

PART VIII.

FINANCE.

State Finance. Under the Constitution Act the revenues of the State are payable into Consolidated Revenue, but certain of these revenues have been hypothecated by various Acts of Parliament for specified purposes, and are payable into special accounts or funds kept at the State Treasury. Apart from these special funds, the financial transactions are concerned with (a) Consolidated Revenue Fund, (b) Trust Funds, and (c) Loan Funds. In the succeeding tables, the revenue and expenditure relating to the Consolidated Revenue Fund and the public revenue of certain special funds or accounts which appear in the Treasurer's Finance Statement are included. Payments from Consolidated Revenue are made either under the authority of an Annual Appropriation Act passed by the Legislature, or by a permanent appropriation under a Special Act. Permanent appropriations are made in respect of services such as Interest on the Funded Debt, Exchange on Overseas Interest, contributions to the National Debt Sinking Fund, the salaries of the Governor, the Judges and certain other officials, expenditure on State pensions, payments to the Unemployment Relief Fund, contributions to the Hospital and Charities Fund (Totalizator Revenue) and the Railway Renewals and Replacement Fund, etc.

A concise statement of the chief special funds kept at the Treasury is shown in the *Year-Book* for 1928-29, pages 76 to 80. Amongst the funds since established are the Unemployment Relief Fund, the Unemployment Relief Loan (1935-36) Trust Fund, the Winter Relief Fund, the Milk Board Fund, the Farmers Debts Adjustment Fund, the Federal Aid Roads and Works Accounts 1937, the Railways Repayment Account, the Railway Renewals and Replacement Fund and the Public Trustee Fund.

Under Act No. 4597 of 1938 the Closer Settlement, the Discharged Soldiers Settlement and the Discharged Soldiers Concession Funds have been abolished. From 28th February, 1939, the finances of these Funds were brought into the Consolidated Revenue system.

The Housing Fund was abolished under Act No. 4583 of 1938 and moneys standing to the credit thereof were paid to the Housing Commission and credited to the Loan Account.

Commonwealth and State Financial Relations. The original Financial Agreement between the Commonwealth and the States was made on 12th December, 1927. It was subsequently affected by the Debt Conversion Agreement of 21st July, 1931, the Debt Conversion Agreement (No. 2) of 22nd October, 1931, and the Agreement relating to Soldier Settlement Loans of 3rd July, 1934. A brief outline of the principal provisions of the original agreement is given in the *Year-Book* for 1928-29, page 75.

A summary of the transactions for the financial year 1939-40 in the Consolidated Revenue Fund and in certain special funds gives the following result:—

				£
Public Revenue	..	..	..	29,480,781
Public Expenditure	..	..	..	29,474,520
Net Surplus (transferred to Surplus Revenue Account Act 3341 Section 13.)				6,261

The balance of Consolidated Revenue Deficit Account at 30th June, 1940, was £7,953,429, of which £988,000 was provided from the proceeds of Treasury Bonds and the balance, £6,965,429, from the Public Account.

The differences between the amounts of revenue and expenditure shown above and those given in the Treasurer's Finance Statement arise from the use of a different method of classification for statistical purposes. The public revenue of certain special funds is added to the Consolidated Revenue—an equivalent amount being entered as expenditure. The particulars for 1939-40 are as follows:—

Items.	Public Revenue.	Public Expenditure.
	£	£
Total—Treasurer's Finance Statement	28,102,735	28,096,474
<i>Add public revenue of the following funds—</i>		
Country Roads Board Fund*	1,150,540	1,150,540
Licensing Fund†	116,150	116,150
Police Superannuation Fund	12,252	12,252
Assurance Fund	2,076	2,076
Cattle Compensation Fund	32,426	32,426
Swine Compensation Fund.. ..	8,657	8,657
Metropolitan Roads Fund	17,014	17,014
Milk Board Fund	21,679	21,679
Other Funds	59,252	59,252
<i>Deduct—</i>		
Loss of Revenue on account of reduction of certain Outer Suburban Periodical Fares	42,000	42,000
Total	29,480,781	29,474,520

* Excluding £689,577 recouped to Revenue under Acts Nos. 3662, 3944, and 4140, Sec. 2.

† In addition to this amount £170,437 was transferred to Revenue under Section 312 of Act No. 3717 as amended by Acts Nos. 4613 and 4650.

The revenue and expenditure of the State for the last five years, after taking into account the considerations mentioned above, are shown in the next statement:—

VICTORIA—STATE REVENUE AND EXPENDITURE,
1935-36 TO 1939-40.

Year.	Public Revenue.	Public Expenditure.	Surplus (+). Deficiency (-).	
			For each Year.	Accumulated Deficiency to end of each Year (i.e. 30th June).
	£	£	£	£
1935-36	26,583,510	26,699,971	- 116,461	-7,226,055
1936-37	27,704,918	27,675,995	+ 28,923	-7,226,055
1937-38	28,938,052	28,907,107	+ 30,945	-7,197,132
1938-39	28,354,711	29,141,953	- 787,242	-7,953,429
1939-40	29,480,781	29,474,520	+ 6,261	-7,953,429

Heads of State Revenue. Details of the sources of revenue for each of the last five financial years are given in the following statement:—

VICTORIA—SUMMARY OF STATE REVENUE,
1935-36 TO 1939-40.

Heads of Revenue.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Commonwealth Payment to State— Act No. 3554—Financial Agree- ment	2,127,159	2,127,159	2,127,159	2,127,159	2,127,159
Special Grant	140,000	137,000	..	..	..
State Taxation—*					
Income Tax	2,759,324	3,299,440	3,976,958	4,370,656	4,737,696
Land Tax	494,293	492,143	498,232	482,336	490,255
Probate Duty	1,340,701	1,509,693	1,431,057	1,374,355	1,456,752
Unemployment Relief	1,979,153	1,955,269	1,934,440	1,879,852	1,999,902
Stamp Duties	1,016,702	1,080,617	1,134,148	1,134,026	1,144,896
Motor Taxation†	1,580,869	1,669,201	1,809,277	1,898,265	1,967,750
Other Taxation	749,651	812,437	862,533	883,750	913,411
Public Works and Services—					
Railways	9,188,798	9,546,824	9,801,730	9,314,910	9,813,781
Water Supply	634,261	657,427	675,251	683,183	741,864
State Coal Mine	229,428	159,477	188,230	189,078	213,028
State Electricity Commission Interest, &c.	905,174	876,282	875,495	877,438	878,473
Country Roads Board‡	Dr. 32,694	Dr. 39,411	Dr. 145,921	Dr. 145,866	Dr. 145,776
Maffra Beet Sugar Factory	168,559	154,625	174,971	139,588	145,288
Victoria Dock Cool Stores	45,289	45,394	42,319	31,716	40,096
Wharfage Rates, &c.	69,801	69,041	72,106	68,960	66,545
Other	73,433	64,820	64,702	69,516	66,733

* See also page 325.

† Including cost of collection of Motor Fees paid into the Country Roads Board Fund, but excluding Stamp Duties.

‡ Represents the difference between the interest received by Consolidated Revenue on account of Country Roads and the recoups to Consolidated Revenue as shown in the Country Roads Board Fund. See remarks on page 308 with reference to the statistical method of arriving at total public revenue.

VICTORIA—SUMMARY OF STATE REVENUE, 1935-36 TO 1939-40—
continued.

Heads of Revenue.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Land—					
Land Sales, Rents, Penalties, &c.	431,218	373,824	512,036	441,743	464,471
Interest on Loans—					
Closer Settlement	421,406	427,861	434,950	} 1,023,843†	} 504,093†
Discharged Soldiers' Settle- ment	1,008,662	1,000,900	994,015		
Fees, Fines, &c.	245,242	257,486	271,388	288,371	284,154
Tramways Act No. 3732 (Sec. 77)	111,658	112,050	125,746	101,066	106,346
Government Printer	117,255	133,066	125,280	124,025	150,885
Harbor Trust Contributions	130,597	136,690	152,580	147,011	139,717
Department of Agriculture*	35,256	35,407	36,327	36,684	37,920
Developmental Railways Account—					
Recoup . . . . .	..	..	..	..	85,000
Companies Act No. 4602 (Secs. 285 and 577) . . . . .	..	..	..	..	76,959
Miscellaneous	612,315	660,106	763,133	813,046	973,383
Total	26,583,510	27,704,918	28,938,052	28,354,711	29,480,781
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Per Head of Population	14 8 5	14 19 2	15 11 0	15 2 5	15 11 11

* Excluding "Maffra Beet Sugar Factory" and "Victoria Dock Cool Stores."

† Closer Settlement Fund and Discharged Soldiers Settlement Fund abolished—now Land Settlement.

The classification of expenditure presented in the following tables appeared for the first time in the *Year-Book* for 1936-37. Under this re-arrangement of items of expenditure, the comparability of the figures with those of previous years is not materially affected.

Interest on the Public Debt, Pensions and Gratuties, and the Contribution to the National Debt Sinking Fund have not been allotted to the respective heads of expenditure. They are shown separately under the sub-heading "Financial Administration."

VICTORIA—SUMMARY OF EXPENDITURE FROM STATE
REVENUE, 1935-36 TO 1939-40.

Heads of Expenditure.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40
	£	£	£	£	£
<i>Legislature and General Administration.</i>					
Legislature—					
Governor	10,001	13,219	12,012	11,740	11,867
Parliament	98,217	104,940	100,168	104,204	102,589
Electoral	7,000	27,176	23,755	2,355	34,577

VICTORIA—SUMMARY OF EXPENDITURE FROM STATE REVENUE,
1935-36 TO 1939-40—continued.

Heads of Expenditure.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
<i>Legislature and General Administration—continued.</i>					
Financial Administration—					
Public Debt Charges—					
Interest—					
Funded Debt	6,464,059	6,531,961	6,599,629	6,640,308	6,744,667
Temporary Loan	7,682	6,288	6,982	12,934	23,317
Exchange on Interest	659,972	657,448	657,819	668,890	700,005
Expenses of Paying Interest, Redemptions, Conversions, &c.	144,061	176,281	45,459	46,253	45,855
National Debt Sinking Fund Pensions and Superannuation Contributions *	693,176	754,258	808,170	858,965	943,647
Departmental—	1,045,997	1,067,871	1,051,391	1,040,378	1,041,066
Treasury (including Taxation, Stamps, &c.)	165,480	160,036	167,812	172,127	176,865
Superannuation Board—Administration	3,400	3,027	6,315	5,260	5,284
Auditor-General	15,161	17,682	17,961	17,807	17,707
Royal Commissions, Boards of Inquiry, &c.	3,922	5,473	1,982	1,311	466
Administration, N.E.I.—					
Government Printer	115,631	124,522	129,144	130,926	135,397
Other	211,412	210,068	215,172	224,549	214,504
Total	9,645,261	9,869,250	9,843,771	9,938,016	10,197,813
<i>Law, Order, and Public Safety.</i>					
Salaries of Judiciary	11,419	12,437	13,000	13,000	15,083
Attorney-General and Solicitor-General	216,667	237,520	248,057	256,226	259,277
Police	714,097	793,833	816,964	815,733	831,977
Prisons	114,115	120,896	122,340	126,355	131,566
Prevention of Fire and Flood	62,013	63,376	72,640	72,369	75,211
National Security Act (Public Safety) .. ..	.. ..	.. ..	.. ..	.. ..	40,352
Other	3,141	2,863	4,149	3,252	4,072
Total	1,122,352	1,230,925	1,277,150	1,286,935	1,357,538
<i>Regulation of Trade and Industry.</i>					
Factories and Shops Legislation }	27,693	31,074	32,597	33,653	33,403
Labour Legislation .. ..	.. ..	.. ..	.. ..	.. ..	.. ..
Transport Regulation Board	23,175	27,326	27,514	26,145	26,278
Liquor Licence Control (Administration, including Compensation)	24,231	56,582	39,399	33,186	33,710
Other	11,011	10,617	12,015	10,034	13,265
Total	86,110	125,599	111,525	103,018	106,656

* For details see page 328.

