

## PUBLIC FINANCE

## VICTORIAN BUDGET SUMMARY, 1981-82

**Introduction**

The Victorian Budget for 1981-82 was presented by the Treasurer in the Legislative Assembly of the Parliament of Victoria on 16 September 1981.

Aspects of the Budget highlighted by the Treasurer were: (1) Staged abolition of probate duty and gift duty; (2) reductions in stamp duties; (3) land tax exemptions for family home lifted to \$100,000; (4) increase for works programmes including record allocations for public transport; (5) increased benefits to Budget from use of non-renewable energy resources; (6) a rise in State housing activity and a four-fold increase in rebate of stamp duty for first home buyers; (7) reductions in payroll tax for small businesses, including primary producers; (8) special rebate of payroll tax for new apprentices; (9) introduction of temporary payroll tax surcharge on larger firms; (10) special provisions for new initiatives by the Ministry of Employment and Training and the Ministry for Economic Development; (11) increase in Pensioner Rate Concession ceiling; and (12) encouragement for Mental Retardation Services.

**Revenue, 1981-82**

Estimated total receipts into the Consolidated Fund in 1981-82 increased by \$887.2m to \$5,401.3m. This included Commonwealth payments for health, not taken through the Consolidated Fund under the previous hospital cost-sharing arrangements of \$316.7m and a Total Tax Sharing Grant of \$1,521.5m. A significant development in the tax sharing arrangements was the use of transitional arrangements for 1981-82 and the new arrangements from 1982-83 when Victoria's tax sharing entitlement will be determined as a basic percentage of total tax paid in 1981-82. At the Premiers' Conference held in June 1981, the Commonwealth Government agreed to special additions totalling \$26m to Victoria's basic tax sharing entitlement, and \$16m benefit from revised population estimates in the tax sharing formula. The Commonwealth Government also agreed to provide grants of \$70m and special borrowing authority of \$40m over a two year period as a contribution towards the urgent requirements of public transport.

The other significant changes affecting revenue collection from 1981-82 included the following. An increase in the payroll tax exemption level came into operation on 1 January 1982. The main exemption level was \$125,000, reducing by \$2 for every \$3 increase in payrolls above that figure to a flat exemption of \$37,800 at payrolls of \$255,800 and above. In addition, the Victorian Government introduced a temporary payroll tax surcharge of 1 per cent to operate on payrolls during the period 1 October 1981 to 30 June 1982 to apply to payrolls of \$1m or more in 1981-82 and is expected to yield an additional net revenue of \$61m during 1981-82. Existing rates of probate duty will be reduced by one-third where death occurs on or after 1 January 1982. Where death occurs on or after 1 January 1983 the reduced rates then applying will be halved and from 1 January 1984 probate duty will be totally abolished. The exemption level under the Gift Duty Act will be lifted from \$20,000 to \$50,000 with effect from 1 January 1982 followed by total abolition of gift duty in respect of gifts made on or after 1 January 1983. The exemption level under the Land Tax Act will be increased from \$45,000 to \$100,000 with

effect from 31 December 1981. The 1981-82 payment by the Gas and Fuel Corporation will be increased from 8 per cent of 1980-81 turnover to 15 per cent giving an estimated additional payment by the Corporation of \$17.3m. There will be no change to the present 5.5 per cent rate of payment by the State Electricity Commission.

The Victorian Government has decided to gain access to additional revenue from oil and gas liquids by imposing a new flat rate licence fee of \$10m in 1981-82 on the two pipelines carrying Bass Strait crude oil and natural gas liquids from Longford (Sale) to Long Island (Western Port) and the natural gas pipeline system linking Longford and Dandenong.

The fee for licences for petroleum wholesalers and retailers will increase from 4.5 to 5.4 per cent of the value of motor spirit, and from 7.1 to 8.6 per cent of the value of diesel fuel sold for road vehicle use. The additional revenue, which was estimated at \$8.7m in 1981-82 and \$14.9m in a full year, will be used for roadworks and other transport purposes throughout Victoria.

#### **Expenditure, 1981-82**

The total works programme of Victorian Government departments and major statutory bodies for 1981-82 were estimated to increase by \$340m or 17.7 per cent. The basic Government works allocation from the Loan Council and the aggregate figure of roads, housing, and other works grants from the Commonwealth Government remained constant in dollar terms. Victorian Government works programmes for the Budgetary Departments, the Country Roads Board and the Housing Commission funded from both Commonwealth and Victorian Government sources will involve an estimated expenditure in 1981-82 of \$968m, an increase of 12.9 per cent. Expenditure from the Works and Services Account was estimated at \$453.4m.

The 1981-82 semi-government borrowing programme for Victoria was \$600.7m, an increase of 8 per cent on 1980-81. This included coverage of the new money borrowing requirements for authorities each borrowing more than \$1.2m under the normal semi-government programme, the special temporary borrowing allocation of \$20m for railway upgrading and an amount of \$3m allocated for borrowing by the State Rivers and Water Supply Commission.

#### *Economic development*

Total funds for the new Ministry for Economic Development, the Ministry of Tourism, and the Victorian Economic Development Corporation for 1981-82 were \$61.6m, an increase of 23.9 per cent over 1980-81. Provision for assistance to approved decentralised industries was \$31.6m, and \$5.5m was provided for the Development Fund. Total provision for the Victorian Economic Development Corporation was \$8m. An additional \$1.2m from borrowings, together with internal funds will be available to the Corporation. The Ministry of Tourism has been allocated \$5.7m.

#### *Police and emergency services*

The Current Account provision for Police was \$226.6m, an increase of 11.4 per cent over 1980-81. This provides for an increase of 200 in the force to an estimated 8,186 by 30 June 1982. In addition, 70 police will be released for active duty as a result of the re-organisation and merging of the Transport Regulation Board and the Motor Registration Branch. The police vehicle fleet will increase by 30 vehicles in addition to the 48 vehicles which became available after the Commonwealth Heads of Government Meeting held in Melbourne in September 1981.

#### *Community welfare services*

The 1981-82 allocation was \$145.2m, an increase of 12.4 per cent over 1980-81. An amount of \$47.1m was to be provided for rate and fare concessions to pensioners. Funds were provided for the expansion of existing attendance centres, the introduction of two new Regional Foster Care Programmes, one new Protection Unit, and commencement on the Community Work Order Scheme.

#### *Youth, sport, and recreation*

The provision for youth, sport and recreation was estimated at \$20.9m. An amount of \$12.6m was provided for racing (including \$1.7m for special assistance to country racing), and \$6.5m was made available towards construction of the State Indoor Sports Centre at Olympic Park.



The main street of the Sovereign Hill "living museum" complex developed and run by the Ballarat Historical Park Association. The Park attracts over 400,000 visitors each year.

*Ballarat Historical Park Association*

A joint proprietor of the Cobb & Co. Stage Coach Company built the mansion *Labassa* in the Melbourne suburb of Caulfield. It was purchased by the National Trust in 1981 and will be restored to its original condition.

*National Trust of Australia (Victoria)*





In line with an advanced technological environment, the Victoria Police now operate a helicopter for many of their activities ranging from the air to ground control of traffic to search and rescue operations.

*Victoria Police*

A group of Red Cross volunteers being trained to assist disabled persons with household duties.

*Australian Red Cross Society — Victorian Division*



The interior of new air conditioned passenger cars for railway commuter trains.

*VicRail*





New growth on native trees some three months after a bushfire passed though Belview Terrace near Fern Tree Gully in January 1980.

*Forest Commission*



(Above left) Telecom's latest telephone equipment installed in a private car provides press button dialling for the subscriber.

*Telecom Australia*



(Above right) Employees of Bankcard register credit purchases into computer equipment.

*Charge Card Services Limited*

(Below) Signals from the Japanese Geostationary Meteorological Satellite are received by a 5 metre diameter dish antenna located on the roof of the Bureau of Meteorology building in Melbourne. Pictures are received every three hours, and in addition to routine forecasting, are used for locating and tracking cyclones and other severe weather events.

*Bureau of Meteorology*



*Employment and training*

The 1981-82 allocation for employment and training was \$14.5m, an increase of 72 per cent over 1980-81. An amount of \$5.2m was provided for grants to organisations and costs associated with employment and training schemes and programmes, \$3.4m as contribution to the State Additional Apprentices Scheme Trust Account, \$0.6m for the Co-Operative Development Programme, and \$1.5m for meeting workers compensation premiums for first year apprentices.

*Education*

Total education expenditure was estimated at \$1,690.6m. Following a review by the Ministerial Economics Committee, the Budget incorporated decisions to re-deploy professional staff from administrative positions to teaching positions, reduce paid study leave, maximise possible transfer of in-service education to the vacation period, rationalise long service leave arrangements to reduce inconvenience to operations, and defer the increase in per capita grants to non-government schools until the second half of the 1982 school year.

*Attorney-General*

An amount of \$68.7m was allocated for the Law Department reflecting the establishment of the new Legal Aid Commission and the upgrading of the Titles Office.

*Conservation*

An amount of \$37.3m was provided for 1981-82. The National Parks Service has been allotted \$7.7m. Three new parks, including Bogong, are expected to contribute significantly to the tourist industry in Victoria. The Soil Conservation Authority has been allocated \$5.3m.

*Crown lands and survey*

Funds allocated were \$43m and work has begun on establishing a register of all government-owned property, with a view to disposing of those parcels which are no longer required. A target of \$5m has been set for sale of redundant properties in 1981-82.

*Local government*

The Victorian Government has made provisions for two new initiatives arising from the recommendations of the Board of Review of Local Government. Consultants will be engaged to conduct research into the Municipal Accounting Regulations and the Local Government Act with the aim of substantial simplification and updating.

*Agriculture*

The total funds available for expenditure were \$62.3m and emphasis is being given to control of the serious problem of salinity. An extensive research programme will complement the Salinity Loans Programme jointly administered by the Department of Agriculture, State Rivers and Water Supply Commission, and the Rural Finance Commission.

*Health*

Estimated expenditure for 1981-82 was \$1,104.8m, an increase of 8.9 per cent over 1980-81. Recurrent expenditure on hospitals was estimated at \$762.5m. In addition, hospitals will have available additional revenue, assessed by the Commonwealth at \$80m for 1981-82, from the new fee structure. Total works effort on hospitals was estimated to be \$49.9m.

Mental health was allocated \$122.3m, an increase of 11.6 per cent over 1980-81. The allocation from the Works and Services account to Mental Retardation Services increased from \$2.1m to \$3.7m and included provision for 11 new group homes and for the development of regional services.

*The arts*

The allocation for the arts was \$65.3m which included a record expenditure of \$52m on the Victorian Arts Centre for 1981-82. In addition to the building works and associated costs, \$1.25m has also been provided towards meeting the operating costs of the Centre's Concert Hall which is due to open in 1981-82.

*Housing*

Commonwealth funds for welfare housing have been reduced from \$67.9m in 1980-81 to \$59.8m in 1981-82. State activity in housing will be increased to \$91.2m in 1981-82, an increase of \$10.9m. An amount of \$1.8m has been provided for the existing interest subsidy scheme, and \$1m for special assistance to home owners.

*Water resources*

The Current Account provision for water resources for 1981-82 was \$92.5m. An amount of \$4.3m was provided for maintenance and renewal work on irrigation and country water supply systems; \$2.7m was allocated by the Commonwealth and State Governments on salinity control and drainage works in northern Victorian irrigation areas; \$1.5m was to be spent on the flood-prone land problem; and \$12.1m was allocated to the State Rock Dam, the Sandhurst Reservoir, and the Mitchell Dam. The Cardinia-Frankston pipeline was to be completed at a cost of \$7.5m.

*Transport*

The allocation for public transport in 1981-82 was \$551.1m an increase of 25.6 per cent over 1980-81. The railway deficit was estimated to increase by \$44m. A significant part of the increased provision for VicRail reflects the enhanced capital works programme which rose from \$61.6m in 1980-81 to \$102m in 1981-82 to cover upgrading of both suburban and country passenger services through new and improved rolling stock. For the suburban system, the planned delivery rate is 60 new carriages a year.

The deficit of the Melbourne and Metropolitan Tramways Board is estimated to increase to \$49.4m. Substantial upgrading of rolling stock is being undertaken with 28 new trams being delivered each year. The number of new trams will total 204 by the end of 1981. Over the past two years, the Victorian Government has assisted the Board to purchase 130 new buses for its replacement programme. A further 30 new buses were on order for delivery in 1981-82.

Funding for roads increased by 10.9 per cent to \$316.4m. Emphasis will be placed on increasing the safety and efficiency of the road system for road users.

**Consolidated Fund****VICTORIA—CONSOLIDATED FUND: RECEIPTS, BUDGET SUMMARY, 1981-82  
(\$'000)**

Head of receipt	1980-81 (Actual)	1981-82 (Estimate)
Current account—		
Balance 1 July	32,396	12,424
State taxation	1,601,587	1,893,550
Other State sources	718,546	817,787
Railways operating income	252,272	269,700
Commonwealth Government payments—		
Financial Agreement	4,254	4,254
Personal income tax sharing entitlement	1,354,860	..
States ( <i>Tax Sharing and Health Grants</i> ) Act 1981—		
Tax sharing	..	1,521,543
Health grants	..	316,700
Other Commonwealth Government payments accounted for through the Consolidated Fund	133,095	167,299
Total	4,097,010	5,003,257
Works and services—		
Proceeds of loan raisings	218,947	218,947
Loan repayments	14,869	11,033
Commonwealth Government payments—		
Works grant	109,473	109,473
School building grants	59,053	55,000
Transport grants	14,812	3,605
Total	417,154	398,058
Grand total	4,514,164	5,401,315



VICTORIA—CONSOLIDATED FUND: PAYMENTS, BUDGET SUMMARY, 1981-82  
(\$'000)

Function of payments	1980-81 (Actual)	1981-82 (Estimate)
Current account—		
Special appropriations	913,013	1,063,238
Departmental votes	2,730,113	3,408,997
Railways operating expenses (a)	441,460	502,801
Total	4,084,586	4,975,036
Balance carried forward	12,424	—
Works and services—		
Appropriation to Works and Services Account	417,154	426,280
Grand total	4,514,164	5,401,315

(a) This item does not include railways debt charges, which are included in the item "special appropriations" as follows: charges on total debt 1980-81 (Actual) \$55.4m; 1981-82 (Estimate) \$60.3m; charges on debt since 1960 to 1980-81 (Actual) \$31.7m; 1981-82 (Estimate) \$35.6m.

