

PUBLIC FINANCE

ECONOMIC AND SOCIAL RESPONSIBILITIES OF GOVERNMENTS

General

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

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

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

Victorian governmental financial activity

In Victoria governmental financial activity is carried out through :

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

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

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

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

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

These tables are intended to :

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

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

Public financial enterprises (government savings banks, insurance offices, etc.) have been omitted from the following tables mainly to centre attention on the activities of general government and public trading enterprises. Further comment on this treatment may be found in the annual publication *Public Authorities Finance: State and Local Authorities*, issued by the Commonwealth Statistician.

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

Item	1969-70	1970-71	1971-72	1972-73	1973-74
1. OUTLAY					
Final consumption expenditure	499.4	584.2	679.6	833.0	1,051.9
Gross capital formation—					
Increase in stocks	2.3	-1.8	-2.2	2.1	1.8
Expenditure on new fixed assets	547.5	553.6	579.5	644.6	732.2
Expenditure on existing assets (net)	13.5	22.8	17.3	32.9	59.0
Total gross capital formation	563.4	574.6	594.5	679.7	793.0
Transfer payments—					
Interest	218.1	236.6	266.2	290.7	312.1
Transfers to persons	22.0	27.5	33.8	45.6	47.1
Subsidies	2.6	2.7	3.8	5.1	5.4
Transfers overseas	0.3	0.3	0.3	0.3	0.3
Grants for private capital purposes	4.2	5.2	5.6	6.0	8.1
Total transfer payments	247.2	272.3	309.7	347.7	373.0
Net advances—					
To the private sector	19.8	28.3	25.8	18.0	18.2
To public financial enterprises	..	..	..	..	5.0
Total net advances	19.8	28.3	25.8	18.0	23.2
Total outlay	1,329.8	1,459.4	1,609.6	1,878.4	2,241.1
Total outlay—					
Current outlay	746.6	856.5	989.3	1,180.7	1,424.9
Capital outlay	583.2	602.9	620.3	697.7	816.2
2. RECEIPTS AND FINANCING ITEMS					
Receipts—					
Taxes, fees, fines, etc.	393.5	419.4	542.6	660.0	836.2
Income from public enterprises	125.3	123.2	118.9	109.8	118.9
Property income—					
Interest	25.3	27.0	31.5	35.8	41.8
Land rent, royalties	10.5	20.5	26.6	28.1	35.6
Total property income	35.8	47.5	58.1	63.9	77.4
Grants from the Australian Government—					
For current purposes	322.4	413.1	431.5	502.5	621.9
For capital purposes	61.8	123.0	136.5	159.1	203.2
Total receipts	938.7	1,126.3	1,287.6	1,495.2	1,857.7
Financing items—					
Net borrowing—					
Local authority and public corporation securities	113.3	134.2	146.9	188.6	180.5
Other general government securities	1.4	1.6	1.9	1.3	0.6
Advances from the Australian Government (net)—					
For loan works purposes	131.1	93.4	141.4	154.7	115.1
Other	41.8	39.2	1.5	10.5	69.3
Net receipts of private trust funds	19.1	17.9	27.6	27.6	29.8
Reduction in cash and bank balances	-4.7	-25.3	-45.3	-53.6	-35.0
Reduction in security holdings	-20.8	-28.9	-31.4	-36.3	-65.8
Other funds available (including errors and omissions)—					
Depreciation allowances	67.5	60.6	66.2	71.0	74.9
Other	42.4	40.4	13.2	19.4	14.0
Total financing items	391.1	333.1	322.0	383.2	383.4
Total funds available	1,329.8	1,459.4	1,609.6	1,878.4	2,241.1

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

Purpose	1969-70	1970-71	1971-72	1972-73	1973-74
1. FINAL CONSUMPTION EXPENDITURE CLASSIFIED BY PURPOSE					
General public services—					
Law, order, and public safety	50.7	56.3	66.2	76.9	95.4
General administration n.e.c.	38.6	41.6	40.1	69.0	65.1
Education	241.5	286.9	340.3	413.7	539.9
Health	94.2	115.1	135.4	157.7	205.4
Social security and welfare	10.7	12.2	14.5	17.4	21.7
Housing and community amenities—					
Housing	0.2	0.2	0.3	0.4	0.5
Community and regional development	1.3	1.4	1.8	1.8	2.9
Protection of the environment	4.2	5.1	5.5	7.3	10.5
Recreation and related cultural services	19.5	20.7	24.0	29.3	35.7
Economic services—					
General administration, regulation, and research	0.1	2.0	2.6	2.6	3.4
Agriculture, forestry, fishing—					
Soil and water resources management	5.1	4.0	4.1	4.5	5.8
Forest resources management	2.7	3.4	3.7	4.1	4.6
Services to agricultural and pastoral industries, and to fisheries	12.1	14.4	16.4	19.7	25.2
Mining, manufacturing, and construction	1.0	1.6	1.8	1.8	2.2
Electricity, gas, and water supply	-1.3	-1.5	-1.3	-1.3	-2.2
Transport and communication	8.5	7.9	9.2	11.0	12.6
Other economic services	10.0	12.8	15.0	17.3	21.6
Other purposes	0.1	0.1	0.1	..	1.6
Total	499.4	584.2	679.6	833.0	1,051.9
2. EXPENDITURE ON NEW FIXED ASSETS CLASSIFIED BY PURPOSE					
General public services—					
Law, order and public safety	4.1	3.8	5.0	5.8	8.4
General administration n.e.c.	16.7	17.4	18.2	22.5	22.9
Education	60.9	72.8	77.8	91.8	102.0
Health	19.4	19.4	18.0	20.2	30.8
Social security and welfare	1.4	2.6	4.1	2.5	1.1
Housing and community amenities—					
Housing	18.5	19.0	13.4	15.7	19.4
Community and regional development	0.1	0.2	0.7	0.5	0.8
Protection of the environment	47.7	48.9	68.2	86.9	92.3
Recreation and related cultural services	8.1	7.4	8.8	10.5	11.8
Economic services—					
General administration, regulation, and research	0.1	0.1	0.1	0.5	1.0
Agriculture, forestry, fishing—					
Soil and water resources management	17.5	15.1	13.2	12.7	16.0
Forest resources management	5.7	6.1	6.4	7.4	8.2
Services to agricultural and pastoral industries, and to fisheries	0.8	0.9	0.7	1.1	1.6
Mining, manufacturing, and construction—					
Mining	4.9	2.6	4.2	7.4	11.7
Manufacturing and construction	0.3	0.3	0.2	1.0	1.3
Electricity and gas	115.3	108.6	98.3	98.9	94.8
Water supply	26.9	28.5	35.9	46.1	49.6
Transport and communication—					
Rail transport	17.9	17.5	20.0	25.3	39.1
Sea transport	10.4	11.6	11.6	10.9	12.8
Road transport—					
Road systems and ancillary facilities	162.3	161.1	169.8	171.0	199.9
Other	..	0.1	0.1	0.1	..
Urban transit (a)	1.3	0.7	0.9	1.0	1.0
Pipelines	0.2	2.0	..	..	..
Other economic services	7.0	6.9	3.9	4.8	5.7
Total	547.5	553.6	579.5	644.6	732.2

(a) Excludes suburban rail transport systems included under "Rail transport".

COMMONWEALTH-STATE FINANCIAL RELATIONS
UNDER THE CONSTITUTION

The Commonwealth Constitution allocated areas of power to the Commonwealth. The States were expressly excluded from some fields of Commonwealth power. The powers of Commonwealth and States were to be concurrent in other fields, although the laws made by the Commonwealth were potentially paramount. The areas of power that were given to the Commonwealth were not those which in the years preceding federation had involved large expenditure. The functions of government that remained with the States included those that had been the most costly.

Duties of customs and excise had been the main sources of revenue of the federating colonies. One of the main purposes of federation was to eliminate internal customs within the federated nation and to secure uniformity in the imposition of customs and excise duties throughout the nation. If the Commonwealth were to be given an exclusive power to levy customs and excise duties, a way had to be found to provide for disposing of the excess receipts by the Commonwealth over its expenditure and for satisfying State needs that would arise from the excess of expenditure over revenue in the light of the depletion of the States' customary means of taxation.

The Constitution vested in the Commonwealth by sec. 51 (ii) a general power of taxation which was subject only to the qualification that it was not to discriminate between States or parts of States. Its power to impose duties of customs and excise and to grant bounties on the production or export of goods was to become exclusive on the imposition of uniform duties of customs. All State laws imposing customs and excise duties and offering bounties were thereupon to cease to have effect (sec. 90). Uniform duties were imposed by the Commonwealth Parliament on 8 October 1901.

During the first ten years of the federation and thereafter until the Parliament provided otherwise, the Commonwealth was prohibited by sec. 87 from applying more than one fourth of the net revenue from customs and excise duties towards its own expenditure and was required to pay the balance to the States or to apply it towards the payment of interest on State debts taken over by the Commonwealth. Until the imposition of uniform duties of customs and for five years thereafter the Commonwealth was required to credit to each State the net revenues that the Commonwealth collected in it (secs. 89, 93). After five years from the imposition of uniform customs duties, the Commonwealth Parliament was to have the power to provide for the monthly payment to the States of all the surplus revenue of the Commonwealth on such basis as it deemed fair (sec. 94).

In addition, during a period of ten years after the establishment of the Commonwealth and thereafter until the Parliament otherwise provided, sec. 96 authorised the grant of financial assistance by the Commonwealth Parliament to any State on such terms and conditions as the Parliament thought fit.

The Commonwealth Parliament imposed customs and excise duties in 1901. They were the only Commonwealth taxes until 1910 when a land tax was levied. Commonwealth estate duty was first imposed in 1914, income tax in 1915, and entertainments tax in 1916.

The assumption that the financial needs of the Commonwealth would be adequately provided for from customs and excise duties so that there would be surplus revenue available to be paid to the States under sec. 94 foundered soon after the five year period. At first the Commonwealth adopted the practice of appropriating moneys from the Consolidated Revenue for the purposes of trust accounts formed in accordance with the Audit Act, so that all the revenue of one year would be appropriated for authorised purposes although part might not be expended until a later year. In 1908 the Commonwealth Parliament enacted a statutory scheme which had the effect that any unexpended Commonwealth

revenue was appropriated for expenditure in future years and that moneys so appropriated were deemed expenditure of the Commonwealth, so that there should be no surplus revenue until after the moneys so appropriated had been added to the moneys actually expended within the year and deducted from the revenue of that year.

In 1910 a proposal to amend the Constitution by, in effect, omitting secs. 87, 93, and 94 and substituting provisions requiring the Commonwealth to pay to the States or to apply to the payment of interest on State debts taken over by the Commonwealth an annual sum amounting to 25s. per capita of population was rejected at a referendum. The Commonwealth Parliament nevertheless by statute required the Commonwealth to make annual per capita payments to all the States for ten years to 1 July 1920 and thereafter until the Parliament otherwise provided and to make special additional payments to Western Australia. Special payments to Tasmania were made from 1912.

Those provisions continued until 1927 when the provisions of the statute of 1910 for making per capita payments were repealed and new provisions were enacted which provided for the payment to the States in 1927 of amounts equivalent to what the per capita payments would have been if the previous legislation had continued.

