. In Tasmania, however, the revenue per head averaged about 76 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 1927–28 are as follows:—

STATE CONSOLIDATED REVENUE.—SOURCES, 1927–28.

Particulars.	N.S.W.	Victoria. (a).	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL REVENUE.							
	£	£	£	£	£	£	£
Taxation (c) ..	10,725,257	7,177,999	4,978,083	3,187,021	1,296,358	1,134,528	28,499,246
Public works and services ..	26,666,622	14,986,471	7,925,522	6,225,006	5,421,879	976,149	62,201,649
Land ..	2,276,322	399,758	1,419,913	309,023	611,121	69,672	5,085,809
Commonwealth subsidy ..	2,978,343	2,152,615	1,130,769	721,269	<i>b</i> 783,286	<i>b</i> 645,367	8,411,649
Miscellaneous ..	1,552,428	2,641,074	1,263,783	904,584	1,695,305	136,971	8,194,145
Total ..	44,198,972	27,357,917	16,718,070	11,346,903	9,807,949	2,962,687	112,392,408

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Taxation (c) ..	4 9 4	4 2 5	5 10 9	5 10 8	3 6 1	5 5 1	4 11 7
Public works and services ..	11 2 2	8 12 2	8 16 3	10 16 3	13 16 5	4 10 5	9 19 10
Land ..	0 19 0	0 4 7	1 11 7	0 10 9	1 11 2	0 6 6	0 16 4
Commonwealth subsidy ..	1 4 10	1 4 9	1 5 2	1 5 1	1 19 11	2 19 10	1 7 0
Miscellaneous ..	0 12 11	1 10 4	1 8 1	1 11 5	4 6 5	0 12 8	1 6 4
Total ..	18 8 3	15 14 3	18 11 10	19 14 2	25 0 0	13 14 6	18 1 1

(a) Public Revenue; includes certain moneys not paid into Consolidated Revenue Fund. (b) Including special grant. (c) Amounts paid into Consolidated Revenue Fund only. For total collections see p. 383.

In connexion with the item Public Works and Services, it should be borne in mind that services performed by the Government in one State may, in another, be carried out by a Board or Trust. For instance, in New South Wales and Western Australia the tramway systems are controlled by the Government, while in the other States ownership is largely vested in Trusts or private companies. Harbour and river services and water supply and sewerage are also controlled in some cases by the State and in others by Trusts.

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.

(ii) *Relative Importance of Various Sources*. The following table indicates the relative importance of the different sources of revenue in the several States, by showing the percentage which each item of revenue bears on the total for the State for the year 1927–28:—

STATE CONSOLIDATED REVENUE.—PERCENTAGE OF ITEMS, 1927–28.

Particulars.	N.S.W.	Victoria. (a)	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	%	%	%	%	%	%	%
Taxation ..	24.27	26.24	29.78	28.09	13.22	38.30	25.36
Public works and services ..	60.33	54.78	47.41	54.86	55.28	32.95	55.34
Land ..	5.15	1.46	8.49	2.72	6.23	2.35	4.53
Commonwealth subsidy ..	6.74	7.87	6.76	6.36	7.99	21.78	7.48
Miscellaneous ..	3.51	9.65	7.56	7.97	17.28	4.62	7.29
Total ..	100.00	100.00	100.00	100.00	100.00	100.00	100.00

(a) Public Revenue. Includes certain moneys not paid into Consolidated Revenue Fund.

(iii) *Revenue from Taxation.*—(a) *General.* Owing to varying practices obtaining in the several states in regard to the method of treating Motor Taxation in the respective Treasurer's Statements of Accounts, particulars of State Taxation collections have not always been directly comparable. The following table shows for the year 1927-28 particulars of all state taxation collections irrespective of whether such moneys have been paid into the Consolidated Revenue Funds or not. For this reason, the particulars hereunder are inconsistent with those stated in the tables relating to the Consolidated Revenue Funds.

STATE REVENUE FROM TAXATION, -1927-28.

Taxation.	N.S.W.	Victoria.	Q.land.	*S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Probate and succession duties	1,596,804	1,117,164	556,456	327,940	81,452	99,640	3,779,456
Other stamp duties	1,552,117	1,005,957	558,970	445,517	270,756	216,267	4,049,584
Land Tax	2,744	560,013	531,940	458,222	162,906	97,494	1,813,319
Income Tax	6,382,487	3,035,014	3,082,552	1,803,829	668,537	574,902	15,527,301
Licences	615,356	402,149	149,768	51,600	73,937	33,048	1,325,858
Racing Taxation	575,769	135,265	98,397	81,790	58,770	14,484	964,475
Motor Taxation	1,478,986	922,437	394,722	559,382	215,567	68,916	3,640,010
Other Taxation	..	..	..	18,123	..	29,777	47,900
Total	12,204,243	7,177,999	5,372,805	3,746,403	1,511,925	1,134,528	31,147,903

(a) Includes Dividend Tax. (b) Includes duties on Bank Notes. (c) Excludes Stamp Duty on Betting Tickets, 124,059.

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, and representing for 1927-28, 50 per cent. of the total taxation revenue. For 1927-28, 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 amounts and the amounts per head raised from all sources of taxation by the several State Governments, including amounts not paid into the Consolidated Revenue Fund, during the five years 1923-24 to 1927-28 are given in the following table:—

STATE REVENUE FROM TAXATION, 1923-24 TO 1927-28.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
TOTAL.							
	£	£	£	£	£	£	£
1923-24	7,988,131	4,709,458	3,730,369	1,841,720	1,202,811	928,360	20,400,849
1924-25	8,731,603	5,238,420	4,062,264	2,290,754	1,295,504	1,306,361	22,924,906
1925-26	9,848,072	5,821,034	4,310,716	2,660,419	1,547,192	1,239,967	25,427,400
1926-27	12,698,642	6,411,936	4,774,019	2,798,292	1,383,895	1,229,823	29,296,607
1927-28	12,204,243	7,177,999	5,372,805	3,746,403	1,511,925	1,134,528	31,147,903
PER HEAD OF POPULATION.							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1923-24	3 12 4	2 17 11	4 12 0	3 10 2	3 8 0	4 4 9	3 11 0
1924-25	3 17 5	3 3 3	4 17 1	4 5 1	3 11 2	5 19 11	3 18 2
1925-26	4 5 8	3 9 2	5 0 1	4 16 5	4 3 2	5 14 3	4 5 0
1926-27	5 8 2	3 14 11	5 8 3	4 18 10	3 13 1	5 14 6	4 16 0
1927-28	5 1 8	4 2 5	5 19 6	6 10 2	3 17 1	5 5 1	5 0 1

During the period between 30th June, 1924, and 30th June, 1928, State revenue from taxation increased by about 52 per cent., the increase varying considerably in the different States and in the different sources of taxation. During this period the income tax collections expanded from £10,420,760 in 1923-24 to £15,527,301 in 1927-28, an increase of 50 per cent., which was principally due to the broadening of the basis of assessment and the raising of the rates of tax. This increase occurred in every State except Western Australia, varying from 33 per cent. in Tasmania to 101 per cent. in South Australia. In Western Australia a decrease of 10 per cent. was recorded.

Taking the States as a whole, taxation increased by £1 9s. 1d. per head during the period from 1923–24 to 1927–28, the most marked increase, £3 0s. 0d., occurring in the case of South Australia. New South Wales and Tasmania showed decreases in taxation per head of 6s. 6d. and 9s. 5d. respectively for the year 1927–28 as compared with 1926–27.

(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 later. (See Section E. Private Finance § 8 hereinafter.)

The duties collected for the financial years 1923–24 to 1927–28 are as follows:—

STATE PROBATE AND SUCCESSION DUTIES.—COLLECTIONS, 1923–24 TO 1927–28.

State.	1923–24.	1924–25.	1925–26.	1926–27.	1927–28.
	£	£	£	£	£
New South Wales(a) ..	965,200	1,248,336	1,171,364	1,223,979	1,596,804
Victoria ..	798,315	802,333	940,609	1,111,876	1,117,164
Queensland ..	280,472	334,801	356,758	403,665	556,456
South Australia ..	191,373	225,999	269,332	242,187	327,940
Western Australia ..	66,969	68,114	84,635	66,366	81,452
Tasmania ..	71,750	88,404	74,370	151,200	99,640
Total ..	2,374,079	2,767,987	2,897,068	3,199,263	3,779,456

(c) *Other Stamp Duties.* The revenue derived from stamp duties (exclusive of probate and succession duties) for the years 1923–24 to 1927–28 is shown in the accompanying table:—

STATE STAMP DUTIES.—COLLECTIONS, 1923–24 TO 1927–28.

State.	1923–24.	1924–25.	1925–26.	1926–27.	1927–28.
	£	£	£	£	£
New South Wales(a) ..	1,538,924	1,478,392	1,562,363	1,751,963	1,676,176
Victoria ..	1,179,364	963,307	1,017,351	1,059,655	1,004,079
Queensland ..	405,056	416,539	443,702	556,581	558,970
South Australia ..	430,045	442,823	463,677	420,932	445,517
Western Australia ..	194,176	204,108	231,407	252,693	270,756
Tasmania ..	180,773	182,996	177,858	220,200	216,267
Total ..	3,928,338	3,688,165	3,896,358	4,262,024	4,171,765

(a) Includes Stamp Duties on Betting tickets.

(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 State 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 1923–24 to 1927–28:—

STATE LAND TAX.—COLLECTIONS, 1923–24 TO 1927–28.

State.	1923–24.	1924–25.	1925–26.	1926–27.	1927–28.
	£	£	£	£	£
New South Wales ..	2,657	2,569	2,667	2,870	2,744
Victoria ..	412,165	421,662	457,441	517,229	560,013
Queensland ..	445,873	452,481	468,020	481,937	531,940
South Australia ..	184,226	185,681	244,132	367,318	458,222
Western Australia ..	71,449	113,867	145,830	147,415	162,906
Tasmania ..	120,657	124,114	126,251	114,322	97,494
Total ..	1,237,027	1,300,374	1,444,341	1,631,091	1,813,319

(e) *Income Tax.* A tax on the incomes of persons, whether 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.

The following table shows the total amount collected in the several States during the years 1923-24 to 1927-28. In the case of Western Australia the amount of dividend duty collected is included.

The total for 1927-28 represents an increase of 50 per cent. on the collections in 1923-24.

STATE INCOME AND DIVIDEND TAXES.—COLLECTIONS, 1923-24 TO 1927-28.

State.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	£	£	£	£	£
New South Wales ..	4,373,519	4,661,892	5,392,946	7,739,627	6,382,467
Victoria	1,702,483	2,076,656	2,238,429	2,382,991	3,035,014
Queensland	2,300,044	2,509,913	2,617,253	2,821,217	3,082,552
South Australia ..	894,283	1,268,898	1,422,993	1,359,437	1,803,829
Western Australia ..	719,160	716,109	832,239	619,140	648,537
Tasmania	431,271	781,194	721,231	599,550	574,902
Total	10,420,760	12,014,662	13,225,091	15,521,962	15,527,301

(f) *Commonwealth and State Taxation.* In the table hereunder showing the combined Commonwealth and State taxation for each of the years 1923-24 to 1927-28, as well as the amount per head of population certain taxation collections by the State Governments which are not paid into the Consolidated Revenue Fund have been included:—

TOTAL COMMONWEALTH AND STATE TAXATION, 1923-24 TO 1927-28.

Particulars.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	£	£	£	£	£
Commonwealth—					
Customs and Excise ..	35,750,784	37,192,781	39,198,878	43,552,478	41,446,730
Other	15,101,699	15,642,909	15,174,127	15,442,331	15,191,128
Total	50,852,483	52,835,690	54,373,005	58,994,809	56,637,858
State	20,400,849	22,924,906	25,427,400	29,296,607	31,147,903
Grand Total	71,253,332	75,760,596	79,800,405	88,291,416	87,785,761
Taxation per head—					
Commonwealth—					
Customs and Excise ..	£6/4/5	£6/6/8	£6/10/10	£7/2/7	£6/12/11
Other	£2/12/6	£2/13/3	£2/10/8	£2/10/7	£2/8/9
Total	£8/16/11	£8/19/11	£9/1/6	£9/13/2	£9/1/8
State	£3/11/0	£3/18/2	£4/5/0	£4/16/0	£5/0/1
Grand Total	£12/7/10	£12/18/0	£13/6/4	£14/9/0	£14/1/7

Whilst Customs and Excise revenue expanded during the period by £5,695,946, and other Commonwealth Taxation by £89,429, resulting in a net increase in Commonwealth taxation of £5,785,375, the State taxation advanced by £10,747,054; the aggregate increase being £16,532,429. The amount *per capita* of total taxation has increased by about 13 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 1927-28 the aggregate revenue from these sources was £62,201,649, or 55 per cent. of the revenue from all sources. Details of revenue from public works and services for the year 1927-28 are as follows :—

STATE REVENUE FROM PUBLIC WORKS AND SERVICES, 1927-28.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways	23,894,940	a12,733,796	a7,373,952	a4,061,514	4,154,737	a 559,860	52,778,799
Harbour services	1,388,476	225,388	88,392	671,866	265,307	..	2,639,429
Public batteries	..	..	..	..	19,196	..	19,196
Water supply and sewerage	293,287	b 574,559	..	214,477	528,712	..	1,611,035
Other public services	1,089,919	1,452,728	463,178	1,277,149	453,927	416,289	5,153,190
Total	26,666,622	14,986,471	7,925,522	6,225,006	5,421,871	976,149	62,201,649

(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 would appear 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, therefore, open to criticism. The following table gives the revenue from sales and rentals of Crown lands for the year 1927-28 :—

STATE LAND REVENUE, 1927-28.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Sales	141,378	110,170	..	130,859	255,058	21,633	659,098
Rentals	2,134,944	289,588	1,419,913	178,164	356,063	48,039	4,426,711
Total	2,276,322	399,758	1,419,913	309,023	611,121	69,672	5,085,809

(vi) *Commonwealth Payments.* The payments to the States by the Commonwealth which are referred to elsewhere (see Section B. § 1, 3, page 379 of this chapter) represent in each instance a considerable proportion of the States' revenue, and for the year 1927-28 aggregated £8,411,649. The percentage represented by the subsidy received by each State for 1927-28 on the total revenue of that State is shown in the following table :—

COMMONWEALTH PAYMENTS TO OR FOR EACH STATE, 1927-28.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Commonwealth subsidy	2,978,343	2,152,615	1,130,769	721,269	a 783,286	a 645,367	8,411,649
Total revenue	44,198,972	27,357,917	16,718,070	11,346,903	9,807,949	2,962,687	112,392,498
Percentage of subsidy on revenue	% 6.74	% 7.87	% 6.76	% 6.36	% 7.99	% 21.78	% 7.48

(a) Including special grant.

