

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 890 of this issue a *résumé* is given of the constitutional obligations upon the Commonwealth regarding payments to the States.

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

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

(ii) *Receipts, Expenditure, &c.* The following statement shows for the period 1921-22 to 1936-37 the Receipts, Expenditure, Excess Receipts or Deficiency for the year together with the accumulated result and the payments made from the excess receipts. The receipts and expenditure on account of the Balance of Interest on States' Debts payable by the States to the Commonwealth under the Financial Agreement have been excluded.

COMMONWEALTH CONSOLIDATED REVENUE—RECEIPTS, EXPENDITURE, ETC.

Year.	Receipts.	Expenditure.	Ordinary Transactions.		Accumulated Result.		Payments from Excess Receipts.
			Excess Receipts.	Deficiency.	Excess Receipts.	Deficiency.	
	£	£	£	£	£	£	£
1921-22 ..	63,685,796	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	..	2,501,533	..	a7,415,755
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	..	b2,450,000
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	..	f2,628,743	d2,820,000
1928-29 ..	74,894,799	77,253,774	..	2,358,975	..	14,087,718	..
1929-30 ..	77,143,389	78,614,392	..	1,471,003	..	f6,458,721	..
1930-31 ..	69,566,920	80,324,539	..	10,757,619	..	f17,216,340	..
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	..	e6,160,000
1935-36 ..	82,203,341	78,635,621	3,567,720	..	3,567,720	17,002,866	e713,474
1936-37 ..	82,807,977	81,531,419	1,276,558	..	1,276,558	15,935,146	e3,567,720

(a) £4,915,755 was used for debt redemption, and £2,500,000 transferred to Trust Funds. (b) Naval construction, £1,500,000; Main Roads, £750,000; Science and Industry investigations, £100,000; and prospecting for oil and precious metals, £100,000. (c) Prospecting for oil and precious metals. (d) Naval construction and Defence reserve, £2,250,000; Science and Industry investigation, £250,000; Civil Aviation, £200,000; Purchase of radium, £100,000; and Geophysical Survey of Australia, £20,000. (e) See table following. (f) Met by temporary advance from loan fund.

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

COMMONWEALTH CONSOLIDATED REVENUE—EXCESS RECEIPTS.

Particulars.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
	£	£	£	£	£
Accumulated balance	1,314,091	4,860,699	6,162,269	713,474	3,567,720
Excess receipts	3,546,608	1,301,570	711,205	3,567,720	1,276,558
Total for year	4,860,699	6,162,269	6,873,474	4,281,194	4,844,278
Expenditure from excess receipts—					
Grants to States .. ..	..	..	2,000,000	500,000	500,000
Defence equipment .. ..	..	..	4,160,000	..	2,000,000
Reduction of deficit .. ..	..	..	..	213,474	1,067,720
Total .. ..	..	..	6,160,000	713,474	3,567,720
Accumulated balance	4,860,699	6,162,269	713,474	3,567,720	1,276,558

It is proposed to allocate £1,000,000 of the accumulated surplus at 30th June, 1937 for Post Office new works and £276,558 for the reduction of the deficit.

§ 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 1932-33 to 1936-37 :—

COMMONWEALTH CONSOLIDATED REVENUE—SOURCES.

Source.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
	£	£	£	£	£
Taxation (a)	56,146,036	56,408,728	58,754,524	63,617,306	62,846,257
Percentage of Total	76.4	76.3	75.9	77.4	75.9
Per head of population (d)	£8 10 0	£8 9 6	£8 15 4	£9 8 6	£9 4 0
Business Undertakings (a)	12,894,580	13,460,911	14,279,362	15,222,652	16,222,910
Percentage of Total	17.5	18.2	18.5	18.5	19.6
Per head of population (d)	£1 19 1	£2 0 6	£2 2 7	£2 5 1	£2 7 8
Territories (b)	202,936	235,091	250,087	313,770	300,253
Percentage of Total	0.3	0.3	0.3	0.4	0.4
Per head of population (d)	£0 0 7	£0 0 8	£0 0 9	£0 0 11	£0 0 11
Other Revenue—					
Interest, etc. (c)—					
Loans to States for Soldier Settlement	1,083,865	1,083,865	1,116,827	(e)	(e)
Other	1,384,639	1,327,195	1,430,571	1,338,510	1,074,423
Coloage	49,568	139,263	133,703	167,719	295,167
Defence	47,753	41,213	43,760	42,105	46,149
Quarantine	17,312	17,068	18,905	18,090	67,134
Patents, Trade Marks, etc.	45,018	51,444	55,209	58,783	62,163
Marine	205,133	193,532	212,526	218,915	216,406
Pension Contributions	48,673	31,733	23,887	31,261	
Net Profit on Australian Note Issue	1,108,519	728,998	797,344	855,720	848,585
Bankruptcy	31,787	32,475	31,324	29,517	30,569
Export charges	Dr. 1,874	2,072	Dr. 1,805	2,615	Dr. 2,514
Miscellaneous	248,864	188,305	222,872	286,378	750,505
Total	4,269,257	3,837,223	4,085,132	3,049,613	3,438,557
Percentage of Total	5.8	5.2	5.3	3.7	4.1
Per head of population (d)	£0 13 0	£0 11 7	£0 12 2	£0 9 0	£0 10 1
Grand Total (e)	73,512,809	73,941,953	77,369,105	82,203,341	82,807,977
Per head of population (d)	£11 2 8	£11 2 3	£11 10 10	£12 3 6	£12 3 5
Balance of Interest on States' Debts—recoverable from States	25,743,350	25,480,072	24,390,832	24,786,646	25,081,605

(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. (f) Excludes interest (recovered from States) on loans for Grafton—South Brisbane Railway and for Development and Migration now credited to "Balance of Interest on States' debts".

2. Taxation.—(i) Total Collections. (a) Amount. Collections under each heading for the years 1932-33 to 1936-37 are given below :—

TAXATION—TOTAL COLLECTIONS.

Heading.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
	£	£	£	£	£
Customs	21,313,793	22,326,823	25,289,719	28,068,870	28,782,784
Excise	11,678,650	11,928,019	12,579,767	13,368,847	14,210,248
Sales Tax	9,369,276	8,695,689	8,554,076	9,432,483	8,008,427
Flour Tax		1,253,957	798,354	1,150,724	Dr. 12,103
Land Tax	1,650,311	1,325,393	1,281,424	1,326,991	1,138,465
Income Tax	10,878,718	9,314,768	8,761,619	8,775,562	8,556,014
Estate Duties	1,126,996	1,511,296	1,507,827	1,472,866	1,792,600
Entertainments Tax	134,042	51,216	Dr. 509	13	107
War Time Profits Tax	Dr. 5,750	1,567	Dr. 17,663	20,956	
Wool levy (a)					72,805
Total Taxation	56,146,036	56,408,728	58,754,524	63,617,306	62,846,257
Percentage on Total Revenue	76.4	76.3	75.9	77.4	75.9

(a) For publicity and research.

(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.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
	%	%	%	%	%
Customs	38.0	39.6	43.0	44.1	45.8
Excise	20.8	21.1	21.4	21.0	22.6
Sales Tax	16.7	15.4	14.6	14.8	12.7
Flour Tax .. .. .	..	2.2	1.4	1.8	..
Laud Tax	2.9	2.4	2.2	2.1	2.3
Income Tax	19.4	16.5	14.9	13.8	13.6
Estate Duties	2.0	2.7	2.5	2.4	2.9
Entertainments Tax	0.2	0.1	..	..	..
War Time Profits Tax .. .. .	..	..	..	..	..
Wool levy .. .. .	..	..	..	..	0.1
Total	100.0	100.0	100.0	100.0	100.00

(ii) *Customs Revenue.* (a) *Classified.* Particulars for the five years 1932-33 to 1936-37 are furnished in the following table :—

COMMONWEALTH CUSTOMS REVENUE—CLASSIFICATION.

Classes.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
	£	£	£	£	£
Stimulants	1,027,012	1,051,843	1,089,416	1,140,687	1,157,707
Narcotics	2,529,473	2,661,013	2,807,749	2,940,367	3,041,660
Sugar	844	605	827	1,618	4,204
Agricultural products	1,363,600	1,123,576	1,222,775	1,218,026	1,286,331
Apparel and textiles ..	2,163,750	2,160,207	2,511,474	2,635,663	2,752,891
Metals and machinery	1,122,346	1,376,097	1,904,486	2,235,917	2,195,393
Oils, paints, etc. ..	5,392,554	6,110,306	6,769,588	7,681,244	8,401,394
Earthenware, etc. ..	275,660	305,452	390,629	441,431	460,849
Drugs and chemicals ..	287,736	262,752	265,114	284,718	265,068
Wood, wicker and cane	401,149	515,400	491,283	529,402	726,350
Jewellery, etc. ..	312,914	364,200	406,918	415,606	451,511
Leather, etc. ..	349,918	367,657	360,696	361,469	412,714
Paper and stationery	424,732	419,931	425,960	459,206	447,048
Vehicles	337,858	657,099	1,335,657	1,793,188	2,186,245
Musical instruments ..	6,451	9,437	16,210	22,186	30,041
Miscellaneous articles	640,737	694,092	850,380	1,029,470	920,854
Primage	4,512,090	4,080,456	4,259,210	4,678,358	3,833,105
Other receipts	164,969	166,700	181,347	200,314	209,359
Total Customs ..	21,313,793	22,326,823	25,289,719	28,068,870	28,782,784

(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.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
	£	£	£	£	£
New South Wales (a)	9,282,263	9,917,405	11,141,391	12,141,828	12,807,629
Victoria ..	7,351,501	7,502,201	8,430,426	9,453,887	9,338,212
Queensland ..	1,890,206	1,982,716	2,504,179	2,682,260	2,652,736
South Australia (b) ..	1,363,710	1,423,627	1,576,979	1,861,204	1,906,269
Western Australia ..	1,177,655	1,251,919	1,350,046	1,585,967	1,704,018
Tasmania ..	248,458	248,955	286,698	343,724	373,920
Total ..	21,313,793	22,326,823	25,289,719	28,068,870	28,782,784

(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, 1933 to 1937, are given hereunder:—

COMMONWEALTH EXCISE REVENUE—CLASSIFICATION.

Particulars.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
	£	£	£	£	£
Beer ..	4,867,844	4,770,439	5,093,858	5,621,051	6,109,526
Spirits ..	1,298,325	1,352,092	1,412,761	1,476,774	1,490,178
Concentrated Grape Must ..	2,229	2,683	1,545	1,926	2,140
Petrol ..	461,313	517,617	625,901	630,068	706,884
Matches ..	72,735	77,160	77,391	81,039	77,438
Tobacco ..	4,751,575	4,822,658	4,962,424	5,087,211	5,283,641
Cigarette Tubes and Papers ..	201,186	362,621	384,173	424,853	450,516
Licences ..	11,895	11,950	11,120	12,311	11,677
Playing Cards ..	11,548	10,799	10,594	10,614	12,231
Wireless Valves ..	..	..	..	23,000	66,017
Total Excise ..	11,678,650	11,928,019	12,579,767	13,368,847	14,210,248

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

COMMONWEALTH EXCISE REVENUE—COLLECTIONS, EACH STATE.

State.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
	£	£	£	£	£
New South Wales ..	5,156,998	5,558,783	5,863,305	6,063,761	6,724,164
Victoria ..	3,463,238	3,561,681	3,769,155	4,100,054	4,265,286
Queensland ..	1,266,235	1,139,280	1,200,478	1,212,596	1,250,125
South Australia (a) ..	829,438	746,788	760,531	932,145	856,021
Western Australia ..	856,393	810,212	862,501	914,603	957,684
Tasmania ..	106,348	111,275	123,797	145,688	156,968
Total ..	11,678,650	11,928,019	12,579,767	13,368,847	14,210,248

(a) Includes Northern Territory.

(iv) *Other Taxation.* (a) *Collections paid to Revenue.* The Commonwealth Government imposes other taxes as follows:—Land Tax, Estate Duty, Income Tax, War Time Profits Tax, Sales Tax, and Wool Tax for publicity and research. Entertainments and Flour Taxes have now been abolished. 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 on the following pages showing further particulars of the several taxes.

OTHER TAXATION COLLECTIONS, AUSTRALIA.

Year.	Land Tax.	Estate Duty.	Income Tax.	War-time Profits Tax.	Entertainments Tax.	Sales Tax.	Flour Tax.
	£	£	£	£	£	£	£
1927-28 ..	3,027,206	1,752,118	10,165,175	Dr. 112,236	358,865	..	..
1928-29 ..	2,988,885	2,080,149	9,841,496	Dr. 24,309	358,697	..	..
1929-30 ..	2,840,078	2,122,478	11,120,029	..	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 ..	1,323,393	1,511,296	9,314,768	..	51,216	8,695,689	1,253,957
1934-35 ..	1,281,424	1,507,827	8,761,619	Dr. 17,663	Dr. 599	8,554,076	798,354
1935-36 ..	1,326,991	1,472,860	8,775,562	..	13	9,432,483	1,150,724
1936-37(a)	1,435,465	1,792,600	8,556,014	..	107	8,003,427	Dr. 12,193

(a) In addition wool levy collections for publicity and research totalled £72,805.

“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 tax in respect of Central Office or New South Wales assessments, and, therefore, may not be a proper measure of income tax paid on account of income derived from Queensland.

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

(b) *Land Tax.* Commonwealth Land Tax was first imposed 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. A reduction of 10 per cent. was granted in 1927-28, but no further alteration in the rates took place until 1932-33, when a reduction of 33½ per cent. was granted, followed by a further alteration in 1933-34 fixing the rates at 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 1932-33 to 1936-37 were as follows. The particulars shown differ slightly from those quoted in (a) above.

LAND TAX RECEIPTS.

State, etc.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
	£	£	£	£	£
Central Office	564,149	440,522	399,839	471,168	482,126
New South Wales	530,293	450,434	471,857	460,030	530,724
Victoria	366,229	286,756	274,671	266,033	277,718
Queensland	34,036	19,179	29,898	24,827	27,159
South Australia	67,432	52,410	51,758	55,104	54,878
Western Australia	61,569	41,913	46,337	42,881	51,833
Tasmania	15,238	11,044	11,296	12,036	11,539
Total	1,639,546	1,308,858	1,285,656	1,332,079	1,435,977

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

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

ESTATE DUTY RECEIPTS.

State, etc.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
	£	£	£	£	£
Central Office	466,972	697,474	644,177	721,724	989,688
New South Wales	273,467	379,524	375,777	314,912	324,365
Victoria	215,223	249,808	301,351	237,474	308,719
Queensland	56,507	57,104	61,857	74,117	76,784
South Australia	63,459	66,734	81,740	71,497	66,447
Western Australia	28,180	17,832	29,516	41,307	21,110
Tasmania	15,252	40,117	14,635	8,426	10,253
Northern Territory .. ..	..	..	..	73	..
Total	1,119,060	1,508,593	1,509,053	1,469,530	1,797,366

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.		1931-32.	1932-33.	1933-34.	1934-35.	1935-36.
Number of Estates	No.	7,536	7,374	8,072	8,157	8,887
Gross Value(a)	£,000	49,967	45,695	52,434	52,905	56,009
Dutiable Value	£,000	40,519	36,989	42,423	42,594	45,121
Duty Payable	£	1,488,956	1,283,848	1,477,170	1,454,450	1,467,355
Average dutiable value	£	5,376	5,016	5,256	5,222	5,077
Average duty per estate	£	197	174	183	178	165

(a) Assessed values.

(d) *Income Tax.* The first Commonwealth Income Tax was levied during the year 1915-16. The Income Tax Assessment Act 1936 consolidated and amended the laws relating to the imposition, assessment and collection of income tax. Full details of this Act and a commentary on the Income Tax law are contained in an explanatory handbook* which also gives particulars relating to the pre-existing law. The following statement gives an index of the rate of normal tax on personal exertion and property incomes up to and including the year 1936-37. 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	1935-36	.. ..	1,313 (a) (f)
1925-26	.. ..	1,200	1936-37	.. ..	1,181 (a) (g)
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. (g) Further tax on property abolished.

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

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

income assessments was reduced by 15 per cent. Ordinary rates on incomes from property remained unaltered, but the further tax was reduced to 1s. 2.4d. in the £1. The rate of tax applicable to companies was reduced from 1s. 4d. in £1 to 1s. in £1.

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

The special tax on property income was reduced from 1s. 2.4d. in £1 to 1s. in £1, but otherwise the rates were not altered for the 1935-36 assessment. A reduction of 10 per cent. was granted for the 1936-37 assessment on incomes derived from personal exertion and property, and the special tax on property incomes was abolished. The rate of tax applicable to companies remained the same, namely, 1s. in £1.

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

INCOME TAX RECEIPTS.

State, etc.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
	£	£	£	£	£
Central Office	2,977,481	3,237,722	3,011,356	2,883,792	2,929,292
New South Wales	4,052,877	2,780,215	2,474,276	2,615,474	2,489,503
Victoria	2,299,232	1,946,022	1,910,619	1,823,450	1,773,341
Queensland	717,827	549,157	536,431	577,306	506,076
South Australia	342,303	352,193	364,505	398,578	370,738
Western Australia	341,979	300,743	321,174	349,374	340,268
Tasmania	132,337	107,768	118,692	107,393	104,850
Northern Territory	2,671	1,002	1,932	2,434	2,232
Total	10,866,707	9,274,822	8,738,985	8,757,801	8,516,300

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.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
	s. d.	s. d.	s. d.	s. d.	s. d.
New South Wales	31 5	21 5	18 11	19 9	18 9
Victoria	25 5	21 5	20 11	19 10	19 3
Queensland	15 4	11 7	11 2	10 11	10 5
South Australia	11 10	12 1	12 6	13 8	12 8
Western Australia	15 0	13 8	14 6	15 8	15 2
Tasmania	11 8	9 6	10 5	9 5	9 1
Six States	24 0	18 3	17 2	17 6	16 7

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

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

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

The amount of Entertainments Tax received in each State for the last five years, 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	..
Total	185,894	133,629	132,640	50,652	Dr. 599

(a) Includes Federal Capital Territory.

(b) Includes Northern Territory.

(c) Portion of year only, see letterpress above.

The total collections representing arrears of tax from previous years amounted to £13 in 1935-36 and to £107 in 1936-37.

(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, 1937, are as follows :—

1932-33, £1,665; 1933-34, £1,568; 1934-35, Dr. £17,663; 1935-36, £20,956; and 1936-37, Nil. These collections are in respect of arrears as the Act is now inoperative.

(g) *Sales Tax*. The Sales Tax was imposed in August, 1930, as part of the Budget proposals for the year 1930-31. The rate of tax, which was fixed at 2 $\frac{1}{2}$ per cent., was expected to yield £6.5 millions (£5 millions for the ten remaining months of the financial year) on an estimated taxable field of sales amounting to £260 millions for the year. The actual field for ten months proved to be £138 millions—equivalent to £157 millions for a full year—and realized net collections of £3,471,837. This lower total of taxable sales largely resulted from the volume of sales of exempted goods. The operation of the tax is controlled chiefly by a system of registration of taxpayers, and all manufacturers and wholesale merchants who are the taxpayers under the Act in respect of goods sold in Australia must be registered with the Department. The tax on imports subject to sales tax is collected by the Customs Department at ports of entry.