## ECONOMIC AND SOCIAL RESPONSIBILITIES OF GOVERNMENTS

### General

Governments of developed countries seek to monitor and regulate their country's economy so that such adverse circumstances as recession, price inflation, and unemployment are mitigated if not avoided. At the same time they seek to provide a wide range of services, and to assist with substantial benefits those members of the community whose incomes are insufficient to support an acceptable standard of living or who are otherwise disadvantaged.

To help attain the objective of a reasonably stable level of economic activity, modern governments have recourse to a variety of taxation measures and expenditure programmes operated through budgetary policy. By the use of taxation powers governments are able to release or withdraw purchasing power, and redistribute income from one section of the community to another, while through a rise or fall in their levels of expenditure on current goods and services or capital assets they can exert further control over purchasing power. To reinforce such actions governments also implement monetary policy through the activities of central banking institutions, through changes in currency valuations, and tariff adjustments.

Within the framework of a satisfactory level of economic activity, modern governments customarily provide a wide range of services including, *inter alia*, defence, law and order, education, public health, welfare, and housing. In addition to providing these and other services free, or at nominal costs, they also conduct trading enterprises. These enterprises (or public utilities) produce goods and services at prices usually designed to substantially cover expenses although, in recent years, charges of certain public utilities have tended to fall well below operating costs. This development has implications for income distribution and affects taxpayers as a whole in providing finance to cover deficits. Services provided by public utilities are ordinarily those considered to be of an essential nature such as provision of electricity and gas, transport, water supply, and sewerage, which, experience has shown, can best be provided by government agencies.

### Victorian governmental financial activity

In Victoria, governmental financial activity is carried out through:

- (1) State authorities comprising (i) the central government of the State and (ii) statutory bodies created by or under State legislation to carry out activities on behalf of the central government, and incorporated organisations in which the State Government has a controlling interest; and
- (2) local governing bodies set up under the Local Government Act to carry out certain functions in municipal areas. Included with these bodies are authorities and undertakings created or acquired by local governing bodies.

The financial transactions of the central government are itemised in the State Consolidated Fund or in Trust Funds so that a satisfactory coverage of its transactions can be obtained from a detailed analysis of the accounts published in the annual budget

papers, the Treasurer's Statement, and the report of the Auditor-General. The statutory bodies and other publicly owned or controlled organisations maintain accounts entirely or largely separate from the public accounts, although there are some transactions between them and the central government which affect the public accounts (e.g., interest payments and statutory contributions). Either the accounting reports of this group of organisations have to be analysed fully in order to present a complete statement of their transactions, or methods of analysis have to be adopted so that their transactions will be covered in principle. In tables which follow in this section all expenditure by the central government on certain institutions whether directly (e.g., a new building charged to the Works and Services Account) or indirectly by way of current or capital grants to the bodies administering them, has been treated as final expenditure on goods and services by State authorities; fees and gifts by persons to these institutions are not included nor is the expenditure of the institutions from their own resources. Universities and public hospitals are examples of organisations for which this practice has been adopted.

Many State authorities have been granted a degree of financial autonomy by legislation and are vested with independent borrowing powers. A number of these are included in the category of public trading enterprises (or public utilities) who, for services provided, make charges designed to cover operating costs. Usually, they have been created to control a specific activity or provide specific services including, *inter alia*, transport services, provision of water supply and sewerage services, electricity and gas, and harbour facilities. Details of the activities of the individual public utilities engaged in these fields can be found in other relevant chapters of the *Victorian Year Book*.

The system of local governing bodies (or municipal councils) is based on the principle of a grant of specified powers to them by the central government. Their autonomy, however, is limited in some degree by the provision for general supervision by a department of the central government, namely, the Local Government Department. Otherwise, within the scope of the Local Government Act and other Acts which they administer, municipal councils are responsible only to the ratepayers. Particulars of their receipts and outlay are based upon the detailed analysis of the accounts of councils.

The tables which follow comprise a set of economic accounts for the public sector of Victoria which complement and underlie the tables for the public sector provided in the *Australian National Accounts—National Income and Expenditure* (5204.0) published by the Australian Bureau of Statistics, Canberra, and in the annual Budget paper *National Income and Expenditure*.

These tables are intended to:

- (1) Consolidate the transactions of the various public authorities in the State and present them so that their economic impact can be assessed; and
- (2) show the overall purposes being served by State and local government expenditure programmes.

A substantial proportion of governmental financial transactions consists of transfers between funds and between authorities. Such transfers have been identified where possible and cancelled out so that duplication is avoided.

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

#### VICTORIA—STATE AND LOCAL AUTHORITIES: RECEIPTS AND OUTLAY (\$m)

Item	1975-76	1976-77	1977-78	1978-79	1979-80
	OUTLAY				
Final consumption expenditure	r2,022.6	r2,389.3	r2,724.4	r3,001.4	3,368.0
Gross capital formation—					
Increase in stocks	4.5	8.8	r4.5	r7.3	19.2
Expenditure on new fixed assets	r1,250.4	r1,407.7	r1,592.8	r1,753.4	1,883.4
Expenditure on existing assets (net)	r88.0	r78.0	r65.5	r53.0	10.0
Total gross capital formation	r1,342.9	r1,494.6	r1,662.8	r1,813.7	1,912.5

VICTORIA—STATE AND LOCAL AUTHORITIES: RECEIPTS AND OUTLAY—*continued*  
(\$m)

Item	1975-76	1976-77	1977-78	1978-79	1979-80
OUTLAY					
Transfer payments—					
Interest paid—					
To Commonwealth Government	217.4	261.6	299.5	323.3	343.9
Other	196.8	234.4	280.3	337.4	383.7
Personal benefit payments	63.0	66.7	66.4	65.6	64.0
Subsidies paid—					
To private enterprises	4.7	8.3	9.8	12.5	18.4
To public enterprises	9.2	11.2	14.3	17.1	19.3
Transfers overseas	0.1	0.1	—	—	—
Grants for private capital purposes	18.6	14.5	r19.8	23.4	18.2
Total transfer payments	r509.9	r596.8	r690.0	r779.3	847.5
Net advances—					
To the private sector	90.6	103.4	r89.2	r60.6	34.0
To public financial enterprises	5.8	4.9	5.1	2.8	2.1
Total net advances	96.4	108.3	r94.3	r63.4	36.0
Total outlay	r3,971.8	r4,588.9	r5,171.4	r5,657.7	6,164.1
Total outlay—					
Current outlay	r2,513.9	r2,971.6	r3,394.6	r3,757.3	4,197.4
Capital outlay	r1,457.9	r1,617.3	r1,776.8	r1,900.4	1,966.7
RECEIPTS AND FINANCING ITEMS					
Receipts—					
Taxes, fees, fines, etc.	1,310.6	1,497.2	r1,649.9	r1,749.7	2,000.7
Income from public enterprises	r120.1	r170.7	r205.7	r249.9	331.1
Property income—					
Interest	r70.2	r89.7	r105.6	r107.5	120.7
Rent, royalties, and dividends	r46.5	r53.2	r69.0	r81.1	115.7
Grants from the Commonwealth Government—					
For current purposes	1,374.5	1,514.9	1,769.7	1,929.1	2,152.5
For capital purposes	387.0	373.4	360.8	358.2	352.1
Total receipts	r3,308.9	r3,699.0	r4,160.6	r4,475.3	5,072.8
Financing items—					
Net borrowing—					
State public trading enterprises	250.8	320.4	415.2	r514.8	678.2
State general government	3.4	2.0	5.2	5.8	7.0
Local authorities	45.0	51.1	r58.1	r53.1	56.5
Advances from the Commonwealth Government (net)—					
For loan works purposes	181.2	189.5	198.0	194.3	160.3
Other	174.0	138.1	116.3	90.0	44.8
Net receipts of private trust funds	-79.5	80.7	33.1	r43.9	58.7
Reduction in cash and bank balances	r-123.4	r-11.0	r81.7	r63.1	-32.7
Reduction in security holdings—					
Investments of private trust funds	37.6	-30.5	-49.8	-62.7	-72.0
Investments of government trust funds and public corporations	5.5	-27.7	-97.5	-34.4	-41.0
Other funds available—					
Change in debtors/creditors	14.0	-2.8	-18.3	20.5	-106.7
Depreciation allowances	r85.3	r98.1	r118.6	r136.6	122.9
Other reserves and provisions	15.7	19.1	7.1	-8.5	97.5
Capital transfers	60.8	81.7	95.8	108.3	90.2
Other (including errors and omissions)	-7.5	-18.7	47.4	57.7	27.5
Total financing items	r662.9	r889.9	r1,010.8	r1,182.4	1,091.3
Total funds available	r3,971.8	r4,588.9	r5,171.4	r5,657.7	6,164.1

**VICTORIA—STATE AND LOCAL AUTHORITIES: EXPENDITURE**  
(\$m)

Purpose	1975-76	1976-77	1977-78	1978-79	1979-80
<b>FINAL CONSUMPTION EXPENDITURE CLASSIFIED BY PURPOSE</b>					
General public services—					
Law, order, and public safety	148.1	173.4	r205.5	r229.5	272.2
General administration, n.e.c.	r149.4	165.9	r190.6	r220.4	255.8
Education—					
Primary and secondary	608.5	738.7	860.4	942.6	1,045.6
University	110.7	141.0	159.9	159.8	174.5
Other	226.9	274.0	293.9	317.3	353.9
Health—					
Hospital and clinical services	449.4	516.5	572.5	634.2	692.3
Other	48.8	58.7	63.3	71.0	78.8
Social security and welfare	41.7	50.7	r68.2	r81.6	87.3
Housing and community amenities—					
Housing	0.7	r0.9	r0.8	r1.0	1.6
Community and regional development	r10.8	r12.4	r14.1	r17.1	19.7
Sewerage and drainage	0.2	0.6	5.1	4.7	3.4
Sanitation and protection of the environment, n.e.c.	r29.6	r34.0	r37.5	r41.7	49.1
Community amenities	1.7	1.9	2.8	2.7	3.4
Recreation and culture	62.5	75.1	r84.5	r94.1	105.8
Economic services—					
Soil and water resources management	11.1	11.4	14.7	17.8	22.4
Forest resources management	9.7	8.6	8.7	9.7	11.2
Other agriculture and fishing	39.0	46.1	50.7	54.6	63.6
Mining, manufacturing, and construction	9.2	10.2	r12.2	r13.5	17.3
Electricity and gas	—	—	—	—	—
Water supply	0.5	-1.8	-2.1	-1.9	-2.4
Rail transport	r0.7	r0.2	r0.6	r0.3	0.3
Sea transport	—	—	—	-0.1	-0.1
Road systems and regulation	18.5	21.7	r24.6	r26.4	40.8
Other transport services, n.e.c.	1.7	r1.5	r1.8	r2.3	2.5
Other economic services (including general administration)	r43.0	r47.0	r53.3	r60.3	67.9
Other purposes	0.3	0.8	0.8	r0.9	0.9
<b>Total</b>	<b>r2,022.6</b>	<b>r2,389.3</b>	<b>r2,724.4</b>	<b>r3,001.4</b>	<b>3,368.0</b>
<b>EXPENDITURE ON NEW FIXED ASSETS CLASSIFIED BY PURPOSE</b>					
General public services—					
Law, order, and public safety	13.9	22.8	r24.9	r27.5	19.2
General administration, n.e.c.	61.9	67.0	r70.8	r63.7	70.2
Education—					
Primary and secondary	122.6	107.7	118.5	112.6	99.9
University	9.0	6.1	6.0	11.1	10.7
Other	38.1	44.0	46.4	66.6	62.5
Health—					
Hospital and clinical services	66.3	72.0	59.7	58.8	54.9
Other	7.3	8.8	11.4	8.5	5.1
Social security and welfare	2.0	2.7	r4.4	r4.9	5.8
Housing and community amenities—					
Housing	29.0	31.7	r40.0	r37.4	34.9
Community and regional development	r8.6	r7.5	r1.9	r1.5	21.3
Sewerage and drainage	125.9	115.9	120.7	118.7	122.4
Sanitation and protection of the environment, n.e.c.	1.5	1.6	7.6	5.6	6.3
Community amenities	0.1	—	0.8	1.0	1.5
Recreation and culture	32.2	33.1	r61.1	r83.6	76.1
Economic services—					
Soil and water resources management	32.2	35.7	36.2	29.3	27.6
Forest resources management	15.5	19.3	22.7	23.1	22.1
Other agriculture and fishing	2.5	2.4	1.3	1.3	1.2
Mining, manufacturing, and construction	12.9	26.6	r27.4	r26.0	57.0
Electricity and gas	181.8	231.5	r311.7	r433.6	532.5
Water supply	75.3	102.7	129.5	r125.0	118.3
Rail transport	r72.3	r90.1	r100.9	r113.6	114.9

VICTORIA—STATE AND LOCAL AUTHORITIES: EXPENDITURE—*continued*  
(\$m)

Purpose	1975-76	1976-77	1977-78	1978-79	1979-80
EXPENDITURE ON NEW FIXED ASSETS CLASSIFIED BY PURPOSE					
Sea transport	20.2	18.2	r17.8	r23.1	20.0
Road systems and regulations	294.8	331.2	r333.8	r343.1	343.9
Urban transit systems	11.6	9.7	14.2	10.3	15.5
Other transport services, n.e.c.	—	—	0.1	0.5	0.6
Other economic services (including general administration)	13.0	18.9	r22.8	r22.8	39.0
Other purposes	—	0.5	0.1	0.1	—
Total	r1,250.4	r1,407.7	r1,592.8	r1,753.4	1,883.4

Further reference: Commonwealth-State financial relations under the Commonwealth Constitution, *Victorian Year Book* 1977, pp. 555-9

## COMMONWEALTH GOVERNMENT PAYMENTS TO VICTORIA

**General**

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

However, the lack of balance between the spending functions and the sources of revenue (mainly taxation) available to the Commonwealth and State Governments, respectively, has led to a system of grants from the Commonwealth Government to the States including more recently, grants made to the States for passing on to local government authorities and to direct payments by the Commonwealth Government to individual local authorities within each State. Grants may be either unconditional or earmarked for specific purposes such as roads or universities. Important examples of the former are financial assistance grants and from 1976-77 personal income tax sharing entitlements payable under the uniform tax system, and special grants payable under the provisions of section 96 of the Constitution which provide assistance to those States experiencing difficulty in raising revenue and providing services on a comparable level with other States. At the end of 1980-81, the only claimant State for special grants under section 96 was Queensland.

