

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 banks 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 Taxation, followed in order by the Commonwealth Subsidy 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 1907-8 to 1916-17:—

STATE REVENUE, 1907-8 to 1916-17.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
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
1915-16	19,629,442	11,470,875	7,706,365	4,356,967	5,356,978	1,376,493	49,897,120
1916-17	20,537,835	11,813,879	7,880,893	4,874,603	4,577,007	1,369,368	51,053,585

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

During the nine years from 30th June, 1908, to 30th June, 1917, the aggregate revenues of the States increased by no less a sum than £16,185,939, or about 46 per cent. Increases were in evidence in all the States, the largest being that of £6,577,072 in New South Wales. This general advance is the more notable since, during recent years, a much smaller amount has been received from the Commonwealth, in the way of subsidy, than was the case up to 1910.

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 1907-8 to 1916-17, 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, 1907-8 to 1916-17.

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.
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
1915-16 ...	10 10 1	8 1 10	11 6 6	9 18 2	16 16 11	6 16 11	10 2 4
1916-17 ...	11 1 0	8 8 9	11 15 4	11 5 9	14 16 5	6 17 0	10 9 5

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 10s. 10d. in the case of Queensland. Western Australia shewed a falling-off in 1908-9, but there was a recovery in 1909-10, and for 1916-17 the revenue per head in that State exceeded the Commonwealth average by about 42 per cent. South Australia shewed a marked decline in 1914-15, due largely to a diminished revenue from public works and services, but has since recovered.

4. Details for 1916-17.—Classifying the revenue of the several States in the manner indicated in § 2 (A) 1 above, particulars for the year 1916-17 are as follows:—

DETAILS OF STATE REVENUE, 1916-17.

Particulars.	N.S.W.	Victoria.	Q'land.	S.A.	W.A.	Tas.	All States.
	£	£	£	£	£	£	£
Taxation ...	3,629,404	2,237,016	1,564,044	726,645	402,336	438,632	8,998,077
Public Works & Services ...	12,293,664	6,471,981	3,987,757	2,895,557	3,250,056	411,878	29,310,893
Land ...	1,747,009	302,031	962,953	264,777	330,148	91,743	3,698,661
Commonwealth Subsidy ...	2,286,913	1,722,409	820,604	531,340	569,982	(a)336,004	6,267,252
Miscellaneous ...	580,845	1,080,442	545,535	456,284	24,485	91,111	2,778,702
Total ...	20,537,835	11,813,879	7,880,893	4,874,603	4,577,007	1,369,368	51,053,585

(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 777. This arises from the fact that the State figures shew the amount for which credit was taken by the State during the financial year 1916-17, whilst the Commonwealth figures shew the amounts paid to State Treasurers on account of that financial year.

5. Revenue per Head, 1916-17.—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 FROM VARIOUS SOURCES PER HEAD OF POPULATION, 1916-17

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 19 1	1 12 0	2 6 9	1 13 8	1 6 1	2 3 11	1 16 11
Public Works & Services ...	6 12 3	4 12 6	5 19 1	6 14 1	10 10 6	2 1 3	6 0 3
Land ...	0 18 10	0 4 3	1 8 9	0 12 3	1 1 5	0 9 2	0 15 2
Commonwealth Subsidy ...	1 4 7	1 4 7	1 4 6	1 4 7	1 16 11	1 13 7	1 5 8
Miscellaneous ...	0 6 3	0 15 5	0 16 3	1 1 2	0 1 6	0 9 1	0 11 5
Total ...	11 1 0	8 8 9	11 15 4	11 5 9	14 16 5	6 17 0	10 9 5

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.

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 1916-17:—

PERCENTAGE OF ITEMS ON TOTAL STATE REVENUE, 1916-17.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	C'wlth.
	%	%	%	%	%	%	%
Taxation	17.67	18.93	19.85	14.91	8.79	32.03	17.62
Public Works and Services ...	59.86	54.78	50.60	59.40	71.01	30.08	57.41
Land	8.51	2.56	12.22	5.43	7.21	6.70	7.25
Commonwealth Subsidy ...	11.13	14.58	10.41	10.90	12.45	24.54	12.28
Miscellaneous	2.83	9.15	6.92	9.36	0.54	6.65	5.44
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

7. State Taxation.—(a) *Details, 1916-17.* 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 1916-17 stamp duties occupied third place. In addition to these a State land tax is now collected in all the States, license fees of various kinds are also collected in all the States, while a dividend tax is levied in Western Australia. The total revenue from taxation collected by the States during the year 1916-17 was £8,998,077, details of which are set forth in the table given hereunder:—

STATE REVENUE FROM TAXATION, 1916-17.

Taxation.	N.S.W.	Victoria.	Q'land.	S. Aust.	W.A.	Tas.	All States.
	£	£	£	£	£	£	£
Probate and succession duties	826,769	546,400	146,077	134,620	40,963	37,310	1,732,139
Other stamp duties	550,211	376,196	175,186	145,079	67,035	77,636	1,391,343
Land tax	3,215	369,486	363,535	139,372	42,431	83,595	1,000,634
Income tax	1,973,477	766,746	756,292	264,946	(a) 196,221	216,278	4,173,960
Licenses	154,806	165,337	86,324	26,323	40,911	14,612	488,313
Other taxation	120,926	12,851	37,630	16,305	14,775	9,201	211,688
Total	3,629,404	2,237,016	1,564,044	726,645	402,336	438,632	8,998,077

(a) Includes 105,554 dividend tax.

