

## CHAPTER XXVII.

## PUBLIC FINANCE.

## A.—GENERAL.

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

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

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

## B.—COMMONWEALTH FINANCE.

## § 1. General.

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

Section 69 provides for the transfer to the Commonwealth from the States of certain specified departments, while section 51, in outlining the powers of the Federal Parliament, implies the transfer or creation of various other departments. Section 87 deals with the financial relations between the Commonwealth and the States. These matters have been treated in some detail in previous issues of the Official Year Book and on page 861 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 1935-36 the Receipts, Expenditure, Excess Receipts or Deficiency for the year together with the accumulated result and the payments made from the excess receipts. The receipts and expenditure on account of the Balance of Interest on States' Debts payable by the States to the Commonwealth under the Financial Agreement have been excluded.

Year.	Receipts.	Expenditure.	Ordinary Transactions.		Accumulated Result.		Payments from Excess Receipts.
			Excess Receipts.	Deficiency.	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	62,500,354	2,578,334	..	2,591,153	..	47,415,755
1924-25 ..	67,697,124	67,178,748	518,376	..	3,109,529	..	..
1925-26 ..	70,203,572	70,577,204	..	373,632	285,897	..	62,450,000
1926-27 ..	75,544,382	72,908,785	2,635,597	..	2,821,494	..	c 100,000
1927-28 ..	73,808,227	76,438,464	..	2,630,237	..	62,628,743	d 2,820,000
1928-29 ..	74,894,799	77,253,774	..	2,358,975	..	64,987,718	..
1929-30 ..	77,143,389	78,614,392	..	1,471,003	..	66,458,721	..
1930-31 ..	69,566,920	80,324,539	..	10,757,619	..	67,216,340	..
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	..	..
1934-35 ..	77,369,105	76,657,900	711,205	..	713,474	..	e 6,160,000
1935-36 ..	82,203,341	78,635,621	3,567,720	..	93,567,720	17,002,866	f 713,474

(a) £4,915,755 was used for debt redemption, and £2,500,000 transferred to Trust Funds. (b) Naval construction, £1,500,000; Main Roads, £750,000; Science and Industry investigations, £100,000; and prospecting for oil and precious metals, £100,000. (c) Prospecting for oil and precious metals. (d) Naval construction and Defence reserve, £2,250,000; Science and Industry investigation, £250,000; Civil Aviation, £200,000; Purchase of radium, £100,000; and Geophysical Survey of Australia, £20,000. (e) £4,160,000 for Defence equipment and £2,000,000 for financial assistance to the States. (f) £500,000 for financial assistance to the States, and £213,474 towards reduction of the accumulated deficits. (g) Proposed allocation:—£2,000,000 for Defence equipment; £500,000 grants to States, and £1,067,720 in reduction of accumulated deficits. (h) Met by temporary advance from loan fund.

## § 2. Consolidated Revenue Fund.

### Division I.—Nature of Fund.

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

## Division II.—Revenue.

1. *General.*—The following table furnishes details of the revenue from each source and the amount per head of population under each of the three main headings during the years 1931–32 to 1935–36 :—

## COMMONWEALTH CONSOLIDATED REVENUE—SOURCES.

Source.	1931–32.	1932–33.	1933–34.	1934–35.	1935–36.
	£	£	£	£	£
Taxation (a) .. .. .	53,959,042	56,146,036	56,408,728	58,754,524	63,617,306
Percentage of Total .. %	75.4	76.4	76.3	75.9	77.4
Per head of population (d) ..	£8 4 8	£8 10 0	£8 9 6	£8 15 4	£9 8 6
Business Undertakings (a) ..	12,653,704	12,894,580	13,460,911	14,279,362	15,222,652
Percentage of Total .. %	17.7	17.5	18.2	18.5	18.5
Per head of population (d) ..	£1 18 8	£1 19 1	£2 0 5	£2 2 7	£2 5 1
Other Revenue—					
Interest, etc. (c)—					
Loans to States for Soldier Settlement .. .. .	1,174,187	1,083,865	1,083,865	1,116,827	(e)
Other .. .. .	1,427,307	1,384,639	1,327,195	1,430,571	1,338,510
Coinage .. .. .	191,136	49,568	139,263	133,703	167,719
Defence .. .. .	50,510	47,753	41,213	43,769	42,105
Quarantine .. .. .	16,488	17,312	17,068	18,905	18,090
Territories (b) .. .. .	202,402	202,936	235,091	250,087	313,770
Patents, Trade Marks, etc. ..	48,798	45,018	51,444	55,209	58,783
Marine .. .. .	201,218	205,133	193,532	212,526	218,915
Pension Contributions .. .. .	33,147	48,673	31,733	23,887	31,261
Net Profit on Australian Note Issue	1,305,955	1,108,519	728,998	797,344	855,720
Bankruptcy .. .. .	41,943	31,877	32,475	31,324	29,517
Export charges .. .. .	64,092	Dr. 1,874	2,072	Dr. 1,805	2,615
Miscellaneous .. .. .	162,369	248,864	188,365	222,872	286,378
Total .. .. .	4,919,552	4,472,193	4,072,314	4,335,219	3,363,383
Percentage of Total .. %	6.9	6.1	5.5	5.6	4.1
Per head of population (d) ..	£0 15 0	£0 13 6	£0 12 3	£0 12 11	£0 9 11
Grand Total (c) .. .. .	71,532,298	73,512,809	73,941,953	77,369,105	82,203,341
Per head of population (d) ..	£10 18 4	£11 2 8	£11 2 2	£11 10 10	£12 3 6

(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. (e) Not now paid to Consolidated Revenue.

2. *Taxation.*—(i) *Total Collections.* (a) *Amount.* Collections under each heading for the years 1931–32 to 1935–36 are given below :—

## TAXATION—TOTAL COLLECTIONS.

Heading.	1931–32.	1932–33.	1933–34.	1934–35.	1935–36.
	£	£	£	£	£
Customs .. .. .	18,565,630	21,313,793	22,326,823	25,289,719	28,068,870
Excise .. .. .	9,840,166	11,678,650	11,928,019	12,579,767	13,368,847
Sales Tax .. .. .	8,425,067	9,369,276	8,695,689	8,554,076	9,432,483
Flour Tax .. .. .	..	..	1,253,957	798,354	1,150,724
Land Tax .. .. .	2,156,765	1,650,311	1,325,393	1,281,424	1,326,991
Income Tax .. .. .	13,481,982	10,878,718	9,314,768	8,761,619	8,775,562
Income Tax, Federal Officers' Salaries ..	4,304	..	..	..	..
Estate Duties .. .. .	1,385,811	1,126,996	1,511,296	1,507,827	1,472,860
Entertainments Tax .. .. .	133,072	134,042	51,216	Dr. 599	13
War Time Profits Tax .. .. .	Dr. 33,755	Dr. 5,750	1,567	Dr. 17,663	20,956
Total Taxation .. .. .	53,959,042	56,146,036	56,408,728	58,754,524	63,617,306
Percentage on Total Revenue ..	75.4	76.4	76.3	75.9	77.4

(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.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.
	%	%	%	%	%
Customs .. .. .	34.4	38.0	39.6	43.0	44.1
Excise .. .. .	18.2	20.8	21.1	21.4	21.0
Sales Tax .. .. .	15.6	16.7	15.4	14.6	14.8
Flour Tax .. .. .	..	..	2.2	1.4	1.8
Land Tax .. .. .	4.0	2.9	2.4	2.2	2.1
Income Tax .. .. .	25.0	19.4	16.5	14.9	13.8
Estate Duties .. .. .	2.6	2.0	2.7	2.5	2.4
Entertainments Tax .. .. .	0.3	0.2	0.1	..	..
War Time Profits Tax .. .. .	Dr. 0.1	..	..	..	..
<b>Total .. .. .</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

(ii) *Customs Revenue.* (a) *Classified.* Particulars for the five years 1931-32 to 1935-36 are furnished in the following table :—

## COMMONWEALTH CUSTOMS REVENUE—CLASSIFICATION.

Classes.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.
	£	£	£	£	£
Stimulants .. .. .	966,952	1,027,012	1,051,843	1,080,416	1,140,687
Narcotics .. .. .	3,088,656	2,529,473	2,661,013	2,807,749	2,940,367
Sugar .. .. .	392	844	605	827	1,618
Agricultural products	1,132,319	1,363,600	1,123,576	1,222,775	1,218,026
Apparel and textiles ..	1,656,599	2,163,750	2,160,207	2,511,474	2,635,663
Metals and machinery	655,363	1,122,346	1,376,097	1,904,486	2,235,917
Oils, paints, etc. ..	5,032,748	5,392,554	6,110,306	6,769,588	7,681,244
Earthenware, etc. ..	179,885	275,660	305,452	390,629	441,431
Drugs and chemicals ..	252,357	287,736	262,752	265,114	284,718
Wood, wicker and cane	205,288	401,149	515,400	491,283	529,402
Jewellery, etc. ..	254,821	312,914	364,200	406,918	415,606
Leather, etc. ..	355,588	349,918	367,657	360,696	361,469
Paper and stationery	420,551	424,732	419,931	425,960	459,206
Vehicles .. .. .	114,938	337,858	657,099	1,335,657	1,793,188
Musical instruments ..	4,518	6,451	9,437	16,210	22,186
Miscellaneous articles	452,290	640,737	694,092	850,380	1,029,470
Primage .. .. .	3,657,427	4,512,090	4,080,456	4,259,210	4,678,358
Other receipts .. .. .	134,938	164,969	166,700	181,347	200,314
<b>Total Customs .. .. .</b>	<b>18,565,630</b>	<b>21,313,793</b>	<b>22,326,823</b>	<b>25,289,719</b>	<b>28,068,870</b>

(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.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.
	£	£	£	£	£
New South Wales (a)	8,566,662	9,282,263	9,917,405	11,141,391	12,141,828
Victoria .. ..	6,018,159	7,351,501	7,502,201	8,430,426	9,453,887
Queensland .. ..	1,636,868	1,890,206	1,982,716	2,504,179	2,682,260
South Australia (b) ..	1,113,543	1,363,710	1,423,627	1,576,979	1,861,204
Western Australia ..	1,006,911	1,177,655	1,251,919	1,350,046	1,585,967
Tasmania .. ..	223,487	248,458	248,955	286,698	343,724
<b>Total .. ..</b>	<b>18,565,630</b>	<b>21,313,793</b>	<b>22,326,823</b>	<b>25,289,719</b>	<b>28,068,870</b>

(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 ended 30th June, 1932 to 1936, are given hereunder :—

**COMMONWEALTH EXCISE REVENUE—CLASSIFICATION.**

Particulars.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.
	£	£	£	£	£
Beer .. ..	4,739,117	4,867,844	4,770,439	5,093,858	5,621,051
Spirits .. ..	1,337,262	1,298,325	1,352,092	1,412,761	1,476,774
Concentrated Grape					
Must .. ..	1,840	2,229	2,683	1,545	1,926
Tobacco .. ..	3,396,098	4,751,575	4,822,658	4,962,424	5,087,211
Petrol .. ..	328,073	461,313	517,617	625,901	630,068
Matches .. ..	8,330	72,735	77,160	77,391	81,039
Cigarette Tubes and					
Papers .. ..	6,581	201,186	362,621	384,173	424,853
Licences .. ..	11,736	11,895	11,950	11,120	12,311
Other .. ..	(a) 11,129	(a) 11,548	(a) 10,799	(a) 10,594	(b) 33,614
<b>Total Excise .. ..</b>	<b>9,840,166</b>	<b>11,678,650</b>	<b>11,928,019</b>	<b>12,579,767</b>	<b>13,368,847</b>

(a) Playing Cards.

(b) Playing Cards £10,614 ; Wireless Valves £23,000.

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

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

State.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.
	£	£	£	£	£
New South Wales ..	4,200,426	5,156,998	5,558,783	5,863,305	6,063,761
Victoria .. ..	3,146,119	3,463,238	3,561,681	3,769,155	4,100,054
Queensland .. ..	1,014,614	1,266,235	1,139,280	1,200,478	1,212,596
South Australia (a) ..	706,898	829,438	746,788	760,531	932,145
Western Australia ..	662,514	856,393	810,212	862,501	914,603
Tasmania .. ..	109,595	106,348	111,275	123,797	145,688
<b>Total .. ..</b>	<b>9,840,166</b>	<b>11,678,650</b>	<b>11,928,019</b>	<b>12,579,767</b>	<b>13,368,847</b>

(a) Includes Northern Territory.

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

## OTHER TAXATION COLLECTIONS, AUSTRALIA.

Year.	Land Tax.	Estate Duty.	Income Tax.	War-time Profits Tax.	Entertainments Tax.	Sales Tax.	Flour Tax.
	£	£	£	£	£	£	£
1926-27 ..	2,615,900	1,362,351	11,126,278	Dr. 28,357	366,159	..	..
1927-28 ..	3,027,206	1,752,118	10,165,175	Dr. 112,236	358,865	..	..
1928-29 ..	2,988,885	2,084,149	9,841,496	Dr. 24,309	358,697	..	..
1929-30 ..	2,840,078	2,122,478	11,120,029	14,678	316,121	..	..
1930-31 ..	2,758,598	2,068,865	13,604,374	Dr. 794	186,661	3,472,854	..
1931-32 ..	2,156,765	1,385,811	13,481,982	Dr. 33,755	133,072	8,425,067	..
1932-33 ..	1,650,311	1,126,996	10,878,718	Dr. 5,750	134,042	9,369,276	..
1933-34 ..	1,325,393	1,511,296	9,314,768	1,567	51,216	8,695,689	1,253,957
1934-35 ..	1,281,424	1,507,827	8,701,619	Dr. 17,663	Dr. 599	8,554,076	798,354
1935-36 ..	1,326,991	1,472,860	8,775,562	20,956	13	9,432,483	1,150,724

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

The actual receipts by the various offices are the figures of necessity used by the Treasury for accounting purposes, and may be called the "Treasury" figures. These figures have been used in earlier issues of the Official Year Book prior to No. 25. In order to give a more significant picture of the taxation in States, these figures have been discarded, and in their place are given figures supplied by the Commissioner of Taxation, which refer strictly to the assessments made on account of the State specified. The totals of these figures do not quite agree with the total Treasury figures owing to certain technicalities of accounting, but the differences are small. The Taxation Office figures give a fair comparison between States, e.g., in taxation paid per head, but do not give the absolute measure of taxation, because 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 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 1-30,000d. on the first £1 in excess of an unimproved value of £5,000, increasing by 1-30,000d. for every additional £1 up to £75,000 where the increment of tax was 6d. and the average rate 3½d. The increment of tax of 6d. operated only on the excess of £75,000. The general exemption of £5,000 did not apply to absentees, the rate for whom is always 1d. more than for residents, and the first £5,000 of value for an absentee bore a flat rate of 1d. per £1. In 1914-15, the rate of tax was amended by making the tax on £1, 1-18,750d. 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 residents. 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 a reduction of 33½ per cent. was made, and in the following year the rates were further reduced to 50 per cent. of those effective in 1927-28. The unimproved value of lessees' estates on pastoral leases from the Crown was subject to land tax only in the years 1914-15 to 1922-23 inclusive.

Land Tax receipts in each State and Central Office for the years 1931-32 to 1935-36 were as follows. The particulars shown differ slightly from those in a preceding sub-section :—

## LAND TAX RECEIPTS.

State, etc.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.
	£	£	£	£	£
Central Office .. ..	702,715	564,149	440,522	399,839	471,168
New South Wales .. ..	699,551	530,293	456,434	471,857	460,030
Victoria .. ..	484,995	366,229	286,756	274,671	266,033
Queensland .. ..	54,085	34,636	19,179	29,898	24,827
South Australia .. ..	99,362	67,432	52,410	51,758	55,104
Western Australia .. ..	76,095	61,569	41,913	46,337	42,881
Tasmania .. ..	22,708	15,238	11,644	11,296	12,036
<b>Total .. ..</b>	<b>2,139,511</b>	<b>1,639,546</b>	<b>1,308,858</b>	<b>1,285,656</b>	<b>1,332,079</b>

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

Particulars of the collections in each State and Central Office for the last five years are appended. Owing to certain accounting technicalities, these figures differ slightly from the Treasury returns given in a previous sub-section :—

## ESTATE DUTY RECEIPTS.

State, etc.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.
	£	£	£	£	£
Central Office .. ..	683,060	466,972	697,474	644,177	721,724
New South Wales .. ..	283,316	273,467	379,524	375,777	314,912
Victoria .. ..	296,417	215,223	249,808	301,351	237,474
Queensland .. ..	43,832	56,507	57,104	61,857	74,117
South Australia .. ..	58,075	63,459	66,734	81,740	71,497
Western Australia .. ..	19,371	28,180	17,832	29,516	41,307
Tasmania .. ..	14,248	15,252	40,117	14,635	8,426
Northern Territory .. ..	136	..	..	..	73
<b>Total .. ..</b>	<b>1,398,455</b>	<b>1,119,060</b>	<b>1,508,593</b>	<b>1,509,053</b>	<b>1,469,530</b>

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

## ESTATE DUTY ASSESSMENTS.

Particulars.		1930-31.	1931-32.	1932-33.	1933-34.	1934-35.
Number of Estates	No.	7,367	7,536	7,374	8,072	8,157
Gross Value(a) ..	£,000	56,452	49,967	45,695	52,434	52,965
Dutiable Value ..	£,000	45,748	40,519	36,989	42,423	42,594
Duty Payable ..	£	2,082,384	1,488,956	1,283,848	1,477,170	1,454,450
Average dutiable value	£	6,209	5,376	5,016	5,256	5,222
Average duty per estate	£	282	197	174	183	178

(a) Assessed 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 1915 and subsequent amending Acts. Full details as to the original Act are given in Official Year Book No. 9. The following statement gives an index of the rate of normal tax on personal exertion and property incomes up to and including the year 1935-36. The table gives an index of the rate of tax on the taxable amount of income, and does not take into account the variations in assessment due to changes in exemption and abatements and in the methods of assessment.

## INCOME TAX—INDEX OF RATE.

Assessment years in which Rates were Amended.	Index of Rate of Tax.	Assessment years in which Rates were Amended.	Index of Rate of Tax.
1915-16 .. ..	1,000	1929-30 .. ..	1,214 (a)
1916-17 .. ..	1,250	1930-31 .. ..	1,351 (a) (b)
1918-19 .. ..	1,625	1931-32 .. ..	1,419 (a) (c)
1920-21 .. ..	1,706	1932-33 .. ..	1,419 (a) (d)
1922-23 .. ..	1,535	1933-34 .. ..	1,313 (a) (e)
1924-25 .. ..	1,380	1934-35 .. ..	1,313 (a) (e)
1925-26 .. ..	1,200	1935-36 .. ..	1,313 (a) (f)
1927-28 .. ..	1,080		

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

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

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

No change was made in the rates of normal tax for the 1932-33 assessment but the further tax of 2s. in the £1 on income from property was payable only on such income in excess of £250. For the 1933-34 assessment the consolidated rate for personal exertion incomes assessments was reduced by 15 per cent. Ordinary rates on incomes from property remained unaltered, but the further tax was reduced to 1s. 2.4d. in the £1. The rate of tax applicable to companies was reduced from 1s. 4d. in £1 to 1s. in £1.



No alteration was made to the rates of tax in respect of the 1934-35 assessment, but the method of applying the statutory exemption was varied.

The 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.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.
	£	£	£	£	£
Central Office .. ..	4,560,756	2,977,481	3,237,722	3,011,356	2,883,792
New South Wales .. ..	3,787,417	4,052,877	2,780,215	2,474,276	2,615,474
Victoria .. ..	2,540,726	2,299,232	1,946,022	1,910,619	1,823,450
Queensland .. ..	1,036,295	717,827	549,157	536,431	577,306
South Australia .. ..	728,647	342,303	352,193	364,505	398,578
Western Australia .. ..	587,121	341,979	300,743	321,174	349,374
Tasmania .. ..	205,796	132,337	107,768	118,692	107,393
Northern Territory .. ..	3,211	2,671	1,002	1,932	2,434
<b>Total .. ..</b>	<b>13,449,969</b>	<b>10,866,707</b>	<b>9,274,822</b>	<b>8,738,985</b>	<b>8,757,801</b>

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

## INCOME TAX RECEIPTS PER HEAD OF POPULATION.

(EXCLUDING CENTRAL OFFICE COLLECTIONS.)

State, etc.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.
	s. d.	s. d.	s. d.	s. d.	s. d.
New South Wales .. ..	29 8	31 5	21 5	18 11	19 9
Victoria .. ..	28 3	25 5	21 5	20 11	19 10
Queensland .. ..	22 4	15 4	11 7	11 2	10 11
South Australia .. ..	25 4	11 10	12 1	12 6	13 8
Western Australia .. ..	27 2	15 9	13 8	14 6	15 8
Tasmania .. ..	18 4	11 8	9 6	10 5	9 5
<b>Six States .. ..</b>	<b>27 3</b>	<b>24 0</b>	<b>18 3</b>	<b>17 2</b>	<b>17 6</b>

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 ½d. 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 2½d. on admissions of 2s. 6d. with an additional ½d. 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, 1930-31 to 1934-35, is given below:—

## ENTERTAINMENTS TAX RECEIPTS.

State.	1930-31.	1931-32.	1932-33.	1933-34.(c)	1934-35.
	£	£	£	£	£
New South Wales (a) ..	76,597	52,278	52,413	19,383	168
Victoria ..	63,541	47,620	49,650	18,010	Dr. 585
Queensland ..	23,887	16,371	14,798	6,787	43
South Australia (b) ..	4,991	4,051	4,252	1,665	Dr. 2
Western Australia ..	15,068	12,283	10,546	4,475	Dr. 223
Tasmania ..	1,810	1,026	981	332	..
<b>Total ..</b>	<b>185,894</b>	<b>133,629</b>	<b>132,640</b>	<b>50,652</b>	<b>Dr. 599</b>

(a) Includes Federal Capital Territory. year only, see letterpress above.

(b) Includes Northern Territory.

