

FINANCE

Introduction of Decimal Currency

A decimal system of currency—dollars and cents—was introduced in Australia on 14 February 1966 (C-day), to replace the £ s. d. system. The relationship between the two currencies is : £1 = \$2, 1s. = 10c and 1d. = $\frac{2}{3}$ c.

New notes of the denominations of \$1, \$2, \$5, \$10, and \$20 have replaced the £ s. d. notes. Coins of 50c, 20c, 10c, 5c, 2c, and 1c are replacing the £ s. d. coins.

For the transition period which extended from C-day to 1 August 1967, both the \$c system and the £ s. d. system were legal currencies. The notes and coins of both currencies were legal tender for the payment of amounts of money in either currency.

The *Commonwealth Currency Act* 1965 established the new currency and provided, with other supporting Commonwealth legislation, for the replacement of all amounts of £ s. d. in Commonwealth laws by amounts of \$c. The *Currency Act* 1965 did not extend to references to £ s. d. in State Acts and each State passed complementary legislation.

In Victoria, the following Acts were passed to accomplish the changeover to \$c :

The Decimal Currency Act 1965, No. 7315, provided that references to \$c were substituted for references to £ s. d. in all legislation. Where appropriate, the exact equivalent in \$c was substituted for the £ s. d. amount. Where exact equivalents were not appropriate, new substitutions of \$c were included in schedules to the Act. Provision was also made for the amendment of subordinate legislation—rules, regulations, etc.

The Superannuation Act 1965, No. 7357, provided new schedules of contributions in \$c.

The Land Tax (Rates) Act 1965, No 7352, provided new rates of tax to operate from 14 February 1966.

Prior to C-day, all Victorian Government departments, under the direction of a committee of Treasury officers, and the majority of private firms planned extensively for the changeover. Planning was done against the background of a complete changeover of the banking system on C-day, the concurrent use of both currencies during the transition period, and the progressive conversion of monetary machines.

School curricula were amended to incorporate instruction in the new system of currency.

On C-day, all banks and post offices, the majority of State Government organisations, including the Victorian transport authorities, and many private firms changed to decimal currency. Other firms deferred their changeover to coincide with the conversion of their machines to decimal operation.

The Decimal Currency Board, appointed by the Commonwealth Government, was responsible for the official machine conversion programme. This was done on a regional zone basis. Melbourne city was divided into five zones, the suburban areas into 10 zones, and the country areas into 10 zones. Conversion of machines commenced simultaneously in the first of each of the city, suburban, and country zones.

From 1 August 1967 the decimal system of dollars and cents is the sole legal currency system in Australia.

Public Finance

Economic Importance of Government Financial Activity

Financial Transactions

During the last three or four decades, governments have come to accept new and wider responsibilities for economic stability and growth and for the social welfare of their peoples. They are now in a position where a large proportion of their actions is undertaken to achieve economic and social ends. This applies not only to their regulatory activities but also to their financial transactions. These transactions may be classified in the following ways :

Purchases of Goods and Services

Governments are important purchasers of goods and services which they require to provide current services, e.g., defence services, health and educational facilities ; and capital assets such as office buildings, power installations, and railway track and rolling stock. Expenditure of this kind generates income and, consequently, rises or falls in its level affect the purchasing power of the community. In addition, governmental requirements determine the allocation of national resources and the composition of national capital assets.

Transfers of Income between Sections of the Community

Governments are also agents for the redistribution of incomes throughout the community. Their role of tax-gatherers permits them to do this by compulsorily withdrawing purchasing power from one section of the community and transferring it to another in the form, for example, of social service benefits or subsidies to producers. The receipt and payment of interest are other ways in which governments redistribute income.

Production and Trading

As well as providing a considerable volume of services free (or at nominal charges), governments also engage in trading activities in which they produce and sell goods and services at prices designed substantially to cover costs. These services are usually of the public utility type, e.g., the supply of gas and electricity, transport services, and water supply and sewerage, of which governments are usually the sole providers. Their distinguishing characteristic is that they are, to a certain extent, subject to market forces.

Victorian Governmental Activity

Victorian governmental activity is carried out by :

- (1) The legislative, executive, and judicial organs of the State ;
- (2) semi-governmental bodies being statutory authorities created to carry out specific activities, e.g., the provision of gas, electricity, water supply, and sewerage facilities on behalf of the State Government or bodies in which the State Government has a controlling interest ; and
- (3) local government bodies set up under the Local Government Act to carry out the functions of local government in defined areas (known as municipalities), and which are elected by the residents or property owners or both in the area. This category also includes authorities created or acquired by local government authorities.

Particulars of the activities of semi-governmental and local government authorities are to be found in Part 5 and other appropriate Parts of this Year Book. It is informative, however, in this Part to summarise the public authority activity in the State.

Particulars of Commonwealth and State transactions classified so as to facilitate economic analysis are included in the *Australian National Accounts, National Income and Expenditure*, published by the Commonwealth Statistician, Canberra. The following summaries of the transactions of Victorian Public Authorities are on the same basis as to scope and classification as tables of the Current and Capital Accounts of State and Local Government Authorities published in the *Australian National Accounts, National Income and Expenditure*, and in the annual budget paper *National Income and Expenditure*. They are a consolidation (necessarily approximate) of the activities of the major funds and authorities in the State.

Particulars in the summaries were compiled from financial statements published by the authorities concerned which, in some instances, did not contain all the information desired. For this reason, the figures shown must be regarded as estimates only and subject to revision as further investigation proceeds. A large proportion of governmental financial transactions is in the nature of transfers between funds, e.g., transfers from the Consolidated Revenue Fund to the Hospitals and Charities Trust Fund, and between authorities, such as transfers from the Loan Fund to the State Electricity Commission of Victoria. Where they could be identified, such transfers have been cancelled out. In some cases, different bases of classification from those used in succeeding sections of this Part were adopted for national income purposes.

VICTORIA—PUBLIC AUTHORITIES' CURRENT ACCOUNT

(\$m)

Particulars	1961-62	1962-63	1963-64	1964-65	1965-66
RECEIPTS					
Taxation	175.1	185.3	202.8	228.0	252.8
Interest, etc., Received	8.7	9.7	10.5	11.8	12.5
Public Enterprises' Income	76.5	88.8	95.5	109.2	112.9
Grants from Commonwealth Government Authorities	161.5	172.6	183.3	187.4	209.1
Total Receipts	421.8	456.4	492.1	536.4	587.3
OUTLAY					
Net Current Expenditure on Goods and Services	224.0	240.2	261.8	283.8	320.0
Subsidies	0.5	0.5	0.6	0.5	1.3
Interest, etc., Paid	108.3	120.5	128.8	139.8	149.1
Overseas Grants	0.5	0.4	0.4	0.4	0.3
Cash Benefits to Persons	2.0	2.2	2.7	2.7	3.2
Grants towards Private Capital Expenditure	0.5	0.5	0.5	1.6	1.6
Surplus on Current Account	86.0	92.1	97.3	107.6	111.8
Total Outlay	421.8	456.4	492.1	536.4	587.3

VICTORIA—PUBLIC AUTHORITIES' CAPITAL ACCOUNT

(\$m)

Particulars	1961-62	1962-63	1963-64	1964-65	1965-66
SOURCES OF FUNDS					
Depreciation Allowances	23.3	27.3	34.9	37.8	47.5
Net Sale of Securities—					
Commonwealth Securities—					
Securities Other than Treasury Bills—					
Australia	65.9	55.6	77.0	87.6	100.7
Overseas	4.9	15.1	4.8	—5.1	—2.2
Local and Semi-Governmental Securities	63.7	64.2	62.3	66.2	73.4
Advances from Commonwealth Government Authorities	28.1	24.3	24.8	31.5	30.9
Grants from Commonwealth Government Authorities	29.7	29.0	27.8	34.8	36.9
Surplus on State and Local Government Authorities Current Account	86.0	92.1	97.3	107.6	111.8
Other Funds Available (Including Errors and Omissions)	6.9	5.0	2.4	11.7	14.4
Increase in Cash and Bank Balances	0.1	—13.4	1.9	1.5	5.0
Total Sources of Funds	308.6	299.2	333.1	373.6	418.4

VICTORIA—PUBLIC AUTHORITIES' CAPITAL ACCOUNT—*continued*
(\\$m)

Particulars	1961-62	1962-63	1963-64	1964-65	1965-66
USES OF FUNDS					
Fixed Capital Expenditure on New Assets	294.2	285.6	317.9	348.6	393.6
Expenditure on Existing Assets ..	— 6.8	— 5.6	— 4.7	—1.4	—4.0
Increase in Value of Stocks ..	— 0.6	— 0.3	— 1.0	2.0	2.3
Advances to Public Financial Enterprises	22.7	18.5	17.9	22.7	25.4
Net Increase in Financial Assets of Public Financial Enterprises ..	— 0.9	1.0	3.1	1.7	1.1
Total Uses of Funds ..	308.6	299.2	333.1	373.6	418.4

Financial Relations with the Commonwealth

General

The Federal Constitution enumerates the matters regarding which the Commonwealth Parliament has power to legislate. They include defence, external affairs, trade and commerce with other countries and between the States, customs and excise, posts and telegraphs, navigation, lighthouses, quarantine, census and statistics, currency and banking, insurance, copyright and trade marks, naturalisation, immigration, invalid and old age pensions, social services, industrial relations where disputes extend beyond the boundaries of a State, taxation that does not discriminate between States or parts of States, the taking over by the Commonwealth of the public debts of the States, and the borrowing of money by the Commonwealth for the States. Some of these powers are given exclusively to the Commonwealth, e.g., defence, and customs and excise, but, in the majority of matters, the Commonwealth and State Governments have concurrent powers, Commonwealth law prevailing where there is conflict. Matters other than those enumerated in the Constitution remain the concern of the States. Governmental activity at the State level embraces education, health and welfare services, the development of internal resources, e.g., irrigation and water supply, land settlement, soil conservation, maintenance of law and order, and the provision of public utility services, e.g., roads, electricity and gas, public transport, water supply and sewerage. These activities are carried out by State Departments and by statutory and local governing bodies created by the State Governments. The States have direct access to a small proportion only of moneys required for revenue and capital purposes. This has come about in three ways:

- (1) Through the surrender, under the Constitution, of the right to levy customs and excise duties;
- (2) through the Financial Agreement of 1927, between the Commonwealth and State Governments, under which the Commonwealth became the borrowing agent for the States; and
- (3) through the Commonwealth exercising its right to impose taxation in the field of personal and company income.

The lack of balance between the spending functions and the sources of revenue available to the Commonwealth and the States respectively has given rise to a system of grants from the Federal Government to the States. These grants may be unconditional or may be earmarked for specific purposes such as roads and universities. Important examples of the former are the financial assistance grants payable under the uniform tax system and special grants payable under section 96 of the Constitution, which provide assistance to those States experiencing difficulty in raising revenue or providing services on a comparable level with the other States.

Commonwealth fiscal superiority is supported by present-day acceptance of the role of 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 must have a substantial measure of control over taxation revenue and the level of public investment.

Financial Agreement between the Commonwealth and the States

The Financial Agreement of 12 December 1927 between the Commonwealth and the States came into being because it was thought desirable to adopt a co-ordinated approach to the loan market instead of independent approaches by the several governments, and because of the necessity of establishing sound sinking fund arrangements. It also provided for the sharing of State debt charges by the Commonwealth. The following is a summary of the main provisions :

(1) Consolidation of Public Debt

On 1 July 1929, the Commonwealth took over the existing public debts of the States and assumed responsibility for the payment of related interest. This interest is reimbursed by the States, less the sum of \$15,169,824 per annum which the Commonwealth agreed to contribute for a period of 58 years. Of this amount, Victoria receives \$4,254,318 annually. This payment is in compensation to the States for relinquishing, after Federation, the right to levy customs and excise duties.

(2) Regulation of Government Borrowing

The Australian Loan Council was set up to co-ordinate the public borrowings of the Commonwealth and the States. It consists of the Prime Minister (or his nominee) as Chairman, and the State Premiers (or their nominees). Each financial year, the Commonwealth and the several States submit to the Loan Council programmes setting out the amounts they desire to raise by loan during the ensuing year. Revenue deficits to be funded are included in the borrowing programmes, but borrowings for "temporary purposes" need not be included. Borrowing by the Commonwealth for defence purposes is outside the Agreement.

If the Loan Council considers that the total amount of the programmes cannot be borrowed at reasonable rates and conditions, it determines what amount shall be borrowed and may, by unanimous decision, allocate such amount between the Commonwealth and the States. In default of a unanimous decision, the allocation is determined by means of a formula written into the Agreement. Subject to the decisions of the Loan Council, the Commonwealth arranges all borrowings including those for conversions, renewals, and redemptions.

However, the Commonwealth or a State may borrow for "temporary purposes" by way of overdraft or fixed deposit, subject to limits fixed by the Loan Council. In addition, the Commonwealth may borrow within the Commonwealth, or a State within its territory, from authorities, bodies, or institutions, or from the public by counter sales of securities, subject to Loan Council approval. Commonwealth securities are issued for moneys borrowed in this way, and amounts so borrowed are treated as part of the borrowing programme for the year.

(3) *Sinking Fund Provisions*

The Financial Agreement also provided for the creation of sinking funds for debt existing at 30 June 1927, or incurred subsequently. Contributions to these are made jointly by the Commonwealth and the States on bases laid down. The sinking funds established under the Agreement are under the control of the National Debt Commission, an Authority constituted under Commonwealth legislation and consisting of the Treasurer of the Commonwealth, the Chief Justice of the High Court, the Secretary to the Commonwealth Treasury, the Governor of the Reserve Bank, the Secretary to the Commonwealth Attorney-General's Department, and a representative of the States.

Sinking fund moneys are used to redeem unconverted securities at maturity, and to re-purchase securities on the stock market.

(4) *Borrowing by Semi-Governmental Authorities*

Under a "Gentlemen's Agreement", originally entered into by the members of the Loan Council in 1936, the Loan Council approved an aggregate yearly borrowing programme for semi-governmental and local authorities proposing to raise more than \$200,000 in a year. In June, 1967 the Loan Council increased this amount to \$300,000. Individual borrowings by each of these authorities are also subject to Loan Council approval.

Prior to 1962-63, the Loan Council had approved overall borrowing programmes for authorities with individual programmes of \$200,000 or less. Since 1962-63, the Loan Council has placed no overall limits on the programmes of these smaller authorities. In keeping with the decision of June, 1967 noted above, authorities may now borrow up to \$300,000 individually without any limit being placed on their aggregate borrowings.

The terms and conditions on which the Loan Council from time to time approves loan raisings are the same for both the large and small authorities.

(5) *Commonwealth Influence on Supply of Loan Moneys*

The Commonwealth is in a position to control the supply of local loan moneys through the influence of Commonwealth policy on the banking system, indirectly through alterations in rates of taxation (which affect personal savings), and through the money it is prepared to make available from its own trust funds. Although loan raisings for each of the years 1962-63 and 1963-64 were adequate to complete governmental expenditure programmes (including redemptions), Commonwealth support was needed in other years. From 1 July 1951

to 30 June 1966, out of loan programmes amounting to \$7,447m, the Commonwealth has provided \$2,067m from the Australian currency proceeds of overseas loans and from budget surpluses.

Grants to the States

General

The following table shows, for each of the years 1961-62 to 1965-66, particulars of grants paid to Victoria :

VICTORIA—COMMONWEALTH PAYMENTS TO OR FOR THE STATE* (\$'000)

Particulars	1961-62	1962-63	1963-64	1964-65	1965-66
Financial Agreement—					
Interest on State Debt ..	4,254	4,254	4,254	4,254	4,254
Sinking Fund on State Debt† ..	3,131	3,390	3,700	3,938	4,225
Financial Assistance Grants ..	146,029	152,268	159,482	171,750	191,922
Additional Assistance Grants ..	3,600	7,454	10,280	..	..
Commonwealth Aid Roads ..	20,159	21,754	22,824	25,576	27,508
Tuberculosis Hospitals—Reimbursement of Capital Expenditure, etc.	116	110	50	308	169
Mental Institutions—Contribution to Capital Expenditure ..	..	..	..	712	1,567
Coal Mining Industry—Long Service Leave ..	‡	‡	‡	1	..
Grants to Universities ..	7,409	9,310	9,926	10,386	12,496
Research Grants ..	..	..	..	..	331
Science Laboratories ..	..	..	..	2,800	2,799
Technical Training ..	..	..	..	2,826	336
Tobacco Industry Extension Services ..	..	16	16	..	..
Dairy Industry Extension Services ..	130	130	178	178	..
Expansion of Agricultural Advisory Services ..	120	120	120	132	298||
Minor Agricultural Research ..	§	§	14	12	..
Road Safety Practices ..	20	20	20	20	20
Housekeeper Services ..	8	8	8	8	8
Blood Transfusion Services ..	106	112	122	128	144
Water Resources ..	..	..	..	90	80
Total ..	185,082	198,946	210,994	223,118	246,157

* Excludes subsidies and bounties to primary producers and payments for medical research, social services, natural disasters, etc., also payments under the provisions of the *Railway Standardisation (New South Wales and Victoria) Agreement Act 1958*.

† Paid to National Debt Sinking Fund.

‡ Under \$500.

§ Not available.

|| As from 1965-66 known as "Grants for Agricultural Extension Services".

The history of the principal payments to Victoria can be summarised as follows :

Financial Agreements

Commonwealth contributions to interest and sinking fund charges on State debt have been described above.

Financial Assistance Grants

The States were supplanted by the Commonwealth as income taxing authorities during the Second World War when the Commonwealth needed to exploit this field of taxation to the full to meet its wartime

obligations. Under the uniform taxation scheme, the Commonwealth became the sole authority levying taxes upon income. In return for vacating that field of taxation, the States received an annual payment from the Commonwealth as reimbursement for the loss of income tax revenue. A similar arrangement was made for entertainments tax, but this tax is no longer levied by the Commonwealth Government.

Details of the *States Grants (Income Tax Reimbursement) Act* 1942, the *States Grants (Entertainments Tax Reimbursement) Act* 1942 and the *States Grants (Tax Reimbursement) Act* 1946–48, are given in the *Official Year Book of the Commonwealth of Australia*, No. 37, pages 635 to 637 and No. 46, pages 837 and 838. Grants under the provisions of the 1946–48 Act ceased after 1958–59.

The whole question of Commonwealth–State financial relations was reviewed in 1959 and this resulted in the enactment of the *State Grants Act* 1959 (operative until 1964–65—see 1965 Victorian Year Book and previous issues). These arrangements were again reviewed in 1965 and 1967 when certain modifications, which will apply to the period 1965–66 to 1969–70, were made. Under the new arrangements which are embodied in the *States Grants Act* 1965–67, the grant for each State for each financial year during the period is determined by taking that State's grant for the previous year (with the addition of \$2m each year up to 1969–70 in the case of Queensland) and increasing it by the percentage change in the population of that State during the year ending 31 December of the year of payment; the amount so obtained is increased by the percentage increase in average wages for Australia as a whole for the year ended 31 March of year of payment; and this amount is increased by a "betterment factor" of 1.2 per cent. In addition, the grant so determined for Victoria in 1965–66 was increased by \$1.2m and the resulting amount was the amount to which the formula was applied in calculating Victoria's grant for 1966–67.

Western Australia and Tasmania will continue as claimant States under section 96 of the Constitution and it is expected that each of the four existing non-claimant States will remain non-claimant for the period of the new arrangements.

Grants for Road Construction

The Commonwealth has made grants to the States for road purposes for some considerable time. Particulars of Acts (commencing with the *Main Roads Development Act* 1923–25), under which these payments were made, are given in the publication "Commonwealth Payments to or for the States" which is issued annually with the Commonwealth Budget.

Under the provisions of the *Commonwealth Aid Roads Act* 1964, which is to operate for a period of five years as from 1 July 1964, the Commonwealth will make available to the States a total amount of up to \$750m for the construction, reconstruction, maintenance, and repair of roads. Of this amount, \$660m will be payable as basic grants, which will increase from \$124m in 1964–65 to \$140m in 1968–69, and which will be distributed each year among the States on the basis that Tasmania will receive 5 per cent and that, of the remainder, one-third will be shared by the other States in proportion

to their respective populations at the date of the last preceding census, one-third in proportion to their respective areas, and one-third in proportion to the number of motor vehicles registered in those States at 31 December preceding the year of payment.

The balance of \$90m takes the form of matching assistance. The amount available for this purpose will increase from \$6m in 1964-65 to \$30m in 1968-69. Each State may participate in the matching assistance for each year, up to the share of the assistance for which it is eligible. Its share is determined by allocating the amount of matching assistance available each year in the same proportions in which the basic grant for that year is distributed. In 1966-67, Victoria received \$29.4m by way of basic grant and matching assistance.

Grants to Universities

Commonwealth assistance to the States in respect of the recurrent expenditures of universities dates from 1951-52; in 1957-58 assistance was first given in respect of capital expenditures. An outline of assistance prior to 1966 is given in previous issues of the Victorian Year Book.

In its third report the Australian Universities Commission recommended that the Commonwealth make grants of \$199.4m to the States for universities over the three calendar years 1967 to 1969. In the main these recommendations were accepted and incorporated in the *Universities (Financial Assistance) Act* 1966 which provided for payments of \$175.6m to the States during the triennium.

Victoria's share of this assistance for 1966-67 was \$9.2m for recurrent expenditures and \$5.3m for capital expenditures.

Grants for Colleges of Advanced Education

The Report of the Committee on the Future of Tertiary Education in Australia recommended the establishment of a new type of educational institution to supplement universities and to be developed from, and around, segments of existing technical colleges.

In March, 1965, the Commonwealth indicated its willingness to provide financial assistance for capital and recurrent purposes for these new institutions and agreed to provide grants amounting to about \$5m for the remainder of the 1964-66 triennium.

Subsequently the recently established Commonwealth Advisory Committee on Advanced Education submitted proposals for grants for Colleges of Advanced Education in the 1967-69 triennium. These proposals, slightly modified, were embodied in legislation which provides for total grants of \$42.3m for the triennium. Victoria's share in 1966-67 was \$1.3m for recurrent expenditures and \$0.9m for capital expenditures.

Grants for Science Laboratories and Equipment in Secondary Schools

Under the *States Grants (Science Laboratories and Technical Training) Act* 1964, an amount of \$9.9m was made available to the States in 1964-65 for the purpose of improving science teaching in secondary schools. The *States Grants (Science Laboratories) Act* 1965, provides for the continuation of these grants in each of the three financial years 1965-66 to 1967-68.

The grants are applicable to both government and non-government schools. Victoria's share of this assistance for 1966-67 was \$2.8m of which \$2.0m was available for government schools and \$0.8m for non-government schools.

Grants for Technical Training—Buildings and Equipment

The *States Grants (Science Laboratories and Technical Training) Act 1964*, also introduced in 1964-65 grants of \$10m to the States towards the building and equipment cost of technical schools or colleges conducted by the States. Continuation of these grants for the three financial years 1965-66 to 1967-68 was authorised by the *States Grants (Technical Training) Act 1965*. During 1966-67 Victoria received \$3.0m from this grant.

Further information about Commonwealth payments to or for the States is set out on pages 617 to 621 of the Victorian Year Book 1966.

Revenue and Expenditure

General

The financial transactions of the State of Victoria are concerned with (a) Consolidated Revenue, (b) Trust Funds, and (c) Loan Fund. Payments from Consolidated Revenue are made either under the authority of an annual Appropriation Act or by a permanent appropriation under a special Act.

In the following tables, details of Consolidated Revenue and Expenditure are shown for each of the years 1961-62 to 1965-66. The figures are not comparable, in all cases, with those shown in issues of the Year Book prior to 1961 (No. 75), in which the Public Revenue and Expenditure of certain special funds were added to Consolidated Revenue and Expenditure, while recoups by the Treasury to the Victorian Railways for specified purposes were excluded from the figures.

Consolidated Revenue Fund

The following table shows, for each of the years 1961-62 to 1965-66, the Consolidated Revenue and Expenditure of Victoria, the surplus or deficit, and the accumulated deficit at the end of each year :

VICTORIA—CONSOLIDATED REVENUE FUND : REVENUE, EXPENDITURE, SURPLUS OR DEFICIT, ETC. (\$'000)

Year Ended 30 June—	Revenue	Expenditure	Surplus(+) or Deficit (—)	Accumulated Deficit at End of Each Year (i.e., 30 June)
1962	392,618	392,597	+ 21*	52,786
1963	414,151	414,149	+ 2*	52,765
1964	444,369	444,874	— 505	52,764
1965	480,668	480,668	..	53,269
1966	508,554	516,689	— 8,135	61,404†

* Applied towards the reduction of the Consolidated Revenue Accumulated Deficit.