(b) *Summary, 1907-8 to 1916-17.* The total amount raised by means of taxation by the several State Governments during the ten years 1907-8 to 1916-17 is given in the following table:—

STATE REVENUE FROM TAXATION, 1907-8 to 1916-17.

Year.	New South Wales.	Victoria.	Queensland.	S. Australia.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
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	7,000,395
1915-16	3,117,221	2,074,839	1,455,358	701,511	407,997	384,820	8,141,746
1916-17	3,629,404	2,237,016	1,564,044	726,645	402,336	438,632	8,998,077

During the period between 30th June, 1908, and 30th June, 1917, the aggregate State revenue from taxation increased by about 150 per cent., the increase varying considerably in the several States. The remarkable increase of the last four 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. Queensland collected a Land Tax for the first time in 1915-16. The total increase in State taxation for the year 1916-17 amounted to £856,331, or about 10½ per cent.

The revenue from State taxation per head of population, collected in the several States during each of the years 1907-8 to 1916-17, was as follows:—

STATE TAXATION PER HEAD, 1907-8 to 1916-17.

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.
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
1915-16	1 13 4	1 9 3	2 2 9	1 11 11	1 5 8	1 18 3	1 13 0
1916-17	1 19 1	1 12 0	2 6 9	1 13 8	1 6 1	2 3 11	1 16 11

Taking the States as a whole, the State taxation increased by nineteen shillings and eightpence per head during the period from 1907-8 to 1916-17, the most marked increase occurring in the case of Queensland. Most of the advance took place in the last two years and was chiefly due to the Land Tax.

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 1912-13 to 1916-17, as well as the amount per head of population:—

COMMONWEALTH AND STATE TAXATION, 1912-13 to 1916-17.

Particulars.	1912-13.	1913-14.	1914-15.	1915-16.	1916-17.
	£	£	£	£	£
Commonwealth taxation ...	17,117,828	16,587,906	16,870,596	23,533,529	24,523,013
State taxation ...	5,065,213	6,304,836	7,000,395	8,141,746	8,998,077
Total ...	22,183,041	22,892,742	23,870,991	31,675,275	33,521,090
Taxation per head ...	£4 13 9	£4 14 0	£4 16 7	£6 8 5	£6 17 6

Whilst the Commonwealth taxation increased during the period by £7,405,185, the State taxation advanced by £3,932,864, the aggregate increase being £11,338,049. The amount per capita of total taxation remained fairly constant from 1912-13 up to 1914-15, at an average of about £4 15s. In the last two years, however, it reached an abnormally high amount, owing to the imposition of fresh direct taxation by the Commonwealth Government. The large increase in Commonwealth taxation in recent years is mainly due to the appearance of the Federal Land Tax, Federal Income Tax, and Federal Succession Duties.

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 1916-17 the aggregate revenue from these sources totalled £29,310,893, or nearly 57 per cent. of the revenue from all sources. Details of revenue from public works and services for the year 1916-17 are as follows:—

STATE REVENUE FROM PUBLIC WORKS AND SERVICES, 1916-17.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and Tramways ...	10,390,602	5,882,968	3,834,436	2,294,368	2,004,148	340,173	24,746,695
Harbour Services ...	595,880	92,937	39,486	162,850	124,739	...	1,015,892
Public Batteries ...	...	1,023	...	...	61,200	...	62,223
Water Supply and Sewerage ...	965,761	(a) 230,426	...	215,207	404,738	...	1,816,132
Other Public Services ...	341,421	264,627	113,835	223,132	655,231	71,705	1,669,951
Total ...	12,293,664	6,471,981	3,987,757	2,895,557	3,250,056	411,878	29,310,893

(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 and as a matter of financial procedure is open to criticism. In the following table particulars of revenue derived from sales and rental of Crown lands are given for the year 1916-17:—

STATE LAND REVENUE, 1916-17.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
Sales ...	977,884	168,193	262,450	109,605	282,223	60,399	1,860,754
Rentals ...	769,125	138,838	700,503	155,172	47,925	31,344	1,837,907
Total ...	1,747,009	302,031	962,953	264,777	330,148	91,743	3,698,661

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 1916-17 aggregated £6,267,252. 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 1916-17 was of the total revenue of that State is shewn in the following table:—

COMMONWEALTH SUBSIDY PAID TO STATES DURING 1916-17.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Commonwealth subsidy ...	2,286,913	1,722,409	820,604	531,340	569,982	(a) 336,004	6,267,252
Total revenue ...	20,537,835	11,813,879	7,880,893	4,874,603	4,577,007	1,369,368	51,053,585
Percentage of subsidy on revenue ...	%	%	%	%	%	%	%
	11.13	14.58	10.41	10.90	12.45	24.54	12.28

(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 1916-17. (See also page 789.)

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 1916-17 aggregated £2,778,702.

(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 1916-17 represented about 35 per cent. of the aggregate expenditure from the Consolidated Revenue Fund. Next in order for that year was the item of interest and sinking fund in connection with the public debt, then education, medical and charitable expenditure, and police in the order named.

