

CHAPTER XVI.

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 Act* 1928 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 sub-section "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 Federal Parliament, implies the transfer or creation of various other departments. Section 87 deals with the financial relations between the Commonwealth and the States. These matters have been treated in some detail in previous issues of the Official Year Book and on page 463 of this issue a *résumé* is given of the constitutional obligations upon the Commonwealth regarding payments to the States.

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

2. Accounts of Commonwealth Government.—(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 war 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 consisted mainly of credits arising from repayments of expenditure during previous years.

(ii) *Receipts, Expenditure, &c.* The following statement shows for the period 1921-22 to 1934-35 the Receipts, Expenditure, Excess Receipts or Deficiency for the year together with the accumulated result. 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 Act" have been excluded.

Year.	Receipts.	Expenditure.	Excess Receipts.	Deficiency.	Accumulated Result.	
					Excess Receipts.	Deficiency.
					£	£
1921-22 ..	63,985,796	64,195,699	..	209,903	6,408,424	..
1922-23 ..	63,834,385	62,814,235	1,020,150	..	7,428,574	..
1923-24 ..	65,078,688	69,916,109	..	4,837,421	2,591,153 ^a	..
1924-25 ..	67,697,124	67,178,748	518,376	..	3,109,529	..
1925-26 ..	70,203,572	73,027,204	..	2,823,632	285,897	..
1926-27 ..	75,544,382	73,008,785	2,535,597	..	2,821,494 ^b	..
1927-28 ..	73,808,227	79,258,464	..	5,450,237 ^b	..	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 ^c	..	10,757,619 ^c	..	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 ^d	..
1934-35 ..	77,369,105	76,657,900	711,205	..	713,474 ^e	..

(a) Of the accumulated surplus to 30th June, 1924, viz., £10,006,908, £4,915,755 was used for debt redemption, and £2,500,000 transferred to Trust Funds. (b) The following payments amounting to £2,820,000 were made out of the surplus of £2,821,494 available at 30th June, 1927, and brought to account as expenditure during 1927-28:—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. The result of the ordinary transactions of the year 1927-28, omitting these special appropriations, was therefore a deficit of £2,630,237. (c) Excludes Interest, etc., paid on behalf of New South Wales and not recovered at 30th June, 1931. (d) Of this amount £6,160,000 was appropriated in 1934-35, viz., £4,160,000 for Defence equipment and £2,000,000 for financial assistance to the States leaving excess receipts totalling £2,269. (e) It is proposed to allocate £500,000 for financial assistance to the States and to apply the balance towards reduction of the accumulated deficits.

§ 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 three main headings during the years 1929–30 to 1933–34 :—

COMMONWEALTH CONSOLIDATED REVENUE—SOURCES.

Source.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
Taxation (a)	58,187,775	50,420,106	53,959,042	56,146,036	56,408,728
Percentage of Total	75.4	72.5	75.4	76.4	76.3
Per head of population (d)	£9 0 11	£7 15 2	£8 4 8	£8 10 0	£8 9 6
Business Undertakings (a)	13,969,124	13,148,341	12,653,704	12,894,580	13,460,911
Percentage of Total	18.1	18.9	17.7	17.5	18.2
Per head of population (d)	£2 3 5	£2 0 6	£1 18 8	£1 19 1	£2 0 3
Other Revenue—					
Interest, etc. (c)—					
Loans to States for Soldier Settlement	1,682,891	1,387,151	1,174,187	1,083,865	1,083,865
Other	1,773,723	1,668,479	1,427,307	1,384,639	1,327,195
Coinage	41,070	141,846	191,136	49,568	139,263
Defence	103,351	79,005	50,510	47,753	41,213
Quarantine	28,360	20,814	16,488	17,312	17,068
Territories (b)	86,770	207,192	202,402	202,936	235,091
Patents, Trade Marks, etc.	58,300	54,429	48,798	45,018	51,444
Marine	201,210	196,501	201,218	205,133	193,532
Pension Contributions	48,924	43,932	33,147	48,673	31,733
Net Profit on Australian Note Issue	703,669	449,506	1,305,955	1,108,519	728,998
Bankruptcy	32,086	44,395	41,943	31,787	32,475
Ex-enemy properties .. .. .	.. .. .	1,500,000	.. .. .	.. .. .	.. .. .
Export charges	74,034	80,785	64,092	Dr. 1,874	2,072
Miscellaneous	152,102	124,438	162,369	248,864	188,365
Total	4,986,490	5,998,473	4,919,552	4,472,193	4,072,314
Percentage of Total	6.5	8.6	6.9	6.1	5.5
Per head of population (d)	£0 15 6	£0 18 5	£0 15 0	£0 13 6	£0 12 3
Grand Total (c)	77,143,389	69,566,920	71,532,298	73,512,809	73,941,953
Per head of population (d)	£11 19 10	£10 14 1	£10 18 4	£11 2 8	£11 2 2

(a) For details, see succeeding pages. (b) Exclusive of Railways and other items which appear elsewhere under their appropriate headings. (c) Excludes Interest on States' Debts payable by States. (d) Based on mean population of each financial year.

2. Taxation.—(i) Total Collections. (a) Amount. Collections under each heading for the years 1929–30 to 1933–34 are given below.

TAXATION—TOTAL COLLECTIONS.

Heading.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
Customs	30,157,040	18,224,227	18,565,630	21,313,793	22,326,823
Excise	11,617,351	10,070,846	9,840,166	11,678,650	11,928,019
Sales Tax .. .. .	.. .. .	3,472,854	8,425,067	9,369,276	8,695,689
Flour Tax .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	1,253,957
Land Tax	2,840,078	2,758,598	2,156,765	1,650,311	1,325,393
Income Tax	11,120,029	13,604,374	13,481,982	10,878,718	9,314,768
Income Tax, Federal Officers' Salaries .. .. .	.. .. .	34,475	4,304	.. .. .	.. .. .
Estate Duties	2,122,478	2,068,865	1,385,811	1,126,996	1,511,296
Entertainments Tax	316,121	186,661	133,072	134,042	51,216
War Time Profits Tax	14,678	Dr. 794	Dr. 33,755	Dr. 5,750	1,567
Total Taxation	58,187,775	50,420,106	53,959,042	56,146,036	56,408,728
Percentage on Total Revenue	75.4	72.5	75.4	76.4	76.3

(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.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	%	%	%	%	%
Customs	51.8	36.1	34.4	38.0	39.6
Excise	20.0	20.0	18.2	20.8	21.1
Sales Tax .. .. .	..	6.9	15.6	16.7	15.4
Flour Tax .. .. .	..	..	..	..	2.2
Land Tax	4.9	5.5	4.0	2.9	2.4
Income Tax	19.1	27.0	25.0	19.4	16.5
Income Tax, Federal Officers' Salaries .. .. .	..	..	..	..	..
Estate Duties	3.7	4.1	2.6	2.0	2.7
Entertainments Tax	0.5	0.4	0.3	0.2	0.1
War Time Profits Tax .. .. .	..	..	Dr. 0.1	..	..
Total	100.0	100.0	100.0	100.0	100.0

(ii) *Customs Revenue. (a) Classified.* Particulars for the five years 1929-30 to 1933-34 are furnished in the following table :—

COMMONWEALTH CUSTOMS REVENUE—CLASSIFICATION.

Classes.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
Stimulants	2,598,593	1,045,601	966,952	1,027,012	1,051,843
Narcotics	3,069,426	2,875,840	3,088,656	2,529,473	2,661,013
Sugar	11,029	674	392	844	605
Agricultural products	1,291,643	1,000,437	1,132,319	1,363,600	1,123,576
Apparel and textiles ..	5,154,257	2,069,610	1,656,599	2,163,750	2,160,207
Metals and machinery	4,758,415	1,594,769	655,363	1,122,346	1,376,997
Oils, paints, and etc. ..	4,137,016	3,945,960	5,032,748	5,392,554	6,110,306
Earthenware, etc. ..	713,599	360,889	179,885	275,660	305,452
Drugs and chemicals ..	539,275	358,334	252,357	287,736	262,752
Wood, wicker and cane	1,802,580	379,328	205,288	401,149	515,400
Jewellery, etc. ..	1,028,151	557,262	254,821	312,914	364,200
Leather, etc. ..	526,056	256,498	355,588	349,918	367,657
Paper and stationery	878,800	732,888	420,551	424,732	419,931
Vehicles	2,315,739	377,688	114,938	337,858	657,999
Musical instruments ..	138,329	13,855	4,518	6,451	9,437
Miscellaneous articles	1,116,340	704,833	452,290	640,737	694,092
Primage .. .. .	..	1,812,624	3,057,427	4,512,090	4,080,456
Other receipts	77,792	137,137	134,938	164,969	166,700
Total Customs	30,157,040	18,224,227	18,565,630	21,313,793	22,326,823

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

COMMONWEALTH CUSTOMS DUTIES—COLLECTIONS, EACH STATE.

State.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
New South Wales (a)	14,028,700	8,747,066	8,566,662	9,282,263	9,917,405
Victoria	8,877,033	5,554,343	6,018,159	7,351,501	7,502,201
Queensland	2,816,474	1,669,839	1,636,868	1,890,206	1,982,716
South Australia (b) ..	2,182,794	1,060,942	1,113,543	1,363,710	1,423,627
Western Australia	1,892,050	1,019,024	1,006,911	1,177,655	1,251,919
Tasmania	359,989	173,013	223,487	248,458	248,955
Total	30,157,040	18,224,227	18,565,630	21,313,793	22,326,823

(a) Includes Federal 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 years ending 30th June, 1930 to 1934, are given hereunder:—

COMMONWEALTH EXCISE REVENUE—CLASSIFICATION.

Particulars.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
Beer	6,105,443	5,200,361	4,739,117	4,867,844	4,770,439
Spirits	1,856,951	1,248,700	1,337,262	1,298,325	1,352,092
Concentrated Grape					
Must .. ..	..	766	1,840	2,229	2,683
Tobacco	3,573,198	3,283,545	3,396,098	4,751,575	4,822,658
Petrol	70,065	315,582	328,073	461,313	517,617
Playing Cards	120	10,432	11,129	11,548	10,799
Matches .. ..	..	..	8,330	72,735	77,160
Cigarette Tubes and					
Papers .. ..	..	..	6,581	201,186	362,621
Licences	11,574	11,460	11,736	11,895	11,950
Total Excise	11,617,351	10,070,846	9,840,166	11,678,650	11,928,019

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

COMMONWEALTH EXCISE REVENUE—COLLECTIONS, EACH STATE.

State.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
New South Wales	5,775,428	4,753,246	4,200,426	5,156,998	5,558,783
Victoria	3,051,581	2,986,267	3,146,119	3,463,238	3,561,681
Queensland	1,080,622	989,918	1,014,614	1,266,235	1,139,280
South Australia (a)	819,269	569,938	706,898	829,438	746,788
Western Australia	763,365	651,668	662,514	856,393	810,212
Tasmania	127,086	119,809	109,595	106,348	111,275
Total	11,617,351	10,070,846	9,840,166	11,678,650	11,928,019

(a) Includes Northern Territory.

(iv) *Other Taxation.* (a) *Collections paid to Revenue.* The Commonwealth Government imposes other taxes as follow:—Land Tax, Estate Duty, Income Tax, War Time Profits Tax, Entertainments Tax (now discontinued), Sales Tax and Flour Tax. The following statement shows particulars of the collections on account of each of the above taxes during the last ten years. Owing to certain accounting technicalities the figures herein differ slightly from those shown in subsequent sub-sections, wherein further particulars of the several taxes are given.

OTHER TAXATION COLLECTIONS, AUSTRALIA.

Year.	Land Tax.	Estate Duty.	Income Tax.	War-time Profits Tax.	Entertainments Tax.	Sales Tax.	Flour Tax.
	£	£	£	£	£	£	£
1924-25 ..	2,519,711	1,381,051	11,136,344	Dr. 74,783	686,586	..	..
1925-26 ..	2,521,910	1,411,336	10,858,046	Dr. 77,491	460,326	..	..
1926-27 ..	2,615,900	1,362,351	11,126,278	Dr. 28,357	366,159	..	..
1927-28 ..	3,027,266	1,752,118	10,165,175	Dr. 112,236	358,865	..	..
1928-29 ..	2,988,885	2,080,149	9,841,496	Dr. 24,309	358,697	..	..
1929-30 ..	2,840,078	2,122,478	11,120,029	14,678	316,121	..	..
1930-31 ..	2,758,598	2,068,865	13,604,374	Dr. 794	186,661	3,472,854	..
1931-32 ..	2,156,765	1,385,811	13,481,982	Dr. 33,755	133,072	8,425,067	..
1932-33 ..	1,650,311	1,126,996	10,878,718	Dr. 5,750	134,042	9,369,276	..
1933-34 ..	1,325,393	1,511,296	9,314,768	1,567	51,216	8,695,689	1,253,957

"Other Taxation" is assessed and collected in general by the Commissioner of Taxation. The organization comprises an office in each State, assessing tax-payers who are concerned with that State only, and a Central office assessing tax-payers 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 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 earlier 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 totals of these figures do not quite agree with the total Treasury figures owing to certain technicalities of accounting, but the difference is 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 of the Central Office collections, which include taxation on account of all States. These Central Office collections have not been analysed and allocated to the States. In the absence of precise information, it may be assumed as a fair 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 in 1910-11, when the rate of tax was 1 1-30,000d. on the first £1 in excess of an unimproved value of £5,000, increasing by 1-30,000d. for every additional £1 up to £75,000 where the increment of tax was 6d. and the average rate 3½d. The increment of tax of 6d. operated only on the excess of £75,000. The general exemption of £5,000 did not apply to absentees, the rate for whom is always 1d. more than for residents, and the first £5,000 of value for an absentee bore a flat rate of 1d. per £1. In 1914-15, the rate of tax was amended by making the tax on £1, 1 1-18,750d. increasing by 1-18,750d. for each additional £1 reaching an increment of tax of 9d. at £75,000 with an average over the whole of such field of 5d. per £1. The increment of tax applied to the excess over £75,000. Absentees correspondingly paid 1d. per £1 more than for a resident. A 20 per cent.

increase which was imposed in 1918-19 was withdrawn in 1922-23 and a further reduction of 10 per cent. was granted in 1927-28. No further alteration was made in the rates until 1932-33, when the rates were reduced by 33½ per cent. For 1933-34, the rates were further reduced to 50 per cent. of those effective in 1927-28. The unimproved value of lessees' estates on pastoral leases from the Crown was subject to land tax only in the years 1914-15 to 1922-23 inclusive.

Land Tax receipts in each State and Central Office for the years 1929-30 to 1933-34 were as follow. The particulars shown differ slightly from those in a preceding sub-section :—

LAND TAX RECEIPTS.

State, etc.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34
	£	£	£	£	£
Central Office	984,408	945,045	702,715	564,149	440,522
New South Wales	945,112	923,876	699,551	530,293	456,434
Victoria	588,826	571,096	484,995	366,229	286,756
Queensland	46,442	62,739	54,085	34,636	19,179
South Australia	164,484	137,768	99,362	67,432	52,410
Western Australia	82,477	76,602	76,095	61,569	41,913
Tasmania	37,343	33,157	22,708	15,238	11,644
Total	2,849,092	2,750,283	2,139,511	1,639,546	1,308,858

(c) *Estate Duty.* The *Commonwealth Estate Duty Act* 1914 and Estate Duty Assessment Acts impose a duty on the estates of deceased persons where the net value of the estate exceeds £1,000. The rate of tax where the value of the estate for duty does not exceed £2,000 is £1, increasing by one-fifth of £1 for each £1,000 or part thereof in excess of £2,000, so that the percentage shall not exceed £15. Where the estate passes to a widow, children, or grand-children, the duty is payable at two-thirds of the ordinary rate.

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 previous sub-section.

ESTATE DUTY RECEIPTS.

State, etc.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
Central Office	1,067,388	1,228,385	683,060	466,972	697,474
New South Wales	452,649	384,307	283,316	273,467	379,524
Victoria	396,109	271,103	296,417	215,223	249,808
Queensland	87,211	82,063	43,832	56,507	57,104
South Australia	69,181	45,632	58,075	63,459	66,734
Western Australia	35,464	30,140	19,371	28,180	17,832
Tasmania	9,474	16,514	14,248	15,252	40,117
Northern Territory	63	18	136	..	..
Total	2,117,539	2,058,162	1,398,455	1,119,060	1,508,593

The average dutiable value of estates and the average amount of duty paid in 1933-34 were £5,246 and £182 respectively, as compared with an average dutiable value of £6,209 and an average duty of £282 in 1930-31. The reduced dutiable value may be attributed to the depressed property values.

(d) *Income Tax.* The first Commonwealth Income Tax was levied during the year 1915-16. The legislation on the subject comprises the *Income Tax Assessment Act* No. 34 of 1915 and subsequent amending Acts. Full details as to the original Acts are

given in Official Year Book No. 9. The following statement gives an index of the rate of normal tax on personal exertion and property incomes up to and including the year 1933-34. The table gives an index of the rate of tax on the taxable amount of income, and does not take into account the variations in assessment due to changes in exemption and abatements and in the methods of assessment.

INCOME TAX—INDEX OF RATE.

Assessment years in which Rates were Amended.		Index of Rate of Tax.	Assessment years in which Rates were Amended.		Index of Rate of Tax.
1915-16	.. ..	1,000	1927-28	.. ..	1,080
1916-17	.. ..	1,250	1929-30	.. ..	1,214 (a)
1918-19	.. ..	1,625	1930-31	.. ..	1,351 (a) (b)
1920-21	.. ..	1,706	1931-32	.. ..	1,419 (a) (c)
1922-23	.. ..	1,535	1932-33	.. ..	1,419 (a) (d)
1924-25	.. ..	1,380	1933-34	.. ..	1,313 (a) (e)
1925-26	.. ..	1,200			

(a) Estimated. (b) In addition, a further tax of *rs.* 6*d.* in the *£*1 was imposed on all taxable income from property. (c) In addition, a further tax of *2s.* in *£*1 was imposed on all taxable income from property. (d) In addition, a further tax of *2s.* in the *£*1 was imposed on all taxable income from property over and above the exemption of *£*250. (e) In addition, a further tax of *rs.* 2.4*d.* in the *£*1 was imposed on all taxable income from property over and above the exemption of *£*250.

For the assessment years 1929-30 and 1930-31 the increases in the rates of tax were graduated according to the amount of taxable income. In 1929-30, for example, no increase was made on taxable incomes up to *£*200, while increases of 10 per cent., 15 per cent., and 20 per cent. were imposed on higher taxable income groups. For the 1930-31 assessment, taxable income from property was, in addition, subject to a further tax of *rs.* 6*d.* in the *£*1.

A new scale of rates was struck for the assessment year 1931-32, designed to consolidate all existing rates to 1930-31, and increase them by 5 per cent. At the same time the further tax on property income was increased to *2s.* in the *£*1.

No change was made in the rates of normal tax for the 1932-33 assessment but the further tax of *2s.* in the *£*1 on income from property was payable only on such income in excess of *£*250. For the 1933-34 assessment the consolidated rate for Personal Exertion incomes assessments was reduced by 15 per cent. Ordinary Rates on Incomes from Property remained unaltered, but the further tax was reduced to *rs.* 2.4*d.* in the *£*1.

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 given in an earlier sub-section of this Chapter.

INCOME TAX RECEIPTS.

State, etc.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
Central Office	3,736,828	5,534,785	4,560,756	2,977,481	3,237,722
New South Wales	3,156,231	3,170,739	3,787,417	4,052,877	2,780,215
Victoria	2,231,928	2,672,274	2,540,726	2,299,232	1,946,022
Queensland	841,272	940,372	1,036,295	717,827	549,157
South Australia	510,922	607,708	728,647	342,303	352,193
Western Australia	478,164	480,471	587,121	341,979	300,743
Tasmania	137,147	190,061	205,796	132,337	107,768
Northern Territory	2,204	3,260	3,211	2,671	1,002
Total	11,094,696	13,599,670	13,449,969	10,866,707	9,274,822

In the above table 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, etc.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	<i>s. d.</i>	s. d.	s. d.	s. d.	s. d.
New South Wales	25 3	25 1	29 8	31 5	21 5
Victoria	25 3	29 11	28 3	25 5	21 5
Queensland	18 8	20 7	22 4	15 4	11 7
South Australia	17 10	21 2	25 4	11 10	12 1
Western Australia	22 9	22 5	27 2	15 9	13 8
Tasmania	12 8	17 3	18 4	11 8	9 6
Six States	23 1	25 0	27 3	24 0	18 3

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

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

(e) *Entertainments Tax.* The tax on admission to entertainments operated from 1st January, 1917, when the rate imposed was 1d. for admissions exceeding 6d. but not exceeding 1s. For admissions exceeding 1s. the rate was 1d. for the first 6d. and $\frac{1}{2}$ d. for each 6d. or part in excess of 1s. On 1st December, 1919, the rate of tax was amended to $\frac{1}{2}$ d. on admissions of 6d., and 1d. where admission exceeded 6d. but did not exceed 1s.; otherwise the original rate operated. A further amendment, operative from 2nd October, 1922, provided for the payment of 1d. for admissions of 1s., but did not affect the rate on admissions exceeding 1s. From 15th October, 1925, until 27th October, 1933, when the *Entertainments Tax Act* was repealed, the Act provided for the payment of a tax of 2 $\frac{1}{2}$ d. on admissions of 2s. 6d. with an additional $\frac{1}{2}$ d. for each 6d. or part of 6d. by which the payments exceed 2s. 6d.

The amount of Entertainments Tax received in each State for the last five years is given below.

ENTERTAINMENTS TAX RECEIPTS.

