

FINANCE.

Commonwealth and State Financial Relations. Early in 1901 the Customs, Post and Telegraph, and Defence Departments were transferred to the Commonwealth Government, and in return the State received at least three-fourths of the net revenue in Victoria from Customs and Excise duties. Since 1st January, 1911, the payments to the State by the Commonwealth Government have been computed on the basis of a fixed payment of 25s. per head of the population, and the amounts received appear hereafter in the statement of State Revenue as "Commonwealth Subsidy."

As a result of conferences of the Commonwealth and State Ministers held in Melbourne and Sydney in June and July, 1927, an agreement was reached whereby the last mentioned payments ceased on 30th June, 1927. From the latter date, the following financial arrangements have been provided for:—

- (a) The Commonwealth shall take over on 1st July, 1929, the whole of the public debts of the States existing on 30th June, 1927, and shall contribute £7,584,912 a year (Victoria's share, £2,127,159) for 58 years towards the interest charges thereon.
- (b) The Commonwealth shall contribute 2s. 6d. per cent. per year and the States 5s. per cent. per year towards a sinking fund to extinguish existing debts in 58 years.
- (c) The Commonwealth shall contribute 5s. per cent. per year and the States 5s. per cent. per year towards a sinking fund to extinguish all future loans of the States raised after 1st July, 1927, within 53 years from the date of raising.
- (d) The Commonwealth shall arrange all future borrowing on behalf of Commonwealth and States according to the decisions of the Loan Council, which shall be composed of representatives of Commonwealth and all State Governments.
- (e) The Commonwealth, in full payment for transferred properties, shall take over State debts bearing interest at 5 per cent. per annum, amounting to the agreed value of the transferred properties—£11,036,000 (Victoria's quota, £2,302,862).

Pending an alteration of the Constitution of the Commonwealth, a temporary agreement embodying the above features for the period 1st July, 1927, to 30th June, 1929, was ratified by the Victorian Parliament (see Act No. 3554, passed 30th December, 1927).

Under the Constitution Act the revenues of the State are payable into Consolidated Revenue, but certain of these revenues have been hypothecated by various Acts of Parliament for specified purposes, and are payable into special accounts or funds kept at the State Treasury. Apart from these special funds (shown below) the financial transactions are concerned with one or other of three Funds, viz.:—(a) Consolidated Revenue Fund, (b) Trust Funds, and (c) Loan Funds. The Treasurer's Finance Statement of revenue and expenditure relates to the Consolidated Revenue Fund, but in the succeeding tables the public revenue of certain special funds or accounts is included. Payments from Consolidated Revenue are made either under the authority of an Annual Appropriation Act passed by the Legislature, or by a permanent appropriation under a Special Act. The special appropriations represent services such as interest on the public debt, contributions to the redemption funds, the salaries of the Governor, the Judges and some other officials, State pensions, endowments to municipalities, etc. The expenditure under special appropriations during the year 1926-27 amounted to £8,624,909.

Below is given a concise statement of the chief special funds kept at the Treasury, with the exception of Redemption and Sinking Funds as shown on page 105 *et seq.* :—

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

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

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

Fund.	Act No.	Remarks.
The Discharged Soldiers Settlement Fund	2916	Functions similarly to the Closer Settlements Fund except that it relates to settlement of discharged soldiers.
The Discharged Soldiers Concessions Fund	2988	Established to meet concessions granted under the Discharged Soldiers Settlement Acts. The soldiers are allowed to occupy land for the first three years free of charge, and interest at the rate of 5 per cent. only is charged on the cost of the land and advances, the Government having raised loans for the purposes of the Acts at a higher rate. The cost of the concessions is made good to the Discharged Soldiers Settlement Fund by proceeds of loans raised by the Government, and these loans are redeemed by payments from the Concessions Fund. The State Government contributes annually the sum of £75,000 to the Fund, and the Commonwealth Government, for a period of five years in each instance, pays annually to the Fund an amount equal to $2\frac{1}{2}$ per cent. on loan moneys made available by it to the State for Discharged Soldiers Settlement.
The Country Roads Board Fund	2635	<p>Established for the maintenance of main roads. This account is credited with all moneys paid to the Treasurer by any municipality in respect of permanent works and the maintenance of main roads; amounts received by the Board under the provisions of the Country Roads Act; annual Government subsidy of £10,000; all fees and fines, less the cost of collection, paid under the <i>Motor Car Act 1915</i>; fees, less the cost of collection, received by the Crown in respect of unused roads and water frontages under part 39 of the <i>Local Government Act 1915</i>, and all moneys which, as provided by Sections 481 and 485 of the said Act, are to be paid into the said Fund; and fees paid on the registration or renewal of registration of traction engines. The money to the credit of the Fund is applied as follows:—</p> <p>(a) 6 per cent. per annum on the amount due by the municipalities in respect of permanent works is applied in payment of interest on half the amount borrowed under the provisions of the Country Roads Act at the rate of $4\frac{1}{2}$ per cent. per annum; the balance being paid into a Sinking Fund until half the amount borrowed is paid off.</p> <p>(b) The balance, after the payment of the said 6 per cent., is applied in payment of the cost of maintenance of main roads, and in payment of any liabilities incurred by the Board under the provisions of the Act.</p>

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

Fund.	Act No.	Remarks.
Developmental Railways Account	2640	Established for the construction of developmental railways. The chief source of revenue is the proceeds of the sale of lands by auction, exclusive of Mallee lands, and interest paid by municipalities under the Developmental Roads Act 2944. The Fund is required to pay the interest on the liability under the last-named Act.
Licensing Fund	2683 and various amendments	Is controlled by the Licences Reduction Board. All the State licence fees in connexion with the sale and manufacture of liquor, together with Court fees, fines, and forfeitures under the Licensing Act, constitute the revenue. The expenditure consists of:— (a) The administration expenses of the Board; (b) Allowances to and expenses of Licensing Inspectors, Licensing Prosecutions, and Clerks of Licensing Courts; (c) Compensation for licences taken away or surrendered; (d) Annual statutory payments to specified municipalities; and (e) Annual transfer of £23,000 to the Police Superannuation Fund. The 1922 Act provides for an annual increment in the Fund of £20,000. Any surplus over and above this increment is transferred on 30th June to Consolidated Revenue.
Police Superannuation Fund	2709	Established to pay superannuation allowances and gratuities, &c., to members of the Police Force who joined it prior to 25th November, 1902. The revenue consists of an annual subsidy of £2,000, an annual transfer of £23,000 from the Licensing Fund, a deduction of 2½ per cent. from the pay of members, and 50 per cent. of the fines inflicted in Courts of Petty Sessions; should the foregoing prove insufficient, the deficiency is provided from Consolidated Revenue. In 1926-27 the amount so provided was £72,000.
Police Pensions Fund	3316	Established to provide pensions, &c., for all members of the Police Force not already entitled to them, i.e., those who joined it after 25th November, 1902. The revenue is derived from an annual payment of £50,000 from Consolidated Revenue, a deduction of 2½ per cent. from the pay of members, interest on surplus moneys invested, and such additional sum as may be paid into the Fund from Consolidated Revenue to ensure its solvency.

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

Fund.	Act No.	Remarks.
The Super- annuation Fund	3408	Established to make provision for superannuation benefits on a contributory basis from 1st January, 1926, for State public servants and railway employees (see page 85).
The Port Phillip Pilot Sick and Superannua- tion Fund	2688	Established to provide pensions for pilots. It is maintained by deductions from pilots' earnings and the annual income derived from investment of the moneys belonging to the Fund. There is no contribution from the Government.
The State Acci- dent Insurance Fund	2496	Receives and disburses all moneys (including expenses of administration) on account of the State Accident Insurance Office, which conducts Workers' Compensation Insurance. The General Reserve is invested in Victorian Stock.
Mallee Land Account	2676 and amend- ments	The revenue of this Fund is derived from land sales, rents, &c., in the Mallee. The total revenue could only be used for redemption of Victorian Stock or Debentures, prior to 1st July, 1927. Since the latter date, provision has been made for the payment of all receipts towards the State's contribution to the National Debt Sinking Fund.
The Railway Accident and Fire Insurance Fund	2716	This Fund was established as a reserve to meet the cost incurred by the Railways Department in connexion with :—(a) The injury or death of any person by reason of an accident due to the neglect or default of the Department ; (b) Compensation to employees injured on duty ; (c) Damage to property by fire ; and (d) Damage to or loss of goods while in the possession of the Department for transportation. The Fund is regularly credited with an amount equal to ten shillings per centum of the Railway Revenue, subject to the condition that the amount at the credit of the Fund shall not exceed £100,000.
Metropolitan Roads Fund	3378	Established to receive the additional fees paid by motor omnibuses, as well as all moneys (less cost of collection) received by the licensing authority, under the provisions of the <i>Motor Omnibus Act</i> 1925. Moneys standing to the credit of the fund shall be allocated and paid to the several municipalities wherein the motor omnibuses are used, and shall be applied by the councils of those municipalities towards the construction, renewals, &c., of the streets or roads.

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

Fund.	Act No.	Remarks.
The Forestry Fund	2976	Established for the improvement and re-forestation of State Forests and for the development of forestry. The State Government contributes annually the sum of £40,000 to the fund, in addition it contributes annually a sum equal to one-half of the gross amount of forest revenue in excess of £80,000.
Cattle Compensation Fund	3365	This fund was established for the purpose of paying compensation, in accordance with the Cattle Compensation Act, to owners of cattle destroyed by the order of any authorized stock inspector. The fund is credited with all sums received by or for the Comptroller of Stamps in respect of stamp duty on statements under this Act, and all penalties recovered under the Act.
Swine Compensation Fund	3523	Functions similarly to the Cattle Compensation Fund except that it relates to payment of compensation to owners of swine destroyed by the order of any authorized stock inspector.

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

A summary of the transactions for the financial year 1926-27 in the Consolidated Revenue Fund and in the special funds referred to above gives the following result:—

	£	£.
Revenue deficit at 30th June, 1926 .. ..	.. ..	977,505
Revenue, 1926-27	27,128,700	
Expenditure, 1926-27	27,744,903	
Deficit for the year .. ..	.. ..	616,203
Revenue deficit at 30th June, 1927 .. ..	.. ..	1,593,708

The Revenue and Expenditure Account is a statement of cash transactions, the revenue representing actual receipts less refunds, and the expenditure actual payments made during the year. The accumulated revenue deficiency had its beginning in the year 1890-91, when it amounted to £206,843, and in the course of the next five years it was added to year by year, until it reached its greatest magnitude (£2,711,436) on 30th June, 1896. On 30th June, 1914, the amount was £251,652, but by the 30th June, 1916, it was increased to £1,642,091. This deficiency has since been steadily reduced each year to £687,678 on 31st December, 1925. As the transactions during each of the years 1925-26 and 1926-27 resulted in deficits of £289,827 and £616,203 respectively, the accumulated revenue deficiency was increased to £1,593,708. An Act (No. 3341), passed on 21st May, 1924, provides for a yearly appropriation of at least £25,000 from revenue towards the reduction of the deficit, and by section 13 of the same Act the excess of receipts over expenditure for any financial year is also applied thereto by the following 31st December.

The differences between the amounts of revenue and expenditure shown above and those given in the Treasurer's Finance Statement arise from the use of a different method of classification for statistical purposes. The public revenue of certain special funds is added to the Consolidated Revenue—an equivalent amount being entered as expenditure. The particulars for 1926-27 are as follows:—

Items.	Public Revenue.	Public Expenditure.
	£	£
Total according to Treasurer's Finance Statement ..	26,377,928	27,019,131
<i>Add public revenue of the following funds—</i>		
Mallee Land Account—appropriated to Loan		
Redemption purposes	105,954	105,954
Country Roads Board Fund*	798,581	798,581
Licensing Fund†	206,575	206,575
Police Superannuation Fund	15,106	15,106
Assurance Fund	3,107	3,107
Cattle Compensation Fund	21,895	21,895
Metropolitan Roads Fund	8,484	8,484
<i>Deduct—</i>		
Appropriation to reduction of deficit		25,000
Loss on non-paying railways	217,930	217,930
Payment to Railways Department on account of reduced Freight Charges	191,000	191,000
Total	27,128,700	27,744,903

* Excluding £20,000 transferred to Revenue under Section 5 of Act No. 3425.

† Excluding £175,539 transferred to Revenue under Section 39 of Act No. 3259.

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

STATE REVENUE AND EXPENDITURE: 1917-18 TO 1926-27.

