

CHAPTER VIII.

FINANCE.

A. COMMONWEALTH FINANCE.

§ 1. General.

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

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

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

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

COMMONWEALTH RECEIPTS, 1921-22 TO 1925-26.

Heading.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
Consolidated Revenue ..	64,897,046	64,720,635	66,017,203	68,854,809	72,285,806
Trust Funds in aid of Revenue ..	6,618,327	6,408,424	7,428,574	2,591,153	3,109,530
Total	71,515,373	71,129,059	73,445,777	71,445,962	75,395,336
General Loan Fund ..	12,253,610	10,362,083	34,086,149	16,528,286	32,590,572
Unexpended Balance from previous years ..	..	822,079	1,557,078	1,501,913	3,411,612
Total	12,253,610	11,184,162	35,643,227	18,030,199	36,002,184
War Loan Fund ..	14,452,902	36,784	13,662,824	37,418	324,224
Unexpended Balance from previous years ..	6,205,030	8,889,183	4,296,988	985,899	..
Total	20,657,932	8,925,967	17,959,812	1,023,317	324,224
Grand Total	104,426,915	91,239,188	127,048,816	90,499,478	111,721,744

COMMONWEALTH EXPENDITURE, 1921-22 TO 1925-26.

Heading.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
Expenditure from Consolidated Revenue	£ 51,453,087	£ 50,106,510	£ 48,676,907	£ 56,709,988	£ 63,048,182
Balance paid into Trust Funds ..	6,408,424	7,428,574	2,591,153	3,109,530	285,897
Expenditure from Trust Funds ..	6,618,327	6,408,424	7,428,574	2,591,153	3,109,530
Subsidy to States	7,035,535	7,185,551	7,324,538	7,535,291	7,951,727
Surplus allocated to Naval Construction .. .. .	..	..	2,508,850	..	..
Redemptions from Revenue .. .. .	..	..	4,915,755	1,500,000	1,000,000
Total	71,515,373	71,129,059	73,445,777	71,445,962	75,395,336
General Loan Fund Expenditure—					
New Works	5,246,503	5,383,949	6,060,048	6,341,758	7,778,856
Redemptions	6,185,028	4,243,135	28,030,116	8,276,829	22,011,103
Unexpended Balance of General Loan Expenditure	822,079	1,557,078	1,493,063	3,411,612	6,212,225
Total	12,253,610	11,184,162	35,643,227	18,030,199	36,002,184
War Expenditure from War Loan Fund	11,768,749	4,628,979	16,973,913	1,023,317	324,224
Unexpended Balance from War Loan Fund	8,889,183	4,296,988	985,899	..	..
Total	20,657,932	8,925,967	17,959,812	1,023,317	324,224
Grand Total	104,426,915	91,239,188	127,048,816	90,499,478	111,721,744

§ 2. Consolidated Revenue Fund.

Division I.—Nature of Fund.

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

Division II.—Revenue.

1. **Total.**—The consolidated revenue of the Commonwealth, which in 1901-2, the first complete financial year under the new régime, amounted to £11,296,985, had, in 1925-26, reached a total of £72,285,806, an increase in the period of £60,988,821.

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

COMMONWEALTH CONSOLIDATED REVENUE, 1921-22 TO 1925-26.

Revenue.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
Total	64,897,046	64,720,635	66,017,203	68,854,809	72,285,806

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

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

COMMONWEALTH CONSOLIDATED REVENUE PER HEAD, 1921-22 TO 1925-26.

Source of Revenue.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Taxation	9 0 4	8 17 1	8 16 11	8 19 11	9 1 6
Public Works and Services ..	1 14 8	1 14 9	1 13 11	1 15 2	1 17 1
Other Receipts	1 0 7	0 17 11	0 18 10	0 19 5	1 2 8
Total	11 15 7	11 9 9	11 9 8	11 14 6	12 1 3

3. Sources of Revenue.—(i) *General.* The following table furnishes details of the revenue from each source during the years 1921-22 to 1925-26 :—

COMMONWEALTH CONSOLIDATED REVENUE—SOURCES, 1921-22 TO 1925-26.

Source.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
Taxation—	£	£	£	£	£
Customs	17,328,310	22,597,306	25,177,882	26,405,161	27,839,889
Excise	10,302,049	10,274,823	10,572,902	10,787,620	11,358,989
Land Tax	2,284,040	2,018,876	2,030,127	2,519,711	2,521,910
Estate Duty	991,378	1,172,935	1,320,911	1,381,051	1,411,336
Income Tax	16,790,682	12,904,518	11,957,555	11,136,344	10,858,046
Entertainments Tax	675,675	629,802	622,460	650,586	460,326
War Time Profits Tax	1,306,708	286,757	70,846	Dr. 74,783	Dr. 77,491
Total	49,678,842	49,885,017	50,852,483	52,835,690	54,373,005
Public Works and Services—					
Postal	9,320,654	9,792,273	9,757,021	10,044,486	10,771,756
Railways	217,301	230,136	232,406	287,037	349,708
Other	4,094	14,340	..	..	..
Total	9,542,049	10,036,749	9,989,427	10,331,523	11,121,524
Other Revenue—					
Interest, Discount, etc.	2,361,137	2,574,962	2,386,136	3,358,239	4,594,346
Coinage	178,439	137,696	151,682	107,275	332,014
Defence	150,297	223,402	315,708	139,078	130,662
Quarantine	42,639	41,388	38,445	36,599	30,553
Territories (a)	77,844	28,189	30,658	38,720	41,978
Patents, etc.	41,393	40,491	37,770	39,026	42,017
Lighthouses	171,967	173,363	179,733	205,170	198,353
Pension Contributions	57,489	58,205	56,638	51,868	56,781
Defence Trust Account	203,085	102,419	40,565	7,413	..
Net Profit on Australian Note Issue ..	1,261,482	1,072,893	1,264,583	1,277,975	1,048,062
Miscellaneous	1,130,383	345,861	673,375	426,233	316,516
Total	5,676,155	4,798,869	5,175,293	5,687,596	6,791,277
Grand Total	64,897,046	64,720,635	66,017,203	68,854,809	72,285,806

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

The revenue from taxation reached its highest point in 1925-26 with upwards of £54,373,000. This represents an increase of more than £1,500,000 over that of 1924-25 the previous record collection. The increase was principally due to Customs and Excise receipts. With the exception of the year 1923-24, when there was a slight decrease, the postal receipts have shown a consistent upward tendency. During the last five financial years the operations of the shipping line have resulted in a deficit. The large amount for 1921-22, under the head of "Miscellaneous," includes £835,000, payment on account of the Army of Occupation.

(ii) *Taxation.*—(a) *Customs Revenue.* Particulars for the five years 1921-22 to 1925-26 are furnished in the following table:—

COMMONWEALTH CUSTOMS REVENUE, 1921-22 TO 1925-26.

Classes.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
Stimulants	1,981,882	2,294,264	2,604,200	2,740,191	2,945,846
Narcotics	1,619,916	1,699,023	1,746,785	1,889,604	2,075,940
Sugar	9,991	10,723	12,995	10,414	20,438
Agricultural products	951,816	1,156,209	1,296,361	1,118,219	1,287,944
Apparel and textiles ..	4,514,541	5,825,461	5,174,929	5,524,439	5,179,366
Metals and machinery	3,324,601	3,732,677	4,323,070	4,433,374	4,895,918
Oils, paints, etc. .. .	409,768	563,257	696,235	792,994	950,991
Earthenware, etc. .. .	503,941	557,017	631,056	654,120	688,321
Drugs and chemicals	395,777	536,975	444,587	465,174	525,649
Wood, wicker and cane	552,842	1,054,543	1,209,814	1,152,269	1,349,687
Jewellery, etc. .. .	525,207	723,180	773,206	875,365	866,799
Leather, etc. .. .	482,389	1,131,572	1,561,086	1,576,032	1,770,373
Paper and stationery	633,261	746,906	723,267	724,370	682,745
Vehicles	718,080	1,553,355	2,673,447	3,038,209	3,064,427
Musical instruments ..	170,859	248,467	460,445	504,419	466,054
Miscellaneous articles	480,461	706,572	796,069	845,993	1,007,789
Other receipts .. .	52,978	57,105	50,330	59,975	61,602
Total Customs .. .	17,328,310	22,597,306	25,177,882	26,405,161	27,839,889

The large increase in 1922-23 and 1923-24 over previous years may be ascribed to the increase in imports due to a considerable extent to heavy borrowings abroad by the Commonwealth and State Governments, while the rise in 1924-25 and 1925-26 is due mainly to increased trade resulting from the prosperity of the seasons.

(b) *Excise Revenue.* Particulars concerning the amount of Excise collected under each head during each of the years ending 30th June, 1922, to 1926, are given hereunder:—

COMMONWEALTH EXCISE REVENUE, 1921-22 TO 1925-26.

Particulars.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
Beer	5,473,220	5,498,800	5,501,648	5,642,646	5,847,974
Spirits	1,510,432	1,617,975	1,757,414	1,766,526	2,026,415
Tobacco	3,288,852	3,124,926	3,284,594	3,349,095	3,457,052
Starch	16,829	20,342	16,818	17,368	15,539
Licences	12,716	12,780	12,428	11,985	12,009
Total Excise .. .	10,302,049	10,274,823	10,572,902	10,787,620	11,358,989

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

A table is appended showing the actual amounts received by the Treasury for five years. The yield of the tax has been fairly constant, the decrease of £265,164 in 1922-23 being caused mainly by the abolition during the year of the additional 20 per cent. tax which was imposed under Act No. 30 of 1918, while the increase of nearly £500,000 in 1924-25 was brought about by the collection of arrears and of taxes due on Crown leaseholds.

COMMONWEALTH LAND TAX COLLECTIONS, 1921-22 TO 1925-26.

State.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
New South Wales ..	1,015,851	900,330	854,589	1,172,317	1,079,414
Victoria ..	910,764	748,016	818,328	944,997	1,074,265
Queensland ..	95,763	70,398	70,106	114,874	46,138
South Australia ..	174,983	181,893	162,593	182,191	198,630
Western Australia ..	45,820	80,952	64,345	62,503	78,778
Tasmania ..	40,859	37,287	39,166	42,829	44,685
Total ..	2,284,040	2,018,876	2,030,127	2,519,711	2,521,910

(d) *Estate Duty.* Collections from this source for the five years 1922 to 1926, are given hereunder :—

COMMONWEALTH ESTATE DUTY COLLECTIONS, 1921-22 TO 1925-26.

Year.	N.S.W.	Vic. (b)	Q'land.	S. Aust.(a)	W. Aust.	Tas.	Total
	£	£	£	£	£	£	£
1921-22 ..	363,731	372,126	97,785	82,698	39,865	35,173	991,378
1922-23 ..	483,616	397,489	100,158	132,833	41,455	17,384	1,172,935
1923-24 ..	477,974	555,324	87,278	147,035	27,322	25,978	1,320,911
1924-25 ..	604,358	496,723	87,820	116,950	58,380	16,820	1,381,051
1925-26 ..	547,712	515,570	95,827	180,991	41,993	29,243	1,411,336

(a) Including Northern Territory.

(b) Including Central Office.

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

COMMONWEALTH INCOME TAX COLLECTIONS, 1921-22 TO 1925-26.

State in which Collected.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
New South Wales ..	5,273,221	4,274,432	3,629,203	3,579,546	3,640,219
Victoria (a) ..	7,312,618	5,525,429	4,873,611	5,159,331	4,703,200
Queensland ..	1,547,138	1,209,829	1,011,458	679,745	980,852
South Australia ..	1,494,210	1,072,821	713,042	1,110,015	844,076
Western Australia ..	692,339	524,781	552,779	327,607	501,982
Tasmania ..	463,421	292,641	274,510	277,226	185,024
Northern Territory ..	7,735	4,585	2,952	2,874	2,693
Total ..	16,790,682	12,904,518	11,057,555	11,136,344	10,858,046

(a) Including Central Office.

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

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

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

(f) *Entertainments Tax.* The rate of Entertainments Tax, according to Amending Act No. 15 of 1922 which came into force on the 2nd October, 1922, is as follows:—For tickets of 1s., 1d.; exceeding 1s., 1d. for the first shilling, and $\frac{1}{2}$ d. for every subsequent sixpence or part of sixpence. By an Amending Act (No. 23 of 1925) the rate is now two-pence halfpenny for a payment of two shillings and sixpence, and one halfpenny for every subsequent sixpence or part thereof. The collections for the last five years are given hereunder.

The decreased returns for 1922–23 and 1923–24 as compared with 1921–22 result from the exclusion from taxation as from the 2nd October, 1922, of amounts for admission under one shilling. The decrease in the collections for 1925–26 is due to the remission of taxation on tickets less than two shillings and sixpence.

COMMONWEALTH ENTERTAINMENTS TAX COLLECTIONS, 1921–22 TO 1925–26.

State.	1921–22.	1922–23.	1923–24.	1924–25.	1925–26.
	£	£	£	£	£
New South Wales	276,786	256,755	248,615	274,791	183,856
Victoria	222,210	208,240	212,011	223,555	161,010
Queensland	75,048	66,512	64,194	76,533	48,745
South Australia	45,925	45,015	46,114	52,588	35,327
Western Australia	38,420	37,605	35,358	37,797	23,934
Tasmania	17,193	15,589	16,066	15,214	7,382
Northern Territory	93	86	102	108	72
Total	675,675	629,802	622,460	680,586	460,326

(g) *War-Time Profits Tax.* This tax came into force on the 22nd September, 1917. It provides for a tax on the amount by which the profits made in the war-time financial year (1st July to 30th June following) exceeds the pre-war standard of profits, which may be either:—(a) the average profits of two of the three years before 4th August, 1917, or (b) 10 per cent. on the capital employed in the business. The tax in respect of profits

derived in the financial year 1st July, 1915, to 30th June, 1916, was 50 per cent., and in all subsequent years 75 per cent. The collections for the last five years are given in the accompanying table. The original section 2 of the War Time Profits Tax Assessment Act stated that this Act would apply to the profits of any business arising up to 30th June next after the Declaration of Peace in connexion with the late war. After the signing of the armistice, on 11th November, 1918, the section was amended to accord with that intention, and thus fixed the final application of the Act to profits arising during the year ended 30th June, 1919. The figures for subsequent years represent delayed collections under this Act. Amendments of earlier assessments entailed the payment of large refunds in 1924-25 and 1925-26.

COMMONWEALTH WAR-TIME PROFITS TAX COLLECTIONS, 1921-22 TO 1925-26.

State in which Collected.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
New South Wales ..	376,480	43,524	8,412	Dr. 78,079	9,642
Victoria (a) ..	687,211	168,255	Dr. 19,595	5,428	Dr. 18,547
Queensland ..	83,892	70,402	33,767	Dr. 6,683	Dr. 35,553
South Australia ..	86,603	Dr. 15,302	42,944	Dr. 386	Dr. 32,337
Western Australia ..	44,351	15,377	3,777	316	51
Tasmania ..	28,172	4,501	1,341	4,621	Dr. 747
Total ..	1,306,709	286,757	70,646	Dr. 74,783	Dr. 77,491

(a) Including Central Office.

(b) Including Northern Territory, £1,324.

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

(iii) *Public Works and Services.*—(a) *Postal Revenue.* Particulars concerning this branch of revenue for each of the financial years from 1921-22 to 1925-26 are contained in the following table:—

COMMONWEALTH POSTAL REVENUE, 1921-22 TO 1925-26.

Particulars.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
Private Boxes and bags ..	42,606	44,542	48,132	52,301	55,813
Commission—					
Money orders and postal notes ..	172,861	179,571	181,663	192,809	201,445
Telegraphs ..	1,375,584	1,405,664	1,426,542	1,481,784	1,490,480
Telephones ..	2,724,552	2,983,069	3,301,651	3,599,864	4,044,414
Postage ..	4,682,964	4,913,162	4,362,660	4,333,461	4,580,354
Radio Receipts ..	25,995	7,711	4,012	18,291	21,178
Miscellaneous ..	296,092	258,554	432,361	365,976	378,072
Total ..	9,320,654	9,792,273	9,757,021	10,044,486	10,771,756

The decrease of £550,502 in 1923-24 as compared with the preceding year under the sub-head "Postage" was due to reductions in postal rates. The installation of additional telephones was responsible for the large increase of £298,213 under the item "Telephones" in 1924-25, and £444,550 in 1925-26. The item "Miscellaneous" includes a subsidy from the Commonwealth Bank for the conduct of Savings Bank business, payments by the United Kingdom in respect of mail transit rates, and certain allowances.

(b) *Railway Revenue.* The Commonwealth Government is responsible for four lines—the Kalgoorlie-Port Augusta, the Port Augusta-Oodnadatta, the Darwin-Katherine River, and the Federal Capital Territory line. The appended table shows the amounts paid into the credit of the Consolidated Revenue Fund on account of each of these railways for the past five years. Under an arrangement which came into effect on 1st January, 1914, the Port Augusta-Oodnadatta Railway was worked by the South Australian Government, and the Commonwealth Government paid the deficiency on the working. This arrangement was terminated on 31st December, 1925, since when this railway has been worked by the Commonwealth Railway Commissioner.

COMMONWEALTH RAILWAY REVENUE, 1921-22 TO 1925-6.

Railway.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
Kalgoorlie-Port Augusta ..	201,084	215,368	215,945	254,291	276,278
Port Augusta-Oodnadatta..	(a)	(a)	(a)	(a)	27,035
Darwin-Katherine River ..	14,370	14,768	16,461	29,105	38,879
Federal Capital Territory ..	1,847	(b)	(b)	3,641	7,576
Total	217,301	230,136	232,406	287,037	349,768

(a) See paragraph (b) above.

(b) Not available.

(c) *Commonwealth Steamships.* For the year 1925-26 the estimated earnings, including those of the detained enemy vessels, were £1,911,731, and the estimated expenditure £2,414,808, leaving a loss of £503,077 on the year's operations. Further information relative to the Commonwealth Government Line of Steamers will be found in Chapter VII., part A, Shipping.

(iv) *Other Sources of Revenue.*—(a) *Interest, Discount, etc.* The most important investments of the Commonwealth Government from which interest is derived are—Loans to States, General Trust Funds, Loans placed in London, Fixed Deposits with the Commonwealth and other Banks, and certain advances and overdrafts. In 1925-26 they included Interest on Loans and Advances to States, £3,792,556; Interest on General Trust Fund Investments, £326,359; and Interest, Nauru Island Agreement, £87,265.

(b) *Coinage.* The Commonwealth Revenue under this head is derived from profit on coin issued, and for 1925-26 was made up of £317,215 for silver and £14,799 for bronze.

(c) *Defence.* The income from this source (which is derived from both Defence and Navy Offices) arises chiefly from sales of material and stores supplied, forfeitures, fines, costs, etc. In 1925-26, £100,625 was contributed by the Defence Department (Military), £5,470 by the Air Services, and £24,567 by the Navy Office.

(d) *Patents, etc.* This heading includes Patents, Trade Marks, Copyright and Designs. In 1925-26, £31,482 was obtained from Patents, and £10,535 from Trade Marks, Copyright and Designs.

(e) *Defence Trust Account.* This is credited with receipts from Parliamentary appropriations, and from the Departments and the public for work done and material supplied. In the year 1924-25, only the unexpended balance of Trust Fund Clothing Factory, viz., £7,413, was transferred to the Consolidated Revenue Fund, thus closing the account.

(f) *Miscellaneous.* This includes several items which are either small in themselves, or not included under separate headings, as they are virtually non-recurring. Thus in 1922-23 there was a payment into revenue of £168,709 on account of Sugar—Interest on Overdraft; in 1923-24, a sum of £195,000 being a repayment of advances to Trust Fund—Cockatoo Island Dockyard Account; receipts under the Commerce Act amounted to £55,210 in 1924-25 and to £44,391 in 1925-26.

Division III.—Expenditure.

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

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

Of these three, only the first two were actual expenditure, the last being merely a transfer, the actual expenditure being incurred by the States. In accordance with the provisions of the Constitution, the expenditure on transferred services was, under the "book-keeping" system, debited to the several States in respect of which such expenditure was incurred, while the expenditure on new services was distributed *per capita*. Surplus Commonwealth revenue was paid to the States monthly. During the earlier years of Federation, viz., until the end of the year 1903-4, new works, etc., for transferred departments were treated as transferred expenditure, and were charged to the States on whose behalf the expenditure had been incurred. In subsequent years all such expenditure was regarded as expenditure on new services, and distributed amongst the States *per capita*. Under the arrangement, which superseded the "book-keeping" system, a specific subsidy of 25s. per head of population is made annually by the Commonwealth to the States, and there is no further debiting of expenditure to the several States. The States Grants Act (No. 4 of 1927) provides for the abolition of the *per capita* payments as from 30th June, 1927. Further details in connexion therewith will be found in part B, § 3 of this chapter.

2. *Total Expenditure.*—The total expenditure by the Commonwealth Government and the expenditure per head of population during the period 1921-22 to 1925-26 are shown in the following table :—

COMMONWEALTH EXPENDITURE, 1921-22 TO 1925-26. (a)

Particulars.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
Total	65,106,949	63,700,485	63,438,869(b)	68,336,432	75,109,438
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Per head	11 16 3	11 6 1	11 0 8	11 12 9	12 10 8

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

(b) Excluding £4,915,755 used for Debt redemption.

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

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

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

**COMMONWEALTH EXPENDITURE—CONSOLIDATED REVENUE,
1921-22 TO 1925-26.**

Heads of Expenditure.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
Cost of Departments—	£	£	£	£	£
Governor-General	27,897	28,045	27,845	26,777	29,928
Parliament	346,192	446,464	336,012	355,257	469,419
Prime Minister	733,528	908,527	1,094,661	1,023,844	944,379
Attorney-General	148,045	162,797	162,136	169,015	185,427
Treasury	6,984,277	7,180,785	8,034,480	8,406,285	9,640,409
Trade and Customs	889,121	2,243,809	1,627,818	1,298,275	1,541,864
Defence	4,456,198	3,785,532	3,852,531	3,784,415	4,004,827
Postmaster-General	8,188,686	8,242,025	9,273,494	10,288,438	10,651,925
Home and Territories	695,708	526,033	522,640	524,983	699,756
Works and Railways	609,327	1,127,306	669,331	1,335,267	1,811,098
Health	172,227	155,912	167,917	187,799	176,672
Markets and Migration .. .. .	..	..	..	869,717	685,714
Total	23,251,206	24,807,285	25,768,865	28,270,072	30,841,418
Miscellaneous—					
New Works	2,571,794	720,927	629,510	343,916	316,941
War Services	31,337,164	30,100,472	28,770,106	29,982,761	30,171,850
Subsidies to States	7,035,535	7,185,551	7,324,538	7,535,291	7,951,727
Interest—State Loans Act	911,250	866,250	945,850	1,216,253	2,084,757
Special Defence Provision .. .. .	..	..	..	988,139	3,742,745
Total	41,855,743	38,893,200	37,670,004	40,066,360	44,268,020
Grand Total	65,106,949	63,700,485	63,438,869a	68,336,432	75,109,438

(a) Excluding £4,915,755 used for Debt redemption.

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

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

(ii) *Cost of Departments.*—(a) *Governor-General.* Section 30 of the Constitution enacts that, until the Commonwealth Parliament otherwise provides, there shall be payable out of the Consolidated Revenue Fund for the salary of the Governor-General an annual sum of ten thousand pounds, and a proviso is made that the salary of the Governor-General shall not be altered during his continuance in office. The total expenditure in connexion with the Governor-General and establishment for the five years 1921-22 to 1925-26 is as follows:—

**EXPENDITURE.—GOVERNOR-GENERAL AND ESTABLISHMENT,
1921-22 TO 1925-26.**

Details.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
Salary	10,000	10,000	10,000	10,000	10,000
Governor-General's Establishment	11,708	11,046	10,931	9,924	12,761
Contingencies (a)	6,189	6,999	6,914	6,061	6,314
Interest on Commonwealth Treasury Bills .. .. .	..	..	..	792	853
Total	27,897	28,045	27,845	26,777	29,928

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

(b) *Parliament.* Under this head have been grouped all the items of expenditure connected with the Parliamentary government of the Commonwealth for the five years 1921-22 to 1925-26.

EXPENDITURE.—COMMONWEALTH PARLIAMENT, 1921-22 TO 1925-26.

Details.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
Salaries of Ministers	15,300	14,598	13,569	14,408	15,300
Allowances to Senators	34,916	34,790	35,312	35,135	34,769
Allowances to Members of House of Representatives	69,395	65,275	74,359	74,628	66,055
Officers, staff, contingencies, etc.	63,253	61,484	61,418	60,353	64,089
Repairs, maintenance, etc.	2,529	1,800	1,894	2,284	2,281
Printing	24,912	23,108	24,244	24,323	28,182
Travelling expenses of Members and others	12,262	29,300	20,200	19,898	20,144
Insurance	342	342	342	342	342
Electoral Office	72,816	78,706	74,401	81,791	83,285
Election expenses	5,201	89,808	721	2,951	106,704
Administration of Electoral Act	42,548	44,703	25,576	32,437	41,568
Miscellaneous	2,718	2,550	3,976	6,707	6,700
Total	346,192	446,464	336,012	355,257	469,419

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

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

EXPENDITURE.—PRIME MINISTER'S DEPARTMENT, 1921-22 TO 1925-26.

