

PUBLIC FINANCE

STRUCTURE OF PUBLIC FINANCE

The public sector in Australia can be envisaged as comprising two main parts – a Commonwealth sector and a State and local government sector, with the second sector encompassing the budget sector of the States and their semi-government and local authorities. The collection and expenditure of public revenue are the responsibility of three groups of authorities: Commonwealth Government; State Government, and State public corporations; and local governments.

Because the Commonwealth Government is the major revenue collector, the financing of the State and local government budgets depends on Commonwealth Government arrangements for sharing this revenue. This, in the form of financial assistance grants (replacing the former tax sharing grants) as general revenue and special (specific purpose) revenue assistance grants. The Victorian Government, the State public corporations, and local governments have additional sources of revenue but the Commonwealth payments play a significant role in government outlays. The Commonwealth payments are either directly related to the State Budget or negotiated through State Trust Funds.

The following sections provide some details of the financial transactions of the public sector in Victoria. The first section covers the receipts and outlays from the Consolidated State and Local Government Authorities Account for the National Accounts finance system classification. This includes two tables on final consumption and new fixed assets expenditures by purpose. For additional data on local government, see Chapter 6 of this *Year Book*.

In other sections some information and statistical data are provided on the following topics: Commonwealth payments; Consolidated Fund; trust funds; Victorian Government taxation and specific collection of taxes; superannuation; and public debt.

Victorian public authority finance

The financial transactions of the Victorian Government are itemised in the State Consolidated Fund or in trust funds so that a satisfactory coverage of its transactions can be obtained from a detailed analysis of the accounts published in the annual budget papers, the Treasurer's Statement, and the report of the Auditor-General. The statutory bodies and other publicly owned or controlled organisations maintain accounts separate from the public accounts. Many of these State authorities have been granted a degree of financial autonomy by legislation and are vested with independent borrowing powers.

Public financial enterprises (government savings banks, State Insurance Office, etc.) have been omitted from the following tables mainly to centre attention on the activities of general government and public trading enterprises. Further comment on this treatment may be found in the annual publication *State and Local Government Finance, Australia* (5504.0) issued by the Central Office of the Australian Bureau of Statistics.

STATE AND LOCAL AUTHORITIES, RECEIPTS AND OUTLAY, VICTORIA
(\$m)

Item	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
	CURRENT OUTLAYS					
Final consumption expenditure	r2,842	r3,190	3,620	r4,173	r4,774	5,337
Requited current transfer payments –						
Interest payments to –						
Commonwealth Government	323	344	391	431	r471	534
Other	r341	r417	r528	r720	r942	1,047

STATE AND LOCAL AUTHORITIES, RECEIPTS AND OUTLAY, VICTORIA - *continued*
(\$m)

Item	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
CURRENT OUTLAYS						
Unrequited current transfer payments -						
Subsidies paid	r197	r249	r304	r379	r503	517
Personal benefits	r58	r55	r47	r48	r242	222
Grants	237	r263	326	387	r446	502
Other	10	12	13	12	17	16
Total current outlays	r4,007	r4,530	r5,230	r6,150	r7,395	8,175
CAPITAL OUTLAYS						
Gross fixed capital expenditure	1,784	r1,850	r2,083	r2,539	r2,545	2,901
Increase in stocks	7	19	18	-12	18	-27
Expenditure on land and intangible assets	r24	r34	16	r21	r54	68
Capital transfer payments	23	18	15	15	r17	76
Advances paid to enterprises (net)	r89	r65	r48	r-4	r51	17
Total capital outlays	r1,927	r1,986	r2,180	r2,559	r2,685	3,036
Total outlays	r5,934	r6,516	r7,410	r8,709	r10,080	11,211
RECEIPTS						
Taxes, fees, and fines	r1,830	r2,085	r2,359	r2,789	r3,369	3,615
Net operating surpluses of public enterprises	r493	r519	r559	r658	r803	765
Property income	198	245	294	332	r349	431
Other revenue	111	95	96	87	74	143
Grants from the Commonwealth Government -						
For current purposes	1,929	r2,153	r2,411	2,670	3,109	3,548
For capital purposes	358	352	380	418	r489	578
Total revenue and grants received	r4,920	r5,449	r6,099	r6,954	r8,193	9,080
ADDITIONAL FINANCING TRANSACTIONS						
Advances received	284	205	219	198	r237	231
Net borrowing	569	r747	767	r1,100	r1,356	1,264
Deposits received	r-30	r-15	r-5	-40	r4	4
Decrease in investments	-17	22	r89	r-3	r-7	-23
Decrease in currency and deposits	76	-39	r22	r21	r6	-70
Increase in provisions	r140	r125	r139	r170	r214	402
Other funds available	r-7	r22	r80	r309	r77	323
Total financing items	r1,015	r1,066	r1,311	r1,755	r1,887	2,131
Total receipts	r5,935	r6,515	r7,410	r8,709	r10,080	11,211

STATE AND LOCAL AUTHORITIES, FINAL CONSUMPTION
EXPENDITURE BY PURPOSE, VICTORIA
(\$m)

Item	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
General public services	r262	r308	r349	r427	r508	583
Public order and safety	222	r262	302	351	r439	471
Education -						
Primary and secondary	810	903	1,006	1,074	1,185	1,336
Tertiary	364	402	457	582	r662	720
Other	124	137	153	180	215	278
Health -						
Hospital services	621	676	782	881	1,014	1,141
Clinical services	42	43	51	72	81	86
Other	24	31	38	44	53	56
Social security and welfare	58	62	72	87	105	125
Housing and community amenities	66	75	85	90	151	163
Recreation and culture	87	100	117	144	r161	179
Fuel and energy (electricity and gas)	1	1	2	1	5	7
Agriculture, forestry, fishing, and hunting	78	85	91	108	116	133
Mining, manufacturing, and construction	13	15	17	21	24	29
Transport and communication	32	47	46	51	r28	19
Other economic affairs and purposes	38	43	50	60	27	9
Total	r2,842	r3,190	r3,620	r4,173	r4,774	r5,337

**STATE AND LOCAL AUTHORITIES, EXPENDITURE ON NEW
FIXED ASSETS CLASSIFIED BY PURPOSE, VICTORIA
(\$m)**

Item	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
General public services	88	r100	r103	r111	r40	41
Public order and safety	28	r20	25	r25	r30	48
Education —						
Primary and secondary	113	100	96	93	r112	171
Tertiary	64	62	67	64	r73	76
Other	13	11	8	8	9	2
Health —						
Hospital services	55	50	57	53	46	56
Clinical services	6	4	4	2	4	4
Other	7	6	2	2	1	1
Social security and welfare	5	6	7	6	6	9
Housing and community amenities	277	289	326	r405	r501	530
Recreation and culture	64	64	61	73	97	96
Fuel and energy (electricity and gas)	449	543	622	1,016	955	806
Agriculture, forestry, fishing, and hunting	55	50	63	65	r73	99
Mining, manufacturing, and construction	3	3	3	3	2	2
Transport and communication	492	500	r565	r630	r797	1,192
Other economic affairs and purposes	18	33	49	64	44	32
Total	1,737	r1,841	r2,058	r2,621	r2,790	3,165
Total —						
General government	r867	r871	r953	r1,009	r1,080	1,360
Public trading enterprises	r870	r970	r1,105	r1,612	r1,710	1,805

COMMONWEALTH GOVERNMENT PAYMENTS TO VICTORIA

General

The fiscal superiority of the Commonwealth Government is supported by present day acceptance of the role of national governments as agents of economic control and providers of social services on a large scale. In order to carry out these functions the central government requires a substantial measure of control over major types of taxation revenue and the level of public investment.

