

## CHAPTER XIV. 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 Year Book 25 by dividing the subject into separate Chapters with the two broad headings of "Public Finance" and "Private Finance". Notwithstanding that the financial transactions of Local Government Bodies and certain statutory Governmental Bodies come within the category of Public Finance, it is convenient to deal with these in a separate Chapter.

The subject of "Public Finance" has been dealt with in this Chapter under the two major divisions of Commonwealth Finance—including currency and coinage—and State Finance. The close financial relations between the Commonwealth and States particularly since the *Financial Agreement Act 1928* has been in operation, however, demand a combination of these two divisions under the heading of Commonwealth and State Finance.

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

### B. COMMONWEALTH FINANCE.

#### § 1. General.

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

Section 69 provides for the transfer to the Commonwealth from the States of certain specified departments, while section 51, in outlining the powers of the Federal Parliament, implies the transfer or creation of various other departments. Section 87 deals with the financial relations between the Commonwealth and the States. These matters have been treated in some detail in previous issues of the Official Year Book up to and including No. 12, and further reference to them will not be made here.

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

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

(ii) *Revenue.* The following table shows particulars of Commonwealth Consolidated Revenue for the years 1927-28 to 1931-32 :—

## COMMONWEALTH REVENUE, CONSOLIDATED REVENUE FUND.

Particulars.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
<b>PART I.—DEPARTMENTS AND SERVICES OTHER THAN BUSINESS UNDERTAKINGS—</b>	£	£	£	£	£
Taxation .. .. .	56,637,858	56,303,489	58,187,775	50,420,106	53,959,042
Other .. .. .	4,194,603	5,116,281	4,860,200	5,754,585	4,689,486
<b>Total, Part I.</b> ..	<b>60,832,461</b>	<b>61,419,770</b>	<b>63,047,975</b>	<b>56,174,691</b>	<b>58,648,528</b>
<b>PART II.—BUSINESS UNDERTAKINGS—</b>					
Postmaster-General's Department (a) .. .. .	12,349,422	12,848,400	13,590,607	12,875,800	12,390,815
Railways .. .. .	603,162	591,016	418,037	309,237	290,553
<b>Total, Part II.</b> ..	<b>12,952,584</b>	<b>13,439,416</b>	<b>14,008,644</b>	<b>13,185,037</b>	<b>12,681,368</b>
<b>PART III.—TERRITORIES</b> ..	<b>23,182</b>	<b>35,613</b>	<b>86,770</b>	<b>207,192</b>	<b>202,402</b>
<b>PART IV.—PAYMENTS TO OR FOR STATES—(b)</b>	..	..	..	..	..
<b>Total (b)</b> .. .. .	<b>73,808,227</b>	<b>74,894,799</b>	<b>77,143,389</b>	<b>69,566,920</b>	<b>71,532,298</b>

(a) Includes certain pension contributions and repayments, and differs on that account from the figures given on page 379. (b) Excludes Balance of Interest on States Debts (payable by the States). The interest payments made on behalf of New South Wales during 1930-31 and not recovered until 1931-32, have been excluded from the foregoing figures.

(iii) *Expenditure.* Particulars of Commonwealth expenditure from Consolidated Revenue Fund for the past five years are given in the subjoined table. Details of the expenditure from Loan Fund are given later.

## COMMONWEALTH EXPENDITURE, CONSOLIDATED REVENUE FUND.

Particulars.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
<b>PART I.—DEPARTMENTS AND SERVICES OTHER THAN BUSINESS UNDERTAKINGS—</b>	£	£	£	£	£
War and Repatriation .. .. .	29,006,212	30,097,751	30,099,806	29,506,218	21,405,557
Other .. .. .	25,243,459	21,801,326	22,205,028	22,742,785	22,459,664
Balance (d) .. .. .	..	..	..	..	1,314,091
<b>Total, Part I.</b> ..	<b>54,249,671</b>	<b>51,899,077</b>	<b>52,304,834</b>	<b>52,249,003</b>	<b>45,179,312</b>
<b>PART II.—BUSINESS UNDERTAKINGS—</b>					
Postmaster-General's Department (a) .. .. .	12,393,850	12,690,072	13,025,358	12,994,870	12,196,307
Railways .. .. .	996,768	1,087,560	1,109,405	1,056,806	1,091,126
<b>Total, Part II.</b> ..	<b>13,390,618</b>	<b>13,777,632</b>	<b>14,134,763</b>	<b>14,051,676</b>	<b>13,287,433</b>
<b>PART III.—TERRITORIES</b> ..	<b>532,386</b>	<b>540,427</b>	<b>685,451</b>	<b>911,245</b>	<b>964,911</b>
<b>PART IV.—PAYMENTS TO OR FOR STATES—(b)</b>					
Other than Interest on States Debts .. .. .	11,085,789	11,036,638	11,489,344	(c)13,112,615	12,100,642
<b>Total (b)</b> .. .. .	<b>79,258,464</b>	<b>77,253,774</b>	<b>78,614,392</b>	<b>(c)80,324,539</b>	<b>71,532,298</b>

(a) Includes New Works and differs in some cases on that account from the figures given on a later page. (b) Excludes Balance of Interest on States Debts recoverable from States. (c) Excludes interest, etc., paid on behalf of New South Wales, and not recovered at 30th June, 1931. (d) Balance of receipts over ordinary expenditure appropriated for payment of Invalid and Old-age Pensions.

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

(iv) *Surplus Revenue.* Until the end of 1906-7, the balance of the Consolidated Revenue Fund was paid to the States. From 1907-8, until the abolition of the book-keeping provisions of the Constitution, the States received only three-fourths of the net Customs and Excise Revenue, and the balance of the Consolidated Revenue Fund was transferred to the Invalid and Old-age Pensions Trust Account and the Naval Defence Trust Account to provide for expenditure in subsequent years. A statement of surpluses and deficiencies for the past five years is appended hereto.

#### COMMONWEALTH SURPLUS REVENUE.

Year.	Surplus.	Deficiency.	Accumulated Surplus at end of Year.	Accumulated Deficit at end of Year.
	£	£	£	£
1927-28 .. ..	..	5,450,237	..	2,628,743
1928-29 .. ..	..	2,358,975	..	4,987,718
1929-30 .. ..	..	1,471,003	..	6,458,721
1930-31 .. ..	..	(a) 10,757,619	..	17,216,340
1931-32 .. ..	..	..	..	(b) 17,216,340

(a) Excludes Interest, etc., paid on behalf of New South Wales and not recovered at 30th June, 1931.

(b) See letterpress below.

The following payments amounting to £2,820,000 were made out of the surplus of £2,821,494 available at 30th June, 1927, and brought to account as expenditure during 1927-28:—Naval Construction and Defence Reserve, £2,250,000; Science and Industry Investigation, £250,000; Civil Aviation, £200,000; Purchase of Radium, £100,000; and Geophysical Survey of Australia, £20,000. The result of the ordinary transactions of the year 1927-28, omitting these special appropriations, was therefore a deficit of £2,630,237. The actual result of the transactions for the year 1931-32 was a surplus of £1,314,091 which was appropriated for the payment of invalid and old-age pensions in 1932-33.

## § 2. Consolidated Revenue Fund.

### Division I.—Nature of Fund.

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

### Division II.—Revenue.

1. *General.*—The following table furnishes details of the revenue from each source and the amount per head of population under each of the three main headings during the years 1927-28 to 1931-32:—

## COMMONWEALTH CONSOLIDATED REVENUE—SOURCES.

Source.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
Taxation (a) .. .. .	56,637,858	56,303,489	58,187,775	50,420,106	53,959,042
Per head of population (d) ..	£9 1 10	£8 17 10	£9 1 6	£7 15 10	£8 5 5
Business Undertakings (a) .. ..	12,907,304	13,404,412	13,969,124	13,148,341	12,653,704
Per head of population (d) ..	£2 1 5	£2 2 4	£2 3 7	£2 0 7	£1 18 9
Other Revenue—					
Interest, etc. (c)—					
Loans to States for Soldier Settlement .. .. .	1,802,175	1,832,732	1,682,891	1,387,151	1,174,187
Other .. .. .	688,803	1,683,319	1,773,723	1,668,479	1,427,307
Coinage .. .. .	203,252	92,898	41,070	141,846	191,136
Defence .. .. .	132,877	117,614	103,351	79,005	50,510
Quarantine .. .. .	31,547	26,284	28,360	20,814	16,488
Territories (b) .. .. .	23,182	35,613	86,770	207,192	202,402
Patents, Trade Marks, etc. .. .. .	44,258	44,917	58,300	54,429	48,798
Marine .. .. .	212,490	210,162	201,210	196,501	201,218
Pension Contributions .. .. .	55,439	44,297	48,924	43,932	33,747
Net Profit on Australian Note Issue .. .. .	846,274	694,642	703,666	449,506	1,305,955
Bankruptcy .. .. .	..	15,695	32,086	44,395	41,943
Ex-enemy properties .. .. .	..	..	..	1,500,000	..
Export charges .. .. .	51,953	68,959	74,034	80,785	64,092
Miscellaneous .. .. .	170,815	319,772	152,102	124,438	162,369
Total .. .. .	4,263,065	5,186,898	4,986,490	5,998,473	4,919,552
Per head of population (d) ..	£0 13 8	£0 16 4	£0 15 7	£0 18 6	£0 15 1
Grand Total (c) .. .. .	73,808,227	74,894,799	77,143,389	69,566,920	71,532,298
Per head of population (d) ..	£11 16 11	£11 16 6	£12 0 8	£10 14 11	£10 19 3

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

2. Taxation.—(i) *Total Collections.* (a) *Amount.* Collections under each heading for the years 1927-28 to 1931-32 are given below.

## TAXATION—TOTAL COLLECTIONS.

Heading.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
Customs .. .. .	29,848,379	29,502,755	30,157,040	18,224,227	18,565,630
Excise .. .. .	11,598,351	11,555,816	11,617,351	10,070,846	9,840,166
Sales Tax .. .. .	..	..	..	3,472,854	8,425,067
Land Tax .. .. .	3,027,206	2,988,885	2,840,078	2,758,598	2,156,765
Income Tax .. .. .	10,165,175	9,841,496	11,120,029	13,604,374	13,481,982
Income Tax, Federal Officers' Salaries .. .. .	..	..	..	34,475	4,304
Estate Duties .. .. .	1,752,118	2,080,149	2,122,478	2,068,865	1,385,811
Entertainments Tax .. .. .	358,865	358,697	316,121	186,661	133,072
War Time Profits Tax .. .. .	Dr. 112,236	Dr. 24,309	14,678	Dr. 794	Dr. 33,755
Total Taxation .. .. .	56,637,858	56,303,489	58,187,775	50,420,106	53,959,042
Percentage on Total Revenue ..	76.7	75.2	75.4	72.5	75.4

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

**TAXATION—PERCENTAGES ON TOTAL COLLECTIONS.**

Heading.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	%	%	%	%	%
Customs .. .. .	52.7	52.4	51.8	36.1	34.4
Excise .. .. .	20.5	20.5	20.0	20.0	18.2
Sales Tax .. .. .	..	..	..	6.9	15.6
Land Tax .. .. .	5.3	5.3	4.9	5.5	4.0
Income Tax .. .. .	18.0	17.5	19.1	27.0	25.0
Income Tax, Federal Officers' Salaries .. .. .	..	..	..	..	..
Estate Duties .. .. .	3.1	3.7	3.7	4.1	2.6
Entertainments Tax .. .. .	0.6	0.6	0.5	0.4	0.3
War Time Profits Tax .. .. .	<i>Dr.</i> 0.2	..	..	..	<i>Dr.</i> 0.1
Total .. .. .	100.0	100.0	100.0	100.0	100.0

(ii) *Customs Revenue.* (a) *Classified.* Particulars for the five years 1927-28 to 1931-32 are furnished in the following table :—

**COMMONWEALTH CUSTOMS REVENUE.—CLASSIFICATION.**

Classes.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
Stimulants .. .. .	2,820,547	2,658,071	2,598,593	1,045,601	966,952
Narcotics .. .. .	2,374,659	2,412,859	3,069,426	2,875,840	3,088,656
Sugar .. .. .	16,797	11,654	11,029	674	392
Agricultural products	1,403,054	1,262,065	1,291,643	1,000,437	1,132,319
Apparel and textiles ..	5,802,848	5,362,694	5,154,257	2,069,610	1,656,599
Metals and machinery	5,284,993	4,949,249	4,758,415	1,594,769	655,363
Oils, paints, etc. ..	2,594,879	3,092,522	4,137,016	3,945,960	5,032,748
Earthenware, etc. ..	704,207	710,052	713,599	360,889	179,885
Drugs and chemicals ..	520,424	545,958	539,275	358,334	252,357
Wood, wicker and cane	1,594,825	1,583,145	1,802,580	379,328	205,288
Jewellery, etc. ..	845,099	870,130	1,028,151	557,262	254,821
Leather, etc. ..	1,124,091	743,948	526,056	256,498	355,588
Paper and stationery	760,448	762,357	878,800	732,888	420,551
Vehicles .. .. .	2,534,738	3,193,211	2,315,739	377,688	114,938
Musical instruments ..	364,326	267,824	138,329	13,855	4,518
Miscellaneous articles	1,040,080	998,785	1,116,340	704,833	452,290
Primage .. .. .	..	..	..	1,812,624	3,657,427
Other receipts .. .. .	62,364	78,231	77,792	137,137	134,938
Total Customs .. .. .	29,848,379	29,502,755	30,157,040	18,224,227	18,565,630
Percentage on total value of imports of merchandise .. .. .	20.3	20.6	23.1	30.1 (a)	42.2 (a)

(a) Based on the sterling value of imports. The corresponding percentage on the Australian currency value of imports was 26.5 per cent. in 1930-31 and 33.1 per cent. in 1931-32.

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

## COMMONWEALTH CUSTOMS DUTIES—COLLECTIONS, EACH STATE.

State.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
New South Wales (a)	14,050,717	13,735,305	14,028,700	8,747,066	8,566,662
Victoria .. ..	8,664,279	8,776,892	8,877,033	5,554,343	6,018,159
Queensland ..	2,508,553	2,581,591	2,816,474	1,669,839	1,636,868
South Australia (b) ..	2,629,059	2,228,540	2,182,794	1,060,942	1,113,543
Western Australia ..	1,705,063	1,867,569	1,892,050	1,019,024	1,006,911
Tasmania .. ..	290,708	312,858	359,989	173,013	223,487
Total .. ..	29,848,379	29,502,755	30,157,040	18,224,227	18,565,630

(a) Includes Federal Capital Territory.

(b) Includes Northern Territory.

(iii) Excise Revenue. (a) Classified. Particulars concerning the amount of excise collected under each head during each of the years ending 30th June, 1928 to 1932, are given hereunder:—

## COMMONWEALTH EXCISE REVENUE.—CLASSIFICATION.

Particulars.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
Beer .. ..	6,155,661	6,190,725	6,105,443	5,200,361	4,739,117
Spirits .. ..	1,881,040	1,756,957	1,856,951	1,248,700	1,337,262
Concentrated Grape Must .. ..	..	..	..	766	1,840
Tobacco .. ..	3,544,602	3,597,061	3,573,198	3,283,545	3,396,098
Petrol .. ..	..	..	70,065	315,582	328,073
Starch .. ..	4,737	134	..	..	..
Licences .. ..	12,311	10,939	11,574	11,460	11,736
Playing Cards ..	..	..	120	10,432	11,129
Matches .. ..	..	..	..	..	8,330
Cigarette Tubes ..	..	..	..	..	6,581
Total Excise ..	11,598,351	11,555,816	11,617,351	10,070,846	9,840,166

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

## COMMONWEALTH EXCISE REVENUE.—COLLECTIONS, EACH STATE.

State.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
New South Wales ..	5,784,633	5,887,511	5,775,428	4,753,246	4,200,426
Victoria .. ..	2,936,982	2,907,806	3,051,581	2,986,267	3,146,119
Queensland .. ..	1,064,242	1,088,231	1,080,622	989,918	1,014,614
South Australia (a) ..	989,022	843,303	819,269	569,938	706,898
Western Australia ..	713,542	715,205	763,365	651,668	662,514
Tasmania .. ..	109,930	113,760	127,086	119,809	109,595
Total .. ..	11,598,351	11,555,816	11,617,351	10,070,846	9,840,166

(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, Entertainments Tax and Sales Tax. The following statement shows particulars of the collections on account of each of the above taxes during the last ten years. Owing to certain accounting technicalities the figures herein differ slightly from those shown in subsequent sub-sections, wherein further particulars of the several taxes are given.

## OTHER TAXATION COLLECTIONS, AUSTRALIA.

Year.	Land Tax.	Estate Duty.	Income Tax.	War-time Profits Tax.	Entertainments Tax.	Sales Tax.
	£	£	£	£	£	£
1922-23 ..	2,018,876	1,172,935	12,904,518	286,757	629,802	..
1923-24 ..	2,030,127	1,320,911	11,057,555	70,646	622,460	..
1924-25 ..	2,519,711	1,381,051	11,136,344	Dr. 74,783	680,586	..
1925-26 ..	2,521,910	1,411,336	10,858,046	Dr. 77,491	460,326	..
1926-27 ..	2,615,900	1,362,351	11,126,278	Dr. 28,357	366,159	..
1927-28 ..	3,027,206	1,752,118	10,165,175	Dr. 112,236	358,865	..
1928-29 ..	2,988,885	2,080,149	9,841,496	Dr. 24,309	358,697	..
1929-30 ..	2,840,078	2,122,478	11,120,029	14,678	316,121	..
1930-31 ..	2,758,598	2,068,865	13,604,374	Dr. 794	186,661	3,472,854
1931-32 ..	2,156,765	1,385,811	13,481,982	Dr. 33,755	133,072	8,425,067

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

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

(b) *Land Tax.* Commonwealth Land Tax was first imposed in 1910-11, when the rate of tax was 1 1-30,000d. on the first £1 increasing by 1-30,000d. for every additional £1 up to £75,000 where the increment of tax was 6d. and the average rate 3½d. The increment of tax of 6d. operated only on the excess of £75,000. The rate for an absentee is always 1d. more than for a resident, and the first £5,000 of value for an absentee bore a flat rate of 1d. per £1. In 1914-15, the rate of tax was amended by making the tax on £1, 1 1-18,750d. increasing by 1-18,750d. for each additional £1 reaching an increment of tax of 9d. at £75,000 with an average over the whole of such

field of 5d. per £1. The increment of tax applied to the excess over £75,000. Absentees correspondingly paid 1d. per £1 more than for a resident. A 20 per cent. increase which was imposed in 1918-19 was withdrawn in 1922-23 and a further reduction of 10 per cent. was granted in 1927-28. No further alteration was made in the rates until 1932-33, when the rates were reduced by 33½ per cent.

Land Tax receipts in each State and Central Office for the years 1927-28 to 1931-32 were as follows. The particulars shown differ slightly from those in a preceding sub-section :—

## LAND TAX RECEIPTS.

State, etc.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
Central Office .. ..	1,008,913	995,745	983,380	942,467	702,124
New South Wales .. ..	1,001,973	1,004,751	940,107	919,494	695,587
Victoria .. ..	601,989	600,309	585,720	564,235	481,528
Queensland .. ..	64,757	64,113	46,079	62,380	52,586
South Australia .. ..	221,745	179,623	163,982	137,510	98,979
Western Australia .. ..	70,136	92,377	81,510	76,278	75,229
Tasmania .. ..	36,910	36,379	37,254	33,111	22,586
<b>Total .. ..</b>	<b>3,006,423</b>	<b>2,973,297</b>	<b>2,838,032</b>	<b>2,735,475</b>	<b>2,128,619</b>

(c) *Estate Duty.* The Commonwealth Estate Duty Act, 1914, and Estate Duty Assessment Acts impose a duty on the estates of deceased persons where the net value of the estate exceeds £1,000. The rate of tax where the value of the estate for duty does not exceed £2,000 is £1, increasing by one-fifth of £1 for each £1,000 or part thereof in excess of £2,000, the percentage being limited to £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 past five years are appended. Owing to certain accounting technicalities, these figures differ slightly from the Treasury returns given in a previous sub-section.

## ESTATE DUTY RECEIPTS.

State, etc.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
Central Office .. ..	838,296	1,234,477	1,067,046	1,227,784	682,370
New South Wales .. ..	352,148	351,676	451,528	383,212	282,545
Victoria .. ..	310,459	295,448	395,502	270,632	296,104
Queensland .. ..	58,462	66,907	86,484	81,181	43,263
South Australia .. ..	114,902	69,850	69,023	45,455	57,912
Western Australia .. ..	52,513	43,927	35,325	30,031	20,159
Tasmania .. ..	19,998	17,275	9,432	16,465	14,164
Northern Territory .. ..	60	..	63	18	136
<b>Total .. ..</b>	<b>1,746,838</b>	<b>2,079,620</b>	<b>2,114,403</b>	<b>2,054,778</b>	<b>1,396,653</b>

The average dutiable value of estates, and the average amount of duty paid in 1931-32, were £6,209 and £282 respectively.

(d) *Income Tax.* The first Commonwealth Income Tax was levied during the year 1915-16. The legislation on the subject comprises the Income Tax Assessment Act No. 34 of 1915 and subsequent amending Acts. Full details as to the original Acts are given in Official Year Book No. 9. The following statement gives an index of the rate of tax up to and including the year 1931-32. The table gives an index of the rate of tax on the taxable amount of income, and does not take into account the variations in assessment due to changes in exemption and abatements and in the methods of assessment.