Year.	Public Revenue.	Public Expenditure.	Surplus (+). Deficiency (-).		
			For each Year.	Reduction of Consolidated Revenue Deficit by Revenue Surplus Acts.	Accumulated Deficiency to end of each Year (i.e. 30th June).
	£	£	£	£	£
1917-18 ..	12,672,787	12,631,169	+ 41,618	..	-1,581,889
1918-19 ..	13,044,088	13,023,407	+ 20,681	44,000	-1,517,208
1919-20 ..	15,866,184	15,852,459	+ 13,725	100,000	-1,403,483
1920-21 ..	19,054,475	19,041,698	+ 12,777	100,000	-1,290,706
1921-22 ..	20,357,733	20,297,279	+ 60,454	25,000	-1,205,252
1922-23 ..	21,634,677	21,611,309	+ 23,368	..	-1,181,884
					At 31st December following:—
1923-24 ..	23,075,968	22,950,968	+ 125,000*	234,802	- 822,082
1924-25 ..	24,304,887	24,170,483	+ 134,404†	..	- 687,678
1925-26 ..	25,269,756	25,559,583	- 289,827	..	- 977,505
1926-27 ..	27,128,700	27,744,903	- 616,203	..	-1,593,708

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

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

Heads of State Revenue.

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

HEADS OF STATE REVENUE, 1922-23 TO 1926-27.

Heads of Revenue.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
Commonwealth Subsidy	1,969,772	2,014,746	2,055,834	2,090,951	2,127,159
State Taxation—					
Income Tax ..	1,514,256	1,702,483	2,076,656	2,238,429	2,382,991
Land Tax ..	392,594	412,165	421,662	457,441	517,229
Probate Duty ..	697,482	798,315	802,333	940,609	1,111,876
Betting Taxation (Stamp duties, licences, and percentage) ..	185,309	186,141	170,998	133,067	142,071
Other Stamp Duties	950,896	1,011,966	983,307	1,017,351	1,059,655
Motor Car and Motor Omnibus Acts*	165,804	233,300	418,840	641,765	804,903
Liquor Taxation and Licences† ..	302,574	320,331	343,524	352,826	354,096

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

† Received by the Licensing Fund.

HEADS OF STATE REVENUE, 1922-23 TO 1926-27—*continued*.

Heads of Revenue.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
State Taxation— <i>continued</i> —	£	£	£	£	£
Other Licences* ..	32,173	43,007	39,360	37,647	37,551
Duties on Bank Notes.. ..	1,762	1,750	1,740	1,899	1,564
Public Works and Services—					
Railways ..	11,289,956	11,922,195	12,549,878	12,423,715	13,373,119
Water Supply ..	447,459	443,384	439,442	470,072	539,981
Harbour Trusts, Wharfage, &c.	199,379	207,692	213,510	209,242	213,111
State Coal Mine ..	468,855	568,897	428,579	524,137	670,540
State Electricity Commission ..	253,288	255,195	295,572	448,341	518,802
Interest on properties transferred to Commonwealth	80,378	80,844	80,760	80,454	80,426
Maffra Beet Sugar Factory ..	74,678	92,231	129,732	137,997	79,435
Brown Coal Sales† ..	57,081	61,921	23	..	..
Other ..	99,082	109,598	125,034	141,766	165,169
Land—					
Land Sales, Rents, Penalties, &c.‡ ..	437,341	461,250	438,241	461,650	438,257
Interest on Loans—					
Closer Settlement Discharged Soldiers Settlement Acts ..	1,013,885	1,113,158	1,172,246	1,186,764	1,193,727
Fees, Fines, &c.§ ..	267,439	266,292	261,894	265,993	277,758
Tramways Act 1905 (Sec. 88).. ..	93,010	92,998	106,211	104,393	108,453
Sale of Books and Documents, &c., (Govt. Printer) ..	82,504	83,531	85,915	82,085	143,112
Agriculture Department—					
Victoria Dock Cool Stores ..	28,556	18,898	29,365	27,886	32,455
All other ..	49,461	54,384	52,322	49,661	52,985
Miscellaneous ..	336,454	341,327	366,249	486,801	430,529
Total ..	21,634,677	23,075,968	24,304,887	25,269,756	27,128,700
Per Head of Population ..	£ s. d. 13 12 1	£ s. d. 14 3 11	£ s. d. 14 13 4	£ s. d. 15 0 1	£ s. d. 15 16 11

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

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

‡ Excluding proceeds of land by auction, which are payable into the Developmental Railways Account; such payments amounted to £29,786 in 1922-23, £25,588 in 1923-24, £22,982 in 1924-25, £21,898 in 1925-26, and £24,131 in 1926-27.

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

The revenue for 1926-27 represents an increase of £1,858,944 on that for the previous year. The chief increases were under the following headings:—Railways, £949,404; Taxation, £590,902; and State Coal Mine, £146,403. The receipts from the Maffra Beet Sugar Factory were £58,562 less than in 1925-26. The payments to the State by the Federal Government during the last seventeen years have been computed on the basis of a fixed payment of 25s.* per head of population in the State, whereas in preceding years the Federal Government paid over to the State at least three-fourths of the net revenue from Customs and Excise duties (see page 61).

STATE EXPENDITURE.

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

SUMMARY OF EXPENDITURE FROM STATE REVENUE: 1922-23 TO 1926-27.

Heads of Expenditure.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
<i>General Government.</i>	£	£	£	£	£
Governor ..	10,029	9,694	9,376	10,504	12,940
Parliament and Ministry ..	96,047	110,028	100,841	98,859	138,898
Civil Establishment ..	396,149	450,254	437,374	442,581	483,272
N.E.I. ..	534,009	580,181	621,695	656,797	735,955
Pensions and Gratuities† ..					
<i>Law, Order, and Protection.</i>					
Judicial and Legal ..	233,169	253,285	259,216	270,029	292,383
Police ..	540,037	663,319	622,331	647,075	710,449
Penal Establishments and Gaols ..	80,363	101,122	99,732	116,542	114,397
<i>Education, &c.</i>					
State Schools ..	1,755,395	1,819,852	1,885,826	2,108,112	2,286,103
Technical Schools ..	182,495	217,539	236,008	143,808	152,428
University ..	49,975	56,450	64,398	64,628	71,261
Libraries, &c. ..	36,261	38,367	41,574	42,817	53,785
Art and Science ..	7,437	7,370	10,540	9,661	10,155
<i>Recreation and Health.</i>					
Parks, Gardens, and Public Resorts ..	26,637	31,843	34,464	32,234	33,860
Public Health ..	93,995	93,878	109,401	115,982	137,369
Charitable Institutions, &c. ..	832,882	890,840	1,026,789	1,096,300	1,156,358

* This is subject to a slight reduction on account of a special payment to Western Australia. The reduction in 1926-27 was slightly less than 2d. per head of population.

† For details, see page 83.

SUMMARY OF EXPENDITURE FROM STATE REVENUE: 1922-23 TO
1926-27—continued.

Heads of Expenditure.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
<i>Crown Lands, &c.</i>	£	£	£	£	£
Crown Lands ..	236,022	268,216	253,062	257,743	267,249
Agriculture and Stock ..	305,832	347,502	391,931	414,036	448,857
Mining ..	559,465	657,520	472,539	570,374	717,236
<i>Public Works.</i>					
Railways ..	8,275,909	8,818,314	9,513,613	9,598,888	10,234,464
Water Supply ..	215,110	219,105	229,049	236,194	249,246
Harbours, Rivers, and Lights ..	91,438	97,071	112,338	114,642	104,821
Roads and Bridges ..	5,371	6,900	40,795	29,302	84,573
Country Roads Board ..	229,343	293,523	455,613	664,069	808,663
State Electricity Commission ..	144,193	14,826	20,936	19,144	14,662
Municipal Endowment, &c.* ..	119,542	122,384	143,101	183,862	188,824
Works and Buildings, n.e.i. ..	85,588	103,350	145,094	137,999	144,245
Interest and Expenses of Public Debt ..	5,355,575	5,669,970	5,905,947	6,372,993	6,826,662
Redemption Funds, &c. ..	421,166	484,825	563,287	618,304	689,913
Discharged Soldiers Concessions Fund ..	75,000	75,000	75,000	75,000	75,000
<i>Other Expenditure.</i>					
Mint Subsidy ..	30,000	25,000	26,000	25,000	29,000
Fire Brigades ..	48,215	53,433	58,433	62,254	66,733
Immigration ..	18,896	27,378	26,798	26,352	26,060
Licences Reduction Board, including Compensation ..	60,730	56,168	43,663	81,293	101,275
Railway passes to Blind and Incapacitated Soldiers ..	5,043	7,253	9,263	10,400	11,299
Liquidation of guaranteed Bank Overdrafts of Freezing Companies, etc. ..	..	..	..	74,194	113,676
Cattle Compensation Fund ..	..	..	..	24,614	21,895
Surplus Revenue appropriated to "Revenue Services" ..	363,949	132,216	..	..	..
Miscellaneous ..	90,042	146,992	124,456	106,997	130,937
Total ..	21,611,309	22,950,968	24,170,483	25,559,583	27,744,903
Per Head of Population	£ s. d. 13 11 9	£ s. d. 14 2 5	£ s. d. 14 11 9	£ s. d. 15 3 7	£ s. d. 16 4 2

* Including annual payment from Licensing Fund.

Compared with the previous year the ordinary expenditure of the State for 1926-27 showed an increase of £2,185,320. The heads of expenditure showing the largest increases were—Railways, £635,576; Interest and Expenses of Public Debt, £453,669; State Schools, £177,991; Mining, £146,862; and Country Roads Board, £144,594.

In regard to the surpluses of various years which are included in the preceding table under the item "Surplus Revenue Expenditure. Revenue Appropriated to Revenue Services" it is interesting to note to what purposes the money so appropriated was applied in subsequent years. Up to 30th June, 1927, the total amount appropriated was £2,936,307, of which all but £32,323 had been expended. These figures do not include appropriations under Act 3341 passed 21st May, 1924, which thereafter provides for the yearly surplus being applied towards the reduction of the accumulated deficit. The following table shows the details of such expenditure for each of the last four years and the total up to 30th June, 1927:—

SURPLUS REVENUE EXPENDITURE.

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

Service.	1923-24.	1924-25.	1925-26.	1926-27.	Total to 30th June, 1927.
	£	£	£	£	£
Capital Services—					
Railways .. ..	..	..	..	..	250,696
Other .. ..	..	..	..	..	64,170
Revenue Services—					
Railways .. ..	..	..	..	..	497,729
Education—					
State schools .. ..	..	..	..	..	340,692
Other	4	..	..	..	136,812
Crown Lands (including reclamation, drainage, &c.) .. ..	..	..	..	..	149,480
Harbours, rivers, and lights .. ..	..	..	..	..	117,293
Roads and bridges	753	750	713	950	114,643
Mining Development, &c. .. ..	..	..	..	..	85,000
Railways salaries (arrears)	1,455	..	..	..	73,496
Public Health	6	..	21	8,463	43,111
Charitable Institutions	1,000	33,753	38,966	5,146	184,091
Redemption of Treasury Bonds and Unfunded Debt	234,802	..	..	..	503,802
Developmental Railways Account—Refund	129,148	..	..	..	129,148
Miscellaneous	2,064	401	8,813	5,647	213,821
Total	369,232	34,904	48,513	20,206	2,903,984

The following table sets out in a different form to pages 68 and 70 the heads of State Revenue and Expenditure, but specially shows the operations of the Government Business undertakings in their relation to State Revenue and Expenditure.

STATE REVENUE AND EXPENDITURE, 1926-27.

STATE REVENUE.		STATE EXPENDITURE.	
Particulars.		Particulars.	
	£		£
Taxation	6,411,936	Public Debt Charge (excl. interest paid on business undertakings)	2,782,267
Land Revenue (excl. State Saw Mill)	410,278	Lands and Survey (excl. Forests Commission)	89,430
Business Undertakings—		Business Undertakings (incl. interest paid by State)—	
Railways	13,373,119	Railways (incl. Pensions)	13,808,421
Water Supply and Sewerage (incl. interest)	539,981	Water Supply and Sewerage	1,093,470
Electric Power Supply (interest only)	518,802	Electric Power Supply ..	524,282
Harbours (incl. Melb. Harbour Trust contribution)	213,111	Harbours, Rivers, and Lights	152,521
State Coal Mine (incl. interest)	670,540	State Coal Mine	669,444
Maffra Beet Sugar Factory	79,435	Maffra Beet Sugar Factory	61,243
Cool Stores	32,455	Cool Stores	98,389*
Newport Seasoning Works	10,816	Newport Seasoning Works	10,048
State Saw Mill	17,163	State Saw Mill	15,672
Wire Netting Manufacture	32,014	Wire Netting Manufacture	29,482
Explosive Dues	11,674	} Explosives	8,044
Lighterage and Explosives (excl. licences and fees)	3,338		
Melbourne Tramways Board Contribution	108,453	Mines (excl. State Coal Mine)	57,463
Fees, fines, &c.	277,758	Agriculture (excl. Cool Stores and Beet Sugar Factory)	332,091
Interest (less amounts included with Business Undertakings)	1,786,114	Forests (excl. Newport Seasoning Works and State Saw Mill)	152,099
Commonwealth Subsidy	2,127,159	Justice	202,383
Other Sources	504,554	Penal Establishments	114,397
		Police (incl. Pensions)	872,555
		Grants to Municipalities	188,824
		Education, &c.	2,573,732
		Public Health	137,369
		Hospitals and Charitable Institutions	1,156,358
		Parliament (incl. Governor, Elections, &c.)	151,838
		Pensions and Gratunities (other than Police and Railways)	358,834
		Civil Establishment, N.E.I.	483,272
		Country Roads Board	808,663
		Other	722,362
Total Revenue	27,128,700	Total Expenditure	27,744,903

* Including expenditure on Export Development.

