

CHAPTER VIII.

FINANCE.

A. COMMONWEALTH FINANCE.

§ 1. General.

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

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

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

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

COMMONWEALTH RECEIPTS, 1922-23 TO 1926-27.

Heading.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
Consolidated Revenue ..	£ 64,720,635	£ 66,017,203	£ 68,854,809	£ 72,285,806	£ 78,168,235
Trust Funds in aid of Revenue ..	6,408,424	7,428,574	2,591,153	3,109,530	285,897
Total	71,129,059	73,445,777	71,445,962	75,395,336	78,454,132
Loan Fund	10,398,867	40,762,300	16,565,704	32,814,796	7,755,173
Unexpended Balance from previous year	9,711,262	5,854,066	2,487,812	3,411,612	6,212,225
Total	20,110,129	46,616,366	19,053,516	36,226,408	13,967,398
Grand Total	91,239,188	120,062,143	90,499,478	111,621,744	92,421,530

COMMONWEALTH EXPENDITURE, 1922-23 TO 1926-27.

Heading.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
Expenditure from Consolidated Revenue	£ 50,106,510	£ 48,685,757	£ 56,709,988	£ 63,048,182	£ 66,983,820
Balance paid into Special Trust Funds	7,428,574	2,591,153	3,109,530	285,897	2,921,454
Expenditure from Special Trust Funds	6,408,424	7,428,574	2,591,153	3,109,530	285,897
Subsidy to States	7,185,551	7,324,538	7,535,291	7,951,727	8,262,912
Surplus allocated to Naval Construction .. .. .	..	2,500,000	..	..	..
Special Redemptions from Revenue .. .. .	..	4,915,755	1,500,000	1,000,000	..
Total	71,129,059	78,445,777	71,445,962	75,395,336	78,454,132
Loan Fund Expenditure—					
New Works, etc.	5,383,949	6,060,048	6,341,758	7,678,856	7,051,128
War Services	4,628,979	2,412,015	975,612	324,224	697,289
Redemptions	4,243,135	35,656,491	8,324,534	22,011,103	2,995,612
Unexpended Balance	5,854,066	2,487,812	3,411,612	6,212,225	3,223,369
Total	20,110,129	46,616,366	19,053,516	36,226,408	13,967,398
Grand Total	91,239,188	120,062,143	90,499,478	111,621,744	92,421,530

§ 2. Consolidated Revenue Fund.

Division I.—Nature of Fund.

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

Division II.—Revenue.

1. Total.—The consolidated revenue of the Commonwealth, which in 1901-2, the first complete financial year under the new régime, amounted to £11,296,985, had, in 1926-27, reached a total of £78,168,235, an increase in the period of £66,871,250.

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

COMMONWEALTH CONSOLIDATED REVENUE, 1922-23 TO 1926-27.

Revenue.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
Total ..	64,720,635	66,017,203	68,854,809	72,285,806	78,168,235

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

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

COMMONWEALTH CONSOLIDATED REVENUE PER HEAD, 1922-23 TO 1926-27.

Source of Revenue.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Taxation	8 17 1	8 16 11	8 19 11	9 1 6	9 13 1
Public Works and Services	1 14 9	1 13 11	1 15 2	1 17 1	1 19 7
Other Receipts	0 17 11	0 18 10	0 19 5	1 2 8	1 3 2
Total	11 9 9	11 9 8	11 14 6	12 1 3	12 15 10

3. Sources of Revenue.—(i) *General.* The following table furnishes details of the revenue from each source during the years 1922-23 to 1926-27:—

COMMONWEALTH CONSOLIDATED REVENUE—SOURCES, 1922-23 TO 1926-27.

Source.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
Taxation—	£	£	£	£	£
Customs	22,597,306	25,177,882	26,405,161	27,839,889	31,832,600
Excise	10,274,823	10,572,902	10,787,620	11,368,969	11,719,878
Land Tax	2,018,876	2,030,127	2,519,711	2,521,910	2,616,900
Estate Duty	1,172,935	1,320,911	1,381,051	1,411,336	1,362,351
Income Tax	12,904,618	11,957,555	11,136,344	10,858,046	11,126,278
Entertainments Tax	629,802	622,460	680,586	460,326	366,159
War Time Profits Tax	286,757	70,646	Dr. 74,783	Dr. 77,491	Dr. 28,357
Total	49,885,017	50,852,483	62,835,690	64,373,005	68,994,809
Public Works and Services—					
Postal	9,792,273	9,757,021	10,044,486	10,771,756	11,606,819
Railways	230,136	232,406	287,037	349,768	477,734
Other	14,340	..	..	..	..
Total	10,036,749	9,989,427	10,331,523	11,121,524	12,084,553
Other Revenue—					
Interest, Discount, etc.	2,574,962	2,386,136	3,358,239	4,594,346	5,074,694
Coinage	137,696	151,682	107,275	332,014	373,071
Defence	223,402	315,708	139,078	130,662	152,494
Quarantine	41,388	38,445	36,599	30,553	40,451
Territories (a)	28,189	30,658	38,720	41,973	34,385
Patents, etc.	40,491	37,770	39,026	42,017	41,594
Lighthouses	173,363	179,733	205,170	198,353	202,143
Pension Contributions	58,205	56,638	51,868	56,781	51,575
Defence Trust Account	102,419	40,565	7,413	..	..
Net Profit on Australian Note Issue	1,072,893	1,264,583	1,277,975	1,048,062	852,357
Miscellaneous	348,861	673,375	426,233	316,516	266,109
Total	4,798,869	5,175,293	6,687,596	6,791,277	7,088,873
Grand Total	64,720,635	66,017,203	68,854,809	72,285,806	78,168,235

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

The revenue from taxation reached its highest point in 1926-27 with upwards of £58,994,809. This represents an increase of more than £4,600,000 over that of 1925-26, the previous record collection. The increase was principally due to Customs and Excise receipts. With the exception of the year 1923-24, when there was a slight decrease, the postal receipts have shown a consistent upward tendency.

(ii) *Taxation.*—(a) *Customs Revenue.* Particulars for the five years 1922-23 to 1926-27 are furnished in the following table :—

COMMONWEALTH CUSTOMS REVENUE, 1922-23 TO 1926-27.

Classes.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£ s.
Stimulants	2,294,264	2,604,200	2,740,191	2,945,846	2,908,982
Narcotics	1,699,023	1,746,785	1,889,604	2,075,940	2,201,550
Sugar	10,723	12,995	10,414	20,438	20,112
Agricultural products	1,156,209	1,296,361	1,118,219	1,287,944	1,547,711
Apparel and textiles..	5,825,461	5,174,929	5,524,439	5,179,366	6,233,206
Metals and machinery	3,732,677	4,323,070	4,433,374	4,895,918	5,654,629
Oils, paints, etc. ..	563,257	696,235	792,994	950,991	2,173,367
Earthenware, etc. ..	557,017	631,056	654,120	688,321	735,699
Drugs and chemicals	536,975	444,587	465,174	525,649	561,530
Wood, wicker and cane	1,054,543	1,209,814	1,152,269	1,349,687	1,384,469
Jewellery, etc. .. .	723,180	773,206	875,365	866,799	951,661
Leather, etc. .. .	1,131,572	1,561,086	1,576,032	1,770,373	1,577,765
Paper and stationery	746,906	723,267	724,370	682,745	751,254
Vehicles	1,553,355	2,673,447	3,038,209	3,064,427	3,340,556
Musical instruments ..	248,467	460,445	504,419	466,054	520,482
Miscellaneous articles	706,572	796,069	845,993	1,007,789	1,192,059
Other receipts .. .	57,105	50,330	59,975	61,602	77,538
Total Customs ..	22,597,306	25,177,882	26,405,161	27,839,889	31,832,600

The large increase in 1923-24 over previous years may be ascribed to the increase in imports due to a considerable extent to heavy borrowings abroad by the Commonwealth and State Governments, while the rise in 1924-25 and 1925-26 is due merely to increased trade resulting from the prosperity of the seasons. The particularly large increase in 1926-27 is due partly to increased imports as a result of borrowings abroad and an amended Customs tariff.

(b) *Excise Revenue.* Particulars concerning the amount of Excise collected under each head during each of the years ending 30th June, 1923 to 1927, are given hereunder :—

COMMONWEALTH EXCISE REVENUE, 1922-23 TO 1926-27.

Particulars.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
Beer	5,498,800	5,501,648	5,642,646	5,847,974	6,103,004
Spirits	1,617,975	1,757,414	1,766,526	2,026,415	2,061,573
Tobacco	3,124,926	3,284,594	3,349,095	3,457,052	3,533,984
Starch	20,342	16,818	17,368	15,539	9,647
Licences	12,780	12,428	11,985	12,009	11,670
Total Excise ..	10,274,823	10,572,902	10,787,620	11,358,989	11,719,878

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

It will be seen from the appended table that the yield of the tax during the past five years has been fairly constant, the increase of nearly £500,000 in 1924-25 being due to the collection of arrears and of taxes due on Crown leaseholds.

COMMONWEALTH LAND TAX COLLECTIONS, 1922-23 TO 1926-27.

State.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
New South Wales ..	900,330	854,589	1,172,317	1,079,414	1,070,670
Victoria	748,016	818,328	944,997	1,074,265	1,094,050
Queensland	70,398	91,106	114,874	46,138	79,445
South Australia ..	181,893	162,593	182,191	198,630	258,521
Western Australia ..	80,952	64,345	62,503	78,778	71,379
Tasmania	37,287	39,166	42,829	44,685	41,835
Total	2,018,876	2,030,127	2,519,711	2,521,910	2,615,900

(d) *Estate Duty.* Collections from this source for the five years 1923 to 1927, are given hereunder:—

COMMONWEALTH ESTATE DUTY COLLECTIONS, 1922-23 TO 1926-27.

Year.	N.S.W.	Vic. (b)	Q'land.	S. Aust.(a)	W. Aust.	Tas.	Total.
	£	£	£	£	£	£	£
1922-23 ..	483,616	397,489	100,158	132,833	41,455	17,384	1,172,935
1923-24 ..	477,974	555,324	87,278	147,035	27,322	25,978	1,320,911
1924-25 ..	604,358	496,723	87,820	116,950	58,380	16,820	1,381,051
1925-26 ..	547,712	515,570	95,827	180,991	41,993	29,243	1,411,336
1926-27 ..	479,011	544,600	128,096	159,405	26,051	25,188	1,362,351

(a) Including Northern Territory.

(b) Including Central Office.

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

COMMONWEALTH INCOME TAX COLLECTIONS, 1922-23 TO 1926-27.

State in which Collected.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
New South Wales ..	4,274,432	3,629,203	3,579,546	3,640,219	4,365,567
Victoria (a)	5,525,429	4,873,611	5,159,331	4,703,200	4,564,995
Queensland	1,209,829	1,011,458	679,745	980,852	914,269
South Australia ..	1,072,821	713,042	1,110,015	844,076	803,730
Western Australia ..	524,781	552,779	327,607	501,982	367,565
Tasmania	292,641	274,510	277,226	185,024	108,130
Northern Territory ..	4,585	2,952	2,874	2,693	2,022
Total	12,904,518	11,057,555	11,136,344	10,858,046	11,126,273

(a) Including Central Office.

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

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

(f) *Entertainments Tax.* The rate of Entertainments Tax, according to Amending Act No. 15 of 1922 which came into force on the 2nd October, 1922, is as follows:—For tickets of 1s., 1d.; exceeding 1s., 1d. for the first shilling, and ¼d. for every subsequent sixpence or part of sixpence. By an Amending Act (No. 23 of 1925) the rate is now two-pence halfpenny for a payment of two shillings and sixpence, and one halfpenny for every subsequent sixpence or part thereof. The collections for the last five years are given hereunder.

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

COMMONWEALTH ENTERTAINMENTS TAX COLLECTIONS, 1922-23 TO 1926-27.

State.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
New South Wales ..	256,755	248,615	274,791	183,856	160,393
Victoria	208,240	212,011	223,555	161,010	123,797
Queensland	66,512	64,194	76,533	48,745	36,048
South Australia ..	45,015	46,114	52,588	35,327	25,233
Western Australia ..	37,605	35,358	37,797	23,934	17,291
Tasmania	15,589	16,066	15,214	7,382	3,370
Northern Territory ..	86	102	108	72	27
Total	629,802	622,460	680,586	460,326	366,159

(g) *War-Time Profits Tax.* This tax came into force on the 22nd September, 1917. It provides for a tax on the amount by which the profits made in the war-time financial year (1st July to 30th June following) exceeds the pre-war standard of profits, which may be either:—(a) the average profits of two of the three years before 4th August, 1917, or (b) 10 per cent. on the capital employed in the business. The tax in respect of profits derived in the financial year 1st July, 1915, to 30th June, 1916, was 50 per cent., and in all subsequent years 75 per cent. The collections for the last five years are given in the accompanying table. The original section 2 of the War Time Profits Tax Assessment Act stated that this Act would apply to the profits of any business arising up to 30th June next after the Declaration of Peace in connexion with the late war. After the signing of the armistice, on 11th November, 1918, the section was amended to accord with that intention, and thus fixed the final application of the Act to profits arising during

the year ended 30th June, 1919. The figures for subsequent years represent delayed collections under this Act. Amendments of earlier assessments entailed the payment of refunds in each of the last five years.

COMMONWEALTH WAR-TIME PROFITS TAX COLLECTIONS, 1922-23 TO 1926-27.

State in which Collected.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
New South Wales	43,524	8,412	Dr. 78,079	9,642	56,698
Victoria (a)	168,255	Dr. 19,595	6,428	Dr. 18,547	Dr. 18,788
Queensland	70,402	33,767	Dr. 6,683	Dr. 35,553	Dr. 31,624
South Australia	6 Dr. 15,302	42,944	Dr. 386	Dr. 32,337	Dr. 11,615
Western Australia	15,377	3,777	316	51	Dr. 16,258
Tasmania	4,501	1,341	4,621	Dr. 747	Dr. 6,770
Total	286,757	70,646	Dr. 74,783	Dr. 77,491	Dr. 28,357

(a) Including Central Office.

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

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

(iii) *Public Works and Services.*—(a) *Postal Revenue.* Particulars concerning this branch of revenue for each of the financial years from 1922-23 to 1926-27 are contained in the following table:—

COMMONWEALTH POSTAL REVENUE, 1922-23 TO 1926-27.

Particulars.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
Private Boxes and bags	44,542	48,132	52,301	55,813	59,184
Commission—					
Money orders and postal notes	179,571	181,663	192,809	201,445	229,453
Telegraphs	1,405,664	1,426,542	1,481,784	1,490,480	1,488,156
Telephones	2,983,069	3,301,651	3,599,864	4,044,414	4,576,863
Postage	4,913,162	4,362,660	4,333,461	4,580,354	4,847,317
Radio Receipts	7,711	4,012	18,291	21,178	35,815
Miscellaneous	258,554	432,361	365,976	378,072	370,031
Total	9,792,273	9,757,021	10,044,486	10,771,756	11,606,819

The decrease of £550,502 in 1923-24 as compared with the preceding year under the sub-head "Postage" was due to reductions in postal rates. The installation of additional telephones was responsible for the large annual increases under the item "Telephones" during each of the past four years. The item "Miscellaneous" includes a subsidy from the Commonwealth Bank for the conduct of Savings Bank business, payments by the United Kingdom in respect of mail transit rates, and certain allowances.

(b) *Railway Revenue.* The Commonwealth Government is responsible for four lines—the Kalgoorlie—Port Augusta, the Port Augusta—Oodnadatta, the Darwin—Katherine River, and the Federal Capital Territory line. The appended table shows the amounts paid into the credit of the Consolidated Revenue Fund on account of each of these railways for the past five years. Under an arrangement which came into effect on 1st January, 1914, the Port Augusta—Oodnadatta Railway was worked by the South Australian Government, and the Commonwealth Government paid the deficiency on the working. This arrangement was terminated on 31st December, 1925, since when this railway has been worked by the Commonwealth Railway Commissioner. The Federal Capital Territory line was until 30th June, 1928, operated by the New South Wales Government on behalf of the Commonwealth Government, who receives profits accruing from the working of the line.

COMMONWEALTH RAILWAY REVENUE, 1922-23 TO 1926-27.

Railway.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
Kalgoorlie-Port Augusta ..	215,368	215,945	254,291	276,278	299,295
Port Augusta-Oodnadatta ..	(a)	(a)	(a)	27,035	105,988
Darwin-Katherine River ..	14,768	16,461	29,105	38,879	62,202
Federal Capital Territory ..	(b)	(b)	3,641	7,576	10,249
Total	230,136	232,406	287,037	349,768	477,734

(a) See paragraph (b) above.

(b) Not available.

Further detailed particulars are stated in Chapter VII., part B, Railways.

(c) *Commonwealth Steamships.* For the year 1926-27 the estimated earnings, including those of the detained enemy vessels, were £1,547,515, and the estimated expenditure, including Interest and Depreciation, £2,143,349, leaving a loss of £595,834 on the year's operations. Further information relative to the Commonwealth Government Line of Steamers will be found in Chapter VII., part A, Shipping.

(iv) *Other Sources of Revenue.*—(a) *Interest, Discount, etc.* The most important investments of the Commonwealth Government from which interest is derived are—Loans to States, General Trust Funds, Loans placed in London, Fixed Deposits with the Commonwealth and other Banks, and certain advances and overdrafts. In 1926-27 they included Interest on Loans and Advances to States, £2,626,474; Interest on General Trust Fund Investments, £283,091; and Interest, Nauru Island Agreement, £86,856.

(b) *Coinage.* The Commonwealth Revenue under this head is derived from profit on coin issued, and for 1926-27 was made up of £356,698 for silver and £16,373 for bronze.

(c) *Defence.* The income from this source (which is derived from both Defence and Navy Offices) arises chiefly from sales of material and stores supplied, forfeitures, fines, costs, etc. In 1926-27, £116,026 was contributed by the Defence Department (Military), £5,727 by the Air Services, and £30,740 by the Navy Office.

(d) *Patents, etc.* This heading includes Patents, Trade Marks, Copyright and Designs. In 1925-26, £31,236 was obtained from Patents, and £10,358 from Trade Marks, Copyright and Designs.

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

(f) *Miscellaneous.* This includes several items which are either small in themselves, or not included under separate headings, as they are virtually non-recurring. Thus in 1922-23 there was a payment into revenue of £168,709 on account of Sugar—Interest on Overdraft; in 1923-24, a sum of £195,000 being a repayment of advances to Trust Fund—Cockatoo Island Dockyard Account; receipts under the Commerce Act amounted to £55,210 in 1924-25, £44,391 in 1925-26, and to £36,452 in 1926-27.

Division III.—Expenditure.

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

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

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

2. *Total Expenditure.*—The total expenditure by the Commonwealth Government and the expenditure per head of population during the period 1922-23 to 1926-27 are shown in the following table :—

COMMONWEALTH EXPENDITURE, 1922-23 TO 1926-27.

Particulars.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
Total	63,700,485	63,438,869	66,836,432	74,109,438	75,532,638
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Per head	11 6 1	11 0 8	11 7 7	12 7 4	12 7 3

The foregoing statement, while including expenditure from Trust Funds, does not take into consideration payments into Special Trust Funds, or Special Debt redemptions from Revenue as follows :—1923-24, £4,915,755; 1924-25, £1,500,000; and 1925-26, £1,000,000. In 1923-24 £2,500,000 was allocated from Surplus Revenue for the purposes of Naval Construction and a Reserve for Defence. This amount also has not been included above in the expenditure for that year.

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

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

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

**COMMONWEALTH EXPENDITURE—CONSOLIDATED REVENUE.
1922-23 TO 1926-27.**

Heads of Expenditure.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
Cost of Departments—	£	£	£	£	£
Governor-General	23,045	27,845	26,777	29,928	31,272
Parliament	446,464	336,012	355,257	469,410	537,634
Prime Minister	908,527	1,094,661	1,023,844	944,379	1,325,182
Attorney-General	162,797	162,138	169,015	185,427	198,511
Treasury	7,180,785	8,034,480	8,406,285	9,640,409	10,503,432
Trade and Customs	2,243,809	1,627,818	1,298,275	1,541,864	1,877,424
Defence	3,785,582	3,852,531	3,784,415	4,004,827	4,240,828
Postmaster-General	8,242,025	9,273,494	10,238,438	10,651,925	11,285,899
Home and Territories	528,033	522,640	524,983	699,756	777,291
Works and Railways	1,127,306	669,331	1,335,267	1,811,098	1,122,072
Health	155,912	167,917	187,799	176,672	206,679
Markets and Migration .. .. .	..	..	869,717	685,714	117,391
Total	24,807,285	25,768,865	28,270,072	30,841,418	32,223,615
Miscellaneous—					
New Works	720,927	629,510	343,916	316,941	216,447
War Services	30,100,472	28,770,106	29,982,761	30,171,850	29,209,083
Subsidies to States	7,185,551	7,324,538	7,535,291	7,951,727	8,262,912
Interest—State Loans Act	886,250	945,850	1,216,253	2,084,757	2,623,852
Special Defence Provision .. .. .	..	..	938,139	3,742,746	996,729
Federal Aid Roads .. .. .	..	..	..	..	2,000,000
Total	38,893,200	37,670,004	40,066,360	44,268,020	43,309,023
Grand Total	63,700,485	63,438,869a	68,336,432a	74,109,438a	75,532,638

(a) Excluding Debt redemption; 1923-24, £4,915,755; 1924-25, £1,500,000; and 1925-26, £1,000,000.

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

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

(ii) *Cost of Departments.*—(a) *Governor-General*. Section 30 of the Constitution enacts that, until the Commonwealth Parliament otherwise provides, there shall be payable out of the Consolidated Revenue Fund for the salary of the Governor-General an annual sum of ten thousand pounds, and a proviso is made that the salary of the Governor-General shall not be altered during his continuance in office. The total expenditure in connexion with the Governor-General and establishment for the five years 1922-23 to 1926-27 is as follows :—

**EXPENDITURE.—GOVERNOR-GENERAL AND ESTABLISHMENT,
1922-23 TO 1926-27.**

Details.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
Salary	10,000	10,000	10,000	10,000	10,000
Governor-General's Establishment	11,046	10,931	9,924	12,761	13,950
Contingencies (a)	6,999	6,914	6,061	6,314	6,469
Interest on Commonwealth Treasury Bills .. .. .	..	..	792	853	853
Total	28,045	27,845	26,777	29,928	31,272

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

(b) *Parliament*. Under this head have been grouped all the items of expenditure connected with the Parliamentary government of the Commonwealth for the five years 1922-23 to 1926-27.

EXPENDITURE.—COMMONWEALTH PARLIAMENT, 1922-23 TO 1926-27.

Details.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
Salaries of Ministers	14,598	13,569	14,408	15,300	15,300
Allowances to Senators	34,790	35,312	35,135	34,769	35,635
Allowances to Members of House of Representatives	65,275	74,359	74,628	66,055	74,190
Officers, staff, contingencies, etc.	61,484	61,418	60,353	64,089	71,837
Repairs, maintenance, etc.	1,800	1,894	2,284	2,281	1,832
Printing	23,108	24,244	24,323	28,182	24,623
Travelling expenses of Members and others	29,300	20,200	19,898	20,144	20,897
Insurance	342	342	342	342	45
Electoral Office	78,706	74,401	81,791	83,285	87,007
Election expenses	89,808	721	2,951	106,704	107,051
Administration of Electoral Act	44,703	25,576	32,437	41,568	43,702
Miscellaneous	2,550	3,976	6,707	6,700	55,515
Total	446,464	336,012	355,257	469,419	537,634

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

(c) *Prime Minister's Department.* This Department was created during the financial year 1911-12. In addition to the Prime Minister's Office it includes the Audit Office taken from the Treasury, the Executive Council taken from the External Affairs Department, the Public Service Commissioner's Office (now the Public Service Board's Office) taken from the Home Affairs Department, and Commonwealth Shipbuilding. In 1916-17 it assumed control of the High Commissioner's Office in London, which was detached from the old External Affairs Department when the latter was merged in the Home and Territories Department. It has recently enlarged its activities by administering the affairs of the Mandated Territory of Nauru, while the control of mail services to the Pacific Islands has been transferred to the Home and Territories Department. Immigration was administered until 1923-24, when it was transferred to the newly-created Markets and Migration Department. During 1926-27 the control reverted to the Prime Minister's Department. The expenditure for the last five years is shown in the following table:—

EXPENDITURE.—PRIME MINISTER'S DEPARTMENT, 1922-23 TO 1926-27.

Details.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
Salaries, contingencies, etc.	38,896	34,800	41,623	41,483	47,475
Audit Office	34,754	35,382	36,052	33,459	36,511
Rent, repairs, etc.	7,710 ^(a)	10,348	10,094	8,454	8,351
Public Service Board's Office	33,745	47,491	50,849	50,485	52,628
High Commissioner's Office, London	59,024	54,508	60,664	63,744	63,220
Australian Commissioner's Office, New York	6,466	11,489	14,875	12,270	12,966
Interest on Commonwealth Securities	439,054	464,071	530,006	548,709	688,244
Sinking Fund on Commonwealth Securities	31,013	48,967	48,177	48,179	53,792
Mail Service to Pacific Islands	46,805	52,953	(a)	(a)	(a)
Contribution to Secretariat, League of Nations	37,470	34,620	25,500	24,893	24,975
Immigration	69,560	66,866	(a)	(a)	b 108,746
Interest on Transferred Properties	30,370	29,480	29,945	29,965	29,967
Scientific and Industrial Research .. .. .	.. .. .	.. .. .	(b)	(b)	11,803
Miscellaneous	73,660	203,686	176,059	82,738	186,504
Total	908,527	1,094,661	1,023,844	944,379	1,325,182

(a) Transferred to other Departments.

(b) Transferred from other Departments.

The agreement with the Amalgamated Wireless Limited for the upkeep of Coastal Stations accounted for £47,330 of the "Miscellaneous" vote in 1922-23. In 1923-24 this item was debited with £137,697, payment to Central Wool Committee in respect of wool supplied for the local manufacture of wool-tops, and £14,109, British Empire Exhibition. In 1924-25, the largest item was a further payment of £137,697 to the Central Wool Committee. The largest items in 1925-26 were—Oil Agreement, £26,992, and American Fleet visit, £19,198. Included under "Miscellaneous" in 1926-27 was an expense of £95,462 in connexion with the Royal Visit and opening of Parliament at Canberra in May, 1927.

(d) *Attorney-General's Department.* The extra expenditure connected with this Department of late years has been caused in large measure by the extension of the Federal High Court, and an increase in the item "Patents, Trade Marks, etc." Details for the five years 1922-23 to 1926-27 are furnished hereunder:—

EXPENDITURE.—ATTORNEY-GENERAL'S DEPARTMENT, 1922-23 TO 1926-27.

Details.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
Attorney-General's Office	20,010	17,949	19,555	21,596	26,801
Crown Solicitor's Office	18,829	19,478	21,997	22,690	24,465
Salaries of Justices of High Court	21,500	21,500	21,500	21,500	21,500
High Court expenses	13,957	14,104	13,269	14,000	14,994
Court of Conciliation and Arbitration }	11,182	8,378	11,995	12,958	23,162
Public Service Arbitrator's Office	3,604	3,955	4,027	3,953	4,220
Rent, repairs, etc.	12,797	11,081	11,472	12,571	12,039
Patents, Trade Marks, etc.	43,973	42,935	45,598	48,691	48,119
Investigation Branch	7,904	8,905	9,184	9,970	10,189
Miscellaneous	9,041	13,851	10,418	17,498	13,022
Total	162,797	162,136	169,015	185,427	198,511

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

EXPENDITURE.—TREASURER'S DEPARTMENT, 1922-23 TO 1926-27.

Details.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
Treasury	50,698	51,007	54,413	51,808	52,585
Taxation Office	576,424	516,887	463,176	426,425	416,889
Pensions Office	84,535	88,405	92,999	97,761	114,446
Maternity Allowance Office	15,764	14,512	16,117	15,384	16,067
Coinage	31,979	16,273	23,836	54,905	45,968
Rent, repairs, etc.	29,426	22,993	13,085	15,305	10,209
Miscellaneous	(b)279,508	130,347	61,549	45,579	42,399
Departmental Expenditure	1,068,334	840,424	725,175	707,167	698,563
Invalid and Old-age Pen- sions (a)	5,337,936	6,426,752	6,896,401	8,146,636	9,034,938
Maternity Allowance	688,435	670,175	688,205	680,855	660,280
Maintenance of persons in charitable institutions	86,080	97,129	96,504	105,751	109,651
Total	7,180,785	8,034,480	8,406,285	9,640,409	10,503,432

(a) Including the following amounts spent from Trust Funds:—In 1922-23, £3,204,212; in 1923-24, £3,714,287; in 1924-25, £1,723,162; in 1925-26, £1,884,530; and in 1926-27, £285,897. (b) Including Taxation Officers' Compensation, £200,000.

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

(f) *Trade and Customs.* Under this head have been included the expenditure of all the sub-departments under the control of the Minister of Trade and Customs, as well as the amounts payable as sugar and other bounties, and the expenses in connexion therewith. The administration of Patents, Trade Marks, and Copyright is now entrusted to the Attorney-General's Department, that of Quarantine to the Department of Health, and that of the Institute of Science and Industry to the Department of Markets and Migration. Particulars for the five years 1922-23 to 1926-27 are given in the following table:—

EXPENDITURE.—TRADE AND CUSTOMS DEPARTMENT, 1922-23 TO 1926-27.

Details.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
Chief Office	70,037	72,238	78,159	79,813	82,410
Customs (ordinary)	439,462	503,150	531,189	551,161	566,223
Navigation	25,426	39,927	44,484	44,726	44,872
Analyst	5,829	6,039	5,854	(b)	(b)
Audit (proportion)	9,371	10,970	10,552	11,030	12,487
Pensions and retiring allowances	20,528	25,863	33,283	34,091	35,145
Rents, repairs, etc.	21,445	22,616	32,191	26,148	19,102
Sugar and other bounties	192,114	455,859	304,548	498,582	781,347
Lighthouses	162,946	169,045	184,298	199,057	230,439
Interest on transferred properties	47,162	49,541	47,217	46,986	46,924
Interest on Commonwealth securities	4,943	8,180	13,667	21,224	22,507
Bureau of Commerce and Industry	4,659	3,484	..	..	..
Institute of Science and Industry	22,591	22,679	(a)	(a)	(a)
Miscellaneous	1,217,296	238,227	12,833	29,046	35,968
Total	2,243,809	1,627,818	1,298,275	1,541,864	1,877,424

(a) Transferred to Department of Markets and Migration.

(b) Included in Customs (Ordinary).

The "Miscellaneous" vote in 1922-23 includes Loans for purchase of Wire Netting, £250,000, and Losses and Advances on Fruit Pools, £363,000. In 1923-24, an amount of £141,262, British Empire Exhibition, was included.

(g) *Defence.* The expenditure in connexion with Defence, which in 1901-02 amounted to £861,218, had by 1926-27 grown to £4,240,828, of which £1,593,308 was expended on Military Services, £2,212,715 on Naval Services, and £434,805 on Air Services. Expenditure on the Air Service was included for the first time in 1920-21. Particulars for the last five years are as follows:—

EXPENDITURE.—DEFENCE, COMMONWEALTH, 1922-23 TO 1926-27.

Details.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
Chief Office	89,732	96,645	103,438	103,913	109,475
Military	1,208,005	1,289,171	1,269,799	1,307,815	1,299,454
Naval	1,942,227	1,916,384	1,842,937	1,943,911	2,003,639
Air Services	169,203	211,978	205,002	254,882	381,982
Audit (proportion)	14,374	17,169	9,474	8,625	9,433
Pensions and retiring allowances	3,200	5,355	7,566	13,884	15,221
Rents, repairs, etc.	102,693	113,546	122,713	127,983	155,467
Interest on transferred properties	97,112	94,459	95,706	94,121	95,154
Interest on Commonwealth securities	84,756	79,823	100,162	123,028	142,705
Miscellaneous	74,280	28,001	27,618	26,665	28,298
Total	3,785,582	3,852,531	3,784,415	4,004,827	4,240,828

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

EXPENDITURE.—POSTAL DEPARTMENT, 1922-23 TO 1926-27.