(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 1927-28 aggregated £8,194,145. Of this amount, interest was responsible for £4,859,214.

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 1927-28 represented about 37 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 1923-24 to 1927-28 are given in the table hereunder:—

STATE EXPENDITURE.—CONSOLIDATED REVENUE FUNDS, 1923-24 TO 1927-28.

Year.	N.S.W.	Victoria. (a)	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
1923-24	37,251,419	23,050,968	13,415,332	8,985,599	8,094,753	2,658,382	93,456,453
1924-25	39,579,058	24,170,483	14,880,288	9,680,037	8,439,844	2,675,618	99,425,328
1925-26	39,814,335	25,559,583	16,154,404	10,460,943	8,907,308	2,698,262	103,594,835
1926-27	42,690,634	27,744,903	16,490,954	11,834,947	9,722,588	2,855,077	111,339,103
1927-28	45,293,968	27,521,270	16,707,564	11,621,834	9,834,415	2,867,605	113,346,656

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1923-24	16 17 2	14 3 8	16 10 9	17 2 6	22 17 7	12 2 8	16 5 5
1924-25	17 11 1	14 11 9	17 16 5	17 19 6	23 3 7	12 5 8	16 18 11
1925-26	17 6 5	15 3 7	18 15 2	18 19 5	23 18 8	12 8 8	17 6 3
1926-27	18 3 8	16 4 2	18 13 10	20 17 11	25 13 5	13 5 11	18 4 11
1927-28	18 17 5	15 16 1	18 11 7	20 3 8	25 1 5	13 5 8	18 5 9

(a) Expenditure from Public Revenue; includes certain moneys paid from Special Funds.

Details of the expenditure are given in the next table.

3. Details of Expenditure for 1927-28.—(i) *General.* The following table shows the total expenditure and expenditure per head under each of the principal items:—

STATE EXPENDITURE.—DETAILS, 1927-28.

Particulars.	N.S.W.	Victoria. (c)	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
Public debt (interest, sinking fund, etc.)..	9,852,664	7,287,380	5,079,570	4,535,877	3,188,072	1,127,284	31,070,847
Railways and tramways (working expenses)	18,563,250	a9,844,477	b6,104,153	b3,452,532	3,158,149	b 588,393	41,710,954
Justice	633,209	296,804	182,064	78,511	94,242	25,103	1,309,933
Police	1,364,609	894,121	571,706	275,342	220,511	91,645	3,417,934
Penal establishments	187,230	111,502	38,614	46,480	25,712	11,143	420,681
Education	4,358,925	2,817,883	1,568,427	960,514	705,536	316,807	10,728,092
Medical and charitable	2,384,387	1,374,234	645,747	528,421	409,164	193,043	5,534,996
All other expenditure	7,949,694	4,894,869	2,517,283	1,744,157	2,033,029	514,187	19,653,219
Total	45,293,968	27,521,270	16,707,564	11,621,834	9,834,415	2,867,605	113,846,656

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Public debt (interest, sinking fund, etc.)..	4 2 1	4 3 9	5 13 0	7 17 7	8 2 6	5 4 5	4 19 10
Railways and tramways (working expenses)	7 14 8	a 5 13 1	b 6 15 11	b 5 19 11	8 1 0	b 2 14 6	6 14 0
Justice	0 5 3	0 3 5	0 4 0	0 2 9	0 4 10	0 2 4	0 4 2
Police	0 11 4	0 10 3	0 12 8	0 9 7	0 11 3	0 8 6	0 11 0
Penal establishments	0 1 7	0 1 3	0 0 10	0 1 7	0 1 4	0 1 0	0 1 4
Education	1 16 4	1 12 4	1 14 10	1 13 4	1 16 0	1 9 4	1 14 6
Medical and charitable	0 19 11	0 15 9	0 14 4	0 18 4	1 0 10	0 17 11	0 17 9
All other expenditure	3 6 3	2 16 3	2 16 0	3 0 7	5 3 8	2 7 8	3 3 2
Total	18 17 5	15 16 1	18 11 7	20 3 8	25 1 5	13 5 8	18 5 9

(a) Including 9.79 miles of electric tramways operated by the Victorian Railways. (b) Railways only. (c) Expenditure from Public Revenue, includes certain moneys paid from Special Funds.

(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, 1927-28.

Particulars.	N.S.W.	Victoria. (c)	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	%	%	%	%	%	%	%
Public debt (interest, sinking fund, etc.)	21.75	26.48	30.40	39.03	32.42	39.31	27.29
Railways and tramways (working expenses)	40.99	a 35.77	b 36.54	b 29.71	32.11	b 20.52	36.64
Justice	1.40	1.08	1.09	0.67	0.96	0.87	1.15
Police	3.01	3.25	3.42	2.37	2.24	3.20	3.00
Penal establishments	0.41	0.41	0.23	0.40	0.26	0.39	0.37
Education	9.62	10.24	9.39	8.26	7.18	11.05	9.42
Medical and charitable	5.26	4.99	3.86	4.55	4.16	6.73	4.86
All other expenditure	17.56	17.78	15.07	15.01	20.67	17.93	17.27
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

(a) Including 9.79 miles of electric tramways operated by the Victorian Railways. (b) Railways only. (c) Expenditure from Public Revenue, includes certain moneys paid from Special Funds.

The interest and sinking fund on the public debt, together with the working expenses of the railways and tramways, represented for the year 1927-28 about 64 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, 1928.—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. 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 position now is that no State has a credit balance. The situation on 30th June, 1928, was as follows :—

STATE CONSOLIDATED REVENUE FUND BALANCES, 30th JUNE, 1928.

State.	Debit Balance.		Net Debit Balance.
	Cash Overdraft.	Overdraft liquidated by Treasury Bills.	
	£	£	£
New South Wales	4,341,183	..	4,341,183
Victoria	163,353	1,593,708	1,757,061
Queensland	1,317,682	..	1,317,682
South Australia	274,931	1,050,050	1,324,981
Western Australia	155,762	6,140,087	6,295,849
Tasmania	114,326	496,272	610,598
Total	6,367,227	9,280,117	15,647,354

§ 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 operating 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, 1928, was as follows :—

STATE TRUST FUNDS, 30th JUNE, 1928.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Amount of trust funds	22,738,617	11,552,619	Dr. 316,506	1,145,571	21,578,459	2,311,601	59,010,361

§ 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 2½d. to 5¼d. per £100 per diem, or approximately from 4½ 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 private enterprise. Foremost amongst these are the construction and control of the railway systems, but 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 from those of the Commonwealth, where such expenditure was very largely incurred for purposes of defence, or 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, 1927–28.—For the year ended 30th June, 1928, State^v net expenditure from loan funds (exclusive of revenue deficits charged to loan and Treasury Bills retired) was £35,321,601, New South Wales with a total of £14,407,619 and Victoria with £8,478,238 being the principal contributors to this amount. In addition, there was brought to account in 1927–28 as expenditure from loans in Queensland a sum of £5,548,446 expended from Trust Fund in previous years. 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 NET LOAN EXPENDITURE, 1927–28.

Heads of Expenditure.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
Railways	8,172,114	1,651,884	1,646,982	555,798	806,895	37,196	12,870,869
Tramways	163,688	..	..	208,666	75,247	..	447,601
Water supply	659,980	1,529,759	170,904	749,676	452,367	..	5,073,382
Sewerage	535,793	..	..	125,899	129,430	..	..
Water conservation, etc.	514,928	a	125,580	79,066	a	..	..
Harbours, Rivers and Lighthouses	556,011	17,057	105,956	519,807	251,645	..	..
Roads and Bridges	2,558,070	917,540	118,102	144,866	364,223	230,527	5,783,804
Public buildings (other than State schools)	191,621	5,664	..	106,050	126,512	27,112	..
State schools	705,679	447,927	184,030	85,460	..	22,318	1,902,423
Immigration	5,940	..	..	..	10,072	..	16,012
Development of mines and mineral resources	..	..	..	..	81,915	..	81,915
Advances to settlers	439,310	102,255	..	397,588	1,581,576	Cr. 32,525	..
Land purchased for settlement .. ..	..	2,095,022	181,643	Cr. 29,106	..	Cr. 35,548	4,700,215
Loans to local bodies	..	..	275,298	..	10,379	31,048	316,725
Rabbit-proof fencing	33,148	32,635	Cr. 14,394	25,664	..	..	77,053
Electricity supply	293,558	1,433,747	..	..	69,304	50,051	1,846,660
Other public works and purposes	Cr. 422,221	244,748	701,288	912,843	720,695	47,598	2,204,942
Total	14,407,619	8,478,238	63,405,439	3,882,268	4,680,260	377,777	35,321,601
Treasury Bills retired	..	..	254,000	..	..	..	254,000
Revenue deficit .. ..	..	641,203	..	1,050,049	..	..	1,691,252
Grand Total	14,407,619	9,119,441	3,749,439	4,932,317	4,680,260	377,777	37,266,853

(a) Included in Water supply. (b) In addition, £5,548,446 was transferred from Trust Fund expenditure.

3. Loan Expenditure, 1923-24 to 1927-28.—The following table gives the loan expenditure during each of the years 1923-24 to 1927-28 :—

STATE NET LOAN EXPENDITURE, 1923-24 TO 1927-28.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
1923-24	7,735,480	8,407,526	4,197,792	3,649,979	3,936,833	712,214	28,639,824
1924-25	9,175,686	7,940,589	3,689,165	6,085,175	4,099,021	242,485	31,232,121
1925-26	11,180,482	8,001,375	3,905,863	6,430,014	4,078,686	540,152	34,136,572
1926-27	10,422,270	8,962,353	3,598,957	6,074,387	4,113,054	329,698	33,500,719
1927-28	14,407,619	8,478,238	3,495,439	3,882,268	4,680,260	377,777	35,321,601
PER HEAD OF POPULATION.							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1923-24	3 10 0	5 3 5	5 3 6	6 19 1	11 2 6	3 5 0	4 19 9
1924-25	4 1 5	4 15 10	4 8 4	11 6 0	11 5 2	1 2 3	5 6 6
1925-26	4 17 3	4 15 0	4 10 9	11 13 2	10 19 2	2 9 9	5 14 1
1926-27	4 8 9	5 4 9	4 1 7	10 14 6	10 17 2	1 10 8	5 9 10
1927-28	6 0 0	4 17 4	3 17 9	6 14 10	11 18 7	1 15 0	5 13 6

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 Western Australia in 1927-28 with £11 18s. 7d. per head, and its lowest in Tasmania in 1924-25 with £1 2s. 3d. per head.

4. Total Loan Expenditure to 30th June, 1928.—(i) *General*. The total loan expenditure of the States from the initiation of borrowing to the 30th June, 1928, amounted to £704,668,390. The purposes for which this sum was expended are shown in the following table :—

TOTAL STATE LOAN EXPENDITURE TO 30th JUNE, 1928.

Heads of Expenditure.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania. (f)	All States.
	£	£	£	£	£	£	£
Railways	123,685,412	71,107,724	58,992,160	31,113,837	21,617,639	6,959,602	313,476,374
Tramways	12,213,518	..	..	..	1,047,850	..	13,261,368
Telegraphs and telephones	1,762,095	..	996,587	991,772	332,293	142,410	4,225,157
Water supply	21,840,614	..	..	12,012,036	6,707,421	..	..
Sewerage	12,361,377	..	..	1,995,563	1,691,630	..	..
Water conservation ..	12,358,598	..	2,064,928	5,606,403	b	..	..
Harbours, rivers, and lighthouses	21,031,026	1,280,115	3,287,033	7,250,587	5,125,795	..	60,258,705
Roads and bridges	8,603,805	9,864,032	1,957,686	3,223,016	1,275,786	6,359,824	28,979,906
Defence	1,457,536	149,323	363,085	291,615	..	128,224	2,389,783
Public buildings (exclud- ing State schools	9,821,615	906,066	2,587,196	1,014,280	1,418,844	1,053,736	24,463,728
State schools .. .. .	..	4,464,554	..	1,601,097	..	596,340	..
Immigration	754,441	20,000	2,763,071	..	482,930	235,000	4,255,442
Development of mines and mineral resources	..	520,421	..	..	2,290,010	..	2,810,431
Advances to settlers ..	1,075,389	1,833,090	..	9,285,254	19,791,037	486,558	..
Land purchased for settlement	7,391,767	34,704,590	5,650,961	1,755,221	324,662	2,681,327	84,979,906
Loans to local bodies ..	..	1,129,414	4,636,880	3,066,177	79,529	1,520,555	10,432,555
Rabbit-proof fencing ..	356,081	540,459	384,659	249,159	328,703	..	1,859,061
Electricity supply	818,374	12,804,244	..	..	1,078,362	3,593,725	18,294,705
Other public works and purposes	a8,903,113	d6,270,546	c15,433,991	e11,357,150	6,174,491	1,419,643	49,558,934
Total	244,435,261	189,319,371	105,156,615	90,813,167	69,767,032	25,176,944	704,668,390

(a) Includes industrial undertakings, grain elevators, returned soldiers' aid, etc. (b) Included in Water supply. (c) Includes £3,684,579 expenditure on industrial undertakings, £1,704,102 on Central Sugar Mills, £8,109,650 Treasury Bills retired, and Deficits on Loans, £3,056,470. (d) Includes Revenue Deficits, £3,875,682. (e) Includes Revenue Deficits, £1,050,049. (f) Excludes cost of raising charged to Loans, £970,697.

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 various 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, 1928 :—

TOTAL STATE LOAN EXPENDITURE TO 30th JUNE, 1928.—PERCENTAGES OF ITEMS.