VICTORIA—SUMMARY OF EXPENDITURE FROM STATE REVENUE,
1935-36 TO 1939-40—continued.

Heads of Expenditure.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
<i>Education.*</i>					
Primary, Intermediate, Secondary, Technical — Administration, Salaries of Teaching Staffs, &c.	2,493,699	2,688,449	2,770,446	2,798,255	2,860,508
Technical (Maintenance Grant Only)	130,797	147,264	161,748	168,217	170,203
University †	42,800	47,300	61,500	58,000	64,000
Deaf, Dumb, and Blind	150	175	175	175	29
Agricultural Education— Colleges, Experimental Farms, University Grants, &c.	28,117	30,386	36,961	32,819	38,073
Other Activities	2,214	3,843	4,147	4,106	5,349
Other	2,290	2,391	2,367	2,400	1,306
Total	2,700,067	2,919,808	3,037,344	3,063,972	3,139,468
<i>Encouragement of Science, Art, and Research.</i>					
Public Libraries, Museums, and Art Galleries	46,950	51,284	51,463	55,474	55,401
Observatory	3,748	4,127	3,830	3,823	3,924
Other Activities and Institutions.	150	400	150	175	175
Total	50,848	55,811	55,443	59,472	59,500
<i>Promotion of Public Health and Recreation.</i>					
Care of Sick and Mentally Afflicted—					
Hospital and Charities Fund (including Totalizator Con- tribution)	341,430	347,802	449,185	433,367	619,709
Various Hospitals, &c.	86,601	91,919	93,632	90,194	98,069
Mental Hospitals	472,637	504,268	511,314	517,564	521,611
Institutes for Mentally De- ficient Children	5,409	8,995	21,886	29,915	30,075
Health of Mothers and Children— Infant Welfare and Clinics	8,464	9,324	10,872	11,841	12,343
Medical and Dental Examination of School Children	9,823	11,155	10,410	11,255	11,202
Other	..	500	..	..	..
Preservation of Public Health— Health Department — Adminis- tration	30,244	32,638	37,118	36,878	36,761
Other	77,261	91,791	172,217	151,862	89,806
Parks, Gardens, and Recreation Reserves	19,449	18,717	19,790	18,759	19,235
Total	1,051,318	1,117,109	1,326,424	1,301,635	1,438,811
<i>Social Amelioration.</i>					
Relief of Destitute, Aged, &c.	5,873	6,698	9,420	4,701	5,466
Children's Welfare Department	264,665	276,563	304,461	329,239	325,943
Miners' Phthisis Allowances	20,702	22,106	20,980	22,949	23,016
Care of Aborigines	7,817	7,492	7,568	7,471	7,430
Unemployment Relief Fund ‡	1,979,153	1,955,269	1,934,441	1,879,852	1,999,902
Other	810	785	2,138	26,971	25,855
Total	2,279,020	2,268,913	2,279,008	2,271,183	2,387,612

* Detailed information regarding expenditure on education will be found on page 330.

† Additional items of expenditure on University are included under functions to which they relate.

‡ Details of actual expenditure on Unemployment Relief are shown on page 256 of this Year-Book.

VICTORIA—SUMMARY OF EXPENDITURE FROM STATE REVENUE,
1935-36 TO 1939-40—continued.

Heads of Expenditure.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
<i>War Obligations.</i>					
Passes to Soldiers, &c.	12,050	12,458	12,021	12,104	19,105
<i>Local Government.</i>					
Licensing Fund Payment to Municipalities	60,252	59,872	59,660	59,532	59,440
Other	941	2,221	3,496	4,235	3,551
Total	61,193	62,093	63,156	63,767	62,991
<i>Development and Maintenance of State Resources other than Business Undertakings—</i>					
Land Settlement and Survey	869,994	791,912	922,649	724,974	241,030
British Migrants' (Agreement) Act 1933	80,300	400	..	..	..
Mining (excluding State Coal Mine)	37,498	41,377	45,239	44,550	42,903
Agricultural Pastoral and Dairying *	278,784	318,898	304,039	297,897	323,785
Forestry †	137,649	155,398	170,547	166,885	193,522
Fisheries and Game	8,976	9,371	9,944	10,434	11,032
Roads and Bridges—					
Country Roads Board ‡ ..	936,573	961,568	1,038,641	1,141,287	1,151,314
Metropolitan Roads Fund..	7,450	9,436	11,754	12,930	17,014
Other	2,700	49	..	..	..
Tourist Activities	6,929	4,950	4,824	2,606	1,687
Total	2,366,853	2,293,359	2,507,637	2,401,563	1,982,287
<i>Business Undertakings.</i>					
Railways	6,441,359	6,829,136	7,420,586	7,660,223	7,642,667
Harbors, Rivers, and Lights ..	61,791	63,228	64,045	71,590	78,030
Water Supply, Irrigation, &c. ..	312,534	359,729	370,775	442,568	492,352
State Coal Mine	321,818	295,940	338,451	318,949	270,186
Maffra Beet Sugar Factory ..	123,585	109,621	133,100	84,484	167,412
Victoria Dock Cool Stores ..	31,640	29,977	31,947	28,097	34,789
Seasoning Works (Newport) ..	8,500	10,045	13,047	14,227	16,993
Forest Tramways	3,686	3,836	3,433	4,378	3,112
Distillation of Eucalyptus Oil ..	1,112	1,450	1,236	20	2,171
Wire Netting Manufacture ..	18,829	17,663	16,960	15,107	10,681
State Saw Mill	45	45	48	45	..
Total	7,324,899	7,720,670	8,393,628	8,640,288	8,718,393
Grand Total	26,699,971	27,675,995	28,907,107	29,141,953	29,470,174
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Per Head of Population	14 9 9	14 18 10	15 10 8	15 10 10	15 11 9

* Excluding "Maffra Beet Sugar Factory" and "Victoria Dock Cool Stores."

† Excluding "Newport Seasoning Works."

‡ Represents difference between Public Revenue of Country Roads Board and recoups to revenue made by the Board. Details of Country Roads Board Fund expenditure are shown on page 156 of this Year-Book.

Surplus Revenue Expenditure. Reference to appropriations of Surplus Revenue will be found in previous issues of the *Year-Book*. The surplus in respect of 1939-40—£6,261—is at the credit of the Surplus Revenue Account pending allocation in accordance with Act No. 3341, Section 13.

Financial Emergency Legislation. The principal legislative provisions made by Parliament to enable Victoria to fulfil the conditions of the agreement under the Melbourne Financial Plan, particularly with reference to the public finance of the State, have been shown in *Year-Books* from 1930-31 to 1935-36 inclusive.

TAXATION.

INCOME TAX.

State Income Tax. Income tax was first imposed in Victoria in 1895, and, although originally fixed for a period of three years, has been retained, with certain amendments and alterations, until the present time. Incomes assessed for tax in any year are generally speaking those earned, derived, or received in Victoria in the preceding year, and are divided into two classes, viz. :— (1) those derived from personal exertion, and (2) those derived from property. The former consist of salaries, wages, stipends, fees, commissions, bonuses, pensions, superannuation or retiring allowances earned in or derived from Victoria, and all incomes arising or accruing from any profession, trade, or business carried on in Victoria; whilst the latter comprise incomes from all other sources. Outgoings and losses incurred in the production of the income and the statutory exemption and concessional deductions are the principal items taken into consideration in computing the taxable income. Details regarding the two last-mentioned items are given on the next page.

Particulars of Income Tax Assessments on incomes earned in each of the years 1934-35 to 1938-39 appear on page 316. The figures are not comparable unless the varying rates of tax imposed are taken into consideration. The rates applicable to incomes earned during 1934-35, 1935-36, 1936-37 and 1937-38 respectively appear in previous issues of the *Year-Book*.

Rates of Tax—Individuals. The rates of tax on incomes earned in Victoria during 1938-39 were :—

Taxable Income.	Rate of Tax.	
	Individuals.	
	Personal Exertion.	Property.
£1 and not exceeding £2,500	7 253/1,000th pence where the taxable income is One pound and increasing uniformly by 3/1,000th pence for every pound by which the taxable income exceeds One pound	14 3/625th pence where the taxable income is One pound and increasing uniformly by 3/625th pence for every pound by which the taxable income exceeds one pound
Exceeding £2,500 but not exceeding £5,000	14 1,879/2,500th pence where the taxable income is £2,501 and increasing uniformly by 1/625th pence for every pound by which the taxable income exceeds £2,501.	26 7/2,500th pence where the taxable income is £2,501 and increasing uniformly by 7/2,500th pence for every pound by which the taxable income exceeds £2,501.
Exceeding £5,000 but not exceeding £10,000	18 3,753/5,000th pence where the taxable income is £5,001 and increasing uniformly by 3/5,000th pence for every pound by which the taxable income exceeds £5,001.	33 7/5,000th pence where the taxable income is £5,001 and increasing uniformly by 7/5,000th pence for every pound by which the taxable income exceeds £5,001.
Exceeding £10,000 ..	21½ pence for every pound of taxable income.	40 pence for every pound of taxable income.

Where income was derived partly from personal exertion and partly from property, the rate of tax applied to the respective portions of the taxable income was the rate that would have been applicable if the total taxable income had been derived exclusively from that source.

Rates of Tax—Companies. The rates of tax on the income of companies were :—
 (a) Mutual Life Assurance Companies—On the income of a Mutual Life Assurance Company, with respect to its mutual life assurance business only, 12d. in the £1. On income from other business 24d. for every pound of taxable income. (b) Other Companies—On the income of Other Companies, 24d. for every pound of taxable income, and, in respect of interest paid or credited to persons non-resident in Australia on account of money secured or invested in Victoria, or on money lodged at interest in Victoria with the company, 16d. for every pound of taxable income.

Statutory Exemption. Of individuals subject to tax, the minimum income for persons domiciled in Victoria was £201, and for those outside Victoria, £51. In the case of the former, a general deduction of £200 was allowed on incomes between £201 and £500, after which it diminished at the rate of £2 for every £1 of income over £500 and finally disappeared at £600; in the latter case, the general deduction allowed was £50, which decreased by £1 for every £1 of income over £50, finally disappearing at £100. Companies were taxed on full profits but net dividends to recipients although not assessable income were included in the total income for the purpose of calculating the statutory exemption.

Interest from State Savings Bank bonds, debentures and stock (other than deposit stock) is not taxable.

Concessional Deductions. The following concessional deductions were granted:—
 (a) £50 for the maintenance of a taxpayer's spouse whose separate income did not exceed £100 per annum; (b) £50 in respect of each child under 16 years of age; (c) certain expenses during illness, not exceeding £50; (d) funeral and burial expenses not exceeding £20; (e) life assurance premiums, superannuation payments, and friendly society contributions, not exceeding £100 in the aggregate.

