Chapter 11

FINANCE

PUBLIC FINANCE

Commonwealth and State

Change in Relationship

Before Tasmania became an original State of the Commonwealth, the responsibility for raising revenue and borrowing loan moneys had rested with the Tasmanian Government. Due to developments since Federation, the present reality is that Tasmania, in common with other Australian States, has limited ability to raise the money required for revenue and capital purposes; the Commonwealth Government, in the same period, has become almost the exclusive channel for loan funds for State purposes, and supplements State revenue by massive grants from its own funds. The emergence of the Commonwealth as the dominating influence in the financial transactions of the State Governments can be traced to three events:

(1) under the Constitution, the States surrendered the right to levy customs and excise duties, such revenue sources passing exclusively to the Commonwealth;

(2) under the *Financial Agreement Act* 1927, the Commonwealth became the borrowing agent for the States;

(3) during World War II, under the Uniform Tax Scheme, the Commonwealth became the sole authority levying taxes upon the income of persons and companies—a war-time measure which has continued to this day.

The result of these changed relationships can be summarised as follows: (i) the Commonwealth Government, as the channel for loan funds for State purposes, exercises a substantial degree of control over public investment; (ii) to carry out functions for which their revenue is entirely inadequate, the States have become heavily dependent on the Commonwealth Government for general and specific grants; the Commonwealth Government is therefore placed in a position to exercise a substantial degree of control over the ordinary public expenditure of the States.

Principal Activities of the States

The Federal Constitution lists the matters regarding which the Commonwealth Parliament has power to legislate. Some of these powers are given exclusively to the Commonwealth (e.g. defence, customs and excise) but, in many matters, the Commonwealth and State Governments have concurrent powers, Commonwealth law prevailing where there is conflict. Matters other than those listed in the Constitution remain the concern of the States. Principal government activity at State level embraces education, health and welfare services, the development of internal resources, land settlement, soil conservation, maintenance of law and order and the provision of public utility

services such as roads, electricity, public transport and water supply. Such activities are either undertaken by State Departments or by statutory and local government bodies created under State legislation. The most obvious form of revenue for the discharge of these functions is State taxation but the Commonwealth exercises a practical monopoly over the more lucrative tax sources (e.g. customs and excise, income tax, sales tax, pay-roll tax, &c.). A responsibility therefore rests on the Commonwealth to supplement State revenues and the principal forms of assistance are described in the sections that follow.

Financial Assistance Grants

The (Federal) *States Grants (Income Tax Reimbursement) Act* 1942 provided for grants to the States as compensation for vacating the field of income tax. Similar grants, referred to as Tax Reimbursement Grants, continued until 1958-59 but the passage of the (Federal) *States Grants Act* 1959 resulted in a new formula for calculation of the grant. The essential features of the formula are as follows:

(1) The base year grant (1959-60) for Tasmania was fixed at $21,826,000.

(2) The grant for the following year (1960-61) was calculated by applying three factors to the base year grant: (i) percentage increase in State population, 1959-60; (ii) percentage variation in Australian average wages per person employed, 1959-60; (iii) a constant betterment factor of 1.1 applied to the percentage wage variation.

(3) The grant for 1960-61 so calculated then became the base for calculating the 1961-62 grant, population and wage variations in 1960-61 supplying the necessary data.

The calculation of the Tasmanian grant for 1962-63 illustrates the application of the formula: (i) grant (1961-62), $25,477,238; (ii) percentage increase in Tasmanian population (1961-62), 1.88535; (iii) percentage increase in average wages per Australian employed (1961-62), 2.3063121; (iv) betterment factor, 1.1.

Calculated Grant (1962-63) =

$$\$25{,}477{,}238 \times 1.0188535 \times \frac{100 + (2.3063121 \times 1.1)}{100}$$

$$= \$26{,}616{,}104$$

The 1962-63 grant ($26,616,104) becomes the base for calculating the 1963-64 grant.

The following shows the amounts received as Financial Assistance Grants since 1948-49:

Financial Assistance Grants (*a*)—Receipts by Tasmania
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Year	Amount	Year	Amount	Year	Amount
	$		$		$
1948-49 ..	3,334,042	1954-55 ..	10,152,662	1960-61 ..	23,960,360
1949-50 ..	4,445,148	1955-56 ..	10,704,450	1961-62 (*b*)	25,671,238
1950-51 ..	5,217,170	1956-57 ..	12,048,712	1962-63 ..	26,616,104
1951-52 ..	7,999,974	1957-58 ..	13,435,384	1963-64 ..	27,626,296
1952-53 ..	9,069,516	1958-59 ..	14,539,428	1964-65 ..	29,297,286
1953-54 ..	9,663,204	1959-60 ..	21,826,000		

(*a*) Tax Reimbursement Grants from 1942-43 to 1958-59. (Formula grants plus supplementary grants.)

(*b*) Includes upward amendment of $194,000 resulting from population census adjustments. Nevertheless the original calculated figure—$25,477,238—was the base from which the 1962-63 grant was calculated.

Uniform Income Taxation

The question remains—if the exclusive right to levy income taxes was merely a war-time measure, why has the practice continued to this day? As late as August, 1953, a Premiers' Conference discussed a report on the extent to which the Commonwealth might vacate the income tax field but no agreement could be reached. In December, 1955, the Victorian Government took out a writ in the High Court challenging the validity of the uniform tax legislation. In particular, Victoria disputed: (i) the power of the Commonwealth to make tax reimbursement grants conditional upon the States' not levying income tax; (ii) the Commonwealth's power to provide an absolute priority for payment of Commonwealth income tax over income taxes levied by the States. In November, 1956, the New South Wales Government intervened to support Victoria's challenge.

In August, 1957, the High Court ruled: (i) unanimously, that the condition attaching to the tax reimbursement grants, that the State should not levy income tax, was valid; (ii) by four to three, that the prohibition against a taxpayer paying State income tax until Commonwealth income tax was paid, was invalid. This meant that any State wishing to levy income tax would be obliged to negotiate a special agreement with the Commonwealth; to tax on incomes without such agreement would place the State's tax reimbursement grant in jeopardy. To date, no special agreement has been negotiated by any State.

In bringing down his budget in 1964, the Victorian Premier announced his intention of re-introducing State income tax. The essentials of his proposals were:

(1) an agreement would be negotiated with the Commonwealth so that the existing Commonwealth machinery for assessment and collection could be used;

(2) if such agreement could be obtained, Victorians would pay an extra 1d. in the £ (0.4167 cents in the $) over and above the rates of personal income tax collected by the Commonwealth.

In November, 1964, this request for the use of Commonwealth facilities was rejected by Federal Cabinet and the Victorian Government abandoned the proposal, stating the following grounds:

(1) it would be very expensive for the State to set up its own machinery for the assessment and collection of income tax;

(2) it would be very inconvenient for the Victorian taxpayer to have to fill in two income tax returns and to deal with two authorities.

The acceptance of the Victorian Government's proposals by the Federal Cabinet would have been a cause for concern to the Tasmanian Government. As a claimant State in the matter of Special Grants, Tasmania is compelled to follow, in some degree, the taxation procedures of the Standard States (Victoria and N.S.W.).

Special Grants (Section 96 of the Constitution)

Section 96 of the Constitution reads: "During a period of ten years after the establishment of the Commonwealth and thereafter until the Parliament otherwise provides, the Parliament may grant financial assistance to any State on such terms and conditions as the Parliament thinks fit". Prior to 1933, financial assistance of varying amounts was granted by the Commonwealth to South Australia (from 1929-30), Western Australia (from 1910-11) and Tasmania (from 1912-13). There was no set method of arriving at the grant although on some occasions the applications for assistance were examined by the Public Accounts Committee of the Federal Parliament.

The Commonwealth Grants Commission was established in 1933 and consists of three members on a part-time basis assisted by a full-time staff. Initially, the Commission considered "compensation for disabilities arising from federation" as a possible basis for its recommendations. In its Third Report (1936) it fixed upon the principle of financial need, which was expressed in the following terms: "Special grants are justified when a State through financial stress from any cause is unable efficiently to discharge its functions as a member of the federation and should be determined by the amount of help found necessary to make it possible for that State by reasonable effort to function at a standard not appreciably below that of other States". In arriving at its recommendations, the Commission each year makes a detailed comparison of the budget results of the claimant States with those of the non-claimant States.

Prior to the passage of the (Federal) *States Grants Act* 1959, the claimant States had been Tasmania, W.A. and S.A., so the Commission had used the budgetary experience of the non-claimant States (N.S.W., Victoria and Queensland) as the basis for comparison. The new formula evolved under the *States Grants Act* 1959 had been devised partly in reaction to a claim by Victoria and Queensland to be also considered as claimant States; in effect, the new scale of increased grants under this legislation resulted in the number of claimant States falling to two, W.A. and Tasmania. The Grants Commission could then have used the accounts of the four non-claimant States to reach a basis for comparison; it finally decided to adopt a two-State standard, based on the budgets of N.S.W. and Victoria. The following table shows Tasmanian receipts since 1947-48:

Special Grant (Section 96)—Receipts by Tasmania
($'000)

Year	Preliminary Grant	Adjustment Assessed (*a*)	Adjustment Applied (*b*)	Actual Receipt (*c*)
1947-48 ..	1,494	+ 524	..	1,494
1948-49 ..	2,000	— 192	..	2,000
1949-50 ..	2,000	+ 252	+ 524	2,524
1950-51 ..	2,200	..	— 192	2,008
1951-52 ..	1,500	— 300	+ 252	1,752
1952-53 ..	3,100	— 1,200	..	3,100
1953-54 ..	3,300	— 368	— 300	3,000
1954-55 ..	6,400	— 314	— 1,200	5,200
1955-56 ..	8,768	— 1,632	— 368	8,400
1956-57 ..	7,314	— 28	— 314	7,000
1957-58 ..	8,932	+ 1,606	— 1,632	7,300
1958-59 ..	8,828	+ 1,818	— 28	8,800
1959-60 ..	5,194	+ 1,950	+ 1,606	6,800
1960-61 ..	6,800	+ 282	+ 1,818	8,618
1961-62 ..	8,200	+ 556	+ 1,950	10,150
1962-63 ..	9,800	+ 982	+ 282	10,082
1963-64 ..	10,200	..	+ 556	10,756
1964-65 ..	13,618	..	+ 982	14,600

(*a*) The assessment is shown against the actual year for which accounts have been examined by the Grants Commission, although its effect does not become apparent until two years later.

(*b*) The two-year delay in application is due to the Grants Commission's obligation to perform a minute analysis of the accounts of claimant and non-claimant States before announcing the adjustments.

(*c*) "Preliminary grant" plus or minus the "adjustment applied".

Since 1949-50, the Special Grant has been in two parts. One part is in the nature of a preliminary grant to meet the estimated financial needs of the State during the current financial year. The other part is an adjustment (positive or negative), the magnitude of which will depend on whether the preliminary grant made two years earlier proved greater or less than the amount of financial assistance deemed justified by the Grants Commission. The Special Grant for 1963-64 was $10,200,000 subject to a positive adjustment of $556,000 on 1961-62 accounts.

The positive adjustment of $556,000 applied in 1963-64 meant that the Grants Commission considered its 1961-62 preliminary grant too low in the light of its critical examination, not only of the 1961-62 accounts of Tasmania, but also those of the Standard States (N.S.W. and Victoria). The accounting principles followed by the Grants Commission are necessarily complicated and can be examined in the Annual Reports of that authority. It is sufficient to say that the existence of the Special Grant has exercised considerable influence on the financial policy of successive Tasmanian Governments. Two principles employed by the Grants Commission will serve to illustrate the nature of this influence:

(1) if State taxation in a claimant State is below average rates and average exemption scales in the Standard States, an unfavourable adjustment will result;

(2) if State social service expenditure in a claimant State is above comparable per-capita expenditure in the Standard States (after allowing for certain difficulties encountered in the claimant State), an unfavourable adjustment will result.

The essence of the matter is that claimant States must endeavour to raise revenue from taxation at least at the rates and exemption scales adopted by the Standard States and must not exceed the per capita expenditure of the Standard States in certain fields. Departure from these standards can result in adverse Grant adjustments.

The treatment of Special Grant adjustments in Tasmanian accounts is as follows:

(1) if a favourable adjustment is made, an equal amount is paid into a suspense account (Accumulated Revenue Account) and the Consolidated Revenue Fund receives only the preliminary grant;

(2) if an unfavourable adjustment is made, an equal amount is transferred from the suspense account (Accumulated Revenue Account) to the Consolidated Revenue Fund. Thus the Consolidated Revenue Fund again shows as a receipt the amount of the preliminary grant and not, as might be expected, the preliminary grant *less* the unfavourable adjustment.

In effect, the State Treasury carries forward in the Accumulated Revenue Account unadjusted budget surpluses and deficits until the Grants Commission announces a favourable or unfavourable adjustment; action can then be taken to charge the net adjusted deficit against the Loan Fund.

Employment Stimulation Grants

The Commonwealth made available to the Tasmanian Government the following amounts: 1961-62, $1,980,000; 1962-63, $3,040,000. The funds were provided for expenditure "by the State at its discretion on employment-giving activities". The first grant in 1961-62 was taken to the credit of the

Consolidated Revenue Fund but, in 1962-63, the second grant was taken to the credit of a State Trust Fund (Commonwealth Grant Employment Suspense Account).

The disposal of the 1963-64 Tasmanian Employment Stimulation Grant ($2,816,000) illustrates the influence of the Australian Grants Commission on the financial practices of the claimant States. Originally it was intended to credit the whole amount to the State Trust Funds as in 1962-63. Subsequently it was learned that the Standard States (N.S.W. and Victoria) were taking the whole of their employment grants in aid of Consolidated Revenue, thus reducing their deficits. The Grants Commission, after hearing submissions from the Commonwealth Treasury, then informed the claimant States (Tasmania and W.A.) that if they incurred substantial deficits through failure to take an appropriate amount of their Employment Grants into Consolidated Revenue, an adjustment would be made to the Special Grant when the accounts for 1963-64 were reviewed by the Commission.

Two contrary points of view existed: (i) the standard States claimed that, by reducing their revenue deficits, they were reducing the drain on loan moneys for the funding of deficits; (ii) the claimant States argued that passing the Employment Grant into their Consolidated Revenue Funds would slow down, and even prevent, the application of all the grant to employment stimulating purposes; further, that the accounting principles of the Grants Commission could well result in portion of the effect of the Employment Grant being lost by a reduction in the Special Grant. To comply with the view of the Grants Commission, the Tasmanian Treasurer then allocated $900,000 to Consolidated Revenue and the balance ($1,916,000) to State Trust Funds.

Payments Under the Financial Agreement (1927)

Under the Financial Agreement which was entered into by the Commonwealth and the States in 1927, the Commonwealth contributes towards interest and sinking fund payments in respect of States' debts existing at 30th June, 1927, and towards sinking fund payments in respect of States' debts incurred after that date for purposes other than the funding of revenue deficits.

The Commonwealth contribution towards payment of interest on the Tasmanian State debt is a constant annual sum of $533,718 and will be continued until 1985.

The sinking fund contributions made by the Commonwealth under the Agreement in respect of States' debts vary according to the date and nature of the borrowings. On States' debts existing at 30th June, 1927, the Commonwealth is making sinking fund contributions at the rate of $0.25 per cent per annum until 1985 and in respect of cash loans raised for the States since that date, the Commonwealth makes sinking fund payments for 53 years at the rate of $0.50 per cent per annum. Each State is obliged to make sinking fund payments for corresponding periods at the rate of $0.50 per cent per annum of its debt, regardless of the date on which the debt was incurred. The only exception is in relation to debt incurred for the purpose of funding revenue deficits. In these instances, the Commonwealth makes no sinking fund contributions and the States are obliged to make contributions to the sinking fund of not less than four per cent per annum. However, in respect of Treasury Bills issued to cover State revenue deficits accruing between July, 1927 and June, 1935, special arrangements were made under which the Commonwealth contributes $0.50 per cent per annum until June, 1983, on the amount outstanding.

Recent Commonwealth sinking fund contributions in respect of the Tasmanian public debt are as follows: 1953-54, $396,874; 1954-55, $479,234; 1955-56, $540,572; 1956-57, $593,684; 1957-58, $654,010; 1958-59, $699,718; 1959-60, $776,022; 1960-61, $828,754; 1961-62, $896,130; 1962-63, $971,608; 1963-64, $1,061,736; 1964-65, $1,129,472.

The acceptance of some Commonwealth liability for interest and sinking fund payments on States' debts was only one part of a more extensive agreement setting up an Australian Loan Council and a National Debt Sinking Fund. The raising of loan money for the States under the Agreement is described later in this chapter.

Commonwealth Aid for Roads

The *Main Roads Development Act* 1923 provided for annual Commonwealth contributions to the States, the basis of distribution being a formula weighted 40 per cent according to State area and 60 per cent according to State population. This basis was explicitly expressed in the *Federal Aid Roads Act* 1926 and continued to operate until 1959-60. Later legislation defined the amount to be provided by the Commonwealth in terms of a stated yield from petrol tax, (e.g. the *Federal Aid Roads Act* 1931 determined the total contribution as 2.08 cents (2½d.) and 1.25 cents (1½d.) per gallon of petrol cleared for Customs duty and Excise duty purposes, respectively).

A new formula for distribution was embodied in the *Commonwealth Aid Roads Act* 1959 when the Commonwealth undertook to provide a total sum of $500,000,000 over a five year period. Of this amount, $440,000,000 represented basic grants, and the remaining sum of up to $60,000,000 was subject to certain annual limits, payable to the States on the basis of $1 for each $1 allocated by the State Governments from their own resources for expenditure on roads over and above the amounts allocated by them for roads expenditure in 1958-59.