(c) Portion of

During 1935-36 the total collections representing arrears of tax from previous years amounted to £13. As stated above the Act is now operative.

(f) *War Time Profits Tax.* This tax which came into force in September, 1917, provided for a tax on the amount by which the profits made in war time exceed the pre-war standard of profits. Further details regarding its application are given in Official Year Book No. 22, 1929. The net collections, after allowing for refunds, for the five years ended 30th June, 1936, are as follows:—

1931-32, £2,409; 1932-33, £1,665; 1933-34, £1,568; 1934-35, Dr. £17,663; and 1935-36, £20,956. These collections are in respect of arrears as the Act is now operative.

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

The Sales Tax legislation was amended on 5th October, 1932, to remove certain difficulties connected with the administration of the Acts; to extend the list of exemptions designed to assist primary production; and to provide for additional exemptions and abatements. Further exemptions applicable to goods manufactured in Australia became effective for the period 11th November, 1932, to 30th June, 1933, with the provision that they may be continued by regulation for a period terminating not later than 30th September, 1933. These temporary exemptions were subsequently made permanent. On 26th October, 1933, a further schedule of exemptions became effective.

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

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

Particulars of the net amount of Sales Tax payable, sales of taxable, non-taxable and exempt goods in each State for each of the years 1933-34 to 1935-36 are given in the following table. The figures regarding "Tax payable" are in respect of the periods 1st July to 30th June of each year adjusted on account of rebates of tax allowed in returns to taxpayers as deductions, while those relating to sales are in respect of the periods 1st June to 31st May.

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

State or Territory.	Gross Taxable Sales. (b)	Non-Taxable Sales.	Sales of Exempt Goods.	Net Amount of Sales on which Sales Tax was payable. (b)	Tax Collected. (a)
	£'000.	£'000.	£'000.	£'000.	£
New South Wales .. ..	61,606	56,979	70,675	57,149	3,337
Victoria .. ..	58,270	55,317	58,593	54,184	3,115
Queensland .. ..	20,632	10,178	27,801	18,413	1,032
South Australia .. ..	10,993	7,803	15,570	10,064	587
Western Australia .. ..	8,808	3,693	13,091	8,449	496
Tasmania .. ..	2,535	1,907	5,602	2,348	138
Northern Territory .. ..	8	..	38	7	1
<b>Total .. ..</b>	<b>162,852</b>	<b>135,877</b>	<b>191,370</b>	<b>150,614</b>	<b>8,706</b>

(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". Includes tax paid at Customs House.

(b) Excludes imports taxable at Customs House.

SALES TAX AND AMOUNT OF SALES, 1934-35.(a)

State or Territory.	Gross Taxable Sales. (b)	Non-Taxable Sales.	Sales of Exempt Goods.	Net Amount of Sales on which Sales Tax was payable. (b)	Tax Collected. (a)
	£'000.	£'000.	£'000.	£'000.	£
New South Wales .. ..	65,482	61,612	76,871	60,606	3,303
Victoria .. ..	61,962	56,913	60,560	57,438	3,135
Queensland .. ..	20,014	8,314	28,646	17,964	1,018
South Australia .. ..	11,493	8,834	17,494	10,323	552
Western Australia .. ..	8,916	3,944	13,781	8,107	452
Tasmania .. ..	2,380	1,118	5,015	2,346	120
Northern Territory .. ..	9	..	43	7	1
<b>Total .. ..</b>	<b>170,256</b>	<b>140,735</b>	<b>202,320</b>	<b>156,791</b>	<b>8,581</b>

(a) The difference between the amount of tax collected and 5 per cent. on net amount of sales on which tax was payable is due to rebates allowed as deductions from tax without the corresponding deduction from "Net Sales". Includes tax paid at Customs House.

(b) Excludes imports taxable at Customs House.

## SALES TAX AND AMOUNT OF SALES, 1935-36.(a)

State or Territory.	Gross Taxable Sales. (b)	Non-Taxable Sales.	Sales of Exempt Goods.	Net Amount of Sales on which Sales Tax was payable: (b)	Tax Collected. (a)
	£'000.	£'000.	£'000.	£'000.	£'000
New South Wales .. ..	71,755	67,542	84,252	65,641	3,606
Victoria .. ..	69,413	63,361	66,425	64,787	3,503
Queensland .. ..	22,390	9,502	30,988	20,524	1,106
South Australia .. ..	12,991	10,665	17,038	11,728	630
Western Australia .. ..	9,001	4,198	15,295	9,122	500
Tasmania .. ..	2,670	1,423	5,715	2,503	136
Northern Territory .. ..	8	1	43	7	1
<b>Total .. ..</b>	<b>188,228</b>	<b>156,692</b>	<b>219,756</b>	<b>174,312</b>	<b>9,482</b>

(a) The difference between the amount of tax collected and 5 per cent. of the net amount of sales on which tax was payable is due to rebates allowed as deductions from tax without the corresponding deduction from "Net Sales". Includes tax paid at Customs House. (b) Excludes imports taxable at Customs House.

Of the total tax collections, £540,075 was collected by the Customs Department in respect of imported goods in 1933-34, £614,553 in 1934-35, and £703,191 in 1935-36.

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

(h) *Flour Tax.* In connexion with the Government's decision to provide £3,000,000 for assistance to necessitous wheat farmers who did not during 1932-33 receive income which was subject to Commonwealth Income Tax, the Flour Tax Act was passed in December, 1933. The rate of tax imposed was £4 5s. per short ton on all flour sold or delivered by a miller; imported into Australia; used in the manufacture of goods imported into Australia; or held in stock by a person other than a miller. The Act, which operated from the 4th December, 1933, and terminated on 31st May, 1934, was expected to yield £1,600,000. The Flour Tax, with a reduction in the rate to £2 12s. 6d. per short ton, was reimposed for the period—7th January, 1935, to 24th February, 1936. Net collections after allowing for refunds made and outstanding were as follows:—

## FLOUR TAX.

State.	1933-34.	1934-35.	1935-36.
	£	£	£
New South Wales .. ..	532,538	311,991	450,785
Victoria .. ..	362,633	226,163	320,770
Queensland .. ..	165,898	80,999	153,994
South Australia .. ..	99,916	66,990	98,580
Western Australia .. ..	86,992	50,059	80,873
Tasmania .. ..	37,593	25,504	40,468
<b>Total .. ..</b>	<b>1,285,480</b>	<b>761,706</b>	<b>1,145,470</b>

(i) *Taxation Legislation.* A Royal Commission was appointed by the Commonwealth Government in October, 1932, to inquire into and report upon the simplification and standardization of the taxation laws of the Commonwealth and of the States so far as

they relate to similar subject matters of taxation, e.g., income tax, land tax and death duties, and to make recommendations regarding uniformity in legislation and procedure. Four reports covering the field of inquiries have been presented and conferences between representatives of the several Governments and Taxation Departments have agreed upon certain matters relating to uniform laws, and steps have been taken to implement certain of the recommendations agreed upon.

3. Business Undertakings.—(i) *Postal Revenue.* Particulars concerning this branch of revenue for each of the financial years from 1931-32 to 1935-36 are contained in the following table :—

## COMMONWEALTH POSTAL REVENUE.

Particulars.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.
	£	£	£	£	£
Private boxes and bags ..	63,089	63,307	64,850	66,298	68,488
Commission—					
Money orders and postal notes ..	228,421	216,837	233,889	248,211	265,999
Telegraphs .. ..	1,085,960	1,091,823	1,136,928	1,260,388	1,289,772
Telephones .. ..	5,399,365	5,445,838	5,647,972	6,027,517	6,521,747
Postage .. ..	5,086,919	5,116,052	5,349,776	5,640,159	5,933,884
Radio receipts .. ..	168,197	210,134	336,857	338,593	365,877
Miscellaneous .. ..	331,200	449,601	358,899	303,764	393,277
<b>Total .. ..</b>	<b>12,363,151</b>	<b>12,593,592</b>	<b>13,129,171</b>	<b>13,944,930</b>	<b>14,839,044</b>

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

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

## COMMONWEALTH RAILWAY REVENUE.

Railway.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.
	£	£	£	£	£
Trans-Australian .. ..	177,254	187,043	205,052	215,012	248,939
Central Australian .. ..	85,456	86,938	94,444	80,985	98,634
North Australian .. ..	23,548	22,149	27,714	38,352	30,656
Federal Capital Territory ..	4,295	4,858	4,530	83	5,379
<b>Total .. ..</b>	<b>290,553</b>	<b>300,988</b>	<b>331,740</b>	<b>334,432</b>	<b>383,608</b>

The decrease in receipts of the Federal Capital Territory Railway in 1934-35 is due to different accounting methods.

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 1935–36 the total included interest on 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 repayments of principal and interest in respect of War Service Homes advances; and repayment of advances to the States for the benefit of Settlers. As previously mentioned, the “Balance of Interest on States’ Debts” payable by States under the Financial Agreement has not been included in the detailed statement.

### Division III.—Expenditure.

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

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

Of these three, only the first two were actual expenditure, the last being merely a transfer, the actual expenditure being incurred by the States. In accordance with the provisions of the Constitution, the expenditure on transferred services was, under the “book-keeping” system, debited to the several States in respect of which such expenditure was incurred, while the expenditure on new services was distributed *per capita*. Surplus Commonwealth revenue was paid to the States monthly. Until the end of the year 1903–4, new works, etc., for transferred departments were treated as transferred expenditure, and were charged to the States on whose behalf the expenditure had been incurred. In subsequent years all such expenditure was regarded as expenditure on new services, and distributed amongst the States *per capita*. Under the arrangement which superseded the “book-keeping” system, a specific subsidy of 25s. per head of population was made annually by the Commonwealth to the States, and there was no further debiting of expenditure to the several States. The States Grants Act 1927 provided for the abolition of the *per capita* payments as from 30th June, 1927. From 1st July, 1928, the temporary provisions of the agreement between the Commonwealth and the several States under the Financial Agreement Act 1928 were operative, and on 1st July, 1929, the Commonwealth Government took over the debts of the 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 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 of 1933, 1934 and 1935 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, 1935, are stated hereinafter.

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

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

## COMMONWEALTH EXPENDITURE FROM CONSOLIDATED REVENUE.

Departments, &c.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.
	£	£	£	£	£
<b>Departments—</b>					
Governor-General .. ..	25,833	25,401	27,225	28,026	28,240
Parliament .. ..	459,109	345,532	357,203	487,985	390,120
Prime Minister .. ..	1,315,482	1,430,371	1,540,788	1,570,705	(f)1,384,444
Treasury (a) .. ..	2,953,972	2,256,959	2,414,742	2,615,881	(h)2,277,047
Attorney-General .. ..	196,528	197,070	207,279	223,258	239,702
Interior .. ..	994,019	970,862	987,333	1,014,178	1,267,482
<b>Defence—</b>					
Military .. ..	1,520,004	1,456,441	1,683,514	1,909,295	2,007,550
Naval .. ..	1,507,222	1,586,185	1,691,110	1,954,853	2,254,799
Air .. ..	482,737	475,132	489,872	599,295	653,442
Trade and Customs .. ..	984,516	914,946	797,421	881,064	878,762
Health .. ..	180,005	175,426	184,336	190,681	268,921
Commerce .. ..	581,972	763,058	888,133	958,293	972,246
<b>Total, Departments .. ..</b>	<b>11,201,399</b>	<b>10,594,383</b>	<b>11,268,957</b>	<b>12,434,474</b>	<b>12,623,355</b>
<b>Business Undertakings—</b>					
Postmaster-General .. ..	11,753,788	11,703,098	11,422,679	12,015,696	12,523,878
Railways .. ..	1,040,210	1,016,748	1,066,006	1,160,822	1,016,968
<b>Total, Business Undertakings .. ..</b>	<b>12,793,998</b>	<b>12,719,846</b>	<b>12,488,685</b>	<b>13,176,518</b>	<b>13,540,846</b>
<b>Territories—</b>					
Federal Capital Territory .. ..	606,580	585,005	534,017	539,798	566,289
Northern Territory .. ..	161,271	145,013	154,683	165,369	190,832
Papua .. ..	47,857	52,136	67,369	69,160	68,509
New Guinea .. ..	2,947	2,740	2,989	3,578	3,308
Norfolk Island .. ..	3,500	3,500	3,000	3,000	7,200
<b>Total, Territories .. ..</b>	<b>822,155</b>	<b>788,394</b>	<b>762,058</b>	<b>780,905</b>	<b>836,138</b>
<b>Additions, New Works, Buildings, etc.</b>	<b>832,622</b>	<b>874,390</b>	<b>1,443,693</b>	<b>1,052,133</b>	<b>3,237,317</b>
War and Repatriation (b) .. ..	20,963,413	19,121,967	19,154,363	19,017,861	18,241,399
Invalid and Old-age Pensions .. ..	11,125,956	10,771,061	10,963,090	11,762,030	12,797,726
Maternity Allowances .. ..	378,022	320,986	302,928	329,321	335,552
<b>Payments to or for States—</b>					
Interest on States' Debts. .. ..	7,584,912	7,584,912	7,584,912	7,584,912	7,584,912
Sinking Fund on States' Debts .. ..	1,153,591	1,188,522	1,289,819	1,330,910	1,359,880
Special Grants .. ..	1,530,000	1,830,000	2,130,000	2,400,000	2,750,000
Federal Aid Roads .. ..	1,812,139	1,922,048	2,207,683	2,465,980	2,778,899
Towards Interest and Sinking Fund on Loans for Local Public Works .. ..	..	..	..	..	100,000
<b>Total to or for States (c) .. ..</b>	<b>12,100,642</b>	<b>12,525,482</b>	<b>13,212,414</b>	<b>13,781,802</b>	<b>14,573,691</b>
<b>Relief to Primary Producers .. ..</b>	<b>..</b>	<b>2,249,692</b>	<b>3,044,195</b>	<b>4,322,856</b>	<b>2,449,597</b>
<b>Grand Total .. ..</b>	<b>70,218,207</b>	<b>69,966,201</b>	<b>72,640,383</b>	<b>77,657,900</b>	<b>77,635,621</b>
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Per head of Population .. ..	10 14 4	10 11 11	10 18 4	11 8 9	11 13 0
Excess Receipts (d) .. ..	1,314,091	3,546,608	1,301,570	711,205	3,567,720

(a) Excludes Invalid and Old-age Pensions and Maternity Allowances; see page 856. (b) For details see page 876. (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. (e) Omitting £6,160,000 paid out of accumulated excess receipts as at 30th June, 1934. (f) Includes Department of External Affairs. (g) Omitting £713,474 paid out of accumulated excess receipts as at 30th June, 1935. (h) Includes expenditure under Works and Services Act.

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 1930-31 to 1934-35 was as follows:—

## EXPENDITURE.—GOVERNOR-GENERAL AND ESTABLISHMENT.

Details.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.
	£	£	£	£	£
Salary .. .. .	10,000	(b) 8,900	(b) 8,900	(b) 8,900	9,775
Governor-General's Establishment ..	11,064	9,802	9,962	11,878	11,825
Contingencies (a) .. .. .	3,099	1,885	2,101	1,984	2,135
Interest and Sinking Fund .. . . .	5,342	5,246	4,438	4,463	4,291
<b>Total .. .. .</b>	<b>29,505</b>	<b>25,833</b>	<b>25,401</b>	<b>27,225</b>	<b>28,026</b>

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

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

## EXPENDITURE.—COMMONWEALTH PARLIAMENT.

Details.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.
	£	£	£	£	£
Salaries of Ministers .. .. .	15,300	11,858	10,997	11,730	12,240
Allowances to Senators .. .. .	35,504	28,324	27,115	28,363	28,962
Allowances to Members of House of Representatives .. .. .	74,012	59,004	56,863	59,164	59,401
Officers, staff, contingencies, etc.	75,764	60,441	56,173	54,261	55,674
Repairs, maintenance, etc. .. .. .	5,327	6,275	7,443	8,395	12,002
Printing .. .. .	31,044	26,035	22,404	15,227	21,527
Travelling expenses of Members and others .. .. .	25,006	25,708	25,833	25,722	27,619
Electoral Office .. .. .	92,182	72,199	73,334	74,386	83,252
Election expenses .. .. .	1,717	91,054	..	1,047	103,439
Administration of Electoral Act	21,874	33,971	17,315	13,262	15,187
Interest and Sinking Fund .. .. .	38,942	38,632	38,505	38,178	37,937
Miscellaneous .. .. .	9,744	5,608	9,550	27,469	30,745
<b>Total .. .. .</b>	<b>427,016</b>	<b>459,109</b>	<b>345,532</b>	<b>357,204</b>	<b>487,985</b>

In section 66 of the Constitution provision is made for the payment from Consolidated Revenue of an annual sum for the salaries of Ministers, and section 48 specifies the amount of the allowance to each Senator and each Member of the House of Representatives. These amounts, together with subsequent increases and reductions under Financial Emergency legislation, will be found on pages 9 and 12 of this issue.

(c) *Prime Minister's Department.* This Department was created during the financial year 1911-12. In addition to the services indicated below, this Department administers the external Territories of New Guinea, Papua, Nauru and Norfolk Island.



For convenience, particulars of expenditure on account of these Territories are shown hereinafter under that heading. The expenditure for the last five years is shown in the following table :—

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

Details.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.
	£	£	£	£	£
Salaries, contingencies and miscellaneous .. ..	240,746	133,886	202,124	151,217	246,671
Audit Office .. ..	34,984	31,179	29,405	30,817	34,278
Rent, repairs, etc. .. ..	6,982	7,333	8,039	7,194	7,441
Public Service Board's Office .. ..	49,877	33,720	34,517	35,880	38,206
High Commissioner's Office .. ..	56,777	46,446	47,661	51,577	48,629
Commissioner for Australia in United States of America .. ..	11,228	6,086	5,196	5,073	5,945
Interest and Sinking Fund .. ..	970,623	963,722	974,040	978,644	914,931
Mail Service, Pacific Islands .. ..	47,848	42,262	41,000	40,997	41,000
Secretariat, League of Nations .. ..	30,762	42,656	50,323	52,553	54,024
Scientific and Industrial Research .. ..	8,165	1,925	(b)30,902	(b)78,599	(b)96,836
Pensions and Superannuation .. ..	5,398	6,267	7,164	8,237	7,804
Assistance to Migrant Settlers(c) .. ..	..	..	..	100,000	..
North Australia Survey .. ..	..	..	..	..	75,000
<b>Total .. ..</b>	<b>1,463,390</b>	<b>1,315,482</b>	<b>1,430,371</b>	<b>1,540,788</b>	<b>1,570,765</b>

(a) Excluding Territories, see page 861. and £94,815 in 1934-35 for Investigations.

(b) Includes £29,000 in 1932-33, £76,619 in 1933-34 (c) To be recovered from Victoria.

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

## EXPENDITURE.—DEPARTMENT OF THE TREASURY.

Details.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.
	£	£	£	£	£
Treasury .. ..	51,775	48,642	45,233	48,856	48,336
Taxation Office .. ..	493,793	455,516	480,066	510,143	521,171
Pensions Office .. ..	91,278	80,008	87,390	102,750	117,348
Maternity Allowance Office .. ..	15,002	13,882	12,122	11,729	
Census and Statistics .. ..	29,593	26,063	24,609	24,119	26,736
Census .. ..	130	..	137,224	64,357	37,846
Coinage .. ..	3,485	20,058	19,526	22,604	..
Rent, repairs, etc. .. ..	8,320	8,259	14,867	14,198	12,569
Interest and Sinking Fund .. ..	560,743	963,535	639,338	688,674	785,595
Exchange .. ..	185,843	1,030,425	713,537	723,851	722,006
Loan Conversion expenses .. ..	..	..	..	51,161	111,294
Miscellaneous .. ..	47,958	(a)307,584	83,047	(b)152,300	(c)232,980
<b>Departmental Expenditure .. ..</b>	<b>1,487,920</b>	<b>2,953,972</b>	<b>2,256,959</b>	<b>2,414,742</b>	<b>2,615,881</b>
Invalid and Old-age Pensions .. ..	11,549,828	10,978,633	10,643,196	10,836,263	11,624,769
Maternity Allowance .. ..	630,652	378,022	320,986	302,928	329,321
Maintenance of pensioners in charitable institutions .. ..	161,125	147,323	127,865	126,827	137,261
<b>Total .. ..</b>	<b>13,829,525</b>	<b>14,457,950</b>	<b>13,349,006</b>	<b>13,680,760</b>	<b>14,707,232</b>

(a) Includes £250,000, Unemployment Relief. in respect of interest on Soldier Land Settlement loans.

(b) Includes £62,744 to be recovered from Victoria

(c) Includes £161,153 under Works and Services Act.

(e) *Attorney-General's Department.* Prior to April, 1932, the Attorney-General was also Minister for External Affairs, but the expenditure of the latter department is included in that of the Prime Minister's Department. The Bankruptcy Administration was created in 1927-28. Details for the five years 1930-31 to 1934-35 are furnished hereunder:—

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

Details.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.
	£	£	£	£	£
Attorney-General's Office .. ..	19,709	15,126	15,333	16,252	19,114
Crown Solicitor's Office .. ..	27,144	22,244	21,635	22,526	23,670
Salaries of Justices of High Court ..	17,371	18,500	18,500	18,500	18,500
High Court expenses .. ..	15,609	11,047	10,233	11,324	13,198
Court of Conciliation and Arbitration	21,785	18,046	17,875	18,220	19,236
Public Service Arbitrator's Office ..	1,740	2,678	2,721	2,673	2,751
Rent, repairs, etc. .. ..	18,624	17,890	21,113	18,160	18,652
Patents, Trade Marks, etc. .. ..	54,136	41,328	39,008	43,773	44,006
Investigation Branch .. ..	12,175	9,712	9,246	9,915	10,809
Bankruptcy .. ..	32,586	28,521	28,279	31,549	36,255
Miscellaneous .. ..	12,320	11,436	13,127	14,387	17,067
<b>Total .. ..</b>	<b>233,199</b>	<b>196,528</b>	<b>197,070</b>	<b>207,279</b>	<b>223,258</b>

(f) *Department of the Interior.* In April 1932, the Departments of Home Affairs and Works were abolished, and the services under the control of these departments were assumed by a new Department styled the Department of the Interior. The Bureau of Census and Statistics, formerly under the Department of Home Affairs, was, however, transferred to the Department of the Treasury. The Northern and Federal Capital Territories and the Commonwealth Railways, which are administered by the Department of the Interior, are for convenience included under Territories and Railways respectively (sub-section (ii) (m) and (l) hereinafter). The Electoral Office was previously attached to the Department of Home Affairs, but, as was the case in previous years, the expenditure of this branch is included under Parliament, in sub-section (ii) (b) ante.

