

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 1908-9 to 1917-18 :—

STATE REVENUE, 1908-9 TO 1917-18.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
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
1917-18	21,577,229	12,672,787	8,491,482	5,526,226	4,622,536	1,503,047	54,393,307

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

During the nine years from 30th June, 1909, to 30th June, 1918, the aggregate revenues of the States increased by no less a sum than £19,935,667, or about 58 per cent. Increases were in evidence in all the States, the largest being that of £7,931,103 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.

3. Revenue per Head.—Details concerning the revenue per head of population, collected in the several States of the Commonwealth during the ten years 1908-9 to 1917-18, 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, 1908-9 TO 1917-18.

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.
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 0	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
1917-18 ..	11 9 7	8 19 7	12 6 8	12 13 4	14 18 9	7 8 0	11 0 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 15s. 5d. in the case of Queensland. Western Australia throughout the period has led the other States, and in 1917-18 the revenue per head in that State exceeded the Commonwealth average by about 35½ 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 1917-18.—Classifying the revenue of the several States in the manner indicated in § 2 (a) 1 above, particulars for the year 1917-18 are as follows:—

DETAILS OF STATE REVENUE, 1917-18.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
Taxation ..	3,860,501	2,310,723	1,761,232	1,016,887	449,457	533,383	9,932,183
Public works and services ..	12,870,167	7,296,846	4,157,582	3,208,911	2,657,899	446,233	30,637,638
Land ..	1,861,460	292,473	1,116,648	258,959	315,907	91,191	3,936,638
Commonwealth sub-sidy ..	2,317,783	1,739,481	842,858	535,808	599,239	(a)340,260	6,375,429
Miscellaneous ..	667,318	1,033,264	613,162	505,661	600,034	91,980	3,511,419
Total ..	21,577,229	12,672,787	8,491,482	5,526,226	4,622,536	1,503,047	54,393,307

(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 765. This arises from the fact that the State figures shew the amount for which credit was taken by the State during the financial year 1917-18, whilst the Commonwealth figures shew the amounts paid to State Treasurers on account of that financial year.

5. Revenue per Head, 1917-18.—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, 1917-18.

Particulars.	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.
Taxation ..	2 1 1	1 12 9	2 11 2	2 6 7	1 9 1	2 12 6	2 0 3
Public works and services ..	6 16 11	5 3 5	6 0 9	7 7 2	8 11 9	2 3 11	6 4 2
Land ..	0 19 10	0 4 1	1 12 5	0 11 10	1 0 5	0 9 0	0 15 11
Commonwealth sub-sidy ..	1 4 8	1 4 8	1 4 6	1 4 7	1 18 9	1 13 6	1 5 10
Miscellaneous ..	0 7 1	0 14 8	0 17 10	1 3 2	1 18 9	0 9 1	0 14 3
Total ..	11 9 7	8 19 7	12 6 8	12 13 4	14 18 9	7 8 0	11 0 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 1917-18 :—

PERCENTAGE OF ITEMS ON TOTAL STATE REVENUE, 1917-18.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	C'wealth.
	%	%	%	%	%	%	%
Taxation	17.89	18.23	20.74	18.40	9.72	35.49	18.26
Public works and services ..	59.65	57.58	48.96	58.07	57.50	29.69	56.33
Land	8.63	2.31	13.15	4.69	6.84	6.06	7.24
Commonwealth subsidy	10.74	13.73	9.93	9.69	12.96	22.64	11.72
Miscellaneous	3.09	8.15	7.22	9.15	12.98	6.12	6.45
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

7. **State Taxation.**—(a) *Details, 1917-18.* 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 stamp duties. For 1917-18 probate and succession 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 1917-18 was £9,932,183, details of which are set forth in the table given hereunder :—

STATE REVENUE FROM TAXATION, 1917-18.

Taxation.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Probate and succession duties	677,433	506,662	121,986	170,185	38,710	50,688	1,565,664
Other stamp duties	618,180	507,573	205,674	179,521	80,720	96,215	1,685,883
Land tax	2,921	353,156	344,547	165,469	63,388	84,701	1,014,182
Income tax	2,182,117	773,468	967,420	452,303	(a)207,983	259,869	4,843,140
Licenses	160,520	158,842	84,529	27,519	39,983	14,722	486,095
Other taxation	221,330	11,022	37,076	21,890	18,713	27,188	337,219
Total	3,860,501	2,310,723	1,761,232	1,016,887	449,457	533,383	9,932,183

(a) Includes £109,462 dividend tax.