The Sales Tax legislation was amended on 5th October, 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. Additional exemptions applicable to goods manufactured in Australia

became effective for the period 11th November, 1932, to 30th June, 1933, with the provision that they may be continued by regulation for a period terminating not later than 30th September, 1933; these temporary exemptions were subsequently made permanent.

Further schedules of exemptions were applicable from 26th October, 1933, 1st August, 1934, 25th October and 7th December, 1935, and 11th September, 1936.

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

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

Particulars of the net amount of Sales Tax payable, and the sales of taxable, non-taxable and exempt goods in each State for the year 1936-37 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, 1936-37.(a)

State or Territory.	Gross Taxable Sales.	Non-Taxable Sales.	Sales of Exempt Goods by Registered Persons.	Net Amount of Sales on which Sales Tax was payable.	Tax Collected.		
					Taxation Department.	Customs Department.	Total.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
New South Wales ..	75,947	70,678	98,083	60,803	3,017	294	3,311
Victoria ..	65,642	64,738	75,526	60,564	2,629	208	2,837
Queensland ..	21,073	9,973	33,502	19,854	833	60	893
South Australia ..	13,349	11,020	21,060	12,211	528	38	566
Western Australia ..	8,793	4,186	16,759	9,512	412	33	445
Tasmania ..	2,621	1,449	6,245	2,492	103	11	114
Northern Territory	8	2	40	7	..	..	..
Total ..	187,433	162,046	251,820	174,443	7,522	644	8,166

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

Similar details for each year since the inception of the tax in 1930-31 are given in the following table:—

SALES TAX AND AMOUNT OF SALES, 1930-31 TO 1936-37.

Year.	Gross Taxable Sales.	Non-Taxable Sales.	Sales of Exempt Goods by Registered Persons.	Net Amount of Sales on which Sales Tax was payable.	Tax Collected.		
					Taxation Department.	Customs Department.	Total.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
1930-31 ..	145,805	102,663	170,434	138,756	3,179	293	3,472
1931-32 ..	156,608	119,971	189,634	147,730	7,931	501	8,432
1932-33 ..	158,469	135,843	195,285	147,217	8,797	594	9,391
1933-34 ..	162,852	135,877	191,370	150,614	8,166	540	8,706
1934-35 ..	170,256	140,735	202,320	156,791	7,967	614	8,581
1935-36 ..	188,228	156,692	219,756	174,312	8,779	703	9,482
1936-37 ..	187,433	162,046	251,820	174,443	7,522	644	8,166
Total ..	1,169,651	953,827	1,420,619	1,089,863	52,341	3,889	56,230

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 originally operated from 4th December, 1933, and terminated on 31st May, 1934, was expected to yield £1,600,000. The Flour Tax, with a reduction in the rate to £2 12s. 6d. per short ton, was reimposed from 7th January, 1935, and was terminated by proclamation on 24th February, 1936. Net collections after allowing for refunds made and outstanding were as follows:—

FLOUR TAX.

State.	1933-34.	1934-35.	1935-36.	1936-37.
	£	£	£	£
New South Wales	532,538	311,991	450,785	Dr. 8,744
Victoria	362,633	226,163	320,770	Dr. 465
Queensland	165,898	80,999	153,994	Dr. 1,074
South Australia	99,916	66,990	98,580	Dr. 283
Western Australia	86,992	50,059	80,873	Dr. 1,623
Tasmania	37,503	25,504	40,468	Dr. 4
Total	1,285,480	761,706	1,145,470	Dr. 12,193

(i) *Wool Tax.* The Wool Tax Acts assented to in May, 1936, provide for a levy on all wool grown in Australia and shorn on or after 1st July, 1936. The tax is collected through wool-brokers and dealers who furnish quarterly returns on which the tax is assessed. Tax is payable prior to export on wool not previously taxed in the hands of a broker or dealer. The rates applicable to the 1936-37 wool clip were:—6d. per bale; 3d. per fadge or butt; and 1d. per bag.

The collections in 1936-37 were:—

State.	1936-37.
	£
New South Wales	32,616
Victoria	15,778
Queensland	11,970
South Australia	6,462
Western Australia	4,768
Tasmania	1,211
Total	72,805

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

they relate to similar subject matters of taxation, e.g., income tax, land tax and death duties, and to make recommendations regarding uniformity in legislation and procedure. Four reports covering the field of inquiries were presented and as the result of subsequent conferences between the authorities concerned a substantial degree of legislative uniformity has been attained. It is intended to hold regular conferences in the future to ensure the maintenance of uniformity.

3. *Business Undertakings.*—(i) *Postal Revenue.* Particulars concerning this branch of revenue for each of the financial years from 1932-33 to 1936-37 are contained in the following table :—

COMMONWEALTH POSTAL REVENUE.

Particulars.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
	£	£	£	£	£
Private boxes and bags ..	63,307	64,850	66,298	68,488	70,589
Commission—					
Money orders and postal notes	216,837	233,889	248,211	265,999	268,860
Telegraphs	1,091,823	1,136,928	1,260,388	1,289,772	1,370,518
Telephones	5,445,838	5,647,972	6,027,517	6,521,747	7,061,245
Postage	5,116,052	5,349,776	5,640,159	5,933,884	6,170,144
Radio receipts	210,134	336,857	338,593	365,877	429,047
Miscellaneous	449,601	358,899	363,764	393,277	416,214
Total	12,593,592	13,129,171	13,944,930	14,839,044	15,786,617

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

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

(ii) *Railway Revenue.* The Commonwealth Government is responsible for four lines—the Trans-Australian, the Central Australian, the North Australian and the 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.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
	£	£	£	£	£
Trans-Australian	187,043	205,052	215,012	248,939	270,161
Central Australian	86,938	94,444	80,985	98,634	122,698
North Australian	22,149	27,714	38,352	30,656	36,440
Federal Capital Territory	4,858	4,530	83	5,379	6,994
Total	300,988	331,740	334,432	383,608	436,293

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

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

4. **Other Sources of Revenue.**—The most important investments of the Commonwealth Government from which interest is derived are—Loans to States, General Trust Funds, Loans placed in London, Fixed Deposits with the Commonwealth and other Banks, and certain advances. In 1936-37 the total included interest received from British Government on Development and Migration Loans and advances for miscellaneous purposes, payable by States; Interest on General Trust Fund Investments; Interest, Nauru Island Agreement; repayments of principal and interest in respect of War Service Homes advances; and repayment of advances to the States for the benefit of Settlers. As previously mentioned, the "Balance of Interest on States' Debts" payable by States under the Financial Agreement has not been included in the "Grand Total" in the detailed statement.

Division III.—Expenditure.

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

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

Of these three, only the first two were actual expenditure, the last being merely a transfer, the actual expenditure being incurred by the States. In accordance with the provisions of the Constitution, the expenditure on transferred services was, under the "book-keeping" system, debited to the several States in respect of which such expenditure was incurred, while the expenditure on new services was distributed *per capita*. Surplus Commonwealth revenue was paid to the States monthly. Until the end of the year 1903-4, new works, etc., for transferred departments were treated as transferred expenditure, and were charged to the States on whose behalf the expenditure had been incurred. In subsequent years all such expenditure was regarded as expenditure on new services, and distributed amongst the States *per capita*. Under the arrangement which superseded the "book-keeping" system, a specific subsidy of 25s. per head of population was made annually by the Commonwealth to the States, and there was no further debiting of expenditure to the several States. The States Grants Act 1927 provided for the abolition of the *per capita* payments as from 30th June, 1927. From 1st July, 1928, the temporary provisions of the agreement between the Commonwealth and the several States under the Financial Agreement Act 1928 were operative, and on 1st July, 1929, the Commonwealth Government took over the debts of the States under this agreement which was 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 subsequent Financial Relief Acts restored the reductions of salaries and pensions 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 during the last five years. The "Balance of Interest on States' Debts" (recoverable from the States) is placed at the foot of the table, but is not included in the "Grand Total" therein. Details for each Department, as constituted at 30th June, 1937, are stated hereafter.

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

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

COMMONWEALTH EXPENDITURE FROM CONSOLIDATED REVENUE.

Departments, &c.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
Departments—	£	£	£	£	£
Governor-General	25,401	27,225	28,026	28,246	34,245
Parliament	345,532	357,204	487,985	390,120	505,287
Prime Minister	1,430,371	1,540,788	1,570,765	1,314,105	1,270,516
External Affairs	(<i>g</i>)	(<i>g</i>)	(<i>g</i>)	70,339	63,104
Treasury (<i>a</i>)	2,256,959	2,414,742	(<i>f</i>)2,615,881	(<i>f</i>)2,277,641	(<i>f</i>)1,958,085
Attorney-General	197,070	207,279	223,258	239,702	252,158
Interior	970,862	987,333	1,014,178	1,267,482	(<i>h</i>) 972,733
Defence—					
Military	1,456,441	1,683,514	1,909,295	2,007,550	2,460,338
Naval	1,586,185	1,691,110	1,954,853	2,254,796	2,580,704
Air	475,132	489,872	599,295	653,442	1,224,234
Trade and Customs	911,946	797,421	881,964	878,762	891,292
Health	175,426	184,336	190,681	268,921	241,443
Commerce	763,058	888,133	958,293	972,246	1,114,936
Total, Departments	10,594,383	11,268,957	12,434,474	12,623,355	13,569,075
Business Undertakings—					
Postmaster-General	11,703,098	11,422,679	12,015,696	12,523,872	13,203,176
Railways	1,016,748	1,066,006	1,160,822	1,016,968	1,076,077
Total, Business Undertakings	12,719,846	12,488,685	13,176,518	13,540,840	14,279,253
Territories—					
Federal Capital Territory	585,005	534,017	539,798	566,289	585,869
Northern Territory	145,013	154,683	165,369	190,832	262,113
Papua	52,136	67,369	69,160	68,509	55,821
New Guinea	2,740	2,989	3,578	3,308	13,131
Norfolk Island	3,500	3,000	3,000	7,200	4,409
Total, Territories	788,394	762,058	780,905	836,138	921,643
Additions, New Works, Buildings, etc.	874,390	1,443,693	1,052,133	3,237,317	4,319,562
War and Repatriation (<i>b</i>)	19,121,967	19,154,363	19,017,861	18,241,399	18,723,953
Invalid and Old-age Pensions	10,771,061	10,963,090	11,762,030	12,797,726	13,998,793
Maternity Allowances	320,986	302,928	329,321	335,552	370,150
Payments to or for States—					
Interest on States' Debts	7,584,912	7,584,912	7,584,912	7,584,912	7,584,912
Sinking Fund on States' Debts	1,188,522	1,289,819	1,330,910	1,359,880	1,416,548
Special Grants	1,830,000	2,130,000	2,400,000	2,750,000	2,430,000
Federal Aid Roads	1,922,048	2,207,683	2,465,980	2,778,800	3,039,530
Other Grants .. ..	.. ..	.. ..	.. ..	100,000	551,000
Total to or for States (<i>c</i>)	12,525,482	13,212,414	13,781,802	14,573,691	15,021,990
Relief to Primary Producers	2,249,692	3,044,195	4,322,856	2,449,597	327,000
Grand Total	69,966,201	72,640,383	76,657,900	78,635,621	81,531,419
Per head of Population	£ s. d. 10 11 11	£ s. d. 10 18 4	£ s. d. 11 8 9	£ s. d. 11 12 11	£ s. d. 11 19 8
Excess Receipts (<i>d</i>)	3,546,608	1,301,570	711,205	3,567,720	1,276,558
Balance of Interest on States' Debts—payable by States	25,743,350	25,180,072	24,390,832	24,786,646	25,081,605

(*a*) Excludes Invalid and Old-age Pensions and Maternity Allowances. (*b*) For details see § 5 (c) Excludes balance of interest payable on States' Debts (re-convertible from States). (*d*) Appropriated for payment of Invalid and Old-age Pensions in following year. (*e*) Omitting payments from accumulated excess receipts of prior years (see page 869). (*f*) Includes expenditure under Works and Services Act. (*g*) Included with Prime Minister's Department. (*h*) Excludes interest (payable by States) on loans for Development and Migration (Prime Minister's Department) and for Grafton-South Brisbane Railway (Department of the Interior) now included under "Balance of Interest on States' Debts". See note (*f*) to table on page 870.

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

(ii) *Cost of Departments.*—(a) *Governor-General.* Section 30 of the Constitution enacts that, until the Commonwealth Parliament otherwise provides, there shall be payable out of the Consolidated Revenue Fund for the salary of the Governor-General an annual sum of ten thousand pounds, and a proviso is made that the salary of the Governor-General shall not be altered during his continuance in office. The expenditure in connexion with the Governor-General and establishment for the five years 1932-33 to 1936-37 was as follows:—

EXPENDITURE.—GOVERNOR-GENERAL AND ESTABLISHMENT.

Details.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
	£	£	£	£	£
Salary	(b)8,900	(b)8,900	9,775	9,882	10,000
Governor-General's Establishment ..	9,962	11,878	11,825	10,773	13,641
Contingencies (a)	2,101	1,984	2,135	3,266	5,913
Interest and Sinking Fund	4,438	4,463	4,291	4,319	4,691
Total	25,401	27,225	28,026	28,240	34,245

(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.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
	£	£	£	£	£
Salaries of Ministers	10,997	11,730	12,240	13,260	15,130
Allowances to Senators	27,115	28,363	28,962	29,549	32,617
Allowances to Members of House of Representatives	56,863	59,164	59,401	61,685	67,283
Officers, staff, contingencies, etc.	56,173	54,261	55,674	59,101	61,591
Rent, repairs, maintenance, etc.	7,443	8,395	12,002	10,962	12,601
Printing	22,404	15,227	21,527	23,075	19,000
Travelling expenses of Members and others	25,833	25,722	27,619	28,968	30,472
Electoral Office	73,334	74,386	83,252	79,375	81,357
Election expenses .. .. .	..	1,047	103,439	611	100,042
Administration of Electoral Act	17,315	13,262	15,187	18,017	28,232
Interest and Sinking Fund	38,505	38,178	37,937	42,243	38,283
Miscellaneous	9,550	27,469	30,745	23,274	18,679
Total	345,532	357,204	487,985	390,120	505,287

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. Figures for 1932-33 to 1934-35 include expenditure in respect of those functions now administered by the External Affairs Department. The expenditure for the last five years is shown in the following table:—

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

Details.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
Salaries, contingencies and miscellaneous	£ 202,124	£ 151,217	£ 246,671	£ 198,215	£ 239,259
Audit Office	29,405	30,817	34,278	38,061	36,587
Rent, repairs, etc.	8,039	7,194	7,441	9,373	7,981
Public Service Board's Office	34,517	35,880	38,206	42,185	49,825
High Commissioner's Office	47,661	51,577	48,629	54,523	59,217
Commissioner for Australia in United States of America	5,196	5,073	5,945	6,691	7,306
Interest and Sinking Fund	974,040	978,644	914,931	790,516	679,279
Mail Service, Pacific Islands	41,000	40,997	41,000	40,000	40,700
Secretariat, League of Nations	50,323	52,553	54,024	(d)	(d)
Scientific and Industrial Research	(b)30,902	(b)78,599	(b)96,836	126,685	140,534
Pensions and Superannuation	7,164	8,237	7,804	7,856	9,828
Assistance to Migrant Settlers(c) .. .. .	..	100,000	..	..	..
North Australia Survey .. .. .	..	..	75,000	..	..
Total	1,430,371	1,540,788	1,570,765	1,314,105	1,270,516

(a) Excluding Territories, see page 889.

(b) Includes £29,000 in 1932-33, £76,619 in 1933-34

and £94,815 in 1934-35 for Investigations.

(c) To be recovered from Victoria.

(d) Included

under External Affairs Department.

(e) See note (h) to table on page 882.

(d) *Department of External Affairs.* The Department of External Affairs was dissociated from the Prime Minister's Department in 1935-36. Its functions include, *inter alia*, communications with British diplomatic missions and consulates on political matters, foreign affairs, inter-Imperial and Dominion political relations, treaties and international agreements, and League of Nations matters, etc. Expenditure for the years 1935-36 and 1936-37 are given in the following table:—

EXPENDITURE—EXTERNAL AFFAIRS.

Particulars.	1935-36.	1936-37.
Salaries and General	£ 7,827	£ 12,417
Contribution, League of Nations Secretariat	52,687	42,929
Miscellaneous	9,825	7,758
Total	70,339	63,104

Expenditure during the preceding three years on similar services included under the Prime Minister's Department were:—1932-33, £73,450; 1933-34, £65,512; and 1934-35, £70,339.

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

and the Bureau of Census and Statistics which was transferred from the Department of Home Affairs on 13th April, 1932. Details of the expenditure of this Department for the last five years are given in the following table :—

EXPENDITURE.—DEPARTMENT OF THE TREASURY.

Details.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
	£	£	£	£	£
Treasury	45,233	48,856	48,336	49,678	50,868
Taxation Office	480,066	510,143	521,171	547,751	579,629
Pensions Office	87,390	102,750	117,348	123,089	125,084
Maternity Allowance Office	12,122	11,729			
Census and Statistics ..	24,609	24,119	26,736	30,022	37,021
Census	137,224	64,357	37,846	23,932	16,207
Coinage	19,526	22,604	..	..	..
Rent, repairs, etc. ..	14,867	14,198	12,569	16,841	18,006
Interest and Sinking Fund	639,338	688,674	785,595	775,388	601,695
Exchange	713,537	723,851	722,006	637,998	445,197
Loan Conversion expenses	..	51,161	111,294	8	..
Miscellaneous	83,047	(a)152,300	(b)232,980	(b)72,940	(b)84,378
Departmental Expenditure	2,256,959	2,414,742	2,615,881	2,277,647	1,958,085
Invalid and Old-age Pensions (c)	10,771,061	10,963,090	11,762,030	12,797,726	13,998,793
Maternity Allowance ..	320,986	302,928	329,321	335,552	370,150
Total	13,349,006	13,680,760	14,707,232	15,410,925	16,327,028

(a) Includes £62,744 to be recovered from Victoria in respect of interest on Soldier Land Settlement loans. (b) Includes £161,153, £12,219 and £2,581 under Works and Services Act in 1934-35, 1935-36 and 1936-37 respectively. (c) Includes maintenance of pensioners in charitable institutions.

(f) *Attorney-General's Department.* Prior to April, 1932, the Attorney-General was also Minister for External Affairs, but the expenditure of the latter department is included in that of the Prime Minister's Department. The Bankruptcy Administration was created in 1927-28. Details for the five years 1932-33 to 1936-37 are furnished hereunder :—

EXPENDITURE.—ATTORNEY-GENERAL'S DEPARTMENT.