State, etc.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.(c)
	£	£	£	£	£
New South Wales (a)	132,392	76,597	52,278	52,413	19,383
Victoria	100,951	63,541	47,620	49,650	18,010
Queensland	35,598	23,887	16,371	14,798	6,787
South Australia (b)	12,231	4,991	4,051	4,252	1,665
Western Australia	25,550	15,068	12,283	10,546	4,475
Tasmania	4,093	1,810	1,026	981	332
Total	310,815	185,894	133,629	132,640	50,652

(a) Includes Federal Capital Territory.

(b) Includes Northern Territory.

(c) Portion of

year only, see letterpress above.

(f) *War Time Profits Tax.* This tax which came into force in September, 1917, provides for a tax on the amount by which the profits made in war time exceed the pre-war standard of profits. Further details regarding its application are given in Official Year Book No. 22, 1929. The net collections, after allowing for refunds, for the five years ended 30th June, 1934, are shown hereunder :—

WAR TIME PROFITS TAX RECEIPTS.

State, etc.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
Central Office	1,566	Dr. 12,659	1,106	..	1,568
New South Wales	3,707	16,043	1,243	1,585	..
Victoria	5,255	75	85	80	..
Queensland	5,905	Dr. 1,077	Dr. 25	..	..
South Australia	Dr. 2,069	Dr. 3,331	..	..	..
Western Australia	183	..	..	..	..
Tasmania	Dr. 1,099	..	..	..	..
Total	13,448	Dr. 949	2,409	1,665	1,568

(g) *Sales Tax.* The Sales Tax was imposed in August, 1930, as part of the Budget proposals for the year 1930-31. The rate of tax, which was fixed at 2½ per cent., was expected to yield £6.5 millions (£5 millions for the ten remaining months of the financial year) on an estimated taxable field of sales amounting to £260 millions for the year. The actual field for ten months proved to be £138 millions—equivalent to £157 millions for a full year—and realized net collections of £3,471,837. This lower total of taxable sales largely resulted from the volume of sales of exempted goods. 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 Sales Tax legislation was amended on 5th October, 1932, to remove certain difficulties connected with the administration of the Acts; to extend the list of exemptions designed to assist primary production; and to provide for additional exemptions and abatements. Further exemptions applicable to goods manufactured in Australia became effective for the period 11th November, 1932, to 30th June, 1933, with the provision that they may be continued by regulation for a period terminating not later than 30th September, 1933. These temporary exemptions were subsequently made permanent. On 26th October, 1933, a further schedule of exemptions became effective.

Under the *Sales Tax Assessment (New Zealand Imports) Act 1933*, the Commonwealth provided that the exemptions from Sales Tax applicable to certain goods of Australian origin only shall extend to similar classes of goods of New Zealand origin.

The rate of tax was increased to 6 per cent. on taxable sales to operate during the year 1931-32. On the 26th October, 1933, the rate of Sales Tax payable was reduced to 5 per cent.

Particulars of the net amount of Sales Tax payable, sales of taxable, non-taxable, and exempt goods in each State for 1933-34 are given in the following table. The figures regarding "Tax payable" are in respect of the period 1st July, 1933, to 30th June, 1934 adjusted on account of rebates of tax allowed in returns to taxpayers as deductions while those relating to sales are in respect of the period 1st June, 1933, to 31st May 1934.

SALES TAX AND AMOUNT OF SALES, 1933-34.(a) (c)

State or Territory.	Gross Taxable Sales. (b)	Non-Taxable Sales.	Sales of Exempt Goods.	Net Amount of Sales on which Sales Tax was payable. (b)	Tax Payable. (a)
	£'000.	£'000.	£'000.	£'000.	£
New South Wales ..	64,521	54,719	69,987	62,289	3,334,677
Victoria ..	55,884	50,770	59,191	53,793	2,867,555
Queensland ..	21,154	9,974	33,224	20,311	1,082,004
South Australia ..	12,348	8,864	15,032	11,821	627,136
Western Australia ..	10,136	4,368	13,698	9,712	519,194
Tasmania ..	3,138	2,198	6,344	3,019	158,709
Northern Territory ..	15	1	37	15	806
Total ..	167,196	130,894	197,513	160,960	8,590,081

(a) The difference between the amount of tax collected and 6 per cent. (5 per cent. from 26th October, 1933) on 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". (b) Includes imports taxable at Customs House. (c) Final figures.

Of the total tax collections, £543,820 was collected by the Customs Department in respect of imported goods.

It should be mentioned that the figures given in the foregoing table 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.

(h) *Flour Tax.* In connexion with the Government's decision to provide £3,000,000 for assistance to necessitous wheat farmers who did not during 1932-33 receive income which was subject to Commonwealth Income Tax, the *Flour Tax Act* was passed in December, 1933. The rate of tax imposed was £4 5s. per short ton on all flour sold or delivered by a miller; imported into Australia; used in the manufacture of goods imported into Australia; or held in stock by a person other than a miller. The Act, which operated from the 4th December, 1933, and terminated on 31st May, 1934, was expected to yield £1,600,000. The Flour Tax, with a reduction in the rate to £2 12s. 6d. per short ton, was reimposed for a period of twelve months to operate from 7th January, 1935. Net collections after allowing for refunds made and outstanding were as follow:—

FLOUR TAX.

State.	1933-34.	1934-35.
	£	£
New South Wales	532,538	311,991
Victoria	362,633	226,163
Queensland	165,898	80,999
South Australia	99,916	66,990
Western Australia	86,992	50,059
Tasmania	37,503	25,504
Total	1,285,480	761,706

(i) *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 have been presented and conferences between representatives of the several Governments and Taxation Departments have agreed upon certain matters relating to uniform laws and it is anticipated that amending legislation will be introduced in the near future.

3. *Business Undertakings.*—(i) *Postal Revenue.* Particulars concerning this branch of revenue for each of the financial years from 1929-30 to 1933-34 are contained in the following table:—

COMMONWEALTH POSTAL REVENUE.

Particulars.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
Private boxes and bags ..	69,185	64,959	63,089	63,307	64,850
Commission—					
Money orders and postal notes ..	259,609	216,645	228,421	216,837	233,889
Telegraphs	1,390,012	1,152,918	1,085,960	1,091,823	1,136,928
Telephones	5,862,686	5,644,356	5,399,365	5,445,838	5,647,972
Postage	5,179,082	5,276,663	5,086,919	5,116,052	5,349,776
Radio receipts	166,847	155,672	168,197	210,134	336,857
Miscellaneous	623,666	327,891	331,200	449,601	358,899
Total	13,551,087	12,839,104	12,363,151	12,593,592	13,129,171

Further particulars of Postal Revenue are given in Chapter VI., 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 Federal 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.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
Trans-Australian ..	274,816	190,028	177,254	187,043	205,052
Central Australian ..	104,724	86,360	85,456	86,938	94,444
North Australian ..	31,291	28,986	23,548	22,149	27,714
Federal Capital Territory ..	7,206	3,863	4,295	4,858	4,530
Total	418,037	309,237	290,553	300,988	331,740

Further particulars are given in Chapter VI., 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 1933-34 the total included interest on Loans to States for Soldier Land Settlement and for advances for Development and Migration and for miscellaneous purposes, payable by States; Interest on General Trust Fund Investments; Interest, Nauru Island Agreement; Interest from British Government on Development and Migration; 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 Act* has not been included 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, viz. :—

- (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* (No. 4 of 1927) provided for the abolition of the *per capita* payments as from 30th June, 1927. From 1st July, 1928, the temporary provisions of the agreement between the Commonwealth and the several States under the *Financial Agreement Act* 1928 were operative, and on 1st July, 1929, the Commonwealth Government took over the debts of the States under this agreement which had been ratified by all Governments concerned. This agreement (except the temporary provisions) has been incorporated in Chapter I.

The *Financial Emergency Act* (No. 10, 1931) provided for a reduction of internal interest by 22½ per cent., and of 20 per cent. on salaries and wages of Government employees and on war pensions, and of 12½ per cent. on old-age pensions. The *Financial Relief Acts* (No. 17, 1933 and No. 16, 1934) restored in some measure these reductions in addition to reducing the rates of Income Tax, Land Tax and Sales Tax, etc. More complete details regarding the steps taken to reduce expenditure and balance the budget and of later restorations are given in the Appendix. (*See Financial Crisis.*)

2. **Details of Expenditure from Consolidated Revenue.**—(i) *General.* The following table gives details of the expenditure from Consolidated Revenue exclusive of the "Balance of Interest on States' Debts" (recoverable from the States) during the last five years. Details for each Department, as constituted at 30th June, 1934, are stated hereinafter.

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

Administrative changes involving the amalgamation of certain departments and the transfer of some services from one department to another which were effected in April, 1932, are referred to in the paragraphs relating to the departments concerned.

COMMONWEALTH EXPENDITURE FROM CONSOLIDATED REVENUE.

Departments, &c.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
Departments—	£	£	£	£	£
Governor-General	55,927	29,505	25,833	25,401	27,225
Parliament	561,301	427,016	459,109	345,532	357,204
Prime Minister	1,413,324	1,463,390	1,315,482	1,430,371	1,540,788
Treasury (a)	975,076	1,487,920	2,953,972	2,256,959	2,414,742
Attorney-General	245,491	233,199	196,528	197,070	207,279
Interior	1,093,721	1,085,904	994,919	970,862	987,333
Defence—					
Military	1,819,967	1,697,717	1,520,004	1,456,441	1,683,514
Naval	2,170,127	1,834,773	1,507,222	1,586,185	1,691,110
Air	555,132	547,172	482,737	475,132	489,872
Trade and Customs	1,263,313	1,156,604	984,516	911,946	797,421
Health	280,433	226,634	180,005	175,426	184,336
Commerce	646,307	600,414	581,972	763,058	888,133
Total, Departments	11,060,719	10,790,248	11,201,399	10,594,383	11,268,957
Business Undertakings—					
Postmaster-General	13,025,358	12,994,870	11,753,788	11,703,098	11,422,670
Railways	1,109,405	1,056,806	1,040,210	1,016,748	1,066,006
Total, Business Undertakings	14,134,763	14,051,676	12,793,998	12,719,846	12,488,685
Territories—					
Federal Capital Territory	309,690	598,947	606,580	585,005	534,017
Northern Territory	138,925	149,152	161,271	145,013	154,683
Papua	49,853	52,969	47,857	52,136	67,369
New Guinea	12,911	8,054	2,947	2,740	2,989
Norfolk Island	4,000	4,000	3,500	3,500	3,000
Total, Territories	515,379	813,122	822,155	788,394	762,038
New Works	245,536	74,445	832,622	874,390	1,443,693
War and Repatriation (b)	29,734,336	29,140,828	20,963,413	19,121,967	19,154,363
Invalid and Old-age Pensions	10,791,325	11,710,953	11,125,956	10,771,061	10,963,090
Maternity Allowances	642,990	630,652	378,222	320,986	302,928
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	994,432	1,057,703	1,153,591	1,188,522	1,289,810
Special Grants	910,000	1,720,000	1,550,000	1,830,000	2,130,000
Federal Aid Roads	2,000,000	2,000,000	1,812,139	1,922,048	2,207,683
Unemployment Relief .. .. .	.. .. .	750,000	.. .. .	.. .. .	.. .. .
Total to or for States (c)	11,489,344	13,112,615	12,100,642	12,525,482	13,212,414
Relief to Primary Producers .. .. .	.. .. .	.. .. .	.. .. .	2,249,692	3,044,195
Grand Total	78,614,392	80,324,539	70,218,207	69,966,201	72,640,383
Per head of Population	£ s. d. 12 4 5	£ s. d. 12 7 3	£ s. d. 10 14 4	£ s. d. 10 15 10	£ s. d. 10 18 4
Excess Receipts (d) .. .. .	.. .. .	.. .. .	1,314,091	3,546,608	1,301,570

(a) Excludes Invalid and Old-age Pensions and Maternity Allowances; see page 458. (b) For details see page 476. (c) Excludes balance of interest payable on States' Debts (recoverable from States). (d) Appropriated for payment of Invalid and Old-age Pensions in following year.

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

(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 1929-30 to 1933-34 is as follows:—

EXPENDITURE.—GOVERNOR-GENERAL AND ESTABLISHMENT.

Details.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
Salary	10,000	10,000	(b) 8,900	(b) 8,900	(b) 8,900
Governor-General's Establishment	15,329	11,064	9,802	9,962	11,878
Contingencies (a)	5,395	3,099	1,885	2,101	1,984
Interest and Sinking Fund	5,203	5,342	5,246	4,438	4,463
Total	35,927	29,505	25,833	25,401	27,225

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

(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.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
Salaries of Ministers	15,300	15,300	11,858	10,997	11,730
Allowances to Senators	35,746	35,504	28,324	27,115	28,363
Allowances to Members of House of Representatives	74,107	74,012	59,004	56,863	59,164
Officers, staff, contingencies, etc.	78,039	75,764	60,441	56,173	54,261
Repairs, maintenance, etc.	5,561	5,327	6,275	7,443	8,395
Printing	35,003	31,644	26,035	22,404	15,227
Travelling expenses of Members and others	26,699	25,006	25,708	25,833	25,722
Electoral Office	90,951	92,182	72,199	73,334	74,386
Election expenses	106,932	1,717	91,054	..	1,047
Administration of Electoral Act	39,465	21,874	33,971	17,315	13,262
Interest and Sinking Fund	40,665	38,942	38,632	38,505	38,178
Miscellaneous	13,733	9,744	5,608	9,550	27,469
Total	561,301	427,016	459,109	345,532	357,204

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 and reductions under Financial Emergency legislation, will be found on pages 9 and 12 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.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
Salaries, contingencies, and miscellaneous	160,409	240,746	133,886	202,124	151,217
Audit Office	36,871	34,984	31,179	29,405	30,817
Rent, repairs, etc.	14,458	6,982	7,333	8,039	7,194
Public Service Board's Office	52,851	49,877	33,720	34,517	35,880
High Commissioner's Office	60,684	56,777	46,446	47,661	51,577
Commissioner for Australia in United States of America	15,516	11,228	6,086	5,196	5,073
Interest and Sinking Fund	977,626	970,623	963,722	974,040	978,644
Mail Service, Pacific Islands	51,989	47,848	42,262	41,000	40,997
Secretariat, League of Nations	28,078	30,762	42,656	50,323	52,553
Scientific and Industrial Research	8,664	8,165	1,925	(b)30,902	(b)78,599
Pensions and Superannuation	6,178	5,398	6,267	7,164	8,237
Assistance to Migrant Settlers(c) .. .. .	..	..	..	..	100,000
Total	1,413,324	1,463,390	1,315,482	1,430,371	1,540,788

(a) Excluding Territories, see page 463.

(b) Includes £29,000 in 1932-33 and £76,619 in 1933-34 for investigations.

(c) To be recovered from Victoria.

(d) *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.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
Treasury	52,869	51,775	48,642	45,233	48,856
Taxation Office	440,102	493,793	455,516	480,066	510,143
Pensions Office	86,940	91,278	80,008	87,390	102,750
Maternity Allowance Office	15,028	15,002	13,882	12,122	11,729
Census and Statistics	31,217	29,593	26,063	24,609	24,119
Census	1,019	130	..	137,224	64,357
Coinage	11,534	3,485	20,058	19,526	22,604
Rent, repairs, etc.	13,801	8,320	8,259	14,867	14,198
Interest and Sinking Fund	176,262	560,743	963,535	639,338	688,674
Exchange	98,367	185,843	1,030,425	713,537	723,851
Miscellaneous	48,537	47,958	(a)307,584	83,047	(b)203,461
Departmental Expenditure	975,676	1,487,920	2,953,972	2,256,959	2,414,742
Invalid and Old-age Pensions	10,633,979	11,549,828	10,978,633	10,643,196	10,836,263
Maternity Allowance	642,990	630,652	378,022	320,986	302,928
Maintenance of persons in charitable institutions	157,346	161,125	147,323	127,865	126,827
Total	12,409,991	13,829,525	14,457,950	13,349,006	13,680,760

(a) Includes £250,000, Unemployment Relief. (b) Includes £51,161 Loan Redemption and Conversion expenses and £62,744 to be recovered from Victoria in respect of interest on Soldier Land Settlement loans.

(e) *Attorney-General's Department.* Prior to April, 1932, the Attorney-General was also Minister for External Affairs, but the expenditure of the latter department is included in that of the Prime Minister's Department. The Bankruptcy Administration was created in 1927-28. Details for the five years 1929-30 to 1933-34 are furnished hereunder:—

EXPENDITURE.—ATTORNEY-GENERAL'S DEPARTMENT.

Details.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
Attorney-General's Office	19,691	19,709	15,126	15,333	16,252
Crown Solicitor's Office	27,983	27,144	22,244	21,635	22,526
Salaries of Justices of High Court ..	17,926	17,371	18,500	18,500	18,500
High Court expenses	15,441	15,609	11,047	10,233	11,324
Court of Conciliation and Arbitration	27,195	21,785	18,046	17,875	18,220
Public Service Arbitrator's Office ..	5,471	1,740	2,678	2,721	2,673
Rent, repairs, etc.	22,613	18,624	17,890	21,113	18,160
Patents, Trade Marks, etc.	56,301	54,136	41,328	39,008	43,773
Investigation Branch	11,896	12,175	9,712	9,246	9,915
Bankruptcy	24,909	32,586	32,521	28,279	31,549
Miscellaneous	16,065	12,320	11,436	13,127	14,387
Total	245,491	233,199	196,528	197,070	207,279

(f) *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 Northern and Federal Capital Territories and the Commonwealth Railways, which are administered by the Department of the Interior, are for convenience included under Territories and Railways respectively (sub-section (ii) (m) and (l) 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 sub-section (ii) (b) ante.

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

EXPENDITURE.—DEPARTMENT OF THE INTERIOR.(a)

Details.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
Salaries, Contingencies and Miscellaneous—					
Administrative	119,573	140,975	85,904	79,695	93,532
Meteorological Bureau	36,199	36,040	30,733	30,762	31,832
Solar Observatory	5,497	5,486	4,369	4,552	4,639
Forestry Branch	7,509	7,253	6,182	5,173	5,319
Rent, Repairs and Maintenance	25,944	10,693	12,335	11,456	11,040
Pensions and Retiring Allowances (b)	10,315	12,530	11,955	14,353	16,570
Petroleum Prospecting	18,800	10,000	1,000	4,550	4,850
Interest	816,544	814,324	789,005	769,002	764,506
Sinking Fund	45,933	25,667	49,849	51,299	55,045
All Other	7,407	22,936	2,687	20	..
Total	1,093,721	1,085,904	994,019	970,862	987,333

(a) Excludes Territories, Railways and Electoral Office.

(b) Includes Superannuation.

(g) *Defence.* The expenditure in connexion with defence for the last five years was as follows:—

EXPENDITURE.—DEPARTMENT OF DEFENCE.

Details.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
Defence—Chief Office	23,483	22,809	19,447	19,825	18,898
Military	1,455,241	1,364,187	1,180,128	1,111,740	1,337,294
Audit (Proportion)	6,729	6,302	4,977	4,567	4,792
Pensions and Retiring Allowances (a)	23,809	37,336	32,909	33,270	40,254
Rent, Repairs, etc.	47,526	25,050	23,657	36,959	27,084
Interest and Sinking Fund	238,406	231,440	237,715	238,378	244,377
Exchange .. .. .	..	4,827	7,869	4,160	4,425
Miscellaneous	24,683	5,766	13,302	7,542	6,390
Total	1,819,967	1,697,717	1,520,004	1,456,441	1,683,514
Navy—Chief Office	80,537	66,788	50,009	1,470,126	1,541,573
Naval	1,946,418	1,610,590	1,326,357		
Audit (Proportion)	2,323	2,537	2,004		
Pensions and Retiring Allowances (a)	2,807	3,283	3,403		
Rent, Repairs, etc.	37,166	24,624	15,539		
Interest and Sinking Fund	83,802	81,012	82,078		
Exchange .. .. .	..	38,698	24,153		
Miscellaneous	17,074	7,221	3,679		
Total	2,170,127	1,834,773	1,507,222	1,586,185	1,691,110
Air Services—					
Civil Branch—Pay, etc.	27,477	27,429	24,615	24,643	26,603
Development of Civil Aviation	75,332	108,787	101,266	99,472	93,921
R.A.A.F.—					
Pay, etc.	237,305	230,301	191,719	307,442	323,793
General Contingencies	82,913	69,518	66,844		
General Stores and Maintenance	80,962	53,470	54,898		
Rent, Repairs, etc.	9,440	9,282	6,783		
Interest and Sinking Fund	28,543	27,877	28,157		
Exchange .. .. .	..	11,170	2,440		
Miscellaneous	13,160	9,338	6,015		
Total	555,132	547,172	482,737	475,132	489,872
Grand Total	4,545,226	4,079,662	3,509,963	3,517,758	3,864,496

(a) Includes Superannuation.

(h) *Trade and Customs Department.* 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 1929-30 to 1933-34 are given in the following table:—

EXPENDITURE.—TRADE AND CUSTOMS DEPARTMENT.

Details.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
Chief Office	73,855	67,708	49,771	51,247	54,700
Customs—Ordinary	505,038	545,598	435,612	427,104	450,886
Audit (proportion)	9,647	10,332	9,052	8,917	9,355
Pensions and Superannuation	36,952	38,781	37,571	40,689	41,861
Rent, Repairs, etc.	11,906	5,169	4,240	4,766	7,120
Bounties	517,582	446,344	410,173	343,193	175,714
Interest and Sinking Fund	34,405	33,288	34,555	34,721	34,893
Miscellaneous	13,928	9,384	3,542	1,309	22,892
Total	1,263,313	1,156,604	984,516	911,946	797,421

(i) *Health Department.* This department came into existence in the financial year 1921-22. The Minister for Health also administers the Department of Repatriation, and the expenditure on Repatriation is included under War Services. Details of expenditure for the last five years are as follow :—

EXPENDITURE.—HEALTH DEPARTMENT.

