

## CHAPTER XXVI. PUBLIC FINANCE.

### A.—GENERAL.

In early issues of the Official Year Book the plan was adopted of including in a single Chapter under the general heading of "Finance" the more important particulars available in connexion therewith. A departure was made in Official Year Book No. 25 by dividing the subject into separate Chapters with the two broad headings of "Public Finance" and "Private Finance". Notwithstanding that the financial transactions of Local Government Bodies and certain statutory Governmental Bodies come within the category of Public Finance, it is convenient to deal with these in a separate Chapter.

The subject of "Public Finance" has been dealt with in this Chapter under the two major divisions of Commonwealth Finance—including currency and coinage—and State Finance. The close financial relations between the Commonwealth and States particularly since the Financial Agreement has been in operation, however, demand a combination of these two divisions under the heading of Commonwealth and State Finance.

Certain banking activities are conducted by both Commonwealth and State Governments, but as the services provided are essentially connected with the banking system of the Commonwealth they have been included in the section of the Private Finance Chapter relating to Banking. An exception has been made in the case of the Commonwealth Bank Note Issue Department, which is dealt with in §9 "Currency and Coinage" of this Chapter.

### B.—COMMONWEALTH FINANCE.

#### § 1. General.

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

Section 69 provides for the transfer to the Commonwealth from the States of certain specified departments, while Section 51, in outlining the powers of the Commonwealth Parliament, implies the transfer or creation of various other departments. Section 87 deals with the financial relations between the Commonwealth and the States. These matters have been treated in some detail in previous issues of the Official Year Book and on p. 868 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.**—(i) *General.* The Commonwealth Government, like the State Governments, bases its accounts mainly upon three funds, the Consolidated Revenue Fund, the Trust Fund and the Loan Fund. The last mentioned fund came into existence in the financial year 1911-12, but on the outbreak of the War of 1914-19 it became so important that it was treated in two parts—a General Loan Fund mainly for purposes of Public Works, and a War Loan Fund for purely war purposes. From the year 1923-24 inclusive the loan expenditure on War Service Homes was debited against works loan expenditure. Previously such expenditure had been a charge on War Loans. Since the year mentioned the transactions of the War Loan Fund consists mainly of credits arising from repayments of expenditure during previous years.

(ii) *Receipts, Expenditure, etc.* The following statement shows for the period 1923-24 to 1939-40 the Receipts, Expenditure, Excess Receipts or Deficiency for the 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 has 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)
	£	£	£	£	£	£	£
1923-24 ..	65,078,688	62,500,354	2,578,334	..	07,415,755	2,591,153	..
1924-25 ..	67,697,124	67,178,748	518,376	..	..	3,109,529	..
1925-26 ..	70,203,572	70,577,204	..	373,632	£2,450,000	285,897	..
1926-27 ..	75,544,382	72,908,785	2,635,597	..	(d) 100,000	2,821,494	..
1927-28 ..	73,808,227	76,438,464	..	2,630,237	£2,820,000	..	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 ..	69,566,920	80,324,539	..	10,757,619	..	..	17,216,340
1931-32 ..	71,532,298	70,218,207	1,314,091	..	..	1,314,091	..
1932-33 ..	73,512,809	69,966,201	3,546,608	..	..	4,860,699	..
1933-34 ..	73,941,953	72,640,383	1,301,570	..	..	6,162,269	..
1934-35 ..	77,309,105	76,657,900	711,205	..	g) 160,000	713,474	..
1935-36 ..	82,203,341	78,635,621	3,567,720	..	(h) 713,474	3,567,720	17,002,866
1936-37 ..	82,807,977	81,531,419	1,276,558	..	h) 567,720	1,276,558	15,935,146
1937-38 ..	89,458,154	85,963,421	3,494,733	..	h) 276,558	3,494,733	15,658,588
1938-39 ..	95,064,790	94,437,481	627,309	..	h) 494,733	627,309	15,658,588
1939-40 ..	111,913,784	108,985,409	2,928,375	..	(i) 627,309	2,928,375	15,658,588

(a) Met by temporary advance from loan fund. (b) £4,915,755 was used for debt redemption, and £2,500,000 transferred to Trust Funds. (c) Naval construction, £1,500,000; Main Roads, £750,000; Science and Industry investigations, £100,000; and prospecting for oil and precious metals, £100,000. (d) Prospecting for oil and precious metals. (e) 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. (f) Excludes Interest, etc., paid on behalf of New South Wales and not recovered at 30th June, 1931. (g) Defence equipment, £4,160,000 and Financial Assistance to States, £2,000,000. (h) See table following.

(iii) *Excess Receipts.* Particulars of the excess receipts, accumulated balances and allocation of excess receipts for each of the past five years are as follows:—

## COMMONWEALTH CONSOLIDATED REVENUE : EXCESS RECEIPTS.

Particulars.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Accumulated balance .. .. .	713,474	3,567,720	1,276,558	3,494,733	627,309
Excess receipts .. .. .	3,567,720	1,276,558	3,494,733	627,309	2,928,375
<b>Total for year .. .. .</b>	<b>4,281,194</b>	<b>4,844,278</b>	<b>4,771,291</b>	<b>4,122,042</b>	<b>3,555,684</b>
Expenditure from excess receipts—					
Grants to States .. .. .	500,000	500,000	..	..	..
Defence equipment .. .. .	..	2,000,000	..	3,494,733	627,309
Post Office Works Provision .. .. .	..	..	1,000,000	..	..
Reduction of deficit .. .. .	213,474	1,067,720	276,558	..	..
<b>Total .. .. .</b>	<b>713,474</b>	<b>3,567,720</b>	<b>1,276,558</b>	<b>3,494,733</b>	<b>627,309</b>
Accumulated balance .. .. .	3,567,720	1,276,558	3,494,733	627,309	2,928,375

It is proposed to allocate the accumulated surplus at 30th June, 1940, for Defence equipment.

## § 2. Consolidated Revenue Fund.

## Division I.—Nature of Fund.

The provisions made for the formation of a Commonwealth Consolidated Revenue Fund, and the means to be adopted for operating on the fund, are contained in Sections 81, 82 and 83 of the Constitution.

## 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 1935-36 to 1939-40 :—

## COMMONWEALTH CONSOLIDATED REVENUE : SOURCES.

Source.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Taxation .. .. .	63,617,306	62,773,452	69,048,485	74,036,899	90,010,663
Percentage of Total .. %	77.4	75.8	77.2	77.9	80.4
Per head of population (a) ..	£9 8 6	£9 4 6	£10 1 2	£10 13 10	£12 17 4
Business Undertakings .. .. .	15,222,652	16,222,910	17,167,943	17,876,401	18,466,125
Percentage of Total .. %	18.5	19.6	19.2	18.8	16.5
Per head of population (a) ..	£2 5 1	£2 7 8	£2 10 0	£2 11 7	£2 12 9
Territories (b) .. .. .	313,770	300,253	339,975	355,401	415,412
Percentage of Total .. %	0.4	0.4	0.4	0.4	0.4
Per head of population (a) ..	£0 0 11	£0 0 11	£0 1 0	£0 1 0	£0 1 2
Other Revenue—					
Interest, etc. (c)—					
Coinage .. .. .	1,338,510	1,074,423	1,044,076	1,144,014	1,145,989
Defence .. .. .	167,719	295,167	362,705	127,764	180,458
Civil Aviation .. .. .	38,025	41,731	29,244	151,208	166,880
Health .. .. .	4,080	4,418	5,55	5,745	11,171
Patents, Trade Marks, etc.	18,090	67,134	17,621	18,204	15,740
Bankruptcy .. .. .	58,783	62,163	61,435	67,914	61,982
Commerce and Marine—	29,517	30,569	36,441	30,770	35,817
Wool Levy .. .. .	..	72,805	77,523	74,396	84,361
Marine .. .. .	218,915	216,406	182,463	158,137	147,315
Other .. .. .	11,206	Dr. 1,104	32,697	18,682	21,854
Pension Contributions .. .. .	31,261	28,769	839,883	766,730	985,993
Net Profit on Australian Note Issue	855,720	898,585	10,940	..	..
Balance of Trust Accounts .. .. .	72,837	477,048	219,107	232,525	104,024
Other .. .. .	204,950	243,248	..	..	..
Total .. .. .	3,049,613	3,511,362	2,910,751	2,796,089	3,021,584
Percentage of Total .. %	3.7	4.2	3.2	2.9	2.7
Per head of population (a) ..	£0 9 0	£0 10 4	£0 8 6	£0 8 1	£0 8 8
Grand Total .. .. .	82,203,341	82,807,977	89,458,154	95,064,790	111,913,784
Per head of population (a) ..	£12 3 6	£12 3 5	£13 0 8	£13 14 6	£15 19 11
Balance of Interest on States' Debts—recoverable from States .. .. .	24,786,646	25,081,605	25,580,374	25,584,456	26,299,098

(a) Based on mean population of each financial year. (b) Excluding Railways. (c) Excludes balance of Interest on States' Debts payable by States.

2. **Taxation.**—(i) *Total Collections.* (a) *Amount.* Collections under each heading for the years 1935-36 to 1939-40 are given below :—

## TAXATION : TOTAL COLLECTIONS.

Heading.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Customs .. .. .	28,068,870	28,782,784	32,972,666	31,160,462	34,830,306
Excise .. .. .	13,368,847	14,210,248	15,410,339	16,471,903	18,994,600
Sales Tax .. .. .	9,432,483	8,008,427	8,023,886	9,308,334	12,196,175
Flour Tax .. .. .	1,150,724	Dr. 12,193	3,025	1,808,972	2,486,070
Land Tax .. .. .	1,326,991	1,435,465	1,368,444	1,489,436	1,645,829
Income Tax .. .. .	8,775,562	8,556,014	9,398,503	11,882,440	16,430,313
Gold Tax .. .. .	..	..	..	..	1,214,621
Estate Duties .. .. .	1,472,860	1,792,600	1,872,654	1,915,352	2,212,690
Entertainments Tax .. .. .	13	107	1	..	59
War-time Profits Tax .. .. .	20,956	..	Dr. 1,033	..	..
Total Taxation .. .. .	63,617,306	62,773,452	69,048,485	74,036,899	90,010,663
Percentage on Total Revenue ..	77.4	75.8	77.2	77.9	80.4

(b) *Percentages of Total Collections.* The following table shows the percentages of the collections under each class of taxation on the total collections for the last five years :—

## TAXATION : PERCENTAGES ON TOTAL COLLECTIONS.

Heading.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	%	%	%	%	%
Customs .. .. .	44.1	45.9	47.8	42.1	38.7
Excise .. .. .	21.0	22.6	22.3	22.3	21.1
Sales Tax .. .. .	14.8	12.7	11.6	12.6	13.5
Flour Tax .. .. .	1.8	..	..	2.4	2.8
Land Tax .. .. .	2.1	2.3	2.0	2.0	1.8
Income Tax .. .. .	13.8	13.6	13.6	16.0	18.3
Gold Tax .. .. .	..	..	..	..	1.3
Estate Duties .. .. .	2.4	2.9	2.7	2.6	2.5
Entertainments Tax .. .. .	..	..	..	..	..
War-time Profits Tax .. .. .	..	..	..	..	..
<b>Total .. .. .</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

(ii) *Customs Revenue. (a) Classified.* Particulars for the five years 1935-36 to 1939-40 are furnished in the following table :—

## COMMONWEALTH CUSTOMS REVENUE : CLASSIFICATION.

Classes.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Stimulants .. .. .	1,140,687	1,157,707	1,174,494	1,165,503	1,449,899
Narcotics .. .. .	2,940,367	3,041,660	3,243,490	3,256,496	3,379,971
Sugar .. .. .	1,618	4,204	5,380	7,238	5,812
Agricultural products	1,218,026	1,286,331	1,268,440	1,365,938	1,465,400
Apparel and textiles ..	2,635,663	2,752,891	3,169,485	2,801,103	3,217,479
Metals and machinery	2,235,917	2,195,393	2,762,044	2,385,882	2,161,144
Oils, paints, etc. ..	7,681,244	8,401,394	9,631,390	9,927,346	12,305,774
Earthenware, etc. ..	441,431	460,849	534,912	599,980	448,585
Drugs and chemicals ..	284,718	265,068	312,532	309,984	370,991
Wood, wicker and cane	529,402	726,350	779,677	739,057	649,237
Jewellery, etc. ..	415,606	451,511	522,305	480,916	586,270
Leather, etc. ..	361,469	412,714	497,950	477,163	504,682
Paper and stationery	459,206	447,048	488,716	453,548	435,677
Vehicles .. .. .	1,793,188	2,186,245	2,696,560	2,061,762	1,555,746
Musical instruments ..	22,186	30,041	27,956	31,589	19,608
Miscellaneous articles	1,029,470	920,854	1,173,635	1,023,556	1,140,649
Primage .. .. .	4,678,358	3,833,165	4,450,901	3,913,578	4,623,131
Special War Duty .. .. .	..	..	..	..	305,227
Other receipts .. .. .	200,314	209,359	232,739	249,823	205,024
<b>Total Customs Revenue ..</b>	<b>28,068,870</b>	<b>28,782,784</b>	<b>32,972,666</b>	<b>31,160,462</b>	<b>34,830,306</b>

(b) *States.* The following table shows the Customs Duties collected in each State during the last five years:—

**COMMONWEALTH CUSTOMS DUTIES : COLLECTIONS IN EACH STATE.**

State.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
New South Wales (a)	12,141,828	12,807,629	14,831,986	14,070,130	15,228,153
Victoria .. ..	9,453,887	9,338,212	10,626,241	9,970,730	11,437,572
Queensland .. .	2,682,260	2,652,736	2,955,788	2,977,792	3,419,454
South Australia (b) ..	1,861,204	1,906,269	2,332,090	2,090,020	2,447,372
Western Australia ..	1,585,967	1,704,018	1,814,435	1,653,906	1,843,192
Tasmania .. ..	343,724	373,920	412,126	397,884	454,563
<b>Total .. ..</b>	<b>28,068,870</b>	<b>28,782,784</b>	<b>32,972,666</b>	<b>31,160,462</b>	<b>34,830,306</b>

(a) Includes Australian Capital Territory.

(b) Includes Northern Territory.

(iii) *Excise Revenue.* (a) *Classified.* Particulars concerning the amount of Excise collected under each head during each of the five years ended 30th June, 1940, are given hereunder:—

**COMMONWEALTH EXCISE REVENUE : CLASSIFICATION.**

Particulars.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Beer .. ..	5,621,051	6,109,526	6,893,739	7,288,579	8,780,470
Spirits (a) .. ..	1,478,700	1,492,318	1,579,486	1,604,220	1,899,931
Tobacco (b) .. .	5,087,211	5,283,641	5,592,297	6,286,766	6,566,312
Cigarette papers	424,853	450,516	468,059	530,868	545,057
Petrol .. ..	630,068	706,884	681,870	581,978	989,869
Matches .. ..	81,039	77,438	81,510	81,960	91,903
Wireless valves	23,000	66,017	89,242	74,247	94,928
Playing cards	10,614	12,231	10,906	11,432	14,252
Licences .. ..	12,311	11,677	12,630	11,913	11,878
<b>Total Excise Revenue ..</b>	<b>13,368,847</b>	<b>14,210,248</b>	<b>15,410,339</b>	<b>16,471,903</b>	<b>18,994,600</b>

(a) Includes Concentrated Grape Must.

(b) Includes Cigars and Cigarettes.

(b) *States.* Excise collections in each State for the last five years were as follows:—

**COMMONWEALTH EXCISE REVENUE : COLLECTIONS IN EACH STATE.**

State.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
New South Wales ..	6,063,761	6,724,164	7,373,723	6,940,301	8,479,925
Victoria .. ..	4,100,054	4,265,286	4,871,017	5,687,832	6,533,146
Queensland .. .	1,212,596	1,250,125	1,304,390	1,538,042	1,548,510
South Australia (a) ..	932,145	856,021	717,676	1,018,148	1,029,912
Western Australia ..	914,603	957,684	972,131	1,103,481	1,186,165
Tasmania .. ..	145,688	156,968	171,402	184,099	216,942
<b>Total .. ..</b>	<b>13,368,847</b>	<b>14,210,248</b>	<b>15,410,339</b>	<b>16,471,903</b>	<b>18,994,600</b>

(a) Includes Northern Territory.

(iv) *Other Taxation.* (a) *Collections paid to Revenue.* The following statement shows particulars of the collections on account of Land Tax, Estate Duty, Income Tax, War-time (1914-19) Profits Tax, Entertainments Tax, Sales Tax and Flour Tax during the last ten years War-time (1914-19) Profits and Entertainments taxes are now inoperative, particulars shown relating chiefly to arrears and refunds. Particulars of the Gold Tax introduced during 1939-40 are now included. A War-time (Company) Tax in respect of the present War and operative during 1940-41 has been imposed. Owing to certain accounting technicalities the figures herein differ slightly from those on the following pages showing further particulars of the several taxes.

## OTHER TAXATION COLLECTIONS : AUSTRALIA.

Year ended 30th June—	Land Tax.	Estate Duty.	Income Tax.	Gold Tax.	War-time (1914-19) Profits Tax.	Entertainments Tax.	Sales Tax.	Flour Tax.
	£	£	£	£	£	£	£	£
1931 ..	2,758,598	2,068,865	13,604,374	..	Dr. 794	186,661	3,472,854	..
1932 ..	2,156,765	1,385,811	13,481,982	..	Dr. 33,755	133,072	8,425,067	..
1933 ..	1,650,311	1,126,996	10,878,718	..	Dr. 5,750	134,042	9,309,276	..
1934 ..	1,325,393	1,511,296	9,314,768	..	1,567	51,216	9,695,689	1,253,957
1935 ..	1,281,424	1,507,827	8,761,619	..	Dr. 17,663	Dr. 599	8,554,076	798,334
1936 ..	1,326,991	1,472,860	8,775,562	..	20,956	13	9,432,483	1,150,724
1937 ..	1,435,465	1,792,600	8,556,014	..	..	107	8,008,427	Dr. 12,193
1938 ..	1,368,444	1,872,651	9,398,503	..	Dr. 1,033	1	8,023,886	3,025
1939 ..	1,489,436	1,915,352	11,882,440	..	..	..	9,308,334	1,808,972
1940 ..	1,645,829	2,212,690	16,430,313	1,214,621	..	59	12,196,175	2,486,070

"Other Taxation" is assessed and collected in general by the Commissioner of Taxation. The organization comprises an office in each State assessing taxpayers who are concerned with 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 from 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. These figures have been used in issues of the Official Year Book prior to No. 25. In order to give a more significant picture of the taxation in States, these figures have been discarded, and in their place are given figures supplied by the Commissioner of Taxation, which refer strictly to the assessments made on account of the State specified. The total of these figures do not quite agree with the total Treasury figures owing to certain technicalities of accounting, but the differences are small. The Taxation Office figures give 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 1940-41 :—

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

(T = Taxable Value.)

Assessment Year.	Residents.			Absentees.(a)				
	Taxable Value £1 to £75,000.	Taxable Value over £75,000.		Taxable Value £1 to £80,000.		Taxable Value over £80,000.		
		First £75,000.	Excess over £75,000.	First £5,000.	Excess over £5,000.	First £5,000.	Next £75,000.	Excess over £80,000.
1933-34 to 1937-38	$\frac{45}{100} \left( 1 + \frac{T}{18,750} \right)$	d.	d.	d.	$\frac{45}{100} \left( 2 + \frac{T-5,000}{18,750} \right)$	d.	d.	d.
1938-39 to 1939-40	$\left( \frac{1}{2} + \frac{T}{37,500} \right)$	2.25	4.05	.45	$\left( 1 + \frac{T-5,000}{37,500} \right)$	.45	2.7	4.5
1940-41	$\left( 1 + \frac{T}{18,750} \right)$	2.5	4.5	.5	$\left( 2 + \frac{T-5,000}{18,750} \right)$	.5	3	5
		5	9	1		1	6	10

(a) Absentees are not allowed an exemption of £5,000 granted to residents.

Land Tax receipts in each State and Central Office for the years 1935-36 to 1939-40 were as follows. The particulars shown differ slightly from those quoted in (a) above.

LAND TAX RECEIPTS.

State, etc.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Central Office .. ..	471,168	482,127	438,813	525,959	578,769
New South Wales .. ..	460,030	530,603	505,143	509,913	568,840
Victoria .. ..	266,033	277,718	277,512	290,798	333,194
Queensland .. ..	24,827	27,159	26,887	29,568	30,086
South Australia .. ..	55,104	54,878	48,295	55,280	64,865
Western Australia .. ..	42,881	51,835	59,074	63,854	53,351
Tasmania .. ..	12,036	11,539	12,237	12,879	16,388
Total .. ..	1,332,079	1,435,859	1,367,961	1,488,251	1,645,493

(c) *Estate Duty.* The Commonwealth Estate Duty Act 1914 and Estate Duty Assessment Acts 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.

Under the Estate Duty Assessment Act (No. 12 of 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) When 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; (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 (No. 13 of 1940) the following new rates were fixed: £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.

Particulars of the collections in each State and Central Office for the last five years are appended. Owing to certain accounting technicalities, these figures differ slightly from the Treasury returns given in (a) above.

## ESTATE DUTY RECEIPTS.

State, etc.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Central Office .. ..	721,724	989,688	902,266	999,202	1,165,049
New South Wales .. ..	314,912	324,365	396,003	422,567	391,978
Victoria .. ..	237,474	308,719	397,386	294,406	413,269
Queensland .. ..	74,117	76,784	85,335	60,041	82,153
South Australia .. ..	71,497	66,447	44,295	82,789	82,456
Western Australia .. ..	41,307	21,110	31,809	34,074	51,806
Tasmania .. ..	8,426	10,253	12,506	15,960	21,528
Northern Territory .. ..	73	..	119	..	..
<b>Total .. ..</b>	<b>1,469,530</b>	<b>1,797,366</b>	<b>1,869,719</b>	<b>1,909,039</b>	<b>2,208,239</b>

Particulars relating to the number and value of estates with duty assessed for each of the last five assessment years are given in the table hereunder:—

## ESTATE DUTY ASSESSMENTS.

Particulars.		1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
Number of Estates	No.	8,157	8,887	8,803	9,085	9,681
Gross Value (a) ..	£,000	52,965	56,009	59,419	60,964	65,699
Dutiable Value ..	£,000	42,594	45,121	47,723	49,340	53,069
Duty Payable ..	£	1,454,450	1,467,355	1,836,946	1,852,956	2,002,283
Average dutiable value	£	5,222	5,077	5,421	5,431	5,482
Average duty per estate	£	178	165	209	204	207

(a) Assessed values.

(d) *Income Tax.* The first Commonwealth Income Tax was levied during the year 1915-16. The Income Tax Assessment Act 1936 consolidated and amended the laws relating to the imposition, assessment and collection of income tax. Full details of this Act and a commentary on the Income Tax law are contained in an explanatory handbook\* which also gives particulars relating to the pre-existing law. The following table shows the rate of tax on personal exertion and property incomes for the assessment years 1935-36 to 1940-41.

\* "Explanatory handbook showing the differences between the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1922-1934" issued by the Commissioner of Taxation under the authority of the Commonwealth Treasurer, August, 1936.



## INCOME TAX : RATE OF TAX PER £1 OF TAXABLE INCOME.—INDIVIDUAL.(a)

(T = Taxable Income(b) )

Assessment Year.	Personal Exertion.			
	Taxable Income £1-£6,900.	Taxable Income Over £6,900.		
		First £6,900.	Excess over £6,900.	
1935-36 .. .. .	$\frac{85}{100} \left( 3 + \frac{d}{160} T \right)$	<i>d.</i> 39.20625	<i>d.</i> 76.5	
1936-37 and 1937-38 .. .. .	$\frac{76.5}{100} \left( 3 + \frac{T}{160} \right)$	35.28562	68.85	
1938-39 .. .. .	$\frac{87.975}{100} \left( 3 + \frac{T}{100} \right)$	40.57846	79.1775	
1939-40 .. .. .	$\frac{96.7725}{100} \left( 3 + \frac{T}{160} \right)$	44.63632	87.09525	
	Taxable Income £1-£400.	Taxable Income £401-£1,500.	Taxable Income Over £1,500.	
			First £1,500.	Excess over £1,500.
1940-41 .. .. .	<i>d.</i> 16	$\left( 16 + \frac{d}{25} T-400 \right)$	<i>d.</i> 60	<i>d.</i> 120

Assessment Year.	Property Income.					Further Tax. (c)
	Taxable Income. £1-£500.	Taxable Income £501-£1,500.	Taxable Income £1,501-£3,700.	Taxable Income over £3,700.		
				First £3,700.	Excess over £3,700.	
1935-36	$\left( 3 + \frac{d}{100} T \right)$	$\left( 1 + \frac{d}{1,000} T \right)$	$\left( 4\frac{1}{2} + \frac{23T}{2,000} \right)$	<i>d.</i> 47.3	<i>d.</i> 90	<i>d.</i> 12
1936-37 and 1937-38	$\frac{90}{100} \left( 3 + \frac{T}{100} \right)$	$\frac{90}{100} \left( 1 + \frac{14T}{1,000} \right)$	$\frac{90}{100} \left( 4\frac{1}{2} + \frac{23T}{2,000} \right)$	42.57	81	..
1938-39	$\frac{103.5}{100} \left( 3 + \frac{T}{100} \right)$	$\frac{103.5}{100} \left( 1 + \frac{14T}{1,000} \right)$	$\frac{103.5}{100} \left( 4\frac{1}{2} + \frac{23T}{2,000} \right)$	48.9555	93.15	..
1939-40	$\frac{113.85}{100} \left( 3 + \frac{T}{100} \right)$	$\frac{113.85}{100} \left( 1 + \frac{14T}{1,000} \right)$	$\frac{113.85}{100} \left( 4\frac{1}{2} + \frac{23T}{2,000} \right)$	53.85105	102.465	..
	Taxable Income £1-£400.	Taxable Income £401-£1,200.	Taxable Income over £1,200.			
			First £1,200.	Excess over £1,200.		
1940-41	<i>d.</i> 20	$\left( 20 + \frac{d}{20} T-400 \right)$	<i>d.</i> 60	<i>d.</i> 120		

(a) Minimum Tax payable is 10s. (b) Taxable Income is the Income remaining after all deductions (including the Statutory Exemption) have been made. (c) Payable on Taxable Income from property dividends, etc., in excess of £250.

Where income is derived from both Personal Exertion and Property sources the rates applicable to each part are those which would apply if the whole of the income had been derived from that source.

A statutory exemption is allowed from income after concessional deductions for wife, children, State taxes paid, insurance premiums, medical and hospital expenses, etc., have been made. For the years 1935-36 to 1939-40 this statutory exemption was £250 less £1 for every £2 by which the income exceeded £250. For 1940-41 the statutory exemption has been reduced to £200 less £1 for every £1 by which the income exceeds £200. The rate of tax payable by residents and non-residents is the same. Prior to 1936-37, however, non-residents were not allowed the statutory exemption.

Companies are assessed at a flat rate of tax, and are not allowed the benefit of a statutory exemption. The rate for the assessment years 1935-36 to 1937-38 was 12d. per £1 of taxable income. For the year 1938-39 it was 13.8d., and 24d. for 1939-40 and 1940-41. In addition to the 1935-36 tax a further tax of 12d. was payable on income from property, dividends, etc. An addition to the 1940-41 tax provides for the payment by non-private companies of a super tax of 1s. in £1 on all income over £5,000 and a tax of 2s. in £1 on undistributed profits.

The following table shows the receipts from income tax in each State and Central Office for the last five years. As previously mentioned, the totals differ from figures already given in (a) above.

## INCOME TAX RECEIPTS.

State, etc.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	- £	£	£	£
Central Office .. ..	2,883,792	2,949,280	3,476,651	4,040,671	6,358,554
New South Wales .. ..	2,615,474	2,489,536	2,580,359	3,608,044	4,356,403
Victoria .. ..	1,823,450	1,773,769	1,952,543	2,397,469	3,276,642
Queensland .. ..	577,306	503,891	529,904	738,119	974,386
South Australia .. ..	398,578	370,895	413,877	551,129	654,190
Western Australia .. ..	349,374	340,369	326,144	369,314	528,296
Tasmania .. ..	107,393	104,684	123,902	153,671	224,506
Northern Territory .. ..	2,434	2,294	2,585	4,417	6,840
<b>Total .. ..</b>	<b>8,757,801</b>	<b>8,534,718</b>	<b>9,405,965</b>	<b>11,862,834</b>	<b>16,379,817</b>

In the table above, differences in the rapidity of assessment and collection will affect the comparison from year to year. With this proviso, the State collections (excluding Central Office collections) relative to population at the beginning of the year specified may be given:—

## INCOME TAX RECEIPTS PER HEAD OF POPULATION.

(EXCLUDING CENTRAL OFFICE COLLECTIONS.)

State.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	s. d.	s. d.	s. d.	s. d.	s. d.
New South Wales .. ..	19 9	18 8	19 2	26 6	31 9
Victoria .. ..	19 10	19 3	21 1	25 8	34 10
Queensland .. ..	10 11	10 3	10 8	14 9	19 2
South Australia .. ..	13 8	12 8	14 1	18 7	22 0
Western Australia .. ..	15 8	15 1	14 4	16 1	22 8
Tasmania .. ..	9 5	9 1	10 8	13 1	19 0
<b>Six States .. ..</b>	<b>17 6</b>	<b>16 6</b>	<b>17 5</b>	<b>22 9</b>	<b>28 0</b>

Agreements made in 1923 between the Commonwealth and all the States, except Western Australia, provide that the Commonwealth tax and the State tax shall be collected by an officer acting for the Commonwealth and State, the Commonwealth appointing the State Commissioner as Deputy Commonwealth Commissioner for the State under the Income Tax Assessment Act of the Commonwealth. Provisions are included relating to the transfer of officers, the accounting of receipts and the division of expenses. A joint form of income tax return is to be used in cases where the income is derived in one State only. The respective agreements were to remain in operation for a period of five years, and thereafter until the expiration of not less than six calendar months, upon notice in writing by either party to the agreement.

In Western Australia an arrangement had previously been made, whereby the Commonwealth undertook the collection of the State income tax.

An amendment to the Income Tax Assessment Act 1936-1940 (The Income Tax Assessment Act (No. 2) 1940) provides for the collection of income tax by deduction of instalments from salaries and wages. The rates of deduction range from sixpence in the £1 on salaries and wages exceeding £3 17s., but not exceeding £4 10s. per week, to a maximum of 5s. in the £1 on salaries and wages exceeding £18 10s. per week. Although the deduction is made at the time of payment of the salary or wages, income tax is payable on annual assessment and provision exists for an employee, on payment of the tax assessed, to obtain a certificate of exemption which authorizes his employer to discontinue making further deductions during the currency of the certificate.

(e) *War-time (Company) Tax.* The War-time (Company) Tax Assessment Act 1940 and the War-time (Company) Tax Act 1940 provide for a tax on the amount by which the taxable profit, derived by any company during the preceding accounting period exceeds the statutory percentage of 8 per cent. on capital employed in the business.

The rate of tax ranges from 4 per cent. of the first 1 per cent. of profits in excess of 8 per cent. to 60 per cent. of profits in excess of 14 per cent.

Provision is made in the Act to increase the statutory percentage in cases where it is considered just that the statutory percentage should be increased, and to deduct from the tax payable any super tax payable under the Income Tax Act 1940.

Private and Co-operative Companies as defined by the Income Tax Assessment Act 1936-1940, Mutual Life Assurance Companies, and companies whose taxable profit does not exceed £1,000 or is derived from commissions, fees or charges for services rendered are exempted from the tax.

(f) *Sales Tax.* The Sales Tax was imposed in August, 1930, as part of the Budget proposals for the year 1930-31. The operation of the tax is controlled chiefly by a system of registration of taxpayers, and 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 used in primary production. Owing to the need for additional revenue for war purposes, certain of these exemptions were withdrawn as from 22nd November, 1940.

