
PART VIII.

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, the financial transactions are concerned with (a) Consolidated Revenue Fund, (b) Trust Funds, and (c) Loan Funds. In the succeeding tables, the revenue and expenditure relating to the Consolidated Revenue Fund and the public revenue of certain special funds or accounts which appear in the Treasurer's Finance Statement are 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. Permanent appropriations are made in respect of services such as Interest on the Funded Debt, Exchange on Overseas Interest, contributions to the National Debt Sinking Fund, the salaries of the Governor, the Judges and certain other officials, expenditure on State pensions, payments to the Unemployment Relief Fund, contributions to the Hospital and Charities Fund (Totalizator Revenue) and the Railway Renewals and Replacement Fund, etc.

A concise statement of the chief special funds kept at the Treasury is shown in the *Year-Book* for 1928-29, pages 76 to 80. Amongst the funds since established are the Unemployment Relief Fund, the Unemployment Relief Loan (1935-36) Trust Fund, the Winter Relief Fund, the Milk Board Fund, the Farmers Debts Adjustment Fund, the Federal Aid Roads and Works Accounts 1937, the Railways Repayment Account, the Railway Renewals and Replacement Fund and the Public Trustee Fund.

Under Act No. 4597 of 1938 the Closer Settlement, the Discharged Soldiers Settlement and the Discharged Soldiers Concession Funds were abolished. From 28th February, 1939, the finances of these Funds were brought into the Consolidated Revenue system.

The original Financial Agreement between the Commonwealth and the States was made on 12th December, 1927. It was subsequently affected by the Debt Conversion Agreement of 21st July, 1931, the Debt Conversion Agreement (No. 2) of 22nd October, 1931, and the Agreement relating

Commonwealth and State Financial Relations.

to Soldier Settlement Loans of 3rd July, 1934. A brief outline of the principal provisions of the original agreement is given in the *Year-Book* for 1928-29, page 75.

A summary of the transactions for the financial year 1941-42 in the Consolidated Revenue Fund and in certain special funds gives the following result:—

	£
Public Revenue	34,111,835
Public Expenditure	33,319,535
Net Surplus (transferred to Surplus Revenue Account, Act 3341, Section 13.)	792,300

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 public revenue of certain special funds is added to the Consolidated Revenue—an equivalent amount being entered as expenditure. The particulars for 1941-42 are as follows:—

Items.	Public Revenue.	Public Expenditure.
	£	£
Total—Treasurer's Finance Statement	33,112,372	32,320,072
<i>Add public revenue of the following funds—</i>		
Country Roads Board Fund*	872,511	872,511
Licensing Fund†	119,821	119,821
Police Superannuation Fund	15,088	15,088
Assurance Fund	1,704	1,704
Cattle Compensation Fund	33,511	33,511
Swine Compensation Fund	9,423	9,423
Metropolitan Roads Fund	30,779	30,779
Mallee Land Account	40,452	40,452
Other Funds	26,174	26,174
<i>Deduct—</i>		
Loss of Revenue on account of (a) reduction in certain periodical fares to outer suburbs, (b) additional concessions to Defence Forces on leave	150,000	150,000
Total	34,111,835	33,319,535

* Excluding £666,439 recouped to Revenue under Acts Nos. 3662, 3944, and 4140, Sec. 2.

† In addition to this amount £220,878 was transferred to Revenue under Section 312 of Act No. 3717 as amended by Act No. 4853.

The revenue and expenditure of the State for the last five years, after taking into account the circumstances mentioned above, are shown in the next statement.

**VICTORIA—STATE REVENUE AND EXPENDITURE,
1937-38 TO 1941-42.**

Year.	Public Revenue.	Public Expenditure.	Surplus (+). Deficiency (-).	
			For each Year.	Accumulated Deficiency to end of each Year (i.e., 30th June).
	£	£	£	£
1937-38	28,938,052	28,907,107	+ 30,945	— 7,197,132
1938-39	28,354,711	29,141,953	— 787,242	— 7,953,429
1939-40	29,480,781	29,474,520	+ 6,261	— 7,953,429
1940-41	30,458,071	30,315,771	+ 142,300	— 7,947,168
1941-42	34,111,835	33,319,535	+ 792,300	— 7,946,869*

* Of this amount, £988,000 was provided from the proceeds of Treasury Bonds and £6,958,869 from the Public Account.

Details of the sources of revenue for each of the last five financial years are given in the following statement:—

**VICTORIA—SUMMARY OF STATE REVENUE,
1937-38 TO 1941-42.**

Heads of Revenue.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Commonwealth Payment to State—Act No. 3554—Financial Agreement	2,127,159	2,127,159	2,127,159	2,127,159	2,127,159
State Taxation—*					
Income Tax	3,976,958	4,370,656	4,737,696	5,009,172	5,903,387
Land Tax	498,232	482,336	490,255	492,939	516,282
Probate Duty	1,431,057	1,374,355	1,456,752	1,433,954	1,426,525
Unemployment Relief	1,934,440	1,879,852	1,999,902	1,585,491	1,284,797
Stamp Duties	1,134,148	1,134,026	1,144,896	1,140,717	1,090,383
Motor Taxation†	1,809,277	1,898,265	1,967,750	1,914,154	1,669,859
Other Taxation	862,533	883,750	913,411	971,218	1,032,383
Public Works and Services—					
Railways	9,801,730	9,314,910	9,813,781	11,045,444	14,029,449
Water Supply	675,251	683,183	741,864	688,653	713,532
State Coal Mine	188,230	189,078	213,028	263,991	337,361
State Electricity Commission					
Interest, &c.	875,405	877,438	878,473	889,901	894,204
Country Roads Board‡	Dr. 145,921	Dr. 145,866	Dr. 145,776	Dr. 145,042	Dr. 143,668
Maffra Beet Sugar Factory ..	174,971	139,588	145,288	137,612	113,450
Victoria Dock Cool Stores ..	42,319	31,716	40,096	41,105	42,139
Wharfage Rates, &c.	72,106	68,960	68,545	50,302	49,353
Other	64,702	69,516	66,733	66,650	130,379

* See also page 303.

† Including cost of collection of Motor Fees paid into the Country Roads Board Fund, but excluding Stamp Duties.

‡ Represents the difference between the interest received by Consolidated Revenue on account of Country Roads and the recoups to Consolidated Revenue as shown in the Country Roads Board Fund. See remarks on preceding page with reference to the statistical method of arriving at total public revenue.

VICTORIA—SUMMARY OF STATE REVENUE, 1937-38 TO 1941-42—
continued.

Heads of Revenue.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Land—					
Land Sales, Rents, Penalties, &c.	512,036	441,743	464,471	503,624	526,626
Interest on Loans—					
Closer Settlement	434,950	1,023,843†	504,093†	463,307†	512,192†
Discharged Soldiers' Settlement ment	994,015				
Fees, Fines, &c.	271,388	288,371	284,154	285,028	279,887
Tramways Act No. 3732 (Sec. 77)	125,746	101,066	106,346	108,968	115,428
Government Printer	125,280	124,025	150,885	137,455	144,258
Harbor Trust Contributions	152,580	147,011	139,717	131,223	136,350
Department of Agriculture*	36,327	36,684	37,920	38,770	38,749
Departmental Railways Account— Recoup . . . . .	..	..	85,000	..	..
Companies Act No. 4602 (Secs. 285 and 577) . . . . .	..	..	76,959	..	..
Miscellaneous	763,133	813,046	973,383	1,076,271	1,141,321
Total	28,938,052	28,354,711	29,480,781	30,458,071	34,111,835
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Per Head of Population	15 11 0	15 2 5	15 11 11	15 17 2	17 9 1

* Excluding "Maffra Beet Sugar Factory" and "Victoria Dock Cool Stores."

† Closer Settlement Fund and Discharged Soldiers Settlement Fund abolished—now Land Settlement.

The classification of expenditure presented in the following tables appeared for the first time in the *Year-Book* for 1936-37. Under this re-arrangement of items of expenditure, the comparability of the figures with those of previous years is not materially affected.

Interest on the Public Debt, Pensions and Gratuities, and the Contribution to the National Debt Sinking Fund have not been allotted to the respective heads of expenditure. They are shown separately under the sub-heading "Financial Administration."

VICTORIA—SUMMARY OF EXPENDITURE FROM STATE
REVENUE, 1937-38 TO 1941-42.

Heads of Expenditure.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
<i>Legislature and General Administration.</i>					
Legislature—					
Governor	12,012	11,740	11,867	10,693	10,488
Parliament	180,168	104,204	102,589	99,674	99,828
Electoral	23,755	2,355	34,577	7,930	6,463

VICTORIA—SUMMARY OF EXPENDITURE FROM STATE REVENUE,
1937-38 TO 1941-42—*continued.*

Heads of Expenditure.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
<i>Legislature and General Administration—continued.</i>					
Financial Administration—					
Public Debt Charges—					
Interest—					
Funded Debt	6,599,629	6,640,308	6,744,667	6,797,067	6,754,671
Temporary Loan	6,982	12,934	23,317	17,303	16,731
Exchange on Interest ..	657,819	668,899	700,005	719,066	719,597
Expenses of Paying Interest, Redemptions, Conversions, &c.	45,459	46,253	45,855	66,660	230,784
National Debt Sinking Fund	808,170	858,965	943,647	1,010,769	1,074,410
Pensions and Superannuation Contributions *	1,051,391	1,040,378	1,041,066	1,024,849	1,012,172
Departmental—					
Treasury (including Taxation, Stamps, &c.)	167,812	172,127	176,865	170,716	234,292†
Pay-roll Tax .. .. .	..	..	..	..	282,104
Superannuation Board and Pensions Office—Admini- stration	6,315	5,260	5,284	5,384	5,969
Auditor-General	17,961	17,807	17,707	17,338	17,786
Royal Commissions, Boards of Inquiry, &c.	1,982	1,311	466	82	184
Administration, N.E.I.—					
Government Printer	129,144	130,926	135,397	146,432	137,532
Other	215,172	224,549	214,504	239,110	313,266
Total	9,843,771	9,938,016	10,197,813	10,333,073	10,916,277
<i>Law, Order, and Public Safety.</i>					
Salaries of Judiciary	13,000	13,000	15,083	15,500	15,500
Attorney-General and Solicitor- General	248,057	256,226	259,277	252,694	266,996
Police	816,964	815,733	831,977	832,214	843,567
Prisons	122,340	126,355	131,566	136,114	142,068
Prevention of Fire and Flood ..	72,640	72,369	75,211	76,749	82,848
National Security Act (Public Safety) .. .. .	..	..	40,352	76,396	261,210
Other	4,149	3,252	4,072	6,581	5,909
Total	1,277,150	1,286,935	1,357,538	1,396,248	1,618,098
<i>Regulation of Trade and Industry.</i>					
Factories and Shops Legislation } Labour Legislation	32,597	33,653	33,403	33,799	41,949
Transport Regulation Board ..	27,514	26,145	26,278	30,790†	38,731‡
Liquor Licence Control (Adminis- tration, including Compensation)	39,399	33,186	33,710	36,665	37,629
Other	12,015	10,034	13,265	13,756	15,306
Total	111,525	103,018	106,656	115,010	133,615

* For details, see page 307.