## INCOME TAX—INDEX OF RATE.

Years in which Rates were Amended.	Index of Rate of Tax.	Years in which Rates were Amended.	Index of Rate of Tax.
1915-16 .. ..	1,000	1925-26 .. ..	1,200
1916-17 .. ..	1,250	1927-28 .. ..	1,080
1918-19 .. ..	1,625	1929-30 .. ..	1,215 (a)
1920-21 .. ..	1,706	1930-31 .. ..	1,352 (a) (b)
1922-23 .. ..	1,535	1931-32 .. ..	1,420 (a) (b)
1924-25 .. ..	1,380	1932-33 .. ..	1,420 (a) (c)

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

For the years 1929-30 and 1930-31 the rates of tax were graduated according to the amount of taxable income. In 1929-30 for example, no increase was made on taxable incomes up to £200, while increases of 10 per cent., 15 per cent., and 20 per cent. were imposed on higher taxable income groups.

A consolidated scale was struck for the revenue year 1931-32, designed to incorporate all existing rates to 1930-31, and increase the previous rates by 5 per cent. At the same time the super tax on property income was increased to 2s. in the £1.

The following table shows the receipts from Income Tax in each State and Central Office for the past five years. As previously mentioned, the totals differ from figures given in an earlier sub-section of this Chapter.

## INCOME TAX RECEIPTS.

State, etc.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
Central Office .. ..	3,089,694	3,195,204	3,729,150	5,535,521	4,557,246
New South Wales .. ..	2,995,952	2,961,925	3,155,503	3,169,627	3,817,049
Victoria .. ..	2,406,399	1,924,543	2,225,040	2,656,205	2,537,581
Queensland .. ..	676,530	688,178	820,123	928,142	1,028,955
South Australia .. ..	517,912	588,127	512,076	607,411	728,218
Western Australia .. ..	306,109	317,445	466,016	467,223	584,208
Tasmania .. ..	111,996	121,969	136,818	189,588	205,717
Northern Territory .. ..	1,649	1,554	2,191	3,206	3,128
<b>Total .. ..</b>	<b>10,106,241</b>	<b>9,798,945</b>	<b>11,046,917</b>	<b>13,556,923</b>	<b>13,462,102</b>

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

## INCOME TAX RECEIPTS PER HEAD OF POPULATION.

(EXCLUDING CENTRAL OFFICE COLLECTIONS.)

State, etc.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	s. d.				
New South Wales ..	25 3	24 5	25 8	25 6	30 5
Victoria ..	27 11	22 0	25 2	29 10	28 2
Queensland ..	15 2	15 1	17 8	19 8	21 5
South Australia ..	18 2	20 4	17 8	20 11	25 0
Western Australia ..	15 11	15 11	22 8	22 4	27 9
Tasmania ..	10 9	11 7	12 11	17 7	18 8
Six States ..	22 10	21 4	23 0	25 0	27 5

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

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

(e) *Entertainments Tax.* The tax on admission to entertainments operated from 1st January, 1917, when the rate imposed was 1d. for admissions exceeding 6d. but not exceeding 1s. For admissions exceeding 1s. the rate was 1d. for the first 6d. and  $\frac{1}{4}$ d. for each 6d. or part in excess of 1s. On 1st December, 1919, the rate of tax was amended to  $\frac{1}{4}$ d. on admissions of 6d., and 1d. where admission exceeded 6d. but did not exceed 1s.; otherwise the original rate operated. A further amendment, operative from 2nd October, 1922, provided for the payment of 1d. for admissions of 1s., but did not affect the rate on admissions exceeding 1s. The rates at present in operation, which became effective on 15th October, 1925, provide for the payment of a tax of 2 $\frac{1}{4}$ d. on admissions of 2s. 6d. with an additional  $\frac{1}{4}$ d. for each 6d. or part of 6d. by which the payments exceed 2s. 6d.

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

## ENTERTAINMENTS TAX RECEIPTS.

State, etc.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
New South Wales (a) ..	157,105	159,288	132,392	76,597	52,278
Victoria ..	114,401	119,311	100,951	63,541	47,620
Queensland ..	32,690	32,711	35,598	23,887	16,371
South Australia (b) ..	22,708	16,295	12,231	4,991	4,051
Western Australia ..	21,755	24,935	25,550	15,068	12,283
Tasmania ..	4,582	3,304	4,093	1,810	1,026
Total ..	353,241	355,844	310,815	185,894	133,629

(a) Includes Federal Capital Territory.

(b) Includes Northern Territory.

(f) *War Time Profits Tax.* This tax which came into force in September, 1917, provides for a tax on the amount by which the profits made in war time exceed the pre-war standard of profits. Further details regarding its application are given in Official Year Book No. 22, 1929. The net collections, after allowing for refunds, for the five years ended 30th June, 1932, are shown hereunder:—

## WAR TIME PROFITS TAX RECEIPTS.

State, etc.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
Central Office .. ..	Dr. 42,413	5,650	1,566	Dr. 12,659	1,106
New South Wales .. ..	Dr. 54,355	Dr. 28,464	3,707	16,043	1,243
Victoria .. ..	10,033	Dr. 1,304	5,255	75	85
Queensland .. ..	Dr. 8,090	12,677	5,905	Dr. 1,077	Dr. 25
South Australia .. ..	Dr. 19,805	Dr. 17,446	Dr. 2,069	Dr. 3,331	..
Western Australia .. ..	Dr. 2,327	..	183	..	..
Tasmania .. ..	Dr. 3,593	Dr. 320	Dr. 1,099	..	..
<b>Total .. ..</b>	<b>Dr. 120,550</b>	<b>Dr. 29,207</b>	<b>13,448</b>	<b>Dr. 949</b>	<b>2,409</b>

(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. 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 rate of tax was increased to 6 per cent. on taxable sales to operate during the year 1931-32.

Particulars of the net collections of Sales Tax and certain other details for each State for 1931-32 are included in the statement following. The figures regarding "Tax collected" represent collections during the period 1st July, 1931, to 30th June, 1932 adjusted on account of rebates of tax allowed in returns to taxpayers as deductions, while those relating to sales are in respect of the period 1st June, 1931, to 31st May, 1932.

## SALES TAX AND AMOUNT OF SALES, 1931-32.(a)

State or Territory.	Gross Taxable Sales.	Non-Taxable Sales.	Sales of Exempt Goods.	Net Amount of Sales on which Sales Tax was payable.	Tax Collected. (a)
	£'000.	£'000.	£'000.	£'000.	£
New South Wales .. ..	59,082	51,502	62,575	56,109	3,178,212
Victoria .. ..	52,659	47,107	63,472	49,681	2,869,956
Queensland .. ..	20,797	8,857	33,348	19,508	1,094,403
South Australia .. ..	11,741	6,685	14,475	11,057	619,959
Western Australia .. ..	9,075	3,196	11,281	8,401	503,099
Tasmania .. ..	3,240	2,623	4,437	2,960	165,052
Northern Territory .. ..	14	1	46	14	1,145
<b>Total .. ..</b>	<b>156,608</b>	<b>119,971</b>	<b>189,634</b>	<b>147,730</b>	<b>8,431,826</b>

(a) The difference between the amount of tax collected and 6 per cent. on net amount of sales on which tax was payable is due to rebates allowed as deductions from tax without the corresponding deduction from "Net Sales".

Of the total tax collections, £501,371 was collected by the Customs Department in respect of imported goods.

3. *Business Undertakings.*—(i) *Postal Revenue.* Particulars concerning this branch of revenue for each of the financial years from 1927-28 to 1931-32 are contained in the following table :—

## COMMONWEALTH POSTAL REVENUE.

Particulars.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
Private boxes and bags ..	61,346	79,101	69,185	64,959	63,089
Commission—					
Money orders and postal notes ..	240,392	244,976	259,609	216,645	228,421
Telegraphs .. ..	1,422,179	1,447,256	1,390,012	1,152,918	1,085,960
Telephones .. ..	5,034,051	5,459,559	5,862,686	5,044,356	5,399,365
Postage .. ..	5,006,019	5,177,177	5,179,082	5,276,663	5,086,919
Radio receipts .. ..	45,030	22,177	166,847	155,672	168,197
Miscellaneous .. ..	495,125	383,150	623,666	327,891	331,200
<b>Total .. ..</b>	<b>12,304,142</b>	<b>12,813,396</b>	<b>13,551,087</b>	<b>12,839,104</b>	<b>12,363,151</b>

Further particulars of Postal Revenue are given in Chapter VI., Transport and Communication.

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

## COMMONWEALTH RAILWAY REVENUE.

Railway.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
Trans-Australian ..	333,000	344,948	274,816	190,028	177,254
Central Australian ..	191,115	185,811	104,724	86,360	85,456
North Australian ..	68,844	50,259	31,291	28,986	23,548
Federal Capital Territory ..	10,203	9,998	7,206	3,863	4,295
<b>Total .. ..</b>	<b>603,162</b>	<b>591,016</b>	<b>418,037</b>	<b>309,237</b>	<b>290,553</b>

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

4. *Other Sources of Revenue.*—The most important investments of the Commonwealth Government from which interest is derived are—Loans to States, General Trust Funds, Loans placed in London, Fixed Deposits with the Commonwealth and other Banks, and certain advances. In 1931-32 the total included interest on Loans to States for Soldier Land Settlement and for advances for Development and Migration and for miscellaneous purposes, payable by States; Interest on General Trust Fund Investments; Interest, Nauru Island Agreement and Interest from British Government on Development and Migration. As previously mentioned, the "Balance of Interest on States' Debts" payable by States under the Financial Agreement Act has not been included in the detailed statement.

## Division III.—Expenditure.

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

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

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

The *Financial Emergency Act* (No. 10, 1931) provided for a reduction of internal interest by 22½ per cent., and of 20 per cent. on salaries and wages of Government employees and on war pensions, and of 12½ per cent. on old-age pensions. More complete details regarding the steps taken to reduce expenditure and balance the budget are given in the Appendix. (See *Financial Crisis*.)

2. Details of Expenditure from Consolidated Revenue.—(i) *General*. The following table gives details of the expenditure from Consolidated Revenue exclusive of the "Balance of Interest on States' Debts" (recoverable from the States) during the last five years. Particulars for each Department, as constituted at 30th June, 1932, are stated hereinafter.

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

## COMMONWEALTH EXPENDITURE FROM CONSOLIDATED REVENUE.

Heads of Expenditure.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
Cost of Departments .. ..	34,720,926	34,897,077	36,779,706	37,631,261	35,879,386
Miscellaneous—					
New Works .. ..	229,626	274,730	245,536	74,445	832,622
War Services .. ..	29,006,212	30,097,751	30,099,806	29,506,218	21,405,557
Payments to or for the States .. ..	9,085,789	9,036,638	9,489,344	11,112,615	10,288,503
Special Defence Provision .. ..	4,215,911	947,578	..	..	..
Federal Aid Roads .. ..	2,000,000	2,000,000	2,000,000	2,000,000	1,812,139
Balance (c) .. ..	..	..	..	..	1,314,091
<b>Total (a) .. ..</b>	<b>79,258,464</b>	<b>77,253,774</b>	<b>78,614,392</b>	<b>80,324,539</b>	<b>71,532,298</b>
<b>Per head of population (b)</b>	<b>£12 14 5</b>	<b>£12 4 0</b>	<b>£12 5 3</b>	<b>£12 8 2</b>	<b>£10 19 3</b>

(a) Excludes Balance of Interest on States' Debts recoverable from States. (b) Based on mean population of each financial year. (c) Balance of receipts over ordinary expenditure appropriated for the payment of Invalid and Old-age Pensions.

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

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

(ii) *Cost of Departments.*—(a) *Governor-General.* Section 30 of the Constitution enacts that, until the Commonwealth Parliament otherwise provides, there shall be payable out of the Consolidated Revenue Fund for the salary of the Governor-General an annual sum of ten thousand pounds, and a proviso is made that the salary of the Governor-General shall not be altered during his continuance in office. The total expenditure in connexion with the Governor-General and establishment for the five years 1927-28 to 1931-32 is as follows:—

## EXPENDITURE.—GOVERNOR-GENERAL AND ESTABLISHMENT.

Details.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
Salary .. .. .	10,000	10,000	10,000	10,000	8,900
Governor-General's Establishment ..	10,152	21,576	15,329	11,064	9,802
Contingencies (a) .. .. .	6,361	7,118	5,395	3,099	1,885
Interest .. .. .	853	853	853	832	856
<b>Total .. .. .</b>	<b>27,366</b>	<b>39,547</b>	<b>31,577</b>	<b>24,995</b>	<b>21,443</b>

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

(b) *Parliament.* Under this head have been grouped all the items of expenditure connected with the parliamentary government of the Commonwealth for the last five years. Although the administration of the Electoral Act and the conduct of elections comes 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.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
Salaries of Ministers .. .. .	15,300	15,300	15,300	15,300	11,858
Allowances to Senators .. .. .	35,251	35,541	35,746	35,504	28,324
Allowances to Members of House of Representatives .. .. .	74,278	73,720	74,107	74,012	59,004
Officers, staff, contingencies, etc.	81,941	73,940	78,039	75,764	60,441
Repairs, maintenance, etc. .. .. .	4,459	6,179	5,561	5,327	6,275
Printing .. .. .	37,888	24,938	35,003	31,644	26,035
Travelling expenses of Members and others .. .. .	28,074	26,725	26,699	25,006	25,708
Electoral Office .. .. .	88,226	86,410	90,051	92,182	72,199
Election expenses .. .. .	875	118,831	106,932	1,717	91,054
Administration of Electoral Act	31,260	41,019	39,465	21,874	33,971
Miscellaneous .. .. .	22,378	55,160	48,798	42,936	38,455
<b>Total .. .. .</b>	<b>419,930</b>	<b>557,763</b>	<b>555,701</b>	<b>421,266</b>	<b>453,324</b>

In section 66 of the Constitution, provision is made for payment out of the Consolidated Revenue Fund of the Commonwealth, for the salaries of Ministers of State, of an annual sum which, until Parliament otherwise provides, shall not exceed £12,000. This was modified in 1915-16, when the Minister of the Navy was given separate Cabinet rank. Allowances to Senators and Members of the House of Representatives are also provided for in the Constitution, section 48 of which specifies that until Parliament otherwise provides, each such allowance shall consist of £400 a year reckoned from the day on which the member takes his seat. During the second session of the Parliament in 1907 an Act was passed raising the annual allowance from £400 to £600, such increase to date from 1st July, 1907. In 1920, the salaries of members of both Houses were further increased to £1,000 per annum. By the Income Tax Salaries Act of 1930, the salaries of Ministers or presiding officers in either House of Parliament were subjected to a tax of 15 per cent., Chairman of Committees or Leader of the Opposition in either House, 12½ per cent., and other Members of either House, 10 per cent. The salaries and allowances of Ministers of the Crown and of members were reduced in July, 1931, by approximately 22½ per cent., and in September, 1932, by a further 5 per cent. (approximately), under the Financial Emergency Acts of 1931 and 1932 respectively.

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

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

Details.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Salaries, contingencies, and miscellaneous .. ..	£ 164,755	£ 153,373	£ 160,409	£ 240,746	£ 133,886
Audit Office .. ..	34,877	36,817	36,871	34,984	31,179
Rent, repairs, etc. .. ..	30,202	19,539	14,458	6,982	7,333
Public Service Board's Office .. ..	55,946	54,864	52,851	49,877	33,720
High Commissioner's Office .. ..	80,820	66,133	60,684	56,777	46,446
Commissioner for Australia in United States of America .. ..	16,808	13,134	15,516	11,228	6,086
Interest and Sinking Fund .. ..	784,120	907,499	976,126	968,907	962,051
Mail Service, Pacific Islands .. ..	52,051	49,750	51,989	47,848	42,262
Secretariat, League of Nations .. ..	23,994	25,758	28,078	30,762	42,656
Scientific and Industrial Research .. ..	269,629	19,451	8,664	8,165	1,925
Pensions and Superannuation .. ..	6,072	5,434	6,178	5,398	6,267
Total .. ..	1,519,274	1,351,752	1,411,824	1,461,674	1,313,811

(a) Excluding Territories, see page 387.

(d) *Department of the Treasury.* The sub-departments under the control of the Commonwealth Treasurer are the Treasury, the Pensions Department, the Taxation Office, the Supply and Tender Board, the Superannuation Fund Management Board and the Bureau of Census and Statistics which was transferred from the Department of Home Affairs on 13th April, 1932. Details of the expenditure of this Department for the last five years are given below.

## EXPENDITURE.—DEPARTMENT OF THE TREASURY.

Details.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
Treasury .. .. .	53,418	54,548	52,869	51,775	48,642
Taxation Office .. .. .	452,738	428,765	440,102	493,793	455,516
Pensions Office .. .. .	117,071	83,891	86,940	91,278	80,008
Maternity Allowance Office .. .. .	15,297	16,464	15,028	15,002	13,882
Census and Statistics .. .. .	30,377	30,697	32,236	29,723	26,063
Coinage .. .. .	43,008	19,540	11,534	3,485	20,058
Rent, repairs, etc. .. .. .	16,371	15,672	13,801	8,320	8,259
Interest and Sinking Fund .. .. .	669	8,168	171,762	555,822	958,744
Exchange .. .. .	..	..	98,367	185,843	942,360
Miscellaneous .. .. .	78,511	89,495	48,537	47,958	307,584
<b>Departmental Expenditure</b>	<b>807,460</b>	<b>747,240</b>	<b>971,176</b>	<b>1,482,999</b>	<b>2,861,116</b>
Invalid and Old-age Pen- sions (a) .. .. .	9,681,837	9,991,299	10,633,979	11,549,828	10,978,633
Maternity Allowance .. .. .	678,920	661,520	642,990	630,652	378,022
Maintenance of persons in charitable institutions .. .. .	108,509	132,940	157,346	161,125	147,323
<b>Total .. .. .</b>	<b>11,276,726</b>	<b>11,532,999</b>	<b>12,405,491</b>	<b>13,824,604</b>	<b>14,365,094</b>

(a) Including £1,421,493 spent from Trust Funds in 1927-28.

(e) *Attorney-General's Department.* The Attorney-General is also Minister for External Affairs, but the expenditure of the latter department is included in that of the Prime Minister's Department. The creation of the Bankruptcy Administration in 1927-28 has been partly responsible for the increased expenditure over earlier years for the Attorney-General's Department. Details for the five years 1927-28 to 1931-32 are furnished hereunder:—

## EXPENDITURE.—ATTORNEY-GENERAL'S DEPARTMENT.

Details.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
Attorney-General's Office .. .. .	17,337	24,390	19,691	19,709	15,126
Crown Solicitor's Office .. .. .	28,626	29,392	27,983	27,144	22,244
Salaries of Justices of High Court .. .. .	21,500	21,328	17,926	17,371	18,500
High Court expenses .. .. .	13,511	15,218	15,441	15,609	11,047
Court of Conciliation and Arbitration .. .. .	27,625	27,491	27,195	21,785	18,046
Public Service Arbitrator's Office .. .. .	4,368	4,465	5,471	1,740	2,678
Rent, repairs, etc. .. .. .	20,004	24,111	22,613	18,624	17,890
Patents, Trade Marks, etc. .. .. .	52,671	51,477	56,301	54,136	51,040
Investigation Branch .. .. .	10,769	10,951	11,896	12,175	9,712
Bankruptcy .. .. .	3,102	20,941	24,909	32,586	28,521
Miscellaneous .. .. .	32,184	16,981	16,065	12,320	1,724
<b>Total .. .. .</b>	<b>231,697</b>	<b>246,745</b>	<b>245,491</b>	<b>233,199</b>	<b>196,528</b>

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

Territories and the Commonwealth Railways, which are administered by the Department of the Interior are, for convenience, included under Territories and Railways respectively (sub-sections (ii) (l) and (m) hereinafter). The Electoral Office was previously attached to the Department of Home Affairs, but, as was the case in previous years, the expenditure of this branch is included under Parliament, in sub-section (ii) (b) *ante*.

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

**EXPENDITURE.—DEPARTMENT OF THE INTERIOR.(a)**

Details.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
Salaries, Contingencies and Miscellaneous—					
Administrative ..	146,900	146,973	119,573	140,975	85,904
Meteorological Bureau	36,103	35,935	36,199	36,040	30,733
Solar Observatory ..	7,207	7,585	5,497	5,486	4,369
Forestry Branch ..	6,527	7,116	7,509	7,253	6,102
Rent, Repairs and Maintenance ..	23,364	30,819	25,944	10,693	12,335
Pensions and Retiring Allowances ..	8,018	8,643	10,315	12,530	11,955
Petroleum Prospecting ..	..	..	18,800	10,000	1,000
Interest ..	281,494	351,853	419,244	417,855	404,901
Sinking Fund ..	32,810	36,331	42,790	27,100	46,740
All Other ..	76,751	15,749	7,407	22,936	2,687
<b>Total ..</b>	<b>619,174</b>	<b>641,004</b>	<b>693,278</b>	<b>690,868</b>	<b>606,806</b>

(a) Excludes Territories, Railways and Electoral Office.