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

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

Details.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.
	£	£	£	£	£
Salaries, Contingencies and Miscellaneous—					
Administrative .. ..	140,975	85,904	79,695	93,532	120,736
Meteorological Bureau .. ..	36,040	30,733	30,762	31,832	38,178
Solar Observatory .. ..	5,486	4,369	4,552	4,639	5,006
Forestry Branch .. ..	7,253	6,182	5,173	5,319	5,571
Rent, Repairs and Maintenance .. ..	10,693	12,335	11,456	11,040	12,213
Pensions and Retiring Allowances (b) .. ..	12,530	11,955	14,353	16,570	18,220
Petroleum Prospecting .. ..	10,000	1,000	4,550	4,850	1,500
Interest .. ..	814,324	789,005	769,002	764,506	754,634
Sinking Fund .. ..	25,667	49,849	51,299	55,045	57,820
All Other .. ..	22,936	2,687	20	..	300
<b>Total .. ..</b>	<b>1,085,904</b>	<b>994,019</b>	<b>970,862</b>	<b>987,333</b>	<b>1,014,178</b>

(a) Excludes Territories, Railways and Electoral Office.

(b) Includes Superannuation.

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

## EXPENDITURE.—DEPARTMENT OF DEFENCE.

Details.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.
	£	£	£	£	£
Defence—Chief Office .. .. .	22,809	19,447	19,825	18,898	19,831
Military .. .. .	1,364,187	1,180,128	1,111,740	1,337,294	1,530,813
Audit (Proportion) .. .. .	6,302	4,977	4,567	4,792	5,340
Pensions and Retiring Allowances (a) .. .. .	37,336	32,909	33,270	40,254	45,026
Rent, Repairs, etc. .. .. .	25,050	23,657	36,959	27,084	43,508
Interest and Sinking Fund .. .. .	231,440	237,715	238,378	244,377	235,080
Exchange .. .. .	4,827	7,869	4,160	4,425	29,697
Miscellaneous .. .. .	5,766	13,302	7,542	6,390	..
<b>Total .. .. .</b>	<b>1,697,717</b>	<b>1,520,004</b>	<b>1,456,441</b>	<b>1,683,514</b>	<b>1,909,295</b>
Navy—Chief Office .. .. .	66,788	50,009	} 1,470,126	} 1,541,573	} 1,820,623
Naval .. .. .	1,610,590	1,326,357			
Audit (Proportion) .. .. .	2,557	2,004			
Pensions and Retiring Allowances (a) .. .. .	3,283	3,493			
Rent, Repairs, etc. .. .. .	24,624	15,539			
Interest and Sinking Fund .. .. .	81,012	82,078			
Exchange .. .. .	38,698	24,153			
Miscellaneous .. .. .	7,221	3,679			
<b>Total .. .. .</b>	<b>1,834,773</b>	<b>1,507,222</b>			
Air Services—					
Civil Branch—Pay, etc. .. .. .	27,429	24,615	24,643	26,603	32,305
Development of Civil Aviation .. .. .	108,787	101,266	99,472	93,921	76,235
R.A.A.F.—					
Pay, etc. .. .. .	230,301	191,719	} 307,442	} 323,793	} 426,671
General Contingencies .. .. .	69,518	66,844			
General Stores and Maintenance .. .. .	53,470	54,898			
Rent, Repairs, etc. .. .. .	9,282	6,783			
Interest and Sinking Fund .. .. .	27,877	28,157			
Exchange .. .. .	11,170	2,440			
Miscellaneous .. .. .	9,338	6,015			
<b>Total .. .. .</b>	<b>547,172</b>	<b>482,737</b>	<b>475,132</b>	<b>489,872</b>	<b>599,295</b>
<b>Grand Total .. .. .</b>	<b>4,079,662</b>	<b>3,509,963</b>	<b>3,517,758</b>	<b>3,864,496</b>	<b>4,463,443</b>

(a) Includes Superannuation.

(h) *Trade and Customs Department.* Under this head have been included the expenditure of all the sub-departments under the control of the Minister for Trade and Customs, in addition to the amounts payable as bounties and the expenses in connexion therewith. Particulars for the five years 1930-31 to 1934-35 are given in the following table:—

## EXPENDITURE.—TRADE AND CUSTOMS DEPARTMENT.

Details.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.
	£	£	£	£	£
Chief Office .. .. .	67,708	49,771	51,247	54,700	58,692
Customs—Ordinary .. .. .	545,598	435,612	427,104	450,886	485,833
Audit (Proportion) .. .. .	10,332	9,052	8,917	9,355	10,425
Pensions and Superannuation .. .. .	38,781	37,571	40,689	41,861	44,491
Rent, Repairs, etc. .. .. .	5,169	4,240	4,766	7,120	9,918
Bounties .. .. .	446,344	410,173	343,193	175,714	207,258
Interest and Sinking Fund .. .. .	33,288	34,555	34,721	34,893	35,078
Miscellaneous .. .. .	9,384	3,542	1,309	22,892	30,269
<b>Total .. .. .</b>	<b>1,156,604</b>	<b>984,516</b>	<b>911,946</b>	<b>797,421</b>	<b>881,964</b>

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

## EXPENDITURE.—HEALTH DEPARTMENT.

Details.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.
	£	£	£	£	£
Central Administration ..	27,498	22,437	24,356	26,459	29,765
Salaries, Contingencies, etc.	88,790	72,703	68,534	71,691	74,513
Interest .. .. .	18,553	18,776	17,760	17,716	18,348
Sinking Fund .. ..	1,414	2,132	2,239	2,351	2,512
Rent and repairs .. ..	8,917	4,337	9,420	8,373	8,628
Subsidy, Cattle Tick Control .. .. .	53,066	44,450	44,450	44,450	45,100
Miscellaneous .. .. .	28,396	15,170	8,667	13,296	11,815
<b>Total .. .. .</b>	<b>226,634</b>	<b>180,005</b>	<b>175,426</b>	<b>184,336</b>	<b>190,681</b>

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.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.
	£	£	£	£	£
Salaries, Contingencies and Miscellaneous—					
Administrative .. ..	70,306	61,910	65,228	66,141	29,797
Marine .. .. .	237,103	193,934	195,667	189,762	201,539
Administration of Commerce Act .. .. .	45,772	45,055	53,583	58,667	116,166
Export Control—					
Canned Fruits .. ..	6,500	5,994	..	..	..
Dried Fruits .. .. .	38,779	27,167	..	..	..
Dairy Produce .. ..	24,309	24,410	..	..	..
Assistance Marketing Primary Produce .. .. .	31,000	19,500	16,000	15,000	..
Assistance to Fruit Growers	..	..	..	125,000	125,000
Mandarin Growers Relief .. ..	..	..	..	..	10,000
Rent, Repairs, Maintenance, etc. .. .. .	5,071	7,338	5,510	5,652	5,934
Pensions and Retiring Allowances .. .. .	6,847	6,466	5,516	8,539	9,695
Interest .. .. .	96,174	132,130	210,935	178,583	180,534
Sinking Fund .. .. .	6,010	26,790	183,095	192,262	201,892
All Other .. .. .	32,543	31,278	27,524	48,527	77,736
<b>Total .. .. .</b>	<b>600,414</b>	<b>581,972</b>	<b>763,058</b>	<b>888,133</b>	<b>958,293</b>

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

## EXPENDITURE.—POSTAL DEPARTMENT.

Details.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.
	£	£	£	£	£
Chief Office .. ..	93,845	69,637	7,936,906	8,048,760	8,430,612
Postal Department (ordinary) .. ..	9,381,512	7,792,014			
Wireless .. ..	74,790	72,422			
Audit (proportion) .. ..	12,930	9,700	9,800	9,700	9,920
Pensions and retiring allowances .. ..	110,480	103,830	112,124	95,232	91,665
Superannuation .. ..	156,822	160,739	170,273	215,416	242,611
Rents, repairs, etc. .. ..	68,989	61,471	73,108	77,693	103,071
Interest on transferred properties .. ..	290,262	290,262	290,262	290,262	290,262
Interest on Commonwealth Securities .. ..	1,648,754	1,598,759	1,582,672	1,411,921	1,404,204
Sinking Fund on Commonwealth Securities .. ..	742,569	779,699	818,684	850,618	920,899
Exchange .. ..	300,115	724,708	691,615	389,617	392,727
Loan Redemption and Conversion Expenses .. ..	..	..	..	6,677	99,090
Miscellaneous .. ..	113,802	90,547	17,654	17,783	30,635
<b>Total .. ..</b>	<b>12,994,870</b>	<b>11,753,788</b>	<b>11,703,098</b>	<b>11,422,679</b>	<b>12,015,696</b>

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

## EXPENDITURE.—COMMONWEALTH RAILWAYS.

Details.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.
	£	£	£	£	£
<b>Working Expenses—</b>					
Trans-Australian .. ..	251,577	195,454	197,938	219,614	201,358
North Australian .. ..	55,606	45,733	39,007	39,528	42,334
Central Australian .. ..	157,076	111,937	108,548	112,136	134,050
Federal Capital Territory .. ..	6,344	5,035	4,762	4,917	5,859
Interest .. ..	500,319	477,801	460,966	450,178	434,263
Sinking Fund .. ..	37,789	58,158	61,066	64,121	67,326
Exchange .. ..	38,281	136,366	135,152	81,878	78,533
Miscellaneous .. ..	9,814	9,726	9,309	17,194	41,837
Sleeper Renewals, Trans-Australia Railway .. ..	..	..	..	76,440	155,262
<b>Total .. ..</b>	<b>1,056,806</b>	<b>1,040,210</b>	<b>1,016,748</b>	<b>1,066,006</b>	<b>1,160,822</b>

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

(n) *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.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.
<b>Internal—</b>	£	£	£	£	£
North and Central Australia (a) .. ..	149,152	161,271	145,013	154,683	165,369
Federal Capital Territory(a)	598,947	606,580	585,005	534,017	539,798
<b>External—</b>					
Papua .. ..	52,969	47,857	52,136	67,369	69,160
New Guinea .. ..	8,054	2,947	2,740	2,989	3,578
Norfolk Island .. ..	4,000	3,500	3,500	3,000	3,000
<b>Total .. ..</b>	<b>813,122</b>	<b>822,155</b>	<b>788,394</b>	<b>762,058</b>	<b>780,905</b>

(a) Exclusive of Railways.

(iii) *Miscellaneous.* (a) *New Works.* The expenditure on additions, new works, etc., during the last four years was as follows:—1931-32, £832,622; 1932-33, £874,390; 1933-34, £1,443,693; 1934-35, £1,052,133 (exclusive of amounts provided from excess receipts for Defence equipment).

To 30th June, 1935, the total expenditure from revenue on new works, additions, etc., amounts to £59,000,000.

(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 was that of crediting each State with the Commonwealth revenue collected in respect of that State, and of debiting it with the expenditure incurred on its behalf in connexion with transferred departments, as well as its share on a "per capita" basis of the "new" expenditure of the Commonwealth. On this account the method of allocation provided by the Constitution has become very generally known as the "book-keeping system". As the imposition of uniform duties of customs and excise throughout the Commonwealth took place on 9th October, 1901, the five years provided for in section 93 expired on 8th October, 1906, and consequently the "book-keeping system" could then be changed at any time by the Commonwealth Parliament.

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

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

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

- (i) The Commonwealth to pay by monthly instalments or apply to the payment of interest on debts of the States taken over by the Commonwealth an annual sum amounting to twenty-five shillings per head of the number of people of the State ;
- (ii) In addition to the 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.

From the accumulated excess receipts at 30th June, 1934, £2,000,000 was provided for special assistance to the States as follows:—

	£
New South Wales .. ..	786,000
Victoria .. ..	550,000
Queensland .. ..	286,000
South Australia .. ..	176,000
Western Australia .. ..	133,000
Tasmania .. ..	69,000

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 and 1934 from the States of South Australia,



Western Australia and Tasmania were dealt with by the Commission, which recommended the following :—

State.	Grant Recommended.	
	For 1934-35.	For 1935-36.
	£	£
South Australia .. .. .	1,400,000	1,500,000
Western Australia .. .. .	600,000	800,000
Tasmania .. .. .	400,000	450,000

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

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

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

8. Amounts Paid.—(a) 1901 to 1935. The table following shows particulars of the amounts paid to each of the States since Federation, divided into the three periods referred to herein with separate details for Special and Roads Grants. Special Commonwealth grants for the relief of primary producers are not included in this table. Details of these grants will be found in Chapter XX.—Agriculture.

#### 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 1934-35 (c) ..	26,750	18,381	10,000	6,748	4,688	2,382	69,149
Special Grants (d) .. .. .	..	..	..	6,080	6,656	4,120	16,856
Grants for Road Construction, 1922-23 to 1934-35	5,564	3,628	3,790	2,298	3,870	1,008	20,158
Unemployment Relief, 1930-31 (e) .. .. .	194	332	73	45	65	41	750
<b>Total</b> .. .. .	<b>101,748</b>	<b>73,997</b>	<b>37,941</b>	<b>31,244</b>	<b>30,899</b>	<b>14,521</b>	<b>290,350</b>
Special assistance 1934-35 (f)	786	550	286	176	133	69	2,000
<b>Grand Total</b> .. .. .	<b>102,534</b>	<b>74,547</b>	<b>38,227</b>	<b>31,420</b>	<b>31,032</b>	<b>14,590</b>	<b>292,350</b>

(a) Under Section 87 of the Commonwealth Constitution. (b) Under the several Surplus Revenue Acts. (c) Under Financial Agreement Act 1928. (d) Under various State Grants Acts. (e) Expenditure by Commonwealth on Unemployment Relief Works in the several States. (f) Provided from excess receipts of the three years 1931-32 to 1933-34.

(b) 1934-35. For the year ended 30th June, 1935, the payments made to or for each State are given below.

PAYMENTS BY THE COMMONWEALTH TO OR FOR THE STATES, 1934-35. (c)

Particulars.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	Total.
	£	£	£	£	£	£	£
Contributions towards Interest on State Debts..	2,917,411	2,127,159	1,096,235	703,816	473,432	266,859	7,584,912
Sinking Fund on State Debts (a) .. ..	542,969	273,904	175,236	161,373	143,871	33,557	1,330,910
Special Grants .. ..	..	..	..	1,400,000	600,000	400,000	2,400,000
Federal Aid Roads (b) ..	680,611	443,876	463,604	281,122	473,468	123,299	2,465,980
<b>Total</b> .. ..	<b>4,140,991</b>	<b>2,844,939</b>	<b>1,735,075</b>	<b>2,546,311</b>	<b>1,690,771</b>	<b>823,715</b>	<b>13,781,802</b>

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

(b) Paid to Trust Fund.

(c) Excludes relief to wheat-growers, etc.

### § 3. Trust Funds.

The Trust Fund balances on 30th June, 1935, amounted to £21,462,488, as compared with £21,187,809 for the corresponding date in the year 1934.

### § 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, 1935, the debt outstanding amounted to £586,905, of which £182,024 was on account of the Northern Territory, and £404,881 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.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.	Total to 30th June, 1936.
	£	£	£	£	£	£
Works, Buildings, Land, etc.—						
Shipbuilding Yards and Docks	..	..	..	..	..	733,711
Ship Construction ..	..	Cr. 821,910	Cr. 469	..	Cr. 120,138	7,451,543
F.C.T. Works, Services and						
Acquisition of Land ..	..	(c) 100,000	58,764	105,109	152,837	8,413,251
Northern Territory ..	..	..	7,618	..	32,025	150,846
Drill Halls, Stores, Barracks, etc.	..	..	137,818	2,475	15,426	582,803
Rifles and Ammunition Reserve	..	..	..	..	..	315,300
Other Military Services ..	..	..	..	..	..	101,959
Naval Bases, Depots, etc. ..	..	..	..	Cr. 13,765	2,833	1,526,924
Fleet Construction ..	..	..	27,635	135,484	116,881	635,397
Air Services—						
R.A.A.F. ..	..	..	..	1,790	1,710	469,079
Civil Aviation ..	..	..	..	20,198	20,273	101,676
Buildings and Works, Munitions Production ..	..	..	..	4,857	11,211	1,203,070
Lighthouses and Lighthouse Services ..	..	..	..	..	600	644,500
River Murray Waters Act ..	..	..	..	..	..	2,105,625
Telegraph and Telephone Construction ..	..	..	..	1,162,415	207,815	31,395,198
Post Office Buildings and Land Wireless ..	..	..	..	78,225	16,440	3,493,047
Serum and Health Laboratories	..	..	..	605	4,462	56,608
Other Health Services ..	..	..	..	9,468	37,483	79,689
Railways—						
Trans-Australian ..	..	..	..	1,197	Cr. 16,249	6,647,246
North Australian ..	..	..	..	..	..	1,597,559
Central Australian ..	..	..	..	104	2,639	2,480,596
Federal Capital Territory ..	..	..	..	..	..	28,755
Grafton—South Brisbane ..	..	Cr. 5,000	Cr. 2,000	..	Cr. 1,500	4,362,500
Port Augusta—Port Pirie ..	..	..	..	..	122,085	122,085
Other Expenditure ..	..	..	..	..	..	200,000
Papua—Railways, Wharves, Buildings, etc. ..	..	..	..	..	4,773	76,329
War Service Homes (b) ..	..	..	..	4,386	10,614	7,320,523
London Offices ..	..	..	..	..	..	880,190
Acquisition of Properties not elsewhere included ..	..	..	..	2	2,728	131,266
Miscellaneous ..	..	..	..	2,582	18,923	21,505
Assistance to States for—						
Mining ..	..	..	..	75,000	144,750	279,750
Unemployment Relief ..	153,873	1,155,698	300,161	272,883	363,728	2,246,342
Forestry ..	..	..	..	64,000	223,000	287,000
Roads ..	..	..	..	..	..	249,686
<b>Total, Works, etc.</b> ..	<b>153,873</b>	<b>428,788</b>	<b>521,909</b>	<b>1,934,633</b>	<b>1,375,349</b>	<b>86,409,114</b>
<b>Other purposes—</b>						
Loans for Works to External Territories—						
Papua ..	..	..	..	..	..	53,420
New Guinea ..	..	..	..	..	..	40,496
Immigration (a) ..	..	..	..	..	..	1,680,834
Subscription to Capital of Commonwealth Oil Refinery ..	..	..	..	..	..	343,751
Subscription to Capital of Amalgamated Wireless Ltd. ..	..	..	..	..	..	300,000
Advances for Wire and Wire Netting ..	..	..	..	..	..	610,838
Wheat Bounty ..	3,296,464	132,807	257	..	43	3,429,571
Farmers' Debt Adjustment ..	..	..	..	..	317,000	317,000
<b>Total Loan Expenditure</b>	<b>3,450,337</b>	<b>561,595</b>	<b>522,166</b>	<b>1,934,633</b>	<b>1,692,392</b>	<b>93,185,024</b>

(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, 1936, was £20,374,931. (c) Special loan to Federal Capital Commission in 1920-30 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 follows:—New South Wales, £4,788,005; Victoria, £2,302,862; Queensland, £1,560,639; South Australia, £1,035,631; Western Australia, £736,432; and Tasmania, £500,754; a total of £10,924,323.

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

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

Early in 1921 an arrangement was concluded with the Imperial Government, by which almost the entire debt (upwards of £92,000,000) was consolidated. The Commonwealth Government undertook to extinguish the debt in about 35 years by annual payments representing 6 per cent. on the original debt, providing for interest at £4 18s. 4d. per cent., and a sinking fund of £1 1s. 8d. per cent. The Imperial Government agreed to suspend for 1931–32 and 1932–33 the repayment of principal moneys due under the Funding arrangement, and under the “Hoover Plan,” the payment of interest for the year 1931–32 was also suspended, the suspended payments under the “Hoover Plan” to be liquidated by ten equal annuities running from 1st July, 1933, at a rate of interest to be determined. These annuities are additional to the usual annual payments. Interest payments due in 1932–33 and subsequent years were suspended by arrangement with the British Government. The suspension of interest and sinking fund payments represented an annual saving to the Commonwealth Government of approximately £7,000,000, including exchange. The principal outstanding on 30th June, 1935, was £79,724,220.

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

7. **London Conversion Loans.**—Loans aggregating £22 millions were due for redemption in London in 1932–33, and in addition the Government had optional rights of redemption over a further £88 millions, all of which were carrying an interest burden of 5 per cent. or greater. These obligations, particularly the accumulation of loans with optional rights of redemption, presented some difficulty to the Government and

led to the appointment of a Resident Minister in London, who, in conjunction with the Australian Loan Council, arranged for the conversion of Commonwealth and State securities amounting to £109,849,000 between October, 1932, and February, 1934. In November, 1934, January and July, 1935, and in January and June, 1936, additional conversions were effected of loans maturing and loans with optional rights of redemption aggregating nearly £89 millions.

Details of the several conversions effected during the period October, 1932, to June, 1936, are given in the following table:—

DETAILS OF LOANS CONVERTED IN LONDON, 1932 TO 1936.