However, the lack of balance between the spending functions and the sources of revenue (mainly taxation) available to the Commonwealth and State Governments, respectively, has led to a system of grants from the Commonwealth Government to the States including, more recently, grants made to the States for passing on to local government authorities and to direct payments by the Commonwealth Government to individual local authorities within each State.

Financial Agreements

The Premiers' Conference in June-July 1983 agreed that a working group should examine the issue of the distribution of taxation powers between the States and the Commonwealth. The report of the Working Group was considered at a meeting of Premiers in May 1985, and the new arrangements for revenue sharing has been worked out in the light of the recommendation of this report.

The new arrangements commencing in 1985-86 replace the tax sharing arrangements which had operated in various forms since 1976-77. Until 1980-81 tax sharing grants were based on a sharing with the States of the Commonwealth Government's net personal income tax collections. The grants were determined in the triennium 1982-83 to 1984-85 as a proposition (20.72 per cent) of total net Commonwealth tax collections in the previous year.

**COMMONWEALTH GOVERNMENT GRANTS TO OR FOR THE STATE AND LOCAL
GOVERNMENT AUTHORITIES (a), VICTORIA
(\$'000)**

Nature of payment	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
GENERAL REVENUE FUNDS						
Tax sharing grants	1,233,934	1,354,860	1,502,472	1,743,372	1,926,238	2,019,927
Special revenue assistance	—	—	—	19,500	62,800	31,000
Health grants	—	—	325,936	300,549	323,248	344,218
Total	1,233,934	1,354,860	1,828,408	2,063,421	2,312,286	2,395,145
GENERAL PURPOSE CAPITAL FUNDS						
Capital works grant	104,260	109,473	109,473	114,979	123,019	131,016

COMMONWEALTH GOVERNMENT GRANTS TO OR FOR THE STATE AND LOCAL
GOVERNMENT AUTHORITIES (a), VICTORIA - *continued*
(\$'000)

Nature of payment	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
SPECIFIC PURPOSE GRANTS FOR RECURRENT AND CAPITAL PURPOSES						
Interest on State debt	4,254	4,254	4,254	4,254	4,254	4,254
Sinking fund on State debt (b)	9,649	10,100	10,586	11,078	11,398	11,844
Education -						
Colleges of advanced education	178,870	196,213	206,082	228,280	249,985	278,399
Universities	184,235	203,353	234,267	251,885	271,514	295,247
Technical and further education schools	31,554	46,513	49,390	60,444	62,514	85,214
Government schools -						
Capital grants	33,440	30,055	32,752	35,276	38,446	40,477
Recurrent grants	76,204	85,756	98,720	108,889	115,505	122,606
Non-government schools -						
Capital grants	10,478	10,460	15,940	14,201	14,783	14,527
Recurrent grants	93,410	116,292	149,456	190,964	214,886	227,082
Pre-school education	9,015	7,108	8,930	9,015	9,015	9,015
Other education	1,385	1,578	1,466	98	79	12
Health -						
Public hospitals, running costs	268,476	308,585	5,057	—	—	—
Medicare	—	—	—	—	80,045	247,374
Blood transfusion services	2,172	2,575	2,958	3,682	3,854	3,608
Community health programmes	13,134	16,323	—	—	—	—
School dental scheme	3,770	3,465	—	—	—	—
Other	1,504	1,592	1,409	1,271	973	2,212
Social security and welfare -						
Aboriginal advancement	1,837	2,005	1,475	1,618	1,864	1,780
Child care services	3,722	4,524	4,161	5,472	4,044	5,215
Home care	4,226	4,331	4,098	5,892	8,024	10,213
Senior citizens centres	1,433	1,738	1,373	2,921	2,095	2,868
Other	102	77	1,059	1,521	2,364	8,271
Housing grants -						
Assistance for housing	13,045	13,570	12,375	28,818	67,991	125,147
Housing assistance for Aborigines	2,000	2,100	2,522	2,527	3,417	3,417
Pensioner housing grants	7,186	7,409	7,447	7,371	7,793	8,421
Welfare housing, recurrent	1,347	1,347	1,347	1,347	1,347	1,347
Mortgage and rent relief	—	—	—	5,300	5,250	5,771
Transport and communications -						
Roads	113,683	126,359	137,828	147,671	156,523	165,979
Urban public and other transport	13,973	15,168	35,000	35,000	—	19,000
Bicentennial road development	—	—	—	20,467	72,604	82,487
Recreation and community amenities -						
International standard sports facilities	—	387	2,730	539	258	3,253
National estate	300	330	330	330	417	438
Water resources projects	1,779	2,072	2,287	2,392	2,480	3,395
Tanjil dam	—	—	1,700	2,092	2,018	755
Agriculture -						
Drought-fodder subsidy	—	—	—	41,663	6,274	-28
Bovine Brucellosis and TB eradication	5,754	4,432	3,651	4,314	4,504	4,281
Murray Valley salinity control	1,409	1,463	1,665	1,988	1,304	2,595
Rural adjustment scheme	594	745	608	642	1,261	1,180
Other agricultural grants	1,200	1,186	149	586	402	92
Local government tax sharing assistance	56,436	76,554	89,300	108,037	116,907	123,829
School to work transition	1,292	6,249	8,912	11,862	5,795	..
Community employment programme	—	—	—	—	64,012	94,428
Special employment programme	—	—	—	37,311	41,702	..
Participation and equity programme	—	—	—	—	7,771	23,006
Public safety grants	400	560	702	659	1,630	—
Natural disaster relief	—	—	1,087	18,491	9,464	-540
Legal aid and other grants	2,880	471	4,936	13,437	16,080	19,392
Specific purpose	1,156,148	1,317,299	1,148,009	1,429,605	1,692,846	2,057,860
General purpose	1,338,194	1,464,333	1,937,881	2,178,400	2,435,306	2,526,161
Total Commonwealth grants	2,494,342	2,781,632	3,085,889	3,608,005	4,128,151	4,584,022

(a) Excludes subsidies and bounties to primary producers, and cash benefit payments to persons in Victoria paid by Commonwealth departments.

(b) Paid to National Debt Sinking fund.

Commonwealth advances to the States

In addition to grants to the States and direct payments to local government authorities, the Commonwealth Government also makes advances to the States, which are repayable, for various purposes. Particulars of these advances to Victoria, including Loan Council borrowings, for the years 1979-80 to 1984-85 are shown in the following tables:

