
R E P O R T

OF THE

A U D I T O R - G E N E R A L

FOR THE YEAR ENDED

30th JUNE, 1957.

INDEX

PAGE.		PAGE.	
51 ..	Adult Education	41 ..	Police Department
26 ..	Advances from Commonwealth for Housing	100 ..	Police Pensions Fund
27 ..	Advances from Commonwealth for Soldier Settlement	100 ..	Police Superannuation Fund
34 ..	Advances to Public Bodies	138 ..	Portland Harbor Trust
38 ..	Agricultural Colleges	159 ..	Potato Marketing Board
37 ..	Agriculture Department	14 ..	Probate and Land Tax
33 ..	Arrears of Revenue	164 ..	Public Account
22 ..	Budget—Expenditure Estimates	24 ..	Public Debt and Debt Charges
19 ..	Budget—Revenue Estimates	94 ..	Public Officers' Fidelity Guarantee Fund
89 ..	Buildings Fire Insurance Fund	147 ..	Public Trustee
107 ..	Cancer Institute	73 ..	Public Works Department
41 ..	Chief Secretary's Department	75 ..	Railway Accounts
43 ..	Children's Welfare Department	15 ..	Registrar-General and Registrar of Titles
67 ..	Closer Settlement	12 ..	Revenue (synopsis)
68 ..	Closer Settlement Insurance Fund	3 ..	Revenue and Expenditure, 1956-57
109 ..	Coal Mine Workers Pensions Tribunal	3 ..	Review, 1956-57
15 ..	Comptroller of Stamps	49 ..	River Improvement Trusts
3 ..	Consolidated Revenue Deficit	151 ..	Rural Finance Corporation
32 ..	Co-operative Housing Societies	38 ..	Rutherglen Viticultural Station
117 ..	Country Fire Authority	38 ..	Rutherglen Research Station
103 ..	Country Roads Board	158 ..	Seed Beans Marketing Board
45 ..	Country Water Supply	69 ..	Soldier Settlement
66 ..	Crown Lands Settlement	71 ..	Soldier Settlement Insurance Fund
89 ..	Decentralization	82 ..	Special Funds
163 ..	Defalcations	95 ..	State Accident Insurance Office
156 ..	Dried Fruits Board	80 ..	State Coal Mine
50 ..	Education	33 ..	State's Debtors
157 ..	Egg and Egg Pulp Marketing Board	96 ..	State Motor Car Insurance Office
110 ..	Electricity Commission	162 ..	Stock Discrepancies
20 ..	Endowments and Grants	100 ..	Superannuation and Pension Funds
60 ..	Erica State Saw Mill	101 ..	Superannuation Board
20 ..	Expenditure (synopsis)	31 ..	Surcharges
55 ..	Forests	38 ..	Tatura State Research Orchard
118 ..	Gas and Fuel Corporation	16 ..	Tattersall Duty
136 ..	Geelong Harbor Trust	13 ..	Taxation
61 ..	Government Printer	59 ..	Timber Seasoning Works, Newport
122 ..	Grain Elevators Board	17 ..	Totalizator
32 ..	Guarantees	102 ..	Tourists' Resorts Fund
38 ..	Healesville Potato Research Station	144 ..	Tramways, Melbourne and Metropolitan
62 ..	Health	98 ..	Transport Regulation Board
162 ..	Home Finance Trust	29 ..	Treasurer's Advance
38 ..	Horticultural Research Station, Scoresby	82 ..	Trust Funds
90 ..	Hospitals and Charities	94 ..	Unemployment Relief
91 ..	Hospital Benefits Fund	50 ..	University
125 ..	Housing Commission	67 ..	Vermin and Noxious Weeds
25 ..	Interest	39 ..	Victoria Dock Cool Stores
66 ..	Lands Department	154 ..	Victorian Inland Meat Authority
130 ..	Latrobe Valley Water and Sewerage Board	49 ..	Waterworks Trusts
92 ..	Level Crossings Fund	38 ..	Werribee State Research Farm
18 ..	Licensing Fund	149 ..	Workers Compensation Board
23 ..	Loan Account		
132 ..	Local Authorities Superannuation Board		<i>Abstracts of Year's Operations—</i>
38 ..	Mallee Research Station	166 ..	No. 1 Revenue Account, 1956-57
158 ..	Maize Marketing Board	167 ..	„ 2 Receipts and Expenditure, 1956-57
156 ..	Marketing Boards	168 ..	„ 3 Loan Accounts
140 ..	Melbourne and Metropolitan Board of Works	170 ..	„ 4 Trust Funds
135 ..	Melbourne Harbor Trust	171 ..	„ 5 Debt Charges Account
92 ..	Mental Hospitals Fund	173 ..	„ 6 Railways—Receipts and Expenditure
64 ..	Mental Hygiene	175 ..	„ 7 Country Water Supply—Receipts and Expenditure
116 ..	Metropolitan Fire Brigades Board	176 ..	„ 8 Authority for Loan Expenditure
156 ..	Milk Board		
72 ..	Mines Department		<i>Appendices—</i>
94 ..	Motor Car (Hospital Payments) Fund	178 ..	A. Treasurer's Advance
41 ..	Motor Registration Branch	179 ..	B. Transfers—Section 35 Audit Act
93 ..	Municipalities Assistance Fund	180 ..	C. Stores
28 ..	National Debt Sinking Fund	182 ..	D. Cultural Development Allocations
160 ..	Olympic Games	184 ..	E. Education Department—Comparative analysis
159 ..	Onion Marketing Board		
101 ..	Parliamentary Contributory Retirement Fund		
42 ..	Penal and Gaols		

REPORT OF THE AUDITOR-GENERAL OF VICTORIA

UPON

THE TREASURER'S STATEMENT OF THE FINANCES FOR THE YEAR
ENDED 30TH JUNE, 1957.

I have the honour to transmit to the Legislative Assembly my report on the Statements in detail prepared by the Treasurer of the—
Consolidated Revenue and Expenditure,
Receipts and Disbursements of Loan Moneys, and
Receipts and Disbursements of Trust Accounts—
for the financial year ended 30th June, 1957.

The Statement and the subsidiary accounts which were received from the Treasury on 23rd October, 1957, have been checked with the records in the Audit Office and are in agreement therewith.

The Supplementary Estimates, the entries in respect of which must be incorporated in the 1956-57 accounts, were approved on 22nd October, 1957, by Act No. 6102.

The report is arranged to present initially a review of the Treasurer's accounts followed by comments and explanations under appropriate headings by way of amplification.

Reference is also made on pages 107-155 to the accounts of a number of statutory bodies which I am required by law to audit. In respect of some of these bodies the figures presented are subject to completion of audit but, except where indicated, sufficient progress has been made to establish that the figures published are substantially correct.

REVIEW.

Consolidated Revenue—

In 1956-57—

	£	s.	d.
The Revenue brought to account from all sources was ..	133,253,822	18	5
The Expenditure charged against the year's Revenue was..	137,565,288	10	10
The Deficit was	4,311,465	12	5

This deficit brings the total deficit to £20,931,838 which represents the accumulation of deficits for seventeen of the years in the period—1st July, 1927 to 30th June, 1957. During this period, this amount was increased by £22,272, discount and expenses on securities issued in respect of the deficits funded.