† Includes £61,026 Public Service Salary adjustment.

‡ Including compensation to road hauliers £6,537 in 1940-41 and £2,979 in 1941-42.

VICTORIA—SUMMARY OF EXPENDITURE FROM STATE REVENUE,
1937-38 TO 1941-42—continued.

Heads of Expenditure.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
<i>Education.*</i>					
Primary, Intermediate, Secondary, Technical — Administration, Salaries of Teaching Staffs, &c.	2,770,446	2,798,255	2,860,508	2,829,814	2,844,543
Technical N.E.I. include Maintenance Grant	161,748	168,217	170,203	176,413	199,898
University †	61,500	58,000	64,000	66,200	88,200
Deaf, Dumb, and Blind	175	175	29	..	..
<i>Agricultural Education—</i>					
Colleges, Experimental Farms, University Grants, &c.	36,961	32,819	38,073	44,685	41,713
Other Activities	4,147	4,106	5,349	5,282	5,111
Other	2,367	2,400	1,306	1,071	2,006
Total	3,037,344	3,063,972	3,139,468	3,123,465	3,181,471
<i>Encouragement of Science, Art, and Research.</i>					
Public Libraries, Museums, and Art Galleries	51,463	55,474	55,401	55,394	52,562
Observatory	3,830	3,823	3,924	3,648	3,589
Other Activities and Institutions ..	150	175	175	175	175
Total	55,443	59,472	59,500	59,217	56,326
<i>Promotion of Public Health and Recreation.</i>					
<i>Care of Sick and Mentally Afflicted—</i>					
Hospital and Charities Fund (including Totalizator Con- tribution)	449,185	433,367	619,709	640,109	656,970
Various Hospitals, &c.	93,632	90,194	98,069	98,845	111,249
Mental Hospitals	511,314	517,564	521,611	532,287	550,178
Mental Defectives	21,886	29,915	30,075	29,567	32,095
<i>Health of Mothers and Children—</i>					
Infant Welfare and Clinics	10,872	11,841	12,343	14,209	16,450
Medical and Dental Examination of School Children	10,410	11,255	11,202	10,668	9,266
<i>Preservation of Public Health—</i>					
Health Department—Adminis- tration	37,118	36,878	36,761	41,767	44,194
Other	172,217	151,862	94,152	109,161	85,915
Parks, Gardens, and Recreation Reserves	19,790	18,759	19,235	19,015	19,436
Total	1,326,424	1,301,635	1,443,157	1,495,623	1,525,753
<i>Social Amelioration.</i>					
Relief of Destitute, Aged, &c.	9,420	4,701	5,466	11,373	13,787
Children's Welfare Department	304,461	329,239	325,943	305,952	297,653
Miners' Phthisis Allowances	20,980	22,949	23,016	21,637	21,907
Care of Aborigines	7,568	7,471	7,430	6,746	5,339
Unemployment Relief Fund ‡	1,934,441	1,879,852	1,999,902	1,585,491	1,284,797
Other	2,138	26,971	25,855	35,528	32,832
Total	2,279,008	2,271,183	2,387,612	1,966,727	1,656,315

* Detailed information regarding expenditure on education will be found on page 309.

† Additional items of expenditure on University are included under functions to which they relate.

‡ Details of actual expenditure on Unemployment Relief are shown on page 235 (Social Condition) of this Year-Book.

VICTORIA—SUMMARY OF EXPENDITURE FROM STATE REVENUE,
1937-38 TO 1941-42—continued.

Hheads of Expenditure.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
<i>War Obligations.</i>					
Passes to Soldiers, Superannuation, &c.	12,021	12,104	19,105	28,323	39,509
<i>Local Government.</i>					
Licensing Fund Payment to Muni- cipalities	59,660	59,532	59,440	59,304	59,192
Other	3,496	4,235	3,551	2,540	1,759
Total	63,156	63,767	62,991	61,844	60,951
<i>Development and Maintenance of State Resources other than Business Undertakings—</i>					
Land Settlement and Survey	922,649	724,974	241,030	218,263	264,866
Mining (excluding State Coal Mine)	45,239	44,550	42,903	45,772	45,190
Agricultural Pastoral and Dairying *	304,039	297,897	323,785	323,723	328,239
Forestry †	170,547	166,885	193,522	250,294	383,400
Fisheries and Game	9,944	10,434	11,032	11,271	9,228
Roads and Bridges—					
Country Roads Board ‡	1,038,641	1,141,287	1,151,314	1,113,671	872,511
Metropolitan Roads Fund	11,754	12,930	17,014	26,217	30,779
Other . . . . .	..	..	..	298	38,553
Tourist Activities	4,824	2,606	1,687	1,435	1,120
Total	2,507,637	2,401,563	1,982,287	1,990,944	1,973,886
<i>Business Undertakings.</i>					
Railways	7,420,586	7,660,223	7,642,667	8,571,421	10,932,482
Harbors, Rivers, and Lights	64,045	71,590	78,030	83,987	85,683
Water Supply, Irrigation, &c.	370,775	442,568	492,352	500,292	507,831
State Coal Mine	338,451	318,949	270,186	380,627	430,939
Maffra Beet Sugar Factory	133,100	84,484	167,412	128,798	94,930
Victoria Dock Cool Stores	31,947	28,697	34,789	30,087	32,145
Seasoning Works (Newport)	13,047	14,227	16,993	26,241	42,219
Forest Tramways	3,433	4,378	3,112	3,768	4,185
Distillation of Eucalyptus Oil	1,236	20	2,171	1,785	1,584
Wire Netting Manufacture	16,960	15,107	10,681	4,802	1,417
State Saw Mill	48	45	..	13,484	23,919
Total	8,393,628	8,640,288	8,718,393	9,745,292	12,157,334
Grand Total	28,907,107	29,141,953	29,474,520	30,315,771	33,310,535
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Per Head of Population	15 10 8	15 10 10	15 11 9	15 15 8	17 1 0

* Excluding "Maffra Beet Sugar Factory" and "Victoria Dock Cool Stores."

† Excluding "Newport Seasoning Works."

‡ Represents difference between Public Revenue of Country Roads Board and recoups to revenue made by the Board. Details of Country Roads Board Fund expenditure are shown in part Local Government of this Year-Book.

**Surplus
Revenue
Expenditure.**

Reference to appropriations of Surplus Revenue will be found in previous issues of the *Year-Book*. The surplus in respect of 1941-42, £792,300, was transferred to the Surplus Revenue Account in accordance with Act No. 3341, Section 13. Subsequently, under Surplus Revenue Act No. 4929 of 1942, an amount of £792,000 was applied to works, buildings, &c., in connexion with (a) Primary, Technical, Higher Elementary, and High Schools, £172,000; (b) departmental, residences occupied by employees of the Victorian Railways Commissioners, £20,000; (c) hospitals and other institutions registered under the Hospitals and Charities Act, £300,000. (d) Victorian Inland Meat Authority towards the cost of erection of abattoirs, &c., £100,000 (to be repaid); (e) Mental Institutions, remodelling, &c., £200,000.

TAXATION.**INCOME TAX.****State
Income Tax.**

Income tax was first imposed in Victoria in 1895, and, although originally fixed for a period of three years, has been retained, with certain amendments and alterations, until the present time. Incomes assessed for tax in any year are generally speaking 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. Outgoings and losses incurred in the production of the income and the statutory exemption and concessional deductions are the principal items taken into consideration in computing the taxable income. Details regarding the two last-mentioned items are given on the next two pages.

Particulars of Income Tax Assessments on incomes earned in each of the years 1936-37 to 1940-41 appear on page 294. The figures are not comparable unless the varying rates of tax imposed are taken into consideration. The rates applicable to incomes earned during 1936-37, 1937-38, 1938-39 and 1939-40 respectively appear in previous issues of the *Year-Book*.

Rates of Tax—Individuals. The rates of tax on incomes earned in Victoria during 1940-41 were:—

Taxable Income.	Rate of Tax.	
	Individuals.	
	Personal Exertion.	Property.
£1 and not exceeding £2,500	7 253/1,000th pence where the taxable income is One pound and increasing uniformly by 3/1,000th pence for every pound by which the taxable income exceeds One pound	14 3/625th pence where the taxable income is One pound and increasing uniformly by 3/625th pence for every pound by which the taxable income exceeds one pound
Exceeding £2,500 but not exceeding £5,000	14 1,879/2,500th pence where the taxable income is £2,501 and increasing uniformly by 1/625th pence for every pound by which the taxable income exceeds £2,501.	26 7/2,500th pence where the taxable income is £2,501 and increasing uniformly by 7/2,500th pence for every pound by which the taxable income exceeds £2,501.
Exceeding £5,000 but not exceeding £10,000	18 3,753/5,000th pence where the taxable income is £5,001 and increasing uniformly by 3/5,000th pence for every pound by which the taxable income exceeds £5,001.	33 7/5,000th pence where the taxable income is £5,001 and increasing uniformly by 7/5,000th pence for every pound by which the taxable income exceeds £5,001.
Exceeding £10,000 . .	21½ pence for every pound of taxable income.	40 pence for every pound of taxable income.

Where income was derived partly from personal exertion and partly from property, the rate of tax applied to the respective portions of the taxable income was the rate that would have been applicable if the total taxable income had been derived exclusively from that source.

Rates of Tax—Companies. The rates of tax on the income of companies were:—

(a) Mutual Life Assurance Companies—On the income of a Mutual Life Assurance Company, with respect to its mutual life assurance business only, 12d. in the £1. On income from other business 24d. for every pound of taxable income. (b) Other Companies—On the income of Other Companies, 24d. for every pound of taxable income, and, in respect of interest paid or credited to persons non-resident in Australia on account of money secured or invested in Victoria, or on money lodged at interest in Victoria with the company, 16d. for every pound of taxable income.

Statutory Exemption. Of individuals subject to tax, the minimum income for persons domiciled in Victoria was £201, and for those outside Victoria, £51. In the case of the former, a general deduction of £200 was allowed on incomes between £201 and £500, after which it diminished at the rate of £2 for every £1 of income over £500 and finally disappeared at £600; in the latter case, the general deduction allowed was £50, which decreased by £1 for every £1 of income over £50, finally disappearing at £100. Companies were taxed on full profits but net dividends to recipients, although not assessable income, were included in the total income for the purpose of calculating the statutory exemption.

Interest from State Savings Bank bonds, debentures and stock (other than deposit stock) is not taxable.

Concessional Deductions. The following concessional deductions were granted:—
 (a) £50 for the maintenance of a taxpayer's spouse whose separate income did not exceed £100 per annum; (b) £50 in respect of each child under 16 years of age; (c) certain expenses during illness, not exceeding £50; (d) funeral and burial expenses not exceeding £20; (e) life assurance premiums, superannuation payments, and friendly society contributions, not exceeding £100 in the aggregate.

Where, after deducting from the sum of the assessable income and the net dividends, all allowable deductions except the Statutory Exemption, and items (a), (b), (c) and (d) above, the residue did not exceed £800, these deductions were allowed in full but, where such residue ranged between £801 and £1,200, such deductions were decreased proportionately in the same ratio as the income in excess of £800 bore to £400.