† Of this amount, \$49,372,000 was provided from Loan Fund and \$12,032,000 from the Public Account.

Consolidated Revenue : Details of the principal sources of revenue are shown in the following table for each of the years 1961-62 to 1965-66 :

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

Source of Revenue	Year Ended 30 June—				
	1962	1963	1964	1965	1966
Taxation*	86,766	90,772	101,515	115,642	123,454
Business Undertakings—					
Railways	85,966	87,128	92,376	102,027	99,673
Harbours, Rivers, and Lights ..	1,384	1,356	1,743	2,408	2,037
Water Supply, Sewerage, Irrigation, and Drainage ..	9,978	10,158	11,147	11,865	13,102
Electricity Supply (Interest and Recoups of Sinking Funds, etc.)	7,862	8,588	9,334	9,964	11,051
State Coal Mine	504	516	504	461	404
Other	756	656	610	691	505
Total	106,450	108,402	115,715	127,416	126,773
Lands—					
Sales	656	672	423	430	526
Rents	1,142	1,200	1,302	1,416	1,609
Forestry	4,390	4,520	4,705	5,153	5,560
Other	350	346	468	933	959
Total	6,538	6,738	6,898	7,933	8,654
Interest, <i>n.e.i.</i>	14,390	15,984	17,289	19,064	20,735
Commonwealth Grants—					
Financial Agreement Act ..	4,254	4,254	4,254	4,254	4,254
Financial Assistance	146,030	152,266	159,482	171,750	191,922
Additional Financial Assistance	3,600	7,454	10,280	..	..
Total	153,884	163,974	174,017	176,004	196,176
Commonwealth National Welfare Fund Payments—					
Tuberculosis—					
Maintenance Expenditure ..	2,294	2,666	2,868	2,739	3,013
Pharmaceutical Benefits—					
Mental Institutions	170	314	132	237	280
Other	39	37	262	640	710
Total	2,503	3,017	3,262	3,616	4,003
Fees and Fines	4,746	4,840	5,639	6,998	7,754
All Other†	17,341	20,424	20,035‡	23,995§	21,004
Grand Total	392,618	414,151	444,369	480,668	508,554

* For details of total taxation collections see page 634.

† Includes repayments of advances by Housing Commission under the Commonwealth-State Housing Agreements.

‡ Includes \$1,200,000 repaid by State Superannuation Board.

§ Includes \$3,138,000 transferred from Police Pensions Fund.

Expenditure from Consolidated Revenue : The principal items of expenditure during each of the years 1961-62 to 1965-66 are shown in the following table. Public debt charges, pensions and gratuities, and pay-roll tax have not been allotted to the respective heads of expenditure, but are shown as separate items.

VICTORIA—CONSOLIDATED REVENUE FUND :
EXPENDITURE
(\$'000)

Particulars	Year Ended 30 June—				
	1962	1963	1964	1965	1966
Public Debt Charges—					
Interest	55,794	61,692	65,755	70,594	76,650
Exchange	1,920	2,166	2,380	2,529	2,344
Debt Redemption	12,452	13,476	14,364	15,564	16,514
Other	366	316	340	371	431
	70,532	77,650	82,839	89,057	95,940
Less Chargeable to Railways .. .. .	..	..	..	3,186	4,031
Total	70,532	77,650	82,839	85,871	91,909
Business Undertakings—					
Railways*	80,963	81,630	86,317	96,377	98,909
Harbours, Rivers, and Lights ..	1,267	1,090	1,341	1,408	1,395
Water Supply, Sewerage, Irrigation, and Drainage	8,179	8,274	8,336	8,926	9,419
State Coal Mine	1,022	924	811	791	711
Other	512	452	423	449	436
Total	91,943	92,370	97,228	107,951	110,870
Social Expenditure—					
Education—					
State Schools	68,262	76,090	84,595	91,333	101,533
Technical Schools	13,850	16,426	18,822	20,803	23,770
Universities	3,930	4,266	6,209	8,908	10,527
Libraries, Art Galleries, etc. ..	1,814	2,014	2,106	2,200	2,412
Agricultural Education, Research, etc.	1,592	1,668	1,682	1,775	1,866
Other	140	154	190	180	180
Public Health and Recreation ..	5,052	5,488	6,375	6,964	7,425
Charitable—					
Hospitals—					
General	33,020	33,604	34,205	36,865	40,650
Mental	15,254	15,320	15,865	16,914	18,506
Child Welfare	3,452	3,708	4,023	4,392	4,865
Other	1,052	1,052	942	966	1,030
Law, Order, and Public Safety—					
Justice	3,946	4,120	4,567	4,752	4,956
Police	16,510	17,370	19,046	20,068	21,038
Penal Establishments	2,578	2,736	2,811	3,003	2,916
Public Safety	44	56	56	62	74
Total	170,496	184,072	201,495	219,184	241,748
All Other Expenditure—					
Public Works, <i>n.e.i.</i>	4,894	3,944	3,849	4,126	4,446
Lands and Survey	3,492	3,316	3,533	3,522	3,775
Agriculture	4,616	4,838	5,104	5,464	5,772
Forestry	4,266	4,544	4,522	5,012	5,323
Legislature and General Administration	12,662	12,750	13,657	14,519	14,750
Pensions and Superannuation ..	10,334	9,486	9,773	10,338	11,294
Pay-roll Tax	4,334	4,506	4,883	5,197	5,592
Miscellaneous†	15,028	16,673	17,991	19,483	21,211
Total	59,626	60,057	63,312	67,661	72,163
Grand Total	392,597	414,149	444,874	480,668	516,689

* As from 1 July 1964, interest, exchange and sinking fund payments on Railways loan expenditure incurred since 1 July 1960 are charged against Railways.

† Includes interest and repayments of advances under the Commonwealth-State Housing Agreements.

Taxation

General

In this section, some particulars are given of the principal taxes collected in Victoria by the State Government and the Commonwealth Government.

As mentioned on page 625 the Commonwealth Government alone exercises the right to impose customs and excise duties, and taxation on personal and company incomes. Sales and pay-roll taxes are other important sources of taxation revenue exploited by the Commonwealth exclusively. For the most part, the field now left to the States comprises motor taxation, stamp duties, liquor, land, lottery, racing, and entertainments taxes. Estate duties are shared between the two Governments.

In Victoria, taxation collections by the State Government are allocated by statute either to Consolidated Revenue or to special funds. One of the principal items of Victorian taxation—motor taxation—was formerly credited entirely to special funds. Since 1958-59, however, a proportion of motor taxation has been paid to Consolidated Revenue. (See page 635 for 1965-66 allocation.)

In the following table, particulars of taxation collected in Victoria by the State Government and the total amounts paid to Consolidated Revenue and to special funds are shown for each of the years 1961-62 to 1965-66 :

VICTORIA—TAXATION COLLECTIONS (\$'000)

Particulars	Year Ended 30 June—				
	1962	1963	1964	1965	1966
Motor—					
Registration Fees and Taxes ..	19,060	20,166	21,938	26,669	39,380
Drivers' Licences	1,040	1,274	1,190	1,797	2,850
Other	9,764	10,730	12,155	11,582	10,711
Total Motor	29,864	32,170	35,283	40,048	52,942
Probate and Succession Duties ..	25,080	24,644	29,453	31,614	32,003
Stamp Duties, <i>n.e.i.</i>	23,996	25,678	29,176	34,398	36,443
Land	14,812	17,090	18,265	19,725	19,881
Income (Arrears)	*	2	*	1	*
Liquor	6,726	6,950	7,004	7,524	8,031
Tattersall Duty	6,350	6,404	6,609	6,717	6,294
Racing	6,406	7,470	9,014	10,425	12,190
Entertainments (Excl. Racing Admission Tax)	1,692	732	†	†	†
Licences, <i>n.e.i.</i>	712	824	954	1,186	1,246
Grand Total	115,638	121,964	135,757	151,640	169,028
Paid to Consolidated Revenue ..	86,766	90,772	101,515	115,642	123,454
Paid to Special Funds	28,872	31,192	34,242	35,998	45,575
Per Head of Population.. ..	\$39.12	\$40.51	\$44.19	\$48.38	\$52.96

* Under \$500.

† As from 29 December 1962, entertainments tax was payable only on admissions to horse racing and trotting.

Motor Taxation

The principal source of motor taxation is the amount collected by the Motor Registration Branch of the Police Department by way of fees for the registration of motor vehicles, the issue of drivers' licences, etc. In addition, the Transport Regulation Board's charges for the issue of licences, etc., and the amount collected under the provisions of the Commercial Goods Vehicles Act, are included in motor taxation.

Further items of motor taxation, which are paid to Consolidated Revenue, are a surcharge of \$2 imposed on each third-party insurance premium under the authority of the *Motor Car (Insurance Surcharge) Act* 1959, and a stamp duty, levied under the authority of the *Stamps (Motor Car) Act* 1964, at the rate of \$1 per \$100 of the market value of motor vehicles, payable when the vehicle is initially registered or when the registration is transferred. This latter Act came into force as from 14 December 1964.

The Motor Car (Hospitals and Charities Contributions) Act 1966, which came into force on 15 November 1966, provided that, from each third party insurance premium paid in respect of a motor car, an amount of \$1.40 shall be deducted and paid to the Hospitals and Charities Fund. The Act also provided that, whenever premium rates are varied in future, the deduction shall be an amount not greater than 5 per cent of the maximum amount of third party insurance premium payable on a motor car used for private purposes. Prior to the commencement of this Act, an amount of 18 cents was deducted from each third party insurance premium and paid to the Motor Car (Hospital Payments) Fund, as provided by the *Motor Car Act* 1958.

As from 1 January 1965, as provided by the *Motor Car (Fines and Drivers' Licence Fees) Act* 1964, the triennial fee for a motor driver's licence was increased from \$3 to \$6. After allowing for cost of collection, one half of the fees collected is payable to Consolidated Revenue with the balance divisible equally between the Country Roads Board Fund and the Municipalities Assistance Fund.

Particulars of the total amount of motor taxation collected and credited to the various funds during 1965-66 were as follows :

Consolidated Revenue—		\$'000
Motor Car Third Party Insurance Tax ..	2,271	
Drivers' Licence Fees (part) ..	1,421	
Stamp Duty—Motor Vehicles ..	4,844	
		8,536

	\$'000
Country Roads Board Fund—	
Motor Registration Fees	24,643
Drivers' Licence Fees (part)	715
Drivers' Test Fees	188
Examiners' Licences	8
Additional Registration Fees (part)	1,505
Road Charges—Commercial Goods Vehicles Act	6,379
	33,437
Level Crossings Fund—	
Additional Registration Fees (part)	752
Municipalities Assistance Fund—	
Drivers' Licence Fees (part)	715
Transport Regulation Fund—	
Motor Omnibus Registration Fees	12
Licences, etc.	818
Permits	833
	1,662
Motor Car (Hospital Payments) Fund—	
Deductions from Third Party Insurance Premiums	202
Roads (Special Projects) Fund—	
Increase in Registration Fees (Act No. 7283)	7,637
Total Motor Taxation, 1965-66	52,942

Probate Duties

The *Probate Duty Act* 1962 (a completely revised Act) fixed 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 situate 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. Categories of beneficiaries are :

- A. Widow, widower, children under 21 years of age, wholly dependent adult children, or wholly dependent widowed mother.
- B. Children over the age of 21 years not being wholly dependent, or grandchildren.
- C. Brothers, sisters, parents.
- D. Other beneficiaries.

Further amending legislation is contained in the *Probate Duty (Reduction) Act 1962*. Under the provisions of this Act, estates passing to widow, widower, children under 21 years of age, wholly dependent adult children, or wholly dependent widowed mother, are exempted from duty if the final balance of such estates does not exceed \$12,000, while certain reductions were made to the rates of duty payable.

A brief summary, expressed in decimal currency, of the rates of duty payable, as from 17 December 1962, according to the various types of beneficiaries, is shown in the following table:

VICTORIA—RATES OF PROBATE DUTY

On that part of the final balance which—					The rate of duty per \$1 shall be where the final balance passes to—			
					A	B	C	D
		\$			cents in \$			
Exceeds	1,200	but does not exceed	1,200	..	Nil	Nil	Nil	Nil
			3,000	..	Nil	Nil	5	7.5
"	3,000	" " " "	10,000	..	Nil	Nil	10	10
"	10,000	" " " "	12,000	..	Nil	10	15	17.5
"	12,000	" " " "	13,000	..	10	10	15	17.5
"	13,000	" " " "	20,000	..	10	15	15	20
"	20,000	" " " "	30,000	..	10	10	12.5	17.5
"	30,000	" " " "	48,000	..	10	12.5	17.5	20
"	48,000	" " " "	50,000	..	12.5	12.5	17.5	20
"	50,000	" " " "	60,000	..	12.5	15	20	20
"	60,000	" " " "	70,000	..	17.5	20	20	20
"	70,000	" " " "	90,000	..	20	22.5	25	25
"	90,000	" " " "	110,000	..	22.5	27.5	30	37.5
"	110,000	" " " "	120,000	..	25	30	30	37.5
"	120,000	" " " "	130,000	..	30	30	32.5	37.5
"	130,000	" " " "	150,000	..	35	35	37.5	37.5
"	150,000	" " " "	170,000	..	37.5	37.5	40	42.5
"	170,000	" " " "	189,334 (a)	..	37.5	..	..	..
"	170,000	" " " "	194,332 (b)	..	..	40	..	..
"	170,000	" " " "	227,680 (c)	..	..	..	42.5	..
"	170,000	" " " "	233,250 (d)	..	..	..	..	45
When the final balance exceeds (a), (b), (c), or (d), then the whole of the final balance is subject to a duty of					\$22.50 per \$100	\$25.00 per \$100	\$30.00 per \$100	\$33.00 per \$100

The amount of probate duty assessed in Victoria during each of the five years to 1965-66 was as follows: 1961-62, \$25,015,478; 1962-63, \$27,455,242; 1963-64, \$28,321,264; 1964-65, \$33,179,802; 1965-66, \$32,128,887.

Commonwealth Estate Duty

The Commonwealth Government also levies probate and succession duties. The amount of duty collected throughout Australia during each of the five years to 1965-66 was: 1961-62, \$34,057,922; 1962-63, \$35,699,086; 1963-64, \$39,871,044; 1964-65, \$41,530,722; 1965-66, \$36,124,380.

Land Tax

The *Land Tax Act 1928* provided for a tax on the unimproved value of land in Victoria. For the purpose of this Act, unimproved value is the estimated selling value of the land assuming that improvements, if any, had not been made. This tax is levied on land even if built on or otherwise improved, at a rate declared for each year by Act of Parliament.

The following is a brief summary of the rates of land tax payable in Victoria for the year 1967 under the provisions of the *Land Tax (Rates) Act 1966* :

(a) Land used for primary production purposes—

A tax of 0.4167 cents in the dollar on the unimproved value of land up to \$30,000. On the excess over \$30,000, a progressive rate applies commencing at 0.625 cents in the dollar and reaching 1.875 cents in the dollar on the unimproved value exceeding \$140,000.

(b) Land used for other purposes—

A tax of 0.4167 cents in the dollar on the unimproved value of land up to \$17,500 with a graduated increase in the rate to reach 2.916667 cents in the dollar where the unimproved value exceeds \$170,000.

Land used for primary production purposes is exempted from land tax if the unimproved value of such land is not more than \$10,000, and a partial exemption is allowed up to \$20,000 while the exemption in respect of land used for other purposes is \$6,000, with a partial exemption to \$9,000.

The following table shows particulars, in specified groups of unimproved value of holdings, of land tax assessments for 1965. Tax was assessed on the basis laid down by the *Land Tax (Rates and Appeals) Act 1963*. The raising of the amount of the exemption from land tax is mainly responsible for the decrease in figures shown for 1965 as compared with previous years.

VICTORIA—ANALYSIS OF STATE LAND TAX ASSESSMENTS, 1965

(Based on Unimproved Value at 31 December 1964)

Unimproved Value of Holdings—				Number of Taxpayers	Total Unimproved Value*	Tax Payable
\$					\$'000	
6,001	..	7,000	.. ..	17,127	111,600	115
7,001	..	8,000	.. ..	11,378	83,505	203
8,001	..	10,000	.. ..	13,866	107,785	364
10,001	..	12,000	.. ..	11,576	122,575	319
12,001	..	14,000	.. ..	7,550	96,889	251
14,001	..	16,000	.. ..	5,573	80,316	285
16,001	..	17,500	.. ..	3,073	50,072	182
17,501	..	20,000	.. ..	4,201	75,596	305
20,001	..	30,000	.. ..	6,626	163,754	705
30,001	..	40,000	.. ..	3,269	108,547	571
40,001	..	50,000	.. ..	1,549	67,361	401
50,001	..	60,000	.. ..	983	51,542	347
60,001	..	70,000	.. ..	604	37,937	282
70,001	..	80,000	.. ..	451	32,893	282
80,001	..	100,000	.. ..	576	49,068	467
100,001	..	150,000	.. ..	610	71,058	863
150,001	..	170,000	.. ..	155	24,319	359
170,001	..	200,000	.. ..	153	27,963	431
200,001	..	300,000	.. ..	235	56,958	1,203
300,001	..	400,000	.. ..	103	34,545	867
400,001	..	and over	.. ..	264	330,689	9,883
Total				89,922	1,784,974	18,686

* Of land not exempted from land tax.

In the following table, details are shown of the assessments made during each of the years 1961 to 1965 :

VICTORIA—STATE LAND TAX ASSESSMENTS

Year	Number of Taxpayers	Total Tax Payable	Average Tax Payable per Taxpayer	Total Unimproved Value*
		\$'000	\$	\$'000
1961	149,770	14,164	94.58	1,521,584
1962	151,205	14,990	99.13	1,677,224
1963	138,884	15,739	113.32	1,765,178
1964	185,694	19,836	106.82	2,280,940
1965	89,922	18,686	207.81	1,784,974

* Of land not exempted from land tax.

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, as from February, 1967, on the principal dutiable classes of documents are shown in the following table :

Dutiable Class		Duty Payable
RECEIPTS	.. .. \$10 and under \$200	3c
	.. .. \$200 and under \$1,000	10c
	.. .. \$1,000 and over	20c
BILLS OF EXCHANGE—		
Payable on demand (cheque, etc.)	.. ..	5c
Others (including promissory notes)	not above \$50	5c
	to \$100	10c
	to \$150	15c
	to \$200	20c
	for extra \$100 or part	10c
SHARE TRANSFERS—On sale for full value—Based on consideration	to \$20	8c
	above \$20	$\frac{3}{8}\%$
TRANSFER OF REAL PROPERTY—Based on consideration	to \$7,000—for each \$100	\$1.25
	above \$7,000—for each \$100	\$1.50
LEASES AND ASSIGNMENTS OF LEASES OF REAL PROPERTY	.. .. Variable scale according to nature	
GIFTS AND SETTLEMENTS	.. .. up to \$2,000	2 $\frac{1}{2}\%$
	.. .. over 2,000 to 10,000	3 $\frac{1}{2}\%$
	.. .. 10,000 " 20,000	4 $\frac{1}{2}\%$
	.. .. 20,000 " 30,000	5 $\frac{1}{2}\%$
	.. .. 30,000 " 40,000	6 $\frac{1}{2}\%$
	.. .. 40,000 " 50,000	7 $\frac{1}{2}\%$
	.. .. 50,000 " 60,000	8 $\frac{1}{2}\%$
	.. .. 60,000 " 70,000	9 $\frac{1}{2}\%$
	.. .. 70,000 " 80,000	10 $\frac{1}{2}\%$
	.. .. 80,000 " 100,000	11 $\frac{1}{2}\%$
	.. .. 100,000 " 150,000	14 $\frac{1}{2}\%$
	.. .. 150,000 " 200,000	19 $\frac{1}{2}\%$
	.. .. 200,000 ..	22

Dutiable Class— <i>continued</i>	Duty Payable— <i>continued</i>
INSURANCE COMPANIES (OTHER THAN LIFE)—Annual Licences	Each \$200 (or part) of annual premium income .. \$10
LIFE ASSURANCE POLICIES—On the sum insured	Up to \$2,000—per \$200 or part .. 10c Over \$2,000—\$1 for first \$2,000 plus per \$200 or part of remainder .. 20c
MORTGAGES, BONDS, DEBENTURES AND COVENANTS—On amount secured ..	up to \$8,000 \$4 over \$8,000—\$4 for first \$8,000, plus per \$200 or part of remainder .. 50c
POWER OF ATTORNEY OR APPOINTMENT OF AGENT .. .. .	.. .. . \$2
INSTALMENT PURCHASE (Including hire purchase)	Purchase price \$20 or more .. 1½%
GUARANTEES AND INDEMNITIES .. .. .	.. .. . 50c
CREDIT AND RENTAL BUSINESS	Based on amount of credit, etc., or rental 1½%
OTHER AGREEMENTS AND INSTRUMENTS—	
Partnerships, sale of business, etc.	} \$3 each
Caveats	
Licence to use real property, etc.	
Transfer or discharge of mortgage	
Appointment of trustee	
DEEDS—not otherwise chargeable	\$3
MOTOR CAR—	
On every application for registration and every notice of acquisition of a motor car or trailer—	
For every \$200 and part of \$200 or the market value of such motor car or trailer	\$2
STATEMENT ON SALE OF CATTLE OR SWINE—	
(i) Cattle Statement	
For every \$5 and part of \$5	
(a) of the amount of the purchase money in respect of one head of cattle sold singly ; or	} 2c
(b) of the total amount of the purchase money in respect of any number of cattle sold in one lot	
Provided that the stamp duty in respect of the amount of the purchase money of any one head of cattle, whether sold singly or as part of a lot, shall not exceed 20 cents.	
(ii) Swine Statement	
For every \$2.50 and part of \$2.50	
(a) of the amount of the purchase money in respect of one pig sold singly ; or	} 2c
(b) of the total amount of the purchase money in respect of any number of pigs sold in one lot	
Provided that the stamp duty in respect of the amount of the purchase money of any one pig, whether sold singly or as part of a lot, shall not exceed 32 cents.	

Liquor Tax

The Licensing Court 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 Licensing Court are paid into the Licensing Fund. After payments have been made to municipalities and the Police Superannuation Fund, and costs for compensation, administration, etc., have been met, the excess of receipts is transferred each year from the Licensing Fund to Consolidated Revenue.

The following table shows the amount of liquor tax paid into the Licensing Fund during each of the years 1961-62 to 1965-66 :

VICTORIA—LIQUOR TAX

(\$'000)

Particulars	Year Ended 30 June—				
	1962	1963	1964	1965	1966
Licences—					
Victuallers	5,190	5,272	} 6,568	7,048	7,522
Spirit Merchants and Grocers ..	1,088	1,198			
Australian Wine	24	20			
Others	30	38			
Club Certificates	310	330	335	369	387
Permits—Extended Hours, etc. ..	84	92	100	108	122
Total	6,726	6,950	7,004	7,524	8,031

Lottery (Tattersall) Duty

With the object of providing additional finance for hospitals and other charitable institutions, the trustees of the will and estate of the late George Adams, founder of Tattersall's Consultations, were granted a licence to promote and conduct sweepstakes in Victoria in accordance with the provisions of the *Tattersall Consultations Act 1953*.

The Act provides that, within seven days after the drawing of each consultation, duty equivalent to 31 per cent of the total amount of subscriptions to the consultation shall be paid to Consolidated Revenue. Each year, an equivalent amount is paid out of Consolidated Revenue, in such proportions as the Treasurer determines, into the Hospitals and Charities Fund, and the Mental Hospitals Fund.

In the following table, the amounts subscribed to consultations, the duty paid to Consolidated Revenue, and the amounts allocated to the Hospitals and Charities Fund and the Mental Hospitals Fund, are shown for each of the years 1961-62 to 1965-66 :

VICTORIA—TATTERSALL LOTTERIES :

SUBSCRIPTIONS, ETC.