Heads of Expenditure.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	%	%	%	%	%	%	%
Railways	50.60	42.00	56.10	34.26	30.99	27.64	44.49
Tramways	5.00	..	..	..	1.50	..	1.88
Telegraphs and tele- phones	0.72	..	0.95	1.09	0.48	0.57	0.60
Water supply	8.93	} 14.01	{ 4.79	13.23	9.61	..	} 14.96
Sewerage	5.06			2.20	2.42	..	
Water conservation ..	5.06	..	1.96	6.17	..	..	..
Harbours, rivers, and lighthouses	8.60	0.75	3.13	7.98	7.35	} 25.26	} 9.83
Roads and bridges ..	3.52	5.82	1.86	3.55	1.83		
Defence	0.60	0.09	0.35	0.32	..	0.51	0.34
Public buildings (ex- cluding State schools)	} 4.02	{ 0.54	{ 3.41	{ 1.12	} 2.03	{ 4.19	} 3.47
State schools .. ..								2.64	1.76	..	2.37
Immigration	0.31	0.01	2.63	..	0.69	0.93	0.60
Development of mines and mineral resources	..	0.31	..	..	3.28	..	0.40
Advances to settlers ..	0.44	1.08	} 5.37	{ 10.23	} 28.37	} 1.93	} 12.06
Land purchased for settlement	3.02	20.50						1.93	0.47	10.65
Loans to local bodies ..	..	0.67	4.41	3.38	0.11	6.04	1.48
Rabbit-proof fencing ..	0.15	0.32	0.36	0.27	0.47	..	0.26
Electricity supply	0.33	7.56	..	..	1.55	14.27	2.60
Other public works and purposes	3.64	3.70	14.68	12.51	8.85	5.64	7.03
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 1856, Western Australia 1845, and Tasmania 1867.

2. *State Debts, 1924 to 1928.*—The table hereunder shows the State public debts and the amounts owing per head of population at the 30th June in each year from 1924 to 1928 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. On the transfer of the Queensland State Savings Bank business to the Commonwealth Bank in 1920, Queensland Government securities were handed to the latter for the Savings Bank current account credit balance and for amounts owing on account of Advances to Settlers and Workers' Dwellings. This transaction added a total of £5,936,916 to the Public Debt without involving any additional borrowing. Repayments reduced this amount at 30th June, 1928, to £3,784,824.

STATE PUBLIC DEBTS, 30th JUNE, 1924 TO 1928.

Date.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
30th June, 1924	£ 224,179,515	£ 120,943,326	£ 90,560,900	£ 66,137,678	£ 62,765,782	£ 23,732,685	£ 588,322,886
" 1925	215,331,110	128,445,565	96,389,067	72,510,738	64,493,261	23,894,416	601,064,157
" 1926	223,488,708	138,738,141	102,309,501	79,250,916	70,799,200	24,475,463	639,061,929
" 1927	240,725,935	146,353,163	105,711,107	88,112,110	71,455,083	24,512,321	676,869,719
" 1928	258,474,898	157,283,470	112,208,970	92,223,165	77,172,906	24,826,560	722,189,969

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
30th June, 1924	100 13 11	73 15 3	109 8 9	125 1 2	174 3 7	111 6 4	101 7 5	
" 1925	94 16 0	78 17 6	112 14 2	133 10 2	175 4 10	112 15 2	101 7 5	
" 1926	96 9 3	81 17 6	116 6 10	141 18 1	188 14 4	116 17 11	105 14 9	
" 1927	101 10 11	84 15 5	118 3 8	154 6 9	185 11 6	117 14 11	109 15 0	
" 1928	106 13 6	89 18 1	123 1 5	159 12 6	193 1 6	117 19 4	114 18 4	

The greatest increase in indebtedness was experienced in New South Wales, which added £42,845,271 during the period under review. The public debt of the whole of the States increased during the same period by £133,867,083, or at the rate of approximately £33,500,000 per annum.

Under the provisions of the "Financial Agreement Act 1928" the Commonwealth will on 1st July, 1929, take over:—

- (a) the balance then unpaid of the gross public debt of each State existing on 30th June, 1927; and
- (b) all other debts of each State existing on 1st July, 1929, for moneys borrowed by that State which by this agreement are deemed to be moneys borrowed by the Commonwealth for and on behalf of that State—

and will in respect of the debts so taken over assume as between the Commonwealth and the States the liabilities of the States to bondholders.

Particulars of the debts to be taken over will be found in the appendix.

3. *Place of Flotation of Loans.*—(i) *For each State.* As pointed out previously, the yearly 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 all States. The following table gives particulars of loans outstanding on the 30th June, 1928, which had been floated abroad and in Australia respectively:—

STATE PUBLIC DEBTS.—PLACE OF FLOTATION OF LOANS, 30th JUNE, 1928.

State.	Floated Abroad.		Floated in Australia.		Gross Public Debt.
	Amount.	Percentage on Total Debt.	Amount.	Percentage on Total Debt.	
	£	%	£	%	£
New South Wales ..	(a) 169,244,687	65·48	89,230,211	34·52	258,474,898
Victoria ..	(b) 64,563,531	41·05	92,719,939	58·95	157,283,470
Queensland ..	(c) 72,261,273	64·40	39,947,697	35·60	112,208,970
South Australia ..	(d) 42,113,090	45·66	50,110,075	54·34	92,223,165
Western Australia ..	(e) 54,536,628	70·67	22,636,278	29·33	77,172,906
Tasmania ..	(f) 13,941,463	56·16	10,885,097	43·84	24,826,560
Total ..	(g) 416,660,672	57·70	305,529,297	42·30	722,189,969

(a) Including £14,152,225, floated in New York.

(b) Including £4,695,367, floated in New York.

(c) Including £7,983,150, floated in New York.

(d) Including £1,804,171, floated in New York.

(e) Including £2,116,511, floated in New York.

(f) Including £238,364, floated in New York.

(g) Including £30,989,788, floated in New York.

(ii) *Total, All States.* The next table shows particulars of the aggregate State indebtedness at the end of the years 1923–24 to 1927–28.

STATE PUBLIC DEBTS.—PLACE OF FLOTATION OF LOANS, 30th JUNE, 1924 TO 1928.

Year.	Floated Abroad.		Floated in Australia.		Total Public Debt.
	Amount.	Percentage on Total Debt.	Amount.	Percentage on Total Debt.	
	£	%	£	%	£
30th June, 1924 ..	336,494,950	57·20	251,827,936	42·80	588,322,886
„ 1925 ..	335,472,149	55·81	265,592,008	44·19	601,064,157
„ 1926 ..	357,832,118	55·99	281,229,811	44·01	639,061,929
„ 1927 ..	373,360,219	55·16	303,509,500	44·84	676,869,719
„ 1928 ..	416,660,672	57·70	305,529,297	42·30	722,189,969

In the course of four years the overseas indebtedness of the States has increased by £80,165,722, while the local indebtedness has increased by £53,701,361.

The total indebtedness of the States increased during the year 1927–28 by £45,320,250, all of which except approximately £2,000,000 was raised overseas, and is accounted for chiefly by loans floated in New York and London by the Commonwealth Government on behalf of the States. 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, 1928.* 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 1 per cent., no fewer than twenty-nine separate rates being involved. 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 more than 4½ per cent. For the separate States the average varies considerably, being lowest in the case of Western Australia and highest in that of South Australia, the difference between these two average rates being slightly less than ½ per cent. The table hereunder gives particulars of the rates of interest payable at the 30th June, 1928 :—

STATE PUBLIC DEBTS.—RATES OF INTEREST PAYABLE, 30th JUNE, 1928.

Rate of Interest.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
%	£	£	£	£	£	£	£
7½ ..	2,311,068	565,814	769,222	513,564	1,380,000	268,649	5,808,317
7 ..	..	..	2,465,838	..	..	..	2,465,838
£6/15/2 ..	1,250,000	613,248	10,742	..	477,802	..	2,351,792
£6/14/- ..	..	..	67,026	..	500,000	19,280	586,306
6½ ..	6,500,000	..	3,106,690	3,000,000	250,000	3,285,512	16,136,202
£6/7/- ..	4,535,099	5,480,743	1,580,780	1,730,158	1,939,883	900,000	16,166,663
£6/2/2 ..	..	..	362,000	..	..	..	362,000
£6/1/3 ..	..	..	386,000	..	..	..	386,000
6 ..	19,173,016	5,885,589	6,530,265	15,154,359	6,748,033	1,224,927	54,716,189
5½ ..	18,098,197	..	..	..	1,500,000	..	19,598,197
£5/13/2 ..	..	..	..	23,796	..	..	23,796
£5/11/10 ..	250,000	..	..	..	..	..	250,000
5½ ..	34,937,668	24,554,807	15,546,844	9,296,826	4,798,416	1,954,271	91,088,832
5 ..	..	200,000	..	..	..	..	200,000
£5/8/11 ..	1,874,411	3,553,124	501,241	522,283	1,045,559	600,000	8,096,618
£5/5/3 ..	85,405	1,581,146	309,730	67,000	87,958	341,635	2,472,874
5½ ..	41,535,211	18,473,502	8,015,410	15,512,369	2,774,409	2,549,696	88,860,597
5¼ ..	..	140,000	..	..	..	..	140,000
5 ..	58,564,461	59,133,652	29,850,747	26,115,787	19,192,650	3,753,735	196,611,032
4¾ ..	..	480,000	..	..	..	..	480,000
4½ ..	..	6,085,980	..	500,000	..	..	6,585,980
4¼ ..	..	60,000	..	..	..	..	60,000
4 ..	16,058,715	1,752,724	7,431,085	339,241	6,431,463	310,365	32,323,593
4 ..	..	..	..	..	..	140,750	140,750
4 ..	20,744,789	5,203,725	12,760,841	6,797,629	9,646,675	4,237,906	59,391,565
3½ ..	1,911,650	220,000	2,025,300	1,867,103	1,000,000	..	7,024,053
3 ..	14,018,456	12,566,436	15,005,826	5,307,643	11,045,185	4,789,834	62,733,380
3 ..	16,626,752	9,611,153	5,489,383	5,001,771	4,850,000	450,000	42,029,059
1 ..	..	1,121,827	..	468,636	3,504,873	..	5,095,336
Total ..	258,474,898	157,283,470	112,208,970	92,223,165	77,172,906	24,826,560	722,189,969
Interest payable—							
London ..	7,457,180	2,742,516	2,980,215	1,885,885	2,147,370	604,774	17,817,940
New York ..	687,833	230,530	463,372	90,209	105,826	11,918	1,589,688
Australia ..	4,769,399	4,728,624	1,951,445	2,661,545	1,252,847	597,973	15,961,833
Total ..	12,914,412	7,701,670	5,395,032	4,637,639	3,506,043	1,214,665	35,369,461
Average rate	£4/10/11	£4/17/11	£4/16/2	£5/0/7	£4/10/10	£4/17/10	£4/17/11

(ii) *All States, 1924 to 1928.* 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 1924 to 1928 :—

STATE PUBLIC DEBTS.—RATES OF INTEREST PAYABLE, 30th JUNE, 1924 TO 1928.

Rate of Interest.	30th June, 1924.	30th June, 1925.	30th June, 1926.	30th June, 1927.	30th June, 1928.
%	£	£	£	£	£
7½	144,015	..	..	..	..
7¼	5,890,671	5,828,917	5,808,317	5,808,317	5,808,317
7	2,466,091	2,466,091	2,465,838	2,465,838	2,465,838
£6/15/2	2,369,792	2,369,792	2,351,792	2,351,792	2,351,792
£6/14/0	519,280	610,925	593,979	586,306	586,306
6½	16,317,190	16,287,355	16,284,855	16,237,655	16,136,202
£6/7/-	16,209,463	16,209,463	16,166,663	16,166,663	16,166,663
6¼	266,430	164,644	116,804	900	..
£6/3/6 .. .. .	..	502,000	502,000	..	..
£6/2/2 .. .. .	..	362,000	362,000	362,000	362,000
£6/1/3 .. .. .	..	386,000	386,000	386,000	386,000
6	33,475,342	54,977,437	56,922,714	56,237,857	54,716,189
5½	30,677,685	28,164,742	27,424,452	20,612,211	19,598,197
£5/13/2	28,796	28,796	28,796	28,796	28,796
£5/11/10 .. .. .	..	..	..	..	250,000
5¼	80,310,921	92,708,890	112,814,049	101,586,083	91,088,832
5½ .. .. .	..	..	200,000	200,000	200,000
£5/6/11	8,357,218	8,357,218	8,346,618	8,346,618	8,096,618
£5/5/3	2,472,947	2,472,874	2,472,874	2,472,874	2,472,874
5¼	16,230,527	15,967,072	30,465,322	76,079,568	88,860,597
5½ .. .. .	..	..	..	140,000	140,000
5	91,632,861	111,693,813	137,071,572	157,196,470	196,611,032
4¾	350,000	100,000	200,000	200,000	480,000
4½	1,335,980	6,585,980	6,835,980	8,035,980	6,585,980
£4/14/5	18,106,000	18,237,931	..	..	..
4¼ .. .. .	..	..	..	..	60,000
4½	44,921,339	31,458,870	32,459,186	26,645,007	32,323,593
4¼	874,410	778,150	178,150	140,750	140,750
4	67,521,357	60,211,887	59,902,917	59,370,301	59,391,565
3¾	8,562,765	8,377,122	7,718,747	7,306,461	7,024,053
3½	92,912,993	70,224,823	63,858,328	63,122,830	62,733,380
3	46,368,813	45,531,365	44,643,803	42,141,854	42,029,059
1 .. .. .	..	..	2,480,173	2,590,588	5,095,336
Total	588,322,886	601,064,157	639,061,929	676,869,719	722,180,969
Average Rate	£4/14/4	£4/17/0	£4/17/11	£4/18/3	£4/17/11

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 average rate is likely to have an upward tendency for some time, since many of the securities falling due in the near future will have to be renewed at a higher rate of interest than they are at present bearing.

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, 1928, 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, 1928.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Total annual interest payable—							
Abroad	8,145,013	2,973,046	3,443,587	1,976,094	2,253,196	616,692	19,407,628
In Australia	4,769,399	4,728,624	1,951,445	2,661,545	1,252,847	597,973	15,961,833
Total	12,914,412	7,701,670	5,395,032	4,637,639	3,506,043	1,214,665	35,369,461
Annual interest payable per head	£5/6/7	£4/8/0	£5/18/4	£8/0/1	£8/15/5	£5/15/5	£5/12/9

6. **Dates of Maturity.**—Securities like the British Consols are interminable, but 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 "date not fixed." Those "interminable at

Government option" include amounts which are payable by the respective Governments after giving a specified notice, and those "date not fixed" consist 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, 1928, 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.

While the latest dates of maturity of the various loans extend over the period 1928 to 1975, the average for the States as a whole is slightly over 17 years.

STATE PUBLIC DEBTS.—DUE DATE OF AMOUNT OUTSTANDING
ON 30th JUNE, 1928.

