

CHAPTER XV.

PUBLIC FINANCE.

NOTE.—The subject of “Public Finance” is dealt with in this Chapter under the two major divisions of Commonwealth Finance and State Finance. The close financial relations between the Commonwealth and States, however, particularly since the Financial Agreement has been in operation, demand a combination of these two divisions under the heading of Commonwealth and State Finance. In view of their importance a separate division relating to taxes on income has been included.

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 Sections 81 to 105A of the Commonwealth Constitution (*see* pages 20–23 of this issue). 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, and Section 51, in outlining the powers of the Commonwealth Parliament, implies the transfer or creation of other departments. Section 87 deals with the financial relations between the Commonwealth and the States. These matters have been treated in previous issues of the Official Year Book and on pages 633–639 of this issue a *résumé* is given of the constitutional obligations upon the Commonwealth regarding payments to the States.

The majority of the tables relating to Commonwealth Finance have been compiled from the annual Budget Papers as presented to Parliament by the Treasurer of the Commonwealth.

2. **Accounts of Commonwealth Government.**—The Commonwealth Government, like the State Governments, bases its accounts upon three funds, the Consolidated Revenue Fund, the Trust Fund and the Loan Fund, the last-mentioned fund coming into existence in the financial year 1911–12.

§ 2. Consolidated Revenue Fund.

Division I.—Nature of Fund.

1. **Provisions of the Constitution.**—The provisions made for the formation of a Commonwealth Consolidated Revenue Fund, and the means to be adopted for operating on the fund, are contained in Sections 81 to 83 of the Constitution (*see* page 20 of this issue).

2. **Annual Results of Transactions.**—The following statement shows, for the period 1927–28 to 1946–47, the receipts, expenditure and excess receipts or deficiency for each year, together with the accumulated result and the payments made from the excess receipts.

The receipts and expenditure on account of the balance of interest on States' Debts payable by the States to the Commonwealth under the Financial Agreement have been excluded.

COMMONWEALTH CONSOLIDATED REVENUE : RECEIPTS, EXPENDITURE, ETC.

Year.	Receipts.	Expenditure.	Ordinary Transactions.		Payments from Excess Receipts.	Accumulated Result.	
			Excess Receipts.	Deficiency.		Excess Receipts.	Deficiency. (a)
			£	£		£	£
1927-28	73,808,227	76,438,464	..	2,630,237	b2,820,000	..	2,628,743
1928-29	74,894,799	77,253,774	..	2,358,975	..	..	4,987,718
1929-30	77,143,389	78,614,392	..	1,471,003	..	..	6,458,721
1930-31	60,566,920	80,324,539	..	10,757,619	..	..	17,216,340
1931-32	71,532,298	70,218,207	1,314,091	..	..	1,314,091	17,216,340
1932-33	73,512,809	59,966,201	3,546,608	..	..	4,860,699	17,216,340
1933-34	73,941,953	72,640,383	1,301,570	..	..	6,162,260	17,216,340
1934-35	77,369,105	76,657,900	711,205	..	c6,160,000	713,474	17,216,340
1935-36	82,203,341	78,635,621	3,567,720	..	(c)713,474	3,567,720	17,002,866
1936-37	82,807,977	81,531,419	1,276,558	..	c3,567,720	1,276,558	15,935,146
1937-38	89,458,154	85,903,421	3,494,733	..	c1,276,558	3,494,733	15,658,588
1938-39	95,064,790	94,437,481	627,309	..	c3,494,733	627,309	15,658,588
1939-40	111,913,784	108,985,409	2,928,375	..	(c)627,309	2,928,375	15,658,588
1940-41	150,482,306	150,482,306	..	..	c2,928,375	..	15,658,588
1941-42	210,040,969	210,040,969	..	..	..	..	15,658,588
1942-43	294,459,156	294,459,156	..	..	..	..	15,658,588
1943-44	342,188,160	342,188,160	..	..	..	..	15,658,588
1944-45	376,854,101	376,854,101	..	..	..	..	15,658,588
1945-46	390,780,401	390,780,401	..	..	..	..	15,658,588
1946-47	131,256,307	131,256,307	..	..	..	..	15,658,588

(a) Met by temporary advance from loan fund. (b) Naval construction and defence reserve, £2,250,000; science and industry investigation, £250,000; civil aviation, £200,000; purchase of radium, £100,000; and geophysical survey of Australia, £20,000. (c) See table following.

3. Payments from Excess Receipts.—Particulars of the excess receipts, accumulated balances and allocation of excess receipts since 1934-35 are shown in the following table :—

COMMONWEALTH CONSOLIDATED REVENUE : EXCESS RECEIPTS.

Particulars.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.	1940-41
	£	£	£	£	£	£	£
Accumulated balance	6,162,269	713,474	3,567,720	1,276,558	3,494,733	627,309	2,928,375
Excess receipts	711,205	3,567,720	1,276,558	3,494,733	627,309	2,928,375	..
Total for year	6,873,474	4,281,194	4,844,278	4,771,291	4,122,042	3,555,684	2,928,375
Expenditure from excess receipts—							
Grants to States	2,000,000	500,000	500,000	..	..	..	..
Defence equipment	4,160,000	..	2,000,000	..	3,494,733	627,309	2,928,375
Post Office works provision	..	..	..	1,000,000	..	..	..
Reduction of deficit	..	213,474	1,067,720	276,558	..	..	..
Total	6,160,000	713,474	3,567,720	1,276,558	3,494,733	627,309	2,928,375
Accumulated balance	713,474	3,567,720	1,276,558	3,494,733	627,309	2,928,375	..

The Consolidated Revenue Fund for the financial years 1940-41 to 1946-47 was exactly balanced, as all available revenue after charging expenditure on ordinary services was used for war purposes and post-war charges. There were no transactions in respect of excess receipts during the years 1931-32 to 1933-34.

Division II.—Revenue.

1. General.—The following table furnishes details of the revenue from each source and the amount per head of population under each of the main headings during the years 1938-39 and 1943-44 to 1946-47 :—

COMMONWEALTH CONSOLIDATED REVENUE : SOURCES.

Source.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47
	£	£	£	£	£
Taxation	74,111,295	303,751,572	337,994,759	353,211,206	385,615,799
Percentage of Total .. %	78.0	88.8	89.7	90.4	89.4
Per head of population (a) ..	£10 14 0	£41 17 0	£46 1 9	£47 12 11	£50 17 4
Business Undertakings	17,892,221	30,281,364	30,337,646	30,119,738	30,956,807
Percentage of Total .. %	18.8	8.9	8.1	7.7	7.2
Per head of population (a) ..	£2 11 8	£4 3 5	£4 3 10	£4 1 3	£4 1 8
Territories (b)	355,401	481,983	455,169	508,565	570,600
Percentage of Total .. %	0.4	0.1	0.1	0.1	0.1
Per head of population (a) ..	£0 1 0	£0 1 4	£0 1 3	£0 1 5	£0 1 6
Other Revenue—					
Interest, etc.	1,144,014	1,165,755	1,202,118	1,141,601	1,091,976
Coinage	127,764	2,027,885	1,307,037	604,599	171,144
Defence	151,208	(c) 202,456	(c) 126,318	(c) 250,184	(c) 238,675
Civil Aviation	5,745	770,270	1,172,958	1,166,551	961,295
Health	18,204	24,232	11,889	13,696	15,747
Patents, Trade Marks, etc. ..	67,914	66,660	76,997	95,122	111,621
Bankruptcy	30,770	16,795	10,077	14,526	14,975
Wool Committee Operations Surplus					7,075,000
Commerce and Marine	158,137	211,371	273,837	262,169	171,144
Net Profit on Australian Note Issue	766,730	2,628,971	2,948,472	2,939,405	3,792,384
Balance of Trust Accounts		127,046	102,373		
Other	235,387	431,800	428,451	453,039	640,284
Total	2,705,873	7,673,241	7,666,527	6,940,892	14,113,101
Percentage of Total .. %	2.8	2.2	2.1	1.8	3.3
Per head of population (a) ..	£0 7 10	£1 1 2	£1 0 11	£0 18 9	£1 17 3
Grand Total	95,064,790	342,188,160	376,854,101	390,780,401	431,256,307
Per head of population (a) ..	£13 14 6	£47 2 11	£51 7 0	£52 14 4	£56 17 9

(a) Based on mean population of each financial year. (b) Excludes Railways. (c) Further receipts have been credited as an offset to war expenditure.

2. Taxation.—(i) Total Collections. (a) Amount. Collections under each heading for the years 1938-39 and 1943-44 to 1946-47 are shown below :—

COMMONWEALTH TAXATION : TOTAL COLLECTIONS.

Heading.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Customs	31,160,462	20,606,703	21,487,538	28,893,682	45,871,085
Excise	16,471,903	46,684,713	45,689,133	49,066,962	56,375,304
Sales Tax	9,308,334	27,908,691	29,671,802	33,600,175	36,264,585
Flour Tax (b)	1,808,972	1,940,481	1,995,775	1,779,238	1,747,383
Land Tax	1,489,436	3,819,199	3,664,420	3,782,359	3,679,481
Income Taxes (a)	11,882,440	183,799,169	215,534,037	214,593,578	207,764,940
Pay-roll Tax		10,902,585	11,088,088	11,499,243	13,646,736
Gold Tax		317,720	342,457	383,552	556,435
Estate Duty	1,915,352	2,761,562	3,090,200	3,880,041	4,018,020
Gilt Duty		221,878	329,296	392,949	544,673
Entertainments Tax		4,704,242	5,026,821	5,069,672	5,137,805
Wool Levy (b)	74,396	84,629	75,192	269,755	11,628
Wool Contributory Charge (b) ..					4,497,124
Wheat Tax (b)					5,500,000
Total Taxation	74,111,295	303,751,572	337,994,759	353,211,206	385,615,799
Percentage of Total Revenue %	78.0	88.8	89.7	90.4	89.4

(a) Includes War-time (Company) Tax, Super Tax, Undistributed Profits Tax and Social Services Contribution. (b) Paid to Trust Fund for assistance to industry concerned.

(b) *Percentages of Total Collections.* The following table shows the percentages of each class of taxation of the total collections for the years 1938-39 and 1943-44 to 1946-47.

COMMONWEALTH TAXATION : PERCENTAGES OF TOTAL COLLECTIONS.

Heading.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	%	%	%	%	%
Customs	42.1	6.8	6.4	8.2	11.9
Excise	22.3	15.4	13.6	13.9	14.6
Sales Tax	12.6	9.2	8.8	9.5	9.4
Flour Tax	2.4	0.6	0.6	0.5	0.5
Land Tax	2.0	1.3	1.1	1.1	1.0
Income Taxes (a)	16.0	60.5	63.4	60.8	53.9
Pay-roll Tax .. .. .	..	3.6	3.3	3.2	3.6
Gold Tax .. .. .	..	0.1	0.2	0.1	0.1
Estate Duty	2.6	0.9	1.0	1.1	1.0
Gift Duty .. .. .	..	0.1	0.1	0.1	0.1
Entertainments Tax .. .. .	..	1.5	1.5	1.4	1.3
Wool Levy .. .. .	..	..	..	0.1	..
Wool Contributory Charge .. .. .	..	..	..	..	1.2
Wheat Export Charge .. .. .	..	..	..	..	1.4
Total	100.0	100.0	100.0	100.0	100.0

(a) See footnote (a) to previous table.

(ii) *Customs Revenue.* (a) *Classified.* Particulars of customs revenue for the years 1938-39 and 1943-44 to 1946-47 are shown in the following table:—

COMMONWEALTH CUSTOMS REVENUE : CLASSIFICATION.

Classes.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Ales, spirits and beverages	1,165,503	468,140	505,319	588,378	694,622
Tobacco and manufactures thereof	3,256,496	4,906,106	4,929,860	4,968,210	7,791,112
Sugar	7,238	73	6	244	2,602
Agricultural products and groceries	1,365,938	602,971	770,959	937,704	1,099,924
Textiles and attire	2,801,103	982,366	1,072,009	1,412,007	3,368,675
Metals and machinery	2,385,882	1,159,354	807,172	1,124,315	2,387,402
Oils, paints, etc.	9,927,346	7,547,540	8,477,532	12,137,483	16,625,724
Earthenware, etc.	509,980	132,595	148,037	285,352	514,795
Drugs and chemicals	309,984	143,730	177,102	205,906	363,858
Wood, wicker and cane	739,057	171,241	247,627	331,396	556,210
Jewellery and fancy goods	480,916	326,131	351,089	557,375	758,058
Leather and rubber	477,163	273,959	223,070	239,472	593,859
Paper and stationery	453,548	88,019	65,985	92,125	392,066
Vehicles	2,061,762	31,676	27,094	248,535	2,091,639
Musical instruments	31,589	376	401	3,433	13,931
Miscellaneous articles	1,023,556	495,904	689,339	1,321,467	1,446,616
Primage	3,913,578	2,334,483	2,130,030	3,165,460	6,204,238
Special War Duty .. .. .	..	788,125	686,553	1,038,871	628,577
Other receipts	249,823	153,914	178,354	235,949	337,177
Total Customs Revenue	31,160,462	20,606,703	21,487,538	28,893,682	45,871,085

(b) States. The following table shows the Customs Duties collected in each State during the years 1938-39 and 1943-44 to 1946-47.

COMMONWEALTH CUSTOMS REVENUE : COLLECTIONS IN EACH STATE.

State.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47
	£	£	£	£	£
New South Wales(a) ..	14,070,130	9,755,631	10,752,935	13,396,819	20,809,795
Victoria ..	9,970,730	6,396,566	6,384,988	9,065,158	14,615,959
Queensland ..	2,977,792	2,159,260	1,915,306	2,720,265	4,286,791
South Australia (b) ..	2,090,020	1,140,820	1,173,606	1,840,267	3,303,044
Western Australia ..	1,653,906	833,569	862,161	1,344,621	2,153,351
Tasmania ..	397,884	320,857	398,542	526,552	702,145
Total ..	31,160,462	20,606,703	21,487,538	28,893,682	45,871,085

(a) Includes Australian Capital Territory.

(b) Includes Northern Territory.

(iii) *Excise Revenue.* (a) *Classified.* Particulars of the amount of Excise collected under each head during the years 1938-39 and 1943-44 to 1946-47 are given hereunder :—

COMMONWEALTH EXCISE REVENUE : CLASSIFICATION.

Particulars.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Beer ..	7,288,579	21,588,113	21,511,748	22,519,610	27,246,527
Spirits ..	1,604,220	5,193,647	5,256,415	7,105,129	6,101,353
Tobacco ..	3,867,983	8,751,326	8,234,055	8,593,368	9,881,397
Cigars and cigarettes ..	2,418,723	8,113,201	7,759,980	7,914,129	9,462,084
Cigarette papers ..	530,868	873,116	797,924	683,658	938,809
Petrol ..	581,978	370,618	324,612	318,253	866,508
Matches ..	81,960	1,190,950	1,189,821	1,142,206	1,364,194
Playing cards ..	11,432	44,028	42,475	33,959	45,728
Miscellaneous ..	86,160	559,714	572,103	756,650	468,704
Total Excise Revenue ..	16,471,903	46,684,713	45,689,133	49,066,962	56,375,304

(b) States. Excise collections in each State for the years 1938-39 and 1943-44 to 1946-47 were as follows :—

COMMONWEALTH EXCISE REVENUE : COLLECTIONS IN EACH STATE.

State.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
New South Wales(a) ..	6,940,301	22,080,746	21,325,832	22,930,149	27,899,853
Victoria ..	5,687,832	14,276,275	14,455,468	15,550,390	16,633,229
Queensland ..	1,538,042	4,013,020	3,886,363	3,834,688	4,342,885
South Australia (b) ..	1,018,148	2,670,820	2,628,509	2,781,370	3,188,665
Western Australia ..	1,103,481	3,074,150	2,807,629	3,213,743	3,423,347
Tasmania ..	184,099	569,702	585,332	756,622	887,325
Total ..	16,471,903	46,684,713	45,689,133	49,066,962	56,375,304

(a) Includes Australian Capital Territory.

(b) Includes Northern Territory.

(iv) *Other Taxation.* (a) *General.* Other taxes are, in general, assessed and collected by the Commissioner of Taxation. The organization comprises an office in each State assessing the returns of taxpayers whose interests are restricted to that State only, and a Central Office assessing taxpayers whose interests are in more than one State. Taxes, however, may be paid to any office, so that the sums actually received by any office do not correspond to the assessments made by that office and frequently differ by very large amounts. Consequently the actual receipts by any State office, e.g., of income tax by the Queensland office, may include tax in respect of Central Office or New South Wales assessments, and, therefore, may not be a proper measure of income tax paid on account of income derived in Queensland.

The actual receipts by the various offices are the figures of necessity used by the Treasury for accounting purposes, and may be called the "Treasury" figures. In order to show a more significant picture of the taxation in each State, figures furnished by the Commissioner of Taxation, which refer strictly to the assessments made by the State office concerned, are used in the following tables. The totals of these figures do not quite agree with the total Treasury figures shown on page 610, owing to certain technicalities of accounting. The Taxation Office figures present a fair comparison between States, e.g., in taxation paid per head, but do not give the absolute measure of taxation, because the Central Office collections, which include taxation on account of all States, have not been allocated to the States. In the absence of precise information, it may be assumed, as a rough approximation, that Central Office collections may be divided among States in proportion to State office collections. It is probable, however, that a somewhat larger share is derived from the more populous States, New South Wales and Victoria.

(b) *Land Tax.* Commonwealth Land Tax was first imposed on the unimproved value of land in 1910-11. The following table shows the rates of Land Tax imposed for each assessment year from 1933-34 to 1947-48 :—

LAND TAX : RATE OF TAX PER £1 OF TAXABLE VALUE.

(T = Taxable Value.)

Assessment Year.	Residents.			Absentees.(a)					
	If the Taxable Value is from £1 to £75,000—	If the Taxable Value is over £75,000—		If the Taxable Value is from £1 to £80,000—		If the Taxable Value is over £80,000—			
		On £75,000—	On excess over £75,000—	On £5,000—	On excess over £5,000—	On £5,000—	On next £75,000—	On excess over £80,000—	
<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>	
1933-34 to 1937-38	$\frac{45}{100} \left(1 + \frac{T}{18,750} \right)$	2.25	4.05	0.45	$\frac{45}{100} \left(2 + \frac{T-5,000}{18,750} \right)$	0.45	2.7	4.5	
1938-39 to 1939-40	$\left(\frac{1}{2} + \frac{T}{37,500} \right)$	2.5	4.5	0.5	$\left(1 + \frac{T-5,000}{37,500} \right)$	0.5	3.0	5.0	
1940-41 to 1947-48	$\left(1 + \frac{T}{18,750} \right)$	5.0	9.0	1.0	$\left(2 + \frac{T-5,000}{18,750} \right)$	1.0	6.0	10.0	

(a) Absentees are not allowed an exemption of £5,000 granted to residents. (b) In addition, if the taxable value exceeds £20,000, there is payable for 1941-42 and subsequent years a super tax equal to the lesser amount of the following:—(i) twenty per cent. of the amount of land tax; or (ii) one per cent. of the amount by which the taxable value of the land exceeds £20,000.

Under the National Security (Values for Land Tax) Regulations the revaluations of land for the purposes of the Land Tax Assessment Act 1910-1940 were postponed until after the war. Thereby the values of land, or of interests in land, as assessed for the financial year 1939-40, were adopted for the financial year 1940-41 and subsequent years for the duration of the war. An amendment to the regulations permitted the application of lower values in cases of assessments at a lower value prior to 13th March, 1942, or after that date in consequence of objections or protests lodged previously.

In addition, where a taxpayer had furnished a full and complete return of land owned at 30th June in any year prior to 1942, the lodgment of further returns was dispensed with. There is an exception in respect of changes in ownership of land. Under section 12 of the Defence (Transitional Provisions) Act 1946 the provisions of the National Security (Values for Land Tax) Regulations were incorporated in the Land Tax Assessment Act 1910-1946 and revaluations of land for purposes of the Act were postponed until after the assessment year commencing on 1st July, 1947.

Land Tax receipts in each State and Central Office for the years 1938-39 and 1943-44 to 1946-47 were as follows. The receipts referred to in this table differ slightly from the collections shown on page 610 because some refunds credited before 30th June were not paid until after that date.

LAND TAX RECEIPTS.

State, etc.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Central Office	525,959	1,477,004	1,386,039	1,493,445	1,500,037
New South Wales	509,913	1,264,090	1,224,776	1,174,787	1,202,023
Victoria	290,798	718,826	699,162	690,445	690,824
Queensland	29,568	64,424	63,801	62,579	61,604
South Australia	55,280	139,742	137,338	137,705	131,481
Western Australia	63,854	117,753	116,015	112,158	106,695
Tasmania	12,879	36,687	37,666	37,508	37,114
Total	1,488,251	3,818,526	3,664,797	3,708,627	3,729,778

(c) *Estate Duty.* The Estate Duty Act 1914 and Estate Duty Assessment Act 1914-1928 imposed a duty on the estates of deceased persons the net value of which exceeded £1,000. The rate of tax, where the value of the estate for duty did not exceed £2,000, was £1 per cent. Where the value of the estate for duty exceeded £2,000, the rate was increased by one-fifth of £1 for each £1,000 or part thereof in excess of £2,000, to a maximum rate of £15 per cent. on estates over £71,000. Where the estate passed to a widow, children or grand-children, duty was payable at two-thirds of the ordinary rate.

By the Estate Duty Assessment Act 1940 the Estate Duty Assessment Act 1914-1928 was amended to allow the following statutory exemption, namely:—(a) where the whole of the estate passes to the widow, children or grand-children of the deceased, the sum of £2,000 decreasing by £1 for every £10 by which the value exceeds £2,000 up to £10,000, and thereafter decreasing by £1 for every £2 by which the value exceeds £10,000; (b) where no part of the estate passes to the widow, children or grand-children, the sum of £1,000 decreasing by £1 for every £10 by which the value exceeds £1,000 up to £6,000, and thereafter decreasing by £1 for every £8 by which the value exceeds £6,000; and (c) where part only of the estate passes to the widow, children or grand-children, the statutory exemption is to be calculated proportionately under (a) and (b).

Under the Estate Duty Act 1940 the following new rates were imposed:—£1 to £10,000, 3 per cent.; £10,001 to £20,000, 3 per cent. to 6 per cent.; £20,001 to £100,000, 6 per cent. to 18 per cent.; £100,001 to £500,000, 18 per cent. to 20 per cent.; over £500,000, 20 per cent. By the Estate Duty Act 1941 these rates were amended to the following:—£1 to £10,000, 3 per cent.; £10,001 to £20,000, 3 per cent. to 6 per cent.; £20,001 to £120,000, 6 per cent. to 26 per cent.; £120,001 to £500,000, 26 per cent. to 27.9 per cent.; over £500,000 27.9 per cent.

Under the Estate Duty Assessment Act 1914-1940 provision was made for the exemption of the estates of members of the Forces who died on active service or within one year after its termination from injuries received or disease contracted on active service, provided the value of the estate did not exceed £5,000. In June, 1942, an amendment provided for an exemption of £5,000 in respect of the estates of those persons

who were members of the Forces and who died during the war or within three years of its termination. The exemption was restricted to estates passing to the widow, children, grand-children, parents, brothers, sisters, nephews or nieces of the deceased.

Particulars of the collections in each State and Central Office for the years 1938-39 and 1943-44 to 1946-47 are shown in the following table. These figures differ slightly from the figures on page 610 as some refunds were credited before 30th June and not paid until after that date.

ESTATE DUTY RECEIPTS.

State, etc.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Central Office	999,202	1,050,271	1,102,540	1,818,735	1,592,910
New South Wales	422,567	723,533	696,499	697,960	790,670
Victoria	294,406	696,781	819,147	811,441	1,062,204
Queensland	60,041	112,670	141,596	183,006	248,806
South Australia	82,789	107,335	166,020	143,030	167,436
Western Australia	34,074	54,716	135,055	91,614	84,582
Tasmania	15,960	23,186	30,616	33,935	55,666
Northern Territory .. ..	..	..	..	..	101
Total	1,909,039	2,768,492	3,091,473	3,779,721	4,002,375

Particulars of the number and value of estates with duty assessed, for each of the assessment years 1938-39 and 1943-44 to 1946-47, are given in the following table :—

ESTATE DUTY ASSESSMENTS.

Particulars.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
Number of Estates	9,681	8,328	9,754	9,317	10,988
Gross Value Assessed £,000 ..	65,699	62,726	74,186	74,154	87,354
Deductions .. £'000 ..	12,630	11,314	13,248	13,024	15,292
Statutory Exemption £'000 ..	..	9,976	11,654	11,034	12,973
Dutiable Value .. £'000 ..	53,069	41,436	49,284	50,096	59,089
Duty Payable .. £ ..	2,002,283	2,976,162	3,322,989	3,811,844	4,230,900
Average dutiable value .. £ ..	5,482	4,976	5,053	5,377	5,378
Average duty per estate .. £ ..	207	357	341	409	385

(d) *Gift Duty.* The Gift Duty Assessment Act 1941-1947 and the Gift Duty Act 1941-1947 impose a gift duty on all gifts made after the 29th October, 1941. A gift has been defined as any disposition of property, which is made otherwise than by will, without adequate consideration in money or money's worth.

There is a liability on both the donor and the donee to furnish a return, and both are jointly and severally liable for payment of the duty.

The following rates of duty have been fixed by the Gift Duty Act 1941-1947 :—

Value of all Gifts made within Eighteen Months.	Rate of Duty.
Not exceeding £2,000 (a)	Nil
£2,001 (a) to £10,000	3%
£10,001 to £20,000	3% to 6%
£20,001 to £120,000	6% to 26%
£120,001 to £500,000	26% to 27.9%
£500,001 and over	27.9%

(a) Prior to 3rd June, 1947, no duty was payable if the value of all gifts as defined above did not exceed £500. If the value of all gifts exceeded £500 but did not exceed £10,000 the rate of duty was 3 per cent.

The receipts from gift duty in each State for the years 1942-43 to 1946-47 are shown in the following table. The figures shown in the table differ from those shown on page 610 because certain refunds credited before 30th June were not paid until after that date.

GIFT DUTY.

State.	1942-43.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
New South Wales	43,505	75,993	135,810	184,772	194,946
Victoria	67,796	78,953	110,339	106,014	203,458
Queensland	13,004	23,036	30,974	31,898	43,665
South Australia	11,206	28,907	30,075	36,829	44,328
Western Australia	5,208	10,109	11,953	23,128	44,653
Tasmania	3,436	3,697	6,008	9,172	6,542
Northern Territory .. ..	..	..	118	15	86
Total	144,155	220,695	325,277	391,828	537,678

(e) *Income Taxes.* Details of Commonwealth and State taxes on income are given in Section "D" of this Chapter.

(f) *Pay-roll Tax.* The Pay-roll Tax Assessment Act 1941-42 and the Pay-roll Tax Act 1941 imposed a pay-roll tax of 2½ per cent. on all wages in excess of £20 per week paid by an employer after 30th June, 1941. These measures formed part of the Commonwealth scheme of child endowment, the revenue from the tax being designed to provide the main part of the money required.

Pay-roll tax is collected in a similar manner to sales tax. Employers are required to register and to furnish a monthly return of all wages paid.

The following table shows the receipts from pay-roll tax in each State for the years 1942-43 to 1946-47. The figures shown vary slightly from the collections shown on page 610 because some refunds which were credited before 30th June were not paid until after that date.

PAY-ROLL TAX.

State.	1942-43.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
New South Wales	4,532,422	4,709,183	4,837,455	4,942,715	5,793,935
Victoria	3,002,443	3,099,587	3,123,364	3,294,748	3,874,667
Queensland	1,265,071	1,384,810	1,365,981	1,403,298	1,609,848
South Australia	839,048	845,106	853,874	879,299	1,085,430
Western Australia	548,424	558,041	608,497	653,624	813,885
Tasmania	257,133	282,468	286,689	314,663	368,412
Northern Territory	4,074	3,336	3,909	4,385	8,840
Total	10,448,615	10,882,531	11,079,769	11,492,732	13,554,117

(g) *Gold Tax.* The Gold Tax Collection Act 1939-1940 and the Gold Tax Act 1939 imposed a tax on all gold delivered to the Commonwealth Bank of Australia or to an agent of that Bank, on and after 15th September, 1939, of 50 per cent. of the amount by which the price payable by the Bank for each fine ounce of gold delivered exceeded £9. This tax was suspended from 20th September, 1947, by the Gold Tax Suspension Act 1947. The amounts of tax collected during the five years 1942-43 to 1946-47 were as follows:— 1942-43, £524,694; 1943-44, £317,720; 1944-45, £342,457; 1945-46, £383,552; and 1946-47, £556,435.

(h) *Entertainments Tax.* The Entertainments Tax Assessment Act 1942-1946 and Entertainments Tax Act 1942-1946 came into force on 1st October, 1942, following the agreement of the State Governments to the request of the Commonwealth to suspend their entertainments tax legislation for the duration of the war and one year after, thereby enabling the Commonwealth Government to re-enter this field of taxation. Until 1945-46 the Commonwealth recompensed the States by annual payments of £765,787, an amount equal to that collected by the States during the year 1941-42. Thereafter these payments were discontinued and the agreement that the States should

not levy a tax on entertainments was terminated. The tax imposed commences with 3d. on an admission price of 1s., and increases thereafter by 2d. for every 6d. or part thereof in excess of 1s. up to 5s. Thereafter the rate increases by 3d. for every 6d. or part thereof. Special rates, approximately 25 per cent. less than those stated above, are imposed in respect of performances on the legitimate stage and similar types of entertainment.

The Entertainments Tax Assessment Act 1944 amended the Entertainments Tax Assessment Act 1942 to bring into the taxable field such places as amusement parks, etc., where the charges for admission to individual entertainments were less than 1s. The rate of tax imposed for these entertainments commences at 1d. on admissions costing 3d. and 4d., and rises to 3d. on admissions costing more than 7½d. but not more than 1s. Thereafter the rate is the same as for other entertainments.

Entertainments tax received during the five years 1942-43 to 1946-47 is shown in the following table. The figures shown in the table differ from those shown on page 610 because certain refunds credited before 30th June were not paid until after that date.

ENTERTAINMENTS TAX.

State. etc.	1942-43.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
New South Wales ..	1,236,117	1,936,659	2,111,965	2,151,695	2,141,470
Victoria ..	861,019	1,307,651	1,395,214	1,410,877	1,534,445
Queensland ..	488,214	817,342	819,756	753,310	664,700
South Australia ..	188,533	304,384	290,948	355,131	382,004
Western Australia ..	154,653	239,501	247,709	277,111	281,636
Tasmania ..	61,551	94,061	106,133	120,431	127,699
Northern Territory ..	4,374	4,732	3,744	2,666	6,671
Total ..	2,994,461	4,704,330	4,975,469	5,071,221	5,138,625

(i) *Sales Tax.* The sales tax was first imposed in August, 1930. The operation of the tax is controlled chiefly by a system of registration of taxpayers whereby all manufacturers and wholesale merchants, who are the taxpayers under the Act in respect of goods sold in Australia, must be registered with the Department. The tax on imports subject to sales tax is collected by the Customs Department at ports of entry.

Since the inception of the tax certain exemptions have been allowed. These exemptions, which have been extended from time to time, relate mainly to goods of an essential nature or for use in primary production. Certain of these exemptions were withdrawn as from 3rd June, 1940, 22nd November, 1940 and 30th October, 1941. There have since been partial restorations of former exemptions, and from 13th September, 1945, 10th April, 1946, 15th November, 1946 and 20th September, 1947, additional goods, previously taxable, were exempted.

The following are the rates of sales tax imposed since its inception in August, 1930; 2½ per cent. to 10th July, 1931; 6 per cent. to 25th October, 1933; 5 per cent. to 10th September, 1936; 4 per cent. to 21st September, 1938; 5 per cent. to 8th September, 1939; 6 per cent. to 2nd May, 1940; 8½ per cent. to 21st November, 1940; 5 per cent., 10 per cent. and 15 per cent. to 29th October, 1941; 5 per cent., 10 per cent. and 20 per cent. to 30th April, 1942; 12½ per cent. and 25 per cent. to 14th November, 1946; and 10 per cent. and 25 per cent. from 15th November, 1946.

The differential rates applicable as from 22nd November, 1940 related to different classes of goods specified in schedules of the Sales Tax (Exemptions and Classifications) Act 1935-1947. The rate of 5 per cent. applied to goods, formerly exempt, which were brought into the taxable field. The rates of 15 and 20 per cent. applied to goods which may be described as being of a non-essential nature, while 10 per cent. was the general rate. Of the May, 1942, rates the 12½ per cent. was the general rate, and included some of those goods previously rated at 5 per cent. The remainder of the 5 per cent. class was again classified as exempt. From 21st July, 1943, the rate on rationed clothing was reduced to 7½ per cent. and from 15th November, 1946, these goods were exempted. From 15th November, 1946, the general rate was reduced to 10 per cent.

Particulars of the net amount of sales tax payable, and the sales of taxable, non-taxable and exempt goods in each State for 1946-47 are given in the following table. The figures for "Tax Collected" are in respect of the periods 1st July to 30th June of each year, adjusted on account of rebates of tax allowed as deductions in returns of taxpayers, while those relating to sales are in respect of the periods 1st June to 31st May.

SALES TAX AND AMOUNT OF SALES, 1946-47.

State, etc.	Gross Taxable Sales.	Non-Taxable Sales.	Sales of Exempt Goods by Registered Persons.	Net Amount of Sales on which Sales Tax was payable.	Tax Collected.		
					Taxation Department.	Customs Department.	Total.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
New South Wales ..	129,027	202,582	185,830	118,770	14,828	737	15,565
Victoria ..	93,924	150,091	160,539	88,118	10,948	577	11,525
Queensland ..	31,002	19,733	48,240	31,603	4,017	146	4,163
South Australia ..	22,537	26,404	43,158	21,205	2,573	145	2,718
Western Australia ..	12,711	12,751	24,323	12,217	1,713	110	1,823
Tasmania ..	5,151	4,887	10,430	4,960	551	24	575
Northern Territory	131	21	336	130	11	..	11
Total ..	294,483	416,469	472,856	277,003	34,641	1,739	36,380

Similar details for Australia as a whole for each year 1937-38 to 1946-47 are given in the following table:—

SALES TAX AND AMOUNT OF SALES.

Year.	Gross Taxable Sales.	Non-Taxable Sales.	Sales of Exempt Goods by Registered Persons.	Net Amount of Sales on which Sales Tax was payable.	Tax Collected.		
					Taxation Department.	Customs Department.	Total.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
1937-38 ..	198,083	180,117	283,622	183,479	7,342	707	8,049
1938-39 ..	197,809	171,810	280,282	183,296	8,559	758	9,317
1939-40 ..	207,106	196,790	302,479	192,589	11,177	1,019	12,196
1940-41 ..	223,226	252,368	306,734	209,004	18,562	1,256	19,818
1941-42 ..	255,178	337,744	337,869	239,152	25,438	1,423	26,911
1942-43 ..	208,261	358,367	386,255	192,544	27,976	980	28,956
1943-44 ..	217,873	361,189	378,392	204,168	27,243	649	27,892
1944-45 ..	235,117	351,197	380,088	218,202	28,803	884	29,687
1945-46 ..	268,773	341,759	383,151	248,679	32,559	1,152	33,711
1946-47 ..	294,483	416,469	472,856	277,003	34,641	1,739	36,380

In the foregoing tables exempt sales relate to goods exempted from sales tax under the Sales Tax (Exemptions and Classifications) Act 1935-1947, while non-taxable sales relate to goods on which tax is not payable at the time of sale. In this latter case the sale has been made to a registered taxpayer who has quoted his certificate. These sales, however, become taxable before passing into consumption, unless used for a purpose exempted under the Act.