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

**EXPENDITURE.—DEPARTMENT OF DEFENCE.**

Details.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
<b>Defence—Chief Office ..</b>	<b>24,182</b>	<b>25,821</b>	<b>23,483</b>	<b>22,809</b>	<b>19,447</b>
Military ..	1,284,886	1,270,443	1,455,241	1,364,187	1,180,128
Audit (Proportion) ..	6,272	6,686	9,647	6,302	4,977
Pensions and Retiring Allowances (a) ..	16,551	20,353	23,899	37,336	32,909
Rent, Repairs, etc. ..	28,412	34,577	47,526	25,050	23,657
Interest and Sinking Fund ..	221,702	229,965	238,406	231,449	237,715
Exchange ..	..	..	..	4,827	7,869
Miscellaneous ..	23,424	24,396	24,683	5,766	13,302
<b>Total ..</b>	<b>1,605,429</b>	<b>1,612,241</b>	<b>1,822,885</b>	<b>1,697,717</b>	<b>1,520,004</b>
<b>Navy—Chief Office ..</b>	<b>83,623</b>	<b>83,257</b>	<b>80,537</b>	<b>66,788</b>	<b>50,009</b>
Naval ..	1,930,861	1,808,247	1,946,418	1,610,590	1,326,357
Audit (Proportion) ..	2,465	2,462	6,729	2,557	2,004
Pensions and Retiring Allowances (a) ..	2,544	2,451	3,807	3,283	3,403
Rent, Repairs, etc. ..	40,591	43,720	37,166	24,624	15,539
Interest and Sinking Fund ..	74,291	77,189	83,802	81,012	82,078
Exchange ..	..	..	..	38,698	24,153
Miscellaneous ..	17,842	17,117	17,074	7,221	3,679
<b>Total ..</b>	<b>2,152,217</b>	<b>2,034,443</b>	<b>2,174,533</b>	<b>1,834,773</b>	<b>1,507,222</b>
<b>Air Services—</b>					
Civil Branch—Pay, etc. ..	15,285	17,285	20,881	20,909	17,353
Development of Civil Aviation ..	49,985	50,990	75,332	108,787	101,266
<b>R. A. A. F.—</b>					
Pay, etc. ..	199,060	227,325	237,305	230,301	101,719
General Contingencies ..	74,273	79,346	82,913	69,518	66,844
General Stores and Maintenance ..	37,673	32,087	80,062	53,470	54,898
Rent, Repairs, etc. ..	14,176	13,754	16,036	15,802	14,045
Interest and Sinking Fund ..	20,944	24,752	28,543	27,877	28,157
Exchange ..	..	..	..	11,170	2,440
Miscellaneous ..	15,877	12,284	13,160	9,338	6,015
<b>Total ..</b>	<b>428,173</b>	<b>457,823</b>	<b>555,132</b>	<b>547,172</b>	<b>482,737</b>
<b>Grand Total ..</b>	<b>4,185,819</b>	<b>4,104,507</b>	<b>4,552,550</b>	<b>4,079,662</b>	<b>3,500,963</b>

(a) Includes Superannuation.

(h) *Trade and Customs Department.* Under this head have been included the expenditure of all the sub-departments under the control of the Minister for Trade and Customs, in addition to the amounts payable as bounties and the expenses in connexion therewith. Particulars for the five years 1927-28 to 1931-32 are given in the following table:—

## EXPENDITURE.—TRADE AND CUSTOMS DEPARTMENT.

Details.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
Chief Office .. ..	69,029	70,814	73,855	67,708	49,771
Customs—Ordinary .. ..	563,055	569,168	565,038	545,598	435,612
Audit (proportion) .. ..	10,045	9,421	2,323	10,332	9,052
Pensions and Superannuation .. ..	32,922	35,595	36,952	38,781	37,571
Rent, Repairs, etc. .. ..	19,265	14,387	11,906	5,169	4,240
Bounties .. ..	890,574	532,564	517,582	446,344	410,173
Interest and Sinking Fund .. ..	34,312	34,356	34,405	33,288	34,555
Miscellaneous .. ..	14,756	10,732	13,928	9,384	3,542
<b>Total .. ..</b>	<b>1,633,958</b>	<b>1,277,037</b>	<b>1,255,989</b>	<b>1,156,604</b>	<b>984,516</b>

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

## EXPENDITURE.—HEALTH DEPARTMENT.

Details.	1927-28.	1928-29.	1929-30.	1930-31.	1931-22.
	£	£	£	£	£
Central Administration ..	23,769	22,791	19,216	27,498	22,437
Salaries, Contingencies, etc.	91,746	93,202	92,743	88,790	72,703
Interest .. ..	12,784	13,394	13,749	13,680	14,069
Rent and repairs .. ..	23,914	21,126	17,537	8,917	4,337
Subsidy, Cattle Tick Control .. ..	44,832	54,972	57,318	53,066	44,450
Miscellaneous .. ..	177,292	85,627	74,670	29,346	16,815
<b>Total .. ..</b>	<b>374,337</b>	<b>291,112</b>	<b>275,233</b>	<b>221,297</b>	<b>174,811</b>

During 1927-28, a sum of £100,000 expended on the purchase of radium was included in the item "Miscellaneous." Other items included in "Miscellaneous" are subsidies in connexion with the control of venereal diseases and tuberculosis, maternal and infant hygiene, Health Research Council, and grants in aid of research. etc.

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

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

**EXPENDITURE.—DEPARTMENT OF COMMERCE.**

Details.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Salaries, Contingencies and Miscellaneous—	£	£	£	£	£
Administrative ..	69,598	68,147	71,376	70,306	61,910
Marine ..	280,225	270,950	263,901	237,103	193,934
Administration of Commerce Act ..	29,961	30,581	35,648	45,772	45,055
Export Control—					
Canned Fruits ..	4,506	3,819	4,990	6,500	5,994
Dried Fruits ..	27,623	42,753	46,152	38,779	27,167
Dairy Produce ..	21,294	22,374	22,898	24,309	24,410
Assistance Marketing					
Primary Produce ..	..	50,000	50,000	31,000	19,500
Rent, Repairs, Maintenance, &c. ..	9,203	10,859	7,419	5,071	7,338
Pensions and Retiring					
Allowances ..	4,007	4,195	5,585	6,847	6,466
Interest ..	72,760	86,498	93,040	96,174	132,130
Sinking Fund ..	7,857	8,685	9,210	6,010	26,790
All Other ..	19,793	15,980	36,088	32,543	31,278
<b>Total ..</b>	<b>546,827</b>	<b>614,841</b>	<b>646,307</b>	<b>600,414</b>	<b>581,972</b>

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

**EXPENDITURE.—POSTAL DEPARTMENT.**

Details.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
Chief Office ..	77,469	80,440	87,395	93,845	69,637
Postal Department (ordinary) ..	9,811,847	9,831,131	9,847,327	9,381,512	7,792,014
Wireless ..	25,041	37,903	69,800	74,790	72,422
Audit (proportion) ..	11,149	11,593	12,150	12,930	9,700
Pensions and retiring allowances ..	102,173	110,605	110,032	110,480	103,830
Superannuation ..	93,431	112,546	136,095	156,822	160,739
Rents, repairs, etc. ..	151,109	127,855	129,145	68,989	61,471
Interest on transferred properties ..	290,262	290,262	290,262	290,262	290,262
Interest on Commonwealth Securities ..	1,194,453	1,403,069	1,619,995	1,648,754	1,598,759
Sinking Fund on Commonwealth Securities ..	475,009	518,060	560,125	742,569	779,699
Exchange ..	..	..	..	300,115	724,708
Miscellaneous ..	161,033	157,261	163,032	113,802	90,547
<b>Total ..</b>	<b>12,392,976</b>	<b>12,680,725</b>	<b>13,025,358</b>	<b>12,994,870</b>	<b>11,753,788</b>

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

## EXPENDITURE.—COMMONWEALTH RAILWAYS.

Details.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
Trans-Australian .. ..	286,175	301,821	294,090	251,577	195,454
North Australian .. ..	67,967	54,697	56,155	55,606	45,733
Central Australian .. ..	165,306	198,213	198,108	157,076	111,937
Federal Capital Territory ..	9,588	10,504	8,458	6,344	5,035
Interest .. ..	407,646	462,728	490,491	500,319	477,801
Sinking Fund .. ..	47,411	50,519	52,479	37,789	58,158
Exchange .. ..	..	..	..	38,281	136,366
Miscellaneous .. ..	12,675	9,278	9,624	9,814	9,726
<b>Total .. ..</b>	<b>996,768</b>	<b>1,087,560</b>	<b>1,109,405</b>	<b>1,056,806</b>	<b>1,040,210</b>

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

(m) *Territories.* The following table shows the expenditure on account of territorial services for the past 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.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
<b>Internal—</b>					
North and Central Australia (a) .. ..	132,758	145,380	138,925	(b)149,152	(b)161,271
Federal Capital Territory (a) .. ..	286,879	251,348	365,813	650,827	661,545
<b>External—</b>					
Papua .. ..	58,947	57,411	49,853	52,969	47,857
New Guinea .. ..	13,490	13,346	12,911	8,054	2,947
Norfolk Island .. ..	4,000	4,000	4,000	4,000	3,500
<b>Total .. ..</b>	<b>496,074</b>	<b>471,485</b>	<b>571,502</b>	<b>865,002</b>	<b>877,120</b>

(a) Exclusive of Railways. (b) Northern Territory.

(iii) *Miscellaneous.* (a) *New Works.* The expenditure on additions, new works, etc., during the last five years was as follows:—1927-28, £229,626; 1928-29, £274,730; 1929-30, £245,536; 1930-31, £74,445; and 1931-32, £832,622.

In the latter year, expenditure on New Works was not made from Loan Funds, the money being provided from revenue. The principal items of expenditure were—River Murray Waters Act, £142,000; War Service Homes, £33,000; Defence—Military and Munitions, £28,237; Naval, £1,691; Air Services, £11,664; Railways, £75,000; Postal, etc., Works, £580,000; Federal Capital Territory, £60,500; and Northern Territory, £16,000.

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

### Division IV.—Payments to or for the States.

References to the payments by the Commonwealth to or for the States under the various Acts were made in earlier issues of the Official Year Book, while particulars relating to the payments under the *Financial Agreement Act 1928*, are given on pages 21 to 32 of Chapter I. of this volume. The total payments by the Commonwealth in this connexion up to 30th June, 1932, amounted to £251,080,000, details of which are given in the table following.

#### PAYMENTS BY THE COMMONWEALTH TO OR FOR THE STATES.

Particulars.	N.S.W.	Vic.	Q'land.	S.A.	W.A.	Tas.	All States.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
1900-01 to 1909-10 (a) ..	27,606	19,815	8,894	6,148	8,728	2,602	73,793
1910-11 to 1926-27 (b) ..	41,634	31,341	15,184	9,925	6,892	4,368	109,344
1927-28 to 1931-32 (c) ..	16,450	11,712	6,218	4,162	2,860	1,483	42,885
Special Grants (d) ..	..	..	..	2,530	4,956	3,010	10,496
Grants for Road Construction, 1922-23 to 1931-32	3,840	2,511	2,585	1,569	2,619	688	13,812
Unemployment Relief, 1930-31 (e) .. ..	194	332	73	45	65	41	750
<b>Total .. ..</b>	<b>89,724</b>	<b>65,711</b>	<b>32,954</b>	<b>24,379</b>	<b>26,120</b>	<b>12,192</b>	<b>251,080</b>

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

For the year ended 30th June, 1932, the payments made to or for each State are given below.

#### PAYMENTS BY THE COMMONWEALTH TO OR FOR THE STATES, 1931-32.

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	793,816	473,432	266,859	7,584,912
Sinking Fund on State Debts (a) .. ..	448,142	251,994	154,649	146,627	118,946	33,233	1,153,591
Special Grants .. ..	..	..	..	1,000,000	300,000	250,000	1,550,000
<b>Total .. ..</b>	<b>3,365,553</b>	<b>2,379,153</b>	<b>1,250,884</b>	<b>1,850,443</b>	<b>892,378</b>	<b>550,092</b>	<b>10,288,503</b>

(a) Paid to National Debt Sinking Fund.

In addition to the foregoing, the Commonwealth contributed £1,812,139 during the year in respect of Federal Aid Roads.

### § 3. Trust Funds.

The Trust Fund balances on 30th June, 1932, amounted to £16,047,626, as compared with £13,372,963 for the corresponding date in the year 1931.

### § 4. Commonwealth Loan Funds and Public Debt.

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

2. *Loans taken over from South Australia.*—The first portions of the debt were contracted at the beginning of 1911, when the Commonwealth assumed responsibility for the payment of interest on transferred properties (further dealt with in sub-section 4) and for the administration and the liabilities of the Northern Territory and the

Port Augusta—Oodnadatta Railway. At 30th June, 1911, the debt on account of the former was £3,657,836, and on account of the latter, £2,274,486—a total of £5,932,322. As the securities fall in they are redeemed by the Commonwealth Government, the money required being taken from the Loan Fund. At 30th June, 1932, the debt outstanding amounted to £1,283,070, of which £362,024 was on account of the Northern Territory, and £921,046 on account of the railway.

3. Loan Fund for Public Works, Redemptions, etc.—Up to the year 1911 the Commonwealth Government had met its public works expenditure out of revenue. In that year, however, in view of the heavy prospective cost of the Trans-Australian Railway and the Federal Capital Territory, it was decided to institute a Loan Fund similar to those of the States. 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  $3\frac{1}{2}$  per cent., and inscribed stock of an equivalent value was created. Since the outbreak of war, the money required for the Loan Fund has been mainly obtained by the issue of Treasury Bills and other securities issued in London and New York as well as in Australia. In 1931–32, all expenditure on works was made from revenue. The expenditure from loan fund for the year comprised Wheat Bounty, £3,296,464 and Unemployment Relief, £153,873—a total of £3,450,337.

## COMMONWEALTH LOAN EXPENDITURE FOR WORKS.

Particulars.	1926–27.	1927–28.	1928–29.	1929–30.	1930–31.	Total to 30th June, 1931.
	£	£	£	£	£	£
Immigration (a) .. .. .	248,104	261,353	132,815	57,705	..	1,680,835
Shipbuilding Yards and Docks .. .. .	..	..	..	..	..	733,711
Ship Construction .. .. .	..	Cr. 163,216	Cr. 86,784	Cr. 165,000	Cr. 165,000	8,394,060
Subscriptions to Capital of Commonwealth Oil Refinery .. .. .	..	..	..	..	..	343,751
Federal Capital Territory Works, Services, and Acquisition of Land .. .. .	1,671,753	998,507	1,193,500	253,988	263,077	7,994,328
North Australia Commission .. .. .	8,400	22,900	40,800	23,000	16,103	111,203
Drill Halls, Stores, Barracks, etc. .. .. .	18,158	26,984	33,014	20,204	458	427,084
Rifles and Ammunition Reserve .. .. .	..	..	..	..	..	375,300
Other Military Services .. .. .	12,978	9,831	231	1,000	..	101,959
Naval Bases, Depots, etc. .. .. .	127,016	62,303	36,907	93,230	6,229	1,466,556
Fleet Construction .. .. .	..	..	..	..	..	355,397
Other Naval Services .. .. .	24,000	..	..	..	..	71,300
Air Services—						
R.A.A.F. .. .. .	140,364	103,227	40,530	32,740	8,766	473,010
Civil Aviation .. .. .	5,516	3,916	..	..	13,596	53,773
Buildings and Works, Munitions Production .. .. .	93,098	101,308	92,513	83,127	38,467	1,185,852
Other Munitions Supply Services .. .. .	2	..	..	..	..	1,150
Lighthouses and Lighthouse Services .. .. .	24,927	23,475	17,673	18,520	89,500	643,900
River Murray Waters Act .. .. .	209,500	250,000	250,000	200,000	122,000	2,195,625
Telegraph and Telephone Construction .. .. .	3,627,619	3,357,432	2,775,991	2,537,489	1,248,197	30,024,968
Post Office Buildings and Land .. .. .	317,706	296,931	227,397	224,186	38,190	3,398,382
Wireless .. .. .	50,462	50,564	482	10,037	1,727	356,608
Serum and Health Laboratories .. .. .	4,785	4,753	10,082	3,748	..	75,220
Wire and Wire-netting .. .. .	250,000	80,000	230,838	50,000	..	610,838
Railways—						
Trans-Australian .. .. .	88,199	54,896	48,415	64,622	30,387	6,662,298
North Australian .. .. .	398,764	425,875	79,092	20,097	910	1,597,559
Central Australian .. .. .	399,885	731,388	747,894	170,911	30,185	2,477,853
Federal Capital Territory .. .. .	20,500	4,424	3,291	365	175	28,755
Grafton—South Brisbane .. .. .	1,000,000	1,202,000	675,000	586,000	68,000	4,371,000
Other Expenditure .. .. .	..	..	..	..	..	200,000
War Service Homes (b) .. .. .	673,351	752,583	1,673,451	999,964	154,906	7,314,524
London Offices .. .. .	..	..	..	..	..	880,190
Acquisition of Properties not elsewhere included .. .. .	833	655	987	769	10,653	134,544
Miscellaneous .. .. .	Cr. 11,288	..	20,000	7,500	14,500	432,371
<b>Total .. .. .</b>	<b>9,404,632</b>	<b>8,662,089</b>	<b>8,244,119</b>	<b>5,294,202</b>	<b>1,991,026</b>	<b>85,023,904</b>

(a) Exclusive of Loans to States for Immigration Purposes. (b) Prior to 1923–24, expenditure was made from War Loan Fund. The total expenditure to 30th June, 1931, was £20,359,907.

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. A valuation was made, with results set out in detail in Official Year Book No. 14, page 694, and the Commonwealth paid interest at the rate of 3½ per cent. to the States on account of all transferred properties.

The terms of the financial agreement between the Commonwealth Government and the Governments of the several States provided, *inter alia*, that, as a temporary measure, the Commonwealth Government would for the period of two years from 1st July, 1927, to 30th June, 1929, 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 will receive 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 is 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 totalling £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 means of which almost the entire debt (upwards of £92,000,000) was consolidated. The Commonwealth Government undertook to extinguish the debt in about 35 years by annual payments representing 6 per cent. on the original debt, providing for interest at £4 18s. 4d. per cent., and a sinking fund of £1 1s. 8d. per cent. The Imperial Government agreed to suspend for 1931–32 and 1932–33 the repayment of principal moneys due under the Funding arrangement, and under the “Hoover Plan,” the payment of interest for the year 1931–32 was also suspended, the suspended payments under the “Hoover Plan” being liquidated by ten equal annuities running from 1st July, 1933, at a rate of interest to be determined. These annuities are additional to the usual annual payments. The adoption of these proposals represents a saving to the Commonwealth Budget of £6,145,000, including exchange, for the year 1931–32. The principal outstanding on 30th June, 1932, was £79,724,220.

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

7. **Loan Raisings, 1931–32.**—Apart from the Internal Conversion Loans, by which the interest rate on all Commonwealth and State securities was reduced by 22½ per cent., the loan transactions during 1931–32 were confined to the issue and renewal of short-term Treasury Bills and Debentures. Some details relative to the conversion loan are given in the Appendix (see under “Financial Crisis”), while particulars of the short-term debts of the Commonwealth and States are given in a subsequent paragraph.

8. Public Debt for Commonwealth Purposes.—(i) *Total Debt.* Separate consideration has already been given to the items composing the Public Debt. The table appended shows the debt of the Commonwealth (excluding that of the States) at 30th June, 1932.

## PUBLIC DEBT FOR COMMONWEALTH PURPOSES AT 30th JUNE, 1932.

Particulars.	Maturing in	Maturing in	Maturing in	Total. (a)
	London.	New York.	Australia.	
	£ Stg.	£ Gold.	£ Aust.	£
<b>War Debt—</b>				
Stock, Bonds, etc. . . . .	11,020,160	..	221,901,285	232,921,445
Short dated Treasury Bills . . . . .	..	..	510,700	510,700
Indebtedness to United Kingdom Government . . . . .	79,724,220	..	..	79,724,220
<b>Total</b> . . . . .	<b>90,744,380</b>	<b>..</b>	<b>222,411,985</b>	<b>313,156,365</b>
Deduct advances to States for Soldier Land Settlement, etc. . . . .	..	..	-27,096,629	-27,096,629
<b>Total War Debt</b> . . . . .	<b>90,744,380</b>	<b>..</b>	<b>195,315,356</b>	<b>286,039,736</b>
<b>Works and other Purposes—</b>				
Short dated Treasury Bills and Debentures . . . . .	10,220,160	..	5,819,300	16,039,460
Other Treasury Bills . . . . .	..	..	8,797,000	8,797,000
Stock, Bonds, etc. . . . .	56,623,255	17,115,997	12,855,087	86,594,339
Balance of Loans taken over from South Australia—				
Northern Territory . . . . .	329,100	..	32,924	362,024
Port Augusta Railway . . . . .	859,035	..	62,011	921,046
Properties transferred from New South Wales . . . . .	..	..	111,125	111,125
<b>Total Works and other Purposes</b> . . . . .	<b>68,031,550</b>	<b>17,155,997</b>	<b>27,677,447</b>	<b>112,824,994</b>
<b>Total Commonwealth Purposes</b> . . . . .	<b>158,775,930</b>	<b>17,115,997</b>	<b>222,992,803</b>	<b>398,884,730</b>

## PER HEAD OF POPULATION. (b)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.
War . . . . .	13 17 1	..	29 16 6	43 13 7
Works and other Purposes . . . . .	10 7 10	2 12 3	4 4 6	17 4 7
<b>Total Commonwealth Purposes</b> . . . . .	<b>24 4 11</b>	<b>2 12 3</b>	<b>34 1 0</b>	<b>60 18 2</b>

(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, 1932.

