

PUBLIC FINANCE

VICTORIAN BUDGET SUMMARY, 1982-83

Introduction

The Victorian Budget for 1982-83 was presented by the Treasurer in the Legislative Assembly of the Parliament of Victoria on 22 September 1982.

Aspects of the Budget highlighted by the Treasurer were: (1) A \$30m allocation for an employment initiatives scheme directed particularly towards the long-term unemployed; (2) an 82 per cent increase in expenditure on welfare housing of \$231m; (3) establishment of the Victorian Development Fund, with an initial allocation of \$150m which will finance urgent capital works and the Employment Initiatives Programme; (4) establishment of the State Development Programme with an initial allocation of \$130m; (5) maintenance of public sector employment; (6) reformed Budget presentation and a comprehensive information system covering public sector finances and economic activity in the State generally; (7) strengthening of the central agencies, establishment of an Ethnic Affairs Commission, inquiries into the Police, children's legislation, government revenue raising, energy policy, and pensioner concessions; (8) a new Aboriginal advisory unit, a revitalised tourism commission, a State Board of Education, a fuel prices regulation unit, and increased staffing for Corporate Affairs and the Minerals and Energy administration; (9) new projects such as the Queen Victoria Medical Centre, a new forensic science laboratory, and the Broadmeadows Courthouse and Police Complex; (10) provision for an effective increase of 334 in police numbers; (11) new revenue initiatives that will increase incentive for the conservation of energy and improve the equity and efficiency of taxes on the finance sector; (12) abolition of some stamp duties; (13) increased pay-roll tax exemption for small business; and (14) freedom of information legislation.

Revenue, 1982-83

Estimated total receipts into the Consolidated Fund in 1982-83 increased by \$1,947.9m, or 36.1 per cent, to \$7,349.2m.

Tax sharing in 1982-83

1982-83 has been the first year of operation of the new tax sharing arrangements introduced by the Commonwealth Government at the May 1981 Premiers' Conference. Under those arrangements, for each of the years 1982-83 to 1984-85, the States are to share in a total grant equivalent to a fixed and predetermined percentage of total Commonwealth taxation collections in the preceding year. The predetermined percentage is the States' actual tax sharing grant in 1981-82 taken as a proportion of total tax collections in 1980-81. This percentage is 20.72 per cent and, when applied to 1981-82 Commonwealth tax collections, gives a total tax sharing pool of \$7,772.5m for 1982-83. The total tax sharing pool is divided into two amounts, a basic tax sharing pool, and a supplementary tax sharing pool. The distribution of the basic tax sharing pool for each of the years 1982-83 to 1984-85 will be calculated on the basis of the estimated populations of each State at 31 December in each year weighted by the new per capita relativities settled at the June 1982 Premiers' Conference, phased in over the three years to 1984-85. The distribution of the supplementary tax sharing pool will be according to a more complex and lengthy procedure, details of which are contained in the 1982-83

Commonwealth Budget Paper No. 7. Commonwealth payments to Victoria under the Tax Sharing Grant totalled \$1,739.8m, and under the Health Grant, \$300.5m. The Commonwealth Government decided that the Health Grant would continue to be distributed in accordance with the *States (Tax Sharing and Health Grants) Act 1981*.

Revenue collection

The other significant changes affecting revenue collection in 1982-83 included the following: hospital charges were increased, and the surcharge on pay-roll tax was to be continued, yielding a benefit to revenue in 1982-83 of \$210m, comprising \$80m from hospital charges and \$130m from the pay-roll tax surcharge; the return by way of a dividend payment from statutory business authorities such as the State Electricity Commission, the Gas and Fuel Corporation, the Melbourne and Metropolitan Board of Works, and the Port of Melbourne Authority, totalling \$138.5m for 1982-83; an increase in the Public Authority Contribution Rate applying to the Gas and Fuel Corporation from 15 per cent to 33 per cent (inclusive of the dividend payment) and introduction of an Energy Consumption Levy of 10 cents a gigajoule on all users of gas who have consumed in excess of 10,000 gigajoules per annum; the existing royalty on brown coal will be increased from 2.46 cents per tonne to an average of 13 cents per tonne; an increase in the overall level of gas prices of about 18.5 per cent; the introduction of a Financial Institutions Duty, levied on the receipts of all financial institutions at the rate of 0.03 per cent up to a predetermined maximum; and a doubling of the fees payable in 1982-83 under the provisions of the *Pipeline (Fees) Act 1981*, yielding an additional revenue of \$33m.

Expenditure, 1982-83

The total works programme of Victorian Government departments and major statutory bodies for 1982-83 was estimated to be \$2,982.6m, an increase of \$805.9m or 37.0 per cent. Expenditure from the Works and Services Account was estimated at \$1,169.6m, an increase of \$716.6m.

Economic development

Total funds available for expenditure through the Ministry for Economic Development are \$74.2m. This represents an increase of 18.2 per cent. A grant of \$1.8m has been provided for the Victorian Economic Development Corporation from the Current Account. The Government also provides capital assistance to industries through the Victorian Economic Development Corporation. Assistance is provided in the form of loans to industries which have good prospects of becoming viable and of providing employment, particularly in country areas. The total funds available to the Corporation in 1982-83 are \$16.3m.

Police and emergency services

The total budget of the Ministry for Police and Emergency Services was \$324.3m for 1982-83 and represents an increase of 22.4 per cent over 1981-82. The provisions which directly relate to the operations of the Victoria Police Force amount to \$268.9m, which represents an increase of 21.7 per cent over expenditure in 1981-82. The Budget includes provision for the continued increase in Police manpower from an actual strength of 8,198 at 30 June 1982 to 8,389 at 30 June 1983. In addition, 165 extra public servants will be employed who will release 143 extra police to duty, thus providing an increase in effective police strength of 334. Redundant staff of the Transport Regulation Board are to be used as the first call to provide these additional public servants. At the same time, Police mobility is to be improved by the purchase of 40 additional motor vehicles.

Community welfare services

Total funds available for expenditure by the Department of Community Welfare Services are \$176.5m, an increase of 17.2 per cent. Two Children's Protection Units will be initiated by the Department. Fourteen staff have been allocated for annual wardship reviews, with nine being provided by redeployment. Additional funds have been provided for departmental family group homes towards operating costs and expanded activities. From redeployment of savings from the Ballarat Children's Home, the Department

proposes to fund additional foster care programmes and expand the Women's Refuge Programme. Works will be carried out to improve conditions at a number of the centres operated by the Family and Adolescent Services Division.

Investigations are proceeding with a view to determining the most desirable proposals for a new Remand Centre to replace the existing arrangements at Pentridge. It is planned to commence work during the year on new buildings at the women's prison at Fairlea to replace those that were recently destroyed by fire.

Youth, sport, and recreation

Total funds available to the Department of Youth, Sport and Recreation for 1982-83 are \$39.7m. An amount of \$3,851,000 will be expended in 1982-83 towards the completion of the Indoor Sports and Entertainment Centre at Olympic Park. The Government will provide direct assistance to all codes of country racing in Victoria, estimated to be \$1.95m this year.

Employment and training

The Budget provision for the Ministry of Employment and Training has been increased by 51 per cent to a level of \$18.3m to cater for its first full year of operation. Expenditure on employment and training schemes and programmes will increase by 36 per cent to \$5,650,000. Subsidies for apprentices who have to travel from remote residences or places of work to undertake training have been increased. The State Additional Apprenticeship Scheme will be expanded by the introduction of a further intake of 225 apprentices in 1983.

Education

Total funds available from the Budget for education in 1982-83 are \$1,908.1m, an increase of 16.7 per cent. Provision has been made to increase by 100 the number of teachers of English as a second language and the number of teaching aides. A pilot scheme of the equivalent of 25 full-time clerks is to be introduced in smaller primary schools for the provision of part-time clerical assistance, allowing the subsequent release of teachers and principals from clerical duties. The allocation for TAFE has been increased by \$25m or 15.5 per cent. Funds for new permanent buildings to meet the need for facilities in situations where enrolments are increasing will total \$33.9m out of the 1982-83 allocation of \$122.3m. This will cover projects involving some 7 new primary and post-primary schools, and major additions at 17 existing schools for new pupils. Buildings destroyed by fire will be replaced at five schools, and major facility upgrading, each upwards of \$100,000, will be carried out at 81 schools. Funds for the provision of replacement furniture and equipment will total \$3.8m in the 1982-83 Budget. An amount of \$2.88m has been set aside for the provision of special facilities at schools which are identified as being disadvantaged.

Attorney-General

Expenditure by the Law Department will increase in 1982-83 by 20.2 per cent, or \$14m. The modernisation programme in the Titles Office will continue in 1982-83 with the provision of \$2m. Funds have been allocated for the progressive engagement of 81 additional staff in the Corporate Affairs Office and for the appointment of two additional Judges of the County Court. This will make a significant contribution to overcoming delays in criminal trials. A major new courthouse costing \$4.14m will be commenced at Broadmeadows. When completed, the new regional courthouse will replace existing inadequate facilities at Broadmeadows, Coburg, and Preston.

Treasury

Appropriations for the Treasurer also cover payments to the Commonwealth Government, other governments, or other bodies. An additional 40 staff have been provided to the State Taxation and Stamp Duties Offices to establish the first stage of the Tax Avoidance Unit. A further 20 staff have been provided, on a temporary basis, to strengthen the Land Tax detection unit.

In the winter of 1982, drought conditions over Victoria led to 62 municipalities wholly or partly being declared drought areas before 17 September. The Victorian Government

agreed to provide assistance to farmers in these Shires for transport of fodder, transport of stock, and carry-on loans in accordance with the arrangements which had been previously agreed to with the Commonwealth Government.

Conservation

Total funds available for expenditure by the Ministry for Conservation and its agencies are \$49.9m, an increase of 9 per cent. The National Parks Service now manages 63 parks and other reserves covering an area of 985,113 hectares. The allocation for operating expenditure for 1982-83 is \$6.7m. The total allocation to the National Parks Service for capital expenditure in 1982-83 is \$4.1m. The Environment Protection Authority has been allocated \$8.2m. Total funds for the Soil Conservation Authority this year will be \$7.4m. The allocation to the Fisheries and Wildlife Division is \$11.1m.

Local government

Total funds to be provided in 1982-83 to the Local Government Department from the Budget will be \$10.3m. The Local Government Advisory Board will be replaced by the establishment of a Local Government Commission. The Commission will undertake inquiries on behalf of Councils and will advise Councils where there is a local desire for a change in municipal boundaries. In 1982-83, \$2,383,000 has been allocated to the Local Government Department from the Works and Services Programme. An amount of \$2,200,000 will be provided for the payment of grants and subsidies to municipalities. The total Victorian Government subsidy for school crossing supervision for 1982-83 is \$3.1m and is provided through the Road Safety and Traffic Authority.

Health

Total provision for health in 1982-83 is \$1,298.9m, an increase of 12.4 per cent over 1981-82. An amount of \$888.6m, or 73 per cent, of the total recurrent provision for health is allocated towards the operating costs of hospitals. A total amount of \$40m has been provided through the Works and Services Programme for expenditure on buildings and equipment at hospitals and other charitable institutions. The allocation for expenditure on Mental Health Projects is \$10.3m. The allocation for Mental Retardation from the Works and Services Programme is \$5.3m, an increase of 45.1 per cent compared with 1981-82.

The arts

The total resources available to the Ministry for the Arts in 1982-83 is \$95.6m, an increase of 24.6 per cent. An amount of \$52m has been provided towards the further cost of construction of the Victorian Arts Centre. This will be provided from the Works and Services Account and from borrowings by the Victorian Arts Centre Trust.

