

FINANCE.

State
Finance.

Under the Constitution Act the revenues of the State are payable into Consolidated Revenue, but certain of these revenues have been hypothecated by various Acts of Parliament for specified purposes, and are payable into special accounts or funds kept at the State Treasury. Apart from these special funds (shown below) the financial transactions are concerned with one or other of three Funds, viz.:—(a) Consolidated Revenue Fund, (b) Trust Funds, and (c) Loan Funds. The Treasurer's Finance Statement of revenue and expenditure relates to the Consolidated Revenue Fund, but in the succeeding tables the public revenue of certain special funds or accounts is included. Payments from Consolidated Revenue are made either under the authority of an Annual Appropriation Act passed by the Legislature, or by a permanent appropriation under a Special Act. The special appropriations represent services such as interest on the public debt, contributions to the redemption funds, the salaries of the Governor, the Judges and some other officials, State pensions, endowments to municipalities, etc. The expenditure under special appropriations during the year 1925-26 amounted to £7,961,990.

Below is given a concise statement of the chief special funds kept at the Treasury, with the exception of Redemption and Sinking Funds as shown on page 79 *et seq.* :—

SPECIAL FUNDS (EXCLUDING SINKING FUNDS) KEPT AT THE TREASURY.

Fund.	Act No.	Remarks.
The Assurance Fund	2740, sec. 239	Established for the purpose of assuring and indemnifying the Government in granting a clear title on land brought under the Transfer of Land Act. A contribution of $\frac{1}{4}$ d. in the £ is levied on all lands brought under the Act.
The Closer Settlements Fund	2629	Created for the purposes of civilian closer settlement. All moneys received under the Closer Settlement Acts, except proceeds of loans raised by the Government, are paid into this Fund. The receipts consist chiefly of amounts paid by settlers as instalments of principal and interest in respect of land and advances granted to them. Payments from the Fund are made for redemption of loans raised under the Closer Settlement Acts by the Government, interest on such loans, and administration expenses. Power is given also to apply the Fund to payments for the purchase of land, advances to settlers, and improvement of land.

SPECIAL FUNDS (EXCLUDING SINKING FUNDS) KEPT AT THE TREASURY
—continued.

Fund.	Act No.	Remarks.
The Discharged Soldiers Settlement Fund	2916	Functions similarly to the Closer Settlements Fund except that it relates to settlement of discharged soldiers.
The Discharged Soldiers Concessions Fund	2988	Established to meet concessions granted under the Discharged Soldiers Settlement Acts. The soldiers are allowed to occupy land for the first three years free of charge, and interest at the rate of 5 per cent. only is charged on the cost of the land and advances, the Government having raised loans for the purposes of the Acts at a higher rate. The cost of the concessions is made good to the Discharged Soldiers Settlement Fund by proceeds of loans raised by the Government, and these loans are redeemed by payments from the Concessions Fund. The State Government contributes annually the sum of £75,000 to the Fund, and the Commonwealth Government, for a period of five years in each instance, pays annually to the Fund an amount equal to 2½ per cent. on loan moneys made available by it to the State for Discharged Soldiers Settlement.
The Country Roads Board Fund	2635	<p>Established for the maintenance of main roads. This account is credited with all moneys paid to the Treasurer by any municipality in respect of permanent works and the maintenance of main roads; amounts received by the Board under the provisions of the Country Roads Act; annual Government subsidy of £10,000; all fees and fines, less the cost of collection, paid under the <i>Motor Car Act</i> 1915; fees, less the cost of collection, received by the Crown in respect of unused roads and water frontages under part 39 of the <i>Local Government Act</i> 1915, and all moneys which, as provided by Sections 481 and 485 of the said Act, are to be paid into the said Fund; and fees paid on the registration or renewal of registration of traction engines. The money to the credit of the Fund is applied as follows:—</p> <p>(a) 6 per cent. per annum on the amount due by the municipalities in respect of permanent works is applied in payment of interest on half the amount borrowed under the provisions of the Country Roads Act at the rate of 4½ per cent. per annum, the balance being paid into a Sinking Fund until half the amount borrowed is paid off.</p> <p>(b) The balance, after the payment of the said 6 per cent., is applied in payment of the cost of maintenance of main roads, and in payment of any liabilities incurred by the Board under the provisions of the Act.</p>

SPECIAL FUNDS (EXCLUDING SINKING FUNDS) KEPT AT THE TREASURY
—continued.

Fund.	Act No.	Remarks.
Developmental Railways Account	2640	Established for the construction of developmental railways. The chief source of revenue is the proceeds of the sale of lands by auction, exclusive of Mallee lands, and interest paid by municipalities under the Developmental Roads Act 2944. The Fund is required to pay the interest on the liability under the last-named Act.
Licensing Fund	2683 and various amendments	Is controlled by the Licences Reduction Board. All the State licence fees in connexion with the sale and manufacture of liquor, together with Court fees, fines, and forfeitures under the Licensing Act, constitute the revenue. The expenditure consists of :— (a) The administration expenses of the Board ; (b) Allowances to and expenses of Licensing Inspectors, Licensing Prosecutions, and Clerks of Licensing Courts ; (c) Compensation for licences taken away or surrendered ; (d) Annual statutory payments to specified municipalities ; and (e) Annual transfer of £23,000 to the Police Superannuation Fund. The 1922 Act provides for an annual increment in the Fund of £20,000. Any surplus over and above this increment is transferred on 30th June to Consolidated Revenue.
Police Superannuation Fund	2709	Established to pay superannuation allowances and gratuities, &c., to members of the Police Force who joined it prior to 25th November, 1902. The revenue consists of an annual subsidy of £2,000, an annual transfer of £23,000 from the Licensing Fund, a deduction of 2½ per cent. from the pay of members, and 50 per cent. of the fines inflicted in Courts of Petty Sessions ; should the foregoing prove insufficient, the deficiency is provided from Consolidated Revenue. In 1925-26 the amount so provided was £69,000.
Police Pensions Fund	3316	Established to provide pensions, &c., for all members of the Police Force not already entitled to them, i.e., those who joined it after 25th November, 1902. The revenue is derived from an annual payment of £50,000 from Consolidated Revenue, a deduction of 2½ per cent. from the pay of members, interest on surplus moneys invested, and such additional sum as may be paid into the Fund from Consolidated Revenue to ensure its solvency.

SPECIAL FUNDS (EXCLUDING SINKING FUNDS) KEPT AT THE TREASURY
—continued.

Fund.	Act No.	Remarks.
The Super-annuation Fund	3408	Established to make provision for superannuation benefits on a contributory basis from 1st January, 1926, for State public servants and railway employees. See page 59.
The Port Phillip Pilot Sick and Superannuation Fund	2688	Established to provide pensions for pilots. It is maintained by deductions from pilots' earnings and the annual income derived from investment of the moneys belonging to the Fund. There is no contribution from the Government.
The State Accident Insurance Fund.	2496	Receives and disburses all moneys (including expenses of administration) on account of the State Accident Insurance Office, which conducts Workers' Compensation Insurance. The General Reserve is invested in Victorian Stock.
Mallee Land Account	2676	The revenue of this Fund is derived from land sales, rents, &c., in the Mallee. The total revenue can only be used for redemption of Victorian Stock or Debentures. It is thus a Sinking Fund, and is referred to in this connexion on page 79.
The Railway Accident and Fire Insurance Fund	2716	This Fund was established as a reserve to meet the cost incurred by the Railways Department in connexion with:—(a) The injury or death of any person by reason of an accident due to the neglect or default of the Department; (b) Compensation to employees injured on duty; (c) Damage to property by fire; and (d) Damage to or loss of goods while in the possession of the Department for transportation. The Fund is regularly credited with an amount equal to ten shillings per centum of the Railway Revenue, subject to the condition that the amount at the credit of the Fund shall not exceed £100,000.
Metropolitan Roads Fund	3378	Established to receive the additional fees paid by motor omnibuses, as well as all moneys (less cost of collection) received by the licensing authority, under the provisions of the <i>Motor Omnibus Act</i> 1925. Moneys standing to the credit of the fund shall be allocated and paid to the several municipalities wherein the motor omnibuses are used, and shall be applied by the councils of those municipalities towards the construction, renewals, &c., of the streets or roads.

SPECIAL FUNDS (EXCLUDING SINKING FUNDS) KEPT AT THE TREASURY
—continued.

Fund.	Act No.	Remarks.
The Forestry Fund	2976	Established for the improvement and re-forestation of State Forests and for the development of forestry. The State Government contributes annually the sum of £40,000 to the fund, in addition it contributes annually a sum equal to one-half of the gross amount of Forests' revenue in excess of £80,000.
Cattle Compensation Fund	3365	This fund was established for the purpose of paying compensation, in accordance with the Cattle Compensation Act, to owners of cattle destroyed by the order of any authorized stock inspector. The fund is credited with all sums received by or for the Comptroller of Stamps in respect of stamp duty on statements under this Act, and all penalties recovered under the Act.

Under the Local Government Act the municipalities have power to levy rates, and are assisted with grants by the State Government. Particulars regarding municipal finance are given in another section of the *Year-Book*. Allied to the municipalities are the Boards and Trusts which control water supply, irrigation, and sewerage, and have rating powers in connexion therewith. There are also the Metropolitan Fire Brigades Board and the Country Fire Brigades Board, which are concerned with fire extinction in the metropolis and urban districts, and derive their revenues from the State Government, the Municipalities, and Insurance Companies; and the Melbourne and Geelong Harbour Trusts, which are intrusted with the management of those respective ports, and derive their revenues mainly from wharfage rates.

A summary of the transactions for the financial year 1925-26 in the Consolidated Revenue Fund and in the special funds referred to above gives the following result :—

	£	£
Revenue deficit at 31st December, 1925	..	687,678
Revenue, 1925-26	25,269,756	
Expenditure, 1925-26	25,559,583	
Deficit for the year .. ..	.. ..	289,827
Revenue deficit at 30th June, 1926 .. ..	.. ..	977,505

The Revenue and Expenditure Account is a statement of cash transactions, the revenue representing actual receipts less refunds, and the expenditure actual payments made during the year. The accumulated revenue deficiency had its beginning in the year 1890-91, when it amounted to £206,843, and in the course of the next five years it was added to year by year, until it reached its greatest magnitude (£2,711,436) on 30th June, 1896. On 30th June, 1914, the amount was £251,652, but by the 30th June, 1916, it was increased to £1,642,091. This deficiency has since been steadily reduced each year to £687,678 on 31st December, 1925. As the transactions during 1925-26 resulted in a deficit (£289,827), the accumulated revenue deficiency was increased to £977,505. An Act (No. 3341), passed on 21st May, 1924, provides for a yearly appropriation of at least £25,000 from revenue towards the reduction of the deficit, and by section 13 of the same Act the excess of receipts over expenditure for any financial year is also applied thereto by the following 31st December.

The differences between the amounts of revenue and expenditure shown above and those given in the Treasurer's Finance Statement arise from the use of a different method of classification for statistical purposes, the particulars of which for 1925-26 are as follows:—

Items.	Public Revenue.	Public Expenditure.
	£	£
Total according to Treasurer's Finance Statement ..	24,617,927	24,932,754
<i>Add public revenue of the following funds—</i>		
Mallee Land Account—appropriated to Loan		
Redemption purposes	108,608	108,608
Country Roads Board Fund	654,069	654,069
Licensing Fund*	188,146	188,146
Police Superannuation Fund	13,570	13,570
Assurance Fund	3,216	3,216
Cattle Compensation Fund	24,614	24,614
Metropolitan Roads Fund	9,318	9,318
<i>Deduct—</i>		
Appropriation to reduction of deficit .. .. .	..	25,000
Loss on non-paying railways	146,000	146,000
Payment to Railways Department on account of reduced Freight Charges	160,000	160,000
Railways Subsidy to State Coal Mine	25,000	25,000
Railways Contribution to Superannuation Fund	18,712	18,712
Total	25,269,756	25,559,583

* Excluding £192,041 transferred to Revenue under Section 39 of Act No. 3259.

Compiled on the above basis, the revenue and expenditure of the State for the last eleven years are shown in the next statement :—

STATE REVENUE AND EXPENDITURE: 1915-16 TO 1925-26.

Year.	Public Revenue.	Public Expenditure.	Surplus (+). Deficiency (-).		
			For each Year.	Reduction of Consolidated Revenue Deficit by Revenue Surplus Acts.	Accumulated Deficiency to end of each Year (i.e. 30th June).
	£	£	£	£	£
1914-15 ..	..	..	..	..	-1,429,603
1915-16 ..	11,470,875	11,683,363	- 212,488	..	-1,642,091
1916-17 ..	11,813,879	11,795,295	+ 18,584	..	-1,623,507
1917-18 ..	12,672,787	12,631,169	+ 41,618	..	-1,581,889
1918-19 ..	13,044,088	12,979,407	+ 20,681	44,000	-1,517,208
1919-20 ..	15,866,184	15,852,459	+ 13,725	100,000	-1,403,483
1920-21 ..	19,054,475	19,041,698	+ 12,777	100,000	-1,290,706
1921-22 ..	20,357,733	20,297,279	+ 60,454	25,000	-1,205,252
1922-23 ..	21,634,677	21,611,309	+ 23,368	..	-1,181,884
					At 31st December following :—
1923-24 ..	23,075,968	22,950,968	+ 125,000*	234,802	- 822,082
1924-25 ..	24,304,088	24,170,483	+ 134,404†	..	- 687,678
1925-26 ..	25,269,756	25,559,583	- 289,827	..	- 977,505

* Only £25,000 appropriated towards reduction of deficit by 30th June, balance (£100,000) by 31st December following (Act No. 3341).

† Only £25,000 appropriated towards reduction of deficit by 30th June, balance (£109,404) by 31st December following (Act No. 3341).

Heads of State Revenue. Details of the sources of the revenue for the last five financial years are given in the following statement :—

HEADS OF STATE REVENUE, 1921-22 TO 1925-26.

