

SECTION XX.

STATE FINANCE.

§ 1. General.

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

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

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

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

in section 105 of the Constitution, and a proposed law extending this provision to the whole of the State indebtedness, which passed both Houses of the Federal Legislature by the statutory majority, was submitted to a referendum at the election in April, 1910, and received the requisite endorsement by the electorate. No action has as yet been taken, although the subject has, on more than one occasion, been under discussion.

§ 2. State Consolidated Revenue Funds.

(A) Receipts.

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

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

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

2. **Amount Collected.**—The following table furnishes particulars of the total amount of consolidated revenue received by the several States during the ten years 1905-6 to 1914-15:—

STATE REVENUE, 1905-6 to 1914-15.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
1905-6 ...	12,283,082	7,811,475	3,853,523	2,866,308	3,558,939	900,657	31,273,984
1906-7 ...	13,392,435	8,345,534	4,307,912	3,252,705	3,401,354	970,843	33,670,783
1907-8 ...	13,960,763	8,314,480	4,488,398	3,722,090	3,376,641	1,005,274	34,867,646
1908-9 ...	13,646,126	8,247,684	4,769,172	3,591,260	3,268,993	934,405	34,457,640
1909-10	14,540,073	8,597,992	5,119,254	4,032,891	3,657,670	1,008,932	36,956,812
1910-11	13,839,139	9,204,503	5,320,008	4,181,472	3,850,439	970,092	37,365,653
1911-12	15,776,816	10,009,796	5,989,347	4,450,739	3,966,673	1,084,663	41,278,034
1912-13	16,057,298	10,287,285	6,378,213	4,506,698	4,596,659	1,206,292	43,032,445
1913-14	18,298,625	10,730,961	6,973,259	4,822,766	5,205,343	1,238,085	47,269,039
1914-15	18,928,551	10,529,017	7,202,658	3,973,310	5,140,725	1,244,095	47,018,356

The figures given in this table relate in each instance to the financial year ended 30th June.

During the nine years from 30th June, 1906, to 30th June, 1915, the aggregate revenues of the States increased by no less a sum than £15,744,372, or about 50 per cent. Increases were in evidence in all the States, the largest being that of £6,645,469 in New South Wales. This general advance is the more notable since, in the last five years, a much smaller amount has been received from the Commonwealth than was the case up to 1910.

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

3. **Revenue per Head.**—Details concerning the revenue per head of population, collected in the several States of the Commonwealth during the ten years 1905-6 to 1914-15, are furnished in the table given hereunder. It will be seen that throughout the period Western Australia has collected by far the largest amount per head, and that Tasmania has collected the least.

STATE REVENUE PER HEAD OF POPULATION, 1905-6 to 1914-15.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	C'wealth.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1905-6 ...	8 5 1	6 9 1	7 5 0	7 16 4	14 4 7	4 16 8	7 15 1
1906-7 ...	8 16 0	6 16 10	7 19 10	8 15 7	13 16 7	5 4 8	8 4 7
1907-8 ...	8 18 10	6 14 11	8 4 6	9 17 3	13 5 9	5 6 0	8 7 7
1908-9 ...	8 12 4	6 11 11	8 11 3	9 4 5	12 11 9	4 17 6	8 2 10
1909-10 ...	9 0 2	6 14 8	8 17 2	10 3 6	13 15 4	5 4 6	8 10 11
1910-11 ...	8 8 5	7 1 5	8 17 8	10 3 11	13 18 2	5 0 1	8 8 11
1911-12 ...	9 8 5	7 6 11	9 12 6	10 12 10	13 9 8	5 12 1	9 0 8
1912-13 ...	9 0 6	7 9 0	10 0 5	10 9 6	15 0 3	6 2 4	9 1 10
1913-14 ...	9 19 10	7 12 0	10 11 3	10 19 2	16 4 8	6 2 9	9 14 1
1914-15 ...	10 3 1	7 7 2	10 12 10	8 19 11	15 18 3	6 3 6	9 10 3

In all the States, during the period, there has been a marked increase in the State revenue collections per head, the most noticeable advance being £3 7s. 10d. in the case of Queensland. The Western Australian decline was continuous until 1908-9, though recovering in 1909-10, and for 1914-15 the revenue per head in that State exceeded the Commonwealth average by about 67 per cent. South Australia shews a marked decline in 1914-15, due largely to a diminished revenue from public works and services.

4. Details for 1914-15.—Classifying the revenue of the several States in the manner indicated in § 2 (A) 1 above, particulars for the year 1914-15 are as follows:—

DETAILS OF STATE REVENUE, 1914-15.

Particulars.	N.S.W.	Victoria.	Q'land.	S.A.	W.A.	Tas.	All States.
	£	£	£	£	£	£	£
Taxation ...	2,955,670	1,762,041	954,457	588,690	371,960	367,577	7,000,395
Public Works & Services ...	11,427,514	5,745,511	3,933,854	2,311,102	3,418,888	364,962	27,201,831
Land ...	1,698,081	283,588	986,760	175,727	396,544	89,209	3,629,909
Commonwealth Subsidy ...	2,287,295	1,757,894	827,841	542,715	606,899	(a)337,485	6,360,129
Miscellaneous ...	559,991	979,983	499,746	355,076	346,434	84,862	2,826,092
Total ...	18,928,551	10,529,017	7,202,658	3,973,310	5,140,725	1,244,095	47,018,356

(a) Including special grant of £90,000.

It will be noted that the amounts returned under the heading "Commonwealth subsidy" do not always agree with those given in the chapter on Commonwealth Finance, page 737. This arises from the fact that the State figures shew the amount for which credit was taken by the State during the financial year 1914-15, whilst the Commonwealth figures shew the amounts paid to State Treasurers on account of that financial year.

5. Revenue per Head, 1914-15.—Particulars concerning the revenue per head of population in each State derived from the several sources enumerated in the preceding paragraph are given hereunder:—

STATE REVENUE PER HEAD, 1914-15.

Particulars.	N.S.W.	Victoria.	Qld.	S. Aust.	W. Aust.	Tas.	C'wealth.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Taxation ...	1 11 8	1 4 8	1 8 2	1 6 8	1 3 0	1 16 6	1 8 4
Public Works & Services ...	6 2 7	4 0 4	5 16 3	5 4 8	10 11 8	1 16 3	5 10 1
Land ...	0 18 3	0 3 11	1 9 2	0 7 11	1 4 7	0 8 10	0 14 8
Commonwealth Subsidy ...	1 4 7	1 4 7	1 4 6	1 4 7	1 17 7	1 13 6	1 5 9
Miscellaneous ...	0 6 0	0 13 8	0 14 9	0 16 1	1 1 5	0 8 5	0 11 5
Total ...	10 3 1	7 7 2	10 12 10	8 19 11	15 18 3	6 3 6	9 10 3

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

6. Relative Importance of Sources of Revenue.—The following table furnishes an indication of the relative importance of the different sources of revenue in the several States, the figures given being the percentage which each item of revenue bore to the total for the State for the year 1914-15:—

PERCENTAGE OF TOTAL STATE REVENUE, 1914-15.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	C'with.
	%	%	%	%	%	%	%
Taxation	15.62	16.73	13.25	14.82	7.23	29.55	14.90
Public Works and Services ...	60.37	54.57	54.62	58.17	66.51	29.34	57.85
Land	8.97	2.69	13.70	4.42	7.71	7.17	7.72
Commonwealth Subsidy ...	12.08	16.70	11.49	13.66	11.81	27.12	13.52
Miscellaneous	2.96	9.31	6.94	8.93	6.74	6.82	6.01
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

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

7. State Taxation.—(a) *Details, 1914-15.* Prior to the inauguration of Federation the principal source of revenue from taxation was the imposition of duties of Customs and Excise. At the present time the most productive forms of State taxation are the income tax, which is now imposed in all the States (Western Australia, the last of the States to adopt this method of taxation, having passed the necessary legislation during the Parliamentary session of 1907), and probate and succession duties. For 1914-15 stamp duties occupied third place. In addition to these a State land tax is now collected in all the States except Queensland, and license fees of various kinds are collected in all the States, while a dividend tax is collected in Western Australia. The total revenue from taxation collected by the States during the year 1914-15 was £7,000,395, details of which are set forth in the table given hereunder:—

STATE REVENUE FROM TAXATION, 1914-15.

