

CHAPTER XVII. PUBLIC FINANCE.

A.—GENERAL.

In early issues of the Official Year Book the plan was adopted of including a single Chapter under the general heading of "Finance". 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".

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

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 Commonwealth Constitution. Two other sections which have a most important bearing on questions of Commonwealth finance are Sections 69 and 51.

Section 69 provides for the transfer to the Commonwealth from the States of certain specified departments, and Section 51, in outlining the powers of the Commonwealth Parliament, implies the transfer or creation of various other departments. Section 87 deals with the financial relations between the Commonwealth and the States. These matters have been treated in previous issues of the Official Year Book and on p. 563 of this issue a *résumé* is given of the constitutional obligations upon the Commonwealth regarding payments to the States.

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

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

(ii) *Receipts, Expenditure, etc.* The following statement shows for the period 1925-26 to 1941-42 the receipts, expenditure and excess receipts or deficiency for the year, together with the accumulated result and the payments made from the excess receipts.

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

COMMONWEALTH CONSOLIDATED REVENUE : RECEIPTS, EXPENDITURE, ETC.

Year.	Receipts.	Expenditure.	Ordinary Transactions.		Payments from Excess Receipts.	Accumulated Result.	
			Excess Receipts.	Deficiency.		Excess Receipts.	Deficiency. (a)
	£	£	£	£	£	£	£
1925-26 ..	70,203,572	70,577,204	..	373,632	b2,450,000	285,897	..
1926-27 ..	75,544,382	72,908,785	2,635,597	..	(c)100,000	2,821,494	..
1927-28 ..	73,808,227	76,438,464	..	2,630,237	d2,320,000	..	2,628,743
1928-29 ..	74,894,799	77,253,774	..	2,358,975	..	..	4,987,718
1929-30 ..	77,143,389	78,614,392	..	1,471,003	..	..	6,458,721
1930-31 ..	69,566,920	80,324,539	..	e10,757,619	..	..	17,216,340
1931-32 ..	71,532,208	70,218,207	1,314,091	..	..	1,314,091	..
1932-33 ..	73,512,809	69,966,201	3,546,608	..	..	4,860,699	..
1933-34 ..	73,941,953	72,640,383	1,301,570	..	..	6,162,269	..
1934-35 ..	77,369,105	76,657,900	711,205	..	f6,160,000	713,474	..
1935-36 ..	82,203,341	78,635,621	3,567,720	..	(g)713,474	3,567,720	17,002,866
1936-37 ..	82,807,977	81,531,419	1,276,558	..	h3,567,720	1,276,558	15,935,146
1937-38 ..	89,458,154	85,963,421	3,494,733	..	h1,276,558	3,494,733	15,658,588
1938-39 ..	95,064,790	94,437,481	627,309	..	h3,494,733	627,309	15,658,588
1939-40 ..	111,913,784	108,985,409	2,928,375	..	(h)627,309	2,928,375	15,658,588
1940-41 ..	150,482,306	150,482,306	..	..	h2,928,375	..	15,658,588
1941-42 ..	210,040,969	210,040,969	..	..	..	..	15,658,588

(a) Met by temporary advance from loan fund. (b) Naval construction, £1,500,000; Main Roads, £750,000; Science and Industry investigations, £100,000; and prospecting for oil and precious metals, £100,000. (c) Prospecting for oil and precious metals. (d) 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. (e) Excludes Interest, etc., paid on behalf of New South Wales and not recovered at 30th June, 1931. (f) Defence equipment, £2,160,000 and Financial Assistance to States, £2,000,000. (g) Grants to States, £500,000 and Reduction of Deficit, £213,474. (h) See table following.

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

COMMONWEALTH CONSOLIDATED REVENUE : EXCESS RECEIPTS.

Particulars.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Accumulated balance	1,276,558	3,494,733	627,309	2,928,375	..
Excess receipts	3,494,733	627,309	2,928,375	..	..
Total for year	4,771,291	4,122,042	3,555,684	2,928,375	..
Expenditure from excess receipts—					
Grants to States .. ..	..	..	..	..	..
Defence equipment .. ..	..	3,494,733	627,309	2,928,375	..
Post Office works provision	1,000,000	..	..	..	..
Reduction of deficit	276,558	..	..	..	..
Total	1,276,558	3,494,733	627,309	2,928,375	..
Accumulated balance	3,494,733	627,309	2,928,375	..	..

The transactions of the Consolidated Revenue Fund during 1940-41 and 1941-42 resulted in balanced budgets, the whole of the revenue available after charging ordinary services having been applied for war purposes.

§ 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 to 83 of the Constitution.

Division II.—Revenue.

1. General.—The following table furnishes details of the revenue from each source and the amount per head of population under each of the main headings during the years 1937-38 to 1941-42 :—

COMMONWEALTH CONSOLIDATED REVENUE : SOURCES.

Source.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
Taxation	£ 69,048,485	£ 74,036,899	£ 90,010,663	£ 125,383,522	£ 179,435,345
Percentage of Total	77.2	77.9	80.4	83.3	85.5
Per head of population (a)	£10 1 2	£10 13 10	£12 17 4	£17 14 9	£25 2 10
Business Undertakings	17,188,881	17,892,221	18,485,141	19,975,434	23,386,460
Percentage of Total	19.2	18.8	16.5	13.3	11.1
Per head of population (a)	£2 10 1	£2 11 8	£2 12 10	£2 16 6	£3 5 6
Territories (b)	330,975	355,401	415,412	506,864	491,969
Percentage of Total	0.4	0.4	0.4	0.3	0.2
Per head of population (a)	£0 1 0	£0 1 0	£0 1 2	£0 1 5	£0 1 5
Other Revenue—					
Interest, etc. (c)	1,044,076	1,144,014	1,150,102	1,186,194	997,516
Coinage	362,705	127,764	180,458	752,471	867,889
Defence	29,244	151,208	166,880	303,640	834,800
Civil Aviation	5,556	5,745	11,171	137,951	185,355
Health	17,621	18,204	15,740	14,338	113,922
Patents, Trade Marks, etc.	61,435	67,914	61,982	57,150	55,037
Bankruptcy	36,441	30,770	35,817	32,318	24,877
Commerce and Marine—					
Wool Levy	77,523	74,396	84,361	84,279	85,934
Other	182,463	158,137	147,315	136,706	169,578
Net Profit on Australian Note Issue	839,883	766,730	985,993	1,461,839	1,658,141
Balance of Trust Accounts	10,940	..	..	31,476	1,600,459
Other	221,926	235,387	162,749	418,124	133,687
Total	2,889,813	2,780,269	3,002,568	4,616,486	6,727,195
Percentage of Total	3.2	2.9	2.7	3.1	3.2
Per head of population (a)	£0 8 5	£0 8 0	£0 8 7	£0 13 2	£0 18 10
Grand Total	89,458,154	95,064,790	111,913,784	150,482,306	210,040,969
Per head of population (a)	£13 0 8	£13 14 6	£15 19 11	£21 5 10	£29 8 7
Balance of Interest on States' Debts—recoverable from States	25,580,374	25,584,456	26,299,098	26,416,544	25,939,364

(a) Based on mean population of each financial year.
balance of Interest on States' Debts payable by States.

(b) Excludes Railways.

(c) Excludes

2. Taxation.—(i) Total Collections. (a) Amount. Collections under each heading for the years 1937-38 to 1941-42 are given below :—

COMMONWEALTH TAXATION : TOTAL COLLECTIONS.

Heading.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
Customs	£ 32,972,666	£ 31,160,462	£ 34,830,306	£ 29,409,666	£ 25,208,806
Excise	15,410,339	16,471,903	18,994,600	24,370,117	31,572,002
Sales Tax	8,023,886	9,308,334	12,196,175	19,792,680	26,830,085
Flour Tax	3,025	1,808,972	2,486,070	1,498,595	1,651,717
Land Tax	1,368,444	1,489,436	1,645,829	3,190,822	3,691,184
Income Tax (a)	9,398,503	11,882,440	16,430,313	43,305,239	77,563,926
Pay-roll Tax .. .. .	..	..	..	..	8,962,464
Gold Tax .. .. .	..	..	1,214,621	1,452,260	1,030,425
Estate Duty	1,872,654	1,915,352	2,212,690	2,364,133	2,845,005
Gift Duty .. .. .	..	..	..	..	79,731
Other	Dr. 1,032	..	59	10	..
Total Taxation	69,048,485	74,036,899	90,010,663	125,383,522	179,435,345
Percentage on Total Revenue	77.2	77.9	80.4	83.3	85.5

(a) Includes War-time (Company) and Super Taxes.

(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 :—

COMMONWEALTH TAXATION : PERCENTAGES ON TOTAL COLLECTIONS.

Heading.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	%	%	%	%	%
Customs	47.8	42.1	38.7	23.5	14.1
Excise	22.3	22.3	21.1	19.4	17.6
Sales Tax	11.6	12.6	13.5	15.8	14.9
Flour Tax .. .. .	..	2.4	2.8	1.2	0.9
Land Tax	2.0	2.0	1.8	2.5	2.1
Income Tax(a)	13.6	16.0	18.3	34.5	43.2
Pay-roll Tax .. .. .	..	..	..	..	5.0
Gold Tax .. .. .	..	..	1.3	1.2	0.6
Estate Duty	2.7	2.6	2.5	1.9	1.6
Gift Duty .. .. .	..	..	..	..	..
Other .. .. .	..	..	..	..	..
Total	100.0	100.0	100.0	100.0	100.0

(a) Includes War-time (Company) and Super Taxes.

(ii) *Customs Revenue.* (a) *Classified.* Particulars for the five years 1937-38 to 1941-42 are shown in the following table :—

COMMONWEALTH CUSTOMS REVENUE : CLASSIFICATION.

Classes.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Ales, spirits and beverages	1,174,494	1,165,503	1,449,899	963,841	885,404
Tobacco and manufactures thereof	3,243,490	3,256,496	3,379,971	4,030,766	4,864,164
Sugar	5,380	7,238	5,812	6,606	18,790
Agricultural products and groceries	1,268,440	1,365,938	1,465,400	1,149,380	848,417
Textiles and attire	3,169,485	2,801,103	3,217,479	2,050,028	2,166,798
Metals and machinery	2,762,044	2,385,882	2,161,144	1,256,736	1,479,055
Oils, paints, etc.	9,631,390	9,927,346	12,305,774	11,968,756	7,392,294
Earthenware, etc.	534,912	509,980	448,585	274,553	253,593
Drugs and chemicals	312,532	309,984	370,991	244,158	224,432
Wood, wicker and cane	779,677	739,057	649,237	323,732	190,165
Jewellery and fancy goods	522,365	480,916	586,270	441,463	399,316
Leather and rubber	497,950	477,163	504,682	362,804	382,187
Paper and stationery	488,716	453,548	435,677	182,870	116,254
Vehicles	2,696,560	2,061,762	1,555,746	439,729	605,865
Musical instruments	27,956	31,589	19,608	7,289	3,743
Miscellaneous articles	1,173,635	1,023,556	1,140,649	734,340	795,471
Primage	4,450,901	3,913,578	4,623,131	3,428,344	3,154,144
Special War Duty .. .. .	..	..	305,227	1,384,170	1,226,041
Other receipts	232,739	249,823	205,024	160,101	202,673
Total Customs Revenue	32,972,666	31,160,462	34,830,306	29,409,666	25,208,806

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

COMMONWEALTH CUSTOMS DUTIES : COLLECTIONS IN EACH STATE.

State.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
New South Wales (a)	14,831,986	14,070,130	15,228,153	12,637,757	11,351,335
Victoria	10,626,241	9,970,730	11,437,572	9,947,177	8,519,145
Queensland	2,955,788	2,977,792	3,419,454	2,842,785	2,376,466
South Australia (b) ..	2,332,090	2,090,020	2,447,372	2,049,622	1,480,456
Western Australia ..	1,814,435	1,653,906	1,843,192	1,471,149	1,130,366
Tasmania	412,126	397,884	454,563	461,176	351,038
Total	32,972,666	31,160,462	34,830,306	29,409,666	25,208,806

(a) Includes Australian Capital Territory.

(b) Includes Northern Territory.

(iii) *Excise Revenue.* (a) *Classified.* Particulars concerning the amount of Excise collected under each head during each of the five years ended 30th June, 1942, are given hereunder :—

COMMONWEALTH EXCISE REVENUE : CLASSIFICATION.

Particulars.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Beer	6,893,739	7,288,579	8,780,470	11,228,913	14,302,773
Spirits (a)	1,579,486	1,604,220	1,899,931	2,368,572	2,885,834
Tobacco	3,414,513	3,867,983	4,059,020	4,811,701	6,589,683
Cigars and cigarettes	2,177,784	2,418,723	2,597,292	2,993,641	4,638,931
Cigarette papers ..	468,659	530,868	545,057	689,128	805,323
Petrol	681,870	581,978	989,869	1,802,516	1,275,052
Matches	81,510	81,960	91,903	244,361	525,028
Playing cards	10,906	11,432	14,252	13,240	11,315
Miscellaneous	101,872	86,160	106,806	218,045	538,063
Total Excise Revenue	15,410,339	16,471,903	18,994,600	24,370,117	31,572,002

(a) Includes concentrated grape must.

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

COMMONWEALTH EXCISE REVENUE : COLLECTIONS IN EACH STATE.

State.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
New South Wales ..	7,373,723	6,940,301	8,479,925	11,022,450	14,484,548
Victoria	4,871,017	5,687,832	6,533,146	8,073,057	10,401,369
Queensland	1,394,390	1,538,042	1,548,510	1,974,004	2,412,356
South Australia (b) ..	717,676	1,018,148	1,029,912	1,494,473	2,117,125
Western Australia ..	972,131	1,103,481	1,186,165	1,532,825	1,837,957
Tasmania	171,402	184,099	216,942	273,248	318,047
Total	15,410,339	16,471,903	18,994,600	24,370,117	31,572,002

(a) Includes Australian Capital Territory, Dr. £148,765.

(b) Includes Northern Territory.

(iv) *Other Taxation.* (a) *Collections paid to Revenue.* The following statement shows particulars of the collections on account of taxes other than Customs and Excise during the last ten years. War-time (1939-42) Company and Super Tax, introduced during 1940-41, is included under the heading Income Tax. Owing to certain accounting technicalities the figures herein differ slightly from those on the following pages showing further particulars of the several taxes.

OTHER TAXATION COLLECTIONS : AUSTRALIA.

Year ended 30th June—	Land Tax.	Estate Duty.	Income Tax.	Pay-roll Tax.	Gold Tax.	Entertainments Tax.	Sales Tax.	Flour Tax.
	£	£	£	£	£	£	£	£
1933 ..	1,650,311	1,126,996	10,878,718	..	..	134,042	9,369,276	..
1934 ..	1,325,393	1,511,296	9,314,768	..	..	51,216	9,695,689	1,253,957
1935 ..	1,281,424	1,507,827	8,761,619	..	..	<i>Dr.</i> 599	8,554,076	798,354
1936 ..	1,326,991	1,472,860	8,775,562	..	..	13	9,432,483	1,150,724
1937 ..	1,435,465	1,792,600	8,556,014	..	..	107	8,008,427	<i>Dr.</i> 12,193
1938 ..	1,368,444	1,872,654	9,398,503	..	..	1	8,023,886	3,025
1939 ..	1,489,436	1,915,352	11,882,440	..	..	..	9,308,334	1,808,972
1940 ..	1,645,829	2,212,690	16,430,313	..	1,214,621	59	12,196,175	2,486,070
1941 ..	3,190,822	2,364,133	43,305,239	..	1,452,260	10	19,792,680	1,498,595
1942 ..	3,691,184	2,845,005	77,563,926	8,962,464	1,030,425	(a) 79,731	26,830,085	1,651,717

(a) Gift Duty.

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

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

(b) *Land Tax.* Commonwealth Land Tax was first imposed on the unimproved value of land in 1910-11. The following table shows the rates of Land Tax imposed for each assessment year from 1933-34 to 1942-43 :—

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

(T = Taxable Value.)

Assessment Year.	Residents.				Absentees.(a)			
	Taxable Value £1 to £75,000.	Taxable Value over £75,000.		First £5,000.	Taxable Value £1 to £80,000.		Taxable Value over £80,000.	
		First £75,000.	Excess over £75,000.		Excess over £5,000.	First £5,000.	Next £75,000.	Excess over £80,000.
1933-34 to 1937-38	$\frac{45}{100} \left(1 + \frac{T}{18,750} \right)$	d.	d.	d.	$\frac{45}{100} \left(2 + \frac{T-5,000}{18,750} \right)$	d.	d.	d.
1938-39 to 1939-40	$\left(\frac{1}{2} + \frac{T}{37,500} \right)$	2.5	4.5	.5	$\left(1 + \frac{T-5,000}{37,500} \right)$	.5	3	5
1940-41 to 1942-43b	$\left(1 + \frac{T}{18,750} \right)$	5	9	1	$\left(2 + \frac{T-5,000}{18,750} \right)$	1	6	10

(a) Absentees are not allowed an exemption of £5,000 granted to residents. (b) In addition, if the taxable value exceeds £20,000, there is payable for 1941-42 and 1942-43 a super tax equal to the lesser amount of the following :— (i) twenty per cent. of the amount of land tax ; or (ii) one per cent. of the amount by which the taxable value of the land exceeds £20,000.

Under the National Security (Values for Land Tax) Regulations the revaluations of land for the purposes of the Land Tax Assessment Act 1910-1940 are postponed until after the war. Thereby the values of land, or of interests in land, as assessed for the financial year 1939-40, were adopted for the financial year 1940-41 and subsequent years for the duration of the war. An amendment to the regulations permitted the application of lower values in cases of assessments at a lower value prior to 13th March, 1942, or after that date, in consequence of objections or protests lodged previously. In addition, where a taxpayer had furnished a full and complete return of land owned at 30th June in any year prior to 1942, the lodgment of further returns was dispensed with. There is an exception in respect of changes in land owned.

Land Tax receipts in each State and Central Office for the years 1937-38 to 1941-42 were as follows. The particulars shown differ slightly from those quoted in (a) above.

LAND TAX RECEIPTS.

State, etc.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Central Office	438,813	525,959	578,769	1,186,885	1,410,677
New South Wales	505,143	509,913	568,840	1,042,271	1,209,724
Victoria	277,512	290,798	333,194	653,279	706,170
Queensland	26,887	29,568	30,086	58,557	64,581
South Australia	48,295	55,280	64,865	120,681	129,719
Western Australia	59,074	63,854	53,351	98,949	122,523
Tasmania	12,237	12,879	16,388	31,216	34,623
Total	1,367,961	1,488,251	1,645,493	3,191,838	3,678,017

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

Under the Estate Duty Assessment Act (No. 12 of 1940) the Estate Duty Assessment Act 1914-1928 was amended to allow the following Statutory Exemption, namely:— (a) Where the whole of the estate passes to the widow, children or grand-children of the deceased, the sum of £2,000 decreasing by £1 for every £10 by which the value exceeds £2,000 up to £10,000, and thereafter decreasing by £1 for every £2 by which the value exceeds £10,000; (b) When no part of the estate passes to the widow, children or grand-children the sum of £1,000 decreasing by £1 for every £10 by which the value exceeds £1,000 up to £6,000, and thereafter decreasing by £1 for every £8 by which the value exceeds £6,000; and (c) Where part only of the estate passes to the widow, children or grand-children the Statutory Exemption is to be calculated proportionately under (a) and (b).

Under the Estate Duty Act (No. 13 of 1940) the following new rates were imposed: £1 to £10,000, 3 per cent.; £10,001 to £20,000, 3 per cent. to 6 per cent.; £20,001 to £100,000, 6 per cent. to 18 per cent.; £100,001 to £500,000, 18 per cent. to 20 per cent.; over £500,000, 20 per cent. By the Estate Duty Act (No. 51 of 1941) these rates were amended to the following:—£1 to £10,000, 3 per cent.; £10,001 to £20,000, 3 per cent. to 6 per cent.; £20,001 to £120,000, 6 per cent. to 26 per cent.; £120,001 to £500,000, 26 per cent. to 27.9 per cent.; over £500,000 27.9 per cent.

Under the Estate Duty Assessment Act 1914-1940 provision was made for the exemption of the estates of members of the Forces who die on active service or within one year after its termination from injuries received or disease contracted on active service, provided the value of the estate did not exceed £5,000. In June, 1942, an amendment provided for a flat exemption of £5,000 in respect of the estates of those members of the Forces who die during the war or within three years of its termination. The exemption was restricted to estates passing to the widow, children, grand-children, parents, brothers, sisters, nephews or nieces of the deceased.

Particulars of the collections in each State and Central Office for the last five years are shown in the following table. Owing to certain accounting technicalities, these figures differ slightly from the Treasury returns given on page 542.

ESTATE DUTY RECEIPTS.

State, etc.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Central Office	902,266	999,202	1,165,049	1,280,052	1,497,501
New South Wales	396,003	422,567	391,978	444,579	527,928
Victoria	397,386	294,406	413,269	420,369	489,157
Queensland	85,335	60,041	82,153	96,000	98,101
South Australia	44,295	82,789	82,456	84,879	109,419
Western Australia	31,809	34,074	51,806	30,256	45,182
Tasmania	12,506	15,960	21,528	16,184	49,855
Northern Territory	119	..	..	..	..
Total	1,869,719	1,909,039	2,208,239	2,372,319	2,817,143

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

ESTATE DUTY ASSESSMENTS.

Particulars.		1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
Number of Estates	No.	9,085	9,681	10,303	8,189	7,705
Gross Value Assessed	£'000	60,964	65,699	75,482	63,024	66,591
Deductions	.. £'000	11,624	12,630	15,734	11,916	13,887
Statutory Exemption	£'000	..	..	..	5,827	8,945
Dutiable Value	.. £'000	49,340	53,069	59,748	45,281	43,759
Duty Payable	.. £	1,852,956	2,002,283	2,359,428	2,227,333	3,117,020
Average dutiable value	£	5,431	5,482	5,799	5,529	5,679
Average duty per estate	£	204	207	229	272	405

(d) *Income Tax.* Details of Commonwealth and State taxes on income are given in Chapter XXVII. "Miscellaneous".

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

Since the inception of the tax certain exemptions have been allowed. These exemptions, which have been extended from time to time, relate mainly to goods of an essential nature or for use in primary production. Certain of these exemptions were withdrawn as from 22nd November, 1940.

The following are the rates of sales tax imposed since its inception in August, 1930 : 2½ per cent. to 10th July, 1931 ; 6 per cent. to 25th October, 1933 ; 5 per cent. to 10th September, 1936 ; 4 per cent. to 21st September, 1938 ; 5 per cent. to 8th September, 1939 ; 6 per cent. to 2nd May, 1940 ; 8½ per cent. to 21st November, 1940 ; 5 per cent., 10 per cent. and 15 per cent. to 29th October, 1941., 5 per cent., 10 per cent. and 20 per cent. to 30th April, 1942, and 12½ per cent. and 25 per cent. from 1st May, 1942.

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

Particulars of the net amount of sales tax payable, and the sales of taxable, non-taxable and exempt goods in each State for 1941-42 are given in the following table. The figures regarding "Tax payable" are in respect of the periods 1st July to 30th June of each year adjusted on account of rebates of tax allowed in returns to taxpayers as deductions, while those relating to sales are in respect of the periods 1st June to 31st May.

SALES TAX AND AMOUNT OF SALES, 1941-42.(a)

State, etc.	Gross Taxable Sales.	Non-Taxable Sales.	Sales of Exempt Goods by Registered Persons.	Net Amount of Sales on which Sales Tax was payable.	Tax Collected.		
					Taxation Department.	Customs Department.	Total.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
New South Wales ..	108,568	157,349	129,448	101,254	10,946	691	11,637
Victoria ..	86,738	128,133	115,164	80,085	8,601	448	9,049
Queensland ..	25,159	19,122	38,780	24,950	2,482	132	2,614
South Australia ..	18,616	20,857	29,421	17,345	1,860	120	1,980
Western Australia ..	11,810	7,618	17,330	11,452	1,161	61	1,222
Tasmania ..	4,181	4,665	7,541	3,960	379	20	399
Northern Territory	106	..	185	106	9	1	10
Total ..	255,178	337,744	337,869	239,152	25,438	1,473	26,911

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

Similar details for Australia as a whole for each year 1932-33 to 1941-42 are given in the following table :-

SALES TAX AND AMOUNT OF SALES, 1932-33 TO 1941-42.

Year.	Gross Taxable Sales.	Non-Taxable Sales.	Sales of Exempt Goods by Registered Persons.	Net Amount of Sales on which Sales Tax was payable.	Tax Collected.		
					Taxation Department.	Customs Department.	Total.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
1932-33 ..	158,469	135,843	195,285	147,217	8,797	594	9,391
1933-34 ..	162,852	135,877	191,370	150,614	8,166	540	8,706
1934-35 ..	170,256	140,735	202,320	156,791	7,967	614	8,581
1935-36 ..	188,228	156,692	219,756	174,312	8,779	703	9,482
1936-37 ..	187,433	162,046	251,820	174,443	7,522	644	8,166
1937-38 ..	198,083	180,117	283,622	183,479	7,342	707	8,049
1938-39 ..	197,809	171,810	280,282	183,296	8,559	758	9,317
1939-40 ..	207,106	196,790	302,479	192,589	11,177	1,019	12,196
1940-41 ..	223,226	252,368	306,734	209,004	18,562	1,256	19,818
1941-42 ..	255,178	337,744	337,869	239,152	25,438	1,473	26,911

In the foregoing tables exempt sales relate to goods exempted from sales tax under the Sales Tax (Exemptions and Classifications) Act 1935-1943, while non-taxable sales relate to goods on which tax is not payable at the time of sale. In this latter case the sale has been made to a registered taxpayer who has quoted his certificate. These sales, however, become taxable before passing into consumption, unless used for a purpose exempted under the Act.

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

(f) *Flour Tax.* A Flour Tax of £4 5s. per ton operated from 4th December, 1933 to 31st May, 1934, and of £2 12s. 6d. per ton from 7th January, 1935 to 24th February, 1936. On 5th December, 1938, the Flour Tax was again imposed in a more or less permanent form. The new legislation provided for a tax on flour (not exceeding £7 10s. per ton) varying as the price of wheat varies from 5s. 2d. a bushel at Williamstown. The commencing rate was £5 15s. per ton, since when there have been 21 variations, the highest rate being that reached in August, 1939, £6 2s. 9d., and the lowest in December,

1939, £1 12s. 3d. The present rate of £2 8s. 10d. has remained constant since October 1940, chiefly as a result of war conditions and the operation of National Security Regulations relating to the acquisition of the wheat crop by the Commonwealth. Provision is made in another Act for the imposition of a special tax on wheat when world parity rises above 5s. 2d. at Williamstown.

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

FLOUR TAX.