INCOME TAX.

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

In the statement shown on page 76, relating to Income Tax assessments on *incomes* of each of the last five years, the figures are not comparable unless the varying rates of tax imposed are taken into consideration. The rates for the years specified were as follows :—

(a) *On incomes of the years 1921-22 and 1922-23.*—The minimum income subject to tax was £201, and the exemption allowed on incomes between £201 and £500 was £150. No exemption was allowed on incomes exceeding £500, or to companies. The rate of tax for individuals on the amount of taxable income from personal exertion up to but not exceeding £500, was 3d. in the £1. Where the taxable income exceeded £500, the rates on incomes from personal exertion were 4d. for every £1 of the taxable amount thereof up to £500, 5d. for every £1 between £501 and £1,000, 6d. for every £1 between £1,001 and £1,500, and 7d. for every £1 over £1,500. The rates on incomes from property were respectively double the rates on incomes from personal exertion. In the case of life assurance companies, the tax was 12d. in the £1 on 30 per cent. of the premium income from ordinary business and on 15 per cent. of that from industrial business. In the case of mining companies the tax was 12d. in the £1 on the total amount of dividends declared and debenture interest paid. In the case of other companies liable to tax, the rate was 12d. in the £1 on the profits. The following further deductions were allowed to taxpayers whose incomes did not exceed £800 per annum :—(1) £30 in respect of each child under 16 years of age ; (2) certain expenses during illness ; (3) friendly society contributions ; and (4) funeral and burial expenses not exceeding £20.

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

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

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

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

(c) *On incomes of the years 1924-25 and 1925-26* :—The exemption on incomes £201 to £500, and allowable deductions on incomes not exceeding £800, were the same as (b), but the rates of tax were as follows :—

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

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

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

In previous issues of this part prior to 1924-25 the particulars relating to income tax assessments, &c., had been taken from the Income Tax Report, which only gave an analysis as *at* the 30th June of each year. In the following table the figures have been amended, and they now represent complete details of the assessments on incomes for each of the five years specified :—

INCOME TAX ASSESSMENTS.

Heading.	On Incomes of—				
	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.
Number of Assessments :					
Individuals ..	123,768	153,519	127,818	139,183	142,892
Companies ..	2,265	2,678	2,890	2,982	3,349
Total, Distinct Taxpayers ..	126,033	156,197	130,708	142,165	146,241
Taxable Incomes :		£	£	£	£
Individuals ..	Not available	46,227,420	38,509,468	44,143,795	41,132,659
Companies ..	Not available	16,122,969	16,372,972	17,580,245	16,853,965
Total ..	..	62,350,389	54,882,440	61,724,040	57,986,624
Tax payable :		£	£	£	£
Individuals ..	759,204	936,515	970,815	1,224,038	1,129,200
Companies ..	699,840	805,996	1,014,945	1,159,459	1,110,516
Total* ..	1,459,044	1,742,511	1,985,760	2,383,497	2,239,716
Per taxpayer :	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Individuals ..	6 2 8	6 2 0	7 11 11	8 15 11	7 18 1
Companies ..	308 19 7	300 19 4	351 3 10	388 16 5	331 11 11
Average tax payable in the £ on taxable incomes by—	d.	d.	d.	d.	d.
Individuals ..	Not available	4.86	6.05	6.65	6.58
Companies ..	12.00	12.00	14.88	15.83	15.82

* For actual collections in the following financial year, see page 68.

The total net incomes of taxpayers in 1925-26, who were assessed to pay tax, amounted to £81,252,424, but, as 116,329 taxpayers were allowed the £200 exemption, the amount available for taxation was £57,986,624.

The total number of individuals and companies who paid tax on their incomes for 1925-26 is detailed, under specified grades of taxable income, in the following table :—

TOTAL NUMBER OF TAXPAYERS (1925-26 INCOMES).

Taxable Incomes.	Individuals.				Companies.	Grand Total.
	Personal Exertion.	Property.	Combined Personal and Property.	Total.		
£						
Not exceeding 100	73,474	4,431	280	78,185	606	78,791
101 to 200	23,281	2,409	547	26,237	299	26,536
201- 350	9,971	1,369	584	11,924	281	12,205
351- 500	5	..	3	8	217	225
501- 700	4,095	1,323	4,928	10,346	213	10,559
701-1,000	2,350	800	3,218	6,368	262	6,630
1,001-1,200	918	275	1,467	2,660	128	2,788
1,201-1,500	823	267	1,428	2,518	145	2,663
1,501-2,000	620	193	1,147	1,960	158	2,118
2,001-2,400	203	98	522	823	108	931
2,401-3,000	173	85	424	682	127	809
3,001-4,000	122	61	376	559	135	694
4,001-5,000	64	19	184	267	124	391
5,001-6,000	38	10	87	135	85	220
6,001-7,400	14	6	54	74	88	162
7,401 and over ..	25	16	105	146	373	519
Total ..	116,176	11,362	15,354	142,892	3,349	146,241

Of the individual taxpayers, 81·3 per cent. obtained their incomes wholly from personal exertion, 8·0 per cent. from property, and 10·7 per cent. from personal exertion and property combined. Seventy-three per cent. of the individual taxpayers were in receipt of taxable incomes not exceeding £200, but the tax payable by them amounted to only 10·1 per cent. of the total for individuals.

In the succeeding statement particulars of the sources of taxable incomes for 1925-26 are arranged in order of groups of taxable incomes :—

TAXABLE INCOMES (1925-26 INCOMES).

Taxable Incomes.	Individuals.				Companies.	Grand Total.
	Personal Exertion.	Property.	Combined Personal and Property.	Total.		
£	£	£	£	£	£	£
Not exceeding 100	3,270,034	202,900	18,281	3,491,215	24,893	3,516,108
101 to 200	3,311,832	350,677	83,175	3,745,684	44,441	3,790,125
201 - 350	2,446,675	337,577	148,027	2,932,279	75,646	3,007,925
351 - 500	2,116	..	1,384	3,500	91,881	95,381
501 - 700	2,369,793	777,612	2,875,215	6,022,620	126,802	6,149,422
701 - 1,000	2,024,939	666,042	2,755,203	5,446,184	222,848	5,669,032
1,001 - 1,200	1,005,812	301,009	1,602,596	2,909,417	140,996	3,050,413
1,201 - 1,500	1,100,313	356,521	1,906,566	3,363,400	194,074	3,557,474
1,501 - 2,000	1,067,146	334,290	1,979,887	3,381,323	273,878	3,655,201
2,001 - 2,400	441,050	215,894	1,140,080	1,797,024	236,684	2,033,708
2,401 - 3,000	461,047	225,793	1,128,567	1,815,407	341,433	2,156,840
3,001 - 4,000	414,921	207,610	1,284,075	1,906,606	473,199	2,379,805
4,001 - 5,000	283,443	85,276	811,918	1,180,637	550,043	1,730,680
5,001 - 6,000	208,703	54,507	475,707	738,917	466,918	1,205,835
6,001 - 7,400	89,598	39,097	354,833	483,528	591,836	1,075,364
7,401 and over ..	241,605	308,289	1,365,024	1,914,918	12,998,393	14,913,311
Total ..	18,739,027	4,463,094	17,930,538	41,132,659	16,853,965	57,986,624

The division showing the highest amount of taxable income of individuals is that from £501 to £700; it is followed closely by that from £701 to £1,000. Nearly 53 per cent. of the taxable income of individuals was earned by persons in receipt of taxable incomes not exceeding £1,000. The great bulk of the taxable income of companies

was earned by a few of the larger ones—373, which were in receipt of £7,401 and upwards, having had taxable incomes representing 77 per cent. of the total for all companies.

The complete figures relating to the tax payable on the 1925-26 incomes are set out hereunder :—

TAX PAYABLE ON 1925-26 INCOMES.

Taxable Incomes.	Individuals.				Companies.	Grand Total.
	Personal Exertion.	Property.	Combined Personal and Property.	Total.		
£	£	£	£	£	£	£
Not exceeding 100	48,982	5,979	384	55,345	1,658	57,003
101 to 200	47,293	10,242	1,678	59,213	2,960	62,173
201 — 350	34,500	9,844	2,881	47,225	5,028	52,253
351 — 500	55	..	34	89	6,125	6,214
501 — 700	45,097	30,127	62,478	137,702	8,454	146,156
701 — 1,000	44,308	28,871	67,770	140,949	14,856	155,805
1,001 — 1,200	23,961	14,472	43,009	81,442	9,401	90,843
1,201 — 1,500	28,177	18,263	54,226	100,666	12,938	113,604
1,501 — 2,000	29,320	18,434	60,392	108,146	18,259	126,405
2,001 — 2,400	13,148	12,997	37,618	63,763	15,779	79,542
2,401 — 3,000	14,669	14,384	39,945	68,998	22,762	91,760
3,001 — 4,000	13,616	13,741	47,088	74,445	31,547	105,992
4,001 — 5,000	9,665	5,826	30,766	46,257	36,669	82,926
5,001 — 6,000	7,559	3,946	18,812	30,317	31,128	61,445
6,001 — 7,400	3,281	2,867	14,553	20,701	39,456	60,157
7,401 and over ..	9,034	23,585	61,323	93,942	853,496	947,438
Total ..	372,665	213,578	542,957	1,129,200	1,110,516	2,239,716

Companies with taxable incomes of £7,401 and over were assessed for an amount which represented 38·1 per cent. of the total tax payable; for all companies the proportion was 49·6 per cent. The tax payable by persons in the group £501 to £1,000 was 24·7 per cent. of the total for individuals. Exclusive of the amount payable by companies, 33 per cent. of the tax payable was derived from personal exertion, 19 per cent. from property, and 48 per cent. from personal exertion and property combined.

In addition to the State Income Tax there is a Commonwealth Income Tax, which was first imposed on incomes earned in the financial year 1914-15. The tax collected by the Commonwealth Government, in the year 1926-27, amounted to £11,126,278, and it is estimated that the payments made on Victorian income would be about £3,004,000.

LAND TAX.

State Land Tax.

The State Land Tax Act of 1915 provides for a tax on the unimproved value of land and for the assessment of land and other purposes. Unimproved value for the purposes of this Act means the sum which might be expected to be realized at the time of valuation if the land were offered for sale on such terms as a seller might in ordinary circumstances be expected to require, and assuming that the improvements (if any) had not been made. The nature of the taxation is a duty upon land for every pound sterling of the unimproved value thereof, as assessed under the Act, at a rate declared for each year by Act of Parliament. Previously to 1923 the rate of tax was one halfpenny on every pound sterling of the unimproved value of all land having an unimproved value exceeding £250, but since the year mentioned an increased amount has been payable—a super-tax of 5 per cent. having been added to the old rate. No tax is chargeable when the total unimproved value of all lands owned does not exceed £250. Where the assessed unimproved value exceeds the amount of exemption (£250) the exemption diminishes at the rate of £1 for every £1 of such excess, so as to leave no exemption when the unimproved value amounts to, or exceeds £500.

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

Taxpayers.					Net Tax Payable.
No.					£
1923	..	..	..	114,614	.. .. 392,434
1924	..	..	..	120,107	.. .. 415,693
1925	..	..	..	127,199	.. .. 444,174
1926	..	..	..	132,597	.. .. 468,056
1927	..	..	..	138,475	.. .. 489,283

An analysis of the 1927 Land Tax assessments based on unimproved values as at 31st December, 1926, is given hereunder. The totals vary

slightly with the Assessment Roll figures for that year shown above owing to subsequent amendments having been made.

ANALYSIS OF LAND TAX ASSESSMENTS, 1927.