Details.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
Central Administration ..	19,216	27,498	22,437	24,356	26,459
Salaries, Contingencies, etc.	92,743	88,790	72,703	68,534	71,691
Interest	18,549	18,553	18,776	17,760	17,716
Sinking Fund	1,914	1,414	2,132	2,239	2,351
Rent and repairs	17,537	8,917	4,337	9,420	8,373
Subsidy, Cattle Tick Control	57,318	53,066	44,450	44,450	44,450
Miscellaneous	73,156	28,396	15,170	8,667	13,296
Total	280,433	226,634	180,005	175,426	184,336

Items included in "Miscellaneous" are subsidies in connexion with the control of venereal diseases and tuberculosis, maternal and infant hygiene, Health Research Council, and grants in aid of research, etc.

(j) *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.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
Salaries, Contingencies and Miscellaneous—					
Administrative	71,376	70,306	61,910	65,228	66,141
Marine	263,901	237,103	193,934	195,667	189,762
Administration of Commerce Act	35,648	45,772	45,055	53,583	58,667
Export Control—					
Canned Fruits	4,990	6,500	5,994	..	..
Dried Fruits	46,152	38,779	27,167	..	..
Dairy Produce	22,898	24,309	24,410	..	..
Assistance Marketing					
Primary Produce	50,000	31,000	19,500	16,000	15,000
Rent, Repairs, Maintenance, etc.	7,419	5,071	7,338	5,510	5,652
Pensions and Retiring					
Allowances	5,585	6,847	6,466	5,516	8,539
Interest	93,040	96,174	132,130	210,935	178,583
Sinking Fund	9,210	6,010	26,790	183,095	192,262
All Other	36,088	32,543	31,278	27,524	173,527
Total	646,307	600,414	581,972	763,058	888,133

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

EXPENDITURE.—POSTAL DEPARTMENT.

Details.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
Chief Office	87,395	93,845	69,637	7,936,906	8,048,760
Postal Department (ordinary)	9,847,327	9,381,512	7,792,014		
Wireless	69,800	74,790	72,422		
Audit (proportion)	12,150	12,930	9,700		
Pensions and retiring allowances	110,032	110,480	103,830	112,124	95,232
Superannuation	136,095	156,822	160,739	170,273	215,416
Rents, repairs, etc.	129,145	68,989	61,471	73,108	77,693
Interest on transferred properties	290,262	290,262	290,262	290,262	290,262
Interest on Commonwealth Securities	1,619,995	1,648,754	1,598,759	1,582,672	1,411,921
Sinking Fund on Commonwealth Securities	560,125	742,569	779,699	818,684	859,618
Exchange .. ..	..	300,115	724,708	691,615	389,617
Miscellaneous	163,032	113,802	90,547	17,654	24,460
Total	13,025,358	12,994,870	11,753,788	11,703,098	11,422,679

(l) *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.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
Working Expenses—					
Trans-Australian	294,090	251,577	195,454	197,938	219,614
North Australian	56,155	55,606	45,733	39,007	39,528
Central Australian	198,108	157,076	111,937	108,548	112,136
Federal Capital Territory	8,458	6,344	5,035	4,762	4,917
Interest	490,491	500,319	477,801	460,966	450,178
Sinking Fund	52,479	37,789	58,158	61,066	64,121
Exchange .. ..	..	38,281	136,366	135,152	81,878
Miscellaneous	9,624	9,814	9,726	9,309	(a)93,634
Total	1,109,405	1,056,806	1,040,210	1,016,748	1,066,006

(a) Includes Sleeper Renewals—Trans-Australian, £76,440.

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

(m) *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:—

EXPENDITURE.—TERRITORIES.

Details.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
Internal—					
North and Central Australia (a) ..	138,925	(b)149,152	(b)161,271	(b)145,013	(b)154,683
Federal Capital Territory(a) ..	309,690	598,947	606,580	585,005	534,017
External—					
Papua	49,853	52,969	47,857	52,136	67,369
New Guinea	12,911	8,054	2,947	2,740	2,989
Norfolk Island	4,000	4,000	3,500	3,500	3,000
Total	515,379	813,122	822,155	788,394	762,058

(a) Exclusive of Railways.

(b) Northern Territory.

(iii) *Miscellaneous.* (a) *New Works.* The expenditure on additions, new works, etc., during the last five years was as follows:—1929-30, £245,536; 1930-31, £74,445; 1931-32, £832,622; 1932-33, £874,390; and 1933-34, £1,443,693.

To 30th June, 1934, the total expenditure from revenue on new works, additions, etc., amounted to almost £54,000,000.

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

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 the 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 is 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* (No. 8, 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 above payments 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.

In 1930-31 all States participated in a special grant for the relief of unemployment, aggregating £750,000.

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 in 1933 from the States of South Australia, Western Australia and Tasmania were dealt with by the Commission, which recommended the following grants to be made in 1934-35 :—

						£
South Australia	..	..	..	..	..	1,400,000
Western Australia	..	..	..	..	..	600,000
Tasmania	..	..	..	..	..	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 is 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 has been 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.

8. Amounts Paid.—(a) 1901 to 1934. 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 XXI, Agriculture, § 18.

PAYMENTS BY THE COMMONWEALTH TO OR FOR THE STATES.

Particulars.	N.S.W.	Vic.	Q'land.	S.A.	W.A.	Tas.	All States.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
1900-01 to 1909-10 (a) ..	27,606	19,815	8,894	6,148	8,728	2,602	73,793
1910-11 to 1926-27 (b) ..	41,634	31,341	15,184	9,925	6,892	4,368	109,344
1927-28 to 1933-34 (c) ..	23,290	16,480	8,729	5,882	4,071	2,081	60,533
Special Grants (d) ..	..	..	..	4,680	6,056	3,720	14,456
Grants for Road Construction, 1922-23 to 1933-34	4,883	3,184	3,326	2,017	3,397	885	17,692
Unemployment Relief, 1930-31 (e) ..	194	332	73	45	65	41	750
Total ..	97,607	71,152	36,206	28,697	29,209	13,697	276,568

(a) Under Section 87 of the Commonwealth Constitution. (b) Under the several Surplus Revenue Acts. (c) Under *Financial Agreement Act* 1928. (d) Under various State Grants Acts. (e) Expenditure by Commonwealth on Unemployment Relief Works in the several States.

(b) 1933-34. For the year ended 30th June, 1934, the payments made to or for each State are given below.

PAYMENTS BY THE COMMONWEALTH TO OR FOR THE STATES, 1933-34. (c)

Particulars.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	Total.
	£	£	£	£	£	£	£
Contributions towards Interest on State Debts..	2,917,411	2,127,159	1,096,235	703,816	473,432	266,859	7,584,912
Sinking Fund on State Debts (a) ..	517,954	279,581	162,494	159,927	136,826	33,037	1,289,819
Special Grants ..	..	..	..	1,150,000	600,000	380,000	2,130,000
Federal Aid Roads (b) ..	609,321	397,383	415,044	251,676	423,875	110,384	2,207,683
Total ..	4,044,686	2,804,123	1,673,773	2,265,419	1,634,133	790,280	13,212,414

(a) Paid to National Debt Sinking Fund. See Chapter XXI., §18.

(b) Paid to Trust Fund.

(c) Excludes relief to wheat growers, etc.

§ 3. Trust Funds.

The Trust Fund balances on 30th June, 1934, amounted to £21,187,809, as compared with £21,198,487 for the corresponding date in the year 1933.

§ 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 sub-sections:—

2. **Loans taken over from South Australia.**—The first portions of the debt were contracted at the beginning of 1911, when the Commonwealth assumed responsibility for the payment of interest on transferred properties (further dealt with in sub-section 4) and for the administration and the liabilities of the Northern Territory and the Port Augusta-Oodnadatta Railway. At 30th June, 1911, the debt on account of the former was £3,657,836, and on account of the latter, £2,274,486—a total of £5,932,322. As the securities fall in they are redeemed by the Commonwealth Government, the money required being taken from the Loan Fund. At 30th June, 1934, the debt outstanding amounted to £1,243,683, of which £362,024 was on account of the Northern Territory, and £881,659 on account of the railway.

3. **Loan Fund for Public Works, Redemptions, etc.**—Up to the year 1911 the Commonwealth Government had met its public works expenditure out of revenue. In that year, however, in view of the heavy prospective cost of the Trans-Australian Railway and the Federal 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 the outbreak of war, the money required for the Loan Fund has been

mainly obtained by the issue of Treasury Bills and other securities issued in London and New York as well as in Australia. In 1931-32 and 1932-33, all expenditure on works, other than unemployment relief works, was made from revenue.

COMMONWEALTH EXPENDITURE FROM LOAN FUND.

Particulars.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.	Total to 30th June, 1934.
	£	£	£	£	£	£
Works, Buildings, Land, etc.—						
Shipbuilding Yards and Docks	..	..	..	..	..	733,711
Ship Construction	Cr. 165,000	Cr. 165,000	..	Cr. 821,910	Cr. 469	7,571,681
F.C.T. Works, Services and Acquisition of Land	253,988	263,077	..	(c) 100,000	58,764	8,153,092
North Australia Commission	23,000	16,103	..	..	..	111,203
Drill Halls, Stores, Barracks etc.	20,204	458	..	..	137,818	564,902
Rifles and Ammunition Reserve	..	..	..	..	..	315,300
Other Military Services	1,000	..	..	..	..	101,959
Naval Bases, Depots, etc.	93,230	6,229	..	..	..	1,466,556
Fleet Construction	..	..	..	..	27,635	383,032
Other Naval Services	..	..	..	..	..	74,300
Air Services—						
R.A.A.F.	32,740	8,766	..	..	..	473,010
Civil Aviation	..	13,596	..	..	..	53,773
Buildings and Works, Muni- tions Production	83,127	38,467	..	..	..	1,185,852
Other Munitions Supply Services	..	..	..	..	..	1,150
Lighthouses and Lighthouse Services	18,520	89,500	..	..	..	643,900
River Murray Waters Act	200,000	122,000	..	..	..	2,105,625
Telegraph and Telephone Con- struction	2,537,489	1,248,197	..	..	..	30,024,968
Post Office Buildings and Land	224,186	38,190	..	..	..	3,398,382
Wireless	10,037	1,727	..	..	..	56,608
Serum and Health Laboratories	3,748	..	..	..	..	75,220
Railways—						
Trans-Australian	64,622	30,387	..	..	..	6,662,298
North Australian	20,097	910	..	..	..	1,597,559
Central Australian	170,911	30,185	..	..	..	2,477,853
Federal Capital Territory	365	175	..	..	..	28,755
Grafton—South Brisbane	586,000	68,000	..	Cr. 5,000	Cr. 2,000	4,364,000
Other Expenditure	..	..	..	..	..	200,000
Papua—Railways, Wharves, Buildings, etc.	..	..	..	..	..	71,556
War Service Homes (b)	999,964	154,906	..	..	..	7,314,524
London Offices	..	..	..	..	..	880,190
Acquisition of Properties not elsewhere included	769	10,653	..	..	..	134,544
Miscellaneous	..	..	..	..	..	266,899
Unemployment Relief	..	..	153,873	1,155,698	300,161	1,609,732
Total, Works, etc.	5,178,997	1,976,526	153,873	428,788	521,909	83,099,134
Other purposes—						
Loans for Works to External Territories—						
Papua	7,500	7,500	..	..	..	53,420
New Guinea	..	7,000	..	..	..	40,496
Immigration (a)	57,705	..	..	..	..	1,680,835
Subscription to Capital of Commonwealth Oil Refinery	..	..	..	..	..	343,751
Subscription to Capital of Amalgamated Wireless Ltd.	..	..	..	..	..	300,000
Advances for Wire and Wire Netting	50,000	..	..	..	..	610,838
Wheat Bounty	..	..	3,296,464	132,807	257	3,429,529
Total Loan Expenditure	5,294,202	1,991,026	3,450,337	561,595	522,166	89,558,003

(a) Exclusive of Loans to States for Immigration purposes. (b) Prior to 1923-24, expenditure amounting to £13,045,408 was made from War Loan Fund. The total loan expenditure to 30th June, 1934, was £20,359,932. (c) Special loan to Federal Capital Commission in 1929-30 by Commonwealth Bank of Australia for housing not previously recorded as expenditure for the Commonwealth.

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, page 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 follow :—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 Loan from the Imperial Government.**—On the outbreak of the European war in 1914, the Commonwealth Government obtained a loan from the Imperial Government for the purpose of financing the prospective large military expenditure. At first, the arrangement was that the Imperial Government should advance the sum of £18,000,000. Subsequently further loans 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 Imperial 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 £4 18s. 4d. per cent., and a sinking fund of £1 1s. 8d. per cent. The Imperial Government agreed to suspend for 1931–32 and 1932–33 the repayment of principal moneys due under the Funding arrangement, and under the “Hoover Plan,” the payment of interest for the year 1931–32 was also suspended, the suspended payments under the “Hoover Plan” to be liquidated by ten equal annuities running from 1st July, 1933, at a rate of interest to be determined. These annuities are additional to the usual annual payments. Interest payments due in 1932–33 and 1933–34 were suspended by arrangement with the British Government. The suspension of interest and sinking fund payments represented a saving to the Commonwealth Government of approximately £7,000,000, including exchange, for the year 1933–34. The principal outstanding on 30th June, 1934, was £79,724,220.

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

7. **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 was 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 £109,848,000 between October, 1922, and February, 1934. In November, 1934, January and July, 1935, additional conversions were effected of loans maturing and loans with optional rights of redemption aggregating over £50 millions.

Details of the several conversions effected during the period October, 1932, to July, 1935, are given in the following table:—

DETAILS OF LOANS CONVERTED IN LONDON, 1932 TO 1935.

When Converted.	Commonwealth or State.	Amount.	Old Interest Rate.	Terms of Conversion.				Annual Saving.	
				Interest Rate.	Price of Issue.	Yield to Investor.	Year of Maturity.	Interest (a).	Ex-change.
		£'000.	%	%	£	£ s. d.	1936-37	£'000.	£'000.
1932— October ..	New South Wales	12,361	5½	3½	97½	4 1 2	1936-37	209	53
1933— February	New South Wales	9,621	4	4	100	4 0 0	1955-70	..	..
May ..	New South Wales	6,427						178	45
	South Australia	2,983	6½	3½	99	3 14 5	1937-38	83	21
	Tasmania	2,000						56	15
July ..	New South Wales	9,527	6	4	99	4 1 10	1943-48	182	46
	Queensland	2,000						38	10
	South Australia	2,978						57	14
	Western Australia	2,716	6	3½	98	3 17 11	1948-53	52	13
September	Commonwealth	15,000						316	80
	New South Wales	4,901	5½	3½	98	3 17 11	1948-53	91	23
	Western Australia	1,050	5½					19	5
December	New South Wales	2,980	5½	3½	99	3 16 9	1946-49	115	20
	Victoria	6,888						65	17
	South Australia	5,633						13	3
	Tasmania	1,146	5						
1934— February	New South Wales	3,979	5	3½	97	3 13 8	1954-59	52	13
	Victoria	13,876						182	46
	Queensland	3,782						69	17
November	South Australia	789	5½	3½	99	3 6 0	1964-74	4	1
	Western Australia	3,735	4					2	
	Tasmania	2,435	3					7	
	Victoria	2,960	3½	3½	99	3 6 0	1964-74	6	2
	South Australia	3,745	5					16	
	Tasmania	1,338	4½					1	..
	Commonwealth	1,000	4	7	2				
1935— January	Commonwealth	17,355	5	3½	100	3 5 0	1956-61	394	77
	Victoria	807						14	4
	Queensland	1,328						23	6
	South Australia	799						14	3
	Western Australia	1,895						33	9
	Tasmania	200						4	1
July ..	New South Wales	12,420	3	3	100	3 0 0	1939-41	..	..
	Victoria	1,050	5					21	5
Total ..	Commonwealth	32,355	(b)	(b)	(b)	(b)	..	620	157
	New South Wales	62,216	5.46	3.48	99.07	3 12 0	..	762	193
	Victoria	22,621	4.99	3.59	98.85	3 15 3	..	332	84
	Queensland	7,110	5.15	3.54	97.86	3 13 8	..	130	33
	South Australia	16,917	5.55	3.59	98.12	3 14 4	..	249	63
	Western Australia	14,601	5.16	3.59	99.05	3 13 10	..	167	43
	Tasmania	4,484	4.63	3.42	99.06	3 9 8	..	81	21
	Grand Total ..	160,304	5.13	3.54	98.77	3 13 4	..	2,341	594

(a) Based on yield to investor in new securities.

(b) Approximate average.

The annual saving in interest based on the yield to the investor in the new securities amounts to £2.3 millions with a consequential saving of roughly £600,000 in exchange at the existing rate.

8. Loan Raisings, 1933-34.—Particulars of Loan raisings in Australia during 1933-34 are given in the following table.

LOAN RAISINGS, AUSTRALIA, 1933-34.

Service.	For—	Rate of Interest.	Date of Maturity.	Price.	Amount.
Public Works and Redemption of Treasury Bills	Commonwealth States	3½	15.8.1943	99	£ 1,249,470 9,060,100
Public Works and Redemption of Treasury Bills	Commonwealth States ..	3½	15.11.1948	98½	857,870 11,375,810
Conversion and Redemption of State Securities(a)	States ..	Various	Various	Par.	2,550,085
Treasury Bills (b)	Commonwealth	2½	..	Par.	2,000,000

(a) "Over the Counter Sales" and Conversions at State Treasuries. (b) General Trust Fund Investment.

No new loans were raised overseas, and particulars of conversion loans in London are given in the preceding paragraph.

9. 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, 1934.

PUBLIC DEBT FOR COMMONWEALTH PURPOSES AT 30th JUNE, 1934.

Particulars.	Maturing in London.	Maturing in New York.	Maturing in Australia.	Total (a)
War Debt—	£ Stg.	£ (c)	£ Aust.	£
Stock, Bonds, etc.	11,020,160	..	216,500,428	227,520,588
Indebtedness to United Kingdom Government	79,724,220	..	..	79,724,220
Total	90,744,380	..	216,500,428	307,244,808
Deduct advances to States for Soldier Land Settlement, etc. .. .. .	..	..	27,096,629	27,096,629
Total, War Debt	90,744,380	..	189,403,799	280,148,179
Works and other Purposes—				
Short dated Treasury Bills and Debentures	10,220,160	..	..	10,220,160
Other Treasury Bills (d) .. .. .	..	..	13,300,000	13,300,000
Stock, Bonds, etc.	55,380,465	16,711,476	15,935,688	88,027,629
Balance of Loans taken over from South Australia—				
Northern Territory	329,100	..	32,924	362,024
Port Augusta Railway	859,035	..	22,624	881,659
Properties transferred from New South Wales .. .. .	..	..	111,125	111,125
Total, Works and other Purposes	66,788,760	16,711,476	29,402,361	112,902,597
Total Commonwealth Purposes ..	157,533,140	16,711,476	218,806,160	393,050,776

PER HEAD OF POPULATION. (b)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.
War	13 11 10	..	28 7 4	41 19 2
Works and other Purposes	10 0 0	2 10 1	4 8 1	16 18 2
Total Commonwealth Purposes ..	23 11 10	2 10 1	32 15 5	58 17 4

(a) The total "face" or "book" value of the public debt without adjustment on account of currency changes since the loans were floated. (b) Based on population at 30th June, 1934.

(c) Payable in terms of dollars. For the purposes of these tables dollars have been arbitrarily converted to £'s. at the rate of 4.8665 to £1.

(d) General Trust Fund investment.

(ii) *Loans to States for Soldier Land Settlement.* In regard to the item "Advances to States for Soldier Land Settlement", the Commonwealth Government agreed to make remissions to the States in connexion with the losses sustained in respect of Soldier Land Settlement. In anticipation of the ratification of the proposals by all Governments concerned, the Commonwealth Government from 1st October, 1925, assumed responsibility for £5,000,000 of States' debts maturing in Australia, and an additional amount of £2,597,783 from 1st July, 1927. Further reference is made to this matter in Chapter V., Land Tenure and Settlement, § 8 pars. 9 and 10.

(iii) *Place of Flotation.* The loans taken over from South Australia, which constituted the first portion of the Federal Public Debt, included both London and Australian securities. The presence in the Treasury of a large holding of gold and the moderate rate of interest ruling on gilt-edged securities made the conditions in 1911 and for some little time afterwards very favourable for the local flotation of loans. London securities were redeemed as they fell due, and replaced by the 3½ per cent. stock of the Loan Fund. Consequently, up to 1914 the amount of the securities repayable in London fell steadily, and the amount repayable in Australia rose rapidly. In 1915 the military loan from the Imperial Government caused a sharp rise in the amount of the securities repayable in London, which was maintained in the two following years. This was, however, more than offset by the local flotation of war loans. In 1925-26 a loan of £15,411,487, of which £10,402,754 was for Commonwealth purposes and £5,008,733 for the States, was raised in New York. The appended table gives particulars of Commonwealth loans outstanding in each of the last five years which had been floated overseas and in Australia respectively.

PUBLIC DEBT FOR COMMONWEALTH PURPOSES.—PLACE OF FLOTATION.