Details.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
	£	£	£	£	£
Attorney-General's Office	15,333	16,252	19,114	20,179	22,985
Crown Solicitor's Office	21,635	22,526	23,670	24,322	26,712
Salaries of Justices of High Court ..	18,500	18,500	18,500	18,417	18,500
High Court expenses	10,233	11,324	13,198	14,540	14,308
Court of Conciliation and Arbitration	17,875	18,220	19,236	19,748	19,593
Public Service Arbitrator's Office ..	2,721	2,673	2,751	3,031	3,501
Rent, repairs, etc.	21,113	18,160	18,652	19,523	18,333
Patents, Trade Marks, etc.	39,008	43,773	44,006	53,285	59,346
Investigation Branch	9,246	9,915	10,809	11,537	11,817
Bankruptcy	28,279	31,549	36,255	36,281	37,838
Reporting Branch	8,715	10,256	10,721	7,874	8,572
Miscellaneous	4,412	4,131	6,346	10,965	10,653
Total	197,070	207,279	223,258	239,702	252,158

(g) *Department of the Interior.* In April 1932, the Departments of Home Affairs and Works were abolished, and the services under the control of these departments were

assumed by a new Department styled the Department of the Interior. The Bureau of Census and Statistics, formerly under the Department of Home Affairs, was, however, transferred to the Department of the Treasury. The Commonwealth Railways and the Northern and Federal Capital Territories, which are administered by the Department of the Interior, are for convenience respectively included under Railways (*m*) and Territories (*n*); hereinafter. The Electoral Office was previously attached to the Department of Home Affairs, but, as was the case in previous years, the expenditure of this branch is included under Parliament, in (*b*) *ante*.

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

EXPENDITURE.—DEPARTMENT OF THE INTERIOR.(a)

Details.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
Salaries, Contingencies and Miscellaneous—	£	£	£	£	£
Administrative	79,695	93,532	120,736	155,956	175,048
Meteorological Bureau ..	30,762	31,832	38,178	38,413	44,455
Solar Observatory	4,552	4,639	5,006	5,354	5,600
Forestry Branch	5,173	5,319	5,571	5,670	6,922
Rent, Repairs and Maintenance	11,456	11,040	12,213	13,691	16,930
Pensions and Retiring Allowances (<i>b</i>)	14,353	16,570	18,220	18,725	19,069
Petroleum Prospecting	4,550	4,850	1,500	256,500	2,800
Interest	769,002	764,506	754,634	713,363	(c) 639,109
Sinking Fund	51,299	55,045	57,820	59,810	62,800
All Other	20	..	300	..	..
Total	970,862	987,333	1,014,178	1,267,482	972,733

(a) Excludes Territories, Railways and Electoral Office. (b) Includes Superannuation.
(c) See note (*h*) to table on page 882.

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

EXPENDITURE.—DEPARTMENT OF DEFENCE.

Details.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
	£	£	£	£	£
Defence—Chief Office	19,825	18,898	19,831	21,892	29,785
Military	1,111,740	1,337,294	1,530,813	1,614,743	1,928,415
Audit (Proportion)	4,567	4,792	5,340	5,946	5,678
Pensions and Retiring Allowances (<i>a</i>) ..	33,270	40,254	45,026	44,107	48,610
Rent, Repairs, etc.	36,959	27,084	43,508	45,589	66,476
Interest and Sinking Fund	238,378	244,377	235,080	226,412	229,301
Exchange	4,160	4,425	29,697	..	..
Miscellaneous	7,542	6,390	..	48,861	152,073
Total	1,456,441	1,683,514	1,909,291	2,007,550	2,460,338
Navy—Chief Office	1,470,126	1,541,573	1,820,623	2,038,439	2,311,159
Naval .. .. .	..	..	..	..	..
Audit (Proportion)	1,957	2,053	2,286	2,548	2,434
Pensions and Retiring Allowances (<i>a</i>) ..	3,441	3,491	3,477	4,053	4,302
Rent, Repairs, etc.	15,213	16,503	21,918	22,800	26,964
Interest and Sinking Fund	82,244	83,241	77,754	73,868	88,862
Exchange	9,274	39,164	28,793	113,091	146,983
Miscellaneous	3,930	5,085	..	..	..
Total	1,586,185	1,691,110	1,954,853	2,254,799	2,580,704

EXPENDITURE.—DEPARTMENT OF DEFENCE—*continued.*

Details.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
	£	£	£	£	£
Civil Aviation—					
Salaries and General	18,156	24,679	32,305	40,686	53,320
Development of Civil Aviation	99,472	93,921	76,235	52,875	211,032
Rent, Repairs and Maintenance	6,487	1,024	2,273	3,573	5,948
Interest and Sinking Fund	3,263	3,274	3,270	5,137	5,263
Other	1,064	472	..	..	..
Total	128,442	124,270	114,083	102,271	275,563
R. A. A. F.—					
Pay, etc.	307,442	323,793	426,671	472,892	677,073
General Contingencies					
General Stores and Maintenance					
Rent, Repairs, etc.	6,334	10,383	14,693	24,757	22,736
Interest and Sinking Fund	24,813	24,898	24,875	23,697	24,745
Exchange .. .. .	..	2,935	18,366	25,321	210,444
Miscellaneous	8,096	3,593	607	4,504	4,673
Total	346,690	365,602	485,212	551,171	948,671
Total	475,132	489,872	599,295	653,442	1,224,234
Grand Total	3,517,758	3,864,496	4,463,443	4,915,791	6,265,276

(a) Includes Superannuation.

(i) *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 1932-33 to 1936-37 are given in the following table:—

EXPENDITURE.—TRADE AND CUSTOMS DEPARTMENT.

Details.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
	£	£	£	£	£
Chief Office	51,247	54,700	58,692	64,745	79,706
Customs—Ordinary	427,104	450,886	485,833	520,036	553,310
Audit (Proportion)	8,917	9,355	10,425	11,610	11,086
Pensions and Superannuation	40,689	41,861	44,491	44,947	45,548
Rent, Repairs, etc.	4,766	7,120	9,918	11,493	10,872
Bounties	343,193	175,714	207,258	175,422	153,878
Interest and Sinking Fund	34,721	34,893	35,078	35,358	31,418
Miscellaneous	1,309	22,892	30,269	15,151	5,474
Total	911,946	797,421	881,964	878,762	891,292

(j) *Health Department.* This department came into existence in the financial year 1921-22. The Minister for Health also administers the Department of Repatriation, but

the expenditure on Repatriation is included under War Services. Details of expenditure for the last five years are as follows :—

EXPENDITURE.—HEALTH DEPARTMENT.

Details.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
	£	£	£	£	£
Central Administration ..	24,356	26,459	29,765	33,227	37,073
States, Salaries, Contingencies, etc.	68,534	71,691	74,513	79,368	83,621
Interest	17,760	17,716	18,348	18,816	19,235
Sinking Fund	2,239	2,351	2,512	2,681	2,825
Rent and repairs	9,420	8,373	8,628	9,914	13,380
Subsidy, Cattle Tick Control	44,450	44,450	45,100	54,450	48,350
Miscellaneous	8,667	13,296	11,815	(a) 70,465	36,959
Total	175,426	184,336	190,681	268,921	241,443

(a) Includes grant, maternal and infant welfare £50,000.

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.

(k) *Department of Commerce.* The Department of Commerce was created in April, 1932, by the amalgamation of the Departments of Markets and of Transport. Commonwealth Railways, formerly administered by the Minister for Transport, were transferred to the control of the Minister for the Interior on the amalgamation in 1932. Some details relating to the creation of the Departments of Markets and Transport are given in Official Year Book No. 25, pp. 295-6. Particulars of the expenditure of the Department of Commerce for the last five years are given below :—

EXPENDITURE.—DEPARTMENT OF COMMERCE.

Details.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
	£	£	£	£	£
Salaries, Contingencies and Miscellaneous—					
Administrative	65,228	66,141	29,797	41,918	45,042
Marine	195,667	189,762	201,539	206,199	206,199
Administration of Commerce Act	53,583	58,667	116,160	127,039	141,313
Oversea Trade Publicity .. .. .	..	..	15,000	25,000	37,500
Commercial Intelligence Abroad	2,945	4,350	10,724	27,660	25,508
Wool Publicity and Research Assistance Marketing Primary Produce	16,000	15,000	..	(b) 15,808	(b) 189
Assistance to Fruit Growers .. .. .	..	125,000	(a) 135,000	..	..
Fruit Bounties .. .. .	..	..	..	74,300	124,566
Rent, Repairs, Maintenance, etc.	5,510	5,652	5,934	6,189	6,782
Pensions and Retiring Allowances	5,516	8,539	9,695	10,544	10,778
Interest	210,935	178,583	180,534	170,583	191,926
Sinking Fund	183,095	192,262	201,892	211,989	222,589
All Other	24,579	44,177	52,012	55,017	38,003
Total	763,058	888,133	958,293	972,246	1,114,936

(a) Includes £10,000 relief for Mandarin Growers.

(b) To Citrus industry.

(l) *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.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
	£	£	£	£	£
Salaries, Stores and Materials, Mails, etc.	7,936,906	8,048,760	8,430,612	9,205,416	9,737,607
Audit (proportion)	9,800	9,700	9,920	10,140	10,650
Pensions and retiring allow- ances	112,124	95,232	91,665	90,380	86,029
Superannuation	170,273	215,416	242,611	260,975	283,958
Rents, repairs, etc.	73,108	77,693	103,071	103,865	131,603
Interest	1,872,934	1,702,183	1,694,466	1,523,057	1,498,967
Sinking Fund	818,684	859,618	920,899	971,566	1,023,673
Exchange	691,615	389,617	392,727	324,010	370,370
Loan Redemption and Con- version Expenses .. .. .	..	6,677	99,090	..	..
Miscellaneous	17,654	17,783	30,635	34,469	60,319
Total	11,703,098	11,422,679	12,015,696	12,523,878	13,203,176

(m) *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.	1932-33	1933-34.	1934-35.	1935-36.	1936-37.
	£	£	£	£	£
Working Expenses—					
Trans-Australian	197,938	219,614	201,358	198,262	227,515
North Australian	39,007	39,528	42,334	40,908	39,518
Central Australian	108,548	112,136	134,050	138,234	132,859
Federal Capital Territory	4,762	4,917	5,859	5,885	5,809
Interest	460,966	450,178	434,263	427,094	434,916
Sinking Fund	61,066	64,121	67,326	71,494	76,450
Exchange	135,152	81,878	78,533	70,695	68,024
Miscellaneous	9,309	17,194	42,669	14,401	25,986
Sleeper Renewals, Trans-Australian Railway .. .. .	..	76,440	154,430	49,995	65,000
Total	1,016,748	1,066,006	1,160,822	1,016,968	1,076,077

Additional details of the financial operations of the Commonwealth Railways are given in Chapter V.—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.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
Internal—	£	£	£	£	£
North and Central Australia (a)	145,013	154,683	165,360	190,832	262,113
Federal Capital Territory(a)	585,005	534,017	539,798	566,289	585,869
External—					
Papua	52,136	67,369	69,160	68,509	55,821
New Guinea	2,740	2,989	3,578	3,308	13,431
Norfolk Island	3,500	3,000	3,000	7,200	4,409
Total	788,394	762,058	780,905	836,138	921,643

(a) Exclusive of Railways.

(iii) *Miscellaneous.* (a) *New Works.* The expenditure on additions, new works, etc., during the last five years was as follows:—1932-33, £874,390; 1933-34, £1,443,693; 1934-35, £1,052,133 (exclusive of £4,160,000 provided from excess receipts for Defence equipment); 1935-36, £3,237,317; and 1936-37, £4,319,562. (excluding £2,000,000 provided from excess receipts for Defence equipment).

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

Division IV.—Payments to or for the States.

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

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

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

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

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

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

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

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

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

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

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

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

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

Other direct grants to the States from consolidated revenue include contributions towards the payment of interest and sinking fund on loans expended by Local Government authorities on public works, and for unemployment relief which covers *inter alia*, metalliferous mining and forestry. Grants which have been made from time to time from loan fund are indicated in the statement of loan expenditure on page 895.

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

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

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

Applications were received from the States of South Australia, Western Australia and Tasmania during each year from 1933 and the recommendations of the Commission were as follows :—

State.	Grant Recommended.			
	For 1934-35.	For 1935-36.	For 1936-37.	For 1937-38.
	£	£	£	£
South Australia	1,400,000	1,500,000	1,330,000	1,200,000
Western Australia	600,000	800,000	500,000	575,000
Tasmania	400,000	450,000	600,000	575,000

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

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

Expenditure was made in the proportion of 15s. by the States to £1 by the Commonwealth. The original agreement 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.

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

8. Amounts Paid.—(a) 1901 to 1937. 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 TO 30th JUNE, 1937.

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) ..	27,666	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	6,898	4,368	109,350
1927-28 to 1936-37 (c) ..	33,736	23,687	12,556	8,488	5,943	2,985	87,395
Special Grants (d) ..	..	..	..	8,910	7,950	5,170	22,030
Grants for Road Construction, 1922-23 to 1936-37	7,169	4,676	4,884	2,961	4,987	1,299	25,976
Miscellaneous	377	504	174	97	173	76	1,401
Total	110,522	80,023	41,692	36,529	34,679	16,500	319,945
Special assistance 1934-35 to 1936-37 (e) ..	1,188	827	433	265	201	86	3,000
Grand Total	111,710	80,850	42,125	36,794	34,880	16,586	322,945

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

(b) 1935-36 and 1936-37. For the years ended 30th June, 1936 and 1937, the payments made to or for each State are given below.

PAYMENTS BY THE COMMONWEALTH TO OR FOR THE STATES, 1935-36. (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)	562,452	270,413	176,479	165,071	151,247	34,218	1,359,880
Special Grants .. ..	..	..	..	1,500,000	800,000	450,000	2,750,000
Federal Aid Roads (b) ..	766,976	500,202	522,433	316,794	533,549	138,945	2,778,899
Local Public Works ..	39,400	27,400	14,450	8,700	6,650	3,400	100,000
Total	4,286,239	2,925,174	1,809,597	2,694,381	1,964,878	893,422	14,573,691

PAYMENTS BY THE COMMONWEALTH TO OR FOR THE STATES, 1936-37.(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) ..	589,332	280,645	186,322	167,487	157,015	35,747	1,416,548
Special Grants ..				1,330,000	500,000	600,000	2,430,000
Federal Aid Roads and Works (b) ..	838,910	547,115	571,432	346,506	583,590	151,977	3,039,530
Local Public Works ..	39,400	27,400	14,450	8,700	6,650	3,400	100,000
Metalliferous Mining ..	19,600	27,000	35,600	12,800	31,600	10,400	140,000
Forestry ..	25,000	50,000	15,000	8,500	50,000	12,500	161,000
Unemployment Relief ..	59,200	40,900	21,700	13,000	10,000	5,200	150,000
Total ..	4,488,853	3,100,219	1,940,739	2,590,809	1,815,287	1,086,083	15,021,990

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

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

§ 3. Trust Funds.

The Trust Fund balances on 30th June, 1937 amounted to £24,254,017, as compared with £24,238,402 for the corresponding date in the year 1936.

§ 4. Commonwealth Loan Funds and Public Debt.

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

2. **Loans taken over from South Australia.**—The first portions of the debt were contracted at the beginning of 1911, when the Commonwealth assumed responsibility for the payment of interest on transferred properties (further dealt with in par. 4) and for the administration and the liabilities of the Northern Territory and the Port Augusta-Oodnadatta Railway. At 30th June, 1911, the debt on account of the former was £3,657,836, and on account of the latter, £2,274,486—a total of £5,932,322. As the securities fall in they are redeemed by the Commonwealth Government, the money required being provided from the National Debt Sinking Fund. At 30th June, 1937, the debt outstanding amounted to £204,718, of which £178,324 was on account of the Northern Territory, and £26,394 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.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.	Total to 30th June 1937.
	£	£	£	£	£	£
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	100,583	8,513,834
Northern Territory .. ..	..	..	7,618	32,025	19,127	169,973
Drill Halls, Stores, Barracks, etc.	..	137,818	2,475	15,426	Cr. 2,877	579,926
Rifles and Ammunition Reserve	..	..	..	..	..	315,300
Other Military Services .. ..	..	..	..	..	..	101,959
Naval Bases, Depots, etc. .. ..	..	..	Cr. 13,765	2,833	Cr. 12,308	1,514,616
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	65	101,741
Buildings and Works, Munitions Production .. ..	..	..	4,857	11,211	8,530	1,211,600
Lighthouses and Lighthouse Services .. ..	..	..	..	600	Cr. 3,010	641,490
River Murray Waters Act .. ..	..	..	..	..	..	2,105,625
Telegraph and Telephone Construction .. ..	..	..	1,162,415	207,815	300,000	31,695,198
Post Office Buildings and Land Wireless .. ..	..	..	78,225	16,440	2,193	3,495,612
Serum and Health Laboratories	..	..	605	4,462	460	56,236
Other Health Services .. ..	..	..	8,000	4,005	..	80,149
Repatriation Services .. ..	..	..	1,468	33,478	1,434	22,064
Railways—						
Trans-Australian .. ..	..	..	1,197	Cr. 16,249	Cr. 2,770	6,644,476
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	..	2,446,005
Port Augusta—Port Pirie .. ..	..	..	..	122,085	361,011	483,096
Other Expenditure .. ..	..	..	..	..	..	200,000
Papua—Railways, Wharves, Buildings, etc. .. ..	..	..	..	4,773	..	76,329
War Service Homes (?) .. ..	..	..	4,386	10,614	..	7,329,523
London Offices .. ..	..	..	..	..	..	880,190
Acquisition of Properties not elsewhere included .. ..	..	..	2	2,728	6,645	137,911
Miscellaneous .. ..	..	..	2,582	18,923	..	21,505
Assistance to States for—						
Mining .. ..	..	..	75,000	144,750	64,000	283,750
Unemployment Relief	1,155,698	300,161	272,883	303,728	332,880	2,579,222
Forestry .. ..	..	..	64,000	223,000	35,000	322,000
Roads .. ..	..	..	..	..	..	249,686
Total, Works, etc. ..	428,788	521,909	1,934,633	1,375,349	1,210,963	85,703,582
Other purposes—						
Loans for Works to External Territories—						
Papua .. ..	..	..	..	..	..	53,420
New Guinea .. ..	..	..	..	..	..	40,196
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	132,807	257	..	43	..	3,420,571
Farmers' Debt Adjustment .. ..	..	..	..	317,000	1,500,000	1,817,000
Total Loan Expenditure	561,595	522,166	1,934,633	1,692,392	2,719,963	93,979,492

(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 approximately £4 18s. 4d. per cent., and a sinking fund of approximately £1 vs. 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, 1937, 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. In July, 1937, the £12,361,000 New South Wales 3½ per cent. loan which was the first conversion effected in London after the appointment of the Resident Minister was re-converted at the same rate of interest, issue price, 96½, and redeemable in 1950-52.

Details of the several conversions effected during the period October, 1932, to July, 1937, are given in the following table:—

DETAILS OF LOANS CONVERTED IN LONDON, 1932 TO 1937.