Unimproved Values of Estates ranging between—	Number of Taxpayers.	Total Amount of Unimproved Values.	Tax Payable.
£	No.	£	£
1 and 500 ..	53,929	19,264,835	25,782
501 and 600 ..	10,977	6,007,607	12,962
601 and 750 ..	11,290	7,618,625	16,387
751 and 1,000 ..	12,822	11,220,453	24,095
1,001 and 1,250 ..	9,184	10,558,451	22,537
1,251 and 1,500 ..	5,167	7,076,834	15,256
1,501 and 2,000 ..	8,430	14,682,818	31,598
2,001 and 3,500 ..	12,388	32,691,136	70,430
3,501 and 5,000 ..	5,335	22,255,043	47,991
5,001 and 6,000 ..	1,995	10,926,237	23,683
6,001 and 7,000 ..	1,289	8,347,044	18,031
7,001 and 8,000 ..	926	6,853,124	14,854
8,001 and 9,000 ..	597	5,014,161	10,729
9,001 and 10,000 ..	439	4,163,146	8,978
10,001 and 15,000 ..	876	11,023,230	23,835
15,001 and 20,000 ..	478	8,251,838	17,928
20,001 and 25,000 ..	263	5,846,749	12,748
25,001 and 30,000 ..	169	4,593,824	10,012
30,001 and 35,000 ..	120	3,888,940	8,509
35,001 and 40,000 ..	71	2,644,027	5,707
40,001 and 50,000 ..	105	4,646,854	10,164
50,001 and 75,000 ..	135	8,159,441	17,727
75,001 and 100,000 ..	56	4,798,068	10,492
100,001 and 150,000 ..	37	4,684,436	10,087
150,001 and 200,000 ..	9	1,444,760	3,160
200,001 and over ..	12	3,333,933	7,205
Total ..	137,099	229,995,614	480,887

Common-wealth Land Tax. In addition to the State Land Tax there is upon the lands in the State a Commonwealth Land Tax, which was assented to on 17th November, 1910. The following particulars of land tax assessment for Victoria for the financial year 1924-25 have been furnished by the Federal Commissioner of Land Tax. The estates assessed numbered 5,923, of which 5,532 belonged to resident and 391 to absentee taxpayers. The unimproved value of these estates, as ascertained by the Department, was £60,706,163, comprising town land and country land amounting to £25,927,349 and £34,778,814 respectively. The tax payable was £414,909. In addition there were 1,754 Central Office taxpayers who owned land in more than one State. The Victorian land owned by these taxpayers was valued at £10,540,594 unimproved value, on which a tax of £194,065 was payable.

RAILWAYS REVENUE AND EXPENDITURE.

Victorian
Railways,
financial
results.

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

RAILWAYS BALANCES: 1922-23 TO 1926-27.

Item.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
Gross Revenue ..	11,413,782	12,025,987	12,830,283	12,743,566	13,760,769
Working Expenses ..	8,238,744	8,776,514	9,489,368	9,595,132	10,227,442
Pensions, Gratuities, &c. ..	203,470	206,366	215,087	219,396	215,015
Payment to the Super- annuation Fund ..	..	..	..	18,712	78,575
Net Receipts ..	2,971,568	3,043,107	3,125,828	2,910,326	3,239,737
Interest on Cost of Construction ..	2,951,385	3,015,455	3,099,885	3,092,695	3,287,277
Surplus (+) or Deficit (-)	+ 20,183	+ 27,652*	+ 25,943	- 182,369	- 47,540

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

RAILWAY ACCIDENT AND FIRE INSURANCE FUND.

The establishment of a permanent fund to be kept at the Treasury, and called the Railway Accident and Fire Insurance Fund, was effected by provision in the *Railways Act* 1907 (now the *Railways Act* 1915). This provision requires the Railways Commissioners to pay into such fund the sum of 10s. for every £100 sterling of the revenue of the Victorian Railways until the fund amounts to £100,000, at which amount it is to be maintained. During the year ended 30th June, 1927, the receipts of the fund amounted to £63,085, whilst the payments made therefrom were £29,095 for compensation, damages, costs, &c., to persons other than employees injured; £10,655 as compensation on account of injuries to or deaths of employees; and £23,309 as compensation for goods or parcels lost, and for damages caused by fire, &c. The balance at the credit of the Fund at 30th June, 1927, was £100,035.

PENSIONS AND GRATUITIES.

Cost of Pensions and Gratuities. During the year 1926-27, the Government expended on pensions, gratuities, etc., the sum of £735,955. Of this amount, £464,761 was spent on ex-public servants who had contributed nothing towards their pensions. The remainder represents payments from State revenue to the Police Superannuation Fund, the Police Pensions Fund, and the Superannuation Fund. The following table gives details of the expenditure for the year 1926-27:—

**GOVERNMENT EXPENDITURE ON PENSIONS,
GRATUITIES, ETC., 1926-27.**

Division of Service.	Special Appropriations.	Annual Votes.	Total.
	Amount.	Amount.	Amount.
	£	£	£
Railways	210,152	4,748	214,900
Defences	221	..	221
Lunacy	1,968	..	1,968
Under Constitution Act	1,500	..	1,500
County Court Judges	750	..	750
Under Civil Service Acts 160 and 2713	30,465	..	30,465
Under Public Service Acts 773 and 2713	184,188	..	184,183
Commonwealth Service—Officers of transferred Departments	27,400	..	27,400
Various Allowances .. .. .	..	1,581	1,581
Total Pensions and Allowances	456,639	6,329	462,968
Compensations and Gratuities .. .. .	..	{ 1,665 123	1,665 128*
Police Superannuation Fund—			
Subsidy	2,000	72,000	74,000
Transferred from Licensing Fund .. .. .	..	23,000	23,000
Fines .. .. .	..	15,106	15,106
Police Pensions Fund—Subsidy	50,000	..	50,000
Superannuation Fund	109,088	..	109,088
Total Amount	617,727	118,228	735,955

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

This fund is maintained by an annual subsidy of £2,000 from the Consolidated Revenue; by a moiety of the fines inflicted by the Courts of Petty Sessions; by a deduction, not exceeding 2½ per cent., from the pay of the members of the Force entitled to pensions; by transfers from the Licensing Fund under the provisions of Act No. 2855; and, should the foregoing sources prove insufficient, by a further grant in aid from the Consolidated Revenue.

Police Superannuation Fund.

During the year 1926-27 the total receipts of the fund amounted to £120,759, consisting of £112,106 from Government revenue as shown in the preceding table, £2,632 from members of the force, and £6,021 balance brought forward. Payments out of the Fund amounted to £120,502 (£108,954 for pensions and £11,548 for gratuities), thus leaving a balance of £257 at 30th June, 1927.

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

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

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

All pensions, gratuities, and allowances to members or their dependants shall be paid out of a special fund to be kept at the Treasury and to be known as the Police Pensions Fund. Into this fund shall be paid (a) an annual amount of £50,000 from Consolidated Revenue, (b) the deduction of $2\frac{1}{2}$ per cent. from the pay of members which is referred to above, (c) all interest on surplus moneys in the fund invested as

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

provided, and (d) all other moneys payable into the fund under the Act or any future Act.

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

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

The receipts of the fund for the year amounted to £67,270 as follows:—Deductions from pay, £10,307; special appropriation, £50,000; interest on investments, £5,634; and £1,329 balance brought forward. Pensions paid during the year amounted to £612, gratuities to £60, and there was a balance of £211,466 at 30th June, 1927, of which £205,000 was invested.

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

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

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

Contributions by Officers.—All officers in the various services, except those with existing pension rights, "twilighters," and those who were not less than 65 years of age on 1st January, 1926, are required to contribute to the Superannuation Fund. An officer over the age of 65 years on 1st January, 1926, cannot contribute to the fund. He will be entitled on retirement to a free pension of a maximum amount of £104 per annum. Officers over the age of 30 years are entitled to contribute for a pension of £104 per annum at the rate prescribed

for age 30. For higher amounts they pay half the full contribution required. Officers aged 30 and under contribute half the cost of their pensions.

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

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

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

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

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

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

Officers with Existing Pension Rights.—A person may exchange such right for rights in the new scheme, thus enabling him to secure benefits for his widow and children under 16 years of age, and he may purchase from the Board a pension equivalent to the difference, if any, between the actuarial value of his existing right and the amount of pension for which he would have been entitled to contribute if he had not had an existing right. A widow's pension up to £52 per annum and a children's pension of £13 per annum for each child under 16 years of age may be purchased by an officer with an existing pension right or by a "twilighter."

Twilighters.—This term embraces the persons who entered the Public Service between the 31st December, 1881, and the 31st December, 1884, or who entered the Railway Service between the 1st November, 1883, and 31st December, 1884. The pension payable to a "twilighter" is one-half the amount that would have been

payable if he had had the full pension right provided by Act No. 160, subject to a maximum of £312 per annum and a minimum of £104 per annum. If a full pension computed under Act No. 160 is less than £104, then the lesser amount is payable.

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

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

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

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

Receipts and Expenditure.—During the year 1926-27, the receipts of the fund amounted to £522,979, consisting of contributions from officers, £400,410; from revenue, £111,301; and interest on investments, £11,268. The items of expenditure were as follows:—Pensions, £120,169, and payments of Assurance Premiums, £822. The balance in the Fund at 30th June, 1927, was £582,843, of which £582,500 was invested.

In the year 1926-27, £3,216 was paid out of the Port Phillip Sick and Superannuation Fund (£3,202 for pensions, and £14 for sick allowances). The Government does not contribute to this Fund, it being maintained by deductions from pilots' earnings and the annual income derived from investment of the moneys belonging to the fund.

**Port Phillip
Pilot Fund.**

South Africa
Contingent
Pensions.

Pensions to members and relatives of members of the South African War Contingents amounted to £611 in 1926-27, but this amount has been included in "miscellaneous" expenditure.

EXPENDITURE ON EDUCATION.

During the year 1926-27 the State expended on education generally the sum of £3,254,575. This amount includes expenditure from loan moneys and the interest payable thereon, and also the cost of pensions and gratuities. The expenditure in each of the last five years, as detailed in the report of the Minister of Public Instruction, was as follows:—

STATE EXPENDITURE ON EDUCATION: 1922-23 TO 1926-27.

Expenditure on—	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
Education—					
Primary (including					
Special Subjects) ..	1,373,863	1,410,200	1,430,681	1,499,792	1,602,065
Intermediate ..	46,679	48,570	52,336	66,683	74,399
Secondary ..	119,624	125,337	129,748	137,737	161,873
Training of Teachers ..	26,797	28,440	32,775	39,260	53,209
Administration ..	69,335	69,932	74,511	77,334	89,625
Buildings (State Schools)	349,562	481,372	531,571	459,303	508,121
Pensions and Gratuities ..	123,594	132,979	139,708	142,358	151,286
Interest payable on loan					
moneys*—					
State Schools ..	84,958	95,808	121,494	137,775	144,239
Technical Schools ..	2,827	4,338	9,339	15,744	25,732
University ..	9,797	6,654	6,904	7,459	7,895
Technical Education—					
Junior and Senior Schools	202,228	215,320	239,319	255,790	282,555
Buildings ..	21,750	45,649	53,572	95,686	64,448
University—					
Special Appropriations,					
&c. ..	54,935	74,400	71,198	71,675	78,241
Buildings, Apparatus,					
&c. ..	62,262	23,437	6,736	19,086	10,837
Miscellaneous ..	850	777	50	50	50
Total ..	2,549,061	2,763,213	2,899,942	3,025,732	3,254,575†
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Per head of population ..	1 12 1	1 14 0	1 15 0	1 15 11	1 18 0

* Obtained from the Treasurer's Finance Statement.

† In addition, £39,799 paid by students in fees during the calendar year 1926, was expended on technical education.

The foregoing statement deals with expenditure by the State on education generally, but in the following two tables an effort has been made to account for the expenditure incurred in connexion with primary and secondary education of the State Schools only (excluding amount

expended on technical education). Owing to the difficulty in apportioning certain items of expenditure, viz.:—training of teachers, administration, &c., the totals shown hereunder are slightly overstated.

EXPENDITURE IN CONNEXION WITH PRIMARY AND SECONDARY EDUCATION OF STATE SCHOOLS (EXCLUDING TECHNICAL SCHOOLS): 1922-23 TO 1926-27.

