

SECTION XX.

STATE FINANCE.

§ 1. General.

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

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

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

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

in section 105 of the Constitution, and a proposed law extending this provision to the whole of the State indebtedness, which passed both Houses of the Federal Legislature by the statutory majority, was submitted to a referendum at the election in April, 1910, and received the requisite endorsement by the electorate.

§ 2. State Consolidated Revenue Funds.

(A) Receipts.

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

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

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

2. Amount Collected.—The following table furnishes particulars of the total amount of consolidated revenue received by the several States during the ten years 1902-3 to 1911-12:—

STATE REVENUES, 1902-3 to 1911-12.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
	£	£	£	£	£	£	£
1902-3 ...	11,296,069	6,954,619	3,526,465	2,530,568	3,630,238	734,663	28,672,622
1903-4 ...	11,248,328	7,319,949	3,595,440	2,568,100	3,550,016	857,668	29,139,501
1904-5 ...	11,336,918	7,515,742	3,595,399	2,798,849	3,615,340	852,681	29,714,929
1905-6 ...	12,283,082	7,811,475	3,853,523	2,866,808	3,558,939	900,657	31,273,984
1906-7 ...	13,392,435	8,345,534	4,307,912	3,252,705	3,401,354	970,843	33,670,783
1907-8 ...	13,960,763	8,314,480	4,488,398	3,722,090	3,376,641	1,005,274	34,867,646
1908-9 ...	13,646,126	8,247,684	4,769,172	3,591,260	3,268,993	934,405	34,457,640
1909-10 ...	14,540,073	8,597,992	5,119,254	4,032,891	3,657,670	1,008,932	36,956,812
1910-11 ...	13,839,139	9,204,503	5,320,008	4,181,472	3,850,439	970,092	37,365,653
1911-12 ...	15,776,816	10,009,796	5,989,347	4,450,739	3,966,673	1,084,663	41,278,034

The figures given in this table relate in each instance to the financial year ended 30th June, except in the case of Tasmania, where the figures shewn for 1902-3 and 1903-4 relate respectively to the years ended 31st December, 1902 and 1903.

During the nine years from 30th June, 1902-3, to 30th June, 1911-12, the aggregate revenues of the States increased by no less a sum than £12,605,412, or a little less than 44 per cent. Increases were in evidence in all the States, the largest increase being that of £4,480,747 in New South Wales.

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

3. Revenue per Head.—Details concerning the revenue per head of population, collected in the several States of the Commonwealth during the ten years 1902-3 to 1911-12, are furnished in the table given hereunder. It will be seen that throughout the period Western Australia has collected by far the largest amount per head, and that Tasmania has collected the least.

STATE REVENUE PER HEAD OF POPULATION, 1902-3 to 1911-12.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1902-3 ...	8 17 2	5 15 1	6 17 8	7 0 0	17 2 6	4 1 11	7 8 0
1903-4 ...	7 17 11	6 1 6	6 18 11	7 2 2	15 15 11	4 13 9	7 8 10
1904-5 ...	7 15 9	6 4 8	6 17 0	7 14 0	15 2 0	4 15 1	7 9 6
1905-6 ...	8 5 1	6 9 1	7 5 0	7 16 4	14 4 7	4 16 8	7 15 1
1906-7 ...	8 16 0	6 16 10	7 19 10	8 15 7	13 16 7	5 4 8	8 4 7
1907-8 ...	8 18 10	6 14 11	8 4 6	9 17 3	13 5 9	5 6 0	8 7 7
1908-9 ...	8 12 4	6 11 11	8 11 3	9 4 5	12 11 9	4 17 6	8 2 10
1909-10 ...	9 0 2	6 14 8	8 17 2	10 3 6	13 15 4	5 4 6	8 10 11
1910-11 ...	8 8 5	7 1 5	8 17 8	10 3 11	13 18 2	5 0 1	8 8 11
1911-12 ...	9 8 5	7 6 11	9 12 6	10 12 10	13 9 8	5 12 1	9 0 8

In all the States, except Western Australia, the four years up to 1909-10 witnessed a marked increase in the State revenue collections per head, the most noticeable advances being £2 7s. 2d. in the case of South Australia and £1 12s. 2d. in that of Queensland. The Western Australian decline was continuous until 1908-9, though recovering in 1909-10, and for 1911-12 the revenue per head in that State exceeded the Commonwealth average by nearly 50 per cent. Four States, viz., Western Australia, South Australia, Queensland, and New South Wales, exceeded the Commonwealth average for 1911-12, while the other two States fell short of it.

4. **Details for 1911-12.**—Classifying the revenue of the several States in the manner indicated in § 2 (A) 1 above, particulars for the year 1911-12 are as follows:—

DETAILS OF STATE REVENUE, 1911-12.

Particulars.	N.S.W.	Victoria.	Q'land.	S.A.	W.A.	Tas.	All States.
	£	£	£	£	£	£	£
Taxation ...	1,885,653	1,501,696	787,577	551,994	352,314	340,434	5,419,668
Public Works & Services ...	9,515,603	5,707,960	3,158,925	2,600,930	2,346,952	359,899	23,690,269
Land ...	1,765,459	360,065	875,221	478,780	380,103	94,564	3,954,192
Commonwealth subsidy ...	2,046,993	1,667,657	757,087	511,719	638,527	236,761	5,858,744
Miscellaneous ...	563,108	772,418	410,537	307,316	248,777	53,005	2,355,161
Total ...	15,776,816	10,009,796	5,989,347	4,450,739	3,966,673	1,084,663	41,278,034

It will be noted that the amounts returned under the heading "Commonwealth subsidy" do not quite agree with those given in the chapter on Commonwealth Finance, page 800. This arises from the fact that the State figures shew the amount for which credit was taken by the State during the financial year 1911-12, whilst the Commonwealth figures shew the amounts paid to State Treasurers on account of that financial year.

5. **Revenue per Head, 1911-12.**—Particulars concerning the revenue per head of population in each State derived from the several sources enumerated in the preceding paragraph are given hereunder:—

STATE REVENUE PER HEAD, 1911-12.

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

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

6. Relative Importance of Sources of Revenue.—The following table furnishes an indication of the relative importance of the different sources of revenue in the several States, the figures given being the percentage which each item of revenue bore to the total for the State for the year 1911-12:—

PERCENTAGE OF TOTAL STATE REVENUE, 1911-12.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	%	%	%	%	%	%	%
Taxation	11.95	15.00	13.15	12.40	8.88	31.39	13.13
Public Works and Services ...	60.31	57.02	52.74	58.44	59.17	33.18	57.39
Land	11.19	3.60	14.61	10.76	9.58	8.72	9.58
Commonwealth Subsidy ...	12.98	16.66	12.64	11.50	16.10	21.83	14.19
Miscellaneous	3.57	7.72	6.86	6.90	6.27	4.88	5.71
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

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

7. State Taxation.—(a) *Details, 1911-12.* Prior to the inauguration of Federation the principal source of revenue from taxation was the imposition of duties of Customs and Excise. At the present time the most productive forms of State taxation are the income tax, which is now imposed in all the States (Western Australia, the last of the States to adopt this method of taxation, having passed the necessary legislation during the Parliamentary session of 1907), and probate and succession duties. For 1911-12 stamp duties occupied third place. In addition to these a State land tax is now collected in all the States except Queensland, and license fees of various kinds are collected in all the States, while a dividend tax is collected in Western Australia. The total revenue from taxation collected by the States during the year 1911-12 was £5,419,668, details of which are set forth in the table given hereunder:—

STATE REVENUE FROM TAXATION, 1911-12.

Taxation.	N.S.W.	Victoria.	Q'land.	S. Aust.	W.A.	Tas.	All States
	£	£	£	£	£	£	£
Probate and succession duties	849,405	448,283	144,309	95,667	22,276	35,013	1,594,952
Other stamp duties	255,085	285,212	187,533	106,910	74,828	64,236	973,804
Land tax	6,479	293,823	...	118,725	45,166	81,234	545,427
Income tax	644,571	443,248	372,497	207,416	53,987	143,875	1,966,049
Dividend tax	130,113	22,403	63,673	23,276	100,455	13,928	299,953
Licenses ... ..	...	8,727	19,565	...	46,560	2,149	39,483
Other taxation ... ..	...	...	...	...	9,042	...	...
Total	1,885,653	1,501,696	787,577	551,994	352,314	340,434	5,419,668

The most productive forms of taxation in the several States during the year 1911-12 were as follows:—New South Wales and Victoria, probate and succession duties; Queensland and South Australia, income tax; Western Australia, dividend tax; and Tasmania, land tax.

(b) *Summary, 1902-3 to 1911-12.* The total amount raised by means of taxation by the several State Governments during the ten years 1902-3 to 1911-12 is given in the following table:—

STATE REVENUE FROM TAXATION, 1902-3 to 1911-12.

Year.	New South Wales.	Victoria.	Queensland.	S. Australia.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
1902-3	1,108,781	878,591	415,688	398,941	221,247	105,402	3,128,650
1903-4	1,100,193	938,147	475,184	353,432	235,114	150,091	3,252,161
1904-5	1,114,408	897,870	454,574	442,030	221,738	216,953	3,347,573
1905-6	1,297,776	990,735	494,165	369,756	260,609	248,799	3,661,840
1906-7	1,381,305	1,110,411	540,737	411,867	266,152	276,450	3,986,922
1907-8	1,077,534	977,620	525,540	477,637	277,463	265,656	3,601,450
1908-9	907,249	1,072,228	535,194	450,250	296,599	250,835	3,512,355
1909-10	1,223,521	1,088,353	584,997	481,003	336,396	303,390	4,017,660
1910-11	1,027,519	1,344,573	667,196	545,986	325,246	284,965	4,195,485
1911-12	1,885,653	1,501,696	787,577	551,994	352,314	340,434	5,419,668

During the nine years between 30th June, 1902-3, and 30th June, 1911-12, the aggregate State revenue from taxation increased by about 75 per cent., the increase varying considerably in the several States. Thus while South Australia shewed an increase of nearly 40 per cent., and Western Australia an increase of 60 per cent., the Queensland revenue advanced by 90 per cent., and that of Tasmania by about 225 per cent. The total increase in State taxation for the year amounted to £1,224,183.

The revenue from State taxation per head of population, collected in the several States during each of the years 1902-3 to 1911-12, was as follows:—

STATE TAXATION PER HEAD, 1901-2 to 1911-12.

Year.	New South Wales.	Victoria.	Queensland.	S. Australia.	W. Aust.	Tasmania.	All States.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1902-3	0 15 10	0 14 6	0 16 3	1 2 0	1 0 10	0 11 9	0 16 2
1903-4	0 15 5	0 15 7	0 18 4	0 19 7	1 0 10	0 16 5	0 16 7
1904-5	0 15 4	0 14 11	0 17 4	1 4 4	0 18 6	1 3 5	0 16 10
1905-6	0 17 5	0 16 4	0 18 7	1 0 2	1 0 10	1 6 8	0 18 2
1906-7	0 18 2	0 18 2	1 0 1	1 2 3	1 0 10	1 9 10	0 19 6
1907-8	0 13 9	0 15 10	0 19 3	1 5 3	1 1 10	1 8 0	0 17 3
1908-9	0 11 6	0 17 2	0 19 2	1 3 1	1 2 10	1 6 2	0 16 7
1909-10	0 15 2	0 17 0	1 0 3	1 4 3	1 5 4	1 11 5	0 18 7
1910-11	0 12 6	1 0 8	1 2 3	1 6 8	1 3 6	1 9 5	0 19 0
1911-12	1 2 6	1 2 1	1 5 4	1 6 2	1 3 11	1 15 2	1 3 9

Taking the States as a whole the State taxation increased by seven shillings and sevenpence per head during the nine years from 1902-3 to 1911-12, the most marked increase being that of twenty-three shillings and fivepence per head in the case of Tasmania. State taxation per head is at present highest in Tasmania and lowest in Victoria.

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

concerning the total taxation for each of the years 1907-8 to 1911-12, as well as the amount per head of population:—

COMMONWEALTH AND STATE TAXATION, 1907-8 to 1911-12.

Particulars.	1907-8.	1908-9.	1909-10.	1910-11.	1911-1912.
	£	£	£	£	£
Commonwealth taxation ...	11,645,352	10,844,067	11,593,164	14,350,788	16,076,593
State taxation ...	3,601,450	3,512,355	4,017,660	4,195,485	5,419,668
Total ...	15,246,802	14,356,422	15,610,824	18,546,273	21,496,261
Taxation per head ...	£3 12 8	£3 7 2	£3 11 2	£4 3 10	£4 14 1

Whilst the Commonwealth taxation increased during the period by £4,431,241, the State taxation advanced by £1,818,218, the aggregate increase being £6,249,459. The amount has, however, fluctuated somewhat during the period, and has ranged between a minimum of £3 7s. 2d. per head in 1908-9 and a maximum of £4 14s. 1d. per head in 1911-12. The large increase in Commonwealth taxation in 1910-11 and 1911-12 is mainly due to the appearance for the first time of the Federal Land Tax.