(ii) *Loans to States for Soldier Land Settlement.* In regard to the item "Advances to States for Soldier Land Settlement", the Commonwealth Government has agreed to make remissions to the States in connexion with the losses sustained in respect of Soldier Land Settlement. Consequent upon the ratification of the proposals by all Governments concerned, the Commonwealth Government has, from 1st October, 1925, assumed responsibility for £5,000,000 of States' debts maturing in Australia, and an additional amount of £2,597,783 from 1st July, 1927. Further reference is made to this matter in Chapter XII., Defence, § 10.5.

(iii) *Place of Flotation.* The loans taken over from South Australia, which constituted the first portion of the Federal Public Debt, included both London and Australian securities. The presence in the Treasury of a large holding of gold, and the moderate rate of interest ruling on gilt-edged securities, made the conditions in 1911 and for some little time afterwards very favourable for the flotation of local loans. London securities were redeemed as they fell due, and replaced by the  $3\frac{1}{2}$  per cent. stock of the Loan Fund. Consequently, up to 1914 the amount of the securities repayable in London fell steadily, and the amount repayable in Australia rose rapidly. In 1915 the military loan from the Imperial Government caused a sharp rise in the amount of the securities repayable in London, which was maintained in the two following years. This was, however, more than offset by the flotation of the local 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—				
	1928.	1929.	1930.	1931.	1932.
War Debt—					
London .. .. £ Stg.	96,822,659	93,810,641	92,314,742	90,744,381	90,744,380
Total Overseas (a) ..	96,822,659	93,810,641	92,314,742	90,744,381	90,744,380
Australia .. .. £ Aust.	204,195,231	201,604,887	197,673,573	194,633,628	195,315,356
Total War Debt (a) ..	301,017,890	295,415,528	289,988,315	285,378,009	286,059,736
Works and other purposes—					
London .. .. £ Stg.	39,393,188	48,819,932	58,431,406	66,694,426	68,031,550
New York .. .. £ Gold	17,291,277	17,155,718	17,155,718	17,155,718	17,115,997
Total Overseas (a) ..	56,684,465	65,975,650	75,587,124	83,850,144	85,147,547
Australia .. .. £ Aust.	22,679,517	23,828,177	14,979,706	27,088,176	27,677,447
Total Debt for Works, etc. (a)	79,363,982	89,803,827	90,566,830	110,938,320	112,824,994
Total Debt—					
London .. .. £ Stg.	136,215,847	142,630,573	150,746,148	157,438,806	158,775,930
New York .. .. £ Gold	17,291,277	17,155,718	17,155,718	17,155,718	17,115,997
Total Overseas (a) ..	153,507,124	159,786,291	167,901,866	174,594,524	175,891,927
Australia .. .. £ Aust.	226,874,748	225,433,064	212,653,279	221,721,804	222,992,803
Grand Total (a) ..	380,381,872	385,219,355	380,555,145	396,316,328	398,884,730

(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.

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

(iv) *Amount of Debt at Various Rates of Interest.*—When the first debt was taken over from South Australia, it 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. Then came the loans for military and repatriation purposes, and the fall in the average rate was ultimately converted into a rise which was steadily maintained until July, 1931, when the National Debt Conversion Loan (July–August, 1931), reduced interest rates on internal loans by 22½ per cent. The average rate of interest on internal loans at 30th June, 1932, was £3 19s. per cent. as compared with £5 10s. 4d. per cent. at 30th June, 1931. The average rate of interest payable on the total debt decreased from £5 5s. 2d. per cent. in 1931 to £4 7s. 9d. per cent. at 30th June, 1932.

The accompanying table gives particulars of rates on interest of the debt for Commonwealth purposes for the year ended 30th June, 1932.

## PUBLIC DEBT FOR COMMONWEALTH PURPOSES.—RATES OF INTEREST.

Rates of Interest.				At 30th June, 1932—Debt Maturing in—			
				London.	New York.	Australia.	Total.
%				£ (Stg.)	£ (Gold.)	£ (Aust.)	£ (a)
6	..	..	..	15,000,000	..	..	15,000,000
5	..	..	..	48,218,775	12,782,677	(b) 203,917	61,205,369
4.91675	..	..	..	79,724,220	..	..	79,724,220
4.75	..	..	..	6,000,000	..	..	6,000,000
4.65	..	..	..	..	..	2,299,810	2,299,810
4.5	..	..	..	..	4,333,320	..	4,333,320
4.4542	..	..	..	..	..	89,650	89,650
4.2625	..	..	..	..	..	2,295,301	2,295,301
4.06875	..	..	..	..	..	5,505,710	5,505,710
4	..	..	..	656,778	..	218,403,449	219,060,227
3.875	..	..	..	..	..	8,280,620	8,280,620
3.5	..	..	..	8,176,130	..	111,125	8,287,255
3	..	..	..	1,000,027	..	12,653,191	13,653,218
2.9042	..	..	..	..	..	1,483	1,483
2.7125	..	..	..	..	..	2,008	2,008
Overdue and unconverted	..	..	..	..	..	243,168	243,168
Deduct loans to States for Soldier Land Settlement, etc.—	..	..	..	..	..	—27,096,629	—27,096,629
Total	..	..	..	158,775,930	17,115,997	222,992,803	398,884,730
Total Interest Payable	..	..	..	7,858,150	834,133	8,809,205	17,501,488
Average rate of interest	..	..	..	£4 19 0	£4 15 6	£3 19 0	£4 7 9

(a) See note (a) to table on page 392.

(b) Peace and War Savings Certificates.

(v) *Amount of Interest Payable.* A table is appended showing 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 1928 to 1932 inclusive.

## PUBLIC DEBT FOR COMMONWEALTH PURPOSES.—INTEREST PAYABLE.

Interest on and where payable.	At 30th June—				
	1928.	1929.	1930.	1931.	1932.
War Debt—					
London .. .. . £ Stg.	4,854,202	4,721,540	4,647,992	4,570,782	4,570,782
Australia .. .. . £ Aust.	11,041,493	10,928,403	10,709,304	10,865,537	7,828,852
<b>Total War Debt .. £ (a)</b>	<b>15,895,695</b>	<b>15,649,943</b>	<b>15,357,296</b>	<b>15,436,319</b>	<b>12,399,634</b>
Works and other Purposes—					
London .. .. . £ Stg.	1,984,735	2,460,837	2,943,397	3,216,561	3,287,368
New York .. .. . £ Gold	842,858	836,109	836,109	836,109	834,133
<b>Total Overseas .. £ (a)</b>	<b>2,827,593</b>	<b>3,296,946</b>	<b>3,779,506</b>	<b>4,052,670</b>	<b>4,121,501</b>
Australia .. .. . £ Aust.	1,038,433	1,098,733	664,756	1,324,706	980,353
<b>Total Debt for Works, etc. .. £ (a)</b>	<b>3,866,026</b>	<b>4,395,679</b>	<b>4,444,262</b>	<b>5,377,376</b>	<b>5,101,854</b>
Total Debt—					
London .. .. . £ Stg.	6,838,937	7,182,377	7,591,389	7,787,343	7,858,150
New York .. .. . £ Gold	842,858	836,109	836,109	836,109	834,133
<b>Total Overseas .. £ (a)</b>	<b>7,681,795</b>	<b>8,018,486</b>	<b>8,427,498</b>	<b>8,623,452</b>	<b>8,692,283</b>
Australia .. .. . £ Aust.	12,079,926	12,027,136	11,374,060	12,190,243	8,809,205
<b>Grand Total .. .. £ (a)</b>	<b>19,761,721</b>	<b>20,045,622</b>	<b>19,801,558</b>	<b>20,813,695</b>	<b>17,501,488</b>

(a) The totals shown represent the nominal amount of interest, taking no account of exchange.

(vi) *Dates of Maturity.* The dates of maturity of the several portions of the Commonwealth debt are shown hereunder according to years ending 30th June. On that account the figures given are not directly comparable with those published prior to 1929-30. 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, 1932. While the actual dates of maturity extend from 1932-33 to 1975-76, or a period of 43 years, the average period till maturity of the gross debt is only about 10 years.

PUBLIC DEBT FOR COMMONWEALTH PURPOSES.—DUE DATES OF AMOUNTS  
OUTSTANDING ON 30th JUNE, 1932(a).

Due Dates (year ended 30th June).				Due in—			Total
				London.	New York.	Australia.*	
				£ (Stg.)	£ (Gold.)	£ (Aust.)	£ (c)
1933	..	..	..	10,220,160	..	16,874,990	27,095,150
1934	..	..	..	..	..	2,091,777	2,091,777
1935	..	..	..	83,051	..	942,130	1,025,181
1936	..	..	..	573,727	..	538,211	1,111,938
1937	..	..	..	371,806	..	259,330	631,136
1938	..	..	..	..	..	147,586	147,586
1939	..	..	..	159,523	..	43,134,177	43,293,700
1940	..	..	..	..	..	432,438	432,438
1941	..	..	..	15,000,000	..	84,650	15,084,650
1942	..	..	..	..	..	34,242,090	34,242,090
1943	..	..	..	..	..	2,558,430	2,558,430
1945	..	..	..	17,354,817	..	28,087,528	45,442,345
1948	..	..	..	..	..	25,001,067	25,001,067
1949	..	..	..	..	..	439,920	439,920
1951	..	..	..	..	..	16,759,301	16,759,301
1954	..	..	..	..	..	16,142,040	16,142,040
1956	..	..	..	..	14,544,231	15,859,198	30,403,429
1958	..	..	..	..	2,571,766	15,410,276	17,982,042
1960	..	..	..	..	..	15,399,212	15,399,212
1961	..	..	..	6,000,000	..	..	6,000,000
1962	..	..	..	..	..	14,945,875	14,945,875
1976	..	..	..	29,288,599	..	..	29,288,599
Overdue	..	..	..	..	..	243,168	243,168
Indefinite	..	..	..	27	..	384,913	384,940
Annual repayments	..	..	..	79,724,220	..	..	79,724,220
Transferred Properties (b)	..	..	..	..	..	111,125	111,125
Deduct loans to States for Soldier Land Settlement, etc	..	..	..	..	..	-27,096,629	-27,096,629
<b>Total</b>	..	..	..	<b>158,775,930</b>	<b>17,115,997</b>	<b>222,992,803</b>	<b>398,884,730</b>

(a) Loans of which the Government has the option of redemption during a specified period have been in each case classified according to the latest date of maturity. (b) From New South Wales. See §4.4 hereinbefore. (c) See note (a) to table on page 392.

9. 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 1927-28 are as follows :—

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

Items.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.	Total, 1922-23 to 1931-32.
	£	£	£	£	£	£
Cr. Brought forward ..	1,324,897	955,726	746,737	573,276	512,944	..
Balance transferred to Fund on 11th August, 1923 ..	..	..	..	..	..	2,262,982
From Consolidated Revenue	2,276,092	2,469,272	2,668,133	889,170	2,507,100	20,165,237
Repayments of Sundry Loans ..	9,931	260,028	261,855	2,967	28,475	1,144,139
Purchase Money and Re- payments under War Service Homes Act ..	787,897	799,508	702,244	491,887	409,996	6,188,828
Half Net Profit Common- wealth Bank ..	320,563	349,204	362,825	391,013	396,905	2,475,116
Reparation Moneys ..	651,779	876,404	877,832	1,264,519	Dr. 616	5,571,105
Interest on Investments ..	54,246	30,312	28,573	24,544	21,015	544,591
Contributions by States ..	8,927	21,013	24,945	9,898	10,088	76,089
<b>Total ..</b>	<b>5,434,332</b>	<b>5,761,467</b>	<b>5,673,144</b>	<b>3,647,274</b>	<b>3,885,907</b>	<b>38,428,087</b>
Dr. Redemptions ..	4,478,606	5,014,730	5,099,868	3,134,330	1,835,735	36,377,915
Carried forward ..	955,726	746,737	573,276	512,944	2,050,172	2,050,172
<b>Total ..</b>	<b>5,434,332</b>	<b>5,761,467</b>	<b>5,673,144</b>	<b>3,647,274</b>	<b>3,885,907</b>	<b>38,428,087</b>

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

Information regarding the transactions of the States' Account of the National Debt Sinking Fund is published in Finance Bulletin No. 23 issued by this Bureau.

**§ 5. Cost of War and Repatriation.**

In view of the importance of the subject, a further reference is here made to the cost of the war. The general policy of the Commonwealth Government has been to pay from Consolidated Revenue all recurring charges for interest, sinking fund, pensions, and other charges consequent upon the war, and part of the expense of repatriation.

On the other hand, the whole direct cost of the war and the larger proportion of the cost of repatriation have been paid from loans. The total cost from both sources to the 30th June, 1932, is set out in the following table:—

**COST OF WAR SERVICES.**

Year.	War and Repatriation Services, including War Pensions. (From Consolidated Revenue.)	War Loan Expenditure. (b)	Total.	Interest and Sinking Fund. (From Consolidated Revenue.)
	£	£	£	£
1914-15 .. .. .	896,190	14,100,000	14,996,190	115,145
1915-16 .. .. .	1,718,887	37,423,568	39,142,455	2,059,491
1916-17 .. .. .	2,439,271	53,114,237	55,553,508	5,988,058
1917-18 .. .. .	4,049,955	55,028,180	59,078,135	7,813,296
1918-19 .. .. .	9,966,927	59,547,080	69,514,007	11,288,174
1919-20 .. .. .	8,976,793	43,294,764	52,271,557	15,774,938
1920-21 .. .. .	10,242,345	24,148,501	34,390,846	23,043,888
1921-22 .. .. .	10,261,471	7,576,977	17,838,448	21,075,693
1922-23 .. .. .	9,298,560	1,762,694	11,061,254	20,801,912
1923-24 .. .. .	8,161,230	691,247	8,852,477	20,608,876
1924-25 .. .. .	8,232,656	Cr. 32,051	8,200,605	20,250,105
1925-26 .. .. .	8,473,717	Cr. 7,613	8,466,104	20,698,133
1926-27 .. .. .	8,814,001	23,938	8,837,939	20,495,082
1927-28 .. .. .	8,788,037	Cr. 23,741	8,764,296	20,218,175
1928-29 .. .. .	9,026,749	Cr. 12,972	9,013,777	21,071,002
1929-30 .. .. .	9,520,750	Cr. 2,669	9,518,081	20,579,056
1930-31 .. .. .	10,468,748	Cr. 2,206	10,466,542	19,037,470
1931-32 .. .. .	8,852,913	..	8,852,913	12,552,644
Discounts and Flotation Expenses on Loans ..	..	5,948,874	5,948,874	..
Indebtedness to the Government of the United Kingdom for payments made, services rendered, and goods supplied during the war (a) ..	..	43,398,098	43,398,098	..
War Gratuities paid in cash ..	452,295	27,046,349	27,498,644	..
<b>Total to 30th June, 1932</b>	<b>138,641,495</b>	<b>373,023,255</b>	<b>511,664,750</b>	<b>283,471,138</b>

(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, 1932, the amount outstanding had been reduced to £79,724,220. (b) Excluding expenditure on War Service Homes from 1923-24. (See page 389.)

**§ 6. Old-age and Invalid Pensions.**

I. **General.**—In previous issues of the Year Book an account was given of the introduction of the old-age pension system in Australia, together with a detailed description of the Commonwealth Invalid and Old-age Pensions Act of 1908, which became operative on 1st July, 1909. (See Year Books, Nos. 3 to 8.) The following statement shows particulars of the rates of pension originally payable and in accordance with the several amendments to the Act:—

## 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

(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 to these pensioners were granted in 1925 and 1928 raising the pension to 4s. and 5s. 6d. per week respectively. In 1931 the amount was reduced to 5s. per week and in 1932 to 3s. 9d. per week.

Asiatics are ineligible for the old-age pension except Indians born in British India, from whom disqualification was removed by an amending act operative from 7th October, 1926.

Invalid pensions were granted from 15th December, 1910. In regard to invalid pensions, the applicant must satisfy the Department that her or his 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 amount of pension may be at such a rate (not exceeding £52—reduced to £45 10s. from 23rd July, 1931) per annum, as will make his income plus that of his wife together with the pension, equal to an amount not exceeding £221 per annum or such other amount as is declared to be a basic wage.

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

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

Further explanation of pension rates; the liability of pensioners under certain circumstances to repay pension payments made from 13th October, 1932, which, upon the death of the pensioner, become a charge by the Commonwealth Government on his estate; dealings in property by pensioners; contributions by relatives; 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, 1931, there were 172,177 old-age pensions in force. During 1931-32, 25,135 pension claims were granted, cancellations and deaths amounted to 13,995, giving a net increase of 11,140 pensions for the year and bringing the total pensions in existence at 30th June, 1932, to 183,317.

(ii) *Sexes of Pensioners.* Of the pensioners at 30th June, 1932, 77,793 (or 42 per cent.) were males, and 105,524 (or 58 per cent.) were females. Details for the several States are as follow :—

OLD-AGE PENSIONS.—SEXES OF PENSIONERS, 1931-32.

State.	Males.	Females.	Total.	(a) Masculinity.
New South Wales .. ..	30,098	39,769	69,867	75.7
Victoria .. ..	21,381	31,414	52,795	68.1
Queensland .. ..	10,718	13,018	23,736	82.3
South Australia .. ..	6,632	10,428	17,060	63.6
Western Australia .. ..	5,375	6,083	11,458	88.4
Tasmania .. ..	3,589	4,812	8,401	74.6
<b>Total .. ..</b>	<b>77,793</b>	<b>105,524</b>	<b>183,317</b>	<b>73.7</b>

(a) Number of males to each 100 females.

(iii) *Ages and Conjugal Condition of Pensioners.* The recorded ages of the 25,135 persons, 12,405 males and 12,730 females, to whom pensions were granted during the year 1931-32 varied considerably, ranging from 4,348 at age 60 to 1 at age 97. The conjugal condition of these pensioners was as follows :—Males—single, 2,494; married, 7,701; and widowed, 2,210. Females—single, 1,422; married, 7,311; and widowed, 3,997.

3. *Invalid Pensions.*—(i) *Number in force, 1932.* During the year 1931-32, the number of invalid pensioners increased from 68,343 to 72,292, an increase of 3,949 pensions. Altogether 9,627 claims were allowed and 5,678 pensions were cancelled.

(ii) *Sexes of Pensioners.* Of the 72,292 persons in receipt of invalid pensions on 30th June, 1932, 32,074, or 44 per cent., were males, and 40,218, or 56 per cent., were females. Details for the several States are as follow :—

INVALID PENSIONS.—SEXES OF PENSIONERS, 1931-32.

State.	Males.	Females.	Total.	(a) Masculinity.
New South Wales .. ..	13,025	16,930	29,955	76.9
Victoria .. ..	9,255	11,530	20,785	80.3
Queensland .. ..	4,896	5,341	10,237	91.7
South Australia .. ..	1,885	2,952	4,837	63.9
Western Australia .. ..	1,827	1,963	3,790	93.1
Tasmania .. ..	1,186	1,502	2,688	79.0
<b>Total .. ..</b>	<b>32,074</b>	<b>40,218</b>	<b>72,292</b>	<b>79.8</b>

(a) Number of males to each 100 females.

(iii) *Ages and Conjugal Conditions of Pensioners, 1932.* The recorded ages of the 9,627 persons (4,878 males and 4,749 females) to whom invalid pensions were granted during the period under review varied from 16 to 88.

The conjugal condition of persons to whom invalid pensions were granted during the year was as follows:—Males—single, 2,022; married, 2,554; and widowed, 302. Females—single, 1,921; married, 1,901; and widowed, 927.

4. **Cost of Administration.**—Under State control the cost of administration differed considerably in the several States, and for 1908-9 represented in New South Wales 4.17 per cent. of the amount actually paid in pensions. In Victoria for the same year the corresponding percentage was 0.70. During the year 1931-32, the total cost to the Commonwealth of administering the Old-age and Invalid Pensions Department was £81,859, or about 0.74 per cent. of the amount actually paid in pensions.

The actual sum disbursed in old-age and invalid pensions in the financial year 1931-32, apart from the cost of administration and inclusive of the amount paid to asylums and hospitals for the maintenance of pensioners, was £11,125,956.

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

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

Year ended 30th June—	Number of Pensioners.				Total Payment to Pensioners and to Asylums and Hospitals for Maintenance of Pensioners.		Cost of Administration.	Cost of Administration per £100 paid to Pensioners and to Asylums and Hospitals.	Average Fort-nightly Pension on last day of Financial Year.	
	Old-age.		Invalid.	Total.						
	No.	Est. No. per 1,000 of persons eligible on age qualification. (a)			£	£	£	£ s. d.	s. d.	
1928	139,367	310	55,517	194,884	9,681,837	9,790,346	118,641	1 4 3	38 5	
1929	145,393	312	59,148	204,541	9,991,299	10,124,239	86,605	0 17 1	38 5	
1930	155,196	321	63,304	218,500	10,633,979	10,791,325	89,201	0 16 6	38 5	
1931	172,177	345	68,343	240,520	11,549,828	11,710,953	93,077	0 15 11	38 4	
1932	183,317	357	72,292	255,609	10,978,633	11,125,956	81,859	0 14 9	33 3b	

(a) Estimated number of old-age pensioners per 1,000 of the aggregate of males aged 65 and over and females aged 60 and over.

(b) A general reduction of 5s. per fortnight was made in July, 1931, as provided by the *Financial Emergency Act 1931*.