When Converted.	Commonwealth or State.	Amount.	Old Loan.			New Loan.			Annual Saving.	
			Interest Rate (Nominal).	Yield to Investor.	Interest Rate (Nominal).	Price of Issue.	Yield to Investor.	Year of Maturity.	Interest. (a)	Exchange. (b)
		£'000.	%	£ s. d.	%	£	£ s. d.		£'000.	£'000.
1932— October ..	N.S.W.	12,361	5½	5 15 0	3½	97½	4 1 2	1936-37	222	56
1933— February ..	N.S.W.	9,622	4	3 19 8	4	100	4 0 0	1955-70	180	..
May ..	N.S.W.	6,427								
	S.A. ..	2,983	6½	6 10 0	3½	99	3 14 10	1937-38	83	21
	Tas. ..	2,000								
July ..	N.S.W.	9,527	6	6 8 4	4	99	4 1 10	1943-48	204	52
	Qld. ..	2,000								
	S.A. ..	2,978								
	W.A. ..	2,716								
September	C'wealth	15,000	5½	5 16 10	3½	98	3 17 11	1948-53	360	92
	N.S.W.	4,901								
	W.A. ..	1,050	5½	5 19 3	3½	99	5 14 1	1946-49	96	25
December	N.S.W.	2,981								
	Vic. ..	2,980	5	5 10 0	3½	99	3 16 9	1946-49	119	30
	S.A. ..	5,633								
	Tas. ..	1,146	5	5 3 3	3½	99	5 2 6	1946-49	73	19
1934— February ..	N.S.W.	3,979								
	Vic. ..	13,876	5½	6 6 4	3½	97	3 13 8	1954-59	206	52
	Qld. ..	3,782								
November	C'wealth.	83	4	3 19 6	3½	99	3 5 11	1964-74	97	25
	S.A. ..	789								
	W.A. ..	574	3½	3 13 9	3½	99	3 5 11	1964-74	4	1
	S.A. ..	3,078								
	W.A. ..	2,235	3½	3 7 1	3½	99	3 5 11	1964-74	1	..
	Tas. ..	463								
	W.A. ..	2,497	5	3 10 6	3½	99	3 5 11	1964-74	6	2
	S.A. ..	3,745								
	Tas. ..	138	4½	4 5 0	3½	99	3 5 11	1964-74	72	18
	W.A. ..	1,000								
1935— January ..	C'wealth.	17,355	4	3 18 10	3½	99	3 5 11	1964-74	1	2
	Vic. ..	807								
	Qld. ..	1,328	5	5 2 8	3½	100	3 5 0	1956-61	24	6
	S.A. ..	799								
	W.A. ..	1,895	3	3 4 0	3	100	3 0 0	1939-41	4	1
	Tas. ..	200								
July ..	N.S.W.	12,420	5	5 0 0	3	95½	3 5 9	1955-58	8	2
	Vic. ..	1,050								
1936— January ..	N.S.W.	21,657	3½	3 12 10	3	99	2 18 6	1941-43	421	107
June ..	C'wealth.	372								
	N.S.W.	10,955	4½	5 1 6	2½	99	2 18 6	1941-43	2	..
	S.A. ..	1,996								
	W.A. ..	2,631	4½	5 0 7	2½	99	2 18 6	1941-43	13	3
	W.A. ..	598								
Total ..	..	198,514	c5.05	c5 5 0	c3.42	c98.4	c3 11 4	..	3,256	826

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

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

Commonwealth or State.	Amount Converted.	Annual Savings.		
		Interest.	Exchange.	Total.
	£	£	£	£
Commonwealth .. .. .	33,383,401	682,984	173,307	856,291
New South Wales .. .. .	94,829,755	1,453,483	368,821	1,822,304
Victoria .. .. .	22,620,392	360,979	91,598	452,577
Queensland .. .. .	7,109,469	161,157	40,894	202,051
South Australia .. .. .	18,256,334	275,168	69,824	344,992
Western Australia .. .. .	17,830,174	240,308	60,978	301,286
Tasmania .. .. .	4,483,750	82,786	21,007	103,793
<b>Total .. .. .</b>	<b>198,513,275</b>	<b>3,256,865</b>	<b>826,429</b>	<b>4,083,294</b>

8. Loan Raisings, 1934-35.—Particulars of Loan raisings in Australia during 1934-35 are given in the following table :—

LOAN RAISINGS, AUSTRALIA, 1934-35.

Service.	For—	Rate of Interest.	Date of Maturity.	Price.	Amount.
		%			£
Conversion .. .. .	States .. .	3½	1964-74	99	b14,601,806
Public Works and Redemption of Treasury Bills	Commonwealth States .. }	3	15.10.1948	99½	{ c4,859,410 c10,186,860
Conversion of Commonwealth Stock	Commonwealth States .. }	3½	1956-61	Par.	{ b17,354,817 b5,029,183
Public Works and Redemption of Treasury Bills	Commonwealth States .. }	3½	15.10.1949	98½	{ c267,910 c12,234,890
Public Works and Conversion and Redemption of State Securities (a)..	States ..	Various	Various	Various	c2,515,225

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

(b) Raised in London.

(c) Raised in Australia.

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

9. Public Debt for Commonwealth Purposes.—(i) *Total Debt.* Reference has already been made to the development of the Commonwealth Public Debt and the table appended shows the debt of the Commonwealth (excluding that of the States) at 30th June, 1935:—

PUBLIC DEBT FOR COMMONWEALTH PURPOSES AT 30th JUNE, 1935.

Particulars.	Maturing in London.	Maturing in New York.	Maturing in Australia.	Total. (a)
War Debt—	£ Stg.	£ (c)	£ Aust.	£
Stock, Bonds, etc. . . . .	11,020,160	..	187,716,301	198,736,461
Indebtedness to United Kingdom Government . . . . .	79,724,221	..	..	79,724,221
<b>Total</b> . . . . .	<b>90,744,381</b>	<b>..</b>	<b>187,716,301</b>	<b>278,460,682</b>
Works and other Purposes—				
Short dated Treasury Bills and Debentures	10,220,160	..	..	10,220,160
Other Treasury Bills (d) . . . . .	..	..	12,250,000	12,250,000
Stock, Bonds, etc. . . . .	55,737,243	16,526,641	20,258,315	92,522,199
Balance of Loans taken over from South Australia—				
Northern Territory . . . . .	149,100	..	32,924	182,024
Port Augusta Railway . . . . .	382,256	..	22,624	404,880
Properties transferred from New South Wales . . . . .	..	..	111,125	111,125
<b>Total, Works and other Purposes</b>	<b>66,488,759</b>	<b>16,526,641</b>	<b>32,674,988</b>	<b>115,690,388</b>
<b>Total Commonwealth Purposes</b> . .	<b>157,233,140</b>	<b>16,526,641</b>	<b>220,391,289</b>	<b>394,151,070</b>

PER HEAD OF POPULATION. (b)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.
WAR . . . . .	13 9 11	..	27 18 4	41 8 3
Works and other Purposes . . . . .	9 17 9	2 9 2	4 17 2	17 4 1
<b>Total Commonwealth Purposes</b> . .	<b>23 7 8</b>	<b>2 9 2</b>	<b>32 15 6</b>	<b>58 12 4</b>

(a) The total "face" or "book" value of the public debt without adjustment on account of currency changes since the loans were floated. (b) Based on population at 30th June, 1935. (c) Payable in terms of dollars. For the purposes of these tables dollars have been arbitrarily converted to £s. at the rate of 4.3665 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.

(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  $3\frac{1}{2}$  per cent. stock of the Loan Fund. Consequently, up to 1914 the amount of the securities repayable in London fell steadily, and the amount repayable in Australia rose rapidly. In 1915 the military loan from the Imperial Government caused a sharp rise in the amount of the securities repayable in London, which was maintained in the two following years. This was, however, more than offset by the 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—				
	1932.	1933.	1934.	1935.	1936.
War Debt—					
London .. .. . £ Stg.	90,744,380	90,744,381	90,744,380	90,744,381	90,744,381
Total Overseas (a) ..	90,744,380	90,744,381	90,744,380	90,744,381	90,744,381
Australia .. .. . £ Aust.	195,315,356	192,389,981	189,403,799	187,716,301	186,361,597
Total War Debt (a) ..	286,059,736	283,134,362	280,148,179	278,460,682	277,105,978
Works and other purposes—					
London .. .. . £ Stg.	68,031,550	67,897,843	66,788,760	66,488,759	65,540,946
New York .. .. . £ (b)	17,115,997	16,889,983	16,711,476	16,526,641	16,351,176
Total Overseas (a) ..	85,147,547	84,787,826	83,500,236	83,015,400	81,892,122
Australia .. .. . £ Aust.	27,677,447	28,884,315	29,402,361	32,674,988	32,041,501
Total Debt for Works, etc. (a)	112,824,994	113,672,141	112,902,597	115,690,388	113,933,623
Total Debt—					
London .. .. . £ Stg.	158,775,930	158,642,224	157,533,140	157,233,140	156,285,327
New York .. .. . £ (b)	17,115,997	16,889,983	16,711,476	16,526,641	16,351,176
Total Overseas (a) ..	175,891,927	175,532,207	174,244,616	173,759,781	172,636,503
Australia .. .. . £ Aust.	222,992,803	221,274,296	218,806,160	220,391,289	218,403,098
Grand Total (a) ..	398,884,730	396,806,503	393,050,776	394,151,070	391,039,601

(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 870.

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  $3\frac{1}{2}$  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 867 have reduced the average rate of interest on debt maturing in London by nearly one per cent. from £4 18s. 11d. per cent. in 1932 to £4 0s. 2d. in 1935. The average rate of interest on internal loans at 30th June, 1935, was £3 16s. 7d. 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 £3 18s. 7d. per cent. at 30th June, 1935.

The accompanying table gives particulars of rates of interest on the debt for Commonwealth purposes for the year ended 30th June, 1935.

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

Rates of Interest.	At 30th June, 1935—Debt Maturing in—			
	London.	New York.	Australia.	Total.
%	£ (Stg.)	£ (c)	£ (Aust.)	£ (a)
5.. .. .	29,155,808	12,454,904	(b) 7,965	41,618,677
4.91675 (e) .. .. .	79,724,220	..	..	79,724,220
4.75 .. .. .	6,000,000	..	..	6,000,000
4.65 .. .. .	..	..	535,170	535,170
4.5 .. .. .	..	4,071,737	..	4,071,737
4.45625 .. .. .	..	..	84,650	84,650
4.2625 .. .. .	..	..	1,017,106	1,017,106
4.25 .. .. .	..	..	93,341	93,341
4.06875 .. .. .	..	..	3,805,970	3,805,970
4.. .. .	..	..	181,680,621	181,680,621
3.875 .. .. .	..	..	8,443,897	8,443,897
3.75 .. .. .	13,890,000	..	1,986,260	15,876,260
3.5 .. .. .	531,330	..	1,327,095	1,858,425
3.375 .. .. .	..	..	267,910	267,910
3.25 .. .. .	17,711,595	..	699,020	18,410,615
3.. .. .	27	..	8,107,792	8,107,819
2.90417 .. .. .	..	..	1,204	1,204
2.7125 .. .. .	..	..	2,008	2,008
2.5 .. .. .	9,220,160	..	..	9,220,160
2.. .. .	1,000,000	..	..	1,000,000
1.75 .. .. .	..	..	12,250,000	12,250,000
Overdue and Unconverted (d)	..	..	81,280	81,280
Total .. .. .	157,233,140	16,526,641	220,391,289	394,151,070
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Average rate % .. .. .	4 0 2	4 19 2	3 16 7	3 18 7

(a) See note (a) to table on page 870. (b) War Savings Certificates. (c) See note (e) to table on page 870. (d) Includes War Savings Stamps, £14,507, and unconverted securities, £24,120. (e) War Debt due to Government of the United Kingdom (see par. 5, page 867).

(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 1932 to 1936 inclusive.

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

Interest on and where payable.		At 30th June—				
		1932.	1933.	1934.	1935.	1936.
<b>War Debt—</b>						
London .. .. .	£ Stg.	651,008	651,008	426,008	426,008	426,008
Australia .. .. .	£ Aust.	7,828,852	7,694,479	7,571,996	7,501,517	7,443,363
<b>Total War Debt .. .. .</b>	<b>£ (a)</b>	<b>8,479,860</b>	<b>8,345,487</b>	<b>7,998,004</b>	<b>7,927,525</b>	<b>7,869,371</b>
<b>Average Rate .. .. .</b>	<b>%</b>	<b>£4 2s. 2d.</b>	<b>£4 2s. 1d.</b>	<b>£3 19s. 10d.</b>	<b>£3 19s. 9d.</b>	<b>£3 19s. 9d.</b>
<b>Works and other Purposes—</b>						
London .. .. .	£ Stg.	3,287,368	3,154,851	3,000,772	2,682,387	2,632,996
New York .. .. .	£ (b)	834,133	823,249	814,646	805,973	797,954
<b>Total Overseas .. .. .</b>	<b>£ (a)</b>	<b>4,121,501</b>	<b>3,978,100</b>	<b>3,815,418</b>	<b>3,488,360</b>	<b>3,430,950</b>
Australia .. .. .	£ Aust.	980,353	902,778	890,334	935,504	923,581
<b>Total Debt for Works, etc... .. .</b>	<b>£ (a)</b>	<b>5,101,854</b>	<b>4,880,878</b>	<b>4,705,752</b>	<b>4,423,864</b>	<b>4,354,531</b>
<b>Average Rate .. .. .</b>	<b>%</b>	<b>£4 10s. 5d.</b>	<b>£4 5s. 11d.</b>	<b>£4 3s. 4d.</b>	<b>£3 16s. 6d.</b>	<b>£3 16s. 5d.</b>
<b>Total Debt—</b>						
London .. .. .	£ Stg.	63,938,376	63,805,859	63,426,780	63,108,395	63,059,004
New York .. .. .	£ (b)	834,133	823,249	814,646	805,973	797,954
<b>Total Overseas .. .. .</b>	<b>£ (a)</b>	<b>4,772,509</b>	<b>4,629,108</b>	<b>4,241,426</b>	<b>3,914,368</b>	<b>3,856,958</b>
Australia .. .. .	£ Aust.	8,809,205	8,597,257	8,462,330	8,437,021	8,366,944
<b>Grand Total .. .. .</b>	<b>£ (a)</b>	<b>13,581,714</b>	<b>13,226,365</b>	<b>12,703,756</b>	<b>12,351,389</b>	<b>12,223,902</b>
<b>Average Rate .. .. .</b>	<b>%</b>	<b>£4 5s. 1d.</b>	<b>£4 3s. 5d.</b>	<b>£4 1s. 1d.</b>	<b>£3 18s. 7d.</b>	<b>£3 18s. 6d.</b>

(a) The totals shown represent the nominal amount of interest, taking no account of exchange.  
 (b) See note (c) to table on p. 870. (c) Excludes suspended interest on War Debt owing to British Government.

(vi) *Dates of Maturity.* The dates of maturity of the several portions of the Commonwealth debt are shown hereunder according to years ending 30th June. On that account the figures given are not directly comparable with those published prior to 1929-30 which were given for calendar years. The Commonwealth Government has refrained from issuing interminable stock, but, in respect of a small proportion of the debt, no definite date of maturity had been assigned on 30th June, 1935.

## PUBLIC DEBT FOR COMMONWEALTH PURPOSES.—DUE DATES OF AMOUNTS OUTSTANDING ON 30th JUNE, 1935(a).

Due Dates (year ended 30th June).	Due in—			Total. £ (c)
	London.	New York.	Australia.	
	(Stg.)	£ (d)	£ (Aust.)	
1936 .. .. .	10,220,160	..	12,788,212	23,008,372
1937 .. .. .	371,806	..	299,329	671,135
1938 .. .. .	..	..	147,586	147,586
1939 .. .. .	159,524	..	39,063,058	39,222,582
1940 .. .. .	..	..	447,438	447,438
1941 .. .. .	..	..	374,650	374,650
1942 .. .. .	..	..	30,698,550	30,698,550
1943 .. .. .	..	..	4,254,690	4,254,690
1944 .. .. .	..	..	1,215,970	1,215,970
1945 .. .. .	..	..	24,927,748	24,927,748
1948 .. .. .	..	..	22,092,697	22,092,697
1949 .. .. .	..	..	5,414,650	5,414,650
1950 .. .. .	..	..	267,910	267,910
1951 .. .. .	..	..	13,908,111	13,908,111
1954 .. .. .	13,890,000	..	13,247,680	27,137,680
1956 .. .. .	..	14,123,571	13,113,938	27,237,509
1958 .. .. .	..	2,403,070	12,664,526	15,067,596
1960 .. .. .	..	..	12,630,442	12,630,442
1961 .. .. .	23,354,817	..	..	23,354,817
1962 .. .. .	..	..	12,200,165	12,200,165
1975 .. .. .	356,778	..	..	356,778
1976 .. .. .	29,155,808	..	..	29,155,808
Overdue .. .. .	..	..	81,280	81,280
Half-yearly .. .. .	..	..	236,037	236,037
Indefinite .. .. .	..	27	205,497	205,524
Annual repayments .. .. .	79,724,220	..	..	79,724,220
Transferred Properties (b) .. .. .	..	..	111,125	111,125
<b>Total .. .. .</b>	<b>157,233,140</b>	<b>16,526,641</b>	<b>220,391,289</b>	<b>394,151,070</b>

(a) Loans of which the Government has the option of redemption during a specified period have been, in each case, classified according to the latest date of maturity. (b) From New South Wales. See § 4.4 hereinbefore. (c) See note (a) to table on page 870. (d) See note (c) to table on page 870.

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 1931-32 are as follows :—

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

Items.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.	Total.
	£	£	£	£	£	£
Cr. Brought forward ..	512,944	2,050,172	1,959,870	881,700	1,571,603	..
Balance transferred to Fund on 11th August, 1923 ..	..	..	..	..	..	2,262,982
From Consolidated Revenue	2,507,100	2,684,654	2,927,671	3,031,774	3,244,970	32,054,308
Repayments of Sundry Loans ..	28,475	41,426	27,944	13,194	13,954	1,240,659
Purchase Money and Repayments under War Service Homes Act ..	409,996	550,802	419,320	458,211	515,895	8,133,055
Half Net Profit Commonwealth Bank ..	396,905	337,702	335,077	382,722	373,770	3,904,387
Reparation Moneys ..	Dr. 616	524	649	755	623	5,573,653
Interest on Investments ..	21,015	58,271	27,836	23,781	29,202	683,682
Other Contributions ..	10,088	11,178	13,457	13,452	13,453	127,628
<b>Total ..</b>	<b>3,885,907</b>	<b>5,734,729</b>	<b>5,711,824</b>	<b>4,805,589</b>	<b>5,763,470</b>	<b>53,980,356</b>
Dr. Redemptions ..	1,835,735	3,774,859	4,830,124	3,233,986	3,983,285	52,200,171
Carried forward ..	2,050,172	1,959,870	881,700	1,571,603	1,780,185	1,780,185
<b>Total ..</b>	<b>3,885,907</b>	<b>5,734,729</b>	<b>5,711,824</b>	<b>4,805,589</b>	<b>5,763,470</b>	<b>53,980,356</b>

The Imperial Government loan comes in a different category from the others, since it is being liquidated by the funding arrangement described on page 867.

Information regarding the transactions of the States' Account of the National Debt Sinking Fund is published in Finance Bulletin No. 26 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, 1936, 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	24,143,50
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	..
1933-34 .. .. .	8,187,952	10,966,411	19,154,363	..
1934-35 .. .. .	8,433,372	10,584,489	19,017,861	..
1935-36 .. .. .	8,660,427	9,580,972	18,241,399	..
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	27,056,922
<b>Total to 30th June, 1936</b>	<b>171,763,998</b>	<b>323,697,185</b>	<b>495,461,183</b>	<b>373,084,048</b>

(a) The total Indebtedness to the Government of the United Kingdom involved in the Funding Arrangements Act 1921 was £92,480,157. At 30th June, 1936, the amount outstanding had been reduced to £79,724,221. (b) Excluding expenditure on War Service Homes from 1923-24. (See page 866.)

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

1. General.—In previous issues of the Year Book an account was given of the introduction of the old-age pension system in Australia, together with a detailed description of the Commonwealth Invalid and Old-age Pensions Act 1908, which became operative on 1st July, 1909, while invalid pensions were first paid from 15th December,

1910. (See Official Year Books, Nos. 3 to 8.) The following statement shows the rates of pension under the original Act and the rates as they have been varied from time to time :—

RATES OF PENSION PAYABLE.

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

(a) Maximum amount of pension payable.

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

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

Invalid pensions were granted from 15th December, 1910. An applicant for an invalid pension must satisfy the Department that his or her disability is both total and permanent and became so in Australia.

In 1920 special provision was made for a permanently blind person, by which the annual pension may be at such a rate (not exceeding that shown in the table above) as will make his income plus that of his wife together with the pension equal to an amount not exceeding £221 per annum, or such other amount as is declared to be the basic wage of the State in which the pensioner resides. The maximum pension now payable to a blind person is £46 16s. per annum and the limit of income is £222 6s. per annum.

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

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

annum from 4th July, 1935. The permissible income was increased to £79 6s. per annum from the same date.

Further explanation of pension rates and other matters incorporated in the act above referred to are given in the Invalid and Old-age Pensions Handbook issued by the Commissioner of Pensions.

2. *Old-age Pensions.*—(i) *Number in force.* At 30th June, 1934, there were 187,453 old-age pensions in force. During 1934–35, 25,834 pensions claims were granted, while 16,161 pensions fell in through cancellations and deaths. The net increase for the year was 9,673, and the total in existence at 30th June, 1935, 197,126.

(ii) *Sexes of Pensioners.* Of the pensioners at 30th June, 1935, 84,079 (or 43 per cent.) were males, and 113,047 (or 57 per cent.) were females. Details for the several States are as follows :—

**OLD-AGE PENSIONS.—SEXES OF PENSIONERS, 1934–35.**

State.	Males.	Females.	Total.	Masculinity. (a)
New South Wales .. ..	32,890	41,762	74,652	78.76
Victoria .. ..	22,748	35,311	58,059	64.42
Queensland .. ..	11,100	13,246	24,346	83.80
South Australia .. ..	7,480	11,254	18,734	66.47
Western Australia .. ..	6,141	6,699	12,840	91.67
Tasmania .. ..	3,720	4,775	8,495	77.91
Total .. ..	84,079	113,047	197,126	74.38

(a) Number of males to each 100 females.