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 and 5 per cent., 10 per cent. and 15 per cent. from 22nd November, 1940.

The differential rates applicable as from 22nd November, 1940 relate to different classes of goods specified in Schedules in the Sales Tax (Exemptions and Classifications) Act 1935-1940. The rate of 5 per cent. applies (with one exception) to goods which were formerly exempt but have been brought back into the taxable field. The rate of 15 per cent. is applied to goods which may be described as being of a non-essential nature.

Particulars of the net amount of sales tax payable, and the sales of taxable, non-taxable and exempt goods in each State for 1939-40 are given in the following table. The figures regarding "Tax payable" are in respect of the periods 1st July to 30th June of each year adjusted on account of rebates of tax allowed in returns to taxpayers as deductions, while those relating to sales are in respect of the periods 1st June to 31st May.

## SALES TAX AND AMOUNT OF SALES, 1939-40.(a)

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.	
New South Wales ..	85,813	89,443	116,342	79,631	4,638	486	5,124
Victoria ..	70,783	79,398	96,590	65,222	3,783	310	4,093
Queensland ..	23,709	10,976	38,757	22,866	1,286	85	1,371
South Australia ..	14,323	11,271	24,752	12,863	759	70	829
Western Australia ..	9,523	4,049	19,581	9,408	552	42	594
Tasmania ..	2,937	1,651	6,396	2,583	158	25	183
Northern Territory	18	2	61	16	1	1	2
<b>Total ..</b>	<b>207,106</b>	<b>196,790</b>	<b>302,479</b>	<b>192,589</b>	<b>11,177</b>	<b>1,019</b>	<b>12,196</b>

(a) The difference between the amount of tax collected and the amount of tax calculated at the ruling rate on the net amount of sales on which tax was payable is due to rebates allowed as deductions from tax without the corresponding deduction from "Net Sales".

Similar details for Australia as a whole for each year since the inception of the tax in 1930-31 are given in the following table:—

## SALES TAX AND AMOUNT OF SALES, 1930-31 TO 1939-40.

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.	
1930-31 ..	145,805	102,663	170,434	138,756	3,179	293	3,472
1931-32 ..	156,608	119,971	189,634	147,730	7,931	501	8,432
1932-33 ..	158,469	135,843	195,285	147,217	8,797	594	9,391
1933-34 ..	162,852	135,877	191,370	150,614	8,166	540	8,706
1934-35 ..	170,256	140,735	202,320	156,791	7,967	614	8,581
1935-36 ..	188,228	156,692	219,756	174,312	8,779	703	9,482
1936-37 ..	187,433	162,046	251,820	174,443	7,522	644	8,166
1937-38 ..	198,083	180,117	283,622	183,479	7,342	707	8,049
1938-39 ..	197,809	171,810	280,282	183,206	8,559	758	9,317
1939-40 ..	207,106	196,790	302,479	192,589	11,177	1,019	12,196
<b>Total ..</b>	<b>1,772,649</b>	<b>1,502,544</b>	<b>2,287,002</b>	<b>1,649,227</b>	<b>79,419</b>	<b>6,373</b>	<b>85,792</b>

In the foregoing tables exempt sales relate to goods exempted from sales tax under the Sales Tax Exemptions Act, 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 above statistics.

(g) *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. Provision is made in another Act for the imposition of a special tax on wheat when world parity rises above 5s. 2d. at Williamstown.

Net collections after allowing for refunds made and tax outstanding were as follows :—

#### FLOUR TAX.

State, etc.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
New South Wales .. ..	450,785	Dr. 8,744	2,400	704,152	951,185
Victoria .. ..	320,770	Dr. 465	972	531,577	696,428
Queensland .. ..	153,994	Dr. 1,074	Dr. 329	237,854	334,040
South Australia .. ..	98,580	Dr. 283	Dr. 15	141,048	203,964
Western Australia .. ..	80,873	Dr. 1,623	Dr. 3	123,856	162,908
Tasmania .. ..	40,468	Dr. 4	..	55,346	72,220
Northern Territory .. ..	..	..	..	..	Dr. 8
<b>Total .. ..</b>	<b>1,145,470</b>	<b>Dr. 12,193</b>	<b>3,025</b>	<b>1,793,833</b>	<b>2,420,737</b>

(h) *Wool Levy.* The Wool Tax Acts, assented to in May, 1936, provide 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. The levy is payable prior to export on wool not previously taxed in the hands of a broker or dealer. The rates applicable are :—6d. per bale; 3d. per fadge or butt; and 1d. per bag. The amounts levied during the past four years were as follows :—

#### WOOL LEVY.

State.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£
New South Wales .. ..	32,616	32,689	28,889	35,175
Victoria .. ..	15,778	17,030	15,493	17,236
Queensland .. ..	11,070	13,962	14,451	15,738
South Australia .. ..	6,462	7,246	8,243	8,613
Western Australia .. ..	4,768	5,211	5,795	6,054
Tasmania .. ..	1,211	1,385	1,525	1,545
<b>Total .. ..</b>	<b>72,805</b>	<b>77,523</b>	<b>74,396</b>	<b>84,361</b>

(i) *Gold Tax.* The Gold Tax Collection Act 1939-1940 and the Gold Tax Act 1939 impose 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 exceeds £9. The amount of tax collected during 1939-40 was £1,214,621.

(j) *Taxation Legislation.* A Royal Commission was appointed by the Commonwealth Government in October, 1932, to inquire into and report upon the simplification and standardization of the taxation laws of the Commonwealth and of the States so far as they relate to similar subject matters of taxation, e.g., income tax, land tax and death duties, and to make recommendations regarding uniformity in legislation and procedure. Four reports covering the field of inquiries were presented and as the result of subsequent conferences between the authorities concerned a substantial degree of legislative uniformity has been attained. Regular conferences are held to ensure the maintenance of uniformity.

3. *Business Undertakings.*—(i) *Postal Revenue.* Particulars concerning this branch of revenue for each of the financial years from 1935-36 to 1939-40 are contained in the following table:—

## COMMONWEALTH POSTAL REVENUE.

Particulars.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Private boxes and bags ..	68,488	70,589	73,039	74,235	74,799
Commission on money orders and postal notes ..	265,999	268,860	280,533	288,580	287,441
Telegraphs .. ..	1,289,772	1,370,518	1,377,623	1,372,300	1,401,204
Telephones .. ..	6,521,747	7,061,245	7,571,635	8,039,580	8,482,940
Postage .. ..	5,933,884	6,170,144	6,498,212	6,635,977	6,660,807
Radio .. ..	365,877	429,047	492,995	516,170	549,439
Miscellaneous .. ..	393,277	416,214	438,164	423,641	421,823
<b>Total .. ..</b>	<b>14,839,044</b>	<b>15,786,617</b>	<b>16,732,201</b>	<b>17,350,491</b>	<b>17,878,453</b>

The foregoing particulars do not include repayments of the States' proportion of pensions or contribution of officers towards pensions under State Acts.

Further particulars of Postal Revenue are given in Chapter V. "Transport and Communication."

(ii) *Railway Revenue.* The Commonwealth Government is responsible for four lines—the Trans-Australian, the Central Australian, the North Australian and the Australian Capital Territory lines. The appended table shows the amounts paid into the credit

of the Consolidated Revenue Fund on account of each of these railways for the last five years :—

## COMMONWEALTH RAILWAY REVENUE.

Railway.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Trans-Australian ..	248,939	270,161	267,754	330,643	368,218
Central Australian ..	98,634	122,698	124,417	137,521	146,921
North Australian ..	30,656	36,440	37,768	50,471	60,797
Australian Capital Territory	5,379	6,994	5,803	7,275	11,736
<b>Total .. ..</b>	<b>383,608</b>	<b>436,293</b>	<b>435,742</b>	<b>525,910</b>	<b>587,672</b>

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

4. **Other Sources of Revenue.**—The most important investments of the Commonwealth Government from which interest is derived are—Loans to States, General Trust Funds, Loans placed in London, Fixed Deposits with the Commonwealth and other Banks, and certain advances. In 1939-40 the total included interest received from the British Government on Development and Migration Loans and advances for miscellaneous purposes, payable by States; Interest on General Trust Fund Investments; Interest, Nauru Island Agreement; repayments of principal and interest in respect of War Service Homes advances; and repayment of advances to the States for the benefit of Settlers. As previously mentioned, the "Balance of Interest on States' Debts" payable by States under the Financial Agreement has not been included in the "Grand Total" in the detailed statement.

## 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) Payment to States of surplus revenue ;

Of these three, only the first two were actual expenditure, the last being merely a transfer, the actual expenditure being incurred by the States. In accordance with the provisions of the Constitution, the expenditure on transferred services was, under the "book-keeping" system, debited to the several States in respect of which such expenditure was incurred, while the expenditure on new services was distributed *per capita*. Surplus Commonwealth revenue was paid to the States monthly. 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 State under this agreement which was ratified by all Governments concerned.

2. **Details of Expenditure from Consolidated Revenue.**—(i) *General.* The following table gives details of the expenditure from Consolidated Revenue during the last five years. The "Balance of Interest on States' Debts" (recoverable from the States) is placed at the foot of the table, but is not included in the "Grand Total" therein. Details for each Department, as constituted at 30th June, 1940, are stated hereafter.

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

## COMMONWEALTH EXPENDITURE FROM CONSOLIDATED REVENUE.

Departments, etc.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
War and Repatriation (1914-19)					
Services (a) .. .. .	18,241,399	18,723,953	18,948,300	19,256,812	18,834,542
Defence and War (1939-40) Services—					
War Services (1939-40) .. .. .					15,315,993
Army (including Co-ordination) ..	1,592,868	2,023,372	2,060,732	3,324,650	3,770,571
Navy .. .. .	2,254,799	2,580,704	2,497,733	2,755,085	3,005,000
Air .. .. .	551,171	948,671	1,289,973	1,384,971	2,043,831
Supply and Development (including					
Munitions) .. .. .	414,682	436,966	523,550	596,653	748,415
Governor-General .. .. .	28,240	34,245	35,067	32,765	30,787
Parliament .. .. .	390,120	505,287	516,494	444,873	449,876
Prime Minister .. .. .	1,307,414	1,263,210	1,510,259	1,355,842	1,509,582
External Affairs .. .. .	70,339	63,104	58,263	70,168	117,782
Treasury .. .. .	2,277,647	1,958,085	2,403,259	2,582,362	2,663,351
Attorney-General .. .. .	239,702	252,158	263,319	281,497	276,557
Interior .. .. .	1,267,482	972,733	1,018,526	1,275,392	1,257,593
Civil Aviation .. .. .	102,271	275,563	129,013	328,150	494,060
Trade and Customs .. .. .	878,762	891,292	993,503	1,064,124	1,032,890
Health .. .. .	268,921	241,443	402,003	338,155	289,174
Commerce .. .. .	978,937	1,122,242	1,149,511	1,208,927	1,170,951
Business Undertakings—					
Postmaster-General .. .. .	12,523,878	13,203,176	13,964,473	15,028,233	15,285,709
Railways .. .. .	1,016,968	1,076,077	1,140,315	1,351,041	1,472,521
Total, Business Undertakings ..	13,540,846	14,279,253	15,104,788	16,379,274	16,758,230
Territories—					
Australian Capital Territory ..	566,289	585,869	615,401	637,228	656,078
Northern Territory .. .. .	190,832	262,113	381,931	402,899	382,804
Papua .. .. .	68,509	55,821	48,825	48,830	48,610
New Guinea .. .. .	3,308	13,431	5,058	5,532	5,988
Norfolk Island .. .. .	7,200	4,409	5,911	5,471	4,071
Total, Territories .. .. .	836,138	921,643	1,057,126	1,099,960	1,097,551
New Works .. .. .	3,237,317	4,319,562	3,551,776	6,565,268	(b) 3,036,445
Invalid and Old-age Pensions	12,797,726	13,998,793	15,798,687	15,991,782	16,459,245
Maternity Allowances .. .. .	335,552	370,150	400,004	436,614	416,964
Payments to or for States—					
Interest on States' Debts .. .. .	7,584,912	7,584,912	7,584,912	7,584,912	7,584,912
Sinking Fund on States' Debts ..	1,350,880	1,416,548	1,454,385	1,477,976	1,536,055
Special Grants .. .. .	2,750,000	2,430,000	2,350,000	2,020,000	2,020,000
Federal Aid Roads .. .. .	2,778,899	3,039,530	4,149,492	4,266,556	4,455,845
Other Grants .. .. .	100,000	551,000	450,500	300,000	100,000
Total to or for States (c) .. ..	14,573,691	15,021,990	15,989,289	15,649,444	15,696,812
Relief to Primary Producers .. ..	2,449,597	327,000	262,166	2,014,713	2,509,266
Grand Total(d) .. .. .	78,635,621	81,531,419	85,963,421	94,437,481	108,985,409
Per head of Population .. .. .	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Excess Receipts (e) .. .. .	11 12 11	11 19 8	12 10 6	13 12 8	15 11 7
	3,567,720	1,276,558	3,494,733	627,309	2,928,375
Balance of Interest on States' Debts—payable by States ..	24,786,646	25,081,605	25,580,374	25,584,456	26,299,098

(a) For details see § 5.

(b) Excludes Defence and War (1939-40) Services paid from Loan Fund

(c) Excludes balance of interest payable on States' Debts (recoverable from States). (d) Excludes amounts expended from excess receipts of previous years (see page 845).

(e) Appropriated for payment of Invalid and Old-age Pensions in following year.

The items included under the general heads above are referred to in some detail later. Particulars for each department do not include the expenditure on new works which is given in (iii) (a) below.



(ii) *Cost of Departments.*—(a) *Governor-General.* Section 30 of the Constitution enacts that, until the Commonwealth Parliament otherwise provides, there shall be payable out of the Consolidated Revenue Fund for the salary of the Governor-General an annual sum of ten thousand pounds, and a proviso is made that the salary of the Governor-General shall not be altered during his continuance in office. The expenditure in connexion with the Governor-General and establishment for the five years 1935-36 to 1939-40 was as follows :—

## EXPENDITURE : GOVERNOR-GENERAL AND ESTABLISHMENT.

Details.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Salary .. .. .	9,882	10,000	10,000	10,000	10,000
Governor-General's Establishment .. .. .	10,773	13,641	15,350	12,305	11,379
Contingencies (a) .. .. .	3,266	5,913	5,003	5,381	4,746
Interest and Sinking Fund .. .. .	4,319	4,691	4,714	5,079	4,662
<b>Total .. .. .</b>	<b>28,240</b>	<b>34,245</b>	<b>35,067</b>	<b>32,765</b>	<b>30,787</b>

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

(b) *Parliament.* Under this head have been grouped all the items of expenditure connected with the parliamentary government of the Commonwealth for the last five years. 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.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Salaries of Ministers .. .. .	13,260	15,130	15,782	19,325	19,941
Allowances to Senators .. .. .	29,549	32,617	33,877	36,171	36,200
Allowances to Members of House of Representatives .. .. .	61,685	67,283	70,058	74,900	75,211
Officers, staff, contingencies, etc.	59,101	61,591	64,183	71,120	69,958
Rent, repairs, maintenance, etc.	10,962	12,601	12,873	14,679	18,560
Printing .. .. .	23,075	19,000	22,217	22,000	22,815
Travelling expenses of Members and others .. .. .	28,968	30,472	33,347	41,429	40,215
Electoral Office .. .. .	79,375	81,357	86,102	85,143	86,164
Election expenses .. .. .	611	100,042	101,628	3,232	978
Administration of Electoral Act	18,017	28,232	29,391	20,029	30,066
Interest and Sinking Fund .. .. .	42,243	38,283	38,463	41,444	38,016
Miscellaneous .. .. .	23,274	18,679	8,573	15,401	11,752
<b>Total .. .. .</b>	<b>390,120</b>	<b>505,287</b>	<b>516,494</b>	<b>444,873</b>	<b>449,876</b>

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 amounts, together with subsequent increases will be found on pp. 14 and 17 of this issue.

(c) *Prime Minister's Department.* This department was created during the financial year 1911-12. In addition to the services indicated below, this department administers the external Territories of New Guinea, Papua, Nauru and Norfolk Island. For convenience, particulars of expenditure on account of these Territories are shown hereinafter under that heading. The expenditure for the last five years is shown in the following table :—

## EXPENDITURE : PRIME MINISTER'S DEPARTMENT.(a)

Details.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Salaries, contingencies and miscellaneous .. .. .	198,215	239,259	(b)472,322	236,221	224,840
Audit Office .. .. .	38,061	36,587	38,046	38,434	35,697
Rent, repairs, etc. .. .. .	9,373	7,981	6,568	8,120	10,789
Public Service Board's Office .. .. .	42,185	49,825	52,807	50,688	50,972
High Commissioner's Office .. .. .	54,523	59,217	57,945	81,369	90,482
Interest and Sinking Fund .. .. .	790,516	679,279	630,018	613,696	518,133
Mail Service, Pacific Islands .. .. .	40,000	40,700	40,346	49,077	41,159
Council for Scientific and Industrial Research .. .. .	126,685	140,534	177,435	197,764	242,808
Pensions and Superannuation .. .. .	7,856	9,828	9,772	10,473	10,702
North Australia Survey .. .. .	..	..	25,000	10,000	10,000
National Oil Pty. Ltd. Agreement .. .. .	..	..	..	60,000	274,000
<b>Total .. .. .</b>	<b>1,307,414</b>	<b>1,263,210</b>	<b>1,510,259</b>	<b>1,355,842</b>	<b>1,509,582</b>

(a) Excluding Territories, see page 868. (b) Includes special appropriation of £250,000 for Science and Industry.

(d) *Department of External Affairs.* The Department of External Affairs was dissociated from the Prime Minister's Department in 1935-36. Its functions include, *inter alia*, communications with British diplomatic missions and consulates on political matters, foreign affairs, inter-Imperial and Dominion political relations, treaties and international agreements, and League of Nations matters, etc. During 1939-40 representatives of the Commonwealth were installed in Washington and Ottawa. Expenditure for the years 1935-36 to 1939-40 are given in the following table :—

## EXPENDITURE : EXTERNAL AFFAIRS.

Details.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Salaries and General .. .. .	7,827	12,417	14,215	20,129	19,964
Legation, Washington .. .. .	..	..	..	..	11,917
High Commissioner, Ottawa .. .. .	..	..	..	..	7,254
Contribution, League of Nations Secretariat .. .. .	52,687	42,929	34,112	43,329	44,870
Miscellaneous .. .. .	9,825	7,758	9,936	6,710	(a) 33,777
<b>Total .. .. .</b>	<b>70,339</b>	<b>63,104</b>	<b>58,263</b>	<b>70,168</b>	<b>117,782</b>

(a) Includes Grants of £10,000 to the Finnish Government for Red Cross purposes, £10,000 to the Polish Government for relief of distress and £9,597 to the Turkish Government for relief of distress caused by earthquake.

(e) *Department of the Treasury.* The sub-departments under the control of the Commonwealth Treasurer are the Treasury, the Pensions Department, the Taxation Office, the Supply and Tender Board, the Superannuation Fund Management Board, and the Bureau of Census and Statistics which was transferred from the Department

of Home Affairs on 13th April, 1932. Details of the expenditure of this department for the last five years are given in the following table :—

**EXPENDITURE : DEPARTMENT OF THE TREASURY.**

Details.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Treasury .. ..	49,678	50,868	52,234	56,528	66,400
Taxation Office .. ..	547,751	579,629	595,238	618,537	631,692
Pensions and Maternity Allowance Office .. ..	123,089	125,084	133,864	138,634	140,775
Superannuation Board .. ..	6,286	6,847	7,987	8,623	7,691
Census and Statistics .. ..	30,022	37,021	47,696	60,939	62,589
Census .. ..	23,932	16,207	9,789	4,113	1,387
Rent, repairs, etc. .. ..	16,841	18,006	17,406	23,088	18,085
Interest and Sinking Fund Exchange .. ..	775,388	601,695	675,250	911,004	957,002
Loan Conversion expenses .. ..	637,998	445,197	579,668	514,240	482,427
Gold Tax Collection .. ..	8	..	126,522	1,588	..
Miscellaneous .. ..	66,654	77,531	(a) 157,605	(b) 245,068	182,491
Departmental Expenditure	2,277,647	1,958,085	2,403,259	2,582,362	2,663,351
Invalid and Old-age Pensions (c) .. ..	12,797,726	13,998,793	15,798,687	15,991,782	16,459,245
Maternity Allowances .. ..	335,552	370,150	400,004	436,614	416,964
<b>Total .. ..</b>	<b>15,410,925</b>	<b>16,327,028</b>	<b>18,601,950</b>	<b>19,010,758</b>	<b>19,539,560</b>

(a) Includes £96,602 Works and Services. (b) Includes £180,311 for administration and payments to approved societies in connexion with National Insurance. (c) Includes maintenance of pensioners in charitable institutions.

(f) *Attorney-General's Department.* Details for the five years 1935-36 to 1939-40 are furnished hereunder :—

**EXPENDITURE : ATTORNEY-GENERAL'S DEPARTMENT.**

Details.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Attorney-General's Office .. ..	20,179	22,985	19,307	19,699	20,438
Crown Solicitor's Office .. ..	24,322	26,712	24,869	27,642	28,219
Salaries of Justices of High Court .. ..	18,417	18,500	18,500	18,500	18,500
High Court expenses .. ..	14,540	14,308	16,639	15,615	15,248
Court of Conciliation and Arbitration .. ..	19,748	19,593	22,372	24,046	26,052
Public Service Arbitrator's Office .. ..	3,031	3,501	3,721	5,919	3,932
Rent, repairs, etc. .. ..	19,523	18,333	14,539	15,131	15,137
Patents, Trade Marks, etc. .. ..	53,285	59,346	67,686	71,126	63,635
Investigation Branch .. ..	11,537	11,817	13,336	16,219	19,098
Bankruptcy .. ..	36,281	37,838	42,249	44,551	44,126
Reporting Branch .. ..	10,965	10,653	11,115	13,922	13,371
Miscellaneous .. ..	7,874	8,572	8,986	9,127	8,801
<b>Total .. ..</b>	<b>230,702</b>	<b>252,158</b>	<b>263,319</b>	<b>281,497</b>	<b>276,557</b>

(g) *Department of the Interior.* In April 1932, the Departments of Home Affairs and Works were abolished, and the services under the control of these departments were assumed by a new department styled the Department of the Interior. The Bureau of Census and Statistics, formerly under the Department of Home Affairs, was, however, transferred to the Department of the Treasury. The Commonwealth Railways and the Northern and Australian Capital Territories, which are administered by the Department of the Interior, are for convenience respectively included under Railways (o) and Territories (p) hereinafter. The Electoral Office was previously attached to the Department of Home Affairs, but, as was the case in previous years, the expenditure of this branch is included under Parliament, in (b) above.

Particulars of the expenditure for the last five years on services under the control of this Department are as follows:—

## EXPENDITURE: DEPARTMENT OF THE INTERIOR.(a)

Details.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
Salaries, Contingencies and Miscellaneous—	£	£	£	£	£
Administrative ..	155,956	175,048	204,553	380,550	462,441
Meteorological Bureau ..	38,413	44,455	60,675	80,107	43,938
Solar Observatory ..	5,354	5,600	6,587	6,816	8,793
Forestry Branch ..	5,670	6,922	8,009	10,436	10,545
Rent, Repairs and Maintenance ..	13,691	16,930	14,851	17,618	18,537
Pensions and Retiring Allowances (b) ..	18,725	19,069	19,985	20,567	21,033
Petroleum Prospecting ..	256,500	2,800	..	..	..
Interest ..	713,363	639,109	637,926	690,061	619,607
Sinking Fund ..	59,810	62,800	65,940	69,237	72,699
<b>Total .. ..</b>	<b>1,267,482</b>	<b>972,733</b>	<b>1,018,526</b>	<b>1,275,392</b>	<b>1,257,593</b>

(a) Excludes Territories, Railways and Electoral Office.

(b) Includes Superannuation.

(h) *Defence Services.* During the year 1938-39 the Munitions Supply Branch of the Department of Defence was created a separate department, under the name of Supply and Development. Similarly, the Civil Aviation Branch was created the Department of Civil Aviation. In 1939-40, however, the Departments of Defence Co-ordination, the Navy, the Army, Air, Supply and Development and Munitions were created. Although distinct departments, particulars of each for the last five years have been grouped under the general heading of Defence Services.

## EXPENDITURE: DEFENCE SERVICES.

Details.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
Defence Co-ordination—	£	£	£	£	£
Salaries and General ..	21,892	26,873	29,986	41,223	111,475
National Register ..	..	..	..	4,410	60,828
Man-power Committee ..	..	..	..	..	11,686
Rent, Repairs and Maintenance ..	2,999	4,631	2,764	3,885	2,807
Superannuation ..	..	..	..	..	3,749
<b>Total .. ..</b>	<b>24,891</b>	<b>31,504</b>	<b>32,750</b>	<b>49,518</b>	<b>196,835</b>
Navy—					
Salaries, General Expenses, Services, etc. ..	2,038,439	2,311,159	2,215,156	2,592,328	2,829,193
Audit (Proportion) ..	2,548	2,434	2,634	2,475	2,672
Pensions and Retiring Allowances (a) ..	4,053	4,302	4,309	4,578	4,643
Rent, Repairs, etc. ..	22,800	26,064	15,465	28,072	28,717
Interest and Sinking Fund ..	73,868	88,862	91,550	127,632	139,775
Exchange ..	113,091	146,983	168,669	(b)	(b)
<b>Total .. ..</b>	<b>2,254,799</b>	<b>2,580,704</b>	<b>2,497,783</b>	<b>2,755,085</b>	<b>3,005,000</b>
Army—					
Salaries, General Expenses, Services, etc. ..	1,254,014	1,556,194	1,670,933	2,941,264	3,177,246
Audit (Proportion) ..	5,946	5,678	7,610	6,110	12,145
Pensions and Retiring Allowances (a) ..	43,872	48,328	52,187	54,835	49,863
Rent, Repairs, etc. ..	42,590	61,845	46,652	65,117	117,545
Interest and Sinking Fund ..	172,694	167,750	170,661	207,806	214,270
Exchange ..	48,861	152,073	79,939	(b)	(b)
Miscellaneous ..	..	..	..	..	c) 2,600
<b>Total .. ..</b>	<b>1,567,977</b>	<b>1,991,868</b>	<b>2,027,982</b>	<b>3,275,132</b>	<b>3,573,669</b>

(a) Includes Superannuation. Services.

(b) Exchange charged to votes concerned.

(c) Meteorological

EXPENDITURE : DEFENCE SERVICES—*continued.*

Details.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
<b>Air—</b>	£	£	£	£	£
Salaries, General Expenses, Services, etc.	472,892	677,073	983,008	1,303,577	1,939,319
Audit .. .. .	..	..	..	..	2,186
Rent, Repairs, etc. .. .. .	24,757	22,736	11,772	11,777	13,433
Interest and Sinking Fund .. .. .	23,697	24,745	28,297	64,119	75,295
Exchange .. .. .	25,321	219,444	262,003	(b)	(b)
Superannuation .. .. .	4,504	4,673	4,803	5,498	7,606
Miscellaneous .. .. .	..	..	..	..	(c) 6,000
<b>Total .. .. .</b>	<b>551,171</b>	<b>948,671</b>	<b>1,289,973</b>	<b>1,384,971</b>	<b>2,043,839</b>
<b>Supply and Development—</b>					
Salaries and General .. .. .	..	..	..	35,698	137,085
Rent, Repairs, Maintenance .. .. .	..	..	..	334	9,950
<b>Total .. .. .</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>36,032</b>	<b>147,035</b>
<b>Munitions—</b>					
Munitions Factories .. .. .	360,729	375,133	459,477	477,695	512,883
Audit .. .. .	..	..	..	..	2,429
Superannuation .. .. .	235	282	484	393	1,221
Interest and Sinking Fund .. .. .	53,718	61,551	63,589	82,513	84,847
<b>Total .. .. .</b>	<b>414,682</b>	<b>436,966</b>	<b>523,550</b>	<b>560,601</b>	<b>601,380</b>
<b>Grand Total, Defence Services .. .. .</b>	<b>4,813,520</b>	<b>5,989,713</b>	<b>6,372,038</b>	<b>8,062,359</b>	<b>9,567,738</b>

(a) Includes Superannuation. (b) Exchange charged to votes concerned. (c) Meteorological Services.

(i) *War (1939-40) Services.* In addition to the expenditure on Defence Services described above, a sum of £15,315,993 was expended from revenue on War Services. Particulars are as follows :—

## EXPENDITURE : WAR (1939-40) SERVICES.

Details.	1939-40.
	£
<b>Permanent Naval Forces—</b>	
Salaries and General .. .. .	700,000
Auxiliary Vessels for Local Defence .. .. .	600,000
Other Naval .. .. .	659,226
<b>Military Forces—</b>	
Pay and allowances .. .. .	5,646,000
Camp expenses and general services .. .. .	1,800,000
Arms, armament, ammunition, machinery, equipment, etc... .. .	4,000,000
Other Military .. .. .	310,000
<b>Munitions—</b>	
Maintenance of factories, working credits for annexes, etc. .. .. .	760,000
Other Munitions .. .. .	53,644
Interest and Sinking Fund on Loans for war purposes .. .. .	543,362
Miscellaneous .. .. .	243,761
<b>Total .. .. .</b>	<b>15,315,993</b>

(j) *Civil Aviation.* Particulars of expenditure on Civil Aviation for the years 1935-36 to 1939-40 are as follows :—

## EXPENDITURE : DEPARTMENT OF CIVIL AVIATION.

Details.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Civil Aviation—					
Salaries and General .. ..	40,686	53,320	71,862	89,946	133,124
Development of Civil Aviation..	52,875	211,032	42,816	102,232	238,134
Meteorological Services .. ..	..	..	..	..	58,000
Rent, Repairs and Maintenance ..	3,573	5,948	6,570	8,428	12,674
Interest and Sinking Fund .. ..	5,137	5,263	5,818	11,625	10,663
Other .. ..	..	..	(a) 1,927	(a) 55,919	(a) 41,465
<b>Total .. ..</b>	<b>102,271</b>	<b>275,563</b>	<b>129,043</b>	<b>328,150</b>	<b>494,060</b>

(a) Empire Air Services.

(k) *Department of Trade and Customs.* Under this head have 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 1935-36 to 1939-40 are given in the following table :—

## EXPENDITURE : DEPARTMENT OF TRADE AND CUSTOMS.

Details.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40
	£	£	£	£	£
Chief Office(a) .. ..	64,745	79,706	88,755	88,016	96,744
Customs—States .. ..	520,036	553,310	589,475	621,425	629,955
Audit (Proportion) .. ..	11,610	11,086	12,000	11,786	11,400
Pensions and Superannuation ..	44,947	45,548	44,906	45,063	47,008
Rent, Repairs, etc. .. ..	11,722	11,539	11,096	7,373	7,075
Bounties .. ..	175,422	153,878	210,485	225,636	134,809
Interest and Sinking Fund .. ..	35,358	31,418	31,870	34,321	31,535
Miscellaneous .. ..	14,922	4,807	4,916	30,504	(b) 74,364
<b>Total .. ..</b>	<b>878,762</b>	<b>891,292</b>	<b>993,503</b>	<b>1,064,124</b>	<b>1,032,890</b>

(a) Includes Tariff Board and Film Censorship. (b) Includes £70,419 remission of duty on materials imported for ships constructed for the Commonwealth Government.