Heads of Revenue.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
Commonwealth Subsidy ..	1,918,967	1,969,772	2,014,746	2,055,834	2,090,951
State Taxation—					
Income Tax ..	1,443,209	1,514,256	1,702,483	2,076,656	2,238,429
Land Tax ..	372,060	392,594	412,165	421,662	457,441
Probate Duty ..	706,181	697,482	798,315	802,333	940,609
Betting Taxation (Stamp duties, licences, and percentage) ..	169,007	185,309	186,141	170,998	133,067
Other Stamp Duties	779,430	950,896	1,011,966	963,307	1,017,351
Motor Car and Motor Omnibus Acts*	124,542	165,804	233,300	418,840	641,765
Liquor Taxation and Licences† ..	290,884	302,574	320,331	343,524	352,826

* Monies paid into the Country Roads Board Fund and Metropolitan Roads Fund. Included under "Taxation" in accordance with the recommendation of the Perth Conference of Statisticians.

† Received by the Licensing Fund.

HEADS OF STATE REVENUE, 1921-22 TO 1925-26—*continued*.

Heads of Revenue.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
State Taxation— <i>continued</i> —	£	£	£	£	£
Other Licences* ...	28,613	32,173	43,007	39,360	37,647
Duties on Bank Notes..	1,790	1,762	1,750	1,740	1,899
Public Works and Services—					
Railways ..	10,751,173	11,289,956	11,922,195	12,549,878	12,423,715
Water Supply ..	415,540	447,459	443,384	439,442	470,072
Harbour Trusts, Wharfage, &c.	156,747	199,379	207,692	213,510	209,242
State Coal Mine ..	591,380	468,855	568,897	428,579	524,137
State Electricity Commission ..	58,111	253,288	255,195	295,572	448,341
Interest on properties transferred to Commonwealth	86,013	80,378	80,844	80,760	80,454
Beet Sugar Works	52,624	74,678	92,231	129,732	137,997
Brown Coal Sales†	55,543	57,081	61,921	23	...
Other ..	82,119	99,082	109,598	125,034	141,766
Land—					
Land Sales, Rents, Penalties, &c.‡..	453,011	437,341	461,250	438,241	461,650
Interest on Loans—Closer Settlement Discharged Soldiers Settlement Acts ..	827,330	1,013,885	1,113,158	1,172,246	1,186,764
Fees, Fines, &c.§ ..	213,825	267,439	266,292	261,894	265,993
Tramways Act 1905 (Sec. 88)...	98,107	93,010	92,998	106,211	104,393
Sale of Books and Documents, &c., (Govt. Printer) ..	90,084	82,504	83,531	85,915	82,085
Agriculture Department—					
Victoria Dock Cool Stores ..	23,316	28,556	18,898	29,365	27,886
All other ..	49,189	49,461	54,384	52,322	49,661
Miscellaneous ..	354,940	336,454	341,327	366,249	486,801
Total ..	20,357,733	21,634,677	23,075,968	24,304,887	25,269,756
Per Head of Population ..	£ s. d. 13 2 6	£ s. d. 13 12 1	£ s. d. 14 3 11	£ s. d. 14 13 4	£ s. d. 15 0 1

* Excluding Race Clubs, which are included in "Betting Taxation".

† Transferred to the State Electricity Commission on 1st April, 1924.

‡ Excluding proceeds of land by auction, which are payable into the Developmental Railways Account; such payments amounted to £20,043 in 1921-22, £29,786 in 1922-23, £25,588 in 1923-24, £22,982 in 1924-25, and £21,898 in 1925-26.

§ This item previously included fees payable under Motor Car Act (see "Taxation").

The revenue for 1925-26 represents an increase of £964,869 on that for the previous year. The chief increases were under the following headings:—State Taxation, £582,614; and State Electricity Commission, £152,769. The receipts from the Railways were £126,163 less than in 1924-25. The payments to the State by the Federal Government during the last sixteen years have been computed on the basis of a fixed payment of 25s.* per head of population in the State, whereas in preceding years the Federal Government paid over to the State at least three-fourths of the net revenue from Customs and Excise duties.

STATE EXPENDITURE.

The following table shows for the last five years the principal heads of expenditure from State Revenue:—

SUMMARY OF EXPENDITURE FROM STATE REVENUE: 1921-22 TO 1925-26.

Heads of Expenditure.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
<i>General Government.</i>	£	£	£	£	£
Governor ..	10,064	10,029	9,694	9,376	10,504
Parliament and Ministry ..	106,147	96,047	110,028	100,841	98,859
Civil Establishment N.E.I. ..	393,683	396,149	450,254	437,374	442,581
Pensions and Gratuities† ..	503,065	534,009	580,181	621,695	656,797
<i>Law, Order, and Protection.</i>					
Judicial and Legal ..	227,303	233,169	253,285	259,216	270,029
Police ..	533,986	540,037	663,319	622,331	647,075
Penal Establishments and Gaols ..	74,161	80,363	101,122	99,732	116,542
<i>Education, &c.</i>					
State Schools ..	1,755,834	1,755,395	1,819,852	1,885,826	2,108,112
Technical Schools ..	100,693	182,495	217,539	236,008	143,808
University ..	40,175	49,975	56,450	64,398	64,628
Libraries, &c. ..	34,108	36,261	38,367	41,574	42,817
Art and Science ..	9,630	7,437	7,370	10,540	9,661
<i>Recreation and Health.</i>					
Parks, Gardens, and Public Resorts ..	29,341	26,637	31,843	34,464	32,234
Public Health ..	97,599	93,995	93,878	109,401	115,982
Charitable Institutions, &c. ..	829,514	832,882	890,840	1,026,789	1,096,300

* This is subject to a slight reduction on account of a special payment to Western Australia. The reduction in 1925-26 was slightly more than 2d. per head of population.

† For details, see page 57.

SUMMARY OF EXPENDITURE FROM STATE REVENUE: 1921-22 TO
1925-26—continued.

Heads of Expenditure.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
<i>Crown Lands, &c.</i>	£	£	£	£	£
Crown Lands ..	221,565	236,022	268,216	253,062	257,743
Agriculture and Stock ..	275,107	305,832	347,502	391,931	414,036
Mining ..	678,785	559,465	657,520	472,539	570,374
<i>Public Works.</i>					
Railways ..	8,117,070	8,275,909	8,818,314	9,513,613	9,598,888
Water Supply ..	185,656	215,110	219,105	229,049	236,194
Harbours, Rivers, and Lights ..	98,984	91,438	97,071	112,338	114,642
Roads and Bridges ..	16,948	5,371	6,900	40,795	29,302
Country Roads Board ..	191,424	229,343	293,523	455,613	664,069
State Electricity Commission ..	112,608	144,193	14,826	20,936	19,144
Municipal Endowment, &c.* ..	120,081	119,542	122,384	143,101	183,862
Works and Buildings, n.e.i. ..	65,476	85,588	103,350	145,094	137,999
Interest and Expenses of Public Debt ..	4,579,665	5,355,575	5,669,970	5,905,947	6,372,993
Redemption Funds, &c. ..	402,724	421,166	484,825	563,287	594,600
Discharged Soldiers Concessions Fund ..	75,000	75,000	75,000	75,000	75,000
<i>Other Expenditure.</i>					
Mint Subsidy ..	33,500	30,000	25,000	26,000	25,000
Fire Brigades ..	48,909	48,215	53,433	58,433	62,254
Immigration ..	18,135	18,896	27,378	26,798	26,352
Licences Reduction Board, including Compensation ..	72,210	60,730	56,168	43,663	81,293
Railway passes to Blind and Incapacitated Soldiers ..	5,325	5,043	7,253	9,263	10,400
Liquidation of guaranteed Bank Overdrafts of Freezing Companies, etc. ..	..	..	..	..	74,194
Cattle Compensation Fund ..	..	..	..	..	26,614
Surplus Revenue appropriated to "Revenue Services" ..	..	363,949	132,216	..	..
Miscellaneous ..	232,804	90,042	146,992	124,456	128,701
Total ..	20,297,279	21,611,309	22,950,968	24,170,483	25,559,583
Per Head of Population	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
	13 1 9	13 11 9	14 2 5	14 11 9	15 3 7

* Including annual payment from Licensing Fund.

Compared with the previous year the ordinary expenditure of the State for 1925-26 showed an increase of £1,389,100. The heads of expenditure showing the largest increases were—Interest and Expenses of Public Debt, £467,046; State Schools, £222,286; Country Roads Board, £208,456; and Mining, £97,835. There was a decrease of £92,200 in the expenditure on Technical Schools.

In regard to the surpluses of various years which are included in the preceding table under the item "Surplus Revenue Expenditure. Revenue Appropriated to Revenue Services" it is interesting to note to what purposes the money so appropriated was applied in subsequent years. Up to 30th June, 1926, the total amount appropriated was £2,936,307, of which all but £52,529 had been expended. These figures do not include appropriations under Act 3341 passed 21st May 1924, which thereafter provides for the yearly surplus being applied towards the reduction of the accumulated deficit. The following table shows the details of such expenditure for each of the last four years and the total up to 30th June, 1926 :—

SURPLUS REVENUE EXPENDITURE.

(Excluding surplus revenue appropriations under Act No. 3341.)

Service.	1922-23.	1923-24.	1924-25.	1925-26.	Total to 30th June, 1926.
	£	£	£	£	£
Capital Services—					
Railways .. ..	..	..	..	..	250,696
Other .. ..	..	..	..	..	64,170
Revenue Services—					
Railways .. ..	..	..	..	..	497,729
Education—					
State schools	6,935	..	..	..	340,692
Other	12,914	4	..	..	136,812
Crown Lands (including reclamation, drainage, &c.) .. ..	..	..	..	..	149,480
Harbours, rivers, and lights .. ..	..	..	..	..	117,293
Roads and bridges	1,657	753	750	713	113,693
Mining Development, &c. .. ..	..	..	..	..	85,000
Railways salaries (arrears)	1,195	1,455	..	..	73,496
Public Health	132	6	..	21	34,648
Charitable Institutions	2,975	1,000	33,753	38,966	178,945
Redemption of Treasury Bonds and Unfunded Debt .. ..	..	234,802	..	..	503,802
Developmental Railways Account—Refund .. ..	..	129,148	..	..	129,148
Miscellaneous	17,307	2,064	401	8,813	208,174
Total	43,115	369,232	34,904	48,513	2,883,778

The following table sets out in a different form to pages 43 and 45 the heads of State Revenue and Expenditure, but specially shows the operations of the Government Business undertakings in their relation to State Revenue and Expenditure.

STATE REVENUE AND EXPENDITURE, 1925-26.

STATE REVENUE.		STATE EXPENDITURE.	
Particulars.		Particulars.	
	£		£
Taxation	5,821,034	Public Debt Charge (excl. interest paid on business undertakings)	2,595,896
Land Revenue (excl. State Saw Mill)	431,122	Lands and Survey (excl. Forests Commission)	85,267
Business Undertakings—		Business Undertakings (incl. interest paid by State)—	
Railways	12,423,715	Railways (incl. Pensions)	12,903,711*
Water Supply and Sewerage (incl. interest)	470,072	Water Supply and Sewerage	986,433
Electric Power Supply (interest only)	448,341	Electric Power Supply	456,170
Harbours (incl. Melb. Harbour Trust contribution)	209,242	Harbours, Rivers, and Lights	162,342
State Coal Mine (incl. interest)	524,137	State Coal Mine	523,004
Beet Sugar Works	137,997	Beet Sugar Works	89,543
Cool Stores	27,886	Cool Stores	86,013†
Newport Seasoning Works	12,214	Newport Seasoning Works	7,637
State Saw Mill	18,314	State Saw Mill	16,436
Wire Netting Manufacture	33,231	Wire Netting Manufacture	26,018
Storage of Gunpowder	10,422	} Explosives	7,868
Lighterage and Explosives (excl. licences and fees)	5,059		
Melbourne Tramways Board Contribution	104,393	Mines (excl. State Coal Mine)	57,037
Fees, Fines, &c.	265,993	Agriculture (excl. Cool Stores and Beet Sugar)	279,849
Interest (less amounts incl. with Business Undertakings)	1,746,424	Forests (excl. Newport Seasoning Works and State Saw Mill)	148,428
Commonwealth Subsidy	2,090,951	Justice	270,029
Other Sources	489,159	Penal Establishments	116,542
		Police (incl. Pensions)	804,645
		Grants to Municipalities	183,862
		Education, &c.	2,369,026
		Public Health	115,982
		Hospitals and Charitable Institutions	1,096,300
		Parliament (incl. Governor, Elections, &c.)	109,368
		Pensions and Gratuities (other than Police and Railways)	280,100
		Civil Establishment, N.E.I.	442,581
		Country Roads Board	664,069
		Other	675,432
Total Revenue	25,269,756	Total Expenditure	25,559,588

* Including subsidy of £25,000 to State Coal Mine.

† Including expenditure on Export Development.

INCOME TAX.

State Income Tax. An income tax was first imposed in Victoria in 1895, and, although originally fixed for a period of three years, it has, with certain amendments and alterations, been retained and continued from year to year until the present time. Incomes assessed for tax in any year are those earned, derived, or received in Victoria in the preceding year, and are divided into two classes, viz. :—(1) those derived from personal exertion, and (2) those derived from property. The former consist of salaries, wages, stipends, fees, commissions, bonuses, pensions, superannuation or retiring allowances earned in or derived from Victoria, and all incomes arising or accruing from any profession, trade, or business carried on in Victoria; whilst the latter comprise incomes from all other sources. In computing the taxable income certain deductions are allowed from the assessable income, the principal of which are outgoings and losses incurred in the production of the income, life assurance premiums not exceeding £50, and calls or contributions actually paid into any mining company registered under the *Companies Act* 1915, or to any company in liquidation.