The figures given in the foregoing tables do not represent the total sales of all commodities, as vendors trading in exempt goods only, are not required to be registered and consequently the volume of their sales is not included in the statistics above.

(j) *Flour Tax.* A flour tax of £4 5s. per ton operated from 4th December, 1933 to 31st May, 1934, and of £2 12s. 6d. per ton from 7th January, 1935 to 24th February, 1936. On 5th December, 1938, the Flour Tax was again imposed in a more or less permanent

form. The new legislation provided for a tax on flour (not exceeding £7 10s. per ton) varying as the price of wheat varies from 5s. 2d. a bushel at Williamstown. The commencing rate was £5 15s. per ton, since when there have been 22 variations, the highest rate being that reached in August, 1939, £6 2s. 9d., and the lowest in December, 1939, £1 12s. 3d. From 22nd October, 1940 to 21st December, 1947 the rate was £2 8s. 10d. per ton. The rate was declared to be nil as from 22nd December, 1947 because of the rise in wheat prices.

Net receipts after allowing for refunds and tax outstanding are shown in the following table for the years 1938-39 and 1943-44 to 1946-47. The figures vary slightly from the collections shown on page 610 because some refunds were credited before 30th June, but not paid until after that date.

FLOUR TAX.

State.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
New South Wales	704,152	723,556	803,791	681,000	683,733
Victoria	531,577	553,093	545,935	457,487	461,351
Queensland	237,854	310,784	307,596	234,774	253,110
South Australia	141,048	134,316	129,878	174,512	140,829
Western Australia	123,856	111,269	107,439	139,369	112,832
Tasmania	55,346	43,186	55,757	53,190	54,768
Total	1,793,833	1,876,204	1,950,396	1,740,332	1,706,623

(k) *Wool Levy.* The Wool Tax Act 1936 and Wool Tax Assessment Act 1936 provided for a levy on all wool grown in Australia and shorn on or after 1st July, 1936. The levy is collected through wool-brokers and dealers who furnish quarterly returns on which the levy is assessed. On wool, not previously taxed in the hands of a broker or dealer, the levy is payable prior to export. The rates fixed by the Wool Tax Act 1936 were: 6d. per bale; 3d. per fadge or butt; and 1d. per bag. By the Wool Tax Act 1945 these rates were increased from 1st June, 1945 to 2s. per bale; 1s. per fadge or butt; and 4d. per bag. Proceeds are devoted to publicity and research in connexion with the wool industry. This levy has been suspended for any period during which the Wool (Contributory Charge) Act 1945 is in operation. The Wool Contributory Charge was levied from 1st July, 1946. The amounts collected from wool levy during the years 1938-39 and 1943-44 to 1946-47 were as follows:—

WOOL LEVY.

State.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
New South Wales	28,889	34,398	29,197	113,850	4,176
Victoria	15,493	16,620	16,519	45,513	983
Queensland	14,451	15,178	13,409	58,496	4,871
South Australia	8,243	9,168	8,063	21,070	715
Western Australia	5,795	7,955	6,695	26,118	842
Tasmania	1,525	1,310	1,309	4,708	41
Total	74,396	84,629	75,192	269,755	11,628

(l) *Wool Contributory Charge.* The Wool (Contributory Charge) Act 1945 and the Wool (Contributory Charge) Assessment Act 1945 imposed a charge on all wool produced in Australia and sold, manufactured or exported after a date fixed by proclamation. Wool sold by the Australian Wool Realization Commission is not liable to the charge. The rate of the charge is to be such a percentage of the sale value of the wool as is necessary to provide the following amounts:—

- (a) The amounts required to meet the share of the industry in the operating expenses of the Joint Organization for the disposal of wool stocks ;
- (b) the amounts required for payment of interest on the amount spent by the Commonwealth in purchase of wool under the disposals plan ; and
- (c) the amount of the wool levy.

The Acts came into operation on 1st July, 1946, and the rate fixed was 5 per cent. on the sale value of the wool. From 1st August, 1947 the rate was reduced to 0.75 per cent. Collections in each State during 1946-47 were as follows:—New South Wales, £1,554,997 ; Victoria, £1,315,834 ; Queensland, £747,298 ; South Australia, £399,372 ; Western Australia, £389,879 ; and Tasmania, £89,727, making a total of £4,497,107.

(m) *Wheat Export Charge and Wheat Tax.* The Wheat Export Charge Acts 1946 imposed an export charge on wheat (including the content of wheat products) harvested after 30th September, 1945 and exported from the Commonwealth after 30th November, 1945. The rate fixed by the Act is 50 per cent. of the amount by which the export price of fair average quality wheat free on rail at the port of export exceeds 5s. 2d. per bushel. This rate may be reduced by regulation. The Act did not apply to wheat harvested between 1st October, 1945 and 1st October, 1947 and exported by the Australian Wheat Board, but provision was made in the Wheat Tax Act 1946 to collect an amount equivalent to the charge that would have been collected on this wheat, by imposing a tax on all such wheat acquired by the Board. An amount equivalent to the collections under the Wheat Export Charge Acts 1946 and the Wheat Tax Act 1946 is to be paid to the Wheat Prices Stabilization Fund to be used for the purpose of guaranteeing a minimum price to the grower. During 1946-47 collections amounted to £5,500,000.

3. *Business Undertakings.*—(i) *Postmaster-General's Department.* Particulars of net receipts for each of the financial years 1938-39 and 1943-44 to 1946-47 are contained in the following table:—

POSTMASTER-GENERALS' DEPARTMENT: NET RECEIPTS.

Particulars.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Private boxes and bags ..	74,235	81,646	86,670	91,809	96,484
Commission on money orders and postal notes ..	288,580	301,455	308,226	315,424	347,959
Telegraphs	1,372,300	3,147,752	3,186,495	3,321,343	2,904,538
Telephones	8,039,580	11,719,922	12,270,788	12,583,701	13,317,289
Postage	6,635,977	10,060,170	10,714,085	10,806,923	11,628,882
Radio	516,178	649,095	660,986	671,571	782,023
Miscellaneous	439,461	719,636	644,561	664,567	725,115
Total	17,366,311	26,679,676	27,871,811	28,455,338	29,802,290

Further particulars of the Postmaster-General's Department's receipts to 1945-46 are given in Chapter V. "Transport and Communication" (part I. Posts, Telegraphs and Telephones).

(ii) *Commonwealth Railways.* The Commonwealth Government is responsible for four railways—the Trans-Australian, the Central Australia, the North Australia and the Australian Capital Territory. The following table shows the amounts paid to the credit of the Consolidated Revenue Fund on account of each of these railways for the years 1938-39 and 1943-44 to 1946-47 :—

COMMONWEALTH RAILWAY REVENUE.

Railway.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Trans-Australian ..	330,643	1,027,401	989,194	768,885	691,740
Central Australia ..	137,521	1,736,783	1,045,423	710,648	395,377
North Australia ..	50,471	822,582	819,884	174,371	58,140
Australian Capital Territory	7,275	14,922	11,334	10,496	9,260
Total	525,910	3,601,688	2,865,835	1,664,400	1,154,517

Further particulars to 1945-46 are given in Chapter V. "Transport and Communication" (part B, Railways).

4. *Other Sources of Revenue.*—Of other sources of revenue, amounting in 1946-47 to £14,113,101, the following are noteworthy; Interest, £1,091,976; Civil Aviation, £961,295; Net Profit on Australian Note Issue, £3,792,384 and Wool Committee Operations Surplus, £7,075,000.

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, namely :—

- (a) Expenditure on transferred services; (b) expenditure on new services; and (c) payments of surplus revenue to the States.

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. 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 1927 provided for the abolition of the *per capita* payments as from 30th June, 1927. From 1st July, 1928 the temporary provisions of the agreement between the Commonwealth and the several States under the Financial Agreement Act 1928 were operative, and on 1st July, 1929 the Commonwealth Government took over the debts of the States under this

* For an exposition of the "book-keeping system" see Official Year Book No. 6. p. 780.

agreement which was ratified by all Governments concerned. For further particulars of Commonwealth payments to States and of the Financial Agreement see pages 633-9 and Section C.—Commonwealth and State Finance, paragraph 4 of this issue.

2. Details of Expenditure from Consolidated Revenue.—(i) *General.* The following table gives details of the expenditure from Consolidated Revenue during the years 1938-39 and 1943-44 to 1946-47.

COMMONWEALTH EXPENDITURE FROM CONSOLIDATED REVENUE.

Departments, etc.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
War (1914-18) and Repatriation Services (a)	19,256,812	19,603,959	19,288,874	18,891,883	19,259,227
Defence, War (1939-45) Services and Post-war Charges (b)	(c)8,061,359	167,843,327	194,573,719	225,651,219	197,455,890
Total Cost of Departments—					
Governor-General	32,765	32,243	49,121	34,537	46,603
Parliament	444,873	599,208	603,491	550,326	735,576
Prime Minister	1,355,842	1,603,344	1,616,036	1,920,480	2,429,247
External Affairs	70,168	251,164	244,048	562,538	1,305,271
Treasury	2,257,628	3,779,096	3,035,301	4,149,907	4,764,456
Attorney-General	281,497	386,749	433,646	472,604	569,234
Interior	(e)1,275,392	807,106	855,575	953,211	1,094,651
Works and Housing	(f)	42,438	48,910	108,836	1,600,844
Civil Aviation	328,150	359,591	438,531	738,908	1,258,312
Trade and Customs	1,064,124	815,501	873,457	983,746	1,446,930
Health	338,155	379,326	392,602	428,788	473,392
Commerce and Agriculture	994,095	1,033,661	1,042,723	1,374,912	3,605,443
Social Services	324,734	412,139	443,260	665,927	776,129
Supply and Shipping	214,832	275,173	272,865	279,800	331,965
External Territories	(g)	19,607	35,374	45,214	55,797
Immigration	(i)	31,197	32,420	72,551	183,219
Labour and National Service	(h)	(h)	(h)	(h)	1,127,430
Transport	(h)	(h)	(h)	(h)	57,422
Information	(h)	(h)	(h)	(h)	342,280
Post-war Reconstruction	(h)	(h)	(h)	(h)	559,716
Social Services (i)	16,428,396	36,784,940	36,702,821	(j)	(i)
National Welfare Fund .. .. .	.. .. .	27,889,572	30,000,000	46,499,243	64,646,736
Total, Social Services	16,428,396	64,674,512	66,702,821	46,499,243	64,646,736
Business Undertakings—					
Postmaster-General	15,028,233	22,481,577	23,993,463	24,774,998	26,755,701
Railways	1,351,041	3,068,686	2,794,796	2,189,262	1,921,172
Total, Business Undertakings	16,379,274	25,550,263	26,788,259	26,964,260	28,676,873
Territories	1,099,960	1,010,624	1,042,520	1,208,007	3,291,305
New Works	6,565,268	4,677,278	5,795,351	6,659,952	15,157,463
Payments to or for States—					
Interest on States' Debts (l)	7,584,912	7,584,912	7,584,912	7,584,912	7,584,912
Sinking Fund on States' Debts	1,477,976	1,577,672	1,682,869	1,615,604	1,636,120
Special Grants	2,020,000	2,470,000	2,846,000	2,996,000	4,748,000
Commonwealth Aid Roads and Works	4,266,556	1,486,891	2,200,902	3,327,553	4,805,290
Income Tax Reimbursement .. .. .	.. .. .	32,047,342	32,666,316	32,755,270	(m)
Income Tax Reimbursement—					
Special Grants .. .. .	.. .. .	.. .. .	.. .. .	553,172	2,132,920
Entertainments Tax Reimbursement .. .. .	.. .. .	765,787	765,787	765,787	(m)
Tax Reimbursement	(n)	(m)	(m)	(n)	39,463,848
Other Grants	300,000	127,569	122,035	16,052	10,103
Total to or for States	15,649,444	46,060,173	47,868,821	49,614,350	60,381,193
Assistance to Primary Producers	2,014,713	1,940,481	3,506,376	1,949,202	19,623,703
Grand Total (o)	94,437,481	342,188,160	376,854,101	390,780,401	431,256,307
Per Head of Population	£ s. d. 13 12 8	£ s. d. 47 2 11	£ s. d. 51 7 9	£ s. d. 52 14 4	£ s. d. 56 17 9

(a) For details, see § 5, pp. 651-2. (b) For details, see § 6, pp. 653-5. (c) Departments of Navy, Army, Air, and Supply and Shipping. (d) Includes External Territories. (e) Includes Works and Housing, and Immigration. (f) Included with Interior. (g) Included with Prime Minister. (h) Included under Defence, War (1939-45) Services and Post-war Charges. (i) For details see table, page 629. (j) Expenditure met from National Welfare Fund. (k) Excludes Defence, War (1939-45) Services and Post-war Charges. (l) Excludes balance of interest payable on States' Debts (recoverable from States). (m) Income and Entertainments Tax Reimbursements Grants were replaced by Tax Reimbursement Grants from 1946-47, see pp. 635-7. (n) In addition the following amounts were provided under War Services expenditure—1943-44, £12,321,820; 1944-45, £14,280,284; 1945-46, £19,755,385; and 1946-47, £7,719,605. (o) Excludes amounts expended from excess receipts of previous years (see page 609).

Particulars for each department include interest, sinking fund, superannuation charges, etc., but do not include the expenditure on new works which is given in (iii), page 632 nor that on Defence War (1939-45) and Post-war Services which is given in § 6, pages 653-5. Details of expenditure of each department are given in paragraph (ii) below.

(ii) *Total Cost of Departments. (a) Introductory.* Under the heading "Total Cost of Departments" are included (i) particulars of expenditure on the estimates of departments in respect of salaries and general expenses, and (ii) particulars of expenditure from special appropriations in respect of salaries of the Governor-General, Ministers, Judges, etc., Government contributions for superannuation, and interest and sinking fund charges, etc., allocated to departments. Expenditure from appropriations for Defence, War (1939-45) Services and Post-war Charges is not included. For these details see § 6, pages 653-5.

Information on the functions of the several departments and the acts administered by the Ministers of Departments will be found in Chapter III.—General Government, § 4, pp 76-86.

(b) *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 expenditure in connexion with the Governor-General and establishment for the five years 1938-39 and 1943-44 to 1946-47 was as follows:—

EXPENDITURE : GOVERNOR-GENERAL AND ESTABLISHMENT.

Details.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Salary	10,000	10,000	10,000	10,000	10,000
Government Houses, maintenance, etc.	12,305	13,895	18,584	16,530	23,956
Governor-General's office (a) ..	5,381	4,030	16,125	3,340	8,565
Interest and Sinking Fund	5,079	4,318	4,412	4,667	4,082
Total	32,765	32,243	49,121	34,537	46,603

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

(c) *Parliament.* Under this head have been grouped all the items of expenditure connected with the Commonwealth parliamentary government of Australia for the five years 1938-39 and 1943-44 to 1946-47. Although the administration of the Electoral Act and the conduct of elections come within the functions of the Department of the Interior, the expenditure in connexion therewith is fundamentally incurred on account of the parliamentary government system and for that reason is included herein.

EXPENDITURE : COMMONWEALTH PARLIAMENT.

Details.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Salaries of Ministers	19,325	22,750	22,750	22,160	22,749
Allowances to Senators	36,171	36,063	36,137	36,154	36,200
Allowances to Members of House of Representatives	74,900	75,164	75,400	75,049	74,928
Officers, staff, contingencies, etc.	71,120	86,107	87,349	96,086	111,208
Rent, repairs, maintenance, etc..	14,679	21,978	31,353	40,058	48,150
Printing	22,000	17,651	24,120	25,625	34,924
Travelling expenses of Members..	41,429	58,266	67,000	65,424	66,021
Electoral Office	85,143	103,064	103,396	103,566	106,231
Election expenses	3,232	113,162	102,770	3,646	154,848
Administration of Electoral Act..	20,029	18,555	9,223	33,719	38,079
Interest and Sinking Fund	41,444	35,142	35,900	37,975	33,170
Miscellaneous	15,401	11,306	8,093	10,864	9,068
Total	444,873	599,208	603,491	550,326	735,576

In Section 66 of the Constitution provision is made for the payment from Consolidated Revenue of an annual sum for the salaries of Ministers, and Section 48 specifies the amount of the allowance to each Senator and each Member of the House of Representatives. These details, together with subsequent increases, will be found on pages 14 and 18 of this volume, while details of the cost of parliamentary government of the Commonwealth and each State for 1945-46 will be found on page 87.

(d) *Prime Minister's Department.* External territories were administered by this department until June, 1941, when the Department of External Territories was created. Particulars of expenditure relating to the administration of external territories for the years 1942-43 to 1946-47 are shown under the heading of that department. The expenditure of the Prime Minister's Department for the years 1938-39 and 1943-44 to 1946-47 is shown in the following table:—

EXPENDITURE : PRIME MINISTER'S DEPARTMENT.

Details.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Salaries, contingencies and mis- cellaneous	160,842	b212,225	b100,481	b127,626	174,647
Audit Office	38,434	(b)40,451	(b)41,716	(b)47,908	108,724
Rent, repairs, etc.	8,120	12,699	13,545	13,872	18,788
Public Service Board's Office ..	50,688	51,746	51,899	63,220	94,456
High Commissioner's Office, London	81,369	b103,566	b104,855	b147,679	263,269
Mail Service, Pacific Islands ..	49,077	(a)	(a)	(a)	(a)
Scientific and Industrial Re- search—					
Council	197,764	668,662	776,596	956,081	1,218,747
Contributions, Grants, etc. ..	75,379	65,914	69,912	81,588	112,121
Australian National University ..	..	..	..	..	14,000
Pensions and Superannuation ..	10,473	12,208	12,887	13,428	14,036
North Australia Survey	10,000	..	..	..	..
National Oil Pty. Ltd. Agreement ..	60,000	..	..	..	..
Interest and Sinking Fund	613,696	435,873	444,145	469,078	410,459
Total	1,355,842	1,603,344	1,616,036	1,920,480	2,429,247

(a) Included with Department of External Territories.
by the war was provided under War (1939-45) Services.

(b) Additional expenditure occasioned

(e) *Department of External Affairs.* The Department of External Affairs was separated from the Prime Minister's Department in 1935-36. Expenditure of the department for the years 1938-39 and 1943-44 to 1946-47 is shown in the following table:—

EXPENDITURE : DEPARTMENT OF EXTERNAL AFFAIRS.

Details.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Salaries and General Expenses—					
Administrative	20,129	(a)34,680	(a)30,555	(a)88,938	224,617
Embassy, United States of America .. .. .	..	71,072	68,755	96,628	136,691
Legations—					
China .. .. .	..	33,049	15,049	39,875	72,993
Union of Soviet Socialist Republics .. .. .	..	27,689	30,013	24,136	26,153
France .. .. .	..	..	1,427	30,853	40,015
Brazil .. .. .	..	..	56	38,996	26,274
Chile .. .. .	..	..	..	6,073	29,603
Netherlands .. .. .	..	..	..	..	13,818
High Commissioners (b)—					
Canada .. .. .	..	17,969	20,356	21,275	32,200
New Zealand .. .. .	..	6,250	7,939	11,005	13,723
India .. .. .	..	8,403	21,291	23,936	28,457
Eire .. .. .	..	..	..	..	9,011
South Africa .. .. .	..	..	..	805	22,471
Consular Representation abroad	..	..	..	21,923	143,610
Other Representation abroad	..	..	..	30,895	46,625
International Labour Organization, United Nations Organization and other International agencies—					
Contributions and Representation at Conferences	43,329	41,852	39,999	124,486	413,251
Australian National Antarctic Research Expedition .. .. .	..	..	..	..	20,062
Miscellaneous	6,710	10,200	8,608	2,714	5,697
Total	70,168	251,164	244,048	562,538	1,305,271

(a) Additional expenditure occasioned by the war was provided under War (1939-45) Services.
 (b) For High Commissioner, United Kingdom, see table above.

(f) *Department of the Treasury.* The sub-departments under the control of the Commonwealth Treasurer are the Treasury, the Supply and Tender Board, Taxation Office, Superannuation Board, and the Commonwealth Bureau of Census and Statistics. The Government Printing Office is also a sub-department of the Treasury, but its expenditure is charged to Parliament and the Departments concerned. Details of the expenditure of the Treasury for the years 1938-39 and 1943-44 to 1946-47 are given in the following table:—

EXPENDITURE : DEPARTMENT OF THE TREASURY.

Details.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Treasury(a)	56,528	(b) 91,520	(b) 89,736	(b) 114,748	235,035
Taxation Office	618,537	1,858,211	1,994,069	2,162,228	2,528,293
Superannuation Board	8,623	11,480	12,111	12,415	14,291
Census and Statistics	60,939	(b) 54,873	(b) 65,268	(b) 74,944	132,717
Census	4,113	..	..	..	244,415
Rent, repairs, etc.	23,088	75,349	74,116	83,606	90,695
Interest and Sinking Fund	911,004	970,090	980,750	1,051,420	993,130
Exchange	514,240	499,291	500,811	448,217	374,891
Loan Conversion expenses	1,588	132	2,102	48,801	3,039
Gold Tax collection .. .. .	..	..	152	15	1,081
Miscellaneous	58,968	218,150	216,186	153,513	146,869
Total	2,257,628	3,779,096	3,935,301	4,149,907	4,764,456

(a) Includes Supply and Tender Board.
 provided under War (1939-45) Services.

(b) Additional expenditure occasioned by the war was

(g) *Attorney-General's Department.* Details of expenditure for the years 1938-39 and 1943-44 to 1946-47 are furnished below :—

EXPENDITURE : ATTORNEY-GENERAL'S DEPARTMENT.

Details.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Attorney-General's Office	19,699	43,554	42,887	41,709	42,922
Crown Solicitor's Office	27,642	84,238	109,792	129,413	104,317
Salaries of Justices of High Court ..	18,500	15,500	17,433	18,879	21,600
High Court expenses	15,615	14,851	16,740	17,162	19,014
Court of Conciliation and Arbitration..	24,046	43,091	50,334	52,669	60,070
Public Service Arbitrator's Office ..	5,919	3,573	4,586	4,242	4,983
Rent, repairs, etc.	15,131	24,371	25,779	26,025	36,277
Patents, Trade Marks, etc.	71,126	48,171	54,016	67,897	97,642
Investigation Branch	16,219	33,182	35,804	35,927	52,125
Bankruptcy	44,551	41,937	39,223	39,679	41,449
Reporting Branch	13,922	24,097	24,886	24,942	25,058
Legal Service Bureau .. ..	..	..	..	..	36,867
Miscellaneous	9,127	10,184	12,166	14,060	26,910
Total	281,497	386,749	433,646	472,604	569,234

(h) *Department of the Interior.* With the formation of the new departments of Works (later expanded to include Housing) in February, 1945, and Immigration in July, 1945, the administration of Commonwealth Public Works and Immigration was transferred to the new departments. The costs relating to these activities for the years 1943-44 to 1946-47 are shown under the new departments. The Commonwealth Railways and the Northern and Australian Capital Territories, which are administered by the Department of the Interior, are for convenience included respectively under Railways (w) and Territories (x) below. Expenditure in connexion with the Electoral Office, which is administered by the Department of the Interior, is included under Parliament, in (c) above.

Particulars of the expenditure for the years 1938-39 and 1943-44 to 1946-47 on other services under the control of this Department are as follows :—

EXPENDITURE : DEPARTMENT OF THE INTERIOR.(a)

Details.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Salaries, Contingencies and Miscellaneous—					
Administrative	380,550	(b)122,706	(b)148,300	(b)187,056	285,073
Meteorological Bureau	80,107	(c)	(c)	(c)	60,578
Solar Observatory	6,816	9,177	15,090	17,804	22,887
Forestry Branch	10,436	9,670	11,803	19,407	28,709
Rent, repairs and maintenance	17,618	18,300	19,400	27,604	89,302
Pensions, Superannuation and Retiring Allowances	20,567	16,924	18,203	21,074	21,761
Interest	690,061	541,962	549,994	582,842	484,046
Sinking Fund	69,237	88,367	92,785	97,424	102,295
Total	1,275,392	807,106	855,575	953,211	1,094,651

(a) Excludes Territories, Railways and Electoral Office. (b) Additional expenditure occasioned by the war was provided under War (1939-45) Services.

(c) Provided under Departments of Air and Civil Aviation.

(i) *Department of Works and Housing.* In February, 1945, the Department of Works was formed to take over Commonwealth works from the Department of the Interior. The functions of this department were expanded in July, 1945 to include Housing, which

had previously been controlled by the Department of Post-war Reconstruction. Details of expenditure for the years 1942-43 to 1946-47 are shown in the following table:—

EXPENDITURE : DEPARTMENT OF WORKS AND HOUSING.

Details.	1942-43.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Administrative—Salaries and general expenses	(a) 41,602	(a) 34,953	(a) 42,030	(a) 102,000	1,500,217
Pensions, Superannuation and Retiring Allowances	5,478	5,785	5,180	6,049	8,102
Rent, repairs and maintenance	1,700	1,700	1,700	787	92,525
Total	48,780	42,438	48,910	108,836	1,600,844

(a) Additional expenditure occasioned by the war was provided under War (1939-45) Services.

(j) *Department of Civil Aviation.* Particulars of expenditure of the Department of Civil Aviation for the years 1938-39 and 1943-44 to 1946-47 are as follows:—

EXPENDITURE : DEPARTMENT OF CIVIL AVIATION.

Details.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Administrative—Salaries and general expenses	89,946	235,054	313,222	473,021	808,617
Development and maintenance of Civil Aviation	162,232	..	1,095	110,658	202,132
Meteorological Services .. ..	..	61,000	61,000	61,000	149,330
Flying Boat Bases	55,919	37,722	24,285	25,117	38,444
Overseas Air Services .. ..	..	3,009	12,457	42,020	10,000
Rent, repairs and maintenance	8,428	12,953	16,452	16,493	40,531
Interest and Sinking Fund	11,625	9,853	10,020	10,599	9,258
Total	328,150	359,591	438,531	738,908	1,258,312

(k) *Department of Trade and Customs.* Under this head has been included the expenditure of all the sub-departments under the control of the Minister for Trade and Customs, in addition to the amounts payable as bounties and the expenses in connexion therewith. Particulars for the five years 1938-39 and 1943-44 to 1946-47 are given in the following table:—

EXPENDITURE : DEPARTMENT OF TRADE AND CUSTOMS.

Details.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Central Office	70,298	(a) 53,149	(a) 61,769	(a) 77,558	126,667
Tariff Board	13,252	9,864	10,854	10,373	13,236
Film Censorship	4,466	4,948	4,778	6,348	5,273
Commercial Branch .. ..	..	..	..	..	105,566
Customs—States	621,425	a624,346	a670,549	a743,657	932,316
Audit (proportion)	11,786	16,691	17,237	19,920	20,765
Pensions and Superannuation	45,063	49,930	49,457	49,460	51,571
Rent, repairs, etc.	7,373	8,508	7,885	9,114	32,292
Bounties and Subsidies	225,636	6,098	13,813	22,334	29,320
Interest and Sinking Fund	34,321	29,271	29,917	31,642	27,735
Remissions of duty on materials for Commonwealth Government ship construction	26,702	5,244	1,387	89	..
Other remissions of duty	2,066	7,452	5,811	10,079	46,195
Miscellaneous	1,736	..	..	3,172	(b) 55,994
Total	1,064,124	815,501	873,457	983,746	1,446,930

(a) Additional expenditure occasioned by the war was provided under War (1939-45) Services.

(b) Includes £55,000 compensation under Motor Manufacture Repeal Act 1945.

(l) *Department of Health.* Details of expenditure for the five years 1938-39 and 1943-44 to 1946-47 are as follows:—

EXPENDITURE : DEPARTMENT OF HEALTH.

Details.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Administrative ..	135,506	150,554	157,227	160,149	196,369
Pharmaceutical Services ..	..	..	5,356	13,830	10,614
Interest and Sinking Fund ..	23,661	20,901	21,293	22,291	20,132
Rent and repairs ..	14,102	12,840	12,870	16,630	37,607
Pensions and Superannuation ..	2,870	4,211	4,204	5,006	5,261
Subsidy, Cattle Tick Control ..	69,450	53,325	53,325	53,325	53,325
Medical Research ..	30,000	20,000	20,000	40,000	32,000
Nutrition—Publicity and surveys	2,969	9,621	9,893	6,655	3,274
X-ray and Radium Laboratory ..	3,492	4,429	4,501	6,489	5,827
Acoustic Laboratory ..	..	..	..	..	4,682
National Health Campaign ..	5,000	20,400	20,400	23,000	20,000
Council for National Fitness ..	371	72,500	72,500	72,500	72,500
Maternal and Infant Hygiene ..	1,000	1,250	1,250	..	..
Aerial Medical Services subsidy ..	5,000	7,500	7,500	7,500	7,500
Miscellaneous ..	(a)44,734	1,795	2,283	1,413	4,301
Total ..	338,155	379,326	392,602	428,788	473,392

(a) Includes reserve of essential drugs and medical equipment, £39,430.

(m) *Department of Commerce and Agriculture.* Particulars of the expenditure of the Department of Commerce and Agriculture for the five years 1938-39 and 1943-44 to 1946-47 are given below:—

EXPENDITURE : DEPARTMENT OF COMMERCE AND AGRICULTURE.(a)

Details.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Administrative ..	58,218	(b)75,121	(b)57,689	(b)75,420	150,726
Administration of Commerce (Trade Descriptions) Act ..	174,876	250,112	278,245	279,447	297,483
Division of Agricultural Economics	..	..	..	..	18,316
Australian National Publicity Association ..	20,000	..	..	..	..
Oversea trade publicity ..	47,016	..	..	771	12,267
Commercial intelligence service abroad ..	47,248	33,852	41,300	51,365	110,247
Wool publicity and research ..	73,816	85,335	74,858	..	..
Wool use promotion ..	..	..	..	344,538	229,957
Fruit bounties ..	10,462	..	..	..	..
Herd testing ..	..	..	..	..	10,827
Research, experimental, investi- gation and development work ..	..	..	..	1,485	8,485
Agricultural machinery control ..	..	..	..	..	12,624
Wheat Industry Stabilization Board ..	..	..	..	..	28,094
Emergency transport of wheat ..	..	..	..	..	1,500,468
Wheat contract with New Zealand	..	..	..	..	876,962
Rent, repairs, maintenance, etc...	13,081	6,808	2,741	8,540	20,379
Pensions and Retiring Allowances	12,959	14,255	10,877	10,577	9,868
Interest ..	198,599	246,486	240,906	248,970	224,716
Sinking Fund ..	245,404	318,880	333,809	350,500	57,633
All Other ..	(c)92,416	2,812	2,298	3,299	36,391
Total ..	994,095	1,033,661	1,042,723	1,374,912	3,605,443

(a) Excludes Drought Relief and other assistance to Primary Producers. (b) Additional expenditure occasioned by the war was provided under War (1939-45) Services. (c) Includes representation at New York World Fair, £39,780, and San Francisco Exhibition, £21,335.

(n) *Department of Social Services.* This Department, constituted during 1940-41, administers Age and Invalid Pensions, Maternity Allowances, Child Endowment, Widows' Pensions, and Unemployment and Sickness Benefits. Particulars of administrative expenditure during the five years 1938-39 and 1943-44 to 1946-47 are as follows:—

EXPENDITURE : DEPARTMENT OF SOCIAL SERVICES.

Details.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Administrative .. ..	..	10,116	11,069	13,788	23,783
Child Endowment Section .. ..	..	134,400	140,834	134,130	150,884
Age and Invalid Pensions and Maternity Allowances Section ..	138,634	210,796	211,434	236,740	279,504
Widows' Pensions Section .. ..	..	27,384	27,016	25,798	27,673
Unemployment and Sickness Benefits Section .. ..	..	..	10,548	189,567	217,012
Miscellaneous	186,100	29,443	42,359	65,904	77,273
Total	324,734	412,139	443,260	605,927	770,129

Expenditure from Consolidated Revenue and National Welfare Funds on Social Services, during the five years 1938-39 and 1943-44 to 1946-47 including Hospital and Tuberculosis Benefits administered by the Department of Health, is shown in the following table:—

EXPENDITURE ON SOCIAL SERVICES.

Details.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Age and Invalid Pensions	15,991,782	21,699,100	21,701,127	26,962,420	29,416,673
Funeral Benefits .. ..	..	105,336	163,992	184,478	209,349
Widows' Pensions .. ..	..	2,800,702	2,965,446	3,247,334	3,366,288
Maternity Allowances	436,614	2,287,000	2,542,801	2,492,495	3,026,459
Child Endowment .. ..	..	12,256,976	12,036,248	18,019,178	19,862,933
Unemployment and Sickness Benefits .. ..	..	..	..	1,144,412	1,650,125
Hospital Benefits .. ..	..	..	..	1,111,292	4,380,296
Tuberculosis Benefits .. ..	..	..	..	..	109,603
Total	16,428,396	39,149,114	39,409,614	53,161,609	62,021,726

(o) *Department of Supply and Shipping.* Formed in 1942-43 for the purposes of controlling war-time supplies and shipping, the Department took over the Marine Branch of the Department of Commerce. Expenditure on this branch is shown below. The balance of the expenditure of the Department is shown under the Defence, War (1939-45) Services and Post-war Charges.

EXPENDITURE : DEPARTMENT OF SUPPLY AND SHIPPING.

Details.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Marine Branch—Salaries and general expenses	208,129	264,702	265,737	270,018	320,957
Overhaul and repair of Departmental vessels	5,305	6,266	..	..	..
Colonial Light Duties	1,398	830	842	1,335	854
Rent, repair and maintenance of buildings .. ..	..	3,375	6,286	8,447	10,154
Total	214,832	275,173	272,865	279,800	331,965

(p) *Department of External Territories.* This Department was set up on June, 1941 to administer the Commonwealth External Territories of Papua, New Guinea, Norfolk Island and Nauru. Expenditure of the Department for the years 1942-43 to 1946-47 is shown hereunder. Particulars of expenditure on Territories is given in para. (x) following :—

EXPENDITURE : DEPARTMENT OF EXTERNAL TERRITORIES.

Details.	1942-43.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Administration—Salaries and general expenses	14,264	14,666	23,374	32,165	42,338
Shipping and mail services to the Pacific Islands	10,313	4,929	12,000	11,954	12,367
Superannuation .. ..	..	12	..	152	183
Rent, repair and maintenance of buildings .. ..	..	..	..	943	909
Total	24,577	19,607	35,374	45,214	55,797

(q) *Department of Immigration.* This Department was formed in July, 1945 to administer matters relating to Immigration, Naturalization, etc. Prior to the formation of this Department, this work was carried out by a section of the Department of the Interior. Expenditure for the years 1942-43 to 1946-47 is shown in the following table :—

EXPENDITURE : DEPARTMENT OF IMMIGRATION.