The amounts being made available by the Commonwealth were distributed between the States in each year in the proportion of five per cent of the total for Tasmania, and the balance shared between the other five States on the basis of one third according to Census population, one third according to area and one third according to vehicles registered at 31st December preceding the year concerned. It will be observed that Tasmania, with less than one per cent of the area of the Commonwealth, was specifically exempted from the operation of the formula applied to the other States.

The *Commonwealth Aid Roads Act* 1964 contained provision for a second five-year plan based on a total distribution over this period of $750,000,000.

Details of Tasmanian receipts of Commonwealth contributions in respect of road expenditure are shown in the following table:

Commonwealth Aid for Roads—Receipts by Tasmania
($'000)

Year	Amount	Year	Amount	Year	Amount
1948-49 ..	710	1954-55 ..	2,334	1960-61 ..	4,600
1949-50 ..	876	1955-56 ..	2,652	1961-62 ..	5,000
1950-51 ..	1,356	1956-57 ..	3,126	1962-63 ..	5,400
1951-52 ..	1,466	1957-58 ..	3,466	1963-64 ..	5,800
1952-53 ..	1,510	1958-59 ..	3,624	1964-65 ..	6,500
1953-54 ..	1,646	1959-60 ..	(*a*) 4,366		

(*a*) Payment under the *Commonwealth Aid Roads Act* was $4,200,000 and the balance represents a final adjustment of Commonwealth commitments under previous legislation.

Summary of Commonwealth Payments

In the previous sections, the main forms of Commonwealth assistance have been described; the following table shows the total payments to Tasmania from the Commonwealth Consolidated Revenue Fund:

Commonwealth Consolidated Revenue Fund—Payments To or For The State of Tasmania
($'000)

Item	1962-63	1963-64	1964-65
Financial Assistance Grants	26,616	27,626	29,298
Special Grants (Section 96)	10,082	10,756	14,600
Employment Stimulation Grants	3,040	2,816	..
Financial Agreement Payments—			
Interest on State Debts	534	534	534
Sinking Fund on State Debts	972	1,062	1,130
Grant to University (Capital and Maintenance)..	1,018	1,056	1,342
Coal Mining Industry—Long Service Leave ..	8	6	4
Dairy Industry Extension Service	18	38	38
Expansion, Agricultural Advisory Services ..	36	32	36
Commonwealth Aid for Roads	5,400	5,800	6,500
Tuberculosis Hospitals—Maintenance Grant ..	364	362	362
Tuberculosis Hospitals—Capital Grant ..	10	40	6
Gordon River Road	..	270	1,094
Miscellaneous	..	22	(*a*) 884
Total (*b*)	48,098	50,420	55,828

(*a*) Items include science laboratories, $332,000; technical training, $334,000; mental health institutions, $198,000.

(*b*) This total cannot be identified *as such* in State accounts since part is taken into Consolidated Revenue, part into Loan Fund, and the balance into Trust and Special Funds.

Financial Agreement Between Commonwealth and States

The original Financial Agreement was made on 12th December, 1927, but Tasmania did not become a party to it until 1st July, 1928. The basic intention of the agreement was a co-ordinated approach to the loan market, the establishment of sound sinking fund arrangements and the sharing of State debt charges by the Commonwealth. The main provisions are summarised as follows:

(1) The Commonwealth assumed certain liabilities in respect of the States' debts (see previous section on interest and sinking fund payments made by the Commonwealth in respect of Tasmanian State Debt—"Payments under the Financial Agreement").

(2) The Australian Loan Council was set up to co-ordinate the public borrowings of the Commonwealth and the States. It consists of the Prime Minister (or his nominee) as Chairman, and the State Premiers (or their nominees). Each financial year, the Commonwealth and the States submit, to the Loan Council, programmes setting out the amounts they desire to raise by loan during the next year. Revenue deficits to be funded are included in the borrowing programmes but borrowing by the Commonwealth for defence purposes is excluded from the terms of the agreement.

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 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.

Subject to the decisions of the Loan Council, the Commonwealth arranges all borrowings, including those for conversions, renewals and redemptions. However, the Commonwealth or a State may borrow for "temporary purposes" by way of overdraft or fixed deposit, subject to limits fixed by the Loan Council. In addition, the Commonwealth may borrow within the Commonwealth, or a State within its own territory, from authorities, bodies, institutions, or from the public by counter sales of securities, subject to Loan Council approval. Commonwealth securities are issued for money borrowed in this way and amounts so borrowed are treated as part of the borrowing programme for the year.

(3) The Agreement involved setting up a National Debt Commission to administer one consolidated sinking fund in respect of the debt of the Commonwealth and the States. Sinking fund moneys are used to redeem unconverted securities at maturity, and to re-purchase securities on the stock market.

(4) It was realised 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 authorities (such loan raisings do not form part of State or Commonwealth debt and therefore are not within the scope of the original agreement). A set of rules evolved in 1936 is regarded as the "Gentlemen's Agreement" and makes provision for the submission to the Council of annual loan programmes in respect of semi-governmental authorities (in conjunction with the loan programmes of the Governments concerned) and for the fixing of the terms of individual semi-governmental loans coming within the scope of the annual programme. (For 1964-65, borrowings approved by the Loan Council for Tasmanian semi-government and local government authorities amounted to $9,852,000.)

In 1951-52 the Commonwealth, for the first time, provided assistance from its own resources to supplement the amounts raised on the market for the State Governments. It was clear that the amount of the approved Loan Council programme for that year could not be borrowed on reasonable terms and conditions, and the Commonwealth therefore offered to provide special assistance from its own resources to enable the borrowing programme to be completed. Similar assistance has been provided in subsequent years, the proportion of Commonwealth assistance to the total programme rising as high as 69 per cent in 1952-53. The main source of Commonwealth assistance has been the Australian currency proceeds of oversea loans and, more important, budget surpluses; funds have been made available through the issue of special loans subscribed to by the Commonwealth at the end of each financial year, on terms and conditions similar to those prevailing for public loans raised by the Commonwealth.

Money made available from the Commonwealth Loan Fund to the State of Tasmania is recorded in two State funds, namely:

(i) the Loan Fund, to which are paid the receipts of new cash borrowings but not allocations under the Commonwealth and State Housing Agreement;

(ii) the Trust and Special Funds, to which are paid the allocations for housing made under the Agreement.

The following table shows Loan Council borrowing programmes undertaken on behalf of the State of Tasmania:

Tasmania—New Cash Borrowings Authorised by Australian Loan Council (*a*) ($'000)

Year	Amount	Year	Amount	Year	Amount
1948-49 ..	7,794	1954-55 ..	25,920	1960-61 ..	28,388
1949-50 ..	10,718	1955-56 ..	26,800	1961-62 ..	28,996
1950-51 ..	29,382	1956-57 ..	22,800	1962-63 ..	30,708
1951-52 ..	30,200	1957-58 ..	24,200	1963-64 ..	32,020
1952-53 ..	26,124	1958-59 ..	25,180	1964-65 .	34,136
1953-54 ..	28,900	1959-60 ..	27,080		

(*a*) For State works programmes; amounts credited to State Loan Fund.

The above table does not include allocations under the Commonwealth and State Housing Agreements, such borrowings being also part of the Loan Council's programme. The following table shows allocations to Tasmania for housing purposes:

Tasmania—Allocations Under Commonwealth and State Housing Agreements (*a*) ($'000)

Year	Amount	Year	Amount	Year	Amount
1948-49 ..	900	1954-55 ..	(*b*)	1960-61 ..	4,000
1949-50 ..	2,200	1955-56 ..	(*b*)	1961-62 ..	5,856
1950-51 ..	200	1956-57 ..	4,000	1962-63 ..	5,200
1951-52 ..	(*b*)	1957-58 ..	4,000	1963-64 ..	6,000
1952-53 ..	(*b*)	1958-59 ..	4,400	1964-65 ..	6,400
1953-54 ..	(*b*)	1959-60 ..	3,900		

(*a*) For housing; credited to State Trust Funds.

(*b*) Tasmania withdrew from the Commonwealth and State Housing Agreement in 1950-51 and repaid all principal owing out of loan money allocated by the Loan Council to the State in that year. Tasmania's housing requirements in this period were financed from the State Loan Fund.

The following table combines borrowings for the State's works programme and for the housing programme:

Tasmania—Total Borrowings for Works and Housing Programmes ($'000)

Year	Amount	Year	Amount	Year	Amount
1948-49 ..	8,694	1954-55 ..	25,920	1960-61 ..	32,388
1949-50 ..	12,918	1955-56 ..	26,800	1961-62 ..	34,852
1950-51 ..	29,582	1956-57 ..	26,800	1962-63 ..	35,908
1951-52 ..	30,200	1957-58 ..	28,200	1963-64 ..	38,020
1952-53 ..	26,124	1958-59 ..	29,580	1964-65 ..	40,536
1953-54 ..	28,900	1959-60 ..	30,980		

Tasmanian Public Account

The State Public Account includes the Consolidated Revenue Fund, the Trust and Special Funds, and the Loan Fund. Ordinary revenues from taxation and other sources are paid into the Consolidated Revenue Fund from

which the main expenditures are for public debt charges, education, development of State resources, health and hospitals, general administration, subsidies to State business undertakings, law and order, and certain welfare activities. The Trust and Special Funds cover special transactions outside the ordinary operations of departmental expenditure, such as funds from the Commonwealth for specific purposes and moneys held for expenditure by the State at some future time. The Loan Fund receives its funds from public borrowings and the main expenditure is on State public works and on advances to State business undertakings.

A summary of transactions on the Tasmanian Public Account for a three-year period is given in the following table:

Public Account—Summary of Transactions
($'000)

Particulars	1961-62	1962-63	1963-64
Cash and Investments, Beginning of Year	4,130	6,216	5,292
Receipts—			
Consolidated Revenue Fund ..	60,636	63,036	67,836
Special Grant Adjustment	1,950	282	556
Loan Raisings	29,072	30,824	32,150
Other Payments to Loan Fund ..	2,432	2,822	2,448
Net Increase, Trust and Special Funds	1,756	– 654	520
Capital Appreciation on Bond Redemption	..		4
Total	95,846	96,312	103,514
Expenditure—			
Consolidated Revenue Fund ..	61,352	64,020	69,020
Loan Fund—Public Works and Purposes	32,332	33,100	35,062
Discount	76	116	130
Total	93,760	97,236	104,212
Cash and Investments, End of Year ..	6,216	5,292	4,594

In the following table are shown the balances credited to each fund constituting the Public Account and the form in which the balances are held:

Public Account—Summary of Balances
($'000)

As at 30th June	Balance				Location			
	Accumulated Revenue Account	Loan Fund	Trust and Special Funds	Total	Cash in Treasury or Bank	Advanced to Departments	Govt. and Other Securities (*a*)	Total
1961..	Dr. 2,458	4,058	2,530	4,130	2,268	706	1,156	4,130
1962..	Dr. 1,112	3,042	4,286	6,216	4,298	724	1,194	6,216
1963..	Dr. 1,700	3,360	3,632	5,292	3,598	728	966	5,292
1964..	Dr. 2,168	2,610	4,152	4,594	3,132	730	732	4,594

(*a*) Includes fixed deposits.

In the previous table, the "Accumulated Revenue Account" is a suspense account recording accumulated surpluses and deficits in the Consolidated Revenue Fund and also the funding of deficits. Details of the account are as follows:

Accumulated Revenue Account—Summary of Transactions ($'000)

Year	Opening Balance	Transactions			Closing Balance
		Budget Result, Consolidated Revenue	Special Grant Adjustment (*a*)	Deficits Charged to Loan Fund	
1960-61	Dr. 3,880	− 394	+ 1,818	..	Dr. 2,458
1961-62	Dr. 2,458	− 716	+ 1,950	+ 114	Dr. 1,112
1962-63	Dr. 1,112	− 984	+ 282	+ 112	Dr. 1,700
1963-64	Dr. 1,700	− 1,184	+ 556	+ 160	Dr. 2,168

Note—Figures have been rounded to nearest $'000 without adjustment to add to totals.

(*a*) It is Tasmanian Treasury practice to record Special Grant adjustments in the Accumulated Revenue Account and to include, in published Consolidated Revenue receipts, only the preliminary grant. Since the adjustment may be favourable (+) or unfavourable (−), Consolidated Revenue receipts are actually diminished or augmented by the amount of the adjustment.

In the following section dealing with Consolidated Revenue, Treasury practice has been followed in eliminating Special Grant adjustments from Consolidated Revenue total receipts.

Consolidated Revenue Fund

General

The financial transactions of the State of Tasmania are recorded under (a) Consolidated Revenue, (b) Trust Funds, and (c) Loan Fund.

Payments from Consolidated Revenue are made only on the basis of authority found in: (i) the annual Appropriation Act of the Parliament; (ii) Acts of the Parliament made in previous years and under which certain annual payments are classified as "reserved by law"; (iii) the *Public Account Act* 1957 (as amended in 1962) and the *Audit Act* 1918.

The third category of authority listed above is designed to give the Treasurer and the Government some flexibility in public expenditure since the Appropriation Act cannot be expected to anticipate, to the nearest dollar, the expenses that are likely to be incurred for each and every item. The relevant sections of the amended *Public Account Act* are 5A and 5B which provide that, in relation to Consolidated Revenue, the Treasurer may authorise transfers between votes within certain subdivisions of the appropriation and, on the authority of the Governor, supplement certain appropriations and provide funds to meet expenditure for which no other provision exists. Transfers, as described under 5A, are a matter for the Treasurer but additional expenditure, as described under 5B, needs ratification by Parliament before the close of the following financial year. Regulations 20 and 21 of the second schedule of the *Audit Act* provide for expenditure by the Treasurer to meet emergencies for which no vote exists; the Governor must first authorise such expenditure and the Auditor General investigate the circumstances before payment can be made.

Exclusions from Consolidated Revenue

It should be observed that the Consolidated Revenue Fund does not include the complete revenue and expenditure in respect of all activities undertaken or authorised by the State Government: (i) some moneys are paid

into State Trust Funds and some payments are made from such funds, e.g. the Commonwealth Aid Roads Grant is paid into the State Highway Trust Fund; (ii) the gross receipts and payments of a number of State business undertakings and State authorities are excluded from the Consolidated Revenue Fund, their relation to the fund being as follows:

(*a*) In Tasmania, the railways (in common with Government shipping and road transport services) are administered by the Transport Commission and, since 1939-40, only the net losses of this authority have been paid from the Consolidated Revenue Fund to which is credited the Commission's annual payment of debt charges (interest and redemption) on advances made by the Government.

(*b*) Omnibus services in Hobart, Launceston and Burnie are operated by the Metropolitan Transport Trust. The net annual loss of the authority is a charge against Consolidated Revenue which is credited with annual payment of debt charges made by the Trust on Government advances.

(*c*) The gross receipts and expenditure of the Hydro-Electric Commission are excluded from the Consolidated Revenue Fund which is credited with annual payment of debt charges by the Commission. Net profit or loss on the Commission's activities is carried forward in the authority's own suspense account and has no effect on Consolidated Revenue.

(*d*) Also excluded from the Consolidated Revenue Fund are the gross receipts and payments of: regional water supplies, Government Printing Office, Government Insurance Office, Public Trustee, State housing authorities, Closer Settlement, Rural Credits and other activities of the Agricultural Bank, &c.; in accordance with various Acts, it is usual for the net profits or losses of the previous year to be paid to or from the Consolidated Revenue Fund for the current year.

Consolidated Revenue Fund, Summary

The following table shows the Consolidated Revenue and Expenditure of Tasmania, the surplus and deficit, and the aggregate deficit at the end of each year:

Consolidated Revenue Fund—Surpluses and Deficits
($'000)

Year	Revenue			Expenditure	Budget Result		Aggregate Net Deficit at End of Year
	Before Adjustment	Special Grant Adjustment	After Adjustment		Before Adjustment	After Adjustment	
At30:6:53	..	..	..	..	..	..	6,956
1953-54	26,870	− 368	26,502	26,840	+ 30	− 338	7,294
1954-55	30,190	− 314	29,876	30,614	− 424	− 738	8,032
1955-56	36,022	− 1,632	34,390	35,792	+ 230	− 1,402	9,434
1956-57	37,916	− 28	37,888	39,544	− 1,628	− 1,656	11,090
1957-58	41,604	+ 1,606	43,210	43,228	− 1,624	− 18	11,108
1958-59	43,702	+ 1,818	45,520	45,518	− 1,816	+ 2	11,106
1959-60	48,592	+ 1,950	50,542	50,656	− 2,064	− 114	11,220
1960-61	53,772	+ 282	54,054	54,166	− 394	− 112	11,332
1961-62	60,636	+ 556	61,192	61,352	− 716	− 160	11,492
1962-63	63,036	(*a*)	63,036	64,020	− 984	(*a*)	(*a*) 12,476
1963-64	67,836	(*b*)	67,836	69,020	− 1,184	(*b*)	(*b*) 13,660

(*a*) Adjustment will be taken into account in 1964-65.
(*b*) Adjustment will be taken into account in 1965-66.

Deficit Funding

In the previous table, the original budget result is treated as provisional because the Grant Commission's adjustment is used to amend the original surplus or deficit and also the aggregate deficit. The Tasmanian Government refrains from immediately charging revenue deficits against the Loan Fund since the precise amount of the final deficit is not known until the Commission's adjustment is taken into account two years later. The following illustrates the sequence in the funding of deficits:

	$'000
(1) Aggregate deficit (unadjusted) at 30th June, 1962 ..	12,048
Less Special Grant Adjustment, 1961-62 Accounts ..	556
Adjusted Aggregate Deficit at 30th June, 1962	11,492
Unadjusted Deficits, 1962-63 and 1963-64	2,168
Aggregate Deficit at 30th June, 1964 (unadjusted for 1962-63 and 1963-64)	13,660
(2) Aggregate Revenue Deficits Funded at 30th June, 1963	11,332
Adjusted Revenue Deficit for 1961-62 Funded in 1963-64..	160
Aggregate Revenue Deficits Funded at 30th June, 1964 ..	11,492
Carried Forward in Accumulated Revenue Account to 1964-65 (*a*)	2,168
Aggregate Deficit at 30th June, 1964 (unadjusted for 1962-63 and 1963-64)	13,660

(*a*) The suspense account, Accumulated Revenue Account, is actually an Accumulated Deficit Account in which the accumulation of deficits is reduced by crediting the account with favourable Special Grant adjustments and by transferring liability to the Loan Fund (i.e. deficit funding). Revenue surpluses, when they occur, are paid to the account as an offset against accumulated deficits.