Place of Flotation, etc.	At 30th June—				
	1930.	1931.	1932.	1933.	1934.
War Debt—					
London £ Stg.	92,314,742	90,744,381	90,744,380	90,744,381	90,744,380
Total Overseas (a) ..	92,314,742	90,744,381	90,744,380	90,744,381	90,744,380
Australia £ Aust.	197,673,573	194,633,628	195,315,356	192,389,981	189,403,799
Total War Debt (a) ..	289,988,315	285,378,009	286,059,736	283,134,362	280,148,179
Works and other purposes—					
London £ Stg.	58,431,406	66,694,426	68,031,550	67,897,843	66,788,760
New York £ (b)	17,155,718	17,155,718	17,115,997	16,889,983	16,711,476
Total Overseas (a) ..	75,587,124	83,850,144	85,147,547	84,787,826	83,500,236
Australia £ Aust.	14,979,706	27,088,176	27,677,447	28,884,315	29,402,361
Total Debt for Works, etc. (a)	90,566,830	110,938,320	112,824,994	113,672,141	112,902,597
Total Debt—					
London £ Stg.	150,746,148	157,438,806	158,775,930	158,642,224	157,533,140
New York £ (b)	17,155,718	17,155,718	17,115,997	16,889,983	16,711,476
Total Overseas (a) ..	167,901,866	174,594,524	175,891,927	175,532,207	174,244,616
Australia £ Aust.	212,653,279	221,721,804	222,992,803	221,274,296	218,806,160
Grand Total (a) ..	380,555,145	396,316,328	398,884,730	396,806,503	393,050,776

(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) See note (c) to table on page 470.

The particulars given above for war debt maturing in Australia take into account the remissions by the Commonwealth on account of losses incurred by the States in connexion with Soldier Land Settlement, and differ on that account from the figures given in earlier issues.

(iv) *Amount of Debt at Various Rates of Interest.*—The first debt taken over from South Australia consisted mainly of securities bearing interest varying from 3 per cent. to 4 per cent., the average rate of interest for the first year being £3 12s. 4d. 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 page 468 have reduced the average rate of interest on debt maturing in London by approximately one quarter of one per cent. from £4 18s. 11d. per cent. in 1932 to £4 13s. 4d. in 1934. The average rate of interest on internal loans at 30th June, 1934, was £3 17s. 4d. per cent. as compared with £5 10s. 4d. per cent. at 30th June, 1931. The average rate of interest payable on the total debt decreased from £5 5s. 0d. per cent. in 1931 to £4 4s. 7d. per cent. at 30th June, 1934.

The accompanying table gives particulars of rates of interest on the debt for Commonwealth purposes for the year ended 30th June, 1934.

PUBLIC DEBT FOR COMMONWEALTH PURPOSES.—RATES OF INTEREST.

Rates of Interest.				At 30th June, 1934—Debt Maturing in—			
				London.	New York.	Australia.	Total.
%				£ (Stg.)	£ (c)	£ (Aust.)	£ (a)
5	..	..	..	46,510,625	12,525,881 (b)	9,092	59,045,598
4.91675	..	..	..	79,724,220	..	..	79,724,220
4.75	..	..	..	6,000,000	..	..	6,000,000
4.65	..	..	..	..	..	922,250	922,250
4.5	..	..	..	..	4,185,595	..	4,185,595
4.45625	..	..	..	..	..	84,650	84,650
4.2625	..	..	..	..	..	1,018,887	1,018,887
4.25	..	..	..	..	..	94,859	94,859
4.06875	..	..	..	..	..	4,361,020	4,361,020
4	..	..	..	656,779	..	209,517,308	210,174,087
3.875	..	..	..	..	..	8,447,522	8,447,522
3.75	..	..	..	13,890,000	..	1,990,570	15,880,570
3.5	..	..	..	531,329	..	1,354,745	1,886,074
3.25	..	..	..	..	..	892,530	892,530
3	..	..	..	27	..	3,817,083	3,817,110
2.90625	..	..	..	..	..	1,204	1,204
2.7125	..	..	..	..	..	2,008	2,008
2.5	..	..	..	9,220,160	..	..	9,220,160
2.25	..	..	..	..	..	13,300,000	13,300,000
2	..	..	..	1,000,000	..	..	1,000,000
Overdue and Unconverted (d)				..	..	89,061	89,061
Deduct Loans to States for Soldier Land Settlement ..				..	..	27,096,629	27,096,629
Total				157,533,140	16,711,476	218,806,160	393,050,776
Average rate % ..				4.663	4.875	3.868	4.229

(a) See note (a) to table on page 470.

(b) War Savings Certificates.

(c) See note (c) to table on page 470.

(d) Includes War Savings Stamps, £14,582 and unconverted securities, £30,630.

(v) *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 1930 to 1934 inclusive.

PUBLIC DEBT FOR COMMONWEALTH PURPOSES.—INTEREST PAYABLE.

Interest on and where payable.	At 30th June—				
	1930.	1931.	1932.	1933.	1934.
War Debt—					
London (c) £ Stg.	4,647,992	4,570,782	4,570,782	4,570,782	4,345,782
Australia £ Aust.	10,709,304	10,865,537	7,828,852	7,694,479	7,571,996
Total War Debt £ (a)	15,357,296	15,436,319	12,399,634	12,265,261	11,917,778
Average Rate %	£5 5s. 11d.	£5 8s. 2d.	£4 6s. 8d.	£4 6s. 8d.	£4 5s. 1d.
Works and other Purposes—					
London £ Stg.	2,943,397	3,216,561	3,287,368	3,154,851	3,000,772
New York £ (b)	836,109	836,109	834,133	823,249	814,646
Total Overseas £ (a)	3,779,506	4,052,670	4,121,501	3,978,100	3,815,418
Australia £ Aust.	664,756	1,324,706	980,353	902,778	890,334
Total Debt for Works, etc. .. £ (a)	4,444,262	5,377,376	5,101,854	4,880,878	4,705,752
Average Rate %	£4 18s. 2d.	£4 16s. 11d.	£4 10s. 5d.	£4 5s. 11d.	£4 3s. 4d.
Total Debt—					
London (c) £ Stg.	7,591,389	7,787,343	7,858,150	7,725,633	7,346,554
New York £ (b)	836,109	836,109	834,133	823,249	814,646
Total Overseas £ (a)	8,427,498	8,623,452	8,692,283	8,548,882	8,161,200
Australia £ Aust.	11,374,060	12,190,243	8,809,205	8,597,257	8,462,330
Grand Total £ (a)	19,801,558	20,813,695	17,501,488	17,146,139	16,623,530
Average Rate %	£5 4s. 1d.	£5 5s. 0d.	£4 7s. 9d.	£4 6s. 5d.	£4 4s. 7d.

(a) The totals shown represent the nominal amount of interest, taking no account of exchange.
 (b) See note (c) to table on p. 470.
 (c) Includes suspended interest on War Debt owing to British Government.

(vi) *Dates of Maturity.* The dates of maturity of the several portions of the Commonwealth debt are shown hereunder according to years ending 30th June. On that account the figures given are not directly comparable with those published prior to 1929-30 which were given for calendar years. The Commonwealth Government has refrained from issuing interminable stock, but, in respect of a small proportion of the debt, no definite date of maturity had been assigned on 30th June, 1934. While the actual dates of maturity extend from 1934-35 to 1975-76, or a period of 41 years, the average period till maturity is only about 10 years.

**PUBLIC DEBT FOR COMMONWEALTH PURPOSES.—DUE DATES OF AMOUNTS
OUTSTANDING ON 30th JUNE, 1934(a).**

Due Dates (year ended 30th June).				Due in—			Total.
				London.	New York.	Australia.	
				(Stg.)	£ (d)	£ (Aust.)	£ (c)
1935	..	..	..	10,303,211	..	14,242,129	24,545,340
1936	..	..	..	573,727	..	538,212	1,111,939
1937	..	..	..	371,806	..	299,330	671,136
1938	..	..	..	..	..	147,586	147,586
1939	..	..	..	159,523	..	42,270,176	42,429,699
1940	..	..	..	..	..	432,438	432,438
1941	..	..	..	..	..	374,650	374,650
1942	..	..	..	..	..	33,650,280	33,650,280
1943	..	..	..	..	..	4,259,000	4,259,000
1944	..	..	..	..	..	1,243,620	1,243,620
1945	..	..	..	17,354,817	..	27,637,538	44,992,355
1948	..	..	..	..	..	24,803,857	24,803,857
1949	..	..	..	..	..	1,332,450	1,332,450
1951	..	..	..	..	..	16,617,871	16,617,871
1954	..	..	..	13,890,000	..	15,957,340	29,847,340
1956	..	..	..	..	14,275,454	15,823,728	30,099,182
1958	..	..	..	..	2,436,022	15,374,336	17,810,358
1960	..	..	..	..	..	15,340,102	15,340,102
1961	..	..	..	6,000,000	..	..	6,000,000
1962	..	..	..	..	..	14,909,825	14,909,825
1976	..	..	..	29,155,809	..	..	29,155,809
Overdue	..	..	..	..	..	89,061	89,061
Half-yearly	..	..	..	..	..	239,336	239,336
Indefinite	..	..	..	27	..	208,799	208,826
Annual repayments	..	..	..	79,724,220	..	..	79,724,220
Transferred Properties (b)	..	..	..	..	..	111,125	111,125
Deduct loans to States for Soldier Land Settlement, etc.	..	..	..	..	..	27,096,629	27,096,629
Total	..	..	..	157,533,140	16,711,476	218,806,160	393,050,776

(a) Loans of which the Government has the option of redemption during a specified period have been in each case classified according to the latest date of maturity. (b) From New South Wales. See § 4.4 hereinbefore. (c) See note (a) to table on page 470. (d) See note (c) to table on page 470.

10. **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 1929-30 are as follow:—

PUBLIC DEBT FOR COMMONWEALTH PURPOSES.—SINKING FUND.

Items.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.	Total.
	£	£	£	£	£	£
Cr. Brought forward ..	746,737	573,276	512,944	2,050,172	1,959,870	..
Balance transferred to Fund on 11th August, 1923 ..	..	..	..	..	..	2,262,982
From Consolidated Revenue	2,668,133	889,170	2,507,100	2,684,654	2,927,671	25,777,564
Repayments of Sundry Loans ..	261,855	2,967	28,475	41,426	27,944	1,213,510
Purchase Money and Repayments under War Service Homes Act ..	702,244	491,887	409,996	550,802	419,320	7,158,949
Half Net Profit Commonwealth Bank ..	362,825	391,013	396,905	337,702	335,077	3,147,894
Reparation Moneys ..	877,832	1,264,519	Dr. 616	524	649	5,572,277
Interest on Investments ..	28,573	24,544	21,015	58,271	27,836	630,699
Contributions by States ..	24,945	9,898	10,088	11,178	13,457	100,724
Total ..	5,673,144	3,647,274	3,885,907	5,734,729	5,711,824	45,864,599
Dr. Redemptions ..	5,099,868	3,134,330	1,835,735	3,774,859	4,830,124	44,982,899
Carried forward ..	573,276	512,944	2,050,172	1,959,870	881,700	881,700
Total ..	5,673,144	3,647,274	3,885,907	5,734,729	5,711,824	45,864,599

The Imperial Government loan comes in a different category from the others, since it is being liquidated by the funding arrangement described on page 468.

Information regarding the transactions of the States' Account of the National Debt Sinking Fund is published in Finance Bulletin No. 25 issued by this Bureau.

§ 5. Cost of War and Repatriation.

In view of the importance of the subject, a further reference is here made to the cost of the war. The general policy of the Commonwealth Government has been to pay from Consolidated Revenue all 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. The total cost from both sources to the 30th June, 1934, is set out in the following table:—

COST OF WAR SERVICES.

Year.	From Consolidated Revenue.			From War Loan. (b)
	War and Repatriation Services, including War Pensions.	Interest and Sinking Fund.	Total.	
	£	£	£	
1914-15	896,190	115,145	1,011,335	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	43,294,764
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	9,298,560	20,801,912	30,100,472	1,762,694
1923-24	8,161,230	20,555,063	28,716,293	691,247
1924-25	8,232,656	20,155,426	28,388,082	Cr. 32,051
1925-26	8,473,717	20,539,123	29,012,840	Cr. 7,613
1926-27	8,814,001	20,300,101	29,114,102	23,938
927-28	8,788,037	20,005,972	28,794,009	Cr. 23,741
1928-29	9,026,749	20,771,652	29,798,401	Cr. 12,972
1929-30	9,520,750	20,213,586	29,734,336	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	8,187,952	10,966,411	19,154,363	..
Discounts and Flotation Expenses on Loans .. ..	..	..	..	5,999,094
Indebtedness to the Government of the United Kingdom for payments made, services rendered, and goods supplied during the war (a) .. ..	..	..	..	43,398,098
War Gratuities paid in cash	454,708	..	454,708	27,049,485
Total to 30th June, 1934	154,672,612	303,531,724	458,204,336	373,076,611

(a) The total indebtedness to the Government of the United Kingdom involved in the *Funding Arrangements Act* 1921 was £92,480,157. At 30th June, 1934, the amount outstanding had been reduced to £79,724,221.

(b) Excluding expenditure on War Service Homes from 1923-24. (See page 467.)

§ 6. Old-age and Invalid Pensions.

1. *General.*—In previous issues of the Year Book an account was 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* of 1908, which

became operative on 1st July, 1909. (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 (a)	71	10	0
26th October, 1933	45	10	0	78	0	0
4th July, 1935	46	16	0	79	6	0

(a) Maximum amount of pension payable.

In 1916 an old-age pension of 2s. per week was first paid to pensioners who became inmates of Benevolent Asylums. This amount was increased to 3s. per week in 1923 and extended to pensioners entering hospitals. Further increments in these cases were granted in 1925 and 1928 raising the pension to 4s. and 5s. 6d. per week respectively. The amount was reduced to 5s. per week in 1931 and to 3s. 9d. per week in 1932, but was restored to 5s. per week in 1933.

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. 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 may be at such a rate (not exceeding that shown in the table above) as will 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 a basic wage. The maximum pension now payable to a blind person is £46 16s. per annum and the limit of income is £222 6s. per annum.

The *Financial Emergency Act 1931* reduced old-age and invalid pensions to £45 10s. per annum and the permissible income to £78 per annum. A reduction to 5s. per week was also made in the cases of pensioners in Benevolent Asylums and Hospitals.

The *Financial Emergency Act 1932*, which operated from 13th October, 1932, materially amended the conditions under which pensions were granted. The maximum rate of pension payable, viz., £45 10s. per annum, was not altered, but this rate was made to apply only to pensioners without other means. Where pensioners were in receipt of other income or were possessed of property (other than their own homes) valued at £60 or over the rates of pension were graduated. Payments to pensioner inmates of Benevolent Asylums and Hospitals and to these institutions for pensioners' maintenance were reduced to 3s. 9d. and 11s. 3d. per week respectively. The *Financial Relief Act 1933* restored from 26th October, 1933, the reductions imposed by the *Financial Emergency Act 1932* and the rates and permissible income were placed on the level of those operating from July, 1931. Provision was also made for an annual review of the rate of pension, based on the cost of living index-number. Pensions may be increased to not more than £52 per annum or reduced to not less than £45 10s. per annum. In pursuance of this provision the rate of pension was reviewed in 1935 and was increased to £46 16s. per annum from 4th July, 1935. The permissible income was increased to £79 6s. per annum from the same date.

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, 1933, there were 176,425 old-age pensions in force. During 1933-34, 22,518 pension claims were granted, while 15,546 pensions fell in through cancellations and deaths. The net increase for the year was 6,972, and the total in existence at 30th June, 1934, 183,397.

(ii) *Sexes of Pensioners.* Of the pensioners at 30th June, 1934, 80,090 (or 44 per cent.) were males, and 103,307 (or 56 per cent.) were females. Details for the several States are as follow :—

OLD-AGE PENSIONS.—SEXES OF PENSIONERS, 1933-34.

State.	Males.	Females.	Total.	Masculinity. (a)
New South Wales	31,548	39,584	71,132	79.7
Victoria	21,534	39,053	51,587	71.7
Queensland	10,763	12,519	23,282	86.0
South Australia	6,856	10,457	17,313	65.6
Western Australia	5,665	6,189	11,854	91.5
Tasmania	3,724	4,505	8,229	82.7
Total	80,090	103,307	183,397	77.5

(a) Number of males to each 100 females.

(iii) *Ages and Conjugal Condition of Pensioners.* The recorded ages of the 22,518 persons, 11,362 males and 11,156 females, to whom pensions were granted during the year 1933-34 varied considerably, ranging from 3,935 at age 60 to 2 at age 99. The conjugal condition of these pensioners was as follows :—Males—single, 2,498; married, 6,870; and widowed, 1,994. Females—single, 1,435; married, 5,847; and widowed, 3,874.

3. *Invalid Pensions.*—(i) *Number in force, 1934.* During the year 1933-34 the number of invalid pensioners increased from 72,742 to 77,282, an increase of 4,540 pensions. Altogether 10,207 claims were allowed and 5,667 pensions were cancelled.

(ii) *Sexes of Pensioners.* Of the 77,282 persons in receipt of invalid pensions on 30th June, 1934, 34,309, or 44 per cent. were males, and 42,973, or 56 per cent. were females. Details for the several States are as follow :—

INVALID PENSIONS.—SEXES OF PENSIONERS, 1933-34.

State.	Males.	Females.	Total.	Masculinity. (a)
New South Wales	14,618	18,735	33,353	78.0
Victoria	9,237	11,622	20,859	79.5
Queensland	5,071	5,502	10,573	92.2
South Australia	2,142	3,350	5,492	63.9
Western Australia	1,932	2,190	4,122	88.2
Tasmania	1,309	1,574	2,883	83.2
Total	34,309	42,973	77,282	79.8

(a) Number of males to each 100 females.

(iii) *Ages and Conjugal Conditions of Pensioners, 1934.* The recorded ages of the 10,207 persons (5,371 males and 4,836 females) to whom invalid pensions were granted during the period under review varied from 16 to 89.

The conjugal condition of persons to whom invalid pensions were granted during the year was as follows:—Males—single, 2,333; married, 2,710; and widowed, 328. Females—single, 1,940; married, 1,790; and widowed, 1,106.

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. During the year 1933–34 the total cost to the Commonwealth of administering the Old-age and Invalid Pensions Department was £105,308, or about 0.96 per cent. of the amount paid to pensioners and to Benevolent Asylums and Hospitals.

The actual sum disbursed in old-age and invalid pensions in the financial year 1933–34, apart from the cost of administration and inclusive of the amount paid to asylums and hospitals for the maintenance of pensioners, was £10,963,090.

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

OLD-AGE AND INVALID PENSIONS.—SUMMARY, AUSTRALIA.

Year ended 30th June—	Number of Pensioners.				Amount Paid in Pensions.	Total Payment to Pensioners and to Asylums and Hospitals for Maintenance of Pensioners.	Cost of Administration.	Cost of Administration per £100 paid to Pensioners and to Asylums and Hospitals.	Average Fort-nightly Pension on last day of Financial Year.
	Old-age.		Invalid.	Total.					
	No.	Est. No. per 1,000 of persons eligible on age qualification. (a)							
1930	155,196	315	63,304	218,500	10,633,979	10,791,325	89,201	16 6	38 5
1931	172,177	338	68,343	240,520	11,549,828	11,710,953	93,077	15 11	38 4
1932	183,317	348	72,292	255,609	10,978,633	11,125,956	81,859	14 9	33 3b
1933	176,425	325	72,742	249,167	10,643,196	10,771,061	92,305	17 2	31 10
1934	183,397	327	77,282	260,679	10,836,263	10,963,090	105,308	19 3	33 8

(a) Based on an estimate in 1935 of the number of old-age pensioners per 1,000 of the aggregate of males aged 65 and over and females aged 60 and over as disclosed at the Censuses of 1921 and 1933.
(b) A general reduction of 5s. per fortnight was made in July, 1931, as provided by the *Financial Emergency Act 1931*.

§ 7. Maternity Allowance.

1. *General.*—During the session of 1912 the Federal Parliament passed an Act (assented to on 10th October, 1912) providing for the payment of maternity allowances. The scope and main provisions of the Act are given in Year Book No. 14, p. 1047. The most important conditions 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 Asiatic. 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.

As 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, but the maximum income must not exceed £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.

The following table gives a summary in connexion with the working of the *Maternity Allowance Act* for the years 1930 to 1934 :—

MATERNITY ALLOWANCE.—SUMMARY.

Year.	Claims Paid.	Claims Rejected.	Amount Paid.	Cost of Administration.	Cost per £100 of allowance paid.
	No.	No.	£	£	£ s. d.
1929-30 ..	128,598	821	642,990	15,157	2 7 2
1930-31 ..	126,149	770	630,652(a)	15,322	2 8 7
1931-32 ..	92,410	5,229	378,022	14,180	3 15 0
1932-33 ..	80,311	6,631	320,986	12,420	3 17 5
1933-34 ..	75,781	7,289	302,928	11,799	3 17 11
Aggregate— 1912-13 to 1933-34 ..	2,723,977	31,457	13,379,216	303,725	2 5 5

(a) Excluding £93 refunded.

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.	Vic.	Q'land.	S.A.	W.A.	Tas.	N.T.	Total.
1930	52,335	33,381	18,490	10,361	9,030	4,959	42	128,598
1931	51,660	32,241	18,790	9,720	8,909	4,778	51	126,149
1932	36,569	23,988	13,240	7,637	6,773	4,169	34	92,410
1933	31,699	20,100	11,680	7,048	5,879	3,880	25	80,311
1934	29,960	19,499	10,780	6,783	4,951	3,788	20	75,781
Total, 1910 to 1933-34 ..	1,086,043	713,343	400,562	237,226	172,976	112,980	847	2,723,977

§ 8. Commonwealth Public Service Superannuation Fund.

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

The number of contributors to the fund at 30th June, 1934, was 30,389, viz., 27,245 males and 3,144 females, and the average pension contributed for was 4.491 units or £116 15s. 4d. per annum.

During 1933-34 the receipts of the fund amounted to £574,622 of which officers' contributions represented £384,469. The payments from the fund for the year were £452,138, of which £320,289 was invested, bringing the total funds invested to £4,475,929 (at cost). The average rate of interest on investments at 30th June, 1934, was 4.46 per cent.

Pensions in force on the 30th June, 1934, numbered 4,909, with a net annual liability of £428,121, of which £338,115 represented the share payable from the Consolidated Revenue Fund.