(iii) *Ages and Conjugal Condition of Pensioners.* The recorded ages of the 25,834 persons, 12,491 males and 13,343 females, to whom pensions were granted during the year 1934–35 varied considerably, ranging from 4,573 at age 60 to 4 at age 97. The conjugal condition of these pensioners was as follows :—Males—single, 2,617; married, 7,589; and widowed, 2,285. Females—single, 1,644; married, 6,813; and widowed, 4,886.

3. *Invalid Pensions.*—(i) *Number in force, 1935.* During the year 1934–35 the number of invalid pensioners increased from 73,212 to 76,852, an increase of 3,640 pensions. Altogether 10,733 claims were allowed and 7,093 pensions were cancelled.

(ii) *Sexes of Pensioners.* Of the 76,852 persons in receipt of invalid pensions on 30th June, 1935, 33,698, or 44 per cent. were males, and 43,154, or 56 per cent. were females. Details for the several States are as follows :—

**INVALID PENSIONS.—SEXES OF PENSIONERS, 1934–35.**

State.	Males.	Females.	Total.	Masculinity. (a)
New South Wales .. ..	15,362	20,160	35,522	76.20
Victoria .. ..	7,332	9,921	17,253	73.90
Queensland .. ..	5,284	5,745	11,029	91.98
South Australia .. ..	2,305	3,478	5,783	66.27
Western Australia .. ..	2,033	2,257	4,290	90.08
Tasmania .. ..	1,382	1,593	2,975	86.75
Total .. ..	33,698	43,154	76,852	78.09

(a) Number of males to each 100 females.

(iii) *Ages and Conjugal Conditions of Pensioners, 1935.* The recorded ages of the 10,733 persons (5,270 males and 5,463 females) to whom invalid pensions were granted during the period under review varied from 16 to 86.

The conjugal condition of persons to whom invalid pensions were granted during the year was as follows:—Males—single, 2,141; married, 2,820; and widowed, 309. Females—single, 1,957; married, 2,027; and widowed, 1,479.

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 1934-35 the total cost to the Commonwealth of administering the Old-age and Invalid Pensions Department was £107,268, or about 0.91 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 1934-35, apart from the cost of administration and inclusive of the amount paid to asylums and hospitals for the maintenance of pensioners, was £11,762,030, about 35s. per head of population.

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

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

Year ended 30th June—	Number of Pensioners.				Amount Paid in Pensions.	Total Payment to Pensioners and to Asylums and Hospitals for Maintenance of Pensioners.	Cost of Administration.	Cost of Administration per £100 paid to Pensioners and to Asylums and Hospitals.	Average Fortnightly Pension on last day of Financial Year.
	Old-age.		Invalid.	Total.					
	No.	Est. No. per 1,000 of persons eligible on age qualification. (a)							
1931	172,177	338	No. 68,343	No. 240,520	£ 11,549,828	£ 11,710,953	£ 93,077	s. d. 15 11	s. d. 38 4
1932	183,317	348	72,292	255,609	10,978,633	11,125,956	81,859	14 9	b33 3
1933	176,425	325	72,742	249,167	10,643,196	10,771,061	92,305	17 2	31 10
1934	183,397	322	77,282	260,679	10,836,263	10,963,090	105,308	19 3	33 8
1935	197,126	336	76,852	273,978	11,624,769	11,762,030	£ 107,268 c	18 3	33 7
1936	206,748	340	80,487	287,235	12,634,706	12,797,726	£ 115,257 c	18 0	d34 8

(a) Based on an estimate of the number of old-age pensioners per 1,000 of the aggregate of males aged 65 and over and females aged 60 and over as disclosed at the Censuses of 1921 and 1933.

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

(c) Approximate.

(d) A general increase of 1s. per fortnight occurred in July, 1935.

Separate particulars of the payments to Invalid and to Old-age pensioners are not available but the annual liability at 30th June, 1935, is given hereunder:—

INVALID AND OLD-AGE PENSIONS—ANNUAL LIABILITY.

State.	Invalid Pensions.	Old-age Pensions.	Total.
	£	£	£
New South Wales	1,562,704	3,260,712	4,823,416
Victoria	769,808	2,520,336	3,290,144
Queensland	489,112	1,057,732	1,546,844
South Australia	255,554	802,854	1,058,408
Western Australia	189,930	554,450	744,380
Tasmania	131,612	368,342	499,954
Total	3,398,720	8,564,426	11,963,146



### § 7. Maternity Allowance.

1. **General.**—During the session of 1912 the Federal Parliament passed an Act providing for the payment of maternity allowances. The scope and main provisions of the Act are given in Year Book No. 14, p. 1047. The most important conditions in the original Act were that the sum of five pounds was payable in the case of each confinement resulting in the birth of a viable child whether such child was born alive or dead. The mother must be a native of Australia or intend to settle permanently therein. No payment is made in the case of an aboriginal or an 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 1932 to 1936:—

#### MATERNITY ALLOWANCE.—SUMMARY.

Year.	Claims Paid.	Claims Rejected.	Amount Paid.	Cost of Administration.	Cost per £100 of allowance paid.
	No.	No.	£	£	£ s. d.
1931-32 ..	92,410	5,229	378,022	14,180	3 15 0
1932-33 ..	80,311	6,631	320,986	12,420	3 17 5
1933-34 ..	75,781	7,289	302,928	11,799	3 17 11
1934-35 ..	76,442	5,866	329,321	(a) 12,000	3 12 11
1935-36 ..	76,953	5,459	335,552	(a) 12,200	3 12 9
Aggregate— 1912-13 to 1935-36 ..	2,877,372	42,782	14,044,089	327,925	2 6 8

(a) Approximate.

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

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

Year ended 30th June.	N.S.W.	Vic.	Q'land.	S.A.	W.A.	Tas.	N.T.	Total.
1932 .. ..	36,569	23,988	13,240	7,637	6,773	4,169	34	92,410
1933 .. ..	31,699	20,100	11,680	7,048	5,879	3,880	25	80,311
1934 .. ..	29,960	19,499	10,780	6,783	4,951	3,788	20	75,781
1935 .. ..	30,354	19,940	10,940	6,409	5,935	3,725	39	76,442
1936 .. ..	30,463	19,672	11,640	6,613	4,850	3,689	26	76,953
Total, 1910 to 1935-36 ..	1,146,860	752,955	423,142	250,248	182,861	120,394	912	2,877,372

### § 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, 1935, was 30,759, viz., 27,353 males and 3,406 females, and the average pension contributed for was 4.507 units or £117 3s. 8d. per annum.

During 1934-35 the receipts of the fund amounted to £596,328 of which officers' contributions represented £390,055 and interest on investments, £206,233. The payments from the fund for the year were £719,471, of which £590,585 was invested, bringing the total funds invested to £5,063,963 (at cost). The average rate of interest on investments at 30th June, 1935, was £4 7s. 6d. per cent.

Pensions in force on the 30th June, 1935, numbered 5,297, excluding commuted pensions, with a net annual liability of £464,046, of which £364,179 represented the share payable from the Consolidated Revenue Fund.

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

### § 9. Currency and Coinage.

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

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

3. **Gold Receipts and Issues.**—(i) *Receipts.* The receipts of gold during 1935 and the aggregate at each mint to the end of 1935 were as follows:—

#### AUSTRALIAN MINTS.—RECEIPTS OF GOLD, 1935, AND TOTAL.

Mint.	Deposits during 1935.	Total to end of 1935.		
		Quantity.		Value.
		Gross.	Fine.	
	ozs.	ozs.	ozs.	£
Sydney ..	..	(a) 42,082,928	(a) 36,907,045	(a) 156,771,141
Melbourne ..	351,957	43,251,241	39,379,256	167,272,339
Perth ..	811,834	37,043,917	30,287,984	128,655,094
<b>Total ..</b>	<b>1,163,791</b>	<b>122,378,086</b>	<b>106,574,285</b>	<b>452,698,574</b>

(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 1935, 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.		
1935—	£	£	£	£	£
Melbourne ..	..	..	..	973,750	973,750
Perth ..	..	..	..	2,710,804	2,710,804
Total, 1935	..	..	..	3,684,554	3,684,554
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	19,042,644	167,272,555
Perth ..	106,384,197	367,338	106,751,535	21,904,783	128,656,318
Total to end of 1935 ..	398,102,878	6,095,118	404,197,996	48,521,835	452,719,831

(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 1933 to July, 1936. Particulars are also shown for the value of the sovereign.

## PRICE OF GOLD.—LONDON AND AUSTRALIA, 1933 to 1936.

Month.	London.		Australia.		
	Average price per ounce, fine.	Average value of Sovereign.	Average price per ounce, fine.	Average value of Sovereign.	Equivalent to a premium of—
	£s s. d.	£s s. d.	£A s. d.	£A s. d.	%
1933—					
January ..	6 2 6	1 8 10	7 11 2	1 15 7	78.0
February ..	6 0 9	1 8 5	7 9 0	1 15 1	75.4
March ..	6 0 4	1 8 4	7 8 6	1 15 0	75.0
April ..	6 0 8	1 8 5	7 8 11	1 15 1	75.3
May ..	6 3 5	1 9 1	7 12 4	1 15 10	79.3
June ..	6 2 3	1 8 9	7 10 11	1 15 6	77.7
July ..	6 4 0	1 9 2	7 13 1	1 16 0	80.2
August ..	6 5 8	1 9 7	7 15 2	1 16 6	82.6
September ..	6 11 4	1 10 11	8 2 2	1 18 2	90.9
October ..	6 11 6	1 11 0	8 2 4	1 18 3	91.1
November ..	6 8 9	1 10 3	7 18 11	1 17 5	87.1
December ..	6 6 2	1 9 9	7 15 9	1 16 8	83.4
Average for Year ..	6 4 11	1 9 5	7 14 2	1 16 3	81.4
1934—					
January ..	6 10 1	1 10 8	8 0 7	1 17 10	89.1
February ..	6 16 11	1 12 3	8 9 1	1 19 10	99.0
March ..	6 16 6	1 12 2	8 8 5	1 19 8	98.3
April ..	6 15 2	1 11 10	8 6 10	1 19 3	96.3
May ..	6 16 3	1 12 1	8 8 3	1 19 7	98.0
June ..	6 17 9	1 12 5	8 10 0	2 0 0	100.1
July ..	6 17 10	1 12 6	8 10 2	2 0 1	100.4
August ..	6 18 7	1 12 8	8 11 1	2 0 3	101.4
September ..	7 0 10	1 13 2	8 13 10	2 0 11	104.6
October ..	7 1 7	1 13 4	8 14 10	2 1 2	105.8
November ..	6 19 5	1 12 10	8 12 2	2 0 6	102.6
December ..	7 0 7	1 13 1	8 13 7	2 0 10	104.3
Average for Year ..	6 17 8	1 12 5	8 9 11	2 0 0	100.0
1935—					
January ..	7 1 10	1 13 5	8 15 1	2 1 3	106.1
February ..	7 2 9	1 13 7	8 16 2	2 1 6	107.4
March ..	7 6 9	1 14 7	9 1 1	2 2 8	113.2
April ..	7 4 3	1 13 11	8 18 1	2 1 11	109.6
May ..	7 2 7	1 13 7	8 16 0	2 1 5	107.2
June ..	7 1 3	1 13 3	8 14 4	2 1 1	105.2
July ..	7 0 10	1 13 2	8 13 10	2 0 11	104.6
August ..	7 0 3	1 13 0	8 13 2	2 0 9	103.8
September ..	7 1 0	1 13 2	8 14 0	2 1 0	104.8
October ..	7 1 8	1 13 4	8 14 10	2 1 2	105.8
November ..	7 1 3	1 13 3	8 14 5	2 1 1	105.3
December ..	7 1 1	1 13 3	8 14 2	2 1 0	105.0
Average for Year ..	7 2 1	1 13 5	8 15 5	2 1 4	106.5
1936—					
January ..	7 0 11	1 13 2	8 13 11	2 0 11	104.7
February ..	7 0 11	1 13 2	8 13 11	2 0 11	104.7
March ..	7 1 0	1 13 2	8 14 0	2 1 0	104.8
April ..	7 0 10	1 13 2	8 13 10	2 0 11	104.6
May ..	7 0 1	1 13 0	8 12 11	2 0 9	103.5
June ..	6 18 8	1 12 8	8 11 2	2 0 4	101.5
July ..	6 18 11	1 12 8	8 11 5	2 0 4	101.8
August ..	6 18 4	1 12 7	8 10 9	2 0 2	101.0
September ..	6 18 0	1 12 6	8 10 4	2 0 1	100.5

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

5. **Silver and Bronze Coinage.**—(i) *Prices of Silver.* The value of silver has greatly decreased since its demonetization and restricted coinage in almost the whole of Europe. A noticeable increase, however, took place for some years after 1915, the price of silver following the general trend of world prices. Its average price in the London market in recent years is shown in § 4 par. 5 of Chapter XVIII., 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 1935 London market price of 2s. 4.95d. per ounce, approximately 29s. 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 1929 ..	3,425,000	1,763,300	843,100	807,900	6,839,300	318,543	109,405	427,948
1929-30 ..	30,000	10,000	11,200	10,000	61,200	3,020	2,310	5,330
1930-31 ..	192,000	45,000	..	..	237,000	..	..	..
1931-32 ..	257,600	19,000	7,200	5,200	289,000	11,600	6,270	17,870
1932-33 ..	23,400	9,200	5,200	6,600	44,400	13,470	8,140	21,610
1933-34 ..	81,400	29,200	23,800	24,200	158,600	21,890	7,500	29,390
1934-35 ..	140,400	24,200	24,000	29,800	218,400	17,390	6,770	24,160
<b>Total ..</b>	<b>4,149,800</b>	<b>1,899,900</b>	<b>914,500</b>	<b>883,700</b>	<b>7,847,900</b>	<b>385,913</b>	<b>140,395</b>	<b>526,308</b>

(iv) *Withdrawals of Worn Silver Coin.* An examination of the wear on silver coins made by the London Mint Authorities in 1909 revealed that the average life of silver coins (then .925 fine) was:—2s. pieces, 45 years; 1s., 41 years; 6d., 28 years; and 3d., 32 years. The value of worn silver coins received during 1934 was as follows:—Melbourne, nil; Perth, nil. The total withdrawals of worn silver coin to 1934 were:—Melbourne, £1,747,409; Perth, £129,738; Sydney (to 1926), £1,248,672.

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

(ii) *Reserve against Note Issue.* Prior to 19th June, 1931, the reserve held in gold against the note issue was fixed at 25 per cent. of the total notes in circulation. To permit further shipments of gold to meet short-term obligations in London, an Amending Act reduced the statutory gold reserve to 15 per cent. with provision for the restoration by graduations to 25 per cent. within a period not exceeding five years. A further Amending Act provided that portion of the note issue reserve may be held in British

sterling, which was defined as follows:—(a) Balances standing to the credit of the Bank at the Bank of England or at any other of its bankers in London; (b) Bills of Exchange or advances secured thereby which will mature in not more than three months and which are payable in the United Kingdom in currency which is legal tender therein; and (c) Treasury Bills or other securities of the United Kingdom which will mature in not more than three months.

(iii) *Notes in Circulation.* Particulars of the average notes in circulation and of the gold reserve for the years 1914 and 1931 to 1935 are given in the following table:—

## COMMONWEALTH NOTE ISSUE.—PARTICULARS.

Particulars.	Average of monthly statements for year—					
	1914.	1931.	1932.	1933.	1934.	1935.
Notes held by—	£	£	£	£	£	£
Banks ..	(a)	24,939,874	24,916,825	22,685,449	21,198,854	20,119,208
Public ..	(a)	25,221,885	25,740,767	25,033,410	25,872,512	27,449,147
<b>Total ..</b>	<b>11,944,848</b>	<b>50,161,759</b>	<b>50,657,592</b>	<b>47,718,859</b>	<b>47,071,366</b>	<b>47,568,355</b>
Gold Reserve ..	5,368,822	13,144,494	110,616,563	111,672,099	115,524,204	115,922,404
Percentage of Reserve on Total Issue ..	% 44.9	% 26.2	% 21.0	% 24.5	% 33.0	% 33.5

(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 1931 to 1935 are given in Finance Bulletin No. 26 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 1931 to 1935.

## ESTIMATED LEGAL TENDER EXTANT.—AUSTRALIA.

Particulars.	1931.	1932.	1933.	1934.	1935.
Australian Note Issue (a)—	£'000.	£'000.	£'000.	£'000.	£'000.
Held by Banks .. ..	25,351	26,505	23,346	21,284	20,202
Held by Public .. ..	25,302	24,798	24,207	25,017	26,848
Notes of Trading Banks outstanding (b)	198	197	181	174	169
Coin—Gold—Held by Banks (c) ..	312	158	61	20	23
Held by Public .. ..	..	..	..	..	..
Silver—Held by Banks (c) ..	2,026	2,289	2,047	2,007	1,932
Held by Public .. ..	5,031	5,057	5,289	5,482	5,761
Bronze—Held by Banks (c) ..	133	110	105	109	106
Held by Public .. ..	300	341	364	389	420
<b>Total .. ..</b>	<b>58,653</b>	<b>59,455</b>	<b>55,600</b>	<b>54,482</b>	<b>55,461</b>

(a) Last Monday in June.

(b) Average for June quarter.

(c) At 30th June.

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

### C.—STATE FINANCE.

#### § 1. General.

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

2. **Accounts of State Governments.**—The various financial transactions of the States are in each case mainly concerned with one or other of three Funds—the “Consolidated Revenue Fund,” the “Trust Fund,” and the “Loan Fund.” All revenue (except certain taxation items paid into special funds) collected by the State is placed to the credit of its Consolidated Revenue Fund, from which payments are made under the authority of an Annual Appropriation Act passed by the Legislature, or by a permanent appropriation under a Special Act. 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 Fund comprises all moneys held in trust by the Government, and includes such items as savings banks funds, sinking funds, insurance companies' deposits, etc. The Loan Fund is debited with all loan moneys raised by the State, and credited with the expenditure therefrom on public works or other purposes.

3. **Inter-relation of Commonwealth and State Finances.**—In regard to the inter-relation of Commonwealth and State Finances, a statement in some detail, covering the period from the inception of Federation to the passing of the Financial Agreement Act 1928, was published in Official Year Book, No. 22, pages 379–80. On page 861 of this issue details are given in regard to the constitutional and other requirements in the matter of the distribution of Commonwealth revenues.

### § 2. Consolidated Revenue Funds.

#### Division I.—Revenue.

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

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

In regard to item (b) attention is directed to the statement (see C. § 1 (2) *ante*) appertaining to the New South Wales accounts. In connexion with the Railway Accounts for that State the Consolidated Revenue Fund contributed to the Railways Commissioners an amount not exceeding £800,000 in respect of losses on country developmental railways during each of the last five years. To avoid duplication in determining the aggregate receipts and expenditure this amount has not been included in the railways receipts or Consolidated Revenue Expenditure.

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

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

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

## STATE CONSOLIDATED REVENUE.

Year.	N.S.W. (a)	Victoria. (a)	O'land. (b)	S. Aust.	W. Aust. (b)	Tasmania.	All States.
TOTAL COLLECTIONS.							
	£	£	£	£	£	£	£
1930-31	45,857,262	25,575,504	15,072,652	10,725,811	8,686,756	2,609,290	108,527,275
1931-32	45,607,700	24,555,272	12,994,113	10,481,976	8,035,316	2,385,495	104,059,872
1932-33	49,329,557	24,705,985	13,396,644	10,160,712	8,332,153	2,522,191	108,447,242
1933-34	45,509,438	24,567,739	13,859,385	10,187,986	8,481,697	2,698,214	105,304,459
1934-35	46,564,814	25,766,062	15,280,022	11,001,578	9,331,430	2,872,148	110,816,054
PER HEAD OF POPULATION.(c)							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1930-31	18 0 5	14 5 4	16 8 5	18 13 5	20 3 0	11 14 2	16 14 9
1931-32	17 15 2	13 12 3	13 19 4	18 3 5	18 10 7	10 11 1	15 18 3
1932-33	19 0 9	13 12 3	14 4 10	17 10 8	19 1 5	11 1 4	16 9 1
1933-34	17 8 3	13 9 3	14 11 8	17 9 10	19 5 2	11 15 7	15 17 2
1934-35	17 13 6	14 0 7	15 18 1	18 16 8	21 1 2	12 10 8	16 11 5

(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.



3. Sources of Revenue.—(i) *General.* Classifying the revenue of the several States in the manner indicated in *ante*, particulars for the year 1934-35 are as follows :—

## STATE CONSOLIDATED REVENUE.—SOURCES, 1934-35.

Particulars.	N.S.W. (a)	Victoria, (a)	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL REVENUE.							
	£	£	£	£	£	£	£
Taxation (c) ..	13,964,236	8,993,718	3,477,509	3,224,480	1,909,086	1,227,328	32,789,357
Business Under-							
takings ..	24,606,751	11,192,129	7,247,612	4,646,181	4,979,231	511,280	53,174,184
Territorial ..	1,599,000	368,669	1,405,070	185,887	406,241	60,464	4,925,331
Commonwealth pay-							
ments (b) ..	3,793,411	2,677,159	1,382,235	2,093,816	1,206,432	735,859	11,798,912
Interest ..	553,747	1,649,115	1,025,509	789,619	358,637	325,157	4,701,784
Miscellaneous ..	2,137,669	885,272	742,087	61,595	487,803	12,060	4,326,486
<b>Total</b> ..	<b>46,564,814</b>	<b>25,766,062</b>	<b>15,280,022</b>	<b>11,001,578</b>	<b>9,331,430</b>	<b>2,872,148</b>	<b>110,816,054</b>

## PER HEAD OF POPULATION.(f)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Taxation (c) ..	(e) 5 6 0	4 17 11	3 12 5	5 10 5	4 5 10	5 7 1	4 18 1
Business Under-							
takings ..	9 6 10	6 1 11	7 10 10	7 19 1	11 4 4	2 4 7	7 19 0
Territorial ..	0 12 2	0 4 0	1 9 3	0 6 5	0 18 4	0 5 3	0 12 1
Commonwealth pay-							
ments (b) ..	1 8 1	1 0 2	1 8 9	3 11 8	2 14 6	3 4 3	1 15 3
Interest ..	0 4 2	0 17 11	1 1 4	1 7 0	0 16 2	1 8 5	0 14 1
Miscellaneous ..	0 16 3	0 9 8	0 15 6	0 2 1	1 2 0	0 1 1	0 12 11
<b>Total</b> ..	<b>17 13 6</b>	<b>14 0 7</b>	<b>15 18 1</b>	<b>18 16 8</b>	<b>21 1 2</b>	<b>12 10 8</b>	<b>16 11 5</b>

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

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

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



Prior to Federation duties of Customs and Excise constituted the principal source of revenue from taxation. At present the most productive State taxes are the Unemployment Relief and Income Taxes. In addition to these, a State land tax and licence fees of various kinds are collected in all the States, and a dividend tax is levied in Western Australia.