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	..	..
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	6	6 9 6	3½	98	3 17 11	1948-53	360	92
	N.S.W.	4,901								
	W.A. ..	1,050	5½	5 19 3	3½	99	3 16 9	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. ..	3,907								
	Tas. ..	5,633	5	5 3 3	3½	99	3 16 9	1946-49	73	19
	Tas. ..	1,146								
1934—										
February ..	N.S.W.	3,979	5	5 3 7	3½	97	3 13 8	1954-59	61	15
	Vic. ..	13,876								
	Qld. ..	3,782	5½	6 6 4	3½	99	3 5 11	1964-74	97	25
November	C'wealth.	83								
	W.A. ..	574	4	3 19 6	3½	99	3 5 11	1964-74	1	..
	S.A. ..	789								
	S.A. ..	3,078	4	3 19 6	3½	99	3 5 11	1964-74	4	1
	W.A. ..	2,235								
	W.A. ..	463	3½	3 7 1	3½	99	3 5 11	1964-74	1	..
	W.A. ..	2,497								
	Tas. ..	3,745	5	5 6 9	3½	99	3 5 11	1964-74	6	2
	Tas. ..	138								
	Tas. ..	1,000	4	3 18 10	3	100	3 5 0	1956-61	72	18
1935—										
January ..	C'wealth.	17,355	5	5 2 8	3½	100	3 5 0	1956-61	316	80
	Vic. ..	807								
	Qld. ..	1,328	3	3 4 0	3	100	3 0 0	1939-41	15	4
	S.A. ..	799								
	W.A. ..	1,805	3	5 0 0	3	100	3 0 0	1939-41	24	6
	Tas. ..	200								
July ..	N.S.W.	12,420	3	3 4 0	3	100	3 0 0	1939-41	4	1
	Vic. ..	1,050								
1936—										
January ..	N.S.W.	21,657	5	5 3 1	3	95½	3 5 9	1955-58	421	107
June ..	C'wealth.	372								
	N.S.W.	10,955	4½	5 1 6	2½	99	2 18 6	1941-43	2	..
	S.A. ..	1,996								
	W.A. ..	2,631	3½	3 12 10	2½	99	2 18 6	1941-43	208	53
	W.A. ..	597								
1937—										
July ..	N.S.W.	12,361	3½	4 1 5	3½	96½	3 16 2	1950-52	37	9
Total ..	..	210,874	4.98	3 0 2	..	98.3	3 11 7	..	3,293	835

(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	107,190,706	1,490,057	378,101	1,868,158
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, 24	344,992
Western Australia	17,830,181	240,308	60,978	301,286
Tasmania	4,483,750	52,786	21,007	103,793
Total	210,874,233	3,293,439	835,709	4,129,148

8. Loan Raisings, 1935-36-37—Particulars of Loan raisings in Australia during the past two years are given in the following table :—

LOAN RAISINGS, AUSTRALIA, 1935-36 AND 1936-37.

Service.	For—	Rate of Interest.	Year of Maturity.	Price.	Amount.
		%			£
1935-36—					
Conversion (b)	States	3	1939-41	Par.	13,469,981
Works (a)	Commonwealth	3½	1949-50	99½	523,000
	States	3½	1949-50	99½	7,440,610
Conversion (b)	States	3	1955-58	95½	21,657,000
Conversion (a)	States	3½	1949-50	100	2,393,350
Works (b)	Commonwealth	3½	1951-52	98½	9,018,470
	States	3½	1951-52	98½	9,018,470
Works, Redemptions, etc. (c)	States	(d)	(d)	(d)	3,382,640
Conversion (b)	States	2½	1941-43	99	16,551,402
1936-37—					
Works (a)	Commonwealth	3½	1951-52	97½	597,680
	States	3½	1951-52	97½	6,918,640
(e) (b)	States	3½	1937-47	100	53,200
Works (a)	Commonwealth	3½	1948-49	99½	524,670
	States	3½	1948-49	99½	7,345,000
Conversion (b)	Commonwealth	3½	1950-52	96½	12,360,958
Works, Redemptions, etc. (c)	States	(d)	(d)	(d)	1,946,510

(a) Raised in Australia. (b) Raised in London. (c) "Over the Counter Sales" and Conversion at State Treasuries. (d) Various. (e) Portion of loan of £266,000 for purchase of coastal vessel. Balance of loan to be received in instalments to 1st January, 1938.

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, 1936 :—

PUBLIC DEBT FOR COMMONWEALTH PURPOSES AT 30th JUNE, 1936.

Particulars.	Maturing in London.	Maturing in New York.	Maturing in Australia.	Total. (a)
War Debt—	£ Stg.	£ (c)	£ Aust.	£
Stock, Bonds, etc.	11,020,160	..	186,361,597	197,381,757
Indebtedness to United Kingdom Government	79,724,221	..	..	79,724,221
Total	90,744,381	..	186,361,597	277,105,978
Works and other Purposes—				
Short dated Treasury Bills and Debentures	10,220,160	..	..	10,220,160
Other Treasury Bills (d) .. .. .	..	..	12,036,526	12,036,526
Stock, Bonds, etc.	54,789,430	16,351,176	19,848,343	90,988,949
Balance of Loans taken over from South Australia—				
Northern Territory	149,100	..	29,224	178,324
Port Augusta Railway	382,256	..	16,283	398,539
Properties transferred from New South Wales .. .. .	..	..	111,125	111,125
Total, Works and other Purposes	65,540,946	16,351,176	32,041,501	113,933,623
Total Commonwealth Purposes ..	156,285,327	16,351,176	218,403,098	391,039,601
PER HEAD OF POPULATION. (b)				
War	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Works and other Purposes	13 7 11	2 8 3	27 10 1	40 18 0
Total Commonwealth Purposes ..	9 13 5	2 8 3	4 14 7	16 16 3
Total Commonwealth Purposes ..	23 1 4	2 8 3	32 4 8	57 14 3

(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, 1936. (c) Payable in terms of dollars. For the purposes of these tables dollars have been arbitrarily converted to £'s. at the rate of 4.8665 to £1. (d) General Trust Fund investment.

Similar particulars at the 30th June, 1937, are as follows:—

PUBLIC DEBT FOR COMMONWEALTH PURPOSES AT 30th JUNE, 1937.

Particulars.	Maturing in London.	Maturing in New York.	Maturing in Australia.	Total. (a)
War Debt—	£ Stg.	£ (c)	£ Aust.	£
Stock, Bonds, etc.	11,020,160	..	183,063,205	194,083,365
Indebtedness to United Kingdom Government	79,724,220	..	..	79,724,220
Total	90,744,380	..	183,063,205	273,807,585
Works and other Purposes—				
Short dated Treasury Bills and Debentures	9,720,160	..	..	9,720,160
Other Treasury Bills (d) .. .. .	..	..	10,968,806	10,968,806
Stock, Bonds, etc.	53,154,537	16,201,952	20,741,458	92,097,947
Balance of Loans taken over from South Australia—				
Northern Territory	149,100	..	29,224	178,324
Port Augusta Railway	19,450	..	15,944	26,394
Properties transferred from New South Wales .. .. .	..	..	111,125	111,125
Total, Works and other Purposes	65,034,247	16,201,952	31,866,557	113,102,756
Total Commonwealth Purposes ..	155,778,627	16,201,952	214,929,762	386,910,341
PER HEAD OF POPULATION. (b)				
War	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Works and other Purposes	13 5 8	2 7 5	26 15 11	40 1 7
Total Commonwealth Purposes ..	9 10 5	2 7 5	4 13 4	16 11 2
Total Commonwealth Purposes ..	22 16 1	2 7 5	31 9 3	56 12 9

(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, 1937. (c) Payable in terms of dollars. For the purposes of these tables dollars have been arbitrarily converted to £'s. at the rate of 4.8665 to £1. (d) General Trust Fund investment.

(ii) *Loans to States for Soldier Land Settlement.* In regard to the item "Advances to States for Soldier Land Settlement", the Commonwealth Government agreed to make remissions to the States in connexion with the losses sustained in respect of Soldier Land Settlement. In anticipation of the ratification of the proposals by all Governments concerned, the Commonwealth Government from 1st October, 1925, assumed responsibility for £5,000,000 of States' debts maturing in Australia, and an additional amount of £2,597,783 from 1st July, 1927. Further reference is made to this matter in Chapter IV.—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 3½ per cent. stock of the Loan Fund. Consequently, up to 1914 the amount of the securities repayable in London fell steadily, and the amount repayable in Australia rose rapidly. In 1915 the military loan from the Imperial Government caused a sharp rise in the amount of the securities repayable in London, which was maintained in the two following years. This was, however, more than offset by the local flotation of war loans. In 1925-26 a loan of £15,411,487, of which £10,402,754 was for Commonwealth purposes and £5,008,733 for the States, was raised in New York. The appended table gives particulars of Commonwealth loans outstanding in each of the last five years which had been floated overseas and in Australia respectively.

PUBLIC DEBT FOR COMMONWEALTH PURPOSES.—PLACE OF FLOTATION.

Place of Flotation, etc.	At 30th June—				
	1933.	1934.	1935.	1936.	1937.
War Debt—					
London £ Stg.	90,744,381	90,744,380	90,744,381	90,744,381	90,744,380
Total Overseas (a) ..	90,744,381	90,744,380	90,744,381	90,744,381	90,744,380
Australia £ Aust.	192,389,981	189,403,799	187,716,301	186,361,597	183,063,205
Total War Debt (a) ..	283,134,362	280,148,179	278,460,682	277,105,978	273,807,585
Works and other purposes—					
London £ Stg.	67,897,843	66,788,760	66,488,759	65,540,946	65,034,247
New York £ (b)	16,889,983	16,711,476	16,526,641	16,351,176	16,201,952
Total Overseas (a) ..	84,787,826	83,500,236	83,015,400	81,892,122	81,236,199
Australia £ Aust.	28,884,315	29,402,361	32,674,988	32,041,501	31,866,557
Total Debt for Works, etc. (a)	113,672,141	112,902,597	115,690,388	113,933,623	113,102,756
Total Debt—					
London £ Stg.	158,642,224	157,533,140	157,233,140	156,285,327	155,778,627
New York £ (b)	16,889,983	16,711,476	16,526,641	16,351,176	16,201,952
Total Overseas (a) ..	175,532,207	174,244,616	173,759,781	172,636,503	171,980,579
Australia £ Aust.	221,274,296	218,806,160	220,391,289	218,403,098	214,929,762
Grand Total (a) ..	396,806,503	393,050,776	394,151,070	391,039,601	386,910,341

(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 899.

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

(iv) *Amount of Debt at Various Rates of Interest.*—The first debt taken over from South Australia consisted mainly of securities bearing interest varying from 3 per cent. to 4 per cent., the average rate of interest for the first year being £3 12s. 4d. For the first three years the increase in the debt was due almost entirely to the expansion of the 3½ per cent. stock of the Loan Fund, consequently the average rate of interest fell steadily, until on 30th June, 1914, it stood at £3 11s. 10d. With the loans raised for war and repatriation purposes interest rates rose until the National Debt Conversion Loan (July-August, 1931), reduced interest rates on internal loans by 22½ per cent. Conversion loans in London referred to on page 896 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 £3 19s. 11d. in 1937. The average rate of interest on internal loans at 30th June, 1937, was £3 16s. 9d. per cent. as compared with £5 10s. 4d. per cent. at 30th June, 1931. The average rate of interest payable on the total debt decreased from £5 5s. od. per cent. in 1931 to £3 18s. 8d. per cent. at 30th June, 1937.

The accompanying table gives particulars of rates of interest on the debt for Commonwealth purposes for the year ended 30th June, 1936.

PUBLIC DEBT FOR COMMONWEALTH PURPOSES.—RATES OF INTEREST.

Rates of Interest.		At 30th June, 1936—Debt Maturing in—			
		London.	New York.	Australia.	Total.
	%	£ (Stg.)	£ (c)	£ (Aust.)	£ (a)
5..	..	29,156,494	12,430,348	(b) 6,150	41,592,992
4.91667 (e)	..	79,724,221	..	..	79,724,221
4.75	..	6,000,000	..	..	6,000,000
4.65	..	..	..	535,170	535,170
4.5	..	..	3,920,828	..	3,920,828
4.45625	..	..	..	84,650	84,650
4.2625	..	..	..	1,015,226	1,015,226
4.25	..	..	..	91,757	91,757
4.06875	..	..	..	3,277,800	3,277,800
4 (f)	..	..	..	180,407,060	180,407,060
3.875	..	..	..	8,412,498	8,412,498
3.75	..	13,890,000	..	2,773,650	16,663,650
3.5	..	531,329	..	1,278,515	1,809,844
3.375	..	..	..	697,610	697,610
3.25	..	16,763,095	..	124,490	16,887,585
3..	..	27	..	7,603,061	7,603,088
2.90417	..	..	..	1,204	1,204
2.7125	..	..	..	2,008	2,008
2.5	..	9,220,161	..	..	9,220,161
2..	..	1,000,000	..	..	1,000,000
1.75	..	..	..	12,036,526	12,036,526
Overdue (d)	..	..	..	55,723	55,723
Total	..	156,285,327	16,351,176	218,403,098	391,039,601
Average rate	..	£ s. d. 4 0 5	£ s. d. 4 17 7	£ s. d. 3 16 7	£ s. d. 3 18 8

(a) See note (a) to table on page 899. (b) War Savings Certificates. (c) See note (c) to table on page 899. (d) Includes War Savings Stamps, £14,444 and War Gratuity Bonds, £14,089. (e) War Debt due to Government of the United Kingdom (see par. 5, page 896). (f) Includes unconverted securities, £17,310.

Similar details for the year ended 30th June, 1937, are as follows:—
PUBLIC DEBT FOR COMMONWEALTH PURPOSES.—RATES OF INTEREST.

Rates of Interest.	At 30th June, 1937—Debt Maturing in—			
	London.	New York.	Anstralia.	Total.
%	£ (Stg.)	£ (c)	£ (Aust.)	£ (a)
5.. .. .	29,156,495	12,369,586	(b) 5,658	41,531,739
4.91667 (e)	79,724,220	..	..	79,724,220
4.75	6,000,000	..	..	6,000,000
4.65 .. .. .	..	..	339,120	339,120
4.5 .. .. .	..	3,832,366	..	3,832,366
4.45625 .. .. .	..	..	84,650	84,650
4.2625 .. .. .	..	..	961,921	961,921
4.25 .. .. .	..	..	90,105	90,105
4.06875 .. .. .	..	..	3,266,180	3,266,180
4 (f) .. .. .	..	..	177,446,250	177,446,250
..
3.875 .. .. .	..	..	8,876,567	8,876,567
3.75	13,883,300	..	3,246,910	17,130,210
3.5	159,523	..	1,268,435	1,427,958
3.375 .. .. .	..	..	658,110	658,110
3.25	16,763,096	..	93,290	16,856,386
3.. .. .	27	..	7,566,062	7,566,089
2.90625 .. .. .	..	..	1,204	1,204
2.75	371,806	..	..	371,806
2.7125 .. .. .	..	..	2,008	2,008
2.25	8,720,160	..	..	8,720,160
2.. .. .	1,000,000	..	..	1,000,000
1.75 .. .. .	..	..	10,968,805	10,968,805
Overdue (d) .. .. .	..	..	54,487	54,487
Total	155,778,627	16,201,952	214,929,762	386,910,341
Average rate %	£ s. d. 3 19 11	£ s. d. 4 17 8	£ s. d. 3 16 9	£ s. d. 3 18 8

(a) See note (a) to table on page 899. (b) War Savings Certificates. (c) See note (c) to table on page 899. (d) Includes War Savings Stamps, £14,390 and War Gratuity Bonds, £13,888. (e) War Debt due to Government of the United Kingdom (see par. 5, page 896). (f) Includes unconverted securities, £13,670.

(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 1933 to 1937 inclusive.

PUBLIC DEBT FOR COMMONWEALTH PURPOSES.—INTEREST PAYABLE.

Interest on and where payable.	At 30th June—				
	1933.	1934.	1935.	1936.	1937.
War Debt—					
London £ Stg.	c 651,008	c 426,008	c 426,008	c 426,008	c 426,008
Australia £ Aust.	7,694,479	7,571,996	7,501,517	7,443,363	7,310,664
Total War Debt £ (a)	8,345,487	7,998,004	7,927,525	7,869,371	7,736,672
Average Rate %	£4 28. 1d.	£3 19s. 10d.	£3 19s. 9d.	£3 19s. 9d.	£3 19s. 9d.
Works and other Purposes—					
London £ Stg.	3,154,851	3,000,772	2,682,387	2,651,593	2,614,254
New York £ (b)	823,249	814,646	805,973	797,954	790,935
Total Overseas £ (a)	3,978,100	3,815,418	3,488,360	3,449,547	3,405,189
Australia £ Aust.	902,778	890,334	935,504	923,581	939,461
Total Debt for Works, etc... £ (a)	4,880,878	4,705,752	4,423,864	4,373,128	4,344,650
Average Rate %	£4 5s. 11d.	£4 3s. 4d.	£3 16s. 6d.	£3 16s. 9d.	£3 16s. 10d.
Total Debt—					
London £ Stg.	c3,805,859	c3,426,780	c3,108,395	c3,077,601	c3,040,262
New York £ (b)	823,249	814,646	805,973	797,954	790,935
Total Overseas £ (a)	4,629,108	4,241,426	3,914,368	3,875,555	3,831,197
Australia £ Aust.	8,597,257	8,462,330	8,437,021	8,366,944	8,250,125
Grand Total £ (a)	13,226,365	12,703,756	12,351,389	12,242,499	12,081,322
Average Rate %	£4 3s. 5d.	£4 1s. 1d.	£3 18s. 7d.	£3 18s. 8d.	£3 18s. 8d.

(a) The totals shown represent the nominal amount of interest, taking no account of exchange.
 (b) See note (c) to table on p. 899. (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, 1936.

PUBLIC DEBT FOR COMMONWEALTH PURPOSES.—DUE DATES OF AMOUNTS
OUTSTANDING ON 30th JUNE, 1936(a).

Due Dates (year ended 30th June).	Due in—			Total. £ (c)
	London.	New York.	Australia.	
	£ (Stg.)	£ (d)	£ (Aust.)	
1937	10,591,967	..	12,336,669	22,928,636
1938 .. .. .	..	..	146,772	146,772
1939	159,523	..	38,909,068	39,068,591
1940 .. .. .	..	..	447,438	447,438
1941 .. .. .	..	..	902,270	902,270
1942 .. .. .	..	..	30,593,860	30,593,860
1943 .. .. .	..	..	4,150,340	4,150,340
1944 .. .. .	..	..	1,167,390	1,167,390
1945 .. .. .	..	..	24,901,568	24,901,568
1948 .. .. .	..	..	21,929,427	21,929,427
1949 .. .. .	..	..	4,345,430	4,345,430
1950 .. .. .	..	..	579,740	579,740
1951 .. .. .	..	..	13,752,891	13,752,891
1952 .. .. .	..	..	481,990	481,990
1954	13,890,000	..	13,116,470	27,006,470
1956 .. .. .	..	13,959,531	12,995,318	26,954,849
1958 .. .. .	..	2,391,645	12,495,876	14,887,521
1960 .. .. .	..	..	12,489,032	12,489,032
1961	22,406,317	..	..	22,406,317
1962 .. .. .	..	..	12,045,235	12,045,235
1975	356,778	..	..	356,778
1976	29,156,494	..	..	29,156,494
Unconverted	..	..	17,310	17,310
Overdue .. .. .	..	..	41,279	41,279
Half-yearly .. .. .	..	..	232,573	232,573
Indefinite .. .. .	..	..	214,027	214,054
Annual repayments	79,724,221	..	..	79,724,221
Transferred Properties (b)	..	..	111,125	111,125
Total	156,285,327	16,351,176	218,403,098	391,039,601

(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 14 par. 4, hereinbefore. (c) See note (a) to table on page 899. (d) See note (c) to table on page 899.

Similar particulars as at the 30th June, 1937, are as follows:—

PUBLIC DEBT FOR COMMONWEALTH PURPOSES.—DUE DATES OF AMOUNTS OUTSTANDING ON 30th JUNE, 1937(a).