Taxation.	N.S.W.	Victoria.	Q'land.	S. Aust.	W.A.	Tas.	All States
	£	£	£	£	£	£	£
Probate and succession duties	551,629	536,869	112,740	113,734	40,156	38,252	1,393,380
Other stamp duties	552,762	289,384	208,664	81,007	64,398	73,754	1,259,969
Land tax	3,346	303,550	...	131,896	36,433	80,863	556,088
Income tax	1,653,923	506,214	517,273	236,270	(a) 174,561	157,595	3,245,836
Licenses	148,955	113,953	88,359	25,783	44,287	14,044	434,381
Other taxation	45,055	13,071	27,421	...	12,125	3,069	100,741
Total	2,955,670	1,762,041	954,457	588,690	371,960	367,577	7,000,395

(a) Includes £93,916 dividend tax.

The most productive form of taxation in the several States during the year 1914-15 was income tax, with probate and succession duties, and other stamp duties furnishing most of the balance.

(b) *Summary, 1905-6 to 1914-15.* The total amount raised by means of taxation by the several State Governments during the ten years 1905-6 to 1914-15 is given in the following table:—

STATE REVENUE FROM TAXATION, 1905-6 to 1914-15.

Year.	New South Wales.	Victoria.	Queensland.	S. Australia.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
1905-6	1,297,776	990,735	494,165	369,756	260,609	248,799	3,661,840
1906-7	1,381,305	1,110,411	540,737	411,867	266,152	276,450	3,986,922
1907-8	1,077,534	977,620	525,540	477,637	277,463	265,656	3,601,450
1908-9	907,249	1,072,228	535,194	450,250	296,599	250,835	3,512,355
1909-10	1,223,521	1,088,353	584,997	481,003	336,396	303,390	4,017,660
1910-11	1,027,519	1,344,573	667,196	545,986	325,246	284,965	4,195,485
1911-12	1,885,653	1,501,696	787,577	551,994	352,314	340,434	5,419,668
1912-13	1,405,360	1,577,878	806,677	536,401	393,615	345,282	5,065,213
1913-14	2,330,005	1,598,876	887,798	730,640	386,104	371,413	6,304,836
1914-15	2,955,670	1,762,041	954,457	588,690	371,960	367,577	7,000,895

During the period between 30th June, 1905-6, and 30th June, 1914-15, the aggregate State revenue from taxation increased by about 91 per cent., the increase varying considerably in the several States. The remarkable increase of the last two years in New South Wales is due principally to the broadening of the basis of the State Income Tax, and increased receipts from Stamp Duties. The total increase in State taxation for the year amounted to £695,559.

The revenue from State taxation per head of population, collected in the several States during each of the years 1905-6 to 1914-15, was as follows:—

STATE TAXATION PER HEAD, 1905-6 to 1914-15.

Year.	New South Wales.	Victoria.	Queensland.	S. Australia.	W. Aust.	Tasmania.	C'wealth.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1905-6	0 17 5	0 16 4	0 18 7	1 0 2	1 0 10	1 6 8	0 18 2
1906-7	0 18 2	0 18 2	1 0 1	1 2 3	1 0 10	1 9 10	0 19 6
1907-8	0 13 9	0 15 10	0 19 3	1 5 3	1 1 10	1 8 0	0 17 3
1908-9	0 11 6	0 17 2	0 19 2	1 3 1	1 2 10	1 6 2	0 16 7
1909-10	0 15 2	0 17 0	1 0 3	1 4 3	1 5 4	1 11 5	0 18 7
1910-11	0 12 6	1 0 8	1 2 3	1 6 8	1 3 6	1 9 5	0 19 0
1911-12	1 2 6	1 2 1	1 5 4	1 6 2	1 3 11	1 15 2	1 3 9
1912-13	0 15 10	1 2 10	1 5 4	1 4 9	1 5 8	1 15 0	1 1 5
1913-14	1 5 5	1 2 8	1 6 11	1 13 2	1 4 1	1 16 10	1 5 11
1914-15	1 11 8	1 4 8	1 8 2	1 6 8	1 3 0	1 16 6	1 8 4

Taking the States as a whole the State taxation increased by ten shillings and two pence per head during the period from 1905-6 to 1914-15, the most marked increase being that of fourteen shillings and threepence per head in the case of New South Wales. State taxation per head is at present highest in Tasmania and lowest in Western Australia.

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

concerning the total taxation for, each of the years 1910-11 to 1914-15, as well as the amount per head of population:—

COMMONWEALTH AND STATE TAXATION, 1910-11 to 1914-15.

Particulars.	1910-11.	1911-12.	1912-13.	1913-14.	1914-15.
	£	£	£	£	£
Commonwealth taxation ...	14,350,788	16,076,593	17,117,828	16,587,906	16,870,596
State taxation ...	4,195,485	5,419,668	5,065,213	6,304,836	7,000,395
Total ...	18,546,273	21,496,261	22,183,041	22,892,742	23,870,991
Taxation per head ...	£4 3 10	£4 14 1	£4 13 9	£4 14 0	£4 16 7

Whilst the Commonwealth taxation increased during the period by £2,519,808, the State taxation advanced by £2,804,910, the aggregate increase being £5,324,718. The amount per capita of total taxation, after rising from 1910-11 to 1911-12, has remained fairly constant since then at an average of about £4 15s. It is likely to rise sharply in the immediate future owing to the imposition of further direct taxation by the Commonwealth, since the first collections of Commonwealth income tax are not, of course, credited to the financial year 1914-15, and the first collections of Commonwealth probate and succession duties are a mere fractional amount of what they will ultimately become. The large increase in Commonwealth taxation in recent years is mainly due to the appearance of the Federal Land Tax.

9. **Public Works and Services.**—A very large proportion of the revenue of all the States of the Commonwealth is made up of the receipts from the various public works and services under the control of the several Governments. The principal of these are railways and tramways, harbour works, and water supply and sewerage, while in addition, State batteries for the treatment of auriferous ores exist in Western Australia, and various minor revenue-producing services are rendered by the Governments of all the States. For the year 1914-15 the aggregate revenue from this source totalled £27,201,831, or nearly 58 per cent. of the revenue from all sources. Details of revenue from public works and services for the year 1914-15 are as follows:—

STATE REVENUE FROM PUBLIC WORKS AND SERVICES, 1914-15.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and Tramways ...	9,660,822	5,170,020	3,792,070	1,778,074	2,163,790	320,035	22,884,811
Harbour Services ...	569,505	105,517	45,110	99,039	138,969	...	958,140
Public Batteries ...	...	544	...	...	39,562	...	40,106
Water Supply and Sewerage ...	882,161	(a)172,037	...	(a)196,330	404,501	...	1,655,029
Other Public Services ...	315,026	297,393	96,674	237,659	672,066	44,927	1,663,745
Total ...	11,427,514	5,745,511	3,933,854	2,311,102	3,418,888	364,962	27,201,831

(a) Water supply only.