9. Public Works and Services.—A very large proportion of the revenue of all the States of the Commonwealth is made up of the receipts from the various public works and services under the control of the several Governments. The principal of these are railways and tramways, harbour works, and water supply and sewerage, while in addition, State batteries for the treatment of auriferous ores exist in Western Australia, and various minor revenue-producing services are rendered by the Governments of all the States. For the year 1911-12 the aggregate revenue from this source totalled £23,690,269, or nearly 60 per cent. of the revenue from all sources. Details of revenue from public works and services for the year 1911-12 are as follows:—

STATE REVENUE FROM PUBLIC WORKS AND SERVICES, 1911-12.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and Tramways. ...	8,067,597	5,237,466	3,032,929	2,145,634	1,896,579	314,708	20,694,913
Harbour Services ...	534,966	119,143	41,581	101,390	140,141	...	937,221
Public Batteries ...	...	241	...	...	45,798	...	46,039
Water Supply and Sewerage ...	643,442	*143,787	...	168,685	156,931	...	1,112,845
Other Public Services ...	269,598	207,323	84,415	185,221	107,503	45,191	899,251
Total ...	9,515,603	5,707,960	3,158,925	2,600,930	2,346,952	359,899	23,690,269

* Water Supply only.

10. Land Revenue.—The revenue derived by the States from the sale and rental of Crown lands has, with few exceptions, been treated from the earliest times as forming part of their respective Consolidated Revenue Funds, and has been applied to meet ordinary current expenses. Where the rentals received are for lands held for pastoral or for residential purposes, such application of the revenue appears perfectly justifiable. On the other hand, where the rentals are those of mineral and timber lands, and in all cases of sales of lands, such a proceeding is essentially a disposal of capital in order to defray current expenses. As a matter of financial procedure such a course is open to criticism. In the following table particulars of revenue derived from sales and rental of Crown lands are given for the year 1911-12:—

STATE LAND REVENUE, 1911-12.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
Sales ...	962,821	211,952	257,679	347,428	243,350	60,300	2,083,530
Rentals ...	802,638	148,113	617,542	131,352	136,753	34,264	1,870,662
Total ...	1,765,459	360,065	875,221	478,780	380,103	94,564	3,954,192

11. **Commonwealth Subsidy.**—The payments to the States of Commonwealth subsidy represent in each instance a considerable proportion of the State's revenue, and for the year 1911-12 aggregated £5,858,744. This represents a great decline from the amounts received up to 1910, owing to the new system of allotting the subsidy. The percentage which the subsidy received by each State for 1911-12 was of the total revenue of that State is shewn in the following table:—

COMMONWEALTH SUBSIDY PAID TO STATES DURING 1911-12.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Commonwealth subsidy ...	2,046,993	1,667,657	757,087	511,719	638,527	236,761	5,858,744
Total revenue ...	15,776,816	10,009,796	5,989,347	4,450,739	3,966,673	1,084,663	41,278,034
Percentage of subsidy on revenue ...	% 12.98	% 16.66	% 12.64	% 11.50	% 16.10	% 21.83	% 14.19

The amount of subsidy here shewn is that for which the several States took credit during the year 1911-12. (See also page 800.)

12. **Miscellaneous Items of Revenue.**—In addition to the foregoing sources of revenue there are in each State several miscellaneous ones, including such items as interest, fines, fees, etc., which for the year 1911-12 aggregated £2,355,161.

(B) Disbursements.

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

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

Of these items that of working expenses of railways and tramways was the most important, and for the year 1911-12 represented about 33 per cent. of the aggregate expenditure from the Consolidated Revenue Fund. Next in order for that year was the item of interest and sinking fund in connection with the public debt, then education, medical and charitable expenditure, police, other public works, and lands and surveys in the order named.

2. **Total Expenditure.**—The total expenditure from Consolidated Revenue Funds in the several States during each of the years 1902-3 to 1911-12 is furnished in the table given hereunder :—

**STATE EXPENDITURE FROM CONSOLIDATED REVENUE FUNDS,
1902-3 to 1911-12.**

Year.	N.S. Wales.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
1902-3 ...	11,467,235	6,759,960	3,717,806	2,641,789	3,521,763	850,685	28,959,238
1903-4 ...	11,319,888	7,339,608	3,607,864	2,707,254	3,698,312	879,356	29,552,282
1904-5 ...	11,195,075	7,343,742	3,581,403	2,860,894	3,745,224	840,184	29,566,522
1905-6 ...	11,386,864	7,261,475	3,725,712	3,004,974	3,632,318	853,147	29,864,490
1906-7 ...	11,876,657	7,679,143	3,911,797	3,394,999	3,490,182	913,762	31,266,540
1907-8 ...	12,095,593	7,862,246	4,373,097	3,862,336	3,379,006	929,885	32,502,163
1908-9 ...	12,893,662	8,240,177	4,759,231	3,760,005	3,370,530	960,237	33,983,842
1909-10 ...	13,038,150	8,579,980	5,113,578	4,196,493	3,447,732	997,321	35,373,254
1910-11 ...	13,807,538	9,194,157	5,314,737	4,181,472	3,734,448	1,016,963	37,249,315
1911-12 ...	15,277,001	9,999,342	5,965,692	4,450,739	4,101,082	1,064,725	40,858,581

As in the case of the table previously given for revenue, the above figures relate to the year ended 30th June, except in the cases of 1902-3, 1903-4, which contain Tasmanian figures for the years ended 31st December, 1902 and 1903 respectively.

3. **Expenditure per Head.**—Owing to the varying conditions of the several States and the extent to which the different functions of Government are distributed therein between central and local governing authorities, the expenditure per head from Consolidated Revenue Funds differs materially in the several States, being highest in the case of Western Australia and lowest in that of Tasmania. Four of the States, viz., Western Australia, South Australia, Queensland, and New South Wales are above the Commonwealth average per head, and the other two States below. The expenditure per head of population for each State for the years 1902-3 to 1911-12 is as follows :—

STATE EXPENDITURE PER HEAD, 1902-3 to 1911-12.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1902-3 ...	8 3 7	5 11 11	7 5 2	7 6 2	16 12 3	4 14 10	7 9 6
1903-4 ...	7 18 10	6 1 10	6 19 4	7 9 11	16 9 1	4 16 2	7 10 11
1904-5 ...	7 13 10	6 1 10	6 16 5	7 17 4	15 12 10	4 10 9	7 8 9
1905-6 ...	7 13 1	6 0 0	7 0 2	8 3 11	14 10 5	4 11 6	7 8 1
1906-7 ...	7 16 1	6 5 11	7 5 2	9 3 4	13 13 7	4 18 6	7 12 10
1907-8 ...	7 14 11	6 7 6	8 0 3	10 4 8	13 5 6	4 18 1	7 16 2
1908-9 ...	8 2 10	6 11 9	8 10 10	9 13 1	12 19 7	5 0 2	8 0 7
1909-10 ...	8 1 7	6 14 4	8 17 0	10 11 9	12 19 6	5 3 3	8 3 7
1910-11 ...	8 8 0	7 1 3	8 17 5	10 3 11	13 9 9	5 4 11	8 8 4
1911-12 ...	9 2 5	7 6 9	9 11 9	10 12 10	13 18 10	5 10 1	8 18 10

In all the States increases in the expenditure per head took place during the year 1911-12, ranging from 14s. 5d. per head in the case of New South Wales to 5s. 2d. per head in that of Tasmania.

4. **Details of Expenditure for 1911-12.**—The following table furnishes for the year 1911-12 particulars as to the expenditure of the several States under each of the principal heads :—

DETAILS OF STATE EXPENDITURE, 1911-12.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Public debt (int., sink'g fund, &c.)	3,889,023	2,312,107	1,724,304	1,379,676	1,101,560	462,597	10,869,267
Rlws. & tramways (work'g exps.)	5,422,085	3,356,714	1,915,246	1,395,839	1,354,847	221,175	13,665,906
Justice	291,971	182,271	87,170	34,866	58,605	11,372	686,255
Police	493,308	329,312	235,088	106,845	125,165	41,435	1,331,153
Penal establishments	81,473	50,814	27,707	17,539	23,718	5,320	206,571
Education	1,395,114	1,121,070	436,672	285,808	260,352	94,604	3,593,620
Medical and charitable	577,145	514,926	331,500	151,317	188,718	57,692	1,821,298
All other expenditure	3,126,882	2,132,128	1,208,005	1,078,349	988,117	170,530	8,704,511
Total	15,277,001	9,999,342	5,965,692	4,450,739	4,101,082	1,064,725	40,858,581

5. **Expenditure per Head, 1911-12.**—The expenditure per head of population of the several States for the year 1911-12, under each of the principal items, is given hereunder :—

STATE EXPENDITURE PER HEAD, 1911-12.

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

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

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

PERCENTAGE OF TOTAL STATE EXPENDITURE, 1911-12.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	%	%	%	%	%	%	%
Public debt (interest, sinking fund, &c.)	25.45	23.12	28.91	31.00	26.86	43.45	26.60
Railways and tramways (working expenses)	35.49	33.57	32.10	31.97	33.04	20.77	33.45
Justice	1.91	1.83	1.46	0.78	1.43	1.07	1.63
Police	3.23	3.29	3.94	2.40	3.05	3.89	3.26
Penal establishments	0.53	0.51	0.46	0.39	0.58	0.50	0.51
Education	9.13	11.21	7.32	6.42	6.35	8.89	8.79
Medical and charitable	3.80	5.15	5.56	3.40	4.60	5.42	4.46
All other expenditure	20.46	21.32	20.25	24.24	24.09	16.01	21.30
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Taken together, the interest and sinking fund on the public debt, and the working expenses of the railways and tramways, represented for the year 1911-12 about 60 per cent. of the aggregate State expenditure.

(c) Balances.

1. **Position on 30th June, 1912.**—On various occasions in each of the States the revenue collected for a financial year has failed to provide the funds requisite for defraying the expenditure incurred during that year, the consequence being a deficit which is usually liquidated either by cash obtained from trust funds, or by the issue of Treasury bills. In some of the States a number of such deficits has occurred, interspersed with occasional surpluses, the result being an accumulating overdraft, which in certain instances assumed very large proportions. Thus during the period of financial stress resultant upon the crisis of 1893 and the drought conditions of succeeding years, the accumulated overdrafts of several of the States grew very rapidly. The very favourable financial conditions of recent years have enabled the various Treasurers to considerably reduce such liabilities from time to time, and at 30th June, 1912, the position of the balances of the several Consolidated Revenue Funds was as set forth in the table hereunder:—

STATE CONSOLIDATED REVENUE FUND BALANCES, 30th JUNE, 1912.

State.	Cash Credit Balances.	Debit Balance.		Net Result.
		Cash Overdraft.	Overdraft liquidated by Treasury Bills	
	£	£	£	£
New South Wales	61,363	...	114,516	Dr. 53,153
Victoria ... ..	...	294,175	...	Dr. 294,175
Queensland	23,655	...	...	Cr. 23,655
South Australia	275,150	...	...	Cr. 275,150
Western Australia	121,111	...	...	Cr. 121,111
Tasmania ... ..	...	2,587	75,610	Dr. 78,197
Total	481,279	296,762	190,126	Dr. 5,609

(D) Principal State Taxes.

(a) Probate and Succession Duties.

1. **General.**—Probate duties have been levied for a considerable time in all the States of the Commonwealth. From the provisions of the several State Acts governing the payment of duty which are outlined hereunder, it will be seen that both the ordinary rates and those which apply to special beneficiaries differ widely in several cases. In the following table the amount under which the estates of deceased persons were sworn, is shewn for the years 1907 to 1911:—

VALUE OF ESTATES OF DECEASED PERSONS, 1906-7 to 1910-11.

State.	1907.	1908.	1909.	1910.	1911.
	£	£	£	£	£
New South Wales	7,563,499	7,838,572	11,142,068	8,834,934	13,138,068
Victoria	6,860,143	7,128,085	6,480,376	7,430,949	8,469,163
Queensland	1,670,184	1,376,255	1,508,883	1,652,691	2,409,495
South Australia	1,923,954	2,105,351	1,989,509	2,422,519	2,855,089
Western Australia	1,154,126	955,995	939,318	868,638	844,151
Tasmania	841,227	1,023,629	722,011	797,439	596,870
Commonwealth	20,013,133	20,427,887	22,732,165	22,007,170	28,312,836

The duty collected in the several States for the financial years 1907-8 to 1911-12 is as follows:—

AMOUNT OF PROBATE AND SUCCESSION DUTIES COLLECTED, 1907-8 to 1911-12.

State.	1907-8.	1908-9.	1909-10.	1910-11.	1911-12.
	£	£	£	£	£
New South Wales ...	310,704	301,681	650,202	357,750	849,405
Victoria ...	304,830	418,418	358,173	433,104	448,283
Queensland* ...	42,788	57,012	61,193	71,637	144,309
South Australia ...	70,227	86,344	84,651	109,698	95,667
Western Australia ...	41,688	20,132	57,416	23,124	22,276
Tasmania ...	32,087	28,641	44,267	27,459	35,012
Commonwealth ...	802,324	912,228	1,255,902	1,022,772	1,594,952

* Approximate.

2. New South Wales.—(i.) *Legislation.* The Acts relative to probate and succession duties at present in force in New South Wales are, in chronological order, as follows:—

- (a) Wills, Probate and Administration Act 1898.
- (b) Stamp Duties Act 1898, and Amendment of, 1904.
- (c) Probate Duties (Amendment) Act 1899.
- (d) Administration (Validating) Act 1900.
- (e) Companies (Death Duties) Act 1901.
- (f) Administration Amending Act 1906.