The accumulated deficit has been financed by—

	£	£
Loan—Proceeds plus Discount and Expenses .. .. .	..	14,847,256
Surplus Revenue	113,142	
Vote (on account of 1927-28 Deficit)	16,336	
		129,478
Advance from Public Account .. .. .	..	5,977,376
		20,954,110
Total .. .. .	..	20,954,110

Allowing for the appropriation of £129,478 from Surplus Revenue, &c., and the equity in the National Debt Sinking Fund, £3,389,958, on account of the deficits funded, the liability to be met from revenues of the State as at 30th June, 1957, was £17,434,674.

The deficit for the year, following on the net deficit of £3,245,500 in the previous year, reflects the continuing pressure being exerted on Consolidated Revenue in the endeavour to meet the requirements of the State.

Examination of the result of each year's transactions on Consolidated Revenue over the post-war period appears to indicate that, from year to year, the adverse effect of the Railway deficit has been the major influence on the State's revenue position. For instance, the deficit for 1956-57, referred to above, is the net figure between the surplus of £1,223,649 on General Account and the deficits totalling £5,535,115 on Railways and State Coal Mine Accounts. However, other important factors have contributed to the over-all revenue result.

A comparison of the figures for 1946-47, the first complete financial year following the end of the second world war, with those of subsequent years discloses that demands upon the State's revenues have become progressively greater. Inflationary trends in the intervening years cause these figures to lose much of their value for comparative purposes, and the impact upon revenue of the needs of the State's growing community is better illustrated by an analysis, under broad expenditure classifications, of the changes which have taken place over the period in the respective proportions of the gross revenue absorbed in meeting expenditure under those classifications. To show the movements which have taken place as disclosed by the analysis, the figures and percentages for the beginning and end of the period, together with those for the intermediate year 1951-52, are given in the statement hereunder:—

Nature of Expenditure.	1946-47.		1951-52.		1956-57.	
	—	Percentage of Gross Revenue.	—	Percentage of Gross Revenue.	—	Percentage of Gross Revenue.
Social—	£		£		£	
Education, Health, Child Welfare, payments to Hospitals and Charities Fund, &c.	8,253,214	22·09	23,744,554	28·47	44,950,707	33·73
Commonwealth-State Housing (Interest and repayments)	165,714	0·44	1,354,301	1·62	3,308,364	2·48
Law and Order—						
Law, Police, Penal, &c.	1,945,660	5·21	5,212,728	6·25	8,472,169	6·36
Debt Charges	8,213,744	21·99	11,072,238	13·27	21,080,350	15·82
Railways and State Coal Mine—						
Working Expenses, &c.	12,927,547	34·61	29,440,885	35·29	38,560,253	28·94
Interest Subsidy . . . . .	..	..	1,754,641	2·10	..	..
Pensions	965,514	2·58	1,872,496	2·25	3,570,333	2·68
Primary Production—						
Agriculture, Lands, Soldier Settlement, Forests, Country Water Supply, &c.	2,853,581	7·64	6,407,828	7·68	9,539,537	7·16
Other Expenditure	2,028,927	5·43	4,962,431	5·95	8,083,576	6·07
	37,353,901	99·99	85,822,102	102·88	137,565,289	103·24
Surplus	5,033	0·01	..	..	..	..
Deficit . . . . .	..	..	2,406,742	2·88	4,311,466	3·24
Gross Revenue	37,358,934	100·00	83,415,360	100·00	133,253,823	100·00

The significant increase in expenditure has occurred in connexion with the provision of the educational, health and other social services of the State. Since 1946-47, the proportion of gross revenue allocated annually to meet this expenditure has, in the main, increased gradually, but, at intervals, the upward trend has been most marked.

It will be seen that the percentage of gross revenue required to meet each of the other heads of expenditure in 1956-57 has been maintained at a level constant with or lower than that shown in respect of the earlier years.

As implied in the comments on page 4 of the report on the previous year's accounts, a deficit in any year reduces the moneys available for other purposes and, if funded, adds to costs in succeeding years. If it is considered that additional sources of revenue are not available, or economies cannot be effected in expenditure, the costs involved in financing the year's transactions by recourse to a deficit must be weighed against the urgency and degree of necessity of the community's needs.

The following summary shows, in relation to the same period, the variations between the respective proportions of the State's revenue obtained from Commonwealth and State sources :—

Source.	1946-47.		1951-52.		1956-57.	
	—	Percentage of Gross Revenue.	—	Percentage of Gross Revenue.	—	Percentage of Gross Revenue.
	£		£		£	
Commonwealth Contributions and Recoups	10,920,635	29·23	32,684,126	39·18	49,304,687	37·00
State	26,438,299	70·77	50,731,234	60·82	83,949,136	63·00
Gross Revenue	37,358,934	100·00	83,415,360	100·00	133,253,823	100·00

In a comparison of the above figures it should be observed that the Commonwealth contributions include as special assistance in 1951-52 and 1956-57 amounts of £9,123,557 and £5,825,738 respectively. No such assistance was received in 1946-47.

Surplus Revenue.—The assistance given to revenue from surplus revenue of prior years was :—

	1946-47.	1951-52.	1956-57.
	£	£	£
Social— Education, Health, Child Welfare, &c. ..	304,193	43,914	820
Law and Order— Penal .. .. .	..	15,659	..
Primary Production— Agriculture and Water Supply	24,473	..	..
	328,666	59,573	820

Variations in respect of the Consolidated Revenue Account as between 1956-57 and the previous year are summarised below and, where further explanation is considered necessary, reference to the relevant page of the report is given.

Revenue increased by £10,101,864 as follows :—

	£
From—State sources	3,655,131
Commonwealth sources (including recoups) ..	6,446,733
	10,101,864

A net increase of £2,557,352 under the head of "Taxation" accounted for the major proportion of the increase in revenue from State sources.

