

Part 9

FINANCE

Public Finance

Economic Importance of Government Financial Activity

Financial Transactions

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

Purchases of Goods and Services

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

Transfers of Income between Sections of the Community

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

Production and Trading

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

Borrowing and Lending

Governments acquire funds for their own purposes and for lending to others by borrowing the savings of those with surplus funds. They are also in a position to influence the amount of saving in the community by varying rates of taxation and their own expenditures.

Victorian Governmental Activity

Victorian governmental activity is carried out by :—

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

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

Particulars of Commonwealth and State receipts and outlay classified so as to facilitate economic analysis are included in the "Estimates of National Income and Expenditure" presented annually to the Commonwealth Parliament by the Treasurer. The following summary of Victorian governmental transactions represents the Victorian component of Tables IX, X, and XI (Receipts, Outlay, and Net Increase in Indebtedness of Public Authorities) of that document. It is a consolidation (necessarily approximate) of the activities of the major public funds and authorities in the State.

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

VICTORIA—STATE, LOCAL, AND SEMI-GOVERNMENTAL BODIES : RECEIPTS AND OUTLAY

(£ Million)

Particulars	1955-56	1956-57	1957-58	1958-59	1959-60
RECEIPTS					
Taxation—					
Indirect Taxes	40	47	52	57	66
Less Subsidies	— *	— 1	— *	— *	— *
Net Indirect Taxes	40	46	52	57	66
Estate and Gift Duties	7	7	8	8	9
Total Taxation	47	53	60	65	75
Surplus of Public Authority Business Undertakings	14	16	18	27	27
Allowances for Depreciation	4	4	7	8	10
Rent and Interest Received	7	7	9	9	11
Grants from the Commonwealth Government	48	56	63	67	77
Borrowing—					
Advances from the Commonwealth Government (Net of Repayments)	11	11	11	11	12
Commonwealth Bonds—Australia†	34	35	35	33	38
Commonwealth Loans—Overseas†	1	*	2	6	2
Local and Semi-Governmental Securities†	23	32	32	28	33
Less Increase in Holdings of Commonwealth Bonds and Local and Semi-Governmental Securities	— *	1	— 4	— 2	— 5
Other Funds Available (Including Errors and Omissions)	*	2	1	— 2	..
Total Receipts	189	217	234	250	280
OUTLAY					
Net Purchase of Goods and Services—					
Public Works—					
Railways	8	8	8	10	12
Roads	20	22	27	29	34
Other Transport	4	4	4	4	4
Fuel and Power	27	23	29	26	32
Water Supply, Sewerage, and Irrigation	13	15	14	18	17
Forestry, Land Development, &c.	5	4	4	4	5
Schools, &c.	7	7	8	9	11
Hospitals	6	6	6	6	6
All Other (Office Buildings, Plant and Equipment <i>n.e.i.</i> , Court Houses and Penal Establishments, Welfare Institutions, Rental Dwellings, &c.)	16	12	13	9	8
Total Public Works	106	101	113	115	129
Increase in Stocks	1	— 3	— 2	— 2	— 1
Law, Order, and Public Safety	8	9	10	11	12
Education	23	26	29	30	36
Health and Welfare	16	19	20	21	23
Development and Conservation of National Resources	3	4	4	5	6
All Other	13	14	15	16	14
Total Net Purchase of Goods and Services	170	170	189	196	219

* Under £500,000.

† Net of redemption.

VICTORIA—STATE, LOCAL, AND SEMI-GOVERNMENTAL BODIES :
RECEIPTS AND OUTLAY—*continued*

(£ Million)

Particulars	1955-56	1956-57	1957-58	1958-59	1959-60
Cash Social Service Benefits ..	1	1	1	1	1
Capital Transfers to Persons ..	*	*	*	1	1
Interest Paid	28	32	36	40	45
Lending, &c.—					
Net Purchases of Existing Real Assets	— 1	— *	*	— 3	— 5
Net Advances for Housing ..	3	7	6	11	12
Other Net Advances, &c. ..	1	*	—*	— 1	— 2
Increase in Cash and Bank Deposits	— 13	7	2	5	9
Total Outlay	189	217	234	250	280

* Under £500,000.

Financial Relations with the Commonwealth

General

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

- (1) Through the surrender, under the Constitution, of the right to levy customs and excise duties ;

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

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

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

Financial Agreement between the Commonwealth and the States

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

(1) Consolidation of Public Debt

On 1st July, 1929, the Commonwealth took over the existing public debts of the States and assumed responsibility for the payment of related interest. This interest is reimbursed by the States, less the sum of £7,584,912 per annum which the Commonwealth agreed to contribute for a period of 58 years. Of this amount, Victoria receives £2,127,159 annually. This payment is in compensation to the States for relinquishing, after Federation, the right to levy customs and excise duties.

(2) Regulation of Government Borrowing

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

If the Loan Council considers that the total amount of the programmes cannot be borrowed at reasonable rates and conditions, it determines what amount shall be borrowed and may, by unanimous decision, allocate such amount between the Commonwealth and the States. In default of a unanimous decision, the allocation is determined by means of a formula written into the Agreement. Subject to the decisions of the Loan Council, the Commonwealth arranges all borrowings including those for conversions, renewals, and redemptions. However, the Commonwealth or a State may borrow for "temporary purposes" by way of overdraft or fixed deposit, subject to limits fixed by the Loan Council. In addition, the Commonwealth may borrow within the Commonwealth, or a State within its territory, from authorities, bodies, or institutions, or from the public by counter sales of securities, subject to Loan Council approval. Commonwealth securities are issued for moneys borrowed in this way, and amounts so borrowed are treated as part of the borrowing programme for the year.

(3) *Sinking Fund Provisions*

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

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

(4) *Borrowing by Semi-Government Authorities*

Although they are not legally bound by the Agreement, it was realized at the outset that, in the interests of co-ordinated borrowing, the Loan Council should have some control over the loan raising activities of semi-governmental bodies. In May, 1936, all resolutions passed by the Loan Council in connexion with semi-governmental borrowings were consolidated into one set of rules. This "gentlemen's agreement" provided for the submission of annual loan programmes of semi-governmental (including local government) authorities proposing to raise £100,000 or more in a year; for the consideration of such programmes in conjunction with the loan programme of the Government concerned; and for the fixing of the terms of individual semi-governmental loans coming within the scope of the annual programme.

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

The Commonwealth is in a position to control the supply of local loan moneys through the influence of Commonwealth policy on the banking system, indirectly through alterations in rates of taxation (which affect personal savings), and through the money it is prepared to make available from its own trust funds. This last factor has assumed considerable importance in recent years because of the inability of the loan market to meet governmental capital expenditure

programmes and the consequent need for Commonwealth support. From 1st July, 1951, to 30th June, 1960, the Commonwealth has provided this support from the Australian currency proceeds of overseas loans and from budget surpluses to the extent of £785·3 mill. out of loan programmes amounting to £1,887·4 mill.

Grants to the States

(1) General

The following table shows particulars of amounts paid to Victoria as grants for the several purposes referred to in subsequent paragraphs :—

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

Particulars	1955-56	1956-57	1957-58	1958-59	1959-60
Financial Agreement—					
Interest on State Debt ..	2,127	2,127	2,127	2,127	2,127
Sinking Fund on State Debt† ..	972	1,054	1,155	1,230	1,367
Tax Reimbursement Grant ..	36,044	40,228	43,996	46,475	60,625
Special Financial Assistance ..	3,399	5,826	6,405	8,104	..
Additional Financial Assistance ..	..	..	1,061	..	..
Commonwealth Aid Roads ..	4,660	5,495	6,264	6,543	8,660
Tuberculosis Act 1948—Reimbursement of Capital Expenditure ..	74	120	76	45	26
Mental Institutions — Contribution to Capital Expenditure ..	446	527	545	620	518
Coal Mining Industry Long Service Leave	1	1	1	1	‡
Imported Houses—Grants ..	..	2	..	..	..
Grants to Universities ..	415	522	664	1,313	1,422
Tobacco Industry Assistance ..	2	5	3	3	..
Dairy Industry Extension Grant ..	60	60	60	80	60
Expansion of Agricultural Advisory Services	51	61	69	60	50
Total	48,251	56,028	62,426	66,601	74,855

* Excludes subsidies and bounties to primary producers and payments for medical research, social services, &c., also payments under the provisions of the *Rail Standardization (New South Wales and Victoria) Agreement Act, 1958*.

† Paid to National Debt Sinking Fund.

‡ Under £500.

(2) Financial Agreement

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

(3) Tax Reimbursement Grant

The States were supplanted by the Commonwealth as income taxing authorities during the Second World War when the Commonwealth needed to exploit this field of taxation to the full to meet its wartime obligations. Under the uniform taxation scheme, the Commonwealth became the sole authority levying taxes upon income. In return for vacating that field of taxation, the States received an annual payment from the Commonwealth as reimbursement for the loss of income tax revenue. A similar arrangement was made for entertainments tax, but this tax is no longer levied by the Commonwealth Government. Although challenged by the States, the system was continued after the war and is still in existence. In 1957, the High Court ruled that

while the Commonwealth could not prejudice the rights of the States to levy taxes on incomes, it could make grants to the States conditional on the non-levy of income taxes.

Full particulars of the *States Grants (Income Tax Reimbursement) Act* 1942 and the *States Grants (Tax Reimbursement) Act* 1946–48 may be found in the Official Year Book of the Commonwealth of Australia No. 37, pages 635 to 637, and No. 40, page 696. The allocation of moneys under the original Act was based on the State's own income tax collections prior to the introduction of uniform taxation. From 1946–47, grants under this Act were replaced by grants under the *States Grants (Tax Reimbursement) Act* 1946–48. This Act provided for reimbursement grants of certain specified amounts to be paid to the States during 1946–47 and 1947–48. For 1948–49 and subsequent years, the grants were assessed in accordance with a formula based on increases in population and average wages. Within a few years, heavy additions to the financial needs of the States made necessary the supplementing of the grant calculated on the basis of the formula by a series of special or additional assistance grants, the size of which was largely arbitrary.

The whole question of Commonwealth–State financial relations was reviewed in 1959 and this resulted in the enactment of the *States Grants Act* 1959 (operative until 1964–65). The amount of financial assistance payable to each State during 1959–60 was specified and a formula prescribed for calculating the grant payable in the subsequent years. Under the formula, the amount payable to each State is calculated by expressing the amount of the grant payable to that State in the preceding year on a per capita basis, varying it in a prescribed manner by the increase in average wages for Australia as a whole, and multiplying it by the population of the State in the year of review. Victoria's share for 1960–61 was £67,371,342. It was envisaged that Western Australia and Tasmania would, as a result of this legislation, be the only continuing claimant States under Section 96 of the Constitution, although Queensland and South Australia would have some right of access to the Grants Commission in special circumstances.

(4) *Grants for Road Construction*

The Commonwealth has made grants to the States for roads purposes for some considerable time. Particulars of Acts (commencing with the *Main Roads Development Act* 1923–25) under which these payments were made are given in the annual Commonwealth Finance Bulletin—Part 1, Public and Private Finance (issued by the Commonwealth Statistician).

The *Commonwealth Aid Roads Act* 1954 provided for payment to the States, for five years from 1st July, 1954, of an amount equivalent to 7d. a gallon on all petrol (except aviation spirit) entered for home consumption and which was subject to customs or excise duties as specified in certain Customs Tariff Items. Out of this amount, the following allocations were made to the States for construction and maintenance of roads and the purchase of roadmaking plant :—

- (a) 60 per cent. of the amount, less £900,000 per annum, for expenditure on roads, and

- (b) 40 per cent. of the amount for expenditure on roads in rural areas other than highways, trunk, or main roads.

The States were entitled to spend from the Commonwealth road grants up to £1 mill. per annum on works connected with transport by road or water. Five per cent. of the grants was payable to Tasmania and the remainder was divided among the other five States, three-fifths according to population and two-fifths according to area. In addition, the Commonwealth could spend each year £800,000 on strategic roads and £100,000 on the promotion of road safety practices. An amendment to the Act increased the allocation for road safety purposes to £150,000 a year from 1st July, 1955, and the allocation to the States from 7d. to 8d. a gallon from 1st July, 1956. The grant was further supplemented by the *Commonwealth Aid Roads (Special Assistance) Act 1957* under which an extra £3 mill. was appropriated for each of the years 1957–58 and 1958–59. Of this amount, £2,950,000 was made available to the States and £50,000 to the Commonwealth.

The *Commonwealth Aid Roads Act 1959* established a new scheme of Commonwealth assistance which superseded the Acts mentioned above. Under the new scheme which is to operate for a period of five years, the Commonwealth will make available to the States a total amount of up to £250 mill. for the construction, reconstruction, maintenance, and repair of roads. Of this amount, £220 mill. will be payable as basic grants, which will increase from £40 mill. in 1959–60 to £48 mill. in 1963–64, and which will be distributed each year among the States on the basis that Tasmania will receive 5 per cent. and that, of the remainder, one-third will be shared by the other States in proportion to their respective populations at the date of the last preceding census, one-third in proportion to their respective areas, and one-third in proportion to the number of motor vehicles registered in those States at 31st December preceding the year of payment.

The balance of £30 mill. takes the form of matching assistance. The amount available for this purpose will increase from £2 mill. in 1959–60 to £10 mill. in 1963–64. Each State may participate in the matching assistance for each year, up to the share of the assistance for which it is eligible. Its share is determined by allocating the amount of matching assistance available each year in the same proportions in which the basic grant for that year is distributed. Up to this limit, each State qualifies for £1 of matching assistance for every £1 by which the amount it allocates in that year from its own resources for roads is greater than the amount so allocated in 1958–59. In 1960–61, Victoria will receive about £9·2 mill. by way of basic grant and matching assistance.

(5) *Tuberculosis Hospitals — Reimbursement of Capital Expenditure*

Under the *Tuberculosis Act 1948* the Commonwealth undertook to reimburse the States for capital expenditure on buildings, furnishings, equipment, and plant for the diagnosis, treatment, and control of

tuberculosis. In addition to recouping capital expenditure, the Commonwealth also contributes from the National Welfare Fund to maintenance expenditure incurred by the States (the amount paid to Victoria for 1959-60 was £1,096,549), and reimburses administration expenses.

(6) *Mental Institutions—Contribution to Capital Expenditure*

The *States Grants (Mental Institutions) Act* 1955 provides for financial assistance to the States for capital expenditure on mental institutions to a maximum amount of £10 mill. Each State is entitled to recover one-third of its expenditure on buildings and equipment incurred on or after 1st July, 1955.

(7) *Coal Mining Industry—Long Service Leave*

In the States in which coal miners have been awarded long service leave by industrial tribunals, the State Governments concerned have agreed to reimburse employers for the costs they incur in granting this leave. The Commonwealth, in turn, has agreed to reimburse the States for the amounts paid and related administrative costs. In order to provide the funds required for these purposes, the Commonwealth imposed an excise duty on coal.

(8) *Imported Houses—Grants*

The Commonwealth pays a subsidy to the States for houses imported by a State or a housing authority of a State after 12th October, 1949. The amount of the subsidy is the amount by which the cost of imported houses exceeds the cost of building comparable houses from local materials, with a limit of £300 per house.

(9) *Grants to Universities*

Payments to the States for universities were first introduced in 1951-52 under the *States Grants (Universities) Act* 1951 and were continued under similar legislation passed in 1953, 1955, 1956, and 1957. Following on the Commonwealth's acceptance of the main recommendations of the Committee on Australian Universities, the provisions of the 1957 Act relating to financial assistance for 1958 were superseded by the *States Grants (Universities) Act* 1958, which operated from 1st January, 1958.

The new legislation authorized the Commonwealth to make payments of up to £21·4 mill. to the States for universities over the three calendar years 1958 to 1960, inclusive, where certain conditions are satisfied. These payments include increased contributions towards the current expenses of universities, new grants for capital works and equipment, and emergency grants.

As recommended by a Committee on Australian Universities, an Australian Universities Commission has been appointed, under the authority of the *Australian Universities Commission Act* 1959, to inquire into and make recommendations on the subject of Commonwealth assistance to the States for universities in 1961 and subsequent years.

(10) *Tobacco Industry Assistance*

The Commonwealth makes a grant for tobacco research of up to £15,000 per annum, paid to the tobacco producing States on a £1 for £1 basis.

(11) *Dairy Industry Extension Grant*

The Commonwealth provides financial assistance to promote improved farm practices in the dairy industry.

(12) *Expansion of Agricultural Advisory Services*

These payments were introduced in 1952–53 to encourage the expansion of agricultural advisory services by the State Departments of Agriculture and to promote increased farm efficiency.

In addition to the grants mentioned above, Victoria also benefits under the *Railway Standardization (New South Wales and Victoria) Agreement Act 1958*. Under this Act, the Commonwealth is financing the construction of a standard gauge rail link between Albury and Melbourne estimated to cost £10,726,000. Each State is to repay 15 per cent. of the total cost, by instalments, over a period of 50 years. Expenditure by the Commonwealth to 30th June, 1960, amounted to £5,769,000.

Revenue and Expenditure*General*

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

In the following tables, details of Consolidated Revenue and Expenditure are shown for each of the years 1955–56 to 1959–60. The figures are not comparable, in all cases, with those shown in issues of the Year Book prior to 1961 (No. 75), in which the Public Revenue and Expenditure of certain special funds were added to Consolidated Revenue and Expenditure, while recoups by the Treasury to the Victorian Railways for specified purposes were excluded from the tables.

Consolidated Revenue Fund

The following table shows, for each of the years 1955–56 to 1959–60, the Consolidated Revenue and Expenditure of Victoria, the surplus or deficit, and the accumulated deficit at the end of each year :—

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

Year Ended 30th June—	Revenue	Expenditure	Surplus + or Deficit —	Accumulated Deficit to End of Each Year (i.e., 30th June)
1956	123,152	126,398	— 3,246	16,491
1957	133,254	137,565	— 4,311	20,802
1958	142,336	145,549	— 3,213	24,015
1959	151,248	153,796	— 2,548	26,563
1960	168,310	167,997	+ 313*	26,563†

* Transferred to Surplus Revenue Account.

† Of this amount, £24,685,985 was provided from Loan Fund and £1,877,173 from the Public Account.

Consolidated Revenue :—Details of the principal sources of revenue are shown in the following table for each of the years 1955–56 to 1959–60 :—

VICTORIA—CONSOLIDATED REVENUE FUND : REVENUE
(£'000)

Source of Revenue	Year Ended 30th June—				
	1956	1957	1958	1959	1960
Taxation*	22,904	25,433	28,387	30,332	37,829
Business Undertakings—					
Railways	37,300	37,463	35,948	38,142	39,032
Harbours, Rivers, and Lights ..	571	503	543	575	613
Water Supply, Sewerage, Irriga- tion, and Drainage	3,061	3,186	3,893	4,001	4,115
Electricity Supply (Interest and Recoups of Sinking Funds, &c.)	2,103	2,216	2,431	2,654	2,941
State Coal Mines	684	500	476	414	367
Other	441	525	484	472	450
Total	44,160	44,393	43,775	46,258	47,518
Lands—					
Sales	85	169	111	167	247
Rents	294	334	393	422	520
Forestry	2,166	2,294	2,227	2,033	2,342
Other	85	130	122	179	170
Total	2,630	2,927	2,853	2,801	3,279
Interest <i>n.e.i.</i>	4,108	4,571	5,075	5,585	6,236
Commonwealth Grants—					
Financial Agreement Act ..	2,127	2,127	2,127	2,127	2,127
Tax Reimbursement	36,044	40,228	43,996	46,475	60,625
Special Financial Assistance ..	3,399	5,826	7,467†	8,104	..
Total	41,570	48,181	53,590	56,706	62,752
Commonwealth National Welfare Fund Payments—					
Tuberculosis—					
Maintenance Expenditure ..	1,111	842	1,295	1,060	1,114
Pharmaceutical Benefits—					
Mental Institutions	13	8	19	32	29
Total	1,124	850	1,314	1,092	1,143
Fees and Fines	947	1,302	1,764	1,895	2,043
All Other	5,709	5,597	5,768	6,579	7,510
Grand Total	123,152	133,254	142,336	151,248	168,310

* For details of total taxation collections see page 628.