Details.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
Salaries, contingencies, etc.	38,191	38,896	34,800	41,623	41,483
Audit Office	34,689	34,754	35,382	36,052	33,459
Rent, repairs, etc.	9,021	7,710	10,348	10,094	8,454
Public Service Board's Office	34,960	33,745	47,491	50,849	50,485
High Commissioner's Office, London	69,417	59,024	54,508	60,664	63,744
Australian Commissioner's Office, New York	9,353	6,466	11,489	14,875	12,270
Interest on Commonwealth Securities	204,316	439,054	464,071	530,006	548,709
Sinking Fund on Commonwealth Securities	550	31,013	48,967	48,177	48,179
Mail Service to Pacific Islands	49,167	46,805	52,953	(a)	(a)
Contribution to Secretariat, League of Nations	40,984	37,470	34,620	25,500	24,893
Immigration	72,175	69,560	66,866	(a)	(a)
Interest on Transferred Properties	30,370	30,370	29,480	29,945	29,965
Miscellaneous	140,335	73,660	203,686	176,059	82,738
Total	733,528	908,527	1,094,661	1,023,844	944,379

(a) Transferred to other Departments.

The "Miscellaneous" vote for 1921-22 included £49,070 for relief of distress in Europe, and £32,500 as payment to the South African Government on account of wheat. The agreement with the Amalgamated Wireless Limited for the upkeep of Coastal Stations accounted for £47,330 of the "Miscellaneous" vote in 1922-23. In 1923-24 this item was debited with £137,697, payment to Central Wool Committee in respect of wool supplied for the local manufacture of wool-tops, and £14,109, British Empire Exhibition. In 1924-25, the largest item was a further payment of £137,697 to the Central Wool Committee. The largest items in 1925-26 were—Oil Agreement, £26,992, and American Fleet visit, £19,198.

(d) *Attorney-General's Department.* The extra expenditure connected with this Department of late years has been caused in large measure by the extension of the Federal High Court, and an increase in the item "Patents, Trade Marks, etc." Details for the five years 1921-22 to 1925-26 are furnished hereunder:—

EXPENDITURE.—ATTORNEY-GENERAL'S DEPARTMENT, 1921-22 TO 1925-26.

Details.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
Attorney-General's Office	18,358	20,010	17,949	19,555	21,596
Crown Solicitor's Office	18,248	18,829	19,478	21,997	22,690
Salaries of Justices of High Court	21,500	21,500	21,500	21,500	21,500
High Court expenses	12,276	13,957	14,104	13,269	14,000
Court of Conciliation and Arbitration	4,949	11,182	8,378	11,995	12,958
Public Service Arbitrator's Office	4,524	3,604	3,955	4,027	3,953
Rent, repairs, etc.	8,200	12,797	11,081	11,472	12,571
Patents, Trade Marks, etc.	43,602	43,973	42,935	45,598	48,691
Investigation Branch	7,496	7,904	8,905	9,184	9,970
Miscellaneous	8,892	9,041	13,851	10,418	17,498
Total	148,045	162,797	162,136	169,015	185,427

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

EXPENDITURE.—TREASURER'S DEPARTMENT, 1921-22 TO 1925-26.

Details.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
Treasury	56,084	50,698	51,007	54,413	51,808
Taxation Office	592,149	576,424	516,887	463,176	426,425
Pensions Office	88,687	84,535	88,405	92,999	97,761
Maternity Allowance Office	15,143	15,764	14,512	16,117	15,384
Coinage	50,785	31,979	16,273	23,836	54,905
Rent, repairs, etc.	33,002	29,426	22,993	13,085	15,305
Miscellaneous	77,693	(b)279,508	130,347	61,549	45,579
Departmental Expenditure	913,543	1,068,334	840,424	725,175	707,167
Invalid and Old-age Pensions (a)	5,290,056	5,337,936	6,426,752	6,896,401	8,146,636
Maternity Allowance	690,700	688,435	670,175	688,205	680,855
Maintenance of persons in charitable institutions	89,978	86,080	97,129	96,504	105,751
Total	6,984,277	7,180,785	8,034,480	8,406,285	9,640,409

(a) Including the following amounts spent from Trust Funds:—In 1921-22, £4,417,704; in 1922-23, £3,204,212; in 1923-24, £3,714,287; in 1924-25, £1,723,162; and in 1925-26, £1,884,530. (b) Including Taxation Officers' Compensation, £200,000.

The increase in the departmental expenditure had been largely on account of the Taxation Office, but, during 1923-24, 1924-25 and 1925-26 expenditure under this item decreased by £59,537, £53,711 and £36,751 respectively. The "Miscellaneous" vote for

1922-23 included a loan of £25,000 to the Returned Soldiers' Woollen Company and £200,000 Taxation Officers' Compensation. In 1923-24 it included £60,000, donation to Japanese Earthquake Fund, a loan of £21,000 to the Port Huon Fruit Growers' Association, and £10,000 to the Returned Soldiers' Woollen Company.

(f) *Trade and Customs.* Under this head have been included the expenditure of all the sub-departments under the control of the Minister of Trade and Customs, as well as the amounts payable as sugar and other bounties, and the expenses in connexion therewith. The administration of Patents, Trade Marks, and Copyright is now entrusted to the Attorney-General's Department, that of Quarantine to the Department of Health, and that of the Institute of Science and Industry to the Department of Markets and Migration. Particulars for the five years 1921-22 to 1925-26 are given in the following table :—

EXPENDITURE.—TRADE AND CUSTOMS DEPARTMENT, 1921-22 TO 1925-26.

Details.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
Chief Office	68,677	70,037	72,238	78,159	79,813
Customs (ordinary) .. .	477,566	439,462	503,150	531,189	551,161
Navigation	18,188	25,426	39,927	44,484	44,726
Analyst	5,794	5,829	6,039	5,854	(b)
Audit (proportion) .. .	6,869	9,371	10,970	10,552	11,030
Pensions and retiring allowances .. .	16,946	18,736	20,365	22,499	22,724
Rents, repairs, etc. .. .	23,089	21,445	22,616	32,191	26,148
Sugar and other bounties .. .	29,793	192,114	455,859	304,548	498,582
Lighthouses	160,518	162,946	169,045	184,298	199,057
Interest on transferred properties .. .	42,497	47,162	49,541	47,217	46,986
Interest on Commonwealth securities .. .	1,741	4,943	8,180	13,667	21,224
Bureau of Commerce and Industry .. .	5,000	4,659	3,484	..	..
Institute of Science and Industry .. .	17,201	22,591	22,679	(a)	(a)
Miscellaneous	15,242	1,219,088	243,725	23,617	40,413
Total	889,121	2,243,809	1,627,818	1,298,275	1,541,864

(a) Transferred to Department of Markets and Migration.

(b) Included in Customs (Ordinary).

The "Miscellaneous" vote in 1922-23 includes Loans for purchase of Wire Netting, £250,000, and Losses and Advances on Fruit Pools, £863,000. In 1923-24, an amount of £141,262, British Empire Exhibition, was included.

(g) *Defence.* The expenditure in connexion with Defence, which in 1901-2 amounted to £861,218, had by 1925-26 grown to £4,004,827, of which £1,587,549 was expended on Military Services, £2,136,114 on Naval Services, and £281,164 on Air Services. Expenditure on the Air Service is included for the first time in 1920-21. Particulars for the last five years are as follows :—

EXPENDITURE.—DEFENCE, COMMONWEALTH, 1921-22 TO 1925-26.

Details.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
Chief Office	150,384	89,732	96,645	103,438	103,913
Military	1,386,042	1,208,005	1,289,171	1,269,799	1,307,815
Naval	2,198,268	1,942,227	1,916,384	1,842,937	1,943,911
Air Services	155,282	179,337	222,657	216,544	281,164
Audit (proportion) .. .	15,032	14,374	17,169	9,474	8,625
Pensions and retiring allowances .. .	2,623	2,921	2,899	2,797	3,352
Rents, repairs, etc. .. .	107,312	92,894	107,871	113,281	127,983
Interest on transferred properties .. .	93,586	97,112	94,459	95,706	94,121
Interest on Commonwealth securities .. .	18,776	84,756	79,823	100,162	123,028
Miscellaneous	328,883	74,224	25,453	30,277	10,915
Total	4,456,198	3,785,582	3,852,531	3,784,415	4,004,827

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

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

EXPENDITURE.—POSTAL DEPARTMENT, 1921-22 TO 1925-26.

Details.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
Chief Office	33,954	37,800	46,685	48,643	51,660
Postal Department (ordinary)	7,722,459	7,556,391	8,121,381	8,950,694	8,705,960
Audit (proportion) .. .	8,927	10,293	10,663	10,630	10,009
Pensions and retiring allowances	81,171	84,057	92,436	95,928	102,518
Superannuation		7,748	28,999	45,687	59,136
Rents, repairs, etc. .. .	101,047	123,405	138,092	174,012	195,464
Interest on transferred properties	186,752	193,103	198,699	198,923	(a)315,398
Interest on Commonwealth Securities	19,516	90,421	353,387	494,054	855,507
Sinking Fund on Commonwealth Securities .. .	16,193	23,218	107,552	269,469	355,891
Miscellaneous	18,667	115,589	85,600	398	382
Total	8,188,686	8,242,025	9,273,494	10,288,438	10,651,925

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

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

(i) *Home and Territories.* Under this Department, created in the financial year 1916-17, is placed the bulk of the old External Affairs Department (after the removal of the London office), the Census and Statistics, Meteorological and Lands and Survey Offices, taken from the old Home Affairs Department, and the Mandated Territory of New Guinea. The Darwin-Katherine River Railway is administered by the Works and Railways Department. The Shipping and Mail Services to the Pacific Islands were transferred from the Prime Minister's Department in 1924-25, and the Lands and Survey branch to the Department of Works and Railways in 1925-26. The Electoral Office which is administered by this Department is for the purposes of this Chapter shown under Section (b) above.

EXPENDITURE.—HOME AND TERRITORIES DEPARTMENT, 1921-22 TO 1925-26.

Details.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
Chief Office	21,594	21,141	24,544	27,891	27,369
Census and Statistics .. .	18,936	20,438	19,575	23,394	26,240
Meteorological Branch .. .	88,932	80,911	39,245	34,656	34,562
Lands and Survey	22,226	15,124	12,354	15,035	(c)
Papua	179,245	80,894	79,139	71,239	96,745
Northern Territory	193,950	195,886	212,469	145,685	147,120
Federal Capital Territory .. .	32,741				
Norfolk Island	3,000	3,500	3,500	3,500	3,945
New Guinea				10,064	10,214
Shipping and Mail Services, Pacific Islands	(b)	(b)	(b)	52,834	50,418
Interest on Commonwealth Securities (a)	34,280	46,843	68,226	75,226	88,209
Sinking Fund, Commonwealth Securities (a)	2,535	4,346	7,711	8,771	8,854
Rents, repairs, etc.	15,941	23,122	22,615	15,319	12,074
Miscellaneous	82,328	33,822	33,262	41,369	194,006
Total	695,708	526,033	522,640	524,983	699,756

(a) Includes Federal Capital Territory.

(b) Included in Prime Minister's Department.

(c) Included in Department of Works and Railways.

The "Miscellaneous" in 1924-25 includes Census expenditure £11,999, and a grant of £10,000 for medical purposes in New Guinea. In 1925-26 were included sums of £100,000 to aid prospecting, and £46,217 paid to States towards losses arising out of the payment of a guaranteed price to cotton growers.

(j) *Works and Railways Department.* The extension of Commonwealth Works and Railways led, in 1916-17, to the separation of these branches from the former Home Affairs Department and the constitution of a separate Works and Railways Department. To this Department was entrusted the administration of the railways originally under the control of the old External Affairs Department and the Lands and Survey branch which was transferred to it from the Department of Home and Territories in 1925-26. The expenditure for the last five years was as follows:—

EXPENDITURE.—WORKS AND RAILWAYS DEPARTMENT, 1921-22 TO 1925-26.

Details.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
Chief Office	31,724	32,939	34,274	33,495	35,683
Kalgoorlie-Port Augusta Railway Port Augusta-Oodnadatta Rail- way, and Northern Territory and Federal Capital Territory Railways	255,776	249,289	265,293	285,912	285,876
Lands and Survey	180,034	183,293	188,441	131,238	213,898
Interest on transferred properties	374	..	..	..	(a)13,952
Interest on Commonwealth Se- curities	100,408	127,717	135,085	332,266	425,737
Sinking Fund on Commonwealth Securities	13,200	16,178	15,007	37,713	45,283
Rent, repairs, etc.	4,544	5,526	4,928	7,648	7,939
Royal Commission—Unification of Gauge	9,229	449	560	..	..
Main Roads Development .. .. .	..	500,000	..	500,000	750,000
Miscellaneous	14,038	11,915	25,743	6,995	31,076
Total	609,327	1,127,306	669,331	1,335,267	1,811,098

(a) Previously included in Department of Home and Territories.

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

EXPENDITURE.—HEALTH DEPARTMENT, 1921-22 TO 1925-26.

Details.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
Central Administration	9,601	8,486	9,898	12,432	13,543
Salaries, Contingencies, etc.	134,934	114,429	106,298	116,291	121,588
Interest on Treasury Bills	87	965	1,804	2,083	3,128
Interest on Transferred Properties	6,909	7,979	7,466	7,674	7,668
Rent and repairs	10,065	14,858	15,292	12,697	20,670
Miscellaneous	10,631	9,195	27,159	36,622	10,076
Total	172,227	155,912	167,917	187,799	176,672

Included under the item Miscellaneous in 1924-25 is an expenditure of £22,488 in connexion with the rinderpest outbreak in Western Australia.

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

EXPENDITURE.—MARKETS AND MIGRATION DEPARTMENT, 1924-25 AND 1925-26.

Details.	1924-25.	1925-26.
	£	£
Chief Office	1,529	9,989
Immigration	63,058	93,588
Commonwealth Council for Scientific and Industrial Research	24,796	32,574
British Empire Exhibition	13,567	21,133
Loan under Hop Pool Agreement Act	24,500	..
Dried Fruits Export Control	19,072	29,229
Dairy Produce Export Control .. .. .	..	26,728
Fruit Pool Losses	154,000	..
Assistance to Primary Production	500,000	..
Interest on Commonwealth Securities	30,325	95,780
Miscellaneous	38,870	376,693
Total	869,717	685,714

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

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

EXPENDITURE ON NEW WORKS, 1921-22 TO 1925-26.

Department.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
Parliament ..	2,086	..	..	..	..
Prime Minister ..	1,029	143	31,250	..	5,844
Treasury ..	54,242	..	..	..	..
Attorney-General ..	..	..	..	..	3,251
Trade and Customs ..	7,249	3,609	1,675	7,887	714
Defence ..	1,507,758	460,734	311,323	309,277	247,398
Postmaster-General ..	940,114	221,709	248,876	..	..
Home and Territories ..	31,463	13,885	15,282	16,613	33,629
Works and Railways ..	109	..	..	..	17,677
Health ..	27,744	20,847	21,104	10,139	8,018
Markets and Migration ..	..	..	..	..	410
Total ..	2,571,794	720,927	629,510	343,916	316,941

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

(c) *Interest—State Loans Act.* The amount of £2,084,757 is the interest on the sum of £47,728,340 borrowed by the Commonwealth and advanced to the States.

Division IV.—Subsidy Paid to States.

1. *Payments to the States.*—The following table furnishes particulars of the subsidies paid to the States on account of each of the financial years 1921-22 to 1925-26:—

COMMONWEALTH SUBSIDY PAID TO STATES, 1921-22 TO 1925-26.

State.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
New South Wales ..	2,632,036	2,690,198	2,738,725	2,796,928	2,853,850
Victoria ..	1,918,967	1,969,772	2,014,746	2,055,834	2,090,951
Queensland ..	952,728	978,673	1,005,486	1,035,791	1,069,286
South Australia ..	621,862	635,833	650,453	668,084	684,932
Western Australia ..	554,704	554,828	558,573	561,741	(b)915,231
Tasmania ..	355,238	356,247	356,555	(a)416,913	337,477
Total ..	7,035,535	7,185,551	7,324,538	7,535,291	7,951,727

(a) Including a special payment of £61,656 income tax received by the Commonwealth in respect of prizes won on lotteries and paid to the State under Section 4 of the Tasmania Grant Act 1921.

(b) Including a special grant of £353,112.

The amounts of subsidy given in the table are based upon an annual payment of £1 5s. per capita, with special concessions to Western Australia and Tasmania, and are in accordance with the provisions of the "Commonwealth Surplus Revenue Act" passed in 1910 which came into effect on the 1st July of that year for a period of ten years, subject to revision on the expiration thereof. This period expired on the 30th June, 1920, and it was then possible for Parliament to extend the Act for a further period, or to enter into new financial relations with the States. The "per capita" payment has been continued provisionally up to the present time. A Conference of Commonwealth and State Ministers was held in May, 1926, to consider the question of the inter-relation of Commonwealth and State finance. No satisfactory conclusions were arrived at, but the Commonwealth Government has since passed legislation terminating these payments at 30th June, 1927. See further Section B § 1, 3, hereinafter.

§ 3. Trust Fund and Miscellaneous.

1. Trust Accounts.—The Trust Fund balances on 30th June, 1926, totalled £14,410,826 as compared with £17,358,801 for the corresponding date in the year ending 30th June, 1925. Details concerning the most important trust accounts are contained in the following table:—

COMMONWEALTH TRUST FUNDS AT 30th JUNE, 1926.

Trust Accounts.	Balance at 30th June, 1926.	Trust Accounts.	Balance at 30th June, 1926.
	£		£
Admiralty	2,759	New Guinea Agency	6,164
Australian Notes and Bond Printing ..	1,229	Northern Territory	32,049
Australian Soldiers' Repatriation ..	13,961	Other Trust Moneys	769,914
Australian Soldiers' Repatriation Con- tribution	73,918	Primary Production	455,293
Canned Fruit Bounty	4,161	Prospecting for Precious Metals ..	39,000
Cockatoo Island Dockyard	24,658	Prospecting for Petroleum	60,000
Commonwealth Government Ships ..	24,189	Public Trustee	30,691
Defence—Clothing Material	76,707	Railway Plant and Stores Suspense ..	85,049
Naval Construction	3,552,999	Railway Provision Stores	5,568
Reserve	313,908	Science and Industry Endowment ..	100,000
Small Arms	25,538	Science and Industry Investigations ..	250,000
Small Arms Ammunition	206,883	Stamp Printing	15,990
Stores, London Liabilities	1,210,984	State Loans Expenses Suspense ..	36,237
Deferred Pay	487,513	Superannuation Fund	1,098,955
General Average Deposits	12,243	Suspense	10,485
Imperial Pensions	27,302	Taxation Officers Compensation ..	164,102
International Postal and Money Order ..	14,354	Treaty of Peace—Clearing Office ..	5,915
Invalid and Old-age Pensions	285,897	Unclaimed Militia Pay	605
Loans—Wire Netting	32,451	War Savings Certificates Interest ..	133,500
London Loans Expense Suspense	376,084	War Service Homes Insurance ..	92,511
Main Roads Development	380,865	Miscellaneous	61,646
Money Order	539,500		
National Debt Sinking Fund	3,269,249	Total	14,410,826

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

COMMONWEALTH LOANS RAISED ON BEHALF OF STATES AS AT 30th JUNE, 1926.

State.	Amount Floated in—			Total.
	London.	New York.	Australia.	
	£	£	£	£
New South Wales	275,275	..	2,981,850	3,257,125
Victoria	2,838,615	1,926,436	6,102,553	10,867,604
Queensland	5,868,649	770,574	2,918,555	9,557,778
South Australia	4,389,812	770,574	8,228,129	13,388,515
Western Australia	5,446,027	1,541,149	1,823,581	8,810,757
Tasmania	1,067,000	..	779,561	1,846,561
Total	19,885,378	5,008,733	22,834,229	47,728,340

In addition to these amounts, the Commonwealth Government has made further advances to the States for various purposes which are set out as follows, the figures representing sums outstanding at 30th June, 1926 :—

ADVANCES TO STATES AT 30th JUNE, 1926.

Advances to—	Amounts.	Total.
	£	£
Government of New South Wales—		
Settling returned soldiers	9,805,983	
Silos for wheat storage	500,000	
		10,305,983
Government of Victoria—		
Settling returned soldiers	11,794,075	
Providing employment	87,875	
		11,881,950
Government of Queensland—		
Settling returned soldiers	2,700,583	
Providing employment	400,000	
Forestry	71,132	
Advances for Public Works	1,250,000	
Advances for Workers' Dwellings	74,699	
		4,496,414
Government of South Australia—		
Settling returned soldiers	2,833,005	
Providing employment	28,796	
		2,861,801
Government of Western Australia—		
Settling returned soldiers	5,431,202	
Advances for Immigration	1,500,000	
Advances for Public Works	502,300	
		7,433,502
Government of Tasmania—		
Settling returned soldiers	2,129,563	
Advances for Public Works	66,215	
		2,195,778
Total		39,175,428

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

COMMONWEALTH SURPLUS REVENUE, 1921-22 TO 1925-26.

Year.	Surplus.	Deficiency.	Accumulated Surplus at end of Year.
	£	£	£
1921-22 .. ..	..	209,903	6,403,424
1922-23	1,020,150	..	7,428,574
1923-24	2,578,334	..	(a) 10,006,908
1924-25	518,376	..	3,109,529
1925-26 .. ..	..	(b) 2,823,632	285,897

(a) Of this sum £4,915,755 was used in debt redemption and £2,500,000 transferred to Trust Funds.

(b) After transferring £2,974,950 to various Trust Funds to be spent in succeeding years.

§ 4. Commonwealth Loan Funds and Public Debt.

1. **General.**—Although it was not until 1915 that the Federal Government came into the loan market as a borrower, there had previously existed a Commonwealth Public Debt which included several items, such as the balance of the debt taken over from South Australia and the money owing to the States for transferred properties. The debt still includes the items mentioned, in addition to the General Loan Fund, the loans for military purposes, etc. In view of the large expansion of the Public Debt, and its present importance in Commonwealth public finance, the different items are treated seriatim in the following sub-sections:—

2. **Loans taken over from South Australia.**—The first portions of the debt were contracted at the beginning of 1911, when the Commonwealth assumed responsibility for the payment of interest on transferred properties (further dealt with in sub-section 4) and for the administration and the liabilities of the Northern Territory and the Port Augusta—Oodnadatta Railway. At 30th June, 1911, the debt on account of the former was £3,657,836, and on account of the latter, £2,274,486—a total of £5,932,322. As the securities fall in they are redeemed by the Commonwealth Government, the money required being taken from the Loan Fund. The item is thus constantly diminishing, and on 30th June, 1926, stood at £2,193,496, of which £1,117,619 was on account of the Northern Territory, and £1,075,877 on account of the railway.

3. **Loan Fund for Public Works Redemptions, etc.**—Up to the year 1911 the Commonwealth Government had met its Public Works expenditure out of revenue. In that year, however, in view of the heavy prospective cost of the Transcontinental Railway and the Federal Capital Territory, it was decided to institute a Loan Fund similar to those of the States. The initiation of this Fund was greatly assisted by the fact that the Treasury at that time held a large quantity of gold, principally on behalf of the Australian Notes Account. Up to 30th June, 1914, the money required for loan expenditure was obtained mainly from this source at 3½ per cent., and inscribed stock of an equivalent value was created. Since the outbreak of war, the money required for the Loan Fund has been mainly obtained by the issue of Treasury Bills and other securities issued in London and New York as well as in Australia. The details of the expenditure for the last five years and the total expenditure to 30th June, 1926, are given in the following table:—

COMMONWEALTH LOAN EXPENDITURE FOR WORKS, 1921 TO 1926 AND TOTAL.

Particulars.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	Total to 30/6/1926.
Railway Construction—		£	£	£	£	£
Trans-Australian Railway ..	69,072	82,500	62,506	52,113	69,565	6,375,779
Northern Territory ..	6,436	7,651	20,420	50,535	195,123	672,822
Grafton—South Brisbane Railway .. .. .	..	..	..	..	840,000	840,000
Other	8,946	12,997	33,355	211,074	91,489	397,590
Papua—Railways and Wharves	15,700	47,720	..	..	..	111,556
Posts and Telegraphs—						
Purchase of land	7,706	138,875	47,348	41,330	33,179	492,700
Construction of conduits, etc.	795,085	2,059,523	3,855,673	4,495,662	5,505,454	18,127,306
Acquisition of land (a)—						
London	18,651	6,921	4,395	..	500	880,190
Perth	45,000	90,239	..	..	..	152,205
Federal Capital Territory ..	148,425	354,041	499,349	296,061	..	2,014,697
Elsewhere (b)	32,757	4,968	19,220	24,396	5,750	216,821
Defence Machinery ; Dockyards, Cockatoo Island ; Naval Bases, etc.	150,769	43,566	66,089	56,807	78,027	1,526,532
Ship Construction	3,369,118	1,515,713	626,646	312,952	..	9,329,457
General Arsenal ; Small Arms etc. ; Cordite	181,095	27,525	91,796	219,271	67,720	912,445
Royal Australian Air Force —Construction of Buildings..	..	..	..	..	126,000	126,000
Lighthouses	14,556	10,400	26,285	18,155	67,359	150,565
Contribution under River Mur- ray Waters Act	112,372	176,921	235,609	192,500	205,000	1,074,125
Wireless Telegraphy	133,848	..	62,500	62,500	79,560	234,295
Immigration .. .. .	..	199,483	203,744	181,193	362,589	1,953,531
Construction of Roads .. .. .	..	217,944	31,788	..	..	249,732
Subscription to Capital of Oil Refining Company	75,000	50,000	100,000	93,750	..	343,750
Miscellaneous	52,967	36,962	82,175	33,459	51,541	1,559,336
Total	5,246,503	5,383,949	6,065,898	6,341,758	7,778,856	47,741,434
Repayment of Loans	6,185,028	4,243,135	28,090,116	8,276,829	22,011,103	70,417,959

(a) Including cost of erection of buildings. (b) Excluding purchases for Posts and Telegraphs.

4. **Properties Transferred from States.**—At the time of Federation, when the Commonwealth took over the control of a great many departments which had previously been administered by the States, a large amount of property was handed over to the Commonwealth Government. A valuation was made, with results set out in detail in Official Year Book No. 14, page 694, and the Commonwealth now pays interest at the rate of $3\frac{1}{2}$ per cent. to the States on account of all the transferred properties.