Details.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
Chief Office	37,800	46,685	48,643	51,660	66,504
Postal Department (ordinary) ..	7,556,391	8,121,381	8,950,694	8,705,960	9,115,787
Audit (proportion)	10,293	10,663	10,630	10,009	10,359
Pensions and retiring allowances	84,057	92,436	95,928	102,518	110,429
Superannuation	7,748	28,999	45,687	59,136	75,563
Rents, repairs, etc.	123,405	138,092	174,012	195,464	199,119
Interest on transferred properties	193,103	198,699	198,923	(a)315,398	203,978
Interest on Commonwealth					
Securities	90,421	353,387	494,054	855,507	1,084,431
Sinking Fund on Commonwealth					
Securities	23,218	197,552	269,469	355,891	416,161
Miscellaneous	115,589	85,600	398	382	3,568
Total	8,242,025	9,273,494	10,288,438	10,651,925	11,235,899

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

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

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

EXPENDITURE.—HOME AND TERRITORIES DEPARTMENT, 1922-23 TO 1926-27.

Details.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
Chief Office	21,141	24,544	27,891	27,369	48,328
Census and Statistics	20,438	19,575	23,394	26,240	27,620
Meteorological Branch	80,911	39,245	34,656	34,562	36,616
Lands and Survey	15,124	12,354	15,035	(c)	(c)
Papua	80,894	79,139	71,239	96,745	67,158
Northern Territory	195,886	212,469	145,685	147,120	126,582
Federal Capital Territory .. .. .	..	..	..	..	43,485
Norfolk Island	3,500	3,500	3,500	3,945	4,339
New Guinea .. .. .	..	..	10,064	10,214	11,077
Shipping and Mail Services, Pacific Islands	(b)	(b)	52,834	50,418	53,092
Interest on Commonwealth Securities (a)	46,843	68,226	75,226	88,209	99,825
Sinking Fund, Commonwealth Securities (a)	4,346	7,711	8,771	8,854	8,735
Rents, repairs, etc.	23,128	22,615	15,319	12,074	12,310
Miscellaneous	33,822	33,262	41,369	194,006	238,124
Total	526,033	522,640	524,983	699,756	777,291

(a) Includes Federal Capital Territory.

(b) Included in Prime Minister's Department.

(c) Included in Department of Works and Railways.

The "Miscellaneous" in 1924-25 includes Census expenditure £11,999, and a grant of £10,000 for medical purposes in New Guinea. In each of the years 1925-26 and 1926-27 were included sums of £100,000 to aid prospecting.

(j) *Works and Railways Department.* The extension of Commonwealth Works and Railways led, in 1916-17, to the separation of these branches from the former Home Affairs Department and the constitution of a separate Works and Railways Department.

To this Department was entrusted the administration of the railways originally under the control of the old External Affairs Department and the Lands and Survey branch which was transferred to it from the Department of Home and Territories in 1925-26. The expenditure for the last five years was as follows :—

EXPENDITURE.—WORKS AND RAILWAYS DEPARTMENT, 1922-23 TO 1926-27.

Details.	1922-23.	1923-24.	1924-25.	1925-26. (a)	1926-27.
	£	£	£	£	£
Chief Office	32,939	34,274	33,495	35,683	15,270
Kalgoorlie-Port Augusta Railway	249,289	265,293	285,912	285,876	271,398
Port Augusta-Oodnadatta Railway, and Northern Territory and Federal Capital Territory Railways	183,293	188,441	131,238	213,898	213,362
Lands and Survey .. .. .	..	..	..	(a)13,952	17,143
Interest on transferred properties	..	..	..	1,654	2,067
Interest on Commonwealth Securities	127,717	135,085	332,266	425,737	519,252
Sinking Fund on Commonwealth Securities	16,178	15,007	37,713	45,283	57,511
Rent, repairs, etc.	5,526	4,928	7,648	7,939	9,629
Royal Commission—Unification of Gauge	449	560	..	..	..
Main Roads Development	500,000	..	500,000	750,000	..
Miscellaneous	11,915	25,743	6,995	31,076	16,440
Total	1,127,306	669,331	1,335,267	1,811,098	1,122,072

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

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

EXPENDITURE.—HEALTH DEPARTMENT, 1922-23 TO 1926-27.

Details.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
Central Administration	8,486	9,898	12,432	13,543	18,488
Salaries, Contingencies, etc.	114,429	106,298	116,291	121,588	142,447
Interest on Treasury Bills	965	1,804	2,083	3,128	3,359
Interest on Transferred Properties	7,979	7,466	7,674	7,668	8,356
Rent and repairs	14,858	15,292	12,697	20,670	27,404
Miscellaneous	9,195	27,159	36,622	10,075	6,625
Total	155,912	167,917	187,799	176,672	206,679

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

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

EXPENDITURE.—MARKETS AND MIGRATION DEPARTMENT, (a) 1924-25 TO 1926-27.

Details.	1924-25.	1925-26.	1926-27.
	£	£	£
Chief Office	1,529	9,989	12,871
Immigration	63,058	93,588	..
Commonwealth Council for Scientific and Industrial Research	24,796	32,574	..
British Empire Exhibition	13,567	21,133	..
Loan to State of Tasmania for Relief of Apple Growers .. .. .	..	..	25,000
Dried Fruits Export Control	19,072	29,229	30,791
Dairy Produce Export Control .. .. .	..	26,728	20,664
Fruit Pool Losses	154,000	..	..
Assistance to Primary Production	500,000	..	..
Interest on Commonwealth Securities	30,325	95,780	11,558
Miscellaneous	63,370	376,693	16,507
Total	869,717	685,714	117,391

(a) Name subsequently changed to Department of Markets.

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

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

EXPENDITURE ON NEW WORKS, 1922-23 TO 1926-27.

Department.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
Parliament .. ..	..	..	..	..	..
Prime Minister	143	31,250	..	5,844	..
Treasury .. ..	..	..	..	..	..
Attorney-General .. ..	..	..	..	3,251	..
Trade and Customs	3,609	1,675	7,887	714	837
Defence	460,734	311,323	309,277	247,398	177,992
Postmaster-General	221,709	248,876	..	..	..
Home and Territories	13,885	15,282	16,613	33,629	22,697
Works and Railways .. ..	..	..	..	17,677	11,801
Health	20,847	21,104	10,139	8,018	3,078
Markets and Migration .. ..	..	..	..	410	42
Total	720,927	629,510	343,916	316,941	216,447

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

(c) *Interest—State Loans Act.* The amount of £2,623,852 is the interest on the sum of £58,858,864 borrowed by the Commonwealth and advanced to the States.

Division IV.—Subsidy Paid to States.

1. *Payments to the States.*—The following table furnishes particulars of the subsidies paid to the States on account of each of the financial years 1922-23 to 1926-27:—

COMMONWEALTH SUBSIDY PAID TO STATES, 1922-23 TO 1926-27.

State.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
New South Wales	2,690,198	2,738,725	2,796,928	2,853,850	2,917,411
Victoria	1,969,772	2,014,746	2,055,834	2,090,951	2,127,159
Queensland	978,673	1,005,486	1,035,791	1,069,286	1,096,235
South Australia	635,833	650,453	668,084	684,932	703,816
Western Australia	554,828	558,573	561,741	(b)915,231	(b)773,432
Tasmania	356,247	356,555	(a)416,913	(c)337,477	(c)644,859
Total	7,185,551	7,324,538	7,535,291	7,951,727	8,262,912

(a) Including a special payment of £61,656 income tax received by the Commonwealth in respect of prizes won on lotteries and paid to the State under Section 4 of the Tasmania Grant Act 1924. (b) Including special grants of £353,112 (1925-26), and £212,793 (1926-27). (c) Includes special grants of £68,000 (1925-26) and £378,000 (1926-27).

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

Division V.—Surplus Revenue.

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

COMMONWEALTH SURPLUS REVENUE, 1922-23 TO 1926-27.

Year.	Surplus.	Deficiency.	Accumulated Surplus at end of Year.
	£	£	£
1922-23	1,020,150	..	7,428,574
1923-24 .. .. .	..	4,837,421	2,591,153
1924-25	518,376	..	3,109,529
1925-26 .. .. .	..	2,823,632	285,897
1926-27	2,635,597	..	2,921,494

The ordinary transactions of the year 1923-24 resulted in a surplus of £2,578,334, which, with the surplus brought forward, made an accumulated surplus of £10,006,908. Of this amount, £4,915,755 was applied to debt redemption, and £2,500,000 to provide for Naval Construction and a Reserve for Defence.

§ 3. Trust Funds.

1. Trust Accounts.—The Trust Fund balances on 30th June, 1927, totalled £14,559,994 as compared with £14,410,826 for the corresponding date in the year ending 30th June, 1926. Details concerning the most important trust accounts are contained in the following table:—

COMMONWEALTH TRUST FUNDS AT 30th JUNE, 1927.

Trust Accounts.	Balance at 30th June, 1927.	Trust Accounts.	Balance at 30th June, 1927.
	£		£
Admiralty	58,820	New Guinea Agency	4,350
Australian Soldiers' Repatriation	32,649	Northern Territory	33,208
Australian Soldiers' Repatriation Contribution	197,494	Other Trust Moneys	1,149,979
Canned Fruit Bounty	4,161	Primary Production	598,634
Cockatoo Island Dockyard	24,036	Prospecting for Precious Metals	36,498
Commonwealth Government Ships	9,955	Prospecting for Petroleum	128,070
Defence—Clothing Material	18,185	Public Trustee	16,077
Naval Construction	1,290,800	Railway Plant and Stores Suspense	70,049
Reserve	171,570	Railway Provision Stores	1,118
Small Arms	19,761	Science and Industry Investigations	216,708
Small Arms Ammunition	153,427	Stamp Printing	10,594
Stores, London Liabilities	1,292,521	State Loans Expenses Suspense	295
Deferred Pay	501,502	Superannuation Fund	1,501,840
Federal Aid Roads	1,346,940	Suspense	Dr. 1,623
General Average Deposits	12,243	Taxation Officers' Compensation	164,101
Imperial Pensions	34,716	Treaty of Peace—Clearing Office Account	10,716
International Postal and Money Order	38,678	Unclaimed Militia Pay	819
Invalid and Old-age Pensions	1,421,493	Victorian Parliament House Memorial	50,000
Loans—Wire Netting	4,982	War Savings Certificates Interest	148,113
London Loans Expense Suspense	31,849	War Service Homes Insurance	107,848
Main Roads Development	68,771	Wire and Wire Netting	250,000
Money Order	493,500	Miscellaneous	1,472,302
National Debt Sinking Fund	1,562,854		
		Total	14,559,994

§ 4. Commonwealth Loan Funds and Public Debt.

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

2. **Loans taken over from South Australia.**—The first portions of the debt were contracted at the beginning of 1911, when the Commonwealth assumed responsibility for the payment of interest on transferred properties (further dealt with in sub-section 4) and for the administration and the liabilities of the Northern Territory and the Port Augusta—Oodnadatta Railway. At 30th June, 1911, the debt on account of the former was £3,657,836, and on account of the latter, £2,274,486—a total of £5,932,322. As the securities fall in they are redeemed by the Commonwealth Government, the money required being taken from the Loan Fund. The item is thus constantly diminishing, and on 30th June, 1927, stood at £2,103,157, of which £1,117,619 was on account of the Northern Territory, and £985,538 on account of the railway.

3. **Loan Fund for Public Works Redemptions, etc.**—Up to the year 1911 the Commonwealth Government had met its Public Works expenditure out of revenue. In that year, however, in view of the heavy prospective cost of the Transcontinental Railway and the Federal Capital Territory, it was decided to institute a Loan Fund similar to those of the States. The initiation of this Fund was greatly assisted by the fact that the Treasury at that time held a large quantity of gold, principally on behalf of the Australian Notes Account. Up to 30th June, 1914, the money required for loan expenditure was obtained mainly from this source at 3½ per cent., and inscribed stock of an equivalent value was created. Since the outbreak of war, the money required for the Loan Fund has been mainly obtained by the issue of Treasury Bills and other securities issued in London and New York as well as in Australia. The details of the expenditure for the last five years and the total expenditure to 30th June, 1927, are given in the following table:—

COMMONWEALTH LOAN EXPENDITURE FOR WORKS, 1922 TO 1927 AND TOTAL.

Particulars.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	Total to 30/6/1927
	£	£	£	£	£	£
Railway Construction—						
Trans-Australian Railway ..	82,500	62,506	52,113	69,565	88,198	6,463,978
Northern Territory ..	7,651	20,420	50,535	195,123	398,764	1,071,586
Grafton—South Brisbane Railway ..	..	..	..	840,000	1,000,000	1,840,000
Other ..	12,997	33,355	211,074	91,489	420,385	817,975
Papua—Railways and Wharves	47,720	..	..	..	..	111,556
Posts and Telegraphs—						
Purchase of land ..	138,875	47,348	41,330	33,179	49,901	542,601
Construction of conduits, etc.	2,059,523	3,855,673	4,495,662	5,505,454	3,895,424	22,022,730
Acquisition of land (a)—						
London ..	6,921	4,395	..	500	..	880,190
Perth ..	90,239	..	..	..	..	152,205
Federal Capital Territory ..	354,041	499,349	296,061	..	..	2,014,697
Elsewhere (b) ..	4,968	19,220	24,396	5,760	14,102	230,923
Defence Machinery; Dockyards, Cockatoo Island; Naval Bases, etc. ..	48,566	66,089	56,807	78,027	153,901	1,680,433
Ship Construction ..	1,515,713	626,646	312,952	..	..	9,329,457
General Arsenal; Small Arms etc.; Cordite ..	27,525	91,796	219,271	67,720	70,873	983,318
Royal Australian Air Force—Construction of Buildings ..	..	..	..	128,000	139,819	265,819
Lighthouses ..	10,400	26,285	18,155	67,359	15,481	166,046
Contribution under River Murray Waters Act ..	176,921	235,609	192,500	205,000	209,500	1,283,625
Wireless Telegraphy ..	..	62,500	62,500	79,560	50,000	284,295
Immigration ..	199,483	203,744	181,193	262,589	248,104	1,228,962
Construction of Roads ..	217,944	31,788	..	..	..	249,686
Subscription to Capital of Oil Refining Company ..	50,000	100,000	93,750	..	..	343,751
Miscellaneous ..	36,962	82,175	33,459	51,541	296,676	1,856,055
Total ..	5,383,949	6,068,898	6,341,753	7,678,856	7,051,123	53,819,888
Repayment of Loans ..	4,243,135	28,090,116	8,276,829	22,011,103	2,995,612	73,413,571

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

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

Since the valuation mentioned, some transfers and retransfers have been made. The estimated value of the transferred properties for the last five years is given in the table in sub-para. 8—i. and ii. hereinafter.

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

Early in 1921 an arrangement was concluded with the Imperial Government, by means of which almost the entire debt (upwards of £92,000,000) was consolidated. The Commonwealth Government undertook to extinguish the debt by annual payments of approximately £5,550,000, spread over about 35 years, the payment representing 6 per cent. on the original debt. This provides for interest at nearly 5 per cent., and a sinking fund of a little more than 1 per cent., and may be regarded as a very satisfactory arrangement for the Commonwealth, since it entails only a moderate rate of interest, and provides for the ultimate extinction of nearly one-fourth of the National War Debt. The amount outstanding on 30th June, 1927, was £85,572,848, which will diminish steadily year by year owing to the operation of the sinking fund.

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

7. **Flotation of Loans, 1926-27.**—During the year 1926-27, the six loans raised by the Commonwealth amounted to a total of £53,266,540, of which £31,737,440 was for Commonwealth purposes and £21,529,100 for the States.

COMMONWEALTH LOANS FLOATED, 1926-27.

For whom raised.	Amount Raised.			Rate of Interest.	Date of Maturity.	Price.
	London.	Australia.	Total.			
Commonwealth .. £1,199,130	£ ..	£ 2,985,430	£ 2,985,430	5½	15.2.33	100
States 5,316,000	1,451,750	1,451,750			
	2,077,950	2,077,950	5½	15.2.43	100
Conversion	9,967,470	9,967,470			
	5,042,260	5,042,260	5½	15.2.33	100
Commonwealth .. 826,110	10,038,260	10,038,260			
States 3,463,000	2,559,450	2,559,450	5½	15.2.33	100
	751,520	751,520			
	978,140	978,140	5½	15.2.43	100
Conversion	1,605,570	1,605,570			
	878,400	878,400	5½	15.2.33	100
Redemption	848,900	848,900			
	375,000	375,000	4	1.8.27	100
Redemption and Conversion (States)	956,340	956,340			
	11,711,000	11,711,000	5½	1.7.45-75	98
	1,039,100	1,039,100			
Total	11,711,000	41,555,540	53,266,540	..	..	..

8. **Commonwealth Public Debt.**—(i) *Total Debt.* Separate consideration has already been given to the items composing the Public Debt. The table appended shows the debt of the Commonwealth (apart from the States) at yearly intervals since 1923.

COMMONWEALTH PUBLIC DEBT AS AT 30th JUNE, 1923 TO 1927.

Details.	1923.	1924.	1925.	1926.	1927.
	£	£	£	£	£
Balance of loans taken over from South Australia—					
(a) On account of Northern Territory	2,209,169	2,208,719	1,192,419	1,117,619	1,117,619
(b) On account of Oodnadatta railway	1,693,745	1,670,432	1,077,678	1,075,876	985,538
Value of properties transferred by States	11,042,987	10,860,591	10,858,093	11,065,129	11,035,547
Inscribed Stock and Bonds	23,764,716	36,227,255	42,627,255	57,759,097	55,112,852
Treasury Bills	2,843,125	5,021,545	7,247,505	4,202,683	5,503,340
War Loan from British Government	90,388,604	89,270,922	88,097,605	86,865,883	85,572,848
Commonwealth Internal Loans	241,746,090	249,751,997	245,623,618	247,891,398	242,386,982
Loans raised on behalf of States	16,750,000	17,787,461	32,997,311	47,727,060	58,608,168
Gratuities	19,608,481	700,000	64,452	32,370	25,966
Miscellaneous	1,049,399	2,100,277	1,262,126	906,336	718,832
Total	410,996,316	415,600,099	430,948,062	458,443,351	461,067,742
Commonwealth Debt <i>per capita</i>	£72 5 2	£71 12 3	£72 13 7	£75 17 0	£74 15 2

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

COMMONWEALTH PUBLIC DEBT.—PLACE OF FLOTATION, 1923 TO 1927.

At 30th June.	Payable—				Value of Transferred Properties.		Total.
	Abroad.		In Australia.		Amount.	Percentage on Total Debt.	
	Amount.	Percentage on Total Debt.	Amount.	Percentage on Total Debt.			
	£	%	£	%	£	%	£
1923..	126,165,389	30.70	273,787,939	66.61	11,042,988	2.69	410,996,316
1924..	142,524,394	34.29	262,215,114	63.09	10,860,591	2.62	415,600,099
1925..	146,117,023	33.91	273,972,946	63.57	10,858,093	2.52	430,948,062
1926..	(a) 171,294,986	37.36	276,083,236	60.22	11,065,129	2.42	458,443,351
1927..	(a) 168,218 789	36.49	281,813,406	61.12	11,035,547	2.39	461,067,742

(a) Including, for 1925–26, £15,411,487 (3.36 per cent.), and for 1926–27, £15,365,663 (3.33 per cent.), payable in New York.

(iii) *Amount of Debt at Various Rates of Interest.* When the first debt was taken over from South Australia, it consisted mainly of securities bearing interest varying from 3 per cent. to 4 per cent., the average rate of interest for the first year being £3 12s. 4d. For the first three years the increase in the debt was due almost entirely to the expansion of the 3½ per cent. stock of the Loan Fund, consequently the average rate of interest fell steadily, until on 30th June, 1914, it stood at £3 11s. 10d. Then came the loans for military and repatriation purposes, and the fall in the average rate was ultimately converted into a rise which was steadily maintained until at 30th June, 1927, the average rate stood at £5 4s. 7d.

The accompanying table gives particulars of rates of interest for the five financial years ended 30th June, 1927:—

COMMONWEALTH PUBLIC DEBT.—RATES OF INTEREST, 1923 TO 1927.

Rates of Interest.	At 30th June—				
	1923.	1924.	1925.	1926.	1927.
%	£	£	£	£	£
3	35,063	35,063	35,063	33,261	..
3½	14,976,377	14,793,980	14,791,482	14,998,518	3,933,389
£3/12/3 ..	655,153	631,840	576,288	576,288	485,949
3¾	833,745	833,295	833,295	758,495	758,495
3⅞ .. ..	..	..	375,000	..	..
4	9,053,405	5,504,903	5,504,903	4,484,361	5,785,118
4½	120,835,510	116,908,700	113,520,010	46,600,260	29,783,480
4⅝ .. ..	..	..	..	..	375,000
4¾ .. ..	..	..	6,000,000	6,000,000	6,000,000
£4/18/4 ..	90,388,604	89,270,922	88,097,605	86,865,883	85,572,848
5	67,298,328	82,400,498	81,125,491	103,243,689	112,362,689
5¼	19,508,481	700,900	..	8,614,820	49,386,660
5½	12,750,000	12,750,000	12,750,000	80,109,440	67,333,780
6	74,661,650	91,578,657	107,218,818	105,890,122	98,920,556
Overdue ..	..	191,341	120,107	268,214	369,778
Total ..	410,996,316	415,600,099	430,948,062	458,443,351	461,067,742
Average rate of interest ..	£4/19/3	£5/0/1	£5/0/10	£5/3/11	£5/4/7

(iv) *Amount of Interest Payable.* A table is appended showing the amounts payable as interest on the Commonwealth Public Debt as at 30th June in the years 1923 to 1927 inclusive. The rapid increase is due not only to the great expansion of the Loan Fund, but also to the high rate of interest on recent loans.

COMMONWEALTH PUBLIC DEBT.—INTEREST PAYABLE IN LONDON, NEW YORK, AND AUSTRALIA, AT 30th JUNE, 1923 TO 1927.

30th June—	Payable in —				Total.
	London.	New York.	Australia.		
			Loans.	Transferred Properties.	
	£	£	£	£	£
1923 ..	6,413,668	..	13,591,968	386,505	20,392,141
1924 ..	7,289,787	..	13,131,877	380,121	20,801,785
1925 ..	7,454,001	..	13,943,932	380,033	21,777,966
1926 ..	7,949,761	770,575	14,719,956	387,280	23,827,572
1927 ..	7,689,240	768,283	15,106,231	551,777	24,115,531

(v) *Dates of Maturity.* The dates of maturity of the several portions of the Commonwealth debt are shown hereunder. The Commonwealth Government has refrained from issuing interminable stock, although as regards about 3 per cent. of the debt no definite date of maturity had been assigned on 30th June, 1927. It will be noticed that about £140,000,000 falls due in the space of four years 1927 to 1930, the bulk of this being represented by the balance of the first eight internal loans. While the actual dates of maturity extend from 1927 to 1975, or a period of 48 years, the average period till maturity is only 11.47 years.

COMMONWEALTH PUBLIC DEBT.—DUE DATES OF AMOUNTS OUTSTANDING ON 30th JUNE, 1927. (a)

Due Dates.		Amounts.	Due Dates.		Amounts.
		£			£
1927	.. .. .	44,472,297	1945	.. .. .	22,384,000
1928	.. .. .	21,105,630	1948	.. .. .	10,058,030
1929	.. .. .	2,906,454	1955	.. .. .	15,365,663
1930	.. .. .	73,419,130	1960	.. .. .	6,000,000
1931	.. .. .	29,384,250	1972	.. .. .	3,764,716
1933	.. .. .	17,146,777	1975	.. .. .	22,219,000
1934	.. .. .	3,861,322	Overdue	.. .. .	369,778
1935	.. .. .	4,630,941	Indefinite	.. .. .	1,078,479
1936	.. .. .	14,754,006	Annual Repayments	.. .. .	85,572,848
1937	.. .. .	1,200	Transferred Properties	.. .. .	11,035,547
1938	.. .. .	8,132,306			
1939	.. .. .	151,448	Total	.. .. .	461,067,742
1941	.. .. .	48,077,610			
1943	.. .. .	15,276,310	Average period to maturity		11.47 years

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

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

COMMONWEALTH LOANS RAISED ON BEHALF OF STATES AS AT 30th JUNE, 1927.

State.	Amount Floated in—			Total.
	London.	New York.	Australia.	
	£	£	£	£
New South Wales	605,864	..	2,981,850	3,587,714
Victoria	2,801,706	1,926,436	8,639,350	13,367,492
Queensland	5,650,408	770,574	5,647,860	12,068,842
South Australia	4,117,512	770,574	11,263,310	16,151,396
Western Australia	6,736,011	1,541,149	3,325,210	11,602,370
Tasmania	996,300	..	1,084,750	2,081,050
Total	20,907,801	5,008,733	32,942,330	58,858,864

In addition to these amounts, the Commonwealth Government has made further advances to the States for various purposes which are set out as follows, the figures representing sums outstanding at 30th June, 1927 :—

ADVANCES TO STATES OUTSTANDING ON 30th JUNE, 1927.

Advances for—	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	Total.
	£	£	£	£	£	£	£
Settling returned soldiers	9,805,983	11,794,075	2,700,583	2,833,005	5,431,202	2,129,563	34,694,411
Providing employment	..	86,702	400,000	28,796	..	..	515,498
Public Works, Redemption, etc. ..	2,981,850	13,065,488	13,092,504	16,260,333	9,816,085	2,127,187	57,343,447
Grafton-South Brisbane Railway ..	605,864	..	226,339	..	..	..	832,203
Silos for wheat storage	500,000	..	..	..	..	..	500,000
Immigration ..	..	1,092,004	..	..	2,288,584	..	3,380,588
Other purposes ..	..	15,500	138,158	..	..	25,000	178,658
Gross Total ..	13,893,697	26,053,769	16,557,584	19,122,134	17,535,871	4,281,750	97,444,805
Sinking Fund contributions and accrued interest ..	55,428	51,366	23,809	68,895	46,830	4,366	250,694
Net amount outstanding	13,838,269	26,002,403	16,533,775	19,053,239	17,489,041	4,277,384	97,194,111

10. Sinking Fund. (i) *To 1923.* At an early stage of its public debt experience the Commonwealth Government established a sinking fund against most of the securities which constitute its public debt. Part of the inscribed stock issued for works purposes carried a sinking fund of 5 per cent., and the remainder one of $\frac{1}{2}$ per cent. The internal issues carried sinking funds, partly of $\frac{1}{2}$ per cent., and partly of 1 per cent. The War Savings Certificates carried a sinking fund of $\frac{1}{2}$ per cent., and the Northern Territory and Port Augusta-Oodnadatta Railway loans one of $\frac{1}{2}$ per cent. These sinking funds were invested partly in Treasury Bills, partly in Commonwealth Inscribed Stock, and partly in Bonds (War Issues).

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

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

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

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

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

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

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

COMMONWEALTH PUBLIC DEBT.—NATIONAL DEBT SINKING FUND, 1923-24 TO 1926-27.

Items.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£
Cr. Brought forward .. ..	..	2,059,372	4,152,992	3,269,249
Balance transferred to fund on 11th August, 1923	2,262,982	..	..	..
From Consolidated Revenue ..	1,430,141	3,111,216	2,796,722	2,017,391
Repayments of Sundry Loans ..	513,073	16,482	33,157	18,171
Purchase Money and Repayments under War Service Homes Act ..	675,174	746,012	744,548	831,562
Half net Profit Commonwealth Bank	61,673	130,477	226,176	236,280
Reparation Moneys .. ..	..	257,692	302,922	1,340,573
Interest on Investments	117,926	94,271	83,950	89,754
Contributions by States .. ..	..	..	76,711	162,464
Total	5,060,969	6,415,522	8,417,178	7,965,444
Dr. Redemptions	3,001,597	2,262,530	5,147,929	6,402,590
Carried Forward	2,059,372	4,152,992	3,269,249	1,562,854
Total	5,060,969	6,415,522	8,417,178	7,965,444

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

§ 5. Cost of War and Repatriation.

1. **General.**—In view of the importance of the subject, a further reference is here made to the cost of the war. The general policy of the Commonwealth Government has been to pay from Consolidated Revenue all recurring charges for interest, sinking fund, pensions, and other charges consequent upon the war, and part of the expense of repatriation. On the other hand, the whole direct cost of the war and the larger proportion of the cost of repatriation have been paid from loans. The total cost from both sources to the 30th June, 1927, is set out in the following table :—

COST OF WAR SERVICES TO 30th JUNE, 1927.

Year.	From Revenue. (a)	From War Loan Fund.	Total.
	£	£	£
1914-15	640,218	14,471,117	15,111,335
1915-16	3,778,378	37,423,568	41,201,946
1916-17	8,427,329	53,114,237	61,541,566
1917-18	11,863,251	55,095,109	66,958,360
1918-19	21,255,101	62,192,889	83,447,990
1919-20	24,751,732	45,385,586	70,137,318
1920-21	33,286,233	24,148,501	57,434,734
1921-22	31,337,164	7,576,977	38,914,141
1922-23	30,100,472	1,762,694	31,863,166
1923-24	28,770,106	2,412,015	31,182,121
1924-25	28,482,761	975,612	29,458,373
1925-26	29,171,850	324,225	29,496,075
1926-27	29,209,083	697,289	29,906,372
Total Expenditure ..	281,073,678	305,579,819	586,653,497
Indebtedness to the Government of the United Kingdom for payments made, services rendered, and goods supplied during the war			43,398,098
War Gratuity Paid in Cash			27,466,162
Total			657,517,757

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

§ 6. Old-age and Invalid Pensions.

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

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

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

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

2. Old-age Pensions.—(i) *Summary, 1927.* Details regarding Old-age Pensions as at 30th June, 1927, are as follows:—

OLD-AGE PENSIONS.—SUMMARY, 1927.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
Claims examined during year ended 30th June, 1927 ..	8,174	5,535	2,887	1,422	1,124	994	20,136
Claims rejected ..	1,043	306	452	89	90	45	2,025
Claims granted ..	7,131	5,229	2,435	1,333	1,034	949	18,111
Transfers from other States	685	659	232	269	139	156	2,140
Existing 30th June, 1926 ..	49,388	36,800	16,250	11,112	6,940	6,428	126,918
	57,204	42,688	18,917	12,714	8,113	7,533	147,169
Deduct—							
Deaths ..	3,831	2,791	1,259	783	471	401	9,536
Cancellations and transfers to other States ..	1,843	1,195	422	394	316	229	4,399
	5,674	3,986	1,681	1,177	787	630	13,935
Old-age Pensions existing on 30th June 1927 ..	51,530	38,702	17,236	11,537	7,326	6,903	133,234
Number per 1,000 of population ..	21.67	22.41	19.27	20.06	19.03	33.16	21.60

(ii) *Sexes of Pensioners.* Of the 133,234 persons in receipt of pensions at 30th June, 1927, 54,333 (or 40 per cent.) were males, and 78,901 (or 59 per cent.) were females. Details for the several States are as follows:—

OLD-AGE PENSIONS.—SEXES OF PENSIONERS, 1927.

State.	Males.	Females.	Total.	(a) Masculinity.
New South Wales ..	21,990	29,540	51,530	-14.65
Victoria ..	14,653	24,049	38,702	-24.28
Queensland ..	7,568	9,668	17,236	-12.18
South Australia ..	4,129	7,408	11,537	-28.42
Western Australia ..	3,200	4,126	7,326	-12.64
Tasmania ..	2,793	4,110	6,903	-19.08
Total ..	54,333	78,901	133,234	-18.44

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

(iii) *Ages and Conjugal Condition of Pensioners.* The recorded ages of the 18,111 persons to whom pensions were granted during the year 1926-27 varied considerably, ranging from 2,844 at age 60 to one at age 100. Particulars for quinquennial age-groups are as follows :—

OLD-AGE PENSIONS GRANTED 1926-27—AGES AND CONJUGAL CONDITION OF PENSIONERS.

Age Groups.	Males.				Females.				Grand Total.
	Single.	Married.	Widowed.	Total.	Single.	Married.	Widowed.	Total.	
60-64 ..	323	724	180	1,227	723	2,868	2,353	5,944	7,171
65-69 ..	1,224	2,940	929	5,093	211	1,065	773	2,049	7,142
70-74 ..	337	948	385	1,670	84	413	379	876	2,546
75-79 ..	91	269	165	525	32	106	192	330	855
80-84 ..	21	64	61	146	12	27	97	136	282
85-89 ..	6	14	21	41	4	3	46	53	94
{ (and over ..	..	2	3	5	1	1	14	16	21
Total ..	2,002	4,961	1,744	8,707	1,067	4,483	3,854	9,404	18,111

3. *Invalid Pensions.*—(i) *Summary, 1927.* Details as at 30th June, 1927, are given hereunder :—

INVALID PENSIONS.—SUMMARY, 1927.

