

Part 9

FINANCE

Public Finance

Economic Importance of Government Financial Activity

Financial Transactions

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

Purchases of Goods and Services

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

Transfers of Income between Sections of the Community

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

Production and Trading

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

Victorian Governmental Activity

Victorian governmental activity is carried out by :—

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

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

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

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

VICTORIA—PUBLIC AUTHORITIES' CURRENT ACCOUNT
(\\$m)

Particulars	1960-61	1961-62	1962-63	1963-64	1964-65
RECEIPTS					
Taxation	166.4	175.1	185.3	202.8	227.5
Interest, &c., Received	8.9	8.7	9.7	10.5	11.6
Public Enterprises' Income	74.5	76.5	88.8	95.5	108.8
Grants from Commonwealth Government Authorities	145.3	161.5	172.6	183.3	187.4
Total Receipts	395.1	421.8	456.4	492.1	535.3
OUTLAY					
Net Current Expenditure on Goods and Services	204.7	224.0	240.2	261.8	282.6
Subsidies	1.1	0.5	0.5	0.6	0.5
Interest, &c., Paid	97.1	108.3	120.5	128.8	139.7
Oversea Grants	0.6	0.5	0.4	0.4	0.4
Cash Benefits to Persons	1.5	2.0	2.2	2.7	2.7
Grants towards Private Capital Expenditure	0.6	0.5	0.5	0.5	1.6
Surplus on Current Account	89.5	86.0	92.1	97.3	107.9
Total Outlay	395.1	421.8	456.4	492.1	535.3

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

Particulars	1960-61	1961-62	1962-63	1963-64	1964-65
SOURCES OF FUNDS					
Depreciation Allowances	26.4	23.3	27.3	34.9	37.8
Net Sale of Securities—					
Commonwealth Securities—					
Securities Other than Treasury Bills—					
Australia	65.9	65.9	55.6	77.0	87.8
Overseas	10.3	4.9	15.1	4.8	-5.1
Local and Semi-Governmental Securities	43.3	63.7	64.2	62.3	62.1
Advances from Commonwealth Government Authorities	22.0	28.1	24.3	24.8	31.5
Grants from Commonwealth Government Authorities	28.6	29.7	29.0	27.8	34.8
Surplus on State and Local Government Authorities Current Account	89.5	86.0	92.1	97.3	107.9
Other Funds Available (Including Errors and Omissions)	0.6	6.9	5.0	2.4	11.7
Increase in Cash and Bank Balances	-4.0	0.1	-13.4	1.9	3.0
Total Sources of Funds	282.6	308.6	299.2	333.1	371.5

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

Particulars	1960-61	1961-62	1962-63	1963-64	1964-65
USES OF FUNDS					
Fixed Capital Expenditure on New Assets	267.3	294.2	285.6	317.9	346.6
Expenditure on Existing Assets ..	- 10.4	- 6.8	- 5.6	- 4.7	- 1.5
Increase in Value of Stocks ..	1.5	- 0.6	- 0.3	- 1.0	2.0
Advances to Public Financial Enterprises	24.7	22.7	18.5	17.9	22.7
Net Increase in Financial Assets of Public Financial Enterprises ..	- 0.5	- 0.9	1.0	3.1	1.6
Total Uses of Funds ..	282.6	308.6	299.2	333.1	371.5

Financial Relations with the Commonwealth

General

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

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

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

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

Financial Agreement between the Commonwealth and the States

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

(1) Consolidation of Public Debt

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

(2) Regulation of Government Borrowing

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

If the Loan Council considers that the total amount of the programmes cannot be borrowed at reasonable rates and conditions, it determines what amount shall be borrowed and may, by unanimous decision, allocate such amount between the Commonwealth and the

States. In default of a unanimous decision, the allocation is determined by means of a formula written into the Agreement. Subject to the decisions of the Loan Council, the Commonwealth arranges all borrowings including those for conversions, renewals, and redemptions. However, the Commonwealth or a State may borrow for "temporary purposes" by way of overdraft or fixed deposit, subject to limits fixed by the Loan Council. In addition, the Commonwealth may borrow within the Commonwealth, or a State within its territory, from authorities, bodies, or institutions, or from the public by counter sales of securities, subject to Loan Council approval. Commonwealth securities are issued for moneys borrowed in this way, and amounts so borrowed are treated as part of the borrowing programme for the year.

(3) *Sinking Fund Provisions*

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

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

(4) *Borrowing by Semi-Governmental Authorities*

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

Since 1962-63 the Loan Council has placed no overall limit on the programmes of authorities for which State Governments approve individual borrowing programmes of \$200,000 or less although, in earlier years, specific overall programmes had also been approved for these smaller authorities.

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

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

The Commonwealth is in a position to control the supply of local loan moneys through the influence of Commonwealth policy on the banking system, indirectly through alterations in rates of taxation

(which affect personal savings), and through the money it is prepared to make available from its own trust funds. Although loan raisings for each of the years 1962-63 and 1963-64 were adequate to complete governmental expenditure programmes (including redemptions), Commonwealth support was needed in other years. From 1st July, 1951 to 30th June, 1965, out of loan programmes amounting to \$6,705.8m, the Commonwealth has provided \$1,898m from the Australian currency proceeds of oversea loans and from budget surpluses.

Grants to the States

General

The following table shows, for each of the years 1960-61 to 1964-65, particulars of grants paid to Victoria :—

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

Particulars	1960-61	1961-62	1962-63	1963-64	1964-65
Financial Agreement—					
Interest on State Debt ..	4,254	4,254	4,254	4,254	4,254
Sinking Fund on State Debt† ..	2,893	3,131	3,390	3,700	3,938
Financial Assistance Grants ..	134,743	146,029	152,268	159,482	171,750
Additional Assistance Grants ..	..	3,600	7,454	10,280	..
Commonwealth Aid Roads ..	18,367	20,159	21,754	22,824	25,576
Tuberculosis Hospitals—Reimbursement of Capital Expenditure, &c.	96	116	110	50	308
Mental Institutions—Contribution to Capital Expenditure ..	168	..	..	..	712
Coal Mining Industry—Long Service Leave	‡	‡	‡	‡	1
Grants to Universities	6,045	7,409	9,310	9,926	10,386
Science Laboratories .. ..	..	..	..	..	2,800
Technical Training .. ..	..	..	..	..	2,826
Tobacco Industry Extension Services ..	..	..	16	16	..
Dairy Industry Extension Services ..	144	130	130	178	178
Expansion of Agricultural Advisory Services	120	120	120	120	132
Minor Agricultural Research	§	§	§	14	12
Road Safety Practices	28	20	20	20	20
Housekeeper Services	8	8	8	8	8
Blood Transfusion Services	100	106	112	122	128
Water Resources .. ..	..	..	..	..	90
Total	166,966	185,082	198,946	210,994	223,118

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

† Paid to National Debt Sinking Fund.

‡ Under \$500.

§ Not available.

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

Financial Agreements

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

Financial Assistance Grants

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

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

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

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

Grants for Road Construction

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

Under the provisions of the *Commonwealth Aid Roads Act 1964*, which is to operate for a period of five years as from 1st July, 1964, the Commonwealth will make available to the States a total amount of up to \$750m for the construction, reconstruction, maintenance, and repair of roads. Of this amount, \$660m will be payable as basic grants, which will increase from \$124m in 1964-65 to \$140m in 1968-69, and which will be distributed each year among the States on the basis that Tasmania will receive 5 per cent. and that, of the remainder, one-third will be shared by the other States in proportion to their respective populations at the date of the last preceding census, one-third in proportion to their respective areas, and one-third in proportion to the number of motor vehicles registered in those States at 31st December preceding the year of payment.

The balance of \$90m takes the form of matching assistance. The amount available for this purpose will increase from \$6m in 1964-65 to \$30m in 1968-69. Each State may participate in the matching assistance for each year, up to the share of the assistance for which it is eligible. Its share is determined by allocating the amount of matching assistance available each year in the same proportions in which the basic grant for that year is distributed. In 1965-66, Victoria received \$27.5m by way of basic grant and matching assistance.

Grants to Universities

Commonwealth assistance to the States in respect of the recurrent expenditures of universities dates from 1951-52; in 1957-58 assistance was first given in respect of capital expenditures. An outline of assistance prior to 1964 is given in previous issues of the Victorian Year Book.

The *Universities (Financial Assistance) Act 1963* provided for the payment of \$116.8m to the States for universities over the three calendar years 1964 to 1966. Subsequent legislation in 1965 increased the grants to \$134.1m as a result of the acceptance of certain proposals of three committees concerning academic salaries, the future of tertiary education in Australia, and teaching costs in hospitals.

Victoria's share of this assistance for 1965-66 was \$8.1m for recurrent expenditures and \$4.4m for capital expenditures.

Grants for Science Laboratories and Equipment in Secondary Schools

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

The grants are applicable to both government and non-government schools. Victoria's share of this assistance for 1965-66 was \$2.8m of which \$2.0m was available for government schools and \$0.8m for non-government schools.

Grants for Technical Training—Buildings and Equipment

The *States Grants (Science Laboratories and Technical Training) Act 1964*, also introduced in 1964-65, grants of \$10m to the States towards the building and equipment cost of technical schools or colleges conducted by the States. Continuation of these grants for the three financial years 1965-66 to 1967-68 was authorized by the *States Grants (Technical Training) Act 1965*. During 1965-66 Victoria received \$2.8m from this grant.

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

Revenue and Expenditure

General

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

In the following tables, details of Consolidated Revenue and Expenditure are shown for each of the years 1960-61 to 1964-65. The figures are not comparable, in all cases, with those shown in issues of the Year Book prior to 1961 (No. 75), in which the Public Revenue and Expenditure of certain special funds were added to Consolidated Revenue and Expenditure, while recoups by the Treasury to the Victorian Railways for specified purposes were excluded from the figures.

Consolidated Revenue Fund

The following table shows, for each of the years 1960-61 to 1964-65, the Consolidated Revenue and Expenditure of Victoria, the surplus or deficit, and the accumulated deficit at the end of each year:—

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

Year Ended 30th June—	Revenue	Expenditure	Surplus (+) or Deficit (—)	Accumulated Deficit at End of Each Year (i.e., 30th June)
1961	370,203	369,863	+ 340*	53,126
1962	392,618	392,597	+ 21*	52,786
1963	414,151	414,149	+ 2*	52,765
1964	444,369	444,874	— 505	52,764
1965	480,668	480,668	..	53,269†

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

† Of this amount, \$49,372,000 was provided from Loan Fund and \$3,897,000 from the Public Account.

Consolidated Revenue :—Details of the principal sources of revenue are shown in the following table for each of the years 1960–61 to 1964–65 :—

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

Source of Revenue	Year Ended 30th June—				
	1961	1962	1963	1964	1965
Taxation*	83,880	86,766	90,772	101,515	115,642
Business Undertakings—					
Railways	85,248	85,966	87,128	92,376	102,027
Harbours, Rivers, and Lights ..	1,416	1,384	1,356	1,743	2,408
Water Supply, Sewerage, Irrigation, and Drainage ..	8,906	9,978	10,158	11,147	11,865
Electricity Supply (Interest and Recoups of Sinking Funds, &c.)	6,822	7,862	8,588	9,334	9,964
State Coal Mine	732	504	516	504	461
Other	866	756	656	610	691
Total	103,990	106,450	108,402	115,715	127,416
Lands—					
Sales	348	656	672	423	430
Rents	1,116	1,142	1,200	1,302	1,416
Forestry	4,618	4,390	4,520	4,705	5,153
Other	444	350	346	468	933
Total	6,526	6,538	6,738	6,898	7,933
Interest, <i>n.e.i.</i>	13,324	14,390	15,984	17,289	19,064
Commonwealth Grants—					
Financial Agreement Act ..	4,254	4,254	4,254	4,254	4,254
Financial Assistance	134,742	146,030	152,266	159,482	171,750
Additional Financial Assistance	..	3,600	7,454	10,280	..
Total	138,996	153,884	163,974	174,017	176,004
Commonwealth National Welfare Fund Payments—					
Tuberculosis—					
Maintenance Expenditure ..	2,224	2,294	2,666	2,868	2,739
Pharmaceutical Benefits—					
Mental Institutions	62	170	314	132	237
Other	34	39	37	262	640
Total	2,320	2,503	3,017	3,262	3,616
Fees and Fines	4,702	4,746	4,840	5,639	6,998
All Other†	16,465	17,341	20,424	20,035‡	23,995§
Grand Total	370,203	392,618	414,151	444,369	480,668

* For details of total taxation collections see page 639.

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

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

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

Expenditure from Consolidated Revenue :—The principal items of expenditure during each of the years 1960–61 to 1964–65 are shown in the following table. Public debt charges, pensions and gratuities, and pay-roll tax have not been allotted to the respective heads of expenditure, but are shown as separate items.

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

Particulars	Year Ended 30th June—				
	1961	1962	1963	1964	1965
Public Debt Charges—					
Interest	50,582	55,794	61,692	65,755	70,594
Exchange	1,618	1,920	2,166	2,380	2,529
Debt Redemption	11,498	12,452	13,476	14,364	15,564
Other	288	366	316	340	371
	63,986	70,532	77,650	82,839	89,057
Less Chargeable to Railways .. .. .	..	..	..	..	3,186
Total	63,986	70,532	77,650	82,839	85,871
Business Undertakings—					
Railways	79,798	80,963	81,630	86,317	96,377||
Harbours, Rivers, and Lights	1,294	1,267	1,090	1,341	1,408
Water Supply, Sewerage, Irrigation, and Drainage	7,674	8,179	8,274	8,336	8,926
State Coal Mine	1,144	1,022	924	811	791
Other	528	512	452	423	449
Total	90,438	91,943	92,370	97,228	107,951
Social Expenditure—					
Education—					
State Schools	69,786	68,262	76,090	84,595	91,333
Technical Schools	4,474*	13,850†	16,426†	18,822†	20,803†
Universities	3,306	3,930	4,266	6,209	8,908
Libraries, Art Galleries, &c.	1,640	1,814	2,014	2,106	2,200
Agricultural Education, Re- search, &c.	1,482	1,592	1,668	1,682	1,775
Other	136	140	154	190	180
Public Health and Recreation	4,426	5,052	5,488	6,375	6,964
Charitable—					
Hospitals—					
General	31,516	33,020	33,604	34,205	36,865
Mental	14,146	15,254	15,320	15,865	16,914
Child Welfare	2,896	3,452	3,708	4,023	4,392
Other	966	1,052	1,052	942	966
Law, Order, and Public Safety—					
Justice	4,726	3,946	4,120	4,567	4,752
Police	15,688	16,510	17,370	19,046	20,068
Penal Establishments	2,282	2,578	2,736	2,811	3,003
Public Safety	28	44	56	56	62
Total	157,498	170,496	184,072	201,495	219,184
All Other Expenditure—					
Public Works, <i>n.e.i.</i>	3,578	4,894	3,944	3,849	4,126
Lands and Survey	3,242	3,492	3,316	3,533	3,522
Agriculture	4,218	4,616	4,838	5,104	5,464
Forestry	4,240	4,266	4,544	4,522	5,012
Legislature and General Adminis- tration	12,486†	12,662	12,750	13,657	14,519
Pensions and Superannuation	9,660	10,334	9,486	9,773	10,338
Pay-roll Tax	4,134	4,334	4,506	4,883	5,197
Interest and Sinking Fund Reserve Account	2,600	..	..	..	..
Miscellaneous§	13,783	15,028	16,673	17,991	19,483
Total	57,941	59,626	60,057	63,312	67,661
Grand Total	369,863	392,597	414,149	444,874	480,668

* Maintenance grants only. Other expenditure from Consolidated Revenue on Technical Schools is shown under the heading "State Schools."

† Total expenditure from Consolidated Revenue on Technical Schools.

‡ Includes \$1,200,000 advanced to State Superannuation Board.

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

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

Taxation

General

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

As mentioned on page 630 the Commonwealth Government alone exercises the right to impose customs and excise duties, and taxation on personal and company incomes. Sales and pay-roll taxes are other important sources of taxation revenue exploited by the Commonwealth exclusively. For the most part, the field now left to the States comprises motor taxation, stamp duties, liquor, land, lottery, racing, and entertainments taxes. Estate duties are shared between the two Governments.

In Victoria, taxation collections by the State Government are allocated by statute either to Consolidated Revenue or to special funds. The principal item of Victorian taxation which finds its way to special funds is motor taxation which is credited to a number of funds as set out on page 640.

