

FINANCE

PUBLIC FINANCE

Economic importance of government financial activity

Financial transactions

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

Purchases of goods and services

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

Transfers of income between sections of the community

Governments are also agents for the redistribution of incomes throughout the community. Their role of tax 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 Australian and State Government 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

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

Particulars	1967-68	1968-69	1969-70	1970-71	1971-72
RECEIPTS					
Taxation	318.8	370.2	393.1	417.4	542.9
Interest, etc., received	13.4	13.9	18.5	30.2	158.7
Public enterprises' income	117.8	128.3	127.6	137.5	
Grants from Australian Government authorities	262.7	286.0	318.5	407.7	424.4
Total receipts	712.8	798.4	857.7	992.7	1,126.0
OUTLAY					
Final consumption expenditure	389.7	438.0	508.4	596.0	698.5
Subsidies	3.2	2.7	1.7	1.7	2.4
Interest, etc., paid	177.3	192.7	211.0	229.9	254.0
Cash benefits to persons	4.7	6.3	5.2	6.0	6.3
Grants towards private capital expenditure	3.6	3.9	4.9	5.2	5.4
Surplus on current account	134.2	154.7	126.5	153.8	159.4
Total outlay	712.8	798.4	857.7	992.7	1,126.0

contain all the information desired. For this reason, the figures shown must be regarded as estimates and subject to revision as further investigation proceeds. A large proportion of governmental financial transactions is in the nature of transfers between funds, e.g., transfers from the Consolidated Revenue Fund to the Hospitals and Charities Trust Fund, and between authorities, such as transfers from the Works and Services Account 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 811-6, for details of Australian National Accounts).

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

Particulars	1967-68	1968-69	1969-70	1970-71	1971-72
SOURCES OF FUNDS					
Depreciation allowances	56.3	58.3	63.2	55.6	58.1
Net sale of securities—					
Australian Government securities other than Treasury bills—					
Australia	140.4	136.6	142.3	98.4	149.4
Overseas	-24.7	-4.9	-18.0	-5.2	-6.2
Local and semi-governmental securities	106.7	123.7	117.2	142.9	n.a.
Advances from Australian Government authorities	33.2	24.9	48.5	39.2	1.5
Net receipts of private trust funds	10.6	15.5	16.1	13.8	n.a.
Grants from Australian Government authorities	51.4	51.8	61.6	122.9	136.3
Surplus on State and local government authorities current account	134.2	154.7	126.5	153.8	159.4
Other funds available (including errors and omissions)	35.3	29.4	36.2	40.4	n.a.
Reduction in—					
Cash and bank balances	-7.5	-0.7	20.4	-22.0	-38.5
Security holdings	-20.7	-32.0	-29.9	-35.6	
Total sources of funds	515.4	557.4	584.2	604.2	635.3
USES OF FUNDS					
Gross fixed capital expenditure on new assets	481.9	533.3	554.8	570.1	598.8
Expenditure on existing assets	0.3	3.5	4.8	4.7	11.9
Increase in value of stocks	2.5	-0.5	2.5	-1.9	
Advances to public financial enterprises	30.7	21.1	22.1	31.4	24.5
Total uses of funds	515.4	557.4	584.2	604.2	635.3

Financial relations with the Australian Government

The Commonwealth Constitution specifies the matters regarding which the Australian 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 Australian Government of the public debts of the States, and the borrowing of money by the Australian Government for the States. Some of these powers are given exclusively to the Australian Government, e.g., defence, and customs and excise, but, in the majority of matters, the Australian and State Governments have concurrent powers, Australian 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 Australian and State Governments, under which the Australian Government became the borrowing agent for the States ; and
3. through the Australian Government 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 Australian and State Governments, respectively, has given rise to a system of grants from the Australian Government to the States. These grants may be unconditional or may be earmarked for specific purposes such as roads or 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.

Australian Government 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 Australian and State Governments

The Financial Agreement of 12 December 1927 between the Australian and State Governments 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 Australian Government. The following is a summary of the main provisions :

1. *Consolidation of public debt*

On 1 July 1929 the Australian Government 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 Australian Government 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 Australian and State Governments. It consists of the Prime Minister (or his nominee) as Chairman, and the State Premiers (or their nominees). Each financial year the Australian Government 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 Australian Government 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 Australian and State Governments. 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 Australian Government arranges all borrowings including those for conversions, renewals, and redemptions. However, the Australian Government may borrow from the Australian Government, 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. Australian Government 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 Australian or a State Government 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 Australian and State Governments on bases laid down. The sinking funds established under the Agreement are under the control of the National Debt Commission, an authority constituted under Australian legislation and consisting of the Treasurer of the Australian Government, the Chief Justice of the High Court, the Secretary to the Australian Treasury, the Governor of the Reserve Bank, the Secretary to the Australian 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. *Australian Government influence on supply of loan moneys*

The Australian Government is in a position to control the supply of local loan moneys through the influence of its 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), Australian Government support was needed in other years. From 1 July 1951 to 30 June 1973, out of loan programmes amounting to \$12,299m, the Australian Government has provided \$3,006m from the Australian currency proceeds of overseas loans and from budget surpluses.

The need for Australian Government 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 Australian Government 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 Australian Government 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 1972-73 became \$248.5m with Victoria's share \$63.4m.

Grants to the States

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

Financial agreements

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

Financial assistance grants

The States were supplanted by the Australian Government as income taxing authorities during the Second World War when the Australian Government needed to exploit this field of taxation to the full to meet its wartime obligations. Under the uniform taxation scheme it became the sole authority levying taxes upon income. In return for vacating that field of taxation, the States received an annual payment from the Australian Government 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 Australian Government.

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 Australian Government could enforce priority in the collection of income

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

Particulars	1967-68	1968-69	1969-70	1970-71	1971-72
Financial Agreement—					
Interest on State debt	4,254	4,254	4,254	4,254	4,254
Sinking fund on State debt (b)	4,885	5,189	5,600	5,926	6,378
General revenue grants	233,091	253,562	293,643	361,584	362,085
Debt charges assistance	..	..	..	2,783	5,566
Capital assistance grants	..	..	..	51,020	55,890
Commonwealth Aid Roads Acts	31,286	33,113	38,160	43,460	49,820
Tuberculosis hospitals—reimbursement of capital expenditure, etc.	10	175	327	151	119
Mental institutions—contribution to capital expenditure	1,382	1,200	947	798	828
Grants to universities	17,164	19,180	18,455	22,228	25,255
Colleges of advanced education	5,465	5,545	7,728	11,093	12,921
Teachers colleges	500	1,621	3,252	1,251	2,750
Capital grants for government schools	..	..	..	..	1,700
Research grants	770	675	864	954	1,177
Science laboratories	3,553	3,055	4,037	3,546	3,368
Technical training	5,091	1,550	3,000	3,912	1,500
School libraries	..	500	2,225	3,199	2,519
Independent schools	..	..	3,952	7,832	9,655
Home care services	..	..	..	..	137
Grants for agricultural extension services	667	986	1,027	1,194	1,364
Salinity reduction—Murray River	600	800	170	25	22
Aboriginal advancement	..	225	347	367	400
Housing grants	..	..	..	..	1,005
Dwellings for aged pensioners	..	..	200	1,929	2,243
Unemployment relief	..	..	..	..	6,075
Road safety practices	23	23	23	30	30
Bovine brucellosis and T.B. eradication	..	..	37	577	700
Natural disaster payments	5,291	6,000	277	43	..
Blood transfusion services	176	193	225	251	269
Water resources	131	159	163	420	422
King River Dam	..	15	1,385	2,000	212
Other payments	8	8	133	6	156
Total	314,347	338,028	390,431	530,833	558,821

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

(b) Paid to National Debt Sinking Fund.

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 Australian Government to make tax reimbursement grants conditional upon the States not levying income tax and the absolute priority of payment of Australian 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 Australian 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 633-9 and No. 46, pages 835-8. Grants under the provisions of the 1946-1948 Act ceased after 1958-59.

The whole question of Australian-State Governments 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 1970 and 1971 (see *Victorian Year Book 1972* and 1973) and again at a Conference in 1972 when the Australian and State Governments agreed to the following three amendments to the financial assistance grants arrangements :

1. A permanent increase of \$112m to the financial assistance grants payable in 1972-73, this increase to be built into the formula grants for the purpose of calculating the grants for subsequent years and to be distributed in proportion to the 1971-72 formula grants escalated under the formula as it will apply in 1972-73.
2. An increase in the per capita grants to New South Wales and Victoria from \$2 to \$3.50 per head of population in 1972-73—the increased per capita payments to be added to the formula grants for the purpose of calculating the grants in future years. The estimated increase in the grants payable to New South Wales and Victoria due to this change is \$7.1m and \$5.4m, respectively.
3. A payment of a further amount of \$3.5m to Western Australia in 1972-73 as a special temporary addition to the State's financial assistance grant in that year.

Grants for road construction

The Australian Government 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 Australian Government Budget.

Australian Government 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 Australian Government 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 Australian Government 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 Australian Government, 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 \$57.2m in 1972-73 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

Australian Government 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 1973 is given in previous issues of the *Victorian Year Book*.

Australian Government grants are subject to matching conditions. Grants for recurrent expenditures are made at present on the basis of \$1 Australian Government grant 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 Australian Government assistance to be made available during the course of a triennium.

In November 1972 the Australian Government agreed to support recommendations contained in the Fifth Report of the Australian Universities Commission for a programme of assistance to State universities in the 1973-1975 triennium.

The *States Grants (Universities) Act* 1972 authorised Australian Government grants of \$343.5m for the triennium of which \$253.3m is for recurrent expenditure, \$87.1m for capital expenditure, and \$3m for a programme in support of research and research training.

Victoria's share of this assistance for 1972-73 was \$21.9m for recurrent expenditure and \$7.3m for capital expenditure.

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 Australian Government has provided financial assistance for these institutions since 1965-66 and in August 1972 it accepted the financial recommendations of the Commonwealth Advisory Committee on Advanced Education for the 1973-1975 triennium.

The *States Grants (Advanced Education) Act* 1972 authorised Australian Government grants of \$172.3m during the triennium made up of \$93.6m for recurrent expenditure, \$78.2m for capital expenditure, and \$0.5m for library facilities.

Victoria received \$10.4m for recurrent expenditure and \$6.9m for capital expenditure from this grant during 1972-73.

Grants for science laboratories and equipment in secondary schools

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

The *States Grants (Science Laboratories) Act* 1971 extended the operation of this scheme for a further four years, commencing 1 July 1971, and provided 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, \$2.01m 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 1971-72 to 1973-74 was authorised by the *States Grants (Technical Training) Act* 1971. During 1972-73 Victoria received \$3.4m 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 1972-73 Victoria's share was \$5.6m.

Research grants

From 1965-66 the Australian Government 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.

For the 1973-1975 triennium the Australian Government has agreed to provide \$20m for distribution to the States by the Australian Research Grants Committee. Payments to the States in 1972-73 totalled \$5.8m of which Victoria received \$1.6m.

Grants for school libraries

Under the *States Grants (Secondary School Libraries) Act* 1971, grants of \$30m are being made available to the States over the three years commencing on 1 January 1972 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 1972 and two thirds before 31 December 1973.

Victoria's share of this grant for 1972-73 was \$3.2m of which \$2.4m was for government schools and \$0.8m for non-government schools.

Grants for dwellings for aged pensioners

The *States Grants (Dwellings for Aged Pensioners) Act* 1969 enables the Australian Government 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 \$1.5m from this grant during 1972-73.

Natural disaster payments

When serious floods, cyclones, bushfires, or other similar natural disasters occur the Australian Government 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 Australian Government assistance for this purpose but during the six years 1967-68 to 1972-73 droughts, floods, and bushfires in Victoria resulted in the provision of Australian Government grants totalling \$11.7m and loans totalling \$5.8m.

In 1972-73 Victoria received a grant of \$40,000 for flood relief.

Grants for independent schools

The Australian Government has agreed to contribute, as from January 1970, towards the running costs of independent schools throughout Australia. Originally the annual subsidy was at the rate of \$35 per primary pupil and \$50 per secondary pupil, but these rates were increased to \$50 and \$68, respectively, as from the beginning of 1972. The amount paid for the year 1972-73 was \$41.1m, Victoria's share being \$13.5m.

Housing Assistance Grants

As from the year 1971-72 the Australian Government has decided to adopt a new approach to its 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 Australian Government 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 Australian Government is paying 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 Australian Government is also providing an additional rental assistance grant of \$1.25m per annum for each of the five years 1971-72 to 1975-76 as a general 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 1972-73 is estimated at \$1.68m.

The Australian Government advanced \$6.6m to the States for the construction of additional rental dwellings in 1972-73 above the programmes under normal Loan Council borrowings. Of this total, Victoria received \$1.5m.

Eradication of bovine brucellosis and tuberculosis

Since 1 January 1970 the Australian Government has joined the States in meeting the cost of an intensified campaign for the eradication of bovine brucellosis and tuberculosis.

The Australian Government has undertaken to continue this assistance on a similar basis over the three year period 1972-73 to 1974-75. This involves matching the combined expenditure of the mainland States providing it is maintained at least at the 1968-69 level.

Victoria received \$1.2m from this grant for 1972-73.

Investigation and measurement of water resources

From 1964-65 the Australian Government 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 1972-73 Victoria received \$453,000 from this grant.

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

The Consolidated Fund

Prior to 1970-71, Victoria's financial transactions involved the Consolidated Revenue Fund, the Loan Fund, and the Trust Fund.

In 1969-70 there was a deficit in the Consolidated Revenue Fund of \$15.4m and the accumulated deficit to the end of that year was \$82.0m,

which had been financed partly from Loan Fund and partly from the Public Account (see *Victorian Year Book* 1972, pages 621-3).

As stressed by the Premier in his Budget Speech on 29 September 1970, the Government was concerned that not only should overspending as in 1969-70 be avoided in future, but that there should also be a balance between cash spent and cash available whether derived from revenue or from borrowing.

Hence legislation was brought down, the *Public Account Act* 1970, which amended the principal Act and came into operation on 1 July 1970. This amendment abolished the Consolidated Revenue Fund and the Loan Fund and established the Consolidated Fund, which was designed to show in a single statement the receipt and disbursement of all moneys both revenue and loan coming within the scope of the Budget.

The legislation also provided for the establishment of a new trust fund, the Works and Services Account, to be financed by appropriations from the Consolidated Fund. These appropriations were to be determined by the surplus of receipts available from time to time in the Consolidated Fund. Monies to the credit of the Account were available to be expended on various works and services as approved by Parliament. In effect, therefore, this account would perform the functions of the former Loan Fund as they had related to expenditure on public works and on expenses incurred in connection with borrowings.

Consolidated Fund receipts. Details of the principal sources of receipts are shown in the following table for each of the years 1967-68 to 1971-72 :

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

Source of revenue	1967-68	1968-69	1969-70	1970-71	1971-72
Taxation (b)	149,729	182,855	191,330	199,019	309,695
Business undertakings—					
Railways	98,786	100,329	105,204	108,000	111,967
Harbours, rivers, and lights	3,342	3,576	3,557	4,537	4,806
Water supply, sewerage, irrigation, and drainage	14,064	14,470	15,208	16,690	19,097
Electricity supply (interest and recoups of sinking fund contributions, etc.)	13,057	13,897	14,868	15,820	16,649
State Coal Mine	282	167	..	..	..
Other	338	353	467	547	535
Total business undertakings	129,870	132,792	139,305	145,594	153,054
Lands—					
Sales	484	690	565	551	527
Rents	1,886	1,824	1,980	2,111	2,366
Forestry	5,710	5,596	5,963	6,454	7,176
Royalties	550	688	3,211	17,255	24,423
Other	319	296	317	274	294
Total lands	8,949	9,095	12,036	26,646	34,786
Interest, n.e.i.	24,137	26,493	29,399	31,319	35,834
Australian Government grants—					
Financial Agreement Act	4,254	4,254	4,254	4,254	4,254
Financial assistance	228,254	250,563	280,008	351,024	348,464
Special revenue assistance	4,837	2,999	13,635	10,560	13,621

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

Source of revenue	1967-68	1968-69	1969-70	1970-71	1971-72
Australian Government grants (<i>continued</i>)—					
Debt charges assistance	..	..	..	2,783	5,566
Colleges of advanced education	2,788	3,194	..	..	..
Water resources investigations	131	159	163	29	813
Home care services	..	..	..	..	137
Total Australian Government grants	240,264	261,170	298,060	368,651	372,854
Commonwealth National Welfare Fund					
payments—					
Tuberculosis—					
Maintenance expenditure	3,181	3,228	3,163	3,020	3,143
Pharmaceutical benefits—					
Mental institutions	193	301	283	274	222
Other	863	808	1,646	2,213	2,359
Total Commonwealth National Welfare Fund payments	4,237	4,337	5,092	5,508	5,725
Fees and fines	9,857	10,755	11,608	12,940	14,703
All other (c)	34,285	36,688	40,072	43,116	47,286
Sub-total (d)	601,328	664,183	726,900	832,791	973,937
Loan raisings	139,700	146,620	157,870	121,670	171,670
Loan repayments	6,790	6,118	4,748	4,826	5,773
Australian Government capital payments—					
Works grant	..	..	..	51,020	57,590
Other grants	1,381	1,200	946	798	839
Advances and recoups	516	836	923	274	1,080
Sub-total (d)	148,387	154,774	164,486	178,587	236,952
Total receipts	749,716	818,957	891,386	1,011,379	1,210,889

(a) This Fund, established on 1 July 1970, supersedes the Consolidated Revenue Fund and the Loan Fund by incorporating both into this new Fund. For comparative purposes the table also shows, for the years prior to 1970-71, an artificial incorporation of both these Funds.