Housing

Total funds available for housing programmes in Victoria will increase from \$127.2m to \$231.2m, an increase of 81.8 per cent. Total expenditure on public rental housing has been increased from \$84.8m in 1981-82 to \$152.4m in 1982-83, an increase of \$67.6m. A total of \$10.6m has been made available equally from State and Commonwealth sources for emergency mortgage interest and rent relief in 1982-83. Total home purchase assistance has been increased from \$33.1m in 1981-82 to \$57.6m in 1982-83, an increase of \$24.5m.

Water resources

The provision for Water Supply this year represents an increase of \$35.9m or 25.8 per cent over 1981-82. The Works Programme for the State Rivers and Water Supply Commission for 1982-83 is \$63m. This includes \$27.1m to be borrowed by the Commission. A total of \$4m from both Victorian and Commonwealth Governments will be spent on salinity control and drainage works within the northern irrigation areas. Proposed expenditure on the Flood Plain Management programme from the Victorian and Commonwealth Governments is \$2.67m. A total of \$4.3m has been allocated for construction of the Sandhurst Reservoir, construction of the Mitchell River Dam has been deferred, and an allocation of \$1.5m has been provided for the programme of

rehabilitation of existing storages and headworks. The allocation for country sewerage authorities from the Works and Services Programme has increased from \$5,257,000 in 1981-82 to \$7,800,000 in 1982-83.

Transport

The total expenditure on public transport purposes in 1982-83 is estimated at \$710m net of revenue, an increase of \$213.3m or 42.9 per cent on expenditure in 1981-82. The contributions to operating deficits will be \$437.6m, an increase of 31.9 per cent. The VicRail operating deficit and capital programme will together increase by some \$177.3m from \$329.4m to \$506.7m. A 96 per cent increase in the level of capital expenditure by VicRail will accelerate the programme of upgrading suburban and country rail services. The capital expenditure provides for the delivery of a further 10 new air conditioned trains. Negotiations are taking place to double the rate of delivery of these new trains. Country passenger services will be upgraded. A total of 38 steel carriages, some with catering facilities, will be built or refurbished to replace the old wooden bodied carriages now operating on some lines. A total of 26 locomotives will be upgraded for these services. To improve security and operating performance the programme of installing radio on suburban and country trains will continue. By 1984, two-way radio will be installed on all trains operating throughout Victoria. Deliveries of new trams are being increased from the previously planned delivery rate of 18 vehicles to 24 vehicles in 1982-83. The Victorian Government is upgrading the State's road system, with particular emphasis on the upgrading of municipal roads and improved traffic flows in the Melbourne metropolitan area through the linking of traffic signals and higher priority for public transport vehicles. Total expenditure by the Country Roads Board and the Road Safety and Traffic Authority will be \$456.9m this year, up \$80.8m from last year.

Consolidated Fund

VICTORIA—CONSOLIDATED FUND: RECEIPTS, BUDGET SUMMARY, 1982-83 (\$m)

Head of receipt	1981-82 (Actual)	1982-83 (Estimate)
Current account—		
Balance 1 July	12.4	6.1
State taxation	1,945.9	2,403.1
Other State sources	846.3	1,035.4
Cash management account advance	..	97.7
Railways operating income	264.1	276.2
Revenue previously paid to the trust fund	..	241.4
Commonwealth Government payments—		
Financial Agreement	4.3	4.3
States (Tax Sharing and Health Grants) Act 1981—		
Tax sharing	1,502.5	1,739.8
Health grants	325.9	300.5
Other Commonwealth Government payments accounted for through the Consolidated Fund	175.8	178.2
Total	5,077.2	6,282.7
Works and services—		
Proceeds of loan raisings	218.9	230.0
Loan repayments	12.3	32.3
State Development Account	..	150.0
Sale of railway assets	..	162.3
Commonwealth Government payments—		
Works grant—general	109.5	115.0
—welfare housing	..	16.3
Other Commonwealth Government payments	60.8	325.8
Revenue previously paid to the Trust Fund	..	34.8
Total	401.5	1,066.4
Grand total	5,478.8	7,349.2

VICTORIA—CONSOLIDATED FUND: PAYMENTS, BUDGET SUMMARY, 1982-83
(\$m)

Function of payments	1981-82 (Actual)	1982-83 (Estimate)
Current account—		
Special appropriations	1,087.6	1,114.3
Departmental votes	3,470.7	4,545.9
Railways operating expenses (a)	494.8	589.5
Total	5,053.1	6,249.7
Balance carried forward	6.1	—
Works and services—		
Appropriation to Works and Services Account	419.5	1,099.5
Grand total	5,478.8	7,349.2

(a) This item does not include railways debt charges, which are included in the item "special appropriations" as follows: charges on total debt 1981-82 (Actual) \$64.2m; 1982-83 (Estimate) \$68.8m; charges on debt since 1960 to 1981-82 (Actual) \$36.2m; 1982-83 (Estimate) \$41.8m.

ECONOMIC AND SOCIAL RESPONSIBILITIES OF GOVERNMENTS

General

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

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

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

Victorian governmental financial activity

In Victoria, governmental financial activity is carried out through:

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

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

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

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

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

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

These tables are intended to:

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

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

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

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

Item	1976-77	1977-78	1978-79	1979-80	1980-81
OUTLAY					
Final consumption expenditure	r2,389.2	r2,722.7	r2,998.8	r3,362.2	3,869.7
Gross capital formation—					
Increase in stocks	8.8	4.5	7.3	r19.1	22.7
Expenditure on new fixed assets	r1,408.3	r1,592.6	r1,754.5	1,880.4	2,130.8
Expenditure on existing assets (net)	78.0	65.5	53.0	r24.4	47.2
Total gross capital formation	r1,495.1	r1,662.6	r1,814.8	r1,923.9	2,200.7

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

Item	1976-77	1977-78	1978-79	1979-80	1980-81
<i>OUTLAY—continued</i>					
Transfer payments—					
Interest paid—					
To Commonwealth Government	261.6	299.5	323.3	343.9	390.8
Other	r223.4	r267.3	r320.2	r362.9	436.2
Personal benefit payments	66.7	66.4	65.6	r64.1	59.5
Subsidies paid—					
To private enterprises	8.3	9.8	12.5	18.4	21.4
To public enterprises	11.2	14.3	17.1	19.3	25.0
Transfers overseas	0.1	—	—	—	—
Grants for private capital purposes	14.5	19.8	23.4	r18.0	9.0
Total transfer payments	r585.8	r677.0	r762.1	r826.6	941.9
Net advances—					
To the private sector	103.4	89.2	r60.4	35.0	25.7
To public financial enterprises	4.9	5.1	2.8	1.6	1.6
Total net advances	108.3	94.3	r63.2	36.6	27.3
Net expenditure	4,578.3	5,156.6	5,638.9	6,149.4	7,039.6
Total outlay—					
Current outlay	2,960.5	3,380.0	3,737.6	4,170.8	4,802.6
Capital outlay	1,617.8	1,776.6	1,901.3	1,978.5	2,237.0
<i>RECEIPTS AND FINANCING ITEMS</i>					
Receipts—					
Taxes, fees, fines, etc.	1,497.2	1,649.9	1,749.7	2,000.7	2,264.5
Income from public enterprises	r168.8	r203.8	r247.8	r297.2	342.9
Property income—					
Interest	r77.8	r91.6	r91.2	r101.4	126.2
Rent, royalties, and dividends	r53.5	r69.3	r81.4	r116.0	150.9
Grants from the Commonwealth Government—					
For current purposes	1,514.9	1,769.7	1,929.1	2,152.5	2,410.4
For capital purposes	373.4	360.8	358.2	352.1	379.7
Total receipts	r3,685.6	r4,145.1	r4,457.3	r5,019.8	5,674.5
Financing items—					
Net borrowing—					
State public trading enterprises	r323.3	r418.1	r517.6	r711.0	721.2
State general government	2.0	5.2	5.8	r6.6	8.4
Local authorities	51.1	58.1	53.1	56.5	50.0
Advances from the Commonwealth Government (net)—					
For loan works purposes	189.5	198.0	194.3	160.3	168.6
Other	138.1	116.3	90.0	44.8	50.9
Net receipts of private trust funds	80.7	33.1	43.9	58.7	7.8
Reduction in cash and bank balances	-11.0	81.7	63.1	r-33.8	53.1
Reduction in security holdings—					
Investments of private trust funds	-30.5	-49.8	-62.7	-72.0	-21.0
Investments of government trust funds and public corporations	-27.7	-97.5	-34.4	r-28.0	31.9
Other funds available—					
Change in debtors/creditors	-2.8	-18.3	20.5	r5.7	42.2
Depreciation allowances	r100.0	r120.4	r138.6	r126.2	130.3
Other reserves and provisions	r16.2	r4.2	r-11.4	r-16.5	5.9
Capital transfers	81.7	95.8	108.3	90.2	91.7
Other (including errors and omissions)	r-17.7	r46.2	r54.8	r19.8	24.1
Total financing items	r892.7	r1,011.5	r1,181.6	r1,129.5	r1,365.0
Total funds available	r4,578.3	r5,156.6	r5,638.9	r6,149.4	r7,039.6

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

Purpose	1976-77	1977-78	1978-79	1979-80	1980-81
FINAL CONSUMPTION EXPENDITURE CLASSIFIED BY PURPOSE					
General public services—					
Law, order, and public safety	173.4	r205.2	r228.7	r271.2	315.2
General administration, n.e.c.	165.9	r190.6	r220.3	255.8	283.6
Education—					
Primary and secondary	738.7	860.4	942.6	1,045.6	1,198.6
University	141.0	159.9	159.8	r173.0	193.1
Other	274.0	293.9	317.3	r355.4	409.8
Health—					
Hospital and clinical services	516.5	r571.5	r632.6	r690.1	805.4
Other	58.7	63.3	71.0	r79.2	90.7
Social security and welfare	50.7	68.2	r82.0	r87.7	94.2
Housing and community amenities—					
Housing	0.9	0.8	1.0	1.6	3.0
Community and regional development	12.4	14.1	17.1	19.7	23.5
Sewerage and drainage	0.6	5.1	4.7	3.4	2.1
Sanitation and protection of the environment, n.e.c.	34.0	37.5	41.7	49.1	54.2
Community amenities	1.9	2.8	2.7	3.4	4.1
Recreation and culture	75.1	r84.2	r93.9	r105.2	124.5
Economic services—					
Soil and water resources management	11.4	14.7	17.7	22.4	59.1
Forest resources management	8.6	8.7	r9.7	r11.1	11.2
Other agriculture and fishing	46.1	50.7	r54.7	63.6	59.8
Mining, manufacturing, and construction	10.2	12.2	13.5	15.2	20.1
Electricity and gas	—	—	—	—	-0.1
Water supply	-1.8	-2.1	-1.9	-2.4	-2.5
Rail transport	0.2	0.6	0.3	0.3	0.4
Sea transport	—	—	-0.1	-0.1	-0.2
Road systems and regulation	21.7	24.6	26.4	40.8	42.3
Other transport services, n.e.c.	1.5	1.8	2.3	2.5	2.9
Other economic services (including general administration)	r46.9	r53.1	r60.0	r67.4	72.2
Other purposes	0.8	0.8	0.9	r1.0	2.3
Total	2,389.3	r2,722.7	r2,998.8	r3,362.2	3,869.7