2. Total Expenditure.—The total expenditure from Consolidated Revenue Funds in the several States during each of the years 1907-8 to 1916-17 is furnished in the table given hereunder:—

STATE EXPENDITURE, CONSOLIDATED REVENUE FUNDS, 1907-8 to 1916-17.

Year.	N.S. Wales.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
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
1915-16 ...	18,931,814	11,683,363	7,671,573	4,741,377	5,705,201	1,340,711	50,074,039
1916-17 ...	20,806,633	11,795,295	8,134,387	5,190,453	5,276,764	1,412,893	52,616,425

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 1907-8 to 1916-17 is as follows:—

STATE EXPENDITURE PER HEAD, 1907-8 to 1916-17.

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.
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
1915-16 ...	10 2 7	8 4 10	11 5 6	10 15 8	17 18 10	6 13 4	10 3 1
1916-17 ...	11 3 11	8 8 6	12 3 0	12 0 5	17 1 9	7 1 4	10 15 10

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 1916-17.—The following table furnishes for the year 1916-17 particulars as to the expenditure of the several States under each of the principal heads:—

DETAILS OF STATE EXPENDITURE, 1916-17.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Public debt (int., sink'g fund, &c.)	4,945,367	3,165,856	2,278,832	1,484,275	1,769,917	611,300	14,255,547
Rlws. & tramways (work'g exps.)	7,605,045	4,184,199	3,003,743	1,736,423	1,552,058	293,018	18,374,486
Justice	357,194	168,021	109,278	49,644	76,232	13,809	774,178
Police	602,601	361,557	315,867	126,109	120,560	47,320	1,574,014
Penal establishments	91,913	59,614	30,606	22,917	20,765	6,996	232,811
Education	1,853,049	1,160,228	656,887	352,294	358,228	131,697	4,512,383
Medical and charitable	929,218	660,710	508,146	235,061	280,432	89,799	2,703,366
All other expenditure	4,422,246	2,035,110	1,231,028	1,183,730	1,098,572	218,954	10,189,640
Total	30,806,633	11,795,295	8,134,387	5,190,453	5,276,764	1,412,893	52,616,425

5. **Expenditure per Head, 1916-17.**—The expenditure per head of population of the several States for the year 1916-17, under each of the principal items, is given hereunder:—

STATE EXPENDITURE PER HEAD, 1916-17.

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

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

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

PERCENTAGE OF ITEMS ON TOTAL STATE EXPENDITURE, 1916-17.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	C'wealth.
	%	%	%	%	%	%	%
Public debt (interest, sink- ing fund, &c.)	23.77	26.84	28.01	28.59	33.54	43.26	27.09
Railways and tramways (working expenses)	36.55	35.47	36.93	33.46	29.41	20.74	34.92
Justice	1.72	1.43	1.34	0.96	1.45	0.98	1.47
Police	2.90	3.07	3.88	2.43	2.29	3.35	2.99
Penal establishments	0.44	0.50	0.38	0.44	0.39	0.50	0.44
Education	8.90	9.84	8.08	6.79	6.79	9.32	8.58
Medical and charitable	4.47	5.60	6.25	4.53	5.31	6.35	5.14
All other expenditure	21.25	17.25	15.13	22.80	20.82	15.50	19.37
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 1916-17 about 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, 1917.**—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 has changed very much for the worse in the years preceding 1916-17. The position of the balances of the several Consolidated Revenue Funds on 30th June, 1917, was as follows:—

STATE CONSOLIDATED REVENUE FUND BALANCES, 30th JUNE, 1917.

State.	Cash Credit Balances.	Debit Balance.		Net Result.
		Cash Overdraft.	Overdraft liquidated by Treasury Bills	
	£	£	£	£
New South Wales	483,138	...	Dr. 483,138
Victoria	320,222	1,303,285	Dr. 1,623,507
Queensland	253,493	...	Dr. 253,493
South Australia	1,170,707	...	Dr. 1,170,707
Western Australia	1,370,722	690,000	Dr. 2,060,722
Tasmania	112,512	146,871	Dr. 259,383
Total	3,710,794	2,140,156	Dr. 5,850,950

(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 1912 to 1916:—

VALUE OF ESTATES OF DECEASED PERSONS, 1912 to 1916.

State.	1912.	1913.	1914.	1915.	1916.
	£	£	£	£	£
New South Wales	13,389,806	8,443,068	(b) 9,997,615	b10,813,889	b11,687,910
Victoria	8,533,502	8,367,862	(b) 8,481,720	b8,759,728	b8,917,481
Queensland	(b) 2,730,039	1,685,287	2,101,558	2,483,908	2,746,508
South Australia	(a) 2,383,238	2,214,241	2,907,561	2,734,597	1,893,017
Western Australia	(a) 841,800	607,972	739,956	850,367	1,462,820
Tasmania	983,618	680,477	620,108	721,850	807,513
Total	28,862,003	21,998,907	24,848,518	26,364,339	27,515,249

(a) Gross values.

(b) Including Letters of Administration.

The duty collected in the several States for the financial years 1912-13 to 1916-17 is as follows:—

AMOUNT OF PROBATE AND SUCCESSION DUTIES COLLECTED, 1912-13 to 1916-17.