In the statement shown on page 51, relating to Income Tax assessments on *incomes* of each of the last five years, the figures are not comparable unless the varying rates of tax imposed are taken into consideration. The rates for the years specified were as follows :—

(a) *On incomes of the year 1920-21.*—The minimum income subject to tax was £201, and the exemption allowed on incomes between £201 and £500 was £150. No exemption was allowed on incomes exceeding £500, or to companies. The rate of tax for individuals on the amount of taxable income from personal exertion up to but not exceeding £500, was 3d. in the £1. Where the taxable income exceeded £500, the rates on incomes from personal exertion were 4d. for every £1 of the taxable amount thereof up to £500, 5d. for every £1 between £501 and £1,000, 6d. for every £1 between £1,001 and £1,500, and 7d. for every £1 over £1,500. The rates on incomes from property were respectively double the rates on incomes from personal exertion. In the case of life assurance companies, the tax was 12d. in the £1 on 30 per cent. of the premium income from ordinary business and on 15 per cent. of that from industrial business. In the case of mining companies the tax was 12d. in the £1 on the total amount of dividends declared and debenture interest paid. In the case of other companies liable to tax, the rate was 12d. in the £1 on the profits.

(b) *On incomes of the years 1921-22 and 1922-23.*—The rates of tax were the same as (a), but the following further deductions were allowed to taxpayers whose incomes did not exceed £800 per annum :—(1) £30 in respect of each child under 16 years of age; (2) certain expenses during illness; (3) friendly society contributions; and (4) funeral and burial expenses not exceeding £20.

(c) *On incomes of the year 1923-24* :—The rates of tax were unaltered, but the exemption on incomes from £201 to £500 was £200 (instead of £150 as formerly). A super-tax was imposed on incomes (excluding companies) over £800. The amount of super-tax was as follows :—

From £800 to £1,000	..	..	10 per cent.
„ 1,001 to 1,250	..	..	12½ „
„ 1,251 to 2,200	..	..	15 „
„ 2,201 to 5,000	..	..	20 „
Exceeding £5,000	..	..	25 „

Companies (other than Mutual Life Assurance Companies) were taxed at the rate of 15d. in the £1 of the taxable amount of income. Mutual Life Assurance Companies were taxable at the rate of 12d. in the £1 in respect of their Mutual Life Assurance business, and at the rate of 15d. in the £1 on all other business.

On incomes not exceeding £800 an additional deduction of £50 was allowed to a married taxpayer for the maintenance of his wife provided that she had not an income of her own exceeding £100 per annum. The amount deductible from income in respect of children under sixteen years of age was increased from £30 to £50.

(d) *On incomes of the year 1924-25* :—The exemption on incomes £201 to £500, and allowable deductions on incomes not exceeding £800, were the same as (c), but the rates of tax were as follows :—

Taxable Income.	Rate of Tax per £1 of Taxable Income.		
	Personal Exertion.	Pro- perty.	Companies.
Up to £500 ..	3½d.	d. 7	Mutual Life Assurance Companies 12d. in the £1 in respect of their Mutual Life Assurance business, and 16d. in the £1 on all other business. Other Companies, 16d. in the £1 of the taxable amount of income.
£500 to £1,000 ..	£1 to £500 4½d.	9	
£1,000 to £1,500 ..	£500 to £1,000 5½d.	11	
£1,500 to £2,000 ..	£1,000 to £1,500 6½d.	13	
£2,001 and upwards	£1,500 and upwards 7½d.	15	

A super-tax on incomes (excluding Companies) over £800 was also imposed similar to that shown under (c).

For the purpose of simplifying the collection of income tax, the *Income Tax Amendment Act 1923* was passed on 22nd December, 1923. This Act provides that the Victorian Income Tax Department shall be the collecting authority for the income tax payable in the State under Commonwealth law. In cases where income is received in two or more States, no alteration has been made—the tax being assessed and collected by the Central Office of the Commonwealth Income Tax Department.

In previous issues of this part prior to 1924-25 the particulars relating to income tax assessments, &c., had been taken from the Income Tax Report, which only gave an analysis as at the 30th June of each year.

In the following table the figures have been amended, and they now represent complete details of the assessments on incomes for each of the five years specified :—

INCOME TAX ASSESSMENTS.

Heading.	On Incomes of—				
	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.
Number of Assessments :					
Individuals ..	132,859	123,768	153,519	127,818	139,183
Companies ..	2,026	2,265	2,678	2,890	2,982
Total, Distinct Taxpayers ..	134,885	126,033	156,197	130,708	142,165
Taxable Incomes :			£	£	£
Individuals ..			46,227,420	38,509,468	44,143,795
Companies ..	Not available		16,122,969	16,372,972	17,580,245
Total ..	..	..	62,350,389	54,882,440	61,724,040
Tax payable :	£	£	£	£	£
Individuals ..	755,366	759,204	936,515	970,815	1,224,038
Companies ..	579,995	699,840	805,996	1,014,945	1,159,459
Total* ..	1,335,361	1,459,044	1,742,511	1,985,760	2,383,497
Per taxpayer :	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Individuals ..	5 13 8	6 2 8	6 2 0	7 11 11	8 15 11
Companies ..	286 5 6	308 19 7	300 19 4	351 3 10	388 16 5
Average tax payable in the £ on taxable incomes by—	d.	d.	d.	d.	d.
Individuals ..	Not available		4.86	6.05	6.65
Companies ..	12.00	12.00	12.00	14.88	15.83

* For actual collections in the following financial year, see page 43.

The total net incomes of taxpayers in 1924-25, who were assessed to pay tax, amounted to £83,889,040, but, as 110,825 taxpayers were allowed the £200 exemption, the amount available for taxation was £61,724,040.

The total number of individuals and companies who paid tax on their incomes for 1924-25 is detailed, under specified grades of taxable income, in the following table:—

TOTAL NUMBER OF TAXPAYERS (1924-25 INCOMES).

Taxable Incomes.	Individuals.				Companies.	Grand Total.
	Personal Exertion.	Property.	Combined Personal and Property.	Total.		
£						
Not exceeding 100	69,463	4,170	280	73,913	494	74,407
101 to 200	22,310	2,228	527	25,065	245	25,310
201- 350	9,986	1,308	572	11,866	256	12,122
351- 500	17	..	2	19	171	190
501- 700	4,157	1,225	5,012	10,394	172	10,566
701-1,000	2,538	774	3,523	6,835	204	7,039
1,001-1,200	1,087	274	1,680	3,041	117	3,158
1,201-1,500	947	240	1,537	2,724	127	2,851
1,501-2,000	731	172	1,400	2,303	180	2,483
2,001-2,400	255	83	539	877	111	988
2,401-3,000	221	81	507	809	111	920
3,001-4,000	149	54	396	599	145	744
4,001-5,000	50	41	187	278	109	387
5,001-6,000	34	16	106	156	73	229
6,001-7,400	24	8	84	116	76	192
7,401 and over ..	26	25	137	188	391	579
Total ..	111,995	10,699	16,489	139,183	2,982	142,165

Of the individual taxpayers, 80·5 per cent. obtained their incomes wholly from personal exertion, 7·6 per cent. from property, and 11·9 per cent. from personal exertion and property combined. Seventy-one per cent. of the individual taxpayers were in receipt of taxable incomes not exceeding £200, but the tax payable by them amounted to only 8·9 per cent. of the total for individuals.

In the succeeding statement particulars of the sources of taxable incomes for 1924-25 are arranged in order of groups of taxable incomes :—

TAXABLE INCOMES (1924-25 INCOMES).

Taxable Incomes.	Individuals.				Companies.	Grand Total.
	Personal Exertion.	Property.	Combined Personal and Property.	Total.		
£	£	£	£	£	£	£
Not exceeding 100	3,087,401	194,575	18,015	3,299,991	20,272	3,320,263
101 to 200	3,171,984	325,551	80,640	3,577,875	36,979	3,614,854
201 - 350	2,456,734	322,571	143,147	2,922,452	69,422	2,991,874
351 - 500	6,802	..	991	7,793	72,007	79,800
501 - 700	2,414,059	707,474	2,923,245	6,044,778	101,994	6,146,772
701 - 1,000	2,184,257	645,668	3,006,209	5,836,134	171,712	6,007,846
1,001 - 1,200	1,186,012	299,450	1,836,195	3,321,657	123,080	3,449,737
1,201 - 1,500	1,263,414	319,423	2,059,497	3,642,334	169,202	3,811,536
1,501 - 2,000	1,249,122	289,783	2,408,075	3,946,980	310,436	4,257,416
2,001 - 2,400	555,878	181,896	1,171,650	1,909,224	243,156	2,152,380
2,401 - 3,000	587,241	214,756	1,350,111	2,152,108	298,197	2,450,305
3,001 - 4,000	517,671	183,308	1,355,873	2,056,852	506,561	2,563,413
4,001 - 5,000	225,341	177,960	823,786	1,227,087	480,761	1,707,848
5,001 - 6,000	185,712	87,706	580,317	853,735	398,982	1,252,717
6,001 - 7,400	159,888	51,890	557,078	768,856	501,669	1,270,525
7,401 and over ..	253,454	465,556	1,856,929	2,575,939	14,070,815	16,646,754
Total ..	19,504,470	4,467,567	20,171,758	44,143,795	17,580,245	61,724,040

The division showing the highest amount of taxable income of individuals is that from £501 to £700 ; it is followed closely by that from £701 to £1,000. Forty-nine per cent. of the taxable income of individuals was earned by persons in receipt of taxable incomes not exceeding £1,000. The great bulk of the taxable income of companies was earned by a few of the larger ones—391, which were in receipt of £7,401 and upwards, having had taxable incomes representing 80 per cent. of the total for all companies.

The complete figures relating to the tax payable on the 1924-25 incomes are set out hereunder :—

TAX PAYABLE ON 1924-25 INCOMES.

Taxable Incomes.	Individuals.				Companies.	Grand Total.
	Personal Exertion.	Property.	Combined Personal and Property.	Total.		
	£	£	£	£	£	£
Not exceeding 100	46,430	5,756	384	52,570	1,354	53,924
101 to 200	45,584	9,565	1,649	56,798	2,458	59,256
201 — 350	34,414	9,433	2,817	46,664	4,623	51,287
351 — 500	120		25	145	4,797	4,942
501 — 700	45,426	27,762	61,822	135,010	6,795	141,805
701 — 1,000	47,044	27,989	72,118	147,151	11,441	158,592
1,001 — 1,200	27,864	14,370	48,105	90,339	8,538	98,877
1,201 — 1,500	31,892	16,374	57,219	105,485	11,275	116,760
1,501 — 2,000	34,093	15,850	72,038	121,981	20,696	142,677
2,001 — 2,400	16,544	10,925	37,919	65,388	16,192	81,580
2,401 — 3,000	18,649	13,622	46,985	79,256	19,834	99,090
3,001 — 4,000	17,112	12,059	49,214	78,385	33,771	112,156
4,001 — 5,000	7,730	12,123	31,052	50,910	32,051	82,961
5,001 — 6,000	6,723	6,322	23,179	36,224	26,599	62,823
6,001 — 7,400	5,871	3,804	21,968	31,643	33,445	65,088
7,401 and over ..	9,471	35,590	81,027	126,088	925,591	1,051,679
Total ..	394,967	221,549	607,521	1,224,037	1,159,460	2,383,497

Companies with taxable incomes of £7,401 and over were assessed for an amount which represented 38.8 per cent. of the total tax payable; for all companies the proportion was 48.6 per cent. The tax payable by persons in the group £501 to £1,000 was 23 per cent. of the total for individuals. Exclusive of the amount payable by companies, 32 per cent. of the tax payable was derived from personal exertion, 18 per cent. from property, and 50 per cent. from personal exertion and property combined.

In addition to the State Income Tax there is a Commonwealth Income Tax, which was first imposed on incomes earned in the financial year 1914-15. The tax collected by the Commonwealth Government, in the year 1925-26, amounted to £10,858,046, and it is estimated that the payments made on Victorian income would be about £2,932,000.

LAND TAX.

State Land Tax.

The State Land Tax Act of 1915 provides for a tax on the unimproved value of land and for the assessment of land and other purposes. Unimproved value for the purposes of this Act means the sum which might be expected to be realized at the time of valuation if the land were offered for sale on such terms as a seller might in ordinary circumstances be expected to require, and assuming that the improvements (if any) had not been made. The nature of the

taxation is a duty upon land for every pound sterling of the unimproved value thereof, as assessed under the Act, at a rate declared for each year by Act of Parliament. Previously to 1923 the rate of tax was one halfpenny on every pound sterling of the unimproved value of all land having an unimproved value exceeding £250, but since the year mentioned an increased amount has been payable—a super-tax of 5 per cent. having been added to the old rate. No tax is chargeable when the total unimproved value of all lands owned does not exceed £250. Where the assessed unimproved value exceeds the amount of exemption (£250) the exemption diminishes at the rate of £1 for every £1 of such excess, so as to leave no exemption when the unimproved value amounts to, or exceeds £500.

The Assessment Roll on 31st December of each of the last five years showed the following particulars :—

Taxpayers.				Net Tax Payable.	
No.				£	
1922	..	..	.. 108,269	..	353,970
1923	..	..	.. 114,614	..	392,434
1924	..	..	.. 120,107	..	415,693
1925	..	..	.. 127,199	..	444,174
1926	..	..	.. 132,597	..	468,056

Commonwealth Land Tax. In addition to the State Land Tax there is upon the lands in the State a Commonwealth Land Tax, which was assented to on 17th November, 1910. The following particulars of land tax assessment for Victoria for the financial year 1923-24 have been furnished by the Federal Commissioner of Land Tax. The estates assessed numbered 5,264, of which 4,868 belonged to resident and 396 to absentee taxpayers. The unimproved value of these estates, as ascertained by the Department, was £54,814,653, comprising town land and country land amounting to £22,776,252 and £32,038,401 respectively. The tax payable was £365,410. In addition there were 1,866 Central Office taxpayers who owned land in more than one State. The Victorian land owned by these taxpayers was valued at £10,248,382 unimproved value, on which a tax of £164,703 was payable.

RAILWAYS REVENUE AND EXPENDITURE.