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

5. **War Loan from the Imperial Government.**—On the outbreak of the European war in 1914, the Commonwealth Government obtained a loan from the Imperial Government for the purpose of financing the prospective large military expenditure. At first, the arrangement was that the Imperial Government should advance the sum of £18,000,000. Subsequently further loans totalling £31,500,000 were negotiated. In addition to this capital indebtedness of £49,500,000, a further sum of £42,696,500 was due to the British Government for the maintenance of Australian troops.

Early in 1921 an arrangement was concluded with the Imperial Government, by means of which almost the entire debt (upwards of £92,000,000) was consolidated. The Commonwealth Government undertook to extinguish the debt by annual payments of approximately £5,550,000, spread over about 35 years, the payment representing 6 per cent. on the original debt. This provides for interest at nearly 5 per cent., and a sinking fund of a little more than 1 per cent., and may be regarded as a very satisfactory arrangement for the Commonwealth, since it entails only a moderate rate of interest, and provides for the ultimate extinction of nearly one-fourth of the National War Debt. The amount outstanding on 30th June, 1926, was £86,865,883, which will diminish steadily year by year owing to the operation of the sinking fund.

6. **Flotation of War Loans in Australia.**—In addition to the advances from the Imperial Government, the Commonwealth Government raised large amounts of money in Australia. Full details of the seven War Loans are given in Official Year Book No. 14.

7. **Flotation of Loans, 1925-26.**—During the year 1925-26, the six loans raised by the Commonwealth amounted to a total of £101,406,277, of which £87,147,724 was for Commonwealth purposes and £14,258,553 for the States. For the first time the Commonwealth appeared as a borrower in New York, in which centre a loan of 75,000,000 dollars was negotiated. The most important transaction, however, was the conversion and redemption of the $4\frac{1}{2}$ per cent. war loan maturing in December, 1925. This operation, involving over £67,000,000, was carried through successfully.

COMMONWEALTH LOANS FLOATED, 1925-26.

For whom raised.	Amount Raised.				Rate of Interest.	Date of Maturity.	Price.
	London.	New York.	Australia.	Total.			
	£	£	£	£	%		£
Commonwealth	£10,402,754	..	..	..	5	1952-55	99½
States	5,008,733	15,411,487	..	15,411,487	5	1945-75	99½
Commonwealth	3,375,000	..	..	..	5½	1931	} 100
States	1,625,000	..	..	..	5½	1938	
Commonwealth	67,369,970	..	27,073,360	27,073,360	5½	1931	
(Conversion and Redemption)	..	..	12,890,560	12,890,560	5½	1941	
States	..	..	2,349,680	2,349,680	5½	1931	} 100
States	6,274,820	..	884,630	884,630	5½	1938	
States	..	..	3,040,510	3,040,510	5½	1941	} 100
States	1,350,000	..	1,350,000	1,350,000	5½	1941	
Commonwealth	6,000,000	..	..	6,000,000	5	1945-75	99½
Total ..	..	11,000,000	15,411,487	74,994,790	101,406,277	..	..

8. **Commonwealth Public Debt.**—(i) *Total Debt.* Separate consideration has already been given to the items composing the Public Debt. The table appended shows the debt of the Commonwealth (apart from the States) at yearly intervals since 1922.

COMMONWEALTH PUBLIC DEBT AS AT 30th JUNE, 1922 TO 1926.

Details.	1922.	1923.	1924.	1925.	1926.
	£	£	£	£	£
Balance of loans taken over from South Australia—					
(a) On account of Northern Territory	2,209,294	2,209,169	2,208,719	1,192,419	1,117,619
(b) On account of Oodnadatta railway	1,742,452	1,693,745	1,670,432	1,077,678	1,075,876
Value of properties transferred by States	11,186,169	11,042,987	10,860,591	10,858,093	11,065,129
Inscribed Stock and Bonds	23,764,716	23,764,716	36,227,255	42,527,255	62,851,813
Treasury Bills	2,843,125	2,843,125	5,021,545	7,247,505	4,202,583
War Loan from British Government	91,453,288	90,388,604	89,270,922	88,097,605	86,865,833
Commonwealth Internal Loans	241,879,840	241,746,090	249,751,997	245,623,618	242,598,682
Loans raised on behalf of States	16,750,000	16,750,000	17,787,461	32,997,311	47,727,060
Gratuities	23,082,153	19,508,481	700,900	84,452	32,370
Miscellaneous	1,153,472	1,049,399	2,100,277	1,262,126	906,336
Total	416,070,509	410,996,316	415,800,099	430,948,062	458,443,351
Commonwealth Debt <i>per capita</i>	£74 14 6	£72 5 2	£71 12 3	£72 13 7	£75 17 0

During 1925–26, the Public Debt increased by £27,495,289, of which £14,708,678 was incurred on behalf of the States.

(ii) *Place of Flotation.* The loans taken over from South Australia, which constituted the first portion of the Federal Public Debt, included both London and Australian securities. The presence in the Treasury of a large holding of gold, and the moderate rate of interest ruling on gilt-edged securities, made the conditions in 1911 and for some little time afterwards very favourable for the flotation of local loans. London securities were redeemed as they fell due, and replaced by the 3½ per cent. stock of the Loan Fund. Consequently, up to 1914 the amount of the securities repayable in London fell steadily, and the amount repayable in Australia rose rapidly. In 1915 the military loan from the Imperial Government caused a sharp rise in the amount of the securities repayable in London, which was maintained in the two following years. This was, however, more than offset by the flotation of the local war loans. In 1925–26 a loan of £15,411,487 was raised in New York. The appended table gives particulars of Commonwealth loans outstanding in each of the last five years which had been floated in London, New York, and Australia respectively. A separate column is devoted to the cost of the transferred properties which, for obvious reasons, it is impossible to allocate. The percentage of loans floated in each centre is also given and shows that approximately one-third of loan moneys has been obtained abroad and the remaining two-thirds has been raised locally.

COMMONWEALTH PUBLIC DEBT.—PLACE OF FLOTATION, 1922 TO 1926.

At 30th June.	Payable—				Value of Transferred Properties.		Total.
	Abroad.		In Australia.		Amount.	Percentage on Total Debt.	
	Amount.	Percentage on Total Debt.	Amount.	Percentage on Total Debt.			
	£	%	£	%	£	%	£
1922..	131,278,780	31.55	273,605,560	65.76	11,186,169	2.69	416,070,509
1923..	126,165,389	30.70	273,787,939	66.61	11,042,988	2.69	410,996,316
1924..	142,524,394	34.29	262,215,114	63.09	10,860,591	2.62	415,600,099
1925..	146,117,023	33.91	273,972,946	63.57	10,858,093	2.52	430,948,062
1926..	(a) 171,294,936	37.36	276,083,236	60.22	11,065,129	2.42	458,443,351

(a) Including £15,411,487 (3.36 per cent.) payable in New York.

(iii) *Amount of Debt at Various Rates of Interest.* When the first debt was taken over from South Australia, it consisted mainly of securities bearing interest varying from 3 per cent. to 4 per cent., the average rate of interest for the first year being £3 12s. 4d. For the first three years the increase in the debt was due almost entirely to the expansion of the 3½ per cent. stock of the Loan Fund, consequently the average rate of interest fell steadily, until on 30th June, 1914, it stood at £3 11s. 10d. Then came the loans for military and repatriation purposes, and the fall in the average rate was ultimately converted into a rise which was steadily maintained until at 30th June, 1922, the average rate stood at £4 19s. 9d. At the 30th June, 1923, however, the average rate had fallen to £4 19s. 3d. per cent., but by the 30th June, 1926, it had risen to £5 3s. 11d. per cent.

The accompanying table gives particulars of rates of interest for the five financial years ended 30th June, 1926:—

COMMONWEALTH PUBLIC DEBT.—RATES OF INTEREST, 1922 TO 1926.

Rates of Interest.	At 30th June—				
	1922.	1923.	1924.	1925.	1926.
	£	£	£	£	£
3	35,063	35,063	35,063	35,063	33,261
3½	15,119,558	14,976,377	14,793,980	14,791,482	14,998,518
£3/12/3	703,860	655,153	631,840	576,288	576,288
3¾	833,870	833,745	833,295	833,295	758,495
3⅝ .. .. .	.. .. .	.. .. .	.. .. .	375,000	.. .. .
4	5,053,405	9,053,405	5,504,903	5,504,903	4,484,361
4½	122,093,692	120,835,510	116,908,700	113,520,010	46,600,260
4¾ .. .. .	.. .. .	.. .. .	.. .. .	6,000,000	6,000,000
£4/18/4	91,453,288	90,388,604	89,270,922	88,097,605	86,865,883
5	61,280,220	67,298,328	82,400,498	81,125,491	103,243,689
5¼	27,088,153	19,508,481	700,900	.. .. .	8,614,820
5½	12,750,000	12,750,000	12,750,000	12,750,000	80,109,440
6	79,659,400	74,661,650	91,578,657	107,218,818	105,890,122
Overdue .. ..	.. .. .	.. .. .	191,341	120,107	268,214
Total	416,070,509	410,996,316	415,600,099	430,948,062	458,443,351
Average rate of interest	£4/19/9	£4/19/3	£5/0/1	£5/0/10	£5/3/11

(iv) *Amount of Interest Payable.* A table is appended showing the amounts payable as interest on the Commonwealth Public Debt as at 30th June in the years 1922 to 1926 inclusive. The rapid increase is due not only to the great expansion of the Loan Fund, but also to the high rate of interest on recent loans.

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

30th June—	Payable in —				Total.
	London.	New York.	Australia.		
			Loans.	Transferred Properties.	
	£	£	£	£	£
1922	6,677,781	.. .. .	13,630,843	391,516	20,700,140
1923	6,413,668	.. .. .	13,591,968	386,505	20,392,141
1924	7,289,787	.. .. .	13,131,877	380,121	20,801,785
1925	7,454,001	.. .. .	13,943,932	380,033	21,777,966
1926	7,949,761	770,575	14,719,956	387,280	23,827,572

(v) *Dates of Maturity.* The dates of maturity of the several portions of the Commonwealth debt are shown hereunder. The Commonwealth Government has refrained from issuing interminable stock, although as regards about 3 per cent. of the debt no definite date of maturity had been assigned on 30th June, 1926. It will be noticed that about £190,000,000 falls due in the space of five years 1926 to 1930, the bulk of this being represented by the balance of the first eight internal loans. While the actual dates of maturity extend from 1926 to 1975, or a period of 49 years, the average period till maturity is only 9.83 years.

COMMONWEALTH PUBLIC DEBT.—DUE DATES OF AMOUNTS OUTSTANDING ON
30th JUNE, 1926. (a)

Due Dates.		Amounts.	Due Dates.		Amounts.
		£			£
1926	..	3,917,921	1945	..	22,500,000
1927	..	87,591,735	1948	..	10,184,790
1928	..	21,676,270	1955	..	15,411,487
1929	..	2,806,818	1960	..	6,000,000
1930	..	73,421,450	1972	..	3,764,716
1931	..	29,410,510	1975	..	11,000,000
1933	..	39,387	Overdue	..	252,590
1934	..	3,861,696	Indefinite	..	1,314,197
1935	..	4,630,942	Annual Repayments	..	86,865,883
1936	..	14,760,246	Transferred Properties	..	11,065,129
1937	..	1,200			
1938	..	18,376	Total	..	458,443,351
1939	..	151,448			
1941	..	47,796,560	Average period to maturity		9.83 years

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

(vi) *Sinking Fund.* At an early stage of its public debt experience the Commonwealth Government established a sinking fund against most of the securities which constitute its public debt. Part of the inscribed stock issued for works purposes carried a sinking fund of 5 per cent., and the remainder one of $\frac{1}{2}$ per cent. The internal issues carried sinking funds, partly of $\frac{1}{2}$ per cent., and partly of 1 per cent. The War Savings Certificates carried a sinking fund of $\frac{1}{2}$ per cent., and the Northern Territory and Port Augusta-Oodnadatta Railway loans one of $\frac{1}{4}$ per cent. These sinking funds were invested partly in Treasury Bills, partly in Commonwealth Inscribed Stock, and partly in Bonds (War Issues).

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

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

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

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

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

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

The old Sinking Funds were merged in the National Debt Sinking Fund on 11th August, 1923. Particulars of receipts and expenditure are as follows :—

COMMONWEALTH PUBLIC DEBT.—NATIONAL DEBT SINKING FUND, 1923-24 TO 1925-26.

Items.	1923-24.	1924-25	1925-26.
	£	£	£
Cr. Brought forward .. .. .	..	2,059,372	4,152,992
Balance transferred to fund on 11th August, 1923	2,262,982	..	..
From Consolidated Revenue	1,430,141	3,111,216	2,796,722
Repayments of Sundry Loans	513,073	16,482	33,157
Purchase Money and Repayments under War			
Service Homes Act	675,174	746,012	744,548
Half net Profit Commonwealth Bank	61,673	130,477	226,176
Reparation Moneys .. .. .	..	257,692	302,922
Interest on Investments	117,926	94,271	83,950
Contributions by States .. .. .	..	..	76,711
Total	5,060,969	6,415,522	8,417,178
Dr. Redemptions	3,001,597	2,262,530	5,147,929
Carried Forward	2,059,372	4,152,992	3,269,249
Total	5,060,969	6,415,522	8,417,178

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

§ 5. Cost of War and Repatriation.

1. **General.**—In view of the importance of the subject, a further reference is here made to the cost of the war. The general policy of the Commonwealth Government has been to pay from Consolidated Revenue all recurring charges for interest, sinking fund, pensions, and other charges consequent upon the war, and part of the expense of repatriation. On the other hand, the whole direct cost of the war and the larger proportion of the cost of repatriation have been paid from loans. The total cost from both sources to the 30th June, 1926, is set out in the following table :—

COST OF WAR SERVICES TO 30th JUNE, 1926.

Year.	From Revenue. (a)	From War Loan Fund.	Total.
	£	£	£
1914-15	640,218	14,471,117	15,111,335
1915-16	3,778,378	37,423,568	41,201,946
1916-17	8,427,329	53,114,237	61,541,566
1917-18	11,863,251	55,095,109	66,958,360
1918-19	21,255,101	62,192,889	83,447,990
1919-20	24,751,732	45,385,586	70,137,318
1920-21	33,286,233	24,148,501	57,434,734
1921-22	31,337,164	7,576,977	38,914,141
1922-23	30,100,472	1,762,694	31,863,166
1923-24	28,770,106	2,412,015	31,182,121
1924-25	28,482,761	975,612	29,458,373
1925-26	29,171,850	324,224	29,496,074
Total Expenditure ..	251,864,595	304,882,529	556,747,124
Indebtedness to the Government of the United Kingdom for payments made, services rendered, and goods supplied during the war			43,398,098
War Gratuity Paid in Cash			27,451,086
Total			627,596,308

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

§ 6. Old-age and Invalid Pensions.

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

In 1919 the Act was again amended, and the rate of pension raised to £39 per annum and the maximum amount allowable to £65 per annum. The estimated value of board and lodging was raised to 10s. per week, while a further amending Act in 1923 raised the rate of pension to £45 10s. per annum and the maximum amount allowable to £78 per annum.

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

In 1920 special provision was made for a permanently blind person, by which the amount of pension may be at such a rate (not exceeding £52) per annum, as will make his income, together with the pension, equal to an amount not exceeding £221 per annum or such other amount as is declared to be a basic wage.

2. Old-age Pensions.—(i) *Summary, 1926.* Details regarding Old-age Pensions as at 30th June, 1926, are as follows :—

OLD-AGE PENSIONS.—SUMMARY, 1926.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
Claims examined during year ended 30th June, 1926 ..	9,275	6,410	2,884	1,430	1,201	1,091	22,291
Claims rejected	1,092	522	451	128	138	72	2,403
Claims granted	8,183	5,888	2,433	1,302	1,063	1,019	19,888
Transfers from other States	611	635	206	232	106	119	1,909
Existing 30th June, 1925 ..	45,592	33,845	15,120	10,655	6,448	5,856	117,516
	54,386	40,368	17,759	12,189	7,617	6,994	139,313
Deduct—							
Deaths	3,685	2,531	1,186	741	439	369	8,951
Cancellations and transfers to other States ..	1,313	1,037	323	336	238	197	3,444
	4,998	3,568	1,509	1,077	677	566	12,395
Old-age Pensions existing on 30th June 1926 ..	49,388	36,800	16,250	11,112	6,940	6,428	126,918

(ii) *Sexes of Pensioners.* Of the 126,918 persons in receipt of pensions at 30th June, 1926, 51,458 (or 40 per cent.) were males, and 75,460 (or 60 per cent.) were females. Details for the several States are as follows :—

OLD-AGE PENSIONS.—SEXES OF PENSIONERS, 1926.

State.	Males.	Females.	Total.	(a) Masculinity.
New South Wales	20,969	28,419	49,388	—15. 08
Victoria	13,889	22,911	36,800	—24. 52
Queensland	7,072	9,178	16,250	—12. 96
South Australia	3,962	7,150	11,112	—28. 69
Western Australia	3,031	3,909	6,940	—12. 65
Tasmania	2,535	3,893	6,428	—21. 13
Total	51,458	75,460	126,918	—18. 91

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

(iii) *Ages and Conjugal Condition of Pensioners.* The recorded ages of the 19,888 persons to whom pensions were granted during the year 1925-26 varied considerably, ranging from 3,019 at age 60 to two at age 97. Particulars for quinquennial age-groups are as follows :—

OLD-AGE PENSIONS GRANTED 1925-26—AGES AND CONJUGAL CONDITION OF PENSIONERS.

Age Groups.	Males.				Females.				Grand Total.
	Single.	Married.	Widowed.	Total.	Single.	Married.	Widowed.	Total.	
60-64 ..	353	785	202	1,340	780	3,149	2,622	6,551	7,891
65-69 ..	1,377	3,256	1,040	5,673	245	1,131	852	2,258	7,931
70-74 ..	320	979	425	1,724	75	413	415	903	2,627
75-79 ..	94	280	186	560	30	109	256	395	955
80-84 ..	16	80	83	179	12	26	123	161	340
85-89 ..	2	27	32	61	3	3	43	49	110
90 and over ..	2	2	10	14	..	4	16	20	34
Total ..	2,164	5,409	1,978	9,551	1,145	4,835	4,357	10,337	19,888

3. *Invalid Pensions.*—(i) *Summary, 1926.* Details as at 30th June, 1926, are given hereunder :—

INVALID PENSIONS.—SUMMARY, 1926.

Particulars.	N.S.W.	Vic.	Q'land.	S.A.	W.A.	Tas.	Total.
Claims examined during year ended 30th June, 1926 ..	4,392	2,711	1,614	536	711	454	10,418
Claims rejected ..	966	539	467	124	239	136	2,471
Claims granted ..	3,426	2,172	1,147	412	472	318	7,947
Transfers from other States ..	238	97	77	74	31	31	548
Existing 30th June, 1925 ..	18,375	12,950	6,223	2,864	2,392	2,036	44,840
	22,039	15,219	7,447	3,350	2,895	2,385	53,335
Deduct—							
Deaths ..	1,106	752	393	191	179	122	2,743
Cancellations and Transfers to other States ..	740	405	254	173	84	133	1,789
	1,846	1,157	647	364	263	255	4,532
Invalid Pensions existing 30th June, 1926 ..	20,193	14,062	6,800	2,986	2,632	2,130	48,803

(ii) *Sexes of Pensioners.* Of the 48,803 persons in receipt of invalid pensions on 30th June, 1926, 21,795, or 45 per cent., were males, and 27,008, or 55 per cent., were females. Details for the several States are as follows :—

INVALID PENSIONS.—SEXES OF PENSIONERS, 1926.

State.	Males.	Females.	Total.	(a) Masculinity.
New South Wales	8,896	11,297	20,193	—11.04
Victoria	6,420	7,642	14,062	—7.14
Queensland	3,232	3,568	6,800	—2.75
South Australia	1,071	1,915	2,986	—2.63
Western Australia	1,277	1,355	2,632	—2.20
Tasmania	899	1,231	2,130	—13.33
Total	21,795	27,008	48,803	—9.32

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

(iii) *Ages and Conjugal Condition of Pensioners, 1926.* The recorded ages of the 7,947 persons to whom invalid pensions were granted during the period under review varied from 16 to 83. The following table gives particulars of those up to age 20, and in decennial age-groups after age 20 :—

INVALID PENSIONS.—AGES AND CONJUGAL CONDITION OF PENSIONERS, 1926.

Age Groups.	Males.				Females.				Grand Total.
	Single.	Married.	Widowed.	Total.	Single.	Married.	Widowed.	Total.	
16-19	337	..	..	337	364	1	..	365	702
20-29	342	88	..	430	509	23	11	543	973
30-39	221	276	17	514	296	91	68	455	969
40-49	223	540	27	790	264	218	226	708	1,498
50-59	420	914	162	1,496	300	610	756	1,666	3,162
60-69	63	154	43	260	28	83	130	241	501
70-79	6	35	20	61	6	24	47	77	138
80 and over .. .. .	..	..	3	3	..	..	1	1	4
Total	1,612	2,007	272	3,891	1,767	1,050	1,239	4,056	7,947

4. *Cost of Administration.*—Under the State régime the cost of administration differed considerably in the several States, and for 1908-9 represented in New South Wales 4.17 per cent. of the amount actually paid in pensions. In Victoria for the same year the corresponding percentage was 0.70. During the year 1925-26 the total cost to the Commonwealth of administering the Old-age and Invalid Pensions Department was £99,620, or about 1.2 per cent. of the amount actually paid in pensions. Details concerning the cost of administration for 1925-26 are as follows :—

OLD-AGE AND INVALID PENSIONS.—COST OF ADMINISTRATION, 1925-26.

Heading.	Amount.
	£
Salaries	43,666
Payments to State Governments and payment of commission to Postmaster-General's Department, at 11s. 6d. per £100 paid	38,729
Postage and telegrams	4,334
Medical examinations	6,301
Other expenses	3,590
Total	96,620

The actual sum disbursed in Old-age and Invalid Pensions in the financial year 1925-26, apart from the cost of administration and exclusive of the amount paid to asylums for the maintenance of pensioners, was £8,252,387.

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

OLD-AGE AND INVALID PENSIONS.—SUMMARY, AUSTRALIA, 1922 TO 1926.

Financial Year ended 30th June—	Number of Pensioners.			Amount Paid in Pensions.	Amount Paid to Asylums for Maintenance of Pensioners.	Total Payment to Pensioners and Asylums.	Cost of Administration.	Cost of Administration per £100 paid to Pensioners and Asylums.	Average Fortnightly Pension on last day of Financial Year.
	Old-age.	Invalid.	Total.						
				£	£	£	£	£ s. d.	s. d.
1922	105,096	39,019	144,115	5,290,056	89,978	5,380,034	93,608	1 14 10	28 9
1923	107,389	40,064	147,453	5,337,936	86,080	5,424,016	87,910	1 12 5	28 9
1924	113,054	42,617	155,671	6,426,752	97,129	6,523,881	92,366	1 8 4	33 9
1925	117,516	44,840	162,356	6,896,401	96,504	6,992,905	94,486	1 7 0	33 8
1926	126,918	48,803	175,721	8,146,636	105,751	8,252,387	99,620	1 4 2	38 7

§ 7. Maternity Allowance.

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

The following table gives a summary in connexion with the working of the Maternity Allowance Act for the years 1922 to 1926 :—

MATERNITY ALLOWANCE.—SUMMARY, 1922 TO 1926.

Year.	Claims Paid.	Claims Rejected.	Amount Paid.	Cost of Administration.	Cost per £100 of allowance paid.
			£	£	£ s. d.
1921-22 ..	138,140	520	690,700	15,441	2 4 9
1922-23 ..	137,687	421	688,435	16,008	2 6 6
1923-24 ..	134,035	432	670,175	14,770	2 4 1
1924-25 ..	137,641	455	688,205	16,425	2 7 9
1925-26 ..	136,171	517	680,855	15,702	2 6 1

§ 8. War Pensions.

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

2. **Number of Pensioners.**—The following table shows the number of pensioners and the places where payments were made at the 30th June, 1926 :—

WAR PENSIONS.—NUMBER OF PENSIONERS, 1926.

Where Paid.	Incapacitated Members of the Forces.	Dependants of—		Total.
		Deceased Members.	Incapacitated Members.	
New South Wales	24,261	11,163	43,886	79,310
Victoria	23,569	12,776	47,908	84,253
Queensland	7,861	3,552	14,361	25,774
South Australia	4,249	3,520	8,375	16,144
Western Australia	7,445	3,545	14,937	25,927
Tasmania	2,884	1,651	6,454	10,989
London	1,552	4,508	3,181	9,241
South Africa	50	44	68	162
New Zealand	235	238	293	766
Other Overseas	22	7	14	43
Total	72,128	41,004	139,477	252,609

3. **Expenditure on War Pensions, 1926.**—The expenditure on war pensions for the year ended 30th June, 1926, is given in the table hereunder :—

WAR PENSIONS.—EXPENDITURE, 1925-26.

Where Paid.	Amount.	Where Paid.	Amount.
	£		£
New South Wales	2,551,661	London and elsewhere ..	343,413
Victoria	2,130,993		7,347,246
Queensland	774,268	Payments in Australia in respect of other countries	333,999
South Australia	488,615		7,681,245
Western Australia	760,613	Less amounts from other countries, including payments by contra ..	337,579
Tasmania	297,683		
		Total	7,343,666

4. **Cost of Administration.**—The cost of administration in 1925–26 was £155,123, or 2.0 per cent. on the total amount paid in pensions, made up as follows :—

WAR PENSIONS.—COST OF ADMINISTRATION, 1925–26.

