

PART VIII.

FINANCE.

State
Finance.

Under the Constitution Act the revenues of the State are payable into Consolidated Revenue, but certain of these revenues have been hypothecated by various Acts of Parliament for specified purposes, and are payable into special accounts or funds kept at the State Treasury. Apart from these special funds, the financial transactions are concerned with (a) Consolidated Revenue Fund, (b) Trust Funds, and (c) Loan Funds. In the succeeding tables, the revenue and expenditure relating to the Consolidated Revenue Fund and the public revenue of certain special funds or accounts which appear in the Treasurer's Finance Statement are included. Payments from Consolidated Revenue are made either under the authority of an Annual Appropriation Act passed by the Legislature, or by a permanent appropriation under a Special Act. Permanent appropriations are made in respect of services such as Interest on the Funded Debt, Exchange on Overseas Interest, contributions to the National Debt Sinking Fund, the salaries of the Governor, the Judges and certain other officials, expenditure on State pensions, payments to the Unemployment Relief Fund, contributions to the Hospital and Charities Fund (Totalizator Revenue) and the Railway Renewals and Replacement Fund, etc.

A concise statement of the chief special funds kept at the Treasury is shown in the *Year-Book* for 1928-29, pages 76 to 80. Amongst the funds since established are the Unemployment Relief Fund, the Unemployment Relief Loan (1935-36) Trust Fund, the Winter Relief Fund, the Milk Board Fund, the Farmers Debts Adjustment Fund, the Federal Aid Roads and Works Accounts 1937, the Railways Repayment Account, the Railway Renewals and Replacement Fund and the Housing Fund.

Under Act No. 4597 of 1938 the Closer Settlement, the Discharged Soldiers Settlement and the Discharged Soldiers Concession Funds have been abolished. From 28th February, 1939, the finances of these Funds were brought into the Consolidated Revenue system.

The original Financial Agreement between the Commonwealth and the States was made on 12th December, 1927. It was subsequently affected by the Debt Conversion Agreement of 21st July, 1931, the Debt Conversion Agreement (No. 2) of 22nd October, 1931, and the Agreement relating to Soldier Settlement Loans of 3rd July, 1934. A brief outline of the principal provisions of the original agreement is given in the *Year-Book* for 1928-29, page 75.

Commonwealth
and State
Financial
Relations.

A summary of the transactions for the financial year 1938-39 in the Consolidated Revenue Fund and in certain special funds gives the following result:—

		£
Consolidated Revenue Deficit Account—		
Balance to 30th June, 1938		7,197,132
Public Revenue 1938-39	£26,985,548	
Public Expenditure 1938-39	27,772,790	
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Net Deficit, 1938-39		787,242
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Less Appropriation from Surplus Revenue		7,984,374
		30,945
		<hr/>
Balance to 30th June, 1939		7,953,429*

* Of this amount £988,000 has been provided from the proceeds of Treasury Bonds and the balance £6,965,429 from the Public Account.

The differences between the amounts of revenue and expenditure shown above and those given in the Treasurer's Finance Statement arise from the use of a different method of classification for statistical purposes. The public revenue of certain special funds is added to the Consolidated Revenue—an equivalent amount being entered as expenditure. The particulars for 1938-39 are as follows:—

Items.	Public Revenue.	Public Expenditure.
	£	£
Total—Treasurer's Finance Statement	26,985,548	27,772,790
<i>Add public revenue of the following funds—</i>		
Country Roads Board Fund*	1,141,287	1,141,287
Licensing Fund†	115,718	115,718
Police Superannuation Fund	11,290	11,290
Assurance Fund	2,420	2,420
Cattle Compensation Fund	26,202	26,202
Swine Compensation Fund	7,524	7,524
Metropolitan Roads Fund	12,930	12,930
Milk Board Fund	20,745	20,745
Other Funds	64,797	64,797
<i>Deduct—</i>		
Loss of Revenue on account of reduction of certain Outer Suburban Periodical Fares	33,750	33,750
	<hr/>	
Total	28,354,711	29,141,953

* Excluding £637,073 recouped to Revenue under Acts Nos. 3662, 3944, and 4140, Sec. 2.

† In addition to this amount £162,203 was transferred to Revenue under Section 312 of Act No. 3717 as amended by Acts Nos. 4571 and 4613.

The revenue and expenditure of the State for the last five years, after taking into account the considerations mentioned above, are shown in the next statement:—

VICTORIA—STATE REVENUE AND EXPENDITURE,
1934-35 TO 1938-39.

Year.	Public Revenue.	Public Expenditure.	Surplus (+). Deficiency (-).	
			For each Year.	Accumulated Deficiency to end of each Year (i.e. 30th June).
	£	£	£	£
1934-35	25,805,557	25,956,754	- 151,197	-7,109,594
1935-36	26,583,510	26,699,971	- 116,461	-7,226,055
1936-37	27,704,918	27,675,995	+ 28,923	-7,226,055
1937-38	28,938,052	28,907,107	+ 30,945	-7,197,132
1938-39	28,354,711	29,141,953	- 787,242	-7,953,429

Details of the sources of revenue for each of the last five financial years are given in the following statement:—

VICTORIA—SUMMARY OF STATE REVENUE,
1934-35 TO 1938-39.

Heads of Revenue.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
Commonwealth Payment to State— Act No. 3554—Financial Agree- ment	2,127,159	2,127,159	2,127,159	2,127,159	2,127,159
Special Grant	550,000	140,000	137,000	..	..
State Taxation—					
Income Tax	2,603,512	2,750,324	3,290,440	3,976,958	4,370,656
Land Tax	494,593	494,293	492,143	498,232	482,336
Probate Duty	1,124,933	1,340,701	1,509,693	1,431,057	1,374,355
Unemployment Relief	1,694,571	1,979,153	1,955,269	1,934,440	1,879,852
Stamp Duties	967,464	1,016,702	1,080,617	1,134,148	1,134,026
Motor Taxation (excl. Stamp Duties)*	1,403,134	1,580,869	1,669,201	1,809,277	1,898,265
Other Taxation	705,511	749,651	812,437	862,533	883,750
Public Works and Services—					
Railways	8,981,492	9,188,798	9,546,824	9,801,730	9,314,910
Water Supply	580,650	634,261	657,427	675,251	683,183
State Coal Mine	242,514	229,428	159,477	188,230	189,078
State Electricity Commission Interest, &c.	923,342	905,174	876,282	875,495	877,438
Country Roads Board†	17,426	Dr. 32,694	Dr. 89,411	Dr. 145,921	Dr. 145,866
Mafra Beet Sugar Factory	177,902	168,559	154,625	174,971	139,588
Victoria Dock Cool Stores	57,074	45,289	45,394	42,319	31,716
Wharfage Rates, &c.	63,418	69,801	69,041	72,106	68,960
Other	59,654	73,433	64,820	64,702	69,516

* Including cost of collection of Motor Fees paid into the Country Roads Board Fund.

† Represents the difference between the interest received by Consolidated Revenue on account of Country Roads and the recoups to Consolidated Revenue as shown in the Country Roads Board Fund. See remarks on page 312 with reference to the statistical method of arriving at total public revenue.

VICTORIA—SUMMARY OF STATE REVENUE, 1934-35 TO 1938-39—
continued.

Heads of Revenue.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
Land—					
Land Sales, Rents, Penalties, &c.	368,669	431,218	373,824	512,036	441,743
Interest on Loans—					
Closer Settlement	419,653	421,406	427,861	434,950	} 1,023,843
Discharged Soldiers' Settlement	1,021,133	1,008,662	1,000,900	994,015	
Fees, Fines, &c.	226,112	245,242	257,486	271,388	288,371
Tramways Act No. 3732 (Sec. 77)	113,724	111,658	112,050	125,746	101,066
Government Printer	112,235	117,255	133,066	125,230	124,025
Harbor Trust Contributions	114,169	130,597	136,690	152,580	147,011
Department of Agriculture*	35,547	35,256	35,497	36,327	36,684
Commonwealth Contribution to Unemployment Relief	39,495				
Miscellaneous	580,471	612,315	660,106	763,133	813,046
Total	25,805,557	26,583,510	27,704,918	28,938,052	28,354,711
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Per Head of Population	14 1 0	14 8 5	14 19 2	15 11 0	15 2 5

* Excluding "Maffra Beet Sugar Factory" and "Victoria Dock Cool Stores."

The classification of expenditure presented in the following tables appeared for the first time in the *Year-Book* for 1936-37. Under this re-arrangement of items of expenditure, the comparability of the figures with those of previous years is not materially affected.

Interest on the Public Debt, Pensions and Gratuities, and the Contribution to the National Debt Sinking Fund have not been allotted to the respective heads of expenditure. They are shown separately under the sub-heading "Financial Administration."

VICTORIA—SUMMARY OF EXPENDITURE FROM STATE REVENUE, 1934-35 TO 1938-39.

Heading of Expenditure.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
<i>Legislature and General Administration.</i>					
Legislature—					
Governor	10,606	10,091	13,219	12,012	11,740
Parliament	86,341	98,217	104,940	100,168	104,204
Electoral	30,586	7,000	27,176	23,755	2,355

VICTORIA—SUMMARY OF EXPENDITURE FROM STATE REVENUE,
1934-35 TO 1938-39—continued.

Heading of Expenditure.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
<i>Legislature and General Administration—continued.</i>					
Financial Administration—					
Public Debt Charges—					
Interest—					
Funded Debt	6,534,253	6,464,059	6,531,961	6,599,629	6,640,308
Temporary Loan	10,164	7,682	6,288	6,982	12,934
Exchange on Interest	665,963	659,972	657,448	657,819	668,899
Expenses of Paying Interest, Redemptions, Conversions, &c.	91,518	144,061	176,281	45,459	46,253
National Debt Sinking Fund	670,707	693,176	754,258	803,170	858,965
Pensions and Superannuation Contributions*	968,015	1,045,997	1,067,871	1,051,391	1,040,378
Departmental—					
Treasury (including Taxation, Stamps, &c.)	175,431	165,480	169,036	167,812	172,127
Superannuation Board—Ad- ministration	2,857	3,400	3,027	6,315	5,260
Auditor-General	14,634	15,161	17,682	17,961	17,807
Royal Commissions, Boards of Inquiry, &c. .. .. .	..	3,922	5,473	1,982	1,311
Administration, N.E.I.—					
Government Printer	109,104	115,631	124,522	129,144	130,926
Other	224,090	211,412	210,068	215,172	224,549
Total	9,594,269	9,645,261	9,869,250	9,843,771	9,938,016
<i>Law, Order, and Public Safety.</i>					
Salaries of Judiciary	12,076	11,419	12,437	13,000	13,000
Attorney-General and Solicitor- General	202,544	216,667	237,520	248,057	256,226
Police	665,750	714,097	793,833	816,964	815,733
Prisons	108,835	114,115	120,896	122,340	126,355
Prevention of Fire and Flood	62,611	62,913	63,376	72,640	72,369
Other	5,701	3,141	2,863	4,149	3,252
Total	1,057,517	1,122,352	1,230,925	1,277,150	1,286,935
<i>Regulation of Trade and Industry.</i>					
Factories and Shops Legislation }	25,803	27,693	31,074	32,597	33,653
Labour Legislation	17,409	23,175	27,326	27,514	26,145
Transport Regulation Board	27,279	24,231	56,582	39,399	33,186
Liquor Licence Control (Adminis- tration, including Compensation) Other	7,618	11,011	10,617	12,015	10,034
Total	78,109	86,110	125,599	111,525	103,018

* For details see page 332.