† Includes £1,061,169 additional financial assistance.

Expenditure from Consolidated Revenue :—The principal items of expenditure during each of the years 1955–56 to 1959–60 are shown in the following table. Public debt charges, pensions and gratuities, and pay-roll tax have not been allotted to the respective heads of expenditure and are shown as separate items.

**VICTORIA—CONSOLIDATED REVENUE FUND :
EXPENDITURE
(£'000)**

Particulars	Year Ended 30th June—				
	1956	1957	1958	1959	1960
Public Debt Charges—					
Interest	15,125	16,789	19,157	20,844	23,469
Exchange	492	480	492	597	715
Debt Redemption	3,475	3,686	4,169	4,689	5,301
Other	68	125	100	86	161
Total	19,160	21,080	23,918	26,216	29,646
Business Undertakings—					
Railways	36,199	37,154	35,932	35,908	37,098
Harbours, Rivers, and Lights	442	494	568	464	510
Water Supply, Sewerage, Irrigation, and Drainage	2,823	3,054	3,305	3,433	3,703
State Coal Mines	708	753	724	607	560
Other	309	364	262	255	259
Total	40,481	41,819	40,791	40,667	42,130
Social Expenditure—					
Education—					
State Schools	19,757	22,334	24,822	27,242	31,013
Technical Schools*	1,708	1,670	1,708	1,778	1,998
Universities	773	874	939	1,037	1,185
Libraries, Art Galleries, &c.	505	551	608	651	679
Agricultural Education, Research, &c.	478	519	547	580	637
Other	55	59	55	57	57
Public Health and Recreation	1,341	1,671	1,879	2,056	2,204
Charitable—					
Hospitals—					
General	10,701	11,893	12,619	13,155	14,900
Mental	4,745	5,046	5,474	6,114	6,665
Child Welfare	643	758	970	1,123	1,309
Other	141	223	185	404	411
Law, Order, and Public Safety—					
Justice	1,315	1,566	1,745	1,901	2,135
Police	5,102	5,899	6,426	6,742	7,232
Penal Establishments	681	831	907	917	1,000
Public Safety	7	7	8	7	8
Total	47,952	53,901	58,892	63,764	71,433
All Other Expenditure—					
Public Works <i>n.e.i.</i>	1,272	1,389	1,555	1,572	1,856
Lands and Survey	973	1,152	1,250	1,363	1,519
Agriculture	2,172	2,440	2,240	2,382	1,966
Forestry	1,915	2,013	1,969	1,822	2,060
Legislature and General Administration	3,574	4,342	4,591	4,794	5,005
Pensions and Superannuation	3,466	3,602	3,823	4,116	4,463
Pay-roll Tax	1,430	1,539	1,633	1,713	1,847
Miscellaneous†	4,003	4,288	4,887	5,387	6,072
Total	18,805	20,765	21,948	23,149	24,788
Grand Total.. .. .	126,398	137,565	145,549	153,796	167,997

* Maintenance grants, &c.

† Includes interest and repayments of advances under the Commonwealth-State Housing Agreement. In the 1961 issue of the Year Book these amounts were included with "Social Expenditure—Other Charitable".

Taxation

General

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

As mentioned on pages 618–619, the Commonwealth Government alone exercises the right to impose customs and excise duties and taxation on personal and company incomes. Sales and pay-roll taxes are other important sources of taxation revenue exploited by the Commonwealth exclusively. For the most part, the field now left to the States comprises motor taxation, stamp duties, liquor, land, lottery, racing, and entertainments taxes. Estate duties are shared between the two Governments.

In Victoria, taxation collections by the State Government are allocated by Statute either to Consolidated Revenue or to special funds. The principal item of Victorian taxation which finds its way to special funds is motor taxation which is credited to a number of funds as set out on page 629.

In the following table, particulars of taxation collected in Victoria by the State Government, also the total amounts paid to Consolidated Revenue and to special funds, are shown for each of the years 1955–56 to 1959–60 :—

VICTORIA—TAXATION COLLECTIONS
(£'000)

Particulars	Year Ended 30th June—				
	1956	1957	1958	1959	1960
Motor—					
Registration Fees and Taxes ..	4,887	6,240	7,953	8,192	8,839
Drivers' Licences ..	400	416	439	570	904
Other ..	1,491	2,534	2,975	3,295	4,138
Total Motor ..	6,778	9,190	11,367	12,057	13,881
Probate and Succession					
Duties ..	7,102	7,005	8,065	7,839	9,413
Stamp Duties <i>n.e.i.</i> ..	4,380	5,249	6,253	8,485	12,471
Land ..	3,250	4,170	4,607	4,661	5,854
Income (Arrears) ..	24	9	4	3	*
Liquor ..	2,310	2,515	2,817	2,908	2,994
Tattersall Duty ..	2,793	2,979	2,835	2,849	2,966
Racing ..	2,084	2,175	2,405	2,320	2,630
Entertainments (Excl. Racing Admission Tax)	1,037	1,410	1,505	1,370	1,142
Licences <i>n.e.i.</i> ..	245	258	253	285	287
Grand Total ..	30,003	34,960	40,111	42,777	51,638
Paid to Consolidated Revenue ..	22,904	25,433	28,387	30,332	37,829
Paid to Special Funds ..	7,099	9,527	11,724	12,445	13,809
Per Head of Population	£11/14/0	£13/4/10	£14/16/4	£15/8/3	£18/2/3

* Under £500.

Motor Taxation

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

A further item of taxation, introduced as from 16th November, 1959, is the amount collected under the authority of the *Motor Car (Insurance Surcharge) Act 1959*, from a surcharge of £1 imposed on each third-party insurance premium. The tax collected is paid to Consolidated Revenue.

With the exception of amounts collected under the Motor Car (Insurance Surcharge) Act, fees collected by the Motor Registration Branch are not paid to Consolidated Revenue, but are credited to various funds as directed by the Motor Car Act and other Acts. Costs of collection are apportioned between the participating funds (other than Consolidated Revenue) with the exception that, in respect of amounts credited to the Level Crossings Fund, the relevant costs of collection are borne by the Country Roads Board Fund.

The amounts of motor taxation credited to the several accounts during the year 1959-60 were as follows :—

	£'000	£'000
Consolidated Revenue—		
Motor Car Third-Party Insurance Tax		490
Country Roads Board Fund—		
Motor Registration Fees	8,839	
Drivers' Licence Fees (half)	452	
Owners' Certificates (two-thirds)	605	
Road Charges — Commercial Goods Vehicles Act	2,117	12,013
Level Crossings Fund—		
Owners' Certificates (one-third)		302
Municipalities Assistance Fund—		
Drivers' Licence Fees (half)		452
Transport Regulation Fund—		
Motor Omnibus Registration Fees	6	
Licences, &c.	294	
Permits	324	624
Total Motor Taxation, 1959-60		13,881

Probate Duties

The *Administration and Probate Acts 1958* 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 situated if the deceased was domiciled in Victoria at the date of death. The Acts provide for discriminatory rates of duty in favour of estates passing to close relatives. Categories of beneficiaries are :—

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

The following is a brief summary of the rates applicable to estates passing to beneficiaries in the various categories. The rates were effective from 1st December, 1958. For rates prior to that date, see the Victorian Year Book 1952–53 and 1953–54 and previous issues.

On that part of the final balance which—					The rate of duty per £1 shall be where the final balance passes to—			
					A	B	C	D
		£			pence in £			
Exceeds	600	but does not exceed	600	..	Nil	Nil	Nil	Nil
"	1,500	" " " "	1,500	..	Nil	Nil	12	18
"	5,000	" " " "	5,000	..	Nil	Nil	24	24
"	6,500	" " " "	6,500	..	18	24	36	42
"	10,000	" " " "	10,000	..	30	36	36	48
"	15,000	" " " "	15,000	..	18	24	30	42
"	25,000	" " " "	25,000	..	24	30	42	48
"	30,000	" " " "	30,000	..	30	36	48	48
"	35,000	" " " "	35,000	..	42	48	48	48
"	45,000	" " " "	45,000	..	48	54	60	60
"	55,000	" " " "	55,000	..	54	66	72	90
"	60,000	" " " "	60,000	..	60	72	72	90
"	65,000	" " " "	65,000	..	72	72	78	90
"	75,000	" " " "	75,000	..	84	84	90	90
"	85,000	" " " "	85,000	..	90	90	96	102
"	85,000	" " " "	94,667 (a)	..	90	..	..	..
"	85,000	" " " "	97,166 (b)	..	..	96	..	..
"	85,000	" " " "	113,840 (c)	..	..	..	102	..
"	85,000	" " " "	116,625 (d)	..	..	..	..	108
When the final balance exceeds (a), (b), (c), or (d), then the whole of the final balance is subject to a duty of					£22 10s. per £100	£25 per £100	£30 per £100	£33 per £100

The amount of probate duty assessed in Victoria during each of the five years to 1959–60 was as follows :—1955–56, £7,624,745 ; 1956–57, £7,213,556 ; 1957–58, £8,143,299 ; 1958–59, £7,911,320 ; 1959–60, £9,872,406.

Commonwealth Estate Duty

The Commonwealth Government also levies probate and succession duties. The amount of duty collected throughout Australia during each of the five years to 1959–60 was :—1955–56, £10,119,760 ; 1956–57, £12,712,152 ; 1957–58, £13,773,826 ; 1958–59, £13,308,744 ; 1959–60, £13,752,610.

Land Tax

The *State Land Tax Act* 1928 provided for a tax on the unimproved value of land. For the purpose of this Act, unimproved value is the estimated selling value of the land assuming that improvements, if any,

had not been made. Thus tax is levied on land even if built on or otherwise improved, at a rate, for every £1 of unimproved value, declared for each year by Act of Parliament.

The *Land Tax (Exemptions and Rates) Act* 1953 provided for a rate of tax of one penny in the pound on the unimproved value of land not exceeding £8,750, and for a graduated increase in the rate on unimproved values in excess of £8,750. This rate has remained unaltered since 1953.

Under the provisions of the *Land Tax (Exemptions and Rates) Act* 1955, land not used primarily for primary production was exempted from land tax if the unimproved value of such land was not more than £1,000. A partial exemption was allowed up to £1,200. The *Land Tax (Exemptions and Rates) Act* 1958 extended the exemption to £1,250, and the partial exemption to £1,500. On land used primarily for primary production, the exemption is £3,000 with partial exemption up to £6,000.

The exemptions and rates prescribed in the 1958 Act remained unaltered for assessments issued until the end of 1961.

The following table shows particulars, in specified groups of unimproved values of holdings, of Land Tax assessments for 1959 :—

VICTORIA—ANALYSIS OF STATE LAND TAX ASSESSMENTS, 1959

(Based on Unimproved Values at 31st December, 1958)

Unimproved Values of Holdings Ranging between—				Number of Taxpayers	Total Unimproved Values*	Tax Payable
£					£'000	
1,251 and	1,500	..	..	17,827	24,805	61
1,501	2,000	..	..	20,416	36,009	143
2,001	3,000	..	..	16,714	40,774	155
3,001	4,000	..	..	13,820	48,590	124
4,001	5,000	..	..	9,121	41,153	133
5,001	6,000	..	..	6,266	34,715	130
6,001	7,000	..	..	4,452	28,780	118
7,001	8,000	..	..	3,330	25,004	100
8,001	8,750	..	..	1,698	14,373	58
8,751	10,000	..	..	2,384	22,271	92
10,001	15,000	..	..	4,528	55,075	262
15,001	20,000	..	..	1,808	31,166	187
20,001	25,000	..	..	962	21,385	147
25,001	30,000	..	..	518	14,268	111
30,001	35,000	..	..	361	11,702	131
35,001	40,000	..	..	237	8,838	88
40,001	50,000	..	..	286	12,651	134
50,001	75,000	..	..	371	22,454	289
75,001	100,000	..	..	146	12,788	219
100,001	150,000	..	..	136	17,575	354
150,001	200,000	..	..	73	12,799	303
200,001 and over		..	..	152	78,054	2,104
Total		..	..	105,606	615,229	5,443

* Of land not exempted from land tax.

In the following table details are shown of the assessments made during each of the years 1955 to 1959 :—

VICTORIA—STATE LAND TAX ASSESSMENTS

Year	Number of Taxpayers	Total Tax Payable	Average Tax Payable per Taxpayer	Total Unimproved Values*
		£'000	£ s. d.	£'000
1955	137,077	3,249	23 14 1	463,459
1956	89,816	3,433	38 4 4	438,324
1957	98,808	3,944	39 18 3	478,797
1958	115,317	4,630	40 3 1	543,793
1959	105,606	5,443	51 10 9	615,229

* Of land not exempted from land tax.

Stamp Duties

The *Stamps Act* 1958 imposes a stamp duty on a considerable number of legal and commercial documents. The rates of duty vary with the nature of the document or the type of transaction which such a document records. In certain instances, a document of a particular kind must be brought into existence for the purpose of stamping. Various exemptions are provided according to the nature of the individual document.

The rates of duty payable in 1960 on the principal dutiable classes were as follows :—

Document	Duty Payable
RECEIPTS	3d.
BILLS OF EXCHANGE—	
Payable on demand (cheque, &c.)	3d.
Others (including promissory notes)	not above £25 .. 6d.
	to £50 .. 1s.
	to £75 .. 1s. 6d.
	to £100 .. 2s.
	for extra £50 or part 1s.
SHARE TRANSFERS—On sale for full value—Based on consideration }	to £10 .. 9d.
	above £10 .. 3%
TRANSFER OF REAL PROPERTY—Based on consideration }	to £3,500—12s. 6d. for £50
	above £3,500—15s. for £50
LEASES AND ASSIGNMENTS OF LEASES ..	Variable scale according to nature
	%
GIFTS AND SETTLEMENTS	up to £1,000 .. 2
	over £1,000 to £5,000 3
	" £5,000 " £10,000 4
	" £10,000 " £25,000 5
	" £25,000 " £50,000 6
	" £50,000 " £100,000 8
	" £100,000 .. 10
INSURANCE—Based on premium income	.. .. 5
INSTALMENT PURCHASE (Including hire purchase).. ..	Scale based on .. 2

In addition, stamp duty is also appropriated to funds for cattle and swine compensation (see Victorian Year Book 1928–29, page 80).

The Act also provides for the collection, by way of stamp duty, of certain imposts on betting, principally through a turnover tax on bookmakers' holdings and a tax on betting tickets. The duty collected in connexion with these taxes is included under the heading "Racing" in the table shown on page 628 of this Year Book.

Liquor Tax

The Licensing Court controls the issue of liquor licences in Victoria. The principal sources of taxation are the fees received for liquor licences and club certificates. All receipts of the Licensing Court are paid into the Licensing Fund. After payments have been made to municipalities and the Police Superannuation Fund, and costs for compensation, administration, &c., have been met, the excess of receipts is transferred each year from the Licensing Fund to Consolidated Revenue.

The following table shows the amount of liquor tax paid into the Licensing Fund during each of the years 1955–56 to 1959–60 :—

VICTORIA—LIQUOR TAX (£'000)

Particulars	Year Ended 30th June—				
	1956	1957	1958	1959	1960
Licences—					
Victuallers	1,884	2,050	2,295	2,340	2,378
Spirit Merchants and Grocers ..	293	316	353	381	425
Australian Wine	15	15	15	16	16
Others	8	7	8	7	7
Club Certificates	79	94	111	127	129
Permits—Extended Hours, &c. ..	31	33	35	37	39
 Total	 2,310	 2,515	 2,817	 2,908	 2,994

Lottery (Tattersall) Duty

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

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

In the following table, the amounts subscribed to consultations, the duty paid to Consolidated Revenue, and the allocations of this revenue between the Hospitals and Charities Fund and the Mental Hospitals Fund are shown for each of the years 1955-56 to 1959-60 :—

**VICTORIA—TATTERSALL LOTTERIES:
SUBSCRIPTIONS, ETC.**

(£'000)

Year Ended 30th June—	Subscriptions to Consultations	Amount Paid to Consolidated Revenue	Allocated to—	
			Hospitals and Charities Fund	Mental Hospitals Fund
1956	8,850	2,793	2,411	382
1957	9,250	2,979	2,701	278
1958	8,950	2,835	2,461	374
1959	8,750	2,849	2,400	449
1960	9,300	2,966	2,539	427

Racing Taxation

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

In Victoria, a deduction of 12 per cent. is made from all investments on the totalizator at horse races (including trotting), and at dog races. In the case of city racing clubs, the percentage derived from doubles and quinella investments is divided—4 per cent. being paid to revenue and 8 per cent. to the club, while from win and place investments, 7 per cent. is paid to revenue and 5 per cent. to the club. In respect of country race meetings, 2 per cent. of the total investments is paid to revenue and 10 per cent. to the club.

Government receipts from the totalizator, including fractions and unclaimed dividends, are specially appropriated to the Hospital and Charities Fund. Receipts during 1959-60 amounted to £884,435.

Entertainments Tax

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

The *Entertainments Tax (Reduction) Act 1959*, reduced the rates of tax payable as from 9th November, 1959. The reduced rates were reflected in the overall tax payable for 1959-60 and, because the amended schedules completely exempted several of the lower categories, the number of taxable admissions was correspondingly reduced.

In the following table, the number of taxable admissions and the amount of tax payable, are shown for each of the years 1957-58 to 1959-60 according to the various classes of entertainments :—

VICTORIA—ENTERTAINMENTS TAX : NUMBER OF TAXABLE ADMISSIONS AND TAX PAYABLE

Class of Entertainment	1957-58		1958-59		1959-60	
	Number of Admissions	Tax Payable	Number of Admissions	Tax Payable	Number of Admissions	Tax Payable
	'000	£'000	'000	£'000	'000	£'000
Admissions Taxable at Reduced Rates—						
Theatres	1,119	76	1,228	86	1,500	108
Sport	604	27	731	29	513	23
Miscellaneous	379	25	401	25	335	21
Periodical or Season Ticket	4	*	3	*	3	*
Admissions Taxable at Full Rates—						
Motion Pictures	28,591	1,192	21,507	1,000	16,672	845
Racing (Horse, Trotting, Dog)	2,134	224	2,184	230	2,407	249
Dancing and Skating	1,845	125	1,734	116	1,687	105
Miscellaneous	402	44	299	32	368	34
Periodical or Season Ticket	165	23	247	34	156	22
Total	35,243	1,736	28,334	1,552	23,641	1,407

* Under £500.

Commonwealth Income Tax and Social Services Contribution

With the introduction of Social Services Contribution from 1st January, 1946, the levy of taxation on the incomes of individuals was divided into two separate taxes—Income Tax and Social Services Contribution. Both taxes were based upon the same definitions of assessable income and both were assessed and collected concurrently. Company income was not subject to Social Services Contribution except

with regard to the undistributed income of private companies. The two taxes have since been merged into a single levy known as "Income Tax and Social Services Contribution", and this title now refers to the tax imposed on the incomes of both individuals and companies. It first applied to the tax imposed on incomes derived by individuals during the year ended 30th June, 1951, and by companies during the year ended 30th June, 1950.