Consolidated Revenue—Receipts

The principal sources of revenue in this fund, in order of importance, are the grants and other financial assistance received from the Commonwealth Government; debt charges received from semi-government authorities in respect of State advances; and State taxation.

At this point, it should be noted that it is impossible to make valid comparisons between the unadjusted Consolidated Revenue Funds of the six Australian States due to differences in their recording of receipts. In some States, for example, the *gross* receipts of various business undertakings, e.g. railways, are taken into Consolidated Revenue but, in Tasmania, only the *net* losses of the Transport Commission are charged to the fund.

Other differences exist due to the form of control exercised over particular business undertakings. For example, three States show receipts from harbours in their Consolidated Revenue Funds but port control in Tasmania is vested in Marine Boards and therefore no receipts are recorded in the fund.

There are also differences in the treatment of Commonwealth grants, e.g. for universities. In Queensland and S.A., these university grants are recorded in Consolidated Revenue but not in the other four States (Tasmania passes such money through its Trust and Special Funds).

The following table shows Tasmanian Consolidated Revenue receipts for a three-year period:

Consolidated Revenue Fund—Receipts

($'000)

Item	1961-62	1962-63	1963-64
Commonwealth Grants—			
Financial Agreement	534	534	534
Financial Assistance	25,672	26,616	27,626
Special	10,150	10,082	10,756
Employment Stimulation	1,980	..	900
Total	38,336	37,232	39,816
Debt Charge Recoveries (*a*)—			
Interest	10,292	11,080	11,914
Sinking Fund	1,286	1,410	1,558
Total	11,578	12,490	13,472
State Taxation	8,694	9,228	10,066
Lands and Forests—			
Forestry	964	1,090	1,212
Other Rents, Sales, &c.	144	164	158
Total	1,108	1,254	1,370
Business Undertakings	224	162	236
Departmental Revenue, Fees, Rents, &c.	1,898	2,164	2,622
Victorian Lotteries Agreement	138	134	146
Commonwealth National Welfare Fund ..	610	654	664
Actual Receipts	62,586	63,318	68,392
Transfer, Accumulated Revenue Account(*b*)	— 1,950	— 282	— 556
Grand Total	60,636	63,036	67,836

(*a*) On advances made to semi-government bodies.

(*b*) Special Grant adjustments.

The relative importance of the various components of the Consolidated Revenue Fund can be assessed by expressing them on a per capita basis, using the State mean population for the relevant financial year:

Consolidated Revenue Fund—Receipts Per Head of Population

($)

Item	1961-62	1962-63	1963-64
Commonwealth Grants	107.48	102.82	108.73
Debt Charge Recoveries	32.46	34.50	36.80
State Taxation	24.38	25.48	27.49
Lands and Forests	3.10	3.46	3.74
Business Undertakings	0.62	0.46	0.64
Departmental Revenue, Fees, Rents, &c...	5.32	5.96	7.16
Victorian Lotteries Agreement	0.38	0.38	0.40
Commonwealth National Welfare Fund ..	1.72	1.80	1.81
Transfer, Accumulated Revenue Account	— 5.46	— 0.78	— 1.52
Total	170.00	174.08	185.25

Debt Charge Recoveries

After Commonwealth Grants, debt charge recoveries is the next important item in Consolidated Revenue. The following table shows details of the payments of interest and sinking fund made by various authorities on advances which have been made to them by the State Government; since the advances have been made primarily from State loan borrowings, the Government has accepted an annual liability for debt charges (in respect of these authorities) approximately equal to the recoveries shown.

Debt Charge Recoveries—Consolidated Revenue Fund
($'000)

Source of Recovery	Interest			Sinking Fund Contributions		
	1961-62	1962-63	1963-64	1961-62	1962-63	1963-64
Transport Commission	900	882	893	132	136	140
Metropolitan Transport Trust ..	106	110	117	16	16	17
Hydro-Electric Commission ..	7,600	8,160	8,785	986	1,094	1,210
Regional Water Supplies ..	252	368	500	30	40	64
Government Printing Office ..	20	20	20	2	2	3
King Island Abattoirs	16	16	16	2	2	2
Tasmanian Grain Elevators ..	26	40	40	14	8	8
Aluminium Industry Agreement	58	98	106	..	..	..
Closer Settlement	16	30	56	..	..	..
Returned Soldiers Settlement ..	24	24		..	..	..
Homes Act Advances	84	80	69	..	..	..
Homes Construction (Housing Department)	864	858	861	104	112	114
State Advances, Primary Producers	100	114	129	..	..	..
Loans to Local Bodies	8	38	64	..	..	..
Tourist Accommodation Loans ..	44	50	51	..	..	..
Flood Relief Act, 1960	4	6	..	..	..	..
Loans to Industry	126	118	127	..	..	..
Other	44	68	80	..	..	..
Total	10,292	11,080	11,914	1,286	1,410	1,558

State Taxation

In Tasmania, the chief State taxes, in order of importance, are Motor Tax; Stamp Duties (on cheques, legal documents, &c.); Probate and Succession Duties and Land Tax.

The following table gives a summary of State taxation taken into Consolidated Revenue for a three-year period:

State Taxation Collections Paid Into Consolidated Revenue
($'000)

Tax or Licence	1961-62	1962-63	1963-64
Probate and Succession Duties	1,968	1,764	2,135
Stamp Duties (excluding Bookmakers' Tickets)	1,800	2,086	2,190
Land Tax	1,094	1,258	1,554
Liquor Tax and Licences	566	578	591
Racing Taxes (including Bookmakers' Tickets)	462	480	497
Motor Taxes	2,508	2,832	3,019
Entertainment Tax	276	208	53
Other Licences	20	22	27
Total (*a*)	8,694	9,228	10,066

(*a*) Excluded are the following amounts received from the Victorian Government under an Interstate Lotteries Agreement: 1961-62, $137,914; 1962-63, $134,476; 1963-64, $145,394.

Not all State taxation is paid into the Consolidated Revenue Fund, some portion of total Motor Taxes and total Racing Taxes being reserved for special purposes as shown in the following table:

State Taxation Collections Paid to Special Funds
($'000)

Particulars	1961-62	1962-63	1963-64
Motor Taxation—			
Retained by Transport Commission..	570	618	686
Racing Taxation—			
Paid to Racing Clubs and Racing Commission	346	338	358
Total	916	956	1,044

The following summarises total taxation collected by the State:

Total State Taxation Collections (*a*)
($'000)

Particulars	1961-62	1962-63	1963-64
Paid into Consolidated Revenue	8,694	9,228	10,066
Paid into Special Funds	916	956	1,044
Total	9,610	10,184	11,110

(*a*) Taxation is described in fuller detail in a subsequent section—"Taxation in Tasmania".

Consolidated Revenue Fund—Expenditure

In the following table, a summary is given of Consolidated Revenue Fund expenditure classified according to function. Group totals only are shown and these are arranged in descending order of magnitude:

Consolidated Revenue Fund—Summary of Expenditure

Classification by Function	Amount ($'000)			Per Head of Population ($)		
	1961-62	1962-63	1963-64	1961-62	1962-63	1963-64
Public Debt Charges	18,512	20,390	22,317	51.90	56.30	60.94
Education, Science, Art and Research	13,046	14,170	15,676	36.58	39.14	42.80
Development and Maintenance of State Resources	8,680	7,800	8,349	24.34	21.52	22.80
Promotion of Public Health and Recreation	6,988	7,234	7,658	19.58	19.96	20.92
Legislature and General Administration	4,452	4,670	5,019	12.48	12.92	13.72
Business Undertakings	4,294	4,148	3,859	12.04	11.46	10.54
Maintenance of Law, Order and Public Safety	3,486	3,692	4,043	9.78	10.20	11.04
Welfare	1,620	1,610	1,769	4.54	4.44	4.82
Regulation of Trade and Industry	274	306	330	0.76	0.84	0.90
Total	61,352	64,020	69,020	172.00	176.78	188.48

The principal items of expenditure on which the above statistical classification is based are shown below:

Consolidated Revenue Fund—Expenditure
($'000)

Classification by Function	1961-62	1962-63	1963-64
Public Debt Charges—			
Interest	15,666	17,340	18,934
National Debt Sinking Fund	2,640	2,914	3,124
State Sinking Fund	8	6	7
Other (Loan Management Charges, &c.)	198	130	252
Total	18,512	20,390	22,317
Education, Science, Art and Research—			
Primary, Secondary and Technical Education	11,692	12,584	14,109
University and Engineering Board	866	894	925
Other Education (including Adult Education)	98	196	149
Libraries, Museums, Art Galleries, Orchestras, &c.	390	496	493
Total	13,046	14,170	15,676
Development and Maintenance of State Resources—			
Land Settlement and Survey	616	660	683
Agricultural and Pastoral	2,148	2,138	2,291
Mining	320	350	381
Forestry	1,196	964	1,089
Fisheries and Game	56	50	64
Roads and Bridges	3,698	2,900	3,077
Shipping Services	64	66	73
Tourist Activities	464	508	546
Other	118	164	145
Total	8,680	7,800	8,349
Promotion of Public Health and Recreation—			
Mental Hospitals	1,172	1,218	1,416
Other Hospitals	4,204	4,316	4,616
Baby Health Centres	172	174	184
Medical Inspection, School Children	186	172	211
Public Health Administration and Services	1,046	1,184	1,089
Gardens, Parks, Sporting Clubs, &c.	208	170	142
Total	6,988	7,234	7,658
Legislature and General Administration—			
Legislature—			
Governor	94	84	93
Parliament and Ministers	440	500	495
Electoral	52	42	89
Financial Administration—			
Treasury	358	376	424
Pensions and Superannuation	802	786	856
Auditor General	210	214	232
Administration and Services, n.e.i.	2,496	2,668	2,830
Total	4,452	4,670	5,019
Business Undertakings—			
Transport Commission—Losses, Subsidies	2,810	2,746	2,395
Metropolitan Transport Trust—Subsidy	720	600	680
Water Supplies—Subsidy and Administration	538	592	610
Electricity—Subsidies	34	28	28
Housing—Subsidies and Losses	50	40	46
Other	142	142	100
Total	4,294	4,148	3,859

Consolidated Revenue Fund—Expenditure—*continued*
($'000)

Classification by Function	1961-62	1962-63	1963-64
Maintenance of Law, Order and Public Safety—			
Administration of Justice, Courts, &c.	626	644	729
Police	2,156	2,252	2,527
Prisons	456	462	500
Reformatories	90	90	105
Public Safety (Fire Brigades, &c.)	158	244	182
Total	3,486	3,692	4,043
Welfare—			
Relief of Destitute, Aged and Incapacitated ..	1,304	1,270	1,400
Child Welfare (Children of the State, &c.) ..	130	142	149
Other Services and Administration	186	198	220
Total	1,620	1,610	1,769
Regulation of Trade and Industry—			
Factories, Shops and Labour Legislation, &c. ..	274	306	330
Grand Total	61,352	64,020	69,020

Source of Data

The classification of expenditure by function is derived from an analysis of published accounts. In some cases, the functional analysis simply repeats a total specified in the Treasurer's Financial Statement, (e.g. Auditor-General's Department, Mines Department, Police Department, &c.). In other cases, individual minor items have been classified to function and then combined to produce the sub-group totals.

Public Debt Charges

This is the largest item of expenditure but a high proportion is recovered from semi-government authorities. The effect of these recoveries is illustrated in the following table:

Net Burden on Consolidated Revenue—Public Debt Charges
($'000)

Particulars	Interest			Sinking Fund Contribution		
	1961-62	1962-63	1963-64	1961-62	1962-63	1963-64
Public Debt Charges—Expenditure, Consolidated Revenue	(*a*) 15,864	(*a*) 17,470	(*a*) 19,186	(*b*) 2,640	(*b*) 2,914	(*b*) 3,124
Recovered from Semi-Government Bodies	10,292	11,080	11,914	1,286	1,410	1,557
Net Burden On Consolidated Revenue(*c*)	5,572	6,390	7,272	1,354	1,504	1,567

(*a*) Includes loan management charges.

(*b*) Contribution payable under the Financial Agreement to the National Debt Sinking Fund.

(*c*) In respect of non-revenue producing assets such as schools, roads, &c.

Administration and Services, n.e.i.

The salaries and expenses of departments not associated with any listed function have been included in the item "Administration and Services, n.e.i." (e.g. Public Service Commissioner's Department, Public Works Department, Premier and Chief Secretary's Department, &c.). Also included in this item are the upkeep of public buildings and other expenditure which cannot be allocated to a listed function.

Business Undertakings

Unlike the Consolidated Revenue Funds of some Australian States, the Tasmanian Fund excludes the gross receipts and expenditure of State business undertakings such as railways and tramways, water supply, &c. The principal charges in 1963-64 under this item were incurred in respect of the Transport Commission and consisted of: (i) re-imbursement of net loss, 1962-63 ($840,749) and (ii) proceeds of State Land Tax paid to Commission ($1,554,261). Another major item was a contribution of $680,000 to the Metropolitan Transport Trust which experienced a net trading loss of $702,294 in 1963-64.

Roads and Bridges

The chief expenditure under this item in 1963-64 was a transfer of $3,018,744 to the State Highway Trust Fund, such sum representing revenue received from motor tax, vehicle registrations, drivers' licences and public vehicle fees and charges, *less* $686,252 retained by the Transport Commission to meet the cost of vehicle registration and traffic control.

State Trust and Special Funds

Revenues of the State are payable to Consolidated Revenue with the exception of certain revenues which have been set aside by various Acts of Parliament for specific purposes and which are payable into special funds or accounts at the State Treasury. The volume of these transactions is high, $72,122,225 being received in 1963-64, $71,602,016 being expended and the balance in the funds changing from $3,631,759 (1st July, 1963) to $4,151,968 (30th June, 1964).

It should be noted that many accounts in the Trust and Special Funds indicate Treasury transactions which are merely supplementary to those recorded under Consolidated Revenue and Loan Funds; examples are given below:

State Trust and Special Funds—Selected Accounts, 1963-64
($)

Account	Receipts	Expenditure
Commonwealth Tax Deductions Suspense Account (*a*)	3,090,271	3,090,314
Pay-Roll Tax Suspense (*b*)	717,346	717,346
Hydro-Electric Commission Suspense Account (*c*) ..	1,474,516	1,834,181

(*a*) Wages and salaries included under Consolidated Revenue and Loan Fund expenditure are shown at gross value; however, the deductions applicable to wage and salary earners on Government pay-rolls are passed, via this account, to the Commonwealth.

(*b*) Expenditure under Consolidated Revenue and Loan Fund includes pay-roll tax; however, pay-roll tax applicable to Government payrolls is passed, via this account, to the Commonwealth.

(*c*) The Treasury acts as agent for meeting oversea liabilities incurred by the Hydro-Electric Commission; these liabilities, being mainly incurred in the acquisition of plant and equipment, are largely accounted for in Loan Fund expenditure.

Many accounts are concerned with Government activities financed by the Commonwealth, the State acting as trustee or agent in the transactions; examples are given:

State Trust and Special Funds—Selected Accounts, 1963-64
($)

Account	Receipts	Expenditure
Tasmanian University (Commonwealth Grants) Account (*a*)	651,802	651,802
Commonwealth Free Milk Scheme Account (*b*) ..	404,785	384,630
Home Builders Fund (*c*)	2,387,412	2,300,782

(*a*) Treasury passes Commonwealth grant to University of Tasmania.

(*b*) Education Department administers free milk scheme for school children on behalf of Commonwealth.

(*c*) Agricultural Bank administers loans to home builders, the source of funds being the Commonwealth.

In the case of some accounts, there is provision for crediting the Trust and Special Funds with contributions from Consolidated Revenue, an important example being the State Highways Trust Fund:

State Trust and Special Funds—State Highways Trust Fund, 1963-64
($)

Item	Receipts	Expenditure
Commonwealth Contribution (*a*)	6,070,000	..
Grant from Consolidated Revenue	3,018,744	..
Roads Expenditure	92,574	9,287,580
Self-Balancing Entries (Contra)	2,316,178	2,316,178
Fund Entries	11,497,496	11,603,758

(*a*) Includes $270,000 for Gordon River road.

The Forestry Fund Account records transactions under legislation requiring revenue from Forestry to be paid to Consolidated Revenue, and for Consolidated Revenue to expend an equal amount on Forestry in the following year:

State Trust and Special Funds—Forestry Fund Account, 1963-64
($)

Item	Receipts	Expenditure
Grant from Consolidated Revenue (*a*)	1,089,406	..
Expenditure on Forestry	21,994	1,077,760
Self-Balancing Entries (Contra)	199,292	199,292
Fund Entries	1,310,692	1,277,052

(*a*) Consolidated Revenue recorded Forestry receipts of $1,089,406 in 1962-63; this sum therefore became the 1963-64 contribution from Consolidated Revenue.

Some of the funds held in trust are not owned by the State Government, examples being: Prisoners' Earnings Deposit Account; Tasmanian Sanitorium Donations Account; St. John's Park Inmates Trust Account. Other funds are held on behalf of semi-government authorities, such as the Hydro-Electric Commission, the Agricultural Bank, the Transport Commission, &c.