Year of Maturity.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
Overdue ..	33,448			8,521			41,969
1928 ..	63,200	8,593,129	280,000	1,146,108	437,825	993,970	11,514,232
1929 ..	2,020,490	19,361,649	13,464,434	7,231,863	1,469,379	1,798,143	45,345,963
1930 ..	15,452,469	13,954,284	5,889,510	7,294,634	1,581,280	2,229,559	46,401,736
1931 ..	4,694,089	5,271,027	713,220	2,050,624	3,845,409	499,748	16,974,117
1932 ..	15,747,794	5,693,084	29,000	9,050,550	1,219,857	183,225	31,923,510
1933 ..	19,006,465	4,636,871	1,198,000	5,759,059	1,726,525	919,275	33,246,195
1934 ..	14,347,823	8,102,725	3,397,800	4,211,530	2,012,347	172,672	32,244,897
1935 ..	23,444,725	1,250,900	1,725,040	6,713,146	8,830,485	233,235	42,247,581
1936 ..	1,396,397	4,882,784	4,570,540	4,673,939	2,186,735	99,570	17,810,465
1937 ..	569,970	40,000		1,370,443		3,170	1,983,583
1938 ..	115,755	483,000	2,830,177	1,237,188	1,939,250	79,809	6,685,179
1939 ..	2,900	312		2,564,566	106,603		2,674,381
1940 ..	16,506,000	4,248,900	4,635,932	6,014,521	4,500,000	7,810,022	43,715,376
1941 ..	7,882,768	1,996,050	3,880,438	1,846,703	292,680	246,787	16,145,426
1942 ..	11,957,090	14,485,100	15,000	1,039,877	61,697	1,179,436	28,738,200
1943 ..	882,352	1,097,400	1,178,200	2,276,988	1,346,700	142,384	6,924,024
1944 ..	252,900	400					253,300
1945 ..	11,008,000	1,856,943	6,295,316		5,906,026	200,000	25,264,785
1946 ..		217,400	502,592			250,000	969,992
1947 ..	3,200		7,579,856		2,260,000		9,843,056
1948 ..	6,500		482,376				488,876
1949 ..	2,900	11,699,271	789,910			42,000	12,534,081
1950 ..	22,061,783	11,880,777	10,645,860	2,861,801	5,431,202	4,929,564	57,810,987
1951 ..			1,789,510				1,789,510
1952 ..	3,100		474,303				477,403
1953 ..	6,500		2,283,624				2,290,124
1954 ..	2,900	123,874					126,774
1955 ..	22,001,500	1,923,436	770,574	770,574	5,978,149		31,447,233
1956 ..	3,955,615	847,632	1,130,176				5,933,423
1957 ..	23,092,121	1,921,299	1,561,697	1,033,597	575,362	238,364	28,422,440
1958 ..	5,099,589						5,099,589
1960 ..		8,979,700	20,228,800	2,989,616	1,000,000		33,198,116
1962 ..	10,500,000				6,000,000		16,500,000
1964 ..					1,566,000		1,566,000
1965 ..	14,500,000				3,000,000		17,500,000
1970 ..			2,000,000				2,000,000
1975 ..	4,027,958	16,964,815	7,961,906	14,117,609	13,499,038	1,808,849	58,330,175
Interminable ..	532,889			98,382			631,271
Terminable at Government option ..	7,395,208	6,478,819		5,001,771			18,875,798
Annual Drawings ..			71,132		4,200		75,332
Half-yearly ..			3,763,547			716,728	4,480,275
Date not fixed ..		288,589	70,000	859,550	396,157		1,614,596
Total ..	258,474,898	157,283,470	112,208,970	92,223,165	77,172,906	24,826,560	722,189,969
Average period to maturity, years	16.93	15.09	19.28	14.56	22.14	14.22	17.08

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, 1928 :—

STATE SINKING FUNDS AND NET INDEBTEDNESS, 30th JUNE, 1928.

State.	Gross Indebtedness.	Sinking Fund.	Net Indebtedness.	Net Indebtedness per Head.
	£	£	£	£ s. d.
New South Wales ..	258,474,898	525,666	257,949,232	106 9 3
Victoria ..	157,283,470	6,070,017	151,213,453	86 8 9
Queensland ..	112,208,970	1,981,604	110,227,366	120 18 0
South Australia ..	92,223,165	261,177	91,961,988	159 3 5
Western Australia ..	77,172,906	8,899,080	68,273,826	170 16 3
Tasmania ..	24,826,560	1,409,830	23,416,730	111 5 4
Total ..	722,189,969	19,147,374	703,042,595	111 17 5

C. COMMONWEALTH AND STATE PUBLIC DEBTS.

The table hereunder shows the public debt of the Commonwealth and of the States at the 30th June in each of the years 1924 to 1928. In this table all moneys borrowed by the Commonwealth on behalf of the States have been included with State debts only, and similarly, the debts taken over by the Commonwealth from South Australia on account of the Northern Territory and of the Port Augusta-Oodnadatta Railway have now been included with the Commonwealth Debt.

COMMONWEALTH AND STATE PUBLIC DEBTS, 1923-24 TO 1927-28.

Particulars.	Redeemable.	At 30th June—				
		1924.	1925.	1926.	1927.	1928.
		£	£	£	£	£
Commonwealth— War Debt ..	Overseas	99,270,922	98,097,605	96,865,883	95,572,848	96,822,659
	Australia	216,878,426	213,096,591	207,680,474	201,332,522	196,597,448
	Total	316,149,348	311,194,196	304,546,357	296,905,370	293,420,107
Works and Other Purposes ..	Overseas	25,466,011	30,231,957	49,606,050	46,980,102	56,684,465
	Australia	20,349,111	20,646,614	20,786,307	20,702,011	20,665,882
	Total	45,815,122	50,878,571	70,392,357	67,682,113	77,350,347
Federal Capital Com- mission ..	Australia	..	..	..	2,024,022	2,013,635
	Overseas	124,736,933	128,329,562	146,471,933	142,552,950	153,507,124
	Australia	237,227,537	233,743,205	228,466,781	224,058,555	219,276,965
	Grand Total	361,964,470	362,072,767	374,938,714	366,611,505	372,784,089
States ..	Overseas	336,494,949	335,472,149	357,752,782	373,360,219	416,660,672
	Australia	251,827,936	265,592,008	281,309,147	308,509,500	305,529,297
	Total	588,322,885	601,064,157	639,061,929	676,869,719	722,189,969
Grand Total Public Debt .. Commonwealth and State ..	Overseas	461,231,882	463,801,711	504,224,715	515,913,169	570,167,796
	Australia	489,055,473	499,335,213	509,775,928	527,568,055	524,806,262
	Grand Total	950,287,355	963,136,924	1,014,000,643	1,043,481,224	1,094,974,058

D. THE AUSTRALIAN LOAN COUNCIL.

The Australian Loan Council, consisting of the Treasurers of the Commonwealth and of the States, was created as the result of representations made by the Commonwealth Government, and has for its object the prevention of undue competition and clashing in the raising of loans.

At its first meeting, held on 1st February, 1924, the Loan Council recognized the necessity for co-operation in the raising of loans. The terms to be offered by the several governments for loans in Australia up to 30th June, 1924, were agreed to, and arrangements were made to prevent unnecessary clashing during the period required by the Commonwealth for the flotation of its War Gratuity Redemption and Conversion Loan.

The loan operations of the Commonwealth and States in 1924-25 were conducted in accordance with the plans adopted by the Council. The Council, acting as a central borrowing authority, issued two loans in Australia on behalf of the States—one for £10,300,000 of new money for State Public Works, and one for the conversion or redemption of £4,909,850 of maturing State securities.

The chief problem confronting the Council in 1925-26 was the conversion of £67,000,000 of Commonwealth War Loan maturing on 15th December, 1925. It was agreed that no other borrowing should be undertaken in Australia during the period required for this conversion. This transaction was successfully carried out at a rate of 5½ per cent. Subsequent loans have been raised in Australia at 5¼ per cent., which rate seems well established.

Up to June, 1925, the Commonwealth and States issued their own loans in London and elsewhere outside Australia, but the amounts were limited to sums agreed upon at the Loan Council by the several Treasurers. About the middle of 1925, however, the Loan Council decided that there should be no competition for loans in the American market, and that borrowing in America, and borrowing simultaneously in America and London, on behalf of the Commonwealth and of the States, should be conducted solely by the Commonwealth. The successful flotation in July, 1925, of a loan of £20,000,000 in London and New York was regarded as proof of the soundness of the Council's new policy.

Until July, 1925, the Council consisted of the Treasurers of the Commonwealth and of each of the States; in August of that year the Treasurer of New South Wales, withdrew from the Council, but rejoined at the end of 1927.

During the year 1927-28 the loan raisings amounted to £76,656,544 including Conversion and Redemption Loans of £36,162,760. More complete details of the loan flotations are given on page 367 *ante*.

E. 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 at that time, but the mint was closed at the end of 1926.

(ii) *Gold Receipts and Issues in 1928.* (a) *Assay of Deposits Received.* The deposits received during 1928 at the Melbourne Mint reached a gross weight of 203,280 ozs., and at the Perth Mint, a gross weight of 483,311 ozs. The average composition of these deposits was—Melbourne, gold 892.7, silver 57.6, base 49.7, in every 1,000 parts; and Perth, gold 814.7, silver 120.6, base 64.7, 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 1928 are shown in the table below:—

AUSTRALIAN MINTS.—ISSUES OF GOLD, 1928.

Mint.	Coin.			Bullion.	Total.
	Sovereigns.	Half-sovereigns.	Total.		
	£	£	£	£	£
Melbourne ..	413,208	..	413,208	359,972	773,180
Perth ..	1,333,417	..	1,333,417	333,488	1,666,905
Total ..	1,746,625	..	1,746,625	693,460	2,440,085

(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 (to 1926), £1,110,867, Melbourne, £867,597 (since and including 1890); and Perth, £1,401.

(iii) *Total Gold Receipts and Issues.* (a) *Receipts.* The total quantities and values of gold received at the mints since their establishment are as follows:—

AUSTRALIAN MINTS.—TOTAL RECEIPTS OF GOLD TO 1928.

Mint.	Quantity.		Value.
	Gross.	Fine.	
	Ozs.	Ozs.	£
Sydney (to 1926)	42,082,928	36,907,045	156,771,141
Melbourne	41,258,063	38,069,156	161,707,392
Perth	32,246,300	26,400,501	112,142,125
Total	115,587,291	101,376,702	430,620,658

In cases 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 1928 being valued at £626,909,000 and that of New Zealand at approximately £93,000,000, or a total of about £720,000,000.

AUSTRALIAN MINTS.—TOTAL ISSUES OF GOLD TO 1928.

Mint.	Coin.			Bullion.	Total.
	Sovereigns.	Half-sovereigns.	Total.		
	£	£	£		
Sydney (to 1926)	144,435,550	4,781,000	149,216,550	7,574,408	156,790,958
Melbourne ..	146,711,086	946,780	147,657,866	14,046,715	161,704,581
Perth ..	101,688,652	367,338	102,055,990	10,059,825	112,115,815
Total ..	392,835,288	6,095,118	398,930,406	31,680,948	430,611,354

(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 cost, at the average 1928 London market price of 2s. 3d. per ounce, approximately £1 7s. The difference nearly represents, therefore, the gross profit or seigniorage made on the coinage of every £3 6s. Negotiations for the coinage of silver and bronze coin in Australia took place for a number of years between the Imperial authorities and the Governments of New South Wales and Victoria, but no decision was arrived at. As section 51 of the Commonwealth Constitution makes legislation concerning "currency, coinage, and legal tender" a Federal matter, the question remained in abeyance until 1907, when the matter was discussed at the Colonial Conference, London, with the result that in the latter part of 1908 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 1928.

Year.	Silver.					Bronze.		
	2/-.	1/-.	6d.	3d.	Total.	1d.	½d.	Total.
	£	£	£	£	£	£	£	£
1910-1923 ..	2,222,600	1,412,200	513,000	517,150	4,664,950	226,943	76,730	303,673
1923-24 ..	146,200	58,800	25,400	29,250	259,650	30,850	4,560	35,210
1924-25 ..	101,800	33,600	36,400	35,950	207,750	4,320	4,360	9,150
1925-26 ..	379,000	96,300	96,000	59,575	630,875	12,830	5,760	18,590
1926-27 ..	381,000	99,400	87,900	74,575	642,875	11,810	8,865	20,675
1927-28 ..	123,400	50,600	64,400	66,800	305,200	18,460	3,620	22,080
Total ..	3,354,000	1,750,900	823,100	783,300	6,711,300	305,513	103,895	409,408

(d) *Withdrawals of Worn Silver Coin.* The value of worn silver coins received during 1928 was as follows:—Melbourne, £131,375; Perth, £8,500. The total withdrawals of worn silver coin were:—Melbourne, £1,556,730; Perth, £121,038.

(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 Weights.	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 .. 0.955 } 1.000 Tin .. 0.030 Zinc .. 0.015 }
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 Act 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, 1924 TO 1928.

Date.	Aggregate Net Profit to Date.		
	General Bank.	Savings Bank.	Total.
	£	£	£
30th June, 1924	3,964,620	690,053	4,654,673
„ 1925	4,098,392	890,838	4,989,230
„ 1926	4,309,787	1,140,740	5,450,527
„ 1927	4,585,181	1,446,333	6,031,514
„ 1928	4,909,327	1,795,822	6,705,149

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. Up to 30th June, 1928, the latter fund has benefited to the extent of £975,169.

The Commonwealth Bank Act, 1924 was assented to on 20th August, 1924, and was brought into operation on 10th October, 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, in accordance with which the following changes have been made:—(1.) A Board of Directors has been appointed 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.) The bank has been strengthened by the capitalization of £4,000,000 of the accumulated profits, and the Treasurer is authorized to raise by loans 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 settle their exchanges through the Commonwealth Bank. (5.) The associated banks supply to the Treasurer each quarter a statement of average weekly liabilities and assets in accordance with the schedule prescribed.

A further amending act—The Commonwealth Bank Act, 1927—provided for the separation of the Savings Bank Department from the General Bank and its establishment as a separate institution and the transfer to the “Commonwealth Savings Bank of Australia” of all assets and liabilities of the Savings Bank Department. The date on which this amending act became operative was fixed by proclamation as 9th June, 1928.