(b) For details of total taxation collections see page 653.

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

(d) The sub-totals for 1967-68 to 1969-70 are the receipts of the Consolidated Revenue Fund and the Loan Fund, respectively. The sub-totals for 1970-71 and 1971-72 represent amounts which would have constituted the receipts of the former Consolidated Revenue Fund and the Loan Fund, respectively.

Payments from Consolidated Fund. The principal payments for each of the years 1967-68 to 1971-72 are shown in the following table:

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

Function of payments	1967-68	1968-69	1969-70	1970-71	1971-72
Public debt charges—					
Interest (including exchange)	91,690	98,993	109,115	117,074	132,482
Debt redemption	18,620	20,029	20,906	22,280	23,841
Other	464	491	489	497	511
Total public debt charges	110,774	119,514	130,511	139,850	156,834
Business undertakings—					
Railways (b)	98,472	104,307	111,170	121,048	129,286
Harbours, rivers, and lights	1,680	1,575	1,756	2,138	2,355

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

Function of payments	1967-68	1968-69	1969-70	1970-71	1971-72
Business undertakings (<i>continued</i>)—					
Water supply, sewerage, irrigation, and drainage	10,572	10,838	11,971	13,096	14,492
State Coal Mine	593	394	..	..	..
Other	271	287	365	413	443
Total business undertakings	111,588	117,401	125,261	136,694	146,576
Social expenditure—					
Education—					
Registered schools	5,247	5,611	7,049	8,987	11,923
State schools	122,012	139,940	160,391	183,762	216,180
Technical schools	33,300	39,224	43,802	53,076	66,346
Universities	13,658	16,506	18,754	21,972	23,759
Libraries, art galleries, etc.	3,050	3,632	4,107	4,798	5,413
Agricultural education, research, etc.	2,005	2,209	2,243	2,370	2,791
Other	2,228	2,670	3,092	3,509	6,329
Public health and recreation	5,614	5,948	6,531	7,157	8,002
Charitable—					
Hospitals—					
General	46,626	53,690	61,710	80,139	93,352
Mental	21,280	22,758	25,208	28,826	33,962
Child welfare	6,190	7,006	7,894	8,091	10,721
Other	1,022	1,197	1,227	2,915	5,255
Law, order and public safety—					
Justice	5,934	6,466	7,340	8,002	9,429
Police	25,045	26,511	29,984	32,999	40,399
Penal establishments	3,353	3,676	4,111	4,466	5,202
Public safety	87	105	128	115	189
Total social expenditure	296,649	337,148	383,569	451,183	539,253
All other expenditure—					
Public works, n.e.i.	5,316	6,002	6,398	7,037	7,821
Land and survey	4,282	4,454	4,848	5,171	5,771
Agriculture	6,839	7,375	8,402	9,885	11,197
Forestry	5,853	5,691	6,212	6,972	7,790
Legislative and general administration	16,889	18,924	21,039	23,596	26,514
Pensions and superannuation	13,248	14,508	16,273	18,206	20,400
Pay-roll tax	6,642	7,163	7,958	8,971	13,651
Miscellaneous (c)	26,042	28,465	31,811	39,031	44,842
Total all other expenditure	85,111	92,582	102,942	118,869	137,984
Sub-total (d)	604,122	666,644	742,282	846,597	980,648
Appropriation to works and services account (e)	148,387	154,774	164,486	164,782	230,241
Total payments	752,509	821,418	906,768	1,011,379	1,210,889

(a) This Fund, established on 1 July 1970, supersedes the Consolidated Revenue Fund and the Loan Fund.

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

(c) Includes interest and repayment of advances under the Commonwealth-State Housing Agreements.

(d) The sub-totals for 1967-68 to 1969-70 are the expenditures of the Consolidated Revenue Fund. The sub-totals for 1970-71 and 1971-72 represent an amount which would have constituted the expenditure of the former Consolidated Revenue Fund.

(e) The amounts shown for each of the years 1967-68 to 1969-70 represent receipts of the Loan Fund.

Taxation

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

As mentioned on page 641 the Australian Government alone exercises the right to impose customs and excise duties, and taxation on personal

and company incomes. It also has exclusive access to sales tax. Prior to 1 September 1971 the Australian Government also collected pay-roll tax, but since that date the right to impose this tax has been given to the States. For the most part, the field now left to the States comprises motor taxation, stamp duties, and liquor, land, lottery, racing, pay-roll, and entertainments taxes. Estate and gift duties are shared between the two Governments.

In Victoria taxation collections by the State Government are allocated by statute either to the Consolidated Fund or to special funds. One of the principal items of Victorian taxation—taxes on the ownership and operation of motor vehicles—is allocated between the Consolidated Fund and special funds. (See pages 659–60 for 1971–72 allocation.)

In the following table, particulars of taxation collected in Victoria by the State Government and the total amounts paid to the Consolidated Fund and to special funds are shown for each of the years 1967–68 to 1971–72 :

VICTORIA—TAXATION COLLECTIONS

Particulars	1967-68	1968-69	1969-70	1970-71	1971-72
	\$'000	\$'000	\$'000	\$'000	\$'000
Pay-roll tax (a)					98,716
Probate and gift duties (b)	37,642	46,801	44,423	49,927	44,632
Land tax	20,976	21,839	22,436	28,442	29,105
Liquor tax	9,744	10,632	11,370	11,827	12,811
Lottery tax	6,085	5,990	6,504	6,436	6,790
Racing taxes	15,929	17,373	19,445	21,222	25,042
Taxes on the ownership and operation of motor vehicles—					
Vehicle registration fees and taxes	39,812	46,062	48,832	51,853	54,277
Drivers', etc., licences and fees	3,010	3,493	3,443	5,051	7,769
Stamp duty (vehicle registration)	5,436	5,976	6,688	7,007	8,961
Road transport taxes	1,770	1,813	1,887	1,927	2,119
Road maintenance contributions	7,248	7,842	8,555	8,903	9,136
Motor car third party insurance surcharges	2,497	2,605	2,735	2,915	3,028
Stamp duties, n.e.i.	52,925	73,649	80,443	73,572	79,759
Licences and registration fees, n.e.i.	1,933	2,264	2,299	2,554	2,849
Other taxes	8,398	8,991	9,699	10,158	13,444
Total	213,404	255,329	268,758	281,795	398,439
Paid to—					
Consolidated Fund (c)	149,729	182,855	191,330	199,019	309,695
Trust funds	63,675	72,474	77,429	82,776	88,745
	\$	\$	\$	\$	\$
Per head of population	64.62	76.06	78.57	80.94	112.72

(a) Includes pay-roll tax paid by State departments.

(b) Includes gift duty as from 1 January 1972 only. Gift duty collected prior to 1 January 1972 is included with "Stamp duties, n.e.i."

(c) Known as Consolidated Revenue Fund prior to 1970–71.

Pay-roll tax

Australian Government pay-roll tax operated from 1 July 1942 to 31 August 1971. The tax was payable by employers on all wages and

salaries paid or payable in excess of a general exemption. The rate of tax, 2.5 per cent, remained unchanged from its inception.

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

The Victorian *Pay-roll Tax Act* 1971, operative from 1 September 1971, imposed a pay-roll tax at the rate of 3.5 per cent on all taxable wages and salaries paid or payable in this State. Total receipts for the ten months to 30 June 1972 amounted to \$98.7m.

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.

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, 1972

On that part of the final balance which—			The rate of duty per \$1 shall be where the final balance passes to—			
			Category A	Category B	Category C	Category D
		\$	cents			
	Does not exceed	1,200	Nil	Nil	Nil	Nil
Exceeds	1,200 but does not exceed	3,000	Nil	Nil	5	7.5
"	3,000 "	10,000	Nil	Nil	10	10
"	10,000 "	12,000	Nil	10	15	17.5
"	12,000 "	13,000	10	10	15	17.5
"	13,000 "	20,000	10	15	15	20
"	20,000 "	30,000	10	10	12.5	17.5
"	30,000 "	48,000	10	12.5	17.5	20
"	48,000 "	50,000	12.5	12.5	17.5	20
"	50,000 "	60,000	12.5	15	20	20
"	60,000 "	70,000	17.5	20	20	20
"	70,000 "	90,000	20	22.5	25	25
"	90,000 "	110,000	22.5	27.5	30	37.5
"	110,000 "	120,000	25	30	30	37.5
"	120,000 "	130,000	30	30	32.5	37.5
"	130,000 "	150,000	35	35	37.5	37.5
"	150,000 "	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

NOTE. Categories of beneficiaries shown above 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, or parents.
- D. Other beneficiaries.

Australian Government estate duty

The Australian Government also levies duties on deceased estates. The amount of duty collected throughout Australia during each of the five years to 1971-72 was: 1967-68, \$54,716,655; 1968-69, \$60,725,780; 1969-70, \$71,332,453; 1970-71, \$70,072,780; and 1971-72, \$67,205,917.

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* 1972 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. However, 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 1971. Tax was assessed on the basis laid down by the *Land Tax (Rates) Act* 1969.

VICTORIA—STATE LAND TAX ASSESSMENTS, 1971
(Based on unimproved value of holdings at 31 December 1970)

Unimproved value of holdings—	Number of taxpayers	Total unimproved value (a)	Tax payable
\$		\$'000	\$'000
9,001 to 10,000	9,770	92,870	73
10,001 „ 11,000	6,929	73,175	133
11,001 „ 12,000	5,872	68,069	186
12,001 „ 13,000	4,383	55,069	190
13,001 „ 13,500	1,941	25,789	101
13,501 „ 14,000	1,951	26,951	107
14,001 „ 15,000	2,991	43,609	176
15,001 „ 17,500	5,751	93,362	374
17,501 „ 20,000	4,366	82,013	340
20,001 „ 25,000	5,216	116,910	537
25,001 „ 30,000	3,254	89,116	484
30,001 „ 40,000	3,512	121,328	781
40,001 „ 50,000	1,852	82,623	613
50,001 „ 60,000	1,069	58,515	485
60,001 „ 70,000	684	44,257	411
70,001 „ 80,000	505	37,703	381
80,001 „ 100,000	634	56,563	635
100,001 „ 150,000	721	85,515	1,272
150,001 „ 170,000	164	26,377	455
170,001 „ 200,000	150	27,588	530
200,001 „ 300,000	266	64,482	1,445
300,001 „ 400,000	141	46,583	1,200
400,001 „ 1,000,000	231	138,815	3,989
1,000,001 and over	133	426,231	13,772
Total	62,486	1,983,513	28,670

(a) Of land not exempted from land tax.

In the following table details are shown of the assessments made during each of the years 1967 to 1971. The exemption from tax of land

used for primary production purposes as from 1 January 1969, increased land valuations, and increases from time to time in the amount of exemption from tax of land used for other purposes are 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
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
1970	82,703	27,688	334.79	1,953,443
1971	62,486	28,670	458.82	1,983,513

(a) Of land not exempted from land tax.

Liquor tax

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

VICTORIA—LIQUOR TAX
(\$'000)

Particulars	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72
Licences—						
Victuallers	6,543	7,272	7,706	8,090	8,218	8,758
Spirit merchants and grocers	1,814	1,820	2,158	2,415	2,634	2,911
Others	83	88	164	176	203	242
Club certificates	405	400	433	489	544	613
Permits—extended hours, etc.	114	129	134	165	189	230
Fees	31	34	37	36	38	58
Total	8,991	9,744	10,632	11,370	11,827	12,811

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, promote and conduct sweepstakes in Victoria in accordance with the provisions of the *Tattersall Consultations Act* 1958.

During 1972 a new type of consultation termed "Tattslotto" was introduced and two such consultations were drawn prior to 30 June 1972.

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 the Consolidated Fund. Each year an equivalent amount is paid out of the Consolidated Fund,

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 the Consolidated Fund, and the amounts allocated to the Hospitals and Charities Fund and the Mental Hospitals Fund, are shown for each of the years 1967-68 to 1971-72 :

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

Year	Subscriptions to consultations	Duty paid to Consolidated Fund (a)	Allocated to—	
			Hospitals and Charities Fund	Mental Hospitals Fund
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
1970-71	21,360	6,436	5,346	1,090
1971-72	21,388	6,790	5,425	1,365

(a) Prior to 1970-71 it was the Consolidated Revenue Fund.

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.

The *Racing (Totalizator Commissions) Act 1972* increased the commission to be deducted from all investments on the on-course and off-course totalisators in respect of horse races (including trotting) and dog races. As from 5 June 1972 a deduction of 14 per cent is made from investments on the on-course totalisator and divided as follows : doubles and quinella investments, 5.75 per cent to revenue and 8.25 per cent to the club ; win and place investments, 8.75 per cent to revenue and 5.25 per cent to the club. In respect of country race meetings, 3.75 per cent of total investments is paid to revenue and 10.25 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 investments for win and place—14 per cent.
2. from investments other than for win and place—15 per cent.

The commission is allocated in the following proportions :

Paid to—	Win and place	
	per cent	per cent
Consolidated Fund	5.25	5.25
Totalizator Agency Board Trust Account	0.25	0.25
Racecourses Development Fund or Greyhound Racing Grounds Development Fund	0.25	1.25
Totalizator Agency Board	8.25	8.25
	14.00	15.00

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

Year	Totalisator investments		Investments with licensed book-makers (a)	Racing taxation			Total
	On-course	Off-course		Totalisator	Book-makers' turnover	Other (b)	
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	19,445
1970-71	47,776	225,863	196,166	16,793	3,532	896	21,222
1971-72	57,149	271,993	217,898	20,154	3,944	944	25,042

(a) Estimated.

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

Gift duty

The *Gift Duty Act 1971* and the *Gift Duty (Rates and Rebates) Act 1971* imposed gift duty, as from 1 January 1972, on any disposition of property which is made, other than by will, without consideration in money or money's worth, or with any consideration so passing if the consideration is not fully adequate.

The following table shows the rates of gift duty payable in Victoria as from 1 January 1972 :

VICTORIA—RATES OF GIFT DUTY

Where the value of all relevant gifts—	The rate per centum of duty shall be—
\$	
Does not exceed 4,000	Nil
Exceeds 4,000 but does not exceed 6,000	1.5 per cent plus 0.001 per cent for each dollar of the excess over \$4,000
„ 6,000 „ „ „ „ 14,000	3.5 per cent plus 0.000125 per cent for each dollar of the excess over \$6,000
„ 14,000 „ „ „ „ 74,000	4.5 per cent plus 0.0001 per cent for each dollar of the excess over \$14,000
„ 74,000 „ „ „ „ 201,777	10.5 per cent plus 0.00009 per cent for each dollar of the excess over \$74,000
„ 201,777	22 per cent

Entertainments tax

Since 29 December 1962 entertainments tax has been levied in Victoria only on admissions to horse racing and trotting meetings. The amount of tax collected during each of the five years to 1971-72 was as follows : 1967-68, \$522,796 ; 1968-69, \$530,139 ; 1969-70, \$569,311 ; 1970-71, \$566,585 ; 1971-72, \$604,207.

