

CHAPTER XXVII. PUBLIC FINANCE.

A.—GENERAL.

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

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

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

B.—COMMONWEALTH FINANCE.

§ 1. General.

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

Section 69 provides for the transfer to the Commonwealth from the States of certain specified departments, while section 51, in outlining the powers of the Federal Parliament, implies the transfer or creation of various other departments. Section 87 deals with the financial relations between the Commonwealth and the States. These matters have been treated in some detail in previous issues of the Official Year Book and on page 853 of this issue a *résumé* is given of the constitutional obligations upon the Commonwealth regarding payments to the States.

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

2. **Accounts of Commonwealth Government.**—(i) *General.* The Commonwealth Government, like the State Governments, bases its accounts mainly upon three funds, the Consolidated Revenue Fund, the Trust Fund and the Loan Fund. The last mentioned fund came into existence in the financial year 1911-12, but on the outbreak of war it became so important that it was treated in two parts—a General Loan Fund mainly for purposes of Public Works, and a War Loan Fund for purely war purposes. From the year 1923-24 inclusive the loan expenditure on War Service Homes was debited against works loan expenditure. Previously such expenditure had been a charge on War Loans. Since the year mentioned the transactions of the War Loan Fund consists mainly of credits arising from repayments of expenditure during previous years.

(ii) *Receipts, Expenditure, etc.* The following statement shows for the period 1922-23 to 1938-39 the Receipts, Expenditure, Excess Receipts or Deficiency for the year together with the accumulated result and the payments made from the excess receipts. The receipts and expenditure on account of the Balance of Interest on States' Debts payable by the States to the Commonwealth under the Financial Agreement have been excluded.

COMMONWEALTH CONSOLIDATED REVENUE : RECEIPTS, EXPENDITURE, ETC.

Year.	Receipts.	Expenditure.	Ordinary Transactions.		Accumulated Result.		Payments from Excess Receipts.
			Excess Receipts.	Deficiency.	Excess Receipts.	Deficiency. (f)	
	£	£	£	£	£	£	£
1922-23 ..	63,834,385	62,814,235	1,020,150	..	7,428,574	..	..
1923-24 ..	65,078,688	62,500,354	2,578,334	..	2,591,153	..	47,415,755
1924-25 ..	67,697,124	67,178,748	518,376	..	3,109,529	..	..
1925-26 ..	70,203,572	70,577,204	..	373,632	285,897	..	62,450,000
1926-27 ..	75,544,382	72,908,785	2,635,597	..	2,821,494	..	c 100,000
1927-28 ..	73,808,227	76,438,464	..	2,630,237	..	2,628,743	d2,820,000
1928-29 ..	74,894,799	77,253,774	..	2,358,975	..	4,987,718	..
1929-30 ..	77,143,389	78,614,392	..	1,471,003	..	6,458,721	..
1930-31 ..	69,566,920	80,324,539	..	10,757,619	..	17,216,340	..
1931-32 ..	71,532,298	70,218,207	1,314,091	..	1,314,091	..	..
1932-33 ..	73,512,809	69,966,201	3,546,608	..	4,860,699	..	..
1933-34 ..	73,941,953	72,640,383	1,301,570	..	6,162,209	..	..
1934-35 ..	77,360,105	76,687,900	711,205	..	713,474	..	e6,160,000
1935-36 ..	82,303,341	78,635,621	3,567,720	..	3,567,720	17,002,866	f713,474
1936-37 ..	82,807,977	81,531,419	1,276,558	..	1,276,558	15,935,146	g3,567,720
1937-38 ..	89,458,154	85,963,421	3,494,733	..	3,494,733	15,658,588	h1,276,558
1938-39 ..	95,064,790	94,437,481	627,309	..	627,309	15,658,588	i3,494,733

(a) £4,915,755 was used for debt redemption, and £2,500,000 transferred to Trust Funds. (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) See table following. (f) Met by temporary advance from loan fund.

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

It is proposed to allocate the accumulated surplus at 30th June, 1939, for Defence Equipment.

§ 2. Consolidated Revenue Fund.

Division I.—Nature of Fund.

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

Division II.—Revenue.

1. General.—The following table furnishes details of the revenue from each source and the amount per head of population under each of the main headings during the years 1934-35 to 1938-39:—

COMMONWEALTH CONSOLIDATED REVENUE: SOURCES.

Source.	1934-35.	1935-36.	1936-37.(a)	1937-38.(a)	1938-39.(a)
	£	£	£	£	£
Taxation	58,754,524	63,617,306	62,773,452	69,048,485	74,036,899
Percentage of Total .. %	75.9	77.4	75.8	77.2	77.9
Per head of population (d) ..	£8 15 4	£9 8 6	£9 4 6	£10 1 2	£10 13 10
Business Undertakings	14,279,362	15,222,652	16,222,910	17,167,943	17,876,401
Percentage of Total .. %	18.5	18.5	19.6	19.2	18.8
Per head of population (d) ..	£2 2 7	£2 5 1	£2 7 8	£2 10 0	£2 11 7
Territories (b)	250,087	313,770	300,253	330,975	355,401
Percentage of Total .. %	0.3	0.4	0.4	0.4	0.4
Per head of population (d) ..	£0 0 9	£0 0 11	£0 0 11	£0 1 0	£0 1 0
Other Revenue—					
Interest, etc. (c)—					
Loans to States for Soldier Settlement	1,116,827	(e)	(e)	(e)	(e)
Other	1,430,571	1,338,510	1,074,423	1,044,076	1,144,014
Coinage	133,703	167,719	295,167	362,705	127,764
Defence	40,066	38,025	41,731	29,244	151,208
Civil Aviation	3,703	4,080	4,418	5,556	5,745
Health	18,905	18,090	67,134	17,621	18,204
Patents, Trade Marks, etc.	55,209	58,783	62,163	61,435	67,914
Commerce and Marine—					
Wool Levy			72,805	77,523	74,396
Marine	212,526	218,915	216,406	182,463	158,137
Other	24,372	11,206	Dr. 1,104		
Pension Contributions	23,887	31,261	28,769	23,697	18,682
Net Profit on Australian Note Issue	797,344	855,720	898,585	839,883	766,730
Bankruptcy	31,324	29,517	30,569	36,441	30,770
Balance of Trust Accounts	10,075	72,837	477,048	10,940	..
Other	186,620	204,950	243,248	219,167	232,525
Total	4,085,132	3,049,613	3,511,362	2,910,751	2,796,089
Percentage of Total .. %	5.3	3.7	4.2	3.2	2.9
Per head of population (d) ..	£0 12 2	£0 9 0	£0 10 4	£0 8 6	£0 8 1
Grand Total (c)	77,369,105	82,203,341	82,807,977	89,458,154	95,064,790
Per head of population (d) ..	£11 10 10	£12 3 6	£12 3 5	£13 0 8	£13 14 6
Balance of Interest on States' Debts—recoverable from States	24,390,832	24,786,646	25,081,605	25,580,374	25,584,456

(a) Prior to 1936-37 interest on the Development and Migration Loan and the Brisbane-South Grafton Railway Loan was credited to "Miscellaneous Receipts" in Consolidated Revenue and debited against the Prime Minister's Department and the Department of the Interior respectively. These items are now credited to "Balance of Interest on States' Debts—payable by States" and debited against "Balance of Interest on States' Debts—recoverable from States" in Commonwealth Accounts. (b) Excluding Railways. (c) Excludes Interest on States' Debts payable by States. (d) Based on mean population of each financial year. (e) Not now paid to Consolidated Revenue.

2. Taxation.—(i) Total Collections. (a) Amount. Collections under each heading for the years 1934-35 to 1938-39 are given below:—

TAXATION: TOTAL COLLECTIONS.

Heading.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
Customs	25,289,719	28,068,870	28,782,784	32,972,666	31,160,462
Excise	12,579,767	13,368,847	14,210,248	15,410,339	16,471,903
Sales Tax	8,554,076	9,432,483	8,008,427	8,023,886	9,308,334
Flour Tax	798,354	1,150,724	Dr. 12,193	3,025	1,808,972
Land Tax	1,281,424	1,326,991	1,435,465	1,368,444	1,489,436
Income Tax	8,761,619	8,775,562	8,556,014	9,398,503	11,882,440
Estate Duties	1,507,827	1,472,860	1,792,600	1,872,654	1,915,352
Entertainments Tax	Dr. 599	13	107	I	..
War Time Profits Tax	Dr. 17,663	20,956	..	Dr. 1,033	..
Total Taxation	58,754,524	63,617,306	62,773,452	69,048,485	74,036,899
Percentage on Total Revenue ..	75.9	77.4	75.8	77.2	77.9

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

TAXATION : PERCENTAGES ON TOTAL COLLECTIONS.

Heading.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	%	%	%	%	%
Customs	43.0	44.1	45.9	47.8	42.1
Excise	21.4	21.0	22.6	22.3	22.3
Sales Tax	14.6	14.8	12.7	11.6	12.6
Flour Tax	1.4	1.8	..	..	2.4
Land Tax	2.2	2.1	2.3	2.0	2.0
Income Tax	14.9	13.8	13.6	13.6	16.0
Estate Duties	2.5	2.4	2.9	2.7	2.6
Entertainments Tax .. .. .	..	..	..	..	..
War Time Profits Tax .. .. .	..	..	..	..	..
Total	100.0	100.0	100.0	100.0	100.0

(ii) *Customs Revenue. (a) Classified.* Particulars for the five years 1934-35 to 1938-39 are furnished in the following table :—

COMMONWEALTH CUSTOMS REVENUE : CLASSIFICATION.

Classes.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
Stimulants	1,089,416	1,140,687	1,157,797	1,174,494	1,165,503
Narcotics	2,807,749	2,940,367	3,041,660	3,243,490	3,256,496
Sugar	827	1,618	4,204	5,380	7,238
Agricultural products	1,222,775	1,218,026	1,286,331	1,268,440	1,365,938
Apparel and textiles ..	2,511,474	2,635,663	2,752,891	3,169,485	2,801,103
Metals and machinery	1,904,486	2,235,917	2,195,393	2,762,044	2,385,882
Oils, paints, etc. ..	6,769,588	7,681,244	8,401,394	9,631,390	9,927,346
Earthenware, etc. ..	390,629	441,431	460,849	534,912	509,980
Drugs and chemicals ..	265,114	284,718	265,068	312,532	309,984
Wood, wicker and cane	491,283	529,402	726,350	779,677	739,057
Jewellery, etc. ..	406,918	415,606	451,511	522,365	480,916
Leather, etc. ..	360,696	361,469	412,714	497,950	477,163
Paper and stationery	425,960	459,206	447,048	488,716	453,548
Vehicles	1,335,657	1,793,188	2,186,245	2,666,560	2,061,762
Musical instruments ..	16,210	22,186	30,041	27,956	31,589
Miscellaneous articles	850,380	1,029,470	920,854	1,173,635	1,023,556
Primage	4,259,210	4,678,358	3,833,165	4,450,901	3,913,578
Other receipts	181,347	200,314	209,359	232,739	249,823
Total Customs	25,289,719	28,068,870	28,782,784	32,972,666	31,160,462

(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.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
New South Wales (a)	11,141,391	12,141,828	12,807,629	14,831,986	14,070,130
Victoria	8,430,426	9,453,887	9,338,212	10,620,241	9,970,730
Queensland	2,504,179	2,682,260	2,652,736	2,955,788	2,977,792
South Australia (b)	1,576,979	1,861,204	1,906,269	2,332,090	2,090,020
Western Australia ..	1,350,046	1,585,967	1,704,018	1,814,435	1,653,906
Tasmania	286,698	343,724	373,920	412,126	397,884
Total	25,289,719	28,068,870	28,782,784	32,972,666	31,160,462

(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 years ended 30th June, 1935 to 1939, are given hereunder :—

COMMONWEALTH EXCISE REVENUE : CLASSIFICATION.

Particulars.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
Beer	5,093,858	5,621,051	6,109,526	6,893,739	7,288,579
Spirits	1,412,761	1,476,773	1,490,176	1,578,385	1,603,285
Concentrated Grape					
Must	1,545	1,927	2,142	1,101	935
Petrol	625,901	630,068	706,884	681,870	581,978
Matches	77,391	81,039	77,438	81,510	81,960
Tobacco	4,962,424	5,087,211	5,283,641	5,592,297	6,286,706
Cigarette Tubes and					
Papers	384,173	424,853	450,516	468,659	530,868
Licences	11,120	12,311	11,677	12,630	11,913
Playing Cards	10,594	10,614	12,231	10,906	11,432
Wireless Valves .. .	..	23,000	66,017	89,242	74,247
Total Excise .. .	12,579,767	13,368,847	14,210,248	15,410,339	16,471,903

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

COMMONWEALTH EXCISE REVENUE : COLLECTIONS IN EACH STATE.

State.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
New South Wales ..	5,863,305	6,063,761	6,724,164	7,373,723	6,940,301
Victoria	3,769,155	4,100,054	4,265,286	4,871,017	5,687,832
Queensland	1,200,478	1,212,596	1,250,125	1,304,390	1,538,042
South Australia (a)	760,531	932,145	856,021	717,076	1,018,148
Western Australia ..	862,501	914,603	957,684	972,131	1,103,481
Tasmania	123,797	145,688	156,968	171,402	184,099
Total	12,579,767	13,368,847	14,210,248	15,410,339	16,471,903

(a) Includes Northern Territory.

(iv) *Other Taxation.* (a) *Collections paid to Revenue.* The Commonwealth Government imposes other taxes as follows:—Land Tax, Estate Duty, Income Tax, War Time Profits Tax, Sales Tax and Flour Tax; Entertainments Tax has been abolished. The following statement shows particulars of the collections on account of each of the foregoing taxes during the last ten years. 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.	Land Tax.	Estate Duty.	Income Tax.	War-time Profits Tax.	Entertainments Tax.	Sales Tax.	Flour Tax.
	£	£	£	£	£	£	£
1929-30 ..	2,840,078	2,122,478	11,120,029	14,678	316,121	..	..
1930-31 ..	2,758,598	2,068,865	13,604,374	Dr. 794	186,661	3,472,854	..
1931-32 ..	2,156,765	1,385,811	13,481,982	Dr. 33,755	133,072	8,425,067	..
1932-33 ..	1,650,311	1,126,996	10,878,718	Dr. 5,750	134,042	9,369,276	..
1933-34 ..	1,325,393	1,511,296	9,314,768	1,567	51,216	8,695,689	1,253,957
1934-35 ..	1,281,424	1,507,827	8,761,619	Dr. 17,663	Dr. 599	8,554,076	798,354
1935-36 ..	1,326,991	1,472,860	8,775,562	20,956	13	9,432,483	1,150,724
1936-37 ..	1,435,465	1,792,600	8,556,014	..	107	8,008,427	Dr. 12,193
1937-38 ..	1,368,444	1,872,654	9,398,503	Dr. 1,033	1	8,023,886	3,025
1938-39 ..	1,489,436	1,915,352	11,882,440	..	..	9,308,334	1,808,972

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

The actual receipts by the various offices are the figures of necessity used by the Treasury for accounting purposes, and may be called the "Treasury" figures. These figures have been used in issues of the Official Year Book prior to No. 25. In order to give a more significant picture of the taxation in States, these figures have been discarded, and in their place are given figures supplied by the Commissioner of Taxation, which refer strictly to the assessments made on account of the State specified. The total of these figures do not quite agree with the total Treasury figures owing to certain technicalities of accounting, but the differences are small. The Taxation Office figures give a fair comparison between States, e.g., in taxation paid per head, but do not give the absolute measure of taxation, because the Central Office collections, which include taxation on account of all States, have not been allocated to the States. In the absence of precise information, it may be assumed as a rough approximation that Central Office collections may be divided among States in proportion to State office collections. It is probable, however, that a somewhat larger share is derived from the more populous States, New South Wales and Victoria.

(b) *Land Tax.* Commonwealth Land Tax was first imposed on the unimproved value of land in 1910-11. The following table shows the rates of Land Tax imposed for each assessment year since its inception:—

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

(T = Taxable Value.)

Assessment Year.	Residents.			Absentees.(a)				
	Taxable Value £1 to £75,000.	Taxable Value over £75,000.		Taxable Value £1 to £80,000.		Taxable Value over £80,000.		
		First £75,000.	Excess over £75,000.	First £5,000.	Excess over £5,000.	First £5,000.	Next £75,000.	Excess over £80,000.
1910-11 to 1913-14	$\left(1 + \frac{T}{30,000}\right)d.$	3.5d.	6d.	1d.	$\left(2 + \frac{T-5,000}{30,000}\right)d.$	1d.	4.5d.	7d.
1914-15 to 1917-18	$\left(1 + \frac{T}{18,750}\right)d.$	5d.	9d.	1d.	$\left(2 + \frac{T-5,000}{18,750}\right)d.$	1d.	6d.	10d.
1918-19 to 1921-22	$\frac{120}{100}\left(1 + \frac{T}{18,750}\right)d.$	6d.	10.8d.	1.2d.	$\frac{120}{100}\left(2 + \frac{T-5,000}{18,750}\right)d.$	1.2d.	7.2d.	12d.
1922-23 to 1926-27	$\left(1 + \frac{T}{18,750}\right)d.$	5d.	9d.	1d.	$\left(2 + \frac{T-5,000}{18,750}\right)d.$	1d.	6d.	10d.
1927-28 to 1931-32	$\frac{90}{100}\left(1 + \frac{T}{18,750}\right)d.$	4.5d.	8.1d.	.9d.	$\frac{90}{100}\left(2 + \frac{T-5,000}{18,750}\right)d.$	.9d.	5.4d.	9d.
1932-33	$\frac{60}{100}\left(1 + \frac{T}{18,750}\right)d.$	3d.	5.4d.	.6d.	$\frac{60}{100}\left(2 + \frac{T-5,000}{18,750}\right)d.$	.6d.	3.6d.	6d.
1933-34 to 1937-38	$\frac{45}{100}\left(1 + \frac{T}{18,750}\right)d.$	2.25d.	4.05d.	.45d.	$\frac{45}{100}\left(2 + \frac{T-5,000}{18,750}\right)d.$	.45d.	2.7d.	4.5d.
1938-39 to 1939-40	$\left(\frac{1}{2} + \frac{T}{37,500}\right)d.$	2.5d.	4.5d.	.5d.	$\left(1 + \frac{T-5,000}{37,500}\right)d.$	.5d.	3d.	5d.

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

Land Tax receipts in each State and Central Office for the years 1934-35 to 1938-39 were as follows. The particulars shown differ slightly from those quoted in (a) above.

LAND TAX RECEIPTS.

State, etc.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
Central Office ..	399,839	471,168	482,127	438,813	525,959
New South Wales ..	471,857	460,030	530,603	505,143	509,913
Victoria ..	274,671	266,033	277,718	277,512	290,798
Queensland ..	29,898	24,827	27,159	26,887	29,568
South Australia ..	51,758	55,104	54,878	48,295	55,280
Western Australia ..	46,337	42,881	51,835	59,074	63,854
Tasmania ..	11,296	12,036	11,539	12,237	12,879
Total ..	1,285,656	1,332,079	1,435,859	1,367,961	1,488,251

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

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

ESTATE DUTY RECEIPTS.

State, etc.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
Central Office	644,177	721,724	989,688	902,266	999,202.
New South Wales	375,777	314,912	324,365	396,003	422,567
Victoria	301,351	237,474	308,719	397,386	294,406
Queensland	61,857	74,117	76,784	85,335	60,041
South Australia	81,740	71,497	66,447	44,295	82,789
Western Australia	29,516	41,307	21,110	31,809	34,074
Tasmania	14,635	8,426	10,253	12,506	15,960
Northern Territory .. ..	..	73	..	119	..
Total	1,509,053	1,469,530	1,797,366	1,869,719	1,909,039

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

ESTATE DUTY ASSESSMENTS.

Particulars.	1933-34.	1934-35.	1935-36.	1936-37.	1937-38.
Number of Estates	No. 8,072	8,157	8,887	8,803	9,085
Gross Value (a)	£,000 52,434	52,965	56,009	59,419	60,964
Dutiable Value	£,000 42,423	42,594	45,121	47,723	49,340
Duty Payable	£ 1,477,170	1,454,450	1,467,355	1,836,946	1,852,356
Average dutiable value	£ 5,256	5,222	5,077	5,421	5,431
Average duty per estate	£ 183	178	165	209	204

(a) Assessed values.

(d) *Income Tax.* The first Commonwealth Income Tax was levied during the year 1915-16. The Income Tax Assessment Act 1936 consolidated and amended the laws relating to the imposition, assessment and collection of income tax. Full details of this Act and a commentary on the Income Tax law are contained in an explanatory handbook* which also gives particulars relating to the pre-existing law. The following statement gives an index of the rate of normal tax on personal exertion and property incomes up to and including the year 1939-40. The table gives an index of the rate of tax on the taxable amount of income, and does not take into account the variations in assessment due to changes in exemptions and abatements and in the methods of assessment.

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

INCOME TAX: INDEX OF RATE.

Assessment years in which Rates were Amended.	Index of Rate of Tax.	Assessment years in which Rates were Amended.	Index of Rate of Tax.
1915-16	1,000	1930-31	1,351 (a) (b)
1916-17	1,250	1931-32	1,419 (a) (c)
1918-19	1,625	1932-33	1,419 (a) (d)
1920-21	1,706	1933-34	1,313 (a) (e)
1922-23	1,535	1935-36	1,313 (a) (f)
1924-25	1,380	1936-37	1,181 (a) (g)
1925-26	1,200	1937-38	1,181 (a)
1927-28	1,080	1938-39	1,358 (a)
1929-30	1,214 (a)	1939-40	1,494 (a)

(a) Estimated. (b) In addition, a further tax of 1s. 6d. in the £1 was imposed on all taxable income from property. (c) In addition, a further tax of 2s. in the £1 was imposed on all taxable income from property. (d) In addition, a further tax of 2s. in the £1 was imposed on all taxable income from property over and above the exemption of £250. (e) In addition, a further tax of 1s. 2. 4d. in the £1 was imposed on all taxable income from property over and above the exemption of £250. (f) In addition, a further tax of 1s. in the £1 was imposed on all taxable income from property over and above the exemption of £250. (g) Further tax on property abolished.

A new scale of rates was struck for the assessment year 1931-32, designed to consolidate all existing rates to 1930-31, and increase them by 5 per cent. At the same time the further tax on property income was increased to 2s. in the £1. No change was made in the rates of normal tax for the 1932-33 assessment but the further tax of 2s. in the £1 on income from property was payable only on such income in excess of £250. For the 1933-34 assessment the consolidated rate for personal exertion income assessments was reduced by 15 per cent. Ordinary rates on incomes from property remained unaltered, but the further tax was reduced to 1s. 2. 4d. in the £1. The rate of tax applicable to companies was reduced from 1s. 4d. in £1 to 1s. in £1.

No alteration was made to the rates of tax in respect of the 1934-35 assessment, but the method of applying the statutory exemption was varied. The special tax on property income was reduced from 1s. 2. 4d. in £1 to 1s. in £1, but otherwise the rates were not altered for the 1935-36 assessment. A reduction of 10 per cent. was granted for the 1936-37 assessment on incomes derived from personal exertion and property, and the special tax on property incomes was abolished. The rate of tax applicable to companies remained the same, namely, 1s. in £1.

In 1938-39 rates (other than companies) were increased by 15 per cent., and in 1939-40 by a further 10 per cent. Company rates were increased to 13.8d. in the £1 in 1938-39 and to 24d. in the £1 in 1939-40.

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

INCOME TAX RECEIPTS.

State, etc.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
Central Office	3,011,356	2,883,792	2,949,280	3,476,651	4,040,671
New South Wales	2,474,276	2,615,474	2,489,536	2,580,359	3,608,044
Victoria	1,910,619	1,823,450	1,773,769	1,952,543	2,397,469
Queensland	536,431	577,306	503,891	529,904	738,119
South Australia	364,505	398,578	370,895	413,877	551,129
Western Australia	321,174	349,374	340,369	326,144	369,314
Tasmania	118,692	107,393	104,684	123,902	153,671
Northern Territory	1,932	2,434	2,294	2,585	4,417
Total	8,738,985	8,757,801	8,534,718	9,405,965	11,862,834

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

INCOME TAX RECEIPTS PER HEAD OF POPULATION.

(EXCLUDING CENTRAL OFFICE COLLECTIONS.)

State.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	<i>s. d.</i>	s. d.	s. d.	s. d.	s. d.
New South Wales	18 11	19 9	18 8	19 2	26 6
Victoria	20 11	19 10	19 3	21 1	25 8
Queensland	11 2	10 11	10 3	10 8	14 9
South Australia	12 6	13 8	12 8	14 1	18 7
Western Australia	14 6	15 8	15 1	14 4	16 1
Tasmania	10 5	9 5	9 1	10 8	13 1
Six States	17 2	17 6	16 6	17 5	22 9

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

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

(e) *Entertainments Tax.* A tax on admissions to entertainments operated from 1st January, 1917, until 27th October, 1933. Particulars of the rates of tax imposed and collections of tax to 1934-35 are given in Year Book No. 31.

The total collections representing arrears of tax from previous years amounted to £13 in 1935-36, to £107 in 1936-37, to £1 in 1937-38 and to nil in 1938-39.

(f) *War Time Profits Tax.* This tax which came into force in September, 1917, provided for a tax on the amount by which the profits made in war time exceed the pre-war standard of profits. Further details regarding its application are given in Official Year Book No. 22, 1929. The net collections, after allowing for refunds, for the five years ended 30th June, 1939, are as follows:—

1934-35, *Dr.* £17,663; 1935-36, £20,956; 1936-37, nil; 1937-38, *Dr.* £1,033; and 1938-39, nil. These collections are in respect of arrears as the Act is now inoperative.

(g) *Sales Tax.* The Sales Tax was imposed in August, 1930, as part of the Budget proposals for the year 1930-31. The rate of tax, which was fixed at 2½ per cent., was expected to yield £6.5 millions (£5 millions for the ten remaining months of the financial year) on an estimated taxable field of sales amounting to £260 millions for the year. The actual field for ten months proved to be £138 millions—equivalent to £157 millions for a full year—and realized net collections of £3,471,837. This lower total of taxable sales largely resulted from the volume of sales of exempted goods. The operation of the tax is controlled chiefly by a system of registration of taxpayers, and all manufacturers and wholesale merchants, who are the taxpayers under the Act in respect of goods sold in Australia, must be registered with the Department. The tax on imports subject to sales tax is collected by the Customs Department at ports of entry.

The Sales Tax legislation was amended on 5th October, 1931, to remove certain difficulties connected with the administration of the Acts; to extend the list of exemptions designed to assist primary production; and to provide for additional exemptions and abatements. Additional exemptions applicable to goods manufactured in Australia

became effective for the period 11th November, 1932, to 30th June, 1933, with the provision that they may be continued by regulation for a period terminating not later than 30th September, 1933; these temporary exemptions were subsequently made permanent. Further schedules of exemptions were applicable from 27th October, 1933, 1st August and 13th December, 1934, 25th October and 7th December, 1935, 26th September, 1936, and 26th September, 1939.

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

The rate of tax was increased to 6 per cent. on taxable sales to operate during the year 1931–32. The rate of Sales Tax payable was reduced to 5 per cent. from 26th October, 1933, and to 4 per cent. from 11th September, 1936, but was increased to 5 per cent. from 22nd September, 1938, and to 6 per cent. from 6th September, 1939.

