

CHAPTER XV. PUBLIC FINANCE.

A. GENERAL.

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

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

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

B. COMMONWEALTH FINANCE.

§ 1. General.

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

Section 69 provides for the transfer to the Commonwealth from the States of certain specified departments, while section 51, in outlining the powers of the Federal Parliament, implies the transfer or creation of various other departments. Section 87 deals with the financial relations between the Commonwealth and the States. These matters have been treated in some detail in previous issues of the Official Year Book and on page 396 of this issue a *résumé* is given of the constitutional obligations upon the Commonwealth regarding payments to the States.

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

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

(ii) *Receipts, Expenditure, &c.* The following statement shows for the period 1921-22 to 1933-34 the Receipts, Expenditure, Excess Receipts or Deficiency for the year together with the accumulated result. The receipts and expenditure on account of the Balance of "Interest on States' Debts" payable by the States to the Commonwealth under the "Financial Agreement Act" have been excluded.

Year.	Receipts.	Expenditure.	Excess Receipts.	Deficiency.	Accumulated Result.	
					Excess Receipts.	Deficiency.
	£	£	£	£	£	£
1921-22..	63,985,796	64,195,699	..	209,903	6,408,424	..
1922-23..	63,834,385	62,814,235	1,020,150	..	7,428,574	..
1923-24..	65,078,688	69,916,109	..	4,837,421	2,591,153 <i>d</i>	..
1924-25..	67,697,124	67,178,748	518,376	..	3,109,529	..
1925-26..	70,203,572	73,027,204	..	2,823,632	285,897	..
1926-27..	75,544,382	73,008,785	2,535,597	..	2,821,494 <i>b</i>	..
1927-28..	73,808,227	79,258,404	..	5,450,237 <i>d</i>	..	2,628,743
1928-29..	74,894,799	77,253,774	..	2,358,975	..	4,987,718
1929-30..	77,143,389	78,614,392	..	1,471,003	..	6,458,721
1930-31..	69,566,920	80,324,539 <i>c</i>	..	10,757,619 <i>c</i>	..	17,216,340
1931-32..	71,532,298	70,218,207	1,314,091	..	1,314,091	..
1932-33..	73,512,809	69,966,201	3,546,608	..	4,860,699	..
1933-34..	73,941,953	72,640,383	1,301,570	..	6,162,269 <i>d</i>	..

(a) Of the accumulated surplus to 30th June, 1924, viz., £10,006,908. £4,915,755 was used for debt redemption, and £2,500,000 transferred to Trust Funds. (b) The following payments amounting to £2,820,000 were made out of the surplus of £2,821,494 available at 30th June, 1927, and brought to account as expenditure during 1927-28:—Naval Construction and Defence Reserve, £2,250,000; Science and Industry Investigation, £250,000; Civil Aviation, £200,000; Purchase of Radium, £100,000; and Geophysical Survey of Australia, £20,000. The result of the ordinary transactions of the year 1927-28, omitting these special appropriations, was therefore a deficit of £2,630,237. (c) Excludes Interest, &c., paid on behalf of New South Wales and not recovered at 30th June, 1931. (d) Of this amount it is proposed to allocate £6,160,000 for expenditure in subsequent years, viz., £4,160,000 for Defence equipment and £2,000,000 for financial assistance to the States.

§ 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.

I. 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 1928-29 to 1932-33:—

COMMONWEALTH CONSOLIDATED REVENUE—SOURCES.

Source.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
Taxation (a)	56,303,489	58,187,775	50,420,106	53,959,042	56,146,036
Percentage of Total .. %	75.2	75.4	72.5	75.4	76.4
Per head of population (d) ..	£8 17 3	£9 0 11	£7 15 2	£8 4 8	£8 10 0
Business Undertakings (a)	13,404,412	13,969,124	13,148,341	12,653,704	12,894,580
Percentage of Total .. %	17.9	18.1	18.9	17.7	17.5
Per head of population (d) ..	£2 2 2	£2 3 5	£2 0 6	£1 18 8	£1 19 1
Other Revenue—					
Interest, etc. (c)—					
Loans to States for Soldier Settlement	1,832,732	1,682,891	1,387,151	1,174,187	1,083,865
Other	1,683,319	1,773,723	1,668,479	1,427,307	1,384,639
Coinage	92,898	41,070	141,846	191,136	49,568
Defence	117,614	103,351	79,005	50,510	47,753
Quarantine	26,284	28,360	20,814	16,488	17,312
Territories (b)	35,613	86,770	207,192	202,402	202,936
Patents, Trade Marks, etc.	44,917	58,300	54,429	48,798	45,018
Marine	210,162	201,210	196,501	201,218	205,133
Pension Contributions	44,291	48,924	43,932	33,147	48,673
Net Profit on Australian Note Issue	694,642	703,669	449,506	1,305,955	1,108,519
Bankruptcy	15,695	32,086	44,395	41,943	31,787
Ex-enemy properties .. .. .	.. .. .	.. .. .	1,500,000	.. .. .	.. .. .
Export charges	68,959	74,034	80,785	64,092	Dr. 1,874
Miscellaneous	319,772	152,102	124,438	162,369	248,864
Total	5,186,898	4,986,490	5,998,473	4,919,552	4,472,193
Percentage of Total .. %	6.9	6.5	8.6	6.9	6.1
Per head of population (d) ..	£0 16 4	£0 15 6	£0 18 5	£0 15 0	£0 13 6
Grand Total (c)	74,894,799	77,143,389	69,566,920	71,532,298	73,512,809
Per head of population (d) ..	£11 15 9	£11 19 10	£10 14 1	£10 18 4	£11 2 8

(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 1928-29 to 1932-33 are given below.

TAXATION—TOTAL COLLECTIONS.

Heading.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
Customs	29,502,755	30,157,040	18,224,227	18,565,630	21,313,793
Excise	11,555,816	11,617,351	10,070,846	9,840,166	11,678,650
Sales Tax .. .. .	.. .. .	.. .. .	3,472,854	8,425,067	9,369,276
Land Tax	2,988,885	2,840,078	2,758,598	2,156,765	1,650,311
Income Tax	9,841,496	11,120,029	13,604,374	13,481,982	10,878,718
Income Tax, Federal Officers' Salaries .. .. .	.. .. .	.. .. .	34,475	4,304	.. .. .
Estate Duties	2,080,149	2,122,478	2,068,865	1,385,811	1,126,996
Entertainments Tax	358,697	316,121	186,661	133,072	134,042
War Time Profits Tax	Dr. 24,309	14,678	794	Dr. 33,755	Dr. 5,750
Total Taxation	56,303,489	58,187,775	50,420,106	53,959,042	56,146,036
Percentage on Total Revenue ..	75.2	75.4	72.5	75.4	76.4

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

TAXATION—PERCENTAGES ON TOTAL COLLECTIONS.

Heading.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	%	%	%	%	%
Customs	52.4	51.8	36.1	34.4	38.0
Excise	20.5	20.0	20.0	18.2	20.8
Sales Tax .. .. .	..	..	6.9	15.6	16.7
Land Tax	5.3	4.9	5.5	4.0	2.9
Income Tax	17.5	19.1	27.0	25.0	19.4
Income Tax, Federal Officers' Salaries .. .. .	..	..	..	..	..
Estate Duties	3.7	3.7	4.1	2.6	2.0
Entertainments Tax	0.6	0.5	0.4	0.3	0.2
War Time Profits Tax .. .. .	..	..	..	Dr. 0.1	..
Total	100.0	100.0	100.0	100.0	100.0

(ii) *Customs Revenue.* (a) *Classified.* Particulars for the five years 1928-29 to 1932-33 are furnished in the following table :—

COMMONWEALTH CUSTOMS REVENUE.—CLASSIFICATION.

Classes.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
Stimulants	2,658,071	2,598,593	1,045,601	966,952	1,027,012
Narcotics	2,412,859	3,069,426	2,875,840	3,088,656	2,529,473
Sugar	11,654	11,029	674	392	844
Agricultural products	1,262,065	1,291,643	1,000,437	1,132,319	1,363,600
Apparel and textiles ..	5,362,694	5,154,257	2,069,610	1,656,599	2,163,750
Metals and machinery	4,949,249	4,758,415	1,594,769	655,363	1,122,346
Oils, paints, etc. ..	3,092,522	4,137,016	3,945,960	5,032,748	5,392,554
Earthenware, etc. ..	710,052	713,599	360,889	179,885	275,660
Drugs and chemicals ..	545,958	539,275	358,334	252,357	287,736
Wood, wicker and cane	1,583,145	1,802,580	379,328	205,288	401,149
Jewellery, etc. ..	870,130	1,028,151	557,262	254,821	312,914
Leather, etc. ..	743,948	526,056	256,498	355,888	349,918
Paper and stationery	762,357	878,800	732,888	420,551	424,732
Vehicles	3,193,211	2,315,739	377,688	114,938	337,858
Musical instruments ..	267,824	138,329	13,855	4,518	6,451
Miscellaneous articles	998,785	1,116,340	704,833	452,290	640,737
Primage .. .. .	..	..	1,812,624	3,657,427	4,512,090
Other receipts	78,231	77,792	137,137	134,938	164,969
Total Customs	29,502,755	30,157,040	18,224,227	18,565,630	21,313,793

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

COMMONWEALTH CUSTOMS DUTIES—COLLECTIONS, EACH STATE.

State.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
New South Wales (a)	13,735,305	14,028,700	8,747,066	8,566,662	9,282,263
Victoria	8,776,892	8,877,033	5,554,343	6,018,159	7,351,501
Queensland	2,581,591	2,816,474	1,669,839	1,636,868	1,890,206
South Australia (b) ..	2,228,540	2,182,794	1,060,942	1,113,543	1,363,710
Western Australia ..	1,867,569	1,892,050	1,019,024	1,006,911	1,177,655
Tasmania	312,858	359,989	173,013	223,487	248,458
Total	29,502,755	30,157,040	18,224,227	18,565,630	21,313,793

(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, 1929 to 1933, are given hereunder :—

COMMONWEALTH EXCISE REVENUE.—CLASSIFICATION.

Particulars.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
Beer	6,190,725	6,105,443	5,200,361	4,739,117	4,867,844
Spirits	1,756,957	1,856,951	1,248,700	1,337,262	1,298,325
Concentrated Grape Must .. ..	..	..	766	1,840	2,229
Tobacco	3,597,061	3,573,198	3,283,545	3,396,098	4,751,575
Petrol .. ..	..	70,065	315,582	328,073	461,313
Starch	134	..	..	..	..
Playing Cards .. ..	..	120	10,432	11,129	11,548
Matches .. ..	..	..	..	8,330	72,735
Cigarette Tubes and Papers .. ..	..	..	..	6,581	201,186
Licences	10,939	11,574	11,460	11,736	11,895
Total Excise	11,555,816	11,617,351	10,070,846	9,840,166	11,678,650

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

COMMONWEALTH EXCISE REVENUE.—COLLECTIONS, EACH STATE.

State.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
New South Wales ..	5,887,511	5,775,428	4,753,246	4,200,426	5,156,998
Victoria	2,907,806	3,051,581	2,986,267	3,146,119	3,463,238
Queensland	1,088,231	1,080,622	989,918	1,014,614	1,266,235
South Australia (a) ..	843,303	819,269	569,938	706,898	829,438
Western Australia ..	715,205	763,365	651,668	662,514	856,393
Tasmania	113,760	127,086	119,809	109,595	106,348
Total	11,555,816	11,617,351	10,070,846	9,840,166	11,678,650

(a) Includes Northern Territory.

(iv) *Other Taxation.* (a) *Collections paid to Revenue.* The Commonwealth Government imposes other taxes as follow:—Land Tax, Estate Duty, Income Tax, War Time Profits Tax, Entertainments Tax 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.
	£	£	£	£	£	£
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 ..	2,521,940	1,411,336	10,858,046	Dr. 77,491	460,326	..
1926-27 ..	2,615,960	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
1932-33 ..	1,650,311	1,126,996	10,878,718	Dr. 5,750	134,042	9,369,276

"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 Official 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. For 1933-34, the rates were further reduced to 50 per cent. of those effective in 1927-28.

Land Tax receipts in each State and Central Office for the years 1928-29 to 1932-33 were as follow. The particulars shown differ slightly from those in a preceding sub-section:—

LAND TAX RECEIPTS.

State, etc.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
Central Office	995,745	983,380	942,467	702,124	606,394
New South Wales	1,004,751	940,107	919,494	695,587	529,421
Victoria	600,309	585,720	564,235	481,528	380,714
Queensland	64,113	46,079	62,380	52,586	35,428
South Australia	179,623	163,982	137,510	98,979	67,545
Western Australia	92,377	81,510	76,278	75,229	61,195
Tasmania	36,379	37,254	33,111	22,586	15,174
Total	2,973,297	2,838,032	2,735,475	2,128,619	1,695,871

(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 last five years are appended. Owing to certain accounting technicalities, these figures differ slightly from the Treasury returns given in a previous sub-section.

ESTATE DUTY RECEIPTS.

State, etc.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
Central Office	1,234,477	1,067,046	1,227,784	682,370	466,740
New South Wales	351,676	451,528	383,212	282,545	272,736
Victoria	295,448	395,502	270,632	296,104	214,950
Queensland	66,967	86,484	81,181	43,263	55,945
South Australia	69,850	69,023	45,455	57,912	63,386
Western Australia	43,927	35,325	30,031	20,159	28,085
Tasmania	17,275	9,432	16,465	14,164	15,182
Northern Territory .. ..	..	63	18	136	..
Total	2,079,620	2,114,403	2,054,778	1,396,653	1,117,024

The average dutiable value of estates, and the average amount of duty paid in 1932-33 were £5,016 and £174 respectively. The reduced dutiable value may be attributed to the depressed property values.

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

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

INCOME TAX—INDEX OF RATE.

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	1927-28	1,080
1916-17	1,250	1929-30	1,214 (a)
1918-19	1,625	1930-31	1,351 (a) (b)
1920-21	1,706	1931-32	1,419 (a) (b)
1922-23	1,535	1932-33	1,419 (a) (c)
1924-25	1,380	1933-34	1,373 (a) (d)
1925-26	1,200		

(a) Estimated. (b) In addition, a special tax of 1s. 6d. in the £1 was imposed on all taxable income from property. (c) In addition, a special tax of 2s. in the £1 was imposed on all taxable income from property over and above the exemption of £250. (d) In addition, a special tax of 1s. 2.4d. 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 increases in the rates of tax were graduated according to the amount of taxable income. In 1929-30 for example, no increase was made on taxable incomes up to £200, while increases of 10 per cent., 15 per cent., and 20 per cent. were imposed on higher taxable income groups. For the 1930-31 assessment, taxable income from property was, in addition, subject to a special tax of 1s. 6d. in the £1.

A new scale of rates was struck for the revenue year 1931-32, designed to consolidate all existing rates to 1930-31, and increase them by 5 per cent. At the same time the special tax on property income was increased to 2s. in the £1 on all taxable income from property over and above the exemption of £250.

No change was made in the rates for the 1932-33 assessment. For 1933-34 the consolidated rate for Personal Exertion incomes assessments was reduced by 15 per cent. Ordinary Rates on Incomes from Property remained unaltered, but the special tax was reduced to 1s. 2.4d. in the £1.

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

INCOME TAX RECEIPTS.

State, etc.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
Central Office	3,195,204	3,729,150	5,535,521	4,557,246	2,975,575
New South Wales	2,961,925	3,155,503	3,169,627	3,817,049	4,042,270
Victoria	1,924,543	2,225,040	2,656,205	2,537,581	2,295,984
Queensland	688,178	820,123	928,142	1,028,955	711,775
South Australia	588,127	512,076	607,411	728,218	342,786
Western Australia	317,445	466,016	467,223	584,208	345,595
Tasmania	121,969	136,818	189,588	205,717	131,905
Northern Territory	1,554	2,191	3,206	3,128	2,599
Total	9,798,945	11,046,917	13,556,923	13,462,102	10,848,489

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.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	<i>s. d.</i>	s. d.	s. d.	s. d.	s. d.
New South Wales ..	24 0	25 2	25 0	29 9	31 3
Victoria ..	22 0	25 2	29 9	28 2	25 4
Queensland ..	15 6	18 3	20 4	22 2	15 2
South Australia ..	20 7	17 11	21 2	25 3	11 10
Western Australia ..	15 7	22 2	21 9	27 0	15 11
Tasmania ..	11 5	12 8	17 3	18 4	11 8
Six States ..	21 0	22 11	24 10	27 4	23 11

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

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

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

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

ENTERTAINMENTS TAX RECEIPTS.

State, etc.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
New South Wales (a) ..	159,288	132,392	76,597	52,278	52,369
Victoria ..	119,311	100,951	63,541	47,620	50,106
Queensland ..	32,711	35,598	23,887	16,371	15,300
South Australia (b) ..	16,295	12,231	4,991	4,051	4,267
Western Australia ..	24,935	25,550	15,068	12,283	10,876
Tasmania ..	3,304	4,093	1,810	1,026	990
Total ..	355,844	310,815	185,894	133,629	133,908

(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, 1933, are shown hereunder:—

WAR TIME PROFITS TAX RECEIPTS.

State, etc.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
Central Office	5,650	1,566	Dr. 12,659	1,106	..
New South Wales	Dr. 28,464	3,707	16,043	1,243	1,585
Victoria	Dr. 1,304	5,255	75	85	80
Queensland	12,677	5,905	Dr. 1,077	Dr. 25	..
South Australia	Dr. 17,446	Dr. 2,069	Dr. 3,331	..	..
Western Australia .. ..	..	183	..	..	..
Tasmania	Dr. 320	Dr. 1,099	..	..	..
Total	Dr. 29,207	13,448	Dr. 949	2,409	1,665

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

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

Particulars of the net collections of Sales Tax and certain other details for each State for 1932-33 are included in the statement following. The figures regarding "Tax collected" represent collections during the period 1st July, 1932, to 30th June, 1933, 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, 1932, to 31st May, 1933.

SALES TAX AND AMOUNT OF SALES, 1932-33.(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	59,409	56,669	68,033	55,854	3,526,181
Victoria	54,931	53,978	61,371	49,651	3,281,235
Queensland	20,502	10,976	33,080	19,432	1,172,398
South Australia	11,481	7,796	15,567	10,840	683,431
Western Australia	9,180	3,754	12,353	8,629	556,383
Tasmania	2,954	2,669	4,842	2,800	169,996
Northern Territory	12	1	39	11	1,030
Total	158,469	135,843	195,285	147,217	9,390,654

(a) The difference between the amount of tax collected and 6 per cent. (5 per cent. from 26th October, 1933) on net amount of sales on which tax was payable is due to rebates allowed as deductions from tax without the corresponding deduction from "Net Sales".

Of the total tax collections, £593,779 was collected by the Customs Department in respect of imported goods.