Where, after deducting from the sum of the assessable income and the net dividends, all allowable deductions except the Statutory Exemption, and items (a), (b), (c) and (d) above, the residue did not exceed £800, these deductions were allowed in full but, where such residue ranged between £801 and £1,200, such deductions were decreased proportionately in the same ratio as the income in excess of £800 bore to £400.

Details of the complete assessments on incomes earned during each of the years 1934-35 to 1938-39 are given below:—

VICTORIA—INCOME TAX ASSESSMENTS.

Heading.	On Incomes Earned during—				
	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
Number of Assessments—					
Individuals	100,440	119,217	140,316	163,614	169,150
Companies	5,048	4,908	4,946	5,136	5,223
Total, Distinct Taxpayers ..	105,488	124,125	145,262	168,750	174,373
	£	£	£	£	£
Taxable Incomes—					
Individuals	22,231,249	26,695,000	33,619,724	33,315,991	32,711,181
Companies	15,467,440	17,897,726	22,008,215	24,053,658	24,090,812
Total	37,698,689	44,592,726	55,627,939	57,369,649	56,801,993
	£	£	£	£	£
Tax payable—					
Individuals	937,040	1,106,939	1,372,829	1,348,840	1,624,414
Companies	1,407,790	1,675,163	2,012,071	2,199,232	2,333,968
Total*	2,344,830	2,782,102	3,384,900	3,548,072	3,958,382
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Per taxpayer—					
Individuals	9 6 7	9 5 8	9 15 8	8 4 11	9 12 1†
Companies	278 17 7	341 6 3	406 16 2	428 4 0	446 17 3
	d.	d.	d.	d.	d.
Average tax payable in the £1 on taxable incomes by—					
Individuals	10·12	9·95	9·80	9·72	11·92
Companies	21·84	22·46	21·94	21·94	23 25

* For actual collections in the following financial year, see page 325.

† The average amount of tax payable per individual taxpayer with taxable income not exceeding £500 was £3 0s. 11d.; in the case of those with taxable incomes exceeding £500 the average amount was £68 11s.

The total net incomes of taxpayers, who were assessed to pay tax on account of incomes earned during 1938-39, amounted to £86,037,361, but, as 142,888 taxpayers on grades of income between £1 and £300 were allowed the £200 exemption, equalling £28,577,600, taxpayers numbering 5,275, on grades of income between £301 and £600 were allowed exemption to the amount of £551,525 and 1,428 taxpayers were allowed varying exemptions equalling £106,243, the amount available for taxation was £56,801,993.

The total numbers of individuals and companies who were taxed on incomes earned during 1938-39 are detailed, under specified grades of taxable income, in the following table :—

**VICTORIA—INCOME TAX—TOTAL NUMBER OF
TAXPAYERS (1938-39 INCOMES).**

Taxable Incomes.	Individuals.				Companies.	Grand Total.
	Personal Exertion Only.	Property Only.	Combined Personal Exertion and Property.	Total.		
£	No.	No.	No.	No.	No.	No.
Not exceeding 100	102,540	5,208	336	108,084	1,203	109,287
101 to 200	24,700	2,402	538	27,640	483	28,123
201 „ 350	10,458	1,557	747	12,762	480	13,242
351 „ 500	2,506	583	644	3,733	362	4,095
501 „ 700	2,699	740	2,272	5,711	328	6,039
701 „ 1,000	2,018	631	2,248	4,897	356	5,253
1,001 „ 1,250	712	234	1,053	1,999	216	2,215
1,251 „ 1,500	473	134	698	1,305	185	1,490
1,501 „ 2,000	445	133	779	1,357	266	1,623
2,001 „ 2,500	206	56	373	635	159	794
2,501 „ 3,000	93	30	208	331	124	455
3,001 „ 4,000	104	29	238	371	178	549
4,001 „ 5,000	37	11	95	143	120	272
5,001 „ 7,600	29	11	84	124	218	342
7,601 and over ..	18	2	38	58	536	594
Total ..	147,038	11,761	10,351	169,150	5,223	174,373

In the succeeding statement incomes earned during 1938-39 are arranged in groups of taxable incomes according to source thereof:—

VICTORIA—INCOME TAX—TAXABLE INCOMES
(1938-39 INCOMES).

Taxable Incomes.	Individuals.				Companies.	Grand Total.
	Personal Exertion Only.	Property Only.	Combined Personal Exertion and Property.	Total.		
£	£	£	£	£	£	£
Not exceeding 100	4,132,398	227,994	21,381	4,381,773	45,519	4,427,292
101 to 200	3,475,036	345,922	80,440	3,901,398	71,507	3,972,905
201 " 350	2,626,195	394,751	199,685	3,220,631	129,524	3,350,155
351 " 500	1,050,188	244,011	278,451	1,572,650	153,053	1,725,703
501 " 700	1,627,392	446,186	1,399,185	3,472,763	195,130	3,667,893
701 " 1,000	1,663,749	523,428	1,834,345	4,021,522	299,883	4,321,405
1,001 " 1,250	796,470	259,046	1,178,682	2,234,198	244,206	2,478,404
1,251 " 1,500	643,297	183,990	961,198	1,788,485	252,859	2,041,344
1,501 " 2,000	764,961	226,016	1,343,341	2,334,318	461,418	2,795,736
2,001 " 2,500	460,256	123,150	832,621	1,416,027	355,905	1,771,932
2,501 " 3,000	254,542	83,630	560,584	898,756	340,428	1,239,184
3,001 " 4,000	354,414	98,891	827,506	1,280,811	612,857	1,893,668
4,001 " 5,000	164,258	48,447	420,160	632,865	580,663	1,213,528
5,001 " 7,600	174,960	65,799	529,134	769,893	1,335,897	2,105,790
7,601 and over ..	208,026	21,122	555,943	785,091	19,011,963	19,797,054
Total ..	18,396,142	3,292,383	11,022,656	32,711,181	24,090,812	56,801,993

The complete figures relating to the tax payable on incomes earned during 1938-39 are set out hereunder:—

VICTORIA—INCOME TAX—TAX PAYABLE
(1938-39 INCOMES).

Taxable Incomes.	Individuals.				Companies.	Grand Total.
	Personal Exertion Only.	Property Only.	Combined Personal Exertion and Property.	Total.		
£	£	£	£	£	£	£
Not exceeding 100	128,395	13,600	903	142,898	4,494	147,392
101 " 200	109,735	21,148	3,493	134,376	7,122	141,498
201 " 350	86,498	25,468	8,746	120,712	12,899	133,611
351 " 500	37,007	16,142	12,676	65,825	15,306	81,131
501 " 700	61,137	31,397	62,453	154,987	19,488	174,475
701 " 1,000	67,386	39,078	86,510	192,974	29,989	222,963
1,001 " 1,250	35,127	20,843	61,183	117,153	24,429	141,582
1,251 " 1,500	30,340	15,762	51,361	97,463	25,286	122,749
1,501 " 2,000	39,574	20,801	79,887	140,262	46,143	186,405
2,001 " 2,500	26,421	12,513	55,498	94,432	35,424	129,856
2,501 " 3,000	16,051	9,344	40,205	65,600	33,923	99,523
3,001 " 4,000	23,960	11,776	61,829	97,565	60,886	158,451
4,001 " 5,000	12,185	6,335	35,447	53,967	57,490	111,457
5,001 " 7,600	13,826	9,282	46,792	69,900	133,109	203,009
7,601 and over ..	18,123	3,487	54,690	76,300	1,827,980	1,904,280
Total ..	705,765	256,976	661,673	1,624,414	2,333,968	3,958,382

VICTORIA—SPECIAL INCOME TAX.

Income earned by any person (other than a company) in 1938-39 was subject also to a Special Tax. The minimum taxable income was £105 but, in the case of a married taxpayer whose spouse was a resident of Australia and had an income of not more than £50, or a widow or widower with a child under 16 years of age who was a resident of Australia, the minimum income taxable was £201. The deductions (other than outgoings and losses incurred in the production of the income) allowed for Ordinary Income Tax, which are shown on pages 315 and 316, were not allowable in calculating the taxable income for this tax. Dividends from any source were subject to, but interest from State Savings Bank Securities was free from tax. The rates of the Special Tax were as follows :—

Where the Taxable Income—						The Rate per £100 was—
Exceeded	£104	but did not exceed	£1,000	..	..	s. d. 6 0
..	£1,000	..	£1,250	..	..	7 0
..	£1,250	..	£1,750	..	..	8 0
..	£1,750	..	£2,000	..	..	9 0
..	£2,000	..	£2,500	..	..	11 0
..	£2,500	..	..	..	..	12 6

The total amounts of Special Tax assessed on incomes earned during 1934-35, 1935-36, 1936-37, 1937-38, and 1938-39, were £351,377, £359,335, £400,741, £431 172, and £441,930 respectively.

COMMONWEALTH INCOME TAX.

The Commonwealth Government also imposes taxation on incomes. Originally payable on incomes earned in 1914-15 the collection of this tax throughout Australia yielded £8,775,562 in 1935-36; £8,556,014 in 1936-37; £9,398,503 in 1937-38; £11,882,440 in 1938-39; and £16,430,313 in 1939-40.

UNEMPLOYMENT RELIEF TAX.

Legislative provisions for the relief of unemployment in Victoria are embodied in the *Unemployment Relief Act* 1930 (No. 3866) and the *Stamps (Unemployment Relief) Act* 1930 (No. 3868). Brief references to these Acts and to amending and continuing legislation arising in connexion therewith have been made in the *Year-Book* of 1929-30 and subsequent issues.

The *Unemployment Relief Tax (Rates) Act 1938* (No. 4575) and the *Unemployment Relief Tax (Rates) Act 1939* (No. 4674) made provision for the rates of tax, &c., on incomes earned during 1937-38 and 1938-39 respectively.

The following statement shows the rates of unemployment relief tax charged on incomes earned during 1938-39. (They were the same as those applicable to 1937-38 incomes.) The minimum income subject to tax was £105, and the general exemption of £200 and concessional allowances (wife, children, medical expenses, life assurance, &c.) mentioned on pages 315 and 316 were not deductible. Dividends from any source and interest on Victorian Government Loans (other than 3 per cent. stock) and State Savings Bank securities were taxable, but the profits earned by companies were not subject to tax.

VICTORIA—RATES OF UNEMPLOYMENT RELIEF TAX 1938-39.

Amount of Taxable Income.	Rate per £100 payable on the Taxable Income.
	<i>s. d.</i>
Not less than £105 but not amounting to £208 ..	15 5
” ” ” £208 but not exceeding £312 ..	19 4
Over £312 but not exceeding £350 ..	19 9
” £350 but not exceeding £400 ..	20 2
Thereafter for every increase of £50 in taxable income up to the group exceeding £900 but not exceeding £950	The rate of tax increases by either 8d. or 9d. until it reaches 28s. 1d.
Thereafter for every increase of £50 in taxable income up to the group exceeding £2,350 but not exceeding £2,400	The rate of tax increases by either 9d., 10d., or 11d. until it reaches 53s. 2d.
Thereafter for every increase of £50 in taxable income up to the group exceeding £2,950 but not exceeding £3,000	The rate of tax increases by either 1s. 1d., 1s. 2d., or 1s. 3d. until it reaches 66s. 11d.
Over £3,000	68s. 1d. (the maximum rate of tax)

Particulars of assessments in respect of unemployment relief tax on incomes earned during 1937-38 and 1938-39 respectively are shown hereafter, according to specified grades of taxable income.

VICTORIA—UNEMPLOYMENT RELIEF TAX ASSESSMENTS
(1937-38 AND 1938-39 INCOMES).