The amount of capital and reserves at the date of separation were allocated as follows: Commonwealth Bank of Australia, Capital, £4,000,000: Reserve Fund, £303,857. Commonwealth Savings Bank of Australia, Reserve Fund, £1,075,298.

Since the 1st July, 1927, the Bank has published a weekly statement of the accounts of the note issue and general banking departments of the Bank.

(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 the above-mentioned Board of Directors. The notes in circulation on 30th June, 1928, amounted to £44,453,226, of which approximately 44 per cent. was held by the Banks and 56 per cent. by the public. Against this there was a reserve of gold coin and bullion amounting to £22,485,972 or 50.6 per cent., and other assets including investments, of £22,007,255. The investments are set out in detail as follows:—

**AUSTRALIAN NOTES ACCOUNT.—PARTICULARS OF INVESTMENTS AT
30th JUNE, 1928.**

Investment.	Amount.	Rate of Interest.	Date of Maturity.	Annual Amount of Interest.
	£	%		£
Commonwealth Government Securities	907,210	5½	15/2/33	47,629
	500,000	5½	15/2/38	26,250
	63,640	5½	15/12/41	3,500
	1,000,000	5½	15/12/41	52,500
	505,750	5½	15/2/43	26,552
	244,140	5	15/7/55	12,207
	3,014,716	3½	1962 to 1972	105,515
New South Wales Securities	2,000,000	5½	31/12/30	110,000
Victorian Securities	1,050,000	5½	1/2/29	57,750
	49,000	5½	1/2/31	2,572
Queensland Securities	583,000	5½	1/4/34	30,608
South Australian Securities	1,490,000	5½	1/4/34	78,225
	850,000	5½	1/4/29	46,750
	326,000	5½	1/4/34	17,115
Western Australian Securities	590,000	5½	1/1/31	32,450
	2,100,000	5½	1/4/31	115,500
	335,000	5½	1/4/34	17,588
Tasmanian Securities	268,000	5	To 1932	13,400
	50,000	5½	1/10/30	2,750
	500,000	5½	31/12/30	27,500
	752,400	£4 0 2	—/7/28	30,158
	792,067	£3 18 8	1/9/28	31,154
	420,000	5	1/9/28	21,000
United Kingdom Securities	24,761	£3 15 8	22/9/28	937
	54,484	3½	22/9/28	2,043
	472,500	5	1/2/29	23,625
	500,000	5	15/5/30	25,000
	981,983	4½	15/4/30—32	44,188
	1,448,604	4	15/4/31—33	57,944
Total	(a) 21,873,235	..	..	1,062,410

(a) Exclusive of other assets amounting to £134,020.

2. **Banks in Operation.**—The twenty-one banks trading in Australia at the 30th June, 1928, 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, 1928.

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	"
Rural Bank (New South Wales Government)	"
National Bank of Australasia Limited	Melbourne
Commercial Bank of Australia Limited	"
Ballarat Banking Company Limited	Ballarat
Queensland National Bank Limited	Brisbane
Queensland Deposit Bank Limited	"
Federal Deposit Bank Limited	"
Brisbane Permanent Building and Banking Co.	"
Bank of Adelaide	Adelaide
State Bank of South Australia	"
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. In 1927 further amalgamations were recorded, viz., the Bank of Victoria Ltd., with the Commercial Banking Company of Sydney Ltd.; the Western Australian Bank with the Bank of New South Wales, and the Royal Bank of Australia Ltd. with the English, Scottish, and Australian Bank Ltd.

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, 1928. 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, 1928.

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 ..	4,000,000	..	..	389,273
Joint Stock Banks—				
Bank of Australasia	4,000,000	14	560,000 (b)	3,850,000
Union Bank of Australia Ltd.	4,000,000	15	262,500	4,947,939
English, Scottish, and Australian Bank Ltd.	3,000,000	12½	295,312 (b)	3,202,960
Bank of New South Wales	7,500,000	10	187,357 (a)	5,826,616
Commercial Banking Coy. of Sydney Ltd.	4,739,013	10	226,818	4,010,184
Australian Bank of Commerce Ltd.	2,208,000	8	84,227	1,028,664
Primary Producers' Bank of Australia Ltd.	428,548	..	..	8,532
Rural (New South Wales Government) ..	..	..	..	..
National Bank of Australasia Ltd.	5,000,000	10	250,000	3,148,495
Commercial Bank of Australia Ltd.	3,553,388	4 Pref., 15 Ord.	88,281	1,381,759
Ballarat Banking Coy. Ltd.	153,000	8	5,322	82,419
Queensland National Bank Ltd.	1,749,958	10	43,664 (a)	798,851
Queensland Deposit Bank Ltd.	52,649	10	2,141	52,935
Federal Deposit Bank Ltd.	294,572	12	16,258	70,596
Brisbane Permanent Building and Banking Co.	390,766	10	17,500	102,364
Bank of Adelaide	1,250,000	10	62,500	1,003,464
State Bank of South Australia .. . . .	..	..	..	..
Total Australian Banks	42,319,894	..	2,101,880	29,903,071
Bank of New Zealand	6,833,548	10% "A" Pref., 13 2/11 % "B" Pref., 14½ % Ord.	793,344	3,732,525
Comptoir National d'Escompte de Paris ..	10,000,000	14	1,400,000	4,076,171
Yokohama Specie Bank Ltd.	10,000,000	10	500,000	10,672,353
Grand Total	69,153,442	..	4,795,224	48,384,120

(a) Dividend for quarter.

(b) For twelve months.

4. **Liabilities and Assets.**—(i) *Liabilities, each State, Quarter ended 30th June, 1928.* 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 statement 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 bank's 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, 1928.

States and Territories.	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	64,998	1,510,425	1,295,744	50,075,395	70,382,849	120,458,244	123,328,811
Victoria	86,360	785,750	625,439	31,543,257	60,373,201	91,916,458	93,414,007
Queensland	..	838,174	186,375	14,113,771	22,079,336	36,193,107	37,217,656
South Australia	22,025	108,262	488,727	7,182,700	15,512,719	22,695,419	23,314,433
Western Australia	25,243	165,757	76,988	5,910,417	5,383,235	11,293,652	11,561,640
Tasmania	2,300	87,945	126,480	2,705,573	3,894,028	6,599,601	6,816,326
Northern Territory	..	105	52,170	123,083	96,800	219,883	272,158
Federal Capital Territory	..	3,588	..	24,176	135,092	159,268	162,856
Total	200,326	3,500,006	2,851,923	111,678,372	177,857,260	289,535,632	296,087,887

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

(ii) *Liabilities, all States, June Quarters, 1924 to 1928.* In the next table, which shows the average liabilities of the Joint Stock Banks for the quarters ended 30th June, 1924 to 1928, for Australia as a whole, the growth in liabilities is almost entirely due to an increase in the deposits bearing interest.

JOINT STOCK BANKS.—LIABILITIES, JUNE QUARTER, 1924 TO 1928.

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.	
	£	£	£	£	£	£	£
1924	204,830	2,439,885	4,037,173	106,378,836	133,273,020	239,651,856	246,333,744
1925	202,875	2,584,705	3,239,759	108,562,243	142,023,225	250,585,468	256,612,807
1926	201,551	2,792,080	3,549,630	111,420,109	153,372,042	264,792,151	271,335,412
1927	200,943	2,732,089	3,474,171	110,093,951	160,117,702	270,211,653	276,618,838
1928	200,326	3,500,006	2,851,923	111,678,372	177,857,260	289,535,632	296,087,887

(iii) *Assets, each State, Quarter ended 30th June, 1928.* The average assets of the banks are shown in the following table:—

JOINT STOCK BANKS.—ASSETS, JUNE QUARTER, 1928.

States and Territories.	Coined Gold and Silver and other Metals.	Gold and Silver in Bullion or Bars.	Australian Notes and Cash with Commonwealth Bank.	Government and Municipal Securities.	Landed and House Property.	Balances Due from other Banks.	Notes and Bills of other Banks.	Discounts, Over-drafts, and all other Assets.	Total Assets.
	£	£	£	£	£	£	£	£	£
N.S.W.	11,979,374	5,425	9,376,828	12,703,705	2,702,948	3,279,886	683,382	100,359,352	141,091,000
Victoria	8,106,539	46,325	9,370,623	8,614,401	2,082,097	854,861	833,350	72,017,807	101,926,003
Q'land	1,940,465	587	2,831,523	1,870,296	1,111,314	778,551	330,019	31,080,984	39,943,739
S. Aust.	1,682,419	119	2,556,423	480,760	453,686	507,819	143,936	18,145,454	23,970,116
W. Aust.	1,291,044	114,503	2,399,773	168,589	431,763	99,022	109,706	14,340,517	18,954,917
Tasmania	625,022	78	723,652	..	162,912	34,029	27,947	4,622,252	6,196,492
Nor. Terr.	2,745	..	8,486	..	500	..	..	16,763	28,494
Fed. Cap. Ter.	1,513	..	17,544	80,769	30,110	378	701	94,619	225,634
Total	25,629,121	167,037	27,284,852	23,918,520	6,975,330	5,554,746	2,129,041	240,677,748	332,336,395

(iv) *Assets, all States, June Quarters, 1924 to 1928.* The average assets of the banks for the June quarters of each of the years 1924 to 1928 are given below.

JOINT STOCK BANKS.—ASSETS, JUNE QUARTERS, 1924 TO 1928.

Year.	Coined Gold and Silver and Other Meta's.	Gold and Silver in Bullion or Bars.	Australian Notes.	Landed and Other Property.	Balances Due from Other Banks.	Notes and Bills of Other Banks.	Discounts, Overdrafts, and all Other Assets.(a)	Total Assets.
	£	£	£	£	£	£	£	£
1924	19,473,457	570,859	22,944,850	6,057,635	4,901,198	2,037,235	209,981,484	265,966,718
1925	22,567,729	4,484,679	23,211,903½	6,257,546	3,919,972	2,129,883	219,578,929	273,147,652
1926	26,387,013	283,320	22,635,460½	6,532,006	3,879,783	2,321,218	230,484,491	292,523,291
1927	26,136,907	185,546	22,555,655½	6,699,599	3,712,835	2,161,994	251,255,949	312,708,485
1928	25,629,121	167,037	27,284,852½	6,975,330	5,554,746	2,129,041	264,596,268	332,336,395

(a) Including Government and Municipal securities.

(b) Including Cash with Commonwealth Bank.

5. Percentage of Coin, Bullion, and Australian Notes on 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, 1924 TO 1928.

Year.	Liabilities at Call.	Coin, Bullion, and Australian Notes.	Percentage on Liabilities at Call.
	£	£	%
1924	106,583,666	42,989,166	40.33
1925	108,765,118	50,264,311	46.21
1926	111,621,660	49,305,793	44.17
1927	110,294,894	48,878,108	44.32
1928	111,878,698	53,081,010	48.34

The figures in the last column show that the banks generally consider it advisable to hold from 40 to 50 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 statement of the banks; according to Treasury returns the amount outstanding on 30th June, 1928, was £22,551. 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 1924 to 1928:—

JOINT STOCK BANKS.—PERCENTAGE OF COIN, BULLION, AND AUSTRALIAN NOTES ON LIABILITIES AT CALL, 1924 TO 1928.

Year.	N.S.W. (a)	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	All States.
	%	%	%	%	%	%	%	%
1924 ..	39.99	39.85	33.20	49.96	48.96	42.61	11.29	40.33
1925 ..	49.49	46.07	31.50	50.79	50.60	48.63	8.43	46.21
1926 ..	44.73	45.53	30.52	49.71	59.24	46.69	6.95	44.17
1927 ..	42.19	46.33	33.97	52.99	60.86	47.84	9.87	44.32
1928 ..	42.62	55.40	32.16	58.83	64.01	49.81	9.01	47.48

(a) Includes Federal Capital Territory.

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, 1924 TO 1928.

Year.	N.S.W. (a)	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	N. Ter.	All States.
TOTAL.								
1924	£ 90,529,921	£ 84,301,488	£ 29,649,564	£ 20,085,213	£ 9,236,755	£ 5,661,494	£ 187,421	£ 239,651,856
1925	98,812,293	85,674,995	31,264,955	20,217,717	9,164,244	5,249,078	202,186	250,585,468
1926	104,372,446	90,067,719	33,668,025	21,362,996	9,565,222	5,540,665	215,075	264,792,151
1927	106,553,424	91,923,910	32,966,221	22,625,309	10,067,814	5,833,872	211,103	270,211,653
1928	120,617,512	91,916,458	36,193,107	22,695,419	11,293,652	6,599,601	219,883	289,535,632

(a) Includes Federal Capital Territory.

PER HEAD OF POPULATION.

Year.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1924	40 13 4	51 9 0	36 1 7	38 1 3	25 15 5	26 8 6	52 1 6	41 0 7
1925	43 9 6	51 6 8	36 16 9	37 5 7	24 19 1	24 12 7	54 13 9	42 7 0
1926	45 0 3	53 4 2	38 10 10	38 6 11	22 17 7	26 5 9	57 11 1	43 18 3
1927	45 0 11	53 6 7	37 1 5	39 13 9	26 5 5	27 17 4	50 11 1	43 19 2
1928	49 14 2	52 11 1	39 17 8	39 6 5	28 7 10	31 4 9	51 16 8	46 3 0

(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 deposits of deed 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 1924 to 1928 :—

JOINT STOCK BANKS.—ADVANCES, 1924 TO 1928.

Year.	N.S.W. (a)	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	N. Ter.	All States.
1924	£ 78,861,693	£ 63,914,412	£ 26,076,079	£ 14,310,376	£ 10,748,734	£ 4,831,856	£ 7,625	£ 198,750,775
1925	77,993,259	63,181,481	26,738,792	13,623,369	11,216,634	4,688,567	8,800	197,450,802
1926	85,124,897	67,568,544	28,272,761	15,017,374	12,712,005	5,446,061	9,478	213,252,020
1927	91,213,825	75,668,559	31,929,661	18,447,113	14,047,168	4,819,660	10,731	236,130,717
1928	100,453,971	72,017,807	31,080,984	18,145,454	14,340,517	4,622,252	16,763	240,677,748

(a) Includes Federal Capital Territory.

(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, 1924 TO 1928.