### § 7. Maternity Allowance.

1. **General.**—During the session of 1912 the Federal Parliament passed an Act (assented to on 10th October, 1912) providing for the payment of maternity allowances. The scope and main provisions of the Act are given in Year Book No. 14, p. 1047. The most important conditions in the original Act were that the sum of five pounds was payable in the case of each confinement resulting in the birth of a viable child whether such child was born alive or dead. The mother must be a native of Australia or intend to settle permanently therein. No payment is made in the case of an aboriginal or an Asiatic. The *Financial Emergency Act 1931* reduced the allowance payable to £4 and limited the application of the original Act to those cases where the combined income of husband and wife did not exceed £260 (reduced to £208 by the *Financial Emergency Act 1932*) in the previous 12 months.

The following table gives a summary in connexion with the working of the Maternity Allowance Act for the years 1928 to 1932 :—

## MATERNITY ALLOWANCE.—SUMMARY.

Year.	Claims Paid.	Claims Rejected.	Amount Paid.	Cost of Administration.	Cost per £100 of allowance paid.
	No.	No.	£	£	£ s. d.
1927-28 ..	135,784	1,261	678,920	15,489	2 5 8
1928-29 ..	132,304	901	661,520	16,626	2 10 3
1929-30 ..	128,598	821	642,990	15,157	2 7 2
1930-31 ..	126,149	770	630,652a	15,322	2 8 7
1931-32 ..	92,410	5,229	378,022	14,180	3 15 0
Aggregate— 1912-13 to 1931-32 ..	2,567,885	17,537	12,755,302	279,506	2 3 10

(a) Excluding £93 refunded.

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

## MATERNITY ALLOWANCE.—CLAIMS PAID IN EACH STATE.

Year ended 30th June.	N.S.W.	Vic.	Q'land.	S.A.	W.A.	Tas.	N.T.	Total.
1928 .. ..	55,072	35,656	19,790	11,716	8,598	4,898	54	135,784
1929 .. ..	54,275	34,132	19,040	11,148	8,888	4,777	44	132,304
1930 .. ..	52,335	33,381	18,490	10,361	9,030	4,959	42	128,598
1931 .. ..	51,660	32,241	18,790	9,720	8,909	4,778	51	126,149
1932 .. ..	36,569	23,988	13,240	7,637	6,773	4,169	34	92,410
Total, 1910 to 1931-32 ..	1,024,384	673,744	378,102	223,395	162,146	105,312	802	2,567,885

## § 8. War Pensions.

1. General.—An Act for the provision of war pensions was passed in 1914 and amended in 1915 and 1916. Its scope can be determined by the following extract from Section 3. "Upon the death or incapacity of any member of the forces whose death or incapacity results, or has resulted, from his employment in connexion with warlike operations in which His Majesty is, or has since the commencement of the present state of war been engaged, the Commonwealth shall, subject to this Act, be liable to pay to the member or his dependants or both, as the case may be, pensions in accordance with this Act." The general reduction of expenditure provided by the *Financial Emergency Act* 1931 applied also to War Pensions. No reductions, however, were made in the rate of pension payment to incapacitated soldiers, the necessary economies being effected in payments to other war pensioners.

Prior to 1st July, 1932, the Commonwealth Government bore the cost of exchange in connexion with the payment of pensions to Australian soldiers domiciled overseas.

2. Number of Pensioners and Expenditure on War Pensions.—The following table shows the number of pensioners at 30th June, 1932, and the places where payments were made during 1931-32 :—

**WAR PENSIONS.—NUMBER OF PENSIONERS, 1932.**

Where Paid.	Incapacitated Members of the Forces.	Dependants of—		Total.	Expenditure.
		Deceased Members.	Incapacitated Members.		
					£
New South Wales ..	25,330	9,660	53,328	88,318	2,552,380
Victoria ..	25,591	9,433	57,463	92,487	2,253,005
Queensland ..	8,185	2,957	17,688	28,830	817,780
South Australia ..	4,129	2,468	9,204	15,801	453,728
Western Australia ..	7,345	2,479	16,521	26,345	698,356
Tasmania ..	3,068	1,290	8,245	12,603	339,738
<b>Total, Australia ..</b>	<b>73,648</b>	<b>28,287</b>	<b>162,449</b>	<b>264,384</b>	<b>7,114,987</b>
London ..	1,692	3,133	3,931	8,756	} 325,201
South Africa ..	52	30	82	164	
New Zealand ..	231	164	347	742	
Other Overseas ..	23	5	37	65	
<b>Total ..</b>	<b>75,646</b>	<b>31,619</b>	<b>166,846</b>	<b>274,111</b>	<b>7,440,188</b>
Payments made in Australia in respect of other countries less amounts received from other countries	..	..	..	..	8,992
<b>Total, War Pensions Trust Fund Account</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>7,449,180</b>

3. Cost of Administration.—The cost of administration in 1931-32, after allowing for the amount recoverable from the Government of the United Kingdom on account of administrative cost of British pensions was £152,281, or 2.04 per cent. on the total amount paid in pensions.

### § 9. Commonwealth Public Service Superannuation Fund.

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

The number of contributors to the fund at 30th June, 1932, was 31,358, viz., 27,962 males and 3,396 females, and the average pension contributed for was £112 16s. 3d. per annum.

During 1931-32, the receipts of the fund amounted to £590,048, of which officers' contributions represented £407,038. The payments from the fund for the year was £587,941, of which £396,696 was invested, bringing the total funds invested to £3,782,448 (at cost). The average rate of interest on investments at 30th June, 1932, was 4.4 per cent.

Pension in force on the 30th June, 1932, numbered 4,138, with a net annual liability after the reduction of 20 per cent. of the Commonwealth's share of pensions referred to in the next paragraph, of £298,364, of which £211,750 represents 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 affects 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.

§ 10. Currency and Coinage.

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

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

3. **Gold Receipts and Issues.** (i) *Receipts.* The receipts of gold during 1932 and the aggregate at each mint to the end of 1932 were as follow :—

AUSTRALIAN MINTS.—RECEIPTS OF GOLD, 1932, AND TOTAL.

Mint.	Deposits during 1932.	Total to end of 1932.		
		Quantity.		Value.
		Gross.	Fine.	
	ozs. Gross.	ozs.	ozs.	£
Sydney ..	..	(a) 42,082,928	(a) 36,907,045	(a) 156,771,141
Melbourne ..	439,635	42,274,863	38,754,918	164,620,321
Perth ..	770,324	34,620,329	28,356,204	120,449,423
Total ..	1,209,959	118,978,120	104,018,167	441,840,885

(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 1932, 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.		
	£	£	£	£	£
1932— Melbourne ..	..	..	..	1,112,155	1,112,155
Perth ..	..	..	..	2,647,778	2,647,778
 Total, 1932	..	..	..	3,759,933	3,759,933
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	16,389,241	164,619,152
Perth ..	106,384,197	367,338	106,751,535	13,694,188	120,445,723
 Total to end of 1932 ..	398,102,878	6,095,118	404,197,996	37,657,837	441,855,833

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

4. *Price of Gold.*—In consequence of Great Britain's departure from the gold standard on 21st September, 1931, the market value of gold immediately rose by about 17½ per cent. from £4 4s. 11d. to £4 19s. 7d. per ounce fine. Considerable fluctuations have since taken place, and the average monthly value of gold based on the London open market price per ounce fine adjusted to the telegraphic transfer exchange rate (Australia on London) less a small percentage for shipping charges is given in the following table in £ sterling and £ Australian from January, 1932, to August, 1933. Particulars are also shown for the value of the sovereign.

## PRICE OF GOLD.—LONDON AND AUSTRALIA, 1932-33.

Month.	London.		Australia.		
	Average price per ounce, fine.	Average value of Sovereign.	Average price per ounce, fine.	Average value of Sovereign.	Equivalent to a premium of—
1932—	£s s. d.	£s s. d.	£A s. d.	£A s. d.	%
January ..	6 0 5	1 8 4	7 8 8	1 15 0	74.9
February ..	5 19 8	1 8 2	7 7 9	1 14 9	73.9
March ..	5 14 1	1 6 10	7 0 1	1 13 2	65.8
April ..	5 10 3	1 6 0	6 16 2	1 12 1	60.2
May ..	5 12 10	1 6 7	6 19 3	1 12 9	64.0
June ..	5 13 4	1 6 8	6 19 11	1 12 11	64.7
July ..	5 16 0	1 7 4	7 3 2	1 13 8	68.5
August ..	5 18 6	1 7 11	7 6 4	1 14 5	72.2
September ..	5 18 8	1 7 11	7 6 6	1 14 6	72.4
October ..	6 1 5	1 8 7	7 9 10	1 15 3	76.4
November ..	6 5 9	1 9 7	7 15 2	1 16 6	82.7
December ..	6 5 9	1 9 7	7 15 2	1 16 6	82.7
1933—					
January ..	6 2 6	1 8 10	7 11 2	1 15 7	78.0
February ..	6 0 9	1 8 5	7 9 0	1 15 1	75.4
March ..	6 0 4	1 8 4	7 8 6	1 15 0	75.0
April ..	6 0 8	1 8 5	7 8 11	1 15 1	75.3
May ..	6 3 5	1 9 1	7 12 4	1 15 10	79.3
June ..	6 2 3	1 8 9	7 10 11	1 15 6	77.7
July ..	6 4 0	1 9 2	7 13 1	1 16 0	80.2
August ..	6 5 8	1 9 7	7 15 2	1 16 6	82.6

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

5. **Silver and Bronze Coinage.**—(i) *Prices of Silver.* The value of silver has greatly decreased since its demonetization and restricted coinage in almost the whole of Europe. A noticeable increase, however, took place for some years after 1915, the price of silver following the general trend of world prices. Its average price in the London market in recent years is shown in the table in Chapter XVI., Mineral Industry.

(ii) *Profits on Coinage of Silver.* As sixty-six shillings are coined out of one pound troy of standard silver (.925 fine), the silver required to produce £3 6s. of coin cost, at the average 1932 London market price of 1s. 5.84d. per ounce, approximately 17s. 11d. 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 Federal matter, the question remained in abeyance until 1907, when the matter was discussed at the Colonial Conference, London, with the result that in the latter part of 1908 the Commonwealth Treasurer announced his intention of initiating the coinage. Since 1916 silver and bronze coins have been minted in Australia on behalf of the Commonwealth Treasury.

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

AUSTRALIAN MINTS.—SILVER AND BRONZE ISSUES BY TREASURY.

Year.	Silver.					Bronze.		
	2/-.	1/-.	6d.	3d.	Total.	1d.	½d.	Total.
	£	£	£	£	£	£	£	£
1910-1927 ..	3,230,600	1,700,300	758,700	716,500	6,406,100	287,053	100,275	387,328
1927-28 ..	123,400	50,600	64,400	66,800	305,200	18,460	3,620	22,080
1928-29 ..	71,000	12,400	20,000	24,600	128,000	13,030	5,510	18,540
1929-30 ..	30,000	10,000	11,200	10,000	61,200	3,020	2,310	5,330
1930-31 ..	192,600	45,000	..	..	237,000	..	..	..
1931-32 ..	257,600	19,000	7,200	5,200	289,000	11,600	6,270	17,870
<b>Total ..</b>	<b>3,904,600</b>	<b>1,837,300</b>	<b>861,500</b>	<b>823,100</b>	<b>7,426,500</b>	<b>333,163</b>	<b>117,985</b>	<b>451,148</b>

(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 1932 was as follows:—Melbourne, £47; Perth, nil. The total withdrawals of worn silver coin to 1932 were:—Melbourne, £1,747,409; Perth, £129,738; Sydney (to 1926), £1,248,672.

6. Australian Note Issue.—(i) *General.* Information in some detail regarding Australian Notes has been given in earlier issues of this work. In December, 1920, the Australian Note Issue passed to the control of the Commonwealth Bank, the notes, however, remaining Treasury Notes. The Note Issue Department is administered by the Board of Directors of the Commonwealth Bank.

(ii) *Reserve against Note Issue.* Prior to 19th June, 1931, the reserve held in gold against the note issue was fixed at 25 per cent. of the total notes in circulation. To permit further shipments of gold to meet short-term obligations in London, an Amending Act reduced the statutory gold reserve by graduations to 15 per cent. with provision for the restoration 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 1929 to 1932 are given in the following table.

## COMMONWEALTH NOTE ISSUE.—PARTICULARS.

Particulars.	Average of twelve monthly statements for year—				
	1914	1929.	1930.	1931.	1932.
Notes held by—	£	£	£	£	£
Banks ..	(a)	18,199,104	21,322,892	24,939,874	24,916,825
Public ..	(a)	25,162,705	23,446,192	25,221,885	25,740,767
Total ..	11,944,848	43,361,809	44,769,084	50,161,759	50,657,592
Gold Reserve ..	5,368,822	22,014,414	18,143,823	13,144,494	(b)10,616,563
Percentage of Reserve on Total Issue ..	% 44.9	% 50.8	% 40.5	% 26.2	% 21.0

(a) Not available. (b) Includes English sterling.

Details of the average value of each of the several denominations of Australian Notes outstanding in 1914 and from 1928 to 1932 are given in Finance Bulletin No. 23 issued by this Bureau.

7. **Legal Tender Extant.**—Accurate information regarding the amount of token money in circulation is not available, but the following table gives an estimate of the amount of legal tender extant about the middle of the years 1930, 1931, and 1932.

## ESTIMATED LEGAL TENDER EXTANT.—AUSTRALIA.

Particulars.	1930.	1931.	1932.
Australian Note Issue (a)—	£,000.	£,000.	£,000.
Held by Banks .. .. .	22,342	25,351	26,505
Held by Public .. .. .	22,572	25,302	24,798
Notes of Trading Banks outstanding (b) ..	199	198	197
Coin—Gold—Held by Banks (c) .. .. .	1,091	312	158
Held by Public .. .. .	..	..	..
Silver—Held by Banks .. .. .	2,577	2,026	2,289
Held by Public .. .. .	4,163	5,031	5,057
Bronze—Held by Banks .. .. .	145	133	110
Held by Public .. .. .	288	300	341
Total .. .. .	53,377	58,653	59,455

(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 expenditure are difficult, owing to the fact that functions which in one State are assumed by the Central Government are in another relegated to local governing bodies, and that costly developmental work may, under certain conditions, be not only economically justifiable but may be essential to progress, while parsimonious expenditure may be an economic blunder. A large expenditure may, therefore, be an indication either of gross extravagance and bad economy on the one hand, or of healthy progress and good economy on the other. Similarly, as regards revenue, imposts which in some States are levied by the Central Government, are in others dealt with by local or quasi-governmental bodies. Care, therefore, is needed in instituting comparisons, and the particulars contained in this chapter should be read in connexion with those contained in the chapter dealing with Local Government. In many respects moreover, the budgets of the Australian Governments differ materially from those of most European countries, owing to the inclusion therein of the revenue and expenditure of departments concerned in rendering public services, such for instance as railways, tramways, water supply, etc., which in other countries are often left to private enterprise.

2. **Accounts of State Governments.**—The various financial transactions of the States are in each case mainly concerned with one or other of three Funds—the “Consolidated Revenue Funds,” the “Trust Funds,” and the “Loan Funds.” All revenue (except certain taxation items paid into special funds) collected by the State is placed to the credit of its Consolidated Revenue Fund, from which payments are made under the authority of an Annual Appropriation Act passed by the Legislature, or by a permanent appropriation under a special Act. From 1st July, 1928, the accounts of the Railway and Tramway services, Sydney Harbour Trust, and certain water supply services were separated from the Consolidated Revenue Fund of New South Wales. To preserve the comparability of the State finance statistics, information in respect of the above services has been included in the tabular statements in this section. The Trust Funds comprise all moneys held in trust by the Government, and include such items as savings banks funds, sinking funds, insurance companies’ deposits, etc. The Loan Funds are debited with all loan moneys raised by the State, and credited with the expenditure therefrom on public works or other purposes.

3. **Inter-relation of Commonwealth and State Finances.**—In regard to the inter-relation of Commonwealth and State Finances, a statement in some detail, covering the period from the inception of Federation to the passing of the *Financial Agreement Act* 1928, was published in Official Year Book No. 22, pages 379-80.

## § 2. Consolidated Revenue Funds.

## Division I.—Revenue.

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

- (a) Taxation ; (b) The public works and services controlled by the State Governments ; (c) Sale of and rental from Crown lands ; (d) Payments by Commonwealth Government under the *Financial Agreement and Special Grants Acts* ; and (e) Miscellaneous sources, comprising fines, fees, interest, etc.

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

and expenditure for each of the past three years, a sum of £800,000 has not been included in the railways receipts or Consolidated Revenue Expenditure. During 1929-30, a refund of £327,129 was made to the Railways Commissioners from the Consolidated Revenue Surplus of 1928-29 in respect of Sinking Fund Contribution paid by the Railways Commissioners in 1928-29. This amount also has not been included in revenue year 1929-30.

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

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. (b)	Tasmania.	All States.
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## TOTAL COLLECTIONS.

	£	£	£	£	£	£	£
1927-28	47,997,372	27,357,917	16,718,070	11,346,903	9,807,949	2,962,687	116,190,898
1928-29	50,447,100	28,156,034	16,725,682	10,840,914	9,947,951	2,766,434	118,884,115
1929-30	46,904,889	27,323,842	15,997,870	10,551,016	9,750,515	2,956,272	113,484,404
1930-31	40,920,872	25,575,504	15,072,652	10,725,811	8,686,756	2,609,290	103,590,885
1931-32	38,635,132	24,555,272	12,994,113	10,481,976	8,035,316	2,385,495	97,087,304

## PER HEAD OF POPULATION.(c)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1927-28	20 0 1	15 14 3	18 11 3	19 14 9	25 0 2	14 1 1	18 13 8
1928-29	20 12 6	15 19 11	18 4 8	18 14 7	24 10 4	13 0 2	18 16 2
1929-30	18 18 10	15 7 5	17 3 2	18 3 11	23 8 11	13 14 11	17 14 9
1930-31	16 7 6	14 5 7	15 17 7	18 8 7	20 13 8	11 19 2	16 0 9
1931-32	15 6 9	13 12 7	13 9 6	17 18 6	19 1 3	10 15 11	14 18 2

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

There was a marked increase in the collections per head in all the States up to the year 1928-29, but in 1929-30 there was a decline of about 22s. per head in the total. A further fall of £1 14s. per head was recorded in 1930-31 when the revenue per head, £16 os. 9d. was the lowest since 1922-23. Revenue from Business Undertakings receded by about £8.7 millions in 1930-31, and by £1.2 millions in 1931-32.

3. Sources of Revenue.—(i) *General.* Classifying the revenue of the several States in the manner indicated in *I ante*, particulars for the year 1931-32 are as follows :—

## STATE CONSOLIDATED REVENUE.—SOURCES, 1931-32.

Particulars.	N.S.W. (a)	Victoria. (a)	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
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## TOTAL REVENUE.

	£	£	£	£	£	£	£
Taxation (c) ..	8,125,523	7,709,694	7,100,104	3,076,374	7,006,916	905,715	23,924,326
Business Under-takings ..	23,326,856	11,744,122	6,188,764	4,598,406	4,551,249	478,402	50,887,799
Territorial ..	1,714,960	256,725	1,167,513	159,991	292,622	49,140	3,040,951
Commonwealth payments ..	2,917,411	2,127,159	1,096,235	1,703,816	773,432	516,859	9,134,912
Interest ..	677,399	1,839,167	1,037,537	826,977	(e)	421,773	4,802,853
Miscellaneous ..	1,872,983	878,405	403,960	116,412	1,411,097	13,606	4,096,463
Total ..	38,635,132	24,555,272	12,994,113	10,481,976	8,035,316	2,385,495	97,087,304

## PER HEAD OF POPULATION.(i)

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

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

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

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

(ii) *Revenue from Taxation.*—(a) *General.* Owing to varying practices obtaining in the several States in regard to the method 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 1931-32 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, 1931-32.

Tax.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total, All States.
	£	£	£	£	£	£	£
Probate and Succession Duties	1,251,650	1,014,669	424,522	323,008	63,162	86,764	3,163,775
Stamp Duties .. .. .	843,986	639,578	418,205	164,708	189,174	137,876	2,393,527
Land .. .. .	2,453	497,609	346,054	434,544	152,368	95,916	1,508,954
Income and Dividend .. .. .	3,411,146	2,061,561	1,652,329	1,484,066	436,767	242,347	9,288,216
Unemployment Relief .. .. .	5,799,519	1,650,492	1,089,645	(b)	(a)	(a)	8,539,656
Family Endowment .. .. .	930,264	..	..	..	..	..	930,264
Licences—							
Liquor .. .. .	326,834	270,076	86,327	19,419	53,643	15,590	771,889
Other .. .. .	44,614	77,650	38,509	30,486	5,034	15,548	211,841
Lotteries .. .. .	..	..	22,000	..	901	193,681	216,582
Racing .. .. .	551,561	212,375	98,347	40,477	65,820	8,119	976,699
Motor .. .. .	1,617,387	1,124,362	519,467	499,704	278,816	93,567	4,133,303
Entertainments .. .. .	55,174	159,719	..	77,396	56,603	16,307	365,199
Other .. .. .	20,718	1,603	66,465	2,566	(c) 157,271	..	248,623
<b>Total .. .. .</b>	<b>14,855,306</b>	<b>7,709,694</b>	<b>4,761,880</b>	<b>3,076,374</b>	<b>1,439,559</b>	<b>905,715</b>	<b>32,748,528</b>

(a) No special unemployment relief tax collected. (b) Unemployment relief tax included with income tax; see (f) following. (c) Includes Hospital Tax, £134,561 (6s. 5d. per head). (d) Includes Income Tax on Lotteries, £127,181 (11s. 7d. per head).

The table hereunder shows the percentages of collections under individual taxes on the total taxation revenue for the year 1931-32.