The first-named Act, assented to on 27th July, 1898, repealed, amongst others, the Probate Act of 1890 (two sections excepted), and also the Probate Amendment Act of the same year. On the same day, 27th July, assent was also given to the Stamp Duties Act, the rates of duty contained in which were in force until the passing of the Probate Duties (Amendment) Act on 22nd December, 1899, when its schedule was repealed and a new rate of duty was imposed.

The Administration (Validating) Act of 1900 was passed in order to validate certain orders of the Supreme Court giving power or leave to sell, mortgage or lease, the real estate of deceased persons.

The Companies (Death Duties) Act of 1901 relates to the registration of any company incorporated according to the laws of some country other than New South Wales carrying on the business (a) of mining for any minerals in New South Wales; or (b) of pastoral or agricultural production or timber-getting in New South Wales; and to the imposition of duties on the death of shareholders of those companies.

(ii.) *Rates of Duty.* In lieu of the duties payable on probate and letters of administration as provided for by the Stamp Duties Act of 1898, the following rates are now payable on the total value of the estate of a deceased person after the deduction of all debts, as enacted by the Amending Act of 1899, viz.—Up to £1000, nil; above £1000 and up to £5000, 2 per cent.; then up to £6000, 3 per cent.; then increasing $\frac{1}{2}$ per cent. for each £1000 up to £10,000, for each £2000 up to £40,000, and for each £4000 up to £100,000, the last group, £96,000 to £100,000, being subject to 9 $\frac{1}{2}$ per cent. Above £100,000 the duty is 10 per cent. Property left by the deceased to his widow or children is subject to half the foregoing rates, if the total value of the estate, after the deduction of all debts, does not exceed £50,000.

3. Victoria.—(i.) *Legislation.* The Acts contained in the subjoined list regulate the probate and succession duties of Victoria:—

- (a) No. 1060, Administration and Probate Act 1890, with its amendments of 1891, 1892, 1898, 1903, and 1907.
- (b) No. 1419, Intestate Estates Act 1896.
- (c) No. 1827, Probate Charges Act 1903, and its amendment No. 1970 of 1905.
- (d) No. 1862, Administration and Probate Duties Act 1903, with its amendments of 1904, 1905, 1906, 1907, 1908, 1909, 1910, 1911, and 1912.

The principal Act, the Administration and Probate Act 1890, was assented to on 10th July, 1890, and came into force on 1st August of the same year. It repealed Acts Nos. 338, 403, 427, 523, 900, 928, 1035 and 1053, and enacted a scale of duties which was enforced until 1st January, 1903, when the Administration and Probate Act of 1903 came into force.

(ii.) *Rates of Duty.* The last-mentioned Act provides for the following scale of duties on the estate, real and personal, of deceased persons, after the deduction of all debts, viz.:—Less than £200, nil; above £200 and up to £300, $1\frac{1}{2}$ per cent.; then increasing $\frac{1}{2}$ per cent. for each £100 up to £600; then increasing $\frac{1}{2}$ per cent. for each £200 up to £1000; above £1000 and up to £1500, 4 per cent.; then increasing $\frac{1}{2}$ per cent. for each £500 up to £6000; then increasing $\frac{1}{2}$ per cent. for each £1000 up to £19,000; with the exception of the two stages £10,000 to £11,000 and £14,000 to £15,000, which involve an increase of $\frac{2}{3}$ per cent. and whose rates are respectively $7\frac{2}{3}$ and $8\frac{1}{3}$ per cent.; over £19,000 and up to £20,000, $9\frac{1}{2}$ per cent.; and over £20,000, 10 per cent. is charged.

The rates of duty as shewn above also apply to all settlements of property, both real and personal, where the person taking the property is a brother or sister, or descendant of a brother or sister, or by any other person in any other degree of collateral consanguinity to the settlor, but duty at the rate of 10 per cent. is payable on the value of property taken by a stranger in blood to the settlor or donor.

(iii.) *Special Rates.* Property left by the deceased to his widow, children or grandchildren, is subject to the following rates, except that in cases where the total value of the estate after payment of all debts does not exceed £2000 half these rates only are charged:—Up to £500, nil; over £500 and up to £1000, 1 per cent.; over £1000 and up to £2000, 3 per cent.; then increasing by $\frac{1}{2}$ per cent. for each £1000 up to £5000, and by $\frac{1}{2}$ per cent. for each £1000 up to £8000; over £8000 and up to £10,000, 5 per cent.; increasing thence by $\frac{1}{2}$ per cent. for each £2000 up to £24,000, for each £4000 up to £80,000, and for each £5000 up to £100,000, the last group £95,000 to £100,000 being subject to $9\frac{1}{2}$ per cent.; over £100,000, the amount payable is 10 per cent.

4. **Queensland.**—(i.) *Legislation.* The collection of probate and succession duties in Queensland is governed by the following Acts:—

- (a) The Succession and Probate Duties Act 1892.
- (b) The Succession Act Amendment Act 1895.
- (c) The Succession and Probate Duties Amendment Act 1895.
- (d) The Succession and Probate Duties Act 1904.
- (e) The Succession Act 1906.
- (f) The Succession and Probate Amendment Act 1906.

The principal Act, the Succession and Probate Duties Act of 1892, which was assented to on 4th October, 1892, and taken as coming into force on 7th September previous, repealed the Succession Duties Act of 1886, and enacted a scale of duties which is still levied.

(ii.) *Rates of Succession Duty.* If the whole succession or successions derived from the same predecessor, and passing upon death to any person, amount in money or principal value to less than £200, no duty is payable; where the value is £200 and less than £1000, 2 per cent. is due; £1000 and less than £2500, 3 per cent.; £2500 and less than £5000, 4 per cent.; £5000 and less than £10,000, 6 per cent.; £10,000 and less than £20,000, 8 per cent.; and when the value is £20,000 or upwards, 10 per cent. is charged.

(iii.) *Special Rates.* Duty at one-half of the above rates is payable when the successor is the wife or husband, or the lineal issue of the predecessor; and at double the rates if the successor is a stranger in blood to the settlor.

(iv.) *Probate and Administration.* In addition to the foregoing succession duties a probate duty of 1 per cent. is payable on all estates having a net value of £300 or over. When the net value of the property of a deceased person does not amount to £300 it is exempt from duty.

(v.) *Exemptions.* Bequests for educational and charitable purposes in Queensland are exempt from taxation.

5. **South Australia.**—(i.) *Legislation.* Under the four Acts given hereunder the probate and succession duties are collected in South Australia:—

- (a) No. 537, The Administration and Probate Act 1891.
- (b) No. 567, The Succession Duties Act 1893.
- (c) No. 819, The Administration and Probate Act 1903.
- (d) No. 854, The Administration and Probate Amendment Act 1904.

On 25th October, 1893, the Succession Duties Act was assented to, and by it the Probate and Succession Duty Act of 1876, and its two amendments, Nos. 225 of 1881 and 361 of 1885, were repealed.

(ii.) *Rates of Duty.* On the property derived by any beneficiary the duties are assessed on the net value, and the following scale applies where the person taking the property is the widow, widower, descendant or ancestor of the deceased; and likewise where the property is given or accrues to any of the above-mentioned persons under a settlement or deed of gift:—Under £500, *nil*; over £500 and up to £700, $1\frac{1}{2}$ per cent.; over £700 and up to £1000, 2 per cent.; over £1000 and up to £2000, 3 per cent.; over £2000 and up to £3000, $3\frac{1}{2}$ per cent.; increasing thence by $\frac{1}{2}$ per cent. for each £2000 up to £7000; over £7000 and up to £10,000, 5 per cent.; increasing thence by $\frac{1}{2}$ per cent. for each £5000 up to £20,000, for each £10,000 up to £40,000, for each £20,000 up to £100,000, and for each £50,000 up to £200,000, the duty from £150,000 to £200,000 being $9\frac{1}{2}$ per cent.; above £200,000 the duty is 10 per cent.

Where the person taking the property is a brother, sister, descendant of a brother or sister, or any person in any other degree of collateral consanguinity to the deceased person, or where the property is given or accrues to any of the aforesaid persons under a settlement or deed of gift, the duty is reckoned on the net present value of such property, and is payable at the rates shewn hereunder:—Under £200, 1 per cent.; up to £300, $1\frac{1}{2}$ per cent.; up to £400, 2 per cent.; up to £700, 3 per cent.; up to £1000, $3\frac{1}{2}$ per cent.; up to £2000, 4 per cent.; thence increasing 1 per cent. up to each of the following amounts:—£3000, £5000, £10,000, £15,000, and £20,000; above £20,000 10 per cent. is payable.

If the person taking the property, either by will or under a settlement or deed of gift, is a stranger in blood to the deceased or the settlor or donor, as the case may be, duty is charged at the rate of 10 per cent. on the net present value of the property.

(iii.) *Special Rates.* Duty at one-half the rates shewn above is levied when the person who takes is the child under twenty-one years of age or the widow of the deceased or the settlor or donor, provided that the net value of the whole estate be under £2000.

6. **Western Australia.**—(i.) *Legislation.* The only Acts relating to probate and succession duties at present in force in Western Australia are the Administration Act of 1903, which was assented to on 31st December, 1903, and the Administration Act Amendment Act 1909. The former repealed a number of Acts, including the Real Estates Administration Act 1893 and the Duties on Deceased Persons' Estates Act 1895. The latter levied the following scale of duties:—

(ii.) *Rates of Duty.* When the total value of the estate, real or personal, of a deceased person, or of the property given or accruing to any person under a settlement or deed of gift, does not, after the deduction of all debts, exceed £500, duty is payable at

the rate of 1 per cent.; where the value exceeds £500, but does not exceed £1000, 2 per cent. is charged; £1000 and under £2500, 3 per cent.; £2500 and under £4500, 4 per cent.; £4500 and under £6000, 5 per cent.; £6000 and under £7000, 6 per cent.; £7000 and under £8000, 6½ per cent.; £8000 and under £9000, 6¾ per cent.; £9000 and under £10,000, 6½ per cent.; £10,000 and under £11,000, 7¼ per cent.; £11,000 and under £12,000, 7½ per cent.; £12,000 and under £13,000, 7¾ per cent.; £13,000 and under £14,000, 7¾ per cent.; £14,000 and under £15,000, 8¼ per cent.; £15,000 and under £16,000, 8½ per cent.; £16,000 and under £17,000, 8¾ per cent.; £17,000 and under £18,000, 8¾ per cent.; £18,000 and under £19,000, 9 per cent.; £19,000 and under £20,000, 9½ per cent.; £20,000 and above, 10 per cent.

(iii.) *Special Rates.* Half the above rates are charged the parent, issue, husband, wife, and issue of husband or wife, who are *bona-fide* residents of, and domiciled in, Western Australia.

7. *Tasmania.*—(i.) *Legislation.* The duties imposed in connection with probates and letters of administration in Tasmania are provided for by the following Acts:—

- (a) The Deceased Persons' Estates Act of 1874 and 1881.
- (b) The Probate (Foreign) Act 1893.
- (c) The Probate Act 1893, with amendment in 1906.
- (d) The Deceased Persons' Estate Management Act 1903.
- (e) The Deceased Persons' Estates Duties Act 1904.
- (f) The Death Duties (Deductions) Act 1909.

The Probate Duties Act of 1868 levied a scale of rates which remained in force until the passing of the Deceased Persons' Estates Duties Act in 1904, when the former Act was repealed and a new schedule came into operation. The Death Duties (Deductions) Act provides for the deduction from death duties of the amount of duty payable in the United Kingdom in respect of property situated therein.

(ii.) *Rates of Duty.* Duty at the rates given below is payable on the property derived from a deceased person, or comprised in a settlement or deed of gift in so far as it includes, or is a portion of—

- (a) His real and personal property in Tasmania, including that over which he had a general power of appointment, exercised by his will, or by the settlement or deed of gift, if the deceased was, at the time of his death, domiciled in Tasmania.
- (b) His personal property, as above, including all debts, money, etc., recoverable in action by the executor in Tasmania, if the deceased was, at time of death, domiciled elsewhere than in Tasmania; and
- (c) Property accruing to any husband by virtue of his right as husband on the decease of his wife.

When the value of the property of the deceased person, settlor, or donor, as the case may be, at the time of his death exceeds £500, and does not exceed £1000, 2 per cent. is payable; exceeding £1000 and not exceeding £2000, 2½ per cent.; £2000 and not over £5000, 3 per cent.; £5000 and not over £20,000, 4 per cent.; £20,000 and not over £100,000, 5 per cent.; and over £100,000, 10 per cent.

(iii.) *Special Rates.* Double the above rates are charged when the property is derived by, or given or accrues to a brother or sister, or the child of a brother or sister of the deceased person, settlor, or donor, but in no case is a duty of more than 10 per cent. payable. When the property is derived by a stranger in blood to the deceased person, settlor, or donor, or accrues to any collateral relation beyond the third degree, the duty is 10 per cent. on the value of the property of any value whatever. No duty is payable in respect of any money which is payable to any person by a friendly society upon the death of a member or his wife or child.

(b) Stamp Duties.

1. *Legislation in the Several States.*—The principal Acts at present in force in the several States relating to stamp duties are as follows:—

- (a) *New South Wales.* Stamp Duties Act 1898, with amendments in 1900, 1904, and 1907.
- (b) *Victoria.* Stamps Act 1890, with amendments in 1892, 1900, 1904, and 1908.
- (c) *Queensland.* Stamp Act 1894, with amendment in 1904.
- (d) *South Australia.* Stamp Act 1886, with amendment in 1902.
- (e) *Western Australia.* Stamp Act 1882, with amendments in 1905 and 1906.
- (f) *Tasmania.* Stamp Duties Act 1882, with amendments in 1886, 1888, 1892, 1900 and 1904.

