

CHAPTER VIII.

FINANCE.

A. COMMONWEALTH FINANCE.

§ 1. General.

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

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

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

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

COMMONWEALTH RECEIPTS, 1918-19 TO 1922-23.

Heading.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
Consolidated Revenue	44,716,918	52,783,102	65,517,608	64,897,046	64,720,635
Trust Funds in aid of Revenue ..	3,925,820	3,523,057	5,724,806	6,618,327	6,408,424
Total	48,642,738	56,306,159	71,242,414	71,515,373	71,129,059
General Loan Fund	1,429,891.	1,286,786	4,101,726	12,253,610	11,184,162
War Loan Fund	57,637,507	27,125,203	33,064,475	14,452,902	36,784
Unexpended Balance from previous years	23,500,774	18,945,392	..	6,205,030	8,889,188
Total	81,138,281	46,070,595	33,064,475	20,657,932	8,925,967
Grand Total	131,210,910	103,663,540	108,408,615	104,426,915	91,239,188

COMMONWEALTH EXPENDITURE, 1918-19 TO 1922-23.

Heading.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
Expenditure from Consolidated Revenue	34,786,107	40,337,804	52,059,118	51,453,087	50,108,510
Balance paid into Trust Funds	3,476,478	5,724,806	6,618,327	6,408,424	7,428,574
Expenditure from Trust Funds	3,879,241	3,523,057	5,724,806	6,618,327	6,408,424
Unexpended Balance from Trust Funds	46,579				
Subsidy to States	6,454,333	6,720,492	6,840,163	7,035,535	7,155,551
Total	48,642,738	56,806,159	71,242,414	71,515,373	71,129,059
General Loan Fund Expenditure	1,429,891	1,286,786	4,101,726	12,253,610	9,627,084
Unexpended Balance of General Loan Expenditure					1,557,078
Total	1,429,891	1,286,786	4,101,726	12,253,610	11,184,162
War Expenditure from War Loan Fund	62,192,889	46,070,595	26,859,445	11,768,749	4,628,979
Unexpended Balance from War Loan Fund	18,945,392		6,205,030	8,889,183	4,296,988
Total	81,138,281	46,070,595	33,064,475	20,657,932	8,925,967
Grand Total	131,210,910	103,663,540	108,408,615	104,426,915	91,239,188

§ 2. Consolidated Revenue Fund.

Division I.—Nature of Fund.

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

Division II.—Revenue.

1. Total.—The consolidated revenue of the Commonwealth, which in 1901-2, the first complete financial year under the new régime, amounted to £11,296,985, had, in 1922-23, reached a total of £64,720,635, an increase in the period of £53,423,650.

Particulars concerning the total amount of revenue collected by the Commonwealth Government from 1st July, 1918, to 30th June, 1923, are contained in the following table :—

COMMONWEALTH CONSOLIDATED REVENUE, 1918-19 TO 1922-23.

Revenue.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
Total ..	44,716,918	52,783,102	65,517,608	64,897,046	64,720,635

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

2. **Revenue per Head.**—The table hereunder gives particulars of the amount of revenue from various sources per head of population for the last five years :—

COMMONWEALTH CONSOLIDATED REVENUE PER HEAD, 1918-19 TO 1922-23.

Source of Revenue.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Taxation	6 9 4	7 17 10	9 13 9	9 0 4	8 17 1
Public Works and Services ..	1 16 0	1 8 7	1 13 4	1 14 8	1 14 9
Other Receipts	0 10 8	0 12 7	0 15 1	1 0 7	0 17 11
Total	8 16 0	9 19 0	12 2 2	11 15 7	11 9 9

3. **Sources of Revenue.**—(i) *General.* The following table furnishes details of the revenue from each source during the years 1918-19 to 1922-23 :—

COMMONWEALTH CONSOLIDATED REVENUE—SOURCES, 1918-19 TO 1922-23.

Source.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
Taxation—					
Customs	11,605,410	13,705,220	21,731,210	17,328,310	22,597,306
Excise	5,821,560	7,869,339	10,078,696	10,302,049	10,274,823
Land Tax	2,109,171	2,110,306	2,155,699	2,284,040	2,018,876
Estate Duty	923,908	1,441,819	1,179,513	991,378	1,172,955
Income Tax	10,376,456	12,848,123	14,351,403	16,790,682	12,904,518
Entertainments Tax ..	358,126	557,911	649,823	675,675	629,802
War Time Profits Tax ..	1,206,538	2,569,012	2,083,139	1,306,708	286,757
War Postage	463,317	745,962	197,028	..	..
Total	32,864,486	41,847,692	52,427,421	49,678,842	49,885,017
Public Works and Services—					
Postal	6,110,522	6,744,755	8,388,569	9,320,654	9,792,273
Railways	196,988	265,918	235,387	217,301	230,126
Commonwealth Steamers ..	1,015,762	..	137,959	..	..
Detained Enemy Vessels ..	1,671,905	344,411	131,763	..	..
Other	156,321	218,209	141,418	4,094	14,340
Total	9,151,498	7,573,293	9,035,096	9,542,049	10,036,749
Other Revenue—					
Interest, Discount, etc. ..	1,479,426	1,589,347	1,996,012	2,361,137	2,574,962
Coinage	125,634	76,439	106,373	178,439	137,696
Defence	262,786	183,227	185,649	150,297	223,402
Quarantine	44,118	62,053	42,972	42,639	41,388
Territories, (a)	97,873	65,206	79,575	77,844	28,139
Patents, etc.	23,623	34,067	40,639	41,393	40,491
Lighthouses	125,231	153,992	180,105	171,967	173,383
Pension Contributions ..	51,763	57,642	54,632	57,489	58,205
Defence Trust Account ..	185,082	270,504	116,329	203,085	102,419
Unexpended Balances of London Orders	185,746	708,264	696,095	..	..
Net Profit on Australian Note Issue ..	..	..	394,016	1,261,482	1,072,893
Miscellaneous	119,652	161,376	162,694	1,130,383	345,861
Total	2,700,934	3,362,117	4,055,091	5,676,155	4,798,869
Grand Total	44,716,918	52,783,102	65,517,608	64,897,046	64,720,635

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

The revenue from taxation reached its highest point in 1920-21 with upwards of £52,400,000. The total taxation for 1921-22 was nearly £3,000,000 less than that for 1920-21, while that for 1922-23 was slightly above the total for 1921-22. The postal receipts have shown a consistent upward tendency, and there was also a large addition to the revenue in several years by the operations of the Commonwealth steamers, detained enemy vessels, and other activities. During the last two financial years, however, the operations of the shipping line have resulted in a deficit. The large amount for 1921-22, under the head of "Miscellaneous," includes £835,000, payment on account of the Army of Occupation.

(ii) *Taxation.*—(a) *Customs Revenue.* Particulars for the five years 1918-19 to 1922-23 are furnished in the following table:—

COMMONWEALTH CUSTOMS REVENUE, 1918-19 TO 1922-23.

Classes.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
Stimulants	1,455,667	1,880,531	1,773,103	1,981,882	2,294,264
Narcotics	1,268,357	1,590,450	1,533,860	1,619,916	1,699,023
Sugar	107,965	(a) 7,229	3,193	9,991	10,723
Agricultural products	515,236	726,360	819,842	951,816	1,156,209
Apparel and textiles ..	3,422,371	3,444,292	6,195,545	4,514,541	5,825,461
Metals and machinery	1,603,767	2,165,221	4,728,937	3,324,601	3,732,677
Oils, paints, etc. ..	319,043	311,022	542,619	409,768	563,257
Earthenware, etc. ..	248,664	280,064	643,731	503,941	557,017
Drugs and chemicals ..	219,532	289,437	420,327	395,777	536,975
Wood, wicker and cane	214,715	274,500	540,638	552,842	1,054,543
Jewellery, etc. ..	334,986	413,134	704,749	525,207	723,180
Leather, etc. ..	466,589	576,106	690,455	482,389	1,131,572
Paper and stationery ..	506,662	467,623	1,091,173	633,261	746,906
Vehicles	337,334	625,498	1,033,006	718,080	1,553,355
Musical instruments ..	110,850	142,082	239,822	170,859	248,467
Miscellaneous articles	425,349	477,612	718,752	480,461	706,572
Other receipts	48,323	48,517	51,458	52,978	57,105
Total Customs ..	11,605,410	13,705,220	21,731,210	17,328,310	22,597,306

(a) Debit.

The receipts from this source in 1920-21 were abnormally high owing to the fulfilment of large numbers of contracts from abroad before the anticipated time. The large increase in 1922-23 over previous years may be ascribed to the increase in imports due to a considerable extent to heavy borrowings abroad by the Commonwealth and State Governments.

(b) *Excise Revenue.* Particulars concerning the amount of Excise collected under each head during each of the years ending 30th June, 1919, to 1923, are given hereunder:—

COMMONWEALTH EXCISE REVENUE, 1918-19 TO 1922-23.

Particulars.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
Beer	2,862,760	3,702,442	5,439,339	5,473,220	5,498,800
Spirits	1,098,440	1,609,065	1,558,766	1,510,432	1,617,975
Tobacco	1,847,661	2,545,214	3,055,308	3,288,852	3,124,926
Licences	12,699	12,598	12,569	12,716	12,780
Starch .. ..	..	20	12,714	16,829	20,342
Total Excise ..	5,821,560	7,869,339	10,078,696	10,302,049	10,274,823

Comparing the Excise collections for 1922-23 with those for 1918-19, it will be seen that the revenue from beer nearly doubled in the period under review, while that from tobacco has increased by nearly 70 per cent. The large increase in every item in the last four years is due to the operation of increased excise duties which came into force on 25th September, 1918.

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

A table is appended showing the actual amounts received by the Treasury for five years. The yield of the tax has been remarkably constant for many years. The decrease of £265,164 in 1922-23 is due mainly to the abolition during the year of the additional 20 per cent. tax which was imposed under Act No. 30 of 1918.

COMMONWEALTH LAND TAX COLLECTIONS, 1918-19 TO 1922-23.

State.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
New South Wales ..	822,880	955,935	933,649	1,015,851	900,330
Victoria ..	885,084	818,769	865,001	910,764	748,016
Queensland ..	141,121	112,064	85,978	95,763	70,398
South Australia ..	153,789	118,318	166,260	174,983	181,893
Western Australia ..	64,378	60,613	63,349	45,820	80,952
Tasmania ..	41,918	44,607	41,462	40,859	37,287
Total ..	2,109,170	2,110,306	2,155,699	2,284,040	2,018,876

(d) *Estate Duty.* Collections from this source for the five years, 1918 to 1923, are given hereunder :—

COMMONWEALTH ESTATE DUTY COLLECTIONS, 1918-19 TO 1922-23.

Year.	N.S.W.	Vic. (b)	Q'land.	S. Aust.(a)	W. Aust.	Tas.	Total.
	£	£	£	£	£	£	£
1918-19 ..	307,499	377,872	56,909	131,488	28,638	21,502	923,908
1919-20 ..	399,896	700,629	60,670	144,077	99,826	36,720	1,441,818
1920-21 ..	385,070	432,281	98,054	171,450	76,516	16,142	1,179,513
1921-22 ..	363,731	372,126	97,785	82,698	39,865	35,173	991,378
1922-23 ..	483,616	397,489	100,158	132,833	41,455	17,384	1,172,935

(a) Including Northern Territory.

(b) Including Central Office.

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

COMMONWEALTH INCOME TAX COLLECTIONS, 1918-19 TO 1922-23.

States.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
New South Wales ..	3,674,633	4,291,947	4,920,154	5,273,221	4,274,432
Victoria (a) ..	3,966,829	5,325,003	5,867,958	7,312,618	5,525,429
Queensland ..	1,206,051	1,446,503	1,269,242	1,547,138	1,209,829
South Australia ..	803,950	906,837	1,382,029	1,494,210	1,072,821
Western Australia ..	487,842	558,026	557,277	692,339	524,781
Tasmania ..	234,066	318,051	350,382	463,421	292,641
Northern Territory ..	3,085	1,757	4,366	7,735	4,585
Total ..	10,376,456	12,848,124	14,351,408	16,790,682	12,904,518

(a) Including Central Office.

The steady rise from 1918-19 to 1921-22 was due in part to increases in the rates of tax, and in part to the increase in money incomes associated with rising prices. The large decrease in the collection for 1922-23 is accounted for mainly by the raising of the exemption to £200, the introduction of the averaging system, the reduction of rates under Act No. 38 of 1922, and the decision to exempt bonus shares not paid out of current profits for all previous years.

Agreements between the Commonwealth and all the States except Western Australia were made in 1923 with respect to the collection of Commonwealth Income Tax. These agreements came into operation in the cases of New South Wales, Victoria and South Australia on 1st July, 1923, Tasmania on 10th October, and Queensland on 31st October, 1923.

It is provided in each agreement that the Commonwealth Tax and the State Tax shall be collected by an officer acting for the Commonwealth and State, the Commonwealth appointing the State Commissioner as Deputy Commissioner for the State under the Income Tax Assessment Act of the Commonwealth.

Provisions are included relating to the transfer of officers, the accounting of receipts and for the division of expenses. A joint form of Income Tax return is to be used in cases where the income is derived only in one State.

The respective agreements are to remain in operation for a period of five years and thereafter until the expiration of not less than six calendar months upon notice being given in writing by either party to the agreement.

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

(f) *Entertainments Tax.* The rate of Entertainments Tax, according to Amending Act No. 15 of 1922 which came into force on the 2nd October, 1922, is as follows:—For tickets of 1s., 1d.; exceeding 1s., 1d. for the first shilling, and $\frac{1}{4}$ d. for every subsequent sixpence or part of sixpence. The collections for the last five years are given hereunder.

The decrease of £45,873 for 1922-23 as compared with 1921-22 is explained by the exclusion from taxation as from the 2nd October 1922, of amounts for admission under one shilling.

COMMONWEALTH ENTERTAINMENTS TAX COLLECTIONS, 1918-19 TO 1922-23.

State.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
New South Wales ..	136,932	234,327	272,373	276,786	256,755
Victoria ..	110,815	176,411	203,781	222,210	208,240
Queensland ..	45,930	62,671	75,332	75,048	66,512
South Australia ..	27,534	38,990	42,210	45,925	45,015
Western Australia ..	27,934	34,210	39,716	38,420	37,605
Tasmania ..	8,680	10,993	16,266	17,193	15,589
Northern Territory ..	301	309	150	93	86
Total ..	358,126	557,911	649,828	675,675	629,802

(g) *War-Time Profits Tax.* This tax came into force on the 22nd September, 1917. It provides for a tax on the amount by which the profits made in the war-time financial year (1st July to 30th June following), exceeds the pre-war standard of profits, which may be either:—(a) the average profits of two of the three years before 4th August, 1917, or (b) 10 per cent. on the capital employed in the business. The tax in respect of profits derived in the financial year 1st July, 1915, to 30th June, 1916, was 50 per cent., and in all subsequent years 75 per cent. The collections for the last five years are given in the accompanying table. The original section 2 of the War Time Profits Tax Assessment Act stated that this Act would apply to the profits of any business arising up to 30th

June next after the Declaration of Peace in connexion with the late war. Subsequent to the signing of the armistice, on 11th November, 1918, the section was amended to accord with that intention, and thus fixed the final application of the Act to profits arising during the year ended 30th June, 1919. The figures for subsequent years represent delayed collections under this Act.

COMMONWEALTH WAR-TIME PROFITS TAX COLLECTIONS, 1918-19 TO 1922-23.

State.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
New South Wales ..	524,658	880,442	784,339	376,480	43,524
Victoria (a) ..	364,572	1,066,161	930,927	687,211	168,255
Queensland ..	125,329	230,283	122,728	83,892	70,402
South Australia ..	137,641	243,527	144,198	86,603	<i>b Dr.</i> 15,302
Western Australia ..	15,940	105,517	85,255	44,351	15,377
Tasmania ..	38,398	43,083	15,692	28,172	4,501
Total ..	1,206,538	2,569,013	2,083,139	1,306,709	286,757

(a) Including Central Office.

(b) Including Northern Territory, £2,365.

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

(iii) *Public Works and Services.*—(a) *Postal Revenue.* Particulars concerning this branch of revenue for each of the financial years from 1918-19 to 1922-23 are contained in the following table:—

COMMONWEALTH POSTAL REVENUE, 1918-19 TO 1922-23.

Particulars.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
Private boxes and bags ..	35,672	37,188	40,044	42,606	44,542
Commission—					
Money orders and postal notes	133,955	147,175	169,256	172,861	179,571
Telegraphs ..	1,103,664	1,274,527	1,369,922	1,375,584	1,405,664
Telephones ..	1,876,928	2,159,449	2,431,980	2,724,552	2,983,069
Postage ..	2,726,524	2,874,730	4,142,781	4,682,964	4,913,162
Radio Receipts ..	(a)	(a)	12,052	25,995	7,711
Miscellaneous ..	233,779	251,686	222,534	296,092	258,554
Total ..	6,110,522	6,744,755	8,388,569	9,320,654	9,792,273

(a) Credited to Navy Revenue.

The item "Miscellaneous" includes a subsidy from the Commonwealth Bank for the conduct of Savings Bank business, the mail transit rates, and certain allowances.

(b) *Railway Revenue.* The Commonwealth Government is responsible for four lines, the Kalgoorlie-Port Augusta, the Port Augusta-Oodnadatta, the Darwin-Katherine River, and the Federal Capital Territory line. The appended table shows the amounts paid into the credit of the Consolidated Revenue Fund on account of each of these railways for the past five years. Under an arrangement which came into effect on 1st

January, 1914, the Port Augusta—Oodnadatta Railway is worked by the South Australian Government, and the Commonwealth Government receives the profit, if any, on the working, or pays the deficiency. Since 1914 there has always been a deficiency, which is met by a payment from the Commonwealth Government.

COMMONWEALTH RAILWAY REVENUE, 1918-19 TO 1922-23.

Railway.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
Kalgoorlie-Port Augusta ..	150,856	233,564	221,386	201,084	215,368
Port Augusta-Oodnadatta ..	..	..	..	..	..
Darwin-Katherine River ..	45,725	31,783	12,761	14,370	14,768
Federal Capital Territory ..	407	571	1,240	1,847	(a)
Total	196,988	265,918	235,387	217,301	230,136

(a) Not available.

(c) *Commonwealth Steamships.* About the end of June, 1916, the Commonwealth Government announced that owing to the difficulty of obtaining tonnage and to increasing freight charges it had purchased fifteen steamers to insure to producers, as far as possible, the transport of their produce. The price given was rather more than £2,000,000, the capital cost brought forward from 30th June, 1917, being £2,080,656. The profits for the year 1916-17 amounted to £327,336, and for the year 1917-18 to £576,164, a total of £903,500. Out of this amount the sum of £880,000 was, with the approval of the Treasurer, transferred in 1917-18 from the Trust Account to Consolidated Revenue. The Consolidated Revenue benefited further in 1918-19, the surplus earnings being £1,015,762. In the years 1919 to 1921 there was not a sufficient balance in the Trust Account to allow of a transfer to Consolidated Revenue, these transfers being taken from Cash Balances and not from Revenue Account Balances, as disclosed by the Profit and Loss and Balance-sheet Statements of the line. For the year 1921-22, the earnings including those of the detained enemy vessels were £2,274,204, and the expenditure £2,795,241, leaving a loss of £521,037 on the year's operations.

(d) *Other Public Works and Services.* The most important items in 1918-19 were "Profit under Wool Tops Agreement" £141,008, and "Profit on charter of vessels" £15,000. In 1919-20 they were "Profit under Cornsacks Distribution Account" £130,472, and "Profit under Wool Tops Agreement" £78,273. In 1922-23 they were "Profit under Wool Tops Agreement" Dr. £29,926, and Sale of Dyes, £13,851.

(iv) *Other Sources of Revenue.* (a) *Interest, Discount, etc.* The most important investments of the Commonwealth Government from which interest is derived are—Loans to States, General Trust Funds, Loans to the London Market, Fixed Deposits with the Commonwealth and other Banks, and certain advances and overdrafts. In 1919-20, the main receipts from this source were—Interest on Loans and Advances to States, £967,538; Interest on Bank Deposits, £210,873; and Interest on General Trust Funds, £176,701. In 1920-21 they were Interest on Loans and Advances to States, £1,482,569; Interest on General Trust Fund Investments, £243,115; and Interest on Bank Deposits, £165,000. In 1922-23 they included Interest on Loans and Advances to States, £2,102,618; Interest on General Trust Fund Investments, £216,276; Interest on Bank Deposits, £109,970; and Interest, Nauru Island Agreement, £120,128.

(b) *Coinage.* The Commonwealth Revenue under this head is derived from profit on coin issued, and for 1922-23 was made up of £115,403 for silver and £22,293 for bronze.

(c) *Defence.* The income from this source (which is derived from both Defence and Navy Offices) is mainly derived from sales of material and stores supplied, forfeitures, fines, costs, etc. In 1922-23, £119,889 was contributed by the Defence Department, and £103,513 by the Navy Office.

(d) *Patents, etc.* This heading includes Patents, Trade Marks, Copyright and Designs. In 1922-23, £29,873 was obtained from Patents, and £10,618 from Trade Marks, Copyright and Designs.

(e) *Defence Trust Account.* This is credited with receipts from Parliamentary appropriations, and from the Departments and the public for work done and material supplied. In the year 1922-23 the total receipts amounted to £429,089, and the expenditure to £326,870, leaving a balance of £102,419.

(f) *Unexpended Balance of London Orders.* The largely increased amount for the two years 1919-20 and 1920-21 is due to an amendment by the Treasury of the London Account Regulations, which superseded the system of charging votes upon the remittance of amounts from the Commonwealth, and made such charge only when payment in London was actually completed. This necessitated the closing of the Trust Account for London Liabilities, and the transfer of unexpended balances to the revenue. There were no unexpended balances in 1921-22 and 1922-23.

(g) *Miscellaneous.* This includes several items which are either small in themselves, or not included under separate headings, as they are virtually non-recurring. Thus in 1922-23 there was a payment into revenue of £168,709 on account of Sugar—Interest on Overdraft.

Division III.—Expenditure.

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

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

Of these three, only the first two were actual expenditure, the last being merely a transfer, the actual expenditure being incurred by the States. In accordance with the provisions of the Constitution, the expenditure on transferred services was, under the "book-keeping" system, debited to the several States in respect of which such expenditure was incurred, while the expenditure on new services was distributed *per capita*. Surplus Commonwealth revenue was paid to the States monthly. During the earlier years of Federation, viz., until the end of the year 1903-4, new works, etc., for transferred departments were treated as transferred expenditure, and were charged to the States on whose behalf the expenditure had been incurred. In subsequent years all such expenditure was regarded as expenditure on new services, and distributed amongst the States *per capita*. Under the arrangement, which superseded the "book-keeping" system, a specific subsidy of 25s. per head of population is made annually by the Commonwealth to the States, and there is no further debiting of expenditure to the several States.

2. *Total Expenditure.*—The total expenditure by the Commonwealth Government and the expenditure per head of population during the period 1918-19 to 1922-23 are shown in the following table :—

COMMONWEALTH EXPENDITURE, 1918-19 TO 1922-23.(a)

Particulars.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
Total	45,119,680	50,581,353	64,624,087	65,106,949	63,700,485
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Per head	8 17 6	9 10 8	11 18 10	11 16 3	11 6 1

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

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

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

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

**COMMONWEALTH EXPENDITURE—CONSOLIDATED REVENUE,
1918-19 TO 1922-23.**

Heads of Expenditure.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
Cost of Departments—	£	£	£	£	£
Governor-General	23,875	27,215	30,707	27,897	28,045
Parliament	245,713	348,415	323,359	346,192	446,464
Prime Minister	231,173	312,408	434,939	733,528	908,527
Attorney-General	94,686	111,007	132,446	148,045	162,797
Treasury	5,101,820	5,829,504	6,664,051	6,984,277	7,180,785
Trade and Customs	817,505	992,142	964,993	889,121	2,243,809
Defence	3,056,747	2,912,639	4,184,719	4,456,198	3,785,582
Postmaster-General	5,449,722	6,136,920	7,305,243	8,188,686	8,242,025
Home and Territories	489,163	478,281	746,569	695,708	526,033
Works and Railways	683,874	714,196	698,392	609,327	1,127,806
Health .. ..	..	..	..	172,227	155,912
Total	16,194,278	17,862,727	21,485,418	23,251,206	24,807,285
Miscellaneous—					
New Works	405,656	335,154	2,098,203	2,571,794	720,927
War Services	21,255,101	24,751,731	33,239,063	31,337,164	30,160,472
Subsidies to States	6,454,333	6,720,492	6,840,163	7,035,535	7,185,551
Interest—State Loans Act	810,312	911,250	911,250	911,250	886,250
Total	28,925,402	32,718,627	43,138,669	41,855,743	38,893,200
Grand Total	45,119,680	50,581,354	64,624,087	65,106,949	63,700,485

The figures for the Treasury Department in this table are much larger than those shown in previous issues of this Year Book. This is due to the fact that amounts paid in Pensions from the Trust Fund have been included above in the Treasury.

Some account of the items included under the above general heads is furnished in the succeeding sub-sections.

(ii) *Cost of Departments—(a) Governor-General*. Section 30 of the Constitution enacts that, until the Commonwealth Parliament otherwise provides, there shall be payable out of the Consolidated Revenue Fund for the salary of the Governor-General an annual sum of ten thousand pounds, and a proviso is made that the salary of the Governor-General shall not be altered during his continuance in office. The total expenditure in connexion with the Governor-General and establishment for the five years 1918-19 to 1922-23 is as follows :—

**EXPENDITURE.—GOVERNOR-GENERAL AND ESTABLISHMENT,
1918-19 TO 1922-23.**

Details.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
Salary	10,000	10,000	10,000	10,000	10,000
Governor-General's Establishment	4,390	9,243	13,127	11,708	11,046
Contingencies (a)	9,485	7,972	7,374	6,189	6,999
Interest on Commonwealth Treasury Bills .. ..	..	..	206	..	..
Total	23,875	27,215	30,707	27,897	28,045

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

(b) *Parliament*. Under this head have been grouped all the items of expenditure connected with the Parliamentary government of the Commonwealth for the five years 1918-19 to 1922-23.

EXPENDITURE.—COMMONWEALTH PARLIAMENT, 1918-19 TO 1922-23.

Details.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
Salaries of Ministers	15,300	15,231	15,368	15,300	14,598
Allowances to Senators	20,760	22,376	34,710	34,916	34,790
Allowances to Members of House of Representatives	42,261	40,993	69,133	69,395	65,275
Officers, staff, contingencies, etc. ..	37,584	40,182	51,661	63,253	61,484
Repairs, maintenance, etc.	1,568	1,663	1,686	2,529	1,800
Printing	26,863	21,347	23,810	24,912	23,108
Travelling expenses of Members and others	8,913	9,379	11,996	12,262	29,300
Insurance	342	342	342	342	342
Electoral Office	53,159	60,677	70,200	72,816	78,706
Election expenses	2,459	98,110	3,037	5,201	89,808
Administration of Electoral Act ..	31,460	33,859	28,477	42,548	44,703
Miscellaneous	5,044	4,256	12,939	2,718	2,550
Total	245,713	348,415	323,359	346,192	446,464

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

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

EXPENDITURE.—PRIME MINISTER'S DEPARTMENT, 1918-19 TO 1922-23.