Particulars.	N.S.W.	Vic.	Q'land.	S.A.	W.A.	Tas.	Total.
Claims examined during year ended 30th June, 1927 ..	4,435	2,718	1,644	522	651	448	10,418
Claims rejected ..	1,083	407	443	92	216	131	2,372
Claims granted	3,352	2,311	1,201	430	435	317	8,046
Transfers from other States ..	242	89	97	70	33	45	576
Existing 30th June, 1926 ..	20,193	14,062	6,800	2,986	2,632	2,130	48,803
	23,787	16,462	8,098	3,486	3,100	2,492	57,425
Deduct—							
Deaths	1,118	721	421	175	230	130	2,795
Cancellations and Transfers to other States ..	1,024	414	320	182	171	120	2,231
	2,142	1,135	741	357	401	250	5,026
Invalid Pensions existing 30th June, 1927	21,645	15,327	7,357	3,129	2,699	2,242	52,399
Number per 1,000 of population	8.81	8.88	8.23	5.44	7.01	10.77	8.50

(ii) *Sexes of Pensioners.* Of the 52,399 persons in receipt of invalid pensions on 30th June, 1927, 23,437, or 45 per cent., were males, and 28,962, or 55 per cent., were females. Details for the several States are as follows :—

INVALID PENSIONS.—SEXES OF PENSIONERS, 1927.

State.	Males.	Females.	Total.	(a) Masculinity.
New South Wales	9,576	12,069	21,645	—11.52
Victoria	6,945	8,382	15,327	—9.38
Queensland	3,489	3,868	7,357	—5.15
South Australia	1,135	1,994	3,129	—27.45
Western Australia	1,305	1,394	2,699	—3.30
Tasmania	987	1,255	2,242	—11.95
Total	23,437	28,962	52,399	—10.54

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

(iii) *Ages and Conjugal Condition of Pensioners, 1927.* The recorded ages of the 8,046 persons to whom invalid pensions were granted during the period under review varied from 16 to 83. The following table gives particulars of those up to age 20, and in decennial age-groups thereafter :—

INVALID PENSIONS.—AGES AND CONJUGAL CONDITION OF PENSIONERS, 1927.

Age Groups.	Males.				Females.				Grand Total.
	Single.	Married.	Widowed.	Total.	Single.	Married.	Widowed.	Total.	
16-19	388	..	..	388	452	1	..	453	841
20-29	367	80	5	452	488	27	3	518	970
30-39	207	287	8	502	273	101	35	409	911
40-49	222	547	47	816	247	228	210	685	1,501
50-59	472	920	146	1,538	332	592	692	1,616	3,154
60-69	76	161	47	284	19	83	137	239	523
70-79	4	40	18	62	8	23	46	77	139
80 and over .. ..	..	2	3	5	2	..	..	2	7
Total	1,736	2,037	274	4,047	1,821	1,055	1,123	3,999	8,046

4. *Cost of Administration.*—Under the State régime the cost of administration differed considerably in the several States, and for 1908-9 represented in New South Wales 4.17 per cent. of the amount actually paid in pensions. In Victoria for the same year the corresponding percentage was 0.70. During the year 1926-27 the total cost to the Commonwealth of administering the Old-age and Invalid Pensions Department was £116,008, or about 1.2 per cent. of the amount actually paid in pensions. Details concerning the cost of administration for 1926-27 are as follows :—

OLD-AGE AND INVALID PENSIONS.—COST OF ADMINISTRATION, 1926-27.

Heading.	Amount.
	£-
Salaries	49,328
Payments to State Governments and payment of commission to Postmaster-General's Department, at 11s. 6d. per £100 paid	48,151
Postage and telegrams	4,983
Medical examinations	6,834
Other expenses	6,712
Total	116,008

The actual sum disbursed in Old-age and Invalid Pensions in the financial year 1926-27, apart from the cost of administration and inclusive of the amount paid to asylums for the maintenance of pensioners, was £9,144,589.

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

OLD-AGE AND INVALID PENSIONS.—SUMMARY, AUSTRALIA, 1923 TO 1927.

Financial Year ended 30th June—	Number of Pensioners.			Amount Paid in Pensions.	Amount Paid to Asylums for Maintenance of Pensioners.	Total Payment to Pensioners and Asylums.	Cost of Administration.	Cost of Administration per £100 paid to Pensioners and Asylums.	Average Fortnightly Pension on last day of Financial Year.
	Old-age.	Invalid.	Total.						
				£	£	£	£	£ s. d.	s. d.
1923	107,389	40,064	147,453	5,337,936	86,080	5,424,016	87,910	1 12 5	28 9
1924	113,054	42,617	155,671	6,426,752	97,129	6,523,881	92,366	1 8 4	33 9
1925	117,516	44,840	162,356	6,896,401	96,504	6,992,905	94,486	1 7 0	33 8
1926	126,918	48,803	175,721	8,146,636	105,751	8,252,387	99,620	1 4 2	38 7
1927	133,234	52,399	185,633	9,034,938	109,651	9,144,589	116,008	1 5 4	38 6

§ 7. Maternity Allowance.

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

The following table gives a summary in connexion with the working of the Maternity Allowance Act for the years 1923 to 1927 :—

MATERNITY ALLOWANCE.—SUMMARY, 1923 TO 1927.

Year.	Claims Paid.	Claims Rejected.	Amount Paid.	Cost of Administration.	Cost per £100 of allowance paid.
			£	£	£ s. d.
1922-23 ..	137,687	421	688,435	16,008	2 6 6
1923-24 ..	134,035	432	670,175	14,770	2 4 1
1924-25 ..	137,641	455	688,205	16,425	2 7 9
1925-26 ..	136,171	517	680,855	15,702	2 6 1
1926-27 ..	132,056	1,122	660,280	16,181	2 9 0

§ 8. War Pensions.

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

2. **Number of Pensioners.**—The following table shows the number of pensioners and the places where payments were made at the 30th June, 1927 :—

WAR PENSIONS.—NUMBER OF PENSIONERS, 1927.

Where Paid.	Incapacitated Members of the Forces.	Dependants of—		Total.
		Deceased Members.	Incapacitated Members.	
New South Wales	24,576	10,939	46,830	82,345
Victoria	23,514	12,276	50,690	86,480
Queensland	7,854	3,551	15,059	26,464
South Australia	4,282	3,460	8,847	16,589
Western Australia	7,479	3,519	15,691	26,689
Tasmania	2,836	1,577	6,720	11,133
London	1,555	4,248	3,379	9,182
South Africa	50	41	62	153
New Zealand	218	246	268	732
Other Overseas	24	8	22	54
Total	72,388	39,865	147,568	259,821

3. **Expenditure on War Pensions, 1927.**—The expenditure on war pensions for the year ended 30th June, 1927, is given in the table hereunder :—

WAR PENSIONS.—EXPENDITURE, 1926-27.

Where Paid.	Amount.	Where Paid.	Amount.
	£		£
New South Wales	2,596,130	London and elsewhere	391,192
Victoria	2,181,219		7,558,559
Queensland	810,368	Payments in Australia in respect of other countries	293,013
South Australia	502,846		7,851,572
Western Australia	767,697	Less amounts from other countries, including payments by contra	374,476
Tasmania	309,107	Total	7,477,096

4. *Cost of Administration.*—The cost of administration in 1926–27 was £180,610, or 2.4 per cent. on the total amount paid in pensions, made up as follows :—

WAR PENSIONS.—COST OF ADMINISTRATION, 1926–27.

Items.	Total.
	£
Salaries	113,361
Postage and telegrams	3,092
Medical examinations	3,443
Services of Registrars, Police, and Postal Officials	45,430
London Office	3,140
Fees for State Boards	2,097
Miscellaneous	10,047
Total	180,610

§ 9. Commonwealth Public Service Superannuation Fund.

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

The number of contributors to the fund at 30th June, 1927, was 29,843, viz., 26,508 males and 3,335 females, and the average pension contributed for was £109 14s. per annum.

For the year ended 30th June, 1927, receipts were £556,088, of which £377,343 represented employees' contributions, £113,098 from the Consolidated Revenue, and £65,245 from interest. Payments amounted to £548,316 including £132,967 paid in pensions, and investments, £392,238. Of the balance of £1,501,840 which remained on hand on the 30th June, 1927, £1,273,880 was invested in Commonwealth Inscribed Stock.

Pensions in force on the 30th June, 1927, numbered 1,933 with an annual liability of £142,886, of which £96,182 represents the share payable from the Consolidated Revenue.

B. STATE FINANCE.

§ 1. General.

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

European countries, owing to the inclusion therein of the revenue and expenditure of departments concerned in rendering public services, such for instance as railways, tramways, water supply, etc., which in other countries are often left to private enterprise.

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

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

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

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

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

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

A satisfactory conclusion was not reached at the Conference of Commonwealth and State Ministers held in May, 1926. In his Budget Speech of 8th July, 1926, however, the Commonwealth Treasurer outlined the Government's proposals for terminating

the present relations. In pursuance of these proposals the Commonwealth Parliament passed the States Grants Act (No. 4 of 1927) repealing the *per capita* payments specified by the Surplus Revenue Act (No. 8 of 1910). The Act further provides for the payment to the States on a population basis of any surplus revenue in the hands of the Commonwealth Treasurer on 30th June, 1928, and of each year thereafter. The payments to be made to the States during 1927-28 will be equal in amount to those which would have been made under the provisions of the Surplus Revenue Act 1910, and are designed to afford the States ample time to adjust their finances to the impending changes. The Commonwealth Government invited the States to a further conference in June, 1927, at which the whole question was discussed in the light of the changes made by the provisions of the States Grants Act.

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

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

At a further Conference of Premiers in 1927, proposals submitted by the Commonwealth Government were tentatively affirmed by the several Premiers and subsequently validating acts ratifying the agreement were passed by the Commonwealth and State Governments. In accordance with the provisions of section 128 of the Commonwealth Constitution, the matter will be submitted to a referendum of Commonwealth electors during November, 1928. A temporary agreement on similar terms is operative for the period 1st July, 1927, to 30th June, 1929.

The following is a brief outline of the principal permanent provisions of the "Financial Agreement":—

The Commonwealth shall take over on 1st July, 1929, the unpaid balance of the gross public debts of each State existing on 30th June, 1927, viz., £672,120,415 (see § 4, Division II., 2), and all other debts of each State existing on 1st July, 1929, for moneys borrowed by that State which are deemed to be moneys borrowed by the Commonwealth for, and on behalf of, that State, and shall contribute £7,584,912 per annum for 58 years towards the interest charges thereon.

The Commonwealth shall contribute 2s. 6d. per cent. and the States 5s. per cent. per annum into a sinking fund to extinguish existing debts in 58 years. Future debts raised after 1st July, 1927, are to be extinguished in 53 years from their respective dates of issue by the establishment of a sinking fund to which Commonwealth and State each contribute 5s. per cent. per annum.

All future borrowing on behalf of Commonwealth and States Governments will be arranged by the Commonwealth according to the decisions of the Loan Council, composed of representatives of Commonwealth and all State Governments.

In full payment for properties transferred from the States, the Commonwealth Government shall take over State debts to the value of £10,924,323 bearing interest at 5 per cent.

§ 2. State Consolidated Revenue Funds.

Division I.—Revenue.

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

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

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

2. Revenue Received.—The following table furnishes particulars of the total amounts and the amounts per head of consolidated revenue received by the several States during the five years 1922-23 to 1926-27 :—

STATE CONSOLIDATED REVENUE, 1922-23 TO 1926-27.

Year.	N.S.W.	Victoria. (a)	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL COLLECTIONS.							
	£	£	£	£	£	£	£
1922-23	36,145,944	21,634,677	12,599,403	8,431,700	7,207,492	2,174,062	88,193,278
1923-24	37,351,809	23,075,968	13,428,039	8,932,340	7,865,595	2,447,677	93,101,428
1924-25	38,822,588	24,304,887	14,897,256	9,733,038	8,381,446	2,762,013	98,901,228
1925-26	38,540,031	25,269,756	15,599,718	10,474,094	8,808,166	2,726,482	101,418,247
1926-27	44,149,566	27,128,700	16,147,787	10,784,897	9,750,833	3,040,220	111,002,003
PER HEAD OF POPULATION.							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1922-23	16 12 8	13 12 1	15 19 6	16 8 7	20 11 6	9 18 7	15 13 1
1923-24	16 17 8	14 3 11	16 11 1	17 0 6	20 19 7	11 3 6	16 3 10
1924-25	17 4 5	14 13 4	17 16 10	18 1 6	22 4 7	12 13 7	16 16 9
1925-26	16 15 4	15 0 1	18 2 3	18 19 9	23 13 4	12 11 3	16 18 6
1926-27	18 16 2	15 16 11	18 6 1	19 0 10	25 14 11	14 3 2	18 3 10

(a) Includes revenue from motor vehicle taxation not paid into Consolidated Revenue.

During the four years from 30th June, 1923, to 30th June, 1927, the aggregate revenue of the States increased by no less a sum than £22,808,725, or about 25 per cent. Increases were in evidence in all the States, the largest being that of £8,003,622 in New South Wales. This general advance is the more notable since, during recent years, a smaller amount has been received from the Commonwealth in the way of subsidy than was the case up to 1910.

There has been a marked increase in the collections per head in all the States. Western Australia throughout the period has occupied the premier position, and in 1926-27 the revenue per head in that State exceeded the average for Australia by about 41 per cent. In Tasmania, however, the revenue per head averaged about 77 per cent. only of the average for Australia.

(iii) *Revenue from Taxation.*—(a) *General.* Prior to Federation, duties of Customs and Excise constituted the principal source of revenue from taxation. At present, the most productive State tax is the income tax, imposed in all the States, and representing for 1926–27 55 per cent. of the total taxation revenue. For 1926–27, stamp duties occupied second place. In addition to these, a State land tax and licence fees of various kinds are collected in all the States, while a dividend tax is levied in Western Australia. The total revenue from taxation collected by the States during the year 1926–27 was £28,083,784, details of which are set forth in the table hereunder :—

STATE CONSOLIDATED REVENUE FROM TAXATION, 1926–27.

Taxation.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Probate and succession duties	1,223,979	1,111,876	403,655	242,187	66,366	151,200	3,199,263
Other stamp duties	1,751,963	1,050,655	556,581	420,932	252,693	220,200	4,262,024
Land Tax	2,870	517,229	431,937	367,315	147,415	114,322	1,531,091
Income Tax	7,739,627	2,382,091	2,821,217	1,359,437	a 619,140	599,550	15,521,962
Licences	243,856	391,047	137,576	36,304	71,176	50,039	930,598
Racing Taxation	488,432	142,071	101,374	83,357	54,553	22,020	891,837
Motor Taxation	c 479,323	b 804,903	..	288,727	b	42,007	1,614,960
Other Taxation .. .. .	..	1,564	..	..	..	30,485	32,049
Total	11,930,050	6,411,936	4,502,340	2,798,292	1,211,343	1,229,823	28,083,784

(a) Includes £273,613 Dividend Tax.

(b) Not paid into Consolidated Revenue.

(c) Portion only—balance not paid into Consolidated Revenue.

The total amount and the amount per head raised from taxation by the several State Governments during the five years 1922–23 to 1926–27 are given in the following table :—

STATE CONSOLIDATED REVENUE FROM TAXATION, 1922–23 TO 1926–27.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
TOTAL.							
	£	£	£	£	£	£	£
1922–23	7,799,118	4,077,046	3,330,885	1,816,776	987,558	728,175	18,739,558
1923–24	7,988,131	4,476,158	3,617,201	1,841,720	1,173,568	928,360	20,025,138
1924–25	8,115,151	4,819,580	3,914,161	2,290,754	1,224,030	1,306,361	21,670,037
1925–26	8,850,877	5,179,269	4,104,122	2,660,419	1,418,050	1,239,967	23,452,704
1926–27	11,930,050	6,411,936	4,502,340	2,798,292	1,211,343	1,229,823	28,083,784

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1922–23	3 11 9	2 11 3	4 4 6	3 10 10	2 17 6	3 6 6	3 6 7
1923–24	3 12 3	2 15 1	4 9 2	3 10 2	3 6 4	4 4 9	3 9 9
1924–25	3 12 0	2 18 2	4 13 9	4 5 1	3 7 3	5 19 11	3 13 10
1925–26	3 17 0	3 1 6	4 15 3	4 16 5	3 16 2	5 14 3	3 18 4
1926–27	5 1 8	3 14 11	5 2 1	4 18 10	3 4 0	5 14 6	4 12 1

During the period between 30th June, 1923, and 30th June, 1927, State revenue from taxation increased by about 50 per cent., the increase varying considerably in the different States and in the different sources of taxation. During this period the income tax collections expanded from £9,667,762 in 1922–23 to £15,521,962 in 1926–27, an increase of 60 per cent., which was principally due to the broadening of the basis of assessment and the raising of the rates of tax. This increase occurred in every State, varying from 23 per cent. in Western Australia to 69 per cent. in Tasmania.

Taking the States as a whole, taxation increased by £1 5s. 6d. per head during the period from 1922–23 to 1926–27, the most marked increase, £2 8s. 0d., occurring in the case of Tasmania. It may also be mentioned that Western Australia was the only State showing a decrease in taxation per head for the year 1926–27 as compared with 1925–26.

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

The duties collected for the financial years 1922-23 to 1926-27 are as follows:—

STATE PROBATE AND SUCCESSION DUTIES.—COLLECTIONS, 1922-23 TO 1926-27.

State.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
New South Wales ..	1,176,596	965,200	1,248,336	1,171,364	1,223,979
Victoria.. ..	697,482	798,315	802,333	940,609	1,111,876
Queensland ..	257,402	280,472	334,801	356,758	403,665
South Australia ..	205,382	191,373	225,999	269,332	242,187
Western Australia ..	45,997	66,969	68,114	84,635	66,366
Tasmania ..	56,530	71,750	88,404	74,370	151,200
Total	2,439,389	2,374,079	2,767,987	2,897,068	3,199,263

(c) *Other Stamp Duties.* The revenue derived from stamp duties (exclusive of probate and succession duties) for the years 1922-23 to 1926-27 is shown in the accompanying table:—

STATE STAMP DUTIES.—COLLECTIONS, 1922-23 TO 1926-27.

State.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
New South Wales ..	1,460,436	1,538,924	1,478,392	1,562,363	1,751,963
Victoria.. ..	1,117,839	1,179,364	963,307	1,017,351	1,059,655
Queensland ..	353,745	405,056	416,539	443,702	556,581
South Australia ..	397,050	430,045	442,823	463,677	420,932
Western Australia ..	173,453	194,176	204,108	231,407	252,693
Tasmania ..	166,424	180,773	182,996	177,858	220,200
Total	3,668,947	3,928,338	3,688,165	3,896,358	4,262,024

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

The following table shows the amount collected by means of such taxes during the financial years 1922-23 to 1926-27:—

STATE LAND TAX.—COLLECTIONS, 1922-23 TO 1926-27.

State.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
New South Wales ..	2,570	2,657	2,569	2,667	2,870
Victoria.. ..	392,594	412,165	421,662	457,441	517,229
Queensland ..	417,865	445,873	452,481	468,020	481,937
South Australia ..	197,107	184,226	185,681	244,132	367,318
Western Australia ..	79,983	71,449	113,867	145,830	147,415
Tasmania ..	97,352	120,657	124,114	126,251	114,322
Total	1,187,471	1,237,027	1,300,374	1,444,341	1,631,091

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

The following table shows the total amount collected in the several States during the years 1922-23 to 1926-27. In the case of Western Australia the amount of dividend duty collected is included.

The total for 1926-27 represents an increase of over 37 per cent. on the collections in 1922-23.

STATE INCOME AND DIVIDEND TAXES.—COLLECTIONS, 1922-23 TO 1926-27.

State.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
New South Wales	4,196,228	4,373,519	4,661,892	5,392,946	7,739,627
Victoria	1,514,256	1,702,483	2,076,656	2,238,429	2,382,991
Queensland	2,149,607	2,300,044	2,509,913	2,617,253	2,821,217
South Australia	903,460	894,283	1,268,898	1,422,993	1,359,437
Western Australia	579,060	719,160	716,109	832,239	619,140
Tasmania	325,151	431,271	781,194	721,231	599,550
Total	9,667,762	10,420,760	12,014,662	13,225,091	15,521,962

(f) *Commonwealth and State Taxation.* The table hereunder shows the combined Commonwealth and State taxation for each of the years 1922-23 to 1926-27, as well as the amount per head of population:—

TOTAL COMMONWEALTH AND STATE TAXATION, 1922-23 TO 1926-27.

Particulars.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
Commonwealth taxation ..	49,885,017	50,852,483	52,835,690	54,373,005	58,994,809
State taxation	18,739,558	20,025,138	21,670,037	23,452,704	28,083,784
Total	68,624,575	70,877,621	74,505,727	77,825,709	87,078,593
Taxation per head—					
Commonwealth	£8/17/1	£8/16/11	£8/19/11	£9/1/6	£9/13/1
State	£3/6/7	£3/9/9	£3/13/10	£3/18/4	£4/12/1
Total	£12/3/7	£12/6/7	£12/13/8	£12/19/9	£14/5/0

Whilst Customs and Excise revenue expanded during the period by £10,680,349, and other Commonwealth taxation decreased by £1,570,557, resulting in a net increase in Commonwealth taxation of £9,109,792, the State taxation advanced by £9,344,226, the aggregate increase being £18,454,018. The amount *per capita* of total taxation has increased about 17 per cent. in the period under review.

(iv) *Public Works and Services.* A very large proportion of State revenues is made up of receipts from public works and services under the control of the Governments. The principal of these are railways and tramways, harbour works, and water supply and sewerage, while, in addition, State batteries for the treatment of auriferous ores

exist in Western Australia, and various minor revenue-producing services are rendered by the Governments of all States. For the year 1926-27 the aggregate revenue from these sources was £61,338,083, or 55 per cent. of the revenue from all sources. Details of revenue from public works and services for the year 1926-27 are as follows:—

STATE REVENUE FROM PUBLIC WORKS AND SERVICES, 1926-27.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways ..	22,980,486	a13,373,119	a7,349,501	a4,094,133	3,869,301	a 542,165	52,208,705
Harbour services ..	1,401,017	213,111	83,242	690,949	279,034	..	2,607,353
Public batteries ..	..	..	..	..	21,921	..	21,921
Water supply and sewerage ..	245,776	b 539,981	..	672,098	498,272	..	1,956,127
Other public services ..	1,032,393	1,484,690	467,640	601,544	469,438	428,272	4,483,977
Total ..	25,659,672	15,610,901	7,900,383	6,058,724	5,137,966	970,437	61,338,083

(a) Railways only.

(b) Water supply only.

(v) *Lands.* The revenue from the sale and rental of Crown lands has, with few exceptions, been treated from the earliest times as forming part of the Consolidated Revenue Funds, and has been applied to meet ordinary expenses. Where the rentals received are for lands held for pastoral or residential purposes such application of the revenue would appear justifiable. On the other hand, where the rentals are for mineral and timber lands, and in all cases of sales of lands, the proceeding is essentially a disposal of capital to defray current expenses, and is, therefore, open to criticism. The following table gives the revenue from sales and rentals of Crown lands for the year 1926-27:—

STATE LAND REVENUE, 1926-27.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Sales ..	99,915	80,605	6	138,751	208,793	25,317	553,387
Rentals ..	2,114,097	329,673	1,427,671	158,380	342,119	50,354	4,422,294
Total ..	2,214,012	410,278	1,427,677	297,131	550,912	75,671	4,975,681

(vi) *Commonwealth Subsidy.* The payments to the States of Commonwealth subsidy represent in each instance a considerable proportion of the States' revenue, and for the year 1926-27 aggregated £8,615,127. A reference to the proposals to discontinue the payment of this subsidy will be found in Section B, §1. 3. of this chapter. The percentage represented by the subsidy received by each State for 1926-27 on the total revenue of that State is shown in the following table:—

COMMONWEALTH SUBSIDY PAID TO EACH STATE, 1926-27.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Commonwealth subsidy ..	2,917,411	2,127,159	1,095,338	703,816	a1,126,544	b 644,859	8,615,127
Total revenue ..	44,149,566	27,128,700	16,147,787	10,784,897	9,750,833	3,040,220	111,002,003
Percentage of subsidy on revenue ..	% 6.61	% 7.84	% 6.78	% 6.53	% 11.55	% 21.21	% 7.76

(a) Including special grant of £353,112 in respect of 1925-26 not previously brought to account, and £212,793 for 1926-27.

(b) Including special grant of £378,000.

(vii) *Miscellaneous.* In addition to the foregoing, there are in each State several miscellaneous sources of revenue, including such items as interest, fines, fees, etc., which for the year 1926-27 aggregated £7,989,328. Of this amount, interest was responsible for £4,737,410.

Division II.—Expenditure.

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

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

Of these, that of working expenses of railways and tramways was the most important, and for the year 1926-27 represented about 38 per cent. of the aggregate expenditure from the Consolidated Revenue Fund. Next in importance for that year was the item of interest and sinking fund in connexion with the public debt, then education, medical and charitable expenditure, and police, in the order named.

2. **Total Expenditure.**—The total expenditure from Consolidated Revenue Funds in the several States, and the expenditure per head of population during each of the years 1922-23 to 1926-27 are given in the table hereunder :—

STATE EXPENDITURE.—CONSOLIDATED REVENUE FUNDS, 1922-23 TO 1926-27.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
1922-23	35,342,436	21,611,309	12,784,382	8,426,517	7,612,856	2,472,523	88,250,023
1923-24	37,251,419	23,050,968	13,415,332	8,985,599	8,094,753	2,653,382	93,456,453
1924-25	39,579,058	24,170,483	14,880,288	9,680,037	8,439,844	2,675,618	99,425,328
1925-26	39,814,335	25,559,583	16,154,404	10,460,943	8,907,308	2,698,262	103,594,835
1926-27	42,690,634	27,744,903	16,490,954	11,834,947	9,722,588	2,855,077	111,339,103

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1922-23	16 5 4	13 11 10	16 4 4	16 8 5	22 3 1	11 5 11	15 13 8
1923-24	16 16 10	14 3 8	16 10 9	17 2 6	22 17 7	12 2 8	16 5 5
1924-25	17 11 2	14 11 9	17 16 5	17 19 6	23 3 7	12 5 8	16 18 11
1925-26	17 6 5	15 3 7	18 15 2	18 19 5	23 18 8	12 8 8	17 6 3
1926-27	18 3 8	16 4 2	18 13 10	20 17 11	25 13 5	13 5 11	18 4 11

Details of the expenditure are given in the next table.

3. Details of Expenditure for 1926-27.—(i) *General.* The following table shows the total expenditure and expenditure per head under each of the principal items :—

STATE EXPENDITURE.—DETAILS, 1926-27.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
TOTAL.							
	£	£	£	£	£	£	£
Public debt (interest, sinking fund, etc.)	8,719,314	7,516,575	4,831,250	4,034,471	3,301,878	1,164,916	29,568,404
Railways and tramways (working expenses)	17,715,126	10,234,301	66,493,329	63,871,089	2,921,235	555,641	41,790,721
Justice	573,219	292,383	182,320	78,503	93,019	23,976	1,243,420
Police	1,200,017	872,555	563,391	262,140	215,908	88,725	3,202,736
Penal establishments	174,902	114,397	44,255	46,306	25,400	14,193	419,453
Education	4,105,691	2,573,782	1,522,893	917,452	675,562	305,873	10,101,203
Medical and charitable	2,171,021	1,293,727	649,316	485,609	410,473	160,800	5,170,946
All other expenditure	8,031,344	4,847,233	2,204,200	2,139,377	2,079,113	540,953	19,842,220
Total	42,690,634	27,744,903	16,490,954	11,834,947	9,722,588	2,855,077	111,339,103

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Public debt (interest, sinking fund, etc.)	3 14 3	4 7 10	5 9 6	7 2 6	8 14 4	5 8 6	4 16 11
Railways and tramways (working expenses)	7 10 11	a 5 19 7	b 7 7 2	b 6 16 8	7 14 3	b 2 11 9	6 17 0
Justice	0 4 10	0 3 5	0 4 2	0 2 9	0 4 11	0 2 3	0 4 1
Police	0 10 3	0 10 2	0 12 9	0 9 3	0 11 5	0 8 3	0 10 6
Penal establishments	0 1 6	0 1 4	0 1 0	0 1 8	0 1 4	0 1 4	0 1 4
Education	1 15 0	1 10 1	1 14 6	1 12 5	1 15 8	1 8 6	1 13 1
Medical and charitable	0 18 6	0 15 1	0 14 9	0 17 2	1 1 8	0 15 0	0 16 11
All other expenditure	3 8 5	2 16 8	2 10 0	3 15 6	5 9 10	2 10 4	3 5 1
Total	18 3 8	16 4 2	18 13 10	20 17 11	25 13 5	13 5 11	18 4 11

(a) Including 9.79 miles of electric tramways operated by the Victorian Railways. (b) Railways only.

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

STATE EXPENDITURE.—PERCENTAGES OF ITEMS, 1926-27.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	%	%	%	%	%	%	%
Public debt (interest, sinking fund, etc.)	20.42	27.09	29.30	34.09	33.96	40.80	26.56
Railways and tramways (working expenses)	41.50	a 36.89	b 39.37	b 32.71	30.64	b 19.46	37.53
Justice	1.34	1.05	1.10	0.66	0.96	0.84	1.12
Police	2.81	3.15	3.42	2.22	2.22	3.11	2.88
Penal establishments	0.41	0.41	0.27	0.39	0.27	0.50	0.38
Education	9.62	9.28	9.23	7.75	6.95	10.71	9.07
Medical and charitable	5.09	4.66	3.94	4.10	4.22	5.63	4.19
All other expenditure	18.81	17.47	13.37	18.08	21.38	18.95	18.27
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

(a) Including 9.79 miles of electric tramways operated by the Victorian Railways. (b) Railways only.

The interest and sinking fund on the public debt, together with the working expenses of the railways and tramways, represented for the year 1926-27 about 64 per cent. of the aggregate State expenditure, a proportion which has been maintained with great regularity for many years past.

Division III.—Balances.

1. Position on 30th June, 1927.—On various occasions in each of the States the revenue collected for a financial year has failed to provide the funds requisite for defraying the expenditure incurred during that year, the consequent deficit being usually liquidated either by cash obtained from trust funds, or by the issue of Treasury bills. During the period of financial stress resultant upon the crisis of 1893 and the drought conditions of succeeding years, the accumulated overdrafts of several of the States grew very rapidly, and the position now is that no State has a credit balance. The situation on 30th June, 1927, was as follows :—

STATE CONSOLIDATED REVENUE FUND BALANCES, 30th JUNE, 1927.

State.	Debit Balance.		Net Debit Balance.
	Cash Overdraft.	Overdraft liquidated by Treasury Bills.	
	£	£	£
New South Wales	3,246,185	..	3,246,185
Victoria	616,203	977,505	1,593,708
Queensland	1,328,188	..	1,328,188
South Australia	1,050,050	..	1,050,050
Western Australia	129,295	6,140,087	6,269,382
Tasmania	209,408	349,401	558,809
Total	6,579,329	7,466,993	14,046,322

§ 3. State Trust Funds.

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

2. Extent.—The amount of trust funds held on the 30th June, 1927, was as follows :—

STATE TRUST FUNDS, 30th JUNE, 1927.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
Amount of trust funds	20,009,040	10,946,489	Dr. 2,364,647	849,928	20,261,880	2,283,334	51,986,074

§ 4. State Loan Funds.

Division I.—Loan Expenditure.

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

2. **Loan Expenditure, 1926-27.**—For the year ended 30th June, 1927, State expenditure from loan funds was £36,683,177, New South Wales with a total of £10,422,270 and Victoria with £9,277,180 being the principal contributors to this amount. Expenditure on railways and tramways is a very heavy item, but in recent years the settlement of returned soldiers upon the land has absorbed large sums. Details for the year for each State are given in the following table :—

STATE LOAN EXPENDITURE, 1926-27.

Heads of Expenditure.	N.S.W.	Victoria.	Q'land.*	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
Railways and tramways	6,380,610	1,821,005	2,470,083	2,460,555	674,669	29,824	13,836,746
Water supply, sewerage and water conservation	1,105,618	1,541,900	119,563	1,253,390	441,845	..	4,462,316
Harbours, rivers, etc.	2,200,976	1,104,345	155,511	874,582	376,098	225,137	4,936,649
Roads and bridges	..	..	..	..	..	..	..
Public buildings	472,969	407,876	196,984	342,707	117,483	50,291	1,588,310
Development of mines, etc.	..	..	..	..	87,598	..	87,598
Advances to settlers	Cr. 34,554	..	..	Cr. 119,608	1,690,368	77,720	..
Land purchases for settlement	494,767	1,867,763	95,207	12,055	..	Cr. 247,146	3,836,572
Loans to local bodies	..	600	451,276	b 3,768,747	21,625	64,911	4,307,159
Rabbit-proof fences	5,399	32,337	25,301	15,375	..	..	78,412
Other Public works and purposes	Cr. 203,515	a 2,501,354	85,032	334,215	703,368	128,961	3,549,415
Total	10,422,270	9,277,180	3,598,957	8,942,018	4,113,054	329,698	36,683,177

(a) Including £1,893,740 for Electricity supply.