VICTORIA—SUMMARY OF EXPENDITURE FROM STATE REVENUE,
1934-35 TO 1938-39—continued.

Heading of Expenditure.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
<i>Education.</i>					
Primary, Intermediate, Secondary—					
Administration, &c.	2,813,454	2,493,609	2,688,449	2,770,446	2,798,255
Technical	120,428	130,797	147,264	161,748	168,217
University *	42,800	42,800	47,300	61,500	58,000
Deaf, Dumb, and Blind	100	150	175	175	175
<i>Agricultural Education—</i>					
Colleges, Experimental Farms,					
University Grants, &c.	28,681	28,117	30,386	36,961	32,819
Other Activities	2,014	2,214	3,843	4,147	4,106
Other	1,937	2,290	2,391	2,367	2,400
Total	2,509,434	2,700,067	2,919,808	3,037,344	3,063,972
<i>Encouragement of Science, Art,</i>					
<i>and Research.</i>					
Public Libraries, Museums, and					
Art Galleries	43,726	46,950	51,284	51,463	55,474
Observatories	3,497	3,748	4,127	3,830	3,823
Other Activities and Institutions	1,250	150	400	150	175
Total	48,473	50,848	55,811	55,443	59,472
<i>Promotion of Public Health</i>					
<i>and Recreation.</i>					
Care of Sick and Mentally					
Afflicted—					
Hospital and Charities Fund					
(Including Totalizator Con-					
tribution)	314,251	341,430	347,802	449,185	433,367
Various Hospitals, &c.	86,377	86,601	91,919	93,632	90,194
Mental Hospitals	418,346	472,637	504,268	511,314	517,564
Institutes for Mentally De-					
ficient Children	4,992	5,409	8,995	21,886	29,915
Health of Mothers and Children—					
Infant Welfare and Clinics	8,901	8,464	9,324	10,872	11,841
Medical and Dental Examination					
of School Children	3,891	9,823	11,155	10,410	11,255
Other . . . . .	..	..	500	..	..
Preservation of Public Health—					
Health Department—Adminis-					
tration	28,217	30,244	32,638	37,118	36,878
Other	67,422	77,261	91,791	172,217	151,862
Parks, Gardens, and Recreation					
Reserves	17,539	19,449	18,717	19,790	18,759
Total	954,936	1,051,318	1,117,109	1,326,424	1,301,635
<i>Social Amelioration.</i>					
Relief of Destitute, Aged, &c.	5,991	5,873	6,698	9,420	4,701
Children's Welfare Department	261,049	264,665	276,563	304,461	329,239
Miners' Phthisis Allowances	11,085	20,702	22,106	20,980	22,949
Care of Aborigines	7,456	7,817	7,492	7,568	7,471
Unemployment Relief Fund †	1,734,081	1,979,153	1,965,269	1,934,441	1,879,852
Other	10,872	810	785	2,138	26,971
Total	2,030,534	2,279,020	2,268,913	2,279,008	2,271,183

* Additional items of expenditure on University are included under functions to which they relate.

† Includes Commonwealth Contribution towards Unemployment Relief, 1934-35, £39,495. Details of actual expenditure on Unemployment Relief are shown on page 260 of this Year-Book.

VICTORIA—SUMMARY OF EXPENDITURE FROM STATE REVENUE,
1934-35 TO 1938-39—continued.

Heading of Expenditure.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
<i>War Obligations.</i>					
Passes to Soldiers, &c.	20,889	12,050	12,458	12,021	12,104
<i>Local Government.</i>					
Licensing Fund Payment to Municipalities	60,332	60,252	59,872	59,660	59,532
Other	100,143*	941	2,221	3,496	4,235
Total	160,475	61,193	62,093	63,156	63,767
<i>Development and Maintenance of State Resources other than Business Undertakings—</i>					
Land Settlement and Survey British Migrants' (Agreement) Act 1933	1,054,654	869,994	791,912	922,649	724,974
Mining (excluding State Coal Mine)	24,409	80,300	400	..	..
Agricultural Pastoral and Dairying †	35,065	37,498	41,377	45,239	44,550
Forestry †	247,950	278,784	318,898	304,039	297,897
Fisheries and Game	126,158	137,649	155,398	170,547	166,885
Roads and Bridges—	8,877	8,976	9,371	9,944	10,434
Country Roads Board ‡	807,187	936,573	961,568	1,038,641	1,141,287
Metropolitan Roads Fund	5,304	7,450	9,436	11,754	12,930
Other	1,828	2,700	49	..	..
Tourist Activities	2,015	6,929	4,950	4,824	2,606
Total	2,313,447	2,366,353	2,293,359	2,507,637	2,401,563
<i>Business Undertakings.</i>					
Railways	6,245,420	6,441,359	6,829,136	7,420,586	7,660,223
Tramways	50,000 ||	..	..	..	..
Harbors, Rivers, and Lights	65,924	61,791	63,228	64,045	71,590
Water Supply, Irrigation, &c.	301,506	312,534	359,729	370,775	442,568
State Coal Mine	324,840	321,818	295,940	338,451	318,949
Maffra Beet Sugar Factory	134,076	123,585	109,621	133,100	84,484
Victoria Dock Cool Stores	27,878	31,640	29,977	31,947	28,697
Seasoning Works (Newport)	7,972	8,500	10,045	13,047	14,227
Forest Tramways	3,699	3,686	3,836	3,433	4,378
Distillation of Eucalyptus Oil	1,241	1,112	1,450	1,236	20
Wire Netting Manufacture	26,070	18,829	17,663	16,960	15,107
State Saw Mill	45	45	45	48	45
Total	7,188,671	7,324,399	7,720,670	8,393,628	8,640,288
Grand Total	25,956,754	26,699,971	27,675,995	28,907,107	29,141,953
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Per Head of Population	14 2 9	14 9 9	14 18 10	15 10 8	15 10 10

* Includes £100,000 grant to municipalities under "Work in Return for Sustenance Scheme."

† Excluding "Maffra Beet Sugar Factory" and "Victoria Dock Cool Stores."

‡ Excluding "Newport Seasoning Works."

§ Represents difference between Public Revenue of Country Roads Board and recoups to revenue made by the Board. Details of Country Roads Board Fund expenditure are shown on page 160 of this Year-Book.

|| Contribution to State Electricity Commission of Victoria towards reconstruction of Ballarat and Bendigo Tramways systems.

**Surplus
Revenue
Expenditure.**

During 1938-39 an amount of £30,945 from the Surplus Revenue Account was applied towards the reduction of the Accumulated Consolidated Revenue Deficit. Reference to appropriations of Surplus Revenue prior to this year will be found in previous issues of the *Year-Book*.

**Financial
Emergency
Legislation.**

The principal legislative provisions made by Parliament to enable Victoria to fulfil the conditions of the agreement under the Melbourne Financial Plan, particularly with reference to the public finance of the State, have been shown in *Year-Books* from 1930-31 to 1935-36 inclusive.

TAXATION.**INCOME TAX.****State
Income Tax.**

Income tax was first imposed in Victoria in 1895, and, although originally fixed for a period of three years, has been retained, with certain amendments and alterations, until the present time. Incomes assessed for tax in any year are those earned, derived, or received in Victoria in the preceding year, and are divided into two classes, viz. :—(1) those derived from personal exertion, and (2) those derived from property. The former consist of salaries, wages, stipends, fees, commissions, bonuses, pensions, superannuation or retiring allowances earned in or derived from Victoria, and all incomes arising or accruing from any profession, trade, or business carried on in Victoria; whilst the latter comprise incomes from all other sources. Outgoings and losses incurred in the production of the income and the statutory exemption and concessional deductions are the principal items taken into consideration in computing the taxable income. Details regarding the two last-mentioned items are given on the next page.

Particulars of Income Tax Assessments on incomes earned in each of the years 1933-34 to 1937-38 appear on page 320. The figures are not comparable unless the varying rates of tax imposed are taken into consideration. The rates applicable to incomes earned during 1933-34, 1934-35, 1935-36 and 1936-37 respectively appear in previous issues of the *Year-Book*.

Rates of Tax. The rates of tax on incomes earned in Victoria during 1937-38 were:—

Taxable Income.	Rate of Tax.		
	Individuals.		Companies.
	Personal Exertion.	Property.	
£1, but not exceeding £2,000	6 1/400th pence on £1 and increasing uniformly by 1/400th pence for every pound by which the taxable income exceeds £1	Double the rates applicable to Personal Exertion	<i>Mutual Life Assurance Companies</i> — On the income of a Mutual Life Assurance Company, with respect to its mutual life assurance business only 12d. for every £1 and on income from other business 22·575d. for every £1 of taxable income
Exceeding £2,000, but not exceeding £6,000	11 1/2000th pence on £2,001 and increasing uniformly by 1/2000th pence for every pound by which the taxable income exceeds £2,001		<i>Other Companies</i> — On the income of Other Companies 22·575d. for every £1 of taxable income, and in respect of interest paid or credited to persons non-resident in Australia on account of money secured or invested in Victoria, or on money lodged at interest in Victoria with the company, 14d. for every £1 of taxable income
Exceeding £6,000	13 pence on every pound of taxable income		

Where income was derived partly from personal exertion and partly from property, the rate of tax applied to the respective portions of the taxable income was the rate that would have been applicable if the total taxable income had been derived exclusively from that source.

Statutory Exemption. Of individuals subject to tax, the minimum income for persons domiciled in Victoria was £201, and for those outside Victoria, £51. In the case of the former, a general deduction of £200 was allowed on incomes between £201 and £500, after which it diminished at the rate of £2 for every £1 of income over £500 and finally disappeared at £600; in the latter case, the general deduction allowed was £50, which decreased by £1 for every £1 of income over £50, finally disappearing at £100. Companies are taxed on full profits but net dividends to recipients although not assessable income are included in the total income for the purpose of calculating the statutory exemption.

Interest from State Savings Bank bonds, debentures and stock is not taxable.

Concessional Deductions. The following concessional deductions were granted:—
(a) £50 for the maintenance of a taxpayer's spouse whose separate income did not exceed £100 per annum; (b) £50 in respect of each child under 16 years of age; (c) certain expenses during illness; (d) funeral and burial expenses not exceeding £20; (e) life assurance premiums; (f) superannuation payments; (g) friendly society contributions.

Where, after deducting from the sum of the assessable income and the net dividends, all allowable deductions except the Statutory Exemption, and items (a), (b), (c) and (d) above, the residue does not exceed £800, these deductions are allowed in full but, where such residue ranges between £801 and £1,200, such deductions are decreased proportionately in the same ratio as the income in excess of £800 bears to £400. Items (e), (f) and (g) are allowable up to an aggregate of £100.

Details of the complete assessments on incomes earned during each of the years 1933-34 to 1937-38 are given below:—

VICTORIA—INCOME TAX ASSESSMENTS.