(l) *Department of Health.* This department came into existence in the financial year 1921-22. Details of expenditure for the last five years are as follows:—

## EXPENDITURE : DEPARTMENT OF HEALTH.

Details.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Central Administration ..	33,227	37,073	40,308	42,456	43,134
States—Salaries, Contingen- cies, etc. .. ..	79,368	83,621	88,414	93,050	91,907
Interest and Sinking Fund ..	21,497	22,060	22,255	23,661	22,117
Rent and repairs .. ..	10,415	14,404	12,284	14,102	10,907
Pensions and Superannuation	2,634	2,673	2,664	2,870	3,015
Subsidy, Cattle Tick Con- trol .. ..	54,450	48,350	69,450	69,450	59,450
Medical Research .. ..	4,184	4,851	30,000	30,000	10,000
Aerial Medical Services sub- sidy .. ..	..	4,626	5,000	5,000	7,500
Miscellaneous .. ..	(a) 63,146	23,785	(b) 131,628	(c) 57,566	(d) 41,144
Total .. ..	268,921	241,443	402,003	338,155	289,174

(a) Includes grant, maternal and infant welfare, £50,000. (b) Includes National Health Campaign, £100,000. (c) Includes reserve of essential drugs and medical equipment, £39,430. (d) Includes reserve of drugs, etc., £13,445 and Commonwealth Council for National Fitness, £18,222.

Other items included in "Miscellaneous" are expenses in connexion with the Commonwealth X-ray and Radium Laboratory, maternal and infant hygiene, nutrition investigations, etc.

(m) *Department of Commerce.* The Department of Commerce was created in April, 1932, by the amalgamation of the Departments of Markets and of Transport. Commonwealth Railways, formerly administered by the Minister for Transport, were transferred to the control of the Minister for the Interior on the amalgamation in 1932. Some details relating to the creation of the Departments of Markets and Transport are given in Official Year Book No. 25, pp. 295-6. Particulars of the expenditure of the Department of Commerce for the last five years are given below:—

## EXPENDITURE : DEPARTMENT OF COMMERCE.

Details.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Salaries, Contingencies and Miscellaneous—					
Administrative .. ..	41,918	45,042	49,916	58,218	51,683
Marine .. ..	206,199	206,199	206,966	208,129	211,506
Administration of Com- merce Act .. ..	127,039	141,313	168,216	174,876	190,274
Australian National Travel Association .. ..	10,000	15,000	20,000	20,000	15,000
Oversea Trade Publicity ..	25,000	37,500	37,500	47,016	17,000
Commercial Intelligence					
Abroad .. ..	34,351	32,814	38,795	47,248	49,827
Wool Publicity and Research	..	64,541	77,921	73,816	83,577
Assistance Marketing Pri- mary Produce .. ..	(a) 15,808	(a) 189	..	..	..
Fruit Bounties .. ..	74,300	124,566	65,900	10,462	4,057
Rent, Repairs, Maintenance, etc. .. ..	9,535	10,118	11,679	18,386	16,461
Pensions and Retiring					
Allowances .. ..	10,544	10,778	11,714	12,959	13,008
Interest .. ..	170,583	191,926	191,637	198,599	189,092
Sinking Fund .. ..	211,989	222,589	233,718	245,404	257,669
All Other .. ..	41,671	19,667	35,549	(b) 93,814	(c) 71,797
Total .. ..	978,937	1,122,242	1,149,511	1,208,927	1,170,951

(a) To citrus industry. (b) Includes representation New York World's Fair, £39,780, and San Francisco Exhibition, £21,335. (c) Includes representation New Zealand Centenary Exhibition £44,074, and New York World's Fair, £14,359.

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

## EXPENDITURE : POSTMASTER-GENERAL'S DEPARTMENT.

Details.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Salaries, Stores and Materials, Mail Engineering Services, etc. . . . .	9,205,735	9,737,926	10,462,332	11,563,510	11,648,240
Public Works Staff—Salaries, etc. . . . .	34,150	60,000	60,000	60,000	60,000
Audit (proportion) . . . . .	10,140	10,650	10,650	11,660	12,000
Pensions and retiring allowances . . . . .	90,380	86,029	79,035	75,113	67,782
Superannuation . . . . .	260,975	283,958	301,078	316,747	333,345
Rents, repairs, etc. . . . .	103,865	131,603	117,352	114,183	100,306
Interest . . . . .	1,523,057	1,498,967	1,462,843	1,398,690	1,401,196
Sinking Fund . . . . .	971,566	1,023,673	1,075,248	1,128,933	1,213,878
Exchange . . . . .	324,010	370,370	395,935	359,397	448,962
<b>Total . . . . .</b>	<b>12,523,878</b>	<b>13,203,176</b>	<b>13,964,473</b>	<b>15,028,233</b>	<b>15,285,709</b>

(o) *Railways.* In 1928-29 the Commonwealth Railways were transferred from the Department of Works and Railways to the Department of Markets and Transport. In April, 1932, the administration was placed under the Department of the Interior. The expenditure on railways for the last five years is shown below as distinct from the expenditure of the other services controlled by the latter department.

## EXPENDITURE : COMMONWEALTH RAILWAYS.

Details.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Working Expenses—					
Trans-Australian . . . . .	248,257	292,515	381,404	493,463	527,272
North Australian . . . . .	40,908	39,518	40,281	55,186	91,404
Central Australian . . . . .	138,234	132,859	161,251	214,374	216,728
Australian Capital Territory . . . . .	5,885	5,809	5,754	7,365	8,486
Interest . . . . .	427,094	434,916	385,195	392,194	395,323
Sinking Fund . . . . .	71,494	76,450	71,648	75,230	78,991
Exchange . . . . .	70,695	68,024	55,875	62,674	83,193
Contribution to South Australia (Port Augusta—Port Pirie Railway) . . . . .	..	..	20,000	20,000	20,000
Superannuation . . . . .	11,100	11,775	12,977	13,467	13,982
Miscellaneous . . . . .	3,241	14,211	5,930	17,088	37,142
<b>Total . . . . .</b>	<b>1,016,968</b>	<b>1,076,077</b>	<b>1,140,315</b>	<b>1,351,041</b>	<b>1,472,521</b>

Additional details of the financial operations of the Commonwealth Railways are given in Chapter V. "Transport and Communication."



(p) *Territories.* The following table shows the expenditure on account of territorial services for the last five years. The internal territories are administered by the Department of the Interior, while the Prime Minister's Department 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* issued by this Bureau.

## EXPENDITURE : TERRITORIES.

Details.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
Internal—	£	£	£	£	£
Australian Capital (a) ..	566,289	585,869	615,401	637,228	656,078
Northern (a) .. ..	190,832	262,113	381,931	402,899	382,804
External—					
Papua .. ..	68,509	55,821	48,825	48,830	48,610
New Guinea .. ..	3,308	13,431	5,058	5,532	5,988
Norfolk Island .. ..	7,200	4,409	5,911	5,471	4,071
Total .. ..	836,138	921,643	1,057,126	1,099,960	1,097,551

(a) Exclusive of Railways.

(iii) *Miscellaneous.* (a) *New Works.* The expenditure on additions, new works, etc., during the last five years was as follows:—1935-36, £3,237,317; 1936-37, £4,319,562 (excluding £2,000,000 provided from excess receipts for Defence equipment); 1937-38, £3,551,776 (excluding £1,000,000 provided from excess receipts for Post Office works); 1938-39, £6,565,268 (excluding £3,494,733 provided from excess receipts for Defence equipment); and 1939-40, £3,036,445 (excluding £627,309 provided from excess receipts for Defence equipment, also expenditure on Defence and War (1939-40) works, etc., £30,831,460, provided from Loan and Trust Funds).

(b) *War Services.* Full details concerning the expenditure from Consolidated Revenue upon War and Repatriation (1914-19) will be found in § 5 and in respect of the present War on pp. 863-4.

## 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 in the Constitution Act with reference to the payments to be made to the States, and the following statement briefly outlines the principal financial provisions of the Constitution in regard to the distribution of revenues received by the Commonwealth.

2. *Uniform Customs Duties.*—Prior to Federation, State revenues were largely derived from Customs and Excise duties and as the Commonwealth Constitution Act (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.

3. *Special Western Australian Tariff.*—Section 95 of the Constitution authorized the Western Australian Government for a period of five years after the imposition of the uniform customs duties to impose 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.

Provision was also contained in this section for the regulation of the rates of duty.

4. 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.

(a) 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 has become 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 of 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.
- (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.

5. **Special Grants.**—The Constitution provides in Section 96 for the granting of special financial assistance to the States. Reference has already been made herein 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, was £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, and for unemployment relief which covers *inter alia* metalliferous mining and forestry. Grants which have been made from time to time from loan fund are indicated in the statement of loan expenditure on page 873.

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
<b>Total .. .. .</b>	<b>2,000,000</b>	<b>500,000</b>	<b>500,000</b>

6. **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 1936-37 to 1940-41 were as follows:—

State.	Grant Recommended.				
	1936-37.	1937-38.	1938-39.	1939-40.	1940-41.
	£	£	£	£	£
South Australia .. .. .	1,330,000	1,200,000	1,040,000	995,000	1,000,000
Western Australia .. .. .	500,000	575,000	570,000	595,000	650,000
Tasmania .. .. .	600,000	575,000	410,000	430,000	400,000

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. £1,500,000 of this amount was on the basis of the expenditure by the States of 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 (except benzol, on which the excise is only 1½d.) on petroleum and shale products, 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. 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.

8. Amounts Paid.—(i) 1901 to 1940. The table following shows particulars of the amounts paid to each of the States since Federation, divided into the three periods referred to herein 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 XIV. "Agricultural Production."

PAYMENTS(a) BY THE COMMONWEALTH TO OR FOR THE STATES TO  
30th JUNE, 1940.

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 1939–40 (d) ..	44,339	30,946	16,436	11,123	7,868	3,906	114,618
Special Grants (e) ..	..	..	..	12,145	9,690	6,586	28,421
Non-recurring Grants ..	679	740	300	225	255	112	2,311
Grants for Road Construction, 1922–23 to 1939–40 (f)	10,787	6,928	7,342	4,390	7,459	1,942	38,848
<b>Total</b> .. ..	<b>125,045</b>	<b>89,770</b>	<b>48,157</b>	<b>43,956</b>	<b>10,898</b>	<b>19,515</b>	<b>367,341</b>
Special Assistance 1934–35 to 1936–37 (g) .. ..	1,188	827	433	265	201	86	3,000
<b>Grand Total</b> .. ..	<b>126,233</b>	<b>90,597</b>	<b>48,590</b>	<b>44,221</b>	<b>11,099</b>	<b>19,601</b>	<b>370,341</b>

(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. (e) Under various State Grants Acts. (f) Under Federal Aid Roads and Main Roads Development Acts. (g) Unemployment Relief, Metalliferous Mining, Forestry and Local Public Works—provided from excess receipts of the previous years from 1931–32.

(ii) 1939-40. For the year ended 30th June, 1940, the payments made to or for each State are given below:—

**PAYMENTS BY THE COMMONWEALTH TO OR FOR THE STATES, 1939-40.(a)**

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	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) .. .. .	634,442	300,216	203,998	180,231	174,766	42,402	1,536,055
Special Grants .. .. .				995,000	595,000	430,000	2,020,000
Federal Aid Roads (c) .. ..	1,252,093	779,773	851,066	494,599	855,522	222,792	4,455,845
Local Public Works .. .. .	39,400	27,102	14,450	8,700	6,650	3,400	100,000
Contribution—Port Augusta —Port Pirie Railway Agreement .. .. .				20,000			20,000
<b>Total</b> .. .. .	<b>4,843,346</b>	<b>3,234,548</b>	<b>2,165,749</b>	<b>2,402,346</b>	<b>2,105,370</b>	<b>965,453</b>	<b>15,716,812</b>

(a) Excludes relief to primary producers and other payments for medical research, etc. (b) Paid to National Debt Sinking Fund. (c) Paid to Trust Fund.

### § 3. Trust Funds.

The Trust Fund balances on 30th June, 1940, amounted to £32,256,171, as compared with £24,226,362 for the corresponding date in the year 1939.

### § 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 £3,657,836, and on account of the latter, £2,274,486—a total of £5,932,322. As the securities fall due they are redeemed by the Commonwealth Government, the money required being provided from the National Debt Sinking Fund. At 30th June, 1940, the debt outstanding amounted to £33,235, of which £27,216 was on account of the Northern Territory, and £6,019 on account of the railway.

3. **Loan Fund for Public Works, etc.**—Up to the year 1911 the Commonwealth Government had met its public works expenditure out of revenue. In that year, however, in view of the heavy prospective cost of the Trans-Australian Railway and the Australian Capital Territory, a Loan Fund similar to those of the States was instituted. The initiation of this fund was greatly assisted by the fact that the Treasury at that time held a large quantity of gold, principally on behalf of the Australian Notes Account. Up to 30th June, 1914, the money required for loan expenditure was obtained mainly from this source at 3½ per cent., and inscribed stock of an equivalent value was created. Since then the money required for the Loan Fund has been mainly obtained by the issue of Treasury Bills and other securities issued in London and New York as well as in Australia. Yearly expenditure on works, etc., up to 1919-20 did not exceed £3,000,000. From 1920-21 it rose to nearly £9,500,000 in 1926-27, and it 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. In 1939-40, however, because of expenditure of £28,814,046 on Defence and War (1939-40) Services, it rose to £31,354,789.

## COMMONWEALTH EXPENDITURE FROM LOAN FUND.

Particulars.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.	Total to 30th June, 1940.
	£	£	£	£	£	£
<b>Defence and War (1939-40)</b>						
<b>Services—</b>						
General Services, Pay, Maintenance—						
Army .. .. .	..	..	..	..	3,064,388	3,064,388
Navy .. .. .	..	..	..	..	2,412,811	2,412,811
Air .. .. .	..	..	..	..	1,643,555	1,643,555
Supply and Development .. .. .	..	..	..	..	150,961	150,961
<b>Works—</b>						
Army .. .. .	..	..	..	..	7,528,521	7,528,521
Navy .. .. .	..	..	..	..	3,432,106	3,432,106
Air .. .. .	..	..	..	..	7,258,178	7,258,178
Supply and Development .. .. .	..	..	..	..	3,323,526	3,323,526
<b>Total Defence and War (1939-40) Services .. .. .</b>	..	..	..	..	28,814,046	28,814,046
<b>Other Works, etc.—</b>						
Ships, Yards and Docks .. .. .	Cr. 120,138	..	..	Cr. 305,351	Cr. 14,016	7,865,887
A.C.T. Works, Services and Acquisition of Land .. .. .	152,837	100,583	Cr. 5,514	Cr. 6,768	Cr. 10,752	8,490,800
Northern Territory .. .. .	32,025	19,127	Cr. 61	..	Cr. 31	169,881
Drill Halls, Stores, Barracks, etc. .. .. .	15,426	Cr. 2,877	339,316	97,788	..	1,118,989
Arms, Armament and Ammunition .. .. .	..	..	100,180	530,342	..	954,822
Naval Bases, Depots, etc. .. .. .	2,833	Cr. 12,308	106,970	82,248	..	1,763,834
Fleet Construction .. .. .	116,881	..	451,350	521,556	..	1,608,303
<b>Air Services—</b>						
R.A.A.F. .. .. .	1,710	..	673,026	436,356	..	1,578,461
Civil Aviation .. .. .	20,273	65	112,550	..	..	214,291
Buildings and Works, Munitions Production .. .. .	11,211	8,530	273,945	243,994	..	1,729,539
Lighthouses and Lighthouse Services .. .. .	600	Cr. 3,010	Cr. 1,000	Cr. 1,000	Cr. 1,000	638,490
River Murray Waters Act .. .. .	..	..	..	..	..	2,105,625
Telegraph and Telephone Construction .. .. .	207,815	300,000	..	..	1,733,113	33,428,311
Post Office Buildings and Land Radio .. .. .	16,440	2,193	Cr. 451	Cr. 1,290	120,050	3,613,921
Health Services .. .. .	8,467	460	..	..	29,509	85,745
Repatriation Services .. .. .	33,478	1,434	..	..	..	103,113
Railways—						
Trans-Australian .. .. .	105,836	358,241	Cr. 938	Cr. 339	Cr. 102	7,126,193
North Australian .. .. .	..	..	..	..	Cr. 184	1,597,375
Central Australian .. .. .	2,639	..	..	..	..	2,480,596
Australian Capital Territory .. .. .	..	..	..	..	..	28,755
Grafton—South Brisbane .. .. .	Cr. 1,500	..	..	..	..	2,446,005
Other Expenditure .. .. .	..	..	..	..	..	200,000
Papua .. .. .	4,773	..	..	..	..	76,329
War Service Homes (a) .. .. .	10,614	..	..	..	..	7,329,523
London Offices .. .. .	..	..	..	..	..	880,190
Acquisition of Properties not elsewhere included .. .. .	2,728	6,645	Cr. 263	..	..	137,648
Assistance to States for—						
Roads .. .. .	..	..	..	..	..	249,686
Forestry .. .. .	223,000	35,000	..	..	..	322,000
Mining .. .. .	144,750	64,000	..	..	..	283,750
Unemployment Relief .. .. .	363,728	332,880	Cr. 8,895	Cr. 3,822	Cr. 65,844	2,500,661
Miscellaneous .. .. .	18,923	..	..	..	..	21,505
<b>Total Other Works, etc.</b>	<b>1,375,349</b>	<b>1,210,963</b>	<b>2,049,215</b>	<b>1,593,714</b>	<b>1,790,743</b>	<b>91,137,254</b>
<b>Other purposes—</b>						
Loans for Works to Papua and New Guinea .. .. .	..	..	..	..	..	93,916
Immigration (b) .. .. .	..	..	..	..	..	1,680,834
Subscription to Capital of Commonwealth Oil Refinery .. .. .	..	..	..	..	..	343,751
Subscription to Capital of Amalgamated Wireless Ltd. .. .. .	..	..	..	..	..	300,000
Advances for Wire and Wire Netting .. .. .	..	..	..	..	..	610,838
Wheat Bounty .. .. .	43	..	..	..	..	3,429,571
Farmers' Debt Adjustment .. .. .	317,000	1,500,000	2,500,000	2,000,000	750,000	7,067,000
<b>Total Loan Expenditure</b>	<b>1,692,302</b>	<b>2,710,963</b>	<b>4,549,215</b>	<b>3,593,714</b>	<b>31,354,789</b>	<b>133,177,210</b>

(a) Prior to 1923-24, expenditure amounting to £13,045,408 was made from War Loan Fund. The total loan expenditure to 30th June, 1940, was £20,374,931. (b) Exclusive of Loans to States for Immigration purposes.

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 is 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 of transferred properties was extinguished from that date.

5. **War (1914–19) Loan from the British Government.**—On the outbreak of the War of 1914–19, 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 of approximately £1 18s. 8d. per cent. By a later arrangement with the British Government, however, principal and interest repayments have been suspended for 1931–32 and subsequent years. The principal outstanding on 30th June, 1940, was £79,724,221.

6. **Flotation of War (1914–19) 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.

7. **Flotation of War (1939–40) Loans.**—The amounts liable in respect of portions of several loans raised, prior to the outbreak of the present War, for defence purposes, have now been reclassified as War (1939–40) Debt. These liabilities amounted to £12,396,016 at 30th June, 1940. Since the outbreak of War loans of £12,000,000, £18,000,000, £20,000,000 and £28,000,000 have been floated. From the proceeds of these loans £2,000,000, £7,675,740, £20,582,490 and £20,499,131 respectively have been devoted to war purposes. For further details of these loans see table on page 876

In addition to the above amounts, nearly £13,250,000 has been raised by War Savings Certificates (Seven Years' Series), and over £5,000,000 by Citizens' National Emergency (Interest Free) Loans.

An advance of £12,000,000 has also been made by the British Government for war purposes.

8. **London Conversion Loans.**—Loans aggregating £22 millions were due for redemption in London in 1932–33, and in addition the Government had optional rights of redemption over a further £88 millions, all of which were carrying an interest burden of 5 per cent. or greater. These obligations, particularly the accumulation of loans with optional rights of redemption, presented some difficulty to the Government and led to the appointment of a Resident Minister in London, who, in conjunction with the Australian Loan Council, arranged for the conversion of Commonwealth and State

securities amounting to £109,849,000 between October, 1932, and February, 1934. Particulars of these and subsequent conversions to June, 1940, are shown in the following table:—

## DETAILS OF LOANS CONVERTED IN LONDON, 1932 to 1940.

When Converted.	Commonwealth or State.	Amount.	Old Loan.		New Loan.				Annual Saving.	
			Interest Rate (nominal).	Yield to Investor.	Interest Rate (nominal).	Price of Issue.	Yield to Investor. (a)	Year of Maturity.	Interest. (b)	Exchange. (c)
		£'000.	%	£ s. d.	%	£	£ s. d.		£'000.	£'000.
1932— October ..	N.S.W.	12,361	5½	5 15 0	3½	97½	4 1 2	1936-37	222	56
1933— February ..	N.S.W.	9,622	4	3 19 8	4	100	4 0 0	1955-70	..	..
May ..	N.S.W.	6,427	6½	6 10 0	3½	99	3 14 10	1937-38	180	45
	S.A. ..	2,983							83	21
	Tas. ..	2,000							56	14
July ..	N.S.W.	9,527	6	6 8 4	4	99	4 1 10	1943-48	204	52
	Qld. ..	2,000							40	10
	S.A. ..	2,978							65	16
	W.A. ..	2,716		6 10 11				60	15	
September	C'wealth.	15,000	6	6 9 6				360	92	
	N.S.W.	4,901	5½	5 16 10	3½	98	3 17 11	1948-53	97	25
	W.A. ..	1,050							21	5
December	N.S.W.	2,981	5½	5 14 1	3½	99	3 16 9	1946-49	53	14
	Vic. ..	2,980							119	30
	S.A. ..	3,907		5 12 2				73	19	
	Tas. ..	5,633	5	5 3 3				15	4	
		1,146		5 2 6						
1934— February ..	N.S.W.	3,979	5	5 3 7	3½	97	3 13 8	1954-59	61	15
	Vic. ..	13,876							206	52
	Qld. ..	3,782							97	25
	C'wealth.	83	5½	6 6 4				1	..	
November	S.A. ..	574	4	3 19 6				4	1	
		789	3½	3 13 9				4	1	
		3,078	4	3 19 6				23	6	
	W.A. ..	2,235	3	3 4 2	3½	99	3 5 11	1964-74	-4	-1
		463	3½	3 7 1				1	..	
		2,497	3½	3 10 6				6	2	
		3,745	5	5 6 9				72	18	
		138	4½	4 5 0				1	..	
	Tas. ..	1,000	4	3 18 10				7	2	
1935— January ..	C'wealth.	17,355	5	5 2 8	3½	100	3 5 0	1956-61	316	80
	Vic. ..	807							15	4
	Qld. ..	1,328							24	6
	S.A. ..	799							14	4
	W.A. ..	1,895							34	9
	Tas. ..	200	4	1						
July ..	N.S.W.	12,420	3	3 4 0	3	100	3 0 0	1939-41	8	2
	Vic. ..	1,050	5	5 0 0				21	5	
1936— January ..	N.S.W.	21,657	5	5 3 1	3	95½	3 5 9	1955-58	421	107
June ..	C'wealth.	372	3½	3 12 10				2	..	
	N.S.W.	10,955	4½	5 1 6				208	53	
	S.A. ..	1,996	3½	3 12 10	2½	99	2 18 6	1941-43	13	3
	W.A. ..	2,631	4½	5 0 7				49	13	
		597	3	3 1 7				1	..	
1937— June ..	N.S.W.	12,361	3½	4 1 5	3½	96½	3 16 2	1950-52	37	9
November	N.S.W.	6,427	3½	3 14 10	3½	97	3 15 1	1951-54	3	1
	S.A. ..	2,983							1	1
	Tas. ..	2,000							1	..
1938— December	C'wealth.	160	3½	3 10 0	4	100	4 0 0	1955-70	-1	..
	S.A. ..	1,158							-6	-2
		1,200		3 11 8				-5	-1	
1939— December	Tas. ..	448	3	3 0 0	3½	99	3 15 5	1942-44	-3	-1
		4,157	3½	3 10 0				-11	-2	
<b>Total (e)</b>	..	229,407	4.87	5 1 2	..	98.3	3 11 11	..	3,273	831

(a) If redeemed at latest date of maturity. (b) Interest savings have been calculated on the yield to the investor worked on the issue prices of the old and new loans respectively. (c) Calculated at 25½ per cent.

(d) Nominal.

(e) Averages approximate.



Particulars to June, 1940, of the total amounts converted and the total savings on account of interest and exchange in respect of the Commonwealth and of each State are as follows :—

Commonwealth or State.	Amount Converted.	Total Savings.		
		Interest.	Exchange.	Total.
	£	£	£	£
Commonwealth .. ..	33,542,925	682,186	173,104	855,290
New South Wales .. ..	113,618,171	1,493,065	379,124	1,872,189
Victoria .. ..	22,620,392	360,979	91,598	452,577
Queensland .. ..	7,109,469	161,157	40,894	202,051
South Australia .. ..	23,597,110	265,772	67,560	333,332
Western Australia .. ..	17,830,181	240,308	60,978	301,286
Tasmania .. ..	11,088,550	69,110	17,617	86,727
<b>Total .. ..</b>	<b>229,406,798</b>	<b>3,272,577</b>	<b>830,875</b>	<b>4,103,452</b>

9. Loan Raisings, 1938-39 and 1939-40.—Particulars of Loan raisings during 1938-39 and 1939-40 are given in the following table :—

#### LOAN RAISINGS, 1938-39 AND 1939-40.

Service.	Where Raised.	For—	Rate of Interest.	Year of Maturity.	Price.	Amount.
			%			£
1938-39—						
Defence .. ..	Australia	Commonwealth	3½	1952-54	100	4,089,131
Conversion .. and		Commonwealth				
Redemption .. ..	London	States .. ..	4	1955-70	100	2,517,800
Conversion .. ..		States .. ..				
Works .. ..	Australia	Commonwealth	3½	1953-55	100	1,339,260
		States .. ..				7,186,450
Works .. ..	Australia	Commonwealth	3½	1953-55	99	680,400
		States .. ..				4,071,000
Defence .. ..	London	Commonwealth	4	1961-64	98½	6,000,000
Works .. ..	Australia	States .. ..	3½	1943-44	100	3,000,000
Works, Redemptions, etc. (a) .. ..	Australia	States .. ..	(b)	(b)	(b)	1,667,165
1939-40—						
Defence, Works, etc. ..	Australia	Commonwealth	3½	1943-45	100	3,340,000
		States .. ..				8,660,000
Conversion .. ..	London	States .. ..	3½	1942-44	99	4,604,800
		Commonwealth	3½	1945-46		9,085,740
Defence, Works, etc. ..	Australia	Commonwealth	3½ (and	and	100	
		States .. ..	3½ (d)	1951-57d		9,079,000
War .. ..	Australia	Commonwealth	2½	1945-46	100	6,770,890
		States .. ..	3½	1951-57		
Works, Redemptions, etc. (a) .. ..	Australia	States .. ..	(b)	(b)	(b)	1,063,365

(a) "Over the Counter Sales" and Conversion at State Treasuries. (b) Various. (c) £4,000,000 in each of years 1942-43 to 1944-45. (d) £8,957,640 at 3½ per cent., maturing 1945-46, and £9,207,100 at 3½ per cent., maturing 1951-57.

Some detailed particulars of conversion loans in London are given in the preceding paragraph.

10. Public Debt for Commonwealth Purposes.—(i) *Total Debt.* Reference has already been made to the development of the Commonwealth Public Debt and the table appended shows the debt of the Commonwealth (excluding that of the States) at 30th June, 1940 :—

## PUBLIC DEBT FOR COMMONWEALTH PURPOSES AT 30th JUNE, 1940.

Particulars.	Maturing in—			Total. (a)
	London.	New York.	Australia.	
	£ Stg.	£ (b)	£ Aust.	£
War (1914-19) Debt—				
Stock, Bonds, etc. . . . .	11,020,160	..	173,028,896	184,049,056
Indebtedness to United Kingdom Government .. .. .	79,724,221	..	..	79,724,221
Total .. .. .	90,744,381	..	173,028,896	263,773,277
War (1939-40) Debt—				
Stock and Bonds .. .. .	5,810,000	..	36,844,246	42,654,246
Citizens' National Emergency Loans .. .. .	..	..	3,864,626	3,864,626
War Savings Certificates .. .. .	..	..	6,099,887	6,099,887
Total .. .. .	5,810,000	..	46,808,759	52,618,759
Works and other Purposes—				
Stock and Bonds .. .. .	61,809,236	15,876,718	26,553,547	104,239,501
Treasury Bills and Debentures .. .. .	3,970,160	..	..	3,970,160
Treasury Bills, Internal .. .. .	..	..	10,692,248	10,692,248
Balance of Loans taken over from South Australia—				
Northern Territory .. .. .	..	..	27,216	27,216
Port Augusta Railway .. .. .	..	..	6,019	6,019
Total, Works and other Purposes .. .. .	65,779,396	15,876,718	37,279,030	118,935,144
Total, Commonwealth Purposes .. .. .	162,333,777	15,876,718	257,116,685	435,327,180

## PER HEAD OF POPULATION. (c)

	(Stg.)	(b)	(Aust.)	£ s. d.
	£ s. d.	£ s. d.	£ s. d.	
War (1914-19) Debt .. .. .	12 18 2	..	24 12 4	37 10 6
War (1939-40) Debt .. .. .	0 16 7	..	6 13 2	7 9 9
Works and other Purposes .. .. .	9 7 2	2 5 2	5 6 1	16 18 5
Total Commonwealth Purposes .. .. .	23 1 11	2 5 2	36 11 7	61 18 8

(a) The total "face" or "book" value of the public debt without adjustment on account of currency changes since the loans were floated. (b) Payable in terms of dollars. For the purposes of these tables dollars have been arbitrarily converted to £ Stg. at the rate of \$4.8665 to £1. (c) Based on population at 30th June, 1940.

(ii) *Place of Flotation.* Since 1931-32 few new loans have been raised overseas. None have been raised in New York since 1927-28. Those raised in London have been almost exclusively conversion loans, but in the last three years there have been new raisings for Defence purposes.

## PUBLIC DEBT FOR COMMONWEALTH PURPOSES: PLACE OF FLOTATION.

Place of Flotation, etc.	At 30th June—				
	1936.	1937.	1938.	1939.	1940.
<b>War (1914-19) Debt—</b>					
London .. .. £ Stg.	90,744,381	90,744,381	90,744,381	90,744,381	90,744,381
<b>Total Overseas .. £ Stg.</b>	<b>90,744,381</b>	<b>90,744,381</b>	<b>90,744,381</b>	<b>90,744,381</b>	<b>90,744,381</b>
Australia .. .. £ Aust.	186,361,597	183,063,205	179,058,853	175,193,890	173,028,896
<b>Total War (1914-19) Debt &amp; a</b>	<b>277,105,978</b>	<b>273,807,586</b>	<b>269,803,234</b>	<b>265,938,271</b>	<b>263,773,277</b>
<b>War (1939-40) Debt—</b>					
London .. .. £ Stg.	..	..	..	..	5,810,000
<b>Total Overseas .. £ Stg.</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>5,810,000</b>
Australia .. .. £ Aust.	..	..	..	..	46,808,759
<b>Total War (1939-40) Debt £</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>52,618,759</b>
<b>Works and other Purposes—</b>					
London .. .. £ Stg.	65,540,946	65,034,246	67,619,246	72,096,566	65,779,396
New York .. .. £ (b)	16,351,176	16,201,952	16,080,972	15,913,501	15,876,718
<b>Total Overseas .. £ (a)</b>	<b>81,892,122</b>	<b>81,236,198</b>	<b>83,700,218</b>	<b>88,010,067</b>	<b>81,656,114</b>
Australia .. .. £ Aust.	31,930,376	31,755,432	37,341,609	43,302,593	37,279,030
<b>Total Debt for Works, etc. £ a</b>	<b>113,822,498</b>	<b>112,991,630</b>	<b>121,041,827</b>	<b>131,312,660</b>	<b>118,935,144</b>
<b>Total Debt—</b>					
London .. .. £ Stg.	156,285,327	155,778,627	158,363,627	162,840,947	162,333,777
New York .. .. £ (b)	16,351,176	16,201,952	16,080,972	15,913,501	15,876,718
<b>Total Overseas .. £ (a)</b>	<b>172,636,503</b>	<b>171,980,579</b>	<b>174,444,599</b>	<b>178,754,448</b>	<b>178,210,495</b>
Australia .. .. £ Aust.	218,291,973	214,818,637	216,400,462	218,496,483	257,116,685
<b>Grand Total .. £ (a)</b>	<b>390,928,476</b>	<b>386,799,216</b>	<b>390,845,061</b>	<b>397,250,931</b>	<b>435,327,180</b>

(a) The figures given represent the total "face" or "book" value of the public debt without any adjustment on account of currency changes since the loans were floated. (b) Payable in terms of dollars. For the purposes of these tables dollars have been arbitrarily converted to £ Stg. at the rate of \$4.8665 to £1.

