

FINANCE.

There has been a marked improvement of late years in the finances ^{State} of the State of Victoria, and, in addition to the ordinary expenditure, large sums out of ordinary revenue have been devoted to paying off liabilities of former years, and to the formation of Sinking Funds to meet outstanding loans as follow. After these payments there were still substantial surpluses, applied specially to public works at the end of each of the last four financial years. ^{finance.}

REVENUE DEVOTED TO PAYING OFF OLD LIABILITIES, ETC., ETC.,
1903-4 to 1906-7.

Year ended 30th June.	ORDINARY REVENUE APPROPRIATED.			Total.
	In reduction of the accumulated revenue deficiency of former years.	In redemption of loan raised in anticipation of revenue (Act No. 1451.)	In formation of Redemption Funds to meet outstanding loans.*	
	£	£	£	£
1904	175,000	25,000	57,500	257,500
1905	172,000	25,000	97,962	294,962
1906	550,000	25,000	97,936	672,936
1907	666,391	25,000	117,571	808,962
Totals (4 years)	1,568,391	100,000	370,939	2,034,360

* These Redemption Funds have sources of income beside these amounts. Full particulars of the funds will be found further on in this "part."

The following table shows the receipts and expenditure from ^{State} general revenue during the year ended 30th June, 1907. On 1st July, 1906, the total revenue deficiency was £1,459,119 12s. 5d., and in the course of the year was reduced by £567,251 9s. 7d., leaving the accumulated revenue deficiency at the end of the financial year 1906-7 at £891,868 2s. 10d., the whole of which amount was covered ^{revenue and expenditure.}

by advances from the trust funds. The sum of £99,140 6s. 4d. was also appropriated to the reduction of the accumulated revenue deficiency by Act No. 2085, but was not paid over at the 30th June, 1907.

REVENUE AND EXPENDITURE, 1906-7.

Revenue.	Amount.		Expenditure.	Amount.	
	£	s. d.		£	s. d.
Excise and Inland Territorial ...	884,528	9 2	Consolidated Revenue deficiency, 30/6/06	1,459,119	12 5
Public Works ...	4,101,664	19 10	Special Appropriations	2,902,377	9 4
Ports and Harbors	87,020	13 3	Chief Secretary ...	685,494	1 9
Fees	309,218	6 10	Minister of Public Instruction	637,557	18 8
Fines ...	12,328	11 0	Attorney-General	75,821	1 3
Mallee Land Account	46,293	7 4	Solicitor-General ...	60,500	8 6
Miscellaneous ...	433,126	13 5	Treasurer ...	246,667	17 3
Commonwealth balances returned	2,192,339	18 10	Commissioner of Crown Lands and Survey	97,726	2 4
Consolidated Revenue deficiency, 30/6/07	891,868	2 10	Commissioner of Public Works	295,387	1 0
			Minister of Mines	66,776	16 3
			Minister of Water Supply	69,428	7 10
			Minister of Agriculture	102,562	1 3
			Minister of Health	21,770	16 9
			Minister of Railways	2,172,528	2 2
			Mallee Land Account	46,293	7 4
			Surplus Revenue transferred to Trust Fund for Works	198,251	6 2
			Reduction of Revenue Deficit	99,140	6 4*
Total ...	9,237,402	16 7	Total ..	9,237,402	16 7

* Appropriated by Act No. 2085 but not paid over at 30th June, 1907.

The following is a return of the revenue and expenditure of Victoria for the eight years 1900-1907 :—

STATE REVENUE AND EXPENDITURE : 1899-1900 TO 1906-7.

Year ended 30th June.	Revenue.	Expenditure.
	£	£
1900	7,453,355	7,285,636
1901	7,712,099	7,672,780
1902	6,997,792	7,398,832
1903	6,954,619	6,759,960
1904	7,319,949	7,339,608
1905	7,515,742	7,343,742
1906	7,811,475	7,261,475
1907	8,345,534	7,679,143

NOTE.—The differences between the revenue and expenditure shown above and the revenue and expenditure given in the Treasurer's Finance Statement arise from the use of a different method of classification for statistical purposes. Those for 1906-7 are as follow :—

	Revenue.	Expenditure.
	£	£
Total according to Treasurer's Finance Statement ...	8,313,241	7,500,990
<i>Add—</i>		
Mallee Land Account—appropriated to Loan Redemption purposes ...	46,293	46,293
Surplus Revenue—set aside for Railway Works, State School Buildings, &c. ...	...	198,252
<i>Deduct—</i>		
Transfers from Stock Act No. 1564, &c. Appropriation to Trust Funds Act ...	14,000	14,000
	...	52,392
Total	8,345,534	7,679,143

If the total Commonwealth revenue and expenditure credited or debited to Victoria be taken into account in connexion with the above figures, the revenue for 1907 would amount to £9,690,796, and the expenditure to £9,015,732, an increase over 1900, the year before federation, of £2,237,441 in the revenue, and £1,730,096 in the expenditure. The increase in revenue is due chiefly to the items Customs duties, £191,794; Excise duties, £260,506; Postal, Telegraphic, &c., £211,912; Probate duties, £275,153; Income tax, £140,077 and Railways, £1,002,025; that in expenditure to the introduction of Old-age pensions, £187,795; and the transfer of surplus revenue for public works, £198,252; Postal, Telegraphic, &c., £202,810; Defences, £117,254; Commonwealth "New" expenditure, £228,511; Railways, £357,623, and redemption of loans, £141,734.

On the ordinary transactions of the year, there was a surplus of £864,643, which was applied as follows:—£666,391 (of which £99,140 was not paid over at the 30th June, 1907) in reduction of the revenue deficiency of former years, and £198,252 for the purposes of the public works specified in the Surplus Revenue Act No. 2085, but which is included in the expenditure given in the preceding tables.

Heads of
State
revenue.

The sources of revenue may be grouped under three headings—(1) taxation, (2) public works, and (3) other sources. Customs and Excise (under taxation), and Posts and Telegraphs (under public works) were transferred to the Federal Government in 1900-1, and the net revenues from these departments are now included under the head of "Federal Government." Land revenue, which averaged £367,000 yearly, is included under "other sources." The amounts received during the last five financial years were as follow:—

HEADS OF REVENUE: 1902-3 TO 1906-7.

Heads of Revenue.	1902-3.	1903-4.	1904-5.	1905-6.	1906-7.
	£	£	£	£	£
Federal Government...	2,105,450	2,002,804	2,017,378	2,097,119	2,192,340
State Taxation—					
Probate and Succession Duties	161,636	308,531	265,876	328,628	401,631
Income Tax ...	415,048	311,147	316,943	318,135	355,148
Other ...	373,499	392,441	396,210	429,172	443,750
Public Works and Services—					
Railways ...	3,033,596	3,400,243	3,609,120	3,779,153	4,010,546
Other ...	181,172	199,072	190,306	212,174	213,838
Other Sources ...	684,218	705,711	719,909	647,094	728,281
Total ...	6,954,619	7,319,949	7,515,742	7,811,475	8,345,534
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Per Head of Population	5 15 5	6 1 1	6 4 2	6 8 2	6 14 10

The amount returned to the State by the Federal Government—£2,105,450 for 1902-3, £2,002,804 for 1903-4, £2,017,378 for 1904-5, £2,097,119 for 1905-6, and £2,192,340 for 1906-7—is that collected by transferred departments, less the amount deducted by the Federal Government under Section 89 of the "Commonwealth of Australia Constitution Act." For 1906-7 the Federal Government received £2,719,431 from Customs and Excise; £797,973 from Posts and Telegraphs; and £20,198 from other sources; and paid over to the State Government £2,192,340.

The revenue of the Railway Department continues to display a considerable advance upon all previous years, that for 1906-7 exceeding the revenue of 1905-6 by £231,393 and of 1902-3 by £976,950. The probate duties of 1906-7 exceed the collections of any previous year, and are approached only by those of 1889-1890, which amounted to £400,150.

INCOME TAX.

An income tax was first imposed in Victoria in 1895, for a period of three years, expiring in 1898, but it has been extended from time to time ever since. The Act is administered by a Commissioner, who, together with his officers, is bound by oath to secrecy. Incomes assessed for tax in any year are those earned, derived, or received in Victoria in the preceding calendar year, and are divided into two classes, viz.:—Incomes (1) from personal exertion, and (2) from property. The former consists of earnings, salaries, wages, allowances, pensions, &c., or stipends earned in or derived from Victoria, and all incomes arising or accruing from any profession, business, trade, or occupation carried on in Victoria; and the latter of all other income. In computing the taxable income certain deductions are allowed from the gross 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 company in liquidation or mining company. By the original Act, incomes of certain public, local, religious, provident, &c., bodies or societies were exempt from taxation, also the official salary of the Governor, and the incomes of mutual life offices with head offices in Australia, fire, fidelity, &c., insurance companies taking out licences under the "Stamps Act," limited to income from that class of business, and incomes of non-residents of Victoria from stock, debentures, or bonds of the Victorian Government or of any public or municipal trust or body. An exemption to the extent of £200 was allowed, except in the case of absentees. The rate of tax is fixed annually by an "Income Tax Rate Act," and from 1895 to 1902 both inclusive was 4d. in the £1 on the first £1,200 of the taxable amount (allowing for £200 exemption), 6d. on the next £1,000, and 8d. on all over £2,200 on income from personal exertion, and double these rates on income from property. The rate of tax for 1903, based on the incomes of the previous year, was fixed by Act No. 1819, as follows:—(a) Personal exertion—Net incomes up to £125 exempt; from £126 to £500, 4d. (with £100 exemption to resident and non-resident taxpayers except companies); over £500, 4d. on first £500 (no exemption), 1d. extra on every £500 or portion thereof up to £2,000; and 8d. on all over £2,000. (b) Property—Double these rates. This Amending Act also made companies taxable as persons, except mining companies, the shareholders of which included in their returns the dividends received. Special provision was also made for the assessment and taxation of life, fire, fidelity, and guarantee assurance and insurance companies. Life assurance companies paid a uniform rate of 1s. in the £1. The rates for the year 1904, based on the incomes of 1903, were altered by Act No. 1863, which did not alter the exemption, but raised the minimum taxable from £126 to £151. The following were the rates under this Act:—Incomes from personal exertion—3d. for every £1 of the taxable amount up to £300; thence up to £800, 4d.; thence to £1,300, 5d.; thence to £1,800, 6d.; and over £1,800, 7d. Life

assurance companies, is. in the £1. Incomes from property—Double these rates. The rates for the year 1905, based on the incomes of 1904, were again altered by Act No. 1938, as follow:—Incomes from personal exertion were taxed 3d. for every £1 of the taxable amount up to £500; thence up to £1,000, 4d.; thence to £1,500, 5d.; over £1,500, 6d. Taxes on income from property double these rates. The minimum amount taxable was £157, the exemption to resident and non-resident taxpayers except companies being £100 on incomes from £157 to £500. The tax on the income of life assurance companies was 8d.; that for other companies liable to tax, 7d. for every £1 of the taxable amount. Interest on Government stock, bonds, and debentures held by residents was exempted as in the case of non-residents, and the exemption of mining companies repealed. The taxable amount of the income of a mining company is the total amount of the dividends declared during the year. The exemption of the profits from trade of provident societies and other associations was also repealed. The rates and exemption for 1906 were the same as those for 1905; but for 1907, whilst the rates are the same as those for 1905 and 1906, the minimum amount taxable is £200 with an exemption of £100 up to £500. The following is a statement of the assessments, taxpayers, taxable income, and tax payable from personal exertion and property during the last five years:—

INCOME TAX: 1903 TO 1907.

—	1903.	1904.	1905.	1906.	1907.
Number of Assessments:					
Personal exertion ...	61,635	43,361	40,528	41,017	30,448
Property ...	12,757	8,916	8,237	8,453	7,652
Total ...	74,392	52,277	48,765	49,470	38,100
Distinct taxpayers ...	67,812	48,266	44,956	45,595	33,926
Taxable Income—					
Personal exertion ...	£ 10,006,700	£ 11,724,100	£ 13,072,600	£ 12,941,931	£ 14,104,531
Property ...	3,930,400	3,118,534	2,890,500	2,951,391	2,988,314
Total ...	13,937,100	14,842,634	15,963,100	15,893,322	17,092,845
Tax Payable—					
Personal exertion ...	£ 211,870	£ 199,718	£ 230,737	£ 227,290	£ 254,918
Property ...	194,850	112,930	89,890	91,373	93,147
Total ...	406,720	312,648	320,627	318,663	348,065
Per taxpayer ...	£ s. d. 6 0 0	£ s. d. 6 9 11	£ s. d. 7 2 8	£ s. d. 6 19 9	£ s. d. 10 5 2
Average Tax payable in the £ on Taxable Incomes derived from—					
Personal exertion ...	d. 5·08	d. 4·09	d. 4·24	d. 4·22	d. 4·34
Property ...	11·90	8·69	7·46	7·43	7·48

The effect of the different Acts passed during the five years under review was that the number of assessments was reduced from 74,392 in 1903 to 38,100 in 1907, the latter figures including 1,063 assessments of companies. Of the total decrease 31,187 were from personal exertion, and 5,105 from property.

The taxpayers have decreased by 33,886 since 1903; but the taxable income from personal exertion increased from £10,006,700 in 1903 to £14,104,531 in 1907, whilst that from property, in the same years, fell from £3,930,400 to £2,988,314, the net increase in the total taxable income being £3,155,745. The exemptions allowed amounted to £6,080,500 in 1903, and to £2,550,600 in 1907. The amount of tax payable increased from £211,870 in 1903 to £254,918 in 1907 on incomes from personal exertion; but decreased from £194,850 to £93,147 in the case of incomes from property—a net decrease of £58,655.

The average tax payable per taxpayer in 1907 is considerably higher than that payable in the preceding four years owing to the adoption in 1907 of a higher taxable income, and the increase in the incomes of the taxpayers.