Further reference, 1971

Taxes on the ownership and operation of motor vehicles
**VICTORIA—TAXES ON THE OWNERSHIP AND OPERATION
 OF MOTOR VEHICLES**
 (\$'000)

Paid to—	1967-68	1968-69	1969-70	1970-71	1971-72
VEHICLE REGISTRATION FEES AND TAXES					
Country Roads Board Fund—					
Motor registration fees, etc.	27,302	29,300	31,062	33,118	34,635
Additional registration fees (part)	1,703	1,849	2,034	2,112	2,397
Level Crossings Fund—					
Additional registration fees (part)	851	924	1,017	1,056	1,128
Road (Special Projects) Fund—					
Increase in registration fees (Act No. 7283)	9,944	13,979	14,708	15,558	16,106
Transport Regulation Fund—					
Motor omnibus registration fees	12	10	10	10	10
Total	39,812	46,062	48,832	51,853	54,277
DRIVERS, ETC., LICENCES AND FEES					
Consolidated Fund—					
Drivers licence fees (part)	1,380	1,613	1,574	2,376	3,647
Country Roads Board Fund—					
Drivers licence fees (part)	712	828	810	828	939
Drivers test fees	223	243	268	275	448
Municipalities Assistance Fund—					
Drivers licence fees (part)	695	809	790	1,187	1,823
Drivers Licence Suspense Account—					
Drivers licence fees (part)	..	..	..	384	912
Total	3,010	3,493	3,443	5,051	7,769
STAMP DUTY (VEHICLE REGISTRATION)					
Consolidated Fund	5,436	5,976	6,688	7,007	8,961
ROAD TRANSPORT TAXES					
Country Roads Board Fund—					
Sale of log books	22	11	11	10	10
Transport Regulation Fund—					
Licences, etc.	873	909	943	984	1,025
Permits	875	892	933	933	1,084
Total	1,770	1,813	1,887	1,927	2,119
ROAD MAINTENANCE CONTRIBUTIONS					
Country Roads Board Fund—					
Road charges under Commercial Goods Vehicles Act	7,248	7,842	8,555	8,903	9,136

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

Paid to—	1967-68	1968-69	1969-70	1970-71	1971-72
MOTOR CAR THIRD PARTY INSURANCE SURCHARGES					
Consolidated Fund	2,497	2,605	2,735	2,915	3,028
TOTAL					
Consolidated Fund	9,313	10,194	10,997	12,299	15,636
Country Roads Board Fund	37,210	40,073	42,740	45,247	47,565
Level Crossings Fund	851	924	1,017	1,056	1,128
Municipalities Assistance Fund	695	809	790	1,187	1,823
Road (Special Projects) Fund	9,944	13,979	14,708	15,558	16,106
Transport Regulation Fund	1,760	1,811	1,887	1,927	2,119
Drivers Licence Suspense Account	..	..	..	384	912
Total	59,772	67,789	72,139	77,657	85,290

NOTE. Deductions from third party insurance premiums—credited to the Hospitals and Charities Fund in following years—are included in "other taxes" in the table on page 653, and amounted to \$1,745,000 in 1967-68, \$1,837,000 in 1968-69, \$1,929,000 in 1969-70, \$2,062,000 in 1970-71, and \$2,138,000 in 1971-72.

Stamp duties

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

The rates of duty payable at 17 April 1973 on the principal dutiable classes of documents, etc., are shown in the following table:

VICTORIA—STAMP DUTIES : RATES PAYABLE AT 17 APRIL 1973

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

VICTORIA—STAMP DUTIES: RATES PAYABLE AT 17 APRIL 1973—continued

Dutiable class	Duty payable
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)	
Appointment of trustee	
Discharge of mortgage of a life policy	50c
DEEDS—not otherwise chargeable	\$3
MOTOR CAR—	
On every application for registration and every notice of acquisition of a motor car or trailer—	
For every \$200 and part of \$200 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	} 2c
pig sold singly; or	
(a) of the amount of the purchase money in respect of one	
(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 16 cents.	

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

(a) As from 1 January 1972 the *Gift Duty Act 1971* and the *Gift Duty (Rates and Rebates) Act 1971*, administered by the Commissioner of Probate Duties, imposed duty on gifts (including gifts and settlements of property) formerly imposed only under the Stamps Acts. However, where a gift involves the transfer of real property, stamp duty is still charged at the rates shown on page 660 but the amount paid is allowed as a deduction from the duty payable under the Gift Duty Act.

Australian income tax

Uniform taxation on incomes throughout Australia was adopted in 1942 when the Australian 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. In 1972-73 these included 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 1972-73 income tax is payable on the incomes of individuals commencing at a taxable income of \$1,041. 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 25 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:

Type of dependant/housekeeper	\$
Spouse	364
Parent or parent-in-law	364
Child under sixteen years of age—	
One child	260
Other children	208 each dependant
Student child 16 to 25 years of age	260 each dependant
Invalid relative not less than sixteen years of age	260 each dependant
Housekeeper or daughter-housekeeper	364

Income tax is payable on the whole of a person's taxable income if that income exceeds \$1,040.

Special concessional rates apply to incomes of \$1,041-\$1,120.

A deduction is available to individuals who reside in certain remote areas of Australia 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 tables show details of income tax for 1971-72 and the general rates of income tax for the 1972-73 income year :

VICTORIA—INCOME TAX: INDIVIDUALS, 1971-72
(1970-71 INCOME YEAR)

Grade of net income (a)	Number of taxpayers			Net income \$'000	Taxable income \$'000	Net income tax assessed \$'000
	Males	Females	Persons			
\$				\$'000	\$'000	\$'000
417- 599	11,970	22,796	34,766	17,859	17,198	333
600- 799	15,389	32,472	47,861	33,420	30,990	902
800- 999	14,346	30,072	44,418	39,922	36,607	1,485
1,000- 1,199	15,050	30,521	45,571	50,070	45,322	2,304
1,200- 1,399	17,203	32,750	49,953	65,003	57,956	3,462
1,400- 1,599	18,799	35,775	54,574	81,887	72,840	4,884
1,600- 1,799	20,431	39,206	59,637	101,458	90,263	6,758
1,800- 1,999	21,387	42,939	64,326	122,195	108,818	9,090
2,000- 2,199	22,793	43,419	66,212	139,016	123,731	11,357
2,200- 2,399	24,957	41,646	66,603	153,146	135,468	13,556
2,400- 2,599	28,152	37,447	65,599	163,916	144,257	15,532
2,600- 2,799	32,771	34,407	67,178	181,273	157,991	18,058
2,800- 2,999	37,036	27,958	64,994	188,484	162,306	19,401
3,000- 3,999	236,769	74,879	311,648	1,086,974	901,075	121,841
4,000- 5,999	329,204	40,353	369,557	1,780,183	1,423,612	242,964
6,000- 7,999	97,932	10,742	108,674	739,517	582,712	125,306
8,000- 9,999	32,526	3,896	36,422	321,953	256,084	65,075
10,000-19,999	28,763	3,979	32,742	425,732	354,010	117,004
20,000-29,999	3,592	466	4,058	96,521	85,506	39,292
30,000-49,999	1,169	172	1,341	49,394	44,907	24,262
50,000-99,999	295	43	338	22,178	20,836	12,564
100,000 and over	50	12	62	9,834	9,237	5,990
Total	1,010,584	585,950	1,596,534	5,869,936	4,861,725	861,422

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

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

AUSTRALIA—GENERAL RATES OF INCOME TAX: INDIVIDUALS,
1972-73 INCOME YEAR

Total taxable income		Tax at general rates on total taxable income	
Not less than—	Not more than—		
\$	\$	\$	\$
Nil	200	Nil + 0.2 cents for each \$1	
200	300	0.40 + 0.8 cents for each \$1 in excess of	200
300	400	1.20 + 2.4 cents for each \$1 in excess of	300
400	500	3.60 + 3.8 cents for each \$1 in excess of	400
500	600	7.40 + 4.9 cents for each \$1 in excess of	500
600	800	12.30 + 6.5 cents for each \$1 in excess of	600
800	1,000	25.30 + 8.2 cents for each \$1 in excess of	800
1,000	1,200	41.70 + 9.8 cents for each \$1 in excess of	1,000
1,200	1,400	61.30 + 11.3 cents for each \$1 in excess of	1,200
1,400	1,600	83.90 + 12.7 cents for each \$1 in excess of	1,400
1,600	1,800	109.30 + 14.1 cents for each \$1 in excess of	1,600
1,800	2,000	137.50 + 15.4 cents for each \$1 in excess of	1,800
2,000	2,400	168.30 + 17.2 cents for each \$1 in excess of	2,000
2,400	2,800	237.10 + 19.6 cents for each \$1 in excess of	2,400
2,800	3,200	315.50 + 22.0 cents for each \$1 in excess of	2,800
3,200	3,600	403.50 + 24.4 cents for each \$1 in excess of	3,200
3,600	4,000	501.10 + 26.8 cents for each \$1 in excess of	3,600
4,000	4,800	608.30 + 30.3 cents for each \$1 in excess of	4,000
4,800	5,600	850.70 + 33.3 cents for each \$1 in excess of	4,800
5,600	6,400	1,117.10 + 35.7 cents for each \$1 in excess of	5,600
6,400	7,200	1,402.70 + 37.9 cents for each \$1 in excess of	6,400
7,200	8,000	1,705.90 + 39.9 cents for each \$1 in excess of	7,200
8,000	8,800	2,025.10 + 41.8 cents for each \$1 in excess of	8,000
8,800	10,000	2,359.50 + 44.1 cents for each \$1 in excess of	8,800
10,000	12,000	2,888.70 + 48.2 cents for each \$1 in excess of	10,000
12,000	16,000	3,852.70 + 54.6 cents for each \$1 in excess of	12,000
16,000	20,000	6,036.70 + 60.3 cents for each \$1 in excess of	16,000
20,000	40,000	8,448.70 + 64.0 cents for each \$1 in excess of	20,000
40,000	..	21,248.70 + 66.7 cents for each \$1 in excess of	40,000

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 1972-73 (1971-72 income year) :

AUSTRALIA—RATES OF INCOME TAX PAYABLE
BY COMPANIES, 1972-73 (1971-72 INCOME YEAR)

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

(a) Under Division 7 of Part III of the *Income Tax Assessment Act 1936-1972* a private company is liable to pay additional tax upon the amount, if any, by which dividends paid by the company within the prescribed period fall short of a sufficient distribution as defined. The rate of additional tax for the financial year 1972-73 is 50 per cent.

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

(c) No tax is payable by a non-profit company unless its taxable income exceeds \$416. Where the taxable income of a non-profit company that is a friendly society dispensary exceeds \$416 but does not exceed \$1,664 the tax payable by the company is limited to one half of the amount by which the taxable income exceeds \$416, less any rebate or credit to which the company is entitled.

(d) No tax will be payable by a non-profit company unless its taxable income exceeds \$416. Where the taxable income of a non-profit company other than a friendly society dispensary exceeds \$416 but does not exceed \$1,830 the tax payable by the company is limited to 55 per cent of the amount by which the taxable income exceeds \$416, less any rebate or credit to which the company is entitled.

State pensions and gratuities

The following table shows details of State Government expenditure on pensions, gratuities, etc., during each of the years 1967-68 to 1971-72 :

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

Particulars	1967-68	1968-69	1969-70	1970-71	1971-72
State Superannuation Fund—					
Railways	5,273	5,451	5,724	6,176	6,533
Other	7,257	8,443	9,624	11,365	13,237
Total	12,530	13,894	15,348	17,541	19,770
Police Pensions Fund	380	380	380	..	..
Police Superannuation Fund	54	6	5	5	5
Coal Mine Workers Pensions Fund	105	30	54	20	14
Parliamentary Contributory Retirement Fund (a)	103	42	..	..	..
Parliamentary Contributory Superannuation Fund	..	44	352	429	361
Married Women's Superannuation Fund	..	28	2	10	27
Married Women Teachers Pensions Fund (b)	42	..	..	..	..
Other pensions, gratuities, etc.	85	86	132	202	222
Grand total	13,299	14,509	16,273	18,207	20,400

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

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

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, pages 666-7), 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, 1970, and 1972 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 \$312 per annum, provided that where both parents are deceased the amount is increased to \$624.
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.

The following table shows details of the business of the State Superannuation Fund for each of the years 1967-68 to 1971-72 :

VICTORIA—STATE SUPERANNUATION FUND

Particulars	1967-68	1968-69	1969-70	1970-71	1971-72
Receipts—	\$'000	\$'000	\$'000	\$'000	\$'000
Contributions—					
Officers	14,297	16,170	18,725	21,763	24,966
Consolidated Fund (a)	12,436	13,818	15,244	17,419	20,381
Interest	6,907	7,790	8,687	9,771	11,177
Other	94	207	192	225	523
Total	33,734	37,985	42,848	49,177	57,047
Disbursements—					
Pension payments	16,203	17,772	19,369	21,871	24,747
Lump sum payments	2,893	3,549	4,737	6,771	5,400
Contributions refunded	1,399	1,686	2,034	1,876	2,194
Transfer to Pensions Supplementation Fund	1,028	1,057	2,175	3,756	3,636
Other	35	11	38	219	98
Total	21,558	24,075	28,354	34,493	36,075
Balance in Fund at 30 June	136,435	150,345	164,839	179,524	200,495
Contributors at 30 June—	number	number	number	number	number
Males	45,911	(b)46,700	(b)47,000	(b)47,000	(b)48,000
Females	8,087	(b) 8,100	(b) 9,819	(b)10,000	(b)10,000
Total	53,998	(b)54,800	(b)56,819	(b)57,000	(b)58,000
Pensioners at 30 June—					
Ex-employees—					
Males	8,464	8,583	8,829	(b) 8,900	(b) 9,200
Females	1,662	1,752	1,853	(b) 1,900	(b) 2,000
Widows	7,397	7,533	7,744	(b) 8,000	(b) 8,200
Children	988	1,054	1,094	(b) 1,100	(b) 1,250
Total	18,511	18,922	19,520	(b)19,900	(b)20,650

(a) These figures do not agree with those shown in the preceding table, as the latter include the Consolidated Fund's share of pensions accrued at the end of each year.

(b) Estimated.

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 only new contributors to the Fund are police cadets who pay contributions during their period of training. On appointment to the Police Force these contributions are refunded and the new appointees become contributors to the State Superannuation Fund.

The receipts of the Police Pensions Fund during 1971-72 amounted to \$691,210, comprising deductions from pay, \$64,322, and interest on

investments, \$626,888. During the year, \$1,580,165 was paid in pensions, \$26,002 in gratuities, \$19,629 was returned to contributors on resignation, and \$321,801 was paid to the Pensions Supplementation Fund. The balance in the Fund at 30 June 1972 was \$10,575,934. Of this amount, \$10,350,900 was invested in government and semi-government securities.

The number of contributors to the Fund at 30 June 1972 was 423 males and three females.

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 12 July 1961 or the widows of such officers or of those officers who died before that date. Amending legislation, operative from 19 December 1969, increased the supplementary pensions of such persons and also granted supplementary pensions to, or in respect of, persons who retired subsequent to 12 July 1961 but prior to 1 July 1967.

Total income of the Fund during 1971-72 was \$3,842,335, made up of statutory transfers from the State Superannuation Fund, \$3,516,288 and from the Police Pensions Fund, \$323,195, and interest on investments, \$2,852, while expenditure on pensions totalled \$4,046,523. At 30 June 1972 the net assets of the Fund were \$31,501.

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 1972 the net assets of the Fund amounted to \$703,620.

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 1971-72 receipts of the Fund totalled \$542,426, made up of members' contributions, \$130,946, contribution from the Consolidated Fund, \$361,326, and interest on investments, \$50,154. Pension payments and retiring allowances totalled \$318,983 and other expenditure amounted to \$3,678.

The balance in the Fund on 30 June 1972 was \$857,631, of which \$848,750 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.

The purpose of this Fund is to provide retiring benefits for married women who are on the permanent staff of the Victorian public service and who, because of their married status, are not eligible to contribute to the State Superannuation Fund.

Each contributor is required to contribute to the Fund an amount equal to five per cent of her salary. Contributions are credited to members' accounts in the Fund and are supplemented by payments from the Consolidated Fund when benefits become due. Benefits on retirement consist of lump sum payments or annuities.

The balance in the Fund at 30 June 1972 was \$1,871,665, of which \$1,862,695 was invested.

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 Australian Government and certain of its authorities, 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 had 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 five per cent of salary. The benefit payable is the total of the contributions actually paid plus compound interest, multiplied by three, or an amount equal to one half of annual salary, if greater.