Since the number of individual accounts in the State Trust and Special Funds approaches 120, a description or analysis of each account is beyond the scope of the Year Book. The annual report of the Auditor-General is a useful source in any investigations of transactions in the Trust and Special Funds.

State Loan Fund

The *Public Account Act* 1962 has, *inter alia*, the following provisions relating to the Loan Fund: (i) the Governor, on Treasury advice, may make transfers between block votes as long as the total authorised amount is not exceeded; (ii) a sum of up to $400,000 may be spent for purposes not previously authorised; (iii) for purposes previously authorised, an additional sum of up to $1,000,000 may be spent; (iv) in instances of expenditure outside the provisions of a specific Loan Fund Appropriation Act, the ratification of such action is to be sought from Parliament before the close of the following financial year. The Act also provides that the unexpended balances of votes at the close of the financial year lapse (in contrast with previous practice when such balances were carried forward from year to year).

Expenditure from the Loan Fund is devoted to two main purposes: (i) the making of advances to State semi-government authorities; (ii) the carrying out of the State's own works programme. Such funds, whether lent to other authorities for their works programmes or spent directly by the State, result in the creation of new capital assets, a large proportion of which are revenue earning and therefore capable of re-imbursing the State for the debt charges which it has incurred. (The previous section on Consolidated Revenue Expenditure shows the *gross* and *net* expenditure on annual debt charges.)

In addition to money from loan raisings, the Loan Fund records other receipts such as repayment of advances and Commonwealth capital grants; it is usual, therefore, to record loan expenditure on both gross and net bases. The annual net loan expenditure is, in effect, the disbursement of the new borrowings for the year, augmented or diminished by the net movement in the Loan Fund balance. The following table shows the calculation of net loan expenditure from two viewpoints; (i) as a residue from gross loan expenditure; (ii) as the algebraic sum of new loan raisings and the net movement in the Loan Fund balance:

State Loan Fund—Calculation of Net Loan Expenditure
($'000)

Particulars	1961-62	1962-63	1963-64
(i) Gross Loan Expenditure ..	32,520	33,332	35,354
Less Repayments..	1,836	2,388	2,028
Less Commonwealth Grants ..	596	434	421
Net Loan Expenditure ..	30,088	30,510	32,905
(ii) New Borrowings	29,072	30,824	32,150
Decrease, Loan Fund Balance..	1,016	— 318	751
Other (*a*)	..	4	4
Net Loan Expenditure ..	30,088	30,510	32,905

(*a*) Discount and capital appreciation items.

The following table shows gross and net loan expenditure annually since 1947-48:

Loan Fund—Gross and Net Loan Expenditure
($'000)

Year	Loan Expenditure		Year	Loan Expenditure	
	Gross	Net		Gross	Net
1947-48	8,360	6,528	1956-57 ..	23,544	22,038
1948-49	11,050	9,012	1957-58 ..	23,390	21,666
1949-50	11,742	9,884	1958-59 ..	27,610	25,112
1950-51	30,802	27,464	1959-60 ..	29,130	26,442
1951-52	34,048	30,298	1960-61 ..	33,866	30,612
1952-53	40,152	26,136	1961-62 ..	32,520	30,088
1953-54	31,816	27,544	1962-63 ..	33,332	30,510
1954-55	35,310	29,378	1963-64 ..	35,354	32,905
1955-56	35,212	27,048	1964-65 ..	35,816	33,352

In the remainder of this section, tables will deal with *net* loan expenditure only since this is directly related to aggregate net loan expenditure and to the State Public Debt.

In 1963-64, the principal items of loan fund expenditure were: (i) hydro-electric works; (ii) water supply schemes; (iii) roads and bridges; (iv) education buildings; (v) hospitals. The following table shows *net* loan expenditure according to purpose for three years and the aggregate net loan expenditure to 30th June, 1964:

Loan Fund—Net Loan Expenditure, Annual and Aggregate
($'000)

Purpose	Annual Net Expenditure			Aggregate Net Expenditure to 30th June, 1964
	1961-62	1962-63	1963-64	
Capital for State Business Undertakings—				
Hydro-Electric Development	13,628	13,500	14,200	222,905
Railways, Transport and Tramways	410	Cr. 22	434	34,411
Water Supply Schemes ..	1,742	3,952	1,336	12,640
Other	26	12	48	2,184
Total	15,806	17,442	16,018	272,140
Loans and Advances—				
Aluminium Industry Agreements	800	Cr. 66	533	5,729
Assistance to Industries ..	Cr. 8	Cr. 378	Cr. 55	2,341
Tourist Accommodation Loans	176	58	70	1,231
Loans to Local Bodies ..	320	126	118	1,528
Housing—Advances and Construction (*a*)..	Cr. 348	Cr. 200	Cr. 412	28,577
Primary Producers (including Land Settlement) (*b*) ..	626	226	286	4,602
Total	1,566	Cr. 234	540	44,008

Loan Fund—Net Loan Expenditure, Annual and Aggregate—*continued*
($'000)

Purpose	Annual Net Expenditure			Aggregate Net Expenditure to 30th June, 1964
	1961-62	1962-63	1963-64	
State Works and Purposes—				
Roads, Bridges and Harbours	4,068	3,798	4,761	47,704
School Buildings and University	3,184	3,598	4,293	38,342
Hospital Buildings	2,874	3,306	3,805	26,150
Other Public Buildings ..	662	504	610	11,778
Forestry	698	884	1,285	11,225
Other Public Works and Purposes	1,082	902	1,400	14,590
Total	12,568	12,992	16,154	149,789
Financial—				
Loan Flotation and Conversion Expenses	76	198	32	5,118
Capital Losses Funded ..	Cr. 40	..	..	2,960
Revenue Deficits Funded ..	112	112	161	11,493
Total	148	310	193	19,571
Grand Total	30,088	30,510	32,905	485,508

(*a*) Expenditure under the second Commonwealth-State Housing agreement is excluded. Net advances under the agreement were $5,800,700 in 1963-64 and net aggregate advances to 30th June, 1964 were $36,799,386.

(*b*) Expenditure for War Service Land Settlement from Commonwealth funds is excluded. Net advances amounted to $1,533,474 in 1963-64 and net aggregate advances to 30th June, 1964 were $41,401,670.

The headings in the previous table have the following significance: expenditure classified under "Business Undertakings" and "Loans and Advances" is, in effect, a form of investment by the State. Such investment has two effects: (i) the *net* burden on Consolidated Revenue in respect of annual debt charges is not increased, since the Treasury obtains interest and sinking fund payments from the various authorities and enterprises to which money has been advanced; (ii) in some cases, the advances are recoverable and are credited to the Loan Fund as repayments (e.g. Assistance to Industries). Expenditure under "State Works and Purposes" results in the creation of physical assets (e.g. bridges, schools, &c.) but the associated annual debt charges are not recovered directly and lead to an increase in the net burden on Consolidated Revenue. Expenditure under "Financial" is not associated with the creation of any assets but it too increases the net burden on Consolidated Revenue in respect of annual debt charges. In each of the last three years, more than half of the annual net loan expenditure has been invested by the State in loans to other authorities and enterprises.

In the case of some State business undertakings, the capital indebtedness of the authority may not correspond closely with the associated aggregate net expenditure recorded in the Loan Fund, the principal example being the Transport Commission; the capital indebtedness of the railways was reduced by $8,756,000 as from 1st July, 1936 by transfer of the annual debt charges on this sum as a burden on Consolidated Revenue. Under the heading "Financial" appears an item "Capital Losses Funded"; the principal component of the aggregate to 30th June, 1964 was $2,357,954 representing losses on Returned Soldiers' Settlement schemes initiated after the First World War.

Aggregate net loan expenditure records the expenditure of loan borrowings from the commencement of the State Public Debt and the table indicates that such money has been used for the following principal purposes (in descending order of magnitude): (i) hydro-electric development; (ii) roads, bridges and harbours; (iii) school buildings; (iv) railways, transport and tramways; (v) housing; (vi) hospitals.

The relationship between aggregate net loan expenditure, total loans raised and the State Public Debt is established in the following table:

Aggregate Net Loan Expenditure and State Public Debt (*a*) at 30th June ($'000)

Particulars	1962	1963	1964
Aggregate Net Loan Expenditure	422,092	452,602	485,508
Unexpended Balance, Loan Fund..	3,042	3,360	2,609
Grand Total Loans Raised ..	425,134	455,962	488,117
Less Aggregate Redemptions From Sinking Funds	40,178	43,702	47,714
Less Liability for Exchange on Oversea Redemption	5,704	7,666	8,092
State Public Debt (*a*)	379,252	404,594	432,311

(*a*) Oversea component at exchange rates prevailing on 1st July, 1927.

State Public Debt

The State Public Debt is calculated on two bases: (i) With oversea debt calculated at "mint par of exchange", i.e. at the exchange rates prevailing on 1st July, 1927. "Mint par debt" is the official debt for the purpose of determining sinking fund contributions payable under the Financial Agreement, 1927. (ii) With oversea debt calculated at current rates of exchange. The following table shows the State Public Debt calculated on both bases:

State Public Debt at 30th June, 1964—At Mint Par of Exchange and at Current Rates of Exchange

Place in Which Debt Repayable	$ Aust. at Mint Par of Exchange		$ Aust. at Current Rates of Exch.	
	Conversion Rate of $A (*a*)	Debt ($'000)	Conversion Rate of $A (*b*)	Debt ($'000)
Australia	..	408,724	..	408,724
London	£0.5 sterling	17,724	£0.4 sterling	22,155
New York	U.S. $2.43325	4,684	U.S. $1.1200	10,177
Canada	C. $2.43325	486	C.$1.2108	976
Switzerland ..	S. Francs 12.61965	294	S. Francs 4.89775	756
Netherlands ..	Guilders 6.053925	399	Guilders 4.05440	596
Total ..	..	432,311	..	443,384

(*a*) Exchange rates at 1st July, 1927 (rates for £A 0.5).

(*b*) Exchange rates at 30th June, 1964 (rates for £A 0.5).

The principal changes between the 1927 rates of exchange and those current today occurred in two stages: (i) 1930, when the Australian pound was devalued 20 per cent in relation to sterling; (ii) 1949, when the Australian pound was devalued by 30.5 per cent parallel to a similar devaluation in sterling.

In the tables that follow, the Public Debt is stated in terms of exchange rates prevailing at 1st July, 1927.

The growth of the public debt in the last ten years is shown in the following table:

State Public Debt—Place of Flotation and Nominal Interest Payable ($'000)

At 30th June	Debt Redeemable In—						Total	Nominal Interest (*a*)
	London	New York	Switzerland	Canada	Netherlands	Australia		
1955..	13,984	440	..	..	..	205,186	219,610	8,016
1956..	13,984	628	..	..	..	229,834	244,446	9,150
1957..	12,972	692	..	..	..	251,504	265,168	10,430
1958..	12,932	1,308	..	..	..	271,882	286,122	11,504
1959..	14,732	1,918	..	..	..	291,000	307,650	12,540
1960..	14,682	2,482	..	..	..	313,880	331,044	13,806
1961..	14,662	3,056	294	505	..	336,042	354,559	15,362
1962..	14,652	3,572	294	505	399	359,830	379,252	16,658
1963..	16,092	4,846	294	505	399	382,458	404,594	18,012
1964..	17,724	4,684	294	486	399	408,724	432,311	19,259

(*a*) Interest has been calculated on the face value of individual loans outstanding at 30th June; no allowance has been made for variations in exchange rates since 1st July, 1927.

A notable feature of the public debt of the State is that approximately 95 per cent of indebtedness is now domiciled in Australia. There has been a gradual change from the situation which existed a century ago when nearly all loans were financed in London. In 1870, the State's public debt ($2,537,400) was wholly redeemable in London and even in 1900, less than 10 per cent of the State debt was redeemable in Australia.

Public Debt Transactions

The following table shows particulars of loans raised and redeemed during a three-year period. It will be observed that redemption of loans falling due in any particular year is achieved, in the main, by conversion (i.e. by renewal of the original loans on new terms and conditions):

State Public Debt—Conversion and Redemption ($'000)

Particulars	1961-62	1962-63	1963-64
Loans Raised—			
For Additional Borrowings	28,142	28,862	31,728
For Conversion Purposes	14,114	81,692	18,832
For Redemption, Maturing Loans	..	3,810	568
Total Raisings	42,256	114,364	51,128
Deduct—			
Loans Redeemed—			
By Conversion	14,114	81,692	18,832
From New Cash Raisings	..	3,806	567
From National Debt Sinking Fund ..	3,448	3,524	4,012
Net Increase in Public Debt ..	24,694	25,342	27,717
Debt at End of Year	379,252	404,594	432,311

The following table shows the due dates of loans outstanding at 30th June, 1964:

Due Dates of Loans at 30th June, 1964
($'000)

Maturing During	Amount Maturing				Total
	In Australia	In London	In New York	Elsewhere Overseas	
1964-65	41,190	..	..	..	41,190
1965-66	62,696	3,796	..	..	66,492
1966-67	40,082	..	196	..	40,278
1967-68	28,840	5,292	..	..	34,132
1968-69	33,356	..	..	..	33,356
1969-70	15,458	1,390	..	..	16,848
1970-71	19,840	..	146	..	19,986
1971-72	17,662	..	232	..	17,894
1972-73	25,186	..	524	..	25,710
1973-74	10,858	..	..	..	10,858
1974-75	9,334	1,982	..	..	11,316
After 30th June, 1975 (*a*)	104,222	5,264	3,586	1,179	114,251
Total ..	408,724	17,724	4,684	1,179	432,311

(*a*) Falling due in financial years 1975-76 to 1986-87.

The following table shows the rates of interest which were payable on the State Debt at 30th June, 1964, and the portions of the debt at each rate in Australia, London, New York and elsewhere overseas respectively:

Rates of Interest on Public Debt at 30th June, 1964
($'000)

Rate of Interest (Per Cent)	Amount Maturing				Total
	In Australia	In London	In New York	Elsewhere Overseas	
1.0	612	..	..	..	612
3.0	..	5,298	..	..	5,298
3.125	31,798	..	..	..	31,798
3.25	..	3,372	..	..	3,372
3.5	..	..	196	..	196
3.75	22,816	..	..	..	22,816
4.0	17,992	3,790	..	..	21,782
4.125	18,240	..	..	..	18,240
4.1875	1,812	..	..	..	1,812
4.25	58,352	..	..	..	58,352
4.3375	850	..	..	..	850
4.5	94,510	..	144	294	94,948
4.625	2,954	..	..	..	2,954
4.75	35,688	..	524	..	36,212
5.0	98,036	..	704	400	99,140
5.25	7,702	..	1,146	..	8,848
5.375	17,362	..	..	..	17,362
5.5	..	4,938	1,970	..	6,908
5.75	..	..	..	485	485
6.0	..	326	..	..	326
Total	408,724	17,724	4,684	1,179	432,311

The next table summarises the transactions of the National Debt Commission in relation to the Tasmanian Public Debt:

National Debt Commission—Transactions in Respect of Tasmanian Public Debt ($'000)

Particulars	1961-62	1962-63	1963-64
Balance at Beginning of Period	164	132	374
Contributions—			
From Commonwealth Government.. ..	896	972	1,062
From State Government	2,640	2,906	3,122
Interest Received (Net)	2	..	10
Funds Available	3,702	4,010	4,568
Deduct			
Redemptions and Re-purchases (*a*)—			
At Mint Par of Exchange	3,448	3,524	4,012
Exchange Adjustment	122	112	218
Balance at End of Period	132	374	338

(*a*) The sum of the two specified items represents the cost at current rates of exchange.

Taxation in Tasmania

Introduction

As citizens of the Commonwealth, Tasmanians are subject to taxes levied both by the State and the Commonwealth. The relative magnitude and severity of the two forms of taxation are compared in the following table:

Taxation, State of Tasmania and Commonwealth, 1963-64 (*a*)

Tax	Amount ($'000)		Per Head of Population ($)	
	Tasmania (*b*)	Commonwealth (*c*)	Tasmania (*d*)	Commonwealth (*d*)
Income and Social Services Contribution	..	1,874,484	..	170.00
Customs and Excise	..	815,025	..	73.92
Sales	..	325,105	..	29.48
Pay Roll	..	136,443	..	12.38
Probate and Succession Duties ..	2,135	39,871	5.84	3.62
Motor	3,705	..	10.12	..
Stamp Duties	2,192	..	5.98	..
Land	1,554	..	4.24	..
Racing	855	..	2.34	..
Liquor	590	..	1.62	..
Entertainment	53	..	0.14	..
All Other	26	27,982	0.08	2.54
Total..	11,110	3,218,910	30.36	291.94

(*a*) Collections from all sources of taxation, including amounts paid to special funds.
(*b*) State taxation collected by Tasmanian Government.
(*c*) Commonwealth Government taxation for Australia.
(*d*) Based on respective *mean* populations.

Assuming that Tasmanians contributed to Commonwealth taxation in strict proportion to the relative mean populations of the State and the Commonwealth, it would be theoretically correct to add the two per capita figures ($30.36 and $291.94) and arrive at a figure of $322.30 as the total per capita taxation of the Tasmanian and Commonwealth Governments within the State.

An alternative way of examining the problem is to refer to total Commonwealth taxes collected in Tasmania but this measure is unsatisfactory for a number of reasons, the chief defects being:

(i) Commonwealth income tax and estate duty are recorded not only in the six States but also in a *Central Office* collecting from individuals and companies with specified interstate income or assets. Central Office collections of income tax amount to approximately one-third of the Australian total and, to this extent, reduce the collections credited to the six States.

(ii) Goods shipped to Tasmania will, in some cases, already have been taxed in another State in respect of customs, excise or sales taxes. Even though other States are credited with the collection of these three taxes, the fact remains that Tasmanians bear their incidence in the form of increased commodity prices. The amount of tax collected in other Australian States on goods shipped to Tasmania is not known.