## STATE REVENUE FROM TAXATION.—PERCENTAGES ON TOTAL, 1931-32.

Tax.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
Probate and Succession Duties	8.4	13.2	8.9	10.5	4.4	9.6	9.6
Stamp Duties .. .. .	5.7	8.3	8.8	5.4	13.1	15.2	7.3
Land .. .. .	..	6.4	7.3	14.1	9.2	10.6	4.6
Income and Dividend .. .. .	23.0	26.7	34.7	48.2	30.3	26.8	28.3
Unemployment Relief .. .. .	39.0	21.4	22.9	..	..	..	26.1
Family Endowment .. .. .	6.3	..	..	..	..	..	2.8
Licences—							
Liquor .. .. .	2.2	3.5	1.8	0.6	3.7	1.7	2.4
Other .. .. .	0.3	1.0	0.8	1.0	0.4	1.7	0.7
Lotteries .. .. .	..	..	0.5	..	0.1	21.4	0.7
Racing .. .. .	3.7	2.8	2.0	1.3	4.6	0.9	3.0
Motor .. .. .	10.9	14.6	10.9	16.3	19.4	10.3	12.6
Entertainments .. .. .	0.4	2.1	..	2.5	3.9	1.8	1.1
Other .. .. .	0.1	..	1.4	0.1	10.9	..	0.8
<b>Total .. .. .</b>	<b>100.0</b>						

Prior to Federation, duties of Customs and Excise constituted the principal source of revenue from taxation. At present, the most productive State tax is the income tax. In addition to these, a State land tax and licence fees of various kinds are collected in all the States, while a dividend tax is levied in Western Australia and a family endowment tax is imposed in New South Wales.

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 1931-32 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.							
	£	£	£	£	£	£	£
1927-28	13,217,001	7,213,507	5,362,964	3,736,223	1,587,920	1,134,528	32,252,143
1928-29	13,604,187	7,192,115	5,128,170	3,767,994	1,721,833	1,111,533	32,525,832
1929-30	15,148,398	7,426,295	4,795,240	3,487,815	1,846,333	1,119,722	33,823,803
1930-31	16,190,756	8,104,229	5,468,777	3,399,942	1,524,846	1,071,263	35,759,813
1931-32	14,855,306	7,709,694	4,761,880	3,076,374	1,439,559	995,715	32,748,528

## PER HEAD OF POPULATION.(a)

	£ s. d.						
1927-28	5 10 2	4 2 10	5 19 1	6 10 0	4 1 0	5 7 8	5 3 9
1928-29	5 11 3	4 1 9	5 11 10	6 10 2	4 4 10	5 4 6	5 2 11
1929-30	6 2 4	4 3 7	5 2 10	6 0 3	4 8 9	5 4 2	5 5 9
1930-31	6 9 6	4 10 6	5 15 3	5 16 10	3 12 7	4 18 3	5 10 9
1931-32	5 17 10	4 5 7	4 18 9	5 5 2	3 8 4	4 2 0	5 0 7

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

Taking the States as a whole, taxation decreased by 3s. 2d. per head during the period 1927-28 to 1931-32, New South Wales and Victoria alone showing increases of 7s. 8d. and 2s. 9d. respectively. Substantial decreases were recorded in South Australia (£1 4s. 10d.); Tasmania (£1 5s. 8d.); Queensland (£1 os. 4d.), and Western Australia (12s. 8d.) per head of population. These decreases, however, were due to lower taxpaying capacity and not to reduced imposts.

(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 later. (See Chapter XV., Private Finance, Section F.)

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

## STATE PROBATE AND SUCCESSION DUTIES.—COLLECTIONS.

State.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
New South Wales ..	1,596,804	1,816,927	1,860,052	1,496,641	1,251,650
Victoria ..	1,117,164	1,079,840	1,133,422	1,131,603	1,014,669
Queensland ..	556,456	524,135	491,892	528,129	424,522
South Australia ..	327,940	329,924	395,082	254,264	323,008
Western Australia ..	81,452	82,469	75,707	72,093	63,162
Tasmania ..	99,640	74,812	65,991	78,275	86,764
Total ..	3,779,456	3,908,107	4,022,146	3,561,005	3,163,775

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

## STATE STAMP DUTIES.—COLLECTIONS.

State.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
New South Wales ..	1,552,117	1,586,776	1,362,147	931,308	843,986
Victoria ..	1,005,957	1,017,908	985,088	704,958	639,578
Queensland ..	558,970	575,809	555,391	442,149	418,205
South Australia ..	445,517	469,861	379,546	285,915	164,708
Western Australia ..	263,871	291,400	255,725	170,949	189,174
Tasmania ..	62,267	62,623	64,929	114,401	137,876
Total ..	3,888,699	4,004,377	3,602,826	2,649,680	2,393,527

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

The following table shows the amount collected by means of such taxes during the financial years 1927-28 to 1931-32 :—

## STATE LAND TAX.—COLLECTIONS.

State.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
New South Wales ..	2,744	2,870	2,588	2,486	2,453
Victoria ..	560,013	560,765	531,426	506,025	497,609
Queensland ..	531,940	569,551	556,532	503,656	346,064
South Australia ..	458,222	452,994	440,265	486,505	434,544
Western Australia ..	162,906	196,301	219,066	168,579	132,368
Tasmania ..	97,494	99,384	99,453	97,963	95,916
Total ..	1,813,319	1,881,865	1,849,330	1,765,214	1,508,954

(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., are widely divergent, but the general principles of the several Acts are similar. The Dividend Duties Act of Western Australia supplied to a certain extent the place of an income tax in that State in former years, but, with the increasing demands upon the Treasury, the levying of a direct income tax was found necessary.

The following table shows the total amount collected in the several States during the years 1927-28 to 1931-32. In the case of Western Australia the amount of dividend duty collected is included. The tax levied on prizes in lotteries although coming within the Income Tax class has been excluded from the amounts given below.

## STATE INCOME AND DIVIDEND TAXES.—COLLECTIONS.

State.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
New South Wales .. ..	6,382,467	7,343,049	7,084,465	6,183,481	3,411,146
Victoria .. ..	3,035,014	2,881,917	2,981,050	2,659,585	2,061,561
Queensland .. ..	3,041,302	2,714,764	2,405,810	2,522,300	1,652,329
South Australia .. ..	1,803,829	1,735,922	1,507,375	1,802,176	1,484,066
Western Australia .. ..	648,537	644,836	751,116	562,695	436,767
Tasmania .. ..	280,377	309,165	322,098	302,925	242,347
Total .. ..	15,191,526	15,629,653	15,051,914	14,033,162	9,288,216

(f) *Unemployment Relief Tax.* During 1930-31 a special unemployment relief tax was levied in New South Wales, Victoria and Queensland. In South Australia portion of the moneys for expenditure on unemployment relief was raised by an increment in the rate of income tax. In Western Australia and Tasmania no special tax for this purpose was raised. Further references to this matter are included in the Chapter dealing with Labour, Wages and Prices.

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

## MOTOR TAXATION.—COLLECTIONS.

State.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
New South Wales .. ..	1,478,986	1,710,453	1,807,376	1,669,969	1,617,387
Victoria .. ..	957,945	1,103,718	1,196,831	1,118,170	1,124,362
Queensland .. ..	403,956	477,310	523,881	519,108	519,467
South Australia .. ..	a 539,481	a 623,587	a 620,627	461,955	499,704
Western Australia .. ..	215,567	265,059	314,300	286,140	278,816
Tasmania .. ..	68,916	80,296	89,791	95,370	93,567
Total .. ..	3,664,851	4,260,423	4,552,806	4,150,712	4,133,303

(a) Includes motor spirit tax.

In all the States except Tasmania, the proceeds of Motor Tax and Motor Registration Fees, which latter are included herein, are now paid into a special roads fund and the amounts do not appear in the Consolidated Revenue Fund. In New South Wales a proportion of the collections is however retained and paid to Consolidated Revenue as an offset against administrative charges.

(iii) *Business Undertakings*—(a) 1931-32. A very large proportion of State revenues is made up of receipts from public works and services under the control of the Governments. The principal of these are railways and tramways, harbour works, and water supply and sewerage, while, in addition, State batteries for the treatment of auriferous ores exist in Western Australia, and various minor revenue-producing services are rendered by the Governments of all States. For the year 1931-32 the revenue from these sources was £50,887,799, or 52 per cent. of the revenue from all sources. Details of revenue are as follow:—

## STATE REVENUE FROM BUSINESS UNDERTAKINGS, 1931-32.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways	618,306,244	49,256,358	45,936,501	2,759,693	3,183,977	4380,117	39,822,890
Harbour services ..	6832,187	52,464	74,363	523,081	279,620	..	1,761,715
Water supply and sewerage ..	(d) 3,069,344	6644,038	..	888,276	587,376	..	5,189,034
Other ..	1,119,081	1,791,262	177,900	427,356	500,276	698,285	4,114,160
Total ..	23,326,856	11,744,122	6,188,764	4,598,406	4,551,249	478,402	50,887,799

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

As mentioned on a previous page the particulars shown above for New South Wales railways and tramways do not include a sum of £800,000, recouped to Railways Commissioners from Consolidated Revenue in respect of losses on operating country developmental railways.

(b) 1927-28 to 1931-32. Particulars of the revenue from Business Undertakings for the past five years are given below.

## STATE REVENUE FROM BUSINESS UNDERTAKINGS.(a)

Particulars.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
Railways and Tramways ..	52,778,799	52,764,377	48,606,108	40,943,417	39,822,890
Harbour Services ..	2,639,429	2,277,611	2,120,023	1,742,907	1,761,715
Water Supply and Sewerage ..	4,079,036	5,188,584	5,185,780	5,008,555	5,189,034
Other .. ..	5,172,386	5,493,876	4,868,376	4,388,903	4,114,160
Total .. ..	64,669,650	65,724,448	60,780,287	52,083,782	50,887,799

(a) See notes to previous table.

During the quinquennium the total revenue from Business Undertakings decreased by 22.3 per cent., Railways and Tramways showing a decrease of 24.6 per cent. and Harbour Services 33.2 per cent. Revenue from Water Supply and Sewerage Services increased by 27.2 per cent.

(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 1931-32 :—

## STATE TERRITORIAL REVENUE, 1931-32.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Sales ..	35,911	14,004	..	17,377	7,441	13,671	88,404
Rentals ..	1,630,857	172,681	1,089,358	142,614	232,961	26,918	3,295,389
Forestry ..	48,192	70,040	78,155	..	52,220	8,551	257,158
Total ..	1,714,960	256,725	1,167,513	159,991	292,622	49,140	3,640,951

(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) represent in each instance a considerable proportion of the States' revenue, and for the year 1931-32 aggregated £9,134,912, or 9 per cent. of the total revenue of the States.

(vi) *Miscellaneous.* In addition to the foregoing, there are in each State several miscellaneous sources of revenue, including such items as interest, fines, fees, etc., which for the year 1931-32 aggregated £9,499,316. Of this amount, interest (mainly from loans to local governing bodies and on public account balances) was responsible for £4,802,853.

## Division II.—Expenditure.

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

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

Generally, the working expenses of Railways and Tramways were the most important item in Governmental expenditure. For four years prior to 1931-32 expenditure on these services represented about 35 per cent. of the total. In 1930-31 the decreased revenue necessitated considerable curtailment of services, which, together with staff reductions and other economies, reduced the expenditure as compared with the previous year by £7,476,395 to £34.3 millions or 29 per cent. of the total expenditure. The effect of further economies in 1931-32 is shown in the reduction of expenditure by £3,276,049 (11 per cent.) as compared with the previous year. For 1931-32 Public Debt charges represented 40 per cent. of the total expenditure; next in importance was Education, 8 per cent.; Charitable, 5 per cent.; Law and Order, 4 per cent.; and Public Health and Hospitals, 3 per cent.

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

## STATE EXPENDITURE.—CONSOLIDATED REVENUE FUNDS.

Year.	N.S.W. (a)	Victoria. (a)	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
<b>TOTAL.</b>							
	£	£	£	£	£	£	£
1927-28	48,857,763	27,521,270	16,707,564	11,621,834	9,834,415	2,867,605	117,410,451
1928-29	50,470,660	28,104,947	16,902,145	11,771,772	10,223,919	2,855,977	120,329,420
1929-30	52,167,117	28,496,712	16,721,055	12,176,840	10,268,519	2,981,992	122,812,235
1930-31	48,916,654	28,029,702	15,914,696	12,539,668	10,107,295	2,854,394	118,362,409
1931-32	51,730,689	26,163,594	15,069,293	11,545,336	9,593,212	2,657,109	116,759,233

## PER HEAD OF POPULATION.(b)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1927-28 ..	20 7 3	15 16 2	18 11 1	20 4 4	25 1 7	13 12 1	18 17 7	9
1928-29 ..	20 12 8	15 19 4	18 8 6	20 6 9	25 4 0	13 8 7	19 0 9	9
1929-30 ..	21 1 4	16 0 8	17 18 8	21 0 0	24 13 10	13 17 4	19 3 11	11
1930-31 ..	19 11 6	15 13 0	16 15 4	21 10 11	24 1 4	13 1 8	18 6 6	6
1931-32 ..	20 10 9	14 10 5	15 12 6	19 14 10	22 15 2	12 0 6	17 18 7	7

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

Details of the expenditure for the year 1931-32 are given in the next table.

3. Details of Expenditure for 1931-32.—The following table shows the total expenditure and expenditure per head under each of the principal items:—

## STATE EXPENDITURE.—DETAILS, 1931-32.

Particulars.	N.S.W. (c)	Victoria. (c)	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
<b>TOTAL.</b>							
	£	£	£	£	£	£	£
Public debt (interest, sinking fund, etc.)	120,394,130	9,157,032	6,437,691	5,455,414	4,142,345	1,284,004	46,870,616
Railways and Tramways (working expenses) ..	415,579,401	45,982,224	44,372,800	42,064,144	2,335,166	4,393,673	30,727,408
Water Supply and Sewerage (f) ..	9804,846	210,908	415,284	278,320	227,637	..	1,536,995
Justice ..	526,538	212,696	154,591	61,045	56,972	31,541	1,043,383
Police ..	1,430,033	783,390	499,330	294,244	207,653	80,505	3,295,155
Penal establishments ..	332,159	97,559	29,809	42,829	26,018	11,213	539,587
Education ..	4,177,892	2,404,065	1,423,927	869,218	614,254	253,818	9,803,174
Medical and charitable ..	3,059,679	2,879,384	942,173	1,381,391	1,050,065	229,782	9,542,474
All other expenditure ..	5,426,011	4,376,336	1,193,688	1,098,731	933,102	372,573	13,400,441
Total ..	51,730,689	26,163,594	15,069,293	11,545,336	9,593,212	2,657,109	116,759,233

(a) Including 9.79 miles of electric tramways operated by the Victorian Railways. (b) Railways only. (c) Includes expenditure of certain moneys not paid into Consolidated Revenue, see note (a) to previous table. (d) Excludes £800,000 paid from Consolidated Revenue Fund on account of losses on country developmental railways. (e) Water Supply and Irrigation Commission only. (f) Includes Water Conservation and Irrigation—New South Wales, £118,089, and South Australia, £85,902. (g) Portion only from Consolidated Revenue Fund. (h) Based on mean population of the financial year. (i) Includes portion of interest and other charges in respect of 1930-31.

STATE EXPENDITURE.—DETAILS, 1931-32—*continued.*

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
PER HEAD OF POPULATION.(h)							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Public debt (interest, sinking fund, etc.)	8 1 11	5 1 8	6 13 6	9 6 7	9 16 7	5 16 2	7 4 0
Railways and Tramways (working expenses)	6 3 8	3 6 5	4 10 8	3 10 7	5 10 9	1 15 8	4 14 4
Water Supply and Sewerage	0 6 5	0 2 4	0 0 4	0 9 6	0 10 10	..	0 4 9
Justice	0 4 2	0 2 4	0 3 3	0 2 1	0 2 8	0 2 10	0 3 2
Police	0 11 4	0 8 8	0 10 4	0 10 1	0 9 10	0 7 3	0 10 1
Penal establishments	0 2 8	0 1 1	0 0 8	0 1 5	0 1 3	0 1 0	0 1 8
Education	1 13 2	1 7 4	1 9 6	1 9 9	1 9 2	1 3 0	1 10 1
Medical and charitable	1 4 4	1 12 0	0 19 6	2 7 3	2 9 10	1 0 10	1 9 4
All other expenditure	2 3 1	2 8 7	1 4 9	1 17 7	2 4 3	1 13 9	2 1 2
Total	20 10 9	14 10 5	15 12 6	19 14 10	22 15 2	12 0 6	17 18 7

For footnote (h) see previous page.

## Division III.—Surplus Revenue.

The following table shows for each of the years 1927-28 to 1931-32 the amount and amount per head of the surplus or deficit of each State.

## STATE SURPLUS REVENUE.

Year.	N.S.W.(a)	Victoria.(a)	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
	£	£	£	£	£	£	£
1927-28 ..	-860,391	-163,353	10,506	-274,931	-26,466	95,082	-1,219,553
1928-29 ..	-23,560	51,087	-176,463	-930,858	-275,968	-80,543	-1,445,305
1929-30 ..	-5,262,228	-1,172,870	-723,185	-1,625,824	-518,004	-25,720	-9,327,831
1930-31 ..	<i>b</i> -7,995,782	-2,454,198	-842,044	-1,813,857	-1,420,539	-245,104	-14,771,524
1931-32 ..	<i>c</i> -13,095,557	-1,608,322	-2,075,180	-1,063,360	-1,557,896	-271,614	-19,671,929

## PER HEAD OF POPULATION.(d)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1927-28 ..	-0 7 2	-0 1 11	0 0 2	-0 9 7	-0 1 5	0 9 0	-0 3 11
1928-29 ..	-0 0 2	0 0 7	-0 3 10	-1 12 2	-0 13 8	-0 8 5	-0 4 7
1929-30 ..	-2 2 6	-0 13 3	-0 15 6	-2 16 1	-1 4 11	-0 2 5	-1 9 2
1930-31 ..	-3 4 0	-1 7 5	-0 17 9	-3 2 4	-3 7 8	-1 2 6	-2 5 9
1931-32 ..	-5 4 0	-0 17 10	-2 3 0	-1 16 4	-3 13 11	-1 4 7	-3 0 5

NOTE.—Minus sign (—) indicates deficit.

(a) After allowing for payments into and expenditure from certain special funds. (b) Excludes £1,672,222 interest, etc., paid by Commonwealth Government on behalf of New South Wales and which is included in New South Wales expenditure for 1931-32. (c) See letterpress following. (d) Based on mean population of each financial year.

The Budget deficit disclosed by the New South Wales Treasurer in his financial statement for 1931-32 was £14,227,844 (£5 13s. per head). The following is a reconciliation between that figure and the amount shown above :—

				£
Revenue <i>vide</i> page 410	..	..	..	38,635,132
Expenditure <i>vide</i> page 417	..	..	..	51,730,689
				<hr/>
Deficit <i>vide</i> page 418	..	..	..	13,095,557
Deficit, Unemployment Relief Fund	..	..	..	63,196
Deficit, Family Endowment Fund	..	..	..	1,068,085
				<hr/>
Total	..	..	..	14,226,838
Add Surplus of Metropolitan Board of Water Supply and Sewerage	..	..	..	1,006
				<hr/>
Deficit <i>vide</i> Treasurer's Statement	..	..	..	14,227,844
				<hr/>

### § 3. State Trust Funds.

1. *Nature.*—In addition to the moneys received as revenue and paid to the credit of their respective 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. The trust funds have at various times enabled the several State Treasurers to tide over awkward financial positions, but the propriety of allowing deficits to be liquidated in this manner is open to question.

2. *Extent.*—The amount of trust funds held on the 30th June, 1932, was as follows :—

#### STATE TRUST FUNDS, 30th JUNE, 1932.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Amount of trust funds	25,163,347	6,333,663	2,074,562	1,461,501	7,255,410	635,978	42,924,261

### § 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 4¼ per cent. to 8 per cent. per annum. Australian public

borrowing, however, is mainly due to the fact that the State Governments, in addition to ordinary administrative duties, undertake functions which in other countries are usually entrusted to local authorities or left to private enterprise. Foremost amongst these are the construction and control of the railway systems, but loan moneys have largely been used for improvements to harbours and rivers, and the construction of 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.