(\$'000)

Year Ended 30 June—	Subscriptions to Consultations	Duty Paid to Consolidated Revenue	Allocated to—	
			Hospitals and Charities Fund	Mental Hospitals Fund
1962	19,976	6,350	6,056	294
1963	20,684	6,404	6,104	300
1964	21,340	6,609	6,309	300
1965	21,675	6,717	6,427	290
1966	20,396	6,294	5,994	300

Racing Taxation

The principal sources of revenue from racing taxation are turnover tax on bookmakers' holdings, the percentage received from investments on the totalizator, stamp duty on betting tickets, and tax on admissions to race meetings.

In Victoria, a deduction of 13 per cent is made from all on-course investments on the totalizator at horse races (including trotting), and at dog races. In the case of city racing clubs, the percentage deducted is divided as follows: doubles and quinella investments, 5 per cent to revenue and 8 per cent to the club; win and place investments, 8 per cent to revenue and 5 per cent to the club. In respect of country race meetings, 3 per cent of the total investments is paid to revenue and 10 per cent to the club.

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

The *Racing (Interstate Totalizators) Act* 1964 empowered the Totalizator Agency Board, with the approval of the Minister, to enter into any agreement or arrangement for the provision of off-course totalizator facilities in any other State or Territory of the Commonwealth where such facilities may be provided. On 15 October 1964, an agreement was entered into with the Australian Capital Territory Totalizator Agency Board for off-course betting, by persons in the Australian Capital Territory, on totalizators in Victoria.

From off-course investments the commission deducted—13 per cent—is allocated as follows:

- (a) Commission derived from Victorian investments—
 - (i) To Consolidated Revenue— $4\frac{3}{4}$ per cent.
 - (ii) to the Totalizator Agency Board Trust Account (held at State Treasury)— $\frac{1}{2}$ per cent.
 - (iii) to the Totalizator Agency Board—8 per cent.
- (b) Commission derived from Australian Capital Territory investments—
 - (i) to Consolidated Revenue—2 per cent.
 - (ii) to the Australian Capital Territory Totalizator Agency Board—11 per cent.

The abovementioned allocations applied as from 25 October 1966, when the *Racing (Totalizator Percentages) Act* 1966 came into force.

Government receipts from the totalizator, including fractions and unclaimed dividends, are specially appropriated to the Hospitals and Charities Fund.

The following table shows particulars of investments on the totalizator, investments with licensed bookmakers, and the amount of tax collected from racing for each of the years 1961-62 to 1965-66 :

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

Year Ended 30 June—	Totalizator Investments		Investments with Licensed Book-makers*	Racing Taxation			
	On-course	Off-course		Totalizator	Book-makers' Turnover	Other†	Total
1962	27,838	26,418	151,648	2,774	2,802	830	6,406
1963	29,122	51,136	151,082	3,926	2,758	786	7,470
1964	31,024	78,221	154,445	5,349	2,848	817	9,014
1965	34,019	108,939	159,723	6,678	2,917	831	10,425
1966	34,828	129,109	160,453	8,460	2,921	809	12,190

* Estimated.

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

Entertainments Tax

A tax payable on admissions to entertainments was levied by the Victorian Government up to 31 August 1943, when legislation was passed making the Commonwealth Government the sole authority for levying the tax. In 1953, the Commonwealth vacated this field of taxation and the Victorian Government re-imposed a tax on entertainments as from 8 October 1953, under the provisions of the *Entertainments Tax Act 1953*.

Under the provisions of the *Entertainments Tax (Amendment) Act 1961*, which came into operation as from 1 January 1962, the tax on live artist entertainments and on amateur sport was abolished, and a separate reduced scale of rates was applied to cinematograph films and dancing.

The *Entertainments (Partial Abolition) Act 1962*, abolished tax on all classes of entertainments, except horse-racing and trotting, as from 29 December 1962.

The amount of entertainments tax collected in Victoria during each of the five years to 1965-66 was as follows: 1961-62, \$2,221,435; 1962-63, \$1,222,549; 1963-64, \$512,241; 1964-65, \$516,226; 1965-66, \$502,000.

Commonwealth Income Tax

Uniform taxation on incomes throughout Australia was adopted in 1942 when the Commonwealth Government became the sole authority levying this tax.

The tax, which is imposed on both individuals and companies, was known as "Income Tax and Social Services Contribution" until December, 1965, when the citation of the Act was altered. Since that date the levy has been referred to as "Income Tax".

Certain types of income are exempt from tax in Australia. These include income from gold mining and uranium mining; war, invalid, age, and widows' pensions; child endowment; and unemployment and sickness benefits. The service pay of members of the defence forces engaged in war service in Borneo and Vietnam is also exempt from tax.

Expenses incurred in earning income and losses incurred in previous years are allowable deductions.

For the income year 1966-67, Income Tax is payable on the incomes of individuals commencing at a taxable income of \$417. However, certain limitations apply to the tax payable by aged persons, over 65 years of age in the case of a male and over 60 years in the case of a female.

Concessional deductions are allowed to taxpayers on account of dependants, certain medical and dental expenses, life insurance premiums, superannuation contributions, medical or hospital benefit fund payments, education expenses, etc., and are deductible from income to calculate taxable income. Dependants include spouse, parents, parents-in-law, children under sixteen years of age, student children under 21 years of age, invalid child, brother or sister over sixteen years of age, or daughter-housekeeper for widow or widower. A concessional deduction may be allowed for a housekeeper having the care of children under sixteen years of age or of an invalid relative where the taxpayer did not contribute to the maintenance of a spouse or daughter-housekeeper. The amount of concessional deduction allowable in respect of each type of dependant and housekeeper is :

	\$
Spouse	286
Parent or parent-in-law	286
Child under sixteen years of age—	
One child	182
Other children	130 each dependant
Student child 16 to 21 years of age ..	182 each dependant
Invalid relative not less than sixteen years of age	182 each dependant
Housekeeper or daughter-housekeeper	286

The following table shows the rates of Income Tax for individuals for the income year 1966-67 :

AUSTRALIA—RATES OF INCOME TAX FOR INDIVIDUALS,
1966-67*

Total Taxable Income—		Tax on Amount in Column 1	Tax on Each \$1 of Balance of Income
Column 1 Exceeding—	Column 2 Not Exceeding—		
\$	\$	\$	cents
Nil	200	Nil	0.4
200	300	0.80	1.2
300	400	2.00	2.9
400	500	4.90	4.5
500	600	9.40	6.1
600	800	15.50	8.2
800	1,000	31.90	10.8
1,000	1,200	53.50	12.5
1,200	1,400	78.50	14.2
1,400	1,600	106.90	15.9
1,600	1,800	138.70	17.6
1,800	2,000	173.90	19.3
2,000	2,400	212.50	21.6
2,400	2,800	298.90	24.6
2,800	3,200	397.30	27.1
3,200	3,600	505.70	29.6
3,600	4,000	624.10	32.1
4,000	4,800	752.50	35.4
4,800	5,600	1,035.70	38.3
5,600	6,400	1,342.10	41.2
6,400	7,200	1,671.70	43.8
7,200	8,000	2,022.10	46.3
8,000	8,800	2,392.50	48.7
8,800	10,000	2,782.10	51.7
10,000	12,000	3,402.50	55.0
12,000	16,000	4,502.50	57.9
16,000	20,000	6,818.50	60.4
20,000	32,000	9,234.50	63.3
32,000	.	16,830.50	66.7

* Additional tax equal to 2½ per cent of the tax at general rates is also payable for the 1966-67 financial year.

Income Tax is payable on the whole of a person's taxable income if that income exceeds \$416.

Special concessional rates apply to incomes of \$417-\$429.

A deduction is available to individuals who reside in certain remote areas of the Commonwealth or its Territories, and to members of the Defence Forces who serve in certain overseas localities.

A system is in operation to assist the majority of taxpayers in the payment of their taxes by means of regular deductions from salaries or wages. The amounts deducted are regulated so that the employee will have paid the approximate amount of his taxation by the end of the income year.

The following table shows the number of taxpayers, taxable income, and Income Tax and Social Services Contribution assessed during the year 1964-65 (based on incomes received during the year 1963-64). The particulars are classified according to grades of actual income and relate only to individuals resident in Victoria.

**VICTORIA—INCOME TAX AND SOCIAL SERVICES
CONTRIBUTION : INDIVIDUALS, 1964-65***

Grade of Actual Income†	Taxpayers	Taxable Income			Net Income Tax and Social Services Contribution Assessed
		Salaries and Wages	Other	Total	
\$	No.	\$'000			
417- 599 ..	40,699	16,411	3,563	19,974	357
600- 799 ..	54,760	29,520	6,362	35,883	1,072
800- 999 ..	63,847	43,486	9,241	52,727	2,171
1,000- 1,199	73,210	58,726	13,709	72,436	3,718
1,200- 1,399 ..	83,159	80,212	16,688	96,900	5,958
1,400- 1,599 ..	84,005	92,272	19,248	111,521	7,825
1,600- 1,799 ..	78,206	93,195	21,999	115,194	8,944
1,800- 1,999 ..	86,655	113,457	23,597	137,054	11,433
2,000- 2,199 ..	94,131	134,430	25,023	159,452	14,240
2,200- 2,399 ..	92,459	140,621	25,066	165,687	15,705
2,400- 2,599 ..	85,700	140,351	25,944	166,296	16,784
2,600- 2,799 ..	76,705	132,896	24,958	157,854	16,746
2,800- 2,999 ..	63,099	115,617	23,875	139,492	15,654
3,000- 3,999 ..	178,937	363,410	103,946	467,356	59,979
4,000- 5,999 ..	96,733	222,544	136,453	358,998	59,560
6,000- 7,999 ..	26,098	63,065	82,316	145,381	31,258
8,000- 9,999 ..	10,894	28,042	53,109	81,151	21,018
10,000-19,999 ..	12,492	35,139	106,995	142,135	48,836
20,000-29,999 ..	1,551	7,810	25,317	33,127	14,801
30,000-39,999 ..	409	2,503	10,055	12,558	6,196
40,000-59,999 ..	249	2,065	8,719	10,784	5,724
60,000-99,999 ..	82	868	4,796	5,664	3,193
100,000 and over ..	43	261	5,732	5,993	3,531
Total ..	1,304,123	1,916,903	776,713	2,693,616	374,704

* Includes 7,253 taxpayers, resident in Victoria, who derived income from more than one State.

† Actual income is defined briefly as "Gross income, including exempt income, less expenses incurred in gaining that income".

Australia—Dividend Withholding Tax

The Income Tax legislation was amended in 1959 to provide for the levying of a flat rate of tax on income derived by non-residents of Australia from dividends paid by Australian companies to non-residents on and after 1 July 1960.

The rate of tax is 30 per cent, except for dividends paid to residents of countries with which an agreement for the relief of double taxation has been completed, i.e., the United Kingdom, Canada, New Zealand, and the United States of America, in which case the rate is 15 per cent.

Company Tax

The following table shows the rates of Income Tax payable by companies for the financial year 1966–67 (income year 1965–66):

AUSTRALIA—RATES OF INCOME TAX PAYABLE BY COMPANIES, 1966–67

Type of Company	Rate per \$1 of Taxable Income—	
	Up to \$10,000	Balance
	cents	cents
Private	27.5*	37.5*
Non-private—		
Co-operative	32.5	42.5
Life Assurance—		
Mutual	27.5	37.5
Other Life Assurance—		
Resident—		
Mutual Income	27.5	37.5
Other Income	37.5†	42.5
Non-resident—		
Mutual Income	27.5	37.5
Dividend Income	32.5†	42.5
Other Income	37.5‡	42.5
Non-profit§—		
Friendly Society Dispensary	32.5	32.5
Other	32.5	42.5
Other—		
Resident	37.5	42.5
Non-resident—		
Dividend Income	32.5	42.5
Other Income	37.5||	42.5
All Companies—		
Interest¶ (Section 125) Rate per \$1	42.5	

* Further tax at 50c in the \$1 payable on undistributed amount.

† Maximum income subject to this rate is \$10,000 less mutual income.

‡ Maximum income subject to this rate is \$10,000 less the sum of mutual income and dividend income.

§ Incomes not exceeding \$416 are not liable to tax. Where the taxable income does not exceed \$1,188, the tax payable is limited to one-half of the amount by which the taxable income exceeds \$416, less any rebate or credit to which the company is entitled.

|| Maximum income subject to this rate is \$10,000 less dividend income.

¶ Interest paid to non-residents. If the non-resident is not a company, tax is paid only on interest in excess of \$416 (increased from \$208 from 31 October 1963).

Pensions and Gratuities

The following table shows details of State Government expenditure on pensions, gratuities, etc., during each of the years 1961-62 to 1965-66 :

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

Particulars	Year Ended 30 June—				
	1962	1963	1964	1965	1966
Superannuation Fund—					
Railways	4,516	4,656	4,797	4,870	4,945
Other	3,793	4,178	4,575	5,061	5,618
Total Superannuation Fund ..	8,309	8,834	9,372	9,931	10,562
Police Pensions Fund	1,739	130	100	100	380
Police Superannuation Fund	136	141	149	148	150
Coal Mine Workers Pensions Fund ..	162	160	137	113	136
Parliamentary Contributory Retirement Fund	71	313	103	108	104
Married Women Teachers' Pensions Fund	39	33	36	38	44
Other Pensions, Gratuities, etc. ..	10	11	21	43	63
Grand Total	10,466	9,622	9,917	10,482	11,440

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 Police Force of Victoria (see Police Pensions Fund, page 650), and in 1966 an amending Act considerably increased the range of benefits available.

A summary of the main provisions of the current Superannuation Act is as follows :

- (1) Male and female officers may contribute on the basis of retirement at age 60 or age 65.
- (2) Officers are required to pay fortnightly contributions to the Fund according to the age next birthday at which they become entitled to contribute for each unit of superannuation.
- (3) The amount (units) of pension for which an officer may contribute is regulated by salary.
- (4) A pension, according to the number of units for which contributions were paid, is payable to a "normal" contributor who attains the maximum age for retirement, or who retires on account of ill health.
- (5) A male contributor or pensioner (other than an ill health pensioner) may, within three months prior to his sixty-fifth birthday, elect to convert part of his pension entitlement to a lump sum entitlement. A female

contributor or a widow in receipt of a pension may also, in certain circumstances, convert part of her pension entitlement to a lump sum entitlement.

The widow of a deceased contributor or pensioner is entitled to five-eighths of the rate of the full pension for which the officer was contributing or five-eighths of the full pension which he would have been receiving had he not converted part of his pension.

- (6) A pension of \$156 per annum is payable in respect of each child of a deceased contributor or pensioner until the age of eighteen years, provided that, if both parents are deceased, this amount is increased to \$312.

The following table shows cash transactions of the Superannuation Fund and other particulars for each of the years 1961-62 to 1965-66 :

VICTORIA—SUPERANNUATION FUND

Particulars	Year Ended 30 June—				
	1962	1963	1964	1965	1966
	\$'000				
Receipts—					
Contributions—					
Officers	5,800	5,952	6,638	7,639	8,332
Consolidated Revenue*	8,284	8,806	9,316	9,895	10,517
Interest	3,630	4,038	4,415	4,802	5,547
Transferred from Police Pensions					
Fund					4,719†
Other	36	28	35	145	168
Total	17,750	18,824	20,404	22,480	29,283
Disbursements—					
Pension Payments	10,728	11,472	12,186	13,006	13,918
Lump Sum Payments	4	2	5	14	86
Contributions Refunded	1,648	618	723	885	1,062
Other	38	66	1,258‡	§	6
Total	12,418	12,158	14,172	13,904	15,071
Balance in Fund at 30 June	77,274	83,940	90,173	98,749	112,960
	No.				
Contributors at 30 June—					
Males	37,810	39,157	43,736	43,622	44,200
Females	7,167	7,662	7,883	8,025	8,600
Total	44,977	46,819	51,619	51,647	52,800
Pensioners at 30 June—					
Ex-employees—					
Males	8,224	8,197	8,151	8,293	8,415
Females	1,299	1,336	1,397	1,477	1,541
Widows	6,321	6,464	6,604	6,893	7,093
Children	561	796	832	862	889
Total	16,405	16,793	16,984	17,525	17,938

* These figures do not agree with those shown on page 648, as the latter include Consolidated Revenue's share of pensions accrued at the end of each year.

† Includes accrued interest \$262,000.

‡ Includes \$1,200,000 advance repaid to State Treasury.

§ Under \$500.

Police Pensions Fund

This Fund was established by the *Police Pensions Act* 1923 which came into operation on 1 January 1924, and applied to all members who joined the Police Force on or after 25 November 1902. This legislation was embodied in the *Police Regulation Act* 1958, consolidating the law dealing with the Police Force in Victoria. A further amending Act was passed in December 1958.

The *Superannuation Act* 1963 amended the *Superannuation Act* 1958 and the *Police Regulation Act* 1958 and provided that all new entrants to the Police Force on and after 1 February 1964 would be required to contribute to the Superannuation Fund, and that existing members at that date could remain as contributors to the Police Pensions Fund or elect to transfer their superannuation rights to the Superannuation Fund. The 1963 Act also provided for an actuarial investigation of the Police Pensions Fund and for the transfer of any surplus disclosed to the Consolidated Revenue.

The receipts of the Police Pensions Fund during 1965-66 amounted to \$1,248,381, comprising deductions from pay, \$55,034 ; special appropriation from Consolidated Revenue, \$380,000 ; interest on investments, \$804,538 ; and other receipts \$8,810. During the year, \$1,462,865 was paid in pensions, \$23,746 in gratuities, \$9,805 represented deductions from pay returned on resignation, \$4,693,457 (securities, accrued interest, etc.) was transferred to the State Superannuation Fund, and \$9,262 was transferred to Consolidated Revenue. The balance in the Fund at 30 June 1966 was \$14,331,168. Of this amount, \$14,290,500 was invested in government and semi-government securities.

The number of contributors to the Fund at 30 June 1966 was 471 males and 7 females.

Police Superannuation Fund

Pensions are payable out of this Fund on account of those who joined the Police Force prior to 25 November 1902.

The Fund is maintained by an annual subsidy of \$4,000 from Consolidated Revenue ; by a moiety of the fines inflicted by the Court of Petty Sessions ; by transfers from the Licensing Fund under the provisions of the Licensing Act ; and, should the foregoing sources prove insufficient, by a further grant in aid from Consolidated Revenue. Police contributions to the Fund ceased in 1940-41.

During the year 1965-66, the total receipts of the Fund from all sources amounted to \$182,563, while pension payments totalled \$26,012. The balance in the Fund at 30 June 1966, was \$1,415,653 of which \$612,250 was invested in Commonwealth Government securities.

Pensions Supplementation Fund

This Fund was established pursuant to the *Pensions Supplementation Act* 1966, to meet the cost of supplementing, as from 1 April 1966, the pensions of officers who retired on or before 1 April 1966 or the widows of such officers or of those officers who died prior to that date.

In terms of the Act, credits to the Fund will consist of :

- (i) transfers of money or assets which will equal in value the amounts debited to the Fund in respect of the supplementation of pensions and which are to be made from any surplus in the Superannuation Fund revealed at the preceding quinquennial actuarial investigation ;
- (ii) payments representing the amount standing at the credit of the Police Superannuation Fund at 30 June 1965 and at 30 June in each succeeding year ; and
- (iii) interest earned on investments made out of the Fund.

At 30 June 1966, no transactions had been recorded in the Fund.

Coal Mine Workers Pensions Fund

This Fund was established under the *Coal Mine Workers Pensions Act* 1942. The *Coal Mines Act* 1958 consolidated the law relating to coal mines and coal mine workers, and, together with the amending Acts of December, 1958, November, 1959, June, and December, 1960, and December, 1963, define contributions and benefits in connection with the Coal Mine Workers Pensions Fund. The annual contribution to the Fund is fixed by the Government Actuary after an actuarial valuation once in every three years. Mine workers contribute to the Fund at the rate of 90 cents weekly. Of the balance of the amount required, one-half is paid by the Treasurer of Victoria and one-half by the mine owners. A pension is payable to a mine worker on attaining the maximum age for retirement (in most cases 60 years), provided certain conditions as to length of service in the mining industry are satisfied. A pension is also payable to those qualified mine workers who are totally or partially incapacitated by an injury arising out of, and in the course of, their employment as mine workers. A widow of a pensioner, or a widow of a mine worker whose death was due to an injury as a mine worker, is entitled to the pension until death or remarriage. Allowances for children under the age of sixteen are also provided under the Act.

During 1965-66, the Government contributed \$65,736 to the Fund, and the State Coal Mine (as owners) \$70,576.

Parliamentary Contributory Retirement Fund

This Fund was established under authority of the *Parliamentary Contributory Retirement Fund Act* 1946 to provide pensions for ex-members of the Victorian Parliament. The legislation affecting this Fund was subsequently embodied in the *Constitution Act Amendment Act* 1958 which was amended by the *Parliamentary Contributory Superannuation Act* 1962.

This amendment, effective from 6 January 1963, restricted the application of the Fund to those ex-members of the Victorian Parliament who were entitled to benefits from the Fund on 5 January 1963, to their widows, and to the widows of ex-members who had an entitlement to a widow's pension on that date. In each case, the pension payable is at the rate of the basic wage payable in Melbourne.

As a result of the amending legislation the only credit in this Fund available for meeting benefits payable is that specially provided for the purpose from Consolidated Revenue. The amount so provided in 1965-66 was \$103,878.

Parliamentary Superannuation Fund

This Fund was established under the authority of the *Parliamentary Contributory Superannuation Act* 1962 which came into operation on 6 January 1963. Under the Act, the future liability for superannuation benefits of members of the Victorian Parliament at that date was transferred to this Fund from the Parliamentary Contributory Retirement Fund.

As from 6 December 1964, the rate of contribution to, and benefits payable from, the Fund were increased under the Authority of the *Parliamentary Salaries Pensions and Superannuation Act* 1964.

Members now contribute to the Fund at the rate of \$24 per fortnight. Any further sums required to pay pensions, etc., are paid from Consolidated Revenue.

Every person who has ceased to be a member and has served as a member for at least fifteen years, is entitled to be paid out of the Fund a pension at the rate of twice the basic wage payable in Melbourne. However, in certain circumstances, a person who has ceased to be a member and has served at least eight years may also receive a pension of the same amount.

Provision is also made for payments of certain sums to ex-members who do not fulfil the conditions necessary for a pension, and the payment of a pension to the widow of a deceased member or ex-member at the same rate as that paid to ex-members.

During 1965-66, receipts of the Fund totalled \$81,017, made up of members' contributions, \$64,608, and interest on investments \$16,409, while pension payments amounted to \$34,211. The balance in the Fund at 30 June 1966 was \$385,700 of which \$355,992 was invested in government and semi-government securities.

Married Women Teachers' Pensions Fund

This Fund was established under the provisions of the *Teaching Service (Married Women) Act* 1956 and came into operation on 1 July 1957. This Act was repealed in 1958 and included in the *Teaching Service Act* 1958 which consolidated all laws relating to the teaching service in the Education Department.

The Act provides, *inter alia*, for retirement benefits for married women who are permanently employed in the teaching service and are not eligible to contribute to the Superannuation Fund. A deduction of 5 per cent is made from the salary of each contributor and paid into the Fund together with a similar amount from Consolidated Revenue. On reaching the retiring age (60 or 65 at her option), a pension is payable according to the amount accumulated to her credit (including interest).

Receipts for 1965-66 amounted to \$114,888, consisting of teachers' contributions, \$42,189; contribution from Consolidated Revenue, \$44,000; and interest on investments, etc., \$28,699. Payments from the Fund during the year totalled \$20,039. The balance in the Fund at 30 June 1966, was \$628,569 of which \$582,979 was invested in government and semi-government securities.

Commonwealth Superannuation Fund

The Commonwealth Superannuation Scheme established under the provisions of the *Superannuation Act* 1922 provides pensions on retirement for officers and employees of the Commonwealth and certain Authorities of the Commonwealth and for their widows and children. Pensions are on a contributory basis. On retirement, contributors are entitled to \$91 per annum in respect of each unit contributed for and contributions of members provide \$26 of this. Each widow is entitled to a pension equal to a minimum of one-half or a maximum of five-eighths of that for which her husband was contributing or (if a pensioner) receiving. A pension of \$208 per annum is paid in respect of each child under sixteen years or up to 21 years for children undergoing full time education, of a married contributor or pensioner on his death. For orphan children \$520 per annum is paid.

In addition to the pension scheme, a Provident Account, established in 1937, provides a lump sum benefit to employees who for various reasons cannot become contributors for pension benefits. Contributions to the Provident Account are at the rate of five per cent of salary. The benefit payable is the total of the contributions actually paid plus compound interest, multiplied by three, or an amount equal to one-half of annual salary, if greater.