Particulars of the net amount of Sales Tax payable, and the sales of taxable, non-taxable and exempt goods in each State for the year 1938–39 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, 1938–39.(a)

State or Territory.	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 ..	82,633	78,051	109,719	76,221	3,567	351	3,918
Victoria ..	66,612	66,767	84,076	61,083	2,869	245	3,114
Queensland ..	22,490	10,739	38,405	21,727	992	62	1,054
South Australia ..	13,865	11,208	23,246	12,419	585	53	638
Western Australia ..	9,294	3,832	18,777	9,187	427	32	459
Tasmania ..	2,906	1,210	6,030	2,652	119	14	133
Northern Territory ..	9	3	29	7		1	1
Total ..	197,809	171,810	280,282	183,296	8,559	758	9,317

(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 each year since the inception of the tax in 1930–31 are given in the following table:—

SALES TAX AND AMOUNT OF SALES, 1930–31 TO 1938–39.

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.
1930–31 ..	145,805	102,663	170,434	138,756	3,179	293	3,472
1931–32 ..	150,608	119,971	189,634	147,730	7,931	501	8,432
1932–33 ..	158,469	135,843	195,285	147,217	8,797	594	9,391
1933–34 ..	162,552	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	614	8,136
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
Total ..	1,565,543	1,305,754	1,984,523	1,456,638	68,242	5,354	73,596

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

(h) *Flour Tax.* In connexion with the Government's decision to provide £3,000,000 for assistance to necessitous wheat farmers who did not, during 1932-33, receive income which was subject to Commonwealth Income Tax, the Flour Tax Act was passed in December, 1933. The rate of tax imposed was £4 5s. per short ton on all flour sold or delivered by a miller; imported into Australia; used in the manufacture of goods imported into Australia; or held in stock by a person other than a miller. The Act, which originally operated from 4th December, 1933, and terminated on 31st May, 1934, was expected to yield £1,600,000. The Flour Tax, with a reduction in the rate to £2 12s. 6d. per short ton, was reimposed from 7th January, 1935, and was terminated by proclamation on 24th February, 1936. On 5th December, 1938, the Flour Tax was again imposed in a more or less permanent form. The new legislation provided for a tax on flour (not exceeding £7 10s. per ton) varying as the price of wheat varies from 5s. 2d. a bushel at Williamstown. Provision is made in another Act for the imposition of a special tax on wheat when world parity rises above 5s. 2d. at Williamstown.

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

FLOUR TAX.

State.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
New South Wales	311,991	450,785	Dr. 8,744	2,400	704,152
Victoria	226,163	320,770	Dr. 465	972	531,577
Queensland	80,999	153,994	Dr. 1,074	Dr. 329	237,854
South Australia	66,990	98,580	Dr. 283	Dr. 15	141,048
Western Australia	50,059	80,873	Dr. 1,623	Dr. 3	123,856
Tasmania	25,504	40,468	Dr. 4	..	55,346
Total	761,706	1,145,470	Dr. 12,193	3,025	1,793,833

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

WOOL LEVY.

State.	1936-37.	1937-38.	1938-39.
	£	£	£
New South Wales	32,616	32,689	28,949
Victoria	15,778	17,030	15,488
Queensland	11,970	13,962	14,451
South Australia	6,462	7,246	8,242
Western Australia	4,768	5,211	5,795
Tasmania	1,211	1,385	1,524
Total	72,805	77,523	74,449

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

3. *Business Undertaking.*—(i) *Postal Revenue.* Particulars concerning this branch of revenue for each of the financial years from 1934-35 to 1938-39 are contained in the following table:—

COMMONWEALTH POSTAL REVENUE.

Particulars.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
Private boxes and bags ..	66,298	68,488	70,589	73,039	74,235
Commission—					
Money orders and postal notes	248,211	265,999	268,860	280,533	288,580
Telegraphs	1,260,388	1,289,772	1,370,518	1,377,623	1,372,300
Telephones	6,027,517	6,521,747	7,061,245	7,571,635	8,039,580
Postage	5,640,159	5,933,884	6,170,144	6,498,212	6,635,977
Radio receipts	338,593	365,877	429,047	492,995	516,178
Miscellaneous	363,764	393,277	416,214	438,164	423,641
Total	13,944,930	14,839,044	15,786,617	16,732,201	17,350,491

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

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

(ii) *Railway Revenue.* The Commonwealth Government is responsible for four lines—the Trans-Australian, the Central Australian, the North Australian and the Australian Capital Territory lines. The appended table shows the amounts paid into the credit of the Consolidated Revenue Fund on account of each of these railways for the last five years:—

COMMONWEALTH RAILWAY REVENUE.

Railway.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
Trans-Australian ..	215,012	248,939	270,161	267,754	330,643
Central Australian ..	80,985	98,634	122,698	124,417	137,521
North Australian ..	38,352	30,656	36,440	37,768	50,471
Australian Capital Territory	83	5,379	6,994	5,803	7,275
Total	334,432	383,608	436,293	435,742	525,910

The small amount of receipts for the Australian Capital Territory Railway in 1934-35 was due to a change in accounting methods.

Further particulars are given in Chapter V., part B, Railways.

4. **Other Sources of Revenue.**—The most important investments of the Commonwealth Government from which interest is derived are—Loans to States, General Trust Funds, Loans placed in London, Fixed Deposits with the Commonwealth and other Banks, and certain advances. In 1938-39 the total included interest received from British Government on Development and Migration Loans and advances for miscellaneous purposes, payable by States; Interest on General Trust Fund Investments; Interest, Nauru Island Agreement; repayments of principal and interest in respect of War Service Homes advances; and repayment of advances to the States for the benefit of Settlers. As previously mentioned, the "Balance of Interest on States' Debts" payable by States under the Financial Agreement has not been included in the "Grand Total" in the detailed statement.

Division III.—Expenditure.

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

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

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

2. **Details of Expenditure from Consolidated Revenue.**—(i) *General.* The following table gives details of the expenditure from Consolidated Revenue during the last five years. The "Balance of Interest on States' Debts" (recoverable from the States) is placed at the foot of the table, but is not included in the "Grand Total" therein. Details for each Department, as constituted at 30th June, 1939, are stated hereafter.

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

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

COMMONWEALTH EXPENDITURE FROM CONSOLIDATED REVENUE,

Departments, etc.	1934-35.	1935-36.	1936-37.(a)	1937-38.(a)	1938-39.(a)
Departments—	£	£	£	£	£
Governor-General	28,026	28,240	34,245	35,067	32,765
Parliament	487,985	390,120	505,287	516,494	444,873
Prime Minister	1,499,308	1,307,414	1,263,210	1,510,259	1,355,842
External Affairs	65,512	70,339	63,104	58,263	70,168
Treasury (b)	2,615,881	2,277,647	1,958,085	2,403,259	2,582,362
Attorney-General	223,258	239,702	252,158	263,319	281,497
Interior	1,014,178	1,267,482	972,733	1,018,526	1,275,392
Defence—					
Military	1,511,543	1,592,868	2,023,372	2,060,732	3,324,650
Naval	1,954,853	2,254,799	2,580,704	2,497,783	2,755,085
Air	485,212	551,171	948,671	1,289,973	1,384,971
Supply and Development	397,752	414,682	436,966	523,550	596,653
Civil Aviation	114,083	102,271	275,563	129,043	328,150
Trade and Customs	881,964	878,762	891,292	993,503	1,064,124
Health	190,681	268,921	241,443	402,003	338,155
Commerce	964,238	978,937	1,122,242	1,149,511	1,208,927
Total, Departments	12,434,474	12,623,355	13,569,075	14,851,285	17,043,614
Business Undertakings—					
Postmaster-General	12,015,606	12,523,878	13,204,176	13,964,473	15,028,233
Railways	1,160,822	1,016,968	1,076,077	1,140,315	1,351,041
Total, Business Undertakings	13,176,518	13,540,846	14,279,253	15,104,788	16,379,274
Territories—					
Australian Capital Territory	539,798	566,289	585,869	615,401	637,228
Northern Territory	165,369	190,832	262,113	381,931	402,899
Papua	69,160	68,509	55,821	48,825	48,830
New Guinea	3,578	3,308	13,431	5,058	5,532
Norfolk Island	3,000	7,200	4,409	5,911	5,471
Total, Territories	780,905	836,138	921,643	1,057,126	1,099,960
New Works	1,052,133	3,237,317	4,319,562	3,551,776	6,565,268
War and Repatriation (c)	19,017,861	18,241,399	18,723,953	18,948,300	19,256,812
Invalid and Old-age Pensions	11,762,030	12,797,726	13,998,693	15,798,687	15,991,782
Maternity Allowances	329,321	335,552	370,150	400,004	436,614
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	1,330,910	1,359,880	1,416,548	1,454,385	1,477,976
Special Grants	2,400,000	2,750,000	2,430,000	2,350,000	2,020,000
Federal Aid Roads	2,465,980	2,778,899	3,039,530	4,149,492	4,266,556
Other Grants .. ..	..	100,000	551,000	450,500	300,000
Total to or for States (d)	13,781,802	14,573,691	15,021,990	15,989,289	15,649,444
Relief to Primary Producers	4,322,856	2,449,597	327,000	262,166	2,014,713
Grand Total	76,657,900	78,635,621	81,531,419	85,963,421	94,437,481
Per head of Population	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Excess Receipts (e)	11 8 9	11 12 11	11 19 8	12 10 6	13 12 8
	711,205	3,567,720	1,276,558	3,494,733	627,309
Balance of Interest on States' Debts—payable by States	24,390,832	24,786,646	25,081,605	25,580,374	25,584,456

(a) See Note (a) on page 832. (b) Excludes Invalid and Old-age Pensions and Maternity Allowances. (c) For details see § 5. (d) Excludes balance of interest payable on States' Debts (recoverable from States). (e) Appropriated for payment of Invalid and Old-age Pensions in following year. (f) Omitting payments from accumulated excess receipts of prior years (see page 831).

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

(ii) *Cost of Departments.*—(a) *Governor-General.* Section 30 of the Constitution enacts that, until the Commonwealth Parliament otherwise provides, there shall be payable out of the Consolidated Revenue Fund for the salary of the Governor-General an annual sum of ten thousand pounds, and a proviso is made that the salary of the Governor-General shall not be altered during his continuance in office. The expenditure in connexion with the Governor-General and establishment for the five years 1934-35 to 1938-39 was as follows:—

EXPENDITURE : GOVERNOR-GENERAL AND ESTABLISHMENT.

Details.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
Salary	9,775	9,882	10,000	10,000	10,000
Governor-General's Establishment ..	11,825	10,773	13,641	15,350	12,305
Contingencies (a)	2,135	3,266	5,913	5,003	5,381
Interest and Sinking Fund	4,291	4,319	4,691	4,714	5,079
Total	28,026	28,240	34,245	35,067	32,765

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

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

EXPENDITURE : COMMONWEALTH PARLIAMENT.

Details.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
Salaries of Ministers	12,240	13,260	15,130	15,782	19,325
Allowances to Senators	28,962	29,549	32,617	33,877	36,171
Allowances to Members of House of Representatives	59,401	61,685	67,283	70,058	74,900
Officers, staff, contingencies, etc.	55,674	59,101	61,591	64,183	71,120
Rent, repairs, maintenance, etc.	12,002	10,962	12,601	12,873	14,679
Printing	21,527	23,075	19,000	22,217	22,000
Travelling expenses of Members and others	27,619	28,968	30,472	33,347	41,429
Electoral Office	83,252	79,375	81,357	86,102	85,143
Election expenses	103,439	611	100,042	101,628	3,232
Administration of Electoral Act ..	15,187	18,017	28,232	29,391	20,029
Interest and Sinking Fund	37,937	42,243	38,283	38,463	41,444
Miscellaneous	30,745	23,274	18,679	8,573	15,401
Total	487,985	390,120	505,287	516,494	444,873

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 pages 14 and 17 of this issue.

(c) *Prime Minister's Department.* This department was created during the financial year 1911-12. In addition to the services indicated below, this Department administers the external Territories of New Guinea, Papua, Nauru and Norfolk Island. For convenience, particulars of expenditure on account of these Territories are shown hereinafter under that heading. Figures for 1934-35 include expenditure in respect of those functions now administered by the External Affairs Department. The expenditure for the last five years is shown in the following table :—

EXPENDITURE : PRIME MINISTER'S DEPARTMENT.(a)

Details.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
Salaries, contingencies and miscellaneous	£ 246,671	£ 198,215	£ 239,259	(b) 472,322	£ 236,221
Audit Office	34,278	38,061	36,587	38,046	38,434
Rent, repairs, etc.	7,441	9,373	7,981	6,568	8,120
Public Service Board's Office	38,206	42,185	49,825	52,807	50,688
High Commissioner's Office	48,629	54,523	59,217	57,945	81,369
Interest and Sinking Fund	914,931	790,516	d 679,279	d 630,018	d 613,696
Mail Service, Pacific Islands	41,000	40,000	40,700	40,346	49,077
Secretariat, League of Nations	54,024	(c)	(c)	(c)	(c)
Council for Scientific and Industrial Research	96,836	126,685	140,534	177,435	197,764
Pensions and Superannuation	7,804	7,856	9,828	9,772	10,473
North Australia Survey	75,000	..	..	25,000	10,000
National Oil Pty. Ltd. Agreement .. .. .	..	..	..	..	60,000
Total	1,564,820	1,307,414	1,263,210	1,510,259	1,355,842

(a) Excluding Territories, see page 852. (b) Includes special appropriation of £250,000 for Science and Industry. (c) Included under External Affairs Department. (d) See note (a) to table on page 832.

(d) *Department of External Affairs.* The Department of External Affairs was dissociated from the Prime Minister's Department in 1935-36. Its functions include, *inter alia*, communications with British diplomatic missions and consulates on political matters, foreign affairs, inter-Imperial and Dominion political relations, treaties and international agreements, and League of Nations matters, etc. Expenditure for the years 1935-36 to 1938-39 are given in the following table :—

EXPENDITURE : EXTERNAL AFFAIRS.

Particulars.	1935-36.	1936-37.	1937-38.	1938-39.
Salaries and General	£ 7,827	£ 12,417	£ 14,215	£ 20,129
Contribution, League of Nations Secretariat	52,687	42,029	34,112	43,329
Miscellaneous	9,825	7,758	9,936	6,710
Total	70,339	63,104	58,263	70,168

Expenditure during the year 1934-35 on similar services included under the Prime Minister's Department was £65,512.

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

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

EXPENDITURE: DEPARTMENT OF THE TREASURY.

Details.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
Treasury	48,336	49,678	50,868	52,234	56,528
Taxation Office	521,171	547,751	579,629	595,238	618,537
Pensions and Maternity Allowance Office	117,348	123,089	125,084	133,864	138,634
Census and Statistics	26,736	30,022	37,021	47,696	60,939
Census	37,846	23,932	16,207	9,789	4,113
Rent, repairs, etc.	12,569	16,841	18,006	17,406	23,088
Interest and Sinking Fund	785,595	775,388	601,695	675,250	911,004
Exchange	722,006	637,998	445,197	579,668	514,240
Loan Conversion expenses	111,294	8	..	126,522	1,588
Miscellaneous	(a)232,980	(a)72,940	(a)84,378	(a)165,592	(a)253,691
Departmental Expenditure	2,615,881	2,277,647	1,958,085	2,403,259	2,582,362
Invalid and Old-age Pensions (b)	11,762,030	12,797,726	13,998,793	15,798,687	15,991,782
Maternity Allowance	329,321	335,552	370,150	400,004	436,614
Total	14,707,232	15,410,925	16,327,028	18,601,950	19,010,758

(a) Includes £161,153, £12,219, £2,581, £96,602 and £2,777 under Works and Services Act in 1934-35, 1935-36, 1936-37, 1937-38 and 1938-39 respectively. (b) Includes maintenance of pensioners in charitable institutions.

(f) *Attorney-General's Department.* Prior to April, 1932, the Attorney-General was also Minister for External Affairs, but the expenditure of the latter department was included in that of the Prime Minister's Department. The Bankruptcy Administration was created in 1927-28. Details for the five years 1934-35 to 1938-39 are furnished hereunder:—

EXPENDITURE: ATTORNEY-GENERAL'S DEPARTMENT.

Details.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
Attorney-General's Office	19,114	20,179	22,985	19,307	19,699
Crown Solicitor's Office	23,670	24,322	26,712	24,869	27,642
Salaries of Justices of High Court	18,500	18,417	18,500	18,500	18,500
High Court expenses	13,198	14,540	14,308	16,639	15,615
Court of Conciliation and Arbitration	19,236	19,748	19,593	22,372	24,046
Public Service Arbitrator's Office	2,751	3,031	3,501	3,721	5,919
Rent, repairs, etc.	18,652	19,523	18,333	14,539	15,131
Patents, Trade Marks, etc.	44,006	53,285	59,346	67,686	71,126
Investigation Branch	10,809	11,537	11,817	13,336	16,219
Bankruptcy	36,255	36,281	37,838	42,249	44,551
Reporting Branch	10,721	10,965	10,653	11,115	13,922
Miscellaneous	6,346	7,874	8,572	8,086	9,127
Total	223,258	239,702	252,158	263,319	281,497

(g) *Department of the Interior.* In April 1932, the Departments of Home Affairs and Works were abolished, and the services under the control of these departments were assumed by a new Department styled the Department of the Interior. The Bureau of Census and Statistics, formerly under the Department of Home Affairs, was, however, transferred to the Department of the Treasury. The Commonwealth Railways and the

Northern and Australian Capital Territories, which are administered by the Department of the Interior, are for convenience respectively included under Railways (*o*) and Territories (*p*) hereinafter. The Electoral Office was previously attached to the Department of Home Affairs, but, as was the case in previous years, the expenditure of this branch is included under Parliament, in (*b*) *ante*.

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.	1934-35.	1935-36.	1936-37.(b)	1937-38.(b)	1938-39.(b)
Salaries, Contingencies and Miscellaneous—	£	£	£	£	£
Administrative ..	120,736	155,956	175,048	204,553	380,550
Meteorological Bureau ..	38,178	38,413	44,455	60,675	80,107
Solar Observatory ..	5,006	5,354	5,600	6,587	6,816
Forestry Branch ..	5,571	5,670	6,922	8,009	10,436
Rent, Repairs and Maintenance ..	12,213	13,691	16,930	14,851	17,618
Pensions and Retiring Allowances (c) ..	18,220	18,725	19,069	19,985	20,567
Petroleum Prospecting ..	1,500	256,500	2,800	..	..
Interest ..	754,634	713,363	639,109	637,926	690,061
Sinking Fund ..	57,820	59,810	62,800	65,940	69,237
All Other ..	300	..	..	..	..
Total	1,014,178	1,267,482	972,733	1,018,526	1,275,392

(a) Excludes Territories, Railways and Electoral Office. (b) See note (a) to table on page 832.
(c) Includes Superannuation.

(h) *Defence.* During the year 1938-39 the Munitions Supply Branch of the Department of Defence was created a separate Department, under the name of Supply and Development. Similarly, the Civil Aviation Branch was created the Department of Civil Aviation. Particulars shown hereunder for years prior to 1938-39 are grouped differently, for the purposes of comparison with 1938-39, from the method previously used in respect of those years. The expenditure in connexion with Defence for the last five years was as follows:—

EXPENDITURE: DEPARTMENT OF DEFENCE.

Details.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
Military—	£	£	£	£	£
Central Administration ..	19,831	21,892	26,873	29,986	41,223
Salaries, General Expenses, Services, etc. ..	1,191,869	1,254,014	1,556,194	1,670,933	2,941,264
Audit (Proportion) ..	5,340	5,946	5,678	7,610	6,110
Pensions and Retiring Allowances (a) ..	(b) 45,026	43,872	48,328	52,187	54,835
Rent, Repairs, etc. ..	43,508	45,589	66,476	49,416	69,002
Interest and Sinking Fund ..	176,272	172,694	167,750	170,661	207,806
Exchange ..	29,697	48,861	152,073	79,939	(c) 4,410
Miscellaneous ..	..	..	..	..	..
Total	1,511,543	1,592,868	2,023,272	2,060,732	3,324,650
Naval—					
Salaries, General Expenses, Services, etc. ..	1,820,623	2,038,439	2,311,159	2,215,156	2,592,328
Audit (Proportion) ..	2,288	2,548	2,434	2,634	2,475
Pensions and Retiring Allowances (a) ..	3,477	4,953	4,302	4,309	4,578
Rent, Repairs, etc. ..	21,918	22,800	26,964	15,465	28,072
Interest and Sinking Fund ..	77,754	73,868	88,862	91,550	127,632
Exchange ..	28,793	113,091	146,983	168,669	(c)
Total	1,954,853	2,254,799	2,580,704	2,497,783	2,755,085

EXPENDITURE : DEPARTMENT OF DEFENCE—continued.

Details.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
Royal Australian Air Force—	£	£	£	£	£
Salaries, General Expenses, Services, etc.	426,671	472,892	677,073	983,008	1,303,577
Rent, Repairs, etc.	14,693	24,757	22,736	11,772	11,777
Interest and Sinking Fund	24,875	23,697	24,745	28,297	64,119
Exchange	18,366	25,321	219,444	262,093	(c)
Superannuation	607	4,504	4,673	4,803	5,498
Total	485,212	551,171	948,671	1,289,973	1,384,971
Grand Total	3,951,608	4,398,838	5,552,647	5,848,488	7,464,706

(a) Includes Superannuation charged to votes concerned.

(b) Includes Supply and Development. (d) Man-power Committee and National Register.

(c) Exchange

(i) *Supply and Development.* The following table shows particulars, for the last five years, of expenditure in connexion with Supply and Development :—

EXPENDITURE : DEPARTMENT OF SUPPLY AND DEVELOPMENT.

Details.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
Salaries and General—					
Administrative	10,985	12,568	28,765	34,753	35,698
Munitions Factories	327,959	348,161	346,368	424,724	477,695
Rent, Repairs and Maintenance					354
Superannuation	(a)	235	282	484	393
Interest and Sinking Fund	58,808	53,718	61,551	63,589	82,513
Total	397,752	414,682	436,966	523,550	596,653

(a) Included under Defence—Military.

(j) *Civil Aviation.* Particulars of expenditure on Civil Aviation for the years 1934-35 to 1938-39 are as follows :—

EXPENDITURE : DEPARTMENT OF CIVIL AVIATION.

Details.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
Civil Aviation—					
Salaries and General	32,395	40,686	53,320	71,862	89,946
Development of Civil Aviation	76,235	52,875	211,032	42,816	162,232
Rent, Repairs and Maintenance	2,273	3,573	5,948	6,570	8,428
Interest and Sinking Fund	3,270	5,137	5,263	5,868	11,625
Other				(a) 1,927	(a) 53,919
Total	114,083	102,271	275,563	129,043	328,150

(a) Empire Air Services.

(k) *Trade and Customs Department.* Under this head have been included the expenditure of all the sub-departments under the control of the Minister for Trade and

Customs, in addition to the amounts payable as bounties and the expenses in connexion therewith. Particulars for the five years 1934-35 to 1938-39 are given in the following table :—

EXPENDITURE : TRADE AND CUSTOMS DEPARTMENT.

Details.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
Chief Office	58,692	64,745	79,706	88,755	88,016
Customs—Ordinary	485,833	520,036	553,310	589,475	621,425
Audit (Proportion)	10,425	11,610	11,086	12,000	11,786
Pensions and Superannuation	44,491	44,947	45,548	44,906	45,003
Rent, Repairs, etc.	9,918	11,493	10,872	9,655	6,386
Bounties	207,258	175,422	153,878	210,485	225,636
Interest and Sinking Fund	35,078	35,358	31,418	31,870	34,321
Miscellaneous	30,269	15,151	5,474	6,357	31,491
Total	881,964	878,762	891,292	993,503	1,064,124

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

EXPENDITURE : HEALTH DEPARTMENT.

Details.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
Central Administration	29,765	33,227	37,073	40,308	42,456
States—Salaries, Contingen- cies, etc.	74,513	79,368	83,621	88,414	93,050
Interest	18,348	18,816	19,235	19,289	20,547
Sinking Fund	2,512	2,681	2,825	2,966	3,114
Rent and repairs	8,628	9,914	13,380	11,356	12,919
Pensions and Superannuation	2,681	2,634	2,673	2,664	2,870
Subsidy, Cattle Tick Con- trol	45,100	54,450	48,350	69,450	69,450
Miscellaneous	9,134	(a) 67,831	34,286	(b) 167,556	(b)(c) 93,749
Total	190,681	268,921	241,443	402,003	338,155

(a) Includes grant, maternal and infant welfare, £50,000. (b) Includes National Health Campaign, £100,000, and Medical Research, £30,000, 1937-38; £5,000 and £30,000, 1938-39. (c) Includes reserve of essential drugs and medical equipment, £39,430.

Other items included in "Miscellaneous" are subsidies in connexion with the Aerial Medical Services, the Commonwealth X-ray and Radium Laboratory, the aftercare treatment of infantile paralysis cases, maternal and infant hygiene, and grants in aid of research, etc.

(m) *Department of Commerce.* The Department of Commerce was created in April, 1932, by the amalgamation of the Departments of Markets and of Transport. Commonwealth Railways, formerly administered by the Minister for Transport, were transferred to the control of the Minister for the Interior on the amalgamation in 1932.

Some details relating to the creation of the Departments of Markets and Transport are given in Official Year Book No. 25, pp. 295-6. Particulars of the expenditure of the Department of Commerce for the last five years are given below :—

EXPENDITURE : DEPARTMENT OF COMMERCE.

Details.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
Salaries, Contingencies and Miscellaneous—	£	£	£	£	£
Administrative ..	29,797	41,918	45,042	49,916	58,218
Marine ..	201,539	206,199	206,199	206,966	208,129
Administration of Commerce Act ..	116,166	127,039	141,313	168,216	174,876
Oversea Trade Publicity ..	15,000	25,000	37,500	37,500	47,016
Commercial Intelligence Abroad ..	16,669	34,351	32,814	38,795	47,248
Wool Publicity and Research Assistance Marketing Primary Produce ..	..	..	64,541	77,921	73,816
Assistance to Fruit Growers	(a) 135,000	(b) 15,808	(b) 189	..	..
Fruit Bounties ..	..	74,300	124,566	65,900	10,462
Rent, Repairs, Maintenance, etc. ..	5,934	6,189	6,782	8,348	13,081
Pensions and Retiring Allowances ..	9,695	10,544	10,778	11,714	12,959
Interest ..	180,534	170,583	191,926	191,637	198,599
Sinking Fund ..	201,892	211,989	222,589	233,718	245,404
All Other ..	52,012	55,017	38,003	58,880	(c) 119,119
Total ..	964,238	978,937	1,122,242	1,149,511	1,208,927

(a) Includes £10,000 relief for mandarin growers. (b) To citrus industry. (c) Includes representation New York World's Fair, £39,780, and San Francisco Exhibition, £21,335.

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

EXPENDITURE : POSTAL DEPARTMENT.

Details.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
Salaries, Stores and Materials, Mails, etc. ..	£	£	£	£	£
Audit (proportion) ..	8,430,612	9,205,416	9,737,926	10,462,332	11,563,510
Pensions and retiring allowances ..	9,920	10,140	10,650	10,650	11,660
Superannuation ..	91,665	90,380	86,029	79,035	75,113
Rents, repairs, etc. ..	242,611	260,975	283,958	301,078	316,747
Interest ..	103,971	103,865	131,603	117,352	114,183
Sinking Fund ..	1,694,466	1,523,057	1,498,967	1,462,843	1,398,690
Exchange ..	920,899	971,566	1,023,673	1,075,248	1,128,933
Loan Redemption and Conversion Expenses ..	392,727	324,010	370,370	395,935	359,397
Miscellaneous ..	99,090	..	..	..	..
	30,635	34,469	60,000	60,000	60,000
Total ..	12,015,696	12,523,878	13,203,176	13,964,473	15,028,233

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

EXPENDITURE : COMMONWEALTH RAILWAYS.