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

(h) *Flour Tax.* In connexion with the Government's decision to provide £3,000,000 for assistance to necessitous wheat farmers who did not during 1932-33 receive income which was subject to Commonwealth Income Tax, the *Flour Tax Act* was passed in December, 1933. The rate of tax imposed was £4 5s. per short ton on all flour sold or delivered by a miller; imported into Australia; used in the manufacture of goods imported into Australia; or held in stock by a person other than a miller. The Act which operated from the 4th December, 1933, and terminated on 31st May, 1934, was expected to yield £1,600,000. To 30th June, 1934, collections amounted to approximately £1,300,000.

3. *Business Undertakings.*—(i) *Postal Revenue.* Particulars concerning this branch of revenue for each of the financial years from 1928-29 to 1932-33 are contained in the following table :—

COMMONWEALTH POSTAL REVENUE.

Particulars.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
Private boxes and bags ..	79,101	69,185	64,959	63,089	63,307
Commission—					
Money orders and postal notes	244,976	259,609	216,645	228,421	216,837
Telegraphs	1,447,256	1,390,012	1,152,918	1,085,960	1,091,823
Telephones	5,459,559	5,862,686	5,644,356	5,399,365	5,445,838
Postage	5,177,177	5,179,082	5,276,663	5,086,919	5,116,052
Radio receipts	22,177	166,847	155,672	168,197	210,134
Miscellaneous	383,150	623,666	327,891	331,200	449,601
Total	12,813,396	13,551,087	12,839,104	12,363,151	12,593,592

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

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

COMMONWEALTH RAILWAY REVENUE.

Railway.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
Trans-Australian ..	344,948	274,816	190,028	177,254	187,043
Central Australian ..	185,811	104,724	86,360	85,456	86,938
North Australian ..	50,259	31,291	28,986	23,548	22,149
Federal Capital Territory ..	9,998	7,206	3,863	4,295	4,358
Total	591,016	418,037	309,237	290,553	300,988

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 1932–33 the total included interest on Loans to States for Soldier Land Settlement and for advances for Development and Migration and for miscellaneous purposes, payable by States; Interest on General Trust Fund Investments; Interest, Nauru Island Agreement; Interest from British Government on Development and Migration; and repayment of advances to the States for the benefit of Settlers. As previously mentioned, the "Balance of Interest on States' Debts" payable by States under the *Financial Agreement Act* has not been included in the detailed statement.

Division III.—Expenditure.

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

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

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

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

2. **Details of Expenditure from Consolidated Revenue.**—(i) *General.* The following table gives details of the expenditure from Consolidated Revenue exclusive of the "Balance of Interest on States' Debts" (recoverable from the States) during the last five years. Details for each Department, as constituted at 30th June, 1933, are stated hereinafter.

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

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

COMMONWEALTH EXPENDITURE FROM CONSOLIDATED REVENUE.

Departments, &c.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
Departments—	£	£	£	£	£
Governor-General	39,547	31,577	24,995	21,443	21,822
Parliament	557,763	555,701	421,266	453,324	339,710
Prime Minister	1,351,752	1,411,824	1,461,674	1,313,811	1,429,009
Treasury (a)	747,240	971,176	1,482,999	2,949,181	2,253,052
Attorney-General	246,745	245,491	233,199	196,528	197,070
Interior	980,354	1,109,271	1,102,388	1,010,065	983,947
Defence—					
Military	1,612,241	1,819,967	1,697,717	1,520,004	1,456,441
Naval	2,034,443	2,170,127	1,834,773	1,507,222	1,586,185
Air	457,823	555,132	547,172	482,737	475,132
Trade and Customs	1,277,037	1,263,313	1,156,604	984,516	911,946
Health	291,112	275,233	221,297	174,811	171,189
Commerce	614,841	646,307	600,414	581,972	763,058
Total, Departments	10,210,898	11,055,119	10,784,498	11,195,614	10,588,561
Business Undertakings—					
Postmaster-General	12,680,725	13,025,358	12,994,870	11,753,788	11,703,098
Railways	1,087,560	1,109,405	1,056,806	1,040,210	1,016,748
Total, Business Undertakings	13,768,285	14,134,763	14,051,676	12,793,998	12,719,846
Territories—					
Federal Capital Territory	211,348	315,290	604,697	612,365	590,827
Northern Territory	145,380	138,925	149,152	161,271	145,013
Papua	57,411	49,853	52,969	47,857	52,136
New Guinea	13,346	12,911	8,054	2,947	2,740
Norfolk Island	4,000	4,000	4,000	3,500	3,500
Total, Territories	431,485	520,979	818,872	827,940	794,216
New Works	274,730	245,536	74,445	832,622	874,390
War and Repatriation (b)	29,798,401	29,734,336	29,140,828	20,963,413	19,121,967
Invalid and Old-age Pensions	10,124,239	10,791,325	11,710,953	11,125,956	10,771,061
Maternity Allowances	661,520	642,990	630,652	378,022	320,986
Debt Redemption	947,578	..	..	..	..
Payments to or for States—					
Interest on States' Debts	7,584,912	7,584,912	7,584,912	7,584,912	7,584,912
Sinking Fund on States' Debts	931,726	994,432	1,057,703	1,153,591	1,188,522
Special Grants	520,000	910,000	1,720,000	1,550,000	1,830,000
Federal Aid Roads	2,000,000	2,000,000	2,000,000	1,812,139	1,922,048
Unemployment Relief .. .. .	..	..	750,000	..	..
Total to or for States (c)	11,036,638	11,489,344	13,112,615	12,100,642	12,525,482
Relief to Primary Producers .. .. .	..	..	..	..	2,249,692
Grand Total	77,253,774	78,614,392	80,324,539	70,218,207	69,966,201
Per head of Population	£ s. d. 12 3 2	£ s. d. 12 4 5	£ s. d. 12 7 3	£ s. d. 10 14 4	£ s. d. 10 15 10
Excess Receipts (d) .. .. .	..	..	..	1,314,091	3,546,608

(a) Excludes Invalid and Old-age Pensions and Maternity Allowances; see page 391. (b) For details see page 408. (c) Excludes balance of interest payable on States' Debts (recoverable from States). (d) Appropriated for payment of Invalid and Old-age Pensions in following year.

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

(ii) *Cost of Departments.—(a) Governor-General.* Section 30 of the Constitution enacts that, until the Commonwealth Parliament otherwise provides, there shall be payable out of the Consolidated Revenue Fund for the salary of the Governor-General an annual sum of ten thousand pounds, and a proviso is made that the salary of the Governor-General shall not be altered during his continuance in office. The expenditure in connexion with the Governor-General and establishment for the five years 1928-29 to 1932-33 is as follows:—

EXPENDITURE.—GOVERNOR-GENERAL AND ESTABLISHMENT.

Details.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
Salary	10,000	10,000	10,000	8,900	8,900
Governor-General's Establishment	21,576	15,329	11,064	9,802	9,962
Contingencies (a)	7,118	5,395	3,099	1,885	2,101
Interest	853	853	832	856	859
Total	39,547	31,577	24,995	21,443	21,822

(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.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
Salaries of Ministers	15,300	15,300	15,300	11,858	10,997
Allowances to Senators	35,541	35,746	35,504	28,324	27,115
Allowances to Members of House of Representatives	73,720	74,107	74,012	59,004	56,863
Officers, staff, contingencies, etc.	73,940	78,039	75,764	60,441	56,173
Repairs, maintenance, etc.	6,179	5,561	5,327	6,275	7,443
Printing	24,938	35,003	31,644	26,035	22,404
Travelling expenses of Members and others	26,725	26,699	25,006	25,708	25,833
Electoral Office	86,410	90,051	92,182	72,199	73,334
Election expenses	118,831	106,932	1,717	91,054	..
Administration of Electoral Act	41,019	39,465	21,874	33,971	17,315
Miscellaneous	55,160	48,798	42,936	38,455	42,233
Total	557,763	555,701	421,266	453,324	339,710

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. In 1917, the amount allotted for salaries was increased to £15,300 and in 1920 an allowance of £800 to each Minister was granted under the *Parliamentary Allowances Act*. Allowances to Senators and Members of the House of Representatives are 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, to 30 per cent. below the rates prior to 1931, under the *Financial Emergency Acts* of 1931 and 1932 respectively. Portion of these reductions were restored by the *Financial Relief Act* 1933, which provided a total amount of £12,240 for the salaries of Ministers; the Parliamentary allowances of Ministers was increased to £640 each and to £825 for each Senator and each Member of the House of Representatives.

(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.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
Salaries, contingencies, and miscellaneous	£ 153,373	£ 160,409	£ 240,746	£ 133,886	£ 202,124
Audit Office	36,817	36,871	34,984	31,179	29,405
Rent, repairs, etc.	19,539	14,458	6,982	7,333	8,039
Public Service Board's Office	54,864	52,851	49,877	33,720	34,517
High Commissioner's Office	66,133	60,684	56,777	46,446	47,661
Commissioner for Australia in United States of America	13,134	15,516	11,228	6,086	5,196
Interest and Sinking Fund	907,499	976,126	968,907	962,051	972,678
Mail Service, Pacific Islands	49,750	51,989	47,848	42,262	41,000
Secretariat, League of Nations	25,758	28,078	30,762	42,656	50,323
Scientific and Industrial Research	19,451	8,664	8,165	1,925	(b)30,902
Pensions and Superannuation	5,434	6,178	5,398	6,267	7,164
Total	1,351,752	1,411,824	1,461,674	1,313,811	1,429,009

(a) Excluding Territories, see page 395.

(b) Includes £29,000 for Investigations.

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

EXPENDITURE.—DEPARTMENT OF THE TREASURY.

Details.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
Treasury	54,548	52,869	51,775	48,642	45,233
Taxation Office	428,765	440,102	493,793	455,516	480,066
Pensions Office	83,891	86,940	91,278	80,008	87,390
Maternity Allowance Office ..	16,464	15,028	15,002	13,882	12,122
Census and Statistics	30,697	31,217	29,593	26,063	24,609
Census .. .. .	..	1,019	130	..	137,224
Coinage	19,540	11,534	3,485	20,058	19,526
Rent, repairs, etc.	15,672	13,801	8,320	8,259	14,867
Interest and Sinking Fund ..	8,168	171,762	555,822	958,744	635,431
Exchange .. .. .	..	98,367	185,843	1,030,425	713,537
Miscellaneous	89,495	48,537	47,958	(a)307,584	83,047
Departmental Expenditure	747,240	971,176	1,482,999	2,949,181	2,253,052
Invalid and Old-age Pen- sions	9,991,299	10,633,979	11,549,828	10,978,633	10,521,894
Maternity Allowance	661,520	642,990	630,652	378,022	320,986
Maintenance of persons in charitable institutions	132,940	157,346	161,125	147,323	249,167
Total	11,532,999	12,405,491	13,824,604	14,453,159	13,345,099

(a) Includes £250,000, Unemployment Relief.

(e) *Attorney-General's Department.* The Attorney-General was also Minister for External Affairs, but the expenditure of the latter department is included in that of the Prime Minister's Department. The Bankruptcy Administration was created in 1927-28. Details for the five years 1928-29 to 1932-33 are furnished hereunder :—

EXPENDITURE.—ATTORNEY-GENERAL'S DEPARTMENT.

Details.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
Attorney-General's Office	24,390	19,691	19,709	15,126	15,333
Crown Solicitor's Office	29,392	27,983	27,144	22,244	21,635
Salaries of Justices of High Court ..	21,328	17,926	17,371	18,500	18,500
High Court expenses	15,218	15,441	15,609	11,047	10,233
Court of Conciliation and Arbitration ..	27,491	27,195	21,785	18,046	17,875
Public Service Arbitrator's Office ..	4,465	5,471	1,740	2,678	2,721
Rent, repairs, etc.	24,111	22,613	18,624	17,890	21,113
Patents, Trade Marks, etc.	51,477	56,301	54,136	41,328	39,008
Investigation Branch	10,951	11,896	12,175	9,712	9,246
Bankruptcy	20,941	24,909	32,586	28,521	28,279
Miscellaneous	16,981	16,065	12,320	11,436	13,127
Total	246,745	245,491	233,199	196,528	197,070

(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) (m) and (l) hereinafter). The Electoral Office was previously attached to the Department of Home Affairs, but, as was the case in previous years, the expenditure of this branch is included under Parliament, in sub-section (ii) (b) *ante*.

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

EXPENDITURE.—DEPARTMENT OF THE INTERIOR.(a)

Details.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
Salaries, Contingencies and Miscellaneous—					
Administrative ..	146,973	119,573	140,975	85,904	79,695
Meteorological Bureau	35,935	36,199	36,040	30,733	30,762
Solar Observatory ..	7,585	5,497	5,486	4,369	4,552
Forestry Branch ..	7,116	7,509	7,253	6,182	5,173
Rent, Repairs and Maintenance ..	30,819	25,944	10,693	12,335	11,456
Pensions and Retiring Allowances ..	8,643	10,315	12,530	11,955	14,353
Petroleum Prospecting ..	..	18,800	10,000	1,000	4,550
Interest	691,203	830,844	829,375	803,545	780,507
Sinking Fund	36,331	47,183	27,100	51,355	52,879
All Other	15,749	7,407	22,936	2,687	20
Total	980,354	1,109,271	1,102,388	1,010,065	983,947

(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.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
Defence—Chief Office	25,821	23,483	22,809	19,447	19,825
Military	1,270,443	1,455,241	1,364,187	1,180,128	1,111,740
Audit (Proportion)	6,686	6,729	6,302	4,977	4,567
Pensions and Retiring Allowances (a) ..	20,353	23,899	37,336	32,909	33,270
Rent, Repairs, etc.	34,577	47,526	25,050	23,657	36,959
Interest and Sinking Fund	229,965	238,406	231,440	237,715	238,378
Exchange .. ..	..	..	4,827	7,869	4,160
Miscellaneous	24,396	24,683	5,766	13,302	7,542
Total	1,612,241	1,819,967	1,697,717	1,520,004	1,456,441
Navy—Chief Office	83,257	80,537	66,788	50,009	47,012
Naval	1,808,247	1,946,418	1,610,590	1,326,357	1,147,126
Audit (Proportion)	2,462	2,323	2,557	2,004	1,957
Pensions and Retiring Allowances (a) ..	2,451	2,807	3,283	3,403	3,441
Rent, Repairs, etc.	43,720	37,166	24,624	15,530	15,213
Interest and Sinking Fund	77,189	83,802	81,012	82,078	82,244
Exchange .. ..	..	..	38,698	24,153	9,274
Miscellaneous	17,117	17,074	7,221	3,679	3,930
Total	2,034,443	2,170,127	1,834,773	1,507,222	1,586,185
Air Services—					
Civil Branch—Pay, etc.	22,509	27,477	27,429	24,615	24,643
Development of Civil Aviation	50,990	75,332	108,787	101,266	99,472
R.A.A.F.—					
Pay, etc.	227,325	237,305	230,301	191,719	178,442
General Contingencies	79,346	82,913	69,518	66,844	66,844
General Stores and Maintenance	32,087	80,962	53,470	54,898	54,898
Rent, Repairs, etc.	8,530	9,440	9,282	6,783	6,334
Interest and Sinking Fund	24,752	28,543	27,877	28,157	28,081
Exchange .. ..	..	..	11,170	2,440	..
Miscellaneous	12,284	13,160	9,338	6,015	9,160
Total	457,823	555,132	547,172	482,737	475,132
Grand Total	4,104,507	4,545,226	4,079,662	3,509,963	3,517,758

(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 1928-29 to 1932-33 are given in the following table:—

EXPENDITURE.—TRADE AND CUSTOMS DEPARTMENT.

Details.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
Chief Office	70,814	73,855	67,708	49,771	51,247
Customs—Ordinary	569,168	565,038	545,598	435,612	427,104
Audit (proportion)	9,421	9,647	10,332	9,052	8,917
Pensions and Superannuation	35,595	36,952	38,781	37,571	40,689
Rent, Repairs, etc.	14,387	11,906	5,169	4,240	4,766
Bounties	532,564	517,582	446,344	410,173	343,193
Interest and Sinking Fund	34,356	34,405	33,288	34,555	34,721
Miscellaneous	10,732	13,928	9,384	3,542	1,309
Total	1,277,037	1,263,313	1,156,604	984,516	911,946

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

EXPENDITURE.—HEALTH DEPARTMENT.

Details.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
Central Administration	22,791	19,216	27,498	22,437	24,356
Salaries, Contingencies, etc.	93,202	92,743	88,790	72,703	68,534
Interest	13,394	13,749	13,680	14,069	14,035
Sinking Fund	1,485	1,514	950	1,645	1,727
Rent and repairs	21,126	17,537	8,917	4,337	9,420
Subsidy, Cattle Tick Control	54,972	57,318	53,066	44,450	44,450
Miscellaneous	84,142	73,156	28,396	15,170	8,667
Total	291,112	275,233	221,297	174,811	171,189

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

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

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

EXPENDITURE.—DEPARTMENT OF COMMERCE.

Details.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
Salaries, Contingencies and Miscellaneous—	£	£	£	£	£
Administrative ..	68,147	71,376	70,306	61,910	65,228
Marine ..	270,950	263,901	237,103	193,934	195,667
Administration of Commerce Act ..	30,581	35,648	45,772	45,055	53,583
Export Control—					
Canned Fruits ..	3,819	4,990	6,500	5,994	..
Dried Fruits ..	42,753	46,152	38,779	27,167	..
Dairy Produce ..	22,374	22,898	24,309	24,410	..
Assistance Marketing					
Primary Produce ..	50,000	50,000	31,000	19,500	16,000
Rent, Repairs, Maintenance, etc. ..	10,859	7,419	5,071	7,338	5,510
Pensions and Retiring Allowances ..	4,195	5,585	6,847	6,466	5,516
Interest ..	86,498	93,040	96,174	132,130	210,935
Sinking Fund ..	8,685	9,210	6,010	26,790	183,095
All Other ..	15,980	36,088	32,543	31,278	27,524
Total ..	614,841	646,307	600,414	581,972	763,058

(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.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
Chief Office ..	£ 80,440	£ 87,395	£ 93,845	£ 69,637	£
Postal Department (ordinary) ..	9,831,131	9,847,327	9,381,512	7,792,014	} 7,936,906
Wireless ..	37,903	69,800	74,790	72,422	
Audit (proportion) ..	11,593	12,150	12,930	9,700	9,800
Pensions and retiring allowances ..	110,605	110,032	110,480	103,830	112,124
Superannuation ..	112,546	136,095	156,822	160,739	170,273
Rents, repairs, etc. ..	127,855	129,145	68,989	61,471	73,108
Interest on transferred properties ..	290,262	290,262	290,262	290,262	290,262
Interest on Commonwealth Securities ..	1,403,069	1,619,995	1,648,754	1,598,759	1,582,672
Sinking Fund on Commonwealth Securities ..	518,060	560,125	742,569	779,699	818,684
Exchange ..	..	..	300,115	724,708	691,615
Miscellaneous ..	157,261	163,032	113,802	90,547	17,654
Total ..	12,680,725	13,025,358	12,994,870	11,753,788	11,703,098

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

EXPENDITURE.—COMMONWEALTH RAILWAYS.