The total amounts and the amounts per head raised from all sources of taxation by the several State Governments, including amounts not paid into the Consolidated Revenue Fund, during the five years ended 1934-35 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.							
	£	£	£	£	£	£	£
1930-31	16,190,756	8,104,229	5,542,526	3,399,942	1,524,846	1,071,263	35,833,562
1931-32	14,855,306	7,709,694	4,761,880	3,076,374	1,439,559	905,715	32,748,528
1932-33	18,052,914	8,301,194	5,661,151	2,733,445	1,573,451	1,003,454	37,325,609
1933-34	14,198,932	8,461,944	5,846,301	2,925,106	1,835,829	1,132,889	34,401,001
1934-35	13,964,236	8,993,718	6,546,263	3,267,999	2,436,076	1,227,328	36,434,720

## PER HEAD OF POPULATION.(a)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1930-31	6 7 3	4 10 5	6 0 9	5 18 5	3 10 9	4 16 2	5 10 6
1931-32	5 15 9	4 5 6	5 2 4	5 6 8	3 6 5	4 0 2	5 0 2
1932-33	6 19 4	4 11 6	6 0 4	4 14 4	3 12 0	4 8 0	5 13 3
1933-34	5 8 8	4 12 9	6 3 0	5 0 5	4 3 4	4 18 11	5 3 7
1934-35	5 6 0	4 17 11	6 16 3	5 11 10	5 9 11	5 7 1	5 8 11

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

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

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

**STATE PROBATE AND SUCCESSION DUTIES.—COLLECTIONS.**

State.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.
	£	£	£	£	£
New South Wales ..	1,496,641	1,251,650	1,639,979	1,542,475	1,693,966
Victoria ..	1,131,603	1,014,669	1,164,200	1,143,330	1,124,933
Queensland ..	528,129	424,522	452,872	459,314	448,901
South Australia ..	254,264	323,008	299,826	298,676	315,463
Western Australia ..	72,093	63,162	91,995	70,154	74,076
Tasmania ..	78,275	86,764	117,387	156,935	70,035
<b>Total ..</b>	<b>3,561,005</b>	<b>3,163,775</b>	<b>3,766,259</b>	<b>3,670,884</b>	<b>3,727,374</b>

(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.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.
	£	£	£	£	£
New South Wales ..	931,308	843,986	929,158	1,013,604	1,084,044
Victoria ..	704,958	639,578	725,834	733,054	826,056
Queensland ..	442,149	418,205	423,450	446,587	501,910
South Australia ..	285,915	164,708	177,396	190,193	206,411
Western Australia ..	170,949	189,174	181,042	209,965	251,868
Tasmania ..	114,401	137,876	100,020	97,719	104,842
<b>Total ..</b>	<b>2,649,680</b>	<b>2,393,527</b>	<b>2,537,500</b>	<b>2,691,122</b>	<b>2,975,131</b>

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

The following table shows the amount collected by means of such taxes during the financial years 1930-31 to 1934-35 :—

**STATE LAND TAX.—COLLECTIONS.**

State.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.
	£	£	£	£	£
New South Wales ..	2,486	2,453	1,968	2,199	2,461
Victoria ..	506,025	497,609	503,752	535,947	494,593
Queensland ..	503,656	346,064	442,584	433,881	412,459
South Australia ..	486,505	434,544	306,198	346,411	350,832
Western Australia ..	168,579	132,368	130,963	118,973	121,895
Tasmania ..	97,963	95,916	92,823	90,812	89,863
<b>Total ..</b>	<b>1,765,214</b>	<b>1,508,954</b>	<b>1,478,288</b>	<b>1,528,223</b>	<b>1,472,103</b>

(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 1930-31 to 1934-35. 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.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.
	£	£	£	£	£
New South Wales ..	6,183,481	3,411,146	3,870,616	2,808,851	3,146,495
Victoria .. ..	2,659,585	2,061,561	2,117,000	2,329,629	2,603,512
Queensland .. ..	2,522,300	1,652,329	1,689,383	1,607,499	1,800,477
South Australia ..	1,802,176	1,484,066	1,254,961	1,302,083	1,473,931
Western Australia ..	562,695	436,767	336,001	362,593	551,800
Tasmania .. ..	302,925	242,347	339,239	361,143	420,366
Total .. ..	14,033,162	9,288,216	9,607,200	8,771,798	9,996,581

(f) *Unemployment Relief Tax.* During 1930-31 a special unemployment relief tax was levied in New South Wales, Victoria and Queensland. In South Australia portion of the moneys for expenditure on unemployment relief was raised by an increment in the rate of income tax. In Western Australia a Financial Emergency tax was levied and in Tasmania a tax on wages provided the funds necessary for the relief of unemployment. Further references to this matter may be found in the Labour Report, Nos. 22 to 26.

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

MOTOR TAXATION.—COLLECTIONS.

State.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.
	£	£	£	£	£
New South Wales ..	1,669,969	1,617,387	1,608,154	1,770,828	1,908,130
Victoria .. ..	1,118,170	1,124,362	1,222,684	1,280,878	1,403,134
Queensland .. ..	519,108	519,467	525,967	587,421	633,059
South Australia ..	461,955	499,704	503,386	529,432	565,279
Western Australia (a) ..	286,140	278,816	274,721	292,768	318,681
Tasmania .. ..	95,370	93,567	97,210	101,720	110,586
Total .. ..	4,150,712	4,133,303	4,232,122	4,563,047	4,938,869

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

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

(iii) *Business Undertakings.* (a) 1934-35. 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 1934-35 the revenue from these sources was £53,174,184, or 48 per cent. of the revenue from all sources. Details of revenue are as follows:—

## STATE REVENUE FROM BUSINESS UNDERTAKINGS, 1934-35.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways and tramways	19,620,397	29,095,216	26,996,984	22,649,098	3,562,357	2,397,989	42,322,041
Harbour services ..	968,147	63,418	92,917	583,989	294,239	..	2,002,710
Water supply and sewerage ..	2,697,696	658,650	..	971,024	604,853	..	4,854,223
Other ..	1,320,511	1,452,845	157,711	442,070	508,782	2113,291	3,995,210
<b>Total ..</b>	<b>24,606,751</b>	<b>31,192,129</b>	<b>27,247,612</b>	<b>4,646,181</b>	<b>4,970,231</b>	<b>511,280</b>	<b>53,174,184</b>

(a) Railways only. Victoria is inclusive of 9.79 miles of electric tramways, operated by the Railways Department. (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 887 the particulars shown above for New South Wales railways and tramways do not include a sum of £800,000, recouped to the Railways Commissioners from Consolidated Revenue in respect of losses on operating country developmental railways. The figures for Railways in South Australia include £120,000, portion of Commonwealth Grant which was paid direct to Railways.

(b) 1930-31 to 1934-35. Particulars of the revenue from Business Undertakings for the last five years are given below:—

## STATE REVENUE FROM BUSINESS UNDERTAKINGS.(a)

Particulars.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.
	£	£	£	£	£
Railways and Tramways ..	40,943,417	39,822,890	40,190,873	39,503,110	42,322,041
Harbour Services ..	1,742,907	1,761,715	1,859,527	1,808,055	2,002,710
Water Supply and Sewerage	5,008,555	5,189,034	5,163,816	4,829,220	4,854,223
Other ..	4,388,903	4,114,160	4,015,877	3,881,679	3,995,210
<b>Total ..</b>	<b>52,083,782</b>	<b>50,887,799</b>	<b>51,230,093</b>	<b>50,022,064</b>	<b>53,174,184</b>

(a) See notes to previous table.

(iv) *Territorial.* The revenue from the sale and rental of Crown lands has, with few exceptions, been treated from the earliest times as forming part of the Consolidated Revenue Funds, and has been applied to meet ordinary expenses. Where the rentals received are for lands held for pastoral or residential purposes such application of the revenue would appear justifiable. On the other hand, where the rentals are for mineral and timber lands, and in all cases of sales of lands, the proceeding is essentially a disposal of capital to defray current expenses, and is, therefore, open to criticism. The following table gives the revenue from sales and rentals of Crown lands for the year 1934-35 :—

## STATE TERRITORIAL REVENUE, 1934-35.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Sales ..	43,218	68,826	..	16,822	12,665	10,069	151,600
Rentals ..	1,463,386	162,401	1,097,294	169,065	283,072	27,385	3,202,603
Forestry ..	92,396	137,442	307,776	..	110,504	23,010	671,128
Total ..	1,599,000	368,669	1,405,070	185,887	406,241	60,464	4,025,331

(v) *Commonwealth Payments.* The payments to the States (inclusive of special grants but excluding the contributions in respect of sinking fund on States' Debts and Federal Aid Roads grants which are paid by the Commonwealth into the National Debt Sinking Fund and Federal Aid Roads Trust Fund respectively) represent in each instance a considerable proportion of the States' revenue, and for the year 1934-35 aggregated £11,798,912, or 10.7 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 1934-35 interest, mainly from loans to local governing bodies and on public account balances, was responsible for £4,701,784, whilst "Miscellaneous" revenue amounted to £4,326,486.

## Division II.—Expenditure.

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

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

In earlier years the working expenses of Railways and Tramways were the most important item in Governmental expenditure, but in recent years Public Debt charges represent the heaviest item, notwithstanding the reduction in interest as a result of the 1931 internal conversion loan and the more recent conversion operations in London. Prior to 1930-31 Railway working expenses represented about 30 to 35 per cent. of the total, but staff reductions and other economies effected in consequence of the industrial depression reduced the figure to 26 per cent. in 1933-34. For the year 1934-35 the percentage rose slightly to 27, compared with 35 per cent. represented by Public Debt Charges ; next in importance were Charitable, Public Health and Hospitals, 11 per cent. ; Education, 9 per cent. ; and Law and Order, 4 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.
<b>TOTAL.</b>							
	£	£	£	£	£	£	£
1930-31	54,609,697	28,029,702	15,914,696	12,539,668	10,107,295	2,854,394	124,055,452
1931-32	59,834,538	26,163,594	15,069,293	11,545,336	9,593,212	2,657,109	124,863,082
1932-33	52,960,277	25,547,486	14,951,088	11,169,610	9,196,234	2,577,407	116,402,102
1933-34	48,925,538	25,336,797	14,987,916	11,031,802	9,270,609	2,746,099	112,298,761
1934-35	48,863,577	25,917,259	15,844,633	10,965,352	9,498,525	2,991,349	114,080,695

## PER HEAD OF POPULATION.(c)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1930-31	21 9 2	15 12 8	17 6 1	21 16 7	23 8 11	12 16 2	19 2 8
1931-32	23 6 0	14 10 1	16 3 11	20 0 3	22 2 5	11 15 1	19 1 11
1932-33	20 8 10	14 1 6	15 17 11	19 5 6	21 1 0	11 6 2	17 13 3
1933-34	18 14 5	13 17 8	15 15 5	18 18 10	21 0 11	11 19 9	16 18 2
1934-35	18 11 0	14 2 3	16 9 10	18 15 5	21 8 8	13 1 1	17 1 2

(a) Includes expenditure of certain moneys not paid into Consolidated Revenue, such as receipts from Railways, Tramways, Sydney Harbour Trust, certain Water Supply and Sewerage Services, and motor taxation in New South Wales and motor taxation in Victoria. (b) Includes Social Services. Refer to letterpress on page 887. (c) Based on mean population of each financial year.

3. **Details of Expenditure for 1934-35.**—The following table shows the total expenditure and expenditure per head under each of the principal items:—

## STATE EXPENDITURE.—DETAILS, 1934-35.

Particulars.	N.S.W. (c)	Victoria. (c)	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
<b>TOTAL.</b>							
	£	£	£	£	£	£	£
Public debt (Interest, sinking fund, exchange, etc.) ..	15,231,291	7,966,605	6,239,122	5,005,114	4,043,318	1,134,570	39,620,020
Railways and Tramways (working expenses) ..	14,668,485	10,244,850	14,999,593	12,041,022	2,553,277	1,470,122	55,977,349
Water Supply and Sewerage (f) ..	8,388,777	3,014,900	2,357,1	2,763,355	2,740,42	..	17,143,15
Justice ..	483,126	215,947	179,316	58,262	72,631	34,452	1,048,734
Police ..	1,428,125	864,337	563,268	263,052	221,628	99,393	3,444,803
Penal establishments ..	319,166	108,835	29,800	43,032	25,899	11,651	538,383
Education ..	3,967,123	2,509,502	1,503,555	852,403	671,413	295,345	9,859,341
Medical and charitable ..	6,312,964	2,956,185	1,012,245	1,064,683	1,193,137	451,088	12,290,302
All other expenditure ..	5,609,420	4,689,508	1,289,163	1,361,449	1,143,180	494,728	14,587,448
<b>Total</b> ..	<b>48,863,577</b>	<b>25,917,259</b>	<b>15,844,633</b>	<b>10,965,352</b>	<b>9,498,525</b>	<b>2,991,349</b>	<b>114,080,695</b>

(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, £77,896 and South Australia £75,225. (g) Portion only from Consolidated Revenue Fund. (h) Exclusive of £225,504 from Special Fund.



STATE EXPENDITURE.—DETAILS, 1934-35—*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.)	5 15 8	4 6 10	6 9 10	8 11 4	9 2 6	4 19 1	5 18 6
Railways and Tramways (working expenses) .. ..	5 11 5	3 8 0	5 4 1	3 9 11	5 15 3	2 1 1	4 12 8
Water Supply and Sewerage .. ..	0 6 5	0 3 3	0 0 6	0 9 6	0 12 4	..	0 5 2
Justice .. ..	0 3 8	0 2 4	0 3 9	0 2 0	0 3 3	0 3 0	0 3 2
Police .. ..	0 10 10	0 9 5	0 11 10	0 9 0	0 10 0	0 8 8	0 10 4
Penal establishments .. ..	0 2 5	0 1 2	0 0 7	0 1 6	0 1 2	0 1 0	0 1 7
Education .. ..	1 10 1	1 8 0	1 11 4	1 9 2	1 10 4	1 5 9	1 9 5
Medical and charitable .. ..	2 7 11	1 12 2	1 1 1	1 16 5	1 2 3	1 19 4	1 16 9
All other expenditure .. ..	2 2 7	2 11 1	1 6 10	2 6 7	2 11 7	2 3 2	2 3 7
Total .. ..	18 11 0	14 2 3	16 9 10	18 15 5	21 8 8	13 1 1	17 1 2

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

## Division III.—Surplus Revenue.

The following table shows for each of the years 1930-31 to 1934-35 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.
	£	£	£	£	£	£	£
1930-31..	<i>b</i> -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
1933-34..	-3,416,100	-769,058	-1,128,531	-843,816	-788,912	-47,885	-6,994,302
1934-35..	-2,298,763	-151,197	-564,611	36,226	-167,095	-119,201	-3,264,641

## PER HEAD OF POPULATION.(c)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1930-31..	-3 8 9	-1 7 4	-0 18 4	-3 3 2	-3 5 11	-1 2 0	-2 7 11
1931-32..	-5 10 10	-0 17 10	-2 4 7	-1 16 10	-3 11 10	-1 4 0	-3 3 8
1932-33..	-1 8 0	-0 9 3	-1 13 1	-1 14 10	-1 19 7	-0 4 10	-1 4 2
1933-34..	-1 6 2	-0 8 5	-1 3 9	-1 9 0	-1 15 10	-0 4 2	-1 1 1
1934-35..	-0 17 6	-0 1 8	-0 11 9	0 1 3	-0 7 6	-0 10 5	-0 9 9

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, 1935, was as follows:—

#### STATE TRUST FUNDS, 30th JUNE, 1935.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Amount of trust funds	15,347,014	6,380,809	3,070,691	1,850,460	3,226,283	1,034,673	30,909,930

### § 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, 1934-35.—(a) *Gross Loan Expenditure, 1934-35.* Particulars of the gross loan expenditure for the year 1934-35 are given in the following table :—

## STATE GROSS LOAN EXPENDITURE, 1934-35.

Heads of Expenditure.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	All States.
	£	£	£	£	£	£	£
<b>Public Works and Services—</b>							
Railways .. .. .	1,767,011	218,419	872,996	100,661	295,076	157,664	3,411,827
Tramways .. .. .	304,820	..	..	(b)37,193	..	..	342,013
Roads .. .. .	340,309	129,006	712,100	..	213,803	..	1,435,218
Bridges .. .. .	19,740	127	..	..	..	..	20,867
Harbours and Rivers ..	180,862	..	25,321	140,780	305,518	65,870	2,133,436
Lights and Lighthouses	..	..	..	..	..	..	..
Water Supply .. .. .	247,036	260,736	..	328,544	622,987	..	1,459,303
Sewerage .. .. .	1,552,650	..	..	168,280	330,199	..	2,051,129
Electricity Supply ..	60,754	..	..	..	203,268	224,438	488,460
Public Buildings ..	414,349	..	527,980	85,265	106,418	69,031	1,203,043
Loans to Local Bodies ..	(d)	..	1,444,405	8,600	103	679	1,453,847
Unemployment Relief ..	4,629,236	1,312,955	..	..	..	34,439	5,976,630
Advances for Housing ..	162,000	..	365,057	21,395	60,000	17,303	625,755
Other Public Works ..	..	..	..	116,847	..	15,259	132,106
<b>Primary Production—</b>							
Soldier Settlement ..	..	..	..	..	..	..	..
Land for Settlement ..	220,000	209,737	5,450	18,578	331	118,771	915,803
Water Conservation ..	..	265,650	256,774	11	..	20,501	..
Irrigation and Drainage	494,908	..	33,635	383	22,814	..	639,117
Rabbit-proof Fencing ..	(f)	..	..	9,756	127,621	..	..
Agriculture .. .. .	..	..	40,539	4,790	..	..	45,329
Agricultural Bank ..	147	..	21,842	..	153,814	..	175,803
Advances to Settlers ..	..	..	173,340	442,200	50,000	..	665,540
Forestry .. .. .	..	97,349	..	576,438	26,075	62,222	762,084
Mines and Mineral Resources ..	..	44,542	88,562	170,427	151,084	..	454,615
Other .. .. .	292,960	..	39,603	..	70,865	..	110,468
Other Purposes .. .. .	119,993	..	190,051	1,897	44,209	..	356,150
<b>Total Public Works, Services, etc., Expenditure .. .. .</b>	<b>10,606,775</b>	<b>2,538,521</b>	<b>4,797,715</b>	<b>2,247,668</b>	<b>2,784,185</b>	<b>786,177</b>	<b>23,761,041</b>
<b>Per head of Population .. .. .</b>	<b>£4 0 6</b>	<b>£1 7 8</b>	<b>£4 19 10</b>	<b>£3 16 11</b>	<b>£6 5 8</b>	<b>£3 8 7</b>	<b>£3 11 1</b>
<b>Other than Works, etc.—</b>							
Discounts and Flotation Expenses .. .. .	161,958	60,573	..	79,602	282,144	..	584,277
Revenue and General Cash Deficits .. .. .	Cr.518,141	150,000	564,612	843,816	167,095	..	907,382
Other .. .. .	120,050	..	100,000	..	..	..	220,050
<b>Total Non-Works, etc., Expenditure .. .. .</b>	<b>Cr.536,133</b>	<b>210,573</b>	<b>664,612</b>	<b>923,418</b>	<b>449,239</b>	<b>..</b>	<b>1,711,709</b>
<b>Grand Total .. .. .</b>	<b>10,070,642</b>	<b>2,749,094</b>	<b>5,462,327</b>	<b>3,171,086</b>	<b>3,233,424</b>	<b>786,177</b>	<b>25,472,750</b>

(a) Includes advances to Railway Soterannuation Fund, £180,254. (b) Loans to Local Bodies<sup>s</sup> for Tramways. (c) Loans to Local Bodies for Unemployment Relief. (d) Included with Unemployed Relief. (e) Includes Rabbit-proof Fencing. (f) Included with Soldier Settlement, etc.