In the following table, particulars of taxation collected in Victoria by the State Government and the total amounts paid to Consolidated Revenue and to special funds are shown for each of the years 1960-61 to 1964-65 :—

VICTORIA—TAXATION COLLECTIONS
('\$000)

Particulars	Year Ended 30th June—				
	1961	1962	1963	1964	1965
Motor—					
Registration Fees and Taxes ..	18,340	19,060	20,166	21,938	26,669
Drivers' Licences	1,028	1,040	1,274	1,190	1,797
Other	9,600	9,764	10,730	12,155	11,582
Total Motor	28,968	29,864	32,170	35,283	40,048
Probate and Succession Duties ..	23,062	25,080	24,644	29,453	31,614
Stamp Duties, <i>n.e.i.</i>	25,114	23,996	25,678	29,176	34,398
Land	13,412	14,812	17,090	18,265	19,725
Income (Arrears)	6	*	2	*	1
Liquor	6,436	6,726	6,950	7,004	7,524
Tattersall Duty	6,514	6,350	6,404	6,609	6,717
Racing	5,682	6,406	7,470	9,014	10,425
Entertainments (Excl. Racing Admission Tax)	2,114	1,692	732	†	†
Licences, <i>n.e.i.</i>	584	712	824	954	1,186
Grand Total	111,892	115,638	121,964	135,757	151,640
Paid to Consolidated Revenue ..	83,880	86,766	90,772	101,515	115,642
Paid to Special Funds	28,012	28,872	31,192	34,242	35,998
Per Head of Population	\$38.68	\$39.08	\$40.36	\$43.92	\$47.85

* Under \$500.

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

Motor Taxation

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

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

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

Particulars of the total amount of motor taxation collected and credited to the various funds during 1964-65 were as follows:—

	\$'000
Consolidated Revenue—	
Motor Car Third Party Insurance Tax ..	2,177
Drivers' Licence Fees (part)	590
Stamp Duty—Motor Vehicles ..	2,425
	5,192
Country Roads Board Fund—	
Motor Registration Fees	23,458
Drivers' Licence Fees (part)	603
Drivers' Test Fees	187
Examiners' Licences	8
Additional Registration Fees (part) ..	1,523
Road Charges—Commercial Goods Vehicles Act	5,926
	31,706
Level Crossings Fund—	
Additional Registration Fees (part) ..	762
Municipalities Assistance Fund—	
Drivers' Licence Fees (part) ..	603
Transport Regulation Fund—	
Motor Omnibus Registration Fees ..	12
Licences, &c.	721
Permits	835
	1,568
Motor Car (Hospital Payments) Fund—	
Deductions from Third Party Insurance Premiums	192
Roads (Special Projects) Fund—	
Increase in Registration Fees (Act No. 7283)	24
Total Motor Taxation, 1964-65 ..	40,048

Probate Duties

The *Probate Duty Act* 1962 (a completely revised Act) fixed the rates of duty payable on the estates of deceased persons leaving property, whether real or personal, in the State of Victoria, and personal property wherever situate if the deceased was domiciled in Victoria at the date of death. The Act provides for discriminatory rates of duty in favour of estates passing to close relatives. Categories of beneficiaries are :—

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

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

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

VICTORIA—RATES OF PROBATE DUTY

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

The amount of probate duty assessed in Victoria during each of the five years to 1964-65 was as follows :—1960-61, \$23,588,548 ; 1961-62, \$25,015,478 ; 1962-63, \$27,455,242 ; 1963-64, \$28,321,264 ; 1964-65, \$33,179,802.

Commonwealth Estate Duty

The Commonwealth Government also levies probate and succession duties. The amount of duty collected throughout Australia during each of the five years to 1964-65 was :—1960-61, \$29,613,906 ; 1961-62, \$34,057,922 ; 1962-63, \$35,699,086 ; 1963-64, \$39,871,044 ; 1964-65, \$41,530,722.

Land Tax

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

The following is a brief summary of the rates of land tax payable in Victoria for the year 1966, under the provisions of the *Land Tax (Rates) Act* 1965 :—

(a) Land used for primary production purposes—

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

(b) Land used for other purposes—

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

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

The following table shows particulars, in specified groups of unimproved value of holdings, of Land Tax assessments for 1964. Tax was assessed on the basis laid down by the *Land Tax (Rates and Appeals) Act 1963*.

**VICTORIA—ANALYSIS OF STATE LAND TAX
ASSESSMENTS, 1964**
(Based on Unimproved Value at 31st December, 1963)

Unimproved Value of Holdings—	Number of Taxpayers	Total Unimproved Value*	Tax Payable
\$		\$'000	
3,501 to 4,000	37,268	137,786	327
4,001 " 6,000	60,367	294,389	1,205
6,001 " 8,000	28,417	197,575	694
8,001 " 10,000	16,342	143,564	492
10,001 " 12,000	10,404	114,703	428
12,001 " 14,000	6,068	78,103	304
14,001 " 16,000	5,130	75,567	297
16,001 " 17,500	2,570	42,827	165
17,501 " 20,000	4,642	90,853	379
20,001 " 30,000	6,353	154,831	701
30,001 " 40,000	3,003	104,026	527
40,001 " 50,000	1,421	62,844	376
50,001 " 60,000	800	43,022	287
60,001 " 70,000	551	35,416	261
70,001 " 80,000	399	28,645	250
80,001 " 100,000	522	46,528	430
100,001 " 150,000	575	67,459	820
150,001 " 170,000	140	22,155	367
170,001 " 200,000	153	27,879	443
200,001 " 300,000	208	50,808	980
300,001 " 400,000	116	39,579	889
400,001 and over	245	422,381	9,214
Total	185,694	2,280,940	19,836

* Of land not exempted from land tax.

In the following table, details are shown of the assessments made during each of the years 1960 to 1964 :—

VICTORIA—STATE LAND TAX ASSESSMENTS

Year	Number of Taxpayers	Total Tax Payable	Average Tax Payable per Taxpayer	Total Unimproved Value*
		\$'000	\$	\$'000
1960	127,674	12,750	99.87	1,393,964
1961	149,770	14,164	94.58	1,521,584
1962	151,205	14,990	99.13	1,677,224
1963	138,884	15,739	113.32	1,765,178
1964	185,694	19,836	106.82	2,280,940

* Of land not exempted from land tax.

Stamp Duties

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

The rates of duty payable, as from 14th February, 1966, on the principal dutiable classes of documents are shown in decimal currency in the following table :—

Dutiable Class		Duty Payable
RECEIPTS	.. .. \$10 and under \$200 ..	3c
	.. .. \$200 and under \$1,000 ..	10c
	.. .. \$1,000 and over ..	20c
BILLS OF EXCHANGE—		
	Payable on demand (cheque, &c.)	5c
	Others (including promissory notes) not above \$50	5c
	.. .. to \$100	10c
	.. .. to \$150	15c
	.. .. to \$200	20c
	.. .. for extra \$100 or part	10c
SHARE TRANSFERS—On sale for full value—Based on consideration	} to \$20	8c
	} above \$20	$\frac{3}{8}\%$
TRANSFER OF REAL PROPERTY—Based on consideration	} to \$7,000—for each \$100 ..	\$1.25
	} above \$7,000—for each \$100 ..	\$1.50
LEASES AND ASSIGNMENTS OF LEASES OF REAL PROPERTY Variable scale according to nature		
GIFTS AND SETTLEMENTS	.. .. up to \$ 2,000	$2\frac{1}{2}\%$
	.. .. over 2,000 to 10,000	$3\frac{1}{2}\%$
	.. .. " 10,000 " 20,000	$4\frac{1}{2}\%$
	.. .. " 20,000 " 30,000	$5\frac{1}{2}\%$
	.. .. " 30,000 " 40,000	$6\frac{1}{2}\%$
	.. .. " 40,000 " 50,000	$7\frac{1}{2}\%$
	.. .. " 50,000 " 60,000	$8\frac{1}{2}\%$
	.. .. " 60,000 " 70,000	$9\frac{1}{2}\%$
	.. .. " 70,000 " 80,000	$10\frac{1}{2}\%$
	.. .. " 80,000 " 100,000	$11\frac{1}{2}\%$
	.. .. " 100,000 " 150,000	$14\frac{1}{2}\%$
	.. .. " 150,000 " 200,000	$19\frac{1}{2}\%$
	.. .. " 200,000	22
INSURANCE COMPANIES (OTHER THAN LIFE)—Annual Licences	} Each \$200 (or part) of annual premium income	\$10
LIFE ASSURANCE POLICIES—On the sum insured		
	.. .. Up to \$2,000—per \$200 or part	10c
	.. .. Over \$2,000—\$1 for first \$2,000 plus per \$200 or part of remainder	20c
MORTGAGES, BONDS, DEBENTURES AND COVENANTS—On amount secured		
	.. .. up to \$8,000	\$4
	.. .. over \$8,000—\$4 for first \$8,000, plus per \$200 or part of remainder	50c
INSTALMENT PURCHASE (Including hire purchase)	.. .. Scale based on	2%
GUARANTEES AND INDEMNITIES	.. ..	50c
RENT-A-CAR AGREEMENTS	.. ..	20c

Dutiable Class— <i>continued</i>	Duty Payable— <i>continued</i>
OTHER AGREEMENTS AND INSTRUMENTS—	
Partnerships, sale of business, &c.	} \$3 each
Caveats	
Leases of personal property, &c.	
Transfer or discharge of mortgage	
Appointment of trustee	
DEEDS— not otherwise chargeable	\$3
MOTOR CAR—	
On every application for registration and every notice of acquisition of a motor car or trailer—	
For every \$200 and part of \$200 or the market value of such motor car or trailer	\$2
STATEMENT ON SALE OF CATTLE OR SWINE—	
(i) Cattle Statement	
For every \$5 and part of \$5	
(a) of the amount of the purchase money in respect of one head of cattle sold singly ; or	} 2c
(b) of the total amount of the purchase money in respect of any number of cattle sold in one lot	
Provided that the stamp duty in respect of the amount of the purchase money of any one head of cattle, whether sold singly or as part of a lot, shall not exceed 20 cents.	
(ii) Swine Statement	
For every \$2.50 and part of \$2.50	
(a) of the amount of the purchase money in respect of one pig sold singly ; or	} 2c
(b) of the total amount of the purchase money in respect of any number of pigs sold in one lot	
Provided that the stamp duty in respect of the amount of the purchase money of any one pig, whether sold singly or as part of a lot, shall not exceed 32 cents.	

Liquor Tax

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

The following table shows the amount of liquor tax paid into the Licensing Fund during each of the years 1960–61 to 1964–65 :—

VICTORIA—LIQUOR TAX (\$'000)

Particulars	Year Ended 30th June—				
	1961	1962	1963	1964	1965
Licences—					
Victuallers	5,020	5,190	5,272	} 6,568	7,048
Spirit Merchants and Grocers	986	1,088	1,198		
Australian Wine	26	24	20		
Others	30	30	38		
Club Certificates	292	310	330	335	369
Permits—Extended Hours, &c.	82	84	92	100	108
Total	6,436	6,726	6,950	7,004	7,524

Lottery (Tattersall) Duty

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

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

In the following table, the amounts subscribed to consultations, the duty paid to Consolidated Revenue, and the amounts allocated to the Hospitals and Charities Fund and the Mental Hospitals Fund, are shown for each of the years 1960-61 to 1964-65 :—

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

Year Ended 30th June—	Subscriptions to Consultations	Duty Paid to Consolidated Revenue	Allocated to—	
			Hospitals and Charities Fund	Mental Hospitals Fund
1961	21,544	6,514	6,268	246
1962	19,976	6,350	6,056	294
1963	20,684	6,404	6,104	300
1964	21,340	6,609	6,309	300
1965	21,675	6,717	6,427	290

Racing Taxation

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

In Victoria, a deduction of 12½ per cent. is made from all on-course investments on the totalizator at horse races (including trotting), and at dog races. In the case of city racing clubs, the percentage derived from doubles and quinella investments is divided—4½ per cent. being paid to revenue and 8 per cent. to the club, while from win and place investments, 7½ per cent. is paid to revenue and 5 per cent. to the club. In respect of country race meetings, 2½ per cent. of the total investments is paid to revenue and 10 per cent. to the club.

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

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

From off-course investments the commission deducted (12½ per cent.) is allocated as follows:—

- (a) Commission derived from Victorian investments—
- (i) To Consolidated Revenue—4¼ per cent.
 - (ii) to the Totalizator Agency Board Trust Account (held at State Treasury)—¼ per cent.
 - (iii) to the Totalizator Agency Board—8 per cent.
- (b) Commission derived from Australian Capital Territory investments—
- (i) to Consolidated Revenue—1½ per cent.
 - (ii) to the Australian Capital Territory Totalizator Agency Board—11 per cent.

The abovementioned allocations applied as from 26th October, 1965, when the *Racing (Totalizator Percentages) Act* 1965 came into force.

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

The following table shows particulars of investments on the totalizator, investments with licensed bookmakers, and the amount of tax collected from racing for each of the years 1960–61 to 1964–65:—

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

Year Ended 30th June—	Totalizator Investments		Invest- ments with Licensed Book- makers†	Racing Taxation			
	On- course	Off- course*		Total- ator	Book- makers' Turnover	Other‡	Total
1961	27,710	2,886	157,170	1,914	2,906	862	5,682
1962	27,838	26,418	151,648	2,774	2,802	830	6,406
1963	29,122	51,136	151,082	3,926	2,758	786	7,470
1964	31,024	78,221	154,445	5,349	2,848	817	9,014
1965	34,019	108,939	159,723	6,678	2,917	831	10,425

* The off-course totalizator commenced operations on 11th March, 1961.

† Estimated.

‡ Includes admission tax, stamp duty on betting tickets, and club and bookmakers' licences, &c.

Entertainments Tax

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

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

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

In the following table the number of taxable admissions and the amount of tax payable are shown for each of the years 1962-63 to 1964-65, according to the various classes of entertainments :—

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

Class of Entertainment	1962-63		1963-64		1964-65	
	Number of Taxable Admissions	Tax Payable	Number of Taxable Admissions	Tax Payable	Number of Taxable Admissions	Tax Payable
	'000	\$'000	'000	\$'000	'000	\$'000
Motion Pictures	5,933	470	..	..	..	..
Racing (Horse, Trotting, and Dog)	2,227	490	2,237	507	2,339	525
Sport	540	54	..	..	..	..
Miscellaneous	1,155	146	..	..	..	..
Total	9,855	1,160	2,237	507	2,339	525

NOTE.—As from 29th December, 1962, all entertainments tax, excepting that on admissions to horse-racing and trotting, was abolished.

Commonwealth Income Tax

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

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

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

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

For the income year 1965-66, Income Tax is payable on the incomes of individuals commencing at a taxable income of \$417. However, certain limitations apply to the tax payable by aged persons, over 65 years of age in the case of a male and over 60 years in the case of a female.

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

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

The following table shows the rates of Income Tax for individuals for the income year 1965-66 :—

AUSTRALIA—RATES OF INCOME TAX FOR INDIVIDUALS,
1965-66*

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

* Additional tax equal to 2½ per cent. of the tax at general rates is also payable for the 1965-66 financial year.

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

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

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

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

The following table shows the number of taxpayers, taxable income, and Income Tax and Social Services Contribution assessed during the year 1963-64 (based on incomes received during the year 1962-63). The particulars are classified according to grades of actual income and relate only to individuals resident in Victoria.

**VICTORIA—INCOME TAX AND SOCIAL SERVICES
CONTRIBUTION : INDIVIDUALS, 1963-64***

Grade of Actual Income†	Taxpayers	Taxable Income			Net Income Tax and Social Services Contribution Assessed
		Salaries and Wages	Other	Total	
\$	No.	\$'000			
209- 399 ..	47,245	11,552	2,444	13,996	109
400- 599 ..	54,049	19,871	4,913	24,784	419
600- 799 ..	59,393	30,127	7,392	37,519	1,088
800- 999 ..	68,416	44,379	10,591	54,970	2,213
1,000- 1,199 ..	75,467	58,310	14,824	73,135	3,727
1,200- 1,399 ..	87,022	81,775	17,790	99,565	6,061
1,400- 1,599 ..	84,885	89,763	20,379	110,142	7,624
1,600- 1,799 ..	81,717	95,308	22,073	117,381	8,990
1,800- 1,999 ..	92,903	118,945	23,952	142,898	11,678
2,000- 2,199 ..	99,963	140,910	24,780	165,690	14,595
2,200- 2,399 ..	93,587	140,845	24,619	165,464	15,441
2,400- 2,599 ..	81,903	131,072	24,145	155,216	15,403
2,600- 2,799 ..	72,454	123,994	23,902	147,896	15,601
2,800- 2,999 ..	56,888	102,072	22,276	124,348	13,841
3,000- 3,999 ..	152,123	298,071	92,701	390,772	49,560
4,000- 5,999 ..	77,661	172,883	115,146	288,029	48,031
6,000- 7,999 ..	20,877	50,722	66,578	117,301	25,792
8,000- 9,999 ..	8,825	23,178	43,286	66,464	17,611
10,000-19,999 ..	9,641	30,639	79,807	110,446	38,343
20,000-29,999 ..	1,284	7,014	20,243	27,257	12,180
30,000-39,999 ..	346	2,429	8,084	10,513	5,178
40,000-59,999 ..	210	1,995	6,908	8,902	4,731
60,000-99,999 ..	79	626	4,194	4,820	2,707
100,000 and over ..	41	416	5,485	5,901	3,458
Total ..	1,326,979	1,776,895	686,514	2,463,409	324,381

* Includes 7,389 taxpayers, resident in Victoria, who derived income from more than one State.