Heading.	On Incomes Earned during—				
	1933-34.	1934-35.	1935-36.	1936-37.	1937-38.
Number of Assessments—					
Individuals	90,102	100,440	119,217	140,316	163,614
Companies	4,757	5,048	4,908	4,946	5,136
Total, Distinct Taxpayers ..	94,859	105,488	124,125	145,262	168,750
	£	£	£	£	£
Taxable Incomes—					
Individuals	20,974,085	22,231,249	26,695,000	33,619,724	33,315,991
Companies	14,144,806	15,467,440	17,897,726	22,008,215	24,053,658
Total	35,118,891	37,698,689	44,592,726	55,627,939	57,369,649
	£	£	£	£	£
Tax payable—					
Individuals	892,647	937,040	1,106,939	1,372,829	1,348,840
Companies	1,284,005	1,407,790	1,675,163	2,012,071	2,199,232
Total*	2,176,652	2,344,830	2,782,102	3,384,900	3,548,072
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Per taxpayer—					
Individuals	9 18 2	9 6 7	9 5 8	9 15 8	8 4 11†
Companies	269 18 5	278 17 7	341 6 3	406 16 2	428 4 0
	d.	d.	d.	d.	d.
Average tax payable in the £1 on taxable incomes by—					
Individuals	10·21	10·12	9·95	9·80	9·72
Companies	21·79	21·84	22·46	21·94	21·94

* For actual collections in the following financial year, see page 329.

† The average amount of tax payable per individual taxpayer with taxable income not exceeding £500 was £2 12s. 1d.; in the case of those with taxable incomes exceeding £500 the average amount was £54 19s. 4d.

The total net incomes of taxpayers, who were assessed to pay tax on account of incomes earned during 1937-38, amounted to £85,351,464 but, as 136,446 taxpayers were allowed the £200 exemption, equalling £27,289,200, taxpayers numbering 5,632, on grades of income between £301 and £600 were allowed exemption to the amount of £601,605, and 1,521 taxpayers were allowed varying exemptions equalling £91,010, the amount available for taxation was £57,369,649.

The total numbers of individuals and companies who were taxed on incomes earned during 1937-38 are detailed, under specified grades of taxable income, in the following table:—

VICTORIA—INCOME TAX—TOTAL NUMBER OF
TAXPAYERS (1937-38 INCOMES).

Taxable Incomes.	Individuals.				Companies.	Grand Total.
	Personal Exertion Only.	Property Only.	Combined Personal Exertion and Property.	Total.		
£	No.	No.	No.	No.	No.	No.
Not exceeding 100	97,058	5,048	309	102,415	1,108	103,523
101 to 200	23,833	2,441	532	26,806	473	27,279
201 „ 350	10,721	1,473	707	12,901	503	13,404
351 „ 500	2,648	614	606	3,868	349	4,217
501 „ 700	2,907	698	2,259	5,864	325	6,189
701 „ 1,000	2,205	628	2,266	5,099	317	5,416
1,001 „ 1,250	852	235	1,020	2,107	223	2,330
1,251 „ 1,500	525	121	728	1,374	189	1,563
1,501 „ 2,000	502	140	795	1,437	264	1,701
2,001 „ 2,500	206	55	424	685	168	853
2,501 „ 3,000	112	21	220	353	127	480
3,001 „ 4,000	108	34	215	357	199	556
4,001 „ 5,000	50	13	93	156	140	296
5,001 „ 7,600	35	16	84	135	211	346
7,601 and over ..	16	3	38	57	540	597
Total ..	141,778	11,540	10,296	163,614	5,136	168,750

In the succeeding statement incomes earned during 1937-38 are arranged in groups of taxable incomes according to source thereof:—

VICTORIA—INCOME TAX—TAXABLE INCOMES
(1937-38 INCOMES).

Taxable Incomes.	Individuals.				Companies.	Grand Total.
	Personal Exertion Only.	Property Only.	Combined Personal Exertion and Property.	Total.		
£	£	£	£	£	£	£
Not exceeding 100	3,885,824	219,033	19,694	4,124,551	43,044	4,167,595
101 to 200	3,377,356	352,379	80,526	3,810,261	69,331	3,879,592
201 " 350	2,712,535	379,577	187,031	3,279,143	136,499	3,415,642
351 " 500	1,106,260	257,918	262,886	1,627,064	147,405	1,774,469
501 " 700	1,757,547	422,632	1,396,920	3,577,099	192,278	3,769,377
701 " 1,000	1,831,124	517,079	1,887,909	4,236,112	266,699	4,502,811
1,001 " 1,250	951,154	261,135	1,141,138	2,353,427	250,824	2,604,251
1,251 " 1,500	716,567	164,952	1,887,909	1,875,339	260,522	2,135,861
1,501 " 2,000	860,144	240,705	1,367,018	2,467,867	458,607	2,926,474
2,001 " 2,500	463,099	121,529	950,335	1,534,963	376,315	1,911,278
2,501 " 3,000	304,867	58,693	601,577	965,137	348,827	1,313,964
3,001 " 4,000	372,789	116,223	735,701	1,224,713	682,434	1,907,147
4,001 " 5,000	222,284	57,751	413,266	693,301	632,791	1,326,092
5,001 " 7,600	207,555	99,112	505,716	812,383	1,301,626	2,114,009
7,601 and over ..	205,010	28,249	501,372	734,631	18,886,456	19,621,087
Total ..	18,974,115	3,296,967	11,044,909	33,315,991	24,053,658	57,369,649

The complete figures relating to the tax payable on incomes earned during 1937-38 are set out hereunder:—

VICTORIA—INCOME TAX—TAX PAYABLE
(1937-38 INCOMES).

Taxable Incomes.	Individuals.				Companies.	Grand Total.
	Personal Exertion Only.	Property Only.	Combined Personal Exertion and Property.	Total.		
£	£	£	£	£	£	£
Not exceeding 100	100,360	11,240	739	112,339	4,037	116,376
101 " 200	87,941	18,605	2,981	109,527	6,493	116,020
201 " 350	72,998	21,015	6,944	100,957	12,748	113,705
351 " 500	32,033	15,116	10,134	57,283	13,849	71,132
501 " 700	54,442	26,494	52,699	133,635	18,085	151,720
701 " 1,000	61,289	34,826	75,313	171,428	25,086	196,514
1,001 " 1,250	34,813	19,076	49,684	103,573	23,593	127,166
1,251 " 1,500	28,031	12,802	46,564	87,397	24,451	111,848
1,501 " 2,000	36,647	20,468	69,367	126,482	43,138	169,620
2,001 " 2,500	21,436	11,180	51,780	84,396	35,311	119,707
2,501 " 3,000	14,260	5,530	32,898	52,688	32,713	85,401
3,001 " 4,000	18,221	11,351	41,885	57,457	63,949	135,406
4,001 " 5,000	11,134	5,886	24,538	41,558	58,731	100,289
5,001 " 7,600	11,033	10,599	30,547	52,179	122,168	174,347
7,601 and over ..	11,044	3,060	29,837	43,941	1,714,880	1,758,821
Total ..	595,682	227,248	525,910	1,348,840	2,199,232	3,548,072

VICTORIA—SPECIAL INCOME TAX.

Income earned by any person (other than a company) in 1937-38 was subject also to a Special Tax. The minimum taxable income was £105 but, in the case of a married taxpayer whose spouse is a resident of Australia and has an income of not more than £50, or a widow or widower with a child under 16 years of age who is a resident of Australia, the minimum income taxable is £201. The deductions (other than outgoings and losses incurred in the production of the income) allowable for Ordinary Income Tax, which are shown on page 319, were not allowable in calculating the taxable income for this tax. Dividends from any source were subject to, but interest from State Savings Bank Securities was free from tax. The rates of the Special Tax were as follows:—

Where the Taxable Income—						The Rate per £100 was—	
						s. d.	
Exceeded	£104	but did not exceed	£1,000	..	..	6	0
..	£1,000	..	£1,250	..	..	7	0
..	£1,250	..	£1,750	..	..	8	0
..	£1,750	..	£2,000	..	..	9	0
..	£2,000	..	£2,500	..	..	11	0
..	£2,500	..	..	..	..	12	6

The total amounts of Special Tax assessed on incomes earned during 1933-34, 1934-35, 1935-36, 1936-37, and 1937-38, were £312,367, £351,377, £359,335, £400,741, and £431,172 respectively.

UNEMPLOYMENT RELIEF TAX.

Legislative provisions for the relief of unemployment in Victoria are embodied in the *Unemployment Relief Act 1930* (No. 3866) and the *Stamps (Unemployment Relief) Act 1930* (No. 3868). Brief references to these Acts and to amending and continuing legislation arising in connexion therewith have been made in the *Year-Book* of 1929-30 and subsequent issues.

The *Unemployment Relief Tax (Rates) Act 1937* (No. 4493) and the *Unemployment Relief Tax (Rates) Act 1938* (No. 4575) made provision for the rates of tax, &c., on incomes earned during 1936-37 and 1937-38 respectively.

The following statement shows the rates of unemployment relief tax charged on incomes earned during 1937-38. (For 1936-37 rates, &c., see *Year-Book* of 1937-38.) The minimum income subject to tax was £105, and the general exemption of £200 and concessional allowances (wife, children, medical expenses, life assurance, &c.) mentioned on page 319 are not deductible. Dividends from any source and interest on Victorian Government Loans (other than 3 per cent. stock) and State Savings Bank securities are taxable, but the profits earned by companies are not subject to tax.

VICTORIA—RATES OF UNEMPLOYMENT RELIEF TAX 1937-38.

Amount of Taxable Income.	Rate per £100 payable on the Taxable Income.
Not less than £105 but not amounting to £208 ..	<i>s. d.</i> 15 5
" £208 but not exceeding £312 ..	19 4
Over £312 but not exceeding £350 ..	19 9
" £350 but not exceeding £400 ..	20 2
Thereafter for every increase of £50 in taxable income up to the group exceeding £900 but not exceeding £950	The rate of tax increases by either 8d. or 9d. until it reaches 28s. 1d.
Thereafter for every increase of £50 in taxable income up to the group exceeding £2,350 but not exceeding £2,400	The rate of tax increases by either 9d., 10d., or 11d. until it reaches 53s. 2d.
Thereafter for every increase of £50 in taxable income up to the group exceeding £2,950 but not exceeding £3,000	The rate of tax increases by either 1s. 1d., 1s. 2d., or 1s. 3d. until it reaches 66s. 11d.
Over £3,000	68s. 1d. (the maximum rate of tax)

Particulars of assessments in respect of unemployment relief tax on incomes earned during 1936-37 and 1937-38 respectively are shown below, according to specified grades of taxable income.

VICTORIA—UNEMPLOYMENT RELIEF TAX ASSESSMENTS
(1936-37 AND 1937-38 INCOMES).

Taxable Incomes.	1936-37.			1937-38.		
	Number.	Taxable Income.	Tax Payable.	Number.	Taxable Income.	Tax Payable.
£ £		£	£		£	£
101 to 200 ..	192,085	29,015,322	238,942	183,774	27,300,612	210,335
201 " 350 ..	183,133	46,679,817	475,391	214,504	55,458,522	531,836
351 " 500 ..	37,349	15,312,798	169,603	41,933	17,082,069	177,743
501 " 700 ..	16,646	9,702,239	120,290	17,327	10,086,040	117,332
701 " 1,000 ..	9,057	7,486,290	106,890	8,829	7,268,538	97,404
1,001 " 1,200 ..	2,822	3,085,016	50,947	2,586	2,820,235	43,725
1,201 " 1,500 ..	2,492	3,328,609	62,426	2,285	3,062,679	53,733
1,501 " 2,000 ..	2,093	3,591,234	80,136	1,986	3,428,364	72,027
2,001 " 2,400 ..	878	1,915,058	50,733	823	1,801,032	44,802
2,401 " 3,000 ..	770	2,062,290	66,063	717	1,917,579	57,619
3,001 " 4,000 ..	556	1,914,315	69,427	586	2,011,918	68,487
4,001 " 5,000 ..	315	1,402,131	50,529	318	1,415,598	47,963
5,001 " 7,600 ..	294	1,768,268	63,990	315	1,885,759	65,983
7,601 and over ..	201	2,866,381	103,124	195	2,747,475	92,392
Total ..	448,691	130,129,768	1,708,491	476,178	138,286,420	1,679,381

The general public, apart from salary and wage earners, may also participate in the system, for they may at any time purchase Tax Instalment Stamps which, when their taxes fall due for payment in the ordinary course, will be treated as cash.