Details of the complete assessments on incomes earned during each of the years 1936-37 to 1940-41 are given below:—

VICTORIA—INCOME TAX ASSESSMENTS.

Heading.	On Incomes Earned during—				
	1936-37.	1937-38.	1938-39.	1939-40.	1940-41.
Number of Assessments—					
Individuals	140,316	163,614	169,150	177,159	228,257
Companies	4,946	5,136	5,223	5,488	5,825
Total, Distinct Taxpayers ..	145,262	168,750	174,373	182,647	234,082
Taxable Incomes—	£	£	£	£	£
Individuals	33,619,724	33,315,991	32,711,181	36,825,254	40,431,341
Companies	22,008,215	24,053,658	24,090,812	29,271,706	33,832,094
Total	55,627,939	57,369,649	56,801,993	66,096,960	74,263,435
Tax payable—	£	£	£	£	£
Individuals	1,372,829	1,348,840	1,624,414	1,860,609	1,916,810
Companies	2,012,071	2,199,232	2,333,968	2,847,705	3,305,983
Total*	3,384,900	3,548,072	3,958,382	4,708,314	5,222,793
Per taxpayer—	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Individuals	9 15 8	8 4 11	9 12 1	10 10 1†	8 7 6
Companies	406 16 2	428 4 0	446 17 3	518 17 11	567 11 0
Average tax payable in the £1 on taxable incomes by—	d.	d.	d.	d.	d.
Individuals	9·80	9·72	11·92	12·13	11·63
Companies	21·94	21·94	23·25	23·35	23·45

* For actual collections in the following financial year, see page 303.

† The average amount of tax payable per individual taxpayer with taxable income not exceeding £500 was £3 0s. 10d.; in the case of those with taxable incomes exceeding £500 the average amount was £44 9s. 0d.

The total net incomes of taxpayers, who were assessed to pay tax on account of incomes earned during 1940-41, amounted to £112,914,215, but, as 188,887 taxpayers on grades of income between £1 and £300 were allowed the £200 exemption, equalling £37,777,400, taxpayers numbering 7,912, on grades of income between £301 and £600 were allowed exemption to the amount of £761,860 and 1,655 taxpayers were allowed varying exemptions equalling £111,520, the amount available for taxation was £74,263,435.

The total numbers of individuals and companies who were taxed on incomes earned during 1940-41 are detailed, under specified grades of taxable income, in the following table:—

VICTORIA—INCOME TAX—TOTAL NUMBER OF TAXPAYERS (1940-41 INCOMES).

Taxable Incomes.	Individuals.				Companies.	Grand Total.
	Personal Exertion Only.	Property Only.	Combined Personal Exertion and Property.	Total.		
£	No.	No.	No.	No.	No.	No.
Not exceeding 100	129,783	4,384	580	134,747	1,127	135,874
101 to 200	38,158	2,027	1,156	41,341	505	41,846
201 „ 350	14,786	1,360	1,424	17,570	542	18,112
351 „ 500	3,123	543	1,400	5,066	320	5,386
501 „ 700	3,369	647	5,172	9,188	382	9,570
701 „ 1,000	2,547	591	5,494	8,632	393	9,025
1,001 „ 1,250	940	220	2,508	3,668	243	3,911
1,251 „ 1,500	607	112	1,756	2,475	206	2,681
1,501 „ 2,000	563	107	1,818	2,488	318	2,806
2,001 „ 2,500	206	36	904	1,146	215	1,361
2,501 „ 3,000	131	20	520	671	155	826
3,001 „ 4,000	107	22	496	625	253	878
4,001 „ 5,000	58	4	206	263	164	427
5,001 „ 7,600	33	8	212	253	257	510
7,601 and over	12	4	108	124	745	869
Total ..	194,418	10,085	23,754	228,257	5,825	234,082

In the succeeding statement incomes earned during 1940-41 are arranged in groups of taxable incomes according to source thereof:—

VICTORIA—INCOME TAX—TAXABLE INCOMES
(1940-41 INCOMES).

Taxable Incomes.	Individuals.				Companies.	Grand Total.
	Personal Exertion Only.	Property Only.	Combined Personal Exertion and Property.	Total.		
£	£	£	£	£	£	£
Not exceeding 100	5,568,252	191,502	18,230	5,777,984	42,349	5,820,333
101 " 200	5,354,188	294,766	86,792	5,735,746	73,957	5,809,703
201 " 350	3,710,462	344,527	191,167	4,246,156	143,891	4,390,047
351 " 500	1,311,963	227,693	299,962	1,839,618	156,013	1,995,631
501 " 700	2,032,830	388,979	1,597,780	4,019,589	229,489	4,249,078
701 " 1,000	2,121,604	493,482	2,268,359	4,883,445	321,715	5,205,160
1,001 " 1,250	1,036,694	242,243	1,405,439	2,684,376	273,394	2,957,770
1,251 " 1,500	827,520	152,833	1,199,386	2,179,739	269,839	2,449,078
1,501 " 2,000	967,659	181,854	1,559,032	2,708,545	558,229	3,263,774
2,001 " 2,500	454,529	78,752	1,009,047	1,542,328	458,877	2,001,205
2,501 " 3,000	355,148	55,607	704,807	1,115,562	423,353	1,538,915
3,001 " 4,000	365,830	75,365	857,803	1,298,998	881,543	2,180,541
4,001 " 5,000	235,300	17,829	448,083	701,212	693,947	1,395,159
5,001 " 7,600	182,756	43,543	624,404	850,703	1,622,223	2,472,926
7,601 and over ..	124,607	47,641	675,092	847,340	27,686,775	28,534,115
Total ..	24,649,342	2,836,616	12,945,383	40,431,341	33,832,094	74,263,435

The complete figures relating to the tax payable on incomes earned during 1940-41 are set out hereunder:—

VICTORIA—INCOME TAX—TAX PAYABLE
(1940-41 INCOMES).

Taxable Incomes.	Individuals.				Companies.	Grand Total.
	Personal Exertion Only.	Property Only.	Combined Personal Exertion and Property.	Total.		
£	£	£	£	£	£	£
Not exceeding 100	173,238	11,368	806	185,412	4,233	189,645
101 to 200	169,507	18,004	3,775	191,286	7,384	198,670
201 " 350	122,117	21,873	8,486	152,476	14,508	166,984
351 " 500	46,426	15,086	13,395	74,907	15,644	90,551
501 " 700	77,079	27,416	70,597	175,092	22,920	198,012
701 " 1,000	85,263	36,982	106,494	228,739	32,192	260,931
1,001 " 1,250	45,805	19,296	71,846	136,947	27,356	164,303
1,251 " 1,500	39,082	13,064	64,517	116,663	27,344	144,007
1,501 " 2,000	50,036	16,804	92,155	158,995	55,591	214,586
2,001 " 2,500	26,189	8,050	66,426	100,665	45,664	146,329
2,501 " 3,000	22,422	6,210	49,614	78,246	42,296	120,542
3,001 " 4,000	24,791	8,990	65,163	98,944	88,213	187,157
4,001 " 5,000	17,476	2,344	36,479	56,299	69,206	125,505
5,001 " 7,600	14,712	6,106	56,611	77,429	161,532	238,961
7,601 and over ..	11,102	7,834	65,774	84,710	2,691,900	2,776,610
Total ..	925,245	219,427	772,138	1,916,810	3,305,983	5,222,793

VICTORIA—SPECIAL INCOME TAX.

Income earned by any person (other than a company) in 1940-41 was subject also to a Special Tax. The minimum taxable income was £105 but, in the case of a married taxpayer whose spouse was a resident of Australia and had an income of not more than £50, or a widow or widower with a child under 16 years of age who was a resident of Australia, the minimum income taxable was £201. The deductions (other than outgoings and losses incurred in the production of the income) allowed for Ordinary Income Tax, which are shown on pages 293 and 294, were not allowable in calculating the taxable income for this tax. Dividends from any source were subject to, but interest from State Savings Bank Securities was free from tax. The rates of the Special Tax were as follows:—

Where the Taxable Income—						The Rate per £100 was—
Exceeded	£104	but did not exceed	£1,000	..	..	s. d. 6 0
"	£1,000	"	"	£1,250	..	7 0
"	£1,250	"	"	£1,750	..	8 0
"	£1,750	"	"	£2,000	..	9 0
"	£2,000	"	"	£2,500	..	11 0
"	£2,500	..	..	..	..	12 6

The total amounts of Special Tax assessed on incomes earned during 1936-37, 1937-38, 1938-39, 1939-40 and 1940-41 were £400,741, £431,172, £441,930, £455,599 and £460,544 respectively.

COMMONWEALTH INCOME TAX.

The Commonwealth Government also imposes taxation on incomes. Originally payable on incomes earned in 1914-15, the collection of this tax throughout Australia yielded £9,398,503 in 1937-38; £11,882,440 in 1938-39; £16,430,313 in 1939-40; £39,315,548 in 1940-41, and £77,563,926 in 1941-42.

UNEMPLOYMENT RELIEF TAX.

Legislative provisions for the relief of unemployment in Victoria are embodied in the *Unemployment Relief Act* 1930 (No. 3866) and the *Stamps (Unemployment Relief) Act* 1930 (No. 3868). Brief references to these Acts and to amending and continuing legislation arising in connexion therewith have been made in the *Year-Book* of 1929-30 and subsequent issues.

The *Unemployment Relief Tax (Rates) Act* 1940 (No. 4772) and the *Unemployment Relief Tax (Rates) Act* 1941 (No. 4833) made provision for the rates of tax, &c., on incomes earned during 1939-40 and 1940-41 respectively.

The following statement shows the rates of unemployment relief tax charged on incomes earned during 1940-41. The minimum income subject to tax was £105, and the general exemption of £200 and

concessional allowances (wife, children, medical expenses, life assurance, &c.) mentioned on pages 293 and 294 were not deductible. Dividends from any source and interest on Victorian Government Loans (other than 3 per cent. stock) and State Savings Bank securities were taxable, but the profits earned by companies were not subject to tax.

VICTORIA—RATES OF UNEMPLOYMENT RELIEF TAX 1940-41.

Amount of Taxable Income.	Rate per £100 payable on the Taxable Income.
Not less than £105 but does not amount to £208 ..	s. d. 8 6
Not less than £208 but does not amount to £312 ..	10 8
Exceeds £312 but does not exceed £350 ..	10 11
Exceeds £350 but does not exceed £40 ..	11 2
Thereafter for every increase of £50 in taxable income up to the group exceeding £950 but not exceeding £1,000	The rate of tax increases by either 4d. or 5d. until it reaches 16s.
Thereafter for very increase of £50 in taxable income up to the group exceeding £2,350 but not exceeding £2,400	The rate of tax increases by either 5d. or 6d. until it reaches 29s. 4d.
Thereafter for every increase of £50 in taxable income up to the group exceeding £2,950 but not exceeding £3,000	The rate of tax increases by either 7d. or 8d. until it reaches 37s.
Over £3,000 ..	37s. 7d. (the maximum rate of tax)

Particulars of assessments in respect of unemployment relief tax on incomes earned during 1939-40 and 1940-41 respectively are shown hereunder, according to specified grades of taxable income.