Certain types of income are exempt from tax in Australia. These include income from gold mining, uranium mining, war, invalid, age, and widows' pensions, child endowment, and unemployment and sickness benefits.

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

For the income year 1960-61, Income Tax and Social Services Contribution is payable on the incomes of individuals commencing at a taxable income of £105. However, certain limitations apply to the tax payable by aged persons, over 65 years of age in the case of a male and 60 years in the case of a female. Concessional deductions are allowed to taxpayers on account of dependants, certain medical and dental expenses, life insurance premiums, superannuation contributions, medical or hospital benefits fund payments, education expenses, &c., and are deductible from income to calculate taxable income. Dependants include spouse, parents, parents-in-law, children under sixteen years of age, student children under 21 years of age, invalid (child, brother, or sister) over sixteen years of age, or daughter-housekeeper for widow or widower. A concessional deduction may be allowed in respect of a housekeeper having the care of children under sixteen years of age or of an invalid relative where the taxpayer did not contribute to the maintenance of a spouse or daughter-housekeeper. The amount of a concessional deduction allowable in respect of each type of dependant and housekeeper is :—

	£	
Spouse	143	
Parent or parent-in-law	143	
Child under sixteen years of age—		
One child	91	
Other children	65	each dependant
Student child 16 to 21 years of age	91	each dependant
Invalid relative not less than sixteen years of age	91	each dependant
Housekeeper or daughter-housekeeper	143	

The following table shows the rates of Income Tax and Social Services Contribution for individuals for the income year 1960-61.

INDIVIDUALS : RATES OF INCOME TAX AND SOCIAL SERVICES CONTRIBUTION, 1960-61

The rates of tax and contribution payable, as set out in the *Income Tax and Social Services Contribution Act 1960* are as follows :—

BASIC RATE OF TAX AND CONTRIBUTION

The rate of income tax and social services contribution for every £1 of each part of the taxable income specified in the first column of the following table is the rate set out in the second column of the table opposite to the reference to that part of the taxable income.

First Column						Second Column
Parts of Taxable Income						Rates
The part of the taxable income which—						pence in £
Does not exceed £100		..	..	..	..	1
	£		£			
Exceeds	100 but does not exceed	150	..	..	..	3
"	150 " " "	200	..	..	..	7
"	200 " " "	250	..	..	..	11
"	250 " " "	300	..	..	..	15
"	300 " " "	400	..	..	..	20
"	400 " " "	500	..	..	..	26
"	500 " " "	600	..	..	..	30
"	600 " " "	700	..	..	..	34
"	700 " " "	800	..	..	..	38
"	800 " " "	900	..	..	..	42
"	900 " " "	1,000	..	..	..	46
"	1,000 " " "	1,200	..	..	..	52
"	1,200 " " "	1,400	..	..	..	59
"	1,400 " " "	1,600	..	..	..	65
"	1,600 " " "	1,800	..	..	..	71
"	1,800 " " "	2,000	..	..	..	77
"	2,000 " " "	2,400	..	..	..	85
"	2,400 " " "	2,800	..	..	..	92
"	2,800 " " "	3,200	..	..	..	99
"	3,200 " " "	3,600	..	..	..	105
"	3,600 " " "	4,000	..	..	..	111
"	4,000 " " "	4,400	..	..	..	117
"	4,400 " " "	5,000	..	..	..	124
"	5,000 " " "	6,000	..	..	..	132
"	6,000 " " "	8,000	..	..	..	139
"	8,000 " " "	10,000	..	..	..	145
"	10,000 " " "	16,000	..	..	..	152
"	16,000 .. ..	.. ..	..	..	..	160

Basic Tax and Contribution is payable on the whole of a person's taxable income, if that taxable income exceeds £104.

A deduction is available to individuals who reside in certain remote areas of the Commonwealth or its Territories. The areas are divided into two Zones—A and B. A resident of Zone A is allowed a deduction of £270 plus one-half of the deductions allowable for

dependants. A resident of Zone B is allowed a deduction of £45 plus one-twelfth of the deductions allowable for dependants. "Resident" for this purpose means a person who resides, whether continuously or not, in the relevant area for more than one-half of the year of income.

A deduction of £270 plus one-half of the deductions allowable for dependants, is allowable to members of the Defence Forces who serve in certain specified overseas localities for a period of more than half of the year of income. A proportionate deduction is allowed if the service is of less duration than one-half of the year.

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

The following table shows the number of taxpayers, taxable income, and Income Tax and Social Services Contribution assessed during 1958-59 (based on incomes received during 1957-58). The particulars are classified according to grades of actual income and relate only to individuals resident in Victoria.

VICTORIA—INCOME TAX AND SOCIAL SERVICES CONTRIBUTION, 1958-59*

Grade of Actual Income†	Taxpayers	Taxable Income			Net Income Tax and Social Services Contribution Assessed
		Salaries and Wages	Other	Total	
£	No.		£'000		
105- 199	46,720	5,774	1,151	6,925	61
200- 299	52,808	9,938	2,434	12,372	235
300- 399	66,601	17,561	3,774	21,335	675
400- 499	73,703	24,001	5,677	29,678	1,281
500- 599	88,862	36,357	7,104	43,461	2,392
600- 699	86,939	40,656	8,310	48,966	3,147
700- 799	90,815	46,934	9,290	56,224	3,968
800- 899	112,167	64,817	9,895	74,712	5,519
900- 999	114,256	72,912	10,077	82,989	6,901
1,000- 1,099	98,843	68,169	10,075	78,244	7,041
1,100- 1,199	73,789	54,768	9,358	64,126	6,246
1,200- 1,299	52,487	40,219	8,898	49,117	5,091
1,300- 1,399	39,758	32,213	8,223	40,436	4,483
1,400- 1,499	28,323	23,506	7,515	31,021	3,650
1,500- 1,999	67,612	57,407	30,591	87,998	11,953
2,000- 2,999	33,700	28,575	36,415	64,990	11,913
3,000- 3,999	10,654	9,841	21,229	31,070	7,529
4,000- 4,999	5,003	5,698	13,775	19,473	5,650
5,000- 9,999	5,968	9,076	26,484	35,560	13,314
10,000- 14,999	881	2,211	7,463	9,674	4,603
15,000- 19,999	234	846	2,807	3,653	1,897
20,000- 29,999	138	594	2,304	2,898	1,614
30,000- 49,999	57	282	1,712	1,994	1,198
50,000 and over	25	126	1,771	1,897	1,202
Total	1,150,343	652,481	246,332	898,813	111,563

* Includes 6,036 taxpayers, resident in Victoria, who derived income from more than one State.

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

Company Tax

The following table shows the rates of tax and contribution payable by companies on incomes derived during the year ended 30th June, 1961 :—

Type of Company	Rate per £1 of Taxable Income—	
	Up to £5,000	Balance
Private	s. d. 5 0*	s. d. 7 0*
Non-private—		
Co-operative	6 0	8 0
Life Assurance—		
Mutual	5 0	7 0
Other Life Assurance—		
Resident—		
Mutual Income	5 0	7 0
Other Income	7 0†	8 0
Non-resident—		
Mutual Income	5 0	7 0
Dividend Income	6 0‡	8 0
Other Income	7 0‡	8 0
Non-profit—		
Friendly Society Dispensary	6 0	6 0
Other	6 0	8 0
Other—		
Resident	7 0	8 0
Non-resident—		
Dividend Income	6 0	8 0
Other Income	7 0§	8 0
All Companies—		
Interest|| (Section 125) Rate per £	8s. 0d.	

* Further tax at 10s. in the £ payable on undistributed amount.

† Maximum income subject to this rate is £5,000 less mutual income.

‡ Maximum income subject to this rate is £5,000 less the sum of mutual income and dividend income.

§ Maximum income subject to this rate is £5,000 less dividend income.

|| Interest paid to non-residents.

Pensions and Gratuities*General*

During the year 1959–60, the State Government expended a sum of £4,552,880 on pensions, gratuities, &c. Of this amount, £6,308 was spent on pensions of a non-contributory nature.

The following table shows particulars of expenditure on pensions for each of the years 1955–56 to 1959–60 :—

VICTORIA—GOVERNMENT EXPENDITURE ON PENSIONS, GRATUITIES, ETC.
(£)

Particulars	Year Ended 30th June—				
	1956	1957	1958	1959	1960
Non-contributory Pensions, &c.—					
Railways	7,643	6,224	3,511	2,367	1,708
Judges	2,574	2,981	4,276	3,019	2,883
Civil Service	128	..	..	..	..
Public Service	6,706	4,296	2,470	1,955	1,094
Education Department .. .. .	..	..	..	..	..
Officers Transferred to Commonwealth Service	521	194	..	..	..
Various Allowances, &c.	613	571	705	642	623
Total Non-contributory Pensions, Gratuities, &c.	18,185	14,266	10,962	7,983	6,308

VICTORIA—GOVERNMENT EXPENDITURE ON PENSIONS,
GRATUITIES, ETC.—*continued*
(£)

Particulars	Year Ended 30th June—				
	1956	1957	1958	1959	1960
Contributory Pensions—					
Police Superannuation Fund—					
Government Subsidy	6,045	2,000	2,000	2,000	2,000
Transferred from Licensing Fund ..	23,000	23,000	23,000	23,000	23,000
Fines	52,694	53,640	61,019	70,998	67,111
Total	81,739	78,640	86,019	95,998	92,111
Police Pensions Fund	722,675	758,700	782,000	785,750	852,250
Superannuation Fund—					
Railways	1,571,488	1,614,730	1,709,112	1,842,786	1,967,956
Other	1,069,957	1,126,412	1,222,712	1,366,424	1,521,403
Total	2,641,445	2,741,142	2,931,824	3,209,210	3,489,359
Coal Mine Workers Pensions Fund ..	62,329	67,625	66,640	70,339	71,228
Parliamentary Contributory Retirement Fund	15,586	17,796	18,632	28,576	27,016
Married Women Teachers' Pensions Fund ..	..	..	10,433	12,379	14,472
Public Service Act .. .. .	..	..	..	131	136
Total Contributory Pensions ..	3,523,774	3,663,903	3,895,548	4,202,383	4,546,572
Grand Total	3,541,959	3,678,169	3,906,510	4,210,366	4,552,880

Police Superannuation Fund

Pensions are payable out of this fund to those who joined the police force prior to 25th November, 1902.

The Fund is maintained by an annual subsidy of £2,000 from the Consolidated Revenue ; by a moiety of the fines inflicted by the Court of Petty Sessions ; by transfers from the Licensing Fund under the provisions of the Licensing Act and, should the foregoing sources prove insufficient, by a further grant in aid from Consolidated Revenue. Police contributions to the Fund ceased in 1940–41.

During the year 1959–60, the total receipts of the Fund from all sources amounted to £92,111, while pension payments totalled £28,713. There was a balance of £305,397 in the Fund at 30th June, 1960.

Police Pensions Fund

This fund was established by the *Police Pensions Act* 1923 which came into operation on 1st January, 1924, and applied to all members who joined the police force on or after 25th November, 1902. The *Police Regulation Act* 1958, consolidating the law dealing with the police force in Victoria, was passed in September, 1958, and a further amending Act was passed in December, 1958.

Under the provisions of these Acts, the Fund provides pensions on retirement, either at maximum ages, which vary according to rank, or on account of ill health. Widows are entitled to proportionate pensions, and allowances are paid for children up to sixteen years of age.

Each year, the Government Actuary is required to certify what amount should be appropriated from Consolidated Revenue to ensure the solvency of the Fund.

The number of contributors to the Fund at 30th June, 1960, was 3,893 males and 56 females.

The receipts of the Police Pensions Fund during 1959–60 amounted to £1,456,972, comprising deductions from pay, £198,278; special appropriation from Consolidated Revenue, £852,250; interest on investments, £405,387; and other receipts, £1,057. During the year, £602,056 was paid in pensions, £15,211 in gratuities, and £12,430 represented deductions from pay returned. There was a balance of £10,090,225 in the Fund at 30th June, 1960.

State Superannuation Fund

On 24th November, 1925, legislation was enacted by the State Parliament making provision, on a contributory basis, for superannuation benefits for public servants, teachers, and railway employees.

An Act consolidating the Superannuation Acts was passed in September, 1958, and further amending Acts passed in November, 1958, and November, 1959. The principal provisions of these Acts are as follows :—

- (1) The maximum age for retirement is 65 years for males, and 60 or 65 years for females, at their option.
- (2) The amount (units) of pension for which an officer may contribute is regulated by his salary and varies from two units (£104 pension) to 36 units (£1,638 pension).

Of the total pension payable, £13 per unit is charged to the contributions paid, on a fortnightly basis, by the officer during his service, and the remainder is paid from Consolidated Revenue from the date pension becomes payable.

The widow and children of a deceased contributor or pensioner are entitled to the following benefits :—

Widow.—Five-eighths of the rate of pension for which the officer was contributing or five-eighths of the rate of pension being drawn (as the case may be) at date of death, subject to a minimum of £65 per annum.

Children.—£52 per annum in respect of each child until the age of sixteen years, provided that, if both parents are deceased, this amount is increased to £104.

In the event of retirement on account of ill health of a normal contributor, a full pension is payable according to the number of units for which contributions were paid.

All officers are required to pay fortnightly contributions to the Superannuation Fund according to the age next birthday at which they become entitled to contribute for each unit of superannuation.

The number of contributors to the Fund at 30th June, 1960, was 37,173 males and 6,182 females.

During the year 1959–60, the receipts of the Superannuation Fund amounted to £7,913,766, consisting of contributions from officers, £2,845,214 ; from Consolidated Revenue, £3,597,850* ; interest on investments, £1,463,465 ; and other receipts, £7,237. The total payments from the Fund during the year were £4,925,941, and comprised pensions, £4,650,233 ; refund of contributions, £272,431 ; and other expenditure, £3,277. The balance in the Fund at 30th June, 1960, was £32,548,454.

Coal Mine Workers Pensions Fund

This fund was established under the *Coal Mine Workers Pensions Act 1942*. The *Coal Mines Act 1958* consolidated the law relating to coal mines and coal mine workers, and, together with the amending Acts of December, 1958, and November, 1959, define contributions and benefits in connexion with the Coal Mine Workers Pensions Fund. The annual contribution to the Fund is fixed by the Government Actuary after an actuarial examination once in every three years. The Treasurer of Victoria is required to make a payment of three-sevenths of this amount. The mine workers and the mine owners pay one-seventh and three-sevenths respectively. A pension is payable to a mine worker on attaining the maximum age for retirement which, in most cases, is 60 years, provided certain conditions as to length of service in the mining industry are satisfied. A pension is also payable to those qualified mine workers who are totally or partially incapacitated by an injury arising out of, and in the course of, their employment as mine workers. A widow of a pensioner or a widow of a mine worker whose death was due to an injury as a mine worker is entitled to pension until death or remarriage. Allowances to children under age sixteen are also provided under the Act.

During 1959–60, the Government contributed £49,966 to the Fund and the State Coal Mine (as owners) £21,262.

Parliamentary Contributory Retirement Fund

This fund was established under authority of the *Parliamentary Contributory Retirement Fund Act 1946* to provide pensions for ex-members of the Victorian Parliament. Current legislation affecting this fund is embodied in the *Constitution Act Amendment Act 1958*. This Act is included in the Consolidated Statute Law of Victoria.

Members contribute to the Fund an amount of £6 per fortnight. Any further sums required to pay pensions, &c., are paid from Consolidated Revenue.

Every person who has ceased to be a member and has served as a member for at least fifteen years, or for at least three Parliaments, is entitled to be paid out of the Fund a pension, fortnightly, at the rate of the basic wage payable in Melbourne.

Provision is also made for payments of certain sums to ex-members who do not fulfil the conditions necessary for a pension, and the payment of a pension to the widow of a deceased member or ex-member at a rate equivalent to the amount that would have been paid or was being paid to the deceased.

* This figure does not agree with that shown on page 640 which includes Consolidated Revenue's share of pension accrued to 30th June.

All payments out of the Fund are subject to the approval of trustees appointed to administer the Fund.

During the year ended 30th June, 1960, receipts of the Fund amounted to £42,598, made up of contributions from members, £15,582, and Special Appropriations from Consolidated Revenue, £27,016. Pensions and lump sum payments from the Fund amounted to £42,598.

Married Women Teachers' Pensions Fund

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

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

Receipts for 1959–60 amounted to £77,371, consisting of teachers' contributions, £14,659; contribution from Consolidated Revenue, £14,472; and interest on investments, £2,231. Refunds of contributions, &c. amounting to £1,292 were paid from the Fund during the year.

Trust Funds and Special Accounts

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

The transactions recorded annually are numerous and of considerable magnitude. During 1959–60, the debits of all trust funds or accounts amounted to £109,363,659, while credits totalled £113,644,144.

At 30th June, 1960, the liability of the State on account of all trust funds or accounts amounted to £44,166,477. Of this total, £20,174,341 was invested in Commonwealth Stock or other securities, and cash advanced totalled £3,821,998. The balance—£20,170,138—was at the credit of the Public Account.

Expenditure from Loan Fund

In addition to the ordinary expenditure from revenue, certain sums are disbursed annually for various purposes from loans and on account of Loan Fund. The figures in the following table represent all such expenditure whether the loans have been repaid or are still in existence. The table shows the details for each of the years 1956–57 to 1959–60 and the total to 30th June, 1960.

VICTORIA—EXPENDITURE FROM LOAN FUND AND ON ACCOUNT OF LOANS

(£'000)

Expenditure on—	Year Ended 30th June—				Total to 30th June, 1960
	1957	1958	1959	1960	
Public Works—					
Railways*—					
As Reduced	7,407	7,049	7,432	7,814	135,214†
Transferred .. ..	..	..	..	..	29,135
Country Roads	626	739	116	234	21,631
Bridges	107	845	1,265	1,092	3,806
Harbours and Rivers	299	290	295	298	4,500
Water Supply—					
Country	6,590	6,960	7,903	7,194	117,638‡
Metropolitan .. ..	..	..	..	..	3,143
Sewerage	1,008	500	482	636	3,817
Electricity Supply	3,400	3,200	3,500	6,500	60,689§
Gas and Fuel Corporation	130	150	110	90	12,239
Public Buildings—					
Schools	7,440	7,858	9,040	11,305	73,113
Hospitals	5,901	5,900	6,090	5,752	51,864
Other	1,345	1,584	1,643	1,636	14,007
Immigration .. ..	..	..	..	..	240
Municipal Endowment .. ..	..	..	..	..	698
Municipalities, Loans, Grants, &c.	164	283	369	490	3,644
Housing	320	330	517	610	11,843
Unemployment Relief .. ..	..	..	..	..	13,147
Other Public Works	371	299	361	364	4,398
Primary Production—					
Land Settlement .. ..	..	..	..	2,817	44,388
Soldier Settlement	3,580	3,599	3,646	634	58,511
Wire Netting Advances .. ..	..	3	||	2	1,047
Agriculture .. ..	..	..	..	..	211

* Reduced under the authority of the Railways (Finances Adjustment) Act of 1936.

† Includes expenditure of £1,804,420 transferred to State Electricity Commission.

‡ Includes expenditure of £176,870 transferred to State Electricity Commission.

§ Excludes expenditure mentioned in the two preceding notes.

|| Under £500 (credit).