10. **Land Revenue.**—The revenue derived by the States from the sale and rental of Crown lands has, with few exceptions, been treated from the earliest times as forming part of their respective Consolidated Revenue Funds, and has been applied to meet ordinary current expenses. Where the rentals received are for lands held for pastoral or for residential purposes, such application of the revenue appears perfectly justifiable. On the other hand, where the rentals are those of mineral and timber lands, and in all cases of sales of lands, such a proceeding is essentially a disposal of capital in order to defray current expenses. As a matter of financial procedure such a course is open to criticism. In the following table particulars of revenue derived from sales and rental of Crown lands are given for the year 1914-15:—

STATE LAND REVENUE, 1914-15.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
Sales ...	913,162	133,808	300,674	83,237	252,253	57,801	1,740,935
Rentals ...	784,919	149,780	686,086	92,490	144,291	31,408	1,888,974
Total ...	1,698,081	283,588	986,760	175,727	396,544	89,209	3,629,909

11. **Commonwealth Subsidy.**—The payments to the States of Commonwealth subsidy represent in each instance a considerable proportion of the States' revenue, and for the year 1914-15 aggregated £6,360,129. This represents a great decline from the amounts received up to 1910, owing to the new system of allotting the subsidy. The percentage which the subsidy received by each State for 1914-15 was of the total revenue of that State is shewn in the following table:—

COMMONWEALTH SUBSIDY PAID TO STATES DURING 1914-15.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Commonwealth subsidy ...	2,287,295	1,757,894	827,841	542,715	606,899	(a) 337,485	6,360,129
Total revenue ...	18,928,551	10,529,017	7,202,658	3,973,310	5,140,725	1,244,095	47,018,356
Percentage of subsidy on revenue ...	% 12.08	% 16.70	% 11.49	% 13.66	% 11.81	% 27.13	% 13.52

(a) Including special grant of £90,000.

The amount of subsidy here shewn is that for which the several States took credit during the year 1914-15. (See also page 747.)

12. **Miscellaneous Items of Revenue.**—In addition to the foregoing sources of revenue there are in each State several miscellaneous ones, including such items as interest, fines, fees, etc., which for the year 1914-15 aggregated £2,826,092.

(B) Disbursements.

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

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

Of these items that of working expenses of railways and tramways was the most important, and for the year 1914-15 represented about 34 per cent. of the aggregate expenditure from the Consolidated Revenue Fund. Next in order for that year was the item of interest and sinking fund in connection with the public debt, then education, medical and charitable expenditure, police, other public works, and lands and surveys in the order named.

2. Total Expenditure.—The total expenditure from Consolidated Revenue Funds in the several States during each of the years 1905-6 to 1914-15 is furnished in the table given hereunder:—

STATE EXPENDITURE, CONSOLIDATED REVENUE FUNDS, 1905-6 to 1914-15.

Year.	N.S. Wales.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
1905-6 ...	11,386,864	7,261,475	3,725,712	3,004,974	3,632,318	853,147	29,864,490
1906-7 ...	11,876,657	7,679,143	3,911,797	3,394,999	3,490,182	913,762	31,266,540
1907-8 ...	12,095,593	7,862,246	4,373,097	3,862,336	3,379,006	929,885	32,502,163
1908-9 ...	12,893,662	8,240,177	4,759,231	3,760,005	3,370,530	960,237	33,983,842
1909-10 ...	13,038,150	8,579,980	5,113,578	4,196,493	3,447,732	997,321	35,373,254
1910-11 ...	13,807,538	9,194,157	5,314,737	4,181,472	3,734,448	1,016,963	37,249,315
1911-12 ...	15,277,001	9,999,342	5,965,692	4,450,739	4,101,082	1,064,725	40,858,581
1912-13 ...	16,798,500	10,258,081	6,372,097	4,506,698	4,787,063	1,095,883	43,818,322
1913-14 ...	17,701,851	10,717,642	6,962,516	4,604,130	5,340,754	1,235,014	46,561,907
1914-15 ...	17,935,748	11,706,968	7,199,399	4,662,395	5,706,542	1,384,150	48,595,202

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

3. Expenditure per Head.—Owing to the varying conditions of the several States and the extent to which the different functions of Government are distributed therein between central and local governing authorities, the expenditure per head from Consolidated Revenue Funds differs materially in the several States, being highest in the case of Western Australia and lowest in that of Tasmania. The expenditure per head of population for each State for the years 1905-6 to 1914-15 is as follows:—

STATE EXPENDITURE PER HEAD, 1905-6 to 1914-15.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	C'wealth.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1905-6 ...	7 13 1	6 0 0	7 0 2	8 3 11	14 10 5	4 11 6	7 8 1
1906-7 ...	7 16 1	6 5 11	7 5 2	9 3 4	13 13 7	4 18 6	7 12 10
1907-8 ...	7 14 11	6 7 6	8 0 3	10 4 8	13 5 6	4 18 1	7 16 2
1908-9 ...	8 2 10	6 11 9	8 10 10	9 13 1	12 19 7	5 0 2	8 0 7
1909-10 ...	8 1 7	6 14 4	8 17 0	10 11 9	12 19 6	5 3 3	8 3 7
1910-11 ...	8 8 0	7 1 3	8 17 5	10 3 11	13 9 9	5 4 11	8 8 4
1911-12 ...	9 2 5	7 6 9	9 11 9	10 12 10	13 18 10	5 10 1	8 18 10
1912-13 ...	9 9 0	7 8 8	10 0 3	10 9 6	15 12 9	5 11 2	9 5 2
1913-14 ...	9 13 3	7 11 10	10 10 11	10 9 3	16 13 1	6 2 6	9 11 2
1914-15 ...	9 12 8	8 3 8	10 12 7	10 11 1	17 13 4	6 17 5	9 16 8

The total expenditure per head has increased every year in the period under review, although there have been fluctuations in the individual States.

4. Details of Expenditure for 1914-15.—The following table furnishes for the year 1914-15 particulars as to the expenditure of the several States under each of the principal heads:—

DETAILS OF STATE EXPENDITURE, 1914-15.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Public debt (int. sink'g fund, &c.)	4,154,174	2,650,297	1,975,581	1,308,319	1,550,262	522,633	12,151,326
Rlws. & tramways (work'g exps.)	6,928,379	4,144,959	2,410,465	1,439,810	1,585,554	225,945	16,735,112
Justice	364,300	206,016	92,003	41,385	84,316	12,466	500,486
Police	560,997	388,484	269,931	130,041	130,428	45,822	1,525,703
Penal establishments	92,285	58,864	29,103	22,130	21,658	7,070	231,110
Education	1,635,453	1,202,748	565,133	318,405	336,929	123,967	4,162,635
Medical and charitable	769,311	589,451	426,157	200,476	242,736	79,432	2,307,563
All other expenditure	3,430,849	2,466,149	1,431,026	1,201,829	1,754,659	366,755	10,651,267
Total	17,935,748	11,706,968	7,199,399	4,662,395	5,706,542	1,384,150	48,595,202

5. **Expenditure per Head, 1914-15.**—The expenditure per head of population of the several States for the year 1914-15, under each of the principal items, is given hereunder :—

STATE EXPENDITURE PER HEAD, 1914-15.

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

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

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

PERCENTAGE OF TOTAL STATE EXPENDITURE, 1914-15.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	C'wealth.
	%	%	%	%	%	%	%
Public debt (interest, sinking fund, &c.)	23.16	22.64	27.44	28.06	27.17	37.76	25.03
Railways and tramways (working expenses)	38.63	35.41	33.48	30.88	27.79	16.32	34.44
Justice	2.03	1.76	1.28	0.88	1.48	0.90	1.64
Police	3.13	3.32	3.75	2.79	2.28	3.31	3.14
Penal establishments	0.51	0.50	0.40	0.47	0.38	0.51	0.47
Education	9.12	10.27	7.85	6.83	5.90	8.96	8.61
Medical and charitable	4.29	5.04	5.92	4.31	4.25	5.74	4.75
All other expenditure	19.13	21.06	19.88	25.78	30.75	26.50	21.92
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Taken together, the interest and sinking fund on the public debt, and the working expenses of the railways and tramways, represented for the year 1914-15 nearly 60 per cent. of the aggregate State expenditure, a proportion which has been maintained with great regularity for many years past.

(c) Balances.