Arrangements may also be made whereby employers dispense with stamps, but make periodical deductions from the salary or wages of their employees and pay such deductions to the Commissioner of Taxes. Provisions regarding insufficient deductions or refunds are similar to those obtaining in relation to stamps.

COMMONWEALTH INCOME TAX.

The Commonwealth Government also imposes taxation on incomes. Originally payable on incomes earned in 1914-15 the collection of this tax throughout Australia yielded £8,761,619 in 1934-35 ; £8,775,562 in 1935-36 ; £8,556,014 in 1936-37 ; £9,398,503 in 1937-38, and £11,882,440 in 1938-39.

LAND TAX.

State Land Tax. The State Land Tax Act of 1928 provides for a tax on the unimproved value of land and for the assessment of land and other purposes. For the purposes of this Act, unimproved value means the sum which might be expected to be realized at the time of valuation, if the land were offered for sale on such terms as a seller might in ordinary circumstances be expected to require, and assuming that the improvements (if any) had not been made. The nature of the taxation is a duty upon land for every pound sterling of the unimproved value thereof, as assessed under the Act, at a rate declared for each year by Act of Parliament. The rate of tax for the year ending 31st December, 1939, was one halfpenny on every pound sterling of the unimproved value exceeding £250. No tax is chargeable when the total unimproved value of all lands owned does not exceed £250. Where the assessed unimproved value exceeds the amount of exemption (£250) the exemption diminishes at the rate of £1 for every £1 of such excess, so as to leave no exemption when the unimproved value amounts to, or exceeds, £500.

An analysis, in specified groups of estates, of the 1939 Land Tax assessments based on unimproved values as at 31st December, 1938, is given hereafter.

VICTORIA—ANALYSIS OF STATE LAND TAX
ASSESSMENTS, 1939.

Unimproved Values of Estates Ranging Between—				Number of Taxpayers.	Total Amount of Unimproved Values.	Tax Payable.
£	£					
1 and	500	..	..	63,138	22,197,796	29,763
501 and	600	..	..	12,935	7,120,654	14,603
601 and	750	..	..	13,256	8,943,515	18,240
751 and	1,000	..	..	14,053	13,008,291	26,531
1,001 and	1,250	..	..	9,589	10,742,431	21,915
1,251 and	1,500	..	..	7,242	9,954,599	20,372
1,501 and	2,000	..	..	9,626	16,717,241	34,317
2,001 and	3,500	..	..	13,835	36,385,618	74,812
3,501 and	5,000	..	..	5,749	23,863,653	49,268
5,001 and	6,000	..	..	1,811	9,900,447	20,438
6,001 and	7,000	..	..	1,109	7,163,188	14,795
7,001 and	8,000	..	..	795	5,944,821	12,299
8,001 and	9,000	..	..	449	3,808,565	7,910
9,001 and	10,000	..	..	357	3,386,143	7,016
10,001 and	15,000	..	..	959	11,605,414	24,027
15,001 and	20,000	..	..	378	6,566,231	13,662
20,001 and	25,000	..	..	210	4,660,014	9,664
25,001 and	30,000	..	..	140	3,858,587	8,038
30,001 and	35,000	..	..	106	3,463,038	7,214
35,001 and	40,000	..	..	58	2,167,893	4,439
40,001 and	50,000	..	..	114	5,071,352	10,565
50,001 and	75,000	..	..	99	5,894,210	12,280
75,001 and	100,000	..	..	57	4,930,457	10,047
100,001 and	150,000	..	..	25	2,975,244	6,086
150,001 and	200,000	..	..	13	2,209,158	4,602
200,001 and	over ..	..	..	20	5,984,794	12,453
Total				156,123	238,523,354	475,356

In the succeeding statement details are shown relating to the assessments made during the years 1935 to 1939.

VICTORIA—STATE LAND TAX ASSESSMENTS, 1935 TO 1939.

Year.			Number of Taxpayers.	Total Tax Payable.	Average Tax Payable per Taxpayer.	Unimproved Value (approximate).
				£	£ s. d.	£
1935	..	..	156,827	501,441	3 3 11	241,242,265
1936	..	..	156,930	497,832	3 3 5	239,022,192
1937	..	..	157,048	473,934	3 0 4	238,829,620
1938	..	..	157,657	475,818	3 0 4	239,270,330
1939	..	..	156,123	475,356	3 0 11	238,523,354

Commonwealth Land Tax.

In addition to that levied by the State, land tax is also levied on the lands of the States by the Commonwealth Government. Particulars of assessments, &c., for Victoria, given in the table hereunder, have been extracted from the report of the Federal Commissioner of Taxation. It should be noted that resident landowners whose property does not exceed the unimproved value of £5,000 are exempted from the payment of this tax.

**COMMONWEALTH LAND TAX—VICTORIAN ESTATES,
1933-34 TO 1937-38.**

Assessment in respect of Year—	Victorian Returns Assessed.*	Central Office Assessments.†	Unimproved Value Assessed by Department.	Tax Payable.
	No.	No.	£	£
1933-34	7,231	1,611	86,710,216	349,890
1934-35	7,253	1,703	85,763,202	353,798
1935-36	7,158	1,693	84,916,146	362,843
1936-37	7,071	1,625	86,165,970	389,060
1937-38	7,208	1,677	86,865,450	398,532

* Including absentee returns on which tax was payable as follows:—1933-34, 279, £4,680; 1934-35, 281, £5,418; 1935-36, 281, £4,819; 1936-37, 291, £5,858; and 1937-38, 300, £5,989.

† Includes the Victorian interests of those who owned land in more than one State.

PROBATE DUTIES.

Probate Duties, Victoria.

The rates of duty payable under Victorian statutes on estates of deceased persons are briefly summarized hereunder:—

Part 1.—Where estates bequeathed to persons other than widow, children, and grand-children do not exceed £200, no duty is payable, but on estates over £200 and not exceeding £300 duty becomes payable at a rate of $1\frac{1}{2}$ per cent. The rate rises gradually thereafter until, on estates over £20,000, it reaches 10 per cent.

Part 2.—Where the estate is under £500, there is no duty payable on bequests to widow, children, and grand-children. On estates of over £500 in value, the rate of duty commences at 2 per cent. and gradually increases until it reaches 10 per cent. on estates over £100,000. Under this Part, when the total net value of the estate is over £500 but does not exceed £2,000, half rates apply.

Part 3.—The rates of duty on settlements (a) on brother, sister and other relatives are the same as those applicable to Part 1—mentioned above; (b) on widow, widower, descendant or ancestor of settler—the same as mentioned in Part 2.

Duty on settlements on strangers in blood is rateable at 10 per cent.

Additional Duty.—On all statements filed on and after 23rd October, 1930, an additional amount of 21 per cent. on the duty otherwise chargeable, is payable.

The total amounts of probate duty assessed for the years 1934-35, 1935-36, 1936-37, 1937-38 and 1938-39 were £1,123,556, £1,438,316, £1,451,238, £1,429,440 and £1,416,067 respectively. Actual collections of probate duty for the years mentioned are shown in the table below.

The Commonwealth Government also levies probate and succession duties. The amount of duty collected throughout Australia in each of the years 1934-35, 1935-36, 1936-37, 1937-38 and 1938-39 was £1,507,827, £1,472,860, £1,792,600, £1,872,654 and £1,915,352 respectively.

COMMONWEALTH, STATE, AND MUNICIPAL TAXATION.

The following table shows in detail, for each of the last five financial years, the amount of taxation collected in *Victoria* by the Commonwealth and State Governments, and by the Municipalities. Figures relating to Municipal Taxation for 1934-35 have been revised and are not comparable with those appearing in issues of the *Year-Book* prior to 1936-37.

TAXATION IN VICTORIA—COMMONWEALTH, STATE, AND MUNICIPAL, 1934-35 TO 1938-39.

Heads of Taxation.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
Total Commonwealth Taxation in Victoria*	16,100,000	17,372,000	17,088,000	18,719,000	20,039,000
State—					
Income Tax	2,603,512	2,759,324	3,299,440	3,976,958	4,370,656
Land Tax	494,593	494,293	492,143	498,232	482,336
Probate Duty	1,124,933	1,340,701	1,509,693	1,431,057	1,374,355
Unemployment Relief ..	1,694,571	1,979,153	1,955,269	1,934,440	1,879,852
Entertainments Tax† ..	228,195	238,456	238,211	262,039	286,034
Racing Taxation	319,389	340,531	353,884	414,560	390,487
Stamp Duties‡	826,056	858,731	917,255	952,470	959,727
Motor Taxation‡	1,403,134	1,592,880	1,682,561	1,825,152	1,913,689
Licences—					
Liquor	192,682	203,602	222,437	233,490	254,640
Other	85,387	88,272	90,735	91,521	90,719
Other Taxation	21,266	24,750	27,172	26,726	20,745
Total State Taxation ..	8,993,718	9,920,693	10,818,800	11,646,645	12,023,240
Municipal Taxation	3,451,010	3,538,627	3,698,118	3,805,023	§
Total Taxation	28,544,728	30,831,320	31,604,918	34,170,668	§

* Estimated.—See note on next page. † Not elsewhere included. ‡ See footnote on page 313. § Not available.

The taxation in *Victoria* per head of population by the Commonwealth, the State, and the Municipalities for each of the last five years was as follows :—

COMMONWEALTH, STATE, AND MUNICIPAL TAXATION IN VICTORIA PER HEAD OF POPULATION, 1934-35 TO 1938-39.

Authority.	Taxation per Head of Population in Victoria.				
	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Commonwealth* ..	8 15 4	9 8 6	9 4 6	10 1 2	10 13 9
State ..	4 17 11	5 7 8	5 16 10	6 5 2	6 8 3
Municipal ..	1 17 7	1 18 5	1 19 11	2 0 11	†
Total ..	15 10 10	16 14 7	17 1 3	18 7 3	†

* Average taxation per head collected by the Commonwealth Government on account of taxation derived from the following sources:—Customs, Excise, Probate and Succession Duties, Income, Land, Sales, Flour, Entertainment, and War Time Profits.
† Not available.

TAXATION COLLECTIONS—AUSTRALIAN STATES.

In the following statement of taxation collections in each of the Australian States during the last five years, Commonwealth taxation has been excluded. The particulars shown include all State taxation whether paid into Consolidated Revenue or not.

STATE TAXATION COLLECTIONS—TOTAL AND PER HEAD OF POPULATION, 1934-35 TO 1938-39.