(b) Includes £3,456,539 adjustments on account of previous years.

3. **Loan Expenditure, 1922-23 to 1926-27.**—The following table gives the loan expenditure during each of the years 1922-23 to 1926-27 :—

STATE LOAN EXPENDITURE, 1922-23 TO 1926-27.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
1922-23	9,794,019	8,764,306	3,701,750	3,480,281	3,389,299	1,153,645	30,283,300
1923-24	7,735,480	8,407,526	4,650,199	3,971,938	3,936,833	712,214	29,414,190
1924-25	9,175,686	8,799,531	4,081,741	3,520,305	4,099,021	242,485	29,918,769
1925-26	11,180,482	8,001,375	3,905,863	5,551,534	4,078,686	540,152	33,258,092
1926-27	10,422,270	9,277,180	3,598,957	8,942,018	4,113,054	329,698	36,683,177

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1922-23	4 10 2	5 10 3	4 13 11	6 15 8	9 17 4	5 5 5	5 7 8
1923-24	3 9 11	5 3 6	5 14 8	7 11 5	11 2 6	3 5 0	5 2 5
1924-25	4 1 5	5 6 2	4 17 9	6 10 9	11 5 2	1 2 3	5 2 0
1925-26	4 17 3	4 15 0	4 10 9	10 1 3	10 19 2	2 9 9	5 11 2
1926-27	4 8 9	5 8 5	4 1 7	15 15 9	10 17 2	1 10 8	6 0 3

The loan expenditure per head of population varies in the different States and in different years, reaching its highest point for the five years under review in South Australia in 1926-27 with £15 15s. 9d. per head, and its lowest in Tasmania in 1924-25 with £1 2s. 3d. per head.

4. Total Loan Expenditure to 30th June, 1927.—(i) *General.* The total loan expenditure of the States from the initiation of borrowing to the 30th June, 1927, amounted to £661,306,695. The purposes for which this sum was expended are shown in the following table :—

TOTAL STATE LOAN EXPENDITURE TO 30th JUNE, 1927.

Heads of Expenditure.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways	127,563,128	69,455,840	57,345,178	28,728,256	21,783,347	6,922,406	311,798,155
Telegraphs and tele- phones ..	1,762,095	..	996,587	991,772	332,293	142,410	4,225,157
Water supply, sewerage and water conserva- tion	44,850,388	22,195,034	6,806,822	18,659,361	7,817,254	..	100,328,859
Harbours, rivers, etc.	26,520,750	10,209,550	5,020,661	9,808,929	5,785,713	6,129,297	63,474,900
Roads and bridges	1,457,536	149,323	363,085	291,615	..	128,224	2,380,783
Defence ..	8,924,315	4,917,029	3,403,116	2,423,867	1,292,332	1,601,296	22,561,955
Public buildings ..	748,501	20,000	2,763,071	..	472,858	235,000	4,239,430
Immigration ..	..	520,421	..	..	2,208,096	..	2,728,517
Development of mines, etc.	..	..	..	..	..	..	..
Land purchases for set- tlement ..	7,391,767	33,767,104	2,979,339	1,784,327	324,662	2,716,875	80,472,047
Advances to settlers ..	636,079	..	..	14,960,461	15,400,682	510,751	..
Loans to local bodies ..	..	1,827,664	4,361,582	3,768,747	69,150	1,489,204	11,516,347
Rabbit-proof fences ..	322,933	507,824	399,033	223,495	328,703	..	1,782,008
Other public works and purposes ..	9,850,150	16,630,141	11,420,236	3,693,623	9,271,683	4,923,704	55,789,537
Total ..	230,027,642	160,199,930	95,858,730	85,334,453	65,086,773	24,799,167	661,306,695

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

(ii) *Relative Importance of Items.* The relative importance of the various items of loan expenditure is indicated in the following table, which gives the percentage of each loan on the total loan expenditure in each State and for the States as a whole to 30th June, 1927 :—

TOTAL STATE LOAN EXPENDITURE TO 30th JUNE, 1927.—PERCENTAGES OF ITEMS.

Heads of Expenditure.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	%	%	%	%	%	%	%
Railways and tramways	55.46	43.36	59.82	33.67	33.47	27.91	47.15
Telegraphs and telephones	0.77	..	1.04	1.16	0.51	0.57	0.64
Water supply, sewerage and water conservation	19.50	13.86	7.10	21.87	12.01	..	15.17
Harbours, rivers, etc.	11.53	6.37	5.24	11.49	8.89	24.72	9.60
Roads and bridges	..	..	..	..	..	..	..
Defence	0.63	0.09	0.38	0.34	..	0.52	0.36
Public buildings ..	3.88	3.07	3.55	2.84	1.99	6.46	3.41
Immigration	0.32	0.01	2.88	..	0.73	0.95	0.64
Development of mines, etc. .. ..	..	0.32	..	..	3.39	..	0.41
Land purchases for settlement	3.21	21.08	3.11	2.09	0.50	10.96	12.17
Advances to settlers ..	0.28			17.53	23.66	2.06	
Loans to local bodies ..	..	1.14	4.55	4.42	0.11	6.00	1.74
Rabbit-proof fences ..	0.14	0.32	0.42	0.26	0.50	..	0.27
Other public works and purposes	4.28	10.38	11.91	4.33	14.24	19.85	8.44
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Division II.—State Public Debts.

1. **General.**—The first government loan raised in Australia was obtained by New South Wales in 1842. This and nine other loans prior to 1855 were all procured locally. In the last-mentioned year, Australia approached the London market, the occasion being the placing of the first instalment of the New South Wales 5 per cent. loan for £883,300. Victoria first appeared as a borrower in 1854, and made its first appearance on the London market in 1859. In the other States the first public loans were raised in the following years:—Queensland 1861, South Australia 1856, Western Australia 1845, and Tasmania 1867.

2. **State Debts, 1923 to 1927.**—The table hereunder shows the State public debts and the amounts owing per head of population at the 30th June in each year from 1923 to 1927 inclusive. The totals include sums advanced by the Commonwealth to the States for settling returned soldiers on the land, and for this reason they differ in some cases from those given in previous issues. On the transfer of the Queensland State Savings Bank business to the Commonwealth Bank in 1920, Queensland Government securities were handed to the latter for the Savings Bank current account credit balance and for amounts owing on account of Advances to Settlers and Workers' Dwellings. This transaction added a total of £5,936,916 to the Public Debt without involving any additional borrowing. Repayments reduced this amount at 30th June, 1927, to £4,044,734.

STATE PUBLIC DEBTS, 30th JUNE, 1923 TO 1927.

Date.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
30th June, 1923..	197,936,092	118,562,029	88,005,001	65,451,873	58,485,555	22,438,091	550,878,641
" 1924..	224,179,515	120,946,326	90,560,900	70,016,829	62,765,782	23,732,685	592,202,037
" 1925..	215,331,110	128,445,565	96,389,067	74,780,835	64,493,261	23,894,416	603,334,254
" 1926..	223,504,771	138,754,989	102,316,866	81,473,624	70,806,921	24,477,590	641,334,761
" 1927..	240,781,363	146,404,530	105,734,913	90,234,162	71,501,913	24,516,688	679,223,572
PER HEAD OF POPULATION.							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
30th June, 1923..	90 5 6	73 15 0	109 4 9	125 15 9	168 0 1	104 19 2	96 16 11
" 1924..	100 10 3	73 15 3	109 8 9	132 7 10	174 3 7	111 6 4	102 3 6
" 1925..	94 15 7	76 17 6	112 14 2	137 13 9	175 4 10	112 15 2	101 18 2
" 1926..	96 8 8	81 17 9	116 7 0	145 17 9	188 14 9	116 18 2	106 5 10
" 1927..	101 6 7	81 11 3	116 5 9	155 1 9	162 11 3	111 8 7	107 2 4

The greatest increase in indebtedness was experienced in New South Wales, which added £42,845,271 during the period under review. The public debt of the whole of the States increased during the same period by £128,344,931, or at the rate of £32,000,000 per annum.

The amount of States Public Debt at 30th June, 1927, which it is proposed shall be taken over by the Commonwealth Government in the terms of the Financial Agreement referred to in Division B., Section I. 3 *ante*, is £672,120,415. This figure is reconciled with the total shown in this paragraph, as follows:—

Gross Public Debt of States at 30th June, 1927	£	679,223,572
<i>Deduct—</i>		
Amount to be written off Soldier Settlement Loans to States on ratification of agreement	£	5,000,000
Balance of Northern Territory Loans and Port Augusta-Oodnadatta Railway Loans taken over from South Australia	£	2,103,157
		7,103,157
Total States Debts at 30th June, 1927, to be taken over	£	672,120,415

3. Place of Flotation of Loans.—(i) *For each State.* As pointed out previously, the yearly loans, usually for comparatively small amounts, were raised locally, but, with the increasing demand for loan funds and the more favourable terms offering in the London market, the practice of raising loans in London came into vogue, and for many years local flotations, except for short terms or small amounts, were comparatively infrequent. In more recent years, however, the accumulating stocks of money in Australia seeking investment have led to the placing of various redemption and other loans locally, with very satisfactory results. Moreover, certain loans have been placed in New York on account of all States. The following table gives particulars of loans outstanding on the 30th June, 1927, which had been floated abroad and in Australia respectively:—

STATE PUBLIC DEBTS.—PLACE OF FLOTATION OF LOANS, 30th JUNE, 1927.

State.	Floated Abroad.		Floated in Australia.		Gross Public Debt.
	Amount.	Percentage on Total Debt.	Amount.	Percentage on Total Debt.	
	£	%	£	%	£
New South Wales ..	(a) 154,941,841	64.35	85,839,522	35.65	240,781,363
Victoria ..	(b) 54,729,137	37.38	91,675,393	62.62	146,404,530
Queensland ..	(c) 65,930,133	62.35	39,804,783	37.65	105,734,916
South Australia ..	(d) 36,712,220	40.66	53,571,942	59.34	90,284,162
Western Australia ..	(e) 49,309,312	68.96	22,192,601	31.04	71,501,913
Tasmania ..	13,290,550	54.21	11,226,138	45.79	24,516,688
Total ..	(f) 374,913,193	55.20	304,310,379	44.80	679,223,572

(a) Including £10,278,972, floated in New York.

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

(b) Including £1,926,438, floated in New York.

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

(c) Including £5,291,277, floated in New York.

(f) Including £19,803,408, floated in New York.

(ii) *Total, All States.* The next table shows particulars of the aggregate State indebtedness at the end of the years 1922-23 to 1926-27.

STATE PUBLIC DEBTS.—PLACE OF FLOTATION OF LOANS, 30th JUNE, 1923 TO 1927.

Year.	Floated Abroad.		Floated in Australia.		Total Public Debt.
	Amount.	Percentage on Total Debt.	Amount.	Percentage on Total Debt.	
	£	%	£	%	£
30th June, 1923 ..	309,216,201	56.13	241,662,440	43.87	550,878,641
.. 1924 ..	339,498,422	57.33	252,703,615	42.67	592,202,037
.. 1925 ..	336,866,567	55.83	266,467,687	44.17	603,334,254
.. 1926 ..	359,224,734	56.01	282,110,027	43.99	641,334,761
.. 1927 ..	374,913,193	55.20	304,310,379	44.80	679,223,572

In the course of four years the oversea indebtedness of the States has increased by £65,696,992, while the local indebtedness has increased by £62,647,939. In other words, the Australian proportion had on 30th June, 1927, grown to more than three-sevenths.

The total indebtedness of the States increased during the year 1926-27 by £37,888,811, and is accounted for chiefly by a loan of £10,000,000 floated in New York by the New South Wales Government and by loans from the Commonwealth Government, which has either advanced money to the States, or acted as agent in obtaining loans from London and New York. The sums raised have been largely spent in settling returned soldiers on the land, in constructing silos for wheat storage, and in providing employment through the medium of local bodies.

4. Rates of Interest.—(i) *At 30th June, 1927.* As mentioned previously, the highest rate of interest paid for the earliest State loans was fivepence farthing per £100 per diem, or, approximately, 8 per cent. per annum. At present the rates vary from 7½ per cent. to 1 per cent., no fewer than twenty-eight separate rates being involved. It is probable however, that the debt at the higher rates will largely increase in the future, since conversion can scarcely be effected at present at a lower rate of interest than 5 per cent. The average rate payable on the aggregate indebtedness is more than 4½ per cent. For the separate States the average varies considerably, being lowest in the case of Western Australia and highest in that of South Australia, the difference between these two average rates being slightly less than ½ per cent. The table hereunder gives particulars of the rates of interest payable at the 30th June, 1927 :—

STATE PUBLIC DEBTS.—RATES OF INTEREST PAYABLE, 30th JUNE, 1927.

Rate of Interest.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
%	£	£	£	£	£	£	£
7½	2,311,068	565,814	769,222	513,564	1,380,000	268,649	6,808,317
7	..	..	2,465,838	..	..	..	2,465,838
£6/15/2	1,250,000	613,248	10,742	..	477,802	..	2,351,792
£6/14/-	..	..	67,026	..	500,000	19,280	586,306
6½	6,500,000	..	3,100,690	3,000,000	250,000	3,386,965	16,237,655
£6/7/-	4,535,099	5,480,743	1,580,780	1,730,158	1,939,883	900,000	16,166,683
6¼	..	..	..	..	..	900	900
£6/2/2	..	..	362,000	..	..	..	362,000
£6/1/3	..	..	386,000	..	..	..	386,000
6	19,173,016	5,897,024	6,530,265	16,324,992	6,762,298	1,599,662	56,287,857
5½	19,112,211	..	..	..	1,500,000	..	20,612,211
£5/13/2	..	..	..	28,796	..	..	28,796
5¼	43,333,664	24,925,012	15,546,844	10,568,628	4,865,675	2,346,260	101,586,083
5	..	200,000	..	..	..	..	200,000
£5/6/11	2,124,411	3,553,124	501,241	522,283	1,045,559	600,000	8,346,618
£5/5/3	85,405	1,581,146	309,730	67,000	87,958	341,635	2,472,874
5½	31,782,593	17,840,836	7,928,990	14,336,584	2,499,178	1,691,387	76,079,568
5¼	..	140,000	..	..	..	..	140,000
5	44,975,849	49,375,600	24,974,583	19,830,915	14,933,725	3,306,494	157,447,166
4½	..	200,000	..	..	..	..	200,000
4¼	..	6,535,980	..	1,500,000	..	..	8,035,980
4½	12,295,900	1,513,567	5,713,962	321,650	6,473,948	325,980	26,645,007
4¼	..	..	..	..	..	140,750	140,750
4	20,745,239	5,205,735	12,726,494	7,455,357	9,552,118	4,342,036	60,027,079
3¾	1,911,650	220,000	2,025,300	3,393,355	1,000,000	..	8,556,905
3½	14,018,456	12,618,436	15,245,826	5,566,910	11,045,185	4,796,690	63,291,503
3	16,626,752	9,635,611	5,489,383	5,123,370	4,850,000	450,000	42,175,116
1	..	302,004	..	..	2,288,584	..	2,590,588
Total	240,781,363	146,404,530	105,734,916	90,284,162	71,501,913	24,516,688	679,223,572
Average rate	£5/0/3	£4/18/1	£4/16/0	£5/0/6	£4/11/6	£4/18/2	£4/18/2

(ii) *All States, 1923 to 1927.* The rapid increase recently in the amounts bearing interest at the higher rates is exhibited in the table hereunder, which shows the aggregate amount of indebtedness at the several rates of interest at the 30th June in each of the years 1923 to 1927 :—

STATE PUBLIC DEBTS.—RATES OF INTEREST PAYABLE, 30th JUNE, 1923 TO 1927.

Rate of Interest.	30th June, 1923.	30th June, 1924.	30th June, 1925.	30th June, 1926.	30th June, 1927.
%	£	£	£	£	£
7½	144,015	144,015	..	..	..
7	5,790,670	5,890,671	5,828,917	5,808,317	5,808,317
7	2,466,091	2,466,091	2,466,091	2,465,838	2,465,838
£6/15/2	2,369,792	2,369,792	2,369,792	2,351,792	2,351,792
£6/14/- .. .. .	..	519,280	610,925	593,979	586,806
6½	16,308,663	16,317,190	16,287,355	16,284,855	16,287,855
£6/7/-	16,209,463	16,209,463	16,209,463	16,166,663	16,166,663
6½	5,696,341	266,430	164,644	116,804	900
£6/3/6 .. .. .	..	..	502,000	502,000	..
£6/2/2 .. .. .	..	..	362,000	362,000	362,000
£6/1/3 .. .. .	..	..	386,000	386,000	386,000
6	29,807,617	33,475,342	54,977,437	56,922,714	56,287,857
5½	32,539,261	30,677,685	28,164,742	27,424,452	20,612,211
£5/13/2	28,796	..	28,796	..	28,796
5½	66,573,879	80,310,921	92,708,890	112,814,049	101,586,083
5 .. .. .	..	..	200,000	200,000	200,000
£5/6/11	8,357,218	8,357,218	8,357,218	8,346,618	8,346,618
£5/5/3	2,980,759	2,472,947	2,472,874	2,472,874	2,472,874
5½	24,082,463	16,230,527	15,967,072	30,465,322	76,079,568
5 .. .. .	..	..	..	..	140,000
5	38,526,496	91,632,861	111,693,813	137,150,908	157,447,166
4½	1,050,000	350,000	100,000	200,000	200,000
4½	2,406,010	1,335,980	6,585,980	6,835,980	8,035,980
£4/14/5	18,000,000	18,106,000	18,237,931	..	..
£4/14/3	398	..	..	..	..
4½	38,823,200	44,921,339	31,458,870	32,459,186	26,645,007
4½	874,410	874,410	778,150	178,150	140,750
4 .. .. .	..	..	..	..	..
4	77,444,696	69,731,637	60,668,665	60,559,695	60,027,079
3½	11,583,680	10,027,900	9,786,705	9,053,530	8,550,905
3	102,811,575	93,081,666	70,393,496	64,027,001	63,291,503
3½	46,005,168	46,403,876	45,566,428	44,677,065	42,175,116
1 .. .. .	..	..	..	2,480,173	2,590,588
Total	550,878,641	592,202,037	603,334,254	641,334,761	679,228,572
Average rate	£4/13/0	£4/14/4	£4/16/11	£4/17/0	£4/18/2

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

5. Interest per Head.—The relative burden of the State debts in respect of interest will be seen from the following table, which gives for the 30th June, 1927, the amount of interest payable on the public debt outstanding at that date, and the corresponding amount per head of population:—

STATE PUBLIC DEBTS.—INTEREST PAYABLE, 30th JUNE, 1927.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Total annual interest payable—							
Abroad	7,483,843	2,518,358	3,132,681	1,709,227	2,040,416	584,147	17,468,472
In Australia	4,588,495	4,671,905	1,943,761	2,328,830	1,231,253	618,898	15,883,142
Total	12,072,338	7,190,263	5,076,442	4,538,057	3,271,669	1,203,045	33,351,614
Annual interest payable per head	£5/1/10	£4/3/4	£5/13/6	£7/19/0	£8/9/11	£5/15/7	£5/8/2

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

Government option" include amounts which are payable by the respective Governments after giving a specified notice, and those "date not fixed" consist of certain amounts owing to the Commonwealth Government. In most cases at date of maturity renewal is effected in respect of the greater portion of the loan, as provision for redemption has been made in exceptional cases only. In order to avoid application to the market at an unfavourable time, several States have adopted the practice of specifying a period prior to the date of maturity within which the Government, on giving twelve, or in some cases six months' notice, has the option of redeeming the loan. The Government can, therefore, take advantage of opportunities that may offer during the period for favourable renewals. Particulars concerning the due dates of the State loans outstanding on the 30th June, 1927, are given in the following table.

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

While the latest dates of maturity of the various loans extend over the period 1927 to 1975, the average for the States as a whole is slightly less than 16 years.

STATE PUBLIC DEBTS.—DUE DATE OF AMOUNT OUTSTANDING
ON 30th JUNE, 1927.

Year of Maturity.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
Overdue	53,142	..	..	32,013	..	..	85,155
1927	402,700	3,442,612	..	2,535,869	372,335	660,293	7,413,809
1928	1,165,611	13,460,885	1,348,800	2,414,919	1,344,599	1,522,569	21,257,383
1929	1,770,490	17,977,676	12,862,434	6,857,497	887,079	1,794,304	42,149,480
1930	15,452,469	13,123,115	5,049,510	7,740,154	1,114,942	1,081,230	45,061,479
1931	4,594,038	5,271,027	473,220	2,008,824	3,845,409	471,404	16,663,972
1932	14,604,330	3,361,614	..	2,165,686	1,212,617	160,254	21,504,501
1933	17,838,922	1,535,960	1,198,000	4,350,612	1,591,879	519,130	27,034,503
1934	14,347,823	8,092,675	3,397,800	4,266,187	2,012,347	72,639	32,189,471
1935	23,444,726	1,235,900	397,270	6,667,321	8,830,485	272,210	40,847,912
1936	1,393,697	3,650,656	4,162,120	5,672,565	1,785,630	99,570	16,764,438
1937	357,920	40,000	..	1,327,479	..	4,052	1,729,451
1938	84,450	483,000	2,830,177	1,085,115	1,914,250	43,000	6,439,992
1939	2,900	312	..	2,734,050	..	..	2,843,865
1940	16,506,000	4,248,900	2,000,000	6,014,861	4,500,000	7,810,022	41,079,783
1941	7,882,768	1,996,050	3,880,438	2,269,703	292,680	..	16,568,494
1942	9,963,311	14,485,100	15,000	7,912,548	61,697	1,179,369	33,617,025
1943	765,700	780,900	998,200	2,268,454	1,346,700	128,700	6,288,654
1944	252,900	400	..	..	..	..	253,300
1945	11,006,000	1,856,943	7,623,586	798,812	5,906,026	200,000	27,391,367
1946 .. .. .	..	217,400	..	..	..	250,000	467,400
1947	3,200	..	6,553,558	..	2,260,000	..	8,816,758
1948	6,500	..	..	..	..	..	6,500
1949	2,900	11,699,871	..	..	..	42,000	11,744,271
1950	22,061,783	11,880,777	10,047,183	2,861,801	5,431,202	4,929,564	57,212,310
1951 .. .. .	..	..	999,600	..	..	..	999,600
1952	3,100	..	125,400	..	..	..	128,500
1953	6,500	..	2,147,809	..	..	..	2,154,309
1954	2,900	123,874	..	..	..	..	126,774
1955	22,001,500	1,926,436	770,574	770,574	5,978,149	..	31,447,233
1957	16,132,086	..	..	..	..	..	16,132,086
1958	5,136,986	..	..	..	..	..	5,136,986
1960 .. .. .	..	8,979,700	20,228,800	2,989,616	1,000,000	..	33,198,116
1962	10,500,000	..	..	..	6,000,000	..	16,500,000
1964 .. .. .	..	..	..	..	1,566,000	..	1,566,000
1965	14,500,000	..	..	..	3,000,000	..	17,500,000
1970 .. .. .	..	..	2,000,000	..	..	..	2,000,000
1975	605,864	9,899,352	4,322,639	8,457,700	8,840,484	1,396,300	33,522,339
Interminable	532,889	..	1,109,000	98,382	..	..	1,740,271
Interminable at Government option	7,395,208	6,337,356	..	5,123,370	..	..	18,855,934
Annual Drawings .. .. .	..	..	71,132	..	10,800	..	81,932
Half-yearly .. .. .	..	..	10,522,666	..	..	733,164	11,255,830
Date not fixed .. .. .	..	296,339	..	860,050	290,000	..	1,446,389
Total	240,781,363	146,404,530	105,734,916	90,284,162	71,501,913	24,516,688	679,223,572
Average period to maturity, years	15.13	13.96	10.25	13.65	21.47	14.11	15.95

7. **Sinking Funds.**—The practice of providing sinking funds has been consistently adopted in the case of Western Australia only. This State has established, in connexion with each of its loans, sinking funds varying from 1 per cent. to 3 per cent. per annum of the nominal amount of the loan. The funds are placed with trustees in London, by whom they are invested in securities, and applied from time to time to the redemption of loans falling due. In the other States the sinking fund provision made is varied, consisting in certain instances of the revenues from specified sources, in others of the Consolidated Revenue Fund surplus, and in others again of fixed annual amounts. The following table gives the sinking funds and net indebtedness of each State at the 30th June, 1927:—

STATE SINKING FUNDS AND NET INDEBTEDNESS. 30th JUNE, 1927.

State.	Gross Indebtedness.	Sinking Fund.	Net Indebtedness.	Net Indebtedness per Head.
	£	£	£	£ s. d.
New South Wales ..	240,781,363	564,857	240,216,506	101 6 7
Victoria ..	146,404,530	5,591,726	140,812,804	81 11 3
Queensland ..	105,734,916	1,721,422	104,013,494	116 5 9
South Australia ..	90,284,162	1,744,010	88,540,152	155 1 9
Western Australia ..	71,501,913	8,908,806	62,593,107	162 11 3
Tasmania ..	24,516,688	1,319,874	23,196,814	111 8 7
Total ..	679,223,572	19,850,695	659,372,877	167 2 4

C. COMMONWEALTH AND STATE PUBLIC DEBTS.

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

COMMONWEALTH AND STATE PUBLIC DEBTS, 1922-23 TO 1926-27.

Year ended 30th June.	Public Debt of Commonwealth.	Public Debt of States.	Aggregate.	Deduction for Debts Counted Twice.	Balance, i.e., Public Debt of Australia.	Public Debt per Capita.
	£	£	£	£	£	£ s. d.
1923..	410,996,316	550,878,641	961,874,957	56,390,011	905,484,946	159 3 9
1924..	415,600,099	592,202,037	1,007,802,136	55,953,000	951,849,136	164 0 3
1925..	430,948,062	603,334,254	1,034,282,316	71,135,472	963,146,844	162 8 10
1926..	458,443,351	641,334,761	1,099,778,112	85,777,469	1,014,000,643	167 9 8
1927..	461,067,742	679,223,572	1,140,291,314	96,559,393	1,043,731,921	169 4 8

D. THE AUSTRALIAN LOAN COUNCIL.

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

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

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

The chief problem confronting the Council in 1925-26 was the conversion of £67,000,000 of Commonwealth War Loan maturing on 15th December, 1925. It was agreed that no other borrowing should be undertaken in Australia during the period required for this conversion. This transaction was successfully carried out at a rate of 5½ per cent. Subsequent loans have been raised in Australia at 5½ per cent., which rate seems well established.

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

Until July, 1925, the Council consisted of the Treasurers of the Commonwealth and of each of the States; in August of that year the Treasurer of New South Wales withdrew from the Council, but subsequently rejoined at the end of 1927.

E. PRIVATE FINANCE.

§ 1. Coinage.

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

(ii) *Gold Receipts and Issues in 1927.* (a) *Assay of Deposits Received.* The deposits received during 1927 at the Melbourne Mint reached a gross weight of 266,836 ozs., and at the Perth Mint, a gross weight of 494,294 ozs. The average composition of these deposits was—Melbourne, gold 928.5, silver 33.5, base 38.0, in every 1,000 parts; and Perth, gold 825.0, silver 108.4, base 66.6, in every 1,000 parts.

(b) *Issues.* The Australian mints, besides issuing gold coin in the shape of sovereigns and half-sovereigns, also issue gold bullion, partly for the use of local manufacturers (jewellers and dentists), and partly for export, India taking a considerable quantity of gold cast into 10-oz. bars. During recent years the export was subject to regulation by the Commonwealth Government, but the embargo was lifted in 1925. The issues during 1927 are shown in the table below:—

AUSTRALIAN MINTS.—ISSUES OF GOLD, 1927.

Mint.	Coin.			Bullion.	Total.
	Sovereigns.	Half-sovereigns.	Total.		
	£	£	£	£	£
Melbourne ..	310,156	..	310,156	1,014,137	1,324,293
Perth ..	1,383,544	..	1,383,544	353,252	1,736,796
Total ..	1,693,700	..	1,693,700	1,367,389	3,061,089

(c) *Withdrawals of Worn Coin.* The mints receive light and worn coin for recoinage. The total withdrawals of worn gold coin were as follows:—Sydney (to 1926), £1,110,867; Melbourne, £866,145 (since and including 1890); and Perth, £1,401.

(iii) *Total Gold Receipts and Issues.* (a) *Receipts.* The total quantities of gold received at the three mints since their establishment are stated in the gross as follows:—Sydney (to 1926), 42,082,927.85 ozs.; Melbourne, 41,054,783 ozs.; and Perth, 31,762,990 ozs. As the mints pay for standard gold (22 carats) at the rate of £3 17s. 10½d. per oz., which corresponds to a value of £4 4s. 11¾d. per oz. fine (24 carats), it is possible to arrive at an estimate of the number of fine ounces from the amounts paid for the gold received. These amounts were:—Sydney (to 1926), £156,771,141; Melbourne, £160,936,548; Perth, £101,469,595; corresponding to—Sydney (to 1926), 36,907,045 ozs. fine; Melbourne, 37,887,685 ozs. fine; and Perth, 26,006,754 ozs. fine. In the case of deposits containing over a certain minimum of silver, the excess is paid for at the rate fixed from time to time by the Deputy-Master of the branch mint concerned.

(b) *Issues.* The total values of gold coin and bullion issued by the three mints are shown in the table hereunder. It may be said that about four-sevenths of the total gold production of Australasia has passed through the three Australian mints, the production of Australia to the end of 1927 being valued at £626,000,000, and that of New Zealand at approximately £92,000,000, or a total of about £718,000,000.

AUSTRALIAN MINTS.—TOTAL ISSUES OF GOLD TO END OF 1927.

Mint.	Coin.			Bullion.	Total.
	Sovereigns.	Half-sovereigns.	Total.		
	£	£	£	£	£
Sydney (to 1926)	144,435,550	4,781,000	149,216,550	7,574,408	156,790,958
Melbourne ..	146,297,878	946,780	147,244,658	13,686,744	160,931,402
Perth ..	100,355,235	367,338	100,722,573	9,726,337	110,448,910
Total ..	391,088,663	6,095,118	397,183,781	30,987,489	428,171,270

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

(b) *Profits on Coinage of Silver.* As sixty-six shillings are coined out of one pound troy of standard silver, the silver required to produce £3 6s. of coin cost, at the average 1927 London market price of 2s. 2d. per ounce, approximately £1 6s. The difference nearly represents, therefore, the gross profit or seigniorage made on the coinage of every £3 6s. Negotiations for the coinage of silver and bronze coin in Australia took place for a number of years between the Imperial authorities and the Governments of New South Wales and Victoria, but no decision was arrived at. As section 51 of the Commonwealth Constitution makes legislation concerning "currency, coinage, and legal tender" a Federal matter, the question remained in abeyance until 1907, when the matter was discussed at the Colonial Conference, London, with the result that in the latter part of 1908 the Commonwealth Treasurer announced his intention of initiating the coinage. Since 1916 silver and bronze coins have been minted in Australia on behalf of the Commonwealth Treasury.

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

AUSTRALIAN MINTS.—SILVER AND BRONZE ISSUES, 1910 TO 1927.

Year.	Silver.				Bronze.			
	2/-.	1/-.	6d.	3d.	Total.	1d.	½d.	Total.
	£	£	£	£	£	£	£	£
1910-18 ..	1,780,950	1,138,900	303,700	295,100	3,468,350	92,220	42,950	135,170
1919 ..	98,600	48,900	28,500	37,725	213,725	29,204	9,930	39,134
1920 ..	94,800	93,000	54,800	53,775	296,375	33,320	8,555	41,875
1921 ..	118,300	58,400	72,500	82,900	332,100	30,779	10,525	41,304
1922 ..	129,100	37,400	40,400	40,650	247,550	31,770	4,400	36,170
1923 (30th June)	50,850	35,900	13,100	7,000	106,850	9,650	370	10,020
1923-24 ..	146,200	58,800	25,400	29,250	259,650	30,650	4,560	35,210
1924-25 ..	150,000	16,800	25,900	34,150	226,850	20,000	420	20,420
1925-26 ..	409,000	121,700	108,200	77,850	716,750	1,710	6,175	7,885
1926-27 ..	394,800	76,600	99,500	69,700	640,600	6,750	5,150	11,900
Total ..	3,322,600	1,636,100	772,000	723,100	6,508,800	286,033	93,035	379,068

(d) *Withdrawals of Worn Silver Coin.* The value of worn silver coins received during 1927 was as follows:—Melbourne, £123,520; Perth, £8,000. The total withdrawals of worn silver coin were:—Melbourne, £1,425,355; Perth, £112,533.