Details.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
Working Expenses—	£	£	£	£	£
Trans-Australian	201,358	198,262	227,515	299,111	376,693
North Australian	42,334	40,908	39,518	40,281	55,186
Central Australian	134,050	138,234	132,859	161,251	214,374
Australian Capital Territory ..	5,859	5,885	5,809	5,754	7,365
Interest	434,263	427,094	434,916	385,195	392,194
Sinking Fund	67,326	71,494	76,450	71,648	75,230
Exchange	78,533	70,695	68,024	55,875	62,674
Contribution to South Australia (Port Augusta-Port Pirie Rail- way) .. ..	..	..	..	20,000	20,000
Sleeper Renewals, Trans-Australian Railway	154,430	49,995	65,000	82,293	116,770
Miscellaneous	42,669	14,401	25,986	18,907	30,555
Total	1,160,822	1,016,968	1,076,077	1,140,315	1,351,041

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

(p) *Territories.* The following table shows the expenditure on account of territorial services for the last five years. The internal territories are administered by the Department of the Interior, while the Prime Minister's Department controls the external territories. The expenditure has been grouped in one table for convenience:—

EXPENDITURE : TERRITORIES.

Details.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
Internal—	£	£	£	£	£
Northern (a)	165,369	190,832	262,113	381,931	402,899
Australian Capital Terri- tory (a)	539,798	566,289	585,869	615,401	637,228
External—					
Papua	69,160	68,509	55,821	48,825	48,830
New Guinea	3,578	3,308	13,431	5,058	5,532
Norfolk Island	3,000	7,200	4,409	5,911	5,471
Total	780,905	836,138	921,643	1,057,126	1,099,960

(a) Exclusive of Railways.

(iii) *Miscellaneous.* (a) *New Works.* The expenditure on additions, new works, etc., during the last five years was as follows:—1934-35, £1,052,133 (exclusive of £4,160,000 provided from excess receipts for Defence equipment); 1935-36, £3,237,317; 1936-37, £4,319,562 (excluding £2,000,000 provided from excess receipts for Defence equipment); 1937-38, £3,551,776 (excluding £1,000,000 provided from excess receipts for Post Office works); and 1938-39, £6,565,268 (excluding £3,494,733 provided from excess receipts for Defence equipment).

(b) *War Services.* Full details concerning the expenditure from Consolidated Revenue upon War and Repatriation will be found in § 5.

Division IV.—Payments to or for the States.

1. **Introductory.**—In some previous issues of the Official Year Book particulars were given of the obligations imposed on the Commonwealth in the Constitution Act with reference to the payments to be made to the States, and the following statement briefly outlines the principal financial provisions of the Constitution in regard to the distribution of revenues received by the Commonwealth.

2. **Uniform Customs Duties.**—Prior to Federation, State revenues were largely derived from Customs and Excise duties and as the Commonwealth Constitution Act (Sections 86 and 90) transferred exclusively to the Commonwealth this source of revenue it was essential that the Constitution should provide adequate compensation for this loss to the States. Section 88 directed that uniform duties of customs must be imposed within two years after the establishment of the Commonwealth. This section was complied with on the 8th October, 1901, by the introduction of the first Customs Tariff Bill.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. Special Grants.—The Constitution provides in Section 96 for the granting of special financial assistance to the States. Reference has already been made herein to the special grant to Western Australia in the Surplus Revenue Act 1910. This State has continued to receive financial assistance each year since 1910-11. In 1912, a grant under similar conditions was made to Tasmania; the amount payable in the first year, 1912-13, was £95,000 which was to be progressively reduced by £10,000 in each successive

year. The Tasmania Grant Act 1913 provided for an addition to this grant bringing the amount payable to £85,000 per annum to the year 1921-22 after which annual grants of varying magnitude were made.

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

Other direct grants to the States from consolidated revenue include contributions towards the payment of interest and sinking fund on loans expended by Local Government authorities on public works, and for unemployment relief which covers *inter alia* metalliferous mining and forestry. Grants which have been made from time to time from loan fund are indicated in the statement of loan expenditure on page 858.

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 the States of South Australia, Western Australia and Tasmania during each year from 1933 and the recommendations of the Commission in respect of the years 1935-36 to 1939-40 were as follows:—

State.	Grant Recommended.				
	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
South Australia	1,500,000	1,330,000	1,200,000	1,040,000	995,000
Western Australia	800,000	500,000	575,000	570,000	595,000
Tasmania	450,000	600,000	575,000	410,000	430,000

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

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

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

The 1926 agreement, which was originally intended to remain in operation for ten years, was continued until the 30th June, 1937, when a new agreement was entered into. The latter provided for the continuation of the Federal Aid Roads Agreement for a further period of ten years from 1st July, 1937, increased the amount payable to the States to 3d. a gallon Customs duty and 2d. a gallon excise (except benzol, on which the excise is only 1½d.) on petroleum and shale products, and stipulated that the proceeds of the extra ½d. per gallon should be expended on the construction, reconstruction, maintenance or repair of roads, or other works connected with transport. At the request of the Commonwealth Government the States will, up to a limit of one-twelfth of this additional amount, attend to the maintenance or repair of roads of approach to or adjoining Commonwealth properties. A further variation was the reduction from 3 to 2½ per cent. of the sinking fund contribution of the States on loan moneys provided by them between 1926 and 1931.

8. **Amounts Paid.**—(a) 1901 to 1939. The table following shows particulars of the amounts paid to each of the States since Federation, divided into the three periods referred to herein with separate details for Special and Roads Grants. Special Commonwealth grants for the relief of primary producers are not included in this table. Details of these grants will be found in Chapter XIX. "Agriculture."

PAYMENTS BY THE COMMONWEALTH TO OR FOR THE STATES TO 30th JUNE, 1939.

Particulars.	N.S.W.	Vic.	Q'land.	S.A.	W.A.	Tas.	All States.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
1900-01 to 1909-10 (a) ..	27,606	19,815	8,895	6,148	8,727	2,602	73,793
1910-11 to 1926-27 (b) ..	41,634	31,341	15,184	9,925	6,899	4,367	109,350
1927-28 to 1938-39 (c) ..	40,788	28,518	15,136	10,239	7,219	3,597	105,497
Special Grants (d) ..	..	..	..	11,150	9,095	6,156	26,401
Grants for Road Construction, 1922-23 to 1938-39	9,534	6,148	6,491	3,896	6,603	1,720	34,392
Miscellaneous	640	713	285	196	249	108	2,191
Total	120,202	86,535	45,991	41,554	38,792	18,550	351,624
Special assistance 1934-35 to 1936-37 (e)	1,188	827	433	265	201	86	3,000
Grand Total	121,390	87,362	46,424	41,819	38,993	18,636	354,624

(a) Under Section 87 of the Commonwealth Constitution. (b) Under the several Surplus Revenue Acts. (c) Under Financial Agreement Act 1928. (d) Under various State Grants Acts. (e) Provided from excess receipts of the previous years from 1931-32.

(b) 1938-39. For the year ended 30th June, 1939, the payments made to or for each State are given below.

PAYMENTS BY THE COMMONWEALTH TO OR FOR THE STATES, 1938-39.(c)

Particulars.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	Total.
	£	£	£	£	£	£	£
Contributions towards							
Interest on State Debts ..	2,917,411	2,127,159	1,096,235	703,816	473,432	266,859	7,584,912
Sinking Fund on State Debts (a) ..	613,050	289,857	195,454	173,067	167,013	39,535	1,477,976
Special Grants ..	..	..	..	1,040,000	570,000	410,000	2,020,000
Federal Aid Roads (b) ..	1,198,902	746,647	814,912	473,588	819,179	213,328	4,266,556
Local Public Works ..	39,400	27,400	14,450	8,700	6,650	3,400	100,000
Contribution—Port Augusta—Port Pirie Railway Agreement ..	..	..	..	20,000	..	..	20,000
Youth Employment ..	79,000	55,000	25,000	19,000	14,000	8,000	200,000
Total ..	4,847,763	3,246,063	2,146,051	2,438,171	2,050,274	941,122	15,669,444

(a) Paid to National Debt Sinking Fund. (b) Paid to Trust Fund. (c) Excludes
relief to primary producers. See Chapter XIX., § 18.

Payments made to States from excess receipts of previous years since 1931-32 are not included in the foregoing table.

§ 3. Trust Funds.

The Trust Fund balances on 30th June, 1939, amounted to £24,226,362, as compared with £25,609,787 for the corresponding date in the year 1938.

§ 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) and for the administration and the liabilities of the Northern Territory and the Port Augusta—Oodnadatta Railway. At 30th June, 1911, the debt on account of the former was £3,657,836, and on account of the latter, £2,274,486—a total of £5,932,322. As the securities fall due they are redeemed by the Commonwealth Government, the money required being provided from the National Debt Sinking Fund. At 30th June, 1939, the debt outstanding amounted to £35,243, of which £29,224 was on account of the Northern Territory, and £6,019 on account of the railway.

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

mainly obtained by the issue of Treasury Bills and other securities issued in London and New York as well as in Australia.

COMMONWEALTH EXPENDITURE FROM LOAN FUND.

Particulars.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.	Total to 30th June, 1939.
	£	£	£	£	£	£
Works, Buildings, Land, etc.—						
Shipbuilding Yards and Docks	..	..	..	..	..	733,711
Ship Construction	..	Cr. 120,138	..	..	Cr. 305,351	7,146,192
A.C.T. Works, Services and	..	..	..	..	..	..
Acquisition of Land	105,109	152,837	100,583	Cr. 5,514	Cr. 6,768	8,501,552
Northern Territory	7,618	32,025	19,127	Cr. 61	..	169,912
Drill Halls, Stores, Barracks, etc.	2,475	15,426	Cr. 2,877	339,316	97,788	1,017,030
Rifles and Ammunition Reserve	..	..	..	109,180	530,342	954,822
Other Military Services	..	..	..	..	..	101,959
Naval Bases, Depots, etc.	Cr. 13,765	2,833	Cr. 12,308	106,970	82,248	1,703,834
Fleet Construction	135,484	116,881	..	451,350	521,556	1,608,303
Air Services—						
R.A.A.F.	1,700	1,710	..	673,026	436,356	1,578,461
Civil Aviation	20,198	20,273	65	112,550	..	214,291
Buildings and Works, Munitions Production	4,857	11,211	8,530	273,945	243,994	1,729,539
Lighthouses and Lighthouse Services	..	600	Cr. 3,010	Cr. 1,000	Cr. 1,000	639,490
River Murray Waters Act	..	..	..	..	..	2,105,625
Telegraph and Telephone Construction	1,162,415	207,815	300,000	..	..	31,695,198
Post Office Buildings and Land	78,225	16,440	2,193	..	Cr. 1,290	3,493,871
Radio	..	..	..	451	..	56,236
Serum and Health Laboratories	605	4,462	460	..	..	80,149
Other Health Services	8,000	4,005	..	..	..	22,964
Repatriation Services	1,468	33,478	1,434	..	..	47,026
Railways—						
Trans-Australian	1,197	105,836	358,241	Cr. 938	Cr. 339	7,126,295
North Australian	..	..	..	..	..	1,597,559
Central Australian	104	2,639	..	..	..	2,480,596
Australian Capital Territory	..	..	..	..	..	28,755
Grafton—South Brisbane	..	..	..	..	..	2,446,005
Other Expenditure	..	Cr. 1,500	..	..	..	200,000
Papua—Railways, Wharves, Buildings, etc.	..	4,773	..	..	..	76,329
War Service Homes (b)	4,386	10,614	..	..	..	7,329,523
London Offices	..	..	..	..	..	880,190
Acquisition of Properties not elsewhere included	2	2,728	6,645	Cr. 263	..	137,648
Miscellaneous	2,582	18,923	..	..	..	21,505
Assistance to States for—						
Mining	75,000	144,750	64,000	..	..	283,750
Unemployment Relief	272,883	363,728	332,880	Cr. 8,895	Cr. 3,822	2,566,505
Forestry	64,000	223,000	35,000	..	..	322,000
Roads	..	..	..	..	..	249,686
Total, Works, etc.	1,934,633	1,375,349	1,210,963	2,049,215	1,593,714	89,346,511
Other purposes—						
Loans for Works to External Territories—						
Papua	..	..	..	..	..	53,420
New Guinea	..	..	..	..	..	40,496
Immigration (a)	..	..	..	..	..	1,680,834
Subscription to Capital of Commonwealth Oil Refinery	..	..	..	..	..	343,751
Subscription to Capital of Amalgamated Wireless Ltd.	..	..	..	..	..	300,000
Advances for Wire and Wire Netting	..	..	..	..	..	610,838
Wheat Bounty	..	43	..	..	..	3,429,571
Farmers' Debt Adjustment	..	317,000	1,500,000	2,500,000	2,000,000	6,317,000
Total Loan Expenditure	1,934,633	1,692,392	2,710,963	4,549,215	3,593,714	102,122,421

(a) Exclusive of Loans to States for Immigration purposes. (b) Prior to 1923-24, expenditure amounting to £13,045,408 was made from War Loan Fund. The total loan expenditure to 30th June, 1939, was £20,374,931.

4. **Properties Transferred from States.**—At the time of federation, when the Commonwealth took over the control of several departments previously administered by the States, a large amount of property was handed over to the Commonwealth Government, which paid interest to the States at the rate of $3\frac{1}{2}$ per cent. on the value of the properties so transferred. (Particulars of the valuation of the properties are given in Official Year Book No. 14, page 694). The temporary provisions of the Financial Agreement between the Commonwealth Government and the Governments of the several States provided *inter alia* that the Commonwealth Government would for the period of two years from 1st July, 1927 pay to each State interest at the rate of 5 per cent. per annum on the agreed value of transferred properties as 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 Loan from the Imperial Government.**—On the outbreak of the European war in 1914, the Commonwealth Government obtained a loan from the Imperial Government for the purpose of financing the prospective large military expenditure. At first, the arrangement was that the Imperial Government should advance the sum of £18,000,000. Subsequently further loans amounting to £31,500,000 were negotiated. In addition to this capital indebtedness of £49,500,000, a further sum of £42,696,500 was due to the British Government for the maintenance of Australian troops.

Early in 1921 an arrangement was concluded with the Imperial Government, by which almost the entire debt (upwards of £92,000,000) was consolidated. The Commonwealth Government undertook to extinguish the debt in about 35 years by annual payments representing 6 per cent. on the original debt, providing for interest at 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 have been suspended for 1931–32 and subsequent years. The principal outstanding on 30th June, 1939, was £79,724,221.

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

7. **London Conversion Loans.**—Loans aggregating £22 millions were due for redemption in London in 1932–33, and in addition the Government had optional rights of redemption over a further £88 millions, all of which 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, 1939, are shown in the following table:—

DETAILS OF LOANS CONVERTED IN LONDON, 1932 to 1939.

When Converted.	Commonwealth or State.	Amount.	Old Loan.			New Loan.			Annual Saving.	
			Interest Rate (nominal).	Yield to Investor.	Interest Rate (nominal).	Price of Issue.	Yield to Investor.	Year of Maturity.	Interest. (a)	Exchange. (b)
		£'000.	%	£ s. d.	%	£	£ s. d.		£'000.	£'000.
1932— October ..	N.S.W.	12,361	5½	5 15 0	3½	97½	4 1 2	1936-37	222	56
1933— February ..	N.S.W.	9,622	4	3 19 8	4	100	4 0 0	1955-70	180	45
May ..	N.S.W.	6,427								
	S.A. ...	2,983								
	Tas. ...	2,000	6½	6 10 0	3½	99	3 14 10	1937-38	83	21
July ..	N.S.W.	9,527	6	6 8 4	4	99	4 1 10	1943-48	204	56
	Qld. ...	2,000								
	S.A. ...	2,978								
	W.A. ...	2,716								
September	C'wealth	15,000	6	6 9 6	3½	98	3 17 11	1948-53	360	92
	N.S.W.	4,901								
	W.A. ...	1,050								
December	N.S.W.	1,050	5½	5 14 1	3½	99	3 16 9	1946-49	119	30
	N.S.W.	2,981								
	Vic. ...	2,980								
	S.A. ...	3,907								
	Tas. ...	1,146	5	5 2 6	3½	99	3 16 9	1946-49	73	19
									15	4
1934— February ..	N.S.W.	3,979	5	5 3 7	3½	97	3 13 8	1954-59	61	15
	Vic. ...	13,876								
	Qld. ...	3,782								
November	C'wealth	83	4	3 19 6	3½	99	3 5 11	1964-74	1	1
	W.A. ...	574								
	S.A. ...	789								
	Tas. ...	3,078								
		2,235	3½	3 4 2	3½	99	3 5 11	1964-74	4	1
	W.A. ...	463	3½	3 7 1	3½	99	3 5 11	1964-74	6	2
	W.A. ...	2,497	3½	3 10 6	3½	99	3 5 11	1964-74	6	2
	W.A. ...	3,745	5	5 6 9	3½	99	3 5 11	1964-74	72	18
	Tas. ...	138	4½	4 5 0	3½	99	3 5 11	1964-74	1	1
	Tas. ...	1,000	4	3 18 10	3½	99	3 5 11	1964-74	7	2
1935— January ..	C'wealth.	17,355	5	5 2 8	3½	100	3 5 0	1956-61	316	80
	Vic. ...	807								
	Qld. ...	1,328								
	S.A. ...	799								
	W.A. ...	1,805								
	Tas. ...	200								
July ..	N.S.W.	12,420	3	3 4 0	3	100	3 0 0	1939-41	8	2
	Vic. ...	1,050								
1936— January ..	N.S.W.	21,657	5	5 3 1	3	95½	3 5 9	1955-58	421	107
June ..	C'wealth.	372								
	N.S.W.	10,955								
	S.A. ...	1,996								
	W.A. ...	2,631								
	W.A. ...	597	3½	3 1 7	3½	99	2 18 6	1941-43	13	3
			4½	5 0 7	4	100	4 0 0	1955-70	49	13
			2	3 1 7	3	96½	3 16 2	1950-52	1	1
1937— June ..	N.S.W.	12,361	3½	4 1 5	3½	96½	3 16 2	1950-52	37	9
November	N.S.W.	6,427								
	S.A. ...	2,983								
	Tas. ...	2,000	3½	3 14 10	3½	97	3 15 1	1951-54	1	1
1938— December	C'wealth	160	3½	3 10 0	4	100	4 0 0	1955-70	-1	..
	S.A. ...	1,158								
	S.A. ...	1,200								
			3½	3 10 0	4	100	4 0 0	1955-70	-6	-2
			3½	3 11 8	4	100	4 0 0	1955-70	-5	-1
Total(c)	..	224,802	4.87	5 1 10	..	98.3	3 11 10	..	3,287	834

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

Particulars of the total amounts converted to June, 1939, and the annual savings on account of interest and exchange in respect of the Commonwealth and of each State are as follows:—

Commonwealth or State.	Amount Converted.	Annual Savings.		
		Interest.	Exchange.	Total.
	£	£	£	£
Commonwealth	33,542,925	682,186	173,104	855,290
New South Wales	113,618,171	1,493,065	379,124	1,872,189
Victoria	22,620,392	360,979	91,598	452,577
Queensland	7,109,469	161,157	40,894	202,051
South Australia	23,597,110	265,772	67,560	333,332
Western Australia	17,830,181	240,308	60,978	301,286
Tasmania	6,483,750	83,722	21,325	105,047
Total	224,801,998	3,287,189	834,583	4,121,772

8. Loan Raisings, 1937-38 and 1938-39.—Particulars of Loan raisings during the two years ended 1938-39 are given in the following table:—

LOAN RAISINGS, 1937-38 AND 1938-39.

Service.	Where Raised.	For—	Rate of Interest.	Year of Maturity.	Price.	Amount.
			%			£
1937-38—						
Conversion	London	Commonwealth	3½	1951-54	97	11,409,965
Works	Australia	Commonwealth States	3½	1951-52	99½	1,339,010 6,855,750
Defence	London	Commonwealth	3½	1952-56	99	2,000,000 5,000,000
Redemption of Treas- ury Bills						
Defence and Works	Australia	Commonwealth States	3½	1952-54	99½	5,213,120 5,205,010
Conversion	Australia	States	3½	1952-54	99½	2,186,120
Works, Redemptions, etc. (a)	Australia	States	(b)	(b)	(b)	1,212,340
1938-39—						
Defence	Australia	Commonwealth Commonwealth States	3½	1952-54	100	4,089,131 64,847,010 90,589
Conversion						
Conversion	London	States	4	1955-70	100	2,517,800
Works	Australia	Commonwealth States	3½	1953-55	100	1,339,260 7,186,450
Works	Australia	Commonwealth States	3½	1953-55	99	680,470 4,071,000
Defence	London	Commonwealth	4	1961-64	98½	6,000,000
Works	Australia	States	3½	1943-44	100	3,000,000
Works Redemptions, etc. (a)	Australia	States	(b)	(b)	(b)	1,667,165

(a) "Over the Counter Sales" and Conversion at State Treasuries.

(b) Various.

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

9. Public Debt for Commonwealth Purposes.—(i) *Total Debt.* Reference has already been made to the development of the Commonwealth Public Debt and the table appended shows the debt of the Commonwealth (excluding that of the States) at 30th June, 1939 :—

PUBLIC DEBT FOR COMMONWEALTH PURPOSES AT 30th JUNE, 1939.

Particulars.	Maturing in—			Total. (a)
	London.	New York.	Australia.	
	£ Stg.	£ (c)	£ Aust.	£
War Debt—				
Stock, Bonds, etc.	11,020,160	..	175,193,890	186,214,050
Indebtedness to United Kingdom Government	79,724,221	..	..	79,724,221
Total	90,744,381	..	175,193,890	265,938,271
Works and other Purposes—				
Short dated Treasury Bills and Debentures	4,220,160	..	..	4,220,160
Other Treasury Bills (d) . . . . .	..	..	10,692,248	10,692,248
Stock, Bonds, etc.	67,876,406	15,913,501	32,575,102	116,365,009
Balance of Loans taken over from South Australia—				
Northern Territory . . . . .	..	..	29,224	29,224
Port Augusta Railway . . . . .	..	..	6,019	6,019
Total, Works and other Purposes	72,096,566	15,913,501	43,302,593	131,312,660
Total Commonwealth Purposes	162,840,947	15,913,501	218,496,483	397,250,931

PER HEAD OF POPULATION. (b)

	(Stg.)	(c)	(Aust.)	£ s. d.
	£ s. d.	£ s. d.	£ s. d.	
War	13 0 9	..	25 3 4	38 4 1
Works and other Purposes	10 7 2	2 5 9	6 4 5	18 17 4
Total Commonwealth Purposes	23 7 11	2 5 9	31 7 9	57 1 5

(a) The total "face" or "book" value of the public debt without adjustment on account of currency changes since the loans were floated. (b) Based on population at 30th June, 1939. (c) Payable in terms of dollars. For the purposes of these tables dollars have been arbitrarily converted to £'s. at the rate of 4.8665 to £ Stg. (d) General Trust Fund investment.

(ii) *Place of Flotation.* The loans taken over from South Australia, which constituted the first portion of the Federal Public Debt, included both London and Australian securities. The presence in the Treasury of a large holding of gold and the moderate rate of interest ruling on gilt-edged securities made the conditions in 1911 and for some little time afterwards very favourable for the local flotation of loans.

London securities were redeemed as they fell due, and replaced by the 3½ per cent. stock of the Loan Fund. Consequently, up to 1914 the amount of the securities repayable in London fell steadily, and the amount repayable in Australia rose rapidly. In 1915 the military loan from the Imperial Government caused a sharp rise in the amount of the securities repayable in London, which was maintained in the following two years. This was, however, more than offset by the local flotation of war loans. In 1925-26 a loan of £15,411,487, of which £10,402,754 was for Commonwealth purposes and £5,008,733 for the States, was raised in New York. The appended table gives particulars of Commonwealth loans outstanding in each of the last five years which had been floated overseas and in Australia respectively.

PUBLIC DEBT FOR COMMONWEALTH PURPOSES: PLACE OF FLOTATION.

Place of Flotation, etc.	At 30th June—				
	1935.	1936.	1937.	1938.	1939.
War Debt—					
London £ Stg.	90,744,381	90,744,381	90,744,380	90,744,381	90,744,381
Total Overseas (a) ..	90,744,381	90,744,381	90,744,380	90,744,381	90,744,381
Australia £ Aust.	187,716,301	186,361,597	183,063,205	179,058,853	175,193,890
Total War Debt (a) ..	278,460,682	277,105,978	273,807,585	269,803,234	265,938,271
Works and other purposes—					
London £ Stg.	66,488,759	65,540,946	65,034,247	67,619,246	72,096,566
New York £ (b)	16,526,641	16,351,176	16,201,952	16,080,972	15,913,501
Total Overseas (a) ..	83,015,400	81,892,122	81,236,199	83,700,218	88,010,067
Australia £ Aust.	32,674,988	32,041,501	31,866,557	37,341,609	43,302,593
Total Debt for Works, etc. (a)	115,690,388	113,933,623	113,102,756	121,041,827	131,312,660
Total Debt—					
London £ Stg.	157,233,140	156,285,327	155,778,627	158,363,627	162,840,947
New York £ (b)	16,526,641	16,351,176	16,201,952	16,080,972	15,913,501
Total Overseas (a) ..	173,759,781	172,636,503	171,980,579	174,444,599	178,754,448
Australia £ Aust.	220,391,289	218,403,098	214,929,762	216,400,462	218,496,483
Grand Total (a) ..	394,151,070	391,039,601	386,910,341	390,845,061	397,250,931

(a) The figures given represent the total "face" or "book" value of the public debt without any adjustment on account of currency changes since the loans were floated. (b) See note (c) to table on page 862.

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

(iii) *Amount of Debt at Various Rates of Interest.*—The first debt taken over from South Australia consisted mainly of securities bearing interest varying from 3 per cent. to 4 per cent., the average rate of interest for the first year being £3 12s. 4d. For the

first three years the increase in the debt was due almost entirely to the expansion of the 3½ per cent. stock of the Loan Fund, consequently the average rate of interest fell steadily, until on 30th June, 1914, it stood at £3 11s. 10d. With the loans raised for war and repatriation purposes interest rates rose until the National Debt Conversion Loan (July-August, 1931) reduced interest rates on internal loans by 22½ per cent. Conversion loans in London referred to on page 859 have reduced the average rate of interest on debt maturing in London by nearly one per cent. from £4 18s. 11d. per cent. in 1931 to £4 1s. 11d. in 1939. The average rate of interest on internal loans at 30th June, 1939, was £3 16s. 5d. per cent. as compared with £5 9s. 10d. per cent. at 30th June, 1931. The average rate of interest payable on the total debt decreased from £5 4s. 11d. per cent. in 1931 to £3 18s. 11d. per cent. at 30th June, 1939.

The accompanying table gives particulars of rates of interest on the debt for Commonwealth purposes for the year ended 30th June, 1939.

PUBLIC DEBT FOR COMMONWEALTH PURPOSES: RATES OF INTEREST.