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

(£'000)

Expenditure on—	Year Ended 30th June—				Total to 30th June, 1960
	1957	1958	1959	1960	
Primary Production (<i>continued</i>)—					
Settlers' Advances—					
Cultivation .. .. .	..	..	..	..	2,621
Other .. .. .	..	..	..	..	120
Bulk Handling of Wheat .. .. .	..	..	..	..	1,404
Forestry	750	617	637	662	17,446
Mining <i>n.e.i.</i>	143	22	75	67	818
Mining—State Coal Mine .. .. .	..	..	..	..	353
Primary Products—					
Advances to Companies .. .. .	..	..	..	..	331
Cool Stores—Advances to Companies .. .. .	..	..	..	..	658
Drought, Flood, &c., Relief	50	121	113	30	1,338
Destruction of Vermin and Noxious Weeds	69	80	57	610	1,414
Other Primary Production	7	Cr. 2	77	127	377
Other Purposes	1,243	911	693	527	13,480
Total Works Expenditure	40,950	41,338	44,421	49,491	709,283
In Aid of Revenue	3,246	4,315	3,000	2,546	28,562
Grand Total	44,196	45,653	47,421	52,037	737,845

The figures in the table above do not include discounts and flotation expenses, nor have they been adjusted on account of premiums received. The net aggregate outlay on these items to 30th June, 1960, was £9,389,469.

Public Debt*General*

In the tables in this section relating to the public debt of Victoria, loans raised in London are shown in sterling which has been converted to Australian currency at the mint par of exchange prevailing on 1st July, 1927, viz., £1A. = £1Stg., while loans raised in New York have been converted to Australian currency at \$4·8665 to £1. Repayment, when made, will be in sterling or dollars, as the case may be, at rates of exchange then current.

Advances made by the Commonwealth Government to Victoria, under the Commonwealth—State agreements relating to housing and soldier settlement, are not included in the public debt statements in this Year Book. The total of such advances owing at 30th June, 1960, was £126,811,450, of which £119,717,291 was for housing, and £7,094,159 for soldier settlement. These liabilities should be taken into account when considering the total debt position of Victoria.

Public Debt Transactions

The following table shows particulars of the loans raised and redeemed during, and the amount outstanding at the end of, each of the years 1955-56 to 1959-60. Separate particulars are shown for loans raised in Australia, London, and New York.

VICTORIA—STATE PUBLIC DEBT: SUMMARY OF TRANSACTIONS

Particulars	1955-56	1956-57	1957-58	1958-59	1959-60
DEBT MATURING IN AUSTRALIA (£A'000)					
Debt Outstanding at 1st July	363,246	397,577	439,555	475,104	50 186
New Debt Incurred—					
Commonwealth Government Loan Flotations	55,641	83,941	107,911	64,485	67,899
Domestic Raisings	3,396	805	700	745	1,099
Less Conversion and Redemption Loans ..	20,398	37,870	67,804	27,106	24,574
Total New Debt Incurred	38,639	46,876	40,807	38,124	44,424
Repurchases and Redemptions from National Debt Sinking Fund	4,308	4,898	5,258*	5,042	6,172
Net Increase in Debt	34,331	41,978	35,549	33,082	38,252
Debt Outstanding at 30th June	397,577	439,555	475,104	508,186	546,438
DEBT MATURING IN LONDON (£ Stg.'000)					
Debt Outstanding at 1st July	44,777	44,705	38,760	38,572	41,253
New Debt Incurred—					
Commonwealth Government Loan Flotations	23,222			16,042	..
Less Conversion and Redemption Loans ..	23,222	5,801†	..	12,720	..
Total New Debt Incurred .. .. .	..	— 5,801	..	3,322	..
Repurchases and Redemptions from National Debt Sinking Fund	72	144	188	641‡	30
Net Increase in Debt	— 72	— 5,945	— 188	2,681	— 30
Debt Outstanding at 30th June	44,705	38,760	38,572	41,253	41,223
DEBT MATURING IN NEW YORK (£'000)					
Debt Outstanding at 1st July	3,176	3,431	3,504	4,537	5,573
New Debt Incurred—					
Commonwealth Government Loan Flotations	277	1,014	1,090	1,081	1,083
Less Conversion and Redemption Loans ..	..	890	..	..	..
Total New Debt Incurred	277	124	1,090	1,081	1,083
Repurchases and Redemptions from National Debt Sinking Fund	22	51	57	45	195
Net Increase in Debt	255	73	1,033	1,036	888
Debt Outstanding at 30th June	3,431	3,504	4,537	5,573	6,461
TOTAL (£'000)					
Debt Outstanding at 1st July	411,199	445,713	481,819	518,213	555,012
New Debt Incurred—					
Commonwealth Government Loan Flotations	79,140	84,955	109,001	81,608	68,982
Domestic Raisings	3,396	805	700	745	1,099
Less Conversion and Redemption Loans ..	43,620	44,561	67,804	39,826	24,574
Total New Debt Incurred	38,916	41,199	41,897	42,527	45,507
Repurchases and Redemptions from National Debt Sinking Fund	4,402	5,093	5,503*	5,728‡	6,397
Net Increase in Debt	34,514	36,106	36,394	36,799	39,110
Debt Outstanding at 30th June	445,713	481,819	518,213	555,012	594,122

* Includes £330,870 discount expenses on conversion loans met from National Debt Sinking Fund.

† Debt repatriated to Australia.

‡ Includes £161,508 discount expenses on conversion loans met from National Debt Sinking Fund.

Particulars concerning the due dates of loans outstanding at 30th June, 1960, 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.

VICTORIA—DUE DATES OF LOANS AT 30TH JUNE, 1960
(£'000)

Due Date (Financial Year)	Amount Maturing in—			Total
	Australia	London	New York	
1960-61	58,840	638	..	59,478
1961-62	34,416	..	657	35,073
1962-63	59,412	..	..	59,412
1963-64	23,530	..	..	23,530
1964-65	65,420	..	..	65,420
1965-66	46,580	1,859	..	48,439
1966-67	40,344	5,691	851	46,886
1967-68	42,734	8,358	..	51,092
1968-69	55,277	..	..	55,277
1969-70	11,579	8,650	562	20,791
1970-71	10,154	..	252	10,406
1971-72	131	..	955	1,086
1972-73	19,547	6,441	1,071	27,059
1973-74	143	..	..	143
1974-75	13,125	..	..	13,125
1975-76	20,715	..	..	20,715
1976-77	163	..	..	163
1977-78	171	..	..	171
1978-79	179	9,586	1,029	10,794
1979-80	25,694	..	1,084	26,778
1980-81	195	..	..	195
1981-82	14,822	..	..	14,822
1982-83	154	..	..	154
Not Yet Fixed	3,113	..	..	3,113
Total	546,438	41,223	6,461	594,122

In the subsequent tables, "interest payable" does not include the cost of paying interest overseas. Particulars of exchange paid in each of the years 1955-56 to 1959-60 are shown on page 649.

The following table shows the amount of loans outstanding in Australia, London, and New York at the end of each of the years 1950-51 to 1959-60, and the annual interest payable thereon:—

VICTORIA—PUBLIC DEBT AND INTEREST PAYABLE IN
AUSTRALIA, LONDON, AND NEW YORK
(£'000)

At 30th June—	Amount of Loans Maturing in—			Annual Interest Payable in—		
	Australia	London	New York	Australia	London	New York
1951	201,151	45,296	4,486	6,210	1,437	182
1952	252,818	45,225	4,456	7,456	1,463	181
1953	290,072	45,023	4,424	9,059	1,456	180
1954	328,456	44,908	3,600	10,874	1,452	139
1955	363,246	44,777	3,176	13,254	1,448	110
1956	397,577	44,705	3,431	14,886	1,446	121
1957	439,555	38,760	3,504	17,306	1,282	141
1958	475,104	38,572	4,537	19,275	1,276	191
1959	508,186	41,253	5,573	20,938	1,690	244
1960	546,438	41,223	6,461	23,055	1,689	291

The following table shows the rates of interest which were payable on the public debt at 30th June, 1960, and the portions of the debt at each rate in Australia, London, and New York respectively :—

**VICTORIA—RATES OF INTEREST ON PUBLIC DEBT AT
30TH JUNE, 1960
(£'000)**

Rate of Interest per cent.	Amount Maturing in—			Total
	Australia	London	New York	
5.5 .. .. .	..	16,027	..	16,027
5.25 .. .. .	..	..	1,084	1,084
5.0	130,655	..	1,984	132,639
4.75	31,764	..	1,071	32,835
4.5	160,474	..	252	160,726
4.0	86,073	..	..	86,073
3.875	702	..	..	702
3.75	16,001	..	563	16,564
3.625	107	..	..	107
3.5	5	5,691	850	6,546
3.4875 .. .. .	*	..	..	*
3.375 .. .. .	..	..	657	657
3.25	15,808	9,287	..	25,095
3.125	99,599	..	..	99,599
3.1	277	..	..	277
3.0	1,107	10,218	..	11,325
2.7125	124	..	..	124
2.5	2	..	..	2
2.325	653	..	..	653
1.0	3,087	..	..	3,087
Total	546,438	41,223	6,461	594,122
Average Rate of Interest %	4.22	4.10	4.51	4.21

* £500

The following table shows the public debt of Victoria at the end of each of the years 1955–56 to 1959–60. Also shown is the annual interest payable, the average rate per cent., and the amount of debt and interest payable per head of population.

VICTORIA—PUBLIC DEBT AND INTEREST

At 30th June—		Loans Outstanding—		Amount per Head of Population—				
		Amount	Annual Interest Payable—		Debt			
			Total	Average Rate Per Cent.				
		£'000	£'000	%	£ s. d.			£ s. d.
1956	.. ..	445,713	16,453	3.69	171	1	11	6 8 4
1957	.. ..	481,819	18,729	3.89	180	4	5	7 1 11
1958	.. ..	518,213	20,742	4.00	189	0	8	7 13 3
1959	.. ..	555,012	22,872	4.12	197	3	11	8 4 10
1960	.. ..	594,122	25,035	4.21	205	9	1	8 15 7

The following table shows the capital liability of the State at 30th June, 1960, 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, 1960 (£'000)

Works or Services	Liability	Deduction on Account of National Debt Sinking Fund	Net Liability
Railways*			
As Reduced	134,368	15,090	119,278
Transferred	30,836	7,668	23,168
Country Waterworks	115,280	10,295	104,985
Electricity Supply	63,854	6,137	57,717
Land Settlement	25,536	8,255	17,281
Soldier Settlement	40,363	2,359	38,004
Grain Elevators Board	1,072	137	935
Housing Commission	1,491	175	1,316
Country Roads	17,429	3,241	14,188
Public Works, Buildings, &c.	165,907	6,826	159,081
Gas and Fuel Corporation of Victoria (Including Shares)	12,258	515	11,743
Forests	14,283	949	13,334
Unemployment Relief	11,964	2,478	9,486
Rural Finance Corporation	8,092	257	7,835
In Aid of Revenue	24,771	5,485	19,286
Unapportioned	1,266	..	1,266
	668,770	69,867	598,903
Deduct—Exchange Premiums	4,967	..	4,967
Total	663,803	69,867†	593,936

* The Railways (Finances Adjustment) Act provided for the reduction of railway loan liability by the sum of £30 mill. on 1st July, 1937, and for the transfer of that amount to the "Reduction of Railway Loan Liability Account".

† Includes cash at credit of National Debt Sinking Fund at 30th June, 1960, and discount expenses on conversion loans met from the Fund.

The interest and expenses associated with the public debt of Victoria during each of the years 1955–56 to 1959–60 are shown in the following table:—

VICTORIA—INTEREST AND EXPENSES OF PUBLIC DEBT (£'000)

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, &c.	Exchange on Payment of Interest in London†	Total‡
	London*	Melbourne				
1956 ..	1,558	13,567	16	52	492	15,685
1957 ..	1,447	15,342	14	111	480	17,394
1958 ..	1,424	17,733	21	79	492	19,749
1959 ..	1,587	19,257	13	73	597	21,527
1960 ..	1,936	21,533	11	150	715	24,345

* Including interest paid on loans raised in New York—£109,832 for 1955–56; £121,795 for 1956–57; £141,740 for 1957–58; £218,499 for 1958–59; £245,294 for 1959–60.

† Includes exchange paid in respect of loans raised in New York—£129,964 for 1955–56; £142,865 for 1956–57; £163,830 for 1957–58; £254,002 for 1958–59; £283,563 for 1959–60.

‡ Includes £2,127,159 contributed each year by the Commonwealth in accordance with the provisions of the "Financial Agreement", see page 619.

National Debt Sinking Fund

Under the Financial Agreement of 1927 between the Commonwealth and the States, it was arranged that the Commonwealth assume responsibility for the public debt of the States. The securities covering these debts would be redeemed or repurchased by payments from the National Debt Sinking Fund (which had been in existence from 1923) and the Commonwealth and States were to make annual contributions to the Fund for this purpose. The intention was to extinguish, within a period of 58 or 53 years, debt incurred by the States for normal works and services. The longer period applies to the debt existing at 30th June, 1927, and to this the State contributes 5s. per £100 and the Commonwealth 2s. 6d. per £100 per annum, whilst the shorter period applies to loans raised after 30th June, 1927, the State and the Commonwealth each contributing 5s. per £100 per annum.

The first of the following tables gives a summary of Victorian transactions in the National Debt Sinking Fund for the years 1955-56 to 1959-60, and the remaining tables show details of receipts and expenditure together with particulars of face value of securities repurchased and redeemed during the same period :—

**VICTORIA—NATIONAL DEBT SINKING FUND : SUMMARY
OF TRANSACTIONS**

(£'000)

Particulars	1955-56	1956-57	1957-58	1958-59	1959-60
Balance at 1st July	410	584	255	60	128
Receipts	4,463	4,751	5,333	5,933	6,669
Expenditure	4,289	5,080	5,528	5,865	6,611
Balance at 30th June	584	255	60	128	186

VICTORIA—NATIONAL DEBT SINKING FUND : RECEIPTS

(£'000)

Particulars	1955-56	1956-57	1957-58	1958-59	1959-60
Contributed under Financial Agreement—					
Victoria	3,469	3,681	4,164	4,647	5,247
Commonwealth	972	1,054	1,155	1,230	1,367
Interest from Victoria on Cancelled Securities	10	4	3	1	3
Total Contributions under Financial Agreement	4,451	4,739	5,322	5,878	6,617
Interest on Investments	7	7	6	13	1
Special Contributions by Victoria ..	5	5	5	42	53
Total	4,463	4,751	5,333	5,933	6,669
Total to Date	49,800	54,551	59,884	65,817	72,486

**VICTORIA—NATIONAL DEBT SINKING FUND : SECURITIES
REPURCHASED AND REDEEMED**

(£'000)

Particulars	1955-56	1956-57	1957-58	1958-59	1959-60
Australia—					
Face Value £ (A.)	4,308	4,898	4,928	5,042	6,172
Net Cost £ (A.)	4,156	4,829	5,221	5,020	6,162
London—					
Face Value £ (stg.)	72	144	188	480	30
Net Cost £ (A.)	84	145	189	752	35
New York—					
Face Value £ (\$4.8665 = £1) ..	22	51	57	45	195
Net Cost £ (A.)	49	106	118	93	414
Total—					
Face Value £	4,402	5,093	5,173	5,567	6,397
Net Cost £ (A.)	4,289	5,080	5,528	5,865	6,611
Total to Date—					
Face Value £	46,993	52,086	57,259	62,826	69,223
Net Cost £ (A.)	49,216	54,296	59,824	65,689	72,300

Private Finance

Commonwealth Banking Legislation

General

Under section 51 of the Commonwealth Constitution, the Commonwealth Parliament has power to legislate with respect to "banking, other than State banking; also State banking extending beyond the limits of the State concerned, the incorporation of banks, and the issue of paper money". The principal Commonwealth Acts at present in force relating to banking are :—

- (a) the *Banking Act* 1959, which provides for the regulation of banking and for the protection of the currency and the public credit of the Commonwealth ;
- (b) the *Reserve Bank Act* 1959, which provides for the constitution and management of the Reserve Bank of Australia, and the management of the Australian note issue ; and
- (c) the *Commonwealth Banks Act* 1959, which provides for the constitution and management of the Commonwealth Banking Corporation, Commonwealth Trading Bank of Australia, Commonwealth Savings Bank of Australia, and Commonwealth Development Bank of Australia.

The *Banking Act* 1959, which replaced the *Banking Act* 1945-1953, was assented to on 23rd April, 1959, and came into operation on 14th January, 1960. It applies to all banks (except State

banks trading in their own State) operating in Australia or the Territories of the Commonwealth. Apart from the replacement of the Special Accounts provisions of the previous Act with a system of Statutory Reserve Deposits and a recasting of the relevant parts of the Act to make provision for the regulation of savings bank business, the provisions of the Act, which are summarized below, are essentially the same as those contained in the previous Act. The main provisions of the Act are as follows :—

- (1) *Authority to Carry on Banking Business.* Banking business can only be carried on by a body corporate in possession of an authority in writing granted by the Governor-General. A company which is not a bank, but which conducts some banking business, may be granted an exemption from some or all of the provisions of the Act.
- (2) *Protection of Depositors.* Provision is made for the banks to supply to the Reserve Bank such information relating to their financial position as required. If it appears that a bank may be unable to meet its obligations or is about to suspend payments, the Reserve Bank may assume control of and carry on the business of that bank.
- (3) *Statutory Reserve Deposits.* Each trading bank is required to maintain a Statutory Reserve Deposit Account with the Reserve Bank and to have on deposit in that account such percentage of its Australian deposits (known as the statutory reserve deposit ratio) as is determined from time to time by the Reserve Bank. On giving one day's notice, the Reserve Bank may vary this ratio provided it is not increased above 25 per cent. and, on giving 45 days' notice, the Reserve Bank may increase the ratio above 25 per cent. A ratio remains in force until it is replaced by another ratio, provided that any ratio above 25 per cent. cannot remain in force for longer than a period of six months and for succeeding periods of three months unless the Reserve Bank gives notice of an extension at least 45 days before the end of each period. The same ratio is to apply to all banks except certain prescribed banks. Interest is to be paid on Statutory Reserve Deposit Accounts at a rate determined from time to time by the Reserve Bank with the approval of the Treasurer. The Reserve Bank is required to inform the trading banks at least once in every quarter of its expected policy with respect to statutory reserve deposit ratios.
- (4) *Mobilization of Foreign Currency.* All banks may be required to transfer to the Reserve Bank a proportion (determined by the Reserve Bank) of their excess receipts of foreign currency in respect of their Australian business during any period.

