

CHAPTER XVIII. PUBLIC FINANCE.

A.—GENERAL.

The subject of "Public Finance" is dealt with in this Chapter under the two major divisions of Commonwealth Finance 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.

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 Sections 81 to 105A of the Commonwealth Constitution (see pages 19–23 of this issue). 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, and Section 51, in outlining the powers of the Commonwealth Parliament, implies the transfer or creation of other departments. Section 87 deals with the financial relations between the Commonwealth and the States. These matters have been treated in previous issues of the Official Year Book and on pages 685–691 of this issue a *résumé* is given of the constitutional obligations upon the Commonwealth regarding payments to the States.

The majority of the tables relating to Commonwealth Finance have been compiled from the annual Budget Papers as presented to Parliament by the Treasurer of the Commonwealth.

2. **Accounts of Commonwealth Government.**—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 coming into existence in the financial year 1911–12.

§ 2. Consolidated Revenue Fund.

Division I.—Nature of Fund.

1. **Provisions of the Constitution.**—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 to 83 of the Constitution (see page 19 of this issue).

2. **Annual Results of Transactions.**—The following statement shows for the period 1925–26 to 1944–45 the receipts, expenditure and excess receipts or deficiency for each 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.		Payments from Excess Receipts.	Accumulated Result.	
			Excess Receipts.	Deficiency.		Excess Receipts.	Deficiency. (a)
	£	£	£	£	£	£	£
1925-26 ..	70,203,572	70,577,204	..	373,632	b2,450,000	285,897	..
1926-27 ..	75,544,382	72,908,785	2,635,597	..	(c)100,000	2,821,494	..
1927-28 ..	73,808,227	76,438,464	..	2,630,237	d2,820,000	..	2,628,743
1928-29 ..	74,804,799	77,253,774	..	2,358,975	..	..	4,987,718
1929-30 ..	77,143,389	78,614,392	..	1,471,003	..	..	6,458,721
1930-31 ..	69,566,920	80,324,539	..	10,757,619	..	..	17,216,340
1931-32 ..	71,532,298	70,218,207	1,314,091	..	..	1,314,091	17,216,340
1932-33 ..	73,512,809	69,966,201	3,546,608	..	..	4,860,699	17,216,340
1933-34 ..	73,941,953	72,640,383	1,301,570	..	..	6,162,269	17,216,340
1934-35 ..	77,369,105	76,657,900	711,205	..	e6,160,000	713,474	17,216,340
1935-36 ..	82,203,341	78,635,621	3,567,720	..	(e)713,474	3,567,720	17,002,866
1936-37 ..	82,807,977	81,531,419	1,276,558	..	e3,567,720	1,276,558	15,935,146
1937-38 ..	89,458,154	85,963,421	3,494,733	..	e1,276,558	3,494,733	15,658,588
1938-39 ..	95,064,790	94,437,811	627,309	..	e3,494,733	627,309	15,658,588
1939-40 ..	111,913,784	108,985,409	2,928,375	..	(e)627,309	2,928,375	15,658,588
1940-41 ..	150,482,306	150,482,306	..	..	e2,928,375	..	15,658,588
1941-42 ..	210,040,969	210,040,969	..	..	..	..	15,658,588
1942-43 ..	294,459,156	294,459,156	..	..	..	..	15,658,588
1943-44 ..	342,188,160	342,188,160	..	..	..	..	15,658,588
1944-45 ..	376,854,101	376,854,101	..	..	..	..	15,658,588

(a) Met by temporary advance from loan fund. (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.

3. Payments from Excess Receipts.—Particulars of the excess receipts, accumulated balances and allocation of excess receipts since 1933-34 are shown in the following table :—

COMMONWEALTH CONSOLIDATED REVENUE : EXCESS RECEIPTS.

Particulars.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.	1940-41.
	£	£	£	£	£	£	£
Accumulated balance ..	6,162,269	713,474	3,567,720	1,276,558	3,494,733	627,309	2,928,375
Excess receipts ..	711,205	3,567,720	1,276,558	3,494,733	627,309	2,928,375	..
Total for year ..	6,873,474	4,281,194	4,844,278	4,771,291	4,122,042	3,555,684	2,928,375
Expenditure from excess receipts—							
Grants to States ..	2,000,000	500,000	500,000	..	..	..	..
Defence equipment ..	4,160,000	..	2,000,000	..	3,494,733	627,309	2,928,375
Post Office works provision ..	..	..	..	1,000,000	..	..	..
Reduction of deficit ..	..	213,474	1,067,720	276,558	..	..	..
Total ..	6,160,000	713,474	3,567,720	1,276,558	3,494,733	627,309	2,928,375
Accumulated balance ..	713,474	3,567,720	1,276,558	3,494,733	627,309	2,928,375	..

The Consolidated Revenue Fund for the financial years 1940-41 to 1944-45 was exactly balanced as all available revenue after charging expenditure on ordinary services was used for war purposes. There were no transactions in respect of excess receipts during the years 1931-32 to 1933-34.

Division II.—Revenue.

1. **General.**—The following table furnishes details of the revenue from each source and the amount per head of population under each of the main headings during the years 1938-39 and 1941-42 to 1944-45:—

COMMONWEALTH CONSOLIDATED REVENUE : SOURCES.

Source.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
Taxation	74,036,899	179,435,345	257,143,520	303,666,943	337,919,567
Percentage of Total .. %	77.9	85.5	87.3	88.7	89.7
Per head of population (a) ..	£10 13 10	£25 2 10	£35 14 5	£41 15 10	£46 0 7
Business Undertakings	17,892,221	23,386,460	28,008,400	30,281,364	30,737,646
Percentage of Total .. %	18.8	11.1	9.5	8.9	8.1
Per head of population (a) ..	£2 11 8	£3 5 6	£3 17 10	£4 3 4	£4 3 9
Territories (b)	355,401	491,969	447,229	481,983	455,169
Percentage of Total .. %	0.4	0.2	0.2	0.1	0.1
Per head of population (a) ..	£0 1 0	£0 1 5	£0 1 3	£0 1 4	£0 1 2
Other Revenue—					
Interest, etc.	1,144,014	997,516	1,080,840	1,165,755	1,202,118
Coinage	127,764	867,889	2,588,787	2,027,885	1,307,037
Defence	151,208	834,300	1,489,934	(c) 202,456	(c) 126,318
Civil Aviation	5,745	185,355	401,144	770,270	1,172,958
Health	18,204	113,922	14,236	24,232	11,889
Patents, Trade Marks, etc. ..	67,914	55,037	58,075	66,660	76,997
Bankruptcy	30,770	24,877	23,500	16,795	16,077
Commerce and Marine—					
Wool Levy	74,396	85,934	81,783	84,629	75,192
Other	158,137	169,578	358,766	211,371	273,837
Net Profit on Australian Note Issue	766,730	1,658,141	2,247,702	2,628,971	2,948,472
Balance of Trust Accounts ..		1,600,459	218,000	127,946	102,373
Other	235,387	133,687	297,240	431,800	428,451
Total	2,780,269	6,727,195	8,860,007	7,757,870	7,741,719
Percentage of Total .. %	2.9	3.2	3.0	2.3	2.1
Per head of population (a) ..	£0 8 0	£0 18 10	£1 4 7	£1 1 4	£1 1 1
Grand Total	95,064,790	210,040,969	294,459,156	342,188,160	376,854,101
Per head of population (a) ..	£13 14 6	£29 8 7	£40 18 1	£47 1 10	£51 6 7

(a) Based on mean population of each financial year. receipts have been credited as an offset to war expenditure.

(b) Excludes Railways.

(c) Further

2. **Taxation.**—(i) *Total Collections.* (a) *Amount.* Collections under each heading for the years 1938-39 and 1941-42 to 1944-45 are given below:—

COMMONWEALTH TAXATION : TOTAL COLLECTIONS.

Heading.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
Customs	31,160,462	25,208,806	20,806,321	20,606,703	21,487,538
Excise	16,471,903	31,572,002	44,071,799	46,684,713	45,689,133
Sales Tax	9,308,334	26,830,085	28,846,255	27,908,691	29,671,802
Flour Tax	1,808,972	1,651,717	1,708,543	1,940,481	1,995,775
Land Tax	1,489,436	3,691,184	3,873,115	3,819,199	3,664,420
Income Tax(a)	11,882,440	77,563,926	141,027,271	183,799,169	215,534,037
Pay-roll Tax .. .. .	..	8,962,464	10,450,667	10,902,585	11,088,088
Gold Tax .. .. .	..	1,030,425	524,694	317,720	342,457
Estate Duty	1,915,352	2,845,005	2,696,000	2,761,562	3,090,200
Entertainments Tax .. .. .	..	..	2,994,426	4,704,242	5,026,821
Gift Duty .. .. .	..	79,731	144,429	221,878	329,296
Total Taxation	74,036,899	179,435,345	257,143,520	303,666,943	337,919,567
Percentage of Total Revenue %	77.9	85.5	87.3	88.7	89.7

(a) Includes War-time (Company) and Super Taxes.

(b) *Percentages of Total Collections.* The following table shows the percentages of the collections under each class of taxation of the total collections for the years 1938-39 and 1941-42 to 1944-45.

COMMONWEALTH TAXATION : PERCENTAGES OF TOTAL COLLECTIONS.

Heading.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	%	%	%	%	%
Customs	42.1	14.1	8.1	6.8	6.4
Excise	22.3	17.6	17.1	15.4	13.6
Sales Tax	12.6	14.9	11.3	9.2	8.8
Flour Tax	2.4	0.9	0.7	0.6	0.6
Land Tax	2.0	2.1	1.5	1.3	1.1
Income Tax(a)	16.0	43.2	54.9	60.5	63.4
Pay-roll Tax .. .. .	..	5.0	4.1	3.6	3.3
Gold Tax .. .. .	..	0.6	0.2	0.1	0.2
Estate Duty	2.6	1.6	0.8	0.9	1.0
Entertainments Tax .. .. .	..	..	1.2	1.5	1.5
Gift Duty .. .. .	..	..	0.1	0.1	0.1
Total	100.0	100.0	100.0	100.0	100.0

(a) Includes War-time (Company) and Super Taxes.

(ii) *Customs Revenue. (a) Classified.* Particulars for the years 1938-39 and 1941-42 to 1944-45 are shown in the following table:—

COMMONWEALTH CUSTOMS REVENUE : CLASSIFICATION.

Classes.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
Ales, spirits and beverages	1,165,503	885,404	750,270	468,140	505,319
Tobacco and manufactures thereof	3,256,496	4,864,164	5,900,196	4,906,106	4,929,860
Sugar	7,238	18,790	193	73	6
Agricultural products and groceries	1,365,938	848,417	763,180	602,971	770,959
Textiles and attire	2,801,103	2,166,798	1,304,508	982,366	1,072,009
Metals and machinery	2,385,882	1,479,055	1,109,588	1,159,354	807,172
Oils, paints, etc.	9,927,346	7,392,294	6,148,024	7,547,540	8,477,532
Earthenware, etc.	509,980	253,593	124,612	132,595	148,037
Drugs and chemicals	309,984	224,432	223,251	143,730	177,102
Wood, wicker and cane	739,057	190,165	93,609	171,241	247,627
Jewellery and fancy goods	480,916	399,316	322,973	326,131	351,089
Leather and rubber	477,163	382,187	222,287	273,959	223,070
Paper and stationery	453,548	116,254	51,672	88,019	65,985
Vehicles	2,061,762	605,865	Dr. 86,985	31,676	27,094
Musical instruments	31,589	3,743	1,330	376	401
Miscellaneous articles	1,023,556	795,471	573,512	495,904	689,339
Primage	3,913,578	3,154,144	2,217,861	2,334,483	2,130,030
Special War Duty .. .. .	..	1,226,041	898,205	788,125	686,553
Other receipts	249,823	202,673	188,035	153,914	178,354
Total Customs Revenue	31,160,462	25,208,806	20,806,321	20,606,703	21,487,538

(b) States. The following table shows the Customs Duties collected in each State during the years 1938-39 and 1941-42 to 1944-45.

COMMONWEALTH CUSTOMS DUTIES : COLLECTIONS IN EACH STATE.

State.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
New South Wales (a)	14,070,130	11,351,335	10,377,854	9,755,631	10,752,935
Victoria	9,970,730	8,519,145	6,588,431	6,396,566	6,384,988
Queensland	2,977,792	2,376,466	1,722,510	2,159,260	1,915,306
South Australia (b)	2,090,020	1,480,456	1,015,891	1,140,820	1,173,606
Western Australia ..	1,653,906	1,130,366	800,950	833,569	862,161
Tasmania	397,884	351,038	300,685	320,857	398,542
Total	31,160,462	25,208,806	20,806,321	20,606,703	21,487,538

(a) Includes Australian Capital Territory.

(b) Includes Northern Territory.

(iii) Excise Revenue. (a) Classified. Particulars of the amount of Excise collected under each head during the years 1938-39 and 1941-42 to 1944-45 are given hereunder :—

COMMONWEALTH EXCISE REVENUE : CLASSIFICATION.

Particulars.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
Beer	7,288,579	14,302,773	19,611,954	21,588,113	21,511,748
Spirits	1,004,220	2,885,334	4,405,763	5,193,647	5,256,415
Tobacco	3,867,983	6,589,683	9,113,787	8,751,326	8,234,055
Cigars and cigarettes	2,418,723	4,638,931	7,908,209	8,113,201	7,759,980
Cigarette papers ..	530,808	805,323	842,632	873,116	797,924
Petrol	581,978	1,275,052	402,493	370,618	324,612
Matches	81,960	525,028	1,137,809	1,190,950	1,189,821
Playing cards	11,432	11,315	38,355	44,028	42,475
Miscellaneous	86,160	538,063	610,797	559,714	572,103
Total Excise Revenue ..	16,471,903	31,572,002	44,071,799	46,684,713	45,689,133

(b) States. Excise collections in each State for the years 1938-39 and 1941-42 to 1944-45 were as follows :—

COMMONWEALTH EXCISE REVENUE : COLLECTIONS IN EACH STATE.

State.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
New South Wales(a) ..	6,940,301	14,484,548	21,478,848	22,080,746	21,325,832
Victoria	5,687,832	10,401,369	13,491,879	14,276,275	14,455,468
Queensland	1,538,042	2,412,356	3,537,236	4,013,020	3,886,363
South Australia (b) ..	1,018,148	2,117,125	2,314,832	2,670,820	2,628,509
Western Australia ..	1,103,481	1,837,957	2,763,542	3,074,150	2,807,629
Tasmania	184,099	318,647	485,462	569,702	585,332
Total	16,471,903	31,572,002	44,071,799	46,684,713	45,689,133

(a) Includes Australian Capital Territory.

(b) Includes Northern Territory.

(iv) *Other Taxation.* (a) *General.*—Other taxes are, in general, assessed and collected by the Commissioner of Taxation. The organization comprises an office in each State assessing the returns of taxpayers whose interests are restricted to that State only, and a Central Office assessing taxpayers whose interests are in more than one State. Taxes, however, may be paid to any office, so that the sums actually received by any office do not correspond to the assessments made by that office and frequently differ by very large amounts. Consequently the actual receipts by any State office, e.g., of income tax by the Queensland office, may include tax in respect of Central Office or New South Wales assessments, and, therefore, may not be a proper measure of income tax paid on account of income derived in 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. In order to give a more significant picture of the taxation in each State, figures furnished by the Commissioner of Taxation, which refer strictly to the assessments made by the State office concerned, are used in the following tables. The totals of these figures do not quite agree with the total Treasury figures shown on page 665, owing to certain technicalities of accounting. The Taxation Office figures give a fair comparison between States, e.g., in taxation paid per head, but do not give the absolute measure of taxation, because the Central Office collections, which include taxation on account of all States, have not been allocated to the States. In the absence of precise information, it may be assumed as a rough approximation that Central Office collections may be divided among States in proportion to State office collections. It is probable, however, that a somewhat larger share is derived from the more populous States, New South Wales and Victoria.

(b) *Land Tax.* Commonwealth Land Tax was first imposed on the unimproved value of land in 1910-11. The following table shows the rates of Land Tax imposed for each assessment year from 1933-34 to 1945-46:—

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

(T = Taxable Value.)

Assessment Year.	Residents.				Absentees.(a)					
	Taxable Value £1 to £75,000.	Taxable Value over £75,000.		Taxable Value £1 to £80,000.		Taxable Value over £80,000.				
		First £75,000.	Excess over £75,000.	First £5,000.	Excess over £5,000.	First £5,000.	Next £75,000.	Excess over £80,000.		
1933-34 to 1937-38	$\frac{45}{100} \left(1 + \frac{T}{18,750} \right)$	d.	d.	d.	$\frac{45}{100} \left(2 + \frac{T-5,000}{18,750} \right)$	d.	d.	d.		
1938-39 to 1939-40	$\left(\frac{1}{2} + \frac{T}{37,500} \right)$	2.5	4.5	0.5	$\left(1 + \frac{T-5,000}{37,500} \right)$	0.5	3.0	5.0		
1940-41 to 1945-46	$\left(1 + \frac{T}{18,750} \right)$	5.0	9.0	1.0	$\left(2 + \frac{T-5,000}{18,750} \right)$	1.0	6.0	10.0		

(a) Absentees are not allowed an exemption of £5,000 granted to residents. (b) In addition, if the taxable value exceeds £20,000, there is payable for 1941-42 and subsequent years a super tax equal to the lesser amount of the following:— (i) twenty per cent. of the amount of land tax; or (ii) one per cent. of the amount by which the taxable value of the land exceeds £20,000.

Under the National Security (Values for Land Tax) Regulations the revaluations of land for the purposes of the Land Tax Assessment Act 1910-1940 were postponed until after the war. Thereby the values of land, or of interests in land, as assessed for the financial year 1939-40, were adopted for the financial year 1940-41 and subsequent years for the duration of the war. An amendment to the regulations permitted the application of lower values in cases of assessments at a lower value prior to 13th March, 1942, or after that date in consequence of objections or protests lodged previously.

In addition, where a taxpayer had furnished a full and complete return of land owned at 30th June in any year prior to 1942, the lodgment of further returns was dispensed with. There is an exception in respect of changes in ownership of land.

Land Tax receipts in each State and Central Office for the years 1938-39 and 1941-42 to 1944-45 were as follows. The receipts referred to in this table differ slightly from the collections shown on p. 665 because some refunds credited before 30th June were not paid until after that date.

LAND TAX RECEIPTS.

State, etc.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
Central Office	525,959	1,410,677	1,517,411	1,477,004	1,386,039
New South Wales	509,913	1,209,724	1,254,633	1,264,090	1,224,776
Victoria	290,798	706,170	748,920	718,826	699,162
Queensland	29,568	64,581	64,207	64,424	63,801
South Australia	55,280	129,719	153,423	139,742	137,338
Western Australia	63,854	122,523	112,668	117,753	116,015
Tasmania	12,879	34,623	36,308	36,687	37,666
Total	1,488,251	3,678,017	3,887,570	3,818,526	3,664,797

(c) *Estate Duty.* The Estate Duty Act 1914 and Estate Duty Assessment Act 1914-1928 imposed a duty on the estates of deceased persons the net value of which exceeded £1,000. The rate of tax, where the value of the estate for duty did not exceed £2,000, was £1 per cent. Where the value of the estate for duty exceeded £2,000 the rate was increased by one-fifth of £1 for each £1,000 or part thereof in excess of £2,000, to a maximum rate of £15 per cent. on estates over £71,000. Where the estate passed to a widow, children or grand-children, duty was payable at two-thirds of the ordinary rate.

By the Estate Duty Assessment Act 1940 the Estate Duty Assessment Act 1914-1928 was amended to allow the following statutory exemption, namely:— (a) where the whole of the estate passes to the widow, children or grand-children of the deceased, the sum of £2,000 decreasing by £1 for every £10 by which the value exceeds £2,000 up to £10,000, and thereafter decreasing by £1 for every £2 by which the value exceeds £10,000; (b) when no part of the estate passes to the widow, children or grand-children the sum of £1,000 decreasing by £1 for every £10 by which the value exceeds £1,000 up to £6,000, and thereafter decreasing by £1 for every £8 by which the value exceeds £6,000; and (c) where part only of the estate passes to the widow, children or grand-children the statutory exemption is to be calculated proportionately under (a) and (b).

Under the Estate Duty Act 1940 the following new rates were imposed:— £1 to £10,000, 3 per cent.; £10,001 to £20,000, 3 per cent. to 6 per cent.; £20,001 to £100,000, 6 per cent. to 18 per cent.; £100,001 to £500,000, 18 per cent. to 20 per cent.; over £500,000, 20 per cent. By the Estate Duty Act 1941 these rates were amended to the following:—£1 to £10,000, 3 per cent.; £10,001 to £20,000, 3 per cent. to 6 per cent.; £20,001 to £120,000, 6 per cent. to 26 per cent.; £120,001 to £500,000, 26 per cent. to 27.9 per cent.; over £500,000 27.9 per cent.

Under the Estate Duty Assessment Act 1914-1940 provision was made for the exemption of the estates of members of the Forces who died on active service or within one year after its termination from injuries received or disease contracted on active service, provided the value of the estate did not exceed £5,000. In June, 1942, an amendment provided for an exemption of £5,000 in respect of the estates of those members of the Forces who died during the war or within three years of its termination. The exemption was restricted to estates passing to the widow, children, grand-children, parents, brothers, sisters, nephews or nieces of the deceased.

Particulars of the collections in each State and Central Office for the years 1938-39 and 1941-42 to 1944-45 are shown in the following table. These figures differ slightly from the figures on page 665, as some refunds were credited before 30th June and not paid until after that date.

ESTATE DUTY RECEIPTS.

State, etc.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
Central Office	999,202	1,497,501	1,349,893	1,050,271	1,102,540
New South Wales	422,567	527,928	519,071	723,533	696,499
Victoria	294,406	489,157	567,968	696,781	819,147
Queensland	60,041	98,101	82,698	112,670	141,596
South Australia	82,789	109,419	113,599	107,335	166,020
Western Australia	34,074	45,182	48,836	54,716	135,055
Tasmania	15,950	49,855	31,343	23,186	30,616
Northern Territory .. ..	..	..	54	..	..
Total	1,909,039	2,817,143	2,713,462	2,768,492	3,091,473

Particulars of the number and value of estates with duty assessed for each of the assessment years 1938-39 and 1941-42 to 1944-45 are given in the following table:—

ESTATE DUTY ASSESSMENTS.

Particulars.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
Number of Estates	9,681	7,705	7,974	8,328	9,754
Gross Value Assessed £'000	65,609	66,591	60,999	62,726	74,186
Deductions £'000	12,630	13,887	11,962	11,314	13,248
Statutory Exemption £'000 .. ..	..	8,945	9,502	9,976	11,654
Dutiable Value £'000	53,069	43,759	39,534	41,436	49,284
Duty Payable £	2,002,283	3,117,020	2,698,282	2,976,162	3,322,989
Average dutiable value £	5,482	5,679	4,958	4,976	5,053
Average duty per estate £	207	405	338	357	341

(d) *Gift Duty.* The Gift Duty Assessment Act 1941-1942 and the Gift Duty Act 1941 imposed a Gift Duty on all gifts made after the 29th October, 1941. A gift has been defined as any disposition of property, which is made otherwise than by will, without adequate consideration in money or money's worth.

Both the donor and donee are liable to furnish returns and pay the duty.

The following rates of duty have been fixed.

Value of all Gifts made within Eighteen Months.	Rate of Duty.
Does not exceed £500	Nil.
£501 to £10,000	3%
£10,001 to £20,000	3% to 6%
£20,001 to £120,000	6% to 26%
£120,001 to £500,000	26% to 27.9%
£500,001 and over	27.9%

The receipts from Gift Duty in each State for the years 1941-42 to 1944-45 are shown in the following table. The figures shown in the table differ from those shown on page 665 because certain refunds credited before 30th June were not paid until after that date.

GIFT DUTY.

State, etc.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£
New South Wales	23,476	43,505	75,993	135,810
Victoria	29,571	67,796	78,953	110,339
Queensland	3,379	13,004	23,036	30,974
South Australia	18,888	11,206	28,907	30,075
Western Australia	2,317	5,208	10,109	11,953
Tasmania	1,676	3,436	3,697	6,008
Northern Territory	25	..	..	118
Total	79,332	144,155	220,695	325,277

(e) *Income Tax.* Details of Commonwealth and State taxes on income are given in Section "E" of this Chapter.

(f) *Pay-roll Tax.* The Pay-roll Tax Assessment Act 1941-1942 and the Pay-roll Tax Act 1941 imposed a Pay-roll tax of 2½ per cent. on all wages in excess of £20 per week paid by an employer after 30th June, 1941. These measures formed part of the Commonwealth scheme of child endowment, the revenue from the tax being designed to provide the main part of the money required.

Pay-roll tax is collected in a similar manner to sales tax. Employers are required to register and to furnish a monthly return of all wages paid.

The following table shows the receipts from Pay-roll Tax in each State for the years 1941-42 to 1944-45. The figures shown vary slightly from the collections shown on p. 665 because some refunds which were credited before 30th June were not paid until after that date.

PAY-ROLL TAX.

State, etc.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£
New South Wales	3,848,621	4,532,422	4,709,183	4,837,455
Victoria	2,575,830	3,002,443	3,099,587	3,123,364
Queensland	1,057,442	1,265,071	1,384,810	1,365,981
South Australia	720,184	839,048	845,106	853,874
Western Australia	521,206	548,424	558,041	608,497
Tasmania	217,245	257,133	282,468	286,689
Northern Territory	8,249	4,074	3,336	3,909
Total	8,954,777	10,448,615	10,882,531	11,079,769

(g) *Gold Tax.* The Gold Tax Collection Act 1939-1940 and the Gold Tax Act 1939 impose a tax on all gold delivered to the Commonwealth Bank of Australia or to an agent of that bank, on and after 15th September, 1939, of 50 per cent. of the amount by which the price payable by the bank for each fine ounce of gold delivered exceeds 5g. The amounts of tax collected during the last four years was as follows:—1941-42, £1,030,425; 1942-43, £524,694; 1943-44, £317,720 and 1944-45, £342,457.

(h) *Entertainments Tax.* The Entertainments Tax Assessment Act 1942 and Entertainments Tax Act 1942-1944 came into force on 1st October, 1942, following the agreement of the State Governments to the request of the Commonwealth to suspend their Entertainments Tax legislation for the duration of the war and one year after, thereby enabling the Commonwealth Government to re-enter this field of taxation. The Commonwealth recompenses the States by annual payments of £765,787, an amount equal to that collected by the States during the year 1941-42. The tax imposed commences with 3d. on an admission price of 1s. and increases thereafter by 2d. for every 6d. or part thereof in excess of 1s. up to 5s. Thereafter the rate increases by 3d.

for every 6d. or part thereof. Special rates, approximately 25 per cent. less than those stated above are imposed in respect of performances on the legitimate stage and similar types of entertainment.

The Entertainments Tax Assessment Act 1944 amended the Entertainments Tax Assessment Act 1942 to bring into the taxable field such places as amusement parks, etc., where the charges for admission to individual entertainments were less than 1s. The rate of tax imposed for these entertainments commences at 1d. on admissions costing 3d. and 4d. and rises to 3d. on admissions costing more than 7½d. but not more than 1s. Thereafter the rate is the same as for other entertainments.

Entertainments Tax received during the three years 1942-43 to 1944-45 is shown in the following table. The figures shown in the table differ from those shown on p. 665 because certain refunds credited before 30th June were not paid until after that date.

ENTERTAINMENTS TAX.

State, etc.	1942-43.	1943-44.	1944-45.
	£	£	£
New South Wales	1,236,117	1,936,659	2,111,965
Victoria	861,019	1,307,651	1,395,214
Queensland	488,214	817,342	819,756
South Australia	188,533	304,384	290,948
Western Australia	154,653	239,501	247,709
Tasmania	61,551	94,061	106,133
Northern Territory	4,374	4,732	3,744
Total	2,994,461	4,704,330	4,975,469

(i) *Sales Tax.* The Sales Tax was imposed in August, 1930. The operation of the tax is controlled chiefly by a system of registration of taxpayers whereby 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.

Since the inception of the tax certain exemptions have been allowed. These exemptions, which have been extended from time to time, relate mainly to goods of an essential nature or for use in primary production. Certain of these exemptions were withdrawn as from 3rd June, 1940, 22nd November, 1940 and 30th October, 1941. There have since been partial restorations of former exemptions, and from 13th September, 1945, and 10th April, 1946, additional goods, previously taxable, were exempted.

The following are the rates of sales tax imposed since its inception in August, 1930: 2½ per cent. to 10th July, 1931; 6 per cent. to 25th October, 1933; 5 per cent. to 10th September, 1936; 4 per cent. to 21st September, 1938; 5 per cent. to 8th September, 1939; 6 per cent. to 2nd May, 1940; 8½ per cent. to 21st November, 1940; 5 per cent., 10 per cent. and 15 per cent. to 29th October, 1941., 5 per cent., 10 per cent. and 20 per cent. to 30th April, 1942, and 12½ per cent. and 25 per cent. from 1st May, 1942.