At 30 June 1966, there were 130,300 contributors to the Superannuation Fund and 14,255 to the Provident Account, while the number of pensions in force was 23,511. At the same date, the assets of the Fund (including those applicable to the Provident Account) were \$283.3m.

Trust Funds and Special Accounts

Under the provisions of the Constitution Act, revenues of the State are payable to Consolidated Revenue with the exception of certain revenues which have been set aside by various Acts of Parliament for specific purposes and are payable into special funds or accounts kept at the State Treasury. Numerous funds or accounts consisting of moneys collected for, or held for expenditure on behalf of, the Commonwealth Government, moneys provided for specified purposes by outside bodies, and amounts held in trust for government departments and for other accounts are also included in trust funds. The balances of all funds or accounts are held by way of investment or on general account and the operations of many are regulated by statute.

The transactions recorded annually are numerous and of considerable magnitude. During 1965-66, the debits of all trust funds or accounts amounted to \$494,747,640, while credits totalled \$497,945,516.

At 30 June 1966, the liability of the State on account of all trust funds or accounts amounted to \$114,079,292. Of this total, \$48,378,285 was invested in Commonwealth Stock or other securities, and cash advanced totalled \$16,724,441. The balance—\$48,976,565—was at the credit of the Public Account.

Expenditure from Loan Fund

In addition to the ordinary expenditure from revenue, certain sums are disbursed annually for various purposes from the Loan Fund and on account of loan. Details of such expenditure for each of the years 1961-62 to 1965-66 are shown in the following table. The total expenditure from all sources to 30 June 1966, regardless of whether the loans have been repaid or are still in existence, was \$2,173m.

VICTORIA—EXPENDITURE FROM LOAN FUND AND ON ACCOUNT OF LOAN (\$'000)

Expenditure on—	Year Ended 30 June—				
	1962	1963	1964	1965	1966
Public Works—					
Railways	15,328	15,618	15,620	15,501	16,300
Roads and Bridges	2,220	1,006	1,083	2,463	2,390
Harbours and Rivers	834	610	1,180	4,408	3,453
Water Supply	15,912	16,170	17,266	17,720	17,953
Sewerage	824	820	1,210	1,410	986
Electricity Supply	14,000	17,000	16,000	16,000	15,000
Gas and Fuel Corporation	140	100	60	80	60
Public Buildings—					
Schools	28,316	27,872	30,123	30,450	31,900
Hospitals, etc.	12,744	12,394	13,520	16,519	16,752
Other	3,492	5,272	7,970	7,847	9,834
Immigration	*	70	23	*	*
Municipalities—Loans, Grants, etc.	1,330	1,906	1,711	2,234	2,044
Housing	1,420	1,680	1,639	1,675	1,803
Other Public Works	526	658	594	632	552
Primary Production—					
Land Settlement	3,008	2,828	2,272	2,430	2,532
Soldier Settlement	592	182	185	78	64
Wire Netting Advances	2	2	1	1	*

* Under \$500.

VICTORIA—EXPENDITURE FROM LOAN FUND AND ON ACCOUNT OF
LOAN—*continued*

(\$'000)

Expenditure on—	Year Ended 30 June—				
	1962	1963	1964	1965	1966
Primary Production (<i>continued</i>)—					
Other Advances to Settlers (Including Drought, Flood, etc., Relief)	78	36	240	560	229
Forestry	1,830	2,020	2,025	2,092	2,077
Mining, <i>n.e.i.</i>	158	134	124	132	218
Cool Stores	108	136	176	194	180
Destruction of Vermin and Noxious Weeds	1,354	1,426	1,658	1,993	1,864
Other Primary Production ..	694	648	943	1,179	1,473
Other Purposes	1,924	2,076	2,125	2,258	3,181
Total	106,834	110,664	117,750	127,855	130,848

The figures in the table above do not include discounts and flotation expenses on loans for works and redemption purposes, particulars of which are as follows: 1961–62, \$854,694; 1962–63, \$1,592,534; 1963–64, \$1,000,497; 1964–65, \$610,698; 1965–66, \$1,036,344. The aggregate expenditure to 30 June 1966 was \$36,255,344.

Public Debt

General

The public debt chiefly comprises moneys 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 moneys have been used in Victoria principally for the construction of railways, roads, water supply and sewerage works, schools, hospitals, and 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 90 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 turn of the 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.

Advances made by the Commonwealth Government to Victoria, under the Commonwealth-State agreements relating to housing and soldier settlement, are not included in the public debt statements in this Year Book. The total of such advances owing at 30 June 1966, was \$406,354,048, of which \$392,806,928 was for housing, and \$13,547,120 for soldier settlement. These liabilities 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 1961-62 to 1965-66. 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. Separate particulars are shown for loans raised in Australia and London, while loans raised in New York, Canada, Switzerland, and the Netherlands are grouped under one heading.

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

Particulars	1961-62	1962-63	1963-64	1964-65	1965-66
DEBT MATURING IN AUSTRALIA					
Debt Outstanding at 1 July	1,166,110	1,246,406	1,320,866	1,411,589	1,518,481
New Debt Incurred—					
Commonwealth Government Loan					
Flotations	159,494	282,244	190,960	256,477	313,629
Domestic Raisings	2,716	1,640	2,101	4,391	2,228
Less Conversion and Redemption Loans	68,120	194,226	87,042	139,519	191,394
Total New Debt Incurred	94,090	89,658	106,019	121,344	124,463
Repurchases and Redemptions from National Debt Sinking Fund	13,794	15,198	15,297	14,452	16,043
Net Increase in Debt	80,296	74,460	90,722	106,892	108,420
Debt Outstanding at 30 June	1,246,406	1,320,866	1,411,589	1,518,481	1 626 901

VICTORIA—STATE PUBLIC DEBT : SUMMARY OF TRANSACTIONS—
continued

(\$A'000)

Particulars	1961-62	1962-63	1963-64	1964-65	1965-66
DEBT MATURING IN LONDON					
Debt Outstanding at 1 July	102,924	102,762	108,848	115,151	112,201
New Debt Incurred—					
Commonwealth Government Loan Flotations .. ..	..	6,198	7,358	..	..
Total New Debt Incurred .. ..	..	6,198	7,358	..	..
Repurchases and Redemptions from National Debt Sinking Fund	162	112	1,054	2,950	6,696
Net Increase in Debt	-162	6,086	6,303	-2,950	-6,696
Debt Outstanding at 30 June	102,762	108,848	115,151	112,201	105,505
DEBT MATURING IN NEW YORK, CANADA, SWITZERLAND, AND THE NETHERLANDS					
Debt Outstanding at 1 July	38,478	43,372	52,546	50,981	48,657
New Debt Incurred—					
Commonwealth Government Loan Flotations	8,924	10,144	..	..	3,460
Less Conversion and Redemption Loans	2,170	..	..	..	..
Total New Debt Incurred	6,754	10,144	..	..	3,460
Repurchases and Redemptions from National Debt Sinking Fund	1,670*	970	1,564	2,325	2,980
Adjustment due to Variation in Rate of Exchange	-190	..	..	..	..
Net Increase in Debt	4,894	9,174	-1,564	-2,325	480
Debt Outstanding at 30 June	43,372	52,546	50,981	48,657†	49,138
TOTAL					
Debt Outstanding at 1 July	1,307,512	1,392,540	1,482,260	1,577,721	1,679,338
New Debt Incurred—					
Commonwealth Government Loan Flotations	168,418	298,586	198,318	256,472	317,089
Domestic Raisings	2,716	1,640	2,101	4,391	2,228
Less Conversion and Redemption Loans	70,290	194,226	87,042	139,519	191,394
Total New Debt Incurred	100,844	106,000	113,377	121,344	127,923
Repurchases and Redemptions from National Debt Sinking Fund	15,626	16,280	17,915	19,727	25,718
Adjustment due to Variation in Rate of Exchange	-190	..	..	..	..
Net Increase in Debt	85,028	89,720	95,461	101,617	102,205
Debt Outstanding at 30 June	1,392,540	1,482,260	1,577,721	1,679,338	1,781,543

* Includes \$A39,000 discount expenses on conversion loans met from National Debt Sinking Fund.

† Includes New York, \$A41,407,000; Canada, \$A3,072,000; Switzerland, \$A2,600,000; and The Netherlands, \$A2,059,000.

Particulars concerning the due dates of loans outstanding at 30 June 1966, are given in the following table. Where the Government has the option of redemption during a specified period, the loans have been classified according to the latest date of maturity.

VICTORIA—DUE DATES OF LOANS AT 30 JUNE 1966
(\$A'000)

Due Date (Financial Year)	Amount Maturing—				Total
	In Australia	In London	In New York	Elsewhere Overseas	
1966-67	169,735	10,600	3,438	..	183,773
1967-68	175,459	20,795	..	..	196,254
1968-69	136,346	..	..	..	136,346
1969-70	100,550	19,263	1,746	..	121,558
1970-71	66,489	..	821	..	67,311
1971-72	69,240	..	3,133	..	72,374
1972-73	111,433	16,103	3,554	..	131,090
1973-74	41,694	..	..	..	41,694
1974-75	84,179	..	..	..	84,179
1975-76	91,911	700	..	2,600*	95,211
1976-77	327	..	..	..	327
1977-78	341	6,148	..	..	6,489
1978-79	357	23,790	3,052	..	27,199
1979-80	51,291	..	3,633	..	54,924
1980-81	41,815	..	3,750	3,072†	48,637
1981-82	55,939	7,358	5,810	2,059‡	71,165
1982-83	18,104	..	9,010	..	27,114
1983-84	80,286	750	..	..	81,036
1984-85	117,705	..	..	..	117,705
1985-86	72,179	..	3,461	..	75,640
1986-87	38,758	..	..	..	38,758
1987-88	98,790	..	..	..	98,790
Not Yet Fixed	3,972	..	..	..	3,972
Total	1,626,901	105,505	41,407	7,730	1,781,543

* Maturing in Switzerland.

† Maturing in Canada.

‡ Maturing in The Netherlands.

The following table shows details of the amounts of loans outstanding in Australia, London, New York, Canada, Switzerland, and The Netherlands, and the amount of debt per head of population at the end of each of the years 1961-62 to 1965-66 :

VICTORIA—PUBLIC DEBT : LOANS OUTSTANDING IN
AUSTRALIA, LONDON, NEW YORK, CANADA,
SWITZERLAND, AND THE NETHERLANDS

At 30 June—	Amount of Loans Maturing in—						Total Debt	
	Australia	London	New York	Canada	Switzer-land	The Nether-lands	Amount	Per Head of Population
1962 ..	1,246,406	102,762	35,208	\$A'000 3,506	2,600	2,059	1,392,540	466.92
1963 ..	1,320,866	108,848	44,404	3,484	2,600	2,059	1,482,260	487.63
1964 ..	1,411,589	115,151	42,964	3,359	2,600	2,059	1,577,721	508.30
1965 ..	1,518,481	112,201	40,729	3,269	2,600	2,059	1,679,338	531.04
1966 ..	1,626,901	105,505	41,407	3,072	2,600	2,059	1,781,543	553.65

The following table shows the rates of interest which were payable on the public debt at 30 June 1966, and the portions of the debt at each rate in Australia, London, New York, and elsewhere overseas, respectively :

**VICTORIA—RATES OF INTEREST ON PUBLIC DEBT AT
30 JUNE 1966
(\$A'000)**

Rate of Interest per cent	Amount Maturing—				Total
	In Australia	In London	In New York	Elsewhere Overseas	
6.0 .. ..	..	1,450	..	..	1,450
5.75 .. ..	..	..	3461	3,072*	6,533
5.5 .. ..	..	53,398	14,820	..	68,217
5.375	67,305	..	..	..	67,305
5.25	203,876	..	7,383	..	211,259
5.0	652,104	..	6,185	2,059†	660,347
4.75	142,309	..	3,554	..	145,863
4.625	14,150	..	..	..	14,150
4.5	329,438	..	821	2,600‡	332,859
4.25	136,754	..	..	..	136,754
4.0	17,131	..	..	..	17,131
3.875	106	..	..	..	106
3.75	54,772	..	1,746	..	56,518
3.5 .. ..	..	10,600	3,438	..	14,038
3.4875	1	..	..	..	1
3.25 .. ..	..	19,263	..	..	19,263
3.1	553	..	..	..	553
3.0	1,876	20,795	..	..	22,671
2.7125	233	..	..	..	233
2.325	1,202	..	..	..	1,202
1.0	5,089	..	..	..	5,089
Total	1,626,901	105,505	41,407	7,730	1,781,543
Average Rate of Interest	4.79	4.40	5.08	5.13	4.77

* Maturing in Canada.

† Maturing in The Netherlands.

‡ Maturing in Switzerland.

In the next 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 1961–62 to 1965–66. 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, the total liability per head of population, and the average rate of interest liability.

VICTORIA—ANNUAL INTEREST LIABILITY

At 30 June—		Payable in Australia	Payable in Overseas Countries	Total	Per Head of Population	Average Rate
		\$A'000			\$A	%
1962	.. ..	56,028	6,394	62,422	21.11	4.48
1963	.. ..	59,110	7,240	66,350	22.04	4.48
1964	.. ..	63,361	7,529	70,890	23.08	4.49
1965	.. ..	70,341	7,310	77,650	24.77	4.63
1966	.. ..	77,879	7,144	85,023	26.64	4.77

The interest and expenses associated with the public debt of Victoria, for each of the years 1961–62 to 1965–66 are shown in the following table :

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

Year Ended 30 June—	Interest Paid on Loans Maturing—				Total Interest	Exchange on Pay- ment of Interest Overseas	Commis- sion on Payment of Interest Overseas, Expenses of Conversion Loans, etc.	Grand Total*	
	In Australia	In London	In New York	Elsewhere Overseas					
1962	..	51,692	3,410	746	146	55,994	1,920	312	58,226
1963	..	57,120	3,432	924	214	61,690	2,166	254	64,110
1964	..	60,729	3,782	1,029	214	65,755	2,380	272	68,407
1965	..	66,189	3,963	998	210	71,361	2,398	300	74,059
1966	..	72,058	3,877	1,007	209†	77,150	2,344	353	79,847

* Includes \$A4,254,000 contributed each year by the Commonwealth Government in accordance with the provisions of the "Financial Agreement" (see page 626), but excludes interest paid on advances received from the Commonwealth Government for housing and soldier settlement.

† Includes Canada, \$A95,000; Switzerland, \$A45,000; and The Netherlands, \$A69,000.

National Debt Sinking Fund

Under the Financial Agreement of 1927 between the Commonwealth and the States, it was arranged that the Commonwealth 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 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 1961-62 to 1965-66 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	1961-62	1962-63	1963-64	1964-65	1965-66
Contributed under Financial Agreement—					
Victoria	12,350	13,392	14,275	15,333	16,437
Commonwealth	3,130	3,390	3,700	3,937	4,225
Total Contributions under Financial Agreement	15,480	16,782	17,975	19,271	20,662
Interest on Investments	Dr. 2	Dr. 26	24	Dr. 12	5
Special Contributions by Victoria	108	102	102	102	102
Total	15,586	16,858	18,101	19,361	20,769
Total to Date	174,976	191,834	209,934	229,295	250,064

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

Particulars	1961-62	1962-63	1963-64	1964-65	1965-66
Australia—					
Face Value	13,794	15,198	15,297	14,452	16,043
Net Cost	13,788	15,192	15,289	14,447	16,027
London—					
Face Value	162	112	1,054	2,950	2,820
Net Cost	148	114	1,010	2,727	2,667
New York—					
Face Value	1,632	950	1,438	2,235	2,783
Net Cost	1,654*	942	1,440	2,246	2,765
Canada—					
Face Value .. ..	..	20	126	90	197
Net Cost .. ..	..	20	126	90	197
Total—					
Face Value	15,588	16,280	17,915	19,727	21,842
Net Cost	15,590	16,268	17,866	19,511	21,656
Total to Date—					
Net Cost	174,552	190,820	208,686	228,197	249,853

* Includes \$A39,000 discount on conversion loans in New York.

Further Reference, 1964

*Private Finance***Commonwealth Banking Legislation**

Information about the provisions of Commonwealth banking legislation will be found on pages 648 to 650 of the Victorian Year Book 1966.

Banking during 1966*General*

During 1966, the Reserve Bank eased its constraints on bank lending, which were in force over the previous two years. Although borrowing by companies owned or controlled outside Australia was subject to official guidance, banks had to observe only mild restraint over their lending generally. Also, they were officially encouraged and helped to provide easier credit for drought relief and housing.

The Reserve Bank relaxed its bank lending restraints by making three reductions in the trading banks' Statutory Reserve Deposit Ratio (S.R.D.). The first was on 5 April 1966 when the Ratio was reduced by 2·4 per cent to 10·4 per cent of bank deposits. The next was on 26 April 1966 when it was reduced by 1 per cent to 9·4 per cent. On 6 December 1966, there was a further reduction of 0·5 per cent to 8·9 per cent—the lowest level since introduction of the S.R.D. system. These reductions released about \$200m, a proportion of which was allocated for augmenting the banks' Term Loan Fund (established in April 1962) and for establishing, in April 1966, a Farm Development Loan Fund. The latter was set up because, early in 1966, the Commonwealth Government found it necessary to extend trading bank loan facilities for farm development purposes, including measures for recovery from the severe drought in eastern Australia and for mitigation of future droughts.

The introduction of farm development loans, available for fixed periods up to 15 years with longer periods possible in special cases, at the usual preferential lending rates which are applicable to farmers, was designed to supplement those available from banks on overdraft and term loans. This new rural credit policy represents a net addition to bank lending to the rural sector, and a widening of the range of bank credit in that the loans are for terms longer than existing bank lending.

Trends in Bank Lending

The S.R.D. reductions placed trading banks in a better position than they were in 1965 to meet credit demands, which were fairly strong in late 1966. During 1966, major trading bank advances rose at a faster rate than their deposits. Advances rose by \$291m to \$2,952m. Of this increase, about \$41m was in term loans and \$8m in farm development loans. (In 1965, advances rose by \$275m).

In the second half of 1966, rates of new and increased lending commitments were running well in excess of cancellations and reductions of limits. Thus outstanding overdraft limits rose by over \$200m between June and December. Also, in 1966, the degree to which these limits were utilised by bank customers in actual advances, was somewhat higher than in 1965. As from 1 January 1966, a charge was introduced on the unused portion of some overdraft limits.

Deposits and Interest Rates

On 17 August 1966, the Reserve Bank announced small interest rate reductions in the following categories of trading bank fixed deposits :

	<i>Current Rate (per cent per annum)</i>	<i>Previous Rate (per cent per annum)</i>
30 days and less than 3 months (Amounts of \$100,000 and over)	4.00	4.25
3 months and less than 12 months	4.00	4.25
12 months to 18 months	4.25	4.50

The Reserve Bank made these reductions because of the need to restore somewhat greater differentiation between rates on various terms of fixed deposits, and for consistency with rates in other sections of the capital market.

During 1966, major trading bank deposits rose by \$319m to \$5,298m. Of this rise, only about \$130m was in fixed deposits, the rest in current deposits. By contrast, in 1965, current deposits had fallen by about \$56m and fixed deposits had risen by \$255m, giving a net of \$200m.

Banking Services

Victoria is provided with a comprehensive range of both trading and savings bank facilities, the most important of which are :

Accounts : Current (cheque) accounts ; Savings accounts (including special purpose accounts) ; Interest-bearing term deposits ; Periodical payments ; Special arrangements for accounts of charitable and non-profit organisations.

Credit : Loans on overdrafts ; Discounting bills and promissory notes ; Loans for fixed periods for special purposes (exports, development, rural, etc.) ; Housing loans ; Personal loans.

Remittances (within Australia) : By drafts, mail transfers, and telegrams.

International Banking : Collection and negotiation of bills of exchange, commercial letters of credit, purchase and sale of overseas exchange, forward exchange.

Safe Custody : Deposit vaults and night safes.

Information : Banking assessment of individuals, firms and companies ; information for immigrants ; introductions ; trade, industrial, and economic enquiries. Publications on economic conditions, trade, and industry are provided by some banks.

Investment Services : Nominee, registrar, and other services, for investors, superannuation funds, and unit trusts.

Travel : Information, accommodation, currency and travel arrangements, including bookings, reservations, itinerary planning, travellers' cheques, letters of credit, baggage insurance, and passports.

History of Banking in Victoria, 1961

Trading Banks

The following table shows the number of branches and agencies in Victoria conducted by individual trading banks at 30 June 1964, 1965, and 1966 :

VICTORIA—TRADING BANKS : NUMBER OF BRANCHES AND AGENCIES

Bank	At 30 June—					
	1964	1965	1966	1964	1965	1966
Commonwealth Trading Bank of Australia	114	127	133	81	79	82
Private Trading Banks—						
Australia and New Zealand Bank Ltd	185	190	199	106	123	125
The Bank of Adelaide	2	2	2	..	..	..
The Bank of New South Wales..	158	163	167	20	21	23
The Commercial Bank of Australia Ltd	162	164	166	68	67	67
The Commercial Banking Co. of Sydney Ltd	120	125	129	39	40	40
The English, Scottish, and Australian Bank Ltd	148	150	153	34	33	33
The National Bank of Australasia Ltd	231	239	243	97	102	91
Total Private Trading Banks	1,006	1,033	1,059	364	386	379
Total Trading Banks	1,120	1,160	1,194	445	465	461
Metropolitan Area	604	656	670	209	229	224
Remainder of State	516	504	524	236	236	237

The following tables show particulars of the averages of deposits with, and advances by, trading banks in Victoria during the month of June, 1966. Comparable figures for the month of June for each of the preceding four years are also shown in the second table. The monthly averages are obtained by recording the amounts of deposits and advances at the close of business on Wednesday of each week.

VICTORIA—TRADING BANKS : AVERAGES OF DEPOSITS
AND ADVANCES, MONTH OF JUNE, 1966
(\$'000)

Bank	Deposits			Loans, Advances, and Bills Discounted
	Not Bearing Interest	Bearing Interest	Total	
Commonwealth Trading Bank of Australia	85,946	85,765	171,712	104,385
Private Trading Banks— Australia and New Zealand Bank Ltd	158,132	127,739	285,871	155,834
The Bank of Adelaide	2,960	6,809	9,770	4,086
Bank of New South Wales	103,340	85,113	188,452	109,493
The Commercial Bank of Australia Ltd	111,794	102,221	214,015	124,901
The Commercial Banking Co. of Sydney Ltd	64,460	69,928	134,388	62,246
The English, Scottish, and Australian Bank Ltd	106,221	84,957	191,178	89,607
The National Bank of Australasia Ltd	160,966	179,776	340,743	148,087
Total	793,819	742,308	1,536,129	798,639

VICTORIA—TRADING BANKS : AVERAGES OF DEPOSITS
AND ADVANCES
(\$'000)

Month of June—	Deposits			Loans, Advances, and Bills Discounted
	Not Bearing Interest	Bearing Interest	Total	
1962	741,218	431,800	1,173,018	601,772
1963	738,336	473,778	1,212,114	638,974
1964	813,276	574,108	1,387,384	657,138
1965	795,002	669,750	1,464,752	719,518
1966	793,819	742,308	1,536,129	798,639

A classification of persons and authorities in receipt of trading bank advances for each of the years 1961–62 to 1965–66 is given in the following table. Business advances are classified according to the main industry of the borrower.

**VICTORIA—TRADING BANKS : CLASSIFICATION OF
ADVANCES**

(\$m)

Classification	At End of June—				
	1962	1963	1964	1965	1966
Resident Borrowers—					
Business Advances—					
Agriculture, Grazing, and Dairying ..	90.3	96.7	100.2	110.2	119.2
Manufacturing	168.4	177.0	163.4	196.5	212.6
Transport, Storage, and Com- munication	8.3	9.9	16.2	15.4	16.6
Finance	55.1	40.6	51.8	49.1	49.4
Commerce	124.5	132.6	126.2	136.0	151.9
Building and Construction ..	19.1	18.7	20.2	24.3	25.5
Other Businesses	43.8	51.6	52.8	55.5	75.5
Unclassified	7.2	5.2	5.6	6.8	7.3
Total Business Advances ..	516.7	532.3	536.4	594.0	658.1
Advances to Public Authorities ..	7.6	7.0	10.4	10.1	14.9
Personal Advances	88.1	98.0	106.4	110.0	119.4
Advances to Non-profit Organisations..	9.6	10.5	10.8	11.0	12.9
Total Advances to Resident Bor- rowers	622.0	647.8	664.0	725.1	805.4
Non-resident Borrowers	0.2	0.3	0.4	0.4	0.3
Grand Total	622.2	648.1	664.4	725.5	805.7

A classification of bank deposits is available only on a Commonwealth basis, and is to be found in the *Banking and Currency Bulletin* issued annually by the Commonwealth Statistician.