Due Dates (year ended 30th June).				Due in—			Total.
				London.	New York.	Australia.	
				£ (Stg.)	£ (d)	£ (Aust.)	£ (c)
1938	..	..	..	9,720,160	..	11,116,391	20,836,551
1939	..	..	..	159,523	..	37,622,088	37,781,611
1940	..	..	..	..	..	447,438	447,438
1941	..	..	..	..	..	902,270	902,270
1942	..	..	..	..	..	30,587,760	30,587,760
1943	..	..	..	371,806	..	4,282,030	4,653,836
1944	..	..	..	..	..	1,157,310	1,157,310
1945	..	..	..	..	..	24,449,478	24,449,478
1948	..	..	..	..	..	21,705,037	21,705,037
1949	..	..	..	..	..	4,802,270	4,802,270
1950	..	..	..	..	..	511,970	511,970
1951	..	..	..	..	..	13,651,521	13,651,521
1952	..	..	..	..	..	1,001,830	1,001,830
1954	..	..	..	13,883,300	..	12,954,730	26,838,030
1956	..	..	..	..	13,841,541	12,781,688	26,623,229
1958	..	..	..	..	2,360,411	12,320,486	14,680,897
1960	..	..	..	..	..	12,284,462	12,284,462
1961	..	..	..	22,406,317	..	..	22,406,317
1962	..	..	..	..	..	11,746,375	11,746,375
1975	..	..	..	356,779	..	..	356,779
1976	..	..	..	29,156,495	..	..	29,156,495
Unconverted	..	..	..	..	..	13,670	13,670
Overdue	..	..	..	..	..	40,097	40,097
Half-yearly	..	..	..	..	..	228,936	228,936
Indefinite	..	..	..	..	27	210,800	210,827
Annual repayments	..	..	..	79,724,220	..	..	79,724,220
Transferred Properties (b)	..	..	..	..	..	111,125	111,125
Total	..	..	..	155,778,627	16,201,952	214,929,762	386,910,341

(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 par. 4 hereinbefore. (c) See note (a) to table on page 899. (d) See note (c) to table on page 899.

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 1932-33 are as follows:—

PUBLIC DEBT FOR COMMONWEALTH PURPOSES.—SINKING FUND.

Items.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.	Total.
	£	£	£	£	£	£
Cr. Brought forward ..	2,050,172	1,959,870	881,700	1,571,603	1,780,186	..
Balance transferred to Fund on 11th August, 1923 ..	..	..	..	..	..	2,262,982
From Consolidated Revenue	2,684,654	2,927,671	3,031,774	3,244,970	3,434,219	35,488,527
Repayments of Sundry Loans	41,426	27,944	13,194	13,954	14,758	1,255,416
Purchase Money and Repayments under War Service Homes Act ..	550,802	419,320	458,211	515,806	550,158	8,683,214
Half Net Profit Commonwealth Bank	337,702	335,077	382,722	373,770	354,090	4,258,477
Reparation Moneys ..	524	649	755	623	154	5,573,809
Interest on Investments ..	58,271	27,836	23,781	20,202	38,797	722,479
Other Contributions ..	11,178	13,457	13,452	13,453	13,453	141,081
Total	5,734,729	5,711,824	4,805,589	5,763,471	6,185,815	58,385,985
Dr. Redemptions	3,774,859	4,830,124	3,233,986	3,983,285	4,248,520	56,448,690
Carried forward ..	1,959,870	881,700	1,571,603	1,780,186	1,937,295	1,937,295
Total	5,734,729	5,711,824	4,805,589	5,763,471	6,185,815	58,385,985

The Imperial Government loan comes in a different category from the others, since it is being liquidated by the funding arrangement described on page 896.

Information regarding the transactions of the States' Account of the National Debt Sinking Fund is published in the Finance Bulletins 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, 1937, is set out in the following table :—

COST OF WAR SERVICES.

Year.	From Consolidated Revenue.			From War Loan. (b)
	War and Re-patriation Services, Including War Pensions.	Interest and Sinking Fund.	Total.	
	£	£	£	£
1914-15	896,190	115,145	1,011,335	14,100,000
1915-16	1,718,887	2,059,491	3,778,378	37,423,568
1916-17	2,439,271	5,988,058	8,427,329	53,114,237
1917-18	4,049,955	7,813,296	11,863,251	55,028,180
1918-19	6,536,927	14,718,174	21,255,101	59,547,080
1919-20	8,976,793	15,774,938	24,751,731	43,294,764
1920-21	13,672,345	19,613,888	33,286,233	24,148,501
1921-22	10,261,471	21,975,693	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	8,060,427	9,580,972	18,241,399	..
1936-37	9,101,353	9,622,600	18,723,953	..
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	27,058,640
Total to 30th June, 1937	180,865,351	333,319,785	514,185,136	373,085,766

(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, 1937, the amount outstanding had been reduced to £79,724,220. (b) Excluding expenditure on War Service Homes from 1923-24. (See page 895.)

§ 6. Old-age and Invalid Pensions.

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

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

RATES OF PENSION PAYABLE.

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

(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 and to 5s. 6d. per week in 1936.

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 £49 8s. per annum and the limit of income is £224 18s. per annum.

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

In September, 1936, an amended scale of cost of living index-numbers was adopted providing for a maximum pension of not more than £52 per annum and not less than £46 16s. per annum. The rate of pension to pensioner inmates of Benevolent Asylums and Hospitals was increased to 5s. 6d. per week and the rate of payment for maintenance to 13s. 6d. per week.

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, 1935, there were 197,126 old-age pensions in force. During 1935-36, 26,631 pensions claims were granted, while 17,009 pensions fell in through cancellations and deaths. The net increase for the year was 9,622, and the total in existence at 30th June, 1936, 206,748.

In 1936-37, 26,537 claims were granted while 17,595 pensions fell in through cancellations and deaths, thus giving a net increase of 8,942.

(ii) *Sexes of Pensioners.* Of the pensioners at 30th June, 1936, 88,118 (or 42 per cent.) were males, and 118,630 (or 58 per cent.) were females. At 30th June, 1937, the relative proportions remained practically the same as in 1935-36. Details for the several States are as follows:—

OLD-AGE PENSIONS.—SEXES OF PENSIONERS, 1935-36.

State.	Males.	Females.	Total.	Masculinity. (a)
New South Wales	34,345	43,907	78,252	78.22
Victoria	23,799	36,749	60,548	64.76
Queensland	11,645	13,848	25,493	84.09
South Australia	7,970	11,944	19,914	66.73
Western Australia	6,521	7,219	13,740	90.33
Tasmania	3,838	4,963	8,801	77.33
Total	88,118	118,630	206,748	74.28

(a) Number of males to each 100 females.

Similar particulars as at 30th June, 1937, are as follows:—

OLD-AGE PENSIONS.—SEXES OF PENSIONERS, 1936-37.

State.	Males.	Females.	Total.	Masculinity. (a)
New South Wales	35,806	45,965	81,771	77.90
Victoria	24,575	38,180	62,755	64.37
Queensland	12,161	14,694	26,855	82.76
South Australia	8,245	12,558	20,803	65.66
Western Australia	6,731	7,722	14,453	87.17
Tasmania	3,960	5,093	9,053	77.75
Total	91,478	124,212	215,690	73.65

(a) Number of males to each 100 females.

(iii) *Ages and Conjugal Condition of Pensioners.* The recorded ages of the 26,631 persons, 12,838 males and 13,793 females, to whom pensions were granted during the year 1935-36 varied considerably, ranging from 4,016 at age 60 to 2 at age 96. The conjugal condition of these new pensioners was as follows:—Males—single, 2,637; married, 7,842; and widowed, 2,359. Females—single, 1,757; married, 6,982; and widowed, 5,054.

In 1936-37, the recorded ages of persons to whom pensions were granted varied from 5,075 at age 60 to 1 at age 97. The conjugal condition of these new pensioners were:—Males, single, 2,553; married, 7,804; and widowed, 2,235. Females—single, 1,744; married, 7,132; and widowed, 5,069.

3. **Invalid Pensions.**—(i) *Number in force, 1936.* The number of invalid pensioners increased from 76,852 in 1934-35 to 80,487 in 1935-36 and to 83,396 in 1936-37, increases of 3,635 and 2,909 respectively. In 1935-36, 11,187 claims were allowed and 7,552 pensions became inoperative through cancellations or deaths. In 1936-37, 10,644 claims were allowed and 7,735 became inoperative.

(ii) *Sexes of Pensioners.* Of the 80,487 persons in receipt of invalid pensions on 30th June, 1936, 34,987, or 43 per cent. were males, and 45,500, or 57 per cent. were females. In 1936-37 the relative proportions had not changed. Details for the several States are as follows:—

INVALID PENSIONS.—SEXES OF PENSIONERS, 1935-36.

State.	Males.	Females.	Total.	Masculinity. (a)
New South Wales	16,074	21,523	37,597	74.68
Victoria	7,503	10,238	17,741	73.29
Queensland	5,411	5,966	11,377	90.70
South Australia	2,486	3,734	6,220	66.58
Western Australia	2,094	2,388	4,482	87.69
Tasmania	1,419	1,651	3,070	85.95
Total	34,987	45,500	80,487	76.89

(a) Number of males to each 100 females.

Similar particulars as at 30th June, 1937, are as follows:—

INVALID PENSIONS.—SEXES OF PENSIONERS, 1936-37.

State.	Males.	Females.	Total.	Masculinity. (a)
New South Wales	16,637	22,533	39,170	73.83
Victoria	7,790	10,492	18,282	74.25
Queensland	5,448	6,162	11,610	88.41
South Australia	2,592	3,913	6,505	66.24
Western Australia	2,124	2,510	4,634	84.62
Tasmania	1,490	1,705	3,195	87.39
Total	36,081	47,315	83,396	76.26

(a) Number of males to each 100 females.

(iii) *Ages and Conjugal Conditions of Pensioners, 1935-36.* The recorded ages of the 11,187 persons (5,420 males and 5,767 females) to whom invalid pensions were granted during 1935-36 varied from 16 to 85.

The conjugal condition of persons to whom invalid pensions were granted during the year was as follows:—Males—single, 2,227; married, 2,905; and widowed, 288. Females—single, 2,164; married, 2,262; and widowed, 1,341.

In 1936-37, the conjugal condition of new pensioners was:—Males—single, 2,143; married, 2,758; and widowed, 307; total 5,208. Females—single, 2,089; married, 2,092; and widowed, 1,255; total, 5,436. The age varied from 16 to 86.

4. Cost of Administration.—Under State control the cost of administration differed considerably in the several States, and for 1908-9 represented in New South Wales 4.17 per cent. of the amount actually paid in pensions. In Victoria for the same year the corresponding percentage was 0.70. The total cost to the Commonwealth of administering the Old-age and Invalid Pensions Department in 1935-36 was approximately £115,257, or about 0.90 per cent. of the amount paid to pensioners and to Benevolent Asylums and Hospitals. The corresponding cost in 1936-37 was approximately £118,851 or about 0.85 per cent. of the total payments.

The actual sum disbursed in old-age and invalid pensions in the financial year 1935-36, apart from the cost of administration and inclusive of the amount paid to asylums and hospitals for the maintenance of pensioners, was £12,797,726 (about 38s. per head) and in 1936-37, £13,998,793 (41s. per head).

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

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

Year ended 30th June—	Number of Pensioners.				Amount Paid in Pensions.	Total Payment to Pensioners and to Asylums and Hospitals for Maintenance of Pensioners.	Cost of Administration.	Cost of Administration per £100 paid to Pensioners and to Asylums and Hospitals.	Average Fortnightly Pension on last day of Financial Year.
	Old-age.		Invalid.	Total.					
	No.	Est. No. per 1,000 of persons eligible on age qualification. (a)							
			No.	No.	£	£	£	s. d.	s. d.
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	329	77,282	260,679	10,836,263	10,963,090	105,308	19 3	33 8
1935	197,126	344	76,852	273,978	11,624,769	11,762,030	107,208	c 18 3	33 7
1936	206,748	352	80,487	287,235	12,634,706	12,797,726	115,257	c 18 0	d34 8
1937	215,690	359	83,396	299,086	13,827,636	13,998,793	118,851	c 17 0	e36 8

(g) 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. (e) A general increase of 2s. per fortnight occurred in September, 1936.

Separate particulars of the payments to Invalid and to Old-age pensioners are not available but the annual liability at 30th June, 1937, together with the total payments in 1936-37 are given hereunder :—

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

State.	Payments Old-age and Invalid Pensions, 1936-37. (a)	Annual Liability at 30th June, 1937.		
		Old-age Pensions.	Invalid Pensions.	Total.
	£	£	£	£
New South Wales	5,684,963	3,895,086	1,875,588	5,770,674
Victoria	3,799,851	2,984,150	880,932	3,865,082
Queensland	1,789,314	1,269,580	558,584	1,828,164
South Australia	1,260,812	973,180	312,494	1,285,674
Western Australia	890,040	685,828	223,054	908,882
Tasmania	573,813	428,818	153,686	582,504
Total	13,998,793	10,236,642	4,004,338	14,240,980

(a) Including amounts paid to Benevolent Asylums and Hospitals for the maintenance of pensioners.

§ 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.

From 1st August, 1934, the limit of income was increased by £13 per annum in respect of each previous child of the claimant under the age of 14 years living at the date of the birth, with a maximum income limit of £299. The amount of the allowance was also increased from £4 by 5s. in respect of each such child up to a maximum of £5.

On the 21st September, 1936, the limit of income was increased from £208 to £221 with an allowance of £13 per annum in respect of each previous surviving child under 14 years of age up to a maximum income of £312. The amount of maternity allowance was also increased to £4 10s. in cases where there was no previous surviving issue under 14 years of age and £5 where there was any such issue.

The following table gives a summary in connexion with the working of the Maternity Allowance Act for the years 1933 to 1937:—

MATERNITY ALLOWANCE.—SUMMARY.

Year.	Claims Paid.	Claims Rejected.	Amount Paid.	Cost of Administration.	Cost per £100 of allowance paid.
	No.	No.	£	£	£ s. d.
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	(a) 3 12 11
1935-36 ..	76,953	5,459	335,552 (a)	12,200	(a) 3 12 9
1936-37 ..	79,254	5,843	370,150 (a)	12,150	(a) 3 5 8
Aggregate—					
1912-13 to					
1936-37 ..	2,956,626	48,625	14,414,239	340,075	(a) 2 7 2

(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.
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	5,035	3,725	39	76,442
1936	30,463	19,672	11,640	6,613	4,850	3,689	26	76,953
1937	31,086	20,350	12,170	6,854	4,731	4,018	45	79,254
Total, 1910 to 1936-37 ..	1,177,946	773,305	435,312	257,102	187,592	124,412	957	2,956,626

§ 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, 1936, was 31,838, viz., 28,272 males and 3,566 females, and the average pension contributed for was 4.528 units or £117 14s. 7d. per annum.

During 1935-36 the receipts of the fund amounted to £631,334 of which officers' contributions represented £401,594 and interest on investments, £228,366. The payments from the fund for the year were £733,142, of which £589,697 was invested, bringing the total funds invested to £5,649,558 (at cost). The average rate of interest on investments at 30th June, 1936, was £4 6s. 6d. per cent.

Pensions in force on the 30th June, 1936, numbered 5,677, excluding commuted pensions, with a net annual liability of £500,067, of which £389,424 represented the share payable from the Consolidated Revenue Fund.

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

§ 9. Currency and Coinage.

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

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

3. **Gold Receipts and Issues.**—(i) *Receipts.* The receipts of gold during 1936 and the aggregate at each mint to the end of 1936 were as follows:—

AUSTRALIAN MINTS.—RECEIPTS OF GOLD, 1936, AND TOTAL.

Mint.	Deposits during 1936.	Total to end of 1936.		
		Quantity.		Value.
		Gross.	Fine.	
	ozs.	ozs.	ozs.	£
Sydney ..	..	(a) 42,082,928	(a) 36,907,045	(a) 156,771,141
Melbourne ..	369,930	43,621,171	39,618,063	168,286,725
Perth ..	1,010,344	38,054,261	31,080,237	132,020,369
Total ..	1,380,274	123,758,360	107,605,345	457,078,235

(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 1936, 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.		
1936—	£	£	£	£	£
Melbourne ..	..	..	..	1,007,110	1,007,110
Perth ..	..	..	..	3,366,727	3,366,727
Total, 1936	..	..	..	4,373,837	4,373,837
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	20,049,754	168,279,665
Perth ..	106,384,197	367,338	106,751,535	25,271,510	132,023,045
Total to end of 1936 ..	398,102,878	6,095,118	404,197,996	52,895,672	457,093,668

(iii) *Withdrawals of Worn Coin.* The mints receive light and worn coin for recoinage. The total withdrawals of worn gold coin to the end of 1936 were as follows:—Sydney (to 1926), £1,110,867; Melbourne, £882,304 (since and including 1890); and Perth, £1,401.

4. *Price of Gold.*—In consequence of Great Britain's departure from the gold standard on 21st September, 1931, the market value of gold immediately rose by about 17½ per cent. from £4 4s. 11d. to £4 19s. 7d. per ounce fine. Considerable fluctuations have since taken place, and the average value of gold based on the London open market price per ounce fine adjusted to the telegraphic transfer exchange rate (Australia on London) less a small percentage for shipping charges is given in the following table in £ Sterling and £ Australian for each year from 1930 to 1936 and for each month from January, 1934 to September, 1937. Particulars are also shown for the value of the sovereign.

PRICE OF GOLD.—LONDON AND AUSTRALIA, 1930 to 1937.

Month.	London.		Australia.		Equivalent to a premium of—
	Average price per ounce, fine.	Average value of Sovereign.	Average price per ounce, fine.	Average value of Sovereign.	
Average for	£s. d.	£s. d.	£A s. d.	£A s. d.	%
Year—					
1930 ..	4 4 11	1 0 0	4 8 9	1 0 11	4.4
1931 ..	4 12 5	1 1 9	5 17 6	1 7 8	38.3
1932 ..	5 18 0	1 7 9	7 5 8	1 14 4	71.5
1933 ..	6 4 11	1 9 5	7 14 2	1 16 3	81.4
1934 ..	6 17 8	1 12 5	8 9 11	2 0 0	100.0
1935 ..	7 2 1	1 13 5	8 15 5	2 1 4	106.5
1936 ..	7 0 3	1 13 0	8 13 2	2 0 9	103.8
Average for					
Month—					
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
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
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
October ..	7 1 11	1 13 5	8 15 2	2 1 3	106.2
November ..	7 2 3	1 13 6	8 15 7	2 1 4	106.7
December ..	7 1 8	1 13 4	8 14 11	2 1 2	105.9
1937—					
January ..	7 1 8	1 13 4	8 14 11	2 1 2	105.9
February ..	7 2 1	1 13 5	8 15 5	2 1 4	106.5
March ..	7 2 4	1 13 6	8 15 8	2 1 5	106.8
April ..	7 1 4	1 13 3	8 14 5	2 1 1	105.3
May ..	7 0 7	1 13 1	8 13 7	2 0 11	104.3
June ..	7 0 7	1 13 1	8 13 6	2 0 10	104.2
July ..	7 0 0	1 13 0	8 12 10	2 0 8	103.5
August ..	6 19 6	1 12 10	8 12 3	2 0 7	102.7
September ..	7 0 4	1 13 1	8 13 3	2 0 9	103.9

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 1936 London market price of 1s. 8.1d. per ounce, approximately 20s. 1d. The difference nearly represents, therefore, the gross profit or seigniorage made on the coinage of every £3 6s. Negotiations for the coinage of silver and bronze coin in Australia extended over a number of years between the Imperial authorities and the Governments of New South Wales and Victoria, but no decision was arrived at. As section 51 of the Commonwealth Constitution makes legislation concerning "currency, coinage, and legal tender" a Commonwealth matter, the question remained in abeyance until 1907, when the matter was discussed at the Colonial Conference, London, with the result that in the latter part of 1908 the Commonwealth Treasurer announced his intention of initiating the coinage. Since 1916 silver and bronze coins have been minted in Australia on behalf of the Commonwealth Treasury. It is interesting to record that an issue of crowns was made in 1936-37 when coins of this denomination to the value of £200,000 were put into circulation.