2. Loan Expenditure, 1931-32.—For the year ended 30th June, 1932, State net expenditure from loan funds (inclusive of revenue deficits charged to loan and Treasury Bills retired) was £5,760,963. Details for the year for each State are given in the following table:—

## STATE NET LOAN EXPENDITURE, 1931-32.

Heads of Expenditure.	N.S.W.	Victoria. (a)	Q'land. (c)	S. Aust.	W. Aust.	Tasmania (b)	Total.
	£	£	£	£	£	£	£
Railways .. ..	1,052,137	..	50,275	Cr. 127,576	137,025	Cr. 15,008	1,096,853
Tramways .. ..	Cr. 1,468	..	..	Cr. 338,493	..	..	Cr. 39,901
Water Supply ..	463,715	336,122	Cr. 442,306	119,788	435,603	..	1,312,922
Sewerage .. ..	48,069	87,342	..	140,792	64,548	..	260,751
Water Conservation, &c. .. ..	385,858	..	33,804	36,190	(f)	..	455,852
Harbours, Rivers, and Lighthouses ..	56,744	1,068	Cr. 1,084	97,611	77,490	..	9,010
Roads and Bridges ..	1,277,072	68,917	90,642	Cr. 36,471	..	..	1,640,999
Public Buildings (other than State Schools) .. ..	50,264	1,547	..	7,142	..	1,292	..
State Schools ..	41,998	Cr. 20,140	..	9,076	..	Cr. 362	..
Immigration ..	Cr. 219	..	..	..	500	..	281
Development of Mines and Mineral Re- sources .. ..	..	Cr. 6,952	Cr. 2,131	..	22,886	..	13,803
Agricultural Bank ..	..	..	Cr. 51,699	..	..	..	Cr. 51,699
Advances to Settlers	Cr. 225	13,086	..	213,021	..	9,631	..
Land Purchased for Settlement .. ..	..	62,991	63,291	808	431,604	..	794,207
Soldier Settlement ..	..	Cr. 67,665	Cr. 31,019	Cr. 55,598	Cr. 32,809	5,939	Cr. 181,152
Loans to Local Bodies	..	Cr. 8,257	Cr. 99,351	Cr. 3,765	546	Cr. 16,373	Cr. 127,200
Rabbit-proof Fencing	Cr. 442	12,292	Cr. 16,297	Cr. 3,394	Cr. 59	..	Cr. 7,900
Electricity Supply ..	23,013	586,337	..	..	3,681	Cr. 4,701	608,330
Other Public Works and Purposes ..	Cr. 9,373	15,536	Cr. 235,372	Cr. 72,393	126,850	36,826	Cr. 137,836
<b>Total .. ..</b>	<b>3,387,143</b>	<b>1,002,224</b>	<b>Cr. 206,351</b>	<b>h286,828</b>	<b>1,267,865</b>	<b>26,254</b>	<b>5,763,963</b>
Revenue Deficit ..	..	..	..	Cr. 3,000	..	..	Cr. 3,000
<b>Grand Total ..</b>	<b>3,387,143</b>	<b>1,002,224</b>	<b>Cr. 206,351</b>	<b>h283,828</b>	<b>1,267,865</b>	<b>26,254</b>	<b>5,760,963</b>

(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) Excludes £70,200 premiums, &c., in connexion with the 1931 Conversion Loan. (c) £100,000 portion of repayments to loan, was transferred to Consolidated Revenue and applied to Sinking Fund contributions. Repayments include £298,365 transferred from Government Savings Bank Inscribed Stock Account.

(d) Includes Loans to Local Bodies for Water Supply and Sewerage. (e) Country towns. (f) Included with Water Supply. (g) Loans to Local Bodies for Tramways.

(h) Credits allowed for of £263,799 arising from cancellation of securities redeemed from Sinking Fund.

3. Loan Expenditure, 1927-28 to 1931-32.—The following table gives the loan expenditure during each of the years 1927-28 to 1931-32 :—

## STATE NET LOAN EXPENDITURE.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
1927-28	14,407,619	9,016,208	3,198,506	3,882,268	4,680,260	377,777	35,562,638
1928-29	14,249,082	7,225,704	2,141,653	3,536,422	4,372,269	348,818	31,873,948
1929-30	10,878,627	6,467,067	1,295,866	2,493,287	3,693,052	146,853	24,974,752
1930-31	5,951,488	3,552,767	727,317	464,541	1,759,263	209,137	12,664,513
1931-32	3,387,143	1,002,224	Cr. 206,351	286,828	1,267,865	26,254	5,763,963

## PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1927-28	6 0 0	4 17 5	3 11 0	6 15 1	11 18 3	1 15 10	5 12 8
1928-29	5 16 6	4 1 0	2 6 8	6 2 2	10 15 6	1 12 10	5 0 5
1929-30	4 7 10	3 7 11	1 7 10	4 6 0	8 17 7	0 13 8	3 16 9
1930-31	2 7 8	2 5 2	0 15 4	0 16 0	4 3 9	0 19 2	2 0 9
1931-32	1 6 11	0 11 2	Cr. 0 4 3	0 9 10	3 0 2	0 2 4	0 17 8

The loan expenditure per head of population varies in the different States and in different years, reaching its highest point for the five years under review in Western Australia in 1927-28 with £11 18s. 3d. per head, and its lowest in Queensland in 1931-32 when repayments exceeded expenditure by £206,351 or 4s. 3d. per head.

4. Loan Expenditure Financial Agreement Act.—The figures shown hereunder for States' Net Loan Expenditure as defined in the *Financial Agreement Act*, 1928, are exclusive of expenditure in connexion with the conversion, renewal or redemption of loans, and represent gross other loan expenditure less any amounts of such expenditure repaid to the State other than moneys repaid to the State in the manner stated in Part II., Clause 4 (e) or Part III., Clause 3 (i) of the said Act.

## STATE NET LOAN EXPENDITURE—FINANCIAL AGREEMENT ACT.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total, All States.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
1927-28 .. ..	13,760	9,016	4,188	6,509	4,680	400	38,553
1928-29 .. ..	16,093	7,226	3,332	5,325	4,372	349	36,807
1929-30 .. ..	9,398	6,467	2,811	4,621	3,693	147	27,137
1930-31 .. ..	6,152	3,553	1,852	1,462	1,759	209	14,987
1931-32 .. ..	4,032	2,042	1,162	1,505	1,380	96	10,217
Annual Average	9,887	5,661	2,669	3,924	3,177	240	25,558

5. Total Loan Expenditure to 30th June, 1932.—The total loan expenditure inclusive of revenue deficits, etc., of the States from the initiation of borrowing to the 30th June, 1932, amounted to £792,014,856. The purposes for which this sum was expended are shown in the following table :—

## TOTAL STATE LOAN EXPENDITURE TO 30th JUNE, 1932.

Heads of Expenditure.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
Railways .. ..	138,411,296	73,929,260	61,680,964	32,042,091	23,860,653	6,918,344	353,694,912
Tramways .. ..	12,284,831	..	..	63,476,811	1,090,662		
Telegraphs and Tele- phones .. ..	1,762,095	..	524,387	991,772	332,293	142,410	3,752,957
Water Supply .. ..	23,807,951	27,759,298	4,971,430	12,918,747	8,003,519	..	96,032,986
Sewerage .. ..	13,657,118	d205,623		2,631,438	2,077,862	..	
Water Conservation ..	14,403,025	(e)	2,242,162	7,711,620	(e)	..	24,356,807
Harbours, Rivers, and Lighthouses .. ..	22,478,672	1,332,325	2,415,440	7,706,858	5,874,391	6,779,718	82,030,782
Roads and Bridges ..	16,209,754	11,727,876	2,380,415	3,149,536	1,975,797		
Defence .. ..	1,457,536	149,323	..	..	..	128,224	2,026,698
Public Buildings (ex- cluding State Schools)	12,258,852	1,160,822	3,396,381	1,339,097	1,565,337	1,143,180	28,334,640
State Schools .. ..		5,058,996	2,763,071	1,756,237	..	655,738	
Immigration .. ..	764,090	(f)	..	..	503,562	235,714	4,266,437
Development of Mines and Mineral Resources	..	520,421	1,874,581	..	2,519,149	..	4,914,151
Agricultural Bank ..	..	..	2,375,839	..	5,200,488	..	7,576,327
Advances to Settlers ..	1,935,708	2,708,172	2,872,132	2,655,526	11,523,781	749,300	44,831,091
Land Purchased for Settlement .. ..	8,707,755	11,998,884		1,679,833			
Soldier Settlement ..	..	27,105,767	1,630,993	8,654,540	7,966,586	2,646,544	48,004,430
Loans to Local Bodies	..	1,129,414	6,162,586	338,371	99,455	1,208,328	8,938,154
Rabbit-proof Fencing ..	382,881	684,784	317,436	250,409	328,703	..	1,964,213
Electricity Supply ..	1,197,835	17,839,227	..	..	1,185,862	3,841,843	24,064,767
Other Public Works and Purposes .. ..	49,153,149	2,511,182	9,166,488	10,233,081	6,705,238	1,776,401	39,545,539
<b>Total</b> .. ..	<b>278,872,548</b>	<b>185,821,374</b>	<b>104,774,305</b>	<b>97,827,582</b>	<b>80,813,338</b>	<b>26,225,744</b>	<b>774,334,891</b>
Treasury Bills Retired	..	..	4,185,338	3,860,089	..	..	12,417,381
Revenue Deficits .. ..	..	3,875,682			..	..	
Deficits on Loans .. ..	..	..	5,192,384	..	..	970,200	5,262,584
<b>Grand Total</b> .. ..	<b>278,872,548</b>	<b>189,697,056</b>	<b>114,152,027</b>	<b>101,687,671</b>	<b>80,813,338</b>	<b>26,792,216</b>	<b>792,014,856</b>

(a) Includes Industrial Undertakings, Grain Elevators, &c. (b) Loans to Local Bodies for Tramways.  
(c) Includes advances to Closer Settlement Account, £1,256,300. (d) Country Sewerage. (e) Included  
with Water Supply. (f) Immigration Bureau £20,000, included with Public Buildings. (g) Premiums,  
&c., in connexion with 1931 Conversion Loan.

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

## Division II.—State Public Debts.

1. General.—The first government loan raised in Australia was obtained by New South Wales in 1842. This and nine other loans prior to 1855 were all procured locally. In the last-mentioned year, Australia approached the London market, the occasion being the placing of the first instalment of the New South Wales 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. In the other States the first public loans were raised in the following years:—Queensland 1861, South Australia 1856, Western Australia 1845, and Tasmania 1867.

2. *State Debts, 1928 to 1932.*—The table hereunder shows the State public debts and the amounts owing per head of population at the 30th June in each year from 1928 to 1932 inclusive. The totals include sums advanced by the Commonwealth to the States for settling returned soldiers on the land, and for this reason they differ in some cases from those given in previous issues. On the transfer of the Queensland State Savings Bank business to the Commonwealth Bank in 1920, Queensland Government securities were handed to the latter for the Savings Bank current account credit balance and for amounts owing on account of Advances to Settlers and Workers' Dwellings. This transaction added a total of £5,936,916 to the Public Debt without involving any additional borrowing. Repayments reduced this amount at 30th June, 1932, to £2,827,813.

As provided in the *Financial Agreement Act 1928* (particulars of which are given in Chapter I, pages 21 to 32), the Commonwealth Government on 1st July, 1929, assumed, as between Commonwealth and States, 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. XII. of this volume to certain remissions which the Commonwealth Government has agreed to make to the States on account of losses sustained by the States in connexion with soldier land settlement. These remissions which have been legally ratified, reduced the States' debts at 30th June, 1926, by £5,000,000, and from 30th June, 1927, and onwards, by £7,597,783. The following figures which represents the total "face" or "book" value of the debt of States leaving out of account currency changes since the loans were floated have been adjusted on this account, and therefore differ from those given in earlier issues.

## STATE PUBLIC DEBTS.

Date.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
30th June, 1928	£'000 256,200,176	£'000 155,122,510	£'000 111,526,737	£'000 90,851,177	£'000 76,275,749	£'000 24,444,680	£'000 714,421,029
" 1929	267,701,161	153,828,692	112,742,868	92,884,174	69,336,660	22,315,212	718,808,707
" 1930	268,356,126	153,558,928	112,011,746	92,614,130	71,194,141	22,306,982	720,042,053
" 1931	285,556,834	163,797,724	112,093,956	98,722,459	76,564,885	22,983,932	759,719,790
" 1932	305,590,877	167,673,004	111,911,785	100,794,244	79,707,953	23,265,275	788,943,138

## PER HEAD OF POPULATION.(a)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
30th June, 1928	105 14 8	88 13 5	122 6 6	157 5 0	190 16 8	116 2 11	113 18 1
" 1929	108 14 3	87 0 7	121 12 2	160 16 2	168 8 0	105 0 2	113 0 2
" 1930	107 19 8	86 2 4	118 17 6	159 10 2	170 1 2	103 9 11	112 1 3
" 1931	113 18 0	91 2 7	116 16 4	169 3 3	182 0 7	104 17 9	117 2 2
" 1932	120 17 6	92 17 7	115 0 4	171 19 7	188 13 2	105 4 6	120 14 0

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

The greatest increase in indebtedness was experienced in New South Wales, which added £49,390,701 during the period under review. The public debt of the whole of the States increased during the same period by £74,522,109, or at the rate of over £18,130,000 per annum. The debt per head of population rose during the quinquennium from about £114 to £120 14s. per head—an increase of about 6 per cent. The greatest advance was shown by New South Wales, where the rate per head rose by over £15, followed by South Australia with an increase of £14 14s. 7d., and Victoria with over £4. Queensland and Tasmania showed substantial decreases of £7 6s. 2d. and £10 18s. 5d. respectively, while for Western Australia the decrease amounted to £2 3s. 6d. per head.

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 favorable 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, certain loans have been placed in New York on account of all States. The following table gives particulars of loans outstanding on the 30th June, 1932, which had been floated abroad and in Australia respectively :—

**STATE PUBLIC DEBTS, 30th JUNE, 1932.—PLACE OF FLOTATION OF LOANS.**

State.	Floated Abroad.			Floated in Australia.	Grand Total.
	London.	New York.	Total Overseas.		
	£ Stg.	£ Gold.	£ (a)	£ Aust.	£ (a)
New South Wales	164,971,510	13,608,137	178,579,647	127,011,230	305,590,877
Victoria ..	64,059,788	4,648,084	68,707,872	98,965,132	167,673,004
Queensland ..	63,276,436	7,591,411	70,867,847	41,043,938	111,911,785
South Australia ..	43,760,156	1,785,678	45,545,834	55,248,410	100,794,244
Western Australia	46,064,358	2,094,935	48,159,293	31,548,660	79,707,953
Tasmania ..	13,620,237	235,282	13,855,519	9,409,756	23,265,275
<b>Total ..</b>	<b>395,752,485</b>	<b>29,963,527</b>	<b>425,716,012</b>	<b>363,227,126</b>	<b>788,943,138</b>

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

Particulars of the aggregate debts of the States for the past five years showing the amounts which will mature overseas and in Australia respectively will be found on page 430.

The debt per head of population on the 30th June, 1932, was £120 14s. The amounts redeemable in London represented £60 10s. 11d. per head; in New York, £4 11s. 8d. per head; and in Australia, £55 11s. 5d. per head.

4. **Rates of Interest.**—(i) *At 30th June, 1932.* 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 2.325 per cent., twenty-seven separate rates being involved. The average rate payable on the aggregate indebtedness is £4 6s. 10d. per cent. For the separate States the average varies, being lowest in the case of Tasmania and highest in that of New South Wales. 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, 1932, 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 London ..	£ sterling,
in New York ..	£ gold,
in Australia ..	£ Australian.

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

STATE PUBLIC DEBTS.—RATES OF INTEREST PAYABLE AT 30th JUNE, 1932.

Rate of Interest.	Place of Maturity.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	Total, All States.
%		£	£	£	£	£	£	£
2.325	Australia	687,474	778,085	54,550	373,451	..	..	1,893,560
2.7125	"	291,514	445,296	365,865	207,457	78,135	..	1,388,317
2.90625	"	411,650	220,000	9,500	319,117	..	..	960,267
3.0	Australia	6,572,640	3,272,298	5,469,500	3,044,042	278,170	303,301	18,939,951
3.1	London	12,420,113	5,202,146	4,274,213	3,433,499	2,832,504	941,000	29,103,475
3.1	Australia	532,665	736,171	5,512,791	156,150	2,171,475	240,609	9,349,861
3.29375	"	..	..	..	..	..	2,000	2,000
3.4375	"	74,700	500	6,492,000	83,050	1,875,558	176,337	8,702,145
3.5	Australia	..	..	526,400	..	..	..	526,400
3.68125	London	16,569,952	8,616,095	6,000,000	5,909,711	9,184,401	4,156,500	50,436,659
3.75	Australia	..	80,730	..	500,000	..	..	580,730
3.75	London	..	..	2,000,000	789,400	888,608	..	3,678,008
3.875	Australia	3,138,820	21,128,688	1,649,512	2,594,615	2,001,659	111,130	30,624,424
4.0	Australia	85,171,380	61,563,413	15,720,720	39,432,333	21,819,305	7,519,589	231,226,740
4.0	London	20,014,242	2,962,116	6,000,000	6,064,222	5,962,436	3,800,000	44,803,016
4.06875	Australia	15,382,078	2,488,790	258,110	3,460,000	753,533	238,050	22,580,561
4.25	London	..	..	..	..	..	137,750	137,750
4.2625	Australia	14,065,081	4,333,711	2,185,540	2,917,495	919,042	350,000	24,770,869
4.45625	"	101,933	3,117,450	..	..	..	..	3,219,383
4.5	London	13,492,200	1,174,700	..	..	3,227,465	..	17,894,365
4.65	New York	3,892,839	836,207	1,123,395	..	..	..	5,852,441
4.75	Australia	577,910	800,000	..	2,152,200	1,401,733	200,000	5,131,843
5.0	London	..	5,999,000	..	..	..	..	5,999,000
5.0	Australia	48,397,408	33,218,082	39,220,523	21,603,024	20,202,649	2,584,987	165,226,673
5.0375	New York	9,715,298	3,811,877	2,300,339	1,785,678	2,094,935	235,282	19,943,409
5.25	Australia	3,035	..	2,789,460	8,000	250,000	..	3,319,235
5.5	London	17,870,500	..	..	..	..	..	17,870,500
5.5	"	2,980,400	6,887,649	3,781,700	..	..	..	13,649,749
5.75	"	17,262,190	..	..	..	1,049,993	..	18,312,183
6.0	London	9,527,090	..	2,000,000	2,977,800	2,716,302	..	17,221,192
6.0	New York	..	..	2,054,865	..	..	..	2,054,865
6.5	London	6,427,465	..	2,112,812	2,982,500	..	2,000,000	11,409,865
7.0	New York	..	..	9,990	..	..	..	2,112,812
(b)	Australia	350	..	..	500	..	..	10,840
(b)	London	9,950	..	..	..	..	..	9,950
Total Debt	Australia	127,011,230	98,965,132	41,043,938	55,248,410	31,548,660	9,409,756	363,227,126
	London	164,971,510	64,059,788	63,270,436	43,760,156	46,064,358	13,620,237	395,752,485
	New York	13,608,137	4,648,084	7,591,411	1,785,678	2,094,935	235,282	29,963,327
	Total	305,590,877	167,673,004	111,911,785	100,794,244	79,707,953	23,265,275	788,943,138
Interest payable	Australia	5,037,586	3,903,923	1,528,765	2,184,499	1,241,136	375,369	14,271,278
	London(a)	7,864,250	2,953,652	2,942,246	2,034,698	2,056,971	590,811	18,442,628
	New York	660,943	228,223	436,759	89,284	104,747	11,764	1,531,720
	Total	13,562,779	7,085,798	4,907,770	4,308,481	3,402,854	977,944	34,245,626
Average Rate of Interest payable	Australia	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
	London	3 19 4	3 18 11	3 14 6	3 19 1	3 18 8	3 19 9	3 18 7
	New York	4 15 4	4 12 3	4 13 0	4 13 0	4 9 4	4 6 9	4 13 3
	Total	4 17 2	4 18 2	5 15 1	5 0 0	5 0 0	5 0 0	5 2 3
	Total	4 8 9	4 4 6	4 7 8	4 5 6	4 5 5	4 4 1	4 6 10

(a) Includes contributions payable by Commonwealth and British Governments towards interest on Migration Loans.  
 (b) Overdue or unconverted.

The average rate of interest payable shows a very substantial decrease due to the internal debt conversion loan in July and August, 1931, which is referred to in the Appendix. The average rate for debt maturing in Australia has been reduced from £5 4s. 9d. per cent. in 1931 to £3 18s. 7d. per cent. in 1932. For debt maturing in London the average rate increased from £4 12s. 7d. per cent. in 1931 to £4 13s. 3d. in 1932, while for New York loans it fell from £5 2s. 6d. per cent. to £5 2s. 3d. per cent.

(ii) *Variations from 1901 to 1932.*—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.	1912.	1922.	1931.	1932.
	%	%	%	%	%
Not exceeding 3 per cent.	18.0	17.0	9.1	5.3	6.6
Exceeding 3 per cent. but not exceeding 4 per cent. ..	78.5	82.9	39.1	17.2	48.2
Exceeding 4 per cent. but not exceeding 5 per cent. ..	3.1	0.1	14.1	36.8	10.8
Exceeding 5 per cent. but not exceeding 6 per cent. ..	0.4	..	29.9	38.4	32.7
Exceeding 6 per cent.	..	..	7.8	2.3	1.7
Total ..	100.0	100.0	100.0	100.0	100.0
Average Rate	3.7	4.0	4.6	4.9	4.3

5. *Dates of Maturity.*—Securities like the British Consols are interminable, but Australian debts have in most cases a fixed date for repayment, there being a few exceptions which are included in the following table under the headings "interminable," "Treasurer's option," and "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. In most cases, at date of maturity renewal is effected in respect of the greater portion of the loan. In order to avoid application to the market at an unfavourable time, several States adopted the practice of specifying a period prior to the date of maturity within which the Government, on giving twelve, or in some cases six months' notice, has the option of redeeming the loan. The Government can, therefore, take advantage of opportunities that may offer during the period for favourable renewals. Particulars concerning the due dates of the State loans outstanding on the 30th June, 1932, are given in the following table, the various maturities being grouped according to years ending 30th June.