Details.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
Salaries, contingencies, etc.	33,328	29,125	32,876	38,191	38,896
Executive Council	177	210	250	165	..
Audit Office	25,486	27,745	32,211	34,689	34,754
Rent, repairs, etc.	7,028	6,997	7,214	9,021	7,710
Public Service Commissioner's Office ..	23,129	26,757	30,546	34,960	33,745
High Commissioner's Office, London ..	57,106	66,037	75,764	69,417	59,024
Australian Commissioner's Office, New York .. ..	..	15,727	12,215	9,353	6,466
Interest on Commonwealth Securities	25,781	27,464	21,620	204,316	439,054
Sinking Fund on Commonwealth Securities	2,433	2,433	433	550	31,013
Mail Service to Pacific Islands	28,800	21,600	43,501	49,167	46,805
Contribution to Secretariat, League of Nations .. ..	..	..	68,350	40,984	37,470
Immigration .. ..	..	..	..	72,175	69,560
Interest on Transferred Properties ..	..	..	..	30,370	30,370
Miscellaneous	27,905	88,313	109,959	140,170	73,660
Total	231,173	312,408	434,939	733,528	908,527

The "Miscellaneous" vote for 1919-20 included £32,979 as a grant for the relief of distress caused by the maritime strike; £17,301 for the expenses incurred during the visit of the Prince of Wales; £10,994 for the Basic Wage Commission; and £10,000 as a reward to Sir Ross Smith. In 1920-21 the largest single item was one of £50,371, representing the balance of the expenses of the visit of the Prince of Wales. The remaining items included £10,881 for Basic Wage Commission; £5,418 for Conferences on Coal Industry disputes; £5,802 for Commonwealth representation at Geneva Conference; and £4,000 for Imperial Mineral Resources Bureau Grant. In 1921-22 it included £49,070 for relief of distress in Europe, and £32,500 as payment to the South African Government on account of wheat.

The agreement with the Amalgamated Wireless Limited for the upkeep of Coastal Stations accounted for £47,330 of the "Miscellaneous" vote in 1922-23.

(d) *Attorney-General's Department.* The extra expenditure connected with this Department of late years has been caused in large measure by the extension of the Federal High Court, and an increase in the item "Patents, Trade Marks, etc." Details for the five years 1918-19 to 1922-23 are furnished hereunder:—

EXPENDITURE.—ATTORNEY-GENERAL'S DEPARTMENT, 1918-19 TO 1922-23.

Details.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
Attorney-General's Office	11,510	14,492	15,558	18,358	20,010
Crown Solicitor's Office	12,943	16,042	17,879	18,248	18,829
Salaries of Justices of High Court ..	21,500	22,448	21,556	21,500	21,500
High Court expenses	8,837	11,922	12,925	12,276	13,957
Court of Conciliation and Arbitration ..	6,242	7,650	9,112	4,949	11,182
Rent, repairs, etc.	4,839	4,733	5,889	8,200	12,797
Patents, Trade Marks, etc.	23,875	32,321	42,389	43,602	43,973
Investigation Branch .. ..	..	..	4,244	7,496	7,904
Public Service Arbitrator's Office ..	..	..	1,036	4,524	3,604
Miscellaneous	4,940	1,399	1,858	8,892	9,041
Total	94,686	111,007	132,446	148,045	162,797

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

EXPENDITURE.—TREASURER'S DEPARTMENT, 1918-19 TO 1922-23.

Details.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
Treasury	32,072	48,393	61,139	56,084	50,698
Taxation Office	311,330	375,710	513,422	592,149	576,424
Pensions Office	61,406	73,509	85,016	88,687	84,535
Maternity Allowance Office	11,209	12,708	15,902	15,143	15,764
Coinage	18,411	18,956	33,981	50,785	31,979
Rent, Repairs, etc.	18,715	25,676	28,090	33,002	29,426
Interest on Commonwealth Securities .. ..	..	..	41,223	..	..
Miscellaneous	93,597	29,132	34,277	77,693	(b) 279,508
Departmental Expenditure	546,740	584,084	813,050	913,543	1,068,334
Invalid and Old-age Pensions (a)	3,879,240	4,546,880	5,074,336	5,290,056	5,337,936
Maternity Allowance	620,080	625,865	700,760	690,700	688,435
Maintenance of persons in charitable institutions ..	55,760	72,675	75,905	89,978	86,080
Total	5,101,820	5,829,504	6,664,051	6,984,277	7,180,785

(a) Including the following amounts spent from Trust Funds:—In 1918-19, £3,879,241; in 1919-20, £3,350,425; in 1920-21, £2,900,000; in 1921-22, £4,417,704; and in 1922-23, £3,204,212; (b) Including Taxation Officers' Compensation, £200,000.

The increase in the departmental expenditure is largely on account of the Taxation Office. The "Miscellaneous" vote for 1918-19 included £78,344, temporary credits under certain Trust Fund accounts. For 1921-22 it included a loan of £25,000 to the Returned Soldiers' Woollen Company, and £11,034 for the Royal Commission on Taxation. For 1922-23 it included a loan of £25,000 to the Returned Soldiers' Woollen Company and £200,000, Taxation Officers' Compensation.

(f) *Trade and Customs.* Under this head have been included the expenditure of all the sub-departments under the control of the Minister of Trade and Customs, as well as the amounts payable as sugar and other bounties and the expenses in connexion therewith. The administration of Patents, Trade Marks, and Copyright is now entrusted to the Attorney-General's Department, and that of Quarantine to the new Department of Health. Particulars for the five years 1918-19 to 1922-23 are given in the following table :—

EXPENDITURE.—TRADE AND CUSTOMS DEPARTMENT, 1918-19 TO 1922-23.

Details.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
Chief Office	29,404	37,362	43,861	68,677	70,037
Customs (ordinary)	350,253	399,534	460,187	477,566	439,462
Navigation	211	1,479	8,100	18,188	25,426
Analyst	4,804	5,637	5,663	5,794	5,829
Audit (proportion)	4,617	5,538	7,940	6,869	9,371
Quarantine	150,820	100,030	100,583	..	..
Pensions and retiring allowances ..	17,213	17,186	16,803	16,946	18,736
Rents, repairs, etc.	18,066	20,933	24,386	23,089	21,445
Sugar and other bounties	30,460	16,292	24,406	29,793	192,114
Inter-State Commission	12,007	10,545	3,650	..	..
Lighthouses	137,364	147,349	168,314	160,518	162,946
Interest on transferred properties ..	43,951	77,795	71,469	42,497	47,162
Interest on Commonwealth securities	2,200	3,267	3,501	1,741	4,943
Bureau of Commerce and Industry ..	..	3,774	5,160	5,000	4,659
Institute of Science and Industry ..	13,131	13,109	16,042	17,201	22,591
Miscellaneous	3,004	132,312	4,928	15,242	1,219,088
Total	817,505	992,142	964,993	889,121	2,243,809

The large "Miscellaneous" vote in 1919-20 is due to an item of £130,036 paid to the Australian Wheat Board as profit on cornsacks, while that in 1922-23 includes Loans for purchase of Wire Netting, £250,000, and Losses and Advances on Fruit Pools, £863,000.

(g) *Defence.* The expenditure in connexion with Defence, which in 1901-2 amounted to £861,218, had by 1922-23 grown to £3,785,582. Expenditure on the Air Service is included for the first time in 1920-21. Particulars for the last five years are as follows :—

EXPENDITURE.—DEFENCE, COMMONWEALTH, 1918-19 TO 1922-23.

Details.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
Chief Office	86,832	108,429	125,491	150,384	89,732
Military	1,153,036	914,089	1,276,531	1,386,042	1,230,378
Naval	1,506,897	1,562,029	2,367,748	2,198,268	1,942,227
Air Services .. ..	..	..	62,888	155,282	179,337
Audit (proportion)	10,118	16,104	17,298	15,032	14,374
Pensions and retiring allowances	1,392	1,202	2,162	2,633	2,921
Rents, Repairs, etc.	79,222	78,461	108,728	107,312	92,894
Interest on transferred properties	136,699	130,471	122,325	93,586	97,112
Interest on Commonwealth securities	48,440	71,005	71,433	18,776	84,756
Miscellaneous	34,111	30,849	30,115	328,883	51,851
Total	3,056,747	2,912,639	4,184,719	4,456,198	3,785,582

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

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

EXPENDITURE.—POSTAL DEPARTMENT, 1918-19 TO 1922-23.

Details.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
Chief Office	23,189	25,842	30,949	33,954	37,800
Postal Department (ordinary)	5,015,429	5,681,340	6,844,979	7,722,459	7,556,391
Audit (proportion) ..	2,888	6,224	8,182	8,927	10,293
Pensions and retiring allowances	64,720	67,842	75,057	81,171	84,057
Rents, repairs, etc. ..	60,756	62,415	86,824	101,047	123,405
Interest on transferred properties	210,908	214,815	186,070	186,752	193,103
Interest on Commonwealth Securities	46,420	52,832	49,562	19,516	90,421
Sinking Fund on Commonwealth Securities ..	16,271	16,271	16,193	16,193	23,218
Miscellaneous	9,141	9,389	7,427	18,667	123,337
Total	5,449,722	6,136,920	7,305,243	8,188,686	8,242,025

The "Miscellaneous" item for 1922-23 includes £47,330 for upkeep of coastal wireless stations.

(i) *Home and Territories.* Under this Department, created in the financial year 1916-17, is placed the bulk of the old External Affairs Department (after the removal of the London office), the Census and Statistics, and Meteorological Offices, taken from the old Home Affairs Department, and the Mandated Territory of New Guinea. The Darwin-Katherine River Railway is administered by the Works and Railways Department.

EXPENDITURE.—HOME AND TERRITORIES DEPARTMENT, 1918-19 TO 1922-23.

Details.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
Chief Office	16,156	18,528	21,756	21,594	21,141
Census and Statistics	16,248	16,795	17,713	18,936	20,438
Meteorological Branch	28,209	29,706	84,923	88,932	80,911
Lands and Survey	15,935	17,280	22,236	22,226	15,124
Papua	51,260	51,492	62,656	179,245	80,894
Rents, repairs, etc.	14,905	13,207	16,380	15,941	23,128
Northern Territory	213,649	186,782	232,011	193,950	195,886
Federal Capital Territory ..	24,142	25,482	26,828	32,741	..
Norfolk Island	3,000	3,000	3,000	3,000	3,500
Interest on Commonwealth Securities (a)	84,881	91,572	54,032	34,280	46,843
Sinking Fund, Commonwealth Securities (a)	5,853	5,853	2,612	2,535	4,346
Miscellaneous	14,925	18,584	202,422	82,328	33,822
Total	489,163	478,281	746,569	695,708	526,033

(a) Includes Northern Territory.

The large "Miscellaneous" item in 1920-21 includes £149,150 special expenditure on the Census of 1921.

(j) *Works and Railways Department.* The extension of Commonwealth Works and Railways led, in 1916-17, to the separation of these branches from the former Home Affairs Department and the constitution of a separate Department which also administers the railways which were formerly under the control of the former External Affairs Department. The expenditure for the last five years was as follows:—

EXPENDITURE.—WORKS AND RAILWAYS DEPARTMENT, 1918-19 TO 1922-23.

Details.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
Chief Office	36,594	39,770	45,317	31,724	32,939
Kalgoorlie-Port Augusta Railway	237,204	264,798	292,168	255,776	249,289
Port Augusta-Oodnadatta Rail- way, and Northern Territory Railways	162,077	159,456	156,900	180,034	183,293
Interest on transferred properties	403	403	374	374	..
Interest on Commonwealth Se- curities	226,083	232,948	174,002	100,408	127,717
Sinking Fund on Commonwealth Securities	11,957	11,957	13,200	13,200	16,178
Rent, repairs, etc.	2,957	3,286	4,670	4,544	5,526
Royal Commission—Unification of Gauge .. .. .	..	..	6,287	9,229	449
Main Roads Development .. .. .	..	..	..	..	500,000
Miscellaneous	6,599	1,578	5,474	14,038	11,915
Total	683,874	714,196	698,392	609,327	1,127,306

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

EXPENDITURE.—HEALTH DEPARTMENT, 1921-22 and 1922-23.

Details.	1921-22.	1922-23.
	£	£
Central Administration	9,601	8,486
Salaries, Contingencies, etc.	134,934	114,429
Interest on Treasury Bills	87	965
Interest on Transferred Properties.. .. .	6,909	7,979
Rent and Repairs	10,065	14,858
Miscellaneous	10,631	9,195
Total	172,227	155,912

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

EXPENDITURE ON NEW WORKS, 1918-19 TO 1922-23.

Department.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
Parliament .. ..	..	..	700	2,086	..
Prime Minister .. ..	..	..	1,653	1,029	143
Treasury	609	1	5,832	54,242	..
Trade and Customs	38,542	12,104	28,103	7,249	3,609
Defence	97,018	116,663	1,097,062	1,507,758	460,734
Postmaster-General	239,643	184,788	940,917	940,114	221,709
Home and Territories	22,156	21,439	23,564	31,463	13,885
Works and Railways	7,688	159	372	109	..
Health .. ..	..	..	..	27,744	20,847
Total	405,656	335,154	2,098,203	2,571,794	720,927

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

(c) *Interest—State Loans Act.* The amount of £886,250 is the interest on the sum of £16,750,000 borrowed by the Commonwealth in London and advanced to the States (except New South Wales). Of this amount £4,000,000 carried interest at 4 per cent., and £12,750,000 at 5½ per cent.

Division IV.—Subsidy Paid to States.

1. *Payments to the Several States.*—The following table furnishes particulars of the subsidies paid to the States on account of each of the financial years 1918-19 to 1922-23 :—

COMMONWEALTH SUBSIDY PAID TO STATES, 1918-19 TO 1922-23.

State.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
New South Wales	2,380,139	2,472,717	2,533,234	2,632,036	2,690,198
Victoria	1,764,239	1,847,085	1,878,449	1,918,967	1,969,772
Queensland	856,300	895,454	912,628	952,728	978,673
South Australia	549,593	578,094	588,603	621,862	635,833
Western Australia	556,505	569,512	564,735	554,704	554,828
Tasmania	347,557	357,630	362,514	355,238	356,247
Total	6,454,333	6,720,492	6,840,163	7,035,535	7,185,551

The amounts of subsidy given in the table are based upon an annual payment of £1 5s. per capita, with special concessions to Western Australia and Tasmania, and are in accordance with the provisions of the "Commonwealth Surplus Revenue Act" passed in 1910 which came into effect on the 1st July of that year for a period of ten years, subject to revision on the expiration thereof. This period expired on the 30th June, 1920, and it was then possible for Parliament to extend the Act for a further period, or to enter into new financial relations with the States. The "per capita" payment has been continued provisionally up to the present time.

§ 3. Trust Fund and Miscellaneous.

1. **Trust Accounts.**—The Trust Fund credit balance on 30th June, 1923, amounted to £17,569,701, as compared with £13,740,016 for the corresponding date in the year ending 30th June, 1922. Details concerning the most important trust accounts are contained in the following table :—

COMMONWEALTH TRUST FUND AT 30th JUNE, 1923.

Trust Accounts.	Balance at 30th June, 1923.	Trust Accounts.	Balance at 30th June, 1923.
	£		£
Australian Notes and Bond Printing ..	47,799	Northern Territory	121,473
Australian Soldiers' Repatriation ..	457,000	Other Trust Moneys	714,092
Australian Soldiers Repatriation Con- tribution	155,584	Port Augusta Railway Sinking Fund ..	6,669
Australian War Records Publications ..	17,789	Public Trustee	215,093
Cockatoo Island Dockyard	245,809	Railway Plant and Stores Suspense ..	84,746
Commonwealth Government Ships ..	Dr. 3,893	Railway Provision Stores	12,006
Defence—Clothing Material	174,224	Ships Insurance	36,994
Compensation	3,297	Small Arms Ammunition Factory ..	13,300
Small Arms	26,832	State Loans Expenses Suspense ..	59,437
Small Arms Ammunition	192,773	Superannuation Fund	123,758
Stores London Liabilities	562,471	Suspense	7,869
Deferred Pay	372,770	Taxation Officers' Compensation ..	200,000
Fruit Pools	307,249	Treaty of Peace—Clearing Office ..	
General Average Deposits	11,767	Account	52,353
Insurance Lost Enemy Vessels	446,904	Liquidation Account	167,084
International Postal and Money Order ..	155,709	Unclaimed Militia Pay	19,530
Invalid and Old-age Pensions	3,714,287	War Loan Securities Repurchase ..	918,173
Loans Sinking Fund	2,150,253	War Pensions	3,714,287
Loans—Wire Netting	250,000	War Savings Certificates Interest ..	187,105
London Loans Expense Suspense	213,100	War Service Homes Insurance ..	44,472
Main Roads Development	500,000	Williamstown Dockyard	16,995
Money Order	678,000	Miscellaneous	139,455
New Guinea Agency	30,093	Total	17,569,701

2. **London Flotations on behalf of States.**—Act No. 17 of 1916 authorized the Treasurer to borrow £8,940,000 in the United Kingdom, and Act No. 16 of 1917 to raise £8,000,000, also to lend the amount to the several States, other than New South Wales, and, pending the borrowing of the money, to advance the amounts set forth in the Acts out of loans made by the Government of the United Kingdom to the Commonwealth. In pursuance of these Acts, £16,750,000 was distributed to the States up to 30th June, 1923. The money was allocated as follows :—

COMMONWEALTH LOANS RAISED IN LONDON ON BEHALF OF STATES AS AT 30th JUNE, 1923.

State.	Amount.
	£
Victoria	1,954,000
Queensland	5,462,500
South Australia	4,116,000
Western Australia	4,150,500
Tasmania	1,067,000
Total	16,750,000

In addition to these amounts, the Commonwealth Government has made further advances to the States for various purposes which are set out as follows, the amounts representing what was outstanding at 30th June, 1923 :—

ADVANCES TO STATES AT 30th JUNE, 1923.

Advances to—	Amounts.	Total.
	£	£
Government of New South Wales—		
Settling returned soldiers	9,806,601	
Silos for wheat storage	1,000,000	10,806,601
Government of Victoria—		
Settling returned soldiers	11,799,840	
Providing employment	92,000	
Advances for Immigration	75,000	11,966,840
Government of Queensland—		
Settling returned soldiers	2,762,653	
Providing employment	400,000	
Forestry	71,132	3,233,785
Government of South Australia—		
Settling returned soldiers	2,833,380	
Providing employment	28,796	2,862,176
Government of Western Australia—		
Settling returned soldiers	4,831,722	
Advances for Immigration	250,000	5,081,722
Government of Tasmania—		
Settling returned soldiers	2,110,972	2,110,972
Total .. ..	..	36,062,096

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

COMMONWEALTH SURPLUS REVENUE, 1918–19 TO 1922–23.

Year.	Surplus.	Deficiency.	Accumulated Surplus at end of Year.
	£	£	£
1918–19 .. .. .	..	402,763	3,523,057
1919–20	2,201,749	..	5,724,806
1920–21	893,521	..	6,618,327
1921–22 .. .. .	..	209,903	6,408,424
1922–23	1,020,150	..	7,428,574

§ 4. Commonwealth Loan Funds and Public Debt.

1. General.—Although it was not until 1915 that the Federal Government came into the loan market as a borrower, there had previously existed a Commonwealth Public Debt which included several items, such as the balance of the debt taken over from South Australia and the money owing to the States for transferred properties. The debt still

includes the items mentioned, in addition to the General Loan Fund, the loans for military purposes, etc. In view of the large expansion of the Public Debt, and its present importance in Commonwealth public finance, the different items are treated seriatim in the following sub-sections.

2. Loans taken over from South Australia.—The first portions of the debt were contracted at the beginning of 1911, when the Commonwealth assumed responsibility for the payment of interest on transferred properties (further dealt with in sub-section 4) and also for the administration and the liabilities of the Northern Territory and the Port Augusta-Oodnadatta Railway. At 30th June, 1911, the debt on account of the former was £3,657,836, and on account of the latter, £2,274,486—a total of £5,932,322. As the securities fall in they are redeemed by the Commonwealth Government, the money required being taken from the Loan Fund. The item is thus constantly diminishing, and on 30th June, 1923, stood at £3,902,914, of which £2,209,169 was on account of the Northern Territory, and £1,693,745 on account of the railway.

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

COMMONWEALTH LOAN EXPENDITURE FOR WORKS, 1918 TO 1923.

Particulars.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
Railways Construction—					
Trans-Australian Railway	156,187	138,164	76,009	69,072	82,500
Northern Territory	1,226c	2,539	1,654	6,436	7,651
Other	2,193	91c	4,258	8,946	12,997
Loan Redemption—					
Northern Territory	339,408	..	223,814	..	..
Papua—Railways and Wharves .. ..	..	..	20,000	15,700	47,720
Posts and Telegraphs—					
Purchase of land	1,692	596c	920	7,706	138,875
Construction of conduits, etc.	116,760	305,538	9c	795,085	2,059,523
Acquisition of land (a)—					
London	46,120	58,611	55,727	18,651	6,921
Perth	18,291	23,073	21,644	45,000	90,239
Federal Capital Territory	1,395	11,968	83,232	148,425	351,041
Elsewhere (b)	67,488	37,375	5,474	32,757	4,968
Defence Machinery ; Dockyards, Cockatoo Island ; Naval Bases, etc.	510,278	282,044	305,721	159,769	43,566
Ship Construction .. ..	..	..	2,999,630	3,369,118	1,815,713
General Arsenal ; Small Arms, etc. ; Cordite	58,761	350,616	153,083	181,095	27,525
Lighthouses	16,115	26,795	29,746	14,556	10,400
Contribution under River Murray Waters Act	55,760	39,241	56,722	112,372	176,921
Acetate of Lime Factory	18,001	..	2,420	..	..
Plant and Stores Suspense Account .. ..	..	..	..	..	..
Wireless Telegraphy	22,668	11,509	..	..	..
Immigration .. ..	..	..	..	133,848	199,483
Construction of Roads .. ..	..	..	..	..	217,944
Miscellaneous .. ..	..	..	61,681	127,967	86,962
Total	1,429,891	1,286,786	4,101,726	5,246,503d	5,383,949e

(a) Including cost of erection of buildings. (b) Excluding purchases for Posts and Telegraphs.
(c) Credited by repayment. (d) In addition, £7,007,107 was carried to General Loan Fund Redemption Account from which £6,185,028 was spent in redeeming Treasury Bills. (e) In addition, £243,135 was spent in redeeming Treasury Bills, and £4,000,000 for redemption of loans raised in London for the States.

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

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

5. **War Loan from the Imperial Government.**—On the outbreak of the European war in 1914, the Commonwealth Government obtained a loan from the Imperial Government for the purpose of financing the prospective large military expenditure. At first, the arrangement was that the Imperial Government should advance the sum of £18,000,000 in twelve monthly instalments of £1,500,000 each. It was soon found, however, that this would be insufficient, and the Imperial Government made a fresh advance of £6,500,000, also to be paid in monthly instalments. A third loan of £25,000,000 was subsequently negotiated, of which £12,000,000 was received by 30th June, 1916, and £11,000,000 in 1916–17. In addition to this capital indebtedness, a further sum of £42,696,500 was due to the British Government for the maintenance of Australian troops.

The last item of nearly £43,000,000 remained unfunded until early in 1921. An arrangement was then concluded with the Imperial Government, by means of which almost the entire debt (nearly £92,500,000) was consolidated. The Commonwealth Government undertook to extinguish the debt by annual payments of approximately £5,550,000, spread over about 35 years, the payment representing 6 per cent. of the original debt. This provides for interest at nearly 5 per cent., and a sinking fund of a little more than 1 per cent., and may be regarded as a very satisfactory arrangement for the Commonwealth, since it entails only a moderate rate of interest, and provides for the ultimate extinction of nearly one-fourth of the National War Debt. The amount outstanding on 30th June, 1923, was £90,388,604, which will diminish steadily year by year owing to the operation of the sinking fund.

6. **Flotation of War Loans in Australia.**—In addition to the advances from the Imperial Government, the Commonwealth Government has raised large amounts of money for the prosecution of the war by direct application to the investing public of Australia.

Full details of the seven War Loans and the first Peace Loan are given in Official Year Book No. 14. In the financial year 1920–21 a second Peace Loan was floated with a currency of 10½ years and a rate of interest of 6 per cent. In the financial year 1921–22 a third Peace Loan was floated with a currency of 9½ years and a rate of interest of 6 per cent. It was issued at 96 and matures with the second Peace Loan on the 15th December, 1930. Totals for the ten issues are given in the tables hereunder. The first table refers to the gross total :—

COMMONWEALTH WAR LOANS LOCALLY RAISED.—TOTAL TO 30th JUNE, 1923.

Local Loans.	Number of Subscribers.			Amount Subscribed.		
	Inscribed Stock.	Treasury Bonds.	Total.	Inscribed Stock.	Treasury Bonds.	Total.
	No.	No.	No.	£	£	£
Total	123,683	710,069	833,752	132,601,940	117,570,500	250,172,440

The next table shows the net proceeds of the loans.

**COMMONWEALTH LOANS LOCALLY RAISED.—NET PROCEEDS TO 30th
JUNE, 1923.**

Local Loans.	Deductions.			Net Proceeds of Loan.
	Accrued Interest.	Flotation Expenses.	Total.	
Total	£ 2,800,642	£ 761,174	£ 3,561,816	£ 246,610,624

7. Commonwealth Public Debt.—(i) *Total Debt.* Separate consideration has already been given to the items composing the Public Debt. The table appended shows the debt of the Commonwealth (apart from the States) at yearly intervals since 1919.

COMMONWEALTH PUBLIC DEBT AS AT 30th JUNE, 1919 TO 1923.

