

## FINANCE

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### 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 gatherer 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 summarise 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 and subject to revision as further investigation

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

Particulars	1965-66	1966-67	1967-68	1968-69	1969-70
<b>RECEIPTS</b>					
Taxation	255.9	286.3	318.8	370.2	392.5
Interest, etc., received	12.0	12.8	13.4	13.9	17.6
Public enterprises' income	103.0	111.1	111.8	122.1	120.1
Grants from Commonwealth Government authorities	209.1	229.2	262.7	286.0	318.5
Total receipts	580.0	639.3	706.8	792.3	848.7
<b>OUTLAY</b>					
Net current expenditure on goods and services	318.3	348.4	390.4	438.8	506.9
Subsidies	0.8	0.7	3.2	2.7	1.7
Interest, etc., paid	147.3	158.5	171.8	186.4	204.4
Overseas grants	0.3	0.2	0.3	0.3	0.3
Cash benefits to persons	4.3	4.7	4.7	6.3	5.2
Grants towards private capital expenditure	2.2	2.4	3.6	3.9	4.2
Surplus on current account	106.9	124.4	132.8	153.8	125.9
Total outlay	580.0	639.3	706.8	792.3	848.7

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 (see Appendix B, pages 772-8, for details of Australian National Accounts).

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

Particulars	1965-66	1966-67	1967-68	1968-69	1969-70
<b>SOURCES OF FUNDS</b>					
Depreciation allowances	47.5	49.1	56.2	58.1	63.1
Net sale of securities—					
Commonwealth securities—					
Securities other than Treasury bills—					
Australia	103.9	118.1	147.7	126.6	141.6
Overseas	-6.1	-16.7	-24.7	-4.9	-18.0
Local and semi-governmental securities	80.4	96.1	77.4	108.4	105.2
Advances from Commonwealth Government authorities	30.9	28.6	33.2	24.9	48.5
Grants from Commonwealth Government authorities	36.9	42.8	51.4	51.8	61.6
Surplus on State and local government authorities current account	106.9	124.4	132.8	153.8	125.9
Other funds available (including errors and omissions)	25.1	33.9	36.0	29.7	36.0
Reduction in cash and bank balances	12.5	-12.3	-4.9	-0.9	11.4
<b>Total sources of funds</b>	<b>438.0</b>	<b>464.1</b>	<b>505.1</b>	<b>547.5</b>	<b>575.4</b>
<b>USES OF FUNDS</b>					
Fixed capital expenditure on new assets	410.5	440.9	473.9	524.1	547.4
Expenditure on existing assets	2.2	2.5	0.3	3.7	4.8
Increase in value of stocks	2.3	0.9	2.5	-0.4	2.7
Advances to public financial enterprises	23.0	19.8	28.3	20.1	20.5
<b>Total uses of funds</b>	<b>438.0</b>	<b>464.1</b>	<b>505.1</b>	<b>547.5</b>	<b>575.4</b>

**Financial relations with the Commonwealth**

The Federal Constitution specifies 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, naturalisation, immigration, invalid and 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

specified 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 Commonwealth 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. At present, South Australia and Tasmania are the only States receiving special grants under section 96. Western Australia, which withdrew from claimancy in 1968-69, has since received a grant in lieu of the special grant. However, this grant is subject to progressive reduction until the last payment is made in 1974-75.

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 12 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 1 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 from 1 July 1927. 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 may borrow from 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. In addition 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.

## *3. Sinking fund provisions*

The Financial Agreement also provided for the creation of sinking funds for debt existing at 30 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 approved an aggregate yearly borrowing programme for semi-governmental and local authorities proposing to raise more than \$200,000 in a year. In June 1967 the Loan Council increased this amount to \$300,000. Individual borrowings by each of these authorities are also subject to Loan Council approval.

Before 1962-63 the Loan Council had approved overall borrowing programmes for authorities with individual programmes of \$200,000 or less. Since 1962-63 the Loan Council has placed no overall limits on the programmes of these smaller authorities. In keeping with the decision of June 1967 noted above, authorities may now borrow up to \$300,000 individually without any limit being placed on their aggregate borrowing.

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 borrowing 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 1 July 1951 to 30 June 1971, out of loan programmes amounting to \$10,425m, the Commonwealth has provided \$2,853m from the Australian currency proceeds of overseas loans and from budget surpluses.

The need for Commonwealth assistance by way of special loans should be considerably reduced as a result of the arrangements made at the June 1970 Loan Council meeting when it was decided that the Commonwealth will in future make an interest free capital grant to finance part of the States' annual works programmes. This grant will not increase the total funds available to State Governments, but, as it will result in lower State Government debt than would otherwise have been the case, there will be a substantial saving to the States in debt charges.

The first grant (\$200m of which Victoria's share was \$51m) was made in 1970-71. In accordance with the undertaking given by the Commonwealth at the June 1970 Premiers' Conference to increase the grant in subsequent years in proportion to the increase in the total works and housing programmes, the total grant for 1971-72 became \$209.8m with Victoria's share \$53.5m.

#### *Grants to the States*

The history of the principal payments to Victoria can be summarised 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.

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

Particulars	1965-66	1966-67	1967-68	1968-69	1969-70
Financial agreement—					
Interest on State debt	4,254	4,254	4,254	4,254	4,254
Sinking fund on State debt (b)	4,225	4,524	4,885	5,189	5,600
General revenue grants	191,922	208,790	233,091	253,562	293,643
Commonwealth aid roads	27,508	29,443	31,286	33,113	38,160
Tuberculosis hospitals—reimbursement of capital expenditure, etc.	169	110	10	175	327
Mental institutions—contribution to capital expenditure	1,567	1,192	1,382	1,200	947
Grants to universities	12,496	14,461	17,164	19,180	18,455
Colleges of advanced education	..	2,213	5,465	5,545	7,728
Teachers colleges	..	..	500	1,621	3,252
Research grants	331	607	770	675	864
Science laboratories	2,799	2,799	3,553	3,055	4,037
Technical training	336	3,050	5,091	1,550	3,000
School libraries	..	..	..	500	2,225
Independent schools	..	..	..	..	3,952
Grants for agricultural extension services	298	508	667	986	1,027
Minor agricultural research	..	..	..	..	13
Salinity reduction—River Murray	..	..	600	800	170
Aboriginal advancement	..	..	..	225	347
Dwellings for aged pensioners	..	..	..	..	200
Road safety practices	20	23	23	23	23
Bovine brucellosis and T.B. eradication	..	..	..	..	37
Natural disaster payments	40	..	5,291	6,000	277
Housekeeper services	8	8	8	8	..
Blood transfusion services	144	276	176	193	225
Water resources	80	77	131	159	163
King River Dam	..	..	..	15	1,385
Other payments	..	..	..	..	120
Total	246,197	272,335	314,347	338,028	390,431

(a) Excludes subsidies and bounties to primary producers, payments from National Welfare Fund, and repayable loans.

(b) Paid to National Debt Sinking Fund.

The validity of the uniform tax legislation was challenged in the High Court in 1942 by Victoria, South Australia, Queensland, and Western Australia. The challenge was unsuccessful, the High Court finding that the Commonwealth could enforce priority in the collection of income tax and could make grants to the States under section 96 of the Constitution on the condition that they vacated the field of income taxation.

Victoria made a further challenge to the validity of the uniform tax legislation in 1955 and was supported by New South Wales in 1956. In particular, the power of the Commonwealth to make tax reimbursement grants conditional upon the States not levying income tax and the absolute priority of payment of Commonwealth income tax over State income taxes was disputed. In 1957 the High Court ruled :

1. unanimously, that the condition attaching to the tax reimbursement grants that the States should not levy income tax was valid; and
2. by a majority of four to three, that section 221 (1) (a) of the *Income Tax and Social Services Contribution Assessment Act* 1936-1956, which prohibited a taxpayer paying State income tax until Commonwealth income tax was paid, was invalid.

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* 1946–1948 are given in the *Official Year Book of the Commonwealth of Australia*, No. 37, pages 635–7 and No. 46, pages 835–8. Grants under the provisions of the 1946–1948 Act ceased after 1958–59.

The whole question of Commonwealth–State financial relations was examined in 1959 and this resulted in the enactment of the *States Grants Act* 1959 (operative until 1964–65—see *Victorian Year Book* 1965 and previous issues). These arrangements were reviewed in 1965 and 1967 when certain modifications, which applied to the period 1965–66 to 1969–70, were made (see *Victorian Year Book* 1971 and previous issues). The 1965 grants arrangements were reviewed at Premiers' Conferences in February and June 1970. The Premiers contended that the existing financial assistance grants formula produced an insufficient rate of growth in revenue assistance when considered in relation to expenditure commitments. They therefore suggested that the States should have access to income tax and that for a transitional period tax reimbursement grants should be determined by use of a system of increases which would be in line with the observed growth of income tax yields. These suggestions were rejected by the Commonwealth mainly on economic grounds but it conceded that there was a need for significant improvement in revenue assistance. The Commonwealth then proposed that this improvement should be effected in four main ways:

1. An interest-free capital grant of \$200m would be made in 1970–71, increasing in future years in proportion to the increase in the total Loan Council works and housing programme.
2. Grants would be made to meet the debt charges on \$200m of existing State debt in 1970–71 and further grants to meet the charges on \$200m would be made in each of the subsequent four years so that, as from the commencement of 1974–75, the Commonwealth would have taken over full responsibility for the debt charges of \$1,000m of State debt. This amount of debt would be formally transferred to the Commonwealth in June 1975. Victoria's share of this grant for 1970–71 was \$2.8m.
3. An addition of \$40m would be made to the 1970–71 grants determined under the existing formula and this amount would be incorporated in the 1970–71 base for purposes of determining the formula grants for 1971–72 and later years. The amount of \$40m would be distributed between the States in the same proportions as their 1970–71 formula grants.
4. There would be an increase in the betterment factor from 1.2 to 1.8 per cent to apply from 1971–72.

The Commonwealth also made the following proposals in relation to grants to individual States:

1. There would be a continuation of the \$2m addition that had been made to the base on which Queensland's grant was calculated in each of the five years of the previous arrangements.
2. In addition to its formula financial assistance grants, and in lieu of the amount of \$15.5m paid in 1968–69 and in 1969–70, Western Australia would receive amounts commencing with \$12.5m in 1970–71 and reducing by \$3m per annum in each of the subsequent four years. However, in recognition of the rapid rate of population growth and economic development



in Western Australia, the Commonwealth would in the Loan Council support increases in that State's share of the borrowing programmes to offset the reduction in revenue grants.

The States regarded these proposals as inadequate and suggested a minimum increase in the 1970-71 grants of \$90m and a minimum betterment factor of 3 per cent to apply from 1970-71. After considering the States' arguments and in particular the case put forward by New South Wales and Victoria that the absolute gap between their per capita grants and those of the smaller States was becoming larger year by year, the Commonwealth proposed that a grant of \$2 per capita be paid to New South Wales and Victoria in each of the next five years. This would be additional to the formula grants and would be included in the base used to determine these grants. In the event that any of the four less populous States considered that the additional per capita grants would adversely affect its ability to provide services of a standard comparable with New South Wales and Victoria, it would be open to that State to ask the Grants Commission to recommend a grant in addition to its share of the financial assistance grants.

On the question of State taxing powers the Commonwealth was prepared to examine with the States alternative possibilities for new growth taxes for the States.

Following the settling of the new grants arrangements at the June 1970 Premiers' Conference, there were four main developments in 1970-71 affecting the arrangements :

1. The constitutional validity of Commonwealth pay-roll tax as it applied to State Governments was challenged in the High Court by Victoria.
2. Duty ceased to be levied on receipts after 30 September 1970 and the Commonwealth agreed to compensate the States for the resultant loss of revenue.
3. In recognition of budgetary difficulties faced by the States resulting from large increases in wage costs after their 1970-71 budgets had been brought down, the Commonwealth agreed to provide special revenue assistance of \$43m in 1970-71. (Victoria's share \$10.6m.)
4. The Commonwealth agreed to transfer pay-roll tax to the States as from a date to be fixed in 1971-72.

On 14 May 1971 the High Court unanimously ruled that the *Pay-roll Tax Assessment Act* 1941-1969 was valid in its application to State Governments.

As from 1 September 1971 pay-roll tax collection was transferred from the Commonwealth to the States.

#### *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* 1923-1925), 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.

Commonwealth payments to be made to the States for roads expenditure during the five year period from 1 July 1969 were announced at a special Premiers' Conference held in March 1969.

In considering the new arrangements the Commonwealth was assisted by the information and advice furnished by the Bureau of Roads, which was set up following the 1964 review of roads arrangements to undertake a thorough survey and appraisal of the existing roads system and anticipated roads requirements. The Commonwealth accepted the Bureau's assessment that, provided funds were applied economically, expenditure considerably higher than at present could be undertaken during the next five years. On this basis provision has been made in the *Commonwealth Aid Roads Act* 1969 for grants totalling \$1,252.1m to be paid to the States for roads over the five year period commencing on 1 July 1969.

An aim of the new arrangements is to bring the distribution more closely into accord with the relative needs for roads expenditure. The Commonwealth, however, recognised the problems that could be created for some States by too rapid a change from the distribution formula which had applied over the previous five years. The total grant of \$1,252.1m is thus divided into two parts. The principal grant totalling \$1,200m is distributed by giving equal weight to the distribution under the *Commonwealth Aid Roads Act* 1964 and to the distribution indicated by the Bureau of Roads analysis of the relative needs for roads expenditure. Victoria's share of this grant was \$43.5m in 1970-71 and will total \$254.4m during the quinquennium.

Supplementary payments of \$9m to South Australia, \$40.8m to Western Australia, and \$2.3m to Tasmania will account for the balance of \$52.1m to be distributed during the five year period.

#### *Grants to universities*

Commonwealth assistance to the States in respect of the recurrent expenditure of universities dates from 1951-52; in 1957-58 assistance was first given in respect of capital expenditures. An outline of assistance before 1971 is given in previous issues of the *Victorian Year Book*.

Commonwealth grants are subject to matching conditions. Grants for recurrent expenditures are made at present on the basis of \$1 Commonwealth for each \$1.85 State grant and university fees combined. Grants for capital expenditures are provided on a \$1 for \$1 basis with grants made by the States for this purpose. In each case there is an upper limit to the total amount of Commonwealth assistance to be made available during the course of a triennium.

In August 1969 the Commonwealth agreed to support recommendations contained in the Fourth Report of the Australian Universities Commission for a programme of assistance to State universities in the 1970-1972 triennium.

The *States Grants (Universities) Act* 1969 authorised Commonwealth grants of \$226.8m for the triennium of which \$161.2m is for recurrent expenditure, \$61.6m for capital expenditure, and \$4m for a programme in support of research and research training. Subsequent amending legislation increased the recurrent expenditure grant to \$180.2m to allow for increases in academic salaries and to provide for the Commonwealth's contribution towards the cost of a scheme of external studies at the University of Tasmania.

Victoria's share of this assistance for 1970-71 was \$16.2m for recurrent expenditures and \$6.0m for capital expenditures.

*Grants for colleges of advanced education*

The Report of the Committee on the Future of Tertiary Education in Australia recommended the establishment of a new type of educational institution to supplement universities and to be developed from, and around, segments of existing technical colleges now referred to as colleges of advanced education.

The Commonwealth has provided financial assistance for these institutions since 1965-66 and in August 1969 it accepted the financial recommendations of the Commonwealth Advisory Committee on Advanced Education for the 1970-1972 triennium.

The *States Grants (Advanced Education) Act* 1969 authorised Commonwealth grants of \$93.1m during the triennium made up of \$43.2m for recurrent expenditure, \$49.4m for capital expenditure, and \$0.5m for library facilities. Under subsequent amending legislation the grant for recurrent expenditure was increased to \$49m to meet the Commonwealth's share of the cost of increased academic salaries in colleges of advanced education during the triennium. The Commonwealth has also offered to meet its share of supplementary recurrent grants in the last eighteen months of the triennium towards the cost of exceptional increases in non-academic salaries and wages.

Victoria received \$6.2m for recurrent expenditure and \$4.9m for capital expenditure from this grant during 1970-71.

*Grants for science laboratories and equipment in secondary schools*

From 1964-65 onwards, the Commonwealth has made unmatched grants to the States for the purpose of improving science teaching in secondary schools.

The *States Grants (Science Laboratories) Act* 1971 extends the operation of this scheme for a further four years and provides for a total payment to the States of \$43.3m during the period. Of the \$10.8m provided for each of the four years, Victoria's entitlement was \$3.37m divided between government schools \$2.00m and non-government schools \$1.36m.

*Grants for technical training, buildings, and equipment*

The *States Grants (Science Laboratories and Technical Training) Act* 1964 also introduced in 1964-65 grants 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 1968-69 to 1970-71 was authorised by the *States Grants (Technical Training) Act* 1968. During 1970-71 Victoria received \$3.9m from this grant.

*Grants for teachers colleges*

The *States Grants (Teachers Colleges) Act* 1970 provided for the payment of unmatched grants to the States towards the construction and equipping of colleges for the training of teachers. For the triennium to 30 June 1973 a total payment of \$30m was authorised. For the year 1970-71 Victoria's share was \$1.25m.

*Research grants*

From 1965-66 the Commonwealth has made grants to the States for research projects, selected on the basis of relative merit, to be carried out in any academic field by individuals or research teams.

In August 1969 the Commonwealth agreed to meet the full cost of a \$12.5m programme for the 1970-1972 triennium for the Australian Research Grants Committee. The cost of the programme has subsequently increased to \$13.3m. Victoria's share of this grant for 1970-71 was \$954,000.

The Commonwealth is also making available to the States during the triennium a further \$4m for a special programme of research and research training in State universities.

#### *Grants for school libraries*

Under the *States Grants (Secondary School Libraries) Act* 1968, grants of \$27m will be made available to the States over the three years commencing on 1 January 1969 to finance buildings, etc., for libraries in government and non-government secondary schools. The Act provides that not more than one third of this amount may be authorised for payment before 31 December 1969 and two thirds before 31 December 1970.

Victoria's share of this grant for 1970-71 was \$3.2m of which \$2.45m was for government schools and \$0.75m for non-government schools.

#### *Grants for dwellings for aged pensioners*

The *States Grants (Dwellings for Aged Pensioners) Act* 1969 enables the Commonwealth to make grants of \$25m to the States over a five year period as from 1 July 1969 for the purpose of carrying out approved building schemes to provide self-contained accommodation for single aged pensioners and those who qualify for service pensions by reason of age.

Victoria received \$1.9m from this grant during 1970-71.

#### *Natural disaster payments*

When serious floods, cyclones, bushfires, or other similar natural disasters occur the Commonwealth normally joins with the State concerned in financing schemes for relief of personal hardship, usually on a \$1 for \$1 basis. For many years Victoria did not find it necessary to seek substantial Commonwealth assistance for this purpose but during the three years 1967-68 to 1969-70 droughts and bushfires in Victoria resulted in the provision of Commonwealth grants totalling \$11.6m. No payments were made in 1970-71.

#### *Grants for independent schools*

The Commonwealth has agreed to contribute, as from January 1970, towards the running costs of independent schools throughout Australia. This assistance takes the form of an annual per pupil subsidy at the rates of \$35 per primary pupil and \$50 per secondary pupil. The amount paid for the year 1970-71 was \$24.3m, Victoria's share being \$7.8m.

#### *Housing Assistance Grants*

As from the year 1971-72 the Commonwealth has decided to adopt a new approach to Commonwealth assistance to the States for housing.

Under the previous Commonwealth-State Housing Agreements such amounts as were nominated for housing by each State out of its annual Loan Council borrowing programmes were advanced by the Commonwealth at a rate of interest 1 per cent below the long-term bond rate. Under the new approach the States will continue to determine the amount of their annual Loan Council borrowing programmes to be allocated to housing. However, in lieu of the interest concession, the Commonwealth will offer the

States a basic grant of \$2.75m a year, payable for a period of 30 years, in respect of housing being provided for low income groups and of Home Builders' Account operations in each year from 1971-72 to 1975-76.

Payment of the basic grant will be conditional upon the State continuing to pay to a Home Builders' Account at least 30 per cent of its annual allocation to housing from its approved borrowing programme and upon the same percentage of the grants in respect of a year's activity being paid to that Account.

The proposed basic grants will be distributed between the States in the same proportion as the annual housing allocation of a State from its approved borrowing programme in the preceding year bears to total State annual allocations for the purpose in that year.

The Commonwealth also intends to offer an additional housing grant of \$1.25m each year for the next five years as a general Commonwealth contribution towards the cost of reduced rents charged to needy families occupying housing authority homes. This grant will be distributed among the States in the same proportion as the amount of a State's approved borrowing programme allocated to its housing authority in the preceding year bears to the total amount so allocated by all States to their housing authorities in that year.

The total housing assistance grant payable to Victoria during 1971-72 is estimated at \$1.05m.

#### *Eradication of bovine brucellosis and tuberculosis*

For a period of three years from 1 January 1969 the Commonwealth has agreed to join the States in meeting the cost of an intensified campaign for the eradication of bovine brucellosis and tuberculosis in cattle.

The Commonwealth has undertaken to match the combined expenditure of the mainland States provided that it is maintained at least at the 1968-69 level. The matching contributions will be expended on approved eradication measures in these States. In the case of Tasmania, the Commonwealth has agreed to meet all the costs associated with the campaign in excess of \$50,000 over the three year period.

Victoria received \$577,000 from this grant for 1970-71.

#### *Investigation and measurement of water resources*

From 1964-65 the Commonwealth has provided grants to the States in order to accelerate their programmes of surface water measurement and investigation of underground water resources. The surface water programme is aimed at completing a basic network of stream gauges throughout Australia; the underground investigations involve a general speeding up of the work of locating and measuring underground water resources.

For the year 1970-71 Victoria received \$420,000 from this grant.

Further information about Commonwealth payments to or for the States is set out on pages 617-21 of the *Victorian Year Book* 1966.

### **Revenue and expenditure**

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.

*Consolidated Revenue Fund*

The following table shows, for each of the years 1965-66 to 1969-70, 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	Revenue	Expenditure	Surplus (+) or deficit (—)	Accumulated deficit at end of each year (i.e., 30 June)
1965-66	508,554	516,689	—8,135	53,269
1966-67	559,595	559,595	..	61,404
1967-68	601,328	604,122	—2,794	64,198
1968-69	664,183	666,644	—2,461	66,659
1969-70	726,900	742,282	—15,382	(a) 82,041

(a) Of this amount, \$60,259,000 was provided from the Loan Fund and \$21,782,000 from the Public Account.