The differential rates applicable as from 22nd November, 1940 related to different classes of goods specified in Schedules of the Sales Tax (Exemptions and Classifications) Act 1935-1946. The rate of 5 per cent. applied to goods, formerly exempt, which were brought into the taxable field. The rate of 20 per cent. applied to goods which may be described as being of a non-essential nature. Of the May, 1942 rates, the 12½ per cent. is the general rate, and includes some of those goods previously rated at 5 per cent. The remainder of the 5 per cent. class was again classified as exempt. From 21st July, 1943, the rate on rationed clothing was reduced to 7½ per cent.

Particulars of the net amount of sales tax payable, and the sales of taxable, non-taxable and exempt goods in each State for 1944-45 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 as deductions in returns of taxpayers, while those relating to sales are in respect of the periods 1st June to 31st May.

SALES TAX AND AMOUNT OF SALES, 1944-45.

State, etc.	Gross Taxable Sales.	Non-Taxable Sales.	Sales of Exempt Goods by Registered Persons.	Net Amount of Sales on which Sales Tax was payable.	Tax Payable.		
					Taxation Department.	Customs Department.	Total.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
New South Wales ..	101,022	161,376	162,411	94,452	12,617	460	13,077
Victoria ..	79,473	139,544	132,483	72,744	9,346	248	9,594
Queensland ..	24,556	17,157	39,332	23,153	3,057	70	3,127
South Australia ..	16,327	19,970	28,960	15,175	2,020	47	2,067
Western Australia ..	9,757	8,240	18,026	8,917	1,294	47	1,341
Tasmania ..	3,881	4,910	7,876	3,659	456	12	468
Northern Territory ..	101	..	..	102	13	..	13
Total ..	235,117	351,197	389,088	218,202	28,803	884	29,687

Similar details for Australia as a whole for each year 1935-36 to 1944-45 are given in the following table:—

SALES TAX AND AMOUNT OF SALES.

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 Payable.		
					Taxation Department.	Customs Department.	Total.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
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
1937-38 ..	198,083	180,117	283,622	183,479	7,342	707	8,049
1938-39 ..	197,809	171,810	280,282	183,296	8,559	758	9,317
1939-40 ..	207,106	196,790	302,479	192,589	11,177	1,019	12,196
1940-41 ..	223,226	252,368	306,734	209,004	18,562	1,256	19,818
1941-42 ..	255,178	337,744	337,869	239,152	25,438	1,473	26,911
1942-43 ..	208,261	358,367	386,255	192,544	27,976	980	28,956
1943-44 ..	217,873	361,189	378,392	204,168	27,243	649	27,892
1944-45 ..	235,117	351,197	389,088	218,202	28,803	884	29,687

In the foregoing tables exempt sales relate to goods exempted from sales tax under the Sales Tax (Exemptions and Classifications) Act 1935-1946, while non-taxable sales relate to goods on which tax is not payable at the time of sale. In this latter case the sale has been made to a registered taxpayer who has quoted his certificate. These sales, however, become taxable before passing into consumption, unless used for a purpose exempted under the Act.

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

(j) *Flour Tax.* A Flour Tax of £4 5s. per ton operated from 4th December, 1933 to 31st May, 1934, and of £2 12s. 6d. per ton from 7th January, 1935 to 24th February, 1936. On 5th December, 1938, the Flour Tax was again imposed in a more or less permanent form. The new legislation provided for a tax on flour (not exceeding £7 10s. per ton) varying as the price of wheat varies from 5s. 2d. a bushel at Williamstown. The commencing rate was £5 15s. per ton, since when there have been 21 variations, the highest rate being that reached in August, 1939, £6 2s. 9d., and the lowest in December, 1939, £1 12s. 3d. The present rate of £2 8s. 10d. has remained constant since October 1940, chiefly as a result of war conditions and the operation of National Security Regulations relating to the acquisition of the wheat crop by the Commonwealth. Provision is made in another Act for the imposition of a special tax on wheat when world parity rises above 5s. 2d. at Williamstown.

Net receipts after allowing for refunds and tax outstanding are shown for the years 1938-39 and 1941-42 to 1944-45 in the following table. The figures vary slightly from the collections shown on p. 665 because some refunds were credited before 30th June, but not paid until after that date.

FLOUR TAX.

State.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
New South Wales ..	704,152	638,898	639,458	723,556	803,791
Victoria ..	531,577	457,679	462,026	553,093	545,935
Queensland ..	237,854	220,079	245,764	310,784	307,596
South Australia ..	141,048	135,855	131,259	134,316	129,878
Western Australia ..	123,856	105,584	112,506	111,269	107,439
Tasmania ..	55,346	43,446	41,666	43,186	55,757
Total ..	1,793,833	1,601,541	1,632,679	1,876,204	1,950,396

(k) *Wool Levy.* The Wool Tax Act 1936 and Wool Tax Assessment Act 1936 provided for a levy on all wool grown in Australia and shorn on or after 1st July, 1936. The levy is collected through wool-brokers and dealers who furnish quarterly returns on which the levy is assessed. On wool, not previously taxed in the hands of a broker or dealer, the levy is payable prior to export. The rates fixed by the Wool Tax Act 1936 were: 6d. per bale; 3d. per fadge or butt; and 1d. per bag. By the Wool Tax Act 1945 these rates were increased from 1st June, 1945 to 2s. per bale; 1s. per fadge or butt; and 4d. per bag. Proceeds are devoted to publicity and research in connexion with the wool industry. The amounts levied during the years 1938-39 and 1941-42 to 1944-45 were as follows:—

WOOL LEVY.

State.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
New South Wales ..	28,889	35,401	31,350	34,398	29,197
Victoria ..	15,493	18,965	18,143	16,620	16,519
Queensland ..	14,451	15,875	15,365	15,178	13,409
South Australia ..	8,243	8,267	8,587	9,168	8,063
Western Australia ..	5,795	6,007	7,011	7,955	6,695
Tasmania ..	1,525	1,419	1,327	1,310	1,309
Total ..	74,396	85,934	81,783	84,629	75,192

3. *Business Undertakings.*—(i) *Postal Revenue.* Particulars of this branch of revenue for each of the financial years from 1938-39 and 1941-42 to 1944-45 are contained in the following table:—

COMMONWEALTH POSTAL REVENUE.

Particulars.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
Private boxes and bags ..	74,235	74,831	76,783	81,646	86,670
Commission on money orders and postal notes ..	288,580	293,443	306,150	301,455	308,226
Telegraphs ..	1,372,300	1,828,815	2,859,564	3,147,752	3,186,495
Telephones ..	8,039,580	9,687,262	10,691,417	11,719,922	12,270,788
Postage ..	6,635,977	8,561,742	9,109,801	10,060,170	10,714,085
Radio ..	516,178	634,777	637,946	649,095	660,986
Miscellaneous ..	439,461	558,494	709,247	719,636	644,561
Total ..	17,366,311	21,639,364	24,390,908	26,679,676	27,871,811

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

(ii) *Railway Revenue.* The Commonwealth Government is responsible for four railways—the Trans-Australian, the Central Australia, the North Australia and the Australian Capital Territory. The following table shows the amounts paid to the credit of the Consolidated Revenue Fund on account of each of these railways for the years 1938-39 and 1941-42 to 1944-45:—

COMMONWEALTH RAILWAY REVENUE.

Railway.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
Trans-Australian	330,643	694,228	1,226,364	1,027,401	989,194
Central Australia	137,521	742,144	1,584,537	1,736,783	1,045,423
North Australia	50,471	305,448	791,555	822,582	819,884
Australian Capital Territory	7,275	5,276	15,036	14,922	11,334
Total	525,910	1,747,096	3,617,492	3,601,688	2,865,835

Further particulars are given in Chapter V. "Transport and Communication" (part B, Railways).

4. *Other Sources of Revenue.*—Of other sources of revenue, amounting in 1944-45 to £7,741,719, the following are noteworthy: Interest, £1,202,118; Coinage, £1,307,037; Civil Aviation, £1,172,958 and Net Profit on Australian Note Issue, £2,948,472.

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, namely:—

(a) Expenditure on transferred services; (b) Expenditure on new services; and (c) Payments of surplus revenue to the States.

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. For further particulars of Commonwealth payments to States and of the Financial Agreement see pages 685-691 and section D.—Commonwealth and State Finance, paragraph 4 of this issue.

2. *Details of Expenditure from Consolidated Revenue.*—(i) *General.* The following table gives details of the expenditure from Consolidated Revenue during the years 1938-39 and 1941-42 to 1944-45.

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

COMMONWEALTH EXPENDITURE FROM CONSOLIDATED REVENUE.

Departments, etc.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
War and Repatriation (1914-19)	£	£	£	£	£
Services (a)	19,256,812	18,618,302	18,721,499	19,603,959	19,288,874
Defence and War (1939-45) Services (b)	(c) 8,061,359	109,233,539	159,478,192	167,843,327	194,573,719
Total Cost of Departments—					
Governor-General	32,765	30,705	29,383	32,243	49,121
Parliament	444,873	473,163	487,319	599,208	603,491
Prime Minister	d 1,355,842	1,304,628	1,359,518	1,603,344	1,615,941
External Affairs	70,168	199,642	215,490	251,164	244,048
Treasury	2,257,628	2,948,933	3,503,826	3,779,096	3,935,396
Attorney-General	281,497	319,171	351,452	386,749	433,646
Interior	(e) 1,275,392	873,303	840,918	807,106	855,575
Works and Housing		(f) 56,142	48,780	42,438	48,910
Civil Aviation	328,150	337,165	349,671	359,591	438,531
Trade and Customs	1,064,124	956,081	872,509	815,501	873,457
Health	338,155	299,856	385,560	379,326	392,602
Commerce and Agriculture	994,095	975,924	1,021,955	1,033,661	1,042,723
Social Services—					
Administrative	324,734	281,742	393,490	412,139	443,260
Invalid and Old-age Pensions	15,991,782	19,257,025	22,292,835	21,699,100	21,701,127
Widows' Pensions			2,358,998	2,800,702	2,965,446
Maternity Allowances	436,614	358,538	281,052	(g) 28,162	(g)
Child Endowment		11,302,863	11,659,626	12,256,976	12,036,248
National Welfare Fund—					
Maternity Allowances				2,258,838	2,542,801
Funeral Benefits				105,336	163,992
Balance to Fund				25,523,398	27,293,207
Supply and Shipping	214,832	240,716	246,405	275,173	272,865
External Territories	(h)	45,389	24,577	19,607	35,374
Immigration	(f)	25,402	27,192	31,197	32,420
Business Undertakings—					
Postmaster-General	15,028,233	17,527,865	19,938,502	22,481,577	23,993,463
Railways	1,351,041	1,995,577	2,726,187	3,068,686	2,794,796
Total, Business Undertakings	16,379,274	19,523,442	22,664,689	25,550,263	26,788,259
Territories	1,099,960	1,279,646	1,017,650	1,010,624	1,042,520
New Works	6,565,268	3,305,344	3,960,954	4,677,278	5,705,351
Payments to or for States—					
Interest on States' Debts(j)	7,584,912	7,584,912	7,584,912	7,584,912	7,584,912
Sinking Fund on States' Debts	1,477,976	1,579,797	1,587,798	1,577,672	1,682,869
Special Grants	2,020,000	2,300,000	2,175,000	2,470,000	2,846,000
Federal Aid Roads and Works	4,266,556	2,128,344	1,603,342	1,486,891	2,200,902
Income Tax Reimbursement			26,431,542	32,047,342	32,666,316
Entertainments Tax Reimbursement			574,341	765,787	765,787
Other Grants	300,000	138,100	140,138	127,569	122,035
Total to or for States	15,649,444	13,731,153	40,997,073	46,060,173	47,868,821
Relief to Primary Producers	2,014,713	4,063,155	k 1,708,543	k 1,940,481	k 3,566,376
Grand Total (l)	94,437,481	210,040,969	294,459,156	342,188,160	376,854,101
Per Head of Population	£ s. d. 13 12 8	£ s. d. 29 8 7	£ s. d. 40 18 1	£ s. d. 47 1 10	£ s. d. 51 6 7

(a) For details see § 5, pp. 701-702. (b) For details see § 6, pp. 703-705. (c) Departments of Navy, Army, Air and Supply and Shipping. (d) Includes External Territories. (e) Includes Works and Housing, and Immigration. (f) Included with Interior. (g) See National Welfare Fund. (h) Included with Prime Minister. (i) Excludes Defence and War (1939-45) Services. (j) Excludes balance of interest payable on States' Debts (recoverable from States). (k) In addition the following amounts were provided under War Services expenditure—1942-43, £3,084,817; 1943-44, £12,321,820 and 1944-45, £14,280,284. (l) Excludes amounts expended from excess receipts of previous years (see page 664).

Particulars for each department include interest, sinking fund, superannuation charges, etc., but do not include the expenditure on new works which is given in (iii), page 685 nor that on Defence and War (1939-45) Services which is given in § 6, pages 703-705. Details of expenditure of each department are given in paragraph (ii) below.

(ii) *Total Cost of Departments.* (a) *Introductory.* Under the heading "Total Cost of Departments" are included (i) particulars of expenditure on the estimates of departments in respect of salaries and general expenses and (ii) particulars of expenditure

from special appropriations in respect of salaries of the Governor-General, Ministers, Judges, etc., Government contributions under the Superannuation Act, and interest and sinking fund charges, etc. allocated to departments.

(b) *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 1938-39 and 1941-42 to 1944-45 was as follows:—

EXPENDITURE : GOVERNOR-GENERAL AND ESTABLISHMENT.

Details.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
Salary	10,000	10,000	10,000	10,000	10,000
Government Houses, maintenance, etc.	12,305	12,264	10,874	13,895	18,584
Governor-General's office (a) .. .	5,381	3,910	4,023	4,030	16,125
Interest and Sinking Fund .. .	5,079	4,531	4,486	4,318	4,412
Total	32,765	30,705	29,383	32,243	49,121

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

(c) *Parliament.* Under this head have been grouped all the items of expenditure connected with the Commonwealth parliamentary government of Australia for the five years 1938-39 and 1941-42 to 1944-45. 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.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
Salaries of Ministers .. .	19,325	22,750	22,750	22,750	22,750
Allowances to Senators .. .	36,171	36,199	36,200	36,063	36,137
Allowances to Members of House of Representatives .. .	74,900	75,399	75,314	75,164	75,400
Officers, staff, contingencies, etc.	71,120	86,238	90,642	86,107	87,349
Rent, repairs, maintenance, etc.	14,679	20,202	17,886	21,978	31,353
Printing	22,000	23,608	19,178	17,651	24,120
Travelling expenses of Members	41,429	44,056	46,136	58,266	67,000
Electoral Office	85,143	90,268	97,722	103,064	103,396
Election expenses	3,232	..	..	113,162	102,770
Administration of Electoral Act	20,029	26,140	36,466	18,555	9,223
Interest and Sinking Fund .. .	41,444	36,923	36,538	35,142	35,900
Miscellaneous	15,401	11,380	8,487	11,306	8,093
Total	444,873	473,163	487,319	599,208	603,491

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 details, together with subsequent increases, will be found on pp. 14 and 17 of this volume.

(d) *Prime Minister's Department.* This department was created during the financial year 1911-12. External Territories were administered by this department until June, 1941, when the Department of External Territories was created. Particulars of expenditure relating to the administration of External Territories for the years 1941-42 to 1944-45 are shown under the heading of that department. The expenditure for the years 1938-39 and 1941-42 to 1944-45 is shown in the following table:—

EXPENDITURE : PRIME MINISTER'S DEPARTMENT.

Details.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
Salaries, contingencies and miscellaneous	£ 160,842	£ 134,722	£ 96,263	£ 212,225	£ 100,481
Audit Office	38,434	35,026	46,676	40,451	41,716
Rent, repairs, etc.	8,120	8,626	9,378	12,699	13,545
Public Service Board's Office	50,688	48,898	51,057	51,746	51,899
High Commissioner's Office	81,369	91,214	98,913	103,566	104,855
Mail Service, Pacific Islands	49,077	(a)	(a)	(a)	(a)
Scientific and Industrial Research—					
Council	197,764	395,036	516,541	668,662	776,596
Contributions, Grants, etc.	75,379	105,280	67,837	65,914	69,912
Pensions and Superannuation	10,473	10,536	11,332	12,208	12,887
North Australia Survey	10,000	..	..	..	..
National Oil Pty. Ltd. Agreement	60,000	..	..	..	..
Interest and Sinking Fund	613,696	475,200	461,521	435,873	444,050
Total	1,355,842	1,304,628	1,359,518	1,603,344	1,615,941

(a) Included with Department of External Territories.

(e) *Department of External Affairs.* The Department of External Affairs was separated from the Prime Minister's Department in 1935-36. Its functions include, *inter alia*, communications with British and foreign diplomatic missions and consulates on political matters, foreign affairs, inter-Imperial and Dominion political relations, treaties and international agreements, and United Nations Organization matters, etc. In addition to the High Commissioner for Australia in the United Kingdom (see table above) representatives of Australia are now installed in the United States of America, China, Holland, Russia, France, Latin America, Canada, India and New Zealand. Expenditure of the department for the years 1938-39 and 1941-42 to 1944-45 are given in the following table:—

EXPENDITURE : EXTERNAL AFFAIRS.

Details.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
Salaries and General—	£	£	£	£	£
Administrative	20,129	36,490	40,809	34,680	30,555
Legation, United States of America .. .. .	..	60,997	63,033	71,072	68,755
Legation, Japan .. .. .	..	15,763	5,783	..	..
Legation, China .. .. .	..	25,302	33,079	33,049	15,049
Legation, Union of Soviet Socialist Republics .. .. .	..	..	15,533	27,689	30,013
Legation, France .. .. .	..	..	..	..	1,427
Legation, Latin America .. .. .	..	..	..	..	56
High Commissioner, Canada .. .. .	..	13,892	15,099	17,969	20,356
High Commissioner, New Zealand .. .. .	..	..	..	6,250	7,939
High Commissioner, India .. .. .	..	..	..	8,403	21,291
Contribution, League of Nations Secretariat and International Labour Office	43,329	34,018	39,001	41,852	39,999
Miscellaneous	6,710	13,180	3,153	10,200	8,608
Total	70,168	199,642	215,490	251,164	244,048

(f) *Department of the Treasury.* The sub-departments under the control of the Commonwealth Treasurer are the Treasury, the Supply and Tender Board, Taxation Office, Superannuation Fund Management Board, and the Commonwealth Bureau of Census and Statistics. The Government Printing Office is also a sub-department of the Treasury, but its expenditure is charged to Parliament and the Departments concerned. The Pensions and Maternity Allowance Office was transferred from the Treasury to the Department of Social Services which was created during 1940-41. Details of the expenditure of the Treasury for the years 1938-39 and 1941-42 to 1944-45 are given in the following table:—

EXPENDITURE : DEPARTMENT OF THE TREASURY.

Details.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
Treasury(a)	56,528	85,876	81,103	91,520	89,736
Taxation Office	618,537	1,005,964	1,715,485	1,858,211	1,994,069
Superannuation Board	8,623	7,576	9,256	11,480	12,111
Census and Statistics	60,939	64,095	70,410	54,873	65,268
Census	4,113	573	7,406	..	..
Rent, repairs, etc.	23,088	32,409	70,413	75,349	74,116
Interest and Sinking Fund	911,004	983,364	988,870	970,090	980,845
Exchange	514,240	517,939	495,637	499,291	500,811
Loan Conversion expenses	1,588	24,398	1,144	132	2,102
Gold Tax collection .. .. .	..	121,777	4,748	..	152
Miscellaneous	58,968	104,902	119,354	218,150	216,186
Total	2,257,628	2,948,933	3,563,826	3,779,096	3,935,396

(a) Includes Supply and Tender Board.

(g) *Attorney-General's Department.* Details of expenditure for years 1938-39 and 1941-42 to 1944-45 are furnished below:—

EXPENDITURE : ATTORNEY-GENERAL'S DEPARTMENT.

Details.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£.	£	£	£	£
Attorney-General's Office	19,699	31,443	40,435	43,554	42,887
Crown Solicitor's Office	27,642	41,523	60,022	84,238	109,792
Salaries of Justices of High Court	18,500	16,452	15,500	15,500	17,433
High Court expenses	15,615	13,309	13,920	14,851	16,740
Court of Conciliation and Arbitration	24,046	39,267	40,198	43,091	50,334
Public Service Arbitrator's Office	5,919	3,670	3,611	3,573	4,586
Rent, repairs, etc.	15,131	19,770	21,224	24,371	25,779
Patents, Trade Marks, etc.	71,126	52,345	48,809	48,171	54,016
Investigation Branch	16,219	26,663	28,895	33,182	35,804
Bankruptcy	44,551	43,080	43,991	41,937	39,223
Reporting Branch	13,922	21,224	25,378	24,097	24,886
Miscellaneous	9,127	10,425	9,469	10,184	12,166
Total	281,497	319,171	351,452	386,749	433,646

(h) *Department of the Interior.* With the formation of the new departments of Works in February, 1945, and Immigration in July, 1945, the administration of Commonwealth Public Works and Immigration was transferred to the new departments. The costs relating to these activities have been excluded from the following table for the years 1941-42 to 1944-45 and are shown under the new departments. The Commonwealth Railways and the Northern and Australian Capital Territories, which are administered by the Department of the Interior, are for convenience included respectively under

Railways (s) and Territories (t) below. Expenditure in connexion with the Electoral Office, which is administered by the Department of the Interior, is included under Parliament, in (c) above.

Particulars of the expenditure for the years 1938-39 and 1941-42 to 1944-45 on services under the control of this Department are as follows:—

EXPENDITURE : DEPARTMENT OF THE INTERIOR.(a)

Details.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
Salaries, Contingencies and Miscellaneous—	£	£	£	£	£
Administrative ..	380,550	134,632	132,155	122,706	148,300
Meteorological Bureau	80,107	(b)	(b)	(b)	(b)
Solar Observatory ..	6,816	7,224	6,171	9,177	15,090
Forestry Branch ..	10,436	12,086	9,628	9,670	11,803
Rent, repairs and maintenance ..	17,618	35,773	18,300	18,300	19,400
Pensions, Superannuation and Retiring Allowances	20,567	15,514	15,777	16,924	18,203
Interest	690,061	587,923	574,728	541,962	549,994
Sinking Fund	69,237	80,151	84,159	88,367	92,785
Total	1,275,392	873,303	840,918	807,106	855,575

(a) Excludes Territories, Railways and Electoral Office. (b) Provided under Departments of Air and Civil Aviation.

(i) *Department of Works and Housing.* In February, 1945, the Department of Works was formed to take over Commonwealth works from the Department of the Interior. The functions of this department were expanded in July, 1945, to include Housing which had previously been controlled by the Department of Post-war Reconstruction. Details of expenditure of the Works section of the Department of the Interior for the years 1941-42 to 1944-45 are shown in the following table:—

EXPENDITURE : DEPARTMENT OF WORKS AND HOUSING.

Details.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£
Administrative—Salaries and general..	48,654	41,602	34,953	42,030
Pensions, Superannuation and Retiring Allowances	5,558	5,478	5,785	5,180
Repairs and maintenance of building..	1,930	1,700	1,700	1,700
Total	56,142	48,780	42,438	48,910

(j) *Civil Aviation.* Particulars of expenditure on Civil Aviation for the years 1938-39 and 1941-42 to 1944-45 are as follows:—

EXPENDITURE : DEPARTMENT OF CIVIL AVIATION.

Details.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
Salaries and general—administrative ..	89,946	160,183	203,382	235,054	313,222
Development and maintenance of Civil Aviation	162,232	73,434	..	..	1,095
Meteorological Services .. ..	..	56,975	61,000	61,000	61,000
Empire Air Services	55,919	22,130	61,828	37,722	24,285
Australia—New Zealand Air Service ..	..	..	..	3,009	12,437
Rent, repairs and maintenance	8,428	14,088	13,215	12,953	16,452
Interest and Sinking Fund	11,625	10,355	10,246	9,853	10,020
Total	328,150	337,165	349,671	359,591	438,531

(k) *Department of Trade and Customs.* 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 1938-39 and 1941-42 to 1944-45 are given in the following table :—

EXPENDITURE : DEPARTMENT OF TRADE AND CUSTOMS.

Details.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
Central Office	70,298	60,922	49,326	53,149	61,769
Tariff Board	13,252	10,571	11,250	9,864	10,854
Film censorship	4,466	4,972	4,956	4,948	4,778
Customs—States	621,425	600,569	591,390	624,346	670,549
Audit (proportion) ..	11,786	10,501	18,000	16,691	17,237
Pensions and Superannuation ..	45,063	46,368	46,149	49,930	49,457
Rent, repairs, etc.	7,373	9,227	7,376	8,508	7,885
Bounties and Subsidies ..	225,636	85,113	97,908	6,098	13,813
Interest and Sinking Fund ..	34,321	30,683	30,390	29,271	29,917
Remissions of duty on materials for Commonwealth Government ship construction	26,702	47,368	7,638	5,244	1,387
Other remissions of duty ..	2,066	48,462	8,014	7,452	5,811
Miscellaneous	1,736	1,325	112	..	..
Total	1,064,124	956,081	872,509	815,501	873,457

(l) *Department of Health.* This department came into existence in the financial year 1921-22. Details of expenditure for the five years 1938-39 and 1941-42 to 1944-45 are as follows :—

EXPENDITURE : DEPARTMENT OF HEALTH.

Details.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
Administrative	135,506	143,565	139,918	150,554	157,227
Pharmaceutical Services ..	..	..	..	..	5,356
Interest and Sinking Fund ..	23,661	21,682	21,500	20,901	21,293
Rent and repairs	14,102	13,705	10,235	12,840	12,870
Pensions and Superannuation	2,870	3,398	3,850	4,211	4,204
Subsidy, Cattle Tick Control	69,450	61,783	61,783	53,325	53,325
Medical Research	30,000	20,000	20,000	20,000	20,000
Nutrition — Publicity and surveys	2,969	..	3,500	9,621	9,893
X-ray and Radium Laboratory	3,492	3,858	3,960	4,429	4,501
National Health Campaign ..	5,000	2,000	2,600	20,400	20,400
Council for National Fitness ..	371	18,633	72,500	72,500	72,500
Maternal and Infant Hygiene ..	1,000	900	1,250	1,250	1,250
Aerial Medical Services subsidy	5,000	7,500	7,500	7,500	7,500
Miscellaneous	(a) 44,734	2,832	(b) 36,964	1,795	2,283
Total	338,155	299,856	385,560	379,326	392,602

(a) Includes reserve of essential drugs and medical equipment, £39,430. (b) Includes Swine Fever—grant towards compensation paid by States, £35,213.

(m) *Department of Commerce and Agriculture.* 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. Particulars of the expenditure of the Department of Commerce and Agriculture (as it is now called) for the five years 1938-39 and 1941-42 to 1944-45 are given below :—

EXPENDITURE : DEPARTMENT OF COMMERCE AND AGRICULTURE.

Details.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
Administrative	58,218	63,230	78,478	75,121	57,689
Administration of Commerce (Trade Descriptions) Act	174,876	210,697	219,420	250,112	278,245
Australian National Publicity Association	20,000	4,000	..	..	..
Oversea trade publicity ..	47,016	..	..	..	..
Commercial intelligence service abroad	47,248	55,385	34,689	33,852	41,300
Wool publicity and research	73,816	84,965	81,813	85,335	74,858
Fruit bounties	10,462	41	..	..	..
Reft, repairs, maintenance, etc.	13,081	13,420	10,543	6,808	2,741
Pensions and Retiring Allowances	12,959	13,358	13,656	14,255	10,877
Interest	198,599	235,656	255,912	246,486	240,906
Sinking Fund	245,404	293,722	308,289	318,880	333,809
All Other	(a) 92,416	1,450	(b) 19,155	2,812	2,298
Total	994,095	975,924	1,021,955	1,033,661	1,042,723

(a) Includes representation at New York World Fair, £39,780, and San Francisco Exhibition-£21,335. (b) Includes Tobacco Investigations and Instruction, £15,000.

During 1942-43 activities relating to Supply and Shipping were transferred from the Department of Commerce and a new department was created. For purposes of comparison the expenditure on functions allocated to the new Department during the years 1938-39 and 1941-42 to 1944-45 have been deducted from the expenditure of the Department of Commerce and are shown under the Department of Supply and Shipping.

(n) *Department of Social Services.* This Department, constituted during 1940-41, includes the Invalid and Old-age Pension and Maternity Allowance Office, formerly administered by the Treasury Department. It also deals with Child Endowment, Widows' Pensions, and Unemployment and Sickness Benefits. Particulars of expenditure during the five years 1938-39 and 1941-42 to 1944-45 were as follows :—

EXPENDITURE : DEPARTMENT OF SOCIAL SERVICES.

Details.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
Administrative .. .. .	..	9,440	9,726	10,116	11,069
Child Endowment Section ..	..	129,183	140,710	134,400	140,834
Invalid and Old-age Pension and Maternity Allowance Office	138,634	126,217	188,517	210,796	211,434
Widows' Pensions Section ..	..	..	33,517	27,384	27,016
Unemployment and Sickness Benefits Section .. .. .	..	..	..	..	10,548
Miscellaneous	186,100	16,902	21,020	29,443	42,359
Departmental Expenditure	324,734	281,742	393,490	412,139	443,260
Invalid and Old-age Pensions	15,991,782	19,257,025	22,292,835	21,699,100	21,701,127
Widows' Pensions .. .. .	..	..	2,358,998	2,800,702	2,965,446
Maternity Allowances	436,614	358,538	281,052	28,162	..
Child Endowment .. .. .	..	11,302,863	11,659,626	12,256,976	12,036,248
National Welfare Fund—	..	..	..	..	..
Maternity Allowances .. ..	..	..	..	2,258,838	2,542,801
Funeral Benefits .. .. .	..	..	..	105,336	163,992
Balance to Fund .. .. .	..	..	..	25,525,398	27,293,207
Total	16,753,130	31,200,168	36,986,001	65,086,651	67,146,081

(o) *Department of Supply and Shipping.* Formed in 1942-43 for the purposes of controlling war-time supplies and shipping, the Department took over the Marine Branch of the Department of Commerce. Expenditure on this branch is shown below. The balance of the expenditure of the department is shown under Defence and War Services (1939-45).