The history and particulars of Commonwealth Government payments to States and local government authorities are comprehensively covered in the publication *Payments to or for the States, the Northern Territory, and Local Government Authorities* issued annually with the Commonwealth Government Budget. A summary of the principal Commonwealth Government payments to Victoria (other than Loan Council borrowing programmes, and direct payments to local government and non-government bodies) is given below. These payments include grants paid to the States for transmission to local government. More information on such payments is given in Chapter 6 of this *Year Book*.

**Financial Agreements**

Under the terms of the Financial Agreement of 1927 the Commonwealth Government undertook to share debt charges with the States. In 1929, the Commonwealth Government assumed responsibility for the payment of interest on debt, on the understanding that the States would reimburse these payments less a sum of \$15.2m which the Commonwealth Government agreed to contribute annually for a period of 58 years from 1 July 1927. Victoria's share of this is \$4.3m. The Financial Agreement also provided for the creation of sinking funds for the extinction of debt existing at 30 June 1927 or incurred subsequently. Contributions to these sinking funds are made jointly by the Commonwealth and State Governments on bases laid down. During 1975-76, amendments to the Financial Agreement provided for new sinking fund arrangements for State debt. The amendments had retrospective effect to 30 June 1975 and also gave effect to the transfer of \$1,000m of State debt to the Commonwealth from 30 June 1975. In 1979-80 and 1980-81, the sinking

fund contributions made by the Commonwealth Government on account of debt incurred by Victoria were \$9.6m and \$10.1m, respectively.

### Nature of payment

#### *Financial assistance grants*

When the Commonwealth Government took over the States' income taxing powers during the Second World War in order to meet its war-time obligations, it became the sole authority for levying taxes on income. In return for vacating this field of taxation the States received an annual payment from the Commonwealth Government as reimbursement for the loss of income tax revenue. Over the years a number of challenges to the validity of the income tax legislation have been made. These are discussed on pages 546-7 of the *Victorian Year Book* 1975 and in earlier editions. Previous *Year Books* have also covered the arrangements for tax reimbursement grants (or financial assistance grants as they became known after 1958-59) by the Commonwealth Government.

#### *Personal income tax sharing with the States*

A formula system was used to make annual determinations of financial assistance grants up to the end of 1975-76. Commencing with the year 1976-77, financial assistance grants were replaced by arrangements under which State Governments became entitled to a specified share of Commonwealth net personal income tax collection. For tax sharing arrangements with local government see Chapter 6 of this *Year Book*.

The arrangements for tax sharing with the States have been introduced in two stages. Stage 1 of these arrangements commenced in 1976-77. The Commonwealth continued to be the sole government imposing taxes on incomes and the States were entitled to receive 33.6 per cent of net personal income tax collected for the year excluding the effects of any special tax levies or rebates. This proportion of 33.6 per cent was to apply in subsequent years and was determined by reference to the relationship between actual financial assistance grants in 1975-76 and an estimate of personal income tax collections in the same year. The States' entitlements are subject to the guarantee that their entitlement in any year is not less in absolute terms, than in the previous year and that, in the years 1976-77 to 1979-80, their entitlements will not be less in a year than the amount which would have been yielded in that year by the financial assistance grant formula as laid down in the *State Grants Act* 1973. For 1980-81, the States are further guaranteed that their entitlements will not be less in real terms than in 1979-80. The relative shares of the States are determined on a weighted population basis. The weights are based on the per capita relativities in the States' financial assistance grants in 1975-76.

Stage 2 of the arrangements came into effect in 1977-78. Each State became entitled to legislate to impose a surcharge on personal income tax in the State, or to give (at cost to the State) a rebate on personal income tax. Assessment provisions and the basic income tax rate structure were to remain uniform throughout Australia. There would continue to be one income tax collection form and the Commonwealth was to remain the sole collection agency.

Because of the uncertainty associated with the use of the current year's tax collections as the base of the tax sharing scheme, it was agreed at the July 1977 Premiers' Conference to adopt the preceding year's net personal income tax collection as the base in future. Following a report by Commonwealth and State officers, the October 1977 Premiers' Conference agreed to using 39.87 per cent, and not 33.6 per cent, as the appropriate percentage to calculate the States' entitlements.

In 1980-81, the guarantee provision for maintaining entitlements in real terms came into effect and the States' entitlement amounted to \$6,011.3m.

The arrangements under which State governments are entitled to a share of net personal income tax collection were reviewed at the May 1981 and June 1981 Premiers' Conferences. For 1981-82, the States' entitlements will be 9 per cent higher than in the previous year and pending a review of tax sharing relativities Victoria, New South Wales, and Queensland are to receive additional assistance grants.

The States will also be entitled to additional amounts in lieu of certain specific purpose grants which are to be terminated and the proposed transfer of certain functions to the States.

VICTORIA—COMMONWEALTH GOVERNMENT PAYMENTS TO OR FOR  
THE STATE AND LOCAL GOVERNMENT AUTHORITIES (a)  
(\$'000)

Nature of payment	1976-77	1977-78	1978-79	1979-80	1980-81
Tax sharing entitlements	841,700	984,690	1,090,025	1,233,934	1,354,860
Financial Agreement—					
Interest on State debt	4,254	4,254	4,254	4,254	4,254
Sinking fund on State debt (b)	8,003	8,540	9,098	9,649	10,100
Capital assistance grants	114,354	120,071	120,071	104,260	109,473
Research grants	3,014	2,470	2,856	2,951	—
Government schools—					
Capital grants	37,657	40,882	36,313	33,440	30,055
Recurrent grants	69,450	71,107	71,856	76,204	85,756
Non-government schools—					
Capital grants	7,259	10,301	12,668	10,478	10,460
Recurrent grants	58,590	59,674	73,130	87,390	108,626
Schools—joint programmes	7,040	7,560	7,088	6,020	7,666
Technical and further education	23,199	23,891	33,101	31,554	46,682
Colleges of advanced education and teachers colleges	161,931	160,490	169,568	178,870	196,359
Universities	145,222	164,650	169,709	184,235	203,353
Pre-schools and child care	16,882	—	—	—	—
Pre-school education	n.a.	15,744	9,015	9,015	7,108
Child care services	n.a.	2,459	2,800	3,722	4,524
Child migrant education	51	41	609	1,067	1,263
Hospitals—capital development	27,000	11,800	—	—	—
Public hospital running costs	149,903	228,557	252,575	268,476	308,585
Community health	15,015	17,669	12,473	13,134	16,323
School dental scheme	3,602	3,861	3,352	3,770	3,465
Blood transfusion service	1,356	1,889	2,732	2,172	2,575
Dwellings for aged pensioners	3,419	2,530	3,388	7,186	7,409
Senior citizens centres	1,864	1,944	958	1,433	1,460
Home care services	2,018	2,520	3,450	4,226	4,331
Aboriginal advancement	1,936	1,809	1,568	1,837	2,005
Welfare housing grants	1,347	1,347	1,347	1,347	1,347
Other housing assistance grants	—	—	—	r13,045	13,570
Rental assistance for Aborigines	—	—	—	2,000	2,100
Apprenticeship training	2,804	2,123	1,062	121	7
School to work transition	—	—	—	515	5,409
Sewerage	5,794	100	—	—	—
National estate	591	370	415	300	330
Leisure, recreation, and cultural facilities	1,089	492	134	42	122
Agricultural extension services	2,291	2,341	2,307	1,135	1,136
Bovine brucellosis and T.B. eradication	4,938	5,858	6,980	5,754	4,432
Dairy adjustment programme	643	241	—	—	—
Rural reconstruction	950	6	—	—	—
Roads	91,100	98,900	105,771	113,683	126,359
Urban public transport	15,885	9,830	12,000	12,131	13,500
Transport planning and research	2,193	2,411	1,714	1,842	1,668
Water resources	1,136	1,136	1,136	r1,136	1,250
Local government general purpose grants	35,398	42,078	45,666	56,436	76,554
Natural disaster relief	1,992	621	812	-229	—
Other payments	r4,445	3,805	4,564	r5,812	6,999
<b>Total</b>	<b>1,877,316</b>	<b>2,121,061</b>	<b>2,276,566</b>	<b>r2,494,342</b>	<b>2,781,475</b>

(a) Excludes subsidies and bounties to primary producers, cash benefit payments to persons, and repayable loans. Includes on-passing grants but not direct payments to local government authorities and non-government bodies.

(b) Paid to National Debt Sinking Fund.

Further reference: *New Federalism Policy, Victorian Year Book 1979*, pp. 453-6

#### Capital assistance

From 1970-71, the Commonwealth Government has made interest free capital grants to support that part of the States' Loan Council programmes from which debt charges are not normally recoverable (e.g., schools, police buildings, etc.). These grants are distributed between the States in proportion to their respective borrowing programmes and have risen from 24.3 per cent of each State's total Loan Council programme in 1970-71 to 33.3 per

cent in 1977-78. In 1980-81, they amounted to \$435.8m of which Victoria received \$109.5m.

#### *Education*

In recent years, a number of changes have been made to the arrangements for payments to the States in the four broad areas of education: universities, colleges of advanced education, technical and further education, and schools. In 1977, a three-year rolling programme was adopted. From 1979, however, fixed triennial funding arrangements have been adopted in respect of recurrent grants (other than equipment grants) for universities and colleges of advanced education, to facilitate forward planning in these areas. Payments to the States for schools, technical and further education recurrent programmes, and all tertiary capital and equipment programmes continue to be determined annually. From the beginning of 1981, the present retrospective arrangements for automatic supplementation for cost increases will cease. Instead, in determining the 1981 programme, the Commonwealth Government has already taken into account likely cost increases.

#### *Tertiary education*

Programmes of assistance to the States are administered by the Tertiary Education Commission which was established in 1977 as a replacement for the three former commissions: the Universities Commission, the Commission on Advanced Education, and the Technical and Further Education Commission. For 1982, planned savings resulting from the rationalisation of administration and course offerings of higher education institutions have been effected in capital and recurrent programmes for universities and colleges of advanced education. Expenditures on equipment, however, will increase in 1982 to permit universities and colleges of advanced education to replace outdated equipment and there is to be an overall increase in assistance for the technical and further education sector.

Assistance to the States for the recurrent expenditures of universities dates from 1951-52; in 1957-58 assistance was first given for expenditure on capital programmes. In 1973-74, the Commonwealth Government assumed full financial responsibility in this area. Total grants for universities in 1980-81 were \$774.2m of which Victoria received \$203.4m (\$194.1m for recurrent expenditure and \$9.3m for capital expenditure).

The Commonwealth Government has made grants to the States for colleges of advanced education since 1965-66, for teachers colleges since 1967-68, and for pre-school teachers colleges since 1968-69. In 1980-81, the total grants made to the States for these institutions amounted to \$547.4m of which Victoria received \$196.4m (\$179.6m for recurrent expenditure and \$16.8m for capital expenditure).

Grants towards capital expenditure for technical and further education have been made by the Commonwealth Government since 1964-65 and towards recurrent expenditure since 1973-74. In 1980-81, grants to the States amounted to \$169.6m of which Victoria received \$46.7m (\$19m for recurrent expenditure and \$27.6m for capital expenditure).

#### *Schools*

The Commonwealth Government has been providing assistance for secondary schools since 1964-65. The range of assistance has been progressively extended and by 1975-76 the Commonwealth Government was providing grants for both government and non-government schools in a number of categories. The three-year rolling programme arrangements have applied to assistance for schools in the States since 1977. For 1981 and 1982, rolling programme planning guidelines allowed for maintenance of the same level of funds in real terms as those allocated for the 1980 base programme. In 1980-81, grants to the States for schools amounted to \$797.3m of which Victoria received \$242.6m (\$202m for recurrent expenditure and \$40.5m for capital expenditure).

#### *School-to-Work Transition*

The Commonwealth Government is providing up to \$150m in real terms during the five years from the beginning of 1980 for a range of education, training, and counselling activities in schools and technical and further education institutions. These activities are directed particularly to young persons who have left or are likely to leave school early, and are intended to better equip them to move into the work force. In 1980-81, grants to the States amounted to \$23.2m of which Victoria received \$5.4m.



### *Pre-schools*

Commonwealth grants to the States for pre-schools commenced in 1973-74 with the provision of funds for both capital and recurrent purposes. In 1977-78, assistance to the States for the recurrent costs of pre-school services was provided in the form of a block grant. From 1978-79, the block grants have represented the total Commonwealth contribution to the States towards capital and recurrent costs of pre-schools. The grants in 1980-81 amounted to \$30.8m of which Victoria received \$7.1m.

### *Health Insurance Programme*

The States entered into agreements in 1975 with the Commonwealth Government for the provision of free standard ward public hospital treatment without means test and free public hospital outpatient services. There were agreed arrangements in respect of charges in wards other than standard wards. In essence, the agreements provided that the Commonwealth Government met 50 per cent of the net recurrent costs of hospitals referred to as "recognised" hospitals in the agreements. When these agreements were found to be invalid, new cost-sharing agreements were negotiated and became effective on 1 October 1976. The main change from the previous arrangements was that the Commonwealth Government was now to meet 50 per cent of budgets as approved by the Commonwealth and the State Health Ministers. Agreements with Victoria were not renewed after a one year extension of their expiry date to 30 June 1981 during the course of the Commission of Inquiry into the Efficiency and Administration of Hospitals. Payments for public hospitals will be replaced by identified health grants within the arrangements for general purpose payments for 1981-82 and later years. In 1980-81, the States received \$1,237.3m of which Victoria's share was \$308.6m.