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

AUSTRALIAN COINAGE—STANDARD WEIGHT AND FINENESS.

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

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

§ 2. Cheque-Paying Banks.

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

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

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

COMMONWEALTH BANK.—AGGREGATE PROFITS, 1923 TO 1927.

Date.	Aggregate Net Profit to Date.		
	General Bank.	Savings Bank.	Total.
	£	£	£
30th June, 1923	3,869,219	534,768	4,403,987
„ 1924	3,964,620	690,053	4,654,673
„ 1925	4,098,392	890,838	4,989,230
„ 1926	4,309,787	1,140,740	5,450,527
„ 1927	4,585,181	1,446,333	6,031,514

In accordance with the provisions of section 30 of the Bank Act and section 9 (2) of the National Debt Sinking Fund Act, half of the net profits of the Bank have been placed to the credit of the Bank's Reserve Fund and half to the credit of the National Debt Sinking Fund. Up to 30th June, 1927, the latter fund has benefited to the extent of £654,605.

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

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

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

(iii) *Australian Note Issue.* In December, 1920, the Australian Note Issue was handed over to the control of the Commonwealth Bank, the notes, however, still remaining Treasury Notes. The Note Issue Department of the Bank is administered by the above-mentioned Board of Directors. The notes in circulation on 27th June, 1927, amounted to £48,393,226, of which approximately 49 per cent. was held by the Banks and 51 per cent. by the public. Against this there was a reserve of gold coin and bullion

amounting to £22,065,071, or 46 per cent., and other assets including investments of £26,368,155. The investments are set out in detail as follows:—

AUSTRALIAN NOTES ACCOUNT.—PARTICULARS OF INVESTMENTS AS AT
30th JUNE, 1927.

Investment.	Amount.	Rate of Interest.	Date of Maturity.	Annual Amount of Interest.
	£	%		£
Commonwealth Government Securities	38,745	5	15/12/27	1,937
	907,210	5½	15/2/33	47,629
	500,000	5½	15/2/38	26,250
	63,640	5½	15/12/41	3,500
	1,000,000	5½	15/12/41	52,500
	505,750	5½	15/2/43	26,551
	244,140	5	15/7/55	12,207
	3,014,716	3½	1/4/82	105,515
			to	
			1/4/72	
New South Wales Securities	2,400,000	5½	31/12/30	132,000
	1,900,000	5½	1/2/29	104,500
Victorian Securities	49,000	5½	1/2/31	2,572
	583,000	5½	1/4/34	30,608
Queensland Securities	1,490,000	5½	1/4/34	78,225
South Australian Securities	1,600,000	5½	1/4/29	88,000
	326,000	5½	1/4/34	17,115
	590,000	5½	1/1/31	32,450
Western Australian Securities	2,100,000	5½	1/4/31	115,500
	335,000	5½	1/4/34	17,587
	50,000	5½	1/10/30	2,750
Tasmanian Securities	500,000	5½	31/12/30	27,500
	335,000	5	1932	16,750
	1,731,520	£4/6/3	2/7/27	73,251
			to	
		£3/11/9	16/8/27	
	785,221	3½	1/3/28	27,483
United Kingdom Securities	1,655,000	5	1/4/28	82,750
			to	
			15/6/30	
	981,963	4½	15/4/30-32	44,188
	1,448,604	4	15/4/31-33	57,944
Total	(a) 25,134,509	..	..	1,227,262

(a) Exclusive of other assets amounting to £1,233,646.

2. Banks in Operation.—The nineteen banks trading in Australia at the 30th June, 1927, are arranged in the table hereafter according to the situation of their head offices. Where reference to the banks is made by name they will be dealt with in the order thus given, with the exception of the Commonwealth Bank, which is placed first:—

CHEQUE-PAYING BANKS AT 30th JUNE, 1927.

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

Amalgamations, which have been such a feature in British banking of late years, have also been effected in Australia, the number of competitive joint-stock banks being thereby reduced considerably. During the calendar years 1917 and 1918 the following were recorded:—(a) the Royal Bank of Queensland Limited with Bank of North Queensland Limited; (b) City Bank of Sydney with Australian Bank of Commerce Limited; (c) National Bank of Tasmania Limited with Commercial Bank of Australia Limited; and (d) National Bank of Australasia Limited with Colonial Bank of Australasia Limited. A further amalgamation took place in August, 1920, viz., the London Bank of Australia Ltd. and the English, Scottish and Australian Bank Ltd., and these banks absorbed the Commercial Bank of Tasmania in May, 1921. The National Bank of Australasia also absorbed the Bank of Queensland. In 1927 further amalgamations were recorded, viz., the Bank of Victoria Ltd., with the Commercial Banking Company of Sydney Ltd.; the Western Australian Bank with the Bank of New South Wales, and the Royal Bank of Australia Ltd. with the English, Scottish, and Australian Bank Ltd.

3. Capital Resources.—The paid-up capital of the cheque-paying banks, together with their reserve funds, the rate per cent., and the amount of their last dividends, are shown in the table hereunder. The information relates to the balance-sheet last preceding the 30th June, 1927. In regard to the reserve funds it must be noted that in the case of some of the banks these are invested in Government securities, while in other cases they are used in the ordinary business of the banks, and in a few instances they are partly invested and partly used in business:—

CHEQUE-PAYING BANKS.—CAPITAL RESOURCES, 30th JUNE, 1927.

Bank.	Paid-up Capital.	Rate per cent. per annum of last Dividend and Bonus.	Amount of last Half-yearly Dividend and Bonus.	Amount of Reserved Profits.
	£	%	£	£
Commonwealth Bank of Australia ..	4,000,000	..	..	1,217,750
Joint Stock Banks—				
Bank of Australasia	4,000,000	14	300,000	3,945,508
Union Bank of Australia Ltd. ..	3,500,000	15	262,500	4,295,513
English, Scottish and Australian Bank Ltd.	2,625,000	12½	281,250 (b)	2,280,722
Bank of New South Wales	6,875,000	10	193,750 (a)	4,880,315
Commercial Banking Coy. of Sydney Ltd.	4,710,413	10	175,000	3,055,297
Australian Bank of Commerce Ltd.	2,194,240	8	73,600	845,303
Primary Producers' Bank of Australia Ltd.	419,866	..	..	2,895
National Bank of Australasia Ltd.	4,804,472	10	200,000	2,966,392
Commercial Bank of Australia Ltd. ..	3,299,050	4 Pref., 15 Ord.	106,039	1,066,141
Ballarat Banking Coy. Ltd.	127,500	8	5,100	73,116
Queensland National Bank Ltd. ..	1,500,000	10	37,500 (a)	761,649
Queensland Deposit Bank Ltd. ..	47,378	8	1,709	50,591
Federal Deposit Bank Ltd.	225,087	12	11,521	60,790
Bank of Adelaide	1,000,000	10	46,042	889,827
State Bank of South Australia ..	..	..	..	..
Total Australian Banks	39,328,006	..	1,694,011	26,391,809
Bank of New Zealand	6,637,239	10% "A" Pref., 13½% "B" Pref., 14½% Ord.	771,814	3,609,656
Comptoir National d'Escompte de Paris ..	10,000,000	14	1,400,000	3,304,557
Yokohama Specie Bank Ltd.	10,000,000	12	600,000	9,864,235
Grand Total	65,965,245	..	4,465,825	43,170,257

(a) Dividend for quarter.

(b) For twelve months.

4. Liabilities and Assets.—(i) *Liabilities, each State, Quarter ended 30th June, 1927.* Banks transacting business in any State are obliged, under the existing State laws, to furnish a quarterly statement of their assets and liabilities, which contains the averages of the weekly statements prepared by the bank for that purpose, and they have since the year 1908 furnished quarterly statements to the Commonwealth Statistician. As all other financial returns in this work generally refer to a period closing on the 30th June, the banking figures are given throughout for the June quarter of each year. The liabilities are those to the general public, and are exclusive of the banks' liabilities to their shareholders, which are shown in the preceding table. As the Commonwealth Bank

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

JOINT STOCK BANKS—LIABILITIES, JUNE QUARTER, 1927.

States and Territory.	Notes in Circulation not Bearing Interest.	Bills in Circulation not Bearing Interest.	Balances Due to Other Banks.	Deposits.			Total Liabilities.
				Not Bearing Interest.	Bearing Interest.	Total.	
	£	£	£	£	£	£	£
New South Wales	64,681	1,256,011	1,178,206	47,046,756	59,506,668	106,553,424	109,047,322
Victoria	86,410	468,266	1,059,094	33,616,887	53,307,023	91,923,910	93,538,580
Queensland	(a)	701,462	317,672	13,262,379	19,783,842	32,996,221	34,015,355
South Australia	22,288	101,918	506,151	8,151,591	14,473,718	22,625,309	23,255,666
Western Australia	25,247	151,659	230,435	5,404,752	4,663,062	10,067,814	10,475,155
Tasmania	2,317	52,729	156,776	2,494,034	3,339,838	5,833,872	6,045,694
Northern Territory	..	24	29,937	117,552	93,551	211,103	241,064
Total	200,943	2,732,069	3,474,171	110,093,951	160,117,702	270,211,653	276,618,836

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

(ii) *Liabilities, all States, June Quarters, 1923 to 1927.* In the next table, which shows the average liabilities of the Joint Stock Banks for the quarters ended 30th June, 1923 to 1927, for Australia as a whole, the growth in liabilities is almost entirely due to an increase in the deposits bearing interest.

JOINT STOCK BANKS—LIABILITIES, JUNE QUARTER, 1923 TO 1927.

Year.	Notes in Circulation not Bearing Interest.	Bills in Circulation not Bearing Interest.	Balances Due to Other Banks.	Deposits.			Total Liabilities.
				Not Bearing Interest.	Bearing Interest.	Total.	
	£	£	£	£	£	£	£
1923	207,228	2,279,149	3,724,411	108,937,936	131,903,047	240,840,983	247,051,771
1924	204,830	2,439,885	4,037,173	106,378,836	133,273,020	239,651,856	246,333,744
1925	202,875	2,584,705	3,239,759	108,562,243	142,023,225	250,585,468	256,612,807
1926	201,551	2,792,080	3,549,630	111,420,109	153,372,042	264,792,151	271,335,412
1927	200,943	2,732,069	3,474,171	110,093,951	160,117,702	270,211,653	276,618,836

(iii) *Assets, each State, Quarter ended 30th June, 1927.* The average assets of the banks are shown in the following table:—

JOINT STOCK BANKS.—ASSETS, JUNE QUARTER, 1927.

States and Territory.	Coined Gold and Silver and other Metals.	Gold and Silver in Bullion or Bars.	Australian Notes and Cash with Commonwealth Bank.	Government and Municipal Securities.	Landed and House Property.	Notes and Bills of other Banks.	Balances Due from other Banks.	Discounts, Overdrafts, and all other Assets.	Total Assets.
	£	£	£	£	£	£	£	£	£
N.S.W.	12,033,984	5,455	7,834,764	8,525,678	2,730,849	713,850	1,789,654	91,213,825	124,848,059
Victoria	8,084,718	54,807	7,476,120	4,981,418	1,895,218	850,584	850,163	75,668,559	89,861,587
Q'land.	2,113,538	1,326	2,390,659	1,229,947	986,510	298,176	514,139	31,922,661	39,463,956
S. Aust.	1,856,486	218	2,475,213	214,225	473,720	175,642	426,615	18,447,113	24,069,232
W. Aust.	1,404,277	123,033	1,817,764	167,964	442,241	98,605	95,986	14,047,168	18,197,038
Tasmania	640,960	210	552,974	..	170,561	25,137	36,278	4,819,660	6,245,780
Nor. Ter.	2,944	497	8,161	..	500	..	..	10,731	22,833
Total	26,136,907	185,546	22,555,655	15,119,232	6,609,599	2,161,994	3,712,835	236,136,717	312,708,485

(iv) *Assets, all States, June Quarters, 1923 to 1927.* The average assets of the banks for the June quarters of each of the years 1923 to 1927 are given below.

JOINT STOCK BANKS.—ASSETS, JUNE QUARTERS, 1923 TO 1927.

Year.	Coined Gold and Silver and Other Metals.	Gold and Silver in Bullion or Bars.	Australian Notes.	Landed and Other Property.	Notes and Bills of Other Banks.	Balances Due from Other Banks.	Discounts, Overdrafts, and all Other Assets.(a)	Total Assets.
	£	£	£	£	£	£	£	£
1923	18,716,430	559,004	25,037,449	5,721,410	1,920,488	5,390,423	203,526,917	260,872,121
1924	19,473,457	570,859	22,944,850	6,057,635	2,037,235	4,901,198	209,981,484	265,966,718
1925	22,567,729	4,484,679	23,211,903b	6,257,546	2,126,888	3,919,978	210,578,929	273,147,652
1926	26,387,013	283,320	22,835,460b	6,532,008	2,221,218	3,879,783	230,484,491	292,523,291
1927	26,136,907	185,540	22,555,655b	6,699,599	2,161,994	3,712,835	251,255,949	312,708,485

(a) Including Government and Municipal securities.

(b) Including Cash with Commonwealth Bank.

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

JOINT STOCK BANKS.—PERCENTAGE ON LIABILITIES OF COIN, BULLION, AND AUSTRALIAN NOTES, 1923 TO 1927.

Year.	Liabilities at Call.	Coin, Bullion, and Australian Notes.	Percentage on Liabilities at Call.
	£	£	%
1923	109,145,164	44,312,883	40.60
1924	106,583,666	42,989,166	40.33
1925	108,765,118	50,264,311	46.21
1926	111,621,660	49,305,793	44.17
1927	110,294,894	48,878,108	44.32

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

(ii) *Queensland Treasury Notes.* In Queensland, Treasury notes took the place of bank notes in 1893. These Treasury notes are disregarded in the quarterly statements of the banks; according to Treasury returns the amount outstanding on 30th June, 1927, was £22,601. Under the Australian Notes Act, previously referred to, the issue of notes by a State is now prohibited.

(iii) *Percentage in each State.* The proportion of coin, bullion, and Australian notes to liabilities at call varies considerably amongst the States, and sometimes in the same State from year to year. A table is appended showing the percentage for each State for the quarter ended 30th June in each of the years 1923 to 1927:—

JOINT STOCK BANKS.—PERCENTAGE OF COIN, BULLION, AND AUSTRALIAN NOTES ON LIABILITIES AT CALL 1923 TO 1927.

Year.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	All States.
	%	%	%	%	%	%	%	%
1923 ..	39.46	40.82	31.54	54.32	50.68	45.54	10.96	40.60
1924 ..	39.99	39.85	33.20	49.96	48.96	42.61	11.29	40.33
1925 ..	49.49	46.07	31.50	50.79	50.60	48.63	8.43	46.21
1926 ..	44.73	45.53	30.52	49.71	59.24	46.69	6.95	44.17
1927 ..	42.19	46.33	33.97	52.99	60.86	47.84	9.87	44.32

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

JOINT STOCK BANKS.—DEPOSITS, 1923 TO 1927.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	N. Ter.	All States.
TOTAL.								
	£	£	£	£	£	£	£	£
1923	94,079,939	85,135,739	28,442,137	18,486,483	9,185,087	5,333,688	177,910	240,840,983
1924	90,529,921	84,301,488	29,649,564	20,085,213	9,236,755	5,661,494	187,421	239,651,856
1925	98,812,293	85,674,995	31,264,955	20,217,717	9,164,244	5,249,078	202,186	250,585,468
1926	104,372,446	90,067,719	33,668,028	21,362,996	9,565,222	5,540,665	215,075	264,792,151
1927	106,553,424	91,923,910	32,996,221	22,625,309	10,067,814	5,833,372	211,103	270,211,653

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1923	42 19 4	53 1 6	35 11 2	35 16 8	26 9 5	24 16 3	49 3 2	42 8 9	
1924	40 13 4	51 9 0	36 1 7	38 1 3	25 15 5	26 8 6	52 1 6	41 0 7	
1925	43 9 6	51 6 8	36 16 9	37 5 7	24 19 1	24 12 7	54 13 9	42 7 0	
1926	45 0 3	53 4 2	38 10 10	38 6 11	22 17 7	26 5 9	57 11 1	43 18 2	
1927	44 16 1	53 4 11	36 17 10	39 12 7	26 2 11	28 0 6	49 11 1	43 16 3	

(ii) *Advances.* In the quarterly statements furnished by the banks, the column headed "all other debts due to the banks" is made up of such miscellaneous items as bills discounted, promissory notes discounted, overdrafts on personal security, overdrafts secured by deposit of deeds or by mortgage, etc. The form prescribed for quarterly returns furnished to the Commonwealth Statistician in 1908 and 1909 provided for a division of the amounts under this heading into a number of sub-headings, but all the banks were not in a position to make the necessary division, and as it is impossible to separate these items the totals in the column must, therefore, be treated as advances. The following table shows the totals for each State during the years 1922 to 1927:—

JOINT STOCK BANKS.—ADVANCES, 1923 TO 1927.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	N. Ter.	All States.
	£	£	£	£	£	£	£	£
1923	74,737,819	61,055,847	23,361,167	14,234,371	10,107,456	4,732,433	6,455	188,235,548
1924	78,861,693	63,914,412	26,076,079	14,310,376	10,748,734	4,831,856	7,625	198,750,775
1925	77,993,259	63,181,431	26,738,792	13,623,369	11,216,634	4,668,567	8,800	197,450,902
1926	85,124,897	67,568,544	28,272,761	15,017,374	12,712,905	4,546,061	9,478	213,252,020
1927	91,213,825	75,668,559	31,929,661	18,447,113	14,047,168	4,819,660	10,731	236,136,717

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

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

**JOINT STOCK BANKS.—PERCENTAGE OF ADVANCES ON DEPOSITS,
1923 TO 1927.**

Year.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	All States.
	%	%	%	%	%	%	%	%
1923 ..	79.44	71.72	82.14	77.00	110.04	88.73	3.63	78.16
1924 ..	87.11	75.82	87.95	71.25	116.37	85.35	4.07	82.93
1925 ..	78.93	73.75	85.51	67.38	122.39	89.32	4.35	78.79
1926 ..	81.56	75.02	83.98	70.30	132.91	82.05	4.41	80.54
1927 ..	85.60	82.32	96.77	81.53	139.53	82.62	5.08	87.39

7. Commonwealth Bank of Australia.—(i) *Liabilities, June Quarter, 1927.*—On account of the magnitude of the Savings Bank business of this bank, the figures have been separated from those of the Joint Stock banks, and are shown hereunder. The total deposits amounted to £72,863,855, of which Savings Bank deposits accounted for £44,212,050 or 60 per cent.

COMMONWEALTH BANK OF AUSTRALIA.—LIABILITIES, JUNE QUARTER, 1927.

States and Territory.	Bills in Circulation.	Balances Due to Other Banks.	Deposits.				Total Liabilities.
			Not Bearing Interest.	Bearing Interest.	Savings Bank Deposits.	Total Deposits.	
	£	£	£	£	£	£	£
New South Wales	75,626	2,223,330	7,542,509	2,404,554	9,890,238	19,837,301	22,136,257
Victoria ..	95,438	2,522,068	3,275,011	1,707,612	5,887,485	10,870,108	13,487,614
Queensland ..	63,703	823,943	6,620,083	2,446,300	21,775,351	30,841,734	31,729,380
South Australia	12,805	783,655	1,497,086	151,200	2,503,828	4,152,114	4,948,574
Western Australia	9,232	779,664	1,064,765	1,171,157	2,593,557	4,829,479	5,618,375
Tasmania ..	1,801	174,194	436,049	335,282	1,518,314	2,289,645	2,465,640
Northern Territory	..	..	..	197	43,277	43,474	43,474
Total ..	258,605	7,306,854	20,435,503	8,216,302	44,212,050	72,863,855	80,429,314

(ii) *Liabilities, all States, June Quarters, 1923 to 1927.*—The average liabilities in the years specified are given in the table below.

**COMMONWEALTH BANK OF AUSTRALIA.—LIABILITIES, JUNE QUARTERS,
1923 TO 1927.**

Quarter ended 30th June—	Bills in Circulation.	Balances Due to Other Banks.	Deposits.				Total Liabilities.
			Not Bearing Interest.	Bearing Interest.	Savings Bank Deposits.	Total Deposits.	
	£	£	£	£	£	£	£
1923	204,576	29,349	17,718,999	14,658,671	38,102,850	70,480,520	70,714,945
1924	212,362	29,061	23,004,674	6,899,902	38,273,478	68,178,054	68,419,477
1925	265,936	3,940,022	23,381,481	7,828,650	39,798,481	71,008,612	75,214,570
1926	355,240	6,045,894	23,350,534	7,103,349	43,068,182	73,522,065	79,023,199
1927	258,605	7,306,854	20,435,503	8,216,302	44,212,050	72,863,855	80,429,314

(iii) *Assets, June Quarter, 1927.* The assets for the June Quarter, 1927, are as follows :—

COMMONWEALTH BANK OF AUSTRALIA.—ASSETS, JUNE QUARTER, 1927.

States and Territory.	Coin.	Bullion.	Australian Notes.	Government and Municipal Securities.	Landed and House Property.	Notes and Bills of Other Banks.	Balances Due from Other Banks.	Discounts, Overdrafts, and all other Assets (not including Contingent Assets).	Total Assets.
	£	£	£	£	£	£	£	£	£
N.S.W. ..	204,358	..	2,118,571	18,139,346	294,870	712,667	511,006	6,671,684	28,652,502
Victoria ..	599,711	10,549	2,282,245	6,210,694	236,346	586,359	462,661	3,677,086	14,065,651
Queensland	61,139	86	860,761	22,348,482	95,588	295,579	213,244	5,430,643	29,305,522
S. Australia	52,184	..	891,538	2,323,336	57,905	421,485	152,679	634,052	4,533,269
W. Australia	193,710	574	417,011	1,879,129	20,271	95,573	149,960	460,526	3,216,754
Tasmania ..	30,498	..	522,500	2,003,876	..	30,303	61,007	169,468	2,817,742
Nor. Ter. ..	..	..	..	..	..	16,000	29,865	308	46,173
Total ..	1,141,600	11,209	7,092,716	52,904,863	705,070	2,157,966	1,580,422	17,043,767	82,637,613

(iv) *Assets, all States, June Quarters, 1923 to 1927.*—The great increase in Australian Notes is due in part to the obligation imposed by the Commonwealth Bank Act, 1924, on the Joint Stock banks of settling their exchanges through the Commonwealth Bank.

COMMONWEALTH BANK OF AUSTRALIA.—ASSETS, JUNE QUARTERS, 1923 TO 1927.

Quarter ended 30th June—	Coin.	Bullion.	Australian Notes.	Government and Municipal Securities.	Landed and House Property.	Notes and Bills of Other Banks.	Balances Due from Other Banks.	Discounts, Overdrafts, and all other Assets (not including Contingent Assets).	Total Assets.
	£	£	£	£	£	£	£	£	£
1923 ..	2,637,450	9,397	3,750,438	37,479,846	762,730	5,138,747	2,772,000	14,035,767	66,586,375
1924 ..	2,100,874	6,683	9,084,343	39,537,851	917,413	966,787	4,872,321	11,999,432	69,465,704
1925 ..	4,675,665	2,251	14,000,587	38,811,260	943,624	980,030	3,330,693	11,950,338	74,694,448
1926 ..	6,016,703	945	12,219,139	42,278,108	848,416	954,635	2,889,718	13,113,051	78,320,715
1927 ..	1,141,600	11,209	7,092,716	52,904,863	705,070	2,157,966	1,580,422	17,043,767	82,637,613

8. Clearing Houses.—The Sydney Banks' Exchange Settlement, and the Melbourne Clearing House, at which settlements are effected daily between the banks doing business in New South Wales and Victoria respectively, publish figures of the weekly clearances effected. From these it appears that in 1927 the total clearances in Sydney amounted to £1,034,894,000, and in Melbourne to £825,676,000. Owing to the different distribution of the banking business in the two cities, the figures do not necessarily afford a fair comparison of the volume of banking business transacted in Sydney and Melbourne. With the exception of Brisbane, where a decline of nearly £3,500,000 was recorded, the clearing house returns for 1927 show an increase over those for 1926. The average weekly clearances for each month are published in the Quarterly Summary of Australian Statistics. Returns of all Australian Clearing Houses for the last five years are shown in the following table :—

CHEQUE-PAYING BANKS.—CLEARING HOUSE RETURNS, 1923 TO 1927.

Year.	Sydney.	Melbourne.	Brisbane.	Adelaide.	Perth.	Hobart.
	£	£	£	£	£	£
1923	805,032,000	697,050,000	194,915,000	160,524,000	83,730,000	..
1924	845,855,000	734,080,000	212,220,000	179,335,000	97,920,000	..
1925	909,114,000	803,083,000	192,968,000	171,092,000	101,085,000	25,557,000
1926	954,523,000	790,111,000	195,710,000	178,898,000	103,523,000	25,691,000
1927	1,034,894,000	825,676,000	192,274,000	186,752,000	111,454,000	26,805,000

§ 3. Savings Banks.

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

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

SAVINGS BANKS.—ACCOUNTS OPEN. 1923 TO 1927.

30th June.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	N. Ter.	All States.
NUMBER.								
1923 ..	1,246,191	1,188,437	355,902	432,438	250,214	124,850	869	3,598,901
1924 ..	1,306,948	1,268,629	375,025	452,342	264,842	130,032	844	3,798,662
1925 ..	1,374,976	1,337,093	397,710	470,599	278,071	132,841	911	3,992,201
1926 ..	1,446,432	1,396,438	420,908	489,148	292,353	136,309	978	4,182,566
1927 ..	1,606,492	1,455,581	438,282	512,332	309,546	138,474	1,197	4,461,904
PER 1,000 OF POPULATION.								
1923 ..	568	739	442	836	719	583	238	633
1924 ..	586	774	453	855	735	610	233	655
1925 ..	604	800	465	866	756	627	242	673
1926 ..	624	824	479	876	779	651	259	692
1927 ..	676	843	490	897	804	665	281	723

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

3. **Deposits.**—The deposits in Australia reached in 1927 the large sum of £204,573,963, and would no doubt be even larger if the banks did not restrict interest-bearing deposits to certain limits. While not granting facilities to draw cheques, the Australian savings banks practically afford the small tradesman all the advantages of a current account, and in addition allow interest on the minimum monthly balance instead of charging a small fee for keeping the account, as is the practice of the ordinary banks. All the Savings Banks have a reciprocity arrangement, under which money deposited in one State may be drawn out in another State, even by telegraph.

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

SAVINGS BANKS.—DEPOSITS, 1923 TO 1927.

30th June.	N. S. W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	N. Ter.	All States.
TOTAL.								
	£	£	£	£	£	£	£	£
1923	64,324,670	56,101,260	20,483,581	18,249,540	8,033,419	4,414,653	36,689	171,643,812
1924	66,162,055	58,028,190	20,410,364	19,351,127	8,218,147	4,670,804	30,790	176,371,477
1925	69,149,433	59,551,895	21,339,901	20,152,175	8,303,933	4,505,476	32,961	183,035,774
1926	73,807,650	63,253,525	22,833,909	21,778,970	8,969,824	4,768,085	36,577	195,451,540
1927	78,351,733	65,352,619	22,452,749	23,600,897	9,694,396	5,073,544	48,025	204,573,963

AVERAGE PER SAVINGS BANK ACCOUNT.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1923	51 12 4	47 4 1	57 11 1	42 4 0	32 2 1	35 7 2	42 4 5	47 13 10
1924	50 12 6	45 14 10	54 8 6	42 15 7	31 0 7	35 18 5	36 9 7	46 11 3
1925	50 5 10	44 10 9	53 13 2	42 16 5	29 17 3	33 18 4	36 3 8	45 16 11
1926	51 0 6	45 5 11	54 5 1	44 10 6	30 13 8	34 19 7	38 0 0	46 14 7
1927	48 15 5	44 17 11	51 4 7	46 1 4	31 6 4	36 12 9	40 2 5	45 17 0

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1923	29 6 9	34 17 11	25 8 6	35 6 5	23 1 6	20 13 0	10 1 2	30 3 6
1924	29 13 4	35 7 9	24 13 3	36 11 10	22 16 1	21 18 2	8 9 10	30 9 6
1925	30 7 7	35 12 10	24 19 1	37 2 1	22 11 3	21 5 3	8 15 0	30 17 5
1926	31 16 10	37 6 7	25 19 5	38 19 11	23 18 2	22 15 6	9 13 10	32 6 9
1927	33 1 0	37 17 1	25 2 1	41 6 10	25 3 7	24 7 5	11 5 6	33 3 5

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

The average amount deposited per head of population increased during the period by 10 per cent., the figures for New South Wales, South Australia, and Tasmania being particularly noticeable.

4. Rates of Interest.—The rates of interest allowed, and the limits of interest-bearing deposits, are as follows:—New South Wales, Government Savings Bank, 4 per cent. up to £500 and 3½ per cent. on the excess up to £1,000; Victoria, 4 per cent. on first £500 and then 3 per cent. for a further £500, also 4 per cent. on deposit stock up to £1,000. Commencing 1st July, 1927, however, the rate is 4 per cent. up to £1,000 and 4½ per cent. on deposit stock up to £1,000. South Australia 4 per cent. on accounts closed during the year, and 4½ per cent. up to £500 on accounts remaining open; Western Australia, 3½ per cent. on current accounts, and 4½ per cent. on deposits up to £1,000; Hobart Trustees' Savings Bank, 4½ per cent. up to £300; Launceston Trustees' Savings Bank, 4½ per cent. up to £150, and Commonwealth Savings Bank, 3½ per cent. on the first £1,000, and 3 per cent. upon another £300. From 1st October, 1928, the Commonwealth Savings Bank increased the rates for the first £500 to 4 per cent.

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

year, while the amount at credit of depositors (inclusive of interest added) increased by more than 5 per cent. during the same year. The following table shows the business transacted during the year 1926-27 :—

SAVINGS BANKS.—TRANSACTIONS, 1926-27.

States and Territory.	Total Deposits at end of Year 1925-26.	Amounts Deposited during Year 1926-27.	Interest Added during Year 1926-27.	Total.	Amounts Withdrawn during Year 1926-27.	Total Deposits at end of Year 1926-27.
	£	£	£	£	£	£
New South Wales ..	73,807,650	76,345,393	2,701,016	152,854,059	74,502,326	73,351,733
Victoria ..	63,253,525	58,444,977	2,324,538	124,023,040	58,670,421	65,352,619
Queensland ..	22,836,909	24,373,113	738,589	47,948,611	25,495,862	22,452,749
South Australia ..	21,778,970	19,270,556	951,798	42,001,324	18,400,427	23,600,897
Western Australia ..	8,969,824	10,588,702	304,949	19,863,475	10,169,079	9,694,396
Tasmania ..	4,768,085	3,968,026	187,854	8,923,965	3,850,421	5,073,544
Northern Territory ..	36,577	56,628	1,280	94,494	46,469	48,025
Total ..	195,451,540	193,047,395	7,210,033	395,708,968	191,135,005	204,573,963

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

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

The following table gives the number of accounts, and the amount at credit on 30th June, 1927, at the various branches of the Commonwealth Savings Bank :—

COMMONWEALTH SAVINGS BANK, 30th JUNE, 1927.

Locality.	Number of Accounts.	Amount at Credit.
		£
New South Wales ..	326,718	10,493,645
Victoria ..	168,205	6,072,831
Queensland ..	438,282	22,452,749
South Australia ..	62,791	2,566,300
Western Australia ..	83,686	2,728,867
Tasmania ..	64,303	1,577,731
Northern Territory ..	1,197	48,025
Total, Australia ..	1,145,182	45,940,148
Papua and New Guinea ..	2,119	95,923
London ..	7,147	442,949
Grand Total ..	1,154,448	46,479,020

§ 4. Companies.

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

2. Trustees, Executors and Agency Companies.—Returns are available for eight Victorian, two New South Wales, one Queensland, four South Australian, two Western Australian, and three Tasmanian companies. The paid-up capital of these twenty companies amounted to £1,144,327; reserve funds and undivided profits to £804,444; other liabilities, £375,292; total liabilities, £2,324,063. Among the assets are included—Deposits with Governments, £217,504; other investments in public securities, fixed deposits, etc., £579,857; loans on mortgage, £315,247; property owned, £791,121;

other assets, £420,334. Of the twenty companies, nine show the total amount of the estates, etc., under administration, the total for 1927 being approximately £94,000,000. In respect of the twenty companies, net profits for the year totalled £210,975, of which £138,826 was paid in dividends.