State, etc.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
New South Wales	2,400	704,152	951,185	604,887	638,898
Victoria	972	531,577	696,428	409,775	457,679
Queensland	<i>Dr.</i> 329	237,854	334,040	192,760	220,079
South Australia	<i>Dr.</i> 15	141,048	203,964	116,084	135,855
Western Australia	<i>Dr.</i> 3	123,856	162,908	95,479	105,584
Tasmania .. ..	..	55,346	72,220	38,341	43,446
Northern Territory .. ..	..	..	<i>Dr.</i> 8	..	..
Total	3,025	1,793,833	2,420,737	1,457,326	1,601,541

(g) *Wool Levy.* The Wool Tax Acts, assented to in May, 1936, provide for a levy on all wool grown in Australia and shorn on or after 1st July, 1936. The levy is collected through wool-brokers and dealers who furnish quarterly returns on which the levy is assessed. The levy is payable prior to export on wool not previously taxed in the hands of a broker or dealer. The rates applicable are :—6d. per bale; 3d. per fadge or butt; and 1d. per bag. Proceeds are devoted to publicity and research in connexion with the wool industry. The amounts levied during the past five years were as follows :—

WOOL LEVY.

State.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
New South Wales	32,689	28,889	35,175	34,229	35,401
Victoria	17,030	15,493	17,236	18,521	18,965
Queensland	13,962	14,451	15,738	15,400	15,875
South Australia	7,246	8,243	8,613	8,986	8,267
Western Australia	5,211	5,795	6,954	5,672	6,007
Tasmania	1,385	1,525	1,545	1,471	1,419
Total	77,523	74,396	84,361	84,279	85,934

(h) *Pay-roll Tax.* The Pay-roll Tax Assessment Act 1941-1942 and the Pay-roll Tax Act 1941 imposed a Pay-roll tax of 2½ per cent. on all wages, in excess of £20 per week, paid by an employer after 30th June, 1941. These measures formed part of the Commonwealth scheme of child endowment, the revenue from the tax being designed to provide the main part of the money required.

Pay-roll tax is collected in a similar manner to sales tax. Employers are required to register and to furnish a monthly return of all wages paid. The amount of tax received in each State during 1941-42 was as follows :—New South Wales, £3,848,621; Victoria, £2,575,830; Queensland, £1,057,442; South Australia, £726,184; Western Australia, £521,206; Tasmania, £217,245; Northern Territory, £8,249, and total, £8,954,777.

(i) *Gift Duty.* The Gift Duty Assessment Act 1941-1942 and the Gift Duty Act 1941 imposed a Gift Duty on all gifts made after the 29th October, 1941. A gift has been defined as any disposition of property, which is made otherwise than by will, without adequate consideration in money or money's worth.

Both the donor and donee are liable to furnish returns and pay the duty.

The following rates of duty have been fixed.

Value of all Gifts made within Eighteen Months.	Rate of Duty.
Does not exceed £500	Nil.
£501 to £10,000	3%
£10,001 to £20,000	3% to 6%
£20,001 to £120,000	6% to 26%
£120,001 to £500,000	26% to 27.9%
£500,001 and over	27.9%

Duty received during 1941-42 amounted to £79,332.

(j) *Gold Tax.* The Gold Tax Collection Act 1939-1940 and the Gold Tax Act 1939 impose a tax on all gold, delivered to the Commonwealth Bank of Australia or to an agent of that bank on and after 15th September, 1939, of 50 per cent. of the amount by which the price payable by the bank for each fine ounce of gold delivered exceeds £9. The amounts of tax collected during 1940-41 and 1941-42 respectively were £1,452,260 and £1,030,425.

(k) *Entertainments Tax.* The Entertainments Tax Assessment Act 1942 and Entertainments Tax Act 1942 came into force on 1st October, 1942, following the agreement of the State Governments to the request of the Commonwealth to suspend their Entertainments Tax legislation for the duration of the war and one year after, thereby enabling the Commonwealth Government to re-enter this field of taxation. The Commonwealth will recompense the States by annual payments of £765,787 equal to the amount collected by the States during the year 1941-42. The tax imposed commences with 3d. on an admission price of 1s. and increases thereafter by 2d. for every 6d. or part thereof in excess of 1s. up to 5s. Thereafter the rate increases by 3d. for every 6d. or part thereof. Special rates, approximately 25 per cent. less than those stated above are imposed in respect of performances on the legitimate stage and similar types of entertainment.

For that part of the year 1942-43 during which the new tax was in operation the Commonwealth collected £2,994,426. Compensation amounting to £574,341 was paid to the States.

3. **Business Undertakings.**—(i) *Postal Revenue.* Particulars concerning this branch of revenue for each of the financial years from 1937-38 to 1941-42 are contained in the following table:—

COMMONWEALTH POSTAL REVENUE.

Particulars.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Private boxes and bags ..	73,039	74,235	74,799	74,371	74,831
Commission on money orders and postal notes	280,533	288,580	287,441	283,756	293,443
Telegraphs	1,377,623	1,372,300	1,401,204	1,481,660	1,828,815
Telephones	7,571,635	8,039,580	8,482,940	8,868,183	9,687,262
Postage	6,498,212	6,635,977	6,660,807	7,133,458	8,561,742
Radio	492,995	516,178	549,439	697,874	634,777
Miscellaneous	459,102	439,461	440,839	530,239	558,494
Total	16,753,139	17,366,311	17,897,469	19,075,541	21,639,364

The foregoing particulars have been amended to include repayments of the States' proportion of pensions and contributions of officers towards pensions under State Acts.

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

(ii) *Railway Revenue.* The Commonwealth Government is responsible for four lines—the Trans-Australian, the Central Australia, the North Australia and the Australian Capital Territory lines. The following 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.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Trans-Australian	267,754	330,643	368,218	462,344	694,228
Central Australia	124,417	137,521	146,921	243,701	742,143
North Australia	37,768	50,471	60,797	185,808	305,448
Australian Capital Territory	5,803	7,275	11,736	8,040	5,277
Total	435,742	525,910	587,672	899,893	1,747,096

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

4. **Other Sources of Revenue.**—Of other sources of revenue, amounting in 1941-42 to £6,727,195, the following are noteworthy: Interest, £997,516; Coinage, £867,889; Defence, £834,800; Net Profit on Australian Note Issue, £1,658,141 and Balance of Trust Accounts, £1,600,459.

Division III.—Expenditure.

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

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

Of these three, only the first two were actual expenditure, the last being merely a transfer, the actual expenditure being incurred by the States. In accordance with the provisions of the Constitution, the expenditure on transferred services was, under the "book-keeping" system, debited to the several States in respect of which such expenditure was incurred, while the expenditure on new services was distributed *per capita*. Surplus Commonwealth revenue was paid to the States monthly. Until the end of the year 1903-4, new works, etc., for transferred departments were treated as transferred expenditure, and were charged to the States on whose behalf the expenditure had been incurred. In subsequent years all such expenditure was regarded as expenditure on new services, and distributed amongst the States *per capita*. Under the arrangement which superseded the "book-keeping" system, a specific subsidy of 25s. per head of population was made annually by the Commonwealth to the States, and there was no further debiting of expenditure to the several States. The States Grants Act 1927 provided for the abolition of the *per capita* payments as from 30th June, 1927. From 1st July, 1928, the temporary provisions of the agreement between the Commonwealth and the several States under the Financial Agreement Act 1928 were operative, and on 1st July, 1929, the Commonwealth Government took over the debts of the States under this agreement which was ratified by all Governments concerned.

2. **Details of Expenditure from Consolidated Revenue.**—(i) *General.* The following table gives details of the expenditure from Consolidated Revenue during the last five years. The "Balance of Interest on States' Debts" (recoverable from the States) is placed at the foot of the table, but is not included in the "Grand Total". Details for each Department, at 30th June, 1942, are given on pages 553 to 560.

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

COMMONWEALTH EXPENDITURE FROM CONSOLIDATED REVENUE.

Departments, etc.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
War and Repatriation (1914-19) Services (a)	£ 18,948,300	£ 19,256,812	£ 18,834,542	£ 18,602,630	£ 18,618,302
Defence and War (1939-42) Services—					
War Services (1939-42) .. .. .	.. .. .	.. .. .	15,315,993	} 65,680,917	} 109,233,539
Army (including Co-ordination)	2,060,732	3,324,650	3,770,504		
Navy	2,497,783	2,755,085	3,005,000		
Air	1,289,973	1,384,971	2,043,839		
Supply and Shipping (Including Munitions and Aircraft Production)	523,550	596,653	748,415		
Total Cost of Departments—					
Governor-General	35,067	32,765	30,787	30,587	30,705
Parliament	516,494	444,873	449,876	547,602	473,163
Prime Minister	1,510,259	1,355,842	1,509,582	1,282,799	1,350,017
External Affairs	58,263	70,168	117,782	141,751	199,642
Treasury	2,252,506	2,257,628	2,485,450	2,425,259	2,948,933
Attorney-General	263,319	281,497	276,557	297,400	319,171
Interior	1,018,526	1,275,302	1,257,593	962,999	954,847
Civil Aviation	129,043	328,150	499,060	392,038	337,165
Trade and Customs	993,503	1,064,124	1,032,890	963,269	956,081
Health	402,003	338,155	289,174	295,932	299,856
Commerce and Agriculture	938,245	994,095	954,210	910,621	975,924
Social Services Administrative	150,753	324,734	177,901	161,786	281,742
Invalid and Old-age Pensions	15,798,687	15,991,782	16,459,245	17,366,365	19,257,025
Maternity Allowances	400,904	436,614	416,964	407,533	358,538
Child Endowment .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	11,302,863
Supply and Shipping	211,266	214,832	216,741	229,311	240,716
Business Undertakings—					
Postmaster-General	13,964,473	15,028,233	15,285,709	15,876,594	17,527,865
Railways	1,140,315	1,351,041	1,472,521	1,507,850	1,995,577
Total, Business Undertakings	15,104,788	16,379,274	16,758,230	17,384,444	19,523,442
Territories—					
Australian Capital Territory	615,401	637,228	656,078	679,160	698,072
Northern Territory	381,931	402,899	382,804	462,170	520,021
Papua	48,825	48,830	48,610	85,703	38,839
New Guinea	5,058	5,532	5,988	7,162	17,048
Norfolk Island	5,911	5,471	4,071	4,071	5,666
Total, Territories	1,057,126	1,099,960	1,097,551	1,238,266	1,279,646
New Works	3,551,776	6,565,268	6,036,445	6,321,764	6,305,344
Payments to or for States—					
Interest on States' Debts	7,584,912	7,584,912	7,584,912	7,584,912	7,584,912
Sinking Fund on States' Debts	1,454,385	1,477,976	1,536,955	1,556,749	1,579,797
Special Grants	2,350,000	2,020,000	2,020,000	2,050,000	2,300,000
Federal Aid Roads	4,149,492	4,266,556	4,455,845	3,484,748	2,128,344
Other Grants	450,500	300,000	100,000	250,000	138,100
Total to or for States (c)	15,989,289	15,649,444	15,698,812	14,926,409	13,731,153
Relief to Primary Producers	262,166	2,014,713	2,509,266	3,022,624	4,063,155
Grand Total (d)	85,963,421	94,437,481	108,985,409	150,482,306	210,040,969
Per Head of Population	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Excess Receipts	12 10 6	13 12 8	15 11 9	21 5 10	29 8 7
Balance of Interest on States' Debts—payable by States	25,580,374	25,584,456	26,299,098	26,416,544	25,939,364

(a) For details see § 5. (b) Excludes Defence and War (1939-42) Services. (c) Excludes balance of interest payable on States' Debts (recoverable from States). (d) Excludes amounts expended from excess receipts of previous years (see page 541.).

The items included under the general heads above are referred to in some detail later. Particulars for each department do not include the expenditure on new works which is given in (iii), page 560.

(ii) *Total 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 1937-38 to 1941-42 was as follows:—

EXPENDITURE : GOVERNOR-GENERAL AND ESTABLISHMENT.

Details.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Salary	10,000	10,000	10,000	10,000	10,000
Government House maintenance ..	15,350	12,305	11,379	11,643	12,264
Governor-General's office (a) ..	5,003	5,381	4,746	4,389	3,910
Interest and Sinking Fund ..	4,714	5,079	4,662	4,555	4,531
Total	35,067	32,765	30,787	30,587	30,705

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

(b) *Parliament.* Under this head have been grouped all the items of expenditure connected with the parliamentary government of Australia 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.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Salaries of Ministers	15,782	19,325	19,941	19,738	22,750
Allowances to Senators	33,877	36,171	36,200	36,200	36,199
Allowances to Members of House of Representatives	70,058	74,900	75,211	74,631	75,399
Officers, staff, contingencies, etc.	64,183	71,120	69,958	71,978	86,238
Rent, repairs, maintenance, etc.	12,873	14,679	18,560	20,702	20,202
Printing	22,217	22,000	22,815	14,359	23,608
Travelling expenses of Members	33,347	41,429	40,215	40,254	44,056
Electoral Office	86,102	85,143	86,164	89,577	90,268
Election expenses	101,628	3,232	978	109,293	..
Administration of Electoral Act	29,391	20,029	30,066	23,115	26,140
Interest and Sinking Fund	38,463	41,444	38,016	37,125	36,923
Miscellaneous	8,573	15,401	11,752	10,630	11,380
Total	516,494	444,873	449,876	547,602	473,163

In Section 66 of the Constitution provision is made for the payment from Consolidated Revenue of an annual sum for the salaries of Ministers, and Section 48 specifies the amount of the allowance to each Senator and each Member of the House of Representatives. These amounts, together with subsequent increases, will be found on pp. 14 and 17 of this volume.

(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 below under that heading. The expenditure for the last five years is shown in the following table:—

EXPENDITURE : PRIME MINISTER'S DEPARTMENT.(a)

Details.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Salaries, contingencies and miscellaneous	b398,207	160,842	153,104	157,958	141,009
Audit Office	38,046	38,434	35,697	37,241	35,026
Rent, repairs, etc.	6,568	8,120	10,789	8,723	8,626
Public Service Board's Office	52,807	50,688	50,972	48,364	48,898
High Commissioner's Office	57,945	81,369	90,482	84,037	91,214
Mail Service, Pacific Islands	40,346	49,077	41,159	38,456	39,102
Scientific and Industrial Research—					
Council	177,435	197,764	242,808	319,323	395,036
Contributions, Grants, etc.	74,115	75,379	71,736	69,800	105,280
Pensions and Superannuation	9,772	10,473	10,702	10,290	10,536
North Australia Survey	25,000	10,000	10,000	20,000	..
National Oil Pty. Ltd. Agreement .. .. .	..	60,000	274,000	..	..
Interest and Sinking Fund	630,018	613,696	518,133	488,607	475,290
Total	1,510,259	1,355,842	1,509,582	1,282,799	1,350,017

(a) Excludes Territories, see page 560.

(b) Includes special appropriation of £250,000 for Science and Industry.

(d) *Department of External Affairs.* The Department of External Affairs was separated from the Prime Minister's Department in 1935-36. Its functions include, *inter alia*, communications with British diplomatic missions and consulates on political matters, foreign affairs, inter-Imperial and Dominion political relations, treaties and international agreements, and League of Nations matters, etc. Representatives of Australia are now installed in the United States of America, Canada, Russia, China, India and New Zealand. There is also a Minister to the Netherlands. At the outbreak of war with Japan there was a legation at Tokio which was installed during 1940-41. Expenditure of the department for the years 1937-38 to 1941-42 are given in the following table:—

EXPENDITURE : EXTERNAL AFFAIRS.

Details.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Salaries and General—					
Administrative	14,215	20,129	19,964	24,268	36,490
Legation, United States of America .. .. .	..	..	11,917	34,807	60,997
Legation, Japan .. .. .	..	..	..	23,456	15,763
Legation, China .. .. .	..	..	..	..	25,302
High Commissioner, Canada .. .. .	..	..	7,254	15,517	13,892
Contribution, League of Nations Secretariat	34,112	43,329	44,870	38,823	34,018
Miscellaneous	9,936	6,710	(a) 33,777	4,880	13,180
Total	58,263	70,168	117,782	141,751	199,642

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

(e) *Department of the Treasury.* The sub-departments under the control of the Commonwealth Treasurer are the Treasury, the Supply and Tender Board, Taxation Office, Superannuation Fund Management Board, and the Bureau of Census and Statistics which was transferred from the Department of Home Affairs on 13th April, 1932. The Government Printing Office is also a sub-department of the Treasury, but its expenditure is charged to Parliament and the Departments concerned. The Pensions and Maternity Allowance Office was transferred from the Treasury to the Department of Social Services which was created during 1940-41. Details of the expenditure of the Treasury for the last five years are given in the following table :—

EXPENDITURE : DEPARTMENT OF THE TREASURY.

Details.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	
Treasury	52,234	56,528	66,400	76,087	74,109
Taxation Office	595,238	618,537	631,692	779,849	1,005,964
Superannuation Board	7,987	8,623	7,691	7,709	7,576
Census and Statistics	47,696	60,939	62,589	66,312	64,095
Census	9,789	4,113	1,387	1,392	573
Rent, repairs, etc.	12,165	23,088	11,900	13,016	32,469
Interest and Sinking Fund	675,250	911,004	957,002	973,077	983,364
Exchange	579,668	514,240	482,427	194,860	517,939
Loan Conversion expenses ..	126,522	1,588	..	..	24,398
Gold Tax collection .. ..	..	..	182,491	227,593	121,777
Miscellaneous	(a) 145,957	58,968	81,871	85,364	116,669
Total	2,252,506	2,257,628	2,485,450	2,425,259	2,948,933

(a) Includes £96,602 Works and Services.

(f) *Attorney-General's Department.* Details for the five years 1937-38 to 1941-42 are furnished below :—

EXPENDITURE : ATTORNEY-GENERAL'S DEPARTMENT.

Details.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Attorney-General's Office	19,307	19,699	20,438	26,893	31,443
Crown Solicitor's Office	24,869	27,642	28,219	33,025	41,523
Salaries of Justices of High Court ..	18,500	18,500	18,500	15,928	16,452
High Court expenses	16,639	15,615	15,248	13,307	13,309
Court of Conciliation and Arbitration ..	22,372	24,046	26,052	32,406	39,267
Public Service Arbitrator's Office	3,721	5,919	3,932	3,459	3,670
Rent, repairs, etc.	14,539	15,131	15,137	16,782	19,770
Patents, Trade Marks, etc.	67,686	71,126	63,635	60,430	52,345
Investigation Branch	13,336	16,219	19,098	23,224	26,655
Bankruptcy	42,249	44,551	44,126	42,533	43,080
Reporting Branch	11,115	13,922	13,371	20,224	21,224
Miscellaneous	8,986	9,127	8,801	9,189	10,433
Total	263,319	281,497	276,557	297,400	319,171

(g) *Department of the Interior.* In April, 1932, the Departments of Home Affairs and Works were abolished, and the services under the control of these departments were assumed by a new department called the Department of the Interior. The Bureau of Census and Statistics, formerly under the Department of Home Affairs, was, however, transferred to the Department of the Treasury. The Commonwealth Railways and the Northern and Australian Capital Territories, which are administered by the Department of the Interior, are for convenience respectively included under Railways (n) and Territories (o) below. Expenditure in connexion with the Electoral Office, which is administered by the Department of the Interior, is included under Parliament, in (b) above.

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

EXPENDITURE : DEPARTMENT OF THE INTERIOR.(a)

Details.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Salaries, Contingencies and Miscellaneous—					
Administrative ..	204,553	380,550	462,441	220,948	208,688
Meteorological Bureau	60,675	80,107	43,938	(b)	(b)
Solar Observatory ..	6,587	6,816	8,793	8,095	7,224
Forestry Branch ..	8,009	10,436	10,545	12,308	12,086
Rent, repairs and maintenance ..	14,851	17,618	18,537	26,368	37,703
Pensions and Retiring Allowances (c) ..	19,985	20,567	21,033	21,623	21,072
Interest ..	637,926	690,061	619,607	597,323	587,923
Sinking Fund ..	65,940	69,237	72,699	76,334	80,151
Total ..	1,018,526	1,275,392	1,257,593	962,999	954,847

(a) Excludes Territories, Railways and Electoral Office.

(b) Provided under Department of Air.

(c) Includes Superannuation.

(h) *Civil Aviation.* Particulars of expenditure on Civil Aviation for the years 1937-38 to 1941-42 are as follows :—

EXPENDITURE : DEPARTMENT OF CIVIL AVIATION.

Details.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Salaries and general—administrative ..	71,862	89,946	133,124	140,514	160,183
Development and maintenance of Civil Aviation ..	42,816	162,232	238,134	150,801	73,434
Meteorological Services ..	..	..	58,000	58,560	56,975
Empire Air Services ..	1,927	55,919	41,465	18,277	22,130
Rent, repairs and maintenance ..	6,570	8,428	12,674	13,474	14,088
Interest and Sinking Fund ..	5,868	11,625	10,663	10,412	10,355
Total ..	129,043	328,150	494,060	392,038	337,165

(i) *Department of Trade and Customs.* Under this head have been included the expenditure of all the sub-departments under the control of the Minister for Trade and Customs, in addition to the amounts payable as bounties and the expenses in connexion therewith. Particulars for the five years 1937-38 to 1941-42 are given in the following table :—

EXPENDITURE : DEPARTMENT OF TRADE AND CUSTOMS.

Details.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Central Office ..	71,110	70,298	80,111	76,943	60,922
Tariff Board ..	13,154	13,252	12,131	10,340	10,571
Film censorship ..	4,491	4,466	4,502	4,698	4,972
Customs—States ..	589,475	621,425	629,955	617,322	600,569
Audit (proportion) ..	12,000	11,786	11,400	11,150	10,501
Pensions and Superannuation ..	44,906	45,063	47,008	46,859	46,368
Rent, repairs, etc. ..	11,096	7,373	7,075	7,756	9,227
Bounties and Subsidies ..	210,485	225,636	134,809	58,737	85,113
Interest and Sinking Fund ..	31,870	34,321	31,535	30,827	30,683
Remissions of duty on materials for Commonwealth Government ship construction ..	..	26,702	70,419	86,022	47,368
Other remissions of duty ..	3,534	2,066	2,675	11,237	48,462
Miscellaneous ..	1,382	1,736	1,270	1,378	1,325
Total ..	993,503	1,064,124	1,032,890	963,269	956,081

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

EXPENDITURE : DEPARTMENT OF HEALTH.

Details.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Central Administration ..	40,308	42,456	43,134	40,642	41,329
States—Salaries, General expenses, &c. ..	88,414	93,050	91,907	98,484	102,236
Interest and Sinking Fund ..	22,255	23,661	22,117	21,742	21,682
Rent and repairs ..	12,284	14,102	10,907	9,229	13,705
Pensions and Superannuation	2,664	2,870	3,015	3,209	3,398
Subsidy, Cattle Tick Control ..	69,450	69,450	59,450	61,783	61,783
Medical Research ..	30,000	30,000	10,000	20,000	20,000
Aerial Medical Services subsidy ..	5,000	5,000	7,500	7,500	7,500
Miscellaneous ..	(a) 131,628	(b) 57,566	(c) 41,144	(d) 33,343	(e) 28,223
Total ..	402,003	338,155	289,174	295,932	299,856

(a) Includes National Health Campaign, £100,000. (b) Includes reserve of essential drugs and medical equipment, £39,430. (c) Includes reserve of drugs, etc., £13,445 and Commonwealth Council for National Fitness, £18,222. (d) Includes Commonwealth Council for National Fitness, £19,547. (e) Includes Commonwealth Council for National Fitness, £18,633.

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

(k) *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.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Administrative ..	40,916	58,218	51,683	50,523	63,230
Marine ..	206,966	208,129	211,506	225,005	236,825
Administration of Commerce (Trade Descriptions) Act	168,216	174,876	190,274	200,691	210,697
Australian National Publicity Association ..	20,000	20,000	15,000	8,300	4,000
Oversea trade publicity ..	37,500	47,016	17,000	..	..
Commercial intelligence service abroad ..	38,795	47,248	49,827	58,679	55,385
Wool publicity and research	77,921	73,816	83,577	84,496	84,965
Fruit bounties ..	65,900	10,462	4,057	1,955	41
Rent, repairs, maintenance, etc. ..	11,679	18,386	16,461	13,810	16,734
Pensions and Retiring Allowances ..	11,714	12,959	13,008	13,385	13,358
Interest ..	191,637	198,599	189,092	186,058	235,656
Sinking Fund ..	233,718	245,404	257,669	276,897	293,722
All Other ..	35,549	(a) 93,814	(b) 71,797	20,133	2,027
Total ..	1,149,511	1,208,927	1,170,951	1,139,932	1,216,640

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

During 1942-43, activities relating to Supply and Shipping were transferred from the Department of Commerce and a new department was created. The expenditure

which, for purposes of comparison, could be allocated to the new Department during the years 1937-38 to 1941-42 was as follows:—1937-38, £211,266; 1938-39, £214,832; 1939-40, £216,741; 1940-41, £229,311; 1941-42, £240,716. These amounts were expended mainly on the salaries and general expenses of the Marine Branch.

(l) *Department of Social Services.* This Department, constituted during 1940-41, includes the Invalid and Old-age Pension and Maternity Allowance Office, formerly administered by the Treasury Department. It also deals with Child Endowment, Widows' Pensions, National Health and Pensions Insurance, National Housing, Civil Defence Workers' Compensation, War Injuries Compensation, payments to unemployed persons as a result of Government restrictions on non-essential production and sustenance and after care of evacuees. Particulars of expenditure during the last five years are as follows:—

EXPENDITURE : DEPARTMENT OF SOCIAL SERVICES.

Details.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Administrative .. ..	..	..	..	1,481	9,440
Child Endowment Section ..	..	..	..	8,191	129,183
Invalid and Old-age Pension and Maternity Allowance Office	133,864	138,634	140,775	140,268	126,217
Miscellaneous	16,889	186,100	37,126	11,846	16,902
Departmental Expenditure	150,753	324,734	177,901	161,786	281,742
Invalid and Old-age Pensions	15,798,687	15,991,782	16,459,245	17,366,365	19,257,025
Maternity Allowances ..	400,004	436,614	416,964	497,533	358,538
Child Endowment .. ..	..	..	..	..	11,302,863
Total	16,349,444	16,753,130	17,054,110	17,935,684	31,200,168

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

EXPENDITURE : POSTMASTER-GENERAL'S DEPARTMENT.

Details.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Salaries, stores and materials, mail engineering services, etc.	10,462,332	11,563,510	11,648,240	12,064,570	13,603,018
Public Works Staff—salaries, etc.	60,000	60,000	60,000	60,000	60,000
Audit (proportion)	10,650	11,660	12,000	12,100	13,100
Pensions and Retiring Allow- ances	79,035	75,113	67,782	61,729	57,194
Superannuation	301,078	316,747	333,345	347,789	349,222
Rents, repairs, etc.	117,352	114,183	100,306	106,791	118,182
Interest	1,462,843	1,398,690	1,401,196	1,426,542	1,421,282
Sinking Fund	1,075,248	1,128,933	1,213,878	1,304,360	1,384,942
Exchange	395,935	359,397	448,962	492,713	488,242
Loans' Redemption and Con- version Expenses .. ..	..	..	..	..	32,683
Total	13,964,473	15,028,233	15,285,709	15,876,594	17,527,865

Further details of expenditure on account of the Postmaster-General's Department appear in Chapter V. "Transport and Communication".