*Consolidated Revenue.* Details of the principal sources of revenue are shown in the following table for each of the years 1965-66 to 1969-70 :

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

Source of revenue	1965-66	1966-67	1967-68	1968-69	1969-70
<b>Taxation (a)</b>	115,678	131,971	149,535	182,603	191,075
<b>Business undertakings—</b>					
Railways	99,673	104,989	98,786	100,329	105,204
Harbours, rivers, and lights	2,037	3,160	3,342	3,576	3,557
Water supply, sewerage, irrigation, and drainage	13,010	13,650	14,064	14,482	15,286
Electricity supply (interest and recoups of sinking funds, etc.)	11,051	11,965	13,057	13,897	14,868
State Coal Mine	404	392	282	167	..
Other	505	623	338	353	467
<b>Total</b>	126,681	134,780	129,870	132,805	139,383
<b>Lands—</b>					
Sales	526	402	484	690	565
Rents	1,609	1,739	1,886	1,824	1,980
Forestry	5,560	5,758	5,710	5,596	5,963
Other	959	1,074	1,064	1,237	3,785
<b>Total</b>	8,654	8,973	9,144	9,347	12,293
<b>Interest, n.e.i.</b>	20,735	22,694	24,137	26,493	29,399
<b>Commonwealth grants—</b>					
Financial Agreement Act	4,254	4,254	4,254	4,254	4,254
Financial assistance	191,922	208,790	228,254	250,563	280,008
Special revenue assistance	..	..	4,837	2,999	13,635
Colleges of advanced education	..	1,302	2,788	3,194	..
Water resources investigations	80	77	131	159	163
<b>Total</b>	196,256	214,424	240,264	261,170	298,060

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

Source of revenue	1965-66	1966-67	1967-68	1968-69	1969-70
Commonwealth National Welfare Fund payments—					
Tuberculosis—					
Maintenance expenditure	3,013	3,240	3,181	3,228	3,163
Pharmaceutical benefits—					
Mental institutions	280	110	193	301	283
Other	630	539	863	808	1,646
Total	3,923	3,889	4,237	4,337	5,092
Fees and fines	7,754	8,983	9,834	10,729	11,582
All other (b)	28,872	33,881	34,307	36,701	40,018
Grand total	508,554	559,595	601,328	664,183	726,900

(a) For details of total taxation collections see page 624.

(b) Includes repayments of advances by Housing Commission under the Commonwealth-State Housing Agreements.

*Expenditure from Consolidated Revenue.* The principal items of expenditure during each of the years 1965-66 to 1969-70 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	1965-66	1966-67	1967-68	1968-69	1969-70
Public debt charges—					
Interest (including exchange)	78,994	84,942	91,690	98,993	109,115
Debt redemption	16,514	17,602	18,620	20,029	20,906
Other	431	456	464	491	489
Total	95,940	103,000	110,774	119,514	130,511
Business undertakings—					
Railways (a)	94,878	97,046	98,472	104,322	111,268
Harbours, rivers, and lights	1,395	1,459	1,686	1,589	1,774
Water supply, sewerage, irrigation, and drainage	9,419	10,079	10,572	10,838	11,971
State Coal Mine	711	697	604	404	..
Other	437	339	274	289	367
Total	106,839	109,620	111,607	117,443	125,379
Social expenditure—					
Education—					
State schools	101,533	111,540	127,171	145,375	167,172
Technical schools	23,770	27,711	33,286	39,205	43,779
Universities	10,528	12,480	13,576	16,527	18,775
Libraries, art galleries, etc.	2,412	2,763	3,034	3,617	4,095
Agricultural education, research, etc.	1,936	1,936	1,849	2,304	2,343
Other	180	365	590	327	455
Public health and recreation	7,425	8,121	8,763	9,544	10,484

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

Particulars	1965-66	1966-67	1967-68	1968-69	1969-70
<b>Social expenditure—<i>continued</i></b>					
Charitable—					
Hospitals—					
General	40,650	44,800	46,305	53,354	61,541
Mental	18,506	19,819	21,254	22,732	25,170
Child welfare	4,865	5,339	5,956	6,767	7,643
Other	1,030	1,042	1,142	1,335	1,403
Law, order, and public safety—					
Justice	4,956	5,376	5,596	6,078	6,886
Police	21,038	23,009	25,024	26,488	29,958
Penal establishments	2,916	3,299	3,643	3,998	4,497
Public safety	74	62	68	83	104
<b>Total</b>	<b>241,818</b>	<b>267,664</b>	<b>297,256</b>	<b>337,733</b>	<b>384,306</b>
<b>All other expenditure—</b>					
Public works, n.e.i.	4,446	4,768	5,107	5,686	6,075
Lands and survey	3,775	4,094	4,281	4,453	4,848
Agriculture	5,702	6,318	6,729	7,248	8,274
Forestry	5,323	5,671	5,852	5,668	6,203
Legislature and general administration	14,755	17,069	17,206	19,375	21,484
Pensions and superannuation	11,294	12,184	13,248	14,509	16,273
Pay-roll tax	5,592	6,034	6,641	7,152	7,944
Miscellaneous (b)	21,206	23,174	25,419	27,863	30,986
<b>Total</b>	<b>72,092</b>	<b>79,312</b>	<b>84,485</b>	<b>91,954</b>	<b>102,086</b>
<b>Grand total</b>	<b>516,689</b>	<b>559,595</b>	<b>604,122</b>	<b>666,644</b>	<b>742,282</b>

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

(b) Includes interest and repayments of advances under the Commonwealth-State Housing Agreements.

### Taxation

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 610 the Commonwealth Government alone exercises the right to impose customs and excise duties, and taxation on personal and company incomes. It also has exclusive access to the important sales and pay-roll taxes, although pay-roll tax was transferred to the States as from 1 September 1971. However, 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. One of the principal items of Victorian taxation—taxes on the ownership and operation of motor vehicles—is allocated to both Consolidated Revenue and special funds. (See pages 629-30 for 1969-70 allocation.)

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 1965-66 to 1969-70 :



## VICTORIA—TAXATION COLLECTIONS

Particulars	1965-66	1966-67	1967-68	1968-69	1969-70
	\$'000	\$'000	\$'000	\$'000	\$'000
Probate duties	32,003	34,997	37,642	46,801	44,423
Land tax	19,881	21,132	20,976	21,839	22,436
Liquor tax	8,064	8,991	9,744	10,632	11,370
Lottery tax	6,294	6,410	6,085	5,990	6,504
Racing taxes	12,415	14,337	15,929	17,373	19,444
Taxes on the ownership and operation of motor vehicles—					
Vehicle registration fees and taxes	34,486	36,491	39,812	46,062	48,832
Drivers', etc., licences and fees	3,051	2,921	3,010	3,493	3,442
Stamp duty (vehicle registration)	4,844	4,896	5,436	5,976	6,688
Road transport taxes	1,651	1,773	1,770	1,813	1,887
Road maintenance contributions	6,379	6,732	7,248	7,842	8,555
Motor car third party insurance surcharges	2,271	2,388	2,497	2,605	2,735
Stamp duties n.e.i.	36,443	40,546	52,925	73,649	80,445
Licences and registration fees n.e.i.	1,280	1,386	1,683	1,958	1,966
Other taxes	502	6,725	8,398	8,991	9,712
<b>Total</b>	<b>169,562</b>	<b>189,726</b>	<b>213,154</b>	<b>255,021</b>	<b>268,440</b>
<b>Paid to—</b>					
Consolidated Revenue Fund	115,677	131,971	149,535	182,603	191,075
Special funds	53,884	57,754	63,619	72,418	77,364
	\$	\$	\$	\$	\$
<b>Per head of population</b>	<b>53.09</b>	<b>58.39</b>	<b>64.58</b>	<b>76.04</b>	<b>78.58</b>

*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.

A brief summary of the rates of duty payable, as from 17 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 \$			
	\$						
Exceeds	1,200	Does not exceed	1,200	Nil	Nil	Nil	Nil
	3,000	but does not exceed	3,000	Nil	Nil	5	7.5
"	10,000	"	10,000	Nil	Nil	10	10
"	12,000	"	12,000	Nil	10	15	17.5
"	13,000	"	13,000	10	10	15	17.5
"	20,000	"	20,000	10	15	15	20
"	30,000	"	30,000	10	10	12.5	17.5
"	48,000	"	48,000	10	12.5	17.5	20
"	50,000	"	50,000	12.5	12.5	17.5	20
"	60,000	"	60,000	12.5	15	20	20
"	70,000	"	70,000	17.5	20	20	20
"	90,000	"	90,000	20	22.5	25	25
"	110,000	"	110,000	22.5	27.5	30	37.5
"	120,000	"	120,000	25	30	30	37.5
"	130,000	"	130,000	30	30	32.5	37.5
"	150,000	"	150,000	35	35	37.5	37.5
"	170,000	"	170,000	37.5	37.5	40	42.5
"	170,000	"	189,334 (a)	37.5	..	..	..
"	170,000	"	194,332 (b)	..	40	..	..
"	170,000	"	227,680 (c)	..	..	42.5	..
"	170,000	"	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

*Commonwealth estate duty*

The Commonwealth Government also levies duties on deceased estates. The amount of duty collected throughout Australia during each of the five years to 1969–70 was: 1965–66, \$36,124,380; 1966–67, \$41,533,748; 1967–68, \$54,716,655; 1968–69, \$60,725,780; 1969–70, \$71,332,453.

*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.

Under the provisions of the *Land Tax Act* 1968, which came into force on 1 January 1969, land used for primary production purposes is exempted from land tax.

As provided by the *Land Tax Act* 1970 land not used for primary production purposes is taxed at the rate of 0.42 cents in the dollar on the unimproved value up to \$17,500 with a graduated increase in the rate to reach 3.21 cents in the dollar where the unimproved value exceeds \$170,000. The Act also provided for an increase in the amount of exemption from land tax. As from 1 January 1971 tax is not levied on land with unimproved value up to \$9,000, while a partial exemption is allowed on land valued between \$9,000 and \$13,500.

The following table shows particulars, in specified groups of unimproved value of holdings, of land tax assessments for 1969. Tax was assessed on the basis laid down by the *Land Tax (Rates) Act* 1967.

**VICTORIA—STATE LAND TAX ASSESSMENTS, 1969**  
(Based on unimproved value at 31 December 1968)

Unimproved value of holdings—	Number of taxpayers	Total unimproved value (a)	Tax payable
\$		\$'000	\$'000
6,001 to 7,000	18,287	119,719	123
7,001 „ 8,000	12,328	95,401	230
8,001 „ 9,000	7,713	65,672	241
9,001 „ 10,000	5,771	54,624	223
10,001 „ 12,000	8,014	88,418	360
12,001 „ 14,000	5,155	66,237	266
14,001 „ 16,000	3,594	53,698	217
16,001 „ 17,500	2,051	34,718	140
17,501 „ 20,000	2,605	48,718	202
20,001 „ 30,000	5,195	125,429	627
30,001 „ 40,000	2,162	74,788	484
40,001 „ 50,000	1,064	47,693	353
50,001 „ 60,000	646	35,415	294
60,001 „ 70,000	417	27,046	252
70,001 „ 80,000	324	24,227	248
80,001 „ 100,000	443	39,465	453
100,001 „ 150,000	533	64,944	934
150,001 „ 170,000	126	20,371	362
170,001 „ 200,000	133	24,464	479
200,001 „ 300,000	212	51,695	1,159
300,001 „ 400,000	112	38,865	992
400,001 „ 1,000,000	185	109,560	2,981
1,000,001 and over	88	256,362	8,380
<b>Total</b>	<b>77,158</b>	<b>1,567,532</b>	<b>20,000</b>

(a) Of land not exempted from land tax.

In the following table details are shown of the assessments made during each of the years 1965 to 1969. The exemption from tax of land used for primary production purposes as from 1 January 1969, and increases from time to time in the amount of exemption from tax of land used for other purposes is mainly responsible for the fluctuations in the figures shown in the table.

**VICTORIA—STATE LAND TAX ASSESSMENTS**

Year	Number of taxpayers	Total tax payable	Average tax payable per taxpayer	Total unimproved value (a)
		\$'000	\$	\$'000
1965	89,922	18,686	207.81	1,784,974
1966	98,760	20,397	206.53	1,953,974
1967	100,471	20,585	204.88	2,064,136
1968	104,500	21,261	203.45	2,160,795
1969	77,158	20,000	259.21	1,567,532

(a) Of land not exempted from land tax.

**Liquor tax**

The Liquor Control Commission, established under the provisions of the *Liquor Control Act* 1968, controls the issue of liquor licences in Victoria. The principal sources of taxation are the fees received for liquor licences and club certificates. All receipts of the Commission are paid into

the Licensing Fund. After payments have been made to municipalities and the Police Superannuation Fund, and costs for compensation, administration, etc., have been met, the excess of receipts is transferred each year from the Licensing Fund to Consolidated Revenue.

## VICTORIA—LIQUOR TAX

(\$'000)

Particulars	1965-66	1966-67	1967-68	1968-69	1969-70
Licences—					
Victuallers	5,836	6,543	7,272	7,706	8,090
Spirit merchants and grocers	1,603	1,814	1,820	2,158	2,415
Others	83	83	88	164	176
Club certificates	387	405	400	433	489
Permits—extended hours, etc.	122	114	129	134	165
Fees	32	31	34	37	36
Total	8,064	8,991	9,744	10,632	11,371

*Lottery tax*

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 1965-66 to 1969-70 :

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

Year	Subscriptions to consultations	Duty paid to Consolidated Revenue	Allocated to—	
			Hospitals and Charities Fund	Mental Hospitals Fund
1965-66	20,396	6,294	5,994	300
1966-67	20,580	6,410	6,000	410
1967-68	19,420	6,085	5,585	500
1968-69	19,440	5,990	5,375	615
1969-70	21,400	6,504	5,684	820

*Racing taxes*

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

A deduction of 13 per cent is made from all on-course investments on the totalisator at horse races (including trotting) and at dog races. In the case of city racing clubs, the percentage deducted is divided as follows : doubles and quinella investments, 5 per cent to revenue and 8 per cent to the club; win and place investments, 8 per cent to revenue and 5 per cent to the club. In respect of country race meetings, 3 per cent of 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 totalisators. The Totalizator Agency Board, appointed under the Act, conducts the off-course betting scheme which came into operation on 11 March 1961.

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

1. From any daily double investments with respect to horse races and trotting races (other than feature doubles)—14 per cent.
2. From all other investments—13 per cent.

The commission deducted is allocated in the following proportions :

1. From all off-course investments—
  - (a) to Consolidated Revenue—4½ per cent.
  - (b) to the Totalizator Agency Board Trust Account (held at State Treasury)—¼ per cent.
  - (c) to the Totalizator Agency Board to be expended in terms of the *Racing Act 1958*—8 per cent.
2. From any daily double investments on horse races and trotting races (other than feature doubles)—to the Race-courses Development Fund (held at State Treasury)—1 per cent. This Fund was instituted on 1 July 1968 by the *Racing (Amendment) Act 1968*.

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

Year	Totalisator investments		Investments with licensed book-makers (a)	Racing taxation			
	On-course	Off-course		Totalisator	Book-makers' turnover	Other (b)	Total
1965-66	34,828	129,109	160,453	8,686	2,921	809	12,415
1966-67	36,627	143,984	168,381	10,447	3,058	833	14,337
1967-68	37,383	162,870	172,603	11,969	3,132	829	15,929
1968-69	39,085	185,869	172,388	13,410	3,117	845	17,373
1969-70	43,259	202,733	183,296	15,240	3,301	903	19,444

(a) Estimated.

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

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 totalisator facilities in any other State or Territory of the Commonwealth where such facilities may be provided.

Government receipts from the totalisator, including fractions and

unclaimed dividends, are specially appropriated to the Hospitals and Charities Fund.

### *Entertainments tax*

As from 29 December 1962 entertainments tax is levied in Victoria only on admissions to horse racing and trotting meetings. The amount of tax collected during each of the five years to 1969-70 was as follows: 1965-66, \$502,000; 1966-67, \$519,685; 1967-68, \$522,796; 1968-69, \$530,139; 1969-70, \$569,311.

### **Further reference, 1971**

### *Taxes on the ownership and operation of motor vehicles*

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

Particulars	1965-66	1966-67	1967-68	1968-69	1969-70
<b>VEHICLE REGISTRATION FEES AND TAXES</b>					
Country Roads Board Fund— Motor registration fees, etc.	24,581	25,914	27,302	29,300	31,062
Additional registration fees (part)	1,505	1,587	1,703	1,849	2,034
Level Crossings Fund— Additional registration fees (part)	752	793	851	924	1,017
Road (Special Projects) Fund— Increase in registration fees (Act No. 7283)	7,637	8,185	9,944	13,979	14,708
Transport Regulation Fund— Motor omnibus registration fees	12	12	12	10	10
<b>Total</b>	<b>34,486</b>	<b>36,491</b>	<b>39,812</b>	<b>46,062</b>	<b>48,832</b>
<b>DRIVERS, ETC., LICENCES AND FEES</b>					
Consolidated Revenue Fund— Drivers licence fees (part)	1,421	1,356	1,380	1,613	1,574
Country Roads Board Fund— Drivers licence fees (part)	731	693	712	828	810
Drivers test fees	185	194	223	243	268
Municipalities Assistance Fund— Drivers licence fees (part)	715	677	695	809	790
<b>Total</b>	<b>3,051</b>	<b>2,921</b>	<b>3,010</b>	<b>3,493</b>	<b>3,442</b>
<b>STAMP DUTY (VEHICLE REGISTRATION)</b>					
Consolidated Revenue Fund	4,844	4,896	5,436	5,976	6,688
<b>ROAD TRANSPORT TAXES</b>					
Country Roads Board Fund— Sale of log books	..	5	22	11	11
Transport Regulation Fund— Licences, etc.	833	918	873	909	943
Permits	818	850	875	892	934
<b>Total</b>	<b>1,651</b>	<b>1,773</b>	<b>1,770</b>	<b>1,813</b>	<b>1,887</b>
<b>ROAD MAINTENANCE CONTRIBUTIONS</b>					
Country Roads Board Fund— Road charges under Commercial Goods Vehicles Act	6,379	6,732	7,248	7,842	8,555

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

Particulars	1965-66	1966-67	1967-68	1968-69	1969-70
<b>MOTOR CAR THIRD PARTY INSURANCE SURCHARGES</b>					
Consolidated Revenue Fund	2,271	2,388	2,497	2,605	2,735
<b>TOTAL</b>					
Consolidated Revenue Fund	8,536	8,640	9,313	10,194	10,997
Country Roads Board Fund	33,381	35,125	37,210	40,073	42,740
Level Crossings Fund	752	793	851	924	1,017
Municipalities Assistance Fund	715	677	695	809	790
Road (Special Projects) Fund	7,637	8,185	9,944	13,979	14,708
Transport Regulation Fund	1,663	1,780	1,760	1,811	1,887
<b>Total</b>	<b>52,682</b>	<b>55,201</b>	<b>59,772</b>	<b>67,789</b>	<b>72,139</b>

NOTE. Deductions from third party insurance premiums—credited to the Motor Car (Hospital Payments) Fund in 1965-66 and to the Hospitals and Charities Fund in following years—are now included in "other taxes" and amounted to \$202,000 in 1965-66, \$679,000 in 1966-67, \$1,745,000 in 1967-68, \$1,837,000 in 1968-69, and \$1,929,000 in 1969-70.

*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 1 January 1972, on the principal dutiable classes of documents, etc., are shown in the following table:

Dutiable class	Duty payable
<b>BILLS OF EXCHANGE—</b>	
Payable on demand (cheque, etc.)	6c
Others (including promissory notes) not above \$50	5c
to \$100	10c
to \$150	15c
to \$200	20c
for extra \$100 or part	10c
<b>SHARE TRANSFERS—On sale for full value—</b>	
Based on consideration	Up to \$100—per \$25 or part 14c
	over \$100—per \$100 or part 60c
<b>TRANSFER OF REAL PROPERTY—Based on</b>	<b>For each \$100 or part—</b>
consideration	\$
	up to 7,000 1.50
	over 7,000 to 15,000 1.75
	" 15,000 " 100,000 2.00
	" 100,000 " 500,000 2.25
	" 500,000 " 1,000,000 2.50
	" 1,000,000 3.00
<b>LEASES AND ASSIGNMENTS OF LEASES OF REAL PROPERTY</b>	variable scale according to nature
<b>INSURANCE COMPANIES (OTHER THAN LIFE)</b>	each \$200 (or part) of annual
—Annual licences	premium income \$12
<b>LIFE ASSURANCE POLICIES—On the sum insured</b>	
	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
<b>POWER OF ATTORNEY OR APPOINTMENT OF AGENT</b>	\$2
<b>INSTALMENT PURCHASE (including hire purchase)</b>	
	Purchase price \$20 or more 1.8%

Dutiable class— <i>continued</i>		Duty payable— <i>continued</i>		
		\$	\$	%
GIFTS AND SETTLEMENTS	up to 2,000			2½
	over 2,000 to 10,000			3½
	" 10,000 " 20,000			4½
	" 20,000 " 30,000			5½
	" 30,000 " 40,000			6½
	" 40,000 " 50,000			7½
	" 50,000 " 60,000			8½
	" 60,000 " 70,000			9½
	" 70,000 " 80,000			10½
	" 80,000 " 100,000			11½
	" 100,000 " 150,000			14½
	" 150,000 " 200,000			19½
	" 200,000			22
MORTGAGES, BONDS, DEBENTURES AND COVENANTS—On amount secured	up to \$8,000			\$4
	up to \$10,000—\$4 for first \$8,000 plus per \$200 or part of remainder			60c
	over \$10,000—\$10 for first \$10,000 plus per \$200 or part of remainder			70c
CREDIT AND RENTAL BUSINESS	Based on amount of credit, etc., or rental			1.8%
GUARANTEES AND INDEMNITIES				50c
OTHER AGREEMENTS AND INSTRUMENTS—				
Partnerships, sale of business, etc.				\$3 each
Caveats				
Licence to use real property, etc.				
Transfer of mortgage				
Discharge of mortgage of real property				
Discharge of mortgage of personal property (other than of a life policy)				50c
Appointment of trustee				
Discharge of mortgage of a life policy				\$3
DEEDS—not otherwise chargeable				
MOTOR CAR—				
On every application for registration and every notice of acquisition of a motor car or trailer—				
For every \$200 and part of \$200 of the market value of such motor car or trailer				\$3
STATEMENT ON SALE OF CATTLE OR SWINE—				
(i) Cattle Statement				
For every \$5 and part of \$5				2c
(a) of the amount of the purchase money in respect of one head of cattle sold singly; or				
(b) of the total amount of the purchase money in respect of any number of cattle sold in one lot				
Provided that the stamp duty in respect of the amount of the purchase money of any one head of cattle, whether sold singly or as part of a lot, shall not exceed 20 cents.				
(ii) Swine Statement				
For every \$5 and part of \$5				4c
(a) of the amount of the purchase money in respect of one pig sold singly; or				
(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.				