(b) *Summary, 1908-9 to 1917-18.* The total amount raised by means of taxation by the several State Governments during the ten years 1908-9 to 1917-18 is given in the following table :—

STATE REVENUE FROM TAXATION, 1908-9 TO 1917-18.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
1908-9 ..	907,249	1,072,228	535,194	450,250	296,599	250,835	3 512 355
1909-10 ..	1,223,521	1,083,353	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
1917-18 ..	3,860,501	2,310,723	1,761,232	1,016,887	449,457	533,333	9,932,183

During the period between 30th June, 1909, and 30th June, 1918, the aggregate State revenue from taxation increased by about 180 per cent., the increase varying considerably in the several States. The remarkable increase of the last five 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. Tasmania imposed in 1917-18 a Super Tax on incomes, and a Motor Tax. The total increase in State taxation for the year 1917-18 amounted to £934,106, or nearly 10½ per cent.

The revenue from State taxation per head of population, collected in the several States during each of the years 1908-9 to 1917-18, was as follows :—

STATE TAXATION PER HEAD, 1908-9 TO 1917-18.

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.
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
1917-18 ..	2 1 1	1 12 9	2 11 2	2 6 7	1 9 1	2 12 6	2 0 3

Taking the States as a whole, the State taxation increased by 23s. 8d. per head during the period from 1908-9 to 1917-18, 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 1913-14 to 1917-18, as well as the amount per head of population:—

COMMONWEALTH AND STATE TAXATION, 1913-14 TO 1917-18.

Particulars.	1913-14.	1914-15.	1915-16.	1916-17.	1917-18.
	£	£	£	£	£
Commonwealth taxation	16,587,906	16,870,596	23,533,529	24,523,013	24,606,743
State taxation ..	6,304,836	7,000,395	8,141,746	8,998,077	9,932,183
Total ..	22,892,742	23,870,991	31,675,275	33,521,090	34,538,926
Taxation per head ..	£4/14/0	£4/16,7	£6/8/5	£6/17/6	£7/0/0

Whilst the Commonwealth taxation increased during the period by £8,018,837, the State taxation advanced by £3,627,347, the aggregate increase being £11,646,184. The amount *per capita* of total taxation remained fairly constant for some years previous to 1914-15, at an average of about £4 15s. In the last three years, however, it has 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, Federal Succession Duties, and other taxes due to the war.

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 1917-18 the aggregate revenue from these sources totalled £30,637,638, or nearly 56 per cent. of the revenue from all sources. Details of revenue from public works and services for the year 1917-18 are as follows:—

STATE REVENUE FROM PUBLIC WORKS AND SERVICES, 1917-18.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways ..	10,821,648	6,615,914	4,020,753	2,344,584	1,970,333	357,640	26,130,872
Harbour services ..	648,793	92,237	33,002	217,558	85,168	..	1,076,758
Public batteries ..	..	802	..	..	69,335	..	70,137
Water supply and sewerage ..	1,058,129	232,257	..	367,643	379,925	..	2,037,953
Other public services ..	341,598	355,636	103,827	279,126	153,138	88,593	1,321,918
Total ..	12,870,167	7,296,846	4,157,582	3,208,911	2,657,899	446,233	30,637,638

(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 1917-18 :—

STATE LAND REVENUE, 1917-18.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Sales ..	1,074,486	153,788	276,182	116,704	257,368	56,823	1,935,351
Rentals ..	786,974	138,685	840,466	142,255	58,539	34,368	2,001,287
Total ..	1,861,460	292,473	1,116,648	258,959	315,907	91,191	3,926,638

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 1917-18 aggregated £6,375,429. 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 1917-18 was of the total revenue of that State is shewn in the following table :—

COMMONWEALTH SUBSIDY PAID TO STATES DURING 1917-18.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Commonwealth subsidy	2,317,783	1,739,481	842,858	535,808	599,239	340,260	6,375,429
Total revenue ..	21,577,229	12,672,787	8,491,482	5,526,226	4,622,536	1,503,047	54,393,307
Percentage of subsidy on revenue ..	10.74	13.73	9.93	9.69	12.96	22.64	11.72

(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 1917-18. (See also page 778.)

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, &c., which for the year 1917-18 aggregated £3,511,419.

(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 1917-18 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 1908-9 to 1917-18 is furnished in the table given hereunder :—

STATE EXPENDITURE, CONSOLIDATED REVENUE FUNDS, 1908-9 TO 1917-18.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
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
1917-18	21,553,405	12,631,169	8,900,934	5,500,419	5,328,279	1,459,748	55,373,954

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 1908-9 to 1917-18 is as follows :—

STATE EXPENDITURE PER HEAD, 1908-9 TO 1917-18.