Year.	New South Wales.	Victoria.	Queensland.	South Australia.	Western Australia.	Tasmania.	Total All States.
TOTAL COLLECTIONS.							
	£	£	£	£	£	£	£
1934-35 ..	13,990,771	8,993,718	6,546,263	3,267,099	2,436,076	1,227,328	36,461,255
1935-36 ..	16,289,722	9,920,693	7,323,028	3,267,389	2,762,735	1,418,256	40,981,823
1936-37 ..	18,726,370	10,818,800	7,730,782	3,610,431	3,085,944	1,484,808	45,457,135
1937-38 ..	20,504,582	11,646,645	8,539,471	3,998,132	3,306,804	1,697,159	49,692,793
1938-39 ..	20,262,919	12,023,240	8,646,453	4,199,064	3,618,998	1,778,718	50,529,392
PER HEAD OF POPULATION.							
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1934-35 ..	5 6 3	4 17 11	6 16 3	5 11 11	5 9 11	5 7 1	5 9 0
1935-36 ..	6 2 8	5 7 8	7 10 8	5 11 6	6 3 5	6 3 2	6 1 8
1936-37 ..	6 19 8	5 16 10	7 17 1	6 2 9	6 16 7	6 8 1	6 13 11
1937-38 ..	7 11 5	6 5 2	8 11 8	6 15 4	7 4 9	7 4 5	7 5 2
1938-39 ..	7 8 3	6 8 3	8 11 9	7 1 3	7 16 5	7 10 2	7 6 3

COMMONWEALTH AND STATES TAXATION COLLECTIONS.

The total taxation collected by the Commonwealth and the States for the last five years is shown hereunder.

COMMONWEALTH AND STATE TAXATION COLLECTIONS, 1934-35 TO 1938-39.

Year.	Taxation by Commonwealth Government.	Taxation by all State Governments.	Total Taxation.
	£	£	£
1934-35 ..	58,754,524	36,461,255	95,215,779
1935-36 ..	63,617,306	40,981,823	104,599,129
1936-37 ..	62,773,452	45,457,135	108,230,587
1937-38 ..	69,048,485	49,692,793	118,741,278
1938-39 ..	74,036,899	50,529,392	124,566,291

TAXATION FOR FINANCIAL YEAR, 1939-40.

The *Income Tax (Rates) Act 1939* (No. 4677) which imposed income tax on incomes earned during the year ended 30th June, 1939, fixed the rates of tax in respect of individuals as follow :—

Taxable Income.	Personal Exertion.	Property.
£1 and not exceeding £2,500	7 253/1,000th pence where the taxable income is One pound and increasing uniformly by 3/1,000th pence for every pound by which the taxable income exceeds One pound	14 3/625th pence where the taxable income is One pound and increasing uniformly by 3/625th pence for every pound by which the taxable income exceeds one pound
Exceeding £2,500 but not exceeding £5,000	14 1,879/2,500th pence where the taxable income is £2,501 and increasing uniformly by 1/625th pence for every pound by which the taxable income exceeds £2,501.	26 7/2,500th pence where the taxable income is £2,501 and increasing uniformly by 7/2,500th pence for every pound by which the taxable income exceeds £2,501.
Exceeding £5,000 but not exceeding £10,000	18 3,753/5,000th pence where the taxable income is £5,001 and increasing uniformly by 3/5,000th pence for every pound by which the taxable income exceeds £5,001.	33 7/5,000th pence where the taxable income is £5,001 and increasing uniformly by 7/5,000th pence for every pound by which the taxable income exceeds £5,001.
Exceeding £10,000 ..	21½ pence on every pound of taxable income.	40 pence for every pound of taxable income.

Where income is derived partly from personal exertion and partly from property, the rate of tax to be applied to the respective portions of the taxable income shall be the rate that would be applicable if the total taxable income were derived exclusively from that source.

The rates of tax on the income of companies were :—(a) *Mutual Life Assurance Companies*—On the income of a Mutual Life Assurance Company, with respect to its mutual life assurance business only, 12d. in the £1. On income from other business 24d. for every pound of taxable income. (b) *Other Companies*—On the income of Other Companies, 24d. for every pound of taxable income, and, in respect of interest paid or credited to persons non-resident in Australia on account of money secured or invested in Victoria, or on money lodged at interest in Victoria with the company, 16 pence for every pound of taxable income.

**Special
Income Tax
on 1938-39
Incomes.**

Details regarding this tax were the same as those relating to the previous year. They are shown on page 323 of this *Year-Book*.

**Unemployment
Relief
Taxation
on 1938-39
Incomes.**

The *Unemployment Relief Tax (Rates) Act 1939* (No. 4674) fixed the rates of unemployment relief taxation on incomes earned in the year ended 30th June, 1939. No change was made in the existing rates, an abridged schedule of which will be found on page 324 of this *Year-Book*.

PENSIONS AND GRATUITIES.

Pension and Superannuation Schemes in Force.

A statement of Pension and Superannuation schemes in force at 30th June, 1928, in the Public Services of Victoria, appears in the *Year-Book* for 1928-29, page 98.

Cost of Pensions and Gratuities.

During the year 1938-39, the Government expended a sum of £1,040,378 on pensions, gratuities, &c. Of this amount, £228,297 was spent on pensions of a non-contributory nature. The remainder represents payments from State revenue to the Police Superannuation Fund, the Police Pensions Fund, and the Superannuation Fund. The following table gives details of the Government expenditure on pensions for each of the last five years.

VICTORIA—GOVERNMENT EXPENDITURE ON PENSIONS, GRATUITIES, ETC., 1934-35 TO 1938-39.

Heading.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
Non-contributory Pensions, &c.—					
Railways	127,672	133,537	143,850	123,292	113,922
Luacy	744	653	702	388	107
Judges	1,250	2,188	2,250	2,250	2,250
Civil Service	11,559	10,882	9,644	7,863	6,720
Public Service } Education Department } Officers transferred to Commonwealth Service	117,157	117,538	113,421	105,128	94,836
Various Allowances ..	14,000	14,499	13,000	11,000	9,000
Compensations and Gratuities	1,424	1,335	1,953	2,412	1,462
	681	1,478	2,915	181	..
Total Non-contributory Pensions, Gratuities, &c.	274,487	282,110	287,735	252,514	228,297
Police Superannuation Fund—					
Government Subsidy ..	75,050	79,173	79,410	85,093	74,169
Transferred from Licen- sing Fund (Act No. 3717)	23,000	23,000	23,000	23,000	23,000
Fines	9,637	10,939	9,530	8,864	11,290
Total	107,687	113,112	111,940	116,957	108,459
Police Pensions Fund ..	90,900	95,000	96,700	98,200	100,000
The Superannuation Fund—					
Railways	323,293	356,571	360,497	361,697	370,363
Other	171,648	199,204	211,001	222,022	233,259
Total	494,941	555,775	571,498	583,719	603,622
GRAND TOTAL ..	968,015	1,045,997	1,067,873	1,051,390	1,040,378

This fund is maintained by an annual subsidy of £2,000 from the Consolidated Revenue; by a moiety of the fines inflicted by the Courts of Petty Sessions; by a deduction, not exceeding $2\frac{1}{2}$ per cent., from the pay of the members of the Police Force entitled to pensions; by transfers from the Licensing Fund under the provisions of Act No. 3717; and, should the foregoing sources prove insufficient, by a further grant in aid from the Consolidated Revenue.

During the year 1938-39 the total receipts of the fund amounted to £108,578, consisting of £108,459 from Government Revenue, as shown in the preceding table, and £118 from members of the Force. Payments out of the Fund amounted to £108,578 (£107,500 for pensions and £1,078 for gratuities).

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

This Act, which came into operation on 1st January, 1924, provides for pensions to those members of the Police Force who have joined it since 25th November, 1902, as well as to persons who may enter the Force in the future. The Police Pensions Act (No. 3316) now included in Act No. 3750. The Police Regulation Act (No. 4592 of 1938) made several amendments regarding pensions and allowances. It provided:—(1) that the total amount of pension paid to any member of the force, appointed on and after the first day of January, 1939, shall be not more than £312 per annum; (2) for an amended scale of widows' and children's pensions and allowances; (3) for an increase in the rateable deduction from pay (by way of contribution towards superannuation) of members of the force to $4\frac{1}{2}$ per cent. per annum; and (4) that rateable deductions be returned in certain cases and that they be paid to personal relatives in certain other cases. The chief provisions of the principal Act appear in the *Year-Book* for 1928-29, page 100.

The receipts of the Police Pensions Fund (established under Act No. 3750) during 1938-39 amounted to £182,319, comprising:—Deductions from pay, £24,366; special appropriation, £100,000 and interest on investments, £57,953. During the year £15,301 was paid in pensions, and £1,392 represented deductions of pay returned. There was a balance of £1,644,935 at 30th June, 1939, of which £1,623,868 was invested.

**The Super-
annuation
Fund.**

On 24th November, 1925, legislation was enacted by the State Parliament making provision on a contributory basis for superannuation benefits for public servants and railway employees. Contributions of officers, amounts received from the Government, and income from investments are paid into the Superannuation Fund and benefits provided by the Act are paid therefrom. Act No. 3782 of 1928 consolidated existing legislation regarding the Fund. Brief references to the more important amendments to that Act have been made in the *Year-Books* of 1928-29 and subsequent issues. The most recent amending legislation relating to the Fund is contained in the *Superannuation (Investment of Fund) Act* 1937 No. 4517 (which gives the Board a wider field for the investment of its moneys) and the *Superannuation Act* 1938, No. 4619, which was enacted to meet the position arising out of the proposed introduction of National Insurance by the Commonwealth Parliament. The latter Act has not been proclaimed owing to the fact that the *National Health and Pensions Insurance Act* 1938 has not been brought into operation by the Commonwealth Government.

Under the Railways Act No. 4520 of 1927, the Victorian Railways Commissioners transferred approximately 2,700 supernumerary employees to the permanent staff as from 7th August, 1939. Only those certified in sound health in accordance with Section 4 of the *Superannuation Act* 1933 were permitted to become contributors to the Fund.

During the year 1938-39, the receipts of the Superannuation Fund amounted to £1,187,099, consisting of contributions from officers, £387,477; from Consolidated Revenue, £601,413; under Act No. 4085, £487; interest on investments, £195,064; and other receipts, £2,658. The total payments from the Fund during the year were £763,706, and comprised pensions, £728,241; refund of contributions, £27,368; endowment assurances matured, £6,574; and other expenditure, £1,523. The balance in the Fund at 30th June, 1939, was £5,032,606, of which £4,991,970 was invested.

**Port Phillip
Pilot Fund.**

This fund does not receive contributions from the Government but is maintained by deductions from pilots' earnings and annual income derived from investment of moneys belonging to the fund which amounted to £4,118, and £5,124 respectively in 1938-39. During the same period, £4,676 was expended on pensions and £135 on sick allowances.

EXPENDITURE ON EDUCATION.

During 1938-39, expenditure by and on behalf of the Education Department of Victoria, as published in the Report of the Minister of Public Instruction, together with the payment by the Treasury to the University (less that for Bacteriological Laboratory Services) totalled £3,392,259. This amount includes expenditure from loan moneys and the cost of pensions and gratuities, but excludes the interest paid by the State on loans for educational purposes, particulars of which are not now obtainable. Comparative figures for the last five years were as follow:—

VICTORIA—EXPENDITURE ON EDUCATION,
1934-35 TO 1938-39.