(n) *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.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Working Expenses—					
Trans-Australian	381,404	493,463	527,272	547,681	647,685
North Australia	40,281	55,186	91,404	123,048	239,153
Central Australia	161,251	214,374	216,728	225,405	458,345
Australian Capital Territory ..	5,754	7,365	8,486	9,026	8,804
Interest	385,195	392,194	395,323	388,966	387,665
Sinking Fund	71,648	75,230	78,991	82,939	87,075
Exchange	55,875	62,674	83,193	88,158	88,328
Contribution to South Australia (Port Augusta-Port Pirie Rail- way)	20,000	20,000	20,000	20,000	20,000
Superannuation	12,977	13,467	13,982	14,405	15,289
Miscellaneous	5,930	17,088	37,142	8,222	43,233
Total	1,140,315	1,351,041	1,472,521	1,507,850	1,995,577

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

(o) *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, and the Prime Minister's Department controls the external territories. The expenditure has been grouped in one table for convenience. Information in greater detail will be found in the *Finance Bulletin* No. 33, issued by this Bureau.

EXPENDITURE : TERRITORIES.

Details.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Internal—					
Australian Capital (a) ..	615,401	637,228	656,078	679,160	698,072
Northern (a)	381,931	402,899	382,804	462,170	520,021
External—					
Papua	48,825	48,830	48,610	85,703	38,839
New Guinea	5,058	5,532	5,988	7,162	17,048
Norfolk Island	5,911	5,471	4,071	4,071	5,666
Total	1,057,126	1,099,960	1,097,551	1,238,266	1,279,646

(a) Excludes Railways.

(iii) *New Works.* The expenditure on additions, new works, etc., during the last five years was as follows:—1937-38, £3,551,776 (excluding £1,000,000 provided from excess receipts for Post Office works); 1938-39, £6,565,268 (excluding £3,494,733 provided from excess receipts for Defence equipment); 1939-40, £3,036,445 (excluding £627,309 provided from excess receipts for Defence equipment); 1940-41, £3,211,764 (excluding £2,928,375 provided from excess receipts for Defence equipment); and 1941-42, £3,305,344. Particulars for the last three years exclude expenditure in connexion with Defence and War (1939-42) Services, which was provided for by Loan and Trust Funds.

(iv) *Defence and War (1939-42) Services.* Full details concerning the expenditure from Consolidated Revenue upon War and Repatriation (1914-19) will be found in § 5.

Under the heading of Defence and War (1939-1942) are listed particulars of the Departments of Defence, Navy, Army, Air, Munitions, Aircraft Production, Supply and Shipping and Home Security. Expenditure on defence and war by other departments, including Labour and National Service, Information, War Organization of Industry, etc., is included under the heading of Other War (1939-42) Services.

The table hereunder shows, for the last five years, particulars of the expenditure from revenue, trust and loan funds, combined, on Defence and War Services, including works. Details of expenditure for the years 1940-41 and 1941-42 were not allotted to the various funds, and the total expenditure only was apportioned. Particulars of expenditure from the combined funds in earlier years have been shown below for the purposes of comparison. No details are available for publication in respect of the Departments of the Navy, Army, Air, Munitions and Aircraft Production for the year 1941-42.

EXPENDITURE FROM REVENUE, TRUST AND LOAN FUNDS: DEFENCE AND WAR (1939-42) SERVICES.

Details.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Defence—					
Administrative	29,986	41,223	114,675	137,494	117,255
Publicity Censorship .. .. .	..	..	..	..	9,109
National Register .. .. .	..	4,410	60,828	(a)	(a)
Man power Committee .. .. .	..	..	14,686	36,614	49,167
Home Security .. .. .	..	..	..	5,880	(b)
Medical Equipment Control Committee .. .. .	..	..	..	17,156	101,083
Buildings, works, etc.	2,413	11,390	40,595	127,984	72,479
Rent, repairs and maintenance	2,764	3,885	2,897	6,069	9,127
Superannuation and audit .. .. .	..	..	3,749	3,565	4,354
Total	35,163	60,908	237,430	334,762	362,574
Navy—					
Salaries, pay, general expenses, services, etc.	2,215,156	2,592,328	5,937,787	9,088,110	..
Auxiliary vessels for naval defence purposes .. .. .	..	..	828,065	773,733	..
Transport services .. .. .	..	..	812,309	6,987,106	..
Naval construction and additions to fleet	986,990	2,075,681	2,887,359	3,470,991	..
Construction of graving dock .. .. .	..	..	..	434,553	..
Other buildings, works, etc. .. .. .	..	..	617,899	775,027	..
Audit (Proportion)	2,634	2,475	2,672	2,678	..
Pensions and Retiring Allowances(d)	4,309	4,578	4,643	4,538	..
Rent, repairs, etc.	15,465	28,072	28,717	42,939	..
Interest and Sinking Fund	91,550	127,632	139,775	136,355	..
Exchange	168,669	(c)	(c)	(c)	..
Miscellaneous .. .. .	..	..	269,541	258,097	..
Total	3,484,773	4,830,766	11,528,767	21,974,127	..
Army—					
Salaries, pay, general expenses, services, etc.	1,670,933	2,941,264	13,466,482	49,850,293	..
Internees and prisoners of war—maintenance .. .. .	..	..	5,059	129,560	..
Arms, armament, ammunition, mechanization, etc.	400,283	1,129,542	8,537,256	30,971,766	..
Buildings, works, etc.	408,010	417,379	4,044,811	7,248,807	..
Audit (Proportion)	7,610	6,110	12,145	12,173	..
Pensions and Retiring Allowances (d)	52,187	54,835	49,863	49,420	..
Rent, repairs, etc.	46,652	65,117	117,545	102,989	..
Interest and Sinking Fund	170,661	207,806	214,270	209,122	..
Exchange	79,939	(c)	(c)	(c)	..
Total	2,836,275	4,822,053	26,447,431	88,574,130	..
Air—					
Salaries, pay, general expenses, services, etc.	983,008	1,303,577	2,438,215	9,454,104	..
Maintenance of R.A.A.F. Squadrons overseas .. .. .	..	..	(e)	1,140,913	..
Training of R.A.A.F. personnel in Canada .. .. .	..	..	552,869	4,111,379	..
Aircraft, equipment and stores .. .. .	..	..	6,784,447	12,426,433	..
Buildings, works, etc.	1,155,484	1,538,411	1,747,591	4,719,830	..
Audit .. .. .	..	..	2,186	2,300	..
Rent, repairs, etc.	11,772	11,777	13,433	38,998	..
Interest and Sinking Fund	28,297	64,119	73,295	73,470	..
Exchange	262,093	(c)	(c)	(c)	..
Superannuation	4,803	5,498	7,606	8,714	..
Total	2,445,457	2,923,382	11,621,642	31,976,141	..

(a) Provided under Labour and National Service. (b) Now separate department. (c) Exchange charged to votes concerned. (d) Includes Superannuation. (e) Included under Aircraft, equipment and stores.

EXPENDITURE FROM REVENUE, TRUST AND LOAN FUNDS: DEFENCE AND WAR (1939-42) SERVICES—*continued.*

Details.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
Munitions—					
Administrative	£ ..	£ (a)	£ (a)	£ 223,975	£ ..
Munitions factories—Salaries, general expenses	459,477	477,695	778,562	572,181	..
Technical training .. .. .	..	..	..	635,944	..
Munitions factories—					
Machinery, plant, etc.	327,670	314,021	1,043,758	4,863,778	..
Buildings, works, etc.	125,466	462,903	751,118	3,938,720	..
Armament Annexes—plant, material, etc.	2,402	340,677	443,708	1,812,756	..
Reserves of raw materials .. .. .	..	43,728	624,888	2,502,116	..
Equipment for training tool-makers and tradesmen .. .. .	..	..	26,882	134,770	..
Miscellaneous .. .. .	..	..	653,644	173,274	..
Superannuation	484	393	1,221	1,436	..
Interest and Sinking Fund	63,589	82,513	84,847	82,792	..
Total	979,088	1,721,930	4,408,628	14,941,742	..
Aircraft Production—					
Salaries and general .. .. .	..	..	..	35,036	..
Engine factory—					
Materials and current expenses .. .. .	..	..	..	470,000	..
Construction and equipment .. .. .	..	..	356,427	526,820	..
Buildings, works, etc. .. .. .	..	..	127,379	75,090	..
Miscellaneous .. .. .	..	..	..	97,483	..
Total .. .. .	..	..	483,806	1,204,429	..
Total, Navy, Army, Air, Munitions and Aircraft Production	9,745,593	14,298,131	54,490,274	158,670,569	295,621,274
Supply and Shipping—					(b)
Administrative .. .. .	..	35,698	182,367	849,740	816,839
Flax production .. .. .	..	..	..	98,374	639,862
Construction of oil storage tanks .. .. .	..	..	..	23,129	301,756
Commonwealth Coal Board—handling and storage facilities and reserve stocks .. .. .	..	..	..	60,500	136,278
Reserves of food, stores and materials .. .. .	..	..	..	..	80,466
Power alcohol .. .. .	..	..	..	..	47,000
Assistance to essential industries and production .. .. .	..	..	..	..	214,711
Miscellaneous .. .. .	..	354	18,017	32,148	37,503
Total .. .. .	..	36,052	200,384	1,064,191	2,274,415
Home Security—					
Administrative .. .. .	..	..	..	..	41,504
Air raid precautions .. .. .	..	..	..	..	462,769
Bulk oil protection .. .. .	..	..	..	..	228,626
Other buildings, works, etc. .. .. .	..	..	..	..	3,606
Total .. .. .	..	..	..	..	736,505
Other Services—					
Interest on loans for war purposes .. .. .	..	..	393,362	1,895,529	5,212,989
Sinking fund on loans for war purposes .. .. .	..	..	150,000	641,570	1,748,550
Exchange on interest remittances to London .. .. .	..	..	29,486	103,233	149,966
Peace Officers .. .. .	..	..	7,336	111,303	369,674
War pensions .. .. .	..	..	..	..	207,324
Other Departments .. .. .	..	..	206,939	1,047,752	3,924,301
Other Administrations (recoverable expenditure) .. .. .	..	..	..	6,959,665	9,502,295
Total .. .. .	..	..	787,123	10,759,051	21,115,099
Total, Defence and War (1939-42) Services—					
Consolidated Revenue Fund	6,374,719	9,410,482	24,883,751	65,680,917	109,233,539
Trust Fund(c)	1,452,250	3,072,325	2,017,414	3,566,426	..
Loan Fund	1,953,787	1,912,284	28,814,046	101,581,230	210,876,328
Grand total	9,780,756	14,395,091	55,715,211	170,828,573	320,109,867

(a) Included under Supply and Shipping. (b) Details not available. (c) Includes expenditure from excess receipts of previous years appropriated for Defence Equipment Trust Account and from National Defence Contributions Trust Account.

Division IV.—Payments to or for the States.

1. **Introductory.**—In some previous issues of the Official Year Book particulars were given of the obligations imposed on the Commonwealth by the Constitution Act with reference to the payments to be made to the States, and the following statement 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 (Sections 86 and 90) transferred exclusively to the Commonwealth this source of revenue it was essential that the Constitution should provide adequate compensation for this loss to the States. Section 88 directed that uniform duties of customs must be imposed within two years after the establishment of the Commonwealth. This section was complied with on 8th October, 1901, by the introduction of the first Customs Tariff Bill.

3. **Special Western Australian Tariff.**—Section 95 of the Constitution authorized the Western Australian Government for a period of five years after the imposition of the uniform customs duties to impose customs duties on goods passing into that State and not originally imported from beyond the limits of the Commonwealth, such duties to be collected by the Commonwealth.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other direct grants to the States from consolidated revenue include contributions towards the payment of interest and sinking fund on loans expended by Local Government authorities on public works. Grants which have been made from loan fund are indicated in the statement of loan expenditure on page 568.

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

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

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

Applications were received from South Australia, Western Australia and Tasmania during each year from 1933 and the recommendations of the Commission in respect of the years 1938–39 to 1942–43 were as follows :—

State.	Grant Recommended.				
	1938–39.	1939–40.	1940–41.	1941–42.	1942–43.
	£	£	£	£	£
South Australia	1,040,000	995,000	1,000,000	1,150,000	800,000
Western Australia	570,000	595,000	650,000	630,000	800,000
Tasmania	410,000	430,000	400,000	520,000	575,000
Total	2,020,000	2,020,000	2,050,000	2,300,000	2,175,000

During the year 1942–43 the Tasmanian Government lodged an application for additional financial assistance on the grounds that the original grant of £575,000 recommended was insufficient for the needs of the State. The claim was heard by the Commission and an advance payment of £200,000 was recommended. This, however, was not acceptable to the Tasmanian Government, which preferred to raise the money required through the Loan Council.

7. **States Grants (Income and Entertainments Tax Reimbursement) Acts.**—(i) *States Grants (Income Tax Reimbursement) Act.* As compensation to the States for vacating the income tax field to the Commonwealth Government, the latter will pay yearly, while the Act is in operation, the following amounts, less any arrears of tax collected during the year in question :—

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

Amounts equal to the arrears collected will be repaid, with interest at a rate not less than 3 per cent., immediately prior to the expiration of the Act. The Treasurer of any State may inform the Commonwealth Grants Commission if he considers that the payments made under the Act are insufficient to meet his revenue requirements. The Commission, after inquiry into the matter, will then advise the Treasurer as to the justice of granting additional assistance. The Treasurer of Tasmania availed himself of this provision to apply for an increase of £200,000 in Income Tax Reimbursement for the year 1942–43. This increase was applied for in substitution of and not additional to the claim on which the advance of £200,000 referred to above was recommended. The Commission did not consider it just that any additional assistance should be granted.

The States Grants (Income Tax Reimbursement) Act came into operation on 1st July, 1942, and will continue until the end of the first financial year commencing after the cessation of the present war.

(ii) *States Grants (Entertainments Tax Reimbursement) Act*. The following amounts were paid to the States by the Commonwealth for that portion of the year 1942-43 following the withdrawal of the States from the entertainments tax field :—

					£
New South Wales	..	..	..	..	120,623
Victoria	..	..	..	..	279,944
South Australia	..	..	..	..	72,782
Western Australia	..	..	..	..	73,640
Tasmania	..	..	..	..	27,352
Total	..	..	..	..	574,341

Payments for subsequent years, while the Act is in operation, will be as follows :—

					£
New South Wales	..	..	..	..	160,830
Victoria	..	..	..	..	373,259
South Australia	..	..	..	..	97,043
Western Australia	..	..	..	..	98,186
Tasmania	..	..	..	..	36,469
Total	..	..	..	..	765,787

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

The operation of this Act is for the same period as for the Income Tax Reimbursement Act.

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

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

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

The 1926 agreement, which was originally intended to remain in operation for ten years, was continued until 30th June, 1937, when a new agreement was entered into. The latter provided for the continuation of the Federal Aid Roads Agreement for a further period of ten years from 1st July, 1937, increased the amount payable to the States to 3d. a gallon customs duty and 2d. a gallon excise (except benzol, on which the excise is only 1½d.) on petroleum and shale products, and stipulated that the proceeds of the extra ½d. per gallon should be expended on the construction, reconstruction, maintenance or repair of roads, or other works connected with transport. The allocation of the amount payable was in the proportion of 5 per cent. to Tasmania and the remaining 95 per cent. to the other States on the basis of three-fifths according to the population at 30th June, 1936, and two-fifths according to area. At the request of the Commonwealth Government the States will, up to a limit of one-twelfth of this additional amount, attend to the maintenance or repair of roads of approach to or adjoining Commonwealth

properties. A further variation was the reduction from 3 to 2½ per cent. of the sinking fund contribution of the States on loan moneys provided by them between 1926 and 1931.

9. Amounts Paid.—(i) 1901 to 1942. The following table shows particulars of the amounts paid to each of the States since Federation, divided into three periods, with separate details for Special and Roads Grants. Special Commonwealth grants for the relief of primary producers are not included in this table. Details of these grants will be found in Chapter XXII. "Agricultural Production".

**PAYMENTS(a) BY THE COMMONWEALTH TO OR FOR THE STATES TO
30th JUNE, 1942.**

Particulars.	N.S.W.	Vic.	Q'land.	S.A.	W.A.	Tas.	Total.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
1900-01 to 1909-10 (b) ..	27,606	19,815	8,895	6,148	8,727	2,602	73,793
1910-11 to 1926-27 (c) ..	41,634	31,341	15,184	9,925	6,899	4,367	109,350
1927-28 to 1941-42 (d) ..	51,468	35,809	19,048	12,895	9,174	4,531	132,925
Special Grants (e) ..	..	..	..	14,295	10,970	7,506	32,771
Non-recurring Grants from Excess Receipts, 1934-35 to 1936-37 ..	1,188	827	433	265	201	86	3,000
Special Assistance (f) ..	774	803	330	287	277	118	2,589
Grants for Road Construction, 1922-23 to 1941-42 (g)	12,364	7,911	8,414	5,013	8,536	2,223	44,461
Total	135,034	96,506	52,304	48,828	44,784	21,433	398,889

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

(ii) 1941-42. For the year ended 30th June, 1942, the payments made to or for each State are given below:—

PAYMENTS BY THE COMMONWEALTH TO OR FOR THE STATES, 1941-42.(a)

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
Interest on States' Debts ..	2,917,411	2,127,159	1,096,235	703,816	473,432	266,859	7,584,912
Sinking Fund on States' Debts (b) ..	651,790	306,046	211,303	182,533	181,808	46,317	1,579,797
Special Grants ..	..	..	..	1,150,000	630,000	520,000	2,300,000
Federal Aid Roads and Works (c) ..	598,065	372,460	406,514	236,246	408,612	106,417	2,128,344
Local Public Works ..	39,400	27,400	14,450	8,700	6,650	3,400	100,000
Contributions—							
Interest on Loans for Drought Relief ..	16,500	8,100	1,500	4,500	7,500	..	38,100
Port Augusta—Port Pirie Railway Agreement ..	..	..	..	20,000	..	..	20,000
Total	4,223,166	2,841,165	1,730,002	2,305,795	1,708,032	942,993	13,751,153

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

§ 3. Trust Funds.

The Trust Fund balances on 30th June, 1942, amounted to £39,620,170, as compared with £33,477,484 on 30th June, 1941.

§ 4. Commonwealth Loan Funds and Public Debt.

1. General.—Although it was not until 1915 that the Commonwealth Government came into the loan market as a borrower, there had previously existed a Commonwealth Public Debt which included several items, such as the balance of the debt taken over from South Australia and the amount owing to the States for transferred properties. In view of the large expansion of the Public Debt, and its present importance in Commonwealth public finance, the different items are treated *seriatim* in the following paragraphs.

2. Loans taken over from South Australia.—The first portions of the debt were contracted at the beginning of 1911, when the Commonwealth assumed responsibility for the payment of interest on transferred properties (further dealt with in par. 4 below) and for the administration and the liabilities of the Northern Territory and the Port Augusta-Oodnadatta Railway. At 30th June, 1911, the debt on account of the former was £3,657,836, and on account of the latter, £2,274,486—a total of £5,932,322, and at 30th June, 1940, £27,216 and £6,019—a total of £33,235. During 1940-41 this remaining indebtedness was redeemed.

3. Loan Fund for Public Works, etc.—Up to the year 1911 the Commonwealth Government had met its public works expenditure out of revenue. In that year, however, in view of the heavy prospective cost of the Trans-Australian Railway and the Australian Capital Territory, a Loan Fund similar to those of the States was instituted. The initiation of this fund was greatly assisted by the fact that the Treasury at that time held a large quantity of gold, principally on behalf of the Australian Notes Account. Up to 30th June, 1914, the money required for loan expenditure was obtained mainly from this source at 3½ per cent., and inscribed stock of an equivalent value was created. Since then the money required for the Loan Fund has been mainly obtained by the issue of Treasury Bills and other securities issued in London and New York as well as in Australia. Yearly expenditure on works, etc., up to 1919-20 did not exceed £3,000,000. From 1920-21 it rose to nearly £9,500,000 in 1926-27 and it declined to about £2,000,000 in 1930-31. For the years 1931-32 to 1938-39 expenditure fluctuated between £520,000 and £4,550,000. During the last three years, due to the inclusion of expenditure on Defence and War (1939-42) Services the total expenditure from loan has risen considerably.

COMMONWEALTH EXPENDITURE FROM LOAN FUND.

Particulars.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.	Total to 30th June, 1942.
	£	£	£	£	£	£
Defence and War (1939-42) Services— General Services and Works .. .. .	..	..	28,814,046	101,581,230	210,876,328	341,271,604
Additions, New Works, Buildings, etc.—						
Defence	1,953,787	1,912,284	..	..	..	8,693,948
Civil Aviation, Buildings and Works	112,550	..	..	..	..	214,291
Ships, Yards and Docks .. .. .	..	Cr. 305,351	Cr. 14,016	Cr. 2,859	..	7,863,028
Lighthouses, Works and Services	Cr. 1,000	Cr. 1,000	Cr. 1,000	Cr. 1,000	Cr. 1,000	636,490
River Murray Waters Act .. .. .	..	..	..	..	..	2,105,625
Postmaster-General's Department—						
Telegraph and Telephone Construction .. .. .	..	..	1,733,113	1,669,329	939,918	5,057,558
Buildings Works, Sites, etc.	Cr. 451	Cr. 1,290	120,050	220,882	244,940	4,079,743
Subscription to Capital of Amalgamated Wireless Ltd. .. .. .	..	..	..	..	..	300,000
Radio Stations and Equipment .. .. .	..	..	29,509	3,711	15,082	104,538
Serum and Health Laboratories .. .. .	..	..	..	..	..	80,149
Other Health Buildings and Services .. .. .	..	..	..	..	Cr. 1,100	21,864
Repatriation Buildings, etc. .. .. .	..	..	..	..	..	47,026
War Service Homes (a) .. .. .	..	..	..	..	..	7,329,523
Railways	Cr. 938	Cr. 339	Cr. 286	Cr. 2,240	Cr. 17,656	13,859,028
Territories (b)	Cr. 5,575	Cr. 6,768	Cr. 10,783	Cr. 4,321	Cr. 7,406	8,823,188
Immigration .. .. .	..	..	..	..	..	1,680,834
Other	Cr. 263	..	..	..	..	1,381,094
Assistance to States—						
Unemployment Relief	Cr. 8,895	Cr. 3,822	Cr. 65,844	Cr. 45,284	Cr. 5,773	2,449,604
Mining .. .. .	..	..	..	..	..	283,750
Forestry .. .. .	..	..	..	..	..	322,000
Farmers' Debt Adjustment	2,500,000	2,000,000	750,000	500,000	165,000	7,732,000
Roads .. .. .	..	..	..	..	..	249,686
Wire and Wire Netting .. .. .	..	..	..	..	..	608,849
Drought Relief .. .. .	..	..	..	1,270,000	597,000	1,867,000
Wheat Bounty .. .. .	..	..	..	..	..	3,429,571
Total Additions, New Works, Buildings, etc.	4,549,215	3,593,714	2,540,743	3,628,218	1,929,005	110,220,387
GRAND TOTAL	4,549,215	3,593,714	31,354,789	105,209,448	212,805,333	451,491,991

(a) In addition, £13,045,408 was expended from War Loan Fund prior to 1943-44.

(b) Includes Administration and other Public Buildings, Australian Capital Territory.

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

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

5. **War (1914–19) Loan from the British Government.**—On the outbreak of the War of 1914–19, the Commonwealth Government obtained a loan from the British Government for the purpose of financing the prospective large military expenditure. At first, the arrangement was that the British Government should advance the sum of £18,000,000. Subsequently further loans amounting to £31,500,000 were negotiated. In addition to this capital indebtedness of £49,500,000, a further sum of £42,696,500 was due to the British Government for the maintenance of Australian troops.

Early in 1921 an arrangement was concluded with the British Government, by which almost the entire debt (upwards of £92,000,000) was consolidated. The Commonwealth Government undertook to extinguish the debt in about 35 years by annual payments representing 6 per cent. on the original debt, providing for interest at approximately £4 18s. 4d. per cent., and a sinking fund of approximately £1 1s. 8d. per cent. By a later arrangement with the British Government, however, principal and interest repayments for 1931–32 and subsequent years have been suspended. The principal outstanding on 30th June, 1941, was £79,724,220.

6. **Flotation of War (1914–19) Loans in Australia.**—In addition to the advances from the British Government, the Commonwealth Government raised large amounts of money in Australia. Full details of the seven War Loans are given in Official Year Book No. 14.

7. **Flotation of War (1939–43) Loans.**—The amounts liable in respect of portions of several loans raised, prior to the outbreak of the present war, for defence purposes, have now been reclassified as War (1939–43) Debt. These liabilities amounted to £12,396,016 at 30th June, 1940. The following table shows particulars of loans floated since the outbreak of war.

WAR (1939-43) LOAN RAISINGS.

Period of Loan.	Amount Invited.	Number of Subscribers.	Amount Subscribed.	Rate of Interest.	Year of Maturity.	Price.	Allocation of Proceeds—	
							Commonwealth—Defence, War, etc.	States—Works, etc.
	£'000.		£'000.	%			£'000.	£'000.
1. 12. 39	12,000	Banks	12,000	3½	(a) 1942 (a) 1943 (a) 1944 1945	100	3,340	8,660
1. 3. 40 to 15. 3. 40	18,000	14,339	8,958	3½				
29. 5. 40 to 14. 6. 40			9,207	3½				
28. 11. 40 to 14. 12. 40	20,000	32,792	6,747	2½	1950-56 1945	100	20,582	..
14. 6. 40 to 28. 11. 40			13,835	3½				
30. 4. 41 to 19. 5. 41	28,000	21,830	7,692	2½	1950-56 1946	100	21,487	7,018
14. 12. 40 to 30. 4. 41			20,813	3½				
19. 5. 41 to 7. 10. 41	35,000	57,217	13,642	2½	1950-56 1946	100	29,811	6,060
7. 10. 41 to 15. 11. 41			22,229	3½				
17. 2. 42 to 10. 3. 42	100,000 ^b	154,148	5,386	2½	1945-46	100	34,158	..
2. 6. 42 to 23. 6. 42			5,342 ^c	2½				
3. 11. 42 to 15. 12. 42	35,000	244,595	28,772	3½	1950-57 1945-46	100	22,730 ^c	43,247 ^c
15. 12. 42 to 16. 3. 43			60,635 ^c	2½				
16. 3. 43 to 20. 4. 43	35,000	196,541	12,869	2½	1950-58 1946-47	100	48,332	..
20. 4. 43 to Total ..			35,463	3½				
2. 6. 42 to 23. 6. 42	100,000 ^d	461,937	7,033	2½	1950-58 1946-47	100	37,375	..
3. 11. 42 to 15. 12. 42			30,342	3½				
16. 3. 43 to 20. 4. 43	100,000	433,365	22,103	2½	1950-58 1947-48	100	82,686	..
20. 4. 43 to Total ..			60,583	3½				
20. 4. 43 to Total ..	100,000	433,365	21,126 ^c	2½	1950-58 1947-48	100	933 ^c	20,844 ^c
20. 4. 43 to Total ..			18,673	2½				
20. 4. 43 to Total ..	100,000	433,365	83,149	3½	1950-59	100	101,822	..
20. 4. 43 to Total ..			83,149	3½				
Total ..	483,000	1,616,764	507,250	..	..	..	412,342	94,908

(a) £4,000,000 each year.