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.
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
1917-18	11 9 3	8 19 0	12 18 6	12 12 2	17 4 5	7 3 8	11 4 5

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 1917-18.**—The following table furnishes for the year 1917-18 particulars as to the expenditure of the several States under each of the principal heads :—

DETAILS OF STATE EXPENDITURE, 1917-18.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Public debt (interest, sinking fund, etc.) ..	5,220,307	3,309,936	2,454,863	1,710,590	1,879,051	638,788	15,213,535
Railways and tramways (working expenses) ..	7,580,342	4,475,717	3,420,764	1,775,504	1,559,581	305,007	19,116,915
Justice ..	351,087	165,613	133,827	51,063	76,980	12,782	791,352
Police ..	646,522	376,201	332,707	135,165	130,568	49,448	1,670,611
Penal establishments ..	90,570	55,027	32,856	23,219	20,126	6,619	228,417
Education ..	1,955,267	1,215,880	737,861	376,069	377,735	140,222	4,803,034
Medical and charitable ..	949,154	614,974	567,502	245,802	278,865	100,729	2,757,026
All other expenditure ..	4,760,156	2,417,821	1,220,554	1,183,007	1,005,373	206,153	10,793,064
Total ..	21,553,405	12,631,169	8,900,934	5,500,419	5,328,279	1,459,748	55,373,954

5. **Expenditure per Head, 1917-18.**—The expenditure per head of population of the several States for the year 1917-18 under each of the principal items, is given hereunder :—

STATE EXPENDITURE PER HEAD, 1917-18.

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, etc.) ..	2 15 6	2 6 11	3 11 3	3 18 5	6 1 6	3 2 10	3 1 8
Railways and tramways (working expenses) ..	4 0 8	3 3 5	4 19 4	4 1 5	5 0 10	1 10 0	3 17 6
Justice ..	0 3 9	0 2 4	0 3 11	0 2 4	0 5 0	0 1 3	0 3 2
Police ..	0 6 10	0 5 4	0 9 8	0 6 2	0 8 5	0 4 10	0 6 9
Penal establishments ..	0 1 0	0 0 9	0 1 0	0 1 1	0 1 3	0 0 8	0 0 11
Education ..	1 0 9	0 17 3	1 1 5	0 17 3	1 4 5	0 13 10	0 19 6
Medical and charitable ..	0 10 1	0 8 8	0 16 6	0 11 3	0 18 0	0 9 11	0 11 2
All other expenditure ..	2 10 8	1 14 4	1 15 5	2 14 3	3 5 0	1 0 4	2 3 9
Total ..	11 9 3	8 19 0	12 18 6	12 12 2	17 4 5	7 3 8	11 4 5

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, 1917-18.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	C'wealth.
	%	%	%	%	%	%	%
Public debt (interest, sinking fund, etc.) ..	24.22	26.20	27.58	31.10	35.27	43.76	27.47
Railways and tramways (working expenses) ..	35.17	35.43	38.43	32.28	29.27	20.89	34.52
Justice ..	1.63	1.31	1.50	0.93	1.44	0.88	1.43
Police ..	3.00	2.98	3.74	2.46	2.45	3.39	3.02
Penal establishments ..	0.42	0.44	0.37	0.42	0.38	0.45	0.42
Education ..	9.07	9.63	8.29	6.84	7.09	9.61	8.67
Medical and charitable ..	4.40	4.87	6.38	4.47	5.23	6.90	4.98
All other expenditure ..	22.09	19.14	13.71	21.50	18.87	14.12	19.49
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 1917-18 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, 1918.**—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 1917–18, so that not one of the States now has a credit balance. The position of the balances of the several Consolidated Revenue Funds on 30th June, 1918, was as follows:—

STATE CONSOLIDATED REVENUE FUND BALANCES, 30th JUNE, 1918.

State.	Cash Credit Balances.	Debit Balance.		Net Result.
		Cash Overdraft.	Overdraft liquidated by Treasury Bills.	
	£	£	£	£
New South Wales	459,313	.. .. .	Dr. 459,313
Victoria	178,604	1,403,285	Dr. 1,581,889
Queensland	409,452	.. .. .	Dr. 409,452
South Australia	1,144,900	.. .. .	Dr. 1,144,900
Western Australia	1,298,890	1,467,575	Dr. 2,766,465
Tasmania	69,213	146,871	Dr. 216,084
Total	3,560,372	3,017,731	Dr. 6,578,103

(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 1913 to 1917. The values are net values.

VALUE OF ESTATES OF DECEASED PERSONS, 1913 TO 1917.

State.	1913.	1914.	1915.	1916.	1917.
	£	£	£	£	£
New South Wales	8,443,068	(a)9,997,615	(a) 10,813,889	(a) 11,687,910	(a) 11,859,375
Victoria	8,367,862	(a)8,481,720	(a) 8,759,728	(a) 8,917,481	(a) 9,486,584
Queensland	1,685,287	2,101,558	2,483,908	2,746,508	2,598,771
South Australia	2,214,241	2,907,561	2,734,597	1,893,017	3,018,598
Western Australia	607,972	739,956	850,367	1,462,820	994,346
Tasmania	680,477	620,108	721,850	807,513	696,142
Total	21,998,907	24,848,518	26,364,339	27,515,249	28,653,816

(a) Including letters of administration.