EXPENDITURE ON NEW FIXED ASSETS CLASSIFIED BY PURPOSE

General public services—					
Law, order, and public safety	22.8	24.9	27.5	19.2	24.8
General administration, n.e.c.	67.0	70.8	r63.8	r71.7	88.6
Education—					
Primary and secondary	107.7	118.5	112.6	99.9	96.0
University	6.1	6.0	11.1	10.7	9.3
Other	44.0	46.4	66.6	62.5	65.1
Health—					
Hospital and clinical services	72.0	59.7	58.8	54.9	58.1
Other	8.8	11.7	9.1	5.7	5.2
Social security and welfare	2.7	4.4	4.9	5.8	10.9
Housing and community amenities—					
Housing	31.7	40.0	37.4	r35.2	54.8
Community and regional development	7.5	1.9	1.5	r6.4	5.3
Sewerage and drainage	115.9	120.7	118.7	r134.7	153.9
Sanitation and protection of the environment, n.e.c.	1.6	7.6	5.6	6.3	6.8
Community amenities	—	0.8	1.0	1.5	1.2
Recreation and culture	33.1	61.1	83.6	76.1	88.7
Economic services—					
Soil and water resources management	35.7	36.2	29.3	27.6	31.9
Forest resources management	r19.5	22.5	r23.9	r21.0	30.1
Other agriculture and fishing	2.4	1.3	1.3	1.2	1.2
Mining, manufacturing, and construction	26.6	27.4	26.0	57.0	53.7
Electricity and gas	231.5	311.7	433.6	532.5	622.8
Water supply	102.7	129.5	125.0	r117.3	115.7

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

Purpose	1976-77	1977-78	1978-79	1979-80	1980-81
EXPENDITURE ON NEW FIXED ASSETS CLASSIFIED BY PURPOSE— <i>continued</i>					
Rail transport	90.1	r100.6	r113.0	r114.3	123.3
Sea transport	18.2	17.8	23.1	20.0	40.8
Road systems and regulations	331.2	333.8	343.1	343.9	378.4
Urban transit systems	9.7	14.2	10.3	15.5	15.6
Other transport services, n.e.c.	—	0.1	0.5	0.6	0.4
Other economic services (including general administration)	18.9	22.8	r23.2	r39.1	48.0
Other purposes	0.5	0.1	0.1	—	0.1
Total	r1,408.3	r1,592.6	r1,754.5	1,880.4	2,130.8

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

COMMONWEALTH GOVERNMENT PAYMENTS TO VICTORIA

General

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

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

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

Financial Agreements

Under the terms of the Financial Agreement of 1927 the Commonwealth Government undertook to share debt charges with the States. In 1929, the Commonwealth Government assumed responsibility for the payment of interest on debt, on the understanding that the States would reimburse these payments less a sum of \$15.2m which the Commonwealth Government agreed to contribute annually for a period of 58 years from 1 July 1927. Victoria's share of this is \$4.3m. The Financial Agreement also provided for the creation of sinking funds for the extinction of debt existing at 30 June 1927 or incurred subsequently. Contributions to these sinking funds are made jointly by the Commonwealth and State Governments on bases laid down. During 1975-76, amendments to the Financial Agreement provided for new sinking fund arrangements for State debt. The amendments had retrospective effect to 30 June 1975 and also gave effect to the transfer of \$1,000m of State debt to the Commonwealth from 30 June 1975. In 1980-81 and 1981-82, the sinking fund contributions made by the Commonwealth Government on account of debt incurred by Victoria were \$10.1m and \$10.6m, respectively.

Nature of payment

Financial assistance grants

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

Tax sharing with the States

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

The arrangements for tax sharing with the States have been introduced in stages. Stage 1 of these arrangements commenced in 1976-77. The Commonwealth continued to be the sole government imposing taxes on incomes and the States were entitled to receive 33.6 per cent of net personal income tax collected for the year excluding the effects of any special tax levies or rebates. This proportion of 33.6 per cent was to apply in subsequent years and was determined by reference to the relationship between actual financial assistance grants in 1975-76 and an estimate of personal income tax collections in the same year.

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

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

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

The arrangements under which State governments are entitled to a share of net personal income tax collection were reviewed at the May 1981 and June 1981 Premiers' Conferences. For 1981-82, the State's entitlements were to be 9 per cent higher than in the previous year. However, because of its relatively slower growth of population, which was the determining factor for distribution of the total entitlements, Victoria's net increase in its basic entitlement was finalised at 8.5 per cent. At the May 1981 Premiers' Conference it was also decided to move, after a transition year in 1981-82, to the use of a total tax base to calculate State tax sharing grants, instead of the former net personal income tax collections base. Pending a further review of relative shares by the Commonwealth Grants Commission, the Commonwealth Government provided certain of the States with special additional grants, Victoria's share being \$15m, without prejudice to any future decisions about movement towards whatever new relativities may eventually be adopted. These grants were also conditional on there being no application by any State to the Commonwealth Grants Commission for special grants in respect of 1981-82.

Following the transitional year in 1981-82, 1982-83 will be the first year of operation of the new tax sharing arrangements introduced by the Commonwealth Government at the May 1981 Premiers' Conference. Under those arrangements, for each of the years 1982-83 to 1984-85, the States are to share in a total grant equivalent to a fixed and predetermined

percentage of total Commonwealth taxation collections in the preceding year. The predetermined percentage is the States' actual tax sharing grant in 1981-82 taken as a proportion of total tax collections in 1980-81.

This percentage is 20.72 per cent and, when applied to 1981-82 Commonwealth tax collections, gives a total tax sharing pool of \$7,772.5m for 1982-83, of which Victoria's share amounts to \$1,739.8m, comprising the basic tax sharing pool of \$1,713m and the supplementary tax sharing pool of \$26.8m.

The Commonwealth Grants Commission presented its second report on 31 May 1982, which confirmed the view expressed in its earlier report, that a change was desirable in the existing State factors which govern the distribution of shared tax revenue between the States. At the June 1982 Premiers' Conference it was decided that, among other things:

- (1) The Commission's 1982 assessed relativities be modified so that South Australia's and Tasmania's hospital cost sharing grants did not adversely affect their shares of the tax sharing grant;
- (2) the relativities so modified be phased in over the three years ending 1984-85 at the rate of 33 1/3 per cent each year; and
- (3) there be a guarantee that each State's tax sharing grant would increase by at least 2 per cent in real terms in 1982-83 and a further 1 per cent in real terms in each of 1983-84 and 1984-85.

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

Nature of payment	1977-78	1978-79	1979-80	1980-81	1981-82
GENERAL REVENUE FUNDS					
Tax sharing grants	985,667	1,090,025	1,233,934	1,354,860	1,487,472
Adjustments for previous year	-976	—	—	—	—
Additional grants	—	—	—	—	15,000
Health grants	—	—	—	—	325,936
Total	984,690	1,090,025	1,233,934	1,354,860	1,828,408
GENERAL PURPOSE CAPITAL FUNDS					
Capital grants	120,071	120,071	104,260	109,473	109,473
SPECIFIC PURPOSE PAYMENTS					
Payments under financial agreement—					
Interest on State debt	4,254	4,254	4,254	4,254	4,254
Sinking fund on State debt (b)	8,540	9,098	9,649	10,100	10,586
General public service—					
Research grants	2,470	2,856	2,951	—	—
Public order and safety—					
Legal aid	80	21	113	148	201
Road safety practices	30	30	30	30	30
State emergency service	303	370	257	382	471
Education—					
Child migrant and refugee education	41	609	1,067	1,263	1,306
Colleges of advanced education	160,490	169,568	178,870	196,213	206,082
Educational research	240	302	318	315	137
Pre-school education	15,744	9,015	9,015	7,108	8,930
Schools—					
Government—					
Capital grants	40,882	36,313	33,440	30,055	32,752
Recurrent grants	71,107	71,856	76,204	85,756	98,720
Non-government—					
Capital grants	10,301	12,668	10,478	10,460	15,940
Recurrent grants	59,674	73,130	87,390	108,626	138,898
Joint programmes	7,560	7,088	6,020	7,666	10,558
Technical and further education	23,891	33,101	31,554	46,513	49,390
Universities	164,650	169,709	184,235	203,353	234,267
Video facilities	—	—	—	—	23
Health—					
Australian encephalitis control	43	31	39	49	44
Blood transfusion services	1,889	2,732	2,172	2,575	2,958
Community health programmes	17,669	12,473	13,134	16,323	—
Drug education campaigns	162	206	206	314	314
Health planning agencies	24	33	57	60	60

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

Nature of payment	1977-78	1978-79	1979-80	1980-81	1981-82
SPECIFIC PURPOSE PAYMENTS—continued					
High security quarantine unit	200	89	850	935	590
Home dialysis service	3	—	—	—	—
Hospitals, capital development costs	11,800	—	—	—	—
Paramedical services	283	380	352	383	401
Public hospitals, running costs	228,557	252,575	268,476	308,585	5,057
School dental scheme	3,861	3,352	3,770	3,465	—
Social security and welfare—					
Aboriginal advancement	1,809	1,568	1,837	2,005	1,475
Child care services	2,459	2,800	3,722	4,524	4,161
Community welfare relief	50	—	—	—	—
Crisis accommodation	—	—	—	—	502
Home care	2,520	3,450	4,226	4,331	4,098
Senior citizens centre	1,944	958	1,433	1,460	1,373
Translating/interpreting services	—	—	102	77	86
Housing and community amenities—					
Assistance for housing	—	—	13,045	13,570	12,375
Growth centres	65	—	—	—	—
Housing assistance for Aborigines	—	—	2,000	2,100	2,522
Pensioner housing grants	2,530	3,388	7,186	7,409	7,447
Sewerage	100	—	—	—	—
Tanjil dam	—	—	—	—	1,700
Urban flood mitigation	—	—	586	760	1,037
Victorian water resources study	—	—	57	62	—
Water resources assessment	1,136	1,136	1,136	1,250	1,250
Welfare housing	1,347	1,347	1,347	1,347	1,347
Recreation and culture—					
Leisure, recreation, and culture	450	92	—	—	—
International standards sports facilities	—	—	—	387	2,730
National fitness	42	42	42	122	—
National estate	370	415	300	330	330
Nature conservation	—	100	—	—	—
Agriculture, forestry, fishing, and hunting—					
Agricultural extension services	2,341	2,307	1,135	1,136	—
Apple and pear export assistance	16	27	1	—	68
Bovine brucellosis and TB eradication	5,858	6,980	5,754	4,432	3,651
Fruit growing industry	223	—	—	—	—
Minor agricultural research	22	50	64	50	81
Rural adjustment	2,036	1,666	594	745	608
Salinity reduction control	—	550	1,409	1,463	1,665
Soil conservation	—	30	—	—	—
Transport and communications—					
Roads	98,900	105,771	113,683	126,359	137,828
Transport planning and research	2,411	1,714	1,842	1,668	—
Upgrade transport systems	—	—	—	—	35,000
Urban public transport	9,830	12,000	12,131	13,500	—
Other economic affairs—					
Apprenticeship training	2,123	1,062	121	7	—
School to work transition	272	679	1,292	6,249	8,912
Other purposes—					
Local government tax sharing assistance	42,078	45,666	56,436	76,554	89,300
Natural disaster relief	621	812	-229	—	1,087
Total	1,016,300	1,066,470	1,156,148	1,316,828	1,142,599
Total—Commonwealth payments	2,121,061	2,276,566	2,494,342	2,781,161	3,080,480

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

(b) Paid to National Debt Sinking Fund.