The following table shows, for each of the years 1956–57 to 1965–66, the average weekly amounts debited by cheque paying banks to customers' accounts. Particulars relate to the operations of trading banks transacting business in Victoria (as set out in the tables on pages 664–5) together with the Bank of New Zealand, and the Banque Nationale de Paris (all of which are cheque paying banks) and, in addition, the Rural Credits Department of the Reserve Bank and the Commonwealth Development Bank (prior to 14 January 1960, Industrial Finance and Mortgage Bank Departments of the Commonwealth Bank). Debits to Australian Government accounts at city branches are excluded from the table.

**VICTORIA—CHEQUE PAYING BANKS : AVERAGE WEEKLY
DEBITS TO CUSTOMERS' ACCOUNTS**

(\$m)

Year Ended 30 June—	Average Weekly Debits	Year Ended 30 June—	Average Weekly Debits
1957	390.9	1962	590.0
1958	414.1	1963	650.5
1959	449.5	1964	733.2
1960	529.1	1965	825.3
1961	565.9	1966	847.7

Reserve Bank of Australia

General

The Reserve Bank is Australia's central bank and acts as banker and financial agent of the Commonwealth. The *Reserve Bank Act* 1959-1966 (which came into operation on 14 January 1960) preserved and continued in existence the original body corporate known as the Commonwealth Bank of Australia under the new name, Reserve Bank of Australia, and also preserved within it the special departments of Note Issue and Rural Credits.

Further information about the functions of the Reserve Bank, including its Note Issue and Rural Credits Departments, is set out on page 655 of the Victorian Year Book 1966.

Financial Statements

The Bank's liabilities and assets, for each of the years 1961-62 to 1965-66 are shown in the following tables, together with net profits and their distribution :

AUSTRALIA—RESERVE BANK OF AUSTRALIA :
CENTRAL BANKING BUSINESS (INCLUDING NOTE ISSUE
DEPARTMENT) : AVERAGE LIABILITIES AND ASSETS
(\$'000)

Particulars	1961-62	1962-63	1963-64	1964-65	1965-66
Liabilities—					
Capital and Reserve Funds	52,000	57,026	60,604	65,375	70,265
Australian Notes on Issue	855,006	876,524	876,721	887,073	871,614
Statutory Reserve Deposit					
Accounts of Trading Banks	435,466	424,508	531,354	701,634	607,790
Other Deposits of Trading Banks	62,908	119,024	82,857	62,376	66,891
Deposits of Savings Banks	302,072	356,422	420,306	434,366	437,142
Other Liabilities	363,900	257,164	278,402	284,205	274,155
Total	2,071,352	2,090,668	2,250,244	2,435,029	2,327,857
Assets—					
Gold and Foreign Exchange	1,052,118	1,095,658	1,399,722	1,490,690	1,207,571
Australian Notes and Coin	15,970	18,236	19,340	15,956	22,458
Cheques and Bills of Other Banks	3,580	3,860	3,694	5,644	8,077
Australian Government Securities—					
Redeemable in Australia—					
Treasury Bills and Treasury Notes*	380,228	308,788	232,486	193,028	294,949
Other	471,502	515,118	428,662	534,408	539,013
Other Securities	7,450	5,130	2,940	246	..
Bills Receivable and Remittances in Transit	12,540	15,316	18,256	19,388	24,033
Loans, Advances and All Other Assets	127,964	128,562	145,144	175,669	231,756
Total	2,071,352	2,090,668	2,250,244	2,435,029	2,327,857

* Treasury notes were first issued on 16 July 1962, to replace seasonal securities ; earlier figures include seasonal securities.

**AUSTRALIA—RESERVE BANK OF AUSTRALIA : RURAL
CREDITS DEPARTMENT : AVERAGE LIABILITIES AND
ASSETS
(\$'000)**

Particulars	1961-62	1962-63	1963-64	1964-65	1965-66
Liabilities (Excluding Capital and Contingencies)	115,212	111,080	119,080	133,912	167,740
Assets—					
Loans, Advances, etc.	136,958	133,362	143,712	159,626	195,820
Other Assets ..	92	1,048	286	736	164
Total Assets ..	137,050	134,410	143,998	160,362	195,984

**AUSTRALIA—RESERVE BANK OF AUSTRALIA :
NET PROFITS
(\$'000)**

Department	1961-62	1962-63	1963-64	1964-65	1965-66
Central Banking ..	13,346	6,702	9,966	15,293	8,713
Note Issue	31,502	25,562	26,982	30,521	31,070
Rural Credits ..	938	888	986	1,000	1,196
Total ..	45,786	33,152	37,934	46,814	40,979

**AUSTRALIA—RESERVE BANK OF AUSTRALIA :
DISTRIBUTION OF PROFITS
(\$'000)**

Particulars	1961-62	1962-63	1963-64	1964-65	1965-66
Commonwealth of Australia	40,474	28,912	31,965	41,021	35,783
Reserve Bank Reserve Fund	4,372	3,352	4,983	4,793	4,000
Rural Credits Department—					
Reserve Fund ..	470	444	493	500	598
Development Fund	470	444	493	500	598
Total ..	45,786	33,152	37,934	46,814	40,979

Commonwealth Banking Corporation

General

The Commonwealth Banking Corporation, established under the *Commonwealth Banks Act* 1959, came into being on 14 January 1960, and is the controlling body for the Commonwealth Trading Bank of Australia, the Commonwealth Savings Bank of Australia, and the Commonwealth Development Bank of Australia.

The Corporation Board consists of three *ex officio* members, viz., the Managing Director and Deputy Managing Director of the Corporation and the Secretary to the Commonwealth Treasury, plus eight members (who include the Chairman and Deputy Chairman) appointed from private enterprise other than the private banking industry.

It is the duty of the Board, within the limits of its powers, to ensure that the policy of the Corporation and the banking policy of the Trading Bank, of the Savings Bank, and of the Development Bank are directed to the greatest advantage of the people of Australia and have due regard to the stability and balanced development of the Australian economy.

Commonwealth Trading Bank of Australia

The Commonwealth Trading Bank was established in 1953 when it took over the general banking division of the Commonwealth Bank of Australia. (The Commonwealth Bank of Australia commenced general banking activities in January, 1913.)

The Commonwealth Trading Bank is today one of the largest trading banks in Australia. At June, 1966, deposits totalled \$923m, or 18.5 per cent of the total deposits of all major Australian trading banks, advances to customers were \$493m, customers' accounts numbered 938,000, and it had 1,062 branches and agencies throughout Australia.

The Trading Bank has agents and correspondents throughout the world. It has always helped the promotion of Australia's international trade and finances a large volume of export and import business. Its officers have been members of Commonwealth Government trade missions and gather information overseas on economic conditions and market prospects for use by the Bank's Trade Service.

The Bank's Stock and Share Department provides facilities for the conduct of share, stock, note, and debenture registers, on behalf of public companies and local and semi-governmental authorities.

Commonwealth Savings Bank of Australia

The Commonwealth Savings Bank of Australia was established in July, 1912. It is the largest savings bank in Australia, having total assets in excess of \$2,440m.

At the end of June, 1966, amounts on deposit with the Savings Bank within Australia totalled \$2,318m and it was conducting 6,346,000 active accounts. The Savings Bank's depositors' balances are widely invested in the development of Australia; apart from advances (mainly for housing) of \$640m outstanding in June, 1966, investments in Commonwealth and State Government securities totalled \$1,167m and in local and semi-governmental securities amounted to \$308m.

Between 1946 and June, 1966, \$923m has been provided for housing purposes, assistance having been provided to 203,000 families.

The Commonwealth Savings Bank and the Commonwealth Trading Bank provide special services to facilitate the assimilation of newcomers to Australia through the Australian Financial and Information Service in London, the Migrant Information Service in all capital cities and other major centres, and agencies conducted on migrant vessels and at hostels.

Commonwealth Development Bank of Australia

The Commonwealth Development Bank of Australia commenced operations on 14 January 1960, taking over the assets and liabilities of the Industrial Finance and Mortgage Bank Departments of the former Commonwealth Bank of Australia.

The Development Bank is a source of development finance supplementary to the trading banks and other recognised sources of finance. It provides assistance for primary production and for the establishment or development of industrial undertakings, particularly small undertakings, where the funds sought are not otherwise available on reasonable and suitable terms and conditions, and, in the opinion of the Bank, the provision of finance is desirable.

Rural loans are made for a variety of purposes, e.g., clearing, fencing, pasture improvement, farm water conservation, erection of essential farm buildings, and the stocking of properties. Other aspects of assistance granted include aid to successful applicants in government sponsored rural development schemes and land ballots. Special attention is also given to providing finance to applicants opening up new areas.

Further information on the Development Bank is set out on page 659 of the Victorian Year Book 1966.

The following tables illustrate various activities of the Commonwealth Banking Corporation :

AUSTRALIA—COMMONWEALTH TRADING BANK : DEPOSITS, ADVANCES, AND NUMBER OF ACCOUNTS

At 30 June—	Deposits Repayable in Australia (Average for Month of June)			Advances	Number of Accounts
	Bearing Interest	Not Bearing Interest	Total		
	\$m				'000
1962.. ..	232	372	604	324	760
1963.. ..	246	390	636	360	773
1964.. ..	319	431	750	380	821
1965.. ..	403	443	846	440	878
1966.. ..	469	454	923	493	938

**AUSTRALIA—COMMONWEALTH SAVINGS BANK : NUMBER
OF ACTIVE ACCOUNTS, AMOUNT AT CREDIT OF
DEPOSITORS, LOANS AND ADVANCES OUTSTANDING,
ETC.**

At 30 June—	Number of Active Accounts	Amount at Credit of Depositors	Loans and Advances Outstanding	Commonwealth and Other Securities Held
	'000		\$m	
1962	5,560	1,746	328	1,220
1963	5,660	1,878	364	1,290
1964	5,860	2,063	452	1,367
1965	6,120	2,200	546	1,442
1966	6,346	2,318	640	1,475

Details of financial assistance approved by the Commonwealth Development Bank during the period 14 January 1960 to 27 May 1967 are set out in the following tables :

**AUSTRALIA AND VICTORIA—COMMONWEALTH DEVELOP-
MENT BANK : LOANS APPROVED, 14 JANUARY 1960
TO 27 MAY 1967**

Particulars	Rural Loans		Industrial Loans		Total	
	No.	Amount	No.	Amount	No.	Amount
		\$'000		\$'000		\$'000
Australia ..	16,674	175,306	1,798	54,663	18,472	229,969
Victoria ..	2,673	26,502	423	15,334	3,096	41,836

**AUSTRALIA AND VICTORIA—COMMONWEALTH DEVELOP-
MENT BANK : EQUIPMENT FINANCE ON HIRE
PURCHASE TERMS, 14 JANUARY 1960 TO 27 MAY 1967**

Particulars	Number of Advances	Amount Advanced
		\$'000
Australia	95,363	256,118
Victoria	19,479	58,923

Advances by the Commonwealth Development Bank to rural and other industries outstanding in Australia at 30 June 1966 were as follows :

AUSTRALIA—COMMONWEALTH DEVELOPMENT BANK OF AUSTRALIA : ADVANCES TO RURAL AND OTHER INDUSTRIES OUTSTANDING AT 30 JUNE 1966

Rural Industries				Other Industries			
Type of Industry			Advances Outstanding	Type of Industry			Advances Outstanding
			\$'000				\$'000
Sheep			47,157	Chemical Products ..			1,780
Cattle			10,740	Electrical Manufacturing..			788
Dairying			10,627	Food Processing			4,028
Wheat and Other Grain				Engineering			5,023
Crops			10,751	Other Manufacturing .. .			6,607
Fruit			3,780	Transport			1,813
Poultry			2,579	Miscellaneous			7,172
Miscellaneous			6,600				
Total			92,234	Total			27,211

State Savings Bank of Victoria

General

The State Savings Bank of Victoria was established in 1841, is constituted under Victorian statutes, and operates branches and agencies throughout Victoria. It is directed by a Government appointed board of seven commissioners, who exercise control through a general manager. The business of the bank is conducted in two Departments. The Savings Bank Department accepts interest-bearing savings (pass-book accounts) and fixed deposit funds and provides cheque account, safe deposit, and other banking facilities. The Credit Foncier Department makes long-term loans to finance the erection and purchase of homes and farms. At 30 June 1966, there were 2·4 million operative accounts at the Bank's 491 branches and 700 agencies and depositors balances aggregated \$894m. Total assets of the Bank were \$973m.

Investment of Funds

The Bank's funds are principally invested in loans to semi-governmental, municipal, and other public authorities within Victoria ; loans on the security of first mortgage over freehold land in Victoria, and in Commonwealth Government Securities. All funds used by the Credit Foncier Department are obtained from the Savings Bank Department and are secured by debentures. Over many years, loans by the Bank have greatly assisted the financing of development projects of semi-governmental and other authorities throughout the State. The

electricity and gas supply, water storage and reticulation, sewerage installations, construction of streets, and the provision of parks and gardens, are but a few examples of public works that have been made possible through loan money provided by the Bank. At 30 June 1966, outstanding loans to semi-governmental and municipal authorities totalled nearly \$298m.

Housing

The State Savings Bank through both its Savings Bank and Credit Foncier Departments, is the largest single lender for housing in Victoria. At 30 June 1966, mortgage loans outstanding totalled \$307.9m made up of \$261.9m advanced to 56,795 home owners; \$13.1m advanced to 1,482 farmers; \$6.6m on loan to 534 churches and social organisations; \$17.6m to Co-operative Housing Societies; and \$8.7m to the Home Finance Trust.

Cheque Accounts

Under a 1957 amendment to the State Savings Bank Act, the Bank is empowered to conduct cheque accounts which, except in the case of non-profit organisations, do not bear interest. The charge for keeping an account is a fee of 5 cents for each cheque and is collected on the issue of a cheque book. At 30 June 1966, the number of cheque accounts was 165,537 with total balances of \$39.9m.

Christmas Club Accounts

In November, 1964, the Bank introduced Christmas Club accounts. In December, 1966, at the end of the second Christmas Club year, the funds of the 86,741 members enrolled amounted to \$5.6m. Members receive a book of 50 coupons in denominations of \$1, \$2, \$3, \$5, or \$10, pre-punched with account and serial numbers. As each deposit is made, a coupon is detached and forwarded for recording in the Bank's data processing centre. The club year encompasses a cycle of about 50 weeks and ends on 30 November. A cheque representing the total of coupons lodged plus interest is posted to the member early in December.

School Banking

Established in 1912, the State Savings Bank's school bank system has given generations of Victorian children an introduction to money management. At 30 June 1966, banks were established at 2,550 schools, and the total balances held on behalf of 422,490 students were \$8m. Since 1957, the Bank has further assisted students by

establishing student-operated banks at many secondary schools. As the name implies, this type of bank is staffed by the students themselves. At 30 June 1966, such banks were operating in 259 Victorian secondary schools.

Industrial Savings Facilities

The original form of banking-at-work, introduced to Australia in 1927 by the State Savings Bank of Victoria, still enables employees to lodge envelopes containing their deposits in strong boxes, which are cleared by the bank staff. Three other forms of banking-at-work operate through State Savings Bank branches. These are National Savings Groups, Pay-Roll Savings Plan, and Employees Savings Groups. In 1965-66, the Bank received \$13.2m in deposits lodged through these schemes now established at 2,120 centres.

Personal Loans

Since November 1963, the Bank has granted personal loans to depositors to meet the cost of urgent personal needs ; to purchase, improve, and maintain real property ; to carry on farming operations and purchase farm equipment ; and to establish, purchase, or carry on small businesses. The loans are repayable by instalments over periods of from one to four years. At 30 June 1966, \$1.3m was owing by 1,788 borrowers.

Bursaries

Since 1939, the Bank has granted bursaries to selected student depositors who have qualified for the Intermediate Certificate or its equivalent. The bursaries are for one year, but may be extended for a further year. In 1966, the Bank awarded 81 new bursaries, valued at \$90 each, and extended 54 existing bursaries.

Other Services

Depositors may arrange for payments from Government Departments (including child endowment, military pay, allotments, and war pensions), dividends on shares, interest on stocks and debentures, and other special credits to be made direct to their accounts. Full facilities are provided at all branches for the acceptance of cash and conversion applications for Commonwealth Government loans and for public loans raised by Victorian semi-governmental authorities. The State Savings Bank accepts payments due to the State Electricity Commission of Victoria, the Gas and Fuel Corporation of Victoria, and several other public utilities. During 1965-66, the Bank accepted

3.4 million such payments totalling \$37m. The total assets of the Bank at 30 June 1966, after the exclusion of inter-departmental items, were \$973m.

Profits accruing from the activities of the Savings Bank Department were : 1961-62, \$447,742 ; 1962-63, \$2,495,008 ; 1963-64, \$4,029,744 ; 1964-65, \$2,843,338 ; 1965-66, \$2,453,078. Reserve Funds totalled \$28.4m at 30 June 1966.

The following table shows the number of accounts open and the amount remaining on deposit for each year from 1961-62 to 1965-66 :

VICTORIA—STATE SAVINGS BANK : ACCOUNTS AND DEPOSITS*

At 30 June—	Passbook and Cheque Accounts		Deposit Stock Accounts		School Bank Accounts	
	Number of Operative Accounts	Amount at Credit of Depositors	Number of Operative Accounts	Amount at Credit of Stockholders	Number of Operative Accounts	Amount at Credit of Depositors
	'000	\$'000	'000	\$'000	'000	\$'000
1962 ..	1,765	614,432	14	42,914	371	6,324
1963 ..	1,774	649,520	17	57,422	393	6,742
1964 ..	1,805	704,073	20	68,644	403	7,152
1965 ..	1,839	740,806	25	89,516	415	7,671
1966 ..	1,860	772,914	31	109,736	422	8,046

* Excluding Christmas Club Accounts. At 30 June 1966, the amount at credit of 82,662 club members was \$2,901,000.

The following table shows the transactions of the Bank for each year from 1961-62 to 1965-66 :

VICTORIA—STATE SAVINGS BANK TRANSACTIONS

Year Ended 30 June—	Number of Accounts—			Deposits	Withdrawals	Interest Added	Amount at Credit of Depositors
	Opened	Closed	Operative Accounts Remaining Open at End of Period				
	'000			\$'000			
1962 ..	371	311	2,150	765,782	738,056	19,332	663,670
1963 ..	375	320	2,184	877,418	847,578	20,174	713,684
1964 ..	368	312	2,228	994,477	946,989	18,697	779,869
1965 ..	390	323	2,279	1,170,668	1,132,970	22,008	839,575
1966 ..	406	337	2,314	1,357,131	1,327,491	24,387	893,602

NOTE.—In the above table increases shown by accounts opened and closed differ from actual increases in operative accounts because of transfers to inoperative accounts.

Details of transactions in the Credit Foncier Department are shown below :

VICTORIA—STATE SAVINGS BANK : CREDIT FONCIER
TRANSACTIONS

Particulars	Year Ended 30 June—				Total to 30 June 1966
	1963	1964	1965	1966	
Stock and Debentures—					
Issued \$'000	81,000	147,500	184,500	192,000	1,438,690*
Redeemed \$'000	66,000	130,000	169,500	184,000	1,250,690
Outstanding at 30 June \$'000	147,500	165,000	180,000	188,000	188,000
Pastoral or Agricultural Property—					
Advanced \$'000	346	467	302	337	27,394
Repaid \$'000	116	172	171	206	25,688
Outstanding at 30 June \$'000	1,150	1,444	1,575	1,706	1,706
Loans Current, 30 June No.	432	451	457	460	460
Dwelling or Shop Property—					
Advanced \$'000	25,952	31,838	30,751	26,122	382,183
Repaid \$'000	11,162	14,877	16,583	17,185	191,159
Outstanding at 30 June \$'000	150,958	167,919	182,087	191,024	191,024
Loans Current, 30 June No.	40,021	42,005	44,139	45,225	45,225
Housing Advances—					
Advanced \$'000	..	..	..	..	19,680
Repaid \$'000	54	42	27	22	19,622
Outstanding at 30 June \$'000	148	107	80	58	58
Loans Current, 30 June No.	315	233	154	117	117
Country Industries—					
Advanced \$'000	..	..	..	..	391
Repaid \$'000	..	..	1	1	391
Outstanding at 30 June \$'000	2	2	1	..	..
Loans Current, 30 June No.	1	1	1	..	..
Total Transactions—					
Advanced \$'000	26,298	32,305	31,052	26,459	429,648
Repaid \$'000	11,332	15,091	16,782	17,414	236,860
Outstanding at 30 June \$'000	152,258	169,472	183,743	192,788	192,788
Loans Current, 30 June No.	40,769	42,690	44,751	45,802	45,802

* Including conversion loans, and \$5,275,000 stock inscribed in exchange for debentures.

The net profit of the Credit Foncier Department for the year ended 30 June 1966, after making provision for bad and doubtful debts, was \$258,138. This sum was added to General Reserve, which amounted to \$5,250,074 at 30 June 1966. There are provisions for depreciation and long service leave amounting to \$400,000.

History of the State Savings Bank, 1961

Private Savings Banks

Private savings banks in Victoria are part of a nation-wide savings bank network conducted by the wholly owned subsidiaries of each of the seven major private banks operating in Australia which are themselves public companies listed on local stock exchanges. Deposits with the private savings banks are guaranteed by the parent trading bank companies.

Private savings banks have been operating in Victoria since January, 1956, when two of the banks commenced operations in this field. By July, 1962, all seven banks were participating in this business.

The following table shows the total amount of deposits in private savings banks in Victoria at 30 June in each of the years 1962 to 1966, together with the proportion which these deposits bear to the total Victorian savings bank deposits :

VICTORIA—PRIVATE SAVINGS BANKS : DEPOSITS AND PROPORTION OF ALL VICTORIAN SAVINGS BANK DEPOSITS

At 30 June—							Deposits in Victoria	Proportion of Deposits with All Savings Banks in Victoria
							\$'000	per cent
1962	..	..	..	..	..	..	193,012	16·9
1963	..	..	..	..	..	..	273,134	21·0
1964	..	..	..	..	..	..	349,946	23·7
1965	..	..	..	..	..	..	401,458	24·8
1966	..	..	..	..	..	..	447,865	25·7

At 30 June 1966, private savings banks had 1,059 branches and 1,054 agencies throughout Victoria.

Total Deposits, etc., in Savings Banks

The next table shows the amount of depositors' balances in each savings bank in Victoria at the end of each of the years 1961-62 to 1965-66. The total amount of deposits per head of population is also shown.

VICTORIA—SAVINGS BANKS : DEPOSITS

Savings Bank	Depositors' Balances at 30 June—				
	1962	1963	1964	1965	1966
	\$'000				
State Savings Bank of Victoria*	663,562	713,564	779,728	839,390	893,410
Commonwealth Savings Bank of Australia	285,124	311,364	349,294	379,560	404,704
Private Savings Banks—					
Australia and New Zealand Savings Bank Ltd ..	78,046	90,800	105,988	115,634	123,859
The Bank of Adelaide Savings Bank Ltd	54	330	514	580	671
Bank of New South Wales Savings Bank Ltd ..	64,998	76,536	90,854	100,660	109,993
The Commercial Savings Bank of Australia Ltd ..	..	15,126	26,946	34,938	41,840
C.B.C. Savings Bank Ltd	33,210	39,096	46,332	50,102	53,743
E. S. and A. Savings Bank Ltd	13,264	25,100	35,394	43,098	49,474
The National Bank Savings Bank Ltd	3,440	26,146	43,918	56,446	68,285
Total Deposits ..	1,141,698	1,298,062	1,478,968	1,620,408	1,745,979
	\$				
Deposits per Head of Population	382.82	427.04	476.48	512.41	542.59

* Including School Bank and Deposit Stock Accounts, but excluding balances held in London.

Life Insurance

The first purely mutual life office with headquarters in Victoria was established in 1869, although branches of other Australian and overseas insurance offices were operating in the Colony before this time.