Particulars are :—

	Increase. £	Principal Causes	Reference—
Land Tax	920,072	Revised land values	14
Sale of Duty Stamps	846,673	Increased rates and extension of duty to hire-purchase agreements	15
Entertainment Tax	407,909	Increased rates and larger attendances at certain types of entertainments	14
Licensing Fund	199,457	Increased receipts from licences, fees, and fines	18
Tattersall Duty	185,862	Increase in total subscriptions	16
Totalizator	44,796	Greater turnover, a full year's percentage fees from the Doubles and Quinella Totalizators and installation of Totalizators at Dog Racing courses	17
Other	78,335	Increased revenue from Bookmakers' Turnover Tax, Duty on Insurance business, Factories and Shops Registration, Tobacco, Inland Fishing, and Money Lenders' Licences, &c.	—
Gross Increase.. .. .	2,683,104		
	Decrease. £		
Probate Duty	96,675	Reduction in number of assessments and aggregate value of estates	14
Other.. .. .	29,077	Reduced receipts from Income Tax Arrears and Duty on Betting Tickets, &c.; diversion of fees under <i>Estate Agents Act 1956</i> to the Estate Agents' Guarantee Fund	—
Gross Decrease	125,752		
Net Increase	2,557,352		

Expenditure increased by £11,167,830. The principal contributing factors were increases, as shown, in the following items :—

	£
Salaries (other than Railways)	3,743,735
Debt Charges (other than housing, etc.)	1,923,019
Contributions to—	
Hospitals and Charities and Mental Hospitals Funds	1,205,658
Costs, &c., Railways and State Coal Mine	1,138,187
Education—	
Allowances to students in training (including fees)	229,671
Provision of bus services and pupils' travelling allowances	163,665
School cleaning, sanitary charges, &c.	138,570
Pay-roll Tax	108,270
Cancer Institute—Maintenance.. .. .	103,131

The full effect of certain marginal increases granted in 1955–56 together with increases in Public Service, Teaching and Police personnel was the main reason for the increases in Salaries and Pay-roll Tax.

Higher interest rates and additional loan liability involved the State in the increased debt charges shown.

The increase, £1,205,658, in the amount allocated for hospitals and charities and mental hospitals is a net figure representing an increase of £1,309,535 in the allocation to the Hospitals and Charities Fund and a reduction of £103,877 in the allocation to the Mental Hospitals Fund. The net increase was provided as follows:—

	£
Increased Vote provision—of which £900,000 was appropriated in the Supplementary Estimates	975,000
Under Special Appropriations—	
Increased revenue from Totalizator (reference page 17)	44,796
Increased revenue from Tattersall Consultations (reference page 16)	185,862
	230,658
	1,205,658

The increase in Railways and State Coal Mine costs was largely on account of Salaries and Wages.

The major part of the gross increase, £229,671, in the cost of allowances, &c., to students in training resulted from an increase of roundly 400 in the number of trainee teachers and higher rates of allowances operating from August, 1956. The expansion of educational services generally was the reason for the increase in expenditure on school cleaning, &c. The additional costs associated with the provision of school bus services arose from an extension of services and revised operating charges.

The opening of a new ward, higher out-patient attendances and the operation of additional therapy machines necessitated the increase shown in the annual charge to Consolidated Revenue for maintenance costs of the Cancer Institute.

Loan Fund.

For the same period and on a similar basis of broad classification to that adopted in the preceding revenue expenditure table, considerable variations are disclosed, as shown hereunder, in the proportional allocation of moneys available for works:—

Loan Moneys Available for Works.	1946-47.	1951-52.	1956-57.
	£	£	£
Balance brought forward	1,247,553	2,323,747	3,747,958
Proceeds, &c. (net)	6,813,216	59,238,358	42,265,408
Total loan moneys available*	8,060,769	61,562,105	46,013,366

* Excludes Commonwealth advances for housing and certain Commonwealth advances for soldier settlement.

Nature of Expenditure.	1946-1947		1951-1952		1956-1957	
	—	Percentage of Loan Moneys Available	—	Percentage of Loan Moneys Available	—	Percentage of Loan Moneys Available
Social—	£		£		£	
Education, Health, Hospitals, and Sundry Social items	944,583	11·72	6,602,298	10·72	13,647,468	29·66
Law and Order—						
Law, Police, Penal, &c.	33,674	0·42	320,520	0·52	501,041	1·09
Railways and State Coal Mine	488,247	6·06	10,500,000	17·06	7,406,821	16·10
Primary Production—						
Agriculture, Lands, Soldier Settlement, Forests, Country Water Supply, &c. ..	5,113,377	63·43	17,888,065	29·06	10,989,806	23·88
Advances to State Electricity Commission .. .. .	..	..	9,000,000	14·62	3,400,000	7·39
Other Public Works	175,431	2·18	1,320,978	2·15	1,908,032	4·15
Other Works, Advances, &c.	355,568	4·41	9,452,468	15·35	3,097,172	6·73
In aid of Revenue .. .. .	..	..	2,000,000	3·25	3,245,500	7·05
Total Expenditure	7,110,880	88·22	57,084,329	92·73	44,195,840	96·05
Balance forward	949,889	11·78	4,477,776	7·27	1,817,526	3·95
	8,060,769	100·00	61,562,105	100·00	46,013,366	100·00

Here, as in the case of revenue, there is greater emphasis on social expenditure in 1956-57 than in the earlier years.

With respect to Railways and State Coal Mine, a distinct upward variation is disclosed in the earlier part of the period with a levelling out in later years. Since 1950, large sums have been allocated from loan proceeds for railways replacement (rehabilitation) works. Failure to make adequate provision for depreciation, including obsolescence, over many years has contributed in some measure to the necessity for the use of loan moneys for replacement purposes. In this regard, the Railways Commissioners estimated the under-provision for depreciation at 30th June, 1957, to be £7,572,065.

The downward trend disclosed in the proportion of loan moneys applied in respect of departments concerned with primary production interests is, in a large measure, due to the substantial reduction in the proportion of such moneys allocated for soldier settlement. To some extent, however, the loan position of the State in relation to soldier settlement is obscured as a result of the Commonwealth contributions, since 1st July, 1955, to the Commonwealth-State Soldier Settlement Account referred to in more detail under Trust and Special Funds in this Review. With respect to country water supply, there is, on a proportionate basis, evidence of fluctuations from year to year in the loan allocations but, viewing the position over the whole period, there is some semblance of constancy.

The accelerated development of the resources of the State in the post-war period is reflected in the loan expenditure referred to above. Some of the expenditure, for example, that on soldier settlement and country water supply, will be recovered in part by direct recoup or through the imposition of charges over a number of years and may be expected to provide some set-off against the State's annual charge for interest and sinking fund. Further, it may be expected that expenditure on modern rolling stock for the railways will effect savings in working expenses and it is understood that this is already evident. However, the benefits which will accrue to the State from the major portion of the expenditure will be indirect, and little or no contribution towards recurring costs for debt services or for maintenance can be expected to arise therefrom. Therefore, increasing burdens of this nature on the State's revenues in succeeding years may be anticipated.

Over the last decade, there has been a change in the terms under which loan moneys have been raised both for works and conversion purposes. The tables on pages 23-24 of the report indicate that, in order to take advantage of funds available for short-term investment, subscriptions have been invited not only on a long-term basis but also for periods of exceptionally short duration. It is noticeable that, of the loans raised during the year, a large proportion of the short-term finance was obtained at 4 per cent. per annum which was only 1 per cent. less than the interest rate on loans of long duration.

Excluding advances by the Commonwealth Government for housing, and certain moneys for soldier settlement the net loan liability of the State has increased from £181,723,825 in 1946-47 to £479,842,379 in 1956-57, the yearly average increase being £29,811,855. In the same period, as shown in the revenue expenditure table, debt charges have increased from £8,213,744 to £21,080,350. Although in consideration of this increase the inflationary trends in the intervening period cannot be disregarded, reference to the statistical analyses in Statement No. 5 on page 172 of this report discloses that, as a set-off against these charges, little has been recovered in latter years by way of direct recoup or from the earnings of the Railways or Country Water Supply. These charges, therefore, are being met largely from other revenue sources, including taxation, and, with the substantial addition, from year to year, to the public debt, the influence of debt charges on the finances of the State will continue with increasing effect.