EXPENDITURE : DEPARTMENT OF SUPPLY AND SHIPPING.

Details.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
Marine Branch—Salaries and general	208,129	236,825	240,185	264,702	265,737
Overhaul and repair of Departmental vessels	5,305	3,314	5,041	6,266	..
Colonial Light Duties	1,398	577	1,179	830	842
Rent, repair and maintenance of buildings .. .. .	..	..	..	3,375	6,286
Total	214,832	240,716	246,405	275,173	272,865

(p) *Department of External Territories.* This Department was set up in June, 1941 to administer the Commonwealth External Territories of Papua, New Guinea, Norfolk Island, and Nauru. Prior to June, 1941, this administration was carried out by the Prime Minister's Department. Expenditure of the department for the years 1941-42 to 1944-45 is shown hereunder. Expenditure prior to 1941-42 is included with the Prime Minister's Department :—

EXPENDITURE : DEPARTMENT OF EXTERNAL TERRITORIES.

Details.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£
Administration—Salaries and general	6,287	14,264	14,666	23,374
Shipping and mail services to the Pacific Islands	39,102	10,313	4,929	12,000
Superannuation .. .. .	..	..	12	..
Total	45,389	24,577	19,607	35,374

(q) *Department of Immigration.* This Department was formed in July, 1945 to administer matters relating to Immigration, Naturalization, etc. Prior to the formation of this Department, this work was carried out by a section of the Department of the Interior. Expenditure of this section during the last four years was :—1941-42, £25,402 ; 1942-43, £27,192 ; 1943-44, £31,197 ; and 1944-45, £32,420.

(r) *Postmaster-General's Department.* Details of the expenditure of this department for the five years 1938-39 and 1941-42 to 1944-45 are given in the following table:—

EXPENDITURE : POSTMASTER-GENERAL'S DEPARTMENT.

Details.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
Salaries, stores and materials, mail engineering services, etc.	11,563,510	13,603,018	15,790,003	18,471,039	19,920,531
Public Works Staff—salaries, etc.	60,000	60,000	60,900	60,000	60,000
Audit (proportion)	11,660	13,100	13,000	13,000	13,000
Pensions and Retiring Allowances	75,113	57,194	51,728	46,646	38,291
Superannuation	316,747	349,222	355,249	379,080	379,522
Rents, repairs, etc.	114,183	118,182	119,175	149,395	156,035
A.R.P. Works at Postal Establishments . . . . .	..	..	231,785	25,708	51,048
Interest	1,398,690	1,421,282	1,375,793	1,330,567	1,295,668
Sinking Fund	1,128,933	1,384,942	1,455,839	1,528,295	1,604,792
Exchange	359,397	488,242	485,030	477,847	474,576
Loans' Redemption and Conversion Expenses . . . . .	..	32,683	..	..	..
Total	15,028,233	17,527,865	19,938,502	22,481,577	23,993,463

Further details of expenditure on account of the Postmaster-General's Department appear in Chapter V. "Transport and Communication".

(s) *Railways.* In April, 1932, the administration of Commonwealth Railways was placed under the Department of the Interior. The expenditure on railways for the five years 1938-39 and 1941-42 to 1944-45 is shown below:—

EXPENDITURE : COMMONWEALTH RAILWAYS.

Details.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
Working Expenses—					
Trans-Australian	493,463	647,685	917,863	871,730	882,464
North Australia	55,186	239,153	317,065	479,190	517,273
Central Australia	214,374	458,345	814,360	1,028,059	784,221
Australian Capital Territory	7,365	8,804	12,010	13,754	12,438
Interest	392,194	387,665	371,303	368,675	359,907
Sinking Fund	75,230	87,075	91,341	95,735	100,474
Exchange	62,674	88,328	84,492	83,951	83,894
Contribution to South Australia (Port Augusta—Port Pirie Railway)	20,000	20,000	20,000	20,000	20,000
Superannuation	13,467	15,289	14,397	16,210	17,426
Miscellaneous	17,088	43,233	83,356	91,382	16,699
Total	1,351,041	1,995,577	2,726,187	3,068,686	2,794,796

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

(i) *Territories.* The following table shows the expenditure on account of territories, services for the last five years. The internal territories are administered by the Department of the Interior, and the Department of External Territories controls the external territories. The expenditure has been grouped in one table for convenience. Information in greater detail will be found in the *Finance Bulletin* No. 36, issued by this Bureau.

EXPENDITURE : TERRITORIES.

Details.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
Internal—					
Australian Capital (a) ..	637,228	698,072	676,909	698,290	736,898
Northern (a) ..	402,899	520,021	328,842	301,434	294,800
External—					
Papua ..	48,830	38,839	4,682	4,692	4,609
New Guinea ..	5,532	17,048	2,144	2,135	2,139
Norfolk Island ..	5,471	5,666	5,073	4,073	4,074
Total ..	1,099,960	1,279,646	1,017,650	1,010,624	1,042,520

(a) Excludes Railways.

(iii) *New Works.* The expenditure on additions, new works, etc., during the five years 1938-39 and 1941-42 to 1944-45 was as follows :—1938-39, £6,565,268 (excluding £3,494,733 provided from excess receipts for Defence equipment); 1941-42, £3,305,344; 1942-43, £3,960,954; 1943-44, £4,677,278; and 1944-45, £5,705,351. Particulars for the last four years exclude expenditure in connexion with Defence and War (1939-45) Services, which was provided for by Loan and Trust Funds.

(iv) *Defence, War and Repatriation Services.* Full details concerning the expenditure from Consolidated Revenue upon War and Repatriation (1914-19) Services and Defence and War (1939-45) Services will be found in §§ 5 and 6, pages 701-705.

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 by 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 (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 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 receipts over expenditure should be distributed monthly to each State in proportion to their respective populations. This act more clearly defined “transferred” and “new” expenditure.

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

- (i) the Commonwealth to pay by monthly instalments or apply to the payment of interest on debts of the States taken over by the Commonwealth an annual sum amounting to twenty-five shillings per head of the number of people of the State;
- (ii) in addition to the payments above, all surplus revenue (if any) to be paid to the States in proportion to the number of people; and
- (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 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. Grants which have been made from loan fund are indicated in the statement of loan expenditure on page 692.

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 South Australia, Western Australia and Tasmania during each year from 1933 and the recommendations of the Commission in respect of the years 1938-39 and 1942-43 to 1945-46 were as follows :—

State.	Grant Recommended.				
	1938-39.	1942-43.	1943-44.	1944-45.	1945-46.
	£	£	£	£	£
South Australia	1,040,000	800,000	900,000	1,200,000	1,400,000
Western Australia	570,000	800,000	850,000	904,000	950,000
Tasmania	410,000	575,000	720,000	742,000	646,000
Total	2,020,000	2,175,000	2,470,000	2,846,000	2,996,000

During the year 1942-43 the Tasmanian Government lodged an application for additional financial assistance on the grounds that the original grant of £575,000 recommended was insufficient for the needs of the State. The claim was heard by the Commission and an advance payment of £200,000 was recommended. This, however, was not acceptable to the Tasmanian Government, which preferred to raise the money required through the Loan Council.

7. **States Grants (Income and Entertainments Tax Reimbursement) Acts.**—(i) *States Grants (Income Tax Reimbursement) Act.* As compensation to the States for vacating the income tax field to the Commonwealth Government, the State Grants (Income Tax Reimbursement) Act 1942 provided for the payment to the States of the following amounts, less amounts equal to any arrears of State Income Tax collected during each year that the Act remained in operation :—

					£
New South Wales	..	..	..	..	15,356,000
Victoria	..	..	..	..	6,517,000
Queensland	..	..	..	..	5,821,000
South Australia	..	..	..	..	2,361,000
Western Australia	..	..	..	..	2,546,000
Tasmania	..	..	..	..	888,000
Total	..	..	..	..	<u>33,489,000</u>

Amounts equal to the arrears collected were to be paid, with interest at a rate not less than 3 per cent., immediately prior to the expiration of the Act.

In section six of the Act provision was made for the Treasurer of any State to inform the Commonwealth Grants Commission if he considered that the payments made under the Act were insufficient to meet his revenue requirements. The Commission, after inquiry into the matter, were to advise the Treasurer as to the justice of granting additional assistance. The Treasurer of Tasmania availed himself of this provision to apply for an increase of the Income Tax Reimbursement Grant for the years 1942-43; 1943-44 and 1944-45, but in each case the Commonwealth Grants Commission did not consider that an additional grant was just. Following an application in 1944-45 by the Treasurer of South Australia, an additional grant of £553,172 was recommended by the Commonwealth Grants Commission.

The States Grants (Income Tax Reimbursement) Act 1942 came into operation on 1st July, 1942, and was to continue until the end of the first financial year commencing after the cessation of the 1939-45 War.

The States Grants (Tax Reimbursement) Act 1946 revised the basis of determining the reimbursement grants for 1946-47 and subsequent years. This Act provides for the following reimbursement grants to be paid to the States.

(a) 1946-47 and 1947-48—					£
New South Wales	..	..	..	..	16,477,000
Victoria	..	..	..	..	8,860,000
Queensland	..	..	..	..	6,601,000
South Australia	..	..	..	..	3,458,000
Western Australia	..	..	..	..	3,384,000
Tasmania	..	..	..	..	1,220,000
Total	..	..	..	..	<u>40,000,000</u>

(b) 1948-49 and subsequent years.—An amount is to be determined by increasing the aggregate grants paid in 1947-48 (£40,000,000) by the same proportion as the aggregate population of the six States at the beginning of the financial year increases over the aggregate population of the six States at 1st July, 1947. This amount is to be further increased by a percentage equal to half the percentage increase in average

wages per person employed in the financial year preceding the year in which the reimbursement grants are to be paid over the average wages per person employed in 1946-47. The amount so determined will be the aggregate of the reimbursement grants and is to be distributed to the States in the following proportions :—

(i) 1948-49 to 1956-57—The weighted mean of—

(a) the proportion indicated by the "adjusted" population* for each State, and

(b) the proportions indicated by the distribution of the aggregate reimbursement grant in 1946-47 and 1947-48,

giving the latter a weight of 9/10 in 1948-49, 8/10 in 1949-50 and thus decreasing each year to 1/10 in 1956-57.

(ii) 1957-58 and subsequent years—The proportion indicated by the "adjusted" population for each State.

It is provided that, if the application of the above formula for distribution of the aggregate grants causes the amount of the reimbursement grant for any State to fall below the grant for 1946-47, the grant payable will be the same as that for 1946-47 and the balance of the aggregate grant is to be distributed between the remaining States in the above proportions.

An amount equal to arrears of State income taxes collected by the States in any year is to be deducted from the reimbursement grants for that year. The aggregate amount so deducted less any refunds of State income taxes made by the Commonwealth is to be repaid in the event of uniform taxation ceasing to operate. This amount bore interest at 3 per cent. up to 30th June, 1946, but thereafter, under the new arrangement, will bear no interest.

The provisions relating to additional grants in the State Grants (Income Tax Reimbursement) Act 1942 have been repealed.

The payment of the tax reimbursement grant in any year to any State will be subject to the condition that that State has not imposed a tax on incomes in that year.

The reimbursement grants provided in the State Grants (Tax Reimbursement) Act 1946 are intended to replace the grants previously made on account of both Income and Entertainments taxes.

(ii) *States Grants (Entertainments Tax Reimbursement) Act.* The following amounts were paid to the States by the Commonwealth for that portion of the year 1942-43 following the withdrawal of the States from the entertainments tax field :—

	£
New South Wales	120,623
Victoria	279,944
South Australia	72,782
Western Australia	73,640
Tasmania	27,352
Total	574,341

Payments for each of the years 1943-44, 1944-45 and 1945-46, while the Act operated, were as follows :—

	£
New South Wales	160,830
Victoria	373,259
South Australia	97,043
Western Australia	98,186
Tasmania	36,469
Total	765,787

* In the "adjusted" population allowances are made for differences in the proportion of school children in the population and the density of the population in each State.

No compensation was payable in respect of Queensland because a State entertainment tax was not levied in that State.

The Act ceased to operate after 30th June, 1946, when the reimbursement grant on account of Entertainments Tax was included with the Income Tax Reimbursement Grant. Although the Commonwealth will continue to collect an entertainments tax, payment of the latter grant is not conditional on any State not imposing an entertainments tax.

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

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

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

The 1926 agreement, which was originally intended to remain in operation for ten years, was continued until 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 ¾d. per gallon should be expended on the construction, reconstruction, maintenance or repair of roads, or other works connected with transport. The allocation of the amount payable was in the proportion of 5 per cent. to Tasmania and the remaining 95 per cent. to the other States on the basis of three-fifths according to the population at 30th June, 1936, and two-fifths according to area. 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.

9. **Amounts Paid.**—(i) 1901 to 1945. The following table shows particulars of the amounts paid to each of the States since Federation, divided into three periods, 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. "Agricultural Production."

**PAYMENTS(a) BY THE COMMONWEALTH TO OR FOR THE STATES TO
30th JUNE, 1945.**

Particulars.	N.S.W.	Vic.	Q'land.	S.A.	W.A.	Tas.	Total.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
1900-01 to 1909-10 (b) ..	27,606	19,815	8,895	6,148	8,727	2,602	73,793
1910-11 to 1926-27 (c) ..	41,634	31,341	15,184	9,925	6,899	4,367	109,356
1927-28 to 1944-45 (d) ..	62,193	43,110	22,996	15,596	11,154	5,479	166,528
Special Grants (e) ..	..	..	..	17,195	13,524	9,543	40,262
Grants—							
Income Tax Reimbursement (f) ..	40,535	17,900	16,456	6,729	6,996	2,529	91,145
Entertainments Tax Reimbursement (g) ..	442	1,026	..	267	270	101	2,106
Non-recurring Grants from Excess Receipts, 1934-35 to 1936-37 ..	1,188	827	433	265	201	86	3,000
Special Assistance (h) ..	929	908	375	379	320	128	3,039
Grants for Road Construction, 1922-23 to 1944-45 (i) ..	13,564	8,906	9,501	5,644	9,630	2,507	49,752
Total ..	188,091	123,833	73,840	62,148	57,721	27,342	532,975

(a) Includes non-recurring grants from excess receipts, but excludes amounts provided for relief of wheat-growers and other primary producers and other payments for medical research, etc. (b) Under Section 87 of the Commonwealth Constitution. (c) Under the several Surplus Revenue Acts. (d) Under Financial Agreement Act 1928-1944. (e) Under various State Grants Acts. (f) Under States Grants (Income Tax Reimbursement) Act 1942. (g) Under States Grants (Entertainments Tax Reimbursement) Act 1942. (h) Unemployment Relief, Metalliferous Mining, Forestry, Local Public Works, etc. (i) Under Federal Aid Roads and Main Roads Development Acts.

(ii) 1944-45. For the year ended 30th June, 1945, the payments made to or for each State are given below :—

PAYMENTS BY THE COMMONWEALTH TO OR FOR THE STATES, 1944-45.(a)

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
Interest on States' Debts ..	2,917,411	2,127,159	1,096,235	703,816	473,432	266,859	7,584,912
Sinking Fund on States' Debts (b) ..	670,825	316,750	232,087	220,910	192,447	49,850	1,682,869
Special Grants ..	..	..	..	1,200,000	904,000	742,000	2,846,000
Income Tax Reimbursement ..	14,829,990	6,422,764	5,733,737	2,311,791	2,488,238	879,796	32,666,316
Entertainments Tax Reimbursement ..	160,830	373,259	..	97,643	98,186	36,469	765,787
Federal Aid Roads and Works (c) ..	618,454	385,158	420,372	244,300	422,573	110,045	2,200,902
Local Public Works ..	39,400	27,400	14,450	8,700	6,650	3,400	100,000
Contributions—							
Interest on Loans for Drought Relief ..	11,069	6,300	108	..	4,558	..	22,035
Port Augusta—Port Pirie Railway Agreement ..	..	..	..	20,000	..	..	20,000
Total ..	10,247,979	9,658,790	7,496,989	4,806,560	4,500,084	2,088,419	47,888,821

(a) Excludes relief to primary producers and other payments for medical research, etc. (b) Paid to National Debt Sinking Fund. (c) Paid to Trust Fund.

§ 3. Trust Funds.

The Trust Fund balances at 30th June, 1945 amounted to £137,098,701, as compared with £100,277,257 at 30th June, 1944.

§ 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 (fourth dealt with in par. 4 below)

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. The remaining indebtedness was redeemed during 1940-41.

3. **Loan Fund Expenditure.**—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 prospective heavy cost of the Trans-Australian Railway and the Australian Capital Territory, a Loan Fund similar to those of the States was established. 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, and 3½ per cent. inscribed stock of an equivalent value was created. Since then the money required for the Loan Fund has been obtained mainly by the issue of Treasury Bills and other securities in London, New York and Australia. Annual expenditure on works, etc., up to 1919-20 did not exceed £3,000,000. From 1920-21 it rose to almost £9,500,000 in 1926-27 and declined to about £2,000,000 in 1930-31. For the years 1931-32 to 1938-39 expenditure fluctuated between £520,000 and £4,550,000. During the last six years, owing to the inclusion of expenditure on Defence and War (1939-45) Services, the total expenditure from loan has risen considerably. Expenditure from loan in respect of the 1914-19 War was made from the War Loan Fund and is not included in the following table. See § 5, pages 701-2 for particulars.

COMMONWEALTH EXPENDITURE FROM LOAN FUND.

Particulars.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.	Total to 30th June, 1945.
	£	£	£	£	£	
Defence and War (1939-45) Services— General Services and Works .. .. .	.. .. .	210,876,328	402,852,114	377,156,935	266,040,485	1,387,321,138
Additions, New Works, Buildings, etc.— Defence Buildings, Works, Sites	1,912,284	.. .. .	.. .. .	.. .. .	.. .. .	8,693,948
Civil Aviation, Buildings and Works .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	213,086
Ships, Yards and Docks	Cr. 305,351	.. .. .	.. .. .	.. .. .	Cr. 1,205	7,863,028
Lighthouses, Works and Services	Cr. 1,000	Cr. 1,000	Cr. 1,000	Cr. 1,000	.. .. .	634,490
River Murray Waters Act .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	2,105,625
Postmaster-General's Department— Telegraph and Telephone Con- struction .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	36,057,558
Buildings Works, Sites, etc.	Cr. 1,290	939,918 244,940	Cr. 160	Cr. 45	Cr. 126	4,079,412
Subscription to Capital of Amalga- mated Wireless Ltd. .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	300,000
Radio Stations and Equipment .. .. .	.. .. .	15,082	.. .. .	.. .. .	.. .. .	104,538
Serum and Health Laboratories .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	80,149
Other Health Buildings and Services .. .. .	.. .. .	Cr. 1,100	.. .. .	.. .. .	.. .. .	21,864
Repatriation Buildings, etc. .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	47,026
War Service Homes (a) .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	7,329,523
Railways	Cr. 339	Cr. 17,656	Cr. 34,746	Cr. 9,698	Cr. 40,809	13,774,741
Territories (b)	Cr. 6,768	Cr. 7,406	Cr. 5,111	Cr. 6,262	Cr. 7,812	8,804,003
Immigration .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	1,680,834
Other .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	1,381,094
Assistance to States— Unemployment Relief	Cr. 3,822	Cr. 5,773	Cr. 6,043	(c) 223,459	.. .. .	2,667,020
Mining .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	283,750
Forestry .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	322,000
Farmers' Debt Adjustment	2,000,000	165,000	235,000	.. .. .	.. .. .	7,967,000
Roads .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	249,686
Wire and Wire Netting .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	608,849
Drought Relief .. .. .	.. .. .	597,000	Cr. 22,795	.. .. .	.. .. .	1,844,205
Wheat Bounty .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	3,429,571
Total Additions, New Works, Buildings, etc.	3,593,714	1,929,005	165,145	206,454	Cr. 49,952	110,543,000
GRAND TOTAL	3,593,714	212,805,333	403,017,259	377,363,389	265,990,533	1,497,864,138

(a) In addition, £13,045,408 was expended from War Loan Fund prior to 1923-24. (b) Includes Administration and other Public Buildings, Australian Capital Territory. (c) Adjustment of credits in previous years.

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, p. 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 was 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. **1914–19 War Loan from the British Government.**—On the outbreak of the 1914–19 War, the Commonwealth Government obtained a loan from the British Government for the purpose of financing the prospective large military expenditure. At first, the arrangement was that the British 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 British 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 contribution of approximately £1 1s. 8d. per cent. By a later arrangement with the British Government, however, principal and interest repayments for 1931–32 and subsequent years have been suspended. The principal outstanding on 30th June, 1945, was £79,724,000.

6. **Flotation of 1914–19 War Loans in Australia.**—In addition to the advances from the British 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, pages 695 and 696.

7. Flotation of 1939-45 War Loans.—The following table shows particulars of loans floated since the outbreak of war :—

COMMONWEALTH LOANS RAISED IN AUSTRALIA FROM 1st DECEMBER, 1939.

Period of Loan.	Amount Invited.	Number of Subscribers.	Amount Subscribed.	Rate of Interest.	Year of Maturity.	Price.	Allocated to	
							Defence, and War.	Other Purposes.
	£'000.		£'000.	%			£'000.	£'000.
1. 12. 39	12,000	Banks	12,000	3½	1942-44	100	2,000	10,000
1. 3. 40	18,000		14,339	8,958					3½	1945	100	7,676	10,489
15. 3. 40		20,000		32,792	9,207	3½	1950-56	100	20,582					..
29. 5. 40	28,000		21,830		6,747	3½				1945	100	20,505	8,000
14. 6. 40		35,000		57,217	13,835	3½	1950-56	100	27,871					8,000
28. 11. 40	30,000		83,378		7,692	3½				1945	100	34,159	(a) 65,984
14. 12. 40		30,000		(a) 70,000	20,813	3½	1950-56	100	48,331					..
30. 4. 41	35,000		196,513		13,642	3½		
19. 5. 41		30,000		(b)	22,229	3½	1950-56	100
7. 10. 41	77,300		(a) 454,865		10,730	2½				1946-47	100	82,667	(a) 21,783
15. 11. 41		30,000		(a) 22,700	89,413	3½	1950-57	100	101,806					..
17. 2. 42	35,000		244,589		12,869	2½				1945-46	100	..	235
10. 3. 42		35,000		196,513	35,462	2½	1950-58	100
2. 6. 42	30,000		(b)		7,032	2½				1946-47	100	..	..
23. 6. 42		3,019		(b)	30,341	3½	1950-58	100
30. 6. 42	77,300		(a) 454,865		3,019	2½		
3. 11. 42		22,740		(a) 6,249	22,740	2½	1946-47	100	82,667					(a) 21,783
15. 12. 42	81,710		(a) 2,064		18,661	3½				1950-58	100	..	(a) 12,252
16. 3. 43		100,000		432,555	83,145	2½	1947-48	100	126,408					..
20. 4. 43	235		(b)		235	2½		
30. 6. 43		2,973		(a) 13,064	2,973	2½	1947-48	100
2. 8. 43	9,279		(a) 2,064		9,279	3½				1950-59	100	..	(a) 12,252
16. 8. 43		24,501		567,695	24,501	2½	1947-48	100	126,408					..
5. 10. 43	101,907		(b)		101,907	3½				1950-59	100	..	(c) 5,631
9. 11. 43		5,631		(b)	5,631	2½	1947-48	100
1. 1. 44	25,710		452,700		25,710	2½				1948-49	100	150,549	..
28. 3. 44		150,000		452,700	150,000	2½	1948-49	100	150,549					..
13. 5. 44	124,839		421,517		124,839	3½				1950-60	100	113,938	(a) 40,644
26. 9. 44		22,360		(a) 47,521	22,360	2½	1948-49	100	..					(c) 7,687
4. 11. 44	7,687		(b)		7,687	2½				1948-49	100	..	(c) 4,963
30. 9. 44		4,963		(b)	4,963	3½	1950-60	100
2. 1. 45	12,334		418,930		12,334	2½				1949-50	100	107,279	..
27. 4. 45		94,945		(a) 17,011	94,945	3½	1950-61	100	..					(a) 21,144
25. 7. 45	13,500		(a) 25,614		13,500	2½				1949-50	100	87,208	..
15. 8. 45		7,644		260,505	7,644	3½	1950-61	100
25. 9. 45	24,094		260,505		24,094	2½				1949-50	100	87,208	..
15. 11. 45		63,114		260,505	63,114	3½	1950-61	100	87,208					..
Total	1,163,213		..		1,188,183	..		

(a) Conversion.

(b) Special issue.

(c) For redemption of London Loans.

The totals in the table above include particulars of conversions as follows :—amount invited, £178,899,000 ; amount subscribed, £161,807,000 ; and of loans raised in Australia to redeem London loans as follows :—amount invited and subscribed, £18,281,000.

In addition to the amounts above, at 30th June, 1945, £62,323,000 had been subscribed by War Savings Certificates (Seven Years' Series), over £6,000,000 by Citizens' National Emergency (Interest Free) Loans, and £1,792,000 by National Savings Bonds.

After allowing for repurchases the net subscriptions to War Savings Certificates at 30th June, 1945 was £52,534,000.

An advance of £12,000,000, since redeemed, was made by the British Government for war purposes.

8. **London Conversion Loans.**—Loans aggregating £22,000,000 were due for redemption in London in 1932-33, and in addition the Government had optional rights of redemption over a further £88,000,000, all of which was carrying an interest burden of 5 per cent. or greater. These obligations, particularly the accumulation of loans with optional rights of redemption, presented some difficulty to the Government and led to the appointment of a Resident Minister in London, who, in conjunction with the Australian Loan Council, arranged for the conversion of Commonwealth and State securities amounting to £109,849,000 between October, 1932 and February, 1934. Particulars of these and subsequent conversions to June, 1941 are shown in the table on pages 820 and 821 of Official Year Book No. 34 and in previous issues. Particulars of the total amounts converted and the total savings on account of interest and exchange are also shown. In July, 1941, Commonwealth and State Stock to the value of £30,011,400 on account of the Commonwealth, Victoria and Queensland was converted, the new price of issue being £99 per £100, the rate of interest $3\frac{1}{2}$ per cent. and the date of maturity 1961-66. The rates of interest on the original loan were $4\frac{1}{2}$ per cent. (£11,902,600) and 5 per cent. (£18,108,800). In December, 1942, Commonwealth Stock valued at £16,451,403 was converted, the new price of issue being £98 per £100, the rate of interest 3 per cent. and date of maturity 1944-46. The rate of interest on the original loan was $2\frac{1}{2}$ per cent.

9. **Other Loan Raisings.**—In addition to those loans, particulars of which are shown on page 694, there were sundry small amounts raised on behalf of the States for public works, redemptions, etc. During 1944-45 these loans, known as "Over the Counter Sales", amounted to £3,170,320.

10. **Public Debt for Commonwealth Purposes.**—(i) *General.* In the Public Debt tables which follow, the units of currency are, for debt maturing and interest payable in Australia, £ Australian, in London £ sterling, in New York £ sterling. The New York debt is payable in dollars, but for the purposes of the tables dollars have been arbitrarily converted to £ sterling at the rate of 4.8665 dollars to £1 stg.

(ii) *Total Debt.* Reference has already been made to the development of the Commonwealth Public Debt and the following table shows the debt of the Commonwealth (excluding that of the States) at 30th June, 1945:—

PUBLIC DEBT FOR COMMONWEALTH PURPOSES AT 30th JUNE, 1945.

Particulars.	Maturing in—			Total.
	London.	New York.	Australia.	
War (1914-19) Debt—	£ Stg.	£ Stg.	£ Aust.	£
Stock and Bonds	11,020,160	..	159,165,317	170,185,477
Indebtedness to United Kingdom Government	79,724,220	..	..	79,724,220
War and Peace Savings Certificates and Stamps, War Gratuity Bonds .. .. .	..	..	152,353	152,353
Total	90,744,380	..	159,317,670	250,062,050
War (1939-45) Debt—				
Stock and Bonds	5,775,000	..	861,550,876	867,325,876
Advance Loan Subscriptions .. .. .	..	..	6,348,500	6,348,500
Citizens' National Emergency Loans	347,000	..	5,789,343	6,136,343
National Savings Bonuses .. .. .	..	..	1,792,050	1,792,050
War Savings Certificates .. .. .	..	..	52,533,889	52,533,889
War Savings Stamps .. .. .	..	..	410,321	410,321
National Savings Stamps .. .. .	..	..	67,059	67,059
Treasury Bills, Internal .. .. .	..	..	85,500,000	85,500,000
Treasury Bills, Public .. .. .	..	..	343,280,000	343,280,000
Total	6,122,000	..	1,357,272,038	1,363,394,038
Works and other Purposes—				
Stock and Bonds	61,392,130	15,790,414	24,796,514	101,979,058
Treasury Bills and Debentures	2,720,160	..	..	2,720,160
Treasury Bills, Internal .. .. .	..	..	10,810,000	10,810,000
Total, Works and other Purposes	64,112,290	15,790,414	35,606,514	115,509,218
Total, Commonwealth Purposes	160,978,670	15,790,414	1,552,196,222	1,728,965,306

PER HEAD OF POPULATION (a)

	(Aust.)		(Sug.)		(Anst.)	
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
War (1914-19) Debt	12 6 0	..	21 11 10	33 17 10	..	..
War (1939-45) Debt	0 16 7	..	183 19 1	184 15 8	..	..
Works and other Purposes	8 13 9	2 2 10	4 16 6	15 13 1	..	..
Total Commonwealth Purposes	21 16 4	2 2 10	210 7 5	234 6 7	..	..