In 1965, there were 40 companies transacting life business in Victoria, compared with 20 in 1946, with assets throughout Australia of more than \$3,265m.

Section 51 (xiv) of the Commonwealth of Australia Constitution Act empowers the Commonwealth Parliament to legislate on insurance extending beyond any one State. Control of the activities of life offices in Victoria and the rest of Australia is vested in the Insurance Commissioner under the *Life Insurance Act* 1945–1965. The main categories of life insurance are ordinary, collector (industrial), and superannuation. Under a collector policy, premiums are payable at intervals of less than two months to collectors.

In general, there are five main types of life policy: Whole of life, under which the amount of the policy, plus any bonuses, is payable on death; endowment insurance, which provides for payment of the sum insured, plus any bonuses, when the life insured reaches a specified age or date, or if death occurs before; “pure” endowment, under which the amount of the policy is payable, plus any bonuses, only if the life insured reaches a specified age or date (if death occurs before, all premiums paid are generally returned, plus compound interest); temporary insurance for short terms; and annuities. There are many variations of these five basic types available. Since 1946, the number of ordinary and superannuation life policies in force in Victoria has more than doubled to 1,184,146 at the end of 1965, and the total sum insured increased in the same period almost elevenfold from \$379m to \$4,164m.

The following table gives some indication of the growth and volume of life insurance business conducted in Victoria during the period 1961 to 1965:

**VICTORIA—LIFE INSURANCE: PREMIUM RECEIPTS AND
POLICY PAYMENTS (INCLUDING ANNUITIES)**

(\$'000)

Year	Premiums Received (Incl. Single Premiums)	Payments—			
		Claims	Surrenders	Annuities and Cash Bonuses	Total
1961	99,174	31,206	17,306	1,516	50,028
1962	94,024	32,064	14,260	924	47,248
1963	104,869	33,735	14,390	1,287	49,412
1964	112,783	37,435	15,403	1,646	54,484
1965	126,574	42,583	18,946	1,807	63,336

The following table contains summarised information about new business written by all life insurance companies during each of the five years 1961 to 1965 :

**VICTORIA—LIFE INSURANCE : NEW POLICIES ISSUED
(EXCLUDING ANNUITIES)**

Particulars	1961	1962	1963	1964	1965
Ordinary Business— ..					
Number of Policies ..	95,616	88,217	89,156	90,853	98,464
Sum Insured \$'000	350,001	358,844	383,841	434,089	509,373
Annual Premiums „	8,248	8,310	8,719	9,292	10,986
Superannuation Business—					
Number of Policies ..	23,076	17,598	16,119	18,045	20,125
Sum Insured \$'000	203,560	177,658	189,291	253,089	312,716
Annual Premiums „	4,469	3,477	3,706	4,975	6,204
Industrial Business—					
Number of Policies ..	48,295	43,705	36,007	34,713	34,482
Sum Insured \$'000	26,680	31,068	30,181	32,811	33,610
Annual Premiums „	1,112	1,232	1,176	1,245	1,273

Sums insured under new policies issued during 1965 averaged \$5,173 in the Ordinary Department, \$15,539 in the Superannuation Department, and \$975 in the Industrial Department.

The following table gives particulars of the policies which were discontinued or reduced during each of the years 1963 to 1965 :

**VICTORIA—LIFE INSURANCE : POLICIES DISCONTINUED
OR REDUCED (EXCLUDING ANNUITIES)**

Cause of Discontinuance	1963		1964		1965	
	Number of Policies	Sum Insured	Number of Policies	Sum Insured	Number of Policies	Sum Insured
ORDINARY BUSINESS						
		\$'000		\$'000		\$'000
Death	4,884	7,912	5,251	8,791	5,602	10,014
Maturity or Expiry ..	18,506	28,860	17,143	25,510	17,115	28,129
Surrender	22,162	50,622	22,475	53,766	30,512	119,358
Forfeiture	18,385	62,792	16,835	62,824	15,160	60,714
Other *	— 636	6,180	— 963	561	501	4,752
Total	63,301	156,366	60,741	151,452	68,890	222,966
SUPERANNUATION BUSINESS						
		\$'000		\$'000		\$'000
Death	638	2,736	574	3,450	597	3,921
Maturity or Expiry ..	2,367	36,906	2,307	21,069	2,270	21,803
Surrender	10,453	36,196	7,488	49,203	7,178	64,914
Forfeiture	474	4,168	568	3,412	445	6,440
Other *	14,095	9,630	9,133	36,184	6,723	50,637
Total	28,027	89,636	20,070	113,318	17,213	147,716
INDUSTRIAL BUSINESS						
		\$'000		\$'000		\$'000
Death	4,050	628	4,021	664	3,930	733
Maturity or Expiry ..	42,901	5,014	39,822	4,860	40,483	5,168
Surrender	20,071	7,122	17,146	6,402	16,856	6,700
Forfeiture	8,987	7,462	7,651	7,247	7,434	7,540
Other *	492	124	289	176	— 1,116	— 467
Total	76,501	20,350	68,929	19,349	67,587	19,674

* Includes net loss or gain resulting from transfers, cancellations of, and alterations to, policies, etc.

NOTE.—Minus sign (—) indicates an increase in existing business in the registers concerned due to an excess of transfers from other States or conversions from other classes of business over discontinuances in those registers.

The following table shows, for each of the years 1961 to 1965, particulars of life insurance business in existence in the relevant departments of the companies :

**VICTORIA—LIFE INSURANCE : BUSINESS IN EXISTENCE
(EXCLUDING ANNUITIES)**

Particulars	1961	1962	1963	1964	1965
Ordinary Business—					
Number of Policies ..	947,452	976,756	1,002,610	1,032,722	1,062,297
Sum Insured \$'000	1,921,183	2,138,607	2,366,081	2,648,718	2,936,951
Annual Premiums ,,	55,402	60,094	64,902	70,432	76,272
Superannuation Business—					
Number of Policies ..	152,866	132,883	120,975	118,939	121,849
Sum Insured \$'000	778,746	824,381	924,037	1,063,808	1,226,995
Annual Premiums ,,	18,357	19,297	20,954	23,553	26,823
Industrial Business—					
Number of Policies ..	981,034	938,393	897,899	863,683	830,578
Sum Insured \$'000	215,702	226,932	236,763	250,225	264,161
Annual Premiums ,,	9,772	10,036	10,250	10,601	10,979

In 1965, the average amount of policy held in the Ordinary Department was \$2,765, in the Superannuation Department, \$10,070, and in the Industrial Department, \$318.

Further References, 1962, 1964, 1967

Fire, Marine, and General Insurance

Organisation

The insurance industry in Victoria, as in the whole of Australia, follows basic English underwriting principles and procedures which have been adapted over a century to meet local problems and conditions.

Today, in Victoria, over 230 companies, many with overseas affiliations, provide a range of policies and services comparable with those available in other countries. Organisation of the market may be summarised as follows :

- (1) Tariff companies
- (2) Non-tariff companies
- (3) Representatives of brokers at Lloyds
- (4) State Government insurance offices
- (5) Brokers operating in their own right in Australia.
- (6) Local representatives of overseas re-insurance companies.

Types of Insurance Cover Provided

The types of insurance cover issued by underwriters in Victoria are many and varied, including amongst others :

All Risks	Motor Vehicle (Physical Damage)
Baggage	Motor Vehicle—Third Party
Boiler Explosion	(Compulsory)
Burglary	Personal Accident
Cash in Transit	Plate Glass
Crop (Fire and Hail)	Pluvius
Fidelity Guarantee	Public Liability
Fire and Loss of Profits	Tourists and Travellers Personal
Houseowners and House-	Accident
holders	Wool (" Sheep's Back to Store ")
Live Stock	Workers Compensation (Compul-
Marine	sory)

Compulsory Covers

The Victorian Government, as is the case with other State Governments, legislates as to workers compensation and motor vehicle (third party) insurances. All employers are compelled to insure their employees against death or physical injury during employment and under certain other circumstances. Every owner of a motor vehicle is compelled to insure against any liability for death or injury to others caused by, or arising out of, the use of such vehicle.

Statistics

Selected statistics relating to all classes of fire, marine, and general insurance are collected annually from insurers licensed to operate in Victoria. They refer to all policies issued in this State on Australian risks wherever situated, but do not include data for policies issued in other States to cover Victorian risks.

Returns are for the year ended 30 June or for the immediately preceding accounting periods of the insurers concerned. Since the accounting years of many insurers end on dates other than 30 June the figures are not for a uniform time period.

The statistics have been compiled on the following basis :

- (1) Premiums are the total amounts received and receivable during the year for policies issued and renewed, after deduction of returns of premium and rebates and bonuses paid or credited to policy holders.
- (2) Claims consist of payments during the year plus the estimated amount of claims unsettled at the end of the year, less the estimated amount of claims unsettled at the beginning of the year.
- (3) Contributions to fire brigades, commission and agents' charges, and expenses of management are charges paid during the year.
- (4) Taxation consists of payments during the year for all forms of taxation including stamp duty, licence-fees, and pay-roll tax as well as income tax.

It should be noted that the figures shown for premiums are different from the premium income earned by insurers during the year, as no

adjustment is made for premiums unearned at the beginning and end of the year. When, as in recent years, the premium volume is increasing, the figures in the tables are greater than the premiums earned by insurers and the amount of the difference is often substantial. For this reason, the relationship of claims and other charges to premiums should be used only as a basis of comparison with ratios calculated under similar headings in previous years.

The following tables, which show details of fire, marine, and general insurance business transacted in Victoria during each of the years 1961-62 to 1965-66, should not be construed as "Profit and Loss Statements" or "Revenue Accounts" as they contain selected items of statistics only:

VICTORIA—FIRE, MARINE, AND GENERAL INSURANCE :
TOTAL REVENUE : CLASS OF BUSINESS
(\$'000)

Class of Business	Year Ended 30 June—				
	1962	1963	1964	1965	1966
PREMIUMS (LESS RETURNS, REBATES AND BONUSES)					
Fire	21,998	22,352	23,132	24,597	25,728
Householders' Comprehensive ..	8,082	9,066	9,937	10,819	11,939
Sprinkler Leakage	66	68	69	69	77
Loss of Profits	2,580	2,768	2,797	3,293	3,555
Hailstone	664	812	837	945	820
Marine	5,746	6,098	6,427	7,286	7,692
Motor Vehicles (Other than Motor Cycles)	34,674	36,540	40,350	44,944	47,797
Motor Cycles	46	36	31	43	39
Compulsory Third Party (Motor Vehicles)	13,626	14,464	16,857	18,214	20,848
Employers' Liability and Workmen's Compensation *	28,334	28,768	30,231	35,744	49,064
Personal Accident	4,134	4,564	4,672	5,792	6,173
Public Risk, Third Party	2,170	2,312	2,593	2,864	3,049
General Property	308	330	337	331	295
Plate Glass	550	664	698	871	927
Boiler	64	78	80	128	122
Live Stock	168	178	216	225	249
Burglary	2,148	2,172	2,251	2,719	3,005
Guarantee	306	358	346	330	386
Pluvius	50	54	51	48	51
Aviation	92	318	224	209	231
All Risks	1,048	1,132	1,297	1,475	1,793
Television	1,112	532	394	94	55
Others	1,736	1,824	2,003	2,368	2,509
Total	129,702	135,488	145,832	163,408	186,402
INTEREST, DIVIDENDS, RENTS, ETC. (NET OF EXPENSES)					
Investments, etc.	7,730	8,098	8,807	8,635	9,511
TOTAL REVENUE					
Grand Total	137,432	143,586	154,639	172,043	195,913

* See references pages 206 to 208.

VICTORIA—FIRE, MARINE, AND GENERAL INSURANCE :
TOTAL EXPENDITURE : CLASS OF BUSINESS

(\$'000)

Class of Business	Year Ended 30 June—				
	1962	1963	1964	1965	1966
GROSS CLAIMS (LESS AMOUNTS RECOVERABLE)					
Fire	7,800	7,964	6,925	7,677	10,351
Householders' Comprehensive ..	2,198	2,582	2,465	2,598	3,306
Sprinkler Leakage	16	38	34	71	51
Loss of Profits	568	278	467	716	1,292
Hailstone	300	652	553	701	489
Marine	3,078	2,904	3,266	4,037	4,711
Motor Vehicles (Other than Motor Cycles)	22,162	23,300	27,458	33,148	34,681
Motor Cycles	28	24	27	33	27
Compulsory Third Party (Motor Vehicles)	13,542	15,034	15,932	18,721	21,497
Employers' Liability and Workmen's Compensation	21,024	21,854	24,110	26,173	31,007
Personal Accident	1,970	1,972	2,040	2,519	2,821
Public Risk, Third Party	1,052	1,106	1,221	1,343	1,600
General Property	198	158	145	171	268
Plate Glass	394	428	440	477	479
Boiler	26	6	103	Cr. 12	24
Live Stock	84	76	72	148	115
Burglary	1,176	1,392	1,559	1,742	2,096
Guarantee	154	226	92	50	96
Pluvius	8	38	29	21	12
Aviation	46	112	116	157	208
All Risks	668	800	902	920	1,121
Television	752	332	227	27	18
Others	946	974	795	1,008	960
Total	78,190	82,250	88,977	102,443	117,228
OTHER EXPENDITURE					
Contributions to Fire Brigades ..	3,092	3,182	3,430	3,680	4,168
Commission and Agents' Charges ..	13,134	13,850	14,731	16,870	18,232
Expenses of Management	21,634	22,672	24,400	26,193	29,004
Taxation	4,124	4,398	3,847	3,727	4,505
Total	41,984	44,102	46,408	50,470	55,909
TOTAL EXPENDITURE					
Grand Total	120,174	126,352	135,385	152,913	173,138

The percentage of claims to premium income for each of the years 1961-62 to 1965-66 in respect of the various classes of insurance was as follows :

VICTORIA—FIRE, MARINE, AND GENERAL INSURANCE :
PERCENTAGE OF CLAIMS TO PREMIUM INCOME

Class of Business	Year Ended 30 June—				
	1962	1963	1964	1965	1966
Fire	35.46	35.63	29.94	31.21	40.23
Householders' Comprehensive	27.18	28.49	24.81	24.01	27.69
Sprinkler Leakage	23.73	54.33	49.23	102.61	66.23
Loss of Profits	22.04	10.08	16.70	21.74	36.34
Hailstone	45.27	80.32	66.05	74.12	59.63
Marine	53.55	47.61	50.81	55.40	61.25
Motor Vehicles (Excl. Motor Cycles)	63.92	63.77	68.05	73.75	72.56
Motor Cycles	57.94	69.14	86.29	76.44	69.23
Compulsory Third Party (Motor Vehicles)	99.36	103.95	94.51	102.79	103.11
Employers' Liability and Workmen's Compensation	74.20	75.96	79.75	73.22	63.20
Personal Accident	47.66	43.20	43.66	43.49	45.70
Public Risk, Third Party	48.48	47.85	47.08	46.88	52.48
General Property	64.50	47.93	43.05	51.57	90.85
Plate Glass	71.62	64.34	63.08	54.71	51.67
Boiler	40.68	8.95	127.69	..	19.67
Live Stock	49.72	42.70	33.28	65.80	46.18
Burglary	54.71	64.16	69.24	64.08	69.75
Guarantee	50.76	62.89	26.65	15.31	24.87
Pluvius	17.11	69.50	56.71	42.95	23.53
Aviation	50.18	35.14	49.90	75.06	90.04
All Risks	63.67	70.57	51.84	62.36	62.52
Television	67.74	62.17	57.68	28.33	32.73
Others	54.42	53.40	39.67	42.56	38.26
All Classes	60.28	60.71	61.01	62.69	62.89

Motor Vehicle Insurance (Compulsory Third Party)

The *Motor Car (Third Party Insurance) Act* 1939 which came into force on 22 January 1941, made it compulsory for the owner of a motor vehicle to insure against any liability which may be incurred by him, or any person who drives such motor vehicle, in respect of the death of, or bodily injury to, any person caused by, or arising out of, the use of such motor vehicle.

The number of vehicles insured during each of the years 1961–62 to 1965–66 is shown in the following table :

VICTORIA—MOTOR VEHICLE INSURANCE (COMPULSORY THIRD PARTY) : NUMBER OF MOTOR VEHICLES INSURED

Class of Motor Vehicle	Year Ended 30 June—				
	1962	1963	1964	1965	1966
MOTOR VEHICLES USUALLY GARAGED WITHIN A RADIUS OF 20 MILES OF THE POST OFFICE, ELIZABETH STREET, MELBOURNE					
Private	390,125	409,189	445,474	477,724	497,039
Business	48,753	52,168	56,531	60,621	68,717
Light Goods	41,878	40,964	42,914	42,397	42,890
Heavy Goods	20,376	20,556	22,213	22,932	23,312
Miscellaneous	10,460	10,518	12,064	12,797	13,196
Motor Cycles	9,696	8,485	7,777	7,293	6,970
Visiting Motor Cars	2,272	1,133	832	267	374
Total	523,560	543,013	587,805	624,031	652,498

MOTOR VEHICLES USUALLY GARAGED OUTSIDE A RADIUS OF 20 MILES OF THE POST OFFICE, ELIZABETH STREET, MELBOURNE

Private	263,285	275,368	291,126	307,325	321,319
Business	11,649	13,133	14,937	16,158	20,616
Light Goods	53,112	52,885	56,353	55,845	55,331
Heavy Goods	34,589	34,438	37,045	37,601	37,640
Miscellaneous	41,316	43,649	48,099	49,844	51,469
Motor Cycles	5,480	5,076	5,359	4,738	4,655
Visiting Motor Cars	98	118	71	537	465
Total	409,529	424,667	452,990	472,048	491,495
Grand Total	933,089	967,680	1,040,795	1,096,079	1,143,993

State Motor Car Insurance Office

The State Motor Car Insurance Office was established under the *Motor Car (Third Party Insurance) Act 1939* (now embodied in the *Motor Car Act 1958*) for the purpose of enabling owners of motor cars to obtain from the State policies of third party insurance required under that Act, and policies generally in relation to insurance of motor cars. Business commenced on 24 January 1941. The Office is managed and controlled by the Insurance Commissioner, and the policies issued are guaranteed by the Government of Victoria.

The proportion of total Victorian motor insurance business underwritten by the Office for the year 1965–66 represented 7·0 per cent of comprehensive and 37·4 per cent of third party premiums received in Victoria.

The following table shows the trading results for each of the five years 1961-62 to 1965-66 :

VICTORIA—STATE MOTOR CAR INSURANCE OFFICE :
PREMIUMS RECEIVED, CLAIMS PAID, ETC.
(\$'000)

Year Ended 30 June—	Premiums Received Less Reinsurances, Rebates, etc.	Increase in Unearned Premium Provision	Claims Paid and Outstanding	Expenses	Underwriting Profit
1962 ..	5,830	316	5,384	378	248*
1963 ..	6,470	294	5,870	468	162*
1964 ..	7,798	637	6,513	548	100
1965 ..	8,574	393	8,648	643	1,111*
1966 ..	11,154	1,428	10,195	771	1,240*

* Loss.

State Accident Insurance Office

The State Accident Insurance Office was constituted under the *Workers Compensation Act* 1914 for the purpose of enabling employers to obtain from the State policies of insurance indemnifying them against their liability under the Workers Compensation Act, or at common law, or otherwise. The Office is managed and controlled by the Insurance Commissioner, and the policies issued are guaranteed by the Government of Victoria.

The Office is conducted on a mutual basis so that all profits, exclusive of amounts transferred to reserves and to Consolidated Revenue, are refunded as bonuses to policy holders.

The Office has made steady progress during 52 years of operation and, for the year ended 30 June 1966, its premium income represented 18·8 per cent of the total premiums received by all insurance companies in Victoria on account of Employers' Liability and Workmen's Compensation Insurance.

The following table shows the trading results for each of the five years 1961-62 to 1965-66 :

VICTORIA—STATE ACCIDENT INSURANCE OFFICE :
PREMIUMS RECEIVED, CLAIMS PAID, ETC.
(\$'000)

Year Ended 30 June—	Premiums Received Less Reinsurances, Rebates, etc.	Increase in Unearned Premium Provision	Claims Paid and Outstanding	Expenses	Underwriting Profit
1962 ..	5,810	292	4,434	384	700
1963 ..	5,946	— 64	4,310	392	1,308
1964 ..	6,022	— 156	5,114	435	629
1965 ..	6,780	164	5,372	449	794
1966 ..	9,200	694	6,949	558	999

NOTE.—Minus sign (—) denotes a reduction in unearned premium provision.

The accumulated funds at 30 June 1966 were : General Reserve, \$6,000,000 ; Building and Other Reserves, \$77,846 ; and Bonus Equalisation Reserve, \$1,519,923.

Building Societies

The provisions of the *Building Societies Act 1874* made it compulsory for building societies to effect registration. Current legislation regulating the activities of these societies is embodied in the *Building Societies Act 1958* and subsequent amending Acts.

Up to 31 December 1966, the number of societies that had been registered was 201 and of these, 40 societies were still operating in 1966.

VICTORIA—BUILDING SOCIETIES, 1966

Particulars	Permanent Societies	Starr-Bowkett Societies	Total All Societies
Number of Societies	39	2	40 *
„ „ Shareholders	6,958	2,929	9,887 †
„ „ Borrowers	15,324	903	16,227
Transactions during the Year—	\$'000		
Income—			
Interest on Mortgage Loans	3,534	102	3,636
Other	316	5	321
Total	3,850	107	3,957
Expenses—			
Interest Payable	2,232	36	2,268
Administration, etc.	560	36	597
Total	2,793	72	2,865
Loans and Advances—			
Paid	12,892	434	13,326
Repaid	9,039	401	9,440 ‡
Deposits—			
Received	19,745	61	19,807
Repaid	17,163	38	17,201
Liabilities—			
Investing Members' Funds—			
Paid-up Capital	10,065	1,078	11,143
Reserves, etc.	3,659	119	3,778
Borrowing Members' Funds—			
Share Subscriptions	477	..	477
Other	20	..	20
Deposits	20,979	536	21,515
Loans (Including Bank Overdraft)	17,863	130	17,994
Other	1,061	113	1,174
Total	54,124	1,976	56,100
Assets—			
Loans on Mortgage	50,971	1,933	52,904
Land and House Property	1,298	..	1,298
Other Investments	775	26	801
Cash and Deposits	724	§	724
Other	356	17	373
Total	54,124	1,976	56,100

* One society has both a Permanent and a Starr-Bowkett branch.

† Includes 1,053 shareholders holding borrowers' shares.

‡ Includes payments made and interest accrued on borrowers' shares during the year.

§ Under \$500.

Co-operative Organisations

Co-operative organisations operating in Victoria are registered under the provisions of the Companies Act, the Industrial and Provident Societies Act, the Co-operation Act, and the Co-operative Housing Societies Act. They are engaged in a number of activities chief amongst which are the production, marketing, and distribution of goods, and in the provision of finance for home building. In recent years, a number of co-operative credit societies which extend credit facilities to members to enable them to finance the purchase of household durables, or to discharge financial liabilities, etc., have also been registered.

Further information about these organisations is set out on page 677 of the Victorian Year Book 1966.

