

SECTION XX.

STATE FINANCE.

§ 1. General.

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

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

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

3. Inter-relation of Commonwealth and State Finance.—The principal alteration in State finance, brought about by Federation, has been that the States have transferred to the Commonwealth the large revenue received by the Customs and Postal Departments,

and have been relieved of the expenditure connected with these and the Defence Departments, while, on the other hand, a new item of State revenue has been introduced, viz., the payment to the States of the surplus revenue of 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, will be submitted to a referendum at the forthcoming election in April, 1910.

§ 2. State Consolidated Revenue Funds.

(A) Receipts.

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

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

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

2. **Amount Collected.**—The following table furnishes particulars of the total amount of consolidated revenue received by the several States during the eight years 1901-2 to 1908-9:—

STATE REVENUES, 1901-2 to 1908-9.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
	£	£	£	£	£	£	£
1901-2 ...	11,007,356	6,997,792	3,535,062	2,477,431	3,354,123	826,163	28,197,927
1902-3 ...	11,296,069	6,954,619	3,526,465	2,530,568	3,630,238	734,663	28,672,622
1903-4 ...	11,248,328	7,319,949	3,595,440	2,568,100	3,550,016	857,668	29,139,501
1904-5 ...	11,336,918	7,515,742	3,595,399	2,798,849	3,615,340	852,681	29,714,929
1905-6 ...	12,283,082	7,811,475	3,853,523	2,866,308	3,558,939	900,657	31,273,984
1906-7 ...	13,392,435	8,345,534	4,307,912	3,252,705	3,401,354	970,843	33,670,783
1907-8 ...	13,960,763	8,314,480	4,488,298	3,722,090	3,376,641	1,005,274	34,867,646
1908-9 ...	13,646,126	8,247,684	4,769,172	3,591,260	3,268,993	934,405	34,457,640

The figures given in this table relate in each instance to the financial year ended 30th June, except in the case of Tasmania, where the figures shewn for 1901-2, 1902-3, and 1903-4 relate respectively to the years ended 31st December, 1901, 1902, and 1903.

During the seven years from 1901-2 to 1908-9 the aggregate revenues of the States increased by no less a sum than £6,259,713, or a little over of 22 per cent. Increases were in evidence in all the States except Western Australia, the largest increase being that of £2,638,770 in New South Wales, while in the case of Western Australia there was a decrease of £85,130.

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

3. **Revenue per Head.**—Details concerning the revenue per head of population, collected in the several States of the Commonwealth during the eight years 1901-2 to

1908-9, are furnished in the table given hereunder. It will be seen that throughout the period Western Australia has collected by far the largest amount per head, and that Tasmania has collected the least:—

STATE REVENUE PER HEAD OF POPULATION, 1901-2 to 1908-9.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1901-2 ...	8 0 1	5 15 7	6 19 9	6 15 6	17 5 7	4 16 3	7 7 5
1902-3 ...	8 1 0	5 14 10	6 18 1	6 18 0	17 0 4	4 5 0	7 8 6
1903-4 ...	7 17 7	6 1 1	6 19 6	6 19 3	15 12 10	4 16 11	7 8 5
1904-5 ...	7 15 7	6 4 2	6 17 10	7 10 2	14 18 5	4 14 8	7 9 2
1905-6 ...	8 4 8	6 8 2	7 5 11	7 11 4	13 19 4	4 19 6	7 14 4
1906-7 ...	8 15 5	6 15 6	8 1 0	8 9 6	12 19 11	5 7 9	8 3 6
1907-8 ...	8 18 0	6 13 3	8 5 8	9 9 7	12 18 2	5 9 3	8 6 2
1908-9 ...	8 11 6	6 9 9	8 12 8	8 16 5	12 4 9	5 0 7	8 1 2

In all the States, except Western Australia, the last four years have witnessed a marked increase in the State revenue collections per head, the most noticeable advances being £1 14s. 10d. per head in the case of Queensland and £1 6s. 3d. per head in that of South Australia. The Western Australian decline has been continuous, but even for 1908-9 the revenue per head in that State exceeded the Commonwealth average by about 50 per cent. Four States, viz., Western Australia, South Australia, Queensland, and New South Wales, exceeded the Commonwealth average for 1908-9, while the other two States fell short of it.

4. Details for 1908-9.—Classifying the revenue of the several States in the manner indicated in § 2 (A) 1 above, particulars for the year 1908-9 are as follows:—

DETAILS OF STATE REVENUE, 1908-9.

Particulars.	N.S.W.	Victoria.	Q'land.	S.A.	W.A.	Tas.	All States.
	£	£	£	£	£	£	£
Taxation ...	907,249	1,072,228	535,194	450,250	296,599	250,835	3,512,355
Public Works & Services ...	7,309,062	4,387,635	2,192,265	2,019,073	1,872,372	329,192	18,108,629
Land ...	1,778,002	358,426	680,905	284,546	281,188	96,519	3,479,586
Surplus C'with Revenue ...	3,377,213	1,929,542	1,060,800	707,959	618,803	232,842	7,927,159
Miscellaneous ...	274,600	499,853	299,978	130,432	200,031	25,017	1,429,911
Total ...	13,646,126	8,247,684	4,769,172	3,591,260	3,268,993	934,405	34,457,640

5. Revenue per Head, 1908-9.—Particulars concerning the revenue per head of population in each State derived from the several sources enumerated in the preceding paragraph are given hereunder:—

STATE REVENUE PER HEAD, 1908-9.

Particulars.	N.S.W.	Victoria.	Qld.	S. Aust.	W. Aust.	Tas.	All States.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Taxation ...	0 11 5	0 16 11	0 19 4	1 2 1	1 2 2	1 7 0	0 16 5
Public Works & Services ...	4 11 10	3 9 0	3 19 5	4 19 2	7 0 2	1 15 5	4 4 9
Land ...	1 2 4	0 5 8	1 4 8	0 14 0	1 1 1	0 10 5	0 16 3
Surplus C'with Revenue ...	2 2 5	1 10 4	1 18 5	1 14 9	2 6 4	1 5 1	1 17 1
Miscellaneous ...	0 3 6	0 7 10	0 10 10	0 6 5	0 15 0	0 2 8	0 6 8
Total ...	8 11 6	6 9 9	8 12 8	8 16 5	12 4 9	5 0 7	8 1 2

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

6. Relative Importance of Sources of Revenue.—The following table furnishes an indication of the relative importance of the different sources of revenue in the several States, the figures given being the percentage which each item of revenue bore to the total for the State for the year 1908-9:—

PERCENTAGE ON TOTAL STATE REVENUE, 1908-9.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	%	%	%	%	%	%	%
Taxation	6.65	13.00	11.22	12.54	9.07	26.84	10.19
Public Works and Services ...	53.56	53.20	45.97	56.20	57.28	35.23	52.55
Land	13.03	4.35	14.28	7.92	8.60	10.33	10.10
Surplus C'wealth Revenue ...	24.75	23.39	22.24	19.71	18.93	24.92	23.01
Miscellaneous	2.01	6.06	6.29	3.63	6.12	2.68	4.15
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

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

7. State Taxation.—(a) *Details, 1908-9.* Prior to the inauguration of Federation the principal source of revenue from taxation was the imposition of duties of Customs and Excise. At the present time the most productive form of State taxation is the income tax, which is now imposed in all the States, Western Australia, the last of the States to adopt this method of taxation, having passed the necessary legislation during the Parliamentary session of 1907. Probate and succession duties rank next to the income tax in importance. For 1908-9 stamp duties occupied third place. In addition to these a land tax is now collected in all the States except Queensland, and license fees of various kinds are collected in all the States, while a dividend tax is collected in Western Australia, and an "ability" tax¹ in Tasmania. The total revenue from taxation collected by the States during the year 1908-9 was £3,512,355, details of which are set forth in the table given hereunder:—

STATE REVENUE FROM TAXATION, 1908-9.

Taxation.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. A.	Tas.	All States
	£	£	£	£	£	£	£
Probate and succession duties ...	301,681	418,418	57,012	86,344	20,132	28,641	912,228
Other stamp duties	205,022	237,681	132,073	89,160	58,065	53,713	775,714
Land tax	80,794	85,559	...	92,158	33,120	59,651	351,282
Income tax	202,369	304,464	273,091	160,777	38,891	59,123	1,088,715
Dividend tax ... ..	...	...	...	...	95,273	...	95,273
Ability tax ... ..	...	...	...	...	...	34,892	34,892
Licenses	117,383	20,334	60,593	21,811	43,924	13,216	277,261
Other taxation ... ..	...	5,772	12,425	...	7,194	1,599	26,990
Total	907,249	1,072,228	535,194	450,250	296,599	250,835	3,512,355

The most productive forms of taxation in the several States during the year 1908-9 were as follows:—New South Wales and Victoria, probate and succession duties; Queens-

1. The "ability" tax is based upon the annual value of the house occupied by the taxpayer, or upon the amount payable by him for board and lodging.

land and South Australia, income tax; Western Australia, dividend tax; and Tasmania, land tax.

(b) *Summary, 1901-2 to 1908-9.* The total amount raised by means of taxation by the several State Governments during the eight years 1901-2 to 1908-9 is given in the following table:—

STATE REVENUE FROM TAXATION, 1901-2 to 1908-9.