(a) Based on estimated population of Australia at 30th June, 1945.

(iii) *Place of Flotation.* Since 1931-32 few new loans have been raised overseas. None have been raised in New York since 1927-28. Those raised in London have been almost exclusively conversion loans, particulars of which are given on pages 694-5 of this issue and in previous issues.

PUBLIC DEBT FOR COMMONWEALTH PURPOSES AT 30th JUNE: PLACE OF FLOTATION

Place of Flotation, etc.	1939.	1942.	1943.	1944.	1945.
War (1914-19) Debt—					
London £ Stg.	90,744,381	90,744,380	90,744,380	90,744,380	90,744,380
Total Overseas .. £ Stg.	90,744,381	90,744,380	90,744,380	90,744,380	90,744,380
Australia £ Aust.	175,193,890	167,219,614	166,531,732	164,628,150	159,317,670
Total War (1914-19) Debt £	265,938,271	257,963,994	257,276,112	255,372,530	250,062,050
War (1939-45) Debt—					
London £ Stg.	..	17,875,000	18,128,500	6,122,000	6,122,000
Total Overseas .. £ Stg.	..	17,875,000	18,128,500	6,122,000	6,122,000
Australia £ Aust.	..	321,344,875	712,578,262	1,098,260,599	1,357,272,038
Total War (1939-45) Debt £	..	339,219,875	730,706,762	1,104,382,599	1,363,394,038
Works and other Purposes—					
London £ Stg.	72,096,566	65,134,096	64,884,096	64,362,290	64,112,290
New York £ Stg.	15,913,501	15,876,718	15,790,414	15,790,414	15,790,414
Total Overseas .. £ Stg.	88,010,067	81,010,814	80,674,510	80,152,704	79,902,704
Australia £ Aust.	43,302,593	39,956,165	38,241,177	36,190,330	35,606,514
Total Debt for Works, etc. £	131,312,660	120,966,979	118,915,687	116,343,034	115,509,218
Total Debt—					
London £ Stg.	162,840,947	173,753,476	173,756,976	161,228,670	160,978,670
New York £ Stg.	15,913,501	15,876,718	15,790,414	15,790,414	15,790,414
Total Overseas .. £ Stg.	178,754,448	189,650,194	189,547,390	177,019,084	176,769,084
Australia £ Aust.	218,496,483	528,520,654	917,351,171	1,299,079,079	1,552,196,222
Grand Total £	397,250,931	718,150,848	1,106,898,561	1,476,098,163	1,728,965,306

(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 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 p. 695 reduced the average rate of interest on debt

maturing in London by more than £1 per cent. from £4 18s. 11d. per cent. in 1931 to £3 17s. 10d. in 1942. During the next three years the average rate rose to £4 os. 10d. in 1945. The average rate of interest on internal loans at 30th June, 1945 was £2 11s. 10d. per cent. as compared with £5 9s. 10d. per cent. at 30th June, 1931. The average rate of interest payable on the total debt decreased from £5 4s. 11d. per cent. in 1931 to £2 13s. 8d. per cent. at 30th June, 1945.

The accompanying table gives particulars of the amounts of debt for Commonwealth purposes at 30th June, 1945, according to the various rates of interest :—

PUBLIC DEBT FOR COMMONWEALTH PURPOSES AT 30th JUNE, 1945 : AMOUNTS AT EACH RATE OF INTEREST.

Rates of Interest.	Debt Maturing in—			
	London.	New York.	Australia.	Total.
Per cent.	£ Stg.	£ Stg.	£ Aust.	£
5.0	29,128,495	12,242,236	..	41,370,731
4.91667	(a)79,724,220	..	..	79,724,220
4.5 .. .. .	..	3,548,178	..	3,548,178
4.2625 .. .. .	..	..	192,468	192,468
4.0	5,775,000	..	86,981,369	92,756,369
3.875 .. .. .	..	..	45,991,910	45,991,910
3.75	20,730,800	..	6,552,140	27,282,940
3.675 .. .. .	..	..	66,510	66,510
3.625 .. .. .	..	..	4,274,740	4,274,740
3.5	5,989,400	..	..	5,989,400
3.375 .. .. .	..	..	4,329,850	4,329,850
3.25	16,563,595	..	6778,041,319	794,604,914
3.0 .. .. .	..	..	5,343,300	5,343,300
2.75 .. .. .	..	..	11,729,070	11,729,070
2.5 .. .. .	..	..	162,507,610	162,507,610
2.25	1,720,160	..	..	1,720,160
2.0	1,000,000	..	..	1,000,000
1.0 .. .. .	..	..	439,590,000	439,590,000
Citizens' National Emergency Loans (Interest Free) ..	347,000	..	5,789,343	6,136,343
Overdue .. .. .	..	..	(c) 315,062	315,062
War (1939-45) Savings Stamps ..	..	..	410,321	410,321
National Savings Stamps ..	..	..	67,059	67,059
War (1914-19) Savings Stamps ..	..	..	14,151	14,151
Total	160,978,670	15,790,414	1,552,196,222	1,728,965,306
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Average rate per cent.	4 0 10	4 17 9	2 11 10	2 13 8

(a) War Debt due to Government of the United Kingdom (see par. 5, page 693).
 War (1939-45) Savings Certificates, £52,533,889.

(b) Includes

War (1914-19) Savings Certificates £4,318.

(c) Includes War Gratuity Bonds, £11,964 and

(v) *Amount of Interest Payable.* The next table shows the interest payable in Australia and overseas on the Commonwealth Public Debt (excluding that of the States) at 30th June in the years 1939 and 1942 to 1945:—

PUBLIC DEBT FOR COMMONWEALTH PURPOSES AT 30th JUNE: INTEREST PAYABLE.

Interest on and where payable.	1939.	1942.	1943.	1944.	1945.
War (1914-19) Debt—					
London £ Stg. (a)	426,008	426,008	426,008	426,008	426,008
Australia £ Aust.	6,949,706	6,433,774	6,389,532	6,331,464	5,981,923
Total War (1914-19) Debt	£ 7,375,714	6,859,782	6,815,540	6,757,472	6,407,931
Average Rate %	£3 19s. 3d.	£3 17s. 0d.	£3 16s. 9d.	£3 16s. 11d.	£3 15s. 4d.
War (1939-45) Debt—					
London £ Stg.	..	591,000	231,000	231,000	231,000
Australia £ Aust.	..	8,506,827	17,623,865	26,583,590	33,092,708
Total War (1939-45) Debt..	£ ..	9,097,827	17,854,865	26,814,590	33,323,708
Average Rate %	..	£2 14s. 7d.	£2 10s. 2d.	£2 8s. 10d.	£2 9s. 1d.
Works and other Purposes—					
London £ Stg.	2,977,546	2,638,822	2,633,876	2,620,097	2,614,472
New York £ Stg.	777,586	775,930	771,780	771,780	771,780
Total Overseas £ Stg.	3,755,132	3,414,752	3,405,656	3,391,877	3,386,252
Australia £ Aust.	1,394,921	1,194,439	1,130,922	1,029,891	972,024
Total Debt for Works, etc. £	5,150,053	4,609,191	4,536,578	4,421,768	4,358,276
Average Rate %	£3 18s. 5d.	£3 16s. 2d.	£3 16s. 4d.	£3 16s. 2d.	£3 15s. 6d.
Total Debt—					
London £ Stg. (a)	3,403,554	3,655,830	3,290,884	3,277,105	3,271,480
New York £ Stg.	777,586	775,930	771,780	771,780	771,780
Total Overseas £ Stg.	4,181,140	4,431,760	4,062,664	4,048,885	4,043,260
Australia £ Aust.	8,344,627	16,135,040	25,144,319	33,944,945	40,046,655
Grand Total £	12,525,767	20,566,800	29,206,983	37,993,830	44,089,915
Average Rate %	£3 18s. 11d.	£3 5s. 1d.	£2 17s. 11d.	£2 14s. 8d.	£2 13s. 8d.

(a) Excludes suspended interest on War Debt owing to British Government.

(vi) *Dates of Maturity.* In the following tables the Commonwealth Public Debt at 30th June, 1945 has been classified according to (a) the latest year of maturity and (b) the earliest year of maturity.

PUBLIC DEBT FOR COMMONWEALTH PURPOSES AT 30th JUNE, 1945.

CLASSIFIED ACCORDING TO LATEST YEAR OF MATURITY.

Year of Maturity (year ended 30th June).	Maturing in—			Total. £
	London. £ Stg.	New York. £ Stg.	Australia. £ Aust.	
1946	2,720,160	..	455,648,920	458,369,080
1947 .. .. .	..	..	30,852,360	30,852,360
1948 .. .. .	..	..	51,793,397	51,793,397
1949 .. .. .	..	..	48,436,660	48,436,660
1950 .. .. .	..	..	44,629,860	44,629,860
1951 .. .. .	..	..	25,598,971	25,598,971
1952 .. .. .	..	..	1,714,050	1,714,050
1953 .. .. .	..	..	1,792,050	1,792,050
1954	13,780,100	..	12,655,830	26,435,930
1955 .. .. .	..	..	40,571,881	40,571,881
1956 .. .. .	..	13,494,156	14,166,248	27,660,404
1957	6,950,700	..	44,537,090	51,487,790
1958 .. .. .	..	2,296,258	59,020,466	61,316,724
1959 .. .. .	..	..	121,854,230	121,854,230
1960 .. .. .	..	..	189,335,382	189,335,382
1961	16,233,817	..	238,001,950	254,235,767
1962 .. .. .	..	..	105,794,165	105,794,165
1964	5,775,000	..	..	5,775,000
1967	5,989,400	..	..	5,989,400
1975	329,778	..	..	329,778
1976	29,128,495	..	..	29,128,495
War (1939-45) Savings Certificates .. .. .	..	..	52,533,889	52,533,889
War (1939-45) Savings Stamps .. .. .	..	..	410,321	410,321
National Savings Stamps .. .. .	..	..	67,059	67,059
Citizens' National Emergency Loans	347,000	..	5,789,343	6,136,343
Advance Loan Subscriptions .. .. .	..	..	6,348,500	6,348,500
War (1914-19) Savings Certificates .. .. .	..	..	4,318	4,318
Peace Savings Certificates .. .. .	..	..	121,919	121,919
War (1914-19) Savings Stamps .. .. .	..	..	14,151	14,151
Overdue .. .. .	..	..	(a) 310,744	310,744
Annual repayments	(b) 79,724,220	..	..	79,724,220
Half-yearly .. .. .	..	..	192,468	192,468
Total	160,978,670	15,790,414	1,552,196,222	1,728,965,306

(a) Includes War Gratuity Bonds, £11,964.
British Government.

(b) Repayments suspended by arrangement with

PUBLIC DEBT FOR COMMONWEALTH PURPOSES AT 30th JUNE, 1945.

CLASSIFIED ACCORDING TO EARLIEST YEAR OF MATURITY.

Year of Maturity (year ended 30th June).	Maturing in—			Total. £
	London.	New York.	Australia.	
	£ Stg.	£ Stg.	£ Aust.	
1946	31,848,655	..	475,325,400	507,174,055
1947 .. .. .	..	..	41,487,900	41,487,900
1948 .. .. .	..	2,296,258	65,554,667	67,850,925
1949	13,780,100	..	48,990,350	62,770,450
1950 .. .. .	..	..	12,322,220	12,322,220
1951 .. .. .	..	..	737,012,011	737,012,011
1952 .. .. .	..	..	1,714,050	1,714,050
1953	6,950,700	9,945,978	42,363,931	59,260,609
1954 .. .. .	..	..	14,373,610	14,373,610
1955 .. .. .	..	..	..	..
1956	16,233,817	3,548,178	12,448,468	32,230,463
1957 .. .. .	..	..	..	..
1958 .. .. .	..	..	11,933,586	11,933,586
1959 .. .. .	..	..	..	..
1960 .. .. .	..	..	11,843,182	11,843,182
1961	5,775,000	..	..	5,775,000
1962	5,989,400	..	11,034,135	17,023,535
1965	329,778	..	..	329,778
War (1939-45) Savings Certificates .. .. .	..	..	52,533,889	52,533,889
War (1939-45) Savings Stamps .. .. .	..	..	410,321	410,321
National Savings Stamps .. .. .	..	..	67,059	67,059
Citizens' National Emergency Loans	347,000	..	5,789,343	6,136,343
Advance Loan Subscriptions .. .. .	..	..	6,348,500	6,348,500
War (1914-19) Savings Certificates .. .. .	..	..	4,318	4,318
Peace Savings Certificates .. .. .	..	..	121,919	121,919
War (1914-19) Savings Stamps Overdue .. .. .	..	..	14,151	14,151
Annual repayments	(b) 79,724,220	..	(a) 310,744	310,744
Half-yearly .. .. .	..	..	192,468	192,468
Total	160,978,670	15,790,414	1,552,196,222	1,728,965,306

(a) Includes War Gratuity Bonds, £11,964.
British Government.

(b) Repayments suspended by arrangement with

11. **Sinking Funds.**—Particulars relating to the creation of sinking funds are included in Year Book issues prior to No. 23.

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 for the years 1938-39 and 1941-42 to 1944-45 are as follows :—

PUBLIC DEBT FOR COMMONWEALTH PURPOSES : SINKING FUND.

Items.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.	Total 1923-24 to 1944-45.
	£	£	£	£	£	£
Cr. Brought forward ..	1,252,784	3,431,212	3,864,009	1,056,040	1,074,316	..
Balance transferred to Fund on 11th August, 1923 ..	..	..	..	..	..	2,262,983
From Consolidated Revenue	3,917,825	6,547,177	8,672,355	10,839,972	12,597,457	90,970,941
Repayments of Sundry Loans ..	16,510	160	..	796,825	219,748	2,348,285
Purchase-money and Re- payments under War Service Homes Act ..	628,950	676,036	740,791	812,367	851,813	14,287,008
Half Net Profit Common- wealth Bank ..	321,448	188,070	447,831	632,867	741,943	7,696,037
Reparation Moneys ..	148	..	..	..	..	5,574,245
Interest on Investments ..	32,381	42,218	60,843	42,380	20,334	1,016,629
Other Contributions ..	13,453	12,177	12,177	12,177	12,177	243,599
Total	6,183,499	10,897,050	13,798,006	14,192,628	15,517,788	124,399,727
Dr. Redemptions	5,052,336	7,033,041	12,741,966	13,118,312	11,555,205	120,437,144
Carried forward	1,131,163	3,864,009	1,056,040	1,074,316	3,962,583	3,962,583

Particulars of repayment of the British Government loan are given on page 693.

Information regarding the transactions of the States' Account of the National Debt Sinking Fund is published in the State Finance section of this issue, and, in greater detail, in the *Finance Bulletin* issued by this Bureau.

§ 5. Cost of 1914-19 War and Repatriation.

In view of the importance of the subject, a further reference is here made to the cost of the 1914-19 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. Detailed particulars

relating to Repatriation, War and Service Pensions appear in Chapter X. "Repatriation" of this issue. The total cost from both sources to 30th June, 1945 is set out in the following table:—

COMMONWEALTH 1914-19 WAR EXPENDITURE.

Period.	From Consolidated Revenue Fund.			
	War and Re- patriation Ser- vices, including War Pensions.	Interest and Sinking Fund. (a)	Total.	War Loan Expenditure.(b)
	£'000.	£'000.	£'000.	£'000.
1914-15 to 1918-19 ..	15,541	30,694	46,235	219,213
1919-20 to 1923-24 ..	50,370	94,507	144,877	77,374
1924-25 to 1928-29 ..	43,334	93,147	136,481	<i>Cr.</i> 52
1929-30 to 1933-34 ..	44,871	66,832	111,703	<i>Cr.</i> 5
1934-35 to 1938-39 ..	45,238	47,834	93,072	..
1939-40	9,343	9,492	18,835	..
1940-41	9,142	9,461	18,603	..
1941-42	9,044	9,574	18,618	..
1942-43	9,446	9,276	18,722	..
1943-44	10,400	9,204	19,604	..
1944-45	10,276	9,013	19,289	..
Discounts and Flotation Ex- penses on Loans, including Redemption and Conversion Loans	(c)	..	..	5,999
Indebtedness to the Govern- ment of the United Kingdom for payments made, services rendered, and goods supplied during the War .. .. .	..	..	..	(d) 43,398
War Gratuities paid in cash ..	452	..	452	27,063
Total to 30th June, 1945 ..	257,457	(e) 389,034	646,491	372,990

NOTE.—For particulars of expenditure relating to the 1939-45 War, see §6, pages 703-5.

(a) Excludes interest on amounts raised for the States for Soldier Land Settlement. (b) Excludes expenditure on War Service Homes from 1923-24. (See page 692.) (c) Included above. (d) The total indebtedness to the Government of the United Kingdom involved in the Funding Arrangements Act 1921 was £92,480,000, the balance, £19,082,000, for cash supplied, being included above. At 30th June, 1945 the amount outstanding had been reduced to £79,724,000. (e) Interest, £327,561,000; Sinking Fund, £61,473,000.

§ 6. Cost of Defence and 1939-45 War Services.

Details of the expenditure on Defence and War Services by the Departments of Defence, Navy, Army, Air, Munitions, Aircraft Production, Supply and Shipping, and Home Security are shown in the following table. Expenditure on defence and war services by other departments, including Labour and National Service, Information, Post-war Reconstruction, etc., is included under the heading of Other War Services.

The table hereunder shows, for the last six years, particulars of the combined expenditures from revenue, trust and loan funds on Defence and War Services, including works. Details of expenditure for the years 1940-41 to 1944-45 were not allotted to the various funds, and the total expenditure only was apportioned.

EXPENDITURE FROM REVENUE, TRUST AND LOAN FUNDS : DEFENCE AND 1939-45 WAR SERVICES.

Details.	1939-40.	1940-41.	1941-42.	1942-43.	1943-44.	1944-45.
Defence—	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
Administrative	114	137	117	130	110	107
Publicity Censorship .. .. .	..	..	(b)	(b) 43	(b) 45	(a)
National Register	61	(b)	(b)	(c)	(c)	(b)
Manpower Committee	15	37	49	(c)	(c)	(c)
Home Security .. .. .	..	..	6	(d)	(d)	(d)
Treasury—Defence Division	(e)	(e)	(e)	42	54	59
Central Medical Co-ordination Committee .. .. .	..	17	101	10	9	(f)
Buildings, works, etc.	43	134	82	21	10	9
Audit, Pensions, Interest, Sinking Fund, etc.	4	4	5	4	4	4
Total	237	335	363	250	232	179
Navy—						
Permanent Naval Forces—salaries and general expenses	2,957	4,308	6,466	9,410	12,500	12,666
General Services and Expenses—H.M.A. Ships and Depots	2,196	3,540	5,068	7,709	8,846	9,698
Civilian Services, Naval Establishments, etc.—Salaries and general expenses	785	1,180	1,853	2,730	3,404	3,585
Auxiliary vessels for naval defence purposes	828	774	639	1,143	767	334
Transport services	812	6,987	2,288	8,409	3,786	5,488
Merchant ships' equipment .. .. .	..	136	372	229	253	86
Naval construction and additions to the fleet	2,887	3,471	3,313	5,249	3,609	2,226
Graving Dock—towards cost of construction .. .. .	..	435	1,302	2,024	3,275	1,849
Miscellaneous war expenditure	270	122	30	109	143	178
Buildings, works, etc.	618	775	979	2,360	1,836	1,943
Maintenance and rent	29	43	42	45	62	121
Audit, Pensions, Interest, Sinking Fund, etc.	147	143	144	140	136	140
Total	11,529	21,974	22,406	39,557	38,607	38,314
Army—						
Australian Military Forces—pay and allowances	8,862	31,776	67,141	103,763	110,973	104,928
Camp Expenses—training and maintenance	2,615	13,564	19,205	36,989	32,774	25,627
General Services	1,236	2,994	5,785	9,864	7,555	7,862
Civilian Services, Inspection Branch, etc.—Salaries and general expenses	753	1,543	2,726	3,772	3,373	2,830
Internees and Prisoners of War—maintenance	5	130	318	500	123	222
Australian Imperial Forces—maintenance overseas .. .. .	..	..	..	14,747	..	..
Arms, armament, ammunition, etc.	8,537	30,972	80,936	113,856	49,471	27,813
Buildings, works, etc.	4,045	7,221	9,304	14,180	11,085	4,330
Audit, Pensions, Interest, Sinking Fund, etc.	394	374	362	367	279	291
National Defence Contributions (Trust Account) .. .. .	..	..	596	334	133	76
Total	26,447	88,574	186,573	298,372	215,766	173,979

(a) Transferred to Department of Information. (b) Provided under Department of Labour and National Service. (c) Transferred to Manpower Directorate. (d) Reconstituted as a separate Department. (e) Included under Administrative. (f) Transferred to Department of Health.

EXPENDITURE FROM REVENUE, TRUST AND LOAN FUNDS: DEFENCE AND
1939-45 WAR SERVICES—continued.

Details.	1939-40.	1940-41.	1941-42.	1942-43.	1943-44.	1944-45.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
Air—						
Royal Australian Air Force—pay and allowances	1,936	7,517	14,749	29,414	37,248	45,231
Civilian, Meteorological and General services	516	1,977	4,859	13,262	17,516	19,749
R. A. F. Squadrons—maintenance overseas	(a)	1,141	1,288	1,394	1,285	1,121
Training of R. A. F. personnel in Canada	553	4,111	3,513	6,463	3,320	237
Aircraft, equipment and stores	6,784	12,426	23,600	47,046	59,331	46,214
Buildings, works, etc.	1,748	4,720	9,654	9,666	8,900	7,377
Audit, Pensions, Interest, Sinking Fund, etc.	85	84	87	89	89	97
Total	11,622	31,976	57,750	107,274	128,189	120,026
Munitions—						
Administrative—salaries and general expenses	(b)	224	1,287	2,847	2,911	2,269
Munitions Factories—salaries and general expenses(c)	108	92	..	163	80	173
Munitions Factories—working capital	671	480	1,859	..	..	..
Munitions Laboratories—salaries and general expenses	..	..	161	253	344	334
Machinery, plant, etc., for manufacture of munitions	1,044	4,864	8,363	8,619	4,883	699
Armament Annexes—plant, material, etc.	444	1,813	2,984	3,424	2,046	1,260
Reserves of raw materials	625	2,502	1,000	(d)	(d)	(d)
Technical Training	27	771	754	529	104	114
Electric supply in Australia—development	..	..	..	..	141	78
Shipbuilding—plant, etc.	..	26	328	616	464	4
Standard Ships—construction	..	4	698	1,982	2,062	2,690
Locomotives and Rolling Stock—Construction	..	..	..	264	932	984
Buildings, works, etc.	751	4,062	10,268	9,182	4,881	965
Miscellaneous expenditure	653	20	82	219	329	396
Audit, Pensions, Interest, Sinking Fund, etc.	86	84	87	84	82	85
Total	4,409	14,942	27,871	28,182	19,259	10,051
Aircraft Production—						
Administrative—salaries and general expenses	..	35	141	475	597	902
Engine Factory—construction, equipment, etc.	357	997	416	291	93	81
Buildings, works, etc.	127	75	66	1,084	408	437
Miscellaneous expenditure	..	98	904	1,118	952	435
Audit, Pensions, Interest, Sinking Fund, etc.	..	..	..	1	1	1
Total	484	1,205	1,527	2,969	2,051	1,856
Supply and Shipping—						
Administrative—salaries and general expenses	182	850	817	935	1,120	1,229
Flax Production—Mills. General expenses, etc.	..	98	640	624	289	185
Reserves of stores, materials, etc.	..	..	217	3,764	1,295	1,943
Oil Storage—Construction	..	23	302	938	..	363
Power Alcohol Distilleries—Construction and production	..	..	47	618	732	471
Shipping Branch	..	..	..	1,605	1,825	2,261
Buildings, works, etc.	6	8	10	26	182	76
Miscellaneous expenditure	10	82	240	1,447	1,993	2,042
Audit, Pensions, Interest, and Sinking Fund, etc.	2	3	1	1	2	5
Total	200	1,064	2,274	9,958	7,438	8,575

(a) Included under Aircraft, Equipment and Stores. (b) Included with Department of Supply and Development. (c) Part only—balance provided from Trust Fund (Working Capital). (d) Included under Department of the Army.

EXPENDITURE FROM REVENUE, TRUST AND LOAN FUNDS: DEFENCE AND 1939-45 WAR SERVICES—continued.

Details.	1939-40.	1940-41.	1941-42.	1942-43.	1943-44.	1944-45.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
Home Security—						
Administrative—salaries and general expenses .. .. .	..	(b)	42	126	83	32
Air Raid Precautions—						
Payments to the States .. .. .	..	..	288	715	82	23
Purchase of equipment .. .. .	..	..	..	1,086	53	..
Commonwealth Establishments .. .. .	..	..	175	65	2	6
Bulk oil installations, protective measures .. .. .	..	..	229	..	..	..
Miscellaneous expenditure .. .. .	..	..	3	5	34	9
Total .. .. .	..	(b)	737	1,997	254	70
Other War Services—						
Interest on Loans for War purposes	393	1,896	5,213	11,168	18,722	26,586
Exchange on interest remittances to London	29	103	150	59	59	59
Sinking Fund on Loans for War purposes	150	642	1,749	3,893	5,982	7,554
War Pensions .. .. .	..	..	207	662	1,737	2,771
Peace Officers	7	111	370	792	725	629
United Nations' Relief and Rehabilitation Administration .. .. .	..	..	..	..	..	47
Price Stabilization Subsidies .. .. .	..	..	..	6	7,006	10,809
Division of Import Procurement .. .. .	..	..	378	1,267	(a)4,579	410
Rationing Commission—salaries and general expenses .. .. .	..	..	108	327	448	510
Prices Commission—salaries and general expenses	27	45	84	174	335	491
Assistance to primary production .. .. .	..	..	33	3,085	12,322	14,280
Department of Labour and National Service—						
Administrative—salaries and general expenses .. .. .	..	18	101	246	385	419
Man Power Directorate	(b)	(b)	163	763	1,098	1,039
Miscellaneous	(b)	29	21	115	108	69
Department of Post-war Reconstruction—						
Administrative—salaries and general expenses .. .. .	..	..	..	15	299	418
Financial assistance to University Students .. .. .	..	..	..	..	172	207
Commonwealth Reconstruction Training Scheme .. .. .	..	..	..	..	42	510
Miscellaneous .. .. .	..	..	..	..	28	21
Department of Repatriation .. .. .	..	..	62	178	403	1,101
Department of Information	44	176	218	150	199	(e)298
Other Departments	137	779	2,756	5,212	7,476	6,839
Other Administrations (Recoverable Expenditure) (d) .. .. .	..	6,960	9,502	Cr.1,181	4,361	2,897
Total	787	10,759	21,115	26,931	66,486	77,964
Reciprocal Lend-Lease to the United States						
Forces .. .. .	..	..	..	58,957	110,426	80,133
Miscellaneous Credits .. .. .	..	..	..	Cr.11,783	Cr.43,575	Cr.56,855
Credits from the Disposals Commission .. .. .	..	..	..	..	..	Cr. 2,602
Total, Defence and 1939-45 War Services—						
Consolidated Revenue Fund	24,884	65,681	109,234	159,478	167,843	194,574
Trust Fund (e)	2,017	3,567	(f) 596	(f) 334	(f) 133	(f) 76
Loan Fund	28,814	101,581	210,876	402,852	377,157	266,040
GRAND TOTAL	55,715	170,829	320,706	562,664	545,133	460,690

(a) Includes £4,000,000 Working Capital for payment to credit of Import Procurement Suspense Trust Account. (b) Included under Department of Defence. (c) Includes Publicity Censorship previously included with Department of Defence. (d) Munitions, Stores, etc. supplied to Governments of the United Kingdom and other Administrations. (e) Includes expenditure from excess receipts of previous years appropriated for Defence Equipment Trust Account and from National Defence Contributions Trust Account. (f) Expenditure from National Defence Contributions Trust Account.

§ 7. Commonwealth Public Service Superannuation Fund.

This Fund, which was inaugurated on 20th November, 1922, is maintained by contributions of officers of Parliament, of employees of the Commonwealth Public Service, the Defence Departments, and other Commonwealth authorities, and by payments from 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, p. 383. In September, 1937, legislation was passed extending superannuation rights to approximately 1,600 employees of the Repatriation Commission, the War Services Homes Commission, the High Commissioner's Office, London, and the Council for Scientific and Industrial Research. By the same legislation a Provident account, forming part of the Superannuation Fund, was established, providing for compulsory contributions in respect of those employees who, through physical disabilities or failure to pass the required medical examination, are ineligible to contribute to the Superannuation Fund. Any other employee, whose contribution to the Superannuation Fund for the first two units of pension is in excess of the rate for age 45 years and above 5 per cent. of his salary, may elect to transfer to the Provident Account.