Details.	1942-43.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Administration—Salaries and general expenses	27,192	31,197	32,420	61,120	128,268
British migration .. ..	..	..	..	..	32,772
Miscellaneous .. ..	..	..	..	11,431	15,584
Superannuation .. ..	..	..	..	..	17
Rent, repair and maintenance of buildings .. ..	..	..	..	..	6,578
Total	27,192	31,197	32,420	72,551	183,219

(r) *Department of Labour and National Service.* This Department was set up during the 1939-45 War for the purpose of mobilizing the nation's man-power and to deal with matters affecting industrial relations, welfare and training, and war housing. For details of the existing functions of the Department see Chapter III.—General Government, § 4.

Expenditure during 1946-47 amounted to £1,127,430. Prior to 1946-47, expenditure on this Department was included under Defence, War (1939-45) Services and Post-war Charges.

(s) *Department of Transport.* This Department was set up in 1941-42 to control, regulate and direct all land transport services for the carriage of goods and passenger, within the Commonwealth. Expenditure by this Department during 1946-47 was £57,422, expenditure in previous years being provided under Defence, War (1939-45) Services and Post-war Charges. For details of the existing functions of the Departments see Chapter III.—General Government, § 4.

(t) *Department of Information.* This Department was set up during the 1939-45 War, its functions relating, *inter alia*, to the direction and control of the publication of information on the war, and to publicity censorship. For existing functions see Chapter III.—General Government, § 4. Expenditure of this Department during 1946-47 was £342,280, expenditure in previous years being provided under Defence, War (1939-45) Services and Post-war Charges.

(u) *Department of Post-war Reconstruction.* The Department of Post-war Reconstruction was set up during the 1939-45 War to prepare for the conversion from war to peace-time activities. It administers the Commonwealth Reconstruction Training Scheme and the Office of Education. For further information regarding its functions see Chapter III.—General Government, § 4. Expenditure during 1946-47 was as follows:—administrative and general expenses, £216,301; Office of Education, £105,539; financial assistance to university students, £204,488; rent, repair and maintenance of buildings, £33,388; total, £559,716. Expenditure prior to 1946-47 was included under Defence, War (1939-45) Services and Post-war Charges.

(v) *Postmaster-General's Department.* Details of the expenditure of this department for the five years 1938-39 and 1943-44 to 1946-47 are given in the following table:—

EXPENDITURE : POSTMASTER-GENERAL'S DEPARTMENT.

Details.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Salaries, stores and materials, mail engineering services, etc. ..	11,563,510	18,471,039	19,920,531	20,841,144	22,617,000
Public Works Staff—Salaries, etc. ..	60,000	60,000	60,000	60,000	68,000
Audit (proportion)	11,660	13,000	13,000	13,000	13,000
Pensions and Retiring Allowances	75,113	46,646	38,291	34,512	30,329
Superannuation	316,747	379,080	379,522	397,615	428,445
Rents, repairs, etc.	114,183	149,395	156,035	180,440	223,310
A.R.P. Works at Postal Establishments .. ..	..	25,708	51,048	17,777	..
Interest	1,398,690	1,330,567	1,295,668	1,110,915	1,072,607
Sinking Fund	1,128,933	1,528,295	1,604,792	1,684,980	1,769,210
Exchange	359,397	477,847	474,576	434,615	428,827
Loans, Redemption and Conversion expenses .. ..	..	..	..	..	104,973
Total	15,028,233	22,481,577	23,993,463	24,774,998	26,755,701

Further details of expenditure to 1945-46 on account of the Postmaster-General's Department appear in Chapter V. "Transport and Communication" (part I., Posts, Telegraphs and Telephones).

(w) *Railways.* In April, 1932 the administration of Commonwealth Railways was placed under the Department of the Interior. The expenditure on railways for the five years 1938-39 and 1943-44 to 1946-47 is shown below :—

EXPENDITURE : COMMONWEALTH RAILWAYS.

Details.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Working expenses—					
Trans-Australian	493,463	871,730	882,464	776,386	740,556
North Australia	55,186	479,190	517,273	212,150	52,222
Central Australia	214,374	1,028,059	784,221	591,790	439,252
Australian Capital Territory ..	7,365	13,754	12,438	12,158	13,195
Interest	392,194	368,675	359,907	344,171	341,189
Sinking Fund	75,230	95,735	100,474	105,295	110,575
Exchange	62,674	83,951	83,894	83,697	80,516
Contribution to South Australia (Port Augusta-Port Pirie Rail- way)	20,000	20,000	20,000	20,000	20,000
Superannuation	13,467	16,210	17,426	17,215	19,381
Miscellaneous	17,088	91,382	16,699	26,400	104,286
Total	1,351,041	3,068,686	2,794,796	2,189,262	1,921,172

(a) Includes loans, redemption and conversion expenses, £54,648.

Additional details of the financial operations of the Commonwealth Railways to 1945-46 are given in Chapter V. "Transport and Communication" (part B, Railways).

(x) *Territories.* The following table shows the expenditure on account of territorial services for the five years 1938-39 and 1943-44 to 1946-47. The internal territories are administered by the Department of the Interior, and the Department of External Territories controls the external territories. The expenditure has been grouped in one table for convenience. Information in greater detail will be found in the *Finance Bulletin* No. 38, issued by this Bureau.

EXPENDITURE : TERRITORIES.

Details.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
Internal—					
Australian Capital (a)	637,228	698,290	736,898	831,289	941,275
Northern (a)	402,899	301,434	294,800	365,990	819,613
External—					
Papua	48,830	4,692	4,609	} 6,654	1,526,342
New Guinea	5,532	2,135	2,139		
Norfolk Island	5,471	4,073	4,074		
Total	1,099,960	1,010,624	1,042,520	1,208,007	3,291,305

(a) Excludes Railways, see para. (w.)

(iii) *New Works.* The expenditure on additions, new works, etc., during the five years 1938-39 and 1943-44 to 1946-47 was as follows :—1938-39, £6,565,268 (excluding £3,494,733 provided from excess receipts for Defence equipment); 1943-44, £4,677,278; 1944-45, £5,705,351; 1945-46, £6,659,952; and 1946-47, £15,157,463. Particulars for the last four years exclude expenditure in connexion with Defence, War (1939-45) Services and Post-war Charges.

(iv) *Defence, War and Repatriation Services.* Full details concerning the expenditure from Consolidated Revenue upon War and Repatriation (1914-18) Services and Defence, War (1939-45) Services and Post-war Charges will be found in §§ 5 and 6, pages 651-5.

Division IV.—Payments to or for the States.

1. **Introductory.**—In some previous issues of the Official Year Book particulars were given of the obligations imposed on the Commonwealth by the Constitution Act with reference to the payments to be made to the States, and the following statement includes a brief outline of the principal financial provisions of the Constitution in regard to the distribution of revenue received by the Commonwealth. Details of payments to the States under other agreements are included in more detail.

2. **Uniform Customs Duties.**—Prior to Federation, State revenues were largely derived from Customs and Excise Duties and as the Commonwealth Constitution (Sections 86 and 90) transferred exclusively to the Commonwealth this source of revenue it was essential that the Constitution should provide adequate compensation for this loss to the States. Section 88 directed that uniform duties of customs must be imposed within two years after the establishment of the Commonwealth. This section was complied with on 8th October, 1901, by the introduction of the first Customs Tariff Bill. Section 95 of the Constitution, however, authorized the Western Australian Government, for a period of five years after the imposition of the uniform customs duties, to impose limited customs duties on goods passing into that State and not originally imported from beyond the limits of the Commonwealth, such duties to be collected by the Commonwealth.

3. **Distribution of Commonwealth Revenue.**—Broadly, the requirements of the Commonwealth Constitution in regard to the financial relationship between the Commonwealth and the States may be divided into three phases covering definite periods.

(n) 1901 to 1910. This period was covered by Section 87 (known as the "Braddon Clause") which provided that:—

"During a period of ten years after the establishment of the Commonwealth and thereafter until the Parliament otherwise provides, of the net revenue of the Commonwealth from duties of customs and of excise not more than one-fourth shall be applied annually by the Commonwealth towards its expenditure.

The balance shall, in accordance with this Constitution, be paid to the several States, or applied towards the payment of interest on the debts of the several States taken over by the Commonwealth."

The scheme outlined in the Constitution for determining the amount to be paid to the several States is contained in Sections 89 and 93, the former of which relates to the period prior to the imposition of uniform duties of customs (as provided in Section 88), the latter to the first five years after the imposition of such duties and thereafter until Parliament otherwise provides. The principle involved was that of crediting each State with the Commonwealth revenue collected in respect of that State, and of debiting it with the expenditure incurred on its behalf in connexion with transferred departments, as well as its share on a *per capita* basis of the "new" expenditure of the Commonwealth. On this account the method of allocation provided by the Constitution became very generally known as the "book-keeping system". As the imposition of uniform duties of customs and excise throughout the Commonwealth took place on 9th October, 1901, the five years provided for in Section 93 expired on 8th October, 1906, and consequently the "book-keeping system" could then be changed at any time by the Commonwealth Parliament.

Section 93 provided that the duties of customs chargeable on goods imported into and duties of excise paid on goods produced or manufactured in one State and consumed in another should be credited to the consuming State. The balance in favour of any State was paid monthly by the Commonwealth.

The Surplus Revenue Act 1908 continued the "book-keeping system" but provided that any excess receipts over expenditure should be distributed monthly to each State in proportion to their respective populations. This Act more clearly defined "transferred" and "new" expenditure.

(b) 1911 to 1927 (*Surplus Revenue Acts*). The provisions of Section 87 of the Constitution were terminated by the passing of the Surplus Revenue Act 1910 which provided for the following scheme of payments to operate from 1st July, 1910 :—

- (i) the Commonwealth to pay by monthly instalments or apply to the payment of interest on debts of the States taken over by the Commonwealth an annual sum amounting to twenty-five shillings per head of the number of people of the State;
- (ii) in addition to the payments above, all surplus revenue (if any) to be paid to the States in proportion to the number of people; and
- (iii) a special payment to be made to Western Australia in monthly instalments of an annual sum of £250,000 in the first year, thereafter progressively diminishing by £10,000 each year. One half of the payments so made to be debited to all of the States (including Western Australia) on a population basis and the amount so debited to be deducted from the amount otherwise payable to each State.

After 1920 and until 1927 the provisions of the several Surplus Revenue Acts continued to govern the payments by the Commonwealth to the States.

(c) 1928 to date (*Financial Agreement Act*). An Amendment to the Constitution embodied in Section 105A gave effect to the powers conferred on the Commonwealth in Section 105. This amendment included provisions for :—

- (i) taking over the debts of the several States by the Commonwealth;
- (ii) the payment by the Commonwealth of a fixed annual sum in respect of the interest on such debts and for certain sinking fund contributions;
- (iii) the indemnification of the Commonwealth by the States in respect of debts taken over from the States;
- (iv) the borrowing of money by the States or by the Commonwealth or by the Commonwealth for the States; and
- (v) certain other matters connected with the management, consolidation, renewal, conversion and redemption of such debts.

4. **Special Grants.**—The Constitution provides in Section 96 for the granting of special financial assistance to the States. Reference has already been made to the special grant to Western Australia in the Surplus Revenue Act 1910. This State has continued to receive financial assistance each year since 1910–11. In 1912 a grant under similar conditions was made to Tasmania, the amount payable in the first year, 1912–13, being £95,000, which was to be progressively reduced by £10,000 in each successive year. The Tasmania Grant Act 1913 provided for an addition to this grant, bringing the amount payable to £85,000 per annum to the year 1921–22, after which annual grants of varying magnitude were made.

South Australia received £360,000 in 1929–30 and further grants in each successive year.

Other direct grants to the States from consolidated revenue include contributions towards the payment of interest and sinking fund on loans expended by Local Government authorities on public works. Grants which have been made from loan fund are indicated in the statement of loan expenditure on page 640.

From the accumulated excess receipts since 1931-32, special assistance to the States was provided as follows :—

State.	1934-35.	1935-36.	1936-37.
	£	£	£
New South Wales	786,000	205,000	197,000
Victoria	550,000	140,000	137,000
Queensland	286,000	75,000	72,000
South Australia	176,000	45,000	44,000
Western Australia	133,000	35,000	33,000
Tasmania	69,000	..	17,000
Total	2,000,000	500,000	500,000

5. Commonwealth Grants Commission.—In 1933 the Commonwealth Government appointed the Commonwealth Grants Commission of three members to inquire into and report upon claims made by any State for a grant of financial assistance and any matters relevant thereto.

Applications were received from South Australia, Western Australia and Tasmania during each year from 1933 and the recommendations of the Commission in respect of the years 1938-39 and 1944-45 to 1947-48 were as follows :—

State.	Grant Recommended.				
	1938-39.	1944-45. (a)	1945-46. (a)	1946-47. (b)	1947-48. (b)
	£	£	£	£	£
South Australia	1,040,000	1,200,000	1,400,000	2,000,000	2,318,000
Western Australia	570,000	904,000	950,000	1,873,000	2,977,000
Tasmania	410,000	742,000	646,000	875,000	747,000
Total	2,020,000	2,846,000	2,996,000	4,748,000	6,042,000

(a) Excludes Special Grants recommended under Section 6 (2) of the State Grants (Income Tax Reimbursement) Act 1942 : 1944-45, South Australia, £553,172 ; 1945-46, South Australia, £1,101,365, Western Australia, £912,559 and Tasmania, £118,996, total £2,132,020. (b) Includes additional grants recommended : 1946-47, South Australia, £400,000, Western Australia, £628,000 and Tasmania, £50,000, total, £1,078,000 ; 1947-48, Western Australia, £1,000,000.

6. States Grants (Income and Entertainments Tax Reimbursement) Acts.—(i) *States Grants (Income Tax Reimbursement) Act.* As compensation to the States for vacating the income tax field to the Commonwealth Government, the States Grants (Income Tax Reimbursement) Act 1942 provided for the payment to the States of the following amounts, less amounts equal to any arrears of State Income Tax collected during each year that the Act remained in operation :—

	£
New South Wales	15,356,000
Victoria	6,517,000
Queensland	5,821,000
South Australia	2,361,000
Western Australia	2,546,000
Tasmania	888,000
Total	33,489,000

Amounts equal to the arrears collected were to be paid, with interest at a rate not less than 3 per cent., immediately prior to the expiration of the Act.

In section 6 of the Act provision was made for the Treasurer of any State to inform the Commonwealth Grants Commission if he considered that the payments made under the Act were insufficient to meet his revenue requirements. The Commission, after inquiry into the matter, was to advise the Treasurer as to the justice of granting additional assistance. The Treasurer of Tasmania availed himself of this provision to apply for an increase of the Income Tax Reimbursement Grant for the years 1942-43, 1943-44 and 1944-45, but in each case the Commonwealth Grants Commission did not consider that an additional grant was just. Following an application in 1944-45 by the Treasurer of South Australia, an additional grant of £553,172 was recommended by the Commonwealth Grants Commission. In 1945-46 three States applied for additional financial assistance and the following grants were recommended:—South Australia, £1,101,365; Western Australia, £912,559; and Tasmania, £118,996; total £2,132,920.

(ii) *States Grants (Tax Reimbursement) Act 1946.* The States Grants (Income Tax Reimbursement) Act 1942 came into operation on 1st July, 1942, and was repealed by the States Grants (Tax Reimbursement) Act 1946.

The States Grants (Tax Reimbursement) Act 1946 revised the basis of determining the reimbursement grants for 1946-47 and subsequent years. This Act provided for the following reimbursement grants to be paid to the States.

(a) 1946-47 and 1947-48—	£
New South Wales	16,477,000
Victoria	8,860,000
Queensland	6,601,000
South Australia	3,458,000
Western Australia	3,384,000
Tasmania	1,220,000
Total	40,000,000

(b) 1948-49 and subsequent years.—An amount is to be determined by increasing the aggregate grants paid in 1947-48 (£40,000,000) by the same proportion as the aggregate population of the six States at the beginning of the financial year increases over the aggregate population of the six States at 1st July, 1947. This amount is to be further increased by a percentage equal to half the percentage increase in average wages per person employed in the financial year preceding the year in which the reimbursement grants are to be paid over the average wages per person employed in 1946-47. The amount so determined will be the aggregate of the reimbursement grants and is to be distributed to the States in the following proportions:—

(i) 1948-49 to 1956-57—The weighted mean of—

(a) the proportion indicated by the "adjusted" population* for each State, and

(b) the proportions indicated by the distribution of the aggregate reimbursement grant in 1946-47 and 1947-48,

giving the latter a weight of 9/10 in 1948-49, 8/10 in 1949-50 and thus decreasing each year to 1/10 in 1956-57.

(ii) 1957-58 and subsequent years—the proportion indicated by the "adjusted" population for each State.

It is provided that, if the application of the foregoing formula for distribution of the aggregate grants causes the amount of the reimbursement grant for any State to fall below the grant for 1946-47, the grant payable will be the same as that for 1946-47 and the balance of the aggregate grant is to be distributed between the remaining States in the proportions above.

An amount equal to arrears of State income taxes collected by the States in any year is to be deducted from the reimbursement grants for that year. The aggregate amount so deducted less any refunds of State income taxes made by the Commonwealth is to be repaid in the event of uniform taxation ceasing to operate. This amount bore interest at 3 per cent. up to 30th June, 1946, but thereafter, under the new arrangement, will bear no interest.

* In the "adjusted" population allowances are made for differences in the proportion of school children in the population and the density of the population in each State.

The provisions relating to additional grants in the State Grants (Income Tax Reimbursement) Act 1942 were repealed.

The payment of the tax reimbursement grant in any year to any State is subject to the condition that that State does not impose a tax on incomes in that year.

Under the State Grants (Tax Reimbursement) Act 1947 an additional grant of £5,000,000 was made for the year 1947-48 and provision was made to increase the aggregate grant for subsequent years to a minimum of £45,000,000.

The reimbursement grants provided in the State Grants (Tax Reimbursement) Act 1946-47 are intended to replace the grants previously made on account of both Income and Entertainments taxes.

(iii) *States Grants (Entertainments Tax Reimbursement) Act.* The following amounts were paid to the States by the Commonwealth for the years 1942-43 to 1945-46, following the withdrawal of the States from the entertainments tax field :—

ENTERTAINMENTS TAX REIMBURSEMENT GRANTS.

State.					1942-43	Each year 1943-44 to 1945-46.
					£	£
New South Wales	..	..	..	..	120,623	160,830
Victoria	..	..	..	..	279,944	373,259
South Australia	..	..	..	..	72,782	97,043
Western Australia	..	..	..	..	73,640	98,186
Tasmania	..	..	..	..	27,352	36,469
Total	..	..	..	..	574,341	765,787

No compensation was payable in respect of Queensland because a State entertainment tax was not levied in that State.

The Act ceased to operate after 30th June, 1946, when the reimbursement grant on account of entertainments tax was included with the tax reimbursement grant. Although the Commonwealth will continue to collect an entertainments tax, payment of this grant is not conditional on any State not imposing an entertainments tax.

7. *Grants for Road Construction.*—(i) *Main Roads Development Acts.* Grants amounting in the aggregate to £1,750,000 were made to the States in 1922-23, 1924-25 and 1925-26 for the purpose of reconditioning certain main roads. Of this amount £1,500,000 was granted on the condition that the States spent an equivalent amount.

(ii) *Federal Aid Roads.* The Federal Aid Roads Act 1926 made provision for the construction and re-construction of roads in the several States out of moneys provided by the Commonwealth and States respectively. The original arrangement provided for a grant by the Commonwealth of £2,000,000 per annum for ten years from 1st July, 1926. The allocation to the States was based on three-fifths according to population and two-fifths according to area.

Expenditure was made in the proportion of 15s. by the States to £1 by the Commonwealth. The original agreement was varied in certain respects, the most important of which operated from 1st July, 1931, when, in lieu of the £2,000,000 per annum, the Commonwealth agreed to contribute an amount equivalent to 2½d. per gallon customs duty, and 1½d. per gallon excise duty on petrol entered for home consumption during each year, and the States were not required to make any contribution as formerly agreed upon.

The 1926 agreement, which was originally intended to remain in operation for ten years, was continued until 30th June, 1937, when a new agreement was entered into. The latter provided for the continuation of the Federal Aid Roads Agreement for a further period of ten years from 1st July, 1937, increased the amount payable to the States to 3d. a gallon customs duty and 2d. a gallon excise on petroleum and shale products (except benzol, on which the excise is only 1½d.), and stipulated that the proceeds of the extra ½d. per gallon should be expended on the construction, reconstruction, maintenance or repair of roads, or other works connected with transport. The allocation of the amount payable was in the proportion of 5 per cent. to Tasmania and the remaining 95 per cent. to the other States on the basis of three-fifths according to the population

at 30th June, 1936, and two-fifths according to area. At the request of the Commonwealth Government the States will, up to a limit of one-twelfth of this additional amount, attend to the maintenance or repair of roads of approach to or adjoining Commonwealth properties. A further variation was the reduction from 3 to 2½ per cent. of the sinking fund contribution of the States on loan moneys provided by them between 1926 and 1931.

(iii) *Commonwealth Aid Roads and Works.* The Federal Aid Roads and Works Agreement expired on 30th June, 1947, and was replaced by the Commonwealth Aid Roads and Works Act 1947, which provided for the following grants to be made to the States for the three years commencing on 1st July, 1947:—

(a) An amount equal to 3d. a gallon customs duty and 2d. a gallon excise duty on petroleum and shale products (except benzol, on which the proportion of excise duty is 1½d. a gallon) entered for home consumption. Petroleum and shale products used in civil aircraft are to be excluded.

(b) £1,000,000 in each year.

These grants are to be distributed to the States in the following proportion:—

(1) 5 per cent. to Tasmania,
 (2) 95 per cent. to be distributed between the remaining States as to three-fifths according to population at 30th June, 1947, and two-fifths according to area.

The amount of the grant received by the States under (a) above is to be expended on the construction, reconstruction, maintenance and repair of roads and (not exceeding one-sixth) on other works connected with transport. The grant under (b) above is to be expended on construction and maintenance of roads in sparsely populated areas, timber country and rural areas or on purchase of road-making plant for use in those areas.

The Act also provides £500,000 per annum to be expended by the Commonwealth on strategic roads and roads of access to Commonwealth property and £100,000 for the promotion of road safety practices.

8. *Amount paid.*—(i) 1901 to 1947. The following table shows particulars of the amounts paid to each of the States since Federation, divided into three periods, with separate details for Special and Roads Grants. Special Commonwealth grants for the relief of primary producers are not included in this table. Details of these grants will be found in Chapter XX. "Agricultural Production".

**PAYMENTS BY THE COMMONWEALTH TO OR FOR THE STATES TO
30th JUNE, 1947.(a)**

Particulars.	N.S.W.	Vic.	Q'land.	S.A.	W.A.	Tas.	Total.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
1900-01 to 1909-10 (b) ..	27,606	19,815	8,895	6,148	8,727	2,602	73,793
1910-11 to 1926-27 (c) ..	41,634	31,341	15,184	9,925	6,899	4,367	109,350
1927-28 to 1946-47 (d) ..	69,321	48,002	25,634	17,398	12,476	6,119	178,950
Special Grants (e) ..	..	..	..	20,595	16,347	11,064	48,006
Grants—							
Income Tax Reimbursement (f) ..	55,419	24,331	22,212	9,037	9,492	3,409	123,900
Income Tax Reimbursement—Special Grants (f)	..	..	..	1,654	913	119	2,686
Entertainments Tax Reimbursement (g) ..	603	1,399	..	364	368	138	2,872
Tax Reimbursement (h) ..	16,128	8,771	6,565	3,435	3,350	1,215	39,464
Non-recurring Grants from Excess Receipts, 1934-35 to 1936-37 ..	1,188	827	433	265	201	86	3,000
Special Assistance (i) ..	944	916	375	220	322	128	2,905
Grants for Road Construction, 1922-23 to 1946-47 (j)	15,849	10,329	11,055	6,546	11,192	2,913	57,884
Total	228,692	145,731	90,353	75,587	70,287	32,160	642,810

(a) Includes non-recurring grants from excess receipts, but excludes amounts provided for relief of wheat-growers and other primary producers and other payments for medical research, etc. (b) Under Section 87 of the Commonwealth Constitution. (c) Under the several Surplus Revenue Acts. (d) Under Financial Agreement Act 1928-1944. (e) Under various State Grants Acts. (f) Under States Grants (Income Tax Reimbursement) Act 1942. (g) Under States Grants (Entertainments Tax Reimbursement) Act 1942. (h) Under States Grants (Tax Reimbursement) Act, 1946-1947. (i) Unemployment Relief, Metalliferous Mining, Forestry, Local Public Works, etc. (j) Under Federal Aid Roads and Main Roads Development Acts.

(ii) 1946-47. For the year ended 30th June, 1947, the payments made to or for each State are shown below :—

PAYMENTS BY THE COMMONWEALTH TO OR FOR THE STATES, 1946-47.(a)

Particulars.	N.S.W.	Vic.	Q'land.	S.A.	W.A.	Tas.	Total.
	£	£	£	£	£	£	£
Interest on States' Debts ..	2,917,411	2,127,159	1,096,235	703,816	473,432	266,859	7,584,912
Sinking Fund on States' Debts (b)	648,184	321,245	224,412	198,663	188,838	54,778	1,636,120
Special Grants .. ..	..	..	..	2,000,000	1,873,000	875,000	4,748,000
Tax Reimbursement Grants	16,127,942	8,770,774	6,564,625	3,435,254	3,350,355	1,214,698	39,463,848
Income Tax Reimbursements—Special Grants (c)	..	..	..	1,101,365	912,559	118,996	2,132,920
Federal Aid Roads and Works (d)	1,350,286	840,926	917,810	533,387	922,616	240,265	4,805,290
Contributions—							
Interest on Loans for Drought Relief ..	6,279	3,439	55	330	..	..	10,103
Port Augusta—Port Pirie Railway Agreement ..	..	..	..	20,000	..	..	20,000
Total	21,050,102	12,063,543	8,803,137	7,992,815	7,721,000	2,770,596	60,401,193

(a) Excludes relief to primary producers and other payments for medical research, etc. (b) Paid to National Debt Sinking Fund. (c) Under Section 6 (2) of the State Grants (Income Tax Reimbursement) Act 1942—to assist State finances, 1945-46. (d) Paid to Trust Fund.

§ 3. Trust Funds.

The Trust Fund balances at 30th June, 1947 amounted to £171,134,502, as compared with £132,273,483 at 30th June, 1946.

§ 4. Commonwealth Loan Funds and Public Debt.

1. **General.**—Although it was not until 1915 that the Commonwealth 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 amount owing to the States for transferred properties. 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 paragraphs.

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 par. 4 below) 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 £3,657,835, and on account of the latter, £2,274,486—a total of £5,932,322. The remaining indebtedness was redeemed during 1940-41.

3. **Loan Fund Expenditure.**—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 prospective heavy cost of the Trans-Australian Railway and the Australian Capital Territory, a Loan Fund similar to those of the States was established. 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, and 3½ per cent. inscribed stock of an equivalent value was created. During the 1914-18 War, in order to raise considerably larger amounts for war purposes, it was necessary to approach the public market. The money required during this period and thereafter was obtained mainly by the issue of Treasury Bills and other securities in London, New York and Australia. Annual expenditure on works, etc. up to 1919-20 did not exceed £3,000,000. From 1920-21 it rose to almost £9,500,000 in 1926-27 and declined to about £2,000,000 in 1930-31. For the years 1931-32 to 1938-39 expenditure fluctuated between £520,000 and £4,550,000. During the last eight years, owing to the inclusion of expenditure on Defence, War (1939-45) Services and Post-war Charges, the total expenditure from loan has risen considerably.

COMMONWEALTH EXPENDITURE FROM LOAN FUND.

Particulars.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.	Total to 30th June, 1947.
War (1914-18) and Repatriation Services	£	£	£	£	£	£
Defence, War (1939-45) Services and Post-war Charges	..	..	..	..	..	372,989,867
General Services and Works	..	377,156,935	266,040,485	152,947,643	37,893,997	1,578,162,778
Additions, New Works, Buildings, etc.—						
Defence Buildings, Works, Sites	1,912,284	..	Cr. 1,205	..	..	8,693,948
Civil Aviation, Buildings and Works	..	..	..	..	..	213,086
Ships, Yards and Docks	Cr. 305,351	..	..	..	..	7,863,028
Lighthouses, Works and Services	Cr. 1,000	Cr. 1,000	..	..	..	634,490
River Murray Waters Act	..	..	..	..	..	2,105,625
Postmaster-General's Department—						
Telegraph and Telephone Construction	..	..	..	..	..	36,057,558
Buildings, Works, Sites, etc.	Cr. 1,290	Cr. 45	Cr. 126	Cr. 2	Cr. 14	4,079,396
Subscription to Capital of Amalgamated Wireless Ltd.	..	..	..	..	..	300,000
Radio Stations and Equipment	..	..	..	..	..	104,538
Serum and Health Laboratories	..	..	..	..	..	80,149
Other Health Buildings and Services	..	..	..	..	..	21,864
Repatriation Buildings, etc.	..	..	..	..	..	47,026
War Service Homes (a)	..	..	..	..	..	7,329,523
Railways	Cr. 339	Cr. 9,698	Cr. 40,809	Cr. 7,251	Cr. 1,714	13,765,776
Territories (b)	Cr. 6,768	Cr. 6,262	Cr. 7,812	Cr. 8,364	Cr. 12,376	8,783,263
Immigration	..	..	..	..	..	1,680,834
Assistance to States—						
Unemployment Relief	Cr. 3,822	(c) 223,459	..	..	..	2,667,020
Mining	..	..	..	..	..	283,750
Forestry	..	..	..	..	..	322,000
Farmers' Debt Adjustment	2,000,000	..	..	..	..	7,967,000
Roads	..	..	..	..	..	249,686
Wire and Wire Netting	..	..	..	..	..	608,846
Drought Relief	..	..	..	..	..	1,844,205
Housing	..	..	..	6,705,000	11,015,000	17,810,000
Wheat Bounty	..	..	..	..	..	3,429,571
Other	..	..	..	..	..	1,381,094
Total Additions, New Works, Buildings, etc.	3,593,714	206,454	Cr. 49,952	6,779,383	11,000,896	128,323,279
GRAND TOTAL	3,593,714	377,363,389	265,990,533	159,727,026	48,894,893	2,079,475,924

(a) In addition, £13,045,408 was expended from War Loan Fund prior to 1923-24. (b) Includes Administration and other Public Buildings, Australian Capital Territory. (c) Adjustment of credits in previous years.

4. **Properties Transferred from States.**—At the time of Federation, when the Commonwealth took over the control of several departments previously administered by the States, a large amount of property was handed over to the Commonwealth Government, which paid interest to the States at the rate of $3\frac{1}{2}$ per cent. on the value of the properties so transferred. (Particulars of the valuation of the properties are given in Official Year Book No. 14, p. 694.) The temporary provisions of the Financial Agreement between the Commonwealth Government and the Governments of the several States provided, *inter alia*, that the Commonwealth Government would, for the period of two years from 1st July, 1927, pay to each State interest at the rate of 5 per cent. per annum on the agreed value of transferred properties as follows:—New South Wales, £4,788,005; Victoria, £2,302,862; Queensland, £1,560,639; South Australia, £1,035,631; Western Australia, £736,432; and Tasmania, £500,754; a total of £10,924,323.

From 1st July, 1929, the Commonwealth Government assumed all liability for so much of the public debt of the States maturing in London bearing interest at the rate of 5 per cent. per annum as was equivalent to the agreed value of the transferred properties shown above. The Commonwealth Government received the freehold or equivalent title to the transferred properties consisting of land or interests in land, and all liability of the Commonwealth to the State in respect to transferred properties was extinguished from that date.

5. **1914–18 War Loan from the British Government.**—On the outbreak of the 1914–18 War, the Commonwealth Government obtained a loan from the British Government for the purpose of financing the prospective large military expenditure. At first, the arrangement was that the British Government should advance the sum of £18,000,000. Subsequently, further loans amounting to £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 British Government, by which almost the entire debt (upwards of £92,000,000) was consolidated. The Commonwealth Government undertook to extinguish the debt in about 35 years by annual payments representing 6 per cent. on the original debt, providing for interest at approximately £4 18s. 4d. per cent., and a sinking fund contribution of approximately £1 1s. 8d. per cent. By a later arrangement with the British Government, however, principal and interest repayments for 1931–32 and subsequent years were suspended. The principal outstanding on 30th June, 1947, was £79,724,000. Debt outstanding and interest payable on account of this loan are excluded from tables of the public debt outstanding and interest payable in subsequent paragraphs of this section.

6. **Flotation of 1914–18 War Loans in Australia.**—In addition to the advances from the British 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, pages 695 and 696.

7. **New Loans Raised 1939–40 to 1946–47.**—Under the Financial Agreement between the Commonwealth and the States, the Commonwealth is responsible for raising all loan moneys required by both the Commonwealth and the State Governments. Details of loan transactions given in this and the next two paragraphs relate, therefore, to all loans raised for the Commonwealth and the States. During the eight years 1939–40 to 1946–47 new public loans raised in Australia totalled £1,241,922,000. Of this, £1,115,596,000 was raised for Defence, War and Rehabilitation purposes, £17,810,000 for purposes of the Commonwealth–States Housing Agreement, £7,318,000 for public works and other purposes of the Commonwealth, £58,180,000 for public works and other purposes of the States, and £43,018,000 for funding short-term debt on account of States' revenue deficits. Except for £12,000,000 borrowed from the United Kingdom Government in 1940–41 and redeemed in 1943–44, no new loans were raised in London or New York during this period.

COMMONWEALTH NEW LOANS(a) RAISED IN AUSTRALIA.