Expenditure on—	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
Education—					
Primary (including Special Subjects) ..	1,726,940	1,841,691	1,959,807	2,000,444	2,002,353
Intermediate	92,996	95,016	101,181	108,523	113,573
Secondary	194,170	212,583	248,337	267,264	279,769
Training of Teachers ..	18,681	20,008	14,168	15,722	16,185
Administration	66,176	70,196	75,624	83,881	76,662
Buildings and Land (Schools)	104,591	132,744	187,559	184,251	190,585
Pensions	154,006	167,317	169,271	169,525	169,677
Technical Education—					
Junior and Senior Schools	253,864	280,867	319,785	350,792	372,031
Buildings	2,251	22,511	38,499	83,033	96,844
University—					
Special Appropriations, &c.*	50,800	51,300	55,800	70,800	67,300
Scholarships	7,944	6,740	6,480	6,520	7,280
Buildings, Apparatus, &c. .. ..	..	50,000†	..	..	..
Total*	2,672,419	2,950,973	3,176,511	3,340,755	3,392,259
Per head of Population ..	£ s. d. 1 9 1	£ s. d. 1 12 0	£ s. d. 1 14 4	£ s. d. 1 15 11	£ s. d. 1 16 2

* Excluding expenditure on Bacteriological Laboratory Services, viz.:—1934-35, £2,800; 1935-36, £3,400; 1936-37, £3,400; 1937-38, £3,400; and 1938-39, £3,400.

† Unemployment Relief Loan.

In addition to the expenditure shown in the preceding table, fees, donations, &c., amounting to £50,603 in 1934-35; £60,013 in 1935-36; £69,369 in 1936-37; £79,484 in 1937-38, and £89,009 in 1938-39, were retained and expended by the various technical school councils.

In the two following statements the expenditure shown has been confined to that relating to primary, intermediate, and secondary education in State Schools (i.e., excluding amount expended on technical education). No attempt has been made to apportion general expenditure items such as "Training of Teachers, Administration, &c." These items therefore are somewhat overstated.

VICTORIA—EXPENDITURE ON PRIMARY AND SECONDARY EDUCATION—STATE SCHOOLS (EXCLUDING TECHNICAL SCHOOLS). 1934-35 TO 1938-39.

Expenditure on—	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£
Education :—					
Primary—					
Day Schools, including Central Schools	1,689,352	1,806,647	1,923,537	1,940,748	1,935,834
Schools for Deaf Mutes and Blind and Feeble-minded Children	8,224	6,039	6,784	26,967	28,219
Subsidized Schools	287	300	220	107	138
Free Kindergarten Union	2,250	2,250	2,250	2,500	2,500
Special Subjects—					
Physical Training	3,773	1,777	2,150	4,562	8,810
Dressmaking and Needlework	6,410	6,710	6,391	6,280	5,520
School Gardening and Plantations	2,062	2,008	1,701	2,018	2,098
Singing	844	990	992	1,852	3,007
Medical Inspection	13,738	14,970	15,782	14,997	16,227
Young Farmers' Clubs .. .. .	..	..	..	413	..
Total Primary	1,726,940	1,841,691	1,959,807	2,000,444	2,002,353
Intermediate—					
Higher Elementary Schools	49,620	49,075	51,505	56,321	60,951
Evening Continuation Classes	65	145	140	288	465
Schools of Domestic Arts	43,311	45,796	49,536	51,914	52,157
Total Intermediate	92,996	95,016	101,181	108,523	113,573
Secondary*—					
High Schools†	190,193	206,166	240,026	259,818	271,775
Scholarships	3,977	6,417	8,311	7,446	7,994
Total Secondary	194,170	212,583	248,337	267,264	279,769
Training of Teachers	18,681	20,008	14,168	15,722	16,185
Administration	66,176	70,196	75,624	83,381‡	76,162
Buildings—					
Primary Schools	89,397	116,992	158,244	161,127	163,654
Primary Schools (expended by School Committees)	5,095	5,103	5,714	6,109	6,304
Rents	3,040	3,575	4,517	3,915	3,517
Higher Elementary Schools	14	17	215	2	11
Domestic Arts Schools, &c.	38	49	23	114	80
High Schools	7,007	7,008	18,846	12,984	17,019
Total Buildings	104,591	132,744	187,559	184,251	190,585
Pensions	154,006	167,317	169,271	169,525	169,677
Grand Total	2,357,560	2,539,555	2,755,947	2,829,110	2,848,304

* Including Manual Training.

† Including Refund of Tuition Fees, £115 in 1934-35 and £142 in 1935-36.

‡ Including £4,662 expenses in connexion with lessons to pupils on account of Polomyelitis epidemic.

The following return summarizes the expenditure and revenue connected with primary and secondary education of the Victorian State Schools (excluding technical schools), and shows the cost per scholar in average attendance. Particulars are shown for each of the last five years:—

**VICTORIA—COST OF PRIMARY AND SECONDARY EDUCATION
—STATE SCHOOLS (EXCLUDING TECHNICAL SCHOOLS)
1934-35 TO 1938-39.**

Year.	Expenditure by and for the Education Department.	Revenue of the Education Department.	Net Expenditure.	Number of Scholars— Average Attendance.†	Cost per attending Scholar to the State.
	£	£	£	No.	£ s. d.
1934-35 ..	2,357,560	89,857	2,267,703	204,315	11 2 0
1935-36 ..	2,539,555	71,715	2,467,840	202,416	12 3 10
1936-37 ..	2,755,947	60,342	2,695,605	200,603	13 8 9
1937-38 ..	2,829,110	63,464	2,765,646	175,502‡	15 15 2
1938-39 ..	2,848,304	56,946	2,791,358	182,695‡	15 5 7

* Excluding interest paid by the State on loans for educational purposes, particulars of which are not obtainable. † Excluding Junior and Senior Technical Schools. ‡ Decline due to Poliomyelitis epidemic.

**STATE GOVERNMENT, LOCAL GOVERNMENT, SEMI-
GOVERNMENTAL AND OTHER PUBLIC BODIES—
REVENUE AND EXPENDITURE.**

In the following statements ordinary revenue and expenditure and loan expenditure of the State Government, the Municipalities and certain semi-Governmental and other Public Bodies in Victoria have been combined for each of the five years 1934 to 1938. Where a grant has been made by one authority to another, such grant has been excluded from both the revenue and expenditure of the recipient.

**VICTORIA—STATE GOVERNMENT, LOCAL GOVERNMENT,
SEMI-GOVERNMENTAL AND OTHER PUBLIC BODIES—
REVENUE AND EXPENDITURE, 1934 TO 1938.**

Heading.	Financial Year Ended in—				
	1934.	1935.	1936.	1937.	1938.
<i>Revenue.</i>	£	£	£	£	£
State Government	24,550,058	25,569,678	26,336,274	27,446,355	28,659,726
Municipal	6,224,199	6,306,494	6,513,205	6,835,371	7,062,492
Other Local Authorities—					
Harbor Trusts	696,105	786,547	867,973	937,160	973,739
Melbourne and Metropolitan Board of Works	1,677,075	1,684,830	1,927,219	2,005,170	2,133,436
Melbourne and Metropolitan Tramways Board	1,959,547	2,031,656	2,090,755	2,188,241	2,218,557
State Electricity Commission † ..	3,061,512	3,380,784	3,599,740	3,760,429	4,011,183
Fire Brigades Boards	98,180	101,484	103,405	109,202	125,463
Other*	435,215	451,438	456,352	516,885	546,798
Total	38,701,891	40,312,911	41,894,923	43,798,813	45,731,394

* See footnote on next page.

† Not included previously.

VICTORIA—STATE GOVERNMENT, LOCAL GOVERNMENT, SEMI-GOVERNMENTAL AND OTHER PUBLIC BODIES—REVENUE AND EXPENDITURE, 1934 TO 1938—*continued.*

Heading.	Financial Year Ended in—				
	1934.	1935.	1936.	1937.	1938.
	£	£	£	£	£
<i>Ordinary Expenditure.</i>					
State Government	25,319,298	25,720,875	26,456,200	27,417,432	28,628,781
Municipal	6,073,579	6,157,650	6,528,638	6,777,738	7,050,672
Other Local Authorities—					
Harbor Trusts	691,975	773,544	849,593	919,641	966,038
Melbourne and Metropolitan Board of Works	1,771,124	1,773,529	1,892,477	1,954,404	2,074,075
Melbourne and Metropolitan Tramways Board	2,022,755	2,061,094	2,089,345	2,187,145	2,286,581
State Electricity Commission † ..	3,028,394	3,374,306	3,572,012	3,721,528	3,957,354
Fire Brigades Boards	94,188	97,200	109,301	128,152	118,766
Other*	487,916	433,287	460,121	500,515	523,331
Total	39,489,220	40,391,485	41,957,687	43,606,555	45,605,598
<i>Loan Expenditure.</i>					
State Government	2,808,738	2,688,521	3,899,452	3,303,501	3,230,451
Municipal	362,990	591,555	881,778	842,832	1,057,925
Other Local Authorities—					
Harbor Trusts	143,963	145,847	106,995	90,794	115,579
Melbourne and Metropolitan Board of Works	318,435	391,732	387,273	436,494	582,762
Melbourne and Metropolitan Tramways Board	130,078	167,501	572,262	376,611	199,576
State Electricity Commission † ..	576,000	362,900	100,000	..	700,000
Fire Brigades Boards	8,378	3,197	9,858	268	8,073
Other*	61,081	79,186	140,623	233,686	246,484
Total	4,409,663	4,430,439	6,098,241	5,284,186	6,140,850

* Ballarat Water Commission and Sewerage Authority; Bendigo Sewerage Authority; Geelong Waterworks and Sewerage Trust; and the First Mildura Irrigation Trust. The Mildura and Colac Sewerage Authorities added in 1933, and the following added in 1934:—Echuca, Horsham, Kerang, Swan Hill, Wangaratta, Warrnambool Sewerage Authorities, Mildura Urban Water Trust, and 106 Waterworks Trusts (*Water Act 1928*). Bairnsdale Sewerage Authority added in 1935; and the following added in 1936:—Ararat, Benalla, Dandenong, Hamilton, Shepparton, and Warragul Sewerage Authorities; and two Waterworks Trusts. During 1937 one Waterworks Trust was closed. Kyneton and Sale Sewerage Authorities and two Waterworks Trusts were added in 1938.

† Not included previously.

PUBLIC DEBT.

Loans Raised
and
Redeemed.

The following statement shows the result of loan transactions, including Treasury Bonds in aid of revenue, to 30th June, 1939 :—

LOANS RAISED AND REDEEMED TO 30TH JUNE, 1939.

		£
Cash received		783,222,997
Discount and expenses after deducting premiums		<u>5,735,581</u>
Securities issued		788,958,578
Add liability to Commonwealth for Treasury Bills issued for revenue purposes		3,705,000
Add liability to Commonwealth on account of flotation in course		<u>1,804,000</u>
		794,467,578
Loans redeemed by—	£	
Renewal Loans	579,024,355	
National Debt Sinking Fund	9,437,827	
Other Funds	24,062,803	
Discount (securities purchased under par)	83,515	
Liability transferred to Commonwealth Government Act No. 4246	<u>2,160,960</u>	
		614,769,460
Loans outstanding at 30th June, 1939		<u>179,698,118</u>

It will be seen that, upon the transactions to 30th June, 1939, securities representing £788,958,578 were issued, and that the amount of cash received was £783,222,997. The State thus received £99 5s. 6d. in cash for every £100 bond given.

The following table gives particulars relating to the loans floated. loans raised in London, New York, and Melbourne, and shows the amounts which were outstanding at 30th June, 1939 :—

VICTORIA—LOANS FLOATED TO 30TH JUNE, 1939.