Details.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
Working Expenses—	£	£	£	£	£
Trans-Australian	301,621	294,090	251,577	195,454	197,938
North Australian	54,697	56,155	55,606	45,733	39,007
Central Australian	198,213	198,108	157,076	111,937	108,548
Federal Capital Territory	10,504	8,458	6,344	5,035	4,762
Interest	462,728	490,491	500,319	477,801	460,966
Sinking Fund	50,519	52,479	37,789	58,158	61,066
Exchange .. ..	..	..	38,281	136,366	135,152
Miscellaneous	9,278	9,624	9,814	9,726	9,309
Total	1,087,560	1,109,405	1,056,806	1,040,210	1,016,748

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

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

EXPENDITURE.—TERRITORIES.

Details.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
Internal—					
North and Central Australia (a)	145,380	138,925	(b)149,152	(b)161,271	(b)145,013
Federal Capital Territory(a)	211,348	315,290	604,697	612,365	590,827
External—					
Papua	57,411	49,853	52,969	47,857	52,136
New Guinea	13,346	12,911	8,054	2,947	2,740
Norfolk Island	4,000	4,000	4,000	3,500	3,500
Total	431,485	520,979	818,872	827,940	794,216

(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 :—1928-29, £274,730; 1929-30, £245,536; 1930-31, £74,445; 1931-32, £832,622; and 1932-33, £874,390.

In the two later years, expenditure on new works was not made from Loan Funds, the money being provided from revenue. To 30th June, 1933, the total expenditure from revenue on new works, additions, etc., amounted to almost £55,000,000.

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

Division IV.—Payments to or for the States.

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

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

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

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

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

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

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

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

The scheme outlined in the Constitution for determining the amount to be paid to the several States is contained in sections 89 and 93, the former of which relates to the period prior to the imposition of Uniform Duties of Customs (as provided in Section 88), the latter to the first five years after the imposition of such duties, and thereafter until Parliament otherwise provides. The principle involved is that of crediting each State with the Commonwealth revenue collected in respect of that State, and of debiting it with the expenditure incurred on its behalf in connexion with transferred departments, as well as its share on a "per capita" basis of the "new" expenditure of the Commonwealth. On this account the method of allocation provided by the Constitution has become very generally known as the "book-keeping system". As the imposition of Uniform Duties of Customs and Excise throughout the Commonwealth took place

on 9th October, 1901, the five years provided for in section 93 expired on 8th October, 1906, and consequently the "book-keeping system" could then be changed at any time by the Commonwealth Parliament.

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

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

(b) 1911 to 1927 ("*Surplus Revenue Acts*"). The provisions of Section 87 of the Constitution were terminated by the passing of the *Surplus Revenue Act* (No. 8, 1910) which provided for the following scheme of payments to operate from 1st July, 1910:—

- (i) The Commonwealth to pay by monthly instalments or apply to the payment of int rest on debts of the States taken over by the Commonwealth an annual sum amounting to twenty-five shillings per head of the number of people of the State;
- (ii) In addition to the above payments all surplus revenue (if any) to be paid to the States in proportion to the number of people.
- (iii) A special payment to be made to Western Australia in monthly instalments of an annual sum of £250,000 in the first year, thereafter progressively diminishing by £10,000 each year. One half of the payments so made to be debited to all of the States (including Western Australia) on a population basis and the amount so debited to be deducted from the amount otherwise payable to each State. After 1920 and until 1927 the provisions of the several Surplus Revenue Acts continued to govern the payments by the Commonwealth to the States.

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

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

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

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

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

6. **Commonwealth Grants Commission.**—In 1933, the Commonwealth Government appointed the Commonwealth Grants Commission of three members to inquire into and report upon claims made by any State for a grant of financial assistance and any matters relevant thereto. Applications in 1933 from the States of South Australia, Western Australia and Tasmania were dealt with by the Commission, which recommended the following grants to be made in 1934-35 :—

	£
South Australia	1,400,000
Western Australia	600,000
Tasmania	400,000

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

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

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

Amounts Paid.—(a) 1901 to 1933. The table following shows particulars of the amounts paid to each of the States since Federation, divided into the three periods referred to herein with separate details for Special and Roads Grants.

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 1932-33 (c) ..	19,854	14,074	7,470	5,019	3,460	1,781	51,658
Special Grants (d) ..	..	..	..	3,530	5,456	3,341	12,327
Grants for Road Construction, 1922-23 to 1932-33	4,370	2,857	2,946	1,788	2,989	784	15,734
Unemployment Relief, 1930-31 (e)	194	332	73	45	65	41	750
Total	93,658	68,419	34,567	26,455	27,590	12,917	263,606

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

(b) 1932-33. For the year ended 30th June, 1933, the payments made to or for each State are given below.

PAYMENTS BY THE COMMONWEALTH TO OR FOR THE STATES, 1932-33.

Particulars.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	Total.
	£	£	£	£	£	£	£
Contributions towards							
Interest on State Debts ..	2,917,411	2,127,159	1,096,235	703,816	473,432	266,859	7,584,912
Sinking Fund on State Debts (a) ..	486,581	234,157	156,235	152,938	126,782	31,829	1,188,522
Special Grants ..	..	..	..	1,000,000	500,000	330,000	1,830,000
Federal Aid Roads ..	530,485	345,969	361,345	219,114	369,033	96,102	1,922,048
Total ..	3,934,477	2,707,285	1,613,815	2,075,868	1,469,247	724,790	12,525,482

(a) Paid to National Debt Sinking Fund.

§ 3. Trust Funds.

The Trust Fund balances on 30th June, 1933, amounted to £21,198,487, as compared with £16,047,626 for the corresponding date in the year 1932.

§ 4. Commonwealth Loan Funds and Public Debt.

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

2. **Loans taken over from South Australia.**—The first portions of the debt were contracted at the beginning of 1911, when the Commonwealth assumed responsibility for the payment of interest on transferred properties (further dealt with in sub-section 4) and for the administration and the liabilities of the Northern Territory and the Port Augusta-Oodnadatta Railway. At 30th June, 1911, the debt on account of the former was £3,657,836, and on account of the latter, £2,274,486—a total of £5,932,322. As the securities fall in they are redeemed by the Commonwealth Government, the money required being taken from the Loan Fund. At 30th June, 1933, 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, a Loan Fund similar to those of the States was instituted. The initiation of this fund was greatly assisted by the fact that the Treasury at that time held a large quantity of gold, principally on behalf of the Australian Notes Account. Up to 30th June, 1914, the money required for loan expenditure was obtained mainly from this source at 3½ per cent., and inscribed stock of an equivalent value was created. Since

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

COMMONWEALTH EXPENDITURE FROM LOAN FUND.

Particulars.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.	Total to 30th June, 1933.
	£	£	£	£	£	£
Works, Buildings, Land, &c.—						
Shipbuilding Yards and Docks	.. ..	.. ..	.. ..	.. ..	.. ..	733,711
Ship Construction	Cr. 86,784	Cr. 165,000	Cr. 165,000	.. ..	Cr. 821,910	7,572,150
F.C.T. Works, Services and Acquisition of Land	1,193,500	253,988	263,077	.. ..	(c) 100,000	8,004,328
North Australia Commission	40,800	23,000	16,103	.. ..	.. ..	111,203
Drill Halls Stores, Barracks etc.	33,014	20,204	458	.. ..	.. ..	427,084
Rifles and Ammunition Reserve	.. ..	.. ..	.. ..	.. ..	.. ..	315,300
Other Military Services	231	1,000	.. ..	.. ..	.. ..	101,959
Naval Bases, Depots, etc.	36,907	93,230	6,229	.. ..	.. ..	1,466,556
Fleet Construction .. ..	.. ..	.. ..	.. ..	.. ..	.. ..	355,397
Other Naval Services .. ..	.. ..	.. ..	.. ..	.. ..	.. ..	71,300
Air Services—						
R.A.A.F.	40,530	32,740	8,766	.. ..	.. ..	473,010
Civil Aviation .. ..	.. ..	.. ..	13,596	.. ..	.. ..	53,773
Buildings and Works, Munitions Production	92,513	83,127	38,467	.. ..	.. ..	1,185,852
Other Munitions Supply Services .. ..	.. ..	.. ..	.. ..	.. ..	.. ..	1,150
Lighthouses and Lighthouse Services	17,673	18,520	89,500	.. ..	.. ..	643,900
River Murray Waters Act	250,000	200,000	122,000	.. ..	.. ..	2,105,625
Telegraph and Telephone Construction	2,775,991	2,537,489	1,248,197	.. ..	.. ..	30,024,968
Post Office Buildings and Land	227,397	224,186	38,190	.. ..	.. ..	3,398,382
Wireless	482	10,037	1,727	.. ..	.. ..	56,608
Serum and Health Laboratories	10,082	3,748	.. ..	.. ..	.. ..	75,220
Railways—						
Trans-Australian	48,415	64,622	30,387	.. ..	.. ..	6,662,298
North Australian	79,092	20,097	910	.. ..	.. ..	1,597,559
Central Australian	747,894	170,911	30,185	.. ..	.. ..	2,477,853
Federal Capital Territory	3,291	365	175	.. ..	.. ..	28,755
Grafton—South Brisbane	675,000	586,000	68,000	.. ..	Cr. 5,000	4,366,000
Other Expenditure .. ..	.. ..	.. ..	.. ..	.. ..	.. ..	200,000
Papua—Railways, Wharves, Buildings, etc. .. ..	.. ..	.. ..	.. ..	.. ..	.. ..	71,556
War Service Homes (b)	1,673,451	999,964	154,906	.. ..	.. ..	7,314,524
London Offices .. ..	.. ..	.. ..	.. ..	.. ..	.. ..	880,190
Acquisition of Properties not elsewhere included	987	769	10,653	.. ..	.. ..	134,544
Miscellaneous .. ..	.. ..	.. ..	.. ..	.. ..	.. ..	266,899
Unemployment Relief .. ..	.. ..	.. ..	.. ..	153,873	1,155,698	1,309,571
Total, Works, etc.	7,860,466	5,178,997	1,976,526	153,873	428,788	82,577,225
Other purposes—						
Loans for Works to External Territories—						
Papua .. ..	.. ..	7,500	7,500	.. ..	.. ..	53,420
New Guinea	20,000	.. ..	7,000	.. ..	.. ..	40,496
Immigration (a)	132,815	57,705	.. ..	.. ..	.. ..	1,680,835
Subscription to Capital of Commonwealth Oil Refinery	.. ..	.. ..	.. ..	.. ..	.. ..	343,751
Subscription to Capital of Amalgamated Wireless Ltd.	.. ..	.. ..	.. ..	.. ..	.. ..	300,000
Advances for Wire and Wire Netting	230,838	50,000	.. ..	.. ..	.. ..	610,838
Wheat Bounty .. ..	.. ..	.. ..	.. ..	3,296,464	132,807	3,429,272
Total Loan Expenditure	8,244,119	5,294,202	1,991,026	3,450,337	561,595	89,035,837

(a) Exclusive of Loans to States for Immigration purposes. (b) Prior to 1923-24, expenditure amounting to £13,045,408 was made from War Loan Fund. The total loan expenditure to 30th June, 1933, was £20,359,932. (c) Special loan to Federal Capital Commission in 1929-30 by Commonwealth Bank of Australia for housing not previously recorded as expenditure for the Commonwealth.

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

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

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

Early in 1921 an arrangement was concluded with the Imperial Government, by which almost the entire debt (upwards of £92,000,000) was consolidated. The Commonwealth Government undertook to extinguish the debt in about 35 years by annual payments representing 6 per cent. on the original debt, providing for interest at £4 18s. 4d. per cent., and a sinking fund of £1 1s. 8d. per cent. The Imperial Government agreed to suspend for 1931–32 and 1932–33 the repayment of principal moneys due under the Funding arrangement, and under the “Hoover Plan,” the payment of interest for the year 1931–32 was also suspended, the suspended payments under the “Hoover Plan” to be liquidated by ten equal annuities running from 1st July, 1933, at a rate of interest to be determined. These annuities are additional to the usual annual payments. No interest payment was called for in 1932–33. The adoption of these proposals represented a saving to the Commonwealth Government of £6,145,000, including exchange, for each of the years 1931–32 and 1932–33. The principal outstanding on 30th June, 1933, was £79,724,221.

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

7. **London Conversion Loans.**—Loans aggregating £22 millions were due for redemption in London in 1932–33, and in addition the Government had optional rights of redemption over a further £88 millions, all of which was carrying an interest burden of 5 per cent. or greater. These obligations, particularly the accumulation of loans with optional rights of redemption, presented some difficulty to the Government and led to the appointment of a Resident Minister in London, who, in conjunction with the Australian Loan Council, arranged for the conversion of Commonwealth and State securities amounting to £109,848,000.

Details of the several conversions effected during the period October, 1932 to February, 1934, are given in the following table:—

DETAILS OF LOANS CONVERTED IN LONDON 1932 TO 1934.

When Converted.	Commonwealth or State.	Amount.	Old Interest Rate.	Terms of Conversion.				Annual Saving.	
				Interest Rate.	Price of Issue.	Yield to Investor.	Year of Maturity.	Interest. (a).	Ex-change.
		£'000.	%	%	£	£ s. d.		£'000.	£'000.
1932— October ..	New South Wales	12,361	5½	3½	97½	4 1 2	1936-37	208	52
1933— February	New South Wales	9,621	4	4	100	4 0 0	1955-70	178	45
May ..	New South Wales	6,427							
	South Australia	2,983							
July . . .	Tasmania ..	2,000	6½	3½	99	3 14 5	1937-38	83	21
	New South Wales	9,527							
	Queensland ..	2,000							
September	South Australia	2,978	6	4	99	4 1 10	1943-48	56	14
	Western Australia	2,716							
	Commonwealth	15,000							
December	New South Wales	4,901	5½	3½	98	3 17 11	1948-53	91	23
	Western Australia	1,050							
	Victoria ..	2,880							
1934— February	New South Wales	6,888	5½	3½	99	3 16 9	1946-49	115	29
	South Australia	5,933							
	Tasmania ..	1,146							
1934— February	New South Wales	3,979	5	3½	97	3 13 8	1954-59	52	13
	Victoria ..	13,876							
	Queensland ..	3,782							
Total ..	Commonwealth	15,000	(b)	(b)	(b)	(b)	..	316	79
	New South Wales	49,796	5.48	3.75	98.56	3 19 0	..	761	190
	Victoria ..	20,764	5.17	3.58	97.66	3 14 8	..	297	75
	Queensland ..	5,782	5.67	3.67	97.69	3 16 6	..	107	27
	South Australia	11,594	5.64	3.75	99.00	3 17 5	..	205	51
	Western Australia	3,766	5.93	3.93	98.72	4 0 9	..	71	18
	Tasmania ..	3,146	5.95	3.59	99.00	3 15 3	..	69	17
	Grand Total ..	109,848	5.55	3.71	98.33	3 17 9	..	1,826	457

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

(b) Approximate average.

The annual saving in interest based on the yield to the investor in the new securities closely approximates £2 millions with a consequential saving of roughly £500,000 in exchange at the existing rate.

Approximately £86 millions of additional securities (including £67 millions with optional redemption dates) are due for redemption before 31st December, 1935, and it is anticipated that these can be converted on terms as favourable as those in the above series.

8. Loan Raisings, 1932-33.—Particulars of Loan raisings in Australia during 1932-33 are given in the following table.

LOAN RAISINGS, AUSTRALIA, 1932-33.

Service.	For—	Rate of Interest.	Date of Maturity.	Price.	Amount.
		%			£
Public Works and Redemption of Treasury Bills	Commonwealth States ..	3½	15.12.1942	Par.	918,819 7,081,921
Redemption of Treasury Bills	Commonwealth States ..				
Works ..	States ..	3½	15.7.1940	Par.	290,000 710,000
Treasury Bills (short-dated)	States ..	3½	15.12.1942	Par.	1,847,000
Conversion and Redemption (a)	States ..	2½	..	Par.	6,715,000
Treasury Bills (b)	States ..	Various	Various	Par.	11,549,445
	Commonwealth	2½	..	Par.	2,503,000

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

(b) General Trust Fund investment.

The above figures refer to loans raised in Australia and do not include Instalment Stock, £100,000, bearing interest at 4½ per cent. loaned to Federal Capital Commission by Commonwealth Bank for Housing. The final instalment is repayable on 1st January, 1965.

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

9. Public Debt for Commonwealth Purposes.—(i) *Total Debt.* Reference has already been made to the development of the Commonwealth Public Debt and the table appended shows the debt of the Commonwealth (excluding that of the States) at 30th June, 1933.

PUBLIC DEBT FOR COMMONWEALTH PURPOSES AT 30th JUNE, 1933.

Particulars.	Maturing in	Maturing in	Maturing in	Total.
	London.	New York.	Australia.	
	£ Stg.	£ (c)	£ Aust.	(a) £
War Debt—				
Stock, Bonds, etc.	11,020,160	..	218,975,910	229,996,070
Short dated Treasury Bills . . . . .	..	..	510,700	510,700
Indebtedness to United Kingdom Government	79,724,221	..	..	79,724,221
Total	90,744,381	..	219,486,610	310,230,991
Deduct advances to States for Soldier Land Settlement, etc. . . . .	..	..	-27,096,629	-27,096,629
Total, War Debt	90,744,381	..	192,389,981	283,134,362
Works and other Purposes—				
Short dated Treasury Bills and Debentures	10,220,160	..	2,989,300	13,209,460
Other Treasury Bills (d) . . . . .	..	..	11,300,000	11,300,000
Stock, Bonds, etc.	56,489,549	16,889,983	14,388,954	87,768,486
Balance of Loans taken over from South Australia—				
Northern Territory	329,100	..	32,924	362,024
Port Augusta Railway	859,034	..	62,012	921,046
Properties transferred from New South Wales . . . . .	..	..	111,125	111,125
Total, Works and other Purposes	67,897,843	16,889,983	28,884,315	113,672,141
Total Commonwealth Purposes	158,642,224	16,889,983	221,274,296	396,806,503

PER HEAD OF POPULATION. (b)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.
War	13 13 8	..	29 0 4	42 14 0
Works and other Purposes	10 4 10	2 11 0	4 7 1	17 2 11
Total Commonwealth Purposes	23 18 6	2 11 0	33 7 5	59 16 11

(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, 1933. (c) Payable in terms of dollars. For the purposes of these tables dollars have been arbitrarily converted to £s. at the rate of \$4.8665 to £1. (d) General Trust Fund investment.