Taxable Incomes.	1937-38.			1938-39.		
	Number.	Taxable Income.	Tax Payable.	Number.	Taxable Income.	Tax Payable.
£ 101 to £ 200 ..	183,774	27,300,612	210,335	182,964	26,717,345	208,660
201 ,, 350 ..	214,504	55,458,522	531,836	220,923	57,405,378	551,137
351 ,, 500 ..	41,933	17,082,069	177,743	42,799	17,698,891	181,323
501 ,, 700 ..	17,327	10,086,940	117,332	16,957	9,881,899	114,670
701 ,, 1,000 ..	8,829	7,268,538	97,404	8,620	7,154,547	95,113
1,001 ,, 1,200 ..	2,586	2,820,235	43,725	2,510	2,750,533	42,426
1,201 ,, 1,500 ..	2,285	3,062,679	53,733	2,216	2,988,201	52,165
1,501 ,, 2,000 ..	1,986	3,428,364	72,027	1,934	3,363,762	69,687
2,001 ,, 2,400 ..	823	1,801,032	44,802	864	1,922,937	46,765
2,401 ,, 3,000 ..	717	1,917,579	57,619	715	1,930,579	57,192
3,001 ,, 4,000 ..	586	2,011,918	68,487	602	2,096,062	70,224
4,001 ,, 5,000 ..	318	1,415,598	47,963	304	1,393,523	45,999
5,001 ,, 7,600 ..	315	1,885,759	63,983	336	2,100,793	68,897
7,601 and over ..	195	2,747,475	92,392	225	3,531,592	113,716
Total ..	476,178	138,286,420*	1,679,381	481,969	140,936,042†	1,717,974

* From Personal Exertion, £118,636,061; Property, £19,650,389.

† ,, ,, ,, £119,597,477; ,, £21,338,565.

Unemployment Relief Tax assessments on incomes earned in each of the years 1934-35 to 1938-39 were as follow :—

VICTORIA—UNEMPLOYMENT RELIEF TAX ASSESSMENTS,
1934-35 TO 1938-39.

On Income Earned In Year.	Number.	Taxable Income.	Tax Payable.
1934-35	493,104	£ 113,032,706	£ 1,911,063
1935-36	415,383	114,518,175	1,819,546
1936-37	448,691	130,129,768	1,708,491
1937-38	476,178	138,286,420	1,679,381
1938-39	481,969	140,936,042	1,717,974

In comparing the annual particulars of assessments of Unemployment Relief Tax given in the above statements, it is necessary to take into account the rates of tax applicable during each year.

PAYMENT OF TAXES BY INSTALMENTS.

In November, 1932, a system was established to assist taxpayers in the payment of their taxes by means of regular deductions from the salaries and wages of those who constitute the majority of taxpayers.

The employer delivers to the employee, at the time of paying salary or wages, Tax Instalment stamps denoting the amount deducted therefrom and the employee is required to keep these stamps in a special booklet which is produced with his assessment notice at the Income Tax Office. If the value of his stamps is insufficient to

satisfy his assessment, he is required to pay the difference in cash ; if in excess, he receives an immediate cash refund. Alternatively, employers may dispense with stamps by making periodical deductions from the salary or wages of their employees and paying such deductions to the Commissioner of Taxes. Provisions regarding insufficient deductions or refunds are similar to those obtaining in relation to stamps.

Deductions are made by the employer upon the following scale :—

Weekly Rate of Payment.						Rate of Deduction.*				
Exceeds £2 but not exceeding £4	..	..	..	..	..	3d. per £1 or fraction over 10s.				
„ 4 „ „ „ 6	4d.	„	„	„	„
„ 6 „ „ „ 8	6d.	„	„	„	„
„ 8 „ „ „ 10	8d.	„	„	„	„
„ 10 „ „ „ 12	9d.	„	„	„	„
„ 12 „ „	1s.	„	„	„	„

* This amended scale of deductions became operative on 2nd September, 1936.

By the purchase of stamps the system may also be availed of by the general public.

LAND TAX.

State Land Tax. The State Land Tax Act of 1928 provides for a tax on the unimproved value of land and for the assessment of land and for other purposes. For the purposes of this Act, unimproved value means the sum which might be expected to be realized at the time of valuation, if the land were offered for sale on such terms as a seller might in ordinary circumstances be expected to require, and assuming that the improvements (if any) had not been made. The nature of the taxation is a duty upon land for every pound sterling of the unimproved value thereof, as assessed under the Act, at a rate declared for each year by Act of Parliament. The rate of tax for the year ending 31st December, 1940, was one halfpenny on every pound sterling of the unimproved value exceeding £250. No tax is chargeable when the total unimproved value of all lands owned does not exceed £250. Where the assessed unimproved value exceeds the amount of exemption (£250) the exemption diminishes at the rate of £1 for every £1 of such excess, so as to leave no exemption when the unimproved value amounts to, or exceeds, £500.

An analysis, in specified groups of unimproved values of holdings, of the 1940 Land Tax assessments is given hereafter.

**VICTORIA—ANALYSIS OF STATE LAND TAX
ASSESSMENTS, 1940.**

(Based on unimproved values as at 31st December, 1939).

Unimproved Values of Holdings Ranging Between—				Number of Taxpayers.	Total Amount of Unimproved Values.	Tax Payable.
£	£					
1 and	500	..	..	65,944	23,743,072	30,583
501	600	..	..	13,400	7,430,146	15,234
601	750	..	..	13,784	9,296,819	18,975
751	1,000	..	..	15,487	14,481,624	27,493
1,001	1,250	..	..	9,766	11,988,885	22,448
1,251	1,500	..	..	7,028	10,141,978	20,766
1,501	2,000	..	..	9,653	17,003,452	34,929
2,001	3,500	..	..	12,928	37,595,326	75,268
3,501	5,000	..	..	5,957	22,874,802	49,391
5,001	6,000	..	..	1,788	9,772,030	20,156
6,001	7,000	..	..	1,129	7,296,422	15,089
7,001	8,000	..	..	776	5,800,482	12,016
8,001	9,000	..	..	479	4,064,841	8,454
9,001	10,000	..	..	365	3,466,069	7,144
10,001	15,000	..	..	941	11,389,867	23,561
15,001	20,000	..	..	395	6,842,272	14,178
20,001	25,000	..	..	213	4,734,121	9,863
25,001	30,000	..	..	126	3,489,400	7,270
30,001	35,000	..	..	92	2,989,447	6,228
35,001	40,000	..	..	75	2,795,760	5,824
40,001	50,000	..	..	105	4,664,330	9,711
50,001	75,000	..	..	114	6,746,713	14,057
75,001	100,000	..	..	54	4,683,133	9,731
100,001	150,000	..	..	35	4,169,557	8,575
150,001	200,000	..	..	13	2,243,965	4,375
200,001	over	..	..	24	7,887,199	15,892
Total				160,671	247,596,712	487,511

In the succeeding statement details are shown relating to the assessments made during the years 1936 to 1940.

VICTORIA—STATE LAND TAX ASSESSMENTS, 1936 TO 1940.

Year.	Number of Taxpayers.	Total Tax Payable.	Average Tax Payable per Taxpayer.	Unimproved Value (approximate).
		£	£ s. d.	£
1936	156,930.	497,832	3 3 5	239,022,192
1937	157,048	473,934	3 0 4	238,829,620
1938	157,657	475,818	3 0 4	239,270,330
1939	156,123	475,356	3 0 11	238,523,354
1940	160,671	487,511	3 0 8	247,596,712

Commonwealth Land Tax. The Commonwealth Government also levies land tax on the lands of the States. Particulars of assessments, &c., for Victoria, given in the table hereunder, have been extracted from the report of the Federal Commissioner of Taxation. It should be noted that resident landowners whose property does not exceed the unimproved value of £5,000 are exempted from the payment of this tax.

COMMONWEALTH LAND TAX—VICTORIAN ESTATES,
1934-35 TO 1938-39.

Assessment in respect of Year—	Victorian Returns Assessed.*	Central Office Assessments.†	Unimproved Value Assessed by Department.	Tax Payable.
	No.	No.	£	£
1934-35	7,253	1,703	85,763,202	353,798
1935-36	7,158	1,693	84,916,146	362,843
1936-37	7,071	1,625	86,165,970	389,060
1937-38	7,208	1,677	86,865,450	398,532
1938-39	7,131	1,684	86,578,764	446,651

* Including absentee returns on which tax was payable as follows :—1934-35, 281, £5,418; 1935-36, 281, £4,819; 1936-37, 291, £5,858; 1937-38, 300, £5,989; and 1938-39, 308, £6,468.
† Includes the Victorian interests of those who owned land in more than one State.

PROBATE DUTIES.

Probate Duties, Victoria. The rates of duty payable under Victorian statutes on estates of deceased persons are briefly summarized hereunder :—

Part 1.—Where estates bequeathed to persons other than widow, children, and grand-children do not exceed £200, no duty is payable, but on estates over £200 and not exceeding £300 duty becomes payable at a rate of $1\frac{1}{2}$ per cent. The rate rises gradually thereafter until, on estates over £20,000, it reaches 10 per cent.

Part 2.—Where the estate is under £500, there is no duty payable on bequests to widow, children, and grand-children. On estates of over £500 in value, the rate of duty commences at 2 per cent. and gradually increases until it reaches 10 per cent. on estates over £100,000. Under this Part, when the total net value of the estate is over £500 but does not exceed £2,000, half rates apply.

Part 3.—The rates of duty on settlements (a) on brother, sister and other relatives are the same as those applicable to Part 1—mentioned above; (b) on widow, widower, descendant or ancestor of settler—the same as mentioned in Part 2.

Duty on settlements on strangers in blood is rateable at 10 per cent.

Additional Duty.—On all statements filed on and after 23rd October, 1930, an additional amount of 21 per cent. on the duty otherwise chargeable, is payable.

The total amounts of probate duty assessed for the years 1935-36, 1936-37, 1937-38, 1938-39 and 1939-40 were £1,438,316, £1,451,238, £1,429,440, £1,416,067, and £1,447,244 respectively. Actual collections of probate duty for the years mentioned are shown in the table below.

The Commonwealth Government also levies probate and **Commonwealth, Estate Duty.** succession duties. The amount of duty collected throughout Australia in each of the years 1935-36, 1936-37, 1937-38, 1938-39 and 1939-40 was £1,472,860, £1,792,600, £1,872,654, £1,915,352 and £2,212,690 respectively.

COMMONWEALTH, STATE, AND MUNICIPAL TAXATION.

The amounts of taxation collected in *Victoria* by the Commonwealth and State Governments, and by the Municipalities respectively, are shown hereunder for each of the last five years.

Details of State taxation have been arranged according to the nature of the tax rather than to the method of collection.

TAXATION IN VICTORIA—COMMONWEALTH, STATE, AND MUNICIPAL, 1935-36 TO 1939-40.