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



*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 1970-71 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, etc., 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	312
Parent or parent-in-law	312
Child under sixteen years of age—	
One child	208
Other children	156 each dependant
Student child 16 to 21 years of age	208 each dependant
Invalid relative not less than sixteen years of age	208 each dependant
Housekeeper or daughter-housekeeper	312

## AUSTRALIA—RATES OF INCOME TAX FOR INDIVIDUALS, 1970-71 (a)

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	0.3
200	300	0.60	1.2
300	400	1.80	2.7
400	500	4.50	4.1
500	600	8.60	5.5
600	800	14.10	7.4
800	1,000	28.90	9.7
1,000	1,200	48.30	11.3
1,200	1,400	70.90	12.8
1,400	1,600	96.50	14.3
1,600	1,800	125.10	15.8
1,800	2,000	156.70	17.3
2,000	2,400	191.30	19.5
2,400	2,800	269.30	22.1
2,800	3,200	357.70	24.4
3,200	3,600	455.30	26.7
3,600	4,000	562.10	28.8
4,000	4,800	677.30	31.9
4,800	5,600	932.50	34.5
5,600	6,400	1,208.50	37.0
6,400	7,200	1,504.50	39.4
7,200	8,000	1,819.70	41.7
8,000	8,800	2,153.30	43.9
8,800	10,000	2,504.50	46.5
10,000	12,000	3,062.50	50.6
12,000	16,000	4,074.50	56.4
16,000	20,000	6,330.50	62.4
20,000	..	8,826.50	66.7

(a) Additional tax equal to 2½ per cent of the tax at general rates is also payable for the 1970-71 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 assessed during the year 1969-70 (based on incomes

received during the year 1968-69). The particulars are classified according to grades of actual income and relate only to individuals resident in Victoria.

VICTORIA—INCOME TAX : INDIVIDUALS, 1969-70 (a)

Grade of actual income (b)	Taxpayers	Taxable income			Net income tax assessed
		Salaries and wages	Other	Total	
\$	number	\$'000	\$'000	\$'000	\$'000
417- 599	37,866	15,680	3,009	18,689	402
600- 799	47,434	25,285	5,267	30,552	970
800- 999	45,922	30,840	6,966	37,805	1,695
1,000- 1,199	52,692	42,964	9,273	52,237	2,941
1,200- 1,399	60,828	58,216	11,882	70,099	4,626
1,400- 1,599	67,601	73,987	16,246	90,233	6,871
1,600- 1,799	72,692	91,091	18,423	109,514	9,400
1,800- 1,999	73,817	103,018	20,953	123,971	11,742
2,000- 2,199	73,909	112,167	23,323	135,490	13,952
2,200- 2,399	72,189	119,143	23,947	143,090	15,843
2,400- 2,599	70,539	123,407	25,105	148,512	17,350
2,600- 2,799	71,045	131,478	26,085	157,563	19,314
2,800- 2,999	69,071	137,662	26,085	163,748	21,168
3,000- 3,999	305,584	717,079	122,941	840,021	122,849
4,000- 5,999	254,361	769,784	171,257	941,041	173,617
6,000- 7,999	62,190	229,293	98,272	327,564	77,216
8,000- 9,999	19,788	78,654	60,843	139,497	39,247
10,000-19,999	21,453	94,899	139,621	234,520	85,736
20,000-29,999	2,856	17,128	42,628	59,756	28,600
30,000-39,999	782	6,489	17,015	23,504	12,476
40,000-59,999	378	3,930	12,112	16,043	9,188
60,000-99,999	143	1,620	7,462	9,082	5,453
100,000 and over	70	710	9,281	9,991	6,372
Total	1,483,210	2,984,526	897,995	3,882,521	687,029

(a) Includes 6,456 taxpayers, resident in Victoria, who derived income from more than one State.

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

### Withholding tax

A flat rate of tax has been levied on dividends derived by non-residents of Australia from Australian companies since 1 July 1960. In 1967 the income tax legislation was amended to provide also for a flat rate of tax on interest derived by non-residents of Australia from Australian residents on or after 1 January 1968. The rate of tax on dividends 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., United Kingdom, Canada, New Zealand, United States of America, Singapore, and Japan, in which case the rate is 15 per cent. The rate of tax on interest is 10 per cent for residents of all countries.

### Company tax

The following table shows the rates of income tax payable by companies for the financial year 1970-71 (income year 1969-70) :

**AUSTRALIA—RATES OF INCOME TAX PAYABLE  
BY COMPANIES, 1970-71**

Type of company	Taxable income	
	1st \$10,000— Rate per cent	Balance— Rate per cent
Private (a)	32.5	42.5
Public—		
Co-operative	37.5	47.5
Life assurance—		
Mutual	32.5	42.5
Other life assurance—		
Resident—		
Mutual income	32.5	42.5
Other income	(b)42.5	47.5
Non-resident—		
Mutual income	32.5	42.5
Dividend income	(b)37.5	47.5
Other income	(c)42.5	47.5
Non-profit—		
Friendly society dispensary	37.5	37.5
Other	37.5	47.5
Other—		
Resident	42.5	47.5
Non-resident—		
Dividend income	37.5	47.5
Other income	(d)42.5	47.5

(a) Further tax at 50 per cent payable on undistributed amount.

(b) Maximum income subject to this rate is \$10,000 less mutual income.

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

(d) Maximum income subject to this rate is \$10,000 less dividend income.

**State pensions and gratuities**

The following table shows details of State Government expenditure on pensions, gratuities, etc., during each of the years 1965-66 to 1969-70:

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

Particulars	1965-66	1966-67	1967-68	1968-69	1969-70
State Superannuation Fund—					
Railways	4,945	5,073	5,273	5,451	5,724
Other	5,618	6,357	7,257	8,443	9,624
Total State Superannuation Fund	10,562	11,431	12,530	13,894	15,348
Police Pensions Fund	380	380	380	380	380
Police Superannuation Fund	150	116	54	6	5
Coal Mine Workers Pensions Fund	136	139	105	30	54
Parliamentary Contributory Retirement Fund (a)	104	105	103	42	..
Parliamentary Contributory Superannuation Fund	..	..	..	44	352
Married Women's Superannuation Fund	..	..	..	28	2
Married Women Teachers Pensions Fund (b)	44	48	42	..	..
Other pensions, gratuities, etc.	63	77	85	86	132
Grand total	11,440	12,295	13,299	14,509	16,273

(a) Fund closed and replaced by Parliamentary Contributory Superannuation Fund which came into operation on 1 December 1968 (see pages 638-9).

(b) Fund closed and replaced by Married Women's Superannuation Fund as from 1 February 1969 (see page 639).

### State 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 637), and in 1966, 1967, and 1968 amending Acts considerably increased the range of benefits available.

The main provisions of the Act current at 19 December 1969 were summarised in the *Victorian Year Book* 1970 (pages 664-5). Further amending Acts in December 1969 and in 1970 introduced a number of changes including the following :

1. Liberalisation of right to convert part of pension entitlement to a lump sum.
2. The rate of pension for a child of a deceased contributor or pensioner was raised to \$208 per annum, provided that where both parents are deceased the amount is increased to \$416.

#### VICTORIA—STATE SUPERANNUATION FUND

Particulars	1965-66	1966-67	1967-68	1968-69	1969-70
Receipts—	\$'000	\$'000	\$'000	\$'000	\$'000
Contributions—					
Officers	8,332	13,333	14,297	16,278	18,725
Consolidated Revenue (a)	10,517	11,376	12,436	13,818	15,244
Interest	5,547	6,237	6,907	7,790	8,687
Transferred from Police Pensions Fund	(b) 4,719	..	..	..	..
Other	204	118	94	28	192
Total	29,319	31,064	33,734	37,914	42,848
Disbursements—					
Pension payments	13,918	14,990	16,203	17,772	19,369
Lump sum payments	86	2,271	2,893	3,549	4,737
Contributions refunded	1,062	1,218	1,399	1,686	2,034
Transfer to Pensions Supplementation Fund	..	909	1,028	1,057	2,175
Other	6	2	35	13	32
Total	15,071	19,390	21,558	24,077	28,347
Balance in Fund at 30 June	112,584	124,258	136,435	150,272	164,773
Contributors at 30 June—	number	number	number	number	number
Males	(c) 44,400	(c) 45,200	45,911	(c) 46,700	(c) 47,000
Females	(c) 8,050	(c) 8,070	8,087	(c) 8,100	(c) 9,819
Total	(c) 52,450	(c) 53,270	53,998	(c) 54,800	(c) 56,819
Pensioners at 30 June—					
Ex-employees—					
Males	8,415	(c) 8,440	8,464	8,583	8,829
Females	1,541	(c) 1,600	1,662	1,752	1,853
Widows	7,093	(c) 7,240	7,397	7,533	7,744
Children	889	(c) 940	988	1,054	1,094
Total	17,938	(c) 18,220	18,511	18,922	19,520

(a) These figures do not agree with those shown on page 635, as the latter include Consolidated Revenue's share of pensions accrued at the end of each year.

(b) Includes accrued interest \$262,000.

(c) Estimated.

3. A contributor over the age of 54 years who is contributing at least 12 per cent of his gross salary (other than in respect of deferred payments, for optional units, or reserve units) to the Fund may elect to contribute for units to which he becomes entitled at a reduced rate of contribution, being one quarter of the normal rate. The Fund's share of pension for each such unit will be \$6.50 per annum, i.e., one quarter of its normal share. The Government's share of pension, however, will not be reduced but will remain at \$65 per unit per annum.

#### *Police Pensions Fund*

This Fund was established by the *Police Pensions Act* 1923 which came into operation on 1 January 1924, and applied to all members who joined the Police Force on or after 25 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 1 February 1964 would be required to contribute to the State Superannuation Fund, and that existing members at that date could either remain as contributors to the Police Pensions Fund or elect to transfer to the State 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.

The receipts of the Police Pensions Fund during 1969-70 amounted to \$1,119,629, comprising deductions from pay, \$54,391, special appropriation from Consolidated Revenue, \$380,000, and interest on investments, \$685,238. During the year, \$1,495,812 was paid in pensions, \$28,183 in gratuities, \$11,692 was returned to contributors on resignation, and \$306 was paid to the State Superannuation Fund. The balance in the Fund at 30 June 1970 was \$12,735,005. Of this amount, \$12,665,500 was invested in government and semi-government securities.

The number of contributors to the Fund at 30 June 1970 was 398 males and three females.

#### *Police Superannuation Fund*

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

The receipts of the Fund are made up of contributions from the State, damages awarded to members of the Police Force, certain penalties, and a statutory annual contribution from the Licensing Fund. Police contributions to the Fund ceased in 1940-41.

During the year 1969-70 the total receipts from all sources amounted to \$5,289, while pension payments totalled \$13,125. The balance in the Fund at 30 June 1970 was \$13,019.

#### *Pensions Supplementation Fund*

This Fund was established pursuant to the *Pensions Supplementation Act* 1966, to meet the cost of supplementing, as from 1 April 1966, the

pensions of officers who retired on or before 1 April 1966 or the widows of such officers or of those officers who died before that date.

The scheme was reviewed at the end of 1969 to provide further supplementation of pensions with increases ranging up to 24 per cent for pensions to persons retired before August 1961, and with appropriate smaller increases for those whose pensions commenced at later dates.

Total income of the Fund during 1969-70 was \$2,330,975, made up of statutory transfers from the State Superannuation Fund, \$2,277,110, interest on investments, \$51,982, and other income \$1,883, while expenditure on pensions totalled \$2,642,526. At 30 June 1970 the net assets of the Fund were \$805,722.

#### *Coal Mine Workers Pensions Fund*

The *Coal Mine Workers Pensions Act* 1942 and subsequent legislation defined contributions and benefits in connection with the Coal Mine Workers Pensions Fund. Contributions to the Fund were payable by the State Government, the State Coal Mine, and by mine workers. With the passing of the *State Coal Mines (Winding Up) Act* 1968 (operative from 1 January 1969) and the consequent closure of the State Coal Mine, contributions to the Fund by the State Coal Mine and by mine workers ceased, the State Government henceforth being the only contributor. The winding up Act allowed early retirement for certain mine workers approaching retiring age at 1 January 1969. Benefits to these and other retired mine workers and their dependants will continue to be paid from the Fund. At 30 June 1970 the net assets of the Fund amounted to \$926,551.

#### *Parliamentary Contributory Superannuation Fund*

This Fund was established under the authority of the *Parliamentary Salaries and Superannuation Act* 1968, which came into operation on 1 December 1968. Under the Act the amounts standing to the credit of the Parliamentary Contributory Retirement Fund, established under *The Constitution Act Amendment Act* 1958, and the Parliamentary Superannuation Fund, established under the *Parliamentary Contributory Superannuation Act* 1962, were paid into the new Fund.

On 22 April 1969 the *Parliamentary Salaries and Superannuation (Administration) Act* 1969 transferred responsibility for the administration of the Parliamentary Contributory Superannuation Fund from the Treasury to the State Superannuation Board of Victoria.

The Act provides that male members contribute to the Fund at the rate of 11½ per cent (female rate 10 per cent) of the gross amount of each salary instalment.

Every person who has ceased to be a member and has served as a member for at least fifteen years or, in certain circumstances, for at least eight years, is entitled to be paid out of the Fund a pension which is determined in accordance with a formula set out in the Act. The formula takes into account length of service and amount of salary at date of retirement.

Provision is also made for payments of certain sums to ex-members who do not fulfil the conditions necessary for a pension. The widow of a

deceased member or ex-member is also entitled to receive a pension calculated according to a formula laid down in the Act.

During 1969-70 receipts of the Fund totalled \$492,965, made up of members' contributions, \$112,686, contribution from Consolidated Revenue, \$351,700, and interest on investments, \$28,579. Pension payments and retiring allowances totalled \$415,546 and other expenditure amounted to \$30,793.

The balance in the Fund on 30 June 1970 was \$475,094 of which \$425,000 was invested.

#### *Married Women's Superannuation Fund*

The *Married Women's Superannuation Fund Act* 1968, proclaimed on 1 February 1969, established the Married Women's Superannuation Fund to which was credited the balance in the former Married Women Teachers Pensions Fund which ceased to exist as from 31 January 1969.

Teachers who were contributing to the Married Women Teachers Pensions Fund automatically became contributors to the Married Women's Superannuation Fund, and a married woman employed on the permanent staff of any department or body whose officers contribute to the State Superannuation Fund may elect to become a contributor to the Fund provided she is not contributing to the State Superannuation Fund.

On retirement after attaining the age of 60 years, a contributor is entitled to receive a lump sum payment or she may convert all or part of the lump sum entitlement to an annuity payment. A contributor retiring on account of ill health is entitled only to a lump sum payment.

The balance in the Fund at 30 June 1970 was \$1,064,801.

#### **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 or dependent widowers and children. 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 a minimum of \$520 per annum is paid.

By an amending Act which came into operation on 4 June 1969 provision was made to enable any member under certain conditions to accept as, or convert to, non-contributory those units to which he or she has become entitled. On retirement (at age 65) or previous invalidity the amount payable for each unit is then only the Consolidated Revenue proportion (\$65 a year). Widows are entitled to pro rata payment in respect of non-contributory units.

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 5 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 30 June 1970 there were 160,689 contributors to the Superannuation Fund and 18,498 to the Provident Account, while the number of pensions in the force was 27,601. At the same date, the balance of the Fund, a trust fund held at the Commonwealth Treasury, was \$413.7m.

### **State 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 1969-70 the debits of all trust funds or accounts amounted to \$766.2m, while credits totalled \$778.2m.

At 30 June 1970 the liability of the State on account of all trust funds or accounts amounted to \$156.1m. Of this total, \$70.0m was invested in Commonwealth stock or other securities, and cash advanced totalled \$27.2m. The balance—\$58.9m—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 1965-66 to 1969-70 are shown in the following table. The total expenditure from all sources to 30 June 1970, regardless of whether the loans have been repaid or are still in existence, was \$2,782m.

The figures in the table on the following page do not include discounts and flotation expenses on loans for works and redemption purposes, particulars of which are as follows: 1965-66, \$1,036,344; 1966-67, \$817,319; 1967-68, \$1,099,684; 1968-69, \$748,582; 1969-70, \$554,651. The aggregate expenditure to 30 June 1970 was \$39,475,580.

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

Expenditure on—	1965-66	1966-67	1967-68	1968-69	1969-70
<b>Public works—</b>					
Railways	16,220	16,336	16,541	16,863	16,135
Roads and bridges	2,390	1,672	1,841	4,476	1,778
Harbours and rivers	3,453	2,906	1,886	4,432	2,687
Water supply	17,953	18,280	18,380	18,156	24,519
Sewerage	986	966	1,166	1,754	1,173
Electricity supply	15,000	15,500	14,500	15,750	19,250
Gas and Fuel Corporation	60	60	70	80	40
<b>Public buildings—</b>					
Schools, etc.	31,900	35,928	39,718	42,192	45,616
Hospitals, etc.	16,752	16,964	17,336	17,260	18,694
Other	9,834	13,049	13,297	11,440	11,167
Municipalities—loans, grants, etc.	2,005	1,806	2,361	2,235	3,708
Housing	1,883	1,899	2,758	2,705	1,935
Other public works	591	583	610	547	883
<b>Primary production—</b>					
Land settlement	2,532	2,688	2,308	1,927	2,250
Soldier settlement	64	13	2	..	2
Drought, etc., relief	208	208	915	4,131	1,488
Forestry	2,077	2,152	2,759	3,020	3,365
Mining, n.e.i.	218	145	230	254	254
Cool stores	180	184	235	80	66
Destruction of vermin and noxious weeds	1,864	2,065	2,084	2,143	2,261
Other primary production (a)	2,711	3,234	3,853	3,540	1,972
Other purposes	1,965	923	1,532	1,721	2,149
<b>Total works, etc., expenditure</b>	<b>130,848</b>	<b>137,562</b>	<b>144,383</b>	<b>154,707</b>	<b>161,393</b>
<b>Funding of Consolidated Revenue deficits</b>	<b>..</b>	<b>4,000</b>	<b>4,000</b>	<b>..</b>	<b>2,887</b>
<b>Grand total</b>	<b>130,848</b>	<b>141,562</b>	<b>148,383</b>	<b>154,707</b>	<b>164,279</b>

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

### Public debt

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

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

A notable feature of the public debt of the State is that approximately 97 per cent of indebtedness is now domiciled in Australia. There has been a gradual change from the situation which existed a century ago when nearly all loans were financed in London. Even at the turn of the century, only 10 per cent of State indebtedness was domiciled in Australia.

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

Advances made by the Commonwealth Government to Victoria, under the Commonwealth-State agreements relating to housing, soldier settlement, and drought relief are not included in the public debt statements in this *Year Book*. The total of such advances owing at 30 June 1970 was \$533.5m, of which \$515.4m was for housing, \$13.0m for soldier settlement, and \$5.1m for drought relief. 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 1965-66 to 1969-70. The variations from year to year in the Australian currency equivalent of overseas loans, resulting from application of the rates of exchange ruling at 30 June in each year, are shown. 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	1965-66	1966-67	1967-68	1968-69	1969-70
<b>DEBT MATURING IN AUSTRALIA</b>					
Debt outstanding at 1 July	1,518,481	1,626,901	1,755,151	1,896,159	2,033,067
New debt incurred—					
Commonwealth Government loan flotations	313,629	300,736	317,543	277,113	367,951
Domestic raisings	2,228	1,444	3,771	1,581	..
Less conversion and redemption loans	191,394	163,111	161,646	131,604	206,934
Total new debt incurred	124,463	139,070	159,668	147,089	161,016
Less repurchases and redemptions from National Debt Sinking Fund	16,043	10,820	18,660	10,181	18,435
Net increase in debt	108,420	128,250	141,008	136,908	142,581
Debt outstanding at 30 June	1,626,901	1,755,151	1,896,159	2,033,067	2,175,649
<b>DEBT MATURING IN LONDON</b>					
Debt outstanding at 1 July	112,201	105,505	94,705	62,151	59,665
New debt incurred—					
Commonwealth Government loan flotations	3,876	2,500	16,408	..	1,496
Less conversion and redemption loans	..	..	..	..	..
Total new debt incurred	3,876	2,500	16,408	..	1,496
Less repurchases and redemptions from National Debt Sinking Fund	2,820	8,300	2,616	2,486	13,011
Adjustment due to variation in rate of exchange	..	..	-13,530	..	..
Net increase in debt	-6,696	-10,800	-32,554	-2,486	-14,507
Debt outstanding at 30 June	105,505	94,705	62,151	59,665	45,158
<b>DEBT MATURING IN NEW YORK, CANADA, SWITZERLAND, AND THE NETHERLANDS</b>					
Debt outstanding at 1 July	48,656	49,138	43,213	40,301	37,562
New debt incurred—					
Commonwealth Government loan flotations	3,461	3,285	..	..	1,343
Less conversion and redemption loans	..	..	..	..	..
Total new debt incurred	3,461	3,285	..	..	1,343
Less repurchases and redemptions from National Debt Sinking Fund	2,980	2,639	2,912	2,739	2,800
Adjustment due to variation in rate of exchange	..	..	..	..	+135
Net increase in debt	481	-5,924	-2,912	-2,739	-4,008
Debt outstanding at 30 June	49,138	43,213	40,301	37,562	(a) 33,554

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

Particulars	1965-66	1966-67	1967-68	1968-69	1969-70
TOTAL					
Debt outstanding at 1 July	1,679,338	1,781,543	1,893,069	1,998,611	2,130,294
New debt incurred—					
Commonwealth Government loan flotations	317,089	300,736	317,543	277,113	367,951
Domestic raisings	2,228	1,444	3,771	1,581	..
Less conversion and redemption loans	195,271	168,896	178,054	131,604	209,773
Total new debt incurred	124,047	133,284	143,260	147,089	158,178
Less repurchases and redemptions from National Debt Sinking Fund	21,842	21,759	24,188	15,406	34,246
Adjustment due to variation in rate of exchange	..	..	-13,530	..	+135
Net increase in debt	102,205	111,525	105,542	131,683	124,067
Debt outstanding at 30 June	1,781,543	1,893,069	1,998,611	2,130,294	2,254,361

(a) Includes New York, \$A26,637,000; Canada, \$A2,672,000; Switzerland, \$A2,600,000; and the Netherlands, \$A1,647,000.