Year.	N.S.W. (a)	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	All States.
	%	%	%	%	%	%	%	%
1924 ..	87.11	75.82	87.95	71.25	116.37	85.35	4.07	82.93
1925 ..	78.93	73.75	85.51	67.38	122.39	89.32	4.35	78.79
1926 ..	81.56	75.02	83.98	70.30	132.91	82.05	4.41	80.54
1927 ..	85.60	82.32	96.77	81.53	139.53	82.62	5.08	87.39
1928 ..	83.28	78.35	85.87	84.03	128.85	70.03	7.60	83.12

(a) Includes Federal Capital Territory.

7. Commonwealth Bank of Australia.—(i) *Liabilities, June Quarter, 1928.*—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 £70,018,490, of which Savings Bank deposits accounted for £45,705,114, or 65 per cent.

COMMONWEALTH BANK OF AUSTRALIA.—LIABILITIES, JUNE QUARTER, 1928.

States and Territories.	Bills in Circulation.	Balances Due to Other Banks.	Deposits.				Total Liabilities.
			Not Bearing Interest.	Bearing Interest.	Savings Bank Deposits.	Total Deposits.	
	£	£	£	£	£	£	£
New South Wales	88,155	2,858,079	5,281,609	2,636,703	10,434,395	18,352,707	21,298,941
Victoria	142,503	5,212,499	2,159,186	1,740,991	5,858,945	9,759,122	15,114,124
Queensland	62,885	1,269,681	4,882,620	3,136,690	22,455,273	30,474,583	31,807,149
South Australia	15,048	906,811	1,082,271	199,601	2,308,684	3,590,556	4,512,415
Western Australia	12,863	1,483,065	1,028,534	1,320,176	2,817,573	5,166,283	6,662,211
Tasmania	5,749	323,626	343,608	353,236	1,575,349	2,272,193	2,601,568
Northern Territory	..	..	..	453	65,010	65,463	65,463
Federal Capital Territory	367	..	123,988	23,710	189,885	337,583	337,950
Total	327,570	12,053,761	14,901,816	9,411,560	45,705,114	70,018,490	82,399,821

(ii) *Liabilities, all States, June Quarters, 1924 to 1928.*—The average liabilities in the years specified are given in the table below.

COMMONWEALTH BANK OF AUSTRALIA.—LIABILITIES, JUNE QUARTERS, 1924 TO 1928.

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.	
	£	£	£	£	£	£	£
1924 ..	212,362	29,061	23,004,674	6,899,902	38,273,478	68,178,054	68,419,477
1925 ..	265,936	3,940,022	23,381,481	7,828,650	39,798,481	71,008,612	75,214,570
1926 ..	355,240	6,045,894	23,350,534	7,103,349	43,068,182	73,522,065	79,923,199
1927 ..	258,605	7,306,854	20,435,503	8,216,302	44,212,050	72,863,855	80,429,314
1928 ..	327,570	12,053,761	14,901,816	9,411,560	45,705,114	70,018,490	82,399,821

(iii) *Assets, June Quarter, 1928.* The assets for the June Quarter, 1928, are as follows :—

COMMONWEALTH BANK OF AUSTRALIA.—ASSETS, JUNE QUARTER, 1928.

States and Territories.	Coin.	Bullion.	Australian Notes.	Government and Municipal Securities.	Landed and House Property.	Balances Due from Other Banks.	Notes and Bills of Other Banks.	Discounts, Overdrafts, and all other Assets (not including Contingent Assets).	Total Assets.
	£	£	£	£	£	£	£	£	£
N.S.W. ..	147,349	..	998,042	21,531,683	284,249	82,500	711,096	6,095,783	29,850,702
Victoria ..	381,699	50,644	1,137,883	6,899,753	183,696	2,905	584,581	4,542,464	13,783,625
Queensland ..	55,817	14	911,224	22,467,747	102,293	1,217	295,898	4,194,982	28,029,192
S. Australia ..	51,234	..	577,409	2,358,177	44,060	357	420,600	944,213	4,396,050
W. Australia ..	97,573	644	537,018	1,918,722	17,855	2,252	95,666	5,133,799	3,183,329
Tasmania ..	20,609	..	313,999	1,881,625	3,866	1,501	30,163	152,741	2,404,564
Nor. Ter. ..	..	..	..	..	..	52,100	18,000	411	68,511
Fed. Cap. Ter. ..	1,240	..	32,106	..	8,363	..	18	253,268	294,995
Total ..	755,581	51,302	4,507,681	57,057,707	644,182	142,832	2,154,022	16,697,661	82,010,968

(iv) *Assets, all States, June Quarters, 1924 to 1928.*—The great increase in Australian Notes is due in part to the obligation imposed by the Commonwealth Bank Act, 1924, on the Joint Stock banks of settling their exchanges through the Commonwealth Bank.

COMMONWEALTH BANK OF AUSTRALIA.—ASSETS, JUNE QUARTERS, 1924 TO 1928.

Quarter ended 30th June—	Coin.	Bullion.	Australian Notes.	Government and Municipal Securities.	Landed and House Property.	Balances Due from Other Banks.	Notes and Bills of Other Banks.	Discounts, Overdrafts, and all other Assets (not including Contingent Assets).	Total Assets.
	£	£	£	£	£	£	£	£	£
1924 ..	2,100,874	6,683	9,084,343	39,537,851	917,413	4,872,321	966,787	11,999,432	69,485,704
1925 ..	4,675,665	2,251	14,000,587	38,811,260	943,624	3,330,693	980,030	11,950,395	74,694,448
1926 ..	6,016,703	945	12,219,139	42,278,108	848,416	2,889,718	954,635	13,115,051	78,320,715
1927 ..	1,141,000	11,209	7,092,716	52,904,863	705,070	1,580,422	2,157,966	17,043,787	82,637,613
1928 ..	755,581	51,302	4,507,681	57,057,707	644,182	142,832	2,154,022	16,697,661	82,010,968

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 1928 the total clearances in Sydney amounted to £1,033,511,000, and in Melbourne to £762,851,000, but 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 in Melbourne. As compared with 1927, small increases in the Clearing House returns were apparent in Adelaide, Perth and Hobart, while the business transacted in Sydney, Melbourne and Brisbane showed decreases of £1,000,000, £63,000,000 and £28,000,000, respectively. The average weekly clearances for each month are published in the Quarterly Summary of Australian Statistics. Returns of all Australian Clearing Houses for the last five years are shown in the following table :—

CHEQUE-PAYING BANKS.—CLEARING HOUSE RETURNS, 1924 TO 1928.

Year.	Sydney.	Melbourne.	Brisbane.	Adelaide.	Perth.	Hobart.
	£	£	£	£	£	£
1924	845,855,000	734,080,000	212,220,000	179,335,000	97,920,000	..
1925	909,114,000	803,083,000	192,968,000	171,092,000	101,085,000	25,557,000
1926	954,523,000	790,111,000	195,710,000	178,898,000	103,523,000	25,691,000
1927	1,034,894,000	825,676,000	192,274,000	186,752,000	111,454,000	26,805,000
1928	1,033,511,000	762,851,000	164,166,000	196,566,000	112,503,000	28,113,000

§ 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 are made up to the last day of 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 individual depositors, 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, 1924 TO 1928.

30th June.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	Fed. Cap. Ter.	All States.
NUMBER.									
1924 ..	1,303,258	1,268,629	375,025	452,342	264,842	132,902	844	3,690	3,801,532
1925 ..	1,370,401	1,337,093	397,710	470,599	278,071	135,423	911	4,575	3,994,783
1926 ..	1,440,688	1,396,438	420,908	489,148	292,353	138,993	978	5,744	4,185,250
1927 ..	1,599,912	1,455,581	438,282	512,332	309,546	142,028	1,197	6,580	4,465,458
1928 ..	1,689,280	1,515,097	458,060	530,382	330,284	156,091	1,349	7,876	4,688,419
PER 1,000 OF POPULATION.									
1924 ..	575	774	453	855	735	602	233	911	654
1925 ..	600	800	465	866	756	604	242	921	673
1926 ..	602	824	479	876	779	665	259	893	692
1927 ..	674	843	490	897	804	744	281	874	724
1928 ..	697	866	502	917	825	743	337	984	746

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 almost three-quarters and rising in Victoria to more than four-fifths and in South Australia to nine-tenths 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 1928 the large sum of £215,188,462, 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 per head of population at the end of each of the last five years :—

SAVINGS BANKS.—DEPOSITS, 1924 TO 1928.

30th June.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	Fed. Cap. Ter.	All States.
TOTAL.									
	£	£	£	£	£	£	£	£	£
1924	66,064,385	58,028,190	20,410,364	19,351,127	8,218,147	4,874,961	30,790	67,670	178,875,634
1925	69,016,830	59,551,895	21,339,901	20,152,175	8,303,933	4,509,842	32,961	132,803	183,040,140
1926	78,629,455	63,253,525	22,836,909	21,778,970	8,969,824	4,772,780	36,577	178,195	195,456,235
1927	78,145,643	65,352,619	22,452,749	23,600,897	9,694,396	5,079,274	48,025	206,090	204,578,693
1928	81,627,667	68,826,768	23,324,829	24,941,688	10,645,373	5,522,766	64,617	234,754	215,188,462

AVERAGE PER SAVINGS BANK ACCOUNT.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1924	50 13 10	45 14 10	54 8 6	42 15 7	31 0 7	35 3 6	36 9 7	26 9 5	46 10 7
1925	50 7 3	44 10 9	53 13 2	42 16 5	29 17 3	33 6 0	36 3 8	29 0 6	45 16 3
1926	51 2 2	45 5 11	54 5 1	44 10 6	30 13 8	34 6 9	38 0 31	0 5	46 14 0
1927	48 16 10	44 17 11	51 4 7	46 1 4	31 6 4	35 15 3	40 2 5	31 6 5	45 16 3
1928	48 6 5	45 7 11	50 18 5	47 0 6	32 4 7	35 7 8	47 18 0	29 16 2	45 18 0

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1924	29 13 6	35 7 9	24 13 3	36 11 10	22 16 1	12 18 7	8 9 10	24 1 10	30 9 6
1925	30 7 8	35 12 10	24 19 1	37 2 1	22 11 3	21 5 8	8 15 0	26 14 5	30 17 5
1926	31 15 7	37 6 7	25 19 5	38 19 11	23 18 2	22 15 11	9 13 10	27 13 5	32 6 9
1927	32 19 3	37 17 1	25 2 1	41 6 10	25 3 7	24 8 0	11 5 6	27 5 3	33 3 5
1928	33 13 9	39 6 10	25 11 8	43 3 5	26 12 8	26 4 10	15 4 4	29 6 1	34 4 10

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. The average amount on deposit per head of population in each State has almost invariably shown a steady yearly increase during the quinquennium; the increase during the period approximated 12 per cent., the figures for South Australia 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. up to £1,000, also 4½ per cent. on deposit stock up to £1,000. South Australia 4 per cent. on accounts closed during the year, and 4½ per cent. up to £500 thence 4½ per cent. to £1,000 on accounts remaining open; Western Australia, 3½ per cent. on current accounts to £1,000, thence 3 per cent. on to the interest bearing limit of £1,500 and 4½ per cent. on deposits for one year up to £1,000; Hobart Trustees' Savings Bank, 4½ per cent. up to £300; Launceston Trustees' Savings Bank, 4½ per cent. up to £300; and Commonwealth Savings Bank, in all States except Queensland where no State Savings Bank is in existence, 4 per cent. on the first £500, 3½ per cent. on the next £500, and 3 per cent. upon another £300. In Queensland, the rate is 4 per cent. for the first £500 and 3½ per cent. on the excess up to £2,000.

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) was almost 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 by more than 5 per cent. during the same year. The following table shows the business transacted during the year 1927-28 :—

SAVINGS BANKS.—TRANSACTIONS, 1927-28.

States and Territories.	Total Deposits at end of Year 1926-27.	Amounts Deposited during Year 1927-28.	Interest Added during Year 1927-28.	Total.	Amounts Withdrawn during Year 1927-28.	Total Deposits at end of Year 1927-28.
	£	£	£	£	£	£
New South Wales ..	78,145,643	79,755,496	2,839,306	160,740,445	79,112,778	81,627,667
Victoria ..	65,352,617	59,533,682	2,444,093	127,330,392	58,503,624	68,826,768
Queensland ..	22,452,749	24,318,669	745,815	47,517,233	24,192,404	23,324,829
South Australia ..	23,600,898	19,088,580	1,040,005	43,729,483	18,787,795	24,941,688
Western Australia ..	9,694,396	11,746,148	336,200	21,776,744	11,131,371	10,645,373
Tasmania ..	5,079,274	4,396,729	203,634	9,679,637	4,156,871	5,522,766
Northern Territory ..	48,025	120,648	2,059	170,732	108,115	61,617
Federal Cap. Territory	206,090	367,580	7,100	580,779	346,025	234,754
Total ..	204,579,692	199,327,532	7,618,221	411,525,445	196,336,983	215,188,462

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 accounts, and the amount at credit on 30th June, 1928, at the various branches of the Commonwealth Savings Bank :—

COMMONWEALTH SAVINGS BANK, 30th JUNE, 1928.

Locality.	Number of Accounts.	Amount at Credit.
		£
New South Wales	341,161	10,974,932
Victoria	176,160	6,045,409
Queensland	458,060	23,324,829
South Australia	64,021	2,365,059
Western Australia	89,461	2,949,438
Tasmania	66,123	1,646,895
Northern Territory	1,349	64,617
Federal Capital Territory	7,066	196,017
Total, Australia	1,203,401	47,567,196
Papua and New Guinea	2,366	106,217
London	5,146	450,739
Grand Total	1,210,913	48,124,152

As mentioned in §2 (page 403), the Commonwealth Savings Bank Department was, from 9th June, 1928, separated from the General Bank.

§ 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 £1,247,202; reserve funds and undivided profits to £855,002; other liabilities, £365,102; total liabilities, £2,467,306. Among the assets are included—Deposits with Governments, £217,504; other investments in public securities, fixed

deposits, etc., £602,682; loans on mortgage, £410,973; property owned, £803,077; other assets, £433,070. Of the twenty companies, ten show the total amount of the estates, etc., under administration, the total for 1928 being approximately £106,000,000. In respect of the twenty companies, net profits for the year totalled £201,800, of which £140,413 was paid in dividends.

3. Registered Building and Investment Societies.—(i) *General.* Returns have been received relating to 84 societies, viz., 7 in New South Wales, 26 in Victoria, 10 in Queensland, 24 in South Australia, 13 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, 1927.