Section 105 of the Constitution originally enabled the Commonwealth Parliament to take over the public debts of the States existing at the establishment of the Commonwealth and required the interest upon such debts to be deducted from the portions of the surplus revenue payable to the States or, if there were no surplus or if it were insufficient, requiring payment to be made by the States. An amendment was approved by referendum in 1910 which deleted the limitation in sec. 105 confining the power to the State public debts existing at the establishment of the Commonwealth.

When the per capita payments system was reviewed in 1927 a scheme was proposed by which the Commonwealth should take over the public debts of the States and become responsible for the payment of interest. Instead of making per capita payments to the States for fifty-eight years from 1929, the Commonwealth was to pay agreed sums to a sinking fund for the redemption of loans. The States were to pay to the Commonwealth amounts equivalent to interest on moneys borrowed on their behalf exceeding the fixed payments. The Australian Loan Council consisting of a representative of the Commonwealth and representatives of each of the States was to determine the amounts to be borrowed for each financial year for government purposes other than defence purposes. Each party to the scheme was to submit an annual programme to the Loan Council setting out the amount it desired to raise by loans for purposes other than the conversion, renewal, or redemption of existing loans or temporary purposes. Unless the Loan Council agreed otherwise, the Commonwealth was to arrange for all borrowings. The financial agreement was approved by the Parliaments of all the States and the Commonwealth in 1928 and an amendment of the Constitution, by which a new sec. 105A was inserted, was approved by a referendum.

Section 105A empowered the Commonwealth to make agreements with the States with respect to the public debts of the States, including the taking over and management of such debts. Any agreement might be varied or rescinded by the parties and every agreement and any variation should be binding on the Commonwealth and the party States notwithstanding anything in the Constitution or a State Constitution or any Commonwealth or State law. The Commonwealth Parliament was given power to enact laws for the carrying out of any such agreement by the parties thereto. The High Court has held that the power supports the making of Commonwealth laws to enforce the observance of the obligations of a State by requiring payments to be made out of the State Consolidated Revenue without appropriation by the State Parliament.

The financial agreement was ratified by the Commonwealth Parliament after the approval of the referendum for the insertion of sec. 105A. The agreement ended the system of per capita grants; it curtailed the Commonwealth's power to distribute surplus revenue; and it removed from the Commonwealth (except for defence purposes) and the several States the power to determine the amount of public borrowing for their own purposes, other than temporary purposes, and gave it to a body consisting of representatives of the States and the Commonwealth whose decisions were not subject to the ratification of any Parliament.

By 1933 the arrangements accepted in 1927 were found to work unequally between the States. The less populous States were less able than the more populous to obtain the funds that were needed to carry out their functions of government by using the taxing resources available to them. In that year a Commonwealth Grants Commission was set up to review and assess, on a continuing basis, applications received by the Commonwealth for special financial assistance to enable those States to maintain their functions and services at a level comparable with those of the other States. Although the Commission was established by statute and although, unlike the Loan Council, neither its existence nor its functions are protected by the Constitution, it has acquired a quasi-constitutional role in the financial relationship between the Commonwealth and the States.

Special grants recommended by the Grants Commission are made by the Commonwealth under sec. 96 of the Constitution. In the 1920s the Commonwealth began to make grants to the States pursuant to that section for the specific purpose of their being used for the construction of new roads. In 1926 the Commonwealth made those grants subject to the conditions that the funds should be used for construction and reconstruction and that maintenance should be paid for wholly by the States. The States were required to submit a comprehensive plan of proposed construction works for approval by the Commonwealth and a Commonwealth board was established to consider the submitted plans and supervise their execution. The States were required to match the funds granted by the Commonwealth on a specified ratio. The grants to a particular State were to cease if the conditions were not observed. The validity of the scheme was challenged in the High Court on the grounds (a) that the terms and conditions referred to in sec. 96 were financial terms and conditions or, if not, were limited to matters within sec. 51; (b) that if only one State were to receive a grant the Act would give it a preference over other States in contravention of sec. 99. The objections to validity were preemptorily dismissed by the High Court. The roads grants legislation has become the model for schemes by which assistance has been granted to the States for multifarious specific purposes without regard to whether it was within the ordinary power of the Commonwealth Parliament to make laws with respect to the things for which the assistance was granted or concerning which conditions were imposed. Conditions have been attached to grants made for specific purposes which specify the manner in which the granted funds are to be expended. The High Court has stated that the only legal constraint upon the conditions that may be imposed upon assistance granted under sec. 96 is that they cannot be legally coercive.

In 1942 the Commonwealth Parliament passed, as a war-time measure, a series of Acts which had the effect of excluding the States from levying income taxes. The Constitution gave to the Commonwealth and left with the States the power to impose all forms of taxes, other than those allocated exclusively to the Commonwealth, for their separate purposes. From 1915, when Commonwealth income tax was first imposed, until 1942, separate income taxes were levied by the Commonwealth and the States. Commonwealth taxes were collected by the States on behalf of the Commonwealth in all States other than Western Australia. By the 1942 scheme, the Commonwealth took over the State income tax offices and officers and placed them under its own control until a year after the war;

income tax was imposed at high rates ; assistance, called income tax reimbursements, was to be granted to the States under sec. 96 upon the condition that a State in receipt of reimbursements should refrain from imposing income tax ; and priority was given to the liability of a person to pay Commonwealth income taxes over any liability to pay State income taxes. All the provisions of the scheme were held to be valid by the High Court. The "uniform tax" scheme continued after the war. Its validity was challenged again before the High Court in 1957 upon the footing that the scheme had been supported only by the defence powers of the Commonwealth in time of war. It was held that the provision purporting to confer priority on the Commonwealth in the collection of taxes was invalid but that the decision of 1942 upon the validity of the other parts of the scheme should stand. Since 1959 the grants formerly known as income tax reimbursements grants have been called financial assistance grants. No State has imposed a general income tax since the inception of the "uniform tax" scheme.

Since 1942 State taxation has been confined to the fields other than income taxes : death and succession duties, land taxes, gift and stamp duties, entertainment taxes, liquor licensing fees, specific levies and licensing charges and, since 1971, pay-roll taxes. The validity of State taxes of various kinds has been called in question in proceedings before the High Court on the ground that they were excise duties or that they imposed a burden upon inter-State trade and commerce that was forbidden by sec. 92 of the Constitution. By a series of cases, in several of which the decision of the Court depended upon the judgments of a small majority of the judges, the High Court has held that a tax imposed upon goods at any time from manufacture until before the point of consumption is a duty of excise which sec. 96 gives the Commonwealth Parliament the exclusive power to impose, and hence that State taxes upon, among other things, the first sale of petrol, an area in which a cash crop was planted, the distribution of milk within a metropolitan area, and liquor sold under occasional permits were duties of excise. Laws imposing stamp duties generally upon the receipt of moneys were held to be duties of excise to the extent that they fell upon receipts of payments for the sale of goods at any stage from manufacture to consumption. But fees charged upon the annual licences of victuallers and tobacco sellers, calculated by reference to sales in the previous year, and taxes upon the consumption of tobacco were held not to be duties of excise. The distinction in law between various kinds of licensing fees and consumption taxes and taxes upon sales or dealings with goods has not in all cases been easy to discern.

Taxes by the Commonwealth or a State upon goods committed to inter-State trade and commerce or activities performed in the course of inter-State trade and commerce are prohibited by sec. 92. But State laws requiring persons carrying goods for reward by road between the States to pay road maintenance charges of an amount commensurate with the cost of meeting additional wear and tear caused to highways have been held not to infringe sec. 92.

Section 114 prohibits a State, without the consent of the Commonwealth, from imposing a tax on property of any kind belonging to the Commonwealth and the Commonwealth from imposing a tax on property of any kind belonging to a State. The section has, however, been construed narrowly so that it does not prohibit the levying of customs duties upon the importation of goods by a State for its own use.

Apart from sec. 114, the general principle has been accepted that a State cannot tax an activity of the Commonwealth or one of its instrumentalities and the Commonwealth cannot impose a discriminatory tax upon the States or their activities or impose a tax which constitutes an interference of a fundamental kind with the performance by the States of their functions of government. A tax on the wages paid by a State to its employees has been held not to be a tax of that character.

AUSTRALIAN GOVERNMENT PAYMENTS TO VICTORIA

General

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

However, the lack of balance between the spending functions and the sources of revenue (mainly taxation) available to the Australian and State governments, respectively, has led to a system of grants from the Australian Government to the States including more recently, grants made to the States for on-passing to local government authorities and to direct payments by the Australian Government to individual local authorities within each State. Grants may be either unconditional or earmarked for specific purposes such as roads or universities. Important examples of the former are financial assistance grants payable under the uniform tax system and special grants payable under the provisions of sec. 96 of the Constitution which provide assistance to those States experiencing difficulty in raising revenue and providing services on a comparable level with other States. At the end of 1974-75 the only claimant States for special grants under sec. 96 were Queensland and Tasmania.

The history and particulars of the Australian Government payments to States and local government authorities are comprehensively covered in the publication *Payments to or for the States and Local Government Authorities* issued annually with the Australian Government Budget. A summary of the principal Australian Government payments to Victoria (other than Loan Council borrowing programmes, other repayable loans, and direct payments to local authorities and non-government bodies) is given on pages 508-14.

Financial Agreements

Under the terms of the Financial Agreement of 1927 the Australian Government undertook to share debt charges with the States. In 1929 the Australian Government assumed responsibility for the payment of interest on debt, on the understanding that the States would reimburse these payments less a sum of \$15.2m which the Australian Government agreed to contribute annually for a period of 58 years from 1 July 1927. Victoria's share of this is \$4.3m. The Financial Agreement also provided for the creation of sinking funds for the extinction of debt existing at 30 June 1927 or incurred subsequently. Contributions to these sinking funds are made jointly by the Australian and State Governments on bases laid down. In 1974-75 the sinking fund contribution made by the Australian Government on account of debt incurred by Victoria was \$7.5m.

Nature of payment*Financial assistance grants*

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

financial assistance grants for 1973-74, of which Victoria's share was \$437.6m. The latter grant was notable because it included a negative adjustment to take into account the acceptance by the Australian Government of financial responsibility for tertiary education from 1 January 1974. In May 1975 the States objected, without success, to the way this 'offsets' principle had been applied.

The Australian Government also made known its intention that offsets will be made to financial assistance grants in respect of recurrent expenditures on account of the transfers to the Australian Government of certain Aboriginal affairs functions and assistance for deserted wives. They have not done so as yet. The responsibility for certain Aboriginal affairs functions was transferred by Victoria to the Australian Government as from 1 January 1975.

At the 1975 Premiers' Conference the Australian Government undertook to legislate to provide for changes in the financial assistance grants arrangements. The changes affecting Victoria were the addition of \$200m to be divided between the States in 1975-76 and this amount to be "built in" to the base on which the grants will be calculated under the formula in 1976-77 and onwards. The "betterment" factor in the formula for 1976-77 onwards was to be increased from 1.8 per cent to 3.0 per cent.

In 1974-75 Victoria's share of these financial assistance grants was \$548.4m.