At 30 June 1972 there were 174,355 contributors to the Superannuation Fund and 22,247 to the Provident Account, while the number of pensions in force was 30,450. At the same date, the balance of the Fund, a trust fund held at the Australian Treasury, was \$555.7m.

State trust funds and special accounts

Under the provisions of The Constitution Act, revenues of the State are payable to the Consolidated Fund 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 Australian 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 1971-72 the debits of all trust funds or accounts amounted to \$1,137.8m, while credits totalled \$1,158.9m.

At 30 June 1972 the liability of the State on account of all trust funds or accounts amounted to \$202.7m. Of this total, \$79.4m was invested in Australian Government stock or other securities, and cash advanced totalled \$25.4m. The balance—\$97.9m—was at the credit of the Public Account.

Expenditure on works and services

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

Details of expenditure on works and services for each of the years 1967-68 to 1971-72 are shown in the following table :

VICTORIA—GROSS EXPENDITURE ON WORKS, SERVICES, ETC.
(\$'000)

Expenditure on—	1967-68	1968-69	1969-70	1970-71	1971-72
Public works—					
Railways	16,541	16,863	16,135	15,874	15,496
Tramways				2,150	1,200
Roads and bridges	1,841	4,476	1,778	1,307	1,481
Harbours and rivers	1,886	4,432	2,687	4,333	3,809
Water supply	18,380	18,156	24,519	26,789	37,815
Sewerage	1,166	1,754	1,173	1,462	1,242
Electricity supply	14,500	15,750	19,250	5,000	11,000
Gas supply	70	80	40	100	2,058
Public buildings—					
Schools, etc.	39,718	42,192	45,616	52,501	57,597
Hospitals, etc.	17,336	17,260	18,694	18,960	17,901
Other	13,297	11,440	11,167	9,280	11,287
Municipalities—loans, grants, etc.	2,361	2,235	3,708	4,178	5,399
Housing	2,758	2,705	1,935	2,671	39,695
Other public works	610	547	883	581	700
Primary production—					
Land settlement	2,308	1,927	2,250	1,327	735
Soldier settlement	2		2		
Drought, etc., relief	915	4,131	488	74	240
Forestry	2,759	3,020	3,365	3,516	3,622
Mining, n.e.i.	230	254	254	282	280
Cool stores	235	80	66	56	14
Destruction of vermin and noxious weeds	2,084	2,143	2,261	2,592	2,815
Other primary production (a)	3,853	3,540	2,972	2,552	2,870
Other purposes	1,532	1,721	2,149	3,527	4,145
Total works, etc., expenditure	144,383	154,707	161,393	159,111	221,401
Funding of Consolidated Revenue deficits	4,000	..	2,887	..	..
Grand total (b)	148,383	154,707	164,279	159,111	221,401

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

(b) Represents payments from the Loan Fund for the years 1967-68 to 1969-70 and payments from the Works and Services Account for the years 1970-71 and 1971-72.

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.

In addition to the public debt as shown in the following tables, Victoria had an additional liability of \$571.3m at 30 June 1972 due to the Australian Government and consisting of \$544.9m advances for housing purposes under the Commonwealth-State Housing Agreement, \$12.7m for special assistance loans for soldier settlement, \$3.6m for repayable loans for drought relief,

and \$10m in respect of a special payment to the State in 1969-70 to meet budgetary difficulties. 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 1967-68 to 1971-72. The variations from year to year in the Australian currency equivalent of overseas loans, resulting from application of the rates of exchange ruling at 30 June in each year, are shown.

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

Particulars	1967-68	1968-69	1969-70	1970-71	1971-72
DEBT MATURING IN AUSTRALIA					
Debt outstanding at 1 July	1,755,151	1,896,159	2,033,067	2,175,649	2,274,719
New debt incurred—					
Australian Government loan flotations	317,543	277,113	367,951	362,429	382,104
Domestic raisings	3,771	1,581	..	1	..
Less conversion and redemption loans	161,646	131,604	206,934	240,081	209,903
Total new debt incurred	159,668	147,089	161,016	122,349	172,201
Less repurchases and redemptions from National Debt Sinking Fund	18,660	10,181	18,435	23,278	22,240
Net increase in debt	141,008	136,908	142,581	99,071	149,961
Debt outstanding at 30 June	1,896,159	2,033,067	2,175,649	2,274,719	2,424,680
DEBT MATURING IN LONDON					
Debt outstanding at 1 July	94,705	62,151	59,665	45,158	42,490
New debt incurred—					
Australian Government loan flotations	..	..	1,496	..	..
Less conversion and redemption loans	16,408	..	..	..	..
Total new debt incurred	-16,408	..	-1,496	..	..
Less repurchases and redemption from National Debt Sinking Fund	2,616	2,486	13,011	2,668	2,042
Adjustment due to variation in rate of exchange	-13,530	..	..	..	-1,593
Net increase in debt	-32,554	-2,486	-14,507	-2,668	-3,635
Debt outstanding at 30 June	62,151	59,665	45,158	42,490	38,855
DEBT MATURING IN NEW YORK, CANADA, SWITZERLAND, AND THE NETHERLANDS					
Debt outstanding at 1 July	43,213	40,301	37,562	33,554	30,632
New debt incurred—					
Australian Government loan flotations	..	..	1,343	..	..
Less conversion and redemption loans	..	..	..	..	..
Total new debt incurred	..	..	-1,343	..	..
Less repurchases and redemptions from National Debt Sinking Fund	2,912	2,739	2,800	3,138	4,409
Adjustment due to variation in rate of exchange	..	..	+135	+216	-1,412
Net increase in debt	-2,912	-2,739	-4,008	-2,922	-5,820
Debt outstanding at 30 June	40,301	37,562	33,554	30,632	(a) 24,812
TOTAL					
Debt outstanding at 1 July	1,893,069	1,998,611	2,130,294	2,254,361	2,347,842
New debt incurred—					
Australian Government loan flotations	317,543	277,113	367,951	362,429	382,104
Domestic raisings	3,771	1,581	..	1	..
Less conversion and redemption loans	178,054	131,604	209,773	240,081	209,907
Total new debt incurred	143,260	147,089	158,178	122,349	172,197
Less repurchases and redemptions from National Debt Sinking Fund	24,188	15,406	34,246	29,084	28,687
Adjustment due to variation in rate of exchange	-13,530	..	+135	+216	-3,005
Net increase in debt	105,542	131,683	124,067	93,481	140,505
Debt outstanding at 30 June	1,998,611	2,130,294	2,254,361	2,347,842	2,488,348

(a) Includes New York, \$A18,230,000 ; Canada, \$A2,359,000 ; Switzerland, \$A2,784,000; and the Netherlands, \$A1,440,000.

Particulars concerning the due dates of loans outstanding at 30 June 1972 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 1972
(\$A'000)

Due date (financial year)	Amount maturing—				Total
	In Australia	In London	In New York	Elsewhere overseas	
1972-73	184,331	11,335	2,294	..	197,960
1973-74	259,126	..	..	..	259,126
1974-75	130,823	..	..	..	130,823
1975-76	224,990	577	..	(a) 2,784	228,351
1976-77	93,821	..	..	..	93,821
1977-78	128,351	3,762	..	..	132,113
1978-79	117,000	16,595	1,483	..	135,077
1979-80	66,254	..	1,828	..	68,082
1980-81	80,464	..	1,851	(b) 2,359	84,673
1981-82	86,868	5,967	3,102	(c) 1,440	97,377
1982-83	39,728	..	5,275	..	45,002
1983-84	88,725	619	..	..	89,344
1984-85	117,705	..	..	..	117,705
1985-86	79,363	..	2,398	..	81,761
1986-87	57,700	..	..	..	57,700
1987-88	98,790	..	..	..	98,790
1988-89	131,261	..	..	..	131,261
1989-90	107,890	..	..	..	107,890
1991-92	96,097	..	..	..	96,097
1994-95	8,985	..	..	..	8,985
1999-2000	6,911	..	..	..	6,911
2000-01	26,264	..	..	..	26,264
2001-02	48,305	..	..	..	48,305
2003-04	84,314	..	..	..	84,314
2005-06	56,831	..	..	..	56,831
Not yet fixed	3,786	..	..	..	3,786
Total	2,424,680	38,855	18,230	6,582	2,488,348

(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 1967-68 to 1971-72 :

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
1968	1,896,159	62,151	33,060	2,721	2,600	1,921	1,998,611	605.21
1969	2,033,067	59,665	30,500	2,678	2,600	1,784	2,130,294	634.63
1970	2,175,649	45,158	26,637	2,672	2,600	1,647	2,254,361	659.05
1971	2,274,719	42,490	23,769	2,547	2,784	1,533	2,347,842	674.40
1972	2,424,680	38,855	18,230	2,359	2,784	1,440	2,488,348	703.99

The following table shows the rates of interest which were payable on the public debt at 30 June 1972, and the amount 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 1972

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	143,329	..	..	..	143,329
6.8	76,191	..	..	..	76,191
6.7	16,030	..	..	..	16,030
6.6	29,805	..	..	..	29,805
6.5	158,608	..	..	..	158,608
6.4	145,847	..	..	..	145,847
6.3	48,729	..	..	..	48,729
6.0	107,917	1,196	..	..	109,113
5.9	13,353	..	..	..	13,353
5.8	72,248	..	..	..	72,248
5.75	20,594	..	2,398	(a) 2,359	25,351
5.7	6,151	..	..	..	6,151
5.5	20,327	37,659	8,377	..	66,363
5.4	94,660	..	..	..	94,660
5.375	67,305	..	..	..	67,305
5.3	79,102	..	..	..	79,102
5.25	475,543	..	3,678	..	479,221
5.2	32,029	..	..	..	32,029
5.0	632,850	..	1,483	(b) 1,440	635,772
4.75	21,420	..	2,294	..	23,714
4.625	14,150	..	..	..	14,150
4.5	59,780	..	..	(c) 2,784	62,564
4.25	81,251	..	..	..	81,251
3.875	106	..	..	..	106
3.4875	1	..	..	..	1
3.1	553	..	..	..	553
3.0	1,822	..	..	..	1,822
2.7125	217	..	..	..	217
2.325	1,087	..	..	..	1,087
1.0	3,676	..	..	..	3,676
Total	2,424,680	38,855	18,230	6,582	2,488,348
Average rate of interest	% 5.53	% 5.52	% 5.35	% 5.08	% 5.53

(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 1967–68 to 1971–72. 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
ON PUBLIC DEBT (a)**

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
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	33.94	5.15
1971	123,121	3,955	127,076	36.49	5.41
1972	134,229	3,451	137,680	38.92	5.53

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

The actual interest and expenses paid on the public debt of Victoria for each of the years 1967-68 to 1971-72 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				
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	370	109,615	(b)	400	110,015
1970-71 (b)	113,374	2,455	1,392	352	117,574	(b)	420	117,994
1971-72 (b)	127,941	2,339	1,203	(c) 349	131,832	(b)	432	132,264

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

(b) For each of the years 1968-69 to 1971-72 exchange on payments of interest overseas has been included with interest paid in overseas countries.

(c) Includes Canada, \$A142,000 ; Switzerland, \$A126,000 ; and the Netherlands, \$A80,000.

National Debt Sinking Fund

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

Details of transactions of the National Debt Sinking Fund in respect of the Public Debt of the State of Victoria, for each of the years 1967-68 to 1971-72, 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	1967-68	1968-69	1969-70	1970-71	1971-72
Contributed under Financial Agreement—					
Victorian Government	18,613	20,031	20,910	22,291	23,846
Australian Government	4,885	5,189	5,600	5,926	6,378
Total contributions under Financial Agreement	23,498	25,220	26,510	28,217	30,224
Interest on investments	5	30	28	27	44
Special contributions by Victoria	25	25	25	25	25
Interest accrued on securities	..	Dr. 109	229	..	..
Total	23,528	25,167	26,793	28,270	30,293
Total to date	295,730	320,897	347,689	375,959	406,252

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

Particulars	1967-68	1968-69	1969-70	1970-71	1971-72
Australia—					
Face value	18,660	10,181	18,435	23,278	22,240
Net cost	18,652	10,180	18,414	23,274	22,236
London—					
Face value	2,616	2,486	13,011	2,668	2,042
Net cost	2,783	2,357	12,723	2,324	1,911
New York—					
Face value	2,598	2,560	2,521	2,868	4,122
Net cost	2,410	2,323	2,205	2,629	3,978
Canada—					
Face value	177	42	142	131	143
Net cost	160	37	109	117	123
Netherlands—					
Face value	137	137	137	139	144
Net cost	138	139	139	139	145
Total—					
Face value	24,188	15,406	34,246	29,084	28,690
Net cost	24,142	15,036	33,591	28,483	28,393
Total to date—					
Net cost	295,684	310,720	344,311	372,794	401,187

Further reference, 1964

PRIVATE FINANCE

Commonwealth banking legislation

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

Banking in 1971 and 1972

The restrictive official monetary policy, applied during 1970 in an effort to contain inflationary pressures, continued into 1971. Main features of the policy were relatively high interest rates on both bank lending and deposits

and sales to the public of high-yielding government securities, in order to inhibit the build-up of liquidity in the banking system.

As a result of this policy, and also because of the usual seasonal influences, bank liquidity tightened considerably during the June quarter of 1971, after attaining a normal seasonal peak in February 1971. To avoid undue tightening in bank liquidity and, consequently, bank lending, the Reserve Bank announced a reduction in the Statutory Reserve Deposit ratio from 9.4 per cent to 8.9 per cent in April, but this move did not reflect an easing of the Government's policy of monetary restraint. Further, interest rates in the May Commonwealth loan were reduced marginally for short-term stock, and in April and June, Treasury Note rates were reduced.

However, the August 1971 Australian Budget confirmed that the Government was not prepared to ease its policy of monetary restraint, and the budgeted domestic surplus of \$630m was designed to draw more funds from the private sector. The Government also continued to encourage sales of securities to the public to restrict the seasonal liquidity build-up in the second half of 1971. In spite of these measures, an upsurge in liquidity did occur during the latter part of the year, largely as a result of the high level of capital inflow which had been steadily increasing since late 1970. The inflow was a major factor in an increase of \$664m in major trading bank total deposits in 1971, 80 per cent of which was in the form of term deposits. This reflected their relatively attractive interest rates, and expectations that interest rates in general would not move any higher. Consequently, in December 1971 term deposits formed 44.6 per cent of total deposits, increasing from 41.2 per cent in December 1970.

Change in policy

A major change occurred in official monetary policy towards the end of 1971, when it became clear that employment and business activity generally were at unacceptable levels. The previous restrictive stance of monetary policy was substantially modified in December 1971, when the Reserve Bank and the Australian Government announced that official restraints on bank lending were removed, and that banks should feel free to meet the requirements of their customers, subject to their individual liquidity positions. This relaxation was supported by a reduction in the Statutory Reserve Deposit ratio of the major trading banks, from 8.9 per cent to 7.1 per cent of total deposits, so as to support banks in their new lending by providing a higher liquidity base.

Confirmation of the new policy came in February 1972, when official maximum interest rates on trading bank deposits and advances were reduced. At the time these reductions were made the authorities took the opportunity to introduce more flexibility into the structure of trading bank interest rates. Under the new arrangements the maximum overdraft interest rate on trading bank loans of \$50,000 and over was removed, so that interest rates on these larger loans became a matter for negotiation between banks and their customers. For loans under \$50,000 the official maximum rate continued to apply, though the rate was reduced from 8.25 per cent to 7.75 per cent at this time. Simultaneously banks were granted freedom to negotiate rates in respect of interest-bearing term deposits of \$50,000 and over for periods of thirty days to four years, and on certificates of deposits for periods of

three months to two years, subject only to a specified maximum rate—currently 6.5 per cent.

The trading banks' enhanced ability to vary their lending and borrowing rates of interest in accordance with seasonal factors and competitive pressures enabled them to compete more effectively with non-bank financial intermediaries which have long been free to vary their interest rates in this manner.

In November 1972 the Reserve Bank replenished the Farm Development Loan Funds of the major trading banks. Two thirds of the \$65m replenishment came from a reduction in the Statutory Reserve Deposit ratio, bringing the ratio down from 7.1 per cent to 6.6 per cent of total deposits, while the balance was supplied from the banks' liquid funds. Changes also occurred in lending arrangements from these Funds, which were broadened. Previously, the emphasis of the Funds had been on finance for farm development purposes, which would directly raise productivity. Banks can now lend, on viable propositions, for such purposes as the financing of property purchases, assisting in the retention of a farming property where the death of the proprietor creates financial difficulties, and for financing the repayment of existing short-term debt. The maximum term for loans from the Fund was removed. Generally, banks were enabled to relate the terms and conditions of loans to the situation of individual borrowers.