- (5) *Advances.* The Reserve Bank may determine a general policy to be followed by banks in making advances.
- (6) *Special Provisions with respect to Savings Banks.* A savings bank shall at all times maintain in prescribed investments an amount that, together with cash on hand, in Australia is not less than the amount on deposit in Australia with the savings bank. The prescribed investments are : deposits with the Reserve Bank, deposits with or loans to other banks, Commonwealth or State securities, securities issued or guaranteed by a Commonwealth or State authority, loans guaranteed by the Commonwealth or a State, loans for housing or other purposes on the security of land, and loans to authorized dealers in the short-term money market on the security of securities issued by the Commonwealth. A savings bank must hold at least 70 per cent. of its depositors' funds in cash, deposits with the Reserve Bank, Commonwealth or State securities and securities issued by or guaranteed by a Commonwealth or State authority, and must hold at least 10 per cent. in deposits with the Reserve Bank, in Treasury Bills, and Seasonal Securities. A savings bank may not accept deposits from a profit-making body unless that body is acting in a trustee capacity for a non-profit-making beneficiary, nor allow cheques to be drawn on savings bank accounts other than by local government authorities, friendly societies, &c., and companies acting in the above capacity.
- (7) *Foreign Exchange.* The Governor-General may make regulations for the control of foreign exchange including the fixing of rates of exchange.
- (8) *Gold.* Provision is made for the mobilization and control of gold if it is necessary for the protection of the currency or the public credit of the Commonwealth.
- (9) *Interest Rates.* The Reserve Bank may, with the approval of the Treasurer, make regulations for the control of rates of interest payable to or by the banks or other persons in the course of banking business carried on by them.
- (10) *Other.* Other provisions of the Act relate to the supply of statistics and other information by banks, the settlement of clearing balances between banks, investigations of the accounts of banks by the Commonwealth Auditor-General, and restrictions on the use of the words "bank" or "savings bank" in relation to a business. Although a bank may be required to supply information relating to its financial stability and information needed for the determination of banking policy, it cannot be required to disclose details relating to the account of an individual customer.

Banking in Victoria during 1960

General Conditions

As part of the integrated banking system of the nation, Victorian banking was dominated in 1960 by factors influencing the whole Australian economy.

While the seasonal cycle normally causes Australian bank deposits to rise during the summer export season and to drain away in the June quarter of each year when government fiscal programmes have their most marked effect, 1960 was distinguished by influences affecting the normal seasonal pattern.

At the beginning of the year, costs and prices still crept upward, maintaining the threat of inflation which had faced the country since the war.

Relaxations of Import Restrictions

The Federal Government announced in February that it would remove, almost entirely, import restrictions which had until that time protected London funds. Credit restraint was also to be maintained, particularly on less essential activities, and the August, 1960 Budget was to provide a surplus to help dampen spending, which was tending to strain available resources and force up prices.

It was thought that oversea funds, supported by a heavy capital inflow, would stand a considerable drain as imports increased temporarily, but that the restraining credit policy and budget surplus would eventually limit the community's demands for imports.

In June quarter, 1960 imports increased while bank deposits decreased as the export season finished less strongly than was expected. On the other hand, advances continued to rise, largely because of the previous phase of credit policy in 1959, when banks expanded advances at a time when there were signs of less than full employment. Industry had been slow to take advantage of this, but by 1960, numerous overdraft authorities were being used in accord with limits granted earlier. Thus, advances continued to rise after it had become necessary to reverse the upswing. Apart from the delayed effect of 1959 policy, advances increased also because importers continued to take advantage of import relaxation, and some required finance.

Weakness in exports and sustained imports caused bank deposits to rise less, and advances to rise more, than might have been expected. This showed in falling oversea funds and deteriorating liquidity ratios of the banks, some being forced to borrow at a higher rate from the Central Bank to maintain the ratio of liquid assets to deposits at the minimum level agreed between the trading banks and Central Bank.

August Budget

In August, the Government reinforced its deflationary policy by budgeting for a surplus for 1960-61, and by slight rises in taxation. In the Budget Speech, it was explained that Australia was over-straining its resources and risking serious cost and price rises.

However, deposits did not rise until October when the export season was well under way, and the increase shown in deposits during December quarter, 1960, was only about one-third of the increase for the December quarter of the previous year. Wool prices still showed little improvement. Imports remained high and trade deficits continued until the end of the year.

November Policy

Bank advances were not reduced until November, when the Government announced more drastic measures. These included a rise in the maximum allowed overdraft rate from 6 per cent. to 7 per cent. (maximum average was raised from $5\frac{1}{2}$ per cent. to 6 per cent.), and a rise in interest rates on bank term deposits from the range of $2\frac{1}{4}$ – $3\frac{1}{2}$ per cent. for terms of three to 24 months, to a range of 4 – $4\frac{1}{2}$ per cent. for terms of three to twelve months. Qualitative advance control was intensified by the Central Bank to discourage certain categories of less essential activity, and quantitative control was maintained with statutory reserve deposits held by the trading banks at the Central Bank of $17\frac{1}{2}$ per cent. of their deposits and the Liquid Assets, Government Securities convention (whereby banks retained liquid funds and government securities equal to 16 per cent. of deposits).

The stock exchange reversed its strong uptrend in mid-September. No doubt, the psychological or "announcement" effects of the November policy were as strong as the measures themselves, and took effect before legislation could be implemented. Motor vehicle sales slowed down and some development projects were deferred. Bank term deposits became more competitive with other investments, and savings bank deposit rates were raised from 3 per cent. to $3\frac{1}{4}$ per cent., both measures attracting funds to the banks. These rate differentials apparently caused some swing from savings to term deposits before 1960 ended.

Favourable Trends

At the end of 1960, rising deposits, falling advances and signs of rising demand for wool indicated that the outlook for the economy had improved. The strain on ratios was still evident in borrowing by some banks from the Central Bank, and the advance/deposit ratio rising over the year. The advance/deposit ratio for Victorian business was substantially less than for Australia as a whole (although it rose over the year).

The Government announced measures to encourage exports. However, it was a long-term project to raise them to a level which would pay for current imports and 'invisibles'. It was hoped that the import bill would drop quickly early in 1961, thus reducing the drain on bank deposits and liquidity, for it was to be expected that some months would elapse before importers could reduce the actual flow in response to advance orders. The banking system was directed by the Central Bank to reduce advances by a further large amount during the March quarter of 1961, and this would involve severe credit restriction.

Other Issues

The experiences of 1960 raised again certain interesting questions especially those connected with non-bank financial intermediaries. Prices had been rising despite strict official direction of bank lending policies. It was evident, meanwhile, that velocity of circulation of money and credit had increased, as indicated by the facts that bank deposits declined in relation to national income during the 1950's and the ratio which debits to customers' accounts bore to deposits had risen. It was also becoming recognized that banks were no longer the sole source of credit, but that credit was being created or extended, in effect if not in fact, by other institutions and traders themselves in granting credit to customers in the ordinary course of business.

Further References

An outline of the history of banking in Victoria and a description of the currency will be found on pages 625 to 628 of the Victorian Year Book 1961.

Cheque-Paying Banks

The following tables show particulars of the averages of deposits and advances by trading banks (all of which are cheque-paying banks) in Victoria during the month of June, 1960 and for the months of June of the preceding four years. The monthly averages are obtained by recording the amounts of deposits and advances at the close of business on Wednesday of each week.

**VICTORIA—TRADING BANKS : AVERAGES OF DEPOSITS
AND ADVANCES, MONTH OF JUNE, 1960**

(£'000)

Bank	Deposits			Loans, Advances, and Bills Discounted
	Not Bearing Interest	Bearing Interest	Total	
Commonwealth Trading Bank of Australia	43,490	21,357	64,847	30,451
Private Trading Banks—				
Australia and New Zealand Bank Ltd.	79,880	19,481	99,361	49,462
Bank of Adelaide	1,702	588	2,290	2,054
Bank of New South Wales	46,978	19,734	66,712	43,925
Commercial Bank of Australia Ltd.	59,858	25,136	84,994	45,708
Commercial Banking Co. of Syd- ney Ltd.	31,417	13,235	44,652	19,793
English, Scottish, and Australian Bank Ltd.	57,626	17,654	75,280	38,548
National Bank of Australasia Ltd.	82,889	39,144	122,033	61,019
Total ..	403,840	156,329	560,169	290,960

**VICTORIA—TRADING BANKS : AVERAGES OF DEPOSITS
AND ADVANCES, MONTH OF JUNE, 1956 TO 1960**
(£'000)

Average— Month of June	Deposits			Loans, Advances, and Bills Discounted
	Not Bearing Interest	Bearing Interest	Total	
1956	358,069	103,932	462,001	259,445
1957	372,810	114,563	487,373	244,625
1958	364,318	136,527	500,845	268,814
1959	369,429	146,970	516,399	254,767
1960	403,840	156,329	560,169	290,960

Particulars of persons and authorities in receipt of trading bank advances for the years 1956–57 to 1959–60 are given in the following table. Business advances are classified according to the main industry of borrower.

**VICTORIA—TRADING BANKS : CLASSIFICATION OF
ADVANCES**
(£'000)

Classification	At End of June—			
	1957	1958	1959	1960
Resident Borrowers—				
Business Advances—				
Agriculture, Grazing, and				
Dairying	38,801	43,701	43,804	44,342
Manufacturing	54,252	64,463	60,749	86,505
Transport, Storage, and				
Communication	4,523	4,915	5,064	4,805
Finance	20,347	26,901	21,291	26,425
Commerce	52,306	59,684	51,366	62,556
Building and Construction	6,263	7,510	7,886	8,981
Other Businesses	13,864	16,313	17,062	20,338
Unclassified	1,158	1,814	2,528	2,158
Total Business Advances	191,514	225,301	209,750	256,110
Advances to Public Authorities	10,353	5,086	4,045	2,991
Personal Advances	37,470	39,717	41,031	44,401
Advances to Non-Profit Organiza- tions	3,562	4,009	3,746	4,481
Total Advances to Resident Borrowers	242,899	274,113	258,572	307,983
Non-Resident Borrowers	104	80	87	67
Grand Total	243,003	274,193	258,659	308,050

The following table shows, for the years 1950–51 to 1959–60, the average weekly amounts debited by cheque-paying banks to customers' accounts. Particulars relate to the operations of trading banks transacting business in Victoria (as set out in the table on page

656) together with the Bank of New Zealand, and the Comptoir National d'Escompte de Paris (all of which are cheque-paying banks) and, in addition, the Rural Credits Department of the Reserve Bank and the Commonwealth Development Bank (prior to 14th January, 1960, Industrial Finance and Mortgage Bank Departments of the Commonwealth Bank). Debits to Australian Government accounts at city branches are excluded from the table.

VICTORIA—CHEQUE PAYING BANKS: AVERAGE WEEKLY DEBITS TO CUSTOMERS' ACCOUNTS, 1950-51 TO 1959-60 (£'000)

Year Ended 30th June—			Average Weekly Debits	Year Ended 30th June—			Average Weekly Debits
1951	..	..	134,925	1956	..	..	185,369
1952	..	..	142,358	1957	..	..	195,455
1953	..	..	131,998	1958	..	..	207,059
1954	..	..	154,885	1959	..	..	224,728
1955	..	..	176,147	1960	..	..	263,919

Reserve Bank of Australia

The corporate identity of the Reserve Bank of Australia traces back through the name Commonwealth Bank of Australia, to the *Commonwealth Bank Act* 1911 of the Federal Parliament. Since 14th January, 1960, the legislation bearing on its constitution, powers and functions is the *Reserve Bank Act* 1959 and the *Banking Act* 1959.

It is the central bank of Australia and Territories of the Commonwealth and its principal responsibilities are the conduct of Government and other central bank accounts; bank credit policy supervision, exchange control and foreign exchange; the conduct of Commonwealth Government and Territorial inscribed stock registries; the Australian Note Issue; and seasonal advances through the Rural Credits Department to statutory authorities and co-operative associations for the marketing of primary produce.

Details of the Bank's net profits, for each of the years 1955-56 to 1959-60, after deducting amounts written off bank premises and amounts provided for contingencies, are shown in the following table:—

**AUSTRALIA—RESERVE BANK OF AUSTRALIA :
NET PROFITS**

(Formerly Commonwealth Bank of Australia)
(£'000)

Department	Commonwealth Bank*				Reserve Bank
	1955-56	1956-57	1957-58	1958-59	1959-60
Central Banking ..	6,561	8,741	10,103	4,200	5,381
Note Issue ..	8,366	10,053	12,593	10,935	10,516
Rural Credits ..	220	195	184	227	322
Total ..	15,147	18,989	22,880	15,362	16,219

* Excluding net profits of Mortgage Bank Department and Industrial Finance Department. From 14th January, 1960, the functions of these departments were assumed by the Commonwealth Development Bank of Australia.

Commonwealth Banking Corporation

The Commonwealth Banking Corporation was established under the *Commonwealth Banks Act* 1959 and came into being on 14th January, 1960. The Corporation is the controlling body for the Commonwealth Trading Bank of Australia, Commonwealth Savings Bank of Australia, and Commonwealth Development Bank of Australia. Each of the constituent banks has its own statutory functions and responsibilities, and its separate identity within the framework of the Corporation. Apart from controlling the operations of its three constituent banks, the Corporation also engages staff and makes them available as required by those banks.

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

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

The Commonwealth Trading Bank carries out all types of general banking business and, at June, 1960, deposits totalled £271 mill. representing 15·7 per cent. of deposits with all major Australian trading banks. Total assets exceeded £354 mill., outstanding advances to customers totalled £147 mill., and customers' accounts numbered 680,000.

The *Commonwealth Savings Bank of Australia* was established in July, 1912. It is the largest savings bank in Australia, holding more than half of the nation's total savings bank deposits.

At the end of June, 1960, amounts on deposit with the Savings Bank totalled £807 mill. and it was conducting 5,370,000 active accounts, representing one for about every two persons in Australia. The Savings Bank's depositors' balances are widely invested in the development of Australia. Apart from advances, mainly for housing, of £136 mill. outstanding in June, 1960, investments in Commonwealth Government securities totalled approximately £500 mill. and local and semi-governmental securities amounted to approximately £90 mill.

Since 1946, £195 mill. has been provided for housing purposes, assistance having been provided for 110,000 homes, of which 100,000 were new dwellings.

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

The main function of the Development Bank is to provide finance for purposes of primary production, and for the establishment or development of industrial undertakings, particularly small undertakings,

where, in the opinion of the Bank, the granting of assistance is desirable and finance would not otherwise be available on reasonable and suitable terms and conditions.

The primary role of the Development Bank is, therefore, to supplement, but not to replace, the sources of finance available to primary producers and industrial undertakings through other institutions.

The amount of deposits (averages for month of June), the amount of advances, and the number of accounts current at 30th June are shown in the following table for each of the years 1955-56 to 1959-60 :—

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

At 30th June—	Deposits Repayable in Australia (Averages for Month of June)			Advances	Number of Accounts
	Bearing Interest	Not Bearing Interest	Total		
	£ mill.				'000
1956.. ..	43	136	179	105	515
1957.. ..	48	146	194	106	549
1958.. ..	63	152	215	118	591
1959.. ..	73	160	233	129	641
1960.. ..	80	191	271	147	680

In the following table, some particulars of the activities of the Commonwealth Savings Bank throughout Australia are shown for each of the years 1955-56 to 1959-60 :—

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

At 30th June—	Number of Active Accounts	Amount at Credit of Depositors	Loans and Advances Outstanding	Commonwealth and Other Securities Held
	'000	£ mill.		
1956	5,045	712	103	548
1957	5,049	721	111	549
1958	5,141	734	119	551
1959	5,265	765	127	555
1960	5,370	807	136	586

Advances by the Commonwealth Development Bank to primary and secondary industries, outstanding in Australia at 30th June, 1960 were as follows :—

**AUSTRALIA—COMMONWEALTH DEVELOPMENT BANK
OF AUSTRALIA : ADVANCES TO PRIMARY AND
SECONDARY INDUSTRIES OUTSTANDING
AT 30TH JUNE, 1960**

Primary Industries—		Secondary Industries—	
Type of Industry	Advances Outstanding	Type of Industry	Advances Outstanding
	£'000		£'000
Sheep	4,123	Chemical Products ..	2,187
Cattle	312	Electrical Manufacturing ..	440
Dairying	1,567	Food Processing ..	430
Wheat and Other Grain		Engineering	1,056
Crops	431	Other Manufacturing ..	1,928
Fruit	138	Transport	1,510
Miscellaneous	220	Miscellaneous	1,289
Total	6,791	Total	8,840

State Savings Bank of Victoria

The Bank, an autonomous body constituted under Victorian statutes, operates within Victoria under direction of Commissioners appointed by the Government, which exercises control through a general manager. It has a Savings Bank Department which accepts interest-bearing savings deposits, invests those moneys in trustee securities and in short term mortgage loans, and provides some general banking services, e.g., separate non-interest bearing cheque accounts, fixed deposit, and safe deposit facilities. It also provides a Credit Foncier Department which, by issuing debentures, obtains funds to make long-term mortgage loans to finance the erection or purchase of homes and farms.

At 30th June, 1960, 2,350,006 State Savings Bank depositors' balances totalled £298,135,746, approximately 60 per cent. of all savings bank deposits in Victoria, and 35,383 Credit Foncier loans totalled £59,391,679.

The State Savings Bank operates nearly 400 branches and more than 600 agencies.

The total assets of the Bank at 30th June, 1960, were as follows :—

			£
Savings Bank Department	..	..	316,554,049
Credit Foncier Department	..	..	60,277,392
Total	..	..	376,831,441

Profits accruing from the activities of the Savings Bank Department were :—1955–56, £164,399 ; 1956–57, £69,811 ; 1957–58, £160,094 ; 1958–59, £389,304 and 1959–60, £343,696. Reserve Funds totalled £10,550,000 at 30th June, 1960.

The following table shows the number of accounts open and the amount remaining on deposit in specified years from 1900 :—

VICTORIA—STATE SAVINGS BANK : ACCOUNTS OPEN AND DEPOSITS

At 30th June—	Number of Accounts Open—			Amount at Credit of Depositors—			
	Passbook and Cheque Accounts	School Bank Accounts*	Total	Passbook and Cheque Accounts	Deposit Stock Accounts	School Bank Accounts*	Total
	'000			£'000			
1900 ..	375	..	375	9,111	..	..	9,111
1905 ..	447	..	447	10,897	..	..	10,897
1910 ..	561	..	561	15,418	..	..	15,418
1915 ..	722	14	736	24,875	159	10	25,044
1920 ..	886	12	898	37,232	505	8	37,745
1925 ..	1,095	89	1,184	53,145	743	101	53,989
1930 ..	1,257	165	1,422	60,845	1,809	289	62,943
1935 ..	1,325	188	1,513	61,094	1,738	276	63,108
1940 ..	1,477	208	1,685	64,417	2,657	287	67,361
1945 ..	1,762	218	1,980	140,855	1,923	439	143,217
1950 ..	1,961	260	2,221	196,768	1,089	823	198,680
1955 ..	2,126	363	2,489	257,655	792	1,703	260,150
1956 ..	2,149	385	2,534	261,254	1,156	1,907	264,317
1957 ..	2,166	402	2,568	262,842	1,329	2,105	266,276
1958 ..	2,216	426	2,642	268,469	2,010	2,328	272,807
1959 ..	2,286	445	2,731	274,595	4,165	2,536	281,296
1960 ..	2,350	462	2,812	286,209	9,160	2,767	298,136

* School Banks were established in November, 1912

The following table shows the transactions in connexion with all accounts for each year since 1950–51 inclusive :—

VICTORIA—STATE SAVINGS BANK TRANSACTIONS

Year Ended 30th June—	Number of Accounts—			Deposits	Withdrawals	Interest Added	Amount at Credit of Depositors
	Opened	Closed	Remaining Open at End of Period				
		'000				£'000	
1951 ..	268	200	2,289	176,820	165,168	3,355	213,687
1952 ..	247	194	2,343	179,751	172,697	3,606	224,347
1953 ..	247	195	2,394	179,500	173,200	4,187	234,834
1954 ..	251	205	2,440	189,832	183,468	4,409	245,607
1955 ..	252	203	2,489	209,481	199,819	4,882	260,150
1956 ..	299	254	2,534	224,232	225,558	5,493	264,317
1957 ..	271	236	2,568	224,120	228,677	6,516	266,276
1958 ..	335	261	2,642	258,487	258,509	6,554	272,807
1959 ..	360	271	2,731	320,433	319,128	7,184	281,296
1960 ..	359	278	2,812	389,301	380,241	7,780	298,136

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

**VICTORIA—STATE SAVINGS BANK : CREDIT FONCIER
TRANSACTIONS**

Particulars	Year Ended 30th June—				Total to 30th June, 1960
	1957	1958	1959	1960	
Stock and Debentures—					
Issued £'000	8,000	12,800	22,200	26,250	353,845*
Redeemed £'000	6,000	10,000	15,000	16,000	296,595
Outstanding at 30th June £'000	37,000	39,800	47,000	57,250	57,250
Pastoral or Agricultural Property—					
Amount Advanced .. £'000	51	78	60	78	12,860
„ Repaid .. £'000	70	68	64	69	12,388
„ Outstanding at 30th June .. £'000	457	467	463	472	472
No. of Loans Current, 30th June	589	560	515	481	481
Dwelling or Shop Property—					
Amount Advanced .. £'000	5,954	7,084	11,456	15,280	114,732
„ Repaid .. £'000	3,304	3,764	4,276	4,865	55,983
„ Outstanding at 30th June .. £'000	37,834	41,154	48,334	58,749	58,749
No. of Loans Current, 30th June	26,294	27,863	30,632	34,258	34,258
Housing Advances—					
Amount Advanced .. £'000	†	†	..	..	9,840
„ Repaid .. £'000	88	69	59	48	9,671
„ Outstanding at 30th June .. £'000	345	276	217	169	169
No. of Loans Current, 30th June	1,143	934	781	643	643
Country Industries—					
Amount Advanced .. £'000	..	..	..	..	195
„ Repaid .. £'000	1	1	1	..	193
„ Outstanding at 30th June .. £'000	4	3	2	2	2
No. of Loans Current, 30th June	2	2	2	1	1
Total Transactions—					
Total Amount Advanced .. £'000	6,005	7,162	11,516	15,358	137,627
„ „ Repaid .. £'000	3,463	3,902	4,400	4,982	78,235
„ „ Outstanding at 30th June .. £'000	38,640	41,900	49,016	59,392	59,392
No. of Loans Current, 30th June	28,028	29,359	31,930	35,383	35,383

* Including conversion loans, and £2,637,300 stock inscribed in exchange for debentures.