The average tax payable in the pound was highest in 1903, both on taxable incomes derived from personal exertion (5d.) and from property (nearly 1s.). The highest previous rates were under 5d. and 9½d., and in 1907 the rates were 4½d. and 7½d. The following return shows particulars of rates of taxation, assessments, taxable incomes, and taxes payable in the respective groups for which different rates of taxation are charged:—

INCOME TAX ASSESSMENTS, 1907—BASED ON INCOMES OF 1906.

Taxable Income.	Rate of Tax in £ on Incomes derived from		Number of Assessments.		Taxable Income from		Tax Payable on	
	Personal Exertion.	Property.	Personal Exertion.	Property.	Personal Exertion.	Property.	Personal Exertion.	Property.
Up to £500 ...	3	6	24,413	6,180	4,707,782	909,919	59,753	22,814
£500 to £1,000 ...	4	8	3,927	915	2,650,564	622,179	37,334	16,972
£1,000 to £1,500 ...	5	10	953	267	1,155,946	322,246	19,143	10,052
Over £1,500 ...	6	12	1,155	290	5,590,239	1,133,970	138,688	43,309
Total ...	...	...	30,448	7,652	14,104,531	2,988,314	254,918	93,147

It is here shown that the taxable income from personal exertion amounts to £14,104,531, and that from property to £2,988,314, after allowing for exemptions of £2,550,600. The total net incomes of those assessed in 1907 on incomes of the previous year amounted to over nineteen and a half millions sterling, or an average of £579

for each taxpayer. The averages of the assessed incomes of the four previous years were:—1903, £295; 1904, £394; 1905, £444; and 1906, £438.

Occupations
of Income
Taxpayers.

In the succeeding tables the occupations of income taxpayers are exhibited, the summary table immediately following showing the percentage of each class paying the tax, and the proportion contributed thereto.

OCCUPATIONS OF INCOME TAXPAYERS SUMMARIZED, 1907.

Occupations in Classes.	Number of Taxpayers.			Amount of Tax.						
	Total.	Percentage of Taxpayers.	Percentage of each class in Population.	Personal Exertion.	Property.	Total.	Percentage of Total.	Average to each Taxpayer.		
				£	£			£	£	s.	d.
1. Professional	5,150	15·18	14·62	25,110	3,907	29,017	8·34	5	12	8
2. Domestic ...	1,268	3·74	1·90	5,366	791	6,157	1·7	4	17	1
3. Commercial	8,768	25·84	11·09	61,495	7,672	69,167	19·87	7	17	9
4. Transport ...	1,150	3·39	3·65	3,797	527	4,324	1·24	3	15	2
5. Industrial ...	4,723	13·92	3·23	28,861	3,465	32,326	9·29	6	16	10
6. Primary producers ...	7,840	23·11	4·75	49,047	10,245	59,292	17·03	7	11	3
7. Indefinite ...	4,051	11·94	40·24	4,225	52,133	56,358	16·19	13	18	2
8. Companies ..	976	2·88	...	77,017	14,407	91,424	26·27	9	13	5
Total ...	33,926	100·00	...	254,918	93,147	348,065	100·00	10	5	2

An examination of this table reveals the relative wealth of the various classes. Thus the commercial class, which forms nearly 26 per cent. of the taxpayers, has the proportion of only 15 per cent. of the total bread-winners in the population, whilst primary producers, which include those following agricultural, pastoral, and mining pursuits make up 23 per cent. of the taxpayers, but 31 per cent. of the bread-winners; the next great class—the industrial—contributes 14 per cent. to the taxpayers, and forms 27 per cent. of the bread-winners; whilst the professional class, contributing 15 per cent. to the taxpayers, forms only 7 per cent. of the bread-winners. Of the definite classes, that contributing the highest percentage of taxpayers in proportion to its number in the population is the professional, with 14½ per cent.; the commercial coming next, with 11 per cent.; then primary producers with 4¾; and last, the domestic class with less than 2 per cent. Of the amount paid as tax, companies yielded 26 per cent. of the total; whilst the indefinite class, forming 12 per cent. of the taxpayers, yielded 16 per cent. of the tax. The commercial class, forming 26 per cent. of the taxpayers, gave 20 per cent. of the tax; primary producers, forming 23 per cent. of the taxpayers, gave 17 per cent. of the tax; the industrial class, forming 14 per cent. of the taxpayers, gave 9 per cent. of the tax; and the professional class, forming 15 per cent. of the taxpayers, gave 8 per cent. of the tax.

In the succeeding table the sources of the incomes of taxpayers for all the principal occupations are dealt with under the heads of personal exertion and property.

SOURCES OF INCOMES AND OCCUPATIONS OF TAXPAYERS, 1907.

Occupations.	Number of Taxpayers.				Amount of Tax.			
	Personal Exertion.	Property.	Personal Exertion and Property combined.	Total.	Personal Exertion.	Property.	Total.	Average to each Taxpayer.
1 Professional.					£	£	£	£ s. d.
Civil Servants	879	...	62	941	3,234	174	3,408	3 12 5
Clergymen ...	486	...	32	518	1,486	69	1,555	3 0 0
Legal Practitioners	472	5	149	626	5,961	1,934	7,895	12 12 2
Medical Practitioners ...	462	8	132	602	5,055	641	5,696	9 9 2
Police ...	178	...	5	183	387	10	397	2 3 4
Teachers ...	765	...	37	802	2,292	93	2,385	2 19 5
Various ...	1,298	14	166	1,478	6,695	986	7,681	5 3 11
	4,540	27	583	5,150	25,110	3,907	29,017	5 12 8
2. Domestic.								
Hotelkeepers...	926	1	153	1,080	4 603	615	5,218	4 16 7
Various ...	156	2	30	188	763	176	939	4 19 11
	1,082	3	183	1,268	5,366	791	6,157	4 17 1
3. Commercial.								
Agents ...	597	3	130	730	5,764	894	6,658	9 2 5
Brokers ...	174	...	45	219	3,903	368	4,271	19 10 0
Butchers ...	335	1	51	387	1,457	236	1,693	4 7 6
Clerks ...	2,350	2	189	2,541	9,609	810	10,419	4 2 0
Drapers ...	346	2	52	400	3,410	222	3,632	9 1 7
Grocers ...	224	2	52	278	1,037	268	1,305	4 13 10
Merchants ...	875	9	274	1,158	19,905	2,724	22,629	19 10 10
Salesmen ...	1,412	2	93	1,507	7,235	467	7,702	5 2 2
Storekeepers...	442	4	101	547	2,652	437	3,089	5 12 11
Various ...	812	24	165	1,001	6,523	1,246	7,769	7 15 2
	7,567	49	1,152	8,768	61,495	7,672	69,167	7 17 9
4. Transport.								
Carriers ...	193	...	33	226	806	61	867	3 16 8
Engaged in Postal Service	245	...	14	259	650	25	675	2 12 0
Engaged in Railways	491	...	11	502	1,197	11	1,208	2 8 1
Engaged in Shipping ...	132	2	29	163	1,144	430	1,574	9 13 1
	1,061	2	87	1,150	3,797	527	4,324	3 15 2

SOURCES OF INCOMES AND OCCUPATIONS OF TAXPAYERS,
1907—continued.

Occupations.	Number of Taxpayers.				Amount of Tax.			
	Personal Exertion.	Property.	Personal Exertion and Property combined.	Total.	Personal Exertion.	Property.	Total.	Average to each Taxpayer.
5. Industrial.					£	£	£	£ s. d.
Carpenters ...	304	6	84	394	1,946	352	2,298	5 16 7
Engine-drivers ...	84	...	2	86	135	1	136	1 11 7
Engineers ...	295	2	31	328	1,465	99	1,564	4 15 4
Managers ...	549	3	65	617	2,859	448	3,307	5 7 2
Manufacturers ...	604	3	164	771	9,487	1,320	10,807	14 0 4
Printers ...	386	1	27	414	4,240	153	4,393	10 12 2
Various ...	1,895	3	215	2,113	8,729	1,092	9,821	4 12 11
	4,117	18	588	4,723	28,861	3,465	32,326	6 16 10
6. Primary Producers.								
Engaged in Agriculture, &c.—								
Dairy Farmers ...	585	2	57	644	1,928	251	2,179	3 7 7
Farmers ...	4,199	46	481	4,726	17,880	1,833	19,713	4 3 5
Graziers ...	1,084	54	527	1,665	26,076	7,580	33,656	20 4 3
Various ...	326	7	62	395	1,488	424	1,912	4 16 9
	6,194	109	1,127	7,430	47,372	10,088	57,460	7 14 8
Engaged in Mining—								
Legal Managers ...	32	...	1	33	155	...	155	4 13 11
Miners ...	83	2	6	91	402	51	453	4 19 6
Mining Managers ...	139	...	6	145	474	33	507	3 9 11
Various ...	135	...	6	141	644	73	717	5 1 8
	389	2	19	410	1,675	157	1,832	4 9 4
	6,583	111	1,146	7,840	49,047	10,245	59,292	7 11 3
7. Indefinite.	553	3,150	348	4,051	4,225	52,133	56,358	13 18 2
8. Companies.								
Life Assurance ...	...	21	...	21	...	11,186	11,186	532 13 3
Mining ...	88	...	...	88	14,220	...	14,220	161 11 9
Other ...	683	97	87	867	62,797	3,221	66,018	76 2 10
	771	118	87	976	77,017	14,407	91,424	93 13 5
Total ...	26,274	3,478	4,174	33,926	254,918	93,147	348,065	10 5 2

Of the total taxpayers, 78 per cent. gained their incomes from personal exertion, 10 per cent. from property, and 12 per cent. from personal exertion combined with property, the proportion of taxpayers of definite occupations deriving incomes from personal exertion

ranging from 84 per cent. of primary producers to 92 per cent. of those engaged in transport; personal exertion combined with property ranging from $7\frac{1}{2}$ per cent. of those engaged in transport to $14\frac{1}{2}$ per cent. of primary producers and those engaged in boarding, lodging, &c. (domestic). The indefinite class, comprising persons of independent means, no occupation, and pensioners, has 14 per cent. gaining incomes from personal exertion, 78 per cent. from property, and 8 per cent. from personal exertion combined with property. Of companies 79 per cent. made their incomes from personal exertion, 12 per cent. from property, and 9 per cent. from personal exertion and property combined. Seventy-three per cent. of the total tax was yielded by incomes made from personal exertion, the range amongst the various classes jumping from $7\frac{1}{2}$ per cent. indefinite occupations to 83 per cent., primary producers, after which it gradually attains to 89 per cent. in the industrial class.

The taxable incomes of taxpayers in conjunction with occupations are shown in the following statement:—

TAXABLE INCOMES AND OCCUPATIONS OF TAXPAYERS, 1907.

Occupations.	Number of Taxpayers.				Amount of Tax.			
	With taxable incomes between—			Total.	On taxable incomes between—			Total.
	£100 and £500.	£500 and £1,000.	£1,000 and over.		£100 and £500.	£500 and £1,000.	£1,000 and over.	
1. Professional.								
Civil Servants ...	806	121	14	941	£ 1,997	£ 1,099	£ 312	£ 3,408
Clergymen ...	482	32	4	518	1,091	291	173	1,555
Legal Practitioners ...	358	156	112	626	1,036	1,551	5,308	7,895
Medical Practitioners	297	214	91	602	943	2,197	2,556	5,696
Police ...	177	6	...	183	345	52	...	397
Teachers ...	743	46	13	802	1,659	418	308	2,385
Various ...	1,176	236	66	1,478	3,015	2,179	2,487	7,681
	4,039	811	300	5,150	10,086	7,757	11,144	29,017
2. Domestic.								
Hotelkeepers ...	848	200	32	1,080	2,232	1,855	1,131	5,218
Various ...	150	26	12	188	358	258	323	939
	998	226	44	1,268	2,590	2,113	1,454	6,157
3. Commercial.								
Agents ...	516	114	100	730	1,383	1,103	4,172	6,658
Brokers ...	104	60	55	219	328	595	3,348	4,271
Butchers ...	327	47	13	387	836	458	399	1,693
Clerks ...	2,194	255	92	2,541	5,075	2,473	2,871	10,419
Drapers ...	302	51	47	400	787	520	2,325	3,632
Grocers ...	237	25	16	278	591	247	467	1,305
Merchants ...	595	299	264	1,158	1,456	3,052	18,121	22,629
Salesmen ...	1,311	126	70	1,507	3,108	1,190	3,404	7,702
Storekeepers ...	413	104	30	547	1,130	1,011	948	3,089
Various ...	752	164	85	1,001	1,932	1,755	4,082	7,769
	6,751	1,245	772	8,768	16,626	12,404	40,137	69,167

TAXABLE INCOMES AND OCCUPATIONS OF TAXPAYERS,
1907—continued.