Details.	1919.	1920.	1921.	1922.	1923.
	£	£	£	£	£
Balance of loans taken over from South Australia—					
(a) On account of Northern Territory	2,433,108	2,433,108	2,209,294	2,209,294	2,209,169
(b) On account of Oodnadatta railway	1,759,003	1,759,003	1,759,003	1,742,452	1,693,745
Value of properties transferred by States	11,202,619	11,440,462	11,536,139	11,186,169	11,042,987
Inscribed Stock	4,580,000	4,580,000	8,764,716	23,764,716	28,764,716
Treasury Bills	7,670,881	9,815,600	8,094,153	2,843,125	2,843,125
War Loan from British Government	49,082,059	49,082,059	92,480,156	91,453,288	90,388,604
Commonwealth Internal Loans	184,437,870	207,184,380	232,819,660	241,879,840	241,746,090
Accrued Deferred Pay, A.I.F.	5,500,000	260,000	14,720	.. .. .	.. .. .
Loans raised on behalf of States	16,750,000	16,750,000	16,750,000	16,750,000	16,750,000
Gratuities .. .. .	.. .. .	30,000,000	25,279,925	23,088,153	19,508,481
Miscellaneous	42,355,207	48,005,293	2,012,258	1,153,472	1,049,399
Total	325,770,747	381,309,905	401,720,024	416,070,509	410,996,316
Commonwealth Debt per capita ..	£63 7 6	£71 19 0	£73 12 9	£74 14 6	£72 5 2

It will be noticed that the amount of the Commonwealth Internal Loans falls somewhat short of the totals of the ten issues in the table immediately preceding the above. This is owing to the fact that stock to a considerable amount has been presented as payment of Estate Duty, and cancelled, the payments being accepted in accordance with the provisions of section 5 of the Commonwealth Inscribed Stock Act 1915. The amount of £241,746,090 is the balance of the ten issues. To this must be added £1,037,044 raised by the sale of War Savings Certificates, and £12,355 by the sale of War Savings Stamps. The item "Miscellaneous" in the year 1922-23 is made up of the last two amounts.

(ii) *Place of Flotation.* The loans taken over from South Australia, which constituted the first portion of the Federal Public Debt, included both London and Australian securities. The presence in the Treasury of a large holding of gold, and the moderate rate of interest ruling on gilt-edged securities, made the conditions in 1911 and for some little time afterwards very favourable for the flotation of local loans. London securities were redeemed as they fell due, and replaced by the 3½ per cent. stock of the Loan Fund. Consequently, up to 1914 the amount of the securities repayable in London fell steadily, and the amount repayable in Australia rose rapidly. In 1915 the military loan from the Imperial Government caused a sharp rise in the amount of the securities repayable in London, which was maintained in the two following years. This was, however, more than offset by the flotation of the local war loans. The appended table gives particulars

of Commonwealth loans which have been floated in London and Australia respectively during the last five years. A separate column is devoted to the cost of the transferred properties, which, for obvious reasons, it is impossible to allocate.

COMMONWEALTH PUBLIC DEBT.—PLACE OF FLOTATION, 1919 TO 1923.

At 30th June—	Payable in—		Value of Transferred Properties.	Total.
	London.	Australia.		
	£	£	£	£
1919	106,123,102	208,445,026	11,202,619	325,770,747
1920	111,680,602	258,188,841	11,440,462	381,309,905
1921	117,322,199	272,861,686	11,536,139	401,720,024
1922	131,278,780	273,605,560	11,186,169	416,070,509
1923	126,165,389	273,787,939	11,042,988	410,996,316

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

The accompanying table gives particulars of rates of interest for the five financial years ended 30th June, 1923 :—

COMMONWEALTH PUBLIC DEBT.—RATES OF INTEREST, 1919 TO 1923.

Rates of Interest.	At 30th June—				
	1919.	1920.	1921.	1922.	1923.
%	£	£	£	£	£
3	35,063	35,063	35,063	35,063	35,060
3½	17,217,534	17,455,377	15,469,528	15,119,558	14,976,377
£3/12/3 ..	720,411	720,411	720,411	703,860	655,153
3¾	1,054,600	1,054,600	833,870	833,870	833,745
4	9,881,161	12,025,880	8,304,433	5,053,405	9,053,405
4½	192,766,897	192,130,633	126,769,038	122,093,692	120,835,510
£4/18/4 ..	..	..	92,480,156	91,453,288	90,388,604
5	87,345,081	111,137,941	64,576,210	61,280,220	67,298,328
5½	4,000,000	34,000,000	29,279,925	27,088,153	19,508,481
5¾	12,750,000	12,750,000	12,750,000	12,750,000	12,750,000
6 .. ..	..	..	2,000,000	..	..
6 .. ..	..	..	48,501,390	79,659,400	74,661,653
Total ..	325,770,747	381,309,905	401,720,024	416,070,509	410,996,316
Average rate of interest ..	£4/12/2	£4/13/7	£4/17/11	£4/19/9	£4/19/3½

(iv) *Amount of Interest Payable.* A table is appended showing the amounts payable as interest on the Commonwealth Public Debt as at 30th June in the years 1919 to 1923 inclusive. The rapid increase is due not only to the great expansion of the War Loan Fund, but also to the high rate of interest on recent loans.

COMMONWEALTH PUBLIC DEBT.—INTEREST PAYABLE, AS AT 30th JUNE.

Year.					Interest Payable.
					£
1919	..	..	..	..	15,017,497
1920	..	..	..	..	17,847,623
1921	..	..	..	..	19,668,320
1922	..	..	..	..	20,751,516
1923	..	..	..	..	20,468,766

(v) *Dates of Maturity.* The dates of maturity of the several portions of the Commonwealth debt are shown hereunder. The Commonwealth Government has refrained from issuing interminable stock, although as regards about 6 per cent of the debt no definite date of maturity had been assigned on 30th June, 1923. It will be noticed that about £212,000,000 falls due in the space of five years, 1923 to 1927, the bulk of this being represented by the balance of the first eight internal loans.

COMMONWEALTH PUBLIC DEBT.—DUE DATES OF AMOUNTS OUTSTANDING ON 30th JUNE, 1923.(a)

Due Dates.				Amounts.	Due Dates.				Amounts.
				£					£
1923	..	..	..	39,282,705	1937	..	..	..	1,200
1924	..	..	..	14,580,783	1938	..	..	..	18,376
1925	..	..	..	72,422,700	1939	..	..	..	151,448
1926	..	..	..	157,139	1941	..	..	..	15,000,000
1927	..	..	..	83,713,737	1945	..	..	..	5,000,000
1928	..	..	..	54,750	1972	..	..	..	3,764,716
1930	..	..	..	60,412,600	Indefinite	..	..	..	24,968,773
1933	..	..	..	39,387	Annual Repayments	..	..	..	90,388,604
1935	..	..	..	46,342					
1936	..	..	..	993,056	Total	..	..	..	410,996,316

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

The graphs accompanying this chapter illustrate the rise in the revenue, public debt and taxation of the Commonwealth and States since 1902, the year 1901-2 being the first complete financial year since Federation.

(vi) *Sinking Fund.* The Commonwealth Government has established a sinking fund against most of the securities which constitute its public debt. Part of the inscribed stock issued for works purposes carries a sinking fund of 5 per cent., and the remainder one of $\frac{1}{2}$ per cent. The internal issues carry sinking funds, partly of $\frac{1}{2}$ per cent., and

partly of 1 per cent. The War Savings Certificates carry a sinking fund of $\frac{1}{2}$ per cent., and the Northern Territory and Port Augusta-Oodnadatta Railway loans one of $\frac{1}{4}$ per cent. These sinking funds are invested partly in Treasury Bills, partly in Commonwealth Inscribed Stock, and partly in Bonds (War Issues).

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

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

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

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

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

§ 5. Cost of War and Repatriation.

1. *General.*—In view of the importance of the subject, a further reference is here made to the cost of the war. The general policy of the Commonwealth Government has been to pay from Consolidated Revenue all recurring charges for interest, sinking fund, pensions, and other charges consequent upon the war, and part of the expense of repatriation. On the other hand, the whole direct cost of the war and the larger proportion of the cost

of repatriation have been paid from loans. The total cost from both sources to the 30th June, 1923, is set out in the following table :—

COST OF WAR SERVICES TO 30th JUNE, 1923.

Year.	From Revenue. (a)	From War Loan Fund.	Total.
	£	£	£
1914-15	486,244	14,471,117	14,957,361
1915-16	3,460,093	37,423,568	40,883,661
1916-17	7,740,629	53,114,237	60,854,866
1917-18	10,864,054	55,095,109	65,959,163
1918-19	20,982,493	62,192,889	83,175,382
1919-20	24,608,457	45,385,587	69,994,044
1920-21	33,285,706	24,148,501	57,434,207
1921-22	31,330,552	7,576,977	38,907,529
1922-23	30,099,428	1,762,694	31,862,122
Total Expenditure ..	162,857,656	301,170,679	464,028,335
Indebtedness to the Government of the United Kingdom for payments made, services rendered, and goods supplied during the war			41,306,545
War Gratuity Paid in Cash			13,778 131
Total			519,113,011

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

2. **Expenditure from Revenue.**—The following table gives the details of the war expenditure from revenue for the last five years :—

WAR SERVICES EXPENDITURE FROM REVENUE, 1918-19 TO 1922-23.

Heading.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
Interest	13,517,461	14,461,902	16,445,068	18,075,693	18,299,978
Sinking Fund	1,200,713	1,312,812	3,168,820	3,070,000	2,401,934
War Pensions	4,827,368	6,032,270	7,389,739	7,028,379	7,134,967
Repatriation of Soldiers and War Service Homes	1,397,618	2,732,346	3,867,707	2,239,754	1,794,105
Expeditionary Forces	(a)	(a)	(a)	200,000	(a)
Transport Services	(a)	(a)	698,052	157,884	(a)
Loan Conversion Expenses .. .. .	..	..	..	..	183,635
Other War Expenditure payable out of Revenue	39,333	69,127	(b) 1,716,320	628,842	184,809
Total	20,982,493	24,608,457	33,285,706	31,330,552	30,099,423

(a) Paid from War Loan Fund. (b) Including £857,932 to make good deficiency in War Loan Fund.

3. Expenditure from War Loan Fund.—The following table gives the details of the war expenditure from loans, showing the expenditure on account of each Department, etc. :—

EXPENDITURE FROM WAR LOAN FUND, 1918-19 TO 1922-23.

Department, Etc.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
Defence and Navy	56,628,912	21,559,812	599,419	(a) 311,530	179,149
Treasury	5,314,153	15,379,318	15,330,885	6,648,039	1,249,968
Prime Minister	120,863	140,713	1,678,775	(a) 11,221	(a) 94,548
Trade and Customs	39,141	(a) 41,680	(a) 54,602	(a) 158	(a) 23,239
Repatriation	85,362	8,090,614	6,593,924	1,247,466	480,620
Home and Territories	4,458	36,531	7,200	4,381	(a) 889
Works and Railways .. .. .	..	220,279	(a) 7,100	..	(a) 58,367
Total War and Repatriation Expenditure	62,192,889	45,385,587	24,148,501	7,576,977	1,762,694
Redemptions—					
Gratuity Bonds cashed .. .. .	..	685,008	8,035,066	2,191,772	2,866,285
Treasury Bills .. .. .	..	..	..	2,000,000	..
Total Expenditure from War Loan Fund	62,192,889	46,070,595	32,183,567	11,768,749	4,628,979

(a) Repayment.

The large sums debited to the Treasury are mainly on account of advances to the States, and the money has been spent partly in settling soldiers on the land, and partly in providing reserve employment through Local Government Bodies. The expenditure under the heading "Repatriation" was incurred under the working of the War Service Homes Act of 1918.

§ 6. Old-age and Invalid Pensions.

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

In 1919 the Act was again amended, and the rate of pension raised to £39 per annum and the maximum amount allowable to £65 per annum. The estimated value of board and lodging was raised to 10s. per week.

In 1920 special provision was made for a permanently blind person, by which the amount of pension may be at such a rate (not exceeding £39) per annum, as will make his income, together with the pension, equal to an amount not exceeding £221 per annum or such other amount as is declared to be a basic wage.

A further amending Act in 1923 raised the rate of pension to £45 10s. per annum and the maximum amount allowable to £78 per annum.

2. *Old-age Pensions.*—(i) *Summary, 1923.* Details regarding Old-age Pensions as at 30th June, 1923, are as follows :—

OLD-AGE PENSIONS.—SUMMARY, 1923.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
Claims examined during year ended 30th June, 1923 ..	5,596	3,447	1,882	1,045	898	589	13,457
Claims rejected	582	336	344	64	92	42	1,460
Claims granted	5,014	3,111	1,538	981	806	547	11,997
Transfers from other States ..	618	523	206	219	137	117	1,820
Existing 30th June, 1922 ..	40,065	30,958	13,478	10,014	5,316	5,265	105,096
	45,697	34,592	15,222	11,214	6,259	5,929	118,913
Deduct—							
Deaths	2,810	2,319	984	702	347	346	7,508
Cancellations and transfers to other States ..	1,667	1,025	426	346	313	239	4,016
	4,477	3,344	1,410	1,048	660	585	11,524
Old-age Pensions existing on 30th June, 1923 ..	41,220	31,248	13,812	10,166	5,599	5,344	107,389

(ii) *Sexes of Pensioners.*—Of the 107,389 persons in receipt of pensions at 30th June, 1923, 42,585 (or 40 per cent.) were males, and 64,804 (or 60 per cent.) were females. Details for the several States are as follows :—

OLD-AGE PENSIONS.—SEXES OF PENSIONERS, 1923.

State.	Males.	Females.	Total.	(a) Masculinity.
New South Wales	17,016	24,204	41,220	—17.44
Victoria	11,728	19,520	31,248	—24.94
Queensland	5,877	7,935	13,812	—14.90
South Australia	3,667	6,499	10,166	—27.86
Western Australia	2,365	3,234	5,599	—15.52
Tasmania	1,932	3,412	5,344	—27.69
Total	42,585	64,804	107,389	—20.69

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

(iii) *Ages and Conjugal Condition of Pensioners.* The recorded ages of the 11,997 persons to whom pensions were granted during the year 1922-23 varied considerably, ranging from 2,205 at age 60 to one at age 96. Particulars for quinquennial age-groups are as follows :—

OLD-AGE PENSIONS GRANTED 1922-23.—AGES AND CONJUGAL CONDITION OF PENSIONERS,

Age Groups.	Males.				Females.				Grand Total.
	Single.	Married.	Widowed.	Total.	Single.	Married.	Widowed.	Total.	
60-64 ..	223	532	165	925	468	2,034	1,715	4,217	5,142
65-69 ..	879	1,914	689	3,482	121	555	445	1,121	4,603
70-74 ..	237	531	236	1,004	42	198	191	431	1,435
75-79 ..	59	159	102	320	15	77	153	245	565
80-84 ..	11	48	32	91	4	18	60	82	173
85-89 ..	4	14	22	40	2	2	23	27	67
90 and above	1	3	2	6	..	..	6	6	12
Total ..	1,419	3,201	1,248	5,868	652	2,884	2,593	6,129	11,997

3. Invalid Pensions.—(i) *Summary, 1923.* Details as at 30th June, 1923, are given hereunder :—

INVALID PENSIONS.—SUMMARY, 1923.

Particulars.	N.S.W.	Vic.	Q'land.	S.A.	W.A.	Tas.	Total.
Claims examined during year ended 30th June, 1923 ..	2,662	1,731	1,021	410	576	330	6,730
Claims rejected	821	356	334	90	259	99	1,959
Claims granted	1,841	1,375	687	320	317	231	4,771
Transfers from other States	153	100	63	41	23	15	395
Existing 30th June, 1922 ..	15,897	11,444	5,152	2,499	2,022	2,005	39,019
	17,891	12,919	5,902	2,860	2,362	2,251	44,185
Deduct—							
Deaths	780	779	324	132	165	107	2,287
Cancellations and Transfers to other States ..	759	433	219	135	134	154	1,834
	1,539	1,212	543	267	299	261	4,121
Invalid Pensions existing 30th June, 1923	16,352	11,707	5,359	2,593	2,063	1,990	40,064

(ii) *Sexes of Pensioners.* Of the 40,064 persons in receipt of invalid pensions on 30th June, 1923, 18,451, or 46 per cent., were males, and 21,613, or 54 per cent., were females. Details for the several States are as follows :—

INVALID PENSIONS.—SEXES OF PENSIONERS, 1923.

State.	Males.	Females.	Total.	(a) Masculinity.
New South Wales	7,357	8,995	16,352	— 10.02
Victoria	5,569	6,138	11,707	— 4.86
Queensland	2,654	2,705	5,359	— 0.95
South Australia	957	1,636	2,593	— 26.19
Western Australia	1,037	1,026	2,063	0.53
Tasmania	877	1,113	1,990	— 11.86
Total	18,451	21,613	40,064	— 7.89

(a) Excess of males over females in each 100 of total pensioners. It will be noted that all States except Western Australia show an excess of females.

(iii) *Ages and Conjugal Condition of Pensioners, 1923.* The recorded ages of the 4,771 persons to whom invalid pensions were granted during the period under review varied from 16 to 79. The following table gives particulars for those up to age 20, and in decennial age-groups after age 20 :—

INVALID PENSIONS.—AGES AND CONJUGAL CONDITION OF PENSIONERS, 1923.

Age Groups.	Males.				Females.				Grand Total.
	Single.	Married.	Widowed.	Total.	Single.	Married.	Widowed.	Total.	
16-19	225	..	..	225	224	..	..	224	449
20-29	210	39	1	250	307	20	6	333	583
30-39	120	190	5	315	173	71	57	301	616
40-49	138	329	19	486	163	133	123	419	905
50-59	267	652	98	1,017	171	345	372	888	1,905
60-69	43	92	30	165	13	37	48	98	263
70-79	6	19	8	33	3	6	8	17	50
Total	1,009	1,321	161	2,491	1,054	612	614	2,280	4,771

4. *Cost of Administration.*—Under the State régime the cost of administration differed considerably in the several States, and for 1908-9 represented in New South Wales 4.17 per cent. of the amount actually paid in pensions. In Victoria for the same year the corresponding percentage was 0.70. During the year 1922-23 the total cost to the Commonwealth of administering the Old-age and Invalid Pensions Department was

£87,910, or about 1.6 per cent of the amount actually paid in pensions. Details concerning the cost of administration for 1922-23 are as follows :—

OLD-AGE AND INVALID PENSIONS.—COST OF ADMINISTRATION, 1922-23.

Heading.	Amount.
	£
Salaries	35,785
Temporary assistance	1,601
Payments to State Governments and payment of commission to Postmaster-General's Department, at 11s. 6d. per £100 paid	34,046
Postage and telegrams	5,138
Other expenses	11,340
Total	87,910

The actual sum disbursed in Old-age and Invalid Pensions in the financial year 1922-23, apart from the cost of administration, was £5,337,936.

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

OLD-AGE AND INVALID PENSIONS.—SUMMARY, AUSTRALIA, 1919 TO 1923.

Financial Year ended 30th June—	Number of Pensioners.			Amount Paid in Pensions.	Amount Paid to Asylums for Maintenance of Pensioners.	Total Payment to Pensioners and Asylums.	Cost of Administration.	Cost of Administration per £100 paid to Pensioners and Asylums.	Average Fortnightly Pension on last day of Financial Year.
	Old-age.	Invalid.	Total.						
				£	£	£	£	£ s. d.	s. d.
1919	95,969	31,999	127,968	3,880,865	55,750	3,936,615	63,280	1 12 2	24 2
1920	99,170	35,231	134,401	4,411,629	72,675	4,484,304	74,120	1 13 1	29 1
1921	102,415	37,981	140,396	5,074,336	75,905	5,150,241	88,271	1 14 3	28 9
1922	105,096	39,019	144,115	5,290,056	89,978	5,380,034	93,608	1 14 10	28 9
1923	107,389	40,064	147,453	5,337,936	86,080	5,423,016	87,910	1 12 5	28 9

§ 7. Maternity Allowance.

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

The following table gives a summary in connexion with the working of the Maternity Allowance Act for the years 1919 to 1923 :—

MATERNITY ALLOWANCE.—SUMMARY, 1919 TO 1923.

Year.	Claims Paid.	Claims Rejected.	Amount Paid.	Cost of Administration.	Cost per £100 of allowance paid.
			£	£	£ s. d.
1918-19 ..	124,016	510	620,080	11,369	1 16 8
1919-20 ..	125,173	621	625,865	12,785	2 0 10
1920-21 ..	140,152	622	700,760	16,173	2 6 2
1921-22 ..	138,140	520	690,700	15,441	2 4 9
1922-23 ..	137,687	421	688,435	16,008	2 6 6

§ 8. War Pensions.

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

2. **Number of Pensioners.**—The following table shows the number of pensioners and the places where payments were made at the 30th June, 1923 :—

WAR PENSIONS.—NUMBER OF PENSIONERS, 1923.

Where Paid.	Incapacitated Members of the Forces.	Dependents of—		Total.
		Deceased Members.	Incapacitated Members.	
London	1,512	4,575	3,203	9,290
South Africa	55	51	61	167
New Zealand	250	259	230	739
Other Overseas	25	7	16	48
New South Wales	24,951	12,623	33,993	71,567
Victoria	24,686	14,327	39,069	78,082
Queensland	8,314	4,001	11,642	23,957
South Australia	4,089	3,956	6,296	14,341
Western Australia	7,721	3,945	12,212	23,878
Tasmania	3,089	1,891	5,106	10,086
Total	74,692	45,635	111,828	232,155

3. **Expenditure on War Pensions, 1923.**—The expenditure on war pensions for the year ended 30th June, 1923, is given in the table hereunder :—

WAR PENSIONS.—EXPENDITURE, 1922-23.

Where Paid.	Amount.	Where Paid.	Amount.
	£		£
New South Wales	2,418,636	Tasmania	294,638
Victoria	2,174,189	London and elsewhere	310,038
Queensland	784,744		
South Australia	437,848		
Western Australia	714,874	Total	7,134,967

4. **Cost of Administration.**—The cost of administration in 1922–23 was £149,584, made up as follows :—

WAR PENSIONS.—COST OF ADMINISTRATION, 1922-23.

Items.					Total.
					£
Salaries	..	..	..	..	65,207
Temporary assistance	..	..	..	..	9,290
Medical examinations	..	..	..	..	7,376
Services of Registrars, Police, and Postal Officials					42,627
London Office	..	..	..	..	6,787
Miscellaneous	..	..	..	..	18,297
Total					149,584

§ 9. Commonwealth Public Service Superannuation Fund.

This Fund which was inaugurated on the 20th November, 1922, is maintained by contributions of employees of the Commonwealth Public Service and by payments from the Consolidated Revenue—the latter being made when the officers retire on pension.

The unit of pension is £26 per annum, and the number of units in respect of which an employee can contribute bears relation to the salary in accordance with the scale set out in Section 13 of the *Superannuation Act 1922*, the minimum pension being two units or £52 per annum, and the maximum 16 units or £416 per annum. The rates of contribution depend on the age at which the employee commences to contribute, a special concession being made in respect of employees in the service at the commencement of the Act who were then upwards of 30 years of age.

The pension is payable when the employee reaches 65 years of age, or is retired through physical or mental incapacity at an earlier age. Provision is, however, made for retirement at an earlier age than 65 under special conditions as to contribution. The widow of a contributor or pensioner receives one-half of the pension to which her husband was entitled and a pension of £13 per annum in respect of each child under 16 years of age.

The number of contributors to the fund at 30th June, 1923, was 26,876, viz., 23,536 males and 3,340 females, and the average number of units contributed for was 3.4, representing a pension of £88 8s. per annum.

From the 5th January, 1923 (the date on which contributions to the Fund commenced) to the 30th June, 1923, receipts were £139,892, of which £128,138 represented employees' contributions and £10,280 from the Consolidated Revenue. Payments amounted to £11,134 including £10,613 paid in pensions. Of the balance of £128,758 which remained on hand on the 30th June, 1923, £126,488 was invested in Commonwealth Inscribed Stock.

Pensions in force on the 30th June, 1923, numbered 299 with an annual liability of £18,154, of which £17,538 represents the share payable from the Consolidated Revenue.

B. STATE FINANCE.

§ 1. General.