These Acts provide for the payment of duty on bank notes, bills of exchange, and promissory notes, deeds, leases, policies, receipts, transfers, and so forth, all of which with the exception of bank notes are required to be stamped either by an impressed or adhesive stamp, as the case may be.

The revenue derived by the several States of the Commonwealth from the imposition of stamp duties for the years 1907-8 to 1911-12 is shewn in the accompanying table :—

**STAMP REVENUE (EXCLUSIVE OF PROBATE AND SUCCESSION DUTIES),
1907-8 to 1911-12.**

State.	1907-8.	1908-9.	1909-10.	1910-11.	1911-12.
	£	£	£	£	£
New South Wales	254,538	205,022	222,720	268,091	255,085
Victoria	240,535	237,681	250,358	275,314	285,212
Queensland	142,573	132,073	145,556	174,051	187,533
South Australia	79,547	89,160	97,877	109,274	106,910
Western Australia	59,617	58,065	62,714	79,404	74,828
Tasmania	58,832	53,713	54,741	61,118	64,236
Commonwealth	835,642	775,714	833,966	967,252	973,804

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

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

3. Bills of Exchange and Promissory Notes.—(i.) *Rates.* In all the States except New South Wales, when a bill of exchange or promissory note is payable on demand, the rate charged is one penny. When the bill was not payable on demand the duty levied in New South Wales, until the Amendment Act of 1907 came into force on 1st January, 1908, was sixpence for every £25 or part thereof, but under this Act no duty is now payable on bills of exchange or promissory notes in that State. The rate in Victoria for all bills of exchange was sixpence for every £25* up to £100, and one shilling for every £50 over £100, but under the Act of 1908 these rates only apply to those bills both drawn in and payable in Victoria, all others being free from duty. One shilling is charged in Queensland for every £50. For every £25 the duty in South Australia is sixpence if the bill is

* "Or fractional part thereof" is to be understood after all amounts mentioned.

negotiable in the Commonwealth, but when a bill is drawn in South Australia and payable in any place beyond the Commonwealth, one shilling is charged for every £100, in which case an adhesive stamp only is to be used. In Western Australia, when the amount of the bill does not exceed £25 the duty payable is sixpence, when it exceeds £25 the duty is increased by sixpence for every £25 up to £100, and when it exceeds £100, one shilling for every £50 is charged. An amount of threepence is levied in Tasmania for a bill not exceeding £5; sixpence for one exceeding £5 and under £25; and an additional sixpence for every succeeding £25.

(ii.) *Exemptions.* The chief classes of bills which are exempt from taxation are Government debentures, Treasury notes, drafts on account of Public Service, drafts by banker on banker, letters of credit in the State, etc.

4. **Bills of Lading.**—(i.) *Rates.* The charge made for a bill of lading or copy thereof is sixpence in four of the States, viz., New South Wales, Victoria, South Australia, and Tasmania. In Queensland the rate is one shilling, and for a receipt of a bill of lading sixpence, whilst in Western Australia the duty is threepence if the goods do not exceed half a ton in weight or measurement, and sixpence if the goods exceed that quantity. The Acts provide that no bill of lading is to be stamped after its execution.

5. **Receipts.**—(i.) *Rates.* The duty payable on receipts given on payment of the amount of £2 or upwards in the States of Victoria, South Australia and Western Australia is one penny. Under the provisions of the Stamp Duties Act of 1898 the rate in New South Wales was twopence for £2 or over, but this was repealed by the Stamp Duties Amendment Act of 1907, and no duty is now payable on receipts in that State. Acknowledgments for payment of £1 or upwards were taxed one penny in Queensland under the 1894 Act, but by Amendment Acts of 1901, 1903 and 1904, the first two of which have since been repealed, it was provided that amounts of £1 and less than £2 were to be taxed one penny; £2 and less than £50, twopence; £50 and less than £100, threepence; and £100 or over, sixpence for every £100 or part thereof. By the 1904 Amendment Act of Tasmania, receipts for sums amounting to £2 and not over £5 are subject to a duty of one penny, and when the amount exceeds £5, one penny is charged for every additional £10 or part thereof, provided that the maximum duty on any receipt is fourpence.

(ii.) *Exemptions.* The exemptions from payment of duty on receipts vary considerably in the several States, and amongst others may be mentioned the following:—On His Majesty's Service, banker's receipt for bill of exchange or promissory note, current accounts, savings bank accounts, municipal rates, money orders and postal notes, wages received by labourers, workmen, menial servants, etc.

(c) Land Tax.

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

The following table shews the amount collected by means of such taxes during the financial years 1907-8 to 1911-12 in the States in which a land tax was imposed:—

LAND TAX COLLECTIONS, 1907-8 to 1911-12.

State.	1907-8.	1908-9.	1909-10.	1910-11.	1911-12.
	£	£	£	£	£
New South Wales	178,889	80,794	9,066	7,488	6,479
Victoria	89,496	85,559	114,357	210,640	293,823
South Australia	93,762	92,158	94,126	135,614	118,725
Western Australia	11,140	35,120	34,344	37,871	45,166
Tasmania	57,742	59,651	79,021	64,932	81,234
Commonwealth	431,029	351,282	330,914	456,495	545,427

2. New South Wales.—(i.) *Legislation.* The following Acts relating to the levying, assessment, and collection of land tax are at present in force in New South Wales:—

- (a) Land and Income Tax Assessment Act 1895, with amendments in 1896, 1897, 1898, and 1904.
- (b) Land Tax Act 1895, with amendments in 1899, 1900, and 1902.
- (c) Local Government Act 1906.

The principal Act, the Land and Income Tax Assessment Act of 1895, which was enacted for the purpose of establishing a system of direct taxation by means of a tax on land, as well as for other objects, was assented to on 12th December of that year. The Land Tax Act of 1895, assented to on the same day as the above-mentioned Act, provided for a tax which was amended in respect of certain leased lands by the amending Act of 1902, and suspended in cases, which will hereinafter be referred to, by the Local Government Act of 1906.

(ii.) *Rates.* Under the provisions of the principal Act a tax is levied on the unimproved value of all land after the deduction of £240, which deduction is only made once in the case of an owner of more estates than one. Land that is subject to mortgage is liable to a deduction each year from the tax on the unimproved value of a sum equal to the income tax leviable for that year on the interest derivable from the whole mortgage on the land, improvements included. A tax of one penny in the £ of the unimproved value was declared by the Land Tax Act of 1895. The Act of 1902, which only applies to land while it is subject to a lease from the owner which was current at the end of the year 1902, and of which not less than thirty years were at such time unexpired, and land that is subject to a lease from the owner made after the commencement of the Act for a term of not less than thirty years, provided for a similar tax to be paid conjointly by owners and lessees, according to an adjustment made by the Commissioners. Under the Local Government Act of 1906 the operation of the land tax is suspended in the case where a shire or municipality has levied a tax on the unimproved capital value of the ratable land within its boundaries.

(iii.) *Exemptions.* Some of the principal lands on which no taxation is payable are as follows:—

- (a) Crown lands which are not liable to right of purchase, and lands held by way of conditional or special lease and homestead selections under any Crown Lands Act.
- (b) Lands vested in His Majesty or in any person for or on behalf of His Majesty.
- (c) Lands vested in the Railway Commissioners.
- (d) Public roads and thoroughfares; reserves for health, recreation or enjoyment, parks, cemeteries, etc.
- (e) Lands occupied or used exclusively for public hospitals, benevolent and charitable institutions, churches, universities, affiliated colleges, mechanics' institutes, etc., and lands on which are erected public markets, town halls, etc., and land vested in any council, municipality, hospital, or affiliated college.
- (f) Land vested in trustees for the use of agricultural, horticultural, pastoral or zoological show purposes.
- (g) Land used exclusively for the site of a residence of a minister of religion ministering at some place of public worship, and land used as a site for a school attached to, or connected with, any place of public worship.

3. Victoria.—(i.) *Legislation.* The Land Tax Act of 1910, which repealed the Act of 1890, now governs the taxation of land in Victoria. Under this Act a tax is levied on all land whose unimproved value exceeds £250. As the unimproved value rises above £250 the exemption diminishes at the rate of £1 for every £1 of excess, so as to leave no exemption at £500. There is a uniform rate of $\frac{1}{4}$ d. per £ of unimproved value, and no amount less than two shillings and sixpence is collected.

The subjoined is a list of the principal lands that are free from taxation :—

- (a) Land, the property of His Majesty the King.
- (b) Land used for public worship, recreation, or educational purposes ; all parks, show-grounds, etc. ; the University and its affiliated Colleges.
- (c) Land vested in a municipality or a church.
- (d) Land vested in Railway Commissioners, Commissioner of Savings Banks, Melbourne and Geelong Harbour Trusts, Melbourne and Metropolitan Board of Works, etc.

4. **South Australia.**—(i.) *Legislation.* The administration of the land tax in South Australia is governed by the following Acts :—

- (a) Taxation Act 1884, with amendments in 1885, 1887, 1894, 1900, 1902, 1903, 1904, and 1905.
- (b) Increase of Taxes Act 1902.

On 14th November, 1884, the principal Act, viz., the Taxation Act, was assented to. It provided for a tax to be paid on the unimproved value of any land in the State of South Australia, but the rate was increased by subsequent Acts, as will be shown below.

(ii.) *Rates.* The principal Act declared a tax of one half-penny for every £1 sterling in the amount of the taxable value, and the amending Act of 1894 imposed an additional tax of one half-penny for every £1 exceeding the amount of £5000 of the total assessed unimproved value owned by any party. Under the provisions of the Increase of Taxes Act of 1902 the general rate was augmented by one farthing in the £1 for the year 1903 only. This was repeated in 1904 for the year 1905 only. The last-mentioned Act also increased by one farthing the tax payable on land valued over £5000, as provided in the Act of 1894 for the one year only, the present rate payable on property exceeding £5000 in value being, therefore, one penny for every £1 of the total assessed unimproved value over that amount. In the case of absentees an addition of 20 per cent. to these rates is provided for under the Amending Act of 1894. Under this Act absenteeism consisted of absence from the State of South Australia for the period of two years prior to the date on which the tax became due, but the duration of absence was reduced to twelve months by the Amendment Act of 1904.

(iii.) *Exemptions.* The subjoined is a list of lands that are free from taxation :—

- (a) Land of the Crown which, for the time being, is not subject to any agreement for sale or right of purchase.
- (b) Park lands, public roads, cemeteries, and reserves.
- (c) Land used solely for religious or charitable purposes, or by any public institute.

5. **Western Australia.**—(i.) *Legislation.* The Land and Income Tax Assessment Act of 1907—the first Act relating to the payment of a tax on land in Western Australia—was assented to on 20th December, and came into force on 1st January following. A tax on the unimproved value of land was imposed by the Land Tax and Income Tax Act, which received assent and came into force on the same day as the above-mentioned Act.

(ii.) *Rates.* A tax at the rate of one penny for every pound sterling of the unimproved value of land is charged, provided that the aggregate value of the land held exceeds £50. A rebate of one half of the tax levied is allowed to every owner of improved land.

(iii.) *Exemptions.* The lands specified below are exempt from assessment for taxation :—

- (a) All lands held by or on behalf of His Majesty.
- (b) Public roads and thoroughfares, public reserves for health, recreation, or enjoyment, and public parks, university endowments, cemeteries and commons.
- (c) Land used in connection with any public hospital, benevolent, charitable or religious institution, mechanics' institute, school of arts, etc., and land on which is erected any State market, town hall, or municipal chambers.

- (d) All lands held as mining tenements, and lands dedicated to, or vested in trustees, and used for zoological, agricultural, pastoral, or horticultural show purposes, or other public scientific purposes.
- (e) Land, the unimproved value of which does not exceed £50.

6. *Tasmania.*—(i.) *Legislation.* The Land Tax and Income Tax Act of 1910 governs this form of taxation in Tasmania. According to it a land-owner pays in respect of every pound sterling of unimproved value according to the following scale:—

(ii.) *Rates.* When the total unimproved value is less than £2500, 1d. in the pound is payable; £2500 and under £5000, 1½d.; £5000 and under £15,000, 1¾d.; £15,000 and under £30,000, 1¾d.; £30,000 and under £50,000, 2d.; £50,000 and under £80,000, 2½d.; £80,000 and above, 2¾d.

(iii.) *Exemptions.* The number of exemptions as contained in the principal Act is too lengthy to be given in detail, and a few of the most important only are herewith appended:—

- (a) Lands of the Crown which, for the time being, are not subject to lease, sale, etc., and land the property of and occupied by or on behalf of His Majesty.
- (b) Botanical gardens at Hobart and Launceston.
- (c) Public roads, cemeteries, reserves, and recreation grounds.
- (d) Land on which is built any public library, museum, hospital or any building used solely for charitable or religious purposes, or State Schools.
- (e) Any land owned by any local authority, or any local governing or statutory public body.

(d) *Income Tax.*

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

In the following table particulars are furnished concerning the total amount collected in the several States during the years 1907-8 to 1911-12. In the case of Queensland and Western Australia the amount of dividend duty collected is included, this tax being closely allied to the income tax.