Trust and Special Funds.

Reference to the various funds and accounts which form the Trust Fund is made on pages 82-106.

During the year, fifteen new funds or accounts were opened. Particulars are given on page 82 *et seq.* These new funds and accounts encompass a wide range of items including transactions relating to flood relief, flood protection and restoration, estate agents' guarantees, home building, works at national parks, assistance to youth organizations and distribution among racing and trotting clubs of a proportion of the moneys received by way of stamp duty.

In his reports of recent years, my predecessor drew attention to the balances of certain funds which could be used as an aid to revenue. After a review of all funds which might be so regarded, the Treasurer, on 28th June 1957, acting in conformity with his powers under the Public Account Act, No. 5578, transferred to Consolidated Revenue, in whole or in part, the balances of several funds totalling £165,918. For details of funds affected see page 85.

On the same date, in accordance with the provisions of Act No. 4651, a sum of £150,000 was applied from the Developmental Railways Account towards the consolidated revenue portion of the amount contributed to the National Debt Sinking Fund. It follows that, if these transfers had not been effected, the deficit on Consolidated Revenue would have been greater to the extent of the total of the amounts mentioned, viz., £315,918.

Because of their influence on the State's finances, reference is made at this juncture to those moneys which are obtained from the Commonwealth Government for specific purposes and comprise the whole or part of the receipts of each of a number of special funds in the State Treasury. In some instances, the Commonwealth has supplemented State contributions on a proportional basis and in others the funds have been wholly financed by advances or contributions from the Commonwealth Government.

Over the period 1946-47 to 1956-57, as shown hereunder, the amounts credited and charged to the funds wholly financed from Commonwealth sources have reached substantial levels :—

					1946-47.	1951-52.	1956-57.
					£	£	£
Balance forward	..	..	..	..	1,721,496	1,489,586	1,605,966
Receipts	..	..	..	..	7,399,421	16,407,630	21,635,655
Total Credit	..	..	..	..	9,120,917	17,897,216	23,241,621
Payments	..	..	..	..	6,828,317	16,348,600	21,628,479
Balance forward	..	..	..	..	2,292,600	1,548,616	1,613,142

In latter years, the larger part of the receipts of these funds has been made up of advances by the Commonwealth under the Commonwealth-State Housing Agreement and on account of soldier settlement, and moneys made available by the Commonwealth under the terms of the Hospital Benefits Agreement ratified by the *Hospital Benefits Act* 1952 and those made pursuant to the provisions of the *Commonwealth Aid Roads Act* 1954. The relevant figures for 1955-56 and 1956-57 are :—

Account.	1955-56.		1956-57.	
	Total Credits (Including Balance Forward).	Total Debits.	Total Credits (Including Balance Forward).	Total Debits.
	£	£	£	£
Commonwealth-State Housing	10,800,000	10,800,000	8,400,000	8,400,000
Home Builders Account .. .. .	..	..	2,131,499*	2,127,248
Commonwealth-State Soldier Settlement	1,610,000	1,599,928	1,595,000	1,595,000
Hospital Benefits	1,477,234	1,432,407	1,484,827	1,441,212
Commonwealth Aid Roads and Works	4,588,832	4,584,800	5,401,470	5,397,081

* Includes £131,499 repayment of advances.

The Commonwealth-State Housing Account in the Treasury is in the nature of a suspense account and records the advances from the Commonwealth and the transfers of such moneys to the control of the Housing Commission for the erection of dwellings under the Commonwealth-State Housing Agreement. These advances, which totalled £94,181,000 as at 30th June, 1957, are in effect a part of the State's loan liability. They differ from loans raised in the ordinary course in that the terms of their amortization are not as provided in the Commonwealth-State Financial Agreement but as provided in the Commonwealth-State Housing Agreement. Moreover, the interest rates are lower than generally applicable to long-term loans. Instead of being a charge against the ordinary revenues of the State, it is anticipated that the moneys for their repayment and for interest will continue to be recovered by the Commission, either through the medium of the rentals charged or from the proceeds of sales of houses. The Commonwealth advances to 30th June, 1957, for credit to the Home Builders Account, £2,000,000, and to the Commonwealth-State Soldier Settlement Account, £3,194,928 are of a similar nature.

Moneys received from the Commonwealth under the Hospital Benefits Agreement and credited to the Hospital Benefits Fund in the Treasury are used to ease the burden on qualified patients in respect of the fees payable by them towards the cost of their maintenance in hospitals. Some of the smaller funds, not specifically mentioned above, to which the Commonwealth has contributed, also have a social aspect, while others have as their basis assistance to ex-servicemen or to sections of the rural community suffering hardship under emergency conditions.

It is evident that the moneys commented upon would, if their disbursement were not subject to conditions laid down by the Commonwealth, correctly form part of the Loan Fund or Consolidated Revenue, as the case may be, of the State. Their allocation to specific accounts within the Trust Fund tends to obscure the loan and revenue position of the State and removes them, to some extent, from the annual scrutiny of Parliament.

The Commonwealth Aid Roads and Works Account in the State Treasury is credited with Victoria's allocation from a Commonwealth Trust Account for the construction, maintenance, &c., of roads and other works in terms of the *Commonwealth Aid Roads Act*. The moneys are raised by the Commonwealth through the medium of a petrol tax. The expenditure from this account on roadworks is kept separately from the expenditure of moneys raised from State sources and credited to the Country Roads Board Fund. Therefore, in order to arrive at the total annual expenditure in connection with roads in this State, it is necessary to combine the relevant figures from the Country Roads Board Fund, the Commonwealth Aid Roads and Works Account, and the Loan Fund. In 1956-57, the total amount so expended was £13,991,211 as compared with £3,473,762 in 1946-47.

Miscellaneous.

(i) *Stores.*—The need for strict supervision and vigilance in the sphere of governmental stores control and accounting has become more evident in recent years. Major deficiencies disclosed in 1956-57 are listed on page 162.

In connexion with these shortages, difficulty has been experienced in determining individual responsibility and, in many instances, faulty recording at subordinate levels has been a possible reason for apparent shortages rather than larceny or wilful misuse of governmental stores, tools, equipment, &c.

Surplus stocks of parts for heavy plant acquired in the early post-war period have also added to the difficulties of attaining efficient stock control. A multiplicity of surplus items has been carried by several departments and authorities, and realization at less than cost has become a necessity in efforts to relieve the position.

The proposals embodied in the Audit Bill at present before Parliament, if adopted, will remove the existing dual responsibility as between the Public Service Board and myself for stores inspection and place it entirely under my direction. However, effective control of stores will be achieved only by frequent reviews of the position by the departments concerned including intermittent stocktakings and determination of individual responsibility for shortages. I have reason to believe that departments are directing their attention to the position and with the co-operation of my officers are making every effort to improve their respective stores systems.