Items.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
Education:—					
Primary—					
Day Schools, including Central Schools ..	1,317,229	1,347,531	1,371,491	1,435,593	1,537,084
Schools for Deaf Mutes and Blind and Feeble-minded Children ..	5,571	6,070	6,563	6,450	6,437
Grant to Collingwood Playground ..	100	..	..	..	..
Subsidized Schools ..	244	275	155	64	124
Free Kindergarten Union ..	1,000	2,000	2,000	2,166	2,026
Special Subjects—					
Domestic Arts ..	15,909	17,153	17,690	15,279	14,976
Manual Training ..	24,998	26,656	21,880	23,037	23,059
Physical Training ..	1,212	1,273	835	1,280	1,387
Medical Inspection ..	5,541	5,345	6,350	12,143	12,615
Dressmaking and Needlework ..	388	430	488	513	326
School Gardening and Plantations ..	891	2,189	2,173	2,126	1,452
Singing ..	780	1,278	1,056	1,141	2,579
Total Primary ..	1,373,863	1,410,200	1,430,681	1,499,792	1,602,065
Intermediate—					
Higher Elementary Schools ..	32,950	35,149	36,807	40,421	43,368
Evening Continuation Classes ..	410	492	502	547	699
Schools of Domestic Arts ..	13,319	12,929	15,027	25,715	30,332
Total Intermediate ..	46,679	48,570	52,336	66,683	74,399
Secondary—					
High Schools ..	112,291	117,971	122,390	130,199	154,225
Scholarships ..	7,333	7,366	7,358	7,538	7,648
Total Secondary ..	119,624	125,337	129,748	137,737	161,873
Training of Teachers ..	26,797	28,440	32,775	39,260	53,209
Administration ..	69,335	69,932	74,511	77,334	89,625
Buildings—					
Primary Schools ..	296,858	423,494	452,680	373,069	329,448
Primary Schools (expended by School Committees) ..	13,199	16,697	16,777	18,496	20,650
Rents ..	6,876	8,500	10,475	6,989	7,350
Higher Elementary Schools ..	10,342	20,404	31,680	6,841	22,255
High Schools ..	22,287	12,277	19,959	53,908	128,418
Total Buildings ..	349,562	481,372	531,571	459,303	508,121
Pensions and Gratuities ..	123,594	132,979	139,708	142,358	151,286
Interest payable on Loan Moneys expended on State School Buildings ..	84,958	95,808	121,494	137,775	144,239
Total ..	2,194,412	2,392,638	2,512,824	2,560,242	2,784,817

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 for each of the last ten years :—

**COST OF PRIMARY AND SECONDARY EDUCATION OF
VICTORIAN STATE SCHOOLS (EXCLUDING TECHNICAL
SCHOOLS) : 1917-18 TO 1926-27.**

Year.	Expenditure by the State.	Revenue of the Education Department.	Net Expenditure.	Number of Scholars— Average Attendance.*	Cost per Scholar to the State.
	£	£	£		£ s. d.
1917-18 ..	1,219,589	30,577	1,189,012	167,653	7 1 10
1918-19 ..	1,274,098	21,666	1,252,432	171,640	7 5 11
1919-20 ..	1,512,500	23,917	1,488,583	168,314	8 16 11
1920-21 ..	1,855,579	26,520	1,829,059	167,627	10 18 3
1921-22 ..	2,090,160	25,439	2,064,721	177,487	11 12 8
1922-23 ..	2,194,412	25,450	2,168,962	183,045	11 17 0
1923-24 ..	2,392,638	24,979	2,367,659	179,848	13 3 4
1924-25 ..	2,512,824	24,682	2,488,142	184,606	13 9 7
1925-26 ..	2,560,242	26,423	2,533,819	190,305	13 6 3
1926-27 ..	2,784,817	29,266	2,755,551	191,547	14 7 9

* Excluding Junior and Senior Technical Schools.

COMMONWEALTH FINANCE IN VICTORIA.

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

COMMONWEALTH REVENUE AND EXPENDITURE IN THE STATE OF VICTORIA (ESTIMATED) : 1922-23 TO 1926-27.

Heads of Revenue and Expenditure.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
REVENUE.	£	£	£	£	£
Customs Duties ..	7,648,521	8,226,378	8,167,185	8,237,801	9,920,596
Excise Duties ..	2,700,312	2,764,938	2,823,889	2,897,845	3,022,973
Income Tax* ..	3,485,000	2,986,000	3,007,000	2,932,000	3,004,000
Posts, Telegraphs, &c.	2,698,251	2,686,226	2,771,870	2,948,291	3,208,408
War-time Profits Tax*	72,000	18,000	..	..	..
Land Tax* ..	464,000	467,000	580,000	580,000	602,000
Succession Duties* ..	434,000	489,000	511,000	522,000	504,000
Entertainments Tax	208,240	212,011	223,555	152,000*	121,000*
Miscellaneous ..	783,676	956,447	788,501	819,063	773,023
Total ..	18,494,000	18,806,000	18,873,000	19,089,000	21,156,000
EXPENDITURE.					
Trade and Customs*	388,000	259,000	249,000	249,000	262,000
Posts, Telegraphs, &c.	2,079,937	2,292,586	2,327,934	2,360,021	2,412,770
Payment to the State Government ..	1,969,772	2,014,746	2,055,834	2,090,951	2,127,159
Other Expenditure (including Defence, War and Repatriation Services, &c.)	13,201,291	14,925,668	14,701,232	14,652,028	14,751,071
Total ..	17,639,000	19,492,000	19,334,000	19,352,000	19,553,000

* Estimated.

COMMONWEALTH AND STATE REVENUE AND EXPENDITURE.

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

REVENUE AND EXPENDITURE OF COMMONWEALTH AND STATE COMBINED: 1922-23 TO 1926-27.

Heads of Revenue and Expenditure.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
REVENUE.					
	£	£	£	£	£
Customs and Excise	10,348,833	10,991,316	10,991,074	11,135,646	12,943,569
Posts, Telegraphs, &c.	2,698,251	2,686,226	2,771,870	2,948,291	3,208,408
State Railways ..	11,289,956	11,922,195	12,549,878	12,423,715	13,373,119
State Taxation ..	4,242,850	4,709,458	5,238,420	5,821,034	6,411,936
Other sources ..	9,579,015	9,558,027	9,570,811	9,939,119	10,220,509
Total Revenue..	38,158,905	39,867,222	41,122,053	42,267,805	46,157,541
EXPENDITURE.					
Trade and Customs	388,000	259,000	249,000	249,000	262,000
Posts, Telegraphs, &c.	2,079,937	2,292,586	2,327,934	2,360,021	2,412,770
State Railways ..	8,275,909	8,818,314	9,525,842	9,598,888	10,234,301
Public Instruction*..	1,987,865	2,093,841	2,186,232	2,316,548	2,509,792
Public Debt (Victoria)—					
Interest and Expenses ..	5,355,575	5,669,970	5,905,947	6,372,993	6,826,662
Redemption Funds	421,166	484,825	563,287	618,304	689,913
Other Expenditure..	18,772,085	20,909,686	20,690,407	21,304,878	22,235,306
Total Expenditure	37,280,537	40,528,222	41,448,649	42,820,632	45,170,744

* Including Technical Schools and University.

COMMONWEALTH, STATE, AND LOCAL REVENUE AND EXPENDITURE.

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

Commonwealth, State, and Local Finance.

COMMONWEALTH, STATE, AND LOCAL REVENUE AND
EXPENDITURE: 1923 TO 1927.

Heading.	Financial Year ended in—				
	1923.	1924.	1925.	1926.	1927.
<i>Revenue.</i>					
	£	£	£	£	£
Government—					
Federal* ..	18,494,000	18,806,000	18,873,000	19,089,000	21,156,000
State ..	19,401,637	20,805,420	22,006,348	22,931,410	24,744,806
Municipal ..	4,362,983	4,847,899	5,426,507	5,902,059	6,356,439
Other Local Authorities—					
Harbor Trusts ..	745,088	785,799	818,800	823,323	882,675
Melbourne and Metropolitan Board of Works ..	1,095,004	1,069,898	1,178,862	1,361,093	1,353,289
Melbourne and Metropolitan Tramways Board ..	1,930,798	1,889,513	1,968,785	2,154,007	2,505,855
Fire Brigades ..					
Boards ..	71,999	75,934	90,564	101,014	111,971
Other† ..	182,485	174,454	194,425	225,938	231,842
Total ..	46,283,994	48,454,917	50,557,291	52,587,844	57,342,877
<i>Ordinary Expenditure.</i>					
Government—					
Federal* ..	17,639,000	19,492,000	19,334,000	19,352,000	19,553,000
State ..	19,378,269	20,780,420	21,871,944	23,221,237	25,361,009
Municipal ..	4,089,749	5,093,809	5,747,882	6,082,235	6,539,783
Other Local Authorities—					
Harbor Trusts ..	638,626	697,946	762,559	773,924	812,816
Melbourne and Metropolitan Board of Works ..	987,209	1,083,016	1,189,285	1,356,277	1,341,611
Melbourne and Metropolitan Tramways Board ..	1,929,728	2,023,840	2,201,031	2,396,484	2,503,927
Fire Brigades ..					
Boards ..	73,168	72,608	88,178	104,241	106,276
Other† ..	179,002	188,440	185,007	204,067	217,402
Total ..	44,914,751	49,432,079	51,379,886	53,490,465	56,435,824

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

COMMONWEALTH, STATE, AND LOCAL REVENUE AND EXPENDITURE
1923 TO 1927—continued.

Heading.	Financial Year ended in—				
	1923.	1924.	1925	1926.	1927.
<i>Loan Expenditure.</i>	£	£	£	£	£
Government—					
Federal* ..	1,665,000	2,220,000	2,064,000	2,249,000	2,706,000
State ..	8,764,306	8,407,526	7,940,589	8,001,375	9,277,180
Municipal ..	885,303	1,146,166	1,184,890	1,318,187	1,678,352
Other Local Authorities—					
Harbor Trusts ..	278,312	414,195	660,302	433,693	682,521
Melbourne and Metropolitan Board of Works	703,852	888,269	1,211,912	1,651,921	1,508,383
Melbourne and Metropolitan Tramways Board	..	400,000	908,916	541,239	985,216
Fire Brigades Boards ..	1 443	1,201	19,048	14,236	40 823
Other ..	134,516	126,223	111,745	153,775	188,091
Total ..	12,432,732	13,603,580	14,101,402	14,363,426	17,066,566
Expenditure—Grand Total ..	57,347,483	63,035,659	65,481,288	67,853,891	73,502,390
Per Head of Population—Revenue ..	£ s. d. 29 2 1	£ s. d. 29 16 3	£ s. d. 30 10 1	£ s. d. 31 4 7	£ s. d. 33 10 0
Ordinary Expenditure ..	28 4 11	30 8 3	31 0 1	31 15 3	32 19 4
Loan Expenditure	7 16 4	8 7 5	8 10 2	8 10 7	9 19 5

* Estimated.

PUBLIC DEBT.*

The following statement shows the result of loan transactions, including Treasury Bonds in aid of revenue, to 30th June, 1927.

LOANS RAISED AND REDEEMED TO 30th JUNE, 1927.

	£
Cash received	309,933,347
Discount and expenses after deducting premiums	3,718,959
Securities issued	313,652,306
Add temporary advance pending loan flotation	2,521,150
„ proceeds on account of flotations in course	1,468,286
	<u>317,641,742</u>
Loans redeemed by—	£
Redemption loans	151,855,131
Melbourne and Metropolitan Board's repayments	2,389,934
Revenue (Special appropriations and Surplus Revenue)	4,544,808
Redemption Funds	6,691,306
Closer Settlement Fund	1,320,417
Coal Mines Sinking Fund	7,050
Discharged Soldiers Concessions Fund	1,040,600
Discharged Soldiers Settlement Fund	174,101
Discount (securities purchased under par)	71,429
	<u>168,094,776</u>
Loans outstanding as at 30th June, 1927	<u>149,546,966</u>

It will be seen that, upon the transactions to date (excluding the temporary advance and the proceeds on account of flotations in course, referred to above), securities representing £313,652,306 have been issued, and that the amount of cash received has been £309,933,347. This means that the State has received £98 16s. 3d. in cash for every £100 bond given.

Excluding London debentures for £388,100 taken over with the Melbourne and Hobson's Bay Railway and since paid off, the total amount of the loans which have been raised in London at varying rates of interest is £121,482,843. The latter includes an amount of £1,926,436, raised in New York by the Commonwealth Government, which is repayable to the Agent-General in London by the State Treasurer. The amount which has been paid off by means of new loans is £62,541,256, and by means of appropriations from revenue, &c., £3,585,085; a sum of £627,365 has been transferred to the Melbourne register, leaving a balance due in London at 30th June, 1927, of

* See also page 61 for Commonwealth and State Financial relations.

£54,729,137, consisting of debentures amounting to £2,326,306, and inscribed stock, £52,402,831. In addition there were amounts outstanding of £2,521,150 (advanced temporarily in London pending flotation of loan, under Act No. 3200), and £790,000 (proceeds on account of London flotation in course). The following table gives particulars respecting the various loans which have been raised in London:—

LOANS FLOATED IN LONDON.