VICTORIA—UNEMPLOYMENT RELIEF TAX ASSESSMENTS (1939-40 AND 1940-41 INCOMES).

Taxable Incomes.	1939-40.			1940-41.		
	Number.	Taxable Income.	Tax Payable.	Number.	Taxable Income.	Tax Payable.
£		£	£		£	£
101 to 200 ..	165,254	24,443,623	160,257	60,667	10,680,222	45,430
201 " 350 ..	213,630	56,310,817	460,963	232,880	57,541,375	335,654
351 " 500 ..	45,034	18,374,230	161,940	62,211	25,313,491	145,544
501 " 700 ..	18,029	10,494,864	103,735	21,336	12,323,540	79,167
701 " 1,000 ..	9,336	7,674,721	87,377	9,997	8,204,725	60,799
1,001 " 1,200 ..	2,807	3,065,271	40,337	2,946	3,206,688	27,552
1,201 " 1,500 ..	2,515	3,361,775	50,613	2,603	3,483,877	33,981
1,501 " 2,000 ..	2,127	3,641,603	65,062	2,086	3,606,962	41,906
2,001 " 2,400 ..	937	2,048,968	43,333	874	1,907,971	26,273
2,401 " 3,000 ..	798	2,100,526	54,409	789	2,120,394	35,340
3,001 " 3,000 ..	696	2,371,880	68,797	592	2,040,771	38,273
4,001 " 4,000 ..	329	1,454,793	42,107	309	1,347,093	25,289
5,001 " 7,600 ..	370	2,223,380	64,255	292	1,753,319	32,941
7,601 and over ..	254	3,679,230	105,721	185	2,499,528	47,005
Total ..	462,116	141,245,681	1,508,906	397,767	136,029,956	975,154

Unemployment Relief Tax assessments on incomes earned in each of the years 1936-37 to 1940-41 were as follow :—

VICTORIA—UNEMPLOYMENT RELIEF TAX ASSESSMENTS,
1936-37 TO 1940-41.

On Income Earned in Year.	Number.	Taxable Income.	Tax Payable.
		£	£
1936-37	448,691	130,129,768	1,708,491
1937-38	476,178	138,286,420	1,679,381
1938-39	481,969	140,936,042	1,717,974
1939-40	462,116	141,245,681	1,508,906
1940-41	397,767	136,029,956	975,154

In comparing the annual particulars of assessments of Unemployment Relief Tax given in the preceding statements, it is necessary to take into account the rates of tax applicable during each year.

PAYMENT OF TAXES BY INSTALMENTS.

In November, 1932, a system was established to assist taxpayers in the payment of their taxes by means of regular deductions from the salaries and wages of those who constitute the majority of taxpayers.

The amounts to be deducted are regulated so that the employee will have paid the approximate amount of his taxation when his assessment is issued.

If the amounts so deducted are not sufficient to pay the amount of tax assessed, the taxpayer is required to pay the difference in cash ; if in excess, he receives an immediate cash refund.

Taxes may also be paid by the purchase of tax instalment stamps.

LAND TAX.

State Land Tax. The State Land Tax Act of 1928 provides for a tax on the unimproved value of land and for the assessment of land and for other purposes. For the purposes of this Act, unimproved value 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. The rate of tax for the

year ending 31st December, 1941, was one halfpenny on every pound sterling of the unimproved value exceeding £250. 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.

An analysis, in specified groups of unimproved values of holdings, of the 1942 Land Tax assessments is given hereunder.

VICTORIA—ANALYSIS OF STATE LAND TAX ASSESSMENTS, 1942.

(Based on unimproved values as at 31st December, 1941).

Unimproved Values of Holdings Ranging Between—				Number of Taxpayers.	Total Amount of Unimproved Values.	Tax Payable.
£	£				£	£
1 and	500	..	..	66,293	24,565,300	31,555
501 "	600	..	..	14,989	7,300,881	15,768
601 "	750	..	..	14,003	9,449,324	19,274
751 "	1,000	..	..	16,459	13,898,324	28,302
1,001 "	1,250	..	..	10,036	11,373,382	23,214
1,251 "	1,500	..	..	7,428	9,377,182	21,832
1,501 "	2,000	..	..	9,777	16,397,182	35,750
2,001 "	3,500	..	..	14,090	38,288,212	76,264
3,501 "	5,000	..	..	5,758	22,602,697	48,810
5,001 "	6,000	..	..	1,613	9,817,567	20,270
6,001 "	7,000	..	..	1,106	6,154,992	14,823
7,001 "	8,000	..	..	765	4,722,906	11,814
8,001 "	9,000	..	..	581	4,070,517	8,459
9,001 "	10,000	..	..	365	3,468,832	7,150
10,001 "	15,000	..	..	1,000	11,306,632	23,566
15,001 "	20,000	..	..	385	6,641,207	13,790
20,001 "	25,000	..	..	217	4,835,190	10,031
25,001 "	30,000	..	..	134	3,734,257	7,781
30,001 "	35,000	..	..	88	2,855,174	5,884
35,001 "	40,000	..	..	79	2,948,126	6,142
40,001 "	50,000	..	..	101	3,462,816	9,298
50,001 "	75,000	..	..	118	6,938,569	14,356
75,001 "	100,000	..	..	52	4,517,430	9,391
100,001 "	150,000	..	..	35	4,229,375	8,690
150,001 "	200,000	..	..	14	2,302,352	4,799
200,001 "	over	..	..	26	5,419,107	15,448
Total				165,512	240,857,533	492,461

In the succeeding statement details are shown relating to the assessments made during the years 1938 to 1942.

VICTORIA—STATE LAND TAX ASSESSMENTS, 1938 TO 1942.

Year.	Number of Taxpayers.	Total Tax Payable.	Average Tax Payable per Taxpayer.	Unimproved Value (approximate).
		£	£ s. d.	£
1938	157,657	475,818	3 0 4	239,270,330
1939	156,123	475,356	3 0 11	238,523,354
1940	160,671	487,511	3 0 8	247,596,712
1941	164,346	490,384	2 19 8	247,933,255
1942	165,512	492,461	2 19 6	240,857,533

Commonwealth Land Tax. The Commonwealth Government also levies land tax on the lands of the States. Particulars of assessments, &c., for Victoria, given in the table hereunder, have been extracted from the report of the Federal Commissioner of Taxation. It should be noted that resident landowners whose property does not exceed the unimproved value of £5,000 are exempted from the payment of this tax.

COMMONWEALTH LAND TAX—VICTORIAN ESTATES, 1936-37 TO 1940-41.

Assessment in respect of Year—	Victorian Returns Assessed.*	Central Office Assessments.†	Unimproved Value Assessed by Department.	Tax Payable.
	No.	No.	£	£
1936-37	7,071	1,625	86,165,970	389,060
1937-38	7,208	1,677	86,865,450	398,532
1938-39	7,131	1,684	86,578,764	446,651
1939-40	7,208	1,668	91,858,615	512,937
1940-41	7,307	1,693	92,775,273	1,053,411

* Including absentee returns on which tax was payable as follows :—1936-37, 291, £5,858; 1937-38, 300, £5,898; 1938-39, 308, £6,468; 1939-40, 311, £8,055, and 1940-41, 319, £13,384.

† Includes the Victorian interests of those who owned land in more than one State.

PROBATE DUTIES.

Probate Duties, Victoria. The rates of duty payable under Victorian statutes on estates of deceased persons are briefly summarized hereunder :—

Part I.—Where estates bequeathed to persons other than widow, children, and grand-children do not exceed £200, no duty is payable, but on estates over £200 and not exceeding £300 duty becomes payable at a rate of $1\frac{1}{2}$ per cent. The rate rises gradually thereafter until, on estates over £20,000, it reaches 10 per cent.

Part 2.—Where the estate is under £500, there is no duty payable on bequests to widow, children, and grand-children. On estates of over £500 in value, the rate of duty commences at 2 per cent. and gradually increases until it reaches 10 per cent. on estates over £100,000. Under this Part, when the total net value of the estate is over £500, but does not exceed £2,000, half rates apply.

Part 3.—The rates of duty on settlements (a) on brother, sister and other relatives are the same as those applicable to Part 1—mentioned above; (b) on widow, widower, descendant or ancestor of settler—the same as mentioned in Part 2.

Duty on settlements on strangers in blood is rateable at 10 per cent.

Additional Duty.—On all statements filed on and after 23rd October, 1930, an additional amount of 21 per cent. on the duty otherwise chargeable, is payable.

Exemption.—£5,000 exemption for members of the forces killed, on active service, providing the estate is left to father or mother widow or widower, lineal descendant, or lineal ancestor.

The total amounts of probate duty assessed for the years 1937-38, 1938-39, 1939-40, 1940-41 and 1941-42 were £1,451,238, £1,429,440, £1,416,067, £1,447,244, £1,457,269 and £1,490,978 respectively. Actual collections of probate duty for the years mentioned are shown in the table on page 303.

The Commonwealth Government also levies probate and succession duties. The amount of duty collected throughout Australia in each of the years 1937-38, 1938-39, 1939-40, 1940-41 and 1941-42 was £1,792,600, £1,872,654, £1,915,352, £2,212,690, £2,364,133 and £2,845,005 respectively.

COMMONWEALTH, STATE, AND MUNICIPAL TAXATION.

The amounts of taxation collected in *Victoria* by the Commonwealth and State Governments, and by the Municipalities respectively, are shown hereafter for each of the last five years.

Details of State taxation have been arranged according to the nature of the tax rather than to the method of collection.

TAXATION IN VICTORIA—COMMONWEALTH, STATE, AND MUNICIPAL, 1937-38 TO 1941-42.

Heads of Taxation.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Total Commonwealth Taxation in Victoria*	18,719,000	20,039,000	24,325,000	34,345,000	49,134,234
State—					
Income Tax	3,976,958	4,370,656	4,737,696	5,009,172	5,903,387
Land Tax	498,232	482,336	490,255	492,939	516,282
Probate Duty	1,431,057	1,374,355	1,456,752	1,433,954	1,426,525
Unemployment Relief	1,934,440	1,879,852	1,999,902	1,585,491	1,284,797
Entertainments Tax†	262,039	286,034	295,512	319,586	338,548
Racing Taxation	414,560	390,487	385,959	406,912	413,702
Stamp Duties‡	952,470	959,727	978,992	973,711	938,551
Motor Taxation‡	1,825,152	1,913,689	1,981,509	1,925,430	1,675,256
Licences—					
Liquor	233,490	254,640	261,797	286,504	316,544
Other	91,521	90,719	100,609	98,602	95,000
Other Taxation	26,726	20,745	21,679	15,344	15,024
Total State Taxation	11,646,645	12,023,240	12,710,662	12,547,645	12,923,616
Municipal Taxation	3,805,023	3,731,856	3,984,081	4,075,621	§
Total Taxation	34,170,668	35,794,096	41,019,743	50,968,266	§

* Estimated.—See footnote. † Not elsewhere included. ‡ Including cost of collection of Motor Fees paid into the Country Roads Board. § Not available.

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

COMMONWEALTH, STATE, AND MUNICIPAL TAXATION IN VICTORIA PER HEAD OF POPULATION, 1937-38 TO 1941-42.