(b) Includes £70,000,000 conversion.

(c) Conversion.

(d) Includes £22,700,000 conversion.

Totals include particulars of conversions as follows:—Amount Invited, £92,700,000; Amount Subscribed, £87,754,000; Commonwealth proceeds, £23,663,000; State proceeds, £64,091,000.

In addition to the above amounts, at 30th June, 1943, over £35,146,000 had been raised by War Savings Certificates (Seven Years' Series), over £6,349,000 by Citizens' National Emergency (Interest Free) Loans, and £1,584,000 by National Savings Bonds.

An advance of £12,000,000, now redeemed, was made by the British Government for war purposes.

8. London Conversion Loans.—Loans aggregating £22,000,000 were due for redemption in London in 1932-33, and in addition the Government had optional rights of redemption over a further £88,000,000, all of which were carrying an interest burden of 5 per cent. or greater. These obligations, particularly the accumulation of loans with optional rights of redemption, presented some difficulty to the Government and led to the appointment of a Resident Minister in London, who, in conjunction with the Australian Loan Council, arranged for the conversion of Commonwealth and State securities amounting to £109,849,000 between October, 1932, and February, 1934. Particulars of these and subsequent conversions to June, 1941, are shown in the table on pages 820 and 821 of Official Year Book No. 34 and in previous issues. Particulars of the total amounts converted and the total savings on account of interest and exchange are also shown. In July, 1941, Commonwealth Stock to the value of £30,011,400 on account of the Commonwealth, Victoria and Queensland was converted, the new price of issue being 99, the rate of interest 3½ per cent. and the date of maturity 1961-66. The rates of interest on the original loan were 4½ per cent. (£11,902,600) and 5 per cent. (£18,108,800).

9. **Other Loan Raisings, 1941-42.**—In addition to those loans, particulars of which are shown on page 570, there was a special issue of £3,019,000 for public works of the Commonwealth and States and other purposes. The price of issue was par, the rate of interest 2½ per cent. and the date of maturity 1946-47. "Over the Counter" Sales amounted to £1,879,060.

10. **Public Debt for Commonwealth Purposes.**—(i) *Total Debt.* Reference has already been made to the development of the Commonwealth Public Debt and the following table shows the debt of the Commonwealth (excluding that of the States) at 30th June, 1942 :—

PUBLIC DEBT FOR COMMONWEALTH PURPOSES AT 30th JUNE, 1942.

Particulars.	Maturing in—			Total. (a)
	London.	New York.	Australia.	
	£ Stg.	£ (b)	£ Aust.	£
War (1914-19) Debt—				
Stock and Bonds	11,020,160	..	167,056,425	178,076,585
Indebtedness to United Kingdom Government	79,724,220	..	..	79,724,220
War and Peace Savings Certificates and Stamps, War Gratuity Bonds .. .. .	..	..	163,189	163,189
Total	90,744,380	..	167,219,614	257,963,994
War (1939-42) Debt—				
Stock and Bonds	5,775,000	..	202,247,157	208,022,157
Advance Loan Subscriptions .. .. .	..	..	3,361,470	3,361,470
Citizens' National Emergency Loans	100,000	..	5,929,192	6,029,192
National Savings Bonds .. .. .	..	..	658,840	658,840
War Savings Certificates .. .. .	..	..	26,170,601	26,170,601
War Savings Stamps .. .. .	..	..	200,615	200,615
Treasury Bills, Internal .. .. .	..	..	2,296,000	2,296,000
Treasury Bills, Public .. .. .	..	..	80,481,000	80,481,000
Indebtedness to United Kingdom Government	12,000,000	..	..	12,000,000
Total	17,875,000	..	321,344,875	339,219,875
Works and other Purposes—				
Stock and Bonds	61,663,936	15,876,718	29,263,917	106,804,571
Treasury Bills and Debentures	3,470,160	..	..	3,470,160
Treasury Bills, Internal .. .. .	..	..	10,692,248	10,692,248
Total, Works and other Purposes	65,134,096	15,876,718	39,956,165	120,966,979
Total, Commonwealth Purposes	173,753,476	15,876,718	528,520,654	718,150,848

PER HEAD OF POPULATION.(c)

	(Stg.)	(b)	(Aust.)	£ s. d.
	£ s. d.	£ s. d.	£ s. d.	
War (1914-19) Debt	12 13 0	..	23 6 2	35 19 2
War (1939-42) Debt	2 9 10	..	44 15 10	47 5 8
Works and other Purposes	9 1 7	2 4 3	5 11 5	16 17 3
Total Commonwealth Purposes	24 4 5	2 4 3	73 13 5	100 2 1

(a) The total "face" or "book" value of the public debt without adjustment on account of currency changes since the loans were floated. (b) Payable in terms of dollars. For the purposes of these tables dollars have been arbitrarily converted to £ Stg. at the rate of \$4.8665 to £1. (c) Based on population at 30th June, 1942.

(ii) *Place of Flotation.* Since 1931-32 few new loans have been raised overseas. None have been raised in New York since 1927-28. Those raised in London have been

almost exclusively conversion loans, particulars of which are given on page 570 of this issue and in previous issues. A total of £8,000,000 has been raised since 1937 for defence purposes.

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

Place of Flotation, etc.	1938.	1939.	1940.	1941.	1942.
War (1914-19) Debt—					
London £ Stg.	90,744,381	90,744,381	90,744,381	90,744,380	90,744,380
Total Overseas .. £ Stg.	90,744,381	90,744,381	90,744,381	90,744,380	90,744,380
Australia £ Aust.	179,058,853	175,193,890	173,028,896	171,240,024	167,219,614
Total War (1914-19) Debt £ a	269,803,234	265,938,271	263,773,277	261,984,404	257,963,994
War (1939-42) Debt—					
London £ Stg.	..	..	5,810,000	17,875,000	17,875,000
Total Overseas .. £ Stg.	..	..	5,810,000	17,875,000	17,875,000
Australia £ Aust.	..	..	46,808,759	109,649,579	321,344,875
Total War (1939-42) Debt £ a	..	..	52,618,759	127,524,579	339,219,875
Works and other Purposes—					
London £ Stg.	67,619,246	72,096,566	65,779,396	65,384,097	65,134,096
New York £ (b)	16,080,972	15,913,501	15,876,718	15,876,718	15,876,718
Total Overseas .. £ (a)	83,700,218	88,010,067	81,656,114	81,260,815	81,010,814
Australia £ Aust.	37,341,609	43,302,593	37,279,030	39,458,596	39,956,165
Total Debt for Works, etc. £ a	121,041,827	131,312,660	118,935,144	120,719,411	120,966,979
Total Debt—					
London £ Stg.	158,363,627	162,840,947	162,333,777	174,003,477	173,753,476
New York £ (b)	16,080,972	15,913,501	15,876,718	15,876,718	15,876,718
Total Overseas .. £ (a)	174,444,599	178,754,448	178,210,495	189,880,195	189,630,194
Australia £ Aust.	216,400,462	218,496,483	257,116,685	320,348,199	528,520,654
Grand Total .. £ (a)	390,845,061	397,250,931	435,327,180	510,228,394	718,150,848

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

(iii) *Amount of Debt at Various Rates of Interest.*—The first debt taken over from South Australia consisted mainly of securities bearing interest varying from 3 per cent. to 4 per cent., the average rate of interest for the first year being £3 12s. 4d. For the first three years the increase in the debt was due almost entirely to the expansion of the 3½ per cent. stock of the Loan Fund, consequently the average rate of interest fell 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 22½ per cent. Conversion loans in London referred to on p. 570 have reduced the average rate of interest on debt maturing in London by more than one per cent. from £4 18s. 11d. per cent. in 1931 to

£3 17s. 10d. in 1942. The average rate of interest on internal loans at 30th June, 1942 was £3 18s. 9d. per cent. as compared with £5 9s. 10d. per cent. at 30th June, 1931. The average rate of interest payable on the total debt decreased from £5 4s. 11d. per cent. in 1931 to £3 5s. 1d. per cent. at 30th June, 1942.

The accompanying table gives particulars of rates of interest on the debt for Commonwealth purposes at 30th June, 1942:—

PUBLIC DEBT FOR COMMONWEALTH PURPOSES: AMOUNTS AT EACH RATE OF INTEREST, AT 30th JUNE, 1942.

Rates of Interest.	Debt Maturing in—			
	London.	New York.	Australia.	Total.
Per cent.	£ (Stg.)	£ (a)	£ (Aust.)	£ (b)
5.0	29,128,495	12,295,662 (c)	4,738	41,428,895
4.91667	(d)79,724,220	..	..	79,724,220
4.5 .. .. .	..	3,581,056	..	3,581,056
4.2625 .. .. .	..	..	127,119	127,119
4.25 .. .. .	..	..	80,719	80,719
4.06875 .. .. .	..	..	2,558,430	2,558,430
4.0	5,775,000	..	108,997,041	114,772,04
3.875 .. .. .	..	..	46,003,570	46,003,570
3.75	20,730,800	..	7,606,880	28,337,680
3.675 .. .. .	..	..	66,510	66,510
3.625 .. .. .	..	..	4,284,580	4,284,580
3.5	5,989,400	..	4,375,450	10,364,850
3.375 .. .. .	..	..	4,334,850	4,334,850
3.25	16,563,595	..	189,600,491	206,164,086
3.0	12,000,000	..	5,916,640	17,916,640
2.75	271,806	..	11,737,570	12,009,376
2.5 .. .. .	..	..	42,903,700	42,903,700
2.25	2,470,160	..	..	2,470,160
2.0	1,000,000	..	..	1,000,000
1.5 .. .. .	..	..	93,469,248	93,469,248
Citizens' National Emergency Loans (Interest Free) ..	100,000	..	5,929,192	6,029,192
Overdue .. .. .	..	..	(f) 309,116	309,116
War (1939-42) Savings Stamps ..	..	..	200,615	200,615
War (1914-19) Savings Stamps ..	..	..	14,195	14,195
Total	173,753,476	15,876,718	528,520,654	718,150,848
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Average rate per cent.	3 17 10	4 17 9	3 1 9	3 5 1

(a) Payable in terms of dollars. For the purposes of these tables dollars have been arbitrarily converted to £ Stg. at the rate of \$4.8665 to £1. (b) The total "face" or "book" value of the public debt without adjustment on account of currency changes since the loans were floated. (c) War (1914-19) Savings Certificates. (d) War Debt due to Government of the United Kingdom (see par. 5, page 569). (e) Includes War (1939-42) Savings Certificates, £26,170,601. (f) Includes War Gratuity Bonds, £11,977.

(iv) *Amount of Interest Payable.* The next table shows the interest payable in Australia and overseas on the Commonwealth Public Debt (excluding amounts raised on behalf of the several States and debts of the States taken over) at 30th June in the years 1938 to 1942 inclusive :—

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

Interest on and where payable.	1938.	1939.	1940.	1941.	1942.
War (1914-19) Debt—					
London £ Stg.(a)	426,008	426,008	426,008	426,008	426,008
Australia £ Aust.	7,149,993	6,949,706	6,868,976	6,798,034	6,433,774
Total War (1914-19) Debt £ (b)	7,576,001	7,375,714	7,294,984	7,224,042	6,859,782
Average Rate %	£3 19s. 9d.	£3 19s. 3d.	£3 19s. 3d.	£3 19s. 3d.	£3 17s. 0d.
War (1939-42) Debt—					
London £ Stg.	..	..	232,400	591,000	591,000
Australia £ Aust.	..	..	1,416,569	3,255,101	3,506,827
Total War (1939-42) Debt.. £	..	..	1,648,969	3,846,101	9,097,827
Average Rate .. .. %	..	..	£3 7s. 8d.	£3 3s. 0d.	£2 14s. 7d.
Works and other Purposes—					
London £ Stg.	2,775,291	2,977,546	2,729,388	2,719,314	2,638,822
New York £ (c)	785,240	777,586	775,930	775,930	775,930
Total Overseas £ (b)	3,560,531	3,755,132	3,505,318	3,495,244	3,414,752
Australia £ Aust.	1,151,759	1,394,921	1,135,095	1,195,661	1,194,439
Total Debt for Works, etc. .. £ (b)	4,712,290	5,150,053	4,640,413	4,690,905	4,609,191
Average Rate %	£3 17s. 10d.	£3 18s. 5d.	£3 18s. 0d.	£3 17s. 9d.	£3 16s. 2d.
Total Debt—					
London £ Stg.(a)	3,201,299	3,403,554	3,327,796	3,756,322	3,653,830
New York £ (c)	785,240	777,586	775,930	775,930	775,930
Total Overseas £ (b)	3,986,539	4,181,140	4,163,726	4,512,252	4,431,760
Australia £ Aust.	8,301,752	8,344,627	9,420,640	11,248,796	16,135,040
Grand Total £ (b)	12,288,291	12,525,767	13,584,366	15,761,048	20,566,800
Average Rate %	£3 19s. 0d.	£3 18s. 11d.	£3 17s. 3d.	£3 14s. 2d.	£3 5s. 1d.

(a) Excludes suspended interest on War Debt owing to British Government. (b) The totals shown represent the nominal amount of interest, taking no account of exchange. (c) Payable in terms of dollars. For the purposes of these tables dollars have been arbitrarily converted to £ Stg. at the rate of \$4.8665 to £1.

(v) *Dates of Maturity.* The dates of maturity of the several portions of the Commonwealth debt are shown below according to financial years. Prior to 1937-38 the Public Debt was shown classified according to the latest date of maturity only, but the particulars now include tables showing both the earliest and latest dates of maturity. The Commonwealth Government has refrained from issuing interminable stock, but, in respect of a small proportion of the debt, no definite date of maturity had been assigned on 30th June, 1942.

PUBLIC DEBT FOR COMMONWEALTH PURPOSES, AT 30th JUNE, 1942.

(CLASSIFIED ACCORDING TO LATEST DATE OF MATURITY.)

Due Dates (year ended 30th June).	Maturing in—			Total. £
	London. £ (Stg.)	New York. £ (Stg.)	Australia. £ (Aust.)	
1943	3,741,966	..	98,343,818	102,085,784
1944 .. ..	..	..	2,149,450	2,149,450
1945 .. ..	..	..	24,682,122	24,682,122
1946 .. ..	..	..	16,072,420	16,072,420
1947 .. ..	..	..	31,198,580	31,198,580
1948 .. ..	..	..	29,880,497	29,880,497
1949 .. ..	..	..	4,366,470	4,366,470
1950 .. ..	..	..	2,880	2,880
1951 .. ..	..	..	13,346,141	13,346,141
1952 .. ..	..	..	14,304,970	14,304,970
1953 .. ..	..	..	658,840	658,840
1954	13,780,100	..	..	13,780,100
1955 .. ..	..	..	40,573,179	40,573,179
1956 .. ..	..	13,548,199	14,166,248	27,714,447
1957	6,950,700	..	51,907,060	58,857,760
1958 .. ..	..	2,328,519	61,935,866	64,264,385
1959 .. ..	..	..	65,724,750	65,724,750
1960	12,000,000	..	11,843,182	23,843,182
1961	16,233,817	..	..	16,233,817
1962 .. ..	..	..	11,034,135	11,034,135
1964	5,775,000	..	..	5,775,000
1967	5,989,400	..	..	5,989,400
1975	329,778	..	..	329,778
1976	29,128,495	..	..	29,128,495
War (1939-42) Savings Certificates .. ..	..	..	26,170,601	26,170,601
War (1939-42) Savings Stamps .. ..	..	..	200,615	200,615
Citizens' National Emergency Loans	100,000	..	5,929,192	6,029,192
Advance Loan Subscriptions .. ..	..	..	3,361,470	3,361,470
War (1914-19) Savings Certificates .. ..	..	..	4,738	4,738
Peace Savings Certificates .. ..	..	..	132,280	132,280
War (1914-19) Savings Stamps .. ..	..	..	14,195	14,195
Overdue .. ..	..	..	(a) 309,116	309,116
Annual repayments	(b) 79,724,220	..	..	79,724,220
Half-yearly .. ..	..	..	207,839	207,839
Total	173,753,476	15,876,718	528,520,654	718,150,848

(a) Includes War Gratuity Bonds, £11,977.

(b) Repayments suspended by arrangement with British Government.

PUBLIC DEBT FOR COMMONWEALTH PURPOSES, AT 30th JUNE, 1942.

(CLASSIFIED ACCORDING TO EARLIEST DATE OF MATURITY.)

Due Dates (year ended 30th June).	Maturing in—			Total. £
	London. £ (Stg.)	New York. £ (Stg.)	Australia. £ (Aust.)	
Before 1943	271,806	..	..	271,806
1943	3,470,160	..	98,343,818	101,813,978
1944 .. ..	..	..	2,149,450	2,149,450
1945 .. ..	..	..	24,682,122	24,682,122
1946	29,128,495	..	36,026,710	65,155,205
1947 .. ..	..	..	19,643,410	19,643,410
1948 .. ..	..	2,328,519	21,481,377	23,809,896
1949	13,780,100	..	4,366,470	18,146,570
1950 .. ..	..	..	2,880	* 2,880
1951 .. ..	..	..	180,980,231	180,980,231
1952 .. ..	..	..	14,304,970	14,304,970
1953	6,950,700	9,967,143	41,232,019	58,149,862
1954 .. ..	..	..	1,717,780	1,717,780
1956	28,233,817	3,581,056	12,448,468	44,263,341
1958 .. ..	..	..	11,933,586	11,933,586
1960 .. ..	..	..	11,843,182	11,843,182
1961	5,775,000	..	..	5,775,000
1962	5,989,400	..	11,034,135	17,023,535
1965	329,778	..	..	329,778
War (1939-42) Savings Certificates .. ..	..	..	26,170,601	26,170,601
War (1939-42) Savings Stamps .. ..	..	..	200,615	200,615
Citizens' National Emergency Loans	100,000	..	5,929,192	6,029,192
Advance Loan Subscriptions .. ..	..	..	3,361,470	3,361,470
War (1914-19) Savings Certificates .. ..	..	..	4,738	4,738
Peace Savings Certificates .. ..	..	..	132,280	132,280
War (1914-19) Savings Stamps .. ..	..	..	14,195	14,195
Overdue .. ..	..	..	(a) 309,116	309,116
Annual repayments	(b) 79,724,220	..	..	79,724,220
Half-yearly .. ..	..	..	207,839	207,839
Total	173,753,476	15,876,718	528,520,654	718,150,848

(a) Includes War Gratuity Bonds, £11,977.
British Government.

(b) Repayments suspended by arrangement with

II. 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 1937-38 are as follows:—

PUBLIC DEBT FOR COMMONWEALTH PURPOSES : SINKING FUND.

Items.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.	Total 1923-24 to 1941-42.
	£	£	£	£	£	£
Cr. Brought forward ..	1,937,295	1,252,784	1,131,163	1,525,784	3,431,212	..
Balance transferred to Fund on 11th August, 1923 ..	..	..	..	..	..	2,262,983
From Consolidated Revenue	3,681,741	3,917,825	4,269,096	4,956,791	6,547,177	58,861,155
Repayments of Sundry Loans ..	15,610	16,510	21,385	22,630	160	1,331,712
Purchase-money and Re- payments under War Service Homes Act ..	607,435	628,950	636,102	650,300	676,036	11,882,037
Half Net Profit Common- wealth Bank ..	318,752	321,448	363,719	422,930	188,070	5,873,396
Reparation Moneys ..	147	148	126	15	..	5,574,245
Interest on Investments ..	40,478	32,381	25,183	30,332	42,218	893,073
Other Contributions ..	13,453	13,453	13,453	13,453	12,177	207,069
Total	6,614,911	6,183,499	6,460,227	7,622,235	10,897,050	86,885,670
Dr. Redemptions	5,362,127	5,052,336	4,934,443	4,191,023	7,033,041	83,021,661
Carried forward	1,252,784	1,131,163	1,525,784	3,431,212	3,864,009	3,864,009

Particulars of repayment of the British Government loan are given on page 569.

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

§ 5. Cost of War (1914-1919) and Repatriation.

In view of the importance of the subject, a further reference is here made to the cost of the War of 1914-19. The general policy of the Commonwealth Government has been to pay from Consolidated Revenue all charges for interest, sinking fund, pensions and other recurring charges consequent upon the War, and part of the expense of repatriation. On the other hand, the whole direct cost of the War and the larger proportion of the cost of repatriation have been paid from loans. Detailed particulars

relating to Repatriation, War and Service Pensions appear in Chapter X. "Repatriation" of this issue. The total cost from both sources to 30th June, 1942, is set out in the following table:—

COMMONWEALTH WAR (1914-19) EXPENDITURE.

Period.	From Consolidated Revenue Fund.			War Loan Expenditure.(b)
	War and Repatriation Services, including War Pensions.	Interest and Sinking Fund. (a)	Total.	
	£	£	£	£
1914-15 to 1918-19 ..	15,541,230	30,694,164	46,235,394	219,213,065
1919-20 to 1923-24 ..	50,370,399	94,506,889	144,877,288	77,374,183
1924-25 to 1928-29 ..	43,334,160	93,147,404	136,481,564	Cr. 52,439
1929-30 to 1933-34 ..	44,871,115	66,831,833	111,702,948	Cr. 4,875
1934-35 to 1938-39 ..	45,237,608	47,833,890	93,071,498	..
1939-40	9,342,577	9,491,965	18,834,542	..
1940-41	9,142,053	9,460,577	18,602,630	..
1941-42	9,044,425	9,573,877	18,618,302	..
Discounts and Flotation Expenses on Loans, including Redemption and Conversion Loans	(c)	..	..	5,999,094
Indebtedness to the Government of the United Kingdom for payments made, services rendered, and goods supplied during the War .. ..	..	..	..	(d)43,398,098
War Gratuities paid in cash ..	452,295	..	452,295	27,062,627
Total to 30th June, 1942 ..	227,335,862	2361,540,599	588,876,461	372,989,753

NOTE.—For particulars of expenditure relating to the present War see pages 560-562 and 568.

(a) Excludes interest on amounts raised for the States for Soldier Land Settlement. (b) Excludes expenditure on War Service Homes from 1923-24. (See page 568.) (c) Included above. (d) The total indebtedness to the Government of the United Kingdom involved in the Funding Arrangements Act 1921 was £92,480,157, the balance, £49,082,059, for cash supplied, being included above. At 30th June, 1942, the amount outstanding had been reduced to £79,724,220. (e) Interest, £307,326,593; Sinking Fund, £54,214,006.

§ 6. Invalid and Old-age Pensions.

1. **General.**—In previous issues of the Official Year Book an account is given of the introduction of the old-age pension system in Australia, together with a detailed description of the Commonwealth Invalid and Old-age Pensions Act 1908, which became operative on 1st July, 1909. Invalid pensions were first paid from 15th December, 1910. 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—		Pensioner's Maximum Income including pension.	
	Annual Rate.	Weekly Equivalent.	Annual Rate.	Weekly Equivalent.
1st July, 1909	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1st July, 1909	26 0 0	0 10 0	52 0 0	1 0 0
12th October, 1916	32 10 0	0 12 6	58 10 0	1 2 6
1st January, 1920	39 0 0	0 15 0	65 0 0	1 5 0
13th September, 1923	45 10 0	0 17 6	78 0 0	1 10 0
8th October, 1925	52 0 0	1 0 0	84 10 0	1 12 6
23rd July, 1931	45 10 0	0 17 6	78 0 0	1 10 0
13th October, 1932	45 10 0	0 17 6	71 10 0	1 7 6
26th October, 1933	45 10 0	0 17 6	78 0 0	1 10 0
4th July, 1935	46 16 0	0 18 0	79 6 0	1 10 6
24th September, 1936	49 8 0	0 19 0	81 18 0	1 11 6
9th September, 1937	52 0 0	1 0 0	84 10 0	1 12 6
26th December, 1940	54 12 0	1 1 0	87 2 0	1 13 6
3rd April, 1941	55 18 0	1 1 6	88 8 0	1 14 0
11th December, 1941	61 2 0	1 3 6	93 12 0	1 16 0
2nd April, 1942	65 0 0	1 5 0	97 10 0	1 17 6
1st October, 1942	66 6 0	1 5 6	98 16 0	1 18 0
7th January, 1943	67 12 0	1 6 0	100 2 0	1 18 6
1st April, 1943	68 18 0	1 6 6	101 8 0	1 19 0
19th August, 1943	70 4 0	1 7 0	102 14 0	1 19 6

Subject to the conditions of the Act, every person, who is not receiving an invalid pension, and who has attained the age of sixty-five years (in the case of females, sixty years), is, while in Australia, qualified to receive an old-age pension.

Asiatics and aboriginal natives of Australia, Africa, the Islands of the Pacific or New Zealand generally, are not eligible to receive an invalid or old-age pension, but the Act was amended in November, 1941, to include those Asiatics who are British subjects, and in May, 1942, to include, under certain conditions, aboriginal natives of Australia, and of the Pacific Islands.

Invalid pensions were granted from 15th December, 1910. Subject to the conditions of the Act, every person above the age of sixteen years who is permanently incapacitated for work, and every permanently blind person above the age of sixteen years, provided that, in each case, an old-age pension is not being received, is, while in Australia, qualified to receive an invalid pension. A claimant for an invalid pension, or an invalid pensioner, may be required to undertake such training for a vocation or physical rehabilitation as is available. In 1920 special provision was made for a permanently blind person, by which the annual pension was at such a rate (not exceeding that shown in the table above), as would make his income plus that of his wife together with the pension equal to an amount not exceeding £221 per annum. This amount has since been varied to £230 2s. from 26th December, 1940, £231 8s. from 3rd April, 1941, £236 12s. from 11th December, 1941, and £237 18s. from 2nd April, 1942. Under the May, 1942, amendment (see next page) blind pensioners are permitted to have an additional income equal to the Federal basic wage, thereby raising the limit to £299 per annum (Federal basic wage,

£4 10s. per week and pension £1 5s. per week). An amendment to the Act, assented to on 29th March, 1943, provided for the payment of an allowance not exceeding £39 per annum to wives of invalid pensioners, provided that they themselves are not invalid or old-age pensioners. This allowance is subject to the deduction of the amount by which the other income of the wife exceeds £32 10s. per annum (12s. 6d. per week) and of £1 for every complete £10 by which the net capital value of the accumulated property of the wife exceeds £50. Provision has also been made for the payment of an additional allowance of £13 per annum (5s. per week) where there are children under sixteen years of age. The same amendment provides for the payment of an amount not to exceed £10 towards the funeral costs of invalid and old-age pensioners.