1. **Position on 30th June, 1915.**—On various occasions in each of the States the revenue collected for a financial year has failed to provide the funds requisite for defraying the expenditure incurred during that year, the consequence being a deficit which is usually liquidated either by cash obtained from trust funds, or by the issue of Treasury bills. In some of the States a number of such deficits has occurred, interspersed with occasional surpluses, the result being an accumulating overdraft, which in certain instances assumed very large proportions. Thus, during the period of financial stress resultant upon the crisis of 1893 and the drought conditions of succeeding years, the accumulated overdrafts of several of the States grew very rapidly, and the situation changed for the worse in the year 1914-15. The position of the balances of the several Consolidated Revenue Funds on 30th June, 1915, was as follows:—

STATE CONSOLIDATED REVENUE FUND BALANCES, 30th JUNE, 1915.

State.	Cash Credit Balances.	Debit Balance.		Net Result.
		Cash Overdraft.	Overdraft liquidated by Treasury Bills	
	£	£	£	£
New South Wales ... ..	...	363,931	...	Dr. 363,931
Victoria ... ..	...	234,133	(a) 1,195,470	Dr. 1,429,603
Queensland	3,259	...	...	Cr. 3,259
South Australia ... ..	...	470,448	...	Dr. 470,448
Western Australia ... ..	...	1,012,742	...	Dr. 1,012,742
Tasmania ... ..	...	...	...	Dr. 104,749
		104,749		
Total	3,259	3,381,473		Dr. 3,378,214

(a) Including £295,470 charged to Public Account, pending issue of Treasury bonds.

(d) Principal State Taxes.

(a) Probate and Succession Duties.

1. **General.**—Probate duties have been levied for a considerable time in all the States of the Commonwealth. From the provisions of the several State Acts governing the payment of duty, it will be seen that both the ordinary rates and those which apply to special beneficiaries differ widely in several cases. In the following table the amount under which the estates of deceased persons were sworn, is shewn for the years 1910 to 1914:—

VALUE OF ESTATES OF DECEASED PERSONS, 1909-10 to 1913-14.

State.	1910.	1911.	1912.	1913.	1914.
	£	£	£	£	£
New South Wales	8,834,934	13,138,068	13,389,806	8,443,068	(b) 9,997,615
Victoria	7,430,949	8,469,163	8,533,502	8,367,862	(b) 8,481,720
Queensland	1,652,691	2,409,495	2,730,039	2,640,017	2,101,558
South Australia	2,422,519	2,855,089	(a) 2,383,238	2,214,241	2,907,561
Western Australia	868,638	844,151	(a) 841,800	607,972	739,956
Tasmania	797,439	596,870	983,618	680,477	620,108
Total	22,007,170	28,312,836	28,862,003	22,953,637	24,848,518

(a) Gross values.

(b) Including Letters of Administration.

The duty collected in the several States for the financial years 1910-11 to 1914-15 is as follows:—

AMOUNT OF PROBATE AND SUCCESSION DUTIES COLLECTED, 1910-11 to 1914-15.

State.	1910-11.	1911-12.	1912-13.	1913-14.	1914-15.
	£	£	£	£	£
New South Wales ...	357,750	849,405	365,250	512,529	551,629
Victoria ...	433,104	448,233	443,682	457,042	536,869
Queensland ...	71,637	144,309	108,367	89,835	112,740
South Australia ...	109,698	95,667	58,811	226,367	113,734
Western Australia ...	23,124	22,276	47,929	30,662	40,156
Tasmania ...	27,459	35,012	25,980	29,094	38,252
Total ...	1,022,772	1,594,952	1,050,019	1,345,529	1,393,380

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

(b) Stamp Duties.

1. **Revenue.**—The revenue derived by the several States of the Commonwealth from the imposition of stamp duties for the years 1910-11 to 1914-15 is shewn in the accompanying table:—

**STAMP REVENUE (EXCLUSIVE OF PROBATE AND SUCCESSION DUTIES),
1910-11 to 1914-15.**

State.	1910-11.	1911-12.	1912-13.	1913-14.	1914-15.
	£	£	£	£	£
New South Wales ...	268,091	255,085	233,940	377,707	552,762
Victoria ...	275,314	285,212	252,407	278,240	289,384
Queensland ...	174,051	187,533	186,083	205,635	208,664
South Australia ...	109,274	106,910	101,498	101,094	81,007
Western Australia ...	79,404	74,828	70,652	77,051	64,398
Tasmania ...	61,118	64,236	75,171	83,202	73,754
Total ...	967,252	973,804	919,751	1,122,929	1,269,969

2. **Bank Notes.**—Promissory notes issued by any bank are not required to bear a duty stamp either impressed or adhesive, and may be re-issued as often as thought fit. An annual composition was, however, paid in lieu of stamp duty up to 1910. This composition was payable quarterly, and was the same in all States, being at the rate of £2 per annum on every £100 or part thereof of the average annual amount of bank notes in circulation. On 2nd June, 1893, the Treasury Notes Act of Queensland was assented to, by which the issue of Treasury notes payable on demand was authorised. These notes were used exclusively by the banks in that State, but their issue has been prohibited by the Federal Bank Note Tax Act, and they have now almost passed out of circulation. (See Section xxi., Private Finance.)

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

For further details concerning Stamp Duty Legislation, see Year Book No. 7, p. 723.

(c) Land Tax.

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

The following table shews the amount collected by means of such taxes during the financial years 1910-11 to 1914-15 in the States in which a land tax was imposed:—

LAND TAX COLLECTIONS, 1910-11 to 1914-15.

State.				1910-11.	1911-12.	1912-13.	1913-14.	1914-15.
				£	£	£	£	£
New South Wales	...	...	...	7,438	6,479	5,738	4,692	3,346
Victoria	...	...	...	210,640	293,823	308,275	302,224	303,550
South Australia	...	...	...	135,614	118,725	141,807	136,602	131,896
Western Australia	...	...	...	37,871	45,166	46,519	46,201	36,433
Tasmania	...	...	...	64,932	81,234	79,276	79,085	80,863
Total	...	...	...	456,495	545,427	581,615	568,804	556,088

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

(d) Income Tax.

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

In the following table particulars are furnished concerning the total amount collected in the several States during the years 1910-11 to 1914-15. In the case of Queensland and Western Australia the amount of dividend duty collected is included, this tax being closely allied to the income tax.

INCOME AND DIVIDEND TAXES, 1910-11 to 1914-15.

State.				1910-11.	1911-12.	1912-13.	1913-14.	1914-15.
				£	£	£	£	£
New South Wales	...	...	...	269,142	644,571	662,625	1,290,370	1,653,923
Victoria	...	...	...	395,998	443,248	542,236	527,705	506,214
Queensland	...	...	...	348,513	372,497	421,507	472,918	517,273
South Australia	...	...	...	168,707	207,416	210,034	240,996	236,270
Western Australia	...	...	...	134,075	154,442	171,239	174,558	174,561
Tasmania	...	...	...	115,836	143,875	148,413	162,458	157,595
Total	...	...	...	1,432,271	1,966,049	2,156,054	2,869,005	3,245,836

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

§ 3. Trust Funds.

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

2. **Extent of Funds.**—The amount of such funds held by the several State Governments on 30th June, 1915, was as follows:—

TRUST FUNDS ON 30th JUNE, 1915.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Amount of trust funds	5,259,710	8,768,134	7,684,213	2,029,271	10,483,991	849,229	35,074,548

§ 4. Loan Funds.

1. **Nature.**—As early in the history of Australia as 1842 it was deemed expedient to supplement the revenue collections by means of borrowed moneys, the earliest of the loans so raised being obtained by New South Wales for the purpose of assisting immigration, at rates of interest varying from 2½d. to 5½d. per £100 per diem, or approximately from 4¼ per cent. to 8 per cent. per annum. The principal reason for Australian public borrowing, however, has been the fact that the Governments of the several States have, in addition to ordinary administrative duties, undertaken the performance of many functions which, in other countries, are usually entrusted to local authorities, or left to the initiative of private enterprise. Principal amongst these have been the construction of railways and the control of the railway systems of the several States, while the assumption by the State Governments of responsibilities in connection with improvements to harbours and rivers, and the erection of lighthouses, as well as the construction of works for the purposes of water supply and sewerage, have materially swelled the amounts which it has been considered expedient to obtain by means of loans. The Australian loan expenditure and public debt thus differ very materially from those of most European countries, where such expenditure is very largely incurred for purposes of defence, or absorbed in the prosecution of war. The debt of Australia, on the other hand, consists in the main of moneys raised and expended with the object of assisting the development of the resources of the Commonwealth, and is, to a very large extent, represented by tangible assets such as railways, tramways, waterworks, etc.