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

Nature of payment	1969-70	1970-71	1971-72	1972-73	1973-74
General revenue assistance (b)	283,643	361,584	362,085	396,087	443,624
Financial Agreement—					
Interest on State debt	4,254	4,254	4,254	4,254	4,254
Sinking fund on State debt (c)	5,600	5,926	6,378	6,809	7,195
Debt charges assistance	..	2,783	5,566	8,348	11,131
Capital assistance grants	..	51,020	55,890	63,405	70,789
Research grants	864	954	1,177	1,620	1,540
Legal aid	..	..	..	..	557
Government schools—					
Capital grants	3,782	4,491	5,650	7,346	12,647
Recurrent grants	..	..	..	..	10,172
Non-government schools—					
Capital grants	2,480	2,254	1,937	2,140	5,364
Recurrent grants	3,952	7,832	9,655	13,337	18,083
Schools—joint programmes	..	..	..	..	870
Technical education	3,000	3,912	1,500	3,350	7,272
Colleges of advanced education	7,728	11,093	12,921	19,718	60,391
Teachers colleges	3,252	1,251	2,750		
Universities	18,455	22,228	25,255	29,223	67,596
Pre-schools and child care	..	..	..	..	1,514
Child migrant education	86	667	1,158	1,819	3,282
Mental health institutions	947	798	828	831	237
Nursing homes	..	..	..	149	512
Blood transfusion services	225	251	269	367	506
Community health	..	..	..	..	4,386
School dental scheme	..	..	..	..	1,344
Disposal of ships garbage	120	4	130	765	6
Dwellings for aged pensioners	200	1,929	2,243	1,478	650
Unemployment relief	..	..	6,075	25,670	2,647
Aboriginal advancement	347	367	400	770	948
Housing assistance grants	..	..	1,005	1,679	1,679
Area improvement programme	..	..	..	..	2,400
Agricultural extension services	1,027	1,194	1,364	1,490	1,601
Bovine brucellosis and T.B. eradication	37	577	700	1,150	1,681
Adjustment assistance to canneries	..	..	..	..	1,117
Rural reconstruction	..	..	2,125	3,392	1,900
King River dam	1,385	2,000	212	36	15
Water resources investigation	163	420	422	453	762

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

Nature of payment	1969-70	1970-71	1971-72	1972-73	1973-74
Millewa pipeline				600	800
Commonwealth Aid Roads Acts	38,160	43,460	49,820	57,240	65,720
Roads—safety improvements					840
Other payments	810	351	671	1,232	3,133
Total	380,517	531,600	562,440	654,758	819,164

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

(b) Includes financial assistance grants and special revenue assistance.

(c) Paid to National Debt Sinking Fund.

Special revenue assistance

In six of the eight years to 1974-75 the Australian Government has made ad hoc grants to supplement amounts payable under the financial assistance grants arrangements and by way of special grants under sec. 96 of the Constitution. In recent years this assistance has been given to help States cope with budget difficulties. In 1974-75 due mainly to large increases in wage and salary costs, the States were threatened with the necessity to retrench employees. To assist the States to retain or re-engage employees the Australian Government undertook to distribute, among other amounts, \$60m between the States. Victoria's share of this special revenue assistance in 1974-75 was \$13.9m.

Debt charges assistance

In accordance with the undertaking given at the June 1970 Premiers' Conference, when the Australian Government agreed to meet interest and sinking fund charges on \$200m of State debt in 1970-71 and on \$200m additional each year to 1974-75, formal transfer of this debt (\$1,000m) to the Australian Government was effected in June 1975 by way of an amendment to the Financial Agreement. In 1974-75 Victoria's share of debt charges assistance was \$13.9m.

Capital assistance grants

As from 1970-71 the Australian Government has made interest free capital grants to support that part of the States' works programmes from which debt charges are not normally recoverable (e.g., schools, police buildings, etc.). These grants which are distributed between the States in proportion to their respective borrowing programmes represented 24.3 per cent of the total works and housing programme for 1970-71. Changes in the method of calculating the capital assistance grants since 1972-73 have resulted in the payment of grants which represent a higher percentage of total works and housing programmes. In 1974-75 total capital assistance grants represented 32.1 per cent of works and housing programmes and amounted to \$345.9m of which Victoria received \$87.4m. It was agreed at the 1975 Premiers' Conference to increase the percentage to 33.3 per cent from 1975-76.

Grants for roads

The Australian Government has made grants to the States for road purposes since 1923-24. Particulars of these grants (which commenced with the *Main Roads Development Act* 1925-1929) are given in the publication *Payments to or for the States and Local Government Authorities*.

Recent developments included the passing of the *Road Grants Act* 1974 and the *National Roads Act* 1974 under which grants totalling \$1,100m were allocated to the States for the triennium ending June 1977 mainly for arterial roads and

national highways. Victoria's share of \$228m was made conditional upon its spending \$281.2m from its own resources. In 1974-75 the actual grants made totalled \$368m of which Victoria received \$76m. These amounts included \$5.3m and \$1.2m, respectively, for transport planning and research.

Grants for universities

Assistance to the States for universities was first introduced in 1951-52, and remained relatively small until 1958 when, as a result of an inquiry by the Committee on Australian Universities, assistance was considerably expanded. In 1959 the Australian Universities Commission was established and from 1960 has made recommendations for grants towards recurrent and capital expenditure of universities which have largely been accepted by the Australian Government. An outline of this assistance up to 1974 is given in previous editions of the *Victorian Year Book*. From 1 January 1974 the Australian Government accepted full financial responsibility for universities under the *State Grants (Universities) Act* 1973. Subsequent legislation was passed to authorise adjustments to approval programmes because of cost increases.

Total grants to universities for 1974-75 were \$444m of which Victoria received \$117.1m (\$99.8m for recurrent expenditure and \$17.3m for capital expenditure).

Grants for colleges of advanced education and teachers colleges

The Australian Government had made grants on a matching basis to the States for colleges of advanced education since 1965-66 and for teachers colleges since 1967-68. Details are set out in the Australian Government Budget Paper *Payments to or for the States and Local Government Authorities*. As in the case of universities, the Australian Government assumed full financial responsibility for colleges of advanced education and teachers colleges from 1 January 1974. Various *State Grants (Advanced Education) Acts* 1972 and 1973 authorised grants for these institutions to cover the triennium 1973-1975. Further legislation was introduced in 1974-75 to cover additional grants, both recurrent and capital, required as a result of wage, salary, and other cost increases and the assumption of complete responsibility by the Australian Government. In 1974-75 total grants for colleges of advanced education and teachers colleges were \$349.2m of which Victoria received \$118.6m (\$86.1m for recurrent expenditure and \$32.5m for capital expenditure).

Grants for technical education

Grants towards the cost of buildings and equipment for technical schools conducted by the States have been made by the Australian Government since 1964-65 and towards recurrent expenditure since 1973-74. In 1973 the Australian Government established the Australian Committee on Technical and Further Education to advise on the development of technical and further education and to make recommendations for financial assistance to the States for this purpose. The general principles of the recommendations contained in the Committee's report of April 1974 were accepted by the Government. As a result, grants both recurrent and capital totalling \$45m were authorised for 1974-75. Of this amount Victoria received \$13.4m (\$6.8m for recurrent expenditure and \$6.6m for capital expenditure).

Grants under this programme are being made on the understanding that the States do not reduce the level of activity financed from their own resources.

Grants for schools

The Australian Government has been giving assistance to secondary schools since 1964-65 when it provided grants for science laboratories and equipment. By 1971-72 it was providing grants in respect of secondary school libraries, the

recurrent expenditures of non-government schools, and the capital expenditures of government schools.

The Interim Committee for the Australian Schools Commission was appointed in December 1972 and made recommendations in May 1973 for grants, in respect of 1974 and 1975 to all schools covering the programmes set out above, together with other programmes additional to those already in existence at 1 January 1974.

The *Schools Commission Act 1973* which came into effect in December 1973 established the Australian Schools Commission which was intended to continue the work of the Interim Committee. The Commission was expected to provide information and advice to the Minister about the needs of all primary and secondary schools and the appropriate amount of financial assistance to the States in respect of schools within State boundaries.

The programmes recommended by the Interim Committee for 1974 and 1975 were approved by the Government. Subsequently it was decided to provide, as from 1974, supplementary grants to allow for wage, salary, and other cost increases beyond those allowed for in the original programme. The grants in the 1974-75 biennium are being made in a number of categories: general recurrent grants, general building grants, and grants for science laboratories and equipment, libraries, schools for the handicapped, disadvantaged schools, teacher development, innovatory projects, and information programmes.

The total amount of grants for these purposes in 1974-75 was \$433.9m of which \$287.9m was for government schools, \$130.1m for non-government schools, and \$16m for joint programmes benefiting both government and non-government schools. Of these amounts Victoria received \$86.2m, \$39.9m, and \$4.7m, respectively.

Grants to local government authorities

The Australian Government accepted the August 1974 recommendation of the Grants Commission that grants totalling \$56.3m be paid to the States in 1974-75 for on-passing in specified amounts to local government authorities. These new payments to the States specifically for the assistance of local authorities were designed to reduce financial inequalities existing between the authorities and were unconditional. The share of the grant to be distributed between the Victorian local authorities was \$14.6m.

Urban public transport

The *State Grants (Urban Public Transport) Act 1974* and the *Urban Public Transport (Research and Planning) Act 1974*, passed in July 1974, authorise the payment of grants to the States to assist in the upgrading of urban public transport (including railways). Assistance by the Australian Government under this programme is being provided for two thirds of the approved cost of projects, and amounted in 1974-75 to \$45.3m of which Victoria received \$18.9m.

Grants for community health facilities

In May 1973 the Interim Committee of the Hospitals and Health Services Commission presented a report to the Australian Government containing recommendations for the development of a community health programme over the three years 1973-74 to 1975-76. The Government accepted the principles set out in this report and decided to make available grants for the development of services such as community health centres and therapeutic day centres. Grants were also made available for capital and maintenance expenditure on community facilities and services for mental health, alcoholism, and drug dependency. In 1973-74, \$15.8m was paid to the States for the above purposes (Victoria's share \$4.4m), while \$0.8m was paid to other organisations for similar purposes. In 1974-75 grants to the States totalled \$29.9m of which Victoria received \$5m. Other organisations in the States received \$4.7m.

Hospitals development programmes

In 1973-74 the Australian Government provided an initial allocation of funds for capital grants towards the cost of hospital projects. Of a total of \$2.4m Victoria received \$150,000. In April 1974 the Hospitals and Health Services Commission recommended in its report a programme of capital expenditure on public general hospitals, mental hospital facilities, public nursing homes, and health hostels in the States. Following consideration of the report the Australian Government allocated capital grants during 1974-75 of \$30.3m to the States of which Victoria received \$7.3m. Payments in 1974-75 were made conditional on the States meeting specified minimum amounts totalling \$100m of capital expenditure on hospitals and other health facilities from its own resources.

Employment grants

In December 1971 the Australian Government introduced a scheme of grants for employment creating activities in non-metropolitan areas with the object of relieving unemployment in such areas. The scheme was confirmed in 1973 and extended to metropolitan areas. Altogether \$143m was granted to the States from December 1971 to September 1973.

At the February 1975 Premiers' Conference the Australian Government agreed to provide additional assistance to the States for the remaining months of 1974-75 to assist employment. The grants in 1974-75 totalled \$40m of which Victoria received \$11.2m. At least 50 per cent of the aggregate funds provided were to be expended on labour costs.

Regional Employment Development Scheme

This scheme was introduced by the Australian Government in September 1974. Financial assistance was given towards expenditure on projects of economic and/or social benefit which provided employment for persons who would otherwise remain out of work. Grants were made to various bodies including State Government departments, State semi-government authorities, local government authorities, and non-government bodies.