In December, 1940, when the pension rate was increased to £54 12s. per annum, provision was made for future adjustments to be made in accordance with the variations of the "C" Series Retail Prices Index-number for the Six Capital Cities, and for the rate to be reviewed by the Commissioner of Pensions each quarter commencing with that ended 31st March, 1941, in order to determine the rate for the next succeeding quarter; but the rate not in any event to fall below £54 12s. per annum. The first adjustment under the "C" Series was made from 3rd April, 1941, when the pension rate became £55 18s. per annum.

The basis for adjustments was amended in November, 1941, which provided that if the price index-number for the quarter immediately preceding that in which the rate was reviewed exceeded 981, the rate per annum should be £58 10s. plus £1 6s. for every 23 units, or portion thereof, by which the index-number exceeded 981. If the index-number subsequently fell the rate should where necessary, be reduced to accord with the rate determined as above, provided that it should not, in any event, be reduced to less than £58 10s.

An increase of £1 6s. per annum in the rate became due in January, 1942, but was taken back to 11th December, 1941, the date on which the amendment came into operation. The amendment also provided for an additional increase of £3 18s. per annum, raising the rate of pension to £61 2s. per annum from that date. By the price index adjustment the pension rate was further increased to £62 8s. per annum from 2nd April, 1942.

Under the December, 1940, amendment, pensions to inmates of institutions were also increased from 6s. to 6s. 6d. per week, and provision made for their future adjustment in accordance with the variations of the price index-number to the extent of not more than half the amount of the increase in the rate of pension on a weekly basis. Pensions to inmates of institutions were subsequently increased as follows:—6s. 9d. from 3rd April, 1941; 7s. 9d. from 11th December, 1941; and 8s. from 2nd April, 1942.

In May, 1942, the rate of pension was increased to £65 per annum, the new rate being applied to the "C" Series Index-number (1053) for the quarter ended 31st March, 1942. The quarterly adjustment of £1 6s. was retained, but the number of units required was changed from 23 to 21. The rate of pension payable to inmates of institutions was also increased to 8s. 6d. per week. These amendments came into operation on 9th July, 1942, but applied retrospectively from 2nd April, 1942. The provision for the suspension of pension payments when a pensioner becomes an inmate of a hospital was also repealed under the May, 1942, amendment. Further increases in the "C" Series Index-number brought the annual rate to £70 4s. (£1 7s.) per week from the 19th August, 1943. Subsequently, the adjustment provision in accordance with the "C" Series was repealed.

During 1939-40 all invalid pensions in force were specially reviewed, and at 30th June, 1940, all those pensioners who had become qualified for old-age pensions by age and residence were transferred to the old-age pension list. This transference has been continued in 1940-41 and 1941-42, though the numbers involved were naturally much smaller.

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, 1941, there were 276,760 old-age pensions in force. During 1941-42, 25,198 pensions claims were granted, and 174 pensioners were transferred from the invalid pension list, while 26,676 pensions expired through cancellations and deaths. The net decrease for the year was 1,304 and the total in existence at 30th June, 1942, 275,456.

(ii) *Sexes of Pensioners—States.* Of the pensioners at 30th June, 1942, 107,432 (or 39 per cent.) were males, and 168,024 (or 61 per cent.) were females. Details for each State are as follows :—

OLD-AGE PENSIONS : SEXES OF PENSIONERS AT 30th JUNE, 1942.

State.	Males.	Females.	Total.	Masculinity.(a)
New South Wales	43,235	67,229	110,464	64.31
Victoria	27,425	47,815	75,240	57.36
Queensland	15,443	20,429	35,872	75.59
South Australia	8,835	15,206	24,041	58.10
Western Australia	8,189	10,967	19,156	74.66
Tasmania	4,305	6,378	10,683	67.50
Total	107,432	168,024	275,456	63.94

(a) Number of males to each 100 females.

(iii) *Ages and Conjugal Conditions of Pensioners.* The recorded ages of the 25,198 persons (10,892 males and 14,306 females) to whom pensions were granted during the year 1941-42 varied considerably, ranging from 5,047 at age 60 to 1 at age 95, but 19,534 were in the 60-70 group. The conjugal condition of these new pensioners was as follows :—Males—single, 1,946; married, 7,082; and widowed, 1,864. Females—single, 2,169; married, 6,594; and widowed, 5,543.

3. *Invalid Pensions.*—(i) *Number in force, 1941-42.* The number of invalid pensioners increased from 58,921 in 1940-41 to 60,597 in 1941-42, an increase of 1,676. Total pensions granted during the year were 9,358, while 7,508 pensions became inoperative through cancellations or deaths, and 174 were transferred to the old-age pension list.

(ii) *Sexes of Pensioners.* Of the 60,597 persons in receipt of invalid pensions on 30th June, 1942, 26,940, or 44 per cent. were males, and 33,657, or 56 per cent. were females. Details for the several States are as follows :—

INVALID PENSIONS : SEXES OF PENSIONERS AT 30th JUNE, 1942.

State.	Males.	Females.	Total.	Masculinity.(a)
New South Wales	12,251	15,967	28,218	76.72
Victoria	5,646	6,904	12,550	81.78
Queensland	4,483	4,684	9,167	95.71
South Australia	1,727	2,654	4,381	65.07
Western Australia	1,565	1,992	3,557	78.56
Tasmania	1,268	1,456	2,724	87.09
Total	26,940	33,657	60,597	80.04

(a) Number of males to each 100 females.

(iii) *Ages and Conjugal Conditions of Pensioners, 1941-42.* The recorded ages of the 9,358 persons (4,984 males and 4,374 females) to whom invalid pensions were granted during 1941-42 varied from 16 to 85, 4,552 or 49 per cent. being in the 45-59 years age-group.

The conjugal condition of persons to whom invalid pensions were granted during the year was as follows :—Males—single, 2,237; married, 2,473; and widowed, 274. Females—single, 2,031; married, 1,295; and widowed, 1,048.

4. **Cost of Administration.**—The total cost of administering the Invalid and Old-age Pensions Department in 1941-42 was approximately £120,000, or 0.62 per cent. of the amount paid to pensioners and to Benevolent Asylums and Hospitals. The corresponding cost in 1940-41 was approximately £132,000, or 0.76 per cent. of the total payments.

The actual sum disbursed in old-age and invalid pensions in the financial year 1941-42, a part from the cost of administration and including the amount paid to asylums and hospitals for the maintenance of pensioners, was £19,257,025 (54s. per head of mean population) and in 1940-41, £17,366,365 (49s. 2d. per head).

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

INVALID AND OLD-AGE PENSIONS : SUMMARY, AUSTRALIA.

Year ended 30th June	Number of Pensioners.				Amount Paid in Pensions.	Total Payment to Pensioners and Institutions.	Cost of Administration (approximate.)	Cost of Administration per £100 paid to Pensioners and Institutions (approximate).	Average Fort-nightly Pension as at 30th June.
	Old-age.		Invalid.	Total.					
	No.	Est. No. per 1,000 of persons eligible on age qualification. (a)							
			No.	No.	£	£	£	s. d.	s. d.
1937	215,690	361	83,396	299,086	13,827,636	13,998,793	118,851	17 0	636 8
1938	224,154	372	86,006	310,250	15,615,428	15,798,687	124,000	15 8	638 6
1939	232,836	376	88,812	321,648	15,798,038	15,991,782	128,000	16 0	38 5
1940	272,896	427	58,696	331,592	16,250,064	16,459,245	130,000	15 10	38 6
1941	276,760	428	58,921	335,681	17,147,509	17,366,365	132,000	15 2	641 5
1942	275,456	411	60,597	336,053	19,058,159	19,257,025	120,000	12 6	648 4

(a) Based on an estimate of the aggregate of males aged 65 and over and females aged 60 and over at 30th June of each year. (b) Changes in rate—see par. 1, page 579. (c) Transfer from invalid to old-age pension list—see par. 1, page 580.

Separate particulars of the payments to invalid and to old-age pensioners are not available but the annual liability at 30th June, 1942, together with the total payments in 1941-42 are given hereunder :—

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

State.	Payments Invalid and Old-age Pensions, 1941-42. (a)	Annual Liability at 30th June, 1942.		
		Old-age Pensions.	Invalid Pensions.	Total.
	£	£	£	£
New South Wales (b)	7,865,515	6,941,194	1,800,370	8,741,564
Victoria	5,103,542	4,730,362	798,148	5,528,510
Queensland	2,567,591	2,259,634	582,660	2,842,294
South Australia (c)	1,637,081	1,487,044	275,990	1,763,034
Western Australia	1,318,672	1,193,530	225,706	1,419,236
Tasmania	764,624	665,184	171,990	837,174
Total	19,257,025	17,276,948	3,854,864	21,131,812

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

§ 7. Child Endowment.

1. **General.**—The Child Endowment Act, assented to on 7th April, 1941, came into operation on 1st July, 1941. During the year 1941-42, 510,347 claims were granted. Cancellations amounted to 22,673 and the total claims in force at 30th June, 1942, were 487,674. For particulars of the main provisions of the Act see Chapter XV., § 4, and for Pay-roll Tax see page 550 of this Chapter.

2. **Summary.**—The following table shows particulars of the operations of the Child Endowment Act during the year ended 30th June, 1942 :—

CHILD ENDOWMENT : SUMMARY, 1941-42.

State.	Claims in force at end of year.	Endowed Children.		Total Payments to Endowees and Institutions.	Annual Liability at 30th June, 1942.	
		No.	Average No. per Claim.		Total.	Average Liability per Claim.
				£	£	£
New South Wales ..	192,558	356,460	1.85	4,472,837	4,633,980	24.07
Victoria ..	124,463	219,680	1.77	2,809,529	2,855,840	22.95
Queensland ..	76,127	145,180	1.91	1,861,898	1,887,340	24.79
South Australia ..	39,231	68,567	1.75	859,523	891,371	22.72
Western Australia	37,166	68,533	1.84	841,740	890,929	23.97
Tasmania ..	18,129	37,138	2.05	457,336	482,794	26.63
Total ..	487,674	895,558	1.84	11,302,863	11,642,254	23.87

(a) In addition, there were 14,289 children in 246 institutions receiving child endowment benefit.

The cost of administration was £137,637 or 1.22 per cent. of the total payments made.

3. **Number of Children.**—The following table shows the number of claims in force, the number of endowed children and the number of unendowed children in endowed families, classified according to the number of children in the family :—

CHILD ENDOWMENT : NUMBER OF CHILDREN AT 30th JUNE, 1942.

Size of Family.	Claims in force at 30th June, 1942.	Children.		
		Endowed.	Unendowed in Endowed Families.	Total in Endowed Families.
Two children ..	260,789	260,789	260,789	521,578
Three ..	124,796	249,592	124,796	374,388
Four ..	56,488	169,464	56,488	225,952
Five ..	25,323	101,292	25,323	126,615
Six ..	11,880	59,400	11,880	71,280
Seven ..	5,202	31,212	5,202	36,414
Eight ..	2,143	15,001	2,143	17,144
Nine ..	759	6,072	759	6,831
Ten ..	225	2,025	225	2,250
Eleven ..	51	510	51	561
Twelve ..	15	165	15	180
Thirteen ..	3	36	3	39
Total ..	487,674	895,558	487,674	1,383,232

It should be noted that the word "children," as used in the foregoing tables, means children under sixteen years of age, as defined by the Act.

§ 8. Widows' Pensions.

1. **General.**—The Widows' Pension Act, assented to on 5th June, 1942, provides for the payment, subject to certain conditions of residence, character, property and nationality, (a) of a pension of £78 per annum (£1 10s. per week) to widows maintaining one or more children and (b) of a pension of £65 per annum (£1 5s. per week) to widows not maintaining children, but who are not less than 50 years old. The value of real and personal property permissible in respect of class (a), after deductions of charges and encumbrances thereon and excluding the value of a house owned and resided in, together with furniture and personal effects, must not exceed £1,000. For class (b) £400 is the maximum. The rate of pension is reducible by the amount by which a widow's other income exceeds £32 10s. per annum (12s. 6d. per week), and, in the case of a widow in class (b), by £1 per annum for every complete £10 by which the value of her real and personal estate, as defined above, exceeds £50. Board and lodging received is regarded as income, and, in the case of widows in class (a), 5 per cent. of the value of the real personal property as defined above, or the net income therefrom, whichever is the greater. Payment by way of gift or allowance from a son or daughter is not regarded as income. Pensions may not be received at the same time under the Invalid and Old-age and Widows' Pensions Acts.

The Act also provides, in respect of widows not maintaining children and who are under 50 years of age, for the payment, in the case of necessitous circumstances, of an allowance of £1 5s. per week for a period not exceeding 26 weeks immediately after the death of the husband.

The term "widow" includes a dependent female (i.e., a woman, who for not less than three years immediately prior to his death, has been living with a man, though not legally married to him, on a permanent and *bona fide* domestic basis); a deserted wife; a woman whose marriage has been dissolved and who has not remarried; and a woman whose husband is an inmate of a hospital for the insane.

The first payment under the Act was made on 27th July, 1942. The number of pensions current at 30th June, 1943, was 38,402, and the amount paid during 1942-43 was £2,358,998.

§ 9. Maternity Allowance.

1. **General.**—The Maternity Allowance Act 1912-1943 makes provision for the payment of maternity allowances. 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 to aliens. The Act was amended in May, 1942, to provide for the allowance to be paid to aboriginal natives of Australia, subject to certain conditions. 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. There were further subsequent changes and at 30th June, 1943, the income limit was £247, with an additional £13 in respect of each previous living child under 14, the maximum being £338. The amount of the allowance was £4 10s. where there was no previous living child under 14, £5 where there were one or two previous living children under 14 and £7 10s. where there were three or more such children.

Under an amendment to the Act, assented to on 29th March, 1943, provision was made for the following allowances to take effect in respect of births on or after 1st July, 1943:—(a) where there are no other children, £5; (b) where there are one or two other children, £6; and (c) where there are three or more other children, £7 10s.; together with the payment of £1 5s. for each of the four weeks before and after the child's birth.

In addition, the sub-sections of the principal Act relating to income qualifications were repealed. The following table gives a summary in connexion with the working of the Maternity Allowance Act for the years 1937-38 to 1941-42 :—

MATERNITY ALLOWANCE : SUMMARY.

Year.	Claims Paid.	Claims Rejected.	Amount Paid.	Cost of Administration (approximate).	Cost per £100 allowance paid (approximate).
	No.	No.	£	£	£ s. d.
1937-38 ..	79,000	5,931	400,004	15,671	3 18 4
1938-39 ..	80,916	6,272	436,614	16,959	3 17 8
1939-40 ..	77,352	6,779	416,964	17,181	4 2 5
1940-41 ..	75,692	8,184	407,533	14,852	3 12 11
1941-42 ..	66,391	12,790	358,538	11,717	3 5 4
Aggregate— 1912-13 to 1941-42 ..	3,335,977	88,581	16,433,893	416,455	2 10 8

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

MATERNITY ALLOWANCE : CLAIMS PAID IN EACH STATE.

Year ended 30th June—	N.S.W. (a)	Vic.	Q'land.	S.A.	W.A.	Tas.	N.T.	Total.
	No.	No.	No.	No.	No.	No.	No.	No.
1938	30,440	20,160	12,660	6,656	5,026	4,029	29	79,000
1939	30,860	20,819	12,880	7,162	5,213	3,940	42	80,916
1940	29,700	19,660	12,290	7,009	4,774	3,883	36	77,352
1941	28,540	19,150	12,481	6,831	4,775	3,877	38	75,692
1942	24,481	16,120	12,113	5,724	4,320	3,620	13	66,391
Total, 1912-13 to 1941-42 ..	1,321,967	869,214	497,736	290,484	211,700	143,761	1,115	3,335,977

(a) Includes Australian Capital Territory.

§ 10. Commonwealth Public Service Superannuation Fund.

This Fund, which was inaugurated on 20th November, 1922, is maintained by contributions of officers of Parliament, of employees of the Commonwealth Public Service and the Defence Departments, and by payments from Consolidated Revenue, the

latter being made when the officers retire on pension. Full particulars as to the benefits, etc., will be found in Official Year Book, No. 18, p. 383. In September, 1937, legislation was passed extending superannuation rights to approximately 1,600 employees of the Repatriation Commission, the War Service Homes, the High Commissioner's Office, London, and the Council for Scientific and Industrial Research. During the same year a new feature, in the form of the Provident Account, was introduced. This provides for compulsory contributions in respect of those, who, through physical disabilities or failure to pass the required medical examination, are ineligible to contribute to the Superannuation Fund. Any other, whose contribution to the Superannuation Fund for the first two units of pension is in excess of the rate for age 45 years and above 5 per cent. of his salary, may elect to transfer to the Provident Account.

The number of contributors to the fund at 30th June, 1942, was 45,478 (49,435 males and 5,043 females) and the average pension contributed for was 5.185 units or £134 16s. 2d. per annum.

The income for the year 1941-42 was £1,104,635, of which officers' contributions represented £709,126 and interest on investments, etc. (excluding accrued interest), £269,791. The expenditure for the year was £234,054 of which £170,132 represented pension payments. At 30th June, 1942, the total funds invested amounted to £9,989,690 (at cost). The average rate of interest on investments at 30th June, 1942, was £4 1s. 4d. per cent.

Pensions in force on 30th June, 1942, including contributory and non-contributory but excluding commuted pensions, numbered 7,586, with a net annual liability of £668,380 of which £490,214 represented the share payable from the Consolidated Revenue Fund.

§ 11. Currency and Coinage.

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

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

3. Gold Receipts and Issues.—(i) *Receipts.* The receipts of gold during 1942 and the aggregate at each mint to the end of 1942 were as follows:—

AUSTRALIAN MINTS : RECEIPTS OF GOLD, 1942, AND TOTAL.

Mint.	Deposits during 1942.	Total to end of 1942.		
		Quantity.		Value. (b)
		Gross.	Fine.	
	Oz.	Oz.	Oz.	£
Sydney(a) ..	..	42,082,928	36,907,045	156,771,141
Melbourne ..	343,031	46,107,460	41,385,745	175,795,355
Perth ..	1,187,411	46,326,806	37,166,669	157,873,868
Total ..	1,530,442	134,517,194	115,459,459	490,440,364

(a) To end of 1926.

(b) At £3 17s. 10½d. per standard ounce.

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

(ii) *Issues.* The Australian mints issue gold bullion partly for the use of local manufacturers (jewellers and dentists), and partly for export. Since September, 1931, when the United Kingdom departed from the gold standard, the minting of gold coins by Australian mints has ceased. Australian exports of gold are mainly in the form of 400-oz. ingots, but in earlier years a considerable amount of gold was shipped in 10-oz. bars to India. During recent years the export was subject to regulation by the Commonwealth Government. The issues during 1942, and the total to the end of that year, are shown in the table below:—

AUSTRALIAN MINTS : ISSUES OF GOLD.

Mint.	Coin.			Bullion. (a)	Total.
	Sovereigns.	Half-sovereigns.	Total.		
	£	£	£	£	£
1942—					
Melbourne ..	..	..	..	1,173,192	1,173,192
Perth ..	..	..	..	3,607,914	3,607,914
Total, 1942	..	..	..	4,781,106	4,781,106
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	27,574,257	175,804,168
Perth ..	106,384,197	367,338	106,751,535	51,140,298	157,891,833
Total to end of 1942 ..	398,102,878	6,095,118	404,197,996	86,288,963	490,486,959

(a) Value expressed at £3 17s. 10½d. per standard ounce.

4. Price of Gold.—In consequence of Great Britain's departure from the gold standard on 21st September, 1931, the market value of gold immediately rose by about 17½ per cent. from £4 4s. 11d. to £4 19s. 7d. per fine ounce. Considerable fluctuations have since taken place, but over the last few years the price has been steadily rising. At the outbreak of the present War the price in London was fixed at £stg.8.4 per fine ounce. In issues of the Official Year Book prior to No. 33 the Australian prices shown were calculated from the London price, but in view of this fixation the prices shown in the following table represent the Commonwealth Bank's buying price for gold lodged at the mints in Australia.

The table shows the prices in London and Australia for 1935-36 and following years, and for each month from July, 1942, to June, 1943. Particulars are also shown for the value of the sovereign.

PRICE OF GOLD : LONDON AND AUSTRALIA, 1935-36 to 1942-43.

Period.	London.		Australia.(a)			
	Average price per fine oz.	Average value of Sovereign.	Average price per fine oz.	Sovereign.		Equivalent to a premium of— %
				Average value.		
	£s s. d.	£s s. d.	£A s. d.	£A s. d.		
Average for Year—						
1935-36 ..	7 0 9	1 13 2	8 14 0	2 1 0		105.0
1936-37 ..	7 0 10	1 13 2	8 15 3	2 1 3		106.2
1937-38 ..	7 0 0	1 13 0	8 13 10	2 0 11		104.6
1938-39 ..	7 6 9	1 14 7	9 2 9	2 3 0		115.0
1939-40 ..	8 4 10	1 18 8	10 8 4	2 9 1		145.4
1940-41 ..	8 8 0	1 19 7	10 13 5	2 9 2		145.8
1941-42 ..	8 8 0	1 19 7	10 11 4	2 8 7		142.9
1942-43 ..	8 8 0	1 19 7	10 9 0	2 8 0		140.0
Average for Month—						
1941-42—						
July ..	8 8 0	1 19 7	10 14 0	2 9 3		146.3
August ..	8 8 0	1 19 7	10 14 0	2 9 3		146.3
September ..	8 8 0	1 19 7	10 14 0	2 9 3		146.3
October ..	8 8 0	1 19 7	10 14 0	2 9 3		146.3
November ..	8 8 0	1 19 7	10 13 4	2 9 2		145.7
December ..	8 8 0	1 19 7	10 11 0	2 8 6		142.5
January ..	8 8 0	1 19 7	10 9 7	2 8 2		140.8
February ..	8 8 0	1 19 7	10 9 0	2 8 0		140.0
March ..	8 8 0	1 19 7	10 9 0	2 8 0		140.0
April ..	8 8 0	1 19 7	10 9 0	2 8 0		140.0
May ..	8 8 0	1 19 7	10 9 0	2 8 0		140.0
June ..	8 8 0	1 19 7	10 9 0	2 8 0		140.0
1942-43 ..			Unchanged from February, 1942.			

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

(a) Based on the Commonwealth Bank's buying price for gold lodged with the mints. Particulars in previous issues are calculated from the London price. The average value of sovereigns from September, 1939 onwards is the direct quotation of the Commonwealth Bank. In respect of earlier figures the value has been calculated from the gold price, one sovereign being estimated at .23542 fine ounces in weight.

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

(ii) *Profits on Coinage of Silver.* As sixty-six shillings are coined out of one pound troy of standard silver (.925 fine), the silver required to produce £3 6s. of coin costs, at the average 1940 London market price of 1s. 10.3d. per ounce, approximately 22s. 4d. The difference nearly represents, therefore, the gross profit or seigniorage made on the coinage of every £3 6s. Negotiations between the Imperial authorities and the Governments of New South Wales and Victoria for the coinage of silver and bronze coin in Australia extended over a number of years but no decision was arrived at. As section 51 of the Commonwealth Constitution makes legislation concerning "currency, coinage, and legal tender" a Commonwealth matter, the question remained in abeyance until 1907, when the matter was discussed at the Colonial Conference, London, with the result that in the latter part of 1908 the Commonwealth Treasurer announced his intention of initiating the coinage. Since 1916 silver and bronze coins have been minted in Australia on behalf of the Commonwealth Treasury. Crowns were minted to the value of £250,200 in 1937 and £25,400 in 1938. Issues were made during 1936-37 (£200,000), 1937-38 (£50,000), 1938-39 (£25,000) and 1939-40 (£600). These coins have now practically disappeared from circulation.

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

AUSTRALIAN MINTS: SILVER AND BRONZE ISSUES BY TREASURY.

Year.	Silver.						Bronze.		
	5s.	2s.	1s.	6d.	3d.	Total.	1d.	½d.	Total.
	£	£	£	£	£	£	£	£	£
1910 to 1934 ..	4,009,400	1,875,700	890,500	853,900	7,629,500	368,523a	133,625	502,148	
1934-35 ..	140,400	24,200	24,000	29,800	218,400	17,390	6,770	24,160	
1935-36 ..	167,500	34,400	46,800	49,400	298,100	23,920	8,050	31,970	
1936-37 ..	200,000	208,600	13,000	47,000	39,200	507,800	17,180	6,190	
1937-38 ..	50,000	365,000	93,600	59,700	65,200	633,500	26,770	7,130	
1938-39 ..	25,000	77,400	39,000	47,800	39,400	219,600	30,660	11,140	
1939-40 ..	600	176,800	36,800	41,600	50,600	306,400	20,770	5,280	
1940-41 ..	1,161,000	83,400	66,800	83,200	1,394,400	45,820	7,600	53,420	
1941-42 ..	1,505,800	69,000	53,000	64,400	1,692,200	57,230	20,270	77,500	
Total	275,600	7,811,900	2,260,100	1,277,200	1,275,100	12,899,900	608,263	206,055	814,318

(a) Includes £4,100 issued to New Zealand.

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

(ii) *Reserve against Note Issue.* Prior to 19th June, 1931, the reserve held in gold against the note issue was fixed at 25 per cent. of the total notes in circulation. To permit further shipments of gold to meet short-term obligations in London, an Amending Act reduced the statutory gold reserve to 15 per cent. with provision for the restoration by graduations to 25 per cent. within a period not exceeding five years. A further Amending Act provided that portion of the note issue reserve may be held in British sterling, which was defined as follows:—(a) Balances standing to the credit of the Bank at the Bank of England or at any other of its bankers in London; (b) Bills of Exchange

or advances secured thereby which will mature in not more than three months and which are payable in the United Kingdom in currency which is legal tender therein; and (c) Treasury Bills or other securities of the United Kingdom which will mature in not more than three months.

(iii) *Notes in Circulation.* Particulars of the average notes in circulation and of the gold reserve for the years 1938-39 to 1942-43 are given in the following table:—

AUSTRALIAN NOTE ISSUE.

Particulars.	Average of monthly statements for year—				
	1938-39.	1939-40.	1940-41.	1941-42.	1942-43.
Notes held by—	£	£	£	£	£
Banks	15,454,157	13,605,581	14,191,386	14,693,296	15,265,006
Public	33,117,633	39,115,467	49,427,607	68,774,909	107,716,362
Total	48,571,790	52,721,048	63,618,993	83,468,205	122,981,368
Gold Reserve (a) ..	16,020,486	16,055,566	17,080,494	21,905,190	31,524,276
Percentage of Reserve on ..	%	%	%	%	%
Total Issue	33.0	30.6	26.9	26.2	25.6

(a) Includes English sterling.