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

Capital assistance

From 1970-71, the Commonwealth Government has made interest free capital grants to support that part of the States' Loan Council programmes from which debt charges are

not normally recoverable (e.g., schools, police buildings, etc.). These grants are distributed between the States in proportion to their respective borrowing programmes and have risen from 24.3 per cent of each State's total Loan Council programme in 1970-71 to 33.3 per cent in 1977-78. In 1981-82, they amounted to \$435.8m of which Victoria received \$109.5m.

Education

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

Tertiary education

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

Assistance to the States for the recurrent expenditures of universities dates from 1951-52; in 1957-58 assistance was first given for expenditure on capital programmes. In 1973-74, the Commonwealth Government assumed full financial responsibility in this area. Total grants for universities in 1981-82 were \$893.4m of which Victoria received \$234.3m (\$222.6m for recurrent expenditure and \$11.6m for capital expenditure).

The Commonwealth Government has made grants to the States for colleges of advanced education since 1965-66, for teachers colleges since 1967-68, and for pre-school teachers colleges since 1968-69. In 1981-82, the total grants made to the States for these institutions amounted to \$578.8m of which Victoria received \$206.1m (\$193.2m for recurrent expenditure and \$12.9m for capital expenditure).

Grants towards capital expenditure for technical and further education have been made by the Commonwealth Government since 1964-65 and towards recurrent expenditure since 1973-74. In 1981-82, grants to the States amounted to \$193m of which Victoria received \$49.4m (\$22.8m for recurrent expenditure and \$26.6m for capital expenditure).

Schools

The Commonwealth Government has been providing assistance for secondary schools since 1964-65. The range of assistance has been progressively extended and by 1975-76 the Commonwealth Government was providing grants for both government and non-government schools in a number of categories. The three-year rolling programme arrangements have applied to assistance for schools in the States since 1977. For 1981 and 1982, rolling programme planning guidelines allowed for maintenance of the same level of funds in real terms as those allocated for the 1980 base programme. In 1981-82, grants to the States for schools amounted to \$974.1m of which Victoria received \$296.9m (\$248.2m for recurrent expenditure and \$48.7m for capital expenditure).

School-to-Work Transition

The Commonwealth Government is providing up to \$150m in real terms during the five years from the beginning of 1980 for a range of education, training, and counselling activities in schools and technical and further education institutions. These activities are

directed particularly to young persons who have left or are likely to leave school early, and are intended to better equip them to move into the work force. In 1981-82, grants to the States amounted to \$33.3m of which Victoria received \$8.9m.

Pre-schools

Commonwealth grants to the States for pre-schools commenced in 1973-74 with the provision of funds for both capital and recurrent purposes. In 1977-78, assistance to the States for the recurrent costs of pre-school services was provided in the form of a block grant. From 1978-79, the block grants have represented the total Commonwealth contribution to the States towards capital and recurrent costs of pre-schools. The grants in 1981-82 amounted to \$32.7m of which Victoria received \$8.9m.

Health Insurance Programme

The States entered into agreements in 1975 with the Commonwealth Government for the provision of free standard ward public hospital treatment without means test and free public hospital outpatient services. There were agreed arrangements in respect of charges in wards other than standard wards. In essence, the agreements provided that the Commonwealth Government met 50 per cent of the net recurrent costs of hospitals referred to as "recognised" hospitals in the agreements. When these agreements were found to be invalid, new cost-sharing agreements were negotiated and became effective on 1 October 1976. The main change from the previous arrangements was that the Commonwealth Government was now to meet 50 per cent of budgets as approved by the Commonwealth and the State Health Ministers. Agreements with Victoria were not renewed after a one year extension of their expiry date to 30 June 1981 during the course of the Commission of Inquiry into the Efficiency and Administration of Hospitals. Consequently, payments for public hospitals have been replaced by identified health grants within the arrangements for general purpose payments for 1981-82 and later years. In 1981-82, the States received \$1,137.2m of which Victoria's share was \$325.9m.

Children's services

From 1972-73, grants for services for children were made by the Commonwealth Government direct to local government authorities and non-profit organisations. Payments to the States commenced in 1973-74 under a broader scheme of assistance providing capital and recurrent assistance for pre-school and child care projects including home care, vacation and after school care projects, and various other community initiated projects. Grants for pre-schools are discussed earlier in this chapter. The grants in 1981-82 for children's services other than pre-schools amounted to \$12.9m of which Victoria received \$4.2m.

Home care services

Under the *States Grants (Home Care) Act 1969* the Commonwealth Government shares with participating States the cost of approved housekeeping or other domestic assistance provided wholly or mainly for aged persons in their own homes. Grants provided in 1981-82 totalled \$12.7m of which Victoria received \$4.1m.

Pensioner housing

Since 1969-70, the Commonwealth Government has provided grants to the States to assist with the provision of self-contained accommodation at reasonable rentals for certain categories of single aged and service pensioners who have little or no means of support apart from their pensions. This scheme is being continued under the *Housing Assistance Act 1978*, but with wider eligibility criteria and under conditions giving the States greater freedom in the way the funds can be allocated. Married as well as single pensioners are now being assisted. In 1981-82, grants amounted to \$31.5m of which Victoria received \$7.4m.

Roads

The Commonwealth Government assistance for expenditure on roads has taken two main forms—general assistance, and assistance for specific road projects. Payments of the latter kind were included in the general programme of roads assistance introduced in 1974-75. An amount of \$662m was made available to the States in 1981-82, and Victoria's share of this was \$137.8m.

Advances to the States

In addition to grants to the States and direct payments to local government authorities, the Commonwealth Government also makes advances to the States for various purposes. Particulars of these advances to Victoria, other than Loan Council borrowings, for the years 1977-78 to 1981-82 are shown in the following table:

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

Nature of advance	1977-78	1978-79	1979-80	1980-81	1981-82
Housing and community amenities—					
Growth centres	9,075	7,391	8,804	10,244	12,099
Land acquisition	5,340	3,201	3,267	3,649	—
Housing	101,759	82,451	41,744	43,440	36,135
Housing for servicemen	753	948	45	400	—
Agriculture, forestry, fishing and hunting—					
Dairy adjustment programme	363	—	—	—	—
Rural adjustment scheme	9,733	8,712	3,281	3,303	3,230
Rural reconstruction	18	—	—	—	—
Softwood forestry	73	613	415	521	339
Transport and communications—					
Railway mainline upgrading	—	—	3,230	5,212	2,260
Other purposes—					
Natural disaster relief	1,291	201	—	—	48
Total	128,404	103,517	60,787	66,770	54,110

(a) Excluding Loan Council borrowings.

CONSOLIDATED FUND

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

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

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

Details of the principal sources of receipts are shown in the following table for each of the years 1976-77 to 1980-81:

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

Source of receipts	1976-77	1977-78	1978-79	1979-80	1980-81
Taxation (a)	1,025,288	1,112,952	1,171,533	1,379,758	1,623,399
Recoveries of debt charges—					
Interest	89,340	101,633	110,265	112,822	114,703
Redemption and repayment of advances	11,774	14,328	16,711	19,845	19,374
Other	4,208	4,588	4,652	4,063	5,243
Railways—					
Ordinary income	156,920	166,603	177,515	215,378	233,472
Other	6,990	13,954	11,322	13,328	18,807
Forestry—					
Royalties	15,024	14,795	14,678	17,750	23,286
Other	1,237	1,003	1,283	1,107	1,362
Lands, survey, and mining—					
Royalties	47,560	70,390	88,142	133,891	173,178
Other	7,377	8,706	11,797	10,405	11,338
Ports and harbours	6,991	7,241	7,518	9,014	9,330

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

Source of receipts	1976-77	1977-78	1978-79	1979-80	1980-81
Water supply, sewerage, irrigation, and drainage	33,026	36,884	39,976	44,955	52,114
Fees and charges, etc., n.e.i.	r92,264	r106,732	r115,590	123,587	139,453
Fines	15,252	16,342	19,606	23,330	24,812
Miscellaneous	69,612	83,363	106,473	r126,102	127,241
Commonwealth Government recurrent payments—					
Financial Agreement Act	4,254	4,254	4,254	4,254	4,254
Financial assistance (b)	841,700	984,690	1,090,025	1,233,934	1,354,860
Education grants (c)	72,107	80,778	84,415	89,605	98,868
Tuberculosis arrangement	2,647	2,277	1,544	1,725	1,802
Pre-school child education and care (c)	13,119	13,225	9,015	9,015	9,015
School dental programme (c)	1,897	2,373	3,572	3,679	3,700
Deserted wives—social welfare	2,824	4,517	5,434	5,313	226
Other (c)	r6,451	r7,042	r9,803	11,250	13,491
Commonwealth Government capital payments—					
Works grant	114,354	120,071	120,071	104,260	109,473
Education grants (c)	45,612	52,939	53,886	36,156	59,053
Sewerage Agreement (c)	13,100	—	—	—	—
Urban public transport (c)	11,331	7,050	10,963	8,664	9,600
Other (c)	4,070	3,579	2,407	2,713	2,914
Loan raisings	228,706	240,142	240,142	225,840	224,159
Loan repayments, n.e.i.	10,580	12,432	10,997	r13,748	13,236
Total	2,955,620	3,294,891	3,543,598	3,985,502	4,481,768

(a) For details of total taxation collections see pages 431-2.

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

(c) There are also other receipts credited to Trust Funds. See pages 429-30.

The principal payments for each of the years 1976-77 to 1980-81 are shown in the following table. The table generally conforms to the purpose classification of government expenditure described in the publications *Commonwealth Government Finance, Australia, 1979-80* (5502.0) and *State and Local Government Finance, Australia 1979-80* (5504.0) issued by the Central Office of the Australian Bureau of Statistics. The purpose classification is derived from that outlined in the United Nations publication entitled *A System of National Accounts*.

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

Purpose of payment	1976-77	1977-78	1978-79	1979-80	1980-81
Public debt charges—					
Interest (including exchange)	209,251	239,448	257,403	274,653	318,572
Sinking Fund	31,156	33,458	35,849	38,208	40,141
Other	1,216	1,200	1,587	1,825	1,859
Commonwealth—State Housing Agreement—					
Interest	35,075	39,248	42,979	45,365	46,976
Repayments	7,564	8,408	9,252	10,044	10,600
Railways—					
Working expenses (a)	299,727	326,389	341,312	381,984	429,956
Other	5,891	6,504	7,330	8,134	11,505
Agricultural, pastoral, etc., services	38,263	39,359	41,551	51,858	49,561
Culture and recreation	19,942	28,317	28,328	r32,599	40,276
Development and decentralisation	26,796	32,835	36,721	40,953	50,335
Education—					
Registered schools	41,897	51,976	58,730	51,529	78,271
State schools—					
Primary and secondary (b)	644,775	741,056	807,268	901,391	1,004,344
Technical and vocational	28,577	35,773	42,009	49,083	57,693

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

Purpose of payment	1976-77	1977-78	1978-79	1979-80	1980-81
Universities	73	23	24	30	81
Other higher education	35,833	30,948	24,462	20,391	18,660
Other (c)	83,270	95,565	106,070	119,191	135,148
Forestry	17,202	18,115	19,378	21,756	26,484
Health services—					
Mental hygiene and mental hospitals	95,050	108,480	118,356	137,181	153,379
Payments to Hospitals and Charities Fund	247,864	272,750	273,706	340,742	362,589
Other	36,452	39,335	43,215	47,306	60,699
Lands, survey, and mining	38,028	48,405	57,166	74,486	91,260
Law, order, and public safety—					
Justice	35,971	39,856	42,069	47,272	54,909
Police	119,467	138,804	154,823	183,851	211,948
Prisons and probation	15,034	17,067	18,794	21,319	29,235
Public safety, etc.	696	701	925	5,636	6,808
Legislative and general administration	62,786	65,327	74,631	79,440	89,280
Grants and advances to municipalities and semi-government authorities (d)	61,471	74,567	85,301	88,884	105,543
Local government, n.e.i.	3,490	4,015	4,509	5,165	5,828
Subsidies to semi-government authorities	7,543	9,016	11,331	13,165	15,102
Pay-roll tax	44,430	49,351	55,322	60,143	67,513
Pensions and superannuation (e)	51,746	64,724	77,709	90,547	107,506
Ports and harbours	7,891	8,402	9,219	9,936	11,621
Protection of the environment (including sewerage)	8,449	10,212	11,019	11,683	13,331
Social welfare, n.e.i.	58,167	71,708	85,746	94,881	96,980
Water supply, irrigation, and drainage	34,608	38,144	41,017	45,163	54,466
Miscellaneous	64,132	69,989	87,279	85,675	124,657
Special appropriation for roads and special projects	..	..	..	42,227	101,471
Appropriation to Works and Services Account	435,844	435,427	431,225	419,432	417,154
Total	2,955,620	3,294,891	3,543,598	3,953,106	4,501,740

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

(b) Includes secondary technical.