Total grants to the States (including semi-government authorities) in 1974-75 amounted to \$8.5m of which Victoria received \$4.3m. Victoria's local government authorities also received direct payments of \$4.4m.

Pre-school and child care

In 1973 the Australian Government appointed the Australian Pre-School Committee to examine and make recommendations on the establishment and operation of pre-schools and child care centres throughout Australia. The Australian Government had been providing assistance for child care facilities in the States since 1972-73 by way of payments direct to non-profit organisations, including local government authorities, that is, not by way of payments to the States. In 1973-74, \$2.2m was paid in this manner and \$6.5m was paid separately to the States in advance of the recommendations of the Pre-School Committee.

On the recommendations of the Committee in November 1973 the Australian Government spent \$44.9m in 1974-75 of which \$37.5m was paid to the States and \$7.4m paid direct to non-profit organisations and local government authorities. Of the \$37.5m, \$20.4m was for recurrent expenditure and \$17.1m was for capital expenditure of which Victoria received \$6.7m and \$2.6m, respectively.

Area improvement programmes

In 1973-74, \$7.4m was paid by the Australian Government to alleviate urban problems in certain local government areas of the western regions of Sydney and Melbourne. In 1974-75 assistance was provided in accordance with agreements concluded with the States under the *Urban and Regional Development (Financial Assistance) Act 1974-1975*. The assistance is made available for

specific projects approved by the Department of Urban and Regional Development after consultation with the States.

In 1974-75, \$13.8m was paid to the States of which Victoria received \$4.6m. The grants are mainly for capital expenditure associated with projects such as urban studies, tree-planting programmes, land acquisition, recreation projects, waterway improvements, drainage, and documentation of community facilities.

CONSOLIDATED FUND

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

In 1969-70 there was a deficit in the Consolidated Revenue Fund of \$15.4m and the accumulated deficit to the end of that year was \$82m. This had been financed partly from the Loan Fund and partly from the Public Account (see *Victorian Year Book 1972*, pages 621-3).

As the Premier emphasised in his Budget Speech of 29 September 1970, the Government was concerned that not only should overspending as in 1969-70 be avoided in future, but that there should also be a balance between cash spent and cash available whether derived from revenue or from borrowing.

Hence legislation was brought down (the *Public Account Act 1970*) which amended the principal Act and came into operation on 1 July 1970. This amendment abolished the Consolidated Revenue Fund and the Loan Fund and established the Consolidated Fund which was designed to show in a single statement the receipt and disbursement of all moneys, both revenue and loan, coming within the scope of the Victorian Budget.

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

Details of the principal sources of receipts are shown in the following table for each of the years 1969-70 to 1973-74 :

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

Head of receipt	1969-70	1970-71	1971-72	1972-73	1973-74
Taxation (b)	191,330	199,028	309,695	405,838	547,232
Business undertakings—					
Railways	105,204	108,000	111,967	110,410	114,212
Harbours, rivers, and lights	3,557	4,537	4,806	4,347	4,856
Water supply, sewerage, irrigation, and drainage	15,208	16,875	19,097	21,866	24,791
Electricity supply (interest and recoups of sinking fund contributions, etc.)	14,868	15,820	16,649	16,754	18,280
Other	467	547	535	795	534
Total business undertakings	139,305	145,780	153,054	154,173	162,674
Lands—					
Sales	565	551	527	505	577
Rents	1,980	2,111	2,366	2,439	2,673
Forestry	5,963	6,454	7,176	7,439	8,775
Royalties	3,211	17,255	24,423	25,912	34,695
Other	319	276	297	308	309
Total lands	12,038	26,648	34,789	36,603	47,030
Interest, n.e.i.	29,399	31,319	35,834	38,269	41,994

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

Head of receipt	1969-70	1970-71	1971-72	1972-73	1973-74
Australian Government grants—					
Financial Agreement Act	4,254	4,254	4,254	4,254	4,254
Financial assistance	280,008	351,024	348,464	396,087	437,604
Special revenue assistance	3,635	10,560	13,621	..	6,020
Debt charges assistance	..	2,783	5,566	8,348	11,131
Schools—recurrent grant	..	..	..	..	10,112
Water resources investigations	163	29	813	..	453
Home care services	..	..	137	406	161
Pre-school and child care	..	..	..	..	1,296
Paramedical	..	..	..	..	61
Legal aid	..	..	..	..	558
Australian Government advances	10,000	..	..	..	..
Total Australian Government grants and advances	298,060	368,651	372,854	409,096	471,651
Commonwealth National Welfare Fund payments—					
Tuberculosis—expenditure	3,163	3,020	3,143	2,191	2,570
Pharmaceutical benefits—					
Mental institutions	283	274	222	244	412
Other	1,646	2,213	2,359	2,869	3,534
Total—Welfare Fund	5,092	5,508	5,725	5,304	6,516
Fees and fines	11,606	12,929	14,700	17,898	23,142
All other (c)	40,072	42,930	47,287	50,640	61,565
Sub-total (d)	726,900	832,791	973,937	1,117,821	1,361,803
Loan raisings	157,870	121,670	171,670	187,115	149,738
Loan repayments	4,748	4,826	5,773	7,242	9,044
Australian Government capital payments—					
Works grant	..	51,020	55,890	63,405	70,789
Schools grant	..	..	1,700	3,405	8,552
Other grants	946	798	839	1,203	840
Advances and recoups (e)	922	274	1,080	963	10,157
Sub-total (f)	164,486	178,587	236,952	263,333	249,120
Total receipts	891,386	1,011,379	1,210,889	1,381,153	1,610,923

(a) This Fund, established on 1 July 1970, supersedes the Consolidated Revenue Fund and the Loan Fund by incorporating both into this new Fund. For comparative purposes the table also shows an artificial incorporation of both these Funds for the year 1969-70.

(b) For details of total taxation collections see page 517.

(c) Includes repayments of advances by the Housing Commission under the Australian Government—State Housing Agreements.

(d) The sub-total for 1969-70 is the receipts of the former Consolidated Revenue Fund. The sub-totals for 1970-71 to 1973-74 represent the corresponding portion of the receipts of the Consolidated Fund.

(e) Includes for 1973-74 an advance for sewerage of \$9,300,000.

(f) The sub-total for 1969-70 is the receipts of the former Loan Fund. The sub-totals for 1970-71 to 1973-74 represent the corresponding portion of the receipts of the Consolidated Fund.

The principal payments for each of the years 1969-70 to 1973-74 are shown in the following table:

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

Function of payments	1969-70	1970-71	1971-72	1972-73	1973-74
Public debt charges—					
Interest (including exchange)	109,115	117,074	132,482	141,031	150,769
Debt redemption	20,906	22,280	23,841	25,522	27,937
Other	489	497	511	622	739
Total public debt charges	130,511	139,850	156,834	167,176	179,445

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

Function of payments	1969-70	1970-71	1971-72	1972-73	1973-74
Business undertakings—					
Railways (b)	111,170	121,048	129,286	145,321	174,550
Harbours, rivers, and lights	1,756	2,138	2,355	2,644	5,775
Water supply, sewerage, irrigation, and drainage	11,971	13,096	14,492	16,053	19,874
Tramways	..	..	..	..	2,650
Other	365	413	443	527	2,011
Total business undertakings	125,261	136,694	146,576	164,545	204,861
Social expenditure—					
Education—					
Registered schools	7,049	8,987	11,923	14,026	25,537
State schools	160,390	183,761	216,179	259,178	306,655
Technical schools	43,802	53,076	66,346	84,373	95,166
Universities	18,754	21,972	23,759	30,000	16,173
Libraries, art galleries, etc.	4,107	4,798	5,413	7,036	8,765
Agricultural education, research, etc.	2,195	2,309	2,724	3,254	3,807
Other	3,055	3,451	6,263	7,369	9,636
Public health	5,889	6,467	7,228	8,946	13,151
Charitable—					
Hospitals—					
General	61,709	80,139	93,352	111,728	148,733
Mental	25,208	28,826	33,962	37,520	46,142
Child welfare	7,715	8,011	10,651	12,362	14,796
Other	1,366	2,955	5,280	6,877	4,904
Law, order, and public safety—					
Justice	7,245	7,978	9,378	10,758	14,311
Police	29,984	32,999	40,399	47,254	59,055
Penal establishments	4,111	4,466	5,206	5,929	7,049
Public safety	128	115	114	130	991
Other	71	..	75	14	14
Recreational facilities	688	736	823	1,012	1,279
Total social expenditure	383,467	451,046	539,075	647,766	776,164
All other expenditure—					
Public works, n.e.i.	6,398	7,037	7,821	8,972	10,956
Lands and survey	4,821	5,146	5,727	7,220	8,317
Agriculture	8,420	9,912	11,230	11,640	18,527
Forestry	6,212	6,972	7,790	8,387	9,634
Legislative and general administration	21,039	23,596	26,511	28,775	43,032
Pensions and superannuation	16,273	18,206	20,400	24,052	28,755
Pay-roll tax	7,958	8,971	13,651	17,491	29,240
Miscellaneous (c)	31,923	39,166	45,032	47,594	55,456
Total all other expenditure	103,044	119,006	138,162	154,131	203,917
Sub-total (d)	742,282	846,597	980,648	1,133,618	1,364,386
Appropriation to works and services account (e)					
Total payments	164,486	164,782	230,241	247,536	246,537
Total payments	906,768	1,011,379	1,210,889	1,381,153	1,610,923

(a) This Fund, established on 1 July 1970, supersedes the Consolidated Revenue Fund and the Loan Fund.

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

(c) Includes interest and repayment of advances under the Australian Government-State Housing Agreements.

(d) The sub-total for 1969-70 is the expenditure of the Consolidated Revenue Fund. The sub-totals for 1970-71 to 1973-74 represent amounts which would have constituted the expenditures of the former Consolidated Revenue Fund.

(e) The amount shown for 1969-70 represents the receipts of the Loan Fund.

VICTORIAN GOVERNMENT TAXATION

As mentioned on pages 504-7 the Australian Government alone exercises the right to impose customs and excise duties, and taxation on personal and company incomes. It also has exclusive access to sales tax. Prior to 1 September 1971 the Australian Government was the sole collector of pay-roll tax, but since that date the right to impose this tax within State boundaries has been given to the States. For the most part, the field now left to the States comprises motor taxation, stamp duties, and liquor, land, lottery, racing, pay-roll, and, until recently, entertainments taxes. Estate and gift duties are shared between the two Governments.

In Victoria taxation collections by the Victorian Government are allocated by statute either to the Consolidated Fund or to special funds. One of the principal items of Victorian taxation—taxes on the ownership and operation of motor vehicles—is allocated between the Consolidated Fund and special funds. (See pages 522-3 for 1973-74 allocation.)