### *Children's services*

From 1972-73, grants for services for children were made by the Commonwealth Government direct to local government authorities and non-profit organisations. Payments to the States commenced in 1973-74 under a broader scheme of assistance providing capital and recurrent assistance for pre-school and child care projects including home care, vacation and after school care projects, and various other community initiated projects. Grants for pre-schools are discussed earlier in this chapter. The grants in 1980-81 for children's services other than pre-schools amounted to \$12.6m of which Victoria received \$4.5m.

### *Community health facilities and services*

Under the Community Health Programme which commenced in 1973-74, the Commonwealth Government provides grants to the States and other eligible organisations. Since 1 July 1978, the Commonwealth Government has met 50 per cent of recurrent and capital costs of approved projects instead of the 75 per cent provided in 1977-78. Funds allocated through the States for recurrent costs of women's refuges will, however, continue at the rate of up to 75 per cent. In addition to the abovementioned arrangements, the Commonwealth Government meets the full cost of those community health projects which have an Australia-wide application. New grants for community facilities and services for mental health, alcoholism, and drug dependency under this programme commenced in 1973-74. Since 1979-80, further funds have been provided to the States through the Community Health Programme for the employment of ethnic health workers, interpreters, and translators. In 1980-81, \$59.6m was paid to the States under the Community Health Programme of which Victoria received \$16.3m (\$15.8m for recurrent expenditure and \$0.6m for capital expenditure). As from 1981-82, these arrangements will be replaced by arrangements involving general purpose payments.

### *School Dental Scheme*

In 1973, the Commonwealth Government initiated an Australia-wide School Dental Scheme for all primary school children to be administered by the States. Until 1975-76, the Commonwealth Government met the full capital and operating costs of training facilities for dental therapists, as well as the full capital costs and 75 per cent of operating costs of school dental clinics. These arrangements have been revised since then and from 1978-79 the Commonwealth Government has met 50 per cent of the operating costs of

training facilities and clinics and 50 per cent of the capital costs of new facilities. In 1980-81, grants for the School Dental Scheme amounted to \$20.4m of which Victoria received \$3.5m. As from 1981-82, these arrangements will be replaced by arrangements involving general purpose payments.

#### *Home care services*

Under the *States Grants (Home Care) Act 1969* the Commonwealth Government shares with participating States the cost of approved housekeeping or other domestic assistance provided wholly or mainly for aged persons in their own homes. Grants provided in 1980-81 totalled \$11.5m of which Victoria received \$4.3m.

#### *Pensioner housing*

Since 1969-70, the Commonwealth Government has provided grants to the States to assist with the provision of self-contained accommodation at reasonable rentals for certain categories of single aged and service pensioners who have little or no means of support apart from their pensions. This scheme is being continued under the *Housing Assistance Act 1978*, but with wider eligibility criteria and under conditions giving the States greater freedom in the way the funds can be allocated. Married as well as single pensioners are now being assisted. In 1980-81, grants amounted to \$31m of which Victoria received \$7.4m.

#### *Commonwealth extension services*

Grants are made to the States to promote improved practices in the dairy industry and for development (in the States) of agricultural advisory services generally. Grants are also made available under this programme for soil conservation extension and research programmes. Grants in 1980-81 amounted to \$4.7m of which Victoria received \$1.1m. As from 1981-82, this function is to be transferred to the States and allowance has been made in determining States' tax sharing grants for that year.

#### *Roads*

The Commonwealth Government assistance for expenditure on roads has taken two main forms — general assistance, and assistance for specific road projects. Payments of the latter kind were included in the general programme of roads assistance introduced in 1974-75. An amount of \$606.9m was made available to the States in 1980-81, and Victoria's share of this was \$126.4m. Legislation also sets down annual quotas of expenditure which are to be met from State sources. In 1980-81, these quotas amounted to \$534.3m of which Victoria's quota was \$156.4m.

#### *Urban public transport*

The Commonwealth Government first began providing assistance to the States for approved urban public transport projects in 1973-74. Since 1978-79, assistance has been provided under the *States Grants (Urban Public Transport) Act 1978*. In 1980-81, \$44.1m was provided to the States of which Victoria received \$13.5m. From 1981-82, this function is to be transferred to the States and allowance has been made in determining States' tax sharing grants for that year.

#### *Advances to the States*

In addition to grants to the States and direct payments to local government authorities, the Commonwealth Government also makes advances to the States for various purposes. Particulars of these advances to Victoria, other than Loan Council borrowings, for the years 1976-77 to 1980-81 are shown in the following table:

VICTORIA—ADVANCES FROM THE COMMONWEALTH GOVERNMENT (a)  
(\$'000)

Nature of advance	1976-77	1977-78	1978-79	1979-80	1980-81
Housing for servicemen	4,191	753	948	45	400
Housing	98,159	101,759	82,451	41,744	43,440
Growth centres	15,793	9,075	7,391	8,804	10,244
Land acquisition	4,926	5,340	3,201	3,267	3,649
Sewerage	11,970	—	—	—	—

VICTORIA—ADVANCES FROM THE COMMONWEALTH GOVERNMENT (a)—continued  
(\$'000)

Nature of advance	1976-77	1977-78	1978-79	1979-80	1980-81
Dairy adjustment programme	3,565	363	—	—	—
Railway mainline upgrading	—	—	—	3,230	5,212
Rural adjustment scheme	2,958	9,733	8,712	3,281	3,303
Rural reconstruction	2,850	18	—	—	—
Dartmouth Dam	1,875	—	—	—	—
Other	2,923	1,364	814	415	521
<b>Total</b>	<b>149,210</b>	<b>128,404</b>	<b>103,517</b>	<b>60,787</b>	<b>66,770</b>

(a) Excluding Loan Council borrowings.

CONSOLIDATED FUND

Prior to 1970-71, Victoria's financial transactions were carried out through the Consolidated Revenue Fund, the Loan Fund, and the Trust Fund.

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

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

Details of the principal sources of receipts are shown in the following table for each of the years 1975-76 to 1979-80:

VICTORIA—CONSOLIDATED FUND: RECEIPTS  
(\$'000)

Source of receipts	1975-76	1976-77	1977-78	1978-79	1979-80
Taxation (a)	888,053	1,025,288	1,112,952	1,171,533	1,379,758
Recoveries of debt charges—					
Interest	76,779	89,340	101,633	110,265	112,822
Redemption and repayment of advances	9,343	11,774	14,328	16,711	19,845
Other	4,076	4,208	4,588	4,652	4,063
Railways—					
Ordinary income	142,571	156,920	166,603	177,515	215,378
Other	4,372	6,990	13,954	11,322	13,328
Forestry—					
Royalties	11,994	15,024	14,795	14,678	17,750
Other	1,696	1,237	1,003	1,283	1,107
Lands, survey, and mining—					
Royalties	43,333	47,560	70,390	88,142	133,891
Other	6,140	7,377	8,706	11,797	10,405
Ports and harbours	5,975	6,991	7,241	7,518	9,014
Water supply, sewerage, irrigation, and drainage	27,221	33,026	36,884	39,976	44,955
Fees and charges, etc., n.e.i.	r79,303	r92,289	r106,764	r115,625	123,587
Fines	12,577	15,252	16,342	19,606	23,330
Miscellaneous	53,388	69,612	83,363	106,473	125,931
Commonwealth Government recurrent payments—					
Financial Agreement Act	4,254	4,254	4,254	4,254	4,254
Financial assistance (b)	706,389	841,700	984,690	1,090,025	1,233,934
Education grants (c)	57,967	72,107	80,778	84,415	89,605
Tuberculosis arrangement	4,205	2,647	2,277	1,544	1,725
Pre-school child education and care (c)	10,150	13,119	13,225	9,015	9,015
School dental programme (c)	1,365	1,897	2,373	3,572	3,679
Deserted wives — social welfare	—	2,824	4,517	5,434	5,313
Other (c)	r4,474	r6,426	r7,010	r9,768	11,250

VICTORIA—CONSOLIDATED FUND: RECEIPTS—*continued*  
 (\$'000)

Source of receipts	1975-76	1976-77	1977-78	1978-79	1979-80
<b>Commonwealth Government capital payments—</b>					
Works grant	108,871	114,354	120,071	120,071	104,260
Education grants (c)	45,075	45,612	52,939	53,886	36,156
Sewerage Agreement (c)	30,809	13,100	—	—	—
Urban public transport (c)	—	11,331	7,050	10,963	8,664
Other (c)	4,693	4,070	3,579	2,407	2,713
Loan raisings	217,744	228,706	240,142	240,142	225,840
Loan repayments, n.e.i.	5,381	10,580	12,432	10,997	13,919
<b>Total</b>	<b>2,568,197</b>	<b>2,955,620</b>	<b>3,294,891</b>	<b>3,543,598</b>	<b>3,985,502</b>

(a) For details of total taxation collections see page 437.

(b) From 1976-77, personal income tax sharing entitlements.

(c) There are also other receipts credited to Trust Funds. See pages 435-6.

The principal payments for each of the years 1975-76 to 1979-80 are shown in the following table. The table generally conforms to the purpose classification of government expenditure described in the publications *Commonwealth Government Finance, Australia, 1979-80* (5502.0) and *State and Local Government Finance, Australia 1979-80* (5504.0) issued by the Central Office of the Australian Bureau of Statistics. The purpose classification is derived from that outlined in the United Nations publication entitled *A System of National Accounts*.

 VICTORIA—CONSOLIDATED FUND: PAYMENTS  
 (\$'000)

Purpose of payment	1975-76	1976-77	1977-78	1978-79	1979-80
<b>Public debt charges—</b>					
Interest (including exchange)	175,734	209,251	239,448	257,403	274,653
Sinking Fund	29,000	31,156	33,458	35,849	38,208
Other	1,042	1,216	1,200	1,587	1,825
<b>Commonwealth — State Housing Agreement—</b>					
Interest	29,735	35,075	39,248	42,979	45,365
Repayments	7,715	7,564	8,408	9,252	10,044
<b>Railways—</b>					
Working expenses (a)	267,923	299,727	326,389	341,312	381,984
Other	5,639	5,891	6,504	7,330	8,134
Agricultural, pastoral, etc., services	29,756	38,263	39,359	41,551	51,858
Culture and recreation	16,604	19,942	28,317	28,328	32,549
Development and decentralisation	21,131	26,796	32,835	36,721	40,953
<b>Education—</b>					
Registered schools	29,163	41,897	51,976	58,730	51,529
State schools —					
Primary and secondary (b)	543,862	644,775	741,056	807,268	901,391
Technical and vocational	25,051	28,577	35,773	42,009	49,083
Universities	72	73	23	24	30
Other higher education	39,920	35,833	30,948	24,462	20,391
Other (c)	69,206	83,270	95,565	106,070	119,191
Forestry	14,991	17,202	18,115	19,378	21,756
<b>Health services —</b>					
Mental hygiene and mental hospitals	80,762	95,050	108,480	118,356	137,181
Payments to Hospitals and Charities Fund	225,834	247,864	272,750	273,706	340,742
Other	29,696	36,452	39,335	43,215	47,306
Lands, survey, and mining	33,384	38,028	48,405	57,166	74,486
<b>Law, order, and public safety —</b>					
Justice	32,761	35,971	39,856	42,069	47,272
Police	100,814	119,467	138,804	154,823	183,851
Prisons and probation	12,956	15,034	17,067	18,794	21,319
Public safety, etc.	619	696	701	925	5,636
Legislative and general administration	51,587	62,786	65,327	74,631	79,440
Grants and advances to municipalities and semi-government authorities (d)	45,898	61,471	74,567	85,301	88,884

VICTORIA—CONSOLIDATED FUND: PAYMENTS—*continued*  
(\$'000)

Purpose of payment	1975-76	1976-77	1977-78	1978-79	1979-80
Local government, n.e.i.	3,212	3,490	4,015	4,509	5,165
Subsidies to semi-government authorities	6,158	7,543	9,016	11,331	13,165
Pay-roll tax	36,727	44,430	49,351	55,322	60,143
Pensions and superannuation (e)	38,568	51,746	64,724	77,709	90,547
Ports and harbours	6,960	7,891	8,402	9,219	9,936
Protection of the environment (including sewerage)	6,960	8,449	10,212	11,019	11,683
Social welfare, n.e.i.	41,581	58,167	71,708	85,746	94,881
Water supply, irrigation, and drainage	30,018	34,608	38,144	41,017	45,163
Miscellaneous	51,072	64,132	69,989	87,279	127,952
Appropriation to Works and Services Account	426,092	435,844	435,427	431,225	419,432
<b>Total</b>	<b>2,568,197</b>	<b>2,955,620</b>	<b>3,294,891</b>	<b>3,543,598</b>	<b>3,953,106</b>

(a) Excludes interest etc., on Railways debt which is included with "Public debt charges".

(b) Includes secondary technical.

(c) Includes travelling allowances and fare concessions for students.

(d) Includes grants to municipalities for education, health, social welfare, culture, and recreation among others.

(e) Railways pensions are included under "Railways — Working expenses".

## VICTORIAN TRUST FUND AND SPECIAL ACCOUNTS

**General**

Under the provisions of the Constitution Act revenues of the State are payable to the Consolidated Fund with the exception of certain revenues set aside by various Acts of Parliament for specific purposes and payable into special funds or accounts held at the Victorian Treasury and known collectively as the Trust Fund. In recent years, there has been a proliferation of funds and accounts established to record the receipt and disbursement of money provided by the Commonwealth Government for specific purposes.