(iii) *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. For the first three years the increase in the debt was due almost entirely to the expansion of the 3½ per cent. stock of the Loan Fund, consequently the average rate of interest fell steadily, until on 30th June, 1914, it stood at £3 11s. 10d. 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 2½ per cent. Conversion loans in London referred to on p. 874 have reduced the average rate of interest on debt maturing in London by nearly one per cent. from £4 18s. 11d. per cent. in 1931 to

£4 2s. in 1940. The average rate of interest on internal loans at 30th June, 1940, was £3 14s. 5d. 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 £3 17s. 3d. per cent. at 30th June, 1940.

The accompanying table gives particulars of rates of interest on the debt for Commonwealth purposes at 30th June, 1940:—

**PUBLIC DEBT FOR COMMONWEALTH PURPOSES: AMOUNTS AT EACH RATE OF INTEREST.**

Rates of Interest.	At 30th June, 1940—Debt Maturing in—			
	London.	New York.	Australia.	Total.
Per cent.	£ (Stg.)	£ (a)	£ (Aust.)	£ (b)
5.0 .. .. .	29,128,495	12,295,662 (c)	4,976	41,429,133
4.91667 .. .. .	(d) 79,724,221	..	..	79,724,221
4.75 .. .. .	5,989,400	..	..	5,989,400
4.5 .. .. .	..	3,581,056	..	3,581,056
4.45625 .. .. .	..	..	84,650	84,650
4.2625 .. .. .	..	..	946,278	946,278
4.25 .. .. .	..	..	84,711	84,711
4.06875 .. .. .	..	..	2,679,010	2,679,010
4.0 .. .. .	5,810,000	..	137,999,101	143,809,101
3.875 .. .. .	..	..	46,510,228	46,510,228
3.75 .. .. .	20,776,100	..	8,289,670	29,065,770
3.675 .. .. .	..	..	66,510	66,510
3.625 .. .. .	..	..	4,417,700	4,417,700
3.5 .. .. .	..	..	4,430,140	4,430,140
3.375 .. .. .	..	..	4,932,400	4,932,400
3.25 .. .. .	16,563,595	..	13,838,060	30,401,655
3.0 .. .. .	..	..	5,317,725	5,317,725
2.75 .. .. .	371,806	..	6,770,890	7,142,696
2.25 .. .. .	2,970,160	..	..	2,970,160
2.0 .. .. .	1,000,000	..	..	1,000,000
1.5 .. .. .	..	..	10,692,248	10,692,248
War (1939-40) Savings Certificates (f) .. .. .	..	..	6,099,887	6,099,887
Citizens' National Emergency Loans (Interest Free) .. .. .	..	..	3,864,626	3,864,626
Overdue .. .. .	..	..	(g) 73,604	73,604
War (1914-19) Savings Stamps .. .. .	..	..	14,271	14,271
<b>Total .. .. .</b>	<b>162,333,777</b>	<b>15,876,718</b>	<b>257,116,685</b>	<b>435,327,180</b>
<b>Average rate per cent.</b>	<b>4 2 0</b>	<b>4 17 9</b>	<b>3 14 5</b>	<b>3 17 3</b>

(a) Payable in terms of dollars. For the purposes of these tables dollars have been arbitrarily converted to £ Stg. at the rate of \$1.8665 to £1. (b) The total "face" or "book" value of the public debt without adjustment on account of currency changes since the loans were floated. (c) War (1914-19) Savings Certificates. (d) War Debt due to Government of the United Kingdom (see par. 5, page 874). (e) Includes unconverted securities. £6,310. (f) Compounded at 3½ per cent. (g) Includes War Gratuity Bonds, £12,845.

(iv) *Amount of Interest Payable.* The next table shows the interest payable in Australia and overseas on the Commonwealth Public Debt (excluding amounts raised on behalf of the several States and debts of the States taken over) at 30th June in the years 1936 to 1940 inclusive:—

**PUBLIC DEBT FOR COMMONWEALTH PURPOSES: INTEREST PAYABLE.**

Interest on and where payable.	At 30th June—				
	1936.	1937.	1938.	1939.	1940.
<b>War (1914-19) Debt—</b>					
London .. .. . £ Stg. (a)	426,008	426,008	426,008	426,008	426,008
Australia .. .. . £ Aust.	7,443,363	7,310,325	7,149,993	6,949,706	6,868,976
<b>Total War (1914-19) Debt</b> £ (b)	<b>7,869,371</b>	<b>7,736,333</b>	<b>7,576,001</b>	<b>7,375,714</b>	<b>7,294,984</b>
<b>Average Rate</b> .. .. %	£3 19s. 9d.	£3 19s. 9d.	£3 19s. 9d.	£3 19s. 3d.	£3 19s. 3d.
<b>War (1939-40) Debt—</b>					
London .. .. . £ Stg.	..	..	..	..	232,400
Australia .. .. . £ Aust.	..	..	..	..	1,416,569
<b>Total War (1939-40) Debt..</b> £	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>1,648,969</b>
<b>Average Rate</b> .. .. %	..	..	..	..	£3 7s. 8d.
<b>Works and other Purposes—</b>					
London .. .. . £ Stg.	2,651,593	2,614,254	2,775,291	2,977,546	2,729,388
New York .. .. . £ (c)	797,954	790,935	785,240	777,586	775,930
<b>Total Overseas</b> .. .. £ (b)	<b>3,449,547</b>	<b>3,405,189</b>	<b>3,560,531</b>	<b>3,755,132</b>	<b>3,505,318</b>
Australia .. .. . £ Aust.	919,692	935,572	1,151,759	1,394,921	1,135,095
<b>Total Debt for Works, etc.</b> £ (b)	<b>4,369,239</b>	<b>4,340,761</b>	<b>4,712,290</b>	<b>5,150,053</b>	<b>4,640,413</b>
<b>Average Rate</b> .. .. %	£3 16s. 9d.	£3 16s. 10d.	£3 17s. 10d.	£3 18s. 5d.	£3 18s. 0d.
<b>Total Debt—</b>					
London .. .. . £ Stg. (a)	3,077,601	3,040,262	3,201,290	3,403,554	3,387,796
New York .. .. . £ (c)	797,954	790,935	785,240	777,586	775,930
<b>Total Overseas</b> .. .. £ (b)	<b>3,875,555</b>	<b>3,831,197</b>	<b>3,986,539</b>	<b>4,181,140</b>	<b>4,163,726</b>
Australia .. .. . £ Aust.	8,353,055	8,245,897	8,301,752	8,344,627	8,420,640
<b>Grand Total</b> .. .. £ (b)	<b>12,238,610</b>	<b>12,077,094</b>	<b>12,288,291</b>	<b>12,525,767</b>	<b>13,584,366</b>
<b>Average Rate</b> .. .. %	£3 18s. 8d.	£3 18s. 8d.	£3 19s. 0d.	£3 18s. 11d.	£3 17s. 3d.

(a) Excludes suspended interest on War Debt owing to British Government. (b) The totals shown represent the nominal amount of interest, taking no account of exchange. (c) Payable in terms of dollars. For the purposes of these tables dollars have been arbitrarily converted to £ Stg. at the rate of \$1.8665 to £1.

(v) *Dates of Maturity.* The dates of maturity of the several portions of the Commonwealth debt are shown hereunder according to financial years. Prior to 1937-38 the Public Debt was shown classified according to the latest date of maturity only, but the particulars now include tables showing both the earliest and latest dates of maturity. The Commonwealth Government has refrained from issuing interterminable stock, but, in respect of a small proportion of the debt, no definite date of maturity had been assigned on 30th June, 1940.

PUBLIC DEBT FOR COMMONWEALTH PURPOSES, AT 30th JUNE, 1940.  
(CLASSIFIED ACCORDING TO LATEST DATE OF MATURITY.)

Due Dates (year ended 30th June).		Maturing in—			Total.
		London.	New York.	Australia.	
		£ (Stg.)	£ (a)	£ (Aust.)	£ (b)
1941	.. .. .	3,970,160	..	11,594,518	15,564,678
1942	.. .. .	..	..	29,850,290	29,850,290
1943	.. .. .	371,806	..	5,116,550	5,488,356
1944	.. .. .	..	..	2,204,140	2,204,140
1945	.. .. .	..	..	24,760,722	24,760,722
1946	.. .. .	..	..	11,175,670	11,175,670
1948	.. .. .	..	..	21,494,667	21,494,667
1949	.. .. .	..	..	4,399,280	4,399,280
1950	.. .. .	..	..	32,430	32,430
1951	.. .. .	..	..	13,346,341	13,346,341
1952	.. .. .	..	..	1,704,060	1,704,060
1954	.. .. .	13,780,100	..	12,655,830	26,435,930
1955	.. .. .	..	..	40,929,150	40,929,150
1956	.. .. .	..	13,548,199	14,346,948	27,895,147
1957	.. .. .	6,996,000	..	18,229,300	25,225,300
1958	.. .. .	..	2,328,519	11,933,586	14,262,105
1960	.. .. .	..	..	11,843,682	11,843,682
1961	.. .. .	22,223,217	..	..	22,223,217
1962	.. .. .	..	..	11,043,785	11,043,785
1964	.. .. .	5,810,000	..	..	5,810,000
1975	.. .. .	329,778	..	..	329,778
1976	.. .. .	29,128,495	..	..	29,128,495
War (1939-40) Savings Certificates	.. .. .	..	..	6,099,887	6,099,887
Citizens' National Emergency Loans	.. .. .	..	..	3,864,626	3,864,626
War (1914-19) Savings Stamps	.. .. .	..	..	14,271	14,271
Unconverted	.. .. .	..	..	6,310	6,310
Overdue	.. .. .	..	..	(c) 73,604	73,604
Indefinite	.. .. .	..	..	(d) 180,139	180,139
Annual repayments	.. .. .	(e) 79,724,221	..	..	79,724,221
Half-yearly	.. .. .	..	..	216,899	216,899
Total	.. .. .	162,333,777	15,876,718	257,116,685	435,327,180

(a) See note (b) to table on page 877. (b) See note (a) to table on page 877. (c) Includes War Gratuity Bonds, £12,845. (d) Includes War (1914-19) Savings Certificates and Peace Savings Certificates. (e) Repayments suspended by arrangement with British Government.

**PUBLIC DEBT FOR COMMONWEALTH PURPOSES, AT 30th JUNE, 1940.**  
(CLASSIFIED ACCORDING TO EARLIEST DATE OF MATURITY.)

Due Dates (year ended 30th June).	Maturing in—			Total
	London.	New York.	Australia.	
	£ (Stg.)	£ (a)	£ (Aust.)	£ (b)
1941 .. .. .	10,331,366	..	11,594,518	21,925,884
1942 .. .. .	..	..	29,850,290	29,850,290
1943 .. .. .	..	..	5,116,550	5,116,550
1944 .. .. .	..	..	2,204,140	2,204,140
1945 .. .. .	..	..	24,760,722	24,760,722
1946 .. .. .	29,128,495	..	11,175,670	40,304,165
1948 .. .. .	..	2,328,519	21,494,667	23,823,186
1949 .. .. .	13,780,100	..	4,399,280	18,179,380
1950 .. .. .	..	..	32,430	32,430
1951 .. .. .	..	..	31,575,641	31,575,641
1952 .. .. .	..	..	1,704,060	1,704,060
1953 .. .. .	6,996,000	9,967,143	40,929,150	57,892,293
1954 .. .. .	..	..	14,554,010	14,554,010
1955 .. .. .	..	..	..	..
1956 .. .. .	16,233,817	3,581,056	12,448,768	32,263,641
1958 .. .. .	..	..	11,933,586	11,933,586
1960 .. .. .	..	..	11,843,682	11,843,682
1961 .. .. .	5,810,000	..	..	5,810,000
1962 .. .. .	..	..	11,043,785	11,043,785
1965 .. .. .	329,778	..	..	329,778
War (1939-40) Savings Certificates .. .. .	..	..	6,099,887	6,099,887
Citizens' National Emergency Loans .. .. .	..	..	3,864,626	3,864,626
War (1914-19) Savings Stamps .. .. .	..	..	14,271	14,271
Unconverted .. .. .	..	..	6,310	6,310
Overdue .. .. .	..	..	(c) 73,604	73,604
Indefinite .. .. .	..	..	(d) 180,139	180,139
Annual repayments .. .. .	(e) 79,724,221	..	..	79,724,221
Half-yearly .. .. .	..	..	216,899	216,899
<b>Total .. .. .</b>	<b>162,333,777</b>	<b>15,876,718</b>	<b>257,116,685</b>	<b>435,327,180</b>

(a) See note (b) to table to page 877. (b) See note (a) to table on page 877. (c) Includes War Gratuity Bonds, £12,845. (d) Includes War (1914-19) Savings Certificates and Peace Savings Certificates. (e) Repayments suspended by arrangement with British Government.

11. **Sinking Funds.**—Particulars relating to the creation of sinking funds are included in previous issues.

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 from the year 1935-36 are as follows :—

**PUBLIC DEBT FOR COMMONWEALTH PURPOSES : SINKING FUND.**

Items.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.	Total 1923-24 to 1939-40.
	£	£	£	£	£	£
Cr. Brought forward ..	1,571,603	1,780,186	1,937,295	1,252,784	1,131,163	..
Balance transferred to Fund on 11th August, 1923 ..	..	..	..	..	..	2,262,983
From Consolidated Revenue	3,244,970	3,434,219	3,681,741	3,917,825	4,269,096	47,357,188
Repayments of Sundry Loans .. ..	13,954	14,758	15,610	16,510	21,385	1,308,922
Purchase-money and Re- payments under War Service Homes Act ..	515,896	550,158	607,435	628,950	636,102	10,555,701
Half Net Profit Common- wealth Bank .. ..	373,770	354,050	318,752	321,448	363,719	5,262,396
Reparation Moneys ..	623	154	147	148	126	5,574,230
Interest on Investments ..	29,202	38,797	40,478	32,381	25,183	820,522
Other Contributions ..	13,453	13,453	13,453	13,453	13,453	181,439
<b>Total .. ..</b>	<b>5,763,471</b>	<b>6,185,815</b>	<b>6,614,911</b>	<b>6,183,499</b>	<b>6,460,227</b>	<b>73,323,381</b>
Dr. Redemptions .. ..	3,983,285	4,248,520	5,362,127	5,052,336	4,934,443	71,797,597
Carried forward ..	1,780,186	1,937,295	1,252,784	1,131,163	1,525,784	1,525,784
<b>Total .. ..</b>	<b>5,763,471</b>	<b>6,185,815</b>	<b>6,614,911</b>	<b>6,183,499</b>	<b>6,460,227</b>	<b>73,323,381</b>

The British Government loan comes in a different category from the other as described on page 874.

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 War (1914-19) and Repatriation.**

In view of the importance of the subject, a further reference is here made to the cost of the War of 1914-19. 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 have been paid from loans. Detailed particulars



relating to Repatriation, War and Service Pensions appear in Chapter X. "Repatriation" of this issue. The total cost from both sources to 30th June, 1940, is set out in the following table:—

## COMMONWEALTH WAR (1914-19) EXPENDITURE.

Year.	From Consolidated Revenue Fund.			War Loan Expenditure.(b)
	War and Repatriation Services, including War Pensions.	Interest and Sinking Fund. (a)	Total.	
	£	£	£	£
1914-15 .. .. .	796,190	115,145	911,335	14,100,000
1915-16 .. .. .	1,718,887	2,059,491	3,778,378	37,423,568
1916-17 .. .. .	2,439,271	5,988,058	8,427,329	53,114,237
1917-18 .. .. .	4,049,955	7,813,296	11,863,251	55,028,180
1918-19 .. .. .	6,536,927	14,718,174	21,255,101	59,547,080
1919-20 .. .. .	8,976,793	15,774,938	24,751,731	43,194,764
1920-21 .. .. .	13,672,345	19,613,888	33,286,233	24,148,501
1921-22 .. .. .	10,261,471	21,075,693	31,337,164	7,576,977
1922-23 .. .. .	9,114,925	20,801,912	29,916,837	1,762,694
1923-24 .. .. .	7,906,994	20,555,063	28,462,057	691,247
1924-25 .. .. .	8,228,628	20,155,426	28,384,054	Cr. 32,051
1925-26 .. .. .	8,473,659	20,539,123	29,012,782	Cr. 7,613
1926-27 .. .. .	8,770,295	20,300,101	29,070,396	23,938
1927-28 .. .. .	8,788,030	20,005,972	28,794,002	Cr. 23,741
1928-29 .. .. .	9,026,381	20,771,652	29,798,033	Cr. 12,972
1929-30 .. .. .	9,517,259	20,213,586	29,730,845	Cr. 2,669
1930-31 .. .. .	10,468,748	18,672,080	29,140,828	Cr. 2,206
1931-32 .. .. .	8,764,848	12,198,565	20,963,413	..
1932-33 .. .. .	7,928,817	11,193,150	19,121,967	..
1933-34 .. .. .	8,064,137	10,966,411	19,030,548	..
1934-35 .. .. .	8,433,372	10,584,489	19,017,861	..
1935-36 .. .. .	8,657,732	9,580,972	18,238,704	..
1936-37 .. .. .	9,101,353	9,622,600	18,723,953	..
1937-38 .. .. .	9,342,462	9,605,838	18,948,300	..
1938-39 .. .. .	9,512,882	9,556,818	19,069,700	..
1939-40 .. .. .	9,339,739	9,491,965	18,831,704	..
Discounts and Flotation Expenses on Loans, including Redemption and Conversion Loans .. .. .	804,989	..	804,989	5,999,094
Indebtedness to the Government of the United Kingdom for payments made, services rendered, and goods supplied during the War(c) .. .. .	..	..	..	43,398,098
War Gratuities paid in cash .. .. .	452,295	..	452,295	27,061,394
Total to 30th June, 1940	209,149,384	361,974,406	571,123,790	372,988,520

NOTE.—For particulars of expenditure relating to the present War see pages 863, 864 and 873.

(a) Excludes interest on amounts raised for the States for Soldier Land Settlement since 1934-35. (b) Excluding expenditure on War Service Homes from 1923-24. (See page 873.) (c) The total indebtedness to the Government of the United Kingdom involved in the Funding Arrangements Act 1921 was £92,480,157. At 30th June, 1940, the amount outstanding had been reduced to £79,724,221.

§ 6. Old-age and Invalid Pensions.

1. **General.**—In previous issues of the Official Year Book an account is given of the introduction of the old-age pension system in Australia, together with a detailed description of the Commonwealth Invalid and Old-age Pensions Act 1908, which became operative on 1st July, 1909. Invalid pensions were first paid from 15th December, 1910. (See Official Year Books, Nos. 3 to 8.) The following statement shows the rates of pension under the original Act and the rates as they have been varied from time to time :—

RATES OF PENSION PAYABLE.

Date from which Operative.	Pension Payable (Annual Rate.)	Pensioner's Annual Income including pension not to exceed—
	£ s. d.	£ s. d.
1st July, 1909 .. .. .	26 0 0	52 0 0
12th October, 1916 .. .. .	32 10 0	58 10 0
1st January, 1920 .. .. .	39 0 0	65 0 0
13th September, 1923 .. .. .	45 10 0	78 0 0
8th October, 1925 .. .. .	52 0 0	84 10 0
23rd July, 1931 .. .. .	45 10 0	78 0 0
13th October, 1932 .. .. .	45 10 0	71 10 0
26th October, 1933 .. .. .	45 10 0	78 0 0
4th July, 1935 .. .. .	46 16 0	79 6 0
24th September, 1936 .. .. .	49 8 0	81 18 0
9th September, 1937 .. .. .	52 0 0	84 10 0
17th December, 1940 .. .. .	54 12 0	87 2 0

Subject to the conditions of the Act, every person who has attained the age of sixty-five years (in the case of females, sixty years), or who, being permanently incapacitated for work, has attained the age of sixty years, is, while in Australia, qualified to receive an old-age pension.

Asiatics, generally, are not eligible to receive an invalid or old-age pension, unless born in Australia, but, by an amending Act which came into operation from 7th October, 1926, pension rights were extended to Indians who were born in British India.

Invalid pensions were granted from 15th December, 1910. Subject to the conditions of the Act, every person above the age of sixteen years who is permanently incapacitated for work, and every permanently blind person above the age of sixteen years, provided that, in each case, an old-age pension is not being received, is, while in Australia, qualified to receive an invalid pension. An applicant for an invalid pension must satisfy the Department that his or her disability is both total and permanent and became so in Australia. In 1920 special provision was made for a permanently blind person, by which the annual pension was at such a rate (not exceeding that shown in the table above) as would make his income plus that of his wife together with the pension equal to an amount not exceeding £221 per annum, or such other amount as is declared to be the basic wage of the State in which the pensioner resides. The maximum pension now payable to a blind person is £54 12s. per annum and the limit of income is £230 2s. per annum.

In December, 1940, the maximum pension rate was increased to £54 12s. per annum, and provision was made for future adjustments in accordance with the variations of the "C" Series Retail Prices Index-number for the Six Capital Cities. The maximum rate will be reviewed by the Commissioner for Pensions each quarter, commencing with that ending 31st March, 1941, in order to determine the rate for the next succeeding quarter. If the price index-number for the quarter immediately preceding that in which the rate is reviewed exceeds 981, the maximum rate per annum shall be £54 12s.

plus £1 6s. for every 23 units, or portion thereof, by which the index-number exceeds 981. If the index-number subsequently falls, the maximum rate shall, where necessary, be reduced to accord with the maximum rate determined as above, provided that it shall not, in any event, be reduced to less than £54 12s.

Pensions to inmates of institutions have also been increased from 6s. to 6s. 6d. per week, and provision made for their future adjustment in accordance with the variations of the price index-number, the adjustments not to exceed a one hundred and fourth part of the amount by which the maximum rate per annum is adjusted.

During 1939-40 all invalid pensions in force were specially reviewed, and at 30th June, 1940, all those pensioners who had become qualified for old-age pensions by age and residence were transferred to the old-age pension list.

Further explanation of pension rates and other matters incorporated in the act above referred to are given in the *Invalid and Old-age Pensions Handbook* issued by the Commissioner of Pensions.

2. **Old-age Pensions.**—(i) *Number in force.* At 30th June, 1939, there were 232,836 old-age pensions in force. During 1939-40, 26,875 pensions claims were granted, and 32,351 pensioners were transferred from the invalid pension list, while 19,166 pensions expired through cancellations and deaths. The net increase for the year, excluding the number transferred, was 7,709 and the total in existence at 30th June, 1940, 272,896.

(ii) *Sexes of Pensioners.* Of the pensioners at 30th June, 1940, 109,744 (or 40 per cent.) were males, and 163,152 (or 60 per cent.) were females. Details for the several States are as follows:—

#### OLD-AGE PENSIONS : SEXES OF PENSIONERS AT 30th JUNE, 1940.

State.	Males.	Females.	Total.	Masculinity.(a)
New South Wales .. ..	43,325	64,840	108,165	66.82
Victoria .. ..	28,802	47,279	76,081	60.92
Queensland .. ..	15,057	19,102	34,159	78.82
South Australia .. ..	9,633	15,220	24,853	63.29
Western Australia .. ..	8,477	10,547	19,024	80.37
Tasmania .. ..	4,450	6,164	10,614	72.19
Total .. ..	109,744	163,152	272,896	67.26

(a) Number of males to each 100 females.

(iii) *Ages and Conjugal Condition of Pensioners.* The recorded ages of the 26,875 persons (12,310 males and 14,565 females) to whom pensions were granted during the year 1939-40 varied considerably, ranging from 5,116 at age 60 to 2 at age 94. The conjugal condition of these new pensioners was as follows:—Males—single, 2,330; married, 7,819; and widowed, 2,161. Females—single, 1,919; married, 7,813; and widowed, 4,833.

3. **Invalid Pensions.**—(i) *Number in force, 1939-40.* The number of invalid pensioners decreased from 88,812 in 1938-39 to 58,696 in 1939-40, a decrease of 30,116. This decrease was caused by the transfer of 32,351 pensioners to the old-age pension list. Total pensions granted during the year were 10,636, while 8,401 pensions became inoperative through cancellations or deaths. Excluding the numbers transferred, there was therefore an increase of 2,235

(ii) *Sexes of Pensioners.* Of the 58,696 persons in receipt of invalid pensions on 30th June, 1940, 26,484, or 45 per cent. were males, and 32,212, or 55 per cent. were females. Details for the several States are as follows:—

**INVALID PENSIONS: SEXES OF PENSIONERS AT 30th JUNE, 1940.**

State.	Males.	Females.	Total.	Masculinity.(a)
New South Wales .. .. .	11,731	14,875	26,606	78.86
Victoria .. .. .	5,903	6,836	12,739	86.35
Queensland .. .. .	4,191	4,486	8,677	93.42
South Australia .. .. .	1,894	2,774	4,668	68.28
Western Australia .. .. .	1,585	1,869	3,454	84.80
Tasmania .. .. .	1,180	1,372	2,552	86.01
<b>Total</b> .. .. .	<b>26,484</b>	<b>32,212</b>	<b>58,696</b>	<b>82.22</b>

(a) Number of males to each 100 females.

(iii) *Ages and Conjugal Conditions of Pensioners, 1939-40.* Whilst recorded ages of the 10,636 persons (5,424 males and 5,212 females) to whom invalid pensions were granted during 1939-40 varied from 16 to 85, 5,644 or 53.1 per cent. were in the 45-59 years age-group.

The conjugal condition of persons to whom invalid pensions were granted during the year was as follows:—Males—single, 2,207; married, 2,904; and widowed, 313. Females—single, 2,069; married, 2,075; and widowed, 1,068.

4. *Cost of Administration.*—Under State control the cost of administration differed considerably in the several States, and for 1908-9 represented in New South Wales 4.17 per cent. of the amount actually paid in pensions. In Victoria for the same year the corresponding percentage was 0.70. The total cost to the Commonwealth of administering the Old-age and Invalid Pensions Department in 1939-40 was approximately £130,000, or about 0.79 per cent. of the amount paid to pensioners and to Benevolent Asylums and Hospitals. The corresponding cost in 1938-39 was approximately £128,000 or about 0.80 per cent. of the total payments.

The actual sum disbursed in old-age and invalid pensions in the financial year 1939-40, apart from the cost of administration and inclusive of the amount paid to asylums and hospitals for the maintenance of pensioners, was £16,459,245 (47s. 1d. per head of mean population) and in 1938-39, £15,991,782 (46s. 2d. per head).

5. *Summary.*—The following table gives details concerning the working of the Act for the last six years:—

**OLD-AGE AND INVALID PENSIONS: SUMMARY, AUSTRALIA.**

Year ended 30th June	Number of Pensioners.				Amount Paid in Pensions.	Total Payment to Pensioners and Institutions.	Cost of Administration (approximate.)	Cost of Administration per £100 paid to Pensioners and Institutions (approximate).	Average Fortnightly Pension as at 30th June.
	Old-age.		Invalid.	Total.					
	No.	Est. No. per 1,000 of persons eligible on age qualification. (a)							
1935	197,126	344	No. 76,852	No. 273,978	£ 11,624,769	£ 11,762,030	£ 107,268	s. d. 18 3	s. d. 33 7
1936	206,748	352	80,487	287,235	12,634,706	12,797,726	115,257	18 0	634 8
1937	215,690	361	83,396	299,086	13,827,636	13,998,793	118,851	17 0	c36 8
1938	224,154	372	86,096	310,250	15,615,428	15,798,687	124,000	15 8	d38 6
1939	232,836	376	88,812	321,648	15,798,038	15,991,782	128,000	16 0	38 5
1940e	272,896	432	58,696	331,592	16,250,064	16,459,245	130,000	15 10	38 6

(a) Based on an estimate of the aggregate of males aged 65 and over and females aged 60 and over at 30th June of each year. (b) A general increase of 1s. per fortnight occurred in July, 1935. (c) A general increase of 2s. per fortnight occurred in September, 1936. (d) A general increase of 2s. per fortnight occurred in September, 1937. (e) See pars. 2 and 3 above.

Separate particulars of the payments to invalid and to old-age pensioners are not available but the annual liability at 30th June, 1940, together with the total payments in 1939-40 are given hereunder:—

**INVALID AND OLD-AGE PENSIONS: PAYMENTS AND ANNUAL LIABILITY.**

State.	Payments Old-age and Invalid Pensions, 1939-40.(a)	Annual Liability at 30th June, 1940.		
		Old-age Pensions.	Invalid Pensions.	Total.
		£	£	£
New South Wales(b)	6,627,718	5,417,022	1,350,934	6,767,956
Victoria .. ..	4,470,057	3,804,684	641,576	4,446,260
Queensland .. ..	2,138,230	1,708,668	437,398	2,146,066
South Australia(c) .. ..	1,453,840	1,214,564	233,402	1,447,966
Western Australia .. ..	1,112,580	943,150	174,070	1,117,220
Tasmania .. ..	656,820	527,644	127,946	655,590
<b>Total .. ..</b>	<b>16,459,245</b>	<b>13,615,732</b>	<b>2,965,326</b>	<b>16,581,058</b>

(a) Including amounts paid to Benevolent Asylums and Hospitals for the maintenance of pensioners.  
 (b) Includes Australian Capital Territory. (c) Includes Northern Territory.

### § 7. Maternity Allowance.

1. **General.**—During the session of 1912 the Commonwealth Parliament passed an Act providing for the payment of maternity allowances. The scope and main provisions of the Act are given in Official Year Book No. 14, p. 1047. The most important conditions in the original Act were that the sum of five pounds was payable in the case of each confinement resulting in the birth of a viable child whether such child was born alive or dead. The mother must be a native of Australia or intend to settle permanently therein. No payment is made in the case of an aboriginal or an alien. The Financial Emergency Act 1931 reduced the allowance payable to £4 and limited the application of the original Act to those cases where the combined income of husband and wife did not exceed £260 (reduced to £208 by the Financial Emergency Act 1932) in the previous 12 months.

From 1st August, 1934, the limit of income was increased by £13 per annum in respect of each previous child of the claimant under the age of 14 years living at the date of the birth, with a maximum income limit of £299. The amount of the allowance was also increased from £4 by 5s. in respect of each such child up to a maximum of £5.

On 21st September, 1936, the limit of income was increased from £208 to £221 with an allowance of £13 per annum in respect of each previous surviving child under 14 years of age up to a maximum income of £312. The amount of maternity allowance was also increased to £4 10s. in cases where there was no previous surviving issue under 14 years of age and £5 where there was any such issue. In respect of births occurring on and after 1st January, 1938, the income limit is £247, with an additional £13 in respect of each previous living child under 14, the maximum being £338. The amount of the allowance is £4 10s. where there is no previous living child under 14, £5 where there are one or two previous living children under 14 and £7 10s. where there are three or more such children.