VICTORIA—TAXATION COLLECTIONS

Particulars	1969-70	1970-71	1971-72	1972-73	1973-74
	\$'000	\$'000	\$'000	\$'000	\$'000
Pay-roll tax (a)	..	..	98,716	149,136	221,080
Probate and gift duties (b)	44,423	49,927	44,632	50,317	59,499
Land tax	22,436	28,442	29,105	29,443	32,958
Liquor tax	11,370	11,827	12,811	13,260	14,505
Lottery tax	6,504	6,436	6,790	9,255	15,558
Racing taxes	19,445	21,222	25,042	31,916	37,662
Taxes on the ownership and operation of motor vehicles—					
Vehicle registration fees and taxes	48,832	51,853	54,347	57,363	61,995
Drivers', etc., licences and fees	3,443	5,051	7,769	7,522	7,876
Stamp duty (vehicle registration)	6,688	7,007	8,961	12,407	17,309
Road transport taxes	1,887	1,927	2,119	2,265	3,605
Road maintenance contributions	8,555	8,903	9,136	9,745	10,359
Motor car third party insurance surcharges	2,735	2,915	3,028	3,100	3,336
Stamp duties, n.e.i.	80,443	73,581	79,759	107,714	148,090
Statutory authority levy—					
Gas and Fuel Corporation	1,095	1,125	1,640	1,920	2,180
State Electricity Commission	6,330	6,600	9,120	9,260	9,720
Licences and registration fees, n.e.i.	2,299	2,555	2,849	3,761	5,128
Other taxes	2,274	2,433	2,683	3,061	2,890
Total	268,758	281,804	398,510	501,445	653,750
Paid to—					
Consolidated Fund (c)	191,330	199,028	309,695	405,838	547,232
Trust funds	77,429	82,776	88,815	95,607	106,518
	\$	\$	\$	\$	\$
Per head of population	78.57	80.95	112.71	140.11	180.67

(a) Includes pay-roll tax paid by State departments.

(b) Includes gift duty as from 1 January 1972 only. Gift duty collected prior to 1 January 1972 is included with "Stamp duties, n.e.i."

(c) Known as Consolidated Revenue Fund prior to 1970-71.

Specific collections

Pay-roll tax

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

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

The Victorian *Pay-roll Tax Act* 1971, operative from 1 September 1971, imposed a pay-roll tax at the rate of 3.5 per cent on all taxable wages and salaries paid or payable in this State. Amending legislation operative from 1 September 1973 increased the rate to 4.5 per cent. The rate was further increased to 5 per cent from 1 September 1974. The main exemptions from pay-roll tax are on wages and salaries paid by benevolent institutions, public hospitals, non-profit private hospitals, non-profit private schools (other than technical) of secondary level or below, and by municipalities other than in respect of their business activities. Total receipts for the year ending 30 June 1974 amounted to \$221.1m.

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.

VICTORIA—RATES OF PROBATE DUTY, 1975

On that part of the final balance which—		The rate of duty per \$1 shall be where the final balance passes to—			
		Category A	Category B	Category C	Category D
	\$	cents	cents	cents	cents
	Does not exceed	Nil	Nil	Nil	Nil
Exceeds	1,200 but does not exceed 1,200	Nil	Nil	5	7.5
"	3,000 " " " "	Nil	Nil	10	10
"	10,000 " " " "	Nil	10	15	17.5
"	13,000 " " " "	Nil	15	15	20
"	20,000 " " " "	Nil	10	12.5	17.5
"	24,000 " " " "	15	10	12.5	17.5
"	30,000 " " " "	15	12.5	17.5	20
"	48,000 " " " "	12.5	12.5	17.5	20
"	50,000 " " " "	12.5	15	20	20
"	60,000 " " " "	17.5	20	20	20
"	70,000 " " " "	20	22.5	25	25
"	90,000 " " " "	22.5	27.5	30	37.5
"	100,000 " " " "	25	27.5	30	37.5
"	110,000 " " " "	27.5	32.5	32.5	40
"	120,000 " " " "	30	32.5	32.5	40
"	130,000 " " " "	37.5	35	37.5	40
"	140,000 " " " "	37.5	37.5	40	42.5
"	150,000 " " " "	45	37.5	40	42.5
"	160,000 " " " "	45	40	42.5	42.5
"	170,000 " " " "	45	42.5	42.5	45
"	180,000 " " " "	47.5	42.5	45	45
"	190,000 " " " "	47.5	..	..	..
"	190,000 " " " "	..	45	..	..
"	190,000 " " " "	..	..	45	..
"	190,000 " " " "	..	..	..	47.5
When the final balance exceeds (a), (b), (c), or (d), then the whole of the final balance is subject to a duty of		\$26.00 per \$100	\$26.50 per \$100	\$31.00 per \$100	\$34.00 per \$100

NOTE. Categories of beneficiaries shown above 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, or parents.
- D. Other beneficiaries.

Land tax

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

Land tax is assessed at the rate of 0.42 per cent on the total unimproved value up to \$17,500 with a graduated increase in the rate to reach 4 per cent where the unimproved value exceeds \$1,000,000. Land tax is not charged where the total unimproved value of all non-exempt land of a taxpayer does not exceed \$9,000. However, where only one parcel of land is owned, which is less than half a hectare in area and is used exclusively for residential purposes by the owner, land tax is not charged unless the unimproved value exceeds \$15,000.

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

In the following table details are shown of the assessments made during each of the years 1969 to 1973. The exemption from tax of land used for primary production purposes as from 1 January 1969, increases in land valuations, and increases from time to time in the amount of exemption from tax of land used for other purposes are mainly responsible for the fluctuations in the figures shown in the table.

VICTORIA—LAND TAX ASSESSMENTS

Year	Number of taxpayers	Total tax payable	Average tax payable per taxpayer	Total unimproved value (a)
		\$'000	\$	\$'000
1969	77,158	20,000	259.21	1,567,532
1970	82,703	27,688	334.79	1,953,443
1971	62,486	28,670	458.82	1,983,513
1972	62,665	29,149	465.16	2,007,367
1973	63,488	30,139	474.72	2,056,115

(a) Of land not exempted from land tax.

Liquor tax

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

VICTORIA—LIQUOR TAX
(\$'000)

Particulars	1969-70	1970-71	1971-72	1972-73	1973-74
Licences—					
Victuallers	8,090	8,218	8,758	8,974	9,502
Spirit merchants and grocers	2,415	2,634	2,911	3,071	3,501
Others	176	203	242	246	292
Club certificates	489	544	613	670	750
Permits—extended hours, etc.	165	189	230	244	328
Fees	36	38	58	56	132
Total	11,370	11,827	12,811	13,260	14,505

Lottery tax

The trustees of the will and estate of the late George Adams, founder of Tattersall's Consultations, conduct sweepstakes in Victoria, under the *Tattersall Consultation Act* 1958, with the object of providing additional finance for hospitals, charitable institutions, and recreational promotion.

During 1972 a further type of consultation named "Tattslotto" was introduced and in 1974 "Soccerpools". Thirty-six such "Soccerpools" were conducted prior to 30 June 1975. Football pool lotteries were discontinued in 1974.

The Act provides that 31 per cent of the total amount subscribed to each consultation and 30 per cent of the total subscribed to soccer pools be paid into the Consolidated Fund. Each year an equivalent amount of this duty on consultations and one third of the soccer pools duty is paid out of the Consolidated Fund, in such proportions as the Treasurer determines, into both the Hospitals and Charities Fund and the Mental Hospitals Fund. The Act further provides that of the soccer pools duty two thirds is paid out of the Consolidated Fund for the promotion of sport and recreation, at such intervals as the Treasurer determines.

In the following table, the amounts subscribed to consultations, the duty paid to the Consolidated Fund, and the amounts allocated to the Hospitals and Charities Fund, the Mental Hospitals Fund, and other funds, are shown for each of the years 1969-70 to 1973-74:

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

Particulars	1969-70	1970-71	1971-72	1972-73	1973-74
Subscriptions to—					
Ordinary consultations (a)	21,400	21,360	20,942	19,003	18,241
Tattslotto consultations	..	..	446	11,143	33,944
Duty paid to Consolidated Fund	6,504	6,436	6,790	9,255	15,558
Allocation out of Consolidated Fund (b)—					
Hospitals and Charities Fund	5,684	5,346	5,425	7,509	13,203
Mental Hospitals Fund	820	1,090	1,365	1,728	2,345
Other funds, etc. (c)	..	..	..	19	10

(a) Includes subscriptions to football pool lotteries of \$97,706 in 1972-73 and \$26,428 in 1973-74.

(b) Prior to 1970-71 it was the Consolidated Revenue Fund.

(c) Allocated for various sport and recreation purposes.

Racing taxes

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

The *Racing (Totalizator Commissions) Act* 1972 and the *Racing (Amendment) Act* 1973 increased the commission to be deducted from all investments on the on-course and off-course totalisators in respect of horse races (including trotting) and dog races. As from 5 June 1972 a deduction of 14 per cent is made from investments on the on-course totalisator and divided as follows: doubles and quinella investments, 5.75 per cent to revenue and 8.25 per cent to the club; win and place investments, 8.75 per cent to revenue and 5.25 per cent to the club. In respect of country race meetings, 3.75 per cent of total investments is paid to revenue and 10.25 per cent to the club.

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

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

- (1) from investments for win, place, and quinella—14 per cent.
- (2) from investments for daily doubles and feature doubles—17 per cent.
- (3) from investments for quadrella—19 per cent.

The commission is allocated in the following proportions :

VICTORIA—INVESTMENTS ON OFF-COURSE TOTALISATOR:
COMMISSION DEDUCTED

Paid to—	Win, place, and quinella	Daily and feature doubles	Quadrella
	per cent	per cent	per cent
Consolidated Fund	5.25	5.25	5.25
Racecourses Development Fund or Greyhounds			
Racing Grounds Development Fund	0.25	1.25	1.25
Totalizator Agency Board	8.25	8.25	8.25
Totalizator Agency Board Development Reserve	0.25	0.25	0.25
Department of Youth, Sport and Recreation	Nil	2.00	4.00
	14.00	17.00	19.00

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

Year	Totalisator investments		Investments with licensed book-makers (a)	Racing taxation			Total
	On-course	Off-course		Totalisator	Book-makers' turnover	Other (b)	
1969-70	43,259	202,733	183,296	15,240	3,301	903	19,445
1970-71	47,776	225,863	196,166	16,793	3,532	896	21,222
1971-72	57,149	271,993	217,898	20,154	3,944	944	25,042
1972-73	56,633	321,192	228,756	26,131	4,822	962	31,916
1973-74	62,483	362,468	263,170	31,469	5,503	690	37,662

(a) Estimated.

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

Gift duty

The *Gift Duty Act 1971* and the *Gift Duty (Rates and Rebates) Act 1971* imposed gift duty, as from 1 January 1972, on any disposition of property which is made, other than by will, without consideration in money or money's worth, or with any consideration so passing if the consideration is not fully adequate.