A further amendment to the Act in 1942 extended superannuation rights to certain temporary employees and to the employees of Semi-Governmental authorities set up by the Commonwealth. This amending Act also increased the rates of contribution for new contracts in accordance with the recommendation of the actuaries in their report on the Third Quinquennial Investigation of the Fund.

The number of contributors to the fund at 30th June, 1945 was 48,451 (41,794 males and 6,657 females) and the average pension contributed for was 5.837 units or £151 15s. 8d. per annum.

The income for the year 1944-45 was £1,421,925, of which officers' contributions represented £927,897 and interest on investments, etc. (including accrued interest), £349,447. The expenditure for the year was £325,330 of which £236,296 represented pension payments. At 30th June, 1945 the total funds invested amounted to £13,582,040 (at cost). The average rate of interest on investments at 30th June, 1945 was £3 17s. 9d. per cent.

Pensions in force on 30th June, 1945, including contributory and non-contributory but excluding commuted pensions, numbered 9,025, with a net annual liability of £820,441 of which £577,390 represented the share payable from the Consolidated Revenue Fund.

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 making comparisons, and the particulars contained in this Chapter should be read with those contained in Chapter XVI., "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 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 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.

Figures relating to New South Wales represent the transactions of the *Consolidated Revenue Fund* and the Business Undertakings included in the Annual Budget Papers. These latter are as follows:—Railways, Tramways and Omnibuses, Sydney Harbour Trust Section of the Maritime Services Board, and Road Transport and Traffic Fund. Deductions have been made from the Budget figures, however, in order to obviate duplications caused by inter-fund payments and to maintain uniformity from year to year in the presentation of statistics. In the year 1944-45 a deduction of £800,000 has thus been made from the Budget revenue total of £75,013,299 and from the expenditure total of £74,045,272. Particulars for all other States relate to the transactions of the Consolidated Revenue Fund.

In South Australia the special grant to cover the revenue deficit received under section 6 of the State Grants (Income Tax Reimbursement) Act 1942 (£553,172) has been excluded as this grant was not paid by the Commonwealth until after 30th June, 1945. This adjustment is necessary as tables showing Commonwealth and State revenue and expenditure combined are included in a later section of this chapter.

In Tasmania the separation of the Transport Commission's financial transactions from the Consolidated Revenue Fund from 1st July, 1939 has occasioned considerable decreases in the figures since 1939-40 as compared with those for the previous years.

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.*—A statement in some detail, covering the inter-relation of Commonwealth and State Finances during the period from the inception of Federation to the passing of the Financial Agreement Act 1928, was published in *Official Year Book*, No. 22, pages 379-80. On pages 685-691 of this issue details of the constitutional and other requirements for the distribution of Commonwealth revenues are given, and in section D.—Commonwealth and State Finance, para. 4, will be found a summary of the original Financial Agreement and subsequent agreements affecting it.

§ 2. State 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, Special Grants and Income Tax and Entertainments Tax Reimbursement Acts; (e) Interest on advances; and (f) Miscellaneous sources, comprising Fines, Fees, etc.

Of these sources, that yielding the largest revenue for the States as a whole is the group of Business Undertakings, the principal contributors being the Government Railways and Tramways. Next in magnitude are Commonwealth payments under the Income and Entertainments Tax Reimbursement Acts, followed in order by Taxation, the Commonwealth Payments under the Financial Agreement and Special Grants, and Interest Receipts. Since the introduction in 1942-43 of the Uniform Tax Scheme, Commonwealth payments under the Income and Entertainments Tax Reimbursement Acts have replaced revenue previously received from Income and Entertainments taxes.

2. *Revenue Received.*—The following table shows particulars of the total amounts and the amounts per head of consolidated revenue received by the several States during the years 1938-39 and 1941-42 to 1944-45.

STATE CONSOLIDATED REVENUE.

Year.	N.S.W. (a)	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania. (a)	Total.
TOTAL COLLECTIONS.							
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
1938-39	51,710	26,985	19,330	12,304	10,950	3,615	124,894
1941-42	65,866	33,112	23,663	15,002	11,940	3,359	152,942
1942-43	71,534	36,490	29,284	15,192	13,152	3,290	168,942
1943-44	72,471	35,544	28,968	15,545	13,589	3,499	169,616
1944-45	74,213	35,273	26,447	(a) 15,500	13,954	3,657	169,104

PER HEAD OF POPULATION.(b)							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1938-39	18 18 3	14 7 10	19 4 0	20 14 0	23 13 4	15 5 2	18 1 6
1941-42	23 10 1	16 19 0	22 15 11	24 14 1	25 1 10	14 0 0	21 9 9
1942-43	25 5 5	18 10 3	28 1 7	24 15 9	27 7 9	13 12 7	23 10 8
1943-44	25 7 8	17 17 5	27 7 6	25 2 7	28 3 4	14 6 9	23 8 1
1944-45	25 14 6	17 11 9	24 13 8	24 17 8	28 11 8	14 16 7	23 1 11

(a) See § 1 par. 2, page 707.

(b) 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 above, particulars for the year 1944-45 are as follows :—

STATE CONSOLIDATED REVENUE : SOURCES, 1944-45.

Source of Revenue.	N.S.W. (a)	Victoria.	Q'land.	S. Aust. (a)	W. Aust.	Tasmania. (a)	Total.
TOTAL REVENUE.							
	£	£	£	£	£	£	£
Taxation (b) ..	6,082,166	4,295,250	2,331,200	1,911,235	942,095	921,091	16,483,037
Business Under-takings ..	39,359,696	18,317,645	13,683,037	7,671,968	6,859,483	3,503	85,895,332
Lands ..	1,654,243	937,678	1,639,510	241,478	348,542	91,294	4,912,745
Interest (n.e.i.) ..	420,528	1,473,683	899,475	875,480	463,137	459,254	4,582,557
Commonwealth Payments—							
Under Financial Agreement and Special Grants	2,917,411	2,127,159	1,096,235	1,783,816	1,377,432	1,008,859	10,310,912
Income Tax Reimbursement Act	14,829,990	6,422,764	5,733,737	2,311,791	2,488,238	879,796	32,666,316
Entertainments Tax Reimbursement Act ..	160,830	373,259	..	97,043	98,186	36,469	765,787
Miscellaneous ..	8,788,435	1,325,773	1,064,080	667,035	1,376,717	265,127	13,487,167
Total ..	74,213,299	35,273,211	26,447,274	15,559,846	13,953,830	3,656,393	169,103,853

PER HEAD OF POPULATION.(d)							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Taxation (b) ..	2 2 2	2 2 10	2 3 6	3 1 1	1 18 7	3 14 9	2 5 1
Business Under-takings ..	13 12 10	9 2 8	12 15 5	12 5 5	14 1 0	0 0 3	11 14 7
Lands ..	0 11 6	0 9 4	1 10 7	0 7 9	0 14 3	0 7 5	0 13 5
Interest (n.e.i.) ..	0 2 11	0 14 8	0 16 10	1 8 0	0 19 0	1 16 6	0 12 6
Commonwealth Payments—							
Under Financial Agreement and Special Grants	1 0 3	1 1 2	1 0 6	2 17 1	2 16 6	4 1 10	1 8 2
Income Tax Reimbursement Act	5 2 10	3 4 1	5 7 0	3 13 11	5 1 11	3 11 4	4 9 3
Entertainments Tax Reimbursement Act ..	0 1 1	0 3 9	..	0 3 1	0 4 0	0 3 0	0 2 1
Miscellaneous ..	3 0 11	0 13 3	0 19 10	1 1 4	2 16 5	1 1 6	1 16 10
Total ..	25 14 6	17 11 9	24 13 8	24 17 8	28 11 8	14 16 7	23 1 11

(a) See § 1 par. 2, page 707. (b) In all States certain taxation collections are not paid into Consolidated Revenue Fund. For total collections see next page. (c) Includes £120,000 of Special Grant credited direct to Railway Revenue. (d) Based on mean population of the financial year.

In comparing the revenue of the States, it should be borne in mind that Business Undertakings which in one State may be controlled by the Government are, in another State, controlled by a Board or Trust. For example, 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. All the Tasmanian transport facilities are controlled by a Commission.

(ii) *Revenue from Taxation.*—(a) *General.* The following table shows, for the year 1944-45, particulars of all State taxation collections irrespective of whether such moneys have been paid into the Consolidated Revenue Funds or not. For this reason the particulars hereunder differ from those given in the tables relating to the Consolidated Revenue Funds, and represent a comprehensive statement of all taxation collections by the Government in each State. In this and the succeeding statements of taxation the collections have been grouped according to the nature of the tax rather than the method of collection. For example, stamp duties on betting tickets and bookmakers' licences have been included under "Entertainments Tax" instead of under "Stamp Duties" and "Licences" respectively. Commonwealth Payments under the State Grants (Income and Entertainments Tax Reimbursement) Acts are included because these grants have replaced revenue received by the States from Income and Entertainments taxes prior to the introduction of the Uniform Tax Scheme in 1942-43:—

STATE REVENUE FROM TAXATION(a) : TOTAL COLLECTIONS, 1944-45.

Tax.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
	£	£	£	£	£	£	£
Probate and Succession Duties	2,779,573	1,853,991	701,235	521,179	275,477	136,308	6,267,763
Other Stamp Duties ..	1,337,285	886,718	586,834	236,170	228,755	72,760	3,348,531
Land ..	2,283	357,603	383,220	289,738	118,134	91,493	1,242,471
Income (Arrears) ..	526,010	94,236	87,263	49,209	57,762	7,157	821,637
Liquor ..	686,904	381,600	143,076	34,560	86,266	37,308	1,369,714
Lotteries ..	..	..	145,375	..	..	6504,270	649,645
Entertainments (c) ..	686,693	646,117	161,708	253,824	145,226	59,925	1,953,493
Motor ..	2,370,442	1,655,159	834,153	601,896	358,672	225,986	6,046,308
Licences (n.e.i.) ..	63,990	88,345	151,550	27,437	11,370	11,870	411,405
Other ..	319	19,043	..	7,338	31,034	..	..
Total ..	8,452,608	5,982,812	3,194,414	2,021,360	1,312,696	1,147,077	22,110,967
Commonwealth Reimburse- ments—							
Income Tax ..	14,829,990	6,422,764	5,733,737	2,311,791	2,488,238	879,796	32,666,316
Entertainments Tax ..	160,830	373,259	..	97,043	98,186	36,469	765,787
GRAND TOTAL ..	23,443,428	12,778,835	8,928,151	4,430,194	3,899,120	2,063,342	55,543,070

(a) In this table the particulars represent the total net collections from all sources of taxation irrespective of whether such moneys are paid to Consolidated Revenue Funds. (b) Includes Income Tax on Lottery Prizes, £328,687. (c) Mainly Racing.

The table hereunder shows the percentage of collections under individual taxes on the total taxation revenue for the year 1944-45:—

STATE REVENUE FROM TAXATION: PERCENTAGES OF TOTAL, 1944-45.

Tax.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
	%	%	%	%	%	%	%
Probate and Succession Duties	11.86	14.51	7.86	11.76	7.06	6.60	11.28
Other Stamp Duties	5.70	6.94	6.57	5.33	5.87	3.53	6.03
Land	0.01	2.80	4.29	6.54	3.03	4.44	2.24
Income (Arrears)	2.24	0.74	0.98	1.11	1.48	0.35	1.48
Liquor	2.93	2.98	1.60	0.78	2.21	1.81	2.47
Lotteries	..	..	1.63	..	..	24.44	1.17
Entertainments	2.93	5.06	1.81	5.73	3.73	2.90	3.52
Motor	10.11	12.95	9.34	13.59	9.20	10.95	10.88
Licences (n.e.i.)	0.27	0.69	1.70	0.62	0.29	0.57	..
Other	..	0.15	..	0.17	0.80	..	0.74
Total	36.05	46.82	35.78	45.63	33.67	55.59	39.81
Commonwealth Reimbursements—							
Income Tax	63.26	50.26	64.22	52.18	63.81	42.64	58.81
Entertainments Tax	0.69	2.92	..	2.19	2.52	1.77	1.38
GRAND TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Prior to Federation, duties of Customs and Excise constituted the principal source of revenue from taxation. Prior to the introduction of the Uniform Income Tax Scheme the most productive State taxes were the various Income Taxes, which, in 1941-42, included Unemployment Relief, State Development and Hospital Taxes.

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 and tax reimbursements received from the Commonwealth, during the five years 1938-39 and 1941-42 to 1944-45 are given in the following table:—

STATE REVENUE FROM TAXATION.

Year.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
TOTAL COLLECTIONS.							
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
1938-39	20,263	12,023	8,646	4,199	3,597	1,779	50,507
1941-42	24,798	12,924	8,942	4,791	3,818	1,986	57,259
1942-43 ^a	23,022	12,300	8,454	4,003	3,719	1,837	53,335
1943-44 ^a	23,012	12,406	8,783	4,146	3,832	1,948	54,127
1944-45 ^a	23,444	12,779	8,928	4,430	3,899	2,063	55,543

PER HEAD OF POPULATION.(b)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1938-39	7 8 3	6 8 3	8 11 9	7 1 3	7 15 6	7 10 2	7 6 2
1941-42	8 17 0	6 12 4	8 12 3	7 17 9	8 0 5	8 5 7	8 0 11
1942-43 ^a	8 2 8	6 4 10	8 2 1	6 10 7	7 14 11	7 12 2	7 8 7
1943-44 ^a	8 1 3	6 4 9	8 6 0	6 14 1	7 18 11	7 19 8	7 9 4
1944-45 ^a	8 2 6	6 7 5	8 6 8	7 1 8	7 19 9	8 7 4	7 11 9

(a) Includes Commonwealth Income and Entertainments Tax Reimbursements.

(b) 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 in Chapter XVII. "Private Finance".

The duties collected for the five years 1938-39 and 1941-42 to 1944-45 are as follows:—

STATE PROBATE AND SUCCESSION DUTIES : NET COLLECTIONS.

State.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
New South Wales ..	2,364,124	2,775,752	2,882,050	2,710,824	2,779,573
Victoria	1,374,355	1,426,525	1,517,895	1,778,266	1,853,991
Queensland	677,037	605,375	631,929	746,629	701,235
South Australia ..	366,526	586,899	381,710	399,796	521,179
Western Australia ..	123,798	180,240	179,288	232,762	275,477
Tasmania	94,669	139,980	120,665	144,705	136,308
Total	5,000,509	5,714,771	5,713,537	6,012,982	6,267,763

(c) *Other Stamp Duties.* The revenue derived from stamp duties (excluding probate and succession duties and stamp duties on betting tickets) for the five years 1938-39 and 1941-42 to 1944-45 is shown in the accompanying table:—

OTHER STATE STAMP DUTIES : NET COLLECTIONS.

State.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
New South Wales ..	1,286,124	1,446,042	1,203,885	1,214,661	1,337,285
Victoria	959,727	938,551	809,237	823,452	886,718
Queensland	610,110	489,166	427,869	502,012	586,834
South Australia ..	249,729	232,732	211,632	223,355	236,179
Western Australia ..	274,995	219,452	195,103	204,580	228,755
Tasmania	84,832	75,219	68,246	74,360	72,760
Total	3,465,517	3,401,162	2,915,972	3,042,420	3,348,531

(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 years 1938-39 and 1941-42 to 1944-45 :—

STATE LAND TAX : NET COLLECTIONS.

State.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
New South Wales	2,154	2,137	2,130	3,140	2,283
Victoria	482,336	516,282	355,007	359,983	357,603
Queensland	401,682	400,987	391,268	387,475	383,220
South Australia	321,482	300,219	305,577	297,303	289,738
Western Australia	114,623	135,939	132,102	121,808	118,134
Tasmania	85,069	92,809	92,565	92,532	91,493
Total	1,407,346	1,448,373	1,278,649	1,262,241	1,242,471

(e) *Income Taxes.* State taxes levied on incomes prior to the introduction of the Uniform Tax Scheme in 1942-43 were as follows :—

New South Wales—Income Tax, Super Tax and Further Tax on Undistributed Income of Companies ;

Victoria—Income Tax, Special Income Tax, and Unemployment Relief Tax ;

Queensland—Income Tax, Super Tax, Additional Tax and Income (State Development) Tax ;

South Australia—Income Tax ;

Western Australia—Income Tax, Hospital Tax and Gold Mining Profits Tax ;

Tasmania—Income Tax.

Some details of these taxes are given in earlier issues of this Year Book.

When the Uniform Tax Scheme was introduced in 1942-43 these taxes, together with the Commonwealth War Tax, were discontinued, and the Commonwealth Income Tax rates were increased to raise the revenue previously raised by these taxes. The States are reimbursed by the Commonwealth for the revenue lost to them by the discontinuance of these taxes.

In the following table total State collections of the taxes mentioned above are shown for the years 1938-39 and 1941-42. For the years 1942-43, 1943-44 and 1944-45 the total of Commonwealth Reimbursements and arrears of State taxes collected are shown.

STATE INCOME AND DIVIDEND TAXES : NET COLLECTIONS.

State.	1938-39.	1941-42.	1942-43.(a)	1943-44.(a)	1944-45.(a)
	£	£	£	£	£
New South Wales	12,703,150	16,935,928	15,493,592	15,356,000	15,356,000
Victoria	6,250,508	7,188,184	6,890,377	6,517,000	6,517,000
Queensland	5,608,603	6,193,598	5,857,050	5,821,000	5,821,000
South Australia	2,102,928	2,818,846	2,368,632	2,361,000	2,361,000
Western Australia(b)	2,338,616	2,624,129	2,546,000	2,546,000	2,546,000
Tasmania	787,396	1,108,847	959,843	892,531	886,953
Total	29,791,201	36,869,532	34,116,094	33,493,531	33,487,953

(a) Includes revenue received under the State Grants (Income Tax Reimbursement) Act 1942.

(b) Includes Gold Mining Profits Tax.

(f) *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 five years 1938-39 and 1941-42 to 1944-45:—

MOTOR TAXATION : NET COLLECTIONS.

State.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
New South Wales ..	2,762,678	2,504,095	2,243,807	2,326,186	2,370,442
Victoria	1,913,689	1,675,256	1,492,745	1,582,439	1,655,159
Queensland	939,757	877,727	738,956	807,844	834,153
South Australia ..	715,944	595,528	561,618	571,928	601,896
Western Australia ..	453,053	374,380	356,804	380,780	358,672
Tasmania	175,591	184,682	201,017	214,750	225,886
Total	6,960,712	6,121,668	5,594,947	5,883,927	6,046,308

Except in the case of South Australia, the proceeds of motor tax and motor registration fees are paid into special funds and the amounts do not appear in the Consolidated Revenue Funds. The decline which commenced in 1941-42 is due to the falling off in registrations because of petrol rationing and to the reductions in most States of 20 per cent. or 25 per cent. in registration fees.

(iii) *Business Undertakings.* (a) 1944-45. A very large proportion of State gross revenues is made up of receipts from business undertakings under the control of the Governments. The principal of these are railways and tramways, harbour works, water supply and sewerage and electricity supply, and, in addition, State batteries for the treatment of auriferous ores are included for Western Australia, and various minor revenue-producing services are rendered by the Governments of all States. In this connexion see C. State Finance, § 1, par. 2, page 707. For the year 1944-45 the revenue from these sources was £85,895,332 or 50·8 per cent. of the revenue from all sources. Details of revenue are as follows:—

STATE REVENUE FROM BUSINESS UNDERTAKINGS, 1944-45.

Source.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.(a).	Total.
	£	£	£	£	£	£	£.
Railways	631,577,137	615,590,029	13,682,994	45,521,375	4,271,288	..	70,642,823
Tramways and Omnibuses	5,789,782	(e) 129,348	..	..	509,530	..	6,428,660
Harbours, Rivers, Lights	1,445,975	(f) 176,289	..	644,478	380,170	..	2,646,912
Water Supply, Sewerage, Irrigation and Drainage .. .. .	..	828,424	..	1,354,069	993,955	..	3,176,448
Electricity Supply .. .. .	..	856,090	..	..	577,979	3,503	1,437,572
Other	(g) 546,802	737,465	43	152,046	126,561	..	1,562,917
Total	39,359,696	18,317,645	13,683,037	7,671,968	6,859,483	3,503	85,895,332

(a) Tasmanian transport services are under the separate control of the Transport Commission.
 (b) Excludes £800,000 contribution from Consolidated Revenue Fund in respect of losses on country developmental railways.
 (c) Includes electric tramways operated by the Railways Department.
 (d) Includes £120,000, portion of Commonwealth Grant paid direct to Railways.
 (e) Tramway contribution to Consolidated Revenue.
 (f) Includes Harbour Trust Fund contribution £135,280.
 (g) Road Transport and Traffic Fund.

(b) 1938-39 and 1941-42 to 1944-45. Particulars of the revenue from business undertakings are given below :—

STATE REVENUE FROM BUSINESS UNDERTAKINGS. (a)

Source.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£'000.	£'000.	£'000.	£'000.	£'000.
Railways, Tramways and Omnibuses	48,154	67,015	84,589	83,580	77,071
Harbour Services	2,357	2,248	2,325	2,409	2,647
Water Supply, Sewerage, Irrigation and Drainage	2,543	2,815	3,095	3,063	3,176
Other	2,625	2,713	2,748	2,890	3,001
Total	55,679	74,791	92,757	91,942	85,895

(a) See notes to previous table.

(iv) *Lands.* 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. The following table gives the revenue from sales and rentals of Crown lands for the year 1944-45 :—

STATE LAND REVENUE, 1944-45.

Source.	N.S.W.	Victoria.	Q'land:	S. Aust.	W. Aust.	Tas.	Total.
	£	£	£	£	£	£	£
Sales	32,274	61,883	..	21,363	6,242	2,899	124,661
Conditional Purchases	503,449	..	..	9,921	76,810	3,978	594,158
Rentals	871,958	145,759	1,079,036	210,187	117,673	26,979	2,451,592
Forestry	224,108	696,802	484,669	..	137,388	55,044	1,598,011
Other	22,454	33,234	75,805	7	10,429	2,394	144,323
Total	11,654,243.	937,678	1,639,510	241,478	348,542	91,294	4,912,745

(v) *Commonwealth Payments.* Commonwealth Payments to the States represent a considerable proportion of the States' Revenue. In 1944-45 the total amount (excluding sundry minor items) paid to the Consolidated Revenue Funds of the States was £43,863,015 (26 per cent.). This was made up of the contribution towards interest on States' debts under the Financial Agreement, £7,584,912, Special grants to the States of South Australia, Western Australia and Tasmania, £2,846,000, and Income and Entertainments Tax Reimbursements, £33,432,103. The latter item has been included under State taxation above as it is paid to the States as a reimbursement for vacating the fields of income and entertainments taxation.

In addition to these the States receive a number of other payments which are paid to Trust Funds. The main items in this class are the contribution towards the sinking fund on States' debts (£1,682,869 in 1944-45) paid to the National Debt Sinking Fund and grants for Federal Aid Roads and Works (£2,200,902 in 1944-45) paid to State Trust Funds.

(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 1944-45 interest, mainly from loans to local governing bodies and on public account balances, supplied £4,582,557, whilst "Miscellaneous" revenue which includes fines of the courts and fees for services amounted to £13,487,167.

Division II.—Expenditure.

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

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

In earlier years the working expenses of Railways and Tramways were the most important item of State Governmental expenditure, but, for a period prior to 1941-42, Public Debt charges were the heaviest item. During the last four years, however, Railways and Tramways expenditure has again taken the major place. In the year 1944-45 the working expenses of the Railways and Tramways and Omnibuses were 37.4 per cent. of the total expenditure from the State Consolidated Revenue Funds; next in importance were Public Debt Charges, 27.5 per cent.; Education, 9.3 per cent.; Charitable, Public Health and Hospitals, 7.1 per cent.; and Law, Order and Public Safety, 4.2 per cent.

2. **Total Expenditure.**—The total expenditure from the Consolidated Revenue Funds of the several States and the expenditure per head of population during each of the five years 1938-39 and 1941-42 to 1944-45 are given in the table hereunder:—

STATE EXPENDITURE : CONSOLIDATED REVENUE FUNDS.

Year.	N.S.W. (a)	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania. (a)	Total.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
1938-39	54,169	27,773	19,316	12,701	11,170	3,641	128,770
1941-42	64,980	32,320	23,599	13,712	11,939	3,357	149,907
1942-43	70,392	35,736	29,182	14,960	13,127	3,400	166,797
1943-44	71,288	34,924	28,854	15,529	13,551	3,469	167,615
1944-45	73,245	34,924	25,878	16,113	13,949	3,676	167,785

PER HEAD OF POPULATION.(b)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1938-39	19 16 3	14 16 4	19 3 8	21 7 4	24 2 10	15 7 4	18 12 9
1941-42	23 3 9	16 10 11	22 14 8	22 11 7	25 1 10	13 19 10	21 1 3
1942-43	24 17 4	18 2 7	27 19 7	24 8 2	27 6 9	14 1 8	23 4 8
1943-44	24 19 5	17 11 2	27 5 5	25 2 1	28 1 9	14 4 3	23 2 7
1944-45	25 7 10	17 8 3	24 3 1	25 15 4	28 11 6	14 18 2	22 18 4

(a) See § 1 par. 2, page 707.

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

3. **Details of Expenditure.**—(i) 1944-45.—The following table shows the total expenditure and expenditure per head for each of the principal items:—

STATE EXPENDITURE : DETAILS, 1944-45.

Particulars.	N.S.W. (a)	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania. (a)	Total.
	£	£	£	£	£	£	£
Public debt (interest, sinking fund, exchange, etc.)	19,662,877	8,431,884	6,616,559	5,341,447	4,644,348	1,332,709	46,029,824
Railways, Tramways and Omnibuses (working expenses)	30,061,180	12,426,760	11,227,362	4,881,055	4,045,201	5,134	62,646,692
Harbours and Rivers, etc.	472,392	79,844	..	254,571	99,498	..	906,395
Water Supply, Sewerage, Irrigation and Drainage	..	805,898	..	584,426	391,938	..	1,782,262
Other Business and Industrial Undertakings	546,802	603,008	429	122,061	596,918	(b)258,879	2,218,097
Education	6,645,416	3,976,046	2,134,532	1,330,874	1,018,446	589,022	15,694,336
Health and charitable	5,376,822	2,760,777	1,637,226	953,203	722,420	433,476	11,892,924
Justice	613,853	310,505	224,045	88,774	89,107	46,994	1,373,188
Police	1,612,105	1,094,933	865,943	356,721	290,244	152,270	4,372,216
Penal establishments	505,537	161,400	69,328	63,188	51,850	28,777	880,089
Public safety	172,440	222,575	114,284	11,872	24,391	6,207	551,769
All other expenditure	7,575,848	3,951,457	2,988,351	2,124,826	1,974,970	822,159	19,437,611
Total	73,245,272	34,924,087	25,878,059	16,113,018	13,949,340	3,675,537	167,785,313

(a) See § 1, par. 2, page 707.

(b) Includes £258,668 Transport Commission loss.

STATE EXPENDITURE: DETAILS, 1944-45—continued.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
PER HEAD OF POPULATION.(a)							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Public debt (interest, sinking fund, exchange, etc.) ..	6 16 4	4 4 0	6 3 6	8 10 10	9 10 3	5 8 1	6 5 8
Railways, Tramways and Omnibuses (working expenses)	10 8 5	6 3 11	10 9 7	7 16 1	8 5 9	0 0 5	8 11 1
Harbours and Rivers, etc. ..	0 3 3	0 0 9	..	0 8 2	0 4 0	..	0 2 6
Water Supply, Sewerage, Irrigation and Drainage ..	..	0 8 1	..	0 18 8	0 16 1	..	0 4 11
Other Business and Industrial Undertakings ..	0 3 9	0 6 11	0 0 1	0 3 11	1 4 6	1 1 0	0 6 1
Education ..	2 6 1	1 19 8	1 19 10	2 2 7	2 1 9	2 7 10	2 2 10
Health and charitable	1 17 4	1 7 8	1 10 7	1 10 6	1 9 7	1 15 2	1 12 6
Justice ..	0 4 3	0 3 1	0 4 2	0 2 10	0 3 8	0 3 10	0 3 9
Police ..	0 11 3	0 10 11	0 16 2	0 11 5	0 11 11	0 12 4	0 12 0
Penal establishments	0 3 6	0 1 7	0 1 3	0 2 0	0 2 1	0 2 4	0 2 5
Public safety ..	0 1 2	0 2 3	0 2 2	0 0 5	0 1 0	0 0 6	0 1 6
All other expenditure	2 12 6	1 19 5	2 15 9	3 7 11	4 0 11	3 6 8	2 13 1
Total ..	25 7 10	17 8 3	24 3 1	25 15 4	28 11 6	14 13 2	22 13 4

(a) Based on mean population of financial year.

(ii) 1938-39 and 1941-42 to 1944-45.—Expenditure for the years 1938-39 and 1941-42 to 1944-45 are shown in the following table:—

STATE EXPENDITURE.