Contributions from the Commonwealth Consolidated Revenue to the fund were reduced by 20 per cent. from July, 1931, under the *Financial Emergency Act 1931*, and as the Government contribution in respect of any officer does not commence until he is superannuated, the reduced contribution affected all pensioners. The investments of the fund were subject to the interest reduction of approximately 22½ per cent. as provided in the above mentioned Act. The *Financial Relief Act 1933* provided for the restoration of full pensions from the 21st October, 1933.

§ 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 the 14th May, 1855. The Melbourne branch was opened on the 12th June, 1872, and the Perth branch on the 20th June, 1899. The States of New South Wales, Victoria and Western Australia 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 accounts paid into the Treasuries fairly balanced the mint subsidies. Early in 1923, however, it was announced that owing to losses incurred in the operations of recent years, the 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. 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 1934 and the aggregate at each mint to the end of 1934 were as follow :—

AUSTRALIAN MINTS.—RECEIPTS OF GOLD, 1934, AND TOTAL.

Mint.	Deposits during 1934.	Total to end of 1934.		
		Quantity.		Value.
		Gross.	Fine.	
	ozs.	ozs.	ozs.	£
Sydney ..	..	(a) 42,082,928	(a) 36,907,045	(a) 156,771,141
Melbourne ..	317,528	42,899,284	39,150,000	166,298,523
Perth ..	813,662	36,232,083	29,650,175	125,945,854
Total ..	1,131,190	121,214,295	105,707,220	449,015,518

(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, besides issuing gold coin in the shape of sovereigns and half-sovereigns, also issue gold bullion, partly for the use of local manufacturers (jewellers and dentists), and partly for export. 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 1934, 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.		
1934—	£	£	£	£	£
Melbourne ..	..	..	..	..	..
Perth ..	..	..	..	2,778,114	2,778,114
Total, 1934	..	..	..	2,778,114	2,778,114
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	17,210,202	165,440,113
Perth ..	106,384,197	367,338	106,751,535	19,193,979	125,945,514
Total to end of 1934 ..	398,102,878	6,095,118	404,197,996	43,978,589	448,176,585

(iii) *Withdrawals of Worn Coin.* The mints receive light and worn coin for recoinage. The total withdrawals of worn gold coin were as follows:—Sydney (to 1926), £1,110,867; Melbourne, £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 ounce fine. Considerable fluctuations have since taken place, and the average monthly value of gold based on the London open market price per ounce fine adjusted to the telegraphic transfer exchange rate (Australia on London) less a small percentage for shipping charges is given in the following table in £ Sterling and £ Australian from January, 1932, to September, 1935. Particulars are also shown for the value of the sovereign.

PRICE OF GOLD.—LONDON AND AUSTRALIA, 1932 to 1935.

Month.	London.		Australia.		
	Average price per ounce, fine.	Average value of Sovereign.	Average price per ounce, fine.	Average value of Sovereign.	Equivalent to a premium of—
1932—	£s s. d.	£s s. d.	£A s. d.	£A s. d.	%
January ..	6 0 5	1 8 4	7 8 8	1 15 0	74.9
February ..	5 19 8	1 8 2	7 7 9	1 14 9	73.9
March ..	5 14 1	1 6 10	7 0 1	1 13 2	65.8
April ..	5 10 3	1 6 0	6 16 2	1 12 1	60.2
May ..	5 12 10	1 6 7	6 19 3	1 12 9	64.0
June ..	5 13 4	1 6 8	6 19 11	1 12 11	64.7
July ..	5 16 0	1 7 4	7 3 2	1 13 8	68.5
August ..	5 18 6	1 7 11	7 6 4	1 14 5	72.2
September ..	5 18 8	1 7 11	7 6 6	1 14 6	72.4
October ..	6 1 5	1 8 7	7 9 10	1 15 3	76.4
November ..	6 5 9	1 9 7	7 15 2	1 16 6	82.7
December ..	6 5 9	1 9 7	7 15 2	1 16 6	82.7
Average for Year ..	5 18 0	1 7 9	7 5 8	1 14 4	71.5
1933—					
January ..	6 2 6	1 8 10	7 11 2	1 15 7	78.0
February ..	6 0 9	1 8 5	7 9 0	1 15 1	75.4
March ..	6 0 4	1 8 4	7 8 6	1 15 0	75.0
April ..	6 0 8	1 8 5	7 8 11	1 15 1	75.3
May ..	6 3 5	1 9 1	7 12 4	1 15 10	79.3
June ..	6 2 3	1 8 9	7 10 11	1 15 6	77.7
July ..	6 4 0	1 9 2	7 13 1	1 16 0	80.2
August ..	6 5 8	1 9 7	7 15 2	1 16 6	82.6
September ..	6 11 4	1 10 11	8 2 2	1 18 2	90.9
October ..	6 11 6	1 11 0	8 2 4	1 18 3	91.1
November ..	6 8 9	1 10 3	7 18 11	1 17 5	87.1
December ..	6 6 2	1 9 9	7 15 9	1 16 8	83.4
Average for Year ..	6 4 11	1 9 5	7 14 2	1 16 3	81.4
1934—					
January ..	6 10 1	1 10 8	8 0 7	1 17 10	89.1
February ..	6 16 11	1 12 3	8 9 1	1 19 10	99.0
March ..	6 16 6	1 12 2	8 8 5	1 19 8	98.3
April ..	6 15 2	1 11 10	8 6 10	1 19 3	96.3
May ..	6 16 3	1 12 1	8 8 3	1 19 7	98.0
June ..	6 17 9	1 12 5	8 10 0	2 0 0	100.1
July ..	6 17 10	1 12 6	8 10 2	2 0 1	100.4
August ..	6 18 7	1 12 8	8 11 1	2 0 3	101.4
September ..	7 0 10	1 13 2	8 13 10	2 0 11	104.6
October ..	7 1 7	1 13 4	8 14 10	2 1 2	105.8
November ..	6 19 5	1 12 10	8 12 2	2 0 6	102.6
December ..	7 0 7	1 13 1	8 13 7	2 0 10	104.3
Average for Year ..	6 17 8	1 12 5	8 9 11	2 0 0	100.0
1935—					
January ..	7 1 10	1 13 5	8 15 1	2 1 3	106.1
February ..	7 2 9	1 13 7	8 16 2	2 1 6	107.4
March ..	7 6 9	1 14 7	9 1 1	2 2 8	113.2
April ..	7 4 3	1 13 11	8 18 1	2 1 11	109.6
May ..	7 2 7	1 13 7	8 16 0	2 1 5	107.2
June ..	7 1 3	1 13 3	8 14 4	2 1 1	105.2
July ..	7 0 10	1 13 2	8 13 10	2 0 11	104.6
August ..	7 0 3	1 13 0	8 13 2	2 0 9	103.8
September ..	7 1 0	1 13 2	8 14 0	2 1 0	104.8

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

5. **Silver and Bronze Coinage.**—(i) *Prices of Silver.* The value of silver has greatly decreased since its demonetization and restricted coinage in almost the whole of Europe. A noticeable increase, however, took place for some years after 1915, the price of silver following the general trend of world prices. Its average price in the London market in recent years is shown in § 4 par. 5 of Chapter XIX., 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 cost, at the average 1934 London market price of 1s. 9.22d. per ounce, approximately 21s. 3d. The difference nearly represents, therefore, the gross profit or seigniorage made on the coinage of every £3 6s. Negotiations for the coinage of silver and bronze coin in Australia extended over a number of years between the Imperial authorities and the Governments of New South Wales and Victoria, but no decision was arrived at. As section 51 of the Commonwealth Constitution makes legislation concerning "currency, coinage, and legal tender" a 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.

(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.		
	2/-.	1/-.	6d.	3d.	Total.	1d.	½d.	Total.
	£	£	£	£	£	£	£	£
1910 to 1928 ..	3,354,000	1,750,900	823,100	783,300	6,711,300	395,513	103,895	499,408
1928-29 ..	71,000	12,400	20,000	24,600	128,000	13,030	5,510	18,540
1929-30 ..	30,000	10,000	11,200	10,000	61,200	3,020	2,310	5,330
1930-31 ..	192,000	45,000	..	..	237,000	..	..	..
1931-32 ..	257,600	19,000	7,200	5,200	289,000	11,600	6,270	17,870
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
Total ..	4,009,400	1,875,700	890,500	853,900	7,629,500	368,523	133,625	502,148

(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. The value of worn silver coins received during 1934 was as follows:—Melbourne, nil; Perth, nil. The total withdrawals of worn silver coin to 1934 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 this work. In December, 1920, the Australian Note Issue passed to the control of the Commonwealth Bank, the notes, however, remaining Treasury Notes. The Note Issue Department is administered by 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 1931 to 1934 are given in the following table:—

COMMONWEALTH NOTE ISSUE.—PARTICULARS.

Particulars.	Average of monthly statements for year—				
	1914.	1931.	1932.	1933.	1934.
Notes held by—	£	£	£	£	£
Banks ..	(a)	24,939,874	24,916,825	22,685,449	21,198,854
Public ..	(a)	25,221,885	25,740,767	25,033,410	25,872,512
Total ..	11,944,848	50,161,759	50,657,592	47,718,859	47,071,366
Gold Reserve ..	5,368,822	13,144,494	(b)10,616,563	(b)11,672,099	(b)15,524,204
Percentage of Reserve on Total Issue ..	%	%	%	%	%
	44.9	26.2	21.0	24.5	33.0

(a) Not available.

(b) Includes English sterling.

Details of the average value of each of the several denominations of Australian Notes outstanding in 1914 and from 1930 to 1934 are given in Finance Bulletin No. 25 issued by this Bureau.

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 1930 to 1934.

ESTIMATED LEGAL TENDER EXTANT.—AUSTRALIA.

Particulars.	1930.	1931.	1932.	1933.	1934.
Australian Note Issue (a)—	£'000.	£'000.	£'000.	£'000.	£'000.
Held by Banks ..	22,342	25,351	26,505	23,346	21,284
Held by Public ..	22,572	25,302	24,798	24,207	25,017
Notes of Trading Banks outstanding (b)	199	198	197	181	174
Coin—Gold—Held by Banks (c)	1,091	312	158	61	20
Held by Public ..	..	..	..	..	..
Silver—Held by Banks ..	2,577	2,026	2,289	2,047	2,007
Held by Public ..	4,163	5,031	5,057	5,289	5,482
Bronze—Held by Banks ..	145	133	110	105	109
Held by Public ..	288	300	341	364	389
Total ..	53,377	58,653	59,455	55,600	54,482

(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 re-imports 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 the Chapter dealing with Local Government. In many respects, moreover, the budgets of the Australian Governments differ materially from those of most European countries, owing to the inclusion therein of the revenue and expenditure of departments concerned in rendering public services, such for instance as railways, tramways, water supply, etc., which in other countries are often left to private enterprise.

2. **Accounts of State Governments.**—The various financial transactions of the States are in each case mainly concerned with one or other of three Funds—the “Consolidated Revenue Funds,” the “Trust Funds,” and the “Loan Funds.” 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. From 1st July, 1928, the accounts of the Railway and Tramway services, Sydney Harbour Trust, and certain water supply services were separated from the Consolidated Revenue Fund of New South Wales. To preserve the comparability of the State finance statistics, information in respect of the above services has been included in the tabular statements in this section. The Trust Funds comprise all moneys held in trust by the Government, and include such items as savings banks funds, sinking funds, insurance companies' deposits, etc. The Loan Funds are debited with all loan moneys raised by the State, and credited with the expenditure therefrom on public works or other purposes.

3. **Inter-relation of Commonwealth and State 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 463 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 public works and services 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* ; and (e) Miscellaneous sources, comprising fines, fees, interest, etc.

In regard to item (b) attention is directed to the statement (see C. § 1 (2) *ante*) appertaining to the New South Wales accounts. In connexion with the Railway Accounts for that State the Consolidated Revenue Fund contributed to the Railways Commissioners an amount not exceeding £800,000 in respect of losses on country

developmental railways during each of the last four years. To avoid duplication in determining the aggregate receipts and expenditure this amount has not been included in the railways receipts or Consolidated Revenue Expenditure. During 1929-30 a refund of £327,129 was made to the Railways Commissioners from the Consolidated Revenue Surplus of 1928-29 in respect of Sinking Fund Contribution paid by the Railways Commissioners in 1928-29. This amount also has been excluded in revenue year 1929-30.

Of these sources, that yielding the largest revenue for the States as a whole is the group of Public Works and Services, the principal contributor being the Government Railways and Tramways. Next in magnitude comes Taxation, followed in order by the Commonwealth Payments and Interest Receipts.

By the *Finances Adjustment and Financial Adjustment (Further Provisions) Acts* 1932, the receipts and payments of the Unemployment Relief and Family Endowment Funds of New South Wales were brought into the Consolidated Revenue Fund, and the division of the Consolidated Revenue Account known as the Special Purposes (Revenue) Fund was abandoned. The figures showing receipts and expenditure include the transactions relating to the Social Services referred to.

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:—

STATE CONSOLIDATED REVENUE.

Year.	N.S.W. (a)	Victoria. (a)	O'land. (b)	S. Aust.	W. Aust. (b)	Tasmania.	All States.
TOTAL COLLECTIONS.							
	£	£	£	£	£	£	£
1929-30	48,791,604	27,323,842	15,997,870	10,551,016	9,750,515	2,956,272	115,371,119
1930-31	45,857,262	25,575,504	15,072,652	10,725,811	8,686,756	2,609,290	108,527,275
1931-32	45,607,700	24,555,272	12,994,113	10,481,976	8,035,316	2,385,495	104,059,872
1932-33	49,329,557	24,705,985	13,396,644	10,160,712	8,332,153	2,522,191	108,447,242
1933-34	45,509,438	24,567,739	13,859,385	10,187,986	8,481,697	2,698,214	105,304,459

PER HEAD OF POPULATION.(c)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1929-30	19 7 5	15 7 3	17 14 0	18 8 6	22 17 11	13 9 8	17 19 5
1930-31	18 0 5	14 5 4	16 8 4	18 13 5	20 3 0	11 14 2	16 14 9
1931-32	17 15 2	13 12 3	13 19 3	18 3 5	18 10 7	10 11 1	15 18 3
1932-33	19 0 9	13 12 3	14 4 9	17 10 8	19 1 5	11 1 4	16 9 1
1933-34	17 8 3	13 9 3	14 11 7	17 9 10	19 5 2	11 15 7	15 17 2

(a) Includes certain moneys not paid into Consolidated Revenue Fund, such as receipts from Railways, Tramways, Sydney Harbour Trust, certain Water Supply and Sewerage Services and motor taxation in New South Wales and motor taxation in Victoria. See letterpress above regarding Social Services, New South Wales. (b) Excludes motor taxation. (c) Based on mean population of each financial year.

The revenue for all States per head of the population, which had been progressively increasing each year, declined slightly in 1928-29 to £18 15s. 2d., and with the advent of the depression receded to £15 17s. 2d. in 1933-34, the lowest figure recorded since 1923-24. The fall in the receipts from Business Undertakings, amounting to nearly £16,000,000 since 1928-29, was largely responsible for the decline in State revenue.

3. Sources of Revenue.—(i) *General.* Classifying the revenue of the several States in the manner indicated in 1 *ante*, particulars for the year 1933-34 are as follow:—

STATE CONSOLIDATED REVENUE.—SOURCES, 1933-34.

Particulars.	N.S.W. (a)	Victoria. (a)	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL REVENUE.							
	£	£	£	£	£	£	£
Taxation (c) ..	14,198,932	8,461,944	3,279,820	2,909,126	1,368,720	1,132,889	31,351,431
Business Under-takings ..	23,074,973	11,036,179	6,336,659	4,502,916	4,578,327	493,010	50,022,064
Territorial ..	1,598,086	378,878	1,357,481	188,025	312,818	55,442	3,890,730
Commonwealth payments ..	2,917,411	2,127,159	1,096,235	61,733,816	61,073,432	(b) 646,859	9,594,912
Interest ..	849,770	1,721,612	1,074,086	789,278	(c) 42	351,464	4,786,210
Miscellaneous ..	2,870,266	841,967	715,104	64,825	1,148,400	18,550	5,659,112
Total ..	45,509,438	24,567,739	13,859,385	10,187,986	8,481,697	2,698,214	105,304,459

PER HEAD OF POPULATION.(h)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Taxation (c) ..	5 8 8	4 12 9	3 9 0	4 19 11	3 2 2	4 18 11	4 14 5
Business Under-takings ..	8 16 7	6 0 11	6 13 4	7 14 8	10 7 11	2 3 1	7 10 8
Territorial ..	0 12 3	0 4 2	1 8 7	0 6 5	0 14 2	0 4 10	0 11 9
Commonwealth payments ..	1 2 4	1 3 4	1 3 1	2 19 6	2 8 9	2 16 6	1 8 11
Interest ..	0 6 6	0 28 10	1 2 7	1 7 1	(e)	1 10 3	0 14 5
Miscellaneous ..	1 1 11	0 9 3	0 15 0	0 2 3	2 12 2	0 1 7	0 17 0
Total ..	17 8 3	13 9 3	14 11 7	17 9 10	19 5 2	11 15 7	15 17 2

(a) Includes certain moneys not paid into Consolidated Revenue Fund. See note (a) to table immediately preceding. (b) Including special grant. (c) In some States certain taxation collections are not paid into Consolidated Revenue Fund. For total collections see next page. (d) Excludes £800,000 paid to Railways Commissioners from Consolidated Revenue in respect of losses on country developmental railways. (e) Included with Miscellaneous. (f) Excludes Western Australia. (g) Includes Unemployment Relief and Family Endowment Taxes. (h) 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.

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.

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 Unemployment Relief and Income Taxes. 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.

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 1933-34 are given in the following table :—

STATE REVENUE FROM TAXATION.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
TOTAL.							
	£	£	£	£	£	£	£
1929-30	15,170,582	7,426,295	4,846,179	3,487,815	1,846,333	1,119,722	33,896,926
1930-31	16,190,756	8,104,229	5,542,526	3,399,942	1,524,846	1,071,263	35,833,562
1931-32	14,855,306	7,709,694	4,761,880	3,076,374	1,439,559	905,715	32,748,528
1932-33	18,052,914	8,301,194	5,661,151	2,733,445	1,573,451	1,003,454	37,325,609
1933-34	14,198,932	8,461,944	5,846,301	2,925,106	1,835,829	1,132,889	34,401,001

PER HEAD OF POPULATION.(a)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1929-30	6 0 6	4 3 6	5 7 3	6 1 10	4 6 9	5 2 2	5 5 7
1930-31	6 7 3	4 10 5	6 0 9	5 18 5	3 10 9	4 16 2	5 10 6
1931-32	5 15 9	4 5 6	5 2 4	5 6 8	3 6 5	4 0 2	5 0 2
1932-33	6 19 4	4 11 6	6 0 4	4 14 4	3 12 0	4 8 0	5 13 3
1933-34	5 8 8	4 12 9	6 3 0	5 0 5	4 3 4	4 18 11	5 3 7

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

Taking the States as a whole, taxation decreased by 2s. od. per head during the period covered by the above table. The peak of State taxation was reached in 1932-33 with £5 13s. 3d. per head. A decrease of 9s. 8d. per head followed in 1933-34 when the taxation per head in New South Wales fell by £1 10s. 8d. to £5 8s. 8d. largely on account of reduced collections of Unemployment Relief and Family Endowment taxes.

(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 XV., Private Finance, Section F.)

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

STATE PROBATE AND SUCCESSION DUTIES.—COLLECTIONS.

State.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
New South Wales ..	1,860,052	1,496,641	1,251,650	1,639,979	1,542,475
Victoria ..	1,133,422	1,131,603	1,014,669	1,164,200	1,143,330
Queensland ..	491,892	528,129	424,522	452,872	459,314
South Australia ..	395,082	254,264	323,008	299,826	298,676
Western Australia ..	75,707	72,093	63,162	91,995	70,154
Tasmania ..	65,991	78,275	86,764	117,387	156,935
Total ..	4,022,146	3,561,005	3,163,775	3,766,259	3,670,884

(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 :—

STATE STAMP DUTIES.—COLLECTIONS.

State.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
New South Wales ..	1,362,147	931,308	843,986	929,158	1,013,604
Victoria ..	985,088	704,958	639,578	725,834	733,054
Queensland ..	555,391	442,149	418,205	423,450	446,587
South Australia ..	379,546	285,915	164,708	177,396	190,193
Western Australia ..	255,725	170,949	189,174	181,642	209,965
Tasmania ..	64,929	114,401	137,876	100,020	97,719
Total ..	3,602,826	2,649,680	2,393,527	2,537,500	2,691,122

(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 amount collected by means of such taxes during the financial years 1929-30 to 1933-34 :—

STATE LAND TAX.—COLLECTIONS.

State.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
New South Wales ..	2,588	2,486	2,453	1,968	2,199
Victoria ..	531,426	506,025	497,609	593,752	535,947
Queensland ..	556,532	503,656	346,064	442,584	433,881
South Australia ..	440,265	486,505	434,544	306,198	346,411
Western Australia ..	219,066	168,579	132,368	130,963	118,973
Tasmania ..	99,453	97,963	95,916	92,823	90,812
Total ..	1,849,330	1,765,214	1,508,954	1,478,288	1,528,223

(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. In earlier years revenues now derived from income tax were to some extent supplied by a dividend tax mainly from profits on gold mining.

The following table shows the total amount collected in the several States during the years 1929-30 to 1933-34. In the case of Western Australia the amount of dividend duty collected is 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.—COLLECTIONS.