Month of Raising.	Amount Invited.	Number of Subscribers.	Amount Subscribed.	Rate of Interest.	Year of Maturity.	Price of Issue.	Allocated to—	
							Defence, War (1939-45) Services and Post-war Charges.	Other Purposes.
	£'000.		£'000.	%		£	£'000.	£'000
1939-40—								
December	12,000	(b)	12,000	3½	1942-44	100	2,000	10,000
March	18,000	14,339	8,958	3½	1945	100	7,676	10,489
May	20,000	32,792	9,207	3½	1950-56	100	20,583	..
			6,747	2½	1945			
			13,836	3½	1950-56			
1940-41—								
November	28,000	21,830	7,692	2½	1945	100	20,505	8,000
			20,813	3½	1950-56			
April	35,000	57,217	13,642	2½	1946	100	27,872	8,000
			22,230	3½	1950-56			
1941-42—								
October	30,000	83,378	5,387	2½	1945-46	100	34,158	..
February (First Liberty Loan)	35,000	244,589	28,771	3½	1950-57	100	48,331	..
June (Second Liberty Loan)	35,000	196,510	12,869	2½	1945-46	100	37,373	..
June	3,019	(b)	35,462	3½	1950-58	100	..	3,019
			7,032	2½	1946-47			
			30,341	3½	1950-58			
			3,019	2½	1946-47	100	..	..
1942-43—								
November (Austerity Loan)	77,300	454,838	22,090	2½	1946-47	100	82,667	..
March (Third Liberty Loan)	100,000	432,392	60,577	3½	1950-58	100	101,805	..
June	235	(b)	18,661	2½	1947-48	100	..	235
			83,144	3½	1950-59			
			235	2½	1947-48	100	..	..
1943-44—								
October (Fourth Liberty Loan)	125,000	567,533	24,500	2½	1947-49	100	126,408	..
March (First Victory Loan)	150,000	452,700	101,908	3½	1950-58	100	150,549	..
			25,710	2½	1948-49			
			124,839	3½	1950-60			
1944-45—								
September (Second Victory Loan)	112,479	421,456	15,361	3½	1948-49	100	113,937	..
December (c)	43,018	(b)	98,576	3½	1950-60	100	..	43,018
March (Third Victory Loan)	100,000	422,714	43,018	1	1945-53	100	107,302	..
			12,342	2½	1949-50			
			94,960	3½	1950-61			
1945-46—								
July	330	(b)	330	2½	1949-50	100	..	330
September (Fourth Victory Loan)	85,000	260,271	24,102	2½	1949-50	100	87,231	..
March (First Security Loan)	70,000	193,463	63,129	3	1950-61	100	78,471	..
June	6,795	(b)	17,209	2	1949	100	..	6,795
			61,262	3½	1955-58			
			6,795	3	1956			
1946-47—								
October (Second Security Loan)	64,020	195,005	4,824	2	1949	100	61,272	8,500
December	5,575	(b)	64,948	3½	1955-58	100	..	5,575
April (Third Security Loan)	25,000	72,011	5,575	3	1956	100	7,456	22,365
			1,458	2	1950			
			28,363	3½	1956-59			
Total 1939-40 to 1946-47	1,081,771	..	1,241,922	..	..	..	1,115,596	126,326

(a) Includes loans raised for redemption of Treasury Bills, but excludes conversion loans, loans for redemption of debt maturing in London, short-term debt and certain miscellaneous debt (see below). (b) Special issue (taken up by Commonwealth Bank of Australia). (c) Debentures issued for purpose of retiring Commonwealth Treasury Bills originally issued to meet revenue deficits of the States between 30th June, 1927, and 1st July, 1935.

In addition to the amounts included in the table above, at 30th June, 1947, £78,770,000 had been subscribed for War Savings and Savings Certificates (Five and Seven Years' Series), £1,792,000 for National Savings Bonds, £225,000 by War and National Savings Stamps and £10,769,000 for advance loan subscriptions.

After allowing for repurchases the net subscriptions to War Savings and Savings Certificates at 30th June, 1947, was £59,526,000.

"Over the Counter Sales," which are small amounts borrowed by the States by virtue of certain statutory rights, are also excluded from the above table. During the eight years these amounted to £16,437,000.

8. Conversion and Redemption Loans, 1939-40 to 1946-47.—(i) *Australia*. Particulars of conversion loans raised in Australia during the eight years 1939-40 to 1946-47 are given in the following table:—

COMMONWEALTH CONVERSION LOANS RAISED IN AUSTRALIA.

Month of Raising.	Old Loan.		New Loan.				Reduction in Annual Liability for Interest.
	Amount.	Rate of Interest.	Amount.	Rate of Interest.	Price of Issue.	Year of Maturity.	
	£A'000.	%	£A'000.	%	£		£A'000.
1939-40 .. ..	..	..	..	..	..	..	..
1940-41 .. ..	..	..	..	..	..	..	..
1941-42— October	65,985	4	{ 5,343 60,642	{ 2½ 3½	100 100	1945-46 1950-57	535
1942-43— November	21,783	3½	{ 650 21,133	{ 2½ 3½	100 100	1946-47 1950-58	114
1943-44— August	12,252	3½	{ 2,973 9,279	{ 2½ 3½	100 100	1947-48 1950-59	54
1944-45— September	{ 5,602 35,064	{ 3 4	{ 6,999 33,667	{ 2½ 3½	100 100	1948-49 1950-60	301
1945-46— July	{ 13,267 7,890	{ 2½ 3½	{ 13,503 7,654	{ 2½ 3½	100 100	1949-50 1950-61	45
1946-47— August	13,548	2½	{ 4,593 8,955	{ 2 3½	100 100	1949 1955-58	-44
October	17,677	2½	{ 5,258 12,419	{ 2 3½	100 100	1949 1955-58	-67
Total	193,068	..	193,068	..	..	..	938

(ii) *London*. Particulars of conversion loans raised in London prior to 1939-40 are shown on pages 820 and 821 of Official Year Book No. 34 and in previous issues. During the eight years 1939-40 to 1946-47 conversion loans raised in London amounted to £173,183,000. In addition, loans maturing in London amounting to £53,147,000 were repatriated to Australia. Details of these loans are shown in the following table:—

COMMONWEALTH LOANS RAISED FOR THE CONVERSION AND REDEMPTION OF LOANS MATURING IN LONDON.

Month of Raising.	Old Loan.		New Loans.				Reduction in Annual Liability for Interest and Exchange. (i)	
	Amount.	Rate of Interest.	Amount raised in—		Rate of Interest.	Price of Issue.		Year of Maturity.
			London.	Australia.				
	Estg. '000.	%	Estg. '000.	£A'000.	%	£	£A'000.	
1939-40— December	{ 448 4,157	{ 3 3½	4,605	..	3½	99	1942-44	-3
1940-41— May	13,470	3	13,470	..	3	100	1943-44	..
1941-42— July	{ 18,109 11,902	{ 5 4	30,011	..	3½	99	1961-66	527
1942-43— December	16,451	2½	16,451	..	3	98	1944-46	-52
1943-44— January	4,491	3½	..	5,631	2½	100	1947-48	56
1944-45— September	6,131	3	..	7,687	2½	100	1948-49	38
1945-46— January	3,959	3½	..	4,963	3½	100	1950-60	12
July	94,312	5	60,000	43,017	3½	100	{ 1965-69 1950-61	2,069
December	14,055	5	14,055	..	3	98	1958-60	352
1946-47— July	16,075	3	16,075	..	2½	100	1967-71	50
January	4,254	3	..	{ 2,667 2,667	{ 2 3½	100 100	1950 1956-59	23
January	{ 17,098 1,418	{ 4 3	18,516	..	2½	100	1970-75	339
Total	226,330	..	173,183	66,632	..	..	..	3,411

(a) No account has been taken of cost of issuing the conversion loans at a discount. Exchange calculated at £A.125.375 = £ stg. 100. (b) Loan raised in London. (c) Loan raised in Australia.

(iii) *New York.* During 1946-47 the Queensland 6 per cent. loan in New York became due for redemption and the option of redeeming other loans bearing interest at 5 per cent. and 4½ per cent. occurred. In order to take advantage of lower rates of interest, the Commonwealth gave notice that it intended to redeem the latter loans and three loans totalling \$90,000,000 were raised to provide the money for redemption. Particulars of these loans are given in the following table. These operations are the first conversion operations undertaken in New York.

COMMONWEALTH LOANS RAISED IN NEW YORK FOR REDEMPTION OF EXISTING LOANS.

Month of Raising.	Old Loan.		New Loan.				Reduction in Annual Liability for Interest.(a)	
	Amount.	Rate of Interest.	Amount.	Rate of Interest.	Price of Issue.	Year of Maturity.	United States of America Currency.	Australian Currency. (b)
	\$'000.	%	\$'000.	%	£		\$'000.	£A'000.
1946-47—								
August ..	18,329	5	20,000	3½	100	1956	266	83
December ..	17,513	5						
	7,851	6	45,000	3½	98½	1966	472	147
February ..	44,626	4½						
Total ..	88,319	..	90,000	..	..	..	1,227	383

(a) No account has been taken of the cost of issuing the new loans at a discount. (b) Converted at selling rate of exchange on 30th June, 1947—83.2002 = £A1.

9. **Summary of Loan Transactions 1937-38 to 1946-47.**—The following table contains a summary of loan transactions on behalf of the Commonwealth and State Governments during the last ten years.

COMMONWEALTH LOAN TRANSACTIONS : SUMMARY.

Year ended 30th June.	New Loans.				Net Increase in short Term Debt in—			Loans Raised for Conversion or Redemption of Existing Debt Maturing in—			
	Public Loans (a) Raised in—		Net increase of Miscellaneous Debt in— (b)		Australia.		London.	Aus-tralia.	London.		New York.
	Aus-tralia.	Lon-don.	Aus-tralia.	Lon-don.	Public.	In-ternal.			Rais-ed in—	Aus-tralia.		Lon-don.
							£A'000.	Estg. '000.			£A'000.
1938	18,613	7,000	1,212	..	190	277	4,225	2,186	..	11,410	..
1939	20,457	6,000	1,667	..	3,630	..	1,275	64,847	..	2,518	..
1940	50,748	..	11,028	..	4,765	..	250	..	..	4,605	..
1941	64,377	..	14,197	12,100	1,710	..	250	..	..	13,470	..
1942	122,881	..	14,478	..	78,391	2,296	1,474	65,985	..	30,011	..
1943	184,707	..	31,304	254	172,886	8,500	1,399	21,783	..	16,451	..
1944	276,957	..	6,952	12,007	77,905	42,718	1,112	12,252	5,631	..	..
1945	264,257	..	14,218	..	32,745	32,104	250	40,666	12,650	..	..
1946	172,827	..	2,390	347	330	..	250	21,157	43,017	74,055	..
1947	105,168	..	8,086	..	65,000	25,000	250	31,225	5,334	34,591	90,000

(a) Includes loans raised for redemption of Treasury Bills. (b) "Over the Counter Sales" and net increase in debt on account of Citizens' National Emergency Loans, War Savings and Savings Certificates and Stamps, National Savings Bonds and Stamps, and Advance Loan subscriptions. Debt in London includes Citizens' National Emergency Loans and debt to United Kingdom Government.

NOTE.—Minus sign (—) denotes decrease.

10. **Public Debt for Commonwealth Purposes.**—(i) *General.* In the Public Debt tables which follow, the units of currency are, for debt maturing and interest payable in Australia, £ Australian, in London £ sterling, in New York £ sterling. The New York debt is payable in dollars, but for the purposes of the tables dollars have been arbitrarily converted to £ sterling at the rate of 4.8665 dollars to £stg.1. Details of Commonwealth debt in Australian currency are given in section C, Commonwealth and State Finance, paragraph 3 of this Chapter (see page 682).

(ii) *Total Debt.* Reference has already been made to the development of the Commonwealth public debt and the following table shows the debt of the Commonwealth (excluding that of the States) at 30th June, 1947 :—

PUBLIC DEBT FOR COMMONWEALTH PURPOSES AT 30th JUNE, 1947.

Particulars.	Maturing in—			Total.
	London. (a)	New York.	Australia.	
War (1914-18) Debt—	£ Stg.	£ Stg.	£ Aust.	£
Stock and Bonds	10,645,160	..	158,588,357	169,233,517
War and Peace Savings Certificates and Stamps. War Gratuity Bonds .. .. .	..	..	153,414	153,414
Total	10,645,160	..	158,741,771	169,386,931
War (1939-45) Debt—				
Stock and Bonds	5,775,000	..	1,070,439,885	1,076,214,885
Advance Loan Subscriptions .. .. .	..	..	10,768,800	10,768,800
National Savings Bonds .. .. .	..	..	1,792,050	1,792,050
War Savings and Savings Certificates .. .. .	..	..	59,525,911	59,525,911
War Savings Stamps .. .. .	..	..	189,357	189,357
National Savings Stamps .. .. .	..	..	35,563	35,563
Treasury Bills, Internal .. .. .	..	..	110,500,000	110,500,000
Treasury Bills, Public .. .. .	..	..	278,280,000	278,280,000
Total	5,775,000	..	1,531,531,566	1,537,306,566
Works and other Purposes—				
Stock and Bonds	51,064,409	15,797,974	54,288,878	121,151,261
Treasury Bills and Debentures	2,220,160	..	..	2,220,160
Treasury Bills, Internal .. .. .	..	..	10,810,000	10,810,000
Total, Works and other Purposes	53,284,569	15,797,974	65,098,878	134,181,421
Total, Commonwealth Purposes	69,704,729	15,797,974	1,755,372,215	1,840,874,918

PER HEAD OF POPULATION.(b)

	(Stg.)	(Stg.)	(Aust.)	£ s. d.
	£ s. d.	£ s. d.	£ s. d.	
War (1914-18) Debt	1 8 1	..	20 18 10	22 6 11
War (1939-45) Debt	0 15 3	..	202 0 6	202 15 9
Works and other Purposes	7 0 7	2 1 8	8 11 9	17 14 0
Total, Commonwealth Purposes	9 3 11	2 1 8	231 11 1	242 16 8

(a) Excludes War (1914-18) Debt due to United Kingdom Government, £79,724,220; see para. 5, page 641.

(b) Based on population of Australia at 30th June, 1947.

(iii) *Place of Flotation.* Since 1931-32 few new loans have been raised overseas. The only loans raised in New York since 1927-28 have been those for the purpose of redeeming loans carrying a high rate of interest, on which an option of redemption occurred in 1946 and 1947. Loans raised in London have been almost exclusively conversion loans. Particulars of these loans are given on pages 643-4 of this issue and in previous issues.

PUBLIC DEBT FOR COMMONWEALTH PURPOSES AT 30th JUNE : PLACE OF FLOTATION.

Place of Flotation, etc.	1939.	1944.	1945.	1946.	1947
War (1914-18) Debt—					
London (a) .. £ Stg.	11,020,161	11,020,160	11,020,160	10,645,160	10,645,160
Total Overseas .. £ Stg.	11,020,161	11,020,160	11,020,160	10,645,160	10,645,160
Australia .. £ Aust.	175,193,890	164,628,150	159,317,670	159,397,702	158,741,771
Total War (1914-18) Debt £	186,214,051	175,648,310	170,337,830	170,042,862	169,386,931
War (1939-45) Debt—					
London .. £ Stg.	..	6,122,000	6,122,000	5,775,000	5,775,000
Total Overseas .. £ Stg.	..	6,122,000	6,122,000	5,775,000	5,775,000
Australia .. £ Aust.	..	1,098,260,599	1,357,272,038	1,510,023,564	1,531,531,566
Total War (1939-45) Debt £	..	1,104,382,599	1,363,394,038	1,515,798,564	1,537,306,566
Works and other Purposes—					
London .. £ Stg.	72,096,566	64,362,290	64,112,290	53,534,569	53,284,569
New York .. £ Stg.	15,913,501	15,790,414	15,790,414	15,790,414	15,797,974
Total Overseas .. £ Stg.	88,010,067	80,152,704	79,902,704	69,324,983	69,082,543
Australia .. £ Aust.	43,302,593	36,190,330	35,606,514	54,165,698	65,098,878
Total Debt for Works, etc. £	131,312,660	116,343,034	115,509,218	123,490,681	134,181,421
Total Debt—					
London (a) .. £ Stg.	83,116,727	81,504,450	81,254,450	69,954,729	69,704,729
New York .. £ Stg.	15,913,501	15,790,414	15,790,414	15,790,414	15,797,974
Total Overseas .. £ Stg.	99,030,228	97,294,864	97,044,864	85,745,143	85,502,703
Australia .. £ Aust.	218,496,483	1,299,079,079	1,552,196,222	1,723,586,964	1,755,372,215
Grand Total .. £	317,526,711	1,396,373,943	1,649,241,086	1,809,332,107	1,840,874,918

(a) Excludes War (1914-18) Debt due to United Kingdom Government, £79,724,220.

(iv) *Amount of Debt at Various Rates of Interest.* The first debt taken over from South Australia 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. per cent. 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 until on 30th June, 1914, it stood at £3 11s. 10d. per cent. With the loans raised for war and repatriation purposes interest rates rose until the National Debt Conversion Loan (July-August, 1931) reduced interest rates on internal loans by 22½ per cent. Conversion loans in London reduced the average rate of interest on debt maturing in London by more

than £1 per cent. from £4 18s. 11d. per cent. in 1931 to £3 17s. 10d. per cent. in 1942. During the next three years the average rate rose to £4 os. 10d. in 1945. Large conversion loans in July, 1945 were responsible for a further reduction in the average rate and at 30th June, 1947, it was £3 8s. 11d. per cent. The average rate of interest on internal loans at 30th June, 1947 was £2 14s. 0d. per cent. as compared with £5 9s. 10d. per cent. at 30th June, 1931. The average rate of interest payable on the total debt decreased from £5 4s. 11d. per cent. in 1931 to £2 14s. 10d. per cent. at 30th June, 1947.

The accompanying table gives particulars of the amounts of debt for Commonwealth purposes at 30th June, 1947, according to the various rates of interest :—

PUBLIC DEBT FOR COMMONWEALTH PURPOSES AT 30th JUNE, 1947 : AMOUNTS AT EACH RATE OF INTEREST.

Rates of Interest.	Debt Maturing in—			
	London.(a)	New York.	Australia.	Total.
Per cent.	£ Stg.	£ Stg.	£ Aust.	£
5.0 .. .. .	..	12,242,236	..	12,242,236
4.0	5,775,000	..	86,981,369	92,756,369
3.875 .. .. .	..	..	45,992,275	45,992,275
3.75	20,730,800	..	6,552,140	27,282,940
3.675 .. .. .	..	..	66,510	66,510
3.625 .. .. .	..	..	4,274,740	4,274,740
3.5	5,989,400	..	..	5,989,400
3.375 .. .. .	..	3,555,738	180,892	3,736,630
3.25	34,989,369	..	919,643,170	954,632,539
3.2391 .. .. .	..	..	(b)56,516,564	56,516,564
3.125 .. .. .	..	..	(c)23,034,580	23,034,580
3.0 .. .. .	..	..	17,713,300	17,713,300
2.8347 .. .. .	..	..	(d)3,009,347	3,009,347
2.5 .. .. .	..	..	160,919,020	160,919,020
2.25	(e) 1,220,160	..	..	1,220,160
2.0	(e) 1,000,000	..	30,205,220	31,205,220
1.0 .. .. .	..	..	(f)399,590,000	399,590,000
Overdue .. .. .	..	..	(g)454,039	454,039
War (1939-45) Savings Stamps .. .. .	..	..	189,357	189,357
National Savings Stamps .. .. .	..	..	35,563	35,563
War (1914-18) Savings Stamps .. .. .	..	..	14,129	14,129
Total	69,704,729	15,797,974	1,755,372,215	1,840,874,918
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Average rate per cent.	3 8 11	4 12 8	2 14 0	2 14 10

(a) Excludes War (1914-18) Debt due to United Kingdom Government, £79,724,220 (rate of interest 4.91667 per cent.) See par. 5 page 641. (b) War Savings and Savings Certificates—7 years series. (c) Includes Advance Loan Subscriptions, £10,768,800. (d) Savings Certificates—5 years series. (e) Short term Treasury Bills and Debentures. (f) Includes Internal Treasury Bills, £121,310,000 and Public Treasury Bills, £278,280,000. (g) Includes War Gratuity Bonds, £11,892 and War (1914-18) Savings Certificates, £4,237.

(v) *Amount of Interest Payable.* The next table shows the annual interest payable in Australia and overseas on the Commonwealth Public Debt (excluding that of the States) at 30th June in the years 1939 and 1944 to 1947:—

PUBLIC DEBT FOR COMMONWEALTH PURPOSES AT 30th JUNE : INTEREST PAYABLE.

Interest on, and where payable.	1939.	1944.	1945.	1946.	1947.
War (1914-18) Debt—					
London £ Stg. (a)	426,008	426,008	426,008	395,958	395,968
Australia £ Aust.	6,949,706	6,331,464	5,981,923	5,990,250	5,977,934
Total War (1914-18) Debt..	£ 7,375,714	6,757,472	6,407,931	6,386,218	6,373,902
Average Rate %	£3 19s. 3d.	£3 16s. 11d.	£3 15s. 4d.	£3 15s. 2d.	£3 15s. 4d.
War (1939-45) Debt—					
London £ Stg.	..	231,000	231,000	231,000	231,000
Australia £ Aust.	..	26,583,500	33,092,708	37,848,633	39,474,549
Total War (1939-45) Debt..	£ ..	26,814,500	33,323,708	38,079,633	39,705,549
Average Rate %	..	£2 8s. 10d.	£2 9s. 1d.	£2 10s. 3d.	£2 11s. 8d.
Works and other Purposes—					
London £ Stg.	2,977,546	2,620,097	2,614,472	1,781,300	1,775,675
New York £ Stg.	777,586	771,780	771,780	771,780	732,118
Total Overseas £ Stg.	3,755,132	3,391,877	3,386,252	2,553,080	2,507,793
Australia £ Aust.	1,394,921	1,029,891	972,024	1,556,859	1,892,818
Total Debt for Works, etc.	£ 5,150,053	4,421,768	4,358,276	4,109,939	4,400,611
Average Rate %	£3 18s. 5d.	£3 16s. 2d.	£3 15s. 6d.	£3 6s. 7d.	£3 5s. 7d.
Total Debt—					
London(a) £ Stg.	3,403,554	3,277,105	3,271,480	2,408,268	2,402,643
New York £ Stg.	777,586	771,780	771,780	771,780	732,118
Total Overseas £ Stg.	4,181,140	4,048,885	4,043,260	3,180,048	3,134,761
Australia £ Aust.	8,344,627	33,944,945	40,046,655	45,395,742	47,345,301
Grand Total £	12,525,767	37,993,830	44,089,915	48,575,790	50,480,062
Average Rate %	£3 18s. 11d.	£2 14s. 3d.	£2 13s. 8d.	£2 13s. 8d.	£2 14s. 10d.

(a) Excludes suspended interest on War (1914-18) Debt due to United Kingdom Government £3,919,774. See par. 5. page 641.

(vi) *Dates of Maturity.* In the following tables the Commonwealth Public Debt at 30th June, 1947, has been classified according to (a) the latest year of maturity and (b) the earliest year of maturity.

PUBLIC DEBT FOR COMMONWEALTH PURPOSES AT 30th JUNE, 1947.(a)

CLASSIFIED ACCORDING TO LATEST YEAR OF MATURITY.

Year of Maturity (year ended 30th June).	Maturing in—			Total. £
	London.	New York.	Australia.	
	£ Stg.	£ Stg.	£ Aust.	
1948	2,220,160	..	448,475,017	450,695,177
1949 .. .. .	..	..	65,466,060	65,466,060
1950 .. .. .	..	..	56,418,290	56,418,290
1951 .. .. .	..	..	59,547,771	59,547,771
1952 .. .. .	..	..	1,647,540	1,647,540
1953 .. .. .	..	..	1,792,050	1,792,050
1954	13,780,100	..	12,655,830	26,435,930
1955 .. .. .	..	..	40,571,880	40,571,880
1956 .. .. .	..	9,945,978	20,961,248	30,907,226
1957	6,950,700	..	49,829,900	56,780,600
1958 .. .. .	..	2,296,258	58,574,426	60,870,684
1959 .. .. .	..	..	252,486,390	252,486,390
1960 .. .. .	..	..	200,092,242	200,092,242
1961	16,233,817	..	235,656,290	251,890,107
1962 .. .. .	..	3,555,738	179,905,435	183,461,173
1964	5,775,000	..	..	5,775,000
1967	5,989,400	..	..	5,989,400
1970	18,425,774	..	..	18,425,774
1975	329,778	..	..	329,778
War (1939-45) Savings and Savings Certificates—	..	..	..	..
Seven years series .. .. .	..	..	56,516,564	56,516,564
Five years series .. .. .	..	..	3,009,347	3,009,347
War (1939-45) Savings Stamps .. .. .	..	..	189,357	189,357
National Savings Stamps .. .. .	..	..	35,563	35,563
Advance Loan Subscriptions .. .. .	..	..	10,768,800	10,768,800
War (1914-18) Savings Certi- ficates .. .. .	..	..	4,237	4,237
Peace Savings Certificates .. .. .	..	..	123,155	123,155
War (1914-18) Savings Stamps .. .. .	..	..	14,129	14,129
Overdue .. .. .	..	..	449,802	449,802
Half-yearly .. .. .	..	..	180,892	180,892
Total	69,704,729	15,797,974	1,755,372,215	1,840,874,918

(a) See notes to table on page 647.

PUBLIC DEBT FOR COMMONWEALTH PURPOSES AT 30th JUNE, 1947.(a)

CLASSIFIED ACCORDING TO EARLIEST YEAR OF MATURITY.

Year of Maturity (year ended 30th June).	Maturing in—			Total. £
	London.	New York.	Australia.	
	£ Stg.	£ Stg.	£ Aust.	
1948	2,220,160	2,296,258	492,368,437	496,884,855
1949	13,780,100	..	64,992,100	78,772,200
1950 .. .. .	..	..	59,200,460	59,200,460
1951 .. .. .	..	..	865,795,192	865,795,192
1952 .. .. .	..	..	1,647,540	1,647,540
1953	6,950,700	9,945,978	42,363,930	59,260,608
1954 .. .. .	..	..	1,717,780	1,717,780
1956	16,233,817	..	138,154,150	154,387,967
1957 .. .. .	..	..	17,840,780	17,840,780
1961	5,775,000	..	..	5,775,000
1962	5,989,400	3,555,738	..	9,545,138
1965	329,778	..	..	329,778
1966	18,425,774	..	..	18,425,774
War (1939-45) Savings and Savings Certificates—	..	..	..	..
Seven years series .. .. .	..	..	56,516,564	56,516,564
Five years series .. .. .	..	..	3,009,347	3,009,347
War (1939-45) Savings Stamps .. .. .	..	..	189,357	189,357
National Savings Stamps .. .. .	..	..	35,563	35,563
Advance Loan Subscriptions .. .. .	..	..	10,768,800	10,768,800
War (1914-18) Savings Certi- ficates .. .. .	..	..	4,237	4,237
Peace Savings Certificates .. .. .	..	..	123,155	123,155
War (1914-18) Savings Stamps .. .. .	..	..	14,129	14,129
Overdue .. .. .	..	..	449,802	449,802
Half-yearly .. .. .	..	..	180,892	180,892
Total	69,704,729	15,797,974	1,755,372,215	1,840,874,918

(a) See notes to table on page 647.

11. **Sinking Funds.**—Particulars relating to the creation of sinking funds are included in issues of the Official Year Book prior to No. 23.

The old sinking funds were merged in the National Debt Sinking Fund on 11th August, 1923. Particulars of receipts and expenditure of the Commonwealth Account for the years 1938-39 and 1943-44 to 1946-47 are as follows:—

PUBLIC DEBT FOR COMMONWEALTH PURPOSES : SINKING FUND.

Items.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.	Total 1923-24 to 1946-47.
	£	£	£	£	£	£
Cr. Brought forward ..	1,252,784	1,056,040	1,074,316	3,962,583	5,908,167	..
Balance transferred to Fund on 11th August, 1923 ..	..	..	..	..	..	2,262,983
From Consolidated Revenue	3,917,825	10,839,972	12,597,457	13,907,377	14,442,955	119,321,273
Repayments of Sundry Loans	16,510	796,825	219,748	491,933	360,502	3,200,720
Purchase-money and Re- payments under War Service Homes Act ..	628,950	812,367	851,813	941,978	1,043,185	16,272,171
Half Net Profit Common- wealth Bank	321,448	632,867	741,943	879,385	937,683	9,513,105
Reparation Moneys ..	148	..	..	..	..	5,574,245
Interest on Investments ..	32,381	42,380	20,334	36,387	55,822	1,108,838
Other Contributions ..	13,453	12,177	12,177	12,177	12,177	267,953
Total	6,183,499	14,192,628	15,517,788	20,231,820	22,760,491	157,521,288
Dr. Redemptions	5,052,336	13,118,312	11,555,205	14,323,653	14,177,494	148,938,291
Carried forward	1,131,163	1,074,316	3,962,583	5,908,167	8,582,997	8,582,997

Information regarding the transactions of the States' Account of the National Debt Sinking Fund is published in the State Finance section of this issue, and, in greater detail, in the *Finance Bulletin* issued by this Bureau.

§ 5. Cost of 1914-18 War and Repatriation.

In view of the importance of the subject, a further reference is here made to the cost of the 1914-18 War. The general policy of the Commonwealth Government has been to pay from Consolidated Revenue all charges for interest, sinking fund, pensions

and other recurring 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 were paid from loans. Detailed particulars relating to Repatriation, War and Service Pensions appear in Chapter XXVII.—“Repatriation” of this issue. The total cost from both sources to 30th June, 1947, is set out in the following table:—

COMMONWEALTH 1914-18 WAR EXPENDITURE.

Period.	From Consolidated Revenue Fund.			War Loan Expenditure. (b)
	War and Re- patriation Ser- vices, including War Pensions.	Interest and Sinking Fund. (a)	Total.	
	£'000.	£'000.	£'000.	
1914-15 to 1918-19 ..	15,541	30,694	46,235	219,213
1919-20 to 1923-24 ..	50,370	94,507	144,877	77,374
1924-25 to 1928-29 ..	43,334	93,147	136,481	<i>Cr.</i> 52
1929-30 to 1933-34 ..	44,871	66,832	111,703	<i>Cr.</i> 5
1934-35 to 1938-39 ..	45,238	47,834	93,072	..
1939-40 to 1943-44 ..	47,375	47,007	94,382	..
1944-45	10,276	9,013	19,289	..
1945-46	10,038	8,854	18,892	..
1946-47	10,320	8,939	19,259	..
Discounts and Flotation Ex- penses on Loans, including Redemption and Conversion Loans	(c)	..	..	5,999
Indebtedness to the Govern- ment of the United Kingdom for payments made, services rendered, and goods supplied during the War .. ..	..	..	..	(d) 43,398
War Gratuities paid in cash ..	452	..	452	27,063
Total to 30th June, 1947	277,815	(e) 406,827	684,642	372,990

NOTE.—For particulars of expenditure relating to the 1939-45 War, see § 6, pages 653-5.

(a) Excludes interest on amounts raised for the States for Soldier Land Settlement. (b) Excludes expenditure on War Service Homes from 1923-24. (See page 640.) (c) Included above. (d) The total indebtedness to the Government of the United Kingdom involved in the Funding Arrangements Act 1921 was £92,480,000, the balance, £49,082,000, for cash supplied, being included above. At 30th June, 1947, the amount outstanding had been reduced to £79,724,000. Repayment of this debt and payment of interest were suspended in 1931, by arrangement with the United Kingdom Government. (e) Interest, £340,325,000; Sinking Fund, £66,502,000.

§ 6. Cost of Defence, War (1939-45) Services and Post-war Charges.

Details of the expenditure on Defence and War Services by the Departments of Defence, Navy, Army, Air, Munitions, Aircraft Production, Supply and Shipping, and Home Security are shown in the following table. Expenditure on defence and war services by other departments, including Labour and National Service, Information, Post-war Reconstruction, etc., is included under the heading of Other War Services.

The table hereunder shows, for the last eight years, particulars of the combined expenditures from revenue, trust and loan funds on Defence, War Services and Post-war Charges including works. Details of expenditure for the years 1940-41 to 1946-47 were not allotted to the various funds, and the total expenditure only was apportioned.

EXPENDITURE FROM REVENUE, TRUST AND LOAN FUNDS : DEFENCE, WAR (1939-45) SERVICES AND POST-WAR CHARGES.

Details.	1939-40 to 1942-43.	1943-44.	1944-45.	1945-46.	1946-47.
	£'000.	£'000.	£'000.	£'000.	£'000.
Defence—					
Administrative	498	110	107	95	93
Publicity Censorship	52	45	(a)	(a)	(a)
National Register	61	(b)	(b)	(b)	(b)
Manpower Committee	101	(c)	(c)	(c)	(c)
Home Security	6	(d)	(d)	(d)	(d)
Treasury—Defence Division (e)	42	5	59	53	37
Central Medical Co-ordination Committee	128	94	(f)	(f)	(f)
Joint Intelligence Organization .. .. .	..	..	..	..	2
Buildings, works, etc.	280	10	9	7	8
Audit, Pensions, Interest, Sinking Fund, etc.	17	4	4	4	5
Total	1,185	232	179	159	145
Navy—					
Permanent Naval Forces—salaries and general expenses	23,201	12,500	12,666	13,231	6,504
General Services and Expenses—H.M.A. Ships and Depots	18,513	8,846	9,698	10,250	4,095
Civilian Services, Naval Establishments, etc.—Salaries and general expenses	6,548	3,404	3,585	3,062	2,919
Auxiliary vessels for naval defence purposes	3,384	767	334	679	1,906
Transport services	18,496	3,786	5,488	4,880	2,141
Merchant ships' equipment	737	253	86	29	85
Naval construction and additions to the fleet	14,920	3,609	2,226	1,423	1,020
Graving Dock—towards cost of construc- tion	3,761	3,275	1,849	742	350
Miscellaneous war expenditure	531	143	178	143	245
Buildings, works, etc.	4,732	1,820	1,913	789	2,760
Maintenance and rent	159	62	121	124	124
Audit, Pensions, Interest, Sinking Fund, etc.	574	136	140	150	142
Total	93,556	38,607	38,314	35,502	22,291
Army—					
Australian Military Forces—pay and allow- ances	211,542	110,973	104,928	138,403	28,583
Camp Expenses—training and mainten- ance	72,373	32,774	25,627	16,647	2,500
General services	19,879	7,555	7,862	5,073	2,295
Civilian Services, Inspection Branch, etc.— Salaries and general expenses	8,794	3,373	2,830	1,602	1,401
Internees and Prisoners of War—mainte- nance	953	123	222	87	257
Australian Imperial Forces—maintenance overseas	14,747	..	..	..	..
Arms, armament, ammunition, etc.	234,301	49,471	27,813	13,172	24,421
Special Units Serving Abroad—mainte- nance .. .. .	..	..	..	4	5,345
Buildings, works, etc.	31,950	11,085	4,330	2,350	617
Audit, Pensions, Interest, Sinking Fund, etc.	1,497	279	291	318	328
National Defence Contributions (Trust Account)	930	133	76	30	7
Total	599,966	215,760	173,979	177,092	65,784

(a) Transferred to Department of Information. (b) Provided under Department of Labour and National Service from 1940-41. (c) Transferred to Manpower Directorate from 1942-43. (d) Reconstituted as a separate Department from 1941-42. (e) Included under Administrative 1939-40 to 1941-42. (f) Transferred to Department of Health.

EXPENDITURE FROM REVENUE, TRUST AND LOAN FUNDS: DEFENCE,
WAR (1939-45) SERVICES AND POST-WAR CHARGES—continued.