INCOME AND DIVIDEND TAXES, 1907-8 to 1911-12.

(STATES.)

State.	1907-8.	1908-9.	1909-10.	1910-11.	1911-12.
	£	£	£	£	£
New South Wales ...	215,283	202,369	219,977	269,142	644,571
Victoria ...	317,354	304,464	338,585	395,998	443,248
Queensland ...	271,299	273,091	304,693	348,513	372,497
South Australia ...	212,643	160,777	180,923	168,707	207,416
Western Australia ...	113,967	134,164	132,180	134,075	154,442
Tasmania ...	101,433	94,015	110,258	115,836	143,875
Commonwealth ...	1,231,979	1,168,880	1,286,616	1,432,271	1,966,049

2. **New South Wales.**—(i.) *Legislation.* The Act under which the administration of the income tax is carried out in New South Wales is as follows:—

Land and Income Tax Assessment Act 1895, with amendments in 1896, 1897, 1898, 1904, 1911, and 1912.

The Land and Income Tax Assessment Act, which was assented to on 12th December, 1895, and came into force on the first day of the following year, is the principal Act. Under this Act the amount of taxable income from all sources for the year immediately preceding the year of assessment is the amount on which tax is payable, except in the case of income earned outside the State of New South Wales, which is not subject to taxation. The 1898 Act declared that for the purposes of taxation, the extracting from the soil, winning, producing, or manufacturing in the State of any product, commodity or substance and its export, is part of the carrying on of such trade in New South Wales, and the value of such product, etc., when exported, is income earned in the said State. The 1911 Act repealed the Income Tax Act of 1895 with its amendment of 1907, and also the Taxation Amending Act of 1906. It also amended the Taxation Amending Act of 1905, and entirely altered the rates originally imposed by the Income Tax Act of 1895. The Act of 1912 repealed the Taxation Amending Act of 1905, and a large part of the Act of 1911.

(ii.) *Rates.* Under the Act of 1912 the rates payable in New South Wales are as follows:—

- (a) In the case of a person, in possession of an income not exceeding £700 per annum, 6d. in the £. There is an addition of one-third if the person is an absentee, and an addition, or further addition, in any case, of one-third on such part of income as is derived from property.
- (b) If income exceeds £700 then tax is as in following schedule:—£700 to £1700, 7d.; £1700 to £2700, 8d.; £2700 to £4700, 9d.; £4700 to £6700, 10d.; £6700 to £9700, 11d.; and above £9700, 1s. in the £. In addition, the same rates as regards absentees, etc., mentioned in (a) above also apply.

(iii.) *Exemptions.* The subjoined is a list of incomes, revenues, and funds which are exempt from the payment of income tax:—

- (a) Income not exceeding £300 per annum.
- (b) Revenues of municipal corporations or other local authorities.
- (c) Incomes of mutual life assurance societies, and of other companies or societies not carrying on business for purposes of profit or gain.
- (d) Dividends and profits of the Savings Bank of New South Wales, the Post-office Savings Bank, and the income of registered friendly societies.
- (e) Incomes and revenues of all ecclesiastical, charitable, and educational institutions of a public character.
- (f) Income derived from the ownership, use, or cultivation of land subject to land tax.

The exemptions declared in sub-sections (b) to (e) above do not extend to the salaries and wages of persons employed by such corporations, companies, etc.

(iv.) *Deductions.* In the case of a company the person liable to taxation in respect of an income exceeding £300 is, under the Act of 1911, entitled to a deduction of £300 in the assessment of such income. This Act also provides that there shall be a reduction of £50 for each child who is wholly maintained by a taxpayer, and who at the commencement of the year in respect of which the tax is levied is under the age of 18 years. Any such reduction shall in the first place be made from so much of the income as is derived from personal exertion. But where the income so derived is less than the amount of reduction authorised, the reduction shall be made to the full extent of such income, and the

balance not so applied shall be deducted from the income derived from property. Where there is no income derived from personal exertion, the deduction is made from income from property.

In addition to the above, deductions are allowed on account of losses, repairs, cost of earning incomes, etc., and also on account of expenditure not exceeding £50 per annum on life insurance.

3. **Victoria.**—(i.) *Legislation.* The principal Act in Victoria, the Income Tax Act of 1895, was assented to on 29th January of that year. On the 24th December following the Income Tax Rate Act received assent, and since then, with one exception, an Act has been passed each year declaring rates for the year ending 31st December following the date on which the Act came into force. The first scale of taxation was provided for by the Income Tax Rate Act 1895, and remained in force until 1st January, 1903, when the first amendment of 1903 came into force. The rates contained in the latter Act were superseded when the second amendment of 1903 came into operation, and were further altered by the 1904 Act, the rates of which are in force at present.

(ii.) *Rates.* Under the provisions of the last-mentioned Act a person, not being a company, is subject to the following rates of duty on the amount of his income from personal exertion, viz.—For every £1 up to £500, threepence; over £500 and up to £1000, fourpence; £1000 and up to £1500, fivepence; and over £1500, sixpence; with double these rates if the income be derived from property. Incomes not exceeding £156 were exempt from taxation under this Act, and this exemption was, under the 1906 Act, increased to £200, at which sum it still stands. The minimum income subject to tax is thus £201. Incomes between £201 and £500 are allowed an exemption of £150, while those above £500 pay tax on the full amount. The Act of 1908 provided that the amount of income tax, computed on the above basis, to be payable by a person, not being a company, for the year ending 31st December, 1909, should be reduced by 20 per cent., but this reduction was repealed in 1910. Land used as a residence by the owner is deemed to return 4 per cent. on its actual capital value.

(iii.) *Special Rates.* (a) A tax of sevenpence is levied on the income of any company liable to tax, not being a life assurance company, for every pound sterling of the taxable amount thereof, and a similar tax of eightpence on a company which carries on in Victoria the business of life assurance; and (b) a tax assessed on five pounds in every £100 of the amount payable to him for the carriage of passengers, live stock, mails, or goods shipped in Victoria, is imposed on every owner or charterer of a ship whose principal place of business is out of Victoria.

(iv.) *Exemptions.* Some of the most important exemptions from taxation are as follows:—

- (a) Persons whose income does not exceed £200.
- (b) Income of a Governor, a Minister of the Crown as such, Board of Land and Works, Railway Commissioners, Harbour Trust, Board of Works, Fire Brigades, Savings Bank, University, Working Men's College, or any Public College affiliated to the University.
- (c) Incomes of religious bodies, income (except that from trade) of registered friendly, provident, building and trade union societies.
- (d) Trust societies, associations, etc., not carrying on business for purposes of gain to members, except income from trade; companies, persons, or firms, licensed under the Stamps Acts, so far only as regards fire, fidelity, guarantee or marine insurance business.
- (e) Interest accruing to any person from stock, debentures or Treasury bonds of the Government of Victoria, or interest accruing to any person not resident in Victoria from stock, debentures or bonds issued by any public or municipal trust, body or corporation.

(v.) *Deductions.* Expenditure incurred in Victoria by any taxpayer in the production of his income, and all taxes payable by him (income tax excepted) are allowed to be deducted from the gross amount of his income, as is also the amount of all premiums not exceeding £50 paid by a taxpayer in respect of life assurance policies on his own life, but no deduction by way of exemption from income tax is permitted for the maintenance of the families of taxpayers.

4. *Queensland.*—(i.) *Legislation.* The laws under which the income tax of Queensland is regulated are contained in the Income Tax Act of 1902, and its amendments of 1902, 1904, 1905, 1906, and 1907. The first-named, which is the principal Act, was assented to on 1st December, 1902. The Dividend Duty Act of 1890, which imposed a tax on the dividends declared by public companies having their head office or place of business in Queensland, was repealed by the Income Tax Amendment Act of 1904, and in lieu thereof the rates that are shewn in (c) below are enforced.

(ii.) *Rates.* The present rates of duty as laid down in the Amendment Acts of 1906 and 1907 are as follows, provided that the total income of a person, not being a company or an absentee, exceeds £200 :—

- (a) On the income derived from personal exertion :—Where the total income does not exceed £500 the tax levied is sixpence for every pound; where it exceeds £500 and does not exceed £1000, sixpence for every pound of the first £500 and sevenpence for every pound over £500; where it exceeds £1000 and does not exceed £1500, sevenpence for every pound of the first £1000 and eightpence for every pound over £1000; and when the income exceeds £1500, eightpence for every pound is payable.
- (b) On the income derived from the produce of property the rate is ninepence for every pound.
- (c) On the income of all companies, or of an absentee, that is, a person not domiciled in Australia, one shilling in the pound is charged, provided that in the case of a company whose head office is in Queensland, the income is assessed at not less than the amount of dividends declared during the year, and if the profits remain undistributed amongst the shareholders, only sixpence in the pound is payable upon such undistributed profits. In the case of foreign companies, that is, companies whose head office is outside Queensland, special rules are given in the Act for determining the taxable amount of income.

(iii.) *Exemptions.* Included in the list of exemptions are the following incomes which are free from taxation :—

- (a) Income of a person, not being a company, which does not exceed £200.
- (b) Income of the Governor of Queensland, and the revenues of local bodies derived for purposes of local self-government.
- (c) Incomes of societies and institutions not carrying on business for purposes of profit or gain, and of any registered friendly societies.
- (d) Incomes and revenues of religious, charitable, and educational institutions of a public character.
- (e) Incomes arising or accruing from debentures, stock or Treasury Bills issued by the Government of Queensland, or derived as dividends from any company which has paid in Queensland income tax on the profits from which such dividends are paid.

(iv.) *Deductions.* When the income of a person, not being a company or an absentee, exceeds £200 per annum, the deduction of £200 is, in the first place, made from the

income, if any, derived from personal exertion. The amount of all premiums not exceeding £50 paid by a taxpayer in respect of life assurance policies, or into any superannuation fund, etc., and all losses and outgoings actually incurred in Queensland by him in production of his income, are also amongst the deductions which are allowed.

5. **South Australia.**—(i.) *Legislation.* Under the Acts given herewith the income tax of South Australia is collected :—

- (a) Taxation Act 1884, with amendments in 1885, 1887, 1894, 1900, 1902, 1903, 1904, 1905, and 1908.
- (b) Additional Income Tax Act 1893.
- (c) Income Tax Continuance Act 1893, with amendments in 1897 and 1898.
- (d) Increase of Taxes Act 1902.

On the 14th November, 1884, the principal Act, the Taxation Act, was assented to. The rates of duty enforced thereby were superseded in order by the Additional Income Tax Act of 1893, the Amendment Act of 1894, the Increase of Taxes Act of 1902, and the Amendment Act of 1903, the scale enacted by the latter Act still remaining in operation.

(ii.) *Rates.* Under the last-mentioned Act the income of every person of the value of £200 or over is subject to a tax of fourpence half-penny for every pound up to and inclusive of £800, and sevenpence for every pound above that amount if the income be derived from personal exertion; but if the income consist of the produce of property, the rate is ninepence for every pound up to and inclusive of £800, and thirteence half-penny for every pound above the sum of £800. A tax of £5 on every £100 received by foreign shipping companies is imposed under the Act of 1908.

(iii.) *Exemptions.* The following incomes are not subject to the payment of income tax :—

- (a) Income of every person under the value of £200.
- (b) Income of municipal corporations and district councils.
- (c) Income of companies, public bodies and societies, not carrying on business for the purpose of gain to be divided among the shareholders, and the income of all friendly societies.
- (d) Income derived from land on which land tax is payable, provided that such income does not exceed 5 per cent. of the actual value thereof.
- (e) Income derived from land and produced by personal exertion where the land does not exceed £1000 in unimproved value.

(iv.) *Deductions.* All expenses, etc., actually incurred by a taxpayer in the production of his income are deducted from the gross amount of his income. If he has been out of South Australia for twelve consecutive months prior to the date on which the tax falls due, or if his net income from all sources exceed £400, no deduction of any kind is allowed. In the case of an income which exceeds £200, that sum is deducted from the net amount of income derived from the produce of property, but if such income does not amount to £200, the difference is taken from that derived from personal exertion. No deductions are allowed for (a) cost of maintenance of a taxpayer and his family or establishment; (b) cost of implements, etc., for purposes of the trade, except renewals for wear and tear; or (c) domestic and private expenses.

6. **Western Australia.**—(i.) *Legislation.* On the 20th December, 1907, the first Income Tax Act of Western Australia received assent under the title of the Land and Income Tax Assessment Act 1907, and on the same day the Land Tax and Income Tax Act was passed, declaring rates for the year ending 30th June, 1908. A similar Land Tax and Income Tax Act is passed each year declaring the rates to be levied for the current financial year.

(ii.) *Rates.* A tax of fourpence in the pound is levied on the annual amount of all incomes exceeding £200 per annum. An additional 50 per cent. is payable on the income of any person who has not been resident in the Commonwealth of Australia during any part of the year preceding the year of assessment, provided that he has not been absent on public service.

(iii.) *Exemptions.* The following are the most important cases of incomes, revenues, and funds exempt from income tax :—

- (a) Incomes not exceeding £200 per annum.
- (b) Revenues of municipal corporations, road boards, or other statutory public bodies.
- (c) Incomes of life assurance companies and of companies or societies not carrying on business for the purpose of profit or gain.
- (d) Dividends and profits of companies subject to duty under the Dividend Duties Act, and of the Government Savings Bank and Agricultural Bank.
- (e) Income of the Governor of Western Australia, and of all ecclesiastical, charitable and educational institutions of a public character.
- (f) Incomes arising or accruing to any person from Western Australian Government debentures, inscribed stock, and Treasury Bills.
- (g) Income derived from land on which land tax is payable.