Items.	Total.
	£
Salaries	73,339
Postage and telegrams	2,349
Medical examinations	6,675
Services of Registrars, Police, and Postal Officials	47,708
London Office	5,792
Fees for State Boards	2,763
Miscellaneous	16,497
Total	155,123

§ 9. Commonwealth Public Service Superannuation Fund.

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

The number of contributors to the fund at 30th June, 1926, was 28,660, viz., 25,340 males and 3,320 females, and the average pension contributed for was £103 17s. per annum.

For the year ended 30th June, 1926, receipts were £508,720, of which £361,453 represented employees' contributions, £89,696 from the Consolidated Revenue, and £56,163 from interest. Payments amounted to £133,042 including £102,985 paid in pensions. Of the balance of £1,110,833 which remained on hand on the 30th June, 1926, £1,071,537 was invested in Commonwealth Inscribed Stock.

Pensions in force on the 30th June, 1926, numbered 1,587 with an annual liability of £113,684, of which £97,439 represents the share payable from the Consolidated Revenue.

B. STATE FINANCE.

§ 1. General.

1. **Functions of State Governments.**—In comparing the financial returns of the States allowance must be made for the various functions discharged by the respective Governments, and for local conditions in each case. Direct comparisons of expenditure are difficult, owing to the fact that functions which in one State are assumed by the Central Government are in another relegated to local governing bodies, and that costly developmental work may, under certain conditions, be not only economically justifiable, but may be essential to progress, while parsimonious expenditure may be an economic blunder. A large expenditure may, therefore, be an indication either of gross extravagance and bad economy on the one hand, or of healthy progress and good economy on the other. Similarly, as regards revenue, imposts which in some States are levied by the Central Government, are in others dealt with locally. Care, therefore, is needed in instituting comparisons, and the particulars contained in this chapter should be read in connexion with those contained in the chapter dealing with Local Government. In many respects, moreover, the budgets of the Australian Governments differ materially from those of most European countries, owing to the inclusion therein of the revenue and expenditure of departments concerned in rendering public services, such for instance as railways, tramways, water supply, etc., which in other countries are often left to private enterprise.

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

3. **Inter-relation of Commonwealth and State Finance.**—The principal alteration in State finance brought about by Federation was that the States transferred to the Commonwealth the large revenue received by the Customs and Postal Departments, and were relieved of the expenditure connected with these and the Defence Departments, while, in their place, a new item of State revenue was introduced, viz., the payment to the States of a Commonwealth subsidy. With regard to this, an important development in the financial relations of the Commonwealth and State Governments was discussed at the Premiers’ Conference of May, 1923. The main problem for settlement was that arising from the raising and allocation of the revenues of the Commonwealth and States. The Conference aimed at the termination of the present arrangement under which the Commonwealth pays to the States on a *per capita* basis part of the revenue which it collects; concurrently it was hoped to simplify the entire taxation systems of Australia.

The Commonwealth Prime Minister submitted a scheme intended to secure the attainment of both of these objects, but it did not prove acceptable to the State Ministers, who put forward counter-proposals for the complete retirement of the Commonwealth from the field of income taxation. The States were willing on that condition to relinquish the capitation payments and to contribute to the Commonwealth Treasury sums to cover any Commonwealth loss entailed under the proposals.

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

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

The statistics relating to income tax were carefully investigated, and it was found that figures on which to base payments to the States would not be available for some time. The operation of the scheme was therefore deferred for one year. In June, 1924, the scheme was again considered by the Commonwealth Government, but owing to the continuance of opposition the operation of the proposals was further postponed until early in the year 1926.

A satisfactory conclusion was not reached at the Conference of Commonwealth and State Ministers held in May, 1926. In his Budget Speech of 8th July, 1926, however, the Commonwealth Treasurer outlined the Government’s proposals for terminating the present relations. In pursuance of these proposals the Commonwealth Parliament passed the States Grants Act (No. 4 of 1927) repealing the *per capita* payments specified by the Surplus Revenue Act (No. 8 of 1910). The Act further provides for the payment to the States on a population basis of any surplus revenue in the hands of the Commonwealth Treasurer on 30th June, 1928, and of each year thereafter. The payments to be made to the States during 1927–28 will be equal in amount to those which would have been made under the provisions of the Surplus Revenue Act 1910, and are designed to afford the States ample time to adjust their finances to the impending changes. The

Commonwealth Government invited the States to a further conference in June, 1927, at which the whole question was discussed in the light of the changes made by the provisions of the States Grants Act. See Appendix for further particulars.

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

Provision for the taking over by the Commonwealth of certain of the public debts of the States is made in section 105 of the Constitution, and a proposed law extending this provision to the whole of the State indebtedness, which passed both Houses of the Federal Legislature by the statutory majority, was submitted to a referendum at the election in April, 1910, and received the requisite endorsement by the electorate. No action had, however, been taken in connexion therewith, until the Conference referred to above. For further information refer to Appendix.

§ 2. State Consolidated Revenue Funds.

Division I.—Revenue.

1. General.—The principal sources of State revenue are :—

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

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

2. Revenue Received.—The following table furnishes particulars of the total amounts and the amounts per head of consolidated revenue received by the several States during the five years 1921-22 to 1925-26 :—

STATE CONSOLIDATED REVENUE, 1921-22 TO 1925-26.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL COLLECTIONS.							
	£	£	£	£	£	£	£
1921-22	35,637,820	20,357,733	12,311,378	7,771,752	6,907,107	2,181,395	85,167,185
1922-23	36,145,944	21,634,677	12,599,403	8,431,700	7,207,492	2,174,062	88,193,278
1923-24	37,351,809	23,075,968	13,428,039	8,932,340	7,865,595	2,447,677	93,101,428
1924-25	38,822,588	24,304,887	14,897,256	9,733,038	8,381,446	2,762,013	98,901,228
1925-26	38,540,031	25,269,756	15,599,718	10,474,094	8,808,166	2,726,482	101,418,247
PER HEAD OF POPULATION.							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1921-22	16 15 0	13 2 7	16 0 6	15 9 5	23 13 4	9 19 10	15 9 2
1922-23	16 12 8	13 12 1	15 19 6	16 8 7	20 11 6	9 18 7	15 13 1
1923-24	16 17 8	14 3 11	16 11 1	17 0 6	20 19 7	11 3 6	16 3 10
1924-25	17 4 5	14 13 4	17 16 10	18 1 6	22 4 7	12 13 7	16 16 9
1925-26	16 15 4	15 0 1	18 2 3	18 19 9	23 13 4	12 11 3	16 18 6

During the four years from 30th June, 1922, to 30th June, 1926, the aggregate revenue of the States increased by no less a sum than £16,251,062, or about 19 per cent. Increases were in evidence in all the States, the largest being that of £4,912,023 in Victoria. This general advance is the more notable since, during recent years, a smaller amount has been received from the Commonwealth in the way of subsidy than was the case up to 1910.

There has been a marked increase in the collections per head in all the States. Western Australia throughout the period has occupied the premier position, and in 1925-26 the revenue per head in that State exceeded the average for Australia by about 40 per cent. In Tasmania, however, the revenue per head has averaged about 74 per cent. only of the average for Australia.

3. Sources of Revenue.—(i) *General*.—Classifying the revenue of the several States in the manner indicated in 1 *ante*, particulars for the year 1925-26 are as follows:—

STATE CONSOLIDATED REVENUE.—SOURCES, 1925-26.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL REVENUE.							
	£	£	£	£	£	£	£
Taxation	8,850,877	5,170,269	4,104,122	2,660,419	1,418,050	1,239,967	23,452,704
Public works and services	23,499,763	14,425,073	7,864,930	5,901,439	4,640,108	953,738	57,285,051
Land	2,126,419	431,122	1,446,016	306,291	541,738	77,673	4,929,259
Commonwealth subsidy	2,853,850	2,090,951	1,068,378	684,932	(a)588,511	(b)337,477	7,624,099
Miscellaneous	1,209,122	3,143,341	1,116,272	921,013	1,619,759	117,627	8,127,134
Total	38,540,031	25,269,756	15,599,718	10,474,094	8,808,166	2,726,482	101,418,247

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Taxation	3 17 0	3 1 6	4 15 3	4 16 5	3 16 2	5 14 3	3 18 3
Public works and services	10 4 6	8 11 4	9 2 8	10 14 0	12 9 4	4 7 11	9 11 3
Land	0 18 6	0 5 1	1 13 7	0 11 1	1 9 1	0 7 2	0 16 5
Commonwealth subsidy	1 4 10	1 4 10	1 4 10	1 4 10	1 11 8	1 11 1	1 5 5
Miscellaneous	0 10 6	1 17 4	1 5 11	1 13 5	4 7 1	0 10 10	1 7 2
Total	16 15 4	15 0 1	18 2 3	18 19 9	23 13 4	12 11 3	16 18 6

(a) Including special grant of £100,000.

(b) Including special grant of £68,000.

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

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

(ii) *Relative Importance of Various Sources*. The following table indicates the relative importance of the different sources of revenue in the several States, by showing the percentage which each item of revenue bears on the total for the State for the year 1925-26:—

STATE CONSOLIDATED REVENUE.—PERCENTAGE OF ITEMS, 1925-26.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	%	%	%	%	%	%	%
Taxation	22.97	20.50	26.31	25.40	16.10	45.48	23.13
Public works and services	60.97	57.08	50.42	56.34	52.68	34.98	56.48
Land	5.52	1.71	9.27	2.93	6.15	2.85	4.86
Commonwealth subsidy	7.40	8.27	6.85	6.54	6.68	12.38	7.52
Miscellaneous	3.14	12.44	7.15	8.79	18.39	4.31	8.01
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

(iii) *Revenue from Taxation.*—(a) *General.* Prior to Federation, duties of Customs and Excise constituted the principal source of revenue from taxation. At present, the most productive State tax is the income tax, imposed in all the States, and representing for 1925-26 nearly 60 per cent. of the total taxation revenue. For 1925-26, stamp duties occupied second place. In addition to these, a State land tax and licence fees of various kinds are collected in all the States, while a dividend tax is levied in Western Australia. The total revenue from taxation collected by the States during the year 1925-26 was £23,452,704, details of which are set forth in the table hereunder:—

STATE CONSOLIDATED REVENUE FROM TAXATION, 1925-26.

Taxation.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Probate and succession duties	1,171,364	940,609	356,758	269,332	84,635	74,370	2,897,068
Other stamp duties	1,562,363	1,017,351	443,702	463,677	231,407	177,858	3,896,358
Land Tax	2,667	457,441	468,020	244,132	145,830	128,251	1,444,341
Income Tax	5,392,946	2,238,429	2,617,253	1,422,993	832,239	721,231	13,225,091
Licences	240,559	390,473	112,926	64,997	69,410	43,771	922,136
Other Taxation	480,978	134,966	105,463	195,288	54,529	96,486	1,067,710
Total	8,850,877	5,179,269	4,104,122	2,660,419	1,418,050	1,239,967	23,452,704

(a) Includes £265,895 Dividend Tax.

The total amount and the amount per head raised from taxation by the several State Governments during the five years 1921-22 to 1925-26 are given in the following table:—

STATE CONSOLIDATED REVENUE FROM TAXATION, 1921-22 TO 1925-26.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
TOTAL.							
	£	£	£	£	£	£	£
1921-22	7,249,017	3,791,174	3,420,296	1,778,576	881,159	727,701	17,847,923
1922-23	7,799,118	4,077,046	3,330,885	1,816,776	987,558	728,175	18,739,558
1923-24	7,988,131	4,476,158	3,617,201	1,841,720	1,173,568	928,360	20,025,138
1924-25	8,115,151	4,819,580	3,914,161	2,290,754	1,224,030	1,306,361	21,670,037
1925-26	8,850,877	5,179,269	4,104,122	2,660,419	1,418,050	1,239,967	23,452,704

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1921-22	3 8 2	2 8 11	4 9 0	3 10 10	2 12 6	3 6 8	3 4 9
1922-23	3 11 9	2 11 3	4 4 6	3 10 10	2 17 6	3 6 6	3 6 6
1923-24	3 12 3	2 15 1	4 9 2	3 10 2	3 6 4	4 4 9	3 9 8
1924-25	3 12 0	2 18 2	4 13 9	4 5 1	3 7 3	5 19 11	3 13 9
1925-26	3 17 0	3 1 6	4 15 3	4 16 5	3 16 2	5 14 3	3 18 3

During the period between 30th June, 1922, and 30th June, 1926, State revenue from taxation increased by about 30 per cent., the increase varying considerably in the different States and in the different sources of taxation. During this period the income tax collections expanded from £9,543,424 in 1921-22 to £13,225,091 in 1925-26, an increase of almost 40 per cent., which was principally due to the broadening of the basis of assessment and the raising of the rates of tax. This increase occurred in every State, varying from 19 per cent. in Queensland to 67 per cent. in Western Australia and 103 per cent. in Tasmania.

Taking the States as a whole, taxation increased by 13s. 6d. per head during the period from 1921-22 to 1925-26, the most marked increase, £2 7s. 7d., occurring in the case of Tasmania. It may also be mentioned that Tasmania was the only State showing a decrease in taxation per head for the year 1925-26 as compared with 1924-25.

(b) *Probate and Succession Duties.* Probate duties have been levied for many years in all the States, but the provisions of the Acts governing the payment of duty differ widely both in regard to the ordinary rates and those which apply to special beneficiaries. A table showing the values of the estates in which probates and letters of administration were granted is given later. (See Private Finance § 8 hereinafter.)

The duties collected for the financial years 1921-22 to 1925-26 are as follows :—

STATE PROBATE AND SUCCESSION DUTIES.—COLLECTIONS, 1921-22 TO 1925-26.

State.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
New South Wales ..	907,307	1,176,596	965,200	1,248,336	1,171,364
Victoria	706,181	697,482	798,315	802,333	940,609
Queensland	295,748	257,402	280,472	334,801	356,758
South Australia ..	197,764	205,382	191,373	225,999	269,332
Western Australia ..	76,817	45,997	66,969	68,114	84,635
Tasmania	61,142	56,530	71,750	88,404	74,370
Total	2,244,959	2,439,389	2,374,079	2,767,987	2,897,068

(c) *Other Stamp Duties.* The revenue derived from stamp duties (exclusive of probate and succession duties) for the years 1921-22 to 1925-26 is shown in the accompanying table :—

STATE STAMP DUTIES.—COLLECTIONS, 1921-22 TO 1925-26.

State.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
New South Wales ..	1,343,389	1,460,436	1,538,924	1,478,392	1,562,363
Victoria	932,649	1,117,839	1,179,364	963,307	1,017,351
Queensland	308,991	353,745	405,056	416,539	443,702
South Australia ..	346,918	397,050	430,045	442,823	463,677
Western Australia ..	164,929	173,453	194,176	204,108	231,407
Tasmania	144,125	166,424	180,773	182,996	177,858
Total	3,241,001	3,668,947	3,928,338	3,688,165	3,896,358

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

The following table shows the amount collected by means of such taxes during the financial years 1921-22 to 1925-26 :—

STATE LAND TAX.—COLLECTIONS, 1921-22 TO 1925-26.

State.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
New South Wales ..	2,490	2,570	2,657	2,569	2,667
Victoria ..	372,060	392,594	412,165	421,662	457,441
Queensland ..	480,518	417,865	445,873	452,481	468,020
South Australia ..	162,104	197,107	184,226	185,681	244,132
Western Australia ..	42,549	79,983	71,449	113,867	145,830
Tasmania ..	97,031	97,352	120,657	124,114	126,251
Total ..	1,156,752	1,187,471	1,237,027	1,300,374	1,444,341

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

The following table shows the total amount collected in the several States during the years 1921-22 to 1925-26. In the case of Western Australia the amount of dividend duty collected is included.

The total for 1925-26 represents an increase of over 38 per cent. on the collections in 1921-22.

STATE INCOME AND DIVIDEND TAXES.—COLLECTIONS, 1921-22 TO 1925-26.

State.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
New South Wales ..	4,077,897	4,196,228	4,373,519	4,661,892	5,392,946
Victoria ..	1,443,209	1,514,256	1,702,483	2,076,656	2,238,429
Queensland ..	2,194,361	2,149,607	2,300,044	2,509,913	2,617,253
South Australia ..	975,043	903,460	894,283	1,268,898	1,422,993
Western Australia ..	497,879	579,060	719,160	716,109	832,239
Tasmania ..	355,035	325,151	431,271	781,194	721,231
Total ..	9,543,424	9,667,762	10,420,760	12,014,662	13,225,091

(f) *Commonwealth and State Taxation.* The table hereunder shows the combined Commonwealth and State taxation for each of the years 1921-22 to 1925-26, as well as the amount per head of population :—

TOTAL COMMONWEALTH AND STATE TAXATION, 1921-22 TO 1925-26.

Particulars.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
Commonwealth taxation ..	49,678,842	49,885,017	50,852,483	52,835,690	54,373,005
State taxation ..	17,847,923	18,739,558	20,025,138	21,670,037	23,452,704
Total ..	67,526,765	68,624,575	70,877,621	74,505,727	77,825,709
Taxation per head ..	£12/5/1	£12/3/7	£12/6/7	£12/13/8	£12/19/9

Whilst Customs and Excise revenue expanded during the period by £11,568,519, and other Commonwealth taxation decreased by £6,874,356, resulting in a net increase in Commonwealth taxation of £4,694,163, the State taxation advanced by £5,604,781, the aggregate increase being £10,298,944. The amount *per capita* of total taxation has increased about 6 per cent. in the period under review.

(iv) *Public Works and Services.* A very large proportion of State revenues is made up of receipts from public works and services under the control of the Governments. The principal of these are railways and tramways, harbour works, and water supply and sewerage, while, in addition, State batteries for the treatment of auriferous ores exist in Western Australia, and various minor revenue-producing services are rendered by the Governments of all States. For the year 1925-26 the aggregate revenue from these sources was £57,285,051, or 56 per cent. of the revenue from all sources. Details of revenue from public works and services for the year 1925-26 are as follows:—

STATE REVENUE FROM PUBLIC WORKS AND SERVICES, 1925-26.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways ..	20,985,362	12,423,715	7,392,241	4,118,388	3,604,914	543,066	49,067,686
Harbour services ..	1,326,924	209,242	84,746	639,063	245,283	..	2,505,258
Public batteries ..	..	..	..	..	27,336	..	27,336
Water supply and sewerage ..	232,218	647,072	..	592,278	469,519	..	1,764,087
Other public services ..	955,259	1,322,044	387,943	551,710	293,056	410,672	3,920,684
Total ..	23,499,763	14,425,073	7,864,930	5,901,439	4,640,108	953,738	57,285,051

(a) Railways only.

(b) Water supply only.

(v) *Lands.* The revenue from the sale and rental of Crown lands has, with few exceptions, been treated from the earliest times as forming part of the Consolidated Revenue Funds, and has been applied to meet ordinary expenses. Where the rentals received are for lands held for pastoral or residential purposes such application of the revenue would appear justifiable. On the other hand, where the rentals are for mineral and timber lands, and in all cases of sales of lands, the proceeding is essentially a disposal of capital to defray current expenses, and is, therefore, open to criticism. The following table gives the revenue from sales and rentals of Crown lands for the year 1925-26:—

STATE LAND REVENUE, 1925-26.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Sales ..	108,473	98,763	20	41,213	336,791	26,392	611,652
Rentals ..	2,017,946	332,359	1,445,996	265,078	204,947	51,281	4,317,607
Total ..	2,126,419	431,122	1,446,016	306,291	541,738	77,673	4,929,259

(vi) *Commonwealth Subsidy.* The payments to the States of Commonwealth subsidy represent in each instance a considerable proportion of the States' revenue, and for the year 1925-26 aggregated £7,624,099. A reference to the proposals to discontinue the payment of this subsidy will be found in Section B, §1. 3. of this chapter. The percentage represented by the subsidy received by each State for 1925-26 on the total revenue of that State is shown in the following table:—

COMMONWEALTH SUBSIDY PAID TO EACH STATE, 1925-26.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Commonwealth subsidy ..	2,853,850	2,090,951	1,068,378	684,932	(a) 588,511	(b) 337,477	7,624,099
Total revenue ..	38,540,031	25,269,756	15,599,718	10,474,094	8,808,166	2,726,482	101,418,247
Percentage of subsidy on revenue ..	7.40	8.27	6.85	6.54	6.68	12.38	7.52

(a) Including special grant of £100,000.

(b) Including special grant of £63,000.

(vii) *Miscellaneous.* In addition to the foregoing, there are in each State several miscellaneous sources of revenue, including such items as interest, fines, fees, etc., which for the year 1925-26 aggregated £8,127,134. Of this amount, interest was responsible for £4,464,946.

Division II.—Expenditure.

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

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

Of these, that of working expenses of railways and tramways was the most important, and for the year 1925-26 represented about 38 per cent. of the aggregate expenditure from the Consolidated Revenue Fund. Next in importance for that year was the item of interest and sinking fund in connexion with the public debt, then education, medical and charitable expenditure, and police, in the order named.

2. *Total Expenditure.*—The total expenditure from Consolidated Revenue Funds in the several States, and the expenditure per head of population during each of the years 1921-22 to 1925-26 are given in the table hereunder :—

STATE EXPENDITURE.—CONSOLIDATED REVENUE FUNDS, 1921-22 TO 1925-26.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
1921-22	36,966,525	20,297,279	12,499,970	7,826,241	7,639,242	2,302,077	87,531,334
1922-23	35,342,436	21,611,309	12,784,382	8,426,517	7,612,856	2,472,523	88,250,023
1923-24	37,251,419	23,050,968	13,415,332	8,985,599	8,094,753	2,658,382	93,456,453
1924-25	39,579,058	24,170,483	14,880,288	9,680,037	8,439,844	2,675,618	99,425,328
1925-26	39,814,335	25,559,583	16,154,404	10,460,943	8,907,308	2,698,262	103,594,835

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1921-22	17 7 5	13 1 9	16 5 5	15 11 6	22 15 1	10 10 11	15 7 8
1922-23	16 5 4	13 11 10	16 4 3	16 8 4	22 3 2	11 5 11	15 13 4
1923-24	16 16 10	14 3 8	16 10 9	17 2 6	22 17 7	12 2 9	16 5 1
1924-25	17 11 1	14 11 9	17 16 5	17 19 6	23 3 7	12 5 8	16 18 6
1925-26	17 6 5	15 3 6	18 15 2	18 19 3	23 18 8	12 8 8	17 5 9

Details of the expenditure are given in the next table.

3. Details of Expenditure for 1925-26.—(i) *General*. The following table shows the total expenditure and expenditure per head under each of the principal items :—

STATE EXPENDITURE.—DETAILS, 1925-26.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	TOTAL.						
	£	£	£	£	£	£	£
Public debt (interest, sinking fund, etc.)	8,398,049	6,967,593	4,577,650	3,831,200	3,304,185	1,112,468	28,191,145
Railways and tramways (working expenses)	16,379,652	a9,958,888	b6,457,799	b3,103,918	2,764,144	b512,351	39,178,752
Justice	587,011	270,029	200,522	74,561	81,932	27,480	1,241,535
Police	1,171,171	804,645	554,879	249,632	209,459	84,266	3,074,052
Penal establishments	163,407	116,542	39,874	45,779	23,351	9,446	398,399
Education	3,966,463	2,369,026	1,491,666	829,125	624,916	297,129	9,578,325
Medical and charitable	2,072,406	1,212,282	871,072	461,808	414,260	178,499	5,210,327
All other expenditure	7,076,176	3,860,578	1,960,942	1,864,920	1,485,061	476,623	16,724,300
Total	39,814,335	25,559,583	16,154,404	10,460,943	8,907,308	2,698,262	103,594,835

PER HEAD OF POPULATION.

Particulars.	£ s. d.													
	£	s. d.												
Public debt (interest, sinking fund, etc.)	3	13 1	4	2 9	5	6 4	6	18 11	8	17 7	5	2 6	4	14 1
Railways and tramways (working expenses)	7	2 6	a5	18 4	b7	9 11	b5	12 6	7	8 6	b2	7 3	6	10 9
Justice	0	5 2	0	3 3	0	4 8	0	2 9	0	4 5	0	2 6	0	4 2
Police	0	10 2	0	9 6	0	12 11	0	9 0	0	11 3	0	7 9	0	10 3
Penal establishments	0	1 5	0	1 4	0	0 11	0	1 8	0	1 3	0	0 11	0	1 4
Education	1	14 6	1	8 1	1	14 8	1	10 1	1	13 7	1	7 5	1	12 0
Medical and charitable	0	18 0	0	14 5	1	0 3	0	16 9	1	2 3	0	16 5	0	17 4
All other expenditure	3	1 7	2	5 10	2	5 6	3	7 7	3	19 10	2	3 11	2	15 10
Total	17	6 5	15	3 6	18	15 2	18	19 3	23	18 8	12	8 8	17	5 9

(a) Including 7.59 miles of electric tramways operated by the Victorian Railways. (b) Railways only.

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

STATE EXPENDITURE.—PERCENTAGES OF ITEMS, 1925-26.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
Public debt (interest, sinking fund, etc.)	%	%	%	%	%	%	%
Railways and tramways (working expenses)	21.09	27.26	28.34	36.62	37.10	41.23	27.21
Justice	41.14	a38.96	b39.98	b29.67	31.03	b18.99	37.82
Police	1.47	1.06	1.24	0.71	0.92	1.02	1.20
Penal establishments	2.94	3.15	3.43	2.39	2.35	3.12	2.97
Education	0.41	0.46	0.25	0.44	0.26	0.35	0.38
Medical and charitable	9.96	9.27	9.23	7.93	7.02	11.01	9.25
All other expenditure	5.21	4.74	5.39	4.41	4.65	6.62	5.03
Total	17.78	15.10	12.14	17.83	16.67	17.66	16.14
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

(a) Including 7.59 miles of electric tramways operated by the Victorian Railways. (b) Railways only.