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

Australia—Dividend Withholding Tax

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

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

Company Tax

The following table shows the rates (in decimal currency) of Income Tax payable by companies for the financial year 1965–66 (income year 1964–65) :—

AUSTRALIA—RATES OF INCOME TAX PAYABLE BY COMPANIES, 1965–66

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

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

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

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

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

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

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

Pensions and Gratuities

The following table shows details of State Government expenditure on pensions, gratuities, &c., during each of the years 1960-61 to 1964-65 :—

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

Particulars	Year Ended 30th June—				
	1961	1962	1963	1964	1965
Superannuation Fund—					
Railways	4,252	4,516	4,656	4,797	4,870
Other	3,406	3,793	4,178	4,575	5,061
Total Superannuation Fund ..	7,658	8,309	8,834	9,372	9,931
Police Pensions Fund	1,740	1,739	130	100	100
Police Superannuation Fund	154	136	141	149	148
Coal Mine Workers Pensions Fund ..	160	162	160	137	113
Parliamentary Contributory Retirement Fund	58	71	313	103	108
Married Women Teachers' Pensions Fund	30	39	33	36	38
Other Pensions, Gratuities, &c. ..	10	10	11	21	43
Grand Total	9,810	10,466	9,622	9,917	10,482

Superannuation Fund

This Fund was established under the *Superannuation Act* 1925 to provide superannuation benefits, on a contributory basis, for public servants, teachers, railway employees, and employees of certain statutory bodies. The scope of the Fund was widened by amending legislation in 1963 to include, *inter alia*, members of the Police Force of Victoria (see Police Pensions Fund, page 655), and in 1966 an amending Act considerably increased the range of benefits available.

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

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

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

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

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

The following table shows particulars of the Superannuation Fund for each of the years 1960-61 to 1964-65 :—

VICTORIA—SUPERANNUATION FUND

Particulars	Year Ended 30th June—				
	1961	1962	1963	1964	1965
Income—	\$'000				
Contributions—					
Officers	6,010	5,800	5,952	6,638	7,639
Consolidated Revenue*	7,636	8,284	8,806	9,316	9,895
Interest	3,282	3,630	4,038	4,415	4,802
Other	1,220†	36	28	35	145
Total	18,148	17,750	18,824	20,404	22,480
Expenditure—					
Pension Payments	9,872	10,728	11,472	12,186	13,006
Lump Sum Payments	12	4	2	5	14
Contributions Refunded	1,419	1,648	618	723	885
Other	1	38	66	1,258‡	§
Total	11,304	12,418	12,158	14,172	13,904
Balance in Fund at 30th June	71,942	77,274	83,940	90,173	98,749
Contributors at 30th June—	No.				
Males	36,051	37,810	39,157	43,736	43,622
Females	6,610	7,167	7,662	7,883	8,025
Total	42,661	44,977	46,819	51,619	51,647
Pensioners at 30th June—					
Ex-employees—					
Males	8,087	8,224	8,197	8,151	8,282
Females	1,274	1,299	1,336	1,397	1,468
Widows	6,220	6,321	6,464	6,604	6,853
Children	585	561	796	832	860
Total	16,166	16,405	16,793	16,984	17,463

* These figures do not agree with those shown on page 653, as the latter include Consolidated Revenue's share of pensions accrued at the end of each year.

† Includes \$1,200,000 advance from State Treasury.

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

§ Under \$500.

Police Pensions Fund

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

The *Superannuation Act* 1963 amended the *Superannuation Act* 1958 and the *Police Regulation Act* 1958 and provided that all new entrants to the Police Force on and after 1st February, 1964, would be required to contribute to the Superannuation Fund, and that existing members at that date could remain as contributors to the Police Pensions Fund or elect to transfer their superannuation rights to the Superannuation Fund. The 1963 Act also provided for an actuarial investigation of the Police Pensions Fund and for the transfer of any surplus disclosed to the Consolidated Revenue Fund. The surplus disclosed (\$3,137,940) was transferred to Consolidated Revenue in 1964-65.

The receipts of the Police Pensions Fund during 1964-65 amounted to \$1,264,405, comprising deductions from pay, \$53,551; special appropriation from Consolidated Revenue, \$100,000; and interest on investments, \$1,110,854. During the year, \$1,457,242 was paid in pensions, \$45,292 in gratuities, \$10,250 represented deductions from pay returned on resignation, \$1,331,348 was returned to contributors on transfer to the State Superannuation Fund, and \$3,137,940 was transferred to Consolidated Revenue. The balance in the Fund at 30th June, 1965, was \$19,281,922. Of this amount, \$19,273,490 was invested in government and semi-government securities.

The number of contributors to the Fund at 30th June, 1965 was 429 males and 14 females.

Police Superannuation Fund

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

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

During the year 1964-65, the total receipts of the Fund from all sources amounted to \$181,007, while pension payments totalled \$28,278. The balance in the Fund at 30th June, 1965, was \$1,259,102 of which \$612,250 was invested in Commonwealth Government securities.

Coal Mine Workers Pensions Fund

This Fund was established under the *Coal Mine Workers Pensions Act* 1942. The *Coal Mines Act* 1958 consolidated the law relating to coal mines and coal mine workers, and, together with the amending Acts of December, 1958, November, 1959, June, and December, 1960,

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

During 1964-65, the Government contributed \$65,200 to the Fund, and the State Coal Mine (as owners) \$48,062.

Parliamentary Contributory Retirement Fund

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

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

As a result of the amending legislation the only credit in this Fund available for meeting benefits payable is that specially provided for the purpose from Consolidated Revenue. The amount so provided in 1964-65 was \$107,643.

Parliamentary Superannuation Fund

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

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

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

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

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

During 1964–65 receipts of the Fund totalled \$70,788, made up of members' contributions, \$57,360, and interest on investments \$13,428, while pension payments amounted to \$31,570, and retiring allowances to \$4,400. The balance in the Fund at 30th June, 1965, was \$338,894 of which \$305,992 was invested in government and semi-government securities.

Married Women Teachers' Pensions Fund

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

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

Receipts for 1964–65 amounted to \$100,874, consisting of teachers' contributions, \$38,614; contribution from Consolidated Revenue, \$38,478; and interest on investments, &c., \$23,782. Payments from

the Fund during the year totalled \$8,390. The balance in the Fund at 30th June, 1965, was \$533,720 of which \$533,696 was invested in government and semi-government securities.

Commonwealth Superannuation Fund

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

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

At 30th June, 1965, there were 119,496 contributors to the Superannuation Fund and 13,677 to the Provident Account, while the number of pensions in force was 22,152. At the same date, the assets of the Fund (including those applicable to the Provident Account) were \$266m.

Trust Funds and Special Accounts

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

The transactions recorded annually are numerous and of considerable magnitude. During 1964-65, the debits of all trust funds or accounts amounted to \$418,115,957, while credits totalled \$417,326,969.

At 30th June, 1965, the liability of the State on account of all trust funds or accounts amounted to \$110,881,415. Of this total, \$51,447,296 was invested in Commonwealth Stock or other securities, and cash advanced totalled \$7,681,303. The balance—\$51,752,816—was at the credit of the Public Account.

Expenditure from Loan Fund

In addition to the ordinary expenditure from revenue, certain sums are disbursed annually for various purposes from the Loan Fund and on account of loan. Details of such expenditure for each of the years 1960-61 to 1964-65 are shown in the following table. The total expenditure from all sources to 30th June, 1965, regardless of whether the loans have been repaid or are still in existence, was \$2,042m.

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

Expenditure on—	Year Ended 30th June—				
	1961	1962	1963	1964	1965
Public Works—					
Railways	15,128	15,328	15,618	15,620	15,501
Roads and Bridges	2,814	2,220	1,006	1,083	2,463
Harbours and Rivers	942	834	610	1,180	4,408
Water Supply	16,190	15,912	16,170	17,266	17,720
Sewerage	1,046	824	820	1,210	1,410
Electricity Supply	13,500	14,000	17,000	16,000	16,000
Gas and Fuel Corporation	160	140	100	60	80
Public Buildings—					
Schools	25,604	28,316	27,872	30,123	30,450
Hospitals	11,350	12,744	12,394	13,520	16,519
Other	4,098	3,492	5,272	7,970	7,847
Immigration	70	*	70	23	*
Municipalities—Loans, Grants, &c.	1,020	1,330	1,906	1,711	2,234
Housing	1,072	1,420	1,680	1,639	1,675
Other Public Works	620	526	658	594	632
Primary Production—					
Land Settlement	2,184	3,008	2,828	2,272	2,430
Soldier Settlement	1,404	592	182	185	78
Wire Netting Advances	6	2	2	1	1

* Under \$500.

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

(\$'000)

Expenditure on—	Year Ended 30th June—				
	1961	1962	1963	1964	1965
Primary Production (<i>continued</i>)—					
Other Advances to Settlers (Including Drought, Flood, &c., Relief)	100	78	36	240	560
Forestry	1,528	1,830	2,020	2,025	2,092
Mining, <i>n.e.i.</i>	212	158	134	124	132
Cool Stores	106	108	136	176	194
Destruction of Vermin and Noxious Weeds	1,280	1,354	1,426	1,658	1,993
Other Primary Production ..	602	694	648	943	1,179
Other Purposes	2,374	1,924	2,076	2,125	2,258
Total	103,410	106,834	110,664	117,750	127,855

The figures in the table above do not include discounts and flotation expenses on loans for works and redemption purposes, particulars of which are as follows :—1960–61, \$1,511,876 ; 1961–62, \$854,694 ; 1962–63, \$1,592,534 ; 1963–64, \$1,000,497 ; 1964–65, \$610,698. The aggregate expenditure to 30th June, 1965, was \$35,219,001.

Public Debt

General

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

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

A notable feature of the public debt of the State is that approximately 90 per cent. of indebtedness is now domiciled in Australia. There has been a gradual change from the situation which existed a century ago

when nearly all loans were financed in London. Even at the turn of the century, only 10 per cent. of State indebtedness was domiciled in Australia.

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

Advances made by the Commonwealth Government to Victoria, under the Commonwealth-State agreements relating to housing and soldier settlement, are not included in the public debt statements in this Year Book. The total of such advances owing at 30th June, 1965, was \$376,398,690, of which \$362,734,632 was for housing, and \$13,664,058 for soldier settlement. These liabilities should be taken into account when considering the total debt position of Victoria.

Public Debt Transactions

The following table shows particulars of the loans raised and redeemed during, and the amount outstanding at the end of, each of the years 1960-61 to 1964-65. The variations from year to year in the Australian currency equivalent of oversea loans, resulting from application of the rates of exchange ruling at 30th June in each year, are shown. Separate particulars are shown for loans raised in Australia and London, while loans raised in New York, Canada, Switzerland, and the Netherlands are grouped under one heading.

VICTORIA—STATE PUBLIC DEBT : SUMMARY OF TRANSACTIONS

(\$A'000)

Particulars	1960-61	1961-62	1962-63	1963-64	1964-65
DEBT MATURING IN AUSTRALIA					
Debt Outstanding at 1st July	1,092,876	1,166,110	1,246,406	1,320,866	1,411,589
New Debt Incurred—					
Commonwealth Government Loan					
Flotations	194,140	159,494	282,244	190,960	256,472
Domestic Raisings	1,320	2,716	1,640	2,101	4,391
Less Conversion and Redemption Loans	108,404	68,120	194,226	87,042	139,519
Total New Debt Incurred	87,056	94,090	89,658	106,019	121,344
Repurchases and Redemptions from National Debt Sinking Fund	13,822	13,794	15,198	15,297	14,452
Net Increase in Debt	73,234	80,296	74,460	90,722	106,892
Debt Outstanding at 30th June	1,166,110	1,246,406	1,320,866	1,411,589	1,518,481

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

Particulars	1960-61	1961-62	1962-63	1963-64	1964-65
DEBT MATURING IN LONDON					
Debt Outstanding at 1st July	103,056	102,924	102,762	108,848	115,151
New Debt Incurred—					
Commonwealth Government Loan Flotations 	1,550	..	6,198	7,358	..
Less Conversion and Redemption Loans	1,512	..	..	..	..
Total New Debt Incurred	38	..	6,198	7,358	..
Repurchases and Redemptions from National Debt Sinking Fund	170*	162	112	1,054	2,950
Net Increase in Debt	-132	-162	6,086	6,303	-2,950
Debt Outstanding at 30th June	102,924	102,762	108,848	115,151	112,201
DEBT MATURING IN NEW YORK, CANADA, SWITZERLAND, AND THE NETHERLANDS					
Debt Outstanding at 1st July	28,074	38,478	43,372	52,546	50,981
New Debt Incurred—					
Commonwealth Government Loan Flotations 	11,030	8,924	10,144	..	..
Less Conversion and Redemption Loans	..	2,170	..	..	..
Total New Debt Incurred	11,030	6,754	10,144	..	..
Repurchases and Redemptions from National Debt Sinking Fund	626	1,670†	970	1,564	2,325
Adjustment due to Variation in Rate of Exchange .. ..	..	-190	..	..	..
Net Increase in Debt	10,404	4,894	9,174	-1,564	-2,325
Debt Outstanding at 30th June	38,478	43,372	52,546	50,981	48,657‡
TOTAL					
Debt Outstanding at 1st July	1,224,006	1,307,512	1,392,540	1,482,260	1,577,721
New Debt Incurred—					
Commonwealth Government Loan Flotations 	206,720	168,418	298,586	198,318	256,472
Domestic Raisings	1,320	2,716	1,640	2,101	4,391
Less Conversion and Redemption Loans	109,916	70,290	194,226	87,042	139,519
Total New Debt Incurred	98,124	100,844	106,000	113,377	121,344
Repurchases and Redemptions from National Debt Sinking Fund	14,618	15,626	16,280	17,915	19,727
Adjustment due to Variation in Rate of Exchange .. ..	..	-190	..	..	..
Net Increase in Debt	83,506	85,028	89,720	95,461	101,617
Debt Outstanding at 30th June	1,307,512	1,392,540	1,482,260	1,577,721	1,679,338

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

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

‡ Includes New York, \$A40,729,000; Canada, \$A3,269,000; Switzerland, \$A2,600,000; and The Netherlands, \$A2,059,000.

Particulars concerning the due dates of loans outstanding at 30th June, 1965, are given in the following table. Where the Government has the option of redemption during a specified period, the loans have been classified according to the latest date of maturity.

VICTORIA—DUE DATES OF LOANS AT 30TH JUNE, 1965
(\$A'000)

Due Date (Financial Year)	Amount Maturing—				Total
	In Australia	In London	In New York	Elsewhere Overseas	
1965-66	201,267	4,561	..	..	205,828
1966-67	170,296	11,623	3,467	..	185,386
1967-68	121,052	20,795	..	..	141,847
1968-69	118,965	..	..	..	118,965
1969-70	51,556	20,375	1,862	..	73,792
1970-71	68,334	..	853	..	69,186
1971-72	71,185	..	3,369	..	74,553
1972-73	92,821	16,103	3,738	..	112,661
1973-74	39,596	..	..	..	39,596
1974-75	74,513	..	..	..	74,513
1975-76	41,418	700	..	2,600*	44,718
1976-77	327	..	..	..	327
1977-78	341	6,148	..	..	6,489
1978-79	357	23,790	3,329	..	27,476
1979-80	51,291	..	3,913	..	55,203
1980-81	41,815	..	3,968	3,269†	49,052
1981-82	55,939	7,358	6,369	2,059‡	71,724
1982-83	18,104	..	9,863	..	27,967
1983-84	80,286	750	..	..	81,036
1984-85	104,049	..	..	..	104,049
1985-86	72,179	..	..	..	72,179
1986-87	38,758	..	..	..	38,758
Not Yet Fixed	4,033	..	..	..	4,033
Total	1,518,481	112,201	40,729	7,927	1,679,338

* Maturing in Switzerland.

† Maturing in Canada.

‡ Maturing in The Netherlands.