Year.	New South Wales.	Victoria.	Queensland.	S. Australia.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
1901-2	1,108,770	748,216	276,771	267,791	173,582	111,515	2,686,645
1902-3	1,108,781	878,591	415,688	398,941	221,247	105,402	3,128,650
1903-4	1,100,193	938,147	475,184	353,432	235,114	150,091	3,252,161
1904-5	1,114,408	897,870	454,574	442,030	221,738	216,953	3,347,573
1905-6	1,297,776	990,735	494,165	369,756	260,609	248,799	3,661,840
1906-7	1,381,305	1,110,411	540,737	411,867	266,152	276,450	3,986,922
1907-8	1,077,534	977,620	525,540	477,637	277,463	265,656	3,601,450
1908-9	907,249	1,072,228	535,194	450,250	296,599	250,835	3,512,355

During the five years between 1901-2 and 1906-7 the aggregate State revenue from taxation increased by 48 per cent., the increase varying considerably in the several States. Thus while New South Wales shewed an increase of 25 per cent. and Victoria one of 48 per cent., the Queensland revenue advanced by 95 per cent., and that of Tasmania by no less than 148 per cent. The year 1907-8, however, witnessed a falling-off in taxation in New South Wales, Victoria, Queensland, and Tasmania, and an increase in South Australia and Western Australia. During 1908-9, further decreases occurred in New South Wales, South Australia and Tasmania, while the remaining three States all shewed increases. The total decrease in State taxation for the year amounted to £89,095.

The revenue from State taxation per head of population, collected in the several States during each of the years 1901-2 to 1908-9 was as follows:—

STATE TAXATION PER HEAD, 1901-2 to 1908-9.

Year.	New South Wales.	Victoria.	Queensland.	S. Australia.	W. Aust.	Tasmania.	All States.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1901-2	0 16 1	0 12 4	0 10 11	0 14 8	0 17 11	0 13 0.	0 14 1
1902-3	0 15 10	0 14 6	0 16 3	1 1 9	1 0 9	0 12 2	0 16 1
1903-4	0 15 5	0 15 6	0 18 5	0 19 2	1 0 9	0 17 0	0 16 7
1904-5	0 15 4	0 14 10	0 17 5	1 3 9	0 18 4	1 4 1	0 16 10
1905-6	0 17 5	0 16 3	0 18 9	0 19 7	1 0 5	1 7 6	0 18 1
1906-7	0 18 1	0 18 0	1 0 2	1 1 6	1 0 4 ⁰	1 10 9	0 19 4
1907-8	0 13 9	0 15 8	0 19 5	1 4 4.	1 1 3	1 8 10	0 17 2
1908-9	0 11 5	0 16 11	0 19 4	1 2 1	1 2 2	1 7 0	0 16 5

Taking the States as a whole the State taxation increased by two shillings and four pence per head during the seven years from 1901-2 to 1908-9, the most marked increase being that of fourteen shillings per head in the case of Tasmania. In Queensland the increase amounted to eight shillings and fivepence, in South Australia to seven shillings and fivepence, in Victoria to four shillings and sevenpence, in Western Australia to four shillings and threepence, while in New South Wales a decline of four shillings and eightpence took place, owing in large measure to the reductions made in that State in the imposition of income tax and stamp duties. State taxation per head is at present highest in Tasmania and lowest in New South Wales.

8. Commonwealth and State Taxation.—For the purpose of obtaining an accurate view of the extent of taxation imposed on the people of the Commonwealth by the central

governing authorities it is necessary to add together the Commonwealth and State collections. This has been done in the table given hereunder, which contains particulars concerning the total taxation for each of the years 1904-5 to 1908-9, as well as the amount per head of population:—

COMMONWEALTH AND STATE TAXATION, 1904-5 to 1908-9.

Particulars.	1904-5.	1905-6.	1906-7.	1907-8.	1908-9.
	£	£	£	£	£
Commonwealth taxation	8,799,530	8,999,485	9,648,556	11,645,352	10,844,067
State taxation ...	3,347,573	3,661,840	3,986,922	3,601,450	3,512,355
Total ...	12,147,103	12,661,325	13,635,478	15,246,802	14,356,422
Taxation per head ...	£3 1 0	£3 2 6	£3 6 2	£3 12 8	£3 7 2

Whilst the Commonwealth taxation increased during the period by £2,044,537, the State taxation advanced by £164,782, the aggregate increase being £2,209,319. The amount has, however, fluctuated somewhat during the period, and has ranged between a minimum of £3 1s. 0d. per head in 1904-5 and a maximum of £3 12s. 8d. per head in 1907-8.

9. Public Works and Services.—A very large proportion of the revenue of all the States of the Commonwealth is made up of the receipts from the various public works and services under the control of the several Governments. The principal of these are railways and tramways, harbour works, and water supply and sewerage, while in addition, State batteries for the treatment of auriferous ores exist in Western Australia, and various minor revenue-producing services are rendered by the Governments of all the States. For the year 1908-9 the aggregate revenue from this source totalled £18,108,629, or more than 50 per cent. of the revenue from all sources. Details of revenue from public works and services for the year 1908-9 are as follows:—

STATE REVENUE FROM PUBLIC WORKS AND SERVICES, 1908-9.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and Tramways ...	6,132,918	4,189,501	2,110,708	1,668,201	1,521,997	280,805	15,904,130
Harbour Services ...	425,817	95,216	26,768	64,063	81,735	...	693,599
Public Batteries ...	...	...	...	...	77,662	...	77,662
Water Supply and Sewerage ...	530,568	*100,397	...	*142,160	*112,356	...	885,481
Other Public Services ...	219,759	2,521	54,819	143,649	78,622	48,387	547,757
Total ...	7,309,062	4,387,635	2,192,295	2,018,073	1,872,372	329,192	18,108,629

* Water Supply only.

10. Land Revenue.—The revenue derived by the States from the sale and rental of Crown lands has, with few exceptions, been treated from the earliest times as forming part of their respective Consolidated Revenue Funds, and has been applied to meet ordinary current expenses. Where the rentals received are for lands held for pastoral or for residential purposes, such application of the revenue appears perfectly justifiable. On the other hand, where the rentals are those of mineral and timber lands, and in all cases of sales of lands, such a proceeding is essentially a disposal of capital in order to defray current expenses. As a matter of financial procedure such a course is open to a very obvious criticism. In the following table particulars of revenue derived from sales and rental of Crown lands are given for the year 1908-9:—

STATE LAND REVENUE, 1908-9.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
Sales ...	1,018,765	224,232	189,362	141,546	163,795	59,460	1,797,160
Rentals ...	759,237	134,194	491,543	143,000	117,893	37,059	1,682,426
Total ...	1,778,002	358,426	680,905	284,546	281,188	96,519	3,479,586

11. **Surplus Commonwealth Revenue.**—The payments to the States of surplus Commonwealth revenue represent in each instance a considerable proportion of the State's revenue, and for the year 1908-9 aggregated £7,927,159. The percentage which the surplus revenue paid to each State for 1908-9 was of the total collected by the Commonwealth in respect of that State is shewn in the following table:—

SURPLUS COMMONWEALTH REVENUE PAID TO STATES DURING 1908-9.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Surplus Commonwealth revenue paid to each State ...	3,377,213	1,929,542	1,060,800	707,959	618,803	232,842	7,927,159
Total Commonwealth revenue in respect of each State ...	5,621,958	3,750,161	1,989,540	1,307,621	1,166,126	515,387	14,350,793
Percentage of surplus on total Commonwealth revenue in respect of State ...	% 60.07	% 51.45	% 53.32	% 54.14	% 53.06	% 45.18	% 55.24

It will be seen from the foregoing table that the surplus Commonwealth revenue which the States received for 1908-9 represented 55 per cent. of the total Commonwealth collections for that year, the balance, 45 per cent., being absorbed in defraying the expenses of the various transferred and new departments under the control of the Commonwealth Government. The largest percentage returned was 60 per cent., in the case of New South Wales, and the smallest 45 per cent., in the case of Tasmania.

12. **Miscellaneous Items of Revenue.**—In addition to the foregoing sources of revenue there are in each State several miscellaneous ones, including such items as interest, fines, fees, etc., which for the year 1908-9 aggregated £1,429,911.

(B) Disbursements.

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

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

Of these items that of interest and sinking fund in connection with public debt is the most important, and for the year 1908-9 represented about 34 per cent. of the

aggregate State expenditure from Consolidated Revenue Funds. Next in order for that year was the item of working expenses of railways and tramways, then education, medical and charitable, police, justice, and penal establishments in the order named.

2. Total Expenditure.—The total expenditure from Consolidated Revenue Funds in the several States during each of the years 1901-2 to 1908-9 is furnished in the table given hereunder:—

STATE EXPENDITURE FROM CONSOLIDATED REVENUE FUNDS, 1901-2 to 1908-9.

Year.	N.S. Wales.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
1901-2 ...	11,020,105	7,898,832	3,967,001	2,823,578	3,151,427	870,442	29,231,385
1902-3 ...	11,467,235	6,759,960	3,717,806	2,641,789	3,521,763	850,685	28,959,238
1903-4 ...	11,319,888	7,339,608	3,607,864	2,707,254	3,698,312	879,356	29,552,282
1904-5 ...	11,195,075	7,343,742	3,581,403	2,860,894	3,745,224	840,184	29,566,522
1905-6 ...	11,386,864	7,261,475	3,725,712	3,004,974	3,632,318	853,147	29,864,490
1906-7 ...	11,876,657	7,679,143	3,911,797	3,394,999	3,490,182	913,762	31,266,540
1907-8 ...	12,095,593	7,862,246	4,373,097	3,862,336	3,379,006	929,885	32,502,163
1908-9 ...	12,893,662	8,240,177	4,759,231	3,760,005	3,370,530	960,237	33,983,842

As in the case of the table previously given for revenue, the above figures relate to the year ended 30th June, except in the cases of 1901-2, 1902-3, 1903-4, which contain Tasmanian figures for the years ended 31st December, 1901, 1902, and 1903 respectively.