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

AUSTRALIAN MINTS.—SILVER AND BRONZE ISSUES BY TREASURY.

Year.	Silver.					Bronze.			
	5/-.	2/-.	1/-.	6d.	3d.	Total.	1d.	½d.	Total.
	£	£	£	£	£	£	£	£	£
1910 to 1930	..	3,455,000	1,773,300	854,300	817,900	6,900,500	321,563	111,715	433,278
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
1935-36	..	167,500	34,400	46,800	49,400	298,100	23,920	8,050	31,970
1936-37	..	200,000	208,600	13,000	47,000	39,200	507,800	17,180	6,190
Total..	200,000	1,525,900	1,947,300	1,008,300	972,300	8,653,800	427,013	154,635	581,648

(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 1936 was as follows:—Melbourne, nil; Perth, nil. The total withdrawals of worn silver coin to 1936 were:—Melbourne, £1,747,409; Perth, £129,738; Sydney (to 1926), £1,248,672.

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

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

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

(iii) *Notes in Circulation.* Particulars of the average notes in circulation and of the gold reserve for the years 1914 and 1932 to 1936 are given in the following table:—

COMMONWEALTH NOTE ISSUE.—PARTICULARS.

Particulars.	Average of monthly statements for year—					
	1914.	1932.	1933.	1934.	1935.	1936.
Notes held by—	£	£	£	£	£	£
Banks ..	(a)	24,916,825	22,685,449	21,198,854	20,119,208	18,465,121
Public ..	(a)	25,740,767	25,033,410	25,872,512	27,449,147	28,972,667
Total ..		11,944,848	50,657,592	47,718,859	47,071,366	47,568,355
Gold Reserve(b)		5,368,822	10,616,563	11,672,099	15,524,204	15,922,404
Percentage of Reserve on Total Issue ..	%	%	%	%	%	%
	44.9	21.0	24.5	33.0	33.5	33.7

(a) Not available. (b) Includes English sterling in 1932 and following years. (c) Average of published figures including values expressed in £'s gold, £'s sterling and £'s Australian.

Details of the average value of each of the several denominations of Australian Notes outstanding in 1914 and from 1932 to 1936 are given in Finance Bulletin No. 27 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 1932 to 1936.

ESTIMATED LEGAL TENDER EXTANT.—AUSTRALIA.

Particulars.	1932.	1933.	1934.	1935.	1936.
Australian Note Issue (a)—	£'000.	£'000.	£'000.	£'000.	£'000.
Held by Banks	26,505	23,346	21,284	20,202	18,253
Held by Public	24,798	24,207	25,017	26,848	28,792
Notes of Trading Banks outstanding (b)	197	181	174	169	167
Coin—Gold—Held by Banks (c) ..	158	61	20	23	51
Held by Public .. ..	..	..	..	..	..
Silver—Held by Banks (c) ..	2,289	2,047	2,007	1,932	2,099
Held by Public	5,057	5,289	5,482	5,761	5,943
Bronze—Held by Banks (c) ..	110	105	109	106	113
Held by Public	341	364	389	420	441
Total	59,455	55,600	54,482	55,461	55,859

(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 890 of this issue details are given in regard to the constitutional and other requirements in the matter of the distribution of Commonwealth revenues.

§ 2. Consolidated Revenue Funds.

Division I.—Revenue.

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

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

In regard to item (b) attention is directed to the statement (see C. § 1 par. 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 Business Undertakings, the principal contributor being the Government Railways and Tramways. Next in magnitude comes Taxation, followed in order by the Commonwealth Payments and Interest Receipts.

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.							
	£	£	£	£	£	£	£
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
1935-36	49,869,643	26,583,510	15,488,991	11,409,325	10,033,721	3,117,602	116,502,792
PER HEAD OF POPULATION.(c)							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
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
1935-36	18 15 5	14 8 5	15 18 8	19 9 3	22 8 1	13 10 9	17 5 11

(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 paid to Special Funds. (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 par. 1 *ante*, particulars for the year 1935-36 are as follows :—

STATE CONSOLIDATED REVENUE.—SOURCES, 1935-36.

Particulars.	N.S.W. (a)	Victoria. (a)	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL REVENUE.							
	£	£	£	£	£	£	£
Taxation (c) ..	16,289,722	9,920,693	4,102,084	3,204,580	2,203,169	1,418,256	37,138,504
Business Undertakings ..	24,568,233	11,406,210	6,741,810	4,549,144	5,239,870	468,956	52,974,223
Territorial ..	1,699,549	431,218	1,425,346	212,142	383,391	64,112	4,215,758
Commonwealth payments (b) ..	3,160,140	2,267,159	1,171,235	2,128,816	1,308,432	716,859	10,752,641
Interest ..	600,296	1,622,478	1,063,813	824,522	364,743	332,033	4,807,885
Miscellaneous ..	3,551,703	935,752	984,703	490,121	534,116	117,386	6,613,781
Total ..	49,869,643	26,583,510	15,488,991	11,409,325	10,033,721	3,117,602	116,502,792
PER HEAD OF POPULATION.(c)							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Taxation (c) ..	6 2 8	5 7 8	4 4 5	5 9 4	4 18 5	6 3 2	5 10 3
Business Undertakings ..	(d) 9 5 0	6 3 9	6 18 8	7 15 2	11 14 0	2 0 9	7 17 4
Territorial ..	0 12 9	0 4 8	1 9 4	0 7 3	0 17 1	0 5 7	0 12 6
Commonwealth payments (b) ..	1 3 9	1 4 7	1 4 1	3 12 7	2 18 5	3 2 3	1 11 11
Interest ..	0 4 6	0 17 7	1 1 11	1 8 2	0 16 4	1 8 10	0 14 3
Miscellaneous ..	1 6 9	0 10 2	1 0 3	0 16 9	1 3 10	0 10 2	0 19 8
Total	18 15 5	14 8 5	15 18 8	19 9 3	22 8 1	13 10 9	17 5 11

(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) Based on mean population of the financial year.

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

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

(ii) *Revenue from Taxation.*—(a) *General.* Owing to different methods of treating motor taxation in the respective Treasurers' Statements of Accounts, particulars of State taxation collections have not always been directly comparable. The following table shows

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 1935-36 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.							
	£	£	£	£	£	£	£
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	37,725,609
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	13,990,771	8,993,718	6,546,263	3,267,099	2,436,076	1,227,328	36,461,255
1935-36	16,289,722	9,920,693	7,323,028	3,267,389	2,762,735	1,418,256	40,981,823

PER HEAD OF POPULATION.(a)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
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 2	4 17 11	6 16 3	5 11 10	5 9 11	5 7 1	5 9 0
1935-36	6 2 8	5 7 8	7 10 8	5 11 6	6 3 5	6 3 2	6 1 8

(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.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.
	£	£	£	£	£
New South Wales	1,251,650	1,639,979	1,542,475	1,693,966	1,673,805
Victoria	1,014,669	1,164,200	1,143,330	1,124,933	1,340,701
Queensland	424,522	452,872	459,314	448,901	528,412
South Australia	323,008	299,826	298,676	315,463	233,742
Western Australia	63,162	91,995	70,154	74,076	112,657
Tasmania	86,764	117,387	156,935	70,035	111,872
Total	3,163,775	3,766,259	3,670,884	3,727,374	4,001,189

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

OTHER STATE STAMP DUTIES.—COLLECTIONS.

State.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.
	£	£	£	£	£
New South Wales	843,986	929,158	1,013,604	1,084,044	1,141,305
Victoria	639,578	725,834	733,054	826,056	858,731
Queensland	418,205	423,450	446,587	501,910	545,167
South Australia	164,708	177,396	190,193	206,411	225,499
Western Australia	189,174	181,642	209,965	231,868	252,062
Tasmania	137,876	100,020	97,719	104,842	74,342
Total	2,393,527	2,537,500	2,691,122	2,975,131	3,097,106

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

The following table shows the amounts collected by means of such taxes during the financial years 1931-32 to 1935-36 :—

STATE LAND TAX.—COLLECTIONS.

State.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.
	£	£	£	£	£
New South Wales	2,453	1,968	2,199	2,461	2,034
Victoria	497,609	593,752	535,947	494,593	494,293
Queensland	346,064	442,584	433,881	412,459	411,598
South Australia	434,544	306,198	346,411	350,832	293,842
Western Australia	132,368	130,963	118,973	121,895	117,682
Tasmania	95,916	92,823	90,812	89,863	89,494
Total	1,508,954	1,478,288	1,528,223	1,472,103	1,408,943

(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 amounts collected in the several States during the years 1931-32 to 1935-36. 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.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.
	£	£	£	£	£
New South Wales ..	3,411,146	3,870,616	2,808,851	3,146,495	4,088,164
Victoria ..	2,061,561	2,117,000	2,329,629	2,603,512	2,759,324
Queensland ..	1,652,329	1,689,383	1,607,499	1,800,477	2,295,004
South Australia ..	1,484,066	1,254,961	1,302,083	1,473,931	1,495,210
Western Australia ..	436,767	336,001	362,593	551,800	634,351
Tasmania ..	242,347	339,239	361,143	420,366	517,061
Total ..	9,288,216	9,607,200	8,771,798	9,996,581	11,789,114

(f) *Other taxes on Income.* 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 Financial Emergency and Hospital taxes are levied and in Tasmania a tax on wages provides the funds necessary for the relief of unemployment. Further references to unemployment relief taxation may be found in the Labour Report, Nos. 22 to 27.

(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.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.
	£	£	£	£	£
New South Wales ..	1,617,387	1,608,154	1,770,828	1,934,665	2,164,068
Victoria ..	1,124,362	1,222,684	1,280,878	1,403,134	1,592,880
Queensland ..	519,467	525,967	587,421	633,059	724,119
South Australia ..	499,704	503,386	529,432	565,279	608,036
Western Australia (a) ..	278,816	274,721	292,768	318,681	342,163
Tasmania ..	93,567	97,210	101,720	110,586	123,584
Total ..	4,133,303	4,232,122	4,563,047	4,965,404	5,554,850

(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 States of South Australia and Tasmania. In New South Wales a proportion of the collections is paid to Consolidated Revenue as an offset against administrative charges.

(iii) *Business Undertakings.* (a) 1935-36. A very large proportion of State gross revenues is made up of receipts from business undertakings under the control of the Governments. The principal of these are railways and tramways, harbour works, and water supply and sewerage, while, in addition, State batteries for the treatment of auriferous ores are included for Western Australia, and various minor revenue-producing services are rendered by the Governments of all States. For the year 1935-36 the revenue from these sources was £52,974,223, or 45 per cent. of the revenue from all sources. Details of revenue are as follows:—

STATE REVENUE FROM BUSINESS UNDERTAKINGS, 1935-36.

Particulars.	N.S.W. (g)	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Railways	16,953,581	49,188,798	6,643,834	2,851,485	3,424,494	447,546	39,509,738
Tramways	3,757,746	(c) 111,658	..	..	287,103	..	4,156,507
Harbour services ..	1,040,610	69,801	97,976	657,021	296,428	..	2,161,836
Water supply and sewerage ..	2,816,296	(b) 634,261	..	997,618	678,824	..	5,126,999
Other .. ..	..	41,401,692	..	43,020	553,021	(e) 21,410	2,019,143
Total	24,568,233	11,406,210	6,741,810	4,549,144	5,239,870	468,956	52,974,223

(a) Includes electric tramways operated by the Railways Department. (b) Country water supply only. (c) Statutory contribution to revenue by Melbourne and Metropolitan Tramways Board. (d) Mostly interest recouped from Business Undertakings outside Consolidated Revenue Fund. (e) Includes profits of Hydro-electric Commission. (f) Includes Omnibuses. (g) See C § 1 par. 2.

As mentioned on page 919 the particulars shown above for New South Wales railways 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 credited direct to Railways accounts.

(b) 1931-32 to 1935-36. Particulars of the revenue from Business Undertakings for the last five years are given below:—

STATE REVENUE FROM BUSINESS UNDERTAKINGS, (a)

Particulars.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.
	£	£	£	£	£
Railways and Tramways ..	39,822,890	40,190,873	39,503,110	42,322,041	43,666,245
Harbour Services	1,761,715	1,859,527	1,808,055	2,002,710	2,161,836
Water Supply and Sewerage	5,189,034	5,163,816	4,829,220	4,854,223	5,126,999
Other	2,364,205	2,131,230	2,141,945	2,027,049	2,019,143
Total	49,137,844	49,345,446	48,282,330	51,206,023	52,974,223

(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 1935-36 :—

STATE TERRITORIAL REVENUE, 1935-36.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Sales ..	52,134	104,116	..	23,535	10,018	10,097	199,900
Conditional Purchase ..	774,935	..	..	19,593	83,637	..	878,165
Rentals ..	774,155	175,845	1,122,569	169,014	155,418	27,156	2,424,157
Forestry ..	98,325	151,257	302,777	..	134,318	26,859	713,536
Total ..	1,699,549	431,218	1,425,346	212,142	383,391	64,112	4,215,758

(v) *Commonwealth Payments.* The payments to the States (inclusive of special grants but excluding the contributions in respect of sinking fund on States' Debts and Federal Aid Roads grants which are paid by the Commonwealth into the National Debt Sinking Fund and Federal Aid Roads Trust Fund respectively and certain other grants paid into trust or special accounts) represent in each instance a considerable proportion of the States' revenue, and for the year 1935-36 aggregated £10,752,641, or 9 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 1935-36 interest, mainly from loans to local governing bodies and on public account balances, was responsible for £4,807,885, whilst "Miscellaneous" revenue which includes fines of the courts and fees for services amounted to £6,613,781.

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) Health 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 1935-36 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.
TOTAL							
	£	£	£	£	£	£	£
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
1935-36	51,608,092	26,699,971	16,230,806	11,260,360	9,945,343	3,247,288	118,991,860

PER HEAD OF POPULATION.(c)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
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
1935-36	19 8 6	14 9 9	16 13 11	19 4 2	22 4 2	14 2 0	17 13 3

(a) Includes expenditure of certain moneys not paid into Consolidated Revenue, such as receipts from Railways, Tramways, Sydney Harbour Trust, certain Water Supply and Sewerage Services, and motor taxation in New South Wales and motor taxation in Victoria. (b) Includes Social Services. Refer to letterpress on page 919. (c) Based on mean population of each financial year.

3. Details of Expenditure for 1935-36.—The following table shows the total expenditure and expenditure per head under each of the principal items:—

STATE EXPENDITURE.—DETAILS, 1935-36.

Particulars.	N.S.W. (c)	Victoria. (c)	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.
TOTAL							
	£	£	£	£	£	£	£
Public debt (interest, sinking fund, exchange, etc.)	916,005,707	7,968,950	6,295,433	4,953,729	4,030,250	1,142,511	40,396,580
Railways and Tramways (working expenses)	15,084,955	4,441,275	5,082,673	2,211,618	2,704,956	659,548	32,085,025
Water Supply and Sewerage (f)	983,467	308,034	228,136	300,279	265,120	..	1,765,036
Justice ..	528,251	228,080	175,484	82,428	76,062	39,716	1,130,027
Police ..	1,532,508	714,097	523,871	270,897	230,933	106,801	3,378,207
Penal establishments	325,425	114,115	36,472	43,619	29,155	17,541	566,327
Education ..	4,259,401	2,794,375	1,553,431	972,352	758,862	325,111	10,633,534
Health and charitable	7,093,179	3,264,704	1,066,466	1,059,065	1,465,452	446,811	13,395,683
All other expenditure	5,915,109	4,896,335	1,168,840	1,366,373	1,385,453	609,247	15,611,441
Total ..	51,608,092	26,699,971	16,230,806	11,260,360	9,945,343	3,247,288	118,991,860

PER HEAD OF POPULATION.(i)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Public debt (interest, sinking fund, etc.)	6 0 6	4 6 6	6 9 6	8 9 0	9 0 0	4 19 3	5 19 11
Railways and Tramways (working expenses) ..	5 13 7	3 9 11	5 4 7	3 15 5	6 0 10	2 8 7	4 15 3
Water Supply and Sewerage ..	0 6 6	0 3 4	0 0 7	0 10 3	0 11 10	..	0 5 3
Justice ..	0 4 0	0 2 6	0 3 7	0 2 10	0 3 5	0 3 5	0 3 4
Police ..	0 11 6	0 7 9	0 10 9	0 9 3	0 10 3	0 9 3	0 10 0
Penal establishments	0 2 5	0 1 3	0 0 9	0 1 6	0 1 4	0 1 6	0 1 8
Education ..	1 12 1	1 10 0	1 12 0	1 13 2	1 13 11	1 8 3	1 11 7
Health and charitable	2 13 5	1 15 4	1 1 11	1 16 2	1 0 9	1 18 10	1 19 10
All other expenditure	2 4 6	2 13 2	1 10 3	2 6 7	3 1 10	2 12 11	2 6 5
Total ..	19 8 6	14 9 9	16 13 11	19 4 2	22 4 2	14 2 0	17 13 3

(a) Includes 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, £37,416 and South Australia, £70,100. (g) Includes Metropolitan Water, Sewerage and Drainage Board outside Consolidated Revenue Fund. (h) In addition £268,969 was expended from Hospital Fund. (i) Based on mean population of the financial year.

Division III.—Surplus Revenue.

The following table shows for each of the years 1931-32 to 1935-36 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.
	£	£	£	£	£	£	£
1931-32..	-14,225,838	-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
1935-36..	-1,738,449	-116,161	-741,815	148,965	88,378	-129,686	-2,489,068

PER HEAD OF POPULATION.(b)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
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
1935-36..	-0 13 1	-0 1 4	-0 15 3	0 5 1	0 3 11	-0 11 3	-0 7 4

NOTE.—Minus sign (—) indicates deficit.

(a) After allowing for payments into and expenditure from certain special funds.
mean population of each financial year.

(b) Based on

§ 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, 1936, was as follows:—

STATE TRUST FUNDS, 30th JUNE, 1936.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	All States.
	£	£	£	£	£	£	£
Amount of trust funds	15,033,653	7,278,647	3,024,791	1,231,701	3,550,140	1,052,467	31,171,399

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

§ 4. State Loan Funds.

Division I.—Loan Expenditure.