The duty collected in the several States for the financial years 1913-14 to 1917-18 is as follows :—

AMOUNT OF PROBATE AND SUCCESSION DUTIES COLLECTED, 1913-14 TO 1917-18.

State.	1913-14.	1914-15.	1915-16.	1916-17.	1917-18.
	£	£	£	£	£
New South Wales ..	512,529	551,629	645,554	826,769	677,433
Victoria ..	457,042	536,869	510,032	546,400	506,662
Queensland ..	89,835	112,740	136,277	146,077	121,983
South Australia ..	226,367	113,734	183,919	134,620	170,185
Western Australia ..	30,662	40,156	44,284	40,963	38,710
Tasmania ..	29,094	38,252	36,700	37,310	50,688
Total ..	1,345,529	1,393,380	1,556,766	1,732,139	1,565,664

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 1913-14 to 1917-18 is shown in the accompanying table :—

**STAMP REVENUE (EXCLUSIVE OF PROBATE AND SUCCESSION DUTIES),
1913-14 TO 1917-18.**

State.	1913-14.	1914-15.	1915-16.	1916-17.	1917-18.
	£	£	£	£	£
New South Wales ..	377,707	552,762	522,992	550,211	616,180
Victoria ..	278,240	280,384	400,056	376,196	507,573
Queensland ..	205,635	208,664	185,734	175,186	205,674
South Australia ..	101,094	81,007	114,169	145,079	179,521
Western Australia ..	77,051	64,398	64,858	67,035	80,720
Tasmania ..	83,202	73,754	69,888	77,636	96,215
Total ..	1,122,929	1,269,969	1,357,697	1,391,343	1,685,883

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 1913-14 to 1917-18 in the States in which a land tax was imposed :—

STATE LAND TAX COLLECTIONS, 1913-14 TO 1917-18.

State.	1913-14.	1914-15.	1915-16.	1916-17.	1917-18.
	£	£	£	£	£
New South Wales ..	4,692	3,346	3,190	3,215	2,921
Victoria	302,224	303,550	352,353	369,486	353,156
Queensland .. ..	..	..	247,044	362,535	344,547
South Australia ..	136,602	131,896	154,483	139,372	165,469
Western Australia ..	46,201	36,433	47,716	42,431	63,388
Tasmania	79,085	80,863	82,436	83,595	84,701
Total ..	568,804	556,088	887,222	1,000,634	1,014,182

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 1913-14 to 1917-18. 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, 1913-14 TO 1917-18.

State.	1913-14.	1914-15.	1915-16.	1916-17.	1917-18.
	£	£	£	£	£
New South Wales ..	1,290,370	1,653,923	1,707,403	1,973,477	2,182,117
Victoria	527,705	506,214	702,745	766,746	773,468
Queensland	472,918	517,273	766,560	756,292	967,420
South Australia ..	240,996	236,270	212,418	264,946	452,303
Western Australia ..	174,558	174,561	195,249	196,221	207,963
Tasmania	162,458	157,595	177,730	216,278	259,869
Total ..	2,869,005	3,245,836	3,762,105	4,173,960	4,843,140

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, 1918, was as follows:—

STATE TRUST FUNDS ON 30th JUNE, 1918.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£ Dr.	£	£	£	£
Amount of trust funds	5,957,608	10,925,795	1,657,037	2,315,703	12,824,787	1,164,326	31,531,182

§ 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 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, 1917-18.—During the year ended 30th June, 1918, the actual expenditure of the Australian States from loan funds amounted to £11,407,382, New South Wales with a total of £4,487,511 being the principal contributor to this amount. The chief item of expenditure for the year was that of railways and tramways, which represented a total of £4,898,429, water supply and sewerage works contributing the amount of £2,023,727; the expenditure on harbours, rivers, etc., and roads and bridges totalling £1,116,659, 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, 1917-18.

Heads of Expenditure.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways ..	2,412,108	761,705	984,147	500,441	184,467	55,561	4,898,429
Water supply and sewerage ..	1,187,812	302,955	2,915	314,312	68,247	147,486	2,023,727
Harbours, rivers, etc. }	478,235	296,494	..	124,256	87,536	130,138	1,116,659
Roads and bridges }	195,843	14,016	105,259	37,390	17,537	24,646	394,691
Public buildings ..	..	(a) 183	..	..	10,661	..	10,478
Development of mines, etc. ..	..	9,479	..	784,605	503,170	95,334	1,388,097
Advances to settlers ..	(a) 4,491	273,494	..	..	..	2,640	276,134
Land purchases for settlement ..	(a) 7,364	..	301,778	..	..	64,537	358,951
Loans to local bodies ..	(a) 2,452	..	251	..	..	..	(a) 2,201
Rabbit-proof fences ..	..	..	..	..	..	..	..
Other public works and purposes ..	227,820	273,719	433,970	100,939	182,559	(a) 1,413	1,217,594
Total ..	4,487,511	1,931,679	1,828,320	(b) 1,586,766	1,054,177	518,929	(c) 11,407,382

(a) Repayment.