3. Expenditure per Head.—Owing to the varying conditions of the several States and the extent to which the different functions of Government are distributed therein between central and local governing authorities, the expenditure per head from Consolidated Revenue Funds differs materially in the several States, being highest in the case of Western Australia and lowest in that of Tasmania. Four of the States, viz., Western Australia, South Australia, Queensland and New South Wales, are above the Commonwealth average per head, and the other two States below. The expenditure per head of population for each State for the years 1901-2 to 1908-9 is as follows:

STATE EXPENDITURE PER HEAD, 1901-2 to 1908-9.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1901-2 ...	8 0 3	6 2 2	7 16 10	7 14 5	16 4 8	5 1 5	7 12 10
1902-3 ...	8 3 5	5 11 7	7 5 7	7 4 1	16 10 2	4 18 5	7 9 2
1903-4 ...	7 18 7	6 1 5	7 0 0	7 6 10	16 5 11	4 19 5	7 10 6
1904-5 ...	7 13 8	6 1 4	6 17 4	7 13 6	15 9 2	4 13 3	7 8 5
1905-6 ...	7 12 8	5 19 2	7 1 1	7 18 11	14 5 1	4 14 3	7 7 5
1906-7 ...	7 15 7	6 4 8	7 6 2	8 16 11	13 6 8	5 1 5	7 11 10
1907-8 ...	7 14 2	6 6 0	8 1 5	9 16 9	12 18 4	5 1 1	7 14 11
1908-9 ...	8 2 0	6 9 8	8 12 4	9 4 8	12 12 4	5 3 4	7 19 0

In all the States with the exception of Western Australia increases in the expenditure per head took place during the year 1908-9, ranging from 10s. 11d. per head in the case of Queensland, to 2s. 3d. per head in that of Tasmania. In Western Australia a decrease of six shillings per head was experienced.

4. Details of Expenditure for 1908-9.—The following table furnishes for the year 1908-9 particulars as to the expenditure of the several States under each of the principal heads:—

DETAILS OF STATE EXPENDITURE, 1908-9.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Public debt (int., sinking fund, &c.)	3,539,876	2,044,325	1,599,417	1,455,516	953,411	412,069	10,004,614
Rlways. & tramways (working exps.)	3,872,865	2,353,844	1,225,098	1,004,472	987,298	204,136	9,647,713
Justice	274,042	161,205	73,237	30,688	59,022	10,971	609,165
Police	447,310	282,044	207,043	90,278	118,563	39,103	1,184,341
Penal establishments	84,129	49,025	23,797	16,885	32,638	5,795	212,269
Education	1,088,328	891,349	355,224	200,274	191,666	79,053	2,805,794
Medical and charitable	1,135,042	633,465	387,694	120,030	184,403	51,145	2,511,779
All other expenditure	2,452,070	1,825,020	887,721	841,862	843,529	157,965	7,008,167
Total	12,893,662	8,240,177	4,759,231	3,760,005	3,370,530	960,237	33,983,842

5. **Expenditure per Head, 1908-9.**—The expenditure per head of population of the several States for the year 1908-9, under each of the principal items, is given hereunder:—

STATE EXPENDITURE PER HEAD, 1908-9.

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

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

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

PERCENTAGE ON TOTAL STATE EXPENDITURE, 1908-9.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	%	%	%	%	%	%	%
Public Debt (interest, sinking fund, &c.)	27.45	24.81	33.61	38.71	28.29	42.92	29.44
Railways and tramways (working expenses)	30.04	28.57	25.74	26.71	29.29	21.26	28.39
Justice	2.13	1.96	1.54	0.82	1.75	1.14	1.79
Police	3.47	3.42	4.35	2.40	3.52	4.07	3.49
Penal establishments	0.65	0.60	0.50	0.45	0.97	0.60	0.62
Education	8.44	10.80	7.46	5.33	5.69	8.23	8.26
Medical and charitable	8.80	7.69	8.15	3.19	5.47	5.33	7.39
All other expenditure	19.02	22 15	18.65	22.39	25.02	16.45	20.62
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Taken together, the interest and sinking fund on the public debt, and the working expenses of the railways and tramways, represented for the year 1908-9 nearly 58 per cent. of the aggregate State expenditure.

(c) **Balances.**

1. **Position on 30th June, 1909.**—On various occasions in each of the States the revenue collected for a financial year has failed to provide the funds requisite for defraying the expenditure incurred during that year, the consequence being a deficit which is usually liquidated either by cash obtained from trust funds, or by the issue of Treasury bills. In some of the States a number of such deficits has occurred, interspersed with occasional surpluses, the result being an accumulating overdraft, which in certain instances assumed very large proportions. Thus during the period of financial stress resultant upon the crisis of 1893 and the drought conditions of succeeding years, the accumulated overdrafts of several of the States grew very rapidly. The very favourable financial conditions of recent years have enabled the various Treasurers to considerably reduce such liabilities from time to time, and at 30th June, 1909, the position of the balances of the several Consolidated Revenue Funds were as set forth in the table hereunder :—

STATE CONSOLIDATED REVENUE FUND BALANCES, 30th JUNE, 1909.

State.	Cash Credit Balances.	Debit Balance..		Net Result
		Cash Overdraft.	Overdraft liquidated by Treasury Bills	
	£	£	£	£
New South Wales	637,678	...	914,516	Dr. 276,838
Victoria ... ..	...	332,987	...	Dr. 332,987
Queensland	9,941	...	...	Cr. 9,941
South Australia	*291,772	†177,512	...	Cr. 114,260
Western Australia ... ..	...	312,631	...	Dr. 312,631
Tasmania ... ..	...	...	62,882	Dr. 62,882
Total	939,391	823,130	977,398	Dr. 861,137

* South Australia proper. † Northern Territory.

(D) **Principal State Taxes.**(a) **Probate and Succession Duties.**

1. **General.**—Probate duties have been levied for a considerable time in all the States of the Commonwealth. From the provisions of the several State Acts governing the payment of duty which are outlined hereunder, it will be seen that both the ordinary rates and those which apply to special beneficiaries differ widely in several cases. In the following table the amount under which the estates of deceased persons were sworn, is shewn for the years 1904 to 1908 :—

VALUE OF ESTATES OF DECEASED PERSONS, 1904 to 1908.

State.	1904.	1905.	1906	1907.	1908.
	£	£	£	£	£
New South Wales	6,155,963	7,714,416	7,529,437	7,563,499	7,838,572
Victoria	5,762,084	6,003,478	6,424,738	6,860,143	7,128,085
Queensland	1,513,237	1,016,495	1,144,116	1,670,184	1,376,255
South Australia	2,056,612	1,294,968	2,041,280	1,923,954	2,105,351
Western Australia	422,515	676,920	544,245	1,154,126	955,995
Tasmania	905,254	504,196	862,222	841,227	*841,227
Commonwealth	16,815,665	17,210,473	18,546,038	20,013,133	20,245,485

* Figures for 1907: later returns not available.

The duty collected in the several States for the financial years 1904-5 to 1908-9 is as follows:—

AMOUNT OF PROBATE AND SUCCESSION DUTIES COLLECTED, 1904-5 to 1908-9.

State.	1904-5.	1905-6.	1906-7.	1907-8.	1908-9.
	£	£	£	£	£
New South Wales ...	209,822	290,729	289,901	310,704	301,681
Victoria ...	265,876	328,628	401,631	304,830	418,418
Queensland* ...	62,636	67,935	71,399	42,788	57,012
South Australia ...	109,427	59,970	60,204	70,227	86,344
Western Australia ...	10,587	15,707	34,309	41,688	20,132
Tasmania ...	16,658	26,336	26,602*	32,087	28,641
Commonwealth ...	675,006	789,305	884,046	802,324	912,228

* Approximate.

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

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

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

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

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

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

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

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

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

(ii.) *Rates of Duty.* The last-mentioned Act provides for the following scale of duties on the estate, real and personal, of deceased persons, after the deduction of all debts, viz.:—Less than £200, nil; above £200 and up to £300, $1\frac{1}{2}$ per cent.; then increasing $\frac{1}{2}$ per cent. for each £100 up to £600; then increasing $\frac{1}{3}$ per cent. for each £200 up to £1000; above £1000 and up to £1500, 4 per cent.; then increasing $\frac{1}{4}$ per cent. for each £500 up to £6000; then increasing $\frac{1}{5}$ per cent. for each £1000 up to £19,000; with the exception of the two stages £10,000 to £11,000 and £14,000 to £15,000, which involve an increase of $\frac{2}{5}$ per cent. and whose rates are respectively $7\frac{1}{5}$ and $8\frac{1}{5}$ per cent.; over £19,000 and up to £20,000, $9\frac{1}{2}$ per cent.; and over £20,000, 10 per cent. is charged.