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

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

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

VICTORIAN TRUST FUND AND SPECIAL ACCOUNTS

General

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

The transactions recorded annually are numerous and of considerable magnitude in total. Debits to all funds and accounts in 1980-81 aggregated \$4,523.9m and credits \$4,540.8m. At the end of the year, the liability of the State on account of all trust funds or accounts (including shares to the value of \$15.7m lodged with the Treasurer) was \$303.0m. Of this total, investments in government and other securities amounted to \$86.8m, cash advanced was \$29.1m, while the balance, \$187.1m, was at the credit of the Public Account.

Relevant figures of balances and transactions of funds and accounts within the Trust Fund are shown under broad classifications in the following table, in respect of the year 1980-81:

VICTORIA—CURRENT TRUST FUNDS AND ACCOUNTS, 1980-81
(\$m)

Particulars	Balance at 1 July 1980	1980-81		Balance at 30 June 1981
		Payments	Receipts	
State Government funds	266.6	3,257.0	3,276.2	247.5
Joint Commonwealth and State funds	10.1	8.4	8.7	9.9
Commonwealth Government funds	19.5	1,245.1	1,243.4	21.1
Bequests, deposits, etc.	23.7	13.4	12.6	24.5
Total	319.9	4,523.9	4,540.8	303.0

Specific accounts

Victorian Government funds

The accounts included in this category are those established to receive and expend money received under statutory provisions or Parliamentary appropriation, operating accounts of various authorities, and departmental suspense and clearing accounts. In terms of financial turnover the most important accounts in 1980-81, other than suspense and clearing accounts, were: (1) Works and Services Account, credited with \$417.2m (referred to in more detail below); (2) Hospitals and Charities Fund, credited with \$363.9m; (3) The Country Roads Board Fund, credited with \$157.5m; (4) The Licensing Fund, credited with \$49.5m; (5) The Roads and Special Projects Fund, credited with \$102.5m. The major suspense and clearing accounts were: (1) The Railway Salaries and Wages in Suspense Account, credited with \$343.8m; (2) Motor Accidents and Insurance Premiums Suspense Account, with receipts of third party insurance premiums totalling \$224.2m for distribution to approved insurers and the Motor Accidents Board; and (3) Payroll Deduction Suspense Account, with credits of \$494.8m.

Joint Commonwealth and Victorian funds

The major accounts under this heading are the Dartmouth Dam Construction Account and the Cattle Compensation Fund with receipts of \$2.4m and \$1.8m, respectively.

Commonwealth Government funds

These accounts are created under the Public Account Act to receive and expend money received as a grant or payment under any Commonwealth Government Act. The main broad categories here together with their respective credits were: (1) education \$541.8m; (2) health \$331.5m; (3) housing \$103.5m; and (4) transport \$146.7m.

Money held for bequests, donations, deposits, and research

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

Works and Services Account

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

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

Expenditure on—	1976-77	1977-78	1978-79	1979-80	1980-81
Agricultural, pastoral, etc., services	9,652	5,860	5,061	5,015	5,878
Culture and recreation	14,918	23,550	26,451	31,992	42,515
Development and decentralisation (a)	6,278	7,872	6,571	7,959	7,203
Education—					
Primary and secondary (b)	103,428	98,423	103,383	93,469	83,037
Technical and vocational	28,673	41,235	48,424	44,316	59,195
Universities	—	—	—	20	20
Other higher education	645	2,248	888	2,098	504
Other	10,220	16,185	11,080	8,238	6,653

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

Expenditure on—	1976-77	1977-78	1978-79	1979-80	1980-81
Electricity supply	14,000	—	—	—	4,000
Forestry	10,988	13,585	13,618	12,728	17,368
Gas supply	20	20	40	20	20
Grants to municipalities (c)	r6,501	4,885	r3,021	3,181	1,587
Health services—					
Mental hygiene and mental hospitals	13,344	12,437	12,002	8,037	9,093
Other hospitals	35,433	38,128	48,311	47,813	48,836
Other	3,687	4,290	4,999	1,825	2,052
Housing	200	200	25	—	8,000
Lands, survey, and mining	5,779	5,942	7,217	4,983	2,321
Law, order, and public safety	15,016	16,148	20,797	14,508	15,504
Legislature and general administration	19,654	18,928	10,861	14,096	11,581
Natural disaster relief	17	—	801	—	—
Ports and harbours	3,287	2,356	3,982	3,249	4,911
Protection of the environment (including sewerage)	47,208	32,552	9,631	5,690	5,151
Railways	41,206	44,411	51,117	47,215	53,723
Tramways	—	—	—	—	390
Roads and bridges	1,725	1,214	1,764	28	9,659
Social welfare	3,798	6,142	5,827	5,530	4,229
Water supply, irrigation, and drainage	41,651	44,814	33,572	30,654	31,305
Miscellaneous	1,120	1,989	2,757	1,781	1,703
Total	438,440	443,409	432,196	394,447	436,435

(a) Includes advances to the Victorian Development Corporation of \$5.2m in 1976-77; \$5.75m in 1977-78; \$4.25m in 1978-79; \$3.5m in 1979-80; and \$3.5m in 1981-82.

(b) Includes secondary technical.

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

VICTORIAN GOVERNMENT TAXATION

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

In Victoria, taxation collections by the Victorian Government are allocated by statute either to the Consolidated Fund or to special funds. One of the principal items of Victorian taxation—taxes on the ownership and operation of motor vehicles—is allocated between the Consolidated Fund and special funds. (See page 437 for details of this allocation.)

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

Particulars	1976-77	1977-78	1978-79	1979-80	1980-81
Pay-roll tax (a)	431,785	475,138	510,505	562,518	624,149
Probate and gift duties	80,471	89,079	62,955	52,512	52,382
Land tax	59,981	60,753	69,592	90,225	120,971
Liquor tax	26,139	34,088	37,242	42,841	50,533
Lottery tax	59,369	74,746	84,889	104,524	112,970
Soccer pools taxes	1,474	1,452	1,926	2,462	1,996
Racing taxes	62,894	66,070	67,325	70,955	78,034
Taxes on the ownership and operation of motor vehicles—					
Vehicle registration fees and taxes	110,672	137,889	140,602	134,974	128,270
Drivers', etc., licences and fees	14,572	16,089	24,303	25,232	27,745
Stamp duty (vehicle registration)	40,680	44,040	47,696	53,550	64,580
Road transport taxes	6,883	7,132	7,449	7,707	8,449
Road maintenance contributions	9,968	9,818	9,577	1,487	—
Motor car third party insurance surcharges	7,461	7,799	7,938	12,531	16,906

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

Particulars	1976-77	1977-78	1978-79	1979-80	1980-81
Stamp duties, n.e.i.	230,403	236,480	247,750	290,422	335,849
Statutory authority levy—					
Gas and Fuel Corporation	4,640	5,000	7,680	10,698	17,720
State Electricity Commission	15,480	18,720	21,480	34,540	39,380
Business franchise licences—					
Tobacco	24,498	25,983	29,619	34,763	38,017
Petroleum products	..	..	..	48,366	68,928
Licences and registration fees, n.e.i.	12,552	13,873	14,979	14,632	16,474
Other taxes	993	1,584	2,244	2,730	3,075
Total	1,200,915	1,325,733	1,395,751	1,597,669	1,806,428
Paid to—					
Consolidated Fund	1,025,288	1,112,952	1,171,533	1,379,758	1,623,399
Trust funds	175,627	212,781	224,218	217,911	183,029

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

Specific collections

Pay-roll tax

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

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

The Victorian *Pay-roll Tax Act* 1971, operative from 1 September 1971, imposed a pay-roll tax at the rate of 3.5 per cent on all taxable wages and salaries paid or payable in this State. Amending legislation operative from 1 September 1973 increased the rate to 4.5 per cent. The rate was further increased to 5 per cent from 1 September 1974. The main exemptions from pay-roll tax are on wages and salaries paid by public benevolent institutions, public hospitals, non-profit private hospitals, non-government private schools (other than technical) of secondary level or below, and by municipalities other than in respect of their business activities. Exemptions from pay-roll tax on wages and salaries paid by other employers are also provided. Total receipts of payroll tax for the year ending 30 June 1981, amounted to \$624.1m.

Probate duties

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

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

Probate duty is being progressively abolished in the following manner. The amount of Probate Duty payable in respect of the estate of a person (Victorian or ex-Victorian) who dies:

- (1) In 1982, shall be two-thirds of the amount otherwise payable;
- (2) in 1983, shall be one-third of the amount otherwise payable; and
- (3) on or after 1 January 1984, shall be nil.

In respect of an estate of a deceased person who was at the time of his death domiciled outside Victoria, duty is calculated under a separate scale (irrespective of the relationship of the beneficiaries to the deceased) where the date of death of the deceased occurred on or after 21 November 1977. However, where an ex-Victorian dies on or after 1 January 1982 there is no Probate Duty payable in respect of any portion of the estate by his spouse, children, grandchildren, parents, or grandparents.

VICTORIA—RATE OF PROBATE DUTY, 1981 (a)

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

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

Land tax

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

Land tax is assessed at the rate of 0.357 per cent on the total unimproved value up to \$38,500 with a graduated increase in the rate to reach 3 per cent where the unimproved value exceeds \$880,000. Land tax is not charged where the total unimproved value of all non-exempt land of a taxpayer does not exceed \$9,000. However, where only one parcel of land is owned and it is used exclusively by the owner as his principal residence, no land tax is charged unless the unimproved value exceeds \$100,000. Where the value exceeds \$100,000 the tax otherwise payable is reduced by \$665.79. If the principal residence is jointly owned the concession applies if one of the joint owners uses the land exclusively as the principal residence.

The main changes for Victorian Land Tax for 1982–83 which will operate from 1 January 1983 are:

- (1) The general exemption level has been increased from \$9,000 to \$49,770. All landowners with aggregate holdings below this value are totally exempt from land tax.
- (2) the land tax valuation base will be indexed annually to avoid the present major periodical adjustment. For the 1983 tax year the site values of all taxable lands, the general exemption level, and the site value ranges in the Second Schedule to the Land Tax Act have all been increased by 10.6 per cent, based on the increase in the Consumer Price Index for the year ended 30 June 1982.
- (3) a surcharge of 1 per cent has been imposed on the taxable value of land in excess of \$973,280.