Authority.	Taxation per Head of Population in Victoria.				
	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Commonwealth*	10 1 2	10 13 9	12 17 6	17 17 8	25 2 10
State	6 5 2	6 8 3	6 14 6	6 12 3	6 12 3
Total (Commonwealth and State)	16 6 4	17 2 0	19 12 0	24 9 11	31 15 1
Municipal	2 0 10	1 19 8	2 1 10	2 2 1	†
Grand Total	18 7 2	19 1 8	21 13 10	26 12 0	†

* Average taxation per head collected by the Commonwealth Government on account of taxation derived from the following sources:—Customs, Excise, Estate and Gift Duties; Income, Land, Sales, Flour, Entertainment, War Time Profits, Gold and Pay-roll Taxes.

† Not available.

TAXATION COLLECTIONS—AUSTRALIAN STATES.

In the following statement of taxation collections in each of the Australian States during the last five years, Commonwealth taxation has been excluded. The particulars shown include all State taxation whether paid into Consolidated Revenue or not.

STATE TAXATION COLLECTIONS—TOTAL AND PER HEAD OF POPULATION, 1937-38 TO 1941-42.

Year.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	Total All States.
TOTAL COLLECTIONS.							
	£	£	£	£	£	£	£
1937-38 ..	20,504,582	11,646,645	8,539,471	3,998,132	3,306,804	1,697,159	49,692,793
1938-39 ..	20,262,919	12,023,240	8,646,453	4,199,064	3,618,998	1,778,718	50,529,392
1939-40 ..	22,682,127	12,710,662	8,816,448	4,620,118	3,729,414	1,827,902	54,386,671
1940-41 ..	24,535,127	12,547,645	9,180,433	4,419,921	3,893,228	1,727,822	56,304,176
1941-42 ..	24,798,182	12,923,616	8,941,735	4,790,767	3,818,445	1,986,733	57,259,478
PER HEAD OF POPULATION.							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1937-38 ..	7 11 5	6 5 2	8 11 8	6 15 4	7 4 9	7 4 5	7 5 2
1938-39 ..	7 8 3	6 8 3	8 11 9	7 1 3	7 16 5	7 10 2	7 6 3
1939-40 ..	8 4 0	6 14 6	8 13 3	7 14 10	7 19 11	7 13 0	7 15 11
1940-41 ..	8 16 8	6 12 3	9 0 4	7 8 11	8 8 1	7 5 7	8 1 2
1941-42 ..	8 16 4	6 12 3	8 13 1	7 13 3	8 3 0	8 5 11	8 1 0

The total taxation collected by the Commonwealth and all States for the last five years is shown hereunder.

COMMONWEALTH AND ALL STATES TAXATION COLLECTIONS, 1937-38 to 1941-42.

Year.	Taxation by Commonwealth Government.	Taxation by all State Governments.	Total Taxation.
	£	£	£
1937-38 ..	69,048,485	49,692,793	118,741,278
1938-39 ..	74,036,899	50,529,392	124,566,291
1939-40 ..	90,010,663	54,386,671	144,397,334
1940-41 ..	125,383,522	56,304,176	181,687,698
1941-42 ..	179,435,345	57,259,478	236,694,823

TAXATION FOR FINANCIAL YEAR, 1942-43.

The Commonwealth Government's Uniform Income Taxation legislation provided for the Commonwealth to be the sole income taxing authority in Australia for the period of the war and twelve months thereafter, the States to receive grants from the Commonwealth based on the average of their income tax collections in 1939-40 and 1940-41.

Uniform Commonwealth Taxation.

As provided for under the States Grants (Income Tax Reimbursement) Act, the States will receive annually from the Commonwealth the following amounts: New South Wales £15,356,000, Victoria £6,517,000, Queensland £5,821,000, South Australia £2,361,000, Western Australia £2,546,000, and Tasmania £888,000.

This uniform taxation was first imposed on incomes derived during the year ended 30th June, 1942, at the rates as set out hereunder:—

INDIVIDUALS—RATE OF TAX.

PERSONAL EXERTION.		PROPERTY.	
Taxable Income.	Rate.	Taxable Income.	Rate.
£ 1- 200	On first £150, 8d. in £1 Exceeding £150, 8·12d. in £1 and increasing uniformly by ·12d. for each £1 in excess of £151	£ 1- 200	On first £150, 10d. in £1. Exceeding £150, 10·15d. in £1 and increasing uniformly by ·15d. for each £1 in excess of £151
201- 250	On first £200, 9·5d. in £1 Exceeding £200, 50·08d. in £1 and increasing uniformly by ·08d. for each £1 in excess of £201	201- 250	On first £200, 11·875d. in £1 Exceeding £200, 62·6d. in £1 and increasing uniformly by ·1d. for each £1 in excess of £201
251- 600	On first £250, 18·4d. in £1 Exceeding £250, 58·02d. in £1 and increasing uniformly by ·02d. for each £1 in excess of £251	251- 600	On first £250, 23d. in £1 Exceeding £250, 72·525d. in £1 and increasing uniformly by ·025d. for each £1 in excess of £251
600-2,500	On first £600, 45·5833d. in £1 Exceeding £600, 72·033d. in £1 and increasing uniformly by ·033d. for each £1 in excess of £601	601-2,100	On first £600, 56·9791d. in £1 Exceeding £600, 90·04125d. in £1 and increasing uniformly by ·04125d. for each £1 in excess of £601
2,501-4,000	On first £2,500, 113·312d. in £1 Exceeding £2,500, 198·006d. in £1 and increasing uniformly by ·006d. for each £1 in excess of £2,501	2,100 and over	On first £2,100, 124·7619d. in £1 Exceeding £2,100, 216d. in £1
4,001 and over	On first £4,000, 148·445d. in £1 Exceeding £4,000, 216d. in £1		

Where income is derived partly from personal exertion and partly from property, the rate of tax in respect of each class of income is the rate that would be applicable were the total income wholly derived from that source.

The statutory exemption was withdrawn, but tax was
Statutory Exemptions. not levied on individual incomes not exceeding £156.
 Where the net income is between £156 and £170, provision is made that the tax otherwise payable shall not exceed one-half of the excess over £156. Of individuals assessed to pay tax the minimum amount payable is ten shillings.

**Concessional
Deductions.**

The existing deductions for dependants, medical expenses, &c., life assurance and superannuation, rates on non-income producing property, &c., were withdrawn and replaced by rebates of tax. The rebates are calculated at the personal exertion rate appropriate to the taxpayers income, with a proviso that dependants' rebates shall not exceed defined limits.

**Exemption
Defence
Forces.**

Where the income of any member of the Defence Forces includes pay or allowances earned by him as a member of that force, the statutory exemption is £250. On incomes between £251 and £261, a deduction of £94 will be allowed. On incomes exceeding £261 the deduction of £94 will be diminished by £1 for every £1 by which the net income exceeds £251 (exemption thus vanishing after £354).

COMPANIES.

(a) For every pound of taxable income of a company, other than a life assurance company, the rate of tax is 72d. On the income of a life assurance company with respect of its life assurance business only, 60d. in £1. On income from other business 72d. in £1.

(b) In the case of companies, other than private companies, for every pound of that portion of the taxable income which has not been distributed as dividends and on which the company is liable under Part 3A of the Assessment Act to pay further tax, the rate of tax is 24d.

(c) In addition to the taxes payable under (a) and (b) above, there is payable, upon the taxable income in excess of £5,000 a super tax at the rate of 12d. for every pound by which the taxable income exceeds £5,000. This super tax does not apply to private companies; co-operative companies, wholly mutual life assurance companies and certain companies whose profits arise from commissions, fees and charges for services rendered.

(d) In addition to (a), the whole of the distributable income of private companies is subject to additional tax calculated by reference to the aggregate amount of tax which would have been payable by shareholders had the undistributed profits been actually distributed.

**War-Time
Company
Tax.**

This tax was imposed on the amount by which taxable profit exceeds a percentage standard of 5 per cent. ascertained by applying that percentage to the capital employed. The tax does not apply to companies mentioned in (c). Where the taxable profit of a company (other than a subsidiary company) is less than £1,000, no tax is payable.

PENSIONS AND GRATUITIES.

Pension and Superannuation Schemes in Force.

A statement of Pension and Superannuation schemes in force at 30th June, 1928, in the Public Services of Victoria, was published in the *Year-Book* for 1928-29, page 98.

Cost of Pensions and Gratuities.

During the year 1941-42, the Government expended a sum of £1,012,172 on pensions, gratuities, &c. Of this amount, £168,424 was spent on pensions of a non-contributory nature. 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 Government expenditure on pensions for each of the last five years.

VICTORIA—GOVERNMENT EXPENDITURE ON PENSIONS GRATUITIES, ETC., 1937-38 TO 1941-42.

Heading.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Non-contributory Pensions, &c.—					
Railways	123,292	113,922	103,649	92,110	84,354
Lunacy	388	107	104	104	104
Judges	2,250	2,250	1,611	2,250	2,250
Civil Service	7,863	6,720	6,013	4,443	3,521
Public Service					
Education Department } Officers transferred to Commonwealth Service	105,128	94,836	84,676	77,949	70,207
Various Allowances ..	11,000	9,000	9,668	8,500	6,700
Compensations and Gratuities	2,412	1,462	1,443	1,244	1,288
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Total Non-contributory Pensions, Gratuities, &c.	252,514	228,297	207,164	186,600	168,424
Police Superannuation Fund—					
Government Subsidy ..	85,093	74,169	70,534	63,934	56,160
Transferred from Licensing Fund (Act No. 3717)	23,000	23,000	23,000	23,000	23,000
Fines	8,864	11,290	12,252	12,777	15,088
Total	116,957	108,459	105,786	99,711	94,248
Police Pensions Fund ..	98,200	100,000	103,400	105,000	106,500
The Superannuation Fund—					
Railways	361,697	370,363	379,885	383,275	387,766
Other	222,022	233,259	244,831	250,263	255,234
Total	583,719	603,622	624,716	633,538	643,000
GRAND TOTAL ..	1,051,390	1,040,378	1,041,066	1,024,849	1,012,172

**Police
Super-
annuation
Fund.**

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 Police Force entitled to pensions; by transfers from the Licensing Fund under the provisions of Act No. 3717; and, should the foregoing sources prove insufficient, by a further grant in aid from the Consolidated Revenue.

During the year 1941-42 the total receipts of the fund amounted to £94,248, from Government Revenue, as shown in the preceding table. Payments out of the Fund amounted to £94,248, of which £93,795 was for pensions and £453 for gratuities.

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

**Police
Pensions Act
(No. 3316)
now included
in Act
No. 3750.**

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. The Police Regulation Act (No. 4592 of 1938) made several amendments regarding pensions and allowances. It provided:—(1) that the total amount of pension paid to any member of the force, appointed on and after the first day of January, 1939, shall be not more than £312 per annum; (2) for an amended scale of widows' and children's pensions and allowances; (3) for an increase in the rateable deduction from pay (by way of contribution towards superannuation) of members of the force to $4\frac{1}{2}$ per cent. per annum; and (4) that rateable deductions be returned in certain cases and that they be paid to personal relatives in certain other cases. The chief provisions of the principal Act were published in the *Year-Book* for 1928-29, page 100.