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

(iii.) *Special Rates.* Property left by the deceased to his widow, children or grandchildren, is subject to the following rates, except that in cases where the total value of the estate after payment of all debts does not exceed £2000 half these rates only are charged:—Up to £500, nil; over £500 and up to £1000, 1 per cent.; over £1000 and up to £2000, 3 per cent.; then increasing by $\frac{1}{3}$ per cent. for each £1000 up to £5000, and by $\frac{1}{4}$ per cent. for each £1000 up to £8000; over £8000 and up to £10,000, 5 per cent.; increasing thence by $\frac{1}{5}$ per cent. for each £2000 up to £24,000, for each £4000 up to £80,000, and for each £5000 up to £100,000, the last group £95,000 to £100,000 being subject to $9\frac{1}{5}$ per cent.; over £100,000, the amount payable is 10 per cent.

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

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

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

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

less than £5000, 4 per cent.; £5000 and less than £10,000, 6 per cent.; £10,000 and less than £20,000, 8 per cent.; and when the value is £20,000 or upwards, 10 per cent. is charged.

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

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

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

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

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

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

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

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

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

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

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

(ii.) *Rates of Duty.* When the total value of the estate, real or personal, of a deceased person, or of the property given or accruing to any person under a settlement or deed of gift, does not, after the deduction of all debts, exceed £1000, duty is payable at the rate of 1 per cent.; where the value exceeds £1000 and does not exceed £3500, 2 per cent. is charged; £3500 and under £5000, 3 per cent.; £5000 and under £7500, 4 per cent.; £7500 and under £10,000, 5 per cent.; £10,000 and under £15,000, 6 per cent.; £15,000 and under £20,000, 7 per cent.; £20,000 and under £30,000, 8 per cent.; £30,000 and under £50,000, 9 per cent.; £50,000 and over, 10 per cent.

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

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

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

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

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

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

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

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

(b) Stamp Duties.

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

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

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

The revenue derived by the several States of the Commonwealth from the imposition of stamp duties for the years 1904-5 to 1908-9 is shewn in the accompanying table :—

STAMP REVENUE (EXCLUSIVE OF PROBATE AND SUCCESSION DUTIES),

1904-5 TO 1908-9.

State.	1904-5.	1905-6.	1906-7.	1907-8.	1908-9.
	£	£	£	£	£
New South Wales ...	268,843	299,165	343,666	254,538	205,022
Victoria ...	199,690	222,697	240,373	240,535	237,681
Queensland ...	73,554	99,631	119,397	142,573	132,073
South Australia ...	60,894	66,480	75,034	79,547	89,160
Western Australia ...	55,064	59,200	63,634	59,617	58,065
Tasmania ...	46,048	54,080	57,198	58,832	53,713
Commonwealth ...	703,593	801,253	899,302	835,642	775,714

2. Bank Notes.—Promissory notes issued by any bank are not required to bear a duty stamp either impressed or adhesive, and may be reissued as often as thought fit. An annual composition has, however, to be paid in lieu of stamp duty. This composition is payable quarterly, and is the same in all States, being at the rate of £2 per annum on every £100 or part thereof of the average annual amount of bank notes in circulation. On 2nd June, 1893, the Treasury Notes Act of Queensland was assented to, by which the issue of Treasury notes payable on demand was authorised. These notes are now used exclusively by the banks in that State.

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

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

for every £50 is charged. An amount of threepence is levied in Tasmania for a bill not exceeding £5; sixpence for one exceeding £5 and under £25; and an additional sixpence for every succeeding £25.

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

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

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

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

(c) Land Tax.

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

The following table shews the amount collected by means of such taxes during the financial years 1904-5 to 1908-9 in the States in which a land tax was imposed:—

LAND TAX COLLECTIONS, 1904-5 to 1908-9.

State.	1904-5.	1905-6.	1906-7.	1907-8.	1908-9.
	£	£	£	£	£
New South Wales	332,530	336,785	345,497	178,889	80,794
Victoria	97,840	103,536	92,438	89,496	85,559
South Australia	115,033	94,601	90,200	93,762	92,158
Western Australia ... ..	...	...	...	11,140	33,120
Tasmania	54,151	54,776	56,065	57,742	59,651
Commonwealth	599,554	589,698	584,200	431,029	351,282

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

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

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

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

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

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

3. **Victoria.**—(i.) *Legislation.* The Land Tax Act of 1890 (No. 1107), which was assented to on 10th July, 1890, and which repealed the Act of 1877, is the only Act now in force in Victoria. Under this Act every "landed" estate, which is taken to mean land of upwards of 640 acres in extent, forming one area or separate areas not more than five miles apart and valued at over £2500, is subject to taxation.

(ii.) *Rates.* The owner of one or more "landed" estates is taxed every year at the rate of $1\frac{1}{4}$ per cent. on the capital value of his estate above the sum of £2500. The Act provides for the appointment of officers, whose duty it is to estimate the grazing capabilities of the land in every "landed" estate and to classify such under one of the following four divisions, viz.:—

- (a) Land capable of carrying two or more sheep to the acre to be returned as first-class and valued at £4 per acre.
- (b) Land carrying three sheep to two acres, and less than two sheep to the acre, second-class, and valued at £3 per acre.
- (c) Land carrying one sheep to the acre, and less than three sheep to two acres, third-class, and valued at £2 per acre.
- (d) Land which is not capable of grazing one sheep to the acre, fourth-class, and valued at £1 per acre.

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

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

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

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

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

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

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

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

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

- (a) All lands held by or on behalf of His Majesty.
- (b) Public roads and thoroughfares, public reserves for health, recreation, or enjoyment, and public parks, university endowments, cemeteries and commons.
- (c) Land used in connection with any public hospital, benevolent, charitable or religious institution, mechanics' institute, school of arts, etc., and land on which is erected any State market, town hall, or municipal chambers.
- (d) All lands held as mining tenements, and lands dedicated to, or vested in trustees, and used for zoological, agricultural, pastoral, or horticultural show purposes, or other public scientific purposes.
- (e) Land, the unimproved value of which does not exceed £50.

6. *Tasmania.*—(i.) *Legislation.* The Land Tax Act of 1905, which was assented to on 30th September, and amended later on in the same year, consolidated the laws relating to land tax in Tasmania. It repealed the Act of 1888 (which was, until then, the principal Act), and also its eight amendments.

(ii.) *Rates.* When the total value of all the land of any taxpayer is under £5000, the rate of tax on such total capital value is one-halfpenny in the £1 sterling; when the value is £5000 and under £15,000, five-eighths of a penny is payable; £15,000 and under £40,000, three farthings; £40,000 and under £80,000, seven-eighths of a penny; and when the value is £80,000 and over, the rate charged is one penny in the £1 sterling. The owner of any land subject to mortgage, etc., may furnish to the Commissioner such particulars as may be required, and is entitled to deduct from the tax demanded of him, one-sixth of a penny for every £1 of the total amount advanced on such mortgage.

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

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

(d) **Income Tax.**

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

In the following table particulars are furnished concerning the total amount collected in the several States during the years 1904-5 to 1908-9. In the case of Queensland and Western Australia the amount of dividend duty collected is included, as is also the amount of ability tax in Tasmania, these taxes being closely allied to the income-tax:—

INCOME, DIVIDEND, AND ABILITY TAXES, 1904-5 to 1908-9.

State.	1904-5.	1905-6.	1906-7.	1907-8.	1908-9.
	£	£	£	£	£
New South Wales ...	231,442	276,299	283,422	215,283	202,369
Victoria ...	317,290	318,233	355,148	317,354	304,464
Queensland ...	253,918	264,957	284,476	271,299	273,091
South Australia ...	136,866	128,756	166,582	212,643	160,777
Western Australia ...	123,733	137,485	116,916	113,967	134,164
Tasmania ...	83,883	98,321	116,949	101,433	94,015
Commonwealth ...	1,147,132	1,224,051	1,323,493	1,231,979	1,168,880

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

- (a) Land and Income Tax Assessment Act 1895, with amendments in 1896, 1897, 1898, and 1904.
- (b) Income Tax Act 1895, with amendment in 1907.
- (c) Taxation Amending Act 1905 and 1906.

The Land and Income Tax Assessment Act, which was assented to on 12th December, 1895, and came into force on the first day of the following year, is the principal Act. Under this Act the amount of taxable income from all sources for the year immediately preceding the year of assessment is the amount on which tax is payable, except in the case of income earned outside the State of New South Wales, which is not subject to taxation. The 1898 Act declared that for the purposes of taxation, the extracting from the soil, winning, producing, or manufacturing in the State of any product, commodity or substance and its export, is part of the carrying on of such trade in New South Wales, and the value of such product, etc., when exported is income earned in the said State.

(ii.) *Rates.* Under the Income Tax Act of 1895 the rate payable in New South Wales is sixpence in the pound on the amount of all incomes which exceed £200 per annum.

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

- (a) Income not exceeding £200 per annum.
- (b) Revenues of municipal corporations or other local authorities.
- (c) Incomes of mutual life assurance societies, and of other companies or societies not carrying on business for purposes of profit or gain.
- (d) Dividends and profits of the Savings Bank of New South Wales, the Post-office Savings Bank, and the income of registered friendly societies.
- (e) Incomes and revenues of all ecclesiastical, charitable, and educational institutions of a public character.
- (f) Income derived from the ownership, use, or cultivation of land subject to land tax.