**COMMONWEALTH ADVANCES, DEBT CHARGES ON ADVANCES, AND NET
ADVANCES, VICTORIA
(\$'000)**

Particulars	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
ADVANCES						
Loan Council borrowings	208,521	218,947	218,947	229,959	246,036	262,031
Commonwealth Government loans –						
Housing for servicemen	45	400	—	467	—	1,226
Public housing	41,744	43,440	36,135	36,333	36,452	..
Growth centres	8,804	10,244	12,099	12,534	r13,468	..
Land acquisition	3,267	3,649	—	—	—	..
Railway mainline upgrading	3,230	5,894	3,787	10,727	1,785	..
Softwood forestry	415	521	339	-14	—	..
Rural adjustment scheme	3,281	3,303	3,230	3,354	5,577	4,118
Natural disaster relief	—	—	48	21,868	7,855	..
Total Commonwealth loans	60,787	67,452	55,638	85,270	r65,137	5,344
Total advances	269,308	286,399	274,585	r315,229	r311,173	267,375
REPAYMENT OF ADVANCES						
Sinking Fund payments on Loan Council borrowings	48,195	50,313	52,878	55,469	57,525	60,131
Repayments of Commonwealth Government loans –						
Housing for servicemen	260	272	286	299	312	329
Unemployment relief works	2	2	2	2	4	4
Public housing	9,748	10,327	10,921	11,522	12,562	12,800
Growth centres and urban rehabilitation	207	205	205	234	236	239
Land acquisition	..	—	6,000	6,000	4,000	4,000
Sewerage	248	273	300	329	361	397
Railway projects	96	96	96	—	192	..
Railway mainline upgrading	..	—	—	—	247	550
Softwood forestry	32	51	84	84	145	145
Dairy adjustment programme	1,513	1,427	1,515	1,266	1,181	1,044
Rural adjustment scheme	25	90	406	704	897	1,039
Beef industry assistance	349	543	389	326	115	120
Rural reconstruction	1,687	1,515	1,528	1,620	1,721	1,824
Canned fruit industry	1,255	491	263	—	—	—
Dartmouth dam	—	—	—	—	45	108
War service land settlement	196	203	211	219	227	235
Natural disaster relief	343	369	369	299	360	3,017
Total repayments of Commonwealth Government loans	15,962	15,866	22,573	22,904	22,606	25,852
Total sinking fund payments and total of loan repayments	64,157	66,178	75,451	78,373	80,131	85,982
NET ADVANCES (Advances less repayments)						
Loan Council borrowings	160,326	168,634	166,069	174,490	188,511	201,900
Commonwealth Government loans	44,825	51,586	33,065	62,366	r42,531	-20,508
Total net advances	205,150	220,221	199,134	236,856	r231,042	181,392

CONSOLIDATED FUND

From 1 July, 1970, legislation established the Consolidated Fund which was designed according to the provisions of the Constitution Act relating to the revenues of the States to show in a single statement the receipts and disbursements of all money, both revenue and loan, coming within the scope of the Budget (see *Victorian Year Book* 1976, pages 514 and 530).

The legislation also provided for the establishment of a Works and Services Account to be financed by appropriations from the Consolidated Fund. These appropriations were to be determined by the surplus of receipts available from time to time in the Consolidated Fund. Money to the credit of the Account was available to be expended on various works and services as approved by the Victorian Parliament.

In 1984, amendments to the *Public Account Act* 1958 were made for the introduction of a Single Appropriation (1984-85 No.1) Act. The *Public Account (Amendment) Act* 1984 came into operation on 1 July 1984 which allows warrants to be classified by programmes and items as identified in the *Supply Act* 1984 rather than divisions and sub-divisions. This is because of changes made to budgetary processes and the Victorian Government's move to programme budgeting with the introduction of appropriations to programmes within each department, and the expenditure displayed in terms of programme totals rather than by division and sub-division of expenditure as previously. The *Appropriation (1984-85, No. 1) Act* 1984 covers both recurrent expenditure and works and services expenditure, previously appropriated separately. This Appropriation Act will also enable the Treasurer to direct certain borrowings by some public bodies (which were for the works and services account) to be credited to the Consolidated Fund so that such funds can be appropriated as part of a single Act.

Details of the principal sources of receipts are shown in the following table for each of the years 1980-81 to 1984-85:

CONSOLIDATED FUND, RECEIPTS, VICTORIA
(\$'000)

Source of receipts	1980-81	1981-82	1982-83	1983-84	1984-85
Taxation	1,601,587	1,945,861	2,286,065	2,492,811	2,826,254
Recoveries of debt charges	139,323	185,332	207,526	224,052	218,430
Land revenue	181,438	170,327	174,499	193,990	217,827
Harbour revenue	9,245	12,051	10,463	9,850	11,287
Fees and charges for departmental services	148,051	155,747	176,081	200,465	238,658
Conservation, forests, and lands –					
Forests Division	24,649	26,919	25,104	31,721	37,768
Rural Water Commission	52,115	61,800	75,162	81,674	72,306
Public authorities (a)	..	..	235,959	372,227	370,675
Miscellaneous receipts (b)	163,725	234,159	203,567	111,320	177,766
Railways (c)	252,272	264,123	242,377	..	..
Revenue previously paid directly to the Trust Fund (current)	..	..	248,471	196,108	209,652
Commonwealth payments	1,501,809	2,008,504	2,297,932	2,568,045	2,821,300
Proceeds of loan raisings	218,947	218,947	229,959	246,036	262,031
Loan repayments	14,869	12,280	15,683	24,946	26,717
Works grant	109,473	109,473	114,979	123,019	131,016
School building grants	59,053	58,569	69,905	68,391	89,696
Transport (d)	5,213	2,260	176,536	229,127	267,466
Housing	..	..	81,816	121,899	149,195
Revenue previously paid directly to the Trust Fund (capital)	..	..	40,164	20,879	24,872
Sale of railway assets	..	..	161,242	299,602	59,826
State development account	..	..	129,550	162,423	133,180
Transfer from works and services and other	..	..	100	105,935	481,335
Total	4,481,768	5,466,352	7,203,140	7,884,520	8,827,257

(a) From 1982-83 public authorities pay dividends into Consolidated Fund.

(b) Includes \$97.7m from Cash Management Account.

(c) Included under Transport from 1983-84.

(d) Includes receipts from the national railway network.

The principal payments for each of the years 1980-81 to 1984-85 are shown in the following table. The table generally conforms to the purpose classification of government expenditure described in the

publication *Commonwealth Government Finance, Australia, 1979-80 (5502.0)* and *State and Local Government Finance, Australia 1979-80 (5504.0)* issued by the Central Office of the Australian Bureau of Statistics. The purpose classification is derived from that outlined in the United Nations publication entitled *A System of National Accounts*.

CONSOLIDATED FUND PAYMENTS, VICTORIA
(\$'000)