Heading.	Nominal Amount Raised (Amount for which Securities have been Issued).	Loans Paid Off (Including Renewal Loans).	Debt Outstanding at 30th June, 1939.			
			Inscribed Stock.	Debentures, &c.	Total Repayable in—	
					London.	Australia.
	£	£	£	£	£	£
London Register	314,801,573*	247,308,410	34,589,414	32,903,749	66,996,833	496,330†
Melbourne Register	474,157,005	367,461,050	106,486,147	209,808	..	106,695,955
Total ..	788,958,578	614,769,460	141,075,561	33,113,557		
Add Liability to Commonwealth for Treasury Bills issued for revenue purposes .. .. .					..	3,705,000
Add Liability to the Commonwealth on account of flotation in course .. .. .					..	1,804,000
Total Public Debt at 30th June, 1939					66,996,833†	112,701,285

* Including loans raised in New York through the Commonwealth Government amounting to £5,095,366.

† Represents the outstanding amount of Inscribed Stock transferred from London to the Melbourne Register.

‡ Including £4,498,878 raised in New York through the Commonwealth Government.

Particulars concerning the due dates of loans outstanding at 30th June, 1939, are given in the following table. Where the Government had the option of redemption during a specified period, the loans have been classified according to the latest date of maturity.

DUE DATES OF VICTORIAN LOANS AT 30TH JUNE, 1939.

Due Date (Financial Year).	Repayable in London.	Repayable in Australia.	Total.
	£	£	£
1939-40	5,884,825	8,529,812	14,414,637
1940-41 .. .. .	..	3,612,200	3,612,200
1941-42	1,049,868	19,683,687	20,733,555
1942-43 .. .. .	..	4,446,045	4,446,045
1943-44 .. .. .	..	10,108,040	10,108,040
1944-45 .. .. .	..	6,196,237	6,196,237
1945-46 .. .. .	..	15,400	15,400
1947-48 .. .. .	..	4,493,865	4,493,865
1948-49	12,039,795	5,033,790	17,073,585
1949-50	6,055,545	3,526,782	9,582,327
1950-51 .. .. .	..	4,165,198	4,165,198
1951-52 .. .. .	..	3,802,870	3,802,870
1953-54 .. .. .	..	4,072,763	4,072,763
1954-55 .. .. .	..	8,927,560	8,927,560
1955-56	2,624,319*	5,191,713	7,816,032
1957-58	1,874,559*	3,883,488	5,758,047
1958-59	13,553,800	..	13,553,800
1959-60	2,905,216	3,912,186	6,817,402
1960-61	6,570,775	..	6,570,775
1961-62 .. .. .	..	3,971,328	3,971,328
1975-76	14,438,131	..	14,438,131
Not yet fixed .. .. .	..	3,619,321	3,619,321
Liability to Commonwealth for Treasury Bills issued for revenue purposes .. .. .	..	3,705,000	3,705,000
Liability to Commonwealth on account of flotation in course .. .. .	..	1,804,000	1,804,000
Total	66,996,833	112,701,285	179,698,118

* Raised in New York by the Commonwealth Government, but repayable by State Treasurer to Agent-General in London.

Loans and
interest
payable in
London and
Australia.

In the succeeding statement of the Public Debt of Victoria at various dates, loans repayable outside Australia and the annual interest payable thereon are shown separately. Particulars relating to New York loans are included as indicated in the note to the statement.

In the subsequent statements "interest payable" does not include the cost of paying interest overseas. Particulars of exchange paid in each of the last five years are shown on page 346.

During 1931-32, the conversion of Victoria's portion of the internal debt of the Commonwealth and States of Australia was effected as provided for by the Debt Conversion Agreement Acts (Nos. 1 and 2) of 1931. The conversion was based on a reduction of $22\frac{1}{2}$ per cent. of the interest rates payable on existing securities.

VICTORIA—PUBLIC DEBT AND INTEREST PAYABLE
THEREON IN LONDON AND AUSTRALIA, 1900 TO 1939.

At 30th June—	Amount of Loans Repayable in—		Annual Interest Payable in—	
	London.*	Australia.	London.	Australia.
	£	£	£	£
1900 ..	44,655,579	4,670,306	1,735,307	152,096
1910 ..	39,012,436	16,564,289	1,419,579	560,520
1915 ..	41,333,738	31,750,189	1,520,762	1,131,811
1920 ..	42,406,040	45,241,699	1,637,615	1,902,108
1925 ..	51,869,204	79,300,361	2,319,486	3,999,635
1929 ..	68,056,026	91,496,627	3,166,399	4,708,873
1930 ..	68,750,235	93,538,759	3,225,754	4,831,371
1931 ..	68,976,946	98,039,650	3,157,330	5,088,867
1932 ..	68,707,872	101,126,092	3,144,480	3,990,364
1933 ..	68,059,626	103,339,405	3,010,355	3,978,515
1934 ..	67,843,364	107,289,385	2,677,474	4,080,640
1935 ..	67,638,378	106,522,285	2,651,050	3,930,414
1936 ..	67,457,682	107,600,603	2,627,847	3,973,528
1937 ..	67,380,647	109,216,363	2,639,829	4,038,557
1938 ..	67,207,012	110,021,483	2,633,504	4,085,272
1939 ..	66,996,833	112,701,285	2,624,562	4,182,747

* Loans raised in New York by the Commonwealth Government, are included as follows:—(At 30th June) 1929, 1930, 1931, £4,658,461; 1932, £4,648,084; 1933, £4,615,021; 1934, £4,592,459; 1935, £4,569,473; 1936, £4,547,877; 1937, £4,530,842; 1938, £4,517,207; and 1939, £4,498,878.

Rates of Interest on Public Debt.

The conversion of Victoria's portion of the internal debt of the Commonwealth and States mentioned on the previous page effected a reduction of 22½ per cent. per annum of the interest rates payable on existing securities. The appended table shows the rates of interest which were payable on the public debt at 30th June, 1939, and the portions of the debt at each rate in London and Australia respectively:—

VICTORIA—RATES OF INTEREST ON PUBLIC DEBT AT 30TH JUNE, 1939.

Rate of Interest.	Amount Repayable in—		
	London.	Australia.	Total.
	£	£	£
5	18,176,173*	..	18,176,173
4½	5,920,700	..	5,920,700
4½	760,836†	..	760,836
£4 5s. 3d. .. .. .	..	93,200	93,200
£4 1s. 4½d. .. .. .	..	6,570	6,570
4	2,905,216	45,091,887	47,997,103
£3 19s. 4d. .. .. .	..	5,685,910	5,685,910
£3 19s. 1d. .. .. .	..	1,875,750	1,875,750
3½ .. .. .	..	15,967,054	15,967,054
£3 15s. 10d. .. .. .	..	6,370,000	6,370,000
3½	6,869,649	10,900,355	17,770,004
3½ .. .. .	..	107,000	107,000
3½	19,609,345	2,162,690	21,772,035
£3 9s. 9d. .. .. .	..	500	500
£3 8s. 5d. .. .. .	..	1,130,950	1,130,950
3½ .. .. .	..	1,523,180	1,523,180
3¼	650,075	8,845,275	9,495,350
3¼ .. .. .	..	1,000	1,000
£3 2s. .. .. .	..	342,549	342,549
£3 0s. 5d. .. .. .	..	2,482,000	2,482,000
3	6,220,014	3,161,486	9,381,500
£2 18s. 1½d. .. .. .	..	220,000	220,000
£2 14s. 3d. .. .. .	..	446,845	446,845
£2 6s. 6d. .. .. .	..	778,084	778,084
£2¼	5,884,825	..	5,884,825
Not fixed .. .. .	..	5,509,000	5,509,000
Total	66,996,833	112,701,285	179,698,118
Average Rate of Interest ..	3·92	3·71	3·79

* Including £3,743,631 raised in New York by the Commonwealth Government.

† Raised in New York by the Commonwealth Government.

Growth of Public Debt.

The growth of the public debt of Victoria since the establishment of responsible government in 1855 is illustrated in the following statement. There was a noticeable increase in the debt between 1918-19 and 1927-28 when it rose from £82,031,929 in the former to £158,183,470 in the latter year.

During 1928-29, the amount at credit of the State Redemption and Sinking Funds—£5,540,369—was applied to the liquidation of the public debt, and in 1934-35, the debt was decreased by the transfer of a liability amounting to £2,160,960 from the State to the Commonwealth Government under Act No. 4246. From £174,160,663 at 30th June, 1935—the first occasion on which the debt was less than that of the immediately preceding year—the public debt increased steadily until it reached the amount of £179,698,118 at 30th June, 1939.

The amount of the public debt per head of population increased by nearly 6 per cent. during the ten-year period ended on the 30th June, 1939. During the same period, the annual amount of interest payable on the public debt per head of population decreased by slightly over 19 per cent.

VICTORIA—GROWTH OF PUBLIC DEBT AND INTEREST,
1855 TO 1938-39.

Financial Year ending in—	Loans Outstanding.			Amount per Head of Population.	
	Amount.	Annual Interest Payable.		Debt.	Annual Interest Payable.
		Total.	Average Rate per cent.		
	£	£		£ s. d.	£ s. d.
1855* ..	1,180,000	70,800	6.00	3 4 9	0 3 11
1860* ..	5,643,100	337,905	5.99	10 9 10	0 12 7
1870* ..	12,099,800	699,240	5.78	16 13 1	0 19 3
1880 ..	20,567,700	1,029,991	5.01	24 9 4	1 4 6
1890 ..	41,377,693	1,649,465	3.99	36 19 11	1 9 6
1900 ..	49,325,885	1,887,403	3.83	41 6 8	1 11 8
1910 ..	55,576,725	1,980,099	3.56	43 6 8	1 10 10
1920 ..	87,647,739	3,539,723	4.04	57 19 1	2 6 10
1925 ..	131,169,565	6,319,121	4.82	78 9 11	3 16 3
1929 ..	159,552,653	7,875,272	4.94	90 4 3	4 9 5
1930 ..	162,288,994	8,057,125	4.96	90 18 7	4 10 7
1931 ..	167,016,596	8,246,197	4.94	92 16 2	4 12 0
1932 ..	169,833,964	7,134,844	4.20	93 18 9	3 19 1
1933 ..	171,399,031	6,988,870	4.08	94 3 2	3 17 0
1934 ..	175,132,749	6,758,114	3.86	95 16 6	3 14 1
1935 ..	174,160,663	6,581,464	3.78	94 15 2	3 11 8
1936 ..	175,058,285	6,601,375	3.77	94 15 9	3 11 6
1937 ..	176,597,010	6,678,386	3.78	95 3 4	3 12 0
1938 ..	177,228,495	6,718,776	3.79	94 18 6	3 11 11
1939 ..	179,698,118	6,807,309	3.79	95 10 3	3 12 4

* Including outstanding liabilities of the Melbourne and Geelong Corporations Guarantee Loans.

The following table shows the capital liability of the State at 30th June, 1939, in respect of its public works and services. The apportionment of the State's equity in the National Debt Sinking Fund is also shown.

VICTORIA—SUMMARY OF CAPITAL LIABILITY UNDER THE VARIOUS WORKS AND SERVICES, TOGETHER WITH THE APPORTIONMENT OF THE STATE'S EQUITY IN THE NATIONAL DEBT SINKING FUND AT 30TH JUNE, 1939.