(b) After deduction of £275,177 credit account.

(c) See footnote (b).

3. Aggregate Loan Expenditure.—The total loan expenditure of the Australian States from the initiation of the borrowing system to the 30th June, 1918, has amounted to no less a sum than £384,136,750. 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, 1918.

Heads of Expenditure.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways ..	88,480,659	54,672,527	39,217,225	20,584,860	17,812,863	5,466,600	226,234,734
Telegraphs and telephones ..	1,761,844	..	996,587	991,772	..	..	3,750,203
Water supply and sewerage ..	24,945,775	12,391,438	494,294	9,352,056	4,885,228	..	52,068,791
Harbours, rivers, etc. }	16,989,746	2,492,684	3,353,790	5,282,736	4,013,400	4,859,897	36,992,253
Roads and bridges }	1,457,536	149,323	363,084	291,615	..	128,224	2,389,782
Defence ..	8,073,012	2,409,713	2,005,677	1,510,667	797,063	1,215,146	16,011,278
Public buildings ..	569,930	..	2,763,070	..	393,445	235,000	3,961,445
Immigration ..	..	511,074	..	..	1,728,579	109,000	2,348,653
Development of mines, etc. ..	58,460	875,149	..	2,763,916	2,608,728	..	6,306,253
Advances to settlers ..	..	..	..	..	..	..	..
Land purchases for settlement ..	489,000	5,312,104	..	1,988,676	324,662	304,124	8,418,566
Loans to local bodies ..	(a) 1,833	..	5,317,882	..	64,491	1,263,241	6,643,781
Rabbit-proof fences ..	45,456	..	(b)	291,789	328,703	..	665,948
Other public works and purposes ..	992,567	5,970,751	2,575,719	3,683,930	3,758,332	1,363,764	18,345,063
Total ..	143,862,152	84,784,763	57,087,328	46,742,017	36,715,494	14,944,996	384,136,750

(a) Repayment.

(b) 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 37 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, 1918 :—

PERCENTAGE OF EACH ITEM ON TOTAL LOAN EXPENDITURE OF THE STATES TO 30th JUNE, 1918.

Heads of Expenditure.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	%	%	%	%	%	%	%
Railways and tramways ..	61.51	64.48	68.69	44.04	48.52	36.58	58.89
Telegraphs and telephones ..	1.22	..	1.75	2.13	..	..	0.98
Water supply and sewerage ..	17.34	14.62	0.87	20.01	13.31	..	13.55
Harbours, rivers, etc.	11.81	2.94	5.87	11.30	10.93	32.52	9.63
Roads and bridges							
Defence ..	1.01	0.18	0.64	0.62	..	0.86	0.62
Public buildings ..	5.61	2.84	3.51	3.23	2.17	8.13	4.17
Immigration ..	0.40	..	4.84	..	1.07	1.57	1.03
Development of mines, etc.	..	0.60	..	..	4.70	0.73	0.61
Advances to settlers ..	0.04	1.03	..	5.91	7.10	..	1.64
Land purchases for settlement	0.34	6.27	..	4.26	0.88	2.03	2.19
Loans to local bodies ..	..	..	9.32	..	0.18	8.45	1.73
Rabbit-proof fences ..	0.03	..	(a)	0.62	0.90	..	0.18
Other public works and purposes ..	0.69	7.04	4.51	7.88	10.24	9.13	4.78
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 1908-9 to 1917-18 :—

STATE LOAN EXPENDITURE, 1908-9 TO 1917-18.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
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	3,324,243	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
1917-18 ..	4,487,511	1,931,679	1,828,320	1,586,766	1,054,177	518,929	11,407,382

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 per cent. 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 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 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 1917-18 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 1908-9 with 17s. 7d. per head. Particulars concerning the loan expenditure per head for the ten years 1908-9 to 1917-18 are given hereunder :—

STATE LOAN EXPENDITURE PER HEAD, 1908-9 TO 1917-18.

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.
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
1917-18 ..	2 7 9	1 7 5	2 13 1	3 12 9	3 8 2	2 11 1	2 6 3

§ 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, 1918.