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

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

PUBLIC DEBT FOR COMMONWEALTH PURPOSES.—PLACE OF FLOTATION.

Place of Flotation, etc.	At 30th June—				
	1929.	1930.	1931.	1932.	1933.
War Debt—					
London £ Stg.	93,810,641	92,314,742	90,744,381	90,744,380	90,744,381
Total Overseas (a) ..	93,810,641	92,314,742	90,744,381	90,744,380	90,744,381
Australia £ Aust.	201,604,887	197,673,573	194,633,628	195,315,356	192,389,981
Total War Debt (a) ..	295,415,528	289,988,315	285,378,009	286,059,736	283,134,362
Works and other purposes—					
London £ Stg.	48,819,932	58,431,406	66,694,426	68,031,550	67,897,843
New York £ (b)	17,155,718	17,155,718	17,155,718	17,115,997	16,889,983
Total Overseas (a) ..	65,975,650	75,587,124	83,850,144	85,147,547	84,787,826
Australia £ Aust.	23,828,177	14,979,706	27,088,176	27,677,447	28,884,315
Total Debt for Works, etc. (a)	89,803,827	90,566,830	110,938,320	112,824,994	113,672,141
Total Debt—					
London £ Stg.	142,630,573	150,746,148	157,438,806	158,775,930	158,642,224
New York £ (b)	17,155,718	17,155,718	17,155,718	17,115,997	16,889,983
Total Overseas (a) ..	159,786,291	167,901,866	174,594,524	175,891,927	175,532,207
Australia £ Aust.	225,433,064	212,653,279	221,721,804	222,992,803	221,274,296
Grand Total (a) ..	385,219,355	380,555,145	396,316,328	398,884,730	396,806,503

(a) The figures given represent the total "face" or "book" value of the public debt without any adjustment on account of currency changes since the loans were floated. (b) See note (c) to table on page 403.

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

(iv) *Amount of Debt at Various Rates of Interest.*—The first debt taken over from South Australia consisted mainly of securities bearing interest varying from 3 per cent. to 4 per cent., the average rate of interest for the first year being £3 12s. 4d. For the first three years the increase in the debt was due almost entirely to the expansion of the 3½ per cent. stock of the Loan Fund, consequently the average rate of interest fell steadily, until on 30th June, 1914, it stood at £3 11s. 10d. With the loans raised for war and repatriation purposes interest rates rose until the National Debt Conversion Loan (July-August, 1931), reduced interest rates on internal loans by 22½ per cent. Conversion loans in London referred to on page 401 have materially reduced the average rate of interest on debt maturing in London. The average rate of interest on internal loans at 30th June, 1933, was £3 17s. 9d. per cent. as compared with £5 10s. 4d. per cent. at 30th June, 1931. The average rate of interest payable on the total debt decreased from £5 5s. 0d. per cent. in 1931 to £4 6s. 5d. per cent. at 30th June, 1933.

The accompanying table gives particulars of rates of interest on the debt for Commonwealth purposes for the year ended 30th June, 1933.

PUBLIC DEBT FOR COMMONWEALTH PURPOSES.—RATES OF INTEREST.

Rates of Interest.	At 30th June, 1933—Debt Maturing in—			
	London.	New York.	Australia.	Total.
%	£ (Stg.)	£ (c)	£ (Aust.)	£ (a)
6.0	15,000,000	..	..	15,000,000
5.0	46,509,709	12,640,173	(b) 15,319	59,165,201
4.91667	79,724,220	..	..	79,724,220
4.75	6,000,000	..	..	6,000,000
4.65 .. .. .	..	..	1,852,100	1,852,100
4.50 .. .. .	..	4,249,810	..	4,249,810
4.45625 .. .. .	..	..	89,650	89,650
4.2625 .. .. .	..	..	1,694,633	1,694,633
4.25 .. .. .	..	..	95,595	95,595
4.06875 .. .. .	..	..	4,804,500	4,804,500
4.0	656,778	..	210,459,439	211,116,217
3.875 .. .. .	..	..	8,454,703	8,454,703
3.75 .. .. .	..	..	2,070,160	2,070,160
3.5	531,330	..	111,125	642,455
3.0	27	..	3,856,191	3,856,218
2.90417 .. .. .	..	..	1,483	1,483
2.75 .. .. .	..	..	2,065,000	2,065,000
2.7125 .. .. .	..	..	2,008	2,008
2.5	9,220,160	..	12,735,000	21,955,160
2.0	1,000,000	..	..	1,000,000
Overdue and Unconverted .. .. .	..	..	64,019	64,019
Deduct loans to States for Soldier Land Settlement, etc. .. .. .	..	..	-27,096,629	-27,096,629
Total	158,642,224	16,889,983	221,274,296	396,806,503
Total Interest Payable	7,725,633	823,249	8,597,257	17,146,139
Average rate of interest	£4 15 5	£4 15 6	£3 17 9	£4 6 5

(a) See note (a) to table on page 403. (b) Peace and War Savings Certificates. (c) See note (c) to table on page 403.

(v) *Amount of Interest Payable.* The next table shows the interest payable in Australia and overseas on the Commonwealth Public Debt (excluding amounts raised on behalf of the several States and debts of the States taken over) at 30th June in the years 1929 to 1933 inclusive.

PUBLIC DEBT FOR COMMONWEALTH PURPOSES.—INTEREST PAYABLE.

Interest on and where payable.	At 30th June—				
	1929.	1930.	1931.	1932.	1933.
War Debt—					
London £ Stg.	4,721,540	4,647,992	4,570,782	4,570,782	4,570,782
Australia £ Aust.	10,928,403	10,709,304	10,865,537	7,828,852	7,694,479
Total War Debt £ (a)	15,649,943	15,357,296	15,436,319	12,399,634	12,265,261
Average Rate %	£5 5s. 11d.	£5 5s. 11d.	£5 8s. 2d.	£4 6s. 8d.	£4 6s. 8d.
Works and other Purposes—					
London £ Stg.	2,460,837	2,943,397	3,216,561	3,287,368	3,154,851
New York £ (b)	836,109	836,109	836,109	834,133	823,249
Total Overseas £ (a)	3,296,946	3,779,506	4,052,670	4,121,501	3,978,100
Australia £ Aust.	1,098,733	664,756	1,324,706	980,353	902,778
Total Debt for Works, etc. £ (a)	4,395,679	4,444,262	5,377,376	5,101,854	4,880,878
Average Rate %	£4 17s. 11d.	£4 18s. 2d.	£4 10s. 11d.	£4 10s. 5d.	£4 5s. 11d.
Total Debt—					
London £ Stg.	7,182,377	7,591,389	7,787,343	7,858,150	7,725,633
New York £ (b)	836,109	836,109	836,109	834,133	823,249
Total Overseas £ (a)	8,018,486	8,427,498	8,623,452	8,692,283	8,548,882
Australia £ Aust.	12,027,136	11,374,060	12,190,243	8,809,205	8,597,257
Grand Total £ (a)	20,045,622	19,801,558	20,813,695	17,501,488	17,146,139
Average Rate %	£5 4s. 1d.	£5 4s. 1d.	£5 5s. 0d.	£4 7s. 9d.	£4 6s. 5d.

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

(b) See note (c) to table on p. 403.

(vi) *Dates of Maturity.* The dates of maturity of the several portions of the Commonwealth debt are shown hereunder according to years ending 30th June. On that account the figures given are not directly comparable with those published prior to 1929-30 which were given for calendar years. The Commonwealth Government has refrained from issuing interminable stock, but, in respect of a small proportion of the debt, no definite date of maturity had been assigned on 30th June, 1933. While the actual dates of maturity extend from 1933-34 to 1975-76, or a period of 42 years, the average period till maturity is only about 10 years.

PUBLIC DEBT FOR COMMONWEALTH PURPOSES.—DUE DATES OF AMOUNTS
OUTSTANDING ON 30th JUNE, 1933(a).

Due Dates (year ended 30th June).				Due in—			Total
				London.	New York.	Australia.	
				£ (Stg.)	£ (d)	£ (Aust.)	£ (c)
1934	..	..	..	10,220,160	..	16,891,776	27,111,936
1935	..	..	..	83,051	..	942,130	1,025,181
1936	..	..	..	573,727	..	538,212	1,111,939
1937	..	..	..	371,806	..	299,330	671,136
1938	..	..	..	..	..	147,586	147,586
1939	..	..	..	159,524	..	42,313,197	42,472,721
1940	..	..	..	..	..	432,438	432,438
1941	..	..	..	15,000,000	..	374,650	15,374,650
1942	..	..	..	..	..	33,883,710	33,883,710
1943	..	..	..	..	..	4,338,590	4,338,590
1945	..	..	..	17,354,817	..	27,820,928	45,175,745
1948	..	..	..	..	..	24,952,567	24,952,567
1949	..	..	..	..	..	439,920	439,920
1951	..	..	..	..	..	16,741,381	16,741,381
1954	..	..	..	..	..	16,122,250	16,122,250
1956	..	..	..	..	14,394,041	15,823,128	30,217,169
1958	..	..	..	..	2,495,942	15,373,746	17,869,688
1960	..	..	..	..	..	15,341,242	15,341,242
1961	..	..	..	6,000,000	..	..	6,000,000
1962	..	..	..	..	..	14,909,325	14,909,325
1966	..	..	..	..	..	146,163	146,163
1976	..	..	..	29,154,892	..	..	29,154,892
Overdue	..	..	..	..	..	112,079	112,079
Half-yearly	..	..	..	..	..	95,595	95,595
Indefinite	..	..	..	27	..	219,857	219,884
Annual repayments	..	..	..	79,724,220	..	..	79,724,220
Transferred Properties (b)	..	..	..	..	..	111,125	111,125
Deduct loans to States for Soldier Land Settlement, etc	..	..	..	..	..	-27,096,629	-27,096,629
Total	..	..	..	158,642,224	16,889,983	221,274,296	396,806,503

(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 hereinafore. (c) See note (a) to table on page 403. (d) See note (c) to table on page 403.

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

The old sinking funds were merged in the National Debt Sinking Fund on 11th August, 1923. Particulars of receipts and expenditure of the Commonwealth Account from the year 1928-29 are as follows :—

PUBLIC DEBT FOR COMMONWEALTH PURPOSES.—SINKING FUND.

Items.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.	Total, 1922-23 to 1932-33.
	£	£	£	£	£	£
Cr. Brought forward ..	955,726	746,737	573,276	512,944	2,050,172	..
Balance transferred to Fund on 11th August, 1923 ..	..	..	..	..	..	2,262,982
From Consolidated Revenue	2,469,272	2,668,133	889,170	2,507,100	2,684,654	22,849,893
Repayments of Sundry Loans ..	260,028	261,855	2,967	28,475	41,426	1,185,566
Purchase Money and Re- payments under War Service Homes Act ..	799,508	702,244	491,887	409,996	550,802	6,739,629
Half Net Profit Common- wealth Bank ..	349,204	362,825	391,013	396,905	337,702	2,812,817
Reparation Moneys ..	876,404	877,832	1,264,519	Dr. 616	524	5,571,628
Interest on Investments ..	30,312	28,573	24,544	21,015	58,271	602,863
Contributions by States ..	21,013	24,945	9,898	10,088	11,178	87,267
Total	5,761,467	5,673,144	3,647,274	3,885,907	5,734,729	42,112,645
Dr. Redemptions	5,014,730	5,099,868	3,134,330	1,835,735	3,774,859	40,152,775
Carried forward	746,737	573,276	512,944	2,050,172	1,959,870	1,959,870
Total	5,761,467	5,673,144	3,647,274	3,885,907	5,734,729	42,112,645

The Imperial Government loan comes in a different category from the others, since it is being liquidated by the funding arrangement described on page 401.

Information regarding the transactions of the States' Account of the National Debt Sinking Fund is published in Finance Bulletin No. 24 issued by this Bureau.

§ 5. Cost of War and Repatriation.

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

On the other hand, the whole direct cost of the war and the larger proportion of the cost of repatriation have been paid from loans. The total cost from both sources to the 30th June, 1933, is set out in the following table:—

COST OF WAR SERVICES.

Year	From Consolidated Revenue.			From War Loan.(b)
	War and Repatriation Services, including War Pensions.	Interest and Sinking Fund.	Total.	
	£	£	£	£
1914-15	896,190	115,145	1,011,335	14,100,000
1915-16	1,718,887	2,059,491	3,778,378	37,423,568
1916-17	2,439,271	5,988,058	8,427,329	53,114,237
1917-18	4,049,955	7,813,296	11,863,251	55,028,180
1918-19	6,536,927	14,718,174	21,255,101	59,547,080
1919-20	8,976,793	15,774,938	24,751,731	43,294,764
1920-21	13,672,345	19,613,888	33,286,233	24,148,501
1921-22	10,261,471	21,075,693	31,337,164	7,576,977
1922-23	9,298,560	20,801,912	30,100,472	1,762,694
1923-24	8,161,230	20,555,063	28,716,293	691,247
1924-25	8,232,656	20,155,426	28,388,082	Cr. 32,051
1925-26	8,473,717	20,539,123	29,012,840	Cr. 7,613
1926-27	8,814,001	20,300,101	29,114,102	23,938
1927-28	8,788,037	20,005,972	28,794,009	Cr. 23,741
1928-29	9,026,749	20,771,652	29,798,401	Cr. 12,972
1929-30	9,520,750	20,213,586	29,734,336	Cr. 2,669
1930-31	10,468,748	18,672,080	29,140,828	Cr. 2,206
1931-32	8,764,848	12,198,565	20,963,413	..
1932-33	7,928,817	11,193,150	19,121,967	..
Discounts and Flotation Expenses on Loans .. .. .	..	..	..	5,999,094
Indebtedness to the Government of the United Kingdom for payments made, services rendered, and goods supplied during the war (a) .. .. .	..	..	..	43,398,098
War Gratuities paid in cash	452,295	..	452,295	27,049,485
Total to 30th June, 1933	146,482,247	292,565,313	439,047,560	373,076,611

(a) The total indebtedness to the Government of the United Kingdom involved in the *Funding Arrangements Act 1921* was £92,480,157. At 30th June, 1933, the amount outstanding had been reduced to £79,724,221. (b) Excluding expenditure on War Service Homes from 1923-24. (See page 400.)

§ 6. Old-age and Invalid Pensions.

1. **General.**—In previous issues of the Year Book an account was given of the introduction of the old-age pension system in Australia, together with a detailed description of the Commonwealth *Invalid and Old-age Pensions Act* of 1908, which

became operative on 1st July, 1909. (See Official Year Books, Nos. 3 to 8.) The following statement shows the rates of pension under the original Act and the rates as they have been varied from time to time :—

RATES OF PENSION PAYABLE.

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

(a) Maximum amount of pension payable.

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

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

Invalid pensions were granted from 15th December, 1910. An applicant for an invalid pension must satisfy the Department that 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 were in receipt of other income or were possessed of property (other than their own homes) valued at £60 or over the rates of pension were graduated. Payments to pensioner inmates of Benevolent Asylums and Hospitals and to these institutions for pensioners' maintenance were reduced to 3s. 9d. and 11s. 3d. per week respectively. The *Financial Relief Act* 1933 restored from 26th October, 1933, the reductions imposed by the *Financial Emergency Act* 1932 and the rates and permissible income are now on the level of those operating from July, 1931. Provision was also made for an annual review of the rate of pension, based on the cost of living index-number. Pensions may be increased to not more than £52 per annum or reduced to not less than £45 10s. per annum.

Further explanation of pension rates; the liability of pensioners under certain circumstances to repay pension payments made from 31st December, 1932, which, upon the death of the pensioner, becomes a debt due to the Commonwealth Government and is payable out of the pensioner's 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, 1932, there were 183,317 old-age pensions in force. During 1932-33, 16,351 pension claims were granted, cancellations and deaths amounted to 23,243, giving a net decrease of 6,892 pensions for the year and bringing the total pensions in existence at 30th June, 1933, to 176,425.

(ii) *Sexes of Pensioners.* Of the pensioners at 30th June, 1933, 76,946 (or 44 per cent.) were males, and 99,479 (or 56 per cent.) were females. Details for the several States are as follow:—

OLD-AGE PENSIONS.—SEXES OF PENSIONERS, 1932-33.

State.	Males.	Females.	Total.	Masculinity.(a)
New South Wales	30,551	38,256	68,807	79.9
Victoria	20,680	28,769	49,449	71.9
Queensland	10,457	12,143	22,600	86.1
South Australia	6,496	9,946	16,442	65.3
Western Australia	5,288	5,809	11,097	91.0
Tasmania	3,474	4,556	8,030	76.3
Total	76,946	99,479	176,425	77.3

(a) Number of males to each 100 females.

(iii) *Ages and Conjugal Condition of Pensioners.* The recorded ages of the 16,351 persons, 8,167 males and 8,184 females, to whom pensions were granted during the year 1932-33 varied considerably, ranging from 3,620 at age 60 to 1 at age 95. The conjugal condition of these pensioners was as follows:—Males—single, 1,913; married, 4,782; and widowed, 1,472. Females—single, 1,013; married, 4,640; and widowed, 2,531.

3. *Invalid Pensions.*—(i) *Number in force, 1933.* During the year 1932-33, the number of invalid pensioners increased from 72,292 to 72,742, an increase of 450 pensions. Altogether 7,179 claims were allowed and 6,729 pensions were cancelled.

(ii) *Sexes of Pensioners.* Of the 72,742 persons in receipt of invalid pensions on 30th June, 1933, 32,377, or 45 per cent., were males, and 40,365, or 55 per cent., were females. Details for the several States are as follow:—

INVALID PENSIONS.—SEXES OF PENSIONERS, 1932-33.

State.	Males.	Females.	Total.	Masculinity.(a)
New South Wales	13,474	17,255	30,729	78.1
Victoria	8,955	11,236	20,191	79.7
Queensland	4,931	5,330	10,261	92.5
South Australia	1,970	3,049	5,019	64.6
Western Australia	1,820	2,007	3,827	90.7
Tasmania	1,227	1,488	2,715	82.5
Total	32,377	40,365	72,742	80.2

(a) Number of males to each 100 females.

(iii) *Ages and Conjugal Conditions of Pensioners, 1933.* The recorded ages of the 7,179 persons (3,850 males and 3,329 females) to whom invalid pensions were granted during the period under review varied from 16 to 84.

The conjugal condition of persons to whom invalid pensions were granted during the year was as follows:—Males—single, 1,650; married, 2,018; and widowed, 182. Females—single, 1,363; married, 1,342; and widowed, 624.

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 1932–33, the total cost to the Commonwealth of administering the Old-age and Invalid Pensions Department was £92,305, or about 0.86 per cent. of the amount paid to pensioners and to Benevolent Asylums and Hospitals.