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

(iv.) *Deductions.* In the case of a company the person liable to taxation in respect of an income exceeding £200 was, under the principal Act, entitled to a deduction of £200 in the assessment of such income, but by the Amendment Act of 1907, which came into force on 1st January, 1908, it has been provided that the deduction is in the first place to be made from so much of the income as is derived from personal exertion. The latter Act also provides—(a) that where the income derived from personal exertion is less than £200 the deduction is to be made to the extent of such income, and any part of the £200

not applied in such deduction is to be taken from the income derived from the produce of property; and (b) when the income of any person, not being a company, which is obtained by personal exertion, exceeds £200, he is entitled to a further deduction of the amount by which such income exceeds £200, provided that the total deductions do not, in any case, exceed £1000.

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

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

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

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

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

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

(v.) *Deductions.* Expenditure incurred in Victoria by any taxpayer in the production of his income, and all taxes payable by him (income tax excepted) are allowed to be deducted from the gross amount of his income; as is also the amount of all premiums not exceeding £50 paid by a taxpayer in respect of life assurance policies; but no deduction by way of exemption from income tax is permitted to a person who has been out of the State for six consecutive months in the year during which the income was received; or for any sum expended on repairs of premises, implements, etc., used for the purpose of trade, or for bad debts and the maintenance of the families of taxpayers.

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

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

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

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

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

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

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

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

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

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

(ii.) *Rates.* Under the last-mentioned Act the income of every person of the value of £150 or over is subject to a tax of fourpence half-penny for every pound up to and inclusive of £800, and sevenpence for every pound above that amount if the income be derived from personal exertion; but if the income consist of the produce of property, the rate is ninepence for every pound up to and inclusive of £800, and thirteenspence half-penny for every pound above the sum of £800. A tax of £5 on every £100 received by foreign shipping companies is imposed under the Act of 1903.

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

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

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

6. Western Australia.—(i.) *Legislation.* On the 20th December, 1907, the first Income Tax Act of Western Australia received assent under the title of the Land and Income Tax Assessment Act 1907, and on the same day the Land Tax and Income Tax Act was passed, declaring rates for the year ending 30th June, 1908. The first-named Act provides that when the amount due from taxation exceeds the sum of twenty shillings, the same is payable in two equal half-yearly instalments. The Land Tax and

Income Tax Act of 1908 provides for the payment of tax for the year ended 30th June, 1909.

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

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

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

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

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

7. *Tasmania.*—(i.) *Legislation.* The Income Tax Act of 1902, which received assent on 20th December, 1902, and came into force on the following 1st January, and its amendment of 1904, are the Acts which govern this form of taxation in Tasmania. The first-named Act repealed the Real and Personal Estates Duties Act of 1880 and five of its amendments.

(ii.) *Rates.* The duty levied by the principal Act as amended by the 1904 Act is one shilling for every pound sterling of the taxable amount derived either from personal exertion or from the produce of property, provided that the income is £100 or over per annum. The same scale also applies to the income of any company except those that are specially mentioned below, and to dividends. Special rules for determining the taxable income of certain foreign companies are given in the Act.

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

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

(iv.) *Deductions.* When a person's income is £100 and under £400 the following deductions are allowed:—If it be £100 and less than £110, a deduction of £80; £110 and under £120, £70; £120 and under £150, £60; then for every increase of £50 in the income the deduction is reduced by £10. On incomes amounting to £400 or more no deduction is permitted. When the income is derived partly from personal exertion and partly from the produce of property the deduction is made from the part derived from personal exertion, and if such part of the income is insufficient to allow the full benefit of such deduction, then the balance is made up from the part of the income derived from property. Income received as interest on debentures, treasury bills, etc., or upon any money lent to any company upon which income tax has been paid in Tasmania, is allowed to be deducted from the amount of the taxpayer's income. Losses, outgoings, etc., and rent paid by a tenant of land and buildings occupied and used for carrying on his business are not deducted, except the rent of such portion as is used for the residence of the occupier. This also applies in the case of the owner of property.

(v.) *Ability Tax in Tasmania.* The Taxation Act of 1904 provides for the levying of a tax upon persons in proportion to their means or ability. It was assented to on 1st November, 1904, and an amending Act was passed on 30th November, 1906. The assessment of the taxable amount is determined according to the annual value of the property occupied or the amount paid for board and lodging, as the case may be, and varies in the case of property from one penny to sixpence in the pound of annual value, with a minimum of two shillings and sixpence, and in the case of board and lodging from three halfpence to sixpence in the pound on the amount payable annually for board and lodging.

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

§ 3. Trust Funds.

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

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

2. **Extent of Funds.**—The amount of such funds held by the several State Governments on 30th June, 1909, was as follows:—

TRUST FUNDS ON 30th JUNE, 1909.

Particulars.	N S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
Amount of trust funds	2,575,757	5,901,649	4,759,888	569,906	6,358,414	480,954	20,646,568

§ 4. Loan Funds.

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

2. **Loan Expenditure, 1908-9.**—During the year ended 30th June, 1909, the actual expenditure of the Australian States from loan funds amounted to £7,431,454, New South Wales with a total of £2,906,507 being the principal contributor to this amount, while Queensland, whose expenditure amounted to £1,247,821, ranked second. The chief item of expenditure for the year was that of railways and tramways, which represented a total of £4,582,821; water supply and sewerage works to the amount of £1,217,146; the expenditure on harbours, rivers, etc., totalling £421,658; and land purchases for settlement, £317,202; were the most important of the remaining items. Details for the year for each State are given in the following table:—

AUSTRALIAN LOAN EXPENDITURE, 1908-9.

Heads of Expenditure.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways ...	2,127,633	544,433	1,052,815	241,377	547,787	68,776	4,582,821
Water supply and sewerage ...	617,589	313,616	3,696	156,472	125,773	...	1,217,146
Harbours, rivers, etc. ...	114,095	...	4,600	193,994	81,187	27,782	421,658
Roads and bridges ...	...	237	...	...	8,120	136,674	145,031
Defence ...	...	...	...	Cr. 14	...	...	Cr. 14
Public buildings ...	34,501	...	17,939	84,690	97,171	24,910	259,211
Development of mines, etc. ...	...	...	474	...	57,507	...	57,981
Advances to settlers ...	...	45,850	...	Cr. 230	22,435	...	68,055
Land purchases for settlement ...	...	189,473	...	127,729	...	...	317,202
Loans to local bodies ...	...	...	153,113	...	...	76,058	229,171
Rabbit-proof fences ...	13,609	...	11,393	15,915	14,343	...	55,260
Other public works and purposes ...	Cr. 920	4,751	3,791	12,181	58,129	...	77,932
Total ...	2,906,507	1,098,360	1,247,821	832,114	1,012,452	334,200	7,431,454

3. **Aggregate Loan Expenditure.**—The total loan expenditure of the Australian States from the initiation of the borrowing system to the 30th June, 1909, has amounted to no less a sum than £241,090,397. The manner in which this sum has been spent in the several States is furnished in the following table:—

AGGREGATE AUSTRALIAN LOAN EXPENDITURE to 30th JUNE, 1909.

Heads of Expenditure.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas	All States.
	£	£	£	£	£	£	£
Railways and tramways ...	53,479,049	39,689,268	24,565,469	14,237,812	10,802,102	4,251,614	147,025,314
Telegraphs and telephones ...	1,761,844	...	996,587	991,773	332,118	142,410	4,224,732
Water supply and sewerage ...	13,171,535	9,779,189	358,032	5,641,618	3,239,556	...	32,189,930
Harbours, rivers, etc. ...	10,972,371	611,059	2,448,307	1,961,911	2,433,230	554,798	18,981,676
Roads and bridges ...	1,801,497	176,243	923,656	1,464,736	211,226	2,661,957	7,239,315
Defence ...	1,457,536	149,323	363,084	291,615	...	128,224	2,389,782
Public buildings ...	4,361,769	1,912,029	1,446,672	1,085,179	413,945	898,986	10,118,580
Immigration ...	194,430	...	2,763,083	...	61,492	235,000	3,254,005
Development of mines, etc. ...	...	131,665	...	...	1,047,769	...	1,179,434
Advances to settlers ...	683,308	160,085	...	87,659	55,354	...	986,406
Land purchases for settlement ...	139,000	1,768,488	...	1,077,253	300,000	...	3,284,741
Loans to local bodies ...	...	...	2,650,768	...	...	603,785	3,254,553
Rabbit-proof fences ...	29,811	...	...	360,700	309,114	...	699,625
Other pub. works and purposes ...	49,856	1,531,439	1,591,019	2,202,142	276,535	611,313	6,262,304
Total ...	88,102,006	55,908,788	38,106,677	29,402,398	19,482,441	10,088,087	241,090,397

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

4. **Relative Importance of Loan Items.**—The relative importance of the different items of loan expenditure given in the foregoing table varies considerably in the several States, but in each instance the expenditure on railways and tramways predominates, the percentage of this item on total expenditure ranging between the limits of 42 per cent. in the case of Tasmania and 71 per cent. in that of Victoria. The following table gives for the several States the percentage of each item on the total loan expenditure of that State to 30th June, 1909:—