1. **Functions of State Governments.**—In comparing the financial returns of the States allowance must be made for the various functions discharged by the respective Governments, and for local conditions in each case. Direct comparisons of expenditure

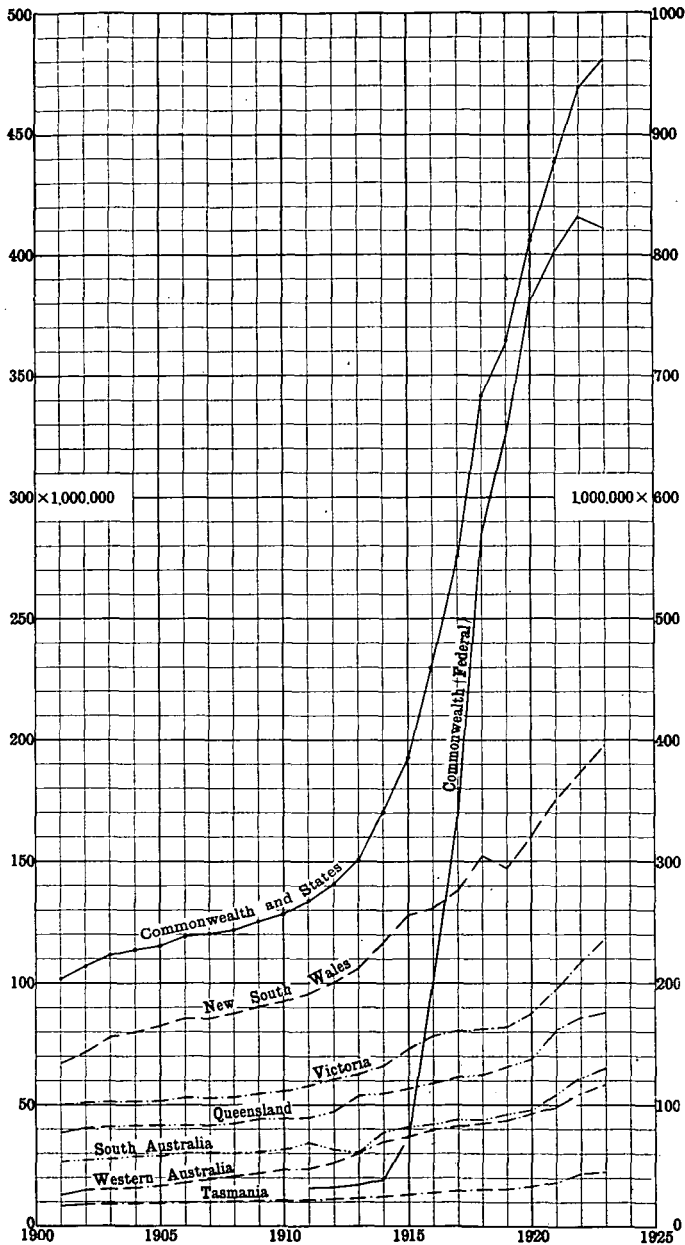
are difficult, owing to the fact that functions which in one State are assumed by the Central Government are in another relegated to local governing bodies, and that costly developmental work may, under certain conditions, be not only economically justifiable, but may be essential to progress, while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

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

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

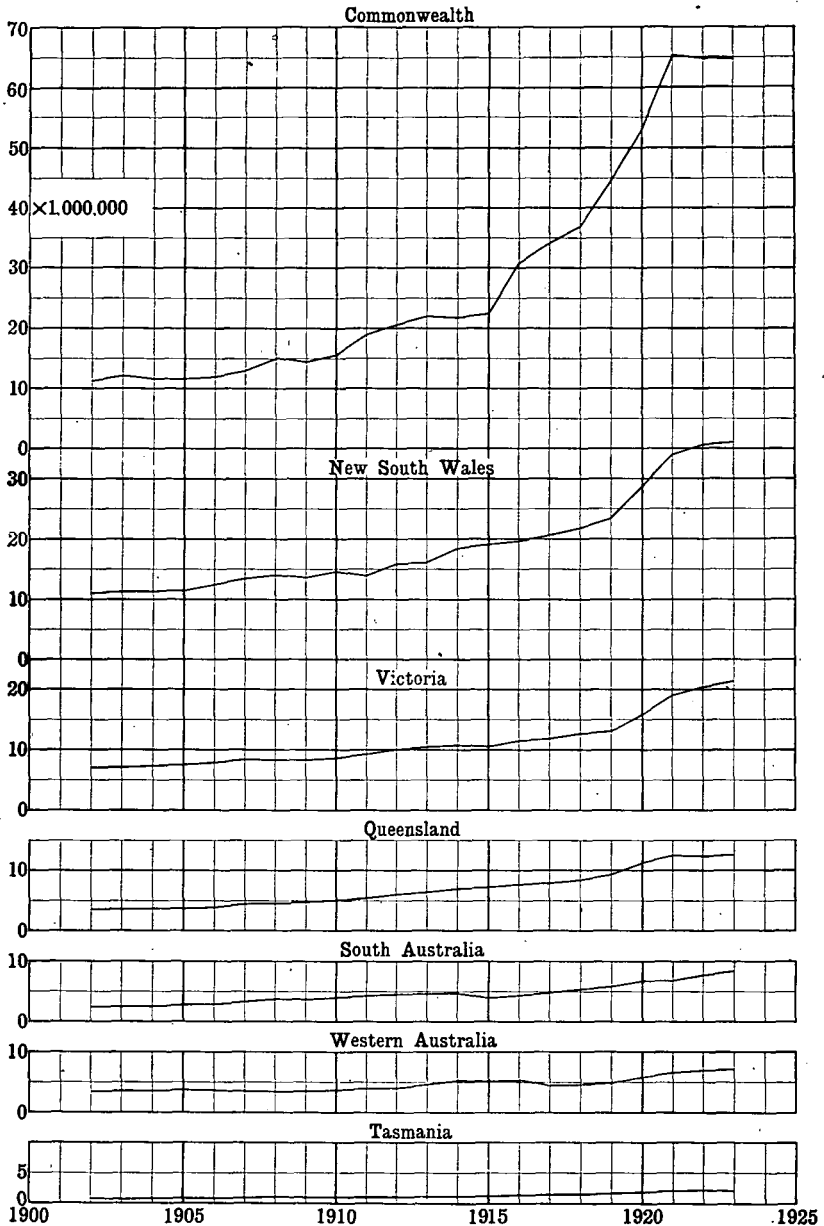
The Commonwealth Prime Minister submitted a scheme intended to secure the attainment of both of these objects. He proposed to cease to collect income tax from all individuals whose incomes were £2,000 a year or less, and to grant an exemption of £2,000 to individuals with incomes over that amount. At the same time he proposed to discontinue the *per capita* payments to the States, leaving the latter free to balance their Budgets by increasing their income tax revenues in the field vacated by the Commonwealth. On the basis of figures supplied by the Commonwealth Treasury, it was believed that Queensland and Tasmania would stand to lose by this arrangement. Accordingly it was proposed to stabilize the finances of these States by a grant of £55,000 to the former and £80,000 to the latter. Inclusive of the above shortage, and certain special payments to the States of Queensland, Western Australia, and Tasmania, the Commonwealth would make an annual payment of £778,000 per annum to these three States. Finally, the Commonwealth Government proposed to enter on these arrangements for a period of five years, and thereafter until otherwise provided.

PUBLIC DEBT—COMMONWEALTH AND STATES, 1901 TO 1923.



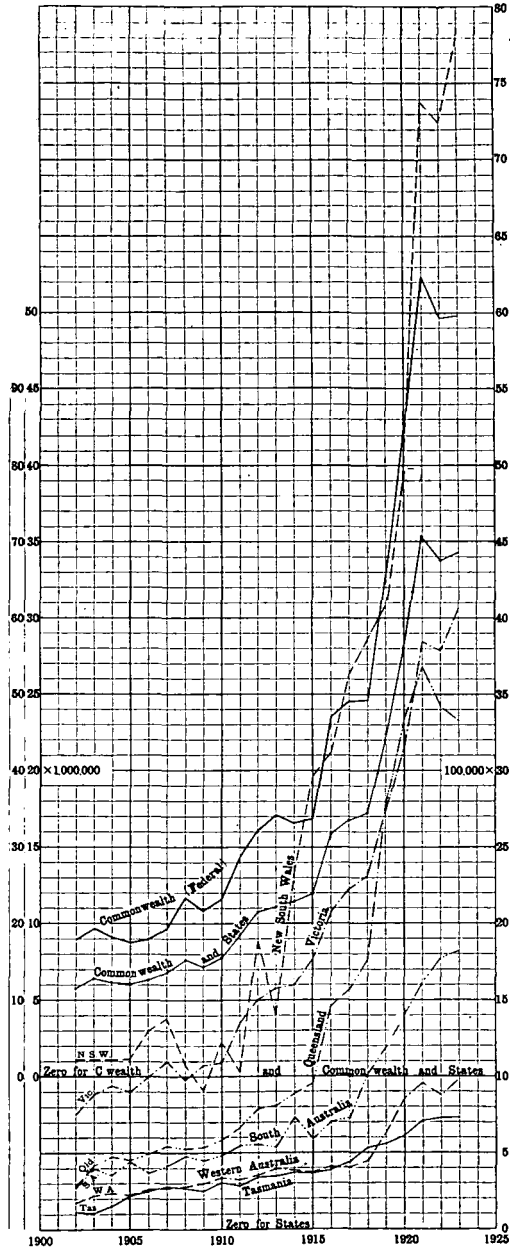
EXPLANATION.—The base of each small square represents an interval of one year, while the vertical height represents £10,000,000 in the case of the Commonwealth (Federal) and States Debts, the scale for which is on the left hand side, and £20,000,000 for Commonwealth and States combined, the scale for which is on the right hand. The Commonwealth (Federal) debt commenced in the year 1911.

CONSOLIDATED REVENUE—COMMONWEALTH AND STATES, 1902 TO 1923.



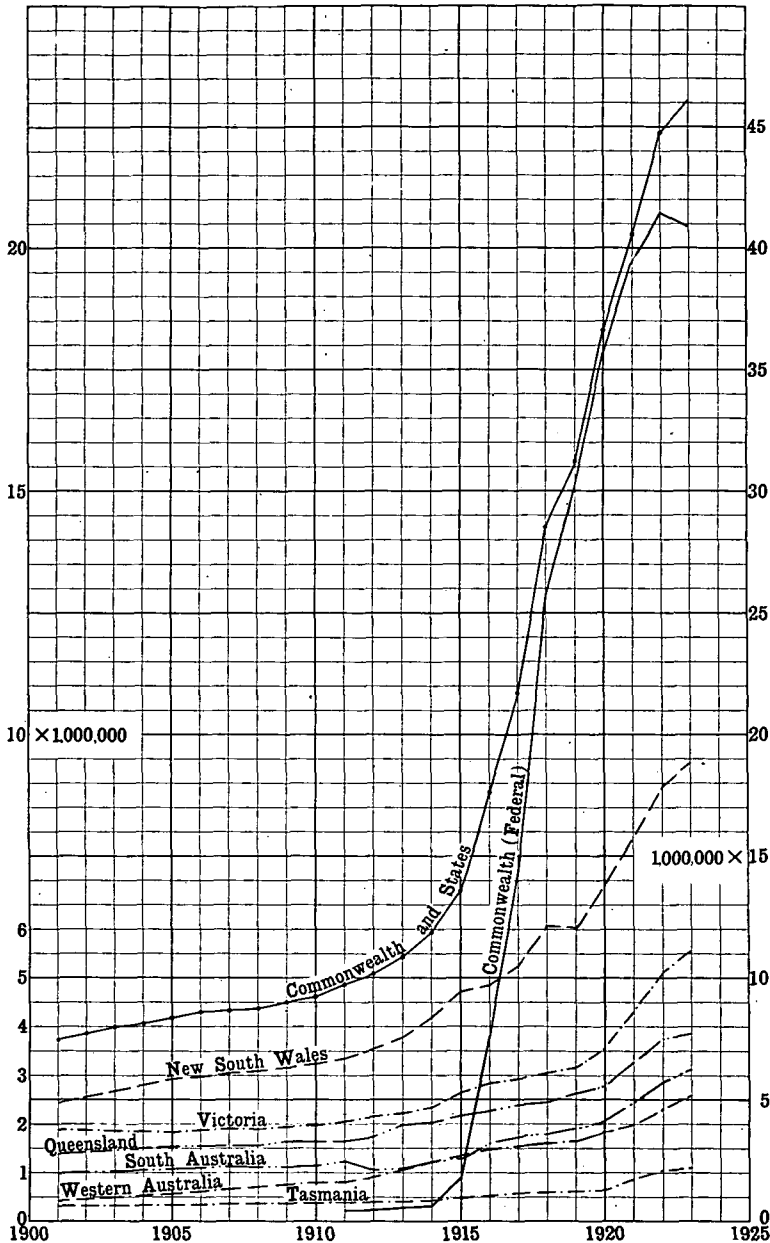
EXPLANATION.—The base of each small square represents an interval of one year, while the vertical height represents £5,000,000. The zero lines in each case are marked thus "0."

TAXATION.—COMMONWEALTH AND STATES, 1902 TO 1923.



EXPLANATION.—The base of each small square represents an interval of one year. Of the two scales on the left hand; the outer one is that for the Commonwealth and States combined, the vertical height of each square representing £2,000,000, and the inner one that for the Commonwealth (Federal), the vertical height representing £1,000,000. The scale on the right hand is that for the States, and the vertical height of each small square represents £100,000.

INTEREST ON PUBLIC DEBTS.—COMMONWEALTH AND STATES, 1901 TO 1923.



EXPLANATION.—The base of each small square represents an interval of one year, while the vertical height represents £500,000 in the case of the Commonwealth (Federal) and States, the scale for which is on the left hand side, and £1,000,000 in the case of the Commonwealth and States combined, for which the scale is on the right hand side.

These proposals were not acceptable to the State Ministers, who put forward counter-proposals for the complete retirement of the Commonwealth from the field of income taxation. The States were willing on that condition to relinquish the capitation payments and to contribute to the Commonwealth Treasury sums to cover any Commonwealth loss entailed under the proposals.

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

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

The statistics relating to income tax have since been carefully investigated, and it has been found that figures on which to base payments to the States would not be available for some time. The operation of the scheme was therefore deferred for one year. In June, 1924, the scheme was again considered by the Commonwealth Government, but owing to the continuance of opposition, it is probable that the operation of the proposals will again be postponed. Meanwhile efforts were made to arrange for one collecting authority for both State and Federal income taxes. Agreements have been drawn up between the Commonwealth, on the one hand, and all the States except Western Australia, on the other, under which the State taxation officers will collect both taxes, except where the Commonwealth incomes are derived from two or more States. In Western Australia there has been for some years only one collecting authority—the Commonwealth.

Provision for the taking over by the Commonwealth of certain of the public debts of the States is made in section 105 of the Constitution, and a proposed law extending this provision to the whole of the State indebtedness, which passed both Houses of the Federal Legislature by the statutory majority, was submitted to a referendum at the election in April, 1910, and received the requisite endorsement by the electorate. No action has, however, been taken, although the subject has, on more than one occasion, been under discussion.

§ 2. State Consolidated Revenue Funds.

Division I.—Revenue.

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

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

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

2. **Revenue Received.**—The following table furnishes particulars of the total amounts and the amounts per head of consolidated revenue received by the several States during the five years 1918–19 to 1922–23 :—

STATE CONSOLIDATED REVENUE, 1918–19 TO 1922–23.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
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TOTAL COLLECTIONS.

	£	£	£	£	£	£	£
1918–19	23,448,166	13,044,088	9,415,543	5,798,313	4,944,850	1,581,984	58,232,944
1919–20	28,650,496	15,866,184	11,293,743	6,582,788	5,863,501	1,815,031	70,071,743
1920–21	34,031,396	19,054,475	12,601,031	7,151,366	6,789,565	2,105,449	81,733,282
1921–22	35,637,820	20,357,733	12,311,378	7,771,752	6,907,107	2,181,395	85,167,185
1922–23	36,145,944	21,634,677	12,599,403	8,431,700	7,207,492	2,174,062	88,193,278

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1918–19	11 19 1	9 1 6	13 6 11	12 13 4	15 19 3	7 15 11	11 9 2
1919–20	14 1 1	10 11 1	15 6 10	13 13 5	17 17 8	8 13 0	13 4 3
1920–21	16 5 5	12 9 5	16 15 9	14 11 4	20 9 10	9 17 11	15 2 1
1921–22	16 15 0	13 2 7	16 0 6	15 9 5	20 11 6	9 19 10	15 9 2
1922–23	16 12 8	13 12 1	15 19 6	16 8 7	20 19 7	9 18 7	15 13 1

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

During the four years from 30th June, 1919, to 30th June, 1923, the aggregate revenue of the States increased by no less a sum than £29,960,334, or about 50 per cent. Increases were in evidence in all the States, the largest being that of £12,697,778 in New South Wales. This general advance is the more notable since, during recent years, a much smaller amount has been received from the Commonwealth in the way of subsidy, than was the case up to 1910.

There has been a marked increase in the collections per head in all the States. Western Australia throughout the period has occupied the premier position, and in 1922–23 the revenue per head in that State exceeded the average for Australia by about 33 per cent. In Tasmania, however, the revenue per head has averaged about 60 per cent. only of the average for Australia.

3. **Sources of Revenue.**—(i) *General.* Classifying the revenue of the several States in the manner indicated in 1 *ante*, particulars for the year 1922–23 are as follows :—

STATE CONSOLIDATED REVENUE.—SOURCES, 1922-23.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
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TOTAL REVENUE.

	£	£	£	£	£	£	£
Taxation	7,799,118	4,077,046	3,330,885	1,816,776	987,558	728,175	18,739,558
Public works and ser- vices	22,746,827	12,686,786	5,642,763	5,087,914	4,000,147	873,352	51,037,789
Land	1,914,233	420,363	1,552,379	208,772	403,335	86,735	4,585,817
Commonwealth sub- sidy	2,690,198	1,969,772	978,673	635,833	(a)554,828	(b)356,247	7,185,551
Miscellaneous ..	995,568	2,480,710	1,094,703	682,405	1,261,624	129,553	6,644,563
Total ..	36,145,944	21,634,677	12,599,403	8,431,700	7,207,492	2,174,062	88,193,278

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Taxation	3 11 9	2 11 3	4 4 6	3 10 10	2 17 6	3 6 6	3 6 6
Public works and services	10 9 4	7 19 7	7 3 1	9 18 3	11 12 10	3 19 9	9 1 3
Land	0 17 8	0 5 3	1 19 4	0 8 2	1 3 6	0 7 11	0 16 3
Commonwealth subsidy	1 4 9	1 4 9	1 4 10	1 4 9	1 12 4	1 12 7	1 5 6
Miscellaneous	0 9 2	1 11 3	1 7 9	1 6 7	3 13 5	0 11 10	1 3 7
Total ..	16 12 8	13 12 1	15 19 6	16 8 7	20 19 7	9 18 7	15 13 1

(a) Including special grant of £130,000..

(b) Including special grant of £85,000.

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

(ii) *Relative Importance of Various Sources.* The following table indicates the relative importance of the different sources of revenue in the several States, by showing the percentage which each item of revenue bears to the total for the State for the year 1922-23 :—

STATE CONSOLIDATED REVENUE.—PERCENTAGE OF ITEMS, 1922-23.

[illegible]

(iii) *Revenue from Taxation.*—(a) *General.* Prior to Federation, duties of Customs and Excise constituted the principal source of revenue from taxation. At present, the most productive State tax is the income tax, imposed in all the States. For 1922-23 stamp duties occupied second place. In addition to these, a State land tax and licence fees of various kinds are collected in all the States, while a dividend tax is levied in Western Australia. The total revenue from taxation collected by the States during the year 1922-23 was £18,739,558, details of which are set forth in the table hereunder:—

STATE CONSOLIDATED REVENUE FROM TAXATION, 1922-23.

Taxation.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Probate and succession duties	1,176,596	697,482	257,402	205,382	45,997	56,530	2,439,389
Other stamp duties	1,460,436	1,117,839	353,745	397,050	173,453	166,424	3,668,947
Land Tax	2,570	392,594	417,865	197,107	79,983	97,352	1,187,471
Income Tax	4,196,228	1,514,256	2,149,607	930,460	579,060	325,151	9,667,762
Licences	239,984	335,402	98,743	42,815	54,654	22,822	794,420
Other Taxation	723,304	19,473	53,523	70,962	54,411	59,896	981,569
Total	7,799,118	4,077,046	3,330,885	1,816,776	987,558	728,175	18,739,558

(a) Includes £189,057 Dividend Tax.

The total amount raised by means of taxation by the several State Governments during the five years 1918-19 to 1922-23 is given in the following table:—

STATE CONSOLIDATED REVENUE FROM TAXATION, 1918-19 TO 1922-23.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
TOTAL.							
	£	£	£	£	£	£	£
1918-19	4,083,990	2,744,946	2,772,269	1,185,451	629,061	555,537	11,971,254
1919-20	4,962,518	3,159,767	3,323,745	1,391,830	844,197	609,576	14,291,633
1920-21	7,388,133	3,846,833	3,682,642	1,622,076	955,359	708,603	18,203,646
1921-22	7,249,017	3,791,174	3,420,296	1,778,576	881,159	727,701	17,847,923
1922-23	7,799,118	4,077,046	3,330,885	1,816,776	987,558	728,175	18,739,558

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1918-19	2 1 8	1 18 2	3 18 7	2 11 10	2 0 7	2 14 8	2 7 1
1919-20	2 8 8	2 2 0	4 10 4	2 17 10	2 11 6	2 18 1	2 14 0
1920-21	3 10 8	2 10 4	4 18 1	3 6 1	2 17 8	3 6 7	3 7 3
1921-22	3 8 2	2 8 11	4 9 0	3 10 10	2 12 6	3 6 8	3 4 9
1922-23	3 11 9	2 11 3	4 4 6	3 10 10	2 17 6	3 6 6	3 6 6

During the period between 30th June, 1919, and 30th June, 1923, State revenue from taxation increased by nearly 60 per cent, the increase varying considerably in the different States. The great increase of recent years in New South Wales is due principally to the broadening of the basis of the State Income Tax, increased receipts from Stamp Duties, and in addition in 1922-23, £537,610 was collected from Racing Taxes. Queensland substantially increased the income tax in 1918-19, and Tasmania imposed in 1917-18 a super-tax on incomes and a tax on motor vehicles. While State taxation for the year 1921-22 showed a slight decline from the previous year, owing mainly to diminished collections in New South Wales and Queensland, increases occurred in 1922-23 in every State except Queensland.

Taking the States as a whole, taxation increased by 19s. 5d. per head during the period from 1918-19 to 1922-23, the most marked increase occurring in the case of New South Wales.

(b) *Probate and Succession Duties.* Probate duties have been levied for many years in all the States, but the provisions of the Acts governing the payment of duty differ

widely both in regard to the ordinary rates and those which apply to special beneficiaries. A table showing the values of the estates in which probates and letters of administration were granted is given hereinafter. (See Private Finance § 8.)

The duties collected for the financial years 1918-19 to 1922-23 are as follows :—

STATE PROBATE AND SUCCESSION DUTIES.—COLLECTIONS, 1918-19 TO 1922-23.

State.	1918-19.	1919-28.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
New South Wales ..	575,875	1,062,533	734,352	907,307	1,176,596
Victoria ..	718,194	881,423	702,468	706,181	697,482
Queensland ..	(a)	(a)	328,204	295,748	257,402
South Australia ..	221,729	192,540	158,107	197,764	205,382
Western Australia ..	40,329	121,951	42,407	76,817	45,997
Tasmania ..	64,410	50,271	53,407	61,142	56,530
Total ..	1,620,537 (b)	2,308,718 (b)	2,018,945	2,244,959	2,439,389

(a) Included in Stamp Duties.

(b) Excluding Queensland.

(c) *Other Stamp Duties.* The revenue derived from stamp duties (exclusive of probate and succession duties) for the years 1918-19 to 1922-23 is shown in the accompanying table :—

STATE STAMP DUTIES.—COLLECTIONS, 1918-19 TO 1922-23.

State.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
New South Wales ..	687,304	978,343	1,414,468	1,343,389	1,460,436
Victoria ..	583,818	822,489	930,221	932,649	1,117,839
Queensland ..	a387,742	a698,382	332,559	308,991	353,745
South Australia ..	213,130	325,034	370,288	346,918	397,050
Western Australia ..	112,104	173,541	177,404	164,929	173,453
Tasmania ..	96,949	128,574	148,893	144,125	166,424
Total ..	2,081,047a	3,126,363a	3,373,833	3,241,001	3,668,947

(a) Including Queensland probate and succession duties.

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

The following table shows the amount collected by means of such taxes during the financial years 1918-19 to 1922-23 :—

STATE LAND TAX.—COLLECTIONS, 1918-19 TO 1922-23.

State.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
New South Wales ..	2,800	2,834	2,717	2,490	2,570
Victoria ..	324,232	314,217	331,756	372,060	392,594
Queensland ..	578,253	459,188	469,175	480,518	417,865
South Australia ..	154,621	146,336	168,020	162,104	197,107
Western Australia ..	34,182	46,415	57,791	42,549	79,983
Tasmania ..	86,705	87,785	89,085	97,031	97,352
Total ..	1,180,793	1,056,775	1,118,544	1,156,752	1,187,471

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

In 1923 agreements were made between the Commonwealth and all States except Western Australia in respect to the collection of the Commonwealth Income Tax. Reference to this subject is made in Section A of this Chapter (*Commonwealth Finance*, §2). A single collecting authority has been in existence in Western Australia for some years.

The following table shows the total amount collected in the several States during the years 1918-19 to 1922-23. In the case of Western Australia the amount of dividend duty collected is included.

STATE INCOME AND DIVIDEND TAXES.—COLLECTIONS, 1918-19 TO 1922-23.

State.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
New South Wales ..	2,355,243	2,308,267	4,399,360	4,077,897	4,196,228
Victoria ..	928,210	915,551	1,591,198	1,443,209	1,514,256
Queensland ..	1,677,335	2,023,316	2,410,171	2,194,361	2,149,607
South Australia ..	542,007	662,384	852,001	975,043	903,460
Western Australia ..	359,623	416,136	579,289	497,879	579,060
Tasmania ..	261,028	279,476	348,005	355,035	325,151
Total ..	6,123,446	6,605,130	10,180,024	9,543,424	9,667,762

(f) *Commonwealth and State Taxation.* The table hereunder shows the combined Commonwealth and State taxation for each of the years 1918-19 to 1922-23, as well as the amount per head of population :—

TOTAL COMMONWEALTH AND STATE TAXATION, 1918-19 TO 1922-23.

Particulars.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
Commonwealth taxation	32,864,486	41,847,692	52,427,421	49,678,842	49,885,017
State taxation ..	11,971,254	14,291,633	18,203,646	17,847,923	18,739,558
Total ..	44,835,740	56,139,325	70,631,067	67,526,765	68,624,575
Taxation per head ..	£8/16/6	£10/11/9	£13/1/0	£12/5/1	£12/3/7

Whilst the Commonwealth taxation increased during the period by £17,020,531, of which £15,445,159 was due to Customs and Excise, the State taxation advanced by £6,768,304, the aggregate increase being £23,788,835. The amount *per capita* of total taxation has increased about 40 per cent. in the period under review.

(iv) *Public Works and Services.* A very large proportion of State revenues is made up of receipts from public works and services under the control of the Governments. The principal of these are railways and tramways, harbour works, and water supply and sewerage, while, in addition, State batteries for the treatment of auriferous ores exist in Western Australia, and various minor revenue-producing services are rendered by the Governments of all States. For the year 1922-23 the aggregate revenue from

these sources was £51,037,789, or nearly 58 per cent. of the revenue from all sources. Details of revenue from public works and services for the year 1922-23 are as follows :—

STATE REVENUE FROM PUBLIC WORKS AND SERVICES, 1922-23.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways	19,083,302	611,289,956	65,400,320	63,705,426	3,150,038	568,993	648,198,035
Harbour services ..	1,165,827	199,379	65,183	494,190	168,223	..	2,092,802
Public batteries ..	..	400	..	..	56,691	..	57,091
Water supply and sewerage ..	1,826,260	351,438	..	432,673	416,633	..	3,027,004
Other public services ..	671,438	845,613	177,260	455,025	208,562	304,359	2,662,857
Total	22,746,827	12,686,786	5,642,763	5,087,914	4,000,147	873,352	51,037,789

(a) Water supply only.

(b) Railways only.

(v) *Lands.* The revenue from the sale and rental of Crown lands has, with few exceptions, been treated from the earliest times as forming part of the Consolidated Revenue Funds, and has been applied to meet ordinary expenses. Where the rentals received are for lands held for pastoral or residential purposes such application of the revenue appears perfectly justifiable. On the other hand, where the rentals are for mineral and timber lands, and in all cases of sales of lands, the proceeding is essentially a disposal of capital to defray current expenses, and is open to adverse criticism. The following table gives the revenue from sales and rentals of Crown lands for the year 1922-23.

STATE LAND REVENUE, 1922-23.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Sales ..	1,035,227	12,471	409,713	34,027	311,360	39,924	1,842,722
Rentals ..	879,006	407,892	1,142,666	174,745	91,975	46,811	2,743,095
Total ..	1,914,233	420,363	1,552,379	208,772	403,335	86,735	4,585,817

(vi) *Commonwealth Subsidy.* The payments to the States of Commonwealth subsidy represent in each instance a considerable proportion of the States' revenue, and for the year 1922-23 aggregated £7,185,551. This shows a great decline from the amounts received up to 1910, and is the result of the altered system of allotting the subsidy. A reference to recent proposals to discontinue the payment of this subsidy will be found in Section B, §1. 3. of this chapter. The percentage represented by the subsidy received by each State for 1922-23 on the total revenue of that State is shown in the following table :—

COMMONWEALTH SUBSIDY PAID TO EACH STATE, 1922-23.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Commonwealth subsidy	2,690,193	1,969,772	978,673	635,833	554,828a	356,247b	7,185,551
Total revenue ..	36,145,944	21,634,677	12,599,403	8,431,700	7,207,492	2,174,062	88,193,278
Percentage of subsidy on revenue	% 7.44	% 9.10	% 7.77	% 7.54	% 7.70	% 16.39	% 8.15

(a) Including special grant of £130,000.