Details of the average value of each of the several denominations of Australian Notes outstanding in 1914 and later years are given in the *Finance Bulletins* issued by this Bureau.

(iv) *Note Issue Department—Australian Notes Account at 30th June, 1943.* The following statement shows particulars of liabilities and assets of the Note Issue Department of the Commonwealth Bank as at 30th June, 1943.

AUSTRALIAN NOTES ACCOUNT : 30th JUNE, 1943.

Liabilities.		Assets.	
	£		£
Notes in circulation ..	140,012,068	Gold and English sterling ..	36,391,463
Reserve for Notes not presented	141,358	Debentures and other Securities	112,974,930
Special Reserve—premium on gold sold	7,754,955	Other Assets	130,549
Other Liabilities	1,558,501		
Total Liabilities	149,496,942	Total Assets	149,496,942

To date, the net profits of the Note Issue Department have been paid to the Commonwealth Treasury. In 1942-43 they amounted to £2,247,702. The amendment to the Commonwealth Bank Act, which established a Mortgage Bank Department (see page 505), provides for the annual payment from the Note Issue Profits of £150,000 and for the transfer of £1,000,000 from the Special Reserve towards the capital of the new department, the former payments to cease when the capital shall have amounted to £4,000,000.

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 1938 to 1942.

ESTIMATED LEGAL TENDER EXTANT : AUSTRALIA.

Particulars.	1938.	1939.	1940.	1941.	1942.
Australian Note Issue(a)—	£'000.	£'000.	£'000.	£'000.	£'000.
Held by Banks	17,630	14,829	13,937	14,044	16,126
Held by Public	31,404	32,701	46,938	53,820	86,488
Notes of Trading Banks outstanding(b)	167	167	167	167	167
Coin—Gold—Held by Banks(c) ..	48	79	75	49	63
Held by Public .. .. .	..	..	..	..	..
Silver—Held by Banks(c) ..	2,601	2,508	1,925	2,444	1,847
Held by Public	6,514	6,843	7,738	8,633	10,923
Bronze—Held by Banks(c) ..	117	132	125	111	67
Held by Public	494	521	554	622	743
Total	58,975	57,780	71,459	79,890	116,424

(a) Last Monday in June.

(b) Average for June quarter.

(c) At 30th June.

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

C.—STATE FINANCE.

§ 1. General.

1. **Functions of State Governments.**—In comparing the financial returns of the States, allowance must be made for the various functions discharged by the respective Governments, and for local conditions in each case. Direct comparisons of the revenue, expenditure and debt of the individual States are difficult, owing to the fact that functions which in one State are assumed by the Central Government are in another relegated to municipal or semi-governmental bodies which are vested with certain defined borrowing powers and whose financial transactions are not included with those of the Central Government. Care, therefore, is needed in instituting comparisons, and the particulars contained in this Chapter should be read with those contained in Chapter XVIII., "Local Government". In many respects, moreover, the budgets of the Australian Governments differ materially from those of most European countries, owing to the inclusion therein of the revenue and expenditure of departments concerned in rendering public services, such as railways, tramways, water supply, etc., which in other countries are often left to private enterprise.

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

Figures relating to New South Wales represent the transactions of the Consolidated Revenue Fund and the Business Undertakings included in the Annual Budget Papers. These latter are as follows:—Railways, Tramways and Omnibuses, Sydney Harbour Trust Section of the Maritime Services Board, and Road Transport and Traffic Fund. Deductions have been made from the Budget figures, however, in order to obviate duplications caused by inter-fund payments and to maintain uniformity from year to year in the presentation of statistics. In respect of the year 1941-42, a deduction of £795,540 has thus been made from the Budget Revenue total of £66,661,218 and of £959,646 from the expenditure total of £65,783,839. Particulars for all other States relate to the transactions of the Consolidated Revenue Fund and no adjustments have been made thereto.

On 16th December, 1938, it was enacted that, in order to provide for the co-ordination, regulation, control and improvement of transport in Tasmania, a Transport Commission, consisting of a Commissioner and two Associate Commissioners, should be constituted. This Commission was given control of all means of transport by road, rail or air within the State, other than those operated by private owners or by local government authorities. Revenue was provided for by allotting to the Commission receipts from the operations of the various forms of Government transport, registration and licence-fees in respect of motor vehicles, etc., motor taxation collections, etc. In addition, the State Treasurer was required to pay to the Commission all moneys made available by the Commonwealth from the proceeds of petrol taxation, and all land tax collections. This Act became effective on 1st July, 1939. The separation of the Commission's financial transactions from the Consolidated Revenue Fund has therefore occasioned considerable decreases in the figures since 1939-40 as compared with those for the previous years.

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

The Loan Fund is debited with all loan moneys raised by the State, and credited with the expenditure therefrom on public works or other purposes.

3. *Inter-relation of Commonwealth and State Finances.*—In regard to the inter-relation of Commonwealth and State Finances, a statement in some detail, covering the period from the inception of Federation to the passing of the Financial Agreement Act 1928, was published in Official Year Book, No. 22, pages 379-80. On page 563 of this issue details are given in regard to the constitutional and other requirements of the distribution of Commonwealth revenues.

§ 2. Consolidated Revenue Funds.

Division I.—Revenue.

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

- (a) Taxation; (b) The business undertakings controlled by the State Governments; (c) Sale of and rental from Crown lands; (d) Payments by Commonwealth Government under the Financial Agreement, Special Grants and Income Tax and Entertainments Tax Reimbursement Acts; (e) Interest on advances; and (f) Miscellaneous sources, comprising fines, fees, etc.

Of these sources, that yielding the largest revenue for the States as a whole is the group of Business Undertakings, the principal contributor being the Government Railways and Tramways. Next in magnitude comes Taxation, followed in order by the Commonwealth Payments and Interest Receipts. Since the introduction, in 1942-43, of the Uniform Tax Scheme, Commonwealth payments have increased while State taxation collections have decreased. The figures in the following tables relate to periods prior to the introduction of the scheme.

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.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
TOTAL COLLECTIONS.							
	£	£	£	£	£	£	£
1937-38	53,545,720	27,614,982	17,339,731	12,460,936	10,819,042	3,639,755	125,420,166
1938-39	51,709,735	26,985,548	19,330,369	12,303,597	10,949,660	3,614,764	124,893,673
1939-40	54,754,626	28,102,735	20,755,504	12,755,648	11,119,943	3,055,310a	130,543,766
1940-41	59,895,571	29,182,657	21,539,749	12,924,663	11,432,068	2,921,573a	137,896,281
1941-42	65,865,678	33,112,372	23,662,947	15,002,030	11,940,149	3,358,707a	152,941,883

PER HEAD OF POPULATION.(b)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1937-38	19 15 4	14 16 9	17 8 5	21 1 11	23 13 3	15 9 8	18 6 3
1938-39	18 18 3	14 7 10	19 4 0	20 14 0	23 13 4	15 5 2	18 1 6
1939-40	19 16 4	14 17 5	20 7 9	21 7 3	23 17 0	12 16 1a	18 14 5
1940-41	21 9 7	15 3 11	20 18 1	21 12 4	24 8 1	12 3 4a	19 11 5
1941-42	23 8 4	16 18 10	22 17 3	24 15 11	25 9 8	14 0 7a	21 9 11

(a) See § 1 par. 2, page 591.

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

3. Sources of Revenue.—(i) *General.* Classifying the revenue of the several States in the manner indicated in par. 1 above, particulars for the year 1941-42 are as follows:—

STATE CONSOLIDATED REVENUE : SOURCES, 1941-42.

Source of Revenue.	N.S.W. (a)	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania. (a)	Total.
TOTAL REVENUE.							
	£	£	£	£	£	£	£
Taxation(b) ..	22,294,087	11,201,263	8,034,362	4,741,951	3,139,127	1,802,051	51,212,841
Business Under-takings ..	34,827,815	16,662,950	10,446,482	6,746,708	6,102,084	4,648	74,790,687
Lands ..	1,673,764	536,431	1,583,161	259,197	309,819	76,727	4,439,099
Interest ..	390,635	1,545,721	1,289,928	959,007	435,724	466,286	5,087,301
Commonwealth payments (d) ..	2,917,411	2,127,159	1,096,235	1,733,816	1,103,432	786,859	9,764,912
Miscellaneous ..	3,761,966	1,038,848	1,212,779	561,351	849,963	222,136	7,647,043
Total ..	65,865,678	33,112,372	23,662,947	15,002,030	11,940,149	3,358,707	152,941,883

PER HEAD OF POPULATION.(e)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Taxation(b) ..	7 18 6	5 14 8	7 15 3	7 16 9	6 14 0	7 10 7	7 3 11
Business Under-takings ..	12 7 8	8 10 6	10 1 11	11 3 0	13 0 6	0 0 5	10 10 3
Lands ..	0 11 11	0 5 6	1 10 7	0 8 7	0 13 3	0 6 5	0 12 6
Interest ..	0 2 9	0 15 10	1 4 11	1 11 8	0 18 7	1 18 11	0 14 4
Commonwealth payments (d) ..	1 0 9	1 1 9	1 1 2	2 17 4	2 7 1	3 5 9	1 7 5
Miscellaneous ..	1 6 9	0 10 7	1 3 5	0 18 7	1 16 3	0 18 6	1 1 6
Total ..	23 8 4	16 18 10	22 17 3	24 15 11	25 9 8	14 0 7	21 9 11

(a) See § 1 par. 2, page 591. (b) In all States certain taxation collections are not paid into Consolidated Revenue Fund. For total collections see next page. (c) Includes £120,000 of Disabilities Grant credited direct to Railway Revenue. (d) Under Financial Agreement Act and Special Grants. (e) Based on mean population of the financial year.

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

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

(ii) *Revenue from Taxation.*—(a) *General.* The following table shows for the year 1941-42 particulars of all State taxation collections irrespective of whether such moneys have been paid into the Consolidated Revenue Funds or not. For this reason the particulars hereunder are different from those stated in the tables relating to the Consolidated Revenue Funds, but represent a comprehensive statement of all taxation collections by the Government in each State. In this and the succeeding statements of taxation the collections have been grouped according to the nature of the tax rather than the method of collection. For example, stamp duties on betting tickets and bookmakers' licences have been included under "Entertainment Tax" instead of under "Stamp Duties" and "Licences" respectively:—

STATE REVENUE FROM TAXATION : TOTAL COLLECTIONS, 1941-42.

Tax.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
TOTAL COLLECTIONS.							
	£	£	£	£	£	£	£
Probate and Succession Duties	2,775,752	1,426,525	605,375	586,899	180,240	139,980	5,714,771
Other Stamp Duties	1,446,042	938,551	489,166	232,732	219,452	75,219	3,401,162
Land	2,137	516,282	400,987	300,219	135,939	92,809	1,448,373
Income and Dividend	16,935,928	5,903,387	3,823,033	2,818,846	2,290,661	1,108,847	32,880,702
Other taxes on Income—							
Unemployment Relief	..	1,284,797	..	..	..	..	1,284,797
State Development	..	..	2,370,565	..	..	..	2,370,565
Financial Emergency	..	..	..	..	40,768	..	40,768
Hospital	..	..	..	..	292,700	..	292,700
Liquor	565,714	316,544	92,552	33,259	77,909	33,112	1,119,090
Lotteries	..	..	64,125	..	..	6277,144	341,269
Entertainments (c)	499,408	752,250	78,413	278,882	157,562	71,033	1,837,548
Motor	2,504,095	1,675,256	877,727	505,528	374,380	184,682	6,121,668
Licences, N.E.I.	69,008	95,000	..	26,841	11,894	3,907	..
Other	98	15,024	139,792	7,561	36,940	..	406,065
Total	24,798,182	12,923,616	8,941,735	4,790,767	3,818,415	1,986,733	57,259,478

(a) Includes Gold Mining Profits Tax, £149,064 (6s. 4d. per head). (b) Includes Income Tax on Lottery Prizes, £181,688 (15s. 2d. per head). (c) Includes Racing.

The table hereunder shows the percentage of collections under individual taxes on the total taxation revenue for the year 1941-42 :-

STATE REVENUE FROM TAXATION : PERCENTAGES ON TOTAL, 1941-42.

Tax.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
	%	%	%	%	%	%	%
Probate and Succession Duties	11.19	11.04	6.77	12.25	4.72	7.05	9.98
Other Stamp Duties ..	5.83	7.26	5.47	4.86	5.75	3.78	5.94
Land	0.01	3.99	4.49	6.26	3.56	4.67	2.53
Income and Dividend ..	68.30	45.68	42.75	58.84	59.99	55.81	57.42
Other taxes on Income—							
Unemployment Relief ..	..	9.94	..	..	..	..	2.24
State Development ..	..	..	26.51	..	..	..	4.14
Financial Emergency ..	..	..	..	..	1.07	..	0.07
Hospital .. .. .	..	..	..	..	7.67	..	0.51
Liquor	2.28	2.45	1.04	0.70	2.04	1.67	1.96
Lotteries .. .. .	..	..	0.72	..	4.12	13.95	0.60
Entertainments	1.65	5.82	0.87	5.82	..	3.57	3.21
Motor	10.46	12.96	9.82	10.55	9.80	9.30	10.69
Licences, N.E.I.	0.28	0.74	1.56	0.56	0.31	0.20	0.71
Other .. .. .	..	0.12	..	0.16	0.97	..	..
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Prior to Federation duties of Customs and Excise constituted the principal source of revenue from taxation. Prior to the introduction of the Uniform Income Tax scheme the most productive State taxes were the various Income Taxes, which, in 1941-42, included Unemployment Relief, State Development and Hospital. Motor taxation, Probate and Succession and other Stamp duties ranked next in importance.

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 1941-42 are given in the following table :-

STATE REVENUE FROM TAXATION.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
TOTAL COLLECTIONS.							
	£	£	£	£	£	£	£
1937-38	20,504,582	11,646,645	8,539,471	3,998,132	3,288,776	1,697,159	49,674,765
1938-39	20,262,919	12,023,240	8,646,453	4,199,064	3,596,603	1,778,718	50,506,997
1939-40	22,682,127	12,710,662	8,816,448	4,620,118	3,729,558	1,827,902	54,386,815
1940-41	24,535,127	12,547,645	9,180,433	4,419,921	3,893,228	1,727,822	56,304,176
1941-42	24,798,182	12,923,616	8,941,735	4,790,767	3,818,445	1,986,733	57,259,478
PER HEAD OF POPULATION.(a)							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1937-38	7 11 5	6 5 2	8 11 7	6 15 4	7 3 10	7 4 5	7 5 1
1938-39	7 8 3	6 8 3	8 11 9	7 1 3	7 15 6	7 10 2	7 6 2
1939-40	8 4 2	6 14 6	8 13 3	7 14 9	8 0 0	7 13 2	7 16 0
1940-41	8 16 0	6 10 8	8 18 2	7 7 10	8 6 3	7 3 11	7 19 10
1941-42	8 16 4	6 12 3	8 13 1	7 18 3	8 3 0	8 5 11	8 1 0

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

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

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

STATE PROBATE AND SUCCESSION DUTIES : NET COLLECTIONS.

State.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
New South Wales ..	2,233,144	2,364,124	2,201,268	2,316,161	2,775,752
Victoria	1,431,057	1,374,355	1,456,752	1,433,954	1,426,525
Queensland	636,207	677,037	658,298	550,806	605,375
South Australia ..	244,512	366,526	563,505	280,289	586,899
Western Australia ..	101,631	123,798	122,442	164,636	180,240
Tasmania	107,687	94,669	135,107	127,791	139,980
Total	4,754,238	5,000,509	5,137,372	4,754,328	5,714,771

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

OTHER STATE STAMP DUTIES.—NET COLLECTIONS.

State.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
New South Wales ..	1,368,919	1,286,124	1,422,851	1,475,192	1,446,042
Victoria	952,470	959,727	978,992	973,711	938,551
Queensland	632,329	610,110	605,490	538,131	489,166
South Australia ..	277,843	249,729	236,427	236,334	232,732
Western Australia ..	281,417	274,995	250,728	235,666	219,452
Tasmania	79,193	84,832	85,626	83,314	75,219
Total	3,592,171	3,465,517	3,580,114	3,542,348	3,401,162

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

The following table shows the amounts collected by means of such taxes during the financial years 1937-38 to 1941-42 :—

STATE LAND TAX : NET COLLECTIONS.

State. .	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
New South Wales ..	2,237	2,154	2,169	2,411	2,137
Victoria.	498,232	482,336	490,255	492,939	516,282
Queensland	405,070	401,682	408,640	407,673	400,987
South Australia ..	325,499	321,482	320,316	306,220	300,219
Western Australia ..	122,856	114,623	99,348	120,515	135,939
Tasmania	84,380	85,069	83,769	87,054	92,809
Total	1,438,274	1,407,346	1,404,497	1,416,812	1,448,373

(e) *Income Tax.* A tax on the incomes of persons, whether derived from personal exertion or from property, was, until the introduction of the Uniform Tax Scheme, imposed in all the States. As might be expected, the rates, exemptions, etc., differed widely, but the general principles of the several Acts were similar.

The following table shows the total amounts collected in the several States during the years 1937-38 to 1941-42. In the cases of Western Australia and Tasmania the amounts of dividend duty collected are included. The tax levied on prizes in lotteries although coming within the Income Tax class has been excluded from the amounts given below.

STATE INCOME AND DIVIDEND TAXES : NET COLLECTIONS.

State.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
New South Wales ..	6,367,046	6,339,215	7,031,961	7,777,938	16,935,928
Victoria.	3,976,958	4,370,656	4,737,696	5,009,172	5,903,387
Queensland	2,868,864	3,157,249	3,452,653	3,886,399	3,823,033
South Australia ..	2,032,784	2,102,928	2,358,733	2,476,119	2,818,846
Western Australia(a) ..	756,826	870,812	1,001,906	2,059,485	2,290,661
Tasmania	388,437	429,623	452,072	474,571	1,108,847
Total	16,390,915	17,270,483	19,035,021	21,683,684	32,880,702

(a) Includes Gold Mining Profits Tax.

(f) *Other taxes on Income.* During 1930-31 special unemployment relief taxes were levied in New South Wales, Victoria and Queensland, but, in the case of New South Wales, this was discontinued and replaced by Special Income and Wages Taxes, which were in turn replaced in 1939-40 by the Unemployment Relief and Social Services Taxes. In 1941-42 these two taxes were abolished, and provision for unemployment relief and social services was made by extending the field and scope of Income Tax. In Queensland the State Development Tax replaced the Unemployment Relief Tax in 1938-39. In South Australia portion of the moneys for expenditure on unemployment relief was raised by an increment in the rate of income tax. A Hospital Tax was levied in Western Australia. The Financial Emergency Tax in that State was abolished as from 1939-40. In Tasmania Special Income and Wages Taxes have provided the funds necessary for the relief of unemployment but, in 1941-42, these taxes were consolidated with Income Tax. Further references to unemployment relief taxation appear in the *Labour Report*, Nos. 22 to 31. The total amounts raised by other taxes on income during the last five years were as follows :—1937-38, £13,333,819; 1938-39, £12,520,718; 1939-40,

£14,415,127; 1940-41, £13,775,377; 1941-42, £3,988,830. The total taxes on income during the same period amounted to £29,724,734, £29,791,201, £33,450,148, £35,459,061 and £36,869,532 respectively.

(g) *Motor Taxation.* Motor taxation comprises tax and registration fees on motor vehicles, and licences of motor dealers, motor drivers and motor cycle riders, and public vehicles except when controlled by local government authorities. The following table shows the collections for the last five years:—

MOTOR TAXATION : NET COLLECTIONS.

State.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
New South Wales ..	2,586,811	2,762,678	2,861,342	2,925,307	2,504,095
Victoria ..	1,825,152	1,913,689	1,981,509	1,925,430	1,675,256
Queensland ..	818,665	939,757	1,028,247	1,026,911	877,727
South Australia ..	672,635	715,944	687,644	698,117	505,528
Western Australia ..	429,030	453,953	451,037	456,851	374,380
Tasmania ..	147,864	175,591	214,189	214,294	184,682
Total ..	6,480,157	6,960,712	7,223,968	7,246,910	6,121,668

The proceeds of motor tax and motor registration fees are now paid into special funds and the amounts do not appear in the Consolidated Revenue Funds, except in the case of South Australia. In Tasmania, prior to 1939-40, motor taxation collections were paid into the Consolidated Revenue Fund, but are now paid to the Transport Commission. The general decline in 1941-42 is due to the falling-off in registrations because of petrol rationing and to the reductions in most States of 20 per cent. or 25 per cent. in registration fees.

(iii) *Business Undertakings.* (a) 1941-42. A very large proportion of State gross revenues is made up of receipts from business undertakings under the control of the Governments. The principal of these are railways and tramways, harbour works, water supply and sewerage and electricity supply, while, in addition, State batteries for the treatment of auriferous ores are included for Western Australia, and various minor revenue-producing services are rendered by the Governments of all States. In this connexion see C. State Finance, § 1, par. 2, page 591. For the year 1941-42 the revenue from these sources was £74,790,687 or 49 per cent. of the revenue from all sources. Details of revenue are as follows:

STATE REVENUE FROM BUSINESS UNDERTAKINGS, 1941-42.

Source.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.(a)	Total.
	£	£	£	£	£	£	£
Railways ..	627,686,332	614,179,449	10,444,932	4,857,981	3,898,809	..	61,067,553
Tramways and Omnibuses ..	5,429,411	(e) 115,428	..	..	402,693	..	5,947,532
Harbours, Rivers, Lights ..	1,192,628	(f) 190,529	..	632,944	232,202	..	2,248,303
Water Supply, Sewerage, Irrigation and Drainage ..	..	702,382	..	1,171,819	940,309	..	2,814,510
Electricity Supply ..	..	894,204	..	..	462,789	4,648	1,361,641
Other ..	(g) 519,444	580,958	1,500	83,964	165,282	..	1,351,148
Total ..	34,827,815	16,662,950	10,446,482	6,746,708	6,102,084	4,648	74,790,687

(a) Tasmanian transport services are under separate control of Transport Commission. (b) Excludes £800,000 contribution from Consolidated Revenue Fund in respect of losses on country developmental railways. (c) Includes electric tramways operated by the Railways Department. (d) Includes £120,000. portion of Commonwealth Grant paid direct to Railways. (e) Tramway contribution to Consolidated Revenue. (f) Includes Harbour Trust Fund contribution £136,350. (g) Road Transport and Traffic Fund.

(b) 1937-38² to 1941-42. Particulars of the revenue from business undertakings for the last five years are given below :—

STATE REVENUE FROM BUSINESS UNDERTAKINGS. (a)

Source.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Railways, Tramways and Omnibuses	48,639,567	48,154,340	49,256,971	54,892,841	67,015,085
Harbour Services	2,290,372	2,356,905	2,328,038	2,159,533	2,248,303
Water Supply, Sewerage, Irrigation and Drainage	2,857,242	2,543,046	2,702,474	2,731,412	2,814,510
Other	2,594,231	2,625,234	2,660,576	2,716,563	2,712,789
Total	56,381,412	55,679,525	56,948,059	62,500,349	74,790,687

(a) See notes to previous table.

(iv) *Lands.* The revenue from the sale and rental of Crown lands has, with few exceptions, been treated from the earliest times as forming part of the Consolidated Revenue Funds, and has been applied to meet ordinary expenses. The following table gives the revenue from sales and rentals of Crown lands for the year 1941-42 :—

STATE LAND REVENUE, 1941-42.

Source.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
	£	£	£	£	£	£	£
Sales ..	89,764	62,008	..	27,917	4,280	1,461	185,430
Conditional Purchases ..	524,267	..	..	15,944	84,518	5,233	629,962
Rentals ..	821,971	142,906	1,067,625	215,328	60,540	26,074	2,334,444
Forestry ..	196,486	301,391	439,678	..	150,083	40,943	1,128,581
Other ..	41,276	30,126	75,858	8	10,398	3,016	160,682
Total ..	1,673,764	536,431	1,583,161	259,197	309,819	76,727	4,439,099

(v) *Commonwealth Payments.* The payments to the States (including special grants but excluding the contributions in respect of sinking fund on States' Debts and Federal Aid Roads grants which are paid by the Commonwealth into the National Debt Sinking Fund and Federal Aid Roads Trust Fund respectively and certain other grants paid into trust or special accounts) represent in each instance a considerable proportion of the States' revenue, and for the year 1941-42 aggregated £9,884,912 (including £120,000 credited direct to Railway Revenue in South Australia) or 6.5 per cent. of the total revenue of the States. Payments under the Income and Entertainments Tax Reimbursement Acts were not made until the year 1942-43.

(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 1941-42 interest, mainly from loans to local governing bodies and on public account balances, was responsible for £5,087,301, whilst "Miscellaneous" revenue which includes fines of the courts and fees for services amounted to £7,647,043.

Division II.—Expenditure.

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

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

In earlier years the working expenses of Railways and Tramways were the most important item in Governmental expenditure, but, until recently, Public Debt charges have been the heaviest item. During the last two years, however, Railways and Tramways expenditure has again taken the major place. In the year 1941-42 the percentage represented for Public Debt Charges was 29 as compared with 35 per cent. for Railways and Tramways ; next in importance were Education, 9 per cent. ; Charitable, Public Health and Hospitals, 8 per cent. ; and Law, Order and Public Safety, 5 per cent. The provision for Child Endowment during 1941-42 by the Commonwealth Government relieved the State of New South Wales of an annual expenditure of about £1,400,000. During 1942-43 further relief was afforded to the States by the introduction of the Commonwealth Widows' Pension Scheme.

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)	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania. (a)	Total.
	£	£	£	£	£	£	£
1937-38	53,495,881	27,584,037	17,568,223	12,334,391	10,829,735	3,632,903	125,445,170
1938-39	54,163,064	27,772,790	19,316,323	12,700,921	11,170,102	3,640,748	128,763,948
1939-40	57,049,577	28,096,474	20,739,749	12,918,376	11,266,768	3,052,909	133,123,853
1940-41	60,319,036	29,040,357	21,511,313	13,007,598	11,420,957	3,103,204	138,402,465
1941-42	64,824,193	32,320,072	23,599,175	13,712,354	11,938,381	3,357,122	149,751,297

PER HEAD OF POPULATION.(b)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1937-38	19 15 0	14 16 6	17 13 2	20 17 5	23 13 11	15 9 2	18 6 4
1938-39	19 16 2	14 16 4	19 3 8	21 7 4	24 2 10	15 7 4	18 12 8
1939-40	20 12 11	14 17 5	20 7 5	21 12 9	24 3 4	12 15 10	19 1 10
1940-41	21 12 8	15 2 5	20 17 6	21 15 1	24 7 8	12 18 6	19 12 10
1941-42	23 0 11	16 10 9	22 16 1	22 13 3	25 9 6	14 0 6	21 0 11

(a) See § 1 par. 2, page 591.

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

3. Details of Expenditure, 1941-42.—The following table shows the total expenditure and expenditure per head under each of the principal items:—

STATE EXPENDITURE : DETAILS, 1941-42.