3. Registered Building and Investment Societies.—(i) *General.* Returns have been received relating to 86 societies, viz., 7 in New South Wales, 26 in Victoria, 10 in Queensland, 24 in South Australia, 15 in Western Australia, and 4 in Tasmania. The information is not exhaustive, as particulars regarding unimportant organizations are not included.

REGISTERED BUILDING AND INVESTMENT SOCIETIES.—SUMMARY, 1926.

Particulars.	N.S.W. 1926.	Victoria. 1925-26.	Q'land. 1925-26.	S. Aust. 1926.	W. Aust. 1925-26.	Tasmania. 1926.	All States.
Number of societies ..	7	26	10	24	15	4	86
Number of shareholders ..	2,375	10,751	5,621	17,011	10,280	2,682	48,720
Number of shares ..	27,774	(a)	1,203,704	69,958	30,060	34,739	61,366,235
Number of borrowers ..	4,586	11,394	3,205	3,095	1,860	1,418	25,558
Income for year from interest ..	£ 111,207	339,810	59,003	36,271	(c)	38,908	585,199
Working expenses for year ..	£ 96,450	152,335	9,329	13,994	37,165	5,663	314,936
Amount of deposits during year ..	£ 299,892	1,795,306	136,904	27,854	184,299	29,101	2,473,356
Repayment of loans during year ..	£ 314,698	1,028,014	178,050	158,721	111,827	97,039	1,888,349
Loans granted during year ..	£ 277,244	1,025,581	216,969	216,900	155,785	84,664	1,977,143

(a) Not available. (b) Exclusive of Victoria. (c) Included in repayment of Loans.

(ii) *Liabilities and Assets.* The balance-sheets of the companies in respect of which particulars of liabilities and assets are stated hereunder cover periods ended during the year 1926. The figures quoted for the States of New South Wales, South Australia and Tasmania refer to the calendar year 1926, while those for the remaining States are for the fiscal year 1925-26.

REGISTERED BUILDING AND INVESTMENT SOCIETIES.—LIABILITIES, 1926.

State.	Paid-up Capital or Subscriptions.	Reserve Funds.	Deposits.	Bank Overdrafts and other Liabilities.	Total Liabilities.
	£	£	£	£	£
New South Wales ..	417,651	280,192	561,733	18,929	1,278,505
Victoria ..	1,844,738	598,011	1,654,006	163,975	4,260,780
Queensland ..	814,443	31,232	9,410	68,308	923,393
South Australia ..	605,093	82,925	23,604	21,826	733,448
Western Australia ..	440,194	18,316	78,761	11,184	548,455
Tasmania ..	220,262	83,047	232,415	10,759	546,483
Total ..	4,342,431	1,093,723	2,559,929	294,981	8,291,064

REGISTERED BUILDING AND INVESTMENT SOCIETIES.—ASSETS, 1926.

State.	Advances on Mortgage.	Landed and House Pro- perty, Furni- ture, etc.	Cash in hand and on Deposit and other Assets.	Total Assets.
	£	£	£	£
New South Wales ..	4,147,594	121,800	134,610	4,404,004
Victoria ..	3,882,236	101,372	119,429	4,103,037
Queensland ..	676,290	21,278	35,880	733,448
South Australia ..	590,301	20,471	36,213	646,985
Western Australia ..	461,699	10,390	74,394	546,483
Tasmania ..	446,918	10,390	56,567	513,875
Total ..	10,205,038	285,701	457,093	10,947,832

4. Co-operative Societies.—(i) *General.* The returns relating to Co-operative Societies have been divided into two classes—(i) those engaged in the manufacture and marketing of primary products and trade requirements, and (ii) those engaged in retailing general household requirements. The former may be described briefly as Producers' Co-operative and the latter as Consumers' Co-operative Societies. The following table shows the number of societies, the membership, and the financial result for the year 1926:—

CO-OPERATIVE SOCIETIES.—NUMBER, MEMBERSHIP AND TRADING RESULTS, 1926.

Heading.	N.S.W. 1925-26.	Vic. 1925-26.	Qld. 1925-26	S.A. 1926.	W.A. 1925-26.	Tas. 1925-26.	All States.
Producers' Co-operative Societies—							
Number of societies ..	115	68	52	31	35	14	315
Membership ..	45,256	50,547	31,093	7,200	2,894	5,017	142,387
Gross turnover (Sales) £	9,975,068	11,730,709	5,719,789	511,206	445,174	201,519	28,583,465
Total working expenses £	10,561,830	1,959,442	1,603,334	205,778	62,614	233,235	14,626,233
Rebates and bonuses £	71,759	9,638	1,315	11,654	4,946	1,266	100,578
Dividends on share capital £	40,370	38,807	9,929	8,342	2,473	1,520	101,441
Rate per cent. ..	4.6	3.0	1.8	4.5	3.5	2.0	3.3
Consumers' Co-operative Societies—							
Number of societies ..	54	54	11	9	12	4	144
Membership ..	67,494	16,906	27,019	34,279	2,705	711	149,114
Gross turnover (Sales) £	4,742,219	1,424,266	220,253	1,469,419	170,697	107,630	8,134,484
Total working expenses £	4,467,877	229,692	157,357	302,114	79,635	103,421	5,340,096
Rebates and bonuses £	300,490	30,710	..	43,818	..	1,515	376,533
Dividends on share capital £	34,588	11,598	1,057	27,188	1,332	1,077	76,840
Rate per cent. ..	4.3	5.1	0.9	4.6	4.6	4.9	4.3

(a) Includes payments to suppliers.

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

CO-OPERATIVE SOCIETIES.—LIABILITIES AND ASSETS, 1926.

Heading.	N.S.W. 1925-26.	Vic. 1925-26.	Q'land. 1925-26.	S.A. 1926.	W.A. 1925-26.	Tas. 1925-26.	All States.
Producers' Co-operative Societies—							
Liabilities—							
Paid-up capital ..	879,085	1,285,936	561,031	181,323	70,621	75,539	3,053,535
Loan capital ..	..	{ 302,807	213,556	228,747	9,828	16,129	..
Overdraft ..	..	{ 788,665	221,320	69,893	36,281	33,843	..
Reserves and undivided profits ..	443,693	470,601	280,804	74,215	52,916	19,846	1,342,075
Other liabilities ..	49,521	558,004	391,718	180,058	74,202	131,567	1,385,070
Total liabilities ..	2,963,287	3,406,013	1,668,429	734,206	243,848	276,924	9,292,707
Assets—							
Land, building, and plant ..	1,314,810	1,396,431	1,024,621	353,238	54,653	94,806	4,238,559
Stocks ..	307,169	577,829	233,126	177,141	73,853	50,513	1,419,631
Other assets ..	1,341,308	1,431,753	410,682	203,827	115,342	131,605	3,634,517
Total assets ..	2,963,287	3,406,013	1,668,429	734,206	243,848	276,924	9,292,707
Consumers' Co-operative Societies—							
Liabilities—							
Paid-up capital ..	800,822	227,016	116,521	500,957	28,962	21,981	1,786,259
Loan capital ..	..	{ 63,248	171	186,211	1,700	6,004	..
Overdraft ..	..	{ 133,251	5,347	20,287	6,873	6,074	..
Reserves and undivided profits ..	391,287	159,983	229,626	161,791	7,990	11,143	961,820
Other liabilities ..	4,373	146,498	34,822	37,845	23,128	20,091	316,755
Total liabilities ..	1,539,481	729,996	436,487	1,006,091	68,660	65,293	3,846,008
Assets—							
Land, buildings, and plant ..	437,578	222,882	139,488	308,368	24,064	19,798	1,152,178
Stocks ..	466,180	240,175	15,315	355,451	17,304	21,426	1,115,851
Other assets ..	635,723	266,939	281,684	342,272	27,292	24,069	1,577,979
Total assets ..	1,539,481	729,996	436,487	1,006,091	68,660	65,293	3,846,008

(a) Includes sundry creditors.

§ 5. Life Assurance.

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

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

Returns for the year 1926 have been collected from life assurance societies, with results which are in the main satisfactory. The figures below refer to Australian business only.

2. *Companies Transacting Business*.—(i) *General*. The number of companies transacting life assurance business in Australia during 1926 was 35, of which the full name and location of head office are set out in the *Finance Bulletin*, No. 18, for 1926-27.

Of the thirty-two Australian companies seven are purely mutual, and twenty-four are proprietary companies with a paid-up capital aggregating £2,091,916, part of which is, however, used in fire, marine, and accident insurance business. One office is a State government institution. Three oversea companies transacted business in Australia in 1926, one being mutual and two proprietary companies.

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

3. *Australian Business, 1926*.—(i) *Ordinary*. The subjoined table shows the ordinary life business in force for each of the last five years. While the total sum assured has increased by almost 52 million pounds, the average per policy has increased from £256 to £293. The amount assured in 1926 represents an average of £41 per head of population.

ORDINARY LIFE ASSURANCE.—AUSTRALIAN BUSINESS, 1922 TO 1926.

Year.	Policies in Force.		Amount.	Average per Policy.	Annual Premium Income.
	No.	£	£	£	£
1922	769,893	196,844,810	256	6,526,907	
1923	795,887	210,049,945	264	6,925,581	
1924	820,138	224,129,981	273	7,388,353	
1925	834,936	235,687,567	282	7,783,781	
1926	848,427	248,549,883	293	8,195,880	

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

The amount assured has increased by nearly 56 per cent. in the period under review. The average amount per policy in 1926 was £39, comparing with an average of £33 in 1922.

INDUSTRIAL LIFE INSURANCE.—AUSTRALIAN BUSINESS, 1922 TO 1926.

Year.	Policies in Force.	Amount.	Average per Policy.	Annual Premium Income.
	No.	£	£	£
1922	1,061,569	35,303,233	33	2,087,148
1923	1,144,004	40,009,115	35	2,387,187
1924	1,233,925	45,256,580	37	2,681,774
1925	1,310,642	49,937,583	38	2,923,519
1926	1,395,744	54,990,807	39	3,220,154

4. Income and Outgo.—(i) *Ordinary Business.* The following table shows the aggregate Australian income for the last four years of all the societies doing business in Australia. In the latter year premiums—new and renewal—amounted to 59 per cent. and interest, dividends, and rent to nearly 38 per cent. of the Australian income.

ORDINARY LIFE ASSURANCE.—AUSTRALIAN INCOME, 1923 TO 1926.

Heading.	Amount.			
	1923.	1924.	1925.	1926.
	£	£	£	£
Premiums—New	976,682	991,367	1,049,159	1,047,965
Renewal	5,948,899	6,396,986	6,734,622	7,147,915
Consideration for annuities	48,191	78,434	57,378	81,083
Interest, dividends, and rents	4,078,407	4,488,989	4,809,117	5,207,580
Other receipts	218,961	208,350	875,609	307,558
Total income	11,271,140	12,164,126	13,525,885	13,792,101

In 1926 outgo amounted to £8,181,771, of which claims accounted for 56 per cent., surrenders nearly 13 per cent., expenses of management 10 per cent., and commission 9 per cent.

ORDINARY LIFE ASSURANCE.—AUSTRALIAN OUTGO, 1923 TO 1926.

Heading.	Amount.			
	1923.	1924.	1925.	1926.
	£	£	£	£
Claims	3,926,371	4,079,237	4,379,233	4,596,541
Surrenders	838,066	819,874	920,675	1,055,957
Annuities	95,550	101,880	99,662	102,280
Commission	611,914	637,833	718,346	720,780
Expenses of management	817,508	817,119	838,455	846,847
Licence fees and taxes	113,302	128,922	131,861	149,501
Shareholders' dividends	58,037	83,515	68,480	87,806
Cash bonuses paid to shareholders	309,429	338,120	362,041	380,461
All other expenses	387,849	205,083	250,642	241,598
Total outgo	7,158,026	7,211,583	7,769,395	8,181,771

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

ORDINARY LIFE ASSURANCE.—AUSTRALIAN INCOME AND OUTGO, 1922 TO 1926.

Year.	Income.	Outgo.	Excess Income.
	£	£	£
1922	10,518,557	6,700,468	3,818,089
1923	11,271,140	7,158,026	4,113,114
1924	12,164,126	7,211,583	4,952,543
1925	13,525,885	7,769,395	5,756,490
1926	13,792,101	8,181,771	5,610,330

(ii) *Industrial Business.* The aggregate Australian income for 1923, 1924, 1925, and 1926 of societies transacting industrial business was as follows:—

INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN INCOME, 1923 TO 1926.

Heading.	Amount.			
	1923.	1924.	1925.	1926.
	£	£	£	£
Premiums—New and renewal ..	2,387,187	2,681,774	2,923,519	3,220,154
Consideration for annuities ..	268	13	13	13
Interest, dividends, and rents ..	512,644	598,335	709,943	811,977
Other receipts ..	20,584	19,847	22,699	27,755
Total income ..	2,920,683	3,299,969	3,656,174	4,059,899

Outgo during 1926 totalled £2,377,977. Claims amounted to 39 per cent., commission 33 per cent., and expenses of management 17 per cent.

INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN OUTGO, 1923 TO 1926.

Heading.	Amount.			
	1923.	1924.	1925.	1926.
	£	£	£	£
Claims	514,156	601,908	731,480	926,399
Surrenders	50,846	71,627	95,658	109,398
Annuities	295	295	295	295
Commission	539,029	692,975	699,452	779,472
Expenses of management	321,692	355,350	379,905	402,211
Licence fees and taxes	17,297	20,777	23,649	24,817
Shareholders' dividends	56,809	54,766	60,742	64,676
Cash bonuses paid to shareholders	13	26	..	..
All other expenses	87,509	66,829	87,346	70,709
Total outgo	1,637,646	1,864,553	2,078,527	2,377,977

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

INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN INCOME AND OUTGO, 1922 TO 1926.

Year.	Income.	Outgo.	Excess Income.
	£	£	£
1922	2,504,791	1,355,812	1,148,979
1923	2,920,683	1,637,646	1,283,037
1924	3,299,969	1,864,553	1,435,416
1925	3,656,174	2,078,527	1,577,647
1926	4,059,899	2,377,977	1,681,922

5. *Liabilities and Assets, 1926.—(i) General.* The liabilities of the Australian societies consist mainly of their assurance funds; as already mentioned, however, some of the societies are proprietary, and in these cases there is a further liability on account of the shareholders' capital. The assets consist chiefly of loans on mortgage and policies, Government, municipal, and similar securities, shares, freehold property, etc. As in some cases the Australian liabilities exceed the Australian assets, this table should be read in connexion with the table dealing with assets. Loans on personal security are granted by very few of the Australian societies.

(ii) *Ordinary and Industrial Business.* For various reasons several societies do not attempt the division of liabilities and assets between the industrial and ordinary branches, and a few societies cannot state the amount of liabilities in Australia. In the

following table, therefore, the figures relate to both branches. Australian liabilities amounted in 1926 to £83,768,937, including assurance and annuity funds, £72,307,626, other funds, including those used in fire and marine business, £6,609,019, and paid-up capital, £1,891,916.

Australian assets aggregated £109,025,348, of which the following are the principal items:—Government and municipal securities, £60,354,135; mortgages, £20,146,487; loans on companies' policies, £10,543,370; and landed and house property, £4,081,973. Details regarding liabilities for the years 1923 to 1926 are given in the next table:—

ORDINARY AND INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN LIABILITIES, 1923 TO 1926.

Heading.	Amount.			
	1923.	1924.	1925.	1926.
	£	£	£	£
Shareholders' capital, paid up ..	1,307,877	1,469,795	1,842,963	1,891,916
Assurance and annuity funds ..	56,480,692	60,022,243	66,119,414	72,307,626
Other funds ..	4,380,967	5,069,632	6,018,968	6,609,019
Claims admitted but not paid ..	632,116	695,404	799,584	772,088
All other liabilities ..	1,299,212	1,517,967	1,809,185	2,188,288
Total Australian liabilities (a) ..	64,100,864	68,775,041	76,590,114	83,768,937

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

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

ORDINARY AND INDUSTRIAL LIFE ASSURANCE.—AUSTRALIAN ASSETS, 1923 TO 1926.

Heading.	Amount.			
	1923.	1924.	1925.	1926.
	£	£	£	£
Government and municipal securities ..	49,261,981	52,967,836	55,512,895	60,354,135
Mortgages ..	19,546,248	21,066,410	22,521,893	24,146,487
Loans on companies' policies ..	8,138,547	9,156,489	9,812,751	10,543,379
Railway debentures and stock ..	504,548	812,998	935,207	986,980
Landed and house property ..	3,576,368	3,472,159	3,605,283	4,081,973
Life interests and reversions ..	131,565	138,730	148,447	149,555
Other investments ..	1,209,171	1,474,049	1,512,833	1,631,647
Outstanding premiums ..	714,157	742,614	772,918	879,137
Outstanding interest, dividends, and rents ..	783,755	861,471	895,096	974,735
Cash ..	1,256,994	2,357,630	2,138,263	2,131,936
Establishment and organization accounts ..	693,484	796,095	1,016,751	1,221,472
All other assets ..	2,282,198	1,613,216	1,709,996	1,923,921
Total Australian assets	88,099,016	95,459,697	100,582,333	109,025,348

(iii) *Total Assets.* It has been thought advisable to restrict the figures relating to life assurance to business in Australia. Several of the companies whose head offices are in Australia transact, however, a large amount of business elsewhere, viz., in New Zealand, in South Africa, and in the United Kingdom, while in the case of the foreign companies, the Australian business is insignificant compared with that done elsewhere. Particulars as to this foreign business of both Australian and foreign companies will be found in "Finance Bulletin No. 18" (published by this Bureau), and a short table

only is inserted here, showing the total assets of the various companies. The decrease in the total assets in 1923 and 1926 is due to the purchase by Australian companies of the Australian business of the Equitable Life Assurance Society of United States and of the New York Life Insurance Company.

LIFE ASSURANCE COMPANIES.—TOTAL ASSETS, 1923 TO 1926.

Heading.	Amount.			
	1923.	1924.	1925.	1926.
	£	£	£	£
Government and municipal securities	144,837,468	142,684,880	106,982,929	112,395,155
Mortgages	101,969,269	114,888,595	58,813,526	64,701,335
Loans on companies' policies	65,091,066	66,748,612	34,013,687	36,604,250
Railway debentures and debenture stock	136,685,044	142,239,598	77,339,213	85,069,487
Landed and house property	10,190,544	9,812,306	8,461,054	8,906,600
Life interests and reversions	339,294	350,910	379,477	376,949
Other investments	2,057,446	7,299,239	3,854,031	5,177,764
Outstanding premiums	6,621,985	7,039,200	5,270,428	5,633,744
Outstanding interest, dividends, and rent	6,323,469	6,792,303	3,550,668	3,793,668
Cash	5,114,661	6,153,494	5,306,790	4,116,810
Establishment and organization accounts	703,834	796,095	1,016,751	1,226,095
All other assets	4,241,335	3,996,897	2,668,233	1,689,730
Total assets	484,175,415	508,802,129	307,656,787	329,691,587

6. New Policies issued in Australia, 1926.—(i) *Ordinary Business.* During 1926, 84,002 new policies were issued for £31,451,809. The average amount per policy was £374, which compares with an average of £293 per policy for all policies which were in existence in 1926.

(ii) *Industrial Business.* New policies to the number of 278,865 were issued during the year for a total of £13,701,235. The average per policy was £49, which is 25 per cent. more than the average for all industrial policies which were current in 1926.

7. Policies Discontinued in Australia, 1924, 1925 and 1926.—(i) *Ordinary Business.* The volume of business which from various causes becomes void in each year is always large. The number and amount of policies discontinued in 1924, 1925 and 1926, and the reasons for discontinuance are given in the following table:—

ORDINARY LIFE ASSURANCE.—POLICIES DISCONTINUED IN AUSTRALIA, 1924 TO 1926.

Mode.	1924.		1925.		1926.	
	No. of Policies.	Amount.	No. of Policies.	Amount.	No. of Policies.	Amount.
		£		£		£
Death or maturity	14,348	3,101,543	14,516	3,193,285	15,248	3,494,636
Surrender	15,697	3,430,204	17,346	3,628,783	20,857	4,407,146
Forfeiture	34,139	9,945,305	33,345	9,788,132	35,107	10,607,440
Total	64,184	16,477,052	65,207	16,610,200	71,212	18,509,222

(ii) *Industrial Business.* The number of policies discontinued in this branch each year is also very large. Of the total amount of discontinuance during 1926 only 11 per cent. was due to death or maturity, while 85 per cent. was due to forfeiture.

INDUSTRIAL LIFE ASSURANCE.—POLICIES DISCONTINUED IN AUSTRALIA, 1924 TO 1926.

Mode.	1924.		1925.		1926.	
	No. of Policies.	Amount.	No. of Policies.	Amount.	No. of Policies.	Amount.
		£		£		£
Death or maturity ..	31,385	701,722	35,188	775,695	41,778	935,690
Surrender ..	6,596	327,879	6,905	313,342	7,339	343,432
Forfeiture ..	133,984	6,649,206	148,037	7,324,709	144,802	7,166,472
Total ..	171,965	7,678,807	190,130	8,413,746	193,919	8,445,594

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

§ 6. Fire, Marine, and General Insurance.

1. *Australasian Business.*—(i) *General.* Returns are available showing the revenue and expenditure, assets and liabilities, and investments of 42 insurance companies having their head offices either in Australia, New Zealand, or Fiji.

(ii) *Revenue and Expenditure.* The most important items of revenue and expenditure are given below. The trade surplus in 1922-23 was abnormally low, representing only 1.70 per cent. of premium income. For 1926-27 the surplus was £815,444, or 9.67 per cent. of premium income.

FIRE, MARINE, AND GENERAL INSURANCE COMPANIES.—SUMMARY OF REVENUE AND EXPENDITURE, 1923 TO 1927.

Heading.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
Premiums, less re-insurances ..	5,740,063	6,083,246	6,558,823	7,249,917	8,432,000
Losses ..	3,378,013	3,345,408	3,452,351	3,993,076	4,881,671
Expenses, commission, and taxes	2,264,598	2,319,513	2,414,946	2,614,007	2,727,885
Trade surplus ..	97,452	418,325	691,526	642,834	815,444
Interest, rent, etc. ..	515,487	608,823	680,875	682,957	756,897
Total surplus ..	612,939	1,027,148	1,372,401	1,325,791	1,572,341
Dividends and bonuses paid ..	461,940	523,982	590,412	620,812	607,961
Ratio to premium income of—					
(a) Losses .. per cent.	58.85	54.99	52.64	55.08	57.98
(b) Expenses, etc. .. per cent.	39.45	38.13	36.82	36.05	32.35
(c) Trade surplus .. per cent.	1.70	6.88	10.54	8.87	9.67

(iii) *Liabilities and Assets.* The liabilities and assets for the same period are set out in the following tables. Comparison of the results for 1926-27 with those for 1922-23 shows that paid-up capital increased by 23 per cent. and reserves by 56 per cent. While loans on mortgage decreased by 20 per cent., Government securities increased by 47 per cent., and landed and other property showed a growth of over 42 per cent.

FIRE, MARINE, AND GENERAL INSURANCE COMPANIES, 1923 TO 1927.

Heading.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
PAID-UP CAPITAL, RESERVES, AND LIABILITIES.					
	£	£	£	£	£
Paid-up capital	5,100,651	5,688,108	5,851,076	6,131,149	6,292,050
Reserves and re-insurance funds(a)	5,530,537	6,099,482	6,784,411	7,401,536	8,637,831
Undivided profits	455,992	608,361	645,024	664,181	706,528
Losses unsettled	861,973	828,398	852,267	913,982	987,670
Sundry creditors, etc. ..	1,815,836	1,914,873	2,216,401	2,436,815	2,309,610
Dividends, etc., to pay ..	326,287	326,047	350,057	384,029	384,006
Life assurance funds (b) ..	947,669	1,390,170	1,867,294	2,208,553	1,436,372
Total liabilities ..	15,038,945	16,855,439	18,566,530	20,140,245	20,754,067

INVESTMENTS AND OTHER ASSETS.

	£	£	£	£	£
Loans on mortgage	908,972	841,059	1,017,259	1,175,228	727,850
Government securities, etc. ..	8,177,285	9,283,301	10,231,700	10,989,880	12,004,751
Landed and other property ..	2,001,155	2,454,598	2,644,736	2,908,637	2,841,654
Fixed deposit, etc.	1,119,008	1,308,128	1,403,416	1,467,234	1,929,271
Loans on life policies (b) ..	18,844	34,631	46,989	60,533	62,451
Investments	98,630	89,721	121,363	165,153	139,055
Cash and bills receivable	706,739	819,536	868,604	899,232	763,272
Sundry debtors and other assets ..	2,008,312	2,024,465	2,232,463	2,474,348	2,285,763
Total assets ..	15,038,945	16,855,439	18,566,530	20,140,245	20,754,067

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

(b) Some of the companies transact Life Business.

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

§ 7. Friendly Societies.

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

In the following tables the figures for South Australia and Tasmania are for the calendar year 1926, while those for the other States relate to the fiscal year 1925-26.

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

FRIENDLY SOCIETIES.—SOCIETIES, LODGES, AND MEMBERS, 1926.

State.	Number of Registered Friendly Societies.	Number of Lodges.	Benefit Members at end of year.	Average No. of Benefit Members during the year.
New South Wales (1925-26) ..	34	2,307	216,268	212,650
Victoria (1925-26) ..	62	1,467	157,820	156,599
Queensland (1925-26) ..	18	(a) 565	65,204	63,757
South Australia (1926) ..	17	673	77,791	76,843
Western Australia (1925-26) ..	14	339	22,225	21,782
Tasmania (1926) ..	20	183	24,614	24,551
Total ..	..	5,534	563,922	556,182

(a) Excluding Juvenile Branches.

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

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

FRIENDLY SOCIETIES.—SICKNESS AND DEATH RETURNS, 1926.

State.	Number of Members who received Sick Pay.	Total Number of Weeks Sick Pay Granted.	Average Number of Weeks per Member Sick.	Deaths of Benefit Members and Wives.	Proportion of Deaths to 1,000 Average Benefit Members.
New South Wales ..	(a)	(a)	(a)	(a)	(a)
Victoria (1925-26) ..	30,786	281,377	9.14	1,971	12.59
Queensland (1925-26) ..	12,557	91,145	7.26	566	8.88
South Australia (1926) ..	13,902	135,792	9.76	1,008	13.12
Western Australia (1925-26) ..	3,911	28,793	7.36	146	6.70
Tasmania (1926) ..	4,670	41,555	8.90	317	12.91
Total (b) ..	65,826	578,662	8.79	4,008	11.67

(a) Not available.

(b) Exclusive of New South Wales

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

FRIENDLY SOCIETIES.—REVENUE, 1926.

State.	Entrance Fees, Members' Contributions, and Levies.	Interest, Dividends, and Rents.	All other Income.	Total Revenue.
	£	£	£	£
New South Wales (1925-26) ..	766,772	172,039	61,850	1,000,661
Victoria (1925-26) ..	523,403	221,814	75,333	820,550
Queensland (1925-26) ..	232,201	74,725	(a)	306,926
South Australia (1926) ..	231,391	110,199	24,034	365,624
Western Australia (1925-26) ..	65,997	22,707	39,158	127,862
Tasmania (1926) ..	83,884	18,676	11,513	114,073
Total ..	1,903,648	620,160	211,888	2,735,696

(a) Included in interest, dividends, and rents.

(ii) *Expenditure.* The returns relating to expenditure are more complete than those for revenue. The figures show that the excess of revenue for the year was £586,908 for Australia. The revenue exceeded the expenditure by more than one pound per average benefit member.

FRIENDLY SOCIETIES.—EXPENDITURE, 1926.

State.	Sick Pay.	Medical Attendance and Medicine.	Sums Paid at Death of Members and Members' Wives.	Adminis- tration.	All other Expendi- ture.	Total Expendi- ture.
	£	£	£	£	£	£
New South Wales (1925-26)	269,768	307,380	65,913	148,808	35,376	827,245
Victoria (1925-26) ..	180,074	210,224	33,522	101,224	80,914	605,958
Queensland (1925-26) ..	65,234	91,355	28,026	48,320	(a)	232,935
South Australia (1926) ..	81,883	81,124	32,014	48,609	29,404	273,034
Western Australia (1925-26)	19,928	24,984	7,752	23,443	35,826	111,933
Tasmania (1926) ..	28,189	26,829	16,387	17,544	8,734	97,683
Total ..	645,076	741,896	183,614	387,948	190,254	2,148,788

(a) Included in administration.

It appears from the above figures that sick pay averaged about 23s. per week, but, as the returns include pay at half and quarter rates, and as the proportion of these to full rates is not stated, the average given must be taken for what it is worth. Medical attendance and medicine came to about 27s. per average benefit member.

5. *Funds.*—The two foregoing tables show that the surplus of revenue over expenditure in all States amounted to £586,908 for the year, and a small surplus must, of course, result annually in every society which levies adequate contributions to enable it to meet all possible claims. These accumulations of profits are generally invested, and the subjoined table shows the division into invested and uninvested funds:—

FRIENDLY SOCIETIES.—FUNDS, 1926.

State.	Invested Funds.	Uninvested Funds.	Total Funds.
	£	£	£
New South Wales (1925-26) ..	3,215,470	(a)	3,215,470
Victoria (1925-26) ..	4,199,714	80,686	4,280,400
Queensland (1925-26) ..	1,400,352	4,948	1,405,300
South Australia (1926) ..	2,012,185	25,615	2,037,800
Western Australia (1925-26) ..	384,033	(a)	384,033
Tasmania (1926) ..	341,939	17,817	359,756
Total ..	11,553,693	129,066	11,682,759

(a) Included in Invested Funds.

The total funds amounted, therefore, to over £20 14s. per member at the close of the year under review.

§ 8. Probates.

1. *Probates and Letters of Administration.*—The value of the estates left by deceased persons gives some idea of the distribution of property among the general population. There were in 1926 approximately 44,000 deaths of adult persons, while the number of probates and letters of administration granted during the same period

was 17,050. It would therefore appear that about two-fifths of the adults who died during the year were possessed of sufficient property to necessitate the taking out of probate. The details for each State are shown in the table hereunder :—

PROBATES AND LETTERS OF ADMINISTRATION, 1926.

States and Territory.	Number of Estates.			Net Values of Estates.		
	Probates.	Letters of Administration.	Total.	Probates.	Letters of Administration.	Total.
				£	£	£
New South Wales (b)	6,909	(a)	6,909	18,390,924	(a)	18,390,924
Victoria	4,153	1,710	5,863	14,313,367	(a)	14,313,367
Queensland (b) ..	762	135	897	3,095,486	272,298	3,367,784
South Australia ..	1,506	194	1,700	3,902,822	127,329	4,030,151
Western Australia ..	773	323	1,096	1,756,033	141,506	1,897,539
Tasmania	478	79	557	1,361,398	51,145	1,412,543
Northern Territory (b)	15	13	28	9,088	1,158	10,246
Total	14,596	2,454	17,050	42,829,118	593,436	43,422,554

(a) Included with Probates.

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

2. *Intestate Estates.*—The number of intestate estates placed under the control of the Curator during the year, and the amount of unclaimed money paid into Consolidated Revenue in each State during the year 1926, are given hereunder :—

INTESTATE ESTATES, 1926.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	Total.
Intestate estates placed under control of Curator during 1926—								
Number	(a)	(b)	1,343	272	309	(b)	13	(c) 1,937
Value £	(a)	(b)	749,004	151,890	33,742(d)	(b)	712	(c) 935,348
Unclaimed money paid into Consolidated Revenue by Curator during 1926 £	136,153	6,578	16,754	3,500	2,847	..	314	166,146

(a) Included with Probates.

(b) Not available.

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

F.—PRIVATE WEALTH OF AUSTRALIA, 1925.

§ 1. Introductory.