Purpose of payment	1980-81	1981-82	1982-83	1983-84	1984-85
Special appropriations –					
Public debt charges (a) –					
Interest, including exchange	364,759	406,909	458,161	518,073	551,262
National debt sinking fund	39,350	41,376	44,335	45,706	47,618
Repayment of advances –					
Cash management and State development account	..	..	..	67,100	70,800
Commonwealth – State housing	10,753	11,364	11,982	12,627	13,299
Expenses on loan management floating	1,859	2,524	3,553	2,489	1,473
Total debt charges	416,721	462,173	518,032	645,995	684,452
Payment to Commonwealth of share of royalties	54,567	52,321	39,671	..	..
Hospital and Charities Fund (Totalizator)	54,656	59,455	65,042	72,907	81,929
Hospital and Charities and Mental Hospital (Tattersalls)	112,823	174,131	190,568	201,313	200,680
Hospital and Charities Fund – Hospital Benefits Levy	..	..	36,444	21,630	..
Pensions and Superannuation	107,323	127,947	156,902	182,111	205,883
Railway – State Transport Pensions	30,370	34,480	40,165	45,861	49,953
Works and Services Account	417,155	419,517	976,299	1,298,722	..
Other from special appropriations	167,222	206,180	120,200	44,198	111,822
Total special appropriations	1,360,837	1,536,204	2,143,323	2,512,737	1,334,719
Annual appropriations –					
Parliament	6,895	8,088	9,209	10,350	13,036
Agriculture and rural affairs	53,845	63,263	82,117	81,988	99,212
Arts	33,341	37,806	39,430	46,008	85,674
Attorney-General	52,076	60,852	72,730	82,423	115,386
Community services	123,131	142,683	172,623	197,921	221,779
Conservation, forests, and lands	73,950	81,680	112,269	107,221	158,884
Consumer affairs	1,163	1,687	2,352	2,932	3,802
Education	1,290,909	1,484,117	1,797,882	1,930,449	2,335,025
Employment and industrial affairs	210	12,108	17,671	19,306	35,018
Ethnic affairs	1,038	1,195	2,078	2,522	3,068
Health	455,094	819,757	955,045	1,124,114	1,470,155
Housing	3,558	5,017	5,440	2,511	205,293
Industrial affairs	..	..	441	2,744	2,877
Industry, technology, and resources	37,500	46,255	49,127	55,870	69,413
Labour and industry	12,210	7,981	9,419	9,224	2,680
Local government	7,945	8,284	7,848	8,370	11,110
Minerals and energy	9,376	11,833	14,903	16,117	12,969
Planning and environment	4,922	6,204	6,983	20,840	29,780
Police and emergency services	222,976	244,401	312,405	325,976	367,247
Premier and Cabinet	21,451	22,437	26,411	27,792	29,459
Property and services	13,154	15,587	17,915	19,769	22,531
Public works	69,590	77,037	91,165	82,679	104,093
Tourism	4,081	4,655	9,325	11,225	18,956
Transport (b)	41,899	53,583	386,353	694,859	1,429,762
Treasurer	118,991	178,032	231,977	249,511	465,940
Water supply	66,499	73,230	88,185	93,580	157,029
Sport and recreation	4,010	8,311	12,795	13,821	22,834
Railways	411,091	460,369	531,838	..	..
Total annual appropriation	3,140,903	3,936,452	5,065,937	5,240,122	7,493,009
Total special appropriations	1,360,837	1,536,204	2,143,323	2,512,737	1,334,719
Grand total	4,501,740	5,472,656	7,209,259	7,752,858	8,827,728

(a) Includes railways debt charges for 1982-83 and 1983-84.

(b) Includes Public Transport Authority from 1982-83, and Railways in 1983-84.

VICTORIAN TRUST FUNDS AND WORKS AND SERVICES ACCOUNT

General

Under the provisions of the Constitution Act revenues of the State are payable to the Consolidated Fund with the exception of certain revenues set aside by various Acts of Parliament for specific purposes and payable into special funds or accounts held at the Victorian Treasury and known collectively as the Trust Funds. The number of special funds or accounts is likely to be reduced in future with the integration of most financial resources.

The transactions recorded annually are numerous and of considerable magnitude in total. Debits to all funds and accounts in 1984-85 aggregated \$34,401.2m and credits \$34,399.9m. The aggregated accounts figure of Trust Funds includes the Cash Management Account of \$17,934m. At the end of the year, the liability of the State on account of all trust funds or accounts was \$331.7m.

Relevant figures of balances and transactions of funds and accounts within the Trust Fund are shown under broad classifications in the following table, in respect of the years 1983-84 and 1984-85.

CURRENT TRUST FUNDS AND ACCOUNTS, VICTORIA
(\$'000)

Particulars	Balance at 1 July 1983	1983-84		Balance at 30 June 1984
		Payments	Receipts	
State Government funds	198.4	23,753.2	23,847.1	292.3
Joint Commonwealth and State funds	10.5	92.1	110.2	28.7
Commonwealth Government funds	35.9	1,006.4	981.7	11.1
Prizes, scholarships, research, and private donations	0.7	1.0	1.1	0.8
Total	245.5	24,852.7	24,940.1	332.9
Particulars	Balance at 1 July 1984	1984-85		Balance at 30 June 1985
		Payments	Receipts	
State Government funds	292.3	33,309.1	33,303.6	286.8
Joint Commonwealth and State funds	28.7	142.6	137.2	23.3
Commonwealth Government funds	11.1	948.4	957.9	20.6
Prizes, scholarships, research, and private donations	0.8	1.1	1.2	0.9
Total	332.9	34,401.2	34,399.9	331.7

Works and Services Account

When the Victorian Government amalgamated the Consolidated Revenue Fund and the Loan Fund in 1970-71 into one account to be known as the Consolidated Fund, it created, at the same time, the Works and Services Account, which was to cater for expenditure by the Victorian government on capital works and services. For the changes made in July 1984 to budgetary processes, capital works, and programme budgeting, refer to the Consolidated Fund section.

WORKS AND SERVICES ACCOUNT PAYMENTS, VICTORIA
(\$'000)

Particulars	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
General public services –						
General administration	13,545	11,255	15,145	15,374	17,696	20,757
Law, order, and public safety	15,123	15,561	16,075	20,515	35,027	46,374
Total	28,668	26,816	31,220	35,889	52,723	67,131
Social services –						
Education	143,885	146,091	142,438	169,970	207,114	259,686
Health	59,161	59,990	57,950	51,607	63,693	98,645
Community welfare	5,913	4,616	4,231	13,874	22,141	22,706
Housing	3,396	11,308	10,448	165,787	178,880	201,396
Total	212,355	222,005	215,067	401,238	471,828	582,433
Community development and amenities and the environment	5,918	6,117	6,284	5,631	5,839	5,727

WORKS AND SERVICES ACCOUNT PAYMENTS, VICTORIA - *continued*
(\$'000)

Particulars	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
Recreation and related cultural services -						
Recreation	3,117	3,492	7,408	13,698	9,758	n.a.
Cultural	27,295	31,880	29,732	20,682	23,197	n.a.
Historical and other	3,299	3,828	3,683	5,077	6,604	n.a.
Total	33,711	39,200	40,823	39,457	39,559	33,833
Economic services -						
Transport—						
Road and rail transport	47,215	53,853	72,708	192,014	182,021	} 739,254
Sea transport	3,250	4,911	3,547	4,027	4,943	
Other transport services	847	10,582	6,247	185,427	471,656	
Power, sewerage, drainage, and water supply services	34,084	39,085	38,713	88,768	119,119	91,509
Agriculture, fishing, and rural development	4,749	5,072	6,763	11,481	12,120	10,149
Land resources management	3,098	4,145	4,868	5,557	4,113	} 43,688
Forests	13,502	17,368	14,549	25,007	25,548	
Other economic services	5,601	6,981	11,280	8,113	12,425	13,356
Total	112,346	141,997	158,675	520,394	831,945	897,956
Other purposes	1,449	300	955	7,098	363	38,254
Total	394,447	436,435	453,024	1,009,707	1,402,257	1,625,334

VICTORIAN GOVERNMENT TAXATION

The Commonwealth Government alone exercises the right to impose customs and excise duties, and taxation on personal and company incomes. It also has exclusive access to sales tax. Before 1 September 1971, the Commonwealth Government was the sole collector of pay roll tax, but since that date the right to impose this tax within State boundaries has been given to the States. For the most part, the ambit of taxation now left to the States comprises motor taxation, stamp duties, liquor, land, lottery, racing, payroll, and entertainments taxes. Estate and gift duties are shared between the Commonwealth and Victorian Governments.

In Victoria, taxation collections by the Victorian Government are allocated by statute either to the Consolidated Fund or to special funds. One of the principal items of Victorian taxation, taxes on the ownership and operation of motor vehicles, is allocated between the Consolidated Fund and special funds. (See page 302 for details of this allocation.)