State.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
New South Wales ..	7,084,465	6,183,481	3,411,146	3,870,616	2,808,851
Victoria ..	2,981,050	2,659,585	2,061,561	2,117,000	2,329,629
Queensland ..	2,405,810	2,522,300	1,652,329	1,689,383	1,607,499
South Australia ..	1,507,375	1,802,176	1,484,066	1,254,961	1,302,083
Western Australia ..	751,116	562,695	436,767	336,001	362,593
Tasmania ..	322,098	302,925	242,347	339,239	361,143
Total ..	15,051,914	14,033,162	9,288,216	9,607,200	8,771,798

(f) *Unemployment Relief Tax.* During 1930-31 a special unemployment relief tax was levied in New South Wales, Victoria and Queensland. 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 a Financial Emergency tax was levied and in Tasmania a tax on wages provided the funds necessary for the relief of unemployment. Further references to this matter may be found in the *Labour Report*, Nos. 22 to 25.

(g) *Motor Taxation.* Motor taxation comprises tax and registration fees on motor vehicles; 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.—COLLECTIONS.

State.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
New South Wales ..	1,807,376	1,669,969	1,617,387	1,608,154	1,770,828
Victoria ..	1,196,831	1,118,170	1,124,362	1,222,684	1,280,878
Queensland ..	523,881	519,108	519,467	525,967	587,421
South Australia ..	a 620,627	461,955	499,704	503,386	529,432
Western Australia (b) ..	314,300	286,140	278,816	274,721	292,768
Tasmania ..	89,791	95,370	93,567	97,210	101,720
Total ..	4,552,806	4,150,712	4,133,303	4,232,122	4,563,047

(a) Includes motor spirit tax.

(b) Includes amounts collected by local governing authorities outside metropolitan area.

The proceeds of motor tax and motor registration fees are now paid into a special roads fund and the amounts do not appear in the Consolidated Revenue Fund, except for the State of Tasmania. In New South Wales a proportion of the collections is paid to Consolidated Revenue as an offset against administrative charges.

(iii) *Business Undertakings.* (a) 1933-34. A very large proportion of State gross revenues is made up of receipts from public works and services under the control of the Governments. The principal of these are railways and tramways, harbour works, and water supply and sewerage, while, in addition, State batteries for the treatment of auriferous ores exist in Western Australia, and various minor revenue-producing services are rendered by the Governments of all States. For the year 1933-34 the revenue from these sources was £50,022,064, or 47 per cent. of the revenue from all sources. Details of revenue are as follow :—

STATE REVENUE FROM BUSINESS UNDERTAKINGS, 1933-34.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways	18,355,241	8,876,355	6,103,881	2,609,470	3,165,594	432,569	39,503,110
Harbour services	355,959	58,823	83,906	538,351	271,016	..	1,808,055
Water supply and sewerage	2,732,959	660,118	..	920,012	575,131	..	4,829,220
Other	1,130,814	1,499,883	148,872	435,083	560,586	100,441	3,881,679
Total	23,074,973	11,036,179	6,336,659	4,502,916	4,578,327	493,010	50,022,064

(a) Railways only. (b) Water supply only. (c) Not paid into Consolidated Revenue. See C. § 1 (2). (d) Portion only of this amount is paid to Consolidated Revenue Fund. (e) Excludes Electricity supply.

As mentioned on page 486 the particulars shown above for New South Wales railways and tramways do not include a sum of £300,000, recouped to Railways Commissioners from Consolidated Revenue in respect of losses on operating country developmental railways. The figures for South Australia exclude £120,000, portion of Commonwealth Grant which was paid direct to Railways.

(b) 1929-30 to 1933-34. Particulars of the revenue from Business Undertakings for the last five years are given below :—

STATE REVENUE FROM BUSINESS UNDERTAKINGS.(a)

Particulars.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
Railways and Tramways ..	48,606,108	40,943,417	39,822,890	40,190,873	39,503,110
Harbour Services	2,120,023	1,742,907	1,761,715	1,859,527	1,808,055
Water Supply and Sewerage	5,185,780	5,008,555	5,189,034	5,163,816	4,829,220
Other	4,868,376	4,388,903	4,114,160	4,015,877	3,881,679
Total	60,780,287	52,083,782	50,887,799	51,230,093	50,022,064

(a) See notes to previous table.

During the above period the total revenue from Business Undertakings decreased by 17.7 per cent., Railways and Tramways showing a decrease of 18.7 per cent., and Harbour Services 14.7 per cent. Revenue from Water Supply and Sewerage Services has been fairly constant since 1929-30, although there was a slight decrease in 1933-34.

(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 1933-34 :—

STATE TERRITORIAL REVENUE, 1933-34.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Sales ..	39,680	64,826	..	18,312	8,489	12,069	143,376
Rentals ..	1,479,725	159,482	1,190,603	169,713	221,135	26,173	3,246,831
Forestry ..	78,681	154,570	166,878	..	83,194	17,200	500,523
Total ..	1,598,086	378,878	1,357,481	188,025	312,818	55,442	3,890,730

(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, represent in each instance a considerable proportion of the States' revenue, and for the year 1933-34 aggregated £9,594,912, or 9.1 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 1933-34 interest, mainly from loans to local governing bodies and on public account balances, was responsible for £4,786,210, exclusive of Western Australia, where interest is included under "Miscellaneous" which aggregated £5,659,112.

Division II.—Expenditure.

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

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

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. Prior to 1930-31 Railway working expenses represented about 30 to 35 per cent. of the total. In 1930-31 the decreased revenue necessitated considerable curtailment of services, which, together with staff reductions and other economies, reduced the expenditure as compared with the previous year by £7,476,395 to £34.3 millions or 28 per cent. of the total expenditure. The effect of further economies in 1931-32 is shown in the reduction of expenditure by £3,576,049 (11 per cent.) as compared with the previous year. In 1933-34 working expenses were £587,973 less than for 1932-33 and represented 26 per cent. of the total expenditure, while Public Debt charges represented 36 per cent. of the total expenditure; next in importance were Charitable, 8 per cent.; Education, 8 per cent.; Law and Order, 4 per cent.; and Public Health and Hospitals, 3 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:—

STATE EXPENDITURE.—CONSOLIDATED REVENUE FUNDS.

Year.	N.S.W. (a) (b)	Victoria. (a)	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
1929-30	53,603,952	28,496,712	16,721,055	12,176,840	10,268,519	2,981,992	124,249,070
1930-31	54,609,697	28,029,702	15,914,696	12,539,668	10,107,295	2,854,394	124,055,452
1931-32	59,834,538	26,163,594	15,069,293	11,545,336	9,593,212	2,657,109	124,863,082
1932-33	52,960,277	25,547,486	14,951,088	11,169,610	9,196,234	2,577,407	116,402,102
1933-34	48,925,538	25,336,797	14,987,916	11,031,802	9,270,609	2,746,099	112,298,761

PER HEAD OF POPULATION.(c)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1929-30	21 5 8	16 0 5	18 10 0	21 5 4	24 2 3	13 12 0	19 7 1
1930-31	21 9 2	15 12 8	17 6 8	21 16 7	23 8 11	12 16 2	19 2 8
1931-32	23 6 0	14 10 1	16 3 10	20 0 3	22 2 5	11 15 1	19 1 11
1932-33	20 8 10	14 1 7	15 17 10	19 5 6	21 1 0	11 6 2	17 13 3
1933-34	18 14 5	13 17 8	15 15 4	18 18 10	21 0 11	11 19 9	16 18 2

(a) Includes expenditure of certain moneys not paid into Consolidated Revenue, such as receipts from Railways, Tramways, Sydney Harbour Trust, certain Water Supply and Sewerage Services, and motor taxation in New South Wales and motor taxation in Victoria. (b) Includes Social Services. Refer to letterpress on page 487. (c) Based on mean population of each financial year.

3. Details of Expenditure for 1933-34.—The following table shows the total expenditure and expenditure per head under each of the principal items:—

STATE EXPENDITURE.—DETAILS, 1933-34.

Particulars.	N.S.W. (c)	Victoria. (c)	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
Public debt (interest, sinking fund, exchange, etc.) ..	15,734,230	8,415,124	6,291,042	5,226,548	4,070,022	1,214,327	40,951,293
Railways and Tramways (working expenses) ..	4,163,261	6,011,453	4,403,370	2,067,610	2,366,443	639,174	29,406,311
Water Supply and Sewerage (f) ..	981,026	238,009	15,883	299,486	242,993	..	1,615,397
Justice ..	461,430	203,655	168,807	60,911	71,274	30,597	996,674
Police ..	1,421,749	807,435	522,132	279,481	218,523	85,161	3,334,481
Penal establishments ..	299,798	106,332	28,356	39,209	26,008	11,590	511,293
Education ..	3,731,820	2,428,447	1,400,811	874,739	633,163	252,682	9,321,662
Medical and charitable ..	7,145,673	2,807,318	1,019,906	1,092,052	550,804	365,850	12,981,603
All other expenditure ..	5,148,551	4,319,024	1,137,609	1,091,766	1,091,379	391,718	13,180,047
Total ..	48,925,538	25,336,797	14,987,916	11,031,802	9,270,609	2,746,099	112,298,761

(a) Including 9.79 miles of electric tramways operated by the Victorian Railways. (b) Railways only. (c) Includes expenditure of certain moneys not paid into Consolidated Revenue, see note (a) to previous table. (d) Excludes £800,000 paid from Consolidated Revenue Fund on account of losses on country developmental railways. (e) Water Supply and Irrigation Commission only. (f) Includes Water Conservation and Irrigation—New South Wales, £73,702 and South Australia, £76,813. (g) Portion only from Consolidated Revenue Fund.

STATE EXPENDITURE.—DETAILS, 1933-34—continued.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
PER HEAD OF POPULATION.(a)							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Public debt (interest, sinking fund, etc.)	6 0 5	4 12 3	6 12 4	8 19 6	9 4 10	5 6 0	6 3 4
Railways and Tramways (working expenses) ..	5 8 5	3 5 11	4 12 8	3 11 0	5 7 5	1 14 5	4 8 7
Water Supply and Sewerage ..	0 6 3	0 2 7	0 0 4	0 10 4	0 11 0	0 ..	0 4 10
Justice ..	0 3 6	0 2 3	0 3 7	0 2 1	0 3 3	0 2 8	0 3 0
Police ..	0 10 11	0 8 10	0 11 0	0 9 7	0 9 11	0 7 5	0 10 1
Penal establishments	0 2 3	0 1 2	0 0 7	0 1 4	0 1 2	0 1 0	0 1 6
Education	1 8 7	1 6 7	1 9 6	1 10 0	1 8 9	1 2 1	1 8 1
Medical and charitable	2 14 8	1 10 9	1 1 5	1 17 6	1 5 0	1 11 11	1 19 1
All other expenditure	1 19 5	2 7 4	1 3 11	1 17 6	2 9 7	1 14 3	1 19 8
Total ..	18 14 5	13 17 8	15 15 4	18 18 10	21 0 11	11 19 9	16 18 2

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

Division III.—Surplus Revenue.

The following table shows for each of the years 1929-30 to 1933-34 the amount and amount per head of the surplus or deficit of each State.

STATE SURPLUS REVENUE.

Year.	N.S.W.(a)	Victoria.(a)	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
1929-30..	-4,812,348	-1,172,870	-723,185	-1,625,824	-518,004	-25,720	-8,877,951
1930-31..	b -8,752,433	-2,454,198	-842,044	-1,813,857	-1,420,539	-245,104	-15,528,177
1931-32..	-14,226,838	-1,608,322	-2,075,180	-1,063,360	-1,557,896	-271,614	-20,803,210
1932-33..	-3,630,720	-841,501	-1,554,444	-1,008,898	-864,081	-55,216	-7,954,866
1933-34..	-3,416,100	-769,058	-1,128,531	-843,816	-788,912	-47,385	-6,994,302

PER HEAD OF POPULATION.(c)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1929-30..	-1 18 3	-0 13 2	-0 16 0	-2 16 10	-1 4 4	-0 2 4	-1 7 8
1930-31..	-3 8 9	-1 7 4	-0 18 4	-3 3 2	-3 5 11	-1 2 0	-2 7 11
1931-32..	-5 10 10	-0 17 10	-2 4 7	-1 16 10	-3 11 10	-1 4 0	-3 3 8
1932-33..	-1 8 0	-0 9 3	-1 13 1	-1 14 10	-1 19 7	-0 4 10	-1 4 2
1933-34..	-1 6 2	-0 8 5	-1 3 9	-1 9 0	-1 15 9	-0 4 2	-1 1 0

NOTE.—Minus sign (-) indicates deficit.

(a) After allowing for payments into and expenditure from certain special funds. (b) Excludes £1,672,222 interest, etc., paid by Commonwealth Government on behalf of New South Wales and which is included in New South Wales expenditure for 1931-32. (c) 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 amount of trust funds held on the 30th June, 1934, was as follows:—

STATE TRUST FUNDS, 30th JUNE, 1934.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Amount of trust funds	23,053,914	6,028,740	2,467,644	1,639,572	2,852,397	634,385	36,676,652

§ 4. State Loan Funds.

Division I.—Loan Expenditure.

1. *General.*—As far back as the year 1842 revenue collections were supplemented with borrowed moneys, the earliest loan being by New South Wales for the purpose of assisting immigration, at rates of interest varying from 2½d. to 5½d. per £100 per diem, or approximately from 4½ per cent. to 8 per cent. per annum. Australian public borrowing, however, is mainly due to the fact that the State Governments, in addition to ordinary administrative duties, undertake functions which in other countries are usually entrusted to local authorities or left to private enterprise. Foremost amongst these are the construction and control of the railway systems, but loan moneys have largely been used for improvements to harbours and rivers, and the construction of 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 the "gross" and the "net" expenditure during the year. The gross expenditure represents the amounts disbursed during the 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, 1933-34.—(a) *Gross Loan Expenditure, 1933-34.* Particulars of the gross loan expenditure for the year 1933-34 are given in the following table :—

STATE GROSS LOAN EXPENDITURE, 1933-34.

Heads of Expenditure.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	All States.
	£	£	£	£	£	£	£
Public Works and Services—							
Railways	460,424	194,770	366,031	82,953	316,124	127,724	1,548,026
Tramways	338,119	..	..	(b) 1,865	11,290	..	351,274
Roads	3,708	143,037	..	..	..	..	..
Bridges	75,648	1,076	251,390	..	124,647	..	..
Harbours and Rivers	99,286	..	..	123,973	..	..	..
Lights and Lighthouses .. .. .	..	..	..	..	246,144	..	..
Water Supply	117,936	315,870	..	339,484	397,201	..	1,170,491
Sewerage	226,272	(e) 5,382	..	220,325	177,673	..	629,652
Electricity Supply	10,368	..	..	..	2,069	59,534	71,971
Public Buildings	430,314	..	357,208	137,301	98,020	20,253	1,043,096
Loans to Local Bodies	(d)	..	1,140,354	50,000	..	400	1,192,149
Unemployment Relief	5,184,900	1,292,236	..	..	..	..	56,106
Advances for Housing	459	..	266,203	100,486	35,000	12,806	414,954
Other Public Works .. .. .	..	..	..	102,768	..	15,588	118,368
Primary Production—							
Soldier Settlement .. .. .	..	266,012	7,864	19,406	1,199	113,233	407,714
Land for Settlement .. .. .	..	373,296	159,165	10	..	19,473	551,944
Water Conservation	461,868	..	15,458	274	15,395	..	..
Irrigation and Drainage	56,497	..	..	4,219	240,957	..	794,668
Rabbit-proof Fencing	25,000	37,228	25,402	4,827	..	..	92,457
Agriculture .. .. .	..	..	45,999	..	194,990	..	240,989
Agricultural Bank .. .. .	..	..	147,760	..	325,000	..	472,760
Advances to Settlers	1	146,047	..	643,766	205,487	49,471	1,044,772
Forestry .. .. .	..	33,784	35,914	158,788	151,572	..	380,058
Mines and Mineral Resources							
Resources .. .. .	..	..	35,960	..	76,685	..	112,645
Other	302,657	..	50,000	1,896	..	..	354,553
Other Purposes	3,881	..	268,521	659	44,157	..	317,218
Total Public Works, Services, etc., Expenditure	7,797,428	2,808,738	3,173,229	1,993,000	2,664,022	524,987	18,961,404
Per head of Population	£2 19 8	£1 10 9	£3 6 9	£3 8 5	£6 1 0	£2 5 10	£2 17 1
Other than Works—							
Sinking Fund Contribution .. .. .	..	..	100,000	..	..	..	100,000
Discounts and Flotation Expenses	940,043	526,093	..	..	136,561	..	1,602,697
Revenue and General Cash Deficits	3,820,000	..	1,128,531	1,008,898	788,912	..	6,746,341
Total Non-Works Expenditure	4,760,043	526,093	1,228,531	1,008,898	925,473	..	8,449,038
Grand Total	12,557,471	3,334,831	4,401,760	3,001,898	3,589,495	524,987	27,410,442

(a) Includes advances to Railway Superannuation Fund, £233,831. (b) Loans to Local Bodies for Tramways. (c) Loans to Local Bodies for Unemployment Relief. (d) Included with Unemployed Relief. (e) Country Towns.

(b) *Net Loan Expenditure, 1933-34.* For the year ended 30th June, 1934, State net loan expenditure on Public Works amounted to £14,264,880, while other non-works expenditure was £8,449,038, making an aggregate for the year of £22,713,918. Details for the year for each State are given in the following table :—

STATE NET LOAN EXPENDITURE, 1933-34.

Heads of Expenditure.	New South Wales.	Victoria. (a)	Queensland.	South Australia.	Western Australia.	Tasmania.	All States.
	£	£	£	£	£	£	£
Public Works and Services—							
Railways	122,203	1,044	341,917	Cr. 79,856	316,081	Cr. 644	700,745
Tramways	277,061	..	..	Cr. 17,330	11,290	..	271,021
Roads	Cr. 87,444	113,786	210,700	Cr. 12,701	123,815	..	825,248
Bridges	49,517	633	..	..	..	..	..
Harbours and Rivers ..	95,977	Cr. 33,260	Cr. 1,172	72,509	246,068	..	..
Lights and Lighthouses	..	..	..	Cr. 5	..	..	..
Water Supply	69,413	304,294	..	254,470	395,460	..	1,023,637
Sewerage	218,863	(b) 3,889	..	193,824	152,085	..	568,661
Electricity Supply ..	7,645	..	..	..	2,069	31,318	41,032
Public Buildings ..	422,960	Cr. 869	341,245	125,753	98,009	27,675	1,004,773
Loans to Local Bodies ..	..	Cr. 54,886	969,455	23,576	Cr. 516	Cr. 27,346	7,354,498
Unemployment Relief ..	..	1,287,744	..	..	..	39,068	..
Advances for Housing ..	Cr. 11,332	..	Cr. 4,960	Cr. 53,238	34,995	Cr. 16,905	Cr. 51,440
Other	Cr. 138	..	..	62,915	12	11,804	74,593
Primary Production—							
Soldier Settlement ..	..	186,269	Cr. 71,799	Cr. 65,841	Cr. 51,313	Cr. 18,940	16,256
Land for Settlement ..	Cr. 95	281,123	113,125	Cr. 19,788	..	Cr. 2,826	371,539
Water Conservation ..	367,677	..	Cr. 199,391	Cr. 8,157	15,392	..	418,388
Irrigation and Drainage	25,658	..	..	Cr. 23,055	240,264	..	..
Rabbit-Proof Fencing ..	24,918	17,655	Cr. 1,535	Cr. 4,751	..	..	36,287
Agriculture .. ..	..	..	..	..	190,597	..	208,162
Agricultural Bank ..	..	..	Cr. 349,115	..	325,000	..	Cr. 24,115
Advances to Settlers ..	Cr. 150	71,443	..	210,280	204,497	874	486,944
Forestry .. ..	..	33,784	30,937	73,477	151,572	..	289,770
Mines and Mineral Resources .. ..	..	Cr. 7,520	29,168	..	70,879	..	92,467
Other	301,924	..	50,000	Cr. 9,500	..	..	342,424
Other Purposes	1,752	Cr. 14,579	(e) 241,102	Cr. 51,116	36,831	..	213,990
Total Public Works, Services, etc., Expenditure	7,003,812	2,190,550	1,717,182	(d) 671,466	2,563,087	118,783	14,264,880
Per head of Population ..	£2 13 7	£1 4 0	£1 16 2	£1 3 1	£5 16 5	£0 10 4	£2 3 0
Other than Works—							
Sinking Fund Contribution .. ..	..	..	100,000	..	..	..	100,000
Discount and Flotation Expenses	940,043	526,093	..	..	136,561	..	1,602,697
Revenue and General Cash Deficits	3,820,000	..	1,128,531	1,008,898	788,912	..	6,746,341
Total Non-Works Expenditure	4,760,043	526,093	1,228,531	1,008,898	925,473	..	8,449,038
Grand Total	11,763,855	2,716,643	2,945,713	1,680,364	3,488,560	118,783	22,713,918

(a) 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. (b) Country towns.
(c) Loans to Local Bodies for Tramways. (d) Credits allowed for of £276,319 arising from cancellation of securities redeemed from Sinking Fund. (e) Includes advances to Railways Superannuation Fund.

3. Net Loan Expenditure, 1929-30 to 1933-34.—The following table gives the works net loan expenditure during each of the years 1929-30 to 1933-34:—

STATE NET LOAN EXPENDITURE.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
1929-30	10,878,627	5,868,445	2,129,586	2,493,287	3,539,470	146,853	24,222,548
1930-31	5,951,488	3,068,068	2,727,317	464,541	1,675,015	209,137	12,095,566
1931-32	3,387,143	1,002,224	Cr. 2,206,351	286,828	1,267,865	26,254	5,763,963
1932-33	4,319,766	2,094,271	2,672,474	641,683	2,048,224	Cr. 74,907	9,701,511
1933-34	7,003,812	2,190,550	2,171,182	671,466	2,563,087	118,783	14,264,880

(a) In addition, £967,502 was charged to Loan in 1929-30, and £1,074,945 in 1930-31, to cover debit balances on certain industrial undertakings, on account of which expenditure was made from Trust Funds in previous years. Figures for 1930-31 to 1933-34 are exclusive also of £100,000 portion of repayments transferred to Consolidated Revenue and applied to Sinking Fund contributions. For the year 1931-32 repayments include £298,365 transferred from Governments Savings Bank Inscribed Stock Account.
(b) Excludes £616,352 Soldier Settlement and other losses funded.