The transactions recorded annually are numerous and of considerable magnitude in total. Debits to all funds and accounts in 1979-80 aggregated \$3,879.2m and credits \$3,914.8m. At the end of the year, the liability of the State on account of all trust funds or accounts (including shares to the value of \$15.7m lodged with the Treasurer) was \$319.9m. Of this total, investments in government and other securities amounted to \$96.8m, cash advanced was \$26.6m, while the balance, \$196.5m, was at the credit of the Public Account.

Relevant figures of balances and transactions of funds and accounts within the Trust Fund are shown under broad classifications in the following table, in respect of the year 1979-80:

VICTORIA—CURRENT TRUST FUNDS AND ACCOUNTS, 1979-80  
(\$m)

Particulars	Balance at 1 July 1979	1979-80		Balance at 30 June 1980
		Payments	Receipts	
State Government funds	227.7	2,779.2	2,818.1	266.6
Joint Commonwealth and State funds	8.8	17.3	18.6	10.1
Commonwealth Government funds	26.1	1,072.4	1,065.8	19.5
Requests, deposits, etc.	21.8	10.3	12.3	23.7
<b>Total</b>	<b>284.3</b>	<b>3,879.2</b>	<b>3,914.8</b>	<b>319.9</b>

**Specific accounts***Victorian Government funds*

The accounts included in this category are those established to receive and expend money received under statutory provisions or Parliamentary appropriation, operating accounts of various authorities, and departmental suspense and clearing accounts. In terms of financial turnover the most important accounts in 1979-80, other than suspense and clearing accounts, were: (1) Works and Services Account, credited with \$419.4m (referred to in more detail below); (2) Hospitals and Charities Fund, credited with \$342.2m; (3) The Country Roads Board Fund, credited with \$108.8m; (4) The Licensing Fund, credited with

\$42.9m; (5) The Roads and Special Projects Fund, credited with \$42.2m; and (6) Roads (Special Projects) Fund, credited with \$38.3m. The major suspense and clearing accounts were: (1) The Railway Salaries and Wages in Suspense Account, credited with \$281.8m; (2) Motor Accidents and Insurance Premiums Suspense Account, with receipts of third party insurance premiums totalling \$195.6m for distribution to approved insurers and the Motor Accidents Board; and (3) Payroll Deduction Suspense Account, with credits of \$438m.

#### *Joint Commonwealth and Victorian funds*

The major accounts under this heading are the Dartmouth Dam Construction Account and the Cattle Compensation Fund with receipts of \$8.2m and \$3.9m, respectively.

#### *Commonwealth Government funds*

These accounts are created under the Public Account Act to receive and expend money received as a grant or payment under any Commonwealth Government Act. The main broad categories here together with their respective credits were: (1) education \$475.7m; (2) health \$287m; (3) housing \$97.2m; and (4) transport \$119m.

#### *Money held for bequests, donations, deposits, and research*

The major item included in this category relates to shares of the Gas and Fuel Corporation of Victoria to the value of \$15.7m purchased by the Victorian Government.

#### *Works and Services Account*

When the Victorian Government amalgamated the Consolidated Revenue Fund and the Loan Fund in 1970-71 into one account to be known as the Consolidated Fund, it created, at the same time, a trust fund, the Works and Services Account, which was to cater for expenditure by the Victorian Government on capital works and services. In effect, therefore, this Account which is financed by appropriations from the Consolidated Fund, serves a similar purpose to that of the former Loan Fund.

### VICTORIA—WORKS AND SERVICES ACCOUNT: EXPENDITURE (\$'000)

Expenditure on—	1975-76	1976-77	1977-78	1978-79	1979-80
Agricultural, pastoral, etc., services	11,529	9,652	5,860	5,061	5,015
Culture and recreation	14,224	14,918	23,550	26,451	31,992
Development and decentralisation (a)	6,560	r6,278	r7,872	r6,571	7,959
Education—					
Primary and secondary (b)	105,966	103,428	98,423	103,383	93,469
Technical and vocational	28,815	28,673	41,235	48,424	44,316
Universities	103	—	—	—	20
Other higher education	1,138	645	2,248	888	2,098
Other	1,735	10,220	16,185	11,080	8,238
Electricity supply	14,000	14,000	—	—	—
Forestry	8,177	10,988	13,585	13,618	12,728
Gas supply	40	20	20	40	20
Grants to municipalities (c)	7,753	r6,501	r4,885	r3,021	3,181
Health services—					
Mental hygiene and mental hospitals	14,003	13,344	12,437	12,002	8,037
Other hospitals	27,794	35,433	38,128	48,311	47,813
Other	2,192	3,687	4,290	4,999	1,825
Housing	400	200	200	25	—
Lands, survey, and mining	4,058	5,779	5,942	7,217	4,983
Law, order, and public safety	11,526	15,016	16,148	20,797	14,508
Legislature and general administration	14,835	19,654	18,928	10,861	14,096
Natural disaster relief	3,500	17	—	801	—
Ports and harbours	2,945	3,287	2,356	3,982	3,249
Protection of the environment (including sewerage)	65,252	47,208	32,552	9,631	5,690
Railways	32,278	41,206	44,411	51,117	47,215
Roads and bridges	1,428	1,725	1,214	1,764	28
Social welfare	3,998	3,798	6,142	5,827	5,530
Water supply, irrigation, and drainage	31,710	41,651	44,814	33,572	30,654
Miscellaneous	1,273	1,120	1,989	2,757	1,781
<b>Total</b>	<b>417,221</b>	<b>438,440</b>	<b>443,409</b>	<b>432,196</b>	<b>394,447</b>

(a) Includes advances to the Victorian Development Corporation of \$5.8m in 1975-76; \$5.2m in 1976-77; \$5.75m in 1977-78; \$4.25m in 1978-79; and \$3.5m in 1979-80.

(b) Includes secondary technical.

(c) Includes grants for culture and recreation, education, health, roads, and social welfare among others.

## VICTORIAN GOVERNMENT TAXATION

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

In Victoria, taxation collections by the Victorian Government are allocated by statute either to the Consolidated Fund or to special funds. One of the principal items of Victorian taxation—taxes on the ownership and operation of motor vehicles—is allocated between the Consolidated Fund and special funds. (See pages 442-3 for details of this allocation.)

VICTORIA—STATE TAXATION (GROSS)  
(\$'000)

Particulars	1975-76	1976-77	1977-78	1978-79	1979-80
Pay-roll tax (a)	389,889	431,785	475,138	510,505	562,518
Probate and gift duties	71,392	80,471	89,079	62,955	52,512
Land tax	56,253	59,981	60,753	69,592	90,225
Liquor tax	24,830	26,139	34,088	37,242	42,841
Lottery tax	40,251	59,369	74,746	84,889	104,524
Soccer pools taxes	(b) 6,762	1,474	1,452	1,926	2,462
Racing taxes	56,575	62,894	66,070	67,325	70,955
Taxes on the ownership and operation of motor vehicles—					
Vehicle registration fees and taxes	92,496	110,672	137,889	140,602	134,974
Drivers', etc., licences and fees	14,864	14,572	16,089	24,303	25,232
Stamp duty (vehicle registration)	31,500	40,680	44,040	47,696	53,550
Road transport taxes	5,873	6,883	7,132	7,449	7,707
Road maintenance contributions	10,132	9,968	9,818	9,577	1,487
Motor car third party insurance surcharges	7,317	7,461	7,799	7,938	12,531
Stamp duties, n.e.i.	192,658	230,403	236,480	247,750	290,422
Statutory authority levy—					
Gas and Fuel Corporation	3,820	4,640	5,000	7,680	10,698
State Electricity Commission	13,520	15,480	18,720	21,480	34,540
Business franchise licences—					
Tobacco	12,184	24,498	25,983	29,619	34,763
Petroleum products	..	..	..	..	48,366
Licences and registration fees, n.e.i.	11,061	12,552	13,873	14,979	14,632
Other taxes	1,700	993	1,584	2,244	2,730
<b>Total</b>	<b>1,043,077</b>	<b>1,200,915</b>	<b>1,325,733</b>	<b>1,395,751</b>	<b>1,597,669</b>
<b>Paid to—</b>					
Consolidated Fund	888,053	1,025,288	1,112,952	1,171,533	1,379,758
Trust funds	155,024	175,627	212,781	224,218	217,911

(a) Includes pay-roll tax paid by State departments and general government enterprises.

(b) Includes soccer football pool duty of \$4,924,001 collected on behalf of, and subsequently paid to, other States.

## Specific collections

## Pay-roll tax

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

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

The Victorian *Pay-roll Tax Act* 1971, operative from 1 September 1971, imposed a pay-roll tax at the rate of 3.5 per cent on all taxable wages and salaries paid or payable in this State. Amending legislation operative from 1 September 1973 increased the rate to 4.5 per

cent. The rate was further increased to 5 per cent from 1 September 1974. The main exemptions from pay-roll tax are on wages and salaries paid by public benevolent institutions, public hospitals, non-profit private hospitals, non-government private schools (other than technical) of secondary level or below, and by municipalities other than in respect of their business activities. Exemptions from pay-roll tax on wages and salaries paid by other employers are also provided. For details see page 419.

Under the *Decentralized Industry Incentive Payments Act* 1972, operative from 1 July 1973, incentive payments in the form of pay-roll tax rebates may be made to a manufacturing or processing industry at a decentralised or special establishment, as defined in the Act. In 1979-80, \$21,085,470 was so paid. Total receipts of pay-roll tax for the year ending 30 June 1980, amounted to \$562.5m. For changes proposed in 1981-82 see page 419.

#### *Probate duties*

The *Probate Duty Act* 1962 as amended fixes the rates of duty payable on the estates of deceased persons leaving property, whether real or personal, in the State of Victoria, and personal property wherever situated if the deceased was domiciled in Victoria at the date of death. The Act provides for discriminatory rates of duty in favour of estates passing to close relatives. In respect of an estate of a deceased person who was at the time of his death domiciled in Victoria:

- (1) No duty is payable on any portion of the estate passing to a spouse of a deceased person where the deceased died on or after 1 October 1976;
- (2) no duty is payable on any portion of the estate passing to a child of a deceased person where the deceased died on or after 21 November 1977;
- (3) no duty is payable on any portion of the estate passing to a grandchild of a deceased person where the deceased died on or after 1 January 1980; and
- (4) no duty is payable on any portion of the estate passing to a parent or grandparent of a deceased person where the deceased died on or after 1 January 1981.

In respect of an estate of a deceased person who was at the time of his death domiciled outside Victoria, duty is calculated under a separate scale (irrespective of the relationship of the beneficiaries to the deceased) where the date of death of the deceased occurred on or after 21 November 1977. For changes proposed in 1981-82 see pages 419-20.

#### VICTORIA—RATE OF PROBATE DUTY, 1981 (a)

On that part of the final balance which —		Brothers and sisters		Other dutiable beneficiaries	
Exceeds base	Does not exceed	Duty on base	Duty on excess	Duty on base	Duty on excess
\$	\$	\$	per cent	\$	per cent
1,200	3,000	Nil	5	Nil	7.5
3,000	10,000	90	10	135	10
10,000	13,000	790	15	835	17.5
13,000	20,000	1,240	15	1,360	20
20,000	30,000	2,290	12.5	2,760	17.5
30,000	50,000	3,540	17.5	4,510	20
50,000	70,000	7,040	20	8,510	20
70,000	90,000	11,040	25	12,510	25
90,000	110,000	16,040	30	17,510	37.5
110,000	130,000	22,040	32.5	25,010	40
130,000	140,000	28,540	37.5	33,010	40
140,000	160,000	32,290	40	37,010	42.5
160,000	170,000	40,290	42.5	45,510	42.5
170,000	180,000	44,540	42.5	49,760	45
180,000	190,000	48,790	45	54,260	45
190,000	230,070	53,290	45	58,760	47.5
230,070	233,258	on final balance	31	77,793.25	47.5
233,258				on final balance	34

(a) These rates apply only where the deceased was domiciled in Victoria and died on or after 1 January 1981. A separate scale of duties applies to the estate of deceased persons domiciled outside Victoria.



*Land tax*

The *Land Tax Act 1958* provides for an annual tax on the unimproved value of all land owned by a taxpayer at 31 December in the year preceding the year of assessment. Unimproved value is the estimated selling price of the land if offered for sale on reasonable terms and conditions and assuming that improvements, if any, had not been made.

Land tax is assessed at the rate of 0.357 per cent on the total unimproved value up to \$38,500 with a graduated increase in the rate to reach 3 per cent where the unimproved value exceeds \$880,000. Land tax is not charged where the total unimproved value of all non-exempt land of a taxpayer does not exceed \$9,000. However, where only one parcel of land is owned and it is used exclusively by the owner as his principal residence, no land tax is charged unless the unimproved value exceeds \$45,000. Where the value exceeds \$45,000 the tax otherwise payable is reduced by \$173.69. If the principal residence is jointly owned the concession applies if one of the joint owners uses the land exclusively as the principal residence. For changes proposed see page 419.

Exemption from tax is provided for charities, municipalities, public statutory bodies, servicemen's associations, friendly societies, and trade unions, unless the land is leased or occupied for business purposes. Certain concessions are available under the *Decentralized Industry Incentive Payments Act 1972* and to taxpayers in necessitous circumstances. Land used for primary production purposes is generally exempt, but within the metropolitan area exemption depends on the zoning of the land and whether the owner is substantially a full-time farmer. Where certain land ceases to be exempt from land tax a special land tax of 5 per cent of the unimproved value is payable. This applies only to land owned by statutory bodies, certain clubs, or land used for primary production.

In the following table details are shown of the assessments made during each of the years 1976 to 1980.

## VICTORIA—LAND TAX ASSESSMENTS

Year	Number of taxpayers	Total tax payable	Average tax payable per taxpayer	Total unimproved value (a)
		\$'000	\$	'000
1976	72,033	58,792	816.18	3,170,845
1977	64,267	56,129	873.37	3,152,445
1978	60,840	97,860	1,608.48	6,119,197
1979	59,415	89,772	1,510.94	6,102,393
1980	57,974	92,251	1,591.25	6,382,539

(a) Of land not exempted from land tax.