The interest and sinking fund on the public debt, together with the working expenses of the railways and tramways, represented for the year 1925-26 about 65 per cent. of the aggregate State expenditure, a proportion which has been maintained with great regularity for many years past.

Division III.—Balances.

1. Position on 30th June, 1926.—On various occasions in each of the States the revenue collected for a financial year has failed to provide the funds requisite for defraying the expenditure incurred during that year, the consequent deficit being usually liquidated either by cash obtained from trust funds, or by the issue of Treasury bills. During the period of financial stress resultant upon the crisis of 1893 and the drought conditions of succeeding years, the accumulated overdrafts of several of the States grew very rapidly, and the position now is that no State, except South Australia, has a credit balance. The situation on 30th June, 1926, was as follows:—

STATE CONSOLIDATED REVENUE FUND BALANCES, 30th JUNE, 1926.

State.	Debit Balance.		Net Debit Balance.
	Cash Overdraft.	Overdraft liquidated by Treasury Bills.	
	£	£	£
New South Wales	4,705,119	..	4,705,119
Victoria	289,827	687,678	977,505
Queensland	985,021	..	985,021
South Australia	<i>Cr.</i> 13,151	..	<i>Cr.</i> 13,151
Western Australia	173,433	6,124,195	6,297,628
Tasmania	394,552	349,401	743,953
Total	6,534,801	7,161,274	13,696,075

§ 3. State Trust Funds.

1. Nature.—In addition to the moneys received as revenue and paid to the credit of their respective Consolidated Revenue Funds, considerable sums are held by the State Governments in trust for various purposes. In most of the States also, sinking funds for the redemption of public debt are provided, and the moneys accruing thereto are paid to the credit of the appropriate trust funds. A similar course is followed in the case of municipal sinking funds placed in the hands of the Governments. In all the States except New South Wales, life assurance companies operating are required to deposit a substantial sum in cash or approved securities with the Government, and these deposits help to swell the trust funds. Various other deposit accounts, superannuation funds, suspense accounts, etc., also find a place. The trust funds have at various times enabled the several State Treasurers to tide over awkward financial positions, but the propriety of allowing deficits to be liquidated in this manner is open to question.

2. Extent.—The amount of trust funds held on the 30th June, 1926, was as follows:—

STATE TRUST FUNDS, 30th JUNE, 1926.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
Amount of trust funds	25,069,338	10,117,452	<i>Dr.</i> 1,768,574	1,068,239	20,854,306	2,050,928	57,391,689

§ 4. State Loan Funds.

Division I.—Loan Expenditure.

1. **General.**—So far back as the year 1842, revenue collections were supplemented with borrowed moneys, the earliest loan being by New South Wales for the purpose of assisting immigration, at rates of interest varying from 2½d. to 5¼d. per £100 per diem, or approximately from 4½ per cent. to 8 per cent. per annum. Australian public borrowing, however, is mainly due to the fact that the State Governments, in addition to ordinary administrative duties, undertake functions which in other countries are usually entrusted to local authorities or left to private enterprise. Foremost amongst these are the construction and control of the railway systems, but loan moneys have largely been used for improvements to harbours and rivers, and the construction of water supply and sewerage works. The State loan expenditure and public debt thus differ very materially from those of most European countries, and from those of the Commonwealth, where such expenditure was very largely incurred for purposes of defence, or in the prosecution of war. As shown above, the State debts consist chiefly of moneys raised and expended with the object of assisting the development of the resources of the country, and are, to a very large extent, represented by tangible assets.

2. **Loan Expenditure, 1925-26.**—For the year ended 30th June, 1926, State expenditure from loan funds was £34,303,077, New South Wales with a total of £11,180,482 being the principal contributor to this amount. Expenditure on railways and tramways is a very heavy item, but in recent years the settlement of returned soldiers upon the land has absorbed large sums. Details for the year for each State are given in the following table:—

STATE LOAN EXPENDITURE, 1925-26.

Heads of Expenditure.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways	6,335,943	1,489,285	2,754,551	2,764,511	659,234	17,255	14,020,779
Water supply, sewerage and water conservation ..	1,959,255	1,587,477	135,945	731,876	678,461	..	5,093,014
Harbours, rivers, etc. }	1,548,360	1,145,666	385,344	686,087	316,138	207,699	4,289,294
Roads and bridges ..	713,337	394,655	218,180	214,066	77,795	44,056	1,662,089
Public buildings ..	..	..	..	..	..	..	..
Development of mines, etc. ..	..	..	61,897	..	84,079	..	145,976
Advances to settlers ..	162,444	..	..	964,611	..	34,237	..
Land purchases for settlement ..	850,000	1,307,819	306,184	31,390	1,901,551	..	5,123,354
Loans to local bodies ..	25,528	..	611,263	..	..	..	678,658
Rabbit-proof fences ..	33,474	42,628	24,539	8,629	..	..	109,290
Other Public works and purposes ..	91,915	2,033,845	452,925	213,144	361,428	211,196	3,180,623
Total ..	11,180,482	8,001,375	4,950,848	5,551,534	4,078,686	540,152	34,303,077

(a) Repayment.

(b) Including £1,822,378 for Electricity supply.

3. **Loan Expenditure, 1921-22 to 1925-26.**—The following table gives the loan expenditure during each of the years 1921-22 to 1925-26:—

STATE LOAN EXPENDITURE, 1921-22 TO 1925-26.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
1921-22	10,442,732	11,804,991	2,599,573	2,689,422	2,454,924	2,097,364	32,089,006
1922-23	9,794,019	8,764,306	3,701,750	3,480,281	3,389,299	1,153,645	30,283,300
1923-24	7,735,480	8,407,526	4,650,199	3,971,938	3,936,833	712,214	29,414,190
1924-25	9,175,686	8,799,531	4,081,741	3,520,305	4,099,021	242,485	29,918,769
1925-26	11,180,482	8,001,375	4,950,848	5,551,534	4,078,686	540,152	34,303,077

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1921-22	4 18 2	7 12 3	3 7 8	5 7 1	7 6 3	9 12 2	5 16 6
1922-23	4 10 2	5 10 3	4 13 11	6 15 8	9 17 4	5 5 5	5 7 6
1923-24	3 9 11	5 3 6	5 14 8	7 11 5	11 2 6	3 5 0	5 2 4
1924-25	4 1 5	5 6 2	4 17 9	6 10 9	11 5 2	1 2 3	5 1 10
1925-26	4 17 3	4 15 0	5 15 0	10 1 3	10 19 2	2 9 9	5 14 6

The loan expenditure per head of population varies in the different States and in different years, reaching its highest point for the five years under review in Western Australia in 1924-25 with £11 5s. 2d. per head, and its lowest in Tasmania in 1924-25 with £1 2s. 3d. per head.

4. Total Loan Expenditure to 30th June, 1926.—(i) *General*. The total loan expenditure of the States from the initiation of borrowing to the 30th June, 1926, amounted to £624,419,184. The purposes for which this sum was expended are shown in the following table:—

TOTAL STATE LOAN EXPENDITURE TO 30th JUNE, 1926.

Heads of Expenditure.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways	121,182,518	67,634,835	54,875,095	26,267,702	21,108,678	6,892,582	297,961,410
Telegraphs and tele- phones	1,761,845	..	996,587	991,772	..	142,410	3,892,614
Water supply, sewerage and water conserva- tion	43,744,770	20,653,134	1,819,785	17,405,970	7,375,409	..	90,999,068
Harbours, rivers, etc. } Roads and bridges }	24,319,774	8,861,269	3,949,576	8,934,347	5,409,616	5,904,160	57,378,742
Defence	1,457,536	149,323	363,085	291,615	..	128,224	2,339,783
Public buildings ..	8,451,346	4,365,491	3,206,132	2,081,161	1,174,849	1,551,005	20,829,984
Immigration	738,092	20,000	2,763,071	..	455,405	235,000	4,211,568
Development of mines, etc. .. .. .	..	520,421	..	..	2,183,402	..	2,703,823
Land purchases for set- tlement	6,897,000	30,963,625	2,714,345	{ 1,772,272 }	{ 16,413,467 }	{ 2,964,021 }	{ 77,815,049 }
Advances to settlers ..	670,633	..	..	{ 15,080,070 }	..	{ 339,616 }	..
Loans to local bodies ..	78,568	1,827,064	8,777,780	..	..	1,604,293	12,287,705
Rabbit-proof fences ..	317,534	475,487	373,752	208,120	328,703	..	1,703,596
Other public works and purposes	9,985,756	15,247,768	12,420,565	3,359,406	6,524,189	4,708,158	52,245,842
Total	219,605,372	150,718,417	92,259,773	76,392,435	60,973,718	24,469,469	624,419,184

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

(ii) *Relative Importance of Items*. The relative importance of the various items of loan expenditure is indicated in the following table, which gives the percentage of each loan on the total loan expenditure in each State and for the States as a whole to 30th June, 1926:—

TOTAL STATE LOAN EXPENDITURE TO 30th JUNE, 1926.—PERCENTAGES OF ITEMS.

Heads of Expenditure.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	%	%	%	%	%	%	%
Railways and tramways	55.18	44.87	59.48	34.39	34.62	28.17	47.72
Telegraphs and telephones	0.80	..	1.08	1.30	..	0.58	0.62
Water supply, sewerage and water conservation	19.92	13.70	1.97	22.78	12.10	..	14.57
Harbours, rivers, etc.	11.07	5.88	4.28	11.70	8.87	24.13	9.19
Roads and bridges	..	..	..	..	..	..	..
Defence	0.66	0.10	0.39	0.38	..	0.52	0.38
Public buildings ..	3.85	2.90	3.48	2.72	1.93	6.34	3.34
Immigration	0.34	0.01	2.99	..	0.74	0.96	0.68
Development of mines, etc. .. ..	..	0.35	..	..	3.58	..	0.43
Land purchases for settlement	3.14	..	2.94	2.32	..	12.11	..
Advances to settlers ..	0.31	20.54	..	19.74	26.92	1.39	12.46
Loans to local bodies ..	0.04	1.21	9.52	..	..	6.56	1.97
Rabbit-proof fences ..	0.14	0.32	0.41	0.27	0.54	..	0.27
Other public works and purposes	4.55	10.12	13.46	4.40	10.70	19.24	8.37
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Division II.—State Public Debts.

1. *General.*—The first government loan raised in Australia was obtained by New South Wales in 1842. This and nine other loans prior to 1855 were all procured locally. In the last-mentioned year, Australia approached the London market, the occasion being the placing of the first instalment of the New South Wales 5 per cent. loan for £683,300. Victoria first appeared as a borrower in 1854, and made its first appearance on the London market in 1859. In the other States the first public loans were raised in the following years:—Queensland 1861, South Australia 1856, Western Australia 1845, and Tasmania 1867.

2. *State Debts, 1922 to 1926.*—The table hereunder shows the State public debts and the amounts owing per head of population at the 30th June in each year from 1922 to 1926 inclusive. The totals include sums advanced by the Commonwealth to the States for settling returned soldiers on the land, and for this reason they differ in some cases from those given in previous issues. On the transfer of the Queensland State Savings Bank business to the Commonwealth Bank in 1920, Queensland Government securities were handed to the latter for the Savings Bank current account credit balance and for amounts owing on account of Advances to Settlers and Workers' Dwellings. This transaction added a total of £5,936,916 to the Public Debt without involving any additional borrowing. Repayments reduced this amount at 30th June, 1926, to £4,339,868.

STATE PUBLIC DEBTS, 30th JUNE, 1922 TO 1926.

Date.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
30th June, 1922..	190,857,535	109,099,199	85,691,228	60,936,238	54,959,778	21,945,411	523,489,389
" 1923..	197,936,092	118,562,029	88,005,001	65,451,873	58,485,555	22,438,091	550,878,641
" 1924..	224,179,515	124,108,326	90,561,350	70,016,829	62,765,782	23,732,685	595,364,487
" 1925..	215,331,110	131,169,565	96,389,067	74,780,835	64,493,261	23,894,416	606,058,254
" 1926..	223,504,771	140,264,989	102,316,866	81,473,624	70,806,921	24,477,590	642,844,761

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
30th June, 1922..	88 17 1	69 9 6	109 7 2	120 14 0	161 12 4	102 17 8	94 0 4
" 1923..	90 5 6	73 15 0	109 4 9	125 15 9	168 0 1	104 19 2	96 16 11
" 1924..	100 10 3	75 13 9	109 8 9	132 7 10	174 3 7	111 6 4	102 11 9
" 1925..	94 15 7	78 10 1	112 14 2	137 13 9	175 4 10	112 15 2	102 4 3
" 1926..	96 3 8	82 15 6	116 7 0	145 17 9	188 14 9	116 18 2	106 7 3

The greatest increase in indebtedness was experienced in New South Wales, which added £32,647,236 during the period under review. The public debt of the whole of the States increased during the same period by £119,355,372, or at the rate of nearly £30,000,000 per annum.

3. Place of Flotation of Loans.—(i) *For each State.* As pointed out previously, the yearly loans, usually for comparatively small amounts, were raised locally, but, with the increasing demand for loan funds and the more favourable terms offering in the London market, the practice of raising loans in London came into vogue, and for many years local flotations, except for short terms or small amounts, were comparatively infrequent. In more recent years, however, the accumulating stocks of money in Australia seeking investment have led to the placing of various redemption and other loans locally, with very satisfactory results. Moreover, certain loans have been placed in New York on account of all States except New South Wales. The following table gives particulars of loans outstanding on the 30th June, 1926, which had been floated abroad and in Australia respectively :—

STATE PUBLIC DEBTS.—PLACE OF FLOTATION OF LOANS, 30th JUNE, 1926.

State.	Floated Abroad.		Floated in Australia.		Total Public Debt.
	Amount.	Percentage on Total Debt.	Amount.	Percentage on Total Debt.	
	£	%	£	%	£
New South Wales ..	140,338,679	62.79	83,166,092	37.21	223,504,771
Victoria ..	(a) 54,603,506	38.93	85,661,483	61.07	140,264,989
Queensland ..	(b) 66,148,134	64.65	36,168,732	35.35	102,316,866
South Australia ..	(c) 35,756,239	43.89	45,717,385	56.11	81,473,624
Western Australia ..	(d) 50,527,029	71.36	20,279,892	28.64	70,806,921
Tasmania ..	13,361,147	54.59	11,116,443	45.41	24,477,590
Total ..	360,734,734	56.12	282,110,027	43.88	642,844,761

(a) Including £1,926,436, floated in New York.

(b) Including £4,520,703, floated in New York.

(c) Including £770,574, floated in New York.

(d) Including £1,541,149, floated in New York.

(ii) *Total, All States.* The next table showing similar particulars of aggregate State indebtedness at the end of the years 1921-22 to 1925-26, indicates the rapidity with which the local holdings have increased.

STATE PUBLIC DEBTS.—PLACE OF FLOTATION OF LOANS, 30th JUNE, 1922 TO 1926.

Year.	Floated Abroad.		Floated in Australia.		Total Public Debt.
	Amount.	Percentage on Total Debt.	Amount.	Percentage on Total Debt.	
	£	%	£	%	£
30th June, 1922 ..	300,274,441	57.36	223,214,948	42.64	523,489,389
„ 1923 ..	309,216,201	56.13	241,662,440	43.87	550,878,641
„ 1924 ..	342,660,422	57.55	252,704,065	42.45	595,364,487
„ 1925 ..	339,590,567	56.03	266,467,687	43.97	606,058,254
„ 1926 ..	360,734,734	56.12	282,110,027	43.88	642,844,761

In the course of four years the oversea indebtedness of the States has increased by £60,460,293, while the local indebtedness has increased by £58,895,079. In other words, the Australian proportion had on 30th June, 1926, grown to more than three-sevenths.

The total indebtedness of the States increased during the year 1925-26 by £36,786,507, and is accounted for chiefly by the loans from the Commonwealth Government, which has either advanced money to the States, or acted as agent in obtaining loans from London and New York. The sums raised have been largely spent in settling returned soldiers on the land, in constructing silos for wheat storage, and in providing employment through the medium of local bodies.

4. Rates of Interest.—(i) *At 30th June, 1926.* As mentioned previously, the highest rate of interest paid for the earliest State loans was fivepence farthing per £100 per diem, or, approximately, 8 per cent. per annum. At present the rates vary from 7½ per cent. to 1 per cent., no fewer than twenty-eight separate rates being involved. It is probable however, that the debt at the higher rates will largely increase in the future, since conversion can scarcely be effected at present at a lower rate of interest than 5 per cent. The average rate payable on the aggregate indebtedness is more than 4½ per cent. For the separate States the average varies considerably, being lowest in the case of Western Australia and highest in that of South Australia, the difference between these two average rates being more than ½ per cent. The table hereunder gives particulars of the rates of interest payable at the 30th June, 1926 :—

STATE PUBLIC DEBTS.—RATES OF INTEREST PAYABLE, 30th JUNE, 1926.

Rate of Interest.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
%	£	£	£	£	£	£	£
7½	2,311,068	565,814	769,222	513,564	1,380,000	268,649	5,808,317
7	..	..	2,465,838	..	..	..	2,465,838
£6/15/2	1,250,000	613,248	10,742	..	477,802	..	2,351,792
£6/14/-	..	..	74,699	..	500,000	19,280	593,979
6½	6,500,000	..	3,100,690	3,000,000	250,000	3,434,165	16,284,855
£6/7/-	4,535,099	5,480,743	1,580,780	1,730,158	1,939,883	900,000	16,166,663
6¼	..	..	..	..	..	116,804	116,804
£6/3/6	..	..	502,000	..	..	..	502,000
£6/2/2	..	..	362,000	..	..	..	362,000
£6/1/3	..	..	386,000	..	..	..	386,000
6	19,173,016	5,903,997	6,530,265	16,756,837	6,782,023	1,776,576	56,922,714
5¾	25,914,452	10,000	..	1,500,000	..	..	27,424,452
£5/13/2	..	..	..	28,796	..	..	28,796
5½	38,448,461	27,321,419	19,734,344	15,715,598	7,932,234	3,661,993	112,814,049
5¼	..	200,000	..	..	..	..	200,000
£5/6/11	2,124,411	3,553,124	501,241	522,283	1,045,559	600,000	8,346,618
£5/5/3	85,405	1,581,146	309,730	67,000	87,958	341,635	2,472,874
5¼	6,152,367	12,797,592	3,787,442	6,513,241	793,305	421,375	30,465,322
5	44,426,110	44,684,700	21,005,084	13,926,316	10,459,596	2,649,102	137,150,908
4¾	..	200,000	..	..	..	..	200,000
4½	..	6,335,980	..	500,000	..	..	6,835,980
4¼	19,265,134	954,598	5,369,518	50,934	6,453,558	365,444	32,459,186
4	..	37,400	..	..	..	140,750	178,150
3¾	20,762,390	5,561,724	12,790,762	7,452,857	9,559,818	4,432,144	60,559,695
3½	1,911,650	220,000	2,025,300	3,896,580	1,000,000	..	9,053,530
3¼	14,018,456	12,865,771	15,521,826	5,676,090	11,045,185	4,899,673	64,027,001
3	16,626,752	9,637,560	5,489,383	5,123,370	7,350,000	450,000	44,677,065
1	..	230,173	..	..	2,250,000	..	2,480,173
Not fixed	..	1,510,000	..	..	..	..	1,510,000
Total	223,504,771	140,264,989	102,316,866	81,473,624	70,806,921	24,477,590	642,844,761
Average rate	£4/19/8	£4/18/1	£4/16/2	£5/0/9	£4/10/5	£4/18/6	£4/17/10

(a) Taken as 5 per cent.

(ii) *All States, 1922 to 1926.* The rapid increase recently in the amounts bearing interest at the higher rates is exhibited in the table hereunder, which shows the aggregate amount of indebtedness at the several rates of interest at the 30th June in each of the years 1922 to 1926 :—

STATE PUBLIC DEBTS.—RATES OF INTEREST PAYABLE, 30th JUNE, 1922 TO 1926.

Rate of Interest.	30th June, 1922.	30th June, 1923.	30th June, 1924.	30th June, 1925.	30th June, 1926.
%	£	£	£	£	£
7½	122,123	144,015	144,015	..	..
7¼	4,499,529	5,790,670	5,890,671	5,828,917	5,808,317
7	2,466,091	2,466,091	2,466,091	2,466,091	2,465,838
£6/15/2	2,369,792	2,369,792	2,369,792	2,369,792	2,351,792
£6/14/-	..	..	519,280	610,925	593,979
6½	16,149,635	16,806,663	16,317,190	16,287,355	16,284,855
£6/7/-	16,209,463	16,209,463	16,209,463	16,209,463	16,166,663
6¼	8,651,849	5,696,341	266,430	164,644	116,804
£6/3/6	..	..	..	502,000	502,000
£6/2/2	..	..	..	362,000	362,000
£6/1/3	..	..	..	386,000	386,000
6	30,630,929	29,807,617	33,475,342	54,977,437	56,922,714
5½	31,565,051	32,539,261	30,677,655	28,164,742	27,424,452
£5/13/2	28,796	28,796	28,796	28,796	28,796
5¼	58,264,168	66,573,879	80,310,921	92,708,890	112,814,049
£5/6/11	8,357,218	8,357,218	8,357,218	8,357,218	8,346,618
£5/5/3	3,012,870	2,980,759	2,472,947	2,472,874	2,472,874
5	..	..	..	..	200,000
5½	24,111,789	24,082,463	16,230,527	15,967,072	30,465,322
5¼	18,657,115	38,526,496	94,794,861	111,693,813	137,150,908
4¾	1,000,000	1,050,000	350,000	100,000	200,000
4½	2,148,160	2,406,010	1,335,980	6,585,980	6,835,980
£4/14/5	..	18,000,000	18,106,000	18,237,931	..
£4/14/3	5,010	398	..	..	..
4¼	29,966,961	38,823,200	44,921,339	31,458,870	32,459,186
4½	837,010	874,410	874,410	778,150	178,150
4	18,000,000	..	..	..	..
4	84,773,988	77,444,696	69,732,087	60,868,665	60,559,695
3¾	12,213,148	11,583,660	10,027,900	9,786,705	9,053,530
3½	103,420,420	102,811,575	93,081,666	70,393,496	64,027,001
3	46,028,274	46,005,168	46,403,876	45,566,428	44,677,065
1	..	..	..	2,724,000	2,480,173
Not fixed	..	..	..	..	1,510,000
Total	523,489,389	550,878,641	595,364,487	606,058,254	642,844,761
Average rate	£4/12/0	£4/13/0	£4/14/4	£4/16/11	£4/17/0

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

5. Interest per Head.—The relative burden of the State debts in respect of interest will be seen from the following table, which gives for the 30th June, 1926, the amount of interest payable on the public debt outstanding at that date, and the corresponding amount per head of population :—

STATE PUBLIC DEBTS.—INTEREST PAYABLE, 30th JUNE, 1926.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Total annual interest payable—							
Abroad	6,679,595	2,525,676	3,164,518	1,634,870	2,068,020	592,012	16,714,691
In Australia	4,458,470	4,355,216	1,754,574	2,419,045	1,131,733	613,764	14,732,802
Total	11,138,065	6,880,892	4,919,092	4,103,915	3,199,753	1,205,776	31,447,493
Annual interest payable per head	£4/16/1	£4/1/2	£5/11/10	£7/7/0	£8/10/7	£5/15/2	£5/4/1

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

Government option" include amounts which are payable by the respective Governments after giving a specified notice, and those "not yet fixed" consist of certain amounts owing to the Commonwealth Government. In most cases at date of maturity renewal is effected in respect of the greater portion of the loan, as provision for redemption has been made in exceptional cases only. In order to avoid application to the market at an unfavourable time, several States have adopted the practice of specifying a period prior to the date of maturity within which the Government, on giving twelve, or in some cases six months' notice, has the option of redeeming the loan. The Government can, therefore, take advantage of opportunities that may offer during the period for favourable renewals. Particulars concerning the due dates of the State loans outstanding on the 30th June, 1926, are given in the following table.

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

While the latest dates of maturity of the various loans extend over the period 1926 to 1975, the average for the States as a whole is slightly more than 15 years.