STATE TAXATION (a), VICTORIA
(\$'000)

Particulars	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
Payroll tax	562,518	598,655	766,149	r931,453	r963,546	1,064,189
Taxes on property -						
Land tax and special tax	90,225	120,971	115,922	139,347	143,118	153,273
Inheritance and gift duties	52,212	52,382	56,207	43,014	30,234	8,499
Stamp duties on financial transactions -						
Insurance	56,713	63,419	76,647	101,072	114,699	124,992
Other finance	245,704	272,357	288,175	268,328	r325,753	454,564
Financial institutions duty	..	..	..	39,498	80,869	90,724
Levies on statutory corporations	45,238	57,100	88,000	209,494	148,800	170,225
Taxes on lotteries	106,986	105,055	129,650	130,433	r155,379	183,298
Race betting taxes	70,955	r79,449	r86,605	r88,842	r99,422	112,941
Taxes on insurance -						
Contributions to fire brigade	..	50,607	56,779	77,432	76,081	84,043
Motor vehicle third party insurance surcharge	12,531	16,906	18,026	18,880	19,023	10,342
Other taxes on insurance	..	1,661	2,150	r39,644	r25,641	5,016
Motor vehicle taxes -						
Registration fees	134,974	128,268	152,321	175,810	r177,561	177,680
Stamp duty on motor vehicle registrations	53,550	64,580	75,394	80,029	r101,147	133,544
Driver's licences	34,426	36,196	28,939	30,550	r35,135	35,853

STATE TAXATION (a), VICTORIA – continued
(\$'000)

Particulars	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
Franchise taxes (licence) –						
Petroleum products	48,366	68,928	88,684	109,457	151,647	192,443
Tobacco taxes	34,763	38,017	42,223	47,847	83,802	104,584
Liquor taxes	42,841	49,448	52,236	57,775	72,779	75,198
Other taxes (pipelines and energy resources levy)	..	..	30,140	73,456	13,625	–26,780
Total	1,592,002	1,803,999	2,154,247	2,662,361	2,818,260	3,154,629

(a) Excludes fees and fines, local government, and MMBW improvement rates.

Specific collections*Payroll tax*

Commonwealth Government payroll tax operated from 1 July 1942 to 31 August 1971. The tax was payable by employers on all wages and salaries paid or payable in excess of a general exemption. The rate of tax, 2.5 per cent, remained unchanged from its inception.

From 1 September 1971, in accordance with an agreement between the Commonwealth and State Governments, the Commonwealth Government vacated the payroll tax field within State boundaries in favour of the States.

The Victorian *Pay-roll Tax Act* 1971, operative from 1 September 1971, imposed a payroll tax at the rate of 3.5 per cent on all taxable wages and salaries paid or payable in this State. From July 1984 the effective rate of payroll tax is 5 per cent where the annual wages bill exceeds \$215,000 and does not exceed \$1,000,000 and 6 per cent where the annual wages bill exceeds that figure. From 1 January 1985, the 6 per cent only applied where the annual wages exceeded \$1.1m for the year ended 30 June 1986. The main exemptions from payroll tax are on wages and salaries paid by public benevolent institutions; public hospitals, non-profit private hospitals, non-government private schools (other than technical) of secondary level or below, and by municipalities other than in respect of their business activities. Exemptions from payroll tax on wages and salaries paid by other employers are also provided.

Land tax

The Land Tax Act provides for an annual tax on the unimproved value of all land owned by a taxpayer at 31 December in the year preceding the year of assessment. Prior to 1983 unimproved value was equal to the municipal site value for the purposes of the Land Tax Act and meant the sum which the land might in ordinary circumstances be expected to realise at the time of valuation if offered for sale on such reasonable terms and conditions as a bona fide seller might be expected to require and assuming the improvements (if any) had not been made. In 1983 the unimproved value of all land in Victoria was equal to the municipal site value increased by 10.6 per cent. This was an interim measure, pending the availability of the Valuer-General's equalisation factors. From 1984, the prescribed equalisation factor to be applied was to accord with levels of value within a prescribed area of the relevant municipalities as at a date determined by the Treasurer.

In the following table details are shown of the assessments made during each of the years 1979 to 1984:

LAND TAX ASSESSMENTS, VICTORIA

Year	Number of taxpayers	Total tax payable	Average tax payable per taxpayer	Total unimproved value (a)
		\$'000	\$	\$m
1979	59,415	89,772	1,511	6,102
1980	57,974	92,251	1,591	6,383
1981	56,975	90,796	1,594	5,939
1982	177,932	120,180	675	11,112
1983	65,023	142,400	2,190	9,649
1984	74,082	153,270	2,069	11,041

(a) Of land not exempted from land tax.

Liquor tax

The Liquor Control Commission, established under the provisions of the *Liquor Control Act 1968* controls the issue of liquor licences in Victoria. The principal sources of taxation are the fees received for liquor licences and club certificates. All receipts of the Commission are paid into the Licensing Fund. After payments for compensations, administration, etc., have been met, the excess of receipts is transferred each year from the Licensing Fund to the Consolidated Fund.

LIQUOR TAX, VICTORIA
(\$'000)

Particulars	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
Licences –						
Victuallers (hotels and tourist)	23,498	27,547	28,633	32,008	35,959	38,479
Spirit merchants and grocers	14,704	17,749	18,764	19,352	29,115	27,912
Others	1,176	1,478	1,647	1,922	2,505	2,657
Club certificates	2,256	2,752	2,759	3,077	3,399	3,796
Permits – extended hours, etc.	948	1,008	1,138	1,181	1,479	2,025
Fees, other than licence	259	253	283	292	386	329
Total	42,841	50,787	53,224	57,832	72,843	75,198

Lottery tax

Amendments to the *Tattersall Consultations Act 1958* provide that of the first \$200m sales, 35 per cent is paid into the Consolidated Fund; 35.5 per cent of subscriptions in excess of \$200m and up to \$600m; and 36 per cent of subscriptions in excess of \$600m. Of their net profit, the Trustees retain 65 per cent and pay 25 per cent into the Consolidated Fund, and 10 per cent into a Lotteries Development Fund. The money in the Lotteries Development Fund must be applied for the purposes of research and development or the acquisition of property. Each year an equivalent amount of this duty on consultations (other than Gold Lotteries) and one-third of the Soccerpools duty is paid out of the Consolidated Fund, in such proportions as the Treasurer determines, into both the Hospitals and Charities Fund and the Mental Hospitals Fund.

TATTERSALL LOTTERIES, DUTY COLLECTED AND CONTRIBUTIONS TO STATE
TRUST FUNDS, VICTORIA
(\$'000)

Particulars	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
Duty received –						
Ordinary consultations	3,250	3,468	2,691	2,604	2,613	900
Tattsлото consultations	95,464	100,100	138,925	152,965	161,451	158,600
Super 66	4,960	8,589	9,357	9,242	10,303	10,400
Soccer football pools	2,462	1,996	1,224	2,452	2,077	1,800
Instant lotteries and other	850	813	24,207	24,940	26,254	30,155
Duty paid to Consolidated Fund	106,986	114,966	176,404	192,203	202,698	201,855
Consolidated Fund contributions to funds–						
Hospitals and Charities	94,515	101,133	161,072	172,901	177,113	174,193
Mental Hospitals	9,980	11,690	13,059	17,667	23,200	26,487
Historical and Community (a)	850	813	1,457	..	..	..
Sports and Recreation (a)	1,641	1,330	816	..	..	..
Total	106,986	114,966	176,404	190,568	200,313	200,680

(a) These two trust fund accounts ceased to receive funds from Tattersall consultations pursuant to the provisions of the *Public Account Act 1982*.

Racing taxes

The principal taxes levied on racing in Victoria are the percentage deducted from investments on the totalizator, the turnover tax on bookmakers' holdings, and stamp duty on betting tickets.