**PERCENTAGE OF EACH ITEM ON TOTAL LOAN EXPENDITURE OF THE STATES
to 30th JUNE, 1909.**

Heads of Expenditure.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	%	%	%	%	%	%	%
Railways and tramways ...	60.70	70.99	64.46	48.43	55.45	42.14	60.99
Telegraphs and telephones ...	2.00	...	2.62	3.37	1.70	1.41	1.75
Water supply and sewerage ...	14.95	17.49	0.94	19.19	16.63	...	13.35
Harbours, rivers, etc. ...	12.45	1.09	6.42	6.67	12.49	5.50	7.87
Roads and bridges ...	2.04	0.32	2.42	4.98	1.08	26.39	3.00
Defence ...	1.66	0.27	0.95	0.99	...	1.27	0.99
Public buildings ...	4.95	3.42	3.80	3.69	2.12	8.91	4.20
Immigration ...	0.22	...	7.25	...	0.32	2.33	1.35
Development of mines, etc. ...	...	0.23	...	...	5.38	...	0.49
Advances to settlers ...	0.78	0.29	...	0.30	0.28	...	0.41
Land purchases for settlement	0.16	3.16	...	3.66	1.54	...	1.86
Loans to local bodies ...	...	...	6.96	...	...	5.99	1.35
Rabbit-proof fences ...	0.03	...	...	1.23	1.59	...	0.29
Other public works & purposes	0.06	2.74	4.18	7.49	1.42	6.06	2.60
Total ...	100.00	100.00	100.00	100.00	100.00	100.00	100.00

5. Loan Expenditure in Successive Years.—In the following table are given particulars relative to the loan expenditure of the several States during each of the years 1901-2 to 1908-9 :—

AUSTRALIAN LOAN EXPENDITURE, 1901-2 to 1908-9.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
1901-2 ...	4,939,241	910,833	1,161,689	566,079	1,545,823	341,994	9,465,659
1902-3 ...	4,713,386	756,404	1,022,405	465,554	1,665,901	238,631	8,862,281
1903-4 ...	2,288,742	447,244	603,805	415,728	710,629	167,123	4,633,271
1904-5 ...	1,571,257	373,191	225,466	449,214	654,353	150,994	3,424,475
1905-6 ...	1,367,022	932,966	297,624	449,930	372,442	136,971	3,556,955
1906-7 ...	1,058,553	595,658	683,570	499,132	900,964	156,945	3,894,822
1907-8 ...	1,965,329	783,538	1,033,676	495,928	733,745	224,954	5,237,170
1908-9 ...	2,906,507	1,098,360	1,247,821	832,114	1,012,452	334,200	7,431,454

Throughout the eight years under review the loan expenditure of New South Wales exceeded that of any other of the States, and for the years 1901-2 and 1902-3 represented more than half of the aggregate loan expenditure of Australia. The amount so spent in New South Wales, however, continuously declined from £4,939,241 in 1901-2 to £1,058,553 in 1906-7, but rose again in 1907-8 to £1,965,329, and in 1908-9 to £2,906,507. In South Australia the annual loan expenditure during the six years, 1902-3 to 1907-8, varied but little from £450,000, but in 1908-9 an increase to £832,114 took place. In Tasmania the loan expenditure continuously declined from £341,994 in 1901-2 to £136,971 in 1905-6, but advanced again in each of the years 1906-7, 1907-8, and 1908-9, reaching £334,200 in the last-mentioned year. In the three remaining States marked fluctuations have been in evidence; thus, Victoria had a minimum loan expenditure for the period in 1904-5 and a maximum in 1908-9, the figures being, respectively, £373,191 and £1,098,360; Queensland had a minimum of £225,466 in 1904-5 and a maximum of £1,247,821 in 1908-9; while Western Australia had a minimum of £372,442 in 1905-6 and a maximum of £1,665,901 in 1902-3. The large

loan expenditure of New South Wales in 1901-2, 1902-3, and 1908-9 was incurred chiefly in connection with railway construction and the resumption of the foreshores and adjoining properties of Darling Harbour. In Victoria the large expenditure of 1901-2 was in great part due to railway construction, that of 1905-6 resulted in large measure from the purchase of lands for closer settlement, while the construction of railways, and water supply and sewerage works were mainly responsible for the high expenditure of 1908-9. In the case of the large loan expenditure of Queensland in 1901-2 and 1902-3, as well as that of 1906-7, 1907-8, and 1908-9, railway construction was the principal contributing item. In Western Australia the heavy loan expenditure of 1901-2, 1902-3, and 1908-9 was principally in connection with railway construction and water supply.

6. Loan Expenditure per Head.—The loan expenditure per head of population varies materially in the different States and in different years, reaching its highest point for the eight years under review in Western Australia in 1901-2 with £7 19s. 3d. per head, and its lowest in Victoria in 1904-5 with 6s. 2d. per head. Particulars concerning the loan expenditure per head for the eight years 1901-2 to 1908-9 are given hereunder:—

LOAN EXPENDITURE PER HEAD, 1901-2 to 1908-9.

Year	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1901-2	3 11 10	0 15 1	2 5 11	1 10 11	7 19 3	1 19 10	2 9 6
1902-3	3 7 2	0 12 6	2 0 0	1 5 5	7 16 2	1 7 7	2 5 8
1903-4	1 12 1	0 7 5	1 3 5	1 2 7	3 2 8	0 18 11	1 3 7
1904-5	1 1 7	0 6 2	0 8 8	1 4 1	2 14 0	0 16 9	0 17 2
1905-6	0 18 4	0 15 4	0 11 3	1 3 10	1 9 3	0 15 2	0 17 7
1906-7	0 13 10	0 9 8	1 5 7	1 6 0	3 8 10	0 17 5	0 18 11
1907-8	1 5 1	0 12 7	1 18 2	1 5 3	2 16 1	1 4 5	1 4 11
1908-9	1 16 6	0 17 3	2 5 2	2 0 10	3 15 10	1 16 0	1 14 9

§ 5. Public Debt.

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

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

inscribed stock. Another form of security is that variously known as the Treasury bill or Treasury bond. This is usually neither more nor less than a short term debenture having a currency in most instances of from three to five years. These are issued in certain cases to liquidate deficiencies in revenue, and in others to obtain moneys for the purpose of carrying on public works at a time when it is deemed inexpedient to place a permanent loan on the market. The amount of the public debt of the several States held in each of these forms of security is furnished in the table hereunder :—

PUBLIC DEBT OF AUSTRALIAN STATES, 30th JUNE, 1909.

State.	Debentures.	Inscribed Stock.	Treasury Bills.		Total Amount Outstanding.
			For Public Works and Services.	In aid of Revenue.	
	£	£	£	£	£
New South Wales ...	5,071,250	81,168,753	3,152,900	914,516	90,307,419
Victoria ...	5,607,949	42,677,388	6,281,860	100,000	54,667,197
Queensland ...	14,480,580	28,665,487	...	1,130,000	44,276,067
South Australia ...	2,931,400	22,964,108	3,390,600	1,150,075	*30,436,183
Western Australia ...	412,800	20,821,953	717,000	...	21,951,753
Tasmania ...	2,714,250	7,342,463	78,201	...	10,134,914
Total ...	31,218,229	203,640,152	13,620,561	3,294,591	251,773,533

* Including Northern Territory debt, £2,662,678.

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

PUBLIC DEBT OF AUSTRALIAN STATES, 30th JUNE, 1901 to 1909.

Date.	Debentures.	Inscribed Stock.	Treasury Bills.		Total Amount Outstanding.
			For Public Works and Services.	In aid of Revenue.	
	£	£	£	£	£
30th June, 1901	44,060,320	151,140,371	5,914,000	2,403,584	203,518,275
" 1902	44,191,825	161,673,758	4,006,500	4,383,126	214,255,209
" 1903	43,689,525	168,388,889	6,046,775	4,796,576	222,871,765
" 1904	37,741,025	172,796,361	12,493,650	4,716,576	227,747,612
" 1905	39,158,744	175,047,336	12,045,100	4,487,491	230,738,671
" 1906	39,587,224	181,279,045	12,194,464	5,367,087	238,427,820
" 1907	38,061,799	184,157,771	13,571,985	4,358,172	240,149,727
" 1908	37,665,279	190,377,823	12,131,871	3,660,516	243,835,489
" 1909	31,218,229	203,640,152	13,620,561	3,294,591	251,773,533

During the eight years between 30th June, 1901, and 30th June, 1909, the public debt of the States increased by £48,255,258, or at the rate of about £6,000,000 per annum. The amount of debentures comprised in the total debt diminished by £12,842,091 during the period, while the amount held as inscribed stock increased by £52,499,781, and as Treasury bills by £8,597,568.

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

PUBLIC DEBT OF AUSTRALIAN STATES, 30th JUNE, 1901 to 1909.

Date.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
30th June, 1901 ...	67,361,246	50,071,275	38,416,514	26,448,805	12,709,430	*8,511,005	203,518,275
" 1902 ...	71,592,485	50,933,957	40,418,177	27,272,545	14,942,310	*9,095,735	214,255,209
" 1903 ...	77,692,987	51,447,900	41,031,247	27,843,370	15,627,298	*9,228,963	222,871,765
" 1904 ...	80,033,581	51,819,962	41,773,297	28,593,645	16,090,288	9,436,839	227,747,612
" 1905 ...	82,321,998	51,763,767	41,764,467	28,773,695	16,642,773	9,471,971	230,738,671
" 1906 ...	85,641,734	53,079,800	41,764,467	30,082,635	18,058,553	9,800,631	238,427,820
" 1907 ...	85,607,832	53,104,989	41,764,467	30,526,718	19,222,638	9,923,063	240,149,727
" 1908 ...	87,635,826	53,305,487	42,264,467	29,985,858	20,493,618	10,150,233	243,835,489
" 1909 ...	90,307,419	54,667,197	44,276,067	30,436,183	21,951,753	10,134,914	251,773,533

* On 31st December, 1900, 1901, and 1902 respectively.