Heads of Taxation.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Total Commonwealth Taxation in Victoria*	17,372,000	17,088,000	18,719,000	20,039,000	24,325,000
State—					
Income Tax	2,759,324	3,299,440	3,976,958	4,370,656	4,737,696
Land Tax	494,293	492,143	498,232	482,336	490,255
Probate Duty	1,340,701	1,509,693	1,431,057	1,374,355	1,456,752
Unemployment Relief	1,979,153	1,955,269	1,934,440	1,879,852	1,999,902
Entertainments Tax†	238,456	268,211	262,039	286,034	295,512
Racing Taxation	340,531	353,884	414,560	390,487	385,959
Stamp Duties†	858,731	917,255	952,470	959,727	978,992
Motor Taxation†	1,592,880	1,682,561	1,825,152	1,913,689	1,981,509
Licences—					
Liquor	203,602	222,437	233,490	254,640	261,797
Other	88,272	90,735	91,521	90,719	100,609
Other Taxation	24,750	27,172	26,726	20,745	21,679
Total State Taxation	9,920,693	10,818,800	11,646,645	12,023,240	12,710,662
Municipal Taxation	3,538,627	3,698,118	3,805,023	3,731,856	§
Total Taxation	30,831,320	31,604,918	34,170,668	35,794,096	§

* Estimated.—See note on next page. † Not elsewhere included. ‡ Including cost of collection of Motor Fees paid into the Country Roads Board. § Not available.

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

COMMONWEALTH, STATE, AND MUNICIPAL TAXATION IN VICTORIA PER HEAD OF POPULATION, 1935-36 TO 1939-40.

Authority.	Taxation per Head of Population in Victoria.				
	1935-36.	1936-37.	1937-38.	1938-39.	1939 40.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Commonwealth* ..	9 8 6	9 4 6	10 1 2	10 13 9	12 17 4
State ..	5 7 8	5 16 10	6 5 2	6 8 3	6 14 6
Total (Commonwealth and State) ..	14 16 2	15 1 4	16 6 4	17 2 0	19 11 10
Municipal ..	1 18 4	1 19 11	2 0 10	1 19 8	†
Grand Total ..	16 14 6	17 1 3	18 7 2	19 1 8	†

* Average taxation per head collected by the Commonwealth Government on account of taxation derived from the following sources:—Customs, Excise, Probate and Succession Duties, Income, Land, Sales, Flour, Entertainment, War Time Profits and Gold.

† Not available.

TAXATION COLLECTIONS—AUSTRALIAN STATES.

In the following statement of taxation collections in each of the Australian States during the last five years, Commonwealth taxation has been excluded. The particulars shown include all State taxation whether paid into Consolidated Revenue or not.

STATE TAXATION COLLECTIONS—TOTAL AND PER HEAD OF POPULATION, 1935-36 TO 1939-40.

Year.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	Total All States.
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TOTAL COLLECTIONS.

	£	£	£	£	£	£	£
1935-36 ..	16,289,722	9,920,693	7,323,028	3,267,389	2,762,735	1,418,256	40,981,823
1936-37 ..	18,726,370	10,818,800	7,730,782	3,610,431	3,085,944	1,484,808	45,457,135
1937-38 ..	20,504,582	11,646,645	8,539,471	3,998,132	3,306,804	1,697,159	49,692,793
1938-39 ..	20,262,919	12,023,240	8,646,453	4,199,064	3,618,998	1,778,718	50,529,392
1939-40 ..	22,682,127	12,710,662	8,816,448	4,620,113	3,729,414	1,827,902	54,386,671

PER HEAD OF POPULATION.

	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1935-36 ..	6 2 8	5 7 8	7 10 8	5 11 6	6 3 5	6 3 2	6 1 8
1936-37 ..	6 19 8	5 16 10	7 17 1	6 2 9	6 16 7	6 8 1	6 13 11
1937-38 ..	7 11 5	6 5 2	8 11 8	6 15 4	7 4 9	7 4 5	7 5 2
1938-39 ..	7 8 3	6 8 3	8 11 9	7 1 3	7 16 5	7 10 2	7 6 3
1939-40 ..	8 4 0	6 14 6	8 13 3	7 14 10	7 19 11	7 13 0	7 15 11

The total taxation collected by the Commonwealth and all States for the last five years is shown hereunder.

COMMONWEALTH AND ALL STATES TAXATION
COLLECTIONS, 1935-36 to 1939-40.

Year.	Taxation by Commonwealth Government.	Taxation by all State Governments.	Total Taxation.
	£	£	£
1935-36 ..	63,617,306	40,981,823	104,599,129
1936-37 ..	62,773,452	45,457,135	108,230,587
1937-38 ..	69,048,485	49,692,793	118,741,278
1938-39 ..	74,036,899	50,529,392	124,566,291
1939-40 ..	90,010,663	54,386,671	144,397,334

TAXATION FOR FINANCIAL YEAR, 1940-41.

Income Tax on 1939-40 Incomes. The *Income Tax (Rates) Act* 1940 (No. 4758) imposed income tax on incomes earned during the year ended 30th June, 1940. The rates payable remain the same as those for the previous year, which appear on page 315.

Special Income Tax on 1939-40 Incomes. Under the Act mentioned in the previous paragraph, provision was also made for the Special Tax on incomes earned during 1939-40. No change was made in the existing rates, which are shown on page 319.

Unemployment Relief Taxation on 1939-40 Incomes. The *Unemployment Relief Tax (Rates) Act* 1940 (No. 4772) fixed the rates of unemployment relief taxation on incomes earned in the year ended 30th June, 1940. Provision has been made for a reduction of 15 per centum in the existing schedule, an abridgement of which will be found on page 320 of this *Year-Book*.

PENSIONS AND GRATUITIES.

Pension and Superannuation Schemes in Force. A statement of Pension and Superannuation schemes in force at 30th June, 1928, in the Public Services of Victoria, appears in the *Year-Book* for 1928-29, page 98.

Cost of Pensions and Gratuities. During the year 1939-40, the Government expended a sum of £1,041,066 on pensions, gratuities, &c. Of this amount, £207,164 was spent on pensions of a non-contributory nature. The remainder represents payments from State revenue to the Police Superannuation Fund, the Police Pensions Fund, and the Superannuation Fund. The following table gives details of the Government expenditure on pensions for each of the last five years.

VICTORIA—GOVERNMENT EXPENDITURE ON PENSIONS,
GRATUITIES, ETC., 1935-36 TO 1939-40.

Heading.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Non-contributory Pensions, &c.—					
Railways	133,537	143,850	123,292	113,922	103,649
Lunacy	653	702	388	107	104
Judges	2,188	2,250	2,250	2,250	1,611
Civil Service	10,882	9,644	7,863	6,720	6,013
Public Service					
Education Department } Officers transferred to Commonwealth Service	117,538	113,421	105,128	94,836	84,676
Various Allowances ..	14,499	13,000	11,000	9,000	9,668
Compensations and Gratuities	1,335	1,953	2,412	1,462	1,443
	1,478	2,915	181	..	..
Total Non-contributory Pensions, Gratuities, &c.	282,110	287,735	252,514	228,297	207,164
Police Superannuation Fund—					
Government Subsidy ..	79,173	79,410	85,093	74,169	70,534
Transferred from Licen- sing Fund (Act No. 3717)	23,000	23,000	23,000	23,000	23,000
Fines	10,939	9,530	8,864	11,290	12,252
Total	113,112	111,940	116,957	108,459	105,786
Police Pensions Fund ..	95,000	96,700	98,200	100,000	103,400
The Superannuation Fund—					
Railways	356,571	360,497	361,697	370,363	379,885
Other	199,204	211,001	222,022	233,259	244,831
Total	555,775	571,498	583,719	603,622	624,716
GRAND TOTAL ..	1,045,997	1,067,873	1,051,390	1,040,378	1,041,066

This fund is maintained by an annual subsidy of £2,000 from the Consolidated Revenue ; by a moiety of the fines inflicted by the Courts of Petty Sessions ; by a deduction, not exceeding 2½ per cent., from the pay of the members of the Police Force entitled to pensions ; by transfers from the Licensing Fund under the provisions of Act No. 3717 ; and, should the foregoing sources prove insufficient, by a further grant in aid from the Consolidated Revenue.

**Police
Superannuation
Fund.**

During the year 1939-40 the total receipts of the fund amounted to £105,819, consisting of £105,786 from Government Revenue, as shown in the preceding table, and £33 from members of the Force, Payments out of the Fund amounted to £105,819 (£104,584 for pensions and £1,235 for gratuities).

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

This Act, which came into operation on 1st January, 1924, provides for pensions to those members of the Police Force who have joined it since 25th November, 1902, as well as to persons who may enter the Force in the future. The Police Regulation Act (No. 4592 of 1938) made several amendments regarding pensions and allowances. It provided:—(1) that the total amount of pension paid to any member of the force, appointed on and after the first day of January, 1939, shall be not more than £312 per annum; (2) for an amended scale of widows' and children's pensions and allowances; (3) for an increase in the rateable deduction from pay (by way of contribution towards superannuation) of members of the force to $4\frac{1}{2}$ per cent. per annum; and (4) that rateable deductions be returned in certain cases and that they be paid to personal relatives in certain other cases. The chief provisions of the principal Act appear in the *Year-Book* for 1928-29, page 100.

The receipts of the Police Pensions Fund (established under Act No. 3750) during 1939-40 amounted to £198,239, comprising:—Deductions from pay, £29,933; special appropriation, £103,400, and interest on investments, £64,906. During the year £21,272 was paid in pensions, and £1,829 represented deductions of pay returned. There was a balance of £1,820,072 at 30th June, 1940, of which £1,796,795 was invested.

On 24th November, 1925, legislation was enacted by the State Parliament making provision on a contributory basis for superannuation benefits for public servants and railway employees. Contributions of officers, amounts received from the Government, and income from investments are paid into the Superannuation Fund and benefits provided by the Act are paid

Police Pensions Act (No. 3316) now included in Act No. 3750.

The Superannuation Fund.

therefrom. Act No. 3782 of 1928 consolidated existing legislation regarding the Fund. Brief references to the more important amendments to that Act have been made in the *Year-Books* of 1928-29 and subsequent issues. Recent amending legislation relating to the Fund is contained in (1) *The Superannuation (Life Assurance Policies) Act* 1940, No. 4744, which extends the facilities regarding the transfer of life assurance policies under Section 60 of the *Superannuation Act* 1928 to policies taken out after 25th November, 1925, and to certain temporary employees, and (2) *The Superannuation Act* 1940, No. 4775, which repealed the *Superannuation Act* 1938, No. 4619, and, *inter alia*, amended the provisions of the Superannuation Acts relating to the number of units for which officers are to contribute and the rate payable for certain units.

During the year 1939-40, the receipts of the Superannuation Fund amounted to £1,245,655, consisting of contributions from officers, £412,119; from Consolidated Revenue, £621,068; under Act No. 4085, £207; interest on investments, £208,161; and other receipts, £4,100. The total payments from the Fund during the year were £800,940, and comprised pensions, £761,142; refund of contributions, £32,230; endowment assurances matured, £7,370; and other expenditure, £198. The balance in the Fund at 30th June, 1940, was £5,477,320, of which £5,476,676 was invested.

This fund does not receive contributions from the Government but is maintained by deductions from pilots' earnings and annual income derived from investment of moneys belonging to the fund which amounted to £3,157, and £5,290 respectively in 1939-40. During the same period, £5,338 was expended on pensions, £994 on gratuities, and £69 on sick allowances.

Fort Phillip
Pilot Fund.

EXPENDITURE ON EDUCATION.

During 1939-40, expenditure by and on behalf of the Education Department of Victoria, as published in the Report of the Minister of Public Instruction, together with the payment by the Treasury to the University (less that for Bacteriological Laboratory Services) totalled £3,480,832. This amount includes expenditure from loan moneys and the cost of pensions and gratuities, but excludes the

interest paid by the State on loans for educational purposes, particulars of which are not now obtainable. Comparative figures for the last five years were as follow :—

VICTORIA—EXPENDITURE ON EDUCATION,
1935-36 TO 1939-40.