- (4) Crown leasehold land will now be subject to land tax in the hands of the lessee.
 (5) the principal residence concession which currently applies has been abolished.

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

In the following table details are shown of the assessments made during each of the years 1977 to 1981:

VICTORIA—LAND TAX ASSESSMENTS

Year	Number of taxpayers	Total tax payable	Average tax payable per taxpayer	Total unimproved value (a)
		\$'000	\$	\$'000
1977	64,267	56,129	873.37	3,152,445
1978	60,840	97,860	1,608.48	6,119,197
1979	59,415	89,772	1,510.94	6,102,393
1980	57,974	92,251	1,591.25	6,382,539
1981	56,975	90,796	1,593.61	5,939,374

(a) Of land not exempted from land tax.

Liquor tax

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

VICTORIA—LIQUOR TAX (\$'000)

Particulars	1976-77	1977-78	1978-79	1979-80	1980-81
Licences—					
Victuallers	15,099	17,898	20,294	23,498	27,547
Spirit merchants and grocers	8,164	12,559	13,066	14,704	17,749
Others	578	911	865	1,176	1,478
Club certificates	1,462	1,727	1,913	2,256	2,752
Permits—extended hours, etc.	668	745	852	948	1,008
Fees	169	248	252	259	253
Total	26,139	34,088	37,243	42,841	50,787

Lottery tax

The Trustees of the estate of the late George Adams, founder of Tattersall's Consultations, conduct lotteries in Victoria, under the *Tattersall Consultations Act 1958*. They are also licensed to sell the lotteries in Tasmania, Northern Territory, and Australian Capital Territory. In addition to Sweepstakes, a consultation named "Tattslotto" was introduced in 1972, "Soccerpools" in 1974, "Gold Lotteries" in 1977, "Super 66" in 1979, and Instant Lotteries in 1981. The object of the lotteries is to provide prizes, and additional finance for hospitals, charitable and mental institutions, recreational promotion, and historical and community projects.

In February 1981, the Trustees joined with Lottery Commissions of South Australia and Western Australia to form the Australian Lotto Bloc to combine and share in a common prize pool, commencing with the first draw on 7 March 1981. In March 1981, the Trustees

entered into an agreement with the Queensland Golden Casket Office, to co-operate and provide guidance in promoting Gold Lotto in that State and selling commenced on 1 July 1981. Queensland also joined the Australian Lotto Bloc.

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

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

Particulars	1976-77	1977-78	1978-79	1979-80	1980-81
Subscriptions to—					
Ordinary consultations	14,440	12,069	12,240	9,612	10,700
Tattslooto consultations	177,186	220,032	265,592	282,690	309,575
Super 66	..	..	..	15,791	26,429
Soccer football pools (a)	4,537	4,400	6,185	7,563	5,999
Gold lotteries	2,500	7,500	2,500	2,500	2,500
Duty paid to Consolidated Fund	60,843	76,198	86,815	106,986	114,966
Allocation out of Consolidated Fund—					
Hospitals and Charities Fund	53,966	65,046	77,114	94,515	101,133
Mental Hospitals Fund	5,894	7,084	7,642	9,980	11,690
Historical and Community Projects Fund	..	3,100	775	850	813
Sports and Recreation Fund	983	968	1,284	1,641	1,330

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

Racing taxes

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

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

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

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

The *Racing (Further Amendment) Act* 1980 which came into operation on 24 March 1981 provided that daily double (including feature double) and quadrella bet types be available at on-course totalizators with commission to be deducted at the rate of 17 per cent and 19 per cent, respectively. The commission is allocated in the same proportions as for the off-course totalizator except that the race club receives the 8.25 per cent instead of the Totalizator Agency Board. The Act also made provision for the introduction of jackpot and treble bet types.

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

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

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

The commission is allocated in the following proportions:

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

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

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

Year	Totalizator investments		Invest- ments with licensed book- makers (a)	Racing taxation			
	On- course	Off- course		Totali- zator	Book- makers' turnover	Other (b)	Total
1976-77	90,268	546,514	450,214	53,102	9,403	389	62,894
1977-78	101,077	570,821	476,884	55,706	9,977	387	66,070
1978-79	113,181	585,279	495,895	56,564	10,386	375	67,325
1979-80	125,313	628,456	496,434	60,210	10,390	355	70,955
1980-81	165,363	731,020	509,650	67,001	10,682	351	78,034

(a) Estimated.

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

Gift duty

The *Gift Duty Act 1971* and the *Gift Duty (Rates and Rebates) Act 1971* imposed gift duty, from 1 January 1972, on any disposition of property which is made, other than by will, without consideration in money or money's worth, or with any consideration so passing if the consideration is not fully adequate. The following amended rates of gift duty came into operation on 1 January 1982. There will be no Gift Duty payable in respect of any gift made on or after 1 January 1983.

VICTORIA—RATES OF GIFT DUTY, 1982

Where the value of all relevant gifts—	The rate per centum of duty on the value of the gift in question shall be—
Does not exceed \$50,000	Nil
Exceeds \$50,000 but does not exceed \$74,000	1.5 per cent plus 0.000375 per cent for each whole dollar by which the value of all relevant gifts exceeds \$50,000
Exceeds \$74,000 but does not exceed \$201,777	10.5 per cent plus 0.00009 per cent for each whole dollar by which the value of all relevant gifts exceeds \$74,000
Exceeds \$201,777	22 per cent

Taxes on the ownership and operation of motor vehicles

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

Paid to—	1976-77	1977-78	1978-79	1979-80	1980-81
VEHICLE REGISTRATION FEES AND TAXES					
Consolidated Fund—					
Registration fees—recreational vehicles	8	7	6	7	7
Motor Car Act—Section 7A	—	—	—	—	36,485
Country Roads Board Fund—					
Motor registration fees, etc.	68,975	85,847	87,669	83,525	78,502
Roads (Special Projects) Fund—					
Increase in registration fees (Act No. 7283)	31,592	39,063	39,770	38,322	—
Transport Regulation Fund—					
Motor omnibus registration fees	2	2	2	2	2
Traffic Authority Fund—					
Surcharge on motor registration	2,616	4,490	4,569	4,688	4,850
Transport Fund—					
Additional registration fees (part)	7,479	8,480	8,586	8,430	8,424
Total	110,672	137,889	140,602	134,974	128,270
DRIVERS, ETC., LICENCES AND FEES					
Consolidated Fund—					
Drivers licence fees (part)	5,873	6,528	10,465	10,668	11,568
Learner drivers test fees (whole) and drivers test fees (part)	2,074	2,233	2,202	2,733	3,389
Country Roads Board Fund—					
Drivers licence fees (part)	1,506	1,674	2,658	2,711	2,941
Drivers test fees (part)	477	490	524	485	525
Learner drivers permits (part)	208	235	542	571	581
Municipalities Assistance Fund—					
Drivers licence fees (part)	2,936	3,264	5,223	5,322	5,772
Drivers Licence Suspense Account—					
Drivers licences, learner drivers permits, and drivers test fees (all part)	1,498	1,665	2,689	2,742	2,969
Total	14,572	16,089	24,303	25,232	27,745
STAMP DUTY (VEHICLE REGISTRATION)					
Consolidated Fund	40,680	44,040	47,696	53,550	64,580
ROAD TRANSPORT TAXES					
Country Roads Board Fund—					
Sale of log books	15	15	19	21	22
Transport Regulation Fund—					
Licences, etc.	5,869	6,025	6,258	6,397	7,052
Permits	999	1,092	1,172	1,289	1,375
Total	6,883	7,132	7,449	7,707	8,449
ROAD MAINTENANCE CONTRIBUTIONS					
Country Roads Board Fund—					
Road charges under Commercial Goods Vehicles Act	9,968	9,818	9,577	1,487	—
MOTOR CAR THIRD PARTY INSURANCE SURCHARGES					
Consolidated Fund	7,461	7,799	7,938	12,531	16,906
TOTAL	7,461	7,799	7,938	12,531	16,906
Consolidated Fund	56,096	60,607	68,307	79,489	132,935
Country Roads Board Fund	81,149	98,079	100,989	88,800	82,571
Municipalities Assistance Fund	2,936	3,264	5,223	5,322	5,772
Roads (Special Projects) Fund	31,592	39,063	39,770	38,322	—
Transport Regulation Fund	6,870	7,119	7,432	7,688	8,429
Drivers Licence Suspense Account	1,498	1,665	2,689	2,742	2,969
Traffic Authority Fund	2,616	4,490	4,569	4,688	4,850
Transport Fund	7,479	8,480	8,586	8,430	8,424
Total	190,236	222,767	237,565	235,481	245,950

Stamp duties

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

The rates of duty payable at 1 January 1982 on the principal dutiable classes of documents, etc., are shown in the following table:

VICTORIA—STAMP DUTIES: RATES PAYABLE, 1 JANUARY 1982

Dutiable class		Duty payable
SHARE TRANSFERS—Based on value—	up to \$100—per \$25 or part	14c
	over \$100—per \$100 or part	60c
TRANSFER OF REAL PROPERTY—	for each \$100 or part of the value—	
Based on value of the property	\$	\$
	over 20 to 7,000	1.50
	„ 7,000 „ 15,000	1.75
	„ 15,000 „ 40,000	2.00
	„ 40,000 „ 100,000	2.25
	„ 100,000 „ 500,000	2.50
	„ 500,000 „ 1,000,000	3.00
	„ 1,000,000	3.50
LEASES AND ASSIGNMENTS OF LEASES OF REAL PROPERTY	variable scale according to nature	
INSURANCE COMPANIES (OTHER THAN LIFE)		
—Annual licences	} based on annual premium income	7 per cent
LIFE ASSURANCE POLICIES—On the sum insured	up to \$2,000—per \$200 or part	12c
	over \$2,000—\$1.20 for first \$2,000 plus per \$200 or part of remainder	24c
CHEQUES—		
Payable on demand		10c
Drawn outside Victoria but negotiated, transferred, endorsed, or paid in Victoria		10c
BILLS OF EXCHANGE OR PROMISSORY NOTES—		
Payable on demand		10c
Drawn or made out of Victoria and duly stamped with <i>ad valorem</i> duty of another State		10c
Not drawn or made out of Victoria and duly stamped with <i>ad valorem</i> duty of another State, which is for a term of not more than 120 days after date or sight	} for each 10 days or part, for each \$100 or part	1c
Any other (except a bank note)	for each \$100 or part	12c
POWER OF ATTORNEY OR APPOINTMENT OF AGENT		\$10
INSTALMENT PURCHASE (including hire purchase)	purchase price \$20 or more	1.2 per cent
MORTGAGES, BONDS, DEBENTURES, AND COVENANTS—On amount secured	up to \$8,000	\$4
	up to \$10,000—\$4 for first \$8,000 plus per \$200 or part of remainder	70c
	over \$10,000—\$11 for first \$10,000 plus per \$200 or part of remainder	80c
CREDIT AND RENTAL BUSINESS	} based on amount of credit, based on amount of rental	1.2 per cent 1.5 per cent
GUARANTEES AND INDEMNITIES		\$10
OTHER AGREEMENTS AND INSTRUMENTS—		
Partnerships, sale of business, etc. Caveats		
Licence to use real property, etc.		
Transfer of mortgage		
Discharge of mortgage of real property		
Discharge of mortgage of personal property other than of a life policy		
Appointment of trustee		
Discharge of mortgage of a life policy		\$10
DEEDS—not otherwise chargeable		\$10

VICTORIA—STAMP DUTIES: RATES PAYABLE, 1 JANUARY 1982—*continued*

Dutiable class	Duty payable
MOTOR CAR—	
On every application for registration of a motor car or trailer not previously registered in Victoria or elsewhere—	
For every \$200 and part of \$200 of the market value	\$5
On every other application for registration and every notice of acquisition of a motor car or trailer—	
For every \$200 or part of \$200 of the market value	\$8
MOTOR BOAT—	
On every application for registration and every notice of acquisition of a motor boat—	
For every \$200 or part of \$200 of the market value	\$5

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

Business franchise licences

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

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

Statutory levy

The *Public Authorities (Contributions) Act* 1966 requires the State Electricity Commission and the Gas and Fuel Corporation to pay to the Consolidated Fund, in each of the financial years, a contribution of an amount equal to 3 per cent of the total revenue of each authority in the preceding financial year. On 8 December 1971, the percentage was increased to 4 per cent and for 1979–80 the percentage was further increased to 5.5 per cent. The contribution of the Gas and Fuel Corporation was increased to 8 per cent of the Corporation's revenue in 1980–81. This was increased to 15 per cent of revenue for 1981–82. There was no change in the basis of the contribution from the State Electricity Commission. For changes proposed in 1982–83 see page 413.