Details.	1939-40 to 1942-43.	1943-44.	1944-45.	1945-46.	1946-47.
	£'000.	£'000.	£'000.	£'000.	£'000.
Air—					
Royal Australian Air Force—pay and allowances	53,616	37,248	45,231	52,305	7,414
Civilian, Meteorological and general services	20,614	17,516	19,749	15,749	(a) 4,799
R.A.A.F. Squadrons—maintenance overseas	3,823	1,285	1,121	401	..
Training of R.A.A.F. personnel in Canada	14,640	3,320	237	10	..
Aircraft, equipment and stores	89,856	59,831	46,214	24,488	10,406
Buildings, works, etc.	25,728	8,900	7,377	1,011	188
Audit, Pensions, Interest, Sinking Fund, etc.	345	89	97	104	133
Total	208,622	128,189	120,026	94,068	22,940
Munitions—					
Administrative—salaries and general exp.	4,358	2,911	2,269	1,729	1,056
Munitions Factories—salaries and general expenses (b)	363	80	173	606	1,787
Munitions Factories—working capital	3,010	..	..	..	(c) 92
Munitions Laboratories—salaries and general expenses	414	344	334	308	283
Machinery, plant, etc., for manufacture of munitions	22,890	4,883	699	..	..
Armament Annexes—plant, material, etc.	8,665	2,046	1,260	95	..
Reserves of raw materials	4,127	(d)	(d)	(d)	(d)
Technical Training	2,081	104	114	7	..
Electric supply in Australia—development	..	141	78	102	3
Shipbuilding—plant, etc.	970	464	4	10	15
Standard Ships—construction	2,684	2,062	2,690	2,839	(c) 1,904
Locomotives and Rolling Stock—Construction	264	932	984	153	1
Aircraft Production Section—					
Salaries and general expenses	(e)	(e)	(e)	562	402
Engine Factory	(e)	(e)	(e)	338	..
Plant equipment and machinery	(e)	(e)	(e)	544	883
Annexes and buildings	(e)	(e)	(e)	27	..
Buildings, works, etc.	24,263	4,881	965	93	350
Miscellaneous expenditure	974	329	396	475	372
Audit, Pensions, Interest, Sinking Fund, etc.	341	82	85	93	110
Total	75,404	19,259	10,051	8,281	7,258
Aircraft Production—					
Administrative—salaries and general expenses	651	597	902	(f)	(f)
Engine Factory—construction, equipment, etc.	2,061	93	81	(f)	(f)
Buildings, works, etc.	1,352	408	437	(f)	(f)
Miscellaneous expenditure	2,120	952	435	(f)	(f)
Audit, Pensions, Interest, Sinking Fund, etc.	1	1	1	(f)	(f)
Total	6,185	2,051	1,856	(f)	(f)
Supply and Shipping—					
Administrative—salaries and general expenses	2,784	1,120	1,229	1,264	1,172
Flax Production—Mills, general expenses, etc.	1,362	289	185	44	6
Reserves of stores, materials, etc.	3,981	1,295	1,943	1,137	..
Oil Storage—Construction	1,263	..	363	37	21
Power Alcohol Distilleries—Construction and production	665	732	471	63	..
Shipping Branch	1,605	1,825	2,261	3,739	3,774
Buildings, works, etc.	50	182	76	74	27
Miscellaneous expenditure	1,779	1,993	2,042	746	928
Audit, Pensions, Interest, and Sinking Fund, etc.	7	2	5	8	16
Total	13,496	7,438	8,575	7,112	5,944

(a) Excludes Meteorological Services, now provided under Department of the Interior. (b) Part only—balance provided from Trust Fund (Working Capital). (c) Provided under New Works. (d) Included under Department of the Army from 1942-43. (e) See Aircraft Production. (f) Transferred to Department of Munitions.

COST OF DEFENCE, WAR (1939-45) SERVICES AND POST-WAR CHARGES. 655

EXPENDITURE FROM REVENUE, TRUST AND LOAN FUNDS: DEFENCE, WAR (1939-45) SERVICES AND POST-WAR CHARGES—continued.

Details.	1939-40 to 1942-43.	1943-44.	1944-45.	1945-46.	1946-47.
	£'000.	£'000.	£'000.	£'000.	£'000.
Home Security—					
Administrative—salaries and general expenses	168	83	32	23	(a)
Air Raid Precautions—					
Payments to the States	1,003	82	23	15	(a)
Purchase of equipment	1,086	53	..	..	(a)
Commonwealth Establishments	240	2	6	1	(a)
Bulk oil installations, protective measures	229	..	..	..	(a)
Miscellaneous expenditure	8	34	9	8	(a)
Total	2,734	254	70	47	(a)
Other War Services—					
Interest on Loans for War purposes	18,670	18,722	26,586	32,830	36,760
Exchange on interest remittances to London	341	59	59	59	59
Sinking Fund on Loans for War purposes	6,434	5,982	7,554	8,649	9,251
Loan Redemption and Conversion expenses	..	..	..	6	3
War Pensions	869	1,737	2,771	4,915	6,762
Peace Officers	1,280	725	629	342	174
U.N.R.R.A. and International Post-war Relief and Rehabilitation	..	..	47	5,811	18,117
Price Stabilization Subsidies	6	7,006	10,809	12,984	22,641
Division of Import Procurement	1,645	(b) 4,579	410	272	(c)
Rationing Commission—salaries and general expenses	435	448	510	351	491
Prices Commission—salaries and general expenses	330	335	491	560	762
Assistance to primary production	3,118	12,322	14,280	19,755	7,719
Department of Labour and National Service—					
Administrative—salaries and general expenses	365	385	419	328	} (c)
Manpower Directorate	926	1,098	1,039	972	
Miscellaneous	165	168	69	19	
Department of Post-war Reconstruction—					
Administrative—salaries and general expenses	15	299	418	524	336
Financial assistance University Students	..	172	207	184	(c)
Commonwealth Reconstruction Training Scheme	..	42	510	3,146	9,674
War Service Land Settlement	..	..	..	1,495	2,001
Re-establishment Loans for Agricultural purposes	..	..	..	..	2,610
Miscellaneous	..	28	21	111	66
Department of Repatriation	240	403	(d) 1,101	3,651	7,915
Department of Information	588	199	(d) 298	287	(c)
Other Departments	8,884	7,476	6,839	6,517	2,379
Other Administrations (Recoverable Expenditure) (e)	15,281	4,361	2,897	3,664	5,496
United Kingdom Grant	..	..	..	..	25,000
Total	50,592	66,486	77,965	107,132	158,216
War Gratuity	..	..	..	143	2,882
Reciprocal Lend-Lease to the United States Forces	..	..	..	..	..
Lend-Lease Settlement	58,957	110,426	89,133	26,010	5,006
Miscellaneous Credits	Cr. 11,783	Cr. 13,575	Cr. 56,855	Cr. 62,176	Cr. 8,398
Credits from the Disposals Commission	..	..	Cr. 2,662	Cr. 15,635	Cr. 25,520
	..	..	..	..	Cr. 37,986
Total, Defence, War (1939-45) Services and Post-war Charges—					
Consolidated Revenue Fund	359,277	167,843	194,574	225,651	197,456
Trust Fund (f)	6,514	133	76	36	8
Loan Fund	744,123	377,157	266,040	152,948	37,804
GRAND TOTAL	1,109,914	545,133	460,690	378,635	235,358

(a) Provided under Department of the Interior. (b) Includes £4,001,000 Working Capital for payment to credit of Import Procurement Suspense Trust Account. (c) Provided under Ordinary Services. (d) Includes Publicity Censorship previously included with Department of Defence. (e) Munitions, Stores, etc. supplied to Governments of the United Kingdom and other Administrations. (f) Includes expenditure from excess receipts of previous years appropriated for Defence Equipment Trust Account and from National Defence Contributions Trust Account from 1941-42.

§ 7. Commonwealth Public Service Superannuation Fund.

This Fund, which was inaugurated on 20th November, 1922, is maintained by contributions of officers of Parliament, of employees of the Commonwealth Public Service, the Defence Departments, and other Commonwealth authorities, and by payments from 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, p. 383. In September, 1937, legislation was passed extending superannuation rights to approximately 1,600 employees of the Repatriation Commission, the War Services Homes Commission, the High Commissioner's Office, London, and the Council for Scientific and Industrial Research. By the same legislation a Provident Account, forming part of the Superannuation Fund, was established, providing for compulsory contributions in respect of those employees who, through physical disabilities or failure to pass the required medical examination, are ineligible to contribute to the Superannuation Fund. Any other employee, whose contribution to the Superannuation Fund for the first two units of pension is in excess of the rate for age 45 years and above 5 per cent. of his salary, may elect to transfer to the Provident Account.

An amendment to the Act in 1942 extended superannuation rights to certain temporary employees and to the employees of semi-governmental authorities set up by the Commonwealth. This amending Act also increased the rates of contribution for new contracts in accordance with the recommendation of the actuaries in their report on the Third Quinquennial Investigation of the Fund. In 1945 an amending Act made special provisions in relation to certain former State employees, extending to them benefits equivalent to those to which they would have been entitled if they had continued to contribute to the State fund.

As a result of a further amending Act in 1947, the rate of existing pensions was increased by one quarter, and the maximum number of units for which an employee may contribute was increased from 16 units at a salary exceeding £832, to 26 units at a salary exceeding £1,664. By the same Act, a contributor may elect to contribute for reserve units up to a maximum of four units above the amount prescribed for his salary scale. These reserve units may be transferred to the Superannuation Fund when the contributor becomes eligible to contribute for additional units.

The number of contributors to the fund at 30th June, 1946, was 46,213 (39,928 males and 6,285 females) and the average pension for which contributions were being made was 6.008 units or £156 4s. 2d. per annum.

The income for the year 1945-46 was £1,433,740, of which officers' contributions represented £915,891 and interest on investments, etc. (including accrued interest), £509,376. The expenditure for the year was £536,932, of which £267,796 represented pension payments. At 30th June, 1946, the total funds invested amounted to £14,318,913 (at cost). The average rate of interest on investments at 30th June, 1946 was £3 15s. 9d. per cent.

Pensions in force on 30th June, 1946, including contributory and non-contributory but excluding commuted pensions, numbered 9,554, with a net annual liability of £901,248, of which £630,197 represented the share payable from the Consolidated Revenue Fund.

B. STATE FINANCE.

§ 1. General.

1. **Functions of State Governments.**—In comparing the financial returns of the States, allowances must be made for the various functions discharged by the respective Governments, and for local conditions in each case. Direct comparisons of the revenue, expenditure and debt of the individual States are difficult, owing to the fact that functions which in one State are assumed by the Central Government are in another relegated to municipal or semi-governmental bodies which are vested with certain defined borrowing powers and whose financial transactions are not included with those of the Central Government. Care, therefore, is needed in making comparisons, and the particulars contained in this Chapter should be read with those contained in Chapter XIII.,

"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 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 mainly concerned with one or other of three Funds—the "Consolidated Revenue Fund", the "Trust Fund", and the "Loan Fund". All revenue (except certain items paid into special funds) collected by the State is paid into 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.

Figures relating to New South Wales represent the transactions of the *Consolidated Revenue Fund* and the Business Undertakings included in the Annual Budget Papers. These latter are as follows:—Railways, Tramways, and Omnibuses, Sydney Harbour Trust Section of the Maritime Services Board, and Road Transport and Traffic Fund. Deductions have been made from the Budget figures, however, in order to obviate duplications caused by inter-fund payments and to maintain uniformity from year to year in the presentation of statistics. Particulars for all other States relate to the transactions of the Consolidated Revenue Fund.

In Tasmania the separation of the Transport Commission's financial transactions from the Consolidated Revenue Fund from 1st July, 1939, has occasioned considerable decreases in the figures since 1939-40 as compared with those for the previous years.

The *Trust Fund* comprises all moneys held in trust by the Government, and includes such items as sinking funds, insurance companies' deposits, etc.

The *Loan Fund* is 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 Finances.**—A statement in some detail, covering the inter-relation of Commonwealth and State Finances during the period from the inception of Federation to the passing of the Financial Agreement Act 1928, was published in Official Year Book, No. 22, pages 379-80. On pages 633-9 of this issue details of the constitutional and other requirements for the distribution of Commonwealth revenues are given, and in section C.—Commonwealth and State Finance, par. 4, will be found a summary of the original Financial Agreement and subsequent agreements affecting it.

§ 2. State Consolidated Revenue Funds.

Division I.—Revenue.

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

(a) Taxation; (b) the Business Undertakings controlled by the State Governments; (c) Sale of and Rental from Crown lands; (d) Payments by Commonwealth Government under the Financial Agreement, Special Grants and Tax Reimbursement Acts; (e) Interest on advances; and (f) Miscellaneous sources, comprising Fines, Fees, etc.

Of these sources, that yielding the largest revenue for the States as a whole is the group of Business Undertakings, the principal contributors being the Government Railways and Tramways. Next in magnitude are Commonwealth payments under the Tax Reimbursement Acts, followed in order by Taxation, the Commonwealth Payments under the Financial Agreement and Special Grants, and Interest Receipts. Since the introduction in 1942-43 of the Uniform Tax Scheme, Commonwealth payments under the Income and Entertainments Tax Reimbursement Acts and, from 1946-47, under the Tax Reimbursement Act, have replaced revenue previously received from Income and Entertainments taxes.

2. **Revenue Received.**—The following table shows particulars of the total amounts and the amounts per head of consolidated revenue received by the several States during the years 1938-39 and 1943-44 to 1946-47.

STATE CONSOLIDATED REVENUE.

Year.	N.S.W.(a)	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.(a)	Total.
TOTAL COLLECTIONS.							
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
1938-39 ..	51,710	26,985	19,330	12,304	10,950	3,615	124,894
1943-44 ..	72,471	35,544	28,968	15,545	13,589	3,499	169,616
1944-45 ..	74,213	35,273	26,447	16,113	13,954	3,657	169,657
1945-46 ..	71,859	35,191	24,774	16,343	14,408	3,933	166,508
1946-47 ..	73,500	37,359	25,033	17,193	14,981	4,507	172,573
PER HEAD OF POPULATION.(b)							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1938-39 ..	18 18 0	14 8 3	19 3 6	20 13 6	23 9 0	15 4 2	18 1 2
1943-44 ..	25 4 8	17 18 7	27 9 4	25 4 6	28 8 1	14 6 7	23 8 1
1944-45 ..	25 11 6	17 13 0	24 15 0	25 17 1	28 15 7	14 16 2	23 3 4
1945-46 ..	24 10 0	17 9 2	22 17 1	25 18 0	29 7 11	15 14 3	22 9 9
1946-47 ..	24 16 0	18 6 3	22 16 4	26 16 10	30 2 7	17 14 1	23 0 8

(a) See § 1 par. 2, page 657.

(b) Based on mean population of each financial year.

3. Sources of Revenue.—(i) *General.* Classifying the revenue of the several States in the manner indicated in par. 1 above, particulars for the year 1946-47 are as follows :—

STATE CONSOLIDATED REVENUE : SOURCES, 1946-47.

Source of Revenue.	N.S.W.(a)	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.(a)	Total.
TOTAL REVENUE.							
	£	£	£	£	£	£	£
Taxation (b) ..	8,041,139	5,846,799	3,010,118	2,165,517	1,137,557	1,280,885	21,482,015
Business Under-							
takings ..	38,554,137	16,473,217	10,549,914	6,900,599	5,952,910	3,000	78,433,777
Lands ..	1,862,400	824,750	1,607,214	258,009	526,373	111,629	5,190,375
Interest (n.e.i.) ..	411,800	1,580,207	774,567	805,547	473,094	480,097	4,525,312
Commonwealth Pay-							
ments—							
Under Financial							
Agreement and							
Special Grants	2,917,411	2,127,159	1,096,235	2,703,816	2,346,432	1,141,859	12,332,912
Commonwealth							
Tax Reimburse-							
ments ..	16,127,942	8,770,774	6,564,625	3,435,254	3,350,555	1,214,698	39,463,848
Miscellaneous ..	5,585,443	1,736,028	1,430,458	923,838	1,193,954	274,958	11,144,679
Total ..	73,500,272	37,358,934	25,033,131	17,192,580	14,980,875	4,507,126	172,572,918
PER HEAD OF POPULATION.(c)							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Taxation (b) ..	2 14 3	2 17 4	2 14 10	3 7 7	2 5 9	5 0 8	2 17 4
Business Under-							
takings ..	13 0 3	8 1 6	9 12 4	10 15 6	11 19 6	0 0 3	10 9 4
Lands ..	0 12 7	0 8 1	1 9 4	0 8 1	1 1 2	0 8 9	0 13 11
Interest (n.e.i.) ..	0 2 9	0 15 6	0 14 1	1 5 2	0 19 0	1 17 9	0 12 1
Commonwealth Pay-							
ments—							
Under Financial							
Agreement and							
Special Grants	0 19 8	1 0 10	1 0 0	4 4 5	4 14 5	4 9 8	1 12 11
Commonwealth							
Tax Reimburse-							
ments ..	5 8 10	4 6 0	5 19 8	5 7 3	6 14 9	4 15 5	5 5 4
Miscellaneous ..	1 17 8	0 17 0	1 6 1	1 8 10	2 5 0	1 1 7	1 9 9
Total ..	24 16 0	18 6 3	22 16 4	26 16 10	30 2 7	17 14 1	23 0 8

(a) See § 1 par. 2, page 657.

(b) In all States certain taxation collections are not paid into Consolidated Revenue Fund. For total collections see next page.

(c) Based on mean population of the financial year.

In comparing the revenue of the States, it should be borne in mind that business undertakings which in one State may be controlled by the Government are, in another State, controlled by a board or trust. For example, in New South Wales and Western Australia the tramway systems are controlled by the Government, while in the other States ownership is largely vested in trusts. Harbour and river services and water supply and sewerage are also controlled in some cases by the State and in others by trusts. All the Tasmanian transport facilities are controlled by a commission.

(ii) *Revenue from Taxation. (a) General.* The following table shows, for the year 1946-47, particulars of all State taxation collections irrespective of whether such moneys have been paid into the Consolidated Revenue Funds or not. For this reason the particulars hereunder differ from those given in the tables relating to the Consolidated Revenue Funds and represent a comprehensive statement of all taxation collections by the Government in each State. In this and the succeeding statements of taxation the collections have been grouped according to the nature of the tax rather than the method of collection. For example, stamp duties on betting tickets and bookmakers' licences have been included under "Entertainments Tax" instead of under "Stamp Duties" and "Licences" respectively. Commonwealth payments under the State Grants (Tax Reimbursement) Act are included because these grants have replaced revenue received by the States from Income and Entertainments taxes prior to the introduction of the Uniform Tax Scheme in 1942-43:—

STATE REVENUE FROM TAXATION(a) : TOTAL COLLECTIONS, 1946-47.

Tax.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
	£	£	£	£	£	£	£
Probate and Succession Duties	3,689,983	2,460,655	943,332	553,420	261,339	158,801	8,067,620
Other Stamp Duties	2,135,637	1,335,406	948,271	350,234	337,998	121,002	5,278,548
Land	2,180	32,599	375,303	286,481	111,920	91,759	1,250,242
Income (Arrears)	344,749	89,226	36,375	22,746	33,415	4,080	530,621
Liquor	884,288	483,968	165,178	35,998	117,112	61,706	1,748,550
Lotteries			154,500			674,776	901,276
Entertainments (c)	906,466	959,401	147,752	267,032	181,082	91,355	2,566,088
Motor	2,937,588	2,093,747	1,068,979	737,371	429,009	280,600	7,547,384
Licences (n.e.l.)	77,791	104,565		33,546	14,986	5,316	
Other	45	27,796		7,113	34,376		
			235,733				536,267
Total	10,978,727	7,942,363	4,075,123	2,293,941	1,574,567	1,561,575	28,426,596
Commonwealth Tax Reimbursements	10,127,942	8,770,774	6,564,625	3,435,254	3,350,555	1,214,698	39,463,848
GRAND TOTAL	27,106,669	16,713,137	10,640,048	5,729,195	4,925,122	2,776,273	67,890,441

(a) In this table the particulars represent the total net collections from all sources of taxation irrespective of whether such moneys are paid to Consolidated Revenue Funds. (b) Includes Income Tax on Lottery Prizes, £485,813. (c) Mainly Racing.

The table hereunder shows the percentage on the total taxation revenue of collections under individual taxes for the year 1946-47 :—

STATE REVENUE FROM TAXATION : PERCENTAGES OF TOTAL, 1946-47.

Tax.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
	%	%	%	%	%	%	%
Probate and Succession Duties	13.61	14.72	8.86	9.66	5.31	5.72	11.88
Other Stamp Duties	7.88	7.99	8.91	6.11	7.88	4.36	7.77
Land	..	..	2.29	3.53	5.00	2.27	3.31
Income (Arrears)	1.27	0.53	0.34	0.40	0.68	0.15	0.78
Liquor	3.26	2.89	1.55	0.63	2.38	2.22	2.58
Lotteries	..	..	1.45	..	..	26.90	1.33
Entertainments	3.35	5.80	1.39	4.66	3.74	3.29	3.78
Motor	10.84	12.53	10.05	12.87	8.71	10.11	11.12
Licences (n.e.i)	0.29	0.63	2.22	0.59	0.30	0.19	..
Other	..	0.14	..	0.12	0.70	..	0.79
Total	40.50	47.52	38.30	40.94	31.97	56.25	41.87
Commonwealth Tax Re- imbursements	59.50	52.48	61.70	59.96	68.03	43.75	58.13
GRAND TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Prior to Federation, duties of Customs and Excise constituted the principal source of revenue from taxation. Thereafter, until the introduction of the Uniform Income Tax Scheme the most productive State taxes were the various Income Taxes, which, in 1941-42, included Unemployment Relief, State Development and Hospital Taxes.

The total amounts and the amounts per head raised from all sources of taxation by the several State Governments, including amounts not paid into the Consolidated Revenue Fund and tax reimbursements received from the Commonwealth, during the five years 1938-39 and 1943-44 to 1946-47, are shown in the following table :—

STATE REVENUE FROM TAXATION.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
TOTAL COLLECTIONS.							
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
1938-39	20,263	12,023	8,646	4,199	3,597	1,779	50,507
1943-44(a)	23,012	12,406	8,783	4,146	3,832	1,948	54,127
1944-45(a)	23,444	12,779	8,928	4,430	3,899	2,063	55,543
1945-46(a)	24,809	13,331	9,484	4,613	4,046	2,298	58,581
1946-47(a)	27,107	16,713	10,640	5,729	4,925	2,776	67,890
PER HEAD OF POPULATION.(b)							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1938-39	7 8 2	6 8 5	8 11 6	7 1 1	7 14 1	7 9 8	7 6 1
1943-44(a)	8 0 3	6 5 2	8 6 7	6 14 7	8 0 2	7 19 7	7 9 4
1944-45(a)	8 1 7	6 7 11	8 7 1	7 2 2	8 0 10	8 7 1	7 11 8
1945-46(a)	8 9 2	6 12 3	8 15 0	7 6 2	8 5 1	9 3 7	7 18 3
1946-47(a)	9 2 11	8 3 10	9 13 11	8 18 11	9 18 1	10 18 1	9 1 3

(a) Includes Commonwealth Tax Reimbursements.

(b) Based on mean population of each financial year.

(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 in Chapter XIV. "Private Finance".

The duties collected for the five years 1938-39 and 1943-44 to 1946-47 are as follows :—

STATE PROBATE AND SUCCESSION DUTIES : NET COLLECTIONS.

State.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
New South Wales	2,364,124	2,710,824	2,779,573	3,317,401	3,689,983
Victoria	1,374,355	1,778,266	1,853,991	1,825,180	2,460,655
Queensland	677,037	746,629	701,235	890,782	943,332
South Australia	366,526	399,796	521,179	557,290	553,420
Western Australia	123,798	232,762	275,477	262,280	261,339
Tasmania	94,669	144,705	136,308	212,125	158,891
Total	5,000,509	6,012,982	6,267,763	7,065,058	8,067,620

(c) *Other Stamp Duties.* The revenue derived from stamp duties (excluding probate and succession duties and stamp duties on betting tickets) for the five years 1938-39 and 1943-44 to 1946-47 is shown in the accompanying table :—

OTHER STATE STAMP DUTIES : NET COLLECTIONS.

State.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
New South Wales	1,286,124	1,214,661	1,337,285	1,653,851	2,135,637
Victoria	959,727	823,452	886,718	1,070,841	1,335,406
Queensland	610,110	502,012	586,834	737,691	948,271
South Australia	249,729	223,355	236,179	287,941	350,234
Western Australia	274,995	204,580	228,755	292,766	387,998
Tasmania	84,832	74,360	72,760	95,712	121,002
Total	3,465,517	3,042,420	3,348,531	4,138,802	5,278,548

(d) *Land Tax.* All the States impose a land tax, Queensland, the last State to fall into line, collecting 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 amounts collected by means of such taxes during the years 1938-39 and 1943-44 to 1946-47 :—

STATE LAND TAX : NET COLLECTIONS.

State.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
New South Wales	2,154	3,140	2,283	2,326	2,180
Victoria	482,336	359,983	357,603	321,299	382,599
Queensland	401,682	387,475	383,220	375,404	375,303
South Australia	321,482	297,303	289,738	288,676	286,481
Western Australia	114,623	121,808	118,134	111,353	111,920
Tasmania	85,069	92,532	91,493	90,789	91,759
Total	1,407,346	1,262,241	1,242,471	1,189,847	1,250,242

(e) *Income Taxes.* State taxes levied on incomes prior to the introduction of the Uniform Tax Scheme in 1942-43 were as follows :—

New South Wales—Income Tax, Super Tax and Further Tax on Undistributed Income of Companies ;

Victoria—Income Tax, Special Income Tax, and Unemployment Relief Tax ;

Queensland—Income Tax, Super Tax, Additional Tax and Income (State Development) Tax ;

South Australia—Income Tax ;

Western Australia—Income Tax, Hospital Tax and Gold Mining Profits Tax ;

Tasmania—Income Tax.

Some details of these taxes are given in earlier issues of this Year Book.

When the Uniform Tax Scheme was introduced in 1942-43 these taxes, together with the Commonwealth War Tax, were discontinued, and the Commonwealth Income Tax rates were increased to raise the revenue previously raised by these taxes. The States are reimbursed by the Commonwealth for the revenue lost to them by the discontinuance of these taxes. Details of these reimbursement grants are given on page 635.

In the following table total State collections of the taxes mentioned above are shown for the year 1938-39. For the years 1943-44 to 1946-47 the total of Commonwealth Reimbursements and arrears of State taxes collected are shown.

STATE INCOME AND DIVIDEND TAXES : NET COLLECTIONS.

State.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	(a)	(a)	(a)	(b)
	£	£	£	£	£
New South Wales	12,703,150	15,356,000	15,356,000	15,356,000	16,472,691
Victoria	6,250,508	6,517,000	6,517,000	6,517,000	8,860,000
Queensland	5,608,603	5,821,000	5,821,000	5,821,000	6,601,000
South Australia	2,102,928	2,361,000	2,361,000	2,361,000	3,458,000
Western Australia	2,338,616	2,546,000	2,546,000	2,546,000	3,384,000
Tasmania	787,396	892,531	886,953	895,754	1,218,778
Total	29,791,201	33,493,531	33,487,953	33,496,754	39,994,469

(a) Includes revenue received under the State Grants (Income Tax Reimbursement) Act 1942.

(b) Includes revenue received under State Grants (Tax Reimbursement) Act 1946.

(f) *Motor Taxation.* Motor taxation comprises tax and registration fees on motor vehicles, and licences of motor dealers, motor drivers and motor cycle riders, and public vehicles except when controlled by local government authorities. The following table shows the collections for the five years 1938-39 and 1943-44 to 1946-47 :—

MOTOR TAXATION : NET COLLECTIONS.

State.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£	£	£	£	£
New South Wales ..	2,762,678	2,326,186	2,370,442	2,618,341	2,937,588
Victoria ..	1,913,689	1,582,439	1,655,159	1,846,937	2,093,747
Queensland ..	939,757	807,844	834,153	960,698	1,068,979
South Australia ..	715,944	571,928	601,896	650,946	737,371
Western Australia ..	453,053	380,780	358,672	393,068	429,009
Tasmania ..	175,591	214,750	225,986	247,805	280,690
Total ..	6,960,712	5,883,927	6,046,308	6,717,795	7,547,384

Except in the case of South Australia, the proceeds of motor tax and motor registration fees are paid into special funds and the amounts do not appear in the Consolidated Revenue Funds.

(iii) *Business Undertakings.* (a) 1946-47. A very large proportion of State gross revenues is made up of receipts from business undertakings under the control of the Governments. The principal of these are railways and tramways, harbour works, water supply and sewerage and electricity supply, and, in addition, State batteries for the treatment of auriferous ores are included for Western Australia, and various minor revenue-producing services are rendered by the Governments of all States. For the year 1946-47 the revenue from these sources was £78,433,777 or 45.5 per cent. of the revenue from all sources. Details of revenue are as follows :—

STATE REVENUE FROM BUSINESS UNDERTAKINGS, 1946-47.

Source.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.(a).	Total.
	£	£	£	£	£	£	£
Railways ..	430,384,710	13,785,516	10,549,827	4,767,915	3,979,404	..	63,467,372
Tramways and Omnibuses ..	6,105,785	(d)120,641	..	..	480,522	..	6,706,948
Harbours, Rivers, Lights ..	1,370,882	(e)223,228	..	742,783	277,007	..	2,622,902
Water Supply, Sewerage, Irrigation and Drainage ..	..	1,011,207	..	1,296,976	1,051,980	..	3,360,163
Electricity Supply ..	..	815,552	..	..	..	3,000	818,552
Other ..	(f)683,760	517,073	87	92,923	163,997	..	1,457,840
Total ..	38,554,137	16,473,217	10,549,914	6,900,599	5,952,910	3,000	78,433,777

(a) Tasmanian transport services are under the separate control of the Transport Commission.
 (b) Excludes £800,000 contribution from Consolidated Revenue Fund in respect of losses on country developmental railways. (c) Includes electric tramways operated by the Railways Department.
 (d) Tramway contribution to Consolidated Revenue. (e) Includes Harbour Trust Fund contribution, £149,675. (f) Road Transport and Traffic Fund.

(b) 1938-39 and 1943-44 to 1946-47. Particulars of the revenue from business undertakings are given below :—

STATE REVENUE FROM BUSINESS UNDERTAKINGS.(a)

Source.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£'000.	£'000.	£'000.	£'000.	£'000.
Railways, Tramways and Omnibuses	48,154	83,580	77,071	73,441	70,171
Harbour Services.. ..	2,357	2,409	2,647	2,574	2,623
Water Supply, Sewerage, Irrigation and Drainage..	2,543	3,063	3,176	3,072	3,360
Other	2,625	2,890	3,001	2,902	2,277
Total	55,679	91,942	85,895	81,989	78,434

(a) See notes to previous table.

(iv) *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. The following table shows the revenue from sales and rentals of Crown lands for the year 1946-47 :—

STATE LAND REVENUE, 1946-47.

Source.	N.S.W.	Victoria.	Q'land.	S.Aust.	W.Aust.	Tas.	Total.
	£	£	£	£	£	£	£
Sales ..	92,618	62,593	..	39,266	9,262	1,657	205,396
Conditional Purchases	479,453	..	..	8,498	148,413	6,189	642,553
Rentals ..	1,627,856	162,689	1,120,190	210,245	118,620	30,948	2,670,548
Forestry ..	236,102	567,446	402,341	..	235,812	70,570	1,512,271
Other ..	26,371	32,022	81,683	..	14,266	2,265	159,607
Total ..	1,862,400	824,750	1,607,214	258,009	526,373	111,629	5,190,375

(v) *Commonwealth Payments.* Commonwealth Payments to the States represent a considerable proportion of the States' Revenue. In 1946-47 the total amount (excluding sundry minor items) paid to the Consolidated Revenue Funds of the States was £51,796,760 (30 per cent.). This was made up of the contribution towards interest on States' debts under the Financial Agreement, £7,584,912, special grants to the States of South Australia, Western Australia and Tasmania, £4,748,000 and Tax Reimbursement Grants £39,463,848. The latter item has been included under State taxation above as it is paid to the States as a reimbursement for vacating the field of income taxation.

In addition to these, the States receive a number of other payments which are paid to Trust Funds. The main items in this class are the contribution towards the sinking fund on States' debts (£1,636,120 in 1946-47) paid to the National Debt Sinking Fund and grants for Federal Aid Roads and Works (£4,805,290 in 1946-47) paid to State Trust Funds.

More detailed information concerning Commonwealth payments to the States is given under part A of this Chapter, Division IV., page 633.

(vi) *Interest and Miscellaneous.* In addition to the foregoing, there are in each State several miscellaneous sources of revenue, including such items as interest, fines, fees, etc. In 1946-47 interest, mainly from loans to local governing bodies and on public account balances, supplied £4,525,312 whilst "Miscellaneous" revenue which includes fines of the courts and fees for services amounted to £11,144,679.

Division II.—Expenditure.

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

(a) Interest, sinking fund and exchange charges in connexion with public debt; (b) Working expenses of railways, tramways and other business and industrial undertakings; (c) Education; (d) Health and charitable expenditure; (e) Justice; (f) Police; (g) Penal establishments; and (h) all other expenditure, under which heading is included Public Works, Lands and Surveys, Agriculture and Forestry, Legislative and General Administration, Pensions and Miscellaneous.

In earlier years the working expenses of Railways and Tramways were the most important item of State Governmental expenditure, but, for a period prior to 1941-42 Public Debt charges were the heaviest item. Since then, however, Railways and Tramways expenditure has again taken the major place. In the year 1946-47 the working expenses of the Railways and Tramways and Omnibuses were 36.4 per cent. of the total expenditure from the State Consolidated Revenue Funds; next in importance were Public Debt Charges, 23.1 per cent.; Education, 11.8 per cent.; Charitable, Public Health and Hospitals, 8.3 per cent.; and Law, Order and Public Safety, 4.9 per cent.

2. **Total Expenditure.**—The total expenditure from the Consolidated Revenue Funds of the several States and the expenditure per head of population during each of the five years 1938-39 and 1943-44 to 1946-47 are shown in the following table:—

STATE EXPENDITURE : CONSOLIDATED REVENUE FUNDS.

Year.	N.S.W. (a)	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas. (a)	Total.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
1938-39	54,169	27,773	19,316	12,701	11,170	3,641	128,770
1943-44	71,288	34,924	28,854	15,529	13,551	3,469	167,615
1944-45	73,245	34,924	25,878	16,113	13,949	3,676	167,785
1945-46	71,488	35,185	24,760	16,343	14,408	4,034	166,218
1946-47	75,350	37,354	25,017	17,253	15,029	4,573	174,576

PER HEAD OF POPULATION.(b)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1938-39	19 16 0	14 16 8	19 3 3	21 6 10	23 18 5	15 6 5	18 12 5
1943-44	24 16 6	17 12 4	27 7 2	25 4 0	28 6 6	14 4 2	23 2 7
1944-45	25 4 10	17 9 6	24 4 5	25 17 1	28 15 5	14 17 8	22 18 2
1945-46	24 7 6	17 9 1	22 16 10	25 18 0	29 7 11	16 2 4	22 9 0
1946-47	25 8 6	18 6 3	22 16 0	26 18 9	30 4 6	17 19 3	23 5 11

(a) See § 1, par. 2, page 657.

(b) Based on mean population of each financial year.

3. **Details of Expenditure.**—(i) 1946-47. The following table shows the total expenditure and expenditure per head for each of the principal items:—

STATE EXPENDITURE : DETAILS, 1946-47.