Estimated Incidence

The following table shows actual collections of Commonwealth taxes in the State and also their estimated incidence:

Taxation—Collected by Commonwealth in Tasmania and Estimated Incidence in Tasmania
($'000)

Tax	1961-62	1962-63	1963-64
Collected in Tasmania—			
Income Tax (*a*)	33,274	34,450	37,935
Estate Duty (*a*)	672	674	702
Wool Tax	122	124	121
Canning Fruit Charge	2	2	1
Other Export Charges	170	172	220
Payroll Tax	3,308	3,456	3,733
Gift Duty	190	144	146
Stevedoring Industry Charge	494	602	691
Diesel Tax Refunds	Dr. 6	..	..
Sales Tax	6,052	6,640	7,048
Customs	2,430	2,494	2,764
Excise	14,474	14,716	14,939
Total Collected in Tasmania	61,182	63,474	68,300
Collected Elsewhere in Australia (*b*)—			
Sales Tax	3,256	3,216	3,106
Customs	2,898	4,124	4,500
Excise	2,142	2,564	3,242
Estimated Incidence (*a*)	69,478	73,378	79,148

(*a*) Excludes Central Office collections.

(*b*) Estimated; goods on which these taxes were paid are assumed to have been sold in Tasmania.

In estimating the collection, in other Australian States, of the main taxes affecting Tasmanians, account was taken of the latest retail sales figures which show Tasmanian *per head* sales to be 94 per cent of the corresponding Australian figure. Accordingly the *per head* incidence of customs, excise and sales taxes in Tasmania was taken to be 94 per cent of the Australian *per head* collection figure for each tax. It will be apparent that the estimated incidence still falls far short of a realistic figure due to the unknown Tasmanian contribution to Central Office collections of income tax and estate duty.

Commonwealth Income Tax and Social Services Contribution

Uniform taxation on incomes throughout Australia was adopted in 1942 when the Commonwealth Government became the sole authority levying this tax.

With the introduction of Social Services Contribution from 1st July, 1946, the levy of taxation on the incomes of individuals was divided into two separate taxes: (i) Income Tax; (ii) Social Services Contribution. Both taxes were based upon the same definitions of assessable income and both were assessed and collected concurrently. Company income was not subject to Social Services Contribution except with regard to the undistributed income of private companies. The two taxes have since been merged into a single levy known as "Income Tax and Social Services Contribution" and this title now refers to the tax imposed on the incomes of both individuals and companies. It first applied to the tax imposed on incomes derived by individuals during the year ended 30th June, 1951, and by companies during the year ended 30th June, 1950.

Certain types of income are exempt from tax in Australia. These include income from gold and uranium mining; war, invalid, age, and widows' pensions; child endowment; and unemployment and sickness benefits.

Expenses incurred in earning income and losses incurred in previous years are allowable deductions in calculating taxable income.

For the income years 1950-51 to 1962-63, taxpayers without dependants were exempt from income tax if their income did not exceed $208. For 1963-64 to 1965-66, this exemption was $416.

However, the possession of dependants allows the taxpayer to claim concessional deductions and these have the effect of raising the effective exemption level. Thus, in the period 1963-64 to 1965-66 (income years), a male married taxpayer was exempt if his income did not exceed $702; with one child, $884; with two children, $1,014; with three children, $1,144; and with four children, $1,274. There were also special conditions affecting the tax payable by aged persons (i.e. men attaining 65 years and women 60 years).

For the income year 1963-64, Income Tax and Social Services Contribution was payable on the incomes of individuals and commenced at a taxable income of $417. However, certain limitations applied to the tax payable by aged persons, over 65 years of age in the case of a male and over 60 years in the case of a female. Concessional deductions were allowed to taxpayers on account of dependants, certain medical and dental expenses, life insurance premiums, superannuation contributions, medical or hospital benefits fund payments, education expenses, &c. and were subtracted from income to calculate taxable income. Dependants included spouse, parents, parents-in-law, children under sixteen years of age, student children under 21 years of age, invalid child, brother or sister over 16 years of age, or daughter-housekeeper for widow or widower. A concessional deduction might be allowed for a housekeeper having the care of children under 16 years of age or of an invalid relative where the taxpayer did not contribute to the maintenance of a spouse or daughter-housekeeper. The amount of concessional deduction allowable in respect of each type of dependant and housekeeper was:

> spouse, $286; parent or parent-in-law, $286; children under 16 years: one child, $182, other children, $130 each; student child, 16 to 21 years, $182 each; invalid relative not less than 16 years, $182 each; housekeeper or daughter-housekeeper, $286.

In the matter of education expenses, payments actually made for recognised school uniforms, fees, books, fares, &c. were allowed as deductions up to a maximum of $300 per child or dependant.

The following table shows the rates of Income Tax and Social Services Contribution for individuals for the income year 1963-64:

Australia—Rates of Income Tax and Social Services Contribution for Individuals, Income Year, 1963-64
($)

Selected Total Taxable Income (*a*)	Tax and Contribution Payable	Selected Total Taxable Income (*a*)	Tax and Contribution Payable
418	1.00	3,200	480.54
500	9.10	3,400	536.75
600	15.00	3,600	592.96
700	23.00	3,800	653.92
800	30.90	4,000	714.88
1,000	51.50	4,800	984.04
1,200	75.20	5,600	1,275.38
1,400	102.10	6,400	1,588.88
1,600	132.20	7,200	1,921.38
1,800	165.50	8,000	2,272.88
2,000	201.90	8,800	2,643.38
2,200	243.00	10,000	3,232.38
2,400	284.20	12,000	4,277.38
2,600	330.92	16,000	6,478.21
2,800	377.63	20,000	8,774.04
3,000	429.08	32,000	15,994.04

(*a*) The tax on incomes unspecified in this table may be calculated by simple proportion, e.g. tax on $1,700 equals $132.20 plus $\frac{100}{200}$ ($165.50 less $132.20). Incomes in excess of $32,000 were further taxed at the rate of 63.333 cents (6/4d.) in the $ on the excess.

There has been little variation in the rates of income tax on individuals since 1954-55, the chief change relating to a general five per cent rebate of tax operative in the years 1959-60, 1961-62, 1962-63 and 1963-64. (In the preceding table, the five per cent rebate has been deducted in arriving at the tax payable.) For the year 1964-65, the rebate was withdrawn and, for 1965-66, a 2½ per cent levy was added. The other major change was the lift in the minimum taxable income from the previous $210 to $417 in 1963-64.

Selected rates of income tax and social services contribution payable for the income year 1965-66 are summarised as follows:

Australia—Rates of Income Tax and Social Services Contribution for Individuals, Income Year, 1965-66
($)

Selected Total Taxable Income	Tax and Contribution Payable (*a*)	Selected Total Taxable Income	Tax and Contribution Payable (*a*)
1,000	54.83	10,000	3,487.56
2,000	217.81	12,000	4,615.06
4,000	771.31	16,000	6,988.96
6,000	1,544.57	20,000	9,465.36
8,000	2,452.31	(*b*) 32,000	17,251.26

(*a*) Five per cent rebate withdrawn and 2½ per cent levy applied.

(*b*) Income in excess of $32,000 is taxed at the rate of 68.333 cents (6/10d.) in the $ on the excess.

A system is in operation to assist the majority of taxpayers in the payment of their taxes by means of regular deductions from salaries or wages. The amounts deducted are regulated so that the employee will have paid the approximate amount of his taxation by the end of the income year. At the end of the income year, the employee makes a return in which he may claim the refund of any overpayment of taxation instalments.

The following table shows the number of taxpayers, taxable income, and Income Tax and Social Services Contribution assessed during the year 1962-63 (based on incomes received during the year 1961-62):

Tasmania, Income Tax and Social Services Contribution—Income Year, 1961-62
Individuals—Residents and Non-Residents

Grade of Actual Income	Taxpayers	Taxable Income			Net Income Tax and Social Services Contribution Assessed
		Salaries and Wages	Other	Total	
$	No.	$'000	$'000	$'000	$'000
210- 399 ..	5,864	1,529	215	1,744	14
400- 599 ..	6,310	2,438	467	2,905	49
600- 799 ..	6,842	3,604	730	4,334	127
800- 999 ..	7,749	5,213	1,027	6,240	252
1,000- 1,199	7,862	6,002	1,513	7,515	379
1,200- 1,399 ..	8,815	8,228	1,673	9,901	598
1,400- 1,599 ..	8,407	8,670	1,883	10,553	716
1,600- 1,799 ..	9,761	11,104	2,031	13,135	963
1,800- 1,999 ..	11,528	14,391	2,212	16,603	1,303
2,000- 2,199 ..	11,959	16,306	2,197	18,503	1,551
2,200- 2,399 ..	10,605	15,306	2,280	17,586	1,566
2,400- 2,599 ..	8,480	12,936	2,219	15,155	1,437
2,600- 2,799 ..	6,459	10,428	2,059	12,487	1,261
2,800- 2,999 ..	5,089	8,779	1,865	10,644	1,140
3,000- 3,999 ..	12,493	23,615	7,522	31,137	3,855
4,000- 5,999 ..	5,942	12,594	8,868	21,462	3,517
6,000- 7,999 ..	1,403	3,278	4,420	7,698	1,684
8,000- 9,999 ..	592	1,356	3,047	4,403	1,159
10,000-19,999 ..	602	1,320	5,522	6,842	2,360
20,000-29,999 ..	50	103	929	1,032	458
30,000 and over	6	46	170	216	111
Total ..	136,818	167,246	52,849	220,095	24,500

The following definitions apply to the preceding table:

(i) Actual Income: Gross income *including exempt income* less expenses incurred in earning that income.

(ii) Individuals: Excluding companies. Residents assessed both in Tasmania and at Central Office, also non-residents assessed in Tasmania.

(iii) Taxable Income: Actual income *less* exempt income and allowable deductions.

Companies (Income Tax and Social Services Contribution)

The tax payable by companies for the financial year 1963-64 is based on income derived during the year ended 30th June, 1963 or substituted accounting period. (In the case of tax on individuals, however, financial year and income year are usually synonymous.)

The following table shows the rates of tax and contribution payable by companies for the financial year, 1963-64:

Rates of Income Tax and Social Services Contribution Companies—Financial Year, 1963-64

Scale	Taxable Income	
	Up to $10,000	Balance
	Cents per $	Cents per $
A	25	35
B	30	40
C	35	40
D	30	30

The following shows the application of the above scales to the various types of company:

Private: (A) except that 50 cents in the $ was payable on the undistributed amount.

Co-operative: (B).

Life Assurance: If purely mutual (A). Other Life Assurance (if resident), mutual income (A); other income (C) except that maximum other income subject to 35 cent rate is $10,000 less mutual income; if non-resident, mutual income (A), dividend income (B), other income (C) except that maximum dividend income subject to 30 cent rate is $10,000 less mutual income, and maximum other income subject to 35 cent rate is $10,000 less the sum of dividend and mutual income.

Non-Profit: Friendly Society Dispensary (D); other (B).

Other Companies: Resident (C); non-resident—dividend income (B), other income (C) except that maximum other income subject to 35 cent rate is $10,000 less dividend income.
Certain types of interest payments were also subject to a tax of 40 cents in the $.

State Taxation

In the section on Consolidated Revenue, taxes collected by the Tasmanian Government were shown in summarised form. Full details are as follows:

Tax Collections by The State (*a*)
($'000)

Tax	1961-62	1962-63	1963-64
Deceased Persons' Estates Duties	1,968	1,764	2,135
Entertainments Tax	276	208	53
Stamp Duties (excluding Bookmakers' Tickets)—			
Cheques	248	266	258
Bills of Exchange	2	2	1
Bills of Lading	2	2	1
Hire-Purchase Agreements	262	342	345
Legal Documents, &c.	596	716	819
Adhesive Revenue Stamps	316	358	339
Insurances	374	400	427
Racing and Gaming Taxes—			
For Consolidated Revenue	462	480	497
For Other Funds	346	338	358
Land Tax	1,094	1,258	1,554

Tax Collections by The State (*a*)—*continued*
($'000)

Tax	1961-62	1962-63	1963-64
Motor Taxation—			
For Consolidated Revenue	2,508	2,832	3,019
For Other Funds	570	618	686
Liquor Tax and Related Licences—			
Tax	490	500	509
Publicans' Licences, &c.	30	30	31
Wholesale Licences	42	44	46
Registration of Clubs	4	4	5
Sundry Licences—			
Animals' and Birds' Protection Act.. ..	10	12	15
Auctioneers and Estate Agents	6	6	7
Other	4	4	5
Total	9,610	10,184	11,110

(*a*) Collections from all sources of taxation, including amounts paid to special funds.

State Land Tax

The rates of land tax, less a 10 per cent rebate, assessed on urban unimproved land values for the year 1963-64 are shown in the following table:

Rates of State Land Tax—Urban Land, 1963-64
($)

Taxable Value (Selected Values) (*a*)	Tax Payable (*b*)	Taxable Value (Selected Values) (*a*)	Tax Payable (*b*)
480	1	19,200	152
960	2	28,800	272
1,920	5	48,000	552
4,800	17	72,000	977
7,200	32	96,000	1,477
9,600	52	144,000	2,677

(*a*) Tax on intermediate values can be calculated by simple proportion, e.g. tax on $5,000 equals $17 plus $\frac{200}{2,400}$ ($32 less $17). Land values exceeding $144,000 were further taxed at 2.9166 cents (3½d.) in the $ on the excess. The minimum tax payable was $1.00.

(*b*) Subject to a 10 per cent rebate not applied to the table values.

The rates of land tax, less a 10 per cent rebate, assessed on rural land values for the year 1963-64 are shown in the following table:

Rates of State Land Tax—Rural Land, 1963-64

Unimproved Value	Taxable Value	Tax Rate (*a*)
$		
1- 9,600	Nil	Nil
9,600-14,400	Three times the unimproved value less $28,800	As for Urban land
14,401 and over	Unimproved value	As for Urban land

(*a*) Subject to a 10 per cent rebate.

The following table summarises the value of urban, rural and composite properties and the tax assessed on each·

State Land Tax—Value of Properties and Tax Assessed
($'000)

Year	Gross Unimproved Value				Tax Assessed			
	Urban	Rural	Composite (*a*)	Total	Urban	Rural	Composite (*a*)	Total
1959-60	108,052	58,472	12,504	179,028	764	128	132	1,024
1960-61	112,288	59,532	14,110	185,930	790	120	154	1,064
1961-62	119,566	59,346	14,612	193,524	820	122	164	1,106
1962-63	134,012	65,976	16,020	216,008	958	126	182	1,266
1963-64	174,826	80,092	16,712	271,630	1,320	112	178	1,610

(*a*) Properties made up of both urban and rural land.

Deceased Persons' Estates Duties

The legislation dealing with State Deceased Persons' Estates Duties is contained in Acts No. 42 of 1957 and No. 62 of 1962. The following table gives details of assessments for 1963-64:

State Deceased Persons' Estates Duties
Number of Estates, Net Value and Tax Assessed, 1963-64

Net Value of Estate	Estates		Net Value as Assessed	Total Duty Assessed (*a*)	Average Duty	
	Number Examined	Number Taxable			Per Estate Examined	Per Taxable Estate
$	No.	No.	$'000	$'000	$	$
2- 500 ..	104	79	22	2	17.2	22.6
502- 1,000 ..	76	48	56	4	61.2	96.8
1,002- 1,500 ..	73	37	92	4	62.4	123.2
1,502- 2,000 ..	73	33	128	4	57.8	128.0
2,002- 3,000 ..	134	58	334	12	92.2	213.2
3,002- 4,000 ..	115	35	400	10	86.8	285.0
4,002- 5,000 ..	110	72	494	17	157.6	240.6
5,002- 6,000 ..	103	66	566	14	132.8	207.2
6,002- 8,000 ..	221	126	1,534	48	216.0	378.8
8,002- 10,000 ..	129	66	1,152	38	296.6	579.8
10,002- 15,000 ..	175	122	2,118	98	561.2	805.0
15,002- 20,000 ..	77	60	1,324	67	870.8	1,117.6
20,002- 30,000 ..	84	77	2,018	136	1,619.8	1,767.2
30,002- 40,000 ..	50	50	1,710	138	2,758.2	2,758.2
40,002- 50,000 ..	27	27	1,190	114	4,207.2	4,207.2
50,002-100,000 ..	57	57	3,754	402	7,035.8	7,035.8
100,002 and over ..	24	24	4,930	1,082	45,118.0	45,118.0
Adjustments ..	..	..	..	—10	..	..
Total ..	1,632	1,037	21,822	2,180	..	..

(*a*) Rates of duty and levels of exemption vary according to the class of beneficiary and the type of asset contained in the estate.

Motor Taxation

The chief components of motor taxation are: (i) vehicle registration fees; (ii) motor tax assessed on a power-weight formula; (iii) drivers' and riders' licences; (iv) other registration fees mainly related to public vehicles.

Details of motor taxation collections are shown in the following table:

State Motor Taxation
($'000)

Particulars	1961-62	1962-63	1963-64
Vehicle Registration Fees	354	382	454
Motor Tax	2,152	2,480	2,662
Licences—Drivers and Riders	236	250	246
Other Registration Fees	336	338	343
Total	3,078	3,450	3,705

Racing Taxation

Under the *Racing and Gaming Act* 1952, licensed bookmakers pay a turnover commission of 2½ per cent if fielding at a Tasmanian course or taking bets on Tasmanian events at off-course premises. Such commissions are payable, through the Racing Commission, to the racing club concerned. Bets on other Australian races at Tasmanian off-course premises require payment of a two per cent commission, such moneys going to the State. (For 1964-65, this commission was increased to 2½ per cent, half the increased yield going to racing clubs.)