1. General.—As far back as the year 1842 revenue collections were supplemented with borrowed moneys, the earliest loan being by New South Wales for the purpose of assisting immigration, at rates of interest varying from 2½d. to 5½d. per £100 per diem, or approximately from 4½ per cent. to 8 per cent. per annum. Australian public borrowing, however, is mainly due to the fact that the State Governments, in addition to ordinary administrative duties, undertake functions which in other countries are usually entrusted to local authorities or left to private enterprise. Foremost amongst these are the construction and control of the railway systems, but loan moneys have 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, 1935-36.**—(a) *Gross Loan Expenditure, 1935-36.* Particulars of the gross loan expenditure for the year 1935-36 are given in the following table:—

STATE GROSS LOAN EXPENDITURE, 1935-36.

Heads of Expenditure.	New South Wales.	Victoria. (d)	Queens-land.	South Australia.	Western Australia. (c)	Tasmania.	Total.
	£	£	£	£	£	£	£
Public Works and Services—							
Railways	2,582,007	280,900	693,712	434,091	11,675	215,613	} 4,453,907
Tramways	135,909	..	..	(b) 100,000	..	..
Roads	230,763	112,183	} 305,658	..	..	..	} 70,450
Bridges	1,786	
Harbours and Rivers ..	168,348	..	118,588	95,639	} 68,549	} 27,756	} 1,171,964
Lights and Lighthouses			
Water Supply	958,359	285,473	..	304,625	16,405	..	1,564,862
Sewerage	404,807	..	..	84,299	53,496	..	542,602
Electricity Supply ..	38,959	..	..	..	257,168	859,415	1,155,542
Public Buildings ..	443,327	7,866	494,198	111,397	36,877	88,442	1,182,107
Loans to Local Bodies (a)	} 3,391,065	} 2,544,870	} 1,430,951	} 40,000	} 1,857,115	} ..	} 9,287,045
Unemployment Relief ..							
Advances for Housing ..	80,000	913	393,082	21,505	500	27,756	523,756
Other Public Works ..	..	..	..	166,112	94	15,893	182,099
Primary Production—							
Soldier Settlement ..	..	209,274	6,085	22,817	427	127,846	366,449
Land for Settlement ..	..	255,728	276,442	16,819	..	28,874	577,863
Water Conservation ..	} 672,379	} ..	} 92,265	} 486	} 26,063	} ..	} 827,552
Irrigation and Drainage							
Rabbit-proof Fencing ..	..	19,444	36,564	15,958	20,401	..	..
Agriculture	369,806	..	13,122	3,521	..	..	59,529
Agricultural Bank ..	..	..	225,017	..	39,540	..	422,468
Advances to Settlers ..	..	78,008	..	569,748	9,618	62,036	719,410
Forestry .. .. .	..	46,793	107,000	156,582	..	..	310,375
Mines and Mineral Resources ..	..	..	35,461	..	38,843	..	74,304
Other .. .. .	..	..	..	45,523	..	..	45,523
Other Purposes	13,093	..	3	509,516	27,396	..	550,008
Total Public Works, Services, etc., Expenditure	9,490,608	3,841,452	4,228,148	2,698,638	2,464,167	1,519,369	24,242,382
Per head of Population	£3 11 5	£2 1 8	£4 7 0	£4 12 1	£5 10 1	£6 11 11	£3 12 0
Other than Works, etc.—							
Exchange, Discounts and Flotation Expenses ..	1,580,268	51,619	..	36,133	31,357	..	1,699,377
Revenue and General Cash Deficits	2,865,482	58,000	741,815	..	..	339,094	4,004,391
Other .. .. .	..	..	100,000	..	..	..	100,000
Total Non-Works, etc., Expenditure	4,445,750	109,619	841,815	36,133	31,357	339,094	5,803,768
Grand Total	13,936,358	3,951,071	5,069,963	2,734,771	2,495,524	1,858,463	30,046,150

(a) Includes Grants. (b) Loans to Local Bodies for Tramways. (c) Expenditure charged to Loan Account. Expenditure from Loan Suspense Account not included until charged to Loan Account. (d) 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) *Net Loan Expenditure, 1935-36.* For the year ended 30th June, 1936, State net loan expenditure on Public Works amounted to £18,750,209, while expenditure on services other than works was £5,708,452, making an aggregate for the year of £24,458,661. Details for the year for each State are given in the following table:—

STATE NET LOAN EXPENDITURE, 1935-36.

Heads of Expenditure.	New South Wales.(i)	Victoria.(ii)	Queensland.	South Australia.(j)	Western Australia.(h)	Tasmania.	Total.
	£	£	£	£	£	£	£
Public Works and Services—							
Railways	2,201,837	120,224	692,830	420,233	11,675		47,859
Tramways	Cr. 122,650			(e) 65,800			
Roads	135,357	82,528	275,110		119		69,437
Bridges	Cr. 3,241	Cr. 5,184					
Harbours and Rivers ..	164,565	Cr. 2,289	117,320	7,144			68,497
Lights and Lighthouses							
Water Supply	951,811	255,940		272,819	15,482		1,496,052
Sewerage	390,516	(b) Cr. 995		64,408	34,102		488,091
Electricity Supply	37,800				257,168	800,000	1,094,968
Public Buildings	440,936	6,027	480,409	110,919	36,840	52,177	1,128,214
Loans to Local Bodies ..		Cr. 3,985	(f) 1,029,840	(f) 24,541	Cr. 805	Cr. 288,170	7,938,496
Unemployment Relief Works	2,810,680	2,499,775			1,857,115	9,505	
Advances for Housing ..	80,000	913	92,864	Cr. 110,004	Cr. 2,416	Cr. 510	60,817
Other				77,634	79	8,272	85,985
Primary Production—							
Soldier Settlement	(d) Cr. 520	28,827	Cr. 48,403	Cr. 36,981	Cr. 56,878	Cr. 40,780	180,317
Land for Settlement		113,022	222,608	Cr. 12,064		11,486	
Water Conservation	543,002		69,161	Cr. 60,729	25,827		743,162
Irrigation and Drainage	(e)	Cr. 4,609	14,494	Cr. 1,808	20,271		
Rabbit-proof Fencing ..			2,784	Cr. 3,647			6,238
Agriculture	304,555		40,187		36,045		403,387
Agricultural Bank		Cr. 4,357		105,180	8,786	Cr. 8,400	Cr. 40,187
Advances to Settlers ..	(e)	Cr. 46,793	101,071	45,233			101,209
Forestry							193,097
Mines and Mineral Resources	Cr. 196	Cr. 8,133	26,632		28,915		47,218
Other				6,844			6,844
Other Purposes	Cr. 16,131	Cr. 9,115	Cr. 30,163	(g) 509,360	15,670		469,621
Total Public Works Services, etc., Expenditure	7,978,321	3,115,982	3,006,370	1,632,400	2,356,260	660,876	18,750,209
Per head of Population	£3 0 0	£1 13 10	£3 1 10	£2 15 8	£5 5 3	£2 17 5	£2 15 8
Other than Works, etc.—							
Exchange, Discount and Flotation Expenses ..	1,580,268	51,619		29,195	31,357		1,692,439
Revenue and General Cash Deficits	2,865,482	58,000	741,815		Cr. 88,378	339,094	3,916,013
Other			100,000				100,000
Total Non-Works, etc., Expenditure	4,445,750	109,619	841,815	29,195	Cr. 57,021	339,094	5,708,452
Grand Total	12,424,071	3,225,601	3,848,185	1,661,595	2,299,239	999,970	24,458,661

(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) Includes Rabbit-proof Fencing and Advances to Settlers. (e) Included with Soldier Settlement, &c. (f) Includes grants. (g) Includes State Bank £500,000. (h) Expenditure charged to Loan Account. Expenditure from Loan Suspense Account not included until charged to Loan Account. (i) Credits on account of amortisation of indebtedness in respect of Soldier loan settlement advances (£934,722) and transfers from Special Deposits Account (£321,661) not allowed for. (j) Credits arising from the cancellation of securities redeemed from Sinking Fund not allowed for.

3. Net Loan Expenditure on Works, Services, etc. 1931-32 to 1935-36.—The following table gives the works net loan expenditure during each of the years 1931-32 to 1935-36 :—

STATE NET LOAN EXPENDITURE ON WORKS, SERVICES, ETC.

Year.	N.S.W.	Victoria.	Q'land.(a)	S. Aust. (c)	W. Aust.(e)	Tasmania.	All States.
TOTAL.							
	£	£	£	£	£	£	£
1931-32	3,387,143	1,002,224	Cr. 7,986	550,626	1,267,865	26,254	6,226,126
1932-33	4,319,766	2,094,271	672,474	901,473	2,048,224	Cr.74,907	9,961,301
1933-34	7,003,812	2,190,550	1,717,182	947,785	2,563,087	118,783	14,541,199
1934-35	9,724,462	1,786,860	3,169,072	4,959,479	2,633,678	361,495	18,635,046
1935-36	6,797,321	3,115,982	3,006,370	1,632,400	2,356,260	660,876	18,750,209

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1931-32	1 6 5	0 11 1	Cr.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	Cr.0 6 7	1 10 3
1933-34	2 13 7	1 4 0	1 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
1935-36	3 0 0	1 13 10	3 1 10	2 15 8	5 5 3	2 17 5	2 15 8

(a) Figures for each year are exclusive 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) Credits on accounts of amounts written off indebtedness in respect of Soldier Land Settlement advances (£934,722) and transfers from Special Deposits account (£321,661) not allowed for. (c) Credits arising from the cancellation of securities redeemed from Sinking Fund not allowed for. (d) Amounts of £204,988 written off Public Debt and £88,782 adjustment of interest pursuant to Soldier Settlement Agreement not allowed for. (e) Expenditure charged to Loan. Expenditure from Loan Suspense Account not included until charged to Loan Account.

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, 1936.—The total loan expenditure inclusive of revenue deficits, etc., of the States from the initiation of borrowing to the 30th June, 1936, amounted to £938,443,985. The purposes for which this sum was expended are shown in the following table :—

TOTAL STATE LOAN EXPENDITURE TO 30th JUNE, 1936.

Heads of Expenditure.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	Total.
	£	£	£	£	£	£	£
Public Works and Services—							
Railways ..	146,716,614	74,780,077	63,471,984	34,225,173	24,767,222	7,109,190	351,070,260
Tramways ..	9,182,119	..	..	63,468,195	1,107,553	..	13,757,867
Roads and Bridges	16,756,428	12,237,256	3,638,442	3,219,745	3,278,503	..	..
Harbours, Rivers, Lighthouses	20,539,933	990,506	2,554,563	8,103,714	6,967,547	7,014,875	85,301,512
Water Supply ..	24,780,632	29,109,449	..	14,347,775	8,194,113	..	76,431,969
Sewerage ..	16,307,896	(d) 217,784	..	3,280,373	2,940,364	..	22,746,417
Electricity Supply ..	1,307,352	17,839,227	..	..	1,673,282	4,805,641	25,625,502
Public Buildings	13,630,428	6,419,077	4,959,446	3,554,435	1,907,308	1,915,899	32,386,593
Loans to Local Bodies (h)	15,197,277	1,827,664	15,725,478	529,203	91,809	845,332	40,754,030
Unemployment Relief Advances—Housing	1,004,344	6,355,894	..	..	..	181,313	7,341,551
Commonwealth Services ..	3,965,937	149,323	524,388	1,283,387	332,293	270,634	6,525,962
Other Public Works and Services ..	49,855	1,330,283	..	77,634	1,178,447	1,339,284	3,975,503
Primary Production—							
Soldier Settlement ..	3,967,584	28,007,227	1,390,034	8,703,296	7,217,762	2,619,961	..
Land for Settlement Closer Settlement ..	9,329,428	13,265,968	2,981,410	1,598,468	324,662	405,017	94,940,806
Advances to Settlers	(f)	2,164,272	..	3,304,046	9,319,607	341,964	..
Water Conservation Irrigation and Drainage ..	14,765,225	..	2,141,412	1,405,329	1,087,015	..	28,638,482
Rabbit Proof Fencing ..	(f)	812,192	334,260	240,361	341,765	..	1,728,578
Agricultural Bank ..	..	..	1,675,506	..	5,878,695	..	7,554,201
Agriculture ..	7,200,426	150,682	47,208	..	3,581,218	..	10,979,534
Mines and Mineral Resources ..	580,936	520,421	1,942,494	..	2,754,705	..	5,798,556
Other ..	..	642,451	1,428,590	1,701,005	628,016	..	4,400,062
Other Purposes ..	63,819,256	1,041,975	5,909,775	(i) 2,743,200	3,580,892	335,971	17,431,069
Total Public Works, Services, &c., Expenditure ..	309,101,770	197,862,641	113,039,405	104,977,083	89,674,883	27,363,547	842,019,329
Other than Works, etc.—							
Exchange on Remittances ..	16,009,033	..	..	..	..	..	26,392,877
Discounts and Flotation Expenses ..	..	5,566,033	..	959,971	3,857,840	(g)	..
Revenue and General Cash Deficits ..	36,141,116	4,083,682	3,989,401	8,608,592	11,368,234	835,366	65,026,391
Treasury Bills Retired ..	..	..	4,185,338	..	..	..	4,185,338
Other ..	120,050	..	700,000	..	..	..	820,050
Grand Total ..	361,371,969	207,512,356	121,914,144	114,545,646	104,900,957	28,198,913	938,443,985

(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, &c. (g) Included with Other Public Works. (h) Includes Grants. (i) Includes State Bank.

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, 1933 to 1937.**—The table hereunder shows the State public debts and the amounts owing per head of population at the 30th June in each year from 1933 to 1937 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 some 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. IV. of this volume to certain remissions which the Commonwealth Government made to the States on account of losses sustained by the States in connexion with soldier land settlement; the States' debts were so reduced by £5,000,000 as from 1st October, 1925, and by a further £2,597,783 as from 30th June, 1927. The following figures 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 some earlier issues:—

STATE PUBLIC DEBTS.

Date.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	All States.		
TOTAL.									
	£	£	£	£	£	£	£		
30th June, 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		
" 1937	350,291,499	176,597,010	124,898,475	106,594,164	92,332,855	25,247,540	875,961,543		
PER HEAD OF POPULATION.(a)									
	£	s.	d.	£	s.	d.	£	s.	d.
30th June, 1933	120	15	1	92	19	6	120	17	5
" 1934	123	16	4	94	10	10	123	0	4
" 1935	127	9	2	94	15	8	122	15	8
" 1936	129	18	10	94	15	5	125	2	9
" 1937	130	1	10	95	3	4	125	17	11

(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 £68 million or at the rate of £17 million per annum. The debt per head of population increased during the period by £6 8s. 4d. to £128 10s. 5d. per head or slightly more than 5 per cent. In some States certain public functions such as Tramways, Water Supply and Sewerage, and Harbour Services, etc., are controlled by Boards or Trusts which, in addition to receiving advances from the Central Government, raise loans by public borrowing on their own behalf, while in other States these services are controlled by the

Central Governments. Comparisons of the debts of the States are therefore difficult, but on page 945 figures showing the aggregate debts of the States including these local and semi-governmental bodies are given for the year 1934-35.

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, 1937, which had been floated abroad and in Australia respectively:—

STATE PUBLIC DEBTS, 30th JUNE, 1937.—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	160,541,620	13,071,098	173,612,718	176,678,781	350,291,499
Victoria ..	62,349,805	4,530,842	67,380,647	109,216,363	176,597,010
Queensland ..	63,171,171	7,139,474	70,310,645	54,587,830	124,898,475
South Australia	43,296,157	1,746,382	45,042,539	61,551,625	106,594,164
Western Australia	44,286,745	2,030,334	46,317,079	46,015,776	92,332,855
Tasmania ..	13,488,237	229,779	13,718,016	11,529,524	25,247,540
Total ..	387,633,735	28,747,909	416,381,644	459,579,899	875,961,543

	PER HEAD OF POPULATION.				
	£ s. d. (Stg.)	£ s. d. (b)	£ s. d. (a)	£ s. d. (Aust.)	£ s. d. (a)
New South Wales	59 12 5	4 17 1	64 9 6	65 12 4	130 1 10
Victoria ..	33 17 5	2 8 10	36 6 3	58 17 1	95 3 4
Queensland ..	63 13 6	7 3 11	70 17 5	55 0 6	125 17 11
South Australia..	73 11 0	2 19 4	76 10 4	104 11 2	181 1 6
Western Australia	97 9 11	4 9 5	101 19 4	101 6 1	203 5 5
Tasmania ..	58 1 4	0 19 10	59 1 2	49 12 8	108 13 10
Total ..	56 17 6	4 4 4	61 1 10	67 8 7	128 10 5

(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 899.

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 940.

4. *Rates of Interest.*—(i) *At 30th June, 1937.* 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 1½ per cent., thirty-two separate rates being involved. The average rate payable on the aggregate indebtedness is about £3 15s. per cent. For the separate States the average varies, being lowest for New South Wales and highest for Queensland. The following table gives particulars of the amount of debt at each rate of interest payable, together with the amount and the average rate of interest payable at 30th June, 1937, 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 899.

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, 1937.