Deposits

Bank deposits and domestic liquidity rose strongly throughout 1972 under the influence of two main factors—an accelerating growth in the balance of payments surplus and the expansionary impact of the Australian Government's budgetary position, especially in the latter half of the year. Capital inflow totalled \$1,838m in 1971–72, and there was a further substantial inflow of about \$1,000m between July and December 1972. The deficit on the current account of the balance of payments was reduced from \$843m in 1970–71 to \$433m in 1971–72, and continued to fall in the June to December period of 1972, mainly because of the improvement in the balance of trade arising from strong export growth and a subdued level of imports. Consequently, Reserve Bank holdings of gold and foreign exchange increased by \$1,535m to \$3,600m during 1971–72, and had risen to \$4,652m by the end of December 1972.

Total deposits of the major trading banks increased by \$1,940m to \$9,549m during the year to December 1972, compared with increases of \$187m and \$664m in 1970 and 1971, respectively.

Term deposits (including Certificates of Deposit) accounted for \$1,003m, or 51.7 per cent of the deposit increase. The comparatively rapid growth in term deposits resulted from the high excess liquidity in the economy, which resulted in a strong demand for term investments, and also reflected the strong competition by banks for term deposits, following the introduction of flexibility into the banks' interest rate structure in February 1972. The ratio of term deposits to total deposits with the major trading banks increased from 45.0 per cent in December 1971 to 46.3 per cent in December 1972.

Certificates of Deposit were in strong demand because of their more favourable yields in comparison with those on competing Treasury Notes.

Certificates of Deposit totalled \$325m in December 1972, compared with only \$26m in December 1971.

Total deposits in all savings banks increased by \$1,280m to \$9,262m in the year to December 1972, compared with increases of \$420m and \$619m in 1970 and 1971, respectively. This large increase in savings bank deposits appears to be related to the continuing strong growth in wages and prices, while personal consumption expenditure expanded only slowly during 1972, and also to the fact that interest rates on savings bank investment accounts were favourable compared with those offered on term deposits with trading banks.

Deposits of the major trading banks in Victoria rose by \$542m to \$2,707m between December 1971 and December 1972, but the Victorian share of total major trading bank deposits in Australia declined slightly from 28.5 per cent to 28.4 per cent over this period. Victorian savings bank deposits also rose substantially in the year to December 1972, increasing by \$502m to a total of \$3,226m. The Victorian share of total Australian savings bank deposits increased from 34.1 per cent in December 1971 to 34.8 per cent in December 1972. The level of savings bank deposits per head of population in Victoria was \$859.45 in September 1972, which was the highest of any State and compared with the Australian average of \$681.88.

Lending

The relaxation of official restraints on trading bank lending in late 1971, together with the high level of bank liquidity, meant that trading banks had the freedom and ability to considerably expand their lending in 1972. The banks' response to the lifting of restrictions was to immediately increase the level of approvals of new and increased overdraft limits. These averaged \$72m a week throughout the 1972 calendar year, compared with \$37m a week in 1971.

Despite the rapid rise in new lending approvals, the utilisation of overdraft limits remained at a very low level throughout 1972 and loans outstanding of the trading banks grew very slowly for most of the year. This was due, in part, to the sluggishness of the economy and the resultant restrained need for finance. In addition, finance from non-bank sources was readily available throughout the year on competitive terms. Nevertheless, by the December quarter 1972 loans outstanding were expanding more quickly, partly reflecting the recovery in economic activity. For 1972 as a whole, major trading bank total loans outstanding increased by \$849m, or 17.5 per cent, compared with an increase of \$464m, or 10.6 per cent, in 1971.

The major trading banks' total advances in Victoria increased by \$91m to \$1,497m in 1972. This total represented a 26.2 per cent share of the Australian total, compared with 28.9 per cent in December 1971.

Housing loans outstanding by all savings banks in Victoria increased by \$92m to \$1,033m in the year to November 1972. The Victorian share of total Australian housing loans outstanding by all savings banks at that date was 37.5 per cent, compared with 38.3 per cent in November 1971.

Loans outstanding of the Australian Resources Development Bank were \$337m at 30 September 1972, a rise of \$60m over the year.

During the year the Resources Bank made greater use of domestic capital markets for raising funds, partly because of the difficult international monetary climate and relative interest rate movements.

Liquidity

The following table illustrates the strong rise in trading bank liquidity which occurred in 1972, in comparison with previous years. The ratio of major trading bank liquid assets and government securities to deposits (the L.G.S. ratio) increased from 26.3 per cent in December 1971 to 31.8 per cent in December 1972.

AUSTRALIA—MAJOR TRADING BANKS

December	Total deposits	Annual change	Total advances	Annual change	Advance/ deposit ratio	L.G.S. ratio
	\$m	per cent	\$m	per cent	per cent	per cent
1968	6,110.3	6.9	3,717.6	12.4	-60.8	23.6
1969	6,758.6	10.6	4,139.5	11.3	-61.2	23.4
1970	6,945.4	2.8	4,392.5	6.1	-63.2	22.6
1971	7,609.8	9.6	4,856.5	10.6	-63.8	26.3
1972	9,549.3	25.5	5,705.6	17.5	-59.7	31.8

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

Month	1969	1970	1971	1972
January	26.8	24.6	24.5	29.1
February	28.3	25.4	25.9	30.5
March	28.0	25.3	25.6	29.7
April	25.7	23.1	23.7	28.2
May	24.0	21.8	22.2	26.1
June	22.9	20.5	21.3	23.7
July	21.9	20.0	21.2	24.6
August	22.5	20.4	21.7	26.8
September	23.0	20.9	22.8	29.3
October	23.1	21.2	24.3	31.3
November	23.3	22.1	25.1	31.8
December	23.4	22.6	26.3	31.8
Average for year	24.4	22.3	23.7	28.6

(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 Australian Government. 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 1967-68 to 1971-72, together with net profits and their distribution are shown in the following tables:

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

Particulars	1967-68	1968-69	1969-70	1970-71	1971-72
Liabilities—					
Capital and reserve funds	72	61	100	173	241
Australian notes on issue	990	1,071	1,176	1,309	1,449
Statutory reserve deposit accounts of trading banks	480	523	647	644	590
Other deposits of trading banks	73	83	45	57	96
Deposits of savings banks	505	568	596	551	745
Other liabilities	227	225	285	400	785
Total	2,348	2,531	2,849	3,134	3,906
Assets—					
Gold and foreign exchange	1,042	1,090	1,043	1,493	2,775
Australian notes and coin	18	14	10	10	11
Cheques and bills of other banks	5	5	5	4	4
Australian Government securities—					
Redeemable in Australia—					
Treasury bills and Treasury notes	187	300	433	293	193
Other	728	713	817	855	524
Bills receivable and remit- tances in transit	31	35	35	41	45
Loans, advances, and all other assets	336	374	506	438	354
Total	2,348	2,531	2,849	3,134	3,906

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

Particulars	1967-68	1968-69	1969-70	1970-71	1971-72
Liabilities (excluding capital and contin- gencies)					
	250.4	284.7	401.9	342.2	253.7
Assets—					
Loans, advances, etc.	283.0	319.8	440.6	384.8	299.2
Other assets	(a)	0.1	..	..	..
Total assets	283.1	319.9	440.6	384.8	299.2

(a) Under \$50,000.

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

Department	1967-68	1968-69	1969-70	1970-71	1971-72
Central banking	4.5	5.7	8.9	11.3	4.9
Note issue	23.0	23.8	36.3	46.9	25.2
Rural credits	1.5	1.6	1.9	1.6	1.5
Total	29.0	31.1	47.1	59.8	31.6

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

Particulars	1967-68	1968-69	1969-70	1970-71	1971-72
Australian Government	26.2	26.6	41.6	54.2	25.2
Reserve Bank reserve fund	1.3	2.9	3.6	4.0	4.9
Rural Credits Department—					
Reserve fund	0.7	0.8	0.9	0.8	0.8
Development fund	0.7	0.8	0.9	0.8	0.8
Total	29.0	31.1	47.1	59.8	31.6

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 1971 and 1972 :

VICTORIA—TRADING BANKS : NUMBER OF BRANCHES AND AGENCIES

Bank	At 30 June 1971		At 30 June 1972	
	Branches	Agencies	Branches	Agencies
Major trading banks—				
Commonwealth Trading Bank of Australia	140	91	140	83
Australia and New Zealand Banking Group Ltd	373	103	351	93
The Bank of Adelaide	2	6	2	..
Bank of New South Wales	177	12	182	12
The Commercial Bank of Australia Ltd	167	54	166	58
The Commercial Banking Co. of Sydney Ltd	146	39	148	37
The National Bank of Australasia Ltd	243	81	244	84
Total major trading banks	1,248	386	1,233	367
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	1,250	386	1,235	367
Metropolitan area	726	190	722	175
Remainder of State	524	196	513	192

The following tables show particulars of the averages of deposits with, and advances by, trading banks in Victoria during the month of June 1972. 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 1972**
('\$000)

Bank	Deposits repayable in Australia			Loans (a), advances, and bills discounted
	Not bearing interest	Bearing interest	Total	
Commonwealth Trading Bank of Australia	143,491	172,552	316,042	217,823
Private trading banks—				
Australia and New Zealand Banking Group Ltd	362,258	332,933	695,191	457,479
The Bank of Adelaide	5,432	1,282	6,714	4,566
Bank of New South Wales	140,723	141,170	281,893	199,200
The Commercial Bank of Australia Ltd	133,046	170,399	303,445	220,439
The Commercial Banking Co. of Sydney Ltd	76,233	101,823	178,056	75,519
The National Bank of Australasia Ltd	204,678	242,883	447,561	259,671
Total	1,065,861	1,163,042	2,228,902	1,434,697

(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	
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
1971	988,424	978,679	1,967,103	1,369,378
1972	1,065,861	1,163,042	2,228,902	1,434,697

(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—				
	1968	1969	1970	1971	1972
Resident borrowers—					
Business advances—					
Agriculture, grazing, and dairying	193.1	207.6	209.1	203.3	197.2
Manufacturing	240.4	226.0	258.1	309.9	298.8
Transport, storage, and communication	19.1	23.4	22.8	23.5	23.2
Finance	65.1	58.5	77.3	84.8	137.2
Commerce	168.1	193.2	194.8	199.2	193.9
Building and construction	38.0	41.4	44.2	42.6	41.8
Other businesses	114.1	133.5	152.0	235.9	262.4
Unclassified	9.7	17.7	12.6	16.7	14.1
Total business advances	847.6	901.3	971.0	1,115.9	1,168.6
Advances to public authorities	15.3	17.7	23.7	36.7	30.8
Personal advances	165.6	184.4	199.3	202.6	246.5
Advances to non-profit organisations	16.9	17.4	19.6	18.3	17.0
Total advances to resident borrowers	1,045.4	1,120.8	1,213.6	1,373.5	1,462.9
Non-resident borrowers	1.2	1.2	1.2	1.9	1.6
Grand total	1,046.6	1,121.9	1,214.7	1,375.3	1,464.5

The above classification for bank deposits is available only on an Australian basis, and can be found in *Banking and Currency* 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 second table on page 681) and, in addition, the Rural Credits Department of the Reserve Bank and the Commonwealth Development Bank. Debits to Australian 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
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
1965-66	847.7	1970-71	1,647.3
1966-67	940.0	1971-72	1,808.7

(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 1972 advances to customers were \$1,105m (June 1971 :

\$955m); customers' accounts were \$1,727m (1971: \$1,502m) or over 22.4 (1971: 21.7) per cent of the total deposits of all major Australian trading banks; customers' accounts numbered 1,216,000 (1971: 1,154,000); and it had 1,146 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 Australian Government trade missions and its trade service is able to provide up-to-date information on economic conditions and market prospects in overseas countries.

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.

**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
1968	580	542	1,122	667	1,008
1969	683	597	1,280	718	1,054
1970	751	627	1,378	832	1,096
1971	832	670	1,502	955	1,154
1972	979	748	1,727	1,105	1,216

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 1972 of \$3,558m.

At the end of June 1972 amounts on deposit with the Savings Bank within Australia totalled \$3,421m (1971: \$3,142m) and it was conducting 7,633,000 (1971: 7,462,000) active accounts. The Savings Bank's depositors' balances are widely invested in the development of Australia; apart from advances (mainly for housing) of \$1,175m outstanding in June 1972 (1971: \$1,095m), investments in Australian and State Government securities totalled \$1,316m and in local and semi-governmental securities amounted to \$546m.

Between 1960 and June 1972 over \$1,500m was provided for housing, assistance having been provided to more than 228,500 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.

The following table shows details of Commonwealth Savings Bank activities for the years 30 June 1968 to 1972 :

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
1968	6,822	2,645	838	1,574
1969	7,038	2,811	927	1,644
1970	7,236	2,951	991	1,678
1971	7,462	3,142	1,095	1,744
1972	7,633	3,421	1,175	1,862

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 30 June 1972 are set out in the following tables :

AUSTRALIA AND VICTORIA—COMMONWEALTH DEVELOPMENT BANK:
LOANS APPROVED, 14 JANUARY 1960 TO 30 JUNE 1972

Particulars	Rural loans		Industrial loans		Total	
	Number	Amount	Number	Amount	Number	Amount
		\$'000		\$'000		\$'000
Australia	27,693	335,204	3,134	106,077	30,827	441,281
Victoria	4,724	51,241	705	25,402	5,429	76,643

**AUSTRALIA AND VICTORIA—COMMONWEALTH
DEVELOPMENT BANK: EQUIPMENT FINANCE
UNDER HIRE PURCHASE ARRANGEMENTS,
14 JANUARY 1960 TO 30 JUNE 1972**

Particulars	Number of transactions	Amount financed
		\$'000
Australia	154,234	482,738
Victoria	31,251	107,718

Outstanding loans by the Commonwealth Development Bank to rural and other industries in Australia at 30 June 1972 were as follows :

**AUSTRALIA—COMMONWEALTH DEVELOPMENT BANK: LOANS TO
RURAL AND OTHER INDUSTRIES OUTSTANDING AT 30 JUNE 1972
(\$'000)**

Rural industries		Non-rural industries	
Type of industry	Loans outstanding	Type of industry	Loans outstanding
Sheep	72,458	Building materials and fittings	2,957
Cattle	63,084	Chemical products	728
Dairying	18,951	Electrical manufacturing	1,289
Wheat and other grain crops	23,530	Foodstuffs and preservation	8,117
Fruit	6,901	Engineering	5,673
Poultry	3,441	Other manufacturing	3,302
Miscellaneous	13,457	Transport, storage, and communication	1,516
		Miscellaneous	14,311
Total	201,822	Total	37,893

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 Australian 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 \$1,416m at 30 June 1972. The deposits of its 3 million operative accounts, held at 515 branches and sub-branches and 657 agencies, amounted to \$1,345m which represented approximately 47 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 eighteen 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 Australian 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 1972 the bank held 254,087 cheque accounts with balances of \$71.4m.

The growth of permanent building societies accelerated in 1965 when the Australian 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 1972, 190 branches and sub-branches were operating with tellers' machines, and the pass-book accounts for fifty-six 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 1972, \$17.7m was paid out to members. In 1971 the State Savings Bank extended its coupon savings scheme to the Calendar Club, which works on the same principle as the Christmas Club, except that the depositor can nominate the month and the term—from three months to two years—in which he wants his pay-out.

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 \$4,000, or more in special cases, and the maximum term is five years. 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, educational, 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 1972, 16,873 borrowers owed \$23,321,555.

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. 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 previous 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 515 in 1972. 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 1972 the bank's staff included 233 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 \$1,345m at 30 June 1972.

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 240,000 Victorian families to purchase their own homes. At 30 June 1972, 78,994 housing loan borrowers owed a total debt of \$472.3m.

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 1972, \$9.1m was owed to the bank by co-operative societies. The bank also provides funds to the Home Finance Trust which, at 30 June 1972, owed the bank \$9.5m.

Rural interests are well served by long-term mortgage loans or short-term personal loans. Advances to farmers totalled \$2.3m in 1971-72 and at 30 June 1972, \$21.9m was outstanding from 1,825 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 1972 was \$439.3m.

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 1971-72 totalled \$1.0m.