† Under £500.

The net profit of the Credit Foncier Department for the year ended 30th June, 1960, after making provision for bad and doubtful debts, was £21,147. This sum was added to General Reserve, which amounted to £1,969,640 at 30th June, 1960. There are provisions for depreciation and long service leave amounting to £265,000.

Further References

An outline of the history of the State Savings Bank of Victoria will be found on pages 630 to 632 of the Victorian Year Book 1961.

Commonwealth Savings Bank in Victoria

The Savings Bank Department of the Commonwealth Bank commenced business on 15th July, 1912. The following table shows the business transacted in Victoria during each of the years 1950–51 to 1959–60 :—

VICTORIA—COMMONWEALTH SAVINGS BANK

Year Ended 30th June—	Number of Accounts—			Deposits	Withdrawals	Interest Added	Amount at Credit of Depositors at 30th June
	Opened	Closed	Remaining Open at End of Period*				
	'000			£'000			
1951 ..	117	58	520	72,548	62,863	966	68,092
1952 ..	116	68	554	79,227	71,956	1,222	76,485
1953 ..	112	68	583	82,328	75,077	1,401	85,137
1954 ..	107	69	605	90,606	83,140	1,571	94,174
1955 ..	120	78	629	104,653	96,063	1,833	104,597
1956 ..	123	87	649	113,443	109,957	2,132	110,216
1957 ..	113	87	656	115,010	113,290	2,606	114,542
1958 ..	112	87	667	120,264	119,758	2,757	117,805
1959 ..	129	98	686	131,071	129,342	3,043	122,577
1960 ..	134	98	703	149,201	143,915	3,380	131,243

* Inoperative accounts have been excluded, i.e., those with balances of £1 or over inoperative for seven years or more and those with balances under £1 inoperative for three years (two years since 30.6.1950), or more. At 30th June, in each of the undermentioned years the number of inoperative accounts was as follows :—1951, 209,501; 1952, 220,538; 1953, 231,681; 1954, 244,800; 1955, 259,584; 1956, 272,629; 1957, 285,222; 1958, 293,337; 1959, 303,722; 1960, 318,122.

Total Deposits, &c., in Savings Banks

The next table shows, for each of the years 1950–51 to 1959–60, the aggregate amount on deposit in Victoria in the State Savings Bank, the Commonwealth Savings Bank, and the private savings banks. Also shown is the amount of deposits per head of population.

VICTORIA—SAVINGS BANKS : DEPOSITS

At 30th June—			Amount at Credit of Depositors—				Deposits per Head of Population
			State Savings Bank*	Commonwealth Savings Bank	Private Savings Banks	Total	
			£'000				£
1951 ..	..	..	213,687	68,092	..	281,779	123·8
1952 ..	..	..	224,347	76,485	..	300,832	128·3
1953 ..	..	..	234,834	85,137	..	319,971	133·6
1954 ..	..	..	245,607	94,174	..	339,781	138·6
1955 ..	..	..	260,151	104,597	..	364,748	144·6
1956 ..	..	..	264,317	110,216	11,644	386,177	148·2
1957 ..	..	..	266,276	114,542	30,751	411,569	153·9
1958 ..	..	..	272,807	117,805	43,019	433,631	158·2
1959 ..	..	..	281,296	122,577	54,581	458,454	162·9
1960 ..	..	..	298,136	131,243	70,242	499,621	172·8

* Including School Bank and Deposit Stock Accounts.

Royal Mint, Melbourne Branch

Present Functions

For many years, the major activity of the Melbourne Mint has been the production of coin for the Commonwealth Government. All the silver coin and a large part of the bronze is produced in Melbourne—Perth Mint supplying the balance of the bronze. The present silver alloy consists of 500 silver, 400 copper, 50 nickel, and 50 zinc parts per 1,000. The bronze consists of copper, tin, and zinc.

To meet the demands of a rising population and an expanding economy, an average of 58,707,000 pieces were minted in each of the five years to 31st December, 1960. The Melbourne Mint was originally designed for a production of 5 million sovereigns per annum.

The original functions of purchase and refining have continued, though their importance has been relatively reduced by the decrease in gold production. However, in 1960, 221,806 ounces of rough gold containing 115,491 ounces of fine gold were treated. Deposits are usually the product of Victoria, New South Wales, Queensland, South Australia, and Northern Territory, with a large and increasing number of small parcels from New Guinea.

Gold and silver, in various forms and alloys, are prepared and supplied to manufacturers and others. Medals of gold, silver, or bronze are struck for various bodies.

The following table shows, for each of the years 1956 to 1960, the quantity of gold received at the Mint; where the gold was produced; its mint coinage value; and the gold bullion issued during the same periods:—

VICTORIA—ROYAL MINT: GOLD RECEIVED AND ISSUED

Particulars	1956	1957	1958	1959	1960
GOLD RECEIVED (Gross Weight)					
Produced in Victoria oz.	47,170	56,441	50,691	43,882	32,465
" New South Wales	22,056	25,485	12,438	5,906	5,844
" Queensland	43,533	42,956	38,188	44,340	36,579
" South Australia and	68,978	71,581	62,572	59,386	59,939
" Northern Territory .. ..	..	7	609	..	1
" Western Australia	229	214	211	119	316
" Tasmania .. ..	..	2,637	2,644	3,438	2,108
" New Zealand .. ..	..	..	..	..	..
" Elsewhere	50,167	48,598	53,138	75,172	84,554
Total	232,133	247,919	220,491	232,243	221,806
Mint Coinage Value £	633,558	690,106	612,070	541,726	490,573
GOLD ISSUED					
Bullion—Quantity oz. std.	161,536	177,289	156,589	137,412	129,416
—Mint Value £	628,980	690,321	609,719	535,050	503,912

The number of deposits received during 1960 was 2,437. The average composition of these deposits was gold 520·7, silver 389·7, and base 89·6 in every 1,000 parts.

The value of gold shown in the above table is calculated on the normal mint price of £3 17s. 10½d. per ounce standard (22 carat), which is equivalent to approximately £4 4s. 11½d. per ounce fine (24 carat). By arrangement with the Commonwealth Bank, the Mint

also pays a premium on all gold lodged at the Mint for sale to the Bank. During 1960, depositors were paid a premium of 267·84377 per cent., thereby making the actual price of gold £15 12s. 6d. per ounce fine.

In the following table, particulars of the coinages and the issue of silver and bronze pieces for the requirements of the Commonwealth Treasury are given for each of the years 1956 to 1960 :—

**VICTORIA—ROYAL MINT : SILVER AND BRONZE COINS
ISSUED, 1956 TO 1960
(’000)**

Denomination of Coins	1956	1957	1958	1959	1960
Silver Pieces—					
2s.	8,090	9,278	8,972	3,500	15,760
1s.	6,588	12,668	7,412	10,876	14,512
6d.	5,440	13,752	17,944	11,728	18,592
3d.	11,792	26,704	11,248	19,888	19,600
Total Silver Pieces ..	31,910	62,402	45,576	45,992	68,464
Bronze Pieces—					
1d.	15,862	..	10,013	1,618	507
½d. .. .. .	..	..	..	10,166	1,027
Total Bronze Pieces ..	15,862	..	10,013	11,784	1,534

Further References

A historical outline of the Royal Mint is given on page 635 of the Victorian Year Book 1961.

Life Assurance

General

The business of life assurance in Victoria, both ordinary and industrial, is regulated by the Commonwealth Life Insurance Act which came into operation in 1946. This Act replaced existing Commonwealth and State Acts and resulted in uniform life assurance legislation throughout Australia.

Some minor amendments to the original Act have become necessary over the years but, in general, it has proved to be very satisfactory. It deals, *inter alia*, with registration of companies, deposits which are required before they can be registered to carry on business, and statutory funds of the life companies.

The Life Insurance Act also deals with accounts and actuarial investigations, documents to be furnished to the Commissioner and investigations which he may make if he has any doubts concerning matters connected with a company's business. If his investigation satisfies him that it is necessary or proper for him to do so, he may apply to the Court for an order that the company be placed under judicial management or that its business be wound up. There is provision for an appeal to the High Court against such a decision.

Other sections of the Act deal with provisions relating to policies including surrender values and non-forfeiture conditions, payment of policy moneys and protection of policies, and contain the various schedules which the companies are required to submit to the Commissioner.

The Life Insurance Act permits investment of funds in such manner as the company thinks fit subject only to its own Memorandum or Articles of Association. However, in this connexion, it is appropriate to mention the circumstances under which amendments to the Income Tax and Social Services Contribution Assessment Act, assented to on 15th May, 1961, made certain concessions to life assurance companies in the assessment of income tax. These concessions were made dependent upon the investment by companies of not less than 30 per cent. of their funds in public authority securities, including not less than 20 per cent. in Commonwealth securities.

Trends in 1960

The percentages of assets invested in mortgages (including home purchase mortgages), property, and company debentures and shares, have continued to increase because of the great demand by individuals and companies for financial assistance.

The volume of new assurances written in the ordinary department continued to grow although an increasing proportion has been in the form of temporary assurance—a trend not confined to Australia.

The allowance of life assurance premiums up to £400 per annum as a deduction from assessable income in tax assessments is, of course, of considerable value to taxpayers, and has assisted the growth of the life assurance business in Australia. On the other hand, the competition from other types of investment and saving, especially from those whose income is at present free from taxation continues with increasing intensity.

The influx of United Kingdom insurance companies has continued during the year under review but the great proportion of new business is still being written by Australian companies. Australian life offices' subsidiaries have continued in the general insurance field, and they and other subsidiaries, e.g., nominee and short term money market companies, are still operating satisfactorily.

Interest rates earned on policyholders' funds have again increased with the investment of accruing funds and re-investment of maturing investments at current high interest rates. Interest rates in Australia continued upwards during the year. Because of increasing interest rates and improving mortality, bonus additions to sums assured have continued their upward trend.

Under-writing practices are under continual review so that cover may be granted in the light of advances in medical science. The practice of charging lower premium rates for female lives than for males of the same actual age because of the proved greater longevity of females, is now accepted by most Australian offices.

The following table shows particulars for each of the years 1955 to 1959, of life assurance policies in force in both the ordinary and industrial departments of the companies :—

VICTORIA—LIFE ASSURANCE POLICIES IN FORCE

Particulars	1955	1956	1957	1958	1959
Ordinary Business—					
Number of Policies ..	876,458	909,596	943,549	976,227	1,009,971
Sum Assured £'000	571,035	646,421	749,252	857,569	993,079
Annual Premiums ..	19,789	21,929	24,471	27,203	30,012
Industrial Business—					
Number of Policies ..	1,194,985	1,163,876	1,131,825	1,102,774	1,069,764
Sum Assured £'000	95,623	96,990	98,744	100,390	101,424
Annual Premiums ..	4,683	4,694	4,727	4,759	4,757

In 1959, the average amount of policy held in the ordinary and in the industrial departments was £983 and £95 respectively.

The preceding table refers to policies in force. The succeeding table contains summarized information in relation to the new business written by all life assurance companies during each of the five years 1955 to 1959 :—

VICTORIA—LIFE ASSURANCE : NEW POLICIES ISSUED

Particulars	1955	1956	1957	1958	1959
Ordinary Business—					
Number of Policies ..	77,367	80,501	83,711	84,686	90,939
Sum Assured £'000	100,613	110,923	145,541	156,501	193,872
Annual Premiums ..	3,197	3,446	4,101	4,351	4,715
Industrial Business—					
Number of Policies ..	61,200	56,911	58,682	53,457	52,804
Sum Assured £'000	9,321	8,860	9,357	8,978	9,343
Annual Premiums ..	429	415	437	418	435

Sums assured under new policies issued during 1959 averaged £2,132 in the Ordinary Department and £177 in the Industrial Department.

The following table gives particulars of the policies which were discontinued during each of the years 1957 to 1959 :—

VICTORIA—LIFE ASSURANCE : POLICIES DISCONTINUED

Cause of Discontinuance	1957		1958		1959	
	Number of Policies	Sum Assured	Number of Policies	Sum Assured	Number of Policies	Sum Assured
ORDINARY BUSINESS						
		£'000		£'000		£'000
Death	4,823	2,884	5,002	3,157	4,989	3,483
Maturity or Expiry	12,677	7,473	13,018	7,878	13,799	8,743
Surrender	20,529	20,305	22,294	22,074	25,906	24,337
Lapse	9,414	9,178	9,858	11,531	10,536	15,020
Other *	2,315	2,871	1,836	3,544	1,965	6,779
Total	49,758	42,711	52,008	48,184	57,195	58,362
INDUSTRIAL BUSINESS						
		£'000		£'000		£'000
Death	4,773	264	4,532	271	4,515	280
Maturity	52,321	2,556	44,286	2,199	45,472	2,369
Surrender	18,982	2,422	19,802	2,585	21,367	2,980
Lapse	13,940	2,295	13,978	2,286	14,085	2,661
Other *	717	66	90	9	375	19
Total	90,733	7,603	82,508	7,332	85,814	8,309

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

Fire, Marine, and General Insurance

The growth of insurance is closely linked with the development of the whole economy. More people, increased trade, a greater number of houses, factories, shops, and office buildings, all lead to a higher demand for insurance facilities. Diversification in industrial and economic development and the application of new technical discoveries extend the range and increase the complexity of insurance protection required. At the same time, by enlarging its services to meet these requirements, insurance provides a framework of security without which many kinds of economic development would not be possible.

The following tables of insurance statistics, therefore, provide a general appreciation of the development of the Victorian economy, especially when comparisons are made of premium income over a number of years. The figures also present a picture of the operations of the insurance industry itself.

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

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

The statistics have been compiled on the following basis :—

- (1) Premiums are the total amounts received and receivable during the year for policies issued and renewed and for facultative reinsurances accepted, after deduction of returns of premium and rebates and bonuses paid or credited to policy holders, and of payments for facultative reinsurance ceded to other insurers. Amounts received and paid for treaty reinsurance have been disregarded.
- (2) Claims consist of payments during the year plus the estimated amount of claims unsettled at the end of the year, less the estimated amount of claims unsettled at the beginning of the year. Liabilities arising through facultative reinsurance received have been included, and salvage and recoveries from facultative reinsurers and from other parties have been deducted.
- (3) Contributions to fire brigades, commission, and agents' charges, and expenses of management are charges paid during the year.
- (4) Taxation consists of payments during the year for all forms of taxation including stamp duty, licence fees, and pay-roll tax as well as income tax.

It should be noted that the figures shown for premiums are different from the premium income earned by insurers during the year, as no adjustment is made for premiums unearned at the beginning and end of the year. When, as in recent years, the premium volume is increasing, the figures in the tables are greater than the premiums earned by insurers and the amount of the difference is often substantial. For this reason, the relationship of claims and other charges to premiums should be used only as a basis of comparison with ratios calculated under similar headings in previous years.

Another feature which should also be taken into account is that contributions to fire brigades and income tax paid during the year are based on the revenue of earlier years, and are not applicable to the years covered by the tables in which they appear.

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

(£'000)

Class of Business	Year Ended 30th June—				
	1956	1957	1958	1959	1960

PREMIUMS (LESS RETURNS, REBATES AND BONUSES)

Fire	8,196	8,933	9,432	9,284	9,628
Householders' Comprehensive ..	2,000	2,251	2,564	2,935	3,315
Sprinkler Leakage	19	38	23	28	26
Loss of Profits	1,004	1,036	992	1,151	1,266
Hailstone	175	166	177	301	254
Marine	2,645	2,452	2,410	2,664	2,572
Motor Vehicles (Other than Motor Cycles)	9,087	11,577	12,849	12,764	14,377
Motor Cycles	58	45	40	52	59
Compulsory Third Party (Motor Vehicles)	4,003	5,142	5,361	5,703	6,009
Employers' Liability and Workmen's Compensation *	8,422	10,053	12,312	13,110	14,081
Personal Accident	1,015	1,194	1,521	1,786	1,838
Public Risk, Third Party	411	520	573	650	755
General Property	63	72	102	120	113
Plate Glass	141	159	207	218	232
Boiler	13	17	22	22	36
Live Stock	80	76	92	73	80
Burglary	678	695	808	860	892
Guarantee	74	69	78	96	143
Pluvius	32	29	30	24	25
Aviation	270	241	111	196	60
All Risks	290	322	397	461	497
Television .. .. .	..	†	†	867	1,153
Others	434	496	663	595	707
Total Premiums	39,110	45,583	50,764	53,960	58,118

INTEREST, DIVIDENDS, RENTS., &C. (NET OF EXPENSES)

Investments	1,136	1,161	1,399	1,725	2,420
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TOTAL REVENUE

Grand Total	40,246	46,744	52,163	55,685	60,538
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* See references pages 303 to 306.

† Included with "Others". This class of business was first transacted in 1956-57.