Occupations.	Number of Taxpayers.				Amount of Tax.			
	With taxable incomes between—			Total.	On taxable incomes between—			Total.
	£100 and £500.	£500 and £1,000.	£1,000 and over.		£100 and £500.	£500 and £1,000.	£1,000 and over.	
4. Transport.								
Carriers	189	30	7	226	£ 438	£ 281	£ 148	£ 867
Engaged in Postal Service	244	14	1	259	528	125	22	675
Engaged in Railways	482	16	4	502	945	122	141	1,208
Engaged in Shipping	106	35	22	163	249	363	962	1,574
	1,021	95	34	1,150	2,160	891	1,273	4,324
5. Industrial.								
Carpenters	311	57	26	394	803	566	929	2,298
Engine-drivers	86	...	...	86	136	...	...	136
Engineers	284	33	11	328	649	364	551	1,564
Managers	471	116	30	617	1,216	1,137	954	3,307
Manufacturers	461	175	135	771	1,257	1,738	7,812	10,807
Printers	355	34	25	414	752	339	3,302	4,393
Various	1,809	210	94	2,113	4,112	2,019	3,690	9,821
	3,777	625	321	4,723	8,925	6,163	17,238	32,326
6. Primary Producers.								
Engaged in Agriculture, &c.—								
Dairy Farmers	580	54	10	644	1,381	484	314	2,179
Farmers	3,921	679	126	4,726	10,046	6,198	3,469	19,713
Graziers	957	330	378	1,665	2,750	3,622	27,284	33,656
Various	331	44	20	395	829	454	629	1,912
	5,789	1,107	534	7,430	15,006	10,758	31,696	57,460
Engaged in Mining—								
Legal Managers	23	9	1	33	55	76	24	155
Miners	77	11	3	91	167	115	171	453
Mining Managers	130	12	3	145	303	107	97	507
Various	114	18	9	141	274	131	312	717
	344	50	16	410	799	429	604	1,832
	6,133	1,157	550	7,840	15,805	11,187	32,300	59,292
7. Indefinite.								
	2,937	703	411	4,051	13,590	12,178	30,590	56,358
8. Companies.								
Life Assurance	2	2	17	21	8	40	11,138	11,186
Mining	14	13	61	88	76	293	13,851	14,220
Other	456	122	289	867	1,824	2,446	61,748	66,018
	472	137	367	976	1,908	2,779	86,737	91,424
Total	26,128	4,999	2,799	33,926	71,690	55,502	220,873	348,065

Of the taxable incomes assessed, 77 per cent. were under £500, 15 per cent. between £500 and £1,000, and 8 per cent. over £1,000; but the tax levied on these incomes formed 21, 16, and 63 per cent. respectively of the total. Of the definite occupations the largest amount of tax was contributed by the commercial class, in which 1,158 merchants were responsible for £22,629, of which £18,121 came from 264 persons, whose incomes for the previous year exceeded £1,000. Clerks, who comprised nearly one-third of this class, came next to merchants, but as 86 per cent. of their number had taxable incomes under £500, their tax amounted to less than half that of the merchants although they were more than double in number. Next to the commercial class the largest amount of tax came from the primary producers, the principal of whom were graziers whose contribution amounted to £33,656 from 1,665 persons. Of these, 378 incomes exceeded £1,000 each during 1906, and were taxed to the extent of £27,284. Of the primary producers assessed, farmers represented two-thirds of the number, but contributed only little more than one-third of the tax.

LAND TAX.

A Land Tax was first imposed in Victoria in 1877, and has continued in force ever since without any amendment. All estates over 640 acres in extent, valued at upwards of £2,500, whether consisting of one block or several blocks of land not more than five miles apart, are taxed at the rate of one and a quarter per cent. upon their capital value after deducting an exemption of £2,500. If a proprietor holds more than one estate, only one exemption is allowed. The lands are valued on a purely pastoral basis, according to their sheep-carrying capacity, irrespective of whatever value may attach to such lands for dairying or agricultural purposes. The estates in question are divided into four classes, the value being estimated according to the number of sheep they are able to carry, as follow:—

	Value per Acre.
Class I.—carrying 2 sheep or more per acre ...	... £4
Class II. „ 1½ sheep per acre ...	... 3
Class III. „ 1 sheep per acre ...	... 2
Class IV. „ under 1 sheep per acre ...	... 1

The following are particulars regarding the land tax for the half-year ended February, 1908 :—

LAND TAX : RETURN FOR THE HALF-YEAR ENDED
27TH FEBRUARY, 1908.

Class.	Estates Assessed.			Exemptions.		Net Taxable Value.	Half-year's Tax Payable.
	Number.	Area.	Capital Value.	Number.	Value.		
		Acres.	£		£	£	£ s. d.
I. ...	115	184,791	739,164	102	255,000	434,164	3,026 0 6
II. ...	175	456,347	1,369,041	165	412,500	956,541	5,978 7 8
III. ...	491	1,658,769	3,317,538	440	1,100,000	2,217,538	13,859 12 3
IV. ...	524	4,483,965	4,483,965	435	1,087,500	3,396,465	21,227 18 2
Total	1,305	6,783,872	9,909,708	1,142	2,855,000	7,004,708	44,091 18 7

There are thus 1,305 landed estates assessed in Victoria, containing land to the extent of 6,783,872 acres, valued at £9,909,708, or an average of 5,198 acres to each estate from which a tax of £44,092 has been levied for the half-year ended 27th February, 1908. The collections in 1900-1 were £97,948; in 1901-2, £97,862; in 1902-3, £92,867; in 1903-4, £106,445; in 1904-5, £97,840; in 1905-6, £103,536; and in 1906-7, £92,438. In the following return a comparison is made of the number and size of the estates assessed for land tax in 1900, 1905, 1906, and 1907 :—

LAND TAX : 1900, 1905, 1906, AND 1907.

Year.	Number of Exemptions.	Estates.			Net Taxable Value.	Average Area to each Assessment.
		Assessed.	Area.	Capital Value.		
			Acres.	£	£	Acres.
1900	907	1,146	7,424,542	11,775,026	9,507,526	6,479
1905	1,081	1,262	7,039,132	10,356,984	7,654,484	5,577
1906	1,124	1,307	6,977,313	10,197,723	7,387,723	5,338
1907	1,142	1,305	6,783,872	9,909,708	7,004,708	5,198

The total area of the State being 56,245,760 acres, there is thus slightly less than an eighth of the whole subjected to taxation. The area of land alienated and in process of alienation is 26,836,043 acres, of which the taxable land is only one-quarter. It will be noticed that the average area to each assessment is gradually falling.

RAILWAY REVENUE AND EXPENDITURE.

The following return shows the financial working of the Railways during the last five years, inclusive of the cost of pensions and gratuities. The figures have been taken from the Railway Report, and they represent the actual business done each year, and not simply the receipts and expenditure brought to account by the Treasury, within the year. Working expenses include expenditure on belated repairs, and expenditure on account of previous years, together amounting to £102,630 in 1902-3, £119,556 in 1903-4, £248,485 in 1904-5, £117,542 in 1905-6, and £165,749 in 1906-7; also £9,941 in the last year for replacement on Electric street railway of rolling-stock, car-shed, &c., which were destroyed by fire.

Financial
working
of the
Railways.

RAILWAY BALANCES, 1902-3 TO 1906-7.

	1902-3.	1903-4.	1904-5.	1905-6.	1906-7.
	£	£	£	£	£
Gross Receipts ...	3,046,858	3,438,141	3,582,266	3,789,068	4,022,231
Working Expenses ...	1,938,580	1,921,867	2,119,623	2,117,706	2,259,814
Pensions, Gratuities, &c.	93,507	100,536	102,656	99,637	110,881
Net Receipts ..	1,014,771	1,415,738	1,359,987	1,571,725	1,651,536
Interest on Cost of Construction	1,473,532	1,515,755	1,461,994	1,472,397	1,483,284
Deficit (-) Surplus (+)	- 458,761	- 100,017	- 102,007	+ 99,328	+ 168,252

Comparing 1906-7 with the first year appearing in the table, the gross receipts have increased by £975,373 and working expenses and pensions by £338,608—the net receipts being £636,765 in excess of 1902-3.

RAILWAY ACCIDENT FUND.

A Railway Accident Fund was established by the *Railways Act 1891*, which was maintained by a payment into the Fund of 10s. for every £100 received by the Commissioners for fares for the conveyance of passengers and for charges for conveyance of animals, goods, and parcels. On 30th June, 1907, the Fund had a credit balance of £49,602, and the payments made during 1906-7 for damages, costs, &c., amounted to £7,810. By the *Railways Act*, passed last session, this Fund is replaced by a Fund called the Railway Accident and Fire Insurance Fund, into which the Railways Commissioners are to pay 10s. for every £100 of the revenue of the Victorian Railways until the fund reaches £100,000, at which amount it is to be maintained.

The amounts paid out of the Railway Accident Fund for damages, claims, costs, &c., in each of the last ten years and the number of persons killed or injured in the same years, also the yearly averages for the same period are as follow:—

AMOUNTS PAID IN DAMAGES, CLAIMS, ETC., AND PERSONS KILLED OR INJURED ON VICTORIAN RAILWAYS 1897-8 to 1906-7.

Year ended 30th June.	Amount Paid out of Railway Accident Fund for Damages, Claims, Costs, &c.	Passengers.				Servants of the Department, or of Contractors.				Persons Killed or Injured at Cross- ings: Trespassers, and Others.		Total.	
		Due to Causes beyond their own Control.		Due to their own Action or Negligence.		Due to Causes beyond their own Control.		Due to their own Action or Negligence.		Killed.	Injured.	Killed.	Injured.
		Killed.	Injured.	Killed.	Injured.	Killed.	Injured.	Killed.	Injured.				
	£												
1898 ...	6,792	1	47	2	78	3	53	7	160	14	86	27	424
1899 ...	3,134	...	14	4	86	...	43	10	203	22	4	36	400
1900 ...	5,474	...	14	2	115	5	112	4	224	27	73	38	538
1901 ...	2,674	...	15	3	136	12	150	4	234	31	80	50	615
1902* ...	22,076	2	200	2	155	4	142	6	256	26	85	40	838
1903 ...	8,593	...	32	2	145	7	118	3	199	28	80	40	574
1904 ...	2,269	1	84	1	232	3	124	4	204	19	37	28	681
1905 ...	2,544	...	23	4	184	4	92	2	91	15	40	25	430
1906† ...	24,060	...	195	9	162	5	141	6	188	40	53	60	739
1907 ...	7,810	...	31	6	200	1	123	12	97	36	76	55	527
Yearly Average ...	8,543	4	65.5	3.5	149.3	4.4	109.8	5.8	185.6	25.8	66.4	39.9	576.6

* Including Jolimont Accident.

† Including Belgrave Accident.

With regard to the payments out of the Railway Accident Fund contained in the table, it must be pointed out that these payments only cover cases of passengers where the accidents causing death or injury were "due to causes beyond their own control" (3rd and 4th columns of the table). The section of the Railway Act which established the Fund, and provides what may be paid out of it, says the Fund is "for the purpose of paying claims in consequence of any wrongful act neglect or default of the Commissioners as carriers of passengers or common carriers or of any of the officers or employes of the Commissioners as such carriers."

Of the total deaths and injuries which occurred on the railways, by far the greater proportion was outside the responsibility of the Railway Department, and it may be claimed that the Victorian Railways have been fairly free from accidents of a serious nature. It may be of some interest to examine the probability to accident of passengers, and accepting the last ten years' figures as a guide the average annual ratio of those killed or injured is compared with the latest available ten years' experience of different countries, in the return which follows:—

AVERAGE ANNUAL NUMBER AND RATIO OF PASSENGERS KILLED OR INJURED ON THE RAILWAYS IN VICTORIA AND OTHER COUNTRIES OVER A PERIOD OF TEN YEARS.

Country.	Average Annual Number of Passengers in last 10 years.		Average per Ten Million Passengers carried.	
	Killed.	Injured.	Killed.	Injured.
United Kingdom	134·4	2,208·0	·70	11·45
Victoria	3·9	214·8	·70	38·76
Belgium	10·4	295·1	·77	21·80
Austria	12·3	217·4	·80	14·18
Germany	84·7	383·9	·98	4·45
Holland	3·7	20·1	1·18	6·39
New South Wales	3·7	44·4	1·25	15·00
Norway	1·2	1·9	1·29	2·04
France	53·6	331·4	1·33	8·22
Hungary	10·0	46·2	1·48	6·86
Switzerland	9·4	63·4	1·49	10·05
Sweden	4·8	8·0	1·66	2·77
Japan	18·2	204·5	1·78	20·03
United States	307·2	5,565·3	5·11	92·62
Spain	20·8	89·3	6·37	27·35
Russia	92·5	482·7	9·80	51·12
Canada	22·0	178·5	10·67	86·62

These figures show that in Victoria the probability of passengers being killed is the same as in the United Kingdom, but less than in any of the other countries mentioned in the table; and also that the risk is fifteen times as great in Canada, fourteen times as great in

Russia, nine times as great in Spain, and more than seven times as great in the United States. In regard to injuries, however, better results are shown in thirteen of the other countries, and a higher proportion in only the United States, Canada, and Russia; but probably the figures regarding injuries are not recorded with equal accuracy in all the countries, and consequently may not be as comparable as in the case of persons killed.

OTHER RAILWAY FUNDS.

Another Act passed later in the session, called the Railway Funds Act, establishes two permanent railway reserve funds—"The Railway Interest Reserve Fund," to be used only for the purpose of paying interest on railway loan funds to the extent to which the net railway revenue for the year may be insufficient for the purpose; and the "Railway Additions and Improvements Fund," for additions and improvements on existing railways, and for equipment and rolling-stock. One-half of the surplus railway revenue for any year, after deducting superannuation or retiring allowances, compensation, and gratuities, is to be placed to the credit of each fund until the former amounts to £300,000 and the latter to £200,000. All interest accruing from the funds is to be applied towards the payment of interest on the Railway Loan Funds.

STATE EXPENDITURE.

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

PRINCIPAL HEADS OF STATE EXPENDITURE, 1902-3 TO 1906-7.

Heads of Expenditure.	1902-3.	1903-4.	1904-5.	1905-6.	1906-7.
	£	£	£	£	£
General Administration	227,621	233,634	210,512	211,314	227,183
Retiring Allowances, Gratuities, &c.	337,226	341,297	343,694	339,508	347,534
Law, Order, and Protection	483,097	482,158	478,058	481,953	488,829
Education:—					
State ...	631,129	621,314	624,677	630,500	628,996
Secondary and Technical	29,895	30,028	37,617	38,722	42,544
Science, Medical, &c.	52,398	51,742	54,859	57,751	61,968
Charitable Institutions	300,821	292,914	294,483	292,454	304,151
Agriculture ...	110,867	150,380	157,307	160,238	164,080
Mining ...	53,961	45,975	56,355	56,178	59,721
Crown Lands ...	79,014	73,906	72,633	77,245	78,298
Public Works and Services:—					
Railways ...	1,849,989	1,896,359	2,004,601	2,033,818	2,159,577
Posts and Telegraphs	...	1,198*	...	...	...
Other ...	213,274	666,798	602,388	433,730	631,009

* Arrears of salary to letter carriers.