**STATE PUBLIC DEBTS.—DUE DATE OF AMOUNT OUTSTANDING
ON 30th JUNE, 1926.**

Year of Maturity.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
Overdue ..	11,300			36,475			47,775
1926 ..	6,972,941	2,504,207	380,600	565,185	433,420	350,859	11,207,212
1927 ..	18,386,676	5,213,600	4,824,150	6,924,910	6,434,719	1,940,961	43,725,016
1928 ..	1,165,611	12,847,162	846,800	2,348,159	665,819	1,506,707	19,380,258
1929 ..	1,306,990	17,977,676	12,862,434	6,304,434	714,959	1,620,361	40,786,854
1930 ..	15,452,469	12,694,956	5,649,510	6,979,654	1,114,942	2,082,643	43,974,174
1931 ..	3,803,256	3,607,057	473,220	1,998,622	3,768,759	277,916	13,928,830
1932 ..	14,214,200	2,037,366		1,626,071	1,183,654	37,007	19,098,298
1933 ..	17,838,922	344,960		2,354,818	965,879	358,750	21,863,329
1934 ..	14,347,823	8,092,675	3,347,800	4,266,187	2,012,247	1,750	32,068,482
1935 ..	23,444,726	1,235,900	397,270	6,667,321	8,830,485	272,210	40,847,912
1936 ..	538,251	1,466,189	3,151,880	5,669,533	1,276,920	54,030	12,156,803
1937 ..	98,700	40,000		1,169,083		4,934	1,312,717
1938 ..	84,456		2,357,177	101,440	1,667,250		4,210,317
1939 ..	2,900	312		2,734,050	106,603		2,843,865
1940 ..	16,506,000	4,248,900	2,000,000	6,014,861	4,500,000	7,810,022	41,079,783
1941 ..	5,100	1,910,557	3,820,330	2,162,329	215,050	90,287	8,203,653
1942 ..	4,008,100	14,485,100	15,000	7,055,268	61,697	1,176,784	26,801,949
1943 ..	765,700	3,600		1,037,925	756,100		2,563,325
1944 ..	252,900	400					253,300
1945 ..	11,006,000	1,856,943	7,631,253	798,812	5,906,027	200,000	27,399,040
1946 ..		217,400				250,000	467,400
1947 ..	3,200		6,553,558		2,250,000		8,806,758
1948 ..	6,500						6,500
1949 ..	2,900	11,699,371				42,000	11,744,271
1950 ..	22,061,783	11,881,950	10,047,183	2,861,801	5,431,202	4,929,564	57,213,483
1951 ..			999,600				999,600
1952 ..	3,100		125,400				128,500
1953 ..	6,500		2,147,809				2,154,309
1954 ..	2,900	123,874					126,774
1955 ..	22,001,500	1,926,436	770,574	770,574	5,978,149		31,447,233
1960 ..		8,979,700	20,228,800	2,989,616	1,000,000		33,198,116
1962 ..	10,500,000				6,000,000		16,500,000
1964 ..					1,566,000		1,566,000
1965 ..	10,500,000				3,000,000		13,500,000
1970 ..			2,000,000				2,000,000
1975 ..	275,275	6,859,721	353,141	2,814,744	3,000,000	599,897	13,902,778
Interminable ..	532,890		1,385,000	98,382			2,016,272
Interminable at Government option ..	7,395,208	6,086,858		5,123,370			18,605,436
Annual Drawings ..			71,132		18,500		89,632
Half-yearly ..			9,877,240			774,548	10,651,788
Date not fixed ..		1,922,119			1,948,540	96,360	3,967,019
Total ..	223,504,771	140,264,989	102,316,866	81,473,624	70,806,921	24,477,590	642,844,761
Average date of maturity ..	14.57 years	14.17 years	18.37 years	11.65 years	18.79 years	13.23 years	15.11 year

7. **Sinking Funds.**—The practice of providing sinking funds has been consistently adopted in the case of Western Australia only. This State has established, in connexion with each of its loans, sinking funds varying from 1 per cent. to 3 per cent. per annum of the nominal amount of the loan. The funds are placed with trustees in London, by whom they are invested in securities, and applied from time to time to the redemption of loans falling due. In the other States the sinking fund provision made is varied, consisting in certain instances of the revenues from specified sources, in others of the Consolidated Revenue Fund surplus, and in others again of fixed annual amounts. The following table gives the sinking funds and net indebtedness of each State at the 30th June, 1926:—

STATE SINKING FUNDS AND NET INDEBTEDNESS, 30th JUNE, 1926.

State.	Gross Indebtedness.	Sinking Fund.	Net Indebtedness.	Net Indebtedness per Head.
	£	£	£	£ s. d.
New South Wales ..	223,504,771	718,381	222,786,390	96 2 5
Victoria ..	140,264,989	4,897,751	135,367,238	79 17 9
Queensland ..	102,316,866	1,407,790	100,909,076	114 14 11
South Australia ..	81,473,624	1,467,530	80,006,094	143 5 2
Western Australia ..	70,806,921	10,654,493	60,152,428	160 6 9
Tasmania ..	24,477,590	1,585,574	22,892,016	109 6 8
Total ..	642,844,761	20,731,519	622,113,242	102 18 8

C. COMMONWEALTH AND STATE PUBLIC DEBTS.

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

COMMONWEALTH AND STATE PUBLIC DEBTS, 1921-22 TO 1925-26.

Year ended 30th June.	Public Debt of Commonwealth.	Public Debt of States.	Aggregate.	Deduction for Debts Counted Twice.	Balance, i.e., Public Debt of Australia.	Public Debt per Capita.
	£	£	£	£	£	£ s. d.
1922..	416,070,509	523,489,389	939,559,898	55,182,665	884,377,233	158 16 8
1923..	410,996,316	550,878,641	961,874,957	56,390,011	905,484,946	159 3 9
1924..	415,600,099	595,364,487	1,010,964,586	55,953,000	955,011,586	164 11 1
1925..	430,948,062	606,058,254	1,037,006,316	71,135,472	965,870,844	162 17 11
1926..	458,443,351	642,844,761	1,101,288,112	87,531,051	1,013,757,061	167 14 8

D. THE AUSTRALIAN LOAN COUNCIL.

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

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

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

The chief problem confronting the Council in 1925-26 was the conversion of £67,000,000 of Commonwealth War Loan maturing on 15th December, 1925. It was agreed that no other borrowing should be undertaken in Australia during the period required for this conversion. This transaction was successfully carried out at a rate of $5\frac{1}{2}$ per cent. Subsequent loans have been raised in Australia at $5\frac{1}{4}$ per cent., which rate seems well established.

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

Late in year 1925-26 the Commonwealth raised a loan in London of £6,000,000 at 5 per cent., the price of issue being £99 10s.

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

E. PRIVATE FINANCE.

§ 1. Coinage.

1. *Australian Mints.*—(i) *General.* Soon after the discovery of gold in Australia steps were taken for the establishment of a branch of the Royal Mint in Sydney. The formal opening took place on the 14th May, 1855. The Melbourne branch was opened on the 12th June, 1872, and the Perth branch on the 20th June, 1899. The States of New South Wales, Victoria, and Western Australia provide an annual endowment in return for which the mint receipts are paid into the respective State Treasuries, and it might be said until recently that, apart from expenditure on buildings, new machinery, etc., the accounts paid into the Treasuries fairly balanced the mint subsidies. Early in 1923, however, it was announced that owing to losses incurred in the operations of recent years, the New South Wales Government had decided to close the Sydney branch at the end of 1923. This decision was, however, not carried out at that time, but the mint was closed at the end of 1926.

(ii) *Gold Receipts and Issues in 1926.* (a) *Assay of Deposits Received.* The deposits received during 1926 at the Sydney Mint reached a gross weight of 130,902 ozs.; at the Melbourne Mint, a gross weight of 170,980 ozs.; and at the Perth Mint, a gross weight of 547,293 ozs. The average composition of these deposits in Sydney was, gold 961.3, silver 21.0, base 17.7, in every 1,000 parts; Melbourne, gold 876.1, silver 64.3, base 59.6, in every 1,000 parts; and Perth, gold 803.1, silver 127.8, base 69.1, in every 1,000 parts.

(b) *Issues.* The Australian mints, besides issuing gold coin in the shape of sovereigns and half-sovereigns, also issue gold bullion, partly for the use of local manufacturers (jewellers and dentists), and partly for export, India taking a considerable quantity of gold cast into 10-oz. bars. During recent years the export was subject to regulation by the Commonwealth Government, but the embargo was lifted in 1925. The issues during 1926 are shown in the table below:—

AUSTRALIAN MINTS.—ISSUES OF GOLD, 1926.

Mint.	Coin.			Bullion.	Total.
	Sovereigns.	Half-sovereigns.	Total.		
	£	£	£	£	£
Sydney ..	1,031,050	..	1,031,050	358,237	1,389,287
Melbourne ..	211,107	..	211,107	149,100	360,207
Perth ..	1,313,578	..	1,313,578	551,644	1,865,222
Total ..	2,555,735	..	2,555,735	1,058,981	3,614,716

(c) *Withdrawals of Worn Coin.* The mints receive light and worn coin for recoinage. The total withdrawals of worn gold coin were as follows:—Sydney, £1,110,867; Melbourne, £865,582 (since and including 1890); Perth, £1,401.

(iii) *Total Gold Receipts and Issues.* (a) *Receipts.* The total quantities of gold received at the three mints since their establishment are stated in the gross as follows:—Sydney, 42,082,927.85 ozs.; Melbourne, 40,787,947.44 ozs.; and Perth, 31,268,696 ozs. As the mints pay for standard gold (22 carats) at the rate of £3 17s. 10½d. per oz., which corresponds to a value of £4 4s. 11½d. per oz. fine (24 carats), it is possible to arrive at an estimate of the number of fine ounces from the amounts paid for the gold received. These amounts were:—Sydney, £156,771,141; Melbourne, £159,884,196; Perth, £108,737,408; corresponding to—Sydney, 36,907,045 ozs. fine; Melbourne, 37,639,940 ozs. fine; and Perth, 25,598,961 ozs. fine. In the case of deposits containing over a certain minimum of silver, the excess is paid for at the rate fixed from time to time by the Deputy-Master of the branch mint concerned.

(b) *Issues.* The total values of gold coin and bullion issued by the three mints are shown in the table hereunder. It may be said that about four-sevenths of the total gold production of Australasia has passed through the three Australian mints, the production of Australia to the end of 1926 being valued at £624,000,000, and that of New Zealand at approximately £92,000,000, or a total of about £716,000,000.

AUSTRALIAN MINTS.—TOTAL ISSUES OF GOLD TO END OF 1926.

Mint.	Coin.			Bullion.	Total.
	Sovereigns.	Half-sovereigns.	Total.		
	£	£	£	£	£
Sydney ..	144,435,550	4,781,000	149,216,550	7,574,408	156,790,958
Melbourne ..	145,987,722	946,780	146,934,502	12,672,607	159,607,109
Perth ..	98,971,691	367,338	99,339,029	9,373,085	108,712,114
Total ..	389,394,963	6,095,118	395,490,081	29,620,100	425,110,181

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

(b) *Profits on Coinage of Silver.* As sixty-six shillings are coined out of one pound troy of standard silver, the silver required to produce £3 6s. of coin cost on the average about £1 11s. 11d. during 1925-26; the difference represents, therefore, the gross profit or seigniorage made on the coinage of every £3 6s. Negotiations for the coinage of silver and bronze coin in Australia took place for a number of years between the Imperial authorities and the Governments of New South Wales and Victoria, but no decision was arrived at. As section 51 of the Commonwealth Constitution makes legislation concerning "currency, coinage, and legal tender" a Federal matter, the question remained in abeyance until 1907, when the matter was discussed at the Colonial Conference, London, with the result that in the latter part of 1908 the Commonwealth Treasurer announced his intention of initiating the coinage. Since 1916 silver and bronze coins have been minted in Australia on behalf of the Commonwealth Treasury.

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

AUSTRALIAN MINTS.—SILVER AND BRONZE ISSUES, 1910 TO 1926.

Year.	Silver.					Bronze.		
	2/-.	1/-.	6d.	3d.	Total.	1d.	½d.	Total.
	£	£	£	£	£	£	£	£
1910-18 ..	1,730,950	1,138,600	303,700	295,100	3,468,350	92,220	42,950	135,170
1919 ..	98,600	48,900	23,500	37,725	213,725	29,204	9,930	39,134
1920 ..	94,800	93,000	54,800	53,775	296,375	33,320	8,555	41,875
1921 ..	118,300	58,400	72,500	82,900	332,100	30,779	10,525	41,304
1922 ..	129,100	37,400	40,400	40,650	247,550	31,779	4,400	36,179
1923 (30th June)	50,850	35,900	13,100	7,000	106,850	9,650	370	10,020
1923-24 ..	146,200	58,800	25,400	29,250	259,650	30,650	4,560	35,210
1924-25 ..	150,000	16,800	25,900	34,150	226,850	20,000	420	20,420
1925-26 ..	409,000	121,700	108,200	77,850	716,750	1,710	6,175	7,885
Total ..	2,927,800	1,609,500	672,500	658,400	5,868,200	273,303	87,885	367,188

(d) *Withdrawals of Worn Silver Coin.* The value of worn silver coins received during 1926 was as follows:—Sydney, £12,500; Melbourne, £211,324; Perth, £18,931. The total withdrawals of worn silver coin were:—Sydney, £1,248,672; Melbourne, £1,301,835; Perth, £104,538.

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

AUSTRALIAN COINAGE—STANDARD WEIGHT AND FINENESS.

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

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

§ 2. Cheque-Paying Banks.

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

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

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

COMMONWEALTH BANK.—AGGREGATE PROFITS, 1922 TO 1926.

Date.	Aggregate Net Profit to Date.		
	General Bank.	Savings Bank.	Total.
	£	£	£
30th June, 1922	3,577,317	424,342	4,001,659
.. 1923	3,869,219	534,768	4,403,987
.. 1924	3,964,620	690,053	4,654,673
.. 1925	4,098,392	890,838	4,989,230
.. 1926	4,309,787	1,140,740	5,450,527

In accordance with the provisions of section 30 of the Bank Act and section 9 (2) of the National Debt Sinking Fund Act, half of the net profits of the Bank have been placed to the credit of the Bank's Reserve Fund and half to the credit of the National Debt Sinking Fund. Up to 30th June, 1926, the latter fund has benefited to the extent of £418,326.

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

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

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

(iii) *Australian Note Issue.* In December, 1920, the Australian Note Issue was handed over to the control of the Commonwealth Bank, the notes, however, still remaining Treasury Notes. The Note Issue Department of the Bank is administered by the above-mentioned Board of Directors. The notes in circulation on 28th June, 1926, amounted to £53,890,226, of which approximately 56 per cent. was held by the Banks and 44 per cent. by the public. Against this there was a reserve of gold coin amounting

to £28,182,387, or 52 per cent., and other assets including investments of £28,049,199. The investments are set out in detail as follows :—

**AUSTRALIAN NOTES ACCOUNT.—PARTICULARS OF INVESTMENTS AS AT
30th JUNE, 1926.**

Investment.	Amount.	Rate of Interest.	Date of Maturity.	Annual Amount of Interest.
	£	%		£
Commonwealth Government Securities	1,505,750	6	31/5/27	90,345
	63,640	5½	15/12/31	3,500
	1,000,000	5½	15/12/31	52,500
	244,140	5	15/7/35	12,207
	3,014,716	3½	1/4/62 to 1/4/72	105,515
New South Wales Securities	5,400,000	5½	31/12/30	297,000
	49,000	5½	1/7/26	2,695
Victorian Securities	2,400,000	5½	1/2/29	132,000
	583,000	5½	1/4/34	30,608
Queensland Securities	1,490,000	5½	1/4/34	78,225
South Australian Securities	1,600,000	5½	1/4/29	88,000
	326,000	5½	1/4/34	17,115
	590,000	5½	1/1/31	32,450
Western Australian Securities	2,100,000	5½	1/4/31	115,500
	335,000	5½	1/4/34	17,587
	50,000	5½	1/10/30	2,750
Tasmanian Securities	500,000	5½	31/12/30	27,500
	402,000	5	1932	20,100
United Kingdom Securities	247,449	£4/5/8	9/9/26	10,598
	247,420	£4/5/8	9/10/26	10,597
Total	(a) 22,148,115			1,146,792

(a) Exclusive of other assets amounting to £3,699,724.

2. **Banks in Operation.**—The twenty-one banks trading in Australia at the 30th June, 1926, are arranged in the table hereafter according to the situation of their head offices. Where reference to the banks is made by name they will be dealt with in the order thus given, with the exception of the Commonwealth Bank, which is placed first :—

CHEQUE-PAYING BANKS AT 30th JUNE, 1926.

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

Amalgamations, which have been such a feature in British banking of late years, have also been effected in Australia, the number of competitive joint-stock banks being thereby reduced considerably. During the calendar years 1917 and 1918 the following

were recorded:—(a) the Royal Bank of Queensland Limited with Bank of North Queensland Limited; (b) City Bank of Sydney with Australian Bank of Commerce Limited; (c) National Bank of Tasmania Limited with Commercial Bank of Australia Limited; and (d) National Bank of Australasia Limited with Colonial Bank of Australasia Limited. A further amalgamation took place in August, 1920, viz., the London Bank of Australia Ltd. and the English, Scottish and Australian Bank Ltd., and these banks absorbed the Commercial Bank of Tasmania in May, 1921. The National Bank of Australasia also absorbed the Bank of Queensland. Since 30th June, 1926, further amalgamations have been recorded, viz., the Bank of Victoria Ltd., with the Commercial Banking Company of Sydney Ltd.; the Western Australian Bank with the Bank of New South Wales, and the Royal Bank of Australia Ltd. with the English, Scottish, and Australian Bank Ltd.

3. Capital Resources.—The paid-up capital of the cheque-paying banks, together with their reserve funds, the rate per cent., and the amount of their last dividends, are shown in the table hereunder. The information relates to the balance-sheet last preceding the 30th June, 1926. In regard to the reserve funds it must be noted that in the case of some of the banks these are invested in Government securities, while in other cases they are used in the ordinary business of the banks, and in a few instances they are partly invested and partly used in business:—

CHEQUE-PAYING BANKS.—CAPITAL RESOURCES, 30th JUNE, 1926.

Bank.	Paid-up Capital.	Rate per cent. per annum of last Dividend and Bonus.	Amount of last Half-yearly Dividend and Bonus.	Amount of Reserved Profits.
	£	%	£	£
Commonwealth Bank of Australia ..	4,000,000	..	..	822,313
Joint Stock Banks—				
Bank of Australasia	4,000,000	10 and Bonus 3	260,000	3,892,886
Union Bank of Australia Ltd. ..	3,500,000	15	262,500	4,242,902
English, Scottish and Australian Bank Ltd.	2,250,000	12½	243,750 (b)	2,133,414
Bank of New South Wales	6,000,000	10	150,000 (a)	4,530,755
Commercial Banking Coy. of Sydney Ltd.	3,500,000	10	175,000	2,920,227
Australian Bank of Commerce Ltd.	1,840,000	8	73,600	794,559
Primary Producers' Bank of Australia Ltd.	386,830	..	200,000	2,532,958
National Bank of Australasia Ltd. ..	4,000,000	10	98,013	833,036
Commercial Bank of Australia Ltd. ..	3,065,722	4 Pref., 15 Ord.	73,900	856,755
Bank of Victoria Ltd.	1,478,010	10	37,500	678,036
Royal Bank of Australia Ltd.	750,000	10	5,100	69,821
Ballarat Banking Coy. Ltd.	127,500	3	37,447 (a)	725,950
Queensland National Bank Ltd. ..	1,500,000	10	7,862	51,732
Federal Deposit Bank Ltd.	172,245	12	1,709	40,000
Queensland Deposit Bank Ltd. ..	47,378	8	43,750	824,974
Bank of Adelaide	875,000	10	61,250	1,310,680
Western Australian Bank	700,000	17½	..	..
Total Australian Banks	38,192,685	..	1,731,381	27,268,689
Bank of New Zealand	6,154,989	13½ Ord., 10% "A" Pref., 11% "B" Pref.	712,392 (b)	3,390,378
Comptoir National d'Escompte de Paris ..	10,000,000	12	1,200,000 (b)	3,276,653
Yokohama Specie Bank Ltd.	10,000,000	12	600,000	9,230,599
Grand Total	64,347,674	..	4,243,773	43,166,319

(a) Dividend for quarter.

(b) For twelve months.

4. Liabilities and Assets.—(i) *Liabilities, each State, Quarter ended 30th June, 1926.* Banks transacting business in any State are obliged, under the existing State laws, to furnish a quarterly statement of their assets and liabilities, which contains the averages of the weekly statements prepared by the bank for that purpose, and they have since the year 1908 furnished quarterly statements to the Commonwealth Statistician. As all other financial returns in this work generally refer to a period closing on the 30th June, the banking figures are given throughout for the June quarter of each year. The liabilities are those to the general public, and are exclusive of the banks' liabilities to their shareholders, which are shown in the preceding table. As the Commonwealth Bank

also engages in Savings Bank business, it has been deemed desirable to keep the figures for this bank separate from those of the Joint Stock banks. The figures set out in the tables which follow are, therefore, exclusive in every case of the Commonwealth Bank.

JOINT STOCK BANKS—LIABILITIES, JUNE QUARTER, 1926.

States and Territory.	Notes in Circulation not Bearing Interest.	Bills in Circulation not Bearing Interest.	Balances Due to Other Banks.	Deposits.			Total Liabilities.
				Not Bearing Interest.	Bearing Interest.	Total.	
	£	£	£	£	£	£	£
New South Wales	64,990	1,263,057	830,736	46,874,498	57,497,948	104,372,446	106,531,229
Victoria ..	86,601	482,843	1,316,330	33,618,224	56,449,495	90,067,719	91,953,493
Queensland ..	(a)	712,604	343,623	14,734,021	18,934,007	33,668,028	34,724,255
South Australia	22,346	143,651	712,430	8,348,074	13,014,922	21,362,996	22,241,423
Western Australia	25,285	145,870	195,845	5,281,276	4,283,946	9,565,222	9,932,222
Tasmania ..	2,329	44,044	135,070	2,468,416	3,072,249	5,540,665	5,722,108
Northern Territory	..	11	15,596	95,600	119,475	215,075	230,682
Total ..	201,551	2,792,080	3,549,630	111,420,109	153,372,042	264,792,151	271,335,412

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

(ii) *Liabilities, all States, June Quarters, 1922 to 1926.* In the next table, which shows the average liabilities of the Joint Stock Banks for the quarters ended 30th June, 1922 to 1926, for Australia as a whole, the growth in liabilities is almost entirely due to an increase in the deposits bearing interest.

JOINT STOCK BANKS—LIABILITIES, JUNE QUARTER, 1922 TO 1926.

Year.	Notes in Circulation not Bearing Interest.	Bills in Circulation not Bearing Interest.	Balances Due to Other Banks.	Deposits.			Total Liabilities.
				Not Bearing Interest.	Bearing Interest.	Total.	
	£	£	£	£	£	£	£
1922 ..	209,894	2,132,280	4,273,238	104,582,491	117,776,754	222,359,245	228,074,657
1923 ..	207,228	2,279,149	3,724,411	108,937,936	131,903,047	240,840,983	247,051,771
1924 ..	204,830	2,439,835	4,037,173	106,378,836	133,273,020	239,651,856	246,333,744
1925 ..	202,875	2,584,705	3,239,759	108,562,243	142,023,225	250,585,468	256,612,807
1926 ..	201,551	2,792,080	3,549,630	111,420,109	153,372,042	264,792,151	271,335,412

(iii) *Assets, each State, Quarter ended 30th June, 1926.* The average assets of the banks are shown in the following table:—

JOINT STOCK BANKS—ASSETS, JUNE QUARTER, 1926.

States and Territory.	Coined Gold and Silver and other Metals.	Gold and Silver in Bullion or Bars.	Government and Municipal Securities.	Landed and House Property.	Notes and Bills of other Banks.	Balances Due from other Banks.	Discounts, Over-drafts, and all other Assets.	Austrian Notes and Cash with Commonwealth Bank.	Total Assets.
N.S.W.	12,104,518	74,851	9,217,462	2,796,691	769,681	1,462,083	85,124,897	8,819,827	120,370,010
Victoria	8,462,690	48,124	6,427,484	1,729,417	863,375	912,479	67,568,544	6,833,737	92,845,850
Q'land.	1,898,517	1,653	1,216,843	967,363	365,102	685,727	28,272,761	2,596,840	36,004,806
S. Aust.	1,828,249	217	236,077	484,013	169,235	526,493	15,017,374	2,332,598	20,594,256
W. Aust.	1,517,857	158,186	134,605	381,251	131,917	257,205	12,712,905	1,467,717	16,761,643
Tasmania	571,532	99	..	172,771	21,908	35,796	4,546,061	581,936	5,930,103
Nor. Ter.	3,650	190	..	500	..	..	9,478	2,805	16,623
Total	26,387,013	283,320	17,232,471	6,532,006	2,321,218	3,879,783	213,252,020	22,635,460	292,523,291

(iv) *Assets, all States, June Quarters, 1922 to 1926.* The average assets of the banks for the June quarters of each of the years 1922 to 1926 are given below.

JOINT STOCK BANKS.—ASSETS, JUNE QUARTERS, 1922 TO 1926.

Year.	Coined Gold and Silver and Other Metals.	Gold and Silver in Bullion or Bars.	Landed and Other Property.	Notes and Bills of Other Banks.	Balances Due from Other Banks.	Discounts, Overdrafts, and all Other Assets.(a)	Australian Notes.	Total Assets.
	£	£	£	£	£	£	£	£
1922	19,010,983	541,200	5,292,681	1,762,379	3,114,741	183,331,660	25,584,150	238,637,794
1923	18,716,430	559,004	5,721,410	1,920,488	5,390,423	203,526,917	25,037,449	260,872,121
1924	19,473,457	570,859	6,057,635	2,037,235	4,901,198	209,981,484	22,644,850	265,966,718
1925	22,567,729	4,484,679	6,257,546	2,126,838	3,919,978	210,578,929	23,211,903b	273,147,652
1926	26,337,013	283,320	6,532,006	2,321,218	3,879,783	230,484,491	22,635,460b	292,523,291

(a) Including Government and Municipal securities.

(b) Including Cash with Commonwealth Bank.

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

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

JOINT STOCK BANKS.—PERCENTAGE ON LIABILITIES OF COIN, BULLION, AND AUSTRALIAN NOTES, 1922 TO 1926.

Year.	Liabilities at Call.	Coin, Bullion, and Australian Notes.	Percentage on Liabilities at Call.
	£	£	%
1922	104,792,385	45,136,333	43.07
1923	109,145,164	44,312,883	40.60
1924	106,583,666	42,989,166	40.33
1925	108,765,118	50,264,311	46.21
1926	111,621,660	49,305,793	44.17

The figures in the last column show that the banks generally consider it advisable to hold from 40 to 50 per cent. of the amount of liabilities at call in coin, bullion, and notes.

(ii) *Queensland Treasury Notes.* In Queensland, Treasury notes took the place of bank notes in 1893. These Treasury notes are disregarded in the quarterly statements of the banks; according to Treasury returns the amount outstanding on 30th June, 1926, was £22,641. Under the Australian Notes Act, previously referred to, the issue of notes by a State is now prohibited.