The following table gives a summary in connexion with the working of the Maternity Allowance Act for the years 1935-36 to 1939-40 :—

**MATERNITY ALLOWANCE : SUMMARY.**

Year.	Claims Paid.	Claims Rejected.	Amount Paid.	Cost of Administration (approximate).	Cost per £100 of allowance paid (approximate).
	No.	No.	£	£	£ s. d.
1935-36 ..	76,953	5,459	335,552	12,200	3 12 9
1936-37 ..	79,254	5,843	370,150	12,150	3 5 8
1937-38 ..	79,000	5,931	400,004	15,671	3 18 4
1938-39 ..	80,916	6,272	436,614	16,959	3 17 8
1939-40 ..	77,352	6,779	416,964	17,181	4 2 5
Aggregate—					
1912-13 to					
1939-40 ..	3,193,894	67,607	15,667,821	389,886	2 9 9

2. Claims paid in each State.—The following table shows the number of maternity allowance claims paid in each State during the last five years :—

**MATERNITY ALLOWANCE : CLAIMS PAID IN EACH STATE.**

Year ended 30th June—	N.S.W. (a)	Vic.	Q'land.	S.A.	W.A.	Tas.	N.T.	Total.
	No.	No.	No.	No.	No.	No.	No.	No.
1936 .. ..	30,463	19,672	11,640	6,613	4,850	3,689	26	76,953
1937 .. ..	31,086	20,350	12,170	6,854	4,731	4,018	45	79,254
1938 .. ..	30,440	20,160	12,660	6,656	5,026	4,029	29	79,000
1939 .. ..	30,860	20,819	12,880	7,162	5,213	3,940	42	80,916
1940 .. ..	29,700	19,660	12,290	7,009	4,774	3,883	36	77,352
Total, 1912-13 to 1939-40 ..	1,268,946	833,944	473,142	277,929	202,605	136,264	1,064	3,193,894

(a) Includes Australian Capital Territory.

**§ 8. 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 and the Defence Departments, 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 Service Homes, the High Commissioner's Office, London, and the Council for Scientific and Industrial Research. During the same year a new feature, in the form of the Provident Account, was introduced. This provides for compulsory contributions in respect of those, who, through physical disabilities or failure to pass the required medical examination, are ineligible to contribute to the Superannuation Fund. Any other, 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.

The number of contributors to the fund at 30th June, 1939, was 40,249, (35,745 males and 4,504 females) and the average pension contributed for was 4.691 units or £121 19s. 4d. per annum.

During 1938-39 the receipts of the fund amounted to £1,424,748 of which officers' contributions represented £536,059, interest on investments, £290,092, investments matured, £451,818, and advances by the Treasury, £138,800. The payments from the fund for the year were £1,466,738 of which £140,244 represented pension payments and £1,289,332 investments. At 30th June, 1939 the total funds invested amounted to £7,461,298 (at cost). The average rate of interest on investments at 30th June, 1939, was £4 5s. 9d. per cent.

Pensions in force on 30th June, 1939, including contributory and non-contributory, but excluding commuted pensions, numbered 6,665, with a net annual liability of £604,843, of which £460,498 represented the share payable from the Consolidated Revenue Fund.

### § 9. Currency and Coinage.

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

2. **Standard Weight and Fineness of Coinage.**—In addition to coins minted at Melbourne and Perth mints, Imperial silver coins legally current in England and which were minted prior to 31st March, 1920, when the fineness was reduced from .925 to .500, are also legal tender in Australia where the fineness of silver coin is .925. The circulation of Imperial silver currency in Australia has practically ceased, as the ruling exchange rate has made it profitable to transfer to London all coins legally current there. Sovereigns coined at the Royal Mint, London, or at any of its branches throughout the Empire are legal tender in Australia. The provisions as to legal tender are—gold coins, legal tender to any amount, silver for an amount not exceeding forty shillings, and bronze up to one shilling. The standard weights of the sovereign and half-sovereign are respectively 123.27447 grains and 61.63723 grains, but these coins will pass current if they do not fall below 122.5 grains and 61.125 grains respectively. Gold coins have ceased to circulate in Australia and Commonwealth Bank Notes are legal tender to any amount.

3. **Gold Receipts and Issues.**—(i) *Receipts.* The receipts of gold during 1939 and the aggregate at each mint to the end of 1939 were as follows :—

#### AUSTRALIAN MINTS: RECEIPTS OF GOLD, 1939, AND TOTAL.

Mint.	Deposits during 1939.	Total to end of 1939.		
		Quantity.		Value.
		Gross.	Fine.	
	Oz.	Oz.	Oz.	£
Sydney(a) ..	..	42,082,928	36,907,045	156,771,141
Melbourne ..	411,356	44,879,027	40,463,374	171,877,373
Perth ..	1,506,823	42,181,064	34,169,936	145,144,568
Total ..	1,918,219	129,143,019	111,540,355	473,793,082

(a) To end of 1926.

In cases of deposits containing over a certain minimum of silver, the excess is paid for at the rate fixed from time to time by the Deputy-Master of the branch mint concerned.

(ii) *Issues.* The Australian mints issue gold bullion partly for the use of local manufacturers (jewellers and dentists), and partly for export. Since September, 1931, when the United Kingdom departed from the gold standard, the minting of gold coins by Australian mints has ceased. Australian exports of gold are mainly in the form of 400-oz. ingots, but in earlier years a considerable amount of gold was shipped in 10-oz. bars to India. During recent years the export was subject to regulation by the

Commonwealth Government. The issues during 1939, and the total to the end of that year, are shown in the table below:—

**AUSTRALIAN MINTS: ISSUES OF GOLD.**

Mint.	Coin.			Bullion.	Total.
	Sovereigns.	Half-sovereigns.	Total.		
1939—	£	£	£	£	£
Melbourne ..	..	..	..	1,252,626	1,252,626
Perth ..	..	..	..	4,696,712	4,696,712
Total, 1939	..	..	..	5,949,338	5,949,338
Aggregate—					
Sydney ..	144,435,550	4,781,000	149,216,550	7,574,408	156,790,958
Melbourne ..	147,283,131	946,780	148,229,911	23,652,337	171,882,248
Perth ..	106,384,197	367,338	106,751,535	38,401,917	145,153,452
Total to end of 1939 ..	398,102,878	6,095,118	404,197,996	69,628,662	473,826,658

(iii) *Withdrawals of Worn Coin.* The mints receive light and worn coin for recoinage. The total withdrawals of worn gold coin to the end of 1939 were as follows:—Sydney (to 1926), £1,110,867; Melbourne, £882,304 (since and including 1890); and Perth, £1,401.

4. *Price of Gold.*—In consequence of Great Britain's departure from the gold standard on 21st September, 1931, the market value of gold immediately rose by about 17½ per cent. from £4 4s. 11d. to £4 19s. 7d. per fine ounce. Considerable fluctuations have since taken place, but over the last few years the price has been steadily rising. At the outbreak of the present War the price in London was fixed at the high level of £stg. 8.4 per fine ounce. In previous issues the Australian prices shown were calculated from the London price but in view of this fixation the prices shown in the following table represent the Commonwealth Bank's buying price for gold lodged at the mints in Australia.

The table shows the prices in London and Australia for 1932–33 and following years, and for each month from July, 1937 to December, 1940. Particulars are also shown for the value of the sovereign.

**PRICE OF GOLD: LONDON AND AUSTRALIA, 1932–33 to 1940–41.**

Period.	London.		Australia.(a)		
	Average price per fine oz.	Average value of Sovereign.	Average price per fine oz.	Average value of Sovereign.	Equivalent to a premium of—
Average for Year—	£s s. d.	£s s. d.	£A s. d.	£A s. d.	%
1932–33 ..	6 1 4	1 8 7	7 9 9	1 15 3	76.2
1933–34 ..	6 11 8	1 11 0	8 2 0	1 18 1	90.6
1934–35 ..	7 1 6	1 13 4	8 14 10	2 1 2	105.7
1935–36 ..	7 0 9	1 13 2	8 14 0	2 1 0	105.0
1936–37 ..	7 0 10	1 13 2	8 15 3	2 1 3	106.2
1937–38 ..	7 0 0	1 13 0	8 13 10	2 0 11	104.6
1938–39 ..	7 6 9	1 14 7	9 2 9	2 3 0	115.0
1939–40 ..	8 4 10	1 18 8	10 8 4	2 9 1	145.4

NOTE.—“£s” represents £'s sterling while Australian £'s are indicated by “£A.”

(a) Based on the Commonwealth Bank's buying price for gold lodged with the mints. Particulars in previous issues calculated from the London price. The average value of sovereigns from September, 1939 onwards is the direct quotation of the Commonwealth Bank. In respect of earlier figures the value has been calculated from the gold price, one sovereign being estimated at .23452 fine ounces in weight.



## PRICE OF GOLD: LONDON AND AUSTRALIA, 1932-33 to 1940-41—continued.

Period.	London.		Australia.(a)		Equivalent to a premium of—
	Average price per fine oz.	Average value of Sovereign.	Average price per fine oz.	Average value of Sovereign.	
Average for	£s s. d.	£s s. d.	£A s. d.	£A s. d.	%
Month—					
1937-38—					
July ..	7 0 0	1 13 0	8 14 5	2 1 1	105.4
August ..	6 19 6	1 12 10	8 13 10	2 0 11	104.6
September ..	7 0 4	1 13 1	8 14 7	2 1 1	105.4
October ..	7 0 6	1 13 1	8 14 7	2 1 1	105.4
November ..	7 0 2	1 13 0	8 13 6	2 0 10	104.2
December ..	6 19 9	1 12 11	8 13 2	2 0 9	103.8
January ..	6 19 8	1 12 10	8 12 11	2 0 8	103.3
February ..	6 19 9	1 12 11	8 13 1	2 0 9	103.8
March ..	6 19 11	1 12 11	8 13 8	2 0 11	104.6
April ..	6 19 9	1 12 11	8 13 7	2 0 10	104.2
May ..	7 0 1	1 13 0	8 14 2	2 1 0	105.0
June ..	7 0 9	1 13 2	8 14 6	2 1 1	105.4
1938-39—					
July ..	7 1 3	1 13 3	8 15 5	2 1 4	106.5
August ..	7 2 6	1 13 6	8 17 4	2 1 9	108.7
September ..	7 4 5	1 14 0	9 0 2	2 2 5	112.1
October ..	7 5 9	1 14 4	9 1 8	2 2 9	113.8
November ..	7 7 8	1 14 9	9 3 9	2 3 3	116.3
December ..	7 7 11	1 15 1	9 5 3	2 3 7	118.1
January ..	7 8 11	1 15 1	9 5 6	2 3 8	118.3
February ..	7 8 4	1 14 11	9 4 8	2 3 6	117.6
March ..	7 8 5	1 14 11	9 5 2	2 3 7	117.9
April ..	7 8 6	1 15 0	9 5 1	2 3 7	117.9
May ..	7 8 6	1 14 11	9 4 11	2 3 6	117.6
June ..	7 8 6	1 14 11	9 4 10	2 3 6	117.6
1939-40—					
July ..	7 8 6	1 15 0	9 4 11	2 3 6	117.6
August ..	7 10 6	1 15 5	9 10 5	2 4 10	124.1
September ..	8 7 7	1 19 5	10 11 0	2 8 2	140.8
October ..	8 8 0	1 19 7	10 11 0	2 8 2	140.8
November ..	8 8 0	1 19 7	10 11 11	2 8 7	142.9
December ..	8 8 0	1 19 7	10 12 6	2 8 11	144.6
January ..	8 8 0	1 19 7	10 12 9	2 8 11	144.6
February ..	8 8 0	1 19 7	10 13 2	2 9 0	145.0
March ..	8 8 0	1 19 7	10 13 3	2 9 0	145.0
April ..	8 8 0	1 19 7	10 13 3	2 9 0	145.0
May ..	8 8 0	1 19 7	10 13 3	2 9 0	145.0
June ..	8 8 0	1 19 7	10 13 0	2 9 0	145.0
1940-41—					
July ..	8 8 0	1 19 7	10 11 0	2 8 6	142.5
August ..	8 8 0	1 19 7	10 12 6	2 8 11	144.6
September ..	8 8 0	1 19 7	10 13 3	2 9 0	145.0
October ..	8 8 0	1 19 7	10 14 0	2 9 3	146.3
November ..	8 8 0	1 19 7	10 14 0	2 9 3	146.3
December ..	8 8 0	1 19 7	10 14 0	2 9 3	146.3

NOTE.—“£s” represents £'s sterling while Australian £'s are indicated by “£A.”

(a) Based on the Commonwealth Bank's buying price for gold lodged with the mints. Particulars in previous issues calculated from the London price. The average value of sovereigns from September, 1939 onwards is the direct quotation of the Commonwealth Bank. In respect of earlier figures the value has been calculated from the gold price, one sovereign being estimated at .23452 fine ounces in weight.

5. *Silver and Bronze Coinage.*—(i) *Prices of Silver.* Particulars for recent years are shown in p. 293 of Chapter XII. "Mineral Industry."

(ii) *Profits on Coinage of Silver.* As sixty-six shillings are coined out of one pound troy of standard silver (.925 fine), the silver required to produce £3 6s. of coin costs, at the average 1939 London market price of 1s. 8. 6d. per ounce, approximately 20s. 7d. The difference nearly represents, therefore, the gross profit or seigniorage made on the coinage of every £3 6s. Negotiations between the Imperial authorities and the Governments of New South Wales and Victoria for the coinage of silver and bronze coin in Australia extended over a number of years but no decision was arrived at. As Section 51 of the Commonwealth Constitution makes legislation concerning "currency, coinage, and legal tender" a Commonwealth matter, the question remained in abeyance until 1907, when the matter was discussed at the Colonial Conference, London, with the result that in the latter part of 1908 the Commonwealth Treasurer announced his intention of initiating the coinage. Since 1916 silver and bronze coins have been minted in Australia on behalf of the Commonwealth Treasury. An issue of crowns was made in 1936-37 when coins of this denomination to the value of £200,000 were put into circulation. Further issues to the value of £50,000 in 1937-38, £25,000 in 1938-39, and £600 in 1939-40 have been minted. These coins have now practically disappeared from circulation.

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

#### AUSTRALIAN MINTS: SILVER AND BRONZE ISSUES BY TREASURY.

Year.	Silver.						Bronze.			
	5s.	2s.	1s.	6d.	3d.	Total.	1d.	½d.	Total.	
	£	£	£	£	£	£	£	£	£	
1910 to 1932	..	3,904,600	1,837,300	861,500	823,100	7,426,500	333,163	117,985	451,148	
1932-33	..	23,400	9,200	5,200	6,600	44,400	13,470	8,140	21,610	
1933-34	..	81,400	29,200	23,800	24,200	158,600	21,890	7,500	29,390	
1934-35	..	140,400	24,200	24,000	29,800	218,400	17,390	6,770	24,160	
1935-36	..	167,500	34,400	46,800	49,400	298,100	23,920	8,050	31,970	
1936-37	..	200,000	208,600	13,000	47,000	39,200	507,800	17,180	6,190	23,370
1937-38	..	50,000	365,000	93,600	59,700	65,200	633,500	26,770	7,130	33,900
1938-39	..	25,000	77,400	39,000	47,800	39,400	219,600	30,660	11,140	41,800
1939-40	..	600	176,800	36,800	41,600	50,600	306,400	20,770	5,280	26,050
Total	275,600	5,145,100	2,107,700	1,157,400	1,127,500	9,813,300	505,213	178,135	683,398	

(iv) *Withdrawals of Worn Silver Coin.* An examination of the wear on silver coins made by the London Mint Authorities in 1909 revealed that the average life of silver coins (then .925 fine) was:—2s. pieces, 45 years; 1s., 41 years; 6d., 28 years; and 3d., 32 years. No worn silver coins were received during 1939. The total withdrawals of worn silver coin to 1939 were:—Melbourne, £1,747,409; Perth, £129,738; Sydney (to 1926), £1,248,672.

6. *Australian Note Issue.*—(i) *General.* Information in some detail regarding Australian Notes has been given in earlier issues of the Official Year Book. In December, 1920, the assets and liabilities of the Treasurer under the Australian Notes Act 1910-1914 were transferred to the Note Issue Department of the Commonwealth Bank and control of the Australian Note Issue was placed under the Board of Directors of this Department. Under the Commonwealth Bank Act 1924 control of the Note Issue passed to the Board of Directors of the Commonwealth Bank.

(ii) *Reserve against Note Issue.* Prior to 19th June, 1931, the reserve held in gold against the note issue was fixed at 25 per cent. of the total notes in circulation. To permit further shipments of gold to meet short-term obligations in London, an Amending

Act reduced the statutory gold reserve to 15 per cent. with provision for the restoration by graduations to 25 per cent. within a period not exceeding five years. A further Amending Act provided that portion of the note issue reserve may be held in British sterling, which was defined as follows:—(a) Balances standing to the credit of the Bank at the Bank of England or at any other of its Bankers in London; (b) Bills of Exchange or advances secured thereby which will mature in not more than three months and which are payable in the United Kingdom in currency which is legal tender therein; and (c) Treasury Bills or other securities of the United Kingdom which will mature in not more than three months.

(iii) *Notes in Circulation.* Particulars of the average notes in circulation and of the gold reserve for the years 1914 and 1935 to 1939 are given in the following table:—

#### AUSTRALIAN NOTE ISSUE: PARTICULARS.

Particulars.	Average of monthly statements for year—					
	1914.	1935.	1936.	1937.	1938.	1939.
Notes held by—	£	£	£	£	£	£
Banks ..	(a) 20,119,208	20,119,208	18,465,121	17,194,775	16,700,228	14,403,326
Public ..	(a) 27,449,147	27,449,147	28,972,667	31,008,466	32,706,922	35,186,843
<b>Total ..</b>	<b>11,944,848</b>	<b>47,568,355</b>	<b>47,437,788</b>	<b>48,203,241</b>	<b>49,407,150</b>	<b>49,590,169</b>
Gold Reserve(b)	5,368,822	15,922,404	16,001,182	16,009,963	16,008,892	16,029,758
Percentage of Reserve on Total Issue ..	44.9	33.5	33.7	33.2	32.4	32.4

(a) Not available. (b) Includes English sterling in 1935 and following years. (c) Average of published figures including values expressed in £'s gold, £'s sterling and £'s Australian. (d) £'s Australian.

Details of the average value of each of the several denominations of Australian Notes outstanding in 1914 and from 1935 to 1939 are given in *Finance Bulletin* No. 31 issued by this Bureau.

(iv) *Note Issue Department—Australian Notes Account at 30th June, 1940.* The following statement shows particulars of liabilities and assets of the Note Issue Department of the Commonwealth Bank as at 30th June, 1940.

#### AUSTRALIAN NOTES ACCOUNT: 30th JUNE, 1940.

Liabilities.		Assets.	
Notes in circulation ..	£ 61,619,444	Gold and English sterling ..	£ 16,081,528
Reserve for Notes not presented .. ..	33,983	Debentures and other Securities .. ..	54,311,235
Special Reserve premium on gold .. ..	7,752,901	Other Assets (Commonwealth Government) .. ..	455,253
Other Liabilities .. ..	1,441,688		
<b>Total Liabilities .. ..</b>	<b>70,848,016</b>	<b>Total Assets .. ..</b>	<b>70,848,016</b>

7. **Legal Tender Extant.**—Accurate information regarding the amount of token money in circulation is not available, but the following table gives an estimate of the amount of legal tender extant about the middle of the years 1936 to 1940.

**ESTIMATED LEGAL TENDER EXTANT: AUSTRALIA.**

Particulars.	1936.	1937.	1938.	1939.	1940.
Australian Note Issue(a)—	£'000.	£'000.	£'000.	£'000.	£'000.
Held by Banks .. .. .	18,253	17,537	17,630	14,829	13,937
Held by Public .. .. .	28,792	29,502	31,404	32,701	46,938
Notes of Trading Banks outstanding(b)	167	167	167	167	167
Coin—Gold—Held by Banks(c) ..	51	62	48	79	75
Held by Public .. .. .	..	..	..	..	..
Silver—Held by Banks(c) ..	2,099	2,325	2,601	2,508	1,925
Held by Public .. .. .	5,943	6,160	6,515	6,861	7,616
Bronze—Held by Banks(c) ..	113	118	117	132	125
Held by Public .. .. .	441	460	499	535	569
<b>Total .. .. .</b>	<b>55,859</b>	<b>56,331</b>	<b>58,981</b>	<b>57,812</b>	<b>71,352</b>

(a) Last Monday in June.

(b) Average for June quarter.

(c) At 30th June.

The figures given above for silver coin represent the total issues of Australian silver coin less the excess of exports of Australian coins to New Zealand and the Pacific Islands over the reimports of Australian coins. The amount of English coin in circulation in Australia is negligible, and as it is not possible to ascertain accurately its volume, no allowance has been made therefor. The figures given for bronze coins refer to the total issues of Australian coin, the small amount of British coin in circulation being disregarded.

**C.—STATE FINANCE.**

**§ 1. General.**

1. **Functions of State Governments.**—In comparing the financial returns of the States, allowance must be made for the various functions discharged by the respective Governments, and for local conditions in each case. Direct comparisons of 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 instituting comparisons, and the particulars contained in this Chapter should be read with those contained in Chapter XXII, "Local Government" In many respects, moreover, the budgets of the Australian Governments differ materially from those of most European countries, owing to the inclusion therein of the revenue and expenditure of departments concerned in rendering public services, such for instance as railways, tramways, water supply, etc., which in other countries are often left to private enterprise.

2. **Accounts of State Governments.**—The various financial transactions of the States are in each case mainly concerned with one or other of three Funds—the "Consolidated Revenue Fund," the "Trust Fund," and the "Loan Fund." All revenue (except certain taxation items paid into special funds) collected by the State is placed to the credit of its Consolidated Revenue Fund, from which payments are made under the authority of an Annual Appropriation Act passed by the Legislature, or by a permanent appropriation under a Special Act.

Figures relating to New South Wales represent the transactions of the Consolidated Revenue Fund, the Unemployment Relief Fund, the Social Services 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. Particulars for all other States relate to the transactions of the Consolidated Revenue Fund.

On 16th December, 1938, it was enacted that, in order to provide for the co-ordination, regulation, control and improvement of the means of and facilities for transport in Tasmania, a Transport Commission, consisting of a Commissioner and two Associate Commissioners, should be constituted. This Commission was given control of all means of transport by road, rail or air within the State, other than those operated by private owners or by local Government authorities. Revenue was provided for by allotting to the Commission receipts from the operations of the various forms of Government transport, registration and licence-fees in respect of motor vehicles, etc., motor taxation collections, etc. In addition, the State Treasurer was required to pay to the Commission all moneys made available by the Commonwealth from the proceeds of petrol taxation, and all land tax collections. This Act became effective on 1st July, 1939. The separation of the Commission's financial transactions from the Consolidated Revenue Fund has therefore occasioned considerable decreases in the figures for 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 savings banks funds, 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.**—In regard to the inter-relation of Commonwealth and State Finances, a statement in some detail, covering 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 page 869 of this issue details are given in regard to the constitutional and other requirements in the matter of the distribution of Commonwealth revenues.

## § 2. 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 and Special Grants 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 contributor being the Government Railways and Tramways. Next in magnitude comes Taxation, followed in order by the Commonwealth Payments and Interest Receipts.

The Queensland Income (Unemployment Relief) Tax Act, 1930-1935, which provided that taxes collected for unemployment relief should be paid into a special fund, was repealed by the Income (State Development) Tax Act of 1938, which came into operation on 1st January, 1939. Under the conditions of the new Act, taxes collected are paid into Consolidated Revenue Fund. The inclusion of these taxes is largely responsible for the increase of Queensland 1938-39 revenue figures over those for 1937-38. The expenditure of the amounts so collected is responsible for a similar increase in the expenditure figures.

2. **Revenue Received.**—The following table furnishes particulars of the total amounts and the amounts per head, of consolidated revenue received by the several States during the last five years. The figures for New South Wales have been revised since the last issue, principally by the exclusion from railway revenue of £800,000 contribution from

Consolidated Revenue Fund on account of developmental country lines. This item has previously been duplicated in the combined accounts.

STATE CONSOLIDATED REVENUE.

Year.	N.S.W. (a)	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
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TOTAL COLLECTIONS.

	£	£	£	£	£	£	£
1935-36	45,718,823	26,038,340	15,488,991	11,409,325	10,033,721	3,117,602	111,806,802
1936-37	49,159,077	27,221,267	16,535,038	11,739,306	10,185,433	3,488,524	118,328,645
1937-38	53,545,720	27,614,982	17,339,731	12,460,936	10,819,042	3,639,755	125,420,166
1938-39	51,709,735	26,985,548	19,330,369	12,303,597	10,949,660	3,614,764	124,893,673
1939-40	54,754,626	28,102,735	20,755,504	12,755,648	11,119,943	3,055,310	130,543,766

PER HEAD OF POPULATION.(c)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1935-36	17 4 2	14 2 7	15 18 8	19 9 3	22 8 1	13 9 8	16 11 11
1936-37	18 6 9	14 13 11	16 16 0	19 19 1	22 10 10	15 0 6	17 8 7
1937-38	19 15 4	14 16 9	17 8 5	21 1 11	23 13 3	15 9 8	18 6 3
1938-39	18 18 3	14 7 10	19 4 0	20 14 0	23 13 4	15 5 2	18 1 6
1939-40	19 15 11	14 17 5	20 7 9	21 7 4	23 16 9	12 15 8a	18 14 3

(a) See § 1 par. 2 above. (b) See § 2 par. 1 above. (c) 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 1939-40 are as follows :—

STATE CONSOLIDATED REVENUE : SOURCES, 1939-40.

Source of Revenue.	N.S.W. (a)	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania. (a)	Total.
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TOTAL REVENUE.

	£	£	£	£	£	£	£
Taxation(b) ..	19,820,785	10,699,409	7,769,496	4,563,353	3,020,051	1,613,713	47,496,807
Business Under-takings ..	26,232,271	12,246,913	7,920,976	4,937,167	5,597,365	13,367	56,948,059
Territorial ..	1,627,974	415,661	1,550,629	235,729	316,205	68,110	4,214,308
Interest ..	454,554	1,503,900	1,250,188	926,905	475,839	448,336	5,059,722
Commonwealth payments(e) ..	2,967,593	2,127,159	1,096,235	1,578,816	1,068,432	696,859	9,535,094
Miscellaneous ..	3,651,449	1,109,693	1,167,980	513,678	632,051	214,925	7,289,776
Total ..	54,754,626	28,102,735	20,755,504	12,755,648	11,119,943	3,055,310	130,543,766

PER HEAD OF POPULATION.(f)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Taxation(b) ..	7 3 4	5 13 3	7 12 8	7 12 10	6 9 11	6 15 1	6 16 2
Business Under-takings ..	9 9 8	6 9 7	7 15 7	8 5 5	12 0 0	0 1 1	8 3 3
Territorial ..	0 11 9	0 4 5	1 10 6	0 7 11	0 13 6	0 5 8	0 12 1
Interest ..	0 3 3	0 15 11	1 4 7	1 11 1	1 0 5	1 17 6	0 14 6
Commonwealth payments(e) ..	1 1 6	1 2 6	1 1 6	2 12 11	2 5 10	2 18 4	1 7 4
Miscellaneous ..	1 6 5	0 11 9	1 2 11	0 17 2	1 7 1	0 18 0	1 0 11
Total ..	19 15 11	14 17 5	20 7 9	21 7 4	23 16 9	12 15 8	18 14 3

(a) See § 1 par. 2 above. (b) In all States certain taxation collections are not paid into Consolidated Revenue Fund. For total collections see next page. (c) Excludes £800,000, formerly included, contributed from Consolidated Revenue Fund in respect of losses on country developmental railways. (d) Including £120,000 of Disabilities Grant credited direct to Railway Revenue. (e) Including special grants. (f) Based on mean population of the financial year.

In connexion with the item Business Undertakings, it should be borne in mind that services performed by the Government in one State may, in another, be carried out by a Board or Trust. For instance, 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 or private companies. Harbour and river services and water supply and sewerage are also controlled in some cases by the State and in others by Trusts. As stated in § 1 par. 2 above, all the Tasmanian transport facilities are now controlled by a Commission.

The magnitude of the revenue per head from Business Undertakings in the case of Western Australia is mainly due to railways, the mileage of which is greater per head of population than in other States. In New South Wales and Western Australia the revenue from tramways is also included.

(ii) *Revenue from Taxation.*—(a) *General.* The following table shows for the year 1939-40 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 are different from those stated in the tables relating to the Consolidated Revenue Funds, but 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 "Racing Taxation" instead of under "Stamp Duties" and "Licences" respectively:—

STATE REVENUE FROM TAXATION : TOTAL COLLECTIONS, 1939-40.

Tax.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
<b>TOTAL COLLECTIONS.</b>							
	£	£	£	£	£	£	£
Probate and Succession Duties	2,201,268	1,456,752	658,298	563,505	122,442	135,107	5,137,372
Other Stamp Duties	1,422,851	978,992	605,490	236,427	250,728	85,626	3,580,114
Land	2,169	490,255	408,640	320,316	99,348	83,769	1,404,497
Income and Dividend	7,031,961	4,737,696	3,452,653	2,358,733	1,001,906	452,072	19,035,021
Other taxes on Income—							
Unemployment Relief	65,888,696	1,999,902	..	..	..	..	7,888,598
Social Services	62,363,625	..	..	..	..	..	2,363,625
Financial Emergency	..	..	..	..	1,251,259	..	1,251,259
Other	(c) 955	..	d2,255,197	..	(e) 270,782	f385,666	2,912,600
Liquor	320,620	261,797	88,058	34,358	82,975	27,555	815,363
Lotteries	..	..	85,125	..	..	g364,658	449,783
Racing and other Entertainment	516,655	681,471	94,029	382,408	160,874	74,893	1,910,330
Motor	2,861,342	1,981,500	1,023,247	687,644	451,937	214,189	7,223,968
Licences, N.E.I.	71,985	100,609	140,711	29,251	16,696	4,367	414,285
Other	..	21,679	..	7,476	21,511	..	..
<b>Total</b>	<b>22,682,127</b>	<b>12,710,662</b>	<b>8,816,448</b>	<b>4,620,118</b>	<b>3,729,558</b>	<b>1,827,902</b>	<b>54,386,815</b>

(a) Includes Gold Mining Profits Tax, £150,242 (6s. 5d. per head). (b) Social Services and the Unemployment Relief taxes have replaced during 1939-40 the former Special Income and Wages taxes. (c) Family Endowment. (d) State Development Tax. (e) Hospital Tax. (f) Special Income and Wages Tax. (g) Includes Income Tax on Lottery Prizes, £239,063 (£1. per head).

The table hereunder shows the percentages of collections under individual taxes on the total taxation revenue for the year 1939-40 :—

## STATE REVENUE FROM TAXATION: PERCENTAGES ON TOTAL, 1939-40.

Tax.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
	%	%	%	%	%	%	%
Probate and Succession Duties	9.71	11.46	7.47	12.20	3.28	7.39	9.45
Other Stamp Duties	6.27	7.70	6.87	5.12	6.72	4.69	6.58
Land	0.01	3.86	4.63	6.93	2.67	4.58	2.58
Income and Dividend	31.00	37.27	39.16	51.05	26.87	24.73	35.00
Other taxes on Income—							
Unemployment Relief	25.96	15.74	..	..	..	..	14.51
Social Services	10.43	..	..	..	..	..	4.31
Financial Emergency	..	..	..	..	33.55	..	2.30
Other	..	..	25.58	..	7.26	21.10	5.36
Liquor	1.41	2.06	1.00	0.74	2.22	1.51	1.50
Lotteries	..	..	0.97	..	..	19.95	0.83
Racing and other Entertainment	2.28	5.36	1.07	8.28	4.32	4.09	3.51
Motor	12.61	15.59	11.66	14.88	12.09	11.72	13.28
Licences, N.E.I.	0.32	0.79	1.59	0.61	0.45	6.24	..
Other	..	0.17	..	0.16	0.57	..	0.76
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Prior to Federation duties of Customs and Excise constituted the principal source of revenue from taxation. At present the most productive State taxes are the various Income Taxes, which include Unemployment Relief, Social Services, State Development Wages and Financial Emergency. Motor taxation, Probate and Succession and other Stamp duties rank next in importance. In addition to these, a State land tax and licence fees of various kinds are collected in all the States, and a dividend tax is levied in Western Australia and Tasmania.