PRINCIPAL HEADS OF STATE EXPENDITURE, 1902-3 TO 1906-7--
continued.

Heads of Expenditure.	1902-3.	1903-4.	1904-5.	1905-6.	1906-7.
	£	£	£	£	£
Public Debt:—					
Interest and expenses	1,907,656	1,948,376	1,884,208	1,919,869	1,934,542
Redemption ...	68,155	95,060	114,260	125,566	179,681
Interest, Savings Banks	83,247	88,216	93,687	91,995	76,268
Old Age Pensions ...	215,973	205,183	200,465	189,094	187,795
Other Expenditure ...	115,637	115,070	113,938	121,540	106,967
Totals { Special Ap- propriations	2,810,955	3,338,413	3,214,812	3,049,310	3,160,922
Annual Votes	3,949,005	4,001,195	4,128,930	4,212,165	4,518,221
Grand Total ...	6,759,960	7,339,608	7,343,742	7,261,475	7,679,143
Per Head of Popula- tion	£ s. d. 5 12 2	£ s. d. 6 1 5	£ s. d. 6 1 4	£ s. d. 5 19 2	£ s. d. 6 4 1

As compared with the previous year, the figures for 1906-7 show an increase of expenditure to the amount of £111,612 under special appropriations, and of £306,056 under annual votes; a total increase of £417,668. The principal items making up the increase under special appropriations are redemption of loans, £54,115; interest and expenses of public debt, £45,538; and surplus revenue transferred for public works, £22,681. On the other hand, the expenditure on railways decreased by £20,264, and under many other headings by small amounts. Under annual votes, the chief increases are railway working expenses, £146,023, and other public works, £147,838; whilst the expenditure on interest and expenses of public debt diminished by £30,865.

PENSIONS AND GRATUITIES.

During the year 1906-7, 2,812 pensions were paid under special appropriations, amounting to £277,426; and 226 from annual votes, amounting to £12,808. The total number of pensions was 3,038, and the amount £290,234. Ninety-five compensations and gratuities were also paid, the amount being £19,300; and £38,000 were

Pensions
and
gratuities.

paid as a subsidy to the Police Superannuation Fund. The following statement contains full particulars, showing various Acts under which these payments have been made:—

PENSIONS, SUPERANNUATION ALLOWANCES, AND GRATUITIES, ETC.,
PAID, 1906-7.

Division of Service.	Special Appropriations.		Annual Votes.		Total.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.
		£		£		£
General Public Service—						
Under Civil Service Act	434	74,739	15	1,080	614	98,388
" Public Service Act	153	17,534				
" Other Acts ...	12	5,035				
" Discipline Act ...	15	1,080	...	...	15	1,080
" Lunacy Act ...	62	4,942	...	...	62	4,942
Education Department ...	944	84,539	29	1,747	973	86,286
Railways ...	1,187	84,936	174	9,734	1,361	94,670
Miscellaneous—						
Under Constitution Act	2	3,000	...	...	2	3,000
" County Courts Act	3	1,621	...	...	3	1,621
Police ...	...	...	8	247	8	247
Total Pensions and Superannuation Allowances	2,812	277,426	226	12,808	3,038	290,234
Compensations and Gratuities	28	4,781	67	14,519	95	19,300
Subsidy to Police Superannuation Fund	...	2,000	...	36,000	...	38,000
Total Amount Paid ...	...	284,207	...	63,327	...	347,534

The total amount of pensions paid in 1906-7—£290,234—was an advance of £1,709 on that of the previous year. In the Education Department the increase was £2,187, and in the Railway Department £2,014. An additional pension is responsible for an increase of £1,500 under the Constitution Act, and the death of two pensioners in 1906 for a decrease of £1,504 under the County Courts Act. Under other divisions there was a net decrease of £2,488.

In 1906-7 the payments out of the Police Superannuation Fund were as follow:—339 pensions, amounting to £42,482, and 14 gratuities, amounting to £6,824. The Police Superannuation 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; and by a deduction, not exceeding 2½ per cent., from the

pay of the members of the force, and a further grant in aid from the consolidated revenue. The further grant in 1906-7 was £36,000.

In the year 1906-7, 27 pensions amounting to £1,218, and £113 sick allowances, were paid out of the Port Phillip Pilot Sick and Superannuation Fund, toward which, however, the Government does not contribute, the fund being maintained by deductions from pilots' earnings and the annual income from investments belonging to the fund.

EXPENDITURE ON EDUCATION.

The expenditure during 1906-7 on State education amounted to £782,717, portion of which, however (£22,728), was for technical schools and agricultural high schools, except buildings. Pensions, gratuities, &c., are also included, but this expenditure may be considered as almost entirely belonging to the education of a past generation rather than as a portion of the cost of instruction of the children of the present day. The expenditure in detail for the five years 1902-3 to 1906-7, according to the Report of the Education Department, is as follows:—

EXPENDITURE ON EDUCATION 1902-3 TO 1906-7.

Expenditure on—	1902-3.	1903-4.	1904-5.	1905-6.	1906-7.
	£	£	£	£	£
Instruction	552,838	556,595	546,168	540,277	546,611
Training College	4,555	4,177	4,227	4,800	5,584
Continuation School ... ..	...	...	1,155	3,500	5,322
Administration	39,148	37,621	36,628	37,693	39,471
Technical Schools	16,430	16,278	17,117	21,444	22,322
Melbourne University	4,500	4,500	...	...	...
Pensions, Compensation, and Gratuities	77,535	78,732	82,414	84,637	87,642
Exhibitions and Scholarsh ps	4,287	4,239	4,421	4,778	5,468
Miscellaneous	335	30	...	460	1,882
Total (exclusive of Buildings)	699,628	702,172	692,130	697,589	714,302
Buildings—					
Expended by the Public Works Department:—					
From Loans	10,734	384	...	...	...
" Annual Votes	20,886	12,167	24,946	32,087	59,411
Expended by Boards of Advice... ..	3,901	3,383	3,710	3,673	3,794
Rents	3,848	3,568	3,385	3,423	3,556
Continuation and Agricultural High Schools ... ..	...	...	...	...	1,654
Total	738,997	721,674	724,171	736,772	782,717

NOTE.—The University endowment—£9,000 in 1902-3, £9,000 in 1903-4, £20,000 in 1904-5, £21,500 in 1905-6, and £21,000 in 1906-7—is not included in this table.

The expenditure of 1906-7 is the highest since that of 1901-2, which amounted to £800,202, and compared with 1905-6, shows an increase of £45,945, of which buildings and rents absorbed £29,232.

Since the inception of the system of education by the State in 1872, up to the 30th June, 1907, the expenditure on public instruction amounts to £23,396,911, of which £17,346,753 has been spent on instruction, £1,290,096 on administration, £179,001 on training, £2,010,532 on miscellaneous items, principally pensions, technical schools, and the Melbourne University (excluding the annual endowment of £9,000 to that institution under Act 16 Vict., No. 34, since raised to £21,000 under Act No. 1926), £2,570,529 on buildings, of which £1,129,610 was paid out of loans and £1,440,919 from revenue. For particulars of the progress of State instruction since its inception, see Part Social Condition of this work.

Expenditure
on primary
education.

The foregoing statement deals with public instruction generally, and includes some items of expenditure on secondary and technical education; but in the following statement particulars are given of primary State school education only—that is, the cost to the State of the “free, compulsory, and secular” system, the subjects of which are set out in the schedule of Act. No. 1777, as follow:—Reading, writing, arithmetic, grammar, geography, history, drill, singing, drawing, elementary science, manual training, and, where practicable, gymnastics and swimming; also, for children over nine years of age, lessons in health and temperance from standard works; and, for girls, sewing, needlework, cookery, and domestic economy:—

EXPENDITURE ON PRIMARY EDUCATION: 1902-3 TO 1906-7.

Items.	1902-3.	1903-4.	1904-5.	1905-6.	1906-7.
Instruction—	£	£	£	£	£
Teachers' Salaries	499,559	502,562	494,546	493,415	500,034
Drawing, Cookery and Manual Training	5,955	5,334	4,841	2,126	337
Teachers' Travelling Expenses	2,540	2,562	2,519	2,125	1,907
Conveyance of Children to Schools	2,536	2,129	2,191	2,185	2,498
Printing, Stores, Cadets, Manual Training, and Cookery Expenses	10,034	10,559	8,345	7,855	8,983
Cleaning, Stationery, Fuel, &c.	31,532	32,781	33,206	32,128	32,520
Teaching Night Schools	682	668	520	443	332
Training Teachers	4,555	4,177	5,381	8,300	10,906
Total Instruction	557,393	560,772	551,549	548,577	557,517
Administration—					
Office and Inspectors... ..	29,156	28,830	29,187	29,855	30,510
Truant Officers	6,046	5,046	4,941	4,475	4,314
Stores, Cleaning, &c.*	3,946	3,745	2,500	3,363	4,647
Buildings	39,369	19,502	32,041	39,183	68,415
Retiring Allowances, Compensa- tion, and Gratuities	77,535	78,732	82,414	84,637	87,642
Miscellaneous ... ..	...	...	...	460	1,476
Total Expenditure	713,445	696,627	702,632	710,550	754,521

* Including Postage and Telegrams, £2,186 in 1902-3, £2,615 in 1903-4, £1,376 in 1904-5, £1,591 in 1905-6, and £2,747 in 1906-7.

The increased expenditure in training teachers is accounted for by the establishment of Continuation Schools, and the decrease in payments for instruction in drawing, cookery, and manual training by the withdrawal from the item of instruction in infant school work. Comparing 1906-7 with 1905-6, primary education is responsible for £43,971 out of the total increase in expenditure on education (£45,945), referred to on page 137.

The following return shows the total cost and cost per head of primary instruction during the last eight years:—

COST OF PRIMARY INSTRUCTION IN VICTORIA: 1899-1900 TO 1906-7.

Year.	Cost to the State.		Scholars in Average Attendance.	Per Head of Scholars in Average Attendance.	
	Including Buildings.	Excluding Buildings.		Including Buildings.	Excluding Buildings.
	£	£		£ s. d.	£ s. d.
1899-00 ...	673,174	628,489	145,868	4 12 4	4 6 2
1900-01	699,418	663,378	147,818	4 14 8	4 9 9
1901-2 ...	767,352	685,406	150,939	5 1 8	4 10 10
1902-3 ...	713,445	674,076	150,268	4 14 11	4 9 8
1903-4 ...	696,627	677,125	145,500	4 15 8	4 13 1
1904-5 ...	702,632	670,591	143,362	4 18 0	4 13 7
1905-6 ...	710,550	671,367	142,216	4 19 11	4 14 5
1906-7 ...	754,521	686,106	147,270	5 2 6	4 13 2

The cost of primary education per head of scholars has grown gradually—if the big increase of 1901-2 be excepted—during the eight years set forth in this table, with the result that the expenditure of 1906-7, including buildings, exceeds that of 1899-1900 by 10s. 2d. per head, or by 7s. per head if buildings be excluded.

The following are the amounts to the credit of the trust funds, and the manner of their investment, at the end of each of the last five financial years:—

TRUST FUNDS: 1903 TO 1907.

Accounts.	Credit Balance on 30th June.				
	1903.	1904.	1905.	1906.	1907.
Deposits in Savings Banks	£ 3,595,418	£ 3,495,418	£ 3,445,418	£ 2,617,310	£ 2,050,959
Deposits in Savings Banks Security Account	1,543,952	1,625,812	2,036,262	2,451,549	2,287,707
Municipal Funds Sinking	634,141	633,464	627,914	628,497	647,950
Assurance Fund	184,685	194,773	204,301	213,790	222,440
Intestate Estates	88,698	100,511	103,557	106,677	97,774

TRUST FUNDS: 1903 TO 1907—*continued.*

Accounts.	Credit Balance on 30th June.				
	1903.	1904.	1905.	1906.	1907.
	£	£	£	£	£
Country Tramways* ...	137,872	137,872	94,164	46,732	26,600
Trustee and Assurance Companies ...	104,795	104,795	104,795	104,950	104,950
Police Superannuation Fund	3,253	5,579	7,312	7,718	5,876
Other Funds ...	988,832	821,061	1,010,804	1,346,423	1,571,568
Total ...	7,281,646	7,119,285	7,634,527	7,523,646	7,014,924
How Invested :—					
In State Debentures and Stock	1,595,544	1,534,464	1,586,470	1,796,652	2,531,656
In Bank Deposit Re- ceipts, Cash, and Advances to Re- venue, &c.	5,686,102	5,584,821	6,048,057	5,726,994	4,483,268

* This Fund was made available for water supply and railway purposes by Act No. 1933 (8th November, 1904).

The revenue deficiency on 30th June, 1907, £891,868, and the debit balance of £187,030 in the Land Sales by Auction Fund are included in the last item in the above return.

In 1898 an Act was passed to relieve any municipality, which desired relief, from further contributions to its loan sinking fund. The amount already to the credit of the sinking fund of any municipality which took advantage of the Act is allowed to accumulate with interest, and at the maturity of the loan the Government will, by the sale of inscribed stock, pay the difference between the amount at credit of the fund and the amount of the loan to be redeemed, the municipality repaying to the Government, in half-yearly instalments, the amount so paid. Previous to 1905-6 it was the practice to include in the Trust Funds the amount of the unsold stock inscribed under this Act, but the figures given in the above table have been revised to bring them into accord with those of the last two years. The amount at credit of the Municipalities' Loans Extension Act on 30th June, 1907, was £1,088,401. The amount of money to the credit of the municipal sinking funds has not materially altered during recent years. On 30th June, 1907, it was £647,950.

COMMONWEALTH REVENUE AND EXPENDITURE.