2. **Loan Expenditure, 1914-15.**—During the year ended 30th June, 1915, the actual expenditure of the Australian States from loan funds amounted to £20,825,839, New South Wales with a total of £6,996,107 being the principal contributor to this amount, while Victoria, whose expenditure amounted to £5,351,830, ranked second. The chief item of expenditure for the year was that of railways and tramways, which represented a total of £11,446,824, water supply and sewerage works contributing the amount of £2,412,272; the expenditure on harbours, rivers, etc., and roads and bridges totalling £1,874,196, and land purchases for settlement, loans to local bodies, advances to settlers, etc., were the most important of the remaining items. Details for the year for each State are given in the following table:—

STATE LOAN EXPENDITURE, 1914-15.

Heads of Expenditure.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways ...	4,690,908	2,809,926	1,739,156	1,285,431	693,118	228,285	11,446,824
Water supply and sewerage ...	1,368,260	304,766	546	490,558	248,142	...	2,412,272
Harbours, rivers, etc. ...	693,840	367,268	3,980	181,988	202,536	424,584	1,874,196
Roads and bridges ...	395,136	200,951	73,353	95,395	81,004	59,596	905,435
Public buildings ...	...	20,764	...	...	107,263	...	128,027
Development of mines, etc. ...	6,026	419,556	...	338,186	873,722	...	1,637,490
Advances to settlers ...	a 300,000	173,752	...	79,030	(b) 68,748	458	21,988
Land purchases for settlement ...	17,310	...	563,507	...	...	72,346	653,163
Loans to local bodies ...	a 174	...	25,962	(a) 3,867	1,082	...	23,003
Rabbit-proof fences ...	124,801	1,054,847	231,762	66,038	245,993	...	1,723,441
Other public works and purposes ...	...	...	...	...	...	...	...
Total ...	6,996,107	5,351,830	2,638,266	2,532,759	2,521,608	785,269	20,825,839

(a) Repayment.

(b) Development of agriculture.

3. **Aggregate Loan Expenditure.**—The total loan expenditure of the Australian States from the initiation of the borrowing system to the 30th June, 1915, has amounted to no less a sum than £337,291,735. The manner in which this sum has been spent in the several States is furnished in the following table:—

AGGREGATE STATE LOAN EXPENDITURE to 30th JUNE, 1915.

Heads of Expenditure.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways ...	77,044,241	50,152,663	35,306,560	18,803,862	17,187,086	5,044,382	203,538,794
Telegraphs & telephones ...	1,761,844	...	996,587	991,773	269,308	142,410	4,161,922
Water supply & sewerage ...	20,804,474	11,438,455	364,003	7,880,037	4,574,952	...	45,061,921
Harbours, rivers, etc. ...	12,746,205	731,011	2,443,822	2,785,571	3,325,366	4,639,286	31,799,924
Roads and bridges ...	1,861,738	469,261	932,103	1,520,488	345,073	...	2,389,782
Defence ...	1,457,536	149,323	363,084	291,615	...	128,224	14,045,609
Public buildings ...	6,994,489	2,197,766	1,652,825	1,342,577	715,515	1,112,437	3,953,346
Immigration ...	569,930	...	2,763,070	...	385,346	235,000	1,972,401
Development of mines, &c. ...	...	372,420	...	...	1,599,981	...	4,154,448
Advances to settlers ...	6,026	771,623	...	1,736,626	1,640,168	...	9,035,333
Land purchases for settlement ...	489,000	4,867,631	...	1,909,155	1,591,608	177,939	5,199,673
Loans to local bodies ...	17,310	...	4,121,109	...	64,491	996,763	762,060
Rabbit-proof fences ...	57,559	...	(a)	375,854	328,647	...	...
Other public works & purposes ...	529,006	4,788,391	1,798,299	2,408,184	1,193,949	498,693	11,216,522
Total ...	124,339,358	75,938,549	50,771,462	40,045,742	33,221,490	12,975,134	337,291,735

(a) Included in loans to local bodies.

It must be noted that the figures furnished in this table represent the amounts actually spent, and consequently differ somewhat from those given later in the statements relating to the public debt, which represent amount of loans still unpaid at a given date. The loan expenditure statement includes all such expenditure, whether the

loans by means of which the necessary funds were raised have been repaid or are still in existence. On the other hand, in the public debt statement loans repaid are excluded, but in the case of loans still outstanding each is shown according to the amount repayable at maturity, not according to the amount originally available for expenditure.

4. **Relative Importance of Loan Items.**—The relative importance of the different items of loan expenditure given in the foregoing table varies considerably in the several States, but in each instance the expenditure on railways and tramways predominates, the percentage of this item on total expenditure ranging between the limits of 39 per cent. in the case of Tasmania and 70 per cent. in that of Queensland. The following table gives for each State the percentage of each item on the total loan expenditure of that State to 30th June, 1915:—

**PERCENTAGE OF EACH ITEM ON TOTAL LOAN EXPENDITURE OF THE STATES
TO 30th JUNE, 1915.**

Heads of Expenditure.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust	Tas.	All States.
	%	%	%	%	%	%	%
Railways and tramways ...	61.96	66.04	69.54	46.95	51.74	38.87	60.35
Telegraphs and telephones ...	1.42	...	1.97	2.48	0.81	1.10	1.23
Water supply and sewerage ...	16.73	15.06	0.72	19.68	13.77	...	13.36
Harbours, rivers, etc. ...	10.25	0.96	4.81	6.96	10.01	35.76	9.43
Roads and bridges ...	1.50	0.62	1.84	3.79	1.04		
Defence ...	1.17	0.20	0.72	0.73	...	0.99	0.71
Public buildings ...	5.63	2.89	3.31	3.35	2.15	8.58	4.15
Immigration ...	0.46	...	5.44	...	1.16	1.81	1.17
Development of mines, etc. ...	...	0.49	...	...	4.82	...	0.59
Advances to settlers ...	...	1.02	...	4.34	4.94	...	1.23
Land purchases for settlement	0.39	6.41	...	4.77	4.79	1.37	2.68
Loans to local bodies ...	0.01	...	8.11	...	0.19	7.68	1.54
Rabbit-proof fences ...	0.05	...	(a)	0.94	0.99	...	0.23
Other public works & purposes	0.43	6.31	3.54	6.01	3.59	3.84	3.33
Total ...	100.00	100.00	100.00	100.00	100.00	100.00	100.00

(a) Included in loans to local bodies.