Rates of Interest.				At 30th June, 1939—Debt Maturing in—			
				London.	New York.	Australia.	Total.
Per cent.				£ (Stg.)	£ (c)	£ (Aust.)	£ (a)
5.0	..	..	..	29,138,495	12,295,663 (b)	5,288	41,439,446
4.91667	..	..	..	(e)79,724,221	..	..	79,724,221
4.75	..	..	..	5,989,400	..	..	5,989,400
4.5	..	..	..	..	3,617,838	..	3,617,838
4.45625	..	..	..	..	..	84,650	84,650
4.2625	..	..	..	..	..	948,614	948,614
4.25	..	..	..	..	..	86,585	86,585
4.06875	..	..	..	..	..	3,109,440	3,109,440
4.0	..	..	..	6,000,000	..	f138,946,041	144,946,041
3.875	..	..	..	..	..	47,302,491	47,302,491
3.75	..	..	..	20,811,100	..	9,389,380	30,200,480
3.675	..	..	..	..	..	66,510	66,510
3.5	..	..	..	..	..	1,140,140	1,140,140
3.375	..	..	..	..	..	527,620	527,620
3.25	..	..	..	16,585,765	..	31,900	16,617,665
3.0	..	..	..	..	..	5,956,14	5,956,145
2.75	..	..	..	371,806	..	..	371,806
2.7125	..	..	..	..	..	2,008	2,008
2.25	..	..	..	3,220,160	..	..	3,220,160
2.0	..	..	..	1,000,000	..	..	1,000,000
1.75	..	..	..	..	..	10,692,248	10,692,248
Overdue	..	..	..	..	..	(d) 193,117	193,117
War Savings Stamps	..	..	..	..	..	14,306	14,306
Total	..	..	..	162,840,947	15,913,501	218,496,483	397,250,931
Average rate per cent.	..	..	..	£ s. d. 4 1 11	£ s. d. 4 17 9	£ s. d. 3 16 5	£ s. d. 3 18 11

(a) See note (a) to table on page 862. (b) War Savings Certificates. (c) See note (c) to table on page 862. (d) Includes War Gratuity Bonds, £13,078. (e) War Debt due to Government of the United Kingdom (see par. 5, page 859). (f) Includes unconverted securities, £6,840.

(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 1935 to 1939 inclusive.

PUBLIC DEBT FOR COMMONWEALTH PURPOSES: INTEREST PAYABLE.

Interest on and where payable.		At 30th June—				
		1935.	1936.	1937.	1938.	1939.
War Debt—						
London	£ Stg.	(c) 426,008	(c) 426,008	(c) 426,008	(c) 426,008	(c) 426,008
Australia	£ Aust.	7,501,517	7,443,363	7,310,325	7,149,993	6,949,706
Total War Debt	£ (a)	7,927,525	7,869,371	7,736,333	7,576,001	7,375,714
Average Rate	%	£3 19s. 9d.	£3 19s. 9d.	£3 19s. 9d.	£3 19s. 9d.	£3 19s. 3d.
Works and other Purposes—						
London	£ Stg.	2,682,387	2,651,593	2,614,254	2,775,291	2,977,546
New York	£ (b)	805,973	797,954	790,935	785,240	777,586
Total Overseas	£ (a)	3,488,360	3,449,547	3,405,189	3,560,531	3,755,132
Australia	£ Aust.	937,615	919,692	935,572	1,151,759	1,394,921
Total Debt for Works, etc.	£ (a)	4,425,975	4,369,239	4,340,761	4,712,290	5,150,053
Average Rate	%	£3 16s. 6d.	£3 16s. 9d.	£3 16s. 10d.	£3 17s. 10d.	£3 18s. 5d.
Total Debt—						
London	£ Stg.	3,108,395	3,077,601	3,040,262	3,201,290	3,403,554
New York	£ (b)	805,973	797,954	790,935	785,240	777,586
Total Overseas	£ (a)	3,914,368	3,875,555	3,831,197	3,986,539	4,181,140
Australia	£ Aust.	8,433,132	8,363,055	8,245,897	8,301,752	8,344,627
Grand Total	£ (a)	12,347,500	12,238,610	12,077,094	12,288,291	12,525,767
Average Rate	%	£3 18s. 7d.	£3 18s. 8d.	£3 18s. 8d.	£3 19s. 0d.	£3 18s. 11d.

(a) The totals shown represent the nominal amount of interest, taking no account of exchange.
 (b) See note (c) to table on p. 862. (c) Excludes suspended interest on War Debt owing to British Government.

(v) *Dates of Maturity.* The dates of maturity of the several portions of the Commonwealth debt are shown hereunder according to financial years. Prior to 1937-38 the Public Debt was shown classified according to the latest date of maturity only, but the particulars now include tables showing both the earliest and latest dates of maturity. The Commonwealth Government has refrained from issuing interminable stock, but, in respect of a small proportion of the debt, no definite date of maturity had been assigned on 30th June, 1939.

PUBLIC DEBT FOR COMMONWEALTH PURPOSES, AT 30th JUNE, 1939.

(CLASSIFIED ACCORDING TO LATEST DATE OF MATURITY.)

Due Dates (year ended 30th June).	Maturing in—			Total.
	London.	New York.	Australia.	
	£ (Stg.)	£ (a)	£ (Aust.)	
1940	4,220,160	..	11,130,686	15,359,846
1941 .. .. .	..	..	902,270	902,270
1942 .. .. .	..	..	30,466,260	30,466,260
1943	371,806	..	4,315,090	4,686,896
1944 .. .. .	..	..	1,140,140	1,140,140
1945 .. .. .	..	..	24,198,922	24,198,922
1948 .. .. .	..	..	21,541,527	21,541,527
1949 .. .. .	..	..	4,565,490	4,565,490
1950 .. .. .	..	..	207,450	207,450
1951 .. .. .	..	..	13,404,651	13,404,651
1952 .. .. .	..	..	2,077,150	2,077,150
1954	13,815,100	..	12,683,100	26,498,200
1955 .. .. .	..	..	41,753,599	41,753,599
1956 .. .. .	..	13,584,981	14,475,678	28,060,659
1957	6,996,000	..	..	6,996,000
1958 .. .. .	..	2,328,520	12,001,516	14,330,036
1960 .. .. .	..	..	11,879,612	11,879,612
1961	22,245,387	..	..	22,245,387
1962 .. .. .	..	..	11,125,735	11,125,735
1964	6,000,000	..	..	6,000,000
1975	329,778	..	..	329,778
1976	29,138,495	..	..	29,138,495
War Savings Stamps Unconverted .. .. .	..	..	14,306	14,306
Overdue .. .. .	..	..	6,840	6,840
Indefinite .. .. .	..	..	(c) 193,117	193,117
Annual repayments .. .. .	..	..	183,235	183,235
Half-yearly	79,724,221	..	..	79,724,221
	..	..	221,109	221,109
Total	162,840,947	15,913,501	218,496,483	397,250,931

(a) See note (c) to table on page 862.
War Gratuity Bonds, £13,078.

(b) See note (a) to table on page 862.

(c) Includes

PUBLIC DEBT FOR COMMONWEALTH PURPOSES, AT 30th JUNE, 1939.

(CLASSIFIED ACCORDING TO EARLIEST DATE OF MATURITY.)

Due Dates (year ended 30th June).	Maturing in—			Total.
	London.	New York.	Australia.	
	£ (Stg.)	£ (a)	£ (Aust.)	£ (b)
1940	4,220,160	..	11,139,686	15,359,846
1941	6,361,206	..	902,270	7,263,476
1942 .. .. .	..	..	30,466,260	30,466,260
1943 .. .. .	..	..	4,315,090	4,315,090
1944 .. .. .	..	..	1,140,140	1,140,140
1945 .. .. .	..	..	24,198,922	24,198,922
1946	29,138,495	..	..	29,138,495
1948 .. .. .	..	2,328,520	21,541,527	23,870,047
1949	13,815,100	..	4,505,490	18,380,590
1950 .. .. .	..	..	207,450	207,450
1951 .. .. .	..	..	13,404,651	13,404,651
1952 .. .. .	..	..	2,077,150	2,077,150
1953	6,996,000	9,967,143	41,753,599	58,716,742
1954 .. .. .	..	..	14,675,830	14,675,830
1955 .. .. .	..	..	..	..
1956	16,255,987	3,617,838	12,482,948	32,356,773
1958 .. .. .	..	..	12,001,516	12,001,516
1960 .. .. .	..	..	11,879,612	11,879,612
1961	6,000,000	..	..	6,000,000
1962 .. .. .	..	..	11,125,735	11,125,735
1965	329,778	..	..	329,778
War Savings Stamps Unconverted .. .. .	..	..	14,306	14,306
Overdue .. .. .	..	..	6,840	6,840
Indefinite .. .. .	..	..	193,117	193,117
Annual repayments .. .. .	..	..	183,235	183,235
Half-yearly	79,724,221	..	..	79,724,221
	..	..	221,109	221,109
Total	162,840,947	15,913,501	218,496,483	397,250,931

(a) See note (c) to table to page 862.
War Gratuity Bonds, £13,078.

(b) See note (a) to table on page 862.

(c) Includes

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

The old sinking funds were merged in the National Debt Sinking Fund on 11th August, 1923. Particulars of receipts and expenditure of the Commonwealth Account from the year 1934-35 are as follows :—

PUBLIC DEBT FOR COMMONWEALTH PURPOSES : SINKING FUND.

Items.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.	Total.
	£	£	£	£	£	£
Cr. Brought forward ..	881,700	1,571,603	1,780,186	1,937,295	1,252,784	..
Balance transferred to Fund on 11th August, 1923 ..	..	..	..	..	..	2,262,983
From Consolidated Revenue	3,031,774	3,244,970	3,434,219	3,681,741	3,917,825	43,088,092
Repayments of Sundry Loans	13,194	13,954	14,758	15,610	16,510	1,287,536
Purchase Money and Repayments under War Service Homes Act ..	458,211	515,896	550,158	607,435	628,950	9,919,599
Half Net Profit Commonwealth Bank ..	382,722	373,770	354,090	318,752	321,448	4,898,677
Reparation Moneys ..	755	623	154	147	148	5,574,104
Interest on Investments ..	23,781	29,202	38,797	40,478	32,381	795,339
Other Contributions ..	13,452	13,453	13,453	13,453	13,453	167,986
Total	4,805,589	5,763,471	6,185,815	6,614,911	6,183,499	67,994,316
Dr. Redemptions	3,233,986	3,983,285	4,248,520	5,362,127	5,052,336	66,863,153
Carried forward ..	1,571,603	1,780,186	1,937,295	1,252,784	1,131,163	1,131,163
Total	4,805,589	5,763,471	6,185,815	6,614,911	6,183,499	67,994,316

The Imperial Government loan comes in a different category from the others as described on page 859.

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 and Repatriation.

In view of the importance of the subject, a further reference is here made to the cost of the war of 1914-18. 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 will be found in Chapter XI. of this issue. The total cost from both sources to the 30th June, 1939, is set out in the following table :—

COST OF WAR SERVICES.

Year.	From Consolidated Revenue.			From War Loan.(b)
	War and Repatriation Services, including War Pensions.	Interest and Sinking Fund.	Total.	
	£	£	£	£
1914-15	896,190	115,145	1,011,335	14,100,000
1915-16	1,718,887	2,059,491	3,778,378	37,423,568
1916-17	2,439,271	5,988,058	8,427,329	53,114,237
1917-18	4,049,955	7,813,296	11,863,251	55,028,180
1918-19	6,536,927	14,718,174	21,255,101	59,547,080
1919-20	8,976,793	15,774,938	24,751,731	43,294,764
1920-21	13,672,345	19,613,888	33,286,233	24,148,501
1921-22	10,261,471	21,075,693	31,337,164	7,576,977
1922-23	9,114,925	20,801,912	29,916,837	1,762,694
1923-24	7,906,994	20,555,063	28,462,057	691,247
1924-25	8,229,628	20,155,426	28,385,054	Cr. 32,051
1925-26	8,473,659	20,539,123	29,012,782	Cr. 7,613
1926-27	8,770,295	20,300,101	29,070,396	23,938
1927-28	8,788,030	20,005,972	28,794,002	Cr. 23,741
1928-29	9,026,381	20,771,652	29,798,033	Cr. 12,972
1929-30	9,517,259	20,213,586	29,730,845	Cr. 2,669
1930-31	10,468,748	18,672,080	29,140,828	Cr. 2,206
1931-32	8,764,848	12,198,565	20,963,413	..
1932-33	7,928,817	11,193,150	19,121,967	..
1933-34	8,064,137	10,966,411	19,030,548	..
1934-35	8,433,372	10,584,489	19,017,861	..
1935-36	8,657,732	9,580,972	18,238,704	..
1936-37	9,101,353	9,622,600	18,723,953	..
1937-38	9,342,462	9,605,838	18,948,300	..
1938-39	9,512,882	9,556,818	19,069,700	..
Discounts and Flotation Expenses on Loans	802,151	..	802,151	5,999,094
Indebtedness to the Government of the United Kingdom for payments made, services rendered, and goods supplied during the war (a) .. .. .	..	..	..	43,398,098
War Gratuities paid in cash	452,295	..	452,295	27,060,912
Total to 30th June, 1939	199,907,807	352,482,441	552,390,248	373,088,038

(a) The total indebtedness to the Government of the United Kingdom involved in the Funding Arrangements Act 1921 was £92,480,157. At 30th June, 1939, the amount outstanding had been reduced to £79,724,221. (b) Excluding expenditure on War Service Homes from 1923-24. (See page 858.)

§ 6. Old-age and Invalid Pensions.

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

RATES OF PENSION PAYABLE.

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

(a) Maximum amount of pension payable.

In 1916 an old-age pension of 2s. per week was first paid to pensioners who became inmates of Benevolent Asylums. This amount was increased to 3s. per week in 1923 and extended to pensioners entering hospitals. Further increments in these cases were granted in 1925 and 1928 raising the pension to 4s. and 5s. 6d. per week respectively. The amount was reduced to 5s. per week in 1931 and to 3s. 9d. per week in 1932, but was restored to 5s. per week in 1933, to 5s. 6d. per week in 1936 and to 6s. per week in 1937.

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

Invalid pensions were granted from 15th December, 1910. An applicant for an invalid pension must satisfy the Department that his or her disability is both total and permanent and became so in Australia. In 1920 special provision was made for a permanently blind person, by which the annual pension was at such a rate (not exceeding that shown in the table above) as would make his income plus that of his wife together with the pension equal to an amount not exceeding £221 per annum, or such other amount as is declared to be the basic wage of the State in which the pensioner resides. The maximum pension now payable to a blind person is £52 per annum and the limit of income is £227 10s. per annum.

The Financial Emergency Act 1932, which operated from 13th October, 1932, materially amended the conditions under which pensions were granted. The maximum rate of pension payable, viz., £45 10s. per annum, was not altered, but this rate was made to apply only to pensioners without other means. Where pensioners were in receipt of other income or were possessed of property (other than their own homes) valued at £60 or over the rates of pension were graduated. Payments to pensioner inmates of

Benevolent Asylums and Hospitals and to these institutions for pensioners' maintenance were reduced to 3s. 9d. and 11s. 3d. per week respectively. The Financial Relief Act 1933 restored from 26th October, 1933, the reductions imposed by the Financial Emergency Act 1932 and the rates and permissible income were placed on the level of those operating from July, 1931. Provision was also made for an annual review of the rate of pension, based on the cost of living index-number; the maximum rate of pension was fixed at £52 per annum and the minimum rate, £45 10s. The rate of payment to Benevolent Asylums and Hospitals for the maintenance of pensioner inmates was increased to 13s. per week from July, 1935.

In September, 1936, an amended scale of cost of living index-numbers was adopted providing for a maximum pension of not more than £52 per annum and not less than £46 16s. per annum. The rate of pension to pensioner inmates of Benevolent Asylums and Hospitals was increased to 5s. 6d. per week and the rate of payment for maintenance to 13s. 6d. per week. In September, 1937, the provision for an annual review of the rate of pension based on the cost of living index-number was repealed. At the same time the rate of pension to inmates of institutions was increased to 6s. per week and the payment for maintenance to 14s. per week.

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, 1938, there were 224,154 old-age pensions in force. During 1938-39, 27,832 pensions claims were granted, while 19,150 pensions expired through cancellations and deaths. The net increase for the year was 8,682, and the total in existence at 30th June, 1939, 232,836.

(ii) *Sexes of Pensioners.* Of the pensioners at 30th June, 1939, 97,139 (or 42 per cent.) were males, and 135,697 (or 58 per cent.) were females. Details for the several States are as follows:—

OLD-AGE PENSIONS : SEXES OF PENSIONERS AT 30th JUNE, 1939.

State.	Males.	Females.	Total.	Masculinity. (a)
New South Wales	37,633	49,792	87,425	75.58
Victoria	26,189	41,707	67,896	62.79
Queensland	13,204	16,399	29,603	80.52
South Australia	8,651	13,457	22,108	64.29
Western Australia	7,359	8,919	16,278	82.51
Tasmania	4,103	5,423	9,526	75.66
Total	97,139	135,697	232,836	71.59

(a) Number of males to each 100 females.

(iii) *Ages and Conjugal Condition of Pensioners.* The recorded ages of the 27,832 persons, 12,729 males and 15,103 females, to whom pensions were granted during the year 1938-39 varied considerably, ranging from 5,563 at age 60 to 1 at age 95. The

conjugal condition of these new pensioners was as follows :—Males—single, 2,360; married, 8,151; and widowed, 2,218. Females—single, 2,261; married, 7,664; and widowed, 5,178.

3. **Invalid Pensions.**—(i) *Number in force, 1938–39.* The number of invalid pensioners increased from 86,096 in 1937–38 to 88,812, in 1938–39, an increase of 2,716. In 1938–39, 10,860 claims were allowed and 8,144 became inoperative through cancellations or deaths.

(ii) *Sexes of Pensioners.* Of the 88,812 persons in receipt of invalid pensions on 30th June, 1939, 38,047, or 43 per cent. were males, and 50,765, or 57 per cent. were females. Details for the several States are as follows :—

INVALID PENSIONS : SEXES OF PENSIONERS AT 30th JUNE, 1939.

State.	Males.	Females.	Total.	Masculinity. (a)
New South Wales	17,630	24,257	41,887	72.68
Victoria	8,228	11,243	19,471	73.18
Queensland	5,628	6,442	12,070	87.36
South Australia	2,672	4,077	6,749	65.54
Western Australia	2,301	2,815	5,116	81.74
Tasmania	1,588	1,931	3,519	82.24
Total	38,047	50,765	88,812	74.95

(a) Number of males to each 100 females.

(iii) *Ages and Conjugal Conditions of Pensioners, 1938–39.* Whilst recorded ages of the 10,860 persons (5,334 males and 5,526 females) to whom invalid pensions were granted during 1938–39 varied from 16 to 90, 4,619 or 42.5 per cent. were in the 50–59 years age group.

The conjugal condition of persons to whom invalid pensions were granted during the year was as follows :—Males—single, 2,183; married, 2,814; and widowed, 337. Females—single, 2,076; married, 2,150; and widowed, 1,300.

4. **Cost of Administration.**—Under State control the cost of administration differed considerably in the several States, and for 1908–9 represented in New South Wales 4.17 per cent. of the amount actually paid in pensions. In Victoria for the same year the corresponding percentage was 0.70. The total cost to the Commonwealth of administering the Old-age and Invalid Pensions Department in 1938–39 was approximately £128,000, or about 0.80 per cent. of the amount paid to pensioners and to Benevolent Asylums and Hospitals. The corresponding cost in 1937–38 was approximately £124,000 or about 0.78 per cent. of the total payments.

The actual sum disbursed in old-age and invalid pensions in the financial year 1938–39, apart from the cost of administration and inclusive of the amount paid to asylums and hospitals for the maintenance of pensioners, was £15,991,782 (46s. 2d. per head) and in 1937–38, £15,798,687 (46s. per head).

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

OLD-AGE AND INVALID PENSIONS: SUMMARY, AUSTRALIA.

Year ended 30th June—	Number of Pensioners.				Amount Paid in Pensions.	Total Payment to Pensioners and to Asylums and Hospitals for Maintenance of Pensioners.	Cost of Administration.	Cost of Administration per £100 paid to Pensioners and to Asylums and Hospitals.	Average Fortnightly Pension on last day of Financial Year.
	Old-age.		Invalid.	Total.					
	No.	Est. No. per 1,000 of persons eligible on age qualification. (a)							
1934	187,453	337	73,212	260,665	10,836,263	10,963,090	105,308	19 3	33 8
1935	197,126	344	76,852	273,978	11,624,769	11,762,030	107,268	18 3	33 7
1936	206,748	352	80,487	287,235	12,634,706	12,797,726	115,257	18 0	34 8
1937	215,690	361	83,396	299,086	13,827,636	13,998,793	118,851	17 0	36 8
1938	224,154	372	86,096	310,250	15,615,428	15,798,687	124,000	15 8	38 6
1939	232,836	376	88,812	321,648	15,798,038	15,991,782	128,000	16 0	38 5

(a) Based on an estimate of the number of old-age pensioners per 1,000 of the aggregate of males aged 65 and over and females aged 60 and over at 30th June of each year. (b) Approximate. (c) A general increase of 1s. per fortnight occurred in July, 1935. (d) A general increase of 2s. per fortnight occurred in September, 1936. (e) A general increase of 2s. per fortnight occurred in September, 1937.

Separate particulars of the payments to Invalid and to Old-age pensioners are not available but the annual liability at 30th June, 1939, together with the total payments in 1938-39 are given hereunder:—

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

State.	Payments Old-age and Invalid Pensions, 1938-39. (a)	Annual Liability at 30th June, 1939.		
		Old-age Pensions.	Invalid Pensions.	Total.
		£	£	£
New South Wales (b)	6,414,899	4,375,852	2,110,238	6,486,090
Victoria	4,361,747	3,389,750	983,216	4,372,966
Queensland	2,082,818	1,476,358	611,286	2,087,644
South Australia (c)	1,418,191	1,078,610	339,508	1,418,118
Western Australia	1,062,015	805,740	258,076	1,063,816
Tasmania	652,112	472,758	177,528	650,286
Total	15,991,782	11,599,068	4,479,852	16,078,920

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

§ 7. Maternity Allowance.

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

From 1st August, 1934, the limit of income was increased by £13 per annum in respect of each previous child of the claimant under the age of 14 years living at the date

of the birth, with a maximum income limit of £299. The amount of the allowance was also increased from £4 by 5s. in respect of each such child up to a maximum of £5.

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

The following table gives a summary in connexion with the working of the Maternity Allowance Act for the years 1934-35 to 1938-39:—

MATERNITY ALLOWANCE : SUMMARY.

Year.	Claims Paid.	Claims Rejected.	Amount Paid.	Cost of Administration.	Cost per £100 of allowance paid.
	No.	No.	£	£	£ s. d.
1934-35 ..	76,442	5,866	329,321	(a) 12,000	(a) 3 12 11
1935-36 ..	76,953	5,459	335,552	(a) 12,200	(a) 3 12 9
1936-37 ..	79,254	5,843	370,150	(a) 12,150	(a) 3 5 8
1937-38 ..	79,000	5,931	400,004	(a) 15,671	(a) 3 18 4
1938-39 ..	80,916	6,272	436,614	(a) 16,959	(a) 3 17 8
Aggregate— 1912-13 to 1938-39 ..	3,116,542	60,828	15,250,857	(a) 372,705	(a) 2 8 11

(a) Approximate.

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

MATERNITY ALLOWANCE : CLAIMS PAID IN EACH STATE.

Year ended 30th June.	N.S.W.	Vic.	Q'land.	S.A.	W.A.	Tas.	N.T.	Total.
	No.	No.	No.	No.	No.	No.	No.	No.
1935	30,354	19,940	10,940	6,409	5,035	3,725	39	76,442
1936	30,463	19,672	11,640	6,613	4,850	3,689	26	76,953
1937	31,086	20,350	12,170	6,854	4,731	4,018	45	79,254
1938	30,440	20,160	12,660	6,656	5,026	4,029	29	79,000
1939	30,860	20,819	12,880	7,162	5,213	3,940	42	80,916
Total, 1912-13 to 1938-39 ..	1,239,246	814,284	460,852	270,920	197,831	132,381	1,028	3,116,542

§ 8. Commonwealth Public Service Superannuation Fund.

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

The number of contributors to the fund at 30th June, 1938, was 36,480, viz., 32,172 males and 4,308 females, and the average pension contributed for was 4.64 units or £120 2s. 10d. per annum.

During 1937-38 the receipts of the fund amounted to £755,053 of which officers' contributions represented £487,358 and interest on investments, £267,695. The payments from the fund for the year were £721,623 of which £471,489 was invested, bringing the total funds invested to £6,615,024 (at cost). The average rate of interest on investments at 30th June, 1938, was £4 6s. 3d. per cent.

Pensions in force on the 30th June, 1938, numbered 6,282, excluding commuted pensions, with a net annual liability of £568,905, of which £436,155 represented the share payable from the Consolidated Revenue Fund.

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

§ 9. Currency and Coinage.

1. **Australian Mints.**—Soon after the discovery of gold in Australia a branch of the Royal Mint was established in Sydney. The formal opening took place on the 14th May, 1855. The Melbourne branch was opened on the 12th June, 1872, and the Perth branch on the 20th June, 1899. The States of New South Wales, Victoria and Western Australia provided an annual endowment in return for which the mint receipts were paid into the respective State Treasuries, and it might be said until recently that, apart from expenditure on buildings, new machinery, etc., the 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 1938 and the aggregate at each mint to the end of 1938 were as follows:—

AUSTRALIAN MINTS: RECEIPTS OF GOLD, 1938, AND TOTAL.

Mint.	Deposits during 1938.	Total to end of 1938.		
		Quantity.		Value.
		Gross.	Fine.	
	ozs.	ozs.	ozs.	£
Sydney ..	..	(a) 42,082,928	(a) 36,907,045	(a) 156,771,141
Melbourne ..	397,462	44,467,632	40,170,736	170,634,329
Perth ..	1,415,473	40,674,240	33,064,979	140,451,011
Total ..	1,812,935	127,224,800	110,142,760	467,856,481

(a) To end of 1926.

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

(ii) *Issues.* The Australian mints, besides issuing gold coin in the shape of sovereigns and half-sovereigns, also issue gold bullion, partly for the use of local manufacturers (jewellers and dentists), and partly for export. Since September, 1931, when the United Kingdom departed from the gold standard, the minting of gold coins by Australian mints has ceased. Australian exports of gold are mainly in the form of 400-oz. ingots, but in earlier years a considerable amount of gold was shipped in 10-oz. bars to India. During recent years the export was subject to regulation by the Commonwealth Government. The issues during 1938, and the total to the end of that year, are shown in the table below:—

AUSTRALIAN MINTS: ISSUES OF GOLD.

Mint.	Coin.			Bullion.	Total.
	Sovereigns.	Half-sovereigns.	Total.		
1938—	£	£	£	£	£
Melbourne ..	..	..	..	1,158,169	1,158,169
Perth ..	..	..	..	4,497,714	4,497,714
Total, 1938	..	..	..	5,655,883	5,655,883
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	22,399,711	170,629,622
Perth ..	106,384,197	367,338	106,751,535	33,705,204	140,456,739
Total to end of 1938 ..	398,102,878	6,095,118	404,197,996	63,679,323	467,877,319

(iii) *Withdrawals of Worn Coin.* The mints receive light and worn coin for recoinage. The total withdrawals of worn gold coin to the end of 1938 were as follows:—Sydney (to 1926), £1,110,867; Melbourne, £882,304 (since and including 1890); and Perth, £1,401.

4. *Price of Gold.*—In consequence of Great Britain's departure from the gold standard on 21st September, 1931, the market value of gold immediately rose by about 17½ per cent. from £4 4s. 11d. to £4 19s. 7d. per ounce fine. Considerable fluctuations have since taken place, and the average value of gold based on the London open market price per ounce fine adjusted to the telegraphic transfer exchange rate (Australia on London) less a small percentage for shipping charges is given in the following table in £ Sterling and £ Australian for each year from 1931 to 1938 and for each month from January, 1936 to September, 1939. Particulars are also shown for the value of the sovereign.

PRICE OF GOLD: LONDON AND AUSTRALIA, 1931 to 1939.