State.	Debentures.	Inscribed Stock.	Treasury Bills.		Total Amount Outstanding.
			For Public Works and Services.	In aid of Revenue.	
	£	£	£	£	£
New South Wales ..	13,425,250	127,519,548	11,639,895	..	152,584,693
Victoria ..	25,732,782	49,507,579	2,952,000	1,403,285	79,595,646
Queensland ..	19,043,299	42,128,337	..	1,125,350	62,296,986
South Australia ..	2,066,900	30,860,655	7,693,925	..	40,621,480
Western Australia ..	1,153,110	34,501,076	5,182,240	1,467,575	42,304,001
Tasmania ..	2,195,481	11,941,874	1,000,000	..	15,137,355
Total ..	63,616,822	296,459,069	28,468,060	3,996,210	392,540,161

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, 1908-9 TO 1917-18.

Date.	Debentures.	Inscribed Stock.	Treasury Bills.		Total Amount Outstanding.
			For Public Works and Services.	In aid of Revenue.	
	£	£	£	£	£
30th June, 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	a267,127,283
„ 1912 ..	31,576,656	230,170,271	13,962,002	1,265,166	b277,124,095
„ 1913 ..	39,044,995	241,819,896	12,345,935	1,161,660	c294,472,486
„ 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
„ 1918 ..	63,616,822	296,459,069	28,468,060	3,996,210	392,540,161

(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, 1909, and 30th June, 1918, the public debt of the States increased by £140,766,628, or at the rate of about £15,600,000 per annum.

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, 1909 TO 1918.

Date.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
30th June, 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	47,068,188	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	58,732,843	37,993,289	39,889,676	13,908,913	357,813,771
" 1917 ..	138,138,347	78,125,395	61,303,136	39,364,280	40,914,826	14,671,640	372,517,624
" 1918 ..	152,584,693	79,595,646	62,296,986	40,621,480	42,304,001	15,137,355	392,540,161

The State in which the greatest increase in indebtedness was experienced during the period is New South Wales, which added £62,277,274 during the period under review. On the other hand, the public debt of Tasmania increased by about £5,000,000 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, 1909, to 30th June, 1918, are as follows:—

PUBLIC DEBT OF AUSTRALIAN STATES PER HEAD, 30th JUNE, 1909 TO 1918.

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, 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	88 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	78 12 0	108 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	128 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
" 1918 ..	79 17 4	56 3 5	89 19 11	92 0 6	135 19 6	74 12 6	78 16 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, 1918, which had been floated in London and Australia respectively :—

PUBLIC DEBT OF AUSTRALIAN STATES, 30th JUNE, 1918.

State.	Floated in London.		Floated in Australia.		Total Public Debt.
	Amount.	Percentage on Total Debt.	Amount.	Percentage on Total Debt.	
	£	%	£	%	£
New South Wales ..	105,648,569	69.23	46,936,124	30.77	152,584,693
Victoria ..	43,437,719	54.57	36,157,927	45.43	79,595,646
Queensland ..	50,164,147	80.52	12,132,839	19.48	62,296,986
South Australia ..	21,807,240	53.68	18,814,240	46.32	40,621,480
Western Australia ..	30,412,758	71.89	11,891,243	28.11	42,304,001
Tasmania ..	9,637,250	63.66	5,500,105	36.34	15,137,355
Total ..	261,107,683	66.52	131,432,478	33.48	392,540,161

The following table, giving corresponding particulars for the aggregate indebtedness of the Australian States at the end of each of the financial years 1908-9 to 1917-18, 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, 1909 TO 1918.

Date.	Floated in London.		Floated in Australia.		Total Public Debt.
	Amount.	Percentage on Total Debt.	Amount.	Percentage on Total Debt.	
	£	%	£	%	£
30th June, 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
„ 1918 ..	261,107,683	66.52	131,432,478	33.48	392,540,161

It will be seen that in the course of nine years the London indebtedness of the States has increased by £71,697,647, while the local indebtedness has increased by no less than £69,063,981. In other words, whilst on 30th June, 1909, the Australian portion of the debt represented only about one-fourth of the total, the proportion had on 30th June, 1918, grown to more than one-third, and has remained at about one-third for the last three years.

It will be noticed in the foregoing table that the Australian indebtedness of the States increased during the year 1917-18 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 4½ 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 767. Further advances were made to the States by the Commonwealth in 1916–18 out of the proceeds of loans contracted in London. The loans aggregated £12,000,000, and carried interest partly at 5½ per cent., and partly at 5¼ 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 5 per cent., 4½ per cent., 4¼ per cent., 4 per cent., 3¾ per cent., 3½ 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 5 per cent. The average rate payable on the aggregate indebtedness of the Australian States is nearly 4 per cent. For the separate States the average rate payable varies considerably, being lowest in the case of Victoria and highest in that of South Australia; 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, 1918:—

RATES OF INTEREST PAYABLE ON PUBLIC DEBT OF STATES, 30th JUNE, 1918.