The States in which the greatest increase in indebtedness was experienced during the period are New South Wales and Western Australia, the former advancing by £22,946,173, the latter by £9,242,323. On the other hand the public debt of Tasmania increased by little more than £1,600,000.

4. **Indebtedness per Head.**—The indebtedness per head of population varies considerably in the several States, being highest in the case of Western Australia, and lowest in that of Victoria. Details for the period from 30th June, 1901, to 30th June, 1909, are as follows:—

AUSTRALIAN INDEBTEDNESS PER HEAD, 30th JUNE, 1901 to 1909.

Date.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
30th June, 1901 ...	49 9 3	41 11 8	76 9 11	73 3 6	67 5 0	*49 4 6	53 13 11
" 1902 ...	51 9 4	42 1 9	79 3 5	74 19 8	72 3 5	*52 3 2	55 11 6
" 1903 ...	54 17 7	42 11 9	80 0 5	76 5 7	70 7 11	*52 0 2	57 2 9
" 1904 ...	55 10 6	42 19 4	80 6 10	77 9 1	67 12 1	53 0 9	57 12 5
" 1905 ...	55 17 0	42 14 11	79 6 11	76 17 7	66 4 11	53 4 6	57 9 5
" 1906 ...	56 14 4	43 8 1	78 4 3	79 3 10	69 5 0	55 2 9	58 7 3
" 1907 ...	55 4 6	42 17 1	77 6 6	79 6 2	73 5 6	55 16 4	57 16 1
" 1908 ...	55 10 6	42 9 0	76 11 6	75 5 10	77 3 5	56 5 4	57 12 10
" 1909 ...	56 5 7	42 12 1	78 0 3	74 4 7	80 18 10	55 6 6	58 5 9

* On 31st December, 1900, 1901, and 1902 respectively.

5. **Flotation of Loans.**—The early loans of the Australian States, usually for comparatively small amounts, were raised locally, but, with the increasing demand for loan funds and the more favourable terms offering in the London than in the local money market, the practice of placing Australian public loans in London came into vogue, and for many years local flotations, except for short terms or small amounts, were comparatively infrequent. In more recent years, however, the accumulating stocks of money in Australia seeking investment have led to the placing of various redemption and other loans locally, with very satisfactory results. In the following table are given particulars of loans of the several States outstanding on 30th June, 1909, which had been floated in London and Australia respectively:—

PUBLIC DEBT OF AUSTRALIAN STATES, 30th JUNE, 1909.

State.	Floated in London		Floated in Australia.		Total Public Debt.
	Amount.	Percentage on Total Debt.	Amount.	Percentage on Total Debt.	
	£	%	£	%	£
New South Wales	67,184,350	74.40	23,123,069	25.60	90,307,419
Victoria...	38,592,431	70.60	16,074,766	29.40	54,667,197
Queensland ...	37,409,347	84.49	6,866,720	15.51	44,276,067
South Australia ...	19,281,105	63.35	11,155,078	36.65	30,436,183*
Western Australia	19,012,753	86.61	2,939,000	13.39	21,951,753
Tasmania ...	7,930,050	78.24	2,204,864	21.76	10,134,914
Total ...	189,410,036	75.23	62,363,497	24.77	251,773,533

* Including Northern Territory debt, £2,662,678.

The following table, giving corresponding particulars for the aggregate indebtedness of the Australian States at the end of each of the financial years, 1900-1 to 1908-9, furnishes an indication of the rapidity with which the local holdings of Australian securities have grown in recent years:—

PUBLIC DEBT OF AUSTRALIAN STATES, 30th JUNE, 1901 to 1909.

Date.	Floated in London.		Floated in Australia.		Total Public Debt.
	Amount.	Percentage on Total Debt.	Amount.	Percentage on Total Debt.	
	£	%	£	%	£
30th June, 1901 ...	174,810,377	85.89	28,707,898	14.11	203,518,275
„ 1902 ...	181,493,170	84.71	32,762,039	15.29	214,255,209
„ 1903 ...	186,507,721	83.68	36,364,044	16.32	222,871,765
„ 1904 ...	188,165,495	82.62	39,582,117	17.38	227,747,612
„ 1905 ...	188,918,820	81.88	41,819,851	18.12	230,738,671
„ 1906 ...	190,887,001	80.06	47,540,819	19.94	238,427,820
„ 1907 ...	185,579,389	77.28	54,570,338	22.72	240,149,727
„ 1908 ...	183,321,256	75.18	60,514,233	24.82	243,835,489
„ 1909 ...	189,410,036	75.38	62,363,497	24.62	251,773,533

It will be seen that in the course of eight years the London indebtedness of the States has increased by £14,599,659, while the local indebtedness has increased by no less than £33,655,599. In other words, whilst on 30th June, 1901, the Australian portion of the debt represented only about 14 per cent. of the total, the proportion had on 30th June, 1909, grown to nearly 25 per cent.

6. Rates of Interest.—As mentioned above, the rate of interest paid in connection with the earliest Australian public loan was fivepence farthing per £100 per diem or, approximately, 8 per cent. per annum. At the present time the three principal rates of interest payable on Australian public securities are 4 per cent., $3\frac{1}{2}$ per cent., and 3 per cent., most of the loans raised during recent years bearing interest at the rate of $3\frac{1}{2}$ per cent. The average rate payable on the aggregate indebtedness of the Australian States is slightly less than $3\frac{1}{2}$ per cent. For the separate States the average rate payable varies considerably, being lowest in the case of Western Australia and highest in that of Queensland; the difference between these two average rates is slightly less than $\frac{1}{2}$ per cent. In the table given hereunder are furnished particulars of the rates of interest payable on the public debt of the several States of the Commonwealth on 30th June, 1909:—

RATES OF INTEREST PAYABLE ON AUSTRALIAN PUBLIC DEBT, 30th JUNE, 1909.

Rate of Interest.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
%	£	£	£	£	£	£	£
6	...	...	...	269,800	...	...	269,800
5	2,700	...	...	240,000	...	...	242,700
$4\frac{1}{2}$	...	...	...	...	55,900	...	55,900
4	20,040,394	17,153,795	22,514,300	12,079,725	4,901,708	3,713,550	80,403,472
$3\frac{1}{2}$	1,500,000	220,000	...	3,498,435	...	...	5,218,435
$3\frac{1}{4}$	50,975,377	26,934,035	16,272,384	8,385,878	9,638,145	5,764,551	117,970,370
$3\frac{1}{8}$	...	100,000	...	...	...	24,718	124,718
3	17,774,698	10,258,367	5,489,383	5,962,345	7,356,000	632,095	47,472,888
Not bearing interest	14,250	1,000	...	...	...	...	15,250
Total public debt ...	90,307,419	54,667,197	44,276,067	30,436,183	21,951,753	10,134,914	251,773,533
Average rate per cent. payable ...	£ s. d. 3 10 4	£ s. d. 3 11 3	£ s. d. 3 13 10	£ s. d. 3 13 3	£ s. d. 3 8 11	£ s. d. 3 13 0	£ s. d. 3 11 6

* Including Northern Territory debt, £2,662,678.

The rapid increase which has taken place in recent years in the amount of Australian Government securities, bearing interest at $3\frac{1}{2}$ per cent., is clearly shown in the table hereunder, which gives particulars concerning the aggregate amount of the Australian indebtedness, at the several rates of interest, on 30th June in each of the years 1905 to 1909:—

**RATES OF INTEREST PAYABLE ON AUSTRALIAN PUBLIC DEBT,
30th JUNE, 1905 to 1909.**

Rate of Interest.	30th June, 1905.	30th June, 1906.	30th June, 1907.	30th June, 1908.	30th June, 1909.
£	£	£	£	£	£
6	383,900	346,400	308,900	297,900	269,800
5	242,700	242,700	242,700	242,700	242,700
$4\frac{1}{2}$	66,700	64,200	61,500	58,700	55,900
4	103,944,877	102,577,852	94,972,288	87,392,377	80,403,472
$3\frac{1}{2}$	1,825,000	2,045,000	2,513,500	3,131,760	5,218,435
$3\frac{1}{4}$	74,794,616	84,048,885	93,522,109	104,601,533	117,970,370
$3\frac{1}{8}$	289,100	200,300	174,718	149,718	124,718
3	49,181,528	48,890,833	48,292,112	47,948,051	47,472,888
Not bearing interest	10,250	11,650	61,900	12,750	15,250
Total public debt	230,738,671	238,427,820	240,149,727	243,835,489	251,773,533
Average rate % payable	£3 12 6	£3 12 5	£3 12 1	£3 11 9	£3 11 6

During the four years between 30th June, 1905, and 30th June, 1909, the Australian Government 4 per cent. securities decreased by £23,541,405, and the 3 per cent. securities by £1,708,640, while the $3\frac{1}{2}$ per cents. advanced by £43,175,754, and the $3\frac{3}{4}$ per cents. by £3,393,435. During the same period the total amount at all other rates than the four here mentioned declined by nearly 30 per cent. from £992,650 to £708,368.