The amount of revenue collected in this State to the 30th June, 1907, by the Federal Government since its inauguration is £20,747,267. Of this amount £7,213,839 was used to meet the Victorian portion of Commonwealth expenditure, and £13,513,805 was paid over to the State Government. A balance of £377 was overpaid to the State, as £20,000 is retained as "till-money," principally in the offices of the Post and Telegraph Department in the State.

A statement of the Commonwealth revenue and expenditure in Victoria for the last five years is as follows:—

COMMONWEALTH REVENUE AND EXPENDITURE CREDITED OR DEBITED TO THE STATE OF VICTORIA: 1902-3 TO 1906-7.

Heads of Revenue and Expenditure.	1902-3.	1903-4.	1904-5.	1905-6.	1906-7.
REVENUE.					
	£	£	£	£	£
Customs Duties ...	2,096,318	2,040,128	1,907,063	1,950,713	2,129,548
Excise Duties ...	402,696	403,377	531,780	586,357	589,883
Post and Telegraph	622,700	650,583	683,480	735,563	797,973
Miscellaneous ...	5,407	8,364	9,575	12,251	20,198
Total ...	3,127,121	3,102,452	3,181,898	3,284,884	3,537,602
EXPENDITURE.					
Customs and Excise...	64,770	66,731	69,244	67,076	64,485
Post and Telegraph	597,008	631,313	665,161	674,601	724,728
Defences ...	258,852	258,471	291,577	303,673	318,865
New Expenditure ...	98,200	143,332	145,413	153,032	228,511
Paid over to the State	2,105,450	2,002,804	2,017,378	2,097,119	2,192,340
Total	3,124,280	3,102,651	3,188,773	3,295,501	3,528,929

COMMONWEALTH AND STATE REVENUE AND EXPENDITURE.

The total revenue and expenditure of the State of Victoria is shown by combining State and Commonwealth receipts and expenditure. The following are the main heads:—

Commonwealth and State finance.

REVENUE AND EXPENDITURE OF COMMONWEALTH AND STATE COMBINED: 1902-3 TO 1906-7.

Heads of Revenue and Expenditure.	1902-3.	1903-4.	1904-5.	1905-6.	1906-7.
REVENUE.					
	£	£	£	£	£
Customs and Excise ...	2,499,014	2,443,505	2,488,843	2,537,070	2,719,431
Post and Telegraph ...	622,700	650,583	683,480	735,563	797,973
Railways ...	3,033,596	3,400,243	3,609,120	3,779,153	4,010,546
State Taxation ...	950,183	1,012,119	979,029	1,075,935	1,200,529
Other sources ...	870,797	913,147	919,790	871,519	962,317
Total Revenue ...	7,976,290	8,419,597	8,680,262	8,999,240	9,690,796
EXPENDITURE.					
Customs and Excise ...	64,770	66,731	69,244	67,076	64,485
Post and Telegraph ...	597,008	631,313	665,161	674,601	724,728
Railways ...	1,849,989	1,896,359	2,004,601	2,033,818	2,159,577
Public Instruction ...	661,024	651,342	662,294	669,222	671,540
Public Debt—					
Interest and Expenses	1,907,656	1,948,376	1,884,208	1,919,869	1,934,542
Redemption ...	68,155	95,060	114,260	125,566	179,681
Other Expenditure ...	2,630,188	3,150,274	3,115,369	2,969,705	3,281,179
Total Expenditure	7,778,790	8,439,455	8,515,137	8,459,857	9,015,732

In 1900-1901, when the State Tariff was in force, the Customs and Excise revenue was £2,558,290, and, under the Commonwealth Tariff, this was not exceeded until 1906-7, when an increase of £161,141 was shown.

COMMONWEALTH, STATE, AND LOCAL REVENUE AND EXPENDITURE.

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

COMMONWEALTH, STATE, AND LOCAL REVENUE AND EXPENDITURE:
1903 TO 1907.

	Financial Year ended in—				
	1903:	1904.	1905.	1906.	1907.
<i>Revenue.</i>					
Government—					
Federal ..	£ 3,127,121	£ 3,102,452	£ 3,181,898	£ 3,284,884	£ 3,537,602.
State ..	4,767,168	5,234,887	5,426,800	5,642,899	6,081,617
Municipal ..	1,180,453	1,229,609	1,254,649	1,293,202	1,387,127
Melbourne Harbor Trust ..	177,233	176,898	189,983	208,455	214,261
Melbourne and Metropolitan Board of Works ..	362,450	355,650	390,441	418,849	476,949
Fire Brigades Boards	21,639	19,797	20,557	20,610	21,763
Total ..	9,636,064	10,119,293	10,464,328	10,868,899	11,719,319
<i>Ordinary Expenditure.</i>					
Government—					
Federal ..	3,124,280	3,102,651	3,188,773	3,295,501	3,528,929
State ..	4,572,509	5,254,546	5,254,800	5,092,899	5,415,226
Municipal ..	1,099,620	1,209,967	1,253,171	1,282,559	1,417,169
Melbourne Harbor Trust ..	150,174	144,897	145,986	147,253	176,933
Melbourne and Metropolitan Board of Works ..	398,879	409,039	416,410	443,740	476,954
Fire Brigades Boards	20,455	19,607	21,041	22,867	23,340
Total ..	9,365,917	10,140,707	10,280,181	10,284,819	11,038,551
<i>Loan Expenditure.</i>					
Government (State)	756,404	447,244	373,191	932,966	595,658
Municipal ..	132,044	84,339	84,845	84,081	141,587
Melbourne and Metropolitan Board of Works ..	358,387	1,053,526	386,511	404,907	437,330
Fire Brigades Boards	..	..	405	3,250	2,623
Total ..	1,246,835	1,585,109	844,952	1,425,204	1,177,198
<i>Expenditure—Grand Total</i> ..	10,612,752	11,725,816	11,125,133	11,710,023	12,215,749

Commonwealth, State, and local finance.

COMMONWEALTH, STATE, AND LOCAL REVENUE AND EXPENDITURE,
1903 TO 1907—continued.

	Financial Year ended in—				
	1903.	1904.	1905.	1906.	1907.
Per Head of Population—					
Revenue ..	£ s. d. 7 19 10	£ s. d. 8 7 5	£ s. d. 8 12 11	£ s. d. 8 18 5	£ s. d. 9 9 4
Ordinary Expenditure ..	7 15 5	8 7 9	8 9 11	8 8 10	8 18 4
Loan Expenditure ..	1 0 7	1 6 3	0 14 0	1 3 5	0 19 0

The total revenue of the Federal and State Governments, the municipalities and other corporations, is nearly 8 per cent. more than in the previous year, and amounts to nearly eleven and three-quarter millions sterling. The ordinary expenditure shows an increase in the twelve months of £753,732, which is the result of an increased expenditure in each division. The loan expenditure was less by £248,006 than in 1906. The revenue per head in 1906 was £8 18s. 5d., and in 1907, £9 9s. 4d. The ordinary expenditure was £8 8s. 10d. and £8 18s. 4d.; and the loan expenditure £1 3s. 5d. and 19s. in those years respectively.

PUBLIC DEBT.

The following statement shows the result of loan transactions, including Treasury Bonds in aid of revenue to 30th June, 1907, with the exception of Melbourne and Hobson's Bay Railway debentures taken over, which are not treated in the Treasury accounts as a loan raised by the State:—

CASH RECEIPTS AND LOANS RAISED AND REDEEMED TO 30TH JUNE,
1907.*

	£	s.	d.
Cash received	87,144,062	12	5
Discount and expenses after deducting premiums received	1,791,623	16	3
Securities issued	88,935,686	8	8
Securities redeemed	35,831,697	4	4
Loans outstanding	53,103,989	4	4*

* There is in addition to this amount the overdue debentures for £1,000 referred to further on, which together make the total loans outstanding at 30th June, 1907.

It will be seen that upon the transactions to date for cash, amounting to £87,144,062, securities representing £88,935,686 were issued, which is equal to the State receiving £97 19s. 9d. 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 loans raised in London at varying rates of interest was £68,380,024, after conversion operations. The amount paid off by

Loans raised
and
redeemed.

Loans
floated
in Lo

means of new loans was £26,938,307, and by means of payment derived from revenue, &c., £1,556,198, while £255,650 was transferred to the Melbourne register, leaving a balance due in London on 30th June, 1907, of £39,629,869, consisting of debentures amounting to £516,700, and inscribed stock, £39,113,169. The following statement gives particulars respecting the various loans which were raised in London since 1859, together with the average prices obtained after deducting flotation expenses as well as accrued interest, and the rates of interest to which such prices are equivalent:—

LOANS FLOATED IN LONDON, 1859 TO 1907.

When Raised.	Debentures or Stock.			Average Price Obtained per £100 Debenture Stock or Bond.		Actual Rate of Interest per £100 net.	
	Currency.		Amount Sold.	Rate of Interest.	Ex Accrued Interest.		Ex Interest and Expenses. (Net proceeds.)
	When Due.	No. of Years.					
			£	Per cent.	£ s. d.	£ s. d.	
1859	1883	24	<i>Debentures.</i> 1,000,000	6	105 1 11 ³ / ₄	103 18 11 ³ / ₄	
"	"	"	750,000	6	107 17 7 ¹ / ₄	106 14 7 ¹ / ₄	
1860	1884	23	1,837,506	6	104 17 10 ¹ / ₂	103 14 10 ¹ / ₂	
"	"	"	812,500	6	103 1 6 ¹ / ₂	101 18 6 ¹ / ₂	
1861	1885	24	1,000,000	6	102 19 7	101 16 7	
1862	"	32	1,600,000	6	100 8 11 ³ / ₄	99 5 11 ³ / ₄	
1866	1891	25	850,000	6	98 4 2 ¹ / ₂	97 1 2 ¹ / ₂	
1869	1894	25	588,600	5	100 17 6 ¹ / ₂	99 14 6 ¹ / ₂	
1870	"	24	1,518,400	5	90 2 7	88 19 7	
1874	1899	25	1,500,000	4	94 16 10 ³ / ₄	93 18 11 ³ / ₄	
1876	1901	"	{ 500,000 2,500,000	{ 4 4	97 17 5 ¹ / ₂	96 19 2 ¹ / ₂	
1878	1904	26	457,000	4	103 3 8 ¹ / ₂	102 5 11	
1879	"	25	3,000,000	4 ¹ / ₂	98 16 8 ¹ / ₂	97 13 7 ¹ / ₂	
1880	"	24	2,000,000	4 ¹ / ₂	97 14 1 ¹ / ₂	96 10 11 ³ / ₄	
			<i>Stock.</i>				
1883	1907	"	4,000,000	4	98 5 7	97 2 8 ¹ / ₄	
"	1908	"	2,000,000	4	98 18 6 ¹ / ₂	97 15 9 ¹ / ₂	
1884	1913	29	{ 2,636,600 1,363,400	{ 4 4	105 12 3 ¹ / ₄	104 9 0	
1885	1919	34	{ 3,180,620 819,380	{ 4 4	102 5 6 ¹ / ₂	101 2 9	
1886	1920	"	1,500,000	4	108 1 1 ¹ / ₂	106 18 0 ³ / ₄	
1887	"	33	3,000,000	4	102 14 10	101 11 11 ³ / ₄	
1888	"	32	1,500,000	4	100 2 4	98 19 6	
1889	1923	34	3,000,000	3 ¹ / ₂	96 3 7	95 0 10	
1890	"	33	4,000,000	3 ¹ / ₂	91 13 7	90 10 8	
1891	1921-6	20-5	{ 850,000 2,150,000	{ 3 ¹ / ₂ 3 ¹ / ₂	94 7 5	93 4 8	
1892	"	29-34	2,000,000	3 ¹ / ₂	94 7 1	93 4 2	
1893	1911-26	17-32	2,107,000	4	92 2 1	89 14 5	
1899	1929-49	30-50	1,600,000	3	95 16 6 ¹ / ₂	93 8 3 ³ / ₄	
1901	"	28-48	3,600,000	3	{ 91 14 9 ¹ / ₄ 100 0 0	89 8 0	
1902	"	27-47	1,600,000	3		98 19 1	
1903	"	26-46	3,148,176	3			
1906	"	23-43	587,808	3 ¹ / ₂			
1907	"	22 42	702,140	3 ¹ / ₂			
			<i>Treasury-bonds.</i>				
1892	1893	1	1,000,000	4 ¹ / ₂	99 3 11	99 1 5	
1898	1900	2	500,000	3 ¹ / ₂	100 0 0	100 0 0	
1903	1906	3	2,254,800	4	99 10 8 ¹ / ₂	96 18 10	
Total			67,813,924				
Paid off			27,928,405				
Transferred to Melbourne register			255,650				
Outstanding			39,629,869				

The figures in the last column represent the rates of interest payable by the State for the actual amount of money which was realized after the deduction of all expenses which had been incurred in connexion with the flotation, and with allowance for redemption at par on maturity.

The nominal rate of interest has varied from 6 per cent. for earlier loans to 3 per cent. for those of later date, and the actual rate paid by the Government varied from 6 per cent. in 1866 to $3\frac{3}{8}$ per cent. in 1899 and 1902. The first six loans raised were obtained at about $5\frac{3}{4}$ per cent., but money was obtained in 1870 at 5 per cent. In 1883 it was obtained at $4\frac{1}{8}$ per cent., in 1885 at $4\frac{1}{8}$, in 1888 at $3\frac{5}{8}$, and in 1889 at less than $3\frac{1}{2}$ per cent. In 1891 there was a reaction, when the money obtained cost $3\frac{3}{4}$ per cent., and the rate was still increased to over $4\frac{1}{2}$ in 1893, while 5 per cent. was paid on short-dated Treasury bonds obtained in 1892. Some later loans show a marked improvement, as in 1899 the actual rate of interest was less than $3\frac{3}{8}$ per cent., this being the lowest rate of those loans which were raised in London, while for later loans floated in 1901 and 1907 the money was obtained at slightly over $3\frac{1}{2}$ per cent., and one floated in 1902, at $3\frac{3}{8}$ per cent., but the interest on loans raised in 1903 was as high as $5\frac{1}{8}$ per cent. on short-dated Treasury bonds, and $4\frac{1}{8}$ on stock sold.