The following table shows details of the amounts of loans outstanding in Australia, London, New York, Canada, Switzerland, and The Netherlands, and the amount of debt per head of population at the end of each of the years 1960-61 to 1964-65 :—

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

At 30th June—	Amount of Loans Maturing in—						Total Debt	
	Australia	London	New York	Canada	Switzer-land	The Nether-lands	Amount	Per Head of Population
1961 ..	1,166,110	102,924	32,184	\$A'000 3,694	2,600	..	1,307,512	SA 446.23
1962 ..	1,246,406	102,762	35,208	3,506	2,600	2,059	1,392,540	465.50
1963 ..	1,320,866	108,848	44,404	3,484	2,600	2,059	1,482,260	485.08
1964 ..	1,411,589	115,151	42,964	3,359	2,600	2,059	1,577,721	503.91
1965 ..	1,518,481	112,201	40,729	3,269	2,600	2,059	1,679,338	523.47

The following table shows the rates of interest which were payable on the public debt at 30th June, 1965, and the portions of the debt at each rate in Australia, London, New York, and elsewhere overseas, respectively :—

**VICTORIA—RATES OF INTEREST ON PUBLIC DEBT AT
30TH JUNE, 1965
(\$A'000)**

Rate of Interest	Amount Maturing—				Total
	In Australia	In London	In New York	Elsewhere Overseas	
per cent.					
6·0 .. ..	..	1,450	..	..	1,450
5·75 .. ..	..	..	..	3,269*	3,269
5·5 .. ..	..	53,398	16,232	..	69,630
5·375	67,305	..	..	..	67,305
5·25	83,413	..	7,880	..	91,293
5·0	485,702	..	6,698	2,059†	494,458
4·75	142,309	..	3,738	..	146,046
4·625	14,150	..	..	..	14,150
4·5	333,905	..	853	2,600‡	337,357
4·25	212,229	..	..	..	212,229
4·0	62,647	..	..	..	62,647
3·875	106	..	..	..	106
3·75	90,804	..	1,862	..	92,665
3·5 .. ..	..	11,623	3,467	..	15,089
3·4875	1	..	..	..	1
3·25 .. ..	..	20,375	..	..	20,375
3·125	16,695	..	..	..	16,695
3·1	553	..	..	..	553
3·0	1,905	25,356	..	..	27,261
2·7125	244	..	..	..	244
2·325	1,224	..	..	..	1,224
1·0	5,291	..	..	..	5,291
Total	1,518,481	112,201	40,729	7,927	1,679,338
Average Rate of Interest per cent.	4·63	4·33	5·03	5·15	4·63

* Maturing in Canada.

† Maturing in The Netherlands.

‡ Maturing in Switzerland.

In the next table the annual interest liability of the State has been calculated on the basis of the debt outstanding at the end of each of the years 1960–61 to 1964–65. The liability, therefore, represents the amount of interest payable in the ensuing year without regard to new loan raisings and redemptions during that year.

The table shows particulars of the annual interest payable in Australia and in overseas countries, respectively, the total liability per head of population, and the average rate of interest liability.

VICTORIA—ANNUAL INTEREST LIABILITY

At 30th June—		Payable in Australia	Payable in Oversea Countries	Total	Per Head of Population	Average Rate
		\$A'000			\$A	%
1961	.. ..	51,548	6,064	57,612	19.66	4.41
1962	.. ..	56,028	6,394	62,422	20.87	4.48
1963	.. ..	59,110	7,240	66,350	21.72	4.48
1964	.. ..	63,361	7,529	70,890	22.64	4.49
1965	.. ..	70,341	7,310	77,650	24.20	4.63

The interest and expenses associated with the public debt of Victoria, for each of the years 1960–61 to 1964–65 are shown in the following table :—

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

Year Ended 30th June—	Interest Paid on Loans Maturing—				Total Interest	Exchange on Payment of Interest Overseas	Commission on Payment of Interest Overseas, Expenses of Conversion Loans, &c.	Grand Total*	
	In Australia	In London	In New York	Elsewhere Overseas					
1961	..	46,566	3,378	636	..	50,580	1,618	244	52,442
1962	..	51,692	3,410	746	146	55,994	1,920	312	58,226
1963	..	57,120	3,432	924	214	61,690	2,166	254	64,110
1964	..	60,729	3,782	1,029	214	65,755	2,380	272	68,407
1965	..	66,189	3,963	998	210†	71,361	2,398	300	74,059

* Includes \$A4,254,000 contributed each year by the Commonwealth Government in accordance with the provisions of the "Financial Agreement" (see page 631), but excludes interest paid on advances received from the Commonwealth Government for housing and soldier settlement.

† Includes Canada, \$A96,000; Switzerland, \$A45,000; and The Netherlands, \$A69,000.

National Debt Sinking Fund

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

Details of transactions of the National Debt Sinking Fund in respect of the Public Debt of the State of Victoria, for each of the years 1960-61 to 1964-65 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	1960-61	1961-62	1962-63	1963-64	1964-65
Contributed under Financial Agreement—					
Victoria	11,406	12,350	13,392	14,275	15,333
Commonwealth	2,894	3,130	3,390	3,700	3,937
Total Contributions under Financial Agreement	14,300	15,480	16,782	17,975	19,271
Interest on Investments	12	Dr. 2	Dr. 26	24	Dr. 12
Special Contributions by Victoria	106	108	102	102	102
Total	14,418	15,586	16,858	18,101	19,361
Total to Date	159,390	174,976	191,834	209,934	229,295

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

Particulars	1960-61	1961-62	1962-63	1963-64	1964-65
Australia—					
Face Value	13,822	13,794	15,198	15,297	14,452
Net Cost	13,602	13,788	15,192	15,289	14,447
London—					
Face Value	132	162	112	1,054	2,950
Net Cost	154*	148	114	1,010	2,727
New York—					
Face Value	626	1,632	950	1,438	2,235
Net Cost	606	1,654†	942	1,440	2,246
Canada—					
Face Value .. .. .	..	..	20	126	90
Net Cost .. .. .	..	..	20	126	90
Total—					
Face Value	14,580	15,588	16,280	17,915	19,727
Net Cost	14,362	15,590	16,268	17,866	19,511
Total to Date—					
Net Cost	158,962	174,552	190,820	208,686	228,197

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

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

Further Reference, 1964

*Private Finance***Commonwealth Banking Legislation**

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

Banking in 1965*Introduction*

In 1963, the availability of credit was eased. Subsequently, in 1964, concern developed lest the increased spending power might lead to over-expansion, and steps were taken to offset this risk.

Towards the end of 1964, deliberate official restraint was assisted by some deterioration of business prospects—weakness in wool prices, high imports reducing bank liquidity, and the financial circumstances in the United Kingdom and United States which led to a check in their outflow of capital. Thus, at the beginning of 1965, the aim of economic policy was to restrain any expansionary tendencies, but without going too far and causing deflation.

Deposit Growth

Whereas total deposits of major trading banks in Australia rose \$554m in 1964, they gained only \$200m in 1965. The significance of the increase was also modified because a rising proportion was held in term deposits, which depositors were not as free to spend as if they had been current balances. In fact, during 1965, current accounts declined \$56m while term accounts rose \$256m. This followed overall policy, whereby interest paid on term deposits was raised in March, rates on deposits of one to twelve months rising from $3\frac{3}{4}$ per cent. to $4\frac{1}{4}$ per cent., and on deposits of two years rising from $4\frac{1}{4}$ per cent. to $4\frac{1}{2}$ per cent. At the same time, maximum overdraft rates rose from 7 per cent. to $7\frac{1}{4}$ per cent.

Slower deposit growth was mainly accounted for by rising imports and less buoyant export earnings (largely caused by the drought) compared with 1964. However, capital inflow continued at a considerable level, despite United Kingdom and United States efforts to restrict their capital outflow.

The Reserve Bank took anticipatory action to offset the depressing effect of the expected seasonal pressure on liquidity in the June quarter by releasing funds from Statutory Reserve Deposits in April and May. Bank advances responded to seasonal demands and over the whole year were allowed to rise by \$275m which was a greater rise than in 1964.

Control of Advances

The banks exercised a selective advances policy supported by efforts to restrict both the weekly rate at which banks accepted new lending commitments and the rise in total outstanding overdraft limits. The total limits rose only \$108m in the year, somewhat less than in 1964. However, the fact that 58·7 per cent. of limits were utilized in actual advances in December, 1965, as against 54·3 per cent. a year earlier, indicated the pressure that existed for bank accommodation during the year. The figure had reached 60·9 per cent. in July, the highest since 1961. Borrowing pressure was to be expected, because, in addition to the growth of population and incomes, strong demands for accommodation arose from rising imports, expanding stocks, lengthening trade credit, and adverse seasonal conditions.

The usual seasonal relief from liquidity pressure came towards the end of the year, when exports were seasonally high. Government spending exceeded revenue, and the Reserve Bank made a further release from Statutory Reserve Deposits, announcing that this was a "first step in a programme of reductions . . . to permit the banks to maintain lending at an appropriate rate for the needs of a sound economy". Nevertheless, the banks had to shepherd their funds carefully, having in mind that the new year was likely to see a greater decline of liquidity than usual. This was due to expectation of continued decline in overseas reserves, demands for re-stocking after the drought, an earlier than usual tapering-off in exports because less produce would be available, and the Government's heavy revenue requirements in the first half of 1966.

Unexercised Overdraft Limits

Large overdraft limits outstanding cause uncertainty in managing bank credit. Hence the banks had, for some time, been seeking a better means of controlling limits. At the end of 1965, they announced that a charge in respect of unused overdraft limits would be made on certain categories of accounts. This was expected to reduce unexercised limits, so that the remainder would constitute a better indication of likely future advances, thus facilitating closer control of credit.

Commercial Bill Market

The development of the inter-company loan market had been another cause of uncertainty and concern in 1964. Large companies were making temporary loans of surplus funds at rates above bank term deposit rates to other companies which offered overdraft limits as security. The volume of this business, which might switch to overdrafts if company liquidity contracted, was difficult to estimate.

A partial answer was provided early in 1965 through the official recognition of a commercial bill market backed by the Reserve Bank. Authorized short term money market dealers were permitted to hold in their portfolios limited quantities of commercial bills (accepted or endorsed by a trading bank) along with Government securities. For various technical reasons, this market has developed only slowly. Nevertheless it offers more sophistication and is another weapon for the exercise of official monetary control. (See also page 708).

History of Banking in Victoria, 1961

Trading Banks

The following table shows the number of branches and agencies in Victoria conducted by individual trading banks at 30th June, 1963, 1964, and 1965 :—

VICTORIA—TRADING BANKS : NUMBER OF BRANCHES AND AGENCIES

Bank	At 30th June—					
	1963	1964	1965	1963	1964	1965
Commonwealth Trading Bank of Australia	111	114	127	60	81	79
Private Trading Banks—						
Australia and New Zealand Bank Ltd.	185	185	190	88	106	123
The Bank of Adelaide	1	2	2	..	..	..
The Bank of New South Wales..	152	158	163	20	20	21
The Commercial Bank of Australia Ltd.	160	162	164	65	68	67
The Commercial Banking Co. of Sydney Ltd.	114	120	125	39	39	40
The English, Scottish, and Australian Bank Ltd.	142	148	150	37	34	33
The National Bank of Australasia Ltd.	222	231	239	98	97	102
Total Private Trading Banks	976	1,006	1,033	347	364	386
Total Trading Banks ..	1,087	1,120	1,160	407	445	465
Metropolitan Area	581	604	656	167	209	229
Remainder of State	506	516	504	240	236	236

The following tables show particulars of the averages of deposits with, and advances by, trading banks in Victoria during the month of June, 1965. Comparable figures for the months of June for each of the preceding four years are also shown in the second table. The monthly averages are obtained by recording the amounts of deposits and advances at the close of business on Wednesday of each week.

VICTORIA—TRADING BANKS: AVERAGES OF DEPOSITS
AND ADVANCES, MONTH OF JUNE, 1965
(\$'000)

Bank	Deposits			Loans, Advances, and Bills Discounted
	Not Bearing Interest	Bearing Interest	Total	
Commonwealth Trading Bank of Australia	93,018	68,598	161,616	90,116
Private Trading Banks— Australia and New Zealand Bank Ltd.	155,548	125,978	281,526	142,794
The Bank of Adelaide	3,166	6,228	9,394	3,940
Bank of New South Wales	100,082	73,140	173,222	94,674
The Commercial Bank of Australia Ltd.	113,996	96,698	210,694	113,448
The Commercial Banking Co. of Sydney Ltd.	62,210	60,588	122,798	57,490
The English, Scottish, and Australian Bank Ltd.	109,942	74,458	184,400	82,260
The National Bank of Australasia Ltd.	157,040	164,062	321,102	134,796
Total	795,002	669,750	1,464,752	719,518

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

Month of June	Deposits			Loans, Advances, and Bills Discounted
	Not Bearing Interest	Bearing Interest	Total	
1961	726,660	371,822	1,098,482	600,840
1962	741,218	431,800	1,173,018	601,772
1963	738,336	473,778	1,212,114	638,974
1964	813,276	574,108	1,387,384	657,138
1965	795,002	669,750	1,464,752	719,518

A classification of persons and authorities in receipt of trading bank advances for each of the years 1960–61 to 1964–65 is given in the following table. Business advances are classified according to the main industry of the borrower.

VICTORIA—TRADING BANKS : CLASSIFICATION OF ADVANCES

(\$m)

Classification	At End of June—				
	1961	1962	1963	1964	1965
Resident Borrowers—					
Business Advances—					
Agriculture, Grazing, and Dairying ..	83.6	90.3	96.7	100.2	110.2
Manufacturing	178.6	168.4	177.0	163.4	196.6
Transport, Storage, and Communication	8.1	8.3	9.9	16.2	15.4
Finance	57.0	55.1	40.6	51.8	49.2
Commerce	130.2	124.5	132.6	126.2	136.0
Building and Construction	16.0	19.1	18.7	20.2	24.2
Other Businesses	39.2	43.8	51.6	52.8	55.6
Unclassified	4.8	7.2	5.2	5.6	6.8
Total Business Advances	517.5	516.7	532.3	536.4	594.0
Advances to Public Authorities	6.1	7.6	7.0	10.4	10.2
Personal Advances	76.5	88.1	98.0	106.4	110.0
Advances to Non-profit Organizations ..	9.4	9.6	10.5	10.8	11.0
Total Advances to Resident Borrowers	609.5	622.0	647.8	664.0	725.2
Non-resident Borrowers	0.2	0.2	0.3	0.4	0.4
Grand Total	609.7	622.2	648.1	664.4	725.4

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

The following table shows, for each of the years 1955–56 to 1964–65, the average weekly amounts debited by cheque paying banks to customers' accounts. Particulars relate to the operations of trading banks transacting business in Victoria (as set out in the tables on pages 669–670) together with the Bank of New Zealand, and the Comptoir National d'Escompte de Paris (all of which are cheque paying banks) and, in addition, the Rural Credits Department of the Reserve Bank and the Commonwealth Development Bank (prior to 14th January, 1960, Industrial Finance and Mortgage Bank Departments of the Commonwealth Bank). Debits to Australian Government accounts at city branches are excluded from the table.

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

(\$'000)

Year Ended 30th June—	Average Weekly Debits	Year Ended 30th June—	Average Weekly Debits
1956	370,738	1961	565,872
1957	390,910	1962	590,036
1958	414,118	1963	650,542
1959	449,458	1964	733,190
1960	529,122	1965	825,332

Reserve Bank of Australia

General

The Reserve Bank is Australia's central bank and acts as banker and financial agent of the Commonwealth. The *Reserve Bank Act 1959-1965* (which came into operation on 14th January, 1960) preserved and continued in existence the original body corporate known as the Commonwealth Bank of Australia under the new name, Reserve Bank of Australia, and also preserved within it the special departments of Note Issue and Rural Credits.

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

Financial Statements

The Bank's liabilities and assets, for each of the years 1960-61 to 1964-65 are shown in the following tables, together with net profits and their distribution :—

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

Particulars	1960-61	1961-62	1962-63	1963-64	1964-65
Liabilities—					
Capital and Reserve Funds	45,580	52,000	57,026	60,604	65,375
Australian Notes on Issue	855,420	855,006	876,524	876,721	887,073
Statutory Reserve Deposit					
Accounts of Trading Banks	588,818	435,466	424,508	531,354	701,634
Other Deposits of Trading Banks	36,956	62,908	119,024	82,857	62,376
Deposits of Savings Banks	276,570	302,072	356,422	420,306	434,366
Other Liabilities	260,264	363,900	257,164	278,402	284,205
Total	2,063,608	2,071,352	2,090,668	2,250,244	2,435,029
Assets—					
Gold and Foreign Exchange	808,290	1,052,118	1,095,658	1,399,722	1,490,690
Australian Notes and Coin	12,560	15,970	18,236	19,340	15,956
Cheques and Bills of Other Banks	3,912	3,580	3,860	3,694	5,644
Australian Government Securities—					
Redeemable in Australia—					
Treasury Bills and Treasury Notes*	447,296	380,228	308,788	232,486	193,028
Other	607,812	471,502	515,118	428,662	534,408
Other Securities	7,702	7,450	5,130	2,940	246
Bills Receivable and Remittances in Transit	11,500	12,540	15,316	18,256	19,388
Loans, Advances and All Other Assets	164,536	127,964	128,562	145,144	175,669
Total	2,063,608	2,071,352	2,090,668	2,250,244	2,435,029

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

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

Particulars	1960-61	1961-62	1962-63	1963-64	1964-65
Liabilities (Excluding Capital and Contingencies)	124,664	115,212	111,080	119,080	133,912
Assets—					
Loans, Advances, &c.	144,712	136,958	133,362	143,712	159,626
Other Assets	108	92	1,048	286	736
Total Assets	144,820	137,050	134,410	143,998	160,362

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

Department	1960-61	1961-62	1962-63	1963-64	1964-65
Central Banking	13,410	13,346	6,702	9,966	15,293
Note Issue	25,860	31,502	25,562	26,982	30,521
Rural Credits	868	938	888	986	1,000
Total	40,138	45,786	33,152	37,934	46,814

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

Particulars	1960-61	1961-62	1962-63	1963-64	1964-65
Commonwealth of Australia	32,566	40,474	28,912	31,965	41,021
Reserve Bank Reserve Fund	6,704	4,372	3,352	4,983	4,793
Rural Credits Department—					
Reserve Fund	434	470	444	493	500
Development Fund	434	470	444	493	500
Total	40,138	45,786	33,152	37,934	46,814

Commonwealth Banking Corporation

General

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

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

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

Commonwealth Trading Bank of Australia

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

The Commonwealth Trading Bank is today one of the largest trading banks in Australia. At June, 1965, deposits totalled \$846m, or 17·8 per cent. of the total deposits of all major Australian trading banks, advances to customers were \$440m, customers' accounts numbered 878,000, and it had 1,019 branches and agencies throughout Australia.