Particulars concerning the due dates of loans outstanding at 30 June 1970 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 30 JUNE 1970  
(\$A'000)

Due date (financial year)	Amount maturing—				Total
	In Australia	In London	In New York	Elsewhere overseas	
1970-71	246,232	..	629	..	246,861
1971-72	175,975	..	2,431	..	178,407
1972-73	148,496	13,298	2,804	..	164,599
1973-74	127,742	..	..	..	127,742
1974-75	93,841	..	..	..	93,841
1975-76	118,061	600	..	(a) 2,600	121,261
1976-77	90,813	..	..	..	90,813
1977-78	98,220	5,216	..	..	103,436
1978-79	69,410	19,202	2,063	..	90,675
1979-80	51,291	..	2,439	..	53,730
1980-81	46,940	..	2,551	(b) 2,672	52,162
1981-82	55,939	6,199	4,153	(c) 1,647	67,938
1982-83	18,104	..	6,721	..	24,825
1983-84	88,725	643	..	..	89,368
1984-85	117,705	..	..	..	117,705
1985-86	72,179	..	2,846	..	75,025
1986-87	57,700	..	..	..	57,700
1987-88	98,790	..	..	..	98,790
1988-89	84,432	..	..	..	84,432
1989-90	107,890	..	..	..	107,890
1991-92	34,791	..	..	..	34,791
1994-95	8,985	..	..	..	8,985
1999-2000	6,911	..	..	..	6,911
2001-02	48,305	..	..	..	48,305
2003-04	84,314	..	..	..	84,314
2005-06	20,026	..	..	..	20,026
Not yet fixed	3,831	..	..	..	3,831
Total	2,175,649	45,158	26,637	6,918	2,254,361

(a) Maturing in Switzerland.

(b) Maturing in Canada.

(c) 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 1965-66 to 1969-70:

VICTORIA—PUBLIC DEBT : LOANS OUTSTANDING

At 30 June—	Amount of loans maturing in—						Total debt	
	Australia	London	New York	Canada	Switzerland	The Netherlands	Amount	Per head of population
	\$A'000	\$A'000	\$A'000	\$A'000	\$A'000	\$A'000	\$A'000	\$A
1966	1,626,901	105,505	41,407	3,072	2,600	2,059	1,781,543	553.24
1967	1,755,151	94,705	35,658	2,897	2,600	2,059	1,893,069	578.37
1968	1,896,159	62,151	33,060	2,721	2,600	1,921	1,998,611	601.69
1969	2,033,067	59,665	30,500	2,678	2,600	1,784	2,130,294	630.02
1970	2,175,649	45,158	26,637	2,672	2,600	1,647	2,254,361	655.34

The following table shows the rates of interest which were payable on the public debt at 30 June 1970, and the amounts of the debt at each rate maturing in Australia, London, New York, and elsewhere overseas, respectively:

VICTORIA—RATES OF INTEREST ON PUBLIC DEBT AT 30 JUNE 1970

Rate of interest	Amount maturing—				Total
	In Australia	In London	In New York	Elsewhere overseas	
per cent	\$A'000	\$A'000	\$A'000	\$A'000	\$A'000
7.0	21,943	..	..	..	21,943
6.8	10,466	..	..	..	10,466
6.5	58,287	..	..	..	58,287
6.4	6,751	..	..	..	6,751
6.0	54,817	1,243	..	..	56,060
5.9	13,353	..	..	..	13,353
5.8	30,041	..	..	..	30,041
5.75	20,594	..	2,846	(a) 2,672	26,111
5.6	39,321	..	..	..	39,321
5.5	20,327	43,915	10,874	..	75,116
5.4	165,743	..	..	..	165,743
5.375	67,305	..	..	..	67,305
5.3	10,186	..	..	..	10,186
5.25	474,687	..	4,990	..	479,677
5.2	39,411	..	..	..	39,411
5.0	666,882	..	4,494	(b) 1,647	673,022
4.9	40,316	..	..	..	40,316
4.8	87,934	..	..	..	87,934
4.75	115,720	..	2,804	..	118,524
4.625	14,150	..	..	..	14,150
4.6	9,568	..	..	..	9,568
4.5	118,577	..	629	(c) 2,600	121,805
4.25	81,251	..	..	..	81,251
3.875	106	..	..	..	106
3.4875	1	..	..	..	1
3.1	553	..	..	..	553
3.0	1,844	..	..	..	1,844
2.7125	222	..	..	..	222
2.325	1,105	..	..	..	1,105
1.0	4,189	..	..	..	4,189
Total	2,175,649	45,158	26,637	6,918	2,254,361
Average rate of interest	% 5.15	% 5.51	% 5.29	% 5.08	% 5.15

(a) Maturing in Canada. (b) Maturing in the Netherlands. (c) Maturing in Switzerland.

In the next table the annual interest liability of the State has been calculated on the basis of the debt outstanding at the end of each of the years 1965-66 to 1969-70. 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 30 June—	Payable in Australia	Payable in overseas countries	Total	Per head of population	Average rate
	\$A'000	\$A'000	\$A'000	\$A	per cent
1966	77,879	7,144	85,023	26.40	4.77
1967	85,417	6,516	91,933	28.09	4.86
1968	92,892	5,180	98,072	29.52	4.91
1969	100,963	4,948	105,911	31.32	4.97
1970	111,941	4,253	116,193	33.78	5.15

The actual interest and expenses paid on the public debt of Victoria for each of the years 1965-66 to 1969-70 are shown in the following table :

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

Year	Interest paid on loans maturing—				Total interest	Exchange on pay- ment of interest overseas	Commis- sion on payment of interest overseas, expenses of conversion loans, etc.	Grand total (a)
	In Australia	In London	In New York	Elsewhere overseas				
1965-66	72,058	3,877	1,007	209	77,150	2,344	353	79,847
1966-67	78,450	3,566	984	205	83,204	2,238	376	85,818
1967-68	86,369	3,165	879	199	90,611	1,579	376	92,567
1968-69 (b)	94,295	3,082	1,743	373	99,493	(b)	400	99,893
1969-70 (b)	104,852	2,808	1,585	(c) 370	109,615	(b)	400	110,015

(a) Includes \$A4,254,000 contributed each year by the Commonwealth Government in accordance with the provisions of the Financial Agreement (see pages 611-2), but excludes interest paid on advances received from the Commonwealth Government for housing and soldier settlement.

(b) For each of the years 1968-69 and 1969-70 exchange on payments of interest overseas has been included with interest paid in overseas countries.

(c) Includes Canada, \$A163,000; Switzerland, \$A118,000; and the Netherlands, \$A88,000.

#### 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 1965-66 to 1969-70, 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	1965-66	1966-67	1967-68	1968-69	1969-70
Contributed under Financial Agreement—					
Victoria	16,437	17,522	18,613	20,031	20,910
Commonwealth	4,225	4,524	4,885	5,189	5,600
Total contributions under Financial Agreement	20,662	22,046	23,498	25,220	26,510
Interest on investments	5	Dr. 10	5	30	28
Special contributions by Victoria	102	102	25	25	25
Interest accrued on securities	..	..	..	Dr. 109	229
Total	20,769	22,138	23,528	25,167	26,793
Total to date	250,064	272,202	295,730	320,897	347,689

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

Particulars	1965-66	1966-67	1967-68	1968-69	1969-70
Australia—					
Face value	16,043	10,820	18,660	10,181	18,435
Net cost	16,027	10,807	18,652	10,180	18,414
London—					
Face value	2,820	8,300	2,616	2,486	14,507
Net cost	2,667	8,302	2,783	2,357	12,723
New York—					
Face value	2,783	2,464	2,598	2,560	2,521
Net cost	2,765	2,408	2,410	2,323	2,205
Canada—					
Face value	197	175	177	42	142
Net cost	197	172	160	37	109
Netherlands—					
Face value	..	..	137	137	137
Net cost	..	..	138	139	139
Total—					
Face value	21,842	21,759	24,188	15,406	35,742
Net cost	21,656	21,689	24,142	15,036	33,591
Total to date—					
Net cost	249,853	271,542	295,684	310,720	344,311

**Further reference, 1964**

**PRIVATE FINANCE**

**Commonwealth banking legislation**

Information about the provisions of Commonwealth banking legislation will be found on pages 648-50 of the *Victorian Year Book* 1966.

**Banking during 1970**

As a part of the official monetary policy designed to contain inflationary pressures in the economy during 1970, several increases were made in bank interest rates during the year. In March 1970 the major trading banks'

maximum term deposit rate was increased by 0.5 per cent (including Certificates of Deposit) and the maximum overdraft rate also increased by 0.5 per cent. The interest rate structure of savings banks was altered in the early part of the year. In April rates on ordinary deposit accounts and investment accounts were increased, and differential interest rates were applied to ordinary accounts above and below \$4,000 (up to a maximum of \$20,000 which, in turn, was increased from \$10,000—the previous maximum level on which the maximum rate was paid). The range of interest rates charged on housing loans was raised concurrently by 0.75 per cent per annum.

Towards the end of September 1970 further transfers were made to the term loan funds and farm development funds of the major trading banks. The transfers aggregated about \$63m, of which \$31m was added to term loan funds and \$32m to farm development funds, bringing the resources of these funds to \$358m and \$119m, respectively. In association with the transfers, the Statutory Reserve Deposit ratio was reduced from 10 per cent to 9.4 per cent of deposits.

When it became apparent that the level of home building activity had receded in mid-1970, savings banks were requested to increase the flow of finance to the industry in July. As a sequel, an important amendment to the Banking (Savings Banks) Regulations was announced at the end of October, reducing the proportion of depositors' balances required to be held by savings banks in prescribed liquid assets and public securities from 65 per cent to 60 per cent. This change allowed savings banks to increase their lending, mainly for housing. Savings bank loans for housing increased from an average monthly rate of \$38.6m during the June quarter 1970 to \$48.4m and \$48.5m in the September and December quarters, respectively.

A further significant change in the banking system's ability to gather deposits was the announcement in December that the Reserve Bank had approved the extension to four years of fixed deposit facilities offered by trading banks; previously the maximum term for fixed deposits had been two years. At the same time, the maximum interest rate payable by trading banks on term deposits was increased to 6.5 per cent per annum. These changes were designed to increase the competitiveness of trading bank deposit facilities. No change was made in interest rates on Certificates of Deposit at this time.

Interest rates on term deposits with trading banks at the end of 1970 were as follows :

Rate per cent	Term	
5.0	3 months to less than 18 months	} On amounts under \$50,000
5.3	18 months up to, and including, 24 months	
5.6	over 24 months to less than 3 years	
6.0	3 years to less than 4 years	
6.5	4 years	
5.5	30 days up to, and including, 24 months	} On amounts of \$50,000 and over
6.0	over 24 months to less than 4 years	
6.5	4 years and over	



*Deposits*

Deposits of the major trading banks rose by only \$187m in 1970 (to a total of \$6,945m), compared with increases of \$393m and \$648m in 1968 and 1969, respectively. The smaller growth in deposits during 1970 was mainly explained by the Commonwealth Government's budgetary deficit during the second half of 1970 which was financed largely by the public taking up short-term government debt (due to the relative attractiveness of interest rates on Treasury notes), in contrast to 1969 when the deficit was largely financed by the Reserve Bank. This feature of debt management was also a major factor leading to the sharp contraction in trading bank liquidity during the year.

A particularly striking feature of the year was that Certificates of Deposit, after rising to a peak of \$246.7m in January 1970, declined to only \$77.9m by the end of the year, due largely to the interest rate ceiling which seemed uncompetitive, especially when compared with Treasury notes.

Growth in savings bank deposits was also less than 1969. Deposits increased by \$420m in 1970 to a total of \$7,363m, compared with increases of \$487m and \$435m in 1969 and 1968, respectively.

Deposits of the major trading banks in Victoria declined from 29.3 per cent of the Australian total in 1969 to 28.3 per cent in 1970. Victorian savings bank deposits, on the other hand, rose from 33.5 per cent of the Australian total in 1969 to 33.7 per cent in 1970.

*Advances*

Major trading banks' advances in 1970 increased by \$253m to a total of \$4,392m. This was a 6.1 per cent increase, compared with 11.3 per cent in 1969 and 12.4 per cent in 1968. The growth in bank lending was checked by the liquidity constraints referred to earlier.

In July the major trading banks entered into an agreement with the Australian Wool Marketing Corporation to provide up to \$35m to wool brokers for the purchase of "price averaging" wool (i.e., one to three bale lots) and up to \$14m to the Corporation itself as carry-over finance to enable it to purchase unsold wool at the end of the wool season. The functions of the Corporation were subsequently taken over by the Australian Wool Commission, to which the trading banks subsequently undertook to provide funds up to a total of \$80.5m.

Lending by the Australian Resources Development Bank continued at a high level throughout 1970, with loans rising by \$103.6m to a total of \$225m outstanding at 31 December. During the year, the Resources Bank made greater use of overseas capital markets for fund raising purposes, and borrowed significant amounts overseas for on-lending for Australian resources development.

*Liquidity*

An indication of the manner in which official policy operated through the banking system to restrain lending and help prevent over-expansion in the economy, is provided by the statistics of major trading banks' liquid items (cash and government securities) expressed as a percentage of deposits.

In each month of 1970 the L.G.S. ratio of the major trading banks was below that of a year earlier. For several months of the year the ratio was only a few percentage points above the agreed minimum ratio of 18 per cent

and consequently the banks' ability to meet the public's demand for finance was severely restricted.

**AUSTRALIA—MAJOR TRADING BANKS'**  
**L.G.S. RATIO (a)**  
(per cent)

Month	1969	1970
January	26.8	24.6
February	28.3	25.4
March	28.0	25.3
April	25.7	23.1
May	24.0	21.8
June	22.9	20.5
July	21.9	20.0
August	22.5	20.4
September	23.0	20.9
October	23.1	21.2
November	23.3	22.1
December	23.4	22.6
Average for year	24.4	22.3

(a) The L.G.S. ratio is the ratio of L.G.S. assets (liquid and government securities) to deposits.

Further references, 1962–1971 ; History of banking in Victoria, 1961

### Reserve Bank of Australia

The Reserve Bank is Australia's central bank and acts as banker and financial agent of the Commonwealth. The *Reserve Bank Act* 1959–1966 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.

#### *Financial statements*

The Bank's liabilities and assets, for each of the years 1965–66 to 1969–70, together with net profits and their distribution are shown in the following tables :

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

Particulars	1965–66	1966–67	1967–68	1968–69	1969–70
Liabilities (excluding capital and contingencies)	167.7	215.7	250.4	284.7	401.9
Assets—					
Loans, advances, etc.	195.8	245.7	283.0	319.8	440.6
Other assets	0.2	0.1	(a)	0.1	..
Total assets	196.0	245.8	283.1	319.9	440.6

(a) Under \$50,000.

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

Particulars	1965-66	1966-67	1967-68	1968-69	1969-70
<b>Liabilities—</b>					
Capital and reserve funds	70	74	72	61	100
Australian notes on issue	872	909	990	1,071	1,176
Statutory Reserve Deposit—					
Accounts of trading banks	608	476	480	523	647
Other deposits of trading banks	67	93	73	83	45
Deposits of savings banks	437	456	505	568	596
Other liabilities	274	278	227	225	285
<b>Total</b>	<b>2,328</b>	<b>2,286</b>	<b>2,348</b>	<b>2,531</b>	<b>2,849</b>
<b>Assets—</b>					
Gold and foreign exchange	1,208	1,174	1,042	1,090	1,043
Australian notes and coin	22	24	18	14	10
Cheques and bills of other banks	8	6	5	5	5
Australian Government securities—					
Redeemable in Australia—					
Treasury bills and Treasury notes	295	314	187	300	433
Other	539	440	728	713	817
Bills receivable and remittances in transit	24	29	31	35	35
Loans, advances, and all other assets	232	300	336	374	506
<b>Total</b>	<b>2,328</b>	<b>2,286</b>	<b>2,348</b>	<b>2,531</b>	<b>2,849</b>

**AUSTRALIA—RESERVE BANK : NET PROFITS  
(\$m)**

Department	1965-66	1966-67	1967-68	1968-69	1969-70
Central banking	8.7	7.9	4.5	5.7	8.9
Note issue	31.1	34.3	23.0	23.8	36.3
Rural credits	1.2	1.3	1.5	1.6	1.9
<b>Total</b>	<b>41.0</b>	<b>43.6</b>	<b>29.0</b>	<b>31.1</b>	<b>47.1</b>

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

Particulars	1965-66	1966-67	1967-68	1968-69	1969-70
Commonwealth of Australia	35.8	38.8	26.2	26.6	41.6
Reserve Bank reserve fund	4.0	3.5	1.3	2.9	3.6
Rural Credits Department—					
Reserve fund	0.6	0.7	0.7	0.8	0.9
Development fund	0.6	0.7	0.7	0.8	0.9
<b>Total</b>	<b>41.0</b>	<b>43.6</b>	<b>29.0</b>	<b>31.1</b>	<b>47.1</b>

Further reference, 1966

**Trading banks**

The following table shows the number of branches and agencies in Victoria conducted by individual trading banks at 30 June 1969 and 1970 :

**VICTORIA—TRADING BANKS : NUMBER  
OF BRANCHES AND AGENCIES**

Bank	At 30 June 1969		At 30 June 1970	
	Branches	Agencies	Branches	Agencies
Major trading banks—				
Commonwealth Trading Bank of Australia	136	88	139	85
Australia and New Zealand Bank Ltd	216	94	222	89
The Bank of Adelaide	2	..	2	..
Bank of New South Wales	172	13	175	12
The Commercial Bank of Australia Ltd	168	61	168	60
The Commercial Banking Co. of Sydney Ltd	139	39	143	40
The English, Scottish, and Australian Bank Ltd	158	30	161	28
The National Bank of Australasia Ltd	240	78	243	79
Total major trading banks	1,231	403	1,253	393
Other trading banks—				
Bank of New Zealand	1	..	1	..
Banque Nationale de Paris	1	..	1	..
Total other trading banks	2	..	2	..
Total all trading banks	1,233	403	1,255	393
Metropolitan area	705	195	727	188
Remainder of State	528	208	528	205

The following tables show particulars of the averages of deposits with, and advances by, trading banks in Victoria during the month of June 1970. Comparable figures for the month 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—MAJOR TRADING BANKS : AVERAGES OF DEPOSITS  
AND ADVANCES, MONTH OF JUNE 1970  
(\$'000)**

Bank	Deposits repayable in Australia			Loans (a), advances, and bills discounted
	Not bearing interest	Bearing interest	Total	
Commonwealth Trading Bank of Australia	120,954	161,172	282,126	203,991
Private trading banks—				
Australia and New Zealand Bank Ltd	203,275	190,513	393,787	225,736
The Bank of Adelaide	3,603	2,187	5,790	3,254
Bank of New South Wales	124,271	116,584	240,854	166,994
The Commercial Bank of Australia Ltd	121,822	118,079	239,900	167,298
The Commercial Banking Co. of Sydney Ltd	66,979	84,198	151,176	84,999
The English, Scottish, and Australian Bank Ltd	128,020	104,187	232,206	149,771
The National Bank of Australasia Ltd	177,546	213,227	390,773	204,856
Total	946,468	990,144	1,936,611	1,206,903

(a) Excludes loans to authorised dealers in the short-term money market.

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

Month of June—	Deposits repayable in Australia			Loans (a), advances, and bills discounted
	Not bearing interest	Bearing interest	Total	
1966	793,819	742,308	1,536,129	798,639
1967	839,150	789,346	1,628,495	900,943
1968	891,749	850,568	1,742,317	1,026,653
1969	906,590	978,101	1,884,690	1,103,548
1970	946,468	990,144	1,936,611	1,206,903

(a) Excludes loans to authorised dealers in the short-term money market.

A classification of persons and authorities in receipt of trading bank advances is given in the following table. Business advances are classified according to the main industry of the borrower.

**VICTORIA—MAJOR TRADING BANKS : CLASSIFICATION OF ADVANCES  
(\$m)**

Classification	At second Wednesday of July—				
	1966	1967	1968	1969	1970
Resident borrowers—					
Business advances—					
Agriculture, grazing, and dairying	119.2	150.7	193.1	207.6	209.1
Manufacturing	212.6	225.7	240.4	226.0	258.1
Transport, storage, and communication	16.6	19.3	19.1	23.4	22.8
Finance	49.4	46.3	65.1	58.5	77.3
Commerce	151.9	164.9	168.1	193.2	194.8
Building and construction	25.5	32.2	38.0	41.4	44.2
Other businesses	75.5	88.2	114.1	133.5	152.0
Unclassified	7.3	12.6	9.7	17.7	12.6
Total business advances	658.1	739.9	847.6	901.3	971.0
Advances to public authorities	14.9	12.0	15.3	17.7	23.7
Personal advances	119.4	140.3	165.6	184.4	199.3
Advances to non-profit organisations	12.9	14.2	16.9	17.4	19.6
Total advances to resident borrowers	805.4	906.4	1,045.4	1,120.8	1,213.6
Non-resident borrowers	0.3	0.5	1.2	1.2	1.2
Grand total	805.7	906.9	1,046.6	1,121.9	1,214.7

The above classification for 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 the average weekly amounts debited by trading banks to customers' accounts. Particulars relate to the operation of all trading banks transacting business in Victoria (as set out in the first table on page 651) and, in addition, the Rural Credits Department of the Reserve Bank and the Commonwealth Development Bank. Debits to Commonwealth and State Government accounts at Melbourne city branches are excluded from the table.

**VICTORIA—TRADING BANKS (a) : AVERAGE  
WEEKLY DEBITS TO CUSTOMERS' ACCOUNTS  
(\$m)**

Year	Average weekly debits	Year	Average weekly debits
1960-61	565.9	1965-66	847.7
1961-62	590.0	1966-67	940.0
1962-63	650.5	1967-68	1,041.8
1963-64	733.2	1968-69	1,214.1
1964-65	825.3	1969-70	1,413.3

(a) Also includes the Rural Credits Department of the Reserve Bank and the Commonwealth Development Bank.

### Commonwealth Banking Corporation

The Commonwealth Banking Corporation, established under the *Commonwealth Banks Act 1959*, came into being on 14 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, namely, the Managing Director and Deputy Managing Director of the Corporation and the Secretary to the 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 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 is one of the three member banks comprising the Commonwealth Banking Corporation and has a history of over fifty years of banking experience. It accepts interest bearing deposits, issues Certificates of Deposit, and provides cheque account facilities, a wide range of loans, lease financing, nominee facilities, and the usual trading bank services including the acceptance of safe custody lodgments.

The Commonwealth Trading Bank is now one of the largest trading banks. At June 1970 advances to customers were \$832m; customers' accounts were \$1,378m or over 20.8 per cent of the total deposits of all major Australian trading banks; customers' accounts numbered 1,096,000; and it had 1,126 branches and agencies throughout Australia.

On the international scene, the Bank has agents and correspondents throughout the world, enabling it to handle all types of international monetary transactions. 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 its Trade Service is able to provide up-to-date information on economic conditions and market prospects in overseas countries.