Particulars.	N.S.W. 1926-27.	Vic. 1927.	Q'land. 1926-27.	S. Aust. 1927.	W. Aust. 1926-27.	Tas. 1927.	Total.
Number of societies ..	7	26	10	24	13	4	84
Number of shareholders ..	2,547	9,840	5,775	18,003	12,246	4,311	52,722
Number of shares ..	28,302	(a)	1,349,668	76,277	34,664	38,726	b1,527,637
Number of borrowe's ..	4,673	12,066	3,532	3,181	2,116	1,472	27,040
Income for year from interest ..	£ 121,886	368,060	67,528	36,297	(a)	42,669	c636,440
Working expenses for year ..	£ 114,488	164,900	9,800	14,363	29,709	5,853	339,113
Amount of deposits during year ..	£ 264,228	1,918,532	148,823	24,725	216,300	33,175	2,604,783
Repayment of loans during year ..	£ 343,095	1,066,309	147,976	148,718	138,932	112,512	1,957,542
Loans granted during year ..	£ 321,581	1,154,118	248,777	182,648	215,162	114,110	2,236,396

(a) Not available.

(b) Exclusive of Victoria.

(c) Included in repayment of Loans.

(ii) *Liabilities and Assets.* The balance-sheets of the companies in respect of which particulars of liabilities and assets are stated hereunder cover periods ended during the year 1927. The figures quoted for the States of New South Wales, South Australia and Tasmania refer to the calendar year 1927, while those for the remaining States are for the fiscal year 1926-27.

REGISTERED BUILDING AND INVESTMENT SOCIETIES.—LIABILITIES, 1927.

State.	Paid-up Capital or Subscriptions.	Reserve Funds.	Deposits.	Bank Overdrafts and other Liabilities.	Total Liabilities.
	£	£	£	£	£
New South Wales ..	455,310	313,769	567,219	19,835	1,356,133
Victoria ..	1,928,968	646,054	1,804,508	358,354	4,737,884
Queensland ..	919,702	35,826	8,422	68,762	1,032,712
South Australia ..	678,583	82,686	24,322	34,273	819,864
Western Australia ..	548,091	..	92,455	24,266	664,812
Tasmania ..	260,314	87,825	238,475	10,332	596,946
Total ..	4,790,968	1,166,160	2,735,401	515,822	9,208,351

REGISTERED BUILDING AND INVESTMENT SOCIETIES.—ASSETS, 1927.

State.	Advances on Mortgage.	Landed and House Pro- perty, Furni- ture, etc.	Cash in hand and on Deposit and other Assets.	Total Assets.
	£	£	£	£
New South Wales ..	1,156,368	104,298	95,467	1,356,133
Victoria ..	4,535,475	125,070	77,339	4,737,884
Queensland ..	991,087	7,165	34,460	1,032,712
South Australia ..	758,074	22,024	39,766	819,864
Western Australia ..	632,402	12,212	20,198	664,812
Tasmania ..	501,634	10,390	84,922	596,946
Total ..	8,575,040	281,159	352,152	9,208,351

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 financial result for the year 1927:—

CO-OPERATIVE SOCIETIES.—NUMBER, MEMBERSHIP AND TRADING RESULTS, 1927.

Heading.	N.S.W. 1926-27.	Vic. 1926-27.	Qld. 1926-27.	S.A. 1927.	W.A. 1926-27.	Tas. 1926-27.	All States.
Producers' Co-operative Societies—							
Number of societies ..	116	62	56	28	20	12	294
Membership ..	30,107	48,568	633,500	6,093	8,542	4,870	131,680
Gross turnover (Sales) £	8,050,050	7,789,521	5,289,207	621,457	1,694,984	260,537	23,695,756
Total income ..	8,363,454	8,129,481	5,526,570	694,581	2,060,086	277,540	25,051,712
Total working expenses (a) £	8,244,930	8,048,898	6,143,878	664,222	2,040,487	254,999	20,685,414
Rebates and bonuses £	83,974	14,014	11,383	9,097	19,085	..	137,553
Dividends on share capital £	17,371	26,469	17,650	7,499	15,576	1,626	86,191
Rate per cent. ..	3.4	2.4	3.6	4.4	6.7	2.2	3.3
Consumers' Co-operative Societies—							
Number of Societies ..	48	49	10	9	60	4	180
Membership ..	75,443	16,501	31,517	36,293	14,366	744	174,864
Gross turnover (Sales) £	13,675,321	1,437,580	2,409,193	1,597,727	2,199,610	95,242	21,414,673
Total income ..	13,736,402	1,462,138	2,683,713	1,603,414	2,603,363	95,946	22,189,976
Total working expenses (a) £	13,280,344	1,406,581	2,624,595	1,523,011	2,574,454	89,442	18,138,427
Rebates and bonuses £	312,491	35,015	13,177	51,189	26,476	1,331	439,679
Dividends on share capital £	76,190	11,870	9,955	27,180	19,695	481	145,371
Rate per cent. ..	5.7	5.3	3.7	4.5	5.9	2.2	5.3

(a) Includes payments to suppliers. (b) Estimated. (c) Queensland exclusive of payments to suppliers.

(ii) *Liabilities and Assets.* The next table gives the liabilities and assets.

CO-OPERATIVE SOCIETIES.—LIABILITIES AND ASSETS, 1927.

Heading.	N.S.W. 1926-27.	Vic. 1926-27.	Q'land. 1926-27.	S.A. 1927.	W.A. 1926-27.	Tas. 1926 27.	All States.
Producers' Co-operative Societies—							
Liabilities—							
Paid-up capital ..	£ 514,783	£ 1,124,550	£ 495,613	£ 169,541	£ 231,386	£ 75,147	£ 2,611,020
Loan capital ..	1,196,780	254,330	48,347	173,183	75,614	26,121	1,875,385
Overdraft ..	..	803,767	187,146	83,790	232,088	20,430	1,337,221
Reserves and undivided profits ..	494,540	430,529	331,776	91,536	187,972	17,015	1,553,368
Other liabilities ..	36,578	314,673	483,624	193,264	322,423	65,132	1,415,694
Total liabilities ..	2,242,681	2,927,849	1,546,506	711,314	1,049,483	203,845	8,681,678
Assets—							
Land, buildings, and plant ..	1,263,282	1,193,337	844,961	366,556	225,164	92,944	3,926,244
Stocks ..	239,875	557,630	288,429	191,690	216,279	25,857	1,519,760
Other assets ..	739,524	1,176,882	413,116	213,068	608,040	85,044	3,235,674
Total assets ..	2,242,681	2,927,849	1,546,506	711,314	1,049,483	203,845	8,681,678
Consumers' Co-operative Societies—							
Liabilities—							
Paid-up capital ..	1,326,008	225,188	265,225	597,948	329,626	21,980	2,765,975
Loan capital ..	1,007,447	72,249	19,845	189,032	85,557	3,333	1,367,463
Overdraft ..	..	131,777	132,181	35,410	280,173	2,619	581,500
Reserves and undivided profits ..	568,547	195,910	291,148	180,332	243,464	9,132	1,488,533
Other liabilities ..	46,123	141,111	187,432	36,175	408,441	18,282	837,564
Total liabilities ..	2,948,125	766,235	895,831	1,038,897	1,347,261	55,346	7,051,695
Assets—							
Land, buildings, and plant ..	1,064,182	249,696	262,324	337,116	273,640	18,053	2,205,011
Stocks ..	592,366	237,368	20,133	359,607	317,847	19,286	1,546,667
Other assets ..	1,291,577	279,171	613,374	342,114	755,774	18,007	3,300,017
Total assets ..	2,948,125	766,235	895,831	1,038,897	1,347,261	55,346	7,051,695

(a) Includes sundry creditors.

§ 5. Life Assurance.

[NOTE.—A Conspectus of Australian Life Assurance Legislation was published in Official Year Book No. 18, 1925, 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 1927 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 1927 was 36, of which the full name and location of head office are set out in the Finance Bulletin, No. 19, for 1927–28.

Of the thirty-three Australian companies seven are purely mutual, and twenty-five are proprietary companies with a paid-up capital aggregating £2,178,098, part of which is, however, used in fire, marine, and accident insurance business. One office is a State government institution. Three overseas companies transacted business in Australia in 1927, one 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, 1927.**—(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 52 million pounds, the average per policy has increased from £264 to £303. The amount assured in 1927 represents an average of approximately £43 per head of population.

ORDINARY LIFE ASSURANCE.—AUSTRALIAN BUSINESS, 1923 TO 1927.

Year.	Policies in Force.	Amount.	Average per Policy.	Annual Premium Income.
	No.	£	£	£
1923	795,887	210,049,945	264	6,925,581
1924	820,138	224,129,981	273	7,388,353
1925	834,936	235,687,567	282	7,783,781
1926	848,427	248,549,883	293	8,195,880
1927	866,710	262,276,366	303	8,479,784

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

The amount assured has increased by nearly 52 per cent. in the period under review. The average amount per policy in 1927 was £41, comparing with an average of £35 in 1923.

INDUSTRIAL LIFE INSURANCE.—AUSTRALIAN BUSINESS, 1923 TO 1927.

Year.	Policies in Force.	Amount.	Average per Policy.	Annual Premium Income.
	No.	£	£	£
1923	1,144,004	40,009,115	35	2,387,187
1924	1,233,925	45,256,580	37	2,681,774
1925	1,310,642	49,907,583	38	2,923,519
1926	1,395,744	54,990,807	39	3,220,154
1927	1,481,044	60,732,865	41	3,577,858

4. Income and Outgo.—(i) *Ordinary Business.* The following table shows the aggregate Australian income for the last four years of all the societies doing business in Australia. In the latter year premiums—new and renewal—amounted to 59 per cent., and interest, dividends, and rent to nearly 39 per cent. of the Australian income.

ORDINARY LIFE ASSURANCE.—AUSTRALIAN INCOME, 1924 TO 1927.

Heading.	Amount.			
	1924.	1925.	1926.	1927.
	£	£	£	£
Premiums—New	991,367	1,049,159	1,047,965	1,027,378
Renewal	6,396,986	6,734,622	7,147,915	7,452,406
Consideration for annuities	78,434	57,378	81,083	62,766
Interest, dividends, and rents	4,488,989	4,809,117	5,207,580	5,601,366
Other receipts	208,350	875,609	307,558	244,769
Total income	12,164,126	13,525,885	13,792,101	14,388,685

In 1927 outgo amounted to £8,431,658, of which claims accounted for 56 per cent., surrenders nearly 12 per cent., expenses of management 10 per cent., and commission 8 per cent.

ORDINARY LIFE ASSURANCE.—AUSTRALIAN OUTGO, 1924 TO 1927.

Heading.	Amount.			
	1924.	1925.	1926.	1927.
	£	£	£	£
Claims	4,079,237	4,379,233	4,596,541	4,920,432
Surrenders	819,874	920,675	1,055,957	973,226
Annuities	101,880	99,662	102,280	103,990
Commission	637,833	718,346	720,780	681,688
Expenses of management	817,119	838,455	846,847	869,903
Licence fees and taxes	128,922	131,861	149,501	175,362
Shareholders' dividends	83,515	68,480	87,806	72,080
Cash bonuses paid to shareholders	338,120	362,041	380,461	444,322
All other expenses	205,083	250,642	241,598	190,755
Total outgo	7,211,583	7,769,395	8,181,771	8,431,658

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

ORDINARY LIFE ASSURANCE.—AUSTRALIAN INCOME AND OUTGO, 1923 TO 1927.

Year.	Income.	Outgo.	Excess Income.
	£	£	£
1923	11,271,140	7,158,026	4,113,114
1924	12,164,126	7,211,583	4,952,543
1925	13,525,885	7,769,395	5,756,490
1926	13,792,101	8,181,771	5,610,330
1927	14,388,685	8,431,658	5,957,027

(ii) *Industrial Business.* The aggregate Australian income for 1924, 1925, 1926, and 1927 of societies transacting industrial business was as follows:—

INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN INCOME, 1924 TO 1927.

Heading.	Amount.			
	1924.	1925.	1926.	1927.
	£	£	£	£
Premiums—New and renewal ..	2,681,774	2,923,519	3,220,154	3,577,858
Consideration for annuities ..	13	13	13	13
Interest, dividends, and rents ..	598,335	709,943	811,977	924,915
Other receipts	19,847	22,699	27,755	21,812
Total income ..	3,299,969	3,656,174	4,059,899	4,524,598

Outgo during 1927 totalled £2,805,196. Claims amounted to 42 per cent., commission 31 per cent., and expenses of management 17 per cent.

INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN OUTGO, 1924 TO 1927.

Heading.	Amount.			
	1924.	1925.	1926.	1927.
	£	£	£	£
Claims	601,908	731,480	926,399	1,186,297
Surrenders	71,627	95,658	109,398	127,527
Annuities	295	295	295	295
Commission	692,975	699,452	779,472	858,175
Expenses of management ..	355,350	379,905	402,211	470,948
Licence fees and taxes	20,777	23,649	24,817	32,018
Shareholders' dividends ..	54,766	60,742	64,676	69,762
Cash bonuses paid to shareholders ..	26	..	..	4,049
All other expenses	66,829	87,346	70,709	56,125
Total outgo	1,864,553	2,078,527	2,377,977	2,805,196

The aggregate income and outgo for the last five years were as follows:—

INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN INCOME AND OUTGO, 1923 TO 1927.

Year.	Income.	Outgo.	Excess Income.
	£	£	£
1923	2,920,683	1,637,646	1,283,037
1924	3,299,969	1,864,553	1,435,416
1925	3,656,174	2,078,527	1,577,647
1926	4,059,899	2,377,977	1,681,922
1927	4,524,598	2,805,196	1,719,402

5. *Liabilities and Assets, 1927.*—(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 1927 to £90,845,342, including assurance and annuity funds, £78,419,126, other funds, including those used in fire and marine business, £7,409,078, and paid-up capital, £1,978,098.

Australian assets aggregated £118,274,047, of which the following are the principal items:—Government and municipal securities, £62,202,524; mortgages, £29,144,316; loans on companies' policies, £11,576,592; and landed and house property, £4,467,563. Details regarding liabilities for the years 1924 to 1927 are given in the next table:—

ORDINARY AND INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN LIABILITIES, 1924 TO 1927.