Particulars.	N.S.W. (a)	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas. (a)	Total.
	£	£	£	£	£	£	£
Public debt (interest, sinking fund, exchange, etc.)	14,840,967	8,215,575	6,312,519	5,166,400	4,403,034	1,386,521	40,325,016
Railways, Tramways and Omnibuses (working expenses)	31,785,491	12,373,524	9,755,203	4,847,897	4,783,142	5,485	63,550,742
Harbours and Rivers, etc.	702,833	127,805	..	327,220	96,989	..	1,254,853
Water Supply, Sewerage, Irrigation and Drainage	..	1,016,974	..	640,698	477,296	..	2,134,968
Other Business and Industrial Undertakings	683,760	566,397	3,610	103,446	259,366	(b) 251,911	1,868,484
Education	8,767,919	5,215,761	2,750,211	1,733,506	1,389,041	814,545	20,670,983
Health and charitable	6,321,538	3,374,521	1,853,644	1,255,271	946,650	685,565	14,437,189
Justice	796,314	413,392	315,756	113,868	125,586	62,896	1,827,812
Police	2,026,021	1,286,854	937,951	419,729	334,427	168,500	5,174,082
Penal establishments	547,034	173,374	89,145	67,741	58,620	37,741	964,655
Public safety	210,736	154,629	111,770	12,837	37,220	10,660	537,872
All other expenditure	8,666,866	4,435,095	2,896,466	2,564,400	2,117,062	1,149,488	21,829,377
Total	75,350,079	37,353,901	25,017,275	17,253,039	15,028,427	4,573,312	174,576,033

(a) See § 1, par. 2, page 657.

(b) Includes £251,721 Transport Commission loss.

STATE EXPENDITURE: DETAILS, 1946-47—*continued.*

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
PER HEAD OF POPULATION.(a)							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Public debt (interest, sinking fund, exchange, etc.) ..	5 0 2	4 0 7	5 15 1	8 1 4	8 17 1	5 8 11	5 7 8
Railways, Tramways and Omnibuses (working expenses)	10 14 6	6 1 4	8 17 10	7 11 5	9 12 5	0 0 5	8 9 7
Harbours and Rivers, etc. ..	0 4 9	0 1 3	..	0 10 3	0 3 11	..	0 3 4
Water Supply, Sewerage, Irrigation and Drainage ..	..	0 10 0	..	1 0 0	0 19 2	..	0 5 8
Other Business and Industrial Undertakings ..	0 4 7	0 5 7	0 0 1	0 3 3	0 10 5	0 19 9	0 5 0
Education ..	2 19 2	2 11 2	2 10 1	2 14 1	2 15 11	3 4 0	2 15 2
Health and charitable	2 2 3	1 13 1	1 13 9	1 19 2	1 18 1	2 13 10	1 18 6
Justice ..	0 5 5	0 4 0	0 5 9	0 3 7	0 5 1	0 4 11	0 4 11
Police ..	0 13 8	0 12 7	0 17 1	0 13 1	0 13 5	0 13 3	0 13 10
Penal establishments	0 3 8	0 1 8	0 1 6	0 2 1	0 2 4	0 3 0	0 2 7
Public safety ..	0 1 5	0 1 6	0 2 0	0 0 5	0 1 6	0 0 10	0 1 5
All other expenditure	2 18 6	2 3 6	2 12 10	1 0 1	4 5 2	4 10 4	2 18 3
Total ..	25 8 6	18 6 3	22 16 0	26 18 9	30 4 6	17 19 3	23 5 11

(a) Based on mean population of financial year.

(ii) 1938-39 and 1943-44 to 1946-47. Expenditure for the years 1938-39 and 1943-44 to 1946-47 are shown in the following table:—

STATE EXPENDITURE.

Particulars.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47.
	£'000.	£'000.	£'000.	£'000.	£'000.
Public debt (interest, sinking fund, exchange, etc.) ..	40,158	42,144	46,030	40,949	40,325
Railways, Tramways and Omnibuses (working expenses) ..	38,541	67,427	62,647	61,852	63,551
Harbours and Rivers, etc. ..	693	893	906	1,136	1,255
Water Supply, Sewerage, Irrigation and Drainage ..	1,076	1,511	1,782	2,124	2,135
Other Business and Industrial Undertakings ..	1,646	2,176	2,218	2,406	1,868
Education ..	12,639	14,657	15,094	17,336	20,671
Health and Charitable ..	15,307	11,650	11,894	12,766	14,437
Justice ..	1,323	1,329	1,373	1,518	1,828
Police ..	3,733	4,338	4,372	4,589	5,174
Penal establishments ..	646	815	880	929	965
Public safety ..	297	1,017	552	477	538
All other expenditure ..	12,711	19,658	19,437	20,136	21,820
Total ..	128,770	167,615	167,785	166,218	174,576

Division III.—Surplus Revenue.

The following table shows for each of the years 1938-39 and 1943-44 to 1946-47 the total amount and amount per head of the surplus or deficit of each State :—

STATE SURPLUS REVENUE.

Year.	N.S.W. (a)	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.(a)	Total.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
1938-39 ..	-2,459	-787	14	-397	-221	-26	-3,876
1943-44 ..	1,183	620	114	16	38	30	2,001
1944-45 ..	968	349	569	..	5	-19	1,872
1945-46 ..	371	6	14	..	..	-101	290
1946-47 ..	-1,850	5	16	-60	-48	-66	-2,003

PER HEAD OF POPULATION.(b)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1938-39 ..	-0 18 0	-0 8 5	0 0 3	-0 13 4	-0 9 5	-0 2 3	-0 11 3
1943-44 ..	0 8 2	0 6 3	0 2 2	0 0 6	0 1 7	0 2 5	0 5 9
1944-45 ..	0 6 8	0 3 6	0 10 7	..	0 0 2	-0 1 6	0 5 2
1945-46 ..	0 2 5	0 0 1	0 0 3	..	..	-0 8 1	0 0 9
1946-47 ..	-0 12 6	..	0 9 4	-0 1 11	-0 1 11	-0 5 2	-0 5 4

(a) See § 1, para. 2, page 657.

(b) Based on mean population of each financial year.

NOTE.—Minus sign (-) indicates deficit.

§ 3. State Trust Funds.

In addition to the moneys received as revenue and paid to the credit of Consolidated Revenue Funds, considerable sums are held by the State Governments in trust for various purposes. The balances of trust funds held on 30th June, 1947 were as follows :—

STATE TRUST FUND BALANCES, 30th JUNE, 1947.

Particulars.	N.S.W.(a)	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
Amount of trust funds ..	23,753	18,880	30,525	2,352	8,082	923	84,515

(a) Special Deposits Account and Special Accounts.

§ 4. State Loan Funds.

Division I.—Loan Expenditure.

1. General.—As far back as 1842 revenue collections were supplemented by borrowed moneys, the earliest loan being raised 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 $4\frac{1}{2}$ 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. Loan moneys have also been largely used for improvements to harbours and rivers, and for the construction of roads, 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 defence or war purposes. 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.

Statements relating to Loan Expenditure are given below for both "gross" and "net" expenditure. The gross expenditure represents the amounts disbursed during each year, whereas the net expenditure represents the gross expenditure less any credits to the Loan Fund during the year on account of repayments of advances to local governing bodies, settlers, etc., the sale of assets, and transfers from other funds. Such moneys are credited to the Loan Fund in the year of repayment irrespective of when the advance was made.

2. Details of Loan Expenditure.—(i) *Gross Loan Expenditure, 1946-47.* Particulars of the gross loan expenditure on Works, Services, etc., for the year 1946-47 are given in the following table:—

STATE GROSS LOAN EXPENDITURE ON WORKS, SERVICES, ETC. 1946-47.

Heads of Expenditure.	N.S.W.	Victoria. (a)	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
	£	£	£	£	£	£	£
Public Works and Services—							
Railways	3,200,000	433,979	428,415	576,675	268,379	294,486	5,201,934
Tramways and Omnibuses	479,850	..	..	..	3,273	..	483,123
Roads .. .. .	..	25,042	546,253	..	..	..	..
Bridges	400,500	67,894	..	..	..	..	..
Harbours and Rivers	500,614	30,415	39,382	87,332	86,633	28,529	1,812,594
Lights and Lighthouses .. .. .	..	..	..	..	..	..	..
Water Supply .. .. .	..	1,466,122	90,000	862,399	273,108	..	3,062,522
Sewerage	71,516	..	..	183,480	115,897	..	..
Electricity Supply	145,676	..	..	1,000,000	166,054	724,250	2,035,980
Public Buildings	1,025,348	797,617	791,714	246,705	387,045	227,781	3,476,210
Loans and Grants to Local Bodies	6,012	33,616	592,509	..	..	..	632,137
Unemployment Relief Works .. .. .	..	..	..	..	..	450	450
Housing	7,513	528,562	111,070	1,320,593	..	105,067	2,072,805
Other Public Works, etc.	466,975	61,838	..	15,952	37,690	291,023	873,478
Primary Production—							
Soldier Settlement	1,656,957	2,226,665	1,530	7,565	..	188,342	4,442,960
Land for Settlement .. .. .	..	..	85,261	258,904	..	17,730	..
Advances to Settlers .. .. .	..	99,253	258	23,395	..	169,447	292,353
Water Conservation .. .. .	..	..	..	6,288	7,338	..	..
Irrigation and Drainage	1,020,231	..	129,632	88,822	345,048	..	1,597,359
Rabbit-proof Fencing .. .. .	..	..	..	(b)	..	..	..
Agriculture (c)	105,000	..	400,000	..	10,613	..	515,613
Agricultural Bank .. .. .	..	..	799,000	..	..	..	799,000
Forestry .. .. .	..	1,329,450	474,229	317,411	..	..	2,121,090
Mines and Mineral Resources	15,822	197	42,404	150,000	257,257	..	465,680
Other .. .. .	..	10,230	..	..	36,301	8,565	55,096
Other Purposes .. .. .	..	..	..	159,853	236,328	..	396,181
Total Public Works, Services, etc., Expenditure	9,102,014	7,110,880	4,531,663	5,305,374	2,230,964	2,055,670	30,336,565
Per Head of Population	£3 1 5	£3 9 9	£4 2 7	£5 5 8	£4 9 9	£3 1 6	£4 1 0

(a) Expenditure from Loan Funds and on account of Loans; includes expenditure from Loan Funds, from Treasurer's Advance Account, and from State Loans Repayment Fund. (b) Included with Advances to Settlers. (c) Includes Grain Elevators, New South Wales and Victoria.

(ii) *Net Loan Expenditure, 1946-47.* For the year ended 30th June, 1947, State net loan expenditure on Works, Services, etc., was as follows :—

STATE NET LOAN EXPENDITURE ON WORKS, SERVICES, ETC., 1946-47.

Heads of Expenditure.	N.S.W.	Victoria. (a)	Q'land.	S.Aust. (b)	W.Aust.	Tas.	Total.
	£	£	£	£	£	£	£
Public Works and Services—							
Railways	3,103,313	428,640	400,603	558,393	264,467	197,760	4,953,176
Tramways and Omnibuses	470,701	..	..	(c) -50,000	3,273	..	423,974
Roads	347,678	{ -1,095 }	400,269	-17,000	..	..	..
Bridges	467,549	{ 26,442 }	37,739	75,842	86,436	22,611	1,473,244
Harbours and Rivers .. .. .	..	{ 26,773 }	..	..	..	..	..
Lights and Lighthouses .. .. .	..	..	..	..	..	..	..
Water Supply	55,600	{ 1,458,913 }	90,000	806,780	269,519	..	2,953,576
Sewerage	89,962	{ -1,251 }	..	168,530	105,485	..	..
Electricity Supply	1,019,298	783,635	784,351	1,000,000	166,054	427,126	1,683,142
Public Buildings .. .. .	..	..	..	242,561	386,101	220,041	3,435,987
Loans and Grants to Local Bodies	357	39,743	134,053	-2,540	-284	-18,778	143,551
Unemployment Relief							
Works	-80,838	-34,449	..	..	..	-686	-115,973
Housing	-3,254	152,310	2,470	912,147	-1,569	9,631	1,071,735
Other Public Works, etc.	466,813	61,838	-120	-22,590	37,685	-22,385	521,241
Primary Production—							
Soldier Settlement .. .. .	..	..	{ -51,795 }	-144,706	-44,142	21,299	2,484,052
Land for Settlement	1,656,251	1,128,762	{ 76,803 }	-84,333	-57,415	-16,672	..
Advances to Settlers .. .. .	..	13,109	-31,292	-58,648	-843	-13,550	-91,224
Water Conservation .. .. .	..	..	..	5,468	7,104	..	1,466,045
Irrigation and Drainage	925,591	..	114,443	68,806	344,633	..	..
Rabbit-proof Fencing .. .. .	..	-8,759	..	(d)	..	..	-26,023
Agriculture (e)	105,000	..	399,751	..	8,353	..	513,104
Agricultural Bank .. .. .	..	..	750,996	..	-37,769	..	713,227
Forestry .. .. .	..	1,045,683	474,217	-30,184	-1	..	1,489,715
Mines and Mineral Resources	15,742	-5,035	39,154	150,000	253,830	..	453,691
Other .. .. .	..	-14,997	-25,478	-2,742	34,763	1,588	-6,866
Other Purposes .. .. .	..	..	-105	52,036	217,947	..	269,878
Total Public Works, Services, etc., Expenditure	8,639,763	5,091,262	3,578,795	3,627,820	2,043,627	827,985	23,809,252
Per Head of Population	£2 18 4	£2 9 11	£3 5 3	£5 13 3	£4 2 2	£3 5 1	£3 3 7

(a) Expenditure from Loan Funds and on account of Loans : includes expenditure from Loan Funds, from Treasurer's Advance Account, and from State Loans Repayment Fund. (b) Credits arising from the cancellation of securities redeemed from Sinking Fund are not included. (c) Loans to Municipal Tramways Trust. (d) Included in Advances to Settlers. (e) Includes Grain Elevators, New South Wales and Victoria.

3. Loan Expenditure on Works, Services, etc., 1938-39 and 1943-44 to 1946-47.—

(i) *Gross Loan Expenditure.* Gross loan expenditure on works, etc. for the years 1938-39 and 1943-44 to 1946-47 is shown in the following table :—

STATE GROSS LOAN EXPENDITURE ON WORKS, SERVICES, ETC.

Year.	N.S.W.	Victoria. (a)	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
1938-39	8,789	3,218	3,393	2,529	1,783	1,687	21,399
1943-44	3,029	1,085	1,773	2,104	362	1,360	9,713
1944-45	3,139	3,683	1,561	2,621	748	1,261	13,013
1945-46	4,554	2,204	2,409	2,494	1,096	1,523	14,280
1946-47	9,102	7,111	4,532	5,305	2,231	2,056	30,337

(a) See footnote (a) to previous table.

STATE GROSS LOAN EXPENDITURE ON WORKS, SERVICES, ETC.—*continued.*

PER HEAD OF POPULATION.

Year.	N.S.W.	Victoria. (a)	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1938-39 ..	3 4 3	1 14 5	3 7 4	4 5 0	3 16 4	7 2 0	3 1 11
1943-44 ..	1 1 1	0 10 11	1 13 7	3 8 3	0 15 2	5 11 5	1 6 10
1944-45 ..	1 1 8	1 16 10	1 9 3	4 4 1	1 10 10	5 2 2	1 15 6
1945-46 ..	1 11 1	1 1 10	2 4 5	3 19 1	2 4 9	6 1 8	1 18 7
1946-47 ..	3 1 5	3 9 9	4 2 7	8 5 8	4 9 9	8 1 6	4 1 0

(a) See footnote (a) to previous table.

(ii) *Net Loan Expenditure.* The following table shows the works net loan expenditure during each of the years 1938-39 and 1943-44 to 1946-47 :—

STATE NET LOAN EXPENDITURE ON WORKS, SERVICES, ETC.

Year.	N.S.W.	Victoria. (a)	Q'land.	S. Aust. (a)	W. Aust.	Tas.	Total.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
1938-39 ..	5,408	2,290	2,041	1,226	1,636	577	13,178
1943-44 ..	1,411	128	345	476	106	499	2,965
1944-45 ..	1,723	2,083	431	983	547	372	6,139
1945-46 ..	3,263	39	1,292	1,053	812	560	7,019
1946-47 ..	8,640	5,091	3,579	3,628	2,043	828	23,809

PER HEAD OF POPULATION.

Year.	N.S.W.	Victoria. (a)	Q'land.	S. Aust. (a)	W. Aust.	Tas.	Total.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1938-39 ..	1 19 6	1 4 6	2 0 6	2 1 2	3 10 1	2 8 7	1 18 1
1943-44 ..	0 9 10	0 1 3	0 6 7	0 15 5	0 4 5	2 1 10	0 8 2
1944-45 ..	0 11 11	1 0 10	0 8 1	1 11 7	1 2 7	1 10 1	0 16 9
1945-46 ..	1 2 3	0 0 5	1 3 10	1 13 4	1 13 2	2 4 9	0 19 0
1946-47 ..	2 18 4	2 9 11	3 5 3	5 13 3	4 2 2	3 5 1	3 3 7

(a) See footnotes (a) and (b) to table in par. 2 (ii) above.

The four tables in this paragraph and paragraph 2 do not include particulars of expenditure on loan discounts and flotations, the funding of deficits, the retirement of treasury bills, and similar items of a nature other than works, services, etc. The aggregate net expenditure on those items to 30th June, 1947, is shown in paragraph 4 following. Summaries of the gross and net expenditure and repayments for the years 1944-45 to 1946-47 are shown in paragraph 5 following.

4. Total Net Loan Expenditure to 30th June, 1947.—The total net loan expenditure including revenue deficits, etc., of the States from the initiation of borrowing to 30th June, 1947 amounted to £1,102,308,033. The purposes for which this sum was expended are shown in the following table :—

STATE NET LOAN EXPENDITURE TO 30th JUNE, 1947.

Heads of Expenditure.	N.S.W.	Victoria.(a)	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
	£	£	£	£	£	£	£
Public Works and Services—							
Railways	165,216,060	80,582,589	67,936,837	38,443,870	26,131,581	8,205,749	386,516,686
Tramways and Omnibuses	8,537,491	..	..	(b) 3,414,982	1,364,919	..	13,317,392
Roads and Bridges	21,444,874	12,759,455	6,254,382	3,792,145	3,183,327	..	48,437,183
Harbours, Rivers, Lighthouses	23,163,012	1,446,935	3,635,677	8,706,677	7,668,825	7,512,228	99,567,537
Water Supply .. .. .	..	34,012,627	1,099,741	20,825,343	11,218,883	..	47,150,576
Sewerage	41,162,908	220,453	..	4,256,130	4,262,675	..	49,642,166
Electricity Supply	2,979,976	17,839,227	..	1,000,000	2,200,222	8,845,816	32,865,241
Public Buildings	19,969,433	20,325,759	9,065,839	4,522,409	3,599,210	3,413,941	50,896,591
Loans and Grants to Local Bodies	1,774,787	1,659,993	19,237,254	11,282	86,710	280,573	23,059,599
Unemployment Relief Works	16,354,984	13,147,158	..	..	(c) ..	330,770	29,832,912
Housing (d)	1,784,942	2,493,847	4,151,274	6,644,629	789,206	478,515	16,342,413
Commonwealth Services	3,964,491	..	524,388	1,283,387	..	500,754	6,273,020
Other Public Works and Services (e)	4,505,111	791,379	2,916,801	1,082,491	1,925,612	2,479,330	13,700,724
Primary Production—							
Closer Settlement .. .. .	..	..	(f) 933,316	1,576,414	8,461,505	317,499	10,988,734
Land for Settlement	013,868,506	43,866,977	3,441,626	888,826	6,500,234	1,992,131	89,939,663
Soldier Settlement	..	..	195,297	1,752,622	2,060,296	165,201	4,013,416
Advances to Settlers	288,075	3,530,518	..	4,252,695	1,390,347	..	7,992,009
Water Conservation	..	..	2,068,376	5,158,334	2,957,339	..	10,184,055
Irrigation and Drainage	20,771,321	..	..	..	..	..	36,598,412
Rabbit-proof Fencing .. .. .	..	885,729	185,889	(h) ..	341,765	..	1,413,383
Agriculture (i)	7,316,080	1,150,682	449,351	..	3,801,795	..	12,717,908
Agricultural Bank .. .. .	..	..	2,326,648	..	5,806,910	..	8,133,558
Forestry .. .. .	..	4,428,570	1,918,823	1,161,286	1,041,917	..	8,550,596
Mines and Mineral Resources	624,766	592,086	2,142,355	400,000	3,701,180	..	7,460,387
Other .. .. .	..	1,117,999	2,545,720	761,505	191,108	20,692	4,638,124
Other Purposes	89,283	450,950	123,423	(j) 2,271,691	3,983,338	..	6,918,685
Total Public Works, Services, etc., Expenditure	353,816,100	231,302,033	132,041,843	119,085,859	103,053,566	34,543,199	973,842,600
Other than Works, etc.—							
Discounts and Flotation Expenses	20,842,336	7,213,816	10,159,499	2,576,426	5,391,210	1,596,521	47,779,808
Revenue and General Cash Deficits	38,948,098	9,118,682	5,826,271	8,669,234	12,115,087	1,701,103	76,378,475
Treasury Bills Retired .. .. .	..	..	2,857,150	..	..	..	2,857,150
Other .. .. .	..	..	(k) 1,450,000	..	..	..	1,450,000
Grand Total	413,606,534	247,634,531	152,334,763	130,331,519	120,559,863	37,840,823	1,102,308,033

(a) Aggregate Gross Loan Expenditure. (b) Loans to Municipal Tramways Trust. (c) Not available separately. Distributed under various particular headings. (d) Expenditure from Commonwealth Loans under Commonwealth-State Housing Agreement has been excluded. (e) Includes Industrial Undertakings and Immigration. (f) Under Prickly Pear Land Act. (g) Includes advances for Rabbit-proof Fencing. (h) Included with Advances to Settlers. (i) Includes Grain elevators, New South Wales and Victoria. (j) Includes £1,710,032 State Bank. Expenditure on stores for public works amounting to £1.4 million, previously included under this item, is now included under the works concerned. (k) Contribution to Sinking Fund.

The figures in the foregoing table show the amounts actually expended from loan fund, and differ from those given later in the statements relating to the public debt, which represent the amount of loans still outstanding. The statement above includes all expenditure, whether the loans have been repaid or are still in existence. As in the earlier tables on net loan expenditure, allowance has been made, however, for credits on account of repayments of advances to local government bodies, settlers, etc., the sale

of assets, and transfers from other funds. In the public debt statement, on the other hand, 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.

5. **Total Loan Expenditure, 1944-45 to 1946-47.**—The following table gives particulars, in summary form, of the total loan expenditure in each State during each of the years 1944-45 to 1946-47:

STATE LOAN EXPENDITURE, SUMMARY.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
1944-45.							
Works and Services—	£	£	£	£	£	£	£
Gross Expenditure	3,138,747	3,683,342	1,560,898	2,620,483	747,864	1,261,595	13,012,929
Net Expenditure	1,722,813	2,083,567	431,010	982,439	546,902	372,276	6,139,007
Repayments	1,415,934	1,599,775	1,129,888	1,638,044	200,962	889,319	6,873,922
Other than Works, etc. (a)—							
Gross Expenditure	7,492,906	4,255,000	7,715	9,634	75,961	455,000	12,296,216
Net Expenditure	7,492,906	4,255,000	—3,974	5,300	69,848	455,000	12,274,280
Repayments			(b) 11,689	4,134	6,113		21,936
Total Loan Expenditure—							
Gross	10,631,653	7,938,342	1,568,613	2,630,117	823,825	1,716,595	25,309,145
Net	9,215,719	6,338,567	427,036	987,939	616,750	827,276	18,413,287
Repayments	1,415,934	1,599,775	1,141,577	1,642,178	207,075	889,319	6,895,858
1945-46.							
Works and Services—	£	£	£	£	£	£	£
Gross Expenditure	4,554,301	2,204,134	2,408,667	2,494,267	1,096,035	1,523,003	14,280,407
Net Expenditure	3,263,128	39,046	1,292,171	1,052,537	812,263	559,428	7,018,573
Repayments	1,291,173	2,165,088	1,116,496	1,441,730	283,772	963,575	7,261,834
Other than Works, etc. (a)—							
Gross Expenditure	639,266	1,313,647	1,863,944	1,294,089	1,214,300	..	6,325,246
Net Expenditure	639,266	1,313,647	1,836,539	1,294,032	1,211,029	..	6,294,513
Repayments .. ..	..	..	27,405	57 (b)	3,271	..	30,733
Total Loan Expenditure—							
Gross	5,193,567	3,517,781	4,272,611	3,788,356	2,310,335	1,523,003	20,605,653
Net	3,902,394	1,352,693	3,128,710	2,346,569	2,023,292	559,428	13,313,086
Repayments	1,291,173	2,165,088	1,143,901	1,441,787	287,043	963,575	7,292,567
1946-47.							
Works and Services—	£	£	£	£	£	£	£
Gross Expenditure	9,102,014	7,110,880	4,531,663	5,305,374	2,230,964	2,055,670	30,336,565
Net Expenditure	8,639,763	5,091,262	3,578,795	3,627,820	2,043,627	827,985	23,809,252
Repayments	462,251	2,019,618	952,868	1,677,554	187,337	1,227,685	6,527,313
Other than Works, etc. (a)—							
Gross Expenditure—							
Discounts and Flotation Expenses	466,934	6,203	1,195,228	9,747	17,689	..	1,695,801
Revenue and General Cash Deficits .. ..	..	..	..	..	..	119,625	119,625
Contribution to Sinking Fund .. ..	..	..	150,000	..	..	..	150,000
Total	466,934	6,203	1,345,228	9,747	17,689	119,625	1,965,426
Net Expenditure—							
Discounts and Flotation Expenses	466,934	6,203	1,143,392	5,449	14,524	..	1,636,502
Revenue and General Cash Deficits .. ..	..	..	..	..	..	119,625	119,625
Contribution to Sinking Fund .. ..	..	..	150,000	..	..	..	150,000
Total	466,934	6,203	1,293,392	5,449	14,524	119,625	1,906,127
Repayments .. ..	..	..	51,836	4,298	3,165	..	59,299
Total Loan Expenditure—							
Gross	9,568,948	7,117,083	5,876,891	5,315,121	2,248,653	2,175,295	32,301,991
Net	9,106,697	5,097,465	4,872,187	3,633,269	2,058,151	947,610	25,715,379
Repayments	462,251	2,019,618	1,004,704	1,681,852	190,502	1,227,685	6,586,612

(a) Includes exchange, discounts and flotation expenses, revenue and general cash deficits.

(b) From Consolidated Revenue Fund.

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 raised locally. In 1855 New South Wales approached the London market for the first instalment of a 5 per cent. loan for £683,300. Victoria first appeared as a borrower in 1854, and made its first appearance on the London market in 1859. The first public loans were raised by the other States in the following years:—Queensland 1861, South Australia 1856, Western Australia 1845, and Tasmania 1867.

In the public debt tables which follow, the units of currency are, for debts maturing and interest payable in Australia, £ Australian; in London, £ sterling; in New York, £ sterling. The New York debt is payable in dollars, but for the purposes of the tables dollars have been arbitrarily converted to £ sterling at the rate of \$4.8665 to £ stg. 1.

Particulars of State debt in Australian currency are given in Section C, Commonwealth and State Finance, par. 3 of this Chapter (see page 682.)

2. **State Debts 1938–39 and 1943–44 to 1946–47.**—The table hereunder shows the State public debts and the amounts outstanding per head of population at 30th June, 1939, and 1944 to 1947 inclusive.

Under the Financial Agreement the Commonwealth Government on 1st July, 1929 assumed the liabilities of the States to bondholders in respect of the debts of the States existing at 1st July, 1929, and taken over by the Commonwealth. The following figures represent the total "face" or "book" values of the debts of the States leaving out of account currency changes since the loans were floated:—

STATE PUBLIC DEBTS.

30th June—	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
	£	£	£	£	£	£	£
1939..	359,843,990	179,698,118	127,503,251	108,887,092	95,472,600	26,366,990	897,772,041
1944..	351,971,024	174,762,413	129,179,046	108,305,240	96,478,295	30,063,802	890,759,820
1945..	355,050,980	179,405,191	131,433,390	108,870,912	95,894,885	30,322,355	900,977,713
1946..	353,239,936	179,727,273	133,294,729	110,748,786	96,925,931	31,414,101	905,350,756
1947..	362,027,630	183,096,252	135,355,499	114,134,262	99,002,301	32,632,964	926,248,908

PER HEAD OF POPULATION.(a)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1939..	130 18 2	95 13 3	125 5 4	182 10 7	203 1 7	111 0 10	129 3 9
1944..	121 18 4	87 16 1	121 13 4	174 16 4	200 6 1	122 8 0	122 5 2
1945..	121 12 10	89 7 5	122 0 8	173 10 5	196 11 4	121 19 2	122 5 11
1946..	119 18 9	88 14 7	122 7 0	174 8 4	196 14 7	124 13 2	121 13 9
1947..	121 5 3	89 1 9	122 7 1	176 12 5	196 18 7	126 18 5	122 12 8

(a) Based on population at 30th June in each year.

The public debt of the whole of the States increased during the period under review by £28.5 million. The debt per head of population decreased, however, during the period by £6 11s. 1d. to £122 12s. 8d. per head. During 1946–47 the total State debt increased by £20.9 million. In some States certain public utilities such as Tramways, Water Supply and Sewerage, and Harbour Services, etc., are controlled by Boards or Trusts, which, in addition to receiving advances from the Central Government, raise loans by public borrowing on their own behalf, while in other States these services are controlled by the Central Governments. Comparison of the debts of the States is therefore difficult, but on page 685 figures showing the aggregate debts of the States, including these local and semi-governmental bodies, are given for the years 1938–39, 1939–40, 1940–41 and 1946–47. Local and semi-governmental debt statistics are not available for the years 1941–42 to 1945–46.

3. **Place of Flotation of Loans.**—Early loans, usually for comparatively small amounts, were raised locally, but, with the increasing demand for loan funds and the more favourable terms offering in the London market, the practice of raising loans in London came into vogue, and for many years local flotations, except for short terms or small amounts, were comparatively infrequent. In more recent years, however, the accumulating stocks of money in Australia available for investment led to the placing of various redemption and other loans locally, with very satisfactory results. Loans have also been placed in New York on account of all States. The following table gives particulars of loans outstanding at 30th June, 1947, according to the place of flotation :—

STATE PUBLIC DEBTS AT 30th JUNE, 1947 : PLACE OF FLOTATION OF LOANS.

State.	Maturing Overseas.			Maturing in Australia.	Grand Total.
	London.	New York.	Total Overseas.		
	£ Stg.	£ Stg.	£ Stg.	£ Aust.	£
New South Wales ..	144,675,312	11,438,200	156,113,512	205,914,118	362,027,630
Victoria ..	56,158,752	4,500,602	60,659,354	122,436,898	183,096,252
Queensland ..	47,325,537	4,886,339	52,211,876	83,143,623	135,355,499
South Australia ..	37,831,404	1,733,468	39,564,872	74,569,390	114,134,262
Western Australia ..	39,001,170	2,015,436	41,016,606	57,985,695	99,002,301
Tasmania ..	8,313,870	227,796	8,541,666	24,091,298	32,632,964
Total ..	333,306,045	24,801,841	358,107,886	568,141,022	926,248,908

PER HEAD OF POPULATION.

	£ s. d. Stg.	£ s. d. Stg.	£ s. d. Stg.	£ s. d. Aust.	£ s. d.
New South Wales ..	48 9 3	3 16 7	52 5 10	68 19 5	121 5 3
Victoria ..	27 6 6	2 3 9	29 10 3	59 11 6	89 1 9
Queensland ..	42 15 7	4 8 4	47 3 11	75 3 2	122 7 1
South Australia ..	58 10 10	2 13 8	61 4 6	115 7 11	176 12 5
Western Australia ..	77 11 7	4 0 2	81 11 9	115 6 10	196 18 7
Tasmania ..	32 6 8	0 17 9	33 4 5	93 14 0	126 18 5
Total ..	44 2 7	3 5 8	47 8 3	75 4 5	122 12 8

Particulars of the aggregate debts of the States for the five years 1938-39 and 1943-44 to 1946-47 showing the amounts which will mature overseas and in Australia, are shown on page 731.

4. *Interest.—(i) Amounts Payable and Average Rate.* The highest rate of interest paid for the earliest State loans was 5½d. per £100 per diem, or, approximately, 8 per cent. per annum. At 30th June, 1947, the rates varied from 5.25 per cent. to 1 per cent. The average rate payable on the aggregate indebtedness was £3 6s. 4d. per cent. For the separate States the average varied, being lowest for Western Australia (£3 5s. 2d.) and highest for Victoria (£3 8s. 2d.). The following table gives particulars of the amount of interest payable, together with the average rate of interest payable at 30th June, 1947, with separate information for London, New York and Australian maturities.

STATE PUBLIC DEBTS AT 30th JUNE, 1947: INTEREST PAYABLE.

WHERE PAYABLE.

State.	Overseas.			Australia.	Grand Total.
	London.	New York.	Total.		
	£ Stg.	£ Stg.	£ Stg.	£ Aust.	£
New South Wales ..	5,019,194	385,237	5,404,431	6,414,769	11,819,200
Victoria ..	1,874,010	212,639	2,086,649	4,153,388	6,240,037
Queensland ..	1,636,966	202,603	1,839,569	2,735,477	4,575,046
South Australia ..	1,223,758	86,674	1,310,432	2,482,814	3,793,246
Western Australia ..	1,244,012	100,771	1,344,783	1,880,437	3,225,220
Tasmania ..	295,196	11,390	306,586	769,326	1,075,912
Total ..	11,293,136	999,314	12,292,450	18,436,211	30,728,661

AVERAGE RATE PAYABLE.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
New South Wales ..	3 9 5	3 7 4	3 9 3	3 2 4	3 5 4
Victoria ..	3 6 9	4 14 6	3 8 10	3 7 10	3 8 2
Queensland ..	3 9 2	4 2 11	3 10 6	3 5 11	3 7 8
South Australia ..	3 4 8	5 0 0	3 6 3	3 6 7	3 6 6
Western Australia ..	3 3 10	5 0 0	3 5 7	3 4 10	3 5 2
Tasmania ..	3 11 0	5 0 0	3 11 9	3 3 10	3 5 11
Total ..	3 7 9	4 0 7	3 8 8	3 4 11	3 6 4

The average rate of interest on debt maturing in Australia has been reduced from £5 4s. 11d. per cent. in 1931 to £3 4s. 11d. per cent. in 1947. For debt maturing in London the average rate increased from £4 12s. 7d. per cent. in 1931 to £4 13s. 3d. per cent. in 1932, but, as a result of the conversions effected in London between 1932 and 1934 fell to £4 2s. 8d. per cent. in 1934, and subsequent conversions have reduced the rate to £3 7s. 9d. per cent. in 1947. New York loans have decreased from £5 2s. 6d. per cent. in 1931 to £4 0s. 7d. per cent. in 1947.

(ii) *Indebtedness at each Rate.* The following table shows, for the States combined, particulars of the total debt at each rate of interest and according to the domicile of the debt.

STATE PUBLIC DEBTS AT 30th JUNE, 1947 : AMOUNTS AT EACH RATE OF INTEREST PAYABLE.