Victorian Railways, financial results. A summary of the results of the working of the Victorian Railways during the last five years is given in the appended statement. The figures have been taken from the Railways Report and represent the actual business done each year, not the receipts and payments brought to account by the Treasury within the year. They include particulars of the Road Motor Service as well as the St. Kilda-Brighton and Sandringham-Black Rock Electric Street Tramways.

RAILWAYS BALANCES: 1921-22 TO 1925-26.

Item.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
Gross Revenue ..	10,857,853	11,413,782	12,025,987	12,830,283	12,743,566
Working Expenses ..	8,092,565	8,238,744	8,776,514	9,489,368	9,595,132
Pensions, Gratuities, &c. ..	194,581	203,470	206,366	215,087	219,396
Payment to the Super- annuation Fund ..	..	..	..	..	18,712
Net Receipts ..	2,570,707	2,971,568	3,043,107	3,125,828	2,910,326
Interest on Cost of Construction ..	2,589,816	2,951,385	3,015,455	3,099,885	3,092,695
Surplus (+) or Deficit (-)	- 19,109	+ 20,183	+ 27,652*	+25,943	-182,369

* Subject to deduction of an amount of £136,417 which has been written off. This represents a loss on non-paying lines in previous years. The net result was, therefore, a deficit of £108,765.

RAILWAY ACCIDENT AND FIRE INSURANCE FUND.

The establishment of a permanent fund to be kept at the Treasury, and called the Railway Accident and Fire Insurance Fund, was effected by provision in the *Railways Act* 1907 (now the *Railways Act* 1915). This provision requires the Railways Commissioners to pay into such fund the sum of 10s. for every £100 sterling of the revenue of the Victorian Railways until the fund amounts to £100,000, at which amount it is to be maintained. During the year ended 30th June, 1926, the receipts of the fund amounted to £66,288, whilst the payments made therefrom were £12,204 for compensation, damages, costs, &c., to persons other than employees injured; £12,911 as compensation on account of injuries to or deaths of employees; and £41,168 as compensation for goods or parcels lost, and for damages caused by fire, &c. The balance at the credit of the Fund on 30th June, 1926, was £100,009.

PENSIONS AND GRATUITIES.

During the year 1925-26, the Government expended on pensions, gratuities, etc., the sum of £656,797. Of this amount, £472,394 was spent on ex-public servants who had contributed nothing towards their pensions. The remainder represents payments from State revenue to the Police Superannuation Fund, the Police Pensions Fund, and the Superannuation Fund. The following table gives details of the expenditure for the year 1925-26:—

Cost of
Pensions and
Gratuities.

**GOVERNMENT EXPENDITURE ON PENSIONS,
GRATUITIES, ETC., 1925-26.**

Division of Service.	Special Appropriations.		Annual Votes.		Total.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.
		£		£		£
Education Department	1,016	138,749	7	178	1,023	138,927
Railways	1,495	210,523	84	5,266	1,579	215,789
Defence	1	221	..	..	1	221
Lunacy	21	2,223	..	..	21	2,223
Under Constitution Act	1	1,500	..	..	1	1,500
Officers of Parliament	1	467	..	..	1	467
County Court Judges..	1	750	..	..	1	750
Under Civil Service Act						
160	140	32,646	..	..	140	32,646
Under Public Service						
Act 773	167	44,078	..	..	167	44,078
Commonwealth Service						
—Officers of trans-						
ferred Departments	322	28,728	..	..	322	28,728
Various allowances ..	..	..	20	1,427	20	1,427
Total Pensions and Allowances ..	3,165	459,885	111	6,871	3,276	466,756
Compensations and Gra-						
tuities	1	332	12	4,855 451	13	5,187 451*
Police Superannuation						
Fund—						
Subsidy .. ..	..	2,000	..	69,000	..	71,000
Transferred from						
Licensing Fund ..	..	..	..	23,000	..	23,000
Fines .. ..	..	..	..	13,570	..	13,570
Police Pensions Fund—						
Subsidy .. ..	..	50,000	..	..	..	50,000
Superannuation Fund ..	..	26,833	..	..	..	26,833
Total amount ..	..	539,050	..	117,747	..	656,797

* Signifies amounts paid to officers on retirement at age 60 years, being equivalent to four weeks' pay.

This fund is maintained by an annual subsidy of £2,000 from the Consolidated Revenue; by a moiety of the fines inflicted by the Courts of Petty Sessions; by a deduction, not exceeding $2\frac{1}{2}$ per cent., from the pay of the members of the Force entitled to pensions; by transfers from the Licensing Fund under the provisions of Act No. 2855; and, should the foregoing sources prove insufficient, by a further grant in aid from the Consolidated Revenue.

**Police
Superannuation
Fund.**

During the year 1925-26 the total receipts of the fund amounted to £114,778, consisting of £107,570 from Government revenue as shown in the preceding table, £3,048 from members of the force, and £4,160 balance brought forward. Payments out of the Fund amounted to £108,757 (554 pensions for £102,227 and 5 gratuities for £6,530), thus leaving a balance of £6,021 at 30th June, 1926.

Pensions are payable out of this fund only to those members of the Police Force who joined it prior to the 25th November, 1902.

This Act, which came into operation on 1st January, 1924, provides for pensions to those members of the Police Force who have joined it since 25th November, 1902, as well as to persons who may enter the Force in the future. Retirement is compulsory for senior constables and constables on attaining age 55; for sergeants, inspectors, and superintendents on attaining age 60, and for the Chief Commissioner on attaining age 65, except that in special cases any such person may be required to serve for a further period not exceeding five years. The ordinary pension payable on attainment of the retiring age varies from one-fourth of the annual pay at the date of retirement after 15 years' service to two-thirds of such annual pay after 30 or more years' service. Retirement on a medical certificate entitles a member of the Force to a pension for life after completion of 10 years' service, and to a gratuity after a service of less than 10 years. Except in the cases mentioned below, the amount of the pension which is payable on retirement on a medical certificate is, for like durations of service of not less than 15 years, the same as the amount of an ordinary pension payable on attainment of the retiring age. If a member of the Force is incapacitated for the performance of duty owing to an injury received in the execution of duty without his own default, he shall be entitled to a special pension for life which, except in a few instances, is larger than the ordinary pension and, in certain specified circumstances, is the full amount of salary. Provision is made for widows and children, the ordinary pension for a widow being approximately from £40 to £60 per annum, and the allowance for children under sixteen years of age, from £10 to £15 per annum.

A deduction of $2\frac{1}{2}$ per cent. per annum is made from the pay of every member of the Force. When a member leaves the Force of his own accord after having completed 25 years' service or by reason of his having reached the age for compulsory retirement (whichever first happens) and does not receive a pension or gratuity, there shall be paid to him the whole of the rateable deductions which have been made from his pay without any interest thereon.

All pensions, gratuities, and allowances to members or their dependants shall be paid out of a special fund to be kept at the Treasury and to be known as the Police Pensions Fund. Into this fund shall be

**Police Pensions
Act 1923, No.
3316.**

paid (a) an annual amount of £50,000 from Consolidated Revenue, (b) the deduction of $2\frac{1}{2}$ per cent. from the pay of members which is referred to above, (c) all interest on surplus moneys in the fund invested as provided, and (d) all other moneys payable into the fund under the Act or any future Act.

All surplus moneys are to be invested in Victorian Government stock or debentures in the name of the Treasurer, and shall carry interest at the rate of 5 per cent. per annum.

The Government Statist shall make an actuarial valuation of the fund at least once in three years, and shall certify each year what additional sum, if any, is required to be paid into the fund from Consolidated Revenue in order to provide that the assets shall be sufficient to meet the liabilities. Any such additional sum shall be appropriated and paid into the fund.

The receipts of the fund for the year amounted to £67,041 as follows:—Deductions from pay, £9,382; special appropriation, £50,000; interest on investment, £2,738; and £4,921 balance brought forward. Pensions paid during the year amounted to £545, gratuities to £132, and there was a balance of £146,329 at 30th June, 1926, of which £145,000 was invested.

**South Africa
Contingent
pensions.**

Pensions to members and relatives of members of the South African war contingents amounted to £567 in 1925-26.

**The
Superannua-
tion Fund.**

An Act (No. 3408) to make provision on a contributory basis for superannuation benefits for State public servants and railway employees was passed by the State Parliament on 24th November, 1925. The date of commencement of the Act was 25th November, 1925, and contributions were made payable as from the 1st January, 1926, which date is the "appointed day." Pensions were made payable as from the same date. A fund has been established into which is paid the contributions of officers and the amounts received from the Government; also the income derived from investments. The benefits provided by the Act are paid from the fund.

Board of Management.—The fund is managed by a Board consisting of four members appointed by the Governor in Council for a term of five years. One of the members so appointed is Chairman of the Board, and one a qualified actuary. One member is elected by officers in the railway service and one by officers in the other services.

Retiring Age.—The maximum age for retirement is 65 years for males, and in the case of females, 60 or 65, at their option. An officer who is contributing for a pension payable at the age of 65 years may retire at any time after reaching the age of 60 years, and draw a pension which is the actuarial equivalent of a full pension. If he so desires, he may pay to the fund the actuarial equivalent of the amount necessary to complete his payments to a later age and draw a higher rate of pension.

Contributions by Officers.—All officers in the various services, except those with existing pension rights, “twilighters,” and those who were not less than 65 years of age on 1st January, 1926, are required to contribute to the Superannuation Fund. An officer over the age of 65 years on 1st January, 1926, cannot contribute to the fund. He will be entitled on retirement to a free pension of a maximum amount of £104 per annum. Officers over the age of 30 years are entitled to contribute for a pension of £104 per annum at the rate prescribed for age 30. For higher amounts they pay half the full contribution required. Officers aged 30 and under contribute half the cost of their pensions.

Payments by Government.—The Government reimburses to the fund the proportion of each pension which represents the equivalent of the difference between the payment made by the contributor each year and the full annual contribution required to provide the pension.

Amount of Pension.—A unit of pension is £26 per annum. The amount of pension for which an officer may contribute is regulated by his salary. For example, a person aged 25 next birthday, whose salary exceeds £260 and does not exceed £312, makes a fortnightly contribution of 8s. 4d. for a pension of £130 per annum with half pension for his widow, and £13 per annum for each child under 16 until that age is attained. The pension to the officer commences at age 65, or on retirement before that age if that should take place by reason of ill-health or incapacity. The number of units an officer can take varies from a minimum of two (£52 per annum) to a maximum of twelve (£312 per annum).

Pensions to Widows and Children.—The widow and children of an officer who was a contributor or a pensioner at date of death are entitled to the following benefits :—

Widow.—One half the rate of pension for which the officer was contributing, or one half the rate of pension being drawn (as the case may be) at date of death, subject to a minimum of £26 per annum. Such pension ceases on re-marriage.

Children.—£13 per annum in respect of each child under the age of 16 years until that age is attained.

Retirement on the Ground of Ill-Health.—Upon retirement on the ground of ill-health or incapacity, if such ill-health or incapacity is not due to contributor's own fault, a full pension is payable. If, however, the ill-health or incapacity is due to his own fault he is entitled to the return of his contributions or a pension based on his contributions, at his option.

Officers with Existing Pension Rights.—A person may exchange such right for rights in the new scheme, thus enabling him to secure benefits for his widow and children under 16 years of age, and he may

purchase from the Board a pension equivalent to the difference, if any, between the actuarial value of his existing right and the amount of pension for which he would have been entitled to contribute if he had not had an existing right. A widow's pension up to £52 per annum and a children's pension of £13 per annum for each child under 16 years of age may be purchased by an officer with an existing pension right or by a "twilighter."

Twilighters.—This term embraces the persons who entered the Public Service between the 31st December, 1881, and the 31st December, 1884, or who entered the Railway Service between the 1st November, 1883, and 31st December, 1884. The pension payable to a "twilighter" is one-half the amount that would have been payable if he had had the full pension right provided by Act No. 160, subject to a maximum of £312 per annum and a minimum of £104 per annum. If a full pension computed under Act No. 160 is less than £104, then the lesser amount is payable.

A "twilighter" who retired prior to the 1st July, 1924, and was then over 65 years of age, is entitled to a pension on the above basis payable from 1st January, 1926, but such pension does not carry reversionary rights to widow or children.

A "twilighter" who retired on or after 1st July, 1924, and before 1st January, 1926, is entitled to a pension calculated as stated above, and the first four units of such pension will carry widow's and children's benefits. The widow's pension will be at the rate of £52 per annum, and the payment to children under 16 years of age will be £13 each year.

A "twilighter" who is employed on 1st January, 1926, and who retires on or after attaining the maximum age for retirement, which is 65 years for males and 60 years for females, or who retires on the ground of ill-health, will be entitled to a pension equal to one half the amount that would have been payable had he had full pension rights under Act No. 160, subject to a maximum of £312 per annum and a minimum of £104 per annum, or the amount of pension which would have been payable under the Act referred to, whichever is the lower. This pension will not carry widow's or children's benefits, but these may be secured on terms prescribed by the Board, as well as a further pension representing the difference between the pension provided and that on the salary basis fixed by the Act.

Assurance Policies.—No officer will be required in future to effect an insurance on his life. Policies now held by the various authorities will be returned to the assured. Any moneys invested by an officer in lieu of assurance will be repaid on such officer becoming a contributor. On the application of an officer the Board may take over his assurance policy. If it decides to do so it will pay the premiums on the policy and at maturity date hand to the assured the proceeds thereof, less premiums paid by it with 4 per cent. compound interest.

Receipts and Expenditure.—From 1st January to 30th June, 1926, the receipts of the fund amounted to £208,454, consisting of contributions from Departments, £183,840; from revenue, £24,588; and interest on investments, £26. The items of expenditure were as follows:—Pensions, £27,336; payments of Assurance Premiums, £263; leaving a balance on 30th June, 1926, of £180,855, of which £177,000 was invested.

In the year 1925-26, there were paid out of the Port Phillip Sick and Superannuation Fund, 38 pensions (including increases) amounting to £3,314, £57 for sick allowances, and £1,087 for gratuities. The Government does not contribute to this Fund, it being maintained by deductions from pilots' earnings and the annual income derived from investment of the moneys belonging to the fund.