The receipts of the Police Pensions Fund (established under Act No. 3750) during 1941-42 amounted to £213,998, comprising:—Deductions from pay, £31,590; special appropriation, £106,500, and interest on investments, £75,908. During the year £38,250 was paid in pensions, and £4,602 represented deductions of pay returned. There was a balance of £2,161,944 at 30th June, 1942, of which £2,144,795 was invested.

**The Super-
annuation
Fund.**

On 24th November, 1925, legislation was enacted by the State Parliament making provision on a contributory basis for superannuation benefits for public servants and railway employees. Contributions of officers, amounts received from the Government, and income from investments are paid into the Superannuation Fund and benefits provided by the Act are paid

therefrom. Act No. 3782 of 1928 consolidated existing legislation regarding the Fund. Brief references to the more important amendments to that Act have been made in the *Year-Books* of 1928-29 and subsequent issues. Recent amending legislation relating to the Fund is contained in (1) *The Superannuation (Life Assurance Policies) Act* 1940, No. 4744, which extends the facilities regarding the transfer of life assurance policies under Section 60 of the *Superannuation Act* 1928 to policies taken out after 25th November, 1925, and to certain temporary employees, and (2) *The Superannuation Act* 1940, No. 4775, which repealed the *Superannuation Act* 1938, No. 4619, and, *inter alia*, amended the provisions of the Superannuation Acts relating to the number of units for which officers are to contribute and the rate payable for certain units.

During the year 1941-42, the receipts of the Superannuation Fund amounted to £1,319,148, consisting of contributions from officers, £428,842; from Consolidated Revenue, £640,784; under Act No. 4085, £155; interest on investments, £248,300; and other receipts, £1,067. The total payments from the Fund during the year were £859,827, and comprised pensions, £804,581; refund of contributions, £53,479; endowment assurances matured, £1,566; and other expenditure, £201. The balance in the Fund at 30th June, 1942, was £6,386,273, of which £6,384,743 was invested.

This fund does not receive contributions from the Government but is maintained by deductions from pilots' earnings and annual income derived from investment of moneys belonging to the fund which in 1941-42, amounted to £2,834, and £5,415 respectively. During the same period, £7,019 was expended on pensions.

**Port Phillip
Pilot Fund.**

EXPENDITURE ON EDUCATION.

During 1941-42, expenditure by and on behalf of the Education Department of Victoria, as published in the Report of the Minister of Public Instruction, together with the payment by the Treasury to the University (less that for Bacteriological Laboratory Services) totalled £3,490,464. This amount includes expenditure from loan moneys and the cost of pensions and gratuities, but excludes the

interest paid by the State on loans for educational purposes, particulars of which are not available. Comparative figures for each of the last five years were as follow:—

**VICTORIA—EXPENDITURE ON EDUCATION,
1937-38 TO 1941-42.**

Expenditure on—	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Education, Primary, Intermediate and Secondary—					
Primary (including Special Subjects) ..	2,000,444	2,002,353	2,023,560	1,971,294	1,966,892
Intermediate ..	108,523	113,573	123,679	127,013	130,520
Secondary ..	267,264	279,769	299,583	309,652	321,301
Buildings and Land ..	184,251	190,585	227,460	233,876	185,779
Technical Education—					
Junior and Senior Schools	350,792	372,031	394,198	401,770	423,732
Buildings and Land ..	83,033	96,844	65,855	34,984	69,743
Training of Teachers ..	15,722	16,185	16,722	18,210	33,329
Administration ..	83,881	76,662	77,899	77,725	82,106
Pensions ..	169,525	169,677	171,666	172,885	170,600
University—					
Special Appropriations, &c.* ..	70,800	67,300	73,300	76,500	98,500
Scholarships ..	6,520	7,280	6,910	7,610	7,962
Total* ..	3,340,755	3,392,259	3,480,832	3,431,519	3,490,464
Per head of Population ..	£ s. d. 1 15 11	£ s. d. 1 16 2	£ s. d. 1 16 10	£ s. d. 1 16 2	£ s. d. 1 15 9

* Excluding expenditure on Bacteriological Laboratory Services, viz.:—1937-38, £3,400; 1938-39, £3,400; 1939-40, £3,500; 1940-41 £4,000; and 1941-42, £4,000.

In addition to the expenditure shown in the preceding table, fees, donations, &c., amounting to £79,484 in 1937-38, £89,009 in 1938-39, £90,308 in 1939-40, £87,932 in 1940-41, and £91,520 in 1941-42 were retained and expended by the various technical school councils.

In the two following statements the expenditure shown has been confined to that relating to primary, intermediate, and secondary education in State Schools (i.e., excluding amount expended on technical education). No attempt has been made to apportion general expenditure items such as "Training of Teachers, Administration, &c." These items therefore are somewhat overstated.

VICTORIA—EXPENDITURE ON PRIMARY AND SECONDARY EDUCATION—STATE SCHOOLS (EXCLUDING TECHNICAL SCHOOLS). 1937-38 TO 1941-42.

Expenditure on—	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£
Education :—					
Primary—					
Day Schools, including Central Schools ..	1,940,748	1,935,834	1,952,772	1,899,765	1,892,209
Schools for Deaf Mutes and Blind and Feeble-minded Children ..	26,967	28,219	29,387	29,671	29,203
Subsidized Schools ..	107	138	116	107	64
Free Kindergarten Union ..	2,500	2,500	2,500	2,500	4,500
Special Subjects—					
Physical Training ..	4,562	8,810	10,378	10,179	9,946
Dressmaking and Needle-work ..	6,280	5,520	5,475	5,742	5,574
School Gardening and Plantations ..	2,018	2,098	2,639	2,668	2,618
Singing ..	1,852	3,007	4,087	4,206	4,652
Medical Inspection ..	14,997	16,227	16,206	16,455	18,126
Young Farmers' Clubs ..	413	..	..	..	..
Total Primary ..	2,000,444	2,002,353	2,023,560	1,971,293	1,966,892
Intermediate—					
Higher Elementary Schools ..	56,321	60,951	67,606	68,877	70,567
Evening Continuation Classes ..	283	465	436	52	..
Schools of Domestic Arts ..	51,914	52,157	55,637	58,084	59,953
Total Intermediate ..	108,523	113,573	123,679	127,013	130,520
Secondary*—					
High Schools ..	259,818	271,775	284,366	290,044	296,517
Scholarships ..	7,446	7,994	15,217	19,608	24,783
Total Secondary ..	267,264	279,769	299,583	309,652	321,300
Training of Teachers ..	15,722	16,185	16,722	18,210	33,329
Administration ..	83,381†	76,162	77,399	77,726	82,012
Buildings—					
Primary Schools ..	161,127	163,654	187,647	181,282	133,688
Primary Schools (expended by School Committees) ..	6,109	6,304	6,406	7,220	4,304
Rents ..	3,915	3,517	3,540	3,950	3,758
Higher Elementary Schools ..	2	11	..	110	2,145
Domestic Arts Schools, &c. ..	114	80	164	10	3,380
High Schools ..	12,984	17,019	29,703	41,304	13,335
Teachers' College ..	..	..	..	..	25,170
Total Buildings ..	184,251	190,585	227,460	233,876	185,780
Pensions ..	169,525	169,677	171,666	172,885	170,600
Grand Total ..	2,829,110	2,848,304	2,940,069	2,910,655	2,890,433

* Including Manual Training.

† Including £4,662 expenses in connexion with lessons to pupils on account of Pollomyelitis epidemic.

The following return summarizes the expenditure and revenue connected with primary and secondary education of the Victorian State Schools (excluding technical schools), and shows the cost per scholar in average attendance. Particulars are shown for each of the last five years:—

**VICTORIA—COST OF PRIMARY AND SECONDARY EDUCATION
—STATE SCHOOLS (EXCLUDING TECHNICAL SCHOOLS)
1937-38 TO 1941-42.**

Year.	Expenditure by and for the Education Department.*	Revenue of the Education Department.	Net Expenditure.	Number of Scholars—Average Attendance.†	Cost per attending Scholar to the State.
	£	£	£	No.	£ s. d.
1937-38 ..	2,829,110	63,464	2,765,646	175,502	15 15 2
1938-39 ..	2,848,304	56,946	2,791,358	182,695	15 5 7
1939-40 ..	2,940,069	66,494	2,873,575	181,212	15 17 2
1940-41 ..	2,910,655	62,914	2,847,741	178,634	15 18 10
1941-42 ..	2,890,433	65,033	2,825,400	178,691	15 16 3

* Excluding interest paid by the State on loans for educational purposes, particulars of which are not obtainable. † Excluding Junior and Senior Technical Schools.

**STATE GOVERNMENT, LOCAL GOVERNMENT, SEMI-GOVERNMENTAL AND OTHER PUBLIC BODIES—
REVENUE AND EXPENDITURE**

In the following statements ordinary revenue and expenditure and loan expenditure of the State Government, Local Government and certain semi-Governmental and other Public Bodies in Victoria, have been combined for each of the five years 1937 to 1941. Where a grant has been made by one authority to another, such grant has been excluded from both the revenue and expenditure of the recipient.

**VICTORIA—STATE GOVERNMENT, LOCAL GOVERNMENT,
SEMI-GOVERNMENTAL AND OTHER PUBLIC BODIES—
REVENUE AND EXPENDITURE, 1937 TO 1941.**

Heading.	Financial Year Ended in—				
	1937.	1938.	1939.	1940.	1941.
<i>Revenue.</i>	£	£	£	£	£
State Government	27,446,355	28,659,726	28,106,634	29,234,718	30,217,880
Local Government	6,835,371	7,062,492	6,723,604	7,333,164	7,421,307
Semi-Governmental and other Public Bodies—					
Water Supply and Sewerage	2,451,325	2,583,648	2,699,250	2,860,126	2,952,641
Irrigation	50,730	56,983	64,182	61,027	77,730
Harbours	937,160	973,739	926,703	929,846	887,521
Tramways	2,188,241	2,218,557	2,320,226	2,431,634	2,774,852
Electricity	3,760,429	4,011,183	4,141,892	4,376,929	4,724,056
Fire Brigades	109,202	125,463	123,758	152,618	131,199
Housing Commission .. ..	..	..	..	11,579	21,718
Grain Elevators Board .. ..	..	..	..	101,496	82,630
Western Metropolitan Market Trust .. ..	..	..	..	2,525	3,294
Total	43,778,813	45,691,791	45,106,249	47,495,662	49,294,828

VICTORIA—STATE GOVERNMENT, LOCAL GOVERNMENT, SEMI-
GOVERNMENTAL AND OTHER PUBLIC BODIES—REVENUE AND
EXPENDITURE, 1937 TO 1941—*continued.*

Heading.	Financial Year Ended in—				
	1937.	1938.	1939.	1940.	1941.
	£	£	£	£	£
<i>Ordinary Expenditure.</i>					
State Government	27,417,432	28,628,781	28,893,876	29,228,457	30,075,580
Local Government	6,777,738	7,050,672	6,809,595	7,280,502	7,149,666
Semi-Governmental and Other Public Bodies—					
Water Supply and Sewerage	2,384,769	2,503,603	2,576,724	2,827,678	2,879,325
Irrigation	44,471	62,221	85,260	41,580	72,548
Harbours	919,641	966,038	921,062	916,913	867,993
Tramways	2,187,145	2,286,581	2,318,540	2,440,227	2,783,284
Electricity	3,721,528	3,957,354	4,020,992	4,250,416	4,563,376
Fire Brigades	128,148	118,766	121,353	149,086	130,450
Housing Commission .. ..	..	..	..	35,293	55,524
Grain Elevators Board .. ..	..	..	..	89,882	105,248
Western Metropolitan Market Trust .. ..	..	..	..	3,410	3,585
Total	43,580,872	45,574,016	45,747,402	47,263,444	48,686,579
<i>Loan Expenditure.</i>					
State Government	3,303,501	3,230,451	3,998,531	3,962,647	2,734,442
Local Government	842,832	1,057,925	1,105,604	754,386	486,231
Semi-Governmental and Other Public Bodies—					
Water Supply and Sewerage	635,180	813,071	854,685	1,246,246	964,575
Irrigation	35,000	16,175	..	..	4,500
Harbours	90,794	115,579	189,038	185,347	257,803
Tramways	376,611	199,576	203,437	293,622	135,345
Electricity .. ..	..	700,000	330,415	1,252,285	321,865
Fire Brigades	268	8,073	45,342	28,380	39,908
Housing Commission .. ..	..	..	..	261,714	430,854
Grain Elevators Board .. ..	..	..	101,240	220,682	55,505
Total	5,284,186	6,140,850	6,828,292	8,205,309	5,431,023

PUBLIC DEBT.