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

At 30 June—	Deposits repayable in Australia (Average for month of June)			Advances	Number of accounts
	Bearing interest	Not bearing interest	Total		
	\$m	\$m	\$m	\$m	'000
1966	469	454	923	493	938
1967	517	497	1,014	561	972
1968	580	542	1,122	667	1,008
1969	683	597	1,280	718	1,054
1970	751	627	1,378	832	1,096

Facilities for the conduct of share, stock, note, and debenture registers for public companies and local and semi-governmental authorities are provided by the Bank's Stock and Share Department.

*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 at June 1970 of \$3,096m.

At the end of June 1970 amounts on deposit with the Savings Bank within Australia totalled \$2,959m and it was conducting 7,236,000 active accounts. The Savings Bank's depositors' balances are widely invested in the development of Australia; apart from advances (mainly for housing) of \$991m outstanding in June 1970, investments in Commonwealth and State Government securities totalled \$1,224m and in local and semi-governmental securities amounted to \$458m.

Between 1960 and June 1970 over \$1,126m has been provided for housing, assistance having been provided to more than 180,000 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 Migrant 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.

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

At 30 June—	Number of active accounts	Amount at credit of depositors	Loans and advances outstanding	Common- wealth and other securities held
	'000	\$m	\$m	\$m
1966	6,346	2,318	640	1,475
1967	6,582	2,493	742	1,515
1968	6,822	2,645	838	1,577
1969	7,038	2,817	927	1,648
1970	7,236	2,959	991	1,682

*Commonwealth Development Bank of Australia*

The Commonwealth Development Bank of Australia commenced operations on 14 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 recognised 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.

Rural loans are made for a variety of purposes, e.g., clearing, fencing, pasture improvement, farm water conservation, erection of essential farm buildings, and the basic stocking of properties. Other aspects of assistance granted include aid to successful applicants in government sponsored rural development schemes and land ballots. Special attention is also given to providing finance to applicants opening up new areas.

Details of financial assistance approved by the Commonwealth Development Bank during the period 14 January 1960 to 19 May 1971 are set out in the following tables :

**AUSTRALIA AND VICTORIA—COMMONWEALTH DEVELOPMENT BANK :  
LOANS APPROVED, 14 JANUARY 1960 TO 19 MAY 1971**

Particulars	Rural loans		Industrial loans		Total	
	Number	Amount	Number	Amount	Number	Amount
		\$'000		\$'000		\$'000
Australia	25,649	301,971	2,849	94,417	28,498	396,388
Victoria	4,398	47,219	654	23,319	5,052	70,538

**AUSTRALIA AND VICTORIA—COMMONWEALTH  
DEVELOPMENT BANK : EQUIPMENT FINANCE  
UNDER HIRE PURCHASE ARRANGEMENTS,  
14 JANUARY 1960 TO 19 MAY 1971**

Particulars	Number of transactions	Amount financed
		\$'000
Australia	143,916	439,294
Victoria	28,840	97,609

Outstanding loans by the Commonwealth Development Bank to rural and other industries in Australia at 30 June 1970 were as follows :

**AUSTRALIA—COMMONWEALTH DEVELOPMENT BANK : LOANS TO  
RURAL AND OTHER INDUSTRIES OUTSTANDING AT 30 JUNE 1970  
(\$'000)**

Rural industries		Non-rural industries	
Type of industry	Loans outstanding	Type of industry	Loans outstanding
Sheep	83,025	Building materials and fittings	2,236
Cattle	29,246	Chemical products	1,133
Dairying	17,593	Electrical manufacturing	509
Wheat and other grain crops	27,734	Foodstuffs and preservation	7,453
Fruit	5,121	Engineering	4,524
Poultry	3,118	Other manufacturing	7,359
Miscellaneous	10,122	Transport, storage, and communication	1,902
		Miscellaneous	7,009
Total	175,959	Total	32,125

Further references, 1964 and 1967 ; Australian Resources Development Bank Ltd, 1970



### **State Savings Bank of Victoria**

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 the general manager. The business of the bank is conducted in two departments, the Savings Bank Department and the Credit Foncier Department.

The Savings Bank Department accepts interest-bearing deposits through pass-book, school bank, Christmas Club accounts, and fixed deposit stock and term deposits, and provides cheque account, safe deposit, and a wide range of other banking services. The funds are principally invested in loans to semi-governmental, municipal, and other public authorities within Victoria; loans on the security of first mortgage over freehold land for houses and farms either directly or through investment in the debentures of the Credit Foncier Department; and in Commonwealth Government securities.

The Credit Foncier Department, which is wholly financed by the Savings Bank Department, makes long-term loans to finance the erection and purchase of homes and farms.

The State Savings Bank of Victoria is the largest savings bank in Victoria, having assets of \$1,261m at 30 June 1970. The deposits of its 2.8m operative accounts, held at 507 branches and sub-branches and 668 agencies, amounted to \$1,164m which represented approximately 49 per cent of all savings bank balances in Victoria.

### *Changes in savings banking*

In matters of accounting procedures, range of services, and architectural style of premises, the State Savings Bank of Victoria has made major changes in the past fourteen years. Some of these changes have been evolutionary, but others have been dictated by external circumstances.

Competition among banks for savings was greatly accentuated by the Commonwealth Government's decision in 1956 to grant licences to savings bank subsidiaries of private trading banks. In consequence there are now eight savings banks actively competing in Victoria whereas the State Savings Bank had only one competitor before 1956.

Under a 1957 amendment to the State Savings Bank Act, the bank was empowered to conduct cheque accounts which, except in the case of certain non-profit organisations, do not bear interest. At 30 June 1970 the bank held 215,902 cheque accounts with balances of \$57.5m.

The growth of permanent building societies accelerated in 1965 when the Commonwealth Government established the Housing Loans Insurance Corporation which insures housing loans made by approved lenders. This again increased competition for savings.

The traditional pattern of savings has also been altered by a marked increase in social services which have lessened the trend towards self-provision for illness and old age, by a general increase in living standards, and by the continued development of a consumer goods market.

Among the steps taken to adapt to this changed environment have been radical changes in accounting procedures. The bank pioneered in Australia the use of punched cards and centralised accounting in connection

with savings bank transactions. The installation of a computer in 1962, the first computer in any Australian bank, made it possible to centralise the transactions of large branches at the data processing centre at the bank's head office. At 30 June 1970, 194 branches and sub-branches were operating with tellers' machines, and the pass-book accounts for thirty-three offices were maintained by the computer which also processed many head office transactions. The computer made it possible for the bank to introduce a "Christmas Club" in November 1964. This is a form of saving for a specific purpose, by a method not previously available in Australia, by means of a book of coupons rather than by the conventional pass-book. Members choose from books of 25 or 50 coupons in denominations of \$1 to \$10, pre-punched with account and serial numbers for computer processing. The "Christmas Club" has been well received and the idea has spread. For the year ending 30 November 1970, \$15m was paid out to members.

Introduction of secured and unsecured personal loans in November 1963 was a departure from historical savings bank practice which had previously provided for loans to individuals on the security of a mortgage over freehold land only. The initial ceiling limit of \$720 for secured loans has been lifted to \$3,000 and the maximum term is five years. The bank, in special cases, grants larger loans. A wide range of securities is acceptable and the purposes include the purchase of land or property, the carrying on of farms and small businesses, the purchase of all types of motor vehicles, improvements to property, medical, education, and travelling expenses, and rates and taxes. Unsecured loans for a restricted range of purposes are also available up to a maximum of \$720 (including interest) for terms up to three years. At 30 June 1970, 12,329 borrowers owed \$11,847,561.

To meet other changing circumstances the State Savings Bank Act was amended in 1969 to give the bank power to lend on residence area rights and residence licences under the Land Act; flexibility in the terms on which it can accept deposits; and greater administrative flexibility in dealing with loans. The first amendment corrected an anomaly in the existing legislation which precluded the bank from lending on area titles, and made provision for the bank to make loans on the security of liens over residence area rights and residence licences under the Land Act. This applies mainly to old mining areas. The second amendment allows the bank to accept term deposits at variable rates of interest, and to issue negotiable Certificates of Deposits in respect of term deposits of \$50,000 and upwards by multiples of \$10,000. It also permits the bank to hold funds with banks anywhere, thereby simplifying the procedures for arranging settlements for overseas remittances on behalf of depositors. The third section deals with the limit on the bank's powers to make unsecured personal loans. It removes the restrictions imposed by the present Act, so the conditions may now be varied by the Governor in Council on the recommendation of the commissioners.

To provide banking facilities for a rapidly expanding population, and to replace agencies formerly conducted by private banks, the State Savings Bank increased the number of its branches and sub-branches from 267 in 1956 to 507 in 1970. In the same period many of the bank's older

branches were re-built or modernised to provide attractive premises for clients and staff.

In the face of increased competition, the State Savings Bank has greatly expanded the volume of its advertising and other forms of publicity, in the press, and on radio and television. Advertising has been extended to the foreign language press for migrant depositors; and to establish a personal contact with new settlers, the bank recruits staff with linguistic ability. In 1970 the bank's staff included over 200 officers who collectively spoke over twenty foreign languages. The bank also sends promotion officers into places of employment and schools.

Depositors' balances have increased from \$528.6m at 30 June 1956, the year in which private banks entered the savings field, to \$1,163.6m at 30 June 1970.

#### *Housing and farm loans*

The State Savings Bank has been the largest single source of housing finance in Victoria since it introduced low cost long-term mortgage loans. These were first offered in 1894 to farmers and pastoralists to rescue them from the difficulties caused by the financial excesses of the 1880s and were extended to city home buyers in 1910. Since then, the bank has helped about 220,000 Victorian families to purchase their own homes. At 30 June 1970, 72,116 housing loan borrowers owed a total debt of \$395.6m.

In less direct ways, the bank provides further assistance to home seekers. Overdraft accommodation has been provided to co-operative housing societies and, at 30 June 1970, \$12.3m was owed to the bank by 106 societies. The bank also provides funds to the Home Finance Trust which, at 30 June 1970, owed the bank \$9.7m.

Rural interests are well served by long-term mortgage loans or short-term personal loans. Advances to farmers totalled \$3.5m in 1969-70 and at 30 June 1970, \$20.6m was outstanding from 1,768 borrowers.

#### *Loans for housing services*

Houses require such services as water, power, and sewerage, while such amenities as made roads, nearby baby health centres, and recreation areas are also important adjuncts to family living. The bank lends considerable support to the semi-governmental and municipal authorities responsible for providing these services; the amount invested with them at 30 June 1970 was \$388.9m.

#### *Loans to churches, schools, social organisations, etc.*

The bank has always been a source of finance for the erection of churches, school buildings, and community halls and for the provision of associated amenities. The advances to borrowers during 1969-70 totalled \$0.9m.

#### *Industrial savings facilities*

The original form of banking-at-work introduced to Australia in 1927 by the State Savings Bank of Victoria enables employees to lodge deposits in strong-boxes situated conveniently at their place of work. Three allied

forms of saving are National Savings Groups, Pay Roll Savings Plans, and Employees Savings Groups, all of which provide an easy and convenient method of saving.

### *School banking*

The State Savings Bank's school bank system was introduced in 1912. At 30 June 1970 banking was provided at 2,538 schools for 456,724 depositors where balances totalled \$8.3m. An additional service for secondary schools is the student-operated bank, staffed, as the name implies, by the students themselves.

### *Facilities for travellers*

Travellers' cheques are obtainable at any branch and can be cashed at any bank in Australia free of charge. They are available also for overseas use. Depositors travelling in Victoria may arrange withdrawals on a pass-book account at any of the bank's branches. Withdrawals interstate can be made at any branch of any bank, subject to prior arrangement with the depositor's own branch. Visitors to and migrants from the United Kingdom may use pass-book accounts at the bank's London office. Remittances to most countries in the world can be arranged at any branch of the Bank.

### *Miscellaneous facilities*

Depositors may arrange for payments from government departments (child endowment, military pay, and other allotments), dividends on shares, interest on stocks and debentures, in some cases salaries, 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 government, semi-government, and public authority loans. The State Savings Bank accepts amounts due to the State Electricity Commission and several other Victorian public utilities.

The following table shows the number of accounts open and the amount remaining on deposit for each year from 1966 to 1970 :

VICTORIA—STATE SAVINGS BANK: ACCOUNTS AND DEPOSITS (a)

At 30 June—	Pass-book 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
1966	1,860	772,914	31	109,736	422	8,046
1967	1,912	820,102	37	133,187	438	8,471
1968	1,962	863,568	41	155,781	451	8,759
1969	2,012	911,658	54	176,429	464	9,124
1970	2,087	964,161	61	182,817	457	8,257

(a) Excluding Christmas Club accounts. At 30 June 1970 the amount at credit of 183,583 Christmas Club members was \$8,361,248.

The following table shows the transactions of the bank for each year from 1965-66 to 1969-70 :

VICTORIA—STATE SAVINGS BANK TRANSACTIONS  
(\$'000)

Year	Deposits	Withdrawals	Interest paid	Amount at credit of depositors
1965-66	1,357,131	1,327,491	24,387	893,602
1966-67	1,390,326	1,343,254	25,633	966,307
1967-68	1,568,130	1,533,657	27,408	1,033,823
1968-69	1,800,632	1,767,385	30,479	1,104,253
1969-70	2,043,393	2,016,591	32,541	1,163,596

The following table shows the amounts advanced by the State Savings Bank during each of the years 1965-66 to 1969-70 and the balances outstanding at the end of each year :

VICTORIA—STATE SAVINGS BANK : ADVANCES AND BALANCES  
OUTSTANDING FOR MORTGAGE AND OTHER LOANS (a),  
SAVINGS BANK AND CREDIT FONCIER DEPARTMENTS  
(\$m)

Year	Advances					Balances outstanding at end of year	
	Savings bank			Credit foncier			
	Housing (b)	Farms	Churches, etc.	Housing	Farms	Savings bank	Credit foncier
1965-66	26.9	2.8	1.8	26.1	0.3	88.8	192.8
1966-67	39.3	3.7	1.5	19.3	0.3	123.2	193.4
1967-68	52.5	3.3	1.4	11.6	0.3	166.5	184.9
1968-69	56.6	3.6	1.1	12.9	0.1	211.7	176.4
1969-70	59.3	3.5	0.9	14.8	..	255.0	169.8

(a) Excludes personal loans and loans to finance the extension of electric power lines in rural areas.

(b) Excludes loans to co-operative housing societies and deposits with the Home Finance Trust.

The reserves of the State Savings Bank at the end of each of the five years to 1969-70 were : 1965-66, \$35.1m ; 1966-67, \$36.8m ; 1967-68, \$40.4m ; 1968-69, \$42.1m ; 1969-70, \$44.6m.

History of the State Savings Bank, 1961 ; Further references, 1971

### 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 seven banks were participating in this business.

The following table shows the total amount of deposits in private savings banks in Victoria at 30 June in each of the years 1966 to 1970,

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 30 June—	Deposits in Victoria	Proportion of deposits with all savings banks in Victoria
	\$'000	per cent
1966	447,865	25.7
1967	517,608	26.9
1968	577,647	27.7
1969	634,767	28.3
1970	686,409	28.8

At 30 June 1970 private savings banks had 1,114 branches and 1,116 agencies throughout Victoria.

**Total deposits, etc., in savings banks**

The next table shows the amount of depositors' balances in each savings bank in Victoria at 30 June 1966 to 1970. The total amount of deposits per head of population is also shown.

**VICTORIA—SAVINGS BANKS : DEPOSITS**

Savings bank	Depositors' balances at 30 June—				
	1966	1967	1968	1969	1970
	\$'000	\$'000	\$'000	\$'000	\$'000
State Savings Bank of Victoria (a)	893,410	966,056	1,033,644	1,104,088	1,163,381
Commonwealth Savings Bank of Australia	404,704	443,049	474,238	505,480	536,971
Private savings banks—					
Australia and New Zealand Savings Bank Ltd	123,859	138,241	152,339	166,107	176,569
The Bank of Adelaide Savings Bank Ltd	671	911	1,057	1,270	1,345
Bank of New South Wales Savings Bank Ltd	109,993	123,892	135,893	147,369	157,070
The Commercial Savings Bank of Australia Ltd	41,840	50,896	58,305	66,345	73,693
C.B.C. Savings Bank Ltd	53,743	59,669	64,504	69,463	74,255
E.S. and A. Savings Bank Ltd	49,474	59,977	68,797	76,655	83,880
The National Bank Savings Bank Ltd	68,285	84,022	96,752	107,558	119,597
<b>Total deposits</b>	<b>1,745,979</b>	<b>1,926,713</b>	<b>2,085,529</b>	<b>2,244,335</b>	<b>2,386,761</b>
	\$	\$	\$	\$	\$
<b>Deposits per head of population</b>	<b>542.19</b>	<b>588.65</b>	<b>627.85</b>	<b>663.75</b>	<b>693.83</b>

(a) 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 overseas insurance offices were operating in the Colony before this time. In 1969 there were forty-seven companies transacting life business in Victoria, compared with twenty in 1946, with assets throughout Australia of more than \$4,900m.

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 *Life Insurance Act* 1945–1965. The main categories of life insurance are ordinary, collector (industrial), and superannuation. Under a collector policy, premiums are payable to collectors at intervals of less than two months.

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; "pure" endowment, under which the amount of the policy is payable, plus any bonuses, only 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 1,336,140 at the end of 1969, and the total sum insured increased during the same period from \$379m to \$6,600m.

The following table gives some indication of the growth and volume of life insurance business conducted in Victoria during the period 1965 to 1969:

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

Year	Premiums received (including single premiums)	Payments			
		Claims	Surrenders	Annuities and cash bonuses	Total
1965	126,574	42,583	18,946	1,807	63,336
1966	135,758	47,899	20,215	1,937	70,051
1967	150,452	49,549	22,495	2,084	74,128
1968	165,691	54,300	26,833	2,160	83,292
1969	184,696	59,655	32,413	2,132	94,201

The following table contains summarised information about new business written in Victoria by all life insurance companies during each of the five years 1965 to 1969:

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

Particulars		1965	1966	1967	1968	1969
<b>Ordinary business—</b>						
Number of policies		91,577	90,534	99,900	109,475	117,981
Sum insured	\$'000	453,798	477,124	543,700	634,683	755,927
Annual premiums	"	9,867	10,180	11,807	14,952	16,970
<b>Superannuation business—</b>						
Number of policies		19,598	19,295	17,785	17,624	15,373
Sum insured	\$'000	307,483	290,222	348,803	423,265	533,588
Annual premiums	"	6,045	7,440	8,385	9,629	12,085
<b>Industrial business—</b>						
Number of policies		34,482	34,661	34,427	34,037	36,370
Sum insured	\$'000	33,610	35,866	38,311	39,643	45,579
Annual premiums	"	1,273	1,350	1,438	1,515	1,734

Sums insured under new policies issued during 1969 averaged \$6,407 in the ordinary department, \$34,709 in the superannuation department, and \$1,253 in the industrial department.

The following table gives particulars of the policies which were discontinued or reduced during each of the years 1967 to 1969 :

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

Cause of discontinuance	1967		1968		1969	
	Number of policies	Sum insured	Number of policies	Sum insured	Number of policies	Sum insured
<b>ORDINARY BUSINESS</b>						
		\$'000		\$'000		\$'000
Death or disability	5,789	11,513	5,997	12,850	6,097	13,572
Maturity, expiry, etc.	19,867	44,278	20,439	44,861	20,714	52,758
Surrender	23,191	71,031	26,047	82,419	28,213	94,194
Forfeiture	14,558	66,463	14,766	72,364	13,870	71,871
Other (a)	—50	8,690	—355	15,999	—293	16,906
<b>Total</b>	<b>63,355</b>	<b>201,976</b>	<b>66,894</b>	<b>228,494</b>	<b>68,601</b>	<b>249,301</b>
<b>SUPERANNUATION BUSINESS</b>						
		\$'000		\$'000		\$'000
Death or disability	498	4,863	510	5,024	584	5,907
Maturity, expiry, etc.	1,549	20,964	1,944	24,356	1,926	22,444
Surrender	9,244	76,268	8,204	99,990	7,570	139,755
Forfeiture	459	5,444	395	7,751	285	4,780
Other (a)	8,792	43,463	3,710	34,970	6,036	40,948
<b>Total</b>	<b>20,542</b>	<b>151,003</b>	<b>14,763</b>	<b>172,092</b>	<b>16,401</b>	<b>213,835</b>
<b>INDUSTRIAL BUSINESS</b>						
		\$'000		\$'000		\$'000
Death or disability	3,752	798	3,962	900	3,563	905
Maturity, expiry, etc.	22,550	3,154	21,239	3,279	22,875	3,655
Surrender	16,600	7,849	17,207	9,426	15,365	9,407
Forfeiture	6,929	9,121	7,652	10,208	7,916	10,712
Other (a)	843	325	502	454	—599	—56
<b>Total</b>	<b>50,674</b>	<b>21,248</b>	<b>50,562</b>	<b>24,266</b>	<b>49,120</b>	<b>24,624</b>

(a) Includes net loss or gain resulting from transfers, cancellations of, and alterations to, policies, etc.

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 1965 to 1969, particulars of life insurance business in existence in the relevant departments of the companies :



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

Particulars	1965	1966	1967	1968	1969
<b>Ordinary business—</b>					
Number of policies	1,062,297	1,086,596	1,123,141	1,165,722	1,215,130
Sum insured \$'000	2,936,951	3,230,539	3,572,264	3,978,453	4,485,109
Annual premiums „	76,272	82,189	89,437	99,502	111,092
<b>Superannuation business—</b>					
Number of policies	121,849	122,125	119,368	122,229	121,010
Sum insured \$'000	1,226,995	1,346,885	1,544,686	1,795,859	2,114,374
Annual premiums „	26,823	33,777	38,914	44,586	52,951
<b>Industrial business—</b>					
Number of policies	830,578	788,952	772,705	756,180	743,268
Sum insured \$'000	264,161	276,027	293,090	308,467	329,395
Annual premiums „	10,979	11,261	11,085	12,325	13,057

In 1969 the average amount of policy held in the ordinary department was \$3,691, in the superannuation department, \$17,473, and in the industrial department, \$443.

Further references, 1962, 1964, 1967

**Fire, marine, and general insurance**

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.