COMMONWEALTH GOVERNMENT TAXATION

Specific collections*Commonwealth Government estate duty*

Commonwealth estate duty is not payable on estates of persons who died after 30 June 1979. The amount of such duty collected throughout Australia during each of the 5 years to 1981–82 was: 1977–78, \$95.5m; 1978–79, \$82.1m; 1979–80, \$48.4m; 1980–81, \$17.1m; and 1981–82, \$4.4m.

Commonwealth income tax

Uniform taxation of income throughout Australia was adopted in 1942 when the Commonwealth Government became the sole authority levying this tax. However, legislation has been passed which enables each State to legislate to impose a surcharge on personal income tax in the State, additional to that imposed by the Commonwealth or to give (at a cost to the States) a rebate on personal income tax payable under Commonwealth law. Details of these arrangements are given in 1982–83 *Budget Paper No. 7, Payments to or for the States, the Northern Territory and Local Government Authorities*.

For the income tax year ended 30 June 1982 the following were the principal changes:

(1) Personal income tax rates were reduced as a result of applying a half indexation factor of 3.8 per cent to the income ranges in the previous year's rates scale, the marginal rates

in each case remaining unaltered. The standard rate of 32 cents in the dollar applies to taxable incomes in excess of \$4,195.

Concessional rebates for dependants, sole parents, and housekeepers were increased by 3.8 per cent as was the permitted level of a dependant's separate net income. However, the rebate for concessional expenditure remains unchanged at 32 per cent of the total of rebatable expenses.

(2) A rebate of 32 cents in the dollar is now allowable for contributions paid to a registered health organisation for basic hospital and/or medical insurance. The rebate is separate from and additional to the concessional expenditure rebate.

(3) The special rules which apply in calculating the tax on "unearned" income exceeding \$1,040 derived by certain unmarried, non-working minors have been varied, in so far as the ceiling of taxable income has been increased from \$34,478 to \$35,788. Eligible taxable income in excess of \$35,788 is taxed at the maximum rate of 60 per cent.

(4) The level of taxable income at which a taxpayer becomes eligible for a rebate of tax in respect of a fully assessable lump sum payment for unused annual leave and unused long service leave has been increased from \$17,239 to \$17,894. The maximum marginal rate of tax payable remains unchanged at 32 per cent.

(5) Special rules which apply retrospectively for the 1977-78 and subsequent income years have been introduced in respect of the taxable benefit assessable to an employee who has been provided with free or subsidised housing by his employer. Where those rules have been satisfied the amount of the benefit assessable to the employee will, in general, be limited to 10 per cent of the market rental value to the accommodation provided by the employer, less any rent paid by the employee.

(6) Legislation was enacted for the express purpose of rendering assessable, payments made to induce a person to resume work or to resume providing services. The amendment is designed to cover amounts received by workers on settlement of an industrial dispute where the payments are made under any agreement, arrangement, or understanding entered into after 11 August 1981.

(7) Changes to the existing income tax zone rebate arrangements were introduced with general effect from 1 November 1981. These changes are more fully detailed in the subsequent paragraph dealing with "Rebates".

The rates of tax that applied to taxable incomes of individuals for the year ended 30 June 1982 are set out in the following scale:

AUSTRALIA—GENERAL RATES OF TAX: INDIVIDUALS (1981-82 income year)

Total taxable income		Tax at general rates on total taxable income	
Not less than	Not more than		
\$	\$	\$	
0	4,194	Nil	
4,195	17,893	Nil	plus 32c for each \$1 in excess of 4,195
17,894	35,787	4,383.68	plus 46c for each \$1 in excess of 17,894
35,788 and over		12,614.92	plus 60c for each \$1 in excess of 35,788

Rebates

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

The following rebates from tax payable on taxable income, derived during the year of income ended 30 June 1982 are allowable to resident taxpayers:

AUSTRALIA—REBATES FROM TAX PAYABLE ON TAXABLE INCOME (1981-82 income year)

Dependant, etc.	Maximum rebate (a)
	\$
Spouse, daughter-housekeeper (a)	830
Parent or parent-in-law (a)	749

AUSTRALIA—REBATES FROM TAX PAYABLE
ON TAXABLE INCOME—*continued*
(1981–82 income year)

Dependant, etc.	Maximum rebate (a)
	\$
Invalid relative (a)	376
Housekeeper	830
Sole parent rebate (a)	580
Zone and overseas forces allowance (c)—	
Ordinary Zone A	\$216 plus 25 per cent of rebates for dependants and housekeeper or sole parent (b)
Special Zone A	\$216 plus 25 per cent of rebates for dependants and housekeeper or sole parent (b)
Ordinary Zone B	\$36 plus 4 per cent of rebates for dependants and housekeeper or sole parent (b)
Special Zone B	\$36 plus 4 per cent of rebates for dependants and housekeeper or sole parent (b)
Zone and overseas forces allowance (d)—	
Ordinary Zone A	\$216 plus 50 per cent of rebates for dependants and housekeeper or sole parent (b)
Special Zone A	\$750 plus 50 per cent of rebates for dependants and housekeeper or sole parent (b)
Ordinary Zone B	\$36 plus 20 per cent of rebates for dependants and housekeeper or sole parent (b)
Special Zone B	\$750 plus 20 per cent of rebates for dependants and housekeeper or sole parent (b)

(a) The dependant rebate otherwise available to a taxpayer is reduced by \$1 for every \$4 by which the separate net income of the dependant exceeds \$282. The sole parent rebate is allowable to a single, widowed, or divorced person who has the sole care of a child or student whose separate net income is less than \$1,786.

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

(c) Up to 31 October 1981.

(d) From 1 November 1981 to 30 June 1982.

The special zone rebate is available to taxpayers residing or spending the required period of time in especially isolated areas in either zone and which is designated as being a special zone area. That is a place or places in a zone in excess of 250 kilometres by the shortest practicable surface route from the nearest population centre of 2,500 or more persons. Centres of population of 2,500 or more persons are based on 1976 Census data and are shown on zone maps available from Taxation Offices and Post Offices within zone areas.

The increase in the dependant component of the Ordinary Zone A rebate will, with effect from 1 November 1981, also apply for the purpose of calculating rebates of tax for certain persons serving overseas with a United Nations armed force and for members of the Defence Forces serving at certain overseas localities, respectively. Since their inception, the rebates applicable to eligible personnel have been comparable with the rebate available to residents of Ordinary Zone A.

(2) Concessional expenditure:

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

(3) Capital subscribed:

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

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

Other deductions

The following remain as allowable deductions against assessable income:

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

VICTORIA—INCOME TAX: INDIVIDUALS, 1980-81 (a) (1979-80 income year)

Grade of taxable income (b)	Number of taxpayers			Net income (c)	Taxable income	Net tax assessed
	Males	Females	Persons			
\$				\$'000	\$'000	\$'000
Under- 5,000	55,737	80,230	135,967	605,814	595,838	24,199
5,000- 5,999	46,993	61,210	108,203	605,790	594,758	54,389
6,000- 6,999	47,968	57,555	105,523	698,839	685,846	84,766
7,000- 7,999	49,599	62,219	111,818	855,740	839,155	125,711
8,000- 8,999	57,889	62,092	119,981	1,041,434	1,021,163	172,460
9,000- 9,999	72,175	64,284	136,459	1,323,331	1,297,912	239,424
10,000-10,999	82,559	55,030	137,589	1,472,268	1,443,536	282,921
11,000-11,999	84,357	37,545	121,902	1,430,993	1,400,534	287,342
12,000-12,999	76,439	26,999	103,438	1,321,110	1,291,602	275,975
13,000-13,999	67,697	19,315	87,012	1,201,443	1,173,390	258,553
14,000-14,999	58,877	14,532	73,409	1,088,586	1,063,162	240,478
15,000-15,999	49,749	10,809	60,558	960,207	937,608	217,067
16,000-16,999	41,122	9,630	50,752	856,033	836,601	198,715
17,000-17,999	31,828	5,830	37,658	674,230	658,184	162,419
18,000-18,999	25,532	4,186	29,718	562,915	549,159	141,010
19,000-19,999	19,835	3,030	22,865	456,591	445,319	118,725
20,000-21,999	26,963	4,153	31,116	667,989	651,221	181,687
22,000-23,999	16,708	2,782	19,490	459,182	447,049	131,634
24,000-25,999	11,022	1,912	12,934	331,809	322,530	99,059
26,000-27,999	7,251	1,387	8,638	239,356	232,638	73,774
28,000-29,999	5,023	1,098	6,121	182,312	177,189	57,944
30,000-34,999	8,889	2,584	11,473	379,909	370,611	127,021
35,000-39,999	4,002	919	4,921	188,416	183,240	67,746
40,000-49,999	3,751	724	4,475	203,277	197,570	80,220
50,000-99,999	3,210	601	3,811	251,701	246,571	115,571
100,000 and over	531	102	633	109,042	103,984	57,541
Total	955,706	590,758	1,546,464	18,168,318	17,766,371	3,876,353

(a) These figures are deficient in that details in respect of 79,583 assessments, with taxable income of \$891.4m and net tax assessed of \$186.8m, were not available for inclusion in the table.

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

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

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

Withholding tax

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

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

Company tax

**AUSTRALIA—RATES OF TAX: COMPANIES:
1981-82 FINANCIAL YEAR
(1980-81 income year)**

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

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

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

SUPERANNUATION

Victorian pensions and gratuities

The following table shows details of Victorian Government expenditure on pensions, gratuities, etc., during each of the years 1976-77 to 1980-81:

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

Particulars	1976-77	1977-78	1978-79	1979-80	1980-81
State Superannuation Fund—					
Railways	16,263	19,591	22,582	25,437	29,359
Other	48,439	61,317	73,436	86,212	102,864
Total	64,702	80,908	96,018	111,649	132,223
Police Superannuation Fund	4	4	4	4	4
Parliamentary Contributory Superannuation Fund	2,442	2,442	3,280	3,280	3,280
Married Women's Superannuation Fund	51	93	89	69	139
Other pensions, gratuities, etc.	545	668	739	804	1,036
Grand total	67,744	84,115	100,130	115,807	136,682

Victorian Superannuation Fund

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

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

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

- (1) A basic pension on retirement for ill-health, or at age 65, of 70 per cent of salary at retirement;
- (2) on age retirement before age 65, but after age 60, the pension will reduce pro rata to 66½ per cent of salary at age 60;
- (3) officers' contributions limited to a maximum of 9 per cent of salary;

- (4) widows' pensions at the rate of two-thirds of officers' pensions;
- (5) right to convert part of the pension into a lump sum;
- (6) married women eligible to elect to be contributors to the superannuation scheme;
- (7) railway officers may elect to limit their superannuation entitlement to a maximum of thirteen units, or to forgo superannuation altogether in order to receive retiring gratuities and/or service grants; and
- (8) entry to the fund is subject to medical examination and classification by the Board.