Rate of Interest.	Maturing in—			
	London.	New York.	Australia.	Total.
%	£ Stg.	£ Stg.	£ Aust.	£
5.25	17,870,500	..	..	17,870,500
5.0375 .. ..	..	..	250,510	250,510
5.0	1,000	9,905,714	..	9,906,714
4.0	41,283,652	..	98,810,385	140,094,037
3.875 .. ..	..	..	65,622,529	65,622,529
3.75	24,649,682	..	44,699,950	69,349,632
3.625 .. ..	..	..	5,117,550	5,117,550
3.5	90,579,800	5,115,586	1,313,146	97,008,532
3.4875 .. ..	..	..	4,665,716	4,665,716
3.375 .. ..	..	5,691,154	12,104,460	17,795,614
3.25	59,697,638	4,089,387	188,408,606	252,195,631
3.125 .. ..	..	..	19,709,030	19,709,030
3.1 .. ..	..	..	4,276,160	4,276,160
3.0	41,763,195	..	34,285,638	76,048,833
2.75	16,074,596	..	..	16,074,596
2.7125 .. ..	..	..	591,966	591,966
2.5	18,516,192	..	37,353,145	55,869,337
2.325 .. ..	..	..	1,797,227	1,797,227
2.25	(a) 21,376,840	..	..	21,376,840
2.0	(a) 1,491,000	..	6,474,850	7,965,850
1.5 .. ..	..	..	991,879	991,370
1.0 .. ..	..	..	41,668,515	41,668,515
Overdue	1,950	..	260	2,210
Total Debt	333,306,045	24,801,841	568,141,022	926,248,908

(a) Short-term debt.

(iii) *Variations from 1901 to 1947.* The variations in the rates of interest payable on the public debts of the States are shown in the following table which gives the percentages of the total debts in various interest groups during the years specified, and the average rate of interest in each year :—

STATE PUBLIC DEBTS : PERCENTAGES, ETC., IN VARIOUS INTEREST GROUPS.

Interest Rates.	Percentage of Total Debt at 30th June—							
	1901.	1911.	1921.	1931.	1941.	1945.	1946.	1947.
	%	%	%	%	%	%	%	%
Not exceeding 3 per cent.	18.0	17.9	10.2	5.3	18.5	21.5	23.2	24.0
Exceeding 3 per cent. but not exceeding 4 per cent.	78.5	81.9	45.4	17.2	63.6	64.8	72.0	73.0
Exceeding 4 per cent. but not exceeding 5 per cent.	3.1	0.1	15.6	36.8	15.5	11.4	2.6	1.1
Exceeding 5 per cent. but not exceeding 6 per cent.	0.4	0.1	23.5	38.4	2.2	2.3	2.2	1.9
Exceeding 6 per cent. .. ..	..	..	5.3	2.3	0.2	..	..	..
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average Rate of Interest Payable	3.7	3.6	4.4	4.9	3.7	3.5	3.4	3.3

5. 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”, “Treasurer’s option”, and “Indefinite”. Those terminable at “Treasurer’s option” include amounts which are payable by the respective Governments after giving a specified notice, and those “indefinite” consist of certain amounts owing to the Commonwealth Government. Generally, renewal is effected at date of maturity in respect of the greater portion of the loan. In order to avoid application to the market at an unfavourable time, the practice has been adopted of specifying a period prior to the date of maturity within which the Government, on giving notice, has the option of redeeming the loan. The Government can, therefore, take advantages of opportunities that may offer during the period for favourable renewals. Particulars concerning the due dates of latest maturity of the State loans outstanding on 30th June, 1947 are given in the following table, the various maturities being grouped according to years ended 30th June.

STATE PUBLIC DEBTS AT 30th JUNE, 1947 : LATEST DATES OF MATURITY.

Year of Maturity.	Maturing in—			
	London.	New York.	Australia.	Total.
	£ Stg.	£ Stg.	£ Aust.	£
1947-48	22,867,839	..	21,962,026	44,829,865
1948-49	21,252,995	..	38,796,943	60,049,938
1949-50	6,055,545	..	47,542,842	53,598,387
1950-51	20,454,078	..	21,316,393	41,770,471
1951-52 .. .. .	..	..	26,278,572	26,278,572
1952-53	11,789,758	..	1,103,477	12,893,235
1953-54	16,526,690	..	15,522,244	32,048,934
1954-55	3,204,904	..	42,322,284	45,527,188
1955-56 .. .. .	..	4,793,157	36,590,440	41,383,597
1956-57 .. .. .	..	4,089,387	25,820,633	29,910,020
1957-58	38,011,400	5,112,557	54,551,243	97,675,200
1958-59	21,083,600	..	46,746,172	67,829,772
1959-60	3,779,524	..	50,603,893	54,383,417
1960-61	23,472,719	..	31,589,433	55,062,152
1961-62	4,866,583	5,691,154	47,809,772	58,367,509
1962-63	10,283,396	..	1,668,476	11,951,872
1963-64 .. .. .	..	..	3,603,996	3,603,996
1964-65 .. .. .	..	..	1,563,718	1,563,718
1965-66 .. .. .	..	..	1,084,157	1,084,157
1966-67	24,022,000	5,115,586	2,450,322	31,587,908
1967-68 .. .. .	..	..	2,201,940	2,201,940
1968-69 .. .. .	..	..	2,455,217	2,455,217
1969-70	43,494,876	..	3,241,891	46,736,767
1970-71	11,545,722	..	2,369,070	13,914,792
1971-72	16,074,596	..	2,177,007	18,251,603
1972-73 .. .. .	..	..	1,475,388	1,475,388
1973-74 .. .. .	..	..	1,541,781	1,541,781
1974-75	32,119,721	..	1,611,161	33,730,882
1975-76 .. .. .	..	..	1,733,727	1,733,727
1976-77 .. .. .	..	..	1,759,428	1,759,428
1977-78 .. .. .	..	..	1,838,602	1,838,602
1978-79 .. .. .	..	..	1,921,339	1,921,339
1979-80 .. .. .	..	..	2,007,800	2,007,800
1980-81 .. .. .	..	..	2,098,151	2,098,151
1981-82 .. .. .	..	..	2,192,507	2,192,507
1982-83 .. .. .	..	..	1,661,270	1,661,270
Overdue	1,950	..	105,780	107,730
Interminable	1,000	..	..	1,000
Treasurer’s option	2,397,149	..	..	2,397,149
Half-yearly drawings .. .. .	..	..	6,354,827	6,354,827
Indefinite .. .. .	..	..	10,467,040	10,467,040
Total	333,306,045	24,801,841	568,141,022	926,248,908

Particulars of the State Public Debts according to the year of earliest maturity are shown hereunder :—

STATE PUBLIC DEBTS AT 30th JUNE, 1947 : EARLIEST DATES OF MATURITY.

Year of Maturity.	Maturing in—			
	London.	New York.	Australia.	Total.
	£ Stg.	£ Stg.	£ Aust.	£
Before 1947-48	74,794,860	..	..	74,794,860
1947-48	40,738,339	5,112,557	33,339,086	79,189,982
1948-49	5,730,625	..	43,542,603	49,273,228
1949-50	1,920,650	..	36,301,202	38,221,852
1950-51	22,585,823	..	253,971,207	276,557,030
1951-52 .. .. .	..	..	26,278,572	26,278,572
1952-53 .. .. .	..	4,793,157	41,979,627	46,772,784
1953-54	21,083,600	..	23,206,944	44,290,544
1954-55	20,140,900	..	1,446,134	21,587,034
1955-56	16,065,606	..	17,069,098	33,134,704
1956-57 .. .. .	..	4,089,387	21,615,683	25,705,070
1957-58 .. .. .	..	..	1,189,329	1,189,329
1958-59	14,055,000	..	1,344,897	15,399,897
1959-60 .. .. .	..	..	2,203,925	2,203,925
1960-61 .. .. .	..	..	3,672,833	3,672,833
1961-62	24,022,000	5,691,154	1,395,227	31,108,381
1962-63 .. .. .	..	..	4,668,476	1,668,476
1963-64 .. .. .	..	..	3,603,996	3,603,996
1964-65	13,603,529	..	1,563,718	15,167,247
1965-66	41,574,226	..	1,084,157	42,658,383
1966-67 .. .. .	..	5,115,586	2,450,322	7,565,908
1967-68	16,074,596	..	2,201,940	18,276,536
1968-69 .. .. .	..	..	2,455,217	2,455,217
1969-70	18,516,192	..	3,241,891	21,758,083
1970-71 .. .. .	..	..	2,369,070	2,369,070
1971-72 .. .. .	..	..	2,177,007	2,177,007
1972-73 .. .. .	..	..	1,475,388	1,475,388
1973-74 .. .. .	..	..	1,541,781	1,541,781
1974-75 .. .. .	..	..	1,611,161	1,611,161
1975-76 .. .. .	..	..	1,733,727	1,733,727
1976-77 .. .. .	..	..	1,759,428	1,759,428
1977-78 .. .. .	..	..	1,838,602	1,838,602
1978-79 .. .. .	..	..	1,921,339	1,921,339
1979-80 .. .. .	..	..	2,007,800	2,007,800
1980-81 .. .. .	..	..	2,098,151	2,098,151
1981-82 .. .. .	..	..	2,192,567	2,192,567
1982-83 .. .. .	..	..	1,661,270	1,661,270
Overdue	1,950	..	105,780	107,730
Interminable	1,000	..	..	1,000
Treasurer's option	2,397,149	..	..	2,397,149
Half-yearly drawings .. .. .	..	..	6,354,827	6,354,827
Indefinite .. .. .	..	..	10,467,040	10,467,040
Total	333,306,045	24,801,841	568,141,022	926,248,908

Under the Financial Agreement Act 1944, Treasury Bills issued to meet State revenue deficits accruing between 1st July, 1928 and 30th June, 1935 were retired on 31st December, 1944. In place of those not redeemed, one per cent. debentures amounting to £43,018,000 were issued. One of these debentures will mature in each year up to 1983. Particulars of these debentures are included under their respective years of maturity in the tables above. For further details see par. 4, Section C.—Commonwealth and State Finance.

6. Sinking Funds.—Prior to the passing of the Financial Agreement Act 1928, the practice by the States of providing sinking funds had been consistently followed in Western Australia only. This Act contains provisions for the establishment of a sinking fund on States' debts (see p. 688). Some particulars of the transactions of the National Debt Sinking Fund (States' Account) for 1946-47 are shown below, and further details are given in the *Finance Bulletin* issued by this Bureau.

STATE PUBLIC DEBTS AT 30th JUNE, 1947 : SINKING FUNDS.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
	£	£	£	£	£	£	£
Total Receipts, 1946-47	3,627,547	1,812,390	1,291,189	1,085,121	976,273	305,313	9,097,833
Total Receipts, to 30th June, 1947..	45,222,505	22,742,806	16,716,681	13,647,457	12,321,372	3,531,430	114,182,251
Investments Realized (a)	..	..	651,302	..	954,395	..	1,605,697
Grand Total to 30th June, 1947	45,222,505	22,742,806	17,367,983	13,647,457	13,275,767	3,531,430	115,787,948
Total Funds applied to Redemptions, 1946-47	3,420,672	1,448,737	2,471,280	1,172,612	934,985	381,642	9,829,928
Total Funds applied to Redemptions, to 30th June, 1947	43,775,441	21,589,966	17,005,474	13,231,382	12,730,483	3,477,694	111,810,440
Balance at 30th June, 1947 ..	1,447,064	1,152,840	362,509	416,075	545,284	53,736	3,977,508

(a) Investments of the States' Sinking Funds at 1st July, 1929, transferred to the National Debt Sinking Fund.

C. COMMONWEALTH AND STATE FINANCE.

1. Revenue and Expenditure.—(i) *Consolidated Revenue Funds.* The following tables show the aggregate revenue and expenditure of the Consolidated Revenue Funds of the Commonwealth and States for each of the five years 1938-39 and 1943-44 to 1946-47. Figures are shown for the total revenue and expenditure of the Commonwealth and the States, as shown in other sections of this Year Book, and also unadjusted and adjusted figures for the aggregate revenue and expenditure. The adjusted figures are obtained by deducting from the totals, payments made by the Commonwealth to the States on account of tax reimbursements, interest under the Financial Agreement and special grants. An estimate of pay-roll tax paid by the States to the Commonwealth is also deducted.

COMMONWEALTH AND STATE CONSOLIDATED REVENUE FUNDS : REVENUE.

Year ended 30th June—	Common- wealth.	State.	Total.	
			Unadjusted.	Adjusted.
			£'000.	£m.
1939	95,064	124,894	219,958	210.2
1944	342,188	169,616	511,804	467.2
1945	376,854	169,657	546,511	500.2
1946	390,780	166,508	557,288	509.2
1947	431,256	172,573	603,829	550.1

COMMONWEALTH AND STATE CONSOLIDATED REVENUE FUNDS :
EXPENDITURE.

Year ended 30th June—	Common- wealth.	State.	Total.	
			Unadjusted.	Adjusted.
			£'000.	£m.
1939	94,437	128,770	223,207	213.4
1944	342,188	167,615	509,803	465.2
1945	376,854	167,785	544,639	498.9
1946	390,780	166,218	556,998	510.5
1947	431,256	174,576	605,832	550.0

(ii) *Loan Expenditure.* The aggregate gross and net loan expenditures of the Commonwealth and States on Works and Services for the years 1938-39 and 1943-44 to 1946-47 are shown in the following table :—

COMMONWEALTH AND STATE LOAN EXPENDITURE : WORKS AND
SERVICES.(a)

Year ended 30th June—	Gross Loan Expenditure.			Net Loan Expenditure.		
	Common- wealth.	State.	Total.	Common- wealth.	State.	Total.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
1939	3,913	21,399	25,312	3,594	13,178	16,772
1944	377,157	9,713	386,870	377,364	2,965	380,329
1945	266,040	13,014	279,054	265,991	6,139	272,130
1946	159,743	14,280	174,023	159,727	7,019	166,746
1947	48,909	30,337	79,246	48,895	23,809	72,704

(a) Excludes expenditure on loan flotations, funding deficits, etc. adjustment of credits of previous years.

(b) Includes £283,000

2. Taxation.—The following table shows the combined Commonwealth and State taxation, and the amount per head of population, for the years 1938-39 and 1943-44 to 1946-47. Taxation collections by the State Governments which are not paid into the Consolidated Revenue Funds have been included.

COMMONWEALTH AND STATE TAXATION : TOTAL COLLECTIONS.

Particulars.	1938-39.	1943-44.	1944-45.	1945-46.	1946-47
	£	£	£	£	£
Commonwealth (a)—					
Income Tax	11,882,440	183,799,169	215,534,037	214,593,578	207,764,940
Customs and Excise .. .	47,632,365	67,291,416	67,176,671	77,960,644	102,246,389
Sales Tax	9,308,334	27,908,691	29,671,802	33,600,175	36,264,585
Flour Tax	1,808,972	1,940,481	1,995,775	1,779,238	1,747,383
Other	3,479,184	22,811,815	23,616,474	25,277,571	37,592,502
Total	74,111,295	393,751,572	337,994,759	353,211,206	385,615,799
State (b)—					
Income Tax	29,791,201	c 1,446,189	(c) 821,637	(c) 741,483	(c) 530,621
Other	20,715,796	19,868,106	21,289,330	24,318,939	27,895,975
Total	50,506,997	d21,314,295	d22,110,967	d25,060,422	d28,426,596
Grand Total	124,618,292	325,065,867	360,105,726	378,271,628	414,042,395
Taxation per head—					
Commonwealth (e)—	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Income Tax	1 14 3	25 5 6	29 6 7	28 17 8	27 12 7
Customs and Excise .. .	6 17 5	9 5 1	9 2 10	10 9 10	13 11 11
Sales Tax	1 6 10	3 16 9	4 0 9	4 10 5	4 16 5
Flour Tax	0 5 3	0 5 4	0 5 5	0 4 10	0 4 8
Other	0 10 0	3 2 9	3 4 3	3 8 0	5 0 0
Total	10 13 9	41 15 5	45 19 10	47 10 9	51 5 7
State (f)—					
Income Tax	4 6 2	0 4 0	0 2 3	0 2 0	0 1 5
Other	2 19 11	2 14 10	2 18 2	3 5 8	3 14 6
Total	7 6 1	2 18 10	3 0 5	3 7 8	3 15 11
Grand Total (e)	17 19 5	44 14 0	49 0 0	50 18 3	55 1 3

(a) For details see page 610. (b) For details see pages 659-63. (c) Arrears of State Income Tax.
 (d) Excludes Tax Reimbursements. (e) Based on mean population for each financial year.
 (f) Based on aggregate mean population of the six States for each financial year.

3. **Public Debt.**—(i) *Where redeemable.* The following table shows the public debt of the Commonwealth and of the States at 30th June in each of the years 1939 and 1944 to 1947.

COMMONWEALTH AND STATE PUBLIC DEBT AT 30th JUNE.

Particulars.	Where Redeemable.	1939.	1944.	1945.	1946.	1947.
Commonwealth	Australia £A.	218,496,483	1,299,079,078	1,552,196,222	1,723,586,964	1,755,372,215
	London £Stg.	83,116,727	81,504,451	81,254,451	69,954,729	69,704,729
	New York £Stg.	15,913,501	15,790,414	15,790,414	15,790,414	15,797,974
	Total £ (a)	317,526,711	1,396,373,943	1,649,241,087	1,809,332,107	1,840,874,918
States	Australia £A.	485,179,757	491,839,508	514,277,349	542,644,849	568,141,022
	London £Stg.	384,327,833	373,504,726	361,391,631	337,592,900	333,306,045
	New York £Stg.	28,264,451	25,415,586	25,308,733	25,113,007	24,801,841
	Total £ (a)	897,772,041	890,759,820	900,977,713	905,350,756	926,248,908
Total, Commonwealth and States	Australia £A.	703,676,240	1,790,918,586	2,066,473,571	2,266,231,813	2,323,513,237
	London £Stg.	467,444,560	455,009,177	442,646,082	407,547,629	403,010,774
	New York £Stg.	44,177,952	41,206,000	41,099,147	40,903,421	40,599,815
	Grand Total £(a)	1,215,298,752	2,287,133,763	2,550,218,800	2,714,682,863	2,767,123,826

(a) The "face" or "book" value of the debts without adjustment on account of currency changes since the loans were floated. Debt maturing in New York has been converted from dollars to sterling on the basis of \$4.8665 to £ Stg. 1.

(ii) *Interest Payable.* The following table shows the interest payable on the public debt of the Commonwealth and of the States at 30th June in each of the years 1939 and 1944 to 1947:—

COMMONWEALTH AND STATE PUBLIC DEBT AT 30th JUNE: INTEREST PAYABLE.

Particulars.	Where Payable.	1939.	1944.	1945.	1946.	1947.
Commonwealth	Australia £A.	8,344,627	33,944,945	40,046,655	45,395,742	47,345,301
	London £Stg.	3,403,554	3,277,105	3,271,480	2,408,268	2,402,643
	New York £Stg.	777,586	771,780	771,780	771,780	732,118
	Total £ (a)	12,525,767	37,993,830	44,089,915	48,575,790	50,480,062
States	Australia £A.	17,240,238	16,622,757	16,742,183	17,646,555	18,436,211
	London £Stg.	14,962,882	14,310,933	13,927,674	11,732,737	11,293,136
	New York £Stg.	1,441,476	1,262,936	1,257,593	1,247,807	909,314
	Total £ (a)	33,644,596	32,196,626	31,927,450	30,627,099	30,728,661
Total, Commonwealth and States	Australia £A.	25,584,865	50,567,702	56,788,838	63,042,297	65,781,512
	London £Stg.	18,366,436	17,588,038	17,199,154	14,141,005	13,695,779
	New York £Stg.	2,219,062	2,034,716	2,029,373	2,019,587	1,731,432
	Total £ (a)	46,170,363	70,190,456	76,017,365	79,202,889	81,208,723
Average Rate per cent.	Australia £A.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
	London £Stg.	3 12 9	2 16 8	2 15 1	2 15 8	2 16 8
	New York £Stg.	3 18 7	3 17 4	3 17 9	3 9 5	3 8 0
	Total £ (a)	5 0 6	4 18 9	4 18 9	4 18 9	4 5 4
		3 16 0	3 1 7	2 19 9	2 18 4	2 18 9

(a) The nominal amount and average rate of interest payable taking no account of exchange, see footnote (a) above.

(iii) *Public Debt and Interest Payable in Australian Currency.* In the foregoing tables relating to Commonwealth and State Public Debt the debt outstanding in London is expressed in sterling, and debt outstanding in New York is expressed in sterling converted from dollars at the rate of \$4.8665 to £stg 1. This method of showing the debt gives no indication of the amount that the Australian Government would have to find to repay the debt. In the following tables the public debt and the interest payable are shown in terms of Australian currency throughout. Debt in London and in New York has been converted to Australian currency at the selling rate of exchange on 30th June, 1947

COMMONWEALTH AND STATE PUBLIC DEBT: INTEREST PAYABLE AND AVERAGE RATE, AT 30th JUNE, 1947, AUSTRALIAN CURRENCY.

Particulars.	Maturing in—			Total.
	London.(a)	New York. (b)	Australia.	
TOTAL DEBT.				
Commonwealth Debt—	£A.'000.	£A.'000.	£A.'000.	£A.'000.
War (1914-18)	13,360	..	158,742	172,102
War (1939-45)	7,247	..	1,531,532	1,538,779
Works and other purposes	66,872	24,024	65,008	155,994
Total Commonwealth Debt	87,479	24,024	1,755,372	1,866,875
State Debt—				
New South Wales	181,567	17,394	205,914	404,875
Victoria	70,479	6,844	122,437	199,760
Queensland	59,394	7,430	83,144	149,968
South Australia	47,479	2,636	74,569	124,684
Western Australia	48,946	3,065	57,986	109,997
Tasmania	10,434	347	24,091	34,872
Total State Debt	418,299	37,716	568,141	1,024,156
Commonwealth and State Debt—				
Short-term Debt	31,485	..	399,590	431,075
Other Debt	474,293	61,740	1,923,923	2,459,956
Grand Total	505,778	61,740	2,323,513	2,891,031

ANNUAL INTEREST PAYABLE.

	£A.'000.	£A.'000.	£A.'000.	£A.'000.
Commonwealth Debt—				
War (1914-18)	497	..	5,978	6,475
War (1939-45)	290	..	39,474	39,764
Works and other purposes	2,229	1,113	1,893	5,235
Total Commonwealth Debt	3,016	1,113	47,345	51,474
State Debt—				
New South Wales	6,299	586	6,415	13,300
Victoria	2,352	324	4,153	6,829
Queensland	2,055	308	2,735	5,098
South Australia	1,536	131	2,483	4,150
Western Australia	1,561	154	1,880	3,595
Tasmania	370	17	770	1,157
Total State Debt	14,173	1,520	18,436	34,129
Total Commonwealth and State Debt	17,189	2,633	65,781	85,603

AVERAGE RATE OF INTEREST PAYABLE.

	£A. s. d.	£A. s. d.	£A. s. d.	£A. s. d.
Commonwealth Debt—				
War (1914-18)	3 14 5	..	3 15 5	3 15 4
War (1939-45)	4 0 0	..	2 11 7	2 11 9
Works and other purposes	3 6 8	4 12 8	2 18 2	3 7 1
Total Commonwealth Debt	3 8 11	4 12 8	2 14 0	2 15 2
State Debt—				
New South Wales	3 9 5	3 7 4	3 2 4	3 5 8
Victoria	3 6 9	4 14 6	3 7 10	3 8 4
Queensland	3 9 2	4 2 11	3 5 11	3 8 0
South Australia	3 4 8	5 0 0	3 6 7	3 6 7
Western Australia	3 3 10	5 0 0	3 4 10	3 5 4
Tasmania	3 11 0	5 0 0	3 3 10	3 6 4
Total State Debt	3 7 9	4 0 7	3 4 11	3 6 8
Total Commonwealth and State Debt	3 8 0	4 5 4	2 16 8	2 19 3

(a) Converted at rate of £ stg. 100 = £A. 125 10s.

(b) Converted at rate of \$3.2002 = £A. 1.

(iv) *Short-term Debt. (a) Amount.* Particulars of the short-term debt (Treasury Bills and Debentures) of the Commonwealth and States in London and in Australia at intervals from 30th June, 1938 to 30th June, 1947 are given in the following table. This debt is included in the public debt as shown on earlier pages.

COMMONWEALTH AND STATES : SHORT-TERM DEBT.(a)

Date.	Maturing in London.			Maturing in Australia.		
	Commonwealth.	States.	Total.	Commonwealth.	States.	Total
	£'000. Stg.	£'000. Stg.	£'000. Stg.	£'000. Aust.	£'000. Aust.	£'000. Aust.
30th June, 1938 ..	5,495	23,155	28,650	..	46,598	46,598
" " 1939 ..	4,220	23,155	27,375	..	50,228	50,228
" " 1940 ..	3,970	23,155	27,125	..	45,463	45,463
" " 1941 ..	3,720	23,155	26,875	1,750	45,423	47,173
" " 1942 ..	3,470	24,879	28,349	80,481	45,083	125,564
" " 1943 ..	3,220	23,730	26,950	259,250	39,200	298,450
" " 1944 ..	2,970	22,868	25,838	343,280	33,075	376,355
" " 1945 ..	2,720	22,868	25,588	343,280	(b) 330	343,610
" " 1946 ..	2,470	22,868	25,338	343,280	..	343,280
30th September, 1946	2,470	22,868	25,338	316,560	..	316,560
31st December, 1946	2,220	22,868	25,088	288,280	..	288,280
31st March, 1947 ..	2,220	22,868	25,088	278,280	..	278,280
30th June, 1947 ..	2,220	22,868	25,088	278,280	..	278,280

(a) Excludes Overdrafts and Internal Treasury Bills. (b) Treasury Bills issued to finance State deficits between 1st July, 1928 and 30th June, 1935 were retired on 31st December, 1944, and debentures having a currency of from 1 to 39 years were issued in their place (see pages 678 and 689).

(b) *Interest Rates.—London.* The rates of interest payable on Treasury Bills and Debentures in London during the following periods were : 1938–39 to 1940–41—minimum rate, 2 per cent., maximum rate, 2½ per cent. ; 1941–42 to 1943–44—minimum rate, 2 per cent., maximum rate, 3 per cent. ; 1944–45 to 1946–47—minimum rate, 2 per cent., maximum rate, 2½ per cent.

Australia. The Treasury Bill rates in Australia were as follows :—

5½ per cent. from 10th October, 1929.	2½ per cent. from 1st April, 1934.
6 per cent. from 1st October, 1930.	2 per cent. from 15th October, 1934.
4 per cent. from 31st July, 1931.	1½ per cent. from 1st January, 1935
3½ per cent. from 27th October, 1932.	1½ per cent. from 1st May, 1940.
3½ per cent. from 21st January, 1933.	1½ per cent. from 1st May, 1943.
2¾ per cent. from 18th February, 1933.	1 per cent. from 1st March, 1945.
2½ per cent. from 1st June, 1933.	

(v) *Debts of States and Municipal and Semi-governmental Bodies.* For the reasons indicated on page 673 direct comparisons of the debts of the several States should be made with caution. The table following shows for 1938–39 to 1940–41 and 1946–47 particulars of the debts of the States and the debts due to the Public Creditor by municipal and semi-governmental bodies in each State. This affords a more reliable comparison, but as complete records are not available over a long period, particulars showing comparisons of the growth of the debt cannot be made.

PUBLIC DEBT : STATES, MUNICIPAL AND SEMI-GOVERNMENTAL BODIES.

State.	Debts of the States. (a)	Due to Public Creditor.		Grand Total.	
		Municipal.	Semi-Governmental Bodies.		
1946-47.					
	£'000.	£'000.	£'000.	£'000.	
New South Wales	362,028	24,188	74,913	461,129	
Victoria	183,096	10,313	59,368	252,777	
Queensland	135,356	22,297	5,674	163,327	
South Australia	114,134	579	11,145	125,858	
Western Australia	99,002	1,691	263	100,956	
Tasmania	32,633	2,625	480	35,738	
Total, All States	{ 1946-47 ..	926,249	61,693	151,843	1,139,785
	{ 1940-41 ..	916,022	80,255	132,046	1,128,323
	{ 1939-40 ..	905,727	80,316	128,652	1,114,695
	{ 1938-39 ..	897,772	78,126	120,512	1,096,410

DEBT PER HEAD OF POPULATION.

1946-47.					
	£	£	£	£	
New South Wales	121.3	8.1	25.1	154.5	
Victoria	89.1	5.0	28.9	123.0	
Queensland	122.4	20.1	5.1	147.6	
South Australia	176.6	0.9	17.3	194.8	
Western Australia	196.9	3.4	0.5	200.8	
Tasmania	126.9	10.2	1.9	139.0	
Total, All States	{ 1946-47 ..	122.6	8.2	20.1	150.9
	{ 1940-41 ..	129.3	11.3	18.7	159.3
	{ 1939-40 ..	129.1	11.4	18.3	158.8
	{ 1938-39 ..	129.2	11.2	17.4	157.8

(a) Includes amounts due by municipal and semi-governmental bodies.

Details of the debt of local and semi-governmental authorities were not compiled for the years 1941-42 to 1945-46.

4. The Financial Agreement between the Commonwealth and the States.—

(i) *Details of the Agreement.* The original Financial Agreement between the Commonwealth and the States was made on 12th December, 1927. It was later affected by the following agreements made under the powers conferred by Section 105A of the Constitution :—

Debt Conversion Agreement—Made 21st July, 1931.

Debt Conversion Agreement (No. 2)—Made 22nd October, 1931.

Agreement relating to Soldier Settlement Loans—Made 3rd July, 1934.

Financial Agreement 1944—Made 15th November, 1944.

The Debt Conversion Agreements did not affect the wording of the main agreement, but contained provisions stating that where their provisions were not in accordance with any contained in the Financial Agreement the former should prevail. An Agreement was made between the Commonwealth and Tasmania only on 1st July, 1928. This was not an amendment, but was made under the authority of Part III., Clause 3 (l) of the original Agreement.

A summary of the original Agreement as affected by the subsequent Agreements is given below.

(i) *Australian Loan Council.* Under the Agreement, an Australian Loan Council was set up to co-ordinate the public borrowings of the Commonwealth and the States. It consists of the Prime Minister of the Commonwealth as Chairman and the Premier of each State, or in their absences Ministers nominated by them in writing.

Each of the Governments submits annually to the Loan Council a programme setting forth the amount it desires to raise by loans during each financial year for purposes other than the conversion, renewal or redemption of existing loans, or for temporary purposes. Any revenue deficit to be funded must be included in the loan programme. Loans for defence purposes are not subject to the Agreement, and therefore the Commonwealth is not required to include borrowing for that purpose in its programme for submission to the Loan Council.

If the Loan Council decides that the total amount of the loan programmes for the year cannot be borrowed at reasonable rates and conditions, it then decides the amount which shall be borrowed and may, by unanimous decision, allocate that amount between the Commonwealth and the States. In default of a unanimous decision, the Commonwealth is then entitled to one-fifth of the total amount to be borrowed and each State to a proportion of the remainder equal to the ratio of its net loan expenditure in the preceding five years to the net loan expenditure of all States during the same period.

In questions decided by a majority vote of the Council members, the member representing the Commonwealth has two votes and a casting vote and each member representing a State has one vote.

(ii) *Borrowings of the Commonwealth and the States.* (a) Subject to the decisions of the Loan Council, the Commonwealth arranges for all borrowings for or on behalf of the Commonwealth or any State, and for all conversions, renewals, redemptions, and consolidations of the Public Debts of the Commonwealth and of the States.

(b) If the Loan Council unanimously decides, however, a State may borrow outside Australia in the name of the State, and may issue securities for the amount so borrowed. The Commonwealth then guarantees that the State will fulfil all its obligations to bondholders in respect of the money so borrowed and the money is deemed to be borrowed by the Commonwealth for and on behalf of the State.

(c) Subject to any maximum limits decided upon by the Loan Council for interest, brokerage, discount and other charges, the Commonwealth or any State may—

- (i) Borrow within its own territory, for any purpose, money from any authorities, bodies, funds or institutions (including Savings Banks) constituted or established under Commonwealth or State law or practice ;
- (ii) Borrow from the public by means of counter sales of securities ; and
- (iii) Use any available public moneys.

However, any securities issued for money so borrowed or used must be Commonwealth securities on terms approved by the Loan Council.

(d) Where such borrowings are not solely for temporary purposes, they are treated as loans under the Agreement and, if the amount together with the amount of loan money raised for the Government concerned by the Loan Council exceeds the limit (if any) of the amount to be raised for or by that Government, the excess is deemed to be money received by the Government in the following year on account of its loan programme for that year.

(e) The Commonwealth or any State may use for temporary purposes any public moneys available under the laws of the Commonwealth or a State and may, subject to terms approved by the Loan Council, borrow money for temporary purposes by way of overdraft, or fixed, special or other deposit. The conditions as to sinking fund, etc., do not apply to such temporary borrowing.

(iii) *Taking over of State Public Debts.* Subject to the provision of the Financial Agreement, the Commonwealth took over on 1st July, 1929—

(a) the balance then unpaid of the gross public debt of each State existing on 30th June, 1927; and

(b) all other debts of each State existing on 1st July, 1929, for money borrowed by that State deemed by the Agreement to be money borrowed by the Commonwealth for and on behalf of the State—

and in respect of these debts assumed, as between the Commonwealth and the States, the liabilities of the States to bond holders.

The net public debt of each State existing on 30th June, 1927, was as follows:—

		£
New South Wales	.. .. .	234,088,501
Victoria	.. .. .	136,949,942
Queensland	.. .. .	101,977,855
South Australia	.. .. .	84,834,364
Western Australia	.. .. .	61,060,675
Tasmania	.. .. .	22,434,060
Total	.. .. .	<u>641,345,397</u>

These amounts have been varied in accordance with the terms of the " Agreement relating to Soldiers Settlement Loans " made on 3rd July, 1934. The amended figures are—

		£
New South Wales	.. .. .	233,153,779
Victoria	.. .. .	136,348,982
Queensland	.. .. .	101,840,622
South Australia	.. .. .	84,029,376
Western Australia	.. .. .	61,060,675
Tasmania	.. .. .	22,314,180
Total	.. .. .	<u>638,747,614</u>

These amounts represent the gross debt less—

(a) the values of properties transferred by the States to the Commonwealth as shown below;

(b) the balances of the State sinking funds at 30th June, 1927.

(iv) *Transferred Properties.* In respect of State properties transferred to the Commonwealth under Section 85 of the Constitution, the States, as from 1st July, 1929, are discharged from any liability in respect of principal, interest or sinking fund on so much of the debts bearing interest at 5 per cent. per annum, taken over by the Commonwealth, as amounts to the agreed value of these properties, namely £10,924,323, apportioned to the several States as follows:—

		£
New South Wales	.. .. .	4,788,005
Victoria	.. .. .	2,302,862
Queensland	.. .. .	1,560,639
South Australia	.. .. .	1,035,631
Western Australia	.. .. .	736,432
Tasmania	.. .. .	500,754
Total	.. .. .	<u>10,924,323</u>

(v) *Payment of Interest.* The Commonwealth will, in each year during a period of 58 years from 1st July, 1927, contribute the sum of £7,584,912 towards the interest payable on the State debts, the States paying the balance to the Commonwealth. After that period, the States will pay to the Commonwealth the whole of the interest due.