(iii) *Percentage in each State.* The proportion of coin, bullion, and Australian notes to liabilities at call varies considerably amongst the States, and sometimes in the same State from year to year. A table is appended showing the percentage for each State for the quarter ended 30th June in each of the years 1922 to 1926 :—

**JOINT STOCK BANKS.—PERCENTAGE ON LIABILITIES AT CALL OF COIN,
BULLION, AND AUSTRALIAN NOTES, 1922 TO 1926.**

Year.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	All States.
	%	%	%	%	%	%	%	%
1922 ..	40.79	44.61	32.95	57.26	54.99	52.38	14.51	43.07
1923 ..	39.46	40.82	31.54	54.32	50.68	45.54	10.96	40.60
1924 ..	39.99	39.85	33.20	49.96	48.96	42.61	11.29	40.33
1925 ..	49.49	46.07	31.50	50.79	50.60	48.63	8.43	46.21
1926 ..	44.73	45.53	30.52	49.71	59.24	46.69	6.95	44.17

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

JOINT STOCK BANKS.—DEPOSITS, 1922 TO 1926.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	N. Ter.	All States.
TOTAL.								
	£	£	£	£	£	£	£	£
1922	86,960,221	76,540,572	26,655,927	18,499,834	8,523,244	4,988,004	185,443	222,359,245
1923	94,079,939	85,135,739	28,442,137	18,436,483	9,185,087	5,333,688	177,910	240,840,983
1924	90,529,921	84,301,488	29,649,564	20,085,213	9,236,755	5,601,494	187,421	239,651,856
1925	98,812,293	85,674,995	31,204,955	20,217,717	9,104,244	5,249,078	202,186	250,585,468
1926	104,372,446	90,067,719	33,668,028	21,362,996	9,565,222	5,540,665	215,075	264,792,151

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1922	40 10 7	48 17 1	34 4 9	36 13 10	25 2 10	23 5 8	50 7 0	40 1 0
1923	42 19 4	53 1 6	35 11 2	35 16 8	26 9 5	24 16 3	49 3 2	42 8 9
1924	40 13 4	51 9 0	36 1 7	38 1 3	25 15 5	26 8 6	52 1 6	41 0 7
1925	43 9 6	51 6 8	36 16 9	37 5 7	24 19 1	24 12 7	54 13 9	42 7 0
1926	45 0 3	53 4 2	38 10 10	38 6 11	22 17 7	26 5 9	57 11 1	43 18 2

(ii) *Advances.* In the quarterly statements furnished by the banks, the column headed "all other debts due to the banks" is made up of such miscellaneous items as bills discounted, promissory notes discounted, overdrafts on personal security, overdrafts secured by deposit of deeds or by mortgage, etc. The form prescribed for quarterly returns furnished to the Commonwealth Statistician in 1908 and 1909 provided for a division of the amounts under this heading into a number of sub-headings, but all the banks were not in a position to make the necessary division, and as it is impossible to separate these items the totals in the column must, therefore, be treated as advances. The following table shows the totals for each State during the years 1922 to 1926:—

JOINT STOCK BANKS.—ADVANCES, 1922 TO 1926.

Year	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	N. Ter.	All States.
	£	£	£	£	£	£	£	£
1922	67,724,902	53,151,759	21,173,091	12,246,764	9,571,052	4,226,561	12,742	168,106,871
1923	74,737,819	61,055,847	23,361,167	14,234,371	10,107,456	4,732,433	6,455	188,235,548
1924	78,861,693	63,914,412	26,076,079	14,310,376	10,748,734	4,831,856	7,625	198,750,775
1925	77,993,259	63,181,481	26,738,792	13,623,369	11,216,634	4,688,567	8,800	197,450,902
1926	85,124,897	67,568,544	28,272,761	15,017,374	12,712,905	4,546,061	9,478	213,252,020

(iii) *Proportion of Advances to Deposits.* The percentage of advances on total deposits shows to what extent the needs of one State are supplied by the resources of another State, and, where the percentage for Australia as a whole exceeds 100 (as it did

in the early years of the century), the banks must have supplied the deficiency from their own resources, or from deposits obtained outside Australia. The following figures show, however, that the banking business of Australia has been self-contained in every State, except Western Australia, during the period under review :—

**JOINT STOCK BANKS.—PERCENTAGE OF ADVANCES ON DEPOSITS,
1922 TO 1926.**

Year.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	All States.
	%	%	%	%	%	%	%	%
1922 ..	77.88	69.44	79.43	66.20	112.29	84.73	6.87	75.60
1923 ..	79.44	71.72	82.14	77.00	110.04	88.73	3.63	78.16
1924 ..	87.11	75.82	87.95	71.25	116.37	85.35	4.07	82.93
1925 ..	78.93	73.75	85.51	67.38	122.39	89.32	4.35	78.79
1926 ..	81.56	75.02	83.98	70.30	132.91	82.05	4.41	80.54

7. Commonwealth Bank of Australia.—(i) *Liabilities, June Quarter, 1926.*—On account of the magnitude of the Savings Bank business of this bank, the figures have been separated from those of the Joint Stock banks, and are shown hereunder. The total deposits amounted to £73,522,065, of which Savings Bank deposits accounted for £43,068,182 or 59 per cent.

COMMONWEALTH BANK OF AUSTRALIA.—LIABILITIES, JUNE QUARTER, 1926.

States and Territory.	Bills in Circulation.	Balances Due to Other Banks.	Deposits.				Total Liabilities.
			Not Bearing Interest.	Bearing Interest.	Savings Bank Deposits.	Total Deposits.	
	£	£	£	£	£	£	£
New South Wales	91,459	2,743,901	10,755,888	1,584,918	8,928,872	21,269,678	24,105,038
Victoria ..	180,954	2,073,744	3,225,469	1,077,530	5,705,035	10,008,034	12,262,732
Queensland ..	56,297	629,974	5,954,816	2,731,487	21,959,562	30,645,865	31,332,136
South Australia	12,225	208,000	1,800,231	105,434	2,518,411	4,424,076	4,644,301
Western Australia	12,765	257,081	1,260,104	1,278,086	2,420,910	4,959,100	5,228,946
Tasmania ..	1,540	133,194	354,026	325,845	1,501,000	2,180,871	2,315,605
Northern Territory	..	..	..	49	34,392	34,441	34,441
Total ..	355,240	6,045,894	23,350,534	7,103,349	43,068,182	73,522,065	79,923,199

(ii) *Liabilities, all States, June Quarters, 1922 to 1926.*—The average liabilities in the years specified are given in the table below.

**COMMONWEALTH BANK OF AUSTRALIA.—LIABILITIES, JUNE QUARTERS,
1922 TO 1926.**

Quarter ended 30th June—	Bills in Circulation.	Balances Due to Other Banks.	Deposits.				Total Liabilities.
			Not Bearing Interest.	Bearing Interest.	Savings Bank Deposits.	Total Deposits.	
	£	£	£	£	£	£	£
1922 ..	167,590	104,466	19,236,693	10,812,159	36,137,065	66,185,917	66,457,973
1923 ..	204,576	29,849	17,718,999	14,658,671	38,102,850	70,480,520	70,714,945
1924 ..	212,362	29,061	23,004,674	6,899,902	38,273,478	68,178,054	68,419,477
1925 ..	265,936	3,940,022	23,381,481	7,828,650	39,708,481	71,008,612	75,214,570
1926 ..	355,240	6,045,894	23,350,534	7,103,349	43,068,182	73,522,065	79,923,199

(iii) *Assets, June Quarter, 1926.* The assets for the June Quarter, 1926, are as follows:—

COMMONWEALTH BANK OF AUSTRALIA.—ASSETS, JUNE QUARTER, 1926.

States and Territory.	Coin.	Bullion.	Government and Municipal Securities.	Landed and House Property.	Notes and Bills of Other Banks.	Balances Due from Other Banks.	Discounts, Overdrafts, and all other Assets (not including Contingent Assets).	Australian Notes.	Total Assets.
	£	£	£	£	£	£	£	£	£
N.S.W. ..	2,480,241	..	14,965,054	315,652	214,577	1,477,703	5,060,060	5,542,973	30,056,260
Victoria ..	1,743,577	..	3,663,876	341,000	161,061	577,063	2,068,885	2,727,848	11,283,310
Queensland ..	380,661	71	19,671,863	93,149	295,696	216,652	4,503,071	1,545,327	26,706,490
S. Australia ..	21,870	..	1,366,238	70,027	120,402	403,769	820,408	1,656,649	4,459,363
W. Australia ..	1,365,671	874	806,767	28,588	87,659	95,466	485,707	433,996	3,304,728
Tasmania ..	24,683	..	1,804,310	..	30,240	59,448	174,768	312,346	2,405,795
Nor. Ter. ..	..	..	..	..	45,000	59,617	152	..	104,769
Total ..	6,016,703	945	42,278,108	848,416	954,635	2,889,718	13,113,051	12,219,139	78,320,715

(iv) *Assets, all States, June Quarters, 1922 to 1926.*—The great increase in Australian Notes is due in part to the obligation imposed by the Commonwealth Bank Act, 1924, on the Joint Stock banks of settling their exchanges through the Commonwealth Bank.

COMMONWEALTH BANK OF AUSTRALIA.—ASSETS, JUNE QUARTERS, 1922 TO 1926.

Quarter ended 30th June—	Coin.	Bullion.	Government and Municipal Securities.	Landed and House Property.	Notes and Bills of Other Banks.	Balances Due from Other Banks.	Discounts, Overdrafts, and all other Assets (not including Contingent Assets).	Australian Notes.	Total Assets.
	£	£	£	£	£	£	£	£	£
1922 ..	2,339,719	10,151	34,760,870	599,960	3,487,074	3,488,840	14,130,747	4,730,493	63,547,854
1923 ..	2,637,450	9,397	37,479,846	762,730	5,138,747	2,772,000	14,035,767	3,750,438	66,586,375
1924 ..	2,100,874	6,683	39,537,851	917,413	966,787	4,872,321	11,999,432	9,084,343	69,485,704
1925 ..	4,675,665	2,251	38,811,260	943,624	980,030	3,330,693	11,950,333	14,000,587	74,694,448
1926 ..	6,016,703	945	42,278,108	848,416	954,635	2,889,718	13,113,051	12,219,139	78,320,715

8. *Clearing Houses.*—The Sydney Banks' Exchange Settlement, and the Melbourne Clearing House, at which settlements are effected daily between the banks doing business in New South Wales and Victoria respectively, publish figures of the weekly clearances effected. From these it appears that in 1926 the total clearances in Sydney amounted to £954,000,000, and in Melbourne to £790,000,000. Owing to the different distribution of the banking business in the two cities, the figures do not necessarily afford a fair comparison of the volume of banking business transacted in Sydney and Melbourne. With the exception of Melbourne, where a decline of nearly £13,000,000 was recorded, the clearing house returns for 1926 show an increase over those for 1925. The average weekly clearances for each month are published in the Quarterly Summary of Australian Statistics. Returns of all Australian Clearing Houses for the last five years are shown in the following table:—

CHEQUE-PAYING BANKS.—CLEARING HOUSE RETURNS, 1922 TO 1926.

Year.	Sydney.	Melbourne.	Brisbane.	Adelaide.	Perth.	Hobart.
	£	£	£	£	£	£
1922	726,583,000	623,789,000	172,836,000	147,374,000	75,279,000	..
1923	805,032,000	697,050,000	194,915,000	160,524,000	83,730,000	..
1924	845,855,000	734,080,000	212,220,000	179,335,000	97,920,000	..
1925	909,114,000	803,083,000	192,968,000	171,092,000	101,085,000	25,557,000
1926	954,253,000	790,111,000	195,710,000	178,898,000	103,525,000	25,691,000

§ 3. Savings Banks.

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

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

SAVINGS BANKS.—ACCOUNTS OPEN, 1922 TO 1926.

30th June.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	N. Ter.	All States.
NUMBER.								
1922 ..	1,186,948	1,127,892	337,621	414,570	225,136	120,252	861	3,413,280
1923 ..	1,246,191	1,188,437	355,902	432,438	250,214	124,850	869	3,593,901
1924 ..	1,306,948	1,268,629	375,025	452,342	264,842	130,032	844	3,798,662
1925 ..	1,374,976	1,337,093	397,710	470,599	278,071	132,841	911	3,992,201
1926 ..	1,446,432	1,396,438	420,908	489,148	292,353	136,309	978	4,182,566
PER 1,000 OF POPULATION.								
1922 ..	552	718	431	821	662	564	235	613
1923 ..	568	739	442	836	719	583	238	633
1924 ..	586	774	453	855	735	610	233	655
1925 ..	604	800	465	866	756	627	242	673
1926 ..	624	824	479	876	779	651	259	692

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

3. **Deposits.**—The deposits in Australia reached in 1926 the large sum of £195,451,540, and would no doubt be even larger if the banks did not restrict interest-bearing deposits to certain limits. While not granting facilities to draw cheques, the Australian savings banks practically afford the small tradesman all the advantages of a current account, and in addition allow interest on the minimum monthly balance instead of charging a small fee for keeping the account, as is the practice of the ordinary banks. All the Savings Banks have a reciprocity arrangement, under which money deposited in one State may be drawn out in another State, even by telegraph.

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

SAVINGS BANKS.—DEPOSITS, 1922 TO 1926.

30th June.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	N. Ter.	All States.
TOTAL.								
	£	£	£	£	£	£	£	£
1922	61,791,273	52,131,032	19,394,156	16,931,678	7,759,317	4,224,662	41,115	162,273,233
1923	64,324,670	56,101,260	20,483,581	18,249,540	8,033,419	4,414,653	36,689	171,643,812
1924	66,162,055	58,028,190	20,410,364	19,351,127	8,218,147	4,670,804	30,790	176,871,477
1925	69,149,433	59,551,895	21,389,901	20,152,175	8,303,933	4,505,476	32,961	183,035,774
1926	73,807,650	63,253,525	22,836,909	21,778,970	8,969,824	4,763,085	36,577	195,451,540

AVERAGE PER SAVINGS BANK ACCOUNT.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1922	52 1 2	46 4 5	57 8 10	40 16 10	34 9 4	35 2 7	47 15 1	47 10 10
1923	51 12 4	47 4 1	57 11 1	42 4 0	32 2 1	35 7 2	42 4 5	47 13 10
1924	50 12 6	45 14 10	54 8 6	42 15 7	31 0 7	35 18 5	36 9 7	46 11 3
1925	50 5 10	44 10 9	53 13 2	42 16 5	29 17 3	33 18 4	36 3 8	45 16 11
1926	51 0 6	45 5 11	54 5 1	44 10 6	30 13 8	34 19 7	38 0 0	46 14 7

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1922	28 15 5	33 3 10	24 13 10	33 10 6	22 17 1	19 15 11	11 4 6	29 2 10
1923	29 6 9	34 17 11	25 8 6	35 6 5	23 1 6	20 13 0	10 1 2	30 3 6
1924	29 13 4	35 7 9	24 13 3	36 11 10	22 16 1	21 18 2	8 9 10	30 9 6
1925	30 7 7	35 12 10	24 19 1	37 2 1	22 11 3	21 5 3	8 15 0	30 17 5
1926	31 16 10	37 6 7	25 19 5	38 19 11	23 18 2	22 15 6	9 13 10	32 6 9

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

The average amount deposited per head of population increased during the period by 11 per cent., the figures for Victoria and South Australia being particularly noticeable.

4. Rates of Interest.—The rates of interest allowed, and the limits of interest-bearing deposits, are as follows:—New South Wales, Government Savings Bank, 4 per cent. up to £500 and 3½ per cent. on the excess up to £1,000; Victoria, 4 per cent. on first £500 and then 3 per cent. for a further £500, also 4 per cent. on deposit stock up to £1,000. Commencing 1st July, 1927, however, the rate is 4 per cent. up to £1,000 and 4½ per cent. on deposit stock up to £1,000. South Australia 4 per cent. on accounts closed during the year, and 4½ per cent. up to £500 on accounts remaining open; Western Australia, 3½ per cent. on current accounts, and 4½ per cent. on deposits up to £1,000; Hobart Trustees' Savings Bank, 4½ per cent. up to £300; Launceston Trustees' Savings Bank, 4½ per cent. up to £150, and Commonwealth Savings Bank, 3½ per cent. on the first £1,000, and 3 per cent. upon another £300.

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

year, while the amount at credit of depositors (inclusive of interest added) increased 5 per cent. during the same year. The following table shows the business transacted during the year 1925-26 :—

SAVINGS BANKS.—TRANSACTIONS, 1925-26.

States and Territory.	Total Deposits at end of Year 1924-25.	Amounts Deposited during Year 1925-26.	Interest Added during Year 1925-26.	Total.	Amounts Withdrawn during Year 1925-26.	Total Deposits at end of Year 1925-26.
	£	£	£	£	£	£
New South Wales ..	69,149,433	72,395,851	2,543,533	144,088,817	70,281,167	73,807,650
Victoria ..	59,551,895	57,043,586	2,183,522	119,381,003	56,127,478	63,253,525
Queensland ..	21,339,001	24,423,729	714,445	46,478,075	23,041,166	22,836,909
South Australia ..	20,152,175	17,517,584	376,952	38,546,711	16,707,741	21,778,970
Western Australia ..	8,303,933	9,662,184	282,283	18,248,400	9,278,576	8,969,824
Tasmania ..	4,505,476	3,820,035	138,453	8,463,964	3,695,879	4,768,085
Northern Territory ..	32,961	35,230	1,107	69,348	32,771	36,577
Total ..	183,035,774	185,500,249	6,740,295	375,276,318	179,824,773	195,451,540

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

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

The following table gives the number of accounts, and the amount at credit on 30th June, 1926, at the various branches of the Commonwealth Savings Bank :—

COMMONWEALTH SAVINGS BANK, 30th JUNE, 1926.

Locality.	Number of Accounts.	Amount at Credit.
		£
New South Wales ..	302,891	9,436,386
Victoria ..	160,335	5,912,911
Queensland ..	420,908	22,836,910
South Australia ..	59,884	2,640,988
Western Australia ..	77,982	2,541,829
Tasmania ..	62,964	1,569,465
Northern Territory ..	978	36,577
Papua and New Guinea ..	1,951	78,677
London ..	7,269	483,862
Total ..	1,095,162	45,537,605

§ 4. Companies.

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

2. Trustees, Executors and Agency Companies.—Returns are available for eight Victorian, two New South Wales, one Queensland, four South Australian, two Western Australian, and three Tasmanian companies. The paid-up capital of these twenty companies amounted to £1,124,470; reserve funds and undivided profits to £744,579; other liabilities, £299,259; total liabilities, £2,168,308. Among the assets are included—Deposits with Governments, £197,504; other investments in public securities, fixed deposits, etc., £580,686; loans on mortgage, £270,538; property owned, £729,439;

other assets, £390,141. Of the twenty companies, nine show the total amount of the estates, etc., under administration, the total for 1926 being over £86,000,000. Net profits for the year totalled £189,745, of which £126,778 was paid in dividends.

3. Registered Building and Investment Societies.—(i) *General*. Returns have been received relating to 86 societies, viz., 7 in New South Wales, 27 in Victoria, 10 in Queensland, 23 in South Australia, 15 in Western Australia, and 4 in Tasmania. The information is not exhaustive, as particulars regarding unimportant organizations are not included.

REGISTERED BUILDING AND INVESTMENT SOCIETIES.—SUMMARY, 1925–26.

Particulars.	N.S.W.	Victoria. (c)	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
Number of societies ..	7	27	10	23	15	4	86
Number of shareholders ..	2,375	10,050	5,621	16,242	10,230	2,433	47,001
Number of shares ..	27,774	(a)	1,203,704	61,372	30,060	31,195	61,354,105
Number of borrowers ..	4,586	10,618	3,205	2,782	1,860	1,398	24,449
Income for year from interest ..	£ 111,207	311,069	59,003	31,548	(d)	36,870	549,697
Working expenses for year ..	£ 96,450	137,054	9,329	15,007	37,165	5,338	300,343
Amount of deposits during year ..	£ 299,892	1,548,022	136,904	27,029	184,299	39,230	2,235,376
Repayment of loans during year ..	£ 314,698	879,332	178,050	123,569	111,827	89,268	1,696,744
Loans granted during year ..	£ 277,244	970,284	216,969	162,516	155,785	70,636	1,853,434

(a) Not available. (b) Exclusive of Victoria. (c) For year 1925. (d) Included in repayment of Loans.

(ii) *Liabilities*. The balance-sheets cover various periods ended during the second half of 1925 and the first half of 1926, so that the returns may be assumed to correspond roughly to the financial year 1925–26.

REGISTERED BUILDING AND INVESTMENT SOCIETIES.—LIABILITIES, 1925–26.

State.	Paid-up Capital or Subscriptions.	Reserve Funds.	Deposits.	Bank Overdrafts and other Liabilities.	Total Liabilities.
	£	£	£	£	£
New South Wales ..	417,651	280,192	561,733	18,929	1,278,505
Victoria (a) ..	1,773,059	549,954	1,493,119	286,905	4,103,037
Queensland ..	814,443	31,232	9,410	63,308	923,393
South Australia ..	529,253	84,409	21,348	11,975	646,985
Western Australia ..	440,194	18,316	78,761	11,184	548,455
Tasmania ..	204,021	73,955	223,560	12,339	513,875
Total ..	4,178,621	1,038,058	2,387,931	409,640	8,014,250

(a) For year 1925.

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

REGISTERED BUILDING AND INVESTMENT SOCIETIES.—ASSETS, 1925–26.

State.	Advances on Mortgage.	Landed and House Prop- erty, Furni- ture, etc.	Cash in hand and on Deposit and other Assets.	Total Assets.
	£	£	£	£
New South Wales ..	1,114,144	88,333	76,028	1,278,505
Victoria (a) ..	3,882,236	101,372	119,429	4,103,037
Queensland ..	860,563	24,107	33,723	923,393
South Australia ..	590,301	20,471	36,213	646,985
Western Australia ..	516,693	9,786	21,976	548,455
Tasmania ..	446,918	10,390	56,567	513,875
Total ..	7,410,855	254,459	348,936	8,014,250

(a) For year 1925.

4. Co-operative Societies.—(i) *General.* The returns relating to Co-operative Societies have been divided into two classes—(i) those engaged in the manufacture and marketing of primary products and trade requirements, and (ii) those engaged in retailing general household requirements. The former may be described briefly as Producers' Co-operative and the latter as Consumers' Co-operative Societies. The following table shows the number of societies, the membership, and the financial result for the year 1925-6:—

CO-OPERATIVE SOCIETIES.—NUMBER, MEMBERSHIP AND TRADING RESULTS, 1925-26.

Heading.	N.S.W.	Vic.(a)	Qld.	S.A.(a)	W.A.	Tas.	All States.
Producers' Co-operative Societies—							
Number of societies ..	115	71	52	32	35	14	319
Membership ..	45,266	52,425	31,093	6,969	2,894	5,017	143,654
Gross turnover (Sales) £	9,975,088	12,375,858	5,719,789	401,076	445,174	201,519	29,118,484
Total working expenses £	6,561,830	2,044,814	1,603,334	152,442	62,614	233,235	14,653,269
Rebates and bonuses £	71,759	11,111	1,315	7,717	4,946	1,266	98,114
Dividends on share capital £	40,370	38,249	9,929	6,539	2,473	1,520	99,080
Rate per cent. ..	4.6	3.0	1.8	3.8	3.5	2.0	3.3
Consumers' Co-operative Societies—							
Number of societies ..	54	53	11	10	12	4	144
Membership ..	67,494	17,305	27,019	32,757	2,705	711	147,991
Gross turnover (Sales) £	4,742,219	1,365,594	220,253	1,365,459	170,697	107,630	7,971,852
Total working expenses £	4,467,877	222,128	157,357	243,625	79,635	103,421	5,274,043
Rebates and bonuses £	300,490	12,776	..	44,375	..	1,515	359,156
Dividends on share capital £	34,588	10,695	1,057	24,155	1,332	1,077	72,904
Rate per cent. ..	4.3	4.8	0.9	4.3	4.6	4.9	4.2

(a) For year 1925.

(b) Includes payments to suppliers.

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

CO-OPERATIVE SOCIETIES.—LIABILITIES AND ASSETS, 1925-26.

Heading.	N.S.W.	Vic.(a)	Q'land.	S.A.(a)	W.A.	Tas.	All States.
Producers' Co-operative Societies—							
Liabilities—							
Paid-up capital ..	879,085	1,254,521	561,031	170,102	70,621	75,539	3,010,899
Loan capital ..	61,590,988	290,147	213,556	197,005	9,828	10,120	3,414,803
Overdraft ..		734,030	221,320	71,678	36,281	33,843	
Reserves and undivided profits ..	443,693	436,199	280,804	90,705	52,916	19,846	1,324,163
Other liabilities ..	49,521	946,037	391,718	148,147	74,202	131,567	1,741,192
Total liabilities ..	2,963,287	3,660,934	1,668,429	677,635	243,848	276,924	9,491,057
Assets—							
Land, building, and plant ..	1,314,810	1,409,862	1,024,621	336,514	54,653	94,806	4,235,266
Stocks ..	307,169	439,843	233,126	133,998	73,853	50,513	1,238,502
Other assets ..	1,341,308	1,811,229	410,682	207,123	115,342	131,605	4,017,289
Total assets ..	2,963,287	3,660,934	1,668,429	677,635	243,848	276,924	9,491,057
Consumers' Co-operative Societies—							
Liabilities—							
Paid-up capital ..	800,822	220,725	116,521	560,449	28,962	21,931	1,749,460
Loan capital ..	(b) 342,999	54,082	171	148,029	1,709	6,004	719,613
Overdraft ..		124,005	5,347	24,320	6,873	6,074	
Reserves and undivided profits ..	301,287	152,370	229,626	134,708	7,990	11,143	927,124
Other liabilities ..	4,373	121,285	84,822	59,050	23,126	20,091	312,756
Total liabilities ..	1,539,481	672,467	436,487	926,565	68,660	65,293	3,708,953
Assets—							
Land, buildings, and plant ..	437,578	202,248	139,488	285,539	24,064	19,798	1,108,715
Stocks ..	466,180	223,961	15,315	340,150	17,304	21,426	1,084,336
Other assets ..	635,723	246,258	281,684	300,876	27,292	24,069	1,515,923
Total assets ..	1,539,481	672,467	436,487	926,565	68,660	65,293	3,708,953

(a) For year 1925.