(iv.) *Deductions.* Sums expended by a taxpayer for repairs of premises, and expenses, etc., incurred in the production of his income are deducted from the amount on which duty is payable; as are also sums not exceeding £50 in the aggregate which are paid as life assurance premiums or in connection with fidelity guarantees or bonds. The amount paid to a taxpayer's sons and daughters, over the age of sixteen years, employed in his trade or occupation, and a sum representing ten pounds for each child under the age of sixteen residing with, and dependent upon him, are also allowed to be deducted from his income.

(v.) *Dividend Duties Act in Western Australia.* This Act was passed in order to impose a tax on the dividends or profits of incorporated companies, and repealed the Company Duties Act passed in 1899. The Dividend Duties Act was passed on 20th December, 1902, and an amendment was assented to on 14th December, 1906. The principal Act provides that within seven days after the declaration of a dividend by a company carrying on business in Western Australia such company shall pay to the Colonial Treasurer a duty equal to one shilling for every pound of the amount or value of such dividend. A company that carries on in the State any insurance or assurance business exclusively (not being a life assurance company) is required to pay, on or before 1st March in each year, a sum equal to twenty shillings for every £100 of premiums, and a proportionate sum for every fraction of £100 of such premiums. The rates payable by shipping companies are 5 per cent. of 5 per cent. on all inward or outward traffic, including passenger fares, and 5 per cent. of the profits on sales of coal or other goods, or of the profits of vessels trading exclusively within the State.

7. *Tasmania.*—(i.) *Legislation.* The Land Tax and Income Tax Act of 1910 which repealed the Income Tax Act of 1902 and its amendment, governs this form of taxation in Tasmania. The tax is levied according to the following scale:—

(ii.) *Rates.* In the case of income derived from personal exertion the scale is as follows:—Under £125, 4d.; between £125 and £150, 4½d.; between £150 and £250, 4¾d.; between £250 and £350, 5½d.; between £350 and £400, 5¾d.; between £400 and £700, 6d. on first £400 and 7d. on the remainder; between £700 and £900, 6d. on first £400, 7d. on next £200, and 8d. on remainder; between £900 and £1000, 6d. on first £400, 7d. on next £200, 8d. on next £200, and 10d. on remainder; above £1000, 6d. on first £400, 7d. on next £200, 8d. on next £200, 10d. on next £200, 1s. on next £500, 1s. 2d. on next £500, and 1s. 4d. on remainder.

The duty levied by the principal Act is one shilling for every pound sterling of the taxable amount derived from the produce of property, provided that the income is £100 or over per annum. The same scale also applies to the income of any company except those that are specially mentioned below, and to dividends.

(iii.) *Exemptions.* The exemptions from taxation in this State comprise the following :—

- (a) Income of any person, not being a company, under £100 per annum, provided that such income is not received as a prize in any lottery authorised by law in Tasmania.
- (b) Revenues of Municipal Corporations, Road Trusts, Town and Marine Boards, Water Trusts and other local government bodies.
- (c) Incomes of companies, societies, etc., not carrying on business for the purposes of gain to the shareholders, and registered friendly societies.
- (d) Income of the Governor of Tasmania.
- (e) Income derived as rent for the use and occupation of land that is subject to land tax.
- (f) Income of every person arriving in Tasmania for a period of six months after his arrival.

(iv.) *Deductions.* Incomes under £80 are exempt in cases of unmarried persons, or under £100 in cases of married persons, widowers, and widows maintaining at least one child under the age of sixteen years. For incomes between £80 and £400 the following deductions are allowed :—Between £80 and £110, £70 ; between £110 and £125, £60 ; between £125 and £150, £50 ; between £150 and £250, £40 ; between £250 and £350, £30 ; between £350 and £400, £20. Also every tax-payer, the taxable amount of whose income is less than £150, can claim a rebate of two shillings and sixpence for every child under the age of sixteen.

8. Taxation of Commonwealth Salaries and Allowances.—On 8th October, 1907, the Commonwealth Salaries Act, passed by the Federal Parliament, received the Governor-General's assent. By this Act it is declared that salaries and allowances paid by the Commonwealth are liable to taxation by the States. The tax is payable in the State in which the officer resides and the salary is earned, and in the case of a member of the Parliament of the Commonwealth, in the State in which he was elected. The only exemption from taxation is the salary of the Governor-General. This Act was the outcome of considerable litigation, brought about by the refusal of persons in receipt of Federal salaries and allowances to pay income tax in respect thereof.

§ 3. Trust Funds.

1. Nature.—In addition to the moneys received by the several State Governments as revenue, and paid to the credit of their respective Consolidated Revenue Funds, considerable sums are held by the Governments in trust for various purposes. One of the chief sources of these trust funds is the State Savings Bank, which exists in each State, either as a Government department or under the control of a Board acting under Government supervision or Government guarantee. In most of the States also, sinking funds

for the redemption of public debt are provided, and the moneys accruing thereto are paid to the credit of the appropriate trust funds. A similar course is followed in the case of municipal sinking funds placed in the hands of the Government. In all the States except New South Wales, life assurance companies carrying on business are required to deposit a substantial sum in cash or approved securities with the Government, and these deposits go to further swell the trust funds. Various other deposit accounts, superannuation funds, suspense accounts, etc., find a place in these funds. The trust funds have at various times enabled the several State Treasurers to tide over awkward financial positions, but the propriety of allowing deficits to be frequently liquidated in this manner is worthy of very serious consideration.

2. Extent of Funds.—The amount of such funds held by the several State Governments on 30th June, 1912, was as follows:—

TRUST FUNDS ON 30th JUNE, 1912.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Amount of trust funds	5,547,741	8,401,665	6,004,049	1,033,663	8,771,061	591,711	30,349,890

§ 4. Loan Funds.

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

2. Loan Expenditure, 1911-12.—During the year ended 30th June, 1912, the actual expenditure of the Australian States from loan funds amounted to £16,325,177, New South Wales with a total of £5,491,103 being the principal contributor to this amount, while Queensland, whose expenditure amounted to £3,324,248, ranked second. The chief item of expenditure for the year was that of railways and tramways, which represented a total of £10,232,261, water supply and sewerage works contributing the amount of £1,960,602; the expenditure on harbours, rivers, etc., and roads and bridges totalling £1,000,330, and land purchases for settlement, loans to local bodies, etc., £2,330,302, were the most important of the remaining items. Details for the year for each State are given in the following table:—

STATE LOAN EXPENDITURE, 1911-12.

Heads of Expenditure.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways ...	3,448,126	1,703,453	2,854,560	789,143	1,316,800	120,179	10,232,261
Water supply and sewerage ...	1,344,235	259,281	2,465	229,788	124,833	...	1,960,602
Harbours, rivers, etc. ...	413,998	...	...	154,235	221,045	211,052	1,000,330
Roads and bridges ...	142,640	...	40,591	23,989	130,846	24,935	363,001
Public buildings ...	...	48,369	...	...	89,580	...	137,949
Development of mines, etc. ...	...	21,116	...	341,713	...	20,814	...
Advances to settlers ...	...	889,000	...	128,449	441,452	58,577	2,330,302
Land purchases for settlement ...	...	...	396,960	...	...	...	...
Loans to local bodies ...	...	...	23,835	8,176	...	...	...
Rabbit-proof fences ...	210	...	...	...	...	...	...
Other public works and purposes ...	141,894	52,930	5,837	80,557	19,514	...	300,732
Total ...	5,491,103	2,974,149	3,324,248	1,756,050	2,344,070	435,557	16,325,177

3. **Aggregate Loan Expenditure.**—The total loan expenditure of the Australian States from the initiation of the borrowing system to the 30th June, 1912, has amounted to no less a sum than £275,508,261. The manner in which this sum has been spent in the several States is furnished in the following table:—

AGGREGATE STATE LOAN EXPENDITURE TO 30th JUNE, 1912.

Heads of Expenditure.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways ...	62,011,229	43,280,768	30,153,798	14,826,216	13,320,623	4,553,649	168,146,283
Telegraphs & telephones ...	1,761,845	...	996,587	991,773	332,118	142,410	4,224,733
Water supply & sewerage ...	15,853,253	10,637,002	364,627	6,338,280	3,563,986	...	36,757,148
Harbours, rivers, etc. ...	11,788,442	611,059	2,445,805	2,328,536	3,876,750	3839,650	28,580,611
Roads and bridges ...	1,785,813	176,475	923,656	1,464,736	339,689	...	2,389,782
Defence ...	1,457,536	149,323	363,084	231,615	...	128,224	10,787,890
Public buildings ...	4,510,621	1,912,029	1,514,381	1,154,077	722,300	974,482	3,681,620
Immigration ...	569,930	...	2,763,070	...	113,620	235,000	1,504,985
Development of mines, &c. ...	...	281,218	...	...	1,223,767	...	...
Advances to settlers ...	...	235,583	...	564,675	...	138,034	...
Land purchases for settlement ...	489,000	3,813,334	...	1,798,617	1700,941	...	13,048,728
Loans to local bodies ...	...	...	3,105,765	...	...	777,023	...
Rabbit-proof fences ...	52,403	...	...	373,353	...	...	...
Other pub. works & purposes ...	202,749	1,652,922	1,543,400	2,371,081	145,836	470,493	6,386,481
Total ...	100,482,821	62,749,713	44,174,173	32,502,959	24,339,630	11,258,965	275,508,261

* Exclusive of £1,866,168 for "Loans in aid of Revenue."

It must be noted that the figures furnished in this table represent the amounts actually spent, and consequently differ somewhat from those given later in the statements relating to the public debt, which represent amount of loans still unpaid at a given date. The loan expenditure statement includes all such expenditure, whether the loans by means of which the necessary funds were raised have been repaid or are still in existence. On the other hand, in the public debt statement loans repaid are excluded, but in the case of loans still outstanding each is shewn according to the amount repayable at maturity, not according to the amount originally available for expenditure.

4. **Relative Importance of Loan Items.**—The relative importance of the different items of loan expenditure given in the foregoing table varies considerably in the several States, but in each instance the expenditure on railways and tramways predominates, the percentage of this item on total expenditure ranging between the limits of 41 per cent. in the case of Tasmania and 70 per cent. in that of Victoria. The following table gives for each State the percentage of each item on the total loan expenditure of that State to 30th June, 1912:—

**PERCENTAGE OF EACH ITEM ON TOTAL LOAN EXPENDITURE OF THE STATES
TO 30th JUNE, 1912.**

Heads of Expenditure.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	%	%	%	%	%	%	%
Railways and tramways ...	61.71	68.97	68.26	45.62	54.73	40.44	61.03
Telegraphs and telephones ...	1.75	...	2.26	3.05	1.36	1.26	1.53
Water supply and sewerage ...	15.78	16.95	0.83	19.50	14.64	...	13.34
Harbours, rivers, etc. ...	11.73	0.97	5.54	7.16	11.82	34.10	10.37
Roads and bridges ...	1.78	0.28	2.09	4.51	1.39		
Defence ...	1.45	0.24	0.82	0.90	...	1.14	0.87
Public buildings ...	4.49	3.05	3.43	3.55	2.97	8.66	3.92
Immigration ...	0.57	...	6.25	...	0.47	2.09	1.34
Development of mines, etc. ...	...	0.45	...	...	5.03	...	0.55
Advances to settlers ...	...	0.38	...	1.74	...	1.23	4.73
Land purchases for settlement ...	0.49	6.08	...	5.53	6.99	...	
Loans to local bodies ...	...	...	7.03	...		6.90	
Rabbit-proof fences ...	0.05	...	...	1.15	...	...
Other public works & purposes	0.20	2.63	3.49	7.29	0.60	4.18	2.32
Total ...	100.00	100.00	100.00	100.00	100.00	100.00	100.00

5. Loan Expenditure in Successive Years.—In the following table are given particulars relative to the loan expenditure of the several States during each of the years. 1902-3 to 1911-12 :—

STATE LOAN EXPENDITURE, 1902-3 to 1911-12.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
1902-3 ...	4,713,386	756,404	1,022,405	465,554	1,665,901	238,631	8,862,281
1903-4 ...	2,288,742	447,244	603,805	415,728	710,629	167,123	4,633,271
1904-5 ...	1,571,257	373,191	225,466	449,214	654,353	150,994	3,424,475
1905-6 ...	1,367,022	932,966	297,624	449,930	372,442	136,971	3,556,955
1906-7 ...	1,058,553	595,658	683,570	499,132	900,964	156,945	3,894,822
1907-8 ...	1,965,329	783,538	1,033,676	495,928	733,745	224,954	5,237,170
1908-9 ...	2,906,507	1,098,360	1,247,821	832,114	1,012,452	334,200	7,431,454
1909-10 ...	3,246,640	1,209,505	1,486,216	978,082	1,028,995	435,104	8,384,542
1910-11 ...	3,921,758	2,657,271	1,995,301	1,567,210	1,484,367	300,216	11,926,123
1911-12 ...	5,491,103	2,974,149	3,324,248	1,756,050	2,344,070	435,557	16,325,177

Throughout the ten years under review the loan expenditure of New South Wales exceeded that of any other of the States, and for the year 1902-3 represented more than half of the aggregate loan expenditure of Australia. The large loan expenditure of New South Wales in 1902-3, 1908-9, 1909-10 and 1910-11 was incurred chiefly in connection with railway construction and the resumption of the fore-shores and adjoining properties of Darling Harbour. In Victoria the large expenditure of 1905-6 resulted in large measure from the purchase of lands for closer settlement, while the construction of railways, and water supply and sewerage works was mainly responsible for the high expenditure of 1908-9 and 1909-10. In 1910-11 the large amount.

was mainly accounted for by heavy expenditure on railways and land purchased for settlement. In the case of the large loan expenditure of Queensland in 1902-3, as well as that of 1906-7, 1908-9, 1909-10 and 1910-11, railway construction was the principal contributing item. In Western Australia the heavy loan expenditure of 1902-3 and 1908-9 was principally in connection with railway construction and water supply.