Works or Services.	Liability.	Deduction on Account of National Debt Sinking Fund.	Net Liability.
	£	£	£
Railways*—			
As Reduced	47,046,867	2,581,075	44,465,792
Transferred	30,008,725	1,666,711	28,342,014
Country Waterworks	27,074,949	1,465,799	25,609,150
Electricity Supply	18,181,295	984,492	17,196,803
Land Settlement	33,463,413	1,917,498	31,545,915
Country Roads	10,178,460	656,725	9,521,735
Public Works, Buildings, &c.	5,351,262	247,542	5,103,720
Forests	786,483	31,630	754,853
Unemployment Relief	10,910,094	208,976	10,701,118
Unapportioned	624,000†	..	624,000
In Aid of Revenue	989,808	37,681	952,127
	184,615,356	9,798,129	174,817,227
Treasury Bills in Aid of Revenue current at 30th June, 1939 ..	3,705,000	164,573	3,540,427
Total	188,320,356	9,962,702	178,357,654

* The *Railways (Finances Adjustment) Act* No. 4429 provided for the reduction of railway loan liability by the sum of £30,000,000 on 1st July, 1937, and for the transfer of that amount to the "Reduction of Railway Loan Liability Account."

† This amount represents liability on account of portion of loan flotation in course.

In addition to the ordinary expenditure from revenue, certain sums are disbursed annually for various purposes from Loans and on account of Loan Funds. The figures in the following table include all such expenditure, whether the loans have been repaid or are still in existence. The table shows the details for each of the last four years and the total to 30th June, 1939.

VICTORIA—EXPENDITURE FROM LOAN FUNDS AND ON ACCOUNT OF LOANS.

Expenditure on—	Expenditure during the Year—				Total to 30th June, 1939.
	1935-36.	1936-37.	1937-38.	1938-39.	
	£	£	£	£	£
Public Works—					
Railways*—					
As Reduced ..	280,900	361,893	492,208	354,259	46,853,779
Transferred ..	..	..	..	..	29,134,658
Country Roads ..	112,183	76,622	57,972	58,026	11,987,645
Bridges ..	..	..	1,207	..	443,438
Harbours and Rivers ..	..	..	..	..	1,404,535
Water Supply—					
Country ..	285,473	360,792	353,606	582,327	27,263,597
Metropolitan ..	..	..	..	..	3,142,577
Sewerage (Country) ..	..	..	..	..	217,784
Electricity Supply ..	..	..	..	..	17,839,227
Public Buildings—					
Schools ..	7,866	92,817	137,138	168,410	5,478,714
Hospitals ..	..	645	22,599	3,545	198,474
Other ..	..	..	13,021	28,931	1,188,995
Other Public Works ..	..	..	..	3,127	766,554
Immigration ..	..	..	..	..	20,000
Municipal Endowment ..	..	..	..	..	698,250
Municipalities, Loans, Grants, &c. ..	..	..	..	..	1,129,414
Housing ..	913	28,957	490,130	150,000	670,000
Unemployment Relief ..	2,544,870	1,636,918	1,566,870	1,308,719	10,868,401
Primary Production—					
Closer Settlement ..	255,728	167,236	26,855	} 15,395†	41,569,549
Discharged Soldiers Settlement ..	209,274	85,593	1,275		
Wire Netting Advances ..	19,444	19,585	14,235	15,235	861,247
Agriculture ..	..	..	..	..	150,682
Settlers' Advances—					
Cultivation ..	78,008	71,018	11,242	134,715	2,300,614
Other ..	..	..	..	..	80,633
Bulk Handling of Wheat ..	..	350,000	..	350,000	700,000

* Reduced under the authority of Act No. 4429 of 1936.

† Land Settlement—Closer Settlement and Discharged Soldiers' Settlement Funds abolished during year.

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

Expenditure on—	Expenditure during the year—				Total to 30th June, 1939.
	1935-36.	1936-37.	1937-38.	1938-39.	
Primary Production— <i>continued.</i>	£	£	£	£	£
Forestry	46,793	51,425	42,093	45,842	781,811
Mining, N.E.I. ..	..	..	..	..	271,022
Mining—State Coal Mine .. ..	..	..	..	..	249,399
Primary Products— Advances to Coys. . .	..	..	..	..	331,101
Cool Stores—Advances to Coys. . .	..	..	..	..	578,299
Other Primary Pro- duction .. ..	..	..	..	..	152,862
Other Purposes ..	..	..	..	..	281,863
Total Works Expenditure	3,841,452	3,303,501	3,230,451	3,218,531	207,615,124
In Aid of Revenue ..	58,000	..	..	780,000	4,863,682
Grand Total ..	3,899,452	3,303,501	3,230,451	3,998,531	212,478,806

The figures in the foregoing table are "Net" in as much as they exclude discounts and flotation expenses, particulars of which are as follows:—1935-36, £51,619; 1936-37, £66,350; 1937-38, £30,836; 1938-39, £72,362, and aggregate to 30th June, 1939, £5,735,581.

Of the proceeds of loans and temporary advances outstanding at 30th June, 1939, sums not yet expended amounted in the aggregate to £684,876, of which £4,870 was for Land Settlement, £42,531 for Public Works, Buildings, &c., and £217,475 for Unemployment Relief. There was also an amount of £420,000 cash in the Loan Proceeds Suspense Account.

The amounts of interest and expenses paid on the Public Debt of Victoria during each of the last five financial years are shown in the next table:—

VICTORIA—INTEREST AND EXPENSES OF PUBLIC DEBT,
1934-35 TO 1938-39.

Year Ended 30th June.	Interest Paid on Loans in—		Interest Paid on Temporary Loans.	Commission on Payment of Interest in London, Expenses of Conversion Loans, etc.	Exchange on Payment of Interest in London.	Total.†
	London.*	Melbourne.				
	£	£	£	£	£	£
1935 ..	2,665,308	3,868,945	10,164	91,518	665,963	7,301,898
1936 ..	2,641,907	3,822,151	7,682	144,062	659,972	7,275,774
1937 ..	2,636,680	3,895,281	6,288	176,281	657,448	7,371,978
1938 ..	2,637,607	3,962,022	6,982	45,459	657,819	7,309,889
1939 ..	2,636,406	4,003,902	12,934	46,253	668,899	7,368,394

* Includes Interest paid on Loans in New York 1934-35, £226,008; 1935-36, £224,879; 1936-37, £223,778; 1937-38, £222,916; 1938-39, £222,310.

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

NATIONAL DEBT SINKING FUND.

The National Debt Sinking Fund was established under the provisions of the *Commonwealth and States Financial Agreement Act 1927* (No. 3554). The following table gives particulars of the receipts and disbursements during 1938-39 :—

		£
Balance at credit of Victoria at 30th June, 1938		369,603
Contributions during 1938-39—	£	
By Commonwealth under Financial Agreement ..	289,857	
” ” ” Federal Aid Roads Act ..	7,457	
” State under Financial Agreement ..	876,665	
	<hr/>	1,173,979
Interest received		12,203
		<hr/>
		1,555,785
Cancellation of securities to the value of £1,033,279		1,030,910
		<hr/>
Balance at credit of the State at 30th June, 1939		524,875
Face value of securities cancelled to 30th June, 1939 ..		9,437,827
		<hr/>
The net credit to Victoria at 30th June, 1939		9,962,702
		<hr/>

TRUST FUNDS.

At 30th June, 1939, the liability of the Treasurer on account of moneys lodged for investment and for securities and other lodgments amounted to £8,781,146. Investments in Australian Consolidated Inscribed Stock and other securities amounted to £3,804,859, and cash advances totalled £4,826,941. The balance—£149,346—was at the credit of the Public Account.

PUBLIC DEBT OF AUSTRALIA.

The public debts of the six Australian States aggregated £897,772,041 at 30th June, 1939. Details of the indebtedness in respect of each State are shown hereunder. Sinking Funds have not been deducted. Treasury Bills covering Revenue Deficits are included. Revenue Deficits which are not covered by Treasury Bills, overdrafts on Loan Account, and advances from Trust Funds are excluded.

PUBLIC DEBTS OF AUSTRALIAN STATES AT 30TH JUNE, 1939.

Heading.	Victoria.*	New South Wales.	Queensland.	South Australia.	Western Australia.	Tasmania.
Public Debt	£ 179,698,118	£ 359,843,990	£ 127,503,251	£ 108,887,092	£ 95,472,600	£ 26,366,990
Debt per head of population at 30th June, 1939	£ s. d. 95 10 3	£ s. d. 131 0 0	£ s. d. 125 8 8	£ s. d. 182 15 4	£ s. d. 205 2 7	£ s. d. 111 8 5

* Including liability to Commonwealth for Treasury Bills issued for Revenue purposes £3,705,000; and liability to Commonwealth on account of flotation in course, £1,804,000.

The public debt of the Commonwealth exclusive of **Commonwealth Public Debt.** loans raised on behalf of the States but including debts on account of the Port Augusta-Oodnadatta Railway and the Northern Territory, amounted to £397,250,930 at 30th June, 1939.

The total public debt of Australia—Commonwealth and **Commonwealth and States Public Debt.** States— at the above date was £1,295,022,971, of which £703,676,240 was payable in Australia, £547,168,779 in London, and £44,177,952 in New York. The loan liability of the Australian public at 30th June, 1939, averaged £186 Os. 10d. per head of population.

STATE AND LOCAL GOVERNMENT, ETC.—DEBTS.

The loan liability of the State Government, Local Government and Semi-Governmental and Other Public Bodies for the year ended 30th June, 1939, is shown hereunder.

VICTORIA—LOAN LIABILITY OF STATE GOVERNMENT LOCAL GOVERNMENT, AND SEMI-GOVERNMENTAL AND OTHER PUBLIC BODIES AT 30TH JUNE, 1939.

Authorities.	Loans Outstanding (excluding Overdrafts) at 30th June, 1939, due to—				Grand Total.	Total Interest Payable on Loans Out- standing at 30th June, 1939.
	Central Govern- ment.	Public Creditor.				
		In Australia.	In London.	Total.		
£	£	£	£	£	£	
State Government ..	..	112,701,285	66,996,833*	179,698,118	179,698,118	6,807,309
Local Government ..	604,408	12,340,317†	..	12,340,317	12,944,725	571,857
Semi - Governmental and Other Public Bodies—						
Water Supply and Sewerage ..	2,213,183	24,834,518	3,754,000	28,588,518	30,801,701	1,362,812
Irrigation and Drainage ..	47,323	51,375	..	51,375	98,698	4,036
Harbours ..	325,648	3,346,676	968,400	4,315,076	4,640,724	201,931
Tramways ..	..	3,660,445	1,000,000	4,660,445	4,660,445	217,421
Electricity Supply Fire Brigades ..	..	1,177,482	936,720	2,114,202	2,114,202	79,833
Marketing— Buying and Sel- ling ..	..	268,996	..	268,996	268,996	11,616
Grain Elevators ..	700,000	30,000	..	30,000	30,000	1,238
..	..	325,000	..	325,000	1,025,000	40,472
Total ..	3,890,562	158,736,094	73,655,953	232,392,047	236,282,609	9,298,525

* Including £4,498,878 raised in New York by the Commonwealth Government.

† £16,000 payable in New Zealand.

The total liability—£236,282,609—in respect of the Authorities mentioned above represented a debt of £125 lls. 9d. per head of population at 30th June, 1939, and the average rate of interest payable amounted to £3 18s. 9d. per cent.