Particulars of producer and consumer societies for the year 1965-66 are given in the following table :

VICTORIA—CO-OPERATIVE ORGANISATIONS: PRODUCER AND CONSUMER SOCIETIES, 1965-66

Particulars	Societies—			Total All Societies
	Producers'	Consumers'	Producers' and Consumers'	
Number of Societies	102	42	11	155
Number of Members	66,468	32,703	13,223	112,394
Transactions during the Year—	\$'000			
Income—				
Sales	84,744	10,147	37,212	132,103
Other Income	4,820	333	184	5,337
Total	89,564	10,480	37,396	137,440
Expenditure—				
Purchases	67,251	8,478	32,271	108,000
Working Expenses, etc.	19,023	1,567	4,250	24,840
Interest on—				
Loan Capital	} 538	74	73	685
Bank Overdraft				
Rebates and Bonuses	550	173	143	866
Total	87,362	10,292	36,738	134,392
Dividend on Share Capital	579	47	236	863
Liabilities—				
Share Capital	12,118	1,803	3,084	17,005
Loan Capital	3,381	1,197	616	5,194
Bank Overdraft	8,441	371	982	9,793
Accumulated Profits	1,316	513	415	2,245
Reserve Funds	11,831	791	3,327	15,949
Sundry Creditors	11,521	737	3,964	16,223
Other	2,506	360	1,040	3,905
Total	51,115	5,772	13,428	70,315
Assets—				
Land and Buildings	} 23,572	2,239	8,270	34,081
Fittings, Plant, and Machinery				
Stock	7,753	1,361	1,918	11,032
Sundry Debtors	13,683	985	2,848	17,515
Cash in Bank, in Hand, or on Deposit	1,369	528	202	2,099
Profit and Loss Account	897	80	38	1,016
Other	3,840	580	151	4,571
Total	51,115	5,772	13,428	70,315

Co-operative Credit Societies

Since the passing of the *Co-operation Act* 1954, co-operative credit societies have made steady progress. The following table illustrates the growth of these societies during the period 1961-62 to 1965-66 :

VICTORIA—CO-OPERATIVE ORGANISATIONS : CREDIT SOCIETIES

Particulars	1961-62	1962-63	1963-64	1964-65	1965-66
Number of Societies	70	85	103	113	133
Number of Members	10,430	12,648	15,728	18,890	22,496
Transactions during the Year—			\$'000		
Income—					
Interest	68	105	151	222	318
Other Income	5	9	8	9	16
Total	73	114	158	231	334
Expenditure—					
Interest on Deposits	36	56	82	122	177
Working Expenses	24	39	49	75	106
Total	60	95	131	197	283
Liabilities—					
Share Capital	115	137	167	193	214
Reserves	13	17	29	44	61
Depositors	991	1,539	2,105	2,903	4,080
Sundry Creditors	10	42	48	76	47
Other	28	38	84	138	188
Total	1,157	1,773	2,433	3,354	4,590
Assets—					
Loans to Members	1,032	1,548	2,129	2,941	3,962
Cash in Hand or on Deposit	97	171	223	306	378
Other	28	54	81	106	250
Total	1,157	1,773	2,433	3,354	4,590

Public Trustee

The Public Trustee was constituted and incorporated by the *Public Trustee Act* 1939 (which came into operation in 1940) and became the successor in law of the Curator of the Estates of Deceased Persons, and of the Master-in-Equity with respect to the administration of mental patients' property.

He is empowered by the Public Trustee Acts, under the guarantee of the State of Victoria, to act as a trustee, executor, administrator, and attorney, and in certain other capacities, and is required to undertake the protection and management of the property of certified patients in

mental hospitals and of Infirm Persons. An Infirm Person is a person certified by the Public Trustee to be incapable of managing his affairs on account of age or infirmity. Certificates in prescribed form (obtainable from the Public Trustee's Office) must be given by two medical practitioners acting independently of each other, before the Public Trustee may certify.

Any person may name the Public Trustee as his executor in his will, and may deposit such will with him for recording and safe custody. If the original will is not deposited with the Public Trustee, it is highly desirable that a copy of the will be sent to him with the name and address of the person holding the original will. A person may also obtain advice about his will at the Public Trustee's Office if he intends to appoint him his executor.

The Public Trustee Acts enable the person appointed executor of a will to authorise the Public Trustee to act as executor in his place, and the next of kin of any one dying intestate, or any other person entitled to a grant of administration, may also authorise the Public Trustee to act as administrator in his place. In cases where there is no one else entitled and ready to apply for a grant of administration, the Public Trustee is authorised to apply for a grant of administration himself.

Consequent on the passing of the *Public Trustee Act 1948*, the Public Trustee Fund at the State Treasury was abolished and the proceeds of all estates, as from 1 October 1948, were invested in a Common Fund under the control of the Public Trustee. In the following table, particulars of the Common Fund are shown for each of the years 1961-62 to 1965-66 :

VICTORIA—PUBLIC TRUSTEE : COMMON FUND
(\$'000)

Particulars	1961-62	1962-63	1963-64	1964-65	1965-66
Proceeds of Realisations, Rents, Interest, etc.	7,840	8,044	8,876	10,392	10,558
Investments, Distributions, Claims, etc.	6,666	6,754	7,678	8,752	8,850
Cash Variation	1,174	1,290	1,198	1,640	1,708
Balance at 1 July	10,624	11,798	13,088	14,286	15,926
Balance at 30 June	11,798	13,088	14,286	15,926	17,634

The number of applications for probate and letters of administration (including election to administer), etc., made by the Public Trustee for each of the years 1956-57 to 1965-66 are shown in the following table :

VICTORIA—APPLICATIONS BY PUBLIC TRUSTEE FOR
PROBATE, LETTERS OF ADMINISTRATION, ETC.

Year	No.	Year	No.
1956-57	1,135	1961-62	994
1957-58	1,130	1962-63	1,005
1958-59	1,066	1963-64	1,087
1959-60	919	1964-65	1,098
1960-61	1,084	1965-66	1,018

The number of wills (under which the Public Trustee was appointed executor) lodged for safe custody during each of the years 1961-62 to 1965-66 was as follows: 1961-62, 2,662; 1962-63, 2,836; 1963-64, 2,785; 1964-65, 2,875; 1965-66, 3,145.

Trustee Companies

Statutory Authority

A special Act of Parliament specifically authorises the six Victorian Trustee Companies to act, amongst other things, as executor; it also entitles them to apply for and to obtain probate of the will of a testator or, in appropriate circumstances, to obtain letters of administration, and to act as administrator of the estate of a deceased person.

Business Activities

The value of assets in estates committed to the care of Victorian trustee companies at 30 June 1961 and 1966, was as follows:

VICTORIA—TRUSTEE COMPANIES: VALUE OF ESTATES ADMINISTERED (\$m)

Particulars	Value at 30 June 1961	Value at 30 June 1966
Stock and Debentures	103.42	108.45
Advances on Mortgages	29.29	49.59
Property and Livestock	75.31	75.90
Shares	135.71	177.65
Fixed and Other Deposits	9.93	11.04
Cash at Bank	7.43	13.55
Other	18.38	22.82
Total	379.47	459.00

The values shown above are probate values or values of assets at the time of their being committed to the care of the Trustee Companies. The figures do not include the very substantial value of debentures and notes where the companies have been appointed to act as trustees for the holders.

Further Reference, 1964

Probate

Under the general words of Section 17 of the *Supreme Court Act* 1958, the Court has power to do everything which is necessary or desirable in connection with the grant of probate or administration.

The *Administration and Probate Act* 1958, Section 6, confers jurisdiction on the Court to grant Probate of the Will or Letters of Administration of the estate of a deceased person leaving property, whether real or personal, within the State of Victoria. Grants are made to the executor of a will, the next of kin of an intestate, or the creditor of an intestate. A person receiving such a grant becomes the legal personal representative of the deceased, and is thus empowered to deal with all his assets and generally administer the estate.

Provision is made in Part III. of the *Administration and Probate Act* 1958, for the sealing by the Supreme Court, of Probates or Letters of Administration which have been granted in Great Britain, Australia

(other than Victoria), New Zealand, or certain British possessions, when the deceased has left real or personal estate in Victoria. The object of this provision is simply to put the executor or administrator under it in the same position as if he were an original executor or administrator.

The *Administration and Probate Act 1958* also gives the Court jurisdiction to grant Probate or Administration of the estate of a person who is presumed to have died, but, in such a case, it prohibits the distribution of the estate without the leave of the Court.

The accompanying table shows the number and value of estates of deceased persons of each sex in connection with which probates or letters of administration, etc., were finally completed during each of the years 1962 to 1966. Particulars of estates administered by the Public Trustee are included. The figures shown for Gross Value of Estates and for Liabilities are not comparable with those shown for years prior to 1962 due to administrative changes in the treatment of certain assets arising from the *Probate Duty Act 1962*. Under this Act, which came into force on 1 July 1962, certain limits have been imposed on the previously unrestricted concessions in respect of superannuation benefits payable to a widow and to other dependants, the deceased's interest in a jointly owned matrimonial home, and payments in lieu of long service leave. To ensure that the respective concessions are not exceeded, the total value of these assets is now included in Gross Value of Estates and the appropriate concessions are included in Liabilities. Particulars of estates are excluded where the liabilities equal, or exceed, the gross value of the estate.

VICTORIA—PROBATES, LETTERS OF ADMINISTRATION, ETC.

Year	Number of Estates	Gross Value of Estates—		Liabilities	Net Value of Estates	Average Net Value per Estate	
		Real	Personal				
		\$'000			\$		
MALES							
1962	..	9,817	51,972	93,314	9,464	135,822	13,836
1963	..	10,149	59,916	102,534	14,822	147,628	14,546
1964	..	10,305	55,504	105,618	16,850	144,272	14,000
1965	..	11,534	77,526	123,186	23,330	177,382	15,380
1966	..	10,665	71,769	109,909	20,192	161,486	15,142
FEMALES							
1962	..	7,207	27,406	49,108	3,056	73,458	10,192
1963	..	7,395	32,486	53,348	5,164	80,670	10,908
1964	..	7,468	30,046	51,384	5,199	76,231	10,208
1965	..	7,960	40,746	63,662	6,731	97,678	12,272
1966	..	7,613	37,175	59,482	5,397	91,260	11,987
TOTAL							
1962	..	17,024	79,378	142,422	12,520	209,280	12,294
1963	..	17,544	92,402	155,882	19,986	228,298	13,012
1964	..	17,773	85,550	157,002	22,049	220,503	12,407
1965	..	19,494	118,273	186,848	30,061	275,060	14,110
1966	..	18,278	108,944	169,391	25,590	252,746	13,828

The number and value of estates dealt with in each of the years 1964 to 1966, grouped according to net value and distinguishing the estates of males from those of females, were as follows :

VICTORIA—NUMBER AND NET VALUE OF ESTATES OF DECEASED PERSONS

Group	1964		1965		1966	
	Number	Net Value	Number	Net Value	Number	Net Value
		\$'000		\$'000		\$'000
\$ MALES						
Under 200 ..	443	42	415	44	446	41
200 - 599 ..	819	319	790	305	781	303
600 - 999 ..	640	528	578	479	538	433
1,000 - 1,999 ..	1,151	1,675	1,181	1,735	1,117	1,625
2,000 - 3,999 ..	1,517	4,387	1,646	4,806	1,579	4,581
4,000 - 5,999 ..	1,141	5,702	1,187	5,883	1,149	5,674
6,000 - 7,999 ..	945	6,587	1,019	7,120	920	6,507
8,000 - 9,999 ..	763	6,796	872	7,808	827	7,377
10,000 - 19,999 ..	1,306	18,381	1,795	25,159	1,499	21,019
20,000 - 29,999 ..	494	11,996	652	15,892	544	13,312
30,000 - 49,999 ..	483	18,543	611	23,516	561	21,710
50,000 - 99,999 ..	418	26,622	530	36,482	483	33,987
100,000 - 199,999 ..	128	17,241	208	27,925	158	21,373
200,000 and over ..	57	25,452	50	20,228	63	23,544
Total Males ..	10,305	144,272	11,534	177,382	10,665	161,486
\$ FEMALES						
Under 200 ..	232	24	188	18	217	21
200 - 599 ..	569	218	523	206	565	222
600 - 999 ..	434	347	385	303	435	343
1,000 - 1,999 ..	855	1,265	808	1,194	840	1,253
2,000 - 3,999 ..	1,248	3,658	1,133	3,357	1,019	3,085
4,000 - 5,999 ..	906	4,498	929	4,595	895	4,436
6,000 - 7,999 ..	840	5,867	803	5,605	788	5,518
8,000 - 9,999 ..	585	5,207	699	6,247	678	6,072
10,000 - 19,999 ..	985	13,654	1,350	18,848	1,142	15,749
20,000 - 29,999 ..	328	7,972	443	10,750	405	9,800
30,000 - 49,999 ..	262	10,115	342	13,120	343	13,144
50,000 - 99,999 ..	158	10,681	258	17,604	200	14,307
100,000 - 199,999 ..	50	6,525	84	11,322	59	7,833
200,000 and over ..	16	6,200	15	4,509	27	9,476
Total Females ..	7,468	76,231	7,960	97,678	7,613	91,260
Grand Total ..	17,773	220,503	19,494	275,060	18,278	252,746

Transfer of Land

Transfer of Land Act

The "Torrens System", whereby a person becomes registered as the proprietor of land and is issued with a Certificate of Title, indefeasible and guaranteed by the State, was introduced into Victoria in 1862. The system has simplified procedure in, and reduced the cost of, dealing in real estate, and gives a title to the registered owner free of any latent defect. The original Crown grant, or subsequent Certificate of Title in lieu thereof, issues through the Titles Office. Further information about the Torrens System is set out on page 684 of the *Victorian Year Book* 1966.

In order to bring under the Transfer of Land Act land that was alienated by the Crown prior to 1862 (5,142,321 acres), application must be made to the Registrar of Titles accompanied by the deeds in the chain of title or, if adverse possession is relied upon, strict proof of the applicant's interest in the land. During 1965, 244 such applications were submitted. The land actually brought under the Act as a result of these applications was 3,395 acres valued at \$5,810,104. To the end of 1965, 3,352,457 acres valued at \$186,839,196 had been brought under the Act. The area of land still under the Old Law System at the end of 1965 was 1,789,864 acres. A summary of dealings under the Transfer of Land Act will be found on page 697.

Further Reference, 1966

Assurance Fund

The Transfer of Land Act provides for an Assurance Fund out of which persons sustaining loss or damage (whether by deprivation of land or otherwise) through the operation of the Act may be indemnified. This Fund is built up by contributions levied upon applicants first bringing land under the Act and upon grantees of Crown land at the rate of 1 cent for every \$5 of the value of the land applied for or the price paid to the Crown, and by contributions levied by the Registrar on various other applications where any uncertainty or risk is involved.

During the financial year 1965-66, receipts of the Fund comprised contributions, \$39,996 and interest on stock, \$6,667. Claims of \$561 were met from the Fund during the year. The sum of \$10,189 was paid out in accordance with section 3 of the *Special Funds Act* 1920 to provide for interest on loan moneys expended on University buildings. The balance at the credit of the Assurance Fund at 30 June 1966 was \$389,599. The total amount paid to 30 June 1966, as compensation and for judgments recovered, including costs, was \$29,940 in respect of 110 claims.

Subdivision of Land in Strata and the Issue of Separate Titles to Flats, etc.

The *Strata Titles Act* 1967 which (except as to Part IV. thereof) came into operation on 1 July 1967, introduced into Victoria a further method, additional to existing methods (see page 700 of *Victorian Year Book* 1967), for the subdivision of land in strata. Existing methods can still be used, as registration of a plan under Part II. of the Act is not compulsory.

Part I. of the Act applies to the preparation of plans of strata subdivision and their consideration by local municipal councils. The provisions of this Part apply to plans prepared both for existing systems and for registration under the Strata Titles Act.

Part II. of the Act provides for the registration of plans of strata subdivision. Separate titles will be issued for the strata on a plan so registered or, as they are called, the units. Common property on a registered plan (which corresponds with residual land under existing systems) is vested in the registered proprietors of the units as tenants in common in shares proportional to unit entitlement. No separate title issues for common property, the title to a unit being the title to the undivided share in common property appropriate to that unit. The control and administration of common property is vested in a statutory body corporate which comes into existence automatically on the registration of the plan and to which the provisions of the Companies Act do not apply. The registered proprietors of the units are the members and the only members of the body corporate. The rights and obligations of the members are fixed by scheduled by-laws which can, subject to the Act and to certain limitations, be added to, amended or repealed. Easements for the protection and enjoyment of the units and common property are provided for.

Part III. of the Act regulates re-subdivision of a unit or units on a registered plan and the enlargement of a unit by the addition of part of common property.

Part IV. of the Act provides for the conversion of schemes of strata subdivision established under existing systems to the type of scheme provided for in Part II.

Provision is made for the insurance of buildings and improvements on the land in a registered plan by the body corporate and also for mortgagee insurance by a member. These provisions in no way limit the right of a member to insure his own unit independently.

A registered plan can also be cancelled either upon the application of all registered proprietors or following upon an Order of the Court. Upon cancellation the whole of the land in the subdivision vests in the registered proprietors as tenants in common in shares proportional to their unit entitlement and the body corporate is dissolved. In the event of damage or destruction, where it is not desired to cancel the plan, the Court can settle a scheme for reinstatement in whole or in part.

The Act requires both a schedule of unit entitlement and of unit liability to be endorsed on a registered plan. Each unit has allocated to it a particular entitlement and a particular liability. The entitlement determines the extent of the undivided share in the common property of the registered proprietor of a unit, the quantum of the undivided share in the land in the subdivision which will be vested in a registered proprietor of a unit upon cancellation, and the voting rights of a member when a poll is demanded or a special resolution proposed. Unit liability determines the amount which a member may be called on to pay under certain provisions of the Act.

Titles of Land Issued

The following table shows the number of titles of land issued during each of the years 1962 to 1966. In February, 1961, the Titles Office introduced a new system for the issue of certificates of title in the case of land approved for subdivision. Individual certificates are now issued for each lot in the estate at the time the plan of subdivision is approved. Prior to February, 1961, a separate certificate of title for each lot was not issued until a transfer of ownership in respect of such lot was recorded in the Titles Office. The introduction of this new method is mainly responsible for a large increase in the number of titles issued since 1960, when the number issued was 39,247.

VICTORIA—TITLES OF LAND ISSUED

Year	Number of—			
	Certificates of Title	Crown Grants	Crown Leases	Total Titles
1962	54,819	1,068	469	56,356
1963	67,134	1,183	363	68,680
1964	67,908	1,434	523	69,865
1965	69,027	1,254	397	70,678
1966	53,660	1,063	315	55,038

Land Transfers, Mortgages, etc.

A summary of dealings lodged at the Titles Office under the Transfer of Land Acts is given in the following table for each of the years 1962 to 1966 :

VICTORIA—DEALINGS LODGED AT THE TITLES OFFICE UNDER THE TRANSFER OF LAND ACTS

Year	Number of Transfers	Mortgages*		Number of—				
		Number	Amount	Entries of Executor, Administrator, or Survivor	Plans of Sub-division	Caveats	Other Dealings	Total Dealings
1962 ..	89,870	43,734	273,408	11,643	2,319	22,514	50,566	220,646
1963 ..	101,066	54,011	356,108	13,134	3,553	20,167	57,822	249,753
1964 ..	115,860	63,657	478,167	13,628	4,435	18,843	64,979	281,402
1965 ..	107,572	57,727	462,754	14,617	4,476	17,477	62,546	264,415
1966 ..	107,331	58,388	451,264	14,370	4,254	17,759	67,152	269,254

* Excluding certain mortgages, principally to trading banks to secure overdrafts on current accounts.

Mortgages, reconveyances, and conveyances registered at the Office of the Registrar-General under the *Property Law Act* 1958 are shown for each of the years 1962 to 1966 in the following table :

VICTORIA—DEALINGS UNDER THE PROPERTY LAW ACT

Year	Mortgages*		Reconveyances		Conveyances	
	No.	Amount	No.	Amount†	No.	Amount
		\$'000		\$'000		\$'000
1962	965	7,572	1,163	1,932	3,204	22,778
1963	1,102	10,490	1,197	3,046	3,244	26,844
1964	1,255	12,480	1,397	4,754	3,453	27,331
1965	1,235	11,136	1,312	3,268	3,067	26,900
1966	1,113	9,786	1,359	2,167	3,060	27,880

* Excluding certain mortgages, principally to trading banks to secure overdrafts on current accounts.

† Excluding repayments designated "Principal and Interest".

Mortgages of Real Estate

Details of mortgages lodged for registration under the Transfer of Land Acts and the Property Law Act (mentioned in the two preceding tables) are shown in the following table.

Certain mortgages (principally to trading banks to secure overdrafts on current accounts) have not been included in the figures as only the number of such mortgages, and not the amounts involved, are available.

Particulars of mortgages not lodged for registration are not available.

The number of mortgages and the amount of consideration involved for each of the years 1964 to 1966, classified according to type of mortgagee, are as follows :

VICTORIA—MORTGAGES OF REAL ESTATE LODGED FOR REGISTRATION

Type of Mortgagee	Mortgages*					
	1964		1965		1966	
	Number	Amount	Number	Amount	Number	Amount
		\$'000		\$'000		\$'000
Banks	19,076	120,589	17,032	111,368	19,226	128,202
Building Societies	2,025	9,402	2,014	10,704	2,324	12,957
Co-operative Housing Societies	4,547	25,345	3,648	20,528	3,251	18,892
Insurance Companies	2,787	65,680	2,769	61,402	2,479	51,014
Government Institutions	5,890	33,305	4,987	44,960	4,457	32,991
Trustee Institutions	580	11,573	579	10,476	399	6,564
Hire Purchase and Finance Companies, etc.	6,415	57,133	6,162	60,432	6,968	56,531
Other Mortgagees	23,592	167,620	21,771	154,020	20,397	153,898
Total	64,912	490,647	58,962	473,890	59,501	461,050

* Excluding certain mortgages, principally to trading banks to secure overdrafts on current accounts.

Stock Mortgages and Liens on Wool and Crops

The number and amount of stock mortgages, liens on wool, and liens on crops registered at the Office of the Registrar-General during each of the years 1962 to 1966 are shown in the following table. Releases of liens are not required to be registered as, after the expiration of twelve months, the registration of all liens is automatically cancelled. Very few mortgagors of stock secure themselves by a registered release.

**VICTORIA—STOCK MORTGAGES AND LIENS ON WOOL
AND CROPS**

Security	1962	1963	1964	1965	1966
Stock Mortgages—					
Number	478	422	404	370	301
Amount \$'000	998	1,080	1,127	1,064	790
Liens on Wool—					
Number	209	148	68	45	31
Amount . . . \$'000	954	580	246	220	116
Liens on Crops—					
Number	83	80	100	97	87
Amount \$'000	94	92	52	296	195
Total—					
Number	770	650	572	512	419
Amount \$'000	2,046	1,752	1,425	1,580	1,101

Bills of Sale

The following are the numbers and amounts of bills of sale which have been filed at the Office of the Registrar-General during each of the years 1962 to 1966 :

VICTORIA—BILLS OF SALE

Security	1962	1963	1964	1965	1966
Bills of Sale—					
Number	5,462	6,550	6,408	6,390	9,360
Amount \$'000	17,502	15,830	16,469	13,338	15,679

Companies

Company Legislation

In recent years, the Victorian Parliament has given much attention to company legislation and, following the passage of a new Companies Act in Victoria in 1958, company legislation has been passed throughout the Commonwealth in substantially similar form. In Victoria, the current legislation is the *Companies Act 1961* and subsequent amendments.

The Act is administered by the Registrar of Companies and companies may be incorporated either as limited companies, unlimited companies, or no liability companies. The most numerous are limited companies, namely, companies in which the liability of the members is limited (in the case of companies limited by shares) to the amount (if any) unpaid on their shares, or (in the case of companies limited by guarantee), to a specified amount which the members undertake to pay in the event of the company being wound up. Unlimited companies are companies in which the liability of the members is unlimited. No liability companies, which may be formed only for mining purposes, are companies in which members take no liability for calls on their shares. Companies limited by shares may be either public or proprietary (private) companies. All other companies are public companies.

As many companies seek to raise money from the public, the Act requires them to comply with particular conditions where public subscriptions are involved. No form of application for shares or debentures being offered to the public can be issued, circulated, or distributed until a prospectus has been registered.

There must be at least three directors of a public company and at least two directors of a proprietary company. In the case of a public company at least two of the directors, and, in the case of a proprietary company at least one of them, must ordinarily reside in Australia.

A company must hold a meeting of its shareholders at least once in every calendar year and must file an annual return with the Registrar. Except in the case of an exempt proprietary company, a copy of the annual accounts must accompany the annual return.

Corporations incorporated outside Victoria must register as "foreign" companies if they establish a place of business or carry on business within the State.

The following table shows details of companies registered during each of the years 1962 to 1966 :

VICTORIA—COMPANIES REGISTERED, ETC.