*Liquor tax*

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

VICTORIA—LIQUOR TAX  
(\$'000)

Particulars	1975-76	1976-77	1977-78	1978-79	1979-80
Licences—					
Victuallers	14,949	15,099	17,898	20,294	23,498
Spirit merchants and grocers	7,324	8,164	12,559	13,066	14,704
Others	569	578	911	865	1,176
Club certificates	1,296	1,462	1,727	1,913	2,256
Permits—extended hours, etc.	571	668	745	852	948
Fees	120	169	248	252	259
<b>Total</b>	<b>24,831</b>	<b>26,139</b>	<b>34,088</b>	<b>37,243</b>	<b>42,841</b>

*Lottery tax*

The Trustees of the estate of the late George Adams, founder of Tattersall's Consultations, conduct lotteries in Victoria, under the *Tattersall Consultations Act 1958*. They are also licensed to sell the lotteries in Tasmania, Northern Territory, and Australian Capital Territory. In addition to Sweepstakes, a consultation named "Tattslotto" was introduced in 1972; "Soccerpools" in 1974; "Gold Lotteries" in 1977; and "Super 66" in 1979. The object of the lotteries is to provide prizes, and additional finance for hospitals, charitable and mental institutions, recreational promotion, and historical and community projects.

In February 1981, the Trustees joined with Lottery Commissions of South Australia and Western Australia to form the Australian Lotto Bloc to combine and share in a common prize pool, commencing with the first draw on 7 March 1981. In March 1981, the Trustees entered into an agreement with the Queensland Golden Casket Office, to co-operate and provide guidance in promoting Gold Lotto in that State and selling commenced on 1 July 1981. Queensland also joined the Australian Lotto Bloc.

The Tattersalls Consultation Act provides that 32.5 per cent of the total amount subscribed to each consultation and 30 per cent of the total subscribed to Soccerpools be paid into the Consolidated Fund. Each year an equivalent amount of this duty on consultations (other than Gold Lotteries) and one-third of the Soccerpools duty is paid out of the Consolidated Fund, in such proportions as the Treasurer determines, into both the Hospitals and Charities Fund and the Mental Hospitals Fund. The Act also provides that, of the Soccerpools duty, two-thirds is paid out of the Consolidated Fund for the promotion of sport and recreation, at such intervals as the Treasurer determines. The Act further provides that an equivalent of the duty on Gold Lotteries is paid out of the Consolidated Fund to the Historical and Community Projects Fund.

VICTORIA—TATTERSALL LOTTERIES: SUBSCRIPTIONS, DUTY PAID, ETC.  
( '\$000 )

Particulars	1975-76	1976-77	1977-78	1978-79	1979-80
Subscriptions to—					
Ordinary consultations	16,460	14,440	12,069	12,240	9,612
Tattslotto consultations	116,001	177,186	220,032	265,592	282,690
Super 66	..	..	..	..	15,791
Soccer football pools (a)	5,809	4,537	4,400	6,185	7,563
Gold lotteries	..	2,500	7,500	2,500	2,500
Duty paid to Consolidated Fund	(b) 42,089	60,843	76,198	86,815	106,986
Allocation out of Consolidated Fund—					
Hospitals and Charities Fund	36,231	53,966	65,046	77,114	94,515
Mental Hospitals Fund	4,633	5,894	7,084	7,642	9,980
Historical and Community Projects Fund	..	..	3,100	775	850
Other funds, etc. (c)	1,225	983	968	1,284	1,641

(a) Subscriptions from within Victoria only. Duty is, however, payable to the Consolidated Fund on subscriptions from the Northern Territory and the Australian Capital Territory.

(b) Excludes soccer football pool duty of \$4,924,001 collected on behalf of, and subsequently paid to, other States.

(c) Allocated for various sport and recreation purposes.

*Racing taxes*

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

The *Racing Amendment Act 1978* provided that the 15 per cent commission deducted from the on-course totalizator for win, place, quinella, double, and trifecta wagers from 5 December 1978 be divided as follows: double, quinella, trio, trifecta, and forecast investments, 6.75 per cent to the Consolidated Fund and 8.25 per cent to the club; win and place investments, 8.75 per cent to Consolidated Fund and 6.25 per cent to the club. In respect of country race meetings, double, quinella, trio, trifecta, and forecast investments are divided 4.75 per cent to the Consolidated Fund and 10.25 per cent to the club; win and place investments, 3.75 per cent to the Consolidated Fund and 11.25 per cent to the club.

The *Racing Financial Provisions Act 1979* which came into operation on 19 December 1979 further amended the *Racing Act 1958* by increasing the commission deducted from the trifecta totalizator from 15 to 17 per cent.

The trifecta commission is now divided as follows: for metropolitan meetings, 7.75 per cent to the Consolidated Fund, 9 per cent to the club, and 0.25 per cent to the Racecourses Development Fund. For country meetings, 5.75 per cent to the Consolidated Fund, 11 per cent to the club, and 0.25 per cent to the Racecourses Development Fund.

The *Racing (Further Amendment) Act 1980* which came into operation on 24 March 1981 provided that daily double (including feature double) and quadrella bet types be available at on-course totalizators with commission to be deducted at the rate of 17 per cent and 19 per cent, respectively. The commission is allocated in the same proportions as for the off-course totalizator except that the race club receives the 8.25 per cent instead of the Totalizator Agency Board. The Act also made provision for the introduction of jackpot and treble bet types but at November 1981 these had not yet been offered.

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

From investments on the off-course totalizator the following commission is deducted:

- (1) From investments for win, place, and quinella — 15 per cent;
- (2) from investments for daily doubles, feature doubles, and trifecta — 17 per cent;
- (3) from investments for quadrella — 19 per cent.

The commission is allocated in the following proportions:

**VICTORIA—INVESTMENTS ON OFF-COURSE TOTALIZATOR:  
COMMISSION DEDUCTED**

Paid to—	Win, place, and quinella	Daily and feature doubles, trifecta	Quadrella
	per cent	per cent	per cent
Consolidated Fund	6.25	5.25	5.25
Racecourses Development Fund or Greyhounds			
Racing Grounds Development Fund	0.25	1.25	1.25
Totalizator Agency Board	8.25	8.25	8.25
Totalizator Agency Board Development Reserve	0.25	0.25	0.25
Department of Youth, Sport and Recreation	—	2.00	4.00
Total	15.00	17.00	19.00

**VICTORIA—TOTALIZATOR INVESTMENTS, INVESTMENTS WITH  
LICENSED BOOKMAKERS, AND TOTAL RACING TAXATION  
(\$'000)**

Year	Totalizator investments		Investments with licensed book-makers (a)	Racing taxation			Total
	On-course	Off-course		Totalizator	Book-makers' turnover	Other (b)	
1975-76	83,498	488,070	396,023	47,905	8,376	295	56,576
1976-77	90,268	546,514	450,214	53,102	9,403	389	62,894
1977-78	101,077	570,821	476,884	55,706	9,977	387	66,070
1978-79	113,181	585,279	495,895	56,564	10,386	375	67,325
1979-80	125,313	628,456	496,434	60,210	10,390	355	70,955

(a) Estimated.

(b) Includes entertainments (admission) tax, stamp duty on betting tickets, and club and bookmakers' licences, etc.

*Gift duty*

The *Gift Duty Act 1971* and the *Gift Duty (Rates and Rebates) Act 1971* imposed gift duty, from 1 January 1972, on any disposition of property which is made, other than by will, without consideration in money or money's worth, or with any consideration so passing if the consideration is not fully adequate. The following amended rates of gift duty came into operation on 1 January 1981. For changes proposed in 1981-82 see page 419.

## VICTORIA—RATES OF GIFT DUTY, 1981

Where the value of all relevant gifts—	The rate per centum of duty shall be—
\$	
Does not exceed 20,000	Nil
Exceeds 20,000 but does not exceed 25,000	1.5 per cent plus 0.00082 per cent for each dollar of the excess over \$20,000
„ 25,000 „ „ „ „ 74,000	5.6 per cent plus 0.0001 per cent for each dollar of the excess over \$25,000
„ 74,000 „ „ „ „ 201,777	10.5 per cent plus 0.00009 per cent for each dollar of the excess over \$74,000
„ 201,777	22 per cent

*Taxes on the ownership and operation of motor vehicles*

VICTORIA—TAXES ON THE OWNERSHIP AND OPERATION  
OF MOTOR VEHICLES  
(\$'000)

Paid to—	1975-76	1976-77	1977-78	1978-79	1979-80
VEHICLE REGISTRATION FEES AND TAXES					
Consolidated Fund—					
Registration fees—recreational vehicles	10	8	7	6	7
Country Roads Board Fund—					
Motor registration fees, etc.	58,031	68,975	85,847	87,669	83,525
Roads (Special Projects) Fund—					
Increase in registration fees (Act No. 7283)	26,684	31,592	39,063	39,770	38,322
Transport Regulation Fund—					
Motor omnibus registration fees	1	2	2	2	2
Traffic Authority Fund—					
Surcharge on motor registration	1,051	2,616	4,490	4,569	4,688
Transport Fund—					
Additional registration fees (part)	6,719	7,479	8,480	8,586	8,430
Total	92,496	110,672	137,889	140,602	134,974
DRIVERS, ETC., LICENCES AND FEES					
Consolidated Fund—					
Drivers licence fees (part)	5,771	5,873	6,528	10,465	10,668
Learner drivers test fees (whole) and drivers test fees (part)	2,628	2,074	2,233	2,202	2,733
Country Roads Board Fund—					
Drivers licence fees (part)	1,478	1,506	1,674	2,658	2,711
Drivers test fees (part)	437	477	490	524	485
Learner drivers permits (part)	192	208	235	542	571
Municipalities Assistance Fund—					
Drivers licence fees (part)	2,885	2,936	3,264	5,223	5,322
Drivers Licence Suspense Account—					
Drivers licences, learner drivers permits, and drivers test fees (all part)	1,473	1,498	1,665	2,689	2,742
Total	14,864	14,572	16,089	24,303	25,232
STAMP DUTY (VEHICLE REGISTRATION)					
Consolidated Fund	31,500	40,680	44,040	47,696	53,550
ROAD TRANSPORT TAXES					
Country Roads Board Fund—					
Sale of log books	12	15	15	19	21
Transport Regulation Fund—					
Licences, etc.	4,975	5,869	6,025	6,258	6,397
Permits	886	999	1,092	1,172	1,289
Total	5,873	6,883	7,132	7,449	7,707

VICTORIA—TAXES ON THE OWNERSHIP AND OPERATION  
OF MOTOR VEHICLES—*continued*  
(\$'000)

Paid to—	1975-76	1976-77	1977-78	1978-79	1979-80
ROAD MAINTENANCE CONTRIBUTIONS					
Country Roads Board Fund— Road charges under Commercial Goods Vehicles Act	10,132	9,968	9,818	9,577	1,487
MOTOR CAR THIRD PARTY INSURANCE SURCHARGES					
Consolidated Fund	7,317	7,461	7,799	7,938	12,531
TOTAL					
Consolidated Fund	47,226	56,096	60,607	68,307	79,489
Country Roads Board Fund	70,282	81,149	98,079	100,989	88,800
Municipalities Assistance Fund	2,885	2,936	3,264	5,223	5,322
Roads (Special Projects) Fund	26,684	31,592	39,063	39,770	38,322
Transport Regulation Fund	5,862	6,870	7,119	7,432	7,688
Drivers Licence Suspense Account	1,473	1,498	1,665	2,689	2,742
Traffic Authority Fund	1,051	2,616	4,490	4,569	4,688
Transport Fund	6,719	7,479	8,480	8,586	8,430
Total	162,182	190,236	222,767	237,565	235,481

*Stamp duties*

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

The rates of duty payable at 1 January 1981 on the principal dutiable classes of documents, etc., are shown in the following table:

VICTORIA—STAMP DUTIES: RATES PAYABLE, 1 JANUARY 1981

Dutiable class	Duty payable
SHARE TRANSFERS—On sale for full value— Based on consideration	up to \$100—per \$25 or part 14c over \$100—per \$100 or part 60c
TRANSFER OF REAL PROPERTY— Gifts and settlements (a)—Based on value	\$ \$ \$
Other transfers on sale—Based on consideration	up to 7,000 1.50 over 7,000 to 15,000 1.75 " 15,000 " 40,000 2.00 " 40,000 " 100,000 2.25 " 100,000 " 500,000 2.50 " 500,000 " 1,000,000 3.00 " 1,000,000 3.50
LEASES AND ASSIGNMENTS OF LEASES OF REAL PROPERTY	variable scale according to nature
INSURANCE COMPANIES (OTHER THAN LIFE) —Annual licences	based on annual premium income 7 per cent
LIFE ASSURANCE POLICIES—On the sum insured	up to \$2,000—per \$200 or part 12c over \$2,000—\$1.20 for first \$2,000 plus per \$200 or part of remainder 24c
CHEQUES— Payable on demand	12c
Drawn outside Victoria but negotiated, trans- ferred, endorsed, or paid in Victoria	12c
BILLS OF EXCHANGE OR PROMISSORY NOTES— Payable on demand	12c
Drawn or made out of Victoria and duly stamped with <i>ad valorem</i> duty of another State	12c
Not drawn or made out of Victoria and duly stamped with <i>ad valorem</i> duty of another State, which is for a term of not more than 120 days after date or sight	for each 10 days or part, for each \$100 or part 1c
Any other (except a bank note)	for each \$100 or part 12c
POWER OF ATTORNEY OR APPOINTMENT OF AGENT	\$5

VICTORIA—STAMP DUTIES: RATES PAYABLE, 1 JANUARY 1981—*continued*

Dutiable class	Duty payable
INSTALMENT PURCHASE (including hire purchase)	purchase price \$20 or more 2.1 per cent
MORTGAGES, BONDS, DEBENTURES, AND COVENANTS—On amount secured	up to \$8,000 \$4
	up to \$10,000—\$4 for first \$8,000 plus per \$200 or part of remainder 70c
	over \$10,000—\$11 for first \$10,000 plus per \$200 or part of remainder 80c
CREDIT AND RENTAL BUSINESS	based on amount of credit, etc., or rental 2.1 per cent
GUARANTEES AND INDEMNITIES	\$1
OTHER AGREEMENTS AND INSTRUMENTS—	
Partnerships, sale of business, etc. Caveats	} \$7 each
Licence to use real property, etc.	
Transfer of mortgage	
Discharge of mortgage of real property	
Discharge of mortgage of personal property other than of a life policy	
Appointment of trustee	
Discharge of mortgage of a life policy	\$1
DEEDS—not otherwise chargeable	\$5
MOTOR CAR OR MOTOR BOAT—	
On every application for registration of a motor car or trailer not previously registered in Victoria or elsewhere—	
For every \$200 and part of \$200 of the market value	\$5
On every other application for registration and every notice of acquisition of a motor car or trailer—	
For every \$200 or part of \$200 of the market value	\$8
MOTOR BOAT—	
On every application for registration and every notice of acquisition of a motor boat—	
For every \$200 or part of \$200 of the market value	\$5

(a) From 1 January 1972, the *Gift Duty Act 1971* and the *Gift Duty (Rates and Rebates) Act 1971*, administered by the Commissioner of Probate Duties, imposed duty on gifts (including gifts and settlements of property) formerly imposed only under the Stamps Acts. However, where a gift involves the transfer of real property, stamp duty is still charged at the rates shown above but the amount paid is allowed as a deduction from the duty payable under the Gift Duty Act.