Heading.	Amount.			
	1924.	1925.	1926.	1927.
	£	£	£	£
Shareholders' capital, paid up ..	1,469,795	1,842,963	1,891,916	1,978,098
Assurance and annuity funds ..	60,022,243	66,119,414	72,307,626	78,419,126
Other funds ..	5,069,632	6,018,968	6,609,019	7,409,078
Claims admitted but not paid ..	695,404	799,584	772,088	846,112
All other liabilities ..	1,517,967	1,809,185	2,188,288	2,192,928
Total Australian liabilities (a) ..	68,775,041	76,590,114	83,768,937	90,845,342

(a) Excluding Mutual Life and Citizens, People's Prudential, National Mutual, Western Australian, Liverpool and London 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, 1924 TO 1927.

Heading.	Amount.			
	1924.	1925.	1926.	1927.
	£	£	£	£
Government and municipal securities ..	52,967,836	55,512,895	60,354,135	62,202,524
Mortgages ..	21,066,410	22,521,893	24,146,487	29,144,316
Loans on companies' policies ..	9,156,489	9,812,751	10,543,379	11,576,592
Railway debentures and stock ..	812,998	935,207	986,980	1,129,003
Landed and house property ..	3,472,159	3,605,283	4,081,973	4,467,563
Life interests and reversions ..	138,730	148,447	149,555	204,552
Other investments ..	1,474,049	1,512,833	1,631,647	1,541,302
Outstanding premiums ..	742,614	772,918	879,137	963,851
Outstanding interest, dividends, and rents ..	861,471	895,096	974,735	1,142,496
Cash ..	2,357,630	2,138,263	2,131,936	2,570,576
Establishment and organization accounts ..	796,095	1,016,751	1,221,472	1,288,052
All other assets ..	1,613,216	1,709,996	1,923,921	2,043,220
Total Australian assets ..	95,459,697	100,582,333	109,025,248	118,274,047

(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. 19" (published by this Bureau), and a short table

only is inserted here, showing the total assets of the various companies. The decrease in the total assets in 1925 is due to the purchase by Australian companies of the Australian business of the New York Life Insurance Company.

LIFE ASSURANCE COMPANIES.—TOTAL ASSETS, 1924 TO 1927.

Heading.	Amount.			
	1924.	1925.	1926.	1927.
	£	£	£	£
Government and municipal securities	142,684,880	106,982,929	112,395,155	112,665,510
Mortgages	114,888,595	58,813,526	64,701,335	76,425,332
Loans on companies' policies ..	66,748,612	34,013,687	36,604,250	40,253,769
Railway debentures and debenture stock	142,239,598	77,339,213	85,069,487	94,336,701
Landed and house property ..	9,812,306	8,461,054	8,906,600	9,369,138
Life interests and reversions ..	350,910	379,477	376,949	410,931
Other investments	7,299,239	3,854,031	5,177,764	2,946,261
Outstanding premiums	7,039,200	5,270,428	5,633,744	6,157,030
Outstanding interest, dividends, and rent	6,792,303	3,550,668	3,793,668	4,421,878
Cash	6,153,494	5,306,790	4,116,810	4,311,765
Establishment and organization accounts	796,095	1,016,751	1,226,095	1,288,052
All other assets	3,996,897	2,668,233	1,689,730	2,997,086
Total assets	508,802,129	307,656,787	329,691,587	355,583,453

6. New Policies issued in Australia, 1927.—(i) *Ordinary Business.* During 1927, 82,944 new policies were issued for £31,980,074. The average amount per policy was £386, which compares with an average of £303 per policy for all policies which were in existence in 1927.

(ii) *Industrial Business.* New policies to the number of 294,841 were issued during the year for a total of £14,970,950. The average per policy was almost £51, which is 24 per cent. more than the average for all industrial policies which were current in 1927.

7. Policies Discontinued in Australia, 1925, 1926 and 1927.—(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 1925, 1926 and 1927, and the reasons for discontinuance are given in the following table:—

ORDINARY LIFE ASSURANCE.—POLICIES DISCONTINUED IN AUSTRALIA, 1925 TO 1927.

Mode.	1925.		1926.		1927.	
	No. of Policies.	Amount.	No. of Policies.	Amount.	No. of Policies.	Amount.
		£		£		£
Death or maturity ..	14,516	3,193,285	15,248	3,494,636	15,965	3,703,588
Surrender	17,346	3,628,783	20,857	4,407,146	15,120	3,697,414
Forfeiture	33,345	9,788,132	35,107	10,607,440	33,770	10,957,429
Total	65,207	16,610,200	71,212	18,509,222	64,855	18,358,431

(ii) *Industrial Business.* The number of policies discontinued in this branch each year is also very large. Of the total amount of discontinuance during 1927 only 13 per cent. was due to death or maturity, while 83 per cent. was due to forfeiture.

INDUSTRIAL LIFE ASSURANCE.—POLICIES DISCONTINUED IN AUSTRALIA, 1925 TO 1927.

Mode.	1925.		1926.		1927.	
	No. of Policies.	Amount.	No. of Policies.	Amount.	No. of Policies.	Amount.
		£		£		£
Death or maturity ..	35,188	775,695	41,778	935,690	52,021	1,182,281
Surrender	6,905	313,342	7,339	343,432	7,632	355,071
Forfeiture	148,037	7,324,709	144,802	7,166,472	150,580	7,612,505
Total	190,130	8,413,746	193,919	8,445,594	210,233	9,149,857

8. *Conspectus of Australian Life Assurance Legislation.*—A conspectus of Australian Life Assurance Legislation appeared in Official Year Book No. 18, pp. 1041 to 1059, but considerations of space preclude its insertion in the present issue.

§ 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 43 insurance companies having their head offices either in Australia, New Zealand, or Fiji.

(ii) *Revenue and Expenditure.* The most important items of revenue and expenditure are given below. The trade surplus in 1927–28 was £561,509, or 7.62 per cent. of premium income.

FIRE, MARINE, AND GENERAL INSURANCE COMPANIES.—SUMMARY OF REVENUE AND EXPENDITURE, 1924 TO 1928.

Heading.	1923–24.	1924–25.	1925–26.	1926–27.	1927–28.
	£	£	£	£	£
Premiums, less re-insurances ..	6,083,246	6,558,823	7,249,917	8,432,000	8,412,080
Losses	3,345,408	3,452,351	3,993,076	4,881,671	5,016,717
Expenses, commission, and taxes	2,319,513	2,414,946	2,614,007	2,727,885	2,833,854
Trade surplus	418,325	691,526	642,834	815,444	561,509
Interest, rent, etc.	608,823	680,875	682,957	756,897	783,969
Total surplus	1,027,148	1,372,401	1,325,791	1,572,341	1,345,478
Dividends and Bonuses paid ..	523,982	590,412	620,812	607,961	641,085
Ratio to premium income of—					
(a) Losses .. per cent.	54.99	52.64	55.08	57.98	59.64
(b) Expenses, etc. .. per cent.	38.13	36.82	36.05	32.35	33.69
(c) Trade surplus .. per cent.	6.88	10.54	8.87	9.67	6.67

(iii) *Liabilities and Assets.* The liabilities and assets for the same period are set out in the following tables. Comparison of the results for 1927–28 with those for 1923–24 shows that paid-up capital increased by 13 per cent. and reserves by 56 per cent. While loans on mortgage decreased by 10 per cent., Government securities increased by 36 per cent., and landed and other property showed a growth of 35 per cent.

FIRE, MARINE, AND GENERAL INSURANCE COMPANIES, 1924 TO 1928.

Heading.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
PAID-UP CAPITAL, RESERVES, AND LIABILITIES.					
	£	£	£	£	£
Paid-up capital	5,688,108	5,851,076	6,131,149	6,292,050	6,400,284
Reserves and re-insurance funds(a)	6,009,482	6,784,411	7,401,536	8,637,831	9,487,950
Undivided profits	608,361	645,024	664,181	706,528	612,827
Losses unsettled	828,393	852,267	913,982	987,670	988,700
Sundry creditors, etc. ..	1,914,873	2,216,401	2,436,815	2,309,610	2,379,748
Dividends, etc., to pay ..	326,047	350,057	384,023	384,006	387,887
Life assurance funds (b)	1,390,170	1,867,294	2,208,553	1,436,372	1,706,108
Total liabilities	16,855,439	18,566,530	20,140,245	20,754,067	21,963,504

INVESTMENTS AND OTHER ASSETS.

	£	£	£	£	£
Loans on mortgage	841,059	1,017,259	1,175,228	727,850	759,382
Government securities, etc. ..	9,283,301	10,231,700	10,989,880	12,004,751	12,668,290
Landed and other property ..	2,454,598	2,644,736	2,908,637	2,841,654	3,307,205
Fixed deposit, etc.	1,308,128	1,403,416	1,467,234	1,929,271	1,828,566
Loans on life policies (b) ..	34,631	46,989	60,533	62,451	84,871
Investments	89,721	121,363	165,153	139,055	234,321
Cash and bills receivable ..	819,536	868,604	899,232	763,272	757,970
Sundry debtors and other assets..	2,024,465	2,232,463	2,474,348	2,285,763	2,322,899
Total assets	16,855,439	18,566,530	20,140,245	20,754,067	21,963,504

(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.

§ 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 exceeds 560,000, 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 for South Australia and Tasmania are for the calendar year 1927, while those for the other States relate to the fiscal year 1926-27.

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, 1927.

State.	Year ended—	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	30.6.27	36	2,376	240,502	237,601
Victoria ..	"	59	1,473	160,411	159,115
Queensland ..	"	18	(a)575	66,642	65,921
South Australia ..	31.12.27	17	684	78,422	78,106
Western Australia	30.6.27	14	353	23,022	22,620
Tasmania ..	31.12.27	20	191	25,076	24,845
Total ..	—	—	5,652	594,075	588,208

(a) Excluding Juvenile Branches.

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, 1927.

State.	Year ended—	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	30.6.27	51,406	(a)	(a)	(a)	(a)
Victoria ..	"	31,020	294,879	9.51	2,083	13.09
Queensland ..	"	10,968	91,472	8.34	555	8.42
South Australia ..	31.12.27	13,817	143,189	10.37	1,099	14.07
Western Australia	30.6.27	4,351	31,206	7.17	145	6.41
Tasmania ..	31.12.27	4,406	43,597	9.90	369	14.85
Total ..	—	115,968	(b)604,343	(b)9.36	(b)4,251	(b)12.12

(a) Not available.

(b) Exclusive of New South Wales.

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, 1927.

State.	Year ended—	Entrance Fees, Members' Contributions, and Levies.	Interest, Dividends, and Rents.	All other Income.	Total Revenue.
		£	£	£	£
New South Wales	30.6.27	795,542	191,753	83,467	1,070,762
Victoria ..	"	531,638	234,545	140,842	907,025
Queensland ..	"	238,126	78,436	(a)	316,562
South Australia ..	31.12.27	236,632	116,284	28,870	381,786
Western Australia	30.6.27	74,949	22,827	43,711	141,487
Tasmania ..	31.12.27	83,450	19,566	13,065	116,081
Total ..	—	1,960,337	663,411	309,955	2,933,703

(a) 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 £662,008 for Australia. The revenue exceeded the expenditure by more than one pound $\frac{1}{2}$ per average benefit member.

FRIENDLY SOCIETIES.—EXPENDITURE, 1927.

State.	Year ended—	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	30. 6. 27	282,216	319,815	69,136	154,125	42,141	867,433
Victoria ..	"	188,720	212,299	35,186	104,033	133,215	673,453
Queensland ..	"	64,433	95,396	29,283	50,705	(a)	239,817
South Australia ..	31. 12. 27	85,220	82,743	36,276	50,053	20,373	274,665
Western Australia ..	30. 6. 27	21,618	26,363	8,214	21,877	39,769	117,841
Tasmania ..	31. 12. 27	28,619	27,164	17,134	18,474	7,095	98,486
Total ..	—	670,826	763,780	195,229	399,267	242,593	2,271,695

(a) Included in administration.

It appears from the above figures that sick pay averaged about 22s. 7d. per week per average benefit member, 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 26s. per average benefit member.

5. *Funds.*—The two foregoing tables show that the surplus of revenue over expenditure in all States amounted to £662,008 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, 1927.

State.	Year ended—	Invested Funds.	Uninvested Funds.	Total Funds.
		£	£	£
New South Wales ..	30. 6. 27	3,418,799	(a)	3,418,799
Victoria ..	"	4,421,473	92,499	4,513,972
Queensland ..	"	1,481,736	(a)	1,481,736
South Australia ..	31. 12. 27	2,117,959	26,962	2,144,921
Western Australia ..	30. 6. 27	403,526	(a)	403,526
Tasmania ..	31. 12. 27	355,563	21,695	377,258
Total ..	—	12,199,056	(b) 141,156	12,340,212

(a) Included in Invested Funds. (b) Incomplete.

The total funds amounted, therefore, to almost £21 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 some idea of the distribution of property among the general population. There were in 1927 approximately 45,500 deaths of adult persons, while the number of probates and letters of administration granted during the same period

was 17,923. 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, 1927.

States and Territory.	Year ended—	Number of Estates.			Net Values of Estates.		
		Probates.	Letters of Adminis- tration.	Total.	Probates.	Letters of Adminis- tration.	Total.
					£	£	£
New South Wales (b)	30. 6. 27	7,064	(a)	7,064	18,138,133	(a)	18,138,133
Victoria ..	31. 12. 27	5,795	(a)	5,795	16,730,544	(a)	16,730,544
Queensland (b) ..	30. 6. 27	971	202	1,173	4,408,739	(b) 277,580	4,686,319
South Australia ..	31. 12. 27	1,676	413	2,089	5,129,000	183,912	5,312,912
Western Australia ..	"	804	356	1,160	1,546,856	295,804	1,842,660
Tasmania ..	"	511	88	599	1,814,955	72,866	1,887,821
Northern Territory (b)	30. 6. 27	12	31	43	20,578	3,262	23,840
Total ..	—	16,833	1,090	17,923	47,788,805	833,424	48,622,229

(a) Included with Probates.

(b) Gross value.

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 1927, are given hereunder :—

INTESTATE ESTATES, 1927.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	Total.
Intestate estates placed under control of Curator during 1927—								
Number ..	(a)	(b)	1,351	232	353	(e) 153	30	(c) 2,124
Value .. £	(a)	(b)	876,609	99,639	24,080	25,255	3,262	(c) 1,028,845
Unclaimed money paid into Consolidated Revenue by Curator during 1927 .. £	156,602	7,426	20,261	4,573	2,476	..	354	191,692

(a) Included with Probates.

(b) Not available.

(c) Incomplete.

(d) Gross Value.

(e) Estates wound up by Public Trustee.