Rate of Interest.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
%	£	£	£	£	£	£	£
6 .. ..	..	..	..	1,900	..	..	1,900
5½	13,076,000	..	..	..	..	..	13,076,000
5¼	3,000,000	1,304,000	..	3,472,000	1,811,000	593,000	10,180,000
5	2,695,400	650,000	1,275,000	775,000	1,100,000	200,000	6,695,400
5	5,365,450	(a) 4,087,335	2,496,000	3,377,000	1,130,450	1,125,799	17,582,034
4½	12,030,162	7,748,250	13,249,450	3,487,415	1,114,875	516,780	38,146,932
4¼ .. ..	..	660,250	..	..	..	140,750	801,000
4	7,400,000	3,900,000	..	2,600,000	3,100,000	1,000,000	18,000,000
4	28,143,540	19,301,678	18,667,450	8,879,013	12,730,186	5,498,239	93,220,106
3¾	13,514,098	230,183	2,550,050	5,892,264	1,650,000	540,243	24,376,838
3½	50,306,321	31,604,311	18,569,053	6,209,648	12,317,490	5,068,476	124,075,299
3	17,047,072	10,108,639	5,489,383	5,927,240	7,350,000	(b) 454,068	46,376,402
Not bearing interest ..	6,650	1,000	600	..	..	..	8,250
Total public debt	152,584,693	79,595,646	62,296,986	40,621,480	42,304,001	15,137,355	392,540,161
Average rate per cent. payable	£3/19/8	£3/16/10	£3/18/6	£4/0/6	£3/16/4	£3/19/5	£3/18/6

(a) Includes £20,000 at 4¾ per cent. (b) Includes £24,718 at 3¼ 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 1914 to 1918 :—

RATES OF INTEREST PAYABLE ON PUBLIC DEBT OF STATES, 30th JUNE, 1914 TO 1918.

Rate of Interest.	30th June, 1914.	30th June, 1915.	30th June, 1916.	30th June, 1917.	30th June, 1918.
%	£	£	£	£	£
6	74,900	49,900	39,900	19,900	1,900
5½	..	..	..	5,590,000	13,076,000
5¼	..	..	..	6,695,400	10,180,000
5½	..	..	2,950,000	6,695,400	6,695,400
5	142,700	2,146,800	7,010,675	14,753,617	17,582,034
4½	39,300	25,279,647	28,155,096	32,845,044	38,146,932
4¼	..	300,000	600,000	..	..
4½	..	290,750	771,250	901,000	801,000
4¼	..	10,625,000	18,000,000	18,000,000	18,000,000
4	111,771,588	100,551,888	97,965,741	95,382,445	93,220,106
3½	27,679,770	26,372,084	25,989,072	24,714,487	24,376,838
3¼	131,292,054	130,392,839	129,732,699	127,146,373	124,075,299
3	46,592,430	(a) 46,567,286	(a) 46,591,188	(a) 46,450,341	(a) 46,376,402
Not bearing interest	6,048	340,475	8,150	19,017	8,250
Total public debt	317,598,788	342,925,669	357,813,771	372,517,624	392,540,161
Average rate per cent. payable	£3/12/6	£3/13/11	£3/15/1	£3/16/6	£3/18/6

(a) Including £24,718 at 3¼ 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 5 per cent. the present minimum rate of interest for gilt-edged securities. The average rate is likely to rise for some considerable time, since securities falling due in the immediate future will, in all likelihood, have to be renewed at a higher rate of interest.

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, 1918, 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, 1917-18.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Total annual interest payable	5,188,754	2,977,277	(a) 2,454,863	1,700,590	1,573,666	549,690	14,444,840
Annual interest payable per head	£2/15/2	£2/2/2	£3/11/3	£3/18/0	£5/1/9	£2/14/1	£2/18/6

(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, there being only a few exceptions, which are included in the following table under the headings "interminable" and "indefinite." 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, 1918, 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, 1918.