VICTORIA—RATES OF GIFT DUTY PAYABLE FROM 1 JANUARY 1972

Where the value of all relevant gifts—	The rate per centum of duty shall be—
\$	
Does not exceed 4,000	Nil
Exceeds 4,000 but does not exceed 6,000	1.5 per cent plus 0.001 per cent for each dollar of the excess over \$4,000
„ 6,000 „ „ „ 14,000	3.5 per cent plus 0.000125 per cent for each dollar of the excess over \$6,000
„ 14,000 „ „ „ 74,000	4.5 per cent plus 0.0001 per cent for each dollar of the excess over \$14,000
„ 74,000 „ „ „ 201,777	10.5 per cent plus 0.00009 per cent for each dollar of the excess over \$74,000
„ 201,777	22 per cent

Taxes on the ownership and operation of motor vehicles

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

Paid to—	1969-70	1970-71	1971-72	1972-73	1973-74
VEHICLE REGISTRATION FEES AND TAXES					
Consolidated Fund—					
Registration fees—recreational vehicles	..	..	..	..	14
Country Roads Board Fund—					
Motor registration fees, etc.	31,062	33,118	34,635	35,998	38,962
Additional registration fees (part)	2,034	2,112	2,397	2,561	2,726
Level Crossings Fund—					
Additional registration fees (part)	1,017	1,056	1,199	1,281	1,363
Road (Special Projects) Fund—					
Increase in registration fees (Act No. 7283)	14,708	15,558	16,106	16,577	17,956
Transport Regulation Fund—					
Motor omnibus registration fees	10	10	10	10	11
Traffic Authority Fund—					
Surcharge on motor registration	..	..	..	936	962
Total	48,832	51,853	54,347	57,363	61,995
DRIVERS, ETC., LICENCES AND FEES					
Consolidated Fund—					
Drivers licence fees (part)	1,574	2,376	3,647	3,488	3,648
Country Roads Board Fund—					
Drivers licence fees (part)	810	828	939	901	944
Drivers test fees	268	275	448	517	548
Municipalities Assistance Fund—					
Drivers licence fees (part)	790	1,187	1,823	1,744	1,824
Drivers Licence Suspense Account—					
Drivers licence fees (part)	..	384	912	872	912
Total	3,443	5,051	7,769	7,522	7,876
STAMP DUTY (VEHICLE REGISTRATION)					
Consolidated Fund	6,688	7,007	8,961	12,407	17,309
ROAD TRANSPORT TAXES					
Country Roads Board Fund—					
Sale of log books	11	10	10	10	11
Transport Regulation Fund—					
Licences, etc.	943	984	1,025	1,071	2,398
Permits	933	933	1,084	1,184	1,196
Total	1,887	1,927	2,119	2,265	3,605
ROAD MAINTENANCE CONTRIBUTIONS					
Country Roads Board Fund—					
Road charges under Commercial Goods Vehicles Act	8,555	8,903	9,136	9,745	10,359

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

Paid to—	1969-70	1970-71	1971-72	1972-73	1973-74
MOTOR CAR THIRD PARTY INSURANCE SURCHARGES					
Consolidated Fund	2,735	2,915	3,028	3,100	3,336
TOTAL					
Consolidated Fund	10,997	12,299	15,636	18,995	24,306
Country Roads Board Fund	42,740	45,247	47,565	49,731	53,551
Level Crossings Fund	1,017	1,056	1,199	1,281	1,363
Municipalities Assistance Fund	790	1,187	1,823	1,744	1,824
Road (Special Projects) Fund	14,708	15,558	16,106	16,577	17,956
Transport Regulation Fund	1,887	1,927	2,119	2,265	3,605
Drivers Licence Suspense Account	..	384	912	872	912
Traffic Authority Fund	..	..	..	936	962
Total	72,139	77,657	85,361	92,401	104,479

NOTE. Deductions from third party insurance premiums—credited to the Hospitals and Charities Fund in following years—are included in "other taxes" in the table on page 517, and amounted to \$1,929,000 in 1969-70, \$2,062,000 in 1970-71, \$2,138,000 in 1971-72, \$2,188,000 in 1972-73, and \$2,356,000 in 1973-74.

Stamp duties

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

The rates of duty payable at 1 December 1974 on the principal dutiable classes of documents, etc., are shown in the following table :

VICTORIA—STAMP DUTIES: RATES PAYABLE AT 1 DECEMBER 1974

Dutiable class	Duty payable	
SHARE TRANSFERS—On sale for full value—	} up to \$100—per \$25 or part 14c over \$100—per \$100 or part 60c	
Based on consideration		
TRANSFER OF REAL PROPERTY—	} for each \$100 or part—	
Gifts and settlements (a)—Based on value		\$ \$ \$
Other transfers on sale—Based on consideration		up to 7,000 1.50 over 7,000 to 15,000 1.75 " 15,000 " 40,000 2.00 " 40,000 " 100,000 2.25 " 100,000 " 500,000 2.50 " 500,000 " 1,000,000 3.00 " 1,000,000 3.50
LEASES AND ASSIGNMENTS OF LEASES OF REAL PROPERTY		} variable scale according to nature of each \$200 (or part) of annual premium income \$14
INSURANCE COMPANIES (OTHER THAN LIFE)—Annual licences		
LIFE ASSURANCE POLICIES—On the sum insured		up to \$2,000—per \$200 or part 12c over \$2,000—\$1.20 for first \$2,000 plus per \$200 or part of remainder 24c
CHEQUES—		
Payable on demand	8c	
Drawn outside Victoria but negotiated, transferred, endorsed, or paid in Victoria	8c	

VICTORIA—STAMP DUTIES : RATES PAYABLE AT 1 DECEMBER 1974—*continued*

Dutiable class	Duty payable
BILLS OF EXCHANGE OR PROMISSORY NOTES—	
Payable on demand	8c
Drawn or made out of Victoria and duly stamped with <i>ad valorem</i> duty of another State	8c
Not drawn or made out of Victoria and duly stamped with <i>ad valorem</i> duty of another State, which is for a term of not more than 120 days after date or sight	} or each 10 days or part, for each \$100 or part 1c
Any other (except a bank note)	for each \$100 or part 12c
POWER OF ATTORNEY OR APPOINTMENT OF AGENT	\$5
INSTALMENT PURCHASE (including hire purchase)	purchase price \$20 or more 2.1%
MORTGAGES, BONDS, DEBENTURES, AND COVENANTS—On amount secured	up to \$8,000 \$4 up to \$10,000—\$4 for first \$8,000 plus per \$200 or part of remainder 70c over \$10,000—\$11 for first \$10,000 plus per \$200 or part of remainder 80c
CREDIT AND RENTAL BUSINESS	based on amount of credit, etc., or rental 2.1% 50c
GUARANTEES AND INDEMNITIES	
OTHER AGREEMENTS AND INSTRUMENTS—	
Partnerships, sale of business, etc.	} \$5 each
Caveats	
Licence to use real property, etc.	
Transfer of mortgage	
Discharge of mortgage of real property	
Discharge of mortgage of personal property other than of a life policy	
Appointment of trustee	
Discharge of mortgage of a life policy	50c
DEEDS—not otherwise chargeable	\$5
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 of the market value of such motor car or trailer	\$4
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 \$5 and part of \$5	
(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 16 cents	

(a) As from 1 January 1972 the *Gift Duty Act 1971* and the *Gift Duty (Rates and Rebates) Act 1971*, administered by the Commissioner of Probate Duties, imposed duty on gifts (including gifts and settlements of property) formerly imposed only under the Stamps Acts. However, where a gift involves the transfer of real property, stamp duty is still charged at the rates shown on page 523 but the amount paid is allowed as a deduction from the duty payable under the Gift Duty Act.

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

Statutory levy

The *Public Authorities (Contributions) Act 1966* requires the State Electricity Commission and the Gas and Fuel Corporation to pay to the Consolidated Fund in each of the financial years a contribution of an amount equal to 3 per cent of the total revenue of each authority in the preceding financial year. On 8 December 1971 the percentage was increased to 4 per cent.

AUSTRALIAN GOVERNMENT TAXATION

Specific collections

Australian Government estate duty

The Australian Government levies duties on deceased estates. The amount of such duty collected throughout Australia during each of the five years to 1973-74 was: 1969-70, \$71.3m; 1970-71, \$70.1m; 1971-72, \$67.3m; and 1972-73, \$66.4m; 1973-74, \$66.0m.

Australian income tax

Uniform taxation on incomes throughout Australia was adopted in 1942 when the Australian 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".

In the 1974-75 Australian Budget, reductions were made in personal income tax for the 1974-75 financial year, on taxable incomes up to nearly \$10,500 with slight increases above that figure. For taxpayers on low incomes with dependants a special rebate was introduced to bring the tax saving, resulting from the allowance of the dependants' deductions, up to 40 per cent of the amount of the deductions. A surcharge was imposed on property income received by individuals in 1974-75. The surcharge is 10 per cent of the tax on property income included in the taxable income and applies when the taxable income exceeds \$5,000. The age rebate introduced as a transitional measure in 1973-74 was reduced to \$130 for the 1974-75 financial year.

Income tax is levied if the income remaining after allowing deductions exceeds \$1,040.

AUSTRALIA—GENERAL RATES OF TAX—INDIVIDUALS
(1974-75 income year)

Total taxable income		Tax on total taxable income	
Not less than	Not more than		
\$	\$	\$	\$
0	1,000	0.00 + 1 cent for each \$1	
1,000	2,000	10.00 + 7 cents for each \$1 in excess of 1,000	1,000
2,000	3,000	80.00 + 14 cents for each \$1 in excess of 2,000	2,000
3,000	4,000	220.00 + 20 cents for each \$1 in excess of 3,000	3,000
4,000	5,000	420.00 + 26 cents for each \$1 in excess of 4,000	4,000
5,000	6,000	680.00 + 32 cents for each \$1 in excess of 5,000	5,000
6,000	7,000	1,000.00 + 38 cents for each \$1 in excess of 6,000	6,000
7,000	8,000	1,380.00 + 44 cents for each \$1 in excess of 7,000	7,000
8,000	10,000	1,820.00 + 48 cents for each \$1 in excess of 8,000	8,000
10,000	12,000	2,780.00 + 52 cents for each \$1 in excess of 10,000	10,000
12,000	16,000	3,820.00 + 55 cents for each \$1 in excess of 12,000	12,000
16,000	20,000	6,020.00 + 60 cents for each \$1 in excess of 16,000	16,000
20,000	40,000	8,420.00 + 64 cents for each \$1 in excess of 20,000	20,000
40,000	..	21,220.00 + 67 cents for each \$1 in excess of 40,000	40,000

Concessional deductions

The following concessional deductions from income derived during the year ended 30 June 1975 are allowable to resident taxpayers:

(1) Dependants and/or housekeeper:

Dependant, etc. (resident)	Maximum deduction (a)
	\$
Spouse	364
Daughter-housekeeper	364
Parent or parent-in-law	364
Housekeeper	364
One child under 16 years of age	260
Other children under 16 years of age	208
Child 16-25 years of age receiving full-time education	260
Invalid relative	260

(a) If a dependant (not a housekeeper) has a separate net income, is not wholly maintained, or is maintained for part only of the year the deduction is reduced.

(2) (i) Medical, etc., expenses of a taxpayer and his dependants (including dental expenses, artificial limbs or eyes, hearing aids, etc., the remuneration of an attendant of a person who is blind, etc.); (ii) funeral expenses up to \$100 per dependant; (iii) life assurance premiums, etc., up to \$1,200; (iv) payments to medical or hospital benefits funds; (v) legal expenses incurred in adopting a child; and (vi) education expenses and self education expenses. In the 1974-75 Australian Budget, the maximum deduction allowable for educational expenses was set at \$150 per student.

Other deductions

The following other deductions from income are allowable: (i) rates and taxes on sole or principal place of residence up to \$300; (ii) gifts to public, charitable, etc., institutions; and (iii) subscriptions to trade unions and trade, business, or professional associations. A graduated deduction is also allowable in respect of housing loan interest paid on a residence, where the combined income of husband and wife does not exceed \$13,999.