Port Phillip
Pilot Fund.

EXPENDITURE ON EDUCATION.

During the year 1925-26 the State expended on education generally the sum of £3,025,732. This amount includes expenditure from loan moneys and the interest payable thereon, and also the cost of pensions and gratuities. The expenditure in each of the last five years, as detailed in the report of the Minister of Public Instruction, was as follows:—

STATE EXPENDITURE ON EDUCATION: 1921-22 TO 1925-26.

Expenditure on—	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
Education—	£	£	£	£	£
Primary	1,283,499	1,324,144	1,355,876	1,380,209	1,444,273
Intermediate	27,610	46,679	48,570	52,336	66,683
Secondary (including Scholarships) ..	110,397	119,624	125,337	129,748	137,737
Special Subjects	56,930	49,719	54,324	50,472	55,519
Training of Teachers ..	26,768	26,797	28,440	32,775	39,260
Administration	66,549	69,335	69,932	74,511	77,334
Buildings (State Schools) ..	322,471	349,562	481,372	531,571	459,303
Technical Schools (including Building Grants) ..	229,261	223,978	260,969	292,891	351,476
University (including Building Grants)	113,111	117,197	97,837	77,934	90,761
Interest payable on Loan Moneys expended on Buildings*	82,369	97,582	106,800	137,737	160,978
Miscellaneous (including Pensions and Gratuities)	120,694	124,444	133,756	139,758	142,408
Total	2,439,659	2,549,061	2,763,213	2,899,942	3,025,732†
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Per head of population ..	1 11 6	1 12 1	1 14 0	1 15 0	1 15 11

* Obtained from the Treasurer's Finance Statement.

† In addition, £43,028 paid by students in fees during the calendar year 1925 was expended on technical education.

The foregoing statement deals with the expenditure by the State on education generally, and includes expenditure connected with the University and technical schools, but the statement which follows relates to that portion of the expenditure which has been incurred in connexion with the State schools of Victoria, primary and secondary, excluding the amounts expended on technical schools and scholarships, in each of the last five years :—

**EXPENDITURE IN CONNEXION WITH STATE SCHOOLS :
1921-22 TO 1925-26.**

Items.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
Education:—					
Primary—					
Day Schools, including Central Schools	1,276,840	1,317,224	1,347,531	1,371,491	1,435,593
Night Schools	38	5	..	..	..
Schools for Deaf Mutes and Blind and Feeble-minded Children	4,612	5,571	6,070	6,563	6,450
Grant to Collingwood Play-ground	100	100	..	..	..
Subsidized Schools	609	244	275	155	64
Free Kindergarten Union	1,000	1,000	2,000	2,000	2,166
State Schools Horticultural Society	300	..	..	..	..
	1,283,499	1,324,144	1,355,876	1,380,209	1,444,273
Intermediate—					
Higher Elementary Schools	27,134	32,950	35,149	36,807	40,421
Evening Continuation Classes	476	410	492	502	547
Schools of Domestic Arts	*	13,319	12,929	15,027	25,715
Secondary—					
High Schools	101,535	112,291	117,971	122,390	130,199
	129,145	158,970	166,541	174,726	196,882
Special Subjects—					
Domestic Arts	28,025	15,909	17,153	17,690	15,279
Manual Training	21,784	24,998	26,656	21,880	23,037
Physical Training	1,302	1,212	1,273	835	1,280
Medical Inspection	4,690	5,541	5,345	6,350	12,143
Dressmaking and Needlework	404	388	430	488	513
School Gardening and Plantations	725	891	2,189	2,173	2,126
Singing .. ..	..	780	1,278	1,056	1,141
	56,930	49,719	54,324	50,472	55,519
Training of Teachers—					
Teachers' College	16,155	17,212	18,473	20,679	25,987
Miscellaneous	10,613	9,585	9,967	12,096	13,273
	26,768	26,797	28,440	32,775	39,260
Administration	66,549	69,335	69,932	74,511	77,334
Buildings—					
Primary Schools	275,205	296,858	423,494	452,680	373,069
" (expended by School Committees)	11,201	13,199	16,697	16,777	18,496
Rents	8,234	6,876	8,500	10,475	6,989
Higher Elementary Schools	12,950	10,342	20,404	31,684	6,841
High Schools	14,881	22,287	12,277	19,959	53,908
	322,471	349,562	481,372	531,571	459,303
Interest payable on Loan Moneys expended on State School Buildings	75,292	84,958	95,808	121,494	137,775
Pensions and Gratuities	120,644	123,594	132,979	139,708	142,358
Total	2,081,298	2,187,079	2,385,272	2,505,466	2,552,704

* Included under heading "Special subjects."

The following return summarizes the expenditure and revenue connected with the Victorian State Schools, and shows the cost per scholar in average attendance for each of the last ten years :—

**COST OF INSTRUCTION IN VICTORIAN STATE SCHOOLS :
1916-17 TO 1925-26.**

Year.	Expenditure by the State.	Revenue of the Education Department.	Net Expenditure.	Number of Scholars— Average Attendance.	Cost per Scholar to the State.
	£	£	£		£ s. d.
1916-17 ..	1,229,456	28,477	1,200,979	167,588	7 3 4
1917-18 ..	1,211,346	30,577	1,180,769	167,653	7 0 10
1918-19 ..	1,265,750	21,666	1,244,084	171,640	7 5 0
1919-20 ..	1,502,885	23,917	1,478,968	168,314	8 15 9
1920-21 ..	1,845,866	26,520	1,819,346	167,627	10 17 1
1921-22 ..	2,081,298	25,439	2,055,859	177,487	11 11 8
1922-23 ..	2,187,079	25,450	2,161,629	183,045	11 16 2
1923-24 ..	2,385,272	24,979	2,360,293	179,848	13 2 6
1924-25 ..	2,505,466	24,682	2,480,784	184,606	13 8 9
1925-26 ..	2,552,704	26,423	2,526,281	190,305	13 5 6

This table includes the amount payable each year as interest on loan moneys expended on State School buildings.

COMMONWEALTH FINANCE IN VICTORIA.

Commonwealth Finance. A statement of the Commonwealth revenue and expenditure in Victoria for the last five years is given below :—

COMMONWEALTH REVENUE AND EXPENDITURE IN THE STATE OF VICTORIA (ESTIMATED) : 1921-22 TO 1925-26.

Heads of Revenue and Expenditure.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
REVENUE.	£	£	£	£	£
Customs Duties ..	5,835,394	7,648,521	8,226,378	8,167,185	8,237,801
Excise Duties ..	2,644,585	2,700,312	2,764,938	2,823,889	2,897,845
Income Tax* ..	4,533,000	3,485,000	2,986,000	3,007,000	2,932,000
Posts, Telegraphs, &c.	2,558,972	2,698,251	2,686,226	2,771,870	2,948,291
War-time Profits Tax*	280,000	72,000	18,000	..	..
Land Tax* ..	525,000	464,000	467,000	580,000	580,000
Succession Duties* ..	367,000	434,000	489,000	511,000	522,000
Entertainments Tax	222,210	208,240	212,011	223,555	152,000*
Miscellaneous ..	1,095,839	783,676	956,447	788,501	819,063
Total ..	18,062,000	18,494,000	18,806,000	18,873,000	19,089,000
EXPENDITURE.					
Trade and Customs*	216,000	388,000	259,000	249,000	249,000
Posts, Telegraphs, &c.	2,213,126	2,079,937	2,292,586	2,327,934	2,360,021
Payment to the State Government ..	1,918,967	1,969,772	2,014,746	2,055,834	2,090,951
Other Expenditure (including Defence, War and Repatriation Services, &c.)	13,397,907	13,201,291	14,925,668	14,701,232	14,652,028
Total ..	17,746,000	17,639,000	19,492,000	19,334,000	19,352,000

* Estimated.

COMMONWEALTH AND STATE REVENUE AND EXPENDITURE.

Commonwealth and State Finance. The total Government revenue and expenditure within the State of Victoria is obtained by combining State and Commonwealth receipts and expenditure. This has been done in the following table, in which are given figures relating to the principal items:—

REVENUE AND EXPENDITURE OF COMMONWEALTH AND STATE COMBINED: 1921-22 TO 1925-26.

Heads of Revenue and Expenditure.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
REVENUE.					
	£	£	£	£	£
Customs and Excise	8,479,979	10,348,833	10,991,316	10,991,074	11,135,646
Posts, Telegraphs, &c.	2,558,972	2,698,251	2,686,226	2,771,870	2,948,291
State Railways ..	10,751,173	11,289,956	11,922,195	12,549,878	12,423,715
State Taxation ..	3,915,716	4,242,850	4,709,458	5,238,420	5,821,034
Other sources ..	10,794,926	9,579,015	9,558,027	9,570,811	9,939,119
Total Revenue..	36,500,766	38,158,905	39,867,222	41,122,053	42,267,805
EXPENDITURE.					
Trade and Customs	216,000	388,000	259,000	249,000	249,000
Posts, Telegraphs, &c.	2,213,126	2,079,937	2,292,586	2,327,934	2,360,021
State Railways ..	8,117,070	8,275,909	8,818,314	9,525,842	9,598,888
Public Instruction*..	1,896,702	1,987,865	2,093,841	2,186,232	2,316,548
Public Debt (Victoria)—					
Interest and Expenses ..	4,579,665	5,355,575	5,669,970	5,905,947	6,372,993
Redemption ..	402,724	421,166	484,825	563,287	594,600
Other Expenditure..	18,699,025	18,772,085	20,909,686	20,690,407	21,328,582
Total Expenditure	36,124,312	37,280,537	40,528,222	41,448,649	42,820,632

* Including Technical Schools and University.

COMMONWEALTH, STATE, AND LOCAL REVENUE AND EXPENDITURE.

Commonwealth, State, and Local Finance. A statement of the ordinary revenue and expenditure and of the loan expenditure of the Federal Government in Victoria, also of the State Government and of municipal and local bodies, during the last five years, will be found in the next table. From the totals of revenue and expenditure the amounts received by one body from another have been deducted.

COMMONWEALTH, STATE, AND LOCAL REVENUE AND
EXPENDITURE: 1922 TO 1926.

Heading.	Financial Year ended in—				
	1922.	1923.	1924.	1925.	1926.
<i>Revenue.</i>	£	£	£	£	£
Government—					
Federal* ..	18,062,000	18,494,000	18,806,000	18,873,000	19,089,000
State ..	18,190,935	19,401,637	20,805,420	22,006,348	22,931,410
Municipal ..	3,890,390	4,362,983	4,847,899	5,426,507	5,902,059
Other Local Authorities—					
Harbor Trusts ..	652,839	745,088	785,799	818,800	823,323
Melbourne and Metropolitan Board of Works	923,234	1,095,004	1,069,898	1,178,862	1,361,093
Melbourne and Metropolitan Tramways Board	1,841,170	1,930,798	1,889,513	1,968,785	2,154,007
Fire Brigades Boards ..	75,262	71,999	75,934	90,564	101,014
Other† ..	167,168	182,485	174,454	194,425	225,938
Total ..	43,802,998	46,283,994	48,454,917	50,557,291	52,587,844
<i>Ordinary Expenditure.</i>					
Government—					
Federal* ..	17,746,000	17,639,000	19,492,000	19,334,000	19,352,000
State ..	18,131,481	19,378,269	20,780,420	21,871,944	23,221,237
Municipal ..	3,804,947	4,089,749	5,093,809	5,747,882	6,082,235
Other Local Authorities—					
Harbor Trusts ..	565,157	638,626	697,946	762,559	773,924
Melbourne and Metropolitan Board of Works	954,315	987,209	1,083,016	1,189,285	1,356,277
Melbourne and Metropolitan Tramways Board	1,835,550	1,929,728	2,023,840	2,201,031	2,396,484
Fire Brigades Boards ..	77,456	73,168	72,608	88,178	104,241
Other† ..	164,085	179,002	188,440	185,007	204,067
Total ..	43,278,991	44,914,751	49,432,079	51,379,886	53,490,465

* Estimated. † Ballarat Water Commission and Sewerage Authority; Bendigo Sewerage Authority; Geelong Waterworks and Sewerage Trust; and First Mildura Irrigation Trust.

COMMONWEALTH, STATE, AND LOCAL REVENUE AND EXPENDITURE
1922 TO 1926—continued.

Heading.	Financial Year ended in—				
	1922.	1923.	1924.	1925.	1926.
<i>Loan Expenditure.</i>	£	£	£	£	£
Government—					
Federal* ..	1,740,000	1,665,000	2,220,000	2,064,000	2,249,000
State ..	11,804,990	8,764,306	8,407,526	7,940,589	8,001,375
Municipal ..	702,310	885,303	1,146,166	1,184,890	1,318,187
Other Local Authorities—					
Harbor Trusts ..	201,534	278,312	414,195	660,302	433,693
Melbourne and Metropolitan Board of Works	740,943	703,852	888,269	1,211,912	1,651,921
Melbourne and Metropolitan Tramways Board	100,000	..	400,000	908,916	541,239
Fire Brigades Boards ..	25,205	1,443	1,201	19,048	14,236
Other ..	67,543	134,516	126,223	111,745	153,775
Total ..	15,382,525	12,432,732	13,603,580	14,101,402	14,363,426
<i>Expenditure—Grand Total ..</i>	58,661,516	57,347,483	63,035,659	65,481,288	67,853,891
Per Head of Population—					
Revenue ..	£ s. d. 28 4 11	£ s. d. 29 2 1	£ s. d. 29 16 3	£ s. d. 30 10 1	£ s. d. 31 4 7
Ordinary Expenditure ..	27 18 2	28 4 11	30 8 3	31 0 1	31 15 3
Loan Expenditure	9 18 5	7 16 4	8 7 5	8 10 2	8 10 7

* Estimated.

PUBLIC DEBT.

The following statement shows the result of loan transactions, including Treasury Bonds in aid of revenue, to 30th June, 1926.

Loans Raised
and
Redeemed.

LOANS RAISED AND REDEEMED TO 30th JUNE, 1926.