Expenditure on—	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Education, Primary, Intermediate and Secondary—					
Primary (including Special Subjects) ..	1,841,691	1,959,807	2,000,444	2,002,353	2,023,560
Intermediate	95,016	101,181	108,523	113,573	123,679
Secondary	212,583	248,337	267,264	279,769	299,583
Buildings and Land ..	132,744	187,559	184,251	190,585	227,460
Technical Education—					
Junior and Senior Schools	280,867	319,785	350,792	372,031	394,198
Buildings and Land ..	22,511	38,469	83,033	96,844	65,855
Training of Teachers ..	20,008	14,168	15,722	16,185	16,722
Administration	70,196	75,624	83,881	76,662	77,899
Pensions	167,317	169,271	169,525	169,677	171,666
University—					
Special Appropriations, &c.*	51,300	55,800	70,800	67,300	73,300
Scholarships	6,740	6,480	6,520	7,280	6,910
Buildings, Apparatus, &c.	50,000†	..	..	..	..
Total*	2,950,973	3,176,511	3,340,755	3,392,259	3,480,832
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Per head of Population ..	1 12 0	1 14 4	1 15 11	1 16 2	1 16 10

* Excluding expenditure on Bacteriological Laboratory Services, viz. :—1935-36, £3,400; 1936-37, £3,400; 1937-38, £3,400; 1938-39, £3,400; and 1939-40, £3,500.

† Unemployment Relief Loan.

In addition to the expenditure shown in the preceding table, fees, donations, &c., amounting to £60,013 in 1935-36; £69,369 in 1936-37; £79,484 in 1937-38, £89,009 in 1938-39, and £90,308 in 1939-40, were retained and expended by the various technical school councils.

In the two following statements the expenditure shown has been confined to that relating to primary, intermediate, and secondary education in State Schools (i.e., excluding amount expended on technical education). No attempt has been made to apportion general expenditure items such as "Training of Teachers, Administration, &c." These items therefore are somewhat overstated.

VICTORIA—EXPENDITURE ON PRIMARY AND SECONDARY
EDUCATION—STATE SCHOOLS (EXCLUDING TECHNICAL
SCHOOLS). 1935-36 TO 1939-40.

Expenditure on—	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Education :—					
Primary—					
Day Schools, including Central Schools	1,806,647	1,923,537	1,940,748	1,935,834	1,052,772
Schools for Deaf Mutes and Blind and Feeble-minded Children	6,039	6,784	26,967	28,219	29,387
Subsidized Schools	300	220	107	138	116
Free Kindergarten Union	2,250	2,250	2,500	2,500	2,500
Special Subjects—					
Physical Training	1,777	2,150	4,562	8,810	10,378
Dressmaking and Needle- work	6,710	6,391	6,280	5,520	5,475
School Gardening and Plantations	2,008	1,701	2,018	2,098	2,639
Singing	990	992	1,852	3,007	4,087
Medical Inspection	14,970	15,782	14,997	16,227	16,206
Young Farmers' Clubs .. .. .	..	..	413	..	..
Total Primary	1,841,691	1,959,807	2,000,444	2,002,353	2,023,560
Intermediate—					
Higher Elementary Schools	49,075	51,505	56,321	60,951	67,606
Evening Continuation Classes	145	140	288	465	436
Schools of Domestic Arts	45,796	49,536	51,914	52,157	55,637
Total Intermediate	95,016	101,181	108,523	113,573	123,679
Secondary*—					
High Schools	206,166†	240,026	259,818	271,775	284,366
Scholarships	6,417	8,311	7,446	7,994	13,217
Total Secondary	212,583	248,337	267,264	279,769	299,583
Training of Teachers	20,008	14,168	15,722	16,185	16,722
Administration	70,196	75,624	83,381‡	76,162	77,399
Buildings—					
Primary Schools	116,992	158,244	161,127	163,654	187,647
Primary Schools (expended by School Committees)	5,103	5,714	6,109	6,304	6,406
Rents	3,575	4,517	3,915	3,517	3,540
Higher Elementary Schools	17	215	2	11	..
Domestic Arts Schools, &c.	49	23	114	80	164
High Schools	7,008	18,846	12,984	17,019	29,703
Total Buildings	132,744	187,559	184,251	190,585	227,460
Pensions	167,317	169,271	169,525	169,677	171,666
Grand Total	2,539,555	2,755,947	2,829,110	2,848,304	2,940,069

* Including Manual Training.

† Including Refund of Tuition Fees, £142.

‡ Including £4,662 expenses in connexion with lessons to pupils on account of Poliomyelitis epidemic.

The following return summarizes the expenditure and revenue connected with primary and secondary education of the Victorian State Schools (excluding technical schools), and shows the cost per scholar in average attendance. Particulars are shown for each of the last five years:—

**VICTORIA—COST OF PRIMARY AND SECONDARY EDUCATION
—STATE SCHOOLS (EXCLUDING TECHNICAL SCHOOLS)
1935-36 TO 1939-40.**

Year.	Expenditure by and for the Education Department.*	Revenue of the Education Department.	Net Expenditure.	Number of Scholars—Average Attendance.†	Cost per attending Scholar to the State.
	£	£	£	No.	£ s. d.
1935-36 ..	2,539,555	71,715	2,467,840	202,416	12 3 10
1936-37 ..	2,755,947	60,342	2,695,605	200,603	13 8 9
1937-38 ..	2,829,110	63,464	2,765,646	175,502	15 15 2
1938-39 ..	2,848,304	56,946	2,791,358	182,695	15 5 7
1939-40 ..	2,940,069	66,494	2,873,575	181,212	15 17 2

* Excluding interest paid by the State on loans for educational purposes, particulars of which are not obtainable. † Excluding Junior and Senior Technical Schools.

**STATE GOVERNMENT, LOCAL GOVERNMENT, SEMI-GOVERNMENTAL AND OTHER PUBLIC BODIES—
REVENUE AND EXPENDITURE.**

In the following statements ordinary revenue and expenditure and loan expenditure of the State Government, Local Government and certain semi-Governmental and other Public Bodies in Victoria, have been combined for each of the five years 1935 to 1939. Where a grant has been made by one authority to another, such grant has been excluded from both the revenue and expenditure of the recipient.

**VICTORIA—STATE GOVERNMENT, LOCAL GOVERNMENT,
SEMI-GOVERNMENTAL AND OTHER PUBLIC BODIES—
REVENUE AND EXPENDITURE, 1935 TO 1939.**

Heading.	Financial Year Ended in—				
	1935.	1936.	1937.	1938.	1939.
<i>Revenue.</i>	£	£	£	£	£
State Government	25,569,678	26,336,274	27,446,355	28,659,726	28,106,634
Local Government	6,306,494	6,513,205	6,835,371	7,062,492	6,723,604
Semi-Governmental and other Public Bodies—					
Water Supply and Sewerage	2,082,284	2,338,209	2,451,325	2,583,648	2,699,250
Irrigation	45,601	45,362	50,730	56,983	64,182
Harbours	786,547	867,973	937,160	973,739	926,703
Tramways	2,031,656	2,090,755	2,188,241	2,218,557	2,320,226
Electricity	3,380,784	3,599,740	3,760,429	4,011,183	4,141,892
Fire Brigades	101,484	103,405	109,202	125,463	123,758
Total	40,304,528	41,894,923	43,778,813	45,691,791	45,106,249

VICTORIA—STATE GOVERNMENT, LOCAL GOVERNMENT, SEMI-GOVERNMENTAL AND OTHER PUBLIC BODIES—REVENUE AND EXPENDITURE, 1935 TO 1939—*continued.*

Heading.	Financial Year Ended in—				
	1935.	1936.	1937.	1938.	1939.
	£	£	£	£	£
<i>Ordinary Expenditure.</i>					
State Government	25,720,875	26,456,200	27,417,432	28,628,781	28,893,876
Local Government	6,157,650	6,528,638	6,777,738	7,050,672	6,809,595
Semi-Governmental and Other Public Bodies—					
Water Supply and Sewerage ..	2,156,560	2,297,166	2,384,769	2,503,603	2,576,724
Irrigation	46,873	41,473	44,471	62,221	85,260
Harbours	773,544	849,593	919,641	966,038	921,062
Tramways	2,061,094	2,089,345	2,187,145	2,286,581	2,318,540
Electricity	3,374,306	3,572,012	3,721,528	3,957,354	4,020,992
Fire Brigades	97,200	109,301	128,148	118,766	121,353
Total	40,388,102	41,943,728	43,580,872	45,574,016	45,747,402
<i>Loan Expenditure.</i>					
State Government	2,688,521	3,899,452	3,303,501	3,230,451	3,998,531
Local Government	591,555	881,778	842,832	1,057,925	1,105,604
Semi-Governmental and Other Public Bodies—					
Water Supply and Sewerage ..	470,918	527,896	635,180	813,071	854,685
Irrigation .. .. .	..	..	35,000	16,175	..
Harbours	145,847	106,995	90,794	115,579	189,038
Tramways	167,501	572,262	376,611	199,576	203,437
Electricity	362,900	100,000	..	700,000	330,415
Fire Brigades	3,197	9,858	268	8,073	45,342
Grain Elevators .. .. .	..	..	..	..	101,240
Total	4,430,439	6,098,241	5,284,186	6,140,850	6,828,202

PUBLIC DEBT.

The following statement shows the result of loan transactions, including Treasury Bonds in aid of revenue, to 30th June, 1940 :—

LOANS RAISED AND REDEEMED TO 30TH JUNE, 1940.

		£
Cash received .. .. .	.. .. .	818,804,253
Discount and expenses after deducting premiums .. .. .	.. .. .	5,755,248
Securities issued .. .. .	.. .. .	824,559,501
Add liability to Commonwealth for Treasury Bills issued for revenue purposes .. .. .	.. .. .	2,675,000
Add liability to Commonwealth on account of flotation in course .. .. .	.. .. .	1,595,000
		828,829,501
Loans redeemed by—		£
Renewal Loans	611,262,654	
National Debt Sinking Fund	10,709,377	
Other Funds	24,062,803	
Discount (securities purchased under par)	83,739	
Liability transferred to Commonwealth Government Act No. 4246	2,160,960	
		648,279,533
Loans outstanding at 30th June, 1940		180,549,968

It will be seen that, upon the transactions to 30th June, 1940, securities representing £824,559,501 were issued, and that the amount of cash received was £818,804,253. The State thus received £99 6s. 0d. in cash for every £100 bond given.

The following table gives particulars relating to the loans raised in London, New York, and Melbourne, and shows the amounts which were outstanding at 30th June, 1940 :—

VICTORIA—LOANS FLOATED TO 30TH JUNE, 1940.

Heading.	Nominal Amount Raised (Amount for which Securities have been Issued).	Loans Paid Off (Including Renewal Loans).	Debt Outstanding at 30th June, 1940.			
			Inscribed Stock.	Debentures, &c.	Total Repayable in—	
					London.	Australia.
	£	£	£	£	£	£
London Register	338,340,871*	270,880,808	34,573,814	32,886,249	66,963,733	496,330†
Melbourne Register	486,218,630	377,398,725	107,829,826	990,079	..	108,819,905
Total ..	824,559,501	648,279,533	142,403,640	33,876,328		
Add Liability to Commonwealth for Treasury Bills issued for revenue purposes .. .. .					..	2,675,000
Add Liability to the Commonwealth on account of flotation in course .. .. .					..	1,595,000
Total Public Debt at 30th June, 1940					66,963,733‡	113,586,235

* Including loans raised in New York through the Commonwealth Government amounting to £5,095,366.