(b) Includes sundry creditors.

§ 5. Life Assurance.

[NOTE.—A Conspectus of Australian Life Assurance Legislation was published in Official Year Book No. 18, 1925, in Chap. XXVII. "Miscellaneous."]

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

Returns for the year 1925 have been collected from life assurance societies, with results which are in the main satisfactory. The figures below refer to Australian business only.

2. *Companies Transacting Business.*—(i) *General.* The number of companies transacting life assurance business in Australia during 1925 was 35, of which the full name and location of head office are set out in the table below.

LIFE ASSURANCE SOCIETIES OPERATING IN AUSTRALIA, 1925.

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

Of the Australian companies seven are purely mutual, and twenty-four are proprietary companies with a paid-up capital aggregating £1,842,963, part of which is, however, used in fire, marine, and accident insurance business. One office is a State government institution. Three oversea companies transacted business in Australia in 1925, one being mutual and two proprietary companies.

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

3. **Australian Business, 1925.**—(i) *Ordinary.* The subjoined table shows the ordinary life business in force for each of the last five years. While the total sum assured has increased by almost 55 million pounds, the average per policy has increased from £248 to £283. The amount assured in 1925 represents an average of £39 per head of population.

ORDINARY LIFE ASSURANCE.—AUSTRALIAN BUSINESS, 1921 TO 1925.

Year.			Policies.	Amount.	Average per Policy.	Annual Premium Income.
			No.	£	£	£
1921	..	..	730,010	180,694,068	248	6,074,375
1922	..	..	769,893	196,844,810	256	6,526,907
1923	..	..	795,887	210,049,945	264	6,925,581
1924	..	..	820,138	224,129,981	273	7,388,353
1925	..	..	834,925	235,687,567	282	7,783,781

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

The amount assured has increased by nearly 65 per cent. in the period under review. The average amount per policy in 1925 was £39, comparing with an average of £31 in 1921.

INDUSTRIAL LIFE INSURANCE.—AUSTRALIAN BUSINESS, 1921 TO 1925.

Year.			Policies.	Amount.	Average per Policy.	Annual Premium Income.
			No.	£	£	£
1921	..	..	973,019	30,314,759	31	1,789,846
1922	..	..	1,061,569	35,303,233	33	2,087,148
1923	..	..	1,144,004	40,009,115	35	2,387,187
1924	..	..	1,233,925	45,256,580	37	2,681,774
1925	..	..	1,310,642	49,907,583	39	2,923,519

4. **Income and Outgo.**—(i) *Ordinary Business.* The following table shows the aggregate Australian income for 1922, 1923, 1924, and 1925 of all the societies doing business in Australia. In the latter year premiums—new and renewal—amounted to 58 per cent., and interest, dividends, and rent to nearly 36 per cent. of the Australian income.

ORDINARY LIFE ASSURANCE.—AUSTRALIAN INCOME, 1922 TO 1925.

Heading.	Amount.			
	1922.	1923.	1924.	1925.
	£	£	£	£
Premiums—New	925,146	976,682	991,367	1,049,159
Renewal	5,601,761	5,948,899	6,396,986	6,734,622
Consideration for annuities	76,993	48,191	78,434	57,378
Interest, dividends, and rents	3,762,410	4,078,407	4,488,989	4,809,117
Other receipts	152,247	218,961	208,350	875,609
Total income	10,518,557	11,271,140	12,164,126	13,525,885

In 1925 outgo amounted to £7,769,395, of which claims accounted for nearly 56 per cent., surrenders over 12 per cent., expenses of management 11 per cent., and commission 9 per cent.

ORDINARY LIFE ASSURANCE.—AUSTRALIAN OUTGO, 1922 TO 1925.

Heading.	Amount.			
	1922.	1923.	1924.	1925.
	£	£	£	£
Claims	3,796,599	3,926,371	4,079,237	4,379,233
Surrenders	689,869	838,066	819,874	920,675
Annuities	93,273	95,550	101,880	99,662
Commission	544,686	611,914	637,833	718,346
Expenses of management	788,391	817,508	817,119	838,455
Licence fees and taxes	101,310	113,302	128,922	131,861
Shareholders' dividends	49,279	58,037	83,515	68,480
Cash bonuses paid to shareholders	311,394	309,429	338,120	362,041
All other expenses	325,667	387,849	205,083	250,642
Total outgo	6,700,468	7,158,026	7,211,583	7,769,395

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

ORDINARY LIFE ASSURANCE.—AUSTRALIAN INCOME AND OUTGO,
1921 TO 1925.

Year.	Income.	Outgo.	Excess Income.
	£	£	£
1921	9,599,866	5,813,414	3,786,452
1922	10,518,557	6,700,468	3,818,089
1923	11,271,140	7,158,026	4,113,114
1924	12,164,126	7,211,583	4,952,543
1925	13,525,885	7,769,395	5,756,490

(ii) *Industrial Business.* The aggregate Australian income for 1922, 1923, 1924, and 1925 of societies transacting industrial business was as follows :—

INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN INCOME, 1922 TO 1925.

Heading.	Amount.			
	1922.	1923.	1924.	1925.
	£	£	£	£
Premiums—New and renewal	2,087,148	2,387,187	2,681,774	2,923,519
Consideration for annuities	23	268	13	13
Interest, dividends, and rents	399,477	512,644	598,335	709,943
Other receipts	18,143	20,584	19,847	22,699
Total income	2,504,791	2,920,683	3,299,969	3,656,174

Outgo during 1925 totalled £2,078,527. Claims amounted to £731,480, or 35 per cent., commission 34 per cent., and expenses of management 18 per cent.

INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN OUTGO, 1922 TO 1925.

Heading.	Amount.			
	1922.	1923.	1924.	1925.
	£	£	£	£
Claims	425,359	514,156	601,908	731,480
Surrenders	34,103	50,846	71,627	95,658
Annuities	295	295	295	295
Commission	505,716	539,029	692,975	699,452
Expenses of management	240,867	321,692	355,350	379,905
Licence fees and taxes	15,693	17,297	20,777	23,619
Shareholders' dividends	57,421	56,809	54,766	60,742
Cash bonuses paid to shareholders .. .. .	..	13	26	..
All other expenses	76,358	87,509	66,829	87,346
Total outgo	1,355,812	1,637,646	1,864,553	2,078,527

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

INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN INCOME AND OUTGO, 1921 TO 1925.

Year.	Income.	Outgo.	Excess Income.
	£	£	£
1921	2,223,319	1,122,920	1,100,399
1922	2,504,791	1,355,812	1,148,979
1923	2,920,683	1,637,646	1,283,037
1924	3,299,969	1,864,553	1,435,416
1925	3,656,174	2,078,527	1,577,647

5. *Liabilities and Assets, 1925.—(i) General.* The liabilities of the Australian societies consist mainly of their assurance funds; as already mentioned, however, some of the societies are proprietary, and in these cases there is a further liability on account of the shareholders' capital. The assets consist chiefly of loans on mortgage and policies, Government, municipal, and similar securities, shares, freehold property, etc. As in some cases the Australian liabilities exceed the Australian assets, this table should be read in connexion with the table dealing with assets. Loans on personal security are granted by very few of the Australian societies.

(ii) *Ordinary and Industrial Business.* For various reasons several societies do not attempt the division of liabilities and assets between the industrial and ordinary branches, and a few societies cannot state the amount of liabilities in Australia. In the following table, therefore, the figures relate to both branches. Australian liabilities amounted in 1925 to £76,590,114, including assurance and annuity funds, £66,119,414, other funds, including those used in fire and marine business, £6,018,968, and paid-up capital, £1,842,963.

Australian assets aggregated £100,582,333, of which the following are the principal items :—Government and municipal securities, £55,512,895; mortgages, £22,521,893; loans on companies' policies, £9,812,751; and landed and house property, £3,605,283. Details regarding liabilities for the years 1922 to 1925 are given in the next table :—

**ORDINARY AND INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN LIABILITIES,
1922 TO 1925.**

Heading.	Amount.			
	1922.	1923.	1924.	1925.
	£	£	£	£
Shareholders' capital, paid up ..	1,122,109	1,307,877	1,469,795	1,842,963
Assurance and annuity funds ..	52,098,875	56,480,692	60,022,243	66,119,414
Other funds ..	3,923,512	4,380,967	5,069,632	6,018,968
Claims admitted but not paid ..	695,348	632,116	695,404	799,584
All other liabilities ..	1,637,333	1,299,212	1,517,967	1,809,185
Total Australian liabilities (a) ..	59,477,177	64,100,864	68,775,041	76,590,114

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

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

**ORDINARY AND INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN ASSETS, 1922
TO 1925.**

Heading.	Amount.			
	1922.	1923.	1924.	1925.
	£	£	£	£
Government and municipal securities ..	46,488,751	49,261,981	52,967,836	55,512,895
Mortgages ..	17,603,444	19,546,248	21,066,410	22,521,893
Loans on companies' policies ..	7,492,847	8,138,547	9,156,489	9,812,751
Railway debentures and stock ..	423,102	504,548	812,998	935,207
Landed and house property ..	3,168,158	3,576,368	3,472,159	3,605,283
Life interests and reversions ..	124,885	131,565	138,730	148,447
Other investments ..	1,465,865	1,209,171	1,474,049	1,512,833
Outstanding premiums ..	619,349	714,157	742,614	772,918
Outstanding interest, dividends, and rents	730,409	783,755	861,471	895,096
Cash ..	1,223,727	1,256,994	2,357,630	2,138,263
Establishment and organization accounts	442,276	693,484	796,095	1,016,751
All other assets ..	1,191,122	2,282,198	1,613,216	1,709,996
Total Australian assets	80,973,935	88,099,016	95,459,697	100,582,333

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

**ORDINARY AND INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN LIABILITIES
AND ASSETS, 1921 TO 1925.**

Year.	Liabilities.(a)	Assets.
	£	£
1921 ..	54,258,431	77,127,498
1922 ..	59,477,177	80,973,935
1923 ..	64,100,864	88,099,016
1924 ..	68,775,041	95,459,697
1925 ..	76,590,114	100,582,333

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

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

Zealand, in South Africa, and in the United Kingdom, while in the case of the foreign companies, the Australian business is insignificant compared with that done elsewhere. Particulars as to this foreign business of both Australian and foreign companies will be found in "Finance Bulletin No. 17" (published by this Bureau), and a short table only is inserted here, showing the total assets of the various companies. The decrease in the total assets in 1923 and 1925 is due to the purchase by Australian companies of the Australian business of the Equitable Life Assurance Society of United States and of the New York Life Insurance Company.

LIFE ASSURANCE COMPANIES.—TOTAL ASSETS, 1922 TO 1925.

Heading.	Amount.			
	1922.	1923.	1924.	1925.
	£	£	£	£
Government and municipal securities	176,458,610	144,837,468	142,684,880	106,982,929
Mortgages	122,341,469	101,969,269	114,888,595	58,813,526
Loans on companies' policies	84,250,676	65,091,066	66,748,612	34,013,687
Railway debentures and debenture stock	175,796,865	136,685,044	142,239,598	77,339,213
Landed and house property	12,349,551	10,190,544	9,812,306	8,461,054
Life interests and reversions	307,697	339,294	350,910	379,477
Other investments	7,149,051	2,057,446	7,299,239	3,854,031
Outstanding premiums	7,200,994	6,621,985	7,039,200	5,270,428
Outstanding interest, dividends, and rent	7,789,990	6,323,469	6,792,303	3,550,668
Cash	7,240,532	5,114,661	6,153,494	5,306,790
Establishment and organization accounts	452,626	703,834	796,095	1,016,751
All other assets	4,704,812	4,241,335	3,996,897	2,663,233
Total assets	606,042,873	484,175,415	508,802,129	307,656,787

6. New Policies issued in Australia, 1925.—(i) *Ordinary Business.* During 1925, 89,739 new policies were issued for £32,910,450. The average amount per policy was £367, which compares with an average of £282 per policy for all policies which were in existence in 1925.

(ii) *Industrial Business.* New policies to the number of 270,378 were issued during the year for a total of £13,223,016. The average per policy was £49, which is 25 per cent. more than the average for all industrial policies which were current in 1925.

7. Policies Discontinued in Australia, 1923, 1924 and 1925.—(i) *Ordinary Business.* The volume of business which from various causes becomes void in each year is always large. The number and amount of policies discontinued in 1923, 1924 and 1925, and the reasons for discontinuance are given in the following table :—

ORDINARY LIFE ASSURANCE.—POLICIES DISCONTINUED IN AUSTRALIA, 1923 TO 1925.

Mode.	1923.		1924.		1925.	
	No. of Policies.	Amount.	No. of Policies.	Amount.	No. of Policies.	Amount.
		£		£		£
Death or maturity	13,216	2,928,407	14,348	3,101,543	14,516	3,193,285
Surrender	18,612	3,720,874	15,697	3,430,204	17,346	3,623,783
Forfeiture	35,637	9,951,997	34,139	9,945,305	33,345	9,788,132
Total	67,465	16,601,278	64,184	16,477,052	65,207	16,610,200

(ii) *Industrial Business.* The number of policies discontinued in this branch each year is also very large. Of the total amount of discontinuance during 1925 only 9 per cent. was due to death or maturity, while 87 per cent. was due to forfeiture.

**INDUSTRIAL LIFE ASSURANCE.—POLICIES DISCONTINUED IN AUSTRALIA,
1923 TO 1925.**

Mode.	1923.		1924.		1925.	
	No. of Policies.	Amount.	No. of Policies.	Amount.	No. of Policies.	Amount.
		£		£		£
Death or maturity ..	25,902	562,568	31,385	701,722	35,188	775,695
Surrender ..	7,048	374,517	6,596	327,879	6,905	313,342
Forfeiture ..	128,837	6,258,021	133,984	6,649,206	148,037	7,324,709
Total ..	161,787	7,195,106	171,965	7,678,807	190,130	8,413,746

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

§ 6. Fire, Marine, and General Insurance.

1. *Australasian Business.*—(i) *General.* Returns are available showing the revenue and expenditure, assets and liabilities, and investments of 44 insurance companies having their head offices either in Australia, New Zealand, or Fiji. The names of these companies, with the location of their respective head offices, are given in the following table:—

AUSTRALASIAN FIRE, MARINE, AND GENERAL INSURANCE COMPANIES.

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

(ii) *Revenue and Expenditure.* The accounts given hereunder relate approximately to calendar years. The most important items of revenue and expenditure are given below. While the receipts from premiums have increased substantially during the period under review, the amounts debited to expenses, commission, and taxation and to losses have also increased by to almost equal extent, with the result that the trade surplus for 1925-26 is little greater than that for 1921-22.

FIRE, MARINE, AND GENERAL INSURANCE COMPANIES.—SUMMARY OF REVENUE AND EXPENDITURE, 1921 TO 1926.

Heading.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
Premiums, less re-insurances ..	6,143,416	5,740,063	6,083,246	6,558,823	7,249,917
Losses ..	3,361,584	3,378,013	3,345,408	3,452,351	3,993,076
Expenses, commission, and taxes	2,194,452	2,264,598	2,319,513	2,414,946	2,614,007
Trade surplus ..	587,380	97,452	418,325	691,526	642,834
Interest, rent, etc. ..	499,382	515,487	608,823	680,875	682,957
Total surplus ..	1,086,762	612,939	1,027,148	1,372,401	1,325,791
Dividends and bonuses paid ..	450,477	461,940	523,982	590,412	620,812
Ratio to premium income of—					
(a) Losses .. per cent.	54.72	58.85	54.99	52.64	55.08
(b) Expenses, etc. .. per cent.	35.72	39.45	38.13	36.82	36.05
(c) Trade surplus .. per cent.	9.56	1.70	6.88	10.54	8.87

(iii) *Liabilities and Assets.* The liabilities and assets for the same period are set out in the following tables. Comparison of the results for 1925-26 with those for 1921-22 shows that paid-up capital increased by 32 per cent. and reserves by 33 per cent. While loans on mortgage expanded only 18 per cent., Government securities increased by 50 per cent., and landed and other property showed a growth of over 50 per cent.

FIRE, MARINE, AND GENERAL INSURANCE COMPANIES, 1921 TO 1926.

Heading.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
PAID-UP CAPITAL, RESERVES, AND LIABILITIES.					
	£	£	£	£	£
Paid-up capital ..	4,652,348	5,100,651	5,688,108	5,851,076	6,131,149
Reserves and re-insurance funds(a)	5,574,784	5,530,537	6,099,482	6,784,411	7,401,536
Undivided profits ..	493,388	455,992	608,361	645,024	664,181
Losses unsettled ..	811,979	861,973	828,398	852,267	913,982
Sundry creditors, etc. ..	1,970,797	1,815,836	1,914,873	2,216,401	2,436,815
Dividends, etc., to pay ..	322,257	326,287	326,047	350,057	384,029
Life assurance funds (b) ..	736,083	947,669	1,390,170	1,867,294	2,208,553
Total liabilities ..	14,561,636	15,038,945	16,855,439	18,566,530	20,140,245

INVESTMENTS AND OTHER ASSETS.

	£	£	£	£	£
Loans on mortgage ..	995,702	908,972	841,059	1,017,259	1,175,228
Government securities, etc. ..	7,274,220	8,177,285	9,283,301	10,231,700	10,989,880
Landed and other property ..	1,929,951	2,001,155	2,454,598	2,644,736	2,908,637
Fixed deposit, etc. ..	1,440,612	1,119,008	1,308,128	1,403,416	1,467,234
Loans on life policies (b) ..	17,062	18,844	34,631	46,989	60,533
Investments ..	93,704	98,630	89,721	121,363	165,153
Cash and bills receivable ..	785,979	706,739	819,536	868,604	899,232
Sundry debtors and other assets ..	2,024,406	2,008,312	2,024,465	2,232,463	2,474,348
Total assets ..	14,561,636	15,038,945	16,855,439	18,566,530	20,140,245

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

(b) Some of the companies transact Life Business.

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

§ 7. Friendly Societies.

1. **General.**—Friendly societies are an important factor in the social life of the community, as probably one-third of the total population of Australia comes either directly or indirectly under their influence. Their total membership is nearly 560,000, but as certain benefits, such as medical attendance and free medicines, and in many cases funeral expenses, are granted to members' families as well as to members themselves, this figure must, even when due allowance is made for young and unmarried members, be multiplied by about four to arrive at the total number of persons more or less connected with these societies. Legislation has conferred certain privileges on friendly societies, but, on the other hand, it insists on their registration, and it is the duty of the Registrars in the various States, prior to registering a new society, to see that its proposed rules are conformable to the law, and that the scale of contribution is sufficiently high to enable the promised benefits to be conferred on members. Societies are obliged to forward annual returns as to their membership and their finances to the Registrar, and reports are published in most of the States dealing with the returns thus received.

In the following tables the figures refer to the year 1925–26, with the exception of South Australia and Tasmania, the figures for which relate to the year 1925, and of Queensland, the figures for which are for the year 1924.

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

FRIENDLY SOCIETIES.—SOCIETIES, LODGES, AND MEMBERS, 1925-26.

State.	Number of Registered Friendly Societies.	Number of Lodges.	Benefit Members at end of year.	Average No. of Benefit Members during the year.
New South Wales	34	2,307	216,268	212,650
Victoria	63	1,468	157,820	156,599
Queensland (a)	18	630	61,571	60,618
South Australia (b)	17	656	75,896	74,984
Western Australia	14	339	22,225	21,782
Tasmania (b)	20	184	24,487	24,448
Total .. ..	..	5,584	558,267	551,081

(a) For 1924.

(b) For 1925.

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

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

FRIENDLY SOCIETIES.—SICKNESS AND DEATH RETURNS, 1925-26.

State.	Number of Members who received Sick Pay.	Total Number of Weeks of Sick Pay Granted.	Average Number of Weeks per Member Sick.	Deaths of Benefit Members and Wives.	Proportion of Deaths to 1,000 Average Members.
New South Wales	(a)	(a)	(a)	(a)	(a)
Victoria	30,786	281,377	9.14	1,971	12.59
Queensland (c)	10,586	82,941	7.83	446	7.36
South Australia (d)	12,000	131,307	10.94	1,052	14.03
Western Australia	3,911	28,793	7.36	146	6.70
Tasmania (d)	4,175	37,561	9.00	339	15.81
Total (b)	61,458	561,979	9.14	3,954	11.68

(a) Not available.

(b) Exclusive of New South Wales

(c) For 1924.

(d) For 1925.

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

FRIENDLY SOCIETIES.—REVENUE, 1925–26.

State.	Entrance Fees, Members' Contributions, and Levies.	Interest, Dividends, and Rents.	All other Income.	Total Revenue.
	£	£	£	£
New South Wales	766,772	172,039	61,850	1,000,661
Victoria	523,403	221,814	75,333	820,550
Queensland (b)	222,005	65,483	(a)	287,488
South Australia (c)	227,306	103,795	20,043	351,144
Western Australia	62,442	22,707	39,158	124,307
Tasmania (c)	81,593	18,572	14,946	115,111
Total	1,883,521	604,410	211,330	2,699,261

(a) Included in interest, dividends, and rents. (b) For 1924. (c) For 1925.

(ii) *Expenditure.* The returns relating to expenditure are more complete than those for revenue. The figures show that the excess of revenue for the year was £591,249 for Australia. The revenue exceeded the expenditure by more than one pound per average benefit member.

FRIENDLY SOCIETIES.—EXPENDITURE, 1925–26.

State.	Sick Pay.	Medical Attendance and Medicine.	Sums Paid at Death of Members and Members' Wives.	Adminis- tration.	All other Expendi- ture.	Total Expendi- ture.
	£	£	£	£	£	£
New South Wales	269,768	307,380	65,913	148,808	35,376	827,245
Victoria	180,074	210,224	33,522	101,224	80,914	605,958
Queensland (a)	58,622	87,082	22,750	48,023	(b)	216,477
South Australia (c)	77,718	79,497	34,276	45,846	13,925	251,262
Western Australia	19,928	24,984	4,853	23,443	35,826	109,034
Tasmania (c)	25,331	26,721	17,328	17,692	10,964	98,036
Total	631,441	735,888	178,642	385,036	177,005	2,108,012

(a) For 1924. (b) Included in administration. (c) For 1925.

It appears from the above figures that sick pay averaged about 22s. per week, but, as the returns include pay at half and quarter rates, and as the proportion of these to full rates is not stated, the average given must be taken for what it is worth. Medical attendance and medicine came to about 26s. per average benefit member.

5. *Funds.*—The two foregoing tables show that the surplus of revenue over expenditure in all States amounted to £591,249 for the year, and a small surplus must, of course, result annually in every society which levies adequate contributions to enable it to meet all possible claims. These accumulations of profits are generally invested, and the subjoined table shows the division into invested and uninvested funds :—

FRIENDLY SOCIETIES.—FUNDS, 30th JUNE, 1926.

State.	Invested Funds.	Uninvested Funds.	Total Funds.
	£	£	£
New South Wales	3,215,470	(a)	3,215,470
Victoria	4,199,714	80,686	4,280,400
Queensland (b)	1,293,343	4,509	1,297,852
South Australia (c)	1,917,604	24,411	1,942,015
Western Australia	358,946	9,998	368,944
Tasmania (c)	328,941	14,619	343,560
Total	11,314,018	134,223	11,448,241

(a) Included in Invested Funds.

(b) At 31st December, 1924.

(c) At 31st December, 1925.

The total funds amounted, therefore, to over £20 10s. per member at the close of the year under review.

§ 8. Probates.

1. Probates and Letters of Administration.—The value of the estates left by deceased persons gives some idea of the distribution of property among the general population. There were in 1925, 42,160 deaths of adult persons, while the number of probates and letters of administration granted during the same period was 16,559. It would therefore appear that about two-fifths of the adults who died during the year were possessed of sufficient property to necessitate the taking out of probate. The details for each State are shown in the table hereunder:—

PROBATES AND LETTERS OF ADMINISTRATION, 1925.

States and Territory.	Number of Estates.			Net Values of Estates.		
	Probates.	Letters of Administration.	Total.	Probates.	Letters of Administration.	Total.
				£	£	£
New South Wales (b)	6,909	(a)	6,909	18,390,924	(a)	18,390,924
Victoria	3,764	1,440	5,204	13,227,243	(a)	13,227,243
Queensland	762	135	897	3,095,486	272,298	3,367,784
South Australia	1,470	472	1,942	4,049,328	317,097	4,366,425
Western Australia	707	331	1,038	1,498,344	226,383	1,724,727
Tasmania	464	77	541	1,214,114	47,989	1,262,103
Northern Territory (b)	15	13	28	9,088	1,158	10,246
Total	14,091	2,468	16,559	41,484,527	864,925	42,349,452

(a) Included with Probates.

(b) For year ended 30th June, 1926.

2. Intestate Estates.—The number of intestate estates placed under the control of the Curator during the year, and the amount of unclaimed money paid into Consolidated Revenue in each State during the year 1925, are given hereunder:—

INTESTATE ESTATES, 1925.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	Total.
Intestate estates placed under control of Curator during 1925—								
Number	(a)	(b)	1,343	405	356	(b)	13	(c) 2,117
Value £	(a)	(b)	749,004	176,748	19,594	(b)	712	(c) 946,058
Unclaimed money paid into Consolidated Revenue by Curator during 1925 £	136,153	6,578	16,754	1,601	4,515	..	314	165,915

(a) Included with Probates.

(b) Not available.

(c) Excluding New South Wales, Victoria and Tasmania.