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

**STATE PUBLIC DEBTS.—LATEST DATE OF MATURITY OF AMOUNT  
OUTSTANDING ON 30th JUNE, 1932.**

Year of Maturity (Ended 30th June).	Maturing in London.	Maturing in New York.	Total Maturing Overseas.	Maturing in Australia.	Grand Total.
	£ Stg.	£ Gold.	£ (a)	£ Aust.	£ (a)
1933 .. .. .	39,465,798	..	39,465,798	57,387,444	96,853,242
1934 .. .. .	13,600,599	..	13,600,599	20,505,544	34,106,143
1935 .. .. .	15,480,158	..	15,480,158	22,813,183	38,293,341
1936 .. .. .	14,162,201	..	14,162,201	8,450,877	22,613,078
1937 .. .. .	6,375,532	..	6,375,532	1,723,894	8,099,426
1938 .. .. .	..	..	..	2,129,867	2,129,867
1930 .. .. .	2,358,276	..	2,358,276	38,069,487	40,427,763
1940 .. .. .	5,606,500	..	5,606,500	1,451,713	7,058,213
1941 .. .. .	33,587,950	..	33,587,950	3,928,735	37,516,685
1942 .. .. .	..	2,112,812	2,112,812	39,326,920	41,439,732
1943 .. .. .	24,634,150	..	24,634,150	4,510,932	29,145,082
1944 .. .. .	..	..	..	1,259,300	1,259,300
1945 .. .. .	12,774,046	..	12,774,046	24,344,783	37,118,829
1946 .. .. .	12,034,568	..	12,034,568	16,500	12,051,068
1947 .. .. .	5,717,813	2,054,865	7,772,678	1,287,928	9,060,606
1948 .. .. .	..	..	..	14,021,174	14,021,174
1949 .. .. .	5,202,146	..	5,202,146	697,165	5,899,311
1950 .. .. .	6,119,695	..	6,119,695	932,829	7,052,524
1951 .. .. .	20,867,428	..	20,867,428	13,842,367	34,709,795
1952 .. .. .	..	..	..	554,186	554,186
1953 .. .. .	..	..	..	491,618	491,618
1954 .. .. .	..	..	..	12,911,291	12,911,291
1955 .. .. .	3,345,804	..	3,345,804	778,078	4,123,882
1956 .. .. .	21,657,000	10,806,844	32,463,844	12,152,861	44,616,705
1957 .. .. .	..	4,857,598	4,857,598	346,685	5,204,283
1958 .. .. .	17,870,500	10,131,408	28,001,908	11,566,174	39,568,082
1960 .. .. .	3,850,724	..	3,850,724	11,619,602	15,470,326
1961 .. .. .	29,163,835	..	29,163,835	..	29,163,835
1962 .. .. .	4,964,083	..	4,964,083	11,398,915	16,362,998
1963 .. .. .	10,392,396	..	10,392,396	106,804	10,499,200
1964 .. .. .	..	..	..	1,566,000	1,566,000
1966 .. .. .	16,789,665	..	16,789,665	..	16,789,665
1970 .. .. .	2,000,000	..	2,000,000	..	2,000,000
1976 .. .. .	65,286,969	..	65,286,969	50,064	65,337,033
Overdue .. .. .	9,950	..	9,950	1,350	11,300
Interminable .. .. .	1,200	..	1,200	462,089	463,289
Treasurer's Option .. .. .	2,433,499	..	2,433,499	6,569,551	9,003,050
Half-yearly Drawings .. .. .	..	..	..	4,634,392	4,634,392
Not fixed .. .. .	..	..	..	31,316,824	31,316,824
<b>Total .. .. .</b>	<b>395,752,485</b>	<b>29,963,527</b>	<b>425,716,012</b>	<b>363,227,126</b>	<b>788,943,138</b>

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

6. **Sinking Funds.**—Prior to the passing of the *Financial Agreement Act* 1928, the practice of providing sinking funds by the States had been consistently adopted in the case of Western Australia only. This State had established, in connexion with each of its loans, sinking funds varying from 1 per cent. to 3 per cent. per annum of the nominal amount of the loan. The funds were 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 varied, consisting in certain instances of the revenues from specified sources, in others of the Consolidated Revenue Fund surplus, and in others again of fixed annual amounts. The *Financial Agreement Act* 1928 contains provisions for the establishment of a sinking fund on States' debts, and details are included in Part III., Section 3 of the *Financial*

Agreement between the Commonwealth and States which is reprinted in Chapter I., pages 21 to 32, of this volume. Details of the transactions of the National Debt Sinking Fund (States' Account) are given in Finance Bulletin No. 23, issued by this Bureau.

#### D. COMMONWEALTH AND STATE FINANCE.

1. Revenue and Expenditure.—The appended statements show the aggregate revenue and expenditure of the Commonwealth and States for each of the last five years to 1931-32, allowance having been made in cases of duplication.

#### COMMONWEALTH AND STATES.—REVENUE.

Year ended 30th June—	Revenue collected by Commonwealth Government.(a)	Revenue collected by State Governments.(b)	Total.
	£	£	£
1928 .. .. .	71,817,299	107,779,249	179,596,548
1929 .. .. .	72,782,640	110,299,407	183,712,047
1930 .. .. .	75,137,160	104,989,492	180,126,652
1931 .. .. .	67,882,839	94,285,973	162,168,812
1932 .. .. .	70,139,488	87,952,392	158,091,880

(a) Excluding Interest on Loans to States for Soldier Land Settlement, Miscellaneous Loans, and Balance of Interest on States' Debts.

(b) Excluding Payments by Commonwealth Government under "Surplus Revenue", "Special Grants", "Financial Agreement", and "Federal Aid Roads" Acts.

#### COMMONWEALTH AND STATES.—EXPENDITURE.

Year ended 30th June—	Expenditure by Commonwealth Government.(a)	Expenditure by State Governments.	Total.
	£	£	£
1928 .. .. .	68,855,887	117,410,451	186,266,338
1929 .. .. .	67,186,907	120,329,420	187,516,327
1930 .. .. .	68,113,253	122,812,235	190,925,488
1931 .. .. .	69,335,546	118,362,409	187,697,955
1932 .. .. .	61,004,576	116,759,233	177,763,809

(a) Excluding Payments to States and Interest on States' Debts, etc.

2. **Taxation.**—In the table hereunder showing the combined Commonwealth and State taxation for each of the years 1927-28 to 1931-32, 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.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£
<b>Commonwealth—</b>					
Customs and Excise ..	41,446,730	41,058,571	41,774,391	28,295,073	28,405,796
Other .. ..	15,191,128	15,244,918	16,413,384	22,125,033	25,553,246
<b>Total .. ..</b>	<b>56,637,858</b>	<b>56,303,489</b>	<b>58,187,775</b>	<b>50,420,106</b>	<b>53,959,042</b>
<b>State .. ..</b>	<b>32,252,143</b>	<b>32,525,832</b>	<b>33,823,803</b>	<b>35,759,813</b>	<b>32,748,228</b>
<b>Grand Total ..</b>	<b>88,890,001</b>	<b>88,829,321</b>	<b>92,011,578</b>	<b>86,179,919</b>	<b>86,707,270</b>
<b>Taxation per head(b)—</b>					
<b>Commonwealth—</b>					
Customs and Excise ..	£6/13/1	£6/9/8	£6/10/4	£4/7/5	£4/7/1
Other .. ..	£2/8/9	£2/8/2	£2/11/2	£3/8/5	£3/18/4
<b>Total .. ..</b>	<b>£9/1/10</b>	<b>£8/17/10</b>	<b>£9/1/6</b>	<b>£7/15/10</b>	<b>£8/5/5</b>
<b>State .. ..</b>	<b>£5/3/9</b>	<b>£5/2/11</b>	<b>£5/5/9</b>	<b>£5/10/9</b>	<b>£5/0/7</b>
<b>Grand Total ..</b>	<b>£14/5/3</b>	<b>£14/0/5</b>	<b>£14/6/11</b>	<b>£13/6/3</b>	<b>£13/5/9</b>

(a) Includes Sales Tax, £3,472,854 (10s. 9d. per head) in 1930-31 and £8,425,067 (£1 5s. 10d. per head) in 1931-32. (b) Based on mean population of each financial year; that for States, on the aggregate mean population of the six States.

3. Public Debt.—(i) *General.* The table hereunder shows the public debt of the Commonwealth and of the States at the 30th June in each of the years 1928 to 1932. 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 now been included with the Commonwealth Debt.

## COMMONWEALTH AND STATES' PUBLIC DEBTS.

Particulars.	Where Redeemable.	At 30th June—				
		1928.	1929.	1930.	1931.	1932.
		£ (a)				
Commonwealth ..	Aust. . .	226,874,748	225,433,064	212,653,279	221,721,804	222,992,803
	London	136,215,847	142,630,573	150,746,148	157,438,806	158,775,930
	New York	17,291,277	17,155,718	17,155,718	17,155,718	17,115,997
	Total (b)	380,381,872	385,219,355	380,555,145	396,316,328	398,884,730
States .. ..	Aust. . .	297,760,357	306,312,095	314,315,385	335,178,302	363,227,126
	London	385,670,884	381,718,085	375,039,685	394,105,816	395,752,485
	New York	30,989,788	30,778,527	30,686,983	30,435,672	29,963,527
	Total (b)	714,421,029	718,808,707	720,042,053	759,719,790	788,943,138
Total, Commonwealth and States	Aust. . .	524,635,105	531,745,159	526,968,664	556,900,106	586,219,929
	London	521,886,731	524,348,658	525,785,833	551,544,622	554,528,415
	New York	48,281,065	47,934,245	47,842,701	47,591,390	47,079,524
	Grand Total (b)	1,094,802,901	1,104,028,062	1,100,597,198	1,156,036,118	1,187,827,868

(a) The units of currency are—

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

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

(ii) *Dates of Maturity.* The particulars given in the appended table show separately as at 30th June, 1932, the amounts of Commonwealth and States securities maturing in Australia and overseas according to year of maturity, together with the amount of interest payable yearly thereon. It should be noted that the year of maturity is given for fiscal years ended 30th June and for that reason the information is not directly comparable with statements published in issues of the Official Year Book prior to No. 24. Debts with optional dates of maturity, representing about 75 per cent. of the total overseas obligations, have been grouped according to the latest year of maturity. Reference will be made in the Appendix to certain conversion operations in connexion with the London debt with optional maturity dates.

COMMONWEALTH AND STATES' PUBLIC DEBTS, 30th JUNE, 1932.—  
DATES OF MATURITY.

Year of Maturity.	Commonwealth and States' Debts.				Annual Interest Payable at 30th June, 1932, in respect of Commonwealth and States' Debts Maturing in the Years stated.			
	Maturing in Australia.	Maturing in London.	Maturing in New York.	Total.	Interest Payable.			
					In Australia.	In London.	In New York.	Total.
	£'000. (Aust.)	£'000 (Stg.)	£'000 (Gold).	£'000 (a)	£'000 (Aust.)	£'000 (Stg.)	£'000 (Gold).	£'000 (b)
1932-33 .. ..	74,262	49,686	..	123,948	2,889	2,241	..	5,130
1933-34 .. ..	22,597	13,601	..	36,198	903	589	..	1,492
1934-35 .. ..	23,756	15,563	..	39,319	1,001	714	..	1,715
1935-36 .. ..	8,989	14,736	..	23,725	386	467	..	853
1936-37 .. ..	1,984	6,747	..	8,731	78	309	..	387
1937-38 .. ..	2,277	..	..	2,277	82	..	..	82
1938-39 .. ..	81,204	2,518	..	83,722	3,196	88	..	3,284
1939-40 .. ..	1,884	5,607	..	7,491	73	199	..	272
1940-41 .. ..	4,013	48,588	..	52,601	136	2,950	..	3,086
1941-42 .. ..	73,566	..	2,113	75,682	2,949	..	148	3,097
1942-43 .. ..	7,070	24,634	..	31,704	286	1,231	..	1,517
1943-44 .. ..	1,259	..	..	1,259	56	..	..	56
1944-45 .. ..	52,432	30,129	..	82,561	2,011	1,447	..	3,458
1945-46 .. ..	17	12,034	..	12,051	..	547	..	547
1946-47 .. ..	1,288	5,718	2,055	9,061	49	179	123	351
1947-48 .. ..	39,022	..	..	39,022	1,550	..	..	1,550
1948-49 .. ..	1,137	5,202	..	6,339	40	156	..	196
1949-50 .. ..	933	6,120	..	7,053	32	214	..	246
1950-51 .. ..	30,602	20,867	..	51,469	1,217	774	..	1,991
1951-52 .. ..	554	..	..	554	19	..	..	19
1952-53 .. ..	492	..	..	492	17	..	..	17
1953-54 .. ..	29,053	..	..	29,053	1,158	..	..	1,158
1954-55 .. ..	778	3,346	..	4,124	30	117	..	147
1955-56 .. ..	28,012	21,657	25,351	75,020	1,120	1,083	1,217	3,420
1956-57 .. ..	346	..	4,858	5,204	14	..	243	257
1957-58 .. ..	26,977	17,870	12,703	57,550	1,079	938	635	2,652
1958-59 .. ..	..	..	..	..	..	..	..	..
1959-60 .. ..	27,019	3,851	..	30,870	1,081	152	..	1,233
1960-61 .. ..	..	35,164	..	35,164	..	1,673	..	1,673
1961-62 .. ..	26,345	4,964	..	31,309	1,054	199	..	1,253
1962-63 .. ..	107	10,392	..	10,499	3	416	..	419
1963-64 .. ..	1,566	..	..	1,566	48	..	..	48
1964-65 .. ..	..	..	..	..	..	..	..	..
1965-66 .. ..	..	16,790	..	16,790	..	826	..	826
1966-67 .. ..	..	..	..	..	..	..	..	..
1967-68 .. ..	..	..	..	..	..	..	..	..
1968-69 .. ..	..	..	..	..	..	..	..	..
1969-70 .. ..	..	2,000	..	2,000	..	70	..	70
1970-71 .. ..	..	..	..	..	..	..	..	..
1971-72 .. ..	..	..	..	..	..	..	..	..
1972-73 .. ..	..	..	..	..	..	..	..	..
1973-74 .. ..	..	..	..	..	..	..	..	..
1974-75 .. ..	..	..	..	..	..	..	..	..
1975-76 .. ..	50	94,576	..	94,626	1	4,729	..	4,730
Overdue .. ..	77	10	..	87	..	..	..	..
Interminable ..	462	1	..	463	15	..	..	15
Treasurers' Option ..	6,603	2,433	..	9,036	190	73	..	263
Half-yearly Drawings ..	4,634	..	..	4,634	152	..	..	152
Annual Repayments ..	..	79,724	..	79,724	..	3,920	..	3,920
Transferred Properties ..	111	..	..	111	4	..	..	4
Indefinite .. ..	4,739	..	..	4,739	161	..	..	161
Total .. ..	586,220	554,528	47,080	1,187,828	23,080	26,301	2,366	51,747

(a) The total "face" or "book" value of the Public Debt without adjustment on account of currency changes since the loans were floated. (b) Nominal amount of interest payable takes no account of exchange.

(iii) *Rates of Interest, 30th June, 1932.* The amount of Commonwealth and States Public Debt at each rate of interest (internal and external debt shown separately) is given in the following table.

COMMONWEALTH AND STATES' PUBLIC DEBTS, 30th JUNE, 1932.—AMOUNT AT EACH RATE OF INTEREST.

Rate of Interest.	Commonwealth and States' Debt maturing—			
	In Australia.	In London.	In New York.	Total.
%	£ (Aust.)	£ (Stg.)	£ (Gold)	£ (b)
2.325 .. ..	1,893,560	..	..	1,893,560
2.7125 .. ..	1,390,325	..	..	1,390,325
2.9042 .. ..	1,483	..	..	1,483
2.90625 .. ..	960,267	..	..	960,267
3. .. ..	31,593,142	30,103,502	..	61,696,644
3.1 .. ..	9,349,861	..	..	9,349,861
3.29375 .. ..	2,000	..	..	2,000
3.4875 .. ..	8,702,145	..	..	8,702,145
3.5 .. ..	637,525	58,612,789	..	59,250,314
3.68125 .. ..	580,730	..	..	580,730
3.75 .. ..	..	3,678,008	..	3,678,008
3.875 .. ..	38,905,044	..	..	38,905,044
4 .. ..	449,630,189	45,459,794	..	495,089,983
4.06875 .. ..	28,086,271	..	..	28,086,271
4.25 .. ..	..	137,750	..	137,750
4.2625 .. ..	27,066,170	..	..	27,066,170
4.4542 .. ..	89,650	..	..	89,650
4.45625 .. ..	3,219,383	..	..	3,219,383
4.5 .. ..	..	17,894,365	10,185,761	28,080,126
4.65 .. ..	7,431,653	..	..	7,431,653
4.75 .. ..	..	11,999,000	..	11,999,000
4.91675 .. ..	..	79,724,220	..	79,724,220
5 .. ..	203,917	213,445,448	32,726,086	246,375,451
5.0375 .. ..	3,319,235	..	..	3,319,235
5.25 .. ..	..	17,870,500	..	17,870,500
5.5 .. ..	..	13,649,749	..	13,649,749
5.75 .. ..	..	18,312,183	..	18,312,183
6 .. ..	..	32,221,192	2,054,865	34,276,057
6.5 .. ..	..	11,409,965	..	11,409,965
7 .. ..	..	..	2,112,812	2,112,812
Overdue (a) ..	254,008	9,950	..	263,958
Deduct Loans to States for Soldier Land Settlement	— 27,096,629	..	..	— 27,096,629
Total .. ..	586,219,929	554,528,415	47,079,524	1,187,827,868
Average Rate of Interest ..	£3 18s. 9d.	£4 14s. 11d.	£5 os. 6d.	£4 7s. 1d.

(a) Includes unconverted securities. (b) Total "face" or "book" value of the Public Debt without adjustment on account of currency changes since the loans were floated.

(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 1928 to 1932.

## COMMONWEALTH AND STATES' PUBLIC DEBTS, INTEREST PAYABLE.

Particulars.	Where Payable.	At 30th June.				
		1928.	1929.	1930.	1931.	1932.
		£ (a)	£ (a)	£ (a)	£ (a)	£ (a)
Commonwealth ..	Australia ..	12,079,926	12,027,136	11,374,060	12,190,243	8,809,205
	London ..	6,838,937	7,182,377	7,591,389	7,787,343	7,858,150
	New York ..	842,858	836,109	836,109	836,109	834,133
	Total (b)	19,761,721	20,045,622	19,801,558	20,813,695	17,501,488
States .. ..	Australia ..	15,481,043	15,941,357	16,395,263	17,551,862	14,271,278
	London (c) ..	18,021,752	17,933,140	17,594,511	18,244,281	18,442,628
	New York ..	1,589,689	1,579,367	1,574,789	1,559,597	1,531,720
	Total (b)	35,092,484	35,453,864	35,564,563	37,355,740	34,245,626
Total Commonwealth and States	Australia ..	27,560,969	27,968,493	27,769,323	29,742,105	23,080,483
	London ..	24,860,689	25,115,517	25,185,900	26,031,624	26,300,778
	New York ..	2,432,547	2,415,476	2,410,898	2,395,706	2,365,853
	Total (b)	54,854,205	55,499,486	55,366,121	58,169,435	51,747,114
Average Rate per cent.		£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
	Australia ..	5 5 1	5 5 2	5 5 5	5 6 10	3 18 9
	London ..	4 15 3	4 15 10	4 15 10	4 14 5	4 14 11
	New York ..	5 0 9	5 0 9	5 0 9	5 0 8	5 0 6
	Total (b)	5 0 3	5 0 6	5 0 7	5 0 8	4 7 1

(a) The units of currency are—

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

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

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

The average rate of interest payable on debt maturing in Australia rose from £3 10s. 1d. per cent. in 1912 to £4 16s. 7d. per cent. in 1922 and reached the maximum rate of £5 5s. 5d. per cent. in 1931. The National Debt Conversion Loan of 1931-32, which was designed to reduce the interest payable on all internal loans by 22½ per cent., resulted in a decrease of £1 8s. 1d. per cent. to £3 18s. 9d. per cent., which rate is slightly above that ruling in 1917. There has been little variation in the rate of interest payable on overseas loans, the present rate of £4 15s. 4d. per cent. being a few pence only in excess of the 1925 rate.

(v) *Short-term Debt.* Particulars of the short-term debt (Treasury Bills and Debentures) of the Commonwealth and States in London and in Australia at intervals from 30th June, 1930, to 30th June, 1932, are given in the following table:—

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

Date.	Maturing in London.			Maturing in Australia.		
	Common-wealth.	States.	Total.	Common-wealth.	States.	Total.
	£'000 Stg.	£'000 Stg.	£'000 Stg.	£'000 Aust.	£'000 Aust.	£'000 Aust.
30th June, 1930 ..	175	4,825	5,000	..	2,300	2,300
30th June, 1931 ..	8,808	24,267	33,075	5,066	15,554	20,620
30th September, 1931	10,220	27,855	38,075	6,525	24,700	31,225
31st December, 1931..	10,220	27,605	37,825	8,225	31,535	39,760
31st March, 1932 ..	10,220	27,355	37,575	(b) 9,224	34,201	43,425
30th June, 1932 ..	10,220	27,105	37,325	6,330	38,660	44,990

(a) Exclusive of overdrafts.

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

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

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

Prior to the passing of the *Financial Agreement Validation Act (No. 4, 1929)*, assented to on 18th March, 1929, the Australian Loan Council functioned on a purely voluntary basis. The Act referred to, in which is embodied the agreement between the Commonwealth and States Governments, invested the Loan Council with full constitutional authority. Details of the constitution of the Loan Council are included in Part I., section 3 of the Financial Agreement and may be found in Chapter I., pp. 23-27 of this volume.

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