(b) *Net Loan Expenditure, 1934-35.* For the year ended 30th June, 1935, State net loan expenditure on Public Works amounted to £18,635,046, while other non-works expenditure was £1,711,709, making an aggregate for the year of £20,346,755. Details for the year for each State are given in the following table :—

## STATE NET LOAN EXPENDITURE, 1934-35.

Heads of Expenditure.	New South Wales.	Victoria. (a)	Queens-land.	South Australia. (d)	Western Australia.	Tasmania.	All States.
<b>Public Works and Services—</b>	£	£	£	£	£	£	£
Railways .. .. .	1,237,533	..	785,103	40,043	295,076	39,426	2,397,181
Tramways .. .. .	281,036	..	..	Cr. 221,646	..	..	259,390
Roads .. .. .	244,975	99,696	689,091	..	185,973	..	..
Bridges .. .. .	17,461	Cr. 4,336	..	..	..	..	..
Harbours and Rivers ..	169,286	Cr. 1,774	24,102	..	..	63,304	1,855,006
Lights and Lighthouses	..	..	..	Cr. 110	304,940	..	..
Water Supply .. .. .	216,739	245,558	..	62,398	..	..	1,379,230
Sewerage .. .. .	1,544,559	Cr. 69,423	..	295,881	621,052	..	1,933,490
Electricity Supply .. .	58,896	..	..	151,379	306,975	..	476,776
Public Buildings .. .	410,800	Cr. 1'007	513,398	84,963	106,400	43,410	1,157,964
Loans to Local Bodies ..	..	Cr. 42,350	829,714	Cr. 10,079	Cr. 982	Cr. 30,827	6,662,562
Unemployment Relief ..	4,597,602	1,296,026	..	..	..	23,458	..
Advances for Housing ..	152,652	..	102,154	Cr. 104,779	58,736	Cr. 3,124	205,639
Other .. .. .	..	..	..	64,325	..	7,854	72,179
<b>Primary Production—</b>							
Soldier Settlement .. .	(f) 19,263	79,887	Cr. 67,482	Cr. 34,771	Cr. 68,804	Cr. 8,674	277,129
Land for Settlement .. .	..	157,329	227,279	Cr. 29,455	..	2,557	..
Water Conservation .. .	..	..	..	Cr. 4,442	22,279	..	..
Irrigation and Drainage	416,166	..	15,253	Cr. 16,585	126,967	..	559,638
Rabbit-Proof Fencing ..	(e) ..	Cr. 20,862	21,726	Cr. 3,819	..	..	Cr. 2,955
Agriculture .. .. .	137	..	1,791	..	150,393	..	152,321
Agricultural Bank .. .	..	..	Cr. 174,127	442,799	50,000	..	318,072
Advances to Settlers .. .	..	31,157	..	Cr. 40,429	23,726	9,499	23,953
Forestry .. .. .	..	44,542	84,452	74,697	151,084	..	354,775
Mines and Mineral Resources .. .. .	Cr. 189	Cr. 7,821	Cr. 53,851	..	55,424	..	Cr. 6,437
Other .. .. .	292,033	..	..	8,633	..	..	300,666
Other Purposes .. .. .	65,513	Cr. 19,762	170,469	1,076	41,171	..	258,467
<b>Total Public Works, Services, etc., Expenditure .. .. .</b>	9,724,462	1,786,860	3,169,072	959,479	2,633,678	361,495	18,635,046
Per head of Population ..	£3 13 10	£0 19 6	£3 6 0	£1 12 10	£5 18 10	£1 11 7	£2 15 9
<b>Other than Works, etc.—</b>							
Discount and Flotation Expenses .. .. .	161,958	60,573	..	79,602	282,144	..	584,277
Revenue and General Cash Deficits .. .. .	Cr. 818,141	150,000	564,612	843,816	167,095	..	907,382
Other .. .. .	120,050	..	100,000	..	..	..	220,050
<b>Total Non-Works, etc. Expenditure .. .. .</b>	Cr. 536,133	210,573	664,612	923,418	449,239	..	1,711,709
<b>Grand Total .. .. .</b>	9,188,329	1,997,433	3,833,684	1,882,897	3,082,917	361,495	20,346,755

(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) Credit arising from cancellation of securities redeemed from Sinking Fund and £804,988 written off Public Debt and £88,782 adjustment of interest pursuant to Soldier Settlement Agreement not allowed for. (e) Included with Soldier Settlement, etc. (f) Includes Rabbit-proof fencing.

3. Net Loan Expenditure on Works, Services, etc. 1930-31 to 1934-35.—The following table gives the works net loan expenditure during each of the years 1930-31 to 1934-35:—

## STATE NET LOAN EXPENDITURE ON WORKS, SERVICES, ETC.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust. (c)	W. Aust.	Tasmania.	All States.
<b>TOTAL.</b>							
	£	£	£	£	£	£	£
1930-31	5,951,488	3,068,068	472,737	893,168	1,675,015	620,917	12,524,193
1931-32	3,387,143	1,002,224	Cr. 47,986	550,626	1,267,865	26,254	6,226,126
1932-33	4,319,766	2,094,271	467,474	901,473	2,048,224	Cr. 74,907	9,961,301
1933-34	7,003,812	2,190,550	41,717,182	947,785	2,563,087	118,783	14,541,199
1934-35	9,724,462	1,786,860	3,169,072	959,479	2,633,678	361,495	18,635,046

(a) In addition, £1,074,945 was charged to Loan 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 1934-35 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 exclude £298,365 transferred from Governments Savings Bank Inscribed Stock Account. (b) Excludes £616,352 Soldier Settlement and other losses funded. (c) Credits arising from the cancellation of securities redeemed from Sinking Fund not allowed for. (d) Amounts of £804,988 written off Public Debt and £88,782 adjustment of interest pursuant to Soldier Settlement Agreement not allowed for.

STATE NET LOAN EXPENDITURE ON WORKS, ETC.—*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.
1930-31	2 6 9	1 14 3	0 15 10	1 11 1	3 17 9	0 18 9	1 18 8
1931-32	1 6 5	0 11 1	<i>Cr.</i> 0 4 5	0 19 1	2 18 6	0 2 4	0 19 1
1932-33	1 13 4	1 3 1	0 14 4	1 11 1	4 13 9	<i>Cr.</i> 0 6 7	1 10 3
1933-34	2 13 7	1 4 0	0 16 2	1 12 7	5 16 5	0 10 4	2 3 8
1934-35	3 13 10	0 19 6	3 6 0	1 12 10	5 18 10	1 11 7	2 15 9

The loan expenditure per head of population, which varies in the different States and in different years, reached its highest point for the five years under review in 1934-35 with £2 15s. 9d. per head, and its lowest in 1931-32 with 19s. 1d. per head.

4. Total Loan Expenditure to 30th June, 1935.—The total loan expenditure inclusive of revenue deficits, etc., of the States from the initiation of borrowing to the 30th June, 1935, amounted to £914,516,297. The purposes for which this sum was expended are shown in the following table:—

## TOTAL STATE LOAN EXPENDITURE TO 30th JUNE, 1935.

Heads of Expenditure.	New South Wales.	Victoria.	Queensland.	South Australia. (h)	Western Australia.	Tasmania.	Total.
	£	£	£	£	£	£	£
<b>Public Works and Services—</b>							
Railways ..	144,514,777	74,499,177	62,779,154	33,804,940	24,650,982	7,061,331	347,310,361
Tramways ..	9,329,769	..	..	63,402,395	1,107,553	..	13,839,717
Roads and Bridges	16,663,746	12,125,073	3,363,332	3,219,745	3,145,720	..	6,945,438
Harbours, Rivers, Lighthouses ..	20,375,368	990,506	2,437,243	8,096,570	6,666,592	..	84,029,333
Water Supply ..	23,828,821	28,823,976	..	14,074,956	7,488,431	..	74,216,184
Sewerage ..	15,917,380	2,177,84	..	3,215,905	2,503,857	..	21,854,926
Electricity Supply ..	1,269,552	17,839,227	..	..	1,392,117	4,005,641	24,506,537
Public Buildings ..	13,189,492	6,411,211	4,479,037	3,443,516	1,822,885	1,863,723	31,209,864
Loans to Local Bodies ..	12,586,597	1,129,414	14,095,639	504,722	92,614	1,133,503	34,125,321
Unemployment Relief Advances—Housing ..	924,344	3,811,024	..	..	..	171,808	11,911,579
Commonwealth Services ..	3,965,937	149,323	524,388	5,857,477	729,231	178,976	6,525,962
Other Public Works and Services ..	49,855	1,330,283	..	1,283,387	332,293	270,634	6,354,405
<b>Primary Production—</b>							
Soldier Settlement ..	24,308,595	27,797,953	1,438,437	8,740,277	7,274,640	2,660,741	95,021,064
Land for Settlement Closer Settlement ..	9,737,955	13,010,240	2,758,802	1,610,532	324,662	393,531	25,611,962
Advances to Settlers ..	(f)	2,104,648	..	3,198,866	9,310,821	350,364	..
Water Conservation Irrigation and Drainage ..	14,465,254	..	2,072,251	1,406,070	1,050,043	..	4,886,773
Rabbit Proof Fencing ..	(f)	774,364	310,766	244,008	341,765	..	1,679,903
Agricultural Bank ..	..	..	1,715,693	2,037,200	5,878,695	..	9,631,588
Mines and Mineral Resources ..	581,132	520,421	1,915,862	..	2,725,790	3,633	5,746,838
Other ..	6,835,871	746,340	1,371,943	1,648,928	4,004,771	..	14,607,853
Other Purposes ..	63,835,387	1,740,225	65,939,937	196,700	3,565,222	339,225	15,616,696
<b>Total Public Works, Services, etc., Expenditure ..</b>	<b>302,379,832</b>	<b>194,021,189</b>	<b>110,033,035</b>	<b>103,344,743</b>	<b>87,318,623</b>	<b>26,702,671</b>	<b>823,800,093</b>
<b>Other than Works—</b>							
Exchange on Remittances ..	14,428,765	..	..	..	..	..	24,700,438
Discounts and Flotation Expenses ..	..	5,514,414	..	930,776	3,826,483	(g)	..
Revenue and General Cash Deficits ..	33,275,634	4,025,682	3,247,586	8,608,592	11,456,612	496,272	61,110,378
Treasury Bills Retired ..	..	..	4,185,338	..	..	..	4,185,338
Other ..	120,050	..	600,000	..	..	..	720,050
<b>Grand Total ..</b>	<b>350,204,281</b>	<b>203,561,285</b>	<b>118,065,959</b>	<b>112,884,111</b>	<b>102,601,718</b>	<b>27,198,943</b>	<b>914,516,297</b>

(a) Includes Grain Elevators. (b) Loans to Local Bodies for Tramways. (c) Includes Industrial Undertakings. (d) Country Sewerage. (e) Includes Advances to Settlers and Rabbit proof fencing. (f) Included with Soldier Settlement, etc. (g) Included with other Public Works. (h) See note (d) to table on page 899.

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, 1932 to 1936.**—The table hereunder shows the State public debts and the amounts owing per head of population at the 30th June in each year from 1932 to 1936 inclusive. The totals include sums advanced by the Commonwealth to the States for settling returned soldiers on the land, and for this reason they differ in some cases from those given in previous issues. On the transfer of the Queensland State Savings Bank business to the Commonwealth Bank in 1920, Queensland Government securities were handed to the latter for the Savings Bank current account credit balance and for amounts owing on account of Advances to Settlers and Workers' Dwellings. This transaction added a total of £5,936,916 to the Public Debt without involving any additional borrowing.

As provided in the Financial Agreement Act 1928 (particulars of which are given in Chapter I., pages 21 to 33), the Commonwealth Government on 1st July, 1929, assumed the liabilities of the States to bondholders in respect of the debts of the States existing at 1st July, 1929, and taken over by the Commonwealth. Reference is made in Chap. V. of this volume to certain remissions which the Commonwealth Government agreed to make to the States on account of losses sustained by the States in connexion with soldier land settlement; the States' debts were so reduced by £5,000,000 as from 1st October, 1925, and by a further £2,597,783 as from 30th June, 1927. The following figures which represent 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.
<b>TOTAL.</b>							
	£	£	£	£	£	£	£
30th June, 1932	305,590,877	167,673,004	111,911,785	100,794,244	79,707,953	23,265,275	788,943,138
" 1933	314,067,707	169,238,072	114,530,854	102,902,345	83,514,697	23,597,945	807,851,620
" 1934	324,606,868	172,971,789	117,817,353	104,614,292	85,847,802	23,649,918	829,508,022
" 1935	337,101,269	174,160,663	118,846,753	105,349,536	88,590,176	23,915,354	847,963,751
" 1936	346,576,294	175,058,285	122,647,234	105,698,481	90,344,955	24,418,156	864,742,505
<b>PER HEAD OF POPULATION.(a)</b>							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
30th June, 1932	118 10 7	92 15 0	119 6 10	174 7 4	183 3 10	102 15 4	120 4 1
" 1933	120 15 1	92 19 6	120 17 5	177 2 7	190 6 1	103 13 8	122 2 1
" 1934	123 16 4	94 10 10	123 0 4	179 7 2	194 4 3	103 15 0	124 10 2
" 1935	127 9 2	94 15 2	122 15 8	180 2 10	198 15 5	104 11 2	126 7 6
" 1936	129 18 10	94 15 5	125 2 9	180 1 4	200 6 5	106 3 4	127 17 6

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

The public debt of the whole of the States increased during the period under review by nearly £76 million or at the rate of £19 million per annum. The debt per head of population increased during the period by £7 13s. 5d. to £127 17s. 6d. per head or about 6½ per cent. In some States certain public functions such as Tramways, Water Supply

and Sewerage, and Harbour Services, etc., are controlled by Boards or Trusts which, in addition to receiving advances from the Central Government, raise loans by public borrowing on their own behalf, while in other States these services are controlled by the Central Governments. Comparisons of the debts of the States are therefore difficult, but on page 913 figures showing the aggregate debts of the States including these local and semi-governmental bodies are given for the year 1933-34.

3. *Place of Flotation of Loans.*—As pointed out previously, the early loans, usually for comparatively small amounts, were raised locally, but, with the increasing demand for loan funds and the more favourable terms offering in the London market, the practice of raising loans in London came into vogue, and for many years local flotations, except for short terms or small amounts, were comparatively infrequent. In more recent years, however, the accumulating stocks of money in Australia seeking investment have led to the placing of various redemption and other loans locally, with very satisfactory results. Moreover, loans have been placed in New York on account of all States. The following table gives particulars of loans outstanding on the 30th June, 1935, which had been floated abroad and in Australia respectively:—

**STATE PUBLIC DEBTS, 30th JUNE, 1935.—PLACE OF FLOTATION OF LOANS.**

State.	Floated Abroad.			Floated in Australia.	Grand Total.
	London.	New York.	Total Overseas.		
	£ Stg.	£ (b)	£ (a)	£ Aust.	£ (a)
New South Wales	161,585,120	13,226,344	174,811,464	162,289,805	337,101,269
Victoria ..	63,068,905	4,569,473	67,638,378	106,522,285	174,160,663
Queensland ..	63,171,358	7,199,270	70,370,628	48,476,125	118,846,753
South Australia	43,391,157	1,761,362	45,152,519	60,197,017	105,349,536
Western Australia	44,496,245	2,049,157	46,545,402	42,044,774	88,590,176
Tasmania ..	13,511,037	232,430	13,743,467	10,171,887	23,915,354
Total ..	389,223,822	29,038,036	418,261,858	429,701,893	847,963,751

**PER HEAD OF POPULATION.**

	£ s. d. (Stg.)	£ s. d. (b)	£ s. d. (a)	£ s. d. (Aust.)	£ s. d. (a)
New South Wales	61 1 11	5 0 0	66 1 11	61 7 3	127 9 2
Victoria ..	34 6 3	2 9 9	36 16 0	57 19 2	94 15 2
Queensland ..	65 5 3	7 8 9	72 14 0	50 1 8	122 15 8
South Australia..	74 3 11	3 0 3	77 4 2	102 18 8	180 2 10
Western Australia	99 16 9	4 11 11	104 8 8	94 6 9	198 15 5
Tasmania ..	59 1 5	1 0 4	60 1 9	44 9 5	104 11 2
Total ..	58 0 1	4 6 7	62 6 8	64 0 10	126 7 6

(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 870.

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 908.

4. *Rates of Interest.*—(i) *At 30th June, 1935.* 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 1¾ per cent., twenty-nine separate rates being involved. The average rate payable on the aggregate indebtedness is £3 17s. 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, 1935, 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 870.

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, 1935.

Rate of Interest.	Place of Maturity.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	All States.
%		£	£	£	£	£	£	£
7.0	New York	..	..	1,843,522	..	..	..	1,843,522
6.0	New York	..	..	2,054,865	..	..	..	2,054,865
5.25	London	17,870,500	..	..	..	..	..	17,870,500
5.0375	Australia	3,935	..	2,793,340	8,000	250,000	266,740	3,321,115
5.0	London	38,751,516	15,508,999	37,891,876	13,910,287	13,138,962	1,238,987	120,440,627
	New York	9,333,711	3,768,423	2,230,077	1,761,362	2,049,157	232,430	19,375,160
4.75	London	..	5,999,000	..	..	..	..	5,999,000
4.65	Australia	572,911	..	..	1,200	1,267,972	200,000	2,042,083
4.5	London	10,954,600	..	..	..	2,631,165	..	13,585,765
	New York	3,892,633	801,050	1,070,806	..	..	..	5,764,489
4.45625	Australia	..	1,130,950	..	..	..	..	1,130,950
4.2625	Australia	2,124,060	193,200	2,186,120	191,140	62,797	..	4,757,317
4.06875	Australia	11,496,140	6,720	..	2,580,000	750,198	..	14,833,808
4.0	Australia	68,942,199	57,037,973	15,667,013	38,235,883	18,264,696	7,556,349	205,704,113
	London	29,241,932	2,962,116	8,000,000	5,963,835	7,680,385	2,800,000	56,648,268
3.875	Australia	84,250	6,384,356	1,619,571	2,688,325	1,524,809	137,030	12,438,341
3.75	Australia	13,070,010	14,554,265	2,259,937	2,791,280	3,255,713	433,990	36,365,195
3.625	London	7,772,632	6,887,648	1,988,300	5,438,300	1,938,601	1,091,000	25,116,481
	Australia	..	877,000	..	..	..	27,200	1,182,130
3.5	Australia	4,434,450	3,018,395	1,389,919	1,322,800	1,771,172	71,850	12,008,586
3.4875	London	34,452,401	19,775,996	9,697,000	7,337,111	4,668,004	6,156,500	82,087,012
3.375	Australia	60,200	500	6,347,487	83,050	1,765,558	162,103	8,418,899
3.25	Australia	7,361,360	1,508,020	764,830	1,209,570	1,331,110	102,800	12,277,690
	London	..	807,075	1,327,769	4,492,399	10,810,217	1,285,250	18,722,710
3.125	Australia	6,114,200	8,367,855	1,546,523	750,000	2,302,124	202,690	19,283,392
3.1	Australia	2,000	1,000	70,000	325,230	..	..	398,230
3.02083	Australia	480,611	691,049	5,377,070	1,000	1,566,000	217,964	8,333,694
3.0	Australia	..	2,482,000	..	..	..	..	2,482,000
	London	18,017,475	3,924,073	6,497,550	4,698,380	2,104,695	672,421	35,914,594
	London	12,420,113	5,174,146	4,266,413	2,433,499	597,497	448,300	25,339,968
2.90625	Australia	265,400	220,000	5,100	30,251	..	..	520,751
2.7125	Australia	291,421	446,845	352,915	207,457	..	..	1,298,638
2.5	London	10,112,776	5,953,925	..	2,815,726	3,031,414	..	21,913,841
2.325	Australia	659,973	778,084	54,750	373,451	..	..	1,866,258
2.0	London	..	..	..	1,000,000	..	491,000	1,491,000
1.75	Australia	28,310,000	4,900,000	1,544,000	4,700,000	5,550,000	120,000	45,124,000
Overdue and unconverted	Australia	110	..	..	..	..	..	110
	London	8,650	..	..	..	..	..	8,650
Total Debt	Australia	162,289,805	106,522,285	48,476,125	60,197,017	42,044,774	10,171,887	429,701,893
	London	161,585,120	63,068,905	63,171,358	43,391,157	44,496,245	13,511,037	389,223,822
	New York	13,226,344	4,569,473	7,199,270	1,761,362	2,049,157	232,430	29,038,036
	Total	337,101,269	174,160,663	118,846,753	105,349,536	88,590,176	23,915,354	847,963,751
Total Interest	Australia	5,522,494	3,930,416	1,755,092	2,214,837	1,478,716	394,848	15,297,393
	London(a)	6,661,143	2,459,637	2,799,694	1,704,203	1,763,685	495,380	15,883,742
	New York	641,855	224,468	412,029	88,068	102,458	11,622	1,480,500
	Total	12,825,492	6,614,521	4,967,715	4,007,108	3,344,859	901,850	32,661,545
Average Rate of Interest payable	Australia	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
	London	3 8 1	3 13 10	3 12 5	3 13 7	3 10 4	3 17 8	3 11 2
	New York	4 2 5	3 18 0	4 8 8	3 18 7	3 19 3	3 13 4	4 1 7
	Total	4 17 1	4 18 3	5 14 6	5 0 0	5 0 0	5 0 0	5 2 0
	Tota	3 16 1	3 16 0	4 3 7	3 16 1	3 15 6	3 15 5	3 17 0

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



The average rate of interest payable shows a very substantial decrease due to the internal debt conversion in July and August, 1931, which is referred to in the Appendix. The average rate for debt maturing in Australia has been reduced from £5 4s. 9d. per cent. in 1931 to £3 11s. 2d. per cent. in 1935. For debt maturing in London the average rate increased from £4 12s. 7d. per cent. in 1931 to £4 13s. 3d. in 1932, but, as a result of the conversions effected in London prior to 30th June, 1935, fell to £4 1s. 7d., while for New York loans it fell from £5 2s. 6d. per cent. in 1931 to £5 2s. in 1935.

(ii) *Variations from 1901 to 1935.*—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.	1933.	1934.	1935.
	%	%	%	%	%	%	%
Not exceeding 3 per cent.	18.0	17.9	10.2	5.3	14.4	14.7	15.8
Exceeding 3 per cent. but not exceeding 4 per cent. ..	78.5	81.9	45.4	17.2	47.4	56.4	59.1
Exceeding 4 per cent. but not exceeding 5 per cent. ..	3.1	0.1	15.6	36.8	30.5	25.9	22.2
Exceeding 5 per cent. but not exceeding 6 per cent. ..	0.4	0.1	23.5	38.4	7.5	2.8	2.7
Exceeding 6 per cent. ..	..	..	5.3	2.3	0.2	0.2	0.2
Total ..	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average Rate ..	3.7	3.6	4.4	4.9	4.1	3.9	3.8

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, 1935, 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, 1935.