7. Interest Payable per Head.—The relative burden of the debts of the several States in respect of interest payments will be seen from the following table, which gives for the 30th June, 1909, the amount of interest payable annually on the debt of each State as outstanding at that date, and also the corresponding amount per head of population:—

**ANNUAL INTEREST PAYABLE ON PUBLIC DEBT OUTSTANDING AT
30th JUNE, 1909.**

Particulars.	N.S.W.	Vic.	Q'land	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Total annual interest payable ...	3,175,380	1,948,094	1,634,787	1,114,944	756,599	370,068	8,999,872
Annual interest payable per head	£1 19 7	£1 10 4	£2 17 7	£2 14 5	£2 15 10	£2 0 5	£2 1 8

8. Dates of Maturity.—An important point in which the securities of the Australian Governments, whether in the form of inscribed stock, debentures, or Treasury bills, differ from such a well-known form of security as British consols, consists in the fact that whereas the latter are interminable, the Australian Government securities have in almost all cases a fixed date for repayment, the exceptions being the State of New South Wales, which includes in its public debt an amount representing interminable securities totalling on 30th June, 1909, £532,890; the State of Victoria which includes £3,982,774 payable at the option of the Government at any time after 29th September, 1917; and the State of South Australia which includes £5,122,845, similarly repayable after 1st January, 1916. The terms of the loans raised by the issue of debentures and inscribed stock have varied considerably in the different States, ranging between fifteen and fifty years, while loans obtained by means of Treasury bills have usually been for such short terms as from six months to five years. In the case of the majority

of the loans the arrival of the date of maturity means that arrangements for renewal are necessary in respect of the greater portion of the loan, as it is only in exceptional cases that due provision for redemption has been made. The condition of the money market at the date of maturity has an important bearing on the success or otherwise with which the renewal arrangements can be effected, and consequently, in order to obviate the necessity for making an application to the market at an unfavourable time, several of the States have now adopted the practice of specifying a period of from ten to twenty years prior to the date of maturity within which the Government, on giving twelve, or in some cases six, months' notice, has the option of redeeming the loan. By such means advantage may be taken by the Government during the period of opportunities that may offer for favourable renewals. Particulars concerning the due dates of the loans of the several States outstanding on 30th June, 1909, are given in the following table:—

**DUE DATES OF THE PUBLIC DEBTS OF THE SEVERAL STATES OF THE
COMMONWEALTH OUTSTANDING ON 30th JUNE, 1909.**

Due Dates.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
Overdue ...	14,250	1,000	...	...	...	...	15,250
1909 ...	2,066,854	...	...	844,900	...	195,717	3,107,471
1910 ...	3,766,600	25,000	...	620,575	1,266,305	198,342	5,876,822
1911 ...	1,000,000	25,000	...	601,675	6,000	1,361,979	2,994,654
1912 ...	9,884,508	25,000	530,000	623,275	61,000	185,197	11,308,980
1913 ...	...	4,025,000	2,066,500	1,038,025	650,000	844,833	8,624,358
1914 ...	...	...	...	718,550	...	886,231	1,604,781
1915 ...	3,881,081	500,000	11,728,800	143,775	85,840	808	16,340,304
1916 ...	...	2,767,000	...	2,014,425	...	130,201	4,911,626
1917 ...	...	3,014,860	...	1,580,175	250,000	10,700	4,855,735
1918 ...	12,826,200	...	...	1,538,565	...	33,877	14,398,642
1919 ...	120,050	4,130,650	...	162,250	...	100	4,413,050
1920 ...	...	6,000,000	...	336,300	...	300,000	6,636,300
1921 ...	4,872,843	...	...	154,825	...	299,427	5,327,095
1922 ...	...	63,000	...	505,638	...	8,252	576,890
1923 ...	1,821,007	7,746,795	...	280,725	605,325	...	10,433,852
1924 ...	16,698,065	...	12,973,834	2,094,490	664,530	...	32,430,919
1925 ...	222,255	...	...	1,400	...	5,050	228,705
1926 ...	...	7,210,000	...	1,021,565	...	67,600	8,299,165
1927 ...	...	156,000	...	590,645	2,500,000	...	3,246,645
1928 ...	...	897,500	...	412,080	...	...	1,309,580
1929 ...	...	277,500	...	202,500	...	300,000	780,000
1930 ...	...	985,650	3,704,600	100	...	100	4,690,650
1931 ...	...	...	...	...	1,876,000	...	1,876,000
1932 ...	...	463,800	...	...	...	...	463,800
1933 ...	9,686,300	...	...	250,800	...	...	9,937,100
1934 ...	...	...	...	254,400	995,053	...	1,249,453
1935 ...	12,500,000	...	...	1,560,400	8,280,000	...	22,340,400
1936 ...	...	300,000	...	4,939,350	1,100,000	...	6,339,350
1937 ...	...	...	...	13,920	...	...	13,920
1938 ...	...	...	...	101,160	...	...	101,160
1939 ...	...	...	...	2,726,850	...	...	2,726,850
1940 ...	...	248,900	...	...	...	5,306,500	5,555,400
1941 ...	...	315,380	...	...	...	...	315,380
1942 ...	...	540,100	...	...	...	...	540,100
1943 ...	...	3,600	...	...	...	...	3,600
1945 ...	...	...	6,327,240	...	...	...	6,327,240
1947 ...	...	...	4,498,693	...	2,000,000	...	6,498,693
1949 ...	...	10,838,814	...	...	...	...	10,838,814
1950 ...	9,500,000	...	946,600	...	...	...	10,446,600
1951 ...	...	...	999,600	...	...	...	999,600
1953 ...	...	...	500,000	...	...	...	500,000
1954 ...	...	123,874	...	...	...	...	123,874
1955 ...	...	...	...	...	1,445,000	...	1,445,000
Interminable ...	532,890	...	...	...	...	...	532,890
Annual drawings ...	914,516	...	...	...	166,700	...	1,081,216
Indefinite ...	...	3,982,774	...	5,122,845	...	...	9,105,619
Total ...	90,307,419	54,667,197	44,276,067	30,436,183	21,951,753	10,134,914	251,773,533

In the above table those loans, in the case of which the Government has the option of redemption during a specified period, have been in each instance classified according to the latest date of maturity. During the fifteen years from 1910 to 1924, inclusive, the amount falling due represents a total of no less than £130,734,008, or nearly 52 per cent. of the total outstanding at 30th June, 1909.

9. **Sinking Funds.**—The practice of providing for the ultimate extinction of the public debt by means of the creation of sinking funds, receiving definite annual contributions from Consolidated Revenue, and accumulating at compound interest, has only been consistently adopted in the case of Western Australia. This State has established, in connection with each of its loans, sinking funds varying from 1 per cent. to 3 per cent. per annum of the nominal amount of the loan. These funds are placed in the hands of trustees in London, by whom they are invested in the securities of the British, Indian and Colonial Governments, and applied from time to time in the redemption of loans falling due. In the remaining States the sinking fund provision made is varied, consisting in certain instances of the revenues from specified sources, in others of the Consolidated Revenue Fund surplus, and in others again of fixed annual amounts. In the following table are given particulars of the sinking funds of each State, and the net indebtedness of each after allowance for sinking fund has been made, the details given being those for 30th June, 1909:—

SINKING FUNDS AND NET INDEBTEDNESS, 30th JUNE, 1909.

State	Gross Indebtedness.	Sinking Fund.	Net Indebtedness.	Net Indebtedness per head.
	£	£	£	£ s. d.
New South Wales ...	90,307,419	405,648	89,901,771	56 0 7
Victoria ...	54,667,197	727,021	53,940,176	42 0 9
Queensland ...	44,276,067	...	44,276,067	78 0 3
South Australia ...	30,436,183*	426,315	30,009,868	73 3 10
Western Australia ...	21,951,753	2,233,385	19,718,368	72 14 2
Tasmania ...	10,134,914	357,419	9,777,495	53 7 6
Total...	251,773,533	4,149,788	247,623,745	57 6 6

* Including Northern Territory debt, £2,662,678.

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

In the following table particulars are given of the London prices of some of the principal $3\frac{1}{2}$ per cent. stocks of the several States during 1909. The quotations given are the middle prices, taken from the *Economist*, and are for the last Friday in each quarter:—

LONDON QUOTATIONS FOR AUSTRALIAN $3\frac{1}{2}$ PER CENT. STOCKS DURING 1909.

State.	Rate of Interest Payable.	Year of Maturity.	Months in which Interest is Payable.	London Prices (cum dividend) on			
				26th Mar. 1909.	25th June 1909.	24th Sept. 1909.	31st Dec. 1909.
New South Wales	$3\frac{1}{2}$	1918	Mar.—Sept.	98	99	99	99 $\frac{1}{2}$
Victoria ...	$3\frac{1}{2}$	1923	Jan.—July	98	97 $\frac{1}{2}$	98	97 $\frac{1}{2}$
Queensland ...	$3\frac{1}{2}$	1924-30.	Jan.—July	96 $\frac{1}{2}$	96 $\frac{1}{2}$	97 $\frac{1}{2}$	98
South Australia ...	$3\frac{1}{2}$	1939	Jan.—July	99	98 $\frac{1}{2}$	99	97 $\frac{1}{2}$
West. Australia ...	$3\frac{1}{2}$	1915-35	May—Nov.	98 $\frac{1}{2}$	98 $\frac{1}{2}$	99	98 $\frac{1}{2}$
Tasmania ...	$3\frac{1}{2}$	1920-40	Jan.—July	97 $\frac{1}{2}$	98 $\frac{1}{2}$	100	97

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