Month.	London.				Australia.		
	Average price per ounce, fine.		Average value of Sovereign.		Average price per ounce, fine.		Average value of Sovereign.	Equivalent to a premium of—
Average for Year—	£s	s. d.	£s	s. d.	£A	s. d.	%
1931 ..	4 12	5	1 1	9	5 17	6	38.3
1932 ..	5 18	0	1 7	9	7 5	8	71.5
1933 ..	6 4	11	1 9	5	7 14	2	81.4
1934 ..	6 17	8	1 12	5	8 9	11	100.0
1935 ..	7 2	1	1 13	5	8 15	5	106.5
1936 ..	7 0	3	1 13	0	8 13	2	103.8
1937 ..	7 0	9	1 13	2	8 13	9	104.7
1938 ..	7 2	7	1 13	7	8 16	0	106.8
Average for Month—							
1936—							
January ..	7 0	11	1 13	2	8 13	11	104.7
February ..	7 0	11	1 13	2	8 13	11	104.7
March ..	7 1	0	1 13	2	8 14	0	104.8
April ..	7 0	10	1 13	2	8 13	10	104.6
May ..	7 0	1	1 13	0	8 12	11	103.5
June ..	6 18	8	1 12	8	8 11	2	101.5
July ..	6 18	11	1 12	8	8 11	5	101.8
August ..	6 18	4	1 12	7	8 10	9	101.0
September ..	6 18	0	1 12	6	8 10	4	100.5
October ..	7 1	11	1 13	5	8 15	2	106.2
November ..	7 2	3	1 13	6	8 15	7	106.7
December ..	7 1	8	1 13	4	8 14	11	105.9
1937—							
January ..	7 1	8	1 13	4	8 14	11	105.9
February ..	7 2	1	1 13	5	8 15	5	106.5
March ..	7 2	4	1 13	6	8 15	8	106.8
April ..	7 1	4	1 13	3	8 14	5	105.3
May ..	7 0	7	1 13	1	8 13	7	104.3
June ..	7 0	7	1 13	1	8 13	6	104.2
July ..	7 0	0	1 13	0	8 12	10	103.5
August ..	6 19	6	1 12	10	8 12	3	102.7
September ..	7 0	4	1 13	1	8 13	3	103.9
October ..	7 0	6	1 13	1	8 13	5	104.2
November ..	7 0	2	1 13	0	8 13	0	103.9
December ..	6 19	9	1 12	11	8 12	7	102.7
1938—							
January ..	6 19	8	1 12	10	8 12	4	102.7
February ..	6 19	9	1 12	11	8 12	6	102.7
March ..	6 19	11	1 12	11	8 12	8	103.5
April ..	6 19	9	1 12	11	8 12	6	102.7
May ..	7 0	1	1 13	0	8 12	11	103.5
June ..	7 0	9	1 13	2	8 13	8	104.3
July ..	7 1	3	1 13	3	8 14	4	104.8
August ..	7 2	6	1 13	6	8 15	10	106.8
September ..	7 4	5	1 14	0	8 18	4	110.0
October ..	7 5	9	1 14	4	8 19	11	111.7
November ..	7 7	8	1 14	9	9 2	3	114.6
December ..	7 8	11	1 15	1	9 3	9	116.3
1939—							
January ..	7 8	11	1 15	1	9 3	10	116.3
February ..	7 8	4	1 14	11	9 3	2	115.4
March ..	7 8	5	1 14	11	9 3	2	115.8
April ..	7 8	6	1 15	0	9 3	4	115.8
May ..	7 8	6	1 14	11	9 3	3	115.8
June ..	7 8	6	1 14	11	9 3	3	115.8
July ..	7 8	6	1 15	0	9 3	4	115.8
August ..	7 10	6	1 15	0	9 5	8	118.3
September ..	8 7	7	1 15	5	10 6	11	143.3

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

5. *Silver and Bronze Coinage.*—(i) *Prices of Silver.* The value of silver has greatly decreased since its demonetization and restricted coinage in almost the whole of Europe. A noticeable increase, however, took place for some years after 1915, the price of silver following the general trend of world prices. Its average price in the London market in recent years is shown in § 4 par. 5 of Chapter XVII. "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 1937 London market price of 1s. 8. 1d. per ounce, approximately 20s. 1d. The difference nearly represents, therefore, the gross profit or seigniorage made on the coinage of every £3 6s. Negotiations for the coinage of silver and bronze coin in Australia extended over a number of years between the Imperial authorities and the Governments of New South Wales and Victoria, but no decision was arrived at. As section 51 of the Commonwealth Constitution makes legislation concerning "currency, coinage, and legal tender" a Commonwealth matter, the question remained in abeyance until 1907, when the matter was discussed at the Colonial Conference, London, with the result that in the latter part of 1908 the Commonwealth Treasurer announced his intention of initiating the coinage. Since 1916 silver and bronze coins have been minted in Australia on behalf of the Commonwealth Treasury. It is interesting to record that an issue of crowns was made in 1936-37 when coins of this denomination to the value of £200,000 were put into circulation. Further issues to the value of £50,000 in 1937-38, and £25,000 in 1938-39 have been minted. These coins have now practically disappeared from circulation.

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

AUSTRALIAN MINTS: SILVER AND BRONZE ISSUES BY TREASURY.

Year.	Silver.						Bronze.		
	5/-.	2/-.	1/-.	6d.	3d.	Total.	1d.	½d.	Total.
	£	£	£	£	£	£	£	£	£
1910 to 1931 ..	..	3,647,000	1,818,300	854,300	817,900	7,137,500	321,563	111,715	433,278
1931-32 ..	..	257,600	19,000	7,200	5,200	289,000	11,600	6,270	17,870
1932-33 ..	..	23,400	9,200	5,200	6,600	44,400	13,470	8,140	21,610
1933-34 ..	..	81,400	29,200	23,800	24,200	158,600	21,890	7,500	29,390
1934-35 ..	..	140,400	24,200	24,000	29,800	218,400	17,390	6,770	24,160
1935-36 ..	..	167,500	34,400	46,800	49,400	298,100	23,920	8,050	31,970
1936-37 ..	200,000	208,600	13,000	47,000	39,200	507,800	17,180	6,190	23,370
1937-38 ..	50,000	365,000	93,600	59,700	65,200	633,500	26,770	7,130	33,900
1938-39 ..	25,000	77,400	30,000	47,800	39,400	219,600	30,660	11,140	41,800
Total ..	275,000	4,968,300	2,070,900	1,115,800	1,076,900	9,506,900	484,443	172,905	657,348

(iv) *Withdrawals of Worn Silver Coin.* An examination of the wear on silver coins made by the London Mint Authorities in 1909 revealed that the average life of silver coins (then .925 fine) was:—2s. pieces, 45 years; 1s., 41 years; 6d., 28 years; and 3d., 32 years. The value of worn silver coins received during 1938 was as follows:—Melbourne, nil; Perth, nil. The total withdrawals of worn silver coin to 1938 were:—Melbourne, £1,747,409; Perth, £129,738; Sydney (to 1926), £1,248,672.

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

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

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

(iii) *Notes in Circulation.* Particulars of the average notes in circulation and of the gold reserve for the years 1914 and 1934 to 1938 are given in the following table:—

AUSTRALIAN NOTE ISSUE: PARTICULARS.

Particulars.	Average of monthly statements for year—					
	1914.	1934.	1935.	1936.	1937.	1938.
Notes held by—	£	£	£	£	£	£
Banks ..	(a)	21,198,854	20,119,208	18,465,121	17,194,775	16,700,228
Public ..	(a)	25,872,512	27,449,147	28,972,667	31,008,466	32,706,922
Total ..		11,944,848	47,071,366	47,568,355	47,437,788	48,203,241
Gold Reserve (b)	5,368,822	15,524,204	15,922,404	16,001,182	16,009,963	16,008,892
Percentage of Reserve on Total Issue ..	%	%	%	%	%	%
	44.9	33.0	33.5	33.7	33.2	32.4

(a) Not available. (b) Includes English sterling in 1934 and following years. (c) Average of published figures including values expressed in £'s gold, £'s sterling and £'s Australian. (d) £'s Australian.

Details of the average value of each of the several denominations of Australian Notes outstanding in 1914 and from 1934 to 1938 are given in *Finance Bulletin* No. 30 issued by this Bureau.

(iv) *Note Issue Department—Australian Notes Account at 30th June, 1939.* The following statement shows particulars of liabilities and assets of the Note Issue Department of the Commonwealth Bank as at 30th June, 1939.

AUSTRALIAN NOTES ACCOUNT: 30th JUNE, 1939.

Liabilities.		Assets.	
	£		£
Notes in circulation ..	47,525,215	Gold and English sterling ..	16,029,604
Reserve for Notes not presented ..	28,212	Debentures and other Securities ..	40,503,928
Special Reserve premium on gold ..	7,752,901	Other Assets (Commonwealth Government) ..	100,061
Other Liabilities ..	1,327,265		
Total Liabilities ..	56,633,593	Total Assets ..	56,633,593

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 1934 to 1938.

ESTIMATE LEGAL TENDER EXTANT: AUSTRALIA.

Particulars.	1934.	1935.	1936.	1937.	1938.
Australian Note Issue (a)—	£'000.	£'000.	£'000.	£'000.	£'000.
Held by Banks	21,284	20,202	18,253	17,537	17,630
Held by Public	25,017	26,848	28,792	29,502	31,404
Notes of Trading Banks outstanding (b)	174	169	167	167	167
Coin—Gold—Held by Banks (c) ..	20	23	51	62	48
Held by Public .. .. .	..	..	..	..	..
Silver—Held by Banks (c) ..	2,007	1,932	2,099	2,325	2,601
Held by Public	5,482	5,761	5,943	6,160	6,515
Bronze—Held by Banks (c) ..	109	106	113	118	117
Held by Public	389	420	441	460	499
Total	54,482	55,461	55,859	56,331	58,981

(a) Last Monday in June.

(b) Average for June quarter.

(c) At 30th June.

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

C.—STATE FINANCE.

§ 1. General.

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

2. **Accounts of State Governments.**—The various financial transactions of the States are in each case mainly concerned with one or other of three Funds—the “Consolidated Revenue 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. In the previous issue, the tables relating to the Revenue and Expenditure of New South Wales and Victoria were prepared on a different basis from that used prior to 1936-37, when particulars were included of certain moneys not brought into the Consolidated Revenue Fund, viz. :—Railways, Tramways, Omnibuses,

Sydney Harbour Trust, Metropolitan Water Sewerage and Drainage Board, Hunter District Water Supply and Sewerage Board and Motor Taxation in the case of New South Wales; and Country Roads Board, Licensing, Police Superannuation, Assurance, Cattle Compensation, Swine Compensation, Metropolitan Roads and Milk Board Funds in the case of Victoria. Adjustments were made in respect of payments to the Railway Departments from Consolidated Revenue Fund on account of losses by the Railways on Country Development Railways in New South Wales and on account of non-paying lines and of reduced freight charges in Victoria. In this issue and the previous one the figures relating to New South Wales represent the Government transactions and Business Undertakings included in the Annual Budget Papers. In respect of 1936-37 and 1937-38 these latter were as follows:—Railways, Tramways and Omnibuses, Sydney Harbour Trust Section of the Maritime Services Board, Hunter District Water Supply and Sewerage Board, and Road Transport and Traffic Fund. From 1st July, 1938, the Hunter District Water Supply and Sewerage Board received financial autonomy. Consequently, figures relating to its operations are excluded from the tables for 1938-39. Particulars relating to Victoria are now restricted to the transactions of the Consolidated Revenue Fund. No adjustment has been made in respect of those transactions between the Consolidated Revenue Fund and Railways Departments referred to above, nor have alterations been made in the case of other States, the figures for which have always related to the Consolidated Revenue Fund. 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 pages 853 and 854 of this issue details are given in regard to the constitutional and other requirements in the matter of the distribution of Commonwealth revenues.

§ 2. Consolidated Revenue Funds.

Division I.—Revenue.

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

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

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

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

2. Revenue Received.—The following table furnishes particulars of the total amounts and the amounts per head, of consolidated revenue received by the several States during the last five years :—

STATE CONSOLIDATED REVENUE.

Year.	N.S.W. (a)	Victoria. (a)	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL COLLECTIONS.							
	£	£	£	£	£	£	£
1934-35	43,561,341	25,311,036	15,280,022	11,001,578	9,331,430	2,872,148	107,357,555
1935-36	46,512,208	26,038,340	15,488,991	11,409,325	10,033,721	3,117,602	112,600,187
1936-37	49,959,085	27,221,267	16,535,038	11,739,306	10,185,433	3,488,524	119,128,653
1937-38	54,345,715	27,614,982	17,339,731	12,460,936	10,819,042	3,639,755	126,220,161
1938-39	52,509,735	26,985,548	19,330,369	12,303,597	10,949,660	3,614,764	125,693,673
PER HEAD OF POPULATION.(b)							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1934-35	16 10 9	13 15 8	15 18 1	18 16 8	21 1 2	12 10 8	16 1 10
1935-36	17 10 2	14 2 7	15 18 8	19 9 3	22 8 1	13 10 8	16 14 4
1936-37	18 12 9	14 13 11	16 16 0	19 19 1	22 10 10	15 0 6	17 10 11
1937-38	20 1 4	14 16 10	17 8 6	21 1 8	23 13 6	15 9 9	18 8 8
1938-39	19 4 2	14 7 10	19 4 0	20 14 0	23 13 4	15 5 2	18 3 10

(a) See C. § 1 par. 2 ante.
par. 1 above.

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

(c) See

3. Sources of Revenue.—(i) General. Classifying the revenue of the several States in the manner indicated in par. 1 ante, particulars for the year 1938-39 are as follows :—

STATE CONSOLIDATED REVENUE : SOURCES, 1938-39.

Particulars.	N.S.W. (a)	Victoria. (a)	Q'land. (f)	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL REVENUE.							
	£	£	£	£	£	£	£
Taxation (c) ..	17,500,241	10,085,042	6,573,168	4,116,086	2,897,422	1,778,718	42,950,677
Business Under-							
takings ..	26,087,673	11,648,592	7,642,108	4,957,289	5,632,863	511,000	56,479,525
Territorial ..	1,656,888	387,152	1,513,007	200,539	316,772	69,257	4,143,615
Commonwealth pay-							
ments (b) ..	3,012,671	2,127,159	1,096,235	1,623,816	1,043,432	676,859	9,580,172
Interest ..	470,420	1,881,290	1,002,390	905,863	422,506	356,120	5,038,589
Miscellaneous ..	3,781,842	856,313	1,503,461	500,004	636,665	222,810	7,501,095
Total ..	52,509,735	26,985,548	19,330,369	12,303,597	10,949,660	3,614,764	125,693,673
PER HEAD OF POPULATION.(e)							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Taxation (c) ..	6 8 0	5 7 7	6 10 7	6 18 6	6 5 3	7 10 2	6 4 4
Business Under-							
takings ..	9 10 10	6 4 3	7 11 10	8 6 10	12 3 6	2 3 2	8 3 6
Territorial ..	0 12 1	0 4 2	1 10 1	0 6 9	0 13 8	0 6 0	0 12 0
Commonwealth pay-							
ments (b) ..	1 2 0	1 2 8	1 1 9	2 14 8	2 5 1	2 17 2	1 7 9
Interest ..	0 3 5	1 0 1	0 19 11	1 10 6	0 18 3	1 10 1	0 14 7
Miscellaneous ..	1 7 8	0 9 2	1 9 10	0 16 10	1 7 6	0 18 10	1 1 9
Total ..	19 4 2	14 7 10	19 4 0	20 14 0	23 13 4	15 5 2	18 3 10

(a) See C. § 1 par. 2 ante.

(b) Including special grants.

(c) In some States certain taxation

collections are not paid into Consolidated Revenue Fund. For total collections see next page.

(d) Includes £800,000 paid to Railways Commissioners from Consolidated Revenue in respect of losses on country developmental railways and £64,756 recoup of freights' craneage charges remitted under Coal Settlement Agreement.

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

(f) See C. § 2.

par. 1 ante.

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

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

(ii) *Revenue from Taxation.*—(a) *General.* Owing to different methods of treating motor taxation in the respective Treasurers' Statements of Accounts, particulars of State taxation collections have not always been directly comparable. The following table shows for the year 1938-39 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 in each State. In this and the succeeding statements of taxation the collections have been grouped according to the nature of the tax rather than the method of collection. For example, stamp duties on betting tickets and bookmakers' licences have been included under "Racing Taxation" instead of under "Stamp Duties" and "Licences" respectively :—

STATE REVENUE FROM TAXATION : TOTAL COLLECTIONS, 1938-39.

Tax.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total, All States.
TOTAL COLLECTIONS.							
	£	£	£	£	£	£	£
Probate and Succession Duties	2,364,124	1,374,355	677,037	366,526	123,798	94,669	5,000,509
Other Stamp Duties	1,286,124	959,727	610,110	249,729	274,995	84,832	3,465,517
Land	2,154	482,336	401,682	321,482	115,229	85,069	1,407,952
Income and Dividend	6,339,215	4,370,656	3,157,249	2,102,928	(f)880,300	429,623	17,279,971
Other taxes on Income—							
Unemployment Relief	(a)	1,879,852	91,118,603	(a)	(a)	(a)	2,998,455
Special Income and Wages	6,363,935	..	..	..	..	357,773	6,721,708
Financial Emergency	..	..	..	..	1,214,695	..	1,214,695
Other	(d) 5,584	..	41,332,751	..	(e) 264,072	..	1,602,407
Liquor	569,562	254,640	85,422	33,720	77,071	24,594	1,045,009
Lotteries	..	..	93,750	..	..	6 437,652	531,402
Racing	359,709	390,487	93,476	297,262	80,870	39,428	1,252,232
Motor	2,762,078	1,913,689	939,757	715,944	(c) 453,053	175,591	6,960,712
Entertainments	146,412	286,034	..	73,311	91,381	34,360	633,498
Licences, N.E.I.	72,422	90,719	136,616	28,470	16,902	15,127	415,325
Other	..	20,745	..	7,692	26,632	..	..
Total	20,262,919	12,023,240	8,646,453	4,199,064	3,618,998	1,778,718	50,529,392

(a) No special Unemployment Relief Tax collected. See par. (f) *Other taxes on Income* following.
 (b) Includes Income Tax on Lotteries, £286,875 (£1 4s. 3d. per head).
 (c) Includes amounts collected by local government bodies outside metropolitan area, £212,913 (qs. 2d. per head).
 (d) Family Endowment.
 (e) Hospital.
 (f) Includes Gold Mining Profits Tax, £135,740 (5s. 10d. per head).
 (g) See C. § 2. par. 1 *ante*. (h) State Development Tax.

The table hereunder shows the percentages of collections under individual taxes on the total taxation revenue for the year 1938-39 :—

STATE REVENUE FROM TAXATION: PERCENTAGES ON TOTAL, 1938-39.

Tax.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	%	%	%	%	%	%	%
Probate and Succession Duties	11.67	11.43	7.83	8.73	3.42	5.32	9.90
Other Stamp Duties	6.35	7.98	7.06	5.95	7.60	4.77	6.86
Land	0.01	4.01	4.65	7.65	3.18	4.78	2.79
Income and Dividend	31.28	36.36	36.51	50.08	24.33	24.16	34.20
Other taxes on Income—							
Unemployment Relief		15.64	12.94	..	..	..	5.93
Special Income and Wages	31.41	..	..	..	..	20.11	13.30
Financial Emergency	..	..	..	..	33.56	..	2.40
Other	0.03	..	15.41	..	7.30	..	3.17
Liquor	2.81	2.12	0.99	0.81	2.13	1.38	2.07
Lotteries	..	..	1.08	..	..	24.61	1.05
Racing	1.73	3.25	1.08	7.08	2.23	2.22	2.48
Motor	13.63	15.91	10.87	17.05	12.52	9.87	13.77
Entertainments	0.72	2.38	..	1.79	2.52	1.93	1.26
Licences, N.E.I.	0.36	0.75	1.58	0.68	0.47	0.85	..
Other	..	0.17	..	0.18	0.74	..	0.82
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. At present the most productive State taxes are the various Income Taxes, which include Unemployment Relief, Wages and Financial Emergency. Motor taxation, Probate and Succession and other Stamp duties rank next in importance. In addition to these, a State land tax and licence fees of various kinds are collected in all the States, and a dividend tax is levied in Western Australia and Tasmania.

The total amounts and the amounts per head raised from all sources of taxation by the several State Governments, including amounts not paid into the Consolidated Revenue Fund, during the five years ended 1938-39 are given in the following table:—

STATE REVENUE FROM TAXATION.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
TOTAL							
	£	£	£	£	£	£	£
1934-35	13,990,771	8,993,718	6,546,263	3,267,099	2,436,076	1,227,328	36,461,255
1935-36	16,289,722	9,920,693	7,323,028	3,267,389	2,762,735	1,418,256	40,981,823
1936-37	18,726,370	10,818,800	7,730,782	3,610,431	3,085,944	1,484,808	45,457,135
1937-38	20,504,582	11,646,645	8,539,471	3,998,132	3,306,804	1,697,159	49,692,793
1938-39	20,262,919	12,023,240	8,646,453	4,199,064	3,618,998	1,778,718	50,529,392
PER HEAD OF POPULATION.(a)							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1934-35	5 6 2	4 17 11	6 16 3	5 11 10	5 9 11	5 7 1	5 9 0
1935-36	6 2 8	5 7 8	7 10 8	5 11 6	6 3 5	6 3 2	6 1 8
1936-37	6 19 8	5 16 10	7 17 1	6 2 9	6 16 7	6 7 11	6 13 11
1937-38	7 11 5	6 5 2	8 11 8	6 15 4	7 4 9	7 4 5	7 5 2
1938-39	7 8 3	6 8 3	8 11 9	7 1 3	7 16 5	7 10 2	7 6 3

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

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

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

STATE PROBATE AND SUCCESSION DUTIES: COLLECTIONS.

State.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
New South Wales ..	1,693,966	1,673,805	2,081,548	2,233,144	2,304,124
Victoria ..	1,124,933	1,340,701	1,509,693	1,431,057	1,374,355
Queensland ..	448,901	528,412	583,741	636,207	677,037
South Australia ..	315,463	233,742	299,775	244,512	366,526
Western Australia ..	74,076	112,657	93,320	101,631	123,798
Tasmania ..	70,035	111,872	73,165	107,687	94,669
Total ..	3,727,374	4,001,189	4,641,242	4,754,238	5,000,509

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

OTHER STATE STAMP DUTIES: COLLECTIONS.

State.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
New South Wales ..	1,084,044	1,141,305	1,264,646	1,368,919	1,286,124
Victoria ..	826,056	858,731	917,255	952,470	959,727
Queensland ..	501,910	545,167	548,732	632,329	610,110
South Australia ..	206,411	225,499	243,372	277,843	249,729
Western Australia ..	251,868	252,062	263,630	281,417	274,995
Tasmania ..	104,842	74,342	74,189	79,193	84,832
Total ..	2,975,131	3,097,106	3,311,824	3,592,171	3,465,517

(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 1934-35 to 1938-39:—

STATE LAND TAX: COLLECTIONS.

State.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
New South Wales ..	2,461	2,034	2,221	2,237	2,154
Victoria ..	494,593	494,293	492,143	498,232	482,336
Queensland ..	412,459	411,598	402,308	405,070	401,682
South Australia ..	350,832	293,842	301,660	325,499	321,482
Western Australia ..	121,895	117,682	117,249	124,083	115,229
Tasmania ..	89,863	89,494	89,927	84,380	85,069
Total ..	1,472,103	1,408,943	1,405,508	1,439,501	1,407,952

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

The following table shows the total amounts collected in the several States during the years 1934-35 to 1938-39. 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: COLLECTIONS.

State.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
New South Wales ..	3,146,495	4,088,164	5,186,972	6,367,046	6,339,215
Victoria ..	2,603,512	2,759,324	3,299,440	3,976,958	4,370,656
Queensland ..	1,800,477	2,295,004	2,565,278	2,868,864	3,157,249
South Australia ..	1,473,931	1,495,210	1,676,728	2,032,784	2,102,928
Western Australia(a) ..	551,800	634,351	709,909	764,338	880,300
Tasmania ..	217,876	235,714	269,524	388,437	429,623
Total ..	9,794,091	11,507,767	13,707,851	16,398,427	17,279,971

(a) Includes Gold Mining Profits Tax.

(f) *Other taxes on Income.* During 1930-31 a special unemployment relief tax was levied in New South Wales, Victoria and Queensland, but, in the case of New South Wales, this was discontinued and replaced by Special Income and Wages taxes, and in the case of Queensland by the State Development Tax (see C. § 2, par. 1 ante). In South Australia portion of the moneys for expenditure on unemployment relief was raised by an increment in the rate of income tax. In Western Australia Financial Emergency and Hospital taxes are levied and in Tasmania Special Income and Wages taxes provide the funds necessary for the relief of unemployment. Further references to unemployment relief taxation may be found in the *Labour Report*, Nos. 22 to 28.

(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: COLLECTIONS.

State.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
New South Wales ..	1,934,665	2,164,068	2,354,549	2,586,811	2,762,678
Victoria ..	1,403,134	1,592,880	1,682,561	1,825,152	1,913,689
Queensland ..	633,059	724,119	761,147	818,665	939,757
South Australia ..	565,279	608,036	639,874	672,635	715,944
Western Australia (a) ..	318,681	342,163	410,378	429,030	453,953
Tasmania ..	110,586	123,584	133,003	147,864	175,591
Total ..	4,965,404	5,554,850	5,981,512	6,480,157	6,960,712

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

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

(iii) *Business Undertakings.* (a) 1938-39. 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. § 1, par. 2 *ante*. For the year 1938-39 the revenue from these sources was £56,479,525 or 45 per cent. of the revenue from all sources. Details of revenue are as follows:—

STATE REVENUE FROM BUSINESS UNDERTAKINGS, 1938-39.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways ..	19,946,441	19,348,660	7,638,525	3,165,156	3,586,013	491,791	44,176,586
Tramways and Omnibuses ..	4,374,334	(c) 101,066	..	..	302,354	..	4,777,754
Harbour Services ..	1,155,627	(f) 221,913	..	665,583	313,782	..	2,350,905
Water Supply, Sewerage, Irrigation and Drainage ..	(g)	(b) 672,977	..	1,049,275	820,794	..	2,543,046
Electricity Supply ..	..	877,438	..	..	414,519	3,583	1,295,540
Other ..	(e) 611,271	(d) 426,538	3,583	77,275	195,401	15,626	1,329,694
Total ..	26,087,673	11,648,592	7,642,108	4,957,289	5,632,863	511,000	56,479,525

(a) Includes electric tramways operated by the Railways Department. (b) Country Water Supply and Sewerage only. (c) Statutory contribution to revenue by Melbourne and Metropolitan Tramways Board. (d) Mostly interest recouped from Business Undertakings outside Consolidated Revenue Fund. (e) Road Transport and Traffic Fund. (f) Includes Harbour Trust Fund contribution, £147,011. (g) Hunter District Water and Sewerage Board now excluded.

(b) 1934-35 to 1938-39. Particulars of the revenue from Business Undertakings for the last five years are given below:—

STATE REVENUE FROM BUSINESS UNDERTAKINGS.(a)

Particulars.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
Railways, Tramways and Omnibuses ..	43,646,824	45,036,042	47,052,803	49,439,562	48,954,340
Harbour Services ..	1,909,793	2,063,860	2,082,743	2,290,372	2,356,905
Water Supply, Sewerage, Irrigation and Drainage..	2,439,454	2,607,665	2,750,233	2,857,242	2,543,046
Other ..	2,480,362	2,509,845	2,474,013	2,594,231	2,625,234
Total ..	50,476,433	52,217,412	54,359,792	57,181,407	56,479,525

(a) See notes to previous table.