Totalisator tax at five per cent (city area) and 2½ per cent (country) is payable to the State. Moneys payable to the State bear the administrative costs of the Racing Commission before passing to Consolidated Revenue. Details of Racing Taxation are as follows:

State Racing Taxation—Collection and Distribution
($'000)

Particulars	1961-62	1962-63	1963-64
Totalisator Tax	68	62	60
Bookmakers' Commission and Licences ..	598	610	648
Stamp Duty on Bookmakers' Tickets	142	146	147
Total	808	818	855
Paid into Consolidated Revenue	462	480	497
Racing Commission's Expenses	30	32	34
Stipendiary Stewards' Expenses	..	8	11
Racing Clubs' Commission	316	298	313

The turnovers on which commissions were levied are as follows:

Betting—Bookmakers' Turnover and Totalisator Investments
($'000)

Particulars	1961-62	1962-63	1963-64
Licensed Bookmakers' Turnover	25,950	26,604	28,439
Totalisator Investments	1,422	1,282	1,260

State Taxation on Lotteries

From 1942 (when the Commonwealth Government became the sole collector of income tax), lotteries conducted from Hobart by Tattersalls (George Adams Estate) were Tasmania's chief source of revenue from State

taxation. On 14th July, 1954, the promoters transferred their operations to Victoria. A new organisation—Tasmanian Lotteries—was granted a licence and operated until 30th September, 1961, when the proprietor surrendered the licence. No operator is now licensed.

The following records the contributions made to Consolidated Revenue by lotteries taxation from 1949-50:

Taxation and Stamp Duties Imposed on Lotteries—Paid to Consolidated Revenue ($'000)

Year	Taxation and Stamp Duties	Year	Taxation and Stamp Duties	Year	Taxation and Stamp Duties
1949-50 ..	2,152	1953-54 ..	3,032	1957-58 ..	740
1950-51 ..	2,430	1954-55 ..	1,152	1958-59 ..	432
1951-52 ..	2,634	1955-56 ..	2,114	1959-60 ..	278
1952-53 ..	2,952	1956-57 ..	1,930	1960-61 ..	60

In September, 1960, the *Racing and Gaming Act* 1952 was amended to permit agreements with other States for the sale of their lottery tickets in Tasmania. Under an agreement with the Victorian Government, Tattersalls were allowed to sell tickets through accredited Tasmanian representatives; the Victorian Government was to pay quarterly to the Tasmanian Government 15½ per cent of the value of subscriptions made as a result of this concession. The amounts received under the agreement have been: 1960-61, $84,876; 1961-62, $137,914; 1962-63, $134,476; 1963-64, $145,394. For the purpose of Public Finance Statistics, these amounts are classified not as "taxation" but as "payments from other States".

The high level of tax yield up to 1953-54 was largely attributable to the receipt, in Tasmania, of lottery subscriptions from other Australian States and from overseas, a major contributor being New Zealand. The later decline in tax yield was attributable to the competition of Government lotteries in N.S.W., Queensland and Western Australia, and Tattersalls operating under government licence in Victoria.

Public Finance—Appendix

In general, the previous sections of Public Finance have been written to end with 1963-64 transactions, or with balances and aggregates at 30th June, 1964. The main statistics for 1964-65 were as follows (in $'000): Consolidated Revenue, receipts, 74,846; expenditure, 76,465; Net Loan Expenditure, 33,352; Aggregate Net Loan Expenditure to 30th June, 518,860; State Public Debt (at 1927 exchange rates), 462,302. Principal items of Consolidated Revenue receipts were (in $'000): Commonwealth grants, 44,431; State taxation, 10,677; debt charge recoveries, 14,425; and departmental revenue, 3,174.

PRIVATE FINANCE

Decimal Currency

Early Currency

In N.S.W. in 1800, Governor King issued a proclamation relating to the official value of the many forms of currency in circulation in the colony and attached to it a "table of specie" as follows:

Governor King's Table of Specie, 1800

Currency Unit	Sterling Equivalent	Currency Unit	Sterling Equivalent
	£ s. d.		£ s. d.
A Guinea	1 2 0	A Spanish Dollar	0 5 0
A Johanna	4 0 0	A Rupee	0 2 6
An Half Johanna	2 0 0	A Dutch Guilder	0 2 0
A Ducat	0 9 6	An English Shilling	0 1 1
A Gold Mohur	1 17 6	A Copper Coin of One Ounce	0 0 2
A Pagoda	0 8 0		

Since Van Diemen's Land was colonised three years later as an extension of N.S.W., it followed that the same diverse forms of currency were soon in circulation in the Derwent and Tamar settlements. In 1813 in Sydney, Governor Macquarie, by proclamation, originated the "holey dollar" and the "dump"; the former, a silver dollar with the centre struck out, was officially valued at five shillings; the latter, being the struck out portion, was valued at fifteen pence. By 1822, full value dollars (i.e. without extraction of the dump) were being used extensively for cash transactions and there was considerable local agitation for the adoption of the dollar as the official currency. Nevertheless, a further 144 years were to pass before a dollar unit replaced the pound.

In 1825, the British Government issued an Order-in-Council with the object of bringing the dual-currency to an end and insisting on the sole use of English currency in the Australian colonies. The adoption of sterling nomenclature and of English coins proceeded gradually and special efforts were made to assure an adequate supply of the official coins. These were imported in sufficient quantity to have displaced dollars and other foreign coins by the 1830's in N.S.W., and by the 1840's in Tasmania; from then on, English gold, silver and bronze coins, including gold sovereigns and half-sovereigns minted in Australia after 1855, were in use as the official currency until early in the present century.

After Federation in 1901, the only coins which were legal tender within Australia until 1909 were English coins. Subsequently, coins produced for the Commonwealth Treasury under the *Coinage Act*, and carrying Australian identification, were ordered, in the main, from the Royal Mint, London and its branches in Melbourne, Sydney and Perth, although some orders were filled by mints in the U.S.A. and India. In connection with the making of these Australian coins, the Commonwealth Government was simply a commercial customer concerned with the quality and cost of its orders, and it exercised no control over the operations of British mints established on Australian soil (at Sydney in 1855, Melbourne 1872, and Perth 1899).

The construction of the Royal Australian Mint in Canberra provided the Commonwealth Government for the first time with facilities for minting its own coinage; the Mint was opened by H.R.H. the Duke of Edinburgh on 22nd February, 1965. The first task of the new establishment was to produce coins for issue on the changeover to decimal currency in February, 1966.

Changeover to Decimal Coinage

On 14th February, 1966 the following £-s.-d. coins were in circulation: 2s., 1s., 6d., 3d., 1d. and ½d. On this date, the following new coins were put into circulation: 50 cents (equal to 5s.), 20 cents (2s.), 10 cents (1s.), 5 cents (6d.), 2 cents (2.4d.) and 1 cent (1.2d.). It is provided that coins, both "new" and "old", may circulate side by side for a period of two years, the plan being to withdraw "old" coins through the banks.

Changeover to Decimal Notes

Notes in circulation in Australia are issued by the Reserve Bank through the Note Issue Department. The Bank had authority to issue Australian notes in denominations of 5s., 10s., £1, £5, £10 and any multiple of £10. The Reserve Bank is not required to hold a specific reserve in gold against the note issue, but the assets of the Note Issue Department must be held or invested in gold, on deposit with any bank, or in securities of the Government of the U.K., the Commonwealth, or a State. Under the *Reserve Bank Act* 1959, the profits of the Note Issue Department are paid to the Commonwealth.

Australian notes are legal tender to any amount within Australia and have been issued in denominations of 10s., £1, £5, £10, £20, £50, £100, and £1,000. Notes of denominations higher than £10 have not been issued to the public since 1945.

On 14th February, 1966, the following notes were in general circulation: 10s., £1, £5 and £10. On this date, the following new notes were put into circulation: $1 (equal to 10s.), $2 (£1), $10 (£5) and $20 (£10). Although the decimal notes were completely new in design, the colours were arranged to establish at a glance the relationship between new and old (brown $1; green $2; blue $10; red $20). No issue was made of a $5 note at this point in time since there was no single note equivalent (£2-10s.) in the £-s.-d. system. It is provided that notes, both "old" and "new", may circulate side by side for a period of two years, the plan being to withdraw "old" notes through the banks.

The background to this changeover to a decimal currency is given in the section that follows.

Developments Prior to Currency Act 1963

The Decimal Currency Committee was appointed by the Commonwealth Government in February, 1959, to investigate the advantages and disadvantages of a decimal currency; if a decimal currency were favoured, to make recommendations concerning the unit of account, the method of introduction and the cost involved.

In April, 1963, the Government announced that, in accordance with the recommendations of the Decimal Currency Committee:

(*a*) a system of decimal currency was to be introduced into Australia;

(*b*) the tentative changeover date was set for February, 1966;

(*c*) the new system would be based on a major unit (subsequently named the dollar) equal to the present ten shillings;

(*d*) the minor unit (subsequently named the cent) of the new system would be one hundredth part of the major unit, and would thus be equal in value to 1.2d. in the existing currency system; and

(*e*) no fractions of the minor unit would be introduced.

The Government also announced that it would pay reasonable compensation to owners of a large proportion of monetary machines which required conversion in order to be used in the new decimal system.

Currency Act 1963

The *Currency Act* 1963 of the Commonwealth Parliament provided for the new currency and established the relationship between it and the existing system of pounds, shillings and pence, and specified the denominations and minting and legal tender arrangements for the new decimal coins. The Act also furnished the Treasurer with certain powers for the purpose of facilitating

the transition from the existing to the decimal currency system, and established the Decimal Currency Board. The transition day—"C-day"—was established as 14th February, 1966.

Using the relationships established in the *Currency Act* 1963, the Decimal Currency Board has published three conversion tables:

(*a*) an Exact Equivalents Table;

(*b*) a Banking and Accounting Table; and

(*c*) a Comprehensive Conversion Table.

The Exact Equivalents Table converts amounts of £-s.-d. to their exact values in dollars and cents. This table is for use whenever it is necessary to obtain the exact equivalent of an amount of £-s.-d. in the new currency. (Many industrial agreements providing for hourly wage rates have been converted in terms of exact equivalent values.)

The Banking and Accounting Table converts amounts of £-s.-d. to the nearest whole-cent. This table is for use when it is practicable only to convert to whole-cents. The Comprehensive Conversion Table converts amounts ending in halfpence to the nearest whole-cent.

Neither of the Board's whole-cent conversion tables is in any sense designed to give direction as to how prices in £-s.-d. should be converted to dollars and cents. The Board has no authority to fix prices or other charges.

Notation in Decimal Currency

The Board has made certain recommendations on the method of writing amounts in decimal currency.

The main guiding rules are:

(*a*) the symbol for the dollar is $, a capital S with two vertical strokes; acceptable alternatives may be used, for example, an S crossed by one vertical stroke;

(*b*) the symbol for the cent is a small letter c; again acceptable alternatives may be used, for example, a c with a stroke through it or some stylised version of the c;

(*c*) where it is necessary to distinguish the Australian dollar from oversea currencies, the letter A should be placed immediately after the dollar sign, $A;

(*d*) when using the dollar symbol and writing amounts involving cents, there should always be two figures (where necessary one of them a nought) following the decimal point, e.g. $26.09;

(*e*) when using the dollar symbol and writing amounts of cents only, a nought should be placed between the symbol and the decimal point, e.g. $0.25; and

(*f*) in line with a strong preference expressed by the Australian banks, a hyphen should be used, instead of a decimal point, to separate figures for dollars and cents in an amount hand-written on a cheque, e.g. $26-09.

Decimal Currency Act 1965

In 1965, the Tasmanian Parliament passed the *Decimal Currency Act* to give official recognition to the new currency and to specify what conversions should apply after 14th February, 1966 in respect of amounts originally expressed in £-s.-d. currency in previous legislation, contracts, agreements, &c.

Banking in Tasmania

Types of Bank

Banks in Tasmania can be classified by ownership as follows: (i) Government—the Reserve Bank of Australia, the Commonwealth Development Bank of Australia, the Commonwealth Trading Bank of Australia, and the Commonwealth Savings Bank; (ii) Private—the private trading banks and the private savings banks; (iii) Trustee—the Hobart and the Launceston Savings Banks. (It should be noted that the Agricultural Bank is *not* a bank for the purpose of the statistics that follow.)

For statistical purposes, such a classification is not helpful since banks, both government and private, may be engaged in the same type of activity. Hence, the classification in actual use is one which groups banks according to their type of activity, not according to their ownership. The major banking statistics for the State are presented in two distinct series under the following headings: (i) all cheque-paying banks; (ii) all savings banks.

Cheque-Paying Banks

The following institutions in Tasmania are classified as "cheque-paying banks": Commonwealth Trading Bank of Australia; Australia and New Zealand Bank Ltd.; Bank of New South Wales; Commercial Bank of Australia Ltd.; Commercial Banking Company of Sydney Ltd.; English, Scottish and Australian Bank Ltd.; and National Bank of Australasia Ltd. (This does not exhaust the list of cheque-paying banks operating in Australia but only these seven enterprises maintain branches in Tasmania.)

Savings Banks

In the 1950's, only three savings banks operated branches in Tasmania: Hobart Savings Bank, Launceston Savings Bank and Commonwealth Savings Bank. (The trustee savings banks date from early colonial days, that at Launceston opening in 1835, and at Hobart in 1845.) In recent years, a number of private trading banks have opened savings bank subsidiaries in the State, the relevant dates being A.N.Z., September, 1959; Bank of N.S.W., September, 1961; E. S. & A., October, 1961; National, May, 1962; Commercial (of Australia), July, 1962; Commercial (of Sydney), March, 1963. In effect, all those banks which previously operated in Tasmania purely as cheque-paying banks now make available facilities for savings depositors. It follows that there are nine separate enterprises operating branches within the State.

Banking Legislation

Under Section 51 of the Commonwealth Constitution, the Commonwealth Parliament has power to legislate with respect to "banking, other than State banking; also State banking extending beyond the limits of the State concerned, the incorporation of banks, and the issue of paper money". The principal Commonwealth Acts at present in force relating to banking are as follows:

The Reserve Bank Act 1959: Provision for the constitution and management of the Reserve Bank of Australia and the management of the Australian note issue. (Central banking functions had previously been vested in the Commonwealth Bank of Australia.)

The Banking Act 1959: Objects are (i) to provide a legal framework uniform throughout Australia for regulating the banking system; (ii) to safeguard depositors of the banks from loss; (iii) to provide for the co-ordination of banking policy under the direction of the Reserve Bank; (iv) to control the volume of credit in circulation and bank interest rates; (v) to mobilise and to provide machinery for the control of foreign exchange and the gold resources of the Australian economy.

The Commonwealth Bank Acts 1959-1961: These Acts created the Commonwealth Banking Corporation as the controlling body for the newly-constituted Commonwealth Trading Bank of Australia, Commonwealth Savings Bank of Australia and Commonwealth Development Bank of Australia. The Corporation and its constituent banks are subject to the same banking controls as are the private trading banks. (The Commonwealth Bank, established in 1911, had performed a number of diverse roles, e.g. as a trading bank, a savings bank and a central bank. The effect of the new legislation was to isolate the individual functions and to constitute a separate establishment for each.)

Transactions of Cheque-Paying Banks

The accompanying table summarises the principal statistics relating to all cheque-paying banks in Tasmania for a five-year period. The following definitions apply:

(i) Deposits—an item among banks' liabilities. The figure is the average, for the year, of balances read at weekly intervals.

(ii) Loans, Advances and Bills Discounted, &c.—an item among banks' assets. The figure is the average, for the year, of balances read at weekly intervals.

(iii) Debits to Customers' Accounts—in general, mainly the total of all cheques drawn by customers during a given period. The figure is the weekly average of such entries for the year.

A marked change is apparent in the proportion of funds held as "Deposits: Not Bearing Interest." In June, 1961, this liability item accounted for 71.0 per cent of total deposits in Tasmanian cheque-paying banks; in the same month of 1962, for 67.6 per cent; in June, 1963, for 66.7 per cent; June, 1964, for 65.2 per cent; and June, 1965, for 61.5 per cent. In the table (based on annual weekly averages), interest-bearing deposits have almost doubled whereas non-interest bearing deposits have varied only in a minor degree.

All Cheque-Paying Banks
(Including Commonwealth Trading Bank)

Particulars	1960-61	1961-62	1962-63	1963-64	1964-65
Branches in Tasmania, End of Period	No. 85	No. 94	No. 95	No. 98	No. 101
Weekly Averages—	$'000	$'000	$'000	$'000	$'000
Deposits—					
Commonwealth and State Governments	465	520	510	492	580
Other—					
Fixed	15,420	20,768	23,074	24,046	29,483
Current—Interest Bearing	3,985	4,314	4,725	4,966	5,481
Current—Not Bearing Interest	57,608	53,492	54,875	56,710	59,059
Total	77,478	79,094	83,184	86,214	94,603
Loans, Advances and Bills Discounted (*a*)	48,944	49,334	53,186	55,106	54,124
Debits to Customers' Accounts (*b*)	32,472	32,080	35,068	37,062	41,340

(*a*) Excludes loans to authorised dealers in the short-term money market.

(*b*) Excludes debits to Australian Government accounts at Hobart branches. In addition to the seven cheque-paying banks' transactions, those of the Rural Credits Department of the Reserve Bank and the Commonwealth Development Bank are included in this item.

Fixed Deposit Rates

The next table shows the interest rates received by customers of cheque-paying banks in respect of money lodged on fixed deposit for specified periods:

Cheque-Paying Banks—Fixed Deposit Rates
(Per Cent Per Annum)

Date From Which Operative	Deposits for			
	Three Months and Under Six	Six Months and Under Twelve	Twelve Months	Twenty-four Months
15th March, 1956	2.25	2.50	2.75	3.00
4th December, 1956	2.25	2.50	2.75	3.50
17th November, 1960	(*a*) 4.00		4.50	(*b*)
1st July, 1961	(*a*) 4.00		4.25	(*b*)
13th April, 1962	(*a*) 3.75		4.00	(*b*)
1st April, 1963	(*a*) 3.25		(*c*) 3.50	(*c*)
8th April, 1964	(*d*) 3.75		(*c*) 4.00	(*c*)
29th September, 1964	(*d*) 3.75		(*e*) 4.00	(*f*) 4.25
3rd March, 1965	(*d*) 4.25		(*e*) 4.50	(*f*) 4.50

(*a*) Three months but less than twelve months.