In Victoria, during the year 1969–70 over 270 companies, many with overseas affiliations, provided a range of policies and services comparable to those available in other countries. Organisation of the market may be summarised 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 ; and
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 among others :

All risks	Marine
Baggage	Motor vehicle (physical damage)
Boiler explosion	Motor vehicle—third party (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 householders	accident
Livestock	

Wool ("sheep's back to store")  
Workers compensation (compulsory)

### *Compulsory covers*

The Victorian Government, as is the case with other State Governments, legislates for 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 30 June or for the immediately preceding accounting periods of the insurers concerned. Since the accounting years of many insurers end on dates other than 30 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 1965-66 to 1969-70 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 : PERCENTAGE OF CLAIMS TO PREMIUM INCOME**

Class of business	1965-66	1966-67	1967-68	1968-69	1969-70
Fire	40.23	38.10	38.63	42.61	46.42
Householders' comprehensive	27.69	27.39	26.43	34.01	30.98
Sprinkler leakage	66.23	54.05	72.75	53.19	83.96
Loss of profits	36.34	25.65	29.39	49.11	20.91
Hailstone	59.63	168.25	107.05	46.89	142.71
Marine	61.25	56.97	60.36	68.68	66.04
Motor vehicles ( other than motor cycles)	72.56	68.45	69.38	72.52	75.42
Motor cycles	69.23	57.45	46.17	61.54	70.34
Compulsory third party (motor vehicles)	103.11	98.13	108.83	92.74	126.42
Employers' liability and workers compensation	63.20	60.68	63.86	63.11	62.89
Personal accident	45.70	43.33	40.18	44.54	43.95
Public risk third party	52.48	59.85	54.87	37.15	52.39
General property	90.85	53.50	44.97	75.57	31.80
Plate glass	51.67	59.40	57.91	60.56	63.39
Boiler	19.67	25.00	25.69	18.79	33.77
Livestock	46.18	49.84	64.50	63.18	50.94
Burglary	69.75	85.65	65.88	62.52	53.67
Guarantee	24.87	28.33	20.97	14.57	16.03
Pluvius	23.53	45.65	31.47	37.21	69.77
Aviation	90.04	59.54	72.14	75.78	55.73
All risks	62.52	69.24	59.77	65.60	70.09
Contractors' all risks	..	50.40	74.79	104.65	45.90
Television	32.73	32.43	29.77	22.22	52.75
Other	38.26	32.13	41.37	33.37	34.40
<b>All classes</b>	<b>62.89</b>	<b>57.84</b>	<b>59.18</b>	<b>59.44</b>	<b>67.35</b>

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

Class of business	1965-66	1966-67	1967-68	1968-69	1969-70
<b>PREMIUMS (LESS RETURNS, REBATES, AND BONUSES)</b>					
Fire	25,728	27,182	29,699	31,485	34,604
Householders' comprehensive	11,939	13,372	15,535	17,137	19,934
Sprinkler leakage	77	74	83	94	106
Loss of profits	3,555	4,031	5,181	5,875	6,151
Hailstone	820	1,011	574	1,030	967
Marine	7,692	8,653	9,331	11,514	12,769
Motor vehicles (other than motor cycles)	47,797	53,011	56,173	58,426	65,927
Motor cycles	39	47	55	78	118
Compulsory third party (motor vehicles)	20,848	24,654	27,492	31,615	35,820
Employers' liability and workers compensation (a)	49,064	54,315	56,766	58,566	62,586
Personal accident	6,173	7,291	8,239	8,783	10,094
Public risk third party	3,049	3,848	4,860	5,496	6,414
General property	295	286	358	397	434
Plate glass	927	1,000	1,102	1,146	1,180
Boiler	122	232	301	298	610
Livestock	249	307	397	459	534
Burglary	3,005	3,623	3,984	4,925	5,394
Guarantee	386	420	601	597	655
Pluvius	51	46	42	43	43
Aviation	231	435	499	574	872
All risks	1,793	1,866	2,348	2,657	2,925
Contractors' all risks	..	1,127	1,187	1,548	2,063
Television	55	37	28	27	91
Other	2,509	2,652	3,051	4,354	4,724
<b>Total premiums</b>	<b>186,402</b>	<b>209,519</b>	<b>227,886</b>	<b>247,124</b>	<b>275,014</b>

(a) See references pages 181-3.

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

OTHER REVENUE (NET OF EXPENSES)					
Interest, dividends, rents, etc.	9,511	11,482	12,654	13,666	15,614
TOTAL REVENUE					
Grand total	195,913	221,001	240,540	260,790	290,627

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

Class of business	1965-66	1966-67	1967-68	1968-69	1969-70
GROSS CLAIMS (LESS AMOUNTS RECOVERABLE)					
Fire	10,351	10,356	11,473	13,416	16,063
Householders' comprehensive	3,306	3,663	4,106	5,828	6,175
Sprinkler leakage	51	40	60	50	89
Loss of profits	1,292	1,034	1,523	2,885	1,286
Hailstone	489	1,701	615	483	1,380
Marine	4,711	4,930	5,632	7,908	8,433
Motor vehicles (other than motor cycles)	34,681	36,284	38,974	42,371	49,724
Motor cycles	27	27	25	48	83
Compulsory third party (motor vehicles)	21,497	24,192	29,920	29,321	45,282
Employers' liability and workers compensation	31,007	32,960	36,250	36,960	39,358
Personal accident	2,821	3,159	3,311	3,912	4,436
Public risk third party	1,600	2,303	2,667	2,042	3,360
General property	268	153	161	300	138
Plate glass	479	594	638	694	748
Boiler	24	58	77	56	206
Livestock	115	153	256	290	272
Burglary	2,096	3,103	2,625	3,079	2,895
Guarantee	96	119	126	87	105
Pluvius	12	21	13	16	30
Aviation	208	259	360	435	486
All risks	1,121	1,292	1,403	1,743	2,050
Contractors' all risks	..	568	888	1,620	947
Television	18	12	8	6	48
Other	960	852	1,262	1,453	1,625
Total claims	117,228	127,833	142,374	155,001	185,219
OTHER EXPENDITURE					
Contributions to fire brigades	4,168	4,842	5,542	6,078	6,871
Commission and agents' charges	18,232	20,227	22,071	24,106	26,982
Expenses of management	29,004	33,073	36,000	38,723	43,452
Taxation	4,505	5,216	7,288	7,749	9,144
Total other expenditure	55,909	63,358	70,901	76,656	86,449
TOTAL EXPENDITURE					
Grand total	173,138	191,191	213,275	231,658	271,667

NOTE. Minus sign (—) denotes a credit.

*Motor vehicle insurance (compulsory third party)*

The *Motor Car (Third Party Insurance) Act 1939* (now embodied in the *Motor Car Act 1958*) which came into force on 22 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.

VICTORIA—MOTOR VEHICLE INSURANCE (COMPULSORY THIRD PARTY) :  
NUMBER OF MOTOR VEHICLES INSURED, 1969-70

Class of motor vehicle	Motor cars usually garaged—		Total
	Within a radius of 20 miles of the G.P.O., Melbourne	Outside a radius of 20 miles of the G.P.O., Melbourne	
Private and business	701,684	375,905	1,077,589
Goods carrying	93,343	125,644	218,987
Hire	4,130	2,720	6,850
Hire and drive yourself	1,026	113	1,139
Passenger transport	320	314	634
Miscellaneous	10,007	56,105	66,112
Motor cycle	10,156	9,513	19,669
Total	820,666	570,314	1,390,980

*State Motor Car Insurance Office*

The State Motor Car Insurance Office was established under the *Motor Car (Third Party Insurance) Act* 1939 for the purpose of enabling owners of motor cars to obtain policies of third party insurance required under that Act, and policies generally in relation to insurance of motor cars. Business commenced on 24 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 1969-70 represented 7.8 per cent of comprehensive and 40.5 per cent of third party premiums received in Victoria.

The following table shows the trading results for each of the five years 1965-66 to 1969-70 :

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

Year	Premiums received less reinsurances, rebates, etc.	Increase in unearned premium provision	Claims paid and outstanding	Expenses	Underwriting loss
1965-66	11,154	1,428	10,195	771	1,240
1966-67	13,555	1,098	12,242	1,020	805
1967-68	14,665	629	15,745	1,136	2,846
1968-69	17,880	1,472	15,724	1,241	558
1969-70	19,625	829	31,149	1,472	13,825

At 30 June 1970 accumulated losses were \$16,306,380.

*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 56 years of operation and, for the year ended 30 June 1970, its premium income represented 15.6 per cent of the total premiums received by all insurance companies in Victoria on account of employers' liability and workers compensation insurance.

The following table shows the trading results for each of the five years 1965-66 to 1969-70 :

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

Year	Premiums received less reinsurance, rebates, etc.	Increase in unearned premium provision	Claims paid and outstanding	Expenses	Underwriting profit
1965-66	9,200	694	6,949	558	999
1966-67	9,250	546	5,680	651	2,373
1967-68	9,155	-471	7,079	673	1,874
1968-69	9,911	- 23	8,204	691	1,040
1969-70	9,760	27	7,228	755	1,751

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

The amount transferred to consolidated revenue in 1969-70 was \$1,400,000, while the accumulated funds at 30 June 1970 were : General Reserve, \$8,720,000 ; Bonus Equalisation Reserve, \$2,278,105 ; and Building and Other Reserves, \$280,540.

### Export Payments Insurance Corporation

The Corporation was established under the *Export Payments Insurance Corporation Act* 1956 to "promote trade with countries outside Australia by providing insurance against certain risks arising out of that trade not normally insured with commercial insurers and to give certain guarantees in connection with that trade". Its liabilities are guaranteed by the Commonwealth up to \$500m at any one time.

It commenced writing business in Sydney in the latter half of 1957, and in March 1958 its first branch was opened in Melbourne, responsible for the Corporation's business in Victoria and Tasmania. Branches have subsequently been opened in Adelaide, Perth, and Brisbane. The head office of the Corporation is in Sydney. It is a corporate body which can sue or be sued and is constituted by a commissioner who may refer matters for advice to a consultative council.

The Corporation is a member of the Union D'Assureurs Des Cr dit Internationaux, the international association of credit insurers, commonly known as the Berne Union. This is one of the main sources through which the Corporation obtains information on international trends in credit terms.

Many problems associated with the granting of credit, including the economic outlook and payment performances of the trading nations, are discussed at regular meetings of the Union.

Among the more recent additions to the facilities provided by the Corporation have been the introduction of unconditional guarantees to banks and other lending institutions to facilitate the financing of export transactions of \$1,000 or more sold on terms in excess of 180 days, and the insurance, on behalf of the Commonwealth Government, of certain investments overseas against risks of loss due to expropriation of property, inability to transfer earnings or repatriate capital to Australia, and damage to property resulting from war, insurrection, or similar happenings.

The following table shows particulars of the business of the Corporation for each of the years 1966-67 to 1969-70 :

**AUSTRALIA—EXPORT PAYMENTS INSURANCE CORPORATION**

Particulars	1966-67	1967-68	1968-69	1969-70
<b>Business on Corporation's account—</b>				
Number of policies and guarantees	613	692	746	809
	\$'000	\$'000	\$'000	\$'000
Face value of policies and guarantees current	238,648	271,075	298,829	343,064
Maximum contingent liability	123,966	141,108	158,966	190,067
Premium income	598	651	730	861
Operating costs	348	388	426	517
Claims paid (gross)	446	854	388	353
Recoveries	111	591	263	212
Underwriting reserve	1,126	1,420	1,897	2,401
<b>Business on Government's account—</b>				
Overseas investment insurance—				
Number of policies	15	29	41	56
	\$'000	\$'000	\$'000	\$'000
Face value of policies current	4,699	12,097	19,813	19,505
Maximum contingent liability	4,229	10,887	17,832	17,555
<b>National interest insurance—</b>				
Number of policies	(a) 4	(a) 5	1	2
	\$'000	\$'000	\$'000	\$'000
Face value of policies current	(a)1,931	(a)2,278	1,208	2,420
Maximum contingent liability	(a)1,741	(a)2,007	1,087	2,183

(a) Includes warehousing insurance.

The facilities provided by the Corporation compare favourably with those made available by the credit insurance organisations in other countries, thereby enabling Australian exporters to be competitive in matching the payment terms offered by their overseas competitors.

**Further reference, 1970**

**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.

The following table shows details of the operations of building societies in Victoria for the financial years 1968-69 and 1969-70 :

**VICTORIA—PERMANENT BUILDING  
SOCIETIES (a)**

Particulars	1968-69	1969-70
Number of societies	40	46
Number of shareholders	11,385	16,188
Number of borrowers	(b) 18,044	(b) 19,330
Value of transactions—	\$'000	\$'000
Income—		
Interest on mortgage loans	5,206	6,786
Other	515	692
Total	5,721	7,478
Expenditure—		
Interest payable	2,999	3,950
Administration, etc.	743	1,047
Total	3,742	4,997
Loans and advances—		
Paid	27,545	33,020
Repaid	11,103	12,974
Deposits—		
Received	58,494	62,065
Repaid	35,115	49,880
Liabilities—		
Investing members' funds—		
Paid-up capital	19,511	27,218
Reserves, etc.	4,210	4,375
Borrowing members' funds—		
Share subscriptions	149	169
Other	27	20
Deposits	52,234	65,190
Loans (including bank overdraft)	5,821	7,585
Other	2,108	1,608
Total	84,059	106,164
Assets—		
Loans on mortgage	78,832	98,799
Land and house property	875	944
Other investments	2,778	3,580
Cash and deposits	1,136	2,335
Other	437	507
Total	84,059	106,164

(a) Excludes Starr-Bowkett Societies.

(b) Includes 720 shareholders holding borrowers' shares in 1968-69 and 1,204 in 1969-70.

### Co-operative organisations

Co-operative organisations operating in Victoria are registered under the provisions of the Companies Act, the Industrial and Provident Societies



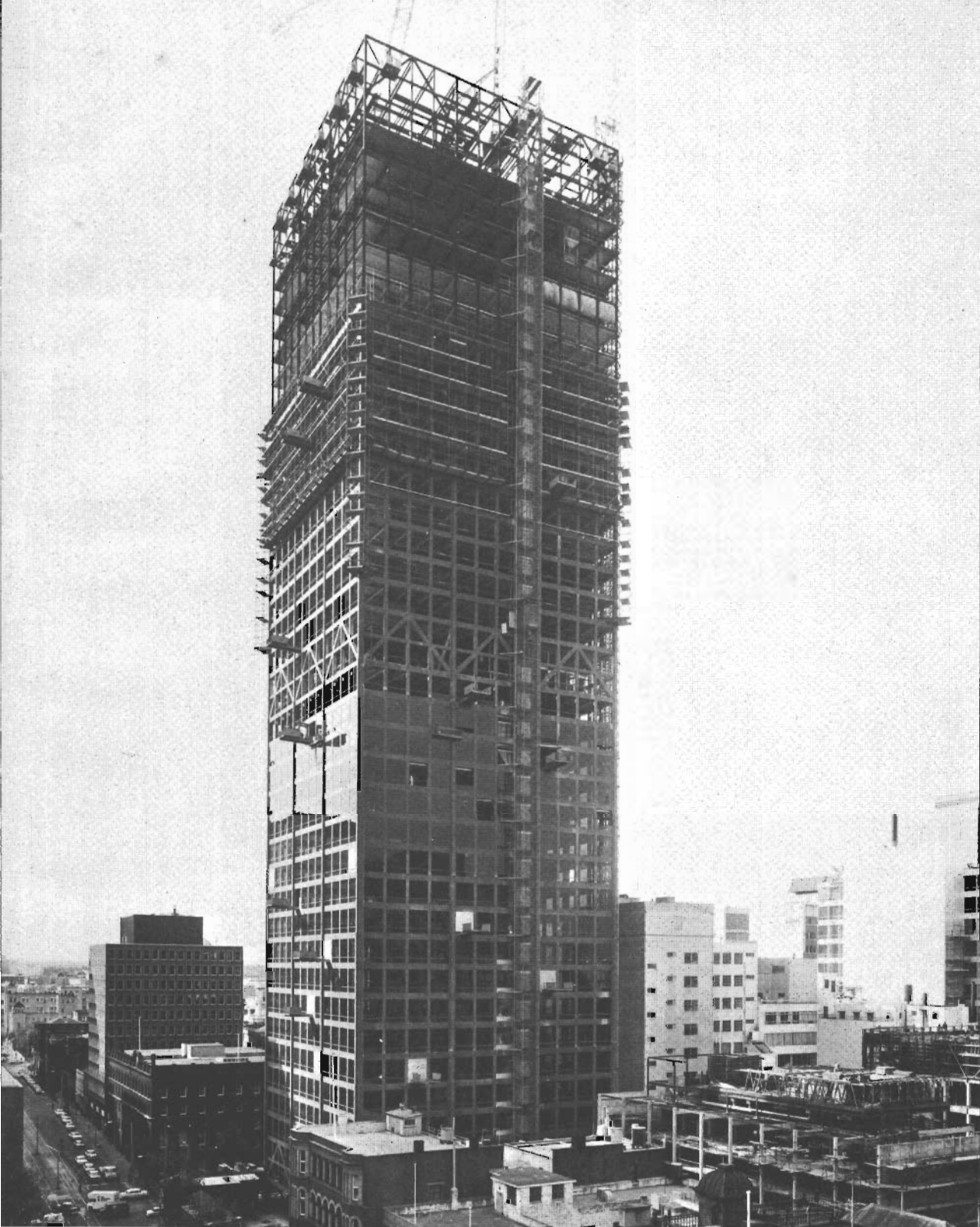
Act, the Co-operation Act, and the Co-operative Housing Societies Act. They are engaged in a number of activities chief among which are the production, marketing, and distribution of goods, and in the provision of finance for home building. In recent years, a considerable number of co-operative credit 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.

Particulars of producer and consumer societies for the year 1969-70 are given in the following table :

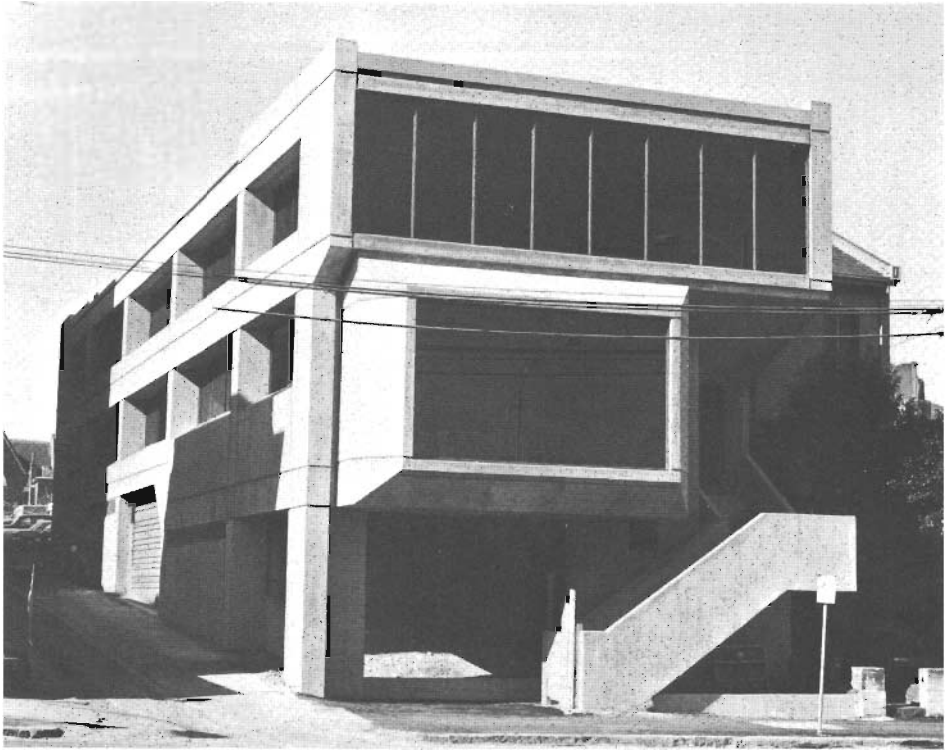
**VICTORIA—CO-OPERATIVE ORGANISATIONS : PRODUCER AND  
CONSUMER SOCIETIES, 1969-70**

Particulars	Societies—			Total all societies
	Producers	Consumers	Producers and consumers	
Number of societies	92	52	10	154
Number of members	83,392	43,680	23,160	150,232
Value of transactions during the year—	\$'000	\$'000	\$'000	\$'000
Income—				
Sales	82,006	12,767	59,183	153,956
Other income	5,847	429	323	6,599
Total	87,853	13,196	59,506	160,555
Expenditure—				
Purchases	56,137	10,781	48,462	115,380
Working expenses, etc.	25,075	2,130	9,505	36,710
Interest on loans, etc.	956	134	234	1,325
Rebates and bonuses	1,524	166	56	1,746
Total	83,693	13,211	58,257	155,162
Dividend on share capital	910	63	462	1,435
Liabilities—				
Share capital	16,166	2,130	6,749	25,045
Loan capital	4,691	1,719	3,129	9,539
Bank overdraft	14,871	473	1,280	16,624
Accumulated profits	1,799	653	576	3,028
Reserve funds	18,185	815	5,115	24,115
Sundry creditors	12,715	1,929	6,660	21,305
Other	3,323	314	1,152	4,789
Total	71,750	8,035	24,661	104,445
Assets—				
Land and buildings	} 29,219			
Fittings, plant, and machinery				
Stock	10,991	3,691	16,268	49,178
Sundry debtors	22,298	1,539	2,913	15,442
Cash in bank, on hand, or on deposit	1,971	1,589	4,939	28,826
Profit and loss account	2,874	385	313	2,669
Other	4,397	550	..	3,425
Total	71,750	281	228	4,906
Total	71,750	8,035	24,661	104,445

Further reference, 1966



B.H.P. House, Melbourne's tallest building, under construction late in 1971.  
*The Broken Hill Proprietary Co. Ltd*

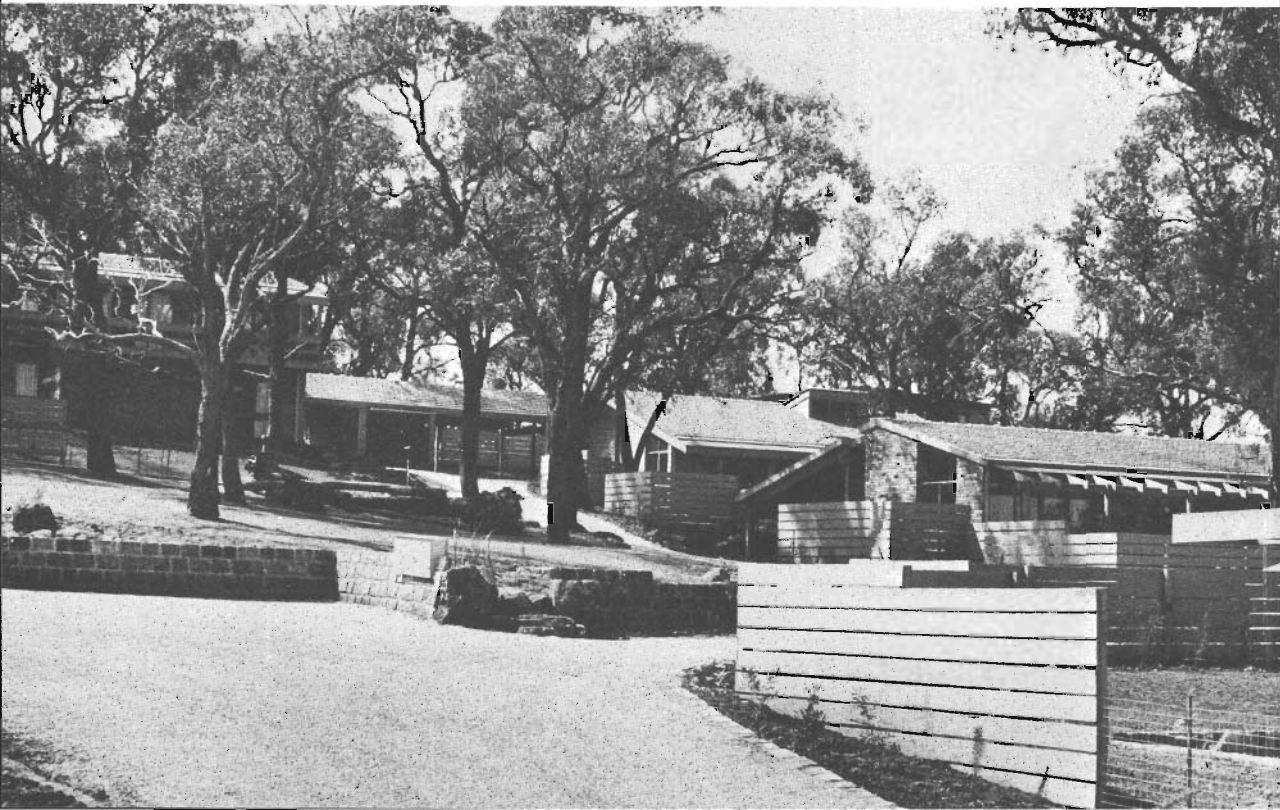


The Plumbers and Gasfitters Employees Union reinforced concrete office building in Carlton.