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

(£'000)

Class of Business	Year Ended 30th June—				
	1956	1957	1958	1959	1960

GROSS CLAIMS (LESS AMOUNTS RECOVERABLE)

Fire	2,475	2,812	2,668	2,584	2,902
Householders' Comprehensive ..	343	383	470	539	669
Sprinkler Leakage	15	9	17	3	17
Loss of Profits	151	257	135	132	224
Hailstone	627	92	155	291	139
Marine	1,012	1,178	1,267	1,003	1,087
Motor Vehicles (Other than Motor Cycles)	6,290	8,067	8,473	8,725	9,948
Motor Cycles	35	23	21	22	28
Compulsory Third Party (Motor Vehicles)	3,783	4,034	4,705	5,618	5,356
Employers' Liability and Workmen's Compensation	6,891	8,021	8,676	9,366	9,639
Personal Accident	353	449	538	623	787
Public Risk, Third Party	223	201	343	308	368
General Property	35	120	122	24	125
Plate Glass	84	102	109	122	148
Boiler	3	1	6	1	2
Live Stock	35	40	41	39	35
Burglary	222	369	383	432	524
Guarantee	9	11	9	24	25
Pluvius	23	21	12	8	16
Aviation	220	44	31	72	31
All Risks	144	152	188	231	299
Television .. .. .	..	*	*	431	694
Others	108	156	234	257	354
Total	23,081	26,542	28,603	30,855	33,417

OTHER EXPENDITURE

Contributions to Fire Brigades ..	860	1,020	1,069	1,169	1,291
Commission and Agents' Charges ..	4,141	4,913	5,373	5,549	5,937
Expenses of Management	5,685	6,391	7,210	7,928	8,794
Taxation	1,401	1,799	1,751	2,426	3,036
Total	12,087	14,123	15,403	17,072	19,058

TOTAL EXPENDITURE

Grand Total.. ..	35,168	40,665	44,006	47,927	52,475
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* Included with "Others". This class of business was first transacted in 1956-57.

The percentage of claims to premium income for each of the years 1955-56 to 1959-60 in respect of the various classes of insurance was as follows :—

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

Class of Business	Year Ended 30th June—				
	1956	1957	1958	1959	1960
Fire	30·20	31·48	28·28	27·84	30·14
Householders' Comprehensive ..	17·16	17·01	18·35	18·38	20·19
Sprinkler Leakage	79·59	23·65	70·67	9·42	63·39
Loss of Profits	15·01	24·83	13·60	11·45	17·67
Hailstone	357·54	55·40	87·45	96·45	54·74
Marine	38·28	48·05	52·55	37·63	42·25
Motor Vehicles (Excl. Motor Cycles)	69·22	69·68	65·94	68·36	69·20
Motor Cycles	61·00	51·57	53·71	41·60	47·65
Compulsory Third Party (Motor Vehicles)	94·50	78·45	87·76	98·50	89·14
Employers' Liability and Workmen's Compensation	81·82	79·79	70·47	71·44	68·45
Personal Accident	34·81	37·61	35·36	34·86	42·80
Public Risk, Third Party	54·19	38·61	59·88	47·40	48·78
General Property	55·88	165·70	119·69	19·74	111·16
Plate Glass	59·45	64·31	52·69	55·84	63·71
Boiler	21·24	4·91	26·53	6·37	6·59
Live Stock	43·67	52·44	45·06	53·74	43·73
Burglary	32·77	53·18	47·13	50·29	58·79
Guarantee	12·85	15·61	11·06	25·02	17·42
Pluvius	71·67	72·75	39·67	34·97	63·74
Aviation	81·46	18·44	28·33	36·77	51·59
All Risks	49·68	47·05	47·42	50·04	60·01
Television .. .. .	..	*	*	49·72	60·19
Others	24·89	31·39	35·25	43·15	50·03
All Classes	59·02	58·23	56·34	57·18	57·50

* Included with "others". This class of business was first transacted in 1956-57.

Motor Vehicle Insurance

Motor Car (Third Party Insurance)

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

The number of vehicles insured during each of the years 1955-56 to 1959-60 is shown in the following table :—

**VICTORIA—MOTOR CAR (THIRD PARTY INSURANCE) :
NUMBER OF MOTOR VEHICLES INSURED**

Class of Motor Vehicle	Year Ended 30th June—				
	1956	1957	1958	1959	1960
MOTOR VEHICLES USUALLY GARAGED WITHIN A RADIUS OF 20 MILES OF THE POST OFFICE, ELIZABETH-STREET, MELBOURNE					
Private	251,055	266,190	285,887	302,145	336,684
Business	32,618	33,277	36,723	37,753	43,298
Light Goods	37,066	37,881	39,751	40,068	42,112
Heavy Goods	19,032	18,436	19,507	18,522	20,298
Miscellaneous	7,935	8,130	8,365	8,812	9,633
Motor Cycles	15,161	13,544	12,914	12,701	12,145
Visiting Motor Cars	576	538	887	931	1,815
Total	363,443	377,996	404,034	420,932	465,985

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

Private	197,025	204,431	216,679	222,154	239,699
Business	7,413	7,684	8,507	9,190	10,318
Light Goods	51,060	51,025	51,504	50,368	52,589
Heavy Goods	32,498	32,575	32,497	31,926	33,639
Miscellaneous	26,178	29,418	33,208	34,728	37,729
Motor Cycles	13,191	10,536	10,218	8,924	8,134
Visiting Motor Cars	118	78	60	81	151
Total	327,483	335,747	352,673	357,371	382,259
Grand Total.. .. .	690,926	713,743	756,707	778,303	848,244

State Motor Car Insurance Office

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

The proportion of total Victorian motor insurance business underwritten by the Office for the year 1959-60 represented 4.3 per cent. of comprehensive and 25.4 per cent. of third party premiums received in Victoria.

The following table shows the trading results for each of the five years 1955-56 to 1959-60 :—

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

Year	Premiums Received Less Reinsurances, Rebates, &c.	Additional Unearned Premium Provision	Claims Paid and Outstanding	Expenses	Underwriting Profit
1955-56 ..	1,258	207	1,262	88	299*
1956-57 ..	1,541	103	1,222	109	107
1957-58 ..	1,812	135	1,365	122	190
1958-59 ..	1,967	54	1,751	134	28
1959-60 ..	2,153	102	2,018	145	112*

* Loss

State Accident Insurance Office

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

The Office is conducted on a mutual basis so that all profits, after providing for the necessary reserves, are refunded as bonuses to policy holders.

The Office has made steady progress during 46 years of operation and for the year ended 30th June, 1960, its premium income represented 18·5 per cent. of the total premiums received by all insurance companies on account of Employers' Liability and Workmen's Compensation Insurance.

The following table shows the trading results for each of the five years 1955-56 to 1959-60 :—

**STATE ACCIDENT INSURANCE OFFICE : PREMIUMS
RECEIVED, CLAIMS PAID, ETC.
(£'000)**

Year	Premiums Received Less Reinsurances, Rebates, &c.	Additional Unearned Premium Provision	Claims Paid and Outstanding	Expenses	Underwriting Profit
1955-56 ..	1,913	129	1,563	128	93
1956-57 ..	2,011	234	2,078	148	449*
1957-58 ..	2,462	72	1,918	155	317
1958-59 ..	2,656	62	2,005	167	422
1959-60 ..	2,606	— 172	2,251	242	285

* Loss

The accumulated funds at 30th June, 1960, were :—General Reserve, £1,160,000 ; Building and other Reserves, £30,547 ; and Bonus Equalization Reserve, £641,014.

Building Societies

The provisions of the *Building Societies Act* 1874 made it compulsory for building societies to effect registration. Up to 31st December, 1960, the number of societies that had been registered was 199. There were 24 societies operating during 1960.

Particulars are given in the following table of Permanent Societies and Starr-Bowkett Societies transacting business in Victoria during 1960 :—

VICTORIA—BUILDING SOCIETIES, 1960

Particulars	Permanent Societies	Starr-Bowkett Societies	Total All Societies
Number of Societies	23	2	24*
„ „ Shareholders	4,727	7,290	12,017
„ „ Borrowers	15,586	1,059	16,645
Transactions during the Year—	£'000		
Income—			
Interest on Loans and Investments ..	1,131	49	1,180
Other	65	2	67
Total	1,196	51	1,247
Expenditure—			
Working Expenses	166	21	187
Interest	698	12	710
Taxation	120	†	120
Total	984	33	1,017
Loans Granted	4,518	171	4,689
Repayments	2,561	213	2,774
Deposits Received	2,934	30	2,964
Assets—			
Loans on Mortgage	18,286	970	19,256
Properties in Possession or Surrendered ..	713	..	713
Other Advances	19	13	32
Cash in Hand, &c.	75	†	75
Commonwealth Loans (Including Accrued Interest)	248	..	248
Other	159	3	162
Total	19,500	986	20,486
Liabilities—			
To Shareholders	4,183	559	4,742
„ Depositors	4,794	276	5,070
Reserve Funds	1,153	45	1,198
Bank Overdraft	240	30	270
Profit and Loss Account	24	21	45
Other	9,106	55	9,161
Total	19,500	986	20,486

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

† Under £500.

Co-operative Organizations

Co-operative organizations operating in Victoria are registered under the provisions of the Companies Act, the Industrial and Provident Societies Act, and the Co-operation Act. They are mainly engaged in the production, marketing, and distribution of goods. A number of co-operative credit societies has been registered in recent years under the Co-operation Act but, because of the nature of their business, they have been excluded from the summary of co-operative organizations given below. References to societies registered under the Co-operation Act are to found on pages 308 to 310.

For statistical purposes, co-operative organizations have been defined as those producing, manufacturing, marketing, or distributing societies which substantially fulfil the following conditions :—

- (1) Dividend on share capital does not exceed 8 per cent.;
- (2) the greater portion of the business of the society is transacted with its own shareholders ;
- (3) any distribution of surplus, after payment of dividend on share capital, is amongst suppliers and customers, in proportion to the business done with the society ; and
- (4) voting powers are limited.

Societies have been divided into three classes, viz.: (1) Producers, (2) Consumers, and (3) Producers and Consumers. Included in the group of Consumers' Societies is a number of Community Advancement Societies registered under the Co-operation Act.

Particulars of co-operative organizations for the year 1959–60 are given in the following table :—

VICTORIA—CO-OPERATIVE ORGANIZATIONS, 1959–60

Particulars	Societies—			Total All Societies
	Producers'	Consumers'	Producers' and Consumers'	
Number of Societies	57	49	12	118
Membership	40,948	26,291	7,420	74,659
£'000				
Purchases	17,038	3,393	6,501	26,932
Working Expenses, &c.	5,164	580	1,008	6,752
Interest on—				
Loan Capital	100	27	14	141
Bank Overdraft				
Rebates and Bonuses	197	86	33	316
Total Expenditure	22,499	4,086	7,556	34,141
Sales	21,563	3,986	7,620	33,169
Other Income	1,431	104	36	1,571
Total Income	22,994	4,090	7,656	34,740
Dividend on Share Capital	241	20	35	296

VICTORIA—CO-OPERATIVE ORGANIZATIONS, 1959-60—*continued*

Particulars	Societies—			Total All Societies
	Producers'	Consumers'	Producers' and Consumers'	
Liabilities—	£'000			
Share Capital—Paid-up ..	3,450	641	562	4,653
Loan Capital	577	266	181	1,024
Bank Overdraft	1,871	283	40	2,194
Accumulated Profits	546	172	164	882
Reserve Funds	3,748	207	700	4,655
Sundry Creditors	2,977	318	624	3,919
Other	776	216	61	1,053
Total	13,945	2,103	2,332	18,380
Assets—				
Land and Buildings	7,488	978	1,369	9,835
Fittings, Plant, and Machinery }				
Stock	1,863	601	377	2,841
Sundry Debtors	3,687	372	432	4,491
Cash in Bank, in Hand, or on De- posit	315	40	61	416
Profit and Loss Account	37	39	6	82
Other	555	73	87	715
Total	13,945	2,103	2,332	18,380

Public Trustee

Under the provisions of the Public Trustee Acts, the Public Trustee is authorized to act as executor of wills, to administer intestate estates, or to act as an agent, attorney, or trustee. He is also authorized to act as custodian of assets under settlements and trusts.

The control of estates of certified patients in mental hospitals is vested in the Public Trustee who is also empowered to assume control of estates of persons who, by reason of mental or physical disability, are certified to be incapable of managing their affairs.

Consequent on the passing of the *Public Trustee Act* 1948, the Public Trustee Fund at the State Treasury was abolished and the proceeds of all estates, as from 1st October, 1948, were invested in a Common Fund under the control of the Public Trustee. In the following table, particulars of the Common Fund are shown for each of the years 1955-56 to 1959-60 :—

VICTORIA—PUBLIC TRUSTEE : COMMON FUND
(£'000)

Particulars	1955-56	1956-57	1957-58	1958-59	1959-60
Proceeds of Realizations, Rents, Interest, &c.	2,205	2,488	2,948	3,362	3,261
Investments, Distributions, Claims, &c.	1,971	2,129	2,505	2,815	3,093
Cash Variation	234	359	443	547	168
Common Fund	3,103	3,336	3,695	4,138	4,685
Balance at 30th June	3,337	3,695	4,138	4,685	4,853

The numbers of applications for probate and letters of administration (including election to administer), &c., made by the Public Trustee for each of the years 1950-51 to 1959-60 are shown in the following table :—

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

Year	No.	Year	No.
1950-51	924	1955-56	1,089
1951-52	1,095	1956-57	1,135
1952-53	1,182	1957-58	1,130
1953-54	1,187	1958-59	1,066
1954-55	1,126	1959-60	919

The number of wills (under which the Public Trustee was appointed executor) lodged for safe custody during each of the years 1955-56 to 1959-60 was as follows :—1955-56, 2,518 ; 1956-57, 2,561 ; 1957-58, 2,878 ; 1958-59, 2,936 ; 1959-60, 2,938.

Trustees, Executors, and Agency Companies

There are eight trustee companies transacting business in Victoria. From their published balance-sheets the following particulars for the year 1960 have been abstracted :—Paid-up capital, £530,530 ; reserve funds, &c., £641,455 ; sundry creditors, £69,637 ; accumulated profits, £99,984 ; other liabilities, £812,620 ; total liabilities, £2,154,226. The assets were :—Land and buildings, £992,750 ; loans on mortgage, £109,084 ; government loans, £273,209 ; guarantee funds, £142,400 ; sundry debtors, £90,022 ; other assets, £546,761 ; total assets, £2,154,226. Total income amounted to £1,246,582 and expenditure to £1,161,222, while bonuses paid or proposed totalled £57,975.

Probate Returns

The accompanying table shows the number and value of estates of deceased persons of each sex in connexion with which probates or letters of administration, &c., were finally completed during each of the years 1956 to 1960. Particulars of estates administered by the Public Trustee are included.

VICTORIA—PROBATES, LETTERS OF ADMINISTRATION, ETC.

Year	Number of Estates	Gross Value of Estates—		Liabilities	Net Value of Estates	Average Net Value of Each Estate
		Real	Personal			
		£'000	£'000	£'000	£'000	£
MALES						
1956	7,887	19,409	30,710	2,953	47,166	5,980
1957	8,258	20,046	33,559	2,749	50,856	6,158
1958	8,659	22,599	38,091	2,894	57,796	6,675
1959	8,657	22,824	33,582	2,124	54,282	6,270
1960	8,860	23,428	42,024	3,108	62,344	7,037

VICTORIA—PROBATES, LETTERS OF ADMINISTRATION, ETC.—*continued*

Year	Number of Estates	Gross Value of Estates—		Liabilities	Net Value of Estates	Average Net Value of Each Estate
		Real	Personal			
		£'000	£'000	£'000	£'000	£
FEMALES						
1956 ..	5,802	10,140	14,391	1,054	23,477	4,046
1957 ..	6,465	10,688	16,640	1,032	26,296	4,067
1958 ..	6,359	11,194	17,641	1,201	27,634	4,346
1959 ..	6,510	12,319	18,759	1,292	29,786	4,575
1960 ..	6,277	11,844	21,772	1,064	32,552	5,186
TOTAL						
1956 ..	13,689	29,549	45,101	4,007	70,643	5,161
1957 ..	14,723	30,734	50,199	3,781	77,152	5,240
1958 ..	15,018	33,793	55,732	4,095	85,430	5,688
1959 ..	15,167	35,143	52,341	3,416	84,068	5,543
1960 ..	15,137	35,272	63,796	4,172	94,896	6,269

The number and value of estates dealt with in each of the years 1958 to 1960 grouped according to net value and, distinguishing the estates of males from those of females, were as follows :—

VICTORIA—NUMBER AND NET VALUE OF ESTATES OF DECEASED PERSONS

Group	1958		1959		1960	
	Number	Net Value	Number	Net Value	Number	Net Value
		£'000		£'000		£'000
MALES						
Under £100	405	18	448	19	431	18
£100 to £300	779	147	759	142	762	139
£300 to £500	533	212	506	198	480	187
£500 to £1,000	1,014	731	962	698	995	729
£1,000 to £2,000	1,300	1,869	1,280	1,861	1,264	1,823
£2,000 to £3,000	958	2,372	905	2,248	907	2,235
£3,000 to £4,000	711	2,472	816	2,806	810	2,796
£4,000 to £5,000	496	2,220	551	2,476	590	2,621
£5,000 to £10,000	1,073	7,518	1,080	7,620	1,152	8,215
£10,000 to £15,000	464	5,660	460	5,633	475	5,816
£15,000 to £25,000	454	8,689	414	7,972	454	8,627
£25,000 to £50,000	321	11,000	350	11,827	383	12,735
£50,000 to £100,000	110	7,467	92	6,065	112	7,938
Over £100,000	41	7,421	34	4,717	45	8,465
Total Males	8,659	57,796	8,657	54,282	8,860	62,344

**VICTORIA—NUMBER AND NET VALUE OF ESTATES OF DECEASED
PERSONS—continued**

Group	1958		1959		1960	
	Number	Net Value	Number	Net Value	Number	Net Value
		£'000		£'000		£'000
FEMALES						
Under £100	258	13	293	13	243	12
£100 to £300	592	110	621	120	628	116
£300 to £500	419	165	432	170	408	159
£500 to £1,000	769	567	744	542	690	502
£1,000 to £2,000	1,099	1,599	1,054	1,550	954	1,392
£2,000 to £3,000	793	1,954	805	1,975	797	1,968
£3,000 to £4,000	585	2,010	635	2,198	624	2,159
£4,000 to £5,000	392	1,745	439	1,952	426	1,889
£5,000 to £10,000	787	5,561	811	5,666	791	5,578
£10,000 to £15,000	303	3,695	305	3,719	275	3,363
£15,000 to £25,000	220	4,231	219	4,231	228	4,348
£25,000 to £50,000	117	3,824	112	3,761	150	5,022
£50,000 to £100,000	22	1,509	30	2,064	45	2,981
Over £100,000	3	651	10	1,825	18	3,063
Total Females ..	6,359	27,634	6,510	29,786	6,277	32,552
Grand Total..	15,018	85,430	15,167	84,068	15,137	94,896

Transfer of Land

Torrens System

The Torrens System of land dealings is embodied in the Transfer of Land Act. This system was conceived in South Australia by Robert Richard Torrens who, as Collector of Customs, was concerned with the complexity of even a simple land dealing of small value compared with the simplicity of transferring the ownership of a valuable ship. He was impressed by the method of recording in shipping registers, ownership of ships and shares.

In 1858, the South Australian Real Property Act was passed and, in the year 1862, Victoria adopted the Torrens System in its Real Property Act. All other States in Australia and various other countries have also copied this system.

Prior to 1862, Victoria had only one system of conveying land, known as general law conveyancing. This system is, in effect, a private arrangement between parties and no registration of any deeds is essential. Less than 2 mill. acres of land in Victoria remain subject to this somewhat complex and uncertain general law system.