STATE NET LOAN EXPENDITURE—*continued.*

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
PER HEAD OF POPULATION.							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1929-30	4 6 5	3 6 0	1 8 8	4 7 1	8 6 3	0 13 5	3 15 6
1930-31	2 6 9	1 14 3	0 15 10	0 16 2	3 17 9	0 18 9	1 17 4
1931-32	1 6 5	0 11 1	Cr. 0 4 5	0 9 11	2 18 6	0 2 4	0 17 8
1932-33	1 13 4	1 3 1	0 14 4	1 2 2	4 13 9	Cr. 0 6 7	1 9 5
1933-34	2 13 7	1 4 0	1 16 2	1 3 1	5 16 5	0 10 4	2 3 0

The loan expenditure per head of population which varies in the different States and in different years, reached its highest point for the five years under review in 1929-30 with £3 15s. 6d. per head, and its lowest in 1931-32 with 17s. 8d. per head.

4. Total Loan Expenditure to 30th June, 1934.—The total loan expenditure inclusive of revenue deficits, etc., of the States from the initiation of borrowing to the 30th June, 1934, amounted to £889,303,602. The purposes for which this sum was expended are shown in the following table:—

TOTAL STATE LOAN EXPENDITURE TO 30th JUNE, 1934.

Heads of Expenditure.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	Total.
Public Works and Services—	£	£	£	£	£	£	£
Railways ..	139,727,811	74,280,758	61,994,052	31,860,614	24,355,906	6,938,769	339,157,910
Tramways ..	12,598,165	..	..	63,424,041	1,107,553	83,134	17,212,893
Roads and Bridges	16,401,310	11,995,940	2,674,240	3,127,902	2,959,747	..	..
Harbours, Rivers, Lighthouses ..	20,206,082	990,506	2,413,141	7,820,289	6,361,652	6,882,134	81,832,943
Water Supply ..	23,612,082	28,563,240	..	13,424,210	6,867,379	..	72,466,911
Sewerage ..	14,372,821	2,217,784	..	2,996,200	2,196,882	..	19,783,687
Electricity Supply	1,210,656	17,839,227	..	..	1,188,849	3,791,030	24,029,762
Public Buildings ..	8,485,054	6,411,211	3,965,639	3,274,010	1,716,485	1,820,313	25,672,712
Loans to Local Bodies	7,988,995	1,129,414	12,181,895	514,800	93,596	1,164,330	..
Unemployment Relief	..	2,493,069	..	..	..	..	25,719,449
Advances—Housing	771,692	..	4,119,396	5,962,255	670,495	148,350	11,698,526
Commonwealth Services ..	3,965,937	149,323	524,387	1,283,387	332,293	270,634	6,525,961
Other Public Works and Services ..	10,968,375	1,330,283	..	2,342,303	1,178,368	1,419,782	17,239,111
Primary Production—							
Soldier Settlement ..	4,289,332	27,588,216	1,505,919	8,530,893	7,343,444	2,669,415	..
Land for Settlement	..	12,744,590	2,531,523	1,639,987	324,662	395,745	94,179,350
Closer Settlement ..	9,738,429	2,007,299	..	3,239,296	9,287,095	343,505	..
Advances to Settlers	(f)	..	..	1,371,775	1,027,764	..	..
Water Conservation	4,537,273	..	2,256,999	4,765,573	1,604,604	..	25,104,003
Irrigation and Drainage ..	9,540,015	..	..	..	..	..	..
Rabbit Proof Fencing ..	(f)	774,364	298,041	247,827	341,765	..	1,661,997
Agricultural Bank ..	..	..	1,888,054	..	5,828,695	..	7,716,749
Mines and Mineral Resources ..	581,321	520,421	1,947,211	..	2,670,366	3,633	5,722,952
Other ..	..	701,798	1,287,464	1,529,628	3,703,294	..	7,222,184
Other Purposes ..	63,660,020	1,740,225	67,276,000	1,785,742	3,524,051	235,714	18,221,752
Total Public Works, Services, etc., Expenditure ..	292,655,370	191,482,668	106,863,961	99,140,732	84,684,945	26,341,176	801,168,852
Other than Works—							
Exchange on Remittances ..	14,266,807	..	..	..	..	..	..
Discounts and Flotation Expenses ..	..	5,453,842	..	..	3,544,339	(g)	23,264,988
Sinking Fund Contribution ..	..	..	500,000	..	..	..	500,000
Revenue and General Cash Deficits ..	34,093,775	3,875,682	2,682,975	7,746,203	11,269,517	496,272	60,184,424
Treasury Bills Retired ..	..	..	4,185,338	..	..	..	4,185,338
Grand Total ..	341,015,952	200,812,192	114,232,274	106,886,935	99,518,801	6,837,448	889,303,602

(a) Includes Public Buildings other than Schools and Hospitals. (b) Loans to Local Bodies for Tramways. (c) Includes Industrial Undertakings. (d) Country Sewerage. (e) Includes Advances to Settlers. (f) Included with Soldier Settlement, etc. (g) Included with other Public Works.

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

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, 1930 to 1934.**—The table hereunder shows the State public debts and the amounts owing per head of population at the 30th June in each year from 1930 to 1934 inclusive. The totals include sums advanced by the Commonwealth to the States for settling returned soldiers on the land, and for this reason they differ in some cases from those given in previous issues. On the transfer of the Queensland State Savings Bank business to the Commonwealth Bank in 1920, Queensland Government securities were handed to the latter for the Savings Bank current account credit balance and for amounts owing on account of Advances to Settlers and Workers' Dwellings. This transaction added a total of £5,936,916 to the Public Debt without involving any additional borrowing.

As provided in the *Financial Agreement Act 1928* (particulars of which are given in Chapter I, pages 21 to 33), 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. V. of this volume to certain remissions which the Commonwealth Government agreed to make to the States on account of losses sustained by the States in connexion with soldier land settlement. The States' debts at 30th June, 1926, were reduced by £5,000,000, and from 30th June, 1927, by £7,597,783, by the Commonwealth taking over these amounts in anticipation of legal ratification of the agreement by the States. The following figures which represents the total "face" or "book" value of the debt of States leaving out of account currency changes since the loans were floated have been adjusted on this account, and therefore differ from those given in earlier issues.

STATE PUBLIC DEBTS.

Date.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
30th June, 1930	268,356,126	153,558,928	112,011,746	92,614,130	71,194,141	22,306,982	720,042,053
" 1931	285,556,834	163,797,724	112,093,956	98,722,459	76,564,885	22,983,932	759,719,790
" 1932	305,590,877	167,673,004	111,911,785	100,794,244	79,707,953	23,265,275	788,943,138
" 1933	314,067,707	169,238,072	114,530,854	102,902,345	83,514,697	23,597,945	807,851,620
" 1934	324,606,868	172,971,789	117,817,353	104,614,292	85,847,802	23,649,918	829,508,022
PER HEAD OF POPULATION.(a)							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
30th June, 1930	106 1 8	86 0 9	122 15 7	161 11 10	165 17 8	101 8 0	111 13 0
" 1931	111 15 7	91 0 5	120 18 4	171 8 11	177 2 6	102 12 0	116 12 9
" 1932	118 10 4	92 14 11	119 6 3	174 7 1	183 3 0	102 15 3	120 3 10
" 1933	120 14 11	92 19 6	120 16 10	177 2 4	190 5 3	103 13 8	122 1 10
" 1934	123 16 2	94 10 9	122 19 8	179 6 11	194 3 5	103 14 11	124 9 11

(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 over £109 millions or at the rate of over £27 millions per annum. The debt per head of population increased during the period by £12 16s. 11d. to £124 9s. 11d. per head or about

11½ 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 513 figures showing the aggregate debts of the States including these local and semi-governmental bodies are given for the year 1932-33.

3. *Place of Flotation of Loans.*—As pointed out previously, the early loans, usually for comparatively small amounts, were raised locally, but, with the increasing demand for loan funds and the more favourable terms offering in the London market, the practice of raising loans in London came into vogue, and for many years local flotations, except for short terms or small amounts, were comparatively infrequent. In more recent years, however, the accumulating stocks of money in Australia seeking investment have led to the placing of various redemption and other loans locally, with very satisfactory results. Moreover, loans have been placed in New York on account of all States. The following table gives particulars of loans outstanding on the 30th June, 1934, which had been floated abroad and in Australia respectively:—

STATE PUBLIC DEBTS, 30th JUNE, 1934.—PLACE OF FLOTATION OF LOANS.

State.	Floated Abroad.			Floated in Australia.	Grand Total.
	London.	New York.	Total Overseas.		
	£ Stg.	£ (b)	£ (a)	£ Aust.	£ (a)
New South Wales	161,680,120	13,346,142	175,026,262	149,580,606	324,606,868
Victoria ..	63,250,904	4,592,459	67,843,363	105,128,426	172,971,789
Queensland ..	63,211,358	7,233,659	70,445,017	47,372,336	117,817,353
South Australia	43,565,157	1,770,656	45,335,813	59,278,479	104,614,292
Western Australia	44,521,246	2,060,372	46,581,618	39,266,184	85,847,802
Tasmania ..	13,563,537	233,556	13,797,093	9,852,825	23,649,918
Total ..	389,792,322	29,236,844	419,029,166	410,478,856	829,508,022

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
	(Stg.)	(b)	(a)	(Aust.)	(a)
New South Wales	61 13 4	5 1 10	66 15 2	57 1 0	123 16 2
Victoria ..	34 11 5	2 10 2	37 1 7	57 9 2	94 10 9
Queensland ..	65 19 8	7 11 0	73 10 8	49 9 0	122 19 8
South Australia..	74 13 9	3 0 8	77 14 5	101 12 6	179 6 11
Western Australia	100 14 0	4 13 2	105 7 2	88 16 3	194 3 5
Tasmania ..	59 10 0	1 0 6	60 10 6	43 4 5	103 14 11
Total ..	58 10 0	4 7 9	62 17 9	61 12 2	124 9 11

(a) Total "face" or "book" value of the debt of each State without adjustment on account of currency changes since the loans were floated. (b) See note (c) page 470.

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 508.

4. *Rates of Interest.*—(i) *At 30th June, 1934.* As mentioned previously, the highest rate of interest paid for the earliest State loans was 5¼d. per £100 per diem, or, approximately, 8 per cent. per annum. At present the rates vary from 7 per cent. to 2 per cent., twenty-eight separate rates being involved. The average rate payable on the aggregate indebtedness is £3 18s. 9d. per cent. For the separate States the average varies, being lowest for Tasmania 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, 1934, 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 on page 470.

STATE PUBLIC DEBTS.

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The totals given represent the total "face" or "book" value of the debts of each State 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.—RATES OF INTEREST PAYABLE AT 30th JUNE, 1934.

Rate of Interest.	Place of Maturity.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	All States.
7.0	New York	£	£	£	£	£	£	£
6.0	New York	..	..	2,054,865	..	..	..	2,054,865
5.25	London	17,870,500	..	..	..	..	..	17,870,500
5.0375	Australia	3,035	..	2,794,020	8,000	250,000	268,740	3,323,795
5.0	London	38,751,516	16,316,074	39,219,645	14,709,099	18,779,352	1,438,987	129,214,673
5.0	New York	9,453,509	3,779,904	2,242,084	1,770,656	2,060,372	233,556	19,540,081
4.75	London	..	5,999,000	..	..	..	..	5,999,000
4.65	Australia	577,910	..	..	2,030,200	1,267,973	200,000	4,076,083
4.5	London	10,954,600	..	..	..	2,631,165	..	13,585,765
4.5	New York	3,892,633	812,555	1,093,188	..	..	..	5,798,376
4.45625	Australia	18,837	3,117,450	..	..	..	..	3,136,287
4.2625	Australia	12,928,919	212,352	2,186,120	942,072	62,797	..	16,332,260
4.25	London	..	..	..	..	..	137,750	137,750
4.06875	Australia	11,496,140	2,488,740	..	2,580,000	750,198	35,850	17,350,928
4.0	Australia	63,184,580	57,424,293	15,668,738	37,039,403	18,356,095	7,556,349	199,829,458
4.0	London	29,241,932	2,962,116	8,000,000	9,042,022	7,680,385	3,800,000	60,726,454
3.875	Australia	134,600	10,456,169	1,630,048	2,688,325	1,913,809	137,030	16,959,981
3.75	Australia	13,092,480	14,558,415	2,292,788	2,822,900	3,276,100	441,940	36,484,623
3.75	London	7,772,632	6,887,649	1,988,300	6,227,700	1,938,601	1,091,000	25,905,882
3.625	Australia	..	877,000	..	..	277,930	27,200	1,182,130
3.5	Australia	4,434,450	3,059,495	1,406,816	1,382,440	1,793,869	75,050	12,152,120
3.5	London	34,547,401	19,957,995	9,737,000	7,337,112	7,627,825	6,156,500	85,363,833
3.4875	Australia	63,400	500	6,397,816	83,050	..	167,060	8,477,384
3.29375	Australia	..	..	..	..	..	2,000	2,000
3.25	Australia	6,114,200	2,426,175	793,830	500,000	1,964,970	125,090	11,924,265
3.1	Australia	483,211	691,149	5,424,115	2,150	1,566,000	225,813	8,392,438
3.0	Australia	6,000,134	3,146,759	5,475,280	..	232,700	286,703	18,880,356
3.0	London	14,485,113	6,141,546	4,266,413	2,433,499	3,300,104	448,300	31,074,975
2.90625	Australia	307,200	220,000	5,100	30,251	..	..	562,551
2.7125	Australia	291,421	446,845	352,915	207,457	78,185	..	1,376,823
2.5	London	8,047,776	4,986,524	..	2,815,726	2,563,814	..	18,413,840
2.325	Australia	659,974	778,084	54,750	373,451	..	..	1,866,259
2.25	Australia	29,190,000	5,225,000	2,890,000	5,150,000	5,710,000	304,000	48,469,000
2.0	London	..	..	..	1,000,000	..	491,000	1,491,000
Overdue and unconverted	Australia	115	..	..	..	..	..	115
Overdue and unconverted	London	8,650	..	..	..	..	..	8,650
Total Debt	Australia	149,580,606	105,128,426	47,372,336	59,278,479	39,266,184	9,852,825	410,478,856
Total Debt	London	161,680,120	63,250,904	63,211,358	43,565,157	44,521,246	13,563,537	389,792,322
Total Debt	New York	13,346,142	4,592,459	7,233,659	1,770,656	2,060,372	233,556	29,236,844
Total Debt	Total	324,606,868	172,971,789	117,817,353	104,614,292	85,847,802	23,649,918	829,508,022
Total Interest	Australia	5,328,342	3,985,058	1,716,410	2,239,370	1,420,432	384,445	15,074,057
Total Interest	London(a)	6,674,792	2,484,967	2,824,330	1,750,872	1,867,356	509,463	16,111,780
Total Interest	New York	647,845	225,561	413,635	88,533	103,018	11,678	1,490,270
Total Interest	Total	12,650,979	6,695,586	4,954,375	4,078,775	3,390,806	905,586	32,676,107
Average Rate of Interest payable	Australia	£ 8. d.	£ 8. d.	£ 8. d.	£ 8. d.	£ 8. d.	£ 8. d.	£ 8. d.
Average Rate of Interest payable	London	3 11 3	3 15 10	3 12 6	3 15 7	3 12 4	3 18 0	3 13 5
Average Rate of Interest payable	London	4 2 7	3 18 7	4 9 4	4 0 5	4 3 11	3 15 1	4 2 8
Average Rate of Interest payable	New York	4 17 1	4 18 3	5 14 4	5 0 0	5 0 0	5 0 0	5 1 11
Average Rate of Interest payable	Total	3 17 11	3 17 5	4 4 1	3 18 0	3 19 0	3 16 7	3 18 9

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

The average rate of interest payable shows a very substantial decrease due to the internal debt conversion in July and August, 1931, which is referred to in the Appendix. The average rate for debt maturing in Australia has been reduced from £5 4s. 9d. per cent. in 1931 to £3 13s. 5d. per cent. in 1934. 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 prior to 30th June, 1934, fell to £4 2s. 8d., while for New York loans it fell from £5 2s. 6d. per cent. in 1931 to £5 1s. 11d. in 1934.

(ii) *Variations from 1901 to 1934.*—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.	1932.	1933.	1934.
	%	%	%	%	%	%	%
Not exceeding 3 per cent.	18.0	17.9	10.2	5.3	6.6	14.4	14.7
Exceeding 3 per cent. but not exceeding 4 per cent. ..	78.5	81.9	45.4	17.2	48.2	47.4	56.4
Exceeding 4 per cent. but not exceeding 5 per cent. ..	3.1	0.1	15.6	36.8	34.3	30.5	25.9
Exceeding 5 per cent. but not exceeding 6 per cent. ..	0.4	0.1	23.5	38.4	9.2	7.5	2.8
Exceeding 6 per cent. ..	..	..	5.3	2.3	1.7	0.2	0.2
Total ..	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average Rate ..	3.7	3.6	4.4	4.9	4.3	4.1	3.9

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 “not fixed.” Those terminable at “Treasurer’s option” include amounts which are payable by the respective Governments after giving a specified notice, and those “not fixed” 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, several States adopted the practice of specifying a period prior to the date of maturity within which the Government, on giving twelve, or in some cases six months’ notice, has the option of redeeming the loan. The Government can, therefore, take advantage of opportunities that may offer during the period for favourable renewals. Particulars concerning the due dates of the State loans outstanding on the 30th June, 1934, are given in the following table, the various maturities being grouped according to years ending 30th June.

Where the Government has the option of redemption during a specified period the loan is classified according to the latest date of maturity.

STATE PUBLIC DEBTS.—LATEST DATE OF MATURITY OF AMOUNT
OUTSTANDING ON 30th JUNE, 1934.

Year of Maturity (Ended 30th June).	Maturing in London.	Maturing in New York.	Total Maturing Overseas.	Maturing in Australia.	Grand Total.
	£ Stg.	£ (b)	£ (a)	£ Aust.	£ (a)
1935	31,002,917	..	31,002,917	71,282,165	102,285,082
1936	14,162,201	..	14,162,201	8,449,377	22,611,578
1937	2,593,833	..	2,593,833	10,347,174	12,941,007
1938	23,770,923	..	23,770,923	4,041,472	27,812,395
1939	2,358,276	..	2,358,276	46,993,657	49,351,933
1940	5,604,800	..	5,604,800	1,653,713	7,258,513
1941 .. .. .	..	..	..	5,288,486	5,288,486
1942 .. .. .	..	1,843,522	1,843,522	50,681,340	52,524,862
1943 .. .. .	..	..	..	27,869,047	27,869,047
1944 .. .. .	..	..	..	10,664,250	10,664,250
1945	12,759,046	..	12,759,046	23,747,303	36,506,349
1946	12,004,468	..	12,004,468	16,500	12,020,968
1947	5,684,213	2,054,865	7,739,078	1,287,928	9,027,006
1948 .. .. .	..	..	..	13,819,284	13,819,284
1949	38,683,687	..	38,683,687	12,079,830	50,763,517
1950	6,082,195	..	6,082,195	932,829	7,015,024
1951	20,579,928	..	20,579,928	13,675,307	34,255,235
1952 .. .. .	..	..	..	554,186	554,186
1953 .. .. .	..	..	..	491,718	491,718
1954	5,951,225	..	5,951,225	12,898,151	18,849,376
1955	3,250,204	..	3,250,204	778,078	4,028,282
1956	21,657,000	10,673,379	32,330,379	12,164,941	44,495,320
1957 .. .. .	..	4,719,100	4,719,100	346,685	5,065,785
1958	17,870,500	9,945,978	27,816,478	11,837,193	39,653,671
1959	21,636,550	..	21,636,550	384,082	22,020,632
1960	3,850,724	..	3,850,724	11,617,872	15,468,596
1961	29,152,134	..	29,152,134	..	29,152,134
1962	4,964,083	..	4,964,083	11,384,315	16,348,398
1963	10,392,396	..	10,392,396	106,804	10,499,200
1964 .. .. .	..	..	..	1,566,000	1,566,000
1966	16,761,165	..	16,761,165	..	16,761,165
1970	1,970,300	..	1,970,300	..	1,970,300
1971	9,322,446	..	9,322,446	..	9,322,446
1976	65,283,759	..	65,283,759	50,064	65,333,823
Overdue	8,650	..	8,650	115	8,765
Interminable	1,200	..	1,200	462,089	463,289
Treasurer's Option	2,433,499	..	2,433,499	6,568,232	9,001,731
Half-yearly Drawings .. .. .	..	..	..	4,923,886	4,923,886
Not fixed .. .. .	..	..	..	31,514,783	31,514,783
Total	389,792,322	29,236,844	419,029,166	410,478,856	829,508,022

(a) Total "face" or "book" value of the Public Debt of the States without adjustment on account of currency changes since the loans were floated. (b) See note on page 470.

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 State had established sinking funds in connexion with each of its loans the contributions to which varied from 1 per cent. to 3 per cent. per annum of the nominal amount of the loan. The funds are placed with trustees in London, by whom they are invested in securities, and applied from time to time to the redemption of loans falling due. In the other States the sinking fund provision varies, consisting in certain instances of the revenues from specified sources, in others of the Consolidated Revenue Fund surplus, and in others again of fixed annual amounts. The *Financial Agreement Act 1928* contains provisions for the establishment of a sinking fund

on States' debts, and details are included in Part III., Section 3 of the Financial Agreement between the Commonwealth and States which is shown in Chapter I., pages 21 to 33, of this volume. Details of the transactions of the National Debt Sinking Fund (States' Account) are given in Finance Bulletin No. 25 issued by this Bureau.