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

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

Commonwealth Savings Bank of Australia

The Commonwealth Savings Bank of Australia was established in July, 1912. It is the largest savings bank in Australia, having total assets in excess of \$2,300m.

At the end of June, 1965, amounts on deposit with the Savings Bank within Australia totalled \$2,220m and it was conducting 6,120,000 active accounts. The Savings Bank's depositors' balances are widely invested in the development of Australia; apart from advances (mainly for housing) of \$546m outstanding in June, 1965, investments in Commonwealth and State Government securities totalled approximately \$1,160m and in local and semi-governmental securities amounted to approximately \$279m.

Since 1946, \$796m has been provided for housing purposes, assistance having been provided to 182,000 families.

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

Commonwealth Development Bank of Australia

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

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

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

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

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

At 30th June—	Deposits Repayable in Australia (Average for Month of June)			Advances	Number of Accounts
	Bearing Interest	Not Bearing Interest	Total		
	\$m				'000
1961.. ..	208	356	564	296	719
1962.. ..	232	372	604	324	760
1963.. ..	246	390	636	360	773
1964.. ..	319	431	750	380	821
1965.. ..	403	443	846	440	878

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

At 30th June—	Number of Active Accounts	Amount at Credit of Depositors	Loans and Advances Outstanding	Commonwealth and Other Securities Held
	'000		\$m	
1961	5,450	1,644	296	1,178
1962	5,560	1,746	328	1,220
1963	5,660	1,878	364	1,290
1964	5,860	2,063	452	1,367
1965	6,120	2,200	546	1,442

Details of financial assistance approved by the Commonwealth Development Bank during the period 14th January, 1960 to 18th May, 1966 are set out in the following tables :—

AUSTRALIA AND VICTORIA—COMMONWEALTH DEVELOPMENT BANK : LOANS APPROVED, 14TH JANUARY, 1960 TO 18TH MAY, 1966

Particulars	Rural Loans		Industrial Loans		Total	
	No.	Amount	No.	Amount	No.	Amount
		\$'000		\$'000		\$'000
Australia ..	13,406	134,626	1,563	47,334	14,969	181,960
Victoria ..	2,044	19,649	354	13,055	2,398	32,704

AUSTRALIA AND VICTORIA—COMMONWEALTH DEVELOPMENT BANK : EQUIPMENT FINANCE ON HIRE PURCHASE TERMS, 14TH JANUARY, 1960 TO 18TH MAY, 1966

Particulars						Number of Advances	Amount Advanced
							\$'000
Australia ..	..	..	..	..	..	81,890	216,435
Victoria ..	..	..	..	..	..	16,884	50,731

Advances by the Commonwealth Development Bank to rural and other industries outstanding in Australia at 30th June, 1965, were as follows :—

AUSTRALIA—COMMONWEALTH DEVELOPMENT BANK OF AUSTRALIA : ADVANCES TO RURAL AND OTHER INDUSTRIES OUTSTANDING AT 30TH JUNE, 1965

Rural Industries				Other Industries			
Type of Industry			Advances Outstanding	Type of Industry			Advances Outstanding
			\$'000				\$'000
Sheep ..	..	..	34,852	Chemical Products ..	..	..	2,232
Cattle ..	..	..	8,858	Electrical Manufacturing..	..	..	818
Dairying ..	..	..	9,178	Food Processing ..	..	..	3,084
Wheat and Other Grain	..	..		Engineering ..	..	..	4,730
Crops ..	..	..	8,608	Other Manufacturing ..	..	..	5,720
Fruit ..	..	..	3,440	Transport ..	..	..	1,934
Miscellaneous ..	..	..	6,646	Miscellaneous ..	..	..	6,124
Total ..	..	..	71,582	Total ..	..	..	24,642

State Savings Bank of Victoria

General

The State Savings Bank of Victoria, which was established in 1841, is constituted under Victorian statutes and operates branches and agencies throughout Victoria. It is directed by a Government appointed Board of seven Commissioners, who exercise control through a General Manager. The business of the Bank is conducted in two Departments. The Savings Bank Department accepts interest-bearing savings (pass-book accounts) and fixed deposit funds and provides cheque account, safe deposit and other banking facilities. The Credit Foncier Department makes long-term loans to finance the erection and purchase of homes and farms. At 30th June, 1965, there were 2.3 mill. operative accounts at the Bank's 485 branches and 694 agencies, and depositors' balances aggregated \$840m. Total assets of the Bank were \$910m.

Investment of Funds

The Bank's funds are principally invested in loans to semi-governmental, municipal and other public authorities within Victoria, loans on the security of first mortgages over freehold land in Victoria, and in Commonwealth Government securities. All funds used by the Credit Foncier Department are obtained from the Savings Bank Department and are secured by debentures. Over many years, loans by the Bank have greatly assisted the financing of development projects of semi-governmental and other authorities throughout the State. Electricity and gas supply, water storage and reticulation, sewerage installations, construction of streets, and the provision of parks and gardens, are but a few examples of public works that have been made possible through loan money provided by the Bank. At 30th June, 1965, outstanding loans to semi-governmental and municipal authorities totalled nearly \$281m.

Housing

The State Savings Bank, through both its Savings Bank and Credit Foncier Departments, is the largest single lender for housing in Victoria. At 30th June, 1965, mortgage loans outstanding totalled \$275.6m made up of \$232.9m advanced to 52,799 home owners; \$10.2m advanced to 1,121 farmers; \$5.3m on loan to 439 churches and social organizations; \$18.7m to Co-operative Housing Societies; and \$9.5m to the Home Finance Trust.

Cheque Accounts

Under a 1957 amendment to the State Savings Bank Act, the Bank is empowered to conduct cheque accounts which, except in the case of non-profit organizations, do not bear interest. The charge for keeping an account is a fee of six cents for each cheque and is collected on the issue of a cheque book. At 30th June, 1965, the number of cheque accounts was 153,590 with total balances of \$35m.

Christmas Club Accounts

In November 1964, the Bank introduced Christmas Club accounts. At 30th June, 1965, the funds of Club members amounted to \$1.6m. Members receive a book of 50 coupons in denominations of \$1, \$2, \$4 or \$10, pre-punched with account and serial numbers. As each

deposit is made, a coupon is detached and forwarded for recording in the Bank's data processing centre. The club year encompasses a cycle of about 50 weeks and ends on 30th November. A cheque representing the total of coupons lodged plus interest is posted to the member early in December.

School Banking

Established in 1912, the State Savings Bank's school bank system has given generations of Victorian children an introduction to money management. At 30th June, 1965, banks were established at 2,500 schools, and the total balances held on behalf of 414,653 students were \$7.7m. Since 1957, the bank has further assisted students by establishing student operated banks at many secondary schools. As the name implies, this type of bank is staffed by the students themselves. At 30th June, 1965, 233 such banks were operating in Victorian secondary schools.

Industrial Savings Facilities

The original form of banking-at-work, introduced to Australia in 1927 by the State Savings Bank of Victoria, still enables employees to lodge envelopes containing their deposits in strong boxes, which are cleared by the bank staff. Three other forms of banking-at-work operate through State Savings Bank branches. These are National Savings Groups, Payroll Savings Plan, and Employees Savings Groups. In 1964-65, the bank received \$13m in deposits lodged through these schemes now established at 2,242 centres.

Personal Loans

Since November 1963, the Bank has granted personal loans to depositors to meet the cost of urgent personal needs ; to purchase, improve, and maintain real property ; to carry on farming operations and purchase farm equipment ; and to establish, purchase, or carry on small businesses. The loans are repayable by instalments over periods of from one to four years. At 30th June, 1965, \$573,766 was owing by 948 borrowers.

Bursaries

Since 1939, the Bank has granted bursaries to selected student depositors who have qualified for the Intermediate Certificate or its equivalent. The bursaries are for one year, but may be extended for a further year. In 1965, the Bank awarded 86 new bursaries, valued at \$90 each, and extended 39 existing bursaries.

Other Services

Depositors may arrange for payments from Government Departments, (including child endowments, military pay, allotments, and war pensions), dividends on shares, interest on stocks and debentures and other special credits to be made direct to their accounts. Full facilities are provided at all branches for the acceptance of cash and conversion applications for Commonwealth Government loans and for public loans raised by Victorian semi-governmental authorities. The State Savings Bank accepts payments due to the State Electricity Commission of Victoria, the Gas and Fuel Corporation of Victoria, and several other public utilities. During 1964-65 the Bank accepted 3.2 mill. such payments totalling \$33m.

The total assets of the Bank at 30th June, 1965, after the exclusion of inter-departmental items, were \$910m.

Profits accruing from the activities of the Savings Bank Department were :—1960–61, \$1,160,600 ; 1961–62, \$447,742 ; 1962–63, \$2,495,008 ; 1963–64, \$4,029,744 ; and 1964–65, \$2,843,338. Reserve Funds totalled \$26,600,000 at 30th June, 1965.

The following table shows the number of accounts open and the amount remaining on deposit at the end of each of the years 1960–61 to 1964–65 :—

VICTORIA—STATE SAVINGS BANK : ACCOUNTS AND DEPOSITS*

At 30th June—	Passbook and Cheque Accounts		Deposit Stock Accounts		School Bank Accounts	
	Number of Operative Accounts	Amount at Credit of Depositors	Number of Operative Accounts	Amount at Credit of Stockholders	Number of Operative Accounts	Amount at Credit of Depositors
	'000	\$'000	'000	\$'000	'000	\$'000
1961 ..	1,732	580,792	10	29,906	358	5,914
1962 ..	1,765	614,432	14	42,914	371	6,324
1963 ..	1,774	649,520	17	57,422	393	6,742
1964 ..	1,805	704,073	20	68,644	403	7,152
1965 ..	1,839	740,806	25	89,516	415	7,671

* Excluding Christmas Club Accounts. At 30th June, 1965, the amount at credit of 47,099 Club members was \$1,591,184.

The following table shows the transactions of the Bank for each year from 1960–61 to 1964–65 :—

VICTORIA—STATE SAVINGS BANK TRANSACTIONS

Year Ended 30th June—	Number of Accounts—			Deposits	Withdrawals	Interest Added	Amount at Credit of Depositors
	Opened	Closed	Operative Accounts Remaining Open at End of Period				
	'000			\$'000			
1961 ..	*	*	2,100	836,482	832,766	16,624	616,612
1962 ..	371	311	2,150	765,782	738,056	19,332	663,670
1963 ..	375	320	2,184	877,418	847,578	20,174	713,684
1964 ..	368	312	2,228	994,477	946,989	18,697	779,869
1965 ..	390	323	2,279	1,170,668	1,132,970	22,008	839,575

* Not available.

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

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

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

Particulars	Year Ended 30th June—				Total to 30th June, 1965
	1962	1963	1964	1965	
Stock and Debentures—					
Issued \$'000	67,500	81,000	147,500	184,500	1,246,690*
Redeemed \$'000	62,000	66,000	130,000	169,500	1,066,690
Outstanding at 30th June \$'000	132,500	147,500	165,000	180,000	180,000
Pastoral or Agricultural Property—					
Advanced \$'000	124	346	467	302	27,057
Repaid \$'000	130	116	172	171	25,481
Outstanding at 30th June \$'000	920	1,150	1,444	1,575	1,575
Loans Current, 30th June No.	413	432	451	457	457
Dwelling or Shop Property—					
Advanced \$'000	14,602	25,952	31,838	30,751	356,061
Repaid \$'000	9,684	11,162	14,877	16,583	173,974
Outstanding at 30th June \$'000	136,168	150,958	167,919	182,087	182,087
Loans Current, 30th June No.	37,683	40,021	42,005	44,139	44,139
Housing Advances—					
Advanced \$'000	..	..	..	..	19,680
Repaid \$'000	62	54	42	27	19,601
Outstanding at 30th June \$'000	202	148	107	80	80
Loans Current, 30th June No.	429	315	233	154	154
Country Industries—					
Advanced \$'000	..	..	..	..	390
Repaid \$'000	2	..	..	1	389
Outstanding at 30th June \$'000	2	2	2	1	1
Loans Current, 30th June No.	1	1	1	1	1
Total Transactions—					
Advanced \$'000	14,726	26,298	32,305	31,052	403,187
Repaid \$'000	9,878	11,332	15,091	16,782	219,445
Outstanding at 30th June \$'000	137,292	152,258	169,472	183,743	183,743
Loans Current, 30th June No.	38,526	40,769	42,690	44,751	44,751

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

The net profit of the Credit Foncier Department for the year ended 30th June, 1965, after making provision for bad and doubtful debts, was \$273,412. This sum was added to General Reserve, which amounted to \$4,751,936 at 30th June, 1965. There are provisions for depreciation and long service leave amounting to \$640,000.

History of the State Savings Bank, 1961

Private Savings Banks

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

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

The following table shows the total amount of deposits in private savings banks in Victoria at 30th June in each of the years 1961 to 1965, together with the proportion which these deposits bear to the total Victorian savings bank deposits :—

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

At 30th June—							Deposits in Victoria	Proportion of Deposits with All Savings Banks in Victoria
							\$'000	per cent.
1961	..	..	..	..	..	..	151,104	14·6
1962	..	..	..	..	..	..	193,012	16·9
1963	..	..	..	..	..	..	273,134	21·0
1964	..	..	..	..	..	..	349,946	23·7
1965	..	..	..	..	..	..	401,458	24·8

At 30th June, 1965, private savings banks had 1,033 branches and 945 agencies throughout Victoria.

Total Deposits, &c., in Savings Banks

The next table shows the amount of depositors' balances in each savings bank in Victoria at the end of each of the years 1960-61 to 1964-65. The total amount of deposits per head of population is also shown.

VICTORIA—SAVINGS BANKS : DEPOSITS

Savings Bank	Depositors' Balances at 30th June—				
	1961	1962	1963	1964	1965
	\$'000				
State Savings Bank of Victoria*	616,488	663,562	713,564	779,728	839,390
Commonwealth Savings Bank of Australia	267,344	285,124	311,364	349,294	379,560
Private Savings Banks—					
Australia and New Zealand Savings Bank Ltd. ..	67,856	78,046	90,800	105,988	115,634
The Bank of Adelaide Savings Bank Ltd. .. ..	..	54	330	514	580
Bank of New South Wales Savings Bank Ltd. ..	54,802	64,998	76,536	90,854	100,660
The Commercial Savings Bank of Australia Ltd. ..	..	..	15,126	26,946	34,938
C.B.C. Savings Bank Ltd.	28,446	33,210	39,096	46,332	50,102
E. S. and A. Savings Bank Ltd. .. ..	..	13,264	25,100	35,394	43,098
The National Bank Savings Bank Ltd. .. ..	..	3,440	26,146	43,918	56,446
Total Deposits ..	1,034,936	1,141,698	1,298,062	1,478,968	1,620,408
	\$				
Deposits per Head of Population	353.21	381.65	424.80	472.37	505.10

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

Life Insurance

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

In 1965, there were 40 companies transacting life business in Victoria, compared with 20 in 1946, with assets throughout Australia of more than \$2,800m.

Many of the offices operating in Victoria have their headquarters in Melbourne, and most of the larger offices are Australian controlled, although recent years have seen a considerable increase in the number of oversea offices establishing branches in Australia. There has also been a considerable expansion by the life offices into the general insurance field, and by the general insurance companies into life business.

The Secretariat of the Life Offices' Association for Australasia is also located in Melbourne. This Association was formed in 1905 by the main life offices to protect, promote, and advance the interests of members and their policyholders, through the maintenance of high ethical standards and the good government of the industry. L.O.A. members today write more than 85 per cent. of the ordinary and superannuation business in Australia and New Zealand, and virtually all the collector insurance.

Section 51 (xiv) of the Commonwealth of Australia Constitution Act empowers the Commonwealth Parliament to legislate on insurance extending beyond any one State. Control of the activities of life offices in Victoria and the rest of Australia is vested in the Insurance Commissioner under the *Commonwealth Life Insurance Act* 1945–1961. The main categories of life insurance are ordinary, collector (industrial), and superannuation. Under a collector policy, premiums are payable at intervals of less than two months to collectors.