1. *General.*—Of the various methods of estimating the wealth of the community, the inventory method on which the present estimate is based is that which furnishes most readily a comprehensive view of the various classes of wealth constituting the aggregate. In this respect it has advantages which do not attach to either the succession (probate) method or the census method. The possibility of using it, however, is largely dependent on the existence of valuations of various kinds made for purposes other than the estimation of total wealth, as, for example, Local Government assessments, values of imports, values of plant and machinery engaged in various industries, etc. Further in certain of the items direct valuation is not possible, and estimates based on indirect data and general knowledge must be employed, as, for example, an estimate of the value of clothing based on the known number of persons, and an assumed value per head, or a valuation of furniture based on the number of houses of various sizes, or of various rental values. It is thus clear that, in common with all other estimates of wealth, the inventory method is involved in some measure of uncertainty, but it is doubtful

whether this is more marked than in the case of other methods. On the other hand, it has the advantages (i) that it enables a fair idea to be obtained of the degree of uncertainty involved in each item, (ii) that unlike a census it costs little to compile and can consequently be prepared at relatively short intervals, (iii) that it relates approximately to a definite point of time, whereas a "succession" estimate at its best, if it is to be at all reliable, can give only the average for an extensive period.

2. **Basis of Estimate.**—In the accompanying estimate, provision has been made for the inclusion of all material private wealth existing in Australia, whether owned by persons domiciled in Australia or by those resident abroad.

In all cases the values given represent material wealth actually existing in Australia at the date of review, viz., 30th June, 1925, and take no account of the domicile of the owner, nor of such mere evidences of proprietary interest as mortgage rights, debentures, bonds, policies, etc.

3. **Private Wealth.**—In broad outline the classes of private wealth contributing to the aggregate may be classed as follows:—(i) Land and Improvements; (ii) Live Stock; (iii) Agricultural, Dairying and Pastoral Implements and Machinery; (iv) Manufacturing Plant and Machinery; (v) Mining Properties (including plant and machinery); (vi) Coin and Bullion; (vii) Private Railways and Tramways; (viii) Shipping; (ix) Agricultural and Pastoral Products; (x) Locally-manufactured Products; (xi) Mining Products (other than gold); (xii) Imported Merchandise; (xiii) Clothing and Personal Adornments; (xiv) Furniture and Fittings, Books, etc.; (xv) Motor Vehicles; (xvi) Aircraft; and (xvii) Wireless.

§ 2. Land and Improvements.

1. **Nature of Estimate.**—The estimate in respect of this item is based on the municipal valuations of the several States and represents about two-thirds of the total estimated wealth. The form in which this information would be most serviceable is that of improved capital value, but particulars of this nature are continuously available only for the whole State in the cases of Victoria, Tasmania, and for the incorporated area of South Australia. Similar information in the cases of New South Wales and Western Australia is furnished for "municipalities," but the assessments for "shires" in New South Wales and for the majority of the "road districts" in Western Australia are upon an unimproved basis. In Queensland all the assessments are based upon unimproved values, while in a few of the Western Australian road districts the figures given relate to "annual values." It is thus necessary in several cases to apply certain factors for the purpose of converting "unimproved" and "annual values" into the corresponding "improved capital values."

2. **New South Wales.**—The valuation of the municipalities of New South Wales for the year ended 31st December, 1925, furnished the following results:—

NEW SOUTH WALES.—VALUATION OF MUNICIPALITIES FOR YEAR ENDED 31st DECEMBER, 1925.

Municipalities.	Improved Capital Value.	Unimproved Capital Value.	Assessed Annual Value.	Percentage of Unimproved on Improved Capital Value.	Percentage of Assessed Annual Value on Improved Capital Value.
	£	£	£	%	%
City of Sydney ..	151,367,380	45,656,053	6,811,532	30.16	4.50
Metropolitan Municipalities ..	224,305,050	76,429,364	16,928,921	34.07	7.55
Country Municipalities ..	96,326,731	31,893,376	7,324,409	33.11	7.60
Total Municipalities..	471,999,161	153,973,793	31,064,862	32.62	6.58

In the New South Wales Statistical Register for 1925-26 (p. 176), from which the valuation figures given above have been taken, the following definitions of the three classes of valuation are furnished :—

“The *Unimproved Capital Value* is the amount which the fee-simple estate in such land is worth under such reasonable conditions as a *bona fide* seller would require, assuming the actual improvements had not been made.”

“The *Improved Capital Value* is the amount which the fee-simple estate of the land is worth, with all improvements and buildings thereon.”

“The *Assessed Annual Value* is nine-tenths of the fair average rental of land with improvements thereon.”

The total area embraced by these municipalities is 2,520 square miles, or less than 1 per cent. of the total area of the State, while the population contained therein represented 69 per cent. of the total population of the State.

With the exception of a portion of the sparsely-populated Western Land Division and the Murrumbidgee Irrigation Area, the remainder of the State is divided into shires, which cover a total area of 181,590 square miles, or 59 per cent. of the whole area of the State, the population of this portion representing about 30 per cent. of the total for the State. The unincorporated portion covers an area of 125,322 square miles, or 40 per cent. of the area of the State. Its population, however, is little more than $\frac{1}{2}$ per cent. of the total population of New South Wales.

As regards shire valuations for 1925, the unimproved capital value is available in all cases, and aggregates £148,249,203. Improved capital values which are available for twelve shires aggregate £42,952,975, the unimproved values for the same shires totalling £19,832,990, or 46.17 per cent. of the corresponding improved values. In these cases, assessed annual values were also given, aggregating £2,418,181, or 5.63 per cent. of the improved value. On the assumption that the twelve shires, quoted above as giving a percentage of 46.17 for the ratio of unimproved to improved value, may be taken as a fair sample in this respect of the shires of New South Wales, the multiplier for converting the aggregate unimproved value for shires into the corresponding improved value will be $100 \div 46.17$. Applying this factor, the improved capital value for shires works out at £321,068,288. It may be noted that the ratio of unimproved to improved capital value obtained at the War Census of 1915 for owners domiciled in New South Wales was 44.91 per cent.

In the case of the unincorporated portion of the Western Land Division, valuation data are not available, and an estimate has been made on the basis of the population of the unincorporated area taken in conjunction with the average unimproved value per head disclosed by the contiguous shires. These are the shires of Boomi, Walgett, Marthaguy, Bogan, Lachlan, Carrathool, Waradgery, Yanko, and Wakool, which, including the Murrumbidgee Irrigation Area, in 1925 had an aggregate population of 36,140, and an aggregate unimproved valuation of £13,707,180, or £379 per head. As the population of the unincorporated area of the Western Division in 1925 was about 14,600, the corresponding unimproved value would, on this basis, be £5,537,488. Particulars in respect of the ratio of “unimproved” to “improved” values are not available for this part of the State separately, but as it would be relatively high it has been taken at 60 per cent., giving an estimated improved value for the unincorporated area of £9,229,000.

Combining these results, the total for the State works out as follows :—

ESTIMATED IMPROVED CAPITAL VALUE.—NEW SOUTH WALES, 1925.

Municipalities.	Shires.	Unincorporated Area	Total.
£471,999,000	£321,068,000	£9,229,000	£802,296,000

This total represents an average of £353 per head of the population of the State at 30th June, 1925.

On the basis of the statistics and estimates here employed, the unimproved value of land for the whole of New South Wales at 30th June, 1925, represented 38.4 per cent. of the improved capital value.

3. **Victoria.**—In the case of Victoria, the particulars available relate to improved capital values, and to annual values also for all local government areas. The figures for 1924–25 are as follows :—

VICTORIA.—LOCAL GOVERNMENT VALUATIONS FOR YEAR 1924-25.

Local Government Districts.	Improved Capital Value.	Annual Value.	Percentage of Annual Value on Improved Capital Value.
	£	£	%
Cities, Towns, and Boroughs ..	288,230,793	16,388,842	5.69
Shires	251,480,405	12,588,177	5.01
Total	539,711,198	28,977,019	5.37

With the exception of French Island and Sandstone Island in Western Port Bay, the whole of Victoria is under local government. The total given above (in round numbers £539,711,000) may consequently be taken as fairly representing the total value of real property and improvements for 30th June, 1925. It averages £323 per head of the population of the State at that date.

4. **Queensland.**—The municipal valuations for Queensland relate solely to unimproved capital values, and are separately available for the year 1925 for the 12 cities, 23 towns, and 135 shires which comprise the whole area of the State, with the exception of Stradbroke Island and other islands in Moreton Bay. The particulars are as follows :—

UNIMPROVED VALUES.—QUEENSLAND, 1925.

Cities.	Towns.	Shires.	Total.
£17,038,276	£4,842,149	£52,059,980	£73,940,405

In the absence of any valuation data for Queensland indicating the relation between “unimproved” and “improved” values, use has been made of the ratio for that State obtained from a comparison of the War Census data. The ratio so obtained for owners of freehold property who were domiciled in Queensland was approximately 48 per cent. This ratio relates to the State as a whole, and in view of the varying ratios given above for municipalities and shires in New South Wales, it would clearly be inadmissible to apply the factor separately to the figures for cities, towns, and shires in the preceding table. Applying it to the total of £73,940,405 gives the improved capital value for Queensland as £154,043,000, averaging £180 per head of the population of the State at 30th June, 1925.

5. **South Australia.**—In the case of South Australia the improved capital values and the annual values of all rateable property for the year 1925 are given separately for the several corporations and district councils. The details are as follows :—

SOUTH AUSTRALIA.—LOCAL GOVERNMENT VALUATIONS, 1925.

Local Government Districts.	Improved Capital Value.	Annual Value.	Percentage of Annual Value on Improved Capital Value.
	£	£	%
Metropolitan—			
Municipal Corporations	56,009,453	2,771,039	4.95
District Councils	26,227,080	1,311,354	5.00
Country—			
Municipal Corporations	9,541,279	529,009	5.54
District Councils	59,381,452	2,969,021	5.00
Total	151,159,264	7,580,423	5.01

Of the several Australian States, South Australia has by far the largest unincorporated area. Thus, while corporations account for 101 square miles, and district councils for 48,474 square miles, the unincorporated area amounts to no less than 331,495 square miles, or 87 per cent. of the whole area of the State. This area is, however, very sparsely populated, and much of it is entirely unoccupied. At the Census of 1921 the total population of the unincorporated portion of the State was only 16,193 persons, or about 3½ per cent. of the total population of the State. In the area under country district councils for 1925, the average improved capital value of rateable property per head of population was approximately £326. Assuming this average to be applicable to the unincorporated area, and taking the population of that area at 16,000 for 1925, the estimated improved capital value for this portion of the State may be set down at £5,223,000.

The total for South Australia may thus be given as follows:—

IMPROVED CAPITAL VALUE.—SOUTH AUSTRALIA, 1925.

Municipal Corporations.	District Councils.	Unincorporated Area.	Total.
£65,551,000	£85,608,000	£5,223,000	£156,382,000

This total gives an average of £288 per head of the population of the State at 30th June, 1925.

6. Western Australia.—In this State the valuations of the municipalities are available in respect of what are termed "Capital Value, including improvements," and "Net Annual Value." The totals for the year ended 31st October, 1925, are as follows:—

WESTERN AUSTRALIA.—MUNICIPAL VALUATIONS, 1925.

Districts.	Capital Value, including Improvements.	Net Annual Value.	Percentage of Net Annual Value on Improved Capital Value.
Metropolitan Municipalities	£ 30,423,333	£ 1,597,296	% 5.25
Extra-Metropolitan	4,891,983	385,671	7.88
Total, Municipalities	35,315,316	1,982,967	5.62

In the case of the Road Districts which correspond approximately to the shires in some other States, rates are levied in part on "annual values," but mainly on "unimproved values," both bases being used in many districts. For the whole State the "annual values" recorded for the year ended 30th June, 1925, were £309,075, while the "unimproved values" for the same year totalled £18,444,720. As indicated in the preceding table, the ratio of "net annual value" to "improved capital value" works out at 7.88 per cent. for extra-metropolitan municipalities in Western Australia, but this ratio is certainly too high in the case of road districts. In the case of New South Wales the ratio for country municipalities was 7.60 per cent., while that ascertained for twelve shires for which the information was available was 5.63 per cent., or about one-fourth less. Assuming the same relation to hold between the extra-metropolitan municipalities and the road districts in Western Australia, the appropriate percentage would be three-fourths of 7.88, or 5.84. It was consequently decided to take 6 per cent. as fairly applying to the case. At the War Census of 1915 the ratio of "unimproved" to "improved" capital value in respect of property owners domiciled in Western Australia was 40.55; as this was based on a combination of town and country properties, it is probably too low for use in connexion with country properties only. The factor to be applied in converting the "unimproved values" quoted above into "improved values" has consequently been based upon a ratio of 45 per cent. As

a result of these computations the "improved capital value" for road districts has been estimated at £46,140,000. Combining these results the total for Western Australia may be stated as follows, the whole of the State being incorporated :—

IMPROVED CAPITAL VALUE.—WESTERN AUSTRALIA, 1925.

Municipalities.	Road Districts.	Total.
£35,315,000	£46,140,000	£81,455,000

This total represents an average of £221 per head of the population of the State at 30th June, 1925.

7. **Tasmania.**—For the purposes of local government, Tasmania is divided into 49 municipalities. The municipal valuations available relate to "annual values" only, but State Government valuations show total capital and unimproved values as follows :—

TASMANIA.—GOVERNMENT VALUATION OF PROPERTY, 1925.

State Government Valuations.			Municipal Annual Value.	Percentage of Annual Value on Total Capital Value.
Total Capital Value.	Unimproved Value.	Percentage of Unimproved Value on Total Capital Value.		
£49,300,516	£22,733,953	% 46.11	£2,621,913	% 5.32

The total capital value is equal to £233 per head of the population at 30th June, 1925.

8. **Territories.**—Owing to their exceptional conditions, the Northern and the Federal Capital Territories furnish no data relative to local government corresponding to that quoted above in respect of the several States. Their omission from the estimate for Australia would not seriously affect the total, but for the sake of completeness it appears desirable to include them. It has consequently been deemed appropriate to compute a figure based upon the population in each case, and taking an average value per head suggested by the State estimates. In the Northern Territory the population at 30th June, 1925, was 3,768, while the corresponding figure for the Federal Capital Territory was 4,970. The average values per head of population at 30th June, 1925, disclosed above for the several States are as follows :—New South Wales, £353; Victoria, £323; Queensland, £180; South Australia, £288; Western Australia, £221; and Tasmania, £233. In view of these averages it will probably be within the mark to assume an average of £170 per head for the Territories. This will give approximately £640,000 for the Northern Territory, and £845,000 for the Federal Capital Territory.

9. **Australia.**—Combining the results obtained in foregoing sub-sections, the results for the Commonwealth may be stated as follows in thousands of pounds :—

IMPROVED CAPITAL VALUE.—AUSTRALIA, 1925.

N.S.W.	Vic.	Q'land.	S.A.	W.A.	Tas.	N.T.	F.C.T.	Australia.
£1,000. 802,296	£1,000. 539,711	£1,000. 154,043	£1,000. 156,382	£1,000. 81,455	£1,000. 49,301	£1,000. 640	£1,000. 845	£1,000. 1,784,673

For Australia as a whole the average value per head of the population at 30th June, 1925, was £301.

§ 3. Live Stock.

1. **Numbers of Principal Classes.**—Particulars concerning the value of live stock in the several States are not directly available, but the numbers of each of the principal classes and some of the minor classes are collected annually in each State and Territory. The dates to which these records relate are not uniform, but in each case the figures used for the present purpose refer to a point of time between 31st December, 1924, and 30th June, 1925. The figures so taken for the principal classes of stock are as follows :—

NUMBERS OF PRINCIPAL CLASSES OF AUSTRALIAN LIVE STOCK, 1924-25.

Kind of Stock.	N.S.W.	Vic.	Qld.	S.A.	W.A.	Tas.	N.T.	F.C.T.	Aust.
Horses ..	646,110	473,236	659,023	255,022	175,116	37,091	45,059	1,393	2,292,050
Cattle ..	2,871,196	1,605,554	6,454,653	400,423	891,564	225,740	855,285	5,058	13,309,473
Sheep ..	46,934,210	12,649,898	19,028,252	6,359,240	6,396,564	1,614,085	6,914	165,790	93,154,953
Pigs ..	339,378	288,509	156,163	80,988	66,375	47,305	1,000	291	980,000

2. **Basis of Valuation.**—In order to arrive at a valuation of this live stock it was decided to apply mean values taken from recorded average market prices for each State. The values so adopted were as follows :—

VALUES ADOPTED FOR VALUATION OF LIVE STOCK.

Kind of Stock.	N.S.W.			Vic.			Qld.			S.A.			W.A.			Tas.			N.T.			F.C.T.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
Horses ..	11	0	0	14	8	0	6	10	0	9	10	0	20	0	0	24	10	0	6	10	0	11	0	0
Cattle ..	4	4	0	7	16	0	4	5	0	6	13	6	12	0	0	3	0	0	4	5	0	4	4	0
Sheep ..	1	10	3	1	12	5	1	0	0	1	14	9	1	16	0	1	9	0	1	0	0	1	10	3
Pigs ..	1	17	6	1	17	6	2	0	0	2	13	0	1	14	0	1	14	0	1	17	6	1	17	6

3. **Estimated Value of Principal Classes.**—On the basis of these rates the values obtained for the classes of stock quoted were as follows :—

VALUATION OF PRINCIPAL CLASSES OF AUSTRALIAN LIVE STOCK, 1924-25.

Kind of Stock.	N.S.W.	Vic.	Qld.	S.A.	W.A.	Tas.	N.T.	F.C.T.	Aust.
	£	£	£	£	£	£	£	£	£
Horses	7,107,210	6,814,598	4,233,650	2,422,709	3,502,320	908,730	292,884	15,323	25,347,424
Cattle	12,059,023	12,523,321	27,432,275	2,672,824	10,698,768	1,805,920	3,634,961	21,244	70,848,336
Sheep	70,987,993	20,503,376	19,028,252	11,049,180	11,513,815	2,340,423	6,914	250,757	135,680,710
Pigs	636,334	540,954	312,326	214,618	112,838	80,419	1,875	546	1,809,910
Total	90,790,560	40,382,249	51,056,503	16,359,331	25,827,741	5,135,492	3,936,634	287,870	233,776,380

For Australia as a whole these values average £11 1s. 2d. per head for horses, £5 6s. 6d. per head for cattle, £1 9s. 2d. per head for sheep, and £1 18s. 9d. per head for pigs.

4. **Minor Classes.**—(i) *Poultry.*—Of the minor classes of live stock, poultry is the most important, but in this case the records are very incomplete. It was ascertained in the year 1911 that the total value of poultry in Victoria amounted to 36 per cent. of the value of poultry and eggs produced in the State during that year, and in connexion

with the present estimate it is assumed that the value of poultry in each State at 30th June, 1925, also amounted to 36 per cent. of the value of poultry and eggs produced in the year 1924-25. On this basis the value obtained for the poultry was as follows :—

ESTIMATED VALUE OF POULTRY AS AT 30th JUNE, 1925.

N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	Aust.
£ 981,720	£ 1,557,466	£ 191,082	£ 413,396	£ 103,086	£ 108,000	£ 3,354,750

(ii) *Other.*—The other kinds of domestic live stock in Australia are relatively unimportant, and consist mainly of goats, camels, mules, and donkeys. For the purposes of the present estimate the values of these have been taken at 7s. 6d. per head for goats, £16 per head for camels, £15 per head for mules, and £6 per head for donkeys. On this basis the values for the several States and Territories are as follows :—

ESTIMATED VALUE OF GOATS, CAMELS, MULES, AND DONKEYS, 1924-25.

N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	Aust.
£ 17,600	£ 2,507	£ 71,988	£ 102,127	£ 182,525	£ 775	£ 34,750	£ 412,272

5. **Total Values.**—A combination of the foregoing results gives a total for Australia as follows :—

ESTIMATED TOTAL VALUE OF AUSTRALIAN LIVE STOCK, 1924-25.

N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	F. C. Ter.	Aust.
£1,000. 91,790	£1,000. 41,942	£1,000. 51,320	£1,000. 16,875	£1,000. 26,113	£1,000. 5,244	£1,000. 3,971	£1,000. 288	£1,000. 237,543

The total for Australia represents an average of £40 ls. 3d. per head of the population at 30th June, 1925.

§ 4. Agricultural, Dairying, and Pastoral Implements and Machinery.

1. **Details Recorded.**—In all the States and Territories except Victoria returns are furnished annually showing separately the value of implements and machinery (i) used mainly in general agriculture, (ii) used mainly in dairying, (iii) used mainly in pastoral pursuits, and (iv) travelling machinery.

The figures so available, and the relation of these values (i) to the area under cultivation, in the case of agricultural and travelling implements and machinery, (ii) to the number of dairy cattle, in the case of dairying implements and machinery, and

(iii) to the number of sheep, in the case of pastoral implements and machinery, are given in the following table :—

VALUES OF AGRICULTURAL, DAIRYING AND PASTORAL IMPLEMENTS AND MACHINERY, 1924.

State or Territory.	Agricultural Implements and Machinery.		Dairying Implements and Machinery.		Pastoral Implements and Machinery.		Travelling Machinery.	
	Total Value.	Value per 100 Acres under Crop.	Total Value.	Value per 100 Head of Dairy Cattle.	Total Value.	Value per 1,000 Head of Sheep.(a)	Total Value.	Value per 100 Acres under Crop.
	£	£ s. d.	£	£ s. d.	£	£ s. d.	£	£ s. d.
New South Wales	9,421,300	191 15 11	1,119,156	134 2 0	4,099,337	64 16 8	100,694	2 1 0
Queensland ..	3,705,430	346 7 1	810,930	138 13 0	1,712,640	25 19 1	156,755	14 13 1
S. Australia ..	5,946,697	167 3 3	224,834	168 3 4	495,588	58 6 11	8,330	0 4 8
W. Australia ..	3,741,891	138 0 8	77,810	127 16 1	710,769	54 10 0	146,598	5 8 2
Tasmania ..	547,642	207 10 10	108,461	154 15 8	50,576	17 13 9	97,600	36 19 9
N. Territory ..	650	190 1 2	..	..	10,000	1 9 2	5,000	..
F.C. Territory ..	6,430	272 6 10	132	31 19 3	7,484	..	..	..
Australia (exclusive of Victoria) ..	23,370,040	186 14 2	2,341,332	139 0 0	7,086,394	44 2 1	514,977	4 2 4

(a) For the purposes of this return cattle have been converted into their equivalent in sheep by multiplying by eight.

2. Estimate for Victoria.—The travelling machinery shown in the foregoing table being mainly agricultural, its total value has been shown in relation to the area under crop. As the conditions in respect of agricultural, dairying, and pastoral pursuits in Victoria are probably more closely allied to those in New South Wales than to those in any other State, it has been assumed, for the purpose of estimating the total value for Victoria, that the values per 100 acres, etc., shown above for New South Wales are applicable to the appropriate data available for Victoria. On this basis the Victorian values for 1924 have been estimated as follows :—Agricultural, £9,132,000; dairying, £1,341,000; pastoral, £1,259,000; travelling, £98,000; total, £11,830,000.

3. Aggregate for Australia.—The aggregate for Australia for 1924 may therefore be estimated as follows :—

ESTIMATED VALUE OF AGRICULTURAL, DAIRYING AND PASTORAL IMPLEMENTS AND MACHINERY, 1924-25.

N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	F. C. Ter.	Aust.
£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.
14,740	11,830	6,386	6,676	4,677	804	16	14	45,143

The total for Australia represents an average of £7 12s. 3d. per head of population as at 30th June, 1925.

§ 5. Manufacturing Plant and Machinery.

1. General.—In all the States returns are collected and tabulated annually in respect of all factories, a factory being defined as an industrial establishment in which four or more persons are employed, or in which power other than hand-power is used whatever number of persons is employed. These returns include approximate values of plant and machinery employed in such factories, and the figures for 1924-25 have been used

for the purposes of the present estimate. As, however, these figures include the value of plant and machinery employed in Government ship and boat building and repairing works (£1,341,000), and the value of that employed in railway and tramway workshops (£4,204,000), which are mainly Government establishments, a deduction has been made of such values from the annual returns. The deduction is probably somewhat in excess for railway and tramway workshops, as some are private concerns, but the excess may be considered as a set-off to the non-inclusion of the values associated with other Government enterprises of a minor character.

2. **Adjusted Values.**—Allowing for the adjustments, alluded to above, the values for Australia are given in the following table :—

APPROXIMATE VALUE OF MANUFACTURING PLANT AND MACHINERY, 1924-25.

N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	Aust.
£1,000.	£1,000.	£1,000.	£,1000.	£1,000.	£1,000.	£1,000.
39,893	31,695	13,758	7,216	4,500	6,637	103,699

The total for Australia represents £17 9s. 9d. per head of population as at 30th June, 1925.

§ 6. Mining Properties.

1. **Difficulties of Estimation.**—A reliable estimate of the value of mining properties in Australia is difficult to obtain. In connexion with the Wealth Census of 1915, a careful examination of the paid-up capital and the dividends of such companies operating as at 30th June, 1915, disclosed the fact that the paid-up capital as at that date totalled £45,874,366, and that the dividends reported for the year ended 30th June, 1915, were £1,354,805. A similar investigation in respect of the dividends for mines operating at 31st December, 1916, indicated that the total amount of the dividends paid during 1916 was £1,569,253. Writing under date December, 1913, Mr. R. L. Nash, in his "Australasian Joint Stock Companies Year-book, 1913-14," gives results for Australasia which, on the deduction of the figures stated or estimated as applicable to New Zealand, indicate for the Australian mining companies a paid-up capital of about £50,000,000, and an annual dividend of about £3,300,000, but the period to which the data relate is not stated. The figure so given for paid-up capital is only about 10 per cent. in excess of that indicated above, but the amount of dividends shown is much higher, exceeding by nearly 150 per cent. the amount computed for the year 1914-15, and by about 110 per cent. that computed for 1916. Probably the reduction in the amount of dividends was due in large measure to the dislocating effects of the war. In view of these facts, it was not deemed advisable to attempt a valuation based on the capitalization of the dividends, but the paid-up capital was taken with a deduction of 10 per cent., to allow for over capitalization, giving a valuation of £41,319,000 for 1915.

2. **Value of Mining Plant and Machinery.**—Approximate values of the mining plant and machinery of all the States except Tasmania are furnished annually by the respective State Departments of Mines. The figures given for the year 1925 for these States and for the Northern Territory are as follows, an estimate being included for Tasmania based upon returns showing the number of men employed, and the value of the output for the year :—

ESTIMATED VALUE OF MINING PLANT AND MACHINERY, 1925.

N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	Aust.
£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£,1000.
7,961	672	2,327	623	1,751	850	24	14,208

3. *Value of Mineral Production.*—The total value of the mineral production of Australia is compiled annually by the Mines Departments of the several States, the results for the year 1925 being as follows :—

VALUE OF MINERAL PRODUCTION, 1925.

N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	Aust.
£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.
16,658	1,001	2,012	1,028	2,394	1,478	22	24,593

4. *Earlier Estimates of Value of Mining Properties.*—In his estimate of the value of “mines and mining plant” for 1890, Sir T. A. Coghlan gave a total of £33,823,000, and for 1903 a total of £32,199,000. In his estimate for 1915, Sir George Knibbs gave £41,319,000, while the value deduced by the present writer for 1921 was £34,000,000, and for 1923, £36,698,000.

5. *Estimate for 1925.*—These various estimates suggest that a reasonable estimate giving a more or less appropriate distribution over the several States would be obtained by adding to the estimated value of mining plant and machinery the value of one year's mineral production. On this basis the estimated value of Mining Properties in Australia in 1925 works out as follows :—

ESTIMATED VALUE OF MINING PROPERTIES, 1925.

N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	Aust.
£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.
24,619	1,673	4,339	1,651	4,145	2,328	46	38,801

The total for Australia represents an average of £6 10s. 11d. per head of the population at 30th June, 1925.

§ 7. *Coin and Bullion.*

1. *Location of Stocks.*—The principal supplies of coin and bullion in Australia are (a) those held by the cheque-paying banks, (b) those held by the Commonwealth Bank as Australian Note Reserve, (c) those held by the Mint, and (d) those in the hands of the public.

2. *Holdings by Cheque-paying Banks.*—As regards these bank holdings, returns are furnished quarterly by all the cheque-paying banks, showing for each State and the Northern Territory the average for the quarter of the weekly recorded holdings of coin and bullion. The means of such returns for the quarters ended 30th June and 30th September, 1925, respectively are as follows :—

CHEQUE-PAYING BANKS.—AVERAGE HOLDINGS OF COIN AND BULLION.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	Aust.
	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.
Coin	13,176	9,858	2,308	1,756	1,780	605	3	29,486
Bullion	2,335	520	7	..	142	..	1	3,005
Coin and Bullion ..	15,511	10,378	2,315	1,756	1,922	605	4	32,491

The mean figures here given represent approximately the position at 30th June, 1925. As, however, they represent the face values of the several coins and the value in gold coin of the bullion held, they require to be adjusted by the application of

appropriate factors representing the currency values of the coin and bullion concerned. At 30th June, 1925, the sovereign was back to parity with the paper currency and was worth £1. In the same year the cost to the Commonwealth Treasury of silver and bronze coin issued by it was 32.45d. per oz. in the case of silver and 8.604d. per lb. in the case of bronze. The face value of silver coin is 5s. 6d. per oz., hence the ratio of metallic value to face value is 0.492. On the assumption that the total amounts of pence and half-pence in circulation are equal in face value, bronze coins having a face value of £1 weigh approximately $5\frac{1}{2}$ lb., hence the appropriate reduction factor in the case of bronze is about 0.197. Returns furnished by various banks as at 30th June, 1925, indicate that at that date the face value of the coin held by them was distributed in the following proportions:—Gold, 92.47 per cent.; silver, 7.12 per cent.; and bronze, 0.41 per cent. Taking these proportions in conjunction with the adjustment factors indicated above, the estimated banks' holdings of coin at 30th June, 1925, must be multiplied by 0.961 and the corresponding holdings of bullion, all of which is gold, by unity to reduce them to their equivalent metallic values in terms of currency.

After making the requisite calculations, the results obtained are as follows:—

**ESTIMATED METALLIC VALUE OF COIN AND BULLION HELD BY THE
CHEQUE-PAYING BANKS AT 30th JUNE, 1925.**

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	Aust.
	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.
Coin	12,662	9,474	2,218	1,688	1,711	581	3	28,337
Bullion	2,335	520	7	..	142	..	1	3,005
Total	14,997	9,994	2,225	1,688	1,853	581	4	31,342

3. Holdings by the Commonwealth Bank.—The *Commonwealth Bank Act 1920* authorized the establishment of a Note Issue Department of the Bank and the transfer to that department of the existing note issue made under the provisions of the *Australian Notes Act 1910-14*, the latter Act being repealed. The minimum gold reserve in connexion with the note issue is fixed at one-fourth of the amount of notes issued, and on 30th June, 1925, such reserve amounted to £25,841,027 face value, or 48 per cent. of the notes in circulation. The ratio of bullion value to face value of gold coin being unity at that date, the value of the reserve was £25,841,027.

4. Holdings by the Mint.—The amount held by the Mint at any given time is relatively unimportant. The accounts for the branches at Sydney, Melbourne, and Perth were made up to 31st December in each year, and showed in the "Bullion Account" the value of the bullion in store at the beginning and end of the year. For the purposes of the present estimate the mean of these for 1924 and 1925 has been taken as representing approximately the position at the 30th June, 1925.

The figures so obtained for that date for the several branches were as follow:—Sydney, £461,781; Melbourne, £8,749; Perth, £7,798.

5. Coin in Circulation.—As regards the value of coin held by the general public, there is very little definite information on which to base an estimate. Gold coin was withdrawn from circulation during the war and had not been re-issued in 1925. There is no doubt that a certain amount of hoarding of gold coin took place, but it is probable that the amount omitted by ignoring this item is not large. In the case of silver and bronze coin it was estimated in 1923 by the Deputy Master of the Melbourne branch of the Royal Mint that the amount then in circulation in Victoria had a face value of £680,812 in the case of silver coin, and of £80,379 in the case of bronze coin. These values average approximately 8s. 6d. and 1s. respectively per head of population. The total *per capita* was applied to the population of the several States and Territories as at 30th June, 1925, and an allowance was made based on the ratios of metallic to face values determined above.

On this basis the values obtained were as follows :—

ESTIMATED METALLIC VALUE OF SILVER AND BRONZE COIN HELD BY THE PUBLIC, 30th JUNE, 1925.

N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	F.C.T.	Aust.
£ 497,442	£ 365,833	£ 187,249	£ 118,917	£ 80,580	£ 46,397	£ 825	£ 975	£ 1,298,218

6. *Summary.*—Combining these particulars, the value and distribution of coin and bullion work out approximately as follows :—

ESTIMATED METALLIC VALUE OF COIN AND BULLION IN AUSTRALIA, 30th JUNE, 1925.