Under the provisions of the *Racing (Totalizators Extension) Act 1960* off-course betting is permitted on racecourse totalizators. The Totalizator Agency Board, appointed under the Act, conducts the off-course betting scheme which came into operation on 11 March 1961.

**TOTALIZATOR INVESTMENTS, INVESTMENTS WITH LICENSED BOOKMAKERS, AND
TOTAL RACING TAXATION, VICTORIA**
(\$m)

Year	Totalizator investments		Investments with licensed book-makers (a)	Racing taxation		Total
	On course	Off course		Totalizator	Bookmakers' betting instruments	
1979-80	125.3	628.5	496.4	60.2	10.8	71.0
1980-81	137.0	688.4	509.7	67.0	11.0	78.0
1981-82	165.4	731.0	516.3	73.8	11.1	84.9
1982-83	181.2	825.2	551.3	81.2	11.9	93.1
1983-84	210.0	980.1	594.6	91.3	12.8	104.1
1984-85	224.7	1,071.4	631.7	99.4	13.6	113.0

(a) Estimated.

Taxes on ownership and operation of motor vehicles
TAXES ON OWNERSHIP AND OPERATION OF MOTOR VEHICLES
BY TYPE OF TAX, VICTORIA
(\$'000)

Type of tax	1980-81	1981-82	1982-83	1983-84	1984-85
Vehicle registration fees and taxes –					
Motor Car Act 1958 – section 7A fees	36,492	43,381	48,560	48,687	50,849
Fees – Motor Car Act	78,502	93,680	110,705	r111,124	108,738
Registration surcharge	4,850	5,149	5,362	r5,450	5,649
Transport Fund – other registration fees	8,424	10,111	11,183	12,300	12,463
Total registration	128,268	152,321	175,810	r177,561	177,699
Stamp duty on vehicle registration	64,580	75,394	80,029	101,147	133,544
Drivers' licences	27,745	27,978	30,550	r35,135	35,853
Road transport taxes	8,451	961	..	..	..
Third Party insurance taxes	16,906	18,026	18,880	19,023	10,324
Total other taxes	117,682	122,359	129,459	r155,305	179,721
Total all taxes	245,950	274,680	305,269	r332,866	357,420

Stamp duties

Under the provisions of the *Stamps Act 1958* and subsequent amendments thereto, stamp duty is imposed in Victoria on a wide range of legal and commercial documents.

In the 1982 Budget the Victorian Government announced the introduction of a financial institutions duty at the rate of 3 cents per \$100 of receipts by financial institutions. The *Financial Institutions Duty Act 1982* was passed by the Parliament and the duty operated from 1 January 1983.

In the 1983 Budget, the Victorian Government announced a number of proposals affecting stamp duty, namely the extension of the duty on transfer of real property to include chattels sold with the property, and increases in the rates of duty on transfer of real property valued over \$100,000.

STAMP DUTIES OFFICE, TAXES COLLECTED
UNDER THE STAMPS ACT 1958, VICTORIA
(\$'000)

Particulars	1980-81	1981-82	1982-83	1983-84	1984-85
Share transfers, impress, and shareholders returns	26,608	22,037	22,281	34,359	58,943
Mortgages, section 137M	1,374	1,787	1,979	5,598	6,162
Insurance business –					
Non-life policies	63,419	76,647	101,072	114,699	124,992
Life policies	2,267	2,707	2,700	3,101	3,711
Real estate, land transfers, etc.	153,131	167,468	171,275	247,542	363,934
Registration and acquisition of motor cars	64,726	75,394	80,029	101,147	133,544
Adhesive stamps	24,830	29,213	29,447	22,351	23,665
Credits and rental business	36,318	37,977	27,016	17,755	20,220

STAMP DUTIES OFFICE, TAXES COLLECTED UNDER THE
STAMPS ACT 1958, VICTORIA - *continued*
(\$'000)

Particulars	1980-81	1981-82	1982-83	1983-84	1984-85
Betting instruments by bookmakers	11,028	11,133	11,886	12,824	13,562
Cheques, promissory notes, printed and impressed	21,633	21,070	13,995	-158	..
Deeds of gift and settlement	274	1,252	1,975	2,051	1,790
Approved vendors, hire purchase	7,154	6,548	2,914	1	..
Financial Institutions Duty	..	..	39,498	80,869	90,724
Unspecified	58	1,074	203	2,969	1,626
Total	412,820	454,307	506,270	645,108	842,873

COMMONWEALTH GOVERNMENT TAXATION

Commonwealth income tax

Uniform taxation of income throughout Australia was adopted in 1942 when the Commonwealth Government became the sole authority levying this tax. However, legislation has been passed which enables each State to legislate to impose a surcharge on personal income tax in the State, additional to that imposed by the Commonwealth or to give (at a cost to the States) a rebate on personal income tax payable under Commonwealth law. Details of these arrangements are given in 1982-83 *Budget Paper No. 7, Payments to or for the States, the Northern Territory and Local Government Authorities.*

INCOME TAX, INDIVIDUALS (a), VICTORIA, 1982-83 INCOME YEAR

Grade of taxable income	Number of taxpayers			Net income (b)	Taxable income (c)	Net tax assessed (d)
	Males	Females	Total			
\$				\$'000	\$'000	\$'000
Under 5,000	13,993	21,432	35,425	166,284	161,364	3,556
5,000- 5,999	40,067	60,426	100,493	566,506	552,980	24,592
6,000- 6,999	37,873	50,699	88,572	589,739	574,477	47,674
7,000- 7,999	37,501	46,611	84,112	648,790	630,833	67,624
8,000- 8,999	37,500	43,055	80,555	703,534	684,247	85,895
9,000- 9,999	36,804	41,813	78,617	768,712	746,928	107,166
10,000-10,999	37,382	45,070	82,452	891,014	865,922	137,002
11,000-11,999	39,875	46,068	85,943	1,017,220	988,747	167,437
12,000-12,999	46,411	46,557	92,968	1,195,262	1,162,773	207,683
13,000-13,999	54,892	47,871	102,763	1,424,386	1,387,592	257,523
14,000-14,999	58,533	41,796	100,329	1,494,305	1,454,443	278,146
15,000-15,999	59,974	35,391	95,365	1,519,322	1,477,526	290,162
16,000-16,999	59,473	27,434	86,907	1,475,461	1,433,275	287,718
17,000-17,999	57,195	23,517	80,712	1,453,455	1,411,911	290,493
18,000-18,999	51,569	17,731	69,300	1,319,848	1,281,194	269,238
19,000-19,999	46,797	16,098	62,895	1,262,583	1,225,610	266,053
20,000-21,999	75,229	21,380	96,609	2,087,241	2,023,413	465,351
22,000-23,999	59,631	15,186	74,817	1,772,407	1,718,066	425,207
24,000-25,999	47,147	10,062	57,209	1,471,624	1,426,772	373,992
26,000-27,999	35,216	6,083	41,299	1,148,353	1,112,883	305,939
28,000-29,999	24,581	3,679	28,260	843,521	817,640	234,607
30,000-34,999	34,902	5,495	40,397	1,343,971	1,301,135	396,007
35,000-39,999	17,298	4,406	21,704	828,891	802,185	265,437
40,000-49,999	11,464	1,956	13,420	612,540	590,758	218,887
50,000-99,999	7,769	1,531	9,300	615,565	592,014	260,757
100,000 and over	1,101	250	1,351	222,146	213,267	114,542
Total	1,030,177	681,597	1,711,774	27,442,680	26,637,955	5,848,685

(a) This table includes details of individuals assessed in Victorian Branch Offices of the Australian Taxation Office and excludes trustee assessments.