In general, there are five main types of life policy :—Whole of life, under which the amount of the policy, plus any bonuses, is payable on death ; endowment insurance, which provides for payment of the sum insured, plus any bonuses, when the life insured reaches a specified age or date, or if death occurs before ; endowment, under which the amount of the policy is payable, plus any bonuses, if the life insured reaches a specified age or date (if death occurs before, all premiums paid are generally returned, plus compound interest) ; temporary insurance for short terms ; and annuities. There are many variations of these five basic types available. Since 1946, the number of ordinary and superannuation life policies in force in Victoria has more than doubled to 1,151,661 at the end of 1964, and the total sum insured increased in the same period almost tenfold from \$379m to \$3,713m.

The growth of collector insurance has not, however, matched that of ordinary and superannuation business. The number of collector policies fell from 1,119,476 in 1946 to 863,683 in 1964, although the sum insured rose from \$117m to \$250m over the same period.

Latest figures show that the protection afforded by life insurance continues to increase. In 1964, 143,611 new policies were taken out in Victoria for a total sum insured of \$720m, of which ordinary business amounted to \$434m, superannuation \$253m, and collector \$33m. In 1963, new sums insured totalled \$603m. Benefits paid to Victorian policy holders totalled \$54m in 1964.

In addition, new loans, excluding advances on premiums, paid over by life offices in Victoria during 1964 amounted to \$59m. Of this total, \$52m was advanced on real estate mortgages, including \$16m for housing.

As a result of the increasing awareness of the value of life insurance as a protection and a form of saving, the funds held by life offices are now a major factor in the economic life of the community. The sound investment of these funds in the interests of policyholders and the stability and progress of the economy has been one of the life offices' most important contributions to the community.

The following table gives some indication of the growth and volume of life insurance business conducted in Victoria during the period 1960 to 1964 :—

VICTORIA—LIFE INSURANCE : PREMIUM RECEIPTS AND
POLICY PAYMENTS (INCLUDING ANNUITIES)
(\$'000)

Year	Premiums Received (Incl. Single Premiums)	Payments—			
		Claims	Surrenders	Annuities and Cash Bonuses	Total
1960	82,822	26,564	15,912	918	43,394
1961	99,174	31,206	17,306	1,516	50,028
1962	94,024	32,064	14,260	924	47,248
1963	104,869	33,735	14,390	1,287	49,412
1964	112,783	37,435	15,403	1,646	54,484

The following table contains summarized information about new business written by all life insurance companies during each of the five years 1960 to 1964 :—

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

Particulars	1960	1961	1962	1963	1964
Ordinary Business— ..					
Number of Policies ..	123,850	95,616	88,217	89,156	90,853
Sum Insured \$'000	547,468	350,001	358,844	383,841	434,089
Annual Premiums ..	11,690	8,248	8,310	8,719	9,292
Superannuation Business—					
Number of Policies ..	}	23,076	17,598	16,119	18,045
Sum Insured \$'000		203,560	177,658	189,291	253,089
Annual Premiums ..		4,469	3,477	3,706	4,975
Industrial Business—					
Number of Policies ..	51,275	48,295	43,705	36,007	34,713
Sum Insured \$'000	23,064	26,680	31,068	30,181	32,811
Annual Premiums ..	1,024	1,112	1,232	1,176	1,245

* Not available separately—included with Ordinary Business.

Sums insured under new policies issued during 1964 averaged \$4,778 in the Ordinary Department, \$14,025 in the Superannuation Department, and \$945 in the Industrial Department.

The following table gives particulars of the policies which were discontinued or reduced during each of the years 1962 to 1964 :—

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

Cause of Discontinuance	1962		1963		1964	
	Number of Policies	Sum Insured	Number of Policies	Sum Insured	Number of Policies	Sum Insured
ORDINARY BUSINESS						
		\$'000		\$'000		\$'000
Death	4,875	7,330	4,884	7,912	5,251	8,791
Maturity or Expiry ..	15,228	28,424	18,506	28,860	17,143	25,510
Surrender	21,092	43,632	22,162	50,622	22,475	53,766
Forfeiture	18,260	55,614	18,385	62,792	16,835	62,824
Other *	128	8,872	— 636	6,180	— 963	561
Total	59,583	143,872	63,301	156,366	60,741	151,452
SUPERANNUATION BUSINESS						
		\$'000		\$'000		\$'000
Death	603	2,584	638	2,736	574	3,450
Maturity or Expiry ..	2,556	26,590	2,367	36,904	2,307	21,069
Surrender	10,920	52,314	10,453	36,196	7,488	49,203
Forfeiture	395	2,756	474	4,168	568	3,412
Other *	23,107	47,780	14,095	9,630	9,133	36,184
Total	37,581	132,024	28,027	89,636	20,070	113,318
INDUSTRIAL BUSINESS						
		\$'000		\$'000		\$'000
Death	4,061	586	4,050	628	4,021	664
Maturity or Expiry ..	50,487	5,658	42,901	5,014	39,822	4,860
Surrender	20,543	6,890	20,071	7,122	17,146	6,402
Forfeiture	9,477	6,342	8,987	7,462	7,651	7,247
Other *	1,778	362	492	124	289	176
Total	86,346	19,838	76,501	20,350	68,929	19,349

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

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

The following table shows, for each of the years 1960 to 1964, particulars of life insurance business in existence in the relevant departments of the companies :—

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

Particulars	1960	1961	1962	1963	1964
Ordinary Business—					
Number of Policies ..	1,110,085	947,452	976,756	1,002,610	1,032,722
Sum Insured \$'000	2,377,304	1,921,183	2,138,607	2,366,081	2,648,718
Annual Premiums ,,	67,372	55,402	60,094	64,902	70,432
Superannuation Business—					
Number of Policies ..	}	152,866	132,883	120,975	118,939
Sum Insured \$'000	* }	778,746	824,381	924,037	1,063,808
Annual Premiums ,,		18,357	19,297	20,954	23,553
Industrial Business—					
Number of Policies ..	1,032,245	981,034	938,393	897,899	863,683
Sum Insured \$'000	209,010	215,702	226,932	236,763	250,225
Annual Premiums ,,	9,660	9,772	10,036	10,250	10,601

* Not available separately—included with Ordinary Business.

In 1964, the average amount of policy held in the Ordinary Department was \$2,565, in the Superannuation Department, \$8,944, and in the Industrial Department, \$290.

Further References, 1962, 1964

Fire, Marine, and General Insurance

Organization

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

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

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

Types of Insurance Cover Provided

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

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

Compulsory Covers

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

Statistics

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

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

The statistics have been compiled on the following basis :—

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

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

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

The following tables, which show details of fire, marine, and general insurance business transacted in Victoria during each of the years 1960-61 to 1964-65, should not be construed as "Profit and Loss Statements" or "Revenue Accounts" as they contain selected items of statistics only:—

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

Class of Business	Year Ended 30th June—				
	1961	1962	1963	1964	1965
PREMIUMS (LESS RETURNS, REBATES AND BONUSSES)					
Fire	20,102	21,998	22,352	23,132	24,597
Householders' Comprehensive	7,418	8,082	9,066	9,937	10,819
Sprinkler Leakage	56	66	68	69	69
Loss of Profits	2,544	2,580	2,768	2,797	3,293
Hailstone	784	664	812	837	945
Marine	6,088	5,746	6,098	6,427	7,286
Motor Vehicles (Other than Motor Cycles)	30,968	34,674	36,540	40,350	44,944
Motor Cycles	58	46	36	31	43
Compulsory Third Party (Motor Vehicles)	12,964	13,626	14,464	16,857	18,214
Employers' Liability and Workmen's Compensation *	30,630	28,334	28,768	30,231	35,744
Personal Accident	4,178	4,134	4,564	4,672	5,792
Public Risk, Third Party	1,798	2,170	2,312	2,593	2,864
General Property	294	308	330	337	331
Plate Glass	498	550	664	698	871
Boiler	62	64	78	80	128
Live Stock	154	168	178	216	225
Burglary	1,934	2,148	2,172	2,251	2,719
Guarantee	282	306	358	346	330
Pluvius	58	50	54	51	48
Aviation	150	92	318	224	209
All Risks	1,018	1,048	1,132	1,297	1,475
Television	1,516	1,112	532	394	94
Others	1,294	1,736	1,824	2,003	2,368
Total	124,848	129,702	135,488	145,832	163,408
INTEREST, DIVIDENDS, RENTS, ETC. (NET OF EXPENSES)					
Investments, &c.	5,742	7,730	8,098	8,807	8,635
TOTAL REVENUE					
Grand Total	130,590	137,432	143,586	154,639	172,043

* See references pages 183 to 185.

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

(\$'000)

Class of Business	Year Ended 30th June—				
	1961	1962	1963	1964 |	1965
GROSS CLAIMS (LESS AMOUNTS RECOVERABLE)					
Fire	8,010	7,800	7,964	6,925	7,677
Householders' Comprehensive ..	1,564	2,198	2,582	2,465	2,598
Sprinkler Leakage	28	16	38	34	71
Loss of Profits	602	568	278	467	716
Hailstone	506	300	652	553	701
Marine	3,068	3,078	2,904	3,266	4,037
Motor Vehicles (Other than Motor Cycles)	24,072	22,162	23,300	27,458	33,148
Motor Cycles	42	28	24	27	33
Compulsory Third Party (Motor Vehicles)	11,430	13,542	15,034	15,932	18,721
Employers' Liability and Workmen's Compensation	20,680	21,024	21,854	24,110	26,173
Personal Accident	1,846	1,970	1,972	2,040	2,519
Public Risk, Third Party	812	1,052	1,106	1,221	1,343
General Property	146	198	158	145	171
Plate Glass	348	394	428	440	477
Boiler	32	26	6	103	Cr. 12
Live Stock	78	84	76	72	148
Burglary	1,100	1,176	1,392	1,559	1,742
Guarantee	74	154	226	92	50
Pluvius	86	8	38	29	21
Aviation	244	46	112	116	157
All Risks	686	668	800	902	920
Television	1,228	752	332	227	27
Others	678	946	974	795	1,008
Total	77,360	78,190	82,250	88,977	102,443
OTHER EXPENDITURE					
Contributions to Fire Brigades ..	2,832	3,092	3,182	3,430	3,680
Commission and Agents' Charges ..	12,308	13,134	13,850	14,731	16,870
Expenses of Management	20,034	21,634	22,672	24,400	26,193
Taxation	5,014	4,124	4,398	3,847	3,727
Total	40,188	41,984	44,102	46,408	50,470
TOTAL EXPENDITURE					
Grand Total	117,548	120,174	126,352	135,385	152,913

The percentage of claims to premium income for each of the years 1960-61 to 1964-65 in respect of the various classes of insurance was as follows :—

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

Class of Business	Year Ended 30th June—				
	1961	1962	1963	1964	1965
Fire	39·84	35·46	35·63	29·94	31·21
Householders' Comprehensive	21·08	27·18	28·49	24·81	24·01
Sprinkler Leakage	50·31	23·73	54·33	49·23	102·61
Loss of Profits	23·64	22·04	10·08	16·70	21·74
Hailstone	64·47	45·27	80·32	66·05	74·12
Marine	50·39	53·55	47·61	50·81	55·40
Motor Vehicles (Excl. Motor Cycles)	77·73	63·92	63·77	68·05	73·75
Motor Cycles	73·40	57·94	69·14	86·29	76·44
Compulsory Third Party (Motor Vehicles)	88·17	99·36	103·95	94·51	102·79
Employers' Liability and Workmen's Compensation	67·52	74·20	75·96	79·75	73·22
Personal Accident	44·17	47·66	43·20	43·66	43·49
Public Risk, Third Party	45·17	48·48	47·85	47·08	46·88
General Property	49·89	64·50	47·93	43·05	51·57
Plate Glass	69·73	71·62	64·34	63·08	54·71
Boiler	52·49	40·68	8·95	127·69	..
Live Stock	50·27	49·72	42·70	33·28	65·80
Burglary	56·88	54·71	64·16	69·24	64·08
Guarantee	26·24	50·76	62·89	26·65	15·31
Pluvius	148·28	17·11	69·50	56·71	42·95
Aviation	162·78	50·18	35·14	49·90	75·06
All Risks	67·37	63·67	70·57	51·84	62·36
Television	81·04	67·74	62·17	57·68	28·33
Others	52·37	54·42	53·40	39·67	42·56
All Classes	61·96	60·28	60·71	61·01	62·69

Motor Vehicle Insurance (Compulsory Third Party)

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

The number of vehicles insured during each of the years 1960–61 to 1964–65 is shown in the following table :—

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

Class of Motor Vehicle	Year Ended 30th June—				
	1961	1962	1963	1964	1965
MOTOR VEHICLES USUALLY GARAGED WITHIN A RADIUS OF 20 MILES OF THE POST OFFICE, ELIZABETH-STREET, MELBOURNE					
Private	362,032	390,125	409,189	445,474	477,724
Business	46,746	48,753	52,168	56,531	60,621
Light Goods	42,192	41,878	40,964	42,914	42,397
Heavy Goods	20,993	20,376	20,556	22,213	22,932
Miscellaneous	10,255	10,460	10,518	12,064	12,797
Motor Cycles	10,704	9,696	8,485	7,777	7,293
Visiting Motor Cars	2,268	2,272	1,133	832	267
Total	495,190	523,560	543,013	587,805	624,031

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

Private	250,147	263,285	275,368	291,126	307,325
Business	11,125	11,649	13,133	14,937	16,158
Light Goods	51,752	53,112	52,885	56,353	55,845
Heavy Goods	34,656	34,589	34,438	37,045	37,601
Miscellaneous	39,784	41,316	43,649	48,099	49,844
Motor Cycles	6,744	5,480	5,076	5,359	4,738
Visiting Motor Cars	100	98	118	71	537
Total	394,308	409,529	424,667	452,990	472,048
Grand Total	889,498	933,089	967,680	1,040,795	1,096,079

State Motor Car Insurance Office

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

The proportion of total Victorian motor insurance business underwritten by the Office for the year 1964–65 represented 6·0 per cent. of comprehensive and 32·3 per cent. of third party premiums received in Victoria.

The following table shows the trading results for each of the five years 1960-61 to 1964-65 :—

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

Year Ended 30th June—	Premiums Received Less Reinsurances, Rebates, &c.	Increase in Unearned Premium Provision	Claims Paid and Outstanding	Expenses	Underwriting Profit
1961 ..	5,136	438	4,500	328	130*
1962 ..	5,830	316	5,384	378	248*
1963 ..	6,470	294	5,870	468	162*
1964 ..	7,798	637	6,513	548	100
1965 ..	8,574	393	8,648	643	1,111*

* Loss.

State Accident Insurance Office

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

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

The Office has made steady progress during 51 years of operation and, for the year ended 30th June, 1965, its premium income represented 19 per cent. of the total premiums received by all insurance companies in Victoria on account of Employers' Liability and Workmen's Compensation Insurance.

The following table shows the trading results for each of the five years 1960-61 to 1964-65 :—

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

Year Ended 30th June—	Premiums Received Less Reinsurances, Rebates, &c.	Increase in Unearned Premium Provision	Claims Paid and Outstanding	Expenses	Underwriting Profit
1961 ..	5,900	374	4,258	376	892
1962 ..	5,810	292	4,434	384	700
1963 ..	5,946	— 64	4,310	392	1,308
1964 ..	6,022	— 156	5,114	435	629
1965 ..	6,780	164	5,372	449	794

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

The accumulated funds at 30th June, 1965 were :—General Reserve, \$6,000,000 ; Building and Other Reserves, \$74,600 ; and Bonus Equalization Reserve, \$1,700,408.

Building Societies

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

Up to 31st December, 1965, the number of societies that had been registered was 201 and of these 36 societies were still operating in 1965.

VICTORIA—BUILDING SOCIETIES, 1965

Particulars	Permanent Societies	Starr-Bowkett Societies	Total All Societies
Number of Societies	35	2	36*
„ „ Shareholders	6,882	3,035	9,917†
„ „ Borrowers	15,547	985	16,532
Transactions during the Year—	\$'000		
Income—			
Interest on Mortgage Loans	3,255	97	3,352
Other	443	6	449
Total	3,698	104	3,801
Expenses—			
Interest Payable	2,033	34	2,067
Administration, &c.	576	37	613
Total	2,608	71	2,680
Loans and Advances—			
Paid	12,410	433	12,843
Repaid	8,919	383	9,302‡
Deposits—			
Received	17,960	84	18,044
Repaid	15,639	55	15,694
Liabilities—			
Investing Members' Funds—			
Paid-up Capital	9,492	1,063	10,555
Reserves, &c.	3,699	117	3,817
Borrowing Members' Funds—			
Share Subscriptions	482	..	482
Other	24	..	24
Deposits	18,365	513	18,878
Loans (Including Bank Overdraft)	17,041	137	17,178
Other	1,033	107	1,139
Total	50,137	1,937	52,073
Assets—			
Loans on Mortgage	47,085	1,899	48,984
Land and House Property	1,669	..	1,669
Other Investments	584	23	608
Cash and Deposits	472	§	473
Other	325	14	340
Total	50,137	1,937	52,073

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

† Includes 1,051 shareholders holding borrowers' shares.

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

§ Under \$500.