(b) Including special grant of £85,000.

(vii) *Miscellaneous.* In addition to the foregoing, there are in each State several miscellaneous sources of revenue, including such items as interest, fines, fees, etc., which for the year 1922-23 aggregated £6,644,563. Of this amount, interest was responsible for £3,382,470.

Division II.—Expenditure.

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

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

Of these, that of working expenses of railways and tramways was the most important, and for the year 1922-23 represented about 37 per cent. of the aggregate expenditure from the Consolidated Revenue Fund. Next in importance for that year was the item of interest and sinking fund in connexion with the public debt, then education, medical and charitable expenditure, and police, in the order named.

2. *Total Expenditure.*—The total expenditure from Consolidated Revenue Funds in the several States, and the expenditure per head of population during each of the years 1918-19 to 1922-23 are given in the table hereunder :—

STATE EXPENDITURE.—CONSOLIDATED REVENUE FUNDS, 1918-19 TO 1922-23.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
1918-19	23,233,398	13,023,407	9,587,532	5,876,811	5,596,864	1,644,512	58,962,524
1919-20	30,210,013	15,752,459	11,266,910	6,457,039	6,531,725	1,828,301	72,046,447
1920-21	34,476,892	18,941,698	12,591,201	7,543,640	7,476,291	2,189,157	83,218,879
1921-22	36,966,525	20,297,279	12,499,970	7,826,241	7,639,242	2,302,077	87,531,334
1922-23	35,342,436	21,611,309	12,784,382	8,426,517	7,612,856	2,472,523	88,250,023

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1918-19	11 16 11	9 1 2	13 11 10	12 16 9	18 0 10	8 2 0	11 12 1
1919-20	14 16 4	10 9 7	15 6 1	13 8 3	19 18 5	8 14 3	13 11 8
1920-21	16 9 8	12 7 11	16 15 6	15 7 3	22 11 4	10 5 10	15 7 6
1921-22	17 7 5	13 1 9	16 5 5	15 11 6	22 15 1	10 10 11	15 17 8
1922-23	16 5 4	13 11 10	16 4 3	16 8 4	22 3 2	11 5 11	15 13 4

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

3. Details of Expenditure for 1922-23.—(i) *General.* The following table shows the total expenditure and expenditure per head under each of the principal items:—

STATE EXPENDITURE.—DETAILS, 1922-23.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
TOTAL.							
	£	£	£	£	£	£	£
Public debt (interest, sinking fund, etc.) ..	7,701,453	5,776,741	3,589,714	2,460,273	2,587,988	908,124	23,024,293
Railways and tramways (working expenses) ..	13,785,697	8,275,909	4,712,362	2,769,396	2,418,393	525,119	32,486,876
Justice	539,548	236,172	163,300	62,629	76,819	20,575	1,099,043
Police	1,072,962	610,827	455,519	215,896	175,332	77,036	2,607,572
Penal establishments ..	146,359	80,363	34,068	34,069	24,022	9,640	328,521
Education	3,614,875	2,031,563	1,281,177	591,264	589,432	281,467	8,389,778
Medical and charitable ..	1,670,073	926,877	862,454	385,736	364,749	170,119	4,380,008
All other expenditure ..	6,311,469	3,672,857	1,685,788	1,907,254	1,376,121	480,443	15,933,932
Total ..	35,342,436	21,611,309	12,784,382	8,426,517	7,612,856	2,472,523	88,250,023

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Public debt (interest, sinking fund, etc.) ..	3 10 11	3 12 8	4 11 1	4 15 11	7 10 8	4 2 11	4 1 9
Railways and tramways (working expenses) ..	6 6 11	5 4 1a	5 19 7a	5 7 10a	7 0 9	2 8 0a	5 15 4
Justice	0 4 11	0 3 0	0 4 2	0 2 5	0 4 6	0 1 10	0 3 11
Police	0 9 11	0 7 8	0 11 7	0 8 5	0 10 2	0 7 1	0 9 3
Penal establishments ..	0 1 4	0 1 0	0 0 10	0 1 4	0 1 5	0 0 11	0 1 2
Education	1 13 3	1 5 7	1 12 6	1 3 1	1 14 3	1 5 9	1 9 9
Medical and charitable ..	0 15 5	0 11 8	1 1 10	0 15 0	1 1 3	0 15 6	0 15 7
All other expenditure ..	3 2 8	2 6 2	2 2 8	3 14 4	4 0 2	2 3 11	2 16 7
Total ..	16 5 4	13 11 10	16 4 3	16 8 4	22 3 2	11 5 11	15 13 4

(a) Railways only.

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

STATE EXPENDITURE.—PERCENTAGES OF ITEMS, 1922-23.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	%	%	%	%	%	%	%
Public debt (interest, sinking fund, etc.) ..	21.79	26.73	28.08	29.20	33.99	36.72	26.09
Railways and tramways (working expenses) ..	39.01	38.29	36.86	32.87	31.77	21.23	36.81
Justice	1.53	1.09	1.28	0.74	1.01	0.83	1.25
Police	3.04	2.83	3.56	2.56	2.30	3.15	2.95
Penal establishments ..	0.41	0.37	0.27	0.40	0.32	0.38	0.37
Education	10.23	9.40	10.02	7.02	7.74	11.38	9.51
Medical and charitable ..	4.72	4.29	6.74	4.58	4.79	6.88	4.96
All other expenditure ..	19.27	17.00	13.19	22.63	18.08	19.43	18.06
Total ..	100.00	100.00	100.00	100.00	100.00	100.00	100.00

The interest and sinking fund on the public debt, together with the working expenses of the railways and tramways represented for the year 1922-23 about 60 per cent. of the aggregate State expenditure, a proportion which has been maintained with great regularity for many years past.

Division III.—Balances.

1. **Position on 30th June, 1923.**—On various occasions in each of the States the revenue collected for a financial year has failed to provide the funds requisite for defraying the expenditure incurred during that year, the consequent deficit being usually liquidated either by cash obtained from trust funds, or by the issue of Treasury bills. Thus, during the period of financial stress resultant upon the crisis of 1893 and the drought conditions of succeeding years, the accumulated overdrafts of several of the States grew very rapidly, and the situation has changed very much for the worse in recent years, so that no State has now a credit balance. The position of the balances of the several Consolidated Revenue Funds on 30th June, 1923, was as follows :—

STATE CONSOLIDATED REVENUE FUND BALANCES, 30th JUNE, 1923.

State.	Debit Balance.		Net Debit Balance.
	Cash Overdraft.	Overdraft liquidated by Treasury Bills.	
	£	£	£
New South Wales	2,774,755	..	2,774,755
Victoria	53,598	1,128,286	1,181,884
Queensland	810,011	..	810,011
South Australia	1,539,229	..	1,539,229
Western Australia .. .. .	..	..	5,910,929
Tasmania	298,461	349,401	647,862
Total .. .. .	..	..	12,864,670

§ 3. State Trust Funds.

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

2. **Extent.**—The amount of trust funds held on the 30th June, 1923, was as follows :—

STATE TRUST FUNDS, 30th JUNE, 1923.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
Amount of trust funds	18,527,873	7,201,583	Dr. 34,975	2,806,048	17,910,684	1,537,706	47,948,919

§ 4. State Loan Funds.

Division I.—Loan Expenditure.

1. **General.**—So far back as the year 1842 revenue collections were supplemented with borrowed moneys, the earliest loan being by New South Wales for the purpose of assisting immigration, at rates of interest varying from 2½d. to 5½d. per £100 per diem, or approximately from 4½ per cent. to 8 per cent. per annum. Australian public borrowing, however, is mainly due to the fact that the State Governments, in addition to ordinary administrative duties, undertake functions which in other countries are usually entrusted to local authorities or left to the initiative of private enterprise. Foremost amongst these are the construction and control of the railway systems, while loan moneys have largely been used for improvements to harbours and rivers, and the construction of water supply and sewerage works. The State loan expenditure and public debt thus differ very materially from those of most European countries, and also from those of the Commonwealth, where such expenditure was very largely incurred for purposes of defence, or absorbed in the prosecution of war. As shown above, the State debts consist chiefly of moneys raised and expended with the object of assisting the development of the resources of the country, and are, to a very large extent, represented by tangible assets.

2. **Loan Expenditure, 1922-23.**—For the year ended 30th June, 1923, State expenditure from loan funds was £30,283,300, New South Wales with a total of £9,794,019 being the principal contributor to this amount. Expenditure on railways and tramways is a very heavy item, but in recent years the settlement of returned soldiers upon the land has absorbed large sums. Details for the year for each State are given in the following table:—

STATE LOAN EXPENDITURE, 1922-23.

Heads of Expenditure.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways ..	4,669,285	1,674,643	2,134,162	659,120	591,614	254,120	9,982,944
Water supply, sewerage, and Water Conservation	2,850,639	1,210,483	139,592	1,718,978	200,857	..	6,120,549
Harbours, rivers, etc. }	682,550	582,715	..	691,398	111,745	98,266	2,166,674
Roads and bridges }	..	..	..	..	..	..	..
Public buildings ..	307,554	329,882	230,941	81,626	18,680	27,959	996,642
Development of mines, etc.	..	..	..	..	64,618	..	64,618
Advances to settlers ..	1,609	23,731	..	354,799	..	1,536	5,434,720
Land purchases for settle- ment ..	300,000	2,420,764	230,595	(a) 34,477	2,131,345	4,818	..
Loans to local bodies ..	99,839	..	557,405	..	..	137,939	795,183
Rabbit-proof fences ..	39,514	(b)	20,190	(a) 4,778	..	..	54,926
Other public works and pur- poses ..	843,029	2,522,088	388,865	13,615	270,440	(d) 629,007	4,667,044
Total ..	9,794,019	8,764,366	3,701,750	3,430,281	3,389,299	1,153,645	30,283,300

(a) Repayment. (b) Included in "Advances to Settlers." (c) Including £2,471,457 for Electricity supply. (d) Including £226,485 spent on Hydro-Electric scheme.

3. **Loan Expenditure, 1918-19 to 1922-23.**—The following table gives the loan expenditure during each of the years 1918-19 to 1922-23:—

STATE LOAN EXPENDITURE, 1918-19 TO 1922-23.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
1918-19	3,918,887	2,932,521	2,736,412	2,006,166	1,049,736	575,054	13,218,776
1919-20	8,794,905	7,601,266	4,797,865	3,446,617	2,663,319	1,375,960	28,679,932
1920-21	14,701,028	11,095,158	4,251,248	1,826,841	2,586,404	2,717,452	37,178,131
1921-22	10,442,732	11,804,991	2,599,573	2,689,422	2,454,924	2,097,364	32,089,006
1922-23	9,794,019	8,764,306	3,701,750	3,480,281	3,389,299	1,153,645	30,283,300

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1918-19	2 0 0	2 0 10	3 17 7	4 7 8	3 7 9	2 16 8	2 12 0
1919-20	4 6 4	5 1 2	6 10 4	7 3 2	8 2 6	6 11 1	5 8 2
1920-21	7 0 7	7 5 3	5 13 3	3 14 5	7 16 1	12 15 6	6 17 4
1921-22	4 18 2	7 12 3	3 7 8	5 7 1	7 6 3	9 12 2	5 16 6
1922-23	4 10 2	5 10 3	4 13 11	6 15 8	9 17 4	5 5 5	5 7 6

Throughout the period the loan expenditure of New South Wales has represented on the average between 30 and 40 per cent. of the aggregate for all the States.

The loan expenditure per head of population varies in the different States and in different years, reaching its highest point for the five years under review in Tasmania in 1920-21 with £12 15s. 6d. per head, and its lowest in New South Wales in 1918-19 with 40s. 0d. per head.

4. Total Loan Expenditure to 30th June, 1923.—(i) *General.* The total loan expenditure of the States from the initiation of borrowing to the 30th June, 1923, amounted to £519,829,758. The purposes for which this sum was expended are shown in the following table:—

TOTAL STATE LOAN EXPENDITURE TO 30th JUNE, 1923.

Heads of Expenditure.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways	106,520,367	63,398,911	47,868,192	22,683,533	19,268,968	6,596,175	266,336,146
Telegraphs and telephones	1,761,845	..	996,587	991,773	..	142,410	3,892,615
Water supply, sewerage and water conservation	36,454,005	16,244,925	1,044,335	14,824,528	5,610,988	..	74,178,781
Harbours, rivers, etc.	21,037,773	6,151,021	3,343,452	7,560,622	4,603,102	5,426,520	48,122,490
Roads and bridges	1,457,536	149,323	363,084	291,615	..	128,224	2,389,782
Defence	..	..	..	..	..	1,482,883	17,020,795
Public buildings	6,632,354	3,134,617	3,006,405	1,847,219	917,319	432,028	4,000,028
Immigration	569,930	..	2,763,070	..	..	235,000	2,445,016
Development of mines, etc.	..	510,454	..	5,111	1,929,451	..	..
Land purchases for settlement	6,047,000	25,276,097	2,605,023	1,907,632	10,032,147	2,896,893	53,164,387
Advances to settlers	675,941	1,036,460	..	2,595,515	..	91,679	..
Loans to local bodies	89,266	..	7,710,883	..	..	1,476,730	9,276,879
Rabbit-proof fences	168,238	..	..	197,539	328,703	..	694,480
Other public works and purposes	10,099,469	10,671,452	3,661,704	3,641,158	5,736,472	4,498,104	38,308,359
Total	191,513,724	126,573,260	73,362,733	56,546,245	48,859,178	22,974,618	519,829,758

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

(ii) *Relative Importance of Items.* The relative importance of the different items of loan expenditure is indicated in the following table, which gives the percentage of each loan on the total loan expenditure in each State and for the States as a whole to 30th June, 1923 :—

TOTAL STATE LOAN EXPENDITURE TO 30th JUNE, 1923.—PERCENTAGES OF ITEMS.

Heads of Expenditure.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	%	%	%	%	%	%	%
Railways and tramways ..	55.62	50.09	65.25	40.11	39.44	28.71	51.23
Telegraphs and telephones	0.92	..	1.36	1.75	..	6.62	0.75
Water supply sewerage and water conservation ..	19.03	12.83	1.42	26.21	11.48	..	14.27
Harbours, rivers, etc. } Roads and bridges }	10.98	4.86	4.56	13.36	9.42	23.62	9.26
Defence ..	0.76	0.12	0.49	0.51	..	0.56	0.46
Public buildings ..	3.46	2.48	4.10	3.25	1.88	6.45	3.28
Immigration ..	0.30	..	3.77	..	6.89	1.02	0.77
Development of mines, etc.	..	0.41	..	0.08	3.95	..	0.47
Land purchases for settlement ..	3.16	19.97	3.55	3.37	20.53	12.61	10.23
Advances to settlers ..	0.35	0.81	..	4.58		0.40	
Loans to local bodies ..	0.05	..	10.51	..	..	6.43	1.78
Rabbit-proof fences ..	0.09	..	..	0.34	0.67	..	0.13
Other public works and purposes ..	5.28	8.43	4.99	6.44	11.74	19.58	7.37
Total ..	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Division II.—State Public Debts.

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

2. *State Debts, 1919 to 1923.*—The table hereunder shows the State public debts and the amounts owing per head of population at the 30th June, in each year from 1919 to 1923 inclusive. The totals include sums advanced by the Commonwealth to the States for settling returned soldiers on the land, and for this reason they differ in some cases from those given in previous issues.

STATE PUBLIC DEBTS, 30th JUNE, 1919 TO 1923.

Date.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
30th June, 1919 ..	147,174,536	82,655,532	64,908,701	46,829,317	43,637,076	15,281,281	400,576,535
" 1920 ..	159,649,649	88,273,123	70,152,471	48,565,562	46,822,003	16,630,039	430,002,847
" 1921 ..	175,084,937	97,317,830	79,744,321	54,888,685	49,039,668	18,772,018	474,847,459
" 1922 ..	190,857,535	109,099,109	85,601,228	60,936,238	54,959,778	21,945,411	523,489,380
" 1923 ..	197,936,092	118,562,020	88,005,001	65,451,873	58,485,555	22,438,091	550,878,641
PER HEAD OF POPULATION.							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
30th June, 1919 ..	73 14 5	56 1 7	89 17 7	99 19 2	136 10 5	74 15 1	77 2 6
" 1920 ..	77 4 3	58 7 9	93 14 1	99 16 9	141 16 3	79 8 10	80 4 5
" 1921 ..	83 5 11	63 7 5	103 18 8	110 7 3	146 19 8	83 11 11	87 0 10
" 1922 ..	88 17 1	69 9 6	109 7 2	120 14 0	161 12 4	102 17 8	94 0 4
" 1923 ..	90 5 6	73 15 0	109 4 9	125 15 9	168 0 1	104 19 2	96 16 11

The greatest increase in indebtedness was experienced in New South Wales, which added £50,761,556 during the period under review. During the period between 30th June, 1919, and 30th June, 1923, the public debt of the States increased by £150,302,106, or at the rate of about £37,600,000 per annum.

3. *Place of Flotation of Loans.*—(i) *For each State.* As pointed out previously the early loans, usually for comparatively small amounts, were raised locally, but, with the increasing demand for loan funds and the more favourable terms offering in the London market, the practice of raising loans in London came into vogue, and for many years local flotations, except for short terms or small amounts, were comparatively infrequent. In more recent years, however, the accumulating stocks of money in Australia seeking investment have led to the placing of various redemption and other loans locally, with very satisfactory results. Moreover, certain loans have been placed in New York on account of the Queensland and Tasmanian Governments. The following table gives particulars of loans outstanding on the 30th June, 1923, which had been floated abroad and in Australia respectively :—

STATE PUBLIC DEBTS.—PLACE OF FLOTATION OF LOANS, 30th JUNE, 1923.

State.	Floated Abroad.		Floated in Australia.		Total Public Debt
	Amount.	Percentage on Total Debt.	Amount.	Percentage on Total Debt.	
	£	%	£	%	£
New South Wales ..	120,353,435	60.80	77,582,657	39.20	197,936,092
Victoria ..	45,685,997	38.53	72,876,032	61.47	118,562,029
Queensland ..	(a) 58,900,314	66.93	29,104,687	33.07	88,005,001
South Australia ..	32,373,437	49.46	33,078,436	50.54	65,451,873
Western Australia ..	40,147,753	68.65	18,337,802	31.35	58,485,555
Tasmania ..	(b) 11,755,265	52.39	10,682,826	47.61	22,438,091
Total ..	309,216,201	56.13	241,662,440	43.87	550,878,641

(a) Including £4,521,167, floated in New York.

(b) Including £144,015, floated in New York.

(ii) *Total, All States.* The next table showing similar particulars of aggregate State indebtedness at the end of the years 1918–19 to 1922–23, indicates the rapidity with which the local holdings have increased.

STATE PUBLIC DEBTS.—PLACE OF FLOTATION OF LOANS, 30th JUNE, 1919 TO 1923.

Year.	Floated Abroad.		Floated in Australia.		Total Public Debt.
	Amount.	Percentage on Total Debt.	Amount.	Percentage on Total Debt.	
	£	£	£	%	£
30th June, 1919 ..	261,022,443	65.16	139,554,092	34.84	400,576,535
„ 1920 ..	266,307,448	61.92	163,785,399	38.08	430,092,847
„ 1921 ..	271,981,090	57.28	202,866,369	42.72	474,847,459
„ 1922 ..	300,274,441	57.36	223,214,948	42.64	523,489,389
„ 1923 ..	309,216,201	56.13	241,662,440	43.87	550,878,641

In the course of four years the foreign indebtedness of the States has increased by £48,193,758, while the local indebtedness has increased by £102,108,348. In other words, the Australian proportion had on 30th June, 1923, grown to more than two-fifths.

The total indebtedness of the States increased during the year 1922-23 by over £27,000,000, and is accounted for chiefly by the loans from the Commonwealth Government, which has either advanced money to the States, or acted as agent in obtaining loans from London. The sums raised have been largely spent in settling returned soldiers on the land, in constructing silos for wheat storage, and in providing employment through the medium of local bodies.

4. Rates of Interest.—(i) *At 30th June, 1923.* As mentioned previously, the highest rate of interest paid for the earliest State loans was fivepence farthing per £100 per diem, or, approximately, 8 per cent. per annum. At present the rates vary from 7½ per cent. to 3 per cent. It is probable, however, that the debt at the higher rates will largely increase in the future, since conversion can scarcely be effected at present at a lower rate of interest than 5 per cent. The average rate payable on the aggregate indebtedness is rather more than 4½ per cent. For the separate States the average varies considerably, being lowest in the case of Western Australia and highest in that of Tasmania, the difference between these two average rates being about ½ per cent. The table hereunder gives particulars of the rates of interest payable at the 30th June, 1923 :—

STATE PUBLIC DEBTS.—RATES OF INTEREST PAYABLE, 30th JUNE, 1923.

Rate of Interest.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
%	£	£	£	£	£	£	£
7½ ..			830,976	513,564	1,280,000	144,015	144,015
7½ ..	2,311,068	586,414	2,466,091	..	..	268,648	5,790,670
7 ..			10,742	..	477,802	..	2,466,091
£6/15/2 ..	1,250,000	631,248	3,130,650	3,000,000	250,000	3,426,013	2,369,792
6½ ..	6,500,000	5,516,284	1,580,780	1,730,158	1,939,883	900,000	16,306,663
£6/7/- ..	4,535,099	5,523,543	..	..	..	180,057	16,209,463
6½ ..		600,081	4,525,676	9,174,162	3,915,380	1,592,318	5,696,341
6 ..	10,000,000	5,036,833	..	..	1,500,000	87,976	29,807,617
5½ ..	25,914,452	..	..	..	..	..	32,539,261
£5/13/2 ..			28,796	..	..	..	28,796
5½ ..	22,582,837	21,440,727	5,556,760	11,525,686	3,455,082	2,012,787	66,573,879
£5/6/11 ..	2,124,411	3,563,724	501,241	522,283	1,045,559	600,000	8,357,218
£5/5/3 ..	585,625	1,586,911	310,046	67,375	88,478	342,324	2,980,759
5½ ..	16,446,843	4,133,613	1,640,000	1,058,007	335,000	469,000	24,082,463
5 ..	11,212,482	16,634,006	327,100	7,031,621	2,621,165	700,122	38,526,496
4½ ..	..	1,050,000	..	..	..	..	1,050,000
4½ ..	..	1,406,010	..	1,000,000	..	..	2,406,010
£4/14/5 ..	7,400,000	3,900,000	..	2,600,000	3,100,000	1,000,000	18,000,000
£4/14/3 ..	398	..	..	..	..	..	398
4½ ..	13,278,734	3,262,889	16,110,807	417,162	5,340,808	412,800	38,823,200
4½ ..	..	733,660	..	..	..	140,750	874,410
4 ..	21,294,694	7,054,701	22,349,789	10,042,229	11,818,908	4,834,375	77,444,696
3½ ..	3,056,985	277,720	2,025,300	4,573,655	1,650,000	..	11,583,660
3½ ..	32,395,392	25,917,297	21,149,660	6,204,830	12,317,490	4,826,906	102,811,575
3 ..	17,047,072	9,706,368	5,489,383	5,962,345	7,350,000	450,000	46,005,168
Total ..	197,936,092	118,562,029	88,005,001	65,451,873	58,485,555	22,438,091	550,878,641
Average rate	£4/15/2	£4/14/-	£4/7/9	£4/15/6	£4/7/6	£4/17/4	£4/13/-

(ii) *All States, 1919 to 1923.* The rapid increase recently in the amounts bearing interest at the higher rates is exhibited in the table hereunder which shows the aggregate amount of indebtedness at the several rates of interest at the 30th June in each of the years 1919 to 1923 :—

STATE PUBLIC DEBTS.—RATES OF INTEREST PAYABLE 30th JUNE, 1919 TO 1923.

Rate of Interest.	30th June, 1919.	30th June, 1920.	30th June, 1921.	30th June, 1922.	30th June, 1923.
%	£	£	£	£	£
7½	..	..	100,090	122,123	144,015
7½	..	..	..	4,499,529	5,790,670
7	..	..	..	2,466,091	2,466,091
£6/15/2	..	..	..	2,369,792	2,369,792
£6/13/10	..	..	123,991	..	..
6½	..	..	11,972,379	16,149,635	16,306,663
£6/7/-	..	..	16,209,462	16,209,463	16,209,463
6½	..	461,795	5,100,770	8,651,849	5,696,341
6	..	2,241,800	6,545,219	30,630,929	29,807,617
5½	16,076,000	19,576,000	20,171,777	31,565,051	32,539,261
£5/13/2	..	..	28,796	28,796	28,796
5½	20,924,002	33,093,115	47,234,718	58,264,168	66,573,879
£5/8/11	..	8,377,014	8,357,218	8,357,218	8,357,218
£5/5/3..	..	3,149,665	3,088,128	3,012,870	2,980,759
5½	7,645,609	22,460,969	24,272,989	24,111,789	24,082,463
£5/3/10	..	17,085	13,571	..	..
£5/3/0	..	17,085	..	..	..
5	18,051,724	21,698,079	19,443,800	18,657,115	38,526,496
4½	20,000	..	1,000,000	1,000,000	1,050,000
4½	7,138,860	7,275,350	6,582,390	2,148,160	2,406,010
£4/14/5	..	..	..	..	18,000,000
£4/14/3	..	20,000	11,874	5,010	398
£4/13/10	..	93,247	..	..	..
4½	33,574,795	30,113,383	29,236,033	29,966,961	38,823,200
4½	20,000	20,000	..	..	..
£4/7/6	350,000	..	..	..	..
4½	646,250	640,750	837,010	837,010	874,410
4½	18,000,000	18,000,000	18,000,000	18,000,000	..
4	94,537,656	90,463,298	86,904,348	84,773,988	77,444,696
3½	24,889,399	14,123,008	13,265,810	12,213,148	11,583,660
3½	112,210,201	111,963,434	111,123,493	103,420,420	102,811,575
3½	24,718	24,718	24,718	..	..
3	46,450,236	46,280,197	46,198,575	46,028,274	46,005,168
Total	400,576,535	430,092,847	474,847,459	523,489,389	550,873,641
Average rate	£4/0/0	£4/3/1	£4/7/8	£4/12/0	£4/13/0

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

5. **Interest per Head.**—The relative burden of the State debts in respect of interest will be seen from the following table, which gives for the 30th June, 1923, the amount of interest payable on the public debt outstanding at that date, and the corresponding amount per head of population :—

STATE PUBLIC DEBTS.—INTEREST PAYABLE, 30th JUNE, 1923.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Total annual interest payable ..	9,418,959	5,574,693	3,860,045	3,124,937	2,557,848	1,091,975	25,628,457
Annual interest payable per head ..	£4/6/1	£3/9/4	£4/15/10	£6/1/0	£7/7/0	£5/2/2	£4/10/1

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

option" includes amounts which are payable by the respective Governments after giving a specified notice, and the "not yet fixed" consists of certain amounts owing to the Commonwealth Government. In most cases at date of maturity renewal is effected in respect of the greater portion of the loan, as provision for redemption has been made in exceptional cases only. In order to avoid application to the market at an unfavourable time, several States have adopted the practice of specifying a period prior to the date of maturity within which the Government, on giving twelve, or in some cases six months' notice, has the option of redeeming the loan. The Government can, therefore, take advantage of opportunities that may offer during the period for favourable renewals. Particulars concerning the due dates of the State loans outstanding on the 30th June, 1923, are given in the following table.