NOTE. Exemptions from duty are allowed in certain specific cases.

*Business franchise licences*

The *Business Franchises (Tobacco) Act 1974* requires every person carrying on the business of tobacco wholesaling or retailing to hold a licence issued under the Act. Licence fees are levied at the rate of \$100 plus 12 per cent of the value of tobacco sold for a wholesale merchant and \$12 plus 5 per cent of the value of tobacco sold for a retail merchant.

The *Business Franchise (Petroleum Products) Act 1979* requires petroleum wholesalers, group petroleum wholesalers, and petroleum retailers to acquire a licence under the Act. Licence fees are levied at the rate of \$50 plus 4.5 per cent of the value of motor spirit and 7.1 per cent of the value of diesel fuel sold for petroleum wholesalers and \$50 for petroleum retailers.

*Statutory levy*

The *Public Authorities (Contributions) Act 1966* requires the State Electricity Commission and the Gas and Fuel Corporation to pay to the Consolidated Fund, in each of the financial years, a contribution of an amount equal to 3 per cent of the total revenue of each authority in the preceding financial year. On 8 December 1971, the percentage was increased to 4 per cent and for 1979–80 the percentage was further increased to 5.5 per cent. For 1980–81, the contribution of the Gas and Fuel Corporation was raised to 8 per cent of the Corporation's revenue. There was no change in the basis of the contribution from the State Electricity Commission. For changes proposed in 1981–82 see page 420.

## COMMONWEALTH GOVERNMENT TAXATION

## Specific collections

*Commonwealth Government estate duty*

Commonwealth estate duty is not payable on estates of persons who died after 30 June 1979. The amount of such duty collected throughout Australia during each of the 5 years to 1980-81 was: 1976-77, \$76.0m; 1977-78, \$95.5m; 1978-79, \$82.1m; 1979-80, \$48.4m; and 1980-81, \$17.1m.

*Commonwealth income tax*

Uniform taxation of income throughout Australia was adopted in 1942 when the Commonwealth Government became the sole authority levying this tax. However, legislation has been passed which enables each State to legislate to impose a surcharge on personal income tax in the State, additional to that imposed by the Commonwealth or to give (at a cost to the States) a rebate on personal income tax payable under Commonwealth law. Details of these arrangements are given in 1981-82 *Budget Paper No. 7, Payments to or for the States, the Northern Territory and Local Government Authorities*.

For the income tax year ended 30 June 1981 the following were the principal changes:

(1) Personal income tax rates were reduced by the removal of the 1.07 per cent surcharge which applies in 1979-80 and the rate scale was adjusted by applying a half indexation factor of 3.8 per cent. The standard rate of 32 cents in the dollar applies to taxable incomes in excess of \$4,041.

Concessional rebates for dependants, etc., were increased by 34 per cent.

(2) The rebate for concessional expenditure in excess of \$1,590 was changed from 33.07 per cent to 32 per cent.

(3) The maximum marginal rate of tax payable in respect of a fully assessable lump sum retirement payment for leave was changed from 33.07 per cent to 32 per cent.

(4) The special rules to be applied in calculating the tax on "unearned" income derived by certain unmarried persons who are under 18 years of age as at the end of the income year were varied.

The minimum rate of tax applicable to such income was changed from 47.07 per cent to 46 per cent. Although the minimum amount to which this rate applies remains at \$1,041, the "shading-in" provisions for 1980-81 apply to income up to \$3,432 compared with \$3,625 for 1979-80.

(5) Legislation was enacted under which a person who is self-employed or is otherwise engaged in a gainful occupation but in respect of whom no other person or employer contributes towards superannuation benefits, may claim a deduction up to a maximum of \$1,200 in respect of superannuation contributions made after 19 August 1980.

A deduction is allowable only where the contribution is made to a superannuation fund which meets prescribed tests of eligibility under the relevant sections of the *Income Tax Assessment Act 1936*, as amended.

Contributions in excess of \$1,200 per year will be treated as rebatable expenditure up to the existing concessional limit of \$1,200 for life assurance premiums and superannuation contributions.

(6) A concessional deduction is now allowable in respect of amounts paid by a resident taxpayer for the cost of home insulation where the taxpayer or his/her spouse is the owner or a long-term lessee or licensee of the relevant property. The subject home must be the sole or principal residence of the taxpayer in Australia and neither the taxpayer nor, in the case of a married couple, the taxpayer or his/her spouse, may have previously owned (or been the long-term lessee or licensee of) another dwelling in Australia which was used as his/her home.

The new provisions apply to amounts paid by a taxpayer for thermal insulation materials and for their installation in a new or second-hand dwelling that was acquired on or after 1 October 1980, otherwise than under a contract entered into before that date, or a dwelling or extensions the construction of which by the taxpayer commenced on or after that date.

The rates of tax that applied to taxable incomes of individuals for the year ended 30 June 1981 are set out in the following scale:

**AUSTRALIA—GENERAL RATES OF TAX: INDIVIDUALS**  
(1980-81 income year)

Total taxable income		Tax at composite rates on total taxable income	
Not less than	Not more than		
\$ 0	\$ 4,041	\$ Nil	
4,041	17,239	Nil	plus 32c for each \$1 in excess of 4,041
17,239	34,478	4,223.36	plus 46c for each \$1 in excess of 17,239
34,478 and over		12,153.30	plus 60c for each \$1 in excess of 34,478

**Rebates**

(1) Dependants, housekeeper, sole parent, zone allowance, and overseas forces:

The following rebates from tax payable on taxable income, derived during the year of income ended 30 June 1981 are allowable to resident taxpayers:

**AUSTRALIA—REBATES FROM TAX PAYABLE**  
**ON TAXABLE INCOME**  
(1980-81 income year)

Dependant, etc.	Maximum rebate (a)
	\$
Spouse, daughter—housekeeper (a)	800
Parent or parent-in-law (a)	722
Invalid relative (a)	362
Housekeeper	800
Sole parent rebate (a)	559
Zone and overseas allowance—	
Zone A and overseas forces	\$216 plus 25 per cent of above rebates (b)
Zone B	\$36 plus 4 per cent of above rebates (b)

(a) The dependant rebate otherwise available to a taxpayer is reduced by \$1 for every \$4 by which the separate net income of the dependant exceeds \$272. The sole parent rebate is allowable to a single, widowed, or divorced person who has the sole care of a child or student whose separate net income is less than \$1,720.

(b) Plus notional rebates for students and dependant children.

(2) Concessional expenditure:

Expenditure on education, medical, life insurance, etc., qualifies for concessional rebates. The amount of the rebate is 32 per cent of the excess of the total of the expenditure over \$1,590, but the rebate cannot exceed the tax otherwise payable.

(3) Capital subscribed:

A rebate of 30 cents in the dollar is available to shareholders for certain capital subscribed after 24 August 1977 and before 1 May 1981 to petroleum mining companies for expenditure on petroleum exploration, prospecting, or mining. For subscriptions on or after 1 May 1981 the rebate is 27 cents for each dollar paid.

The benefit is available in respect of money subscribed as paid-up share capital to companies holding licenses or permits (or recognised interest therein) to prospect, explore, or mine for petroleum in Australia.

**Other deductions**

The following remain as allowable deductions against assessable income:

- (1) Subscriptions to trade unions and trade business or professional associations;
- (2) living-away-from-home allowance;
- (3) expenditure relating to allowances received;
- (4) other expenditure necessarily incurred in earning income;
- (5) gifts to approved school building funds, public funds, and public institutions; and
- (6) tax agents fees.



**VICTORIA—INCOME TAX: INDIVIDUALS, 1979-80**  
(1978-79 income year)

Grade of taxable income (a)	Number of taxpayers			Net income (b)	Taxable income	Net tax assessed
	Males	Females	Persons			
\$				\$'000	\$'000	\$'000
Under- 5,000	72,104	85,707	157,811	684,088	672,364	32,050
5,000- 5,999	53,420	67,336	120,756	675,933	663,778	63,032
6,000- 6,999	56,382	67,669	124,051	822,760	807,059	102,793
7,000- 7,999	63,759	71,911	135,670	1,038,402	1,018,549	155,670
8,000- 8,999	82,038	72,021	154,059	1,336,894	1,311,096	225,177
9,000- 9,999	97,064	65,967	163,031	1,578,463	1,548,267	288,301
10,000-10,999	101,091	43,673	144,764	1,550,174	1,517,842	299,443
11,000-11,999	89,930	30,144	120,074	1,410,316	1,378,729	285,542
12,000-12,999	77,258	20,619	97,877	1,250,644	1,221,848	263,007
13,000-13,999	63,539	14,408	77,947	1,075,435	1,050,750	233,334
14,000-14,999	50,018	10,093	60,111	890,862	870,249	198,614
15,000-15,999	40,210	7,668	47,878	758,421	741,108	173,123
16,000-17,999	57,858	10,628	68,486	1,184,924	1,157,326	282,354
18,000-19,999	32,054	4,641	36,695	712,239	694,148	183,932
20,000-21,999	19,182	2,735	21,917	470,712	458,007	129,746
22,000-23,999	11,456	1,722	13,178	311,058	302,101	90,473
24,000-25,999	7,488	1,220	8,708	223,632	216,992	67,933
26,000-27,999	5,195	906	6,101	169,353	164,435	53,635
28,000-29,999	3,746	684	4,430	131,863	128,246	42,913
30,000-31,999	2,844	575	3,419	108,783	105,797	36,585
32,000-39,999	6,652	1,477	8,129	293,757	285,827	104,807
40,000-49,999	3,139	482	3,621	164,409	160,117	66,947
50,000-99,999	2,904	403	3,307	217,695	213,901	102,754
100,000 and over	467	62	529	84,885	83,749	47,080
<b>Total</b>	<b>999,798</b>	<b>582,751</b>	<b>1,582,549</b>	<b>17,145,702</b>	<b>16,772,286</b>	<b>3,529,243</b>

(a) Taxable income is defined briefly as "total assessable income less all allowable deductions".

(b) Net income is defined briefly as "total assessable income less total deductions for expenses incurred in gaining assessable income".

NOTE. Particulars shown in the above table relate to individuals who were assessed for income tax in the Melbourne office of the Australian Taxation Office.

*Withholding tax*

A flat rate of tax has been levied on dividends derived by non-residents of Australia from Australian companies since 1 July 1960. In 1967, the income tax legislation was amended to provide also for a flat rate of tax on interest derived by non-residents of Australia from Australian residents on or after 1 January 1968.

The rate of withholding tax on dividends is 30 per cent of the gross payment but the rate applicable to dividends paid to residents of countries with which Australia has comprehensive double tax agreements, other than the Philippines, is limited to 15 per cent. With effect from 1 January 1980, withholding tax on dividends paid to residents of the Philippines, except in specified circumstances, is payable at the rate of 25 per cent of the gross dividend. The rate of withholding tax on interest is 10 per cent of the gross interest.

*Company tax*

**AUSTRALIA—RATES OF TAX: COMPANIES:**  
1980-81 FINANCIAL YEAR (1979-80 income year)

Type of company	Rates per cent
Private (a)	46.0
Public—	
Non-profit (b)—	
Friendly society dispensary	41.0
Other	46.0
Other	46.0

(a) Additional tax at rate of 50 per cent payable on undistributed income.

(b) A non-profit company is not liable to tax unless the taxable income exceeds \$416; where in the case of a non-profit company other than a friendly society dispensary, the taxable income does not exceed \$2,542, the maximum amount of tax payable is 55 per cent of the taxable income over \$416, less any rebate of credit to which the company is entitled; where, in the case of a non-profit company that is a friendly society dispensary, the taxable income does not exceed \$2,311, the amount of tax payable shall not exceed 50 per cent of the excess of taxable income over \$416, less any rebate or credits to which the company is entitled.

## SUPERANNUATION

## Victorian pensions and gratuities

The following table shows details of Victorian Government expenditure on pensions, gratuities, etc., during each of the years 1975-76 to 1979-80:

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

Particulars	1975-76	1976-77	1977-78	1978-79	1979-80
State Superannuation Fund—					
Railways	12,642	16,263	19,591	22,582	25,437
Other	35,603	48,439	61,317	73,436	86,212
Total	48,245	64,702	80,908	96,018	111,649
Police Superannuation Fund	4	4	4	4	4
Parliamentary Contributory Superannuation Fund	2,442	2,442	2,442	3,280	3,280
Married Women's Superannuation Fund	68	51	93	89	69
Other pensions, gratuities, etc.	440	545	668	739	804
Grand total	51,199	67,744	84,115	100,130	115,807

*Victorian Superannuation Fund*

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

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

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

- (1) A basic pension on retirement for ill-health, or at age 65, of 70 per cent of salary at retirement;
- (2) on age retirement before age 65, but after age 60, the pension will reduce pro rata to 66½ per cent of salary at age 60;
- (3) officers' contributions limited to a maximum of 9 per cent of salary;
- (4) widows' pensions at the rate of two-thirds of officers' pensions;
- (5) right to convert part of the pension into a lump sum;
- (6) married women eligible to elect to be contributors to the superannuation scheme;
- (7) railway officers may elect to limit their superannuation entitlement to a maximum of twelve units, or to forgo superannuation altogether in order to receive retiring gratuities and/or service grants; and
- (8) entry to the fund is subject to medical examination and classification by the Board.