(ii) *Cash shortages, &c.*—Particulars of irregularities including misappropriations of cash and cash shortages are given on page 163.

The largest deficiency disclosed was at "Turana", the institution of the Children's Welfare Department at Royal Park. It is a matter of concern that, in this instance, and in connexion with each of the major irregularities which has occurred in recent years, the main cause has been almost a complete "breakdown" in the departmental system of internal control.

I have pointed out in a communication to the Treasurer that examination of these systems by audit officers must, of necessity, be at intervals and that the continuing responsibility for their successful operation must rest with the executive and sub-executive accounting staff of each of the departments and authorities concerned.

At my suggestion, a circular has been issued by the Treasury emphasising the responsibilities of supervisory staff for the maintenance of efficient systems of internal control.

As indicated at the outset, the various matters outlined in this review are the subject of more detailed comment in the succeeding pages.

REVENUE.

A synopsis of the Treasurer's summary of revenue appearing on pages 8-15 of the finance statement is given in the following tabular comparison for the purpose of showing the significant variations during the year.

	1955-56.		1956-57.		
	£		£		£
Commonwealth Reimbursement of Taxes (including Special Assistance)	39,442,626	..	46,053,908	..	Increase 6,611,282
State Taxes	23,026,263	..	25,583,615	..	,, 2,557,352
Recoups, &c. (other than interest and water supply)	1,746,785	..	2,520,404	..	,, 773,619
Interest (including Recoups)	6,270,647	..	6,884,357	..	,, 613,710
Fees	665,449	..	924,134	..	,, 258,685
Railways	37,299,906	..	37,463,317	..	,, 163,411
Lands	449,185	..	579,596	..	,, 130,411
Forests	2,294,572	..	2,418,376	..	,, 123,804
Government Printer	920,037	..	1,005,743	..	,, 85,706
Fines	147,219	..	225,751	..	,, 78,532
Country Water Supply (including Recoups)	2,810,391	..	2,874,904	..	,, 64,513
Police	391,058	..	455,448	..	,, 64,390
Mint	143,415	..	176,138	..	,, 32,723
Agriculture	441,467	..	473,102	..	,, 31,635
Rents, &c.	217,103	..	242,174	..	,, 25,071
Soldier Settlement Commission	12,651	..	33,501	..	,, 20,850
Penal Establishments	72,477	..	89,888	..	,, 17,411
Education	178,000	..	193,420	..	,, 15,420
Sundry	496,595	..	812,254	..	,, 315,659
Total Increase					<u>11,984,184</u>
Appropriation of Surplus					
1954-55	1,336,723	..	..	..	Decrease 1,336,723
Health	*1,143,412	..	*865,976	..	,, 277,436
Coal Mine	680,060	..	495,589	..	,, 184,471
Ports and Harbors	534,331	..	485,274	..	,, 49,057
Mental Hygiene	190,657	..	159,185	..	,, 31,472
Sale of Government Property	113,771	..	110,610	..	,, 3,161
Total Decrease					<u>1,882,320</u>
Commonwealth	2,127,159	..	2,127,159	..	.. ..
	<u>123,151,959</u>		<u>133,253,823</u>		Increase <u>10,101,864</u>

* Includes reimbursement of Tuberculosis expenses by Commonwealth in 1955-56, £1,111,423, and in 1956-57, £842,177.

Commonwealth tax reimbursements and State taxes can be conveniently discussed at this stage of the report; further references to revenue from other sources will be made under appropriate departmental headings.

COMMONWEALTH TAX REIMBURSEMENTS.

Since the Commonwealth became the sole authority in the field of Income Taxation the States have been reimbursed for the loss of revenue from this source by means of financial grants. A formula has been devised and is expressed in Commonwealth legislation—*States Grants (Tax Reimbursement) Act 1946-48*. By means of the formula are determined both the aggregate sum to be distributed by the Commonwealth and its division between the States. The formula is linked with the factors of increasing population and changes in average wages, thus broadly relating changing economic conditions to the costs of services provided by the States.

The distribution between States—originally based on their respective tax collections—is being brought progressively to a common basis of population, weighted in respect of age grouping and density. This objective is being achieved over a ten-year period 1948-49 to 1957-58 so that the year now under review marks the ninth annual step in the series.

In 1949-50 and the succeeding years, grants under the formula have been supplemented by additional financial assistance. Such supplementary grants and their distribution between States are determined by the Commonwealth each year after State representations have been heard.

In 1956-57, £40,236,746 was Victoria's share under the formula and £5,825,738 was a supplementary grant.

Commencing with the year in which Commonwealth legislation placed the system on a permanent basis, the Commonwealth distributions under the formula and as supplementary assistance and Victoria's allocations therefrom have been:—

	Formula Grant.	Victoria's Proportion.	Victoria's Percentage.	Supplementary Grant.	Victoria's Proportion.	Victoria's Percentage.
	£	£	%	£	£	%
1946-47 ..	40,000,000	8,860,000	22·15	..	..	..
1947-48 ..	45,000,000	9,967,500	22·15	..	..	..
1948-49 ..	53,744,471	12,098,479	22·51	..	..	..
1949-50 ..	62,537,279	14,303,485	22·87	8,000,000	1,829,755	22·87
1950-51 ..	70,398,097	16,337,974	23·21	20,000,000	5,910,399	29·55
1951-52 ..	86,423,046	20,376,443	23·58	33,576,954	9,123,557	27·17
1952-53 ..	108,754,860	26,084,956	23·99	27,145,567	7,131,351	26·27
1953-54 ..	120,507,260	29,378,198	24·38	21,914,874	5,621,802	25·65
1954-55 ..	130,097,993	32,418,857	24·92	19,902,007	4,959,341	24·92
1955-56 ..	141,652,261	36,068,591	25·46	13,347,739	3,398,704	25·46
1956-57 ..	154,645,033	40,236,746	26·02	19,404,967	5,825,738	30·02

The grant is paid less an amount equal to "arrears of tax" collected by or on behalf of Victoria. Such arrears, a progressive record of which is kept by the Commonwealth, are paid in the normal way into State Consolidated Revenue as received. The "arrears of tax" are still in the course of collection mainly because subsequent investigations have affected earlier assessments. Such tax collected in 1956-57 totalled £8,576 and consisted of Income Tax £5,854 and Unemployment Relief Tax £2,722.

The purpose of recording "arrears of tax" is to determine the amount payable to the States should they jointly agree to re-enter the field of Income Taxation. The amount of "arrears of tax" collected for Victoria (less certain refunds made by the Commonwealth on behalf of this State) totalled at 30th June, 1957, £2,160,597.

The State, on the other hand, has a liability to the Commonwealth in respect of its share of the tax instalments received during the time the Commonwealth and State operated under a joint instalment system and for which tax stamps and group certificates have not been presented in payment of State taxes. The liability on this account at 30th June, 1957, was £407,191.

STATE TAXES.

Probate Duty, Land Tax, and Entertainments Tax.—The following statement gives a comparison over the last four years of collections of Probate Duty, Land Tax, and Entertainments Tax.