6. Loan Expenditure per Head.—The loan expenditure per head of population varies materially in the different States and in different years, reaching its highest point for the ten years under review in Western Australia in 1911-12 with £7 19s. 4d. per head, and its lowest in Victoria in 1904-5 with 6s. 2d. per head. Particulars concerning the loan expenditure per head for the ten years 1902-3 to 1911-12 are given hereunder:—

LOAN EXPENDITURE PER HEAD, 1902-3 to 1911-12.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1902-3	... 3 7 3	0 12 6	1 19 11	1 5 9	7 17 2	1 6 7	2 5 9
1903-4	... 1 12 1	0 7 4	1 3 4	1 3 0	3 3 3	0 18 3	1 3 8
1904-5	... 1 1 7	0 6 2	0 8 7	1 4 8	2 14 8	0 16 3	0 17 3
1905-6	... 0 18 4	0 15 5	0 11 2	1 4 6	1 9 9	0 14 8	0 17 8
1906-7	... 0 13 10	0 9 9	1 5 4	1 7 0	3 10 7	0 16 11	0 19 0
1907-8	... 1 5 2	0 12 9	1 17 11	1 6 3	2 17 8	1 3 9	1 5 2
1908-9	... 1 16 8	0 17 7	2 4 10	2 2 9	3 18 0	1 14 10	1 15 1
1909-10	... 2 0 3	0 18 11	2 11 5	2 9 4	3 17 6	2 5 1	1 18 9
1910-11	... 2 7 9	2 0 10	3 6 7	3 16 5	5 7 3	1 11 0	2 13 11
1911-12	... 3 5 7	2 3 8	5 6 10	4 4 0	7 19 4	2 5 0	3 11 6

§ 5. Public Debt.

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

2. Nature of Securities.—All the earlier loans raised by the Australian States were obtained by the issue of debentures, some of which were repayable at fixed dates, and others by annual or other periodical drawings. In more recent years, however, the issue of debentures has given place to a great extent to that of inscribed stock, the inscription in the case of local issues being carried out by the State Treasuries, and in the cases of loans floated in London being mainly performed by the Bank of England and the London and Westminster Bank. The issue of debentures has not, however, been entirely discontinued, for within the last seven years debentures to the amount of upwards of £2,000,000 were placed on the market by the Government of New South Wales. In other States also, recent issues of debentures have taken place, the occasions usually being those in which the term of the loan is less than that ordinarily attaching to issues of

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

PUBLIC DEBT OF AUSTRALIAN STATES, 30th JUNE, 1912.

State.	Debentures.	Inscribed Stock.	Treasury Bills.		Total Amount Outstanding.
			For Public Works and Services.	In aid of Revenue.	
	£	£	£	£	£
New South Wales ...	2,166,450	95,771,669	2,000,000	114,516	100,052,635
Victoria ...	11,394,167	42,434,189	6,733,860	25,000	*60,737,216
Queensland ...	14,728,389	31,214,147	...	1,125,650	47,068,186
South Australia†	1,184,700	27,092,962	3,402,462	...	31,680,124
Western Australia	388,700	24,921,753	973,070	...	26,283,523
Tasmania ...	1,714,250	8,735,551	852,610	...	11,302,411
Total ...	31,576,656	230,170,271	13,962,002	1,265,166	*277,124,095

* Includes an advance of £150,000 from South Australian Government to Victorian Government.

† Includes debt on Port Augusta-Oodnadatta railway. £2,240,011.

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

PUBLIC DEBT OF AUSTRALIAN STATES, 1902-3 to 1912.

Date.	Debentures.	Inscribed Stock.	Treasury Bills.		Total Amount Outstanding.
			For Public Works and Services.	In aid of Revenue.	
	£	£	£	£	£
30th June, 1903 ...	43,639,525	168,388,889	6,046,775	4,796,576	222,871,765
" 1904 ...	37,741,025	172,796,361	12,493,650	4,716,576	227,747,612
" 1905 ...	39,158,744	175,047,336	12,045,100	4,487,491	230,738,671
" 1906 ...	39,587,224	181,279,045	12,194,464	5,367,087	238,427,820
" 1907 ...	33,061,799	184,157,771	13,571,985	4,358,172	240,149,727
" 1908 ...	37,665,279	190,377,823	12,131,871	3,660,516	243,835,489
" 1909 ...	31,218,229	203,640,152	13,620,561	3,294,591	251,773,533
" 1910 ...	29,765,929	213,599,894	12,393,503	1,864,337	257,623,663
" 1911 ...	31,148,162	222,343,184	8,939,771	3,946,166	267,127,283*
" 1912 ...	31,576,656	230,170,271	13,962,002	1,265,166	277,124,095†

* Includes an advance of £750,000 from South Australian Government to Victorian Government.

† Includes £150,000, balance of £750,000 referred to in Note.*

During the nine years between 30th June, 1903, and 30th June, 1912, the public debt of the States increased by £54,252,330, or at the rate of about £6,000,000 per annum. The amount of debentures comprised in the total debt diminished by £12,062,869 during the period, while the amount held as inscribed stock increased by £61,781,382, and as Treasury bills by £4,383,817.

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

PUBLIC DEBT OF AUSTRALIAN STATES, 30th JUNE, 1903 to 1912.

Date.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
30th June, 1903 ...	77,692,987	51,447,900	41,031,247	27,843,370	15,627,298	*9,228,963	222,371,765
" 1904 ...	80,033,581	51,819,962	41,773,297	28,593,645	16,090,288	9,436,839	227,747,612
" 1905 ...	82,321,998	51,763,767	41,764,467	28,773,695	16,642,773	9,471,971	230,738,671
" 1906 ...	85,641,734	53,079,800	41,764,467	30,082,635	18,058,553	9,800,631	238,427,820
" 1907 ...	85,607,832	53,104,989	41,764,467	30,526,718	19,222,638	9,923,083	240,149,727
" 1908 ...	87,635,826	53,305,487	42,264,467	29,985,858	20,493,618	10,150,233	243,835,489
" 1909 ...	90,307,419	54,667,197	44,276,067	30,436,183	21,951,753	10,134,914	251,773,533
" 1910 ...	92,525,095	55,576,725	44,276,067	31,387,870	23,287,453	10,570,453	257,623,663
" 1911 ...	95,523,926	57,983,764	44,613,197	34,224,653	23,703,953	11,077,790	267,127,283
" 1912 ...	100,052,635	60,737,216	47,068,186	31,680,124	26,283,523	11,302,411	277,124,095

* On 31st December, 1902.

The States in which the greatest increase in indebtedness was experienced during the period are New South Wales and Western Australia, the former advancing by £22,359,648, the latter by £10,656,225. On the other hand the public debt of Tasmania increased by only about £2,000,000.

4. Indebtedness per Head.—The indebtedness per head of population varies considerably in the several States, being highest in the case of South Australia, and lowest in that of Victoria. Details for the period from 30th June, 1903, to 30th June, 1912, are as follows:—

PUBLIC DEBT OF AUSTRALIAN STATES PER HEAD, 30th JUNE, 1903 to 1912.

Date.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
30th June, 1903 ...	54 19 1	42 13 8	79 15 0	78 6 8	71 3 0	*51 3 3	57 4 11
" 1904 ...	55 11 7	43 1 8	80 1 1	80 2 0	68 15 6	51 11 4	57 14 3
" 1905 ...	55 19 4	42 18 5	78 19 2	79 18 10	67 9 4	51 8 3	57 13 9
" 1906 ...	56 18 3	43 14 8	77 17 9	82 16 11	70 19 11	53 3 8	58 14 5
" 1907 ...	55 9 2	43 6 8	76 19 0	83 0 4	75 4 8	53 14 0	58 4 9
" 1908 ...	55 14 0	42 19 5	76 6 10	79 6 7	79 9 9	54 2 9	58 2 8
" 1909 ...	56 10 3	43 6 11	77 13 8	78 7 1	83 7 7	53 5 7	58 18 0
" 1910 ...	56 13 2	43 6 8	74 16 10	78 18 6	83 16 6	55 6 10	58 19 0
" 1911 ...	57 9 4	43 18 3	72 12 4	83 4 6	82 13 0	58 4 2	59 9 9
" 1912 ...	57 11 9	44 16 11	74 5 0	75 5 8	86 18 8	59 9 7	59 13 5

* On 31st December, 1902.

5. Flotation of Loans.—The early loans of the Australian States, usually for comparatively small amounts, were raised locally, but, with the increasing demand for loan funds and the more favourable terms offering in the London than in the local money market, the practice of placing Australian public loans in London came into vogue, and for many years local flotations, except for short terms or small amounts, were comparatively infrequent. In more recent years, however, the accumulating stocks of money in Australia seeking investment have led to the placing of various redemption and other loans locally, with very satisfactory results. In the following table are given particulars of loans of the several States outstanding on 30th June, 1912, which had been floated in London and Australia respectively:—

PUBLIC DEBT OF AUSTRALIAN STATES, 30th JUNE, 1912.

State.	Floated in London.		Floated in Australia.		Total Public Debt.
	Amount.	Percentage on Total Debt.	Amount.	Percentage on Total Debt.	
	£	%	£	%	£
New South Wales	67,525,305	67.49	32,527,330	32.51	100,052,635
Victoria...	37,392,128	61.56	23,345,088	38.44	60,737,216
Queensland	39,409,347	83.73	7,658,839	16.17	47,068,186
South Australia	18,749,288	59.18	12,930,836	40.82	31,680,124*
Western Australia	21,107,453	80.31	5,176,070	19.69	26,283,523
Tasmania	8,007,250	70.85	3,295,161	29.15	11,302,411
Total	192,190,771	69.35	84,933,324	30.65	277,124,095

* Including Port Augusta-Oodnadatta railway debt.

The following table, giving corresponding particulars for the aggregate indebtedness of the Australian States at the end of each of the financial years 1902-3 to 1911-12, furnishes an indication of the rapidity with which the local holdings of Australian securities have grown in recent years:—

PUBLIC DEBT OF AUSTRALIAN STATES, 30th JUNE, 1903 to 1912.

Date.	Floated in London.		Floated in Australia.		Total Public Debt.
	Amount.	Percentage on Total Debt.	Amount.	Percentage on Total Debt.	
	£	%	£	%	£
30th June, 1903 ...	186,507,721	83.68	36,364,044	16.32	222,871,765
" 1904 ...	188,165,495	82.62	39,582,117	17.38	227,747,612
" 1905 ...	188,918,820	81.88	41,819,851	18.12	230,738,671
" 1906 ...	190,887,001	80.06	47,540,819	19.94	238,427,820
" 1907 ...	185,579,389	77.28	54,570,338	22.72	240,149,727
" 1908 ...	183,321,256	75.18	60,514,233	24.82	243,835,489
" 1909 ...	189,410,036	75.23	62,363,497	24.77	251,773,533
" 1910 ...	191,972,479	74.52	65,651,184	25.48	257,623,663
" 1911 ...	189,067,671	70.78	78,059,612	29.22	267,127,283
" 1912 ...	192,190,771	69.35	84,933,324	30.65	277,124,095

It will be seen that in the course of nine years the London indebtedness of the States has increased by £5,683,050, while the local indebtedness has increased by no less than £48,569,280. In other words, whilst on 30th June, 1903, the Australian portion of the debt represented only about 16 per cent. of the total, the proportion had on 30th June, 1912, grown to 31 per cent.

6. **Rates of Interest.**—As mentioned above, the highest rate of interest paid in connection with the earliest Australian public loans was fivepence farthing per £100 per diem or, approximately, 8 per cent. per annum. At the present time the three principal rates of interest payable on Australian public securities are 4 per cent., $3\frac{1}{2}$ per cent., and 3 per cent., most of the loans raised during recent years bearing interest at the rate of $3\frac{1}{2}$ per cent. The average rate payable on the aggregate indebtedness of the Australian States is about $3\frac{1}{4}$ per cent. For the separate States the average rate payable varies considerably, being lowest in the case of Western Australia and highest in that of Queensland; the difference between these two average rates is $\frac{1}{2}$ per cent. In the table given hereunder particulars are furnished of the rates of interest payable on the public debt of the several States of the Commonwealth on 30th June, 1911:—

RATES OF INTEREST PAYABLE ON PUBLIC DEBT OF STATES, 30th JUNE, 1912.