5. **Loan Expenditure in Successive Years.**—In the following table are given particulars relative to the loan expenditure of the several States during each of the years 1905-6 to 1914-15:—

STATE LOAN EXPENDITURE, 1905-6 to 1914-15.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
1905-6 ...	1,367,022	932,966	297,624	449,930	372,442	136,971	3,556,955
1906-7 ...	1,058,553	595,658	683,570	499,132	900,964	156,945	3,894,822
1907-8 ...	1,965,329	783,538	1,033,676	495,928	733,745	224,954	5,237,170
1908-9 ...	2,906,507	1,098,360	1,247,821	832,114	1,012,452	334,200	7,431,454
1909-10 ...	3,246,640	1,209,505	1,486,216	978,082	1,028,995	435,104	8,384,542
1910-11 ...	3,921,758	2,657,271	1,995,301	1,567,210	1,484,367	300,216	11,926,123
1911-12 ...	5,491,103	2,974,149	3,524,248	1,756,050	2,344,070	435,557	16,325,177
1912-13 ...	7,703,594	2,202,697	2,448,066	2,247,337	3,423,020	404,560	18,429,274
1913-14 ...	9,126,844	3,276,994	2,190,150	2,762,686	2,883,169	498,141	20,737,984
1914-15 ...	6,996,107	5,351,830	2,638,266	2,532,759	2,521,608	785,269	20,825,839

Throughout the ten years under review the loan expenditure of New South Wales exceeded that of any other of the States, and for the year 1905-6 represented nearly 40 % of the aggregate of Australia. The large loan expenditure of New South

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

6. Loan Expenditure per Head.—The loan expenditure per head of population varies materially in the different States and in different years, reaching its highest point for the ten years under review in Western Australia in 1912-13 with £11 3s. 7d. per head, and its lowest in Victoria in 1906-7 with 9s. 9d. per head. Particulars concerning the loan expenditure per head for the ten years 1905-6 to 1914-15 are given hereunder:—

LOAN EXPENDITURE PER HEAD, 1905-6 to 1914-15.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1905-6	... 0 18 4	0 15 5	0 11 2	1 4 6	1 9 9	0 14 8	0 17 8
1906-7	... 0 13 10	0 9 9	1 5 4	1 7 0	3 10 7	0 16 11	0 19 0
1907-8	... 1 5 2	0 12 9	1 17 11	1 6 3	2 17 8	1 3 9	1 5 2
1908-9	... 1 16 8	0 17 7	2 4 10	2 2 9	3 18 0	1 14 10	1 15 1
1909-10	... 2 0 3	0 18 11	2 11 5	2 9 4	3 17 6	2 5 1	1 18 9
1910-11	... 2 7 9	2 0 10	3 6 7	3 16 5	5 7 3	1 11 0	2 13 11
1911-12	... 3 5 7	2 3 8	5 6 10	4 4 0	7 19 4	2 5 0	3 11 6
1912-13	... 4 6 8	1 11 10	3 16 11	5 4 6	11 3 7	2 1 0	3 17 10
1913-14	... 4 19 8	2 6 5	3 6 4	6 5 6	8 19 10	2 9 5	4 5 1
1914-15	... 3 15 1	3 14 10	3 17 3	5 14 8	7 16 2	3 18 0	4 4 4

§ 5. Public Debt.

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

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

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

PUBLIC DEBT OF THE AUSTRALIAN STATES, 30th JUNE, 1915.

State.	Debentures.	Inscribed Stock.	Treasury Bills.		Total Amount Outstanding.
			For Public Works and Services.	In aid of Revenue.	
	£	£	£	£	£
New South Wales ...	11,932,650	105,776,249	10,026,506	...	127,735,405
Victoria ...	17,654,017	48,222,600	6,307,310	900,000	73,083,927
Queensland ...	16,111,449	39,632,247	...	1,125,350	56,869,046
South Australia ...	259,866	30,232,454	4,589,303	...	35,081,623
Western Australia ...	364,400	33,923,071	2,735,151	...	37,022,622
Tasmania ...	1,227,733	11,900,313	...	5,000	13,133,046
Total ...	47,550,115	269,686,934	23,658,270	2,030,350	342,925,669

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

PUBLIC DEBT OF THE AUSTRALIAN STATES, 1905-6 to 1914-15.

Date.	Debentures.	Inscribed Stock.	Treasury Bills.		Total Amount Outstanding.
			For Public Works and Services.	In aid of Revenue.	
	£	£	£	£	£
30th June, 1906 ...	39,587,224	181,279,045	12,194,464	5,367,087	238,427,820
" 1907 ...	38,061,799	184,157,771	13,571,985	4,358,172	240,149,727
" 1908 ...	37,665,279	190,377,823	12,131,871	3,660,516	243,835,489
" 1909 ...	31,218,229	203,640,152	13,620,561	3,294,591	251,773,533
" 1910 ...	29,765,929	213,599,894	12,393,503	1,864,337	257,623,663
" 1911 ...	31,148,162	222,343,184	8,939,771	3,946,166	(a) 267,127,233
" 1912 ...	31,576,656	230,170,271	13,962,002	1,265,166	(b) 277,124,095
" 1913 ...	39,044,995	241,819,896	12,345,935	1,161,660	(c) 294,472,486
" 1914 ...	37,160,145	265,734,131	13,572,562	1,131,950	317,598,788
" 1915 ...	47,550,115	269,686,934	23,658,270	2,030,350	342,925,669

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

During the period between 30th June, 1906, and 30th June, 1915, the public debt of the States increased by £104,497,849, or at the rate of about £11,600,000 per annum. The amount of debentures comprised in the total debt increased by £7,962,891 during the period, while the amount held as inscribed stock increased by £88,407,889, and that held as Treasury bills increased by £8,127,069.

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

PUBLIC DEBT OF THE AUSTRALIAN STATES, 30th JUNE, 1906 to 1915.

Date.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
30th June, 1906	85,641,734	53,079,800	41,764,467	30,082,635	18,053,553	9,800,631	238,427,920
" 1907	85,607,832	53,104,989	41,764,467	30,526,715	19,222,638	9,923,083	240,149,727
" 1908	87,635,826	53,905,487	42,264,467	29,085,858	20,493,618	10,150,233	243,835,489
" 1909	90,307,419	54,667,197	44,276,067	30,436,183	21,951,753	10,134,914	251,773,533
" 1910	92,525,095	55,576,725	44,276,067	31,387,870	23,287,453	10,570,453	257,623,663
" 1911	95,523,926	57,983,764	44,613,197	34,224,653	23,703,853	11,077,790	267,127,283
" 1912	100,052,635	60,737,216	47,068,186	31,680,124	26,283,523	11,302,411	277,124,095
" 1913	106,170,747	62,776,724	53,604,733	30,147,883	30,276,436	11,495,963	294,472,486
" 1914	116,695,031	66,130,726	54,523,506	33,564,332	34,420,181	12,265,012	317,598,788
" 1915	127,735,405	73,083,927	56,869,046	35,081,623	37,022,622	13,133,046	342,925,669

The State in which the greatest increase in indebtedness was experienced during the period is New South Wales, which added £42,093,671 during the ten years under review. On the other hand, the public debt of Tasmania increased by little more than £3,000,000.

4. Indebtedness per Head.—The indebtedness per head of population varies considerably in the several States, being highest in the case of Western Australia, and lowest in that of Victoria. Details for the period from 30th June, 1906, to 30th June, 1915, are as follows:—

PUBLIC DEBT OF AUSTRALIAN STATES PER HEAD, 30th JUNE, 1906 to 1915.

Date.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
30th June, 1906	56 18 3	43 14 8	77 17 9	82 16 11	70 19 11	53 3 8	58 14 5
" 1907	55 9 2	43 6 8	76 19 0	83 0 4	75 4 8	53 14 0	58 4 9
" 1908	55 14 0	42 19 5	76 6 10	79 6 7	79 9 9	54 2 9	58 2 8
" 1909	56 10 3	43 6 11	77 13 8	78 7 1	83 7 7	53 5 7	58 18 0
" 1910	56 13 2	43 6 8	74 16 10	78 18 6	85 18 6	55 6 10	58 19 0
" 1911	57 9 4	43 18 3	73 12 4	83 4 6	82 13 0	58 4 2	59 9 9
" 1912	57 11 9	44 16 11	74 5 0	75 5 8	86 18 8	59 9 7	59 13 5
" 1913	58 13 4	45 3 0	81 13 4	68 18 5	96 8 0	59 0 2	61 6 5
" 1914	62 17 9	46 10 1	80 6 4	76 12 0	106 5 0	62 6 9	64 10 5
" 1915	68 7 2	51 4 9	82 9 2	80 1 6	114 15 9	66 3 9	69 5 3

5. Flotation of Loans.—The early loans of the Australian States, usually for comparatively small amounts, were raised locally, but, with the increasing demand for loan funds and the more favourable terms offering in the London than in the local money market, the practice of placing Australian public loans in London came into vogue, and for many years local flotations, except for short terms or small amounts, were comparatively infrequent. In more recent years, however, the accumulating stocks of money in Australia seeking investment have led to the placing of various redemption and other loans locally, with very satisfactory results. In the following table are given particulars of loans of the several States outstanding on 30th June, 1915, which had been floated in London and Australia respectively:—

PUBLIC DEBT OF AUSTRALIAN STATES, 30th JUNE, 1915.