(*b*) The maximum period for fixed deposits was 12 months.

(*c*) From 10th September, 1962, deposits could be accepted for up to 15 months.

(*d*) From 8th April, 1964, fixed deposits exceeding $100,000 for periods from one to three months could be accepted at the rates shown.

(*e*) As from 29th September, 1964, deposits could be accepted for periods from 12 to 18 months.

(*f*) Over 18 months to 24 months.

The above rates (as from 3rd March, 1965) were still in force in May, 1966.

Transactions of Savings Banks

The following table summarises the principal statistics relating to savings banks in Tasmania. Deposits are compiled on a basis different from that used in the case of cheque-paying banks. "Deposits lodged" is the total inflow of deposits during the year, and "depositors' balances" is a single liability reading taken at the end of the year.

All Savings Banks

Particulars	1960-61	1961-62	1962-63	1963-64	1964-65
Number at End of Period—	No.	No.	No.	No.	No.
Branches in Tasmania ..	64	110	135	141	147
Operative Accounts ..	316,794	331,847	349,676	362,999	379,243
	$'000	$'000	$'000	$'000	$'000
Deposits Lodged during Year	90,056	96,566	109,688	125,316	142,382
Interest Added during Year ..	2,868	3,316	3,638	3,530	4,108
Excess of Deposits over Withdrawals	— 802	4,368	6,758	8,384	6,854
Depositors' Balances—End of Year	94,776	102,460	112,856	124,770	135,732
Per Head of Population—	$	$	$	$	$
Depositors' Balances—End of Year	271	287	312	339	367

Savings Bank Interest Rates

The next table shows rates of interest applying to operations of the Hobart Savings Bank, firstly as received by depositors, and secondly, as charged to borrowers with home mortgages.

Hobart Savings Bank—Interest Rates
(Per Cent Per Annum)

Date of Change in Rate	Interest Rate—Maximum Upon Deposits (*a*)	Mortgage Rate on Advances for Homes	Date of Change in Rate	Interest Rate—Maximum Upon Deposits (*a*)	Mortgage Rate on Advances for Homes
1st Jan., 1955	2.75	4.75	1st July, 1961	3.75	5.75
1st March, 1956	3.00	5.00	1st Aug., 1962	3.75	6.00
1st April, 1957	3.00	5.25	1st April, 1963	3.25	6.00
1st Nov., 1957	3.00	5.50	1st May, 1963	3.25	5.50
1st Nov., 1958	3.25	5.50	1st June, 1964	3.50	5.50
1st Jan., 1961	3.50	5.75	1st April, 1965	3.75	5.75

(*a*) Deposits are savings accounts; interest on fixed deposits is as for cheque-paying banks.

The rates effective from 1st April, 1965, were still in operation in May, 1966.

Insurance in Tasmania

Definitions

The data on insurance that follow are divided into two parts: (i) life insurance; (ii) insurance other than life, i.e. fire, marine and general insurance. In connection with life policies, it is common to make a distinction between "assurance" and "insurance"; for the purpose of the section that follows, including the tables, no such distinction is observed and the term "insurance" is used throughout.

Legislation

Section 51 of the Commonwealth Constitution confers the necessary powers on the Commonwealth Parliament to legislate with respect to "insurance other than State insurance; also State insurance extending beyond the limits of the State concerned." The principal Commonwealth legislation affecting current insurance business is as follows:

Insurance Act 1932-1960: Insurance businesses are required to lodge a deposit with the Commonwealth Treasurer, interest on the invested deposit being paid to the depositor. Deposits remain as a security against liability to policy holders, and are available to satisfy judgments obtained in respect of policies. The following insurance business is exempted from these provisions: staff superannuation schemes; schemes of religious organisations purely for insurance of their property; friendly society, union and association schemes involving superannuation or insurance benefits to employees. Deposits with a State made prior to the legislation could remain with the State and reduce the amount needed for deposit with the Commonwealth. The passing of the *Life Insurance Act* 1945-1961 had the effect of adding life insurance business to the list of activities exempted from the provisions of the *Insurance Act* 1932-1960.

Life Insurance Act 1945-1961: Objects are (i) to replace all State legislation on the subject of life insurance, except that relating to operations of a State insurance office within a specific State, and to provide uniform legislation for the whole of Australia; (ii) to appoint an Insurance Commissioner to exercise active supervision of the activities of life insurance companies, with a view to

securing the greatest possible protection of policy holders; (iii) to set up adequate machinery for dealing with any company that fails to maintain a required minimum standard of solvency.

Life Insurance

Since 1947, returns lodged under the *Life Insurance Act* 1945-1961 have been used to compile life insurance statistics. In Tasmania, the Government Insurance Office does not transact life business so the tables that follow refer to the operations of enterprises exclusively in the private sector. The following summarises the principal statistics relating to life insurance business carried on in Tasmania:

Life Insurance Transactions

Particulars	1960-61	1961-62	1962-63	1963-64	1964-65
ORDINARY BUSINESS (*a*)					
New Policies Issued (*b*)—					
Policies .. .. (No.)	16,046	14,216	14,444	15,845	14,611
Sum Insured ..($'000)	53,352	50,322	55,602	64,588	65,584
Annual Premiums ..($'000)	N.A.	N.A.	1,363	1,474	1,633
Policies Discontinued (*b*)—					
Policies .. .. (No.)	10,301	11,673	11,494	12,775	13,192
Sum Insured ..($'000)	21,600	23,719	25,748	30,030	30,537
Annual Premiums ..($'000)	N.A.	N.A.	699	764	815
INDUSTRIAL BUSINESS (*c*)					
New Policies Issued (*b*)—					
Policies .. .. (No.)	4,066	3,309	3,272	3,538	3,077
Sum Insured ..($'000)	2,100	1,902	2,464	2,794	2,682
Annual Premiums ..($'000)	N.A.	N.A.	102	106	103
Policies Discontinued (*b*)—					
Policies .. .. (No.)	8,337	7,917	7,261	6,513	6,530
Sum Insured ..($'000)	1,998	1,873	1,960	2,010	1,959
Annual Premiums ..($'000)	N.A.	N.A.	92	89	91
NEW LOANS GRANTED (*d*)					
On Mortgage of Real Estate ($'000)	5,242	3,204	2,720	3,024	3,132
On Companies' Policies ($'000)	906	814	862	922	930
On Other Securities ..($'000)	18	24	112	4	12
Total Loans Granted ($'000)	6,166	4,042	3,694	3,950	4,074

(*a*) Includes superannuation business and "group insurance".

(*b*) Excludes annuities.

(*c*) Industrial business refers, in the main, to policies on which the premiums are collected as regular instalments by agents on commission.

(*d*) Excludes advances of premiums.

The next table shows, for Tasmania, the number of policies in force and the amount of the sum insured:

Life Insurance—Policies in Force at 31st December

Particulars	1961	1962	1963	1964	1965
Policies .. .. .. (No.)	216,248	214,612	214,646	213,462	(*a*)
Sum Insured .. ..($'000)	304,104	332,092	360,388	396,251	(*a*)

(*a*) Not yet available.

Fire, Marine and General Insurance

Definitions: The following statistics, which are in respect of the business of companies operating in Tasmania, and of the State Government Insurance Office, conform to these definitions:

(i) Premiums represent the full amount receivable in respect of policies issued and renewed in the year, less returns, rebates and bonuses paid or credited to policy-holders during the year. They are not adjusted to provide for premiums unearned at the end of the year and consequently the amounts differ from "earned premium income" appropriate to the year. When business is increasing, as shown in the statistics, premiums receivable are greater than "earned premium income" appropriate to the year. The converse applies when business is declining.

(ii) Claims or losses include provision for outstanding claims and represent claims or losses incurred in the year. Salvage and other amounts recoverable have been deducted.

(iii) Contributions to fire brigades, commission and agents' charges, and expenses of management represent mainly charges paid during the year.

(iv) Taxation represents mainly payments made during the year, and includes income tax, pay-roll tax, licence fees, stamp duty (where paid by the Company), &c. Income tax paid during the year is based on the income of earlier years.

The figures relate to selected items of statistics and are not construable as "Profit and Loss" statements or "Revenue Accounts". In cases where the business is underwritten in one State and the risk is situated in another, the business is included in the State in which the policy was issued.

Fire, Marine and General Insurance
($'000)

Particulars	1960-61	1961-62	1962-63	1963-64	1964-65
Premiums (Less Returns, Rebates and Bonuses)	9,846	10,212	11,428	12,248	13,567
Interest, Dividends, Rents ..	144	106	162	230	264
Total Revenue	9,990	10,318	11,590	12,478	13,831
Claims (Less Amounts Recoverable)	5,520	5,494	5,950	6,664	7,854
Other Expenditure	4,000	4,082	4,412	4,610	(*a*) 5,185
Total Expenditure.. ..	9,520	9,576	10,362	11,274	13,039

(*a*) Contribution to Fire Brigades, $230,000; commission and agents' charges, $1,600,000; expenses of management, $2,662,000; taxation, $692,000.

Types of Insurance: The next table shows premiums and claims according to the class of insurance business transacted in 1964-65. ("Premiums" and "claims" have been compiled in accordance with the definitions introducing the section.)

Premiums and Claims for Each Type of Insurance, 1964-65
($'000)

Class of Business	Premiums	Claims	Class of Business	Premiums	Claims
Fire	2,567	851	Public Risk, Third Party	188	127
Householders' Comprehensive	855	217	General Property ..	49	14
Sprinkler Leakage ..	3	1	Plate Glass	67	38
Loss of Profits	251	79	Boiler	7	(*b*)
Hailstone	(*a*)	(*a*)	Livestock	22	7
Marine	552	228	Burglary	174	113
Motor Vehicles	4,435	3,032	Guarantee	24	23
Motor Cycles	(*b*)	1	"Pluvius"	17	8
Compulsory Third Party (Road Accidents) ..	1,316	1,122	Aviation	17	18
Workers' Compensation	2,295	1,233	All Risks	66	31
Seamen's Compensation	(*a*)	(*a*)	Television	11	5
Personal Accident ..	421	186	Other	230	520
			Total ..	13,567	7,854

(*a*) Not available for publication. Listed in "Other".

(*b*) Under $500.

Ratio of Claims to Gross Premiums: The following table shows, as a percentage, the ratio between claims and premiums for the more important classes of business over a five-year period:

Fire, Marine and General Insurance
Ratio of Claims to Premiums (*a*)
(Per Cent)

Class of Business	1960-61	1961-62	1962-63	1963-64	1964-65
Fire	46.2	29.5	34.0	30.6	33.1
Householders' Comprehensive	20.9	24.6	23.3	21.5	25.4
Loss of Profits	63.7	29.3	33.9	1.7	31.4
Marine	54.2	59.9	60.4	66.0	41.3
Motor Vehicles (Excluding Motor Cycles)	66.2	59.5	64.0	72.3	68.4
Compulsory Third Party (Road Accidents)	64.0	65.9	58.7	75.1	85.3
Workers' Compensation ..	51.1	60.1	52.6	49.2	53.7
Personal Accident	43.4	51.7	45.7	48.1	44.2
Public Risk, Third Party ..	116.7	58.9	20.8	38.2	67.7
Plate Glass	71.4	78.7	48.1	50.9	57.2
Burglary	62.6	59.4	54.1	70.7	65.2
All Classes	56.1	53.8	52.1	54.4	57.9

(*a*) See beginning of section for definition of claims and premiums.

Instalment Credit for Retail Sales in Tasmania

General

Information relating to instalment credit for retail sales in Tasmania is given in the following tables. Monthly and quarterly statements are issued by the Bureau.

The statistics cover operations of all types of instalment credit schemes which relate primarily to the financing of retail sales of goods, whether the credit is advanced by a retail business or by a non-retail finance business. In general, the term "instalment credit" is defined as relating to schemes in which repayment is made by regular pre-determined instalments. Types of schemes covered include hire purchase, time payment, budget account, and personal loan schemes which relate primarily to financing of retail sales of goods. In these statistics, the term "retail sales" relates not only to retail sales by retail establishments coming within the scope of the Censuses of Retail Establishments conducted periodically by the Bureau, but includes also other sales of goods to final purchasers (e.g. plant and machinery).

Figures for amounts financed *exclude* interest, hiring charges, insurance, &c. Figures for balances outstanding and collections *include* interest, hiring charges, insurance, &c. Details are not available of these charges or of other items (e.g. rebates allowed for early payment, late payment charges, bad debts written off) which affect the reconciliation of the three main instalment credit series—amounts financed, collections and balances outstanding.

Instalment Credit for Retail Sales (*a*)
(Hire Purchase and Other Instalment Credit)
($'000)

Particulars	1960-61	1961-62	1962-63	1963-64	1964-65
FINANCED BY RETAIL BUSINESSES					
Amount Financed During Period (*b*)—					
Motor Vehicles—New (*c*) ..	n.a.	190	342	376	378
Used (*c*)	n.a.	170	206	238	210
Total Vehicles ..	398	360	548	614	588
Plant and Machinery ..	72	28	38	54	32
Household and Personal Goods	5,928	5,650	5,812	5,288	5,018
Total All Goods ..	6,398	6,038	6,398	5,956	5,638
Balances Outstanding at End of Period (*d*)	7,774	8,826	9,732	9,260	8,596
FINANCED BY NON-RETAIL FINANCE BUSINESSES					
Amount Financed During Period (*b*)—					
Motor Vehicles—New (*c*) ..	n.a.	5,322	6,672	7,776	8,314
Used (*c*)	n.a.	7,336	8,852	9,580	9,152
Total Vehicles ..	12,404	12,658	15,524	17,356	17,466
Plant and Machinery ..	1,376	1,296	1,468	1,326	2,232
Household and Personal Goods	4,172	3,992	4,830	3,750	3,956
Total All Goods ..	17,952	17,946	21 822	22,432	23,654
Balances Outstanding at End of Period (*d*)	26,512	26,854	30,718	33,048	35,640

Instalment Credit for Retail Sales (*a*)
(Hire Purchase and Other Instalment Credit)—*continued*
($'000)

Particulars	1960-61	1961-62	1962-63	1963-64	1964-65
FINANCED BY ALL BUSINESSES					
Amount Financed During Period (*b*)—					
Motor Vehicles—New (*c*) ..	n.a.	5,512	7,014	8,152	8,692
Used (*c*)	n.a.	7,506	9,058	9,818	9,362
Total Vehicles ..	12,802	13,018	16,072	17,970	18,054
Plant and Machinery ..	1,448	1,324	1,506	1,380	2,264
Household and Personal Goods	10,100	9,642	10,642	9,038	8,974
Total All Goods ..	24,350	23,984	28,220	28,388	29,292
Balances Outstanding at End of Period (*d*)—					
Hire Purchase	26,760	27,500	31,800	34,422	36,520
Other Instalment Credit ..	7,526	8,180	8,650	7,886	7,716
Total	34,286	35,680	40,450	42,308	44,236

(*a*) Includes time payment, budget account and personal loan schemes associated primarily with financing of retail sales of goods.
(*b*) Excludes hiring charges, interest and insurance.
(*c*) Includes tractors.
(*d*) Includes hiring charges, interest and insurance.

Friendly Societies

Scope

The details that follow refer to "Ordinary" Societies, not to "Special" Societies. Ordinary Societies are those which provide customary sick and funeral benefits and are subject to actuarial valuation. Special Societies restrict their membership to employees of industrial parent organisations and are not subject to actuarial valuation.

Membership

Friendly Societies were obviously a form of social organisation to help members meet the costs of sickness, burial, &c. at a time when government social services were either meagre or non-existent. Membership reached a maximum (over 20,000 in male lodges) in the pre-depression years but has since steadily declined.

The principal benefits provided by Friendly Societies include sick pay, medical attendance and medicine, and sums payable on death; the total membership of Friendly Societies in Tasmania is under 6,000 but as certain benefits are granted to members' families as well as to members themselves, this figure must be more than doubled to arrive at an estimate of the number of persons who may receive some direct benefit, even when due allowance is made for young and unmarried members.

The most striking long-term characteristics of Friendly Societies in Tasmania are the decline in their membership and the increase in the average age of members. The following table shows the percentage age distribution since 1920:

Friendly Societies—Percentage Distribution, in Age Groups, of Members of Male Lodges

Age Group in Years	Percentage of Total Membership in Each Age Group					
	1920	1930	1940	1950	1960	1964
16-19	7.79	6.60	2.87	1.48	0.15	0.32
20-29	26.42	23.08	16.87	10.29	1.89	0.81
30-49	47.85	43.37	39.71	37.73	26.11	19.66
50-69	16.54	23.56	32.91	38.28	47.76	51.67
70 and over ..	1.40	3.39	7.64	12.22	24.09	27.54
Total ..	100.00	100.00	100.00	100.00	100.00	100.00

The next table gives details of total membership and average age:

Friendly Societies—Total Membership and Average Age of Members of Male Lodges

Particulars	1920	1930	1940	1950	1960	1964
Total Members (No.)	20,605	22,168	18,854	14,677	7,571	5,657
Average Age (Years)	36.7	40.5	45.3	49.8	58.0	60.0

The period covered by the two previous tables has witnessed a marked extension of social service and health service benefits provided by the Commonwealth Government, (e.g. sickness and funeral benefits; also hospital and medical benefits). From the 1950's onwards, there has been a rapid development of various insurance schemes to protect families against the incidence of costs associated with sickness and hospitalisation; such schemes have evolved, in general, outside the framework of the Friendly Society movement. It is probable, therefore, that there may be some causal connection between these developments and the decline in Friendly Society membership.