† Represents the outstanding amount of Inscribed Stock transferred from London to the Melbourne Register.

‡ Including £4,498,878 raised in New York through the Commonwealth Government.

Particulars concerning the due dates of loans outstanding at 30th June, 1940, are given in the following table. Where the Government had the option of redemption during a specified period, the loans have been classified according to the latest date of maturity.

DUE DATES OF VICTORIAN LOANS AT 30TH JUNE, 1940.

Due Date (Financial Year).	Repayable in London.	Repayable in Australia.	Total.
	£	£	£
1940-41	5,884,824	3,612,200	9,497,024
1941-42	1,049,868	19,857,617	20,907,485
1942-43 .. .. .	..	4,901,045	4,901,045
1943-44 .. .. .	..	11,383,040	11,383,040
1944-45 .. .. .	..	10,631,517	10,631,517
1945-46 .. .. .	..	1,501,900	1,501,900
1947-48 .. .. .	..	4,470,035	4,470,035
1948-49	12,022,295	4,734,000	16,756,295
1949-50	6,055,545	3,492,332	9,547,877
1950-51 .. .. .	..	4,112,108	4,112,108
1951-52 .. .. .	..	3,802,590	3,802,590
1953-54 .. .. .	..	4,039,193	4,039,193
1954-55 .. .. .	..	8,924,580	8,924,580
1955-56	2,624,319*	8,810,568	11,434,887
1957-58	1,874,559*	3,828,348	5,702,907
1958-59	13,553,800	..	13,553,800
1959-60	2,902,116	3,861,216	6,763,332
1960-61	6,563,276	..	6,563,276
1961-62 .. .. .	..	3,889,368	3,889,368
1975-76	14,433,131	..	14,433,131
Not yet fixed .. .. .	..	3,464,578	3,464,578
Liability to Commonwealth for Treasury Bills issued for revenue purposes .. .. .	..	2,675,000	2,675,000
Liability to Commonwealth on account of flotation in course .. .. .	..	1,595,000	1,595,000
Total	66,963,733	113,586,235	180,549,968

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

Loans and
interest
payable in
London and
Australia.

In the succeeding statement of the Public Debt of Victoria at various dates, loans repayable outside Australia and the annual interest payable thereon are shown separately. Particulars relating to New York loans are included as indicated in the note to the statement.

In the subsequent statements "interest payable" does not include the cost of paying interest overseas. Particulars of exchange paid in each of the last five years are shown on page 342.

During 1931-32, the conversion of Victoria's portion of the internal debt of the Commonwealth and States of Australia was effected as provided for by the Debt Conversion Agreement Acts (Nos. 1 and 2) of 1931. The conversion was based on a reduction of 22½ per cent. of the interest rates payable on existing securities.

VICTORIA—PUBLIC DEBT AND INTEREST PAYABLE
THEREON IN LONDON AND AUSTRALIA, 1900 TO 1940.

At 30th June—	Amount of Loans Repayable in—		Annual Interest Payable in—	
	London.*	Australia.	London.	Australia.
	£	£	£	£
1900 ..	44,655,579	4,670,306	1,735,307	152,096
1910 ..	39,012,436	16,564,289	1,419,579	560,520
1915 ..	41,333,738	31,750,189	1,520,762	1,131,811
1920 ..	42,406,040	45,241,699	1,637,615	1,902,108
1925 ..	51,869,204	79,300,361	2,319,486	3,999,635
1930 ..	68,750,235	93,538,759	3,225,754	4,831,371
1931 ..	68,976,946	98,039,650	3,157,330	5,088,867
1932 ..	68,707,872	101,126,092	3,144,480	3,990,364
1933 ..	68,059,626	103,339,405	3,010,355	3,978,515
1934 ..	67,843,364	107,289,385	2,677,474	4,080,640
1935 ..	67,638,378	106,522,285	2,651,050	3,930,414
1936 ..	67,457,682	107,600,603	2,627,847	3,973,528
1937 ..	67,380,647	109,216,363	2,639,829	4,038,557
1938 ..	67,207,012	110,021,483	2,633,504	4,085,272
1939 ..	66,996,833	112,701,285	2,624,562	4,182,747
1940 ..	66,963,733	113,586,235	2,623,176	4,274,672

* Loans raised in New York by the Commonwealth Government, are included as follows:—(At 30th June) 1929, 1930, 1931, £4,658,461; 1932, £4,648,084; 1933, £4,615,021; 1934, £4,592,459; 1935, £4,569,473; 1936, £4,547,877; 1937, £4,530,842; 1938, £4,517,207; 1939, and 1940, £4,498,878.

**Rates of
Interest on
Public Debt.**

The conversion of Victoria's portion of the internal debt of the Commonwealth and States mentioned on the previous page effected a reduction of $22\frac{1}{2}$ per cent. per annum of the interest rates payable on existing securities. The appended table shows the rates of interest which were payable on the public debt at 30th June, 1940, and the portions of the debt at each rate in London and Australia respectively:—

**VICTORIA—RATES OF INTEREST ON PUBLIC DEBT AT
30TH JUNE, 1940.**

Rate of Interest.	Amount Repayable in—		
	London.	Australia.	Total.
	£	£	£
5	18,171,173*	..	18,171,173
$4\frac{3}{4}$	5,913,200	..	5,913,200
$4\frac{1}{2}$	760,836†	..	760,836
£4 5s. 3d. .. .. .	..	93,200	93,200
£4 1s. $4\frac{1}{2}$ d. .. .. .	..	6,570	6,570
4	2,902,116	44,381,647	47,283,763
£3 19s. 4d. .. .. .	..	5,685,910	5,685,910
£3 19s. 2d. .. .. .	..	4,061,000	4,061,000
£3 19s. 1d. .. .. .	..	1,875,750	1,875,750
$3\frac{7}{8}$ .. .. .	..	19,507,716	19,507,716
£3 15s. 10d. .. .. .	..	6,370,000	6,370,000
$3\frac{3}{4}$	6,852,149	10,923,465	17,675,614
$3\frac{5}{8}$ .. .. .	..	107,000	107,000
$3\frac{1}{2}$	19,609,345	4,457,690	24,067,035
£3 9s. 9d. .. .. .	..	500	500
£3 8s. 5d. .. .. .	..	1,130,950	1,130,950
$3\frac{3}{8}$ .. .. .	..	2,996,840	2,996,840
$3\frac{1}{4}$	650,076	2,499,435	3,149,511
$3\frac{1}{8}$ .. .. .	..	1,000	1,000
£3 2s. .. .. .	..	332,549	332,549
3	6,220,014	3,540,085	9,760,099
£2 18s. $1\frac{1}{2}$ d. .. .. .	..	220,000	220,000
£2 14s. 3d. .. .. .	..	446,845	446,845
£2 6s. 6d. .. .. .	..	778,083	778,083
£2 $\frac{1}{4}$	5,884,824	..	5,884,824
Not fixed .. .. .	..	4,270,000	4,270,000
Total	66,963,733	113,586,235	180,549,968
Average Rate of Interest	3·90	3·71	3·82

* Including £3,738,042 raised in New York by the Commonwealth Government.

† Raised in New York by the Commonwealth Government.

**Growth of
Public Debt.**

The growth of the public debt of Victoria since the establishment of responsible government in 1855 is illustrated in the following statement. There was a noticeable increase in the debt between 1918-19 and 1927-28 when it rose from £82,031,929 in the former to £158,183,470 in the latter year.

During 1928-29, the amount at credit of the State Redemption and Sinking Funds—£5,540,369—was applied to the liquidation of the public debt, and in 1934-35, the debt was decreased by the transfer of a liability amounting to £2,160,960 from the State to the Commonwealth Government under Act No. 4246. From £174,160,663 at 30th June, 1935—the first occasion on which the debt was less than that of the immediately preceding year—the public debt increased steadily until it reached the amount of £180,549,968 at 30th June, 1940.

The amount of the public debt per head of population increased by slightly over 4 per cent. during the ten-year period ended on the 30th June, 1940. During the same period, the annual amount of interest payable on the public debt per head of population decreased by 20 per cent.

VICTORIA—GROWTH OF PUBLIC DEBT AND INTEREST,
1855 TO 1939-40.

Financial Year ending in—	Loans Outstanding.			Amount per Head of Population.	
	Amount.	Annual Interest Payable.		Debt.	Annual Interest Payable.
		Total.	Average Rate per cent.		
£	£			£ s. d.	£ s. d.
1855* ..	1,180,000	70,800	6·00	3 4 9	0 3 11
1860* ..	5,643,100	337,905	5·99	10 9 10	0 12 7
1870* ..	12,099,800	699,240	5·78	16 13 1	0 19 3
1880 ..	20,567,700	1,029,991	5·01	24 9 4	1 4 6
1890 ..	41,377,693	1,649,465	3·99	36 19 11	1 9 6
1900 ..	49,325,885	1,887,403	3·83	41 6 8	1 11 8
1910 ..	55,576,725	1,980,099	3·56	43 6 8	1 10 10
1920 ..	87,647,739	3,539,723	4·04	57 19 1	2 6 10
1925 ..	131,169,565	6,319,121	4·82	78 9 11	3 16 3
1930 ..	162,288,994	8,057,125	4·96	90 18 7	4 10 7
1931 ..	167,016,596	8,246,197	4·94	92 16 2	4 12 0
1932 ..	169,833,964	7,134,844	4·20	93 18 9	3 19 1
1933 ..	171,399,031	6,988,870	4·08	94 3 2	3 17 0
1934 ..	175,132,749	6,758,114	3·86	95 16 6	3 14 1
1935 ..	174,160,663	6,581,464	3·78	94 15 2	3 11 8
1936 ..	175,058,285	6,601,375	3·77	94 15 9	3 11 6
1937 ..	176,597,010	6,678,386	3·78	95 3 4	3 12 0
1938 ..	177,228,495	6,718,776	3·79	94 18 6	3 11 11
1939 ..	179,698,118	6,807,309	3·79	95 10 3	3 12 4
1940 ..	180,549,968	6,897,848	3·82	94 16 6	3 12 5

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

The following table shows the capital liability of the State at 30th June, 1940, in respect of its public works and services. The apportionment of the State's equity in the National Debt Sinking Fund is also shown.

VICTORIA—SUMMARY OF CAPITAL LIABILITY UNDER THE VARIOUS WORKS AND SERVICES, TOGETHER WITH THE APPORTIONMENT OF THE STATE'S EQUITY IN THE NATIONAL DEBT SINKING FUND AT 30TH JUNE, 1940.

Works or Services.	Liability.	Deduction on Account of National Debt Sinking Fund.	Net Liability.
	£	£	£
Railways*—			
As Reduced	47,901,812	2,884,490	45,017,322
Transferred	30,008,725	1,854,216	28,154,509
Country Waterworks	27,690,089	1,648,173	26,041,916
Electricity Supply	18,179,837	1,104,609	17,075,228
Land Settlement	33,020,236	2,134,272	30,885,964
Country Roads	10,150,920	733,726	9,417,194
Public Works, Buildings, &c.	6,169,517	287,140	5,882,377
Forests	937,675	36,670	901,005
Unemployment Relief	12,283,651	278,602	12,005,049
Unapportioned	451,170†	..	451,170
In Aid of Revenue	990,079	78,865	911,214
	187,783,711	11,040,763	176,742,948
Treasury Bills in Aid of Revenue current at 30th June, 1940 ..	2,675,000	190,190	2,484,810
Total	190,458,711	11,230,953	179,227,758

* The *Railways (Finances Adjustment) Act* No. 4429 provided for the reduction of railway loan liability by the sum of £30,000,000 on 1st July, 1937, and for the transfer of that amount to the "Reduction of Railway Loan Liability Account."