Particulars.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£'000.	£'000.	£'000.	£'000.	£'000.
Public debt (interest, sinking fund, exchange, etc.) ..	40,158	42,769	41,768	42,144	46,030
Railways, Tramways and Omnibuses (working expenses) ..	38,541	52,362	65,254	67,427	62,647
Harbours and Rivers, etc. ..	693	750	816	893	906
Water Supply, Sewerage, Irrigation and Drainage ..	1,076	1,220	1,382	1,511	1,782
Other Business and Industrial Undertakings ..	1,646	1,766	2,139	2,176	2,218
Education ..	12,639	13,417	13,778	14,657	15,694
Health and Charitable ..	15,307	12,014	11,539	11,650	11,893
Justice ..	1,323	1,306	1,296	1,329	1,373
Police ..	3,733	3,693	4,130	4,338	4,372
Penal establishments ..	646	704	777	815	880
Public safety ..	297	1,832	2,415	1,017	552
All other expenditure ..	12,711	18,074	21,503	19,658	19,438
Total ..	128,770	149,907	166,797	167,615	167,785

Division III.—Surplus Revenue.

The following table shows for each of the years 1938-39 and 1941-42 to 1944-45 the amount and amount per head of the surplus or deficit of each State :—

STATE SURPLUS REVENUE.

Year.	N.S.W. (a)	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania. (a)	Total.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
1938-39..	-2,459	-787	14	-397	-221	-26	-3,876
1941-42..	886	792	64	1,290	1	2	3,035
1942-43..	1,142	754	102	232	25	-110	2,145
1943-44..	1,183	620	114	16	38	30	2,001
1944-45..	968	349	569	(a)-553	5	-19	1,319

PER HEAD OF POPULATION.(a)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1938-39..	-0 18 0	-0 8 5	0 0 3	-0 13 4	-0 9 6	-0 2 2	-0 11 3
1941-42..	0 6 4	0 8 1	0 1 3	2 2 6	0 0 0	0 0 2	0 8 6
1942-43..	0 8 1	0 7 8	0 2 0	0 7 7	0 1 0	-0 9 1	0 6 0
1943-44..	0 8 3	0 6 3	0 2 1	0 0 6	0 1 7	0 2 6	0 5 6
1944-45..	0 6 8	0 3 6	0 10 7	-0 17 8	0 0 2	-0 1 7	0 3 7

NOTE.—Minus sign (-) indicates deficit.

(a) See § 1, para. 2, page 707.

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

§ 3. State Trust Funds.

1. Nature.—In addition to the moneys received as revenue and paid to the credit of Consolidated Revenue Funds, considerable sums are held by the State Governments in trust for various purposes. Municipal sinking funds placed in the hands of the Governments are paid to the credit of the appropriate Trust Funds. 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 deposits accounts, superannuation funds, suspense accounts, etc., are also included.

2. Extent.—The balances of trust funds held on 30th June, 1945 were as follows :—

STATE TRUST FUND BALANCES, 30th JUNE, 1945.

Particulars.	N.S.W. (a)	Victoria.	Q'land. (b)	S. Aust.	W. Aust.	Tas.	Total.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
Amount of trust funds	27,810	19,915	30,837	2,097	7,335	1,105	89,099

(a) Special Deposits Account and Special Accounts.

(b) Revised since previous issue to include other than cash balances.

§ 4. State Loan Funds.

Division I.—Loan Expenditure.

1. General.—As far back as 1842 revenue collections were supplemented by borrowed moneys, the earliest loan being raised 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 $4\frac{1}{2}$ 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. Loan moneys have also been largely used for improvements to harbours and rivers, and for the construction of roads, water supply and sewerage works. The State loan expenditure and public debt thus differ very materially from those of most European countries, and from those of the Commonwealth, where such expenditure was very largely incurred for defence or war purposes. As shown above, the State debts consist chiefly of moneys raised and expended with the object of assisting the development of the resources of the country, and are to a very large extent represented by tangible assets.

Statements relating to Loan Expenditure are given below for both "gross" and "net" expenditure. The gross expenditure represents the amounts disbursed during each year whereas the net expenditure represents the gross expenditure less any credits to the Loan Fund during the year on account of repayments of advances to local governing bodies, settlers, etc., the sale of assets, and transfers from other funds. Such moneys are credited to the Loan Fund in the year of repayment irrespective of when the advance was made.

2. Details of Loan Expenditure.—(i) *Gross Loan Expenditure, 1944-45.* Particulars of the gross loan expenditure on Works, Services, etc., for the year 1944-45 are given in the following table:—

STATE GROSS LOAN EXPENDITURE ON WORKS, SERVICES, ETC., 1944-45.

Heads of Expenditure.	N.S.W.	Victoria. (a)	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
Public Works and Services—							
Railways	1,600,000	496,294	500,719	436,949	72,935	358,043	3,464,940
Tramways and Omnibuses	523	..	..	..	6,269	..	6,792
Roads	6,598	9,443	208,994	..	..	..	..
Bridges	..	..	..	..	..	..	..
Harbours and Rivers	164,834	..	62,778	57,102	34,187	32,416	576,352
Lights and Lighthouses	..	..	..	..	..	..	..
Water Supply	..	315,729	37,500	372,438	71,181	..	945,420
Sewerage	72,379	..	..	65,476	10,717	..	..
Electricity Supply	137,151	..	..	..	15,493	358,285	510,929
Public Buildings	285,711	819,607	348,357	143,170	121,218	99,240	1,817,303
Loans and Grants to Local Bodies	24,116	..	179,807	..	..	..	203,923
Unemployment Relief Works	..	3,891	..	..	..	1,361	5,252
Housing	618,477	750,000	150,176	652,534	120,000	125,906	2,416,993
Other Public Works, etc.	38,300	..	..	232,207	2,984	122,548	396,039
Primary Production—							
Soldier Settlement	..	..	4,002	6,979	1,207	63,489	121,467
Land for Settlement	(b) 11	..	18,373	974	..	26,432	..
Advances to Settlers	..	717,217	540	108,534	..	149,737	976,028
Water Conservation	..	..	..	278	14,005	..	..
Irrigation and Drainage	181,950	..	4,342	67,930	12,260	..	280,765
Rabbit-proof Fencing	..	79	..	69	..	..	148
Agriculture(c)	1,932	..	500	..	4,706	..	7,138
Agricultural Bank	..	..	500	..	..	..	Cr. 500
Forestry	..	480,600	35,450	263,273	..	..	779,323
Mines and Mineral Resources	..	..	..	..	..	..	..
Other	6,765	437	9,860	100,000	146,880	..	264,942
Other Purposes	..	45	..	..	31,822	1,000	32,867
	..	90,000	..	112,570	82,000	..	284,570
Total Public Works, Services, &c., Expenditure	3,138,747	3,683,342	1,560,898	2,620,483	747,864	1,338,357	13,089,691
Per Head of Population	£1 16 9	£1 16 9	£1 9 2	£4 3 10	£1 10 8	£5 8 7	£1 15 9

(a) Expenditure from Loan Funds and on account of Loans; includes expenditure from Loan Funds, from Treasurer's Advance Account, and from State Loans Repayment Fund. (b) Includes Rabbit-proof Fencing Advances. (c) Includes Grain Elevators, New South Wales and Victoria.

(ii) *Net Loan Expenditure, 1944-45.* For the year ended 30th June, 1945, State net loan expenditure on Works, Services, etc., was as follows:—

STATE NET LOAN EXPENDITURE ON WORKS, SERVICES, ETC., 1944-45.

Heads of Expenditure.	N.S.W.	Victoria. (a)	Q'land.	S. Aust. (b)	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
Public Works and Services—							
Railways	1,185,622	56,448	472,233	108,751	69,056	143,087	2,335,197
Tramways and Omnibuses	Cr. 307,848			Cr. 50,000	929		Cr. 356,919
Roads		Cr. 26,744	85,062	Cr. 17,000			
Bridges	Cr. 43,407	5,696					
Harbours and Rivers ..	115,337	Cr. 3,532	62,778		30,519	29,417	268,873
Lights and Lighthouses..				30,747			
Water Supply	54,208	289,624	37,500	333,345	63,877		829,328
Sewerage	115,019			55,082	Cr. 4,908		
Electricity Supply .. .	283,150	815,304	329,616	137,840	120,395	239,762	360,162
Public Buildings .. .						96,573	1,782,878
Loans and Grants to							
Local Bodies	16,575	Cr. 4,029	Cr. 341,142	Cr. 1,552	Cr. 4,363	Cr. 23,166	Cr. 357,677
Unemployment Relief							
Works	Cr. 375,833	Cr. 175,573				Cr. 115	Cr. 551,521
Housing	540,320	747,860	59,418	324,821	117,026	34,627	1,824,072
Other Public Works, etc.	25,751		Cr. 4,507	162,033	2,984	89,217	275,478
Primary Production—							
Soldier Settlement .. .			Cr. 55,972	Cr. 112,656	Cr. 94,674	Cr. 97,746	Cr. 378,048
Land for Settlement ..	aCr. 25,093	Cr. 713,271	Cr. 904	Cr. 28,446	Cr. 95	Cr. 26,265	1,155,122
Advances to Settlers ..		711,343	Cr. 19,811	16,757	Cr. 445	Cr. 30,230	677,614
Water Conservation .. .				Cr. 61,591	3,776		
Irrigation and Drainage	130,440		Cr. 12,939	56,575	12,091		128,352
Rabbit-proof Fencing ..		Cr. 14,039	Cr. 16,806	Cr. 10,485			Cr. 41,330
Agriculture (c)	1,932		11		4,684		6,627
Agricultural Bank .. .			Cr. 45,721				Cr. 45,721
Forestry		322,148	35,436	Cr. 24,753			332,831
Mines and Mineral							
Resources	6,640	Cr. 4,448	6,393	100,000	137,868		246,453
Other		Cr. 12,720	Cr. 59,534	Cr. 1,459	31,822	Cr. 7,104	Cr. 48,995
Other Purposes		89,500	Cr. 100,101	Cr. 336,170	50,978		Cr. 295,792
Total Public Works, Services, &c., Expenditure	1,722,813	2,083,567	431,010	982,439	546,900	448,057	6,214,788
Per Head of Population	£0 11 11	£1 0 9	£0 8 1	£1 11	£1 2 5	£1 16 4	£0 17 0

(a) Expenditure from Loan Funds and on account of Loans; includes expenditure from Loan Funds, from Treasurer's Advance Account, and from State Loans Repayment Fund. (b) Credits arising from the cancellation of securities redeemed from Sinking Fund are not included. (c) Loans to Metropolitan Tramways Trust. (d) Includes Rabbit-proof Fencing advances. (e) Includes Grain Elevators, New South Wales and Victoria.

3. *Net Loan Expenditure on Works, Services, etc., 1938-39 and 1941-42 to 1944-45.*—The following table gives the works net loan expenditure during each of the years 1938-39 and 1941-42 to 1944-45:—

STATE NET LOAN EXPENDITURE ON WORKS, SERVICES, ETC.

Year.	N.S.W.	Victoria. (a)	Q'land.	S. Aust. (a)	W. Aust.	Tasmania.	Total.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
1938-39	5,408	2,290	2,041	1,226	1,636	577	13,178
1941-42	3,158	1,098	1,584	1,230	680	715	8,465
1942-43	1,901	201	455	578	377	575	4,087
1943-44	1,411	128	345	476	106	499	2,965
1944-45	1,723	2,083	431	983	547	448	6,215

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1938-39	1 19 7	1 4 5	2 0 7	2 1 3	3 10 9	2 8 8	1 18 2
1941-42	1 2 6	0 11 3	1 10 6	2 0 6	1 8 7	2 19 7	1 3 10
1942-43	0 13 5	0 2 0	0 8 9	0 18 10	0 15 8	2 7 8	0 11 5
1943-44	0 9 11	0 1 3	0 6 6	0 15 5	0 4 5	2 0 10	0 8 2
1944-45	0 11 11	1 0 9	0 8 1	1 11 5	1 2 5	1 16 4	0 17 0

(a) See footnotes (a) and (b) to previous table.

The three tables in this paragraph and paragraph 2 do not include particulars of expenditure on loan discounts and flotations, the funding of deficits, the retirement of treasury bills, and similar items of a nature other than works, services, etc. The aggregate

net expenditure on those items to 30th June, 1945, is shown in paragraph 4 following. Summaries of the gross and net expenditure and repayments for the years 1942-43 to 1944-45 are shown in paragraph 5 following.

4. Total Net Loan Expenditure to 30th June, 1945.—The total net loan expenditure including revenue deficits, etc., of the States from the initiation of borrowing to 30th June, 1945 amounted to £1,059,503,235. The purposes for which this sum was expended are shown in the following table:—

TOTAL STATE NET LOAN EXPENDITURE TO 30th JUNE, 1945.

Heads of Expenditure.	N.S.W.	Victoria.(a)	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
Public Works and Services—							
Railways	159,848,997	79,759,176	67,285,258	36,662,035	25,797,578	7,917,549	377,270,593
Tramways and Omnibuses	8,068,576	..	..	(b) 3,523,990	1,360,258	..	12,952,824
Roads and Bridges	20,813,012	12,655,400	5,544,743	3,825,145	3,183,327	..	7,326,268
Harbours, Rivers, Lighthouses	22,479,673	1,408,305	3,566,358	8,577,956	7,544,780	..	96,924,967
Water Supply	41,039,202	32,113,599	979,741	19,190,754	10,835,757	..	112,436,594
Sewerage	2,679,533	17,839,227	..	3,931,532	4,128,225	..	30,518,777
Electricity Supply	18,458,701	9,166,125	7,900,052	4,093,669	1,930,108	8,069,009	45,713,355
Public Buildings .. .. .	..	..	..	..	2,987,811	3,106,997	..
Loans and Grants to Local Bodies	1,748,378	1,626,377	19,238,770	15,421	87,101	432,402	23,148,449
Unemployment Relief Works	16,634,452	13,146,725	..	..	(c)	332,529	30,113,706
Housing	2,428,227	1,940,000	3,653,968	5,795,062	912,940	379,984	15,310,181
Commonwealth Services	3,964,925	149,323	524,388	1,283,387	332,293	500,754	6,755,070
Other Public Works and Services (d)	4,007,607	722,989	2,918,974	1,116,024	1,856,405	2,324,683	12,946,682
Primary Production—							
Closer Settlement	8,475,214	..	..	..	..	..	..
Land for Settlement	3,801,688	41,570,934	(e) 914,272	7,416,031	8,531,351	356,574	86,476,662
Soldier Settlement .. .. .	..	..	3,367,322	8,040,017	324,662	..	..
Advances to Settlers .. .. .	..	3,208,107	987,940	1,791,614	6,610,451	2,080,206	7,490,790
Water Conservation .. .. .	..	..	244,974	1,791,614	2,061,560	184,535	..
Irrigation and Drainage	19,540,116	..	1,954,372	4,233,122	1,365,411	..	34,603,487
Rabbit Proof Fencing .. .. .	..	879,851	225,451	4,973,842	2,536,624	..	..
Agriculture(g)	7,242,913	1,150,682	49,999	136,048	341,765	..	1,583,115
Agricultural Bank .. .. .	..	..	1,622,241	..	3,835,370	..	12,278,964
Forestry .. .. .	..	2,442,091	1,391,755	1,227,134	5,878,695	..	7,500,936
Mines and Mineral Resources	592,711	591,390	2,068,933	100,000	3,261,914	..	6,614,948
Other .. .. .	..	1,097,307	2,607,564	765,977	120,382	19,177	6,610,407
Other Purposes	89,283	301,627	123,802	(h) 3,706,742	3,663,283	..	7,884,737
Total Public Works, Services, &c., Expenditure	341,913,208	221,987,019	127,170,877	114,405,502	100,529,969	33,231,567	939,238,142
Other than Works, &c.—							
Discounts and Flotation Expenses	19,694,527	5,893,966	7,179,568	1,276,945	4,165,657	1,596,521	39,807,184
Revenue and General Cash Deficits	38,990,007	9,118,682	5,826,271	8,669,234	12,115,087	1,581,478	76,300,759
Treasury Bills Retired .. .. .	..	..	2,857,150	..	..	..	2,857,150
Other .. .. .	..	..	(i) 1,300,000	..	..	..	1,300,000
Grand Total	400,597,742	236,999,667	144,333,866	124,351,681	116,810,713	36,409,566	1,059,503,235

(a) Aggregate Gross Loan Expenditure. (b) Loans to Metropolitan Tramways Trust. (c) Not available separately. Distributed under various particular headings. (d) Includes Industrial Undertakings and Immigration. (e) Under Prickly Pear Land Act. (f) Includes advances for Rabbit-proof Fencing. (g) Includes Grain Elevators, New South Wales and Victoria. (h) Includes £2,175,000 State Bank. (i) Contribution to Sinking Fund.

The figures in the foregoing table show the amounts actually expended from loan fund, and differ from those given later in the statements relating to the public debt, which represent the amount of loans still outstanding. The statement above includes all expenditure, whether the loans have been repaid or are still in existence. As in the earlier tables on net loan expenditure, allowance has been made, however, for credits on account of repayments of advances to local government bodies, settlers, etc., the sale

of assets, and transfers from other funds. In the public debt statement, on the other hand, loans repaid are not included, and in the case of loans still outstanding, each is shown according to the amount repayable at maturity, and not according to the amount originally available for expenditure.

5. Total Loan Expenditure, 1942-43 to 1944-45.—The following table gives particulars, in summary form, of the total loan expenditure in each State during each of the years 1942-43 to 1944-45.

STATE LOAN EXPENDITURE, SUMMARY.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
1942-43.							
Works and Services—	£	£	£	£	£	£	£
Gross Expenditure ..	2,789,311	1,036,087	2,056,843	2,463,384	656,916	1,500,462	10,503,003
Net Expenditure ..	1,901,522	200,631	454,571	578,364	376,892	575,114	4,087,094
Repayments ..	887,789	835,456	1,602,272	1,885,020	280,024	925,348	6,415,909
Other than Works, etc. (a)—							
Gross Expenditure ..	312,611	..	3,525	45,058	74,041	..	435,235
Net Expenditure ..	Cr2,987,389	..	..	Cr 537,288	48,275	Cr 74,110	Cr3,550,512
Repayments ..	63,300,000	..	3,525	(c) 582,346	(d) 25,766	74,110	3,985,747
Total Loan Expenditure—							
Gross Expenditure ..	3,101,922	1,036,087	2,060,368	2,508,442	730,957	1,500,462	10,938,238
Net Expenditure ..	Cr1,085,867	200,631	454,571	41,076	425,167	501,004	530,582
Repayments ..	4,187,789	835,456	1,605,797	2,467,366	305,796	999,458	10,401,656
1943-44.							
Works and Services—	£	£	£	£	£	£	£
Gross Expenditure ..	3,029,172	1,084,589	1,773,352	2,104,369	361,998	1,359,837	9,713,317
Net Expenditure ..	1,411,539	128,028	344,802	475,813	105,845	498,651	2,904,678
Repayments ..	1,617,633	956,561	1,428,550	1,628,556	256,153	861,186	6,748,639
Other than Works, etc. (a)—							
Gross Expenditure ..	34,869	..	112	211	373	1,249,105	1,284,670
Net Expenditure ..	Cr6,465,131	..	..	..	Cr 37,648	1,176,261	Cr5,326,518
Repayments ..	66,500,000	..	112	211	(e) 38,021	72,844	6,611,188
Total Loan Expenditure—							
Gross ..	3,064,041	1,084,589	1,773,464	2,104,580	362,371	2,608,942	10,997,987
Net ..	Cr5,053,592	128,028	344,802	475,813	68,197	1,674,912	Cr2,361,840
Repayments ..	8,117,633	956,561	1,428,662	1,628,767	294,174	934,030	13,359,827
1944-45.							
Works and Services—	£	£	£	£	£	£	£
Gross Expenditure ..	3,138,747	3,683,342	1,560,898	2,620,483	747,864	1,338,357	13,089,691
Net Expenditure ..	1,722,813	2,083,567	431,010	982,439	546,902	448,057	6,214,788
Repayments ..	1,415,934	1,599,775	1,129,888	1,638,044	200,962	890,300	6,874,903
Other than Works, etc. (a)—							
Gross Expenditure—							
Discounts and Flotation Expenses ..	1,532,906	..	7,715	9,634	2,936	..	1,553,191
Revenue and General Cash Deficits ..	5,960,000	4,255,000	..	..	73,025	455,000	10,743,025
Total ..	7,492,906	4,255,000	7,715	9,634	75,961	455,000	12,296,216
Net Expenditure—							
Discounts and Flotation Expenses ..	1,532,906	..	Cr 3,974	5,500	Cr 3,177	..	1,531,255
Revenue and General Cash Deficits ..	5,960,000	4,255,000	..	..	73,025	455,000	10,743,025
Total ..	7,492,906	4,255,000	Cr 3,974	5,500	69,848	455,000	12,274,280
Repayments ..	..	..	11,689	4,134	6,113	..	21,936
Total Loan Expenditure—							
Gross ..	10,631,653	7,938,342	1,568,613	2,630,117	823,825	1,793,357	25,385,907
Net ..	9,215,719	6,338,567	427,036	987,939	616,750	903,057	18,489,068
Repayments ..	1,415,934	1,599,775	1,141,577	1,642,178	207,075	890,300	6,896,839

(a) Includes exchange, discounts and flotation expenses, revenue and general cash deficits. (b) Repayment of deficiency Treasury Bills from surplus cash resources. (c) From Revenue surplus 1941-42. (d) Includes £24,436 from Revenue surplus 1942-43 and £1,330 from Revenue. (e) From Revenue surplus 1943-44.

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 raised locally. In 1855 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.

In the Public Debt tables which follow, the units of currency are, for debts maturing and interest payable in Australia, £ Australian; in London, £ sterling; in New York, £ sterling. The New York debt is payable in dollars, but for the purposes of the tables dollars have been arbitrarily converted to £ sterling at the rate of \$4.8665 to £ stg. 1.

2. **State Debts, 1938-39 and 1941-42 to 1944-45.**—The table hereunder shows the State public debts and the amounts outstanding per head of population at 30th June, 1939, and 1942 to 1945 inclusive.

Under the Financial Agreement 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. The following figures represent the total "face" or "book" values of the debts of the States leaving out of account currency changes since the loans were floated:—

STATE PUBLIC DEBTS.

30th June—	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tasmania.	Total.
	£	£	£	£	£	£	£
1939..	359,843,990	179,698,118	127,503,251	108,887,092	95,472,600	26,366,990	897,772,041
1942..	366,502,819	177,716,484	131,171,752	109,190,225	97,359,244	28,737,388	910,677,912
1943..	360,239,090	175,934,652	128,568,485	108,429,169	96,988,206	28,679,117	898,838,719
1944..	351,971,024	174,762,413	129,179,046	108,305,240	96,478,295	30,063,802	890,759,820
1945..	355,050,980	179,405,191	131,433,390	108,870,912	95,894,885	30,322,355	900,977,713

PER HEAD OF POPULATION. (a)

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1939..	131 0 0	95 10 3	125 8 8	182 15 4	205 2 7	111 8 4	129 6 3	
1942..	129 11 4	90 5 3	126 7 7	179 16 3	206 19 6	119 15 5	127 6 3	
1943..	126 15 10	86 16 10	122 5 1	176 3 5	202 4 4	118 6 10	124 13 1	
1944..	122 11 11	87 9 7	121 4 11	174 2 6	198 15 2	122 9 10	122 4 10	
1945..	122 9 4	89 2 0	121 17 1	173 2 1	195 12 11	122 4 9	122 8 10	

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

The public debt of the whole of the States increased during the period under review by £3.2 million. The debt per head of population decreased, however, during the period by £6 17s. 5d. to £122 8s. 10d. per head. During 1944-45 the total State debt increased by more than £10.2 million. In some States certain public utilities 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. Comparison of the debts of the States is therefore difficult, but on page 733 figures showing the aggregate debts of the States, including these local and semi-governmental bodies, are given for the years 1939-40 and 1940-41. This comparison cannot at present be brought up to date, as local and semi-governmental debt statistics are not available for years later than 1940-41.

3. **Place of Flotation of Loans.**—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 available for investment led to the placing of various redemption and other loans locally, with very satisfactory results. Loans have also been placed in New York on account of all States. The following table gives particulars of loans outstanding at 30th June, 1945, according to the place of flotation :—

STATE PUBLIC DEBTS AT 30th JUNE, 1945 : PLACE OF FLOTATION OF LOANS.

State.	Maturing Overseas.			Maturing in Australia.	Grand Total.
	London.	New York.	Total Overseas.		
	£ Stg.	£ Stg.	£ Stg.	£ Aust.	£
New South Wales	145,922,107	11,562,211	157,484,318	197,566,662	355,050,980
Victoria ..	61,335,687	4,498,878	65,834,565	113,570,626	179,405,191
Queensland ..	58,819,071	5,270,944	64,090,015	67,343,375	131,433,390
South Australia ..	42,817,306	1,733,468	44,550,774	64,320,138	108,870,912
Western Australia	43,741,773	2,015,436	45,757,209	50,137,676	95,894,885
Tasmania ..	8,755,687	227,796	8,983,483	21,338,872	30,322,355
Total ..	361,391,631	25,308,733	386,700,364	514,277,349	900,977,713

PER HEAD OF POPULATION.

	£ s. d. Stg.	£ s. d. Stg.	£ s. d. Stg.	£ s. d. Aust.	£ s. d.
New South Wales	50 6 8	3 19 9	54 6 5	68 2 11	122 9 4
Victoria ..	30 9 3	2 4 8	32 13 11	56 8 1	89 2 0
Queensland ..	54 10 8	4 17 9	59 8 5	62 8 8	121 17 1
South Australia ..	68 1 7	2 15 2	70 16 9	102 5 4	173 2 1
Western Australia	89 4 10	4 2 3	93 7 1	102 5 10	195 12 11
Tasmania ..	35 5 11	0 18 5	36 4 4	86 0 5	122 4 9
Total ..	49 2 3	3 8 9	52 11 0	69 17 10	122 8 10

Particulars of the aggregate debts of the States for the five years 1938-39 and 1941-42 to 1944-45, showing the amounts which will mature overseas and in Australia, will be found on page 731.

4. *Interest.*—(i) *Amounts Payable and Average Rate.* 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 30th June, 1945 the rates varied from 6 per cent. to 1 per cent. The average rate payable on the aggregate indebtedness was £3 10s. 11d. per cent. For the separate States the average varies, being lowest for Tasmania (£3 5s. 4d.) and highest for Queensland (£3 14s. 11d.). The following table gives particulars of the amount of interest payable, together with the average rate of interest payable at 30th June, 1945, with separate information for London, New York and Australian maturities.

STATE PUBLIC DEBTS AT 30th JUNE, 1945 : INTEREST PAYABLE.

WHERE PAYABLE.

State.	Overseas.			Australia.	Grand Total.
	London.	New York.	Total.		
	£ Stg.	£ Stg.	£ Stg.	£ Aust.	£
New South Wales	5,560,820	558,647	6,119,467	6,148,118	12,267,585
Victoria ..	2,294,841	221,140	2,515,981	3,840,674	6,356,655
Queensland ..	2,374,424	278,971	2,653,395	2,270,747	4,924,142
South Australia	1,678,210	86,674	1,764,884	2,170,443	3,935,327
Western Australia	1,688,317	100,771	1,789,088	1,663,911	3,452,999
Tasmania ..	331,062	11,390	342,452	648,290	990,742
Total ..	13,927,674	1,257,593	15,185,267	16,742,183	31,927,450

AVERAGE RATE PAYABLE.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
New South Wales	3 16 2	4 16 8	3 17 9	3 2 3	3 9 1
Victoria ..	3 14 10	4 18 4	3 16 5	3 7 8	3 10 10
Queensland ..	4 0 9	5 5 10	4 2 10	3 7 5	3 14 11
South Australia	3 18 5	5 0 0	3 19 3	3 7 6	3 12 4
Western Australia	3 17 2	5 0 0	3 18 2	3 6 5	3 12 0
Tasmania ..	3 15 8	5 0 0	3 16 3	3 0 9	3 5 4
Total ..	3 17 1	4 19 5	3 18 6	3 5 1	3 10 11

The average rate of interest on debt maturing in Australia has been reduced from £5 4s. 11d. per cent. in 1931 to £3 5s. 1d. per cent. in 1945. 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 between 1932 and 1934, fell to £4 2s. 8d. in 1934, and subsequent conversions have reduced the rate to £3 17s. 1d. in 1945. New York loans have decreased from £5 2s. 6d. per cent. in 1931 to £4 19s. 5d. in 1945.

(ii) *Indebtedness at each Rate.* The following table shows, for the combined States, particulars of the total debt at each rate of interest and according to the domicile of the debt.

STATE PUBLIC DEBTS AT 30th JUNE, 1945 : AMOUNTS AT EACH RATE OF INTEREST PAYABLE.