State.	1912-13.	1913-14.	1914-15.	1915-16.	1916-17.
	£	£	£	£	£
New South Wales ...	365,250	512,529	551,629	645,554	826,769
Victoria ...	443,682	457,042	536,869	510,032	546,400
Queensland ...	108,367	89,835	112,740	136,277	146,077
South Australia ...	58,811	226,367	113,734	183,919	134,620
Western Australia ...	47,929	30,662	40,156	44,284	40,963
Tasmania ...	25,980	29,094	38,252	36,700	37,310
Total ...	1,050,019	1,345,529	1,393,380	1,556,766	1,732,139

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 stamp duties for the years 1912-13 to 1916-17 is shewn in the accompanying table:—

**STAMP REVENUE (EXCLUSIVE OF PROBATE AND SUCCESSION DUTIES),
1912-13 to 1916-17.**

State.	1912-13.	1913-14.	1914-15.	1915-16.	1916-17.
	£	£	£	£	£
New South Wales ...	233,940	377,707	552,762	522,992	550,211
Victoria ...	252,407	278,240	289,384	400,056	376,196
Queensland ...	186,083	205,635	208,664	185,734	175,186
South Australia ...	101,498	101,094	81,007	114,169	145,079
Western Australia ...	70,652	77,051	64,398	64,858	67,035
Tasmania ...	75,171	83,202	73,754	69,888	77,636
Total ...	919,751	1,122,929	1,269,969	1,357,697	1,391,343

2. **Bank Notes.**—Promissory notes issued by any bank were not required to bear a duty stamp either impressed or adhesive, and might 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 was prohibited by the Federal Bank Note Tax Act, and they have now 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 sufficient to say here that it imposed 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.**—All the States now impose a Land Tax, although Queensland, the last State to fall into line, only collected its first levy in 1915-16. Western Australia imposed its first tax in 1907, but in the other States the impost is of very long standing.

The following table shews the amount collected by means of such taxes during the financial years 1912-13 to 1916-17 in the States in which a land tax was imposed:—

STATE LAND TAX COLLECTIONS, 1912-13 to 1916-17.

State.	1912-13.	1913-14.	1914-15.	1915-16.	1916-17.
	£	£	£	£	£
New South Wales	5,738	4,692	3,346	3,190	3,215
Victoria	308,275	302,224	303,550	352,353	369,486
Queensland ... ..	...	...	...	247,044	362,535
South Australia	141,807	136,602	131,896	154,483	139,372
Western Australia	46,519	46,201	36,433	47,716	42,431
Tasmania	79,276	79,085	80,863	82,436	83,595
Total	581,615	568,804	556,088	887,222	1,000,634

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 found necessary.

In the following table particulars are furnished concerning the total amount collected in the several States during the years 1912-13 to 1916-17. 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.

STATE INCOME AND DIVIDEND TAXES, 1912-13 to 1916-17.

State.	1912-13.	1913-14.	1914-15.	1915-16.	1916-17.
	£	£	£	£	£
New South Wales	662,625	1,290,370	1,653,923	1,707,403	1,973,477
Victoria	542,236	527,705	506,214	702,745	766,746
Queensland	421,507	472,918	517,273	766,560	756,292
South Australia	210,034	240,996	236,270	212,418	264,946
Western Australia	171,239	174,558	174,561	195,249	196,221
Tasmania	148,413	162,458	157,595	177,730	216,278
Total	2,156,054	2,869,005	3,245,836	3,762,105	4,173,960

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, 1917, was as follows:—

STATE TRUST FUNDS ON 30th JUNE, 1917.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£ Dr.	£	£	£	£
Amount of trust funds	5,619,703	10,041,300	1,776,739	2,303,897	11,822,775	1,081,835	29,092,771

§ 4. Loan Funds.

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

2. **Loan Expenditure, 1916-17.**—During the year ended 30th June, 1917, the actual expenditure of the Australian States from loan funds amounted to £14,714,294, New South Wales with a total of £6,862,179 being the principal contributor to this amount, while Victoria, whose expenditure amounted to £2,440,966, ranked second. The chief item of expenditure for the year was that of railways and tramways, which represented a total of £7,335,033, water supply and sewerage works contributing the amount of £2,364,923; the expenditure on harbours, rivers, etc., and roads and bridges totalling £2,144,530, 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, 1916-17.

Heads of Expenditure.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways ...	3,842,809	1,266,352	1,342,249	413,095	337,472	133,056	7,335,033
Water supply and sewerage ...	1,435,549	302,893	3,504	546,491	76,486	...	2,364,923
Harbours, rivers, etc. ...	1,042,627	297,352	...	528,116	127,737	148,698	2,144,530
Roads and bridges ...	296,351	63,490	135,764	77,131	23,350	41,361	637,447
Public buildings ...	...	a 248	...	...	19,828	...	19,580
Development of mines, etc. ...	(a) 4,204	13,322	...	119,312	93,165	...	221,595
Advances to settlers ...	(a) 1,322	103,647	430,737	117,985	...	15,802	237,434
Land purchases for settlement ...	(a) 3,918	...	506	(a) 31,362	...	54,019	483,434
Loans to local bodies ...	...	...	...	...	...	...	(a) 34,774
Rabbit-proof fences ...	254,287	b 394,158	355,202	40,763	177,146	83,536	1,305,092
Other public works and purposes	...	...	...	...	...	...	...
Total ...	6,862,179	2,440,966	2,267,962	1,811,531	855,184	476,472	14,714,294

(a) Repayment.