Auth- orization Act No.	Nominal amount raised (amount for which securities have been issued).	Rate of In- terest.	When repay- able.	Loans paid off (including Redemp- tion Loans).	Debt outstanding at 30th June, 1927.			
					Inscribed Stock.	Deben- tures.	Total payable in—	
							London.	Mel- bourne.
	£	%		£	£	£	£	£
(Period 1855 to 1893)	58,587,100	..	..	58,587,100	..	..	4,202,146	259,968
	4,600,000	3	1929-49	137,886	4,462,114	..	4,619,695	112,262
	4,976,476	3½	1920-49	244,519	4,731,957	..	979,700	..
	1,000,000	4	1940-60	20,300	979,700	..	..	..
1560	10,908,300	5	1932-42	..	19,179,808	..	19,055,608	124,200
	1,049,868	5	1935-45	..	..	..	..	..
	5,295,204	5	1945-75	..	..	..	..	..
	9,26,436	5½	1952-55	..	2,850,400	..	2,831,249	19,151
	2,850,400	6¼	1924-34	2,302,363	1,000,000	..	1,000,000	..
	2,302,363	3	1923-25	..	..	..	..	..
1562	1,000,000	4	1929-49	500,000	..	..	..	..
1574	500,000	4	1903	..	..	233,775	233,775	..
	130,173	1	1935-45	..	..	..	..	..
	103,602	1	1945-75	..	..	..	..	..
2026	807,075	5	1945	130,173	..	1,874,702	1,874,702	..
	1,197,800	5½	1945-75	..	..	149,600	149,600	..
	149,600	3½	1924-34	..	1,500,000	..	1,500,000	..
2167	1,500,000	4	1929-49	..	2,000,000	..	1,982,416	17,584
2428	2,000,000	4	1940-60	1,465,300	1,034,700	..	941,500	93,200
2480	1,465,300	4½	1920-25	..	284,700	..	284,700	..
	1,034,700	5½	1930-40	..	2,215,300	..	2,215,300	..
	284,700	5	1932-42	784,700	..	68,229	68,229	..
2530	2,215,300	5½	1930-40	..	..	..	..	..
2531	784,700	4½	1920-25	100,000	..	..	..	..
2629	68,229	1	1945-75	550,000	..	..	..	..
2635/2415	100,000	5½	1922	1,109,481	..	..	..	..
	550,000	5½	1922	194,519	750,000	..	750,000	..
2794	1,109,481	5½	1927	..	850,000	..	849,000	1,000
2871	194,519	5½	1927	..	..	..	..	..
3124	750,000	5½	1930-40	..	4,150,000	..	4,150,000	..
	850,000	4½	1940-60	..	3,500,000	..	3,500,000	..
3233	2,807,000	5	1932-42	..	891,517	..	891,517	..
	1,343,000	4½	1945-75	..	1,650,000	..	1,650,000	..
3274	3,500,000	4½	1940-60	..	1,000,000	..	1,000,000	..
	891,517	5	1945-75	..	..	..	..	..
3345	1,650,000	4½	1940-60	..	..	..	..	..
	1,000,000	5	1945-75	..	..	..	..	..
	121,482,843	..	..	66,126,341	53,030,196	2,326,306	54,729,137	627,365
Add Temporary Advance pending flotation of Loan, Act 3200							2,521,150	..
,, proceeds on account of flotation in course							790,000	..
Total London Loans							58,040,287*	627,365

* Including £1,926,436 raised in New York by the Commonwealth Government, but which is repayable by the State Treasurer to Agent-General in London.

**Loans
Floated in
Melbourne.**

Excluding Victorian debentures for £63,000 taken over with the Melbourne and Hobson's Bay Railway, and since paid off, the total amount of the loans which have been floated in Melbourne is £192,169,463. Of this amount £89,313,875 has been redeemed by loans, and £12,654,560 by revenue, &c., leaving due a balance of £90,201,028 at 30th June, 1927, consisting of debentures, £40,889,205, inscribed stock, £48,359,319, and Treasury bonds in aid of revenue, £952,504. In addition, outstanding inscribed stock for £627,365 has been transferred from the London to the Melbourne Register. There is also an amount of £678,286 which is the proceeds of a Melbourne flotation in course, so that of the debt outstanding the total amount payable in Melbourne was £91,506,679.

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

The amount of the loans raised in London and Melbourne to 30th June, 1927 (excluding £451,100 of Melbourne and Hobson's Bay Debentures taken over and since redeemed), was £313,652,306, and of this sum a total of £168,094,776 had been repaid at that date, viz., £16,239,645 out of the general revenue, and £151,855,131 out of the proceeds of redemption loans. The balance outstanding at 30th June, 1927, was £149,546,966, which includes an amount of £2,521,150 temporarily advanced in London, and also £1,468,286 proceeds on account of flotations in course. The purposes for which this amount was borrowed and the annual interest payable thereon are as follows:—

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

Loans Raised for—	Amount of Loans outstanding at 30th June, 1927.	Annual Interest Payable.
REVENUE-YIELDING WORKS.	£	£
Railways	71,734,059	3,377,859
Discharged Soldiers Settlement	23,381,654	1,315,369
Closer Settlement	6,863,536	278,471
Waterworks—Country	19,106,572	896,815
Roads—		
Main	3,827,359	196,065
Developmental	3,889,699	201,234
Proportion with Commonwealth	339,658	17,706
Tourists' Resorts	41,006	1,834
Electricity Supply	11,553,838	590,055
Maffra Beet Sugar Factory	103,297	5,352
Harbours	533,429	23,520
State Coal Mine	242,955	9,679
Forests	250,368	12,892
Other Revenue-yielding Works	866,674	43,372
Total Revenue-yielding Works	142,734,104	6,970,223

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

Loans Raised for—	Amount of Loans outstanding at 30th June, 1927.	Annual Interest Payable.
OTHER WORKS.	£	£
State Schools, Technical Schools, and University	3,705,791	177,866
Public Offices, Law Courts, and Parliament Houses	52,974	117,273
Wire Netting Advances	120,935	
Loans to Municipalities (incl. Kerang Tramway)	230,976	
Hospitals for the Insane	150,189	
Bridges	176,797	
Other Public Works and Buildings	305,341	
Miscellaneous	255,004	
Unapportioned	862,351	
Total Other Works	5,860,358	295,139
In aid of Revenue	952,504	50,000
Net Borrowings	149,546,966	7,315,362

Of the proceeds of the loans outstanding at 30th June, 1927, sums not yet expended amounted in the aggregate to £1,804,894, of which £916,478 was for Public Works, Buildings, &c.; £312,343 for Country Water Supply; £286,778 for Railways; £185,706 for Country Roads (Main and Developmental); £50,100 for Closer Settlement; £44,091 for Discharged Soldiers' Settlement; and £9,398 for Electricity Supply. Of the amount of the loans which were raised for public works and are still outstanding, about 95 per cent. was obtained for works of a revenue-yielding nature.

**Public Debt.—
Increase in
ten years.**

During the last ten years there has been a very large increase in the Public Debt, the actual increase having been £71,421,571, or 91 per cent. Below is given a statement showing the chief works and services for which the additional liabilities were incurred :—

PUBLIC DEBT—INCREASE IN TEN YEARS.

Work or Service for which raised.	Loans outstanding at 30th June—		Increase
	1917.	1927.	
	£	£	£
Railways	55,281,490	71,734,059	16,452,569
Waterworks—Country	8,656,181	19,106,572	10,450,391
Metropolitan	1,559,786	..	1,559,786*
Discharged Soldiers Settlement .. .. .	..	23,381,654	23,381,654
Closer Settlement	4,959,486	6,863,536	1,904,050
Electricity Supply .. .. .	..	11,553,838	11,553,838
Roads	1,050,115	8,097,722	7,047,607
Harbours	470,000	533,429	63,429
State Coal Mine	242,950	242,955	5
State Schools, Technical Schools, and University	1,691,075	3,705,791	2,014,716
Public Offices, Law Courts, and Parliament Houses	510,018	52,974	457,044*
All other Works and Services	2,401,008	2,459,581	58,573
In Aid of Revenue	1,303,286	952,504	350,782*
Unapportioned .. .. .	..	862,351	862,351
Total	78,125,395	149,546,966	71,421,571

* Decrease.

Due Dates of Loans. The total amount of loans outstanding at 30th June, 1927, inclusive of Treasury bonds in aid of revenue, was £149,546,966, as mentioned above. Of this sum £43,215,511 was in the form of debentures; £53,030,196 of inscribed stock (London Register); £2,521,150 Temporary Advance pending flotation of loan (London) Act No. 3200; £1,468,286 proceeds on account of London and Melbourne flotations in course; £48,359,319 of inscribed stock (Melbourne Register); and £952,504 of Treasury bonds in aid of revenue. Particulars concerning the due dates of loans outstanding at 30th June, 1927, are given in the following table. Where the Government has the option of redemption during a specified period the loans have been classified according to the latest date of maturity :—

DUE DATES OF VICTORIAN LOANS AT 30TH JUNE, 1927.

Due Date. (Financial Year.)	Payable in London.	Payable in Melbourne.	Total.
	£	£	£
1927-28 .. ..	..	8,700,368	8,700,368
1928-29 .. ..	..	15,796,705	15,796,705
1929-30 .. ..	..	18,762,456	18,762,456
1930-31 .. ..	..	7,553,106	7,553,106
1931-32 .. ..	..	4,654,528	4,654,528
1932-33 .. ..	..	1,867,766	1,867,766
1933-34 .. ..	..	5,425,635	5,425,635
1934-35	2,980,849	1,255,051	4,235,900
1935-36 .. ..	..	3,305,156	3,305,156
1936-37 .. ..	..	345,700	345,700
1937-38 .. ..	..	374,000	374,000
1939-40 .. ..	..	312	312
1940-41	3,906,800	627,980	4,534,780
1941-42 .. ..	..	2,095,270	2,095,270
1942-43	13,875,800	812,100	14,687,900
1944-45	807,075	400	807,475
1945-46	1,049,868	15,400	1,065,268
1946-47 .. ..	..	202,000	202,000
1948-49	5,202,146	265,268	5,467,414
1949-50	6,119,695	112,262	6,231,957
1953-54 .. ..	..	123,874	123,874
1955-56	1,926,436*	..	1,926,436*
1959-60	2,962,116	17,584	2,979,700
1960-61	5,999,000	1,000	6,000,000
1975-76	9,899,352	..	9,899,352
Government Option† ..	..	6,633,695	6,633,695
Not yet fixed‡ { (a) ..	..	11,794,075	11,794,075
(b) ..	..	86,702	86,702
Temporary advance from Westminster Bank, London, pending flotation ..	2,521,150	..	2,521,150
Proceeds on account of flotations in course ..	790,000	678,286	1,468,286
Total	58,040,287	91,506,679	149,546,966

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

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

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

Loans and
Interest
payable in
London and
Melbourne.

An examination of the next table reveals interesting information in regard to the practice adopted when raising money in recent years. During the last 27 years the increase in the amount of loans due in Melbourne was £86,836,373, whilst during the same period those due in London showed an increase of only £13,384,708. With few exceptions the new loans raised have been obtained locally, while further, large amounts have been borrowed in the State for the redemption of London loans as they matured.

PUBLIC DEBT AND INTEREST PAYABLE THEREON IN
LONDON AND MELBOURNE: 1900 to 1927.

At 30th June—	Amount of Loans Payable in—		Annual Interest Payable in—	
	London.	Melbourne.	London.	Melbourne.
	£	£	£	£
1900 ..	44,655,579	4,670,306	1,735,307	152,096
1910 ..	39,012,436	16,564,289	1,419,579	560,520
1915 ..	41,333,738	31,750,189	1,520,762	1,131,811
1916 ..	42,160,566	34,614,466	1,562,884	1,270,886
1917 ..	42,907,086	35,218,309	1,604,171	1,327,518
1918 ..	43,437,719	36,157,927	1,633,681	1,407,419
1919 ..	43,400,300	38,631,629	1,632,372	1,547,192
1920 ..	42,406,040	45,241,699	1,637,615	1,902,108
1921 ..	38,709,050	58,608,781	1,527,541	2,780,300
1922 ..	42,708,244	66,390,955	1,761,734	3,324,535
1923 ..	45,685,997	72,876,032	1,933,000	3,641,693
1924 ..	48,551,314	75,557,012	2,158,199	3,740,433
1925 ..	51,869,204	79,300,361	2,319,486	3,999,635
1926 ..	54,503,506	85,761,483	2,525,676	4,355,216
1927 ..	58,040,287	91,506,679	2,652,314	4,663,048

Rates of
Interest on
Public Debt.

The appended table shows the rates of interest which were payable on the public debt at 30th June, 1927, and the portions of the debt at each rate in London and Melbourne respectively :—

RATES OF INTEREST ON PUBLIC DEBT AT 30TH JUNE, 1927.