State.	Floated in London		Floated in Australia.		Total Public Debt.
	Amount.	Percentage on Total Debt.	Amount.	Percentage on Total Debt.	
	£	%	£	%	£
New South Wales	86,167,288	67.46	41,568,117	32.54	127,735,405
Victoria...	41,333,738	56.56	31,750,189	43.44	73,083,927
Queensland	46,393,147	81.58	10,475,899	18.42	56,869,046
South Australia	19,886,465	56.69	15,195,158	43.31	35,081,623
Western Australia	26,587,653	71.81	10,434,969	28.19	37,022,622
Tasmania	8,844,250	67.35	4,288,796	32.65	13,133,046
Total	229,212,541	66.84	113,713,128	33.16	342,925,669

The following table, giving corresponding particulars for the aggregate indebtedness of the Australian States at the end of each of the financial years 1905-6 to 1914-15, furnishes an indication of the rapidity with which the local holdings of Australian securities have grown in recent years:—

PUBLIC DEBT OF AUSTRALIAN STATES, 30th JUNE, 1906 to 1915.

Date.	Floated in London.		Floated in Australia.		Total Public Debt.
	Amount.	Percentage on Total Debt.	Amount.	Percentage on Total Debt.	
	£	%	£	%	£
30th June, 1906 ...	190,887,001	80.06	47,540,819	19.94	238,427,820
" 1907 ...	185,579,389	77.28	54,570,338	22.72	240,149,727
" 1908 ...	183,321,256	75.18	60,514,233	24.82	243,835,489
" 1909 ...	189,410,036	75.23	62,363,497	24.77	251,773,533
" 1910 ...	191,972,479	74.52	65,651,184	25.48	257,623,663
" 1911 ...	189,067,671	70.78	78,059,612	29.22	267,127,283
" 1912 ...	192,190,771	69.35	84,933,324	30.65	277,124,095
" 1913 ...	204,395,129	69.41	90,077,357	30.59	294,472,486
" 1914 ...	224,061,456	70.55	93,537,332	29.45	317,598,788
" 1915 ...	229,212,541	66.84	113,713,128	33.16	342,925,669

It will be seen that in the course of nine years the London indebtedness of the States has increased by £38,325,540, while the local indebtedness has increased by no less than £66,172,309. In other words, whilst on 30th June, 1906, the Australian portion of the debt represented only about one-fifth of the total, the proportion had on 30th June, 1915, grown to nearly one-third.

It will be noticed in the foregoing table that the Australian indebtedness of the States increased during the year 1914-15 to a figure both relatively and absolutely higher than had ever before been attained. This was due, in the main, to an arrangement with the Commonwealth Government, which was concluded shortly after the outbreak of war. It seemed very probable, at that period, that London would be reluctant to make advances for other than military purposes, and this would have seriously embarrassed several of the States which were committed to a vigorous public works and developmental policy. The Commonwealth Government met the situation by advancing £18,000,000 to five of the States in the following proportion:—New South Wales, £7,400,000; Victoria, £3,900,000; South Australia, £2,600,000; Western Australia, £3,100,000; and Tasmania, £1,000,000. Victoria contracted her portion of the debt in debentures, whereas the remaining States chose Treasury bills, but otherwise the conditions were the same. The Commonwealth Government paid the money in monthly instalments, to be repaid after two years, and the rate of interest was fixed at $4\frac{1}{2}$ per cent. The money was taken entirely from the Australian Notes Account, and the whole transaction furnishes another illustration of the increasingly intimate financial relationship between the Commonwealth and State Governments, to which reference was made in the preceding chapter, page 739.

6. Rates of Interest.—As mentioned above, the highest rate of interest paid in connection with the earliest Australian public loans was fivepence farthing per £100 per diem, or, approximately, 8 per cent. per annum. At the present time the principal rates of interest payable on Australian public securities are $4\frac{1}{2}$ per cent., $4\frac{1}{2}$ per cent., 4 per cent., $3\frac{3}{4}$ per cent., $3\frac{1}{2}$ per cent., and 3 per cent. The average rate payable on the aggregate indebtedness of the Australian States is about $3\frac{1}{7}$ per cent. For the separate States

the average rate payable varies considerably, being lowest in the case of Victoria and highest in that of Queensland; the difference between these two average rates is $\frac{1}{16}$ per cent. In the table given hereunder particulars are furnished of the rates of interest payable on the public debt of the several States of the Commonwealth on 30th June, 1915:—

RATES OF INTEREST PAYABLE ON PUBLIC DEBT OF STATES, 30th JUNE, 1915.

Rate of Interest.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
%	£	£	£	£	£	£	£
6 ...	...	...	...	49,900	...	...	49,900
5 ...	2,014,700	...	...	130,000	2,100	...	2,146,800
4 $\frac{1}{2}$...	10,107,837	2,974,760	11,829,100	...	367,950	...	25,279,647
4 $\frac{1}{4}$ ...	...	300,000	...	...	...	...	300,000
4 $\frac{1}{8}$ ...	...	150,000	...	...	...	140,750	290,750
4 ...	4,316,669	2,300,000	...	1,616,669	1,808,331	583,331	10,625,000
3 $\frac{1}{2}$...	30,408,134	19,500,706	18,103,560	13,632,016	12,953,681	5,953,791	100,551,888
3 $\frac{1}{4}$...	13,514,098	267,683	2,550,050	7,301,509	1,912,070	826,674	26,372,084
3 $\frac{1}{8}$...	50,306,320	37,314,973	18,569,053	6,424,289	12,628,490	5,149,714	130,392,839
3 ...	17,047,072	10,274,805	5,489,383	5,927,240	7,350,000	a 478,786	a 46,567,286
Not bearing interest	20,575	1,000	327,900	...	...	...	349,475
Total public debt ...	127,735,405	73,083,927	56,869,046	35,081,623	37,022,622	13,133,046	342,925,669
Average rate per cent. payable ...	£ s. d. 3 14 0	£ s. d. 3 12 5	£ s. d. 3 16 2	£ s. d. 3 14 0	£ s. d. 3 12 7	£ s. d. 3 15 2	£ s. d. 3 13 11

(a) Includes £24,718 at 3 $\frac{1}{4}$ per cent.

The rapid increase which has taken place in recent years in the amount of Australian Government securities, bearing interest at the higher rates, is clearly shewn in the table hereunder, which gives particulars concerning the aggregate amount of the Australian indebtedness, at the several rates of interest, on 30th June, in each of the years 1911 to 1915:—

RATES OF INTEREST PAYABLE ON PUBLIC DEBT OF STATES, 30th JUNE, 1911 TO 1915.

Rate of Interest.	30th June, 1911.	30th June, 1912.	30th June, 1913.	30th June, 1914.	30th June, 1915.
%	£	£	£	£	£
6 ...	191,200	156,200	109,900	74,900	49,900
5 ...	192,700	142,700	142,700	142,700	2,146,800
4 $\frac{1}{2}$...	49,700	46,400	42,900	39,300	25,279,647
4 $\frac{1}{4}$ ...	...	...	...	...	300,000
4 $\frac{1}{8}$ ...	...	...	100,000	...	290,750
4 ...	...	...	...	...	10,625,000
3 $\frac{1}{2}$...	71,433,697	70,204,992	87,511,852	111,771,586	100,551,888
3 $\frac{1}{4}$...	21,587,696	26,251,486	27,855,439	27,679,770	26,372,084
3 $\frac{1}{8}$...	126,678,118	133,631,321	132,108,659	131,292,054	130,392,839
3 ...	46,984,527	46,686,446	46,585,516	46,592,430	(a) 46,567,286
Not bearing interest	9,575	4,550	15,520	6,048	349,475
Total public debt ...	267,127,283	277,124,095	294,472,486	317,598,788	342,925,669
Average rate % payable ...	£3 11 4	£3 11 4	£3 11 11	£3 12 6	£3 13 11

(a) Including £24,718 at 3 $\frac{1}{4}$ per cent.