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, during the five years ended 1939-40 are given in the following table :—

## STATE REVENUE FROM TAXATION.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
TOTAL COLLECTIONS.							
	£	£	£	£	£	£	£
1935-36	16,289,722	9,920,693	7,323,028	3,267,389	2,752,625	1,418,256	40,971,713
1936-37	18,726,370	10,818,800	7,730,782	3,610,431	3,077,910	1,484,808	45,449,101
1937-38	20,504,582	11,646,645	8,539,471	3,998,132	3,288,776	1,697,159	49,674,765
1938-39	20,262,919	12,023,240	8,646,453	4,199,064	3,596,603	1,778,718	50,506,997
1939-40	22,682,127	12,710,662	8,816,448	4,620,118	3,729,558	1,827,902	54,386,215
PER HEAD OF POPULATION.(a)							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1935-36	6 2 8	5 7 8	7 10 8	5 11 6	6 2 11	6 3 2	6 1 8
1936-37	6 19 8	5 16 10	7 17 1	6 2 9	6 16 3	6 7 11	6 13 11
1937-38	7 11 5	6 5 2	8 11 7	6 15 4	7 3 10	7 4 5	7 5 1
1938-39	7 8 3	6 8 3	8 11 9	7 1 3	7 15 6	7 10 2	7 6 2
1939-40	8 4 0	6 14 6	8 13 3	7 14 10	7 19 11	7 13 0	7 15 11

(a) 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 earlier. (See Chapter XXV. "Private Finance", Section F.)

The duties collected for the last five financial years are as follows:—

**STATE PROBATE AND SUCCESSION DUTIES: NET COLLECTIONS.**

State.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
New South Wales .. ..	1,673,805	2,081,548	2,233,144	2,364,124	2,201,268
Victoria .. ..	1,340,701	1,509,693	1,431,057	1,374,355	1,456,752
Queensland .. ..	528,412	583,741	636,207	677,037	658,298
South Australia .. ..	233,742	299,775	244,512	366,526	563,505
Western Australia .. ..	112,657	93,320	101,631	123,798	122,442
Tasmania .. ..	111,872	73,165	107,687	94,669	135,107
Total .. ..	4,001,189	4,641,242	4,754,238	5,000,509	5,137,372

(c) *Other Stamp Duties.* The revenue derived from Stamp duties (exclusive of probate and succession duties and stamp duties on betting tickets) for the last five years is shown in the accompanying table:—

**OTHER STATE STAMP DUTIES: NET COLLECTIONS.**

State.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
New South Wales .. ..	1,141,305	1,264,646	1,368,919	1,286,124	1,422,851
Victoria .. ..	858,731	917,255	952,470	959,727	978,992
Queensland .. ..	545,167	548,732	632,329	610,110	605,490
South Australia .. ..	225,499	243,372	277,843	249,729	236,427
Western Australia .. ..	252,062	263,630	281,417	274,995	250,728
Tasmania .. ..	74,342	74,189	79,193	84,832	85,626
Total .. ..	3,097,106	3,311,824	3,592,171	3,465,517	3,580,114

(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 financial years 1935-36 to 1939-40:—

## STATE LAND TAX: NET COLLECTIONS.

State.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
New South Wales .. .. .	2,034	2,221	2,237	2,154	2,169
Victoria .. .. .	494,293	492,143	498,232	482,336	490,255
Queensland .. .. .	411,598	402,308	405,070	401,682	408,640
South Australia .. .. .	293,842	301,660	325,499	321,482	320,316
Western Australia .. .. .	(a) 117,682	116,894	122,856	114,623	99,348
Tasmania .. .. .	89,494	89,927	84,380	85,069	83,769
Total .. .. .	1,408,943	1,405,153	1,438,274	1,407,346	1,404,497

(a) Refunds not deducted. Particulars not available.

(e) *Income Tax.* A tax on the incomes of persons, whether derived from personal exertion or from property, is also imposed in all the States. As might be expected, the rates, exemptions, etc., differ widely, but the general principles of the several Acts are similar.

The following table shows the total amounts collected in the several States during the years 1935-36 to 1939-40. In the cases of Western Australia and Tasmania the amounts of dividend duty collected are included. The tax levied on prizes in lotteries although coming within the Income Tax class has been excluded from the amounts given below.

## STATE INCOME AND DIVIDEND TAXES: NET COLLECTIONS.

State.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
New South Wales .. .. .	4,088,164	5,186,972	6,367,046	6,339,215	7,031,961
Victoria .. .. .	2,759,324	3,299,440	3,976,958	4,370,656	4,737,696
Queensland .. .. .	2,295,004	2,565,278	2,868,864	3,157,249	3,452,653
South Australia .. .. .	1,495,210	1,676,728	2,032,784	2,102,928	2,358,733
Western Australia (a) .. .. .	(b) 634,351	708,261	756,826	870,812	1,001,906
Tasmania .. .. .	235,714	269,524	388,437	429,623	452,072
Total .. .. .	11,507,767	13,706,203	16,390,915	17,270,483	19,035,021

(a) Includes Gold Mining Profits Tax. (b) Refunds not deducted. Particulars not available.

(f) *Other taxes on Income.* During 1930-31 a special unemployment relief tax was levied in New South Wales, Victoria and Queensland, but, in the case of New South Wales, this was discontinued and replaced by Special Income and Wages taxes, which were in turn replaced in 1939-40 by the Unemployment Relief and Social Services taxes. In Queensland the State Development Tax replaced the Unemployment Relief Tax in 1938-39 (see C. State Finance, § 2, par. 1 above). In South Australia portion of the moneys for expenditure on unemployment relief was raised by an increment in the rate of income tax. In Western Australia Financial Emergency and Hospital taxes are levied and in Tasmania Special Income and Wages taxes provide the funds necessary for the relief of unemployment. Further references to unemployment relief taxation appear in the *Labour Report*, Nos. 22 to 29.

(g) *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 last five years :—

**MOTOR TAXATION: NET COLLECTIONS.**

State.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
New South Wales .. ..	2,164,068	2,354,549	2,586,811	2,762,678	2,861,342
Victoria .. ..	1,592,880	1,682,561	1,825,152	1,913,689	1,981,509
Queensland .. ..	724,119	761,147	818,665	939,757	1,028,247
South Australia .. ..	608,036	639,874	672,635	715,944	687,644
Western Australia .. ..	342,163	410,378	429,030	453,053	451,037
Tasmania .. ..	123,584	133,003	147,864	175,591	214,189
<b>Total .. ..</b>	<b>5,554,850</b>	<b>5,981,512</b>	<b>6,480,157</b>	<b>6,960,712</b>	<b>7,223,968</b>

The proceeds of motor tax and motor registration fees are now paid into special funds and the amounts do not appear in the Consolidated Revenue Funds, except for South Australia. In Tasmania, prior to 1939-40, motor taxation collections were paid into the Consolidated Revenue Fund, but they have been paid to the Transport Commission, since the institution of that body.

(iii) *Business Undertakings.* (a) 1939-40. 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, while, 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. In this connexion see C. State Finance, § 1, par. 2 above. For the year 1939-40 the revenue from these sources was £56,948,059 or 44 per cent. of the revenue from all sources. Details of revenue are as follows :—

**STATE REVENUE FROM BUSINESS UNDERTAKINGS, 1939-40.**

Source.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.(a)	Total.
	£	£	£	£	£	£	£
Railways .. ..	b19,954,851	c9,855,781	7,918,487	d3,145,442	3,497,529	5,770	44,377,860
Tramways and Omnibuses .. ..	4,467,909	(e)106,346	..	..	304,856	..	4,879,111
Harbour Services .. ..	1,203,227	(f)211,553	..	624,758	288,500	..	2,328,038
Water Supply, Sewerage, Irrigation and Drainage .. ..	..	(g)731,422	..	1,097,802	873,250	..	2,702,474
Electricity Supply .. ..	..	878,473	..	..	425,715	5,744	1,309,932
Other .. ..	(h)606,284	463,338	2,489	69,165	207,515	1,853	1,350,644
<b>Total .. ..</b>	<b>26,232,271</b>	<b>12,246,913</b>	<b>7,920,976</b>	<b>4,937,167</b>	<b>5,597,365</b>	<b>13,367</b>	<b>56,948,059</b>

(a) Tasmanian transport services now under separate control of 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) Includes £120,000, portion of Commonwealth Grant paid direct to Railways.  
 (e) Tramway contribution to Consolidated Revenue.  
 (f) Includes Harbour Trust Fund contribution £139,717.  
 (g) Country Water Supply and Sewerage only.  
 (h) Road Transport and Traffic Fund.

(b) 1935-36 to 1939-40. Particulars of the revenue from Business Undertakings for the last five years are given below:—

## STATE REVENUE FROM BUSINESS UNDERTAKINGS.(a)

Source.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Railways, Tramways and Omnibuses .. ..	44,242,657	46,252,795	48,639,567	48,154,340	49,256,971
Harbour Services.. ..	2,063,860	2,082,743	2,290,372	2,356,905	2,328,938
Water Supply, Sewerage, Irrigation and Drainage..	2,607,665	2,750,233	2,857,242	2,543,046	2,702,474
Other .. ..	2,509,845	2,474,013	2,594,231	2,625,234	2,660,576
<b>Total .. ..</b>	<b>51,424,027</b>	<b>53,559,784</b>	<b>56,381,412</b>	<b>55,679,525</b>	<b>56,948,059</b>

(a) See notes to previous table.

(iv) *Territorial.* The revenue from the sale and rental of Crown lands has, with few exceptions, been treated from the earliest times as forming part of the Consolidated Revenue Funds, and has been applied to meet ordinary expenses. Where the rentals received are for lands held for pastoral or residential purposes such application of the revenue would appear justifiable. On the other hand, where the rentals are for mineral and timber lands, and in all cases of sales of lands, the proceeding is essentially a disposal of capital to defray current expenses, and is, therefore, open to criticism. The following table gives the revenue from sales and rentals of Crown lands for the year 1939-40:—

## STATE TERRITORIAL REVENUE, 1939-40.

Source.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
	£	£	£	£	£	£	£
Sales ..	100,795	82,240	..	30,466	5,241	1,467	220,209
Conditional Purchases	595,479	..	..	17,929	85,590	5,643	704,641
Rentals ..	764,941	135,615	1,095,955	187,325	67,613	24,870	2,276,319
Forestry ..	112,416	186,832	397,652	..	143,585	33,241	873,726
Other ..	54,343	10,974	57,022	9	14,176	2,889	139,413
<b>Total ..</b>	<b>1,627,974</b>	<b>415,661</b>	<b>1,550,629</b>	<b>235,720</b>	<b>316,205</b>	<b>68,110</b>	<b>4,214,308</b>

(v) *Commonwealth Payments.* The payments to the States (inclusive of special grants but excluding the contributions in respect of sinking fund on States' Debts and Federal Aid Roads grants which are paid by the Commonwealth into the National Debt Sinking Fund and Federal Aid Roads Trust Fund respectively and certain other grants paid into trust or special accounts) represent in each instance a considerable proportion of the States' revenue, and for the year 1939-40 aggregated £9,655,094 (including £120,000 credited direct to Railway Revenue in South Australia) or 7.4 per cent. of the total revenue of the States.

(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 1939-40 interest, mainly from loans to local governing bodies and on public account balances, was responsible for £5,059,722, whilst "Miscellaneous" revenue which includes fines of the courts and fees for services amounted to £7,289,776.

## Division II.—Expenditure.

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

- (a) Interest and sinking funds in connexion with public debt; (b) Working expenses of railways, tramways and other business and industrial undertakings; (c) Justice; (d) Police; (e) Penal establishments; (f) Education; (g) Health and charitable expenditure; 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 in Governmental expenditure, but in recent years Public Debt charges represent the heaviest item, notwithstanding the reduction in interest as a result of the 1931 internal conversion loan and the more recent conversion operations in London. In the year 1939-40 the percentage represented by Railways and Tramways was 29, as compared with 31 per cent. for Public Debt Charges; next in importance were Charitable, Public Health and Hospitals, 13 per cent; Education, 10 per cent.; and Law, Order and Public Safety, 5 per cent.

2. **Total Expenditure.**—The total expenditure from Consolidated Revenue Funds in the several States and the expenditure per head of population during each of the last five years are given in the table hereunder. The figures for New South Wales have been revised since the last issue, principally by the exclusion from miscellaneous expenditure of £800,000 contribution to Railway Revenue. This item has previously been duplicated in the combined accounts.

## STATE EXPENDITURE : CONSOLIDATED REVENUE FUNDS.

Year.	N.S.W. (a)	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
TOTAL.							
	£	£	£	£	£	£	£
1935-36	47,409,604	26,154,801	16,230,806	11,260,360	9,945,343	3,247,288	114,248,202
1936-37	49,081,953	27,192,344	16,815,228	11,600,138	10,556,638	3,443,618	118,689,919
1937-38	53,495,881	27,584,037	17,568,223	12,334,391	10,829,735	3,632,903	125,445,170
1938-39	54,163,064	27,772,790	19,316,323	12,700,921	11,170,102	3,640,748	128,763,948
1939-40	57,049,577	28,096,474	20,739,749	12,918,376	11,266,768	3,052,909	133,123,853

## PER HEAD OF POPULATION.(c)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1935-36	17 16 11	14 3 10	16 13 11	19 4 2	22 4 2	14 1 11	16 19 2
1936-37	18 6 2	14 13 8	17 1 9	19 14 4	23 7 3	14 16 7	17 9 8
1937-38	19 15 0	14 16 6	17 13 2	20 17 5	23 13 11	15 9 2	18 6 4
1938-39	19 16 2	14 16 4	19 3 8	21 7 4	24 2 10	15 7 4	18 12 8
1939-40	20 12 6	14 17 4	20 7 6	21 12 9	24 3 0	12 15 6	19 1 8

(a) See § 1, par. 2 above.  
each financial year.

(b) See § 2 (Div. I), par. 1 above.

(c) Based on mean population of

3. Details of Expenditure, 1939-40.—The following table shows the total expenditure and expenditure per head under each of the principal items:—

STATE EXPENDITURE : DETAILS, 1939-40.

Particulars.	N.S.W. (a)	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania. (a)	Total.
<b>TOTAL.</b>							
	£	£	£	£	£	£	£
Public debt (interest, sinking fund, exchange, etc.) ..	15,173,580	8,459,677	6,839,579	5,281,926	4,490,926	1,276,590	41,521,378
Railways, Tramways and Omnibuses (working expenses)	18,373,403	7,684,667	6,204,833	2,693,495	3,054,120	17,844	38,028,362
Water Supply, Sewerage, Irrigation and Drainage ..	..	481,910	..	359,549	300,288	..	1,141,747
Education ..	5,443,227	3,198,968	1,815,110	1,095,355	876,491	401,163	12,830,614
Health and charitable Justice ..	9,564,619	3,769,694	1,843,475	1,146,938	(b)544,055	457,885	17,326,666
Police ..	620,406	275,756	220,378	94,156	93,232	43,902	1,348,330
Penal establishments	1,484,669	831,977	611,291	316,458	261,704	121,890	3,627,989
All other expenditure	376,803	131,566	42,483	50,817	32,170	22,608	656,447
	6,012,870	3,262,259	3,162,100	1,879,682	1,614,682	710,727	16,642,320
<b>Total ..</b>	<b>57,949,577</b>	<b>28,096,474</b>	<b>20,739,749</b>	<b>12,918,376</b>	<b>11,266,768</b>	<b>3,052,909</b>	<b>133,123,853</b>

PER HEAD OF POPULATION.(c)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Public debt (interest, sinking fund, exchange, etc.) ..	5 9 8	4 9 6	6 14 5	8 16 11	9 12 6	5 6 10	5 19 0
Railways, Tramways and Omnibuses (working expenses)	6 12 10	4 1 4	6 1 11	4 10 3	6 10 11	0 1 6	5 9 0
Water Supply, Sewerage, Irrigation and Drainage ..	..	0 5 1	..	0 12 1	0 12 10	..	0 3 3
Education ..	1 19 4	1 13 10	1 15 8	1 16 5	1 17 7	1 13 7	1 16 10
Health and charitable Justice ..	3 9 2	1 19 11	1 16 3	1 13 5	1 3 4	1 18 4	2 9 8
Police ..	0 4 6	0 2 11	0 4 4	0 3 2	0 4 0	0 3 8	0 3 10
Penal establishments	0 10 9	0 8 10	0 12 0	0 10 7	0 11 2	0 10 2	0 10 5
All other expenditure	0 2 9	0 1 5	0 0 10	0 1 8	0 1 5	0 1 11	0 1 11
	2 3 6	1 14 6	3 2 1	3 3 0	3 9 3	2 19 6	2 7 9
<b>Total ..</b>	<b>20 12 6</b>	<b>14 17 4</b>	<b>20 7 6</b>	<b>21 12 9</b>	<b>24 3 0</b>	<b>12 15 6</b>	<b>19 1 8</b>

(a) See § 1, par. 2 above. (b) In addition £313,299 was expended from Hospital Fund. (c) Based on mean population of financial year.

**Division III.—Surplus Revenue.**

The following table shows for each of the years 1935-36 to 1939-40 the amount and amount per head of the surplus or deficit of each State:—

**STATE SURPLUS REVENUE.**

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
1935-36..	-1,690,781	-116,461	-741,815	148,965	88,378	-129,686	-2,441,400
1936-37..	77,124	28,923	-280,190	139,168	-371,205	44,906	-361,274
1937-38..	49,839	30,945	-228,492	126,545	-10,693	6,852	-25,004
1938-39..	-2,453,329	-787,242	14,046	-397,324	-220,442	-25,984	-3,870,275
1939-40..	-2,294,951	6,261	15,755	-162,728	-146,825	2,401	-2,580,087

**PER HEAD OF POPULATION.(a)**

Year.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
	1935-36..	-0 12 9	-0 1 3	-0 15 3	0 5 1	0 3 11	-0 11 3
1936-37..	0 0 7	0 0 4	-0 5 9	0 4 9	-0 16 5	0 3 10	-0 1 1
1937-38..	0 0 4	0 0 4	-0 4 7	0 4 3	-0 0 6	0 0 7	-0 0 1
1938-39..	-0 17 11	-0 8 5	0 0 3	-0 13 4	-0 9 6	-0 2 2	-0 11 2
1939-40..	-0 16 7	0 0 1	0 0 3	-0 5 5	-0 6 3	0 0 2	-0 7 5

NOTE.—Minus sign (—) indicates deficit.

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

**§ 3. State Trust Funds.**

1. **Nature.**—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. Municipal sinking funds placed in the hands of the Governments are paid to the credit of the appropriate Trust Fund. In all the States except New South Wales, where the practice is confined to those companies transacting workers' compensation insurance, life assurance companies operating are required to deposit a substantial sum in cash or approved securities with the Government, and these deposits help to swell the trust funds. Various other deposit accounts, superannuation funds, suspense accounts, etc., also find a place.

2. **Extent.**—The amounts of trust funds held on 30th June, 1940, were as follows:—

**STATE TRUST FUNDS, 30th JUNE, 1940.**

Particulars.	N.S.W. (a)	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
	£	£	£	£	£	£	£
Amount of trust funds	16,086,273	8,973,642	3,336,282	1,485,184	4,334,403	597,566	34,813,350

(a) Includes Colonial Treasurer's Supreme Court Accounts.

**§ 4. State Loan Funds.****Division I.—Loan Expenditure.**

1. **General.**—As far back as 1842 revenue collections were supplemented with borrowed moneys, the earliest loan being by New South Wales for the purpose of assisting immigration, at rates of interest varying from 2½d. to 5½d. per £100 per diem, or approximately from 4½ per cent. to 8 per cent. per annum. Australian public

borrowing, however, is mainly due to the fact that the State Governments, in addition to ordinary administrative duties, undertake functions which in other countries are usually entrusted to local authorities or left to private enterprise. Foremost amongst these are the construction and control of the railway systems, but loan moneys have 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 purposes of defence, or in the prosecution of war. As shown above, the State debts consist chiefly of moneys raised and expended with the object of assisting the development of the resources of the country, and are to a very large extent represented by tangible assets.

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. It might be mentioned that such moneys are credited to the Loan Fund in the year of repayment irrespective of when the advance was made.

2. Loan Expenditure, 1939-40.—(a) *Gross Loan Expenditure, 1939-40.* Particulars of the gross loan expenditure on Works, Services, etc. for the year 1939-40 are given in the following table:—

## STATE GROSS LOAN EXPENDITURE ON WORKS, SERVICES, ETC., 1939-40.

Heads of Expenditure.	N.S.W.(a)	Victoria. (b)	Q'land.	S. Aust.	W. Aust. (a)	Tasmania.	Total.
	£	£	£	£	£	£	£
Public Works and Services—							
Railways ..	1,802,328	865,500	521,347	195,550	23,232	56,373	3,638,288
Tramways and Omnibuses ..	123,833	..		(c)50,000	125	..	
Roads ..	550,055	6,362	369,756	93,000	..	93,416	1,870,746
Bridges ..	552,367	..	37,238	..	..		
Harbours and Rivers ..	..	..	..	156,542	12,010	..	..
Lights and Lighthouses ..	..	..	..	..	..	..	..
Water Supply ..	..	426,825	442,000	287,020	30,730	..	1,772,033
Sewerage ..	417,673	..	..	67,723	100,062	..	
Electricity Supply ..	291,054	..	..	..	1,097	430,753	722,904
Public Buildings ..	1,019,185	268,195	493,296	91,433	366,022	196,943	2,435,672
Loans and Grants to Local Bodies ..	349,143	..	1,027,941	..	5,000	..	1,382,084
Unemployment Relief Works ..	838,674	1,560,346	..	..	1,205,503	31,479	3,636,002
Advances for Housing ..	682	270,000	307,935	290,709	20,000	102,331	991,657
Other Public Works, etc.	..	2,621	..	44,674	3,356	360,413	411,064
Primary Production—							
Soldier Settlement ..	(c)155,892	1,140	3,224	13,298	417	380,114	768,584
Land for Settlement ..		..	171,794	3,021	4,443	35,241	
Advances to Settlers ..	..	100,842	17,455	255,468	885	127,134	501,784
Water Conservation ..	786,019	..	20,862	49,915	6,807	..	895,477
Irrigation and Drainage ..		..	..	10,572	21,302	..	
Rabbit-proof Fencing ..	..	12,325	6,753	191	..	..	19,269
Agriculture ..	58,466	..	..	..	13,466	..	71,932
Agricultural Bank ..	..	..	209,498	..	..	..	209,498
Forestry ..	..	116,341	160,718	222,915	..	..	499,974
Mines and Mineral Resources ..	..	23,910	23,260	..	59,676	..	106,846
Other ..	..	300,000	48,944	384	16,434	..	365,762
Other Purposes ..	..	8,240	..	200,000	48,984	..	257,224
Total Public Works, Services, &c., Expenditure	6,945,371	3,962,647	3,862,021	2,032,415	1,939,549	1,814,197	20,556,200
Per Head of Population	£2 10 3	£2 1 11	£3 15 10	£3 8 1	£4 3 2	£7 11 10	£2 18 11

(a) Includes expenditure from Loan Suspense Account. (b) Expenditure from Loan and on account of Loan: includes expenditure from Public Account Advances Account, from Treasurer's Advance Account, and from State Loans Repayment Fund. (c) Loans to Metropolitan Tramways Trust. (d) Country towns. (e) Includes Rabbit-proof Fencing advances.



(b) *Net Loan Expenditure, 1939-40.* For the year ended 30th June, 1940, State net loan expenditure on Works, Services, etc., was as follows:—

**STATE NET LOAN EXPENDITURE ON WORKS, SERVICES, ETC., 1939-40.**

Heads of Expenditure.	N.S.W.(a)	Victoria.(b)	Q'land.	S. Aust.(c)	W. Aust.(a)	Tasmania.	Total.
	£	£	£	£	£	£	£
<b>Public Works and Services—</b>							
Railways	1,546,461	858,623	500,995	176,084	20,260	29,866	3,154,003
Tramways and Omnibuses	8,323			(d) 13,464	Cr. 73		
Roads	450,574	Cr. 22,466	321,636	71,000	Cr. 472		1,588,161
Bridges							
Harbours and Rivers	527,718	Cr. 2,343	37,117	120,164	11,841	76,392	
Lights and Lighthouses							
Water Supply	270,814	£404,952	442,000	258,334	22,864		1,508,690
Sewerage	79,012	Cr. 1,188		45,228	65,686		
Electricity Supply	279,556	268,195	481,601	90,666	366,017	194,971	606,780
Public Buildings							2,386,006
Loans and Grants to Local Bodies	344,311	Cr. 3,712	609,518	Cr. 11,217	4,223	Cr. 73,169	860,954
Unemployment Relief							
Works	661,563	1,400,505			1,205,503	Cr. 5,180	3,262,391
Advances for Housing	519	270,000	Cr. 51,217	73,782	17,192	57,782	368,058
Other Public Works, etc.	Cr. 16,687	1,964		Cr. 15,590	3,356	326,534	299,577
<b>Primary Production—</b>							
Soldier Settlement		Cr.	Cr. 38,127	Cr. 60,528	Cr. 61,837	Cr. 14,102	Cr. 394,702
Land for Settlement	(f) 88,968	439,176	146,972	Cr. 24,699	4,325	3,502	
Advances to Settlers		Cr. 4,012	7,203	Cr. 87,944	859	Cr. 20,356	Cr. 104,250
Water Conservation				47,303	6,673		
Irrigation and Drainage	681,819		Cr. 454	3,033	21,177		759,551
Rabbit-proof Fencing		Cr. 15,742	Cr. 13,622	Cr. 35,398			Cr. 64,762
Agriculture	58,315		Cr. 14,122		12,294		56,487
Agricultural Bank			35,682				35,682
Forestry		110,972	157,750	112,018	Cr. 16		380,724
Mines and Mineral Resources		14,395	19,074		49,630		83,099
Other		296,504	Cr. 33,163	Cr. 2,623	16,376		277,094
Other Purposes		7,240	Cr. 116	177,089	45,104		229,317
<b>Total Public Works, Services, &amp;c., Expenditure</b>	5,886,266	3,141,711	2,608,727	950,166	1,812,079	902,911	15,301,860
<b>Per Head of Population</b>	£2 2 7	£1 13 3	£2 11 3	£1 11 10	£3 17 8	£3 15 7	£2 3 10

(a) Includes expenditure from Loan Suspense Account. (b) Expenditure from Loan and on account of Loan; includes expenditure from Public Account Advances Account, from Treasurer's Advance Account, and from State Loans Repayment Fund. (c) Credits arising from the cancellation of securities redeemed from Sinking Fund not allowed for. (d) Loans to Metropolitan Tramways Trust. (e) Country towns. (f) Includes Rabbit-proof Fencing advances.

**3. Net Loan Expenditure on Works, Services, etc. 1935-36 to 1939-40.**—The following table gives the works net loan expenditure during each of the years 1935-36 to 1939-40:—

**STATE NET LOAN EXPENDITURE ON WORKS, SERVICES, ETC.**

Year.	N.S.W.(a)	Victoria.(b)	Q'land.(c)	S. Aust.(d)	W. Aust.(a)	Tasmania.	Total.
	£	£	£	£	£	£	£
<b>TOTAL.</b>							
1935-36	6,978,820	3,115,982	3,006,370	1,632,400	2,451,707	660,876	18,846,155
1936-37	6,336,078	2,616,660	2,573,593	1,245,222	2,032,224	814,951	15,618,728
1937-38	5,100,865	2,345,460	2,224,934	1,133,054	2,160,480	850,305	13,815,098
1938-39	5,407,856	2,289,535	2,041,588	1,226,096	1,636,184	739,627	13,340,886
1939-40	5,886,266	3,141,711	2,608,727	950,166	1,812,079	902,911	15,301,860
	<b>PER HEAD OF POPULATION.</b>						
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1935-36	3 0 1	1 13 10	3 1 10	2 15 8	5 9 6	2 17 4	2 15 11
1936-37	2 7 3	1 8 3	2 12 4	2 2 4	4 9 11	3 10 2	2 6 0
1937-38	1 17 8	1 5 3	2 4 9	1 18 4	4 14 7	3 12 4	2 0 4
1938-39	1 19 7	1 4 5	2 0 7	2 1 3	3 10 9	3 2 5	1 18 7
1939-40	2 2 7	1 13 3	2 11 3	1 11 10	3 17 8	3 15 7	2 3 10

(a) Includes expenditure from Loan Suspense Account. (b) Expenditure from Loan and on account of Loan. See Note (b) to previous table. (c) Figures for each year are exclusive of £100,000 portion of repayments transferred to Consolidated Revenue and applied to Sinking Fund contributions. (d) Credits arising from the cancellation of securities redeemed from Sinking Fund not allowed for. (e) Credits on account of amounts written off indebtedness in respect of Soldier Land Settlement advances (£934,722) and transfers from Special Deposits account (£321,661) not allowed for.

The loan expenditure per head of population, which varies in the different States and in different years was at its highest point for the five years under review in 1935-36 with £2 15s. 11d. per head, and at its lowest in 1938-39 with £1 18s. 7d. per head.

4. Total Net Loan Expenditure to 30th June, 1940.—The total net loan expenditure inclusive of revenue deficits, etc., of the States from the initiation of borrowing to 30th June, 1940, amounted to £1,012,416,749. The purposes for which this sum was expended are shown in the following table:—

## TOTAL STATE NET LOAN EXPENDITURE TO 30th JUNE, 1940.

Heads of Expenditure.	N.S.W.	Victoria.(a)	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
<b>Public Works and Services—</b>							
Railways ..	152,622,716	75,853,937					
Tramways and Omnibuses ..	9,143,666	..					
Roads and Bridges	20,256,535	12,449,163	4,627,950				
Harbours, Rivers, Lighthouses ..	21,880,486	1,404,535	2,797,541	8,426,999	7,387,350		
Water Supply ..	40,805,616	30,832,999	1,632,741	15,461,896	10,186,220		
Sewerage ..	..	(c) 217,784	..	3,491,973	4,040,339		
Electricity Supply ..	2,065,115	17,839,227	..	..	1,841,854	6,128,099	
Public Buildings ..	16,472,659	7,154,378	6,461,525	4,080,406	2,568,916	2,610,811	
Loans and Grants to Local Bodies ..	1,475,116	1,827,664	18,097,828	23,632	93,637	611,270	
Unemployment Relief Works ..	16,615,163	12,428,747	..	..	(d)	379,753	
Advances—Housing	1,932,142	949,000	3,893,070	5,793,325	899,380	366,232	
Commonwealth Services ..	3,965,937	149,323	524,388	1,283,387	332,293	500,754	
Other Public Works and Services(e) ..	3,759,712	766,457	2,773,123	789,000	1,842,181	2,178,078	
<b>Primary Production—</b>							
Closer Settlement ..	8,464,836	..	..	..	8,529,765	437,902	
Land for Settlement	(f)	41,570,680	3,162,714	1,567,449	324,662	..	
Soldier Settlement ..	3,852,926	..	1,210,278	8,471,475	6,975,119	2,492,686	
Advances to Settlers	..	2,482,089	392,384	2,275,389	2,062,551	344,157	
Water Conservation	..	..	..	4,295,911	1,314,782	..	
Irrigation and Drainage ..	18,284,202	..	2,108,481	4,896,568	2,935,494	..	
Rabbit Proof Fencing ..	..	873,572	320,185	188,000	341,765	..	
Agriculture ..	(g) 7,199,208	150,682	59,348	..	3,686,475	..	
Agricultural Bank ..	..	..	1,710,467	..	5,878,695	..	
Forestry ..	..	898,152	1,177,705	1,236,858	909,091	..	
Mines and Mineral Resources ..	580,687	544,331	2,062,635	..	2,841,074	..	
Other ..	..	(h) 2,062,262	(i) 3,769,495	776,142	85,918	..	
Other Purposes ..	..	140,780	778,538	(j) 4,044,900	3,355,128	101,063	
<b>Total Public Works, Services, &amp;c., Expenditure ..</b>	<b>329,376,722</b>	<b>211,577,771</b>	<b>122,488,247</b>	<b>109,531,681</b>	<b>97,411,296</b>	<b>30,646,341</b>	<b>901,032,058</b>
<b>Other than Works, &amp;c.—</b>							
Discounts and Flotation Expenses ..	17,668,579	5,755,246	5,535,165	1,208,716	4,079,656	(k)	
Revenue and General Cash Deficits ..	40,531,543	4,863,682	5,826,271	9,005,916	12,117,399	835,366	
Treasury Bills Retired ..	..	..	2,857,150	..	..	..	
Other ..	..	..	(l) 1,100,000	..	..	..	
<b>Grand Total ..</b>	<b>387,576,844</b>	<b>222,196,701</b>	<b>137,806,833</b>	<b>119,746,313</b>	<b>113,608,351</b>	<b>31,481,707</b>	<b>1,012,416,749</b>

(a) Aggregate Gross Loan Expenditure. (b) Loans to Metropolitan Tramways Trust. (c) Country sewerage. (d) Not available separately. (e) Distributed under various particular headings. (f) Includes Industrial Undertakings and Immigration. (g) Includes Advances for Rabbit-proof Fencing. (h) Includes Grain Elevators. (i) Includes £1,000,000 Bulk Handling of Wheat. (j) Includes £836,639 Prickly Pear Land Act. (k) Includes £3,076,874 State Bank. (l) Included with Other Public Works. (m) Contribution to Sinking Fund.