(iv) *Territorial.* The revenue from the sale and rental of Crown lands has, with few exceptions, been treated from the earliest times as forming part of the Consolidated Revenue Funds, and has been applied to meet ordinary expenses. Where the rentals received are for lands held for pastoral or residential purposes such application of the revenue would appear justifiable. On the other hand, where the rentals are for mineral and timber lands, and in all cases of sales of lands, the proceeding is essentially a disposal of capital to defray current expenses, and is, therefore, open to criticism. The following table gives the revenue from sales and rentals of Crown lands for the year 1938-39:—

STATE TERRITORIAL REVENUE, 1938-39.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Sales ..	109,594	74,098	..	15,646	6,403	1,734	207,475
Conditional Purchase ..	612,529	..	..	16,714	82,160	5,547	716,950
Rentals ..	760,369	134,322	1,084,804	168,177	76,183	27,302	2,251,157
Forestry ..	128,872	171,058	370,469	..	137,395	32,770	840,564
Other ..	45,524	7,674	57,734	2	14,631	1,904	127,469
Total ..	1,656,888	387,152	1,513,007	200,539	316,772	69,257	4,143,615

(v) *Commonwealth Payments.* The payments to the States (inclusive of special grants but excluding the contributions in respect of sinking fund on States' Debts and Federal Aid Roads grants which are paid by the Commonwealth into the National Debt Sinking Fund and Federal Aid Roads Trust Fund respectively and certain other grants paid into trust or special accounts) represent in each instance a considerable proportion of the States' revenue, and for the year 1938-39 aggregated £9,580,172, or 7.6 per cent. of the total revenue of the States.

(vi) *Interest and Miscellaneous.* In addition to the foregoing, there are in each State several miscellaneous sources of revenue, including such items as interest, fines, fees, etc. In 1938-39 interest, mainly from loans to local governing bodies and on public account balances, was responsible for £5,038,589, whilst "Miscellaneous" revenue which includes fines of the courts and fees for services amounted to £7,501,095.

Division II.—Expenditure.

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

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

In earlier years the working expenses of Railways and Tramways were the most important item in Governmental expenditure, but in recent years Public Debt charges represent the heaviest item, notwithstanding the reduction in interest as a result of the 1931 internal conversion loan and the more recent conversion operations in London. Prior to 1930-31 Railway working expenses represented about 30 to 35 per cent. of the total, but staff reductions and other economies effected in consequence of the industrial depression reduced the figure to 26 per cent. in 1933-34 and subsequent years. In the year 1938-39 the percentage rose to 30 again, as compared with 31 per cent. represented by Public Debt Charges; next in importance were Charitable, Public Health and Hospitals, 12 per cent.; Education, 10 per cent.; and Law and Order, 5 per cent.

2. **Total Expenditure.**—The total expenditure from Consolidated Revenue Funds in the several States and the expenditure per head of population during each of the last five years are given in the table hereunder :—

STATE EXPENDITURE : CONSOLIDATED REVENUE FUNDS.

Year.	N.S.W. (a)	Victoria. (a)	Q'land. (c)	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
1934-35	46,011,127	25,462,233	15,844,633	10,965,352	9,498,525	2,991,349	110,773,219
1935-36	48,309,184	26,154,801	16,230,806	11,260,360	9,945,343	3,247,288	115,147,782
1936-37	49,884,775	27,192,344	16,815,228	11,600,138	10,556,638	3,443,618	119,492,741
1937-38	54,291,840	27,584,037	17,568,223	12,334,391	10,829,735	3,632,903	126,241,129
1938-39	54,963,064	27,772,790	19,316,323	12,700,921	11,170,102	3,640,748	129,563,948

PER HEAD OF POPULATION.(b)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1934-35	17 9 4	13 17 4	16 9 10	18 15 5	21 8 8	13 1 1	16 11 3
1935-36	18 3 8	14 3 10	16 13 11	19 4 2	22 4 2	14 2 0	17 1 11
1936-37	18 12 2	14 13 8	17 1 9	19 14 4	23 7 3	14 16 7	17 12 0
1937-38	20 0 11	14 16 6	17 13 2	20 17 5	23 13 11	15 9 2	18 8 9
1938-39	20 2 1	14 16 3	19 3 8	21 7 4	24 2 10	15 7 4	18 15 0

(a) See C. § 1, par. 2 ante.
C. § 2, par. 1 ante.

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

(c) See

3. Details of Expenditure, 1938-39.—The following table shows the total expenditure and expenditure per head under each of the principal items:—

STATE EXPENDITURE : DETAILS, 1938-39.

Particulars.	N.S.W. (a)	Victoria. (a)	Q'land. (b)	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
Public debt (interest sinking fund, exchange, etc.) ..	14,552,613	8,229,626	6,649,227	5,130,411	4,352,728	1,243,074	40,157,679
Railways, Tramways and Omnibuses (working expenses)	18,251,807	7,693,973	6,023,318	2,703,907	3,154,683	707,199	38,534,887
Water Supply, Sewerage, Irrigation and Drainage ..	(c)	432,362	..	347,997	296,064	..	1,076,423
Justice ..	630,677	269,226	218,238	68,256	92,190	43,829	1,322,416
Police ..	1,052,061	815,733	586,914	303,446	255,673	119,016	3,732,843
Penal establishments	375,381	126,355	40,560	50,570	32,382	21,069	646,317
Education ..	5,438,425	3,123,444	1,768,600	1,055,736	862,694	390,599	12,039,498
Health and charitable	7,537,090	3,520,953	2,186,505	1,083,680	(d) 518,599	459,308	15,306,735
All other expenditure	6,524,410	3,567,118	1,842,961	1,956,918	1,605,089	656,654	16,147,150
Total ..	54,963,064	27,772,790	19,316,323	12,700,921	11,170,102	3,640,748	129,563,948

PER HEAD OF POPULATION.(e)

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

(a) See C. § 1. par. 2 ante.

(b) See C. § 2. par. 1 ante.

(c) Hunter District Water and Sewerage Board now excluded.

(d) In addition £353,768 was expended from Hospital Fund.

(e) Based on mean population of financial year.

Division III.—Surplus Revenue.

The following table shows for each of the years 1934—35 to 1938—39 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.	All States.
	£	£	£	£	£	£	£
1934—35..	-2,449,786	-151,197	-564,611	36,226	-167,095	-119,201	-3,415,564
1935—36..	-1,796,976	-116,461	-741,815	148,965	88,378	-129,686	-2,547,395
1936—37..	74,310	28,923	-280,190	139,168	-371,205	44,906	-364,088
1937—38..	53,875	30,945	-228,492	126,545	-10,693	6,852	-20,968
1938—39..	-2,453,329	-787,242	14,046	-397,324	-220,442	-25,984	-3,870,275

PER HEAD OF POPULATION.(a)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1934—35..	-0 18 7	-0 1 8	-0 11 9	0 1 3	-0 7 6	-0 10 5	-0 10 3
1935—36..	-0 13 6	-0 1 3	-0 15 3	0 5 1	0 3 11	-0 11 3	-0 7 7
1936—37..	0 0 7	0 0 4	-0 5 9	0 4 9	-0 16 5	0 3 10	-0 1 1
1937—38..	0 0 4	0 0 4	0 4 7	0 4 3	-0 0 6	0 0 7	-0 0 1
1938—39..	-0 17 11	-0 8 5	0 0 3	-0 13 4	-0 9 6	-0 2 2	-0 11 2

NOTE.—Minus sign (—) indicates deficit.

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

§ 3. State Trust Funds.

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

2. **Extent.**—The amounts of trust funds held on the 30th June, 1939, were as follows :—

STATE TRUST FUNDS, 30th JUNE, 1939.

Particulars.	N.S.W. (a)	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Amount of trust funds	15,683,890	8,188,960	3,061,421	1,448,191	3,743,900	530,306	32,656,668

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

§ 4. State Loan Funds.

Division I.—Loan Expenditure.

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

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

Statements relating to Loan Expenditure are given below for both "gross" and "net" expenditure. The gross expenditure represents the amounts disbursed during each year whereas the net expenditure represents the gross expenditure less any credits to the Loan Fund during the year on account of repayments of advances to local governing bodies, settlers, etc. It might be mentioned that such moneys are credited to the Loan Fund in the year of repayment irrespective of when the advance was made.

2. Loan Expenditure, 1938-39.—(a) *Gross Loan Expenditure, 1938-39.* Particulars of the gross loan expenditure on Works, Services, etc. for the year 1938-39 are given in the following table:—

STATE GROSS LOAN EXPENDITURE ON WORKS, SERVICES, ETC., 1938-39.

Heads of Expenditure.(f)	New South Wales.(d)	Victoria.(a)	Queensland.	South Australia.	Western Australia.(d)	Tasmania.	Total.
	£	£	£	£	£	£	£
Public Works and Services—							
Railways	2,310,000	354,259	510,086	292,057	67,398	484,194	4,154,919
Tramways and Omnibuses	28,883			6100,000	8,042		
Roads	1,953,801	58,026	275,877	200,000	..	..	..
Bridges							
Harbours and Rivers	955,947	..	28,478	154,069	14,446	90,903	3,731,547
Lights and Lighthouses .. .. .	..	..	..	..	..	..	..
Water Supply	850,728	6582,327	260,000	378,049	148,899	..	2,400,634
Sewerage							
Electricity Supply	217,983	..	..	69,203	111,428	..	..
Public Buildings	1,186,856	200,886	367,505	264,214	17,919	294,586	530,488
Loans and Grants to Local Bodies	386,614	..	1,157,747	..	114,954	188,772	2,323,187
Unemployment Relief .. .. .	..	..	..	..	..	..	1,544,361
Works	59,893	1,308,719	..	..	1,136,753	93,355	2,598,720
Advances for Housing	35,300	150,000	96,850	211,502	9,000	108,259	610,917
Other Public Works, etc. .. .. .	..	3,127	..	59,321	2,065	236,048	300,561
Primary Production—							
Soldier Settlement	(e) 222	15,395	4,288	18,217	540	155,166	402,111
Land for Settlement							
Advances to Settlers .. .. .	..	134,715	149,601	4,007	11,985	42,690	638,987
Water Conservation	654,314	..	..	328,750	..	..	..
Irrigation and Drainage							
Rabbit-proof Fencing .. .. .	..	..	33,656	98,267	14,772	38,638	839,647
Agriculture .. .. .	..	15,235	19,557	4,474	..	..	39,266
Agricultural Bank	148,063	..	..	..	10,348	..	158,411
Forestry .. .. .	..	45,842	260,383	..	..	..	260,383
Mines and Mineral Resources .. .. .	..	..	121,488	182,633	..	..	349,963
Other .. .. .	..	..	26,422	..	51,296	..	77,718
Other Purposes .. .. .	..	350,000	56,126	27	7,049	..	413,202
Other Purposes .. .. .	..	..	4,723	150,000	32,464	..	187,187
Total Public Works, Services, &c., Expenditure	8,788,604	3,218,531	3,392,641	2,529,562	1,783,224	1,849,647	21,562,209
Per Head of Population	£3 4 4	£1 14 4	£3 7 5	£4 5 11	£3 17 1	£7 16 2	£3 2 5

(a) Expenditure from Loan and on account of Loan; includes expenditure from Public Account Advances Account, from Treasurer's Advance Account, and from State Loans Repayment Fund. (b) Loans to Local Bodies for Tramways. (c) Country Towns. (d) Includes expenditure from Loan Suspense Account. (e) Includes rabbit-proof fencing advances. (f) The reclassification of items has in some cases rendered the figures concerned not entirely comparable with those of previous years.

(b) Net Loan Expenditure, 1938-39. For the year ended 30th June, 1939, State net loan expenditure on Works, Services, etc., was as follows:—

STATE NET LOAN EXPENDITURE ON WORKS, SERVICES, ETC., 1938-39.

Heads of Expenditure.(g)	New South Wales.(d)	Victoria.(a)	Queensland.	South Australia.	Western Australia.	Tasmania.	Total.
	£	£	£	£	£	£	£
Public Works and Services—							
Railways	2,002,287	353,634	489,603	261,006	64,444	34,558	3,193,662
Tramways and Omnibuses	Cr. 101,703			682,005	7,828		
Roads	1,850,486	Cr. 19,633	237,017	199,900	Cr. 351		
Bridges		Cr. 2,869				84,945	3,448,118
Harbours and Rivers	932,891	Cr. 6,137	28,137				
Lights and Lighthouses				129,570	14,168		
Water Supply		652,755	260,000	310,398	141,322		488,264
Sewerage	Cr. 876,193	Cr. 1,136		44,192	81,926		
Electricity Supply	199,325				17,705	77,657	294,687
Public Buildings	1,127,073	199,954	355,069	253,004	114,788		2,235,114
Loans and Grants to Local Bodies	381,094	Cr. 3,464	712,953	Cr. 1,670	Cr. 724	Cr. 14,029	1,074,160
Unemployment Relief							
Works	Cr. 274,116	1,149,592			1,136,753	76,491	2,088,720
Advances for Housing	24,226	150,000	Cr. 255,343	30,451	5,696	70,288	25,318
Other	Cr. 260,000	3,127		12,327	2,065	218,560	Cr. 23,921
Primary Production—							
Soldier Settlement			Cr. 49,973	Cr. 44,925	Cr. 63,457	2,397	Cr. 671,227
Land for Settlement	Cr. 70,294	Cr. 560,026	117,781	Cr. 18,174	9,215	6,229	
Advances to Settlers		129,527	6,911	Cr. 274,721		Cr. 2,695	Cr. 140,978
Water Conservation			13,405	97,366	Cr. 372		627,097
Irrigation and Drainage	468,944			9,208	38,546		
Rabbit-proof Fencing		Cr. 14,220	Cr. 616	Cr. 4,355			Cr. 19,191
Agriculture	3,860		Cr. 37,319		8,921		Cr. 24,838
Agricultural Bank			59,220				59,220
Forestry		45,842	116,727	81,321			243,890
Mines and Mineral Resources	Cr. 18	Cr. 9,148	21,538		43,766		56,138
Other		347,737	Cr. 37,564	Cr. 5,596	7,049		311,626
Other Purposes		Cr. 1,000	4,042	64,789	7,196		75,027
Total Public Works, Services, &c. Expenditure	5,407,856	2,289,535	2,041,588	1,226,096	1,636,184	739,627	13,340,886
Per Head of Population	£1 19 7	£1 4 5	£2 0 7	£2 1 3	£3 10 9	£3 2 5	£1 18 7

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

3. Net Loan Expenditure on Works, Services, etc. 1934-35 to 1938-39.—The following table gives the works net loan expenditure during each of the years 1934-35 to 1938-39:—

STATE NET LOAN EXPENDITURE ON WORKS, SERVICES, ETC.

Year.	N.S.W.	Victoria.(f)	Q'land.(a)	S. Aust.(e)	W. Aust.(e)	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
1934-35	9,724,762	1,786,860	3,169,072	495,479	2,538,213	361,495	18,539,881
1935-36	67,978,820	3,115,982	3,006,370	1,632,400	2,451,707	660,876	18,846,155
1936-37	6,336,078	2,616,660	2,573,593	1,245,222	2,032,224	814,951	15,618,728
1937-38	5,100,865	2,345,460	2,224,934	1,133,054	2,160,480	850,305	13,815,098
1938-39	5,407,856	2,289,535	2,041,588	1,226,096	1,636,184	739,627	13,340,886
PER HEAD OF POPULATION.							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1934-35	3 13 10	0 19 6	3 5 11	1 12 10	5 14 6	1 11 7	2 15 11
1935-36	3 0 1	1 13 10	3 1 10	2 15 8	5 9 6	2 17 4	2 15 5
1936-37	2 7 3	1 8 3	2 12 4	2 2 4	4 9 11	3 10 2	2 6 0
1937-38	1 17 8	1 5 3	2 4 9	1 18 4	4 14 7	3 12 4	2 0 4
1938-39	1 19 7	1 4 5	2 0 7	2 1 3	3 10 9	3 2 5	1 18 7

(a) Figures for each year are exclusive of £100,000 portion of repayments transferred to Consolidated Revenue and applied to Sinking Fund contributions. (b) Credits on accounts of amounts written off indebtedness in respect of Soldier Land Settlement advances (£934,722) and transfers from Special Deposits account (£321,661) not allowed for. (c) Credits arising from the cancellation of securities redeemed from Sinking Fund not allowed for. (d) Amounts of £804,988 written off Public Debt and £88,782 adjustment of interest pursuant to Soldier Settlement Agreement not allowed for. (e) See Note (d) to previous table. (f) Expenditure from Loan and on account of Loan. See Note (a) to previous table.

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

4. Total Net Loan Expenditure to 30th June, 1939.—The total net loan expenditure inclusive of revenue deficits, etc., of the States from the initiation of borrowing to the 30th June, 1939, amounted to £95,832,362. The purposes for which this sum was expended are shown in the following table:—

TOTAL STATE NET LOAN EXPENDITURE TO 30th JUNE, 1939.

Heads of Expenditure.	New South Wales.	Victoria.(j)	Queensland.	South Australia.	Western Australia.	Tasmania.	Total.
	£	£	£	£	£	£	£
Public Works and Services—							
Railways ..	151,076,256	75,988,437	65,096,856	34,758,727	25,484,118	7,306,998	373,817,169
Tramways and Omnibuses ..	9,135,343	12,431,083		4,306,315	63,730,951	1,239,483	
Roads and Bridges ..	19,805,962	..	..	3,768,145	2,934,895	..	91,488,438
Harbours, Rivers, Lighthouses ..	21,342,872	1,404,535	2,760,424	8,306,835	7,336,093	7,091,279	
Water Supply ..	40,534,802	39,406,174	610,741	15,203,562	9,823,601	..	104,076,010
Sewerage ..	..	d 217,784	..	3,446,745	3,832,601	..	
Electricity Supply ..	1,786,103	17,839,227	..	..	1,840,757	5,801,428	27,267,515
Public Buildings ..	15,497,997	6,886,183	5,976,639	3,989,740	2,202,899	2,415,840	36,969,298
Loans and Grants to Local Bodies ..	1,130,805	1,827,664	17,488,310	34,849	89,414	684,440	21,255,482
Unemployment Relief Works ..	15,953,600	10,868,401	..	..	(h)	375,933	27,107,934
Advances—Housing ..	1,931,623	670,000	3,944,287	5,629,543	792,188	308,450	13,276,091
Commonwealth Services ..	3,965,937	149,323	524,388	1,283,387	332,293	500,754	6,756,082
Other Public Works and Services(c) ..	3,776,398	766,554	2,773,123	804,590	1,838,825	1,851,544	11,811,034
Primary Production—							
Closer Settlement ..	8,309,074	41,569,549	3,015,741	1,592,148	8,506,825	434,400	86,996,270
Land for Settlement ..	(e)			1,248,405	8,532,003	7,036,956		2,506,788
Soldier Settlement ..	3,919,719	2,381,247	295,181	2,363,333	2,061,956	364,513	7,465,966
Advances to Settlers ..	..	..	..	4,248,608	1,267,213	..	31,966,793
Water Conservation ..	17,602,384	..	2,108,935	4,893,535	1,846,118	..	
Irrigation and Drainage ..	..	..	..	..	..	..	1,760,217
Rabbit Proof Fencing ..	(f)	861,247	333,807	223,398	341,765	..	
Agricultural Bank ..	..	..	1,674,785	..	5,878,695	..	7,553,480
Agriculture ..	(a) 7,140,894	150,682	73,470	..	3,509,089	..	10,944,135
Mines and Mineral Resources ..	580,687	520,421	2,012,629	..	2,791,444	..	5,905,181
Forestry ..	..	781,811	1,019,955	1,124,840	83,025	..	3,764,631
Other ..	..	1,762,262	3,802,658	778,765	69,542	..	6,413,227
Other Purposes ..	..	132,540	812,871	(i) 3,867,811	3,310,024	101,063	8,224,309
Total Public Works, Services, &c., Expenditure ..	323,490,456	207,615,124	119,879,520	108,581,515	95,599,217	29,743,430	884,909,262
Other than Works, &c.—							
Exchange on Remittances ..	17,577,479	..	..	..	..	..	34,100,176
Discounts and Flotation Expenses ..		5,735,581	5,526,411	1,196,466	4,764,239	(g)	
Revenue and General Cash Deficits ..	40,861,289	4,863,682	5,826,271	8,608,592	11,970,574	835,366	72,965,774
Treasury Bills Returned ..	..	..	2,857,150	..	..	..	2,857,150
Other ..	..	..	1,000,000	..	..	..	1,000,000
Grand Total ..	381,929,224	218,214,387	135,089,352	118,386,573	111,634,030	30,578,796	995,832,362

(a) Includes Grain Elevators. (b) Loans to Local Bodies for Tramways. (c) Includes Industrial Undertakings and Immigration. The latter was previously included under Other Purposes. (d) Country sewerage. (e) Includes Advances for Rabbit Proof Fencing. (f) Included with Soldier Settlement, etc. (g) Included with Other Public Works. (h) Not available separately. Distributed under various particular headings. (i) Includes State Bank. (j) Aggregate Gross Loan Expenditure

The figures in the foregoing table show the amounts actually spent, and differ from those given later in the statements relating to the public debt, which represent the amount of loans still unpaid. The statement above includes all expenditure, whether the loans have been repaid or are still in existence. As in the earlier tables on net loan expenditure, allowance has been made, however, for credits on account of repayments of advances to local governing bodies, settlers, etc. In the public debt statement, on the other hand, loans repaid are not included, and in the case of loans still outstanding, each is shown according to the amount repayable at maturity, and not according to the amount originally available for expenditure.

5. Total Loan Expenditure, 1934-35 to 1938-39.—The following table gives particulars, in summary form, of the total loan expenditure in each State during each of the years 1934-35 to 1938-39:—

STATE LOAN EXPENDITURE, SUMMARY, 1934-35 TO 1938-39.

Particulars.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	Total.
	£	£	£	£	£	£	£
1934-35.							
Works and Services—							
Gross Expenditure (a) ..	£10,607,075	2,538,521	4,797,715	2,247,668	2,688,720	786,177	23,665,876
Net Expenditure (b) ..	9,724,762	1,780,860	3,169,072	959,479	2,538,213	361,495	18,539,881
Repayments (b) ..	882,313	751,661	1,628,643	1,288,189	150,507	424,682	5,125,995
Other than Works—(d)							
Gross Expenditure ..	161,958	210,573	703,596	923,418	449,239	..	2,448,784
Net Expenditure ..	Cr. 656,183	210,573	703,596	923,418	449,239	..	1,630,643
Repayments ..	(c)818,141	..	..	..	..	..	818,141
Total Loan Expenditure—							
Gross ..	10,769,033	2,749,094	5,501,311	3,171,086	3,137,959	786,177	26,114,660
Net ..	9,068,579	1,997,433	3,872,668	1,882,897	2,987,452	361,495	20,170,524
Repayments ..	1,700,454	751,661	1,628,643	1,288,189	150,507	424,682	5,944,136
1935-36.							
Works and Services—							
Gross Expenditure (a) ..	9,491,108	3,841,452	4,228,148	2,698,638	2,559,614	1,519,369	24,338,329
Net Expenditure (b) ..	7,978,820	3,115,082	3,006,370	1,632,200	2,451,707	660,876	18,846,155
Repayments (b) ..	1,512,288	725,470	1,221,778	1,066,238	107,907	858,493	5,492,174
Other than Works—(d)							
Gross Expenditure ..	£4,445,750	109,619	882,540	36,133	31,357	339,094	5,844,493
Net Expenditure ..	£4,445,750	109,619	882,540	29,195	Cr. 57,021	339,094	5,749,177
Repayments ..	..	..	..	6,938	88,378	..	95,316
Total Loan Expenditure—							
Gross ..	13,936,858	3,951,071	5,110,688	2,734,771	2,590,971	1,858,463	30,182,822
Net ..	12,424,570	3,225,601	3,888,910	1,661,595	2,394,686	999,970	24,595,532
Repayments ..	1,512,288	725,470	1,221,778	1,073,176	196,285	858,493	5,587,490
1936-37.							
Works and Services—							
Gross Expenditure (a) ..	7,182,523	3,303,501	3,760,113	2,966,499	2,155,199	1,997,930	21,365,765
Net Expenditure (b) ..	6,336,078	2,616,660	2,573,593	1,245,222	2,032,224	814,951	15,618,728
Repayments (b) ..	846,445	686,841	1,186,520	1,721,277	122,975	1,182,979	5,747,037
Other than Works—(d)							
Gross Expenditure ..	£1,160,868	66,350	446,320	43,935	522,757	..	2,245,230
Net Expenditure ..	£1,115,863	66,350	446,320	39,595	522,757	..	2,190,890
Repayments ..	45,000	..	..	9,340	..	..	54,340
Total Loan Expenditure—							
Gross ..	8,343,391	3,369,851	4,206,433	3,015,434	2,677,956	1,997,930	23,610,995
Net ..	7,451,946	2,683,010	3,019,913	1,284,817	2,554,981	814,951	17,809,618
Repayments ..	891,445	686,841	1,186,520	1,730,617	122,975	1,182,979	5,801,377

STATE LOAN EXPENDITURE, SUMMARY, 1934-35 TO 1938-39—continued.

Particulars.	New South Wales.	Victoria.	Queens- land.	South Australia.	Western Australia.	Tasmania.	Total.
	£	£	£	£	£	£	£
1937-38.							
Works and Services—							
Gross Expenditure (a) ..	8,110,740	3,239,451	3,521,487	2,839,184	2,294,942	1,892,279	21,889,083
Net Expenditure (b) ..	5,100,865	2,345,460	2,224,934	1,133,054	2,160,480	850,305	13,815,098
Repayments (b) ..	3,009,875	884,991	1,296,553	1,706,130	134,462	1,041,974	8,073,985
Other than Works—(d)							
Gross Expenditure ..	1,279,698	30,836	349,346	127,250	32,234	..	1,819,364
Net Expenditure ..	1,279,698	30,836	349,346	126,306	32,234	..	1,818,420
Repayments ..	..	..	..	944	..	..	944
Total Loan Expenditure—							
Gross ..	9,390,438	3,261,287	3,870,833	2,966,434	2,327,176	1,892,279	23,708,447
Net ..	6,380,563	2,376,296	2,574,280	1,259,360	2,192,714	850,305	15,633,518
Repayments ..	3,009,875	884,991	1,296,553	1,707,074	134,462	1,041,974	8,074,929
1938-39.							
Works and Services—							
Gross Expenditure (a) ..	8,788,604	3,218,531	3,392,641	2,529,562	1,783,224	1,849,647	21,562,209
Net Expenditure (b) ..	5,407,856	2,289,535	2,041,588	1,226,096	1,636,184	739,627	13,340,886
Repayments (b) ..	3,380,748	928,996	1,351,053	1,303,466	147,040	1,110,020	8,221,323
Other than Works—(d)							
Gross Expenditure—							
Discounts and Flotation Expenses ..	141,362	72,362	55,442	70,594	33,306	..	373,066
Revenue and General Cash Deficits ..	43,751,691	780,000	..	..	220,442	..	4,752,133
Other ..	..	..	100,000	..	..	..	100,000
Total ..	3,893,053	852,362	155,442	70,594	253,748	..	5,225,199
Net Expenditure—							
Discounts and Flotation Expenses ..	141,362	72,362	55,442	70,594	33,306	..	373,066
Revenue and General Cash Deficits ..	43,751,691	780,000	..	..	220,442	..	4,752,133
Other ..	..	..	100,000	..	..	..	100,000
Total ..	3,893,053	852,362	155,442	70,594	253,748	..	5,225,199
Repayments ..	..	..	..	..	..	..	..
Total Loan Expenditure—							
Gross ..	12,681,657	4,070,893	3,548,083	2,600,156	2,036,972	1,849,647	26,787,408
Net ..	9,300,909	3,141,897	2,197,030	1,296,690	1,889,932	739,627	18,566,085
Repayments ..	3,380,748	928,996	1,351,053	1,303,466	147,040	1,110,020	8,221,323

(a) See Notes to previous tables on Gross Expenditure. (b) See Notes to previous tables on Net Expenditure. (c) Credits on account of amounts utilized towards funding general cash deficits and amounts transferred to Consolidated Revenue to fund deficits. (d) Includes exchange, discounts and flotation expenses, revenue and general cash deficits. (e) Includes £570,482 available towards funding deficits. (f) Omitting £120,050 on account of Advance to Settlers Inscribed Stock. (g) Includes £703,481 available towards funding deficits. (h) Includes £1,110,000 short-term loans for general cash deficit and £1,691,000 available towards funding deficits.