*Graeme Gunn Pty Ltd*

Cluster housing at Winter Park, Doncaster.

*Merchant Builders Pty Ltd*



*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 1965-66 to 1969-70 :

## VICTORIA—CO-OPERATIVE ORGANISATIONS : CREDIT SOCIETIES

Particulars	1965-66	1966-67	1967-68	1968-69	1969-70
Number of societies	133	146	153	159	172
Number of members	22,496	26,641	31,363	35,905	43,857
Transactions during the year—	\$'000	\$'000	\$'000	\$'000	\$'000
Income—					
Interest	318	421	541	725	1,046
Other income	16	20	28	44	64
Total	334	440	570	769	1,110
Expenditure—					
Interest on deposits	177	237	314	408	587
Working expenses	106	146	201	293	476
Total	283	383	515	701	1,064
Liabilities—					
Share capital	214	244	294	342	406
Reserves	61	63	85	112	144
Depositors	4,080	5,481	7,094	9,444	13,541
Sundry creditors	47	53	74	71	72
Other	188	185	213	408	700
Total	4,590	6,027	7,761	10,377	14,862
Assets—					
Loans to members	3,962	5,209	6,571	8,947	12,616
Cash at bank or on hand	378	346	384	402	677
Other	250	472	806	1,028	1,570
Total	4,590	6,027	7,761	10,377	14,862

**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 authorise 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 authorise 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 authorised 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 1 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 1965-66 to 1969-70 :

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

Particulars	1965-66	1966-67	1967-68	1968-69	1969-70
Proceeds of realisations, rents, interest, etc.	10,558	11,792	12,181	13,064	15,364
Investments, distributions, claims, etc.	8,850	9,344	10,700	10,244	13,572
Cash variation	1,708	2,448	1,481	2,820	1,792
Balance at 1 July	15,926	17,634	20,082	21,563	24,383
Balance at 30 June	17,634	20,082	21,563	24,383	26,175

The number of applications for probate and letters of administration (including election to administer), etc., made to the Public Trustee and the number of wills (under which the Public Trustee was appointed executor) lodged for safe custody for the years 1965-66 to 1969-70 are shown in the following table :

**VICTORIA—APPLICATIONS BY PUBLIC TRUSTEE  
FOR PROBATE, LETTERS OF ADMINISTRATION, ETC.,  
AND NUMBER OF WILLS LODGED FOR CUSTODY**

Year	Number of applications	Number of wills
1965-66	1,018	3,145
1966-67	1,120	2,555
1967-68	1,058	2,465
1968-69	1,050	2,659
1969-70	1,083	2,951

**Trustee companies**

A special Act of Parliament specifically authorises the seven Victorian trustee companies to act, among 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.

The value of assets in estates committed to the care of Victorian trustee companies at 30 June for the years 1966 to 1970 is set out in the following table :

**VICTORIA—TRUSTEE COMPANIES : VALUE OF ESTATES  
ADMINISTERED AT 30 JUNE  
(\$m)**

Particulars	1966	1967	1968	1969	1970
Stock and debentures	108.5	109.9	123.5	127.0	131.7
Advances on mortgages	49.6	53.5	53.7	62.9	65.9
Property and livestock	75.9	76.8	74.5	77.5	78.4
Shares	177.7	193.7	205.6	226.5	232.4
Fixed and other deposits	11.0	11.6	12.5	20.7	20.9
Cash at bank	13.6	20.1	19.8	13.9	12.4
Other	22.8	20.0	21.3	23.1	26.8
Total	459.0	485.6	510.9	551.6	568.5

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. Trustee companies may also be nominated as trustees for certain issues of debentures and notes, but the value of these issues is not included in this table.

**Further reference, 1964**

### 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 connection 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 in connection with which probate or letters of administration, etc., were finally completed during each of the years 1966 to 1970. Particulars are excluded where liabilities equal or exceed the gross value of the estate.

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	\$'000	\$'000	\$'000	\$
MALES						
1966	10,665	71,769	109,909	20,192	161,486	15,142
1967	11,474	78,302	137,043	25,028	190,317	16,587
1968	11,721	77,742	148,078	24,969	200,851	17,136
1969	12,145	94,691	163,244	30,974	226,961	18,688
1970	12,897	113,851	198,500	36,218	276,134	21,411
FEMALES						
1966	7,613	37,175	59,482	5,397	91,260	11,987
1967	8,294	42,262	69,057	7,423	103,896	12,527
1968	8,668	44,154	82,960	8,145	118,969	13,725
1969	8,631	47,137	84,678	8,597	123,218	14,276
1970	9,390	56,043	102,328	10,829	147,542	15,713
TOTAL						
1966	18,278	108,944	169,391	25,590	252,746	13,828
1967	19,768	120,564	206,100	32,451	294,213	14,883
1968	20,389	121,896	231,038	33,114	319,820	15,686
1969	20,776	141,828	247,922	39,571	350,179	16,854
1970	22,287	169,894	300,829	47,047	423,675	19,010

VICTORIA—NUMBER AND NET VALUE OF ESTATES OF DECEASED PERSONS

Group	1968		1969		1970	
	Number	Net value	Number	Net value	Number	Net value
		\$'000		\$'000		\$'000
\$						
Under 200	418	39	364	36	403	40
200— 599	799	309	763	290	804	308
600— 999	544	427	572	453	606	477
1,000— 1,999	1,212	1,778	1,187	1,741	1,150	1,700
2,000— 3,999	1,692	4,977	1,677	4,927	1,620	4,770
4,000— 5,999	1,247	6,159	1,127	5,572	1,215	6,017
6,000— 7,999	959	7,048	958	6,690	957	6,701
8,000— 9,999	864	7,795	882	7,915	984	8,837
10,000— 19,999	1,823	25,154	2,052	28,424	2,176	30,303
20,000— 29,999	648	15,865	745	18,125	780	19,162
30,000— 49,999	657	25,679	723	28,043	838	32,284
50,000— 99,999	550	37,921	679	46,764	871	60,397
100,000—199,999	221	29,415	305	41,411	354	48,352
200,000 and over	87	38,284	111	36,567	139	56,783
Total males	11,721	200,851	12,145	226,961	12,897	276,134

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

Group	1968		1969		1970	
	Number	Net value	Number	Net value	Number	Net value
		\$'000		\$'000		\$'000
<b>\$</b>						
			<b>FEMALES</b>			
Under 200	216	21	201	19	209	21
200- 599	548	215	520	205	511	199
600- 999	425	337	382	304	424	335
1,000- 1,999	856	1,272	871	1,284	860	1,271
2,000- 3,999	1,283	3,793	1,228	3,597	1,327	3,892
4,000- 5,999	960	4,741	946	4,664	1,004	4,991
6,000- 7,999	846	5,975	817	5,716	803	5,623
8,000- 9,999	727	6,529	740	6,658	802	7,203
10,000- 19,999	1,434	19,984	1,553	21,383	1,800	25,070
20,000- 29,999	526	12,806	508	12,436	578	14,224
30,000- 49,999	411	15,985	418	16,186	517	19,870
50,000- 99,999	311	21,127	301	20,676	350	23,877
100,000-199,999	88	12,458	107	13,807	149	20,194
200,000 and over	37	13,726	39	16,283	56	20,771
Total females	8,668	118,969	8,631	123,218	9,390	147,542
Grand total	20,389	319,820	20,776	350,179	22,287	423,675

### Transfer of land

In Victoria there are two distinct types of title to land which has been alienated by the Crown. One is commonly known as a "General Law" title; the other as a "Torrens" or "Transfer of Land Act" title.

### General Law Titles

The General Law system operated from the time of the first land transactions in the Port Phillip District. Although the Torrens system was introduced into Victoria in 1862 there were still at 31 December 1970, 1,768,376 acres under the General Law system—mainly situated in the early settled areas. Dealings in land under this system are carried out by deeds which operate to pass the title to the land on being executed by the conveying or granting party, and delivered to the purchaser or grantee. These deeds may be registered under the Property Law Act. This legislation provides for the mere recording of deeds and not for their certification. The State does not certify to the title as it does with the Torrens system. The only purpose or registration is to govern priority. Deeds are registered by filing a memorial (an extract of the relevant particulars) of the deed in the Registrar-General's Office.

Under the General Law system the title to a particular piece of land consists of a whole bundle of documents known as a chain of title. On any transaction with General Law land it is necessary for the solicitor for the purchaser or mortgagee to make a thorough study of the deeds in the chain of title and to search in the office of the Registrar-General to make sure that there are no conflicting deeds which have priority by virtue of their registration.



### *Transfer of Land Act*

The Torrens system was introduced in Victoria by the *Real Property Act* 1862. All land alienated in fee by the Crown after 2 October 1862 (and leasehold granted by the Crown after 9 September 1863) is under the operation of the Transfer of Land Act. Before 1862, 5,142,321 acres had been alienated by the Crown and were being dealt with under the General Law system. Since that date some 26 million acres have been alienated and all of this land automatically came under the Transfer of Land Act on the issue and registration of the relevant Crown grants and leases. Provision is made for the bringing of land alienated before 1862 under the operation of the Transfer of Land Act, by voluntary application. The present Transfer of Land Act contains provisions for the voluntary conversion of General Law titles and also provides that land may be brought under the Act by direction of the Registrar. So far little use has been made of the compulsory provisions.

The Torrens system is based on the fundamental principle that the title to land and to interests in land (such as the interest of mortgagees, annuitants, etc.) depends upon registration of written instruments signed by the parties to the respective transactions and not upon the written deeds themselves.

The document of title to land under the Transfer of Land Act consists of a certificate of title setting out a description identifying the land and a statement certifying who is the registered proprietor. This statement is conclusive evidence and is guaranteed by the Government. On the registration of each new transfer the State certifies the title anew and this certificate operates in favour of a person dealing without fraud and for value as if it were a new grant of the land from the Crown. Certificates of title and Crown grants are in duplicate, the original being retained in the Office of Titles and the duplicate being held by, or on behalf of, the registered proprietor. The title is said to be indefeasible or incapable of being challenged or upset except in certain specified events, the chief among these being actual fraud.

Certain interests in land under the Act can be created by a registered proprietor of that land and registered on the title. These include mortgages, leases, charges, easements, and restrictive covenants.

Any certificate of title can be searched at the Titles Office for a small fee, and any person intending to deal with the registered proprietor of the land is not concerned to go behind any of the entries shown on that title. The certainty and accuracy of these particulars can be assumed.

Since 1953 there has existed in Victoria a method for the subdivision of land in strata and the issue of individual titles to flats (see page 684 of the *Victorian Year Book* 1966). The *Strata Titles Act* 1967 introduced into Victoria a further method for the subdivision of land in strata. Existing methods can still be used as registration of a plan under Part II of the Strata Titles Act is not compulsory. The Act (except as to Part IV) came into operation on 1 July 1967. Part IV of the Act operated as from 1 December 1967. Further information about the Strata Titles Act is set out on pages 695-6 of the *Victorian Year Book* 1968. During the year ended 30 June 1970, 862 plans were lodged for registration under the new Act.

*Assurance Fund*

Complementary to the certification of title there is an Assurance Fund. Out of this fund, persons who sustain loss or damage (whether by deprivation of land or otherwise) through the operation of the Transfer of Land 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 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 1969-70 receipts of the fund comprised contributions of \$20,622 and interest on stock of \$6,538. Claims of \$1,198 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 30 June 1970 was \$411,201. The total amount paid to 30 June 1970 as compensation and for judgments recovered, including costs, was \$44,672 in respect of 154 claims.

Further reference, 1968

*Titles of land issued*

The following table shows the number of titles of land issued during each of the years 1966 to 1970 :

VICTORIA—TITLES OF LAND ISSUED

Year	Number of—			
	Certificates of title	Crown grants	Crown leases	Total titles
1966	53,660	1,063	315	55,038
1967	49,476	1,221	461	51,158
1968	53,422	1,223	256	54,901
1969	51,002	834	229	52,065
1970	54,636	988	237	55,861

*Land transfers, mortgages, etc.*

A summary of dealings lodged at the Titles Office under the Transfer of Land Act is given in the following table for each of the years 1966-67 to 1969-70 :

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

Year	Number of transfers	Mortgages (a)		Number of—				Total dealings
		Number	Amount	Entries of executor, administrator, or survivor	Plans of subdivision	Caveats	Other dealings	
1966-67	109,192	58,057	\$'000 475,260	15,707	4,340	17,769	67,601	272,666
1967-68	110,618	60,073	531,764	15,688	4,149	18,436	74,733	283,717
1968-69	115,367	63,367	595,570	15,966	4,438	19,839	79,079	298,076
1969-70	118,957	65,005	675,651	15,888	4,501	21,584	84,276	310,211

(a) 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 1966-67 to 1969-70 in the following table :

VICTORIA—DEALINGS UNDER THE PROPERTY LAW ACT

Year	Mortgages (a)		Reconveyances		Conveyances	
	Number	Amount	Number	Amount (b)	Number	Amount
		\$'000		\$'000		\$'000
1966-67	1,128	11,783	1,370	2,592	3,032	28,189
1967-68	1,173	12,894	1,410	2,884	3,059	28,531
1968-69	1,342	16,392	1,436	2,858	2,896	41,268
1969-70	993	14,095	1,444	4,747	3,112	35,414

(a) Excluding certain mortgages, principally to trading banks to secure overdrafts on current accounts.

(b) Excluding repayments designated "principal and interest".

*Mortgages of real estate*

Details of mortgages lodged for registration under the Transfer of Land Act 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 only 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 1967-68 to 1969-70, classified according to type of mortgagee, are as follows :

VICTORIA—MORTGAGES OF REAL ESTATE LODGED FOR REGISTRATION

Type of mortgagee	Mortgages (a)					
	1967-68		1968-69		1969-70	
	Number	Amount	Number	Amount	Number	Amount
		\$'000		\$'000		\$'000
Banks	21,155	152,584	23,425	181,655	22,571	180,556
Building societies	2,686	18,722	3,638	28,689	4,305	36,917
Co-operative housing societies	4,260	29,011	3,289	22,486	2,818	20,821
Insurance companies	2,487	57,390	2,628	52,942	2,650	59,763
Government institutions	4,245	29,698	4,833	31,771	4,204	34,454
Trustee institutions	406	8,692	537	13,217	473	13,055
Other mortgagees	26,007	248,558	26,359	281,199	28,977	344,179
Total	61,246	544,655	64,709	611,959	65,998	689,746

(a) 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 1966 to 1970 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		1966	1967	1968	1969	1970
Stock mortgages—						
Number		301	468	494	484	861
Amount	\$'000	790	1,366	1,529	1,629	1,174
Liens on wool—						
Number		31	15	15	29	31
Amount	\$'000	116	139	178	323	138
Liens on crops—						
Number		87	71	429	429	180
Amount	\$'000	195	174	526	459	353
Total—						
Number		419	554	938	942	1,072
Amount	\$'000	1,101	1,679	2,233	2,411	1,665

*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 1966 to 1970 :

## VICTORIA—BILLS OF SALE

Security		1966	1967	1968	1969	1970
Bills of sale—						
Number		9,360	17,248	22,265	26,773	27,133
Amount	\$'000	15,679	24,194	30,077	36,755	40,850

**Companies***Company legislation*

In recent years the Victorian Parliament has given much attention to company legislation and, following the passage of a new Companies Act in Victoria in 1958, company legislation has been passed throughout the Commonwealth in substantially similar form. In Victoria the current legislation is the *Companies Act* 1961 and subsequent amendments.

The following table shows details of companies registered during each of the years 1966 to 1970 :

## VICTORIA—COMPANIES REGISTERED, ETC.

Particulars	1966	1967	1968	1969	1970
	number	number	number	number	number
New companies registered—					
Victorian	3,089	3,304	4,138	4,751	5,634
Other	285	333	345	429	552
Total	3,374	3,637	4,483	5,180	6,186
	\$'000	\$'000	\$'000	\$'000	\$'000
Nominal capital of new companies—					
Victorian	130,379	122,276	162,878	212,023	418,939
Other	201,363	205,366	307,795	450,731	559,613
Total	331,742	327,642	470,673	662,754	978,552

VICTORIA—COMPANIES REGISTERED, ETC.—*continued*

Particulars	1966	1967	1968	1969	1970
	'000	'000	'000	'000	'000
Approximate number of existing companies (at end of year)—					
Victorian	44	47	50	54	59
Other	3	4	4	4	4
Total	48	50	54	58	63
	\$'000	\$'000	\$'000	\$'000	\$'000
Increase in nominal capital of Victorian companies during year	210,726	217,980	268,159	536,469	803,510

Further reference, 1966; Company registration fees, 1964

### Stock Exchange of Melbourne

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 played an important role in the economic development of the Commonwealth as well as of the State.

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

The Stock Exchange of Melbourne was incorporated as a company limited by guarantee under the Companies Act on 1 July 1970 in order to enable the Exchange to operate more efficiently as a legal entity. As a result of incorporation the annual balance date of the Exchange was altered from 30 September to 30 June. New Memorandum of Association and Articles of Association were adopted to replace the former Rules and Regulations. The former committee members of the Association, as it was then known, were appointed committee members of the new company. At 30 June 1970 membership numbered 169 and in addition there were 31 non-member partners.

### Official list

To provide for changing conditions and new developments two further supplements to the Official List Requirements of the Australian Associated Stock Exchanges were issued during 1969–70. The principal changes referred to mining companies, particularly prospectuses.

At 30 June 1970, 3,367 quoted issues (including options) with a nominal value of \$16,650m and a market value of \$31,995m were quoted on the Exchange. The market value was an all-time record, being 5 per cent higher than the previous year. The market value of \$8,673m in Commonwealth loans represented 27 per cent of all securities listed.

In the nine months to 30 June 1970, 107 new companies with a combined nominal capital of \$212m were added to the official list and new capital issues made by companies already listed totalled \$462m. At 30 June 1970

the official list comprised 983 companies—747 industrial and 236 mining companies. Because of acquisitions, mergers, liquidations, etc., 31 companies were removed from the official list during the year.

In the following table the number of issues (including options) and their nominal value are classified according to type of security. Particulars are shown at 30 September for each of the years 1967 to 1969 and at 30 June for 1970 :

MELBOURNE STOCK EXCHANGE—ISSUES LISTED (a) AND  
NOMINAL VALUE

Class of security	Listed at 30 September—						Listed at 30 June 1970	
	1967		1968		1969			
	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	53	8,031	51	8,269	65	9,099	67	9,364
Semi-government and Fiji loans	822	888	906	887	946	969	955	901
Company debentures	684	854	687	963	778	1,209	801	1,345
Company unsecured notes	211	222	188	213	162	204	147	188
Preference shares	244	144	240	141	235	149	237	142
Industrial	775	3,237	776	3,516	790	3,691	799	3,913
Mining	130	445	155	527	261	702	361	797
Total	2,919	13,821	3,003	14,516	3,237	16,023	3,367	16,650

(a) Includes options.

*Turnover*

In 1969–70 the volume of turnover of loan securities (measured in units of one dollar) fell by 33 per cent to 173.6 million units, the lowest for five years. Sales of Commonwealth loans declined by 39 per cent to 139.7 million units. Turnover of share securities rose by 139 per cent to 1,369.8 million units with sales of mining shares increasing by 280 per cent to 1,122.6 million units while industrial turnover was 10 per cent lower at 245.0 million units. The monthly peak in share turnover by volume was reached in October for mining shares with a turnover of 216.0 million units and in February for industrials with a turnover at 31.0 million units.

The following table shows details of the volume of turnover of securities during each of the years 1965–66 to 1969–70 :

MELBOURNE STOCK EXCHANGE—VOLUME OF TURNOVER OF SECURITIES  
(million units)

Class of security	1965–66	1966–67	1967–68	1968–69	1969–70
Commonwealth loans	249.5	170.0	166.6	228.8	139.7
Semi-government and Fiji loans	14.9	19.2	12.1	12.2	15.5
Company debentures, unsecured notes	11.1	15.7	16.2	16.2	18.4
Total loan securities	275.5	204.9	194.9	257.2	173.6
Preference shares	2.4	2.0	2.3	3.3	2.2
Industrial	110.4	137.8	235.0	273.2	245.0
Mining	40.1	65.1	228.9	296.0	1,122.6
Total share securities	152.9	204.9	466.2	572.5	1,369.8

The turnover value of all securities in 1969-70 was \$1,368.7m, 14 per cent higher than for the previous year. The largest rise was 80 per cent in the mining section, while industrial ordinary shares were down 21 per cent to \$377.2m. The monthly peak in share turnover by value for mining shares was reached in January when sales amounted to \$124.8m and for industrials it occurred in February when turnover amounted to \$46.8m. There was a sharp fall in share turnover by value (industrial and mining) in the period March to May with a partial recovery in June.