VICTORIA—STATE SUPERANNUATION FUND
(\$'000)

Particulars	1976-77	1977-78	1978-79	1979-80	1980-81(b)
Receipts—					
Contributions—					
Officers	56,669	55,837	65,280	72,491	79,482
Consolidated Fund (a)	48,887	58,532	67,624	77,005	77,556
Interest	21,620	26,245	30,155	36,050	47,870
Other	4,661	5,470	6,139	6,915	2,689
Total	131,837	146,085	169,197	192,461	207,597
Disbursements—					
Pension payments	52,683	61,547	69,886	79,275	90,375
Lump sum payments	26,827	23,510	24,098	24,781	9,623
Contributions refunded	4,652	5,093	5,719	9,671	8,988
Transfer to Pensions					
Supplementation Fund	10,479	12,819	14,945	16,956	20,497
Other	2,005	5,352	2,534	15	125
Total	96,646	108,321	117,182	130,698	129,608
Balance in Fund at 30 June	335,889	373,652	425,667	487,430	—

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

(b) These figures are not comparable with figures for earlier years due to the revised accounting system of the State Superannuation Fund.

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

In January 1982, the Act was amended by the *Superannuation (Lump Sum Benefits) Act 1981*. Included in this Act were provisions for equal treatment of male and female contributors and pensioners. The amending Act also provided that the administration costs of the Board would be met from the Fund and not from Consolidated Revenue.

**VICTORIA—GOVERNMENT SUPERANNUATION SCHEMES OPERATED
THROUGH SEPARATELY CONSTITUTED FUNDS, 1979-80**

Particulars	Victorian Government	Local government	Semi-government	Total
	\$'000	\$'000	\$'000	\$'000
	INCOME (a)			
Contributions—				
Employees	73,195	10,640	32,337	116,172
Employing authorities	(b) 113,802	16,051	67,120	196,973
Interest, etc.	47,188	14,283	80,681	142,152
Total	234,185	40,974	180,138	455,297
	EXPENDITURE (a)			
Pensions	135,010	140	24,750	159,900
Lump sum payments	34,854	10,474	30,113	75,441
Other	17	4,971	4,485	9,473
Total	169,881	15,585	59,348	244,814

**VICTORIA—GOVERNMENT SUPERANNUATION SCHEMES OPERATED
THROUGH SEPARATELY CONSTITUTED FUNDS, 1979-80—continued**

Particulars	Victorian Government	Local government	Semi- government	Total
	\$'000	\$'000	\$'000	\$'000
ASSETS (c)				
Government securities—				
Commonwealth Government	10	—	1,753	1,763
Local and semi-government	257,350	84,245	109,891	451,486
Other securities, etc.	235,538	73,767	597,230	906,535
Total	492,899	158,012	708,875	1,359,784
Contributors (c)	number (d) 91,933	number 23,373	number 48,880	number (d) 164,186

(a) Excludes transfers between funds.

(b) This figure does not agree with that shown on page 443 as the latter includes the Consolidated Fund's share of pensions accrued at the end of the year and because this table excludes the Parliamentary Contributory Superannuation Fund, the Coal Mine Workers Pension Fund, and government expenditure on other pensions, gratuities, etc.

(c) At end of year.

(d) Estimated.

PUBLIC DEBT

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

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

A notable feature of the public debt of the State is that approximately 99 per cent of indebtedness is now domiciled in Australia. There has been a gradual change from the situation which existed a century ago when nearly all loans were financed in London. Even at the beginning of the twentieth century, only 10 per cent of State indebtedness was domiciled in Australia.

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

The public debt of the State of Victoria as shown in the following tables excludes certain liabilities due to the Commonwealth Government at 30 June 1981. These liabilities include advances of \$1,112.1m for housing purposes under the Commonwealth-State Housing Agreements, \$73.1m for sewerage, \$63.6m for rural and dairy reconstruction, \$98.6m for growth centres, \$44.1m for land acquisition and \$11.8m of special assistance loans for soldier settlement. These and other purpose loans and advances made pursuant to Commonwealth-State agreements and arrangements should be taken into account when considering the total debt position of Victoria.

Public debt transactions

The following table shows particulars of the loans raised and redeemed during, and the amount outstanding at the end of, each of the years 1976-77 to 1980-81. The variations from year to year in the Australian currency equivalent of overseas loans, resulting from application of the rates of exchange ruling at 30 June in each year, are shown.

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

Particulars	1976-77	1977-78	1978-79	1979-80	1980-81
DEBT MATURING IN AUSTRALIA					
Debt outstanding at 1 July	(a) 2,807,054	3,005,216	3,222,352	3,417,227	3,575,959
New debt incurred—					
Commonwealth Government loan floatations	517,416	567,274	541,163	425,966	916,674
Domestic raisings	..	..	..	..	..
Less conversion and redemption loans	288,372	326,482	300,692	216,818	691,943

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

Particulars	1976-77	1977-78	1978-79	1979-80	1980-81
DEBT MATURING IN AUSTRALIA—<i>continued</i>					
Total new debt incurred	229,044	240,791	240,471	209,148	224,731
Less repurchases and redemptions from National Debt Sinking Fund	30,882	23,656	45,596	50,417	48,249
Net increase in debt	198,162	217,136	194,875	158,731	176,482
Debt outstanding at 30 June	3,005,216	3,222,352	3,417,227	3,575,959	3,752,441
DEBT MATURING IN LONDON					
Debt outstanding at 1 July	15,673	16,115	14,387	4,347	4,559
New debt incurred	..	..	..	..	..
Less repurchases and redemptions from National Debt Sinking Fund	585	2,451	10,746	..	1
Adjustment due to variation in rate of exchange	+ 1,027	+ 723	+ 706	+ 212	-756
Net increase in debt	+ 442	-1,728	-10,040	+ 212	-757
Debt outstanding at 30 June	16,115	14,387	4,347	4,559	3,802
DEBT MATURING IN NEW YORK, CANADA, SWITZERLAND, AND THE NETHERLANDS					
Debt outstanding at 1 July	11,314	10,441	7,906	5,980	4,356
New debt incurred	..	..	..	..	..
Less repurchases and redemptions from National Debt Sinking Fund	1,811	2,304	2,078	1,528	2,412
Adjustment due to variation in rate of exchange	+ 938	-229	+ 152	-96	-52
Net increase in debt	-873	-2,533	-1,926	-1,624	-2,464
Debt outstanding at 30 June	10,441	7,906	5,980	4,356	(a) 1,892
TOTAL	2,834,041	3,031,771	3,244,646	3,427,554	3,584,874
Debt outstanding at 1 July	..	..	..	..	..
New debt incurred	..	..	..	..	..
Commonwealth Government loan floatations	517,416	567,274	541,163	425,966	916,674
Domestic raisings	..	..	..	..	..
Less conversion and redemption loans	288,372	326,482	300,692	216,818	691,943
Total new debt incurred	229,044	240,791	240,471	209,148	224,731
Less repurchases and redemptions from National Debt Sinking Fund	33,279	28,410	58,421	51,945	50,662
Adjustment due to variation in rate of exchange	+ 1,966	+ 493	+ 858	+ 116	-808
Net increase in debt	197,731	212,874	182,908	157,319	173,261
Debt outstanding at 30 June	3,031,771	3,244,646	3,427,554	3,584,874	3,758,134

(a) Includes New York, \$A1,710,676; and the Netherlands, \$A180,924.

The following table shows details of the amounts of loans outstanding in Australia, London, New York, Canada, and the Netherlands at the end of each of the years 1976-77 to 1980-81:

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

At 30 June—	Amount					Total debt
	Australia	London	New York	Canada	The Netherlands	
1977	3,005,216	16,115	7,589	1,845	1,006	3,031,771
1978	3,222,352	14,387	5,498	1,540	869	3,244,646
1979	3,417,227	4,347	3,915	1,332	733	3,427,554
1980	3,575,959	4,559	2,611	1,248	497	3,584,874
1981	3,752,441	3,802	1,711	..	181	3,758,134

In the following table the annual interest liability of the State has been calculated on the basis of the debt outstanding at the end of each of the years 1976-77 to 1980-81. The liability, therefore, represents the amount of interest payable in the ensuing year without

regard to new loan raisings and redemptions during that year. The table shows particulars of the annual interest payable in Australia and in overseas countries, respectively, and the average rate of interest liability.

VICTORIA—ANNUAL INTEREST LIABILITY ON PUBLIC DEBT (a)

At 30 June—	Payable in Australia	Payable in overseas countries	Total	Average rate
	\$A'000	\$A'000	\$A'000	per cent
1977	225,594	1,461	227,055	7.49
1978	253,707	1,228	254,935	7.86
1979	272,823	572	273,395	7.99
1980	295,653	496	296,149	8.27
1981	335,534	317	335,851	8.94

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

The actual interest and expenses paid on the public debt of Victoria for each of the years 1976-77 to 1980-81 are shown in the following table:

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

Year	Interest paid on loans maturing—				Total interest	Commission on payment of interest overseas, expenses of conversion loans, etc.	Grand total (b)
	In Australia	In London (a)	In New York (a)	Elsewhere overseas (a)			
1976-77	207,723	896	459	173	209,251	1,215	210,466
1977-78	238,005	925	370	148	239,448	1,201	240,649
1978-79	256,231	772	273	128	257,403	1,587	258,990
1979-80	274,095	276	166	116	274,653	1,825	276,477
1980-81	318,103	247	131	91	318,572	1,859	320,431

(a) Includes exchange.

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

National Debt Sinking Fund

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

Details of transactions of the National Debt Sinking Fund in respect of the public debt of the State of Victoria, for each of the years 1976-77 to 1980-81, are shown in the following tables. The first table shows particulars of the receipts of the Fund, and the second table shows details of the expenditure on, and face value of, securities repurchased and redeemed.

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

Particulars	1976-77	1977-78	1978-79	1979-80	1980-81
Contributed under Financial Agreement—					
Victorian Government	31,156	33,458	35,849	38,208	40,141
Commonwealth Government	8,003	8,540	9,098	9,649	10,100
Total contributions under Financial Agreement	39,159	41,998	44,947	47,857	50,241
Interest on investments	31	173	922	338	72
Total	39,190	42,171	45,868	48,195	50,313
Total to date	585,522	627,693	673,562	721,757	772,070

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

Particulars	1976-77	1977-78	1978-79	1979-80	1980-81
Australia—					
Face value	30,882	23,656	45,596	50,417	48,249
Net cost	30,881	23,653	45,544	50,413	48,243
London—					
Face value	585	2,451	10,746	—	1
Net cost	492	2,597	11,996	—	1
New York—					
Face value	1,601	1,934	1,673	1,219	914
Net cost	1,650	1,923	1,659	1,202	907
Canada—					
Face value	45	168	188	64	1,248
Net cost	42	162	181	63	1,212
Netherlands—					
Face value	165	202	217	245	250
Net cost	177	206	234	259	229
Total—					
Face value	33,279	28,410	58,421	51,945	50,662
Net cost	33,242	28,540	59,615	51,937	50,592
Total to date—					
Net cost	577,721	606,261	665,875	717,813	768,405

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