Division II.—State Public Debts.

1. **General.**—The first government loan raised in Australia was obtained by New South Wales in 1842. This and nine other loans prior to 1855 were all procured locally. In the last-mentioned year New South Wales approached the London market for the first instalment of a 5 per cent. loan for £683,300. Victoria first appeared as a borrower in 1854, and made its first appearance on the London market in 1859. The first public loans were raised by the other States in the following years :—Queensland 1861, South Australia 1856, Western Australia 1845, and Tasmania 1867.

2. **State Debts, 1935 to 1939.**—The table hereunder shows the State public debts and the amounts owing per head of population at the 30th June in each year from 1935 to 1939 inclusive.

As provided in the Financial Agreement (particulars of which are given on page 911), 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. of this volume 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.	All States.
TOTAL.							
30th June, 1935	£ 337,101,269	£ 174,160,663	£ 118,846,753	£ 105,349,536	£ 88,590,176	£ 23,915,354	£ 847,963,751
" 1936	346,576,294	175,058,285	122,647,234	105,698,481	90,344,055	24,418,156	864,742,505
" 1937	359,291,499	176,597,010	124,898,475	106,594,164	92,332,855	23,247,540	875,961,543
" 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

PER HEAD OF POPULATION. (a)

	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.			
30th June, 1935	127	9	2	94	15	2	122	15	8	180	2	10	198	15	5	104	11	2	126	7	6
" 1936	130	0	6	94	15	11	125	0	1	179	19	6	200	13	2	106	5	10	127	18	4
" 1937	130	1	10	95	3	9	125	17	11	181	1	6	203	5	5	108	10	0	128	10	5
" 1938	130	3	3	95	0	7	125	6	10	181	10	1	203	14	5	109	19	3	128	11	7
" 1939	131	0	0	95	10	3	125	8	8	182	15	4	205	2	7	111	8	4	129	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 £50 million or at the average rate of nearly £13 million per annum. The debt per head of population increased during the period by £2 18s. 9d. to £129 6s. 3d. per head or more than 2.5 per cent. In some States certain public functions such as Tramways, Water Supply and Sewerage, and Harbour Services, etc., are controlled by Boards or Trusts which, in addition to receiving advances from the Central Government, raise loans by public borrowing on their own behalf, while in other States these services are controlled by the Central Governments. Comparisons of the debts of the States are therefore difficult, but on page 911 figures showing the aggregate debts of the States including these local and semi-governmental bodies are given for the years 1936-37 and 1937-38.

3. **Place of Flotation of Loans.**—As pointed out previously, the early loans, usually for comparatively small amounts, were raised locally, but, with the increasing demand for loan funds and the more favourable terms offering in the London market, the practice of raising loans in London came into vogue, and for many years local flotations, except for short terms or small amounts, were comparatively infrequent. In more recent years, however, the accumulating stocks of money in Australia seeking investment have led to the placing of various redemption and other loans locally, with very satisfactory results. Moreover, loans have been placed in New York on account of all States. The following table gives particulars of loans outstanding on the 30th June, 1939, which had been floated abroad and in Australia respectively :—

STATE PUBLIC DEBTS, 30th JUNE, 1939 : PLACE OF FLOTATION OF LOANS.

State.	Floated Abroad.			Floated in Australia.	Grand Total.
	London.	New York.	Total Overseas.		
	£ Stg.	£ (b)	£ (a)	£ Aust.	£ (a)
New South Wales	158,751,952	12,713,038	171,464,990	188,379,000	359,843,990
Victoria ..	62,497,955	4,498,878	66,996,833	112,701,285	179,698,118
Queensland ..	62,816,521	7,075,835	69,892,356	57,610,895	127,503,251
South Australia..	42,915,657	1,733,468	44,649,125	64,237,967	108,887,092
Western Australia	43,982,761	2,015,436	45,998,197	49,474,403	95,472,600
Tasmania ..	13,362,987	227,796	13,590,783	12,776,207	26,366,990
Total ..	384,327,833	28,264,451	412,592,284	485,179,757	897,772,041

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
	(Stg.)	(b)	(a)	(Aust.)	(a)
New South Wales	57 15 10	4 12 7	62 8 5	68 11 7	131 0 0
Victoria ..	33 4 4	2 7 10	35 12 2	59 18 1	95 10 3
Queensland ..	61 15 11	6 19 3	68 15 2	56 13 6	125 8 8
South Australia ..	72 0 8	2 18 2	74 18 10	107 16 6	182 15 4
Western Australia	94 10 0	4 6 7	98 16 7	106 6 0	205 2 7
Tasmania ..	56 9 4	0 19 3	57 8 7	53 19 9	111 8 4
Total ..	55 7 2	4 1 5	59 8 7	69 17 8	129 6 3

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

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 905.

4. **Rates of Interest.**—(i) *At 30th June, 1939.* As mentioned previously, the highest rate of interest paid for the earliest State loans was 5½d. per £100 per diem, or, approximately, 8 per cent. per annum. At present the rates vary from 7 per cent. to 1¼ per cent., thirty-six separate rates being involved. The average rate payable on the aggregate indebtedness is about £3 15s. per cent. For the separate States the average varies, being lowest for New South Wales and highest for Queensland. The following table gives particulars of the amount of debt at each rate of interest payable, together with the amount and the average rate of interest payable at 30th June, 1939, with separate information for London, New York and Australian maturities. The units of currency in this table are—for debts maturing and interest payable—

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

STATE PUBLIC DEBTS.

899

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: RATES OF INTEREST PAYABLE AT 30th JUNE, 1939.

Rate of Interest.	Place of Maturity.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	Total, All States.
		£	£	£	£	£	£	£
7.0	New York	.. ..	.. ..	1,804,891	.. ..	.. ..	.. ..	1,804,891
6.0	New York	.. ..	.. ..	2,054,865	.. ..	.. ..	.. ..	2,054,865
5.25	London	17,870,500	.. ..	.. ..	.. ..	.. ..	.. ..	17,870,500
5.0375 ..	Australia	3,035	.. ..	.. ..	8,000	250,000	261,240	522,275
5.0	London	17,028,816	14,438,131	37,821,688	13,888,787	12,976,463	1,228,987	97,382,872
4.75	New York	8,820,405	3,738,942	2,190,973	1,733,468	2,015,436	227,796	18,726,120
4.65	Australia	432,910	5,920,700	.. ..	.. ..	.. ..	.. ..	5,920,700
4.5	New York	3,892,633	760,836	1,025,106	.. ..	755,000	200,000	1,389,110
4.2625 ..	Australia	2,124,060	93,200	.. ..	166,149	62,797	.. ..	5,678,575
4.06875 ..	Australia	11,246,140	6,570	.. ..	350,000	.. ..	.. ..	2,446,197
4.0	Australia	57,821,298	45,091,887	12,938,192	31,487,131	14,747,557	5,843,880	12,097,710
3.96667 ..	Australia	29,088,932	2,905,216	7,956,300	8,208,611	7,587,484	2,798,000	167,929,945
3.95417 ..	Australia	.. ..	5,685,910	.. ..	.. ..	.. ..	.. ..	58,544,543
3.89167 ..	Australia	.. ..	1,875,750	.. ..	.. ..	.. ..	.. ..	5,685,910
3.875	Australia	18,314,040	17,006,054	7,729,714	.. ..	6,433,114	2,513,820	1,875,750
3.8125 ..	Australia	.. ..	.. ..	.. ..	1,035,000	.. ..	.. ..	1,035,000
3.79167 ..	Australia	.. ..	6,370,000	.. ..	11,526,645	.. ..	.. ..	63,523,387
3.75	Australia	29,415,970	10,900,355	12,538,581	6,445,000	9,533,352	2,016,770	200,000
3.72917 ..	London	7,607,632	6,869,649	1,958,800	5,418,300	1,780,601	1,076,000	6,370,000
3.625	Australia	.. ..	.. ..	.. ..	350,000	.. ..	.. ..	70,850,982
3.5	Australia	.. ..	107,000	.. ..	.. ..	277,930	27,200	2,471,028
3.4875 ..	Australia	6,858,150	2,927,690	1,574,841	1,828,450	2,049,162	152,850	350,000
3.42083 ..	London	33,494,133	19,609,345	9,585,650	2,742,520	4,842,820	6,063,250	412,130
3.375	Australia	48,600	500	6,122,198	73,400	417,268	139,912	15,391,143
3.3	Australia	.. ..	1,130,950	.. ..	.. ..	.. ..	.. ..	6,801,878
3.2875 ..	Australia	7,405,310	1,523,180	768,740	1,533,050	1,909,620	155,290	1,130,950
3.25	Australia	4,205,190	8,845,275	1,288,880	750,000	1,688,741	167,720	13,295,190
3.125	London	2,000	650,075	1,237,770	4,411,899	10,568,718	1,257,450	16,945,806
3.1	Australia	479,811	1,000	70,000	325,230	.. ..	.. ..	18,125,912
3.02083 ..	Australia	.. ..	342,549	5,169,108	.. ..	1,566,000	183,266	398,230
3.0	Australia	17,255,322	3,161,486	6,534,866	2,752,278	3,128,862	979,259	7,740,734
2.90625 ..	London	32,733,613	6,220,014	4,256,313	2,433,499	.. ..	448,300	2,482,000
2.75	Australia	.. ..	220,000	5,100	.. ..	.. ..	.. ..	2,482,000
2.7125 ..	Australia	10,954,600	.. ..	.. ..	1,996,335	3,228,661	.. ..	2,251,100
2.325	Australia	291,421	446,845	352,915	197,992	.. ..	.. ..	16,179,596
2.25	Australia	645,653	778,084	54,750	373,451	.. ..	.. ..	1,289,173
2.0	London	9,965,276	5,884,825	.. ..	2,815,726	2,998,014	.. ..	1,851,938
1.75	London	.. ..	.. ..	.. ..	1,000,000	.. ..	.. ..	21,663,841
Overdue and unconverted	Australia	31,830,000	3,705,000	2,463,000	4,690,000	6,305,000	135,000	1,491,000
	Australia	90	.. ..	(b) 10	.. ..	.. ..	.. ..	491,000
	London	8,450	.. ..	.. ..	.. ..	.. ..	.. ..	100
								8,450
Total Debt	Australia	188,379,000	112,701,285	57,610,895	64,237,967	49,474,403	12,776,207	485,179,757
	London	158,751,952	62,497,955	62,816,521	42,915,657	43,982,761	13,362,987	384,327,833
	New York	12,713,038	4,498,878	7,075,835	1,733,468	2,015,436	227,796	28,264,451
	Total ..	359,843,990	179,698,118	127,503,251	108,887,092	95,472,600	26,366,990	897,772,041
Total Interest Payable	Australia	6,434,886	4,182,748	2,036,289	2,367,997	1,729,733	488,585	17,240,238
	London(a)	5,918,262	2,403,422	2,786,207	1,676,601	1,688,322	490,068	14,962,882
	New York	616,188	221,140	405,313	86,674	100,771	11,390	1,441,476
	Total ..	12,969,336	6,807,310	5,227,809	4,131,272	3,518,826	990,043	33,644,596
Average Rates of Interest Payable	Australia	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
	London	3 8 4	3 14 3	3 10 8	3 13 9	3 9 11	3 16 6	3 11 1
	New York	3 14 7	3 16 11	4 8 9	3 18 2	3 16 9	3 13 4	3 17 10
	Total ..	3 12 1	3 15 9	4 2 0	3 15 11	3 13 9	3 15 1	3 11 11

(a) Includes contributions payable by Commonwealth and British Governments towards interest on Migration Loans. (b) Excludes £230 unconverted 4 per cent.

The average rate for debt maturing in Australia has been reduced from £5 4s. 11d. per cent. in 1931 to £3 11s. 1d. per cent. in 1939. For debt maturing in London the average rate increased from £4 12s. 7d. per cent. in 1931 to £4 13s. 3d. in 1932, but, as a result of the conversions effected in London, fell to £3 17s. 10d., while for New York loans it decreased from £5 2s. 6d. per cent. in 1931 to £5 2s. in 1939.

(ii) *Variations from 1901 to 1939.*—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.	1937.	1938.	1939.
	%	%	%	%	%	%	%
Not exceeding 3 per cent. . .	18.0	17.9	10.2	5.3	19.9	19.6	19.1
Exceeding 3 per cent. but not exceeding 4 per cent. . .	78.5	81.9	45.4	17.2	60.1	61.3	62.4
Exceeding 4 per cent. but not exceeding 5 per cent. . .	3.1	0.1	15.6	36.8	17.5	16.6	16.0
Exceeding 5 per cent. but not exceeding 6 per cent. . .	0.4	0.1	23.5	38.4	2.3	2.3	2.3
Exceeding 6 per cent. . .	..	..	5.3	2.3	0.2	0.2	0.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average Rate of Interest Payable	3.7	3.6	4.4	4.9	3.8	3.8	3.7

5. *Dates of Maturity.*—Securities like the British Consols are interminable, but Australian debts have in most cases a fixed date for repayment, there being a few exceptions which are included in the following table under the headings "interminable," "Treasurer's option," and "not fixed." Those terminable at "Treasurer's option" include amounts which are payable by the respective Governments after giving a specified notice, and those "not fixed" consist of certain amounts owing to the Commonwealth Government. Generally, renewal is effected at date of maturity in respect of the greater portion of the loan. In order to avoid application to the market at an unfavourable time, several States adopted the practice of specifying a period prior to the date of maturity within which the Government, on giving twelve, or in some cases six months' notice, has the option of redeeming the loan. The Government can, therefore, take advantage of opportunities that may offer during the period for favourable renewals. Particulars concerning the due dates of latest maturity of the State loans outstanding on the 30th June, 1939, are given in the following table, the various maturities being grouped according to years ending 30th June.

STATE PUBLIC DEBTS.

STATE PUBLIC DEBTS, 30th JUNE, 1939: LATEST DATES OF MATURITY.

Year of Maturity.	Place of Maturity.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	Total, All States.
		£	£	£	£	£	£	£
1939-40	Australia	37,193,980	12,234,812	2,463,000	6,978,992	7,480,429	170,300	66,521,513
	London	9,965,276	5,884,825	..	3,815,726	2,998,014	5,095,800	27,759,641
1940-41	Australia	1,261,845	3,612,200	2,635,932	992,100	599,888	201,830	9,303,795
	London	30,736,090	19,683,687	2,719,530	10,532,264	4,364,249	1,134,585	69,170,405
1941-42	London	12,420,113	1,049,868	..	..	..	..	13,469,981
	New York	..	..	1,804,891	..	..	..	1,804,891
1942-43	Australia	14,836,270	4,446,045	1,934,220	4,966,815	3,440,377	461,190	30,084,917
	London	10,954,600	..	..	1,996,335	3,228,661	..	16,179,596
1943-44	Australia	6,159,650	10,873,040	548,840	2,168,550	2,587,920	152,850	22,490,850
1944-45	Australia	6,826,412	6,196,237	5,508,942	5,245,887	1,768,354	794,321	26,340,153
	London	..	..	3,958,800	..	..	..	3,958,800
1945-46	Australia	1,100	15,400	..	..	..	..	16,500
	London	..	..	1,037,928	200,000	..	250,000	1,487,928
1946-47	London	..	..	4,256,313	..	1,417,800	..	5,674,113
	New York	..	..	2,054,865	..	..	..	2,054,865
1947-48	Australia	4,782,067	4,493,865	1,909,985	2,929,463	1,854,959	614,390	16,584,729
	London	14,380,520	5,033,790	2,893,451	919,470	4,204,165	852,180	28,345,576
1948-49	London	12,268,490	12,039,795	2,000,000	8,390,100	2,716,302	1,076,000	38,496,687
	Australia	11,237,240	3,526,783	4,984,537	1,495,100	3,060,700	484,150	24,788,420
1949-50	London	..	6,953,545	..	..	..	..	6,953,545
	Australia	4,679,805	4,165,198	2,480,617	2,759,897	1,347,198	553,632	15,986,347
1950-51	London	11,712,278	..	5,956,300	..	..	2,798,000	20,466,578
	Australia	9,953,620	3,802,870	4,483,946	2,533,950	3,952,210	1,041,320	25,767,076
1951-52	London	7,000	..	484,718	..	..	..	491,718
	Australia	11,800,990	..	..	..	..	..	11,800,990
1952-53	London	4,519,235	4,072,763	1,812,427	2,611,238	1,265,824	709,300	14,990,787
	Australia	11,018,047	..	..	2,742,500	903,193	1,906,750	16,570,490
1953-54	London	12,967,810	8,927,560	7,482,768	6,879,990	3,828,530	1,759,760	41,864,118
	Australia	..	..	..	..	3,205,104	..	3,205,104
1954-55	Australia	9,147,061	6,230,713	2,727,892	4,340,182	2,578,958	1,139,800	26,164,606
	New York	3,892,633	2,624,319	1,723,705	732,631	1,498,444	..	10,471,732
1955-56	Australia	..	..	346,684	..	..	..	346,684
	New York	4,394,225	..	..	..	..	..	4,394,225
1956-57	Australia	4,433,964	3,883,488	1,530,090	2,561,866	1,331,155	551,906	14,292,469
	London	38,184,000	..	..	..	..	..	38,184,000
1957-58	New York	4,426,180	1,874,559	1,492,374	1,000,837	516,992	227,796	9,538,738
	Australia	..	..	384,082	..	164,145	..	548,227
1958-59	London	3,829,050	13,553,800	3,706,200	..	..	..	21,089,050
	Australia	4,449,704	3,912,186	2,137,958	2,511,868	1,484,618	697,499	15,193,833
1959-60	London	..	2,905,216	..	877,408	..	..	3,782,624
	Australia	..	..	717,535	..	424,446	..	1,141,981
1960-61	London	..	6,570,775	21,305,370	3,657,347	1,739,527	176,700	33,449,719
	Australia	4,262,102	3,971,328	1,363,575	2,511,034	1,453,983	678,217	14,240,239
1961-62	London	..	..	..	..	4,871,182	..	4,871,182
	Australia	106,804	..	458,106	..	153,523	..	718,433
1962-63	London	10,288,396	..	..	..	..	..	10,288,396
	Australia	..	..	619,017	..	1,753,133	42,000	2,414,200
1963-64	London	14,065,000	..	..	..	..	..	14,065,000
	London	..	..	1,920,650	..	..	..	1,920,650
1970-71	London	9,273,446	..	..	2,291,776	..	..	11,565,222
	London	..	..	..	3,693,587	8,829,191	1,080,750	13,603,528
1974-75	Australia	..	..	50,064	..	..	..	50,064
	London	2,962,816	14,438,131	19,712,888	19,888,787	12,976,463	1,228,987	65,208,072
Overdue and unconverted	London	90	..	240	..	..	..	330
	Australia	8,450	..	..	..	..	..	8,450
Interminable	London	363,707	..	..	98,382	..	..	462,089
	Australia	1,000	..	..	..	..	..	1,000
Treasurer's Option	London	6,070,924	..	..	497,309	..	..	6,568,233
	Australia	..	..	3,894,811	2,433,499	..	..	2,433,499
Half-yearly drawings	London	..	..	..	..	315,589	486,977	4,697,377
	Australia	..	..	..	..	219,916	..	219,916
Not fixed	London	..	3,619,320	..	503,700	..	..	4,123,020
	Australia	..	..	..	..	..	..	..
Total	Australia	188,379,000	112,701,285	57,610,895	64,237,967	49,474,403	12,776,207	485,179,757
	London	158,751,952	62,497,955	62,816,521	42,915,657	43,982,761	13,362,987	384,327,833
	New York	12,713,038	4,498,878	7,075,835	1,733,468	2,015,436	227,796	28,264,451
Total ..		359,843,990	179,698,118	127,503,251	108,887,092	95,472,600	26,366,990	897,772,041

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

STATE PUBLIC DEBTS, 30TH JUNE, 1939 : EARLIEST DATES OF MATURITY.

Year of Maturity.	Place of Maturity.	New South Wales.	Victoria.	Queens-land.	South Australia.	Western Australia.	Tasmania.	Total, All States.
		£	£	£	£	£	£	£
Before 1939-40	Australia	503,267	..	340,200	..	..	..	843,467
	London	11,712,278	..	4,256,313	..	4,622,904	4,604,800	25,196,295
	New York	3,892,633	..	1,025,106	..	..	..	4,917,739
1939-40	Australia	37,191,080	12,242,796	2,463,000	6,978,992	7,480,429	170,300	66,526,597
	London	22,385,389	9,839,909	..	3,815,726	3,875,422	491,000	40,407,446
1940-41	Australia	824,800	3,612,200	2,635,932	992,100	599,888	201,830	8,866,750
	London	10,954,600	5,920,700	26,023,900	4,935,370	3,228,661	2,798,000	53,861,231
1941-42	Australia	30,731,190	19,683,687	2,719,530	10,532,264	4,364,249	1,134,585	69,165,505
	London	..	..	..	..	4,871,182	..	4,871,182
1942-43	New York	8,820,405	..	1,804,891	..	..	..	10,625,296
	Australia	14,924,324	4,446,045	1,934,220	4,966,815	3,440,377	461,190	30,172,971
1943-44	London	10,288,396	..	..	..	..	..	10,288,396
	Australia	6,156,350	10,873,040	548,840	2,168,550	2,587,920	152,850	22,487,550
1944-45	London	9,527,090	..	2,000,000	2,977,800	2,716,302	..	17,221,192
	Australia	6,823,512	6,196,237	5,508,942	5,245,887	1,768,354	794,321	26,337,253
1945-46	London	..	..	3,958,800	..	..	..	3,958,800
	Australia	800	15,400	..	..	..	..	16,200
1946-47	London	19,769,216	21,307,780	19,712,888	19,307,087	12,976,463	2,304,987	95,378,421
	Australia	..	..	1,037,928	200,000	..	250,000	1,487,928
1947-48	New York	..	..	2,054,865	..	..	..	2,054,865
	Australia	4,773,967	4,493,865	1,909,985	2,929,463	1,854,959	614,390	16,576,629
1948-49	London	17,870,500	..	..	..	..	..	17,870,500
	New York	..	..	1,492,374	1,000,837	516,992	227,795	3,237,999
1949-50	Australia	14,379,220	5,033,790	2,893,451	919,470	4,264,165	852,180	28,342,276
	London	4,866,232	5,170,146	..	..	903,193	..	10,939,571
1950-51	Australia	11,234,540	3,526,783	4,984,537	1,495,010	3,060,700	484,150	24,785,720
	London	..	6,055,545	1,920,650	..	..	..	7,976,195
1951-52	Australia	26,865,059	23,797,013	8,208,818	15,570,705	7,502,675	2,759,918	84,704,188
	London	17,952,805	..	..	2,742,500	..	1,906,750	22,602,055
1952-53	Australia	9,953,620	3,802,870	4,483,946	2,633,950	3,952,210	1,041,320	25,767,916
	London	12,965,110	8,927,560	7,192,108	6,879,990	3,828,530	1,759,760	41,553,058
1953-54	New York	..	3,738,042	698,599	732,631	1,498,444	..	6,667,716
	Australia	4,617,440	2,430,679	1,860,908	1,725,380	1,322,345	715,530	12,672,282
1954-55	London	3,829,050	13,553,800	3,706,200	..	..	..	21,089,050
	Australia	..	..	775,378	..	..	..	775,378
1955-56	London	20,313,500	..	..	..	..	..	20,313,500
	Australia	..	..	305,869	..	..	..	305,869
1956-57	London	9,273,446	650,075	1,237,770	3,010,088	1,739,527	176,700	16,087,606
	New York	..	760,836	..	..	..	..	760,836
1957-58	Australia	..	..	346,684	..	..	..	346,684
	London	..	..	284,069	..	142,896	551,906	978,871
1958-59	Australia	..	..	384,082	..	164,145	..	548,227
	London	..	..	886,858	..	311,563	165,000	1,363,421
1959-60	Australia	..	..	717,535	..	424,446	..	1,141,981
	London	..	..	165,837	..	182,257	138,000	486,094
1960-61	Australia	..	..	458,106	..	153,523	..	611,629
	London	..	..	619,017	..	1,753,183	42,000	2,414,200
1961-62	Australia	..	..	..	3,693,587	8,829,191	1,080,750	13,603,528
	London	..	..	50,064	..	..	..	50,064
Overdue and unconverted	Australia	90	..	240	..	..	..	330
	London	8,450	..	..	..	..	..	8,450
Interminable	Australia	363,707	..	..	98,382	..	..	462,089
	London	1,000	..	..	..	..	..	1,000
Treasurer's Option	Australia	6,070,924	..	..	497,309	..	..	6,568,233
	London	..	..	..	2,433,499	..	..	2,433,499
Half-yearly drawings	Australia	..	..	3,894,811	..	315,589	486,977	4,697,377
	London	..	..	..	..	219,916	..	219,916
Indefinite	Australia	..	3,619,320	..	593,700	..	..	4,123,020
	London	..	..	..	..	..	..	..
Total	Australia	188,379,000	112,701,285	57,610,805	64,237,967	49,474,403	12,776,207	485,179,757
	London	158,751,952	62,497,955	62,816,521	42,915,657	43,982,761	13,362,987	384,327,833
	New York	12,713,038	4,498,878	7,075,835	1,733,468	2,015,436	227,796	28,764,451
Total ..		359,843,990	179,698,118	127,503,251	108,887,092	95,472,600	26,366,990	897,772,741

5. **Sinking Funds.**—Prior to the passing of the Financial Agreement Act 1928, the practice of providing sinking funds by the States had been consistently followed in Western Australia only. This State had established sinking funds in connexion with each of its loans the contributions to which varied from 1 per cent. to 3 per cent. per annum of the nominal amount of the loan. The funds are placed with trustees in London, by whom they are invested in securities, and applied from time to time to the redemption of loans falling due. In the other States the sinking fund provision varies, consisting in certain instances of the revenues from specified sources, in others of the Consolidated Revenue Fund surplus, and in others again of fixed annual amounts. The Financial Agreement Act 1928 contains provisions for the establishment of a sinking fund on States' debts (see p. 914). Some particulars of the transactions of the National Debt Sinking Fund (States' Account) for 1938-39 are shown below, and further details are given in *Finance Bulletin* No. 30 issued by this Bureau.

STATE PUBLIC DEBTS, 30th JUNE, 1939 : SINKING FUNDS.

Particulars.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	Total.
	£	£	£	£	£	£	£
Total Receipts, 1938-39	2,385,938	1,165,074	878,563	691,056	647,722	173,477	5,944,830
Total Receipts, to 30th June, 1939 ..	19,271,430	10,357,853	7,534,749	6,268,440	5,563,709	1,507,797	50,503,978
Total Funds applied to Redemptions, 1938-39	2,513,219	1,014,231	781,290	927,752	595,277	185,193	6,016,962
Total Funds applied to Redemptions, to 30th June, 1939 ..	19,215,042	9,854,093	7,368,503	6,151,420	6,158,448	1,498,470	50,245,976
Total Funds applied to Investments, less amount received on Investments realized to 30th June, 1939 ..	..	..	Cr. 123,058	..	Cr. 954,395	..	Cr. 1,077,453
Total Expenditure to 30th June, 1939 ..	19,215,042	9,854,093	7,245,445	6,151,420	5,204,053	1,498,470	49,168,523
Balance at 30th June, 1939, not permanently invested ..	56,388	503,760	289,304	117,020	359,656	9,327	1,335,455
Investments at 30th June, 1939 .. .. .	..	..	528,244	..	..	..	528,244
Total Balance at 30th June, 1939	56,388	503,760	817,548	117,020	359,656	9,327	1,863,609

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 1938-39, allowance having been made in cases of duplication:—

COMMONWEALTH AND STATES : REVENUE.