VICTORIA—STATE SUPERANNUATION FUND  
(\$'000)

Particulars	1975-76	1976-77	1977-78	1978-79	1979-80
Receipts—					
Contributions—					
Officers	50,468	56,669	55,837	65,280	72,491
Consolidated Fund (a)	37,480	48,887	58,532	67,624	77,005
Interest	20,103	21,620	26,245	30,155	36,050
Other	10,836	4,661	5,470	6,139	6,915
Total	118,887	131,837	146,085	169,197	192,461

VICTORIA—STATE SUPERANNUATION FUND—*continued*  
(\$'000)

Particulars	1975-76	1976-77	1977-78	1978-79	1979-80
<b>Disbursements—</b>					
Pension payments	42,564	52,683	61,547	69,886	79,275
Lump sum payments	r34,311	r26,827	r23,510	r24,098	24,781
Contributions refunded	3,654	4,652	5,093	5,719	9,671
Transfer to Pensions Supplementation Fund	8,720	10,479	12,819	14,945	16,956
Other	—	2,005	5,352	2,534	15
<b>Total</b>	<b>89,249</b>	<b>96,646</b>	<b>108,321</b>	<b>117,182</b>	<b>130,698</b>
<b>Balance in Fund at 30 June</b>	<b>300,698</b>	<b>335,889</b>	<b>373,652</b>	<b>425,667</b>	<b>487,430</b>

(a) These figures do not agree with those shown in the preceding table, as the latter include the Consolidated Fund's share of pensions accrued at the end of each year and contributions to the Pensions Supplementation Fund from 1972-73.

The following table shows details of Victorian Government, local government, and semi-government superannuation schemes which are operated through separately constituted funds. Schemes operated through insurance offices are excluded.

VICTORIA—GOVERNMENT SUPERANNUATION SCHEMES OPERATED  
THROUGH SEPARATELY CONSTITUTED FUNDS, 1978-79

Particulars	Victorian Government	Local government	Semi- government	Total
	\$'000	\$'000	\$'000	\$'000
	INCOME (a)			
<b>Contributions—</b>				
Employees	65,964	9,648	28,494	104,106
Employing authorities	(b) 98,202	14,535	58,532	171,269
Interest, etc.	41,072	11,706	55,669	108,447
<b>Total</b>	<b>205,238</b>	<b>35,889</b>	<b>142,695</b>	<b>383,822</b>
	EXPENDITURE (a)			
Pensions	117,184	145	21,100	138,429
Lump sum payments	30,334	11,408	28,782	70,524
Other	2,550	4,576	3,310	10,436
<b>Total</b>	<b>150,068</b>	<b>16,129</b>	<b>53,192</b>	<b>219,389</b>
	ASSETS (c)			
<b>Government securities—</b>				
Commonwealth Government	10	22,481	2,863	25,354
Local and semi-government	252,167	70,163	92,009	414,339
Other securities, etc.	185,127	39,625	490,353	715,105
<b>Total</b>	<b>437,304</b>	<b>132,268</b>	<b>585,226</b>	<b>1,154,798</b>
<b>Contributors (c)</b>	<b>number (d) 83,739</b>	<b>number 22,862</b>	<b>number 47,884</b>	<b>number (d) 154,485</b>

(a) Excludes transfers between funds.

(b) This figure does not agree with that shown on page 448 as the latter includes the Consolidated Fund's share of pensions accrued at the end of the year and because this table excludes the Parliamentary Contributory Superannuation Fund, the Coal Mine Workers Pension Fund, and government expenditure on other pensions, gratuities, etc.

(c) At end of year.

(d) Estimated.

PUBLIC DEBT

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

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

A notable feature of the public debt of the State is that approximately 99 per cent of indebtedness is now domiciled in Australia. There has been a gradual change from the

situation which existed a century ago when nearly all loans were financed in London. Even at the beginning of the twentieth century, only 10 per cent of State indebtedness was domiciled in Australia.

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

The public debt of the State of Victoria as shown in the following tables excludes certain liabilities due to the Commonwealth Government at 30 June 1980. These liabilities include advances of \$1,079m for housing purposes under the Commonwealth-State Housing Agreements, \$73.4m for sewerage, \$64.4m for rural and dairy reconstruction, \$88.6m for growth centres, \$40.5m for land acquisition and \$12m of special assistance loans for soldier settlement. These and other purpose loans and advances made pursuant to Commonwealth-State agreements and arrangements should be taken into account when considering the total debt position of Victoria.

### Public debt transactions

The following table shows particulars of the loans raised and redeemed during, and the amount outstanding at the end of, each of the years 1975-76 to 1979-80. The variations from year to year in the Australian currency equivalent of overseas loans, resulting from application of the rates of exchange ruling at 30 June in each year, are shown.

### VICTORIA—STATE PUBLIC DEBT: SUMMARY OF TRANSACTIONS (\$A'000)

Particulars	1975-76	1976-77	1977-78	1978-79	1979-80
DEBT MATURING IN AUSTRALIA					
Debt outstanding at 1 July	(a) 2,618,754	2,807,054	3,005,216	3,222,352	3,417,227
New debt incurred—					
Commonwealth Government loan floatations	578,909	517,416	567,274	541,163	425,966
Domestic raisings	360,898	288,372	326,482	300,692	216,818
Less conversion and redemption loans					
Total new debt incurred	218,011	229,044	240,791	240,471	209,148
Less repurchases and redemptions from National Debt Sinking Fund	29,710	30,882	23,656	45,596	50,417
Net increase in debt	188,301	198,162	217,136	194,875	158,731
Debt outstanding at 30 June	2,807,054	3,005,216	3,222,352	3,417,227	3,575,959
DEBT MATURING IN LONDON					
Debt outstanding at 1 July	19,346	15,673	16,115	14,387	4,347
New debt incurred	..	..	..	..	..
Less repurchases and redemptions from National Debt Sinking Fund	1,170	585	2,451	10,746	..
Adjustment due to variation in rate of exchange	-2,504	+ 1,027	+ 723	+ 706	+ 212
Net increase in debt	-3,674	+ 442	-1,728	-10,040	+ 212
Debt outstanding at 30 June	15,673	16,115	14,387	4,347	4,559
DEBT MATURING IN NEW YORK, CANADA, SWITZERLAND, AND THE NETHERLANDS					
Debt outstanding at 1 July	16,172	11,314	10,441	7,906	5,980
New debt incurred	..	..	..	..	..
Less repurchases and redemptions from National Debt Sinking Fund	5,620	1,811	2,304	2,078	1,528
Adjustment due to variation in rate of exchange	+ 762	+ 938	-229	+ 152	-96
Net increase in debt	-4,858	-873	-2,533	-1,926	-1,624
Debt outstanding at 30 June	11,314	10,441	7,906	5,980	(b) 4,356
TOTAL					
Debt outstanding at 1 July	2,654,272	2,834,041	3,031,771	3,244,646	3,427,554
New debt incurred					
Commonwealth Government loan floatations	578,909	517,416	567,274	541,163	425,966
Domestic raisings	360,898	288,372	326,482	300,692	216,818
Less conversion and redemption loans					
Total new debt incurred	218,011	229,044	240,791	240,471	209,148

VICTORIA—STATE PUBLIC DEBT: SUMMARY OF TRANSACTIONS—*continued*  
(\$A'000)

Particulars	1975-76	1976-77	1977-78	1978-79	1979-80
TOTAL					
Less repurchases and redemptions from National Debt Sinking Fund	36,499	33,279	28,410	58,421	51,945
Adjustment due to variation in rate of exchange	-1,742	+1,966	+493	+858	+116
Net increase in debt	179,769	197,731	212,874	182,908	157,319
Debt outstanding at 30 June	2,834,041	3,031,771	3,244,646	3,427,554	3,584,874

(a) Adjusted in accordance with Financial Agreement as amended (Act 8843 of 1976). Liability of \$241.9m was assumed by the Commonwealth.

(b) Includes New York, \$A2,610,837; Canada, \$A1,247,838; and the Netherlands, \$A497,087.

The following table shows details of the amounts of loans outstanding in Australia, London, New York, Canada, and the Netherlands at the end of each of the years 1975-76 to 1979-80:

VICTORIA—PUBLIC DEBT: LOANS OUTSTANDING  
(\$A'000)

At 30 June—	Amount					Total debt
	Australia	London	New York	Canada	The Netherlands	
1976	2,807,054	15,673	8,453	1,872	988	2,834,041
1977	3,005,216	16,115	7,589	1,845	1,006	3,031,771
1978	3,222,352	14,387	5,498	1,540	869	3,244,646
1979	3,417,227	4,347	3,915	1,332	733	3,427,554
1980	3,575,959	4,559	2,611	1,248	497	3,584,874

In the following table the annual interest liability of the State has been calculated on the basis of the debt outstanding at the end of each of the years 1975-76 to 1979-80. The liability, therefore, represents the amount of interest payable in the ensuing year without regard to new loan raisings and redemptions during that year. The table shows particulars of the annual interest payable in Australia and in overseas countries, respectively, and the average rate of interest liability.

VICTORIA—ANNUAL INTEREST LIABILITY ON PUBLIC DEBT (a)

At 30 June—	Payable in Australia	Payable in overseas countries	Total	Average rate
	\$A'000	\$A'000	\$A'000	per cent
1976	199,930	1,483	201,412	7.11
1977	225,594	1,461	227,055	7.49
1978	253,707	1,228	254,935	7.86
1979	272,823	572	273,395	7.99
1980	295,653	496	296,149	8.27

(a) Calculated at the end of each year in respect of the ensuing year.

The actual interest and expenses paid on the public debt of Victoria for each of the years 1975-76 to 1979-80 are shown in the following table:

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

Year	Interest paid on loans maturing—				Total interest	Commission on payment of interest overseas, expenses of conversion loans, etc.	Grand total (b)
	In Australia	In London (a)	In New York (a)	Elsewhere overseas (a)			
1975-76	173,909	968	509	347	175,734	1,041	176,775
1976-77	207,723	896	459	173	209,251	1,215	210,466
1977-78	238,005	925	370	148	239,448	1,201	240,649
1978-79	256,231	772	273	128	257,403	1,587	258,990
1979-80	274,095	276	166	(c) 116	274,653	1,825	276,477

(a) Includes exchange.

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

(c) Includes Canada, \$A75,705, and the Netherlands, \$A40,130.

### National Debt Sinking Fund

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

Details of transactions of the National Debt Sinking Fund in respect of the public debt of the State of Victoria, for each of the years 1975-76 to 1979-80, are shown in the following tables. The first table shows particulars of the receipts of the Fund, and the second table shows details of the expenditure on, and face value of, securities repurchased and redeemed.

#### VICTORIA—NATIONAL DEBT SINKING FUND: RECEIPTS (\$'000)

Particulars	1975-76	1976-77	1977-78	1978-79	1979-80
Contributed under Financial Agreement—					
Victorian Government	29,000	31,156	33,458	35,849	38,208
Commonwealth Government	7,500	8,003	8,540	9,098	9,649
Total contributions under Financial Agreement	36,500	39,159	41,998	44,947	47,857
Interest on investments	49	31	173	922	338
<b>Total</b>	<b>36,549</b>	<b>39,190</b>	<b>42,171</b>	<b>45,868</b>	<b>48,195</b>
<b>Total to date</b>	<b>546,332</b>	<b>585,522</b>	<b>627,693</b>	<b>673,562</b>	<b>721,757</b>

#### VICTORIA—NATIONAL DEBT SINKING FUND: SECURITIES REPURCHASED AND REDEEMED (\$A'000)

Particulars	1975-76(a)	1976-77	1977-78	1978-79	1979-80
Australia—					
Face value	29,710	30,882	23,656	45,596	50,417
Net cost	29,697	30,881	23,653	45,544	50,413
London—					
Face value	1,170	585	2,451	10,746	—
Net cost	962	492	2,597	11,996	—
New York—					
Face value	1,538	1,601	1,934	1,673	1,219
Net cost	1,531	1,650	1,923	1,659	1,202
Canada—					
Face value	69	45	168	188	64
Net cost	65	42	162	181	63
Netherlands—					
Face value	173	165	202	217	245
Net cost	166	177	206	234	259
Switzerland—					
Face value	3,840	..	..	..	..
Net cost	4,049	..	..	..	..
<b>Total—</b>					
Face value	36,499	33,279	28,410	58,421	51,945
Net cost	36,469	33,242	28,540	59,615	51,937
<b>Total to date—</b>					
Net cost	544,479	577,721	606,261	665,875	717,813

(a) In accordance with the 1976 amendments to the Financial Agreement, purchases made since 30 June 1975 are brought to account at net cost plus accrued interest. In previous years net cost only was charged to State's accounts.

## BIBLIOGRAPHY

**ABS publications**

Monthly summary of statistics (1303.2)  
Government Financial Estimates (5501.0)  
Commonwealth Government finance (5502.0)  
State and local government finance (5504.0)  
Taxation revenue (5506.0)  
Public authority finance State Government: social services (5508.0)  
Expenditure on education (5510.0)  
Public authority pensions and superannuation schemes (5511.0)

**Other publications**

Commonwealth Budget Paper No. 7: Payments to or for the States, the Northern Territory, and  
Local Government authorities, 1981-82  
Victorian Government: Budget 1981-82  
Victorian Government: Estimates of the Receipts and Payments of the Consolidated Fund for the  
year ending 30 June 1982  
Victorian Government: Finance 1980-81  
Victorian Government: Payments to or for Victoria by the Commonwealth 1981-82.