	£
Cash received	296,139,525
Discount and expenses after deducting premiums	3,553,369
Securities issued	299,692,894
Add temporary advance pending loan flotation	1,510,000
„ proceeds on account of London flotation in course ..	1,330,000
	<hr/>
	302,532,894

Loans redeemed by—	£
Redemption loans	146,292,711
Melbourne and Metropolitan Board's repayments	2,389,934
Revenue (Special appropriations and Surplus Revenue)	4,524,670
Redemption Funds	6,468,898
Closer Settlement Fund	1,298,562
Coal Mines Sinking Fund	7,050
Discharged Soldiers Concessions Fund	1,040,600
Discharged Soldiers Settlement Fund	174,101
Discount (securities purchased under par)	71,379
	<hr/>
	162,267,905
Loans outstanding on 30th June, 1926	140,264,989

It will be seen that, upon the transactions to date (excluding the temporary advance and the proceeds on account of flotation in course, referred to above), securities representing £299,692,894 have been issued, and that the amount of cash received has been £296,139,525. This means that the State has received £98 16s. 3d. in cash for every £100 bond given.

Excluding London debentures for £388,100 taken over with the Melbourne and Hobson's Bay Railway and since paid off, the total amount of the loans which have been raised in London at varying rates of interest is £116,983,039. The amount which has been paid off by means of new loans is £61,107,083, and by means of appropriations from revenue, &c., £3,585,085; a sum of £627,365 has been transferred to the Melbourne register, leaving a balance due in London on 30th June, 1926, of

Loans Floated
in London.

£51,663,506, consisting of debentures amounting to £2,260,675, and inscribed stock, £50,030,196. In addition there were amounts outstanding of £1,510,000 (advanced temporarily in London pending flotation of loan, under Act No. 3200), and £1,300,000 (proceeds on account of London flotation in course). The following table gives particulars respecting the various loans which have been raised in London:—

LOANS FLOATED IN LONDON.

Authorisation Act No.	Nominal amount raised (amount for which securities have been issued).	Rate of In- terest.	When repay- able.	Loans paid off (including Redemp- tion Loans).	Debt outstanding 30th June, 1926.			
					Inscribed Stock.	Deben- tures.	Total payable in—	
							London.	Mel- bourne.
	£	%		£	£	£	£	£
(Period 1855 to 1888)	46,480,100	..	..	46,480,100	..	..	..	..
1196	3,000,000	3½	1921-26	3,000,000	..	..	..	..
1032	4,000,000	3½	1923	4,000,000	..	..	..	..
1217	2,000,000	3½	1921-26	2,000,000	..	..	..	..
1233	1,000,000	4½	1893	1,000,000	..	..	..	..
1287	2,107,000	4	1911	2,107,000	..	..	..	..
	4,600,000	3	1929-49	137,886	4,462,114	..	4,202,146	259,968
	4,976,476	3½	1929-49	244,519	4,731,957	..	4,619,695	112,262
	1,000,000	4	1940-60	20,300	979,700	..	979,700	..
	10,908,300		1932-42					
1560	1,049,868	5	1935-45	..	19,179,808	..	19,055,608	124,200
	5,295,204		1945-75					
	1,926,436		1952-55					
	2,850,400		1924-34					
	2,302,363		1923-25					
	1,000,000	3	1929-49	2,302,363	2,850,400	..	2,831,249	19,151
1562	500,000	4	1903	500,000	1,000,000	..	1,000,000	..
1574	149,600	5½	1924-34	..	..	149,600	149,600	..
2026	807,075	5	1945	..	..	807,075	807,075	..
2167	1,500,000	3½	1929-49	..	1,500,000	..	1,500,000	..
2635/2415	100,000	5½	1922	100,000	..	..	..	..
2428	2,000,000	4	1940-60	..	2,000,000	..	1,982,416	17,584
2480	1,465,300	4½	1920-25	1,465,300	..	..	..	..
2480	1,034,700	5½	1930-40	..	1,034,700	..	941,500	93,200
2530	284,700	5	1932-42	..	284,700	..	284,700	..
2531	2,215,300	5½	1930-40	..	2,215,300	..	2,215,300	..
2794	784,700	4½	1920-25	784,700	..	..	..	..
	550,000	5½	1922	550,000	..	..	..	..
	1,109,481	5½	1927	..	..	1,109,481	1,109,481	..
2871	194,519	5½	1927	..	..	194,519	194,519	..
3124	750,000	5½	1930-40	..	750,000	..	750,000	..
	850,000	4½	1940-60	..	850,000	..	849,000	1,000
3233	2,807,000	5	1932-42	..	3,041,517	..	3,041,517	..
	234,517		1945-75					
	3,500,000		1940-60					
3274	1,650,000	4½	1940-60	..	1,650,000	..	1,650,000	..
3345	1,650,000	4½	1940-60	..	1,650,000	..	1,650,000	..
	116,983,039	..	..	64,692,168	50,030,196	2,260,675	51,663,506	627,365
Add Temporary Advance pending flotation of Loan, Act 3200							1,510,000	..
,, proceeds on account of London flotation in course							1,330,000	..
Total London Loans							54,503,506	627,365

**Loans
Floated in
Melbourne.**

Excluding Victorian debentures for £63,000 taken over with the Melbourne and Hobson's Bay Railway, and since paid off, the total amount of the loans which have been floated in Melbourne is £182,709,855. Of this amount £85,185,627 has been redeemed by loans, and £12,390,110 by revenue, &c., leaving due a balance of £85,134,118 on 30th June, 1926, consisting of debentures, £39,799,036, inscribed stock, £44,677,267, and Treasury bonds in aid of revenue, £657,815. In addition, outstanding inscribed stock for £627,365 has been transferred from the London to the Melbourne Register, so that of the debt outstanding the total amount payable in Melbourne was £85,761,483.

**Purposes for
which
Outstanding
Loans were
raised.**

The amount of the loans raised in London and Melbourne to 30th June, 1926 (excluding £451,100 of Melbourne and Hobson's Bay Debentures taken over and since redeemed) was £299,692,894, and of this sum a total of £162,267,905 had been repaid at that date, viz., £15,975,195 out of the general revenue, and £146,292,710 out of the proceeds of redemption loans. The balance outstanding on 30th June, 1926, was £140,264,989, which includes an amount of £1,510,000 temporarily advanced in London, and also £1,330,000 proceeds on account of London flotation in course. The purposes for which this amount was borrowed and the annual interest payable thereon are as follows:—

**PURPOSES FOR WHICH OUTSTANDING LOANS WERE
RAISED.**

Loans Raised for—	Amount of Loans outstanding on 30th June, 1926.	Annual Interest Payable.
REVENUE-YIELDING WORKS.	£	£
Railways	69,832,415	3,283,825
Discharged Soldiers Settlement	22,353,046	1,266,661
Closer Settlement	5,967,421	264,584
Waterworks—Country	17,475,150	823,532
Roads—		
Main	3,387,403	174,460
Developmental	3,740,937	195,175
Proportion with Commonwealth	315,390	16,419
Tourists' Resorts	39,617	1,759
Electricity Supply	9,655,532	491,998
Harbours	533,429	23,520
State Coal Mine	242,954	9,671
Forests	50,000	2,375
Other Revenue-yielding Works	937,355	46,312
Total Revenue-yielding Works	134,530,649	6,600,291

PURPOSES FOR WHICH OUTSTANDING LOANS WERE RAISED—*continued.*

Loans Raised for—	Amount of Loans outstanding on 30th June, 1926.	Annual Interest Payable.
OTHER WORKS.		
	£	£
State Schools, Technical Schools, and University	3,368,372	160,978
Public Offices, Law Courts, and Parliament Houses	53,021	84,358
Wire Netting Advances	117,425	
Loans to Municipalities (incl. Kerang Tramway)	239,444	
Hospitals for the Insane	147,028	
Bridges	142,594	
Other Public Works and Buildings	305,341	
Miscellaneous	213,674	
Unapportioned	489,626	
Total Other Works	5,076,525	245,336
In aid of Revenue	657,815	35,265
Net Borrowings	140,264,989	6,880,892

Of the proceeds of the loans outstanding on 30th June, 1926, sums not yet expended amounted in the aggregate to £1,701,238, of which £620,680 was for Country Roads (Main and Developmental), £520,618 for Public Works, Buildings, etc., £318,295 for Railways, £209,890 for Country Waterworks, and £31,755 for various other services. Of the amount of the loans which were raised for public works and are still outstanding, about 96 per cent. was obtained for works of a revenue-yielding nature.

During the last ten years there has been a very large increase in the Public Debt, the actual increase having been £63,489,957, or 83 per cent. Below is given a statement showing the chief works and services for which the additional liabilities were incurred :—

PUBLIC DEBT—INCREASE IN TEN YEARS.

Work or Service for which raised.	Loans outstanding at 30th June—		Increase.
	1916.	1926.	
	£	£	£
Railways	54,269,541	69,832,415	15,562,874
Waterworks—Country	8,494,630	17,475,150	8,980,520
Metropolitan	1,559,786	..	1,559,786*
Discharged Soldiers Settlement .. .. .	..	22,353,046	22,353,046
Closer Settlement	4,878,785	5,967,421	1,088,636
Electricity Supply .. .. .	..	9,655,532	9,655,532
Roads	855,115	7,483,347	6,628,232
Harbours	470,000	533,429	63,429
State Coal Mine	242,950	242,954	4
State Schools, Technical Schools, and University	1,651,075	3,368,372	1,717,297
Public Offices, Law Courts, and Parliament Houses	510,018*	53,021	456,997*
All other Works and Services	2,572,662	2,152,861	419,801*
In Aid of Revenue	1,270,470	657,815	612,655*
Unapportioned .. .. .	..	489,626	489,626
Total	76,775,032	140,264,989	63,489,957

* Decrease.

The total amount of loans outstanding on 30th June, 1926, inclusive of Treasury bonds in aid of revenue, was £140,264,989, as mentioned above. Of this sum £42,059,711 was in the form of debentures; £50,030,196 of inscribed stock (London Register); £1,510,000 Temporary Advance pending flotation of loan (London) Act No. 3200; £1,330,000 proceeds on account of London flotation in course; £44,677,267 of inscribed stock (Melbourne Register); and £657,815 of Treasury bonds in aid of revenue. Particulars concerning the due dates of loans outstanding on 30th June, 1926, are given in the following table. Where the Government has the option of redemption during a specified period the loans have been classified according to the latest date of maturity :—

Due Dates
of Loans.

DUE DATES OF VICTORIAN LOANS ON 30TH JUNE, 1926.

Due Date. (Financial Year.)	Payable in London.	Payable in Melbourne.	Total.
	£	£	£
1926-27	1,304,000	3,558,007	4,862,007
1927-28 .. ..	..	7,639,833	7,639,833
1928-29 .. ..	..	15,656,705	15,656,705
1929-30 .. ..	..	18,762,456	18,762,456
1930-31 .. ..	..	6,557,077	6,557,077
1931-32 .. ..	..	2,234,180	2,234,180
1932-33 .. ..	..	1,181,766	1,181,766
1933-34 .. ..	..	5,425,635	5,425,635
1934-35	2,980,849	1,255,051	4,235,900
1935-36 .. ..	..	1,120,489	1,120,489
1936-37 .. ..	..	345,700	345,700
1937-38 .. ..	..	40,000	40,000
1939-40 .. ..	..	312	312
1940-41	3,906,800	627,980	4,534,780
1941-42 .. ..	..	2,009,777	2,009,777
1942-43	13,875,800	227,800	14,103,600
1944-45	807,075	400	807,475
1945-46	1,049,868	15,400	1,065,268
1946-47 .. ..	..	202,000	202,000
1948-49	5,202,146	265,268	5,467,414
1949-50	6,119,695	112,262	6,231,957
1953-54 .. ..	..	123,874	123,874
1955-56	1,926,436	..	1,926,436
1959-60	2,962,116	17,584	2,979,700
1960-61	5,999,000	1,000	6,000,000
1975-76	5,529,721	..	5,529,721
Government Option* ..	..	6,398,977	6,398,977
Not yet fixed† { (a) ..	..	11,794,075	11,794,075
(b) ..	..	87,875	87,875
(c) ..	..	100,000	100,000
Temporary advance from Westminster Bank, London, pending flotation ..	1,510,000	..	1,510,000
Proceeds on account of London flotation in course ..	1,330,000	..	1,330,000
Total	54,503,506	85,761,483	140,264,989

* At option of Government on giving twelve months' notice.

† Amounts received from Commonwealth for purposes of—(a) Discharged Soldier Settlement, (b) Loans to Municipalities; and (c) Immigration.

Loans and
Interest
payable in
London and
Melbourne.

An examination of the next table reveals interesting information in regard to the practice adopted when raising money in recent years. During the last 26 years the increase in the amount of loans due in Melbourne was £81,091,177, whilst during the same period those due in London showed an increase of only £9,847,927. With few exceptions, the new loans raised have been obtained locally, while further large amounts have been borrowed in the State for the redemption of London loans as they matured.

PUBLIC DEBT AND INTEREST PAYABLE THEREON IN
LONDON AND MELBOURNE: 1900 TO 1926.

On 30th June—	Amount of Loans Payable in—		Annual Interest Payable in—	
	London.	Melbourne.	London.	Melbourne.
	£	£	£	£
1900 ..	44,655,579	4,670,306	1,735,307	152,096
1910 ..	39,012,436	16,564,289	1,419,579	560,520
1915 ..	41,333,738	31,750,189	1,520,762	1,131,811
1916 ..	42,160,566	34,614,466	1,562,884	1,270,886
1917 ..	42,907,086	35,218,309	1,604,171	1,327,518
1918 ..	43,437,719	36,157,927	1,633,681	1,407,419
1919 ..	43,400,300	38,631,629	1,632,372	1,547,192
1920 ..	42,406,040	45,241,699	1,637,615	1,902,108
1921 ..	38,709,050	58,608,781	1,527,541	2,780,300
1922 ..	42,708,244	66,390,955	1,761,734	3,324,535
1923 ..	45,685,997	72,876,032	1,933,000	3,641,693
1924 ..	48,551,314	75,557,012	2,158,199	3,740,433
1925 ..	51,869,204	79,300,361	2,319,486	3,999,635
1926 ..	54,503,506	85,761,483	2,525,676	4,355,216

Rates of
Interest on
Public Debt.