	1953-54.	1954-55.	1955-56.	1956-57.
	£	£	£	£
Probate Duty	5,387,080	6,304,802	7,102,168	7,005,493
Land Tax	2,015,898	2,624,858	3,249,674	4,169,746
Entertainments Tax	826,653	1,176,514	1,216,588	1,624,497

Probate Duty for 1956-57 amounting to £6,943,948 was collected by the Commissioner of Taxes and £61,545 by the Public Trustee.

Statistics obtained from these two officials show the number of assessments of new estates during the year:—

Issued by Commissioner of Taxes	7,090
Issued by Public Trustee	307
Total	7,397
Corresponding number during 1955-56	8,654

The reduction in the number of assessments was still influenced by the further rebate for estates passing to widows, widowers, and children, and in respect of persons who died on and after the 30th November, 1955.

The aggregate value of new estates assessed decreased from £73·71 million in 1955-56 to £71·18 million in 1956-57. Estates exceeding £25,000 in value, included in those figures, decreased slightly from 558 to 553.

Land Tax collections showed a marked increase for 1956-57. The revision of land values throughout the State, resulting in higher unimproved values, continues to be a contributory factor to the increased collections from this source.

The services of the valuation section of the Land Tax Branch are also used in connexion with other imposts. The holdings received by this section during the year for review were Probate Duty, 20,781, and Comptroller of Stamps, 5,965. The values were increased respectively, Probate Duty, £2,217,080, and Comptroller of Stamps, £1,921,819.

The higher revenue from Entertainments Tax is due to increased rates operative from 26th November, 1956, and, as shown in the comparative statement below, is also due in some measure to the greater numbers in attendance at Picture Theatres and miscellaneous functions which more than offset a falling off in attendances at Race Club Meetings and entertainments of the nature of Dancing and Skating. Prices of admission were also the subject of increase but the effect thereof on tax collections was only slight.

	Admissions.		
	1955-56.	1956-57.	Variation. Increase + Decrease -
Theatres	1,217,790	1,241,007	23,217 +
Sport	413,344	417,046	3,702 +
Pictures	33,328,785	33,991,756	662,971 +
Racing	2,310,184	2,175,082	135,102 -
Dancing and Skating	2,258,684	2,108,955	149,729 -
Miscellaneous	809,395	918,353	108,958 +
Periodical or Season Tickets	196,393	233,024	36,631 +
Total	40,534,575	41,085,223	550,648 +

Comptroller of Stamps.—A comparative statement of collections of revenue by the Comptroller of Stamps is given in the following table:—

	1953-54.	1954-55.	1955-56.	1956-57.
	£	£	£	£
Duty Stamps	3,298,535	3,773,135	3,948,335	4,795,007
Insurance Licences	304,616	312,882	347,688	360,718
Betting Tax	1,004,630	951,107	957,247	974,960
Betting Tickets	247,477	127,826	103,394	99,080
Bookmakers' Licences	44,888	45,924	40,997	39,084
Total	4,900,146	5,210,874	5,397,661	6,268,849

Act No. 6021 amended the *Stamps Act 1946* by increasing duty on Bills of Exchange payable on demand (cheques, &c.) from twopence to threepence. Duty on receipts of £2 and over was fixed at the uniform rate of threepence which previously applied only to receipts of £25 and over.

Under Act No. 6045 every hire purchase agreement over £10 entered into on and after 3rd December, 1956, became subject to stamp duty.

As a result of these enactments and the continued buoyant business activity, the net revenue from "Sale of Duty Stamps" showed a marked increase, although there was a downward trend in revenue receipts from duty on transactions involving legal instruments and transfers of shares.

In addition to the above, revenue totalling £3,915 was received from the sale of betting books supplied by the Comptroller of Stamps in accordance with the provisions of Act No. 5793.

Apart from the ordinary revenue collections mentioned above, the Comptroller of Stamps received, under special statutes, £125,493 for the Cattle Compensation Fund and £64,158 for the Swine Compensation Fund. These Funds are more particularly detailed in the Treasurer's Finance Statement (Trust Funds).

Registrar-General and Registrar of Titles.—At the beginning of the financial year 1955-56 the *Transfer of Land Act 1954* No. 5842 came into operation. This Act repealed certain provisions of the *Stamps Act 1946*, relating to fees on instruments and searches in the Offices of the Registrar-General and Registrar of Titles, formerly payable to the Comptroller of Stamps. From the 1st July, 1955, all such fees were collectable by the Registrar.

By virtue of the above-mentioned Act No. 5842, a new schedule of fees payable to the Registrar of Titles was promulgated as from the 1st August, 1956. Also, fees payable to the Registrar-General were increased as from 15th November, 1956, under regulations made pursuant to Act No. 6012. The consequence of these changes produced an increase in revenue for the two offices of £238,391.

The following comparative statement sets out the collections:—

	1953-54.	1954-55.	1955-56.	1956-57.
	£	£	£	£
Fees, Titles Office	239,220	343,501	342,103	510,258
„ Registrar-General	76,489	96,886	108,796	179,032
Total	315,709	440,387	450,899	689,290

Tattersall Duty.—The Trustees of the will and estate of the late George Adams promote and conduct sweepstakes in Victoria under a licence granted in accordance with the provisions of the *Tattersall Consultations Act 1953*.

The number of consultations drawn and the total subscriptions in each of the years since the licence was granted are shown in the following statement :—

—				5s. Units.	10s. Units.	£1 Units.	£5 Units.	Subscriptions.
								£
1954-55	..	..	..	142	3	6	..	8,313,391
1955-56	..	..	..	149	10	7	..	8,850,000
1956-57	..	..	..	148	7	3	2	9,250,000
			Total	439	20	16	2	26,413,391

All consultations in 1956-57 were for 200,000 units except those of 10s. and £5 units, and one of £1 units which were for 100,000 units only.

Within seven days after the drawing of each consultation, duty equivalent to 31 per centum of the total amount of subscriptions to the consultation is payable to the Treasurer. The duty payable and amounts shown in the Treasurer's accounts in each of the three years are set out hereunder :—

—		1954-55.	1955-56.		1956-57.	
		£	£	£	£	£
Duty payable	..	2,651,886		2,825,925		2,953,452
Less amount due for consultations drawn but payable in July of succeeding year	..	48,049		80,243		51,673
		2,603,837		2,745,682		2,901,779
Amount of duty shown in Treasurer's accounts		2,598,354	2,792,940		2,978,802	
Less amounts paid and exchange credited in July on account of previous year	..	..	53,532	2,739,408	86,517	2,892,285
A difference of	..	5,483		6,274		9,494

The difference between the figures shown in the statement as at the end of each year is the amount of exchange on the balance held in the Government of Victoria Public Account in New Zealand. At 30th June, 1957, the balance so held in New Zealand was £39,558 (N.Z. currency). The exchange as at the end of each financial year is brought to account by the Treasurer early in the succeeding year when the quarterly payment is made to the Government of New Zealand in accordance with the terms of the relevant agreement.