Excluding Victorian debentures for £63,000 taken over with the Melbourne and Hobson's Bay Railway, and of which £62,000 have since been paid off, the total amount of loans floated in Melbourne after conversion operations was £16,491,050. Loans floated in Melbourne. Of this amount, £1,729,343 was redeemed by loans, and £1,693,237 by revenue, &c., leaving due a balance of £13,068,470 on 30th June, 1907, consisting of debentures, £4,284,419; inscribed stock, £3,802,191; and Treasury bonds, £4,981,860. In addition, debentures for £2,000 and inscribed stock for £253,650 have been transferred from London to the Melbourne register, so that of the debt outstanding the total payable in Melbourne amounts to £13,324,120. The outstanding balance of loans payable in Melbourne amounted to £2,994,088 on 30th June, 1898, but during the last nine years the local debt has been increased by about $10\frac{1}{2}$ millions sterling. This increase has been brought about principally by the replacing of London loans as they fell due by local issues and by the raising of local loans to acquire estates for Closer Settlement purposes. The

following is a statement of these loans, showing the amounts originally raised, the amounts converted or paid off, and the amounts outstanding on 30th June, 1907:—

LOANS FLOATED IN MELBOURNE.

Authorization.		Loans as originally raised.			Amounts.		Loans Outstanding on 30th June, 1907.			
Act No.	Year.	Rate of Interest.	When due.	Amount.	Converted into Stock or Debentures.	Paid off.				
		Per cent.		£	£	£	£			
<i>Debentures.</i>										
13 & 23	1854	...	1855-75	735,000	...	735,000	...			
40	1855	6	1857-72	299,100	...	299,100	...			
15	1856	6	1872-4	2,900	...	2,900	...			
36	1857	6	1883-5-8	1,000,000	52,780	947,220	...			
150	1862	6	1889	300,000	23,900	276,100	...			
332	1868	5	1894	610,000	297,100	312,900	...			
371	1870	5	...	100,000	100,000	...	...	
1296	1893	4	1913-23	746,795	...	...	746,795	
1440	1896	3	1912	63,000	...	...	63,000	
1659	1900	3	1921-30	1,000,000	6,850	...	993,150			
1753	1901	3	1923-32	394,000	3,500	40,000	350,500			
1816	1903	3½	1904	93,869	...	45,000	48,869			
1901	1903	3	1934-54	457,000	...	...	457,000	
		3½	1926-40	336,300	...	12,075	324,225			
1962	1904	3¾	{ 1925-40	60,000	...	...	60,000	
		4	{ 1926-40	160,000	...	...	160,000	
			{ 1936	300,000	...	...	300,000	
			{ 1926-41.	285,880	...	...	285,880	
1990	1905	3½	{ 1926	100,000	...	...	100,000	
			{ 1927	6,000	...	...	6,000	
2026	1906	3½	{ 1926	289,000	...	...	289,000	
			{ 1927-42	100,000	...	...	100,000	
<i>Inscribed Stock.</i>										
428	1872	4	1897	1,113,000	} 2,659,613	...	...	
439	1872	4	"	86,780						
741	1882	4	"	13,102						
963	1887	4	"	167,500						
1015	1889	4	"	130,000						
1341	1893	4	"	750,000	} 3,011,544	...	...	
1369	1895	4	"	150,000						
1468	1896	3	1917	249,131						
1564	1898	3	"	2,290,482						
1623	1899	3	"	500,000						
1552	1898	3	"	420,057				...	227,202	3,011,544
1602	1898	3	"	28,207				} 24,947	186,188	
1749	1898	3	"	211,135						
1659	1900	3	1921-30	6,850				...	90	6,760
1753	1901	3	1923-32	3,500				...	46	3,454
1962	1904	3½	1917	256,325	...	...	256,325	
1990	1905	3½	"	81,920	...	...	81,920	
2026	1906	3½	"	256,000	...	...	256,000	

LOANS FLOATED IN MELBOURNE—*continued.*

Authorization.		Loans as originally raised.			Amounts.		Loans Outstanding on 30th June, 1907.
Act No.	Year.	Rate of Interest.	When due.	Amount.	Converted into Stock or Debentures.	Paid off.	
		Per cent.		£	£	£	£
<i>Treasury Bonds.</i>							
1574	1898	3½	1901	500,000	...	500,000	...
1800	1902	3½	1907	1,000,000	...	...	1,000,000
			1915	500,000	...	...	500,000
			1916	2,767,000	...	...	2,767,000
1982	1905	3½	1917	514,860	...	...	514,860
			Not yet fixed.	200,000	...	...	200,000
Overdue debentures				1,000	...	...	1,000
Total, floated in Melbourne				19,635,793	3,143,743	3,422,580	13,069,470
Transferred from London Register ... ..				...	...	...	255,650
Total, payable in Melbourne				...	...	...	13,325,120

Of the total loans raised in Victoria (exclusive of Melbourne and Hobson's Bay Railway debentures) £2,337,000, *i.e.*, the total of those authorized prior to 1863, was at 6 per cent.; £710,000, or those authorized from 1868 to 1870, at 5 per cent.; and the balance (£16,587,793) at rates varying from 3 to 4 per cent. In February, 1906, there were issued in Melbourne debentures (£285,880), due 1926-41; inscribed stock (£65,120), due 1917; and Treasury bonds (£1,249,000), due 1916; each at 3½ per cent. The average proceeds obtained per £100 of these securities were £96 5s., £98 6s. 10d., and £97 5s. 1d. respectively. These local loans were for the purpose of redeeming bonds for £1,513,200 which fell due in London on 1st July, 1906. Of the total Melbourne loans outstanding on 30th June, 1907, £1,103,945 are bearing interest at 4 per cent., £220,000 at 3¾ per cent., £6,732,579 at 3½ per cent., and £5,267,596 at 3 per cent.

EXPENDITURE FROM LOANS.

In addition to the ordinary expenditure from revenue, certain sums are annually disbursed for various purposes from amounts raised

by means of loans. The following table shows the details of such expenditure in each of the last five years:—

LOAN EXPENDITURE: 1902-3 TO 1906-7.
(Including Loan in aid of Revenue, Act 1451.)

Works.	1902-3.	1903-4.	1904-5.	1905-6.	1906-7.
	£	£	£	£	£
Railways	371,330	258,090	171,837	77,968	80,482
Water Supply	115,405	118,392	142,183	81,634	161,346
Schools and University	12,116	558	101	..	..
Agriculture	7,383	608	136	47	..
Closer Settlement, Purchase of Estates	1,189	3,666	754	754,983	339,497
Loans to Farmers—Purchase of Seed and Fodder	82,059	11,067	..	..	..
Mining Development	33,231	7,518	552	83	..
Assistance to Municipalities— For Roads, &c.	44,770	17,267	14,945	1,919	498
For Drainage Works	8,951	249	..	..	..
Accommodation for Federal Parliament	226	..	..	..	..
Other Public Works	79,744	29,829	42,683	16,332	13,835
Total	756,404	447,244	373,191	932,966	595,658
Per Head of Population	<i>s. d.</i> 12 6	<i>s. d.</i> 7 5	<i>s. d.</i> 6 2	<i>s. d.</i> 15 4	<i>s. d.</i> 9 7

The loan expenditure of the State has for years past been upon a very much smaller scale than formerly, as the following particulars show:—

Average amount of loan expenditure per annum for the—

10 years ended 30th June, 1895	... £1,890,813
5 years ended 30th June, 1900	... 587,241
7 years ended 30th June, 1907	... 711,098

PURPOSES FOR WHICH LOANS WERE RAISED.

The aggregate amount of the loans raised to 30th June, 1907, exclusive of temporary Treasury bonds in aid of revenue, but inclusive of Melbourne and Hobson's Bay Railway Debentures taken over, was £85,322,174; but a total of £32,367,185 (exclusive of conversion loans) having been repaid, viz., £3,249,435 out of the general revenue, and £29,117,750 out of the proceeds of redemption loans; the balance on 30th June, 1907, was reduced to £52,954,989.

The purposes for which the amount outstanding was borrowed and the annual interest payable thereon are as follow:—

PURPOSES FOR WHICH LOANS WERE RAISED.

Public Borrowings Contracted for—	Amount of Loans Outstanding on 30th June, 1907.	Annual Interest Payable.
REVENUE-YIELDING WORKS.		
	£	£
Railways and Tramways	39,687,338	1,440,452
Waterworks—Melbourne	1,688,663	61,039
" Country	6,098,812	210,708
Harbours	190,000	6,650
Graving Dock	356,074	11,971
Agriculture and Advances to Farmers, &c.	143,088	4,553
Purchase of Land for Closer Settlement	1,286,738	46,155
Development of Mining	121,194	3,780
Total Revenue-yielding Works	49,571,907	1,785,308
OTHER WORKS OF A PERMANENT CHARACTER.		
Public Offices, Law Courts, and Parliament Houses	732,976	24,949
Defence Works	151,469	5,044
State Schools, Technical Schools, and University	1,270,261	41,294
Other	928,376	29,932
Total other Permanent Works	3,083,082	101,219
Redemption of loan falling due in 1908	300,000	10,500
Net Borrowings	52,954,989	1,897,027

Out of the proceeds of these loans outstanding on the 30th June, 1907, sums not yet expended amount in the aggregate to £30,718, of which £4,581 is for railways, and £5,179 for country water supply, £18,173 for closer settlement, and £2,785 for different other services. Of the total loans outstanding, nearly 94 per cent. has been expended on revenue-yielding works, as detailed above.

LOANS REDEEMABLE.

The total amount of loans outstanding on 30th June, 1907, exclusive of debentures for £1,000 overdue since 1897, and of Treasury bonds in aid of revenue, was £52,953,989, and of this sum £4,803,119 were in the form of debentures; £39,113,169 of inscribed stock (London Register); £4,055,841 of stock (Melbourne Register); and £4,981,860 in the form of Treasury bonds. The

following are the dates on which these loans are repayable, those repayable in Melbourne and London being indicated—

TOTAL LOANS OUTSTANDING, 30TH JUNE, 1907, AND DATES
WHEN REPAYABLE.

Under Act No.	When Repayable.	Rate of Interest per cent.	Amount Repayable.		
			In Melbourne.	In London.	Total.
	<i>Debentures.</i>		£	£	£
1296	1st April, 1913-23 ...	4	746,795	...	746,795
1440	" 1912-22 ...	3	63,000	...	63,000
1659	1st July, 1921-30 ...	3	993,150	...	993,150
1753	1st Jan., 1923-32 ...	3	350,500	...	350,500
1816	1st July, 1907-8 ...	3½	48,869	...	48,869
1901	1st Jan., 1934-54 ...	3	457,000	...	457,000
1962	2nd April 1926, to 29th Nov., 1940 ...	3½	324,225	...	324,225
	29th Nov., 1925-40 ...	3¼	60,000	...	60,000
	27th Feb., 1926, to 29th Nov., 1940 ...	3¾	160,000	...	160,000
	14th March, 1936 ...	4	300,000	...	300,000
1990	1st April, 1926-41 ...	3½	285,880	...	285,880
	18th Oct., 1926 ...	3½	100,000	...	100,000
2026	1st July, 1927 ...	3½	6,000	...	6,000
	1st Oct., 1926, to 16th April, 1942 ...	3½	289,000	...	289,000
	1st July, 1927-42 ...	3½	100,000	...	100,000
	<i>Inscribed Stock (London).</i>				
739	1st April, 1908 ...	4	2,000*	1,998,000	2,000,000†
760	1st Oct., 1913 ...	4	9,000*	3,991,000	4,000,000†
805	" 1919 ...	4	18,000*	3,982,000	4,000,000
845	" 1920 ...	4	28,150*	5,971,850	6,000,000
989	" 1923 ...	3½	...	7,000,000	7,000,000
1032					
1196	1st Jan., 1921-26 ...	3½	...	5,000,000	5,000,000
1217					
1287	" 1911-26 ...	4	...	2,107,000	2,107,000
1560	" 1929-49 ...	3	196,000*	4,268,714	4,464,714
1562	" 1929-49 ...	3½	2,500*	4,311,305	4,313,805
		3	...	1,000,000	1,000,000
	<i>Stock (Melbourne).</i>				
1468	29th Sept., 1917, or after	3	3,011,544	...	3,011,544
1564					
1623	" " " "	3	186,188	...	186,188
1602					
1749	" " " "	3½	256,325	...	256,325
1962					
1990	" " " "	3½	81,920	...	81,920
2026	" " " "	3½	256,000	...	256,000
1659	1st July, 1921-30 ...	3	6,760	...	6,760
1753	1st Jan., 1923-32 ...	3	3,454	...	3,454

* Transferred from London to Melbourne register.

† Debentures convertible into inscribed stock at option of holder. The amount so converted on 30th June, 1907, was £5,481,300.