The figures in the foregoing table show the amounts actually spent, and differ from those given later in the statements relating to the public debt, which represent the amount of loans still unpaid. The statement above includes all expenditure, whether the loans have been repaid or are still in existence. As in the earlier tables on net loan expenditure, allowance has been made, however, for credits on account of repayments of advances to local governing bodies, settlers, etc. 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, 1935-36 to 1939-40.—The following table gives particulars, in summary form, of the total loan expenditure in each State during each of the years 1935-36 to 1939-40 :—

STATE LOAN EXPENDITURE, SUMMARY, 1935-36 TO 1939-40.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
1935-36.							
Works and Services—							
Gross Expenditure (a) ..	9,491,108	3,841,452	4,228,148	2,698,638	2,559,614	1,519,369	24,338,329
Net Expenditure (b) ..	7,978,820	3,115,982	3,006,370	1,632,400	2,451,707	660,876	18,846,155
Repayments (b) ..	1,512,288	725,470	1,221,778	1,066,238	107,907	858,493	5,492,174
Other than Works—(c)							
Gross Expenditure ..	4,445,750	109,619	882,540	36,133	31,357	339,094	5,844,493
Net Expenditure ..	4,445,750	109,619	882,540	29,195	Cr. 57,021	339,094	5,749,177
Repayments ..	..	..	..	6,938	88,378	..	95,316
Total Loan Expenditure—							
Gross ..	13,936,858	3,951,071	5,110,688	2,734,771	2,590,971	1,858,463	30,182,822
Net ..	12,424,570	3,225,601	3,888,910	1,661,595	2,394,686	999,970	24,595,332
Repayments ..	1,512,288	725,470	1,221,778	1,073,176	196,285	858,493	5,587,490
1936-37.							
Works and Services—							
Gross Expenditure (a) ..	7,182,523	3,303,501	3,760,113	2,966,499	2,155,199	1,997,930	21,365,765
Net Expenditure (b) ..	6,336,078	2,616,660	2,573,593	1,245,222	2,032,224	814,951	15,618,728
Repayments (b) ..	846,445	686,841	1,186,520	1,721,277	122,975	1,182,979	5,747,037
Other than Works—(c)							
Gross Expenditure ..	2,160,868	66,350	446,320	48,935	522,757	..	2,245,230
Net Expenditure ..	2,115,868	66,350	446,320	39,595	522,757	..	2,190,890
Repayments ..	45,000	..	..	9,340	..	..	54,340
Total Loan Expenditure—							
Gross ..	8,343,391	3,369,851	4,206,433	3,015,434	2,677,956	1,997,930	23,610,995
Net ..	7,451,946	2,683,010	3,019,913	1,284,817	2,554,981	814,951	17,809,618
Repayments ..	891,445	686,841	1,186,520	1,730,617	122,975	1,182,979	5,801,377
1937-38.							
Works and Services—							
Gross Expenditure (a) ..	8,110,740	3,230,451	3,521,487	2,839,184	2,294,942	1,892,279	21,889,083
Net Expenditure (b) ..	5,100,865	2,345,460	2,224,934	1,133,054	2,160,480	850,305	13,815,098
Repayments (b) ..	3,009,875	884,991	1,296,553	1,706,130	134,462	1,041,974	8,073,985
Other than Works—(c)							
Gross Expenditure ..	1,279,698	30,836	349,346	127,250	32,234	..	1,819,364
Net Expenditure ..	1,279,698	30,836	349,346	126,306	32,234	..	1,818,420
Repayments ..	..	..	..	944	..	..	944
Total Loan Expenditure—							
Gross ..	9,390,438	3,261,287	3,870,833	2,966,434	2,327,176	1,892,279	23,708,447
Net ..	6,380,563	2,376,296	2,574,280	1,259,360	2,192,714	850,305	15,633,518
Repayments ..	3,009,875	884,991	1,296,553	1,707,074	134,462	1,041,974	8,074,929

## STATE LOAN EXPENDITURE, SUMMARY, 1935-36 TO 1939-40—continued.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
1938-39.							
Works and Services—							
Gross Expenditure(a) ..	8,788,604	3,218,531	3,392,641	2,529,562	1,783,224	1,849,647	21,562,209
Net Expenditure(b) ..	5,407,856	2,289,535	2,041,588	1,226,096	1,636,184	739,627	13,340,886
Repayments(b) ..	3,380,748	928,996	1,351,053	1,303,466	147,040	1,110,020	8,221,323
Other than Works—(c)							
Gross Expenditure ..	(f)3,893,053	852,362	155,442	70,594	253,748	..	5,225,199
Net Expenditure ..	(f)3,893,053	852,362	155,442	70,594	253,748	..	5,225,199
Repayments ..	..	..	..	..	..	..	..
Total Loan Expenditure—							
Gross ..	12,681,657	4,070,893	3,548,083	2,600,156	2,036,972	1,849,647	26,787,408
Net ..	9,300,909	3,141,897	2,197,030	1,296,690	1,889,932	739,627	18,566,085
Repayments ..	3,380,748	928,996	1,351,053	1,303,466	147,040	1,110,020	8,221,323
1939-40.							
Works and Services—							
Gross Expenditure(a) ..	6,945,371	3,062,647	3,862,021	2,032,415	1,939,549	1,814,197	20,556,200
Net Expenditure(b) ..	5,886,266	3,141,711	2,668,727	950,166	1,812,079	902,911	15,301,860
Repayments(b) ..	1,059,105	820,936	1,253,294	1,082,249	127,470	911,286	5,254,340
Other than Works—(c)							
Gross Expenditure—							
Discounts and Flotation Expenses ..	91,100	19,667	8,754	12,250	15,417	..	147,188
Revenue and General Cash Deficits ..	(g)1,170,254	..	..	397,324	146,825	..	2,014,403
Other ..	..	..	(h)100,000	..	..	..	100,000
Total ..	1,561,354	19,667	108,754	409,574	162,242	..	2,261,591
Net Expenditure—							
Discounts and Flotation Expenses ..	91,100	19,667	8,754	12,250	15,417	..	147,188
Revenue and General Cash Deficits ..	Cr. 329,746	..	..	397,324	146,825	..	214,403
Other ..	..	..	(h) 100,000	..	..	..	100,000
Total ..	Cr. 238,646	19,667	108,754	409,574	162,242	..	461,591
Repayments ..	1,800,000	..	..	..	..	..	1,800,000
Total Loan Expenditure—							
Gross ..	8,506,725	3,982,314	3,970,775	2,441,989	2,101,791	1,814,197	22,817,791
Net ..	5,647,620	3,161,378	2,717,481	1,350,740	1,974,321	902,911	15,763,451
Repayments ..	2,859,105	820,936	1,253,294	1,082,249	127,470	911,286	7,054,340

(a) See Notes to previous tables on Gross Expenditure. (b) See Notes to previous tables on Net Expenditure. (c) Includes exchange, discounts and flotation expenses, revenue and general cash deficits. (d) Includes £570,482 available towards funding deficits—Revenue Deficits Loans (Funding) Account. (e) Includes £703,481 as in note (d). (f) Includes £1,110,000 short-term loans for general cash deficit and £1,691,000 available towards funding deficits. (g) Total amount as in note (d). (h) Contribution to Sinking 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 procured locally. In the last-mentioned year 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.

2. **State Debts, 1936 to 1940.**—The table hereunder shows the State public debts and the amounts owing per head of population at 30th June in each year from 1936 to 1940 inclusive.

As provided in the Financial Agreement (particulars of which are given on page 926), 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. Reference is made in Chap. IV. "Land Tenure and Settlement" to certain remissions which the Commonwealth Government made to the States on account of losses sustained by the States in connexion with soldier land settlement; the States' debts were so reduced by £5,000,000 as from 1st October, 1925, and by a further £2,597,783 as from 30th June, 1927. 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.

Date.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
TOTAL.							
	£	£	£	£	£	£	£
30th June, 1936	346,576,294	175,058,285	122,647,234	105,698,481	90,344,055	24,418,156	864,742,505
" 1937	350,291,499	176,597,010	124,898,475	106,594,164	92,332,855	25,247,540	875,961,543
" 1938	354,267,254	177,228,496	125,781,564	107,450,639	93,711,942	25,840,807	884,180,702
" 1939	359,843,990	179,698,118	127,503,251	108,887,092	95,472,600	26,366,990	897,772,041
" 1940	363,325,338	180,549,968	129,033,227	109,344,040	96,230,399	27,243,892	905,727,064

## PER HEAD OF POPULATION.(a)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
30th June, 1936	130 0 6	94 15 11	125 0 10	179 19 6	200 13 2	106 5 10	127 18 4
" 1937	130 1 10	95 3 9	125 17 11	181 1 6	203 5 5	108 10 0	128 10 5
" 1938	130 5 3	94 18 6	125 7 8	181 8 3	203 13 0	110 6 11	128 11 11
" 1939	131 0 0	95 10 3	125 8 8	182 15 4	205 2 7	111 8 4	129 6 3
" 1940	130 12 5	95 1 0	126 6 4	182 13 11	205 12 5	113 10 4	129 4 6

(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 nearly £41 million or at the average rate of over £10 million per annum. The debt per head of population increased during the period by £1 6s. 2d. to £129 4s. 6d. per head or about one per cent. In some States certain public functions 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. Comparisons of the debts of the States are therefore difficult, but on page 926 figures showing the aggregate debts of the States including these local and semi-governmental bodies are given for the years 1937-38 and 1938-39.

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 seeking investment have led to the placing of various redemption and other loans locally, with very satisfactory results. Moreover, loans have been placed in New York on account of all States. The following table gives particulars of loans outstanding on 30th June, 1940, which had been floated abroad and in Australia respectively :—

## STATE PUBLIC DEBTS, 30th JUNE, 1940 : PLACE OF FLOTATION OF LOANS.

State.	Maturing Overseas.			Maturing in Australia.	Grand Total.
	London.	New York.	Total Overseas.		
	£ Stg.	£(a)	£(b)	£ Aust.	£(b)
New South Wales	158,697,020	12,539,608	171,236,628	192,088,910	363,325,538
Victoria ..	62,464,855	4,498,878	66,963,733	113,586,235	180,549,968
Queensland ..	62,788,171	6,902,815	69,690,986	59,342,241	129,033,227
South Australia..	42,898,156	1,733,468	44,631,624	64,712,416	109,344,040
Western Australia	43,953,693	2,015,436	45,969,129	50,261,270	96,230,399
Tasmania ..	13,360,487	227,796	13,588,283	13,655,609	27,243,892
Total ..	384,162,382	27,918,001	412,080,383	493,646,681	905,727,064

## PER HEAD OF POPULATION.

	£ s. d. (Stg.)	£ s. d. (a)	£ s. d. (b)	£ s. d. (Aust.)	£ s. d. (b)
New South Wales	57 1 1	4 10 2	61 11 3	69 1 2	130 12 5
Victoria ..	32 17 8	2 7 5	35 5 1	59 15 11	95 1 0
Queensland ..	61 9 4	6 15 2	68 4 6	58 1 10	126 6 4
South Australia ..	71 13 6	2 17 11	74 11 5	108 2 6	182 13 11
Western Australia	93 18 4	4 6 2	98 4 6	107 7 11	205 12 5
Tasmania ..	55 13 4	0 19 0	56 12 4	56 18 0	113 10 4
Total ..	54 16 3	3 19 8	58 15 11	70 8 7	129 4 6

(a) Payable in terms of dollars. For the purposes of these tables dollars have been arbitrarily converted to £ Stg. at the rate of \$4.8665 to £1. (b) Total "face" or "book" value of the debt of each State without adjustment on account of currency changes since the loans were floated.

Particulars of the aggregate debts of the States for the last five years showing the amounts which will mature overseas and in Australia respectively will be found on page 920.

4. **Rates of Interest.**—(i) *At 30th June, 1940.* 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 present the rates vary from 7 per cent. to 1½ per cent., thirty-six separate rates being involved. The average rate payable on the aggregate indebtedness is £3 15s. per cent. For the separate States the average varies, being lowest for New South Wales and highest for Queensland. The following table gives particulars of the amount of debt at each rate of interest payable, together with the amount and the average rate of interest payable at 30th June, 1940, with separate information for London, New York and Australian maturities. The units of currency in this table are—for debts maturing and interest payable—

in Australia ..	£ Australian.
in London ..	£ Sterling.
in New York ..	Payable in terms of dollars. See note (a) above.

The totals given represent the total "face" or "book" values of the debts of the States without adjustment on account of currency changes since the loans were floated, and the nominal amount (and average rate) of interest payable, taking no account of exchange :—

STATE PUBLIC DEBTS : AMOUNTS AT EACH RATE OF INTEREST PAYABLE AT 30th JUNE, 1940.

Rate of Interest.	Place of Maturity.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
%		£	£	£	£	£	£	£
7.0 ..	New York	..	..	1,631,871	..	..	..	1,631,871
6.0 ..	New York	..	..	2,054,865	..	..	..	2,054,865
5.25 ..	London	17,870,500	..	..	..	..	..	17,870,500
5.0375	Australia	3,035	..	..	8,000	250,000	261,240	522,275
5.0 ..	London	17,013,816	14,433,131	37,806,688	13,888,787	12,076,462	1,228,987	97,347,871
4.75 ..	New York	8,616,075	3,738,042	2,190,973	1,733,468	2,015,430	227,796	18,552,669
4.65 ..	London	..	5,913,200	..	..	..	..	5,913,200
4.75 ..	Australia	432,910	..	..	1,200	755,000	200,000	1,389,110
4.5 ..	New York	3,892,633	760,836	1,025,106	..	..	..	5,678,575
4.2625	Australia	2,124,066	93,200	..	166,140	62,797	..	2,449,197
4.06875	Australia	10,784,960	6,570	..	495,000	..	..	11,286,530
4.0 ..	London	57,019,328	44,381,647	12,673,300	31,243,401	14,466,757	5,899,030	165,593,463
3.96667	Australia	29,083,932	2,902,116	7,948,850	8,201,110	7,582,885	2,798,000	58,516,843
3.95833	Australia	..	5,685,910	..	..	..	..	5,685,910
3.95417	Australia	..	4,001,000	..	..	..	..	4,061,000
3.89167	Australia	..	1,875,750	..	..	..	..	1,875,750
3.875	Australia	23,111,700	19,507,716	7,076,302	1,035,000	..	..	1,035,000
3.8125	Australia	..	..	..	12,748,725	7,442,525	2,561,120	72,748,688
3.79167	Australia	..	6,370,000	..	200,000	..	..	200,000
3.75 ..	Australia	29,295,850	10,823,405	12,509,461	6,315,040	9,493,344	2,013,470	70,450,630
3.75 ..	London	7,607,632	6,852,149	1,958,300	5,413,300	1,780,601	1,076,000	24,688,482
3.72917	Australia	..	..	..	350,000	..	..	350,000
3.625	Australia	1,931,000	915,000	568,000	999,000	753,930	262,200	5,429,130
3.5 ..	Australia	9,948,150	4,457,690	2,651,823	2,873,470	2,907,797	552,850	23,391,780
3.5 ..	London	33,477,901	19,009,345	9,580,200	2,737,500	4,818,352	0,511,558	76,734,848
3.4875	Australia	45,700	500	6,059,323	73,400	356,868	133,719	6,669,510
3.42083	Australia	..	1,130,950	..	..	..	..	1,130,950
3.375	Australia	9,162,430	3,783,840	1,303,740	2,086,080	2,357,450	385,290	19,078,830
3.25 ..	Australia	3,599,190	2,499,435	1,219,680	825,000	1,219,681	128,130	9,673,916
3.25 ..	London	..	650,075	1,237,770	4,414,899	10,568,718	1,254,950	18,123,412
3.125	Australia	2,000	1,000	70,000	100,230	..	..	1,772,230
3.1 ..	Australia	477,211	332,549	5,111,763	1,566,000	173,698	7,661,221	28,342,843
3.0 ..	Australia	12,724,222	3,540,085	6,923,674	1,289,279	2,850,721	1,014,862	26,342,843
3.0 ..	London	32,721,013	6,220,014	4,255,913	2,433,499	..	..	45,630,439
2.90625	Australia	..	220,000	..	5,100	..	..	225,100
2.75	London	10,954,600	..	..	1,996,335	3,228,661	..	16,179,596
2.7125	Australia	291,421	446,845	352,915	373,451	..	..	1,091,181
2.325	Australia	645,653	778,083	54,750	2,815,726	2,998,014	..	1,851,937
2.25 ..	London	9,965,276	5,884,825	..	1,000,000	..	..	21,665,841
2.0 ..	London	..	..	..	1,000,000	..	..	1,491,000
1.5(b)	Australia	30,580,000	2,675,000	2,163,000	3,530,000	5,805,000	160,000	44,913,000
Overdue and unconverted	Australia	90	..	10	..	..	..	100
	London	2,350	..	..	..	..	..	2,350
Total Debt	Australia	192,088,910	113,586,235	59,342,241	64,712,416	50,261,270	13,655,609	493,646,681
	London	158,607,020	62,464,855	62,788,171	42,898,156	43,953,693	13,360,487	384,162,382
	New York	12,530,608	4,498,878	6,902,815	1,733,468	2,015,430	227,796	27,918,001
	Total ..	363,325,538	183,549,968	129,033,227	109,344,040	96,230,399	27,243,892	905,727,064
Total Interest Payable	Australia	6,545,837	4,273,400	2,093,640	2,409,207	1,752,601	518,486	17,593,171
	London(c)	5,916,363	2,402,036	2,784,954	1,675,940	1,687,280	492,229	14,958,802
	New York	607,517	221,140	393,202	86,674	100,771	11,390	1,420,604
	Total ..	13,069,717	6,896,576	5,271,796	4,171,821	3,540,652	1,022,105	33,972,667
Average Rates of Interest Payable	Australia	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
	London	3 15 3	3 15 3	3 10 7	3 14 5	3 9 9	3 15 11	3 11 3
	New York	3 14 7	3 16 11	4 8 9	3 18 2	3 16 9	3 13 8	3 17 11
	Total ..	4 16 11	4 18 4	5 13 11	5 0 0	5 0 0	5 0 0	5 1 9
	Total ..	3 11 11	3 16 5	4 1 9	3 16 4	3 13 7	3 15 0	3 15 0

(a) Includes £220 unconverted securities.

(b) Includes Treasury Bills at 1½ per cent. converted to 1½

per cent. on renewal. (c) Includes contributions payable by Commonwealth and British Governments towards interest on Migration Loans.

The average rate for debt maturing in Australia has been reduced from £5 4s. 11d. per cent. in 1931 to £3 11s. 3d. per cent. in 1940. For debt maturing in London the average rate increased from £4 12s. 7d. per cent. in 1931 to £4 13s. 3d. in 1932, but, as a result of the conversions effected in London, fell to £3 17s. 11d. in 1940, while for New York loans it decreased from £5 2s. 6d. per cent. in 1931 to £5 1s. 9d. in 1940.

(ii) *Variations from 1901 to 1940.*—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.	1938.	1939.	1940.
	%	%	%	%	%	%	%
Not exceeding 3 per cent. ..	18.0	17.9	10.2	5.3	19.6	19.1	17.8
Exceeding 3 per cent. but not exceeding 4 per cent. ..	78.5	81.9	45.4	17.2	61.3	62.4	64.0
Exceeding 4 per cent. but not exceeding 5 per cent. ..	3.1	0.1	15.6	36.8	16.6	16.0	15.7
Exceeding 5 per cent. but not exceeding 6 per cent. ..	0.4	0.1	23.5	38.4	2.3	2.3	2.3
Exceeding 6 per cent. ..	..	..	5.3	2.3	0.2	0.2	0.2
Total .. ..	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	3.8	3.7	3.8

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." These 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 twelve, or in some cases six months' notice, has the option of redeeming the loan. The Government can, therefore, take advantage of opportunities that may offer during the period for favourable renewals. Particulars concerning the due dates of latest maturity of the State loans outstanding on 30th June, 1940, are given in the following table, the various maturities being grouped according to years ending 30th June.



## STATE PUBLIC DEBTS, 30th JUNE, 1940: LATEST DATES OF MATURITY.

Year of Maturity.	Place of Maturity.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
		£ (a)	£ (a)	£ (a)	£ (a)	£ (a)	£ (a)	£ (a)
1940-41	Australia	31,841,845	6,287,200	4,798,932	4,522,100	6,404,888	361,830	54,216,795
	London	9,965,276	5,884,825	..	3,815,726	2,998,014	491,000	23,154,841
1941-42	Australia	30,085,590	19,857,617	2,565,330	10,412,624	4,273,249	1,113,205	68,307,615
	London	12,420,113	1,049,868	..	..	..	..	13,469,981
1942-43	New York	..	..	1,631,871	..	..	..	1,631,871
	Australia	15,957,270	4,901,045	2,255,220	5,324,815	3,688,377	591,890	32,718,617
1943-44	London	10,954,600	..	1,996,335	3,228,661	..	..	16,179,596
	Australia	7,372,650	11,383,040	908,840	2,548,570	2,874,926	285,850	25,373,870
1944-45	London	..	..	..	..	..	4,604,800	4,604,800
	Australia	7,818,482	10,631,517	5,771,612	5,586,887	1,965,994	921,931	32,689,823
1945-46	London	..	..	3,958,800	..	..	..	3,958,800
	Australia	1,880,100	2,288,900	552,000	567,000	463,000	230,000	5,981,000
1946-47	Australia	..	..	1,037,928	200,000	..	250,000	1,487,928
	London	..	..	4,255,913	..	1,417,801	..	5,673,714
1947-48	New York	..	..	2,054,865	..	..	..	2,054,865
	Australia	4,774,247	4,470,035	1,904,985	2,920,283	1,838,409	614,390	16,522,349
1948-49	Australia	13,645,700	4,734,000	2,820,190	919,470	4,070,475	840,490	27,030,325
	London	12,268,490	12,022,295	2,000,000	8,391,100	2,716,302	1,076,000	38,474,187
1949-50	Australia	11,115,360	3,492,332	4,967,537	1,476,080	3,045,530	484,150	24,580,989
	London	..	6,055,545	..	..	..	..	6,055,545
1950-51	Australia	4,672,845	4,112,108	2,461,627	2,752,027	1,341,198	553,202	15,893,007
	London	11,707,278	..	5,948,800	..	..	2,798,000	20,454,078
1951-52	Australia	9,925,500	3,802,590	4,483,946	2,533,950	3,952,210	1,041,320	25,739,516
	London	7,000	..	484,718	..	..	..	491,718
1952-53	Australia	11,789,758	..	..	..	..	..	11,789,758
	London	4,511,685	4,039,193	1,812,426	2,589,478	1,238,774	709,306	14,900,856
1953-54	Australia	11,018,047	..	2,737,500	903,193	1,906,730	1,906,730	16,505,490
	London	12,967,810	8,924,580	7,454,768	6,879,990	3,768,510	1,759,760	41,755,418
1954-55	London	..	..	..	..	3,204,904	..	3,204,904
	Australia	13,928,901	8,810,568	2,727,892	5,560,792	3,707,568	1,187,400	35,923,121
1955-56	New York	3,892,633	2,624,319	1,723,705	732,631	1,498,444	..	10,471,732
	Australia	1,931,000	808,000	922,685	1,324,000	476,000	242,100	5,703,785
1956-57	New York	4,312,648	..	..	..	..	..	4,312,648
	Australia	4,433,964	3,828,348	1,489,360	2,561,866	1,317,055	548,256	14,178,849
1957-58	London	38,171,400	..	..	..	..	..	38,171,400
	New York	4,334,327	1,874,559	1,492,374	1,000,837	516,992	227,796	9,446,885
1958-59	Australia	..	..	384,082	..	164,145	..	548,227
	London	3,829,050	13,553,800	3,700,750	..	..	..	21,083,600
1959-60	Australia	4,415,334	3,861,216	2,137,958	2,428,058	1,478,568	697,499	15,018,633
	London	..	2,902,116	..	..	877,408	..	3,779,524
1960-61	Australia	..	..	717,535	424,446	..	..	1,141,981
	London	..	6,563,275	21,305,370	3,657,346	1,739,527	174,200	33,439,718
1961-62	Australia	4,262,102	3,889,368	1,339,486	2,511,034	1,398,803	674,217	14,075,010
	London	..	..	..	..	4,866,583	..	4,866,583
1962-63	Australia	106,804	..	458,106	..	553,523	..	718,433
	London	10,283,396	..	..	..	..	..	10,283,396
1963-64	Australia	..	..	619,018	..	1,753,183	88,000	2,460,201
	London	..	..	396,532	..	129,714	..	526,246
1965-66	London	14,055,000	..	..	..	..	..	14,055,000
	London	..	..	1,920,650	..	..	..	1,920,650
1970-71	London	9,273,446	..	..	2,284,276	..	..	11,557,722
	London	..	..	..	3,693,587	8,829,191	1,080,750	13,603,528
1974-75	Australia	..	..	50,064	..	..	..	50,064
	London	2,957,816	14,433,131	19,097,888	13,888,787	12,976,462	1,228,987	65,183,071
Overdue and unconverted	Australia	90	..	230	..	..	..	320
	London	2,350	..	..	..	..	..	2,350
Interminable	Australia	363,707	..	..	98,382	..	..	462,089
	London	1,000	..	..	..	..	..	1,000
Treasurer's option	Australia	6,070,924	..	..	497,310	..	..	6,568,234
	London	..	..	..	2,433,499	..	..	2,433,499
Half-yearly drawings	Australia	..	..	3,819,834	..	332,731	460,819	4,613,384
	London	..	..	..	..	195,647	..	195,647
Indefinite	Australia	..	3,464,578	..	503,700	..	..	3,968,278
	..	..	..	..	..	..	..	..
Total	Australia	192,088,910	113,586,235	59,342,241	64,712,416	50,261,270	13,655,609	493,646,681
	London	158,697,020	62,464,855	62,788,171	42,898,156	43,953,693	13,360,487	384,162,382
Total	New York	12,539,608	4,498,878	6,902,815	1,733,468	2,015,436	227,796	27,918,001
	..	363,325,538	180,549,968	129,033,227	109,344,040	96,230,399	27,243,892	905,727,064

(a) For units of currency, see p. 913.

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

## STATE PUBLIC DEBTS, 30TH JUNE, 1940: EARLIEST DATES OF MATURITY.

Year of Maturity.	Place of Maturity.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
		£ (a)	£ (a)	£ (a)	£ (a)	£ (a)	£ (a)	£ (a)
Before 1940-41	Australia	506,367	..	340,200	..	..	..	840,567
	London	24,127,391	..	4,255,913	..	5,500,113	..	33,883,417
	New York	3,892,633	..	1,025,106	..	..	..	4,917,739
1940-41	Australia	31,404,800	6,287,200	4,798,932	4,522,100	6,404,888	361,830	53,779,750
	London	20,919,876	11,798,025	26,016,400	8,751,095	6,226,675	3,289,000	77,001,071
1941-42	Australia	30,080,690	19,857,617	2,565,330	10,412,624	4,273,249	1,113,205	68,302,715
	London	1,649,868	..	..	..	4,866,583	4,604,800	10,521,251
1942-43	Australia	8,646,975	..	1,631,871	..	..	..	10,278,846
	London	16,045,324	4,901,045	2,255,220	5,324,815	3,688,377	591,890	32,806,671
1943-44	Australia	10,283,396	..	..	..	..	..	10,283,396
	London	7,369,350	11,383,010	908,840	2,548,570	2,874,920	285,850	25,370,570
1944-45	Australia	9,527,090	..	2,000,000	2,977,800	2,716,302	..	17,221,192
	London	7,815,582	10,631,517	5,771,012	5,580,887	1,995,994	921,931	32,686,923
1945-46	Australia	..	..	3,958,800	..	..	..	3,958,800
	London	1,879,800	2,288,900	552,000	567,000	463,000	230,000	5,980,700
1946-47	Australia	19,754,216	21,285,280	19,697,888	19,302,087	12,976,462	2,304,987	95,320,920
	New York	..	..	1,037,928	200,000	..	250,000	1,487,928
1947-48	Australia	4,766,147	4,470,035	1,904,985	2,920,283	1,838,409	614,390	16,514,249
	London	17,870,500	..	..	..	..	..	17,870,500
1948-49	Australia	..	..	1,492,374	1,000,837	516,992	227,796	3,237,999
	London	13,642,400	4,734,000	2,820,190	919,470	4,070,475	840,490	27,027,025
1949-50	Australia	4,866,232	5,170,146	..	..	903,193	..	10,939,571
	London	11,112,660	3,422,332	4,967,537	1,476,080	3,045,530	484,150	24,578,289
1950-51	Australia	..	6,055,545	1,920,650	..	..	..	7,976,195
	London	28,690,539	24,258,783	8,693,008	16,779,795	7,853,145	2,990,488	89,266,058
1951-52	Australia	17,941,573	..	..	2,737,500	..	1,963,750	22,585,823
	London	9,925,500	3,802,590	4,483,946	2,533,950	3,952,210	1,041,320	25,739,516
1952-53	Australia	12,965,110	8,924,580	7,140,108	6,879,990	3,768,510	1,759,760	41,438,058
	New York	..	3,738,042	698,599	732,631	1,498,444	..	6,667,716
1953-54	Australia	9,455,923	5,082,034	1,848,907	2,947,460	2,467,805	763,130	22,565,256
	London	3,829,050	13,553,800	3,700,750	..	..	..	21,083,600
1954-55	Australia	..	..	799,378	..	..	..	799,378
	London	20,300,900	..	..	..	..	..	20,300,900
1955-56	Australia	..	..	317,869	..	..	..	317,869
	London	9,273,446	650,075	1,237,770	3,002,588	1,739,527	174,200	16,077,606
1956-57	Australia	..	760,836	..	..	..	..	760,836
	New York	..	..	..	..	..	..	..
1957-58	Australia	..	..	354,685	..	..	7,100	361,785
	London	..	..	284,069	..	142,890	548,256	975,221
1958-59	Australia	..	..	384,082	..	164,145	..	548,227
	London	..	7,984	886,858	..	311,563	165,000	1,371,405
1959-60	Australia	..	2,902,116	..	..	..	..	2,902,116
	London	..	..	..	..	..	..	..
1960-61	Australia	..	..	717,535	..	424,446	..	1,141,981
	London	..	..	165,838	..	182,257	138,000	486,095
1961-62	Australia	..	..	458,106	..	153,523	..	611,629
	London	..	..	619,018	..	1,753,183	88,000	2,460,201
1962-63	Australia	..	..	396,532	..	199,714	..	526,246
	London	..	..	..	3,693,587	8,829,191	1,080,750	13,603,528
1963-64	Australia	..	..	50,064	..	..	..	50,064
	London	..	..	..	..	..	..	..
Overdue and unconverted	Australia	90	..	230	..	..	..	320
	London	2,350	..	..	..	..	..	2,350
Interminable	Australia	363,707	..	..	93,382	..	..	462,089
	London	1,000	..	..	..	..	..	1,000
Treasurer's option	Australia	6,070,924	..	..	497,316	..	..	6,568,234
	London	..	..	..	2,433,499	..	..	2,433,499
Half-yearly drawings	Australia	..	..	3,819,834	..	332,731	460,819	4,613,384
	London	..	..	..	..	195,647	..	195,647
Indefinite	Australia	..	3,464,578	..	503,700	..	..	3,968,278
	London	..	..	..	..	..	..	..
Total	Australia	192,088,910	113,586,235	59,342,241	64,712,416	50,261,270	13,655,609	493,646,681
	London	158,697,020	62,464,853	62,788,171	42,898,156	43,953,693	13,360,482	384,162,382
	New York	12,539,608	4,498,878	6,902,815	1,733,468	2,015,430	227,796	27,918,001
	Total ..	363,325,538	180,549,968	129,033,227	109,344,040	96,230,399	27,243,892	905,727,064

(a) For units of currency, see p. 913.