As from and inclusive of the first consultation drawn in 1956-57, the amount payable to the Government of New Zealand was increased from 10 to 15½ per centum of New Zealand subscriptions. The payments during the year which included one quarter on the previous basis totalled £202,902, as compared with £131,914 in 1955-56. The amount due to the Government of New Zealand is appropriated annually in the Appropriation Act.

As at 30th June, 1957, an amount of £55,509 equivalent to £44,765 (N.Z.) was due to the Government of New Zealand. This sum represented the balance at credit in New Zealand shown above and the respective sums on account of four consultations drawn immediately prior to the close of the year.

All duty is paid to Consolidated Revenue, and pursuant to the provisions of the *Tattersall Consultations Act 1953*, is paid therefrom in such proportions as the Treasurer from time to time determines into the Hospitals and Charities Fund and the Mental Hospitals Fund.

It is a condition of the licence that not less than 60 per centum of the total amount of subscriptions to each consultation shall be paid by the promoter by way of prizes in respect of each such consultation. Regarding New Zealand and Australian subscriptions as equivalent "units of account," such condition has been fulfilled in respect of each consultation conducted by the licensee.

The Regulations provide for payment of unclaimed prizes to the Treasurer, but this provision will not operate until prizes have remained unpaid for not less than three years.

Totalizator.—Act No. 6070 requires that a deduction of 12 per cent. be made from all investments on the totalizator at horse races, including trotting meetings, and at dog races. In the case of city clubs, the percentage derived from double and quinella operations is divided—4 per cent. to Consolidated Revenue and 8 per cent. to the racing club, whereas, the percentage from the win and place totalizators is 7 per cent. to Consolidated Revenue and 5 per cent. to the club. In respect of country meetings, the revenue proportion is 2 per cent. and the club's proportion 10 per cent.

A summary of receipts by the Treasury is as follows:—

	1955-56.		1956-57.				
	Horse Races.		Horse Races.		Dog Races.		Total.
Percentage—	£	£	£	£	£	£	£
Win and Place—							
Metropolitan	598,957		564,776		10,055		
Country	9,886		9,129		..		
Doubles and Quinella—							
Metropolitan	59,257		106,873		7,453		
Country .. ..	..		1,956		68		
		668,100		682,734		17,576	700,310
Fractions—							
Win and Place—							
Metropolitan	108,120		105,684		2,712		
Country	7,426		5,314		..		
Doubles and Quinella—							
Metropolitan	4,175		5,500		1,146		
Country .. ..	..		1,939		30		
		119,721		118,437		3,888	122,325
Dividends Unclaimed		14,245		..	..	..	24,227
		802,066					846,862

Collections from this source are specially appropriated to the Hospitals and Charities Fund which is required to repay to Revenue the cost of administration of totalizator inspection, &c.

Act No. 5954 authorized the payment to the Operation Gratitude Fund of the whole of the percentage deducted from the moneys paid into the totalizator together with the fractions not paid by way of dividend for the meeting held at Moonee Valley Racecourse on the 15th August, 1956. The amounts which otherwise would have been paid to Consolidated Revenue were percentage moneys £4,680, and fractions £1,003.

Licensing Fund Payment.—The revenue of the Licensing Fund is obtained for the most part from fees charged to licensed victuallers (£2,027,162), spirit merchants and grocers (£316,420), and clubs (£93,572). These fees are calculated on the basis of 6 per cent. of the gross cost to the licensee of liquor purchased for resale during the twelve months ended 30th June prior to the application for renewal of the licence. Spirit merchants are required to pay a further fee of £40 per annum.

The amount transferred to Consolidated Revenue is the excess in the year of receipts of the fund over payments for compensation, administrative and policing expenses, and annual payments to Municipalities and the Police Superannuation Fund.

The *Licensing Act* 1955, provided that the costs of the referendum on trading hours which was held on 24th March, 1956, were not to be taken into account when ascertaining the amount to be transferred to Consolidated Revenue. As indicated in the report for the previous year, the standing cash balance at 1st July, 1955, was insufficient to meet the full cost of the referendum, and at 30th June, 1956, a sum of £9,730 was advanced to the fund from Public Account. During 1956–57, investments of the standing balance amounting to £30,000 were realized and the advance repaid. Further costs of the referendum amounting to £505 in 1956–57 have not been taken into account when ascertaining the amount to be transferred to Consolidated Revenue on account of that year.

A comparative statement of receipts and payments of the Licensing Fund for the period 1st July, 1954, to 30th June, 1957, is given hereunder:—

	1954–55.	1955–56.	1956–57.
	£	£	£
Balance 1st July.. .. .	410,976	410,976	341,000
<i>Receipts—</i>			
Licences and Club Certificates	2,087,945	2,279,305	2,482,238
Permits—Extended Hours	17,483	26,137	27,128
Fees and Fines	14,021	16,666	21,303
Interest on Investments	10,982	10,982	10,439
Miscellaneous	2,450	5,804	6,013
	2,132,881	2,338,894	2,547,121
Advanced from Public Account .. ..	..	9,730	..
<i>Total Receipts for the Year</i>	2,132,881	2,348,624	2,547,121
<i>Payments—</i>			
Salaries and other Administrative Expenses	28,845	45,405	52,194
Cost of policing Act	40,812	43,688	45,177
Payments to Municipalities	58,736	58,616	58,244
Payment to Police Superannuation Fund	23,000	23,000	23,000
Compensation	2,105	..	865
Liquor Referendum .. .. .	..	79,707	505
Repayment to Public Account .. ..	..	..	9,730
<i>Total Payments for the Year</i>	153,498	250,416	189,715
Transfer to Consolidated Revenue	1,979,383	2,168,184	2,367,641
Balance 30th June	410,976	341,000	330,765
Percentage of amount transferred to total receipts (excluding Advance 1955–56)	92·8	92·7	93·0

The following statement shows the variations of Revenue Receipts from the Budget Estimate in 1956-57 :—

	Budget Estimate.	Revenue.	Excess + Deficiency —.
	£	£	£
Probate Duty	7,850,000	7,005,493	— 844,507
Land Tax	4,500,000	4,169,746	— 330,254
Entertainments Tax	1,661,800	1,624,497	— 37,303
Income Tax (Arrears)	14,000	5,854	— 8,146
Unemployment Relief Tax (Arrears)	5,000	2,721	— 2,279
Totalizator	850,000	846,862	— 3,138
Tattersall Duty	2,850,000	2,978,802	+ 128,802
Betting and Bookmakers' Licences	1,108,000	1,113,124	+ 5,124
Duty on Insurance Business	350,000	360,718	+ 10,718
Fees—Titles Office and Registrar-General	808,000	689,290	— 118,710
Stamp Duty	5,025,000	4,795,007	— 229,993
Registration Fees—Tobacco, &c.	149,450	156,918	+ 7,468
Licensing Fund Payment	2,125,000	2,367,641	+ 242,641
Auctioneers' and other Licences	140,600	155,802	+ 15,202
Interest	6,891,080	6,884,357	— 6,723
Territorial	2,267,680	2,340,569	+ 72,889
Railways, Water and other State Works	41,146,672	41,171,142	+ 24,470
Ports and Harbors	534,250	485,274	— 48,976
Fines	147,500	225,751	+ 78,251
Departmental	4,146,780	3,939,838	— 206,942
Repayment of Revenue Advances	4,500	7,143	+ 2,643
Housing Agreement	772,000	738,102	— 33,898
Recoup Sinking Fund Contributions	232,470	384,199	+ 151,729
Recoup Exchange, &c.	82,000	77,624	— 4,376
Other Receipts	1,762,934	2,546,282	+ 783,348
Commonwealth Financial Agreement	2,127,159	2,127,159	..
Commonwealth Income Tax Reimbursement	39,721,000	40,228,170	+ 507,170
Commonwealth Special Assistance	6,070,000	5,825,738	— 244,262
	133,342,875	133,253,823	— 89,052

EXPENDITURE.