The actual sum disbursed in old-age and invalid pensions in the financial year 1932–33, apart from the cost of administration and inclusive of the amount paid to asylums and hospitals for the maintenance of pensioners, was £10,771,061.

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

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

Year ended 30th June	Number of Pensioners.				Amount Paid in Pensions.	Total Payment to Pensioners and to Asylums and Hospitals for Maintenance of Pensioners.	Cost of Administration.	Cost of Administration per £100 paid to Pensioners and to Asylums and Hospitals.	Average Fortnightly Pension on last day of Financial Year.
	Old-age.		Invalid.	Total.					
	No.	Est. No. per 1,000 of persons eligible on age qualification. (a)							
			No.	No.	£	£	£	£ s. d.	s. d.
1929	145,393	310	59,148	204,541	9,991,299	10,124,239	86,605	0 17 1	38 5
1930	155,196	320	63,304	218,500	10,633,979	10,791,325	89,201	0 16 6	38 5
1931	172,177	343	68,343	240,520	11,549,828	11,710,953	93,077	0 15 11	38 4
1932	183,317	354	72,292	255,609	10,978,633	11,125,956	81,859	0 14 9	33 3b
1933	176,425	331	72,742	249,167	10,643,196	10,771,061	92,305	0 17 2	31 10

(a) Based on a special estimate in 1932 of the number of old-age pensioners per 1,000 of the aggregate of males aged 65 and over and females aged 60 and over.

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

§ 7. Maternity Allowance.

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

As from 1st August, 1934, the limit of income was increased by £13 per annum in respect of each previous child of the claimant under the age of 14 years living at the date of the birth, but the maximum income must not exceed £299. The amount of the allowance was also increased from £4 by 5s. in respect of each such child up to a maximum of £5.

The following table gives a summary in connexion with the working of the *Maternity Allowance Act* for the years 1929 to 1933 :—

MATERNITY ALLOWANCE.—SUMMARY.

Year.	Claims Paid.	Claims Rejected.	Amount Paid.	Cost of Administration.	Cost per £100 of allowance paid.
	No.	No.	£	£	£ s. d.
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	630,652(a)	15,322	2 8 7
1931-32 ..	92,410	5,229	378,022	14,180	3 15 0
1932-33 ..	80,311	6,631	320,986	12,420	3 17 5
Aggregate— 1912-13 to 1932-33 ..	2,648,196	24,168	13,076,288	291,926	2 4 8

(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.
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
1933 ..	31,699	20,100	11,680	7,048	5,879	3,880	25	80,311
Total, 1910 to 1932-33 ..	1,056,083	693,844	389,782	230,443	168,025	109,192	827	2,648,196

§ 8. Commonwealth Public Service Superannuation Fund.

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

The number of contributors to the fund at 30th June, 1933, was 30,726, viz., 27,497 males and 3,229 females, and the average pension contributed for was 4.399 units or £114 7s. 6d. per annum.

During 1932-33, the receipts of the fund amounted to £561,514, of which officers' contributions represented £388,484. The payments from the fund for the year were £558,283, of which £373,592 was invested, bringing the total funds invested to £4,156,039 (at cost). The average rate of interest on investments at 30th June, 1933, was 4.53 per cent.

Pensions in force on the 30th June, 1933, numbered 4,538, 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 £330,911, of which £250,395 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 affected all pensioners. The investments of the fund were subject to the interest reduction of approximately 22½ per cent. as provided in the above mentioned Act. The *Financial Relief Act 1933*, provided for the restoration of full pensions from the 21st October, 1933.

§ 9. Currency and Coinage.

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

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

3. **Gold Receipts and Issues.** (i) *Receipts.* The receipts of gold during 1933 and the aggregate at each mint to the end of 1933 were as follow:—

AUSTRALIAN MINTS.—RECEIPTS OF GOLD, 1933, AND TOTAL.

Mint.	Deposits during 1933.	Total to end of 1933.		
		Quantity.		Value.
		Gross.	Fine.	
	ozs. Gross.	ozs.	ozs.	£
Sydney ..	..	(a) 42,082,928	(a) 36,907,045	(a) 156,771,141
Melbourne ..	306,893	42,581,756	38,947,903	165,440,068
Perth ..	798,092	35,418,421	28,996,545	123,169,417
Total ..	1,104,985	120,083,105	74,851,493	445,380,626

(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 1933, 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.		
1933—	£	£	£	£	£
Melbourne ..	..	..	..	820,961	820,961
Perth ..	..	..	..	2,721,677	2,721,677
Total, 1933	..	..	..	3,542,638	3,542,638
Aggregate—					
Sydney ..	144,435,550	4,781,000	149,216,550	7,574,408	156,790,958
Melbourne ..	147,283,131	946,780	148,229,911	17,210,202	165,440,113
Perth ..	106,384,197	367,338	106,751,535	16,415,805	123,167,400
Total to end of 1933 ..	398,102,878	6,095,118	404,197,996	41,200,475	445,398,471

(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 November, 1934. Particulars are also shown for the value of the sovereign.

PRICE OF GOLD.—LONDON AND AUSTRALIA, 1932 to 1934.

Month.	London.		Australia.		Equivalent to a premium of—
	Average price per ounce, fine.	Average value of Sovereign.	Average price per ounce, fine.	Average value of Sovereign.	
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
September ..	6 11 4	1 10 11	8 2 2	1 18 2	90.9
October ..	6 11 6	1 11 0	8 2 4	1 18 3	91.1
November ..	6 8 9	1 10 3	7 18 11	1 17 5	87.1
December ..	6 6 2	1 9 9	7 15 9	1 16 8	83.4
1934—					
January ..	6 10 1	1 10 8	8 0 7	1 17 10	89.1
February ..	6 16 11	1 12 3	8 9 1	1 19 10	99.0
March ..	6 16 6	1 12 2	8 8 5	1 19 8	98.3
April ..	6 15 2	1 11 10	8 6 10	1 19 3	96.3
May ..	6 16 3	1 12 1	8 8 3	1 19 7	98.0
June ..	6 17 9	1 12 5	8 10 0	2 0 0	100.1
July ..	6 17 10	1 12 6	8 10 2	2 0 1	100.4
August ..	6 18 7	1 12 8	8 11 1	2 0 3	101.4
September ..	7 0 10	1 13 2	8 13 10	2 0 11	104.6
October ..	7 1 7	1 13 4	8 14 10	2 1 2	105.8
November ..	6 19 5	1 12 10	8 12 2	2 0 6	102.6

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 XVII., Mineral Industry.

(ii) *Profits on Coinage of Silver.* As sixty-six shillings are coined out of one pound troy of standard silver (.925 fine), the silver required to produce £3 6s. of coin cost, at the average 1933 London market price of 1s. 6.14d. per ounce, approximately 18s. 2d. The difference nearly represents, therefore, the gross profit or seigniorage made on the coinage

of every £3 6s. Negotiations for the coinage of silver and bronze coin in Australia extended over a number of years between the Imperial authorities and the Governments of New South Wales and Victoria. but no decision was arrived at. As section 51 of the Commonwealth Constitution makes legislation concerning "currency, coinage, and legal tender" a Commonwealth matter, the question remained in abeyance until 1907, when the matter was discussed at the Colonial Conference, London, with the result that in the latter part of 1908 the Commonwealth Treasurer announced his intention of initiating the coinage. Since 1916 silver and bronze coins have been minted in Australia on behalf of the Commonwealth Treasury.

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

AUSTRALIAN MINTS.—SILVER AND BRONZE ISSUES BY TREASURY.

Year.	Silver.					Bronze.		
	2/-.	1/-.	6d.	3d.	Total.	1d.	½d.	Total.
	£	£	£	£	£	£	£	£
1910 to 1928 ..	3,354,000	1,750,900	823,100	783,300	6,711,300	405,513	103,895	409,408
1928-29 ..	71,000	12,400	20,000	24,600	128,000	13,030	5,510	18,540
1929-30 ..	30,000	10,000	11,200	10,000	61,200	3,020	2,310	5,330
1930-31 ..	192,000	45,000	..	..	237,000	..	..	..
1931-32 ..	257,600	19,000	7,200	5,200	289,000	11,600	6,270	17,870
1932-33 ..	23,400	9,200	5,200	6,600	44,400	13,470	8,140	21,610
Total ..	3,928,000	1,846,500	866,700	829,700	7,470,900	346,633	126,125	472,758

(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 1933 was as follows:—Melbourne, nil; Perth, nil. The total withdrawals of worn silver coin to 1933 were:—Melbourne, £1,747,409; Perth, £129,738; Sydney (to 1926), £1,248,672.

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

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

(iii) *Notes in Circulation.* Particulars of the average notes in circulation and of the gold reserve for the years 1914 and 1930 to 1933 are given in the following table.

COMMONWEALTH NOTE ISSUE.—PARTICULARS.

Particulars.	Average of monthly statements for year—				
	1914	1930.	1931.	1932.	1933.
Notes held by—	£	£	£	£	£
Banks ..	(a)	21,322,892	24,939,874	24,916,825	22,685,449
Public ..	(a)	23,446,192	25,221,885	25,740,767	25,033,410
Total ..	11,944,848	44,769,084	50,161,759	50,657,592	47,718,859
Gold Reserve ..	5,368,822	18,143,823	13,144,494	(b)10,616,563	(b)11,672,099
Percentage of Reserve on Total Issue ..	%	%	%	%	%
	44.9	40.5	26.2	21.0	24.46

(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 1929 to 1933 are given in Finance Bulletin No. 24 issued by this Bureau.

7. Legal Tender Extant.—Accurate information regarding the amount of token money in circulation is not available, but the following table gives an estimate of the amount of legal tender extant about the middle of the years 1930 to 1933.

ESTIMATED LEGAL TENDER EXTANT.—AUSTRALIA.

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

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

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

3. **Inter-relation of Commonwealth and State Finances.**—In regard to the inter-relation of Commonwealth and State Finances, a statement in some detail, covering the period from the inception of Federation to the passing of the *Financial Agreement Act* 1928, was published in Official Year Book No. 22, pages 379–80. On page 396 of this issue details are given in regard to the constitutional and other requirements in the matter of the distribution of Commonwealth revenues.

§ 2. Consolidated Revenue Funds.

Division I.—Revenue.

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

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

In regard to item (b) attention is directed to the statement (see C. § 1 (2) *ante*) appertaining to the New South Wales accounts. In connexion with the Railway Accounts for that State the Consolidated Revenue Fund 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 four 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 Interest Receipts.

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

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

STATE CONSOLIDATED REVENUE.

Year.	N.S.W. (a)	Victoria. (a)	Q'land.	S. Aust.	W. Aust. (b)	Tasmania.	All States.
TOTAL COLLECTIONS.							
	£	£	£	£	£	£	£
1928-29	50,499,913	28,156,034	16,725,682	10,840,914	9,947,951	2,766,434	118,936,928
1929-30	48,791,604	27,323,842	15,997,870	10,551,016	9,750,515	2,956,272	115,371,119
1930-31	45,857,262	25,575,504	15,072,652	10,725,811	8,686,756	2,609,290	108,527,275
1931-32	45,607,700	24,555,272	12,994,113	10,481,976	8,035,316	2,385,495	104,059,872
1932-33	49,329,557	24,705,985	13,396,644	10,160,712	8,332,153	2,522,191	108,447,242
PER HEAD OF POPULATION.(c)							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1928-29	20 6 7	15 19 9	18 15 2	18 9 0	23 19 11	12 15 8	18 15 2
1929-30	19 7 5	15 7 3	17 14 0	18 8 6	22 17 11	13 9 8	17 19 5
1930-31	18 0 5	14 5 4	16 8 4	18 13 5	20 3 0	11 14 2	16 14 9
1931-32	17 15 2	13 12 3	13 19 3	18 3 5	18 10 7	10 11 1	15 18 3
1932-33	19 0 9	13 12 3	14 4 9	17 10 8	19 1 5	11 1 4	16 9 1

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

There was a marked increase in the revenue per head in all the States up to the year 1928-29, but in 1929-30 there was a decline of about 16s. per head in the total. A fall of £1 5s. per head was recorded in 1930-31, followed by a further fall of 16s. 6d. per head in 1931-32, when the revenue per head, £15 18s. 3d., was the lowest since 1922-23. In 1932-33 the position improved by 10s. 10d. per head to £16 9s. 1d. Revenue from Business Undertakings receded by £5 millions in 1929-30, by £8.7 millions in 1930-31, and by £1.2 millions in 1931-32, but increased slightly in 1932-33.

3. Sources of Revenue.—(i) *General*. Classifying the revenue of the several States in the manner indicated in *1 ante*, particulars for the year 1932-33 are as follow:—

STATE CONSOLIDATED REVENUE.—SOURCES, 1932-33.

Particulars.	N.S.W. (a)	Victoria. (a)	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL REVENUE.							
Taxation (c) ..	£ 918,052,914	£ 8,301,194	£ 3,308,981	£ 2,733,445	£ 1,128,514	£ 1,003,454	£ 34,528,502
Business Under- takings ..	223,970,309	11,467,817	6,071,970	4,660,710	4,578,724	480,563	51,230,093
Territorial ..	1,726,946	360,459	1,243,972	184,924	279,151	56,422	3,851,874
Commonwealth pay- ments ..	2,917,411	2,127,159	1,096,235	61,703,816	(b)973,432	(l)596,859	9,414,912
Interest ..	733,464	1,694,218	1,017,153	821,609	(e)	370,081	4,636,525
Miscellaneous ..	1,928,513	755,138	658,333	56,208	1,372,332	14,812	4,785,336
Total ..	49,329,557	24,705,985	13,396,644	10,160,712	8,332,153	2,522,191	108,447,242

PER HEAD OF POPULATION. (h)

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

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

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

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

Prior to Federation, duties of Customs and Excise constituted the principal source of revenue from taxation. At present, the most productive State taxes are the Unemployment-Relief and Income 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 1932-33 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.							
	£	£	£	£	£	£	£
1928-29	13,625,238	7,192,115	5,175,137	3,767,994	1,721,833	1,111,533	32,593,850
1929-30	15,170,582	7,426,295	4,846,179	3,487,815	1,846,333	1,119,722	33,896,926
1930-31	16,190,756	8,104,229	5,542,526	3,399,942	1,524,846	1,071,263	35,833,562
1931-32	14,855,306	7,709,694	4,761,880	3,076,374	1,439,559	905,715	32,748,528
1932-33	18,052,914	8,301,194	5,661,151	2,733,445	1,573,451	1,003,454	37,325,609

PER HEAD OF POPULATION.(a)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1928-29	5 9 8	4 1 8	5 16 1	6 11 9	4 3 1	5 2 9	5 2 10
1929-30	6 0 6	4 3 6	5 7 3	6 1 10	4 6 9	5 2 2	5 5 7
1930-31	6 7 3	4 10 5	6 0 9	5 18 5	3 10 9	4 16 2	5 10 6
1931-32	5 15 9	4 5 6	5 2 4	5 6 8	3 6 5	4 0 2	5 0 2
1932-33	6 19 4	4 11 6	6 0 4	4 14 4	3 12 0	4 8 0	5 13 3

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

Taking the States as a whole, taxation decreased by 2s. 8d. per head during the period 1928-29 to 1931-32, but increased by 13s. 1d. during the year 1932-33. During the period covered in the above table New South Wales, Victoria and Queensland showed increases of £1 9s. 8d., 9s. 10d. and 4s. 3d. respectively and South Australia, Western Australia and Tasmania showed decreases of £1 17s. 5d.; 11s. 1d.; and 14s. 9d. respectively. 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 XVI., Private Finance, Section F.)

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

STATE PROBATE AND SUCCESSION DUTIES.—COLLECTIONS.

State.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
New South Wales ..	1,816,927	1,860,052	1,496,641	1,251,650	1,639,979
Victoria ..	1,079,840	1,133,422	1,131,603	1,014,669	1,164,200
Queensland ..	524,135	491,892	528,129	424,522	452,872
South Australia ..	329,924	395,082	254,264	323,008	299,826
Western Australia ..	82,469	75,707	72,093	63,162	91,995
Tasmania ..	74,812	65,991	78,275	86,764	117,387
Total ..	3,908,107	4,022,146	3,561,005	3,163,775	3,766,259

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

STATE STAMP DUTIES.—COLLECTIONS.

State.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
New South Wales ..	1,586,776	1,362,147	931,308	843,986	929,158
Victoria ..	1,017,908	985,088	704,958	639,578	725,834
Queensland ..	575,809	555,391	442,149	418,205	423,450
South Australia ..	469,861	379,546	285,915	164,708	177,396
Western Australia ..	291,400	255,725	170,949	189,174	181,642
Tasmania ..	62,623	64,929	114,401	137,876	100,020
Total ..	4,004,377	3,602,826	2,649,680	2,393,527	2,537,500

(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 1928-29 to 1932-33 :—

STATE LAND TAX.—COLLECTIONS.

State.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
New South Wales ..	2,870	2,588	2,486	2,453	1,968
Victoria ..	560,765	531,426	506,025	497,609	503,752
Queensland ..	569,551	556,532	503,656	346,064	442,584
South Australia ..	452,994	440,265	486,505	434,544	306,198
Western Australia ..	196,301	219,066	168,579	132,368	130,963
Tasmania ..	99,384	99,453	97,963	95,916	92,823
Total ..	1,881,865	1,849,330	1,765,214	1,508,954	1,478,288

(e) *Income Tax.* A tax on the incomes of persons, whether derived from personal exertion or from property, is also imposed in all the States. As might be expected, the rates, exemptions, etc., differ widely, but the general principles of the several Acts are similar. In earlier years revenues now derived from income tax were to some extent supplied by a dividend tax mainly from profits on gold mining.

The following table shows the total amount collected in the several States during the years 1928-29 to 1932-33. 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.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
New South Wales	7,343,049	7,084,465	6,183,481	3,411,146	3,870,616
Victoria	2,881,917	2,981,050	2,659,585	2,061,561	2,117,000
Queensland	2,714,764	2,405,810	2,522,300	1,652,329	1,689,383
South Australia	1,735,922	1,507,375	1,802,176	1,484,066	1,254,961
Western Australia	644,836	751,116	562,695	436,767	336,001
Tasmania	309,165	322,098	302,925	242,347	339,239
Total	15,629,653	15,051,914	14,033,162	9,288,216	9,607,200

(f) *Unemployment Relief Tax.* During 1930-31 a special unemployment relief tax was levied in New South Wales, Victoria and Queensland. In South Australia portion of the moneys for expenditure on unemployment relief was raised by an increment in the rate of income tax. In Western Australia a Financial Emergency tax was levied but in 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. Detailed information may also be found in the *Labour Report*, Nos. 22 to 24.

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

MOTOR TAXATION.—COLLECTIONS.