Co-operative Organizations

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

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

Particulars of producer and consumer societies for the year 1964-65 are given in the following table :—

VICTORIA—CO-OPERATIVE ORGANIZATIONS : PRODUCER AND CONSUMER SOCIETIES, 1964-65

Particulars	Societies—			Total All Societies
	Producers'	Consumers'	Producers' and Consumers'	
Number of Societies	102	41	11	154
Number of Members	66,032	29,979	8,576	104,587
Transactions during the Year—	\$'000			
Income—				
Sales	78,277	10,154	22,366	110,798
Other Income	4,328	307	131	4,766
Total	82,605	10,461	22,498	115,563
Expenditure—				
Purchases	62,175	8,513	19,429	90,116
Working Expenses, &c. ..	17,274	1,587	2,730	21,591
Interest on—				
Loan Capital	} 468	77	34	579
Bank Overdraft		185	111	765
Rebates and Bonuses	469			469
Total	80,385	10,361	22,304	113,051
Dividend on Share Capital ..	614	45	110	768
Liabilities—				
Share Capital	11,512	1,395	1,535	14,442
Loan Capital	3,398	1,182	346	4,925
Bank Overdraft	7,007	356	314	7,678
Accumulated Profits	1,381	466	382	2,229
Reserve Funds	10,520	573	1,919	13,012
Sundry Creditors	10,023	725	1,573	12,321
Other	2,569	254	180	3,002
Total	46,409	4,951	6,249	57,609
Assets—				
Land and Buildings	} 22,060	1,940	4,005	28,005
Fittings, Plant, and Machinery ..		6,041	812	8,181
Stock	12,682	862	1,019	14,563
Sundry Debtors				
Cash in Bank, in Hand, or on Deposit	1,412	301	299	2,012
Profit and Loss Account	940	150	..	1,090
Other	3,275	369	113	3,757
Total	46,409	4,951	6,249	57,609

Co-operative Credit Societies

Since the passing of the *Co-operation Act* 1954, co-operative credit societies have made steady progress. The following table illustrates the growth of these societies during the period 1960-61 to 1964-65 :—

VICTORIA—CO-OPERATIVE ORGANIZATIONS : CREDIT SOCIETIES

Particulars	1960-61	1961-62	1962-63	1963-64	1964-65
Number of Societies	50	70	85	103	113
Number of Members	8,060	10,430	12,648	15,728	18,890
Transactions during the Year—					
\$'000					
Income—					
Interest	40	68	105	151	222
Other Income	5	5	9	8	9
Total	45	73	114	158	231
Expenditure—					
Interest on Deposits	20	36	56	82	122
Working Expenses	17	24	39	49	75
Total	37	60	95	131	197
Liabilities—					
Share Capital	95	115	137	167	193
Reserves	10	13	17	29	44
Depositors	598	991	1,539	2,105	2,903
Sundry Creditors	8	10	42	48	76
Other	16	28	38	84	138
Total	727	1,157	1,773	2,433	3,354
Assets—					
Loans to Members	639	1,032	1,548	2,129	2,941
Cash in Hand or on Deposit	64	97	171	223	306
Other	24	28	54	81	106
Total	727	1,157	1,773	2,433	3,354

Public Trustee

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

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

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

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

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

Consequent on the passing of the *Public Trustee Act 1948*, the Public Trustee Fund at the State Treasury was abolished and the proceeds of all estates, as from 1st October, 1948, were invested in a Common Fund under the control of the Public Trustee. In the following table, particulars of the Common Fund are shown for each of the years 1960-61 to 1964-65 :—

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

Particulars	1960-61	1961-62	1962-63	1963-64	1964-65
Proceeds of Realizations, Rents, Interest, &c.	7,194	7,840	8,044	8,876	10,392
Investments, Distributions, Claims, &c.	6,276	6,666	6,754	7,678	8,752
Cash Variation	918	1,174	1,290	1,198	1,640
Balance at 1st July	9,706	10,624	11,798	13,088	14,286
Balance at 30th June	10,624	11,798	13,088	14,286	15,926

The number of applications for probate and letters of administration (including election to administer), &c., made by the Public Trustee for each of the years 1955-56 to 1964-65 are shown in the following table :—

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

Year	No.	Year	No.
1955-56	1,089	1960-61	1,084
1956-57	1,135	1961-62	994
1957-58	1,130	1962-63	1,005
1958-59	1,066	1963-64	1,087
1959-60	919	1964-65	1,098

The number of wills (under which the Public Trustee was appointed executor) lodged for safe custody during each of the years 1960-61 to 1964-65 was as follows:—1960-61, 2,626; 1961-62, 2,662; 1962-63, 2,836; 1963-64, 2,785; 1964-65, 2,875.

Trustee Companies

Statutory Authority

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

Business Activities

The value of assets in estates committed to the care of Victorian trustee companies at 30th June, 1960 and 1965, was as follows:—

VICTORIA—TRUSTEE COMPANIES: VALUE OF ESTATES ADMINISTERED

(\$m)

Particulars	Value at 30th June, 1960	Value at 30th June, 1965
Stock and Debentures	102.68	110.99
Advances on Mortgages	24.58	45.16
Property and Livestock	69.48	75.99
Shares	119.84	169.86
Fixed and Other Deposits	6.98	9.75
Cash at Bank	6.58	11.73
Other	18.76	19.51
Total	348.90	442.99

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

Probate

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

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

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

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

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

The accompanying table shows the number and value of estates of deceased persons of each sex in connexion with which probates or letters of administration, &c., were finally completed during each of the years 1961 to 1965. Particulars of estates administered by the Public Trustee are included. The figures shown for Gross Value of Estates and for Liabilities for each of the years 1962 to 1965 inclusive are not comparable with those shown for previous years due to administrative changes in the treatment of certain assets arising from the *Probate Duty Act 1962*. Under this Act, which came into force on 1st July, 1962, certain limits have been imposed on the previously unrestricted concessions in respect of superannuation benefits payable to a widow and to other dependants, the deceased's interest in a jointly owned matrimonial home, and payments in lieu of long service leave. To ensure that the respective concessions are not exceeded, the total value of these assets is now included in Gross Value of Estates and the appropriate concessions are included in Liabilities. Particulars of estates are excluded where the Liabilities equal, or exceed, the Gross Value of Estates.

VICTORIA—PROBATES, LETTERS OF ADMINISTRATION, ETC.

Year	Number of Estates	Gross Value of Estates—		Liabilities	Net Value of Estates	Average Net Value per Estate
		Real	Personal			
\$'000						
MALES						
1961	8,818	46,550	92,172	6,428	132,294	15,002
1962	9,817	51,972	93,314	9,464	135,822	13,836
1963	10,149	59,916	102,534	14,822	147,628	14,546
1964	10,305	55,504	105,618	16,850	144,272	14,000
1965	11,534	77,526	123,186	23,330	177,382	15,380
FEMALES						
1961	6,415	24,802	46,986	2,502	69,286	10,800
1962	7,207	27,406	49,108	3,056	73,458	10,192
1963	7,395	32,486	53,348	5,164	80,670	10,908
1964	7,468	30,046	51,384	5,199	76,231	10,208
1965	7,960	40,746	63,662	6,731	97,678	12,272
TOTAL						
1961	15,233	71,352	139,158	8,930	201,580	13,234
1962	17,024	79,378	142,422	12,520	209,280	12,294
1963	17,544	92,402	155,882	19,986	228,298	13,012
1964	17,773	85,550	157,002	22,049	220,503	12,407
1965	19,494	118,273	186,848	30,061	275,060	14,110

The number and value of estates dealt with in each of the years 1963 to 1965, grouped according to net value and distinguishing the estates of males from those of females, were as follows :—

VICTORIA—NUMBER AND NET VALUE OF ESTATES OF DECEASED PERSONS

Group	1963		1964		1965	
	Number	Net Value	Number	Net Value	Number	Net Value
		\$'000		\$'000		\$'000
MALES						
\$						
Under 200 ..	422	40	443	42	415	44
200 - 599 ..	801	308	819	319	790	305
600 - 999 ..	539	426	640	528	578	479
1,000 - 1,999 ..	1,087	1,578	1,151	1,675	1,181	1,735
2,000 - 3,999 ..	1,521	4,454	1,517	4,387	1,646	4,806
4,000 - 5,999 ..	1,079	5,374	1,141	5,702	1,187	5,883
6,000 - 7,999 ..	945	6,634	945	6,587	1,019	7,120
8,000 - 9,999 ..	750	6,670	763	6,796	872	7,808
10,000 - 19,999 ..	1,332	18,038	1,306	18,381	1,795	25,159
20,000 - 29,999 ..	532	13,070	494	11,996	652	15,892
30,000 - 49,999 ..	514	20,624	483	18,543	611	23,516
50,000 - 99,999 ..	423	30,222	418	26,622	530	36,482
100,000 - 199,999 ..	153	20,768	128	17,241	208	27,925
200,000 and over ..	51	19,422	57	25,452	50	20,228
Total Males ..	10,149	147,628	10,305	144,272	11,534	177,382
FEMALES						
\$						
Under 200 ..	227	22	232	24	188	18
200 - 599 ..	608	238	569	218	523	206
600 - 999 ..	424	332	434	347	385	303
1,000 - 1,999 ..	803	1,192	855	1,265	808	1,194
2,000 - 3,999 ..	1,177	3,490	1,248	3,658	1,133	3,357
4,000 - 5,999 ..	871	4,342	906	4,498	929	4,595
6,000 - 7,999 ..	781	5,448	840	5,867	803	5,605
8,000 - 9,999 ..	584	5,226	585	5,207	699	6,247
10,000 - 19,999 ..	1,051	14,576	985	13,654	1,350	18,848
20,000 - 29,999 ..	355	8,644	328	7,972	443	10,750
30,000 - 49,999 ..	263	9,978	262	10,115	342	13,120
50,000 - 99,999 ..	163	11,338	158	10,681	258	17,604
100,000 - 199,999 ..	67	9,022	50	6,525	84	11,322
200,000 and over ..	21	6,822	16	6,200	15	4,509
Total Females ..	7,395	80,670	7,468	76,231	7,960	97,678
Grand Total ..	17,544	228,298	17,773	220,503	19,494	275,060

Transfer of Land

Transfer of Land Act

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

In order to bring under the Transfer of Land Act land that was alienated by the Crown prior to 1862 (5,142,321 acres), application must be made to the Registrar of Titles accompanied by the deeds in the chain of title or, if adverse possession is relied upon, strict proof of the applicant's interest in the land. During 1965, 244 such applications were submitted. The land actually brought under the Act as a result of these applications was 3,395 acres valued at \$5,810,104. To the end of 1965, 3,352,457 acres valued at \$186,839,196 had been brought under the Act. The area of land still under the Old Law System at the end of 1965 was 1,789,864 acres. A summary of dealings under the Transfer of Land Act will be found on page 701.

Further Reference, 1966

Assurance Fund

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

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

Separate Certificates of Title to Flats

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

Under this form of ownership evidenced by the issue of a Certificate of Title to each flat, the title for the residual land in the subdivision generally issues in the name of a service company the shareholders of which comprise the flat owners exclusively.

In 1960 and 1961 legislation was introduced to facilitate the subdivision of buildings. This legislation simplified the position in relation to easements, and restricted dealings with shares in a service company and with the residual land. It also provided for the registration of service agreements between flat owners and the service company.

Prior to the introduction of the abovementioned system, a type of flat ownership had been in existence since shortly after the end of the Second World War. Under this earlier system, a person became the "owner" of a flat by acquiring shares in a proprietary company which became the registered proprietor on the title to the site of the block of flats. This company also controlled the management of the flats.

Because of the complexity of the conveyancing techniques involved in the present system, consideration is being given to further legislation on the subject.

Titles of Land Issued

The following table shows the number of titles of land issued during each of the years 1961 to 1965. In February, 1961, the Titles Office introduced a new system for the issue of certificates of title in the case of land approved for subdivision. Individual certificates are now issued for each lot in the estate at the time the plan of subdivision is approved. Prior to February, 1961, a separate certificate of title for each lot was not issued until a transfer of ownership in respect of such lot was recorded in the Titles Office. The introduction of this new method is mainly responsible for the large increase in the number of titles issued since 1960.

VICTORIA—TITLES OF LAND ISSUED

Year	Number of—			
	Certificates of Title	Crown Grants	Crown Leases	Total Titles
1961	58,428	1,116	413	59,957
1962	54,819	1,068	469	56,356
1963	67,134	1,183	363	68,680
1964	67,908	1,434	523	69,865
1965	69,027	1,254	397	70,678

Land Transfers, Mortgages, &c.

A summary of dealings lodged at the Titles Office under the Transfer of Land Acts is given in the following table for each of the years 1961 to 1965 :—

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

Year	Number of Transfers	Mortgages*		Number of—				
		Number	Amount	Entries of Executor, Administrator, or Survivor	Plans of Subdivision	Caveats	Other Dealings	Total Dealings
			£'000					
1961 ..	84,207	39,655	251,162	11,923	2,472	22,659	43,674	204,590
1962 ..	89,870	43,734	273,408	11,643	2,319	22,514	50,566	220,646
1963 ..	101,066	54,011	356,108	13,134	3,553	20,167	57,822	249,753
1964 ..	115,860	63,657	478,167	13,628	4,435	18,843	64,979	281,402
1965 ..	107,572	57,727	462,754	14,617	4,476	17,477	62,546	264,415

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

Mortgages, reconveyances, and conveyances registered at the Office of the Registrar-General under the *Property Law Act* 1958 are shown for each of the years 1961 to 1965 in the following table:—

VICTORIA—DEALINGS UNDER THE PROPERTY LAW ACT

Year	Mortgages*		Reconveyances		Conveyances	
	No.	Amount	No.	Amount†	No.	Amount
		\$'000		\$'000		\$'000
1961	939	7,046	1,045	1,702	2,914	21,620
1962	965	7,572	1,163	1,932	3,204	22,778
1963	1,102	10,490	1,197	3,046	3,244	26,844
1964	1,255	12,480	1,397	4,754	3,453	27,331
1965	1,235	11,136	1,312	3,268	3,067	26,900

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

† Excluding repayments designated "Principal and Interest".

Mortgages of Real Estate

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

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

Particulars of mortgages not lodged for registration are not available.

The number of mortgages and the amount of consideration involved for each of the years 1963 to 1965, classified according to type of mortgagee, are as follows:—

VICTORIA—MORTGAGES OF REAL ESTATE LODGED FOR REGISTRATION

Type of Mortgagee	Mortgages*					
	1963		1964		1965	
	Number	Amount	Number	Amount	Number	Amount
		\$'000		\$'000		\$'000
Banks	15,471	88,874	19,076	120,589	17,032	111,368
Building Societies	1,775	7,568	2,025	9,402	2,014	10,704
Co-operative Housing Societies	3,814	19,822	4,547	25,345	3,648	20,528
Insurance Companies	2,391	47,348	2,787	65,680	2,769	61,402
Government Institutions	5,810	29,192	5,890	33,305	4,987	44,960
Trustee Institutions	451	6,286	580	11,573	579	10,476
Hire Purchase and Finance Companies	4,538	36,874	6,415	57,133	6,162	60,432
Other Mortgagees	20,863	130,634	23,592	167,620	21,771	154,020
Total	55,113	366,598	64,912	490,647	58,962	473,890

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

Stock Mortgages and Liens on Wool and Crops

The number and amount of stock mortgages, liens on wool, and liens on crops registered at the Office of the Registrar-General during each of the years 1961 to 1965 are shown in the following table. Releases of liens are not required to be registered as, after the expiration of twelve months, the registration of all liens is automatically cancelled. Very few mortgagors of stock secure themselves by a registered release.

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

Security	1961	1962	1963	1964	1965
Stock Mortgages—					
Number	399	478	422	404	370
Amount \$'000	808	998	1,080	1,127	1,064
Liens on Wool—					
Number	302	209	148	68	45
Amount \$'000	1,154	954	580	246	220
Liens on Crops—					
Number	131	83	80	100	97
Amount \$'000	224	94	92	52	296
Total—					
Number	832	770	650	572	512
Amount \$'000	2,186	2,046	1,752	1,425	1,580

Bills of Sale

The following are the numbers and amounts of bills of sale which have been filed at the Office of the Registrar-General during each of the years 1961 to 1965 :—

VICTORIA—BILLS OF SALE

Security	1961	1962	1963	1964	1965
Bills of Sale—					
Number	4,401	5,462	6,550	6,408	6,390
Amount \$'000	15,428	17,502	15,830	16,469	13,338

Companies

The main features of company legislation are set out on pages 688–689 of the 1966 Victorian Year Book.

The following table shows details of companies registered during each of the years 1961 to 1965 :—

VICTORIA—COMPANIES REGISTERED, ETC.