VICTORIA—INCOME TAX: INDIVIDUALS, 1973-74
(1972-73 income year)

Grade of net income (a)	Number of taxpayers			Net income	Taxable income	Net income tax assessed
	Males	Females	Persons			
\$				\$'000	\$'000	\$'000
1- 1,199	5,843	10,512	16,355	17,601	17,204	604
1,200- 1,999	43,884	99,945	143,829	234,430	215,689	13,532
2,000- 2,999	86,138	157,803	243,941	613,784	550,138	51,823
3,000- 3,999	143,109	131,039	274,148	959,103	832,085	100,779
4,000- 4,999	95,734	34,109	129,843	551,370	459,647	63,408
4,500- 4,999	98,137	21,678	119,815	568,504	465,004	69,348
5,000- 5,499	90,392	14,869	105,261	551,980	446,412	71,515
5,500- 5,999	75,525	11,532	87,057	499,558	401,885	68,816
6,000- 6,499	60,049	8,245	68,294	426,145	340,207	61,570
6,500- 6,999	46,283	6,452	52,735	355,265	282,519	53,847
7,000- 7,499	35,039	4,481	39,520	286,021	226,821	45,239
7,500- 7,999	26,305	3,526	29,831	230,783	183,489	38,208
8,000- 8,999	37,436	5,312	42,748	361,532	287,455	63,335
9,000- 9,999	23,631	3,689	27,320	258,585	206,516	48,714
10,000-14,999	41,853	7,086	48,939	577,585	473,263	128,405
15,000-19,999	11,185	1,817	13,002	221,845	188,790	63,781
20,000-29,999	6,411	1,019	7,430	176,323	154,943	65,072
30,000-49,999	2,156	324	2,480	90,943	82,650	41,661
50,000-99,999	522	103	625	40,851	37,883	21,737
100,000 and over	92	20	112	17,389	16,362	10,274
Total	929,724	523,561	1,453,285	7,039,596	5,868,959	1,081,671

Company tax

AUSTRALIA—RATES OF TAX: COMPANIES, 1973-74 INCOME YEAR

Type of company	Rate per cent
Private (a)	45.0
Public—	
Co-operative	(b) 45.0
Life assurance	45.0
Non-profit (c)—	
Friendly society dispensary	37.5
Other	(b) 45.0
Other	45.0

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

(b) A rate of 42.5 per cent applies to the first \$10,000 of taxable income.

(c) A non-profit company is not liable to tax unless the taxable income exceeds \$416; where, in the case of a non-profit company other than a friendly society dispensary, the taxable income does not exceed \$1,830, the maximum amount of tax payable is 55 per cent of the taxable income over \$416 less any rebate or credit to which the company is entitled; where, in the case of a non-profit company that is a friendly society dispensary the taxable income does not exceed \$1,664, the maximum amount of tax payable is half of the excess of the taxable income over \$416 less any rebate or credit to which the company is entitled. Other companies are assessed to tax if the taxable income is \$1 or more.

SUPERANNUATION

Victorian pensions and gratuities

The following table shows details of Victorian Government expenditure on pensions, gratuities, etc., during each of the years 1969-70 to 1973-74:

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

Particulars	1969-70	1970-71	1971-72	1972-73	1973-74
State Superannuation Fund—					
Railways	5,724	6,176	6,533	7,308	8,325
Other	9,624	11,365	13,237	16,086	19,585
Total	15,348	17,541	19,770	23,394	27,910
Police Pensions Fund	380	..	..	..	..
Police Superannuation Fund	5	5	14	4	..
Coal Mine Workers Pensions Fund	54	20	7	7	8
Parliamentary Contributory Superannuation Fund	352	429	361	361	490
Married Women's Superannuation Fund	2	10	27	49	76
Other pensions, gratuities, etc.	132	202	222	236	266
Grand total	16,273	18,207	20,401	24,052	28,755

Victorian Superannuation Fund

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

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

Briefly stated the main provisions which operated from 1 July 1975 are as follows:

- (1) A basic pension on retirement for ill-health or at age 65 of 70 per cent of salary at retirement.
- (2) On age retirement before age 65, but after age 60, the pension will reduce pro rata to 66 $\frac{2}{3}$ per cent of salary at age 60.

(3) Officers' contributions to be limited to a maximum of 9 per cent of salary. Officers at present contributing more than 9 per cent of salary will have their contributions reduced to 9 per cent.

(4) Widows' pensions, including present widows' pensions, to be increased from five eighths to two thirds of officers' pensions.

(5) The existing rights to convert part of the pension into a lump sum will be retained.

(6) Married women to be eligible to elect to be contributors to the superannuation scheme.

(7) Railway officers, who previously elected to limit their superannuation entitlement to a maximum of six units, or to forego superannuation altogether, to have the right to reinstate their situation.

VICTORIA—STATE SUPERANNUATION FUND

Particulars	1969-70	1970-71	1971-72	1972-73	1973-74
	\$'000	\$'000	\$'000	\$'000	\$'000
Receipts—					
Contributions—					
Officers	18,725	21,763	24,966	27,876	33,790
Consolidated Fund (a)	15,244	17,419	20,381	22,146	25,006
Interest	8,687	9,771	11,177	12,599	14,748
Other	192	225	523	855	958
Total	42,848	49,177	57,047	63,477	74,502
Disbursements—					
Pension payments	19,369	21,871	24,747	27,342	29,909
Lump sum payments	4,737	6,771	5,400	7,130	9,733
Contributions refunded	2,034	1,876	2,194	2,469	3,055
Transfer to Pensions Supplementation Fund	2,175	3,756	3,636	4,476	5,927
Other	38	219	98	112	(b) 5,925
Total	28,354	34,493	36,075	41,529	54,549
Balance in Fund at 30 June	164,839	179,524	200,495	222,444	242,397
	number	number	number	number	number
Contributors at 30 June	56,819	57,078	(c) 58,000	(c) 59,500	(c) 60,520
Pensioners at 30 June—					
Ex-employees	10,709	11,228	} n.a.	} n.a.	} n.a.
Widows	7,744	7,896			
Children	1,067	1,092			
Total	19,520	20,216	n.a.	n.a.	n.a.

(a) These figures do not agree with those shown in the preceding table, as the latter include the Consolidated Fund's share of pensions accrued at the end of each year.

(b) Includes payments in respect of property acquisition amounting to \$3,517,887.

(c) Estimated.

Further reference, 1975

VICTORIAN TRUST FUNDS AND SPECIAL ACCOUNTS

General

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

transactions of State insurance offices, of the Hospitals and Charities Commission and, in relation to capital works, of the Country Roads Board and the Works and Services Account. The Trust Fund also includes accounts which are in the nature of suspense accounts. Certain of these accounts are governed by legislation while others are clearing accounts for book-keeping purposes.

The transactions recorded annually are numerous and of considerable magnitude in total. Debits to all funds and accounts in 1973-74 aggregated \$1,568.4m and credits \$1,604.3m. At the end of the year the liability of the State on account of all trust funds or accounts (including securities to the value of \$15.6m lodged with the Treasurer) was \$266.7m. Of this total, investments in Government and other securities amounted to \$125.5m, cash advanced was \$32.9m, while the balance, \$108.3m, was at the credit of the Public Account.

Relevant figures of balances and transactions of funds and accounts within the Trust Fund are set out under broad classifications in the table below, in respect of the year 1973-74 :

VICTORIA—CURRENT TRUST FUNDS AND ACCOUNTS (a)
((\$m))

Particulars	Balance at 1 July 1973	1973-74		Balance at 30 June 1974
		Debits	Credits	
Australian and Australian—Victorian	17.6	349.7	353.9	21.8
Compensation and insurance	96.3	132.1	148.2	112.3
Social, health, and welfare	2.8	154.5	155.7	4.0
Suspense	28.9	483.9	498.0	42.9
Works and development	41.3	356.2	352.7	37.7
Other	28.5	92.0	95.9	32.5
Total	215.3	1,568.4	1,604.2	251.2

(a) Excluding securities (i.e., shares of the Gas and Fuel Corporation of Victoria) amounting to \$15.6m at 30 June 1974 lodged with the Treasurer and included in the Trust Fund.

Specific accounts

Australian and Victorian

In this category there were over 80 separate funds in existence at 30 June 1974 including 17 established during the financial year ending on that date. In terms of financial turnover the most important were (a) Australian Aid Roads accounts with credits totalling \$65.7m; (b) subsidy accounts for Victorian universities credited with \$69.0m; (c) accounts credited with grants for advanced education \$52.6m; and (d) a number of accounts credited with advances from the Australian Government for housing and repayments of principal and interest by borrowers totalling in all \$79.5m for the year.

Compensation and insurance

The principal accounts under this heading are (a) those dealing with the financial activities of the State Insurance offices represented by credits totalling \$79.5m for 1973-74 and (b) receipts of third party insurance premiums \$64.3m for allocation to approved insurers and the Motor Accidents Board.

Social, health, and welfare

The major fund in this category is the Hospital and Charities Fund which, in 1973-74, was credited with \$143.8m nearly all representing transfers from the Consolidated Fund.

Suspense accounts

Various railways suspense accounts comprise almost half of the credits in this category. Pay-roll deductions account for a further \$150.5m.

Works and development

The two major funds in this category are the Country Roads Board Fund (credits \$50.9m in 1973-74) and the Works and Services Account. The Country Roads Board provides rather less than half of the finance required by the Country Roads Board to carry out its functions. Other sources of funds for the Board are referred to in Chapter 6 of this *Year Book*. The Works and Services Account, undoubtedly the most important of all Victorian Trust Funds, was credited with \$246.5m in 1973-74 and its origin and transactions are referred to below in some detail.

Works and Services Account

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

VICTORIA—GROSS EXPENDITURE ON WORKS, SERVICES, ETC. (a)
(S'000)

Expenditure on—	1969-70	1970-71	1971-72	1972-73	1973-74
Public works—					
Railways	16,135	15,874	15,496	16,092	18,409
Tramways	..	2,150	1,200	3,855	8,350
Roads and bridges	1,778	1,307	1,481	1,601	1,017
Harbours and rivers	2,687	4,333	3,809	3,026	1,146
Water supply and sewerage	25,693	28,251	39,057	40,410	60,066
Electricity supply	19,250	5,000	11,000	16,000	16,000
Gas supply	40	100	2,058	142	40
Public buildings—					
Schools, etc.	45,616	52,501	57,597	67,972	67,188
Hospitals, etc.	18,694	18,960	17,901	20,202	28,092
Other	11,167	9,280	11,287	13,564	20,325
Municipalities—loans, grants, etc.	3,708	4,178	5,399	4,438	4,253
Housing	1,935	2,671	39,695	40,457	2,009
Other public works	883	581	700	611	1,112
Primary production—					
Land settlement	2,250	1,327	735	744	796
Soldier settlement	2	..	..	..	..
Drought, etc., relief	488	74	240	1,229	..
Forestry	3,365	3,516	3,622	4,250	4,665
Mining, n.e.i.	254	282	280	276	325
Cool stores	66	56	14	55	23
Destruction of vermin and noxious weeds (b)	2,261	2,592	2,815	3,250	31
Other primary production (c)	2,972	2,552	2,870	3,498	2,761
Other purposes (d)	2,149	3,527	4,145	5,859	10,251
Total works, etc., expenditure	161,393	159,111	221,401	247,530	246,860
Funding of Consolidated Revenue deficits	2,887	..	..	..	..
Grand total	164,279	159,111	221,401	247,530	246,860

(a) Represents payments from the Loan Fund for the year 1969-70 and payments from the Works and Services Account for the years 1970-71 to 1973-74.