6. **Sinking Funds.**—Prior to the passing of the Financial Agreement Act 1928, the practice of providing sinking funds by the States had been consistently followed in Western Australia only. This Act contains provisions for the establishment of a sinking fund on States' debts (see p. 929). Some particulars of the transactions of the National Debt Sinking Fund (States' Account) for 1939-40 are shown below, and further details are given in *Finance Bulletin* No. 31 issued by this Bureau.

**STATE PUBLIC DEBTS, 30th JUNE, 1940 : SINKING FUNDS.**

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
	£	£	£	£	£	£	£
Total Receipts, 1939-40	2,606,081	1,263,031	950,654	750,308	688,439	185,754	6,444,267
Total Receipts, to 30th June, 1940..	21,877,511	11,620,884	8,485,403	7,018,749	6,252,147	1,693,551	56,948,245
Total Funds applied to Redemptions, 1939-40	2,206,175	1,265,457	975,394	746,756	744,119	169,276	6,107,177
Total Funds applied to Redemptions, to 30th June, 1940	21,421,217	11,119,550	8,343,897	6,898,177	6,902,566	1,667,746	56,353,153
Total Funds applied to Investments to 30th June, 1940 <sup>(a)</sup>	..	..	Cr. 35,137b	..	Cr. 954,395b	..	Cr. 989,532b
Total Expenditure to 30th June, 1940..	21,421,217	11,119,550	8,308,760	6,898,177	5,948,171	1,667,746	55,363,621
Balance at 30th June, 1940, not permanently invested	456,294	501,334	176,643	120,572	303,976	25,805	1,584,624
Investments at 30th June, 1940	..	..	616,165	..	..	..	616,165
Total Balance at 30th June, 1940	456,294	501,334	792,808	120,572	303,976	25,805	2,200,789

(a) Less amounts received on investments realized to 30th June, 1940. (b) Excess of sales over purchases of investments.

**D.—COMMONWEALTH AND STATE FINANCE.**

1. **Revenue and Expenditure.**—The following tables show the aggregate revenue and expenditure of the Commonwealth and States for each of the five years to 1939-40, allowance having been made in cases of duplication :—

**COMMONWEALTH AND STATES : REVENUE.**

Year ended 30th June—	Revenue collected by Commonwealth Government. (a)	Revenue collected by State Governments. (b)	Total.
	£	£	£
1936 .. .. .	81,923,489	101,434,161	183,357,650
1937 .. .. .	82,775,120	108,275,484	191,050,604
1938 .. .. .	89,416,077	115,393,359	204,809,436
1939 .. .. .	95,001,628	115,193,501	210,195,129
1940 .. .. .	111,850,039	120,888,672	232,738,711

(a) Excludes miscellaneous receipts from States. Government to State Consolidated Revenue Funds.

(b) Excludes payments by Commonwealth

## COMMONWEALTH AND STATES : EXPENDITURE.

Year ended 30th June—	Expenditure by Commonwealth Government. (a)	Expenditure by State Governments.	Total.
	£	£	£
1936 .. .. .	67,983,128	114,248,202	182,231,330
1937 .. .. .	71,445,401	118,689,919	190,135,320
1938 .. .. .	75,894,537	125,445,170	201,339,707
1939 .. .. .	84,674,147	128,763,948	213,438,095
1940 .. .. .	99,266,570	133,123,853	232,390,423

(a) Excludes payments by Commonwealth Government to State Consolidated Revenue Funds.

2. **Taxation.**—The table hereunder shows the combined Commonwealth and State taxation for each of the years 1935-36 to 1939-40, as well as the amount per head of population. Certain taxation collections by the State Governments which are not paid into the Consolidated Revenue Fund have been included.

## TOTAL COMMONWEALTH AND STATE TAXATION.

Particulars.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
<b>Commonwealth—</b>	£	£	£	£	£
Customs and Excise ..	41,437,717	42,993,032	48,383,005	47,632,365	53,824,906
Sales Tax .. .. .	9,432,468	8,008,427	8,023,886	9,308,334	12,196,175
Flour Tax .. .. .	1,150,738	<i>Dr.</i> 12,193	3,025	1,808,972	2,486,070
Other .. .. .	11,596,383	11,784,186	12,635,569	15,287,228	21,503,512
<b>Total .. .. .</b>	<b>63,617,306</b>	<b>62,773,452</b>	<b>69,048,485</b>	<b>74,036,899</b>	<b>90,010,663</b>
<b>State .. .. .</b>	<b>40,971,713</b>	<b>45,449,101</b>	<b>49,674,765</b>	<b>50,506,997</b>	<b>54,386,815</b>
<b>Grand Total .. .. .</b>	<b>104,589,019</b>	<b>108,222,553</b>	<b>118,723,250</b>	<b>124,543,896</b>	<b>144,397,478</b>
<b>Taxation per head—</b>					
<b>Commonwealth (a)—</b>	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Customs and Excise ..	6 2 9	6 6 4	7 1 0	6 17 7	7 13 11
Sales Tax .. .. .	1 7 11	1 3 6	1 3 4	1 6 10	1 14 10
Flour Tax .. .. .	0 3 5	..	..	0 5 3	0 7 1
Other .. .. .	1 14 5	1 14 8	1 16 10	2 4 1	3 1 6
<b>Total .. .. .</b>	<b>9 8 6</b>	<b>9 4 6</b>	<b>10 1 2</b>	<b>10 13 9</b>	<b>12 17 4</b>
<b>State (b) .. .. .</b>	<b>6 1 8</b>	<b>6 13 11</b>	<b>7 5 1</b>	<b>7 6 2</b>	<b>7 15 11</b>
<b>Grand Total .. .. .</b>	<b>15 9 11</b>	<b>15 18 1</b>	<b>17 5 11</b>	<b>17 19 6</b>	<b>20 12 10</b>

(a) Based on mean population for each financial year.

(b) Based on aggregate population of the

six States—mean for each financial year.

3. Public Debt.—(i) *General.* The table hereunder shows the public debt of the Commonwealth and of the States at 30th June in each of the years 1936 to 1940. In this table all moneys borrowed by the Commonwealth on behalf of the States have been included with State debts only, and similarly, the debts taken over by the Commonwealth from South Australia on account of the Northern Territory and of the Port Augusta—Oodnadatta Railway have been included with the Commonwealth Debt.

## COMMONWEALTH AND STATE PUBLIC DEBTS.

Particulars.	Where Redeemable.	At 30th June—				
		1936.	1937.	1938.	1939.	1940.
		£ (a)	£ (a)	£ (a)	£ (a)	£ (a)
Commonwealth	Aust. . .	218,291,973	214,818,637	216,400,462	218,496,483	257,116,685
	London	156,285,327	155,778,627	158,363,627	162,840,947	162,333,777
	New York	16,351,176	16,201,952	16,080,972	15,913,501	15,876,718
	Total (b)	390,928,476	386,799,216	390,845,061	397,250,931	435,327,180
States	Aust. . .	447,258,509	459,579,899	469,742,248	485,179,757	493,646,661
	London	388,575,335	387,633,735	385,888,993	384,327,833	384,162,382
	New York	28,908,661	28,747,909	28,549,461	28,264,451	27,918,001
	Total (b)	864,742,505	875,961,543	884,180,702	897,772,041	905,727,064
Total, Commonwealth and States	Aust. . .	665,550,482	674,398,536	686,142,710	703,676,240	750,763,366
	London	544,860,662	543,412,362	544,252,620	547,168,780	546,496,159
	New York	45,259,837	44,949,861	44,630,433	44,177,952	43,794,719
	Grand Total (b)	1,255,670,981	1,262,760,759	1,275,025,763	1,295,022,972	1,341,054,244

(a) The units of currency are—

For debt maturing in Australia	..	..	..	£ (Aust.)
For debt maturing in London	..	..	..	£ (Stg.)
For debt maturing in New York	..	..	..	..

\* Payable in terms of dollars. See note (a) on next page.

(b) The "face" or "book" value of the debts without adjustment on account of currency changes since the loans were floated.

(ii) *Dates of Maturity.* The particulars given in the appended table show as at 30th June, 1940, the amounts of Commonwealth and State securities maturing in Australia and overseas according to the latest year of maturity, together with the amount of interest payable yearly thereon :—

## COMMONWEALTH AND STATE PUBLIC DEBTS, 30th JUNE, 1940 : LATEST DATES OF MATURITY.

Year of Maturity.	Commonwealth and State Debts.				Annual Interest Payable at 30th June, 1940, in respect of Commonwealth and State Debts maturing in the Years stated.			
	Maturing in—				Interest Payable in—			
	Australia.	London.	New York.	Total.	Australia.	London.	New York.	Total.
	£ (Aust.)	£ (Stg.)	£ (a)	£ (b)	£ (Aust.)	£ (Stg.)	£ (a)	£ (c)
1940-41 .. .. .	65,811,313	27,125,001	..	92,936,314	1,189,291	604,085	..	1,793,376
1941-42 .. .. .	98,157,905	13,469,981	1,631,871	113,259,757	3,918,955	404,099	114,231	4,437,285
1942-43 .. .. .	37,835,167	16,551,402	..	54,386,569	1,432,404	435,164	..	1,867,568
1943-44 .. .. .	27,578,010	4,604,800	..	32,182,810	1,004,430	161,168	..	1,165,598
1944-45 .. .. .	57,450,545	3,958,800	..	61,409,345	2,201,280	138,558	..	2,339,838
1945-46 .. .. .	17,156,670	..	..	17,156,670	536,616	..	..	536,616
1946-47 .. .. .	1,487,928	5,073,711	2,051,865	9,216,507	56,791	177,300	123,292	357,383
1947-48 .. .. .	38,017,016	..	..	38,017,016	1,508,330	..	..	1,508,330
1948-49 .. .. .	31,429,605	38,474,187	..	69,903,792	1,039,329	1,447,059	..	2,486,388
1949-50 .. .. .	21,613,419	6,055,545	..	30,668,964	374,084	211,944	..	1,086,028
1950-51 .. .. .	29,239,348	20,454,078	..	49,693,426	1,162,312	759,627	..	1,921,939
1951-52 .. .. .	27,443,576	..	..	27,443,576	1,027,679	..	..	1,027,679
1952-53 .. .. .	491,718	11,789,758	..	12,281,476	17,149	412,641	..	429,790
1953-54 .. .. .	27,556,686	30,345,590	..	57,902,276	1,098,542	1,110,970	..	2,209,512
1954-55 .. .. .	52,684,568	3,204,904	..	85,889,472	1,188,377	112,172	..	2,300,549
1955-56 .. .. .	50,270,069	..	24,019,931	74,290,000	1,980,920	..	1,154,698	3,135,618
1956-57 .. .. .	23,933,085	6,996,000	4,312,648	35,241,733	815,806	262,350	215,633	1,293,789
1957-58 .. .. .	26,112,435	38,171,400	11,775,404	76,059,239	1,043,339	1,547,228	588,770	3,179,337
1958-59 .. .. .	548,227	21,083,600	..	21,631,827	19,188	737,926	..	757,114
1959-60 .. .. .	26,862,315	3,779,524	..	30,641,839	1,063,062	148,987	..	1,212,049
1960-61 .. .. .	1,141,981	55,662,035	..	56,804,916	34,259	2,336,324	..	2,370,583
1961-62 .. .. .	25,118,795	4,866,583	..	29,985,378	999,891	194,663	..	1,194,554
1962-63 .. .. .	718,433	10,283,396	..	11,001,829	21,660	141,336	..	432,996
1963-64 .. .. .	2,460,291	5,810,000	..	8,270,291	75,372	232,400	..	307,772
1964-65 .. .. .	526,246	..	..	526,246	15,787	..	..	15,787
1965-66 .. .. .	..	14,055,000	..	14,055,000	..	702,750	..	702,750
1966-67 .. .. .	..	..	..	..	..	..	..	..
1967-68 .. .. .	..	..	..	..	..	..	..	..
1968-69 .. .. .	..	..	..	..	..	..	..	..
1969-70 .. .. .	..	1,920,650	..	1,920,650	..	67,223	..	67,223
1970-71 .. .. .	..	11,557,722	..	11,557,722	..	462,309	..	462,309
1971-72 .. .. .	..	..	..	..	..	..	..	..
1972-73 .. .. .	..	..	..	..	..	..	..	..
1973-74 .. .. .	..	..	..	..	..	..	..	..
1974-75 .. .. .	..	13,933,306	..	13,933,306	..	452,833	..	452,833
1975-76 .. .. .	50,064	64,311,566	..	64,361,630	1,552	4,715,579	..	4,717,131
Overdue and unconverted .. .. .	(d) 80,234	2,350	..	82,584	261	..	..	261
Interminable .. .. .	462,089	1,000	..	463,089	15,217	50	..	15,267
Treasurers' Option .. .. .	6,568,231	2,433,499	..	9,001,733	189,346	73,005	..	262,351
Half-yearly drawings .. .. .	4,330,283	195,647	..	5,025,930	158,281	6,848	..	165,129
Annual repayments .. .. .	..	79,721,221	..	79,721,221	..	..	..	..
Indefinite .. .. .	14,127,201	..	..	14,127,201	324,301	..	..	324,301
<b>Total</b> .. .. .	<b>750,763,366</b>	<b>546,496,159</b>	<b>43,794,719</b>	<b>1,341,054,244</b>	<b>27,013,811</b>	<b>18,346,598</b>	<b>2,196,624</b>	<b>47,557,033</b>

(a) Payable in terms of dollars. For the purposes of this table, dollars have been arbitrarily converted at the rate of \$4,8665 to £1. (b) The total "face" or "book" value of the Public Debt, leaving out of account currency changes since the loans were floated. (c) Nominal amount of interest payable takes no account of exchange. (d) Includes £6,530 unconverted. (e) Capital and interest payments suspended by arrangement with British Government. (f) Includes War Savings Certificates and Citizens' National Emergency Loans.

The following table gives particulars of Commonwealth and State Public Debt as at 30th June, 1940, according to the earliest year of maturity, together with the amount of interest payable yearly:—

COMMONWEALTH AND STATE PUBLIC DEBTS, 30th JUNE, 1940 : EARLIEST DATES OF MATURITY.

Year of Maturity.	Commonwealth and State Debts.				Annual Interest Payable at 30th June, 1940, in respect of Commonwealth and State Debts maturing in the Years stated.			
	Maturing in—				Interest Payable in—			
	Australia.	London.	New York.	Total.	Australia.	London.	New York.	Total.
	£ (Aust.)	£ (Stg.)	£ (d)	£ (b)	£ (Aust.)	£ (Stg.)	£ (d)	£ (c)
Before 1940—41 ..	840,567	33,883,417	4,917,739	39,641,723	33,900	1,104,733	221,298	1,359,931
1940—41 ..	65,374,268	87,332,437	..	152,706,705	1,168,964	3,070,950	..	4,239,914
1941—42 ..	98,153,005	10,521,251	16,275,846	118,953,102	3,918,766	387,327	546,580	4,852,673
1942—43 ..	37,923,221	10,283,396	..	48,206,617	1,435,020	411,336	..	1,846,356
1943—44 ..	27,574,710	17,221,192	..	44,795,902	1,004,315	688,848	..	1,693,163
1944—45 ..	57,447,645	3,958,800	..	61,406,445	2,201,179	138,558	..	2,339,737
1945—46 ..	17,156,370	124,449,415	..	141,605,785	536,606	6,021,435	..	6,558,041
1946—47 ..	1,487,928	..	2,054,865	3,542,793	56,791	..	123,292	180,083
1947—48 ..	38,008,916	17,870,500	5,566,518	61,445,934	1,508,048	938,201	278,326	2,724,575
1948—49 ..	31,426,305	24,719,671	..	56,145,976	1,039,214	888,212	..	1,927,426
1949—50 ..	24,610,719	7,976,195	..	32,586,914	873,990	279,167	..	1,153,157
1950—51 ..	120,841,699	22,585,823	..	143,427,522	4,687,336	790,504	..	5,477,840
1951—52 ..	27,443,576	..	..	27,443,576	1,027,679	..	..	1,027,679
1952—53 ..	82,367,208	6,096,000	16,634,859	105,098,067	3,174,242	262,350	831,743	4,268,335
1953—54 ..	37,119,266	21,083,600	..	58,202,866	1,451,576	737,926	..	2,189,502
1954—55 ..	799,378	20,300,900	..	21,100,278	30,946	609,027	..	639,973
1955—56 ..	12,766,637	32,311,423	4,311,892	49,419,952	510,268	1,136,804	195,385	1,842,457
1956—57 ..	361,785	..	..	361,785	14,358	..	..	14,358
1957—58 ..	12,908,807	..	..	12,908,807	515,193	..	..	515,193
1958—59 ..	548,227	..	..	548,227	19,188	..	..	19,188
1959—60 ..	13,215,087	2,902,116	..	16,117,203	517,173	116,084	..	633,257
1960—61 ..	1,141,981	5,810,000	..	6,951,981	34,259	232,400	..	266,659
1961—62 ..	11,529,880	..	..	11,529,880	456,334	..	..	456,334
1962—63 ..	611,629	..	..	611,629	18,349	..	..	18,349
1963—64 ..	2,160,201	..	..	2,460,201	75,372	..	..	75,372
1964—65 ..	526,246	13,933,306	..	14,459,552	15,787	452,833	..	468,620
1965—66 ..	..	..	..	..	..	..	..	..
1966—67 ..	..	..	..	..	..	..	..	..
1967—68 ..	..	..	..	..	..	..	..	..
1968—69 ..	..	..	..	..	..	..	..	..
1969—70 ..	..	..	..	..	..	..	..	..
1970—71 ..	..	..	..	..	..	..	..	..
1971—72 ..	..	..	..	..	..	..	..	..
1972—73 ..	..	..	..	..	..	..	..	..
1973—74 ..	..	..	..	..	..	..	..	..
1974—75 ..	..	..	..	..	..	..	..	..
1975—76 ..	50,064	..	..	50,064	1,552	..	..	1,552
Overdue and unconverted ..	(d) 80,234	2,350	..	82,584	261	..	..	261
Interminable ..	462,089	1,000	..	463,089	15,217	50	..	15,267
Treasurers' Option ..	6,568,234	2,433,499	..	9,001,733	189,346	73,005	..	262,351
Half-yearly drawings ..	4,839,283	195,647	..	5,025,930	158,281	6,848	..	165,129
Annual repayments ..	..	79,724,221	..	79,724,221	..	..	..	..
Indefinite ..	114,127,201	..	..	114,127,201	324,301	..	..	324,301
Total ..	759,763,366	546,196,159	43,794,710	1,341,054,244	27,013,811	18,346,508	2,196,624	47,557,033

(a) Payable in terms of dollars. For the purposes of this table, dollars have been arbitrarily converted at the rate of \$4,866 to £1. (b) The total "face" or "book" value of the Public Debt, leaving out of account currency changes since the loans were floated. (c) Nominal amount of interest payable takes no account of exchange. (d) Includes £6,030 unconverted. (e) Capital and interest payments suspended by arrangement with British Government. (f) Includes War Savings Certificates and Citizens' National Emergency Loans.

(iii) Rates of Interest, 30th June, 1940. The amount of Commonwealth and State Public Debt at each rate of interest (internal and external debt shown separately) is given in the following table:—

## COMMONWEALTH AND STATE PUBLIC DEBTS, 30th JUNE, 1940 : AMOUNTS AT EACH RATE OF INTEREST.

Rate of Interest.	Commonwealth and State Debt maturing—			
	In Australia. £ (Aust.)	In London. £ (Stg.)	In New York. £ (a)	Total £ (b)
7.0 .. ..	..	..	1,631,871	1,631,871
6.0 .. ..	..	..	2,054,865	2,054,865
5.25 .. ..	..	17,870,500	..	17,870,500
5.0375 .. ..	522,275	..	..	522,275
5.0 .. ..	(c) 4,976	126,476,366	30,848,352	157,329,694
4.91667 .. ..	..	79,724,221	..	79,724,221
4.75 .. ..	..	11,902,600	..	11,902,600
4.65 .. ..	1,389,110	..	..	1,389,110
4.5 .. ..	..	..	9,259,631	9,259,631
4.45625 .. ..	84,650	..	..	84,650
4.2625 .. ..	3,392,475	..	..	3,392,475
4.25 .. ..	84,711	..	..	84,711
4.06875 .. ..	13,905,540	..	..	13,905,540
4.0 .. ..	(d) 393,592,564	64,326,843	..	367,919,407
3.96667 .. ..	5,685,910	..	..	5,685,910
3.95833 .. ..	4,061,000	..	..	4,061,000
3.95417 .. ..	1,875,750	..	..	1,875,750
3.89167 .. ..	1,035,000	..	..	1,035,000
3.875 .. ..	119,258,316	..	..	119,258,316
3.8125 .. ..	200,000	..	..	200,000
3.79167 .. ..	6,370,000	..	..	6,370,000
3.75 .. ..	78,740,300	45,464,582	..	124,204,882
3.72917 .. ..	350,000	..	..	350,000
3.675 .. ..	66,510	..	..	66,510
3.625 .. ..	9,846,830	..	..	9,846,830
3.5 .. ..	27,821,920	76,734,848	..	104,556,768
3.4875 .. ..	6,669,510	..	..	6,669,510
3.42083 .. ..	1,130,950	..	..	1,130,950
3.375 .. ..	24,011,230	..	..	24,011,230
3.25 .. ..	23,511,976	34,687,007	..	58,198,983
3.125 .. ..	173,230	..	..	173,230
3.1 .. ..	7,661,221	..	..	7,661,221
3.0 .. ..	33,660,568	45,630,439	..	79,291,007
2.90625 .. ..	225,100	..	..	225,100
2.75 .. ..	6,770,890	16,551,402	..	23,322,292
2.7125 .. ..	1,091,181	..	..	1,091,181
2.325 .. ..	1,851,937	..	..	1,851,937
2.25 .. ..	..	24,634,001	..	24,634,001
2.0 .. ..	..	2,491,000	..	2,491,000
1.5 .. ..	(e) 55,605,248	..	..	55,605,248
War (1939-40) Savings Certificates (f)	6,099,887	..	..	6,099,887
Citizens' National Emergency Loans (Interest Free) ..	3,864,626	..	..	3,864,626
Overdue and unconverted .. ..	73,704	2,350	..	76,054
War (1914-19) Savings Stamps .. ..	14,271	..	..	14,271
<b>Total .. ..</b>	<b>750,763,366</b>	<b>546,496,159</b>	<b>43,794,719</b>	<b>1,341,054,244</b>
<b>Average Rate of Interest Payable</b>	<b>£ s. d.</b>	<b>£ s. d.</b>	<b>£ s. d.</b>	<b>£ s. d.</b>
	3 12 4	3 18 7	5 0 4	3 15 8

(a) See note (a) on previous page. (b) Total "face" or "book" value of the Public Debt without adjustment on account of currency changes since the loans were floated. (c) War (1914-19) Savings Certificates. (d) Includes unconverted securities, £6,530. (e) Includes Treasury Bills at 1½ per cent. converted to 1½ per cent. on renewal. (f) Compounded at 3½ per cent.



(iv) *Interest Payable.* The table hereunder shows the interest payable on the public debt of the Commonwealth and of the States at 30th June in each of the years 1936 to 1940:—

## COMMONWEALTH AND STATE PUBLIC DEBTS : INTEREST PAYABLE.

Particulars.	Where Payable.	At 30th June—				
		1936.	1937.	1938.	1939.	1940.
		£ (a)	£ (a)	£ (a)	£ (a)	£ (a)
Commonwealth ..	Australia ..	8,363,055	8,245,897	8,301,752	8,344,627	9,420,640
	London (b) ..	3,077,601	3,040,262	3,201,299	3,403,554	3,337,796
	New York ..	797,954	790,935	785,240	777,586	775,930
	Total (c) ..	12,238,610	12,077,094	12,288,291	12,525,767	13,584,366
States .. ..	Australia ..	15,841,783	16,333,969	16,715,028	17,240,238	17,593,171
	London (d) ..	15,407,943	15,070,888	15,010,049	14,902,882	14,958,802
	New York ..	1,474,208	1,466,264	1,456,415	1,441,476	1,420,691
	Total (c)	32,723,934	32,871,121	33,181,492	33,644,596	33,972,667
Total Commonwealth and States ..	Australia ..	24,204,838	24,579,866	25,016,780	25,584,865	27,013,811
	London (b) ..	18,485,544	18,111,150	18,211,348	18,366,436	18,346,598
	New York ..	2,272,162	2,257,199	2,241,655	2,219,062	2,196,624
	Total (c) ..	44,962,544	44,948,215	45,469,783	46,170,363	47,557,033
Average Rate per cent.	Australia ..	£ s. d. 3 12 9	£ s. d. 3 12 11	£ s. d. 3 12 11	£ s. d. 3 12 9	£ s. d. 3 12 4
	London ..	3 19 6	3 18 1	3 18 5	3 18 7	3 18 7
	New York ..	5 0 5	5 0 5	5 0 5	5 0 6	5 0 4
	Total (c) ..	3 16 6	3 16 0	3 16 1	3 16 0	3 15 8

(a) The units of currency are—

For interest payable in Australia .. .. £ (Aust.)  
 For interest payable in London .. .. £ (Stg.)  
 For interest payable in New York .. .. \*

\* Payable in terms of dollars, see note (a) on page 922.

(b) Excludes suspended interest on War Debt due to the British Government.

(c) The nominal amount and average rate of interest payable taking no account of exchange.

(d) Includes contributions payable by Commonwealth and British Governments towards interest on Migration Loans.

(v) *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, 1933, to 30th June, 1940, are given in the following table :—

## 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, 1933 ..	10,220	23,905	34,125	3,500	45,375	48,875
30th June, 1934 ..	10,220	23,405	33,625	..	48,469	48,469
30th June, 1935 ..	10,220	23,405	33,625	..	45,124	45,124
30th June, 1936 ..	10,220	23,155	33,375	..	47,013	47,013
30th September, 1936 ..	10,220	23,155	33,375	..	48,778	48,778
31st December, 1936 ..	9,720	23,155	32,875	..	53,584	53,584
31st March, 1937 ..	9,720	23,155	32,875	..	52,854	52,854
30th June, 1937 ..	9,720	23,155	32,875	..	46,408	46,408
30th September, 1937 ..	9,720	23,155	32,875	..	50,023	50,023
31st December, 1937 ..	9,470	23,155	32,625	..	54,808	54,808
31st March, 1938 ..	10,120	23,155	33,275	..	52,968	52,968
30th June, 1938 ..	5,495	23,155	28,650	..	46,598	46,598
30th September, 1938 ..	4,470	23,155	27,625	..	52,008	52,008
31st December, 1938 ..	4,220	23,155	27,375	..	59,573	59,573
31st March, 1939 ..	4,220	23,155	27,375	..	56,923	56,923
30th June, 1939 ..	4,220	23,155	27,375	..	50,228	50,228
30th September, 1939 ..	4,220	23,155	27,375	..	56,586	56,586
31st December, 1939 ..	3,970	23,155	27,125	..	64,368	64,368
31st March, 1940 ..	3,970	23,155	27,125	..	51,376	51,376
30th June, 1940 ..	3,970	23,155	27,125	..	45,463	45,463

(a) Exclusive of overdrafts.

(b) *Interest Rates. (i) London.* The rates of interest payable on Treasury Bills and Debentures in London during the period 1932-33 to 1939-40 were as follows :—

Year.	Minimum Rate.	Maximum Rate.
1932-33 .. .. .	2%	4½%
1933-34 .. .. .	2	3
1934-35 .. .. .	2	3
1935-36 .. .. .	2	2½
1936-37 .. .. .	2	2½
1937-38 .. .. .	2	2½
1938-39 .. .. .	2	2½
1939-40 .. .. .	2	2½

(ii) *Australia.* The Treasury Bills rates in Australia were as follows :—

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

(vi) *Debts of States and Municipal and Semi-Governmental Bodies.* For the reasons indicated on p. 912 direct comparisons of the debts of the several States should be made with caution. The table following shows for 1938-39 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. For further particulars relating to the Debt of Local and Semi-Governmental Authorities see *Finance Bulletin* No. 31, and Chapter XXII. "Local Government," § 3, p. 651 of this volume.

**PUBLIC DEBT : STATES, MUNICIPAL AND SEMI-GOVERNMENTAL BODIES,  
1937-38 and 1938-39.**

State.	Debts of the States. (a)	Due to Public Creditor.(b)		Grand Total.
		Municipal.	Semi-Governmental Bodies.	
	£'000.	£'000.	£'000.	£'000.
New South Wales .. .. .	359,844	37,343	52,512	449,699
Victoria .. .. .	179,698	12,340	61,108	253,146
Queensland .. .. .	127,593	19,904	3,514	150,921
South Australia .. .. .	108,887	817	770	110,474
Western Australia .. .. .	95,473	3,170	107	98,750
Tasmania .. .. .	26,367	2,986	495	29,848
Total, All States { 1938-39 .. .. .	897,772	76,560	118,506	1,092,838
{ 1937-38 .. .. .	884,181	71,782	112,222	1,068,185

**DEBT PER HEAD OF POPULATION.(c)**

	£	£	£	£
New South Wales .. .. .	131.0	13.6	19.1	163.7
Victoria .. .. .	95.5	6.6	32.5	134.6
Queensland .. .. .	125.4	19.6	3.5	148.5
South Australia .. .. .	182.8	1.3	1.3	185.4
Western Australia .. .. .	205.1	6.8	0.3	212.2
Tasmania .. .. .	111.4	12.6	2.1	126.1
Total, All States { 1938-39 .. .. .	129.3	11.0	17.1	157.4
{ 1937-38 .. .. .	128.6	10.4	16.3	155.3

(a) Includes amounts due by Municipal and Semi-Governmental bodies. (b) Excluding overdrafts and debts due to Central Government. (c) At 30th June, 1938 and 1939.

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

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, 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 for the financial year for purposes other than the conversion, renewal or redemption of existing loans or 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.

Questions other than the apportionment of loans are decided by a majority vote of the Council members, the member representing the Commonwealth having two votes and a casting vote and each member representing a State having 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.

(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 their 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) Any Government may use for temporary purposes any available public money 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 bondholders.

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
<b>Total .. .. .</b>	<b>641,345,397</b>

These amounts have been varied in accordance with the terms of the "Agreement relating to Soldier 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
<b>Total .. .. .</b>	<b>638,747,614</b>

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
<b>Total .. .. .</b>	<b>10,924,323</b>

(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
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 from revenue 2s. 6d. per cent. and each State 5s. per cent. on all State debts existing 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 commencing on 1st July, 1927 and those of New South Wales for a similar period commencing on 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 is established and the State and the Commonwealth contribute 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 raised after 30th June, 1927 by a State to meet a revenue deficit accruing after that date, no 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  $4\frac{1}{2}$  per cent. per annum compound interest.

(f) 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.

(g) 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, wherever 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.

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 attacked the validity of this Act as being *ultra vires* the Commonwealth Parliament and an infringement of public moneys for specific services. 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.

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 the 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.