The feature of this table is the rapid rise in the average rate of interest. The process started in 1912, but was accelerated by the war, which has virtually made $4\frac{1}{2}$ per cent. the present standard rate of interest for gilt-edged securities. The average rate is likely to rise for some considerable time.

7. Interest Payable per Head.—The relative burden of the debts of the several States in respect of interest payments will be seen from the following table, which gives for the 30th June, 1915, the amount of interest paid during the financial year ending at that date, and also the corresponding amount per head of population :—

ANNUAL INTEREST PAID DURING FINANCIAL YEAR ENDING 30th JUNE, 1915.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Total annual interest payable ...	4,125,600	2,382,904	1,975,581	1,207,937	1,287,860	455,099	11,435,981
Annual interest payable per head	£2 4 4	£1 13 4	£2 18 5	£2 14 8	£3 10 2	£2 5 3	£2 6 3

(a) Inclusive of flotation expenses.

8. Dates of Maturity.—An important point of difference between the securities of the Australian Governments, whether in the form of inscribed stock, debentures, or Treasury bills, and such a well-known form of security as British consols, is that whereas the latter are interminable, the Australian Government securities have in almost all cases a fixed date for repayment, the exceptions being the State of New South Wales, which includes in its public debt an amount representing interminable securities totalling on 30th June, 1913, £532,889; and also £7,395,208 redeemable by Government on giving 12 months' notice; the State of Victoria, which includes £4,899,657 due in 1917 and £365,619 due in 1931, payable at the option of the Government at any time after 29th September, 1917; and the State of South Australia, which includes £5,089,034 similarly repayable. The terms of the loans raised by the issue of debentures and inscribed stock have varied considerably in the different States, ranging between fifteen and fifty years, while loans obtained by means of Treasury bills have usually been for such short terms as from six months to five years. In the case of the majority of the loans the arrival of the date of maturity means that arrangements for renewal are necessary in respect of the greater portion of the loan, as it is only in exceptional cases that due provision for redemption has been made. The condition of the money market at the date of maturity has an important bearing on the success or otherwise with which the renewal arrangements can be effected, and consequently, in order to obviate the necessity for making an application to the market at an unfavourable time, several of the States have now adopted the practice of specifying a period of from ten to twenty years prior to the date of maturity within which the Government, on giving twelve, or in some cases six, months' notice, has the option of redeeming the loan. By such means advantage may be taken by the Government during the period of opportunities that may offer for favourable renewals. Particulars concerning the due dates of the loans of the several States outstanding on 30th June, 1915, are given in the following table :—

**DUE DATES OF THE PUBLIC DEBTS OF THE SEVERAL STATES OF THE
COMMONWEALTH OUTSTANDING ON 30th JUNE, 1915.**

Due Dates.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
Overdue ...	20,575	1,000	327,900	...	...	...	349,475
1915 ...	2,800,000	761,500	...	45,771	...	151,607	3,733,878
1916 ...	828,667	3,295,450	...	2,789,329	262,070	538,983	7,714,499
1917 ...	4,970,352	4,920,060	...	3,448,164	2,723,081	944,793	17,006,450
1918 ...	12,826,200	368,050	...	2,487,529	...	347,421	16,029,200
1919 ...	11,113,945	5,548,490	...	1,029,744	...	303,499	17,995,678
1920 ...	5,077,837	6,141,900	...	874,623	...	378,575	12,472,935
1921 ...	4,872,843	2,816,000	...	1,438,040	...	637,396	9,764,279
1922 ...	4,500,000	5,247,350	1,124,750	817,203	...	17,726	11,707,029
1923 ...	5,850,725	8,585,838	...	287,681	556,550	68,495	15,352,289
1924 ...	16,698,065	455,740	12,973,834	979,710	568,570	51,665	31,727,584
1925 ...	311,799	2,089,800	11,829,100	11,624	...	41,803	14,284,126
1926 ...	...	5,103,000	...	1,024,764	1,922,305	39,600	8,089,669
1927 ...	5,000,000	632,800	...	570,651	2,500,000	...	8,701,451
1928 ...	...	897,500	...	846,308	...	...	1,743,808
1929 ...	...	747,500	...	221,418	...	300,000	1,268,918
1930 ...	...	1,794,850	3,704,800	302,175	...	100	5,801,925
1931 ...	...	1,061,648	...	450	...	...	1,062,098
1932 ...	...	966,350	...	1,225	1,380,540	...	2,348,115
1933 ...	9,686,300	...	...	368,912	716,708	39,207	10,811,127
1934 ...	...	...	...	1,043,421	1,813,313	39,207	2,895,941
1935 ...	12,500,000	...	...	1,478,499	8,358,185	179,957	22,516,641
1936 ...	...	300,000	...	4,250,380	1,100,000	39,207	5,689,587
1937 ...	...	...	...	15,586	...	39,207	54,793
1938 ...	...	...	...	92,383	...	39,207	131,590
1939 ...	...	...	...	2,560,999	...	39,207	2,600,206
1940 ...	...	3,215,400	...	6,000	...	5,645,707	8,870,107
1941 ...	...	324,380	...	...	...	39,207	363,587
1942 ...	...	455,100	...	...	...	39,207	524,307
1943 ...	...	3,600	...	...	...	39,207	12,807
1944 ...	...	400	...	...	...	39,207	39,607
1945 ...	...	...	7,515,960	...	...	39,207	7,555,167
1946 ...	...	217,400	...	...	...	39,207	256,607
1947 ...	...	...	4,498,693	...	2,000,000	39,207	6,537,900
1948 ...	...	...	...	...	...	39,207	39,207
1949 ...	...	11,699,471	...	...	...	39,207	11,738,678
1950 ...	12,250,000	...	6,946,600	...	...	2,839,207	22,035,807
1951 ...	...	...	999,600	...	...	39,207	1,038,807
1952 ...	...	...	...	...	...	39,200	39,200
1953 ...	...	...	2,147,809	...	...	...	2,147,509
1954 ...	...	123,874	...	...	...	...	123,874
1955 ...	...	...	...	...	4,437,000	...	4,437,000
1960 ...	...	10,200	2,000,000	3,000,000	1,000,000	...	6,010,200
1962 ...	10,500,000	...	...	...	6,000,000	...	16,500,000
1964 ...	...	...	...	...	1,566,000	...	1,566,000
1965 ...	...	...	800,000	...	...	...	800,000
1970 ...	...	...	2,000,000	...	...	...	2,000,000
Interminable ...	532,889	...	...	...	...	...	532,889
Annual drawings ...	...	...	...	...	118,300	...	118,300
Indefinite ...	7,395,208	5,265,276	...	5,089,034	...	...	17,749,518
Total ...	127,735,405	73,083,927	56,869,046	35,081,623	37,022,622	13,133,046	342,925,669

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

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

following table are given particulars of the sinking funds of each State, and the net indebtedness of each after allowance for sinking fund has been made, the details given being those for 30th June, 1915 :—

STATES SINKING FUNDS AND NET INDEBTEDNESS, 30th JUNE, 1915.

State.	Gross Indebtedness.	Sinking Fund.	Net Indebtedness.	Net Indebted- ness per head.
	£	£	£	£ s. d.
New South Wales ...	127,735,405	414,264	127,321,141	68 2 7
Victoria ...	73,083,927	1,535,821	71,548,106	50 3 2
Queensland ...	56,869,046	170,246	56,698,800	82 4 0
South Australia ...	35,081,623	1,591,444	33,490,179	76 8 6
Western Australia ...	37,022,622	4,068,888	32,953,734	102 3 7
Tasmania ...	13,133,046	611,519	12,521,527	63 2 2
Total... ..	342,925,669	8,392,182	334,533,487	67 11 4