Particulars	1961	1962	1963	1964	1965
	No.				
New Companies Registered—					
Victorian	3,158	2,821	2,691	2,978	3,182
Other	233	249	255	310	283
Total	3,391	3,070	2,946	3,288	3,465
	\$'000				
Nominal Capital of New Companies—					
Victorian	298,162	240,914	161,610	201,357	121,051
Other	157,786	425,686	171,056	145,562	276,477
Total	455,948	666,600	332,666	346,919	397,529
	No.				
Existing Companies (At End of Year)—					
Victorian	33,682	36,082	38,144	40,894	42,968
Other	2,417	2,620	2,842	3,150	3,177
Total	36,099	38,702	40,986	44,044	46,145
	\$'000				
Increase in Nominal Capital of Victorian Companies during Year	473,556	387,966	240,054	214,530	278,136

Company Registration Fees, 1964

Stock Exchange of Melbourne

Introduction

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

Functions

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

Membership

The Stock Exchange of Melbourne is an association of 165 members. It is governed by a chairman and committee (12 including the chairman), elected by the members.

Official List

At 30th September, 1965, 2,940 separate securities (including options) with a nominal value of \$12,148m and a market value of \$17,730m were quoted on the Exchange. The market value of \$7,056m in Commonwealth loans represents 40 per cent. of all securities listed.

In the following table, the number of issues (excluding options) and their nominal value are classified according to class of security. Particulars are shown as at 30th September for each of the years 1962 to 1965.

MELBOURNE STOCK EXCHANGE—ISSUES LISTED* AND NOMINAL VALUE

Class of Security	Listed at 30th September—							
	1962		1963		1964		1965	
	No. of Issues	Nominal Value	No. of Issues	Nominal Value	No. of Issues	Nominal Value	No. of Issues	Nominal Value
	\$m		\$m		\$m		\$m	
Commonwealth Loans ..	34	5,900	38	6,326	44	6,662	49	7,056
Semi-Government Loans ..	683	760	725	790	738	704	784	700
Foreign Government Loans ..	10	12	10	12	14	18	15	20
Industrial Company Securities—								
Debentures	478	458	540	514	560	570	552	640
Unsecured Notes	313	268	335	282	311	260	294	248
Preference Shares	307	148	294	138	289	144	287	140
Ordinary Shares	759	2,480	785	2,638	811	2,788	825	3,086
Mining Company Securities ..	128	204	131	206	132	220	130	258
Total	2,712	10,230	2,858	10,906	2,899	11,366	2,936	12,148

* Excludes options.

Forty companies were added to the official list during 1965 and their combined nominal capital was \$156m. In addition, new capital issues made by companies already listed amounted to \$370m. At the close of the year, the official list comprised 899 companies—796 commercial and industrial and 103 mining companies.

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

Turnover

Turnover in all sections of the market, with the exception of semi-government loans, declined during the year; sales of semi-government loans were at the record level of \$16m; ordinary share turnover was down for the first time in nine years, but in the ten-year period from 1956 to 1965, sales of ordinary shares increased by 281 per cent.—equivalent to a compound annual rate of growth of 14 per cent.

The number of individual transactions during each of the years 1963-64 and 1964-65 was as follows:—

**MELBOURNE STOCK EXCHANGE—INDIVIDUAL
TRANSACTIONS**

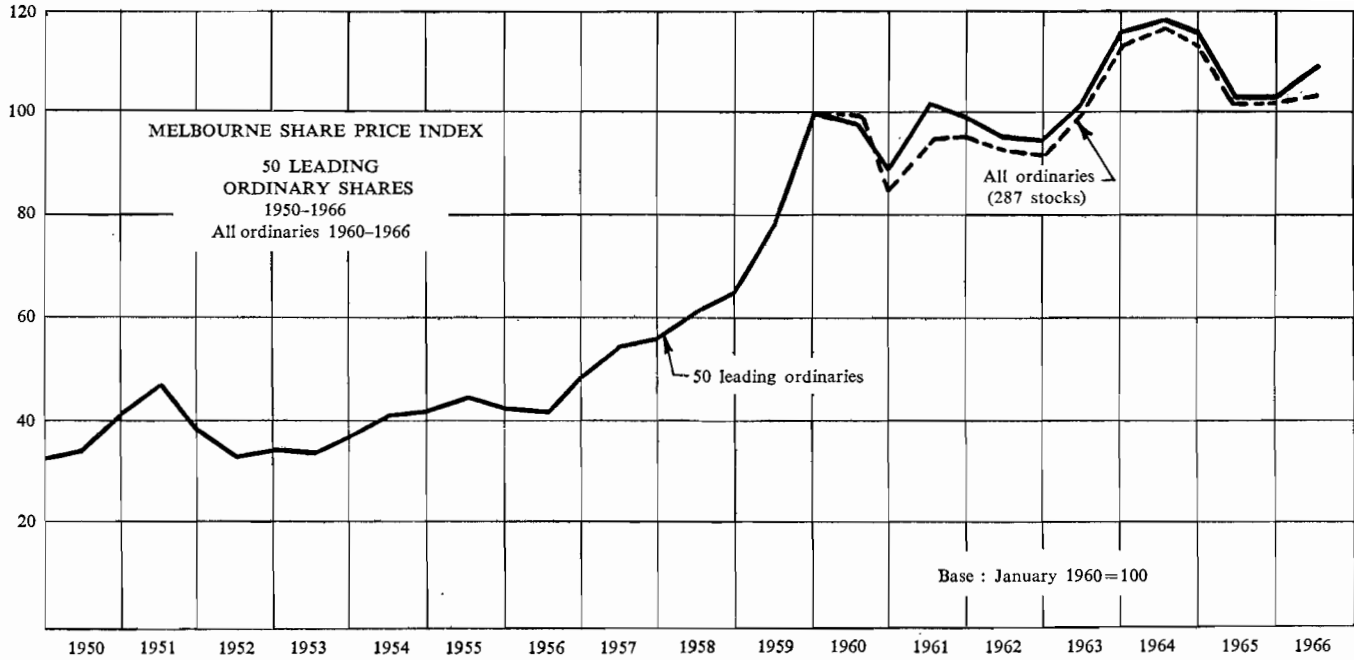
Particulars	1963-64	1964-65
	Number	
Ordinary Shares, etc.	408,874	290,000
Mining	90,913	75,094
Commonwealth Loans	17,677	15,506
Debentures and Notes	6,262	4,258
Semi-Government Loans	3,703	3,433
Preference Shares	4,345	3,102
Total	531,774	391,393
	\$m	
Value	450.2	354.8

The following table shows details of the turnover of stocks and shares during each of the years 1960-61 to 1964-65:—

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

Class of Security	Year Ended 30th September—				
	1961	1962	1963	1964	1965
Commonwealth Loans	33.1	31.3	54.3	65.0	57.2
Semi-Government Loans	2.8	1.9	2.2	2.3	8.0
Company Debentures, Unsecured Notes	2.2	5.4	7.3	7.4	7.1
Total Loan Securities	38.1	38.6	63.8	74.7	72.3
Preference Shares	1.1	1.1	1.3	2.5	1.7
Ordinary Shares, Rights, and Options	87.5	109.3	144.0	153.1	111.4
Mining	12.8	33.6	28.0	35.2	29.4
Total Share Securities	101.4	144.0	173.3	188.8	142.5

FIGURE 17.



[Source : Stock Exchange of Melbourne.]

Melbourne Share Price Index

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

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

There has been a close correlation between the Indices for All Ordinaries and 50 Leaders. Based on monthly averages for 1964–65, the disparity at no time exceeded $2\frac{1}{2}$ per cent.

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

At 30th September, 1965, the Aggregate Market Value (A.M.V.) of stocks included in the All Ordinaries Index was \$7,464m or 90 per cent. of the A.M.V. of all ordinary shares on the Official List. The 50 Leaders represent approximately 44 per cent. of the A.M.V. of the total listed ordinary shares.

The accompanying graph shows the trend of the 50 Leaders Index from 1950 and that of the All Ordinaries Index from 1960. The base period for all groups is January, 1960.

Underwriting

Member Firms of the Exchange have played a prominent part in Australia's underwriting activities for many years. During the year ended 30th September, 1965, there were 29 Semi-Government loans of which sixteen were underwritten—twelve by Member Firms; the amount sought by these sixteen loans was \$76.6m.

Other Facilities

In recent years the Stock Exchange has introduced new facilities. These have included the transfer marking and probate noting services. During the year, the transfer marking service handled its one-millionth transfer since the service was introduced in 1959. The lower level of trading meant that total markings for the year declined by 23 per cent. The noting service for powers of attorney increased by 100 per cent. New brokerage rates were adopted by all Australian Stock Exchanges in July, 1965. The change embodied the introduction of a flat rate based on consideration as against the price of the security and provided a rate structure compatible with decimal currency.

Short Term Money Market

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

In its broad essentials the market represents a development of a system which had been evolved over a period of years by a few of the major stockbroking firms in an endeavour to meet the needs of clients who had temporary surplus funds and, although seeking the security of Government bonds, did not expect to hold their funds long enough to justify an outright purchase. These funds were accepted by the brokers for terms of one month or more, or even at several days call, and were covered by what is known as a "buy back" arrangement. The Government securities were in fact sold to the lender, and the difference between the agreed selling price and the agreed price paid by the broker on termination of the loan constituted the return to the lender.

With the increasing significance of "buy back" transactions during the 1950's, the central bank and the broking firms engaged in those transactions saw advantages in the establishment of a close and formal relationship so that both could ensure that any further development of the market would be soundly based and that it would operate in the national interest.

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

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

Because of the responsibilities for the market which the Reserve Bank has assumed, dealer companies are required to observe a number of conditions including the following :—

- (1) All funds accepted are to be invested in Commonwealth Government securities maturing within three years, and in specified bills of exchange ;
- (2) capital paid up in cash is not to be less than \$400,000 ;
- (3) part or all of shareholders' funds is to be lodged with the Bank in the form of Commonwealth Government securities as general backing for operations. These lodgments are referred to as "margins" ; and
- (4) the aggregate amount of loans that may be accepted is not to exceed a fixed multiple of a dealer company's shareholders' funds.

Dealers accept loans overnight, at call or for fixed periods, in minimum amounts of \$50,000. The funds so borrowed are used to purchase securities of the type described above. These securities may be lodged with lenders as cover for loans accepted or, as is mostly the

case, the securities may be lodged by the dealer with the Reserve Bank for safe custody. The Bank then issues certificates in the dealer's name certifying that it is holding certain stated securities for safe custody on his behalf. These safe custody certificates are lodged by the dealer with the lender as evidence that securities are held against loans accepted; when loans are repaid, the lender returns the certificates to the dealer.

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

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

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

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

Month of June—	Liabilities to Clients	Asset Holdings				Interest Rates on Loans Accepted during Month		Weighted Average Interest Rate on Loans Outstanding *
		Commonwealth Government Securities (Face Value)			Commercial Bills	At Call	For Fixed Periods	
		Treasury Notes	Other	Total				
		Average of Weekly Figures (\$m)				Per Cent. per Annum		
1959 ..	96.2	..	100.8	100.8	..	2.94-3.13	3.00-3.50	3.11
1960 ..	159.8	164.6	164.6	164.6	..	2.75-3.50	3.00-3.50	3.25
1961 ..	194.3	200.8	200.8	200.8	..	2.50-4.88	3.50-4.83	4.17
1962 ..	232.9	242.3	242.3	242.3	..	2.00-4.00	3.00-3.88	3.45
1963 ..	267.1	53.6	233.3	286.8	..	2.00-4.25	3.13-4.25	3.75
1964 ..	320.8	38.2	303.0	341.2	..	1.50-4.50	3.38-4.50	3.71
1965 ..	312.7	8.4	335.0	343.4	7.6	1.50-6.00	2.00-5.53	4.16

[Source: Reserve Bank of Australia

* From 1959 to 1963 inclusive as at last Wednesday of Month of June. For 1964 and 1965 average of weekly figures for month of June.

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

Clients	30th June, 1964	30th June, 1965
All Cheque-paying Banks	110.5	93.9
Savings Banks	34.5	32.1
Insurance Offices	7.4	6.7
Superannuation, Pension, and Provident Funds ..	12.7	6.7
Hire Purchase and Other Instalment Credit Companies	2.8	4.7
Companies (<i>n.e.i.</i>)	69.8	56.5
Commonwealth and State Governments	42.2	33.6
Local Government and Semi-Governmental Authorities (<i>n.e.i.</i>)	45.5	52.3
All Other Lenders (Including Marketing Boards and Trustee Companies)	12.0	15.7
Total	337.3	302.2

[Source : Reserve Bank of Australia

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

Instalment Credit for Retail Sales

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

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

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

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

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

The following table shows the amounts financed by all businesses during the year ended 30th June, 1965, in Australia, classified by States and by groups of commodities financed. It also shows the balances outstanding at 30th June, 1965, for each State and Australia.

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

State	Amount Financed* for Year Ended 30th June, 1965				Balances Outstanding at 30th June, 1965||
	Motor Vehicles, Tractors, &c.†	Plant and Machinery‡	Household and Personal Goods§	Total All Goods	
New South Wales¶	218.2	25.5	166.2	410.0	574.4
Victoria	145.3	15.4	92.7	253.4	353.1
Queensland ..	94.3	11.9	55.8	162.0	230.8
South Australia° ..	57.6	4.4	30.4	92.4	135.2
Western Australia..	47.4	7.7	18.4	73.6	107.7
Tasmania ..	18.1	2.3	9.0	29.3	44.2
Australia.. ..	580.9	67.3	372.4	1020.7	1445.4

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

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

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

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

|| Includes hiring charges, interest and insurance.

¶ Includes Australian Capital Territory.

° Includes Northern Territory.

Instalment Credit for Retail Sales

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

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

(\$m)

Year Ended 30th June—	Motor Vehicles, Tractors, &c.†	Plant and Machinery‡	Household and Personal Goods§	Total All Goods
RETAIL BUSINESSES				
1961	7.3	1.0	80.0	88.3
1962	4.9	0.4	73.1	78.4
1963	5.7	0.7	75.7	82.2
1964	5.4	1.2	74.2	80.8
1965	5.3	0.9	77.4	83.5
NON-RETAIL FINANCE BUSINESSES				
1961	101.6	11.5	20.1	133.2
1962	90.4	10.3	15.4	116.1
1963	113.1	11.8	15.5	140.4
1964	124.4	12.9	15.7	153.0
1965	140.0	14.5	15.3	169.8
ALL BUSINESSES				
1961	108.9	12.5	100.1	221.5
1962	95.3	10.7	88.5	194.5
1963	118.8	12.5	91.3	222.6
1964	129.9	14.1	89.9	233.8
1965	145.3	15.4	92.7	253.4

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

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

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

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

The following table shows the balances outstanding in Victoria at the 30th June, 1961 to 1965, and the relationship between Retail and Non-Retail Finance Businesses in this respect :—

VICTORIA—INSTALMENT CREDIT FOR RETAIL SALES :
BALANCES OUTSTANDING*

(\$m)

At 30th June—	Retail Businesses	Non-Retail Finance Businesses	Total All Businesses
1961	119.2	205.7	324.9
1962	117.0	185.6	302.7
1963	115.0	203.5	318.5
1964	106.7	227.6	334.3
1965	100.6	252.4	353.1

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

At 30th June, 1961, of the total balances outstanding in Victoria for all instalment credit (\$324,872,000), Hire Purchase comprised 84.6 per cent. and Other Instalment Credit 15.4 per cent. The latter has grown since then and at 30th June, 1965, totalled \$141,534,000 or 40.1 per cent. of the total instalment credit outstanding balances of \$353,058,000. This increase has continued.

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

Retail Hire Purchase Operations

The following table shows the main features of hire purchase operations in Victoria for the years ended 30th June, 1961 to 1965.

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

VICTORIA—RETAIL HIRE PURCHASE OPERATIONS

Class of Goods	Year Ended 30th June—				
	1961	1962	1963	1964	1965
NUMBER OF AGREEMENTS MADE					
Motor Vehicles, Tractors, &c.*	94,147	85,024	98,479	89,469	71,812
Plant and Machinery†	11,510	11,376	10,839	10,941	10,560
Household and Personal‡	456,245	422,149	417,627	392,691	368,659
Total Agreements	561,902	518,549	526,945	493,101	451,031
VALUE OF GOODS PURCHASED§					
(\$m)					
Motor Vehicles, Tractors, &c.*	153.4	129.5	150.4	134.0	113.0
Plant and Machinery†	17.9	15.6	18.2	19.7	21.2
Household and Personal‡	72.8	63.5	62.3	57.9	55.9
Total Value	244.1	208.6	230.9	211.6	190.1
AMOUNT FINANCED UNDER AGREEMENTS||					
(\$m)					
Motor Vehicles, Tractors, &c.*	100.3	84.4	99.5	88.8	75.1
Plant and Machinery†	12.4	10.6	12.4	13.6	14.4
Household and Personal‡	61.8	53.5	52.3	48.8	46.9
Total Amount Financed	174.5	148.5	164.2	151.3	136.4
BALANCES OUTSTANDING AT END OF YEAR¶					
(\$m)					
All Classes of Goods	274.9	245.8	248.8	240.5	211.5

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

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

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

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

|| Excludes hiring charges and insurance.

¶ Includes hiring charges and insurance.