Rate of Interest.	Maturing in—			
	London.	New York.	Australia.	Total.
%	£ (Stg.)	£ (Stg.)	£ (Aust.)	£
6.0 .. ..	..	2,054,865	..	2,054,865
5.25	17,870,500	..	..	17,870,500
5.0375 .. ..	..	..	500,000	500,000
5.0	79,239,072	17,575,292	..	96,814,364
4.5 .. ..	..	5,678,576	..	5,678,576
4.0	58,382,043	..	99,145,353	157,527,396
3.875 .. ..	..	..	65,749,732	65,749,732
3.75	24,649,683	..	44,778,750	69,428,433
3.625 .. ..	..	..	5,117,550	5,117,550
3.5	92,058,427	..	1,219,262	93,277,689
3.4875 .. ..	..	..	5,873,667	5,873,667
3.375 .. ..	..	..	18,071,740	18,071,740
3.25	18,123,411	..	146,284,851	164,408,262
3.125 .. ..	..	..	173,230	173,230
3.1 .. ..	..	..	4,366,228	4,366,228
3.0	48,198,705	..	30,429,543	78,628,248
2.75 .. ..	..	..	3,592,020	3,592,020
2.7125 .. ..	..	..	607,266	607,266
2.5 .. ..	..	..	43,483,995	43,483,995
2.325 .. ..	..	..	1,797,187	1,797,187
2.25	21,376,840	..	..	21,376,840
2.0	1,491,000	..	..	1,491,000
1.0 .. ..	..	..	42,917,820	42,917,820
Overdue	1,950	..	169,155	171,105
Total Debt	361,391,631	25,308,733	514,277,349	900,977,713

(iii) *Variations from 1901 to 1945.*—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.	1941.	1943.	1944.	1945.
	%	%	%	%	%	%	%	%
Not exceeding 3 per cent.	18.0	17.9	10.2	5.3	18.5	19.3	20.1	21.5
Exceeding 3 per cent. but not exceeding 4 per cent.	78.5	81.9	45.4	17.2	63.6	66.8	66.1	64.8
Exceeding 4 per cent. but not exceeding 5 per cent.	3.1	0.1	15.6	36.8	15.5	11.6	11.5	11.4
Exceeding 5 per cent. but not exceeding 6 per cent.	0.4	0.1	23.5	38.4	2.2	2.3	2.3	2.3
Exceeding 6 per cent. ..	..	..	5.3	2.3	0.2	..	..	..
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average Rate of Interest Payable	3.7	3.6	4.4	4.9	3.7	3.6	3.6	3.5

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 "Indefinite". Those terminable at "Treasurer's option" include amounts which are payable by the respective Governments after giving a specified notice, and those "indefinite" 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, the practice has been adopted of specifying a period prior to the date of maturity within which the Government, on giving notice, has the option of redeeming the loan. The Government can, therefore, take advantages of opportunities that may offer during the period for favourable renewals. Particulars concerning the due dates of latest maturity of the State loans outstanding on 30th June, 1945 are given in the following table, the various maturities being grouped according to years ended 30th June.

STATE PUBLIC DEBTS AT 30th JUNE, 1945 : LATEST DATES OF MATURITY.

Year of Maturity.	Maturing in—			
	London.	New York.	Australia.	Total.
	£ Stg.	£ Stg.	£ Aust.	£
1945-46	22,867,840	..	10,351,338	33,219,178
1946-47	21,748,310	2,054,865	12,198,595	36,001,770
1947-48 .. .. .	..	..	22,025,266	22,025,266
1948-49	38,351,386	..	38,856,783	77,208,169
1949-50	6,055,545	..	41,179,672	47,235,217
1950-51	20,454,078	..	17,078,214	37,532,292
1951-52 .. .. .	..	..	26,318,322	26,318,322
1952-53	11,789,758	..	1,103,476	12,893,234
1953-54	16,526,691	..	15,540,145	32,066,836
1954-55	3,204,904	..	42,397,844	45,602,748
1955-56 .. .. .	..	10,471,733	36,618,940	47,090,673
1956-57 .. .. .	..	3,803,761	25,452,349	29,256,110
1957-58	38,171,400	8,978,374	55,395,582	102,455,356
1958-59	21,083,600	..	32,864,072	53,947,672
1959-60	3,779,524	..	33,015,393	36,794,917
1960-61	9,417,718	..	32,812,833	42,230,551
1961-62	4,866,583	..	15,295,342	20,161,925
1962-63	10,283,396	..	1,668,476	11,951,872
1963-64 .. .. .	..	..	3,603,996	3,603,996
1964-65 .. .. .	..	..	1,563,718	1,563,718
1965-66	14,055,000	..	1,084,157	15,139,157
1966-67	24,022,000	..	2,450,322	26,472,322
1967-68 .. .. .	..	..	2,201,940	2,201,940
1968-69 .. .. .	..	..	2,455,217	2,455,217
1969-70	1,920,650	..	2,310,891	4,231,541
1970-71	11,545,722	..	1,351,057	12,896,779
1971-72 .. .. .	..	..	1,411,855	1,411,855
1972-73 .. .. .	..	..	1,475,388	1,475,388
1973-74 .. .. .	..	..	1,541,781	1,541,781
1974-75	13,603,528	..	1,611,161	15,214,689
1975-76	65,183,072	..	1,683,663	66,866,735
1976-77 .. .. .	..	..	1,809,492	1,809,492
1977-78 .. .. .	..	..	1,838,602	1,838,602
1978-79 .. .. .	..	..	1,921,339	1,921,339
1979-80 .. .. .	..	..	2,007,800	2,007,800
1980-81 .. .. .	..	..	2,098,151	2,098,151
1981-82 .. .. .	..	..	2,192,567	2,192,567
1982-83 .. .. .	..	..	1,661,270	1,661,270
Overdue	1,950	..	169,155	171,105
Interminable	1,000	..	..	1,000
Treasurer's option	2,397,149	..	..	2,397,149
Half-yearly drawings	60,827	..	5,273,654	5,334,481
Indefinite .. .. .	..	..	10,477,531	10,477,531
Total	361,391,631	25,308,733	514,277,349	900,977,713

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

STATE PUBLIC DEBTS AT 30th JUNE, 1945 : EARLIEST DATES OF MATURITY.

Year of Maturity.	Maturing in—			
	London.	New York.	Australia.	Total.
	£ Stg.	£ Stg.	£ Aust.	£
Before 1945-46	86,333,021	7,669,578	..	94,002,599
1945-46	118,188,761	..	16,695,228	134,883,989
1946-47 .. ..	..	2,054,865	10,868,755	12,923,620
1947-48	17,870,500	5,112,557	28,472,016	51,455,073
1948-49	10,900,772	..	43,536,703	54,437,475
1949-50	7,976,195	..	25,663,952	33,640,147
1950-51	22,585,823	..	159,078,329	181,664,152
1951-52 .. ..	..	..	26,318,322	26,318,322
1952-53 .. ..	..	4,793,157	42,055,186	46,848,343
1953-54	21,083,600	..	37,239,755	58,323,355
1954-55	20,300,900	..	1,446,134	21,747,034
1955-56	16,065,605	5,678,576	14,919,330	36,663,511
1956-57 .. ..	..	..	1,326,219	1,326,219
1957-58 .. ..	..	..	14,941,212	14,941,212
1958-59 .. ..	..	..	1,344,897	1,344,897
1959-60 .. ..	..	..	15,851,153	15,851,153
1960-61 .. ..	..	..	3,672,833	3,672,833
1961-62	24,022,000	..	14,984,142	39,006,142
1962-63 .. ..	..	..	1,668,476	1,668,476
1963-64 .. ..	..	..	3,603,996	3,603,996
1964-65	13,603,528	..	1,563,718	15,167,246
1965-66 .. ..	..	..	1,084,157	1,084,157
1966-67 .. ..	..	..	2,450,322	2,450,322
1967-68 .. ..	..	..	2,201,940	2,201,940
1968-69 .. ..	..	..	2,455,217	2,455,217
1969-70 .. ..	..	..	2,310,891	2,310,891
1970-71 .. ..	..	..	1,351,957	1,351,957
1971-72 .. ..	..	..	1,411,855	1,411,855
1972-73 .. ..	..	..	1,475,388	1,475,388
1973-74 .. ..	..	..	1,541,781	1,541,781
1974-75 .. ..	..	..	1,611,161	1,611,161
1975-76 .. ..	..	..	1,683,663	1,683,663
1976-77 .. ..	..	..	1,809,492	1,809,492
1977-78 .. ..	..	..	1,838,602	1,838,602
1978-79 .. ..	..	..	1,921,339	1,921,339
1979-80 .. ..	..	..	2,007,800	2,007,800
1980-81 .. ..	..	..	2,098,151	2,098,151
1981-82 .. ..	..	..	2,192,567	2,192,567
1982-83 .. ..	..	..	1,661,270	1,661,270
Overdue	1,950	..	169,155	171,105
Interminable	1,000	..	..	1,000
Treasurer's option	2,397,149	..	..	2,397,149
Half-yearly drawings	60,827	..	5,273,654	5,334,481
Indefinite .. ..	..	..	10,477,531	10,477,531
Total	361,391,631	25,308,733	514,277,349	900,977,713

Under the Financial Agreement Act 1944, Treasury Bills issued to meet State revenue deficits accruing between 1st July, 1928 and 30th June, 1935 were retired on 31st December, 1944. In place of those not redeemed one per cent. debentures amounting to £43,018,000 were issued. One of these debentures will mature in each year up to 1983. Particulars of these debentures are included under their respective years of maturity in the tables above. For further details see par. 4, Section D.—Commonwealth and State Finance.

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 Act contains provisions for the establishment of a sinking fund on States' debts (see p. 736). Some particulars of the transactions of the National Debt Sinking Fund (States' Account) for 1944-45 are shown below, and further details are given in the *Finance Bulletin* issued by this Bureau.

STATE PUBLIC DEBTS AT 30th JUNE, 1945 : SINKING FUNDS.

Particulars.	N.S.W.	Victoria.	Q'land.	S. Aust.	W. Aust.	Tas.	Total.
	£	£	£	£	£	£	£
Total Receipts, 1944-45	3,641,762	1,652,745	1,183,730	1,065,133	950,691	262,392	8,756,453
Total Receipts, to 30th June, 1945..	37,938,064	19,192,320	14,190,377	11,517,951	10,381,682	2,920,449	96,140,843
Total Funds applied to Redemptions, 1944-45	4,835,231	1,697,618	1,894,655	1,029,327	913,757	221,405	10,591,993
Total Funds applied to Redemptions, to 30th June, 1945	37,776,564	18,769,667	13,709,666	11,422,122	11,208,984	2,854,909	95,741,912
Total Funds applied to investments to 30th June, 1945(a)	..	..	250,305	..	Cr. 954,395 <i>b</i>	..	Cr. 704,090
Total Expenditure to 30th June, 1945..	37,776,564	18,769,667	13,959,971	11,422,122	10,254,589	2,854,909	95,037,822
Balance at 30th June, 1945, not permanently invested ..	161,500	422,653	230,406	95,829	127,093	65,540	1,103,021
Investments at 30th June, 1945 ..	..	..	901,607	..	..	..	901,607
Total Balance at 30th June, 1945 ..	161,500	422,653	1,132,013	95,829	127,093	65,540	2,004,628

(a) Less amounts received on investments realized to 30th June, 1945.

(b) Investments realized.

D.—COMMONWEALTH AND STATE FINANCE.

1. **Revenue and Expenditure.**—(i) *Consolidated Revenue Funds.*—The following tables show the aggregate revenue and expenditure of the Commonwealth and States from Consolidated Revenue Funds for each of the five years 1938-39 and 1941-42 to 1944-45.

In previous issues of the Year Book deductions were made from the total revenue and expenditure of the Commonwealth and of the States to avoid duplications caused by payments made by the Commonwealth to the States, and miscellaneous receipts by the Commonwealth from the States. The following table shows the total revenue and the total expenditure of the Commonwealth and of the States (including these payments) as shown in other sections of this Year Book, and unadjusted and adjusted figures for the aggregate revenue and expenditure are given. The adjusted figure is obtained by deducting, from the total, payments made by the Commonwealth to the States on account

of Income and Entertainments Tax Reimbursements, of interest under the Financial Agreement and of Special Grants. An estimate of pay-roll tax paid by the States to the Commonwealth has also been deducted.

COMMONWEALTH AND STATE CONSOLIDATED REVENUE FUNDS : REVENUE.

Year ended 30th June—	Commonwealth.	State.	Total.	
			Unadjusted.	Adjusted.
	£'000.	£'000.	£'000.	£m.
1939	95,064	124,894	219,958	210.2
1942	210,041	152,942	362,983	351.6
1943	294,459	168,942	463,401	425.0
1944	342,188	169,616	511,804	467.2
1945	376,854	169,104	545,958	500.3

COMMONWEALTH AND STATE CONSOLIDATED REVENUE FUNDS : EXPENDITURE.

Year ended 30th June—	Commonwealth.	State.	Total.	
			Unadjusted.	Adjusted.
	£'000.	£'000.	£'000.	£m.
1939	94,437	128,770	223,207	213.4
1942	(a)210,041	149,907	359,948	348.4
1943	(a)294,459	166,797	461,256	422.4
1944	(a)342,188	167,615	509,803	464.8
1945	(a)376,854	167,785	544,639	499.0

(a) Includes expenditure on Defence and 1939-45 War Services.

(ii) *Loan Expenditure.* The aggregate gross and net loan expenditures of the Commonwealth and States on Works and Services for the years 1938-39 and 1941-42 to 1944-45 are shown in the following table :—

COMMONWEALTH AND STATE LOAN EXPENDITURE : WORKS AND SERVICES.(a)

Year ended 30th June—	Gross Loan Expenditure.			Net Loan Expenditure.		
	Commonwealth.	State.	Total.	Commonwealth.	State.	Total.
	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
1939	3,913	21,399	25,312	3,594	13,178	16,772
1942	b 212,838	14,404	227,242	b 212,805	8,465	221,270
1943	b 403,087	10,503	413,590	b 403,017	4,087	407,104
1944	b 377,157	9,713	386,870	cb 377,364	2,965	380,329
1945	b 266,040	13,090	279,130	b 265,991	6,215	272,206

(a) Excludes expenditure on loan flotations, funding deficits, etc. (b) Includes expenditure on Defence and 1939-45 War Services. (c) Includes £233,000 expenditure on adjustment of credits of previous years.

2. Taxation.—The following table shows the combined Commonwealth and State taxation for the years 1938-39 and 1941-42 to 1944-45 as well as the amount per head of population. Taxation collections by the State Governments which are not paid into the Consolidated Revenue Funds have been included.

COMMONWEALTH AND STATE TAXATION: TOTAL COLLECTIONS.

Particulars.	1938-39.	1941-42.	1942-43.	1943-44.	1944-45.
	£	£	£	£	£
Commonwealth—					
Income Tax	11,882,440	77,563,926	141,027,271	183,799,169	215,534,037
Customs and Excise	47,632,365	56,780,808	64,878,120	67,291,416	67,176,671
Sales Tax	9,308,334	26,830,085	28,846,255	27,908,691	29,671,802
Flour Tax	1,808,972	1,651,717	1,708,543	1,940,481	1,995,775
Other	3,404,788	16,608,809	20,683,331	22,727,186	23,541,282
Total	74,036,899	179,435,345	257,143,520	303,666,943	337,919,567
State—					
Income Tax	29,791,201	36,869,532	47,684,552	41,446,189	821,637
Other	20,715,796	20,389,946	18,644,788	19,868,106	21,289,330
Total	50,506,997	57,259,478	66,329,340	61,314,295	843,926
Grand Total	124,543,896	236,694,823	283,472,860	324,981,238	360,030,534

Taxation per head—

Commonwealth (c)—	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Income Tax	1 14 4	10 17 4	19 11 10	25 5 11	29 7 2
Customs and Excise	6 17 7	7 19 1	9 0 3	9 5 3	9 3 0
Sales Tax	1 6 10	3 15 2	4 0 2	3 16 10	4 0 10
Flour Tax	0 5 3	0 4 8	0 4 9	0 5 4	0 5 5
Other	0 9 10	2 6 7	2 17 5	3 2 6	3 4 2
Total	10 13 10	25 2 10	35 14 5	41 15 10	46 0 7
State (d)—					
Income Tax	4 6 3	5 3 6	1 1 5	0 4 0	0 2 3
Other	2 19 11	2 17 5	2 11 11	2 14 10	2 18 2
Total	7 6 2	8 0 11	3 13 4	2 18 10	3 0 5
Grand Total (c)	17 19 6	33 3 3	39 7 6	44 14 6	49 0 10

(a) Arrears of State Income Tax. (b) Excludes Income and Entertainments Tax Reimbursements. (c) Based on mean population for each financial year. (d) Based on aggregate mean population of the six States for each financial year.

3. Public Debt.—(i) *Where redeemable.* The following table shows the public debt of the Commonwealth and of the States at 30th June in each of the years 1939 and 1942 to 1945.

COMMONWEALTH AND STATE PUBLIC DEBTS AT 30th JUNE.

Particulars.	Where Redeemable.	1939.	1942.	1943	1944.	1945.
Commonwealth	Australia £ A.	218,406,483	528,520,654	917,351,171	1,299,079,078	1,552,196,222
	London £ Stg.	162,840,947	173,753,476	173,756,977	161,228,671	160,978,670
	New York £ Stg.	15,913,501	15,876,718	15,790,414	15,790,414	15,790,414
	Total £ (a)	397,250,931	718,150,848	1,106,898,562	1,476,098,163	1,728,965,306
States	Australia £ A.	485,179,757	504,439,305	494,115,500	491,839,508	514,277,349
	London £ Stg.	384,327,833	380,422,219	379,113,037	373,504,726	361,391,631
	New York £ Stg.	28,264,451	25,816,388	25,610,182	25,415,586	25,308,733
	Total £ (a)	897,772,041	910,677,912	898,838,719	890,759,820	900,977,713
Total Commonwealth and States	Australia £ A.	703,676,240	1,032,959,959	1,411,466,671	1,790,918,586	2,066,473,571
	London £ Stg.	547,168,780	554,175,695	552,870,014	534,733,397	522,370,301
	New York £ Stg.	44,177,952	41,693,106	41,400,596	41,206,000	41,099,147
	Grand Total £(a)	1,295,022,972	1,628,828,760	2,005,737,281	2,366,857,983	2,629,943,019

(a) The "face" or "book" value of the debts without adjustment on account of currency changes since the loans were floated. Debt maturing in New York has been converted from dollars to sterling on the basis of \$4.8665 to £ Stg. 1.

(ii) *Interest Payable.* The following table shows the interest payable on the public debt of the Commonwealth and of the States at 30th June in each of the years 1939 and 1942 to 1945:—

COMMONWEALTH AND STATE PUBLIC DEBTS AT 30th JUNE: INTEREST PAYABLE.

Particulars.	Where Payable.	1939.	1942.	1943.	1944.	1945.
Commonwealth	Australia £ A.	8,344,627	16,135,040	25,144,319	33,944,945	40,046,655
	London £ Stg. (a)	3,493,554	3,655,830	3,290,884	3,277,105	3,271,480
	New York £ Stg.	777,586	775,930	771,780	771,780	771,780
	Total £ (b)	12,525,767	20,566,800	29,206,983	37,993,830	44,089,915
States	Australia £ A.	17,240,238	17,283,764	16,862,701	16,622,757	16,742,183
	London £ Stg.	14,062,382	14,500,345	14,500,853	14,310,933	13,927,674
	New York £ Stg.	1,441,476	1,282,976	1,272,666	1,262,936	1,257,593
	Total £ (b)	33,644,596	33,067,085	32,636,220	32,196,626	31,927,450
Total Commonwealth and States	Australia £ A.	25,584,865	33,418,804	42,007,020	50,567,702	56,788,838
	London £ Stg. (a)	18,366,436	18,156,173	17,791,737	17,588,038	17,199,154
	New York £ Stg.	2,219,062	2,058,906	2,044,446	2,034,716	2,029,373
	Total £ (b)	46,170,363	53,633,885	61,843,203	70,190,456	76,017,365
Average Rate per cent.	Australia £ A.	£ s. d. 3 12 9	£ s. d. 3 5 1	£ s. d. 2 19 9	£ s. d. 2 16 8	£ s. d. 2 15 1
	London £ Stg.	3 18 7	3 16 7	3 17 3	3 17 4	3 17 9
	New York £ Stg.	5 0 6	4 18 9	4 18 9	4 18 9	4 18 9
	Total £ (b)	3 16 0	3 9 6	3 4 10	3 1 7	2 19 9

(a) Excludes suspended interest on War Debt due to the British Government. (b) The nominal amount and average rate of interest payable taking no account of exchange, see footnote (a) above.

(iii) *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, 1938 to 30th June, 1945 are given in the following table. These particulars are included in Public Debt tables on earlier pages.

COMMONWEALTH AND STATES : SHORT-TERM DEBT.(a)

Date.	Maturing in London.			Maturing in Australia.		
	Common-wealth.	States.	Total.	Common-wealth.	States.	Total.
	£'000 Stg.	£'000 Stg.	£'000 Stg.	£'000 Aust.	£'000 Aust.	£'000 Aust.
30th June, 1938 ..	5,495	23,155	28,650	..	46,598	46,598
" " 1939 ..	4,220	23,155	27,375	..	50,228	50,228
" " 1940 ..	3,970	23,155	27,125	..	45,463	45,463
" " 1941 ..	3,720	23,155	26,875	1,750	45,423	47,173
" " 1942 ..	3,470	24,879	28,349	80,481	45,083	125,564
" " 1943 ..	3,220	23,730	26,950	259,250	39,200	298,450
" " 1944 ..	2,970	22,868	25,838	343,280	33,075	376,355
30th September, 1944 ..	2,970	22,868	25,838	378,280	32,175	410,455
31st December, 1944 ..	2,720	22,868	25,588	367,280	(b) 430	367,710
31st March, 1945 ..	2,720	22,868	25,588	388,280	430	388,710
30th June, 1945 ..	2,720	22,868	25,588	343,280	330	343,610

(a) Excludes Overdrafts and Internal Treasury Bills. (b) Treasury Bills issued to finance State deficits between 1st July, 1928 and 30th June, 1935 were retired on 31st December, 1944, and debentures having a currency of from 1 to 39 years were issued in their place (see pages 727 and 737).

(b) *Interest Rates.—London.* The following rates of interest were payable on Treasury Bills and Debentures in London during the period 1938–39 to 1944–45: minimum rate, 2 per cent.; maximum rate, 2½ per cent. 1938–39 to 1940–41; 3 per cent. 1941–42 to 1943–44; 2½ per cent. 1944–45.

Australia. The Treasury Bill rates in Australia were as follows:—

5½ per cent. from 10th October, 1929.	2½ per cent. from 1st April, 1934.
6 per cent. from 1st October, 1930.	2 per cent. from 15th October, 1934.
4 per cent. from 31st July, 1931.	1¾ per cent. from 1st January, 1935
3½ per cent. from 27th October, 1932.	1½ per cent. from 1st May, 1940.
3¼ per cent. from 21st January, 1933.	1¼ per cent. from 1st May, 1943.
2¾ per cent. from 18th February, 1933.	1 per cent. from 1st March, 1945.
2½ per cent. from 1st June, 1933.	

(iv) *Debts of States and Municipal and Semi-Governmental Bodies.* For the reasons indicated on p. 722 direct comparisons of the debts of the several States should be made with caution. The table following shows for 1940–41 particulars of the debts of the States and the debts due to the Public Creditor by Municipal and Semi-Governmental bodies in each State. This affords a more reliable comparison, but as complete records are not available over a long period, particulars showing comparisons of the growth of the debt cannot be made.

PUBLIC DEBT : STATES, MUNICIPAL AND SEMI-GOVERNMENTAL BODIES,
1939-40 and 1940-41.

State.	Debts of the States. (a)	Due to Public Creditor.(b)		Grand Total.
		Municipal.	Semi-Governmental Bodies.	
	£'000.	£'000.	£'000.	£'000.
New South Wales	368,975	37,728	61,202	467,905
Victoria	181,219	12,210	63,892	257,321
Queensland	130,094	22,464	3,761	156,319
South Australia	109,780	760	885	111,425
Western Australia	97,792	3,031	116	100,939
Tasmania	28,162	3,075	497	31,734
Total, All States { 1940-41	916,022	79,268	130,353	1,125,643
{ 1939-40	905,727	78,650	126,481	1,110,858

● DEBT PER HEAD OF POPULATION.(c)

	£	£	£	£
New South Wales	131.9	13.5	21.9	167.3
Victoria	93.5	6.3	33.0	132.8
Queensland	125.5	21.7	3.6	150.8
South Australia	183.1	1.3	1.5	185.9
Western Australia	208.6	6.5	0.2	215.3
Tasmania	118.0	12.9	2.1	133.0
Total, All States { 1940-41	129.4	11.2	18.4	159.0
{ 1939-40	129.2	11.2	18.1	158.5

(a) Includes amounts due by Municipal and Semi-Governmental bodies. (b) Excludes overdrafts and debts due to Central Government. (c) At 30th June, 1940 and 1941.

Details of the Debt of Local and Semi-Governmental Authorities have not been collected since 1940-41.

4. The Financial Agreement between the Commonwealth and the States.—

(i) *Details of the Agreement.* The original Financial Agreement between the Commonwealth and the States was made on 12th December, 1927. It was later affected by the following agreements made under the powers conferred by Section 105A of the Constitution :—

Debt Conversion Agreement—Made 21st July, 1931.

Debt Conversion Agreement (No. 2)—Made 22nd October, 1931.

Agreement relating to Soldier Settlement Loans—Made 3rd July, 1934.

Financial Agreement 1944—Made 15th November, 1944.

The Debt Conversion Agreements did not affect the wording of the main agreement, but contained provisions stating that where their provisions were not in accordance with any contained in the Financial Agreement the former should prevail. An Agreement was made between the Commonwealth and Tasmania only on 1st July, 1928. This was not an amendment, but was made under the authority of Part III., Clause 3 (l) of the original Agreement.

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

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

Each of the Governments submits annually to the Loan Council a programme setting forth the amount it desires to raise by loans during each financial year for purposes other than the conversion, renewal or redemption of existing loans, or for temporary purposes. Any revenue deficit to be funded must be included in the loan programme. Loans for Defence purposes are not subject to the Agreement, and therefore the Commonwealth is not required to include borrowing for that purpose in its programme for submission to the Loan Council.

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

In questions decided by a majority vote of the Council members, the member representing the Commonwealth has two votes and a casting vote and each member representing a State has one vote.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	£
New South Wales	233,153,779
Victoria	136,348,982
Queensland	101,840,622
South Australia	84,029,376
Western Australia	61,060,675
Tasmania	22,314,180
Total	638,747,614

These amounts represent the gross debt less—

(a) the values of properties transferred by the States to the Commonwealth as shown below;

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

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

	£
New South Wales	4,788,005
Victoria	2,302,862
Queensland	1,560,639
South Australia	1,035,631
Western Australia	736,432
Tasmania	500,754
Total	10,924,323

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

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

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

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

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

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

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

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

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

(f) In respect of loans raised by a State or by the Commonwealth on behalf of a State, on the security of Commonwealth Treasury Bills, to meet a revenue deficit accruing after 30th June, 1927 and before 1st July, 1935, the Commonwealth and the State shall in each year during the period commencing on 1st July succeeding the date of raising the loan and ending on 30th June, 1944, pay from revenue a sinking fund contribution at the rate of 5s. for each £100 of the total amount of the Commonwealth Treasury Bills which have been issued in respect of these loans and which are current on 30th June preceding the commencement of the year in which the sinking fund contribution is payable.

The National Debt Commission shall apply the following amounts to the repurchase or redemption of the Commonwealth Treasury Bills issued as above :—

	£				
New South Wales	..	..	..	..	1,970,000
Victoria	..	..	..	..	260,000
Queensland	..	..	..	..	125,000
South Australia	..	..	..	..	300,000
Western Australia	..	..	..	..	335,000
Tasmania	..	..	..	..	10,000
Total	..	..	..	..	3,000,000

The provisions requiring the States to make a further sinking fund contribution of $4\frac{1}{2}$ per cent. per annum on cancelled securities do not apply to the securities redeemed as above.

In each year during a period of 39 years commencing on 1st July, 1944, the Commonwealth and the State concerned shall each pay from revenue a sinking fund contribution of 5s. per cent. and 15s. per cent. respectively in respect of the following amounts which represent the gross total of the deficit loans mentioned above less the amount to be redeemed by the National Debt Commission (£3,000,000) and the amounts which the States have undertaken to apply to the redemption of these loans, viz. :—

	£				
New South Wales	..	..	..	..	26,120,000
Victoria	..	..	..	..	3,995,000
Queensland	..	..	..	..	2,148,000
South Australia	..	..	..	..	4,920,000
Western Australia	..	..	..	..	5,390,000
Tasmania	..	..	..	..	445,000
Total	..	..	..	..	43,018,000

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

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

(i) A State may pay to the National Debt Commission a sum in addition to sinking fund contributions for the repurchase or redemption of securities issued in respect of the public debt of the State. Upon the cancellation of such securities the State shall not be required to make any further sinking fund contribution as provided for in paragraph (h) above. The National Debt Commission may also accept an amount from a State for the repurchase or redemption of particular securities with the condition that the sinking fund contributions in respect of that amount by both the State and Commonwealth shall cease as from the date of cancellation of those securities.

(j) Where, upon the conversion or partial conversion at a discount of any loan, sinking fund moneys are applied to the redemption of any amount of the converted loan the State shall repay to the National Debt Commission from revenue so much of the sinking fund moneys so applied as does not exceed the aggregate amount of the discounts allowed to subscribers to the loan.

(k) Sinking fund contributions in respect of oversea debt shall be calculated at the mint par of exchange prevailing on 1st July, 1927.