TOTAL LOANS OUTSTANDING, 30TH JUNE, 1907, AND DATES
WHEN REPAYABLE—*continued.*

Under Act No.	When Repayable.	Rate of Interest per cent.	Amount Repayable.		
			In Melbourne.	In London.	Total.
	<i>Treasury Bonds.</i>		£	£	£
1800	1st October, 1907 ...	3½	1,000,000	...	1,000,000
	1st July, 1915 ...	3½	500,000	...	500,000
1982	... 1916... ..	3½	2,767,000	...	2,767,000
	1st July, 1917 ..	3½	514,860	...	514,860
	Not yet fixed ...	3½	200,000	...	200,000
	<i>Melbourne and Hobson's Bay Railway Debentures.</i> (Overdue since 1897) ...	...	1,000	...	1,000
617	Total ... ..	...	13,325,120	39,629,869	52,954,989
	<i>Treasury Bonds in aid of Revenue.</i>				
1451	1st Jan., 1908-13 ...	3¼	150,000	...	150,000
	Total (including loans in aid of Revenue)...	...	13,475,120	39,629,869	53,104,989

With regard to the loan of £2,000,000 falling due in London on 1st April, 1908, arrangements have been made for meeting the loan upon maturity, and the whole of the debt will be transferred to Melbourne. In regard to due dates, it may be mentioned that in several instances where they cover a series of years the Government, by giving twelve months' notice, has the option of fixing the particular year of redemption. If it be assumed that loans at the higher rates of interest will be redeemed at earliest, while those at the lower rates will not be redeemed till latest dates of option, the following table shows the most probable years in which the outstanding debt will be met.

DUE DATES OF VICTORIAN LOANS ON 30TH JUNE, 1907.
(Including Treasury Bonds in aid of Revenue.)

When Payable.	Amount Payable, assuming that—	
	3 per cent. Loans are redeemed at latest, and all others at earliest date of option.	3¼ per cent. and under are redeemed at latest, and all others at earliest date of option.
	£	£
Overdue and Unclaimed ...	1,000	1,000
1907	1,025,000	1,025,000
1908	2,048,869	2,048,869
1909	25,000	25,000
1910	25,000	25,000

DUE DATES OF VICTORIAN LOANS ON 30TH JUNE, 1907—*continued.*

When Payable.	Amount Payable, assuming that—	
	3 per cent. Loans are redeemed at latest, and all others at earliest date of option.	3½ per cent. and under are redeemed at latest, and all others at earliest date of option.
	£	£
1911	2,132,000	2,132,000
1912	25,000	25,000
1913	4,771,795	4,771,795
1915	500,000	500,000
1916	2,767,000	2,767,000
1917	1,109,105	514,860
1919	4,000,000	4,000,000
1920	6,000,000	6,000,000
1921	5,000,000	...
1922	63,000	63,000
1923	7,000,000	7,000,000
1925	60,000	60,000
1926	1,159,105	5,260,000
1927	106,000	6,000
1929	4,313,805	...
1930	999,910	999,910
1932	353,954	353,954
1936	300,000	300,000
1941 ... ..	...	285,880
1942 ... ..	...	713,225
1949	5,464,714	9,778,519
1954	457,000	457,000
Not yet fixed	200,000	200,000
Indefinite	3,197,732	3,791,977
To end of 1920	24,429,769	23,835,524
After 1920... ..	28,475,220	29,069,465
On date to be fixed	200,000	200,000
Total	53,104,989	53,104,989

In connexion with the replacing of London loans as they fall due by local issues, and the practice of late years of borrowing money in the State instead of going to London for it, the following particulars are of interest:—

PUBLIC DEBT AND INTEREST PAYABLE THEREON IN LONDON AND MELBOURNE, 30TH JUNE, 1900, 1906, AND 1907.
(Including Treasury Bonds in aid of Revenue.)

On 30th June.	Amount of Loans Payable in—		Annual Interest Payable in—	
	London.	Melbourne.	London.	Melbourne.
	£	£	£	£
1900	44,655,579	4,669,306	1,735,307	152,046
1906	43,178,681	9,901,119	1,594,490	326,696
1907	39,629,869	13,475,120	1,450,950	450,952

An important point in relation to the London loans is that certain expenses occur each year in connexion with them which are not common to local loans. In the last financial year the amount was £11,845, and this sum was small compared with that of recent previous years, viz. :—£17,203 in 1902-3, £25,402 in 1903-4, £15,297 in 1904-5, and £12,272 in 1905-6. The details for 1906-7 are as follow :—

	£
To contracting banks, commission upon coupons	239
To London and Westminster Bank, commission for inscribing stock and paying interest thereon	10,523
Premiums on remittances	200
Stamps, advertising, &c.	883
Total	<u>£11,845</u>

The average rate of interest on the outstanding loans of the State is substantially less than it was a few years ago, and the following table, comparing the figures in 1900 (the year before Federation) with those in 1906 and 1907, illustrates this fact.

AMOUNT OF OUTSTANDING LOANS AT EACH RATE OF INTEREST,
1900, 1906, AND 1907.

(Including Treasury Bonds in aid of Revenue.)

Rates of Interest per Cent.	Nominal amount outstanding on 30th June—		
	1900.	1906.	1907.
	£	£	£
4½	5,000,000	...	...
4	27,060,795	23,153,795	19,153,795
3¾ ... ..	...	220,000	220,000
3½	12,250,000	19,099,301	23,043,884
3¼	300,000	175,000	150,000
3	4,714,090	10,490,704	10,536,310
Overdue (not bearing interest) ... ..	...	1,000	1,000
Total	49,324,885	53,079,800	53,104,989

The difference between the interest in 1900 and in 1907 represents a saving of over £130,000 on the debt of £53,104,989 at 30th June, 1907.

LOANS AUTHORIZED BUT NOT RAISED.

The loans authorized, but not raised, on the 30th June, 1907, amounted to £1,782,865, which sum now represents the unfloted balance of loans authorized in 1896, 1898, 1899, 1901, 1903, 1904,

and 1905. The following return gives the particulars of these loans:—

LOANS AUTHORIZED, BUT NOT RAISED, 30TH JUNE, 1907.

Under Loan Act No.—	Total.		
	Authorized.	Raised to 30th June, 1907.	Balance not raised.
	£	£	£
1440	100,000	63,000	37,000
1552	1,116,808	28,207	1,088,401
1623	500,000	420,057	79,943
1753	500,000	394,000	106,000
1816	100,000	93,869	6,131
1962	1,500,000	1,112,625	387,375
1990	551,815	473,800	78,015
Total	4,368,423	2,585,558	1,782,865

The rate of interest on the amount to be raised is 3 per cent. on £1,311,344, and 3½ per cent. on £471,521.

GROWTH OF FUNDED DEBT.

Growth of
Funded
Debt.

The following return shows the growth of the funded debt and interest since the date of the establishment of responsible government in 1855. The average rate of interest payable on the indebtedness has steadily declined from 6 per cent. in 1855 to 3.58 in 1907. In relation to population, however, the amount per head has substantially increased from 1855 to 1900, but since the latter year there has been no material alteration.

GROWTH OF FUNDED DEBT AND INTEREST, 1855 TO 1907.

End of Financial Year in—	Loans Outstanding.			Amount per head of population.	
	Amount.	Annual Interest Payable.		Debt.	Annual Interest.
		Total.	Average rate per cent.		
1855	£ 480,000	£ 28,800	6.00	£ s. d. 1 6 4	£ s. d. 0 1 7
1860	5,118,100	306,405	5.99	9 10 4	0 11 5
1870	11,924,800	688,740	5.78	16 8 3	0 19 0
1880	20,056,600	1,004,436	5.01	23 11 9	1 3 7
1890	41,377,693	1,649,465	3.99	36 19 11	1 9 6
1900	48,774,885	1,867,604	3.83	40 17 4	1 11 3
1901	49,548,275	1,861,547	3.76	41 3 0	1 11 0
1902	50,408,957	1,887,877	3.74	41 15 5	1 11 4
1903	51,097,900	1,904,514	3.73	42 5 11	1 11 6
1904	51,519,962	1,876,011	3.64	42 13 4	1 11 1
1905	51,513,767	1,875,249	3.64	42 9 8	1 10 11
1906	52,904,800	1,915,499	3.62	43 2 3	1 11 3
1907	52,954,989	1,897,027	3.58	42 9 7	1 10 5

Including money borrowed for temporary purposes (£150,000—Act 1451) in aid of revenue, the total amount of loans outstanding on the 30th June, 1907, was £53,104,989, upon which the amount of interest and expenses (paid in 1906-7) was £1,934,542, or an average of 3.64 per cent. on the total debt. In 1906-7 the net receipts from works constructed out of loan moneys and the interest received on advances to local bodies, &c., amounted to £1,942,759, or £8,217 more than was required to meet interest and expenses during the year on loans outstanding, of which over £3,000,000, though expended on works of a permanent character, such as defences, State schools, public offices, &c., does not earn revenue. On 30th June, 1907, there was also £532,988 at the credit of redemption funds, and £300,000 of loan money available for the redemption of loans falling due.

SINKING FUNDS.

On 30th June, 1907, the sinking funds in Australia were as follow:—

SINKING FUNDS IN AUSTRALIAN STATES, 30TH JUNE, 1907.

State.	Sinking Funds in Connexion with—	
	State Funded Debts.	Municipal and Other Debts.*
	£	£
Victoria	532,988	857,787
New South Wales	505,346	164,236
Queensland .. .. .	..	11,619
South Australia	520,015	..
Western Australia	1,600,044	110,005
Tasmania	261,431	99,845
Total	3,419,824	1,243,492

* Figures for 1906.

The following table shows for Victoria the various funds having balances to their credit on 30th June, 1907, and in addition, £300,000 out of loans under Acts No. 1982 and 2026 is held to meet loans falling due in 1908:—

	Balance at Credit.
Mallee Land Account	£28,345
Closer Settlement Fund	12,469
Victorian Loans Redemption Fund	216,397
Victorian Government Consolidated Inscribed Stock Redemption Fund	275,777
Total	£532,988

By Act No. 1428 of 1896, 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 to this account are available solely for the repurchase, redemption, or paying off of any Victorian stock or debentures.

Mallee Land Account.

Closer
Settlement
Fund.

By Act No. 1749 of 1901, it was provided that all moneys received by the Board of Land and Works, from lessees or purchasers of farm allotments, or purchasers of any land acquired by the Board, pursuant to the general provisions of the Act, should be paid into the Treasury, and placed to the credit of a separate account, to be called "The Farm Settlements Fund," which fund should be applied principally to the redemption of stock and debentures issued for Closer Settlement purposes, and the payment of interest thereon. Under the *Closer Settlement Act* of 1904, this fund was transferred to the Board appointed to administer that Act, and is now called the "Closer Settlement Fund."

Consoli-
dated
Inscribed
Stock Re-
demption
Fund.

By Act No. 1561 of 1898, it was enacted that a "Victorian Government Consolidated Inscribed Stock Redemption Fund" should be kept in the Treasury, and should be applied in purchasing or repurchasing, and ultimately in redeeming consolidated stock—that is, stock on the London Register—and in paying expenses and costs of 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. Transactions in this fund to the 30th June, 1907, are as follow:—

THE VICTORIAN GOVERNMENT CONSOLIDATED INSCRIBED STOCK
REDEMPTION FUND, 30TH JUNE, 1907.

Transactions.	To 30th June, 1907.
RECEIPTS.	
Waterworks Trusts	£ 153,699
Mallee Land Account	140,000
Revenue	142,471
Miscellaneous	82,821
Total receipts	518,991
EXPENDITURE.	
Purchase of Stock	242,514
Commission, &c.	700
Total expenditure	243,214
Balance in the Fund	275,777
Amount of Stock repurchased and cancelled	259,605

The miscellaneous receipts include £62,827, surplus after redemption of loans, Acts 531 and 608. Of the balance in the fund, £240,000 was invested in Victorian Government debentures, and £35,777 held in cash.

Loans Re-
demption
Fund.

By Act No. 1565 of 1898, it was enacted that a "Victorian Loans Redemption Fund" should be kept in the Treasury, and should be available for the purchase, repurchase, or redemption of any Victorian Government 3 per cent. stock and debentures payable at Melbourne, and in paying the expenses, costs, &c., incurred. This fund

is derived from special appropriations from revenue, repayments on account of resumption of land in the Mallee district, and sundry loans made by the Government to municipalities, &c. Transactions in this fund to 30th June, 1907, are as follow:—

THE VICTORIAN LOANS REDEMPTION FUND, 30TH JUNE, 1907.

Transactions.	To 30th June, 1907.
RECEIPTS.	
From Revenue	£ 404,998
Resumption of land in Mallee Districts and valuation of improvements	9,299
Payments by Municipalities	4,332
Repayment of Loans—	
Bush fires relief	19,721
Floods relief	1,232
Seed advances	84,556
New pilot steamer	3,466
Yarrowee Channel	2,417
Total receipts	530,021
EXPENDITURE.	
Purchase of stock	313,624
Balance in the fund	216,397
Amount of stock and debentures repurchased and cancelled	319,202

Of the balance in the fund, £163,875 was invested in Victorian Government debentures and stock, and £52,522 held in cash.

DEBTS IN AUSTRALIAN STATES AND NEW ZEALAND.

The following is a summary of the funded debts of the Australian States and New Zealand on the 30th June, 1907, the amounts per head of population, and the total and average interest payable. The amounts are exclusive of Treasury bonds or bills issued for revenue purposes:—

FUNDED DEBTS OF AUSTRALIAN STATES AND NEW ZEALAND,
30TH JUNE, 1907.

State.	Funded Debt.		Interest Payable.	
	Amount.	Per Head of Population.	Amount.	Average Rate Per Cent.
	£	£ s. d.	£	
Victoria	52,954,989	42 9 7	1,897,027	3.58
New South Wales	84,046,200	54 3 10	2,994,148	3.56
Queensland	39,068,827	72 0 9	1,447,339	3.70
South Australia	29,226,493	75 10 5	1,086,759	3.72
Western Australia	19,222,638	72 14 9	660,451	3.44
Tasmania	9,706,768	54 18 0	356,900	3.68
Total	234,225,915	56 3 11	8,442,624	3.60
New Zealand (31.3.07)	64,179,040	70 3 5	2,400,528	3.74

Funded debts of Australian States and New Zealand.

New Zealand and South Australia pay the highest average rate of interest on their loans, the reason being, not that their securities are considered of less value, but that a larger proportion of their loans was raised when the rates of interest were high.

In the following statement will be found the indebtedness per head of the various States of Australia and New Zealand at the close of the last five financial years:—

GOVERNMENT FUNDED DEBTS PER HEAD OF POPULATION IN
AUSTRALIAN STATES AND NEW ZEALAND.