In the following table the number of transactions and value of turnover for all securities are shown for each of the years 1966-67 to 1969-70 :

MELBOURNE STOCK EXCHANGE—NUMBER OF TRANSACTIONS AND VALUE OF TURNOVER OF STOCKS AND SHARES

Class of security	1966-67		1967-68		1968-69		1969-70	
	Trans- actions	Value	Trans- actions	Value	Trans- actions	Value	Trans- actions	Value
	'000	\$m	'000	\$m	'000	\$m	'000	\$m
Commonwealth loans	15.2	171.0	11.9	167.2	12.2	231.5	11.4	132.0
Semi-government and Fiji loans	4.8	19.1	4.4	12.0	4.1	12.0	4.2	15.0
Company debentures, unsecured notes	8.3	14.9	7.5	15.5	6.2	15.6	6.7	17.7
Total loan securities	28.3	205.0	23.8	194.7	22.5	259.1	22.3	164.7
Preference shares	4.1	2.6	4.6	2.9	4.4	3.9	2.8	3.0
Industrial	266.8	193.9	431.4	472.7	439.9	478.8	352.0	377.2
Mining	139.0	92.9	496.1	423.6	486.8	458.6	921.3	823.8
Total share securities	409.9	289.4	932.1	899.2	931.1	941.3	1,276.1	1,204.0
Grand total	438.2	494.4	955.9	1,093.9	953.6	1,200.4	1,298.4	1,368.7

#### Share Price Index

The Melbourne Share Price Index, which comprises a series of indexes, was introduced on 1 July 1963 with a base date of January 1960, although the 50 Leaders series dates back to 1948. In 1964 three additional groups (Preference Shares, Gold, and Oil and Gas), which are not included in the All Ordinaries Index were added, but in June 1967 the Gold Index (number 19) was discontinued and merged into Group 15—Metals and Minerals. At 30 June 1970 the Share Price Index comprised nineteen indexes :

Numbers 1-15 Industrial Groups

16 All Ordinaries (covering 1-15 inclusive)

17 50 Leaders

18 Preference Shares

20 Oil and Gas

The indexes measure changes in Aggregate Market Value (AMV), the base AMV being derived by multiplying the number of shares issued by their respective prices at the base date. The 50 Leaders Index is calculated twice daily, once in the morning and once in the afternoon, to measure short-term trends.

In response to requests from security analysts two further group indexes have been developed :

Number 21 All Ordinaries (excluding 50 Leaders)

22 All Ordinaries (excluding Metals and Minerals).

As from 1 October 1970 the new indexes have been published daily, bringing the index coverage to 21 groups.

In June 1970 the All Ordinaries Index stood at 206.24 as against 199.64 in June 1969, reaching its highest point for the year 1969-70 at 242.65 in January. The 50 Leaders Index recorded 226.76 in June 1970 compared with 230.41 in June 1969, the highest point for 1969-70 being 264.43 in January.

At 30 June 1970 the market value of all ordinary shares in the official list was \$20,854m. At that date the market value of ordinary shares of all companies included in the All Ordinaries and Oil and Gas Indexes was \$19,720m or 95 per cent of the total.

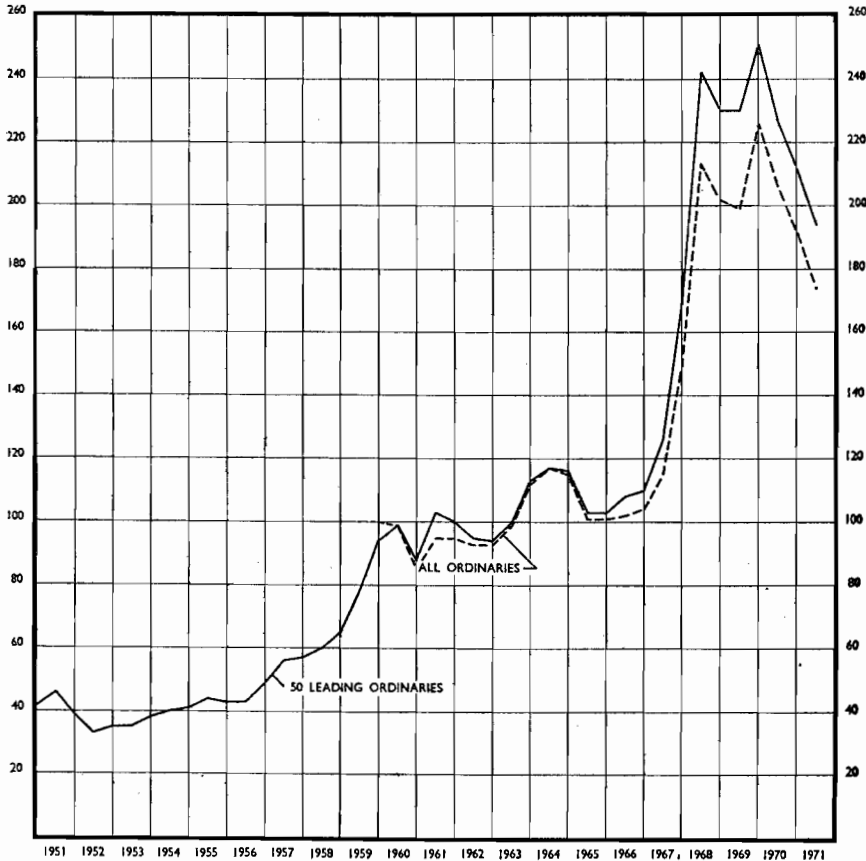


Figure 11. Melbourne Share Price Index: 50 Leading Ordinary Shares 1951-1971: All Ordinaries 1960-1971: Base January 1960 = 100 (To June 1963 Index calculated at end of June and December; thereafter the monthly average for June and December.)

### Computer

Planning continued during the year for the introduction of the computerised communication network and subscriber testing of the system commenced at the beginning of 1970. Arrangements for the installation of Quotron inquiry units and telex machines were completed. The computer and Quotron service commenced commercial operation on 8 October 1970.



### *Conclusion*

In the mining market interest again centred on the search for nickel. However, restricted interest was shown in oil and gas developments, but despite the small number of new discoveries development of known fields continued steadily. To cope with the volume of transactions trading hours were extended in February 1970, opening at 9.30 a.m. and closing at 2 p.m. to provide 4½ hours of continuous trading. As volumes declined the lunch break was re-introduced in June, giving 4 hours of trading between 9.30 a.m. and 3 p.m. On 27 August 1970 the Federal Treasurer introduced amendments to the Income Tax Act to allow tax deductions for interest paid on convertible securities, these having been disallowed since 1960.

### **Short-term money market**

The short-term money market in Australia includes nine dealer companies which specialise in the business of borrowing money, investing borrowed funds in an approved range of assets, and buying and selling such assets. Four of these companies have head offices in Melbourne and five in Sydney but there are representatives in all other State capitals, Canberra, Launceston, Darwin, and Port Moresby.

Known as authorised dealers, each of these dealer companies has been accredited by the Reserve Bank. Such accreditation has significance both for the dealers and for their clients, the most important aspect being that by acting as "lender of last resort" the Bank provides liquidity to dealers, in that they can borrow from the Bank against the bulk of their assets. The Bank does not, however, accept responsibility for the repayment of a dealer's individual loans or for solvency generally.

The Bank also trades in Commonwealth Government securities with dealers and provides a range of other facilities which contribute to the efficient operation of the market. The Bank maintains special clearing accounts for dealers, by means of which funds can be quickly transferred from one point in Australia to another, and a safe custody system for dealers' holdings of Commonwealth Government securities, which makes possible the safe and rapid movement of security for loans from one lender to another.

Each dealer company is required by the Reserve Bank to have capital paid up in cash of not less than \$400,000 and to limit the amount of loans it accepts to a specified multiple of its shareholders' funds. Dealers accept loans overnight, at call, or for fixed periods, in minimum amounts of \$50,000. They must provide lenders with full security for loans, the onus being on each lender to satisfy himself that the security accepted by him is adequate. The determination of an appropriate margin of value of the security over the amount of any loan is a matter for negotiation solely between lender and dealer.

Lenders to the dealers include trading banks, savings banks, public authorities, and a wide variety of companies. The availability of funds from different groups is seasonal and highly variable; some of this variability is offsetting. The weekly average volume of loans accepted by the nine dealers is over \$300m and such loans turn over very frequently.

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

Clients	At 30 June—				
	1966	1967	1968	1969	1970
All trading banks	91.1	121.5	117.6	90.0	158.4
Savings banks	35.6	56.2	26.5	36.0	37.3
Insurance offices	12.5	10.8	20.1	32.4	24.4
Superannuation, pension, and provident funds	6.2	11.7	4.6	8.9	16.6
Hire purchase and other instalment credit companies	6.3	5.9	2.8	2.4	7.9
Companies (not elsewhere included)	95.1	120.2	156.8	140.3	143.7
Commonwealth and State Governments	30.4	57.4	78.1	62.3	47.7
Local and semi-government authorities (not elsewhere included)	51.0	56.5	72.2	75.3	87.7
All other lenders (including marketing boards and trustee companies)	18.4	33.6	20.6	45.9	36.2
Total	346.5	473.7	499.3	493.4	559.9

(a) Liabilities to Reserve Bank as lender of last resort are excluded.

The rates of interest paid by dealers for funds of different maturities vary not only from dealer to dealer but also from day to day—and even during the day—depending on the general funds position and the judgment of individual dealers as to future trends in interest rates, the availability of funds, fluctuations in the value of their security portfolios, etc.

The margin between the interest outgoings on borrowed money and the income earned on investments, together with the income earned in the course of security dealing, needs to be sufficient to cover operating costs, profits, and the accumulation of reserves.

**AUSTRALIA—SHORT-TERM MONEY MARKET: AUTHORISED DEALERS:**  
**INTEREST RATES**  
(per cent per annum)

Month	Interest rates on loans accepted during month				Weighted average interest rate on loans outstanding (a)
	At call		For fixed periods		
	Minimum	Maximum	Minimum	Maximum	
June 1966	3.00	6.10	4.25	5.80	4.73
June 1967	2.00	6.50	3.00	5.50	4.46
June 1968	3.00	6.75	3.75	5.40	4.29
Sept. 1968	0.50	6.50	3.25	5.75	4.07
Dec. 1968 (b)	1.00	6.25	3.25	6.00	4.18
Mar. 1969	1.00	7.00	2.50	6.00	4.13
June 1969	2.00	7.50	4.00	6.75	4.59
Sept. 1969	3.00	7.50	3.50	6.10	4.54
Dec. 1969 (b)	2.00	7.75	3.00	7.00	4.40
Mar. 1970	1.00	8.75	2.75	8.00	4.45
June 1970	3.50	8.80	4.50	8.50	6.12

(a) Weighted average of weekly figures.

(b) Excludes one Wednesday.

The Bank closely supervises the range of assets which the authorised dealers may acquire. The great bulk of each dealer's assets must comprise

government securities maturing within five years. (It is against these securities that dealers can borrow under the last resort facility.) As well as Treasury notes and other Commonwealth Government securities, a dealer may hold within this group of assets a limited amount of securities of public authorities (i.e., semi- and local government). Dealers may also deal in and hold bank endorsed or accepted commercial bills (without formal limit as to maturity), banks' Certificates of Deposit maturing within five years, and non-bank commercial bills maturing within 180 days. A very small part of a dealer's funds may be held in such other assets as the dealer chooses.

Dealers stand ready to buy and sell securities; aggregate figures of turnover of Commonwealth Government bonds and notes often exceed \$100m per week over the year for the dealers as a whole.

AUSTRALIA—SHORT-TERM MONEY MARKET: AUTHORISED DEALERS:  
SELECTED ASSETS (a)  
(\$m)

Month	Commonwealth Government securities (face value)			Commercial bills	Banks' Certificates of Deposit
	Treasury notes	Other	Total		
June 1966	10.7	362.6	373.3	25.2	(c)
June 1967	13.7	454.1	467.7	32.8	(c)
June 1968	116.2	375.1	491.3	35.7	(c)
Sept. 1968	148.6	389.9	538.5	29.6	(c)
Dec. 1968 (b)	132.1	412.2	544.3	23.0	(c)
Mar. 1969	181.0	399.1	580.2	17.0	5.4
June 1969	46.4	459.2	505.6	28.9	15.0
Sept. 1969	73.4	453.5	526.9	42.2	3.4
Dec. 1969 (b)	76.6	482.2	558.8	32.5	5.5
Mar. 1970	85.3	522.5	607.8	38.6	3.9
June 1970	7.6	567.7	575.4	38.3	3.6

(a) Average of weekly figures.

(b) Excludes one Wednesday.

(c) Not applicable.

### Finance companies

A comprehensive account of the scope of statistics relating to the lending operations of finance companies and fuller details of the transactions of finance companies are provided in the bulletin *Finance Companies, 1969-70*. Finance companies, like other financial institutions, are distinguishable from non-financial institutions in that they deal mainly in financial assets as opposed to physical goods and non-financial services. However, while the various classes of financial institutions are commonly acknowledged as being different in some way or other, one from another, it is difficult to formulate precise and mutually exclusive definitions in respect of each class. For the purpose of these statistics, finance companies are defined as companies which are engaged mainly in providing to the general public (businesses as well as private persons) credit facilities of the following types: hire purchase and other instalment credit for retail sales, wholesale hire purchase, other consumer and commercial loans, and factoring. The finance companies covered in these statistics, insofar as they provide instalment credit for retail sales, are also included in the statistics of instalment credit for retail sales (see pages 690-2). The statistics exclude those

finance companies which are not subsidiaries of other finance companies and have total balances outstanding of less than \$100,000.

In general, companies which are engaged both in financing activities and other activities come within the scope of these statistics, provided that the major portion of their assets consists of financial assets of the types listed above or a major portion of their income is derived from such assets. Companies are excluded if the major portion of their balances outstanding consists of agreements written for the purpose of financing their own sales. Companies which are engaged mainly in financing, in any way, the operations of related companies ("related" as defined in the Companies Act) are also excluded from these statistics, as are unincorporated finance businesses. Also excluded are the following classes of financial and quasi-financial institutions: banks; life insurance companies; fire, marine, and general insurance companies; short-term money market companies; pastoral finance companies; investment companies; unit trusts, land trusts, mutual funds and management companies for the foregoing trusts and funds; pension and superannuation funds; building and friendly societies including credit unions; and all companies engaged in leasing and bill of exchange financing other than finance companies (as defined above) and their related companies.

Statistics are also collected on loans by finance companies to related non-finance companies; leasing of business equipment and plant by finance companies and their related companies; and the drawing and discounting of bills of exchange by finance companies and their related companies.

VICTORIA—FINANCE COMPANIES: AMOUNTS FINANCED (a)  
(\$m)

Year	Instalment credit for retail sales	Wholesale hire purchase	Other consumer and commercial loans	Factoring	Total
1965-66	147.7	108.1	148.2	40.1	444.1
1966-67	159.7	165.9	163.5	35.8	524.9
1967-68	193.1	190.5	199.5	34.7	617.9
1968-69	224.4	210.7	258.0	30.7	723.9
1969-70	262.3	241.8	(b) 337.0	39.6	880.7

(a) The actual amount of cash provided. It excludes interest, insurance, hiring and other charges, and initial deposits. For purchases of existing agreements and trade debts purchased, it represents the amount of cash paid to the seller.

(b) Other consumer and commercial loans in the year ended 30 June 1970 included \$41.3m personal loans.

VICTORIA—FINANCE COMPANIES: BALANCES OUTSTANDING  
(\$m)

At 30 June—	Instalment credit for retail sales	Wholesale hire purchase	Other consumer and commercial loans	Factoring	Total
1966	237.6	17.9	179.8	8.6	443.9
1967	253.7	25.5	202.3	8.2	489.7
1968	292.4	28.0	230.5	9.7	560.6
1969	338.9	34.9	267.7	9.6	651.1
1970	393.6	37.1	336.7	13.5	780.9

**VICTORIA—FINANCE COMPANIES: COLLECTIONS AND OTHER  
LIQUIDATIONS OF BALANCES (a)**

(\$m)

Year	Instalment credit for retail sales	Wholesale hire purchase	Other consumer and commercial loans	Factoring	Total
1965-66	187.9	104.4	153.8	46.8	493.0
1966-67	200.5	159.1	174.4	39.5	573.4
1967-68	209.4	189.2	200.6	36.7	635.9
1968-69	241.8	205.8	259.2	34.4	741.2
1969-70	280.0	241.9	328.1	43.0	893.0

(a) Covers cash collections of capital repayments, hiring charges, interest and insurance, and also other liquidations such as bad debts written off and rebates for early payouts.

**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 retail sale of goods, 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.

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 may also 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 1969-70 in Australia, classified by States and by groups of commodities. It also shows the balances outstanding at 30 June 1970 for each State.

**AUSTRALIA—INSTALMENT CREDIT FOR RETAIL SALES, 1969-70**  
(Retail businesses plus non-retail finance businesses)  
(\$m)

State	Amount financed (a)				Balances outstanding at 30 June 1970 (e)
	Motor vehicles, tractors, etc. (b)	Plant and machinery (c)	Household and personal goods (d)	Total all goods	
New South Wales (f)	318.6	42.9	157.9	519.4	741.0
Victoria	223.1	25.5	98.4	347.1	474.3
Queensland	115.1	20.8	52.7	188.6	283.3
South Australia (g)	91.4	5.3	30.1	126.9	173.9
Western Australia	93.4	16.6	26.1	136.0	187.4
Tasmania	23.7	4.2	9.6	37.6	54.7
<b>Australia</b>	<b>865.4</b>	<b>115.3</b>	<b>374.8</b>	<b>1,355.5</b>	<b>1,914.7</b>

- (a) Includes amounts financed on both hire purchase and other instalment credit schemes. Amount financed is cash value of goods less deposit, interest, hiring charges, and insurance.  
 (b) Includes new and used motor cars, motor cycles, commercial vehicles, tractors, caravans, and motor parts and accessories.  
 (c) Includes farm machinery and implements, earthmoving equipment, aircraft, industrial plant and machinery, business machines and equipment (including commercial refrigeration equipment), etc.  
 (d) Includes furniture and furnishings, domestic refrigerators, electrical goods, television and accessories, radios, musical instruments, bicycles, and other household and personal goods.  
 (e) Includes hiring charges, interest and insurance.  
 (f) Includes Australian Capital Territory.  
 (g) Includes Northern Territory.

The following table shows the amounts financed during recent years in Victoria classified according to type of business and groups of commodities financed for the years 1965-66 to 1969-70 :

**VICTORIA—INSTALMENT CREDIT FOR RETAIL SALES: AMOUNTS FINANCED BY COMMODITY GROUPS (a)**  
(\$m)

Year	Motor vehicles, tractors, etc. (b)	Plant and machinery (c)	Household and personal goods (d)	Total all goods
<b>RETAIL BUSINESSES</b>				
1965-66	4.6	1.2	69.9	75.7
1966-67	5.0	0.9	69.3	75.2
1967-68	5.3	0.5	72.2	78.0
1968-69	6.6	0.8	75.9	83.3
1969-70	5.9	0.6	80.4	86.9
<b>NON-RETAIL FINANCE BUSINESSES</b>				
1965-66	130.7	15.1	13.3	159.1
1966-67	131.2	17.1	14.5	162.8
1967-68	158.3	17.5	17.2	193.0
1968-69	182.0	22.5	18.6	223.2
1969-70	217.3	25.0	18.0	260.2
<b>ALL BUSINESSES</b>				
1965-66	135.3	16.3	83.2	234.8
1966-67	136.3	18.0	83.8	238.1
1967-68	163.6	18.0	89.4	271.0
1968-69	188.5	23.3	94.5	306.4
1969-70	223.1	25.5	98.4	347.1

- (a) Includes amounts financed on both hire purchase and other instalment credit schemes. Amount financed is cash value of goods less deposit, interest, hiring charges, and insurance.  
 (b) Includes new and used motor cars, motor cycles, commercial vehicles, tractors, caravans, and motor parts and accessories.  
 (c) Includes farm machinery and implements, earthmoving equipment, aircraft, industrial plant and machinery, business machines and equipment (including commercial refrigeration equipment), etc.  
 (d) 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 classified according to type of business and type of credit at 30 June for the years 1966 to 1970 :

**VICTORIA—INSTALMENT CREDIT FOR RETAIL SALES :  
BALANCES OUTSTANDING**

At 30 June—	Outstanding balances			Type of credit			
	Retail businesses	Non-retail businesses	Total	Hire purchase		Other instalment credit	
				Balance outstanding	Percentage of total	Balance outstanding	Percentage of total
	\$m	\$m	\$m	\$m		\$m	
1966	91.4	253.3	344.7	189.2	54.9	155.5	45.1
1967	86.8	254.5	341.3	174.7	51.2	166.7	48.8
1968	82.6	291.2	373.8	173.1	46.3	200.7	53.7
1969	84.8	333.6	418.4	180.6	43.2	237.8	56.8
1970	88.6	385.6	474.3	194.8	41.1	279.5	58.9

*Retail hire purchase operation*

The following table shows the main features of hire purchase operations in Victoria for the years 1965–66 to 1969–70. It should be noted that these statistics cover hire purchase operations by all businesses.

**VICTORIA—RETAIL HIRE PURCHASE OPERATIONS**

Class of goods	1965–66	1966–67	1967–68	1968–69	1969–70
<b>NUMBER OF AGREEMENTS MADE</b>					
Motor vehicles, tractors, etc. (a)	58,254	51,685	48,865	47,546	44,701
Plant and machinery (b)	10,540	9,250	8,564	8,633	7,683
Household and personal (c)	294,300	283,290	273,849	276,251	277,347
Total agreements	363,094	344,225	331,278	332,430	329,731
<b>VALUE OF GOODS PURCHASED (d)</b> (\$m)					
Motor vehicles, tractors, etc. (a)	89.9	78.7	83.0	82.8	94.4
Plant and machinery (b)	21.6	23.5	23.4	28.0	30.5
Household and personal (c)	46.2	45.8	48.6	52.5	55.1
Total value	157.6	148.1	155.1	163.3	180.0
<b>AMOUNT FINANCED UNDER AGREEMENTS (e)</b> (\$m)					
Motor vehicles, tractors, etc. (a)	60.0	53.8	56.8	58.9	69.5
Plant and machinery (b)	14.7	16.5	16.4	20.0	22.1
Household and personal (c)	38.7	38.0	39.9	43.1	45.4
Total amount financed	113.3	108.2	113.1	122.0	137.1
<b>BALANCES OUTSTANDING AT END OF YEAR (f)</b> (\$m)					
All classes of goods	189.2	174.7	173.1	180.6	194.8

(a) Includes new and used motor cars, motor cycles, commercial vehicles, tractors, caravans, and motor parts and accessories.

(b) Includes farm machinery and implements, earthmoving equipment, aircraft, industrial plant and machinery, business machines and equipment (including commercial refrigeration equipment), etc.

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

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

(e) Excludes hiring charges and insurance.

(f) Includes hiring charges and insurance.