(ii) *Enforcement of the Agreement.* Consequent on the failure of the State of New South Wales to provide certain interest payments on its public debts in accordance with the Financial Agreement, the Commonwealth Parliament passed a Financial Agreement Enforcement Act (No. 3 of 1932). The State of New South Wales contended that the Commonwealth could not simply by Commonwealth Act deprive a State of revenue without the interposition of some judicial tribunal. The High Court by a majority decision of four to two held that this was a valid law and dismissed the action, subsequently refusing leave to appeal to the Privy Council.

(iii) *Borrowing by Semi-Governmental Bodies.* It was realized at the inception of the Loan Council that, in the interests of co-ordinated borrowing, the Council should be advised of borrowings of large amounts by semi-governmental bodies. In May, 1936, all resolutions passed by the Loan Council in connexion with semi-governmental borrowings were consolidated into one set of rules, which superseded all previous resolutions. This set of rules is regarded as the "Gentlemen's Agreement", and provides, *inter alia*, for the submission of annual loan programmes in respect of semi-governmental authorities proposing to raise £100,000 or more in a year, for the consideration of such programmes in conjunction with the loan programme of the Government concerned, and for the fixing of the terms of individual semi-governmental loans coming within the scope of the annual programme.

E.—TAXES ON INCOME.

1. *General.*—A description of the development of income taxes in Australia appeared in Official Year Book, No. 35, p. 926. Since July, 1943, the Commonwealth, under the uniform tax arrangement, has been the only authority imposing taxes on income.

2. *Present Taxes.*—At the present time two taxes on incomes of individuals are imposed by the Commonwealth—Income Tax and Social Services Contribution. Both taxes are based on the same definition of assessable income and both are assessed and collected concurrently. Several taxes are imposed on the income of companies for which assessable income is defined in the same way as for individuals.

3. *Assessable Income.*—Income taxes in Australia are levied, primarily, on all income derived from Australian sources by any person, rather than on income derived from all sources by Australian residents. Thus a non-resident is taxed on all income derived from Australia while a resident is, in general, not taxed on income other than dividends derived from overseas (provided the income is taxed in the country in which it is derived).

Certain types of Australian income are exempt from tax in Australia, the most important being income from gold-mining and a small amount of tax-free interest on Commonwealth Government securities. No amount is included in assessable income on account of a house occupied by its owner. Profits derived from the sale of property are not assessable income if such property was not purchased with a view to resale at a profit.

Assessable income is divided into two main groups—personal exertion and property. Personal exertion income includes all wage, salary, business and professional incomes, while property income includes all rents, dividends and interest. Property income is taxed for individual income tax at higher rates than personal exertion income in all cases where the total taxable income exceeds £200. No distinction in rates is made for companies.

Expenses incurred in earning income, certain subscriptions to business associations, trade union dues, war damage insurance and certain A.R.P. expenditure are allowable deductions. Losses incurred in previous years may be carried forward as a deduction.

Income Tax and Social Services Contribution are levied on the taxable income (known as "contributable income" for Social Services Contribution) remaining after making these deductions.

4. **Taxes on Individuals.**—Social Services Contribution was introduced from 1st January, 1946, and is payable on income derived during 1945-46. At the same time rates of Income Tax were reduced by an average amount of $12\frac{1}{2}$ per cent. and by a further amount equal to the amount of Social Services Contribution. Since the change was made in the middle of the year of income it was provided that rates of tax on 1945-46 income should be—

- (a) half the rates of Income Tax imposed on 1944-45 income, plus
- (b) half the reduced rates of Income Tax imposed from 1st January, 1946, plus
- (c) half the rates of Social Services Contribution.

In this way, in effect, half the income is taxed at the old rates and half the income at the reduced rates, thus giving effect to the change of rates in the middle of the income year.

From the 1st July, 1946, rates of Income Tax were further reduced, while the rates of Social Services Contribution were modified and reduced retrospectively to the introduction of the tax on 1st January, 1946. These new rates for both taxes will apply in full to 1946-47 income.

5. **Rebates of Tax.**—No deductions from taxable income are made for dependants but rebates of tax are allowed against income tax assessed. The rebate of tax is calculated as follows :—Concessional allowances of £100 are made for a dependent spouse; mother; a housekeeper for a widower with children; or daughter-housekeeper for a widower without children. Concessional allowances of £75 are made for the first dependent child under 16 years of age; a child between 16 and 18 years of age receiving full-time education; or an invalid child aged 16 years or over; and £30 for each dependent child under 16 years of age in excess of one. Dependent children under 16 years of age include any children (irrespective of relationship) actually dependent on the taxpayer. The allowance made for a dependent spouse or daughter-housekeeper is reduced by £2 for each £1 by which the separate income of the spouse or daughter-housekeeper is over £50 per annum, and if any dependant is only partially maintained or is maintained for less than the full year the allowances are reduced.

Also treated as concessional allowances are the actual expenditure of the taxpayer on life assurance, superannuation and friendly society contributions (amount limited to £100); medical, hospital, pharmaceutical, optical and dental expenses; remuneration of an attendant on a blind or invalid person; expenditure on artificial limbs, artificial eyes or hearing aids; funeral expenses (amount limited to £20); rates and land taxes on non-income producing property (including an owner-occupied house); and gifts to charitable, benevolent or patriotic funds. The amount allowed for dental expenses is limited to £10 for the taxpayer or any one of his dependants and for the whole group medical, hospital, dental, etc., expenses to £50 for the taxpayer or any one of his dependants.

No rebates are allowed against Social Services Contribution, but a concessional rate of contribution is provided where the contributable income does not exceed the sum of the concessional allowances by more than £180.

Rebates of income tax, under the old rates, are calculated by applying the personal exertion rate of tax on the taxable income to the amount of the allowance. Under the rates imposed since the introduction of the Social Services Contribution, a further 1s. 6d. in the £1 is allowed in addition to the personal exertion rate to compensate for the fact that no rebates are allowed for Social Services Contribution. The rebate for dependants, however, is limited to £45 for dependants for whom the concessional allowance is £100 or £75, and to £8 for the second and other children.

A rebate of tax is also allowed on the amounts paid as calls to gold-mining, forestry, and oil prospecting companies at one-third of the normal rebate rate.

Interest on Commonwealth Loans issued prior to 1st January, 1940 is subject to the condition that it shall not be taxed at rates higher than those for 1930-31 and, since present rates are higher in all cases, tax at those rates only is imposed. Interest on Commonwealth Loans issued after 1st January, 1940 and interest on certain State semi-governmental loans issued free of State income tax receive a rebate of 2s. in the £1.

6. **Members of Forces.**—The following concessions in tax are given to members of the Forces :—

- (a) Deferred pay in respect of services up till 30th June, 1947, is exempt from tax, either as credited or when actually earned ;
- (b) Dependants' allowances (but not the member's allotment to dependants) are exempt from tax until 30th June, 1947. At the same time the member receives the concessional rebate for dependants ;
- (c) Active pay of members who serve outside Australia is exempt from tax until 30th June, 1947. Until 13th February, 1946, these members also received retrospective exemption of income previously received in the year of departure and of income received during the whole of the previous year ; exemption was also granted of income received during the three months following their return to Australia. After 13th February, 1946, these exemptions (for income earned in Australia) may only be claimed by members who were outside Australia or who had departed or volunteered to depart with the Interim Forces on that date. As from the same date service in sea-going ships in Australian waters and in air squadrons operating from Australia no longer qualifies as service outside Australia ;
- (d) Members serving within Australia are exempt from tax if their income does not exceed £250. If their income exceeds £250 the members receive a special deduction of £146 which diminishes as the income increases and vanishes at £587. These exemptions and deductions cease after 30th June, 1947.

The income of a member of the Forces serving in Australia is the sum of his active pay and £44 per annum (the assumed value of food, clothing and quarters supplied).

Merchant seamen receive the special deduction allowed to members of the Forces serving in Australia.

7. **Lodgment of Returns and Assessment of Tax.**—All persons with incomes in excess of £104 are required to lodge returns by the 31st July each year (31st August for business incomes). Tax and contribution payable are assessed and assessment notices showing the amount payable are issued during the year following the year of income (in most cases from January to June following the lodgment of the return). The approximate amount payable, however, has already been collected during the income year—from employees by deductions from wages and from non-employees by provisional tax and contributions. The amount shown on the assessment notice is therefore adjusted against the amount already collected and any difference either collected or refunded.

8. **Deductions from Wages and Salaries.**—Employers are required to deduct tax and contribution from each payment of wages and salary to an employee at the appropriate rate in accordance with a deduction scale. This scale shows the amount to be deducted according to the number of dependants the employee has, and makes an average allowance for other concessional rebates.

Under the group scheme of deduction, which covers most employers of over ten persons, the amount deducted is remitted to the Taxation Department, and after 30th June each year each employee is given a group certificate by his employer showing the amount of deductions made during the year. The employee then uses the group certificate for that year to meet, in full or in part, the assessment on that year's income when it is received.

Under the stamp scheme, used by small employers, a stamp deduction card in two parts is used. Each four weeks the employer purchases stamps (also in two parts) for the amount of the deductions made each pay day and sticks one part on each half of the card. At the end of the year the employer gives the employee one half of the card and sends the other half to the Taxation Department. The employee's half is then used in the same way as a group certificate.

9. **Provisional Tax.**—For non-employees collection of tax and contribution for the current year is made at the same time as collection and assessment for the previous year is adjusted. The notice of assessment shows an amount of provisional tax and contribution for the current year. This provisional amount is an approximation to the tax and contribution which will prove to be payable after the return of income for the current

year has been lodged. It is ascertained by assuming that the income of the current year will be the same as that for the previous year (for which a return has already been lodged) but the rates for the current year are applied to the income and not the rates for the year in which it was derived. The assessment notice shows the provisional tax and contribution paid in the previous year as a credit against the tax and contribution assessed on the basis of the return for that year.

Employees with more than £50 income from sources other than wages and salaries are also required to pay provisional tax in respect of that income.

The assessment notice issued in 1946-47 (containing provisional tax for 1946-47) will also contain the last of the three instalments of tax on income derived from non-wage sources in 1943-44 which was spread over three years as part of the pay-as-you-earn adjustments.

10. **Effective Exemptions from Tax.**—Taxpayers without dependants are exempt from Social Services Contribution and Income Tax at the old rates unless their income exceeds £104 and are exempt from Income Tax at the new rates unless their income exceeds £200. The effect of rebates for dependants is to exempt taxpayers with dependants up to the incomes shown below :—

Taxpayer with—	Social Services Contribution.	Income Tax.		
		Old Rates on 1945-46 Income.	New Rates on 1945-46 Income.	Rates on 1946-47 Income.
	£	£	£	£
Wife	156	156	266	280
„ and one child	175	175	318	345
„ „ two children	211	211	347	378
„ „ three children	257	257	380	412
„ „ four children	277	277	413	447

11. **Rates of Tax on Individuals.**—The following table shows the rates of income tax in respect of 1945-46 and 1946-47 incomes. The rates of income tax on income derived in 1945-46 are half the rates shown below as “old” rates plus half the rates shown below as “reduced” rates.

(T = Taxable Income in Pounds.)

Rates.	Personal Exertion.		Property.	
	Taxable Income.	Tax in Pence.	Taxable Income.	Tax in Pence.
1945-46 Income— “Old”				
Rates—	£101- £300	.165T ² - 3T - 750	£101- £200	.165T ² - 3T - 750
	£301-£1,000	.01T ² + 90T - 14,700	£201- £300	.24T ² - 20.5T - 250
	£1,001-£2,000	.033T ² + 44T + 8,300	£301-£1,000	.01T ² + 117.5T - 20,950
	£2,001-£3,000	.015T ² + 116T - 63,700	£1,001-£2,000	.034T ² + 69.5T + 3,050
	£3,001-£5,000	.004T ² + 182T - 162,700	£2,001-£5,000	.00275T ² + 194.5T - 121,950
	over £5,000	222T - 262,700	over £5,000	222T - 190,700
“Reduced”				
Rates—	£201- £300	.15T ² - 24T - 600	£201- £300	.21T ² - 36T - 600
	£301-£1,000	.01T ² + 60T - 13,200	£301-£1,000	.01T ² + 84T - 18,600
	£1,001-£2,000	.03T ² + 20T + 6,800	£1,001-£2,000	.03075T ² + 42.5T + 2,150
	£2,001-£3,000	.013T ² + 88T - 61,200	£2,001-£3,000	.00275T ² + 154.5T - 109,850
	£3,001-£5,000	.004T ² + 142T - 142,200	over £5,000	182T - 178,600
	over £5,000	182T - 242,200		
1946-47 Income—				
Rates—	£201- £300	.06T ² + 12T - 4,800	£201- £300	.1T ² + 7T - 5,400
	£301-£1,000	.02T ² + 36T - 8,400	£301-£1,000	.02T ² + 55T - 12,600
	£1,001-£2,000	.025T ² + 26T - 3,400	£1,001-£2,000	.029T ² + 37T - 3,600
	£2,001-£3,000	.014T ² + 70T - 47,400	£2,001-£3,000	.0035T ² + 139T - 105,600
	£3,001-£5,000	.005T ² + 124T - 128,400	over £5,000	174T - 193,100
	over £5,000	174T - 253,400		

The basic rate of Social Services Contribution is 3d. in the £1 plus one-eighth of a penny for every £1 by which the contributable income exceeds £100. The maximum basic rate is 1s. 6d. in the £1 which is reached at an income of £220 and applies to all incomes

over that amount. If the contributable income does not exceed the sum of the concessional allowances by more than £180 a concessional rate is provided. The concessional rate is the basic rate multiplied by the ratio of the excess of the contributable income over the sum of the concessional allowances to the lesser of the contributable income or £180. These rates will apply in full to 1946-47 income, but only half rates will be applied to 1945-46 income.

No Social Services Contribution is payable if the contributable income is less than £105, and if the contributable income is less than £113 the contribution payable shall not exceed half the excess of the contributable income over £104.

The rate of tax for farmers and pastoralists is determined by the average taxable income of the five years up to the current year, but the rate is applied to the actual income of the current year.

The minimum amount payable is 10s. and the amount payable and rebates are calculated to the nearest shilling.

12. Taxes on Sample Individual Incomes.—The following tables show the Income Tax and Social Services Contribution payable by taxpayers with varying incomes and numbers of dependants on income derived in 1945-46 and in 1946-47 :—

COMMONWEALTH TAXES ON INCOME.

Income.	1945-46 Income Year.			1946-47 Income Year.		
	Income Tax.	Social Services Contribution.	Total.	Income Tax.	Social Services Contribution.	Total.
INCOME FROM PERSONAL EXERTION.—TAXPAYER WITH NO DEPENDANTS.						
£	£	£	£	£	£	£
100
150	..	5.25	2.90	..	5.80	5.80
200	..	10.95	6.45	..	12.90	12.90
250	..	24.15	9.35	8.10	18.75	26.85
300	..	39.35	11.25	17.50	22.50	40.00
350	..	56.35	13.10	27.70	26.25	53.95
400	..	73.55	15.00	38.35	30.00	68.35
500	..	108.55	18.75	60.85	37.50	98.35
600	..	144.35	22.50	85.00	45.00	130.00
800	..	218.55	30.00	138.35	60.00	198.35
1,000	..	296.05	37.50	198.35	75.00	273.35
1,500	..	526.75	56.25	382.70	112.50	495.20
2,000	..	823.10	75.00	619.15	150.00	769.15
3,000	..	1,539.80	112.50	1,202.50	225.00	1,427.50
5,000	..	3,156.45	187.50	2,569.15	375.00	2,944.15
INCOME FROM PERSONAL EXERTION.—TAXPAYER WITH DEPENDENT WIFE.						
£	£	£	£	£	£	£
100
150
200	..	5.50	3.55	..	7.15	7.15
250	..	9.20	6.50	..	13.00	13.00
300	..	22.50	11.25	4.15	22.50	26.65
350	..	36.50	13.10	12.30	26.25	38.55
400	..	51.40	15.00	21.25	30.00	51.25
500	..	83.10	18.75	41.20	37.50	78.70
600	..	116.55	22.50	63.35	45.00	108.35
800	..	187.50	30.00	113.55	60.00	173.55
1,000	..	262.70	37.50	171.00	75.00	246.00
1,500	..	487.90	56.25	349.70	112.50	462.20
2,000	..	778.20	75.00	580.70	150.00	730.70
3,000	..	1,494.80	112.50	1,157.50	225.00	1,382.50
5,000	..	3,111.45	187.50	2,524.15	375.00	2,899.15

COMMONWEALTH TAXES ON INCOME—*continued.*

Income.	1945-46 Income Year.			1946-47 Income Year.		
	Income Tax.	Social Services Contribution.	Total.	Income Tax.	Social Services Contribution.	Total.
INCOME FROM PERSONAL EXERTION.—TAXPAYER WITH DEPENDENT WIFE AND ONE CHILD.						
£	£	£	£	£	£	£
100
150
200
250	..	1.40	0.90	..	1.80	1.80
300	..	3.65	2.60	..	5.20	5.20
350	..	11.45	7.80	..	15.60	15.60
400	..	21.60	12.75	34.35	0.70	25.50
450	..	34.80	15.00	49.80	8.45	30.00
500	..	64.00	18.75	82.75	26.45	37.50
600	..	95.70	22.50	118.20	47.10	45.00
800	..	164.20	30.00	194.20	94.95	60.00
1,000	..	237.70	37.50	275.20	150.50	75.00
1,500	..	458.75	56.25	515.00	324.95	112.50
2,000	..	744.50	75.00	819.50	551.85	150.00
3,000	..	1,453.50	112.50	1,566.00	1,121.80	225.00
5,000	..	3,066.45	187.50	3,253.95	2,480.00	375.00

INCOME FROM PERSONAL EXERTION.—TAXPAYER WITH DEPENDENT WIFE AND TWO CHILDREN.						
£	£	£	£	£	£	£
100	..	..	..	..	..	..
150	..	..	..	..	..	..
200	..	..	..	..	..	..
250	..	1.45	1.05	2.50	..	2.10
300	..	8.70	5.95	14.65	..	11.85
350	..	15.65	10.55	26.20	..	21.15
400	..	28.15	15.00	43.15	3.35	30.00
450	..	56.35	18.75	75.10	20.55	37.50
500	..	87.70	22.50	110.20	40.60	45.00
600	..	156.20	30.00	186.20	87.55	60.00
1,000	..	229.70	37.50	267.20	142.50	75.00
1,500	..	450.75	56.25	507.00	316.95	112.50
2,000	..	736.50	75.00	811.50	543.85	150.00
3,000	..	1,445.50	112.50	1,558.00	1,113.80	225.00
5,000	..	3,058.45	187.50	3,245.95	2,472.00	375.00

INCOME FROM PROPERTY.—TAXPAYER WITH NO DEPENDANTS.						
£	£	£	£	£	£	£
100	..	..	..	..	..	..
150	..	5.25	2.90	8.15	..	5.80
200	..	10.95	6.45	17.40	..	12.90
250	..	27.40	9.35	36.75	10.85	18.75
300	..	47.30	11.25	58.55	23.75	22.50
350	..	69.65	13.10	82.75	37.90	26.25
400	..	92.20	15.00	107.20	52.50	30.00
500	..	137.90	18.75	156.65	82.90	37.50
600	..	184.50	22.50	207.00	115.00	45.00
800	..	380.10	30.00	310.10	184.15	60.00
1,000	..	379.05	37.50	416.55	260.00	75.00
1,500	..	664.35	56.25	720.60	488.10	112.50
2,000	..	1,017.10	75.00	1,092.10	776.65	150.00
3,000	..	1,801.45	112.50	1,913.95	1,428.75	225.00
5,000	..	3,438.95	187.50	3,626.45	2,820.40	375.00

13. **Company Income Taxes.**—(i) *General.* For taxation purposes, companies are divided into two main groups—public companies and private companies. A private company is defined as a company which is under the control of not more than seven persons, and which is not a company in which the public are substantially interested or a subsidiary of a public company. Ordinary income tax is imposed on both groups of companies, but other taxes on companies are imposed according as to whether a company is public or private. Pay-as-you-earn taxation and Social Services Contribution have not been applied to companies.

(ii) *Public Companies.*—(a) *Ordinary Income Tax.* The income of companies is assessed for Commonwealth Income Tax on the same principles as individuals. Tax is, however, assessed at a flat rate on the whole taxable income. Dividends received are assessable income both for companies and individuals, but companies receive a rebate at the company rate on the amount of dividends included in the taxable income. This rebate is not allowed to non-resident companies. The rate of ordinary income tax is 6s. in the £1. The rate on Commonwealth Loan Interest subject to 1930–31 rates is 1s. 4d. in the £1.

(b) *War-time (Company) Tax.* The War-time (Company) Tax was first imposed in 1940–41 on income derived in 1939–40. The tax is levied on the taxable profit of a company in relation to capital employed. Taxable profit is obtained by deducting from taxable income:—

- (a) Commonwealth ordinary income tax payable in respect of that taxable income; and
- (b) any dividend included in taxable income.

Capital employed excludes shareholdings in other companies.

The tax is imposed on the excess of the taxable profit over 5 per cent. of capital employed. The rates of tax vary from 6 per cent. of the excess to 78 per cent. of the excess (where the excess is over 12 per cent. of capital employed).

Private companies, co-operative companies, mutual life assurance companies, companies in which little or no capital is required and whose profits are derived from commissions, etc., and companies other than subsidiaries whose taxable profits do not exceed £1,000 are exempt from the tax.

(c) *Super Tax.* In conjunction with the War-time (Company) Tax, a Super Tax of 1s. in the £1 on the excess of the taxable income over £5,000 was imposed. All companies receive a rebate of 1s. in the £1 on the amount of dividends (from companies which have already paid super tax) included in super tax income.

Commonwealth Loan Interest subject only to 1930–31 rates of tax is excluded from super tax income since the full 1930–31 rate of 1s. 4d. in the £1 is already paid as ordinary income tax. The interest is, however, included in taxable profit for the purposes of War-time (Company) Tax where it has the effect of reducing the War-time (Company) Tax payable because of the low yield on capital.

If a company is liable to both Super Tax and War-time (Company) Tax, the taxes are alternative and, in effect, only the higher of the two and not both taxes are payable. This is achieved by allowing a rebate against War-time (Company) Tax of the lesser of the following amounts:—

- (a) the amount of War-time (Company) Tax assessed, or
- (b) the net amount of Super Tax payable.

(d) *Undistributed Income Tax.* Since 1940–41 a tax has been imposed at the rate of 2s. in the £1 on the undistributed income of a public company. The undistributed income is the taxable income less:—

- (a) Commonwealth Income Tax, Super Tax and War-time (Company) Tax and any tax paid outside Australia on the taxable income;
- (b) dividends paid out of the taxable income before the expiration of six months (nine months if the company is a non-resident) after the close of the year of income;
- (c) the net loss incurred in carrying on the company's business outside Australia; and
- (d) the portion of Commonwealth Loan Interest subject to 1930–31 rates remaining in the undistributed income.

Mutual life assurance companies and non-resident companies not carrying on business in Australia are exempt from the tax.

(iii) *Private Companies.* Private companies are not liable for War-time (Company) Tax, Super Tax or the normal Undistributed Income Tax. An additional tax on the undistributed income is imposed, this tax being based on the close relationship between a private company and a partnership.

The undistributed income is calculated in approximately the same way as for a public company, but, instead of a flat rate of 2s. in the £1 being imposed, the additional Income Tax and Social Services Contribution which would have been payable by the shareholders, if all the income had been distributed, is calculated, and this amount is charged to the company as additional tax on undistributed income. The tax so charged is allowed with other taxes as a deduction in determining the undistributed income for the following year. In this way the shareholders of a private company are required to pay approximately the same tax as if they were a partnership or sole traders.

14. *Yield of Income Taxes.*—(i) *Collections from all Income Taxes.* The following table shows the collections of taxes of all types imposed on income for the years 1938-39 and 1941-42 to 1945-46 :—

INCOME TAX COLLECTIONS.

Year.	Individuals.			Companies.			Total.		
	Commonwealth.	State.	Total.	Commonwealth.	State.	Total.	Commonwealth.	State.	Total.
1938-39 ..	£'000. 7,582	£'000. 18,314	£'000. 25,896	£'000. 4,300	£'000. 11,498	£'000. 15,798	£'000. 11,882	£'000. 29,812	£'000. 41,694
1941-42 ..	46,883	20,352	67,235	30,681	16,370	47,051	77,564	36,722	114,286
1942-43(a) ..	93,481	4,792	98,273	48,408	1,520	49,928	141,839	6,312	148,201
1943-44(a) ..	132,559	887	133,446	51,410	384	51,794	183,969	1,271	185,240
1944-45(a) ..	155,731	491	156,222	59,919	203	60,122	215,650	694	216,344
1945-46(a) ..	159,355	367	159,722	55,310	206	55,666	214,665	603	215,328

(a) Commonwealth collections are greater than the Budget figures by the amount of refunds of State taxes. State collections are net arrears.

(ii) *Commonwealth Income Tax Assessed.* The amounts of Commonwealth taxes assessed on the income of recent years are shown in the following table. The amounts are shown under the year in which most of the assessments were made, i.e., the year following the income year :—

COMMONWEALTH INCOME TAXES ASSESSED.

Tax.	1940-41.	1941-42.	1942-43.	1943-44.	1944-45.
	£'000.	£'000.	£'000.	£'000.	£'000.
Individuals—					
Income Tax	29,787	38,974	83,227	147,064	(b) 40,826
War Tax		8,378			
Companies—					
Income Tax	9,342	19,916	35,764	38,012	42,470
Super Tax	2,856	2,713	3,208	3,305	3,804
War-time (Company) Tax	2,212	4,090	3,286	3,155	4,390
Undistributed Income Taxes(a)—					
Private Companies	3,766	6,296	9,100	8,647	(b) 2,289
Non-Private Companies	2,578	2,397	1,758	1,713	1,988
Total	50,541	82,764	136,343	201,896	95,767

(a) Approximate. (b) See note (b) on p. 746.

(iii) *Commonwealth Income Tax on Residents in Grades of Incomes.* Individual income taxes assessed on residents were distributed according to grades of actual income (income before allowing deductions of a concessional nature or statutory exemptions and including exempt income) as follows:—

COMMONWEALTH INCOME TAXES ON RESIDENT INDIVIDUALS IN GRADES OF ACTUAL INCOMES.

Grade of Actual Income.	1940-41.(a)		1941-42.(a)		1942-43.(a)		1943-44.(a)		1944-45.(a)	
	No. of Tax-payers.	Tax.	No. of Tax-payers.	Tax.	No. of Tax-payers.	Tax.	No. of Tax-payers.	Tax.	No. of Tax-payers.	Tax. (b)
£ f		£'000.		£'000.		£'000.		£'000.		£'000.
Under £151	..	..	..	..	..	..	225,733	1,322	223,462	330
151- 200	..	..	187,000	394	193,605	961	245,136	3,307	252,091	875
201- 250	88,328	242	265,497	1,082	193,259	1,762	184,201	4,000	197,041	1,137
251- 300	127,231	720	316,872	2,173	276,287	3,890	235,491	6,590	231,564	1,756
301- 350	102,204	881	211,813	2,391	266,049	5,733	277,986	10,874	277,991	2,846
351- 400	72,821	876	119,371	2,076	182,714	5,515	240,417	12,439	254,095	3,381
401- 500	86,751	1,570	118,262	3,178	182,915	8,031	275,742	19,983	299,858	5,526
501- 600	44,272	1,300	51,500	2,156	71,949	4,821	108,627	11,468	120,818	3,258
601- 800	£ 33,434	1,559	(c) 36,003	2,251	54,531	5,681	78,148	12,086	90,420	3,594
801- 1,000	£ 25,915	2,096	(d) 27,418	2,804	23,675	4,021	31,027	7,405	35,161	2,143
1,001- 1,250	12,376	1,745	13,173	2,269	15,597	4,015	19,746	6,721	22,307	1,915
1,251- 1,500	7,467	1,610	7,720	1,996	9,026	3,329	11,423	5,327	12,839	1,517
1,501- 2,000	7,938	2,748	8,024	3,252	9,756	5,436	12,344	8,219	13,609	2,285
2,001- 3,000	6,294	3,862	6,509	5,063	7,619	7,702	9,375	10,550	10,491	2,903
3,001- 4,000	2,399	2,464	2,316	3,315	2,718	4,815	3,389	6,402	3,731	1,787
4,001- 5,000	1,123	1,562	1,158	2,460	1,223	3,182	1,502	4,048	1,616	1,108
5,001-10,000	1,480	3,297	1,507	5,301	1,667	7,317	1,977	8,866	2,051	2,312
10,001-15,000	244	1,023	264	1,826	276	2,402	309	2,728	332	755
15,001-30,000	(e) 112	714	(e) 112	1,254	152	2,342	145	2,121	171	638
30,001-50,000	(f) 47	600	(f) 46	910	28	767	28	793	28	190
50,001 and over	12	297	12	401	7	322	10	626	18	222
Total ..	620,448	29,166	1,374,577	46,561	1,493,053	82,044	1,962,756	145,875	2,049,694	40,568

(a) Year in which assessment was made. Incomes relate to previous year. (b) As a result of the introduction of the pay-as-you-earn system, the amount of tax assessed in 1944-45 on income derived in 1943-44 was reduced to approximately one-quarter of the amount which otherwise would have been payable. (c) Grade £601-£750. (d) Grade £751-£1,000. (e) Grade £15,001-£25,000. (f) Grade £25,001-£50,000.