(b) Including £82,815 in aid of revenue.

3. **Aggregate Loan Expenditure.**—The total loan expenditure of the Australian States from the initiation of the borrowing system to the 30th June, 1917, has amounted to no less a sum than £371,736,652. 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, 1917.

Heads of Expenditure.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways ...	85,987,555	53,859,332	38,358,275	20,146,099	17,972,112	5,411,039	221,734,412
Telegraphs & telephones ...	1,761,844	...	996,587	991,773	...	142,410	3,892,614
Water supply & sewerage ...	23,776,257	12,068,483	367,811	8,980,743	4,816,981	...	50,030,275
Harbours, rivers, etc. ...	16,544,386	2,073,303	3,354,416	5,104,790	3,925,864	4,737,258	35,740,017
Roads and bridges ...	1,457,536	149,323	363,084	291,615	...	128,224	2,389,782
Defence ...	7,906,996	2,395,697	1,946,212	1,470,392	779,526	1,202,235	15,701,058
Public buildings ...	569,930	...	2,763,070	...	392,338	235,000	3,960,338
Immigration ...	...	371,900	...	...	1,717,918	...	2,089,818
Development of mines, &c. ...	62,951	886,780	...	1,967,441	2,105,558	...	5,022,730
Advances to settlers ...	489,000	5,058,216	...	2,190,077	324,662	258,695	8,320,650
Land purchases for settlement ...	5,531	...	5,107,020	...	64,491	1,214,469	6,391,511
Loans to local bodies ...	47,908	...	(a)	321,258	328,703	...	697,869
Rabbit-proof fences ...	764,747	5,970,050	2,304,666	2,490,281	3,233,164	1,002,670	15,765,578
Other public works & purposes ...	...	...	...	...	...	...	...
Total ...	139,374,641	82,853,084	55,561,141	43,954,469	35,661,317	14,332,000	371,736,652

(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 38 per cent. in the case of Tasmania and 69 per cent. in that of Queensland. The following table gives for each State the percentage of each item on the total loan expenditure of that State to 30th June, 1917:—

PERCENTAGE OF EACH ITEM ON TOTAL LOAN EXPENDITURE OF THE STATES TO 30th JUNE, 1917.

Heads of Expenditure.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	%	%	%	%	%	%	%
Railways and tramways ...	61.70	65.01	69.04	45.83	50.40	37.76	59.65
Telegraphs and telephones ...	1.26	...	1.80	2.26	...	0.99	1.05
Water supply and sewerage ...	17.06	14.59	0.66	20.43	13.51	...	13.46
Harbours, rivers, etc. ...	11.87	2.50	6.04	11.61	11.01	33.05	9.61
Roads and bridges ...							
Defence ...	1.05	0.18	0.65	0.66	...	0.90	0.64
Public buildings ...	5.67	2.89	3.50	3.35	2.19	8.39	4.22
Immigration ...	0.41	...	4.97	...	1.10	1.64	1.07
Development of mines, etc. ...	...	0.45	...	...	4.81	...	0.56
Advances to settlers ...	0.05	1.07	...	4.48	5.90	...	1.35
Land purchases for settlement	0.35	6.10	...	4.98	0.91	1.80	2.24
Loans to local bodies ...	...	...	9.19	...	0.18	8.47	1.72
Rabbit-proof fences ...	0.03	...	(a)	0.73	0.92	...	0.19
Other public works & purposes	0.55	7.21	4.15	5.67	9.07	7.00	4.24
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 1907-8 to 1916-17:—

STATE LOAN EXPENDITURE, 1907-8 to 1916-17.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
1907-8 ...	1,965,329	783,538	1,033,676	495,928	733,745	224,954	5,237,170
1908-9 ...	2,906,507	1,098,360	1,247,821	832,114	1,012,452	334,200	7,431,454
1909-10 ...	3,246,640	1,209,505	1,486,216	978,082	1,028,995	435,104	8,384,542
1910-11 ...	3,921,758	2,657,271	1,995,301	1,567,210	1,484,367	300,216	11,926,123
1911-12 ...	5,491,103	2,974,149	3,324,248	1,756,050	2,344,070	435,557	16,325,177
1912-13 ...	7,703,594	2,202,697	2,448,066	2,247,337	3,423,020	404,560	18,429,274
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
1915-16 ...	8,173,104	4,473,569	3,061,839	2,097,197	1,584,643	880,394	20,270,746
1916-17 ...	6,862,179	2,440,966	2,267,962	1,811,531	855,184	476,472	14,714,294

Throughout the ten years under review the loan expenditure of New South Wales exceeded that of any other of the States, and for many years has represented about 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 foreshores and adjoining properties of Darling Harbour. In Victoria the heavy 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. The year 1916-17 shewed a great decline in the total loan expenditure, which is likely to be maintained in the future, in view of the scarcity of capital.

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 1907-8 to 1916-17 are given hereunder:—

STATE LOAN EXPENDITURE PER HEAD, 1907-8 to 1916-17.

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.
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
1915-16 ...	4 7 6	3 3 1	4 10 0	4 15 5	4 19 8	4 7 7	4 2 2
1916-17 ...	3 13 10	1 14 10	3 7 9	4 3 11	2 15 4	2 7 8	3 0 4

§ 5. Public Debt.

1. 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, 1917.