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 1972 banking was provided at 2,550 schools for 440,784 depositors where balances totalled \$7.6m. Bursaries (totalling \$15,000 in 1972) are granted from the Bank's Bursary Trust to assist secondary school students who might otherwise have been unable to continue their education.

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 branch of the Bank. 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 the years 1968 to 1972 :

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
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
1971	2,167	1,033,968	63	184,156	432	7,561
1972	2,230	1,101,947	74	223,651	441	7,558

(a) Excluding Christmas and Calendar Club accounts. At 30 June 1972 the amount at credit of 215,571 Christmas and Calendar Club members was \$11,559,508.

The following table shows the transactions of the bank for each year from 1967-68 to 1971-72 :

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

Year	Deposits	Withdrawals	Interest paid	Amount at credit of depositors
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
1970-71	2,395,170	2,358,006	34,881	1,235,641
1971-72	2,800,250	2,725,990	37,313	1,344,716

The following table shows the amounts advanced by the State Savings Bank during each of the years 1967-68 to 1971-72 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		Savings bank	Credit foncier
	Housing (b)	Farms	Churches, etc.	Housing	Farms		
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
1970-71	68.6	2.6	1.2	11.8	..	305.3	160.5
1971-72	82.0	2.3	1.0	8.0	..	363.3	146.4

(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 1971-72 were: 1967-68, \$40.4m; 1968-69, \$42.1m; 1969-70, \$44.6m; 1970-71, \$48.1m; and 1971-72, \$53.3m.

Re-development project

In mid-1972 the State Savings Bank of Victoria lodged plans with the City of Melbourne for the State Bank Centre, a \$25m re-development of the Bank's head office site and surrounding properties. The plans provided for commencement of construction in 1974 of a bank-shop-office complex on a 1½ acre site abutting Bourke, Elizabeth, and Little Collins Streets. Completion period for the project was expected to be 1978-79. The complex, dominated by a 42 storey tower rising to 570 ft, will house the head office and main branch of the Bank.

The design provides for the tower to rise through the northern end of a three storey base building which will cover the entire site. This base building will house banking chambers, arcades, and a gallery of shops arranged around an extensive public area with a glazed roof. This re-development project adjoining the inner city shopping district will involve the demolition of several large buildings, including the present State Savings Bank head office. Three basements will provide parking space for 250 vehicles. Provision is made in the basic design to allow for possible construction of a pedestrian overpass from the centre, to cross Elizabeth Street at first floor level.

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 six 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, and six from 1 October 1970.

The following table shows the total amount of deposits in private savings banks in Victoria at 30 June for each of the years 1968 to 1972, 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
1968	577,647	27.7
1969	634,767	28.3
1970	686,409	28.8
1971	756,321	29.4
1972	855,606	30.0

At 30 June 1972 private savings banks had 1,093 branches and 2,080 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 1968 to 1972. The total amount of deposits per head of population is also shown.

VICTORIA—SAVINGS BANKS : DEPOSITS

Savings bank	Depositors' balances at 30 June—				
	1968	1969	1970	1971	1972
	\$'000	\$'000	\$'000	\$'000	\$'000
State Savings Bank of Victoria (a)	1,033,644	1,104,088	1,163,381	1,235,368	1,344,404
Commonwealth Savings Bank of Australia	474,238	505,480	536,971	583,663	651,944
Private savings banks—					
Australia and New Zealand Savings Bank Ltd (b)	152,339	166,107	176,569	284,390	317,221
The Bank of Adelaide Savings Bank Ltd	1,057	1,270	1,345	1,519	1,754
Bank of New South Wales Savings Bank Ltd	135,893	147,369	157,070	171,510	191,148
The Commercial Savings Bank of Australia Ltd	58,305	66,345	73,693	81,926	95,758
C.B.C. Savings Bank Ltd	64,504	69,463	74,255	80,137	91,740
E.S. and A. Savings Bank Ltd (b)	68,797	76,655	83,880	..	..
The National Bank Savings Bank Ltd	96,752	107,558	119,597	136,839	157,987
Total deposits	2,085,529	2,244,335	2,386,761	2,575,352	2,851,956
	\$	\$	\$	\$	\$
Deposits per head of population	627	663	693	735	804

(a) Including school bank and deposit stock accounts, but excluding balances held in London.

(b) As from 1 October 1970 the Australia and New Zealand Savings Bank Ltd took over the banking business of the E.S. and A. Savings Bank Ltd.

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 1971 there were forty-three companies transacting life business in Victoria, compared with twenty in 1946, with assets throughout Australia of more than \$6,563.8m.

Section 51 (xiv) of the Commonwealth of Australia Constitution Act empowers the Australian 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 1,453,011 (1970: 1,387,455) at the end of 1971, and the total sum insured increased during the same period from \$379m to \$9,041m (1970: \$7,689m).

The following table gives some indication of the growth and volume of life insurance conducted in Victoria for the years 1967 to 1971:

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

Year	Premiums received (including single premiums)	Payments			Total
		Claims	Surrenders	Annuities and cash bonuses	
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
1970	209,873	69,723	41,084	2,201	113,008
1971	240,512	77,696	44,098	2,396	124,191

The following table contains summarised information about new business written in Victoria by all life insurance companies during each of the years 1967 to 1971:

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

Particulars		1967	1968	1969	1970	1971
Ordinary business—						
Number of policies		99,900	109,475	117,981	129,778	153,098
Sum insured	\$'000	543,700	634,683	755,927	917,392	1,198,701
Annual premiums	"	11,807	14,952	16,970	19,834	25,522
Superannuation business—						
Number of policies		17,785	17,624	15,373	15,795	14,621
Sum insured	\$'000	348,803	423,265	533,588	798,199	886,587
Annual premiums	"	8,385	9,629	12,085	19,376	22,044
Industrial business—						
Number of policies		34,427	34,037	36,370	37,621	37,302
Sum insured	\$'000	38,311	39,643	45,579	55,286	63,007
Annual premiums	"	1,438	1,515	1,734	1,995	2,229

Sums insured under new policies issued during 1971 averaged \$7,830 in the ordinary department, \$60,638 in the superannuation department, and \$1,689 in the industrial department.

The following table gives particulars of the policies which were discontinued or reduced during each of the years 1969 to 1971 :

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

Cause of discontinuance	1969		1970		1971	
	Number of policies	Sum insured (\$'000)	Number of policies	Sum insured (\$'000)	Number of policies	Sum insured (\$'000)
ORDINARY BUSINESS						
Death or disability	6,097	13,572	6,305	15,722	6,468	16,885
Maturity, expiry, etc.	20,714	52,758	22,113	61,398	22,516	72,391
Surrender	28,213	94,194	32,567	115,260	33,080	132,835
Forfeiture	13,870	71,871	15,959	99,956	15,786	107,624
Other (a)	-293	16,906	-4,411	8,442	1,892	2,103
Total	68,601	249,301	72,533	300,778	79,742	331,838
SUPERANNUATION BUSINESS						
Death or disability	584	5,907	449	7,047	522	7,859
Maturity, expiry, etc.	1,926	22,444	2,177	28,585	1,767	49,765
Surrender	7,570	139,755	10,275	197,243	13,513	228,690
Forfeiture	285	4,780	341	7,525	331	6,917
Other (a)	6,036	40,948	8,483	85,209	6,289	109,283
Total	16,401	213,835	21,725	325,608	22,422	402,513
INDUSTRIAL BUSINESS						
Death or disability	3,563	905	3,721	978	3,931	1,077
Maturity, expiry, etc.	22,875	3,655	23,456	3,845	21,171	4,008
Surrender	15,365	9,407	14,261	10,214	14,303	10,770
Forfeiture	7,916	10,712	7,668	12,367	7,785	14,561
Other (a)	-599	-56	893	559	882	678
Total	49,120	24,624	49,999	27,963	48,072	31,093

(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 1967 to 1971, particulars of life insurance business in existence in the relevant departments of the companies :

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

Particulars		1967	1968	1969	1970	1971
Ordinary business—						
Number of policies		1,123,141	1,165,722	1,215,130	1,272,375	1,345,731
Sum insured	\$'000	3,572,264	3,978,453	4,485,109	5,101,723	5,969,986
Annual premiums	,,	89,437	99,502	111,092	124,389	142,442
Superannuation business—						
Number of policies		119,368	122,229	121,010	115,080	107,280
Sum insured	\$'000	1,544,686	1,795,859	2,114,374	2,586,963	3,071,038
Annual premiums	,,	38,914	44,586	52,951	63,725	75,966
Industrial business—						
Number of policies		772,705	756,180	743,268	730,890	720,120
Sum insured	\$'000	293,090	308,467	329,395	356,720	388,633
Annual premiums	,,	11,085	12,325	13,057	13,940	14,978

In 1971 the average amount of policy held in the ordinary department was \$4,436, in the superannuation department, \$28,626, and in the industrial department, \$540.

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 1971-72 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	Livestock
Baggage	Marine
Boiler explosion	Motor vehicle (physical damage)
Burglary	Motor vehicle—third party (compulsory)
Cash in transit	Personal accident
Crop (fire and hail)	Plate glass
Employers' liability (including compulsory workers compensation)	Pluvius
Fidelity guarantee	Public liability
Fire and loss of profits	Tourists' and travellers' personal accident
Houseowners and householders	Wool ("sheep's back to store")

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.

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 1967-68 to 1971-72 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	1967-68	1968-69	1969-70	1970-71	1971-72
Fire	38.63	42.61	46.42	33.82	41.56
Householders' comprehensive	26.43	34.01	30.97	31.76	37.07
Sprinkler leakage	72.75	53.66	84.72	92.40	112.42
Loss of profits	29.39	49.11	20.92	16.67	20.85
Hailstone	107.10	46.89	142.71	65.18	119.39
Marine	60.36	68.68	66.04	47.96	46.08
Motor vehicles (other than motor cycles)	69.38	72.52	75.42	70.38	72.37
Motor cycles	46.17	60.58	70.08	40.81	35.30
Compulsory third party (motor vehicles)	108.83	92.75	126.41	98.01	119.33
Employers' liability and workers compensation	63.86	63.11	62.89	55.75	60.43
Personal accident	40.18	44.53	43.95	41.83	36.99
Public risk third party	54.87	37.15	52.38	45.48	39.32
General property	44.97	75.46	31.74	36.70	49.05
Plate glass	57.91	60.55	63.43	64.84	67.82
Boiler	25.69	18.84	33.76	35.73	31.62
Livestock	64.50	63.07	50.87	64.08	70.85
Burglary	65.88	62.51	53.67	54.86	59.80
Guarantee	20.97	14.54	15.98	12.83	27.64
Pluvius	31.47	37.23	70.03	77.49	36.40
Aviation	72.14	75.72	55.69	58.03	12.42
All risks	59.77	65.60	70.11	57.88	60.18
Contractors' all risks	74.79	104.60	45.91	71.57	35.55
Television	29.77	24.14	53.11	53.53	52.45
Other	41.37	33.37	34.40	31.79	36.27
All classes	62.48	62.72	67.35	58.28	63.04

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

Class of business	1967-68	1968-69	1969-70	1970-71	1971-72
PREMIUMS (LESS RETURNS, REBATES, AND BONUSES)					
Fire	29,699	31,485	34,604	37,812	44,096
Householders' comprehensive	15,535	17,137	19,934	22,611	26,327
Sprinkler leakage	83	94	106	97	122
Loss of profits	5,181	5,875	6,151	7,642	8,915
Hailstone	574	1,030	967	922	1,108
Marine	9,331	11,514	12,769	15,493	17,502
Motor vehicles (other than motor cycles)	56,173	58,426	65,927	75,400	88,605
Motor cycles	55	78	118	225	443
Compulsory third party (motor vehicles)	27,492	31,615	35,820	43,572	50,334
Employers' liability and workers compensation (a)	56,766	58,566	62,586	70,222	83,624
Personal accident	8,239	8,783	10,094	11,472	13,178
Public risk third party	4,860	5,496	6,414	7,704	9,667
General property	358	397	434	649	661
Plate glass	1,102	1,146	1,180	1,271	1,404
Boiler	301	298	610	924	882
Livestock	397	459	534	527	489
Burglary	3,984	4,925	5,394	5,818	6,663
Guarantee	601	597	655	868	690
Pluvius	42	43	43	41	54
Aviation	499	574	872	1,991	5,023
All risks	2,348	2,657	2,925	3,946	4,145
Contractors' all risks	1,187	1,548	2,063	2,516	3,175
Television	28	27	91	48	36
Other	3,051	4,354	4,724	4,911	7,184
Total premiums	227,886	247,124	275,014	316,682	374,327

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

Class of business	1967-68	1968-69	1969-70	1970-71	1971-7
OTHER REVENUE (NET OF EXPENSES)					
Interest, dividends, rents, etc.	12,654	13,666	15,614	20,461	24,900
TOTAL REVENUE					
Grand total	240,540	260,790	290,627	337,143	399,227

(a) See references pages 183-5.

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

Class of business	1967-68	1968-69	1969-70	1970-71	1971-72
GROSS CLAIMS (LESS AMOUNTS RECOVERABLE)					
Fire	11,473	13,416	16,063	12,787	18,326
Householders' comprehensive	4,106	5,828	6,175	7,181	9,759
Sprinkler leakage	60	50	89	89	137
Loss of profits	1,523	2,885	1,286	1,274	1,859
Hailstone	615	483	1,380	601	1,323
Marine	5,632	7,908	8,433	7,431	8,065
Motor vehicles (other than motor cycles)	38,974	42,371	49,724	53,066	64,122
Motor cycles	25	48	83	92	156
Compulsory third party (motor vehicles)	29,920	29,321	45,282	42,704	60,063
Employers' liability and workers compensation	36,250	36,960	39,358	39,148	50,534
Personal accident	3,311	3,912	4,436	4,799	4,875
Public risk third party	2,667	2,042	3,360	3,504	3,801
General property	161	300	138	238	324
Plate glass	638	694	748	824	952
Boiler	77	56	206	330	279
Livestock	256	290	272	338	346
Burglary	2,625	3,079	2,895	3,191	3,984
Guarantee	126	87	105	111	191
Pluvius	13	16	30	32	20
Aviation	360	435	486	1,155	624
All risks	1,403	1,743	2,050	2,284	2,495
Contractors' all risks	888	1,620	947	1,801	1,129
Television	8	6	48	26	19
Other	1,262	1,453	1,625	1,561	2,605
Total claims	142,374	155,001	185,219	184,567	235,988
Contributions to fire brigades	5,542	6,078	6,871	8,231	9,515
Commission and agents' charges	22,071	24,106	26,982	28,965	32,122
Expenses of management	36,000	38,723	43,452	50,090	59,169
Total	205,987	223,910	262,523	271,854	336,793

(a) Excludes taxation, etc.

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, 1971-72

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	771,113	415,150	1,186,263
Goods carrying	94,811	129,423	224,234
Hire	4,235	3,536	7,771
Hire and drive yourself	807	293	1,100
Passenger transport	338	251	589
Miscellaneous	10,246	56,823	67,069
Motor cycle	17,090	18,189	35,279
Total	898,640	623,665	1,522,305

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 Victorian Government.

The proportion of total Victorian motor insurance business underwritten by the Office for the year 1971-72 represented 7.3 (1970-71 : 8.1) per cent of comprehensive and 35.8 (1970-71 : 37.3) per cent of third party premiums received in Victoria.

The following table shows the trading results for each of the five years 1967-68 to 1971-72 :

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
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
1970-71	21,711	1,157	22,392	1,606	3,445
1971-72	24,073	717	27,397	1,768	5,811

At 30 June 1972 accumulated losses were \$20,990,005 (1971 : \$17,587,760).

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 Victorian Government.

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

For the year ended 30 June 1972 the premium income of the Office represented 14.7 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 1967-68 to 1971-72 :

VICTORIA—STATE ACCIDENT 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 profit
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
1970-71	11,780	121	8,748	775	2,136
1971-72	12,899	- 24	9,792	888	2,243

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

The amount transferred to the Consolidated Fund in 1971-72 was \$1,000,000 (1970-71 : \$1,550,000), while the accumulated funds at 30 June 1972 were : General Reserve, \$9,570,000 (1970-71 : \$9,020,000); Bonus Equalisation Reserve, \$3,031,264 (1970-71 : \$2,531,124) ; and Building and Other Reserves, \$410,505 (1970-71 : \$345,768).

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 Australian Government up to \$500m at any one time.

It commenced writing business in Sydney in the latter half of 1957, and in March 1958 the 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 Australian 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 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.