(b) Net income is briefly defined as 'assessable income less the expenses incurred in gaining that income.'

(c) Taxable income is assessable income less all deductions allowable.

(d) Net tax assessed is calculated as gross tax on taxable income less any rebates and credits.

INCOME TAX, INDIVIDUALS (a), VICTORIA, 1983-84 INCOME YEAR

Grade of taxable income	Number of taxpayers			Net income (b)	Taxable income (c)	Net tax assessed (d)
	Males	Females	Total			
\$				\$'000	\$'000	\$'000
Under 5,000	17,634	20,328	37,962	172,996	160,686	5,014
5,000- 5,999	35,951	52,221	88,172	504,661	488,459	21,280
6,000- 6,999	38,074	52,674	90,748	606,823	588,462	47,825
7,000- 7,999	37,859	45,979	83,838	649,176	628,369	69,715
8,000- 8,999	38,518	43,001	81,519	715,176	692,272	88,883
9,000- 9,999	35,397	40,420	75,817	744,288	720,204	106,630
10,000-10,999	36,057	40,462	76,519	830,831	803,554	130,147
11,000-11,999	36,368	42,763	79,131	940,714	910,271	158,371
12,000-12,999	40,487	43,271	83,758	1,081,820	1,047,444	192,201
13,000-13,999	46,192	44,834	91,026	1,269,208	1,229,510	235,305
14,000-14,999	52,436	46,317	98,753	1,475,962	1,431,740	283,186
15,000-15,999	56,020	41,991	98,011	1,565,298	1,518,969	308,686
16,000-16,999	57,496	34,794	92,290	1,571,071	1,522,268	316,374
17,000-17,999	57,113	27,993	85,106	1,538,252	1,488,821	315,522
18,000-18,999	54,655	22,499	77,154	1,474,347	1,426,550	308,016
19,000-19,999	51,363	21,389	72,752	1,465,381	1,417,592	313,627
20,000-21,999	82,904	26,453	109,357	2,370,781	2,290,645	535,922
22,000-23,999	65,783	18,270	84,053	1,998,410	1,929,975	486,643
24,000-25,999	53,755	13,783	67,538	1,743,568	1,685,074	451,350
26,000-27,999	40,528	8,311	48,839	1,363,400	1,316,302	370,073
28,000-29,999	29,796	5,350	35,146	1,052,367	1,016,796	298,198
30,000-34,999	43,318	7,560	50,878	1,700,854	1,638,520	508,433
35,000-39,999	22,574	5,808	28,382	1,088,089	1,048,166	350,065
40,000-49,999	14,609	2,547	17,156	790,599	756,113	283,805
50,000-99,999	9,948	1,886	11,834	788,610	753,080	334,338
100,000 and over	1,382	316	1,698	299,176	283,769	152,937
Total	1,056,217	711,220	1,767,437	29,801,858	28,793,612	6,672,545

(a) This table includes details of individuals assessed in Victorian Branch Offices of the Australian Taxation Office and excludes trustee assessments.

(b) Net income is briefly defined as 'assessable income less the expenses incurred in gaining that income.'

(c) Taxable income is assessable income less all deductions allowable.

(d) Net tax assessed is calculated as gross tax on taxable income less any rebates and credits.

SUPERANNUATION

Victorian pensions and gratuities

The following table shows details of Victorian Government expenditure on pensions, gratuities, etc., during each of the years 1979-80 to 1984-85:

GOVERNMENT EXPENDITURE ON PENSIONS, GRATUITIES, ETC., VICTORIA
(\$'000)

Particulars	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
State Superannuation Fund –						
Railways	25,437	29,359	39,020	40,088	45,862	49,953
Other	86,212	102,864	121,726	150,438	175,577	199,116
Total	111,649	132,223	160,746	190,526	221,439	249,069
Police Superannuation Fund	4	4	4	4	4	4
Parliamentary Contributory Superannuation Fund	3,280	3,280	4,902	4,902	4,902	4,902
Married Women's Superannuation Lump Sum Benefits	69	139	125	r225	173	266
Other pensions, gratuities, etc.	804	1,036	1,191	r1,333	1,455	1,595
Grand total	115,807	136,682	166,968	r196,990	227,973	255,836

Victorian Superannuation Fund

This Fund was established under the *Superannuation Act* 1925 to provide superannuation benefits, on a contributory basis, for public servants, teachers, railway employees, and employees of certain statutory bodies. The scope of the Fund was widened by amending legislation in 1963 to include, *inter alia*, members of the Victoria Police (see page 569 of the *Victorian Year Book* 1975). In succeeding

years amending Acts considerably increased the range of benefits available.

Substantial changes to the superannuation scheme were brought about by the *Superannuation Act 1975*. These changes in the main were introduced to deal with the problem of extremely high rates of contribution required to be paid in the years prior to retirement, to secure maximum pensions and to cope with inroads made into benefits by inflation.

Briefly stated the main provisions of the scheme are as follows:

- (1) a basic pension on retirement for ill-health, or at age 65, of 70 per cent of salary at retirement;
- (2) on age retirement before age 65, but after age 60, the pension will reduce pro rata to 66 ⅔ per cent of salary at age 60;
- (3) officers' contribution limited to a maximum of 9 per cent of salary;
- (4) surviving spouse pensions at the rate of two-thirds of officers' pensions;
- (5) right to convert part of the pension into a lump sum;
- (6) entry to the fund is subject to medical examination and classification by the Board.

STATE SUPERANNUATION FUND, VICTORIA
(\$'000)

Particulars	1979-80	1980-81(a)	1981-82	1982-83	1983-84	1984-85
Receipts—						
Employees' Contributions	72,491	79,482	91,086	115,759	128,643	135,645
Consolidated Revenue share of pensions (b)	77,005	77,556	88,052	107,121	121,125	137,705
Interest on investments	36,050	47,870	45,271	21,669	86,941	109,606
Other income	6,915	2,689	7,059	10,494	13,189	25,973
Total revenue	192,461	207,597	231,468	255,043	349,898	408,929
Disbursements—						
Pension payments	79,275	90,375	104,562	122,830	140,945	157,364
Lump sum and cash options	24,781	9,623	12,026	r19,607	16,446	19,408
Contributions refunded	9,671	8,988	9,999	7,571	13,205	16,419
Transfer to Pension Supplementation Fund	16,956	20,497	23,700	r29,552	34,070	37,103
Administration	15	125	3,076	4,268	4,982	5,932
Total expenditure	130,698	129,608	153,363	r183,828	209,648	236,226
Balance in Fund at 30 June	487,430	660,307	738,413	r809,628	949,878	1,122,581

(a) Figures from 1980-81 are not comparable with figures for earlier years due to the revised accounting system of the State Superannuation Fund.
 (b) These figures do not agree with those shown in the preceding table, as the latter include the Consolidated Fund's share of pensions accrued at the end of each year and contributions to the Pensions Supplementation Fund from 1972-73.

PUBLIC DEBT

The public debt chiefly comprises money raised and expended with the object of assisting the development of the resources of the State and is, to a large extent, represented by tangible assets.

Loan money has been used in Victoria principally for the construction of railways, roads, water supply and sewerage works, schools, hospitals, other public buildings, improvements to harbours and rivers, electricity supply, land settlement, and forestry.

A notable feature of the public debt of the State is that almost 100 per cent of indebtedness is now domiciled in Australia. There has been a gradual change from the situation which existed a century ago when nearly all loans were financed in London. Even at the beginning of the twentieth century, only 10 per cent of State indebtedness was domiciled in Australia.