Rate of Interest.	Amount Payable in—		
	London.	Melbourne.	Total.
%	£	£	£
7½ .. ..	..	565,814	565,814
6/15/2 .. ..	..	613,248	613,248
6/7/0 .. ..	..	5,480,743	5,480,743
6 .. ..	..	5,897,624	5,897,624
5½	6,887,649	18,037,363	24,925,012
5½ .. ..	..	200,000	200,000
5/6/11 .. ..	..	3,553,124	3,553,124
5/5/3 .. ..	..	1,581,146	1,581,146
5¼ .. ..	..	16,993,836	16,993,836
5½ .. ..	..	140,000	140,000
5	27,256,527	22,119,073	49,375,600
4½ .. ..	..	200,000	200,000
4½	5,999,000	536,980	6,535,980
4½ .. ..	..	1,513,567	1,513,567
4	2,962,116	2,243,669	5,205,785
3½ .. ..	..	220,000	220,000
3½	6,119,695	6,498,741	12,618,436
3	5,202,146	4,433,465	9,635,611
1	302,004	..	302,004
Not fixed	3,311,150	678,286	3,989,436
Total	58,040,287	91,506,679	149,546,966
Average Rate of Interest	% 4·57	% 5·10	% 4·89

Growth of
Public Debt.

While the public debt has increased from year to year a very noticeable feature is the rapid increase which has occurred during the last few years. As compared with 1920 the debt per head of population at 30th June, 1927, had increased by 49 per cent.; the interest payable per head had increased by 81 per cent. in the same period. In the following statement is shown the growth of the public debt and of the interest payable thereon since the date of the establishment of responsible government in 1855:—

GROWTH OF PUBLIC DEBT AND INTEREST:
1855 TO 1927.

End of Financial Year in—	Loans Outstanding.			Amount per Head of Population.	
	Amount.	Annual Interest Payable.		Debt.	Annual Interest Payable.
		Total.	Average Rate per cent.		
	£	£		£ s. d.	£ s. d.
1855* ..	1,180,000	70,800	6·00	3 4 9	0 3 11
1860* ..	5,643,100	337,905	5·99	10 9 10	0 12 7
1870* ..	12,099,800	699,240	5·78	16 13 1	0 19 3
1880 ..	20,567,700	1,029,991	5·01	24 9 4	1 4 6
1890 ..	41,377,693	1,649,465	3·99	36 19 11	1 9 6
1900 ..	49,325,885	1,887,403	3·83	41 6 8	1 11 8
1910 ..	55,576,725	1,980,099	3·56	43 6 8	1 10 10
1920 ..	87,647,739	3,539,723	4·04	57 19 1	2 6 10
1921 ..	97,317,831	4,307,841	4·43	63 5 11	2 16 0
1922 ..	109,099,199	5,086,269	4·66	69 9 3	3 4 10
1923 ..	118,562,029	5,574,693	4·70	73 15 0	3 9 4
1924 ..	124,108,326	5,898,632	4·75	75 13 9	3 11 11
1925 ..	131,169,565	6,319,121	4·82	78 10 1	3 16 3
1926 ..	140,264,989	6,880,892	4·91	82 15 7	4 1 3
1927 ..	149,546,966	7,315,362	4·89	86 12 5	4 4 9

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

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

EXPENDITURE FROM LOAN FUNDS.

Purpose.	Expenditure during the Year—				Total to 30th June, 1927.
	1923-24.	1924-25.	1925-26.	1926-27.	
	£	£	£	£	£
Railways	1,395,282	1,379,182	1,489,285	1,821,005	69,455,840
Water Supply—					
Country	1,415,109	1,405,623	1,587,477	1,541,900	19,052,457
Metropolitan ..	.. ..	.. ..	.. ..	.. ..	3,142,577
Closer Settlement ..	855,919	592,372	150,753	881,450	8,087,214
Discharged Soldiers					
Land Settlement ..	1,577,411	1,133,588	1,157,066	984,912	24,522,354
Country Roads ..	566,596	992,568	960,452	1,042,441	8,286,306
Electricity Supply ..	2,090,091	1,595,064	1,822,378	1,893,740	11,370,497*
State Schools, Technical Schools, and					
University	359,511	476,930	394,655	403,354	4,016,627
State Coal Mine ..	.. ..	9,967	.. ..	.. ..	249,399
Seed and Fodder					
Advances to Farmers	.. ..	.. ..	.. ..	.. ..	604,615
Cool Storage—Advances to Companies, &c. ..	31	.. ..	.. ..	.. ..	573,299
Municipalities—Loans, Advances, and Grants	3,350	12,881	300	600	1,129,414
Primary Products—Advances to Companies, &c. ..	.. ..	7,500	5,000	.. ..	331,101
Wire Netting	26,275	32,399	42,628	32,337	507,824
All other works and services	117,951	302,515	391,381	360,614	5,635,927
In aid of Revenue ..	.. ..	.. ..	.. ..	314,827	3,234,479
Total	8,407,526	7,940,589	8,001,375	9,277,180	160,199,930*

* In addition to this amount, the sum of £379,727 was advanced from the Public Account Advances Account in 1926-27 and expended on the following :—Closer Settlement, £236,893; and Discharged Soldiers Land Settlement, £142,834.

The total interest paid (including all expenses of payment) on loans raised to 30th June, 1927, amounted on that date to about £128,000,000, of which £86,000,000 had been paid in London and £42,000,000 in Melbourne. The amount of interest and expenses paid during each of the last five financial years is shown in the next table :—

Interest paid
on Loans.

INTEREST AND EXPENSES OF PUBLIC DEBT.

Year Ended 30th June.	Interest Paid on Loans in—		Interest Paid on Temporary Loans.	Commission on Payment of Interest in London.	Commission on Redemption, Expenses of Conversion, &c.	Total.
	London.	Melbourne.				
	£	£	£	£	£	£
1923 ..	1,765,579	3,563,982	3,701	15,274	7,039	5,355,575
1924 ..	2,066,948	3,589,245	1,917	6,905	4,955	5,669,970
1925 ..	2,104,561	3,790,631	1,190	6,757	2,808	5,905,947
1926 ..	2,315,702	4,037,915	7,678	8,071	3,627	6,372,993
1927 ..	2,500,564	4,317,124	267	8,707	..	6,826,662

SINKING FUNDS.

Sinking Funds. At 30th June, 1927, the sinking funds for repayment of the public debt amounted to £5,674,172. The balances to the credit of the various funds at that date are shown in the following table:—

	Balance at Credit.
	£
Mallee Land Account	82,446
Victorian Government Consolidated Inscribed Stock Redemption Fund	3,976,339
Victorian Loans Redemption Fund	783,587
Closer Settlement Redemption Fund	33,373
Coal Mines Sinking Fund	142,457
Main Roads Sinking Funds	276,711
Railways Sinking Fund	214,286
Public Works Sinking Fund	88,308
Developmental Roads Sinking Fund	55,083
Irrigation and Water Supply Works Sinking Fund	21,582
Total	5,674,172

Act No. 2676 of 1915 provides that the moneys accruing from licensing, leasing, or selling of land in the Mallee country or Mallee border are to be paid into the Treasury and placed to the credit of a separate account, to be called the "Mallee Land Account." The sums standing at credit of this account are available solely for the repurchase, redemption, or paying off of any Victorian stock or debentures. The amount in hand at 30th June, 1926, was £100,616, and during 1926-27 the receipts amounted to £105,954, and the expenditure to £124,124, so that the balance in the fund at 30th June, 1927, was £82,446.

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

such purchase or redemption. The fund is made up of money derived from special appropriations from revenue, from repayments by Water Trusts, and from the Mallee Land Account, &c. By Act 3491 of 1926 yearly payments are made out of the fund, for the year 1926-27 and thereafter, to the "Railways Sinking Fund" and the "Irrigation and Water Supply Works Sinking Fund." During 1926-27 the receipts of the fund amounted to £445,382. Transactions to 30th June, 1927, were as follows:—

THE VICTORIAN GOVERNMENT CONSOLIDATED INSCRIBED
STOCK REDEMPTION FUND AT 30TH JUNE, 1927.

Transactions.						To 30th June, 1927.
RECEIPTS.						£
Waterworks Trusts	..	..	..	..	..	393,204
Mallee Land Account	..	..	..	..	..	1,270,000
Revenue	..	..	..	..	..	1,513,639
Interest on Investments	..	..	..	..	..	1,136,839
Miscellaneous	..	..	..	..	..	106,065
Total receipts	..	..	..	..	..	4,454,747
EXPENDITURE.						
Contribution to Sinking Funds—Act No. 3491	..	..	..	..	..	102,685
Purchase of Stock	..	..	..	..	..	374,500
Commission, &c.	..	..	..	..	..	1,211
Investment Expenses	..	..	..	..	..	12
Total expenditure	..	..	..	..	..	478,408
Balance in the Fund	..	..	..	..	..	3,976,339
Amount of stock repurchased and cancelled	..	..	..	..	..	397,421

Of the balance in the fund, £3,962,933 was invested in Victorian Government debentures and stock, and £13,406 in the Commonwealth National Debt Sinking Fund.

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

Victorian
Loans
Redemption
Fund.

for "Resumption of Land in Mallee District," and of sundry loans made by the Government to municipalities, &c. By Act 3491 of 1926 yearly payments are made out of the fund, for the year 1926-27 and thereafter, to the "Railways Sinking Fund" and the "Irrigation and Water Supply Works Sinking Fund." During 1926-27 receipts amounted to £347,336, and £157,333 was expended in the purchase for cancellation of £157,283 stock and debentures. Transactions in the fund to 30th June, 1927, are shown in the following statement:—

* THE VICTORIAN LOANS REDEMPTION FUND AT
30TH JUNE, 1927.

Transactions.	To 30th June, 1927.
RECEIPTS.	
From Revenue..	£
Resumption of land in Mallee Districts and valuation of improvements	3,707,919
Payments by Municipalities	26,602
Geelong Municipal Waterworks Trust	394,966
Interest on Investments	265,000
Shipbuilding Yard (realization)	255,275
Sale of Dredge	178,500
Provision for Securities matured and unclaimed	4,288
Unexpended balance of loans not required	4,495
Unexpended balance of Country Tramways Trust Fund	4,141
Repayment of Loans—	4,291
Bush fires relief	23,024
Floods relief	1,453
Seed advances	609,619
New pilot steamer	19,497
Yarrowee Channel	16,179
Wire netting	406,759
Cool Stores	81,823
Municipalities	325,797
Country roads	80,000
Cattle advances	57,579
Royal Agricultural Society	5,814
Primary products	75,796
Zoological and Acclimatisation Society	701
Excess of face value of securities over amount invested	408
Total receipts	6,549,926
EXPENDITURE.	
Purchase of stock and debentures	5,673,657
Contributions to Sinking Funds—Act No. 3491	92,682
Total expenditure	5,766,339
Balance in the Fund	783,587
Amount of stock and debentures repurchased and cancelled	5,718,094

The balance in the fund was represented by Victorian Government debentures and stock having a face value of £749,000, and £34,587 in the Commonwealth National Debt Sinking Fund.

Closer Settlement Redemption Fund.

With the approval of the Treasurer this Fund was established to write down the valuation of Closer Settlement Estates by £200,000. The sole revenue of the Fund is a sum of £10,000, which, in accordance with an arrangement entered into, it must receive each year from the profits of the Closer Settlement Fund. Up to 30th June, 1927, the revenue of the Fund amounted to £125,000, of which £91,627 had been applied in the cancellation of stock and debentures, leaving a balance of £33,373, all of which was invested.

Coal Mines Sinking Fund.

In accordance with Act No. 2630 (Section 96) the net surplus profits of the State Coal Mines were applied in establishing the Coal Mines Sinking Fund. Up to 30th June, 1927, the receipts of that Fund amounted to £149,507. Stock and debentures to the value of £7,050 had been cancelled at par, and there was thus a balance of £142,457, all of which was invested.

Main Roads (Treasury) Sinking Fund.

Established by Act 3425 of 1925, whereby a sum equal to $1\frac{1}{2}$ per cent. of half the amount raised under the Country Roads Acts is paid each financial year from consolidated revenue into this Fund. Moneys in the Fund are to be invested in Government Securities bearing interest at the rate of $4\frac{1}{2}$ per cent. until half the amount borrowed under the Country Roads Acts has been paid off. The amount at credit of the Fund at 30th June, 1927, was £52,284.

Main Roads (Municipalities) Sinking Fund.

A portion of the money to the credit of the Country Roads Board Fund is paid into the "Main Roads (Municipalities) Sinking Fund" which was formerly known as "Main Roads Sinking Fund" (Act 3425 of 1925). This Fund is to be kept until half the amount borrowed under the Country Roads Acts has been paid off. At 30th June, 1927, the credit balance of the Fund amounted to £224,427.