State.	Debentures.	Inscribed Stock.	Treasury Bills.		Total Amount Outstanding.
			For Public Works and Services.	In aid of Revenue.	
	£	£	£	£	£
New South Wales ...	11,915,450	114,799,302	11,423,595	...	138,138,347
Victoria ...	23,959,422	49,395,828	3,466,860	1,303,285	78,125,395
Queensland ...	18,801,449	38,282,747	3,093,590	1,125,350	61,303,136
South Australia ...	2,110,900	31,245,230	6,008,150	...	39,364,280
Western Australia ...	1,568,410	33,866,076	4,790,340	690,000	40,914,826
Tasmania ...	2,008,608	11,663,032	1,000,000	...	14,671,640
Total ...	60,364,239	279,252,215	29,782,535	3,118,635	372,517,624

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, 1907-8 to 1916-17.

Date.	Debentures.	Inscribed Stock.	Treasury Bills.		Total Amount Outstanding.
			For Public Works and Services.	In aid of Revenue.	
	£	£	£	£	£
30th June, 1908 ...	37,665,279	190,377,823	12,131,871	3,660,516	243,835,489
" 1909 ...	31,218,229	203,640,152	13,620,561	3,294,591	251,773,533
" 1910 ...	29,765,929	213,599,894	12,393,503	1,864,337	257,623,663
" 1911 ...	31,148,162	222,343,184	8,939,771	3,946,166	(a) 267,127,283
" 1912 ...	31,576,656	230,170,271	13,962,002	1,265,166	(b) 277,124,095
" 1913 ...	39,044,995	241,819,896	12,345,935	1,161,660	(c) 294,472,486
" 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
" 1916 ...	51,069,616	277,268,688	27,074,647	2,400,820	357,813,771
" 1917 ...	60,364,239	279,252,215	29,782,535	3,118,635	372,517,624

(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, 1908, and 30th June, 1917, the public debt of the States increased by £128,682,135, or at the rate of about £14,000,000 per annum. The amount of debentures comprised in the total debt increased by £22,698,960 during the period, while the amount held as inscribed stock increased by £88,874,392, and that held as Treasury bills increased by £17,108,783.

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, 1908 to 1917.

Date.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
30th June, 1908 ...	87,635,826	53,305,487	42,264,467	29,985,858	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	23,703,953	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
" 1916 ...	130,514,018	76,775,032	58,732,643	37,993,289	39,889,676	13,908,913	357,613,771
" 1917 ...	138,136,347	78,125,395	61,303,136	39,364,280	40,914,826	14,671,640	372,517,624

The State in which the greatest increase in indebtedness was experienced during the period is New South Wales, which added £50,502,521 during the period under review. On the other hand, the public debt of Tasmania increased by about £4,500,000 only.

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, 1908, to 30th June, 1917, are as follows:—

PUBLIC DEBT OF AUSTRALIAN STATES PER HEAD, 30th JUNE, 1908 to 1917.

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, 1908 ...	55 14 0	42 19 5	76 6 10	79 6 7	79 9 9	54 2 9	58 2 8
" 1909 ...	56 10 3	43 6 11	77 13 8	78 7 1	83 7 7	53 5 7	58 18 0
" 1910 ...	56 13 2	43 6 8	74 16 10	78 18 6	85 18 6	55 6 10	58 19 0
" 1911 ...	57 9 4	43 18 3	72 12 4	83 4 6	82 13 0	58 4 2	59 9 9
" 1912 ...	57 11 9	44 16 11	74 5 0	75 5 8	86 18 8	59 9 7	59 13 5
" 1913 ...	58 13 4	45 3 0	81 13 4	68 18 5	96 8 0	59 0 2	61 6 5
" 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
" 1916 ...	70 6 0	54 12 1	85 8 8	87 12 7	126 15 2	70 8 6	72 19 7
" 1917 ...	73 18 6	55 14 0	89 19 7	91 11 4	132 12 3	74 7 0	76 1 9

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, 1917, which had been floated in London and Australia respectively:—

PUBLIC DEBT OF AUSTRALIAN STATES, 30th JUNE, 1917.

State.	Floated in London.		Floated in Australia.		Total Public Debt.
	Amount.	Percentage on Total Debt.	Amount.	Percentage on Total Debt.	
	£	%	£	%	£
New South Wales	92,647,203	67.07	45,491,144	32.93	138,138,347
Victoria...	42,907,086	54.92	35,218,309	45.08	78,125,395
Queensland ...	49,412,147	80.60	11,890,989	19.40	61,303,136
South Australia ...	21,313,428	54.14	18,050,852	45.86	39,364,280
Western Australia	27,979,058	68.38	12,935,768	31.62	40,914,826
Tasmania ...	9,476,250	64.59	5,195,390	35.41	14,671,640
Total ...	243,735,172	65.43	128,782,452	34.57	372,517,624

The following table, giving corresponding particulars for the aggregate indebtedness of the Australian States at the end of each of the financial years 1907-8 to 1916-17, 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, 1908 to 1917.