The appended table shows the rates of interest which were payable on the public debt at 30th June, 1926, and the portions of the debt at each rate in London and Melbourne respectively :—

RATES OF INTEREST ON PUBLIC DEBT AT 30TH
JUNE, 1926.

Rate of Interest.	Amount Payable in—		
	London.	Melbourne.	Total.
%	£	£	£
7 $\frac{1}{4}$ .. ..	..	565,814	565,814
6/15/2 .. ..	..	613,248	613,248
6/7/0 .. ..	..	5,480,743	5,480,743
6 .. ..	..	5,903,997	5,903,997
5 $\frac{1}{2}$ .. ..	..	10,000	10,000
5 $\frac{1}{2}$	8,191,649	19,222,476	27,414,119
5 $\frac{1}{2}$ .. ..	..	200,000	200,000
5 $\frac{1}{8}$ .. ..	..	3,553,124	3,553,124
5/6/11 .. ..	..	1,581,146	1,581,146
5/5/3 .. ..	..	12,804,892	12,804,892
5 $\frac{1}{4}$ .. ..	..	20,295,973	43,484,873
5	23,188,900	200,000	200,000
4 $\frac{1}{2}$ .. ..	..	336,980	6,335,980
4 $\frac{1}{2}$	5,999,000	954,598	954,598
4 $\frac{1}{2}$ .. ..	..	37,400	37,400
4 $\frac{1}{4}$ .. ..	..	2,599,608	5,561,724
4	2,962,116	220,000	220,000
3 $\frac{1}{2}$ .. ..	..	6,746,076	12,865,771
3 $\frac{1}{2}$	6,119,695	4,435,414	9,637,560
3	5,202,146	..	2,840,000
Not fixed	2,840,000	..	..
Total	54,503,506	85,761,483	140,264,989
Average Rate of Interest	% 4·63	% 5·08	% 4·91

Growth of Public Debt. While the public debt has increased from year to year a very noticeable feature is the rapid increase which has occurred during the last few years. As compared with 1920 the debt per head of population at 30th June, 1926, had increased by 43 per cent.; the interest payable per head had increased by 73 per cent. in the same period. In the following statement is shown the growth of the public debt and of the interest payable thereon since the date of the establishment of responsible government in 1855 :—

**GROWTH OF PUBLIC DEBT AND INTEREST:
1855 TO 1926.**

End of Financial Year in—	Loans Outstanding.			Amount per Head of Population.	
	Amount.	Annual Interest Payable.		Debt.	Annual Interest Payable.
		Total.	Average Rate per cent.		
	£	£		£ s. d.	£ s. d.
1855* ..	1,180,000	70,800	6·00	3 4 9	0 3 11
1860* ..	5,643,100	337,905	5·99	10 9 10	0 12 7
1870* ..	12,099,800	699,240	5·78	16 13 1	0 19 3
1880 ..	20,567,700	1,029,991	5·01	24 9 4	1 4 6
1890 ..	41,377,693	1,649,465	3·99	36 19 11	1 9 6
1900 ..	49,325,885	1,887,403	3·83	41 6 8	1 11 8
1910 ..	55,576,725	1,980,099	3·56	43 6 8	1 10 10
1920 ..	87,647,739	3,539,723	4·04	57 19 1	2 6 10
1921 ..	97,317,831	4,307,841	4·43	63 5 11	2 16 0
1922 ..	109,099,199	5,086,269	4·66	69 9 3	3 4 10
1923 ..	118,562,029	5,575,067	4·70	73 15 0	3 9 4
1924 ..	124,108,326	5,898,632	4·75	75 13 9	3 11 11
1925 ..	131,169,565	6,319,121	4·82	78 10 1	3 16 3
1926 ..	140,264,989	6,880,892	4·91	82 15 7	4 1 3

* Including outstanding liabilities of the Melbourne and Geelong Corporations Guarantee Loans.

In addition to the ordinary expenditure from revenue, certain sums are disbursed annually for various purposes from Loan Funds. The figures in the following table include all expenditure from the latter, whether the loans have been repaid or are still in existence. The table shows the details for each of the last four years and the total to date :—

EXPENDITURE FROM LOAN FUNDS.

Purpose.	Expenditure during the Year—				Total to 30th June, 1926.
	1922-23.	1923-24.	1924-25.	1925-26.	
	£	£	£	£	£
Railways	1,674,643	1,395,282	1,379,182	1,489,285	67,634,835
Water Supply—					
Country	1,210,485	1,415,109	1,405,623	1,587,477	17,510,557
Metropolitan ..	..	..	..	..	3,142,577
Closer Settlement ..	461,533	855,919	592,372	150,753	7,205,764
Discharged Soldiers Land Settlement ..	1,959,231	1,577,411	1,133,588	1,157,066	23,537,442
Country Roads ..	573,972	566,596	992,568	960,452	7,243,865
Electricity Supply ..	2,471,457	2,090,091	1,595,064	1,822,378	9,476,757
State Schools, University, &c. ..	329,882	359,511	476,930	394,655	3,613,273
State Coal Mine ..	..	..	9,967	..	249,399
Seed and Fodder Advances to Farmers ..	..	..	..	..	604,615
Cool Storage—Advances to Companies, &c. ..	3,503	31	..	..	573,299
Municipalities—Loans, Advances, and Grants ..	..	3,350	12,881	300	1,128,814
Primary Products—Advances to Companies, &c. ..	..	..	7,500	5,000	331,101
Wire Netting ..	23,731	26,275	32,399	42,628	475,487
All other works and services ..	55,869	117,951	302,515	391,381	5,275,313
In aid of Revenue ..	..	..	..	..	2,919,652
Total ..	8,764,306	8,407,526	7,940,589	8,001,375	150,922,750*

* In addition to this amount, the sum of £733,135 was advanced from the Public Account Advances Account in 1925-26 and expended on the following :—Closer Settlement, £386,373; Discharged Soldiers Land Settlement, £130,247; Electricity Supply, £175,069; and Forests, £41,446.

The total interest paid (including all expenses of payment) on loans raised to 30th June, 1926, amounted on that date to about £121,000,000, of which £83,000,000 had been paid in London and £38,000,000 in Melbourne. The amount of interest and expenses paid during each of the last five financial years is shown in the next table :—

Interest paid
on Loans.

INTEREST AND EXPENSES OF PUBLIC DEBT.

Year Ended 30th June.	Interest Paid on Loans in—		Interest Paid on Temporary Loans.	Commission on Payment of Interest in London.	Commission on Redemption, Expenses of Conversion, &c.	Total.
	London.	Melbourne.				
	£	£	£	£	£	£
1922 ..	1,541,747	2,927,931	100,600	9,387	..	4,579,665
1923 ..	1,765,579	3,563,982	3,701	15,274	7,039	5,355,575
1924 ..	2,066,948	3,589,245	1,917	6,905	4,955	5,669,970
1925 ..	2,104,561	3,790,631	1,190	6,757	2,808	5,905,947
1926 ..	2,315,702	4,037,915	7,678	8,071	3,627	6,372,993

SINKING FUNDS.

Sinking Funds. On 30th June, 1926, the sinking funds for repayment of the public debt amounted to £4,897,751. The balances to the credit of the various funds at that date are shown in the following table:—

	Balance at Credit. £
Mallee Land Account	100,616
Victorian Government Consolidated Inscribed Stock Redemption Fund	3,633,642
Victorian Loans Redemption Fund	685,216
Closer Settlement Redemption Fund	36,121
Coal Mines Sinking Fund	123,749
Main Roads Sinking Funds	212,166
Railways Sinking Fund	38,928
Public Works Sinking Fund	42,865
Developmental Roads Sinking Fund	24,448
Total	4,897,751

Mallee Land Account. By Act No. 2676 of 1915 the moneys accruing from licensing, leasing, or selling of land in the Mallee country or Mallee border are to be paid into the Treasury and placed to the credit of a separate account, to be called the "Mallee Land Account." The sums standing at credit of this account are available solely for the repurchase, redemption, or paying off of any Victorian stock or debentures. The amount in hand on 30th June, 1925, was £50,008, and during 1925-26 the receipts amounted to £108,608, and the expenditure to £58,000, so that the balance in the fund on 30th June, 1926, was £100,616.

Consolidated Inscribed Stock Redemption Fund. By Act No. 1561 of 1898 it was enacted that a "Victorian Government Consolidated Inscribed Stock Redemption Fund" should be kept in the Treasury, and should be applied to the purchase or repurchase, and ultimately to the redemption of consolidated stock—that is, stock on the London Register—and to the payment of expenses connected with

such purchase or redemption. The fund is made up of money derived from special appropriations from revenue, from repayments by Water Trusts, and from the Mallee Land Account, &c. By Act 3491 of 1926 yearly payments are made out of the fund, for the year 1926-27 and thereafter, to the "Railways Sinking Fund" and the "Irrigation and Water Supply Works Sinking Fund." During 1925-26 the receipts of the fund amounted to £407,345. Transactions to 30th June, 1926, were as follows:—

THE VICTORIAN GOVERNMENT CONSOLIDATED INSCRIBED
STOCK REDEMPTION FUND: 30TH JUNE, 1926.

Transactions.						To 30th June, 1926.
RECEIPTS.						£
Waterworks Trusts	..	..	..	..	..	382,063
Mallee Land Account	..	..	..	..	..	1,212,000
Revenue	..	..	..	..	..	1,324,592
Interest on Investments	..	..	..	..	..	985,843
Miscellaneous	..	..	..	..	..	104,867
Total receipts	..	..	..	..	..	4,009,365
EXPENDITURE.						
Purchase of Stock	..	..	..	..	..	374,500
Commission, &c.	..	..	..	..	..	1,211
Investment Expenses	..	..	..	..	..	12
Total expenditure	..	..	..	..	..	375,723
Balance in the Fund	..	..	..	..	..	3,633,642
Amount of stock repurchased and cancelled	..	..	..	..	..	397,421

Of the balance in the fund, £3,513,872 was invested in Victorian Government debentures and stock, and £119,770 held in cash.

By Acts Nos. 1565 and 1796 it was provided that a "Victorian Loans Redemption Fund" should be kept in the Treasury and should be available for the purchase, repurchase, or redemption of Victorian Government stock and debentures payable at Melbourne, and for the payment of expenses, costs, &c., incurred. This fund is derived from special appropriations from revenue and repayments of advances made under any Act

Victorian
Loans
Redemption
Fund.

for "Resumption of Land in Mallee District," and of sundry loans made by the Government to municipalities, &c. By Act 3491 of 1926 yearly payments are made out of the fund, for the year 1926-27 and thereafter, to the "Railways Sinking Fund" and the "Irrigation and Water Supply Works Sinking Fund." During 1925-26 receipts amounted to £328,747, and £89,530 was expended in the purchase for cancellation of £92,095 stock and debentures. Transactions in the fund to 30th June, 1926, are shown in the following statement:—

THE VICTORIAN LOANS REDEMPTION FUND:
30TH JUNE, 1926.

Transactions.	To 30th June, 1926.
RECEIPTS.	
From Revenue	£ 3,439,727
Resumption of land in Mallee Districts and valuation of improvements	26,602
Payments by Municipalities	389,133
Geelong Municipal Waterworks Trust	265,000
Interest on Investments	223,503
Shipbuilding Yard (realization)	178,500
Sale of Dredge	4,288
Provision for Securities matured and unclaimed	3,581
Repayment of Loans—	
Bush fires relief	22,962
Floods relief	1,453
Seed advances	609,518
New pilot steamer	18,407
Yarrowee Channel	16,179
Wire netting	386,992
Cool Stores	77,293
Municipalities	322,627
Country roads	80,000
Cattle advances	57,563
Royal Agricultural Society	4,833
Primary products	73,793
Zoological and Acclimatisation Society	228
Excess of face value of securities over amount invested	408
Total receipts	6,202,590
EXPENDITURE.	
Purchase of stock and debentures	5,517,374
Balance in the Fund	685,216
Amount of stock and debentures repurchased and cancelled ..	5,560,761

The balance in the fund was represented by Victorian Government debentures and stock having a face value of £603,472, and £81,744 held in cash.

Closer Settlement Redemption Fund.

With the approval of the Treasurer this Fund was established to write down the valuation of Closer Settlement Estates by £200,000. The sole revenue of the Fund is a sum of £10,000, which, in accordance with an arrangement entered into, it must receive each year from the profits of the Closer Settlement Fund. Up to 30th June, 1926, the revenue of the Fund amounted to £110,000, of which £73,879 had been applied in the cancellation of stock and debentures, leaving a balance of £36,121. Of this amount £30,000 was invested, and £6,121 held in cash.

Coal Mines Sinking Fund.

By Act No. 2630 (Section 96) the net surplus profits of the State Coal Mines were applied in establishing the Coal Mines Sinking Fund. Up to 30th June, 1926, the receipts of that Fund amounted to £130,799. Stock and debentures to the value of £7,050 had been cancelled at par, and there was thus a balance of £123,749. Of this amount £117,513 was invested and £6,236 was held in cash.

Main Roads (Treasury) Sinking Fund.

Established by Act 3425 of 1925, whereby a sum equal to $1\frac{1}{2}$ per cent. of half the amount raised under the Country Roads Acts is paid each financial year from consolidated revenue into this Fund. Moneys in the Fund are to be invested in Government Securities bearing interest at the rate of $4\frac{1}{2}$ per cent. until half the amount borrowed under the Country Roads Acts has been paid off. The amount at credit of the Fund at 30th June, 1926, was £23,971.

Main Roads (Municipalities) Sinking Fund.