State.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
New South Wales	1,710,453	1,807,376	1,669,969	1,617,387	1,608,154
Victoria	1,103,718	1,196,831	1,118,170	1,124,362	1,222,684
Queensland	477,310	523,881	519,108	519,467	525,967
South Australia	a 623,587	a 620,627	461,955	499,704	503,386
Western Australia	265,059	314,300	286,140	278,816	274,721
Tasmania	80,296	89,791	95,370	93,567	97,210
Total	4,260,423	4,552,806	4,150,712	4,133,303	4,232,122

(a) Includes motor spirit tax.

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

(iii) *Business Undertakings*—(a) 1932–33. A very large proportion of State gross revenues is made up of receipts from public works and services under the control of the Governments. The principal of these are railways and tramways, harbour works, and water supply and sewerage, while, in addition, State batteries for the treatment of auriferous ores exist in Western Australia, and various minor revenue-producing services are rendered by the Governments of all States. For the year 1932–33 the revenue from these sources was £51,230,093, or 47 per cent. of the revenue from all sources. Details of revenue are as follow :—

STATE REVENUE FROM BUSINESS UNDERTAKINGS, 1932–33.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways	£18,723,033	£9,261,443	£5,851,207	£2,771,405	£3,203,019	£430,766	£40,190,873
Harbour services	880,012	57,331	76,787	564,568	280,829	..	1,859,527
Water supply and sewerage	£3,078,892	£604,960	..	£914,572	£565,392	..	£5,163,816
Other	1,288,372	1,544,083	143,976	410,165	529,484	£99,797	£4,015,877
Total	23,970,309	11,467,817	6,071,970	4,660,710	4,578,724	480,563	51,230,093

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

As mentioned on page 419 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) 1928–29 to 1932–33. Particulars of the revenue from Business Undertakings for the last five years are given below.

STATE REVENUE FROM BUSINESS UNDERTAKINGS.(a)

Particulars.	1928–29.	1929–30.	1930–31.	1931–32.	1932–33.
	£	£	£	£	£
Railways and Tramways	52,764,377	48,606,108	40,943,417	39,822,890	40,190,873
Harbour Services	2,277,611	2,120,023	1,742,907	1,761,715	1,859,527
Water Supply and Sewerage	5,188,584	5,185,780	5,008,555	5,189,034	5,163,816
Other	5,493,876	4,868,376	4,388,903	4,114,160	4,015,877
Total	65,724,448	60,780,287	52,083,782	50,887,799	51,230,093

(a) See notes to previous table.

During the above period the total revenue from Business Undertakings decreased by 22·1 per cent., Railways and Tramways showing a decrease of 23·8 per cent. and Harbour Services 18·4 per cent. Revenue from Water Supply and Sewerage Services has been fairly constant since 1928–29.

(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 1932-33 :—

STATE TERRITORIAL REVENUE, 1932-33.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Sales ..	39,223	16,218	..	19,654	7,222	16,973	99,290
Rentals ..	1,623,914	231,216	1,099,167	165,270	210,494	26,220	3,356,281
Forestry ..	63,809	113,025	144,805	..	61,435	13,229	396,303
Total ..	1,726,946	360,459	1,243,972	184,924	279,151	56,422	3,851,874

(v) *Commonwealth Payments.* The payments to the States (inclusive of special grants but excluding the contributions in respect of sinking fund on States' Debts and Federal Aid Roads grants which are paid by the Commonwealth into Trust Funds) represent in each instance a considerable proportion of the States' revenue, and for the year 1932-33 aggregated £9,134,912, or 8.7 per cent. of the total revenue of the States.

(vi) *Interest and Miscellaneous.* In addition to the foregoing, there are in each State several miscellaneous sources of revenue, including such items as interest, fines, fees, etc. In 1932-33 interest, mainly from loans to local governing bodies and on public account balances, was responsible for £4,636,525, exclusive of Western Australia, where interest is included under "Miscellaneous" which aggregated £4,785,335.

Division II.—Expenditure.

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

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

In earlier years, the working expenses of Railways and Tramways were the most important item in Governmental expenditure, but in recent years Public Debt charges represent the heaviest item notwithstanding the reduction in interest as a result of the 1931 internal conversion loan. Prior to 1930-31 Railway working expenses represented about 30 to 35 per cent. of the total. In 1930-31 the decreased revenue necessitated considerable curtailment of services, which, together with staff reductions and other economies, reduced the expenditure as compared with the previous year by £7,476,395 to £34.3 millions or 28 per cent. of the total expenditure. The effect of further economies in 1931-32 is shown in the reduction of expenditure by £3,576,049 (11 per cent.) as compared with the previous year. In 1932-33, working expenses were £733,124 less than for 1931-32 and represented 26 per cent. of the total expenditure; while Public Debt charges represented 36 per cent. of the total expenditure; next in importance were Charitable, 10 per cent.; Education, 8 per cent.; Law and Order, 4 per cent.; and Public Health and Hospitals, 3 per cent.

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

STATE EXPENDITURE.—CONSOLIDATED REVENUE FUNDS.

Year.	N.S.W. (a) (b)	Victoria. (a)	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
1928-29	52,123,999	28,104,947	16,902,145	11,771,772	10,223,919	2,855,977	121,982,759
1929-30	53,603,952	28,496,712	16,721,055	12,176,840	10,268,519	2,981,992	124,249,070
1930-31	54,609,697	28,029,702	15,914,696	12,539,668	10,107,295	2,854,394	124,055,452
1931-32	59,834,538	26,163,594	15,069,293	11,545,336	9,593,212	2,657,109	124,863,082
1932-33	52,960,277	25,547,486	14,951,088	11,169,610	9,196,234	2,577,407	116,402,102

PER HEAD OF POPULATION.(c)							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1928-29	20 19 8	15 19 2	18 19 2	20 11 7	24 13 3	13 3 11	19 4 9
1929-30	21 5 8	16 0 5	18 10 0	21 5 4	24 2 3	13 12 0	19 7 1
1930-31	21 9 2	15 12 8	17 6 8	21 16 7	23 8 11	12 16 2	19 2 8
1931-32	23 6 0	14 10 1	16 3 10	20 0 3	22 2 5	11 15 1	19 1 11
1932-33	20 8 10	14 1 7	15 17 10	19 5 6	21 1 0	11 6 2	17 13 3

(a) Includes expenditure of certain moneys not paid into Consolidated Revenue, such as receipts from Railways, Tramways, Sydney Harbour Trust, certain Water Supply and Sewerage Services, and motor taxation in New South Wales and motor taxation in Victoria. (b) Includes Social Services. Refer to letterpress on page 420. (c) Based on mean population of each financial year.

3. Details of Expenditure for 1932-33.—The following table shows the total expenditure and expenditure per head under each of the principal items:—

STATE EXPENDITURE.—DETAILS, 1932-33.

Particulars.	N.S.W. (c)	Victoria. (c)	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
Public debt (Interest, sinking fund, etc.)	16,900,431	8,438,251	6,433,523	5,370,959	4,093,694	1,226,863	42,462,821
Railways and Tramways (working expenses) ..	414,850,765	46,159,472	64,270,293	62,025,512	2,315,682	6372,560	29,994,284
Water Supply and Sewerage (f) ..	9804,879	202,409	214,689	283,092	215,514	..	1,520,583
Justice ..	492,379	210,373	164,096	55,546	70,071	29,369	1,021,834
Police ..	1,409,162	790,691	499,740	278,209	203,298	83,798	3,264,898
Penal establishments	305,636	97,128	28,290	40,483	24,449	11,535	507,521
Education ..	3,856,316	2,418,802	1,373,473	892,192	607,481	244,464	9,392,728
Medical and charitable	9,172,901	3,008,464	1,017,884	1,173,795	682,655	243,550	15,299,249
All other expenditure	5,167,808	4,221,896	1,149,100	1,050,722	983,390	365,268	12,938,184
Total ..	52,960,277	25,547,486	14,951,088	11,169,610	9,196,234	2,577,407	116,402,102

(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, £78,321 and South Australia, £80,267. (g) Portion only from Consolidated Revenue Fund.

STATE EXPENDITURE.—DETAILS, 1932-33—continued.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
PER HEAD OF POPULATION.(a)							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Public debt (interest, sinking fund, etc.)	6 10 5	4 13 0	6 16 9	9 5 4	9 7 5	5 7 8	6 8 11
Railways and Tramways (working expenses) ..	5 14 8	3 7 11	4 10 9	3 9 11	5 6 0	1 12 8	4 11 0
Water Supply and Sewerage ..	0 6 2	0 2 3	0 0 4	0 9 9	0 9 10	..	0 4 7
Justice ..	0 3 10	0 2 4	0 3 6	0 1 11	0 3 3	0 2 7	0 3 1
Police ..	0 10 11	0 8 8	0 10 8	0 9 7	0 9 4	0 7 4	0 9 11
Penal establishments ..	0 2 4	0 1 1	0 0 7	0 1 5	0 1 1	0 1 0	0 1 7
Education ..	1 9 9	1 6 8	1 9 2	1 10 10	1 7 10	1 1 5	1 8 6
Medical and charitable	3 10 10	1 13 2	1 1 8	2 0 6	1 11 3	1 1 5	2 6 5
All other expenditure	1 19 11	2 6 6	1 4 5	1 16 3	2 5 0	1 12 1	1 19 3
Total ..	20 8 10	14 1 7	15 17 10	19 5 6	21 1 0	11 6 2	17 13 3

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

Division III.—Surplus Revenue.

The following table shows for each of the years 1928-29 to 1932-33 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.
	£	£	£	£	£	£	£
1928-29 ..	-1,624,086	51,087	-176,463	-930,858	-275,968	-89,543	-3,045,831
1929-30 ..	-4,812,348	-1,172,870	-723,185	-1,625,824	-518,004	-25,720	-8,877,951
1930-31 .. ^b	-8,752,435	-2,454,198	-842,044	-1,813,857	-1,420,539	-245,104	-15,528,177
1931-32 ..	-14,226,838	-1,608,322	-2,075,180	-1,063,360	-1,557,896	-271,614	-20,803,210
1932-33 ..	-3,630,720	-841,501	-1,554,444	-1,008,898	-864,081	-55,216	-7,954,860

PER HEAD OF POPULATION.(c)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1928-29 ..	-0 13 1	0 0 7	-0 4 0	-1 12 7	-0 13 4	-0 8 3	-0 9 7
1929-30 ..	-1 18 3	-0 13 2	-0 16 0	-2 16 10	-1 4 4	-0 2 4	-1 7 8
1930-31 ..	-3 8 9	-1 7 4	-0 18 4	-3 3 2	-3 5 11	-1 2 0	-2 7 11
1931-32 ..	-5 10 10	-0 17 10	-2 4 7	-1 16 10	-3 11 10	-1 4 0	-3 3 8
1932-33 ..	-1 8 1	-0 9 4	-1 13 1	-1 14 10	-1 19 7	-0 4 10	-1 4 2

NOTE.—Minus sign (-) indicates deficit.

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

§ 3. State Trust Funds.

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

2. *Extent.*—The amount of trust funds held on the 30th June, 1933, was as follows :—

STATE TRUST FUNDS, 30th JUNE, 1933.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Amount of trust funds	24,144,728	6,376,738	1,996,551	1,469,788	3,859,838	544,095	38,391,738

§ 4. State Loan Funds.

Division I.—Loan Expenditure.

1. *General.*—As far back as the year 1842, revenue collections were supplemented with borrowed moneys, the earliest loan being by New South Wales for the purpose of assisting immigration, at rates of interest varying from 2½d. to 5½d. per £100 per diem. or approximately from 4½ per cent. to 8 per cent. per annum. Australian public borrowing, however, is mainly due to the fact that the State Governments, in addition to ordinary administrative duties, undertake functions which in other countries are usually entrusted to local authorities or left to private enterprise. Foremost amongst these are the construction and control of the railway systems, but loan moneys have largely been used for improvements to harbours and rivers, and the construction of roads, water supply and sewerage works. The State loan expenditure and public debt thus differ very materially from those of most European countries, and from those of the Commonwealth, where such expenditure was very largely incurred for purposes of defence, or in the prosecution of war. As shown above, the State debts consist chiefly of moneys raised and expended with the object of assisting the development of the resources of the country, and are to a very large extent represented by tangible assets.

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

2. Loan Expenditure, 1932-33.—(a) *Gross loan expenditure, 1932-33.* Particulars of the gross loan expenditure for the year 1932-33 are given in the following table:—

STATE GROSS LOAN EXPENDITURE, 1932-33.

Heads of Expenditure.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	All States.
	£	£	£	£	£	£	£
Public Works—							
Railways	398,746	156,728	69,041	101,207	180,567	} 100,050	1,117,691
Tramways	96,925	..	..	(b) 8,825	5,602		
Roads .. .. .	..	118,119	} 191,551	..	83,004	} 58,690	1,262,461
Bridges	394,432	5,832		..	..
Harbours and Rivers ..	78,571	..	..	89,344	} 242,918	}	
Lights and Lighthouses	..	..	..	..
Water Supply	82,774	488,072	..	343,533	194,620	..	1,108,999
Sewerage	284,643	(c) 6,779	..	198,905	125,055	..	615,382
Electricity Supply .. .	11,392	..	..	..	918	19,957	32,267
Loans to Local Bodies ..	(c)	..	620,999	57,045	..	501	678,545
Advances for Housing ..	204	..	277,625	67,016	35,000	14,101	393,946
Other Public Works .. .	2,921,151	1,204,863	231,909	181,836	44,781	20,216	4,624,756
Primary Production—							
Soldier Settlement .. .	..	216,437	12,888	21,611	403	104,635	355,974
Land for Settlement .. .	..	372,410	298,398	57	..	19,992	690,857
Water Conservation .. .	367,049	..	..	1,159	10,260	..	..
Irrigation and Drainage	151,482	..	29,489	3,234	451,606	..	1,014,279
Rabbit-proof Fencing ..	52,000	52,352	..	9,449	..	..	113,801
Agriculture	775	..	33,131	..	143,101	..	177,007
Agricultural Bank .. .	..	..	224,642	..	303,257	..	527,899
Advances to Settlers ..	40	204,676	(a)	74,416	159,937	29,932	1,143,001
Forestry .. .. .	..	26,288	44,102	183,866	114,303	..	368,619
Mines and Mineral Resources .. .. .	..	..	95,997	..	30,195	..	126,192
Other	68,667	..	50,000	5,792	..	..	124,459
Other Purposes	320	..	10,774	1,476	14,388	71,777	98,735
Total Public Works, etc., Expenditure ..	4,909,171	2,852,556	2,190,546	2,022,771	2,139,975	439,851	14,554,870
Per head of Population	£1 17 11	£1 11 5	£2 6 7	£3 9 10	£4 18 0	£1 18 7	£ 2 4 2
Non-Works—							
Exchange on Remittances	537,762	..	..	..	..	..	537,762
Sinking Fund Contribution ..	..	..	100,000	..	..	..	100,000
Discounts and Flotation Expenses	1,245,337	8,954	..	..	106,787	3,674	1,364,752
Revenue Deficits	5,043,775	..	1,554,444	2,877,217	864,081	..	10,339,517
General Cash Deficits .. .	4,095,000	..	..	..	..	..	4,095,000
Total Non-Works Expenditure ..	10,921,874	8,954	1,654,444	2,877,217	970,868	3,674	16,437,031
Grand Total	15,831,045	2,861,510	3,844,990	4,899,988	3,110,843	443,525	30,991,901

(a) Included with Land for Settlement. (b) Loans to Local Bodies for Tramways. (c) Included with Other Public Works. (d) Includes Loans for Unemployed Relief. (e) Country Towns.

(b) *Net loan expenditure, 1932-33.* For the year ended 30th June, 1933, State net loan expenditure on Public Works amounted to £9,701,511 while other non-works expenditure was £16,437,031 making an aggregate for the year of £26,138,542. Details for the year for each State are given in the following table:—

STATE NET LOAN EXPENDITURE, 1932-33.

Heads of Expenditure.	New South Wales.	Victoria. (a)	Queensland	South Australia.	Western Australia.	Tasmania.	All States.
Public Works—	£	£	£	£	£	£	£
Railways	214,885	..	Cr. 28,829	Cr. 101,622	180,495	..	..
Tramways	87,889	..	..	Cr. €35,439	5,602	Cr. 6,682	316,299
Roads	Cr. 95,127	88,680	83,125	Cr. 8,933	83,004	..	..
Bridges	328,631	5,408	..	..	..	..	..
Harbours and Rivers ..	72,986	Cr. 1,904	Cr. 1,127	41,052	242,279	55,591	893,540
Lights and Lighthouses	..	..	..	Cr. 125	..	..	..
Water Supply	28,099	478,715	..	250,993	194,280	..	952,087
Sewerage	269,098	(b) 5,746	..	170,938	99,535	..	545,317
Electricity Supply	4,384	..	..	..	918	Cr. 129,343	Cr. 124,041
Public Buildings	219,849	Cr. 2,817	228,013	52,923	34,634	3,718	536,320
Loans to Local Bodies ..	(c) ..	Cr. 7,495	278,424	30,074	Cr. 892	Cr. 16,652	283,459
Unemployment Relief ..	2,686,515	1,205,812	Cr. 8,062	..	..	..	3,884,265
Advances for Housing ..	Cr. 11,980	..	58,352	85,658	35,000	Cr. 8,682	Cr. 12,968
Other Public Works	Cr. 6,028	Cr. 7,631	Cr. 52,539	88,106	10,146	..	32,054
Primary Production—							
Soldier Settlement .. ..	..	63,685	Cr. 53,275	Cr. 57,806	Cr. 47,443	3,931	Cr. 90,908
Land for Settlement	Cr. 38	214,234	162,001	Cr. 20,059	..	Cr. 941	355,197
Water Conservation	314,432	..	14,228	Cr. 5,699	10,173	..	846,352
Irrigation and Drainage	87,202	..	..	Cr. 23,370	449,386	..	..
Rabbit-Proof Fencing ..	51,931	36,676	Cr. 17,860	2,169	Cr. 7	..	72,909
Agriculture	775	..	9,331	..	136,244	..	146,350
Agricultural Bank .. ..	..	Cr. 138,670	..	..	303,257	..	164,587
Advances to Settlers	Cr. 554	Cr. 1,164	..	227,053	157,440	Cr. 10,729	372,046
Forestry .. ..	..	26,288	40,971	119,026	114,363	..	300,648
Mines and Mineral Resources .. ..	..	..	43,522	..	27,386	..	70,908
Other	68,180	..	50,000	Cr. 1,900	..	..	116,280
Other Purposes	Cr. 1,363	Cr. 9,962	4,869	Cr. 40	12,424	34,882	40,810
Total Public Works etc., Expenditure	4,319,766	2,094,271	672,474	(d) 641,683	2,048,224	Cr. 74,907	9,701,511
Non-Works—							
Exchange on Remittances	537,762	..	..	..	..	..	537,762
Sinking Fund Contribution .. ..	..	..	100,000	..	..	..	100,000
Discount and Flotation Expenses	1,245,337	8,954	..	..	106,787	1,356	1,362,434
Revenue Deficits	5,043,775	..	1,554,444	2,877,217	864,081	..	10,339,517
General Cash Deficits ..	4,095,000	..	..	..	..	..	4,095,000
Total Non-Works Expenditure	10,921,874	8,954	1,654,444	2,877,217	970,868	1,356	16,434,713
Grand Total	15,241,640	2,103,225	2,326,918	3,518,900	3,019,092	Cr. 73,551	26,136,224

(a) Expenditure from Loan and on account of Loan; includes expenditure from Public Account Advances Account, from Treasurer's Advance Account, and from State Loans Repayment Fund. (b) Country towns. (c) Loans to Local Bodies for Tramways. (d) Credits allowed for of £259,790 arising from cancellation of securities redeemed from Sinking Fund. (e) Included with Unemployment Relief. (f) Includes credit of £117,611, transfer from Hydro-Electric Commission reserve in reduction of capital.