(b) Expenditure in 1973-74 mainly through the Consolidated Fund.

(c) Includes allocations to the Rural Finance and Settlement Commission to enable the Commission to assist industries (principally primary) in country areas.

(d) Includes advance of \$5m to the Victorian Development Corporation in 1973-74.

PUBLIC DEBT

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 99 per cent of indebtedness is now domiciled in Australia. There has been a gradual change from the situation which existed a century ago when nearly all loans were financed in London. Even at the 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.

The public debt of the State of Victoria as shown in the following tables excludes certain liabilities due to the Australian Government as at 30 June 1974. These Australian Government liabilities include \$593.3m advances for housing purposes under the Commonwealth—State Housing Agreement, \$12.4m for special assistance loans for soldier settlement, \$9.3m advance for sewerage, \$2.2m for repayable loans for drought relief, and \$10m in respect of a special payment to the State in 1969–70 to meet budgetary difficulties. These and other purpose loans and advances made pursuant to Commonwealth—State agreements and arrangements should be taken into account when considering the total debt position of Victoria.

Public debt transactions

The following table shows particulars of the loans raised and redeemed during, and the amount outstanding at the end of, each of the years 1969–70 to 1973–74. The variations from year to year in the Australian currency equivalent of overseas loans, resulting from application of the rates of exchange ruling at 30 June in each year, are shown.

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

Particulars	1969–70	1970–71	1971–72	1972–73	1973–74
DEBT MATURING IN AUSTRALIA					
Debt outstanding at 1 July	2,033,067	2,175,649	2,274,719	2,424,680	2,591,969
New debt incurred—					
Australian Government loan flotations	367,951	362,429	382,104	358,667	430,217
Domestic raisings	206,934	240,081	209,903	171,115	279,516
Less conversion and redemption loans					
Total new debt incurred	161,016	122,349	172,201	187,553	150,701
Less repurchases and redemptions from National Debt Sinking Fund	18,435	23,278	22,240	20,264	30,950
Net increase in debt	142,581	99,071	149,961	167,289	119,751
Debt outstanding at 30 June	2,175,649	2,274,719	2,424,680	2,591,969	2,711,720
DEBT MATURING IN LONDON					
Debt outstanding at 1 July	59,665	45,158	42,490	38,855	22,910
New debt incurred—					
Australian Government loan flotations	1,496	..	..	..	..
Less conversion and redemption loans					
Total new debt incurred	-1,496	..	..	..	..
Less repurchases and redemption from National Debt Sinking Fund	13,011	2,668	2,042	11,461	888
Adjustment due to variation in rate of exchange	..	..	-1,593	-4,484	-2,719
Net increase in debt	-14,507	-2,668	-3,635	-15,945	-3,606
Debt outstanding at 30 June	45,158	42,490	38,855	22,910	19,304

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

Particulars	1969-70	1970-71	1971-72	1972-73	1973-74
DEBT MATURING IN NEW YORK, CANADA, SWITZERLAND, AND THE NETHERLANDS					
Debt outstanding at 1 July	37,562	33,554	30,632	24,812	18,031
New debt incurred—					
Australian Government loan flotations	..	..	..	..	..
Less conversion and redemption loans	1,343	..	..	..	..
Total new debt incurred	-1,343	..	..	..	..
Less repurchases and redemptions from National Debt Sinking Fund	2,800	3,138	4,409	3,820	1,567
Adjustment due to variation in rate of exchange	+135	+216	-1,412	-2,961	-877
Net increase in debt	-4,008	-2,922	-5,820	-6,781	-2,444
Debt outstanding at 30 June	33,554	30,632	24,812	18,031	(a) 15,587
TOTAL					
Debt outstanding at 1 July	2,130,294	2,254,361	2,347,842	2,488,348	2,632,910
New debt incurred—					
Australian Government loan flotations	367,951	362,429	382,104	358,667	430,217
Domestic raisings	..	1	..	..	..
Less conversion and redemption loans	209,773	240,081	209,903	171,115	279,516
Total new debt incurred	158,178	122,349	172,201	187,553	150,701
Less repurchases and redemptions from National Debt Sinking Fund	34,246	29,084	28,691	35,545	33,405
Adjustment due to variation in rate of exchange	+135	+216	-3,005	-7,445	-3,596
Net increase in debt	124,067	93,481	140,505	144,562	113,701
Debt outstanding at 30 June	2,254,361	2,347,842	2,488,348	2,632,910	2,746,610

(a) Includes New York, \$A9,846,019; Canada, \$A1,742,114; Switzerland, \$A2,868,084; and the Netherlands, \$A1,130,762.

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 1969-70 to 1973-74:

VICTORIA—PUBLIC DEBT: LOANS OUTSTANDING

At 30 June—	Amount of loans maturing in—					Total debt		
	Australia	London	New York	Canada	Switzerland	The Netherlands	Amount	Per head of population
	\$A'000	\$A'000	\$A'000	\$A'000	\$A'000	\$A'000	\$A'000	\$A
1970	2,175,649	45,158	26,637	2,672	2,600	1,647	2,254,361	659.05
1971	2,274,719	42,490	23,769	2,547	2,784	1,533	2,347,842	674.40
1972	2,424,680	38,855	18,230	2,359	2,784	1,440	2,488,348	703.76
1973	2,591,969	22,910	11,780	1,830	3,076	1,345	2,632,910	735.64
1974	2,711,720	19,304	9,846	1,742	2,868	1,131	2,746,610	759.05

The following table shows the rates of interest which were payable on the public debt at 30 June 1974, and the amount of the debt at each rate maturing in Australia, London, New York, and elsewhere overseas, respectively:

VICTORIA—RATES OF INTEREST ON PUBLIC DEBT
AT 30 JUNE 1974

Rate of interest	Amount maturing—				Total
	In Australia	In London	In New York	Elsewhere overseas	
per cent	\$A'000	\$A'000	\$A'000	\$A'000	\$A'000
8.5	93,384	..	..	..	93,384
8.3	61,025	..	..	..	61,025
8.2	15,161	..	..	..	15,161
8.1	49,210	..	..	..	49,210
8.0	89,702	..	..	..	89,702
7.0	185,917	..	..	..	185,917

VICTORIA—RATES OF INTEREST ON PUBLIC DEBT
AT 30 JUNE 1974—*continued*

Rate of interest per cent	Amount maturing—				Total \$A'000
	In Australia \$A'000	In London \$A'000	In New York \$A'000	Elsewhere overseas \$A'000	
6.8	76,191	..	..	..	76,191
6.7	16,030	..	..	..	16,030
6.6	90,494	..	..	..	90,494
6.5	57,726	..	..	..	57,726
6.4	6,350	..	..	..	6,350
6.2	70,768	..	..	..	70,768
6.0	186,809	886	..	..	187,695
5.9	13,353	..	..	..	13,353
5.8	69,268	..	..	..	69,268
5.75	23,208	..	1,597	(a) 1,742	26,547
5.7	33,857	..	..	..	33,857
5.6	42,359	..	..	..	42,359
5.5	..	18,418	5,207	..	23,625
5.4	115,919	..	..	..	115,919
5.375	67,305	..	..	..	67,305
5.3	79,102	..	..	..	79,102
5.25	445,637	..	2,235	..	447,872
5.2	11,125	..	..	..	11,125
5.0	578,658	..	807	(b) 1,131	580,595
4.9	48,243	..	..	..	48,243
4.8	93,885	..	..	..	93,885
4.75	21,420	..	..	..	21,420
4.625	14,150	..	..	..	14,150
4.5	48,728	..	..	(c) 2,868	51,596
3.875	106	..	..	..	106
3.4875	1	..	..	..	1
3.1	553	..	..	..	553
3.0	1,781	..	..	..	1,781
2.7125	195	..	..	..	195
2.325	984	..	..	..	984
1.0	3,116	..	..	..	3,116
Total	2,711,720	19,304	9,846	5,741	2,746,610
Average rate of interest	per cent 5.85	per cent 5.52	per cent 5.44	per cent 4.98	per cent 5.85

(a) Maturing in Canada.

(b) Maturing in the Netherlands.

(c) 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 1969–70 to 1973–74. 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
ON PUBLIC DEBT (a)

At 30 June—	Payable in Australia	Payable in overseas countries	Total	Per head of population	Average rate
	\$A'000	\$A'000	\$A'000	\$A	per cent
1970	111,941	4,253	116,193	33.97	5.15
1971	123,121	3,955	127,076	36.50	5.41
1972	134,229	3,451	137,680	38.94	5.53
1973	143,789	2,217	146,006	40.79	5.55
1974	152,655	1,888	154,543	42.71	5.63

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

The actual interest and expenses paid on the public debt of Victoria for each of the years 1969-70 to 1973-74 are shown in the following table :

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

Year	Interest paid on loans maturing—				Total interest	Commission on payment of interest overseas, expenses of conversion loans, etc.	Grand total (b)
	In Australia	In London (a)	In New York (a)	Elsewhere overseas (a)			
1969-70	104,852	2,808	1,585	370	109,615	400	110,015
1970-71	113,374	2,455	1,392	352	117,574	420	117,994
1971-72	127,941	2,339	1,203	349	131,832	432	132,264
1972-73	136,931	1,964	922	314	140,131	533	140,664
1973-74	147,347	1,112	620	(c) 291	149,370	658	150,027

(a) Includes exchange.

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

(c) Includes Canada, \$A100,835; Switzerland, \$A128,815; and the Netherlands, \$A60,984.

National Debt Sinking Fund

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

Details of transactions of the National Debt Sinking Fund in respect of the public debt of the State of Victoria, for each of the years 1969-70 to 1973-74, 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	1969-70	1970-71	1971-72	1972-73	1973-74
Contributed under Financial Agreement—					
Victorian Government	20,910	22,291	23,846	25,519	27,401
Australian Government	5,600	5,926	6,378	6,809	7,195
Total contributions under Financial Agreement	26,510	28,217	30,224	32,328	34,595
Interest on investments	28	27	44	63	79
Special contributions by Victoria	25	25	25	25	14
Interest accrued on securities	229	..	..	..	..
Total	26,793	28,270	30,293	32,416	34,688
Total to date	347,689	375,959	406,252	438,669	473,357

**VICTORIA—NATIONAL DEBT SINKING FUND: SECURITIES
REPURCHASED AND REDEEMED
(SA'000)**

Particulars	1969-70	1970-71	1971-72	1972-73	1973-74
Australia—					
Face value	18,435	23,278	22,240	20,264	30,950
Net cost	18,414	23,274	22,236	20,231	30,948
London—					
Face value	13,011	2,668	2,042	11,461	888
Net cost	12,723	2,324	1,911	11,171	589
New York—					
Face value	2,521	2,868	4,122	3,547	1,374
Net cost	2,205	2,629	3,978	3,630	1,270
Canada—					
Face value	142	131	143	123	51
Net cost	109	117	123	117	42
Netherlands—					
Face value	137	139	144	150	141
Net cost	139	139	145	145	135
Total—					
Face value	34,246	29,084	28,691	35,545	33,405
Net cost	33,591	28,483	28,393	35,293	32,984
Total to date—					
Net cost	344,311	372,794	401,187	436,481	469,465

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