The following statement shows the result of loan transactions, including Treasury Bonds in aid of revenue, to 30th June, 1942 :—

LOANS RAISED AND REDEEMED TO 30TH JUNE, 1942.

		£
Cash received		898,003,671
Discount and expenses after deducting premiums		5,834,341
Securities issued		903,838,012
Add liability to Commonwealth for Treasury Bills issued for revenue purposes		305,000
		904,143,012
Loans redeemed by—	£	
Renewal Loans	686,944,027	
National Debt Sinking Fund	13,174,999	
Other Funds	24,062,803	
Discount (securities purchased under par)	83,739	
Liability transferred to Commonwealth Government Act No. 4246	2,160,960	
	726,426,528	
Loans outstanding at 30th June, 1942		177,716,484

It will be seen that, upon the transactions to 30th June, 1942, securities representing £903,838,012 were issued, and that the amount of cash received was £898,003,671. The State thus received £99 7s. 1d. in cash for every £100 bond given.

The following table gives particulars relating to the loans floated. loans raised in London, New York, and Melbourne, and shows the amounts which were outstanding at 30th June, 1942 :—

VICTORIA—LOANS FLOATED TO 30TH JUNE, 1942.

Heading.	Nominal Amount Raised (Amount for which Securities have been Issued).	Loans Paid off (including Renewal Loans).	Debt Outstanding at 30th June, 1942.		
			Inscribed Stock.	Debentures, &c.	Total.
	£	£	£	£	£
London Register ..	391,968,135*	325,418,804	28,164,284	38,385,047	66,549,331
Melbourne Register ..	511,869,877	401,007,724	109,872,074	990,079	110,862,153
Total	903,838,012	726,426,528	138,036,358	39,375,126	177,411,484
Add Liability to Commonwealth for Treasury Bills issued for revenue purposes ..					305,000
Total Public Debt at 30th June, 1942					177,716,484†

* Including loans raised in New York through the Commonwealth Government amounting to £5,095,366.

† Including £4,498,878 raised in New York through the Commonwealth Government.

Due Dates of Loans. Particulars concerning the due dates of loans outstanding at 30th June, 1942, are given in the following table. Where the Government had the option of redemption during a specified period, the loans have been classified according to the latest date of maturity.

DUE DATES OF VICTORIAN LOANS AT 30TH JUNE, 1942.

Due Date (Financial Year).	Repayable in London.	Repayable in Australia.	Total.
	£	£	£
1942-43	5,884,825	4,871,995	10,756,820
1943-44 .. .. .	..	11,312,490	11,312,490
1944-45	635,466	10,584,717	11,220,183
1945-46 .. .. .	..	4,247,610	4,247,610
1946-47 .. .. .	..	5,024,391	5,024,391
1947-48 .. .. .	..	4,467,995	4,467,995
1948-49	12,022,295	4,673,790	16,696,085
1949-50	6,055,545	3,414,772	9,470,317
1950-51 .. .. .	..	4,112,108	4,112,108
1951-52 .. .. .	..	3,795,980	3,795,980
1953-54 .. .. .	..	4,039,194	4,039,194
1954-55 .. .. .	..	8,923,710	8,923,710
1955-56	2,624,319*	8,808,268	11,432,587
1956-57 .. .. .	..	4,667,030	4,667,030
1957-58	1,874,559*	15,238,024	17,112,583
1958-59	13,553,800	1,480,910	15,034,710
1959-60	2,902,116	3,861,216	6,763,332
1960-61	650,075	..	650,075
1961-62 .. .. .	..	3,889,368	3,889,368
1966-67	5,913,200	..	5,913,200
1975-76	14,433,131	..	14,433,131
Not yet fixed .. .. .	..	3,448,585	3,448,585
Liability to Commonwealth for Treasury Bills issued for revenue purposes .. .. .	..	305,000	305,000
Total	66,549,331	111,167,153	177,716,484

* Raised in New York by the Commonwealth Government, but repayable by State Treasurer to Agent-General in London.

In the succeeding statement of the Public Debt of Victoria at various dates, loans repayable outside Australia and the annual interest payable thereon are shown separately. Particulars relating to New York loans are included as indicated in the note to the statement.

In the subsequent statements "interest payable" does not include the cost of paying interest overseas. Particulars of exchange paid in each of the last five years are shown on page 322.

During 1931-32, the conversion of Victoria's portion of the internal debt of the Commonwealth and States of Australia was effected as provided for by the Debt Conversion Agreement Acts (Nos. 1 and 2) of 1931. The conversion was based on a reduction of 22½ per cent. of the interest rates payable on existing securities.

VICTORIA—PUBLIC DEBT AND INTEREST PAYABLE THEREON IN LONDON AND AUSTRALIA, 1900 TO 1942.

At 30th June—	Amount of Loans Repayable in—		Annual Interest Payable in—	
	London.*	Australia.	London.	Australia.
	£	£	£	£
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
1920 ..	42,406,040	45,241,699	1,637,615	1,902,108
1925 ..	51,869,204	79,300,361	2,319,486	3,999,635
1930 ..	68,750,235	93,538,759	3,225,754	4,831,371
1931 ..	68,976,946	98,039,650	3,157,330	5,088,867
1932 ..	68,707,872	101,126,092	3,144,480	3,990,364
1933 ..	68,059,626	103,339,405	3,010,355	3,978,515
1934 ..	67,843,364	107,289,385	2,677,474	4,080,640
1935 ..	67,638,378	106,522,285	2,651,050	3,930,414
1936 ..	67,457,682	107,600,603	2,627,847	3,973,528
1937 ..	67,380,647	109,216,363	2,639,829	4,038,557
1938 ..	67,207,012	110,021,483	2,633,504	4,085,272
1939 ..	66,996,833	112,701,285	2,624,562	4,182,747
1940 ..	66,963,733	113,586,235	2,623,176	4,274,672
1941 ..	66,963,733	114,255,455	2,623,176	4,274,582
1942 ..	66,549,331	111,167,153	2,536,829	4,040,566

* Loans raised in New York by the Commonwealth Government, are included as follows:—(At 30th June) 1930 and 1931, £4,658,461; 1932, £4,648,084; 1933, £4,615,021; 1934, £4,592,459; 1935, £4,569,473; 1936, £4,547,877; 1937, £4,530,842; 1938, £4,517,207; 1939, 1940, 1941, and 1942, £4,498,878.

**Rates of
Interest on
Public Debt.**

The conversion of Victoria's portion of the internal debt of the Commonwealth and States mentioned on the previous page effected a reduction of 22½ per cent. per annum of the interest rates payable on existing securities. The appended table shows the rates of interest which were payable on the public debt at 30th June, 1942, and the portions of the debt at each rate in London and Australia respectively :—

**VICTORIA—RATES OF INTEREST ON PUBLIC DEBT AT
30TH JUNE, 1942.**

Rate of Interest.	Amount Repayable in—		
	London.	Australia.	Total.
Per cent.	£	£	£
5	18,171,173*	..	18,171,173
4½	760,836†	..	760,836
4	2,902,116	33,137,410	36,039,526
£3 19s. 2d. .. .. .	..	4,061,000	4,061,000
£3 19s. 1d. .. .. .	..	1,875,750	1,875,750
3½ .. .. .	..	17,152,990	17,152,990
£3 15s. 10d. .. .. .	..	6,370,000	6,370,000
3¼	6,852,149	8,903,055	15,755,204
3⅝ .. .. .	..	908,550	908,550
3½	25,522,545	4,637,140	30,159,685
£3 9s. 9d. .. .. .	..	500	500
3⅜ .. .. .	..	3,737,540	3,737,540
3¼	650,075	18,964,991	19,615,066
3⅛ .. .. .	..	1,000	1,000
£3 2s. .. .. .	..	322,549	322,549
3	5,805,612	2,784,329	8,589,941
2¾ .. .. .	..	1,959,930	1,959,930
£2 14s. 3d. .. .. .	..	242,945	242,945
2½ .. .. .	..	5,024,391	5,024,391
£2 6s. 6d. .. .. .	..	778,083	778,083
£2¼	5,884,825	..	5,884,825
Not fixed .. .. .	..	305,000	305,000
Total	66,549,331	111,167,153	177,716,484
Average rate of interest	3.81	3.63	3.70

* Including £3,738,042 raised in New York by the Commonwealth Government.

† Raised in New York by the Commonwealth Government.

**Growth of
Public Debt.**

The growth of the public debt of Victoria since the establishment of responsible government in 1855 is illustrated in the following statement. There was a noticeable increase in the debt between 1918-19 and 1927-28 when it rose from £82,031,929 in the former to £158,183,470 in the latter year.

During 1928-29, the amount at credit of the State Redemption and Sinking Funds—£5,540,369—was applied to the liquidation of the public debt, and in 1934-35, the debt was decreased by the transfer of a liability amounting to £2,160,960 from the State to the Commonwealth Government under Act No. 4246. From £174,160,663 at 30th June, 1935—the first occasion on which the debt was less than that of the immediately preceding year—the public debt increased steadily until it reached the amount of £181,219,188 at 30th June, 1941. During 1941-42 the public debt again decreased to £177,716,484.

VICTORIA—GROWTH OF PUBLIC DEBT AND INTEREST,
1855 TO 1941-42.