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

**STATE PUBLIC DEBTS.—DUE DATES OF AMOUNT OUTSTANDING
ON 30th JUNE, 1923.**

Year of Maturity.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
Overdue ..	67,521	75,240	..	..	..	..	142,761
1923 ..	6,394,685	15,391,460	..	543,073	146,950	350,074	22,826,242
1924 ..	29,904,164	14,126,782	14,450,634	7,956,975	2,619,520	888,821	69,946,896
1925 ..	11,782,008	14,601,960	12,021,000	9,949,164	3,656,950	2,015,170	54,026,232
1926 ..	7,202,941	6,035,867	963,300	3,759,571	1,922,305	729,474	20,613,458
1927 ..	18,051,676	4,833,265	4,828,750	6,217,842	5,673,785	1,490,635	41,095,953
1928 ..	1,105,111	5,738,308	487,100	1,750,803	167,450	1,012,030	10,260,802
1929 ..	923,440	2,359,146	93,100	1,237,748	..	937,379	5,550,813
1930 ..	3,929,684	4,297,745	4,577,200	1,054,725	..	66,134	13,925,488
1931 ..	3,485,242	1,388,638	..	450	..	143,778	5,018,108
1932 ..	14,214,200	2,031,366	..	1,225	1,168,995	1,557	17,417,343
1933 ..	13,454,614	4,000	..	957,620	615,475	350,500	15,382,209
1934 ..	3,074,800	3,000,000	..	1,044,100	1,866,318	..	8,985,218
1935 ..	17,598,465	..	..	1,561,550	8,408,185	142,750	27,710,950
1936 ..	92,150	300,000	2,925,650	5,201,330	1,240,000	6,000	9,765,130
1937 ..	98,700	..	..	16,400	..	7,580	122,680
1938 ..	84,450	..	1,303,167	101,440	604,700	..	2,093,757
1939 ..	2,900	..	..	2,734,050	106,603	..	2,843,553
1940 ..	16,506,014	4,248,900	2,000,000	6,014,861	4,500,000	7,820,622	41,090,397
1941 ..	5,100	324,380	2,928,391	..	..	26,047	3,283,918
1942 ..	4,008,100	5,485,100	15,000	3,000,000	61,697	..	12,569,897
1943 ..	424,100	3,600	..	1,037,925	..	..	1,465,625
1944 ..	2,900	400	..	..	..	..	3,300
1945 ..	5,006,015	1,049,868	6,228,790	..	2,000,000	..	14,284,673
1946 ..	..	217,400	..	..	..	250,000	467,400
1947 ..	3,200	..	6,553,769	..	2,250,000	..	8,806,969
1948 ..	6,500	..	..	..	..	..	6,500
1949 ..	2,900	11,699,371	..	..	..	..	11,702,271
1950 ..	22,062,415	11,891,840	10,109,253	2,862,176	4,831,722	4,910,972	56,668,378
1951 ..	..	..	999,600	..	..	..	999,600
1952 ..	3,100	..	125,400	..	..	..	128,500
1953 ..	6,500	..	2,147,809	..	..	..	2,154,309
1954 ..	2,900	123,874	..	..	..	..	126,774
1955 ..	1,500	..	..	..	4,437,000	..	4,438,500
1960 ..	..	2,979,700	2,000,000	3,000,000	1,000,000	..	8,979,700
1962 ..	10,500,000	..	..	..	6,000,000	..	16,500,000
1964 ..	..	..	..	..	1,566,000	..	1,566,000
1965 ..	..	..	..	..	3,000,000	..	3,000,000
1970 ..	..	..	2,000,000	..	..	..	2,000,000
Interminable ..	532,889	..	2,228,000	..	..	..	2,760,889
Interminable at Government option ..	7,395,208	5,363,715	..	5,122,845	..	..	17,881,768
Annual Drawings ..	..	..	71,132	..	41,900	..	113,032
Half-yearly ..	..	..	7,457,956	..	..	819,568	8,277,524
Date not fixed ..	..	990,104	1,490,000	326,000	600,000	469,000	3,875,104
Total ..	197,936,092	118,562,029	88,005,001	65,451,873	58,485,555	22,438,091	550,878,641

7. **Sinking Funds.**—The practice of providing sinking funds has been consistently adopted in the case of Western Australia only. This State has established, in connexion with each of its loans, sinking funds varying from 1 per cent. to 3 per cent. per annum of the nominal amount of the loan. The funds are placed with trustees in London, by whom they are invested in securities, and applied from time to time to the redemption of loans falling due. In the other States the sinking fund provision made is varied, consisting in certain instances of the revenues from specified sources, in others of the Consolidated Revenue Fund surplus, and in others again of fixed annual amounts. The following table gives the sinking funds and net indebtedness of each State at the 30th June, 1923 :—

STATE SINKING FUNDS AND NET INDEBTEDNESS, 30th JUNE, 1923.

State.	Gross Indebtedness.	Sinking Fund.	Net Indebtedness.	Net Indebtedness per Head.
	£	£	£	£
New South Wales ..	197,936,092	441,844	197,494,248	90 1 5
Victoria ..	118,562,029	2,993,432	115,568,597	71 17 9
Queensland ..	88,005,001	689,488	87,315,513	108 7 7
South Australia ..	65,451,873	1,779,951	63,671,922	122 7 4
Western Australia ..	58,485,555	8,781,051	49,704,504	142 15 7
Tasmania ..	22,438,091	1,068,433	21,369,658	99 19 2
Total ..	550,878,641	15,754,199	535,124,442	94 1 7

§ 6. Commonwealth and State Public Debts.

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

COMMONWEALTH AND STATE PUBLIC DEBTS, 1918-19 TO 1922-23.

Year ended 30th June.	Public Debt of Commonwealth.	Public Debt. of States.	Total Debt.	Deduction for Debts Counted Twice.	Balance, i.e., Public Debt of Australia.	Public Debt per Capita.
	£	£	£	£	£	£
1919..	325,770,747	400,576,535	726,347,282	22,045,516	704,301,766	135 12 0
1920..	381,309,905	430,092,847	811,402,752	33,060,917	778,341,835	145 3 6
1921..	401,720,024	474,847,459	876,567,483	48,551,637	828,015,846	151 15 7
1922..	416,070,509	523,489,389	939,559,898	55,182,665	884,377,233	158 16 8
1923..	410,996,316	550,878,641	961,874,957	56,390,011	905,484,946	159 3 9

A series of graphs illustrating the rise in the revenue, public debt, and taxation of the Commonwealth and States since 1902, the year 1901-2 being the first complete financial year since Federation, accompanies this chapter.

C. PRIVATE FINANCE.

§ 1. Coinage.

1. **Australian Mints.**—(i) *General.* Soon after the discovery of gold in Australia steps were taken for the establishment of a branch of the Royal Mint in Sydney. The formal opening took place on the 14th May, 1855. The Melbourne branch was opened on the 12th June, 1872, and the Perth branch on the 20th June, 1899. The States of New South Wales, Victoria, and Western Australia provide an annual endowment in return for which the mint receipts are paid into the respective State Treasuries, and it might be said until recently that, apart from expenditure on buildings, new machinery, etc., the accounts paid into the Treasuries fairly balanced the mint subsidies. Early in 1923, however, it was announced that owing to losses incurred in the operations of recent years, the New South Wales Government had decided to close the Sydney branch at the end of 1923.

(ii) *Gold Receipts and Issues in 1923.* (a) *Assay of Deposits Received.* The deposits received during 1923 at the Sydney Mint reached a gross weight of 111,050 ozs.; at the Melbourne Mint, a gross weight of 166,028 ozs.; and at the Perth Mint, a gross weight of 620,933 ozs. The average composition of these deposits in Sydney was, gold 933.0, silver 44.5, base 22.5 in every 1,000 parts; Melbourne, gold 870.1, silver 78.3, base 51.6 in every 1,000 parts; and Perth, gold 802.9, silver 141.9, base 55.2 in every 1,000 parts.

(b) *Issues.* The Australian mints, besides issuing gold coin in the shape of sovereigns and half-sovereigns, also issue gold bullion, partly for the use of local manufacturers (jewellers and dentists), and partly for export, India taking a considerable quantity of gold cast into 10-oz. bars. During recent years the export has been subject to regulation by the Commonwealth Government. The issues during 1923 are shown in the table below:—

AUSTRALIAN MINTS.—ISSUES OF GOLD, 1923.

Mint.	Coin.			Bullion.	Total.
	Sovereigns.	Half-sovereigns.	Total.		
	£	£	£	£	£
Sydney ..	416,000	..	416,000	56,602	472,602
Melbourne ..	510,870	..	510,870	106,209	617,079
Perth ..	2,124,154	..	2,124,154	4,804	2,128,958
Total ..	3,051,024	..	3,051,024	167,615	3,218,639

(c) *Withdrawals of Worn Coin.* The mints receive light and worn coin for recoinage. The total withdrawals of worn gold coin were as follows:—Sydney, £1,090,997; Melbourne, £865,392 (since and including 1890); Perth, £1,401.

(iii) *Total Gold Receipts and Issues.* (a) *Receipts.* The total quantities of gold received at the three mints since their establishment are stated in the gross as follows:—Sydney, 40,301,867.57 ozs.; Melbourne, 39,674,991.54 ozs.; and Perth, 29,551,634 ozs. As the mints pay for standard gold (22 carats) at the rate of £3 17s. 10½d. per oz., which corresponds to a value of £4 4s. 11½d. per oz. fine (24 carats), it is possible to arrive at an estimate of the number of fine ounces from the amounts paid for the gold received. These amounts were:—Sydney, £149,343,326; Melbourne, £155,438,476; Perth, £102,952,017; corresponding to—Sydney, 35,158,407 ozs. fine; Melbourne, 36,593,328

ozs. fine; and Perth, 24,236,965 ozs. fine. In the case of deposits containing over a certain minimum of silver, the excess is paid for at the rate fixed from time to time by the Deputy-Master of the branch mint concerned.

(b) *Issues.* The total values of gold coin and bullion issued by the three mints are shown in the table hereafter. It may be said that about four-sevenths of the total gold production of Australasia has passed through the three Australian mints, the production of Australia to the end of 1923 being valued at £615,868,225, and that of New Zealand at approximately £92,700,000, or a total of about £708,568,225.

AUSTRALIAN MINTS.—TOTAL ISSUES OF GOLD TO END OF 1923.

Mint.	Coin.			Bullion.	Total.
	Sovereigns.	Half-sovereigns.	Total.		
	£	£	£	£	£
Sydney ..	137,378,500	4,781,000	142,159,500	7,186,923	149,346,423
Melbourne ..	142,186,813	946,780	143,133,593	12,294,576	155,428,169
Perth ..	94,355,796	367,338	94,723,134	8,200,884	102,924,018
Total ..	373,921,109	6,095,118	380,016,227	27,682,383	407,698,610

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

(b) *Profits on Coinage of Silver.* As sixty-six shillings are coined out of one pound troy of standard silver, the silver required to produce £3 6s. of coin was only worth on the average about £1 14s. 1d. during 1923, the difference represents, therefore, the gross profit or seigniorage made on the coinage of every £3 6s. Negotiations took place for a number of years between the Imperial authorities and the Governments of New South Wales and Victoria, and in 1898, resulted in permission being granted to the two Governments named to coin silver and bronze coin at the Sydney and Melbourne Mints for circulation in Australia. No immediate steps were, however, taken in the matter, and as section 51 of the Commonwealth Constitution makes legislation concerning "currency, coinage, and legal tender" a Federal matter, the question remained in abeyance until the latter part of 1908, when the Commonwealth Treasurer announced his intention of initiating the coinage. Since 1916 silver and bronze coins have been minted in Australia on behalf of the Commonwealth Treasury.

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

AUSTRALIAN MINTS.—SILVER AND BRONZE ISSUES, 1910 TO 1923.

Year.	Silver.					Bronze.		
	2/-	1/-	6d.	3d.	Total.	1d.	$\frac{1}{2}$ d.	Total.
	£	£	£	£	£	£	£	£
1910-18 ..	1,730,950	1,138,600	303,700	295,100	3,468,350	92,220	42,950	135,170
1919 ..	98,600	48,900	28,500	37,725	213,725	29,204	9,930	39,134
1920 ..	94,800	98,000	54,800	53,775	296,375	33,320	8,555	41,875
1921 ..	118,300	58,400	72,500	82,900	332,100	30,779	10,525	41,304
1922 ..	129,100	37,400	40,400	46,650	247,550	31,770	4,400	36,170
1923 (30th June)	135,900	37,200	42,600	42,950	258,650	22,790	5,080	27,870
Total ..	2,307,650	1,413,500	542,500	553,100	4,816,750	240,083	81,440	321,523

(d) *Withdrawals of Worn Silver Coin.* The value of worn silver coins received during 1923 was as follows:—Sydney, £77,700; Melbourne, £90,076; Perth, £8,851. The total withdrawals of worn silver coin were:—Sydney, £1,084,772; Melbourne, £818,531; Perth, £69,470.

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

AUSTRALIAN COINAGE—STANDARD WEIGHT AND FINENESS.

Denomination.	Standard Weight.	Standard Fineness.
	Grains.	
GOLD—		
Sovereign ..	123.27447	} Eleven-twelfths fine gold, viz. :— Gold .. 0.91667 } 1.0000 Alloy ... 0.08333 }
Half-sovereign ..	61.63723	
SILVER—		
Florin ..	174.54545	} Thirty-seven-fortieths fine silver, viz. :— Silver .. 0.925 } 1.000(a) Alloy .. 0.075 }
Shilling ..	87.27272	
Sixpence ..	43.63636	
Threepence ..	21.81818	
BRONZE—		
Penny ..	145.83333	} Mixed metal, viz. :— Copper .. 0.95 } 1:00 Tin .. 0.04 Zinc .. 0.01 }
Halfpenny ..	87.50000	

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

§ 2. Cheque-Paying Banks.

1. *Banking Legislation.*—(i) *Commonwealth Legislation.* Under Section 51 of the Commonwealth Constitution Act the Commonwealth Parliament has power to legislate with respect to “Banking, other than State banking, also State banking extending beyond the limits of the State concerned, the incorporation of banks, and the issue of paper money.” Legislation under this authority comprises the following Acts: No. 27 of 1909, dealing with Bills of Exchange, Cheques, and Promissory Notes; No. 11 of 1910, dealing with Australian Notes; and No. 14 of 1910, a Bank Notes Tax Act. The Notes Act and the Bank Notes Tax Act were supplemented in the following year by the passing of No. 18 of 1911, “An Act to provide for a Commonwealth Bank,” which passed both Houses and was assented to on 22nd December, 1911. Some account of the foundation of the Bank appeared in No. 6 to No. 10 issues of the Official Year Book.

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

COMMONWEALTH BANK.—AGGREGATE PROFITS, 1919 TO 1923.

Date.	Aggregate Net Profits to Date.		
	General Bank.	Savings Bank.	Total.
	£	£	£
30th June, 1919	1,726,532	196,438	1,922,970
„ 1920	2,426,067	330,038	2,756,105
„ 1921	3,082,249	369,116	3,451,365
„ 1922	3,577,317	424,342	4,001,659
„ 1923	3,869,219	534,768	4,403,987

According to the provisions of section 30 of the Bank Act, the net profit of £4,403,987 accumulated at 30th June, 1923, was divided equally between a bank reserve fund and a redemption fund. The reserve fund is available for the payment of any liabilities of the Bank. The redemption fund is available for the repayment of any money advanced to the Bank by the Treasurer, or for the redemption of debentures or stock which may be issued by the Bank; and any excess may be used for the purpose of the redemption of any Commonwealth debts, or State debts taken over by the Commonwealth. Under the terms of the new Sinking Fund Act passed in July, 1923, the future accumulations of the Redemption Fund are to be paid into the Sinking Fund for the repayment of Commonwealth debt.

In June, 1924, a bill was introduced into Parliament by the Commonwealth Treasurer to broaden the scope of the Commonwealth Bank and to enable it to perform the functions for which it had been established. Five main amendments are proposed:—(1.) Appointment of a Board of Directors to control not only the general business, but also that of the note issue. The Board will consist of the Governor of the Bank, the Secretary to the Treasury, two persons associated with manufacturing industries or commerce, two persons associated with agricultural, pastoral or other primary industries, and two persons who have a knowledge of currency. In addition to the above Board there will be in each principal city of the Commonwealth a Local Board of Advice. (2.) Strengthening the bank by the provision of further capital. It is proposed to capitalize £4,000,000 of the accumulated profits and to authorize the Treasurer to raise by loan sums aggregating £6,000,000 and to lend the proceeds to the Commonwealth Bank as additional capital. The Ministry does not propose to interfere with the authority already included in the Commonwealth Bank Act to issue debentures up to £10,000,000. (3.) The Board is to fix and publish its discount rate. (4.) The associated banks are required to settle their exchanges through the Commonwealth Bank. (5.) The associated banks are required to supply to the Treasurer each quarter a statement of average weekly liabilities and assets in accordance with the schedule prescribed.

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

(iii) *Australian Note Issue.* In December, 1920, the Australian Note Issue was handed over to the control of the Commonwealth Bank, the notes, however, still remaining Treasury Notes. The Note Issue Department of the Bank is administered by a Board including the Governor and Secretary of the Bank, a leading Treasury official, and two outside financial experts. The Note Issue has remained fairly constant during

the last two years at a figure slightly exceeding 50 million pounds. The notes in circulation on 30th June, 1923, amounted to £52,102,025 10s., of which approximately four-sevenths were held by the Banks and three-sevenths by the public. Against this there was a reserve of gold coin amounting to £24,346,328 10s., or nearly 47 per cent., and other assets including investments of £29,000,305. The investments are set out in detail as follows :—

**AUSTRALIAN NOTES ACCOUNT.—PARTICULARS OF INVESTMENTS AS AT
30th JUNE, 1923.**

Investment.	Amount.	Rate of Interest.	Date of Maturity.	Annual Amount of Interest.
	£	%		£
Commonwealth Inscribed Stock	3,014,716	3½	1/4/62	105,515
			to 1/4/72	
Commonwealth War Loan	63,640	4½	15/12/25	2,864
New South Wales Treasury Bills	7,400,000	4½	(a)	305,250
Victorian Debentures (face value £250,000)	245,000	5½	1/7/24	13,475
			to 1/7/26	
Victorian Debentures	3,900,000	4½	(a)	160,875
Victorian Inscribed Stock	583,000	5½	(a)	30,608
Queensland Securities	1,490,000	5½	(a)	78,225
South Australian Treasury Bills	2,600,000	4½	(a)	107,250
South Australian Securities	326,000	6	(a)	19,560
Western Australian Stock	590,000	3½	1/1/26	22,125
Western Australian Treasury Bills	3,100,000	4½	(a)	127,875
Western Australian Securities	335,000	5½	(a)	17,587
Tasmanian Inscribed Stock	150,000	6	1/10/23	9,000
Tasmanian Treasury Bills	1,000,000	4½	(a)	41,250
Tasmanian Securities	469,000	5½	(a)	24,622
Advances and Fixed Deposits	1,751,350	5 to 6	Various	96,324
Total	27,017,706	..	..	1,162,405

(a) Not yet fixed.

2. **Banks in Operation.**—The nineteen banks trading in Australia at the 30th June, 1923, are arranged in the table hereafter according to the situation of their head offices. Where reference to the banks is made by name they will be dealt with in the order thus given, with the exception of the Commonwealth Bank, which is placed first :—

CHEQUE-PAYING BANKS AT 30th JUNE, 1923.

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

Amalgamations, which have been such a feature in British banking of late years, have also been effected in Australia, the number of competitive joint-stock banks being thereby reduced considerably. During the calendar years 1917 and 1918 the following were recorded:—(a) the Royal Bank of Queensland Limited with Bank of North Queensland Limited; (b) City Bank of Sydney with Australian Bank of Commerce Limited; (c) National Bank of Tasmania Limited with Commercial Bank of Australia Limited; and (d) National Bank of Australasia Limited with Colonial Bank of Australasia Limited.

A further amalgamation took place in August, 1920, viz., the London Bank of Australia Ltd. and the English, Scottish and Australian Bank Ltd., and these banks absorbed the Commercial Bank of Tasmania in May, 1921. The National Bank of Australasia also absorbed the Bank of Queensland.

3. **Capital Resources.**—The paid-up capital of the cheque-paying banks, together with their reserve funds, the rate per cent., and the amount of their last dividends, are shown in the table hereunder. The information relates to the balance-sheet last preceding the 30th June, 1923. In regard to the reserve funds it must be noted that in the case of some of the banks these are invested in Government securities, while in other cases they are used in the ordinary business of the banks, and in a few instances they are partly invested and partly used in business:—

CHEQUE-PAYING BANKS.—CAPITAL RESOURCES, 1922-23.

Bank.	Paid-up Capital.	Rate per cent. per annum of last Dividend and Bonus.	Amount of last Half-yearly Dividend and Bonus.	Amount of Reserved Profits.
	£	%	£	£
Commonwealth Bank of Australia	4,000,000	10 and Bonus 3	260,000	4,403,987
Bank of Australasia	3,000,000	15	225,000	3,646,868
Union Bank of Australia Ltd.	1,500,000	10	131,989	3,336,818
English, Scottish and Australian Bank Ltd. ..	6,000,000	10	149,422(a)	1,557,094
Bank of New South Wales	3,000,000	10	150,000	3,952,438
Commercial Banking Coy. of Sydney Ltd. ..	1,200,000	7	42,000	2,546,421
Australian Bank of Commerce Ltd. ..	85,451	10	136,250	323,587
Primary Producers' Bank of Australia Ltd. ..	2,725,000	10	68,064	1,806,324
National Bank of Australasia Ltd.	2,468,877	4 Pref., 15 Ord.	66,510	42,209
Commercial Bank of Australia Ltd.	1,478,010	0	37,500	698,084
Bank of Victoria Ltd.	750,000	10	5,100	552,162
Royal Bank of Australia Ltd.	127,500	8	20,000(a)	60,917
Ballarat Banking Coy. Ltd.	800,000	10	36,250	408,827
Queensland National Bank Ltd.	875,000	10	25,000	749,701
Bank of Adelaide	378,000	20	412,500	738,187
Western Australian Bank	3,904,989	10 Pref., 13½ Ord.	1,000,000(b)	2,246,957
Bank of New Zealand	10,000,000	10	600,000	2,812,484
Comptoir National d'Escompte de Paris ..	10,000,000	12		7,401,582
Yokohama Specie Bank Ltd.				
Total	52,292,827	.. 0	..	37,284,647

(a) Dividend for quarter.

(b) For twelve months.

4. **Liabilities and Assets.**—(i) *Liabilities, each State, Quarter ended 30th June, 1923.* Banks transacting business in any State are obliged, under the existing State laws, to furnish a quarterly statement of their assets and liabilities, which contains the averages of the weekly statements prepared by the bank for that purpose, and they have since the year 1908 furnished quarterly statements to the Commonwealth Statistician. As all other financial returns in this work generally refer to a period closing on the 30th June, the banking figures are given throughout for the June quarter of each year. The liabilities are those to the general public, and are exclusive of the banks' liabilities to their shareholders, which are shown in the preceding table. The figures set out in the tables which follow are inclusive in every case of the Commonwealth Bank.

CHEQUE-PAYING BANKS—LIABILITIES, JUNE QUARTER, 1923.

State.	Notes in Circulation not Bearing Interest.	Bills in Circulation not Bearing Interest.	Balances Due to Other Banks.	Deposits.			Total Liabilities.
				Not Bearing Interest.	Bearing Interest. (b)	Total.	
	£	£	£	£	£	£	£
New South Wales	67,556	1,046,580	1,050,955	52,524,726	61,430,633	113,955,359	116,120,450
Victoria ..	88,031	403,467	1,135,503	37,622,350	62,530,463	100,152,813	101,779,814
Queensland ..	(a)	726,300	390,732	18,292,046	36,239,439	54,531,485	55,648,517
South Australia ..	23,561	94,333	746,436	9,002,508	13,535,549	22,538,057	23,402,387
Western Australia	25,688	161,052	263,709	5,995,885	6,692,124	12,688,009	13,138,458
Tasmania ..	2,392	51,964	157,863	3,140,081	4,102,846	7,242,927	7,455,146
Northern Territory	..	29	9,062	79,339	133,514	212,853	221,944
Total ..	207,228	2,483,725	3,754,260	126,656,935	184,664,568	311,321,503	317,766,716

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

(b) Including £38,102,850 Commonwealth Savings Bank Deposits.

(ii) *Liabilities, all States, June Quarters, 1919 to 1923.* In the next table, which shows the average liabilities of the banks for the quarters ended 30th June, 1919 to 1923, for Australia as a whole, the growth in liabilities is almost entirely due to an increase in the deposits, in which deposits not bearing interest and deposits bearing interest have both shared, although the latter show by far the larger proportion. This is partly due to the increase in the Commonwealth Savings Bank deposits consequent upon the absorption of the Queensland Savings Bank in 1920-21.

CHEQUE-PAYING BANKS—LIABILITIES, JUNE QUARTER, 1919 TO 1923.

Year.	Notes in Circulation not Bearing Interest.	Bills in Circulation not Bearing Interest.	Balances Due to Other Banks.	Deposits.			Total Liabilities.
				Not Bearing Interest.	Bearing Interest. (a)	Total.	
	£	£	£	£	£	£	£
1919 ..	221,755	1,813,390	6,540,609	118,983,567	130,069,687	249,053,254	257,634,008
1920 ..	224,130	2,343,713	4,505,117	133,912,800	131,715,792	265,628,592	272,701,552
1921 ..	213,866	2,392,074	5,745,770	127,789,314	154,767,037	282,556,351	290,908,063
1922 ..	209,894	2,299,870	4,377,704	123,819,184	164,725,978	288,545,162	295,432,630
1923 ..	207,228	2,483,725	3,754,260	126,656,935	184,664,568	311,321,503	317,766,716

(a) Including Commonwealth Savings Bank Deposits.

(iii) *Assets, each State, Quarter ended 30th June, 1923.* The average assets of the banks are shown in the following table:—

CHEQUE-PAYING BANKS.—ASSETS, JUNE QUARTER, 1923.