Date.	Floated in London.		Floated in Australia.		Total Public Debt.
	Amount.	Percentage on Total Debt.	Amount.	Percentage on Total Debt.	
	£	%	£	%	£
30th June, 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
" 1916 ...	232,040,101	64.85	125,773,670	35.15	357,813,771
" 1917 ...	243,735,172	65.43	128,782,452	34.57	372,517,624

It will be seen that in the course of nine years the London indebtedness of the States has increased by £60,413,916, while the local indebtedness has increased by no less than £68,268,219. In other words, whilst on 30th June, 1908, the Australian portion of the debt represented only about one-fourth of the total, the proportion had on 30th June, 1917, grown to more than one-third.

It will be noticed in the foregoing table that the Australian indebtedness of the States increased during the year 1916-17 to a figure 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 779. A further advance was made to the States by the Commonwealth in 1916-17 out of the proceeds of a loan contracted in London. The loan was for £7,500,000, and carried interest partly at $5\frac{1}{2}$ per cent., and partly at $5\frac{3}{4}$ per cent. By agreement between the State Treasurers and the Commonwealth Treasurer, the £18,000,000 already referred to is to be repaid within five years of the termination of the war, but not later than 1925.

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., $4\frac{1}{4}$ per cent., 4 per cent., $3\frac{1}{2}$ per cent., $3\frac{1}{4}$ per cent., and 3 per cent. It is most probable, however, that the amount

of outstanding debt at the higher rates will increase materially in the future, since conversion can scarcely be effected at present at a lower rate of interest than five per cent. The average rate payable on the aggregate indebtedness of the Australian States is about 3½ per cent. For the separate States the average rate payable varies considerably, being lowest in the case of Victoria and highest in that of Tasmania; the difference between these two average rates is about ½ per cent. In the table given hereunder particulars are furnished of the rates of interest payable on the public debt of the several States of the Commonwealth on 30th June, 1917:—

RATES OF INTEREST PAYABLE ON PUBLIC DEBT OF STATES, 30th JUNE, 1917.

Rate of Interest.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
%	£	£	£	£	£	£	£
6	19,900	...	...	19,900
5½	...	3,000,000	758,000	1,400,000	...	432,000	5,590,000
5¼	...	2,695,400	650,000	775,000	1,100,000	200,000	6,695,400
5	...	3,985,762	2,790,935	1,744,000	2,903,000	1,683,940	14,753,617
4½	...	12,028,737	3,802,850	13,007,600	2,601,453	916,210	32,845,044
4¼	760,250	...	...	140,750	901,000
4	...	7,400,000	3,900,000	2,600,000	3,100,000	1,000,000	18,000,000
4	...	28,143,540	19,397,714	18,667,450	10,753,288	12,736,186	95,382,445
3½	...	13,514,098	267,683	2,550,050	6,174,751	1,650,000	24,714,487
3¼	...	50,306,321	34,639,103	18,569,053	6,209,648	12,378,490	127,146,373
3	...	17,047,072	10,157,860	5,489,383	5,927,240	7,350,000	46,450,341
Not bearing interest	...	17,417	1,000	600	...	...	19,017
Total public debt	...	138,138,347	78,125,395	61,303,136	39,364,280	40,914,826	372,517,624
Average rate per cent. payable	£ s. d. 3 16 1	£ s. d. 3 15 1	£ s. d. 3 18 2	£ s. d. 3 18 6	£ s. d. 3 15 1	£ s. d. 3 18 8	£ s. d. 3 16 6

(a) Includes £20,000 at 4½ per cent.

(b) Includes £24,718 at 3½ 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 shown 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 1913 to 1917:—

RATES OF INTEREST PAYABLE ON PUBLIC DEBT OF STATES, 30th JUNE, 1913 to 1917.

Rate of Interest.	30th June, 1913.	30th June, 1914.	30th June, 1915.	30th June, 1916.	30th June, 1917.
%	£	£	£	£	£
6	109,900	74,900	49,900	39,900	19,900
5½	...	...	...	...	5,590,000
5¼	...	...	...	2,950,000	6,695,400
5	142,700	142,700	2,146,800	7,010,675	14,753,617
4½	42,900	39,300	25,279,647	28,155,096	32,845,044
4¼	...	...	300,000	600,000	...
4	100,000	...	290,750	771,250	901,000
4	...	...	10,625,000	18,000,000	18,000,000
4	87,511,852	111,771,586	100,551,888	97,965,741	95,382,445
3½	27,855,439	27,679,770	26,372,084	25,989,072	24,714,487
3¼	132,108,659	131,292,054	130,392,839	129,732,699	127,146,373
3	46,585,516	46,592,430	(a) 46,567,286	(a) 46,591,188	(a) 46,450,341
Not bearing interest	15,520	6,048	349,475	8,150	19,017
Total public debt	294,472,486	317,598,788	342,925,669	357,813,771	372,517,624
Average rate % payable	£3 11 11	£3 12 6	£3 13 11	£3 15 1	£3 16 6

(a) Including £24,718 at 3½ 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 minimum 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, 1917, the amount of interest paid during the financial year ending at that date, and also the corresponding amount per head of population :—

STATE DEBTS.—INTEREST PAYABLE PER HEAD, 1916-17.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Total annual interest payable ...	4,914,311	9,819,268	2,278,832	1,474,275	1,490,153	526,835	13,503,574
Annual interest payable per head	£2 12 11	£2 0 3	£3 8 1	£3 8 3	£4 16 6	£2 12 8	£2 15 5