The distribution among the States of the contribution of the Commonwealth is as follows :—

	£
New South Wales	2,917,411
Victoria	2,127,159
Queensland	1,096,235
South Australia	703,816
Western Australia	473,432
Tasmania	266,859
	<hr/>
Total	7,584,912

These amounts are equal to the sums paid by the Commonwealth to each State in the year 1926–27 at the rate of 25s. per head of population, the rate at which the Commonwealth had contributed annually to the States since 1st July, 1910, as compensation for the States relinquishing, after Federation, the right to levy customs and excise duties.

(vi) *Sinking Funds.* (a) A sinking fund at the rate of 7s. 6d. per annum for each £100 of the net public debts of the States existing on 30th June, 1927, and conversions thereof, was established under the terms of the Agreement. The Commonwealth contributes annually from revenue 2s. 6d. per cent. on the net public debts of the States existing at 30th June, 1927 and each State contributes annually 5s. per cent. on the net public debt of such State at 30th June, 1927. The payments of the Commonwealth and of all States except New South Wales will continue for a period of 58 years from 1st July, 1927, and those of New South Wales for a similar period from 1st July, 1928.

(b) On new borrowings after 1st July, 1927 (except those for redemptions or conversions, or funding a State deficit) a sinking fund at the rate of 10s. per cent. per annum was established and the State and the Commonwealth contribute from revenue equal shares for a period of 53 years from the date of raising. (New South Wales did not commence sinking fund contributions in respect of new loans raised in the financial year 1927–28 until 1st July, 1928.)

(c) Any State may increase its contribution in respect of loan funds expended on wasting assets in order to redeem a loan within a shorter period than 53 years. When this shorter period has expired, the State contributions cease but the Commonwealth contributions continue until the full period of 53 years has elapsed. State contributions in respect of other loans are reduced by the amount of these Commonwealth contributions during the period remaining.

(d) Where loan moneys have been advanced by a State under terms providing for their repayment, the State may credit such repayments either to the loan account or to the sinking fund and, in addition, it must provide from revenue its sinking fund contributions in respect of the loan from which the money so advanced was provided. However, advances repaid to the State from the revenue of Public or Local Authorities may be used by the State to meet sinking fund contributions in respect of the loans concerned.

(e) In respect of any loan (except any of the loans referred to in par. (f) below) raised after 30th June, 1927 by a State to meet a revenue deficit accruing after that date, no sinking fund contribution is made by the Commonwealth, but the State makes a sinking fund contribution at the rate of not less than 4 per cent. per annum of the loan for a period sufficient to provide for the redemption of the loan, the contributions being deemed to accumulate at the rate of 4½ per cent. per annum compound interest.

(f) In respect of loans raised by a State or by the Commonwealth on behalf of a State, on the security of Commonwealth Treasury Bills, to meet a revenue deficit accruing after 30th June, 1927 and before 1st July, 1935, the Commonwealth and the State shall in each year during the period commencing on 1st July succeeding the date of raising the loan and ending on 30th June, 1944, pay from revenue a sinking fund contribution at the rate of 5s. for each £100 of the total amount of the Commonwealth Treasury Bills which have been issued in respect of these loans and which are current on 30th June preceding the commencement of the year in which the sinking fund contribution is payable.

The National Debt Commission shall apply the following amounts to the repurchase or redemption of the Commonwealth Treasury Bills issued as above :—

	£
New South Wales	1,970,000
Victoria	260,000
Queensland	125,000
South Australia	300,000
Western Australia	335,000
Tasmania	10,000
Total	3,000,000

The provisions requiring the States to make a further sinking fund contribution of $4\frac{1}{2}$ per cent. per annum on cancelled securities do not apply to the securities redeemed as above.

In each year during a period of 39 years commencing on 1st July, 1944, the Commonwealth and the State concerned shall each pay from revenue a sinking fund contribution of 5s. per cent. and 15s. per cent. respectively in respect of the following amounts which represent the gross total of the deficit loans mentioned above less the amount to be redeemed by the National Debt Commission (£3,000,000) and the amounts which the States have undertaken to apply to the redemption of these loans, viz. :—

	£
New South Wales	26,120,000
Victoria	3,995,000
Queensland	2,148,000
South Australia	4,920,000
Western Australia	5,390,000
Tasmania	445,000
Total	43,018,000

(g) The sinking funds established are controlled by the National Debt Commission which may arrange with any State to act as its agent in connexion with payments due to bondholders. Except where the conditions relating to sinking funds, redemption funds, and funds of a like nature, held by a State on 30th June, 1929, precluded such transfer, all such funds were transferred to the National Debt Commission.

(h) Sinking fund contributions made in respect of the debts of a State, and funds of that State transferred to the National Debt Commission, are not accumulated but must be applied, whenever expedient, to the redemption and repurchase of loan securities. When such a loan security is repurchased or redeemed by the National Debt Commission, it is cancelled, and the State, in addition to sinking fund contributions otherwise payable, pays a further annual sinking fund contribution at the rate of $4\frac{1}{2}$ per cent. on the face value of the cancelled security.

(i) A State may pay to the National Debt Commission a sum in addition to sinking fund contributions for the repurchase or redemption of securities issued in respect of the public debt of the State. Upon the cancellation of such securities the State shall not be required to make any further sinking fund contribution as provided for in paragraph (h) above. The National Debt Commission may also accept an amount from a State for the repurchase or redemption of particular securities with the condition that the sinking fund contributions in respect of that amount by both the State and Commonwealth shall cease as from the date of cancellation of those securities.

(j) Where, upon the conversion or partial conversion at a discount of any loan, sinking fund moneys are applied to the redemption of any amount of the converted loan the State shall repay to the National Debt Commission from revenue so much of the sinking fund moneys so applied as does not exceed the aggregate amount of the discounts allowed to subscribers to the loan.

(k) Sinking fund contributions in respect of oversea debt shall be calculated at the mint par of exchange prevailing on 1st July, 1927.

(ii) *Enforcement of the Agreement.* Consequent on the failure of the State of New South Wales to provide certain interest payments on its public debts in accordance with the Financial Agreement, the Commonwealth Parliament passed a Financial Agreement Enforcement Act (No. 3 of 1932). The State of New South Wales contended that the Commonwealth could not simply by Commonwealth Act deprive a State of revenue without the interposition of some judicial tribunal. The High Court by a majority decision of four to two held that this was a valid law and dismissed the action, subsequently refusing leave to appeal to the Privy Council.

(iii) *Borrowing by Semi-Governmental Bodies.* It was realized at the inception of the Loan Council that, in the interests of co-ordinated borrowing, the Council should be advised of borrowings of large amounts by semi-governmental bodies. In May, 1936, all resolutions passed by the Loan Council in connexion with semi-governmental borrowings were consolidated into one set of rules, which superseded all previous resolutions. This set of rules is regarded as the "Gentlemen's Agreement", and provides, *inter alia*, for the submission of annual loan programmes in respect of semi-governmental authorities proposing to raise £100,000 or more in a year, for the consideration of such programmes in conjunction with the loan programme of the Government concerned, and for the fixing of the terms of individual semi-governmental loans coming within the scope of the annual programme.

D.—TAXES ON INCOME.

1. **General.**—A description of the development of income taxes in Australia appeared in Official Year Book, No. 35, p. 926. Since July, 1943, the Commonwealth, under the uniform tax arrangement, has been the only authority imposing taxes on income.

2. **Present Taxes.**—At the present time two taxes on incomes of individuals are imposed by the Commonwealth—Income Tax and Social Services Contribution. Both taxes are based on the same definition of assessable income and both are assessed and collected concurrently. Several taxes are imposed on the income of companies for which assessable income is defined in the same way as for individuals.

3. **Assessable Income.**—Income taxes in Australia are levied, primarily, on all income derived from Australian sources by any person, rather than on income derived from all sources by Australian residents. Thus a non-resident is taxed on all income derived from Australia while a resident is, in general, not taxed on income other than dividends derived from overseas (provided the income is taxed in the country in which it is derived).

Certain types of Australian income are exempt from tax in Australia, the most important being income from gold-mining and a small amount of tax-free interest on Commonwealth Government securities. No amount is included in assessable income on account of a house occupied by its owner. Profits derived from the sale of property are not assessable income if such property was not purchased with a view to resale at a profit.

Assessable income is divided into two main groups—personal exertion and property. Personal exertion income includes all wage, salary, business and professional incomes, while property income includes all rents, dividends and interest. Property income is taxed for individual income tax at higher rates than personal exertion income in all cases where the total taxable income exceeds £250. No distinction in rates is made for companies.

Expenses incurred in earning income, certain subscriptions to business associations, and trade union dues, are allowable deductions. Losses incurred in previous years may be carried forward as a deduction.

Because of uncongenial climatic conditions, isolation and high cost of living, taxpayers living in certain areas are allowed an additional deduction. Two zones have been prescribed and the allowances are Zone A, £120 (£40 in 1946-47) and Zone B, £20.

Income Tax and Social Services Contribution are levied on the taxable income (known as "contributable income" for Social Services Contribution) remaining after making these deductions.

4. **Taxes on Individuals.**—Two income taxes, Social Services Contribution, which was introduced from 1st January, 1946, and Income Tax, are levied on individuals. Social Services Contribution is payable by all persons without dependants whose contributable income exceeds £104 per annum. Persons with dependants are exempt from Social Services Contribution if their annual income does not exceed the minimum as set out in paragraph 10 following. For the income year 1947-48, Income Tax is payable by all persons whose income exceeds £250. Rebates of income tax are allowed to taxpayers on account of dependants, and certain medical expenses, taxes and life insurance premiums, etc. paid.

5. **Rebates of Tax.**—No deductions from taxable income are made for dependants but rebates of tax are allowed against income tax assessed. The rebates of tax for dependants are calculated by multiplying the amount specified in the following table for each dependant by the personal exertion rate of tax applicable to the income plus eighteen pence. The rebate for any dependant cannot exceed the maximum rebate shown in the following table.

DEPENDANTS : CONCESSIONAL ALLOWANCES AND MAXIMUM REBATES.(a)

Dependant (Resident).	Income Year 1946-47.		Income Year 1947-48.	
	Rebate of Tax on—	Maximum Rebate.	Rebate of Tax on(b)—	Maximum Rebate.
	£	£	£	£
Spouse or female relative (c) having care of taxpayer's children under 16 years of age	(d) 100	45	150	45
Daughter-housekeeper (c)	100	45	150	45
Housekeeper (c) having care of taxpayer's children under 16 years of age	100	45	150	45
Parent	(e) 100	(e) 45	150	45
First child under 16 years of age	75	45	100	45
Other children under 16 years of age	30	8	50	15
Invalid child, brother or sister over 16 years of age	(f) 75	(f) 45	100	45
Child 16 to 19 years receiving full-time education	(g) 75	(g) 45	100	45

(a) If the dependant is not wholly maintained by the taxpayer or was maintained for part only of the year a partial rebate is allowed. (b) If the taxpayer is entitled to a rebate for a dependant, an additional rebate of tax on £50 reduced by £1 for every £2 by which the income exceeds £250 is allowed. (c) Of a widower or widow. (d) If income is between £200 and £250 the concessional allowance is half the income. If between £250 and £300 the concessional allowance is £100 plus half the difference between the income and £300. (e) Mother only. (f) Invalid child only. (g) Child 16 to 18 years.

Rebates at the same rate are allowed on the actual expenditure of the taxpayer on life assurance, superannuation and friendly society contributions (amount limited to £100); medical, hospital, pharmaceutical, optical and dental expenses; remuneration of an attendant on a blind or invalid person; expenditure on artificial limbs, artificial eyes or hearing aids; funeral expenses (amount limited to £20); rates and land taxes on non-income producing property (including an owner-occupied house); and gifts to charitable, benevolent or patriotic funds. The amount allowed for dental expenses is limited to £10 for the taxpayer or any one of his dependants and for the whole group medical, hospital, dental, etc., expenses to £50 for the taxpayer or any one of his dependants.

No rebates are allowed against Social Services Contribution, but a concessional rate of contribution is provided where the contributable income does not exceed the sum of the concessional allowances by more than £180 in 1946-47 or £250 in 1947-48.

A rebate of tax is also allowed on the amounts paid as calls to gold-mining, forestry, and oil prospecting companies at one-third of the normal rebate rate.

Interest on Commonwealth Loans issued prior to 1st January, 1940 is subject to the condition that it shall not be taxed at rates higher than those for 1930-31 and, since present rates are higher in all cases, tax at those rates only is imposed. Interest on Commonwealth Loans issued after 1st January, 1940 and interest on certain State semi-governmental loans issued free of State income tax receive a rebate of 2s. in the £1.

6. Members of Forces.—The following concessions in tax were given to members of the Forces :—

- (a) Deferred pay in respect of services up till 30th June, 1947, was exempt from tax, either as credited or when actually earned ;
- (b) Dependants' allowances (but not the member's allotment to dependants) were exempt from tax until 30th June, 1947. At the same time the member received the concessional rebate for dependants ;
- (c) Active pay of members who served outside Australia was exempt from tax until 30th June, 1947. Until 13th February, 1946, these members also received retrospective exemption of income previously received in the year of departure and of income received during the whole of the previous year ; exemption was also granted of income received during the three months following their return to Australia. After 13th February, 1946, these exemptions (for income earned in Australia) could only be claimed by members who were outside Australia or who had departed or volunteered to depart with the Interim Forces on that date. As from the same date service in sea-going ships in Australian waters and in air squadrons operating from Australia no longer qualified as service outside Australia ;
- (d) Members serving within Australia were exempt from tax if their income did not exceed £250. If their income exceeded £250 the members received a special deduction of £146 which diminished as the income increased and vanished at £587. These exemptions and deductions ceased after 30th June, 1947.

The income of a member of the Forces serving in Australia was the sum of his active pay and £44 per annum (the assumed value of food, clothing and quarters supplied).

Merchant seamen received the special deduction allowed to members of the Forces serving in Australia.

7. Lodgment of Returns and Assessment of Tax.—All persons with incomes in excess of £104 are required to lodge returns by the 31st July each year (31st August for business incomes). Tax and contribution payable are assessed and assessment notices showing the amount payable are issued during the year following the year of income (in most cases from October to June following the lodgment of the return). The approximate amount payable, however, has already been collected during the income year—from employees by deductions from wages and from non-employees by provisional tax and contribution. The amount shown on the assessment notice is therefore adjusted against the amount already collected and any difference either collected or refunded.

8. Deductions from Wages and Salaries.—Employers are required to deduct tax and contribution from each payment of wages and salary to an employee at the appropriate rate in accordance with a deduction scale. This scale shows the amount to be deducted according to the number of dependants the employee has, and makes an average allowance for other concessional rebates.

Under the group scheme of deduction, which covers most employers of over ten persons, the amount deducted is remitted to the Taxation Department, and after 30th June each year each employee is given a group certificate by his employer showing the amount of deductions made during the year. The employee then uses the group certificate for that year to meet, in full or in part, the assessment on that year's income when it is received.

Under the stamp scheme, used by small employers, a stamp deduction card in two parts is used. Each four weeks the employer purchases stamps (also in two parts) for the amount of the deductions made each pay day and sticks one part on each half of the card. At the end of the year the employer gives the employee one half of the card and sends the other half to the Taxation Department. The employee's half is then used in the same way as a group certificate.

9. **Provisional Tax.**—For non-employees collection of tax and contribution for the current year is made at the same time as collection and assessment for the previous year is adjusted. The notice of assessment shows an amount of provisional tax and contribution for the current year. This provisional amount is an approximation to the tax and contribution which will prove to be payable after the return of income for the current year has been lodged. It is ascertained by assuming that the income of the current year will be the same as that for the previous year (for which a return has already been lodged) but the rates for the current year are applied to the income and not the rates for the year in which it was derived. The assessment notice shows the provisional tax and contribution paid in the previous year as a credit against the tax and contribution assessed on the basis of the return for that year.

Employees with more than £50 income from sources other than wages and salaries are also required to pay provisional tax in respect of that income.

10. **Effective Exemptions from Tax.**—In 1947-48 taxpayers without dependants are exempt from Social Services Contribution if their income does not exceed £104 and are exempt from Income Tax if their income does not exceed £250. The effect of rebates for dependants is to exempt taxpayers up to the incomes shown below in the years 1946-47 and 1947-48 :—

Taxpayer with—	Social Services Contribution.		Income Tax.	
	1946-47. Income.	1947-48. Income.	1946-47. Income.	1947-48. Income.
	£	£	£	£
No dependants	104	104	200	250
Wife	156	200	280	396
.. and one child	175	283	345	513
.. .. two children	211	317	378	572
.. .. three children	257	350	412	630
.. .. four children	277	400	447	689

11. **Rates of Tax on Individuals.**—The following table shows the rates of income tax in respect of 1946-47 and 1947-48 incomes.

(T = Taxable Income in Pounds.)

Rates.	Personal Exertion.		Property.	
	Taxable Income.	Tax in Pence.	Taxable Income.	Tax in Pence.
1946-47 Income—	£201- £300	.06T ² + 12T - 4,800	£201- £300	.1T ² + 7T - 5,400
	£301-£1,000	.02T ² + 36T - 8,400	£301-£1,000	.02T ² + 55T - 12,600
	£1,001-£2,000	.025T ² + 26T - 3,40	£1,001-£2,000	.029T ² + 37T - 3,600
	£2,001-£3,000	.014T ² + 70T - 47,400	£2,001-£5,000	.0035T ² + 139T - 105,600
	£3,001-£5,000	.005T ² + 124T - 128,400	Over £5,000	174T - 193,100
	Over £5,000	174T - 253,400		
1947-48 Income—	£251-£1,000	.032T ² + 9T - 4,250	£251- £500	.052T ² + 9T - 5,500
			£501-£1,000	.032T ² + 29T - 10,500
	£1,001-£2,500	.018T ² + 37T - 18,250	£1,001-£2,500	.018T ² + 57T - 24,500
	£2,501-£5,000	.007T ² + 92T - 87,000	£2,501-£5,000	.003T ² + 132T - 118,250
	Over £5,000	162T - 262,000	Over £5,000	162T - 193,250

In 1946-47 the basic rate of Social Services Contribution was 3d. in the £1 plus one-eighth of a penny for every £1 by which the contributable income exceeded £100. The maximum basic rate was 1s. 6d. in the £1 which was reached at an income of £220 and applied to all incomes over that amount. If the contributable income did not exceed the sum of the concessional allowances by more than £180 a concessional rate was provided. The concessional rate was the basic rate multiplied by the ratio of the excess of the contributable income over the sum of the concessional allowances to the lesser of the contributable income or £180.

Commencing with the income year 1947-48 the basic rate of Social Services Contribution was altered to 3d. in the £1 plus one-tenth of a penny for every £1 by which the contributable income exceeds £100. The maximum basic rate remains at 1s. 6d. in the £1 but is reached at an income of £250. If the contributable income does not exceed the sum of the concessional allowances by more than £250 a concessional rate is applied. The concessional rate is the basic rate multiplied by the ratio of the excess of the contributable income over the sum of the concessional allowances to the lesser of the contributable income or £250.

No Social Services Contribution is payable if the contributable income is less than £105, and if the contributable income is less than £113 the contribution payable shall not exceed half the excess of the contributable income over £104.

The rate of tax for farmers and pastoralists is determined by the average taxable income of the five years up to the current year, but the rate is applied to the taxable income of the current year.

The minimum amount payable is 10s. and the amount payable and rebates are calculated to the nearest shilling.

12. Taxes on Sample Individual Incomes.—The following tables show the Income Tax and Social Services Contribution payable by taxpayers with varying incomes and numbers of dependants on income derived in 1946-47 and in 1947-48:—

COMMONWEALTH TAXES ON INCOME.

Income.	1946-47 Income Year.			1947-48 Income Year.		
	Income Tax.	Social Services Contribution.	Total.	Income Tax.	Social Services Contribution.	Total
INCOME FROM PERSONAL EXERTION.—TAXPAYER WITH NO DEPENDANTS.						
£	£	£	£	£	£	£
100	..	..	..	..	..	..
150	..	5 80	5 80	..	5 00	5 00
200	..	12 90	12 90	..	10 85	10 85
250	8 10	18 75	26 85	..	18 75	18 75
300	17 50	22 50	40 00	5 55	22 50	28 05
350	27 70	26 25	53 95	11 75	26 25	38 00
400	38 35	30 00	68 35	18 60	30 00	48 60
500	60 85	37 50	98 35	34 35	37 50	71 85
600	85 00	45 00	130 00	52 80	45 00	97 80
800	138 35	60 00	198 35	97 60	60 00	157 60
1,000	198 35	75 00	273 35	153 10	75 00	228 10
1,500	382 70	112 50	495 20	323 95	112 50	436 45
2,000	619 15	150 00	769 15	532 30	150 00	682 30
3,000	1,202 50	225 00	1,427 50	1,050 00	225 00	1,275 00
5,000	2,569 15	375 00	2,944 15	2,283 35	375 00	2,658 35
INCOME FROM PERSONAL EXERTION.—TAXPAYER WITH DEPENDENT WIFE.						
£	£	£	£	£	£	£
100	..	..	..	..	..	..
150	..	..	..	..	..	..
200	..	7 15	7 15	..	..	..
250	..	13 00	13 00	..	3 75	3 75
300	4 15	22 50	26 65	..	11 25	11 25
350	12 30	26 25	38 55	..	21 00	21 00
400	21 25	30 00	51 25	0 35	30 00	30 35
500	41 20	37 50	78 70	12 80	37 50	50 30
600	63 35	45 00	108 35	28 35	45 00	73 35
800	113 55	60 00	173 55	68 05	60 00	128 05
1,000	171 00	75 00	246 00	118 90	75 00	193 90
1,500	349 70	112 50	462 20	280 30	112 50	392 80
2,000	580 70	150 00	730 70	487 30	150 00	637 30
3,000	1,157 50	225 00	1,382 50	1,005 00	225 00	1,230 00
5,000	2,524 15	375 00	2,899 15	2,238 35	375 00	2,613 35

COMMONWEALTH TAXES ON INCOME—*continued.*

Income.	1946-47 Income Year.			1947-48 Income Year.		
	Income Tax.	Social Services Contribution.	Total.	Income Tax.	Social Services Contribution.	Total.
INCOME FROM PERSONAL EXERTION.—TAXPAYER WITH DEPENDENT WIFE AND ONE CHILD.						
£	£	£	£	£	£	£
100	..	..	..	..	..	..
150	..	..	..	..	..	..
200	..	1.80	1.80	..	..	..
250	..	5.20	5.20	..	..	..
300	..	15.60	15.60	..	2.25	2.25
350	0.70	25.50	26.20	..	10.50	10.50
400	8.45	30.00	38.45	..	18.00	18.00
500	26.45	37.50	63.95	..	37.50	37.50
600	47.10	45.00	92.10	12.05	45.00	57.05
800	94.95	60.00	154.95	48.35	60.00	108.35
1,000	150.50	75.00	225.50	96.05	75.00	171.05
1,500	324.95	112.50	437.45	251.20	112.50	363.70
2,000	551.85	150.00	701.85	453.20	150.00	603.20
3,000	1,121.80	225.00	1,346.80	902.50	225.00	1,127.50
5,000	2,480.00	375.00	2,855.00	2,193.35	375.00	2,568.35

INCOME FROM PERSONAL EXERTION.—TAXPAYER WITH DEPENDENT WIFE AND TWO CHILDREN.

£	£	£	£	£	£	£
100	..	..	..	..	..	..
150	..	..	..	..	..	..
200	..	..	..	..	..	..
250	..	2.10	2.10	..	..	..
300	..	11.85	11.85	..	..	..
350	..	21.15	21.15	..	5.25	5.25
400	3.35	30.00	33.35	..	12.00	12.00
500	20.55	37.50	58.05	..	30.00	30.00
600	40.60	45.00	85.60	3.90	45.00	48.90
800	87.55	60.00	147.55	38.50	60.00	98.50
1,000	142.50	75.00	217.50	84.65	75.00	159.65
1,500	316.95	112.50	429.45	236.65	112.50	349.15
2,000	543.85	150.00	693.85	438.20	150.00	588.20
3,000	1,113.80	225.00	1,338.80	947.50	225.00	1,172.50
5,000	2,472.00	375.00	2,847.00	2,178.35	375.00	2,553.35

INCOME FROM PROPERTY.—TAXPAYER WITH NO DEPENDANTS.

£	£	£	£	£	£	£
100	..	..	..	..	..	..
150	..	5.80	5.80	..	5.00	5.00
200	..	12.90	12.90	..	10.85	10.85
250	10.85	18.75	29.60	..	18.75	18.75
300	23.75	22.50	46.25	7.85	22.50	30.35
350	37.90	26.25	64.15	16.75	26.25	43.00
400	52.50	30.00	82.50	26.75	30.00	56.75
500	82.90	37.50	120.40	50.00	37.50	87.50
600	115.00	45.00	160.00	76.75	45.00	121.75
800	184.15	60.00	244.15	138.25	60.00	198.25
1,000	260.00	75.00	335.00	210.40	75.00	285.40
1,500	488.10	112.50	600.60	422.90	112.50	535.40
2,000	776.65	150.00	926.65	672.90	150.00	822.90
3,000	1,428.75	225.00	1,653.75	1,269.80	225.00	1,494.80
5,000	2,820.40	375.00	3,195.40	2,569.80	375.00	2,944.80

13. **Company Income Taxes.**—(i) *General.* For taxation purposes, companies are divided into two main groups—public companies and private companies. A private company is defined as a company which is under the control of not more than seven persons, and which is not a company in which the public are substantially interested or a subsidiary of a public company. Ordinary income tax is imposed on both groups of companies, but other taxes on companies are imposed according as to whether a company is public or private. Pay-as-you-earn taxation and Social Services Contribution have not been applied to companies.

(ii) *Public Companies.* (a) *Ordinary Income Tax.* The income of companies is assessed for Commonwealth Income Tax on the same principles as for individuals. Tax is, however, assessed at a flat rate on the whole taxable income. Dividends received are assessable income both for companies and individuals, but companies receive a rebate at the company rate on the amount of dividends included in the taxable income. This rebate is not allowed to non-resident companies. The rate of ordinary income tax is 6s. in the £1. For mutual life assurance companies this rate is reduced to 5s. in the £1. The rate on Commonwealth Loan Interest subject to 1930–31 rates is 1s. 4d. in the £1.

(b) *War-time (Company) Tax.* The War-time (Company) Tax, first imposed in 1940–41 on income derived in 1939–40, was discontinued after 1946–47. The tax was levied on the taxable profit of a company in relation to capital employed. Taxable profit was obtained by deducting from taxable income:—

(a) Commonwealth ordinary income tax payable in respect of that taxable income; and

(b) any dividend included in taxable income.

Capital employed excluded shareholdings in other companies.

The tax was imposed on the excess of the taxable profit over 5 per cent. of capital employed. The rates of tax varied from 6 per cent. of the excess to 78 per cent. of the excess (where the excess was over 12 per cent. of capital employed).

Private companies, co-operative companies, mutual life assurance companies, companies in which little or no capital was required and whose profits were derived from commissions, etc., and companies other than subsidiaries whose taxable profits did not exceed £1,000 were exempt from the tax.

(c) *Super Tax.* In conjunction with the War-time (Company) Tax, a Super Tax of 1s. in the £1 on the excess of the taxable income over £5,000 was imposed. All companies receive a rebate of 1s. in the £1 on the amount of dividends (from companies which have already paid super tax) included in super tax income.

Commonwealth Loan Interest subject only to 1930–31 rates of tax is excluded from super tax income since the full 1930–31 rate of 1s. 4d. in the £1 is already paid as ordinary income tax. The interest was, however, included in taxable profit for the purposes of War-time (Company) Tax where it had the effect of reducing the War-time (Company) Tax payable because of the low yield on capital.

If a company was liable to both Super Tax and War-time (Company) Tax, the taxes were alternative and, in effect, only the higher of the two and not both taxes were payable. This was achieved by allowing a rebate against War-time (Company) Tax of the lesser of the following amounts:—

(a) the amount of War-time (Company) Tax assessed, or

(b) the net amount of Super Tax payable.

(d) *Undistributed Income Tax.* Since 1940–41 a tax has been imposed at the rate of 2s. in the £1 on the undistributed income of a public company. The undistributed income is the taxable income less:—

(a) Commonwealth Income Tax, Super Tax and War-time (Company) Tax and tax paid outside Australia on the taxable income;

(b) dividends paid out of the taxable income before the expiration of six months (nine months if the company is a non-resident) after the close of the year of income;

(c) the net loss incurred in carrying on the company's business outside Australia; and

(d) the portion of Commonwealth Loan Interest subject to 1930–31 rates remaining in the undistributed income.

Mutual life assurance companies and non-resident companies not carrying on business in Australia are exempt from the tax.

(iii) *Private Companies.* Private companies are not liable for War-time (Company) Tax, Super Tax or the normal Undistributed Income Tax. An additional tax on the undistributed income is imposed, this tax being based on the close relationship between a private company and a partnership.

The undistributed income is calculated in approximately the same way as for a public company, but, instead of a flat rate of 2s. in the £1 being imposed, the additional Income Tax and Social Services Contribution which would have been payable by the shareholders, if all the income had been distributed, is calculated, and this amount is charged to the company as additional tax on undistributed income. The tax so charged is allowed with other taxes as a deduction in determining the undistributed income for the following year. In this way the shareholders of a private company are required to pay approximately the same tax as if they were a partnership or sole traders.

14. *Yield of Income Taxes.*—(i) *Collections from all Income Taxes.* The following table shows the collections of taxes of all types imposed on income for the years 1938-39 and 1942-43 to 1946-47:—

INCOME TAX COLLECTIONS.

Year.	Individuals.			Companies.			Total.		
	Commonwealth.	State.	Total.	Commonwealth.	State.	Total.	Commonwealth.	State.	Total.
1938-39 ..	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
1942-43(a) ..	7,582	18,314	25,896	4,300	11,498	15,798	11,882	29,812	41,694
1943-44(a) ..	93,481	4,792	98,273	48,408	1,520	49,928	141,889	6,312	148,201
1944-45(a) ..	132,559	887	133,446	51,410	384	51,794	183,969	1,271	185,240
1945-46(a) ..	155,731	491	156,222	59,919	203	60,122	215,650	694	216,344
1946-47(a) ..	159,355	367	159,722	55,310	296	55,606	214,665	663	215,328
1946-47(a) ..	154,419	340	154,759	53,379	162	53,541	207,798	502	208,300

(a) Commonwealth collections are greater than the Budget figures by the amount of refunds of state taxes. State collections are net arrears.

(ii) *Commonwealth Income Tax Assessed.* The amounts of Commonwealth taxes assessed on the income of recent years are shown in the following table. The amounts are shown under the year in which most of the assessments were made, i.e., the year following the income year:—

COMMONWEALTH INCOME TAXES ASSESSED.

Tax.	1941-42.	1942-43.	1943-44.	1944-45.	1945-46.
	£'000.	£'000.	£'000.	£'000.	£'000.
Individuals—					
Income Tax	38,974	83,227	147,064	(b) 40,826	148,713
War Tax	8,378	..	..	..	..
Companies—					
Income Tax	19,916	35,764	38,012	42,470	41,620
Super Tax	2,713	3,208	3,305	3,804	3,761
War-time (Company) Tax	4,090	3,286	3,155	4,390	3,537
Undistributed Income Taxes(a)—					
Private Companies	6,296	9,100	8,647	(b) 2,289	7,778
Non-Private Companies	2,397	1,758	1,713	1,988	2,068
Total	82,764	136,343	201,896	95,767	207,486

(a) Approximate

(b) See note (b) on page 698.

(iii) *Commonwealth Income Tax on Residents in Grades of Income.* Individual income taxes assessed on residents were distributed according to grades of actual income (income before allowing deductions of a concessional nature or statutory exemptions and including exempt income) as follows :—

COMMONWEALTH INCOME TAXES ON RESIDENT INDIVIDUALS IN GRADES OF ACTUAL INCOMES.

Grade of Actual Income.	1941-42.(a)		1942-43.(a)		1943-44.(a)		1944-45.(a)		1945-46.(a)	
	No. of Tax-payers.	Tax.	No. of Tax-payers.	Tax.	No. of Tax-payers.	Tax.	No. of Tax-payers.	Tax. (b)	No. of Tax-payers.	Tax
	£	£	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
Under £151	..	..	..	..	225,733	1,322	223,462	330	233,027	1,366
151- 200	187,000	394	193,605	961	245,136	3,307	252,091	875	256,892	3,635
201- 250	265,497	1,082	193,259	1,762	184,201	4,000	197,041	1,137	201,163	4,719
251- 300	316,872	2,173	276,287	3,890	235,491	6,590	231,564	1,756	247,432	7,637
301- 350	211,813	2,391	266,049	5,733	277,986	10,874	277,991	2,846	296,270	12,164
351- 400	119,371	2,076	182,714	5,515	240,417	12,439	254,095	3,381	249,404	13,206
401- 500	118,262	3,178	182,915	8,031	275,742	19,983	299,858	5,526	267,315	19,776
501- 600	51,500	2,156	71,949	4,821	108,627	11,468	120,818	3,258	112,115	12,253
601- 1,000	(c) 36,003	2,251	54,531	5,681	78,148	12,086	90,420	3,594	82,855	13,436
801- 1,000	(d) 27,418	2,804	23,675	4,021	31,027	7,405	35,161	2,143	32,221	7,991
1,001- 1,250	13,173	2,269	15,597	4,015	19,746	6,721	22,307	1,915	20,489	7,136
1,251- 1,500	7,720	1,996	9,026	3,329	11,423	5,327	12,839	1,517	11,552	5,471
1,501- 2,000	8,024	3,252	9,756	5,436	12,344	8,219	13,609	2,285	12,330	8,298
2,001- 3,000	6,509	5,063	7,619	7,702	9,375	10,550	10,491	2,993	9,175	10,441
3,001- 4,000	2,316	3,315	2,718	4,815	3,389	6,402	3,731	1,787	2,959	5,621
4,001- 5,000	1,158	2,469	1,223	3,182	1,502	4,048	1,616	1,108	1,358	3,675
5,001-10,000	1,507	5,301	1,667	7,317	1,977	8,866	2,951	2,312	1,526	6,687
10,001-15,000	264	1,826	276	2,402	309	2,121	332	755	234	1,888
15,001-30,000	(e) 112	1,254	152	2,342	145	2,121	171	638	125	1,702
30,001-50,000	(f) 46	910	28	767	28	793	28	190	18	502
50,001 and over	12	401	7	322	10	626	18	222	5	263
Total ..	1,374,577	46,561	1,493,053	82,044	1,962,756	145,875	2,049,694	40,568	2,038,465	147,853

(a) Year in which assessment was made. Incomes relate to previous year. (b) As a result of the introduction of the pay-as-you-earn system, the amount of tax assessed in 1944-45 on income derived in 1943-44 was reduced to approximately one-quarter of the amount which otherwise would have been payable. (c) Grade £601-£750. (d) Grade £751-£1,000. (e) Grade £15,001-£25,000. (f) Grade £25,001-£50,000.