State.	Coined Gold and Silver and other Metals.	Gold and Silver in Bullion or Bars.	Government and Municipal Securities.	Landed and House Property.	Notes and Bills of other Banks.	Balances Due from other Banks.	Discounts, Over- drafts, and all other Assets.	Austra- lian Notes.	Total Assets.
	£	£	£	£	£	£	£	£	£
N.S.W.	9,629,862	362,257	24,080,629	2,786,178	857,716	2,858,505	81,087,069	10,055,027	131,717,243
Victoria	5,598,092	51,997	6,432,331	1,770,565	5,138,216	2,998,785	63,619,139	9,895,449	95,504,574
Q'land	2,281,880	7,076	17,594,222	1,014,575	528,669	704,814	26,435,257	3,399,956	51,966,449
S. Aust.	1,753,342	84	1,765,790	417,272	249,072	607,175	14,899,814	2,864,253	22,556,752
W. Aust.	1,487,972	146,683	923,190	315,624	191,668	788,267	11,081,065	1,738,946	16,673,415
Tasmania	597,897	69	1,975,053	179,376	48,892	155,823	5,142,427	830,631	8,930,168
Nor. Ter.	4,835	235	..	600	45,002	49,054	6,544	3,625	109,895
Total	21,353,880	568,401	52,771,215	6,484,140	7,059,235	8,162,423	202,271,315	28,787,887	327,458,496

(iv) *Assets, all States, June Quarters, 1919 to 1923.* The average assets of the banks for the June quarters of each of the years 1919 to 1923 are given below.

CHEQUE-PAYING BANKS.—ASSETS, JUNE QUARTERS, 1919 TO 1923.

Year.	Coined Gold and Silver and other Metals.	Gold and Silver in Bullion or Bars.	Landed and other Property.	Notes and Bills of other Banks.	Balances Due from other Banks.	All other Debts Due to the Banks.(a)	Total Assets.
	£	£	£	£	£	£	£
1919 ..	21,341,026	798,883	5,215,550	2,274,422	7,798,735	240,527,120	277,950,736
1920 ..	20,704,078	625,786	5,375,279	2,909,031	7,819,654	232,440,445	269,874,273
1921 ..	21,066,405	560,427	5,736,389	2,406,515	6,644,558	276,331,601	312,745,895
1922 ..	21,350,702	551,351	5,892,641	5,249,453	6,603,581	262,537,920	302,185,648
1923 ..	21,353,880	568,401	6,484,140	7,059,235	8,162,423	283,830,417	327,458,496

(a) Including Government and Municipal securities, and Australian notes.

The increase in assets is mainly due to advances, and the growth in 1919 and 1921 is almost exactly accounted for by increases in this respect, largely on account of the action of the banks in financing wheat and other commodities awaiting shipment and in assisting individuals to invest in war loans. In 1920 the liabilities exceeded the assets by about three millions. This was owing to the excess of exports over imports, and the fact that payments had then been made by the British Government for wheat and wool in anticipation of shipments not then effected.

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

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

CHEQUE-PAYING BANKS.—PERCENTAGE ON LIABILITIES OF COIN, BULLION, AND AUSTRALIAN NOTES, 1919 TO 1923.

Year.	Liabilities at Call.	Coin, Bullion, and Australian Notes.	Percentage on Liabilities at Call.
	£	£	%
1919	119,210,322	57,894,016	48.56
1920	134,136,930	55,940,627	41.70
1921	128,003,182	56,119,744	43.84
1922	124,029,078	52,216,696	42.10
1923	126,864,163	50,710,168	39.97

It would appear that the banks generally consider it advisable to hold from 40 to 50 per cent. of the amount of liabilities at call in coin, bullion, and notes.

(ii) *Queensland Treasury Notes.* In Queensland, Treasury notes took the place of bank notes in 1893. These Treasury notes are disregarded in the quarterly statements

of the banks; according to Treasury returns the amount outstanding on 30th June, 1923, was £23,094. Under the Australian Notes Act, previously referred to, the issue of notes by a State is now prohibited.

(iii) *Percentage in each State.* The proportion of coin, bullion, and Australian notes to liabilities at call varies considerably amongst the States, and sometimes in the same State from year to year. A table is appended showing the percentage for each State for the quarter ended 30th June in each of the years 1919 to 1923:—

CHEQUE-PAYING BANKS.—PERCENTAGE ON LIABILITIES OF COIN, BULLION, AND AUSTRALIAN NOTES, 1919 TO 1923.

Year.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	All States.
	%	%	%	%	%	%	%	%
1919 ..	50.52	45.67	48.35	43.32	60.21	55.92	11.05	48.56
1920 ..	43.07	38.36	39.69	45.25	50.75	41.17	14.41	41.70
1921 ..	41.03	46.48	34.75	52.18	60.25	55.70	13.64	43.84
1922 ..	39.38	44.82	32.44	55.40	52.66	52.39	14.51	42.10
1923 ..	38.12	41.22	31.10	51.16	56.03	45.46	10.96	39.97

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

CHEQUE-PAYING BANKS.—DEPOSITS, 1919 TO 1923.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	N. Ter.	All States.
TOTAL.								
1919..	£ 93,865,093	£ 78,337,458	£ 35,477,051	£ 23,650,545	£ 10,663,143	£ 6,720,381	£ 344,583	£ 249,058,254
1920..	103,373,262	86,922,563	32,387,302	22,421,647	12,502,476	7,701,223	320,119	265,628,592
1921..	107,676,418	85,756,516	46,769,215	22,087,673	12,248,654	7,736,798	281,077	282,556,351
1922..	106,362,977	89,660,671	50,736,291	22,470,645	12,287,165	6,802,512	224,901	288,545,162
1923..	113,955,359	100,152,813	54,531,485	22,538,057	12,688,009	7,242,927	212,853	311,321,503

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1919..	47 3 4	53 8 10	49 9 10	50 18 7	33 13 1	32 19 8	74 6 3	48 4 11
1920..	50 1 4	57 12 1	43 11 0	46 3 9	37 19 1	36 12 10	75 12 2	49 13 8
1921..	51 3 9	55 18 6	61 8 3	44 10 4	36 15 4	36 7 1	72 2 2	51 17 11
1922..	49 11 5	57 4 5	65 3 4	44 11 4	36 4 11	31 15 1	61 1 4	51 19 5
1923..	52 0 11	62 8 9	63 3 6	43 13 9	36 11 4	33 13 11	58 16 4	54 17 2

(ii) *Advances.* In the quarterly statements furnished by the banks, the column headed "all other debts due to the banks" is made up of such miscellaneous items as bills discounted, promissory notes discounted, overdrafts on personal security, overdrafts secured by deposit of deeds or by mortgage, etc. The form prescribed for quarterly returns furnished to the Commonwealth Statistician in 1908 and 1909 provided for a division of the amounts under this heading into a number of sub-headings, but all the banks were not in a position to make the necessary division, and as it is impossible to

separate these items the totals in the column must, therefore, be treated as advances. The following table shows the totals for each State during the years 1919 to 1923. Part of the very large rise in 1918-19 is due to the advances made by the banks to their clients, to enable them to subscribe to the Commonwealth War Loan.

CHEQUE-PAYING BANKS.—ADVANCES, 1919 TO 1923.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	N. Ter.	All States.
	£	£	£	£	£	£	£	£
1919 ..	70,891,172	53,645,558	21,773,778	17,280,249	10,562,174	3,785,362	14,532	177,952,825
1920 ..	68,171,203	45,642,462	21,485,247	10,676,319	10,744,799	3,957,318	16,193	160,693,541
1921 ..	82,317,843	57,826,082	23,267,979	13,628,176	10,909,657	5,462,908	23,115	193,435,760
1922 ..	75,312,841	55,180,844	23,702,482	12,841,216	10,675,452	4,511,973	12,810	182,237,618
1923 ..	81,087,069	63,619,139	26,435,257	14,899,814	11,081,035	5,142,427	6,544	202,271,315

(iii) *Proportion of Advances to Deposits.* The percentage of advances on total deposits shows to what extent the needs of one State are supplied by the resources of another State, and, where the percentage for Australia as a whole exceeds 100 (as it did in the early years of the century), the banks must have supplied the deficiency from their own resources, or from deposits obtained outside Australia. The following figures show, however, that the banking business of Australia has been self-contained in every State during the period under review :—

CHEQUE-PAYING BANKS.—PERCENTAGE OF ADVANCES ON DEPOSITS, 1919 TO 1923.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Nor. Ter.	All States.
	%	%	%	%	%	%	%	%
1919 ..	75.52	68.48	61.43	73.06	99.05	56.33	4.22	71.45
1920 ..	65.95	52.40	66.34	47.61	85.94	51.39	5.06	60.50
1921 ..	76.45	67.43	49.75	61.70	89.07	70.61	8.22	68.46
1922 ..	70.81	61.54	46.72	57.15	86.88	66.33	5.70	63.16
1923 ..	71.16	63.52	48.48	66.11	87.33	71.00	3.07	64.97

7. *Clearing Houses.*—The Sydney Banks' Exchange Settlement and the Melbourne Clearing House, at which settlements are effected daily between the banks doing business in New South Wales and Victoria respectively, publish figures of the weekly clearances effected. From these it appears that in 1923 the total clearances in Sydney amounted to £805,032,000, and in Melbourne to £697,050,000. Owing to the different distribution of the banking business in the two cities, the figures do not necessarily afford a fair comparison of the volume of banking business transacted in Sydney and Melbourne. Returns of all Australian Clearing Houses for the last five years are shown in the following table :—

CHEQUE-PAYING BANKS.—CLEARING HOUSE RETURNS, 1919 TO 1923.

Year.	Sydney.	Melbourne.	Brisbane.	Adelaide.	Perth.
	£	£	£	£	£
1919 ..	590,098,000	544,211,000	128,006,000	123,880,000	56,900,000
1920 ..	764,546,000	725,006,000	160,539,000	166,011,000	80,758,000
1921 ..	709,734,000	609,335,000	157,549,000	157,503,000	67,619,000
1922 ..	726,583,000	623,789,000	172,836,000	147,374,000	75,279,000
1923 ..	805,032,000	697,050,000	194,915,000	160,524,000	83,730,000

§ 3. Savings Banks.

1. **General.**—In the following tables dealing with Savings Banks the figures for all the States except Tasmania refer to financial years ended 30th June. In the case of Tasmania, figures for the two joint-stock savings banks were made up to the last day of February in each year up to 1918–19, but in 1919–20 and subsequent years were made up to August. The figures in each State are inclusive of the Savings Bank Department of the Commonwealth Bank, and in the case of the Commonwealth Bank figures are made up to the 30th June, 1923.

2. **Accounts Open.**—The number of accounts open, not of those making deposits, and the number per 1,000 of the population, in each of the last five years are shown in the following table:—

SAVINGS BANKS.—ACCOUNTS OPEN, 1918–19 TO 1922–23.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	N. Ter.	All States.
NUMBER.								
1918–19	984,951	966,543	343,424	357,310	192,879	99,565	1,167	2,945,839
1919–20	1,053,893	1,014,223	364,149	377,435	204,005	108,289	987	3,122,981
1920–21	1,126,157	1,072,554	327,065	396,970	217,136	115,502	935	3,256,319
1921–22	1,186,948	1,127,892	337,621	414,570	225,136	120,252	861	3,413,280
1922–23	1,246,191	1,188,437	355,902	432,438	250,214	124,850	869	2,598,901
PER 1,000 OF POPULATION.								
1918–19	493	656	469	763	603	487	245	567
1919–20	509	671	486	776	618	517	243	583
1920–21	535	698	426	798	651	545	238	597
1921–22	552	718	431	821	662	564	235	613
1922–23	568	739	442	836	719	583	238	633

The fall in the number of accounts open in Queensland in 1920–21 is due to the amalgamation of the State and Commonwealth Savings Banks.

In connexion with the number of accounts open per 1,000 of the population, it must be borne in mind that savings bank accounts are not restricted to adults, since many accounts are opened in the names of children. Nevertheless, the proportion is a large one, amounting in the case of Australia to about seven-elevenths, and rising in Victoria to over seven-tenths and in South Australia to four-fifths. As it is possible in some States for the same person to have accounts in both Commonwealth and State Savings Banks, the figures given are slightly in excess of the number of individual depositors.

3. **Deposits.**—The deposits in Australia reached in 1923 the large sum of £172,000,000, and would no doubt be even larger if the banks did not restrict interest-bearing deposits to certain limits. While not granting facilities to draw cheques, the Australian savings banks practically afford the small tradesman all the advantages of a current account, and in addition allow interest on the minimum monthly balance instead of charging a small fee for keeping the account, as is the practice of the ordinary banks. All the Savings Banks have a reciprocity arrangement, under which money deposited in one State may be drawn out in another State, even by telegraph.

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

SAVINGS BANKS.—DEPOSITS, 1918-19 TO 1922-23.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	N. Ter.	All States.
TOTAL.								
	£	£	£	£	£	£	£	£
1918-19	47,070,342	38,772,024	17,510,975	14,803,237	7,002,473	3,285,393	81,097	128,525,541
1919-20	49,933,535	42,317,863	17,909,571	15,496,514	7,258,384	3,930,181	57,106	136,903,154
1920-21	57,394,441	48,970,989	18,587,942	16,317,353	7,663,440	4,159,502	53,790	153,147,457
1921-22	61,791,273	52,131,032	19,394,156	16,931,678	7,759,317	4,224,662	41,115	162,273,233
1922-23	64,324,670	56,101,260	20,483,581	18,249,540	8,033,419	4,414,653	36,689	171,643,812

AVERAGE PER SAVINGS BANK ACCOUNT.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1918-19	47 15 9	40 2 3	50 19 9	41 8 7	36 8 2	32 19 11	69 9 8	43 12 7
1919-20	47 7 7	41 14 6	49 3 8	41 1 2	35 11 7	36 5 10	57 17 2	43 16 9
1920-21	50 19 4	45 13 2	56 16 8	41 2 1	35 5 10	36 0 3	57 10 7	47 0 7
1921-22	52 1 2	46 4 5	57 8 10	40 16 10	34 9 4	35 2 7	47 15 1	47 10 10
1922-23	51 12 4	47 4 1	57 11 1	42 4 0	32 2 1	35 7 2	41 5 5	47 13 10

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1918-19	23 11 0	26 6 1	24 4 3	31 12 0	21 18 2	16 1 5	17 0 4	24 15 0
1919-20	24 2 6	27 19 10	23 18 5	31 17 1	21 19 8	18 12 10	14 0 8	25 10 10
1920-21	27 5 5	31 17 10	24 4 6	32 16 2	22 19 5	19 12 8	13 14 1	28 1 7
1921-22	28 14 7	33 3 11	24 15 0	33 10 9	22 16 4	19 16 1	11 4 8	29 3 0
1922-23	29 6 9	34 17 11	25 8 6	35 6 5	23 1 6	20 13 0	10 1 2	30 3 6

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

The average amount deposited per head of population increased during the period by over 20 per cent., the figures for Victoria being particularly noticeable.

4. Rates of Interest.—The rates of interest allowed, and the limits of interest-bearing deposits, are as follows :—New South Wales, Government Savings Bank, 4 per cent. up to £500 and 3½ per cent. on the excess up to £1,000; Victoria, 4 per cent. on first £500 and then 3 per cent. for a further £250, also 4 per cent. on deposit stock up to £1,000; South Australia, 3½ per cent. on accounts closed during the year, and 4½ per cent. up to £500 on accounts remaining open; Western Australia, 3½ per cent. from £1 to £500, and 3 per cent. from £500 to £1,000; also 4 per cent. on deposit stock up to £1,000; Hobart Trustees' Savings Bank, 4½ per cent. up to £300; Launceston Trustees' Savings Bank, 4½ per cent. up to £150, and Commonwealth Savings Bank, 3½ per cent. on the first £1,000, and 3 per cent. upon another £300.

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

the previous year, while the amount at credit of depositors (inclusive of interest added) increased nearly 6 per cent. during the same year. The following table shows the business transacted during the year 1922-23 :—

SAVINGS BANKS.—TRANSACTIONS, 1922-23.

State.	Total Deposits at end of Year 1921-22.	Amounts Deposited during Year 1922-23.	Interest Added during Year 1922-23.	Total.	Amounts Withdrawn during Year 1922-23.	Total Deposits at end of Year 1922-23.
	£	£	£	£	£	£
N.S. Wales ..	61,791,273	63,456,350	2,261,949	127,509,572	63,184,902	64,324,670
Victoria ..	52,131,032	52,124,167	1,903,433	106,158,632	50,057,372	56,101,260
Queensland ..	19,394,156	20,752,035	651,507	40,797,698	20,314,117	20,483,581
South Australia	16,931,678	14,680,598	704,589	32,316,865	14,067,325	18,249,540
West. Australia	7,759,317	7,742,344	255,745	15,757,406	7,723,987	8,033,419
Tasmania ..	4,224,662	3,855,833	156,825	8,237,320	3,822,667	4,414,653
Nor. Territory	41,115	24,001	1,241	66,357	29,668	36,689
Total ..	162,273,233	162,635,328	5,935,289	330,843,850	159,200,038	171,643,812

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

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

The following table gives the number of depositors, and the amount at credit on 30th June, 1923, at the various branches of the Commonwealth Savings Bank :—

COMMONWEALTH SAVINGS BANK, 30th JUNE, 1923.

Locality.	Number of Depositors.	Amount at Credit.
		£
New South Wales	244,516	7,681,218
Victoria	140,991	5,741,782
Queensland	355,902	20,483,581
South Australia	49,879	2,104,503
Western Australia	61,837	2,099,187
Tasmania	59,476	1,531,546
Northern Territory	869	36,689
Papua and New Guinea	1,597	69,642
London	7,710	402,742
Total	922,777	40,150,890

A series of graphs illustrating the progress of banking accompanies this chapter.

§ 4 Companies.

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

2. Trustees, Executors and Agency Companies.—Returns are available for eight Victorian, two New South Wales, one Queensland, four South Australian, two Western Australian, and three Tasmanian companies. The paid-up capital of these twenty companies amounted to £908,734; reserve funds and undivided profits to £615,646; other liabilities, £278,981; total liabilities, £1,803,361. Among the assets are included :—Deposits with Governments. £197,504; other investments in public securities, fixed

deposits, etc., £504,105; loans on mortgage, £161,174; property owned, £659,630; other assets, £280,948. Of the nineteen companies, nine show the total amount of the estates, etc., under administration, the total for 1923 being over £70,000,000. Net profits for the year totalled £147,841, of which £96,944 was paid in dividends.

3. **Registered Building and Investment Societies.**—(i) *General.* Returns have been received relating to 231 societies, viz., 153 in New South Wales, 29 in Victoria, 11 in Queensland, 19 in South Australia, 15 in Western Australia, and 4 in Tasmania. The principal information available is contained in the appended table.

REGISTERED BUILDING AND INVESTMENT SOCIETIES.—SUMMARY, 1922-23.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania	All States.
Number of societies ..	153	29	11	19	15	4	231
Number of shareholders ..	(b)	8,329	4,775	11,922	6,805	2,100	33,931c
Number of shares ..	(b)	983,884	38,701	24,173	21,907	1,068,665e	1,068,665e
Number of borrowers ..	(b)	9,298	3,342	2,369	1,483	1,301	17,793c
Income for year from interest ..	£ 161,298	235,261	38,158	20,748	(d)	29,592	485,057
Working expenses for year ..	£ 135,220	96,075	7,240	10,339	21,102	5,065	275,041
Amount of deposits during year ..	£ (b)	1,013,665	62,204	7,379	101,973	57,399	1,242,620c
Repayment of loans during year ..	£ (b)	831,610	144,946	98,231	70,625	90,268	1,235,680c
Loans granted during year ..	£ (b)	840,398	149,833	121,273	88,313	104,643	1,304,460c

(b) Not available.

(c) Exclusive of New South Wales.

(d) Included in repayment of Loans.

(e) Exclusive of New South Wales and Victoria.

(ii) *Liabilities.* The balance-sheets cover various periods ended during the second half of 1922 and the first half of 1923, so that the returns may be assumed to correspond roughly to the financial year 1922-23.

REGISTERED BUILDING AND INVESTMENT SOCIETIES.—LIABILITIES, 1922-23.

State.	Paid-up Capital or Subscriptions.	Reserve Funds.	Deposits.	Bank Overdrafts and other Liabilities.	Total Liabilities.
	£	£	£	£	£
New South Wales ..	2,209,704	469,039	509,763	175,953	3,364,459
Victoria ..	1,455,837	492,388	1,002,550	150,263	3,101,038
Queensland ..	524,504	24,139	5,976	23,050	577,669
South Australia ..	361,102	47,262	10,373	22,671	441,408
Western Australia ..	206,773	..	41,773	13,578	262,124
Tasmania ..	137,193	71,560	197,500	6,724	412,977
Total ..	4,895,113	1,104,388	1,767,935	392,239	8,159,675

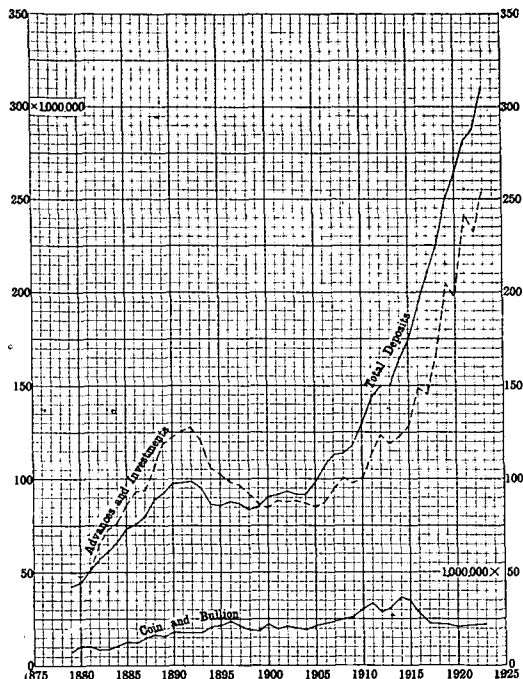
(iii) *Assets.* The assets of the companies for the same period were as follows:—

REGISTERED BUILDING AND INVESTMENT SOCIETIES.—ASSETS, 1922-23.

State.	Advances on Mortgage.	Landed and House Property, Furniture, etc.	Cash in Hand and on Deposit and other Assets.	Total Assets.
	£	£	£	£
New South Wales ..	3,014,447	(a)	350,012	3,364,459
Victoria ..	2,870,430	170,288	141,419	3,182,137
Queensland ..	539,661	7,153	31,495	578,309
South Australia ..	401,964	17,928	21,516	441,408
Western Australia ..	248,670	238	13,216	262,124
Tasmania ..	376,862	10,390	25,725	412,977
Total ..	7,452,034	205,997	583,383	8,241,414

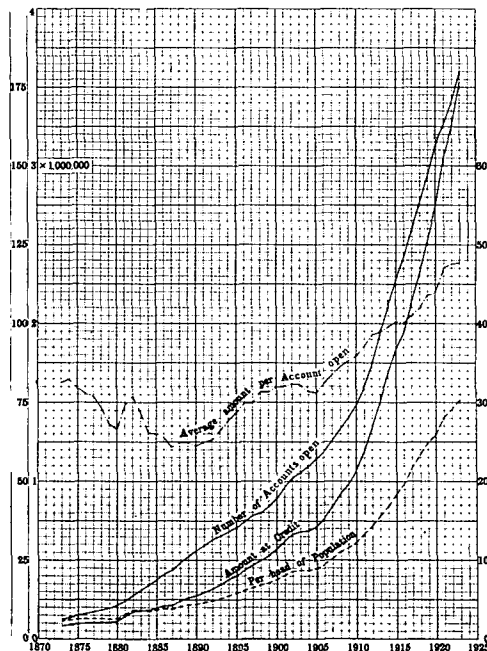
(a) Included with other assets.

CHEQUE-PAYING BANKS, AUSTRALIA, 1879 TO 1923.



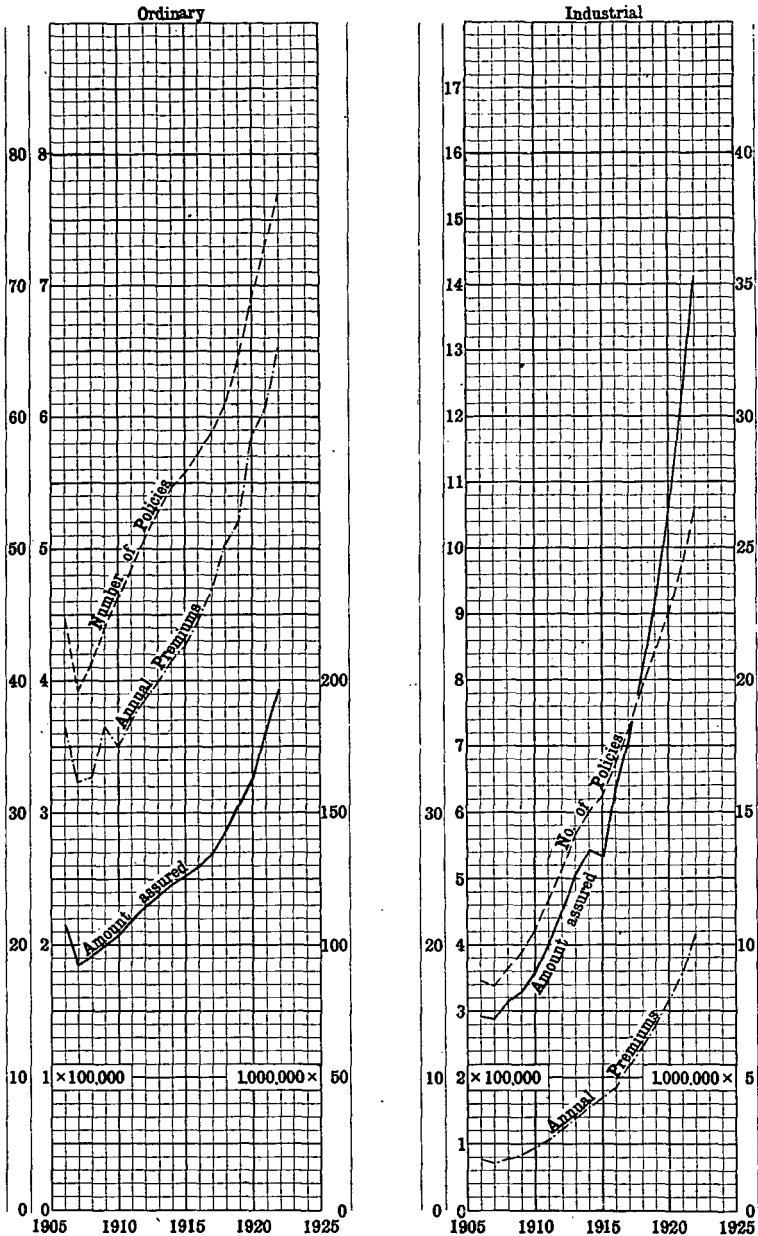
EXPLANATION.—The base of each small square represents an interval of one year, and its vertical height a sum of £5,000,000.