In the tables in this section relating to the public debt of Victoria, loans domiciled in overseas countries have been converted to Australian currency at rates of exchange ruling at 30 June in each respective year.

The public debt of the State of Victoria as shown in the following table excludes certain liabilities due to the Commonwealth Government of which the most important liability is for housing with a debt of \$1,185m in 1984. For the other Victorian Government debt outstanding from Advances and Loan Council Borrowings see page 295.

Public debt transactions

The following table shows particulars of the loans raised and redeemed under the Financial Agreement during, and the amount outstanding at the end of, each of the years 1979-80 to 1984-85.

The variations from year to year in the Australian currency equivalent of overseas loans, resulting from application of the rates of exchange ruling at 30 June in each year are shown. At the bottom of the table has been added the liability to the Commonwealth under the Commonwealth-State Housing Agreement.

STATE PUBLIC DEBT, CAPITAL LIABILITY TO THE COMMONWEALTH
OF AUSTRALIA, VICTORIA (a)
(\$'000)

Particulars	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
Liabilities to the Commonwealth—						
Debt at 1 July in Australia	3,417,227	3,575,959	3,752,441	3,930,795	4,044,112	4,203,612
New debt incurred from raisings	425,966	916,674	867,328	1,022,087	638,503	807,497
Total	3,843,193	4,492,633	4,619,768	4,952,882	4,682,615	5,011,109
Less net redemptions	267,235	740,192	688,974	908,776	479,003	625,922
Debt at 30 June, Australia	3,575,959	3,752,441	3,930,795	4,044,112	4,203,612	4,385,187
Debt maturing overseas—						
Debt outstanding at 1 July	10,327	8,915	5,694	1,620	1,216	514
Less net redemptions	1,412	3,221	4,074	404	701	179
Debt outstanding at 30 June, overseas	8,915	5,694	1,620	1,216	514	335
Debt outstanding in Australia	3,575,959	3,752,441	3,930,795	4,044,112	4,203,612	4,385,187
Debt outstanding overseas	8,915	5,694	1,620	1,216	514	335
Total	3,584,874	3,758,135	3,932,414	4,045,328	4,204,126	4,385,522
Less cash at credit of National Debt Sinking Fund	3,945	3,664	1,948	648	114	381
Liability under the Financial Agreement	3,580,929	3,754,470	3,930,466	4,044,680	4,204,012	4,385,141
Add liability under the Housing Agreement (b)	1,079,019	1,111,860	1,136,789	1,236,302	1,304,419	1,335,779
Total liability of Victoria	4,659,949	4,866,330	5,067,255	5,280,982	5,508,431	5,720,920

(a) Includes debts from Housing Agreements' loans.

(b) The Commonwealth-State Housing Agreements and *Works and Housing Assistance Act* 1982, as distinct from the 1927 Financial Agreement of the Commonwealth with the States.

The following table shows particulars of the loans outstanding in Australia, London, New York, Canada, and the Netherlands at the end of each of the years 1980 to 1985:

PUBLIC DEBT, LOANS OUTSTANDING, VICTORIA (a)
(\$'000)

At 30 June —	Amount					Total debt
	Australia	London	New York	Netherlands and Canada	Total overseas	
1980	3,575,959	4,559	2,611	1,745	8,915	3,584,874
1981	3,752,441	3,802	1,711	181	5,694	3,758,134
1982	3,930,795	460	1,160	..	1,620	3,932,414
1983	4,044,112	472	743	..	1,216	4,045,328
1984	4,203,612	..	514	..	514	4,204,126
1985	4,385,187	..	335	..	335	4,385,522

(a) Excluding debt from housing agreements' loans.

The actual interest and expenses paid on the public debt of Victoria for each of the years 1979-80 to 1984-85 are shown in the following table:

INTEREST AND EXPENSES OF PUBLIC DEBT, VICTORIA
(\$'000)

Year	Interest paid on loans maturing –				Total interest	Expenses on loan management and floatation	Grand total (a)
	In Australia	In London	In New York	Elsewhere overseas			
1979-80	274,095	276	166	116	274,653	1,825	276,477
1980-81	318,103	247	131	91	318,572	1,859	320,431
1981-82	358,928	206	88	10	359,232	2,254	361,486
1982-83	401,792	28	52	..	401,873	3,553	405,426
1983-84	435,970	13	35	..	436,017	2,489	438,506
1984-85	459,460	..	23	..	459,483	1,473	460,956

(a) Includes \$A4,254,318 contributed each year by the Commonwealth Government in accordance with the provisions of the Financial Agreement, but excludes interest paid on advances received from the Commonwealth Government for housing, soldier settlement, rural reconstruction, etc.

National Debt Sinking Fund

Under the Financial Agreement of 1927 between the Commonwealth Government and the States, it was arranged that the Commonwealth Government assume responsibility for the public debt of the States. The securities covering these debts would be redeemed or repurchased by payments from the National Debt Sinking Fund (which had been in existence from 1923) and the Commonwealth Government and the States were to make annual contributions to the Fund for this purpose.

Details of transactions of the National Debt Sinking Fund in respect of the public debt of the State of Victoria, for each of the years 1979-80 to 1984-85, are shown in the following tables. The first table shows particulars of the receipts of the Fund, and the second table shows details of the expenditure on, and face value of, securities repurchased and redeemed.

NATIONAL DEBT SINKING FUND, RECEIPTS, VICTORIA
(\$'000)

Particulars	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
Contributed under Financial Agreement –						
Victorian Government	38,208	40,141	42,224	44,336	45,706	47,618
Commonwealth Government	9,649	10,100	10,586	11,078	11,398	11,844
Total contributions under Financial Agreement	47,857	50,241	52,810	55,414	57,104	59,462
Interest on investments	338	72	69	56	58	75
Total	48,195	50,313	52,879	55,470	57,162	59,537
Total to date	721,757	772,070	824,949	880,419	937,581	997,118

NATIONAL DEBT SINKING FUND, SECURITIES REPURCHASED AND REDEEMED, VICTORIA
(\$'000)

Particulars	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
Australia –						
Face value	50,417	48,249	50,676	56,226	57,052	59,015
Net cost	50,413	48,243	50,361	56,222	57,040	59,006
London –						
Face value	—	1	3,344	..	472	..
Net cost	—	1	3,351	..	432	..
New York –						
Face value	1,219	914	678	525	236	220
Net cost	1,202	907	688	549	224	264
Canada –						
Face value	64	1,248	..	..	..	..
Net cost	63	1,212	..	..	..	..

NATIONAL DEBT SINKING FUND, SECURITIES REPURCHASED
AND REDEEMED, VICTORIA - *continued*
(\$'000)

Particulars	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
Netherlands -						
Face value	245	250	181	..	..	..
Net cost	259	229	194	..	..	..
Total -						
Face value	51,945	50,662	54,879	56,751	57,760	59,235
Net cost	51,937	50,592	54,594	56,770	57,696	59,270
Total to date -						
Net cost	717,813	768,405	822,999	879,769	937,465	996,735

BIBLIOGRAPHY

ABS publications

- Monthly Summary of Statistics, Victoria* (1303.2)
Government Financial Estimates, Australia (5501.0)
Commonwealth Government Finance (5502.0)
State and Local Government Finance, Australia (5504.0)
Taxation Revenue, Australia (5506.0)
Expenditure on Education, Australia (5510.0)
Public Authority Pension and Superannuation Schemes, Australia (5511.0)