Rate of Interest.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
%	£	£	£	£	£	£	£
6 ...	...	...	...	156,200	...	...	156,200
5 ...	2,700	...	...	140,000	...	...	142,700
$4\frac{1}{2}$ ...	...	...	...	...	46,400	...	46,400
4 ...	16,315,297	15,325,525	21,984,300	9,047,368	4,338,908	3,193,594	70,204,992
$3\frac{1}{2}$...	13,514,093	220,000	524,750	8,716,383	1,912,070	1,364,185	26,251,486
$3\frac{1}{4}$...	53,093,192	34,901,241	19,068,853	7,685,044	12,636,145	6,246,846	133,631,321
$3\frac{1}{2}$ ...	...	25,000	...	...	...	24,718	49,718
3 ...	17,124,698	10,264,450	5,489,383	5,935,129	7,350,000	473,068	46,636,728
Not bearing interest	2,650	1,000	900	...	...	...	4,550
Total public debt ...	100,052,635	60,737,216	47,068,186	31,680,124	26,283,523	11,302,411	277,124,095
Average rate per cent. payable ...	£ s. d. 3 10 7	£ s. d. 3 10 10	£ s. d. 3 13 6	£ s. d. 3 12 9	£ s. d. 3 9 3	£ s. d. 3 13 0	£ s. d. 3 11 4

* Including Port Augusta - Oodnadatta Railway debt. £2,240,011

The rapid increase which has taken place in recent years in the amount of Australian Government securities, bearing interest at $3\frac{1}{2}$ per cent., is clearly shewn in the table hereunder, which gives particulars concerning the aggregate amount of the Australian indebtedness, at the several rates of interest, on 30th June in each of the years 1908 to 1912 :—

**RATES OF INTEREST PAYABLE ON PUBLIC DEBT OF STATES, 30th JUNE,
1908 to 1912.**

Rate of Interest.	30th June, 1908.	30th June, 1909.	30th June, 1910.	30th June, 1911.	30th June, 1912.
%	£	£	£	£	£
6	297,900	269,800	209,500	191,200	156,200
5	242,700	242,700	242,700	192,700	142,700
$4\frac{1}{2}$	58,700	55,900	52,800	49,700	46,400
4	87,382,377	80,403,472	76,983,242	71,433,697	70,204,992
$3\frac{1}{2}$	3,131,760	5,218,435	10,896,757	21,587,696	26,251,486
$3\frac{1}{4}$	104,601,533	117,970,370	121,987,832	126,678,118	133,631,321
$3\frac{1}{8}$	149,718	124,718	75,000	74,718	49,718
3	47,948,051	47,472,888	47,161,895	46,909,879	46,636,728
Not bearing interest	12,750	15,250	13,837	9,575	4,550
Total public debt	243,835,489	251,773,533	257,623,663	267,127,283	277,124,095
Average rate % payable	£3 11 9	£3 11 6	£3 11 5	£3 11 4	£3 11 4

During the four years between 30th June, 1908, and 30th June, 1912, the Australian State Government 4 per cent. securities decreased by £17,187,385, and the 3 per cent. securities by £1,311,323, while the $3\frac{1}{2}$ per cents. advanced by £29,029,788, and the $3\frac{3}{4}$ per cents. by £23,119,726. During the same period the total amount at all other rates than the four here mentioned declined by about 47 per cent. from £761,768 to £399,568.

7. Interest Payable per Head.—The relative burden of the debts of the several States in respect of interest payments will be seen from the following table, which gives for the 30th June, 1912, the amount of interest payable annually on the debt of each State as outstanding at that date, and also the corresponding amount per head of population :—

ANNUAL INTEREST PAYABLE ON PUBLIC DEBT OUTSTANDING AT 30th JUNE, 1912.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Total annual interest payable ...	3,430,096	2,048,011	1,724,304	1,008,686	856,285	411,621	9,479,003
Annual interest payable per head	£2 1 0	£1 10 1	£2 15 6	£2 8 3	£2 18 3	£2 2 6	£2 1 6

8. Dates of Maturity.—An important point in which the securities of the Australian Governments, whether in the form of inscribed stock, debentures, or Treasury bills, differ from such a well-known form of security as British consols, consists in the fact that whereas the latter are interminable, the Australian Government securities have in almost all cases a fixed date for repayment, the exceptions being the State of New South Wales, which includes in its public debt an amount representing interminable securities totalling on 30th June, 1912, £532,890; the State of Victoria, which includes £4,629,488 and £278,730 due in 1931, payable at the option of the Government at any time after 29th September, 1917; and the State of South Australia, which includes £5,095,629, similarly repayable after 1st January, 1916. The terms of the loans raised by the issue of debentures and inscribed stock have varied considerably in the different States, ranging between fifteen and fifty years, while loans obtained by means of Treasury bills have usually been for such short terms as from six months to five years. In the case of the majority of the loans the arrival of the date of maturity means that arrangements for renewal are necessary in respect of the greater portion of the loan, as it is only in exceptional cases that due provision for redemption has been made. The condition of

the money market at the date of maturity has an important bearing on the success or otherwise with which the renewal arrangements can be effected, and consequently, in order to obviate the necessity for making an application to the market at an unfavourable time, several of the States have now adopted the practice of specifying a period of from ten to twenty years prior to the date of maturity within which the Government, on giving twelve, or in some cases six, months' notice, has the option of redeeming the loan. By such means advantage may be taken by the Government during the period of opportunities that may offer for favourable renewals. Particulars concerning the due dates of the loans of the several States outstanding on 30th June, 1912, are given in the following table:—

**DUE DATES OF THE PUBLIC DEBTS OF THE SEVERAL STATES OF THE
COMMONWEALTH OUTSTANDING ON 30th JUNE, 1912.**

Due Dates.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
Overdue ...	2,650	1,000	900	...	...	...	4,550
1912 ...	30,000	12,500	...	145,880	323,070	136,102	647,552
1913 ...	4,549,350	4,050,000	2,066,500	1,038,025	650,000	1,209,434	13,563,309
1914 ...	...	25,000	...	860,300	...	1,314,230	2,199,530
1915 ...	3,881,081	525,000	11,728,800	311,975	85,840	181,624	16,714,320
1916 ...	...	2,792,000	...	2,488,298	...	269,711	5,550,009
1917 ...	388,357	3,039,860	...	2,015,840	250,000	201,256	5,895,313
1918 ...	12,826,200	25,000	...	1,973,979	...	58,488	14,883,667
1919 ...	11,083,945	4,155,650	...	421,447	...	2,400	15,663,442
1920 ...	...	6,012,500	...	449,626	...	302,094	6,764,220
1921 ...	4,872,843	2,588,200	...	1,035,325	...	853,496	9,349,864
1922 ...	...	1,007,275	524,750	792,438	...	17,326	2,341,789
1923 ...	3,018,975	7,746,795	...	280,725	605,325	...	11,651,820
1924 ...	16,698,065	...	12,973,834	1,345,785	664,530	...	31,682,214
1925 ...	222,255	...	...	11,440	...	5,050	238,745
1926 ...	...	5,103,000	...	1,026,565	1,922,305	67,600	8,119,470
1927 ...	...	202,000	...	644,145	2,500,000	...	3,346,145
1928 ...	...	897,500	...	664,840	...	...	1,562,340
1929 ...	...	377,500	...	203,000	...	300,000	880,500
1930 ...	...	1,754,850	3,704,800	300,250	...	100	5,760,000
1931 ...	...	1,061,648	...	450	...	...	1,062,098
1932 ...	...	832,195	...	...	1,325,000	...	2,157,195
1933 ...	9,686,300	...	...	250,800	...	...	9,937,100
1934 ...	...	...	...	1,044,100	997,853	...	2,041,953
1935 ...	12,500,000	...	...	1,521,550	8,280,000	...	22,301,550
1936 ...	...	300,000	...	5,057,630	1,100,000	...	6,457,630
1937 ...	...	...	...	16,400	...	...	16,400
1938 ...	...	...	...	101,240	...	...	101,240
1939 ...	...	...	...	2,576,442	...	...	2,576,442
1940 ...	...	248,900	...	6,000	...	5,606,500	5,861,400
1941 ...	...	324,380	...	...	...	...	324,380
1942 ...	...	485,100	...	...	...	...	485,100
1943 ...	...	3,600	...	...	...	...	3,600
1944 ...	...	400	...	...	...	...	400
1945 ...	...	...	6,375,900	...	...	...	6,375,900
1946 ...	...	217,400	...	...	...	...	217,400
1947 ...	...	...	4,498,693	...	2,000,000	...	6,498,693
1949 ...	...	11,765,871	...	...	...	...	11,765,871
1950 ...	12,250,000	...	946,600	...	...	...	13,196,600
1951 ...	...	...	999,600	...	...	...	999,600
1953 ...	...	...	1,247,809	...	...	...	1,247,809
1954 ...	...	123,874	...	...	...	...	123,874
1955 ...	...	...	...	...	4,437,000	...	4,437,000
1960 ...	...	...	...	...	1,000,000	...	1,000,000
1970 ...	...	...	2,000,000	...	...	...	2,000,000
Interminable	532,890	...	...	5,095,629	...	...	5,628,519
Annual drawings	114,516	...	...	...	142,600	...	257,116
Indefinite...	7,395,208	{ 4,908,218 150,000 }	...	...	...	777,000	13,230,426
Total	100,052,635	60,737,216	47,068,186	31,680,124	26,283,523	11,302,411	277,124,095

In the above table those loans in the case of which the Government has the option of redemption during a specified period, have been in each instance classified according to the latest date of maturity. It may be added that the above table does not include a loan of £1,000,000 for one year, advanced by the Commonwealth to the State of Queensland and repayable on 5th March, 1913. During the fifteen years from 1912 to 1926 inclusive, the amount falling due represents a total of no less than £145,269,814 or about 52 per cent. of the total outstanding at 30th June, 1912.

9. **Sinking Funds.**—The practice of providing for the ultimate extinction of the public debt by means of the creation of sinking funds, receiving definite annual contributions from Consolidated Revenue, and accumulating at compound interest, has only been consistently adopted in the case of Western Australia. This State has established, in connection with each of its loans, sinking funds varying from 1 per cent. to 3 per cent. per annum of the nominal amount of the loan. These funds are placed in the hands of trustees in London, by whom they are invested in the securities of the British, Indian, and Colonial Governments, and applied from time to time in the redemption of loans falling due. In the remaining States the sinking fund provision made is varied, consisting in certain instances of the revenues from specified sources, in others of the Consolidated Revenue Fund surplus, and in others again of fixed annual amounts. In the following table are given particulars of the sinking funds of each State, and the net indebtedness of each after allowance for sinking fund has been made, the details given being those for 30th June, 1912 :—

STATES SINKING FUNDS AND NET INDEBTEDNESS, 30th JUNE, 1912.

State.	Gross Indebtedness.	Sinking Fund.	Net Indebtedness.	Net Indebtedness per head.
	£	£	£	£ s. d.
New South Wales ...	100,052,635	653,981	99,398,654	57 4 3
Victoria ...	60,737,216	1,131,531	59,605,685	44 0 2
Queensland ...	47,068,186	15,000	47,053,186	74 4 6
South Australia ...	*31,680,124	561,550	31,118,574	73 19 0
Western Australia ...	26,283,523	2,918,733	23,364,790	77 5 7
Tasmania ...	11,302,411	420,972	10,881,439	57 5 4
Total... ..	277,124,095	5,701,767	271,422,328	58 10 3

* Including Port Augusta-Oodnadatta Railway debt, £2,240,011.

10. **London Prices of Australian Stocks.**—In examining the prices quoted for Australian State Government securities, particularly if the examination is made with the object of comparing the prices at a given time of different stocks, or the prices at different times of the same stock, several points in connection with the securities need to be kept in view; the principal of these are—(a) the rate of interest payable, (b) the date of maturity, and (c) the date at which interest is payable.

In the following table particulars are given of the London prices of some of the principal $3\frac{1}{2}$ per cent. stocks of the several States during 1912. The quotations given are the middle prices, taken from the *Economist*, and are for the last Friday in each quarter :—

LONDON QUOTATIONS FOR AUSTRALIAN $3\frac{1}{2}$ PER CENT. STOCKS DURING 1912.

State.	Rate of Interest Payable.	Year of Maturity.	Months in which Interest is Payable.	London Prices (cum dividend) on—			
				30th Mar. 1912.	29th June 1912.	30th Sept. 1912.	28th Dec. 1912.
New South Wales	$3\frac{1}{2}$ %	1918	Mar.—Sept.	98 $\frac{1}{2}$	98 $\frac{1}{2}$	97	98
Victoria ...	$3\frac{1}{2}$ %	1923	Jan.—July	96 $\frac{1}{2}$	95 $\frac{1}{2}$	95 $\frac{1}{2}$	94
Queensland ...	$3\frac{1}{2}$ %	1924-30	Jan.—July	96 $\frac{1}{2}$	95	95	93
South Australia ...	$3\frac{1}{2}$ %	1939	Jan.—July	97	95 $\frac{1}{2}$	94 $\frac{1}{2}$	93
West. Australia ...	$3\frac{1}{2}$ %	1915-35	May—Nov.	95 $\frac{1}{2}$	94 $\frac{1}{2}$	94 $\frac{1}{2}$	91
Tasmania ...	$3\frac{1}{2}$ %	1920-40	Jan.—July	96	93 $\frac{1}{2}$	93	91

Throughout the year the prices of Australian $3\frac{1}{2}$ per cent. stocks on the London market were, on the average, slightly less than those for the corresponding periods of the preceding year.