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 1933-34, 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.
	£	£	£
1930	75,137,161	106,876,206	182,013,367
1931	67,882,839	98,472,363	166,355,202
1932	70,139,488	94,924,960	165,064,448
1933	72,143,014	99,032,638	171,175,652
1934	72,597,082	95,589,547	168,186,629

(a) Excluding Interest on Loans to States for Soldier Land Settlement, Miscellaneous Loans, and Balance of Interest on States' Debts. (b) Excluding Payments by Commonwealth Government under "Surplus Revenue", "Special Grants", "Financial Agreement", and "Federal Aid Roads" Acts.

COMMONWEALTH AND STATES.—EXPENDITURE.

Year ended 30th June—	Expenditure by Commonwealth Government.(a)	Expenditure by State Governments.	Total.
	£	£	£
1930	68,113,252	124,249,070	192,362,322
1931	68,585,546	124,055,452	192,640,998
1932	61,004,576	124,863,082	185,867,658
1933	(b) 59,181,802	116,402,102	175,583,904
1934	(b) 61,580,600	112,298,761	173,879,361

(a) Excluding Payments to States and Interest on States' Debts, etc. (b) Payments to States by Commonwealth for relief of Wheat-growers not deducted.

2. **Taxation.**—The table hereunder shows the combined Commonwealth and State taxation for each of the years 1929-30 to 1933-34, 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.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	£	£	£	£	£
Commonwealth—					
Customs and Excise ..	41,774,391	28,295,073	28,405,796	32,992,443	34,254,842
Other	16,413,384	22,125,033	25,553,246	23,153,593	22,153,886
Total	58,187,775	50,420,106	53,959,042	56,146,036	56,408,728
State	33,896,926	35,833,562	32,748,528	37,325,609	34,401,001
Grand Total ..	92,084,701	86,253,668	86,707,570	93,471,645	90,809,729
Taxation per head (b)—					
Commonwealth—	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Customs and Excise ..	6 9 11	4 7 1	4 6 8	4 19 11	5 2 11
Other	2 11 0	3 8 1	3 18 0	3 10 1	3 6 7
Total	9 0 11	7 15 2	8 4 8	8 10 0	8 9 6
State	5 5 7	5 10 6	5 0 2	5 13 3	5 3 7
Grand Total ..	14 6 4	13 5 6	13 4 8	14 3 1	13 12 11

(a) Includes Sales Tax, £3,472,854 (10s. 8d. per head) in 1930-31; £8,425,067 (£1 5s. 9d. per head) in 1931-32; £9,369,276 (£1 8s. 5d. per head) in 1932-33; and £8,695,689 (£1 6s. 2d. per head) in 1933-34 and Flour Tax, £1,253,957 (3s. 9d. per head) in 1933-34. (b) Based on mean population of each financial year; that for States, on the aggregate mean population of the six States.

3. *Public Debt.*—(i) *General.* The table hereunder shows the public debt of the Commonwealth and of the States at the 30th June in each of the years 1930 to 1934. 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 STATES' PUBLIC DEBTS.

Particulars.	Where Redeemable.	At 30th June—				
		1930.	1931.	1932.	1933.	1934.
		£ (a)	£ (a)	£ (a)	£ (a)	£ (a)
Commonwealth	Aust. . .	212,653,279	221,721,804	222,992,803	221,274,296	218,806,160
	London	150,746,148	157,438,806	158,775,930	158,642,224	157,533,140
	New York	17,155,718	17,155,718	17,115,997	16,889,983	16,711,476
	Total (b)	380,555,145	396,316,328	398,884,730	396,806,503	393,050,776
States	Aust. . .	314,315,385	335,178,302	363,227,126	386,113,942	410,478,356
	London	375,039,685	394,105,816	395,752,485	392,156,801	389,792,322
	New York	30,686,983	30,435,672	29,963,527	29,580,787	29,236,844
	Total (b)	720,042,053	759,719,790	788,943,138	807,851,620	829,508,022
Total, Commonwealth and States	Aust. . .	526,968,664	556,900,106	586,219,929	607,388,238	629,285,016
	London	525,785,833	551,544,622	554,528,415	550,799,115	547,325,462
	New York	47,842,701	47,591,390	47,079,524	46,470,770	45,948,320
	Grand Total(b)	1,100,597,198	1,156,036,118	1,187,827,868	1,204,658,123	1,222,558,798

(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 (c) on page 470.

(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, 1934, the amounts of Commonwealth and States' securities maturing in Australia and overseas according to year of maturity, together with the amount of interest payable yearly thereon. It should be noted that the year of maturity is given for fiscal years ended 30th June and for that reason the information is not directly comparable with statements published in issues of the Official Year Book prior to No. 24. Debts with optional dates of maturity, representing about 75 per cent. of the total overseas obligations, have been grouped according to the latest year of maturity.

COMMONWEALTH AND STATES' PUBLIC DEBTS, 30th JUNE, 1934.—
DATES OF MATURITY.

Year of Maturity.	Commonwealth and States' Debts.				Annual Interest Payable at 30th June, 1934, in respect of Commonwealth and States' Debts Maturing in the Years stated.			
	Maturing in Australia.	Maturing in London.	Maturing in New York.	Total.	Interest Payable.			
					In Australia.	In London.	In New York.	Total.
	£ (Aust.)	£ (Stg.)	£ (c)	£ (a)	£ (Aust.)	£ (Stg.)	£ (c)	£ (b)
1934-35	85,524,295	41,306,128	..	126,830,423	2,390,259	1,114,137	..	3,504,396
1935-36	8,987,588	14,735,928	..	23,723,516	385,542	466,636	..	852,178
1936-37	10,646,504	2,965,639	..	13,612,143	409,427	100,810	..	510,237
1937-38	4,189,058	23,770,923	..	27,959,981	153,349	831,982	..	985,331
1938-39	89,263,833	2,517,799	..	91,781,632	3,493,998	88,123	..	3,582,121
1939-40	2,086,151	5,604,800	..	7,690,951	80,146	198,927	..	279,073
1940-41	5,663,136	..	..	5,663,136	195,050	..	..	195,050
1941-42	84,331,620	..	1,843,522	86,175,142	3,379,719	..	129,047	3,508,766
1942-43	32,128,047	..	..	32,128,047	1,224,175	..	..	1,224,175
1943-44	11,907,870	..	..	11,907,870	428,795	..	..	428,795
1944-45	51,384,841	30,113,863	..	81,498,704	1,969,696	1,445,918	..	3,415,614
1945-46	16,500	12,004,468	..	12,020,968	453	545,451	..	545,904
1946-47	1,287,928	5,684,213	2,054,865	9,027,006	48,792	177,615	123,292	349,699
1947-48	38,623,141	..	..	38,623,141	1,534,148	..	..	1,534,148
1948-49	13,112,280	38,683,687	..	52,095,967	438,685	1,454,885	..	1,893,570
1949-50	932,829	6,082,195	..	7,015,024	31,640	212,877	..	244,517
1950-51	30,293,178	20,579,928	..	50,873,106	1,204,676	764,297	..	1,968,973
1951-52	554,186	..	..	554,186	19,327	..	..	19,327
1952-53	491,718	..	..	491,718	17,149	..	..	17,149
1953-54	28,855,491	19,841,225	..	48,696,716	1,149,880	744,046	..	1,893,926
1954-55	778,078	3,250,204	..	4,028,282	30,140	113,757	..	143,897
1955-56	27,988,669	21,657,000	24,948,833	74,594,502	1,119,164	1,082,850	1,197,522	3,399,536
1956-57	346,685	..	4,719,100	5,065,785	13,867	..	235,955	249,822
1957-58	27,211,529	17,870,500	12,382,000	57,464,029	1,087,701	938,201	619,100	2,645,002
1958-59	384,082	21,636,550	..	22,020,632	13,443	757,279	..	770,722
1959-60	26,957,974	3,850,724	..	30,808,698	1,078,247	151,807	..	1,230,054
1960-61 .. .. .	..	35,152,134	..	35,152,134	..	1,672,895	..	1,672,895
1961-62	26,204,140	4,964,083	..	31,258,223	1,051,766	198,563	..	1,250,329
1962-63	106,804	10,392,396	..	10,499,200	3,311	415,696	..	419,007
1963-64	1,566,000	..	..	1,566,000	48,546	..	..	48,546
1964-65 .. .. .	..	..	..	..	..	..	..	..
1965-66 .. .. .	..	16,761,165	..	16,761,165	..	824,903	..	824,903
1966-67 .. .. .	..	..	..	..	..	..	..	..
1967-68 .. .. .	..	..	..	..	..	..	..	..
1968-69 .. .. .	..	..	..	..	..	..	..	..
1969-70 .. .. .	..	1,970,300	..	1,970,300	..	68,961	..	68,961
1970-71 .. .. .	..	9,322,446	..	9,322,446	..	372,898	..	372,898
1971-72 .. .. .	..	..	..	..	..	..	..	..
1972-73 .. .. .	..	..	..	..	..	..	..	..
1973-74 .. .. .	..	..	..	..	..	..	..	..
1974-75 .. .. .	..	..	..	..	..	..	..	..
1975-76	50,064	94,439,567	..	94,489,631	1,552	4,721,978	..	4,723,530
Overdue	(d) 89,176	8,650	..	97,826	1,225	..	..	1,225
Interminable	462,089	1,200	..	463,289	15,217	60	..	15,277
Treasurers' Option	6,601,467	2,433,527	..	9,034,994	190,343	73,006	..	263,349
Half-yearly Drawings	5,163,222	..	..	5,163,222	173,179	..	..	173,179
Annual Repayments .. .. .	..	79,724,220	..	79,724,220	..	3,919,776	..	3,919,776
Transferred Properties	111,125	..	..	111,125	3,890	..	..	3,890
Indefinite	4,593,718	..	..	4,593,718	149,890	..	..	149,890
Total	629,285,016	547,325,462	45,948,320	1,222,558,798	23,536,387	23,458,334	2,304,916	49,209,637

(a) The total "face" or "book" value of the Public Debt without adjustment on account of currency changes since the loans were floated. (b) Nominal amount of interest payable taking no account of exchange.
(c) See note (c) on page 470. (d) Includes £30,630 unconverted.

(iii) *Rates of Interest, 30th June, 1934.* The amount of Commonwealth and States' Public Debt at each rate of interest (internal and external debt shown separately) is given in the following table :—

COMMONWEALTH AND STATES' PUBLIC DEBTS, 30th JUNE, 1934.—AMOUNT AT EACH RATE OF INTEREST.

Rate of Interest.	Commonwealth and States' Debt maturing—			
	In Australia.	In London.	In New York.	Total.
%	£ (Aust.)	£ (Stg.)	£ (c)	£ (b)
2 .. ..	..	2,491,000	..	2,491,000
2.25	61,769,000	..	..	61,769,000
2.325	1,866,259	..	..	1,866,259
2.5 .. ..	..	27,634,000	..	27,634,000
2.7125	1,378,831	..	..	1,378,831
2.90625	563,755	..	..	563,755
3	22,397,439	31,075,002	..	53,472,441
3.1	8,392,438	..	..	8,392,438
3.25	12,816,795	..	..	12,816,795
3.29375	2,000	..	..	2,000
3.4875	8,477,384	..	..	8,477,384
3.5	13,506,865	85,895,162	..	99,402,027
3.625	1,182,130	..	..	1,182,130
3.75	38,475,193	39,795,882	..	78,271,075
3.875	25,407,503	..	..	25,407,503
4	409,377,396	61,383,233	..	470,760,629
4.06875	21,711,948	..	..	21,711,948
4.25	94,859	137,750	..	232,609
4.2625	17,351,147	..	..	17,351,147
4.45625	3,220,937	..	..	3,220,937
4.5 .. ..	..	13,585,765	9,983,971	23,569,736
4.65	4,998,333	..	..	4,998,333
4.75 .. ..	..	11,999,000	..	11,999,000
4.91667 .. ..	..	79,724,220	..	79,724,220
5	9,092	175,725,298	32,065,962	207,800,352
5.0375	3,323,795	..	..	3,323,795
5.25 .. ..	..	17,870,500	..	17,870,500
6 .. ..	..	..	2,054,865	2,054,865
7 .. ..	..	..	1,843,522	1,843,522
Overdue	(a)58,546	8,650	..	67,196
Deduct Loans to States for Soldier Land Settlement	— 27,096,629	..	..	— 27,096,629
Total	629,285,016	547,325,462	45,948,320	1,222,558,798
Average Rate of Interest	£ s. d. 3 14 10	£ s. d. 4 5 9	£ s. d. 5 0 4	£ s. d. 4 0 8

(a) Excludes unconverted securities. (b) Total "face" or "book" value of the Public Debt without adjustment on account of currency changes since the loans were floated. (c) See note on page 470.

(iv) *Interest Payable.* The table hereunder shows the interest payable on the public debt of the Commonwealth and of the States at the 30th June in each of the years 1930 to 1934.

COMMONWEALTH AND STATES' PUBLIC DEBTS, INTEREST PAYABLE.

Particulars.	Where Payable.	At 30th June.				
		1930.	1931.	1932.	1933.	1934.
		£ (a)	£ (a)	£ (a)	£ (a)	£ (a)
Commonwealth ..	Australia ..	11,374,060	12,190,243	8,809,205	8,597,257	8,462,330
	London ..	7,591,389	7,787,343	7,858,150	7,725,633	7,346,554
	New York ..	836,109	836,109	834,133	823,249	814,646
	Total (b) ..	19,801,558	20,813,695	17,501,488	17,146,139	16,623,530
States	Australia ..	16,395,263	17,551,862	14,271,278	14,500,728	15,074,057
	London (c) ..	17,594,511	18,244,281	18,442,628	17,279,585	16,111,780
	New York ..	1,574,789	1,559,597	1,531,720	1,509,006	1,490,270
	Total (b) ..	35,564,563	37,355,740	34,245,626	33,289,319	32,676,107
Total Commonwealth and States	Australia ..	27,769,323	29,742,105	23,080,483	23,097,985	23,536,387
	London ..	25,185,900	26,031,624	26,300,778	25,005,218	23,458,334
	New York ..	2,410,898	2,395,706	2,365,853	2,332,255	2,304,916
	Total (b) ..	55,366,121	58,169,435	51,747,114	50,435,458	49,299,637
Average Rate per cent.	Australia ..	£ s. d. 5 5 5	£ s. d. 5 6 10	£ s. d. 3 18 9	£ s. d. 3 16 1	£ s. d. 3 14 10
	London ..	4 15 10	4 14 5	4 14 11	4 10 10	4 5 9
	New York ..	5 0 9	5 0 8	5 0 6	5 0 5	5 0 4
	Total (b) ..	5 0 7	5 0 8	4 7 1	4 3 9	4 0 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 (c) on page 470.

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

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

The average rate of interest payable on debt maturing in Australia rose from £3 10s. 1d. per cent. in 1912 to £4 16s. 7d. per cent. in 1922 and reached the maximum rate of £5 6s. 10d. per cent. in 1931. The National Debt Conversion Loan of 1931-32, which was designed to reduce the interest payable on all internal loans by 22½ per cent., resulted in a decrease of £1 8s. 1d. per cent. to £3 18s. 9d. per cent., which rate is slightly above that ruling in 1917. The rate was further reduced by 3s. 11d. to £3 14s. 10d. during the next two years owing principally to the reductions in the rate for Treasury Bills in Australia particulars of which are given on page 512. There was little variation in the rate of interest payable on overseas loans for several years, but the series of conversion loans in London (referred to on page 468) was responsible for the drop of about nine shillings between 1931-32 and 1933-34. The maximum benefit of these conversions will not take effect until the year 1934-35.

(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, 1930, to 30th June, 1935, are given in the following table:—

COMMONWEALTH AND STATES.—SHORT TERM DEBT.(a)

Date.	Maturing in London.			Maturing in Australia.		
	Common-wealth.	States.	Total.	Common-wealth.	States.	Total.
	£'000 Stg.	£'000 Stg.	£'000 Stg.	£'000 Aust.	£'000 Aust.	£'000 Aust.
30th June, 1930 ..	175	4,825	5,000	..	2,300	2,300
30th June, 1931 ..	8,808	24,267	33,075	5,066	15,554	20,620
30th September, 1931	10,220	27,855	38,075	6,525	24,700	31,225
31st December, 1931	10,220	27,605	37,825	8,225	31,535	39,760
31st March, 1932 ..	10,220	27,355	37,575	(b) 9,224	34,201	43,425
30th June, 1932 ..	10,220	27,105	37,325	6,330	38,660	44,990
30th September, 1932	10,220	24,155	34,375	3,940	47,285	51,225
31st December, 1932	10,220	24,155	34,375	2,085	48,760	50,845
31st March, 1933 ..	10,220	24,155	34,375	2,815	49,030	51,845
30th June, 1933 ..	10,220	23,905	34,125	3,500	45,375	48,875
30th September, 1933	10,220	23,905	34,125	..	50,700	50,700
31st December, 1933	10,220	23,655	33,875	..	50,820	50,820
31st March, 1934 ..	10,220	23,405	33,625	..	51,250	51,250
30th June, 1934 ..	10,220	23,405	33,625	..	48,469	48,469
30th September, 1934	10,220	23,405	33,625	..	51,033	51,033
31st December, 1934	10,220	23,405	33,625	..	51,068	51,068
31st March, 1935 ..	10,220	23,405	33,625	..	48,888	48,888
30th June, 1935 ..	10,220	23,405	33,625	..	45,124	45,124

(a) Exclusive of overdrafts.

(b) Excludes £1,796,000 on account of New South Wales.

The foregoing figures do not include overdrafts. At the 30th June, 1930, approximately £29,000,000 of London unfunded debt was on account of overdrafts. This amount was covered by the issue of Treasury Bills and Debentures during 1930-31, and at the 30th June, 1931, London overdrafts amounted to £5,000,000.

(b) *Interest rates. (i) London.* The rates of interest payable on Treasury Bills and Debentures in London during the period 1929-30 to 1933-34 were as follow:—

Year.			Minimum Rate.	Maximum Rate.
1929-30 ..	..	..	% 5 $\frac{3}{8}$	% £6 2s. 8d.
1930-31 ..	..	..	3	5
1931-32 ..	..	..	3	6 $\frac{1}{2}$
1932-33 ..	..	..	2	4 $\frac{1}{2}$
1933-34 ..	..	..	2	3

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

- 5 $\frac{1}{2}$ per cent. from 10th October, 1929.
- 6 per cent. from 1st October, 1930.
- 4 per cent. from 31st July, 1931.
- 3 $\frac{1}{2}$ per cent. from 27th October, 1932.
- 3 $\frac{1}{4}$ per cent. from 21st January, 1933.
- 2 $\frac{3}{4}$ per cent. from 18th February, 1933.
- 2 $\frac{1}{2}$ per cent. from 1st June, 1933.
- 2 $\frac{1}{4}$ per cent. from 1st April, 1934.
- 2 per cent. from 15th October, 1934.
- 1 $\frac{1}{2}$ per cent. from 1st January, 1935.

(vi) *Debts of States and Municipal and Semi-Governmental Bodies.* For the reasons indicated in paragraph 2, Division II. § 4 (page 502) direct comparisons of the debts of the several States should be made with caution. The table following shows for 1932-33 particulars of the debts of the States and the debts due to the Public Creditor by Municipal and Semi-Governmental bodies. This affords a more reliable comparison, but as complete records are not available for a long period, particulars showing comparisons of the growth of the debt cannot be made.

**PUBLIC DEBT—STATES, MUNICIPAL AND SEMI-GOVERNMENTAL BODIES,
1932-33.**

State.	Debts of the States. (a)	Due to Public Creditor (b)		Grand Total.
		Municipal.	Semi-Governmental Bodies.	
	£'000.	£'000.	£'000.	£'000.
New South Wales	314,068	35,202	7,343	356,613
Victoria	169,238	12,105	37,542	218,885
Queensland	114,531	14,634	667	129,832
South Australia	102,902	798	1,372	105,072
Western Australia	83,515	3,206	79	86,800
Tasmania	23,598	2,717	53	26,368
Total, All States	807,852	68,662	47,056	923,570

DEBT PER HEAD OF POPULATION.

	£	£	£	£
New South Wales	120.8	13.5	2.8	137.1
Victoria	93.0	6.6	20.6	120.2
Queensland	120.9	15.4	0.7	137.0
South Australia	177.1	1.4	2.4	180.9
Western Australia	190.2	7.3	0.2	197.7
Tasmania	103.7	11.9	0.2	115.8
Total, All States	122.1	10.4	7.1	139.6

(a) Includes amounts due by Municipal and Semi-Governmental bodies. (b) Excluding debts due to Central Government.

4. **The Australian Loan Council.**—The Australian Loan Council was created during 1923-24 as the result of representations made by the Commonwealth Government, and had for its object the prevention of competition in the loan market. Until July, 1925, the Council consisted of representatives (usually the Treasurers) of the Commonwealth and of each of the States; in August of that year the representative of New South Wales withdrew from the Council, but rejoined at the end of 1927.

Prior to the passing of the *Financial Agreement Validation Act (No. 4, 1929)*, assented to on 18th March, 1929, the Australian Loan Council functioned on a purely voluntary basis. The Act referred to embodies the agreement between the Commonwealth and State Governments, and invests the Loan Council with full constitutional authority. Details of the constitution of the Loan Council are included in Part I., section 3 of the *Financial Agreement* and may be found in Chapter I. pp., 23-25 of this volume.

The present objects and powers of the Loan Council as a constitutional body are set out in the *Financial Agreement Act*.