Due Dates.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
Overdue ..	6,650	1,000	600	..	..	..	8,250
1918 ..	19,609,533	2,684,160	..	958,700	..	536,474	23,788,867
1919 ..	12,287,236	6,272,245	..	2,133,496	262,070	484,801	21,439,848
1920 ..	5,733,120	8,343,296	..	1,537,959	3,759,170	857,836	20,231,381
1921 ..	5,723,843	4,853,200	..	1,997,679	116,710	590,007	13,283,439
1922 ..	7,118,200	6,148,790	2,399,750	1,853,304	1,514,575	277,727	19,112,346
1923 ..	8,074,482	10,327,578	..	2,694,712	556,550	110,197	21,772,519
1924 ..	16,698,065	..	12,973,834	1,531,993	568,570	55,776	31,828,238
1925 ..	311,799	6,672,240	..	91,509	1,922,305	1,284,630	10,282,483
1926 ..	415,000	5,109,000	11,728,800	1,112,427	..	332,120	18,697,347
1927 ..	10,748,417	2,006,450	..	1,976,801	4,311,000	841,987	19,884,655
1928 ..	36,000	927,500	..	846,308	..	304,581	2,114,389
1929 ..	..	747,500	..	221,418	..	4,068	972,986
1930 ..	..	1,814,650	3,704,800	302,425	..	4,149	5,826,024
1931 ..	..	1,061,948	..	450	..	4,437	1,066,535
1932 ..	10,076,000	929,550	..	1,225	1,380,540	4,436	12,391,751
1933 ..	9,686,300	..	..	368,912	716,708	43,949	10,815,869
1934 ..	..	..	..	1,043,421	1,866,318	47,164	2,956,903
1935 ..	15,500,000	..	..	1,478,499	8,358,185	182,140	25,518,824
1936 ..	..	300,000	..	4,250,380	1,240,000	46,993	5,837,373
1937 ..	..	..	..	15,586	..	46,993	62,579
1938 ..	..	..	..	92,383	..	46,993	139,376
1939 ..	..	..	..	2,560,999	..	46,993	2,607,992
1940 ..	..	248,900	..	14,860	..	5,652,182	5,915,942
1941 ..	..	324,380	..	..	..	44,901	369,281
1942 ..	..	485,100	..	..	..	44,901	530,001
1943 ..	..	3,600	..	..	..	44,901	48,501
1944 ..	..	400	..	..	..	44,901	45,301
1945 ..	..	..	5,349,590	..	..	44,901	5,394,491
1946 ..	..	217,400	..	..	..	44,901	262,301
1947 ..	..	..	4,274,213	..	2,000,000	44,901	6,319,114
1948 ..	..	..	..	..	..	44,901	44,901
1949 ..	..	11,699,471	..	..	..	44,900	11,744,371
1950 ..	12,250,000	..	6,001,000	..	..	2,839,207	21,090,207
1951 ..	..	..	2,169,680	..	..	39,207	2,208,887
1952 ..	..	..	..	..	..	39,200	39,200
1953 ..	..	..	2,397,309	..	..	..	2,897,809
1954 ..	..	123,874	..	..	..	..	123,874
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 ..	..	..	2,884,450	..	..	..	2,884,450
1970 ..	..	..	3,416,460	..	..	..	3,416,460
Interminable ..	532,890	..	..	..	93,300	..	626,190
Annual drawings ..	..	..	..	..	635,000	..	635,000
Indefinite ..	7,275,158	5,314,014	2,496,000	10,536,034	..	..	25,621,206
Total ..	152,584,693	79,595,646	62,296,986	40,621,480	42,304,001	15,137,355	392,540,161

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, 1918:—

STATE SINKING FUNDS AND NET INDEBTEDNESS, 30th JUNE, 1918.

State.	Gross Indebtedness.	Sinking Fund.	Net Indebtedness.	Net Indebtedness per Head.
	£	£	£	£ s. d.
New South Wales ..	152,584,693	494,163	152,090,530	79 12 2
Victoria ..	79,595,646	2,186,078	77,409,568	54 12 7
Queensland ..	62,296,986	369,522	61,927,464	89 9 3
South Australia ..	40,621,480	1,533,973	39,087,507	88 19 8
Western Australia ..	42,304,001	5,570,851	36,733,150	118 1 4
Tasmania ..	15,137,355	878,737	14,258,618	70 5 11
Total ..	392,540,161	11,033,324	381,506,837	76 12 0

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 this appears also in the State debts. The sums borrowed by the Commonwealth for the States in London, during 1916–17 and 1917–18, have also been deducted from the Commonwealth debt of those years for the same reason.

COMMONWEALTH AND STATES PUBLIC DEBT, 1913–14 TO 1917–18.

Particulars.	1913–14.	1914–15.	1915–16.	1916–17.	1917–18.
	£	£	£	£	£
Commonwealth Public Debt ..	9,395,322	26,651,669	90,562,488	150,939,819	260,852,954
States Public Debt ..	317,598,788	342,925,669	357,813,771	372,517,624	392,540,161
Total ..	326,994,110	369,577,338	448,376,259	523,457,443	653,393,115
Total debt per head ..	£66/8/9	£74/12/11	£91/9/0	£106/18/4	£131/3/10

On pages 747 and 748 will be found a series of graphs illustrating the rise in the revenue and public debt of the Commonwealth and States since 1902, the year 1901–2 being the first complete financial year since Federation.