	At end of Financial Year—									
	1902-3.		1903-4.		1904-5.		1905-6.		1906-7.	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
Victoria	42	5 11	42	13 4	42	9 8	43	2 3	42	9 7
New South Wales ..	53	6 1	54	2 4	54	13 4	55	10 10	54	3 10
Queensland	74	14 10	77	17 8	74	17 10	73	6 7	72	0 9
South Australia ..	73	5 11	74	3 9	73	10 9	75	12 10	75	10 5
Western Australia ..	70	7 11	68	0 7	66	10 4	69	10 0	72	14 9
Tasmania	52	3 1	51	6 4	51	18 5	53	1 0	54	18 0
New Zealand	68	5 4	69	2 0	69	5 3	69	19 1	70	3 5

Debts of
Australian
States.

The following is a statement of the total indebtedness of the Australian States in 1907:—

FUNDED AND UNFUNDED DEBTS OF AUSTRALIAN STATES, 1907.

State.	State Debts.		Municipal and Corporation Debts (exclusive of Loans from Government).	Grand Total.	
	Funded.	Unfunded.		Amount.	Per Head of Population.
	£	£	£	£	£ s. d.
Victoria.. ..	52,954,989	1,228,898*	14,060,417	68,244,304	54 14 10
New South Wales	84,046,200	1,561,632	3,127,310	88,735,142	57 4 3
Queensland† ..	39,068,827	1,130,000	743,734	40,942,561	75 9 10
South Australia ..	29,226,493	1,444,018	101,737	30,772,248	79 10 4
Western Australia	19,222,638	208,729	713,350	20,144,717	76 4 7
Tasmania	9,706,768	216,315	572,051	10,495,134	59 7 2
Total	234,225,915	5,789,592	19,318,599	259,334,106	62 4 5

* Treasury Bonds have been issued for £150,000 of this amount, but it has been the practice to regard it as part of the Unfunded Debt, as the money was borrowed for temporary purposes in aid of revenue, and is being paid off in yearly instalments.

† Excluding Government Savings Bank Stock and Debentures, £1,565,640.

The figures, £259,334,106, include loans raised by the State Governments, municipal bodies, corporations, and trusts. The Victorian figures exclude the amount of the Tramways Trust loan, viz., £1,650,000, which is treated as a loan to a private company, for although the money has been borrowed by the Trust, which is composed of representatives of municipalities, on the security of municipal property, yet the interest is paid and a sinking fund provided by the Tramway Company, which renders the liability of the Trust merely nominal.

The figures in the table show the full public indebtedness of the Commonwealth, including State, municipal, and corporation debts, to the date at which comparison can be made. Victoria has the smallest amount per head, New South Wales the next, and South Australia the largest. There are, of course, private debts to a considerable extent and private investments by British capitalists; but there is no reliable information as to the amount of this class of indebtedness.

The State debts are those for the year ended in 1907, the municipal and corporation debts are for the year ended in 1906, figures for 1907 for other States than Victoria not being available. The complete figures for Victoria in 1907, appear in the following statement:—

State and
local debts.

STATE AND LOCAL DEBTS, 1907.

	£	£
State Debts (Funded)—		
London Register	39,629,869	
Melbourne Register	13,324,120	
State Debts (Unfunded)	1,228,898	
Overdue Debentures, late Melbourne and Hobson's Bay Railway—unpresented	1,000	
	<hr/>	
Total State Debts		54,183,887
Municipal	4,211,865	
Harbor Trust	2,000,000	
Fire Brigades Board	130,000	
Melbourne and Metropolitan Board of Works	7,951,000	
	<hr/>	
Total Debts of Municipalities and Corporations		14,292,865
		<hr/>
Total Debts		68,476,752
		<hr/>

This sum (£68,476,752) is equal to a debt of £54 18s. 7d. per head of the population on 30th June, 1907.

DEBTS IN VARIOUS COUNTRIES.

Debts of
various
countries.

In order that a comparison may be instituted between the States of Australia and other countries of the world in regard to indebtedness, the following table is furnished. The highest debt per head of population here disclosed is that of France (£27 14s. 11d.), which is about three-fifths of that of Victoria. The next highest is the united liability of the Transvaal and Orange River Colonies (£20 1s. 8d.), and then that of the Cape of Good Hope (£19 15s. 6d.), the next Belgium (£18 2s. 8d.), with the United Kingdom following (£17 11s.), and Natal (£16 19s. 10d.), and Italy (£16 7s. 4d.) in close succession. From this amount there is a rapid diminution of indebtedness to £1 1s. 5d. per head in British India. It must be remembered, however, that the large indebtedness of the Australian States is the result of expenditure on railways, roads, irrigation and water supply works, harbors, public and other works, required for the speedy development of an entirely new country, whilst in the older countries of the world much of this class of work is left to private enterprise.

GOVERNMENT DEBTS PER HEAD OF POPULATION IN VARIOUS COUNTRIES.

Country.	Year.	Public Debt.	
		Total Amount.	Amount per Head of Population.
		£	£ s. d.
United Kingdom	1907	774,164,700	17 11 0
British India	1906	248,782,000	1 1 5
Canada	1906	80,633,200	13 9 6
Cape of Good Hope	1906	49,199,900	19 15 6
Natal	1906	19,484,100	16 19 10
Transvaal and Orange River	1906	35,000,000	20 1 8
France	1906	1,088,992,800	27 14 11
Italy	1906	547,266,000	16 7 4
Austria	1905	392,233,000	14 5 6
Hungary	1905	221,513,000	10 18 8
German States	1905	616,425,300	10 3 4
German Empire (Imperial)	1905	163,552,000	2 13 11
Norway	1906	19,023,000	8 4 7
United States of America (Federal)	1906	198,178,503	2 7 1
United States of America (States, Territories, &c.)	1902	383,227,900	4 17 6
Russia	1904	702,138,000	4 17 11
Sweden	1905	21,156,600	3 19 11
Belgium	1905	129,859,000	18 2 8

COMMONWEALTH, STATE, AND LOCAL TAXATION.

In the following table will be found a statement showing for the last five financial years the amount of revenue collected under the various heads of taxation by the Commonwealth, the State, and the local bodies:—

COMMONWEALTH, STATE, AND LOCAL TAXATION, 1902-3 TO 1906-7.

Heads of Taxation.	Amount Received.				
	1902-3.	1903-4.	1904-5.	1905-6.	1906-7.
Federal—	£	£	£	£	£
Customs Duties... ..	2,096,318	2,040,128	1,907,065	1,950,713	2,129,548
Excise Duties	402,696	403,377	581,780	586,357	589,883
Total Federal Taxation	2,499,014	2,443,505	2,488,843	2,537,070	2,719,431
State—					
Wharfage Rates	43,976	45,216	50,213	52,771	53,099
Ports and Harbors	27,616	28,756	30,946	32,355	33,922
Licences	16,969	17,852	17,521	17,813	19,043
Probate & Succession Duties	161,636	308,531	265,876	328,628	401,631
Duties on Bank Notes	18,434	18,440	16,444	17,352	17,702
Land Tax	92,867	106,445	97,840	103,536	92,438
Income Tax	415,048	311,147	316,943	318,135	355,148
Stamp Duty	173,637	175,732	183,246	205,345	222,671
Race Club's percentage ... ..	...	...	...	...	4,875
Total State Taxation ...	950,183	1,012,119	979,029	1,075,935	1,200,529
Municipal Taxation ...	940,351	981,412	986,009	1,015,841	1,068,967
Melbourne Harbor Trust Taxation	164,611	162,105	167,727	188,337	191,762
Total Taxation ...	4,554,159	4,599,141	4,621,608	4,817,183	5,180,689

The taxation in Victoria per head of population by Commonwealth, State, and local bodies is as follows:—

COMMONWEALTH, STATE, AND LOCAL TAXATION PER HEAD OF POPULATION, 1902-3 TO 1906-7.

Division.	Taxation per Head of Population in—				
	1902-3.	1903-4.	1904-5.	1905-6.	1906-7.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Federal	2 1 3	2 0 5	2 1 1	2 1 8	2 3 11
State	0 15 8	0 16 9	0 16 2	0 17 8	0 19 5
Local	0 18 3	0 18 11	0 19 1	0 19 9	1 0 4
Total	3 15 2	3 16 1	3 16 4	3 19 1	4 3 8

In the return following will be found, for the purpose of comparison, particulars of taxation by Government and local bodies throughout the States of Australia and in the United Kingdom:—

TAXATION BY GOVERNMENT AND LOCAL BODIES IN THE STATES OF AUSTRALIA AND THE UNITED KINGDOM.

—	Total Amount of Taxation.	Rate per Head of Population.
	£	£ s. d.
Victoria	4,848,780	3 18 4
New South Wales	5,657,346	3 14 1
Queensland	2,206,442	4 2 6
South Australia	1,368,105	3 11 3
Western Australia	1,440,664	5 10 1
Tasmania	687,113	3 16 3
Total	16,208,450	3 18 7
United Kingdom	191,546,000	4 7 4

In these figures, which exclude wharfage rates and harbor dues, the Commonwealth and the State taxation have been taken for the year 1906-7, and the Local taxation for the year 1905-6, and it appears that the total taxation for Australia is £16,208,450, or an average of £3 18s. 7d. per head per annum. The lowest rate, £3 11s. 3d. per head, prevails in South Australia; New South Wales is next with £3 14s. 1d.; then follow Tasmania, Victoria, Queensland, and Western Australia, with £3 16s. 3d., £3 18s. 4d., £4 2s. 6d., and £5 10s. 1d. respectively. In the United Kingdom, the taxation is 8s. 9d. per head above that in Australia, and is higher than in any of the Australian States except Western Australia.

LICENCES.

The following is a statement showing, as far as practicable, the number of licences issued for various purposes in 1907, and the amount of annual and temporary fees, under each head, collected during the year. Municipal licences for slaughtering, dairies, noxious trades, the carriage of passengers and goods, &c., are not shown.

LICENCES—NUMBER AND REVENUE, 1907.

Description of Licence.	Number of Licences Granted.			Amount of Fees Collected.		
	Annual.	Temporary.	Total.	Annual.	Temporary.	Total.
<i>Excise.</i>						
Distilling—				£	s.	d.
Spirit Makers						
General ..	5	..	5	250	0	0
Wine ..	5	..	5	125	0	0
Vignerons ..	35	..	35	175	0	0
Test Still ..	43	..	43	4	19	8
Manufacturing Tobacco, Cigars, Cigarettes, and Snuff ..	55	..	55	1,199	12	0
Brewers ..	37	..	37	925	0	0
Sugar refining ..	1	..	1	5	0	0
Starch manufacturing ..	3	..	3	15	0	0
Methylators (permanent licence) ..	1	..	1	2	0	0
<i>Licensing.</i>						
Victuallers ..	3,530	805	4,335	79,955	0	0
Packet ..	13	..	13	260	0	0
Grocers ..	317	..	317	3,170	0	0
Colonial Wine ..	325	..	325	1,625	0	0
Railway Refreshment Rooms ..	32	..	32	800	0	0
Billiard Tables ..	83	..	83	530	0	0
Spirit Merchants, &c. ..	431	..	431	10,686	9	5
Brewers ..	43	..	43	265	0	0
Club ..	105	..	105	210	0	0
Vignerons ..	38	..	38	190	0	0
<i>Customs.</i>						
Carriage ..	855	153	1,008	213	15	0
Lighter and Boat ..	60	1	61	15	0	0
Custom House Agents ..	59	10	69	295	0	0
Bond ..	38	23	61	3,944	10	0
				19	2	6
				0	2	6
				25	0	0
				601	17	6
						232
						15
						320
						4,546
						17
						6
						6
						0
						0
						6

LICENCES—NUMBER AND REVENUE, 1907—continued.

Description of Licence.	Number of Licences Granted.			Amount of Fees Collected.								
	Annual.	Temporary.	Total.	Annual		Temporary.		Total.				
				£	s.	d.	£	s.	d.	£	s.	d.
<i>Explosives.</i>												
Importation ..	164	..	164	478	5	0	..	..	..	478	5	0
Manufacture of Rack-a-rock ..	12	..	12	3	0	0	..	..	..	3	0	0
Manufacture of other Explosives ..	8	..	8	9	0	0	..	..	..	9	0	0
Magazine ..	224	..	224	162	0	0	..	..	..	162	0	0
Fireworks, Sale of ..	753	..	753	37	13	0	..	..	..	37	13	0
Other than Fireworks, Sale of ..	1,417	..	1,417	354	5	0	..	..	..	354	5	0
<i>Miscellaneous.</i>												
Auctioneers—General	554	243	797	13,175	19	4	243	0	0	13,418	19	4
Gold-buyers	243	..	345	104	10	2	..	..	..	104	10	2

In addition to the above there are other licences, particulars of which cannot be obtained for the calendar year 1907, but the fees collected during the financial year 1906-7 are as follow :—

Description of Licence.	Amount of Fees Collected.		
	£	s.	d.
Insurance	12,633	0	0
Business (on the Gold-fields)	70	0	0
Sale of Tobacco, &c.	1,434	1	5
Servants' Registry Office	98	0	0
Pawnbrokers	1,090	0	0
Hawkers	1,433	1	8
Carriers	53	2	0
Stage Carriage	173	5	0
Marine Store	166	8	0
Forwarding Agents	140	0	0
Permits to Fish, &c.	11	0	0
Race Clubs	87	0	0

FINANCIAL RELATIONS OF THE COMMONWEALTH AND STATES.

Several Inter-State Conferences have been held to consider the financial relations of the Commonwealth and States, particularly in regard to the taking over of the States' debts, and the proportion of the Customs and Excise revenue to be returned upon the expiration of the "Braddon Clause" in 1910, but no settlement has been arrived at. The question is dealt with in an appendix to this work.