A portion of the money to the credit of the Country Roads Board Fund is paid into the "Main Roads (Municipalities) Sinking Fund" which was formerly known as "Main Roads Sinking Fund" (Act 3425 of 1925). This Fund is to be kept until half the amount borrowed under the Country Roads Acts has been paid off. At 30th June, 1926, the credit balance of the Fund amounted to £188,195.

Railways Sinking Fund.

By Act 3309 of 1923 the surplus railway revenue of every financial year shall be placed to the credit of the Railways Sinking Fund until such sum amounts to 75 per cent. of the loan liability of the Victorian Railways. The moneys at the credit of the Fund shall be invested in Government securities bearing interest at 4 per cent. per annum, and shall be available only for redemption of loans raised for railway purposes. Any uninvested moneys shall bear interest at 4 per cent. per annum, which interest shall be paid out of consolidated revenue. The amount at the credit of the

Fund at 30th June, 1926, was £38,928, all of which was invested. By Act 3491, passed 23rd December, 1926, certain yearly payments are to be made into the Fund from two redemption funds (G.C.I.S.R. Fund and V.L.R. Fund). These payments are (a) for the year 1926-27 and thereafter, 5s. per £100 of the net public debt created on account of Railways to 30th June, 1926, and (b) for 1927-28 and thereafter, in addition to payment (a), 5s. per £100 of the total amount expended out of loan moneys on Railway works in each financial year.

Irrigation and Water Supply Works Sinking Fund. Established by Act 3491 (1926), for the purpose of redeeming loans raised for irrigation works and water supply. Certain yearly payments are to be made into the Fund from two redemption funds (G.C.I.S.R. Fund and V.L.R. Fund). These payments are (a) for the year 1926-27 and thereafter, 2s. 6d. per £100 of the net public debt created on account of irrigation and water supply works to 30th June, 1926, and (b) for 1927-28 and thereafter, in addition to payment (a), 2s. 6d. per £100 of the total amount expended out of loan moneys on irrigation and water supply works in each financial year.

Public Works Sinking Fund. Under the provisions of Act No. 3201 of 1922 a Fund known as the "Public Works Sinking Fund" was established for the purpose of liquidating the liability on account of certain public works. The works specified in the Act are public offices, education buildings, hospitals for insane, gaols, police quarters, &c. The sum to be paid into the Fund annually shall be equal to 2 per cent. of the total loan expenditure at the end of the preceding financial year, except that it shall be 10 per cent. in the case of buildings, approaches, and improvements, for tourists' resorts. The moneys at the credit of the Fund shall be invested in Government securities at 4 per cent. per annum, and, when they are equal to the total amount expended out of loan moneys, shall be transferred to and placed to the credit of the Victorian Loans Redemption Fund. During 1925-26 a sum of £28,238 was paid into the Fund, the balance at credit at 30th June, 1926, being £42,865.

Developmental Roads Sinking Fund. By Act No. 3334 of 1923 a sum equal to $1\frac{1}{2}$ per cent. per annum on the amount borrowed under the provisions of the *Developmental Roads Act* 1922 is to be paid into this Fund from consolidated revenue. The moneys in the Fund are to be invested in Government securities bearing interest at the rate of $4\frac{1}{2}$ per cent. per annum. There was a credit of £24,448 in the Fund at 30th June, 1926, all of which was invested.

TRUST FUNDS.

In the succeeding table the liabilities and investments of the various Trust Funds held by the Treasurer are shown for each of the last five years, investments in Victorian securities being distinguished :—

Heading.	Year ended 30th June—				
	1922.	1923.	1924.	1925.	1926.
<i>Liabilities.</i>	£	£	£	£	£
At Credit of—					
Public Debt Sinking					
Funds	2,754,540	2,993,432	3,560,225	4,084,795	4,897,751
Savings Bank Commis-					
sioners Trust Account	6,598,524	64,103	64,103	64,103	..
Other Trust Funds ..	3,859,723	4,131,498	4,436,882	5,206,083	5,219,701
Balance — From General					
Cash Account ..	..	..	195,447	..	..
Total	13,212,787	7,189,033	8,256,657	9,354,981	10,117,452
<i>Investments, Advances, &c.</i>					
Invested in Victorian Stock					
or Debentures ..	4,760,336	5,133,710	5,955,771	6,438,453	7,082,512
Other Investments, Fixed					
Deposits, &c... ..	6,952,503	454,503	474,053	479,054	431,348
Advances Made... ..	1,358,869	1,460,804	1,826,833	2,006,307	2,206,902
Cash Held	141,079	140,016	..	431,167	396,690
Total	13,212,787	7,189,033	8,256,657	9,354,981	10,117,452

The large falling off in the amount of these Funds between 1922 and 1923 is due to the Treasurer having handed back to the Savings Bank Commissioners the fixed deposit receipts of that institution which he formerly held.

PUBLIC DEBTS OF AUSTRALIAN STATES.

Public Debts
of Australian
States.

The following is a statement of the public debts of the Australian States on 30th June, 1926, showing the amounts, the amounts per head of population, the total interest payable, the average rates per cent., and the rates *per capita*. Sinking Funds have not been deducted. Treasury Bills covering Revenue Deficits are included. Revenue Deficits which are not covered by Treasury Bills, overdrafts on Loan Account, and advances from Trust Funds are excluded.

PUBLIC DEBTS OF AUSTRALIAN STATES ON 30TH JUNE, 1926.

State.	Public Debt.		Interest Payable.		
	Amount.	Per Head of Population.	Amount.	Per Head of Population.	Average Rate per cent.
	£	£ s. d.	£	£ s. d.	
Victoria* ..	140,264,989	82 15 7	6,880,892	4 1 3	4.906
New South Wales	223,504,771	96 8 8	11,138,065	4 16 1	4.983
Queensland ..	102,316,866	116 7 0	4,919,092	5 11 10	4.808
South Australia ..	81,473,624	145 17 9	4,103,915	7 7 0	5.037
Western Australia	70,806,921	188 14 9	3,199,753	8 10 7	4.519
Tasmania ..	24,477,590	116 18 2	1,205,776	5 15 2	4.926

* Including £1,510,000 temporary advance pending loan flotation, and £1,330,000 proceeds on account of London flotation in course.

The public debt of the Commonwealth on 30th June, 1926, was £458,443,351, and that of the six States, £642,844,761. From the total of these a deduction of £87,531,051 must be made for debts

included twice. The balance (£1,013,757,061) represents the liability of the Australian public at the date mentioned, which is equal to £167 14s. 8d. per head of the population.

The full indebtedness of the Government, municipalities, and corporations of Victoria for the year 1926 is shown in detail hereunder. From the municipal and corporation debts the amounts of loans from the Government have been excluded.

STATE, AND LOCAL DEBTS (EXCLUDING LOANS FROM GOVERNMENT), 1926.

State Public Debt—	£	£
London Register	54,503,506	
Melbourne Register	85,761,483	
Other State Debt (Public Account Advances)	733,135	
	<hr/>	
Total State Debts		140,998,124
Municipal	8,039,263	
Harbor Trusts	3,208,970	
Metropolitan Fire Brigades Board ..	167,083	
Melbourne and Metropolitan Board of Works	17,037,090	
Melbourne and Metropolitan Tramways Board	3,958,049	
Ballarat Water Commission and Sewerage Authority	189,064	
Bendigo Sewerage Authority	213,538	
Geelong Waterworks and Sewerage Trust ..	1,243,065	
	<hr/>	
Total Debts of Municipalities and Corporations (excl. Government loans)		34,056,122
	<hr/>	
Gross Debts		175,054,246
Sinking Funds		6,377,170
	<hr/>	
Net Debt		168,677,076
	<hr/>	

This sum (£168,677,076) is equal to a net debt of £99 10s. 11d. per head of the population on 30th June, 1926.

COMMONWEALTH, STATE, AND MUNICIPAL TAXATION.

Taxation.

The subjoined table shows approximately, for the last five financial years, the amount of revenue collected under the various heads of taxation by the Commonwealth, the State, and Municipalities in Victoria :—

TAXATION IN VICTORIA—COMMONWEALTH, STATE, AND MUNICIPAL : 1921-22 TO 1925-26.

Heads of Taxation.	Amount Received.				
	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£	£	£	£	£
Federal—					
Customs Duties ..	5,835,394	7,648,521	8,226,378	8,167,185	8,237,801
Excise Duties ..	2,644,585	2,700,312	2,764,938	2,823,889	2,897,845
Income Tax* ..	4,533,000	3,485,000	2,986,000	3,007,000	2,932,000
Land Tax* ..	525,000	464,000	467,000	580,000	580,000
Succession Duties*	367,000	434,000	489,000	511,000	522,000
War-time Profits Tax* ..	280,000	72,000	18,000	..	..
Entertainments Tax	222,210	208,240	212,011	223,555	152,000*
Total Federal Taxation ..	14,407,189	15,012,073	15,163,327	15,312,629	15,321,646
State—					
Income Tax ..	1,443,209	1,514,256	1,702,483	2,076,656	2,238,429
Land Tax ..	372,060	392,594	412,165	421,662	457,441
Probate Duty ..	706,181	697,482	798,315	802,333	940,609
Betting Taxation (Stamp duties, licences, and percentage) ..	169,007	185,309	186,141	170,998	133,067
Other Stamp Duties	779,430	950,896	1,011,966	963,307	1,017,351
Motor Car and Motor Omnibus Acts †	124,542	165,804	233,300	418,840	641,765
Liquor Taxation and Licences ..	290,884	302,574	320,331	343,524	352,826
Other Licences ..	28,613	32,173	43,007	39,360	37,647
Duties on Bank Notes ..	1,790	1,762	1,750	1,740	1,899
Total State Taxation ..	3,915,716	4,242,850	4,709,458	5,238,420	5,821,034
Municipal Taxation ..	2,399,256	2,671,783	2,963,431	3,278,598	3,507,089
Total Taxation	20,722,161	21,926,706	22,836,216	23,829,647	24,649,769

* Estimated. † See footnote on page 43.

The taxation in Victoria per head of population by the Commonwealth, the State, and Municipalities for each of the last five years was as follows :—

COMMONWEALTH, STATE, AND MUNICIPAL TAXATION
PER HEAD OF POPULATION : 1921-22 TO 1925-26.

Division.	Taxation per Head of Population in Victoria.				
	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Commonwealth	9 5 9	9 8 10	9 6 7	9 4 10	9 2 0
State	2 10 6	2 13 4	2 17 11	3 3 3	3 9 2
Municipal	1 10 11	1 13 7	1 16 5	1 19 7	2 1 7
Total	13 7 2	13 15 9	14 0 11	14 7 8	14 12 9

Additional
Taxation for
Financial Year
1925-26.

From 1st January, 1925, under the *Motor Omnibus Act* 1924, No. 3378, additional fees in the nature of a tax on passenger seating capacity are payable on the registration of motor buses plying for hire within eight miles of the corporate limits of the City of Melbourne. These fees range from £3 7s. 6d. to £4 10s. per passenger seat and are in addition to the ordinary registration fee payable under the *Motor Car Act* 1915, which is now fixed under the Second Schedule of the *Highways and Vehicles Act*, No. 3379, at £5 per annum.

The provisions of the *Highways and Vehicles Act*, No. 3379, relating to registration fees of motor cars, &c., came into operation on 1st January, 1925. They require that the annual registration fee of motor cars, lorries, &c., shall be calculated on the power-weight unit, the charge ranging from 3s. per power-weight unit for ordinary motor cars to 5s. per power-weight unit for motor vehicles fitted with non-pneumatic tyres.

The *Income Tax Act* 1925 fixed the rate of income tax on incomes earned during the year ended 30th June, 1925. The rate for individuals on the amount of taxable income from personal exertion up to but

not exceeding £500 was increased to 3½d. in the £1. Where the taxable income exceeded £500 the rates on income from personal exertion were 4½d. for every £1 of the taxable amount thereof up to £500; 5½d. for every £1 between £501 and £1,000; 6½d. for every £1 between £1,001 and £1,500; and 7½d. for every £1 over £1,500. The rates on income from property are respectively double the rates on income from personal exertion.

In the case of companies (other than Mutual Life Assurance Companies) liable to tax the rate was increased from 15d. in the £1 to 16d. in the £1.

LICENCES.

The following is a statement of the net revenue received from each description of licence during the year 1925-26. Municipal licences for slaughtering, dairies, noxious trades, &c., are excluded, also insurance licences (£68,599), and book-makers' licences (£13,970), the two last mentioned having been shown under "Stamp Duties." Motor car licences, fees, etc. (£641,765) are included under the heading "State Taxation."

REVENUE OF STATE GOVERNMENT FROM LICENCES: 1925-26.

Description of Licence.	Net Revenue Received.
	£
Spirit Merchants and Grocers	37,163
Victuallers	288,248
" Temporary	4,451
Railway Refreshment Rooms	1,813
Packet	125
Australian Wine	4,869
Billiard Table	5,800
Brewers	114
Vignerons	80
Club Certificates	7,369
Permits (Extra Bars and Extended Hours)	2,794
Auctioneers	23,196
Real Estate Agents	6,632
Tobacco and Cigars—Selling	2,221
Pawnbrokers	790
Hawkers	2,184
Carriage, Stage Carriage, Forwarding Agents	438
Marine Stores	207
Explosives	931
Race Clubs	666
Gold-buyers	153
Second-hand Dealers	633
Farm Produce Agents	262
Total	391,139

In addition to the preceding, there are other licences issued in Victoria by the Department of Trade and Customs; the fees collected in respect of these during the calendar year 1926 were as follows:—

Description of Licence.					Amount of Fees collected.
<i>Customs.</i>					£
Carriage ..	..	..	..	..	309
Lighter and Boat ..	..	..	..	..	7
Custom House Agents ..	..	..	..	..	399
Warehouse ..	..	..	..	..	6,626
<i>Excise.</i>					
Distilling—					
General Distillers ..	..	..	..	..	200
Wine Distillers ..	..	..	..	..	150
Vignerons ..	..	..	..	..	35
Brewers ..	..	..	..	..	950
Manufacturing Tobacco, Cigars, Cigarettes, and Snuff ..					1,930
Starch ..	..	..	..	..	15