Railways Sinking Fund.

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

By Act 3491, passed 23rd December, 1926, certain yearly payments are to be made into the Fund from two redemption funds (G.C.I.S.R. Fund and V.L.R. Fund). These payments are (a) for the year 1926-27 and thereafter, 5s. per £100 of the net public debt created on account of Railways to 30th June, 1926, and (b) for 1927-28 and thereafter, in addition to payment (a), 5s. per £100 of the total amount expended out of loan moneys on Railway works in each financial year. The amount at the credit of the Fund at 30th June, 1927, was £214,286, all of which was invested.

Irrigation and Water Supply Works Sinking Fund. Established by Act 3491 (1926), for the purpose of redeeming loans raised for irrigation works and water supply. Certain yearly payments are to be made into the Fund from two redemption funds (G.C.I.S.R. Fund and V.L.R. Fund). These payments are (a) for the year 1926-27 and thereafter, 2s. 6d. per £100 of the net public debt created on account of irrigation and water supply works to 30th June, 1926, and (b) for 1927-28 and thereafter, in addition to payment (a), 2s. 6d. per £100 of the total amount expended out of loan moneys on irrigation and water supply works in each financial year. The amount at the credit of the Fund at 30th June, 1927, was £21,582, all of which was invested.

Public Works Sinking Fund. Under the provisions of Act No. 3201 of 1922 a Fund known as the "Public Works Sinking Fund" was established for the purpose of liquidating the liability on account of certain public works. The works specified in the Act are public offices, education buildings, hospitals for insane, gaols, police quarters, &c. The sum to be paid into the Fund annually shall be equal to 2 per cent. of the total loan expenditure at the end of the preceding financial year, except that it shall be 10 per cent. in the case of buildings, approaches, and improvements, for tourists' resorts. The moneys at the credit of the Fund shall be invested in Government securities at 4 per cent. per annum, and, when they are equal to the total amount expended out of loan moneys, shall be transferred to and placed to the credit of the Victorian Loans Redemption Fund. During 1926-27 a sum of £45,443 was paid into the Fund, the balance at credit at 30th June, 1927, being £88,308.

Developmental Roads Sinking Fund. By Act No. 3334 of 1923 a sum equal to $1\frac{1}{2}$ per cent. per annum on the amount borrowed under the provisions of the *Developmental Roads Act* 1922 is to be paid into this Fund from consolidated revenue. The moneys in the Fund are to be invested in Government securities bearing interest at the rate of $4\frac{1}{2}$ per cent. per annum. There was a credit of £55,083 in the Fund at 30th June, 1927, all of which was invested.

TRUST FUNDS.

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

Heading.	Year ended 30th June—				
	1923.	1924.	1925.	1926.	1927.
<i>Liabilities.</i>	£	£	£	£	£
At Credit of—					
Public Debt Sinking					
Funds	2,993,432	3,560,225	4,084,795	4,897,751	5,674,172
Savings Bank Commis-					
sioners Trust Account	64,103	64,103	64,103	..	..
Other Trust Funds ..	4,131,498	4,436,882	5,206,083	5,219,701	5,272,317
Balance — From General					
Cash Account ..	..	195,447	..	..	..
Total	7,189,033	8,256,657	9,354,981	10,117,452	10,946,489
<i>Investments, Advances, &c.</i>					
Invested in Victorian Stock					
or Debentures ..	5,133,710	5,955,771	6,438,453	7,082,512	8,189,073
Other Investments, Fixed					
Deposits, &c... ..	454,503	474,053	479,054	431,348	465,867
Advances Made... ..	1,460,804	1,826,833	2,006,307	2,206,902	2,159,361
Cash Held	140,016	..	431,167	396,690	132,188
Total	7,189,033	8,256,657	9,354,981	10,117,452	10,946,489

PUBLIC DEBTS OF AUSTRALIAN STATES.

Public Debts
of Australian
States.

The following is a statement of the public debts of the Australian States at 30th June, 1927, showing the amounts, the amounts per head of population, the total interest payable, the average rates per cent., and the rates *per capita*. Sinking Funds have not been deducted. Treasury Bills covering Revenue Deficits are included. Revenue Deficits which are not covered by Treasury Bills, overdrafts on Loan Account, and advances from Trust Funds are excluded.

The particulars of the debts, &c., of the States (excepting Victoria) have been supplied by the Commonwealth Statistician. The Victorian figures appearing in the Treasurer's Finance Statement have been adopted.

PUBLIC DEBTS OF AUSTRALIAN STATES AT
30TH JUNE, 1927.

State.	Public Debt.		Interest Payable.		
	Amount.	Per Head of Population.	Amount.	Per Head of Population.	Average Rate per cent.
	£	£ s. d.	£	£ s. d.	
Victoria* ..	149,546,966	86 12 5	7,315,362	4 4 9	4·89
New South Wales	240,781,363	101 11 4	12,072,138	5 1 10	5·01
Queensland† ..	105,734,916	118 4 3	5,076,442	5 13 6	4·80
South Australia ..	90,284,162	158 2 10	4,538,057	7 18 11	5·02
Western Australia	71,501,913	185 14 0	3,271,669	8 9 11	4·57
Tasmania ..	24,516,688	117 15 4	1,203,045	5 15 7	4·91

* Including £2,521,150 temporary advances pending loan flotation, and £1,468,286 proceeds on account of flotations in course.

† Excludes £1,220,000 advance on account of a loan to be floated.

The gross public debt of the Commonwealth at 30th June, 1927, was £461,067,742, and that of the six States (excluding all advances on account of loan flotations), £679,223,572. From the total of these a deduction of £96,559,393 must be made for debts included twice.

The balance (£1,043,731,921) represents the liability of the Australian public at the date mentioned, which is equal to £169 4s. 8d. per head of the population.

The full indebtedness of the Government, municipalities, and corporations of Victoria for the year 1927 is shown in detail hereunder. From the municipal and corporation debts the amounts of loans from the Government have been excluded.

**STATE, AND LOCAL DEBTS (EXCLUDING LOANS
FROM GOVERNMENT), 1927.**

State Public Debt—	£	£
London Register	58,040,287	
Melbourne Register	91,506,679	
Other State Debt (Public Account Advances)	379,727	
Total State Debts .. .. .	..	149,926,693
Municipal	9,071,016	
Harbor Trusts	3,495,689	
Metropolitan Fire Brigades Board ..	201,949	
Melbourne and Metropolitan Board of Works	17,837,090	
Melbourne and Metropolitan Tramways Board	4,643,240	
Ballarat Water Commission and Sewerage Authority	245,923	
Bendigo Sewerage Authority	256,482	
Geelong Waterworks and Sewerage Trust ..	1,277,175	
Total Debts of Municipalities and Corporations (excl. Government loans)	..	37,028,564
Gross Debts .. .. .	..	186,955,257
Sinking Funds .. .. .	..	7,325,795
Net Debt .. .. .	..	179,629,462

This sum (£179,629,462) is equal to a net debt of £104 0s. 11d. per head of the population at 30th June, 1927.

COMMONWEALTH, STATE, AND MUNICIPAL TAXATION.

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

TAXATION IN VICTORIA—COMMONWEALTH, STATE, AND MUNICIPAL : 1922-23 TO 1926-27.

Heads of Taxation.	Amount received during—				
	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£	£	£	£	£
Federal—					
Customs Duties ..	7,648,521	8,226,378	8,167,185	8,237,801	9,920,596
Excise Duties ..	2,700,312	2,764,938	2,823,889	2,897,845	3,022,973
Income Tax* ..	3,485,000	2,986,000	3,007,000	2,932,000	3,004,000
Land Tax* ..	464,000	467,000	580,000	580,000	602,000
Succession Duties*	434,000	489,000	511,000	522,000	504,000
War-time Profits Tax* ..	72,000	18,000	..	..	..
Entertainments Tax	208,240	212,011	223,555	152,000*	121,000*
Total Federal Taxation ..	15,012,073	15,163,327	15,312,629	15,321,646	17,174,569
State—					
Income Tax ..	1,514,256	1,702,483	2,076,656	2,238,429	2,382,991
Land Tax ..	392,594	412,165	421,662	457,441	517,229
Probate Duty ..	697,482	798,315	802,333	940,609	1,111,876
Betting Taxation (Stamp duties, licences, and percentage) ..	185,309	186,141	170,998	133,067	142,071
Other Stamp Duties	950,896	1,011,966	963,307	1,017,351	1,059,655
Motor Car and Motor Omnibus Acts †	165,804	233,300	418,840	641,765	804,903
Liquor Taxation and Licences ..	302,574	320,331	343,524	352,826	354,096
Other Licences ..	32,173	43,007	39,360	37,647	37,551
Duties on Bank Notes ..	1,762	1,750	1,740	1,899	1,564
Total State Taxation ..	4,242,850	4,709,458	5,238,420	5,821,034	6,411,936
Municipal Taxation ..	2,671,783	2,963,431	3,278,598	3,507,039	3,745,745
Total Taxation	21,926,706	22,836,216	23,829,647	24,649,769	27,332,250

* Estimated. † See footnote on page 68.

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

COMMONWEALTH, STATE, AND MUNICIPAL TAXATION
PER HEAD OF POPULATION : 1922-23 TO 1926-27.

Division.	Taxation per Head of Population in Victoria.				
	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Commonwealth	9 8 10	9 6 7	9 4 10	9 2 0	10 0 8
State	2 13 4	2 17 11	3 3 3	3 9 2	3 14 11
Municipal	1 13 7	1 16 5	1 19 7	2 1 7	2 3 9
Total	13 15 9	14 0 11	14 7 8	14 12 9	15 19 4

While the estimated Commonwealth taxation imposed in Victoria was £10 0s. 8d. per head of population in 1926-27, the taxation in Australia levied by the Commonwealth Government was £9 13s. 2d. per head. The higher rate for Victoria was due to the amount of Customs duties actually collected in the State being much above the average collection on a population basis.

The *Income Tax Act* 1927, which came into force on 31st December, 1927, fixed the rates of income tax on incomes earned during the year ended 30th June, 1927. The rate for individuals on the amount of taxable income from personal exertion up to but not exceeding £500 was increased to 4½d. in the £1. Where the taxable income exceeded £500 the rates on income from personal exertion were 5½d. for every £1 of the taxable amount thereof up to £500; 6½d.

for every £1 between £501 and £1,000; 7½d. for every £1 between £1,001 and £1,500; and 8½d. for every £1 over £1,500. The rates on income from property are respectively double the rates on income from personal exertion, and the super-tax is still levied (see page 75).

In the case of companies (other than Mutual Life Assurance Companies) liable to tax the rate was increased from 16d. in the £1 to 18d. in the £1.

LICENCES.

The following is a statement of the net revenue received from each description of licence during the year 1926-27. Municipal licences for slaughtering, dairies, noxious trades, &c., are excluded, also insurance licences (£69,203), and book-makers' licences (£14,010), the two last-mentioned having been shown under "Stamp Duties." Motor car licences, fees, etc. (£804,903) are included under the heading "State Taxation."

REVENUE OF STATE GOVERNMENT FROM LICENCES: 1926-27.

Description of Licence.	Net Revenue Received.
	£
Spirit Merchants and Grocers	37,786
Victuallers	287,685
" Temporary	4,623
Railway Refreshment Rooms	1,836
Packet	122
Australian Wine	5,000
Billiard Table	6,300
Brewers	96
Vignerons	125
Club Certificates	7,569
Permits (Extra Bars and Extended Hours)	2,954
Auctioneers	23,383
Real Estate Agents	6,451
Tobacco and Cigars—Selling	2,247
Pawnbrokers	730
Hawkers	2,309
Carriage, Stage Carriage, Forwarding Agents	395
Marine Stores	202
Explosives	828
Race Clubs	723
Gold-buyers	148
Second-hand Dealers	613
Farm Produce Agents	245
Total	392,370

In addition to the preceding, there are other licences issued in Victoria by the Department of Trade and Customs; the fees collected in respect of these during the calendar year 1927 were as follows:—

Description of Licence.						Amount of Fees collected.
<i>Customs.</i>						£
Carriage ..	..	..	..	..	..	289
Lighter and Boat ..	..	..	..	..	..	7
Custom House Agents ..	..	..	..	..	..	435
Warehouse ..	..	..	..	..	..	6,293
<i>Excise.</i>						
Distilling—						
General Distillers ..	..	..	..	..	..	200
Wine Distillers ..	..	..	..	..	..	150
Vignerons ..	..	..	..	..	..	55
Brewers ..	..	..	..	..	..	950
Manufacturing Tobacco, Cigars, Cigarettes, and Snuff ..	..	..	..	..	..	1,887
Methylators ..	..	..	..	..	..	2
Starch ..	..	..	..	..	..	15