† This amount represents liability on account of portion of loan flotation in course.

A reconciliation between the Public Debt at 30th June, 1940, and the net liability shown above is given hereunder:—

Public Debt at 30th June, 1940	£	180,549,968
Deduct Cash at Credit of National Debt Sinking Fund	£	521,576
Deduct Repayments to State Loans Repayment Fund	£	8,550,950
		171,477,442
Add Expenditure from the State Loans Repayment Fund	£	7,750,316
Net Liability for Works (as above)	£	179,227,758

In addition to the ordinary expenditure from revenue, certain sums are disbursed annually for various purposes from Loans and on account of Loan Funds. The figures in the following table include all such expenditure, whether the loans have been repaid or are still in existence. The table shows the details for each of the last four years and the total to 30th June, 1940.

VICTORIA—EXPENDITURE FROM LOAN FUNDS AND ON ACCOUNT OF LOANS.

Expenditure on—	Expenditure during the Year—				Total to 30th June, 1940.
	1936-37.	1937-38.	1938-39.	1939-40.	
	£	£	£	£	£
Public Works—					
Railways*—					
As Reduced ..	361,893	492,208	354,259	865,500	47,719,279
Transferred ..	..	..	..	..	29,134,658
Country Roads ..	76,622	57,972	58,026	6,362	12,198,012
Bridges ..	..	1,207	..	..	443,438
Harbours and Rivers ..	..	..	..	..	1,404,535
Water Supply—					
Country ..	360,792	353,606	582,327	426,825	27,690,422
Metropolitan ..	..	..	..	..	3,142,577
Sewerage (Country) ..	..	..	..	..	217,784
Electricity Supply ..	..	..	..	..	17,839,227
Public Buildings—					
Schools ..	92,817	137,138	168,410	169,965	5,648,679
Hospitals ..	645	22,599	3,545	65,134	263,608
Other ..	..	13,021	28,931	35,717	1,224,712
Other Public Works ..	..	..	3,127	..	702,989
Immigration ..	..	..	..	..	20,000
Municipal Endowment ..	..	..	..	..	698,250
Municipalities, Loans, Grants, &c. ..	..	..	..	..	928,127
Housing ..	28,957	490,130	150,000	270,000	940,000
Unemployment Relief	1,636,918	1,566,870	1,308,719	1,560,346	12,428,747
Primary Production—					
Closer Settlement ..	167,236	26,855	} 15,395†	1,140	41,570,689
Discharged Soldiers Settlement ..	85,593	1,275			
Wire Netting Advances	19,585	14,235	15,235	12,325	873,572
Agriculture ..	..	..	..	..	150,682
Settlers' Advances—					
Cultivation ..	71,018	11,242	134,715	100,842	2,401,456
Other ..	..	..	..	..	80,633
Bulk Handling of					
Wheat ..	350,000	..	350,000	300,000	1,000,000

* Reduced under the authority of Act No. 4429 of 1936.

† Land Settlement—Closer Settlement and Discharged Soldiers' Settlement Funds abolished during year.

VICTORIA—EXPENDITURE FROM LOAN FUNDS AND ON ACCOUNT OF LOANS—*continued.*

Expenditure on—	Expenditure during the year—				Total to 30th June, 1940.
	1936-37.	1937-38.	1938-39.	1939-40.	
Primary Production— <i>continued.</i>	£	£	£	£	£
Forestry	51,425	42,093	45,842	116,341	898,152
Mining, N.E.I. .. .	..	..	..	..	271,022
Mining—State Coal Mine .. .. .	..	..	..	23,910	273,309
Primary Products—Advances to Coys. . . . .	..	..	..	..	331,101
Cool Stores—Advances to Coys. . . . .	..	..	..	..	578,299
Other Primary Production .. .. .	..	..	..	..	152,862
Other Purposes .. .	..	..	..	8,240	350,950
Total Works Expenditure	3,303,501	3,230,451	3,218,531	3,962,647	211,577,771
In Aid of Revenue .. .	..	..	780,000	..	4,863,682
Grand Total .. .	3,303,501	3,230,451	3,998,531	3,962,647	216,441,453

The figures in the foregoing table are "Net" in as much as they exclude discounts and flotation expenses, particulars of which are as follows:—1936-37, £66,350; 1937-38, £30,836; 1938-39, £72,362; 1939-40, £19,667, and aggregate to 30th June, 1940, £5,755,248.

Of the proceeds of loans and temporary advances outstanding at 30th June, 1940, sums not yet expended amounted in the aggregate to £901,493, of which £201 was for Railways, £200,000 for Country Water Supply, £3,730 for Land Settlement, £41,475 for Public Works, Buildings, &c., £39,312 for State Forests, and £180,605 for Unemployment Relief. There was also an amount of £436,170 cash in the Loan Proceeds Suspense Account.

The amounts of interest and expenses paid on the Public Debt of Victoria during each of the last five financial years are shown in the next table:—

VICTORIA—INTEREST AND EXPENSES OF PUBLIC DEBT, 1935-36 TO 1939-40.

Year Ended 30th June.	Interest Paid on Loans in—		Interest Paid on Temporary Loans.	Commission on Payment of Interest in London, Expenses of Conversion Loans, etc.	Exchange on Payment of Interest in London.	Total.†
	London.*	Melbourne.				
	£	£	£	£	£	£
1936 ..	2,641,907	3,822,151	7,682	144,062	659,972	7,275,774
1937 ..	2,636,680	3,895,281	6,288	176,281	657,448	7,371,978
1938 ..	2,637,607	3,962,022	6,982	45,459	657,819	7,309,889
1939 ..	2,636,406	4,003,902	12,934	46,253	668,899	7,368,394
1940 ..	2,624,861	4,119,806	23,317	45,855	700,005	7,513,844

* Includes Interest paid on Loans in New York: 1935-36, £224,879; 1936-37, £223,778; 1937-38, £222,916; 1938-39, £222,310; 1939-40, £221,140.

† Includes £2,127,159 contributed each year by the Commonwealth in accordance with the provisions of the "Financial Agreement."

NATIONAL DEBT SINKING FUND.

The National Debt Sinking Fund was established under the provisions of the *Commonwealth and States Financial Agreement Act 1927* (No. 3554). The following table gives particulars of the receipts and disbursements during 1939-40 :—

		£
Balance at credit of Victoria at 30th June, 1939	.. ..	524,875
Contributions during 1939-40—		
By Commonwealth under Financial Agreement	..	£ 300,216
” ” ” Federal Aid Roads Act	..	7,457
” State under Financial Agreement	.. ..	961,347
		1,269,020
Interest received .. .. .	.. ..	16,067
		1,809,962
Cancellation of securities to the value of £1,271,550	.. ..	1,288,386
		521,576
Balance at credit of the State at 30th June, 1940	.. ..	10,709,377
Face value of securities cancelled to 30th June, 1940	.. ..	11,230,953
		11,230,953

TRUST FUNDS.

At 30th June, 1940, the liability of the Treasurer on account of moneys lodged for investment and for securities and other lodgments amounted to £9,586,309. Investments in Australian Consolidated Inscribed Stock and other securities amounted to £3,676,824, and cash advances totalled £5,672,873. The balance—£236,612—was at the credit of the Public Account.

PUBLIC DEBT OF AUSTRALIA.

The public debts of the six Australian States aggregated £905,727,604 at 30th June, 1940. Details of the indebtedness in respect of each State are shown hereunder. Sinking

Funds have not been deducted. Treasury Bills covering Revenue Deficits are included. Revenue Deficits which are not covered by Treasury Bills, overdrafts on Loan Account, and advances from Trust Funds are excluded.

PUBLIC DEBTS OF AUSTRALIAN STATES AT 30TH JUNE, 1940.

Heading.	Victoria.*	New South Wales.	Queensland.	South Australia.	Western Australia.	Tasmania.
Public Debt	£ 180,549,968	£ 363,325,538	£ 129,033,227	£ 109,344,040	£ 96,230,399	£ 27,243,892
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Debt per head of population at 30th June, 1940	94 16 6	130 11 0	126 6 10	183 3 3	205 19 3	114 10 2

* Including liability to Commonwealth for Treasury Bills issued for Revenue purposes, £2,675,000; and liability to Commonwealth on account of flotation in course, £1,595,000.

The public debt of the Commonwealth exclusive of **Commonwealth Public Debt.** loans raised on behalf of the States but including debts on account of the Port Augusta-Oodnadatta Railway and the Northern Territory, amounted to £435,327,180 at 30th June, 1940.

The total public debt of Australia—Commonwealth and **Commonwealth and States Public Debt.** States—at the above date was £1,341,054,244, of which £750,763,366 was payable in Australia, £546,496,159 in London, and £43,794,719 in New York. The loan liability of the Australian public at 30th June, 1940, averaged £190 14s. 7d. per head of population.

STATE AND LOCAL GOVERNMENT, ETC.—DEBTS.

The loan liability of the State Government, Local Government and Semi-Governmental and Other Public Bodies for the year ended 30th June, 1940, is shown hereunder.

VICTORIA—LOAN LIABILITY OF STATE GOVERNMENT LOCAL GOVERNMENT, AND SEMI-GOVERNMENTAL AND OTHER PUBLIC BODIES AT 30th JUNE, 1940.

Authorities.	Loans Outstanding (excluding Overdrafts) at 30th June, 1940, due to—				Grand Total.	Total Interest Payable on Loans Outstanding at 30th June, 1940.
	Central Government.	Public Creditor.				
		In Australia.	In London.	Total.		
	£	£	£	£	£	£
State Government ..	..	113,586,235	66,963,733*	180,549,968	180,549,968	6,897,848
Local Government ..	580,399	12,399,183	..	12,399,183	12,979,582	570,227
Semi - Governmental and Other Public Bodies—						
Water Supply and Sewerage ..	2,168,630	25,564,092	3,754,000	29,318,092	31,486,722	1,379,643
Irrigation and Drainage ..	44,492	52,074	..	52,074	96,566	4,004
Harbours ..	323,578	3,276,427	968,400	4,244,827	4,568,405	202,104
Tranways ..	..	3,554,651	1,000,000	4,554,651	4,554,651	208,098
Electricity Supply ..	..	2,431,235	926,900	3,358,135	3,358,135	131,669
Fire Brigades ..	..	274,600	..	274,600	274,600	12,023
Marketing—						
Buying and Selling ..	..	33,975	..	33,975	33,975	1,402
Housing ..	949,340	170,000	..	170,000	1,119,340	41,899
Banking † ..	..	20,754,930	..	20,754,930	20,754,930	691,708
Grain Elevators ..	1,009,237	1,275,000	..	1,275,000	2,284,237	90,703
Total ..	5,075,676	183,372,402	73,613,033	256,985,435	262,061,111	10,231,328

* Including £4,498,878 raised in New York by the Commonwealth Government.

† Not included previously.

The total liability—£262,061,111—in respect of the Authorities mentioned above represented a debt of £137 12s. 8d. per head of population at 30th June, 1940, and the average rate of interest payable amounted to £3 18s. 1d. per cent.