Particulars.	N.S.W.	Vic.	Q'land.	S.A.	W.A.	Tas.	N. Ter.	F.C.T.	Aust.
	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.
Held by banks ..	14,997	9,994	2,225	1,688	1,853	581	4	..	31,342
Treasury note reserve ..	..	25,841	..	..	..	..	..	..	25,841
Held by Mint ..	462	9	..	..	8	..	..	..	479
In hands of public ..	497	366	187	119	81	46	1	1	1,298
Total ..	15,956	36,210	2,412	1,807	1,942	627	5	1	58,960

The total for Australia represents an average of £9 18s. 11d. per head of the population at 30th June, 1925.

§ 8. Private Railways and Tramways.

1. *Private Railways.*—In all the States, the principal lines of railway are owned and worked by the several Governments, and the majority of the tramways are under the control of either the Government of the State or of municipal authorities. There are, however, in Australia in addition to the Government railways some 2,850 miles of privately-owned lines, a large proportion of this mileage being used solely for special industrial purposes, such, for example, as coal lines in New South Wales, sugar lines in Queensland, and timber lines in Western Australia. Of the private lines used for general traffic, the most extensive are the Midland Railway (277 miles) in Western Australia, the Lucinda Point Railway (59½ miles) in Queensland, the Emu Bay Railway (103 miles) in Tasmania, and the Silverton Tramway (36½ miles) in New South Wales.

2. *Private Tramways.*—Electric tramways are run by private companies at Ballarat, Bendigo, and Geelong in Victoria, and at Kalgoorlie in Western Australia. There is also a privately-owned steam tramway in New South Wales.

3. *Summary.*—In the absence of any valuations of the several private lines, the cost of construction has been taken as the value for the purposes of the present return and is as follows :—

ESTIMATED VALUE OF PRIVATE RAILWAYS AND TRAMWAYS, 1925.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	Aust.
	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.
Private Railways—							
General Traffic ..	2,804	87	866	215	2,065	1,310	7,347
Special Purposes	935	102	2,573	48	2,308	156	6,122
Private Tramways	5	376	..	..	452	..	833
Total ..	3,744	565	3,439	263	4,825	1,466	14,302

The total for Australia represents an average of £2 8s. 3d. per head of the population at 30th June, 1925.

§ 9. Shipping.

1. **Vessels on Australian Registers.**—Particulars in respect of vessels owned in Australia appear on the Australian Shipping Registers. A summary of information obtained in respect of the number and net tonnage as at 30th June, 1925, is given in the following table:—

VESSELS ON AUSTRALIAN REGISTERS AT 30th JUNE, 1925.

Particulars.	No.	Net Tonnage.	Average Tonnage per Vessel.
		Tons.	Tons.
Steam—			
Dredges and Tugs	96	3,289	34
Other Vessels	901	293,340	325
Sailing—			
Fitted with auxiliary power	328	8,805	26
Other Vessels	893	29,030	32
Barges, Hulks, Dredges, etc. (not self-propelled)	166	50,544	304
Total	2,384	385,008	161

2. **Average Value per Net Ton.**—For the purposes of the present estimate, a request was made to some of the leading ship-owners for an approximate value per net ton as at 30th June, 1925, applicable to the different types of vessels on the register. This information was courteously furnished by those to whom application was made.

3. **Total Value.**—For the purposes of local allocation, the vessels registered in the several States and in the Northern Territory have been treated as domiciled therein, and the estimated value in each case is as follows:—

ESTIMATED VALUE OF SHIPPING REGISTERED, 30th JUNE, 1925.

N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	Aust.
£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.
3,978	3,156	416	995	302	376	7	9,230

The total for Australia represents an average of £1 11s. 2d. per head of the population at 30th June, 1925.

§ 10. Products of Local Industry.

1. **Agricultural and Pastoral.**—Whatever the point of time in respect of which an estimate of wealth is being prepared, there will, in any agricultural and pastoral community, always be a proportion of the previous season's production in the hands of the producers and dealers. In addition, there will usually at such a time be a greater or less amount of work performed, seed sown, etc., in respect of the succeeding harvest. In the case of Australia, there is also a large value attachable to the wool clip, which is being shorn as at the 30th June in any year. To allow for these several factors, it has been assumed that the value of agricultural and pastoral products in the hands of producers and dealers at 30th June, 1925, plus the value of work done, etc., for the ensuing season, may be taken at one-half the value of the agricultural production for the season 1924-25 plus 90 per cent. of the wool clip of the year 1925. The estimate which has

been made above in respect of sheep may be treated as value "off the shears." No allowance has been made for stocks of meat, butter, tallow, skins, hides, etc., held locally. The value obtained is as follows :—

**ESTIMATED VALUE OF AGRICULTURAL AND PASTORAL PRODUCTS
AS AT 30th JUNE, 1925.**

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aus.	Tas.	N. Ter.	F.C.T.	Aust.
	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.
Agricultural ..	18,011	13,862	6,996	7,659	5,605	1,403	2	10	53,548
Pastoral ..	34,327	10,716	13,085	5,054	3,910	1,324	2	..	68,418
Total ..	52,338	24,578	20,081	12,713	9,515	2,727	4	10	121,966

The total for Australia represents an average of £20 11s. 5d. per head of the population at 30th June, 1925.

2. **Local Manufactures.**—The value of the output of manufacturing establishments is collected and tabulated annually in the several States, and for the year 1924–25 totalled £380,843,986 for the whole of Australia. Of this, however, the railway and tramway workshops, docks, and shipbuilding yards, which are largely owned by various Governments are responsible for £14,027,262. This amount has consequently been deducted to reduce the total to a "private" basis in each State. For the purposes of the present estimate it has been assumed that one-sixth of the year's output would be in the hands of merchants and dealers at 30th June, 1925, and that the same proportion of the year's output would be in the hands of the manufacturers in the form of (a) completed articles, (b) partly manufactured goods, or (c) raw materials. The estimate for the holdings of all parties will thus be as follows :—

**ESTIMATED VALUE OF LOCALLY MANUFACTURED PRODUCTS HELD
AT 30th JUNE, 1925.**

N.S.W.	Victoria.	Queensland.	S. Australia.	W. Australia.	Tasmania.	Australia.
£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000
50,793	38,269	16,031	10,249	4,364	2,566	122,272

The total for Australia represents an average of £20 12s. 5d. per head of the population at 30th June, 1925.

3. **Mining Products.**—Many of the products of mining in Australia are in the hands of manufacturers and banks, or are exported at a relatively early date after their extraction. This is particularly the case with gold. Probably the mineral most extensively held after extraction and before manufacture, consumption, export, etc., is coal. In the United States estimate it was assumed that at 31st December a quantity of coal equal to the whole of that mined during the year was in hand. Such an estimate would be far too high for Australia. For the purpose of the present estimate, it has been assumed that at 30th June, 1925, no gold was in the hands of the mining companies, and that the value of the other minerals so held was one-sixth of the total production of such minerals for the year 1925. Returns of the quantity and value of all minerals produced are collected and published annually by the Mines Departments of the several States.

The values ascertained in the manner indicated above are as follow :—

**ESTIMATED VALUE OF MINERAL STOCKS (OTHER THAN GOLD),
30th JUNE, 1925.**

N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	Aust.
£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.
2,763	133	303	171	87	244	3	3,704

The total for Australia represents an average of 12s. 6d. per head of the population at 30th June, 1925.

§ 11. Merchandise and Personal Effects.

1. **Imported Merchandise.**—During the year ended 30th June, 1925, the total oversea importations of merchandise into Australia were valued at £157,143,296. For the purposes of the present estimate it has been assumed that at 30th June, 1925, the value of such merchandise in bonded warehouses, and in the hands of traders, was one-half of the total value, or in round numbers £78,572,000. Owing to the absence of interstate trade statistics, it is impossible accurately to allocate these importations to their States of ultimate destination. Figures are available showing the values of oversea merchandise directly delivered in each of the States, but as certain of the States, more particularly New South Wales and Victoria, import extensively for the purpose of subsequent distribution to other States, it is clear that an estimate based on direct importation oversea would misrepresent the ultimate distribution. The total of £78,572,000 mentioned above has consequently been allocated to the several States and Territories on a population basis, the results being as follows :—

**ESTIMATED VALUE OF IMPORTED MERCHANDISE ON HAND,
30th JUNE, 1925.**

N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	F.C.T.	Aust.
£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.
30,107	22,141	11,333	7,197	4,877	2,808	50	59	78,572

The Australian total represents an average of £13 5s. 0d. per head of the population at 30th June, 1925.

2. **Clothing and Personal Adornment.**—Under this head may be included all articles of wearing apparel, watches, jewellery, etc., in the hands of the public. Articles of this nature in bonded warehouses or in the hands of traders have been already accounted for under preceding heads. The item is one of some importance, but unfortunately there are no means readily available for making a reliable estimate of the value involved. It has consequently been assumed that an average of £5 per head of the population at 30th June, 1925, might be taken as a figure which at all events does not exaggerate the position. The result so obtained is as follows :—

ESTIMATED VALUE OF CLOTHING AND PERSONAL ADORNMENT, 30th JUNE, 1925.

N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	F.C.T.	Aust.
£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.
11,360	8,354	4,276	2,715	1,840	1,059	18	24	29,646

3. Furniture, Fittings, etc.—Under this head an estimate is given in respect of (i) household furniture and fittings, (ii) books, (iii) pictures and china, (iv) musical instruments, (v) sewing machines, (vi) kitchen utensils, (vii) fancy goods, etc., etc. As in the case of the preceding item, the materials available for an estimate are meagre. It is evident, however, that the wealth represented by the items coming under this head must be considerable.

The estimate was made in the following manner:—The Census of 4th April, 1921, furnished the number of occupied dwellings in each State and Territory, to which values per dwelling as shown in the following statement were applied after consideration of previous valuations and relative increases in values:—

OCCUPIED DWELLINGS AND VALUE OF CONTENTS.—CENSUS OF 1921.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	F.C.T.
Number of occupied dwellings ..	433,188	331,233	160,196	107,918	73,550	45,818	1,074	526
Estimated value of contents per occupied dwelling ..	£100	£100	£75	£100	£75	£75	£40	£75
Estimated value per head of census population ..	£20.62	£21.63	£15.89	£21.80	£16.58	£16.07	£11.11	£15.34

As the number of dwellings in 1925 was not available, the amount per head shown above was multiplied into the population, giving the following results, viz.:—

ESTIMATED VALUE OF FURNITURE, ETC., AS AT 30th JUNE, 1925.

N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	F.C.T.	Aust.
£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.
46,847	36,141	13,539	11,840	6,102	3,405	42	68	118,034

The total for Australia represents an average of £19 18s. 2d. per head of the population at 30th June, 1925, or £93 3s. 3d. per occupied dwelling on the 1921 Census average of 4.63 inmates per occupied dwelling.

§ 12. Vehicles, Aircraft, and Wireless.

1. Motor Vehicles.—The registration of motor vehicles is compulsory in all the States, and establishes a record of the numbers of such vehicles in use, which, at 30th June, 1925, were as follows:—

NUMBER OF MOTOR VEHICLES REGISTERED, 30th JUNE, 1925.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	Aust.
	No.	No.	No.	No.	No.	No.	No.	No.
Motor Cars ..	71,610	63,041	31,614	30,381	11,845	5,844	106	214,441
Commercial Vehicles ..	16,267	7,150	2,000	4,665	2,180	829	25	33,116
Motor Cycles ..	20,062	19,212	4,805	7,872	3,447	2,650	31	58,079
Total ..	107,939	89,403	38,419	42,918	17,472	9,323	162	305,636

Some of these vehicles belong to the Federal and State Governments, but their number is so small relatively that the valuation is not appreciably affected thereby. The average values have been taken at £275 for cars, £60 for cycles, and £200 for commercial vehicles. The application of these values to the numbers shown above produce estimated total values as follows:—

ESTIMATED VALUE OF MOTOR VEHICLES, 30th JUNE, 1925.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	Aust.
	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.
Motor Cars ..	19,693	17,336	8,694	8,355	3,257	1,607	29	58,971
Commercial Vehicles ..	3,253	1,430	400	933	436	166	5	6,623
Motor Cycles ..	1,204	1,153	288	472	207	159	2	3,485
Total ..	24,150	19,919	9,382	9,760	3,900	1,932	36	69,079

The total for Australia represents an average of £11 13s. 0d. per head of the population at 30th June, 1925.

2. **Other Vehicles.**—With the increasing use of motor vehicles there is a decline in the number of horse-drawn vehicles in use. Data concerning the number and value of these are not available, and fairly large numbers have already been included in various parts of the foregoing estimate under such heads as “Machinery and Plant” and “Implements and Machinery.” It is probable that as an offset to the number not so taken into account, the record given in sub-para. 1 above contains particulars of some motor vehicles already included elsewhere under more general heads. In these circumstances it has been considered desirable to exclude from the valuation any estimate for horse-drawn vehicles.

Ordinary row-boats, sail-boats, yachts, and small motor-propelled boats constitute another item in respect of which details as to number and value are not available.

3. **Aircraft.**—The number of aircraft registered in the various States and their estimated value as stated in the main by the registered owners, and, in such minor instances where the information was not furnished, by estimate, are as follows:—

AIRCRAFT.—PARTICULARS FOR YEAR ENDED 30th JUNE, 1925.

Particulars.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	Aust.
Aeroplanes—							
No. ..	5	21	14	2	12	..	54
Value ..	£4,500	£26,750	£11,150	£1,350	£15,000	..	£58,750

4. **Wireless Stations, Apparatus, etc.**—Particulars of the number and value of wireless stations in Australia for which licences were in force in 1924–25 are given in the following tables. The word “station” is here used in its technical sense in which it includes broadcast listening sets as well as the more elaborate “stations.” The values have been supplied by the Chief Inspector of Wireless, Postmaster-General’s Department.

WIRELESS STATIONS, ETC.—AUSTRALIA, 1924-25.

Class of Station.	No. of Stations.	Estimated Value.	
		Per Station.	Aggregate.
		£	£
Coast	17	5,000	85,000
Ship	121	800	96,800
Land	2	600	1,200
Broadcasting—			
Class A	7	7,000	49,000
Class B	13	600	7,800
Broadcast listeners ¹	63,403	15	951,045
Experimental—			
Transmitting	211	75	15,825
Receiving	504	25	12,600
Total	64,278	..	1,219,270

The aggregate values of the stations located in each of the States and in the Northern Territory were as follows:—

WIRELESS STATIONS, ETC.—VALUE, STATES, 1924-25.

Class of Station.	N.S.W.	Vic.	Q'land.	S. Aust.	W. Aust.	Tas.	N. Ter.	Aust.
	£	£	£	£	£	£	£	£
Coast	5,000	5,000	25,000	5,000	25,000	15,000	5,000	85,000
Ship	26,400	46,400	8,000	12,800	2,400	800	..	96,800
Land .. .. .	..	..	..	..	..	600	600	1,200
Broadcasting—								
Class A	14,000	14,000	7,000	7,000	7,000	..	..	49,000
Class B	3,000	1,800	2,400	600	..	..	..	7,800
Broadcast listeners ¹	518,970	302,505	18,180	49,785	53,220	8,355	30	951,045
Experimental—								
Transmitting	5,850	4,350	1,875	1,800	1,050	900	..	15,825
Receiving	5,900	3,900	1,000	800	725	275	..	12,600
Total	579,120	377,955	63,455	77,785	89,395	25,930	5,630	1,219,270

§ 13. Summary of Private Wealth, 1925.

1. Results.—On combining the detailed estimates given in the preceding section, the total value of private wealth existing in Australia, exclusive of private interests in national and communal property, is found to be approximately 2,832 millions sterling, or £478 per head of the population of Australia at 30th June, 1925. As pointed out in sub-para. 2 immediately following, a comparison of this estimate with one based on a wealth Census or on private returns is not satisfactory unless there be added to the inventory estimate an allowance for the local holdings of Commonwealth, State, and Municipal securities, all of which are brought to account in the Census and probate methods. At the 30th June, 1925, the total amount so held was approximately 550 millions sterling, making with the sum quoted above a total of 3,382 millions.

A summary of the values obtained is furnished in the following table:—

**ESTIMATE OF THE PRIVATE WEALTH OF AUSTRALIA AS AT 30th JUNE, 1925,
BASED ON THE INVENTORY METHOD OF ESTIMATION.**

Class of Property.	N.S.W.	Vic.	Q'land.	S.A.	W.A.	Tas.	N.T.	F.C.T.	Aust.
	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.
(i) Land and Improvements	802,296	539,711	154,043	156,382	81,455	49,301	640	845	1,784,673
(ii) Live Stock	91,790	41,942	51,320	16,875	26,113	5,244	3,971	288	237,543
(iii) Agricultural, Dairying and Pastoral Implements and Machinery	14,740	11,830	6,386	6,676	4,677	804	16	14	45,143
(iv) Manufacturing Plant and Machinery	39,893	31,695	13,758	7,216	4,500	6,637	..	..	103,699
(v) Mining Properties (including Plant and Machinery)	24,619	1,673	4,339	1,651	4,145	2,328	46	..	38,801
(vi) Coin and Bullion	15,956	36,210	2,412	1,807	1,942	627	5	1	58,960
(vii) Private Railways and Tramways	3,744	565	3,439	263	4,825	1,466	..	..	14,302
(viii) Shipping	3,978	3,156	416	995	302	376	7	..	9,230
(ix) Agricultural and Pastoral Products	52,338	24,578	20,081	12,713	9,515	2,727	4	10	121,966
(x) Locally Manufactured Products	50,793	38,269	16,031	10,249	4,364	2,566	..	..	122,272
(xi) Mining Products (other than gold)	2,763	133	303	171	87	244	3	..	3,704
(xii) Imported Merchandise	30,107	22,141	11,333	7,197	4,877	2,808	50	59	78,572
(xiii) Clothing and Personal Adornments	11,360	8,354	4,276	2,715	1,840	1,059	18	24	29,646
(xiv) Furniture and Fittings, Books, etc.	46,847	36,141	13,589	11,840	6,102	3,405	42	68	118,034
(xv) Motor Vehicles	24,150	19,919	9,382	9,760	3,900	1,932	36	..	69,079
(xvi) Aircraft	5	27	11	1	1	..	..	..	59
(xvii) Wireless Stations	579	378	63	78	88	26	6	..	1,219
Total	1,215,958	816,722	311,182	246,589	158,748	81,550	4,844	1,309	2,836,902
Population at 30th June, 1925 (in thousands)	2,271.9	1,670.9	855.2	543.1	368.0	211.9	3.8	4.5	5,929.3
Private Wealth per head	£535	£489	£364	£454	£431	£385	£1,286	£294	£478

2. **Significance of Results.**—For the sake of avoiding any possible misunderstanding of the significance of the above figures, it may be well to state again here that they represent an estimate of the value of all the private material wealth existing in Australia at 30th June, 1925, whether such wealth was owned by Australian residents or not. Property situated outside Australia, but owned by Australian residents, is not included, and immaterial wealth such as title deeds, mortgage deeds, debentures, etc., is not, as such, included at all, the estimate being based entirely on the material private wealth itself, not in any way upon the individual titles thereto. Communal wealth in the sense of the property of Commonwealth and State Governments, and of the various local governing bodies, is not included, nor has any allowance been made for the fact that private investors are to a very large extent monetarily interested in such property in consequence of advances made by them by way of public and municipal loans.

§ 14. Earlier Inventory Estimates of Private Wealth in Australia.

1. **Estimates for 1890 and Earlier Years.**—The earliest estimate of this nature made in respect of Australia appears to be that made in 1892 by Mr. (later Sir) T. A. Coghlan, who, at the time, was Government Statistician of the State of New South Wales. Particulars of this estimate were embodied in a paper read before the Australasian Association for the Advancement of Science at its Hobart session in 1892, and were subsequently published in the 1892 issue of Coghlan's "Seven Colonies of Australasia." The estimate relates not only to Australia, but includes figures for New Zealand, and furnishes, in addition, aggregates but not details in respect of Australasia for 1813, 1838, and 1863. As the settlement of New Zealand in a permanent manner dates from 1840, the figures for 1813 and 1838 are necessarily purely Australian, while for 1890 the estimate for New

Zealand is shown in detail. In the case of 1863, however, the only figures furnished are those relating to "Australasia." For the purpose of comparing the Australian figures for the several years mentioned, it has been assumed here that in the estimate for 1863 the private wealth per head of population was the same in New Zealand as in Australia. With this adjustment, Coghlan's estimates of private wealth in Australia for the years in question may be stated as follows, the average amount per head of mean population being also shown :—

COGHLAN'S ESTIMATE OF AUSTRALIAN PRIVATE WEALTH, 1813 TO 1890.

Year.	1813.	1838.	1863.	1890.
Aggregate amount ..	£1,000,000	£26,000,000	£160,000,000 ^a	£1,019,242,000
Mean Population ..	13,293	143,178	1,233,106	3,106,917
Average per head of Mean Population	£75	£182	£130	£328

(a) Adjusted. See letterpress above.

In later issues of "The Seven Colonies of Australasia" the figures for 1890 have been omitted, and an estimate for 1888 has been substituted, presumably with the object of making equal intervals of 25 years between the successive estimates. The figures, however, are given for "Australasia," not for Australia and New Zealand separately. The total shown is £1,015,000,000, or £154,434,000 less than the "Australasian" total for 1890. Assuming this rate of reduction to have applied equally to Australia and New Zealand, the figure for Australia for 1888 would work out at about £885,000,000, or £302 per head of mean population.

The following table shows the estimate for 1890 under eight classes of private wealth for Australia as a whole, particulars having been added showing the relative size of each class, and the amount per head of mean population :—

COGHLAN'S ESTIMATE OF PRIVATE WEALTH IN AUSTRALIA IN 1890.

Classification of Wealth.	Aggregate Amount.	Percentage on Total.	Average Amount Per Head of Mean Population.
	£	%	£ s. d.
Land, Houses and Permanent Improvements ..	721,303,000	70.77	232 3 2
Live Stock	102,952,000	10.10	33 2 9
Coin and Bullion	28,809,000	2.82	9 5 5
Merchandise	44,722,000	4.39	14 7 11
Household Furniture and Personal Property ..	52,863,000	5.19	17 0 3
Shipping	5,210,000	.51	1 13 7
Mines and Mining Plant	33,823,000	3.32	10 17 9
Plant employed in Agricultural, Manufacturing and other Industries not elsewhere included ..	29,560,000	2.90	9 10 3
Total	1,019,242,000	100.00	328 1 1

2. Estimates for 1903 and Earlier Years.—Further estimates of the private wealth of Australasia were prepared by Coghlan in respect of the years 1899, 1901, and 1903, and published in his "Seven Colonies of Australasia," and his "Statistical Account of Australia and New Zealand." The particulars in respect of the method of estimating are less complete than is the case with the estimate for 1890, but evidently they were made upon principles very similar in character. For the purposes of the present review it will be sufficient to consider in detail the latest of these, viz., that for 1903. The classes of wealth adopted differ slightly from those used in the 1890 estimate, the main alteration being the separation of "Land" from "Houses and Permanent Improvements," and the separation of "Personal Effects" from "Furniture and Household Goods and

Effects," thus increasing the number of classes to ten in place of the eight classes used in the estimate for 1890. The other classes were in some instances slightly altered in title, but were apparently little changed otherwise. The aggregate obtained for Australia is that shown in the succeeding table, columns having been added to show relative distribution and values per head.

COGHLAN'S ESTIMATE OF PRIVATE WEALTH IN AUSTRALIA FOR 1903.

Classification of Wealth.	Aggregate Amount.	Percentage on Total.	Average Amount Per Head of Mean Population.	
			£	s. d.
Land	£ 373,679,000	38.04	95	19 7
Houses and Permanent Improvements ..	310,265,000	31.60	79	13 10
Live Stock	96,915,000	9.86	24	17 10
Furniture and Household Goods and Effects ..	30,899,000	3.15	7	18 9
Personal Effects	12,464,000	1.27	3	4 0
Machinery and Implements of Trade (excluding Mining Machinery)	33,495,000	3.45	8	12 1
Shipping	6,359,000	.65	1	12 8
Mining Properties and Plant	32,199,000	3.27	8	5 5
Merchandise and Produce on Hand	59,640,000	6.06	15	6 4
Coin and Bullion	26,064,000	2.65	6	13 11
Total	981,979,000	100.00	252	4 5

§ 15. Comparison of Earlier Estimates with those for more Recent Dates.

1. Aggregate Amounts.—For the purpose of comparing the estimates made in respect of the years 1903, 1915, 1921, 1923, and 1925, the following table, based on the classification adopted in 1890, has been prepared:—

COMPARISON OF ESTIMATES FOR 1903, 1915, 1921, 1923, AND 1925.

Classification of Wealth.	Aggregate Amount of Private Wealth.				
	1903. (Coghlan).	1915. (Knibbs).	1921. (Wickens).	1923. (Wickens).	1925. (Wickens).
Land, Houses and Permanent Improvements ..	£1,000.	£1,000.	£1,000.	£1,000.	£1,000.
Live Stock	683,944	1,105,637	1,361,269	1,558,747	1,784,673
Coin and Bullion	96,915	100,391	158,833	194,497	237,543
Merchandise and Produce on Hand	26,064	44,379	61,216	46,058	58,960
Household Furniture and Personal Property	59,640	147,948	259,901	260,070	326,514
Shipping	43,363	91,938	163,744	182,024	216,818
Mines and Mining Plant	6,359	13,331	7,243	8,992	9,230
Plant, Machinery, etc., not elsewhere included	32,199	41,319	34,000	36,698	38,801
	33,495	74,574	119,655	135,956	164,363
Total	981,979	1,619,517	2,165,861	2,423,042	2,836,902

The estimate for 1915 showed in every item a substantial advance on that for 1903. The largest increase was that of £421,693,000 in the value of "Land, Houses and Permanent Improvements," while for all classes of wealth an advance of £637,538,000 was shown.

In the estimate of 1903, values were adversely affected by the collapse in land values in the early nineties, followed and accentuated by the banking crisis of 1893. A series of unfavourable seasons which followed added to the general depression, a condition which was only slightly relieved by the discovery and development of the Western Australian goldfields in 1893-1897. A further unfavourable influence was the drought of 1902-3, which proved to be one of the most severe experienced in Australia.

With two exceptions, viz., (a) Shipping, and (b) Mines and Mining Plant, the estimate for 1921 showed a marked increase over that for 1915, the total increase for the six years being upwards of £546,000,000, of which £256,000,000 was accounted for in the item "Land and Improvements."

The estimate for 1923 exceeded that for 1921 by £260,000,000, of which "Land and Improvements" accounted for £197,000,000. With the exception of "Coin and Bullion," each item for 1923 exceeded the corresponding item for 1921, "Merchandise and Produce on Hand," however, being almost identical in the two years.

In the case of 1915 it should be noted that since 1896 there has been a fairly continuous upward trend in the world's prices for practically all commodities, accompanied in Australia by a marked recovery in the values of real estate. This rise in the prices of commodities was very marked from 1905 onwards, and was accentuated by the outbreak of war in 1914.

The marked increase in many items for the year 1921 over the corresponding items for 1915 was to some extent due to the change in price levels which occurred between those dates, but in the absence of satisfactory index-numbers concerning real estate and some other items it is impossible to make an appropriate allowance for this factor.

As indicated above, more than 75 per cent. of the increase recorded for 1923 over 1921 was due to increase in values of real estate, the only other extensive increase being that of £36,000,000 in the case of live stock.

Between 1923 and 1925 the total increase amounted to £413,860,000, towards which "Land, Houses and Permanent Improvements" contributed £225,926,000, "Merchandise and Produce on Hand" £66,444,000, and "Live Stock" £43,046,000. The largest proportionate increases were in the classes "Merchandise and Produce on Hand" 25.55 per cent., and "Live Stock" 22.13 per cent. During the two years the prices for Australian products showed a slight increase.

2. *Distribution of Private Wealth according to Class.*—The following table furnishes a comparison of the relative distribution of wealth according to class for the estimates dealt with above:—

RELATIVE DISTRIBUTION OF PRIVATE WEALTH.

Classification of Wealth.	Percentage on Estimated Total.				
	1903. (Coghlan). %	1915. (Knibbs). %	1921. (Wickens). %	1923. (Wickens). %	1925. (Wickens). %
Land, Houses, and Permanent Improvements ..	69.64	68.27	62.85	64.33	62.91
Live Stock ..	9.86	6.20	7.33	8.03	8.37
Coin and Bullion ..	2.65	2.74	2.83	1.90	2.08
Merchandise and Produce on Hand ..	6.06	9.14	12.00	10.73	11.51
Household Furniture and Personal Property ..	4.42	5.68	7.56	7.51	7.64
Shipping ..	0.65	0.82	0.33	0.37	0.33
Mines and Mining Plant ..	3.27	2.55	1.57	1.52	1.37
Plant, Machinery, etc., not elsewhere included ..	3.45	4.60	5.53	5.61	5.79
Total ..	100.00	100.00	100.00	100.00	100.00

An interesting feature of this comparison is the very high proportion in each case which is represented by property in the form of "Land, Houses and Permanent Improvements," ranging from 69.64 per cent. in the 1903 estimate to 62.85 per cent. in that for 1921.

The decline in this item between 1903 and 1925, and especially between 1915 and 1921, suggests that the rise in price levels so much in evidence from 1896 onwards had been less marked in the case of real estate than with other items, while the movement forward between 1921 and 1923 suggests that in this later period the price-level for real estate had not suffered the set-back experienced by commodities. This is borne out by evidence from other quarters.

An interesting feature of this table is the fact that the variations in the proportions represented by "Land, Houses and Permanent Improvements" are largely counter-balanced by variations in the opposite direction in "Merchandise and Produce on Hand," and that, in consequence, the proportion for these two classes combined is a fairly constant quantity. Thus for 1903 it was 75.70 per cent; for 1915, 77.41 per cent.; for 1921, 74.85 per cent.; for 1923, 75.06 per cent.; and for 1925, 74.42 per cent.

In general the changes in the proportions represented by the several classes other than the two mentioned are not striking, those most outstanding being the continuously downward movement in the proportion represented by "Mines and Mining Plant" and the continuously upward movement in "Plant, Machinery, etc."

3. **Private Wealth per Head in each Class.**—Another comparison of importance in this matter is the amount per head of mean population for the years in question, represented by the several items. This is furnished in the succeeding table:—

**PRIVATE WEALTH PER HEAD OF POPULATION, 1903, 1915,
1921, 1923, AND 1925.**

Classification of Wealth.	Average Wealth per Head.				
	1903. (Coghlan.)	1915. (Knibbs.)	1921. (Wickens.)	1923. (Wickens.)	1925. (Wickens.)
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Land, Houses and Permanent Improvements ..	175 13 5	223 7 0	249 8 5	274 0 9	300 17 11
Live Stock	24 17 10	20 5 7	29 2 1	34 3 10	40 1 0
Coin and Bullion	6 13 11	8 19 4	11 4 4	8 1 11	9 18 10
Merchandise and Produce on Hand	15 6 4	29 17 9	47 12 5	45 14 5	55 1 0
Household Furniture and Personal Property ..	11 2 9	18 11 6	30 0 0	32 0 0	36 11 1
Shipping	1 12 8	2 13 10	1 6 6	1 11 8	1 11 1
Mines and Mining Plant ..	8 5 5	8 7 0	6 4 7	6 9 1	6 10 10
Plant, Machinery, etc.. not elsewhere included ..	8 12 1	15 1 3	21 18 6	23 18 0	27 14 3
Total	252 4 5	327 3 3	396 16 10	425 19 8	478 6 0

In the 1915 estimate the average per head is greater than that for 1903 in all the classes except live stock, the total per head giving an advance of £74 18s. 10d.

A comparison of the results per head for 1921 with those for 1915 indicates a total increase of £69 13s. 7d. per head for the six years. To this all classes contributed except "Shipping," which showed a decline of £1 7s. 4d. per head, and "Mining," which declined to the extent of £2 2s. 5d. per head. "Land and Improvements" increased by £26 1s. 5d. per head.

The increase per head for 1923 over the record for 1921 was £29 2s. 10d. for the two years. There were increases in all classes except "Coin and Bullion," which showed a decline of £3 2s. 5d. per head, and "Merchandise, etc.," where the falling off amounted to £1 18s. per head. "Land and Improvements" increased by £24 12s. 4d. per head.

Between 1923 and 1925 all classes increased in value per head of population except "Shipping," which recorded the relatively small decline of 7d. The principal increases per head were in "Land, Houses and Permanent Improvements," £26 17s. 2d., and in "Merchandise and Produce on Hand," £9 6s. 7d. The total increase per head over the two years was £52 6s. 4d.