(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 £7,275,158 redeemable by Government on giving 12 months' notice; the State of Victoria, which includes £5,432,703 payable at the option of the Government at any time after 29th September, 1917; the State of Queensland, which has £1,744,000 repayable at an indefinite period; 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, 1917, 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 :—

**DUE DATES OF THE PUBLIC DEBTS OF THE SEVERAL STATES OUTSTANDING
ON 30th JUNE, 1917.**

Due Dates.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
Overdue ...	17,417	1,000	600				19,017
1917 ...	616,667	3,802,960		668,142		279,842	5,367,611
1918 ...	19,609,533	4,280,160		5,091,575		1,947,563	30,328,831
1919 ...	11,670,569	6,282,245		2,133,496	4,050,340	456,231	24,592,881
1920 ...	5,607,720	7,479,436		1,326,336		662,942	15,076,434
1921 ...	5,725,843	4,619,100		1,785,002	116,710	763,461	13,010,116
1922 ...	7,095,800	5,917,850	2,399,750	1,754,441	1,161,000	281,440	18,610,281
1923 ...	7,856,482	8,689,838		2,433,512	556,550	87,660	19,624,042
1924 ...	16,698,065	455,740	12,973,834	1,003,743	568,570	68,484	31,768,436
1925 ...	311,799	2,772,240		98,549		150,537	3,273,125
1926 ...	415,000	5,109,000	13,007,600	1,865,183	1,922,305	327,073	22,646,161
1927 ...	9,769,105	1,449,450		1,978,401	2,500,000	560,546	16,257,502
1928 ...		897,500		846,308		9,000	1,752,808
1929 ...		747,500		221,418		309,000	1,277,918
1930 ...		1,814,650	3,704,800	302,425		9,100	5,830,975
1931 ...		1,081,648		450		9,000	1,071,098
1932 ...		929,550		1,225	1,380,540	9,000	2,320,315
1933 ...	9,686,300			368,012	716,708	48,585	10,820,505
1934 ...				1,043,421	1,866,318	39,207	2,948,946
1935 ...	12,500,000			1,478,499	3,358,185	179,857	22,516,641
1936 ...		300,000		4,250,380	1,240,000	39,207	5,829,587
1937 ...				15,586		39,207	54,793
1938 ...				92,383		39,207	131,590
1939 ...				2,560,999		39,207	2,600,206
1940 ...		248,900		14,860		5,645,707	5,909,467
1941 ...		324,380				39,207	363,587
1942 ...		485,100				39,207	524,307
1943 ...		3,600				39,207	42,807
1944 ...		400				39,207	39,607
1945 ...			7,516,050			39,207	7,555,257
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 ...	12,280,000		6,946,600			2,689,207	22,035,807
1951 ...			999,600			39,207	1,038,807
1952 ...						39,200	39,200
1953 ...			2,147,809				2,147,809
1954 ...		133,874					133,874
1955 ...					4,437,000		4,437,000
1960 ...		2,979,700	2,000,000	3,000,000	1,000,000		8,979,700
1962 ...	10,500,000				6,000,000		16,500,000
1964 ...					1,566,000		1,566,000
1965 ...			1,363,800				1,363,800
1970 ...			2,000,000				2,000,000
Indefinite...	7,275,158	5,432,703	1,744,000	5,069,034	1,369,000		20,909,895
Annual drawings ...	532,889				105,600		105,600
Interminable							532,889
Total	138,138,347	78,125,395	61,303,136	39,364,280	40,914,826	14,671,640	372,517,624

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, 1917 :—

STATE SINKING FUNDS AND NET INDEBTEDNESS, 30th JUNE, 1917.

State.	Gross Indebtedness.	Sinking Fund.	Net Indebtedness.	Net Indebted- ness per head.
	£	£	£	£ s. d.
New South Wales ...	138,138,347	463,629	137,674,718	73 13 9
Victoria ...	78,125,395	1,981,903	76,143,492	54 4 4
Queensland ...	61,903,136	354,284	60,948,852	89 9 2
South Australia ...	39,364,280	1,545,213	37,819,067	88 6 7
Western Australia ...	40,914,826	5,035,963	35,878,863	116 5 9
Tasmania ...	14,671,640	765,489	13,906,151	70 8 9
Total...	372,517,624	10,146,481	362,371,143	74 0 3

10. **Total Australian Debt.**—With the object of setting out the entire liability of the Australian public, the Commonwealth and State debts for the last five years have been brought together into one statement. It will be noticed that the total Commonwealth Public Debt does not agree with the amounts given in the chapter on Commonwealth Finance. This is owing to the fact that the value of the transferred properties has been deducted in every year, since if this had not been done it would have been included twice over. The sum of £7,500,000 borrowed by the Commonwealth for the States in London, during 1916-17, has also been deducted from the Commonwealth debt of that year for the same reason.

COMMONWEALTH AND STATES PUBLIC DEBT, 1912-13 to 1916-17.

Particulars.	1912-13.	1913-14.	1914-15.	1915-16.	1916-17.
	£	£	£	£	£
C'wealth Public Debt...	7,430,949	9,395,322	26,651,669	90,562,488	150,939,819
States Public Debt ...	294,472,486	317,598,788	342,925,669	357,813,771	372,517,624
Total	301,903,435	326,994,110	369,577,338	448,376,259	523,457,443
Total debt per head...	£62 17 4	£66 8 9	£74 12 11	£91 9 0	£106 18 4