Revenue and Expenditure

The following table shows the net revenue and expenditure of Friendly Societies for the year 1964:

Friendly Societies—Net Revenue and Expenditure, 1964 (*a*)
($)

Revenue			Expenditure		
Particulars	Total	Per Financial Member	Particulars	Total	Per Financial Member
Members' Contributions (*b*) ..	39,374	6.88	Medical Attendance and Medicine ..	4,480	0.78
Interest, Rent and Dividends ..	75,678	13.22	Sick Pay	19,396	3.39
All Other Income..	11,818	2.07	Funeral Benefits—		
			Members ..	44,130	8.13
			Registered Wives	2,400	
			Administration ..	30,362	5.31
			Other	10,490	1.83
Total ..	126,870	22.17	Total ..	111,258	19.44

(*a*) Excludes inter-fund transfers and transfers between districts and lodges.
(*b*) Includes levies.

In the previous table, transactions involving Friendly Societies as agents for Hospital Benefits or Medical Benefits Insurance Schemes have been eliminated.

Accumulated Capital

Accumulated capital of ordinary societies by the end of 1964 amounted to $1,372,312 and the capital per financial member was $239.79. The rate of interest earned by the funds was 5.57 per cent for 1964. The following table shows the growth of the capital of Friendly Societies since 1920, together with the capital per financial member:

Friendly Societies' Accumulated Capital
($)

At 31st December	Capital		At 31st December	Capital	
	Total	Per Financial Member		Total	Per Financial Member
1920	549,194	26.23	1950	1,231,486	82.41
1930	819,372	36.62	1960	1,390,122	182.62
1940	989,328	50.91	1964	1,372,312	239.79

Legislation

Provisions for the registration and control of Friendly Societies in Tasmania are embodied in the *Friendly Societies Act* 1888 as amended. Under the Act, both the Registrar of Friendly Societies and the Statistician are required to report annually to the appropriate Minister on the proceedings and transactions of the Societies; in particular, the Statistician is required to prepare an annual report on the finances of the Societies for presentation to the Parliament.

Registered Building Societies

Types of Registered Society

There are two distinct types of building society registered under Tasmanian law, specifically (i) permanent, and (ii) terminating.

Permanent Societies: These societies are both savings and deposit receiving institutions which advance funds for home building against the security of first mortgages. Those who invest by taking shares or by making deposits are in a separate category from those who borrow to build a home—in other words, applicants for loans need not be a member of, or a depositor with, the society.

Terminating Societies: These societies are those which, by their rules, are to terminate at a fixed date, or when a result specified in their rules is attained. Societies issue members one class of share, and require equated monthly instalments towards share capital from members; when a member borrows to build (and only a member may borrow), he is required to pay additional equated monthly instalments, such addition constituting interest only. The regular instalments in respect of share capital are calculated to amount, with interest, to the nominal amount of the member's shares over the life of the society (say 26 or 30 years). If the member takes out shares with a nominal value of $6,000, then his borrowing ceiling is set at $6,000—in other words, the member takes out, in nominal share capital, the amount which he wishes to borrow for home-building. In effect, the member is contributing to a sinking fund for the liquidation of his loan.

The terminating societies receive Commonwealth-State housing loans periodically (through the Agricultural Bank as agent for the Commonwealth), and supplement this with loans from private institutions.

Summary of Transactions

In the table that follows, the details cover the operation of both types of building society.

Registered Building Societies

Particulars	1960-61	1961-62	1962-63	1963-64	1964-65
	No.	No.	No.	No.	No.
Operative Societies	25	37	42	47	54
Shareholders	9,946	10,594	11,248	11,938	12,933
Borrowers	4,019	4,366	4,397	5,074	5,595
	$'000	$'000	$'000	$'000	$'000
Advances Made in Year ..	2,620	3,230	4,072	5,722	6,445
Redemption of Loans in Year..	1,562	1,586	1,743	2,284	2,699
Liabilities—					
Paid-up Capital and Subscriptions	4,664	5,164	5,812	6,101	7,010
Deposits	4,328	5,088	6,036	8,314	9,398
Loans Due to Government	..	1,816	2,436	2,956	3,204
Bank Overdrafts and Other Liabilities	2,700	1,392	1,604	2,469	3,662
Total	11,692	13,460	15,888	19,840	23,274
Assets—					
Advances on Mortgages ..	10,714	12,350	14,688	18,127	21,853
Other	978	1,110	1,200	1,713	1,421
Total	11,692	13,460	15,888	19,840	23,274

In the previous table, "Loans Due to Government" refers principally to loan money made available under the Commonwealth-State Housing Agreement, the amounts being exclusively the liability of the terminating building societies. In 1964-65, all but five of the operative societies were of the terminating variety.

Co-operative Societies

The next table summarises the financial transactions of societies registered under Tasmanian law as co-operative industrial societies; excluded are co-operative credit societies which are dealt with in a subsequent section.

Types of Registered Society

The co-operative societies in Tasmania embrace several types of business, examples being: (i) fish marketing; (ii) butter factory; (iii) auctioneers and general merchants; (iv) fruit pulping; (v) wholesale grocers; (vi) meat marketing; (vii) hire car base radio service. The table which summarises their operations uses the term "operating" to describe transactions concerned with the processing and sale of goods, and "non-operating" to describe earnings from commissions, discounts, services, &c.

Co-operative Societies

Particulars	1960-61	1961-62	1962-63	1963-64	1964-65
	No.	No.	No.	No.	No.
Branches	16	13	13	17	14
Members..	4,925	5,044	4,944	4,616	4,269
	$'000	$'000	$'000	$'000	$'000
Sales	5,231	7,363	7,712	7,077	6,538
Less Purchases	4,068	5,618	6,006	6,001	5,516
Gross Surplus	1,163	1,745	1,706	1,076	1,022
Less Operating Expenses ..	728	1,144	1,134	506	433
Operating Surplus ..	435	601	572	570	589
Add Non-Operating Receipts ..	445	558	662	836	906
Less Non-Operating Expenses—					
Interest	99	103	110	88	92
Salaries, Administration, &c.	(*a*)	340	366	340	334
Other	707	631	723	893	888
Net Surplus	74	85	35	85	181
Dividends Paid	58	9	11	85	47

(*a*) Not available as separate item.

The next table gives a statement of the assets and liabilities of the co-operative societies:

Co-operative Societies—Assets and Liabilities
($'000)

Particulars	1960-61	1961-62	1962-63	1963-64	1964-65
Assets (End of Period)—					
Fixed	1,467	1,513	1,568	1,389	1,410
Current	2,701	2,781	3,032	2,916	2,969
Total Assets	4,168	4,294	4,600	4,305	4,379
Liabilities (End of Period)—					
Paid-up Capital	1,239	1,252	1,262	1,129	1,107
Accumulated Profits ..	99	194	212	261	314
Reserve Funds	105	115	124	163	167
Other Liabilities	2,725	2,733	3,002	2,752	2,791
Total Liabilities ..	4,168	4,294	4,600	4,305	4,379

Co-operative Credit Societies

Description

The co-operative credit societies are commonly referred to as "credit unions" and are registered under the *Co-operative Industrial Societies Act* 1928 as amended. In Tasmania, credit unions have been established by trade unions (e.g. those serving teachers, State and Commonwealth public servants, hospital employees, &c.) and by members of church groups. Members contribute capital by taking out shares and making deposits; loans are made to members, repayment being by regular instalments. Rules of individual societies vary but, in one example, members pay $1 for share capital and provide all other capital by making interest-bearing deposits.

Transactions

The following table shows the societies' annual transactions and also their assets and liabilities:

Co-operative Credit Societies

Particulars	1960-61	1961-62	1962-63	1963-64	1964-65
	No.	No.	No.	No.	No.
Societies	7	7	8	12	13
Shareholders	902	1,403	1,740	2,715	3,631
Shares	7,343	9,565	12,248	16,559	21,889
	$'000	$'000	$'000	$'000	$'000
Advances Made	94	201	306	598	1,026
Advances Repaid	43	94	184	320	630
Deposits Lodged	66	163	252	452	538
Deposits Withdrawn	17	60	114	180	180
Assets (At End of Period)—					
Loans to Members ..	81	188	310	587	983
Other	7	11	43	57	45
Total Assets ..	88	199	353	644	1,028
Liabilities (At End of Period)—					
Paid-up Capital and Subscriptions	15	15	19	25	30
Deposits	70	172	311	582	941
Other	3	12	23	37	57
Total Liabilities ..	88	199	353	644	1,028

Pension and Superannuation Schemes

Private Schemes

Surveys on an Australia-wide basis have revealed the existence, in respect of private businesses, of the following types of scheme for providing pensions and/or retiring allowances to employees:

(i) schemes operated through life insurance offices, friendly societies and other organisations such as unit trusts;

(ii) superannuation, pension and retiring allowance funds constituted by businesses;

(iii) direct payments of pensions and/or retiring allowances by the employer.

In classifying businesses in the surveys, the following monthly pay-roll ranges are self-explanatory: "small", $1,720 and under $6,000; "medium", $6,000 and under $40,000; "large", over $40,000.

In an Australia-wide survey made by the Bureau in 1962-63, it was found that 52 per cent of all Australian businesses operated pension or retiring allowance schemes of one or more of the types described in the previous paragraph; 43 per cent of small businesses operated such schemes, 72 per cent of medium businesses and 96 per cent of large businesses. As to types of scheme, 57 per cent of all schemes were based on life insurance offices (with or without direct payments by the employer), 20 per cent worked through separately constituted funds, 22 per cent involved a combination of the two previous types, while one per cent depended on direct employer payments only.

The survey was designed to give information for Australia as a whole but not for individual States; accordingly, separate data are not available for Tasmania. Although no figures can be quoted for the State, the broad conclusions set out in the previous paragraph illustrate the point that superannuation, pension and retiring allowance schemes operate fairly extensively in the private sector of the economy, and are not confined exclusively to the government sector.

Government, Local Government and Semi-Government Schemes

The levels of government operating in Tasmania are: (i) Commonwealth; (ii) State; (iii) Local; (iv) Semi-government authority. In the section that follows, any pension or superannuation scheme affecting employees of the Commonwealth Government or its instrumentalities is excluded; the principal fund so excluded is the Commonwealth Superannuation Fund for which State details are not available.

The inclusion of government superannuation and pension schemes as part of "Private Finance" derives its logic from the fact that the funds involved do not belong to any government but are actually trust moneys held on behalf of contributors. Employees of the State Government contribute to separately constituted funds to which the State Government also makes contributions. Employees of local government and semi-government authorities are covered either by separately constituted funds or through schemes operated through life insurance offices.

Separately Constituted Funds: In the table that follows, the operations of the following schemes have been combined and summarised: (i) State Superannuation Fund; (ii) State Teachers' Superannuation Fund; (iii) Police Provident Fund; (iv) Metropolitan Transport Trust—Retiring Allowance and Staff Pension Funds; (v) Marine Boards' independent schemes; (vi) University of Tasmania—Staff Superannuation, Invalidity Pension and Supplementary Pension Schemes.

Government, Local Government and Semi-Government Pension and Superannuation Schemes Operated Through Separately Constituted Funds

Particulars	1960-61	1961-62	1962-63	1963-64	1964-65
Income—	$'000	$'000	$'000	$'000	$'000
Contributions—					
Employees	1,220	1,252	1,306	1,462	1,452
Employing Authorities	923	1,134	1,159	1,278	1,477
Interest, Dividends and Rent	542	646	769	866	962
Other Income	9	11	184	32	51
Total	2,694	3,043	3,418	3,638	3,942
Expenditure—					
Pensions	1,053	1,210	1,300	1,423	1,655
Lump Sum Payments—					
On Retirement ..	53	71	103	96	90
On Resignation ..	178	167	229	300	299
Other Expenditure ..	18	40	11	13	13
Total	1,302	1,488	1,643	1,832	2,057
Total Assets (At End of Period)	11,761	13,320	15,327	16,789	18,744
Contributors (At End of Period)	No. 9,508	No. 9,964	No. 10,322	No. 10,701	No. 10,914

State Superannuation Fund: In the previous table, the principal fund included is the State Superannuation Fund to which contribute all permanent full-time employees of the Public Service, Teaching Service, Transport Commission, Hydro-Electric Commission and all hospitals subsidised by the State Government. (The Teachers' Superannuation Fund is now almost wound up and teachers contribute to the State Superannuation Fund.) At 30th June, 1964 there were 9,516 contributors to the State Superannuation Fund, the number of pensioners being 2,143. At 30th June, 1965, the corresponding figures were 10,136 contributors and 2,257 pensioners. Assets of the State Superannuation Fund approached $16,000,000 at 30th June, 1965.

Police Provident Fund: The Police Provident Fund, also included in the previous table, had assets approaching $2,000,000 at 30th June, 1965. However, by an amendment of the *Superannuation Act* 1938 made in 1963, it was provided that police officers appointed after 31st December, 1963, were required to become contributors to the State Superannuation Fund. Police officers appointed prior to 1st January, 1964, could continue as contributors to the Police Provident Fund or exercise an option, prior to 1st April, 1964, to become contributors to the State Superannuation Fund.

Schemes Operated Through Life Insurance Offices: A number of local government and semi-government authorities in Tasmania operate pension and superannuation schemes for their employees, not through separately constituted funds, but through life insurance offices. The next table combines and summarises the operations of such schemes, the following being the list of authorities concerned: (i) Semi-government—marine boards, fire brigades, Metropolitan Transport Trust (Launceston and Burnie), University of Tasmania, ambulances, Society for Blind and Deaf, Museum and Art Gallery, Botanical Gardens; (ii) Local Government—the cities and municipalities. It will be observed that some authorities e.g. University, Metropolitan Transport Trust, &c. operate schemes on both bases, i.e. some through separately constituted funds, and others through life insurance offices.

Local and Semi-Government Pension and Superannuation Schemes Operated Through Life Insurance Offices

Particulars	1960-61	1961-62	1962-63	1963-64	1964-65
Income—	$'000	$'000	$'000	$'000	$'000
Contributions—					
Employees	117	176	183	216	238
Employing Authorities	124	254	243	303	339
Surrenders	38	50	50	57	70
Death Claims	25	15	28	27	41
Matured Policies	14	24	49	61	48
Other Income	13	19	22	31	32
Total	331	538	575	695	768
Expenditure—					
Premiums paid to Insurance Companies	203	362	367	448	514
Benefits—					
On Death or Retirement	53	14	61	114	116
On Resignation or Dismissal	40	63	48	54	75
Other Expenditure ..	10	45	7	7	13
Total	306	484	483	623	718
	No.	No.	No.	No.	No.
Contributors (At End of Period)	1,131	1,402	1,495	1,766	1,825

Miners' Pension Fund

The Fund was established to provide for pensions to miners upon retirement or when incapacitated by injury, &c. and, in certain circumstances, to widows and dependants. Contributions to the fund are made by the State Government, mine owners and miners. Details of the operations of the Fund are as follows:

Miners' Pension Fund

Particulars	1960-61	1961-62	1962-63	1963-64	1964-65
Income—	$'000	$'000	$'000	$'000	$'000
Contributions—					
Employees	11	9	8	5	4
State Government ..	29	27	24	30	30
Mine Owners ..	29	27	24	19	14
Interest, Dividends and Rent	14	15	16	16	15
Other Income	..	..	1	..	1
Total	83	78	73	70	64
Expenditure—					
Pensions	60	64	74	72	73
Lump Sum Payments ..	..	..	..	19	..
Other Expenditure ..	2	2	7	2	11
Total	62	66	81	93	84
Assets (At End of Period) ..	305	317	309	292	270
	No.	No.	No.	No.	No.
Contributors (At End of Period)	272	222	160	110	55

Until 1962-63, the State Government contributed an amount to match that of the mine owners, the employers' share being related to coal production. After actuarial investigation, it was decided to strengthen the Fund and an amount of £15,000 ($30,000) was stipulated in amending legislation as the Government's maximum annual contribution. The maximum was paid in 1963-64 and 1964-65.

The Parliamentary Pension and Superannuation Scheme

The Tasmanian Parliament, in common with the parliaments of the other States and the Commonwealth, operates a superannuation scheme for the benefit of members who retire or are defeated after having served a minimum qualifying period. Basic rate pensions for Tasmanian members are payable after 15 years' service, lesser rate pensions being calculated pro-rata to length of service expressed as a fraction of 15 years; if the fraction is less than 8/15 (i.e. service less than eight years) then the member merely receives a refund of his contributions. The basic rate of full pension is the Hobart basic wage (as varied from time to time), but a member, by increasing his subscription from £156 ($312) per annum to £312 ($624), may contract to receive double the basic rate; provision also exists for subscription scales yielding $1\frac{1}{3}$ and $1\frac{2}{3}$ of the Hobart basic wage. (These provisions, written into the *Parliamentary Retiring Allowances Act* 1955 as amended, were current in February, 1966.)

Transactions of the fund (Parliamentary Retiring Allowances Trust) are shown in the following table:

State Parliamentary Pension and Superannuation Scheme
($'000)

Particulars	1960-61	1961-62	1962-63	1963-64	1964-65
Income—					
Members' Contribution (*a*)	17	25	33	33	34
Government Contribution	3	3	3	4	3
Interest	2	2	2	3	4
Total	22	30	38	40	41
Expenditure—Pension Payments (*b*)	17	21	25	35	44
Total Assets (At End of Period)	43	52	64	72	69

(*a*) Number of contributors throughout period, 54 (House of Assembly, 35; Legislative Council, 19). Contribution for basic rate pension compulsory.

(*b*) Number of pensioners at 30th June, 1965: ex-members, 15; widows of ex-members, 5.