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	3,035	..	..	8,000	250,000	261,240	522,275
	London	17,094,016	14,459,131	37,891,688	13,910,387	12,998,962	1,233,987	97,593,071
5.0	New York	9,178,465	3,753,402	2,200,939	1,746,382	2,030,334	229,779	19,139,301
4.75	London	..	5,999,000	..	..	..	..	5,999,000
4.65	Australia	572,911	..	..	1,200	1,217,972	200,000	1,992,083
4.5	New York	3,892,633	777,440	1,040,148	..	..	..	5,710,221
4.2625	Australia	2,124,060	193,200	2,186,120	166,140	62,797	..	4,732,317
4.06875	Australia	11,246,140	6,670	..	795,000	377,962	750	12,426,522
	Australia	67,942,599	53,524,323	15,425,766	37,634,603	17,936,506	7,503,659	199,967,456
4.0(b)	London	29,241,932	2,962,116	8,000,000	5,963,835	7,680,385	2,800,000	56,648,268
3.96667	Australia	..	5,685,910	..	..	..	..	5,685,910
3.89167	Australia	..	..	..	985,000	..	..	985,000
3.875	Australia	3,157,250	5,062,333	2,758,999	3,425,475	1,814,659	430,130	16,668,846
	Australia	24,073,820	16,873,835	8,539,453	5,988,080	6,897,811	1,355,720	63,728,719
3.75	London	7,772,632	6,887,649	1,988,300	5,418,300	1,934,301	1,076,000	25,077,182
3.625	Australia	..	877,000	..	277,939	..	27,200	1,182,139
	Australia	4,428,150	3,012,545	1,384,572	1,483,450	1,768,754	71,850	12,149,321
3.5	London	34,431,901	19,715,995	9,697,900	5,340,776	4,721,205	6,156,500	80,033,377
3.4875	Australia	60,200	500	6,239,850	83,050	1,765,558	151,501	8,300,659
3.42083	Australia	..	1,130,950	..	..	..	..	1,130,950
3.375	Australia	7,406,310	1,535,430	768,740	1,533,050	1,909,620	155,290	13,308,440
	London	..	717,075	1,327,770	4,417,399	10,725,217	1,277,450	18,464,911
3.25	Australia	5,655,720	9,232,545	1,417,442	750,000	2,008,203	186,880	19,248,792
3.125	Australia	2,000	1,000	70,000	325,230	..	..	398,230
3.1	Australia	479,811	391,049	5,277,206	..	1,566,000	201,302	7,915,368
3.02083	Australia	..	2,482,000	..	..	..	..	2,482,000
3.0	Australia	17,951,762	3,777,145	7,563,807	3,892,183	2,839,002	819,002	36,842,901
	London	33,202,113	6,224,014	4,266,413	2,433,499	..	448,300	46,574,339
2.90625	Australia	77,850	220,000	5,100	29,721	..	..	332,671
2.75	London	10,954,000	..	..	1,996,335	3,228,661	..	16,179,596
2.7125	Australia	291,421	446,845	352,915	197,992	..	..	1,289,173
2.5	London	9,965,276	5,884,825	..	2,815,726	2,998,014	..	21,663,841
	Australia	..	..	..	50,000	..	..	50,000
2.325	Australia	645,652	778,083	54,750	373,451	..	..	1,851,936
2.0	London	..	..	..	1,000,000	..	491,000	1,491,000
1.75	Australia	30,560,000	3,985,000	2,543,000	3,830,000	5,325,000	165,000	46,408,000
Overdue	Australia	90	..	110	..	..	..	200
	London	8,650	..	..	..	..	..	8,650
Total Debt	Australia	176,678,781	109,216,363	54,587,830	61,551,625	46,015,776	11,529,524	459,579,899
	London	160,541,620	62,849,805	63,171,171	43,296,157	44,286,745	13,488,237	387,633,735
	New York	13,071,098	4,530,842	7,139,474	1,746,382	2,030,334	229,779	28,747,909
	Total	350,291,499	176,597,010	124,898,475	106,594,164	92,332,855	25,247,540	875,961,543
Total Interest payable	Australia	6,022,051	4,038,557	1,923,632	2,281,948	1,623,840	443,941	16,333,969
	London(a)	5,980,704	2,417,174	2,799,686	1,679,005	1,699,755	494,564	15,070,888
	New York	634,091	222,655	409,193	87,319	101,517	11,489	1,466,264
	Total	12,636,846	6,678,386	5,132,511	4,048,272	3,425,112	949,994	32,871,121
Average Rates of Interest payable	Australia	£ 8 2	£ 13 11	£ 10 6	£ 14 2	£ 10 8	£ 17 1	£ 11 1
	London	3 14 6	3 16 11	4 8 8	3 17 7	3 16 9	3 13 4	3 17 9
	New York	4 17 0	4 18 3	5 14 8	5 0 0	5 0 0	5 0 0	5 2 0
	Total	3 12 2	3 15 8	4 2 2	3 15 11	3 14 3	3 15 3	3 15 1

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

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. 1d. per cent. in 1937. 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, 1937, fell to £3 17s. 9d., while for New York loans it decreased from £5 2s. 6d. per cent. in 1931 to £5 2s. in 1937.

(ii) *Variations from 1901 to 1937.*—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.	1935.	1936.	1937.
	%	%	%	%	%	%	%
Not exceeding 3 per cent.	18.0	17.9	10.2	5.3	15.8	18.3	19.9
Exceeding 3 per cent. but not exceeding 4 per cent. . .	78.5	81.9	45.4	17.2	59.1	60.3	60.1
Exceeding 4 per cent. but not exceeding 5 per cent. . .	3.1	0.1	15.6	36.8	22.2	18.8	17.5
Exceeding 5 per cent. but not exceeding 6 per cent. . .	0.4	0.1	23.5	38.4	2.7	2.4	2.3
Exceeding 6 per cent. . .	..	..	5.3	2.3	0.2	0.2	0.2
Total ..	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average Rate ..	3.7	3.6	4.4	4.9	3.9	3.8	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, 1937, 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, 1937.

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.	£ (a)
1938	34,564,806	..	34,564,806	50,639,471	85,204,277
1939	2,358,276	..	2,358,276	47,318,565	49,676,841
1940	4,604,800	..	4,604,800	16,718,514	21,323,314
1941 .. ..	..	..	..	8,753,896	8,753,896
1942	13,469,981	1,843,522	15,313,503	69,104,250	84,417,753
1943	16,179,596	..	16,179,596	27,859,167	44,038,763
1944 .. ..	..	..	..	11,215,850	11,215,850
1945	3,985,000	..	3,985,000	26,476,873	30,461,873
1946 .. ..	..	..	..	16,500	16,500
1947	5,684,214	2,054,865	7,739,079	1,487,928	9,227,007
1948 .. ..	..	..	..	16,330,144	16,330,144
1949	38,648,687	..	38,648,687	30,479,475	69,128,162
1950	6,082,195	..	6,082,195	24,801,589	30,883,784
1951	20,579,928	..	20,579,928	16,074,697	36,654,625
1952 .. ..	..	..	..	17,285,216	17,285,216
1953	12,360,958	..	12,360,958	491,718	12,852,676
1954	5,946,925	..	5,946,925	15,254,635	21,201,560
1955	3,250,204	..	3,250,204	778,078	4,028,282
1956 .. ..	..	10,524,842	10,524,842	14,614,521	25,139,363
1957 .. ..	..	4,582,965	4,582,965	346,685	4,929,650
1958	38,652,500	9,741,715	48,394,215	14,472,449	62,866,664
1959	21,239,050	..	21,239,050	548,227	21,787,277
1960	3,850,724	..	3,850,724	15,339,844	19,190,568
1961	33,923,518	..	33,923,518	1,141,981	35,065,499
1962	4,964,083	..	4,964,083	14,231,530	19,195,613
1963	10,392,396	..	10,392,396	106,804	10,499,200
1964 .. ..	..	..	..	1,566,000	1,566,000
1966	14,130,000	..	14,130,000	..	14,130,000
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	65,283,071	..	65,283,071	50,064	65,333,135
Overdue (c)	8,650	..	8,650	450	9,100
Terminable	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	53,200	..	53,200	4,750,249	4,803,449
Not fixed .. ..	..	..	..	4,294,208	4,294,208
Total	387,633,735	28,747,909	416,381,644	459,579,899	875,961,543

(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 (c) on page 899. (c) Includes unconverted.

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) for 1935-36 are given in the Finance Bulletins 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 1935-36, 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.
	£	£	£
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	75,956,678	100,831,142	176,787,820
1936	81,923,489	106,130,151	188,053,640

(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.
	£	£	£
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
1936	(b) 67,983,128	118,991,860	186,974,988

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

2. **Taxation.**—The table hereunder shows the combined Commonwealth and State taxation for each of the years 1931-32 to 1935-36, 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.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.
	£	£	£	£	£
Commonwealth—					
Customs and Excise ..	28,405,796	32,992,443	34,254,842	37,869,486	41,437,717
Sales Tax	8,425,067	9,369,275	8,695,689	8,554,076	9,432,468
Flour Tax .. ..	..	..	1,253,957	798,354	1,150,738
Other	17,128,179	13,784,318	12,204,240	11,532,608	11,596,383
Total	53,959,042	56,146,036	56,408,728	58,754,524	63,617,306
State	32,748,528	37,325,609	34,401,001	36,461,255	40,981,823
Grand Total ..	86,707,570	93,471,645	90,809,729	95,215,779	104,599,129
Taxation per head (a)—					
Commonwealth—	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Customs and Excise ..	4 6 8	4 19 11	5 2 11	5 13 0	6 2 9
Sales Tax	1 15 9	1 8 5	1 6 2	1 5 6	1 7 11
Flour Tax .. ..	..	..	0 3 9	0 2 5	0 3 5
Other	2 2 3	2 1 8	1 16 8	1 14 5	1 14 5
Total	8 4 8	8 10 0	8 9 6	8 15 4	9 8 6
State	5 0 2	5 13 3	5 3 7	5 9 0	6 1 8
Grand Total ..	13 4 8	14 3 1	13 12 11	14 4 1	15 9 11

(a) 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 1933 to 1937. 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—				
		1933.	1934.	1935.	1936.	1937.
		£ (a)	£ (a)	£ (a)	£ (a)	£ (a)
Commonwealth	Aust. ..	221,274,296	218,806,160	220,391,289	218,403,098	214,929,762
	London	158,642,224	157,533,140	157,233,140	156,285,327	155,778,627
	New York	16,889,983	16,711,476	16,526,641	16,351,176	16,201,952
	Total (b)	396,806,503	393,050,776	394,151,070	391,039,601	386,910,341
	States	Aust. ..	386,113,942	410,478,856	429,701,893	447,258,509	459,579,899
	London	392,156,891	389,792,322	389,223,822	388,575,335	387,633,735
	New York	29,580,787	29,236,844	29,038,036	28,908,661	28,747,909
	Total (b)	807,851,620	829,508,022	847,963,751	864,742,505	875,961,543
Total, Commonwealth and States	Aust. ..	607,388,238	629,285,016	650,093,182	665,661,607	674,509,661
	London	550,799,115	547,325,462	546,456,962	544,860,662	543,412,362
	New York	46,470,770	45,948,320	45,564,677	45,259,837	44,949,861
	Grand Total (b)	1,204,658,123	1,222,558,798	1,242,114,821	1,255,782,106	1,262,871,884

(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 941.			

(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, 1936, 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, 1936.—
DATES OF MATURITY.

Year of Maturity.	Commonwealth and States' Debts.				Annual Interest Payable at 30th June, 1936, 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.
	£ (a)	£ (Stg.)	£ (c)	£ (a)	£ (a)	£ (Stg.)	£ (c)	£ (b)
1936-37	69,746,843	36,340,639	..	106,087,482	1,443,819	922,730	..	2,366,549
1937-38	4,531,244	23,770,923	..	28,302,167	163,305	831,983	..	995,288
1938-39	86,995,663	2,517,799	..	89,513,462	3,403,471	88,123	..	3,491,594
1939-40	17,165,952	4,604,800	..	21,770,752	549,171	158,927	..	708,098
1940-41	9,656,166	..	..	9,656,166	335,966	..	..	335,966
1941-42	90,365,730	13,469,981	1,843,522	105,679,233	3,618,895	404,100	129,047	4,152,042
1942-43	32,009,507	..	..	32,009,507	1,219,729	..	..	1,219,729
1943-44	11,683,240	..	..	11,683,240	420,932	..	..	420,932
1944-45	51,381,641	3,985,000	..	55,366,641	1,969,849	139,470	..	2,109,319
1945-46	16,500	10,954,600	..	10,971,100	453	492,957	..	493,410
1946-47	1,287,928	5,684,214	2,051,865	9,027,007	48,792	177,615	123,292	349,699
1947-48	38,335,501	..	..	38,335,501	1,522,680	..	..	1,522,680
1948-49	28,175,895	38,683,687	..	66,859,582	882,170	1,454,886	..	2,337,056
1949-50	25,381,334	6,082,195	..	31,463,529	901,516	212,377	..	1,114,393
1950-51	30,048,428	20,579,928	..	50,628,356	1,194,891	764,298	..	1,959,189
1951-52	9,660,656	..	..	9,660,656	360,820	..	..	360,820
1952-53	491,718	..	..	491,718	17,149	..	..	17,149
1953-54	28,582,312	10,841,225	..	48,423,537	1,139,561	744,046	..	1,883,607
1954-55	778,078	3,250,201	..	4,028,282	39,140	113,757	..	143,897
1955-56	27,747,309	..	24,524,812	52,272,121	1,109,510	..	1,177,991	2,287,501
1956-57	346,685	..	4,627,04	4,973,727	13,867	..	231,352	245,219
1957-58	27,107,505	39,527,500	12,209,596	78,844,601	1,083,141	1,587,911	610,480	3,281,532
1958-59	548,227	21,319,550	..	21,867,777	19,188	746,184	..	765,372
1959-60	27,935,125	3,850,724	..	31,785,849	1,106,764	151,808	..	1,258,572
1960-61	1,141,981	56,329,835	..	57,471,816	34,259	2,361,171	..	2,395,430
1961-62	26,011,590	4,904,083	..	30,975,673	1,040,404	198,563	..	1,239,027
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	94,439,565	..	94,489,629	1,552	4,721,979	..	4,723,531
Overdue	(d) 70,319	8,650	..	(d) 78,969	1,276	..	..	1,276
Interminable	462,089	1,200	..	463,289	15,217	..	60	15,277
Treasurers' Option	6,568,232	2,433,526	..	9,001,758	189,346	73,006	..	262,352
Half-yearly Drawings	5,072,847	..	..	5,072,847	168,051	..	..	168,051
Annual Repayments .. ..	..	79,724,221	..	79,724,221	..	(e)	..	(e)
Transferred Properties	111,125	..	..	111,125	3,889	..	..	3,889
Indefinite	4,521,369	..	..	4,521,369	147,037	..	..	147,037
Total	665,661,607	544,860,662	45,259,837	1,255,782,106	24,208,727	18,485,544	2,272,162	44,966,433

(a) The total "face" or "book" value of the Public Debt, leaving out of account currency changes since the loans were floated. (b) Nominal amount of interest payable takes no account of exchange. (c) Payable in terms of Dollars. For the purposes of this table, Dollars have been arbitrarily converted at the rate of \$1.5665 to £1. (d) Includes £17,580 unconverted. (e) Interest payments suspended by arrangement with British Government.

(iii) *Rates of Interest, 30th June, 1937.* 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, 1937.—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	522,275	..	..	522,275
5.0	5,658	126,749,566	31,508,887	158,264,111
4.91667 .. ..	..	79,724,220	..	79,724,220
4.75 .. ..	..	11,999,000	..	11,999,000
4.65	2,331,203	..	..	2,331,203
4.5 .. ..	..	..	9,542,587	9,542,587
4.45625	84,650	..	..	84,650
4.2625	5,694,238	..	..	5,694,238
4.25	90,105	..	..	90,105
4.06875	15,692,702	..	..	15,692,702
4.0	377,413,706	56,648,268	..	434,061,974
3.96667	5,685,910	..	..	5,685,910
3.89167	985,000	..	..	985,000
3.875	25,525,413	..	..	25,525,413
3.75	66,975,629	38,960,482	..	105,936,111
3.625	1,182,130	..	..	1,182,130
3.5	13,417,756	80,222,900	..	93,640,656
3.4875	8,300,659	..	..	8,300,659
3.42083	1,130,950	..	..	1,130,950
3.375	13,966,550	..	..	13,966,550
3.25	19,342,082	35,228,007	..	54,570,089
3.125	398,230	..	..	398,230
3.1	7,915,368	..	..	7,915,368
3.02083	2,482,000	..	..	2,482,000
3.0	44,408,963	46,574,366	..	90,983,329
2.96667	333,875	..	..	333,875
2.75 .. ..	..	16,551,402	..	16,551,402
2 7/125	1,291,181	..	..	1,291,181
2.5	50,000	..	..	50,000
2.325	1,851,936	..	..	1,851,936
2.25 .. ..	..	30,384,001	..	30,384,001
2.0 .. ..	..	2,491,000	..	2,491,000
1.75	57,376,805	..	..	57,376,805
Overdue (a)	54,687	8,650	..	63,337
Total	674,509,661	543,412,362	44,949,861	1,262,871,884
Average Rate of Interest	£ s. d. 3 12 11	£ s. d. 3 18 1	£ s. d. 5 0 5	£ s. d. 3 16 0

(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 (c) on page 941.

(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 1933 to 1937:—

COMMONWEALTH AND STATES' PUBLIC DEBTS, INTEREST PAYABLE.

Particulars.	Where Payable,	At 30th June.				
		1933.	1934.	1935.	1936.	1937.
		£ (a)	£ (a)	£ (a)	£ (a)	£ (a)
Commonwealth ..	Australia ..	8,597,257	8,462,330	8,437,021	8,366,944	8,250,125
	London (d) ..	3,805,859	3,420,780	3,108,395	3,077,601	3,040,262
	New York ..	823,249	814,646	805,973	797,954	790,935
	Total (b) ..	13,226,365	12,703,756	12,351,389	12,242,499	12,081,322
States	Australia ..	14,500,728	15,074,057	15,297,303	15,841,783	16,333,969
	London (c) ..	17,279,585	16,111,780	15,883,742	15,407,943	15,070,888
	New York ..	1,509,006	1,490,270	1,480,500	1,474,208	1,466,264
	Total (b) ..	33,289,319	32,676,107	32,661,545	32,723,934	32,871,121
Total Commonwealth and States	Australia ..	23,097,985	23,536,387	23,734,324	24,208,727	24,584,094
	London (d) ..	17,085,444	19,538,560	18,992,137	18,485,544	18,111,150
	New York ..	2,332,255	2,304,916	2,286,473	2,272,162	2,257,199
	Total (b) ..	46,515,684	45,379,863	45,012,934	44,966,433	44,952,443
Average Rate per cent.	Australia ..	£ s. d. 3 16 1	£ s. d. 3 14 10	£ s. d. 3 13 0	£ s. d. 3 12 9	£ s. d. 3 12 11
	London ..	4 7 8	4 3 7	4 1 5	3 19 6	3 18 1
	New York ..	5 0 5	5 0 4	5 0 4	5 0 5	5 0 5
	Total (b) ..	4 2 8	3 19 5	3 17 5	3 16 6	3 16 0

(e) The units of currency are—

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

* Payable in terms of dollars, see note (c) on page 941.

(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, 1937, are given in the following table:—

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

Date.	Maturing in London.			Maturing in Australia.		
	Commonwealth.	States.	Total.	Commonwealth.	States.	Total.
	£'000 Stg.	£'000 Stg.	£'000 Stg.	£'000 Aust.	£'000 Aust.	£'000 Aust.
30th June, 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 June, 1932	10,220	27,105	37,325	6,330	38,660	44,990
30th June, 1933	10,220	23,905	34,125	3,500	45,375	48,875
30th 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
30th September, 1936 ..	10,220	23,155	33,375	..	48,778	48,778
31st December, 1936 ..	9,720	23,155	32,875	..	53,584	53,584
31st March, 1937	9,720	23,155	32,875	..	52,854	52,854
30th June, 1937	9,720	23,155	32,875	..	46,408	46,408

(a) Exclusive of overdrafts.

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 1936-37 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 $\frac{1}{2}$
1936-37 .. ..	.. ..	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 933) direct comparisons of the debts of the several States should be made with caution. The table following shows for 1934-35 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 and 1933-34. 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 to 1934-35.**

State.	Debts of the States. (a)	Due to Public Creditor.(b)		Grand Total.	
		Municipal.	Semi-Governmental Bodies.		
	£'000.	£'000.	£'000.	£'000.	
New South Wales	337,101	34,650	37,319	409,070	
Victoria	174,161	11,863	37,221	223,245	
Queensland	118,847	15,965	1,520	136,332	
South Australia	105,349	625	959	106,933	
Western Australia	88,590	3,164	96	91,850	
Tasmania	23,915	2,673	115	26,703	
Total, All States	1934-35 ..	847,963	68,940	(c) 77,230	994,133
	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	127.5	13.1	14.1	154.7	
Victoria	94.8	6.5	20.3	121.6	
Queensland	122.8	16.4	1.6	140.8	
South Australia	180.1	1.1	1.6	182.8	
Western Australia	198.8	7.1	0.2	206.1	
Tasmania	104.6	11.7	0.5	116.8	
Total, All States	1934-35 ..	127.4	10.3	11.5	149.2
	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. (b) Excluding debts due to Central Government. (c) The increase is due mainly to the inclusion of particulars for several authorities, details for which were not previously collected.

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.