3. Net Loan Expenditure, 1928-29 to 1932-33.—The following table gives the works net loan expenditure during each of the years 1928-29 to 1932-33 :—

STATE NET LOAN EXPENDITURE.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
1928-29	14,249,082	7,060,593	2,141,653	3,536,422	4,136,865	348,818	31,473,433
1929-30	10,878,627	5,868,445	2,295,866	2,493,287	3,539,470	146,853	24,222,548
1930-31	5,951,488	3,068,068	2,727,317	464,541	1,675,015	6209,137	12,095,566
1931-32	3,387,143	1,002,224	Cr. 2,206,351	286,828	1,267,865	26,254	5,763,963
1932-33	4,319,766	2,094,271	2,672,474	641,683	2,048,224	Cr. 74,907	9,701,511

(a) In addition, £967,502 was charged to Loan in 1929-30, and £1,074,945 in 1930-31, to cover debit balances on certain industrial undertakings, on account of which expenditure was made from Trust Funds in previous years. Figures for 1930-31 to 1932-33 are exclusive also of £100,000 portion of repayments transferred to Consolidated Revenue and applied to Sinking Fund contributions. For the year 1931-32 repayments include £298,365 transferred from Governments Savings Bank Inscribed Stock Account. (b) Excludes £616,352 Soldier Settlement and other losses funded.

STATE NET LOAN EXPENDITURE—continued.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
PER HEAD OF POPULATION.							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1928-29	5 14 9	4 0 2	2 8 0	6 3 8	9 19 7	1 12 3	4 19 3
1929-30	4 6 5	3 6 0	1 8 8	4 7 1	8 6 3	0 13 5	3 15 6
1930-31	2 6 9	1 14 3	0 15 10	0 16 2	3 17 9	0 18 9	1 17 4
1931-32	1 6 5	0 11 1	Cr. 0 4 5	0 9 11	2 18 6	0 2 4	0 17 8
1932-33	1 13 4	1 3 1	0 14 4	1 2 2	4 13 9	Cr. 0 6 7	1 9 5

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 1928-29 with £9 19s. 7d. per head, and its lowest in Tasmania in 1932-33 when repayments exceeded expenditure by £74,907 or 6s. 7d. per head.

4. Total Loan Expenditure to 30th June, 1933.—The total loan expenditure inclusive of revenue deficits, etc., of the States from the initiation of borrowing to the 30th June, 1933, amounted to £865,971,496. The purposes for which this sum was expended are shown in the following table:—

TOTAL STATE LOAN EXPENDITURE TO 30th JUNE, 1933.

Heads of Expenditure.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	All States.
	£	£	£	£	£	£	£
Public Works—							
Railways ..	139,578,324	74,085,988	61,652,135	31,940,470	24,039,825	6,911,662	357,578,428
Tramways ..	12,368,849	..	2,403,540	3,441,372	1,006,263	..	..
Roads and Bridges	16,436,863	11,851,827	..	3,140,603	2,835,932	..	..
Harbours, Rivers, Lighthouses ..	20,109,646	990,506	2,414,313	7,747,785	6,115,584	..	78,478,368
Water Supply ..	23,542,304	28,247,370	..	13,169,740	6,471,919	..	71,431,333
Sewerage ..	14,154,313	(d) 212,402	..	2,802,376	2,044,797	..	19,213,888
Electricity Supply ..	1,202,608	17,839,227	..	..	1,186,780	3,712,501	23,941,116
Public Buildings ..	8,171,608	6,411,211	3,624,394	3,148,257	1,618,476	1,802,637	24,776,583
Loans to Local Bodies	2,871,592	1,129,414	11,412,440	491,224	94,112	1,191,075	..
Unemployment Relief	..	1,205,833	..	6,015,493	..	..	24,411,783
Advances for Housing	781,481	..	4,124,356	..	635,500	191,593	5,732,930
Commonwealth Services ..	3,965,937	..	524,387	1,283,387	..	..	5,773,711
Other Public Works ..	411,119,263	1,729,005	..	2,279,387	1,510,649	..	16,638,304
Primary Production—							
Soldier Settlement ..	..	27,322,204	1,577,718	8,596,734	7,394,757	2,029,058	..
Land for Settlement	4,263,955	12,371,294	..	..	324,662	..	..
Closer Settlement ..	9,738,429	..	2,418,398	1,659,774	..	394,997	22,407,476
Advances to Settlers	..	1,861,252	..	3,029,014	9,082,598	342,632	..
Water Conservation	4,307,349	..	2,256,390	1,379,932	1,012,372	..	..
Irrigation and Drainage ..	9,555,836	..	..	4,788,628	1,364,340	..	24,664,847
Rabbit Proof Fencing	..	737,136	299,576	252,578	341,765	..	1,631,055
Agricultural Bank ..	..	..	2,238,934	..	5,503,695	..	7,742,629
Mines and Mineral Resources ..	..	271,022	1,918,103	..	2,599,487	..	4,788,612
Other ..	..	668,014	1,187,197	1,465,651	3,361,125	..	6,681,987
Other Purposes ..	c 3,483,201	1,740,225	c 7,034,898	1,836,861	3,487,220	2,810,329	20,392,734
Total Public Works, etc., Expenditure	285,651,558	188,673,930	105,146,779	98,469,266	82,121,858	26,222,393	786,285,784
Non Works—							
Exchange on Re-ittances ..	13,326,764	..	..	..	..	..	21,662,291
Discounts and Flotation Expenses ..	..	4,927,749	..	..	3,407,778	..	..
Sinking Fund Contribution ..	..	..	400,000	..	..	..	400,000
Revenue Deficits ..	5,043,775	3,875,682	1,554,444	6,737,305	10,500,605	496,272	28,208,083
General Cash Deficits	25,230,000	..	..	..	..	..	25,230,000
Treasury Bills Retired	..	..	4,185,338	..	..	..	4,185,338
Grand Total ..	329,252,097	197,477,361	111,286,561	105,206,571	96,030,241	26,718,665	865,971,496

(a) Includes Public Buildings other than Schools and Hospitals.

(b) Loans to Local Bodies for Tramways.

(c) Includes Industrial Undertakings.

(d) Country Sewerage.

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

Division II.—State Public Debts.

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

2. **State Debts, 1929 to 1933.**—The table hereunder shows the State public debts and the amounts owing per head of population at the 30th June in each year from 1929 to 1933 inclusive. The totals include sums advanced by the Commonwealth to the States for settling returned soldiers on the land, and for this reason they differ in some cases from those given in previous issues. On the transfer of the Queensland State Savings Bank business to the Commonwealth Bank in 1920, Queensland Government securities were handed to the latter for the Savings Bank current account credit balance and for amounts owing on account of Advances to Settlers and Workers' Dwellings. This transaction added a total of £5,936,916 to the Public Debt without involving any additional borrowing.

As provided in the *Financial Agreement Act 1928* (particulars of which are given in Chapter I., pages 21 to 32), the Commonwealth Government on 1st July, 1929, assumed the liabilities of the States to bondholders in respect of the debts of the States existing at 1st July, 1929, and taken over by the Commonwealth. Reference is made in Chap. V. of this volume to certain remissions which the Commonwealth Government agreed to make to the States on account of losses sustained by the States in connexion with soldier land settlement. The States' debts at 30th June, 1926, were reduced by £5,000,000, and from 30th June, 1927, by £7,597,783, by the Commonwealth taking over these amounts in anticipation of legal ratification of the agreement by the States. The following figures which represents the total "face" or "book" value of the debt of States leaving out of account currency changes since the loans were floated have been adjusted on this account, and therefore differ from those given in earlier issues.

STATE PUBLIC DEBTS.

Date.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
30th June, 1929	267,701,161	153,828,692	112,742,808	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
" 1933	314,067,707	169,238,072	114,530,854	102,902,345	83,514,697	23,597,945	807,851,620

PER HEAD OF POPULATION.(a)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
30th June 1929	106 19 2	86 19 6	125 5 6	162 5 6	164 13 0	103 1 4	112 12 10
" 1930	106 1 8	86 0 9	122 15 7	161 11 10	165 17 8	101 8 0	111 13 0
" 1931	111 15 7	91 0 5	120 18 4	171 8 11	177 2 6	102 12 0	116 12 9
" 1932	118 10 4	92 14 11	119 6 3	174 7 1	183 3 0	102 15 3	120 3 10
" 1933	120 14 11	92 19 6	120 16 10	177 2 4	190 5 3	103 13 8	122 1 10

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

The public debt of the whole of the States increased during the period under review by over £89 millions or at the rate of over £22 millions per annum. The debt per head of population increased during the period by £9 9s. to £122 1s. 10d. per head or about 8 per cent. The greatest advance was shown by Western Australia where the debt per head rose by £25 12s. 3d., followed by South Australia with an increase of £14 16s. 10d.; New South Wales with £13 15s. 9d.; Victoria with £6 and Tasmania with 12s. 4d. The debt of Queensland decreased by £4 8s. 8d. 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, loans have been placed in New York on account of all States. The following table gives particulars of loans outstanding on the 30th June, 1933, which had been floated abroad and in Australia respectively :—

STATE PUBLIC DEBTS, 30th JUNE, 1933.—PLACE OF FLOTATION OF LOANS.

State.	Floated Abroad.			Floated in Australia.	Grand Total.
	London.	New York.	Total Overseas.		
	£ Stg.	£ (b)	£ (a)	£ Aust.	£ (a)
New South Wales	162,363,286	13,470,461	175,833,747	138,233,960	314,067,707
Victoria ..	63,444,606	4,615,021	68,059,627	101,178,445	169,238,072
Queensland ..	63,270,807	7,409,042	70,679,849	43,851,005	114,530,854
South Australia ..	43,760,156	1,779,308	45,539,464	57,362,881	102,902,345
Western Australia	45,697,799	2,072,331	47,770,130	35,744,567	83,514,697
Tasmania ..	13,620,237	234,624	13,854,861	9,743,084	23,597,945
Total ..	392,156,891	29,580,787	421,737,678	386,113,942	807,851,620

(a) Total "face" or "book" value of the debt of each State without adjustment on account of currency changes since the loans were floated. (b) See note (c) page 403.

Particulars of the aggregate debts of the States for the last five years showing the amounts which will mature overseas and in Australia respectively will be found on page 441.

The debt per head of population on the 30th June, 1933, was £122 1s. 10d. The amounts redeemable in London represented £59 5s. 4d. per head; in New York, £4 9s. 5d. per head; and in Australia, £58 7s. 1d. per head.

4. Rates of Interest.—(i) At 30th June, 1933. 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 per cent., twenty-nine separate rates being involved. The average rate payable on the aggregate indebtedness is £4 2s. 5d. per cent. For the separate States the average varies, being lowest for Tasmania and highest for Queensland. The following table gives particulars of the amount of debt at each rate of interest payable, together with the amount and the average rate of interest payable at 30th June, 1933, with separate information for London, New York, and Australian maturities. The units of currency in this table are—for debts maturing and interest payable—

in Australia .. £ Australian.

in London .. £ Sterling.

in New York .. Payable in terms of dollars. See note on page 403.

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, 1933.

Rate of Interest.	Place of Maturity.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	All States.
%		£	£	£	£	£	£	£
7.0	New York	..	..	1,930,443	..	..	..	1,930,443
6.0	London	9,527,090	..	2,000,000	2,977,800	2,716,302	..	17,221,192
	New York	..	..	2,054,865	..	..	..	2,054,865
5.75	London	4,901,232	..	..	..	1,049,993	..	5,951,225
5.5	London	2,980,400	6,887,649	3,781,700	..	..	..	13,649,749
5.25	London	17,870,500	..	..	..	..	..	17,870,500
5.0375	Australia	3,035	..	2,792,500	8,000	250,000	268,740	3,322,275
5.0	London	42,731,232	30,191,874	39,219,894	20,342,399	18,779,352	2,584,987	153,849,738
	New York	9,577,828	3,793,116	2,300,339	1,779,308	2,072,331	234,624	19,757,546
4.75	London	..	5,999,000	..	..	..	..	5,999,000
4.65	Australia	577,910	90,000	..	2,152,200	1,321,733	200,000	4,341,843
4.5	London	10,954,600	..	..	..	2,631,165	..	13,585,765
	New York	3,892,633	821,905	1,123,395	..	..	..	5,837,933
4.45625	Australia	18,837	3,117,450	..	..	..	..	3,136,287
4.2625	Australia	12,929,919	3,154,709	2,186,120	2,910,590	597,957	..	21,779,295
4.25	London	..	..	..	..	..	137,750	137,750
4.06875	Australia	11,498,240	2,488,740	258,110	2,930,000	753,533	123,150	18,051,773
	London	62,863,190	54,470,053	15,551,219	35,583,203	17,811,590	7,600,489	193,879,744
4.0	London	19,714,842	2,962,116	6,000,000	6,064,222	5,962,436	3,800,000	44,503,616
3.875	Australia	3,084,120	20,536,718	1,640,020	2,744,615	1,968,809	137,030	30,111,312
3.75	Australia	10,856,900	6,293,865	1,937,925	2,502,900	3,205,457	306,270	25,103,317
	London	..	..	2,000,000	789,400	888,608	..	3,678,008
3.68125	Australia	..	80,730	..	..	..	..	80,730
3.5	Australia	..	39,855	565,200	..	21,000	..	626,055
	London	32,910,851	7,077,095	5,995,000	7,337,111	8,206,825	6,156,500	67,683,382
3.4875	Australia	66,500	500	6,445,955	83,050	1,765,558	171,802	8,533,365
3.29375	Australia	..	..	..	..	..	2,000	2,000
3.1	Australia	532,665	731,365	5,469,331	2,150	1,863,045	233,358	8,831,914
	London	6,600,135	3,159,531	5,475,280	3,026,173	232,700	295,145	18,788,964
3.0	Australia	12,715,113	5,340,346	4,274,213	2,433,499	2,899,304	450,000	28,112,475
	London	..	..	..	..	..	..	..
2.90625	Australia	360,550	220,000	5,100	319,092	..	..	904,742
2.75	Australia	16,075,000	2,875,000	295,000	3,120,000	2,995,000	245,000	25,605,000
2.7125	Australia	291,421	446,845	352,915	207,457	78,185	..	1,376,823
	London	11,815,000	2,695,000	820,000	1,400,000	2,880,000	160,000	19,770,000
2.5	London	8,047,776	4,986,526	..	2,815,725	2,563,814	..	18,413,841
2.325	Australia	659,973	778,084	54,750	373,451	..	..	1,866,258
	London	..	..	1,000,000	..	..	491,000	1,491,000
Overdue and unconverted	Australia	565	..	1,580	..	..	100	2,245
	London	9,650	..	..	..	..	..	9,650
Total Debt	Australia	138,233,960	101,178,445	43,851,005	57,362,881	35,744,567	9,743,084	386,113,942
	London	162,363,286	63,444,606	63,270,807	43,760,156	45,697,799	13,620,237	392,156,891
	New York	13,470,461	4,615,021	7,409,042	1,779,308	2,072,331	234,624	29,580,787
	Total	314,067,707	169,238,072	114,530,854	102,902,345	83,514,697	23,597,945	807,851,620
Total Interest	Australia	5,076,025	3,894,340	1,620,691	2,205,431	1,322,689	381,552	14,500,728
	London(a)	7,108,209	2,824,423	2,942,040	1,888,156	1,990,856	525,901	17,279,585
	New York	654,059	226,642	423,993	88,965	103,616	11,731	1,509,006
	Total	12,838,293	6,945,405	4,986,724	4,182,552	3,417,161	919,184	33,289,319
Average Rate of Interest payable	Australia	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
	London	3 13 5	3 17 0	3 13 11	3 16 11	3 14 0	3 18 4	3 15 1
	New York	4 7 7	4 9 0	4 13 0	4 6 4	4 7 2	3 17 3	4 8 2
		4 17 1	4 18 3	5 14 6	5 0 0	5 0 0	5 0 0	5 2 0
	Total	4 1 9	4 2 1	4 7 1	4 1 4	4 1 10	3 17 11	4 2 5

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

The average rate of interest payable shows a very substantial decrease due to the internal debt conversion 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 15s. 1d. per cent. in 1933. For debt maturing in London the average rate increased from £4 12s. 7d. per cent. in 1931 to £4 13s. 3d. in 1932, and as a result of the conversions effected in London prior to 30th June, 1933, fell to £4 8s. 2d. while for New York loans it fell from £5 2s. 6d. per cent. in 1931 to £5 2s. 3d. per cent. in 1932 and to £5 2s. 0d. in 1933.

(ii) *Variations from 1901 to 1933.*—The variations in the rates of interest payable on the public debts of the States are shown in the following table which gives the percentages of the total debts in various interest groups during the years specified, and the average rate of interest in each year :—

STATE PUBLIC DEBTS.—PERCENTAGES, ETC., IN VARIOUS INTEREST GROUPS.