The following table shows particulars of the business of the Corporation for each of the years 1967-68 to 1971-72 :

AUSTRALIA—EXPORT PAYMENTS INSURANCE CORPORATION

Particulars	1967-68	1968-69	1969-70	1970-71	1971-72
Business on Corporation's account—					
Number of policies and guarantees	692	746	809	941	1,037
	\$'000	\$'000	\$'000	\$'000	\$'000
Face value of policies and guarantees					
current	271,075	298,829	343,064	511,105	621,955
Maximum contingent liability	141,108	158,966	190,067	301,061	375,358
Premium income	651	730	861	1,025	1,602
Operating costs	388	426	517	585	686
Claims paid (gross)	854	388	353	939	422
Recoveries	591	263	212	693	165
Underwriting reserve	1,420	1,897	2,401	2,997	4,023
Business on Government's account—					
Overseas investment insurance—					
Number of policies	29	41	56	78	96
	\$'000	\$'000	\$'000	\$'000	\$'000
Face value of policies current	12,097	19,813	19,505	44,535	47,636
Maximum contingent liability	10,887	17,832	17,555	40,081	42,872
National interest insurance—					
Number of policies	(a) 5	1	2	(a) 4	13
	\$'000	\$'000	\$'000	\$'000	\$'000
Face value of policies current	(a)2,278	1,208	2,420	(b)63,792	208,292
Maximum contingent liability	(a)2,007	1,087	2,183	(b)42,487	126,232

(a) Includes warehousing insurance.

(b) Three large policies were issued in the national interest during the year.

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 to 1971-72 :

VICTORIA—PERMANENT BUILDING SOCIETIES (a)

Particulars	1968-69	1969-70	1970-71	1971-72
Number of societies	40	46	46	48
Number of shareholders (b)	11,385	16,188	30,783	74,682
Number of borrowers	18,044	19,330	21,144	26,935
Value of transactions—	\$'000	\$'000	\$'000	\$'000
Income—				
Interest on mortgage loans	5,206	6,786	8,586	13,151
Other	515	692	1,020	2,692
Total	5,721	7,478	9,606	15,843
Expenditure—				
Interest payable	2,999	3,950	5,081	7,302
Administration, etc.	743	1,047	1,334	2,694
Total	3,742	4,997	6,414	9,996
Loans and advances—				
Paid	27,545	33,020	36,191	86,921
Repaid	11,103	12,974	12,922	16,841
Deposits—				
Received	58,494	62,065	73,558	138,400
Repaid	35,115	49,880	56,952	108,045
Liabilities—				
Investing members' funds—				
Paid-up capital	19,511	27,218	40,974	99,396
Reserves, etc.	4,210	4,375	4,492	5,882
Borrowing members' funds—				
Share subscriptions	149	169	191	291
Other	27	20	21	27
Deposits	52,234	65,190	81,850	112,436
Loans (including bank overdraft)	5,821	7,585	8,435	10,056
Other	2,108	1,608	1,829	3,929
Total	84,059	106,164	137,792	232,017
Assets—				
Loans on mortgage	78,832	98,799	121,376	191,419
Land and house property	875	944	998	2,334
Other investments	2,778	3,580	9,408	10,862
Cash and deposits	1,136	2,335	5,203	26,115
Other	437	507	807	1,287
Total	84,059	106,164	137,792	232,017

(a) Excludes Starr-Bowkett Societies.

(b) Includes 720 shareholders holding borrowers' shares in 1968-69, 1,204 in 1969-70, 2,734 in 1970-71, and 8,188 in 1971-72.

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 1971-72 are shown in the following table :

VICTORIA—CO-OPERATIVE ORGANISATIONS : PRODUCER AND CONSUMER SOCIETIES, 1971-72

Particulars	Societies—			Total all societies
	Producers	Consumers	Producers and consumers	
Number of societies	86	53	11	150
Number of members	85,246	48,564	29,164	162,974
Value of transactions during the year—	\$'000	\$'000	\$'000	\$'000
Income—				
Sales	89,120	13,144	96,978	199,242
Other	4,287	686	950	5,923
Total	93,407	13,829	97,928	205,165
Expenditure				
Purchases	58,105	10,843	76,409	145,357
Working expenses, etc.	27,522	2,538	19,564	49,624
Interest on loans, etc.	1,097	156	313	1,566
Rebates and bonuses	2,129	175	70	2,374
Total	88,852	13,712	96,355	198,921
Dividend on share capital	895	41	836	1,772
Liabilities—				
Share capital	15,403	2,038	10,453	27,894
Loan capital	4,633	2,082	6,725	13,440
Bank overdraft	16,317	612	1,035	17,964
Accumulated profits	2,033	755	608	3,396
Reserve funds	20,152	868	5,853	26,873
Sundry creditors	15,224	978	15,333	31,535
Other	4,734	345	2,334	7,413
Total	78,496	7,679	42,340	128,515
Assets—				
Land and buildings	} 28,022	3,170	24,515	55,707
Fittings, plant, and machinery				
Stock	15,698	1,673	5,412	22,783
Sundry debtors	22,784	1,733	10,989	35,506
Cash in bank, on hand, or on deposit	4,538	193	800	5,531
Profit and loss account	2,234	608	43	2,885
Other	5,220	301	581	6,102
Total	78,496	7,679	42,340	128,515

Further reference, 1966

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 1967-68 to 1971-72 :

VICTORIA—CO-OPERATIVE ORGANISATIONS: CREDIT SOCIETIES

Particulars	1967-68	1968-69	1969-70	1970-71	1971-72
Number of societies	153	159	172	180	196
Number of members	31,363	35,905	43,857	57,646	77,154
Transactions during the year—	\$'000	\$'000	\$'000	\$'000	\$'000
Income—					
Interest	541	725	1,046	1,591	2,615
Other income	28	44	64	97	143
Total	570	769	1,110	1,687	2,758
Expenditure—					
Interest on deposits	314	408	587	890	1,421
Working expenses	201	293	476	884	1,326
Total	515	701	1,064	1,774	2,747
Liabilities—					
Share capital	294	342	406	514	653
Reserves	85	112	144	191	215
Depositors	7,094	9,444	13,541	20,699	32,181
Sundry creditors	74	71	72	80	143
Other	213	408	700	873	1,228
Total	7,761	10,377	14,862	22,356	34,421
Assets—					
Loans to members	6,571	8,947	12,616	19,267	29,801
Cash at bank or on hand	384	402	677	749	922
Other	806	1,028	1,570	2,340	3,698
Total	7,761	10,377	14,862	22,356	34,421

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, of voluntary patients who so authorise him, 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 on the prescribed form (obtainable from the Public Trust 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 Trust Office if he intends to appoint the Public Trustee 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 the 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 1967-68 to 1971-72 :

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

Particulars	1967-68	1968-69	1969-70	1970-71	1971-72
Proceeds of realisations, rents, interest, etc.	12,181	13,064	15,364	15,195	17,896
Investments, distributions, claims, etc.	10,700	10,244	13,572	13,172	15,801
Cash variation	1,481	2,820	1,792	2,023	2,095
Balance at 1 July	20,082	21,563	24,383	26,175	28,198
Balance at 30 June	21,563	24,383	26,175	28,198	30,293

The number of applications for Probate and Letters of Administration (including Election to Administer), etc., made by the Public Trustee and the number of wills (under which the Public Trustee was appointed executor) lodged for safe custody for the years 1967-68 to 1971-72 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
1967-68	1,058	2,465
1968-69	1,050	2,659
1969-70	1,083	2,951
1970-71	987	2,535
1971-72	1,045	2,737

Trustee companies

By virtue of the Victorian *Trustee Companies Act* 1958 seven companies are authorised to act as executors or administrators if named in the last will and testament and to apply for and obtain Probate or Letters of Administration.

Private individuals who may apply for Letters of Administration or who are named as executor by the testator may authorise a trustee company to apply for Letters of Administration or Probate as if such application had been made on the company's own application. In addition to acting as executor or administrator, the companies are also authorised to act as trustees, agents, and in a number of other fiduciary capacities.

Each company has lodged with the Treasurer of Victoria the sum of \$20,000 as security in place and stead of the Administration Bond required in the case of private individuals granted Letters of Administration. Further protection is afforded to the estates under administration of trustee companies by the imposition of a statutory reserve liability over the share capital of each company. The companies' charges are limited by the *Trustee Companies Act 1958* to a maximum commission charge of 4 per cent on capital and 5 per cent on income. The capital commission is a once only charge regardless of how long the estate remains under the administration of the trustee company.

The value of assets in estates committed to the care of Victorian trustee companies at 30 June for the years 1968 to 1972 is set out in the following table :

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

Particulars	1968	1969	1970	1971	1972
Stock and debentures	123.5	127.0	131.7	126.0	133.3
Advances on mortgages	53.7	62.9	65.9	71.5	78.6
Property and livestock	74.5	77.5	78.4	76.2	81.7
Shares	205.6	226.5	232.4	202.8	227.3
Fixed and other deposits	12.5	20.7	20.9	22.8	26.8
Cash at bank	19.8	13.9	12.4	12.5	13.8
Other	21.3	23.1	26.8	26.7	28.9
Total	510.9	551.6	568.5	538.5	590.4

In addition to the aforementioned assets, the Victorian companies also act as trustees for debenture and note issues and as trustees for unit holders in various unit trust schemes.

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 or current market value if available. 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 1968 to 1972. 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						
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
1971	12,426	98,053	185,591	33,996	249,648	20,091
1972	12,033	92,244	171,951	36,351	227,843	18,935
FEMALES						
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
1971	8,995	53,183	89,252	10,473	131,962	14,671
1972	8,978	52,773	88,261	10,297	130,737	14,562
TOTAL						
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
1971	21,421	151,235	274,843	44,469	381,610	17,815
1972	21,011	145,017	260,212	46,648	358,580	17,066

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

Group	1970		1971		1972	
	Number	Net value	Number	Net value	Number	Net value
	\$'000		\$'000		\$'000	
MALES						
\$						
Under 200	403	40	420	41	410	42
200- 599	804	308	768	298	877	327
600- 999	606	477	533	422	545	431
1,000- 1,999	1,150	1,700	1,122	1,674	1,006	1,480
2,000- 3,999	1,620	4,770	1,638	4,803	1,479	4,349
4,000- 5,999	1,215	6,017	1,268	6,261	1,155	5,741
6,000- 7,999	957	6,701	975	6,868	915	6,353
8,000- 9,999	984	8,837	850	7,642	827	7,448
10,000- 19,999	2,176	30,303	2,207	30,841	2,270	31,728
20,000- 29,999	780	19,162	812	19,828	815	19,727
30,000- 49,999	838	32,284	769	29,945	735	28,321
50,000- 99,999	871	60,397	685	47,237	629	42,851
100,000-199,999	354	48,352	272	36,965	260	35,664
200,000 and over	139	56,783	107	56,823	110	43,383
Total males	12,897	276,134	12,426	249,648	12,033	227,843
FEMALES						
\$						
Under 200	209	21	229	22	242	24
200- 599	511	199	481	189	534	217
600- 999	424	335	375	296	428	337
1,000- 1,999	860	1,271	833	1,218	882	1,290
2,000- 3,999	1,327	3,892	1,166	3,433	1,128	3,314
4,000- 5,999	1,004	4,991	908	4,526	878	4,339
6,000- 7,999	803	5,623	770	5,379	778	5,423
8,000- 9,999	802	7,203	801	7,202	711	6,404
10,000- 19,999	1,800	25,070	1,814	25,212	1,830	25,512
20,000- 29,999	578	14,224	619	15,051	603	14,683
30,000- 49,999	517	19,870	505	19,318	472	18,082
50,000- 99,999	350	23,877	355	24,359	342	23,129
100,000-199,999	149	20,194	101	13,450	107	14,123
200,000 and over	56	20,771	38	12,307	43	13,860
Total females	9,390	147,542	8,995	131,962	8,978	130,737
Grand total	22,287	423,675	21,421	381,610	21,011	358,580

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 1972, 1,750,745 (1971 : 1,764,448) 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 of 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 pages 684-5 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 1972, 545 (1971 : 579) 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 1971-72 receipts of the fund comprised contributions of \$21,313 (1970-71 : \$21,595) and interest on stock of \$6,538 (1970-71 : \$6,538). Claims of \$417 (1970-71 : \$413) were met from the fund during the year. The sum of \$10,189 (1970-71 : \$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 1972 was \$445,976 (1970-71 : \$428,731). The total amount paid to 30 June 1972 as compensation and for judgments recovered, including costs, was \$45,432 (1970-71 : \$45,016) in respect of 166 (1971 : 161) claims.

Further reference, 1968

Titles of land issued

The following table shows the number of titles of land issued during each of the years 1968 to 1972 :

VICTORIA—NUMBER OF TITLES OF LAND ISSUED				
Year	Certificates of title	Crown grants	Crown leases	Total titles
1968	53,422	1,223	256	54,901
1969	51,002	834	229	52,065
1970	54,636	988	237	55,861
1971	49,336	848	230	50,414
1972	50,711	681	149	51,541

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 1968-69 to 1972-73 :

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	
			\$'000					
1968-69	115,367	63,367	595,570	15,966	4,458	19,839	79,079	298,076
1969-70	118,957	65,005	675,651	15,888	4,501	21,584	84,276	310,211
1970-71	114,989	65,713	711,055	16,693	4,241	23,031	88,202	312,869
1971-72	127,675	71,639	862,829	16,400	4,397	22,654	95,250	338,015
1972-73	161,406	83,515	1,176,233	16,281	4,830	23,654	117,704	407,390

(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 1968-69 to 1972-73 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
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
1970-71	971	17,749	1,378	3,203	2,622	38,878
1971-72	979	15,454	1,512	4,088	2,847	38,357
1972-73	1,016	26,806	1,887	5,877	3,437	60,401

(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 1969-70 to 1971-72, classified according to type of mortgagee, are as follows :

VICTORIA—MORTGAGES (a) OF REAL ESTATE LODGED FOR REGISTRATION

Type of mortgagee	1969-70		1970-71		1971-72	
	Number	Amount	Number	Amount	Number	Amount
		\$'000		\$'000		\$'000
Banks	22,571	180,556	23,188	193,780	24,817	222,123
Building societies	4,305	36,917	4,141	39,052	8,690	95,297
Co-operative housing societies	2,818	20,821	3,000	24,326	2,575	22,390
Insurance companies	2,650	59,763	2,254	56,117	2,103	44,881
Government institutions	4,204	34,454	3,832	42,081	4,032	54,079
Trustee institutions	473	13,055	445	10,779	451	15,119
Other mortgagees	28,977	344,179	29,824	362,669	29,950	424,393
Total	65,998	689,746	66,684	728,804	72,618	878,282

(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 1968 to 1972 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	1968	1969	1970	1971	1972
Stock mortgages—					
Number	494	484	861	1,602	715
Amount	\$'000 1,529	1,629	1,174	1,160	2,427
Liens on wool—					
Number	15	29	31	140	63
Amount	\$'000 178	323	138	614	266
Liens on crops—					
Number	429	429	180	273	160
Amount	\$'000 526	459	353	715	565
Total—					
Number	938	942	1,072	2,015	938
Amount	\$'000 2,233	2,411	1,665	2,488	3,258

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 1968 to 1972 :

VICTORIA—BILLS OF SALE

Security	1968	1969	1970	1971	1972
Bills of sale—					
Number	22,265	26,773	27,133	27,323	24,427
Amount	\$'000 30,077	36,755	40,850	45,618	42,267

Companies**Company legislation*

In recent years the Victorian Parliament has given much attention to

* See also special article on "Company Law in Victoria", pages 593-7.

company legislation and, following the passage of a new Companies Act in Victoria in 1958, company legislation has been passed throughout Australia 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 1968 to 1972 :

VICTORIA—COMPANIES REGISTERED, ETC.

Particulars	1968	1969	1970	1971	1972
	number	number	number	number	number
New companies registered—					
Victorian	4,138	4,751	5,634	5,895	5,103
Other	345	429	552	516	503
Total	4,483	5,180	6,186	6,411	5,606
	\$'000	\$'000	\$'000	\$'000	\$'000
Nominal capital of new companies—					
Victorian	162,878	212,023	418,939	224,371	122,067
Other	307,795	450,731	559,613	361,536	291,966
Total	470,673	662,754	978,552	585,907	414,033
	'000	'000	'000	'000	'000
Approximate number of existing companies (at end of year)—					
Victorian	50	54	59	64	66
Other	4	4	4	5	5
Total	54	58	63	69	71
	\$'000	\$'000	\$'000	\$'000	\$'000
Increase in nominal capital of Victorian companies during year	268,159	536,469	803,510	832,693	518,772

Further reference, 1966; Company registration fees, 1964

Stock Exchange of Melbourne

The Stock Exchange of Melbourne was established in 1859, since which time 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 Australia 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 it to operate more efficiently as a legal entity. New Memorandum and Articles of Association were adopted to replace the former Rules and Regulations. At 30 June 1972 membership numbered 169 and there were 40 non-member partners.