Financial Year ending in—	Loans Outstanding.			Amount per Head of Population.	
	Amount.	Annual Interests 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
1925 ..	131,169,565	6,319,121	4·82	78 9 11	3 16 3
1930 ..	162,288,994	8,057,125	4·96	90 18 7	4 10 7
1931 ..	167,016,596	8,246,197	4·94	92 16 2	4 12 0
1932 ..	169,833,964	7,134,844	4·20	93 18 9	3 19 1
1933 ..	171,399,031	6,988,870	4·08	94 3 2	3 17 0
1934 ..	175,132,749	6,758,114	3·86	95 16 6	3 14 1
1935 ..	174,160,663	6,581,464	3·78	94 15 2	3 11 8
1936 ..	175,058,285	6,601,375	3·77	94 15 9	3 11 6
1937 ..	176,597,010	6,678,386	3·78	95 3 4	3 12 0
1938 ..	177,228,495	6,718,776	3·79	94 18 6	3 11 11
1939 ..	179,698,118	6,807,309	3·79	95 10 3	3 12 4
1940 ..	180,549,968	6,897,848	3·82	94 16 6	3 12 5
1941 ..	181,219,188	6,897,758	3·81	93 9 1	3 11 2
1942 ..	177,716,484	6,577,395	3·70	90 5 4	3 6 10

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

The following table shows the capital liability of the State at 30th June, 1942, in respect of its public works and services. The apportionment of the State's equity in the National Debt Sinking Fund is also shown.

VICTORIA—SUMMARY OF CAPITAL LIABILITY UNDER THE VARIOUS WORKS AND SERVICES, TOGETHER WITH THE APPORTIONMENT OF THE STATE'S EQUITY IN THE NATIONAL DEBT SINKING FUND AT 30TH JUNE, 1942.

Works or Services.	Liability.	Deduction on Account of National Debt Sinking Fund.	Net Liability.
	£	£	£
Railways*—			
As reduced	49,257,698	3,524,934	45,732,764
Transferred	30,019,509	2,238,508	27,781,001
Country Waterworks ..	28,290,348	2,031,261	26,259,087
Electricity Supply	18,183,348	1,351,435	16,831,913
Land Settlement	32,219,623	2,573,805	29,645,818
Grain Elevators Board ..	661,612	15,456	646,156
Housing Commission ..	1,202,194	18,379	1,183,815
Country Roads	10,097,097	891,447	9,205,650
Public Works, Buildings, &c. . .	5,087,114	346,377	4,740,737
Forests	1,381,495	49,963	1,331,532
Unemployment Relief ..	12,520,542	429,198	12,091,344
In Aid of Revenue	990,079	165,818	824,261
Treasury Bills in aid of Revenue current at 30th June, 1942 ..	189,910,659	13,636,581	176,274,078
	305,000	231,901	73,099
Total	190,215,659	13,868,482	176,347,177

* The Railways (Finances Adjustment) Act No. 4429 provided for the reduction of railway loan liability by the sum of £30,000,000 on 1st July, 1937, and for the transfer of that amount to the "Reduction of Railway Loan Liability Account."

A reconciliation between the Public Debt at 30th June, 1942, and the net liability shown on previous page is given hereunder:—

				£
Public Debt at 30th June, 1942..	..	..	..	177,716,484
				£
Deduct Cash at Credit of National Debt				
Sinking Fund ..	..	..	..	693,483
Deduct Repayments to State Loans				
Repayment Fund ..	..	..	..	10,319,569
				11,013,052
				166,703,432
Add Expenditure from the State Loans				
Repayment Fund ..	..	..	..	9,643,745
				176,347,177

In addition to the ordinary expenditure from revenue, certain sums are disbursed annually for various purposes from Loans and on account of Loan Funds. The figures in the following table include all such expenditure, 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 30th June, 1942.

VICTORIA—EXPENDITURE FROM LOAN FUNDS AND ON ACCOUNT OF LOANS.

Expenditure on—	Expenditure during the Year.				Total to 30th June, 1942.
	1938-39.	1939-40.	1940-41.	1941-42.	
	£	£	£	£	£
Public Works—					
Railways*—					
As reduced ..	354,259	865,500	641,845	740,271	49,101,395
Transferred ..	..	..	..	..	29,134,658
Country Roads ..	58,026	6,362	1,179	2,570	12,201,761
Bridges ..	..	..	..	..	443,438
Harbours and Rivers ..	..	..	..	..	1,404,535
Water Supply—					
Country ..	582,327	426,825	471,369	274,845	28,436,636
Metropolitan ..	..	..	..	..	3,142,577
Sewerage (Country) ..	..	..	..	..	217,784
Electricity Supply ..	..	..	..	..	17,839,227

* Reduced under the authority of Act No. 4429 of 1936.

VICTORIA—EXPENDITURE FROM LOAN FUNDS AND ON ACCOUNT OF
LOANS—*continued.*

Expenditure on—	Expenditure during the Year—				Total to 30th June 1942.
	1938-39.	1939-40.	1940-41.	1941-42.	
<i>Public Works—continued.</i>	£	£	£	£	£
Public Buildings—					
Schools	168,410	169,965	147,219	131,636	5,927,534
Hospitals	3,545	65,134	175,638	247,391	686,637
Other	28,931	35,717	102,456	63,487	1,390,655
Other Public Works	3,127	..	..	..	702,989
Immigration ..	..	..	..	..	20,000
Municipal Endowment	..	..	..	..	698,250
Municipalities, Loans, Grants, &c. ..	..	..	..	..	928,127
Housing	150,000	270,000	250,000	..	1,190,000
Unemployment Relief	1,308,719	1,560,346	589,820	104,897	13,123,464
<i>Primary Production—</i>					
Land Settlement* ..	15,395	1,140	245	..	41,570,934
Wire Netting Advances	15,235	12,325	5,065	1,008	879,645
Agriculture .. ..	..	..	..	..	150,682
Settlers Advances					
Cultivation	134,715	100,842	3,191	917	2,405,564
Other .. ..	..	..	..	..	80,633
Bulk Handling of					
Wheat	350,000	300,000	..	..	1,000,000
Forestry	45,842	116,341	278,742	285,827	1,462,721
Mining, N.E.I. ..	..	..	..	..	271,022
Mining—State Coal Mine .. ..	..	23,910	25,052	15,560	313,921
Primary Products— Advances to Coys.	..	..	..	..	331,101
Cool Stores—Advances to Coys. .. ..	..	..	35,000	..	613,299
Other Primary Pro- duction .. ..	..	..	..	..	152,862
Other Purposes ..	..	8,240	7,621	2,379	360,950
Total Works Expenditure	3,218,531	3,962,647	2,734,442	1,870,788	216,183,001
In Aid of Revenue ..	780,000	..	..	..	4,863,682
Grant Total	3,998,531	3,962,647	2,734,442	1,870,788	221,046,683

* Land Settlement—Closer Settlement and Discharged Soldiers' Settlement Fund abolished during 1938-39.

The figures in the foregoing table are "Net" in as much as they exclude discounts and flotation expenses, particulars of which are as follow:—1938-39, £72,362; 1939-40, £19,667; 1940-41, £15,350; 1941-42, £63,742 and aggregate to 30th June, 1942, £5,834,341.

Of the proceeds of loans and temporary advances outstanding at 30th June, 1942, sums not yet expended amounted in the aggregate to £124,248, of which £54,077, was for Country Water Supply, £3,485 for Land Settlement, £59,720 for Public Works, Buildings, &c., and £6,966 for State Forests.

The amounts of interest and expenses paid on the Public Debt of Victoria during each of the last five financial years are shown in the next table:—

VICTORIA—INTEREST AND EXPENSES OF PUBLIC DEBT,
1937-38 TO 1941-42.

Year Ended 30th June.	Interest Paid on Loans in—		Interest Paid on Temporary Loans.	Commission on Payment of Interest in London, Expenses of Conversion Loans, etc.	Exchange on Payment of Interest in London.†	Total‡.
	London.*	Melbourne.				
	£	£	£	£	£	£
1938 ..	2,637,607	3,962,022	6,982	45,459	657,819	7,309,889
1939 ..	2,636,406	4,003,902	12,934	46,253	668,899	7,368,394
1940 ..	2,624,861	4,119,806	23,317	45,855	700,005	7,513,844
1941 ..	2,623,177	4,173,890	17,303	66,660	719,066	7,600,096
1942 ..	2,626,816	4,127,855	16,731	230,784	719,597	7,721,783

* Includes Interest paid on Loans in New York: 1937-38, £222,916; 1938-39, £222,310; 1939-40, £221,140; 1940-41, £221,140; 1941-42, £221,140.

† Includes Exchange paid in respect of Loans raised in New York: 1937-38, £49,921; 1938-39, £61,391; 1939-40, £94,448; 1940-41, £113,844; 1941-42, £113,461.

‡ Includes £2,127,159 contributed each year by the Commonwealth in accordance with the provisions of the "Financial Agreement."

NATIONAL DEBT SINKING FUND.

The National Debt Sinking Fund was established under the provisions of the *Commonwealth and States Financial Agreement Act 1927* (No. 3554). The following table gives particulars of the receipts and disbursements during 1941-42 :—

		£
Balance at credit of Victoria at 30th June, 1941	.. ..	937,039
Contributions during 1941-42—		£
By Commonwealth under Financial Agreement	.. 306,046	
” ” ” Federal Aid Roads Act	.. 7,457	
” State under Financial Agreement	.. 1,092,110	
		1,405,613
Interest received .. .. .	.. ..	10,015
		2,352,667
Cancellation of securities to the value of £1,535,672	.. ..	1,659,184
		693,483
Balance at credit of the State at 30th June, 1942	.. ..	13,174,999
Face value of securities cancelled to 30th June, 1942	.. ..	13,868,482
		13,868,482

TRUST FUNDS.

At 30th June, 1942, the liability of the Treasurer on account of moneys lodged for investment and for securities and other lodgments amounted to £12,173,480. Investments in Australian Consolidated Inscribed Stock and other securities amounted to £3,994,119, and cash advances totalled £7,733,561. The balance—£445,800—was at the credit of the Public Account.

PUBLIC DEBT OF AUSTRALIA.

The public debts of the six Australian States aggregated £910,677,912 at 30th June, 1942. Details of the indebtedness in respect of each State are shown hereunder. 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.

PUBLIC DEBTS OF AUSTRALIAN STATES AT 30TH JUNE, 1942.

Heading.	Victoria.*	New South Wales.	Queensland.	South Australia.	Western Australia.	Tasmania.
Public Debt	£ 177,716,484	£ 366,502,819	£ 131,171,752	£ 109,190,225	£ 97,359,244	£ 28,737,388
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Debt per head of population at 30th June, 1942	90 5 4	129 8 1	127 12 2	178 13 6	206 16 8	119 10 8

* Including liability to Commonwealth for Treasury Bills issued for Revenue purposes, £305,000.

The public debt of the Commonwealth exclusive of **Commonwealth Public Debt** loans raised on behalf of the States but including debts on account of the Port Augusta-Oodnadatta Railway and the Northern Territory, amounted to £718,150,848 at 30th June, 1942.

The total public debt of Australia—Commonwealth and **Commonwealth and States Public Debt** States— at the above date was £1,628,828,760, of which £1,032,959,959 was payable in Australia, £554,175,695 in London, and £41,693,106 in New York. The loan liability of the Australian public at 30th June, 1942, averaged £227 Os. 9d. per head of population.