Particulars.	N.S.W. (a)	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania. (a)	Total.
	£	£	£	£	£	£	£
Public debt (interest, sinking fund, exchange, etc.) ..	15,583,394	8,796,171	7,067,269	5,371,960	4,591,612	1,353,230	42,763,636
Railways, Tramways and Omnibuses (working expenses)	26,069,804	11,082,482	8,265,486	3,490,993	3,299,514	2,937	52,211,216
Harbours and Rivers, etc. ..	390,763	85,683	..	228,036	45,409	..	749,891
Water Supply, Sewerage, Irrigation and Drainage ..	..	496,681	..	378,807	344,324	..	1,219,812
Other Business and Industrial Undertakings ..	519,444	646,005	4,103	68,487	528,478	..	1,766,517
Education ..	5,882,350	3,237,797	1,849,286	1,078,324	928,995	440,300	13,417,052
Health and charitable	5,510,002	3,124,110	1,702,898	833,157 (b)	467,309	375,625	12,013,101
Justice ..	588,786	286,090	217,147	84,029	89,207	41,327	1,306,586
Police ..	1,430,995	843,567	684,718	318,239	276,660	138,570	3,692,749
Penal establishments	402,500	142,068	47,354	53,896	35,577	23,053	704,448
Public Safety ..	1,273,374	344,669	171,442	11,121	26,591	5,255	1,832,452
All other expenditure	7,172,781	3,234,749	3,589,472	1,795,305	1,304,705	976,825	18,073,837
Total ..	64,824,193	32,320,072	23,599,175	13,712,354	11,938,381	3,357,122	149,751,297

PER HEAD OF POPULATION.(c)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Public debt (interest, sinking fund, exchange, etc.) ..	5 10 10	4 10 0	6 16 7	8 17 7	9 16 0	5 13 2	6 0 2
Railways, Tramways and Omnibuses (working expenses)	9 5 4	5 13 5	7 19 9	5 15 6	7 0 10	0 0 3	7 6 9
Harbours and Rivers, etc. ..	0 2 9	0 1 0	..	0 7 6	0 1 11	..	0 2 1
Water Supply, Sewerage, Irrigation and Drainage ..	..	0 5 1	..	0 12 6	0 14 8	..	0 3 5
Other Business and Industrial Undertakings ..	0 3 8	0 6 7	0 0 1	0 2 3	1 2 6	..	0 5 0
Education ..	2 1 10	1 13 2	1 15 9	1 15 8	1 19 8	1 16 9	1 17 8
Health and charitable	1 19 2	1 11 11	1 12 11	1 7 6	0 19 11	1 11 5	1 13 9
Justice ..	0 4 2	0 2 11	0 4 2	0 2 9	0 3 10	0 3 5	0 3 8
Police ..	0 10 2	0 8 7	0 13 3	0 10 6	0 11 10	0 11 7	0 10 5
Penal establishments	0 2 11	0 1 6	0 0 11	0 1 9	0 1 6	0 1 11	0 2 0
Public safety ..	0 9 1	0 3 6	0 3 4	0 0 5	0 1 2	0 0 5	0 5 2
All other expenditure	2 11 0	1 13 1	3 9 4	2 19 4	2 15 8	4 1 7	2 10 10
Total ..	23 0 11	16 10 9	22 16 1	22 13 3	25 9 6	14 0 6	21 0 11

(a) See § 1, par. 2, page 591. (b) In addition £282,747 was expended from Hospital Fund. (c) Based on mean population of financial year.

Division III.—Surplus Revenue.

The following table shows for each of the years 1937-38 to 1941-42 the amount and amount per head of the surplus or deficit of each State :—

STATE SURPLUS REVENUE.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
1937-38..	49,839	30,945	-228,492	126,545	-10,693	6,852	-25,004
1938-39..	-2,453,329	-787,242	14,046	-397,324	-220,442	-25,984	-3,870,275
1939-40..	-2,294,951	6,261	15,755	-162,728	-146,825	2,401	-2,580,087
1940-41..	-423,465	142,300	28,436	-82,935	11,111	-181,631	-506,184
1941-42..	1,041,485	792,300	63,772	1,289,676	1,768	1,585	3,190,586

PER HEAD OF POPULATION.(a)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1937-38..	0 0 4	0 0 4	-0 4 7	0 4 3	-0 0 6	0 0 7	-0 0 1
1938-39..	-0 17 11	-0 8 5	0 0 3	-0 13 4	-0 9 6	-0 2 2	-0 11 2
1939-40..	-0 16 7	..	0 0 4	-0 5 6	-0 6 4	0 0 3	-0 7 5
1940-41..	-0 3 1	0 1 6	0 0 7	-0 2 9	0 0 5	-0 15 2	-0 1 5
1941-42..	0 7 5	0 8 1	0 1 2	2 2 8	0 0 2	0 0 1	0 9 8

NOTE.—Minus sign (-) indicates deficit.

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

§ 3. State Trust Funds.

1. Nature.—In addition to the moneys received as revenue and paid to the credit of Consolidated Revenue Funds, considerable sums are held by the State Governments in trust for various purposes. Municipal sinking funds placed in the hands of the Governments are paid to the credit of the appropriate Trust Funds. 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 deposits accounts, superannuation funds, suspense accounts, etc., are also included.

2. Extent.—The balances of trust funds held on 30th June, 1942, were as follows :—

STATE TRUST FUND BALANCES. 30th JUNE, 1942.

Particulars.	N.S.W. (a)	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
	£	£	£	£	£	£	£
Amount of trust funds	18,213,426	12,775,345	5,392,115	1,714,703	5,515,999	1,014,265	44,625,853

(a) Special Deposits Account and Special Accounts.

§ 4. State Loan Funds.

Division I.—Loan Expenditure.

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

borrowing, however, is mainly due to the fact that the State Governments, in addition to ordinary administrative duties, undertake functions which in other countries are usually entrusted to local authorities or left to private enterprise. Foremost amongst these are the construction and control of the railway systems, but loan moneys have been largely used for improvements to harbours and rivers, and for the construction of roads, water supply and sewerage works. The State loan expenditure and public debt thus differ very materially from those of most European countries, and from those of the Commonwealth, where such expenditure was very largely incurred for defence or war purposes. As shown above, the State debts consist chiefly of moneys raised and expended with the object of assisting the development of the resources of the country, and are to a very large extent represented by tangible assets.

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

2. *Loan Expenditure, 1941-42.*—(a) *Gross Loan Expenditure, 1941-42.* Particulars of the gross loan expenditure on Works, Services, etc., for the year 1941-42 are given in the following table:—

STATE GROSS LOAN EXPENDITURE ON WORKS, SERVICES, ETC., 1941-42.

Heads of Expenditure.	N.S.W.	Victoria. (a)	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
Public Works and Services—							
Railways ..	2,242,500	740,271	634,189	371,993	29,899	286,607	4,305,459
Tramways and Omnibuses ..	5,653	..	..	..	29,857	..	35,510
Roads ..	679,701	2,570	381,254	..	..	..	1,061,525
Bridges ..	..	..	..	..	..	..	..
Harbours and Rivers ..	156,046	..	20,618	..	100,419	43,787	1,416,318
Lights and Lighthouses ..	..	..	..	..	..	..	..
Water Supply ..	101,573	274,845	305,000	884,588	136,306	..	1,845,778
Sewerage ..	..	..	..	72,354	71,112	..	782,079
Electricity Supply ..	162,501	..	..	22,578	..	597,000	1,483,087
Public Buildings ..	495,084	442,514	320,061	72,105	35,289	118,034	1,483,087
Loans and Grants to Local Bodies ..	84,547	..	790,884	..	..	..	875,431
Unemployment Relief Works ..	..	104,897	..	..	..	3,832	108,729
Housing ..	204	..	3,947	200,000	..	145,897	350,048
Other Public Works, etc. ..	101,741	..	276,772	97,441	690	65,415	542,059
Primary Production—							
Soldier Settlement ..	(b) 107	..	2,644	8,192	8	377,825	515,049
Land for Settlement ..	..	..	102,460	..	2,206	21,607	124,273
Advances to Settlers ..	..	917	6,892	105,598	140	95,698	209,245
Water Conservation ..	..	..	..	14,885	7,164	..	22,049
Irrigation and Drainage ..	583,493	..	8,425	6,748	129,064	..	749,779
Rabbit-proof Fencing ..	..	1,008	..	229	..	..	1,237
Agriculture(c) ..	5,269	..	..	..	40,358	..	45,627
Agricultural Bank ..	..	..	24,900	..	..	..	24,900
Forestry ..	..	285,827	44,171	261,089	46,557	..	637,644
Mines and Mineral Resources ..	..	15,560	9,717	..	56,872	..	82,149
Other ..	..	..	..	..	..	34,615	34,615
Other Purposes ..	..	2,379	..	215,000	141,568	..	358,947
Total Public Works, Services, etc., Expenditure	4,618,419	1,870,788	2,931,934	2,342,145	850,087	1,790,317	14,403,690
Per Head of Population	£1 12 10	£0 19 2	£2 16 8	£3 17 5	£1 16 3	£7 9 7	£2 0 6

(a) Expenditure from Loan Funds and on account of Loans, includes expenditure from Loan Funds, from Treasurer's Advance Account, and from State Loans Repayment Fund. (b) Includes Rabbit-proof Fencing Advances. (c) Includes Grain Elevators, New South Wales.

(b) *Net Loan Expenditure, 1941-42.* For the year ended 30th June, 1942, State net loan expenditure on Works, Services, etc., was as follows:—

STATE NET LOAN EXPENDITURE ON WORKS, SERVICES, ETC., 1941-42.

Heads of Expenditure.	N.S.W.	Victoria.	Q'land.	S. Aust	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
Public Works and Services—							
Railways	1,680,050	730,894	95,345	344,673	25,394	40,109	2,916,465
Tramways and Omnibuses	Cr. 198,239	..	..	Cr. 52,744	29,857	..	Cr. 221,126
Roads	606,611	Cr. 25,405	321,955	Cr. 16,000	Cr. 13	..	..
Bridges	124,655	Cr. 4,733	20,487	16,020	55,668	40,955	1,136,921
Harbours and Rivers .. .. .	..	..	..	..	..	..	..
Lights and Lighthouses .. .. .	..	..	..	..	..	..	..
Water Supply	Cr. 36,669	268,589	305,000	868,715	130,565	..	1,625,317
Sewerage .. .. .	..	Cr. 1,638	..	52,795	37,960	..	..
Electricity Supply	151,853	..	..	..	12,578	512,242	676,673
Public Buildings	487,080	441,837	314,055	71,732	35,042	115,700	1,465,446
Loans and Grants to Local Bodies	83,936	Cr. 2,936	381,151	Cr. 1,653	Cr. 558	Cr. 32,766	427,174
Unemployment Relief Works	Cr. 148,225	Cr. 67,163	..	..	..	Cr. 10,738	Cr. 226,126
Housing	195	..	Cr. 92,934	Cr. 77,521	Cr. 3,007	88,512	Cr. 84,755
Other Public Works, etc.	76,741	..	276,772	58,217	690	54,403	466,823
Primary Production—							
Soldier Settlement .. .. .	..	Cr. 416,011	Cr. 30,475	Cr. 58,892	Cr. 51,327	Cr. 96,584	Cr. 606,846
Land for Settlement	(d) 36	..	66,754	Cr. 20,537	1,970	Cr. 1,780	..
Advances to Settlers .. .. .	..	Cr. 34,892	Cr. 7,389	Cr. 100,233	10	Cr. 29,841	Cr. 172,345
Water Conservation .. .. .	..	..	..	12,807	6,883	..	..
Irrigation and Drainage	484,743	..	Cr. 7,901	1,247	127,139	..	624,918
Rabbit-proof Fencing .. .. .	..	Cr. 13,835	Cr. 19,707	Cr. 11,953	..	..	Cr. 45,495
Agriculture (e)	Cr. 154,736	..	Cr. 2,221	..	39,139	..	Cr. 117,818
Agricultural Bank .. .. .	..	..	Cr. 10,002	..	..	..	Cr. 10,002
Forestry .. .. .	..	220,578	44,000	20,647	46,557	..	331,782
Mines and Mineral Resources .. .. .	..	9,854	2,046	..	51,642	..	63,542
Other .. .. .	..	Cr. 6,619	Cr. 72,837	Cr. 2,426	Cr. 21	34,615	Cr. 47,288
Other Purposes .. .. .	..	2,379	46	125,584	133,552	..	261,469
Total Public Works, Services, &c., Expenditure	3,158,031	1,097,620	1,584,053	1,230,478	679,720	714,827	8,464,729
Per Head of Population	£1 2 5	£0 11 3	£1 10 7	£2 0 8	£1 9 0	£2 19 9	£1 3 10

(a) Expenditure from Loan Funds and on account of Loans, includes expenditure from Loan Funds, from Treasurer's Advance Account, and from State Loans Repayment Fund. (b) Credits arising from the cancellation of securities redeemed from Sinking Fund not allowed for. (c) Loans to Metropolitan Tramways Trust. (d) Includes Rabbit-proof Fencing advances. (e) Includes Grain Elevators, New South Wales and Victoria.

3. *Net Loan Expenditure on Works, Services, etc., 1937-38 to 1941-42.*—The following table gives the works net loan expenditure during each of the years 1937-38 to 1941-42:—

STATE NET LOAN EXPENDITURE ON WORKS, SERVICES, ETC.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
1937-38	5,100,865	2,345,460	2,224,934	1,133,054	2,160,480	850,305	13,815,098
1938-39	5,407,856	2,289,535	2,041,588	1,226,096	1,636,184	576,627	13,177,886
1939-40	5,886,266	3,141,711	2,608,727	950,166	1,812,079	852,911	15,251,860
1940-41	4,342,580	1,738,991	2,222,626	1,606,727	1,409,314	864,428	12,184,666
1941-42	3,158,031	1,097,620	1,584,053	1,230,478	679,720	714,827	8,464,729

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1937-38	1 17 8	1 5 3	2 4 9	1 18 4	4 14 7	3 12 4	2 0 4
1938-39	1 19 7	1 4 5	2 0 7	2 1 3	3 10 9	2 8 8	1 18 2
1939-40	2 2 7	1 13 3	2 11 3	1 11 10	3 17 9	3 11 6	2 3 9
1940-41	1 11 2	0 18 1	2 3 2	2 13 9	3 0 2	3 12 0	1 14 7
1941-42	1 2 5	0 11 3	1 10 7	2 0 8	1 9 0	2 19 9	1 3 10

The loan expenditure per head of population was at its highest point for the five years under review in 1939-40 with £2 3s. 9d. per head, and at its lowest in 1941-42 with £1 3s. 10d. per head.

4. Total Net Loan Expenditure to 30th June, 1942.—The total net loan expenditure including revenue deficits, etc., of the States from the initiation of borrowing to 30th June, 1942, amounted to £1,038,379,833. The purposes for which this sum was expended are shown in the following table:—

TOTAL STATE NET LOAN EXPENDITURE TO 30th JUNE, 1942.

Heads of Expenditure.	N.S.W.	Victoria.(a)	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
Public Works and Services—							
Railways ..	155,590,757	78,236,053	66,222,708	35,468,206	25,706,927	7,410,549	368,635,200
Tramways and Omnibuses ..	8,713,172			(b) 3,661,671	1,277,991	..	13,652,834
Roads and Bridges ..	20,932,525	12,645,199	5,308,527	3,875,145	3,183,327	..	46,945,723
Harbours, Rivers, Lighthouses ..	22,171,515	1,404,535	2,833,748	8,484,266	7,519,616	7,247,238	95,605,668
Water Supply ..	40,895,486	31,579,213	1,631,741	17,109,833	10,693,041	..	109,990,686
Sewerage ..	..	217,784	..	..	4,158,130	..	4,375,914
Electricity Supply ..	2,476,492	17,839,227	..	..	1,863,233	7,068,647	29,247,599
Public Buildings ..	17,550,069	8,024,826	7,297,763	4,243,616	2,757,005	..	42,740,833
Loans and Grants to Local Bodies ..	1,695,563	1,626,377	18,985,133	20,336	92,396	548,084	22,967,889
Unemployment Relief Works ..	17,291,341	13,123,464	..	..	(c) ..	355,064	30,769,869
Housing ..	1,937,753	1,190,000	3,762,664	5,829,735	802,877	539,427	14,062,456
Commonwealth Services ..	3,965,937	149,323	524,388	1,283,387	332,293	500,754	6,756,082
Other Public Works and Services (d) ..	3,940,601	702,989	3,080,258	990,405	1,846,556	2,668,617	13,229,426
Primary Production—							
Closer Settlement ..	8,309,071	..	(e) 884,274	1,524,830	8,532,545	428,307	19,278,927
Land for Settlement ..	..	41,570,934	3,332,879	..	324,662	..	45,838,575
Soldier Settlement ..	f 4,018,847	..	1,139,240	8,366,582	6,883,154	2,354,976	22,762,799
Advances to Settlers ..	..	2,486,197	294,162	2,115,748	2,063,027	289,764	7,248,898
Water Conservation ..	..	..	..	4,332,716	1,340,691	..	5,673,407
Irrigation and Drainage ..	19,480,008	..	1,992,913	4,899,852	2,511,801	..	34,557,981
Rabbit Proof Fencing ..	..	..	..	..	..	..	..
Agriculture(g) ..	..	879,645	280,257	172,440	341,765	..	1,674,107
Agricultural Bank ..	7,238,200	1,150,682	51,566	..	3,828,062	..	12,268,510
Forestry ..	..	..	1,725,497	..	5,878,695	..	7,604,192
Mines and Mineral Resources ..	..	1,462,721	1,311,786	1,315,426	1,007,597	..	5,097,530
Other ..	580,687	584,943	2,074,793	..	2,930,665	..	6,171,088
Other Purposes ..	89,283	1,097,262	2,782,188	771,221	88,560	34,615	4,773,846
	..	211,627	424,009	(h) 4,198,013	3,535,714	..	8,458,646
Total Public Works, Services, &c., Expenditure ..	336,877,334	216,183,001	125,940,494	112,368,886	99,500,330	32,313,596	923,183,641
Other than Works, &c.—							
Discounts and Flotation Expenses ..	17,814,141	5,834,340	6,175,368	1,226,387	4,095,750	(i) ..	35,145,986
Revenue and General Cash Deficits ..	42,830,007	4,863,682	5,826,271	9,251,580	12,104,519	1,016,997	75,893,056
Treasury Bills Retired ..	..	..	2,857,150	..	..	..	2,857,150
Other ..	..	..	(j) 1,300,000	..	..	..	1,300,000
Grand Total ..	397,521,482	226,881,023	142,099,283	122,846,853	115,700,599	33,330,593	1,038,379,833

(a) Aggregate Gross Loan Expenditure. (b) Loans to Metropolitan Tramways Trust. (c) Not available separately. Distributed under various particular headings. (d) Includes Industrial Undertakings and Immigration. (e) Under Prickly Pear Land Act. (f) Includes advances for Rabbit-proof Fencing. (g) Includes Grain Elevators New South Wales and Victoria. (h) Includes £2,960,505 State Bank. (i) Included with Other Public Works. (j) Contribution to Sinking Fund.

The figures in the foregoing table show the amounts actually spent, and differ from those given later in the statements relating to the public debt, which represent the amount of loans still unpaid. The statement above includes all expenditure, whether the loans have been repaid or are still in existence. As in the earlier tables on net loan expenditure,

allowance has been made, however, for credits on account of repayments of advances to local government bodies, settlers, etc., the sale of assets and transfers from other funds. In the public debt statement, on the other hand, loans repaid are not included, and in the case of loans still outstanding, each is shown according to the amount repayable at maturity, and not according to the amount originally available for expenditure.

5. Total Loan Expenditure, 1940-41 and 1941-42.—The following table gives particulars, in summary form, of the total loan expenditure in each State during each of the years 1940-41 and 1941-42 :—

STATE LOAN EXPENDITURE, SUMMARY, 1940-41 AND 1941-42.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
1940-41.							
Works and Services—							
Gross Expenditure ..	5,361,838	2,734,442	3,257,358	2,607,631	1,536,338	1,845,921	17,343,528
Net Expenditure ..	4,342,580	1,738,991	2,222,626	1,606,727	1,409,314	864,428	12,184,666
Repayments ..	1,019,258	995,451	1,034,732	1,000,904	127,024	981,493	5,158,862
Other than Works—(a)							
Gross Expenditure ..	63,286,106	15,350	106,226	162,728	9,238	269,631	3,849,279
Net Expenditure ..	2,736,106	15,350	Cr. 53,774	162,728	Cr. 2,738	269,631	3,127,303
Repayments ..	550,000	..	160,000	..	11,976	..	721,976
Total Loan Expenditure—							
Gross ..	8,647,944	2,749,792	3,363,584	2,770,359	1,545,576	2,115,552	21,192,807
Net ..	7,078,686	1,754,341	2,168,852	1,769,455	1,406,576	1,134,059	15,311,969
Repayments ..	1,569,258	995,451	1,194,732	1,000,904	139,000	981,493	5,880,838
1941-42.							
Works and Services—							
Gross Expenditure ..	4,618,419	1,870,788	2,931,934	2,342,145	850,087	1,790,317	14,403,690
Net Expenditure ..	3,158,031	1,097,620	1,584,053	1,230,478	679,720	714,627	8,464,729
Repayments ..	1,460,388	773,168	1,347,881	1,111,667	170,367	1,075,490	5,938,961
Other than Works—(a)							
Gross Expenditure—							
Discounts and Flotation Expenses ..	99,896	63,742	598,422	17,671	8,585	..	788,316
Revenue and General Cash Deficits ..	5,000	..	..	82,936	..	..	87,936
Other ..	..	..	(c) 100,000	..	..	..	100,000
Total ..	104,896	63,742	698,422	100,607	8,585	..	976,252
Net Expenditure—							
Discounts and Flotation Expenses ..	99,896	63,742	439,545	17,671	7,720	..	628,574
Revenue and General Cash Deficits ..	Cr. 391,976	..	..	82,936	Cr. 1,768	..	Cr. 310,808
Other ..	..	..	(c) 100,000	..	..	..	100,000
Total ..	Cr. 292,080	63,742	539,545	100,607	5,952	..	417,766
Repayments ..	(d) 396,976	..	158,877	..	2,633	..	558,486
Total Loan Expenditure—							
Gross ..	4,723,315	1,934,530	3,630,356	2,442,752	858,672	1,790,317	15,379,942
Net ..	2,865,951	1,161,362	2,123,598	1,331,085	685,672	714,827	8,882,495
Repayments ..	1,857,364	773,168	1,506,758	1,111,667	173,000	1,075,490	6,497,447

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

£1,895,440 available towards funding deficits.

(c) Contribution to Sinking Fund.

(d) Re-allocation to Works and Services of amount allocated in earlier years for deficiency purposes.

(b) Includes

(d) Re-allocation

Division II.—State Public Debts.

1. **General.**—The first government loan raised in Australia was obtained by New South Wales in 1842. This and nine other loans prior to 1855 were all raised locally. In 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, 1938 to 1942.**—The table hereunder shows the State public debts and the amounts owing per head of population at 30th June in each year from 1938 to 1942 inclusive.

As provided in the Financial Agreement (references to which are given on page 617), the Commonwealth Government on 1st July, 1929, assumed the liabilities of the States to bondholders in respect of the debts of the States existing at 1st July, 1929, and taken over by the Commonwealth. Reference is made in Chap. IV. "Land Tenure and Settlement" to certain remissions which the Commonwealth Government made to the States on account of losses sustained by the States in connexion with soldier land settlement; the States' debts were so reduced by £5,000,000 as from 1st October, 1925, and by a further £2,597,783 as from 30th June, 1927. The following figures represent the total "face" or "book" values of the debts of the States leaving out of account currency changes since the loans were floated:—

STATE PUBLIC DEBTS.

Date.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
30th June, 1938	354,167,254	177,228,496	125,781,564	107,450,639	93,711,942	25,840,807	884,180,702
" 1939	359,843,990	179,698,118	127,503,251	108,887,092	95,472,600	26,366,990	897,772,041
" 1940	363,325,538	180,549,968	129,033,227	109,344,040	96,230,399	27,243,892	905,727,064
" 1941	368,974,948	181,219,188	130,094,603	109,779,725	97,791,724	28,161,853	916,022,046
" 1942	366,502,819	177,716,484	131,171,752	109,190,225	97,359,244	28,737,388	910,677,912

PER HEAD OF POPULATION. (a)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
30th June, 1938	130 5 3	94 18 6	125 7 8	121 8 3	203 13 0	110 6 11	128 11 11
" 1939	131 0 0	95 10 3	125 8 8	122 15 4	205 2 7	111 8 4	129 6 3
" 1940	130 18 4	94 16 11	125 14 8	122 15 0	205 13 8	113 17 0	129 3 11
" 1941	131 18 4	93 9 10	125 10 2	123 2 9	208 11 10	117 19 5	129 8 0
" 1942	129 11 4	90 5 3	126 7 7	119 16 3	206 19 6	119 15 5	127 6 3

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

The public debt of the whole of the States increased during the period under review by nearly £26.5 million or at the average rate of over £6.6 million per annum. The debt per head of population decreased, however, during the period by £1 5s. 8d. to £127 6s. 3d. per head. During 1941-42 the total State debt decreased by nearly £5.4 million, a decline of £2 1s. 9d. per head of population. 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. Comparison of the debts of the States is therefore difficult, but on page 617 figures showing the aggregate debts of the States including these local and semi-governmental bodies are given for the years 1939-40 and 1940-41.

3. Place of Flotation of Loans.—Early loans, usually for comparatively small amounts, were raised locally, but, with the increasing demand for loan funds and the more favourable terms offering in the London market, the practice of raising loans in London came into vogue, and for many years local flotations, except for short terms or small amounts, were comparatively infrequent. In more recent years, however, the accumulating stocks of money in Australia seeking investment have led to the placing of various redemption and other loans locally, with very satisfactory results. Loans have also been placed in New York on account of all States. The following table gives particulars of loans outstanding on 30th June, 1942, which had been floated abroad and in Australia respectively :—

STATE PUBLIC DEBTS, 30th JUNE, 1942 : PLACE OF FLOTATION OF LOANS.

State.	Maturing Overseas.			Maturing in Australia.	Grand Total.
	London.	New York.	Total Overseas.		
	£ Stg.	£(a)	£(b)	£ Aust.	£(b)
New South Wales	155,517,949	12,069,866	167,587,815	198,915,004	366,502,819
Victoria ..	62,050,453	4,498,878	66,549,331	111,167,153	177,716,484
Queensland ..	62,788,171	5,270,944	68,059,115	63,112,637	131,171,752
South Australia..	42,849,806	1,733,468	44,583,274	64,606,951	109,190,225
Western Australia	43,863,753	2,015,436	45,879,189	51,480,055	97,359,244
Tasmania ..	13,352,087	227,796	13,579,883	15,157,505	28,737,388
Total ..	380,422,219	25,816,388	406,238,607	504,439,305	910,677,912

PER HEAD OF POPULATION.