Steps towards the eventual introduction of a national securities market in Australia were taken in January 1972 with the appointment by the Australian Associated Stock Exchanges of an executive president with the initial responsibility for the establishment and administration of a national secretariat. The objectives of the move were to further the adoption of common stock-market procedures, especially listing and reporting by companies throughout Australia; to formulate policies for the further self-regulation and development of the stock exchanges; to work for a more efficient and better-informed market for securities; and to encourage responsible ownership and trading of listed securities by Australian and overseas corporate and private investors.

Other significant events in conjunction with the executive president's appointment were the publication of a national monthly journal (*The Australian Stock Exchange Journal*) to replace the six individual journals previously issued by the various State Stock Exchanges, and the automatic listing of all companies on all Stock Exchanges in each capital city; thus 586 companies were added to the Melbourne official list and to this extent, figures quoted in relation to listings are not strictly comparable. The Stock Exchange has sponsored the formation of the Victorian Division of the Securities Institute of Australia which is conducting a three year educational course to improve the standards of personnel in the securities industry.

In January 1972 the Exchange became the first in Australia to provide an on-line computerised index service. Using the quotron network, a subscriber may obtain instant information of the share price index. Also introduced in that year was the portfolio analysis service. Portfolio and fund managers and security analysts can now obtain from the computerised financial library concise and current information relating to any portfolio of securities; this includes such details as earning rates, price-earnings ratios, asset backing, yields, etc. On 2 August 1971 a \$5 order fee was introduced on all share transactions throughout Australia; the fee is added to the normal brokerage rates, but does not apply to selling transactions of less than \$25 consideration.

Official list requirements

In order to provide for changing conditions, amendments were made to the Official List Requirements of the Australian Associated Stock Exchanges during 1971-72, particularly in relation to mining companies which are now obliged to submit quarterly reports to the Exchange in which mining terms are to be more precisely defined and are to state whether such reports have been prepared by qualified geologists. The minimum requirement for any company seeking listing was upgraded so that it now has to have a minimum capital of \$300,000 and at least 300 shareholders.

Official list

At 30 June 1972, 4,474 separate securities (including options), with a nominal value of \$19,382m and a market value of \$37,255m, were quoted on the Exchange. The market value was 26 per cent higher than on 30 June 1971. The market value of \$10,841m in Commonwealth Loans represents a gain of 20 per cent for the year. In the following table, the

number of issues (excluding options) and their nominal value are classified according to type of security :

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

Class of security	Listed at 30 Sept.—				Listed at 30 June—			
	1969		1970		1971		1972	
	No. of issues	Nominal value	No. of issues	Nominal value	No. of issues	Nominal value	No. of issues	Nominal value
		\$m		\$m		\$m		\$m
Australian Government loans	65	9,099	67	9,364	97	9,565	82	9,662
Semi-government and Fiji loans	946	969	955	901	972	998	1,269	1,220
Company debentures	778	1,209	801	1,345	812	1,416	915	1,597
Company unsecured notes	162	204	147	188	115	160	127	157
Preference shares	235	149	237	142	223	130	319	164
Industrial	790	3,691	799	3,913	764	4,069	1,200	5,073
Mining	261	702	361	797	438	1,215	562	1,509
Total	3,237	16,023	3,367	16,650	3,421	17,553	4,474	19,382

(a) Includes options.

Twenty-seven companies were added to the official list during the year and their combined nominal capital was \$86m, and new capital issues made by companies already listed totalled \$781m. At the close of the year, the official list comprised 1,584 companies—1,202 commercial and industrial and 382 mining companies. Because of takeovers and mergers, 59 companies were removed from the official list during the year.

Turnover

During 1971–72 value of turnover of all loan securities rose by 56 per cent to a record total of \$426m. Sales of Commonwealth Loans were 65 per cent greater at \$379.8m. Turnover value of share securities fell 12 per cent to \$864.1m. Sales of mining shares decreased by 49 per cent to 406 million units reflecting the declining interest by investors in oil, iron ore, uranium, and nickel shares. Peak turnover by value in both mining and industrial shares occurred in June 1972 when the sales amounted to \$121.4m.

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

Class of security	1967–68	1968–69	1969–70	1970–71	1971–72
Australian Government loans	166.6	228.8	139.7	257.6	379.0
Semi-government and Fiji loans	12.1	12.2	15.5	22.1	30.1
Company debentures, unsecured notes	16.2	16.2	18.4	24.8	17.8
Total loan securities	194.9	257.2	173.6	304.5	426.9
Preference shares	2.3	3.3	2.2	1.7	5.7
Industrial	235.0	273.2	245.0	260.5	368.1
Mining	228.9	296.0	1,122.6	788.5	406.0
Total share securities	466.2	572.5	1,369.8	1,050.7	779.8

NOTE. Each unit is equivalent to \$1.

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

Class of security	1968-69		1969-70		1970-71		1971-72	
	Trans- actions	Value	Trans- actions	Value	Trans- actions	Value	Trans- actions	Value
	'000	\$m	'000	\$m	'000	\$m	'000	\$m
Australian Government loans	12.2	231.5	11.4	132.0	9.2	229.8	9.5	379.8
Semi-government and Fiji loans	4.1	12.0	4.2	15.0	4.1	21.1	4.4	29.0
Company debentures, unsecured notes	6.2	15.6	6.7	17.7	5.2	21.9	3.8	17.2
Total loan securities	22.5	259.1	22.3	164.7	18.5	272.8	17.7	426.0
Preference shares	4.4	3.9	2.8	3.0	2.6	1.8	3.5	4.8
Industrial	439.9	478.8	352.0	377.2	295.6	391.3	325.1	615.2
Mining	486.8	458.6	921.3	823.8	597.5	593.2	242.3	244.1
Total share securities	931.1	941.3	1,276.1	1,204.0	895.7	986.3	570.9	864.1
Grand total	953.6	1,200.4	1,298.4	1,368.7	914.2	1,259.1	588.6	1,290.1

Share Price Index

On 1 July 1963 the Stock Exchange of Melbourne established a share price index which comprised 50 leading stocks. It has since been expanded and, in addition, includes an All Ordinaries index and 21 industry groups. At the close of the financial year the All Ordinaries index had reached a point of 199.78—a gain of 14 per cent for the 12 months. The metals and minerals index fell 13 per cent for the year to 577.64. At 30 June 1972 aggregate market value of all ordinary, industrial, and mining shares on the official list was \$23,380m.

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 Australian 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 Australian 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 although some of this variability is offsetting. The weekly average volume of loans accepted by the nine dealers is over \$500m and such loans turn over very frequently.

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.

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 Australian 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

AUSTRALIA—SHORT-TERM MONEY MARKET: AUTHORISED DEALERS'
LIABILITIES CLASSIFIED BY TYPE OF CLIENT AT 30 JUNE (a)
(\$m)

Clients	1968	1969	1970	1971	1972
All trading banks	117.6	90.0	158.4	189.2	369.3
Savings banks	26.5	36.0	37.3	77.7	69.0
Insurance offices	20.1	32.4	24.4	26.8	44.8
Superannuation, pension, and provident funds	4.6	8.9	16.6	22.4	19.3
Hire purchase and other instalment credit companies	2.8	2.4	7.9	6.1	11.7
Companies, n.e.c.	156.8	140.3	143.7	155.3	253.3
Australian and State Governments	78.1	62.3	47.7	91.9	100.3
Local and semi-government authorities, n.e.c.	72.2	75.3	87.7	70.0	99.8
All other lenders (including marketing boards and trustee companies)	20.6	45.9	36.2	41.5	71.1
Total	499.3	493.4	559.9	680.8	1,038.7

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

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. 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 Australian 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 :
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 1968	3.00	6.75	3.75	5.40	4.29
June 1969	2.00	7.50	4.00	6.75	4.59
June 1970	3.50	8.80	4.50	8.50	6.12
September 1970	2.00	8.25	4.00	7.50	5.18
December 1970 (b)	1.00	9.00	3.50	7.00	4.90
March 1971	1.00	8.75	3.00	7.50	4.97
June 1971	2.00	9.50	4.00	8.00	5.91
September 1971	1.50	8.50	2.00	7.50	5.71
December 1971 (b)	2.00	9.00	3.00	7.60	5.17
March 1972	0.50	8.30	3.50	6.50	5.04
June 1972	2.00	8.25	4.25	6.60	5.18

(a) Weighted average of weekly figures.

(b) Excludes one Wednesday.

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

Month	Australian Government securities (face value) (b)			Commercial bills (c)	Banks' certificates of deposit
	Treasury notes	Other	Total		
June 1968	116.2	375.1	491.3	35.7	(e)
June 1969	46.4	459.2	505.6	28.9	15.0
June 1970	7.6	567.7	575.4	38.3	3.6
September 1970	7.3	568.9	576.2	41.1	3.1
December 1970 (d)	69.6	523.4	593.0	30.1	3.0
March 1971	147.6	526.6	674.2	28.6	2.9
June 1971	20.6	661.4	682.0	45.4	3.4
September 1971	29.8	758.9	788.7	39.3	2.9
December 1971 (d)	83.4	778.3	861.7	21.7	9.0
March 1972	110.9	860.1	971.0	15.2	16.5
June 1972	40.9	934.1	975.0	39.8	20.8

(a) Average of weekly figures.

(b) Within five years of maturity.

(c) Accepted or endorsed by banks.

(d) Excludes one Wednesday.

(e) 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 transac-

tions of finance companies are provided in the publication *Finance Companies, 1971-72*. 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 720-2). The statistics exclude those finance companies which are not subsidiaries of other finance companies and have total balances outstanding of less than \$500,000.

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
(\$m)

Year	Instalment credit for retail sales	Wholesale hire purchase	Other consumer and commercial loans	Factoring	Total
AMOUNTS FINANCED (a)					
1967-68	191.3	190.5	201.3	34.7	617.9
1968-69	222.5	210.7	262.4	30.7	726.3
1969-70	260.5	241.8	359.3	39.6	901.2
1970-71	266.4	252.6	594.7	48.3	1,162.0
1971-72 (b)	246.3	279.9	(c) 815.1	49.1	1,390.4

VICTORIA—FINANCE COMPANIES—*continued*
(\$m)

Year	Instalment credit for retail sales	Wholesale hire purchase	Other consumer and commercial loans	Factoring	Total
BALANCES OUTSTANDING AT 30 JUNE					
1968	290.9	28.0	231.9	9.7	560.6
1969	336.8	34.9	271.0	9.6	652.4
1970	390.9	37.1	356.2	13.5	797.8
1971	423.2	41.8	472.2	13.5	950.7
1972 (b)	418.9	51.2	(d) 644.8	13.1	1,128.1
COLLECTIONS AND OTHER LIQUIDATIONS OF BALANCES (e)					
1967-68	207.4	189.2	202.6	36.7	635.9
1968-69	239.9	205.8	261.2	34.4	741.2
1969-70	278.5	241.9	335.0	43.0	898.4
1970-71	314.4	252.2	554.9	56.9	1,178.5
1971-72 (b)	324.4	272.6	(f) 725.9	56.4	1,379.3

(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) From July 1971 companies with balances less than \$500,000 are excluded.

(c) Other consumer and commercial loans in the year ended 30 June 1972 included \$64.2m personal loans.

(d) Other consumer and commercial loans at 30 June 1972 included \$85.4m personal loans.

(e) 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.

(f) Other consumer and commercial loans in the year ended 30 June 1972 included \$61.8m personal loans.

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 1971-72 in Australia, classified by States and by groups of commodities. It also shows the balances outstanding at 30 June 1972 for each State.

AUSTRALIA—INSTALMENT CREDIT FOR RETAIL SALES, 1971-72
(Retail businesses plus non-retail finance businesses)
(\$m)

State	Amount financed (a)				Balances outstanding at 30 June 1972 (e)
	Motor vehicles, tractors, etc. (b)	Plant and machinery (c)	Household and personal goods (d)	Total all goods	
New South Wales (f)	368.7	35.9	168.9	573.5	840.3
Victoria	209.6	20.7	109.3	339.6	509.4
Queensland	142.8	17.4	58.6	218.7	323.2
South Australia (g)	88.0	5.4	34.5	127.9	188.4
Western Australia	105.8	11.6	28.2	145.6	212.4
Tasmania	29.4	3.5	10.0	42.9	61.6
Australia	944.3	94.4	409.5	1,448.2	2,135.3

- (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 1967-68 to 1971-72 :

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
RETAIL BUSINESSES				
1967-68	5.3	0.5	72.2	78.0
1968-69	6.6	0.8	76.0	83.3
1969-70	5.9	0.6	82.5	89.0
1970-71	6.7	0.5	86.1	93.4
1971-72	6.1	0.5	89.9	96.4
NON-RETAIL FINANCE BUSINESSES				
1967-68	156.5	17.5	17.2	191.2
1968-69	180.1	22.9	18.6	221.6
1969-70	215.7	25.0	18.0	258.7
1970-71	219.2	24.4	19.0	262.7
1971-72	203.6	20.2	19.4	243.2

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

Year	Motor vehicles, tractors, etc. (b)	Plant and machinery (c)	Household and personal goods (d)	Total all goods
ALL BUSINESSES				
1967-68	161.8	18.0	89.4	269.2
1968-69	186.7	23.7	94.6	305.0
1969-70	221.7	25.5	100.5	347.7
1970-71	226.0	25.0	105.2	356.1
1971-72	209.6	20.7	109.3	339.6

(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 1968 to 1972 :

VICTORIA—INSTALMENT CREDIT FOR RETAIL SALES:
BALANCES OUTSTANDING

At 30 June—	Balances outstanding			Type of credit			
	Retail businesses	Non-retail finance businesses	Total	Hire purchase		Other instalment credit	
				Balance outstanding	Percentage of total	Balance outstanding	Percentage of total
	\$m	\$m	\$m	\$m		\$m	
1968	82.6	291.2	373.8	173.1	46.3	200.7	53.7
1969	85.0	333.6	418.6	180.6	43.1	238.0	56.9
1970	89.3	385.6	475.0	195.0	41.1	280.0	58.9
1971	94.6	418.2	512.8	208.1	40.6	304.7	59.4
1972	95.6	413.9	509.4	216.4	42.5	293.0	57.5

Retail hire purchase operation

The following table shows the main features of hire purchase operations in Victoria for the years 1967-68 to 1971-72. It should be noted that these statistics cover hire purchase operations by all businesses.

VICTORIA—RETAIL HIRE PURCHASE OPERATIONS

Class of goods	1967-68	1968-69	1969-70	1970-71	1971-72
NUMBER OF AGREEMENTS MADE					
Motor vehicles, tractors, etc. (a)	48,865	47,548	44,814	42,825	42,537
Plant and machinery (b)	8,564	8,633	7,683	6,918	6,698
Household and personal (c)	273,849	276,340	279,405	266,266	250,172
Total agreements	331,278	332,521	331,902	316,009	299,407

VICTORIA—RETAIL HIRE PURCHASE OPERATIONS—*continued*

Class of goods	1967-68	1968-69	1969-70	1970-71	1971-72
VALUE OF GOODS PURCHASED (d)					
(\$m)					
Motor vehicles, tractors, etc. (a)	83.0	82.8	94.4	99.5	107.1
Plant and machinery (b)	23.4	28.5	30.5	31.9	26.9
Household and personal (c)	48.6	52.5	55.3	54.7	55.8
Total value	155.1	163.8	180.3	186.1	189.8
AMOUNT FINANCED UNDER AGREEMENTS (e)					
(\$m)					
Motor vehicles, tractors, etc. (a)	56.8	58.9	69.5	73.0	78.0
Plant and machinery (b)	16.4	20.3	22.1	22.6	19.3
Household and personal (c)	39.9	43.1	45.7	46.2	47.4
Total amount financed	113.1	122.3	137.4	141.9	144.8
BALANCES OUTSTANDING AT END OF YEAR (f)					
(\$m)					
All classes of goods	173.1	180.6	195.0	208.1	216.4

(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.