SAVINGS BANKS, AUSTRALIA, 1873 TO 1923.



EXPLANATION.—The base of each small square represents an interval of one year. Of the two scales on the left, the outer one shows the amount at credit, and the inner one the number of depositors, while the vertical height of each small square represents £2,500,000, and 50,000 in number. The scale on the right shows the average amount per depositor, and per head of population, while the vertical height of each small square represents £1.

LIFE ASSURANCE, ORDINARY AND INDUSTRIAL DEPARTMENTS.—AUSTRALIA,
1906 TO 1922.



EXPLANATION.—The base of each small square represents in each graph an interval of one year.

In the case of the "Ordinary" Assurance graph there are three scales—two on the left—the outer one representing the Annual Premiums, and the inner one the number of Policies in force,—and one on the right representing the Amount Assured, exclusive of bonus additions. The vertical height of each small square represents £100,000 premium, 10,000 in number and £5,000,000 in sum assured.

In the case of the "Industrial" graph, the outer scale on the left represents the Annual Premiums, and the inner scale the number of Policies in force. The scale on the right represents the Amount Assured, exclusive of bonus additions. The vertical height of each small square represents £100,000 premium, 20,000 in number; and £500,000 in sum assured.

4. Co-operative Societies.—(i) *General.* The returns relating to Co-operative Societies have been divided into two classes—(i) those engaged in the manufacture and marketing of primary products and trade requirements, and (ii) those engaged in retailing general household requirements. The former may be described briefly as Producers' Co-operative and the latter as Consumers' Co-operative Societies. The following table shows the number of societies, the membership, and the capital employed for the year 1923 :—

CO-OPERATIVE SOCIETIES.—NUMBER, MEMBERSHIP AND CAPITAL, 1923.

Heading.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
Producers' Co-operative Societies—							
Number of Societies ..	59	58	43	28	23	11	222
Membership ..	38,645	51,986	29,693	40,802	2,426	4,437	167,989
Loan Capital .. £	190,720	956,528	149,830	100,374	31,514	24,625	1,453,591
Share Capital .. £	822,240	1,340,909	460,840	604,352	43,103	61,115	3,332,559
Total Capital .. £	1,012,960	2,297,437	610,670	704,726	74,617	85,740	4,786,150
Consumers' Co-operative Societies—							
Number of Societies ..	39	30	10	11	57	5	152
Membership ..	47,728	15,928	4,839	30,731	8,560	1,917	109,703
Loan Capital .. £	46,814	157,462	15,774	191,836	52,313	22,528	486,727
Share Capital .. £	438,784	168,232	37,322	542,297	94,301	32,181	1,313,117
Total Capital .. £	485,598	325,694	53,096	734,133	146,614	54,709	1,799,844
All Societies—							
Number of Societies ..	98	88	53	39	80	16	374
Membership ..	86,373	67,914	34,532	71,533	10,986	6,354	277,692
Loan Capital .. £	237,534	1,113,990	165,604	292,210	83,827	47,153	1,940,318
Share Capital .. £	1,261,024	1,509,141	498,162	1,146,649	137,404	93,296	4,645,676
Total Capital .. £	1,498,558	2,623,131	663,766	1,438,859	221,231	140,449	6,585,994

(ii) *Sales, Profits, Interest, and Dividends paid.* The next table gives the total sales, net profits, interest paid on loan capital, and dividends on share capital. In addition to the amount shown as interest and dividends paid by the Producers' Co-operative Societies a sum of £50,487 was paid in bonuses, representing deferred payments for milk supplied to the Co-operative Butter Factories.

The profits made by Consumers' Co-operative Societies, after payment of interest on loan and share capital, are distributed as dividends on the amount of purchases made by members.

CO-OPERATIVE SOCIETIES.—SALES, PROFITS, INTEREST, AND DIVIDENDS, 1923.

Heading.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
Producers' Co-operative Societies—							
Total Sales .. £	15,462,677	11,836,478	6,522,995	5,406,148	275,020	186,216	39,689,534
Total Net Profits .. £	153,636	75,855	35,746	54,057	11,727	6,115	337,136
Interest on Loan Capital—							
Amount .. £	9,631	57,788	5,462	4,388	1,461	1,208	79,938
Rate per Cent. ..	5.0	6.0	3.6	4.4	4.6	4.9	5.5
Dividend on Share Capital—							
Amount .. £	50,006	23,011	17,732	1,709	952	2,527	95,937
Rate per Cent. ..	6.1	1.7	3.8	3.0	2.2	4.1	2.9
Consumers' Co-operative Societies—							
Total Sales .. £	2,649,627	1,047,197	252,269	1,474,682	692,041	130,585	6,246,401
Total Net Profits .. £	203,184	28,403	18,364	76,227	27,073	3,926	357,177
Interest on Loan Capital—							
Amount .. £	2,009	6,953	941	9,945	2,926	904	23,678
Rate per Cent. ..	4.3	4.4	6.0	5.2	5.6	4.0	4.9
Interest on Spare Capital—							
Amount .. £	17,457	6,789	803	21,794	2,379	566	49,788
Rate per Cent. ..	4.0	4.0	2.2	4.0	2.5	1.8	3.8
Dividends on Purchases ..	155,288	12,365	4,688	46,710	7,750	2,199	229,000
Rate in the £1 ..	1s. 2d.	0s. 3d.	0s. 5d.	0s. 8d.	0s. 3d.	0s. 4d.	0s. 9d.

§ 5. Life Assurance.

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

Returns for the year 1922 have been collected from life assurance societies, with results which are in the main satisfactory. The figures below refer to Australian business only.

2. **Companies Transacting Business.**—(i) *General.* The number of companies transacting life assurance business in Australia during 1922 was 30, of which the full name and location of head office are set out in the table below.

LIFE ASSURANCE SOCIETIES OPERATING IN AUSTRALIA, 1922.

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

Early in 1923 the Equitable Life Assurance Society re-insured its entire Australasian business with the National Mutual Life Association, which accepted the transfer of the whole of the assets of the Equitable consisting of property, bonds, and deposits.

Of the Australian companies seven are purely mutual, and seventeen are proprietary companies with a paid-up capital aggregating £1,122,109, part of which is, however, used in fire, marine, and accident insurance business. One office is a State government institution. Five foreign companies transacted business in Australia in 1922, three being mutual and two proprietary companies.

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

3. Australian Business, 1922.—(i) *Ordinary.* The subjoined table shows the ordinary life business in force for each of the last five years. While the total sum assured has increased by over 54 million pounds, the average per policy has increased from £234 to £256. The amount assured in 1922 represents an average of £35 per head of population.

ORDINARY LIFE ASSURANCE.—AUSTRALIAN BUSINESS, 1918 TO 1922.

Year.	Policies.	Amount.	Average per Policy.	Annual Premium Income.
	No.	£	£	£
1918	610,387	142,790,868	234	5,050,088
1919	643,975	153,682,007	239	5,209,139
1920	692,160	168,255,272	243	5,871,894
1921	730,010	180,694,068	248	6,074,375
1922	769,893	196,844,810	256	6,526,907

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

The amount assured has increased by 75 per cent. in the period under review. The average amount per policy in 1922 was £33, comparing with an average of £26 in 1918.

INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN BUSINESS, 1918 TO 1922.

Year.	Policies.	Amount.	Average per Policy.	Annual Premium Income.
	No.	£	£	£
1918	788,145	20,208,358	26	1,239,685
1919	841,001	22,755,456	27	1,390,899
1920	904,346	26,223,335	29	1,586,313
1921	973,019	30,314,759	31	1,789,846
1922	1,061,569	35,303,233	33	2,087,148

4. Receipts and Expenditure.—(i) *Ordinary Business.* The following table shows the aggregate Australian revenue for 1922 of all the societies doing business in Australia. Premiums—new and renewal—amounted to 63 per cent., and interest, dividends, and rent to nearly 36 per cent. of the Australian revenue :—

ORDINARY LIFE ASSURANCE.—AUSTRALIAN RECEIPTS, 1922.

Heading.						Amount.
						£
Premiums—New	..	..	..	..	..	925,146
Renewal	..	..	..	..	..	5,601,761
Consideration for annuities	..	..	..	..	..	76,993
Interest, dividends and rents	..	..	..	..	..	3,762,410
Other receipts	..	..	..	..	..	152,247
Total Income	..	..	..	..	..	10,518,557

Expenditure amounted to £6,700,468, of which claims accounted for over 56 per cent., surrenders 10 per cent., expenses of management nearly 12 per cent., and commission 8 per cent.

ORDINARY LIFE ASSURANCE.—AUSTRALIAN EXPENDITURE, 1922.

Heading.						Amount.
						£
Claims	..	..	..	..	..	3,796,599
Surrenders	..	..	..	..	..	689,869
Annuities	..	..	..	..	..	93,273
Commission	..	..	..	..	..	544,686
Expenses of management	..	..	..	..	..	788,391
Licence fees and taxes	..	..	..	..	..	101,310
Shareholders' dividends	..	..	..	..	..	49,279
Cash bonuses paid to shareholders	..	..	..	..	..	311,394
All other expenses	..	..	..	..	..	325,667
Total expenditure	..	..	..	..	..	6,700,468

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

ORDINARY LIFE ASSURANCE.—AUSTRALIAN RECEIPTS AND EXPENDITURE, 1918 TO 1922.

Year.	Receipts.	Expenditure.	Excess Receipts.
	£	£	£
1918	7,715,134	5,377,535	2,337,599
1919	8,172,614	5,698,551	2,474,063
1920	9,037,314	5,330,050	3,707,264
1921	9,599,866	5,813,414	3,786,452
1922	10,518,557	6,700,468	3,818,089

(ii) *Industrial Business.* The aggregate Australian revenue for 1922 of societies transacting industrial business was as follows :—

INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN RECEIPTS, 1922.

Heading.						Amount.
						£
Premiums—New and renewal	..	..	..	..	..	2,087,148
Consideration for annuities	..	..	..	..	..	23
Interest, dividends and rents	..	..	..	..	..	399,477
Other receipts	..	..	..	..	..	18,143
Total Income	..	..	..	..	..	2,504,791

Expenditure during 1922 totalled £1,355,812. Claims amounted to £425,359, or 31 per cent., commission 37 per cent., and expenses of management 17 per cent.

INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN EXPENDITURE, 1922.

Heading.	Amount.
	£
Claims	425,359
Surrenders	34,103
Annuities	295
Commission	505,716
Expenses of management	240,867
Licence fees and taxes	15,693
Shareholders' dividends	57,421
Cash bonuses paid to shareholders .. .. .	..
All other expenses	76,358
Total Expenditure	1,355,812

The aggregate receipts and expenditure for the last five years are as follows :—

INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN RECEIPTS AND EXPENDITURE, 1918 TO 1922.

Year.	Receipts.	Expenditure.	Excess Receipts.
	£	£	£
1918	1,466,077	884,605	581,472
1919	1,674,700	992,974	681,726
1920	1,929,717	1,060,622	869,095
1921	2,223,319	1,122,920	1,100,399
1922	2,504,791	1,355,812	1,148,979

5. *Liabilities and Assets, 1922.*—(i) *General.* The liabilities of the Australian societies consist mainly of their assurance funds; as already mentioned, however, some of the societies are proprietary, and in these cases there is a further liability on account of the shareholders' capital. The assets consist chiefly of loans on mortgage and policies, Government, municipal, and similar securities, shares, freehold property, etc. As in some cases the Australian liabilities exceed the Australian assets, this table should be read in connexion with the table dealing with assets. Loans on personal security are granted by very few of the Australian societies.

(ii) *Ordinary and Industrial Business.* For various reasons several societies do not attempt the division of liabilities and assets between the industrial and ordinary branches, and a few societies cannot state the amount of liabilities in Australia. In the following table, therefore, the figures relate to both branches. Australian liabilities amounted in 1922 to £59,477,177, including Assurance and Annuity Funds, £52,098,875, other funds, including those used in fire and marine business, £3,923,512, and paid-up capital, £1,122,109.

Australian assets aggregated £80,973,935, of which the following are the principal items :—Government and municipal securities, £46,488,751; mortgages, £17,603,444; loans on company's policies, £7,492,847; and landed and house property, £3,168,158. Full details are given below.

AUSTRALIAN LIABILITIES, 1922.

Heading.	Amount.
	£
Shareholders' capital, paid up	1,122,109
Assurance and annuity funds	52,098,875
Other funds	3,923,512
Claims admitted but not paid	695,348
All other liabilities	1,637,333
Total Australian liabilities (a) ..	59,477,177

(a) Excluding Mutual Life and Citizens, National Mutual, London and Liverpool and Globe, Equitable Life of United States, and Mutual Life of United States.

AUSTRALIAN ASSETS, 1922.

Heading.	Amount.
	£
Government and municipal securities	46,488,751
Mortgages	17,603,444
Loans on company's policies	7,492,847
Railway debentures and stock	423,102
Landed and house property	3,168,158
Life interests and reversions	124,885
Other investments	1,465,865
Outstanding premiums	619,349
Outstanding interest, dividends and rents	730,409
Cash	1,223,727
Establishment and organization account	442,276
All other assets	1,191,122
Total Australian Assets	80,973,935

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

ORDINARY AND INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN LIABILITIES AND ASSETS, 1918 TO 1922.

Year.	Liabilities.(a)	Assets.
	£	£
1918	43,694,862	62,087,012
1919	44,683,471	64,513,919
1920	49,489,851	71,768,149
1921	54,258,431	77,127,498
1922	59,477,177	80,973,935

(a) Excluding Mutual Life and Citizens, National Mutual, London and Liverpool and Globe, Equitable Life of United States, and Mutual Life of United States.

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

Zealand, in South Africa, and in the United Kingdom, while in the case of the foreign companies, the Australian business is insignificant compared with that done elsewhere. Particulars as to this foreign business of both Australian and foreign companies will be found in "Finance Bulletin No. 14" (published by this Bureau), and a short table only is inserted here, showing the total assets of the various companies.

LIFE ASSURANCE COMPANIES.—TOTAL ASSETS, 1922.

Heading.	Amount.
	£
Government and municipal securities	176,458,610
Mortgages	122,341,469
Loans on company's policies	84,250,676
Railway debentures and debenture stock	175,796,865
Landed and house property	12,349,551
Life interests and reversions	307,697
Other investments	7,149,051
Outstanding premiums	7,200,994
Outstanding interest, dividends, and rent	7,789,990
Cash	7,240,532
Establishment and organization account	452,626
All other assets	4,704,812
Total Assets	606,042,873

6. **New Policies issued in Australia, 1922.**—(i) *Ordinary Business.* During 1922, 88,357 new policies were issued for £27,114,323. The average amount per policy was £306, which compares with an average of £256 per policy for all policies which were in existence in 1922.

(ii) *Industrial Business.* New policies to the number of 211,943 were issued during the year for a total of £10,240,204. The average per policy was £48, which is nearly 50 per cent. more than the average for all industrial policies which were current in 1922.

7. **Policies Discontinued in Australia, 1922.**—(i) *Ordinary Business.* The volume of business which from various causes becomes void in each year is always large. The number and amount of policies discontinued in 1922, and the reasons for discontinuance, are given in the following table :—

ORDINARY LIFE ASSURANCE.—POLICIES DISCONTINUED IN AUSTRALIA, 1922.

Mode.	No. of Policies.	Amount.
		£
Death or maturity	13,018	3,023,386
Surrender	10,853	2,590,826
Forfeiture	31,028	8,418,628
Total	54,899	14,032,840

(ii) *Industrial Business.* The number of policies discontinued in this branch each year is also very large. Of the total amount of discontinuance during 1922 only 8 per cent. was due to death or maturity, while 85 per cent. was due to forfeiture.

INDUSTRIAL LIFE ASSURANCE.—POLICIES DISCONTINUED IN AUSTRALIA, 1922.

Mode.	No. of Policies.	Amount.
		£
Death or maturity	21,974	474,215
Surrender	6,516	341,340
Forfeiture	103,554	4,882,044
Total	132,044	5,697,599

Graphs illustrating the progress of Life Assurance, both Ordinary and Industrial, accompany this chapter.

§ 6. Fire, Marine and General Insurance.

1. Australasian Business.—(i) *General.* Returns are available showing the revenue and expenditure, assets and liabilities, and investments of 35 insurance companies having their head offices either in Australia, New Zealand, or Fiji. The names of these companies, with the location of their respective head offices, are given in the following table:—

AUSTRALASIAN FIRE, MARINE, AND GENERAL INSURANCE COMPANIES.

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

(ii) *Revenue and Expenditure.* The accounts given hereunder relate approximately to calendar years. The most important items of revenue and expenditure are given below. While the receipts from premiums have increased during the period under review, the

amounts debited to expenses, commission, and taxation and to losses have increased at a much greater rate, with the result that the trade surplus has decreased very considerably, amounting in 1922-23 to only £97,452, representing 1.70 per cent. of premium income.

FIRE, MARINE, AND GENERAL INSURANCE COMPANIES.—SUMMARY OF REVENUE AND EXPENDITURE, 1918 TO 1923.

Heading.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
	£	£	£	£	£
Premiums, less re-insurances ..	5,308,884	4,975,879	5,132,329	6,143,416	5,740,063
Losses	2,728,571	2,614,430	2,637,234	3,361,584	3,378,013
Expenses, commission, and taxes	1,527,046	1,588,322	1,698,406	2,194,452	2,264,598
Trade surplus	1,053,267	773,127	796,689	587,380	97,452
Interest, rent, etc.	328,119	380,622	374,751	499,382	515,487
Total surplus	1,381,386	1,153,749	1,171,440	1,086,762	612,939
Dividends and bonuses paid ..	374,722	398,699	378,943	450,477	461,940
Ratio to premium income of—					
(a) Losses .. per cent.	51.40	52.54	51.39	54.72	58.85
(b) Expenses, &c. .. per cent.	28.76	31.92	33.09	35.72	39.45
(c) Trade surplus .. per cent.	19.84	15.54	15.52	9.56	1.70

(iii) *Liabilities and Assets.* The liabilities and assets for the same period are set out in the following tables. Comparison of the results for 1922-23 with those for 1918-19 shows that paid-up capital increased by 64 per cent. and reserves by 31 per cent. While loans on mortgage decreased 76 per cent., Government securities nearly doubled, and landed and other property showed a growth of over 50 per cent.

FIRE, MARINE, AND GENERAL INSURANCE COMPANIES, 1918 TO 1923.

Heading.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
PAID-UP CAPITAL, RESERVES, AND LIABILITIES.					
	£	£	£	£	£
Paid-up capital	3,109,956	3,365,235	3,879,641	4,652,348	5,100,651
Reserves and re-insurance funds (a)	4,203,548	4,635,401	5,282,399	5,574,784	5,530,537
Undivided profits	335,844	394,795	503,657	493,388	455,992
Losses unsettled	643,412	790,992	893,312	811,979	861,973
Sundry creditors, etc. ..	1,095,013	1,138,306	1,822,914	1,970,797	1,815,836
Dividends, etc., to pay ..	283,677	279,618	310,333	322,257	326,287
Life assurance funds (b) ..	96,043	136,732	480,608	736,083	947,669
Total Liabilities	9,767,493	10,741,079	13,172,864	14,561,636	15,038,945
INVESTMENTS AND OTHER ASSETS.					
	£	£	£	£	£
Loans on mortgage	1,198,576	1,137,746	1,020,195	995,702	908,972
Government securities, etc. ..	4,182,448	4,969,458	6,433,893	7,274,220	8,177,285
Landed and other property ..	1,288,591	1,322,642	1,743,536	1,929,951	2,001,155
Fixed deposit, etc.	1,198,652	1,198,627	1,623,028	1,440,612	1,119,008
Loans on life policies (b) ..	4,503	4,297	8,795	17,062	18,844
Investments	172,041	183,804	65,681	93,704	98,630
Cash and bills received	811,909	832,630	584,694	785,979	706,739
Sundry debtors and other assets ..	910,773	1,091,875	1,693,042	2,024,406	2,008,312
Total assets	9,767,493	10,741,079	13,172,864	14,561,636	15,038,945

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

(b) Some of the companies transact Life Business.

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

§ 7. Friendly Societies.

1. **General.**—Friendly societies are an important factor in the social life of the community, as probably one-third of the total population of Australia comes either directly or indirectly under their influence. Their total membership is over 500,000, but as certain benefits, such as medical attendance and free medicines, and in many cases funeral expenses, are granted to members' families as well as to members themselves, this figure must, even when due allowance is made for young and unmarried members, be multiplied by about four to arrive at the total number of persons more or less connected with these societies. Legislation has conferred certain privileges on friendly societies, but, on the other hand, it insists on their registration, and it is the duty of the Registrars in the various States, prior to registering a new society, to see that its rules are conformable to the law, and that the scale of contribution is sufficiently high to enable the promised benefits to be conferred on members. Societies are obliged to forward annual returns as to their membership and their finances to the Registrar, and reports are published in most of the States dealing with the returns thus received.

In the following tables the figures refer to the year 1922, with the exception of New South Wales, the figures for which relate to the year ended 30th June, 1923.

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

FRIENDLY SOCIETIES.—SOCIETIES, LODGES, AND MEMBERS, 1922.

State.	Number of Registered Friendly Societies.	Number of Lodges.	Benefit Members at end of year.	Average No. of Benefit Members during the year.
New South Wales	36	2,120	195,386	193,515
Victoria	57	1,467	146,688	145,254
Queensland	18	596	57,616	57,093
South Australia	18	624	71,166	70,660
Western Australia	15	272	19,028	18,987
Tasmania	18	192	23,764	23,515
Total .. ..	..	5,271	513,648	509,024

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

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

FRIENDLY SOCIETIES.—SICKNESS AND DEATH RETURNS, 1922.

State.	Number of Members who received Sick Pay.	Total Number of Weeks Sick Pay Granted.	Average Number of Weeks per Member Sick.	Deaths of Benefit Members and Wives.	Proportion of Deaths to 1,000 Average Benefit Members.
New South Wales ..	(a)	(a)	(a)	(a)	(a)
Victoria	26,275	258,851	9.85	1,775	12.22
Queensland	9,267	75,374	8.13	(a)	(a)
South Australia ..	11,432	123,475	10.80	1,010	14.29
Western Australia ..	2,931	22,603	7.71	142	7.48
Tasmania	4,312	35,652	8.27	276	11.74
Total	(b) 54,217	(b) 515,955	(b) 9.52	(c) 3,203	(c) 12.39

(a) Not available. (b) Exclusive of New South Wales.
(c) Exclusive of New South Wales and Queensland.

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

FRIENDLY SOCIETIES.—REVENUE, 1922.

State.	Entrance Fees, Members' Contributions, and Levies.	Interest, Dividends, and Rents.	All other Income.	Total Revenue.
	£	£	£	£
New South Wales	673,650	146,106	56,072	875,828
Victoria	481,582	169,376	139,830	790,788
Queensland	204,716	59,677	..	264,393
South Australia	212,817	83,540	17,653	314,010
Western Australia	63,823	19,664	20,455	103,942
Tasmania	74,777	15,601	10,380	100,758
Total	1,711,365	493,964	244,390	2,449,719

(ii) *Expenditure.* The returns relating to expenditure are more complete than those for revenue. The figures show that the excess of revenue for the year was £501,203 for Australia. The revenue exceeded the expenditure by rather less than one pound per average benefit member.

FRIENDLY SOCIETIES.—EXPENDITURE, 1922.

State.	Sick Pay.	Medical Attendance and Medicine.	Sums Paid at Death of Members and Members' Wives.	Adminis- tration.	All other Expendi- ture.	Total Expendi- ture.
	£	£	£	£	£	£
New South Wales	230,241	269,223	48,590	139,208	39,512	726,774
Victoria	164,029	199,868	30,224	92,544	129,375	616,040
Queensland	54,293	82,705	25,782	35,235	..	198,015
South Australia	71,364	72,601	32,209	43,324	16,311	235,809
Western Australia	15,970	22,985	4,830	18,327	21,418	83,530
Tasmania	25,018	24,539	14,314	15,684	8,793	88,348
Total	560,915	671,921	155,949	344,322	215,409	1,948,516

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

5. *Funds.*—The two foregoing tables show that the surplus of revenue over expenditure in five States amounted to £501,203 for the year, and a small surplus must, of course, result annually in every society which levies adequate contributions to enable it to meet all possible claims. These accumulations of profits are generally invested, and the subjoined table shows the division into invested and uninvested funds :—

FRIENDLY SOCIETIES.—FUNDS, 31st DECEMBER, 1922.

State.	Invested Funds.	Uninvested Funds.	Total Funds.
	£	£	£
New South Wales	2,727,991	(a)	2,727,991
Victoria	3,459,065	90,733	3,549,798
Queensland	1,158,429	4,245	1,162,674
South Australia	1,638,664	25,630	1,664,294
Western Australia	322,208	8,946	331,154
Tasmania	288,018	15,485	303,503
Total	9,594,375	145,039	9,739,414

(a) Included in Invested Funds.

The total funds amounted, therefore, to nearly £19 per member at the close of the year under review.

§ 8. Probates.

1. Probates and Letters of Administration.—The value of the estates left by deceased persons gives a fair view of the distribution of property among the general population. There were in 1922, 38,759 deaths of adult persons, while the number of probates and letters of administration granted during the same period was 15,428. It would therefore appear that about two-fifths of the adults who died during the year were possessed of sufficient property to necessitate the taking out of probate. The details for each State are shown in the table hereunder :—

PROBATES AND LETTERS OF ADMINISTRATION, 1922.

State.	Number of Estates.			Net Value of Estates.		
	Probates.	Letters of Administration.	Total.	Probates.	Letters of Administration.	Total.
				£	£	£
New South Wales ..	5,681	(a)	5,681	15,441,378	(a)	15,441,378
Victoria ..	3,845	1,600	5,445	12,641,263	(a)	12,641,263
Queensland ..	863	139	1,002	3,338,036	253,495	3,591,531
South Australia ..	1,378	408	1,786	3,514,917	168,285	3,683,202
Western Australia ..	645	297	942	835,021	144,193	979,214
Tasmania ..	467	78	545	1,122,801	88,963	1,211,764
Northern Territory ..	6	21	27	2,282	3,129	5,411
Total ..	12,885	(c) 2,543	15,428	36,895,698	658,065	37,553,763

(a) Included with Probates.

2. Intestate Estates.—The number of intestate estates placed under the control of the Curator during the year, and the amount of unclaimed money paid into Consolidated Revenue in each State during the year 1922, are given hereunder :—

INTESTATE ESTATES, 1922.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N.Ter.	Total.
Intestate estates placed under control of Curator during 1922 —								
Number	(a)	395	1,155	201	400	199	20	(b) 2,370
Value	(a)	36,781	434,548	48,445	18,232	52,990	2,094	(b) 593,090
Unclaimed money paid into Consolidated Revenue by Curator during 1922 £	64,740	4,023	15,834	1,600	1,274	..	285	87,756

(a) Included with Probates.

(b) Exclusive of New South Wales.