Year ended 30th June—	Revenue collected by Commonwealth Government.(a)	Revenue collected by State Governments.(b)(c)	Total.
	£	£	£
1935	75,956,678	97,372,643	173,329,321
1936	81,923,489	102,227,546	184,151,035
1937	82,775,120	109,075,492	191,850,612
1938	89,416,077	116,193,354	205,609,431
1939	95,001,628	115,993,501	210,995,129

(a) Excludes Balance of Interest on States' Debts, Interest on Loans to States for Soldier Land Settlement, etc., and other miscellaneous receipts from States. (b) Excludes Payments by Commonwealth Government under "Surplus Revenue", "Special Grants", "Financial Agreement", and "Federal Aid Roads" Acts. (c) See C. § 1, par. 2, *ante*.

COMMONWEALTH AND STATES : EXPENDITURE.

Year ended 30th June—	Expenditure by Commonwealth Government.(a)	Expenditure by State Governments.(b)	• Total.
	£	£	
1935	65,260,561	110,773,219	176,033,780
1936	67,983,128	115,147,782	183,130,910
1937	71,445,401	119,492,741	190,938,142
1938	75,894,537	126,241,120	202,135,666
1939	84,674,147	129,563,948	214,238,095

(a) Excludes Payments to States, Balance of Interest on States' Debts, Interest on Loans to States for Soldier Land Settlement, etc., and other miscellaneous receipts from States. Payments to States by Commonwealth for relief of Wheat-growers and other Primary Producers not deducted. (b) See C. § 1. par. 2. ante.

2. **Taxation.**—The table hereunder shows the combined Commonwealth and State taxation for each of the years 1934-35 to 1938-39, as well as the amount per head of population. Certain taxation collections by the State Governments which are not paid into the Consolidated Revenue Fund have been included :—

TOTAL COMMONWEALTH AND STATE TAXATION.

Particulars.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
Commonwealth—					
Customs and Excise	37,869,486	41,437,717	42,993,032	48,383,005	47,632,365
Sales Tax	8,554,076	9,432,468	8,008,427	8,023,886	9,308,334
Flour Tax	798,354	1,150,738	Dr. 12,193	3,025	1,808,972
Other	11,532,608	11,596,383	11,784,186	12,638,569	15,287,228
Total	58,754,524	63,617,306	62,773,452	69,048,485	74,036,899
State	36,461,255	40,981,823	45,457,135	49,692,793	50,529,392
Grand Total	95,215,779	104,599,129	108,230,587	118,741,278	124,566,291
Taxation per head (a)—					
Commonwealth—	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Customs and Excise	5 13 0	6 2 9	6 6 4	7 1 0	6 17 7
Sales Tax	1 5 6	1 7 11	1 3 6	1 3 4	1 6 9
Flour Tax	0 2 5	0 3 5	..	..	0 5 3
Other	1 14 5	1 14 5	1 14 8	1 16 10	2 4 2
Total	8 15 4	9 8 6	9 4 6	10 1 2	10 13 9
State	5 9 0	6 1 8	6 13 11	7 5 2	7 6 3
Grand Total	14 4 1	15 9 11	15 18 1	17 6 0	17 19 7

(a) That for Commonwealth based on mean population of each financial year; that for States, on the aggregate mean population of the six States.

3. Public Debt.—(i) *General.* The table hereunder shows the public debt of the Commonwealth and of the States at the 30th June in each of the years 1935 to 1939. In this table all moneys borrowed by the Commonwealth on behalf of the States have been included with State debts only, and similarly, the debts taken over by the Commonwealth from South Australia on account of the Northern Territory and of the Port Augusta—Oodnadatta Railway have been included with the Commonwealth Debt :—

COMMONWEALTH AND STATE PUBLIC DEBTS.

Particulars.	Where Redeemable.	At 30th June—				
		1935.	1936.	1937.	1938.	1939.
		£ (a)	£ (a)	£ (a)	£ (a)	£ (a)
Commonwealth	Aust. . .	220,280,163	218,291,973	214,818,637	216,400,462	218,496,483
	London	157,233,141	156,285,327	155,778,627	158,363,627	162,849,947
	New York	16,526,641	16,351,176	16,201,952	16,080,972	15,913,501
	Total (b)	394,039,945	390,928,476	386,799,216	390,845,061	397,250,931
States	Aust. . .	429,701,893	447,258,509	459,579,899	469,742,248	485,179,757
	London	389,223,822	388,575,335	387,633,735	385,888,993	384,327,833
	New York	29,038,036	28,908,661	28,747,909	28,549,461	28,264,451
	Total (b)	847,963,751	864,742,505	875,961,543	884,180,702	897,772,041
Total, Commonwealth and States	Aust. . .	649,982,056	665,550,482	674,398,536	686,142,710	703,676,240
	London	546,456,963	544,860,662	543,412,362	544,252,620	547,168,780
	New York	45,564,677	45,259,837	44,949,861	44,630,433	44,177,952
	Grand Total(b)	1,242,003,696	1,255,670,981	1,262,760,759	1,275,025,763	1,295,022,972

(a) The units of currency are—

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

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

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

(ii) *Dates of Maturity.* The particulars given in the appended table show as at 30th June, 1939, the amounts of Commonwealth and State securities maturing in Australia and overseas according to the latest year of maturity, together with the amount of interest payable yearly thereon.

COMMONWEALTH AND STATE PUBLIC DEBTS, 30th JUNE, 1939 : LATEST DATES OF MATURITY.

Year of Maturity.	Commonwealth and State Debts.				Annual Interest Payable at 30th June, 1939, in respect of Commonwealth and State Debts maturing in the Years stated.			
	Maturing in—				Interest Payable.			
	Australia.	London.	New York.	Total.	In Australia.	In London.	In New York.	Total.
	£	£ (Stg.)	£ (c)	£ (a)	£	£ (Stg.)	£ (c)	£ (b)
1939-40 ..	77,661,199	31,979,801	..	109,641,000	1,619,024	768,637	..	2,387,661
1940-41 ..	10,206,065	..	..	10,206,065	355,211	..	..	355,211
1941-42 ..	99,636,665	13,469,981	1,804,891	114,911,537	3,983,105	104,099	126,342	4,513,546
1942-43 ..	34,400,007	16,551,402	..	50,951,409	1,313,586	455,164	..	1,768,750
1943-44 ..	23,639,999	..	..	23,639,999	866,285	..	..	866,285
1944-45 ..	50,539,075	3,958,800	..	54,497,875	1,936,327	138,558	..	2,074,885
1945-46 ..	16,500	..	..	16,500	453	..	..	453
1946-47 ..	1,487,928	5,674,113	2,054,865	9,216,906	56,792	177,312	123,292	357,396
1947-48 ..	38,126,256	..	..	38,126,256	1,512,664	..	..	1,512,664
1948-49 ..	32,911,066	38,496,687	..	71,407,753	1,088,054	1,447,903	..	2,535,957
1949-50 ..	24,995,870	6,055,545	..	31,051,415	887,748	211,944	..	1,099,692
1950-51 ..	29,399,998	20,466,578	..	49,857,576	1,168,378	760,102	..	1,928,480
1951-52 ..	27,845,066	..	..	27,845,066	1,042,735	..	..	1,042,735
1952-53 ..	491,718	11,800,990	..	12,292,708	17,149	413,035	..	430,184
1953-54 ..	27,673,887	30,385,590	..	58,059,477	1,103,230	1,112,457	..	2,215,687
1954-55 ..	83,600,917	3,205,104	..	86,805,121	3,223,565	112,179	..	3,335,744
1955-56 ..	40,640,284	..	24,056,713	64,696,997	1,607,992	..	1,156,354	2,764,346
1956-57 ..	346,684	6,996,000	4,394,225	11,736,909	13,867	262,350	219,711	495,928
1957-58 ..	26,293,985	38,184,000	11,867,258	76,345,243	1,050,601	1,547,606	593,363	3,191,570
1958-59 ..	548,227	21,089,050	..	21,637,277	19,188	738,117	..	757,305
1959-60 ..	27,073,445	3,782,624	..	30,856,069	1,071,507	149,111	..	1,220,618
1960-61 ..	1,141,981	55,695,106	..	56,837,087	34,259	2,337,483	..	2,371,742
1961-62 ..	25,365,974	4,871,182	..	30,237,156	1,009,778	194,847	..	1,204,625
1962-63 ..	718,433	10,288,396	..	11,006,829	21,660	411,536	..	433,196
1963-64 ..	2,414,200	6,000,000	..	8,414,200	73,992	240,000	..	313,992
1964-65 ..	..	..	..	..	..	..	..	..
1965-66 ..	..	14,065,000	..	14,065,000	..	703,250	..	703,250
1966-67 ..	..	..	..	..	..	..	..	..
1967-68 ..	..	..	..	..	..	..	..	..
1968-69 ..	..	..	..	..	..	..	..	..
1969-70 ..	..	1,920,650	..	1,920,650	..	67,223	..	67,223
1970-71 ..	..	11,565,222	..	11,565,222	..	462,609	..	462,609
1971-72 ..	..	..	..	..	..	..	..	..
1972-73 ..	..	..	..	..	..	..	..	..
1973-74 ..	..	..	..	..	..	..	..	..
1974-75 ..	..	13,933,306	..	13,933,306	..	452,833	..	452,833
1975-76 ..	50,064	94,346,567	..	94,396,631	1,552	4,717,329	..	4,718,881
Overdue and Unconverted ..	(d) 200,287	8,450	..	208,737	283	..	..	283
Interminable ..	462,089	1,000	..	463,089	15,217	50	..	15,267
Treasurers' Option ..	6,568,233	2,433,499	..	9,001,732	189,346	73,005	..	262,351
Half-yearly Drawings ..	4,918,486	219,916	..	5,138,402	161,592	7,697	..	169,289
Annual Repayments ..	..	79,724,221	..	79,724,221	..	..	..	..
Indefinite ..	4,320,561	..	..	4,320,561	139,725	..	..	139,725
Total ..	703,676,240	547,168,780	44,177,952	1,295,022,972	25,584,865	18,366,436	2,219,062	46,170,363

(a) The total "face" or "book" value of the Public Debt, leaving out of account currency changes since the loans were floated. (b) Nominal amount of interest payable takes no account of exchange.

(c) Payable in terms of dollars. For the purposes of this table, dollars have been arbitrarily converted at the rate of 84.8665 to £1. (d) Includes £7,070 unconverted. (e) Capital and interest payments suspended by arrangement with British Government.

The following table gives particulars of Commonwealth and State Public Debt as at the 30th June, 1939, according to the earliest year of maturity, together with the amount of interest payable yearly :—

COMMONWEALTH AND STATE PUBLIC DEBTS. 30th JUNE, 1939 : EARLIEST DATES OF MATURITY.

Year of Maturity.	Commonwealth and State Debts.				Annual Interest Payable at 30th June, 1939, in respect of Commonwealth and State Debts maturing in the Years stated.			
	Maturing in.				Interest Payable.			
	Australia.	London.	New York.	Total.	In Australia.	In London.	In New York.	Total.
	£	£ (Stg.)	£ (c)	£ (a)	£	£ (Stg.)	£ (c)	£ (b)
Before 1939-40 ..	843,467	23,196,295	4,917,739	30,957,501	33,999	858,347	221,298	1,113,644
1939-40 ..	77,666,283	44,627,606	..	123,293,889	1,619,170	1,162,922	..	2,782,092
1940-41 ..	9,769,020	60,222,437	..	69,991,457	334,886	2,467,522	..	2,802,408
1941-42 ..	99,631,765	4,871,182	10,625,296	115,128,243	3,982,915	194,847	567,362	4,745,124
1942-43 ..	34,488,061	10,288,396	..	44,776,457	1,316,202	411,536	..	1,727,738
1943-44 ..	23,627,690	17,221,192	..	40,848,882	866,170	688,848	..	1,555,018
1944-45 ..	50,536,175	3,958,800	..	54,494,975	1,936,226	138,558	..	2,074,784
1945-46 ..	16,200	124,516,916	..	124,533,116	443	6,024,529	..	6,024,972
1946-47 ..	1,487,928	..	2,054,865	3,542,793	56,792	..	123,292	180,084
1947-48 ..	38,118,156	17,870,500	5,566,519	61,555,175	1,512,351	938,201	278,326	2,728,908
1948-49 ..	32,907,766	24,754,671	..	57,662,437	1,087,939	889,524	..	1,977,463
1949-50 ..	24,993,170	7,976,195	..	32,969,365	887,653	279,167	..	1,166,820
1950-51 ..	98,168,839	22,602,055	..	120,770,894	3,919,427	791,072	..	4,710,499
1951-52 ..	27,845,066	..	..	27,845,066	1,042,735	..	..	1,042,735
1952-53 ..	83,306,657	6,996,060	16,634,859	106,937,516	3,210,330	262,350	831,743	4,304,423
1953-54 ..	27,348,112	21,089,050	..	48,437,162	1,072,978	738,117	..	1,811,095
1954-55 ..	775,378	20,313,500	..	21,088,878	30,046	609,405	..	639,451
1955-56 ..	12,788,817	32,343,593	4,378,674	49,511,084	511,171	1,137,906	197,041	1,846,118
1956-57 ..	..	..	..	346,684	13,867	..	..	13,867
1957-58 ..	12,980,387	..	..	12,980,387	518,058	..	..	518,058
1958-59 ..	548,227	..	..	548,227	19,188	..	..	19,188
1959-60 ..	13,243,033	..	..	13,243,033	518,362	..	..	518,362
1960-61 ..	1,141,981	6,000,000	..	7,141,981	34,259	240,000	..	274,259
1961-62 ..	11,611,829	..	..	11,611,829	459,612	..	..	459,612
1962-63 ..	611,629	..	..	611,629	18,349	..	..	18,349
1963-64 ..	2,414,200	..	..	2,414,200	73,992	..	..	73,992
1964-65 ..	..	13,933,306	..	13,933,306	..	452,833	..	452,833
1965-66 ..	..	..	..	..	..	..	..	..
1966-67 ..	..	..	..	..	..	..	..	..
1967-68 ..	..	..	..	..	..	..	..	..
1968-69 ..	..	..	..	..	..	..	..	..
1969-70 ..	..	..	..	..	..	..	..	..
1970-71 ..	..	..	..	..	..	..	..	..
1971-72 ..	..	..	..	..	..	..	..	..
1972-73 ..	..	..	..	..	..	..	..	..
1973-74 ..	..	..	..	..	..	..	..	..
1974-75 ..	..	..	..	..	..	..	..	..
1975-76 ..	50,064	..	..	50,064	1,552	..	..	1,552
Overdue and Un-converted ..	(d) 200,287	8,450	..	208,737	283	..	..	283
Interminable ..	462,089	1,000	..	463,089	15,217	50	..	15,267
Treasurers' Option ..	6,568,233	2,433,499	..	9,001,732	189,346	73,005	..	262,351
Half-yearly Drawings ..	4,918,486	219,916	..	5,138,402	161,592	7,697	..	169,289
Annual Repayments ..	..	279,724,221	..	279,724,221	..	..	..	..
Indefinite ..	4,320,561	..	..	4,320,561	139,725	..	..	139,725
Total ..	703,676,240	547,168,780	44,177,952	1,295,022,972	25,584,865	18,366,436	2,219,062	46,170,363

(a) The total "face" or "book" value of the Public Debt, leaving out of account currency changes since the loans were floated. (b) Nominal amount of interest payable takes no account of exchange. (c) Payable in terms of dollars. For the purposes of this table, dollars have been arbitrarily converted at the rate of \$4.8665 to £1. (d) Includes £7,070 unconverted. (e) Capital and interest payments suspended by arrangement with British Government.

(iii) *Rates of Interest, 30th June, 1939.* The amount of Commonwealth and State Public Debt at each rate of interest (internal and external debt shown separately) is given in the following table:—

COMMONWEALTH AND STATE PUBLIC DEBTS, 30th JUNE, 1939 : AMOUNT AT EACH RATE OF INTEREST.

Rate of Interest.	Commonwealth and State Debt maturing—			
	In Australia. £ (Aust.)	In London. £ (Stg.)	In New York. £ (c)	Total. £ (b)
7.0	1,804,891	1,804,891
6.0	2,054,865	2,054,865
5.25	..	17,870,500	..	17,870,500
5.0375	522,275
5.0	(a) 5,288	126,521,367	31,021,783	157,548,438
4.91667	..	79,724,221	..	79,724,221
4.75	..	11,910,100	..	11,910,100
4.65	1,389,110	..	..	1,389,110
4.5	9,296,413	9,296,413
4.45025	..	84,650	..	84,650
4.2625	..	3,394,811	..	3,394,811
4.25	..	86,585	..	86,585
4.06875	..	15,207,150	..	15,207,150
4.0	(d) 306,875,986	64,544,543	..	371,420,529
3.96667	..	5,685,910	..	5,685,910
3.95417	..	1,875,750	..	1,875,750
3.89167	..	1,035,000	..	1,035,000
3.875	..	110,825,878	..	110,825,878
3.8125	..	200,000	..	200,000
3.79167	..	6,370,000	..	6,370,000
3.75	..	80,239,408	45,522,082	125,761,490
3.72917	..	350,000	..	350,000
3.675	..	66,510	..	66,510
3.625	..	412,130	..	412,130
3.5	..	16,531,283	76,337,698	92,868,981
3.4875	..	6,801,878	..	6,801,878
3.42083	..	1,130,950	..	1,130,950
3.375	..	13,822,810	..	13,822,810
3.25	..	16,977,706	34,711,677	51,689,383
3.125	..	398,230	..	398,230
3.1	..	7,740,734	..	7,740,734
3.02083	..	2,482,000	..	2,482,000
3.0	..	39,768,218	46,091,739	85,859,957
2.90625	..	225,100	..	225,100
2.75	16,551,402	16,551,402
2.7125	..	1,291,181	..	1,291,181
2.325	..	1,851,938	..	1,851,938
2.25	24,884,001	24,884,001
2.0	2,491,000	2,491,000
1.75	..	59,820,248	..	59,820,248
Overdue	..	193,217	8,450	201,667
War Savings Stamps	..	14,306	..	14,306
Total	703,676,240	547,168,780	44,177,952	1,295,022,972
Average Rate of Interest	£ s. d. 3 12 9	£ s. d. 3 18 7	£ s. d. 5 0 6	£ s. d. 3 16 0

(a) War Savings Certificates. (b) Total "face" or "book" value of the Public Debt without adjustment on account of currency changes since the loans were floated. (c) See note (c) on previous page. (d) Includes unconverted securities, £7,070.

(iv) *Interest Payable.* The table hereunder shows the interest payable on the public debt of the Commonwealth and of the States at the 30th June in each of the years 1935 to 1939:—

COMMONWEALTH AND STATE PUBLIC DEBTS : INTEREST PAYABLE.

Particulars.	Where Payable.	At 30th June.				
		1935.	1936.	1937.	1938.	1939.
		£ (a)	£ (a)	£ (a)	£ (a)	£ (a)
Commonwealth	Australia ..	8,433,132	8,363,055	8,245,897	8,301,752	8,344,627
	London (d) ..	3,108,395	3,077,601	3,040,262	3,201,299	3,493,554
	New York ..	805,973	797,954	790,935	785,240	777,586
	Total (b) ..	12,347,500	12,238,610	12,077,094	12,288,291	12,525,767
	States	Australia ..	15,297,503	15,841,783	16,333,969	16,715,028	17,240,238
	London (c) ..	15,883,742	15,407,943	15,070,888	15,010,049	14,962,882
	New York ..	1,480,500	1,474,208	1,466,264	1,456,415	1,441,476
	Total (b)	32,661,545	32,723,934	32,871,121	33,181,492	33,644,596
Total Commonwealth and States	Australia ..	23,730,435	24,204,838	24,579,866	25,016,780	25,584,865
	London (d) ..	18,992,137	18,485,544	18,111,150	18,211,348	18,366,436
	New York ..	2,286,473	2,272,162	2,257,199	2,241,655	2,219,062
	Total (b) ..	45,009,045	44,962,544	44,948,215	45,469,783	46,170,363
	Average Rate per cent.	Australia ..	£ s. d. 3 13 0	£ s. d. 3 12 9	£ s. d. 3 12 11	£ s. d. 3 12 11	£ s. d. 3 12 9
	London ..	4 1 5	3 19 6	3 18 7	3 18 5	3 18 7
	New York ..	5 0 4	5 0 5	5 0 5	5 0 5	5 0 6
	Total (b) ..	3 17 5	3 16 6	3 16 0	3 16 1	3 16 0

(a) The units of currency are—

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

* Payable in terms of dollars, see note (c) on page 907.

(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.

(d) Excludes suspended interest on War Debt due to the Government of the United Kingdom.

(v) *Short-term Debt. (a) Amount.* Particulars of the short-term debt (Treasury Bills and Debentures) of the Commonwealth and States in London and in Australia at intervals from 30th June, 1932, to 30th June, 1939, are given in the following table :—

COMMONWEALTH AND STATES : SHORT TERM DEBT.(a)

Date.	Maturing in London.			Maturing in Australia.		
	Commonwealth.	States.	Total.	Commonwealth.	States.	Total.
	£'000 Stg.	£'000 Stg.	£'000 Stg.	£'000 Aust.	£'000 Aust.	£'000 Aust.
30th June, 1932 ..	10,220	27,105	37,325	6,330	38,660	44,990
30th June, 1933 ..	10,220	23,905	34,125	3,500	45,375	48,875
30th June, 1934 ..	10,220	23,405	33,625	..	48,469	48,469
30th June, 1935 ..	10,220	23,405	33,625	..	45,124	45,124
30th September, 1935 ..	10,220	23,155	33,375	..	47,800	47,800
31st December, 1935 ..	10,220	23,155	33,375	..	51,080	51,080
31st March, 1936 ..	10,220	23,155	33,375	..	48,750	48,750
30th June, 1936 ..	10,220	23,155	33,375	..	47,013	47,013
30th September, 1936 ..	10,220	23,155	33,375	..	48,778	48,778
31st December, 1936 ..	9,720	23,155	32,875	..	53,584	53,584
31st March, 1937 ..	9,720	23,155	32,875	..	52,854	52,854
30th June, 1937 ..	9,720	23,155	32,875	..	46,408	46,408
30th September, 1937 ..	9,720	23,155	32,875	..	50,023	50,023
31st December, 1937 ..	9,470	23,155	32,625	..	54,808	54,808
31st March, 1938 ..	10,120	23,155	33,275	..	52,968	52,968
30th June, 1938 ..	5,495	23,155	28,650	..	46,598	46,598
30th September, 1938 ..	4,470	23,155	27,625	..	52,008	52,008
31st December, 1938 ..	4,220	23,155	27,375	..	59,573	59,573
31st March, 1939 ..	4,220	23,155	27,375	..	56,923	56,923
30th June, 1939 ..	4,220	23,155	27,375	..	50,228	50,228

(a) Exclusive of overdrafts.

(b) *Interest Rates. (i) London.* The rates of interest payable on Treasury Bills and Debentures in London during the period 1931-32 to 1938-39 were as follows :—

Year.		Minimum Rate.	Maximum Rate.
1931-32 .. .. .	.. .. .	3%	6½%
1932-33 .. .. .	.. .. .	2	4½
1933-34 .. .. .	.. .. .	2	3
1934-35 .. .. .	.. .. .	2	3
1935-36 .. .. .	.. .. .	2	2½
1936-37 .. .. .	.. .. .	2	2½
1937-38 .. .. .	.. .. .	2	2½
1938-39 .. .. .	.. .. .	2	2½

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

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

(vi) *Debts of States and Municipal and Semi-Governmental Bodies.* For the reasons indicated in par. 2, Division II. § 4 (page 897) direct comparisons of the debts of the several States should be made with caution. The table following shows for 1937-38 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. 30.

**PUBLIC DEBT: STATES, MUNICIPAL AND SEMI-GOVERNMENTAL BODIES,
1936-37 and 1937-38.**

State.	Debts of the States. (a)	Due to Public Creditor.(b)		Grand Total.
		Municipal.	Semi-Governmental Bodies,	
	£'000.	£'000.	£'000.	£'000.
New South Wales	354,168	34,549	48,317	437,034
Victoria	177,228	12,105	39,144	228,477
Queensland	125,782	18,289	2,605	146,676
South Australia	107,450	846	810	109,106
Western Australia	93,712	3,141	104	96,957
Tasmania	25,841	2,852	487	29,180
Total, All States { 1937-38	884,181	71,782	91,467	1,047,430
{ 1936-37	875,962	66,549	86,912	1,029,423

DEBT PER HEAD OF POPULATION.(c)

	£	£	£	£
New South Wales	130.2	12.7	17.8	160.7
Victoria	95.0	6.5	20.9	122.4
Queensland	125.3	18.3	2.6	146.2
South Australia	181.5	1.4	1.3	184.2
Western Australia	203.7	6.8	0.2	210.7
Tasmania	110.3	12.2	2.1	124.6
Total, All States { 1937-38	128.6	10.4	13.3	152.3
{ 1936-37	128.5	9.8	12.7	151.0

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

(b) Excluding overdrafts

(c) At 30th June, 1937 and 1938.

4. **The Financial Agreement between the Commonwealth and the States.**—The original Financial Agreement between the Commonwealth and the States was made on the 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.

A further Agreement was made between the Commonwealth and Tasmania only on the 1st July, 1928. This was not an amendment, but was made under the authority of Part III., Clause 3 (l) of the original Agreement.

At the meeting of the Loan Council in June, 1939, a Gentlemen's Agreement was made whereby the borrowing programmes of semi-governmental and local governmental authorities in each State should be submitted to the Loan Council for approval.

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

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

Each of the Governments submits annually to the Loan Council a programme setting forth the amount it desires to raise by loans for the next financial year for purposes other than the conversion, renewal or redemption of existing loans or temporary purposes. Any revenue deficit to be funded must be included in the loan programme. The loan programme of the Commonwealth does not include loans for Defence purposes, which are not subject to the Agreement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

These amounts represent the gross debt less—

(i) the values of properties transferred by the States to the Commonwealth as shown below.

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

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

	£
New South Wales	4,788,005
Victoria	2,302,862
Queensland	1,560,639
South Australia	1,035,631
Western Australia.. .. .	730,432
Tasmania	500,754
Total	10,924,323

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

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

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

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

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

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

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

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

(e) In respect of any loan raised after 30th June, 1927 by a State to meet a revenue deficit accruing after that date, no contribution is made by the Commonwealth but the State makes a sinking fund contribution at the rate of not less than 4 per cent. per annum of the loan for a period sufficient to provide for the redemption of the loan, the contributions being deemed to accumulate at the rate of $4\frac{1}{2}$ per cent. per annum compound interest.

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

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

(Note re Validity of Act :—Consequent on the failure of the State of New South Wales to provide certain interest payments on its public debts in accordance with the Financial Agreement, the Commonwealth Parliament passed a Financial Agreement Enforcement Act (No. 3 of 1932). The State of New South Wales attacked the validity of this Act as being *ultra vires* the Commonwealth Parliament and an infringement of public moneys for specific services. The High Court by a majority decision of four to two held that this was a valid law and dismissed the action, subsequently refusing leave to appeal to the Privy Council).