Year of Maturity (Ended 30th June).	Maturing in London.	Maturing in New York.	Total Matur- ing Overseas.	Maturing in Australia.	Grand Total.
	£ Stg.	£ (b)	£ (a)	£ Aust.	
1936 .. .. .	35,064,954	..	35,064,954	53,573,047	89,538,001
1937 .. .. .	2,593,832	..	2,593,832	10,347,174	12,941,006
1938 .. .. .	23,770,923	..	23,770,923	4,443,472	28,214,395
1939 .. .. .	2,358,276	..	2,358,276	49,455,445	51,813,721
1940 .. .. .	4,604,800	..	4,604,800	16,718,513	21,323,313
1941 .. .. .	..	..	..	5,288,466	5,288,466
1942 .. .. .	..	1,843,522	1,843,522	59,553,690	61,397,212
1943 .. .. .	..	..	..	27,752,217	27,752,217
1944 .. .. .	..	..	..	10,524,400	10,524,400
1945 .. .. .	3,985,000	..	3,985,000	26,385,333	30,370,333
1946 .. .. .	12,004,468	..	12,004,468	16,500	12,020,968
1947 .. .. .	5,684,213	2,054,865	7,739,078	1,287,928	9,027,006
1948 .. .. .	..	..	..	16,528,944	16,528,944
1949 .. .. .	38,683,686	..	38,683,686	22,853,546	61,537,232
1950 .. .. .	6,082,196	..	6,082,196	13,210,519	19,292,715
1951 .. .. .	20,579,928	..	20,579,928	16,382,967	36,962,895
1952 .. .. .	..	..	..	554,186	554,186
1953 .. .. .	..	..	..	491,718	491,718
1954 .. .. .	5,951,225	..	5,951,225	15,607,811	21,559,036
1955 .. .. .	3,250,204	..	3,250,204	778,078	4,028,282
1956 .. .. .	21,657,000	10,619,365	32,276,365	14,874,601	47,150,966
1957 .. .. .	..	4,657,660	4,657,660	346,685	5,004,345
1958 .. .. .	17,870,500	9,862,624	27,733,124	14,689,749	42,422,873
1959 .. .. .	21,319,550	..	21,319,550	548,227	21,867,777
1960 .. .. .	3,850,724	..	3,850,724	15,525,953	19,376,677
1961 .. .. .	34,181,317	..	34,181,317	..	34,181,317
1962 .. .. .	4,964,083	..	4,964,083	14,093,975	19,058,058
1963 .. .. .	10,392,396	..	10,392,396	106,804	10,499,200
1964 .. .. .	..	..	..	1,566,000	1,566,000
1966 .. .. .	16,761,165	..	16,761,165	..	16,761,165
1970 .. .. .	1,970,300	..	1,970,300	..	1,970,300
1971 .. .. .	9,322,446	..	9,322,446	..	9,322,446
1975 .. .. .	13,693,528	..	13,693,528	..	13,693,528
1976 .. .. .	65,283,759	..	65,283,759	50,064	65,333,823
Overdue .. .. .	8,650	..	8,650	110	8,760
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 .. .. .	..	..	..	4,745,535	4,745,535
Not fixed .. .. .	..	..	..	4,369,915	4,369,915
Total. .. .. .	389,223,822	29,038,036	418,261,858	429,701,893	847,963,75

(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 870.

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

on States' debts, and details are included in Part III, Section 3 of the Financial Agreement between the Commonwealth and States which is shown in Chapter I, pages 21 to 33, of this volume. Details of the transactions of the National Debt Sinking Fund (States' Account) are given in Finance Bulletin No. 26 issued by this Bureau.

#### D. COMMONWEALTH AND STATE FINANCE.

1. Revenue and Expenditure.—The following tables show the aggregate revenue and expenditure of the Commonwealth and States for each of the five years to 1934-35, 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.
	£	£	£
1931 .. .. .	67,882,839	98,472,363	166,355,202
1932 .. .. .	70,139,488	94,924,960	165,064,448
1933 .. .. .	72,143,014	99,032,330	171,175,344
1934 .. .. .	72,597,082	95,589,547	168,186,629
1935 .. .. .	75,956,680	98,897,142	174,853,822

(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.
	£	£	£
1931 .. .. .	68,585,546	124,055,452	192,640,998
1932 .. .. .	61,004,576	124,863,082	185,867,658
1933 .. .. .	(b) 59,181,494	116,402,102	175,583,596
1934 .. .. .	(b) 61,580,600	112,298,761	173,879,361
1935 .. .. .	(b) 65,260,563	114,080,695	179,341,258

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

2. Taxation.—The table hereunder shows the combined Commonwealth and State taxation for each of the years 1930-31 to 1934-35, 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.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.
	£	£	£	£	£
Commonwealth—					
Customs and Excise ..	28,295,073	28,405,796	32,992,443	34,254,842	37,869,486
Other .. .. .	222,125,033	225,553,246	223,153,593	222,153,886	220,885,038
Total .. .. .	50,420,106	53,959,042	56,146,036	56,408,728	58,754,524
State .. .. .	35,833,562	32,748,528	37,325,609	34,401,001	36,434,720
Grand Total ..	86,253,668	86,707,570	93,471,645	90,809,729	95,189,244
Taxation per head (b)—					
Commonwealth—	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Customs and Excise ..	4 7 1	4 6 8	4 19 11	5 2 11	5 13 0
Other .. .. .	23 8 1	23 18 0	23 10 1	23 6 7	23 2 4
Total .. .. .	7 15 2	8 4 8	8 10 0	8 9 6	8 15 4
State .. .. .	5 10 6	5 0 2	5 13 3	5 3 7	5 8 11
Grand Total ..	13 5 6	13 4 8	14 3 1	13 12 11	14 4 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; £9,369,276 (£1 8s. 5d. per head) in 1932-33; £8,695,689 (£1 6s. 2d. per head) in 1933-34; and £8,554,076 (£1 5s. 6d. per head) in 1934-35; also Flour Tax, £1,253,957 (3s. 9d. per head) in 1933-34; and £798,354 (2s. 5d. per head) in 1934-35. (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 1932 to 1936. 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—				
		1932.	1933.	1934.	1935.	1936.
		£ (a)	£ (a)	£ (a)	£ (a)	£ (a)
Commonwealth ..	Aust. ..	222,992,803	221,274,296	218,806,160	220,391,289	218,403,098
	London	158,775,930	158,642,224	157,533,140	157,233,140	156,285,327
	New York	17,115,997	16,889,983	16,711,476	16,526,641	16,351,176
	Total (b)	398,884,730	396,806,503	393,050,776	394,151,070	391,039,601
States ..	Aust. ..	363,227,126	386,113,942	410,478,856	429,701,893	447,258,509
	London	395,752,485	392,156,801	389,792,322	389,223,822	388,575,335
	New York	29,963,527	29,580,787	29,236,844	29,038,036	28,908,661
	Total (b)	788,943,138	807,851,620	829,508,022	847,963,751	864,742,505
Total, Commonwealth and States	Aust. ..	586,210,929	607,388,238	629,285,016	650,093,182	665,661,607
	London	554,528,415	550,799,115	547,325,462	546,456,962	544,860,662
	New York	47,079,524	46,470,770	45,948,320	45,564,677	45,259,837
	Grand Total(b)	1,187,827,868	1,204,658,123	1,222,558,798	1,242,114,821	1,255,782,106

(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 870.

(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, 1935, 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, 1935.—  
DATES OF MATURITY.

Year of Maturity.	Commonwealth and States' Debts.				Annual Interest Payable at 30th June, 1935, in respect of Commonwealth and States' Debts Maturing in the Years stated.			
	Maturing in Australia.	Maturing in London.	Maturing in New York.	Total.	Interest Payable.			
					In Australia.	In London.	In New York.	Total.
	£ (Aust.)	£ (Stg.)	£ (c)	£ (a)	£ (Aust.)	£ (Stg.)	£ (c)	£ (b)
1935-36 .. .. .	66,361,259	46,185,114	..	112,546,373	1,389,567	1,207,773	..	2,597,340
1936-37 .. .. .	10,646,503	2,965,638	..	13,612,141	409,427	100,810	..	510,237
1937-38 .. .. .	4,591,058	23,770,923	..	28,361,981	165,383	831,982	..	997,365
1938-39 .. .. .	88,518,503	2,517,800	..	91,036,303	3,464,377	88,124	..	3,552,501
1939-40 .. .. .	17,165,951	4,604,800	..	21,770,751	549,169	158,927	..	708,096
1940-41 .. .. .	5,663,116	..	..	5,663,116	195,049	..	..	195,049
1941-42 .. .. .	90,252,240	..	1,843,522	92,095,762	3,616,544	..	129,047	3,745,591
1942-43 .. .. .	32,006,907	..	..	32,006,907	1,219,632	..	..	1,219,632
1943-44 .. .. .	11,740,370	..	..	11,740,370	422,931	..	..	422,931
1944-45 .. .. .	51,313,081	3,985,000	..	55,298,081	1,907,466	139,475	..	2,106,941
1945-46 .. .. .	16,500	12,004,468	..	12,020,968	453	543,450	..	545,903
1946-47 .. .. .	1,287,928	5,684,213	2,054,865	9,027,006	48,701	177,615	123,292	349,698
1947-48 .. .. .	38,621,611	..	..	38,621,611	1,534,091	..	..	1,534,091
1948-49 .. .. .	28,268,196	38,683,686	..	66,951,882	883,876	1,454,885	..	2,338,761
1949-50 .. .. .	13,478,429	6,082,196	..	19,560,625	455,054	212,877	..	667,931
1950-51 .. .. .	30,291,078	20,570,928	..	50,871,006	1,204,595	764,297	..	1,968,892
1951-52 .. .. .	554,186	..	..	554,186	19,327	..	..	19,327
1952-53 .. .. .	491,718	..	..	491,718	17,149	..	..	17,149
1953-54 .. .. .	28,855,491	19,841,225	..	48,696,716	1,149,880	744,046	..	1,893,926
1954-55 .. .. .	778,078	3,250,204	..	4,028,282	30,140	113,757	..	143,897
1955-56 .. .. .	27,988,539	21,657,000	24,742,936	74,388,475	1,119,159	1,082,850	1,187,966	3,389,975
1956-57 .. .. .	346,685	..	4,657,660	5,004,345	13,867	..	232,883	246,750
1957-58 .. .. .	27,354,275	17,870,500	12,265,694	57,490,469	1,093,013	938,201	613,285	2,644,499
1958-59 .. .. .	548,227	21,319,550	..	21,867,777	19,188	746,184	..	765,372
1959-60 .. .. .	28,156,395	3,850,724	..	32,007,119	1,116,476	151,808	..	1,268,284
1960-61 .. .. .	..	57,536,134	..	57,536,134	..	2,400,375	..	2,400,375
1961-62 .. .. .	26,294,140	4,964,083	..	31,258,223	1,051,766	198,563	..	1,250,329
1962-63 .. .. .	106,804	10,392,396	..	10,499,200	3,311	415,696	..	419,007
1963-64 .. .. .	1,566,000	..	..	1,566,000	48,546	..	..	48,546
1964-65 .. .. .	..	..	..	..	..	..	..	..
1965-66 .. .. .	..	16,761,165	..	16,761,165	..	824,903	..	824,903
1966-67 .. .. .	..	..	..	..	..	..	..	..
1967-68 .. .. .	..	..	..	..	..	..	..	..
1968-69 .. .. .	..	..	..	..	..	..	..	..
1969-70 .. .. .	..	1,970,300	..	1,970,300	..	68,961	..	68,961
1970-71 .. .. .	..	9,322,446	..	9,322,446	..	372,898	..	372,898
1971-72 .. .. .	..	..	..	..	..	..	..	..
1972-73 .. .. .	..	..	..	..	..	..	..	..
1973-74 .. .. .	..	..	..	..	..	..	..	..
1974-75 .. .. .	..	14,050,306	..	14,050,306	..	456,635	..	456,635
1975-76 .. .. .	50,064	94,439,567	..	94,489,631	1,552	4,721,979	..	4,723,531
Overdue .. .. .	(d)66,883	8,650	..	(d) 75,533	976	..	..	976
Indeterminable .. .. .	462,089	1,200	..	463,289	15,217	60	..	15,277
Treasurers' Option .. .. .	6,601,467	2,433,526	..	9,034,993	190,343	73,006	..	263,349
Half-yearly Drawings .. .. .	4,981,572	..	..	4,981,572	165,869	..	..	165,869
Annual Repayments .. .. .	..	79,724,220	..	79,724,220	..	..	..	..
Transferred Properties .. .. .	111,125	..	..	111,125	3,889	..	..	3,889
Indefinite .. .. .	4,556,684	..	..	4,556,684	148,251	..	..	148,251
Total .. .. .	650,093,182	546,456,962	45,564,677	1,242,114,821	23,734,324	18,992,137	2,286,472	45,012,934

(a) The total "face" or "book" value of the Public Debt without adjustment on account of currency changes since the loans were floated.  
 (b) Nominal amount of interest payable taking no account of exchange.  
 (c) See note (c) on page 870.  
 (d) Includes £24,420 unconverted.

(iii) *Rates of Interest, 30th June, 1935.* 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, 1935.—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)
7.0 .. ..	..	..	1,843,522	1,843,522
6.0 .. ..	..	..	2,054,865	2,054,865
5.25 .. ..	..	17,870,500	..	17,870,500
5.0375 .. ..	3,321,115	..	..	3,321,115
5.0 .. ..	7,965	149,596,435	31,830,064	181,434,404
4.91667 .. ..	..	79,724,220	..	79,724,220
4.75 .. ..	..	11,999,000	..	11,999,000
4.65 .. ..	2,577,253	..	..	2,577,253
4.5 .. ..	..	13,585,765	9,836,226	23,421,991
4.45625 .. ..	1,215,600	..	..	1,215,600
4.2625 .. ..	5,774,423	..	..	5,774,423
4.25 .. ..	93,341	..	..	93,341
4.06875 .. ..	18,639,778	..	..	18,639,778
4.0 .. ..	387,499,154	56,648,268	..	444,057,422
3.875 .. ..	20,882,238	..	..	20,882,238
3.75 .. ..	38,351,455	39,006,481	..	77,357,936
3.625 .. ..	1,182,130	..	..	1,182,130
3.5 .. ..	13,335,681	82,618,342	..	95,954,023
3.4875 .. ..	8,418,898	..	..	8,418,898
3.375 .. ..	12,545,600	..	..	12,545,600
3.25 .. ..	19,982,412	36,434,305	..	56,416,717
3.125 .. ..	398,230	..	..	398,230
3.1 .. ..	8,333,694	..	..	8,333,694
3.02083 .. ..	2,482,000	..	..	2,482,000
3.0 .. ..	44,022,386	25,339,995	..	69,362,381
2.90625 .. ..	520,751	..	..	520,751
2.90417 .. ..	1,204	..	..	1,204
2.7125 .. ..	1,300,646	..	..	1,300,646
2.5 .. ..	..	31,134,001	..	31,134,001
2.325 .. ..	1,866,258	..	..	1,866,258
2.0 .. ..	..	2,491,000	..	2,491,000
1.75 .. ..	57,374,000	..	..	57,374,000
Overdue (a) .. ..	56,970	8,650	..	65,620
Total .. ..	650,093,182	546,456,962	45,564,677	1,242,114,821
Average Rate of Interest .. ..	£ s. d. 3 13 0	£ s. d. 4 1 5	£ s. d. 5 0 4	£ s. d. 3 17 5

(a) Excludes unconverted securities. (b) Total "face" or "book" value of the Public Debt without adjustment on account of currency changes since the loans were floated. (c) See note on page 870.

(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 1932 to 1936 :—

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

Particulars.	Where Payable.	At 30th June.				
		1932.	1933.	1934.	1935.	1936.
		£ (a)	£ (a)	£ (a)	£ (a)	£ (a)
Commonwealth ..	Australia* ..	8,809,205	8,597,257	8,462,330	8,437,021	8,366,944
	London (d) ..	3,958,376	3,805,859	3,426,780	3,108,395	3,059,004
	New York ..	834,133	823,249	814,646	805,973	797,954
	Total (b) ..	13,581,714	13,226,365	12,703,756	12,351,389	12,223,902
States ..	Australia ..	14,271,278	14,500,728	15,074,057	15,297,303	15,841,783
	London (c) ..	18,442,628	17,279,585	16,111,780	15,883,742	15,407,943
	New York ..	1,531,720	1,509,006	1,490,270	1,480,500	1,474,208
	Total (b) ..	34,245,626	33,289,319	32,676,107	32,661,545	32,723,934
Total Commonwealth and States	Australia ..	23,080,483	23,097,985	23,536,387	23,734,324	24,208,727
	London (d) ..	23,381,004	21,085,444	19,538,560	18,992,137	18,466,947
	New York ..	2,365,853	2,332,255	2,304,916	2,286,473	2,272,162
	Total (b) ..	47,827,340	46,515,684	45,379,863	45,012,934	44,947,836
Average Rate per cent.	Australia ..	£ s. d. 3 18 9	£ s. d. 3 16 1	£ s. d. 3 14 10	£ s. d. 3 13 0	£ s. d. 3 12 9
	London ..	4 14 4	4 7 8	4 3 7	4 1 5	3 2 7
	New York ..	5 0 6	5 0 5	5 0 4	5 0 4	5 0 5
	Total (b) ..	4 6 4	4 2 8	3 19 5	3 17 5	3 16 5

(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 870.

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

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

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



(v) *Short-term Debt. (a) Amount.* Particulars of the short-term debt (Treasury Bills and Debentures) of the Commonwealth and States in London and in Australia at intervals from 30th June, 1930, to 30th June, 1936, 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 ..	10,220	27,855	38,075	5,066	15,554	20,620
30th September, 1931 ..	10,220	27,855	38,075	6,525	24,700	31,225
31st December, 1931 ..	10,220	27,605	37,825	8,225	31,535	39,760
31st March, 1932 ..	10,220	27,355	37,575	(b) 9,224	34,201	43,425
30th June, 1932 ..	10,220	27,105	37,325	6,330	38,660	44,990
30th September, 1932 ..	10,220	24,155	34,375	3,940	47,285	51,225
31st December, 1932 ..	10,220	24,155	34,375	2,085	48,760	50,845
31st March, 1933 ..	10,220	24,155	34,375	2,815	49,030	51,845
30th June, 1933 ..	10,220	23,905	34,125	3,500	45,375	48,875
30th September, 1933 ..	10,220	23,905	34,125	..	50,700	50,700
31st December, 1933 ..	10,220	23,655	33,875	..	50,820	50,820
31st March, 1934 ..	10,220	23,405	33,625	..	51,250	51,250
30th June, 1934 ..	10,220	23,405	33,625	..	48,469	48,469
30th September, 1934 ..	10,220	23,405	33,625	..	51,033	51,033
31st December, 1934 ..	10,220	23,405	33,625	..	51,068	51,068
31st March, 1935 ..	10,220	23,405	33,625	..	48,888	48,888
30th June, 1935 ..	10,220	23,405	33,625	..	45,124	45,124
30th September, 1935 ..	10,220	23,155	33,375	..	47,800	47,800
31st December, 1935 ..	10,220	23,155	33,375	..	51,080	51,080
31st March, 1936 ..	10,220	23,155	33,375	..	48,750	48,750
30th June, 1936 ..	10,220	23,155	33,375	..	47,013	47,013

(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 1935-36 were as follows :—

Year.	Minimum Rate.		Maximum Rate.	
	%		%	
1929-30 .. .. .	5 $\frac{3}{8}$		6	2s. 8d.
1930-31 .. .. .	3		5	
1931-32 .. .. .	3		6 $\frac{1}{2}$	
1932-33 .. .. .	2		4 $\frac{1}{2}$	
1933-34 .. .. .	2		3	
1934-35 .. .. .	2		3	
1935-36 .. .. .	2		2 $\frac{1}{2}$	

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

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

(vi) *Debts of States and Municipal and Semi-Governmental Bodies.* For the reasons indicated in paragraph 2, Division II. § 4 (page 902) direct comparisons of the debts of the several States should be made with caution. The table following shows for 1933-34 particulars of the debts of the States and the debts due to the Public Creditor by Municipal and Semi-Governmental bodies in each State, together with totals for 1932-33. This affords a more reliable comparison, but as complete records are not available for a long period, particulars showing comparisons of the growth of the debt cannot be made.

**PUBLIC DEBT—STATES, MUNICIPAL AND SEMI-GOVERNMENTAL BODIES,  
1932-33 and 1933-34.**

State.	Debts of the States. (a)	Due to Public Creditor.(b)		Grand Total.	
		Municipal.	Semi-Governmental Bodies.		
	£'000.	£'000.	£'000.	£ 000.	
New South Wales .. .. .	324,607	34,061	11,514	370,182	
Victoria .. .. .	172,972	11,976	37,268	222,216	
Queensland .. .. .	117,817	15,183	928	133,928	
South Australia .. .. .	104,614	769	1,399	106,782	
Western Australia .. .. .	85,848	3,164	92	89,104	
Tasmania .. .. .	23,650	2,735	74	26,459	
Total, All States {	1933-34 ..	829,508	67,888	51,275	948,671
	1932-33 ..	807,852	68,662	47,056	923,570

**DEBT PER HEAD OF POPULATION.**

	£	£	£	£	
New South Wales .. .. .	123.8	13.0	4.4	141.2	
Victoria .. .. .	94.5	6.5	20.4	121.4	
Queensland .. .. .	123.0	15.8	1.0	139.8	
South Australia .. .. .	179.4	1.3	2.4	183.1	
Western Australia .. .. .	194.2	7.2	0.2	201.6	
Tasmania .. .. .	103.7	12.0	0.3	116.0	
Total, All States {	1933-34 ..	124.5	10.2	7.7	142.4
	1932-33 ..	122.1	10.4	7.1	139.6

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

(b) Excluding debts

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 1929, the Australian Loan Council functioned on a purely voluntary basis. The Act referred to embodies the agreement between the Commonwealth and State Governments, and invests the Loan Council with full constitutional authority. Details of the constitution of the Loan Council are included in Part I., section 3 of the Financial Agreement and may be found in Chapter I., pp. 23-25 of this volume.

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