	£ s. d. (Stg.)	£ s. d. (a)	£ s. d. (b)	£ s. d. (Aust.)	£ s. d. (b)
New South Wales	54 19 7	4 5 4	59 4 11	70 6 5	129 11 4
Victoria ..	31 10 4	2 5 8	33 16 0	56 9 3	90 5 3
Queensland ..	60 9 10	5 1 7	65 11 5	60 16 2	126 7 7
South Australia ..	70 11 3	2 17 2	73 8 5	106 7 10	179 16 3
Western Australia	93 4 11	4 5 9	97 10 8	109 8 10	206 19 6
Tasmania ..	55 13 0	0 19 0	56 12 0	63 3 5	119 15 5
Total ..	53 3 8	3 12 2	56 15 10	70 10 5	127 6 3

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

Particulars of the aggregate debts of the States for the last five years showing the amounts which will mature overseas and in Australia respectively will be found on page 615.

4. **Interest.**—(i) *Amounts Payable and Average Rate.* The highest rate of interest paid for the earliest State loans was 5½d. per £100 per diem, or, approximately, 8 per cent. per annum. At present the rates vary from 6 per cent. to 1½ per cent., thirty-three separate rates being involved. The average rate payable on the aggregate indebtedness is £3 12s 7d. per cent. For the separate States the average varies, being lowest for New South Wales (£3 10s. 3d.) and highest for Queensland (£3 16s. od.). The following table gives particulars of the amount of interest payable, together with the average rate of interest payable at 30th June, 1942, with separate information for London, New York and Australian maturities. The units of currency in this and other Public Debt tables are—for debts maturing and interest payable—

in Australia .. £ Australian.
 in London .. £ Sterling.
 in New York .. Payable in terms of dollars. See note (a) p. 608.

STATE PUBLIC DEBTS, 30th JUNE, 1942 : INTEREST PAYABLE.

WHERE PAYABLE.

State.	Overseas.			Australia.	Grand Total.
	London.	New York.	Total.		
	£ Stg.	£	£	£ Aust.	£
New South Wales	5,820,994	584,030	6,405,024	6,466,537	12,871,561
Victoria ..	2,315,689	221,140	2,536,829	4,040,566	6,577,395
Queensland ..	2,513,322	278,971	2,792,293	2,189,590	4,981,883
South Australia	1,674,369	86,674	1,761,043	2,308,535	4,069,578
Western Australia	1,684,035	100,771	1,784,806	1,744,487	3,529,293
Tasmania ..	491,936	11,390	503,326	534,049	1,037,375
Total ..	14,500,345	1,282,976	15,783,321	17,283,764	33,067,085

AVERAGE RATE PAYABLE.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
New South Wales	3 14 10	4 16 9	3 16 5	3 5 0	3 10 3
Victoria ..	3 14 8	4 18 4	3 16 3	3 12 8	3 14 0
Queensland ..	4 0 1	5 5 10	4 2 1	3 9 5	3 16 0
South Australia	3 18 2	5 0 0	3 19 0	3 11 6	3 14 6
Western Australia	3 16 9	5 0 0	2 17 10	3 7 9	3 12 6
Tasmania ..	3 13 8	5 0 0	3 14 2	3 10 5	3 12 2
Total ..	3 16 3	4 19 5	3 17 8	3 8 6	3 12 7

The average rate for debt maturing in Australia has been reduced from £5 4s. 11d. per cent. in 1931 to £3 8s. 6d. per cent. in 1942. For debt maturing in London the average rate increased from £4 12s. 7d. per cent. in 1931 to £4 13s. 3d. in 1932, but, as a result of the conversions effected in London, fell to £3 16s. 3d. in 1942, while for New York loans decreased from £5 2s. 6d. per cent. in 1931 to £4 19s. 5d. in 1942.

(ii) *Indebtedness at each Rate.* The following table shows, for the combined States, particulars of the total debt at each rate of interest and according to place of maturity. The totals given represent the total "face" or "book" values of the debts of the States without adjustment on account of currency changes since the loans were floated, and the nominal amount (and average rate) of interest payable, taking no account of exchange:—

**STATE PUBLIC DEBTS : AMOUNTS AT EACH RATE OF INTEREST PAYABLE, AT
30th JUNE, 1942.**

Rate of Interest.	Maturing in—			
	London.	New York.	Australia.	Total.
%	£ (Stg.)	£ (Stg.)	£ (Aust.)	£
6.0 .. ..	..	2,054,865	..	2,054,865
5.25	17,870,500	..	..	17,870,500
5.0375 .. ..	..	..	500,010	500,010
5.0	79,239,072	18,082,948	..	97,322,020
4.65 .. ..	..	..	755,000	755,000
4.5 .. ..	..	5,678,575	..	5,678,575
4.2625 .. ..	..	..	1,486,857	1,486,857
4.06875 .. ..	..	..	1,346,700	1,346,700
4.0	58,504,844	..	118,915,354	177,420,198
3.95833 .. ..	..	..	4,061,000	4,061,000
3.95417 .. ..	..	..	1,875,750	1,875,750
3.89167 .. ..	..	..	50,000	50,000
3.875 .. ..	..	..	69,571,578	69,571,578
3.8125 .. ..	..	..	200,000	200,000
3.79167 .. ..	..	..	6,370,000	6,370,000
3.75	24,649,682	..	67,942,551	92,592,233
3.72917 .. ..	..	..	350,000	350,000
3.625 .. ..	..	..	5,422,680	5,422,680
3.5	100,697,308	..	22,633,005	123,330,313
3.4875 .. ..	..	..	6,138,195	6,138,195
3.375 .. ..	..	..	18,071,740	18,071,740
3.25	18,123,412	..	79,200,960	97,324,372
3.125 .. ..	..	..	173,230	173,230
3.1 .. ..	..	..	4,699,457	4,699,457
3.0	42,000,714	..	31,403,690	73,404,404
2.90625 .. ..	..	..	5,100	5,100
2.75	16,179,597	..	3,592,020	19,771,617
2.7125 .. ..	..	..	887,281	887,281
2.5 .. ..	..	..	11,851,900	11,851,900
2.325 .. ..	..	..	1,851,937	1,851,937
2.25	21,663,840	..	..	21,663,840
2.0	1,491,000	..	..	1,491,000
1.5 .. ..	..	..	45,083,000	45,083,000
Overdue	2,250	..	310	2,560
Total Debt ..	380,422,219	25,816,388	504,439,305	910,677,912

(iii) *Variations from 1901 to 1942.*—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.	1940.	1941.	1942.
	%	%	%	%	%	%	%
Not exceeding 3 per cent. . .	18.0	17.9	10.2	5.3	17.8	18.5	19.4
Exceeding 3 per cent. but not exceeding 4 per cent. . .	78.5	81.9	45.4	17.2	64.0	63.6	66.7
Exceeding 4 per cent. but not exceeding 5 per cent. . .	3.1	0.1	15.6	36.8	15.7	15.5	11.7
Exceeding 5 per cent. but not exceeding 6 per cent. . .	0.4	0.1	23.5	38.4	2.3	2.2	2.2
Exceeding 6 per cent. . .	..	..	5.3	2.3	0.2	0.2	..
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average Rate of Interest Payable	3.7	3.6	4.4	4.9	3.7	3.7	3.6

5. *Dates of Maturity.*—Securities like the British Consols are interminable, but Australian debts have in most cases a fixed date for repayment, there being a few exceptions which are included in the following table under the headings “interminable”, “Treasurer’s option”, and “indefinite”. Those terminable at “Treasurer’s option” include amounts which are payable by the respective Governments after giving a specified notice, and those “indefinite” consist of certain amounts owing to the Commonwealth Government. Generally, renewal is effected at date of maturity in respect of the greater portion of the loan. In order to avoid application to the market at an unfavourable time, the practice has been adopted of specifying a period prior to the date of maturity within which the Government, on giving twelve, or in some cases six months’ notice, has the option of redeeming the loan. The Government can, therefore, take advantages of opportunities that may offer during the period for favourable renewals. Particulars concerning the due dates of latest maturity of the State loans outstanding on 30th June, 1942, are given in the following table, the various maturities being grouped according to years ending 30th June.

STATE PUBLIC DEBTS, 30th JUNE, 1942 : LATEST DATES OF MATURITY.

Year of Maturity.	Maturing in—			
	London.	New York.	Australia.	Total.
	£ (stg.)	£ (stg.)	£ (Aust.)	£
1942-43	41,057,937	..	77,591,517	118,649,454
1943-44	4,596,400	..	25,257,230	29,853,630
1944-45	12,111,908	..	32,643,023	44,754,931
1945-46 .. ..	..	..	9,571,800	9,571,800
1946-47	5,673,713	2,054,865	11,728,828	19,457,406
1947-48 .. ..	..	..	18,131,309	18,131,309
1948-49	38,474,186	..	26,882,985	65,357,171
1949-50	6,055,545	..	24,502,869	30,558,414
1950-51	20,454,078	..	15,893,008	36,347,086
1951-52 .. ..	..	..	25,732,906	25,732,906
1952-53	11,789,758	..	491,717	12,281,475
1953-54	16,526,691	..	14,900,857	31,427,548
1954-55	3,204,904	..	41,729,788	44,934,692
1955-56 .. ..	..	10,471,733	35,920,821	46,392,554
1956-57 .. ..	..	4,066,475	27,265,865	31,332,340
1957-58	38,171,400	9,223,315	55,674,659	103,069,374
1958-59	21,083,600	..	7,902,237	28,985,837
1959-60	3,779,524	..	15,018,633	18,798,157
1960-61	9,417,718	..	2,802,850	12,220,568

STATE PUBLIC DEBTS, 30th JUNE, 1942: LATEST DATES OF MATURITY—
continued.

Year of Maturity.	Maturing in—			
	London.	New York.	Australia.	Total.
	£ (stg.)	(£ stg.)	£ (Aust.)	£
1961-62	4,866,583	..	14,075,010	18,941,593
1962-63	10,283,396	..	718,433	11,001,829
1963-64 .. .. .	..	..	2,611,201	2,611,201
1964-65 .. .. .	..	..	526,247	526,247
1965-66	14,055,000	..	..	14,055,000
1966-67	24,022,000	..	938,378	24,960,378
1969-70	1,920,650	..	..	1,920,650
1970-71	11,545,722	..	..	11,545,722
1974-75	13,603,528	..	..	13,603,528
1975-76	65,183,072	..	50,064	65,233,136
Overdue	2,250	..	2,820	5,070
Interminable	1,000	..	..	1,000
Treasurer's option	2,397,148	..	..	2,397,148
Half-yearly drawings	144,508	..	5,360,908	5,505,416
Indefinite .. .. .	..	..	10,513,342	10,513,342
Total	380,422,219	25,816,388	504,439,305	910,677,912

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

STATE PUBLIC DEBTS, 30th JUNE, 1942: EARLIEST DATES OF MATURITY.

Year of Maturity.	Maturing in—			
	London.	New York.	Australia.	Total.
	£ (stg.)	£ (stg.)	£ (Aust.)	£
Before 1942-43	63,652,634	8,177,233	..	71,829,867
1942-43	35,161,736	..	77,591,517	112,753,253
1943-44	25,374,299	..	25,257,230	50,631,529
1944-45	3,958,800	..	32,643,023	36,601,823
1945-46	95,320,921	..	15,911,690	111,232,611
1946-47 .. .. .	..	2,054,865	6,999,938	9,054,803
1947-48	17,870,500	5,112,557	16,520,309	39,503,366
1948-49	10,900,772	..	26,882,985	37,783,757
1949-50	7,976,195	..	24,502,869	32,479,064
1950-51	22,585,823	..	91,412,008	113,997,831
1951-52 .. .. .	..	..	25,732,906	25,732,906
1952-53 .. .. .	..	4,793,157	41,443,427	46,236,584
1953-54	21,083,600	..	36,600,467	57,684,067
1954-55	20,300,900	..	778,078	21,078,978
1955-56	16,065,605	5,678,576	14,221,211	35,965,392
1956-57 .. .. .	..	..	596,685	596,685
1957-58 .. .. .	..	..	14,178,849	14,178,849
1958-59 .. .. .	..	..	548,227	548,227
1959-60 .. .. .	..	..	15,018,633	15,018,633
1960-61 .. .. .	..	..	2,802,850	2,802,850
1961-62	24,022,000	..	14,075,010	38,097,010
1962-63 .. .. .	..	..	718,433	718,433
1963-64 .. .. .	..	..	2,611,201	2,611,201
1964-65	13,603,528	..	526,247	14,129,775
1966-67 .. .. .	..	..	938,378	938,378
1975-76 .. .. .	..	..	50,064	50,064
Overdue	2,250	..	2,820	5,070
Interminable	1,000	..	..	1,000
Treasurer's option	2,397,148	..	..	2,397,148
Half-yearly drawings	144,508	..	5,360,908	5,505,416
Indefinite .. .. .	..	..	10,513,342	10,513,342
Total	380,422,219	25,816,388	504,439,305	910,677,912

6. Sinking Funds.—Prior to the passing of the Financial Agreement Act 1928, the practice of providing sinking funds by the States had been consistently followed in Western Australia only. This Act contains provisions for the establishment of a sinking fund on States' debts (see p. 617). Some particulars of the transactions of the National Debt Sinking Fund (States' Account) for 1941-42 are shown below, and further details are given in the *Finance Bulletin* issued by this Bureau.

STATE PUBLIC DEBTS, 30th JUNE, 1942 : SINKING FUNDS.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
	£	£	£	£	£	£	£
Total Receipts, 1941-42 ..	2,955,263	1,391,541	1,014,040	835,526	767,184	217,124	7,180,678
Total Receipts, to 30th June, 1942 ..	27,614,715	14,340,806	10,469,950	8,651,982	7,744,302	2,108,815	70,930,570
Total Funds applied to Redemptions, 1941-42 ..	4,841,969	1,634,954	1,417,366	1,199,487	1,073,334	244,283	10,411,393
Total Funds applied to Redemptions, to 30th June, 1942 ..	26,979,076	13,647,350	10,227,692	8,599,302	8,431,271	2,022,740	69,907,431
Total Funds applied to investments to 30th June, 1942(a)	..	..	(b) 75,800	..	Cr.954,395	..	Cr.878,595
Total Expenditure to 30th June, 1942 ..	26,979,076	13,647,350	10,303,492	8,599,302	7,476,876	2,022,740	69,028,836
Balance at 30th June, 1942, not permanently invested ..	635,639	693,456	166,458	52,680	267,426	86,075	1,901,734
Investments at 30th June, 1942 ..	..	..	727,102	..	..	..	727,102
Total Balance at 30th June, 1942 ..	635,639	693,456	893,560	52,680	267,426	86,075	2,628,836

(a) Less amounts received on investments realized to 30th June, 1942. (b) Excess of purchases over sales of investments. (c) Excess of sales over purchases of investments.

D.—COMMONWEALTH AND STATE FINANCE.

1. Revenue and Expenditure.—The following tables show the aggregate revenue and expenditure of the Commonwealth and States for each of the five years to 1941-42, allowance having been made in cases of duplication :—

COMMONWEALTH AND STATES : REVENUE.(a)

Year ended 30th June—	Revenue collected by Commonwealth Government. (b)	Revenue collected by State Governments. (c)	Total.
	£'000.	£'000.	£'000.
1938	89,416	115,393	204,809
1939	95,002	115,193	210,195
1940	111,846	120,889	232,735
1941	150,421	128,261	278,682
1942	(d) 208,486	143,057	351,543

(a) Excludes Loan receipts. (b) Excludes miscellaneous receipts from States. (c) Excludes payments by Commonwealth Government to State Consolidated Revenue Funds. (d) Excludes Pay-roll tax payments by State Governments.

COMMONWEALTH AND STATES : EXPENDITURE.

Year ended 30th June—	Expenditure from Consolidated Revenue Funds.			Expenditure from Loan Funds.(a)		
	Common- wealth Government. (b)	State Governments.	Total.	Common- wealth Government.	State Governments.	Total.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
1938 ..	75,895	125,445	201,340	4,549	13,815	18,364
1939 ..	84,674	128,764	213,438	3,594	13,178	16,772
1940 ..	99,262	133,124	232,386	(c) 31,355	15,252	46,607
1941 ..	140,786	138,402	279,188	(c) 105,209	12,185	117,394
1942 ..	200,032	(d) 148,320	348,352	(c) 212,805	8,465	221,270

(a) Net loan expenditure on Works, Services, &c. Excludes expenditure on loan flotations, funding of deficits, etc. (b) Excludes payments by Commonwealth Government to State Consolidated Revenue Funds and miscellaneous receipts from States. (c) Includes expenditure on Defence and War (1939-42) Services. (d) Excludes Pay-roll tax payments by State Governments.

2. **Taxation.**—The following table shows the combined Commonwealth and State taxation for each of the years 1937-38 to 1941-42, as well as the amount per head of population. Taxation collections by the State Governments which are not paid into the Consolidated Revenue Funds have been included.

TOTAL COMMONWEALTH AND STATE TAXATION.

Particulars.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
Commonwealth—					
Customs and Excise ..	£ 48,383,005	£ 47,632,365	£ 53,824,906	£ 53,779,783	£ 56,780,808
Sales Tax	8,023,886	9,308,334	12,196,175	19,792,680	26,830,085
Flour Tax	3,025	1,808,972	2,486,070	1,498,595	1,651,717
Other	12,638,569	15,287,228	21,593,512	50,312,464	94,172,735
Total	69,048,485	74,036,899	90,010,663	125,383,522	179,435,345
State	49,674,765	50,506,997	54,386,815	56,304,176	57,259,478
Grand Total ..	118,723,250	124,543,896	144,397,478	181,687,698	236,694,823
Taxation per head—					
Commonwealth (a)—					
Customs and Excise	£ 7 1 0	£ 6 17 7	£ 7 13 11	£ 7 12 2	£ 7 19 1
Sales Tax	1 3 4	1 6 10	1 14 10	2 16 0	3 15 2
Flour Tax .. ..	..	0 5 3	0 7 1	0 4 3	0 4 8
Other	1 16 10	2 4 2	3 1 6	7 2 4	13 3 11
Total	10 1 2	10 13 10	12 17 4	17 14 9	25 2 10
State (b)	7 5 1	7 6 2	7 16 0	7 19 10	8 1 0
Grand Total ..	17 5 11	17 19 6	20 12 10	25 14 1	33 3 3

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

(b) Based on aggregate mean population

of the six States for each financial year.

3. **Public Debt.**—(i) *Where redeemable.* The following table shows the public debt of the Commonwealth and of the States at 30th June, in each of the years 1938 to 1942. In this table all moneys borrowed by the Commonwealth on behalf of the States have been included with State debts only, and similarly, the debts taken over by the Commonwealth from South Australia on account of the Northern Territory and of the Port Augusta—Oodnadatta Railway have been included with the Commonwealth Debt.

COMMONWEALTH AND STATE PUBLIC DEBTS, AT 30th JUNE.

Particulars.	Where Redeemable.	1938.	1939.	1940.	1941.	1942.
Commonwealth	Aust. £ A. . .	216,400,462	218,496,483	257,116,685	320,348,199	528,520,654
	London £ Stg. . .	158,363,627	162,840,947	162,333,777	174,003,477	173,753,476
	New York £ Stg.	16,080,972	15,913,501	15,876,718	15,876,718	15,876,718
	Total £ (a) . .	390,845,061	397,250,931	435,327,180	510,228,394	718,150,848
States . . .	Aust. £ A. . .	469,742,248	485,179,757	493,646,681	504,494,372	504,439,305
	London £ Stg. . .	385,888,993	384,327,833	384,162,382	384,041,666	380,422,219
	New York £ Stg.	28,549,461	28,264,451	27,918,001	27,486,068	25,816,388
	Total £ (a) . .	884,180,702	897,772,041	905,727,064	916,022,046	910,677,912
Total, Commonwealth and States	Aust. £ A. . .	686,142,710	703,676,240	750,763,366	824,842,571	1,032,959,959
	London £ Stg. . .	544,252,620	547,168,780	546,496,159	558,045,083	554,175,695
	New York £ Stg.	44,630,433	44,177,952	43,794,719	43,362,786	41,693,106
	Grand Total £(a)	1,275,025,763	1,295,022,972	1,341,054,244	1,426,250,440	1,628,828,760

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

(ii) *Interest Payable.* The following table shows the interest payable on the public debt of the Commonwealth and of the States at 30th June in each of the years 1938 to 1942:—

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

Particulars.	Where Payable.	1938.	1939.	1940.	1941.	1942.
Commonwealth . .	Australia £ A. . .	8,301,752	8,344,627	9,420,640	11,248,796	16,135,040
	London £ Stg. (a)	3,201,299	3,403,554	3,387,796	3,736,322	3,655,830
	New York £ Stg.	785,240	777,586	775,930	775,930	775,930
	Total £ (b) . .	12,288,291	12,525,767	13,584,366	15,761,048	20,566,800
States . . .	Australia £ A. . .	16,715,028	17,240,238	17,593,171	17,866,911	17,283,764
	London £ Stg. (a)	15,010,049	14,962,882	14,958,802	14,954,603	14,500,345
	New York £ Stg.	1,456,415	1,441,476	1,420,694	1,394,925	1,282,976
	Total £ (b) . .	33,181,492	33,644,596	33,972,667	34,216,439	33,067,085
Total Commonwealth and States	Australia £ A. . .	25,016,780	25,584,865	27,013,811	29,115,707	33,418,804
	London £ Stg. (a)	18,211,348	18,366,436	18,346,598	18,690,925	18,156,175
	New York £ Stg.	2,241,655	2,219,062	2,196,624	2,170,855	2,058,906
	Total £ (b) . .	45,469,783	46,170,363	47,557,033	49,977,487	53,633,885
Average Rate per cent.	Australia £ A. . .	£ s. d. 3 12 11	£ s. d. 3 12 9	£ s. d. 3 12 4	£ s. d. 3 11 1	£ s. d. 3 5 1
	London £ Stg. . .	3 18 5	3 18 7	3 18 7	3 18 2	3 16 7
	New York £ Stg.	5 0 5	5 0 6	5 0 4	5 0 2	4 18 9
	Total £ (b) . .	3 16 1	3 16 0	3 15 8	3 14 6	3 9 6

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

(iii) *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, 1935, to 30th June, 1942, are given in the following table. These particulars are included in Public Debt tables on earlier pages.

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

Date.	Maturing in London.			Maturing in Australia.		
	Commonwealth.		Total.	Commonwealth.		Total.
	£'000	Stg.	£'000 Stg.	£'000	Stg.	£'000
30th June, 1935 ..	10,220	23,405	33,625	..	45,124	45,124
30th June, 1936 ..	10,220	23,155	33,375	..	47,013	47,013
30th June, 1937 ..	9,720	23,155	32,875	..	46,408	46,408
30th June, 1938 ..	5,495	23,155	28,650	..	46,598	46,598
30th June, 1939 ..	4,220	23,155	27,375	..	50,228	50,228
30th June, 1940 ..	3,970	23,155	27,125	..	45,463	45,463
30th June, 1941 ..	3,720	23,155	26,875	1,750	45,423	47,173
30th September, 1941 ..	3,720	23,155	26,875	27,500	46,683	74,183
31st December, 1941 ..	3,470	25,453	28,923	55,000	51,353	106,353
31st March, 1942 ..	3,470	25,453	28,923	76,000	49,733	125,733
30th June, 1942 ..	3,470	24,879	28,349	80,481	45,083	125,564

(a) Excludes overdrafts.

(b) *Interest Rates. (i) London.* The rates of interest payable on Treasury Bills and Debentures in London during the period 1934-35 to 1941-42 were as follows:—

Year.		Minimum Rate.	Maximum Rate.
1934-35 .. .. .	.. .. .	2	3
1935-36 .. .. .	.. .. .	2	2½
1936-37 .. .. .	.. .. .	2	2½
1937-38 .. .. .	.. .. .	2	2¼
1938-39 .. .. .	.. .. .	2	2¼
1939-40 .. .. .	.. .. .	2	2¼
1940-41 .. .. .	.. .. .	2	2¼
1941-42 .. .. .	.. .. .	2	3

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

5½ per cent. from 10th October, 1929.	2½ per cent. from 1st June, 1933.
6 per cent. from 1st October, 1930.	2½ per cent. from 1st April, 1934.
4 per cent. from 31st July, 1931.	2 per cent. from 15th October, 1934.
3½ per cent. from 27th October, 1932.	1¾ per cent. from 1st January, 1935.
3¼ per cent. from 21st January, 1933.	1½ per cent. from 1st May, 1940.
2¾ per cent. from 18th February, 1933.	1¼ per cent. from 1st May, 1943.

(iv) *Debts of States and Municipal and Semi-Governmental Bodies.* For the reasons indicated on p. 607 direct comparisons of the debts of the several States should be made with caution. The table following shows for 1940-41 particulars of the debts of the States and the debts due to the Public Creditor by Municipal and Semi-Governmental bodies in each State. This affords a more reliable comparison, but as complete records are not available over a long period, particulars showing comparisons of the growth of the debt

cannot be made. For further particulars relating to the Debt of Local and Semi-Governmental Authorities see *Finance Bulletin* No. 33 and Chapter XVIII. "Local Government," § 3, p. 629 of this volume.

**PUBLIC DEBT : STATES, MUNICIPAL AND SEMI-GOVERNMENTAL BODIES,
1939-40 and 1940-41.**

State.	Debts of the States. (a)	Due to Public Creditor.(b)		Grand Total.
		Municipal.	Semi-Governmental Bodies.	
	£'000.	£'000.	£'000.	£'000.
New South Wales	368,975	37,728	61,202	467,905
Victoria	181,219	12,210	63,892	257,321
Queensland	130,094	22,464	3,761	156,319
South Australia	109,780	760	885	111,425
Western Australia	97,792	3,031	116	100,939
Tasmania	28,162	3,075	497	31,734
Total, All States { 1940-41 ..	916,022	79,268	130,353	1,125,643
{ 1939-40 ..	905,727	78,650	126,481	1,110,858

DEBT PER HEAD OF POPULATION.(c)

	£	£	£	£
New South Wales	131.9	13.5	21.9	167.3
Victoria	93.5	6.3	33.0	132.8
Queensland	125.5	21.7	3.6	150.8
South Australia	183.1	1.3	1.5	185.9
Western Australia	208.6	6.5	0.2	215.3
Tasmania	118.0	12.9	2.1	133.0
Total, All States { 1940-41 ..	129.4	11.2	18.4	159.0
{ 1939-40 ..	129.2	11.2	18.1	158.5

(a) Includes amounts due by Municipal and Semi-Governmental bodies. (b) Excludes overdrafts and debts due to Central Government. (c) At 30th June, 1940 and 1941.

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

Debt Conversion Agreement—Made 21st July, 1931.

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

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

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

A summary of the original agreement as effected by the subsequent agreements is shown on pp. 872 to 875 of the Official Year Book No. 34.