Particulars	1962	1963	1964	1965	1966
	No.				
New Companies Registered—					
Victorian	2,821	2,691	2,978	3,182	3,089
Other	249	255	310	283	285
Total	3,070	2,946	3,288	3,465	3,374
	\$'000				
Nominal Capital of New Companies—					
Victorian	240,914	161,610	201,357	121,051	130,379
Other	425,686	171,056	145,562	276,477	201,363
Total	666,600	332,666	346,919	397,529	331,742
	No.				
Existing Companies (At End of Year)—					
Victorian	36,082	38,144	40,894	42,968	44,371
Other	2,620	2,842	3,150	3,177	3,312
Total	38,702	40,986	44,044	46,145	47,683
	\$'000				
Increase in Nominal Capital of Victorian Companies during Year	387,966	240,054	214,530	278,136	210,726

Stock Exchange of Melbourne

Introduction

The Stock Exchange of Melbourne was established in 1859. Over the years, there has been continuous growth in share ownership and large amounts of capital have been raised for public works and for the expansion of industry. In these ways, the Stock Exchange has fulfilled its functions in the economic development of the Commonwealth as well as of the State.

Functions

The basic function of the Stock Exchange is to provide the means by which investment securities, stocks, bonds, shares, etc., may be conveniently bought and sold. The type of market has varied over the years from the old "call-room" style of trading to the present post-trading method which is practised in most exchanges throughout the world.

Membership

The Stock Exchange of Melbourne is an association of 166 members. It is governed by a chairman and committee (twelve including the chairman), elected by the members.

Official List

At 30 September 1966, 2,978 separate securities (including options) with a nominal value of \$12,791m and a market value of \$18,384m were quoted on the Exchange. The market value of \$7,358m in Commonwealth loans represents 40 per cent of all securities listed.

In the following table, the number of issues (excluding options) and their nominal value are classified according to class of security. Particulars are shown as at 30 September for each of the years 1963 to 1966.

MELBOURNE STOCK EXCHANGE—ISSUES LISTED* AND NOMINAL VALUE

Class of Security	Listed at 30 September—							
	1963		1964		1965		1966	
	No. of Issues	Nominal Value	No. of Issues	Nominal Value	No. of Issues	Nominal Value	No. of Issues	Nominal Value
	\$m		\$m		\$m		\$m	
Commonwealth Loans ..	38	6,326	44	6,662	49	7,056	50	7,358
Semi-Government Loans ..	725	790	738	704	784	700	798	783
Foreign Government Loans ..	10	12	14	18	15	20	14	18
Industrial Company Securities—								
Debentures	540	514	560	570	552	640	642	729
Unsecured Notes	335	282	311	260	294	248	265	216
Preference Shares	294	138	289	144	287	140	279	169
Ordinary Shares	785	2,638	811	2,788	825	3,086	815	3,248
Mining Company Securities ..	131	206	132	220	130	258	115	270
Total	2,858	10,906	2,899	11,366	2,936	12,148	2,978	12,791

* Excludes options.

Twelve companies were added to the official list during 1966 and their combined nominal capital was \$20m. In addition, new capital issues made by companies already listed amounted to \$330m. At the close of the year, the official list comprised 880 companies—787 commercial and industrial and 93 mining companies.

Because of take-overs and mergers, 31 companies were removed from the official list during the year.

Turnover

Turnover in all sections of the market except semi-government loans, debentures and unsecured notes increased during the year; sales of Commonwealth loans rose by 111 per cent to \$242m—the highest since 1959. Turnover of share securities rose by 19 per cent to 169.6 million units—the third highest total ever recorded: part of the increase was due to the splitting of shares associated with the conversion to decimal currency.

Sales of mining shares increased by 59 per cent to 46.6 million units reflecting the revived interest by investors in oil, iron ore, and nickel shares.

The following table shows details of the turnover of stocks and shares during each of the years 1961–62 to 1965–66:

**MELBOURNE STOCK EXCHANGE—TURNOVER OF
STOCKS AND SHARES**
(Million Units)

Class of Security	Year Ended 30 September—				
	1962	1963	1964	1965	1966
Commonwealth Loans	62.6	108.6	130.0	114.4	242.0
Semi-Government Loans	3.8	4.4	4.6	16.0	14.7
Company Debentures, Unsecured Notes	10.8	14.6	14.8	14.2	10.4
Total Loan Securities ..	77.2	127.6	149.4	144.6	267.1
Preference Shares	1.1	1.3	2.5	1.7	2.6
Ordinary Shares, Rights, and Options	109.3	144.0	153.1	111.4	120.4
Mining	33.6	28.0	33.2	29.4	46.6
Total Share Securities ..	144.0	173.3	188.8	142.5	169.6

NOTE: In the above table turnover of loan securities prior to 14 February 1966 have been converted to units of one dollar.

In the following table the number of transactions and value of turnover of stocks and shares are shown for each of the years 1962–63 to 1965–66:

**MELBOURNE STOCK EXCHANGE—NUMBER OF
TRANSACTIONS AND VALUE OF TURNOVER OF STOCKS
AND SHARES**

Class of Security	Year Ended 30 September—							
	1963		1964		1965		1966	
	Trans- actions	Value	Trans- actions	Value	Trans- actions	Value	Trans- actions	Value
Commonwealth Loans ..	No. 15,877	\$m 113.0	No. 17,677	\$m 133.7	No. 15,506	\$m 98.7	No. 16,475	\$m 241.5
Semi-Government Loans ..	4,622	4.6	3,703	4.2	3,433	14.3	4,339	14.7
Debentures, Notes ..	7,030	6.8	6,262	7.8	4,258	8.8	8,230	9.5
Total Loan Securities	27,529	124.4	27,642	145.7	23,197	121.8	29,044	265.7
Preference Shares ..	4,409	2.2	4,345	4.7	3,102	2.7	3,670	4.3
Ordinary Shares, Rights, Options ..	371,365	215.5	408,874	261.7	290,000	190.8	272,212	179.1
Mining Shares ..	76,528	25.1	90,913	38.1	75,094	39.5	99,513	45.0
Total Share Securities	452,302	242.8	504,132	304.5	368,196	233.0	375,395	228.4
Grand Total ..	479,831	367.2	531,774	450.2	391,393	354.8	404,439	494.1

Underwriting

Member Firms of the Exchange have played a prominent part in Australia's underwriting activities for many years. During the year ended 30 September 1966, there were 32 semi-government loans of which 24 were underwritten—18 by Member Firms; the amount sought by these 18 loans was \$80m.

New brokerage rates were adopted by all Australian stock exchanges in July, 1965; the objective being to rationalise commission charges and to provide a rate structure compatible with decimal currency. The change embodied the introduction of a flat rate based on consideration as against the price of the security.

Decimal Currency

Decimal currency was introduced on 14 February 1966. New scales were fixed for marketable parcels and market bids. Many companies followed the Stock Exchange recommendation and published their latest accounts in both currencies and a growing number of listed companies announced their intention to convert their shares to one dollar units. At 30 September 1966, 69 companies had converted their shares to a par value of \$1.

New Building

The Stock Exchange is to move to a new 27-storey building in June, 1968. It is being built in partnership with the A.N.Z. Bank and is located at 351 Collins Street with an arcade through to Flinders Lane. The Committee is investigating the installation of a computer-communication system and automatic display boards for share prices in the new building.

New Transfer System

A new share transfer system was introduced in 1967; pilot legislation in the form of the Marketable Securities Act was passed in Victoria in May, 1966. The new system is based on three new concepts :

- (1) The conversion of a transfer signed by the transferor into a valid document, which is achieved by the warranty of the selling broker ;
- (2) the elimination of the transferee's signature ; and
- (3) the elimination from the transfer of adhesive duty stamps, to be replaced by a weekly remittance by brokers.

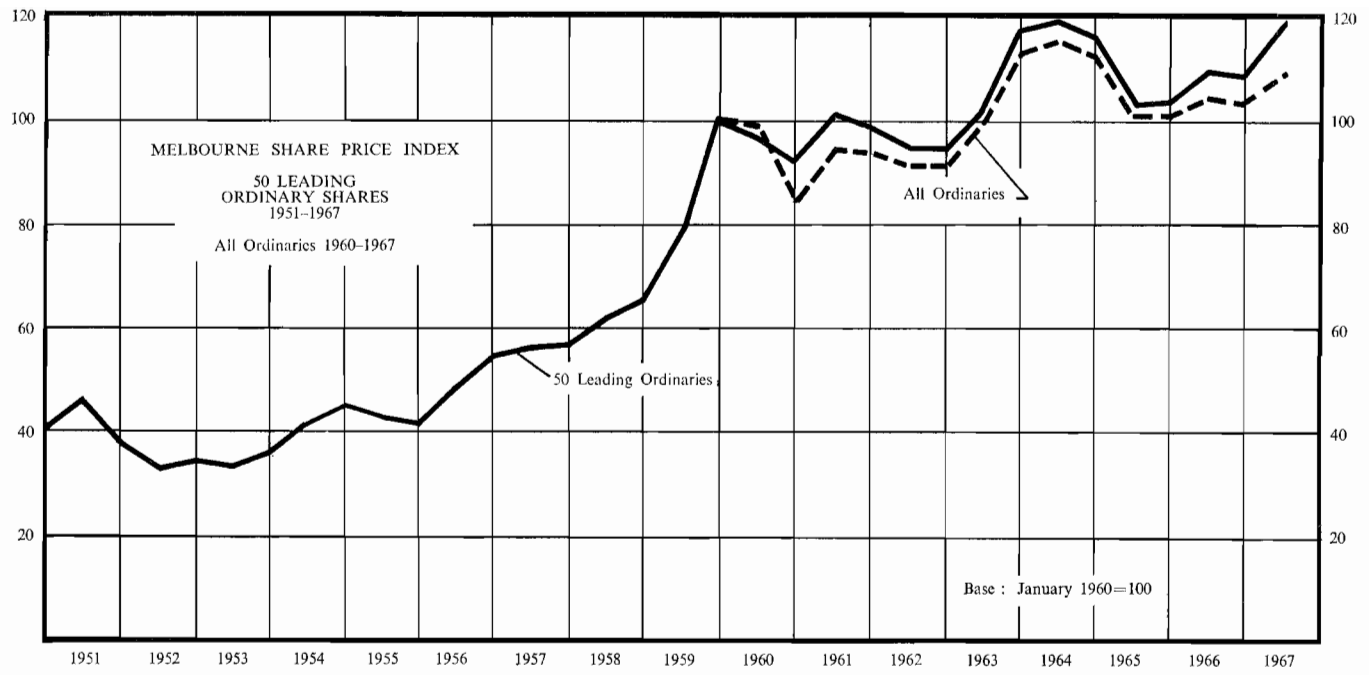


FIGURE 18.

Melbourne Share Price Index

The Melbourne Share Price Index is compiled by the Stock Exchange of Melbourne. (For the method of its compilation, see page 710 of the 1965 Victorian Year Book).

The Index includes an All Ordinaries Index and a 50 Leaders Index, the former commencing in 1960 and the latter in 1948. The coverage of the Melbourne Share Price Index was extended during 1963-64 by the addition of three groups, namely, preference shares, gold, and oil and gas. These are not part of the All Ordinaries Index.

There has been a close correlation between the Indices for All Ordinaries and 50 Leaders. Based on monthly averages for 1965-66, the disparity at no time exceeded $2\frac{1}{2}$ per cent.

The All Ordinaries Index which is published daily is subdivided into fifteen Industrial Groups. To measure short-term trends the 50 Leaders series is published three times daily.

At 30 September 1966, the Aggregate Market Value (A.M.V.) of stocks included in the All Ordinaries Index was \$8,040m or 88 per cent of the A.M.V. of all ordinary shares on the Official List. The 50 Leaders represent approximately 45 per cent of the A.M.V. of the total listed ordinary shares.

The accompanying graph shows the trend of the 50 Leaders Index from 1951 and that of the All Ordinaries Index from 1960. The base period for all groups is January, 1960.

Short-Term Money Market

The short-term money market in Australia in 1966 comprised nine dealer companies whose business is the borrowing of money and its investment in specified types of securities, and trading in those securities.

In February, 1959, the central bank (now the Reserve Bank of Australia) announced that it had agreed to grant a line of credit to several dealer companies which had been established to operate in the short-term money market. Under the line of credit, the Reserve Bank, as lender of last resort, grants loans to dealer companies so that their liquidity can be assured.

The rate of interest at which the Bank is prepared to lend to the market is penal, its function being normally to discourage frequent borrowing by dealers. A perhaps more unattractive feature to the market of the Bank's last resort loans is that they cannot be repaid earlier than seven days from the date of drawing even though money may be readily available from ordinary lenders within a day or so of the drawing.

Because of the responsibilities for the market which the Reserve Bank has assumed, dealer companies are required to observe a number of conditions. Dealers accept loans overnight, at call or for fixed periods, in minimum amounts of \$50,000. The funds so borrowed are used to purchase securities of the type described above. These securities may be lodged with lenders as cover for loans accepted or, as is mostly the case, the securities may be lodged by the dealer with the Reserve Bank for safe custody. The Bank then issues certificates in the dealer's name certifying that it is holding certain stated securities for safe custody on his behalf. These safe custody certificates are lodged by the dealer with the lender as evidence that securities are held against loans accepted; when loans are repaid, the lender returns the certificates to the dealer.

When loans are called, the dealer has three possibilities of obtaining funds to effect repayment. He can try to borrow the amount required from someone else or, alternatively, sell securities from his portfolio and use the proceeds in repayment. Failing either of these two possibilities, he can approach the Reserve Bank as lender of last resort and borrow the amount required against lodgment of security.

The rate of interest paid by dealers for funds may vary from day to day and may indeed change during the day depending on the general supply of funds. The gross return to the dealer is the difference between the rate paid for money and the interest received on his portfolio of securities, together with the margin, if any, between the price paid for securities and the proceeds of sales.

Lenders to the market may be classified into four main groups: major trading banks and other cheque-paying banks, savings banks, public authorities, and private lenders (e.g., large companies). The following tables show dealers' liabilities and assets, interest rates charged, and a classification of liabilities by type of client:

AUSTRALIA—SHORT-TERM MONEY MARKET: LIABILITIES, ASSETS AND INTEREST RATES OF AUTHORISED DEALERS

Month of June—	Liabilities to Clients	Asset Holdings				Interest Rates on Loans Accepted during Month		Weighted Average Interest Rate on Loans Outstanding*
		Commonwealth Government Securities (Face Value)			Commercial Bills	At Call	For Fixed Periods	
		Treasury Notes	Other	Total				
Average of Weekly Figures (\$m)				Per Cent per Annum				
1960 ..	159.8	164.6		164.6	..	2.75-3.50	3.00-3.50	3.25
1961 ..	194.3	200.8		200.8	..	2.50-4.88	3.50-4.83	4.17
1962 ..	232.9	242.3		242.3	..	2.00-4.00	3.00-3.88	3.45
1963 ..	267.1	53.6	233.3	286.8	..	2.00-4.25	3.13-4.25	3.75
1964 ..	320.8	38.2	303.0	341.2	..	1.50-4.50	3.38-4.50	3.71
1965 ..	312.7	8.4	335.0	343.4	7.6	1.50-6.00	2.00-5.53	4.16
1966 ..	350.2	10.7	362.6	373.3	25.2	3.00-6.10	4.25-5.80	4.73

[Source: Reserve Bank of Australia

* From 1960 to 1963 inclusive as at last Wednesday of month of June. For 1964, 1965, and 1966, average of weekly figures for month of June.

AUSTRALIA—SHORT-TERM MONEY MARKET : AUTHORISED
DEALERS' LIABILITIES, CLASSIFIED BY TYPE OF CLIENT*
(\$m)

Clients	30 June 1965	30 June 1966
All Cheque-paying Banks	93.9	91.1
Savings Banks	32.1	35.6
Insurance Offices	6.7	12.5
Superannuation, Pension, and Provident Funds ..	6.7	6.2
Hire Purchase and Other Instalment Credit Companies	4.7	6.3
Companies (<i>n.e.i.</i>)	56.5	95.1
Commonwealth and State Governments	33.6	30.4
Local Government and Semi-Governmental Authorities (<i>n.e.i.</i>)	52.3	51.0
All Other Lenders (Including Marketing Boards and Trustee Companies)	15.7	18.4
Total	302.2	346.5

[Source : Reserve Bank of Australia

* Compiled from returns supplied by authorised dealers in the short-term money market. Liabilities to Reserve Bank as lender of last resort are excluded.

Further Reference, 1967

Instalment Credit for Retail Sales

All types of Instalment Credit Schemes in which repayments are made by regular, predetermined instalments are included in this collection. These include Hire Purchase, Time Payment, Budget Accounts, and Personal Loan Schemes which relate primarily to the financing of retail sales of goods. The statistics do not cover lay-bys, credit accounts not involving regular predetermined instalments, financing of sales of land and buildings, property improvements, services such as repair work and travel facilities, or rental and leasing schemes.

In addition to businesses which finance the sale of goods by retail, but do not retail goods themselves (called Non-Retail Finance Businesses), information is also collected from retailers who provide their own finance and from retailers' subsidiary companies (called Retail Businesses). Retailers' subsidiary companies are businesses which have been set up by retailers, or by groups mainly engaged in retailing, primarily for the purpose of financing their retail sales.

Figures for retail subsidiary companies are included with Retail Businesses in order to permit compilation of figures on a comparable basis over a period of time even when the retailer sets up a subsidiary company to conduct the financing which was previously done by the retail business itself.

The statistics are classified by type of business according to the nature of the business on whose paper the agreement was written, even if the agreement was subsequently assigned, discounted, or mortgaged with another type of business.

Particulars of total instalment credit transactions of Non-Retail Finance Businesses are collected regularly from all such businesses. However, particulars from Retail Businesses are derived from a sample of these businesses based on the Census of Retail Establishments for 1961-62. Because of this, the figures shown below for Retail Businesses are subject to revision. Revision to data for Non-Retail Finance Businesses also may be necessary from time to time as problems are encountered about coverage and classification. All types of goods sold to final purchasers are included, whether producer goods (such as plant and machinery) or consumer goods.

The following table shows the amounts financed by all businesses during the year ended 30 June 1966, in Australia, classified by States and by groups of commodities financed. It also shows the balances outstanding at 30 June 1966, for each State and Australia.

AUSTRALIA—INSTALMENT CREDIT FOR RETAIL SALES
(Retail Businesses plus Non-Retail Finance Businesses)
(\$m)

State	Amount Financed* for Year Ended 30 June 1966				Balances Outstanding at 30 June 1966 †
	Motor Vehicles, Tractors, etc. †	Plant and Machinery ‡	Household and Personal Goods §	Total All Goods	
New South Wales ¶	201.5	25.3	147.2	374.0	559.1
Victoria	135.5	16.1	83.2	234.8	344.5
Queensland ..	86.7	12.2	50.1	149.1	232.3
South Australia °	49.6	4.9	28.8	83.3	133.3
Western Australia ..	51.8	11.3	19.7	82.8	115.3
Tasmania ..	18.5	2.7	8.4	29.6	45.3
Australia	543.6	72.5	337.4	953.5	1,429.8

* Includes amounts financed on both Hire Purchase and Other Instalment Credit Schemes valued at net cash or list price (excluding hiring charges and insurance).

† Includes new and used motor cars, motor cycles, commercial vehicles, tractors, caravans, motor parts and accessories.

‡ Includes farm machinery and implements, earth-moving equipment, aircraft, industrial plant and machinery, business machines and equipment (including commercial refrigeration equipment), etc.

§ Includes furniture and furnishings, domestic refrigerators, electrical goods, television and accessories, radios, musical instruments, bicycles, and other household and personal goods.

¶ Includes hiring charges, interest and insurance.

° Includes Australian Capital Territory.

° Includes Northern Territory.

The following table shows the amounts financed during recent years in Victoria classified according to type of business and groups of commodities financed :

VICTORIA—INSTALMENT CREDIT FOR RETAIL SALES :
AMOUNTS FINANCED BY COMMODITY GROUPS*

(\$m)

Year Ended 30 June—	Motor Vehicles, Tractors, etc.†	Plant and Machinery‡	Household and Personal Goods§	Total All Goods
RETAIL BUSINESSES				
1962	4.9	0.4	73.1	78.4
1963	5.7	0.7	75.7	82.2
1964	5.4	1.2	74.2	80.8
1965	5.9	1.0	77.4	84.2
1966	4.8	1.0	69.9	75.7
NON-RETAIL FINANCE BUSINESSES				
1962	90.4	10.3	15.4	116.1
1963	113.1	11.8	15.5	140.5
1964	124.6	12.9	15.7	153.0
1965	140.9	14.9	15.3	171.1
1966	130.7	15.1	13.3	159.0
ALL BUSINESSES				
1962	95.3	10.7	88.5	194.5
1963	118.9	12.5	91.3	222.6
1964	130.0	14.1	89.9	233.9
1965	146.7	15.8	92.7	255.3
1966	135.5	16.1	83.2	234.8

* Includes amounts financed on both Hire Purchase and Other Instalment Credit Schemes valued at net cash or list price (excluding hiring charges and insurance).

† Includes new and used motor cars, motor cycles, commercial vehicles, tractors, caravans, motor parts and accessories.

‡ Includes farm machinery and implements, earth-moving equipment, aircraft, industrial plant and machinery, business machines and equipment (including commercial refrigeration equipment), etc.

§ Includes furniture and furnishings, domestic refrigerators, electrical goods, television and accessories, radios, musical instruments, bicycles, and other household and personal goods.

The following table shows the balances outstanding in Victoria at 30 June 1962 to 1966, and the relationship between Retail and Non-Retail Finance Businesses in this respect :

VICTORIA—INSTALMENT CREDIT FOR RETAIL SALES :
BALANCES OUTSTANDING*

(\$m)

At 30 June—	Retail Businesses	Non-Retail Finance Businesses	Total All Businesses
1962	117.0	185.6	302.7
1963	115.0	203.3	318.3
1964	106.7	227.8	334.6
1965	101.0	253.9	354.9
1966	91.0	253.5	344.5

* Includes amounts owing on both Hire Purchase and Other Instalment Credit combined.

At 30 June 1962, of the total balances outstanding in Victoria for all instalment credit (\$302,658,000), Hire Purchase comprised 81·2 per cent and Other Instalment Credit 18·8 per cent. The latter has grown since then and at 30 June 1966, totalled \$156,546,000 or 45·4 per cent of the total instalment credit outstanding balances of \$344,516,000. This increase has continued.

Cross-classifications of the statistics by type of instalment credit (i.e., Hire Purchase or Other Instalment Credit) and type of business (i.e., Retail Businesses or Non-Retail Finance Businesses) are not available for publication.

Retail Hire Purchase Operations

The following table shows the main features of hire purchase operations in Victoria for the years ended 30 June 1962 to 1966.

It should be noted particularly that these statistics cover hire purchase operations by all businesses.

VICTORIA—RETAIL HIRE PURCHASE OPERATIONS

Class of Goods	Year Ended 30 June—				
	1962	1963	1964	1965	1966

NUMBER OF AGREEMENTS MADE

Motor Vehicles, Tractors, etc.*	85,024	98,529	89,502	72,360	58,330
Plant and Machinery† ..	11,376	10,836	10,941	10,570	10,551
Household and Personal‡ ..	422,149	418,114	392,776	369,494	294,145
Total Agreements ..	518,549	527,479	493,219	452,424	363,026

VALUE OF GOODS PURCHASED§

(\$m)

Motor Vehicles, Tractors, etc.*	129.5	150.4	134.0	113.9	89.9
Plant and Machinery† ..	15.6	18.2	19.7	21.3	21.6
Household and Personal‡ ..	63.5	62.4	57.9	55.9	46.2
Total Value ..	208.6	231.0	211.6	191.0	157.6

AMOUNT FINANCED UNDER AGREEMENTS||

(\$m)

Motor Vehicles, Tractors, etc.*	84.4	99.5	88.8	75.2	60.0
Plant and Machinery† ..	10.6	12.5	13.7	14.5	14.7
Household and Personal‡ ..	53.5	52.3	48.9	46.9	38.6
Total Amount Financed	148.5	164.3	151.3	136.6	113.3

VICTORIA—RETAIL HIRE PURCHASE OPERATIONS—*continued*

BALANCES OUTSTANDING AT END OF YEAR¶

(\$m)

All Classes of Goods	..	245.8	248.8	240.6	211.6	188.0
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* Includes new and used motor cars, motor cycles commercial vehicles tractors, caravans, motor parts, and accessories.

† Includes farm machinery and implements, earth-moving equipment, aircraft, industrial plant and machinery, business machines and equipment (including commercial refrigeration equipment), etc.

‡ Includes furniture and furnishings, domestic refrigerators, electrical goods, television and accessories, radios, musical instruments, bicycles, and other household and personal goods.

§ Value at net cash or list price (excluding hiring charges and insurance).

|| Excludes hiring charges and insurance.

¶ Includes hiring charges and insurance.