Interest Rates.	Percentage of Total Debt at 30th June—					
	1901.	1911.	1921.	1931.	1932.	1933.
	%	%	%	%	%	%
Not exceeding 3 per cent.	18.0	17.9	10.2	5.3	6.6	14.4
Exceeding 3 per cent. but not exceeding 4 per cent. ..	78.5	81.9	45.4	17.2	48.2	47.4
Exceeding 4 per cent. but not exceeding 5 per cent. ..	3.1	0.1	15.6	36.8	34.3	30.5
Exceeding 5 per cent. but not exceeding 6 per cent. ..	0.4	0.1	23.5	38.4	9.2	7.5
Exceeding 6 per cent.	..	..	5.3	2.3	1.7	0.2
Total ..	100.0	100.0	100.0	100.0	100.0	100.0
Average Rate	3.7	3.6	4.4	4.9	4.3	4.1

5. *Dates of Maturity.*—Securities like the British Consols are interminable, but Australian debts have in most cases a fixed date for repayment, there being a few exceptions which are included in the following table under the headings "interminable," "Treasurer's option," and "not fixed." Those terminable at "Treasurer's option" include amounts which are payable by the respective Governments after giving a specified notice, and those "not fixed" consist of certain amounts owing to the Commonwealth Government. Generally, renewal is effected at date of maturity in respect of the greater portion of the loan. In order to avoid application to the market at an unfavourable time, several States adopted the practice of specifying a period prior to the date of maturity within which the Government, on giving twelve, or in some cases six months' notice, has the option of redeeming the loan. The Government can, therefore, take advantage of opportunities that may offer during the period for favourable renewals. Particulars concerning the due dates of the State loans outstanding on the 30th June, 1933, 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, 1933,**

Year of Maturity (Ended 30th June).	Maturing in London.	Maturing in New York.	Total Maturing Overseas.	Maturing in Australia.	Grand Total.
	£ Str.	£ (b)	£ (a)	£ Aust.	£ (a)
1934	27,883,594	..	27,883,594	65,880,145	93,763,739
1935	15,480,158	..	15,480,158	22,813,163	38,293,321
1936	14,162,201	..	14,162,201	8,449,437	22,611,638
1937	6,375,532	..	6,375,532	10,177,174	16,552,706
1938	23,770,923	..	23,770,923	2,167,722	25,938,645
1939	2,858,276	..	2,358,276	39,212,777	41,571,053
1940	5,666,500	..	5,666,500	1,451,713	7,058,213
1941	22,177,985	..	22,177,985	4,638,485	26,816,470
1942 .. .. .	..	1,930,443	1,930,443	44,007,115	45,937,558
1943	24,634,150	..	24,634,150	24,342,557	48,976,707
1944 .. .. .	..	..	..	1,259,300	1,259,300
1945	12,769,046	..	12,769,046	23,950,063	36,719,109
1946	12,004,468	..	12,004,468	16,500	12,020,968
1947	5,707,813	2,054,865	7,762,678	1,287,928	9,050,606
1948 .. .. .	..	..	..	13,968,624	13,968,624
1949	5,202,146	..	5,202,146	697,165	5,899,311
1950	6,109,695	..	6,109,695	932,829	7,042,524
1951	20,857,428	..	20,857,428	13,827,027	34,684,455
1952 .. .. .	..	..	..	554,186	554,186
1953 .. .. .	..	..	..	491,718	491,718
1954 .. .. .	..	..	..	12,910,841	12,910,841
1955	3,345,804	..	3,345,804	778,078	4,123,882
1956	21,657,000	10,763,670	32,420,670	12,165,161	44,585,831
1957 .. .. .	..	4,784,034	4,784,034	346,685	5,130,719
1958	17,870,500	10,047,775	27,918,275	11,837,664	39,755,939
1960	3,850,724	..	3,850,724	11,618,112	15,468,836
1961	29,163,835	..	29,163,835	..	29,163,835
1962	4,964,083	..	4,964,083	11,385,645	16,349,728
1963	10,392,396	..	10,392,396	106,804	10,499,200
1964 .. .. .	..	..	..	1,566,000	1,566,000
1966	16,761,165	..	16,761,165	..	16,761,165
1970	2,000,000	..	2,000,000	..	2,000,000
1971	9,322,446	..	9,322,446	..	9,322,446
1976	65,284,674	..	65,284,674	50,064	65,334,738
Overdue	9,650	..	9,650	565	10,215
Interminable	1,200	..	1,200	462,089	463,289
Treasurer's Option	2,433,499	..	2,433,499	6,568,232	9,001,731
Half-yearly Drawings .. .. .	..	..	..	4,759,934	4,759,934
Not fixed .. .. .	..	..	..	31,432,440	31,432,440
Total	392,156,891	29,580,787	421,737,678	386,113,942	807,851,620

(a) Total "face" or "book" value of the Public Debt of the States without adjustment on account of currency changes since the loans were floated. (b) See note on page 403.

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

on States' debts, and details are included in Part III., Section 3 of the Financial Agreement between the Commonwealth and States which is shown in Chapter I., pages 21 to 32, of this volume. Details of the transactions of the National Debt Sinking Fund (States' Account) are given in Finance Bulletin No. 24, issued by this Bureau.

D. COMMONWEALTH AND STATE FINANCE.

1. Revenue and Expenditure.—The following tables show the aggregate revenue and expenditure of the Commonwealth and States for each of the last five years to 1932-33, 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.
				£	£	£
1929	..	..	..	72,782,640	110,982,220	183,764,860
1930	..	..	..	75,137,161	106,876,206	182,013,367
1931	..	..	..	67,882,839	98,472,363	166,355,202
1932	..	..	..	70,139,488	94,924,960	165,064,448
1933	..	..	..	72,143,014	97,032,638	169,175,652

(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.
				£	£	£
1929	..	..	..	67,186,907	121,982,759	189,169,666
1930	..	..	..	68,113,252	124,249,070	192,362,322
1931	..	..	..	68,585,546	124,055,452	192,640,998
1932	..	..	..	61,004,576	124,863,082	185,867,658
1933	..	..	..	57,181,802	116,402,102	173,583,904

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

2. **Taxation.**—The table hereunder shows the combined Commonwealth and State taxation for each of the years 1928-29 to 1932-33, 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.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
	£	£	£	£	£
Commonwealth—					
Customs and Excise ..	41,058,571	41,774,391	28,295,073	28,405,796	32,992,443
Other	15,244,918	16,413,384	22,125,033	25,553,246	23,153,593
Total	56,303,489	58,187,775	50,420,106	53,959,042	56,146,036
State	32,593,850	33,896,926	35,833,562	32,748,528	37,325,609
Grand Total ..	88,897,339	92,084,701	86,253,668	86,707,570	93,471,645
Taxation per head(b)—					
Commonwealth—					
Customs and Excise ..	£6/9/3	£6/9/11	£4/7/1	£4/6/8	£4/19/11
Other	£2/8/0	£2/11/0	£3/8/1	£3/18/0	£3/10/1
Total	£8/17/3	£9/0/11	£7/15/2	£8/4/8	£8/10/0
State	£5/2/10	£5/5/7	£5/10/6	£5/0/2	£5/13/3
Grand Total ..	£13/19/11	£14/6/4	£13/5/6	£13/4/8	£14/3/1

(a) Includes Sales Tax, £3,472,854 (10s. 8d. per head) in 1930-31; £8,425,067 (£1 5s. 9d. per head) in 1931-32; and £9,369,275 (£1 8s. 5d. per head) in 1932-33. (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 1929 to 1933. In this table all moneys borrowed by the Commonwealth on behalf of the States have been included with State debts only, and similarly, the debts taken over by the Commonwealth from South Australia on account of the Northern Territory and of the Port Augusta-Oodnadatta Railway have been included with the Commonwealth Debt.

COMMONWEALTH AND STATES' PUBLIC DEBTS.

Particulars.	Where Redeemable.	At 30th June—				
		1929.	1930.	1931.	1932.	1933.
		£ (a)	£ (a)	£ (a)	£ (a)	£ (a)
Commonwealth ..	Aust. ..	225,433,064	212,653,279	221,721,804	222,992,803	221,274,296
	London	142,630,573	150,746,148	157,438,806	158,775,930	158,642,224
	New York	17,155,718	17,155,718	17,155,718	17,115,997	16,889,983
	Total (b)	385,219,355	380,555,145	396,316,328	398,884,730	396,806,503
States	Aust. ..	306,312,095	314,315,385	335,178,302	363,227,126	386,113,942
	London	381,718,085	375,039,685	394,105,816	395,752,485	392,156,891
	New York	30,778,527	30,686,983	30,435,672	29,963,527	29,580,787
	Total (b)	718,808,707	720,042,053	759,719,790	788,943,138	807,851,620
Total, Commonwealth and States	Aust. ..	531,745,159	526,968,664	556,900,106	586,219,929	607,388,238
	London	524,348,658	525,785,833	551,544,622	554,528,415	550,799,115
	New York	47,934,245	47,842,701	47,591,390	47,079,524	46,470,770
	Grand Total (b)	1,104,028,062	1,100,597,198	1,156,036,118	1,187,827,868	1,204,658,123

(a) The units of currency are—

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

* Payable in terms of dollars. See note (c) on page 403.

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

(ii) *Dates of Maturity.* The particulars given in the appended table show as at 30th June, 1933, the amounts of Commonwealth and States' securities maturing in Australia and overseas according to year of maturity, together with the amount of interest payable yearly thereon. It should be noted that the year of maturity is given for fiscal years ended 30th June and for that reason the information is not directly comparable with statements published in issues of the Official Year Book prior to No. 24. Debts with optional dates of maturity, representing about 75 per cent. of the total overseas obligations, have been grouped according to the latest year of maturity.

**COMMONWEALTH AND STATES' PUBLIC DEBTS, 30th JUNE, 1933.—
DATES OF MATURITY.**

Year of Maturity.	Commonwealth and States' Debts.				Annual Interest Payable at 30th June, 1933, 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 (c)	£'000 (a)	£'000 (Aust.)	£'000 (Stg.)	£'000 (c)	£'000 (b)
1933-34	82,772	38,104	..	120,876	2,477	1,082	..	3,559
1934-35	23,755	15,563	..	39,318	1,001	714	..	1,715
1935-36	8,988	14,736	..	23,724	385	467	..	852
1936-37	10,477	6,747	..	17,224	403	309	..	712
1937-38	2,315	23,771	..	26,086	83	832	..	915
1938-39	81,526	2,518	..	84,044	3,208	88	..	3,296
1939-40	1,884	5,607	..	7,491	73	199	..	272
1940-41	5,013	37,178	..	42,191	173	2,209	..	2,382
1941-42	77,891	..	1,930	79,821	3,122	..	135	3,257
1942-43	28,681	24,634	..	53,315	1,096	1,232	..	2,328
1943-44	1,259	..	..	1,259	56	..	..	56
1944-45	51,771	30,124	..	81,895	1,985	1,446	..	3,431
1945-46	17	12,004	..	12,021	..	545	..	545
1946-47	1,288	5,708	2,055	9,051	49	178	123	350
1947-48	38,921	..	..	38,921	1,546	..	..	1,546
1948-49	1,137	5,202	..	6,339	40	156	..	196
1949-50	933	6,110	..	7,043	32	214	..	246
1950-51	30,569	20,857	..	51,426	1,216	774	..	1,990
1951-52	554	..	..	554	19	..	..	19
1952-53	492	..	..	492	17	..	..	17
1953-54	29,033	..	..	29,033	1,157	..	..	1,157
1954-55	778	3,346	..	4,124	30	117	..	147
1955-56	27,988	21,657	25,158	74,803	1,119	1,083	1,208	3,410
1956-57	347	..	4,784	5,131	14	..	239	253
1957-58	27,211	17,870	12,544	57,625	1,088	938	627	2,653
1958-59 .. ..	..	..	..	..	..	..	..	..
1959-60	26,959	3,851	..	30,810	1,078	152	..	1,230
1960-61 .. ..	..	35,164	..	35,164	..	1,673	..	1,673
1961-62	26,295	4,964	..	31,259	1,052	198	..	1,250
1962-63	107	10,392	..	10,499	3	416	..	419
1963-64	1,566	..	..	1,566	49	..	..	49
1964-65 .. ..	..	..	..	..	..	..	..	..
1965-66	146	16,761	..	16,907	6	825	..	831
1966-67 .. ..	..	..	..	..	..	..	..	..
1967-68 .. ..	..	..	..	..	..	..	..	..
1968-69 .. ..	..	..	..	..	..	..	..	..
1969-70 .. ..	..	2,000	..	2,000	..	70	..	70
1970-71 .. ..	..	9,322	..	9,322	..	373	..	373
1971-72 .. ..	..	..	..	..	..	..	..	..
1972-73 .. ..	..	..	..	..	..	..	..	..
1973-74 .. ..	..	..	..	..	..	..	..	..
1974-75 .. ..	..	..	..	..	..	..	..	..
1975-76	50	94,440	..	94,490	2	4,722	..	4,724
Overdue and Unconverted	98	10	..	108	2	..	..	2
Interminable	462	1	..	463	15	..	..	15
Treasurers' Option	6,601	2,434	..	9,035	190	73	..	263
Half-yearly Drawings	4,856	..	..	4,856	161	..	..	161
Annual Repayments .. ..	..	79,724	..	79,724	..	3,920	..	3,920
Transferred Properties	111	..	..	111	4	..	..	4
Indefinite	4,537	..	..	4,537	147	..	..	147
Total	607,388	550,799	46,471	1,204,658	23,098	25,005	2,332	50,435

(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. (c) See note (c) on page 403.

(iii) *Rates of Interest, 30th June, 1933.* 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, 1933.—AMOUNT AT EACH RATE OF INTEREST.

Rate of Interest.	Commonwealth and States' Debt maturing—			
	In Australia.	In London.	In New York.	Total.
%	£ (Aust.)	£ (Stg.)	£ (c)	£ (b)
2	.. ..	2,491,000	..	2,491,000
2.325	1,866,258	..	..	1,866,258
2.5	32,505,000	27,634,001	..	60,139,001
2.7125	1,378,831	..	..	1,378,831
2.75	27,670,000	..	..	27,670,000
2.90625	906,225	..	..	906,225
3	22,645,155	28,112,502	..	50,757,657
3.1	8,831,914	..	..	8,831,914
3.29375	2,000	..	..	2,000
3.4875	8,533,365	..	..	8,533,365
3.5	737,180	68,214,711	..	68,951,891
3.68125	80,730	..	..	80,730
3.75	27,173,477	3,678,008	..	30,851,485
3.875	38,566,015	..	..	38,566,015
4	404,291,123	45,160,394	..	449,451,517
4.06875	22,856,273	..	..	22,856,273
4.25	95,595	137,750	..	233,345
4.2625	23,473,928	..	..	23,473,928
4.45625	3,225,937	..	..	3,225,937
4.5	..	13,585,765	10,087,743	23,673,508
4.65	6,193,943	..	..	6,193,943
4.75	..	11,999,000	..	11,999,000
4.91667	..	79,724,221	..	79,724,221
5	15,319	200,359,447	32,397,719	232,772,485
5.0375	3,322,275	..	..	3,322,275
5.25	..	17,870,500	..	17,870,500
5.5	..	13,649,749	..	13,649,749
5.75	..	5,951,225	..	5,951,225
6	..	32,221,192	2,054,865	34,276,057
7	..	..	1,930,443	1,930,443
Overdue (a)	114,324	9,650	..	123,974
Deduct Loans to States for Soldier Land Settlement	— 27,096,629	..	..	— 27,096,629
Total	607,388,238	550,799,115	46,470,770	1,204,658,123
Average Rate of Interest	£3 16s. 1d.	£4 10s. 10d.	£5 0s. 5d.	£4 3s. 9d.

(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. (c) See note on p. 403.

(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 1929 to 1933.

COMMONWEALTH AND STATES' PUBLIC DEBTS, INTEREST PAYABLE.

Particulars.	Where Payable.	At 30th June.				
		1929.	1930.	1931.	1932.	1933.
Commonwealth ..	Australia ..	£ (a) 12,027,136	£ (a) 11,374,060	£ (a) 12,190,243	£ (a) 8,809,205	£ (a) 8,597,257
	London ..	7,182,377	7,591,389	7,787,343	7,858,150	7,725,633
	New York ..	836,109	836,109	836,109	834,133	823,249
	Total (b)	20,045,622	19,801,558	20,813,695	17,501,488	17,146,139
States	Australia ..	15,941,357	16,395,263	17,551,862	14,271,278	14,500,728
	London (c) ..	17,933,140	17,594,511	18,244,281	18,442,628	17,279,585
	New York ..	1,579,367	1,574,789	1,559,597	1,531,720	1,509,006
	Total (b)	35,453,864	35,564,563	37,355,740	34,245,626	33,289,319
Total Commonwealth and States	Australia ..	27,968,493	27,769,323	29,742,105	23,080,483	23,097,985
	London ..	25,115,517	25,185,900	26,031,624	26,300,778	25,005,218
	New York ..	2,415,476	2,410,898	2,395,706	2,365,853	2,332,255
	Total (b)	55,499,486	55,366,121	58,169,435	51,747,114	50,435,458
Average Rate per cent.	Australia ..	£ s. d. 5 5 2	£ s. d. 5 5 5	£ s. d. 5 6 10	£ s. d. 3 18 9	£ s. d. 3 16 1
	London ..	4 15 10	4 15 10	4 14 5	4 14 11	4 10 10
	New York ..	5 0 9	5 0 9	5 0 8	5 0 6	5 0 5
	Total (b)	5 0 6	5 0 7	5 0 8	4 7 1	4 3 9

(a) The units of currency are—

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

* Payable in terms of Dollars, see note (c) on page 403.

(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 6s. 10d. per cent. in 1931. The National Debt Conversion Loan of 1931-32, which was designed to reduce the interest payable on all internal loans by 22½ per cent., resulted in a decrease of £1 8s. 1d. per cent. to £3 18s. 9d. per cent., which rate is slightly above that ruling in 1917. A further reduction of 2s. 8d. to £3 16s. 1d. occurred in 1932-33 due principally to the reductions in the rate for Treasury Bills in Australia particulars of which are given on page 445. There was little variation in the rate of interest payable on overseas loans for several years, but the series of conversion loans in London (referred to on page 401) were responsible for the drop of about four shillings between 1931-32 and 1932-33. The maximum benefit of these conversions will not take effect until the year 1934-35.

(v) *Short-term Debt. (a) Amount.* Particulars of the short-term debt (Treasury Bills and Debentures) of the Commonwealth and States in London and in Australia at intervals from 30th June, 1930, to 30th June, 1934, 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	38,600	44,990
30th September, 1932 ..	10,220	24,155	34,375	3,940	47,285	51,225
31st December, 1932 ..	10,220	24,155	34,375	2,085	48,760	50,845
31st March, 1933 ..	10,220	24,155	34,375	2,815	49,030	51,845
30th June, 1933 ..	10,220	23,905	34,125	3,500	45,375	48,875
30th September, 1933 ..	10,220	23,905	34,125	..	50,700	50,700
31st December, 1933 ..	10,220	23,655	33,875	..	50,820	50,820
31st March, 1934 ..	10,220	23,405	33,625	..	51,250	51,250
30th June, 1934 ..	10,220	23,405	33,625	..	48,469	48,469

(a) Exclusive of overdrafts.

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

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

(b) *Interest rates. (i) London.* The rates of interest payable on Treasury Bills and Debentures in London during the period 1929-30 to 1932-33 were as follow:—

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

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

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

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

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

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