The Torrens System aims at five principles—simplicity, certainty, indefeasibility, flexibility, and cheapness—none of which characterizes general law conveyancing. The fundamental principle of the Torrens System is that the title to land and to interests in land (such as interest of mortgagees, transferees, &c.) depends upon registration of written instruments signed by the parties to the respective transactions, not upon the written deeds themselves.

The document of title to land under the Transfer of Land Act (Torrens System) consists of a Certificate of Title setting out a description identifying the land and a statement certifying who is the registered proprietor. Such statement is conclusive evidence and is guaranteed by the Government. Every time the land is transferred and the transfer is registered, the like guarantee and certification operates for the entry of the name of the new proprietor.

Whenever a mortgage is registered, the land is charged with payment of moneys secured. Certain statutory powers, such as sale or foreclosure, are conferred on the mortgagee in the event of default under the mortgage.

Any Certificate of Title can be searched at the Titles Office for a small fee, and any person intending to deal with the registered proprietor of the land is not concerned to investigate any of the entries on the title such as the name of the registered proprietor, the encumbrances affecting, such as easements or mortgages. The certainty of these particulars can be assumed, as, in terms of the Act, they are conclusive.

Separate Certificates of Title to Flats

Individual ownership of flats was first introduced into Victoria shortly after the Second World War when the expression "own your own flat" appeared in real estate advertising.

In the first type of flat ownership, a person became the "owner" of a flat by acquiring shares in a proprietary company which became the registered proprietor on the title to the site of the block of flats, and was formed to control the management of the flats. Each flat "owner", as holder of a group of shares, became entitled to the exclusive occupation of a particular flat under an agreement with the company.

In 1953, a form of real ownership of a flat was introduced when the Office of Titles accepted a subdivision of a block of flats. This was an entirely new form of subdivision embodying a horizontal as well as a vertical division of a building. Separate Certificates of Title were issued for each lot on the subdivision representing a separate flat and these "stratum titles" show the heights from floor to ceiling level of each flat by reference to the datum for levels adopted by the Melbourne and Metropolitan Board of Works (the high water mark on Port Phillip Bay).

Under this form of ownership evidenced by the issue of a Certificate of Title to each flat, the title for the residual land in the subdivision generally issues in the name of a service company. This comprises the grounds, garden, common stairways, land under the building and above the building, fences, foundations, and outbuildings.

Under stratum title flat ownership, a purchaser of a flat becomes the registered proprietor and the absolute owner in fee-simple of his flat. He can borrow money on the security of mortgage on the title to his flat; he can sell or lease his flat whenever he wishes without any restrictions, or he can dispose of his flat by his will. The flat may be sold on extended terms. (Under the shares in a proprietary company scheme, money cannot be borrowed upon the security of a group of shares.)

The service company is responsible for the general maintenance of the block of flats and for the provision of common services. Its shareholders comprise flat owners exclusively.

Each flat owner pays to the service company a service charge and maintenance contribution to cover the services provided by it.

The form of Certificate of Title is simple and section 98 of the Transfer of Land Act confers a statutory right for each flat to enjoy all necessary easements such as support, supply of water, gas, &c., over other parts of the building.

Land Transfers, Mortgages, Liens, &c.

A summary of land transactions under the Transfer of Land Acts in the Titles Office for each of the years 1956 to 1960 is given in the following tables :—

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

Year	Number of Transfers	Mortgages*		Number of—			
		Number	Amount	Entries of Executor, Administrator, or Survivor	Plans of Sub-division	Other Dealings	Total Dealings
			£'000				
1956	82,995	31,850	76,081	9,502	2,720	47,526	174,593
1957	83,596	33,742	83,283	10,557	2,782	49,327	180,004
1958	91,939	39,149	96,715	10,256	2,910	55,460	199,714
1959	91,519	38,674	108,361	10,392	3,091	62,064	205,740
1960	105,327	46,455	157,132	10,554	3,154	68,587	234,077

* Excluding number and amount of mortgages given to secure overdrafts on current accounts.

VICTORIA—TITLES OF LAND ISSUED

Year	Number of—			
	Certificates of Title	Crown Grants	Crown Leases	Total Titles
1956	34,035	1,341	410	35,786
1957	34,996	1,131	488	36,615
1958	35,796	849	532	37,177
1959	34,015	1,137	417	35,569
1960	37,441	1,303	503	39,247

Mortgages, reconveyances, and conveyances registered under the *Property Law Act* 1928 are shown in the following table. The *Property Law Act* 1958 consolidated the 1928 Act and subsequent amending Acts.

VICTORIA—DEALINGS UNDER THE PROPERTY LAW ACT

Year	Mortgages*		Reconveyances		Conveyances	
	No.	Amount	No.	Amount†	No.	Amount
		£ '000		£ '000		£ '000
1956	868	3,842	948	349	3,054	7,939
1957	907	3,719	964	1,123	3,079	7,459
1958	858	2,454	979	649	3,088	10,783
1959	886	2,600	996	576	3,074	9,446
1960	966	3,254	1,127	624	3,381	11,752

* Excluding number and amount of mortgages given to secure overdrafts on current accounts.

† Excluding repayments designated "Principal and Interest".

The number and amount of stock mortgages, liens on wool, and liens on crops registered during each of the years 1956 to 1960 are shown in the following table. Releases of liens are not required to be registered as, after the expiration of twelve months, the registration of all liens is automatically cancelled. Very few mortgagors of stock secure themselves by a registered release.

VICTORIA—STOCK MORTGAGES AND LIENS ON WOOL AND CROPS

Security				1956	1957	1958	1959	1960
Stock Mortgages—								
Number	..	..	..	474	455	332	368	373
Amount	..	..	£'000	571	521	422	371	350
Liens on Wool—								
Number	..	..	..	253	260	338	366	321
Amount	..	..	£'000	415	538	692	785	697
Liens on Crops—								
Number	..	..	..	105	101	99	131	135
Amount	..	..	£'000	20	18	47	49	46
Total—								
Number	..	..	..	832	816	769	865	829
Amount	..	..	£'000	1,006	1,077	1,161	1,205	1,093

The following are the numbers and amounts of bills of sale which have been filed in each of the years 1956 to 1960 :—

VICTORIA—BILLS OF SALE

Security				1956	1957	1958	1959	1960
Bills of Sale—								
Number	..	..	..	4,407	4,681	5,096	5,388	4,959
Amount	..	..	£'000	4,689	5,418	7,303	8,440	9,717

Companies

General

Registration and operation of companies are controlled by the *Companies Act 1958*, which was proclaimed on 1st April, 1959.

Types of Companies

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

Limited companies are divided into public and proprietary companies, the latter being required to have the word "proprietary" or the abbreviation "Pty." as part of their names. Public companies may be regarded as companies in which the public at large may hold shares; proprietary companies are companies whose membership is limited to 50. The transfer of shares in proprietary companies is restricted, and such companies may not invite the public to subscribe for shares or debentures or to deposit money with the company. Public companies are obliged to publish audited accounts; proprietary companies are exempt from this obligation.

Foreign Companies

Companies incorporated outside Victoria which have an established place of business in Victoria are required to register as "foreign companies".

Registration Fees

The *Companies (Fees) Act* 1960 provided for an increase in the amount of fees payable upon the registration of a company.

The following is a summary of the rates payable as from 1st July, 1960 :—

(1) Companies limited by shares and no liability companies—

	£	s.	d.
Where the nominal capital does not exceed £5,000	20	0	0
Where the nominal capital exceeds £5,000, the above fee of £20 plus for every £1,000 after the first £5,000, up to £100,000	1	0	0
For every £1,000 after the first £100,000, up to £500,000	0	10	0
For every £1,000 after the first £500,000	0	5	0

(2) Companies limited by guarantee—

Where the number of members does not exceed twenty	5	0	0
Where the number of members exceeds twenty but does not exceed 100	10	0	0
Where the number of members exceeds 100 the above fee of £10 plus 10s. for every 50 members beyond the first 100—maximum fee	60	0	0

(3) Foreign companies—

On registration of a foreign company the same fees as are payable on incorporation of a company limited by shares :

Provided that where the prescribed fee is inapplicable the fee shall be ..	50	0	0
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The following table shows details of companies registered under Parts 1 and 2 of the *Companies Act* 1938. This Act and subsequent amending Acts were consolidated in the *Companies Act* 1958.

VICTORIA—COMPANIES REGISTERED, ETC.

Particulars	1956	1957	1958	1959	1960
No.					
New Companies Registered—					
Victorian Trading	2,081	2,410	2,882	3,647	4,409
Foreign	148	170	183	238	272
Mining	4	2	3	1	3
Total	2,233	2,582	3,068	3,886	4,684
£'000					
Nominal Capital of New Companies—					
Victorian Trading	98,701	125,550	135,789	159,702	261,614
Foreign	99,876	63,921	120,912	129,264	148,064
Mining	110	21	85	500	..
Total	198,687	189,492	256,786	289,466	409,678
No.					
Existing Companies*—					
Victorian Trading	18,537	20,487	22,976	26,381	30,579
Foreign	1,548	1,677	1,814	2,006	2,245
Total	20,085	22,164	24,790	28,387	32,824
£'000					
Increase in Nominal Capital of Victorian Trading Companies during Year	77,163	117,685	114,437	138,333	193,662

* Excluding mining companies.

Stock Exchange of Melbourne

General

Expansion was the keynote of the activities of The Stock Exchange of Melbourne during the year ended 30th September, 1960. Sales of ordinary shares were 22 per cent. higher, the number of private investors greatly increased, and 35 new seats were created.

Public interest in securities was still widespread and the investment of vast sums in Australia's public and private enterprises was an indication of the nation's growth.

Official List

At 30th September, 1960, the number of listed securities (including options) totalled 2,366 with a nominal value of £4,645 mill. and a

market value of £6,783 mill. Details for 1960, with comparisons for earlier years, are shown in the following table :—

MELBOURNE STOCK EXCHANGE—NUMBER OF LISTED SECURITIES, NOMINAL VALUE, ETC.

Particulars	Year Ended 30th September—				
	1939	1945	1953	1959	1960
Number of Issues	870	915	1,365*	2,201*	2,366*
Nominal Value .. £ mill.	833	1,820	3,220	4,477	4,645
Market Value .. £ mill.	980	2,051	3,383	6,038	6,783
Number of Securities .. mill. units	851	1,848	3,551	5,498	6,085
	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>
Average Nominal Value ..	19 7	19 8	18 2	16 3	15 3
Average Market Value ..	23 0	22 2	19 0	22 0	22 3

* Includes options.

In the following table, the number of issues (excluding options) and their nominal value are classified according to type of security. Particulars are shown for each of the years ended 30th September, 1957 to 1960.

MELBOURNE STOCK EXCHANGE—ISSUES LISTED* AND NOMINAL VALUE

Class of Security	Year Ended 30th September—							
	1957		1958		1959		1960	
	No. of Issues	Nominal Value	No. of Issues	Nominal Value	No. of Issues	Nominal Value	No. of Issues	Nominal Value
		£ mill.		£ mill.		£ mill.		£ mill.
Commonwealth Loans ..	28	2,980	31	2,970	28	2,956	31	2,964
Semi-Government Loans ..	392	273	484	302	539	334	603	339
Foreign Government Loans ..	5	3	7	4	9	5	9	5
Industrial Company Securities—								
Debentures	102	67	104	69	154	103	231	141
Unsecured Notes	104	31	148	54	187	76	247	112
Preference Shares	373	86	366	83	358	84	304	79
Ordinary Shares	718	708	726	769	754	835	792	966
Mining Company Securities ..	165	82	156	80	149	84	131	39
Total	1,887	4,230	2,022	4,331	2,178	4,477	2,348	4,645

* Excludes options.

One of the most striking advances was made in debenture loans raised by public companies during the 1950's, and at the close of the year, these stood at £141 mill., whereas they amounted to only £57 mill. four years previously.

The introduction of unsecured notes in the early 1950's gained very rapid acceptance ; in 1953, there were fourteen issues for a total of £2 mill., whereas, in 1960, there were 247 issues totalling £112 mill.

Nominal value of ordinary share capital listed on the Stock Exchange has grown from £167 mill. in 1939 to £966 mill. in 1960.

During the twelve months to 30th September, 1960, 59 new companies were added to the Official List. At the close of the period, 709 commercial and industrial companies and 112 mining companies had their shares called, and a further twelve companies were listed for quotation of debentures or unsecured notes. The names of 289 new companies have been added to the List since 1955.

Turnover

Turnover during each of the years ended 30th September, 1956 to 1960 is shown in the following table. It should be noted that transactions are recorded in units of one share, debenture, bond, &c., the nominal value of which is not necessarily £1. Money values at market price have not been calculated.

MELBOURNE STOCK EXCHANGE—TURNOVER OF STOCKS AND SHARES (Mill. Units)

Class of Security	Year Ended 30th September—				
	1956	1957	1958	1959	1960
Commonwealth Loans	45.4	53.6	98.4	181.6	86.5
Semi-Government Loans	4.2	2.4	3.0	4.4	3.1
Company Debentures, Unsecured Notes	0.8	1.0	1.4	1.7	1.7
Total Loan Securities ..	50.4	57.0	102.8	187.7	91.3
Preference Shares	1.1	1.3	1.5	1.8	1.7
Ordinary Shares, Rights, and Options	29.2	34.3	43.1	71.0	86.6
Mining	16.0	12.6	8.5	12.4	12.8
Total Share Securities ..	46.3	48.2	53.1	85.2	101.1

Underwriting Activities

Underwriting has been an important feature of Stock Exchange operations in recent years, and a number of member firms have developed widespread activities in this field throughout Australia, thus integrating the provision of new funds for industry with the business of broking.

In the year to 30th September, 1960, the record amount of £69.1 mill. was raised by debenture stock issues offered to the public by listed companies, and member firms were underwriters for seventeen

issues. Similarly, of the 23 public loans raised by Australian semi-government or public authorities, member firms underwrote seventeen. There were 81 separate issues of unsecured notes during the year, raising a total of £59 mill.; of these, member firms underwrote 46 issues.

Transfer Marking Service

Australia's first Stock Exchange Transfer Marking Service was established in Melbourne late in 1959 and commenced full scale operation in January, 1960. It has proved a very valuable Stock Exchange function and gained prompt acceptance by public companies. This service is used by the members of recognized Stock Exchanges in Australia and New Zealand, trustee companies, solicitors, accountants, public companies, and unit trust organizations. Transfer marking by the department is effected on a "same-day" basis, the transfers being returned to the lodging party and the covering scrip certificate being forwarded to the companies concerned.

Thus a considerable contribution is made by this service toward prompt completion of Stock Exchange transactions, while public companies are assisted by the elimination of a large part of the marking function previously carried out by their share departments. Markings requested by interstate brokers which are for ultimate delivery to Melbourne members are delivered direct to the Melbourne broker by the department.

In the 187 business days from 4th January to 30th September, 44,335 marking request forms were received covering 130,361 separate transfer forms, and a total of almost 22 mill. shares. From 15 per cent. in January, transfer markings by the department had stabilized at almost 40 per cent. of recorded share turnover after four months' operation.

Recently, the department successfully undertook the marking of New Issue Renunciation Forms for a listed company and following experience gained, has arranged to mark renunciations for four forthcoming company issues involving a total of 4.6 mill. shares. It is expected that increased use of this facility will assist the handling of company issues in the future.

Membership of the Exchange

Growing public interest in the Stock Exchange was evident throughout the 1950's.

In 1954, the number of members was increased from 129 (a number unchanged since before the year 1900) to 134, and in October, 1959, creation of a further ten seats enabled the membership to be increased to 144. The demand continued and was again recognized when in July, 1960, members authorized the creation of a further 25 seats which will permit the membership of the Association

to expand to 169 as candidates are elected to fill the vacancies. Present membership is 159 (April, 1961). The Stock Exchange of Melbourne already had the largest membership of the Australian Exchanges prior to each of the above expansion moves.

Further References

Victorian Year Book 1961, pages 657 to 659.

Stock Exchange of Melbourne—Official Record.

Stock Exchange of Melbourne—Instalment Service.

Stock Exchange of Melbourne—Various Weekly Digests.

Stock Exchange of Melbourne—Annual Report (Published November).

G. R. Bruns—The Stock Exchange.

Hire Purchase

The *Hire Purchase Act* 1959 is the Victorian legislation regulating the rights and duties of parties to hire purchase agreements.

Under this Act, the hirer is protected in that, before an agreement is signed, the owner must furnish an itemized list setting out the cash price of the goods and the payments to be made under the agreement, so that the hirer is aware of the difference between the cash price and the total amount he must pay. The Act also provides, among other things, that every hire purchase agreement is to show the date on which the hiring commences, the number of instalments, the amount and time of payment of each instalment, as well as particulars of charges for terms, insurance, maintenance, &c., to show the total amount to be paid according to the agreement. Provision is also made for the hirer to assign his rights under an agreement subject to the owner's consent. Any fraudulent sale or disposal of the goods by the hirer is an offence against the Act.

The owner may repossess if the hirer falls into arrears with his instalments, but he must first serve notice on the hirer of his intention to repossess. The hirer may regain possession of the goods within 21 days of repossession if he pays arrears of instalments plus certain expenses incurred by the owner when repossessing. If the goods are sold, the hirer is liable for the owner's loss unless the selling price of goods repossessed is sufficient to cover that liability. If the selling price of the goods is more than sufficient to cover the liability, the hirer is entitled to a refund of the balance.

The statistics shown in the following table relate to businesses which finance the sale of goods by retail *but do not, themselves, retail goods*. These comprise public and private companies, partnerships, banks, and other finance businesses. Those businesses which finance hire purchase exclusively for their own employees are not included. The figures relate to all hire purchase agreements made by these businesses in respect of goods sold by retail. All types of goods sold to final purchasers are included, whether producer goods (such as plant

and machinery) or consumer goods. The figures for 1956 to 1959 in the following table have been revised since the publication of the previous Year Book.

VICTORIA—HIRE PURCHASE AGREEMENTS BY FINANCE COMPANIES

Class of Goods	Year Ended 30th June—				
	1956	1957	1958	1959	1960
NUMBER OF AGREEMENTS MADE					
Motor Vehicles, Tractors, &c. *	79,851	82,071	94,426	104,051	123,308
Plant and Machinery† ..	5,002	5,494	5,474	9,072	9,061
Household and Personal‡ ..	158,130	158,529	197,535	183,455	180,421
Total Agreements ..	242,983	246,094	297,435	296,578	312,790
VALUE OF GOODS PURCHASED§ £'000					
Motor Vehicles, Tractors, &c.* ..	58,326	59,214	69,120	78,358	96,346
Plant and Machinery† ..	3,028	3,611	3,826	5,521	6,793
Household and Personal‡ ..	13,019	15,048	26,341	22,902	20,085
Total Value ..	74,373	77,873	99,287	106,781	123,224
AMOUNT FINANCED UNDER AGREEMENTS|| £'000					
Motor Vehicles, Tractors, &c.* ..	35,284	37,141	43,427	49,477	63,566
Plant and Machinery† ..	1,843	2,290	2,399	3,528	4,565
Household and Personal‡ ..	10,589	12,111	21,438	18,747	16,476
Total Amount Financed..	47,716	51,542	67,264	71,752	84,607
BALANCES OUTSTANDING AT END OF YEAR ¶ £'000					
All Class of Goods ..	56,369	64,255	84,652	100,193	118,493

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

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

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

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

|| Excludes hiring charges and insurance.

¶ Includes hiring charges and insurance.