The Expenditure charged against Income last year was more than the outlay for 1955-56 by the amount of £11,167,830. A comparison of the figures for the two years under the separate divisions of votes and special appropriations is given in the following statement :—

	1955-56.	1956-57.		£
	£	£		£
Education	21,283,800	23,818,983	Increase	2,535,183
Health	11,907,768	13,513,852	„	1,606,084
Chief Secretary	7,344,654	8,615,655	„	1,271,001
Railways (vote)	36,498,076	37,542,830	„	1,044,754
Treasurer	3,823,852	4,859,997	„	1,036,145
Water Supply	2,940,637	3,194,160	„	253,523
Attorney-General	1,383,260	1,628,311	„	245,051
Public Works	2,642,779	2,782,186	„	139,407
Lands	1,718,004	1,842,478	„	124,474
Forests	1,224,366	1,318,798	„	94,432
Coal Mine (vote)	754,395	803,470	„	49,075
Other	1,194,918	1,406,546	„	211,628
Agriculture	1,887,408	1,859,435	Decrease	27,973
Total Votes	94,603,917	103,186,701	Increase	8,582,784
Interest including Exchange*	17,965,811	19,979,920	Increase	2,014,109
National Debt Sinking Fund	3,474,542	3,686,377	„	211,835
Charities and Mental Funds (Tattersall)	2,792,940	2,978,801	„	185,861
Pensions	3,403,405	3,533,397	„	129,992
Endowments and Grants	926,220	978,123	„	51,903
Charities Fund (Totalizator)	802,066	846,862	„	44,796
Other	2,428,558	2,375,108	Decrease	53,450
	126,397,459	137,565,289	Increase	11,167,830

* Additional Interest voted in 1955-56, £15,813, and in 1956-57, £13,712. Includes Exchange in 1955-56, £492,212, and in 1956-57, £479,644.

Most of the expenditure shown in the foregoing statement is classified under departmental heads which are specifically dealt with later in this report. That in connexion with the Treasury is not so discussed but is dealt with throughout the report.

Endowments and Grants.—The principal items of this group, which are authorized both by Special Appropriations and the annual Votes of several departments have been collected in the following statement. Grants to the University, Technical Schools, &c., discussed under Education, those connected with Forests and dealt with under that heading and other minor items have been excluded.

	1955-56.	1956-57.	Increase+ Decrease-
	£	£	£
Social—			
Walter and Eliza Hall Research	13,000	13,000	..
Bush Nursing	55,500	62,500	+ 7,000
For the Purposes of Young Farmers' Clubs Association	5,600	7,400	+ 1,800
Children's Holiday Camps	5,000	5,000	..
National Fitness Council	17,500	17,500	..
Occupational Therapy School	1,500	1,500	..
State Relief Committee	15,000	15,000	..
Victorian Council for Social Services	1,450	1,450	..
National Safety Council	1,500	1,500	..
Royal Life Saving Society	2,500	2,500	..
Royal Humane Society	10	10	..
Ballarat Youth Centre	800	800	..
Boys' Employment Movement	1,800	800	- 1,000
United Nations Association of Australia	500	500	..
Australia Day Council	1,176	1,250	+ 74
Victorian Amateur Swimming Association	750	750	..
Boy Scouts' Association	2,000	2,000	..
Surf Life Saving Association of Australia	3,000	3,000	..

	1955-56.	1956-57.	Increase + Decrease -
	£	£	£
Girl Guides' Association	2,000	2,000	..
Australian College of Optometry	3,000	3,000	..
Young Men's Christian Association	2,000	2,000	..
Playgrounds and Recreation Association of Victoria	5,000	5,000	..
Rotary Youth Camp at Axedale	500	500	..
Nurses Board—Training Schools for Nurses	2,000	2,000	..
Alexander Miller Memorial Homes Trust	2,000	2,000	..
Father and Son Welfare Movement	500	500	..
Probation Officers' Association	100	100	..
St. John's Ambulance Brigade	1,390	1,450	+ 60
Salvation Army for Official Visits to City Court and Lock-up	500	500	..
Young Christian Workers Movement	1,000	1,000	..
Australian Red Cross Society for After-Care Treatment of Poliomyelitis Sufferers	16,000	16,000	..
Pathology Department, University, for Services of Mr. N. McCallum	200	200	..
Towards Cost of Renovation, Extensions, and Alterations of Premises for the Purposes of the Australian Royal College of Obstetricians and Gynaecologists .. .. .	..	511	+ 511
Towards expenses of study overseas of R. G. Andry, Clinic Psychologist	200	..	- 200
Children's Welfare Advisory Council for training staffs of Children's Institutions	2,130	..	- 2,130
Fourteenth Australian Dental Congress towards expenses in connexion with Professor Alexander B. MacGregor's visit to Victoria	775	..	- 775
Framlingham Reserve Welfare Committee	313	375	+ 62
Grants to Reformatories, &c. .. .. .	..	50	+ 50
Cultural—			
Country Art Galleries	1,500	1,500	..
Country Free Libraries	8,000	9,000	+ 1,000
Children's Free Libraries	5,000	5,000	..
Municipal and Regional Libraries	139,865	170,604	+ 30,739
Bands	1,750	1,750	..
Outdoor Orchestral Concerts	12,553	12,550	- 3
Victorian Symphony Orchestra	25,000	25,000	..
Encouragement of Cultural Development	38,655	37,680	- 975
Sundry—			
National Association of Testing Authorities .. .. .	..	250	+ 250
Animal Welfare League .. .. .	..	500	+ 500
Victorian Society for Protection of Animals	500	500	..
Zoological Gardens	12,000	16,000	+ 4,000
Commonwealth Parliamentary Association	500	500	..
Melbourne Permanent Post-Graduate Committee	2,000	2,000	..
Trustees Shrine of Remembrance	2,500	4,085	+ 1,585
Exhibition Trustees	1,000	1,000	..
Australian Publicity Council	10,000	..	- 10,000
Empire Youth Movement	4,836	4,693	- 143
Save the Forests Campaign	5,000	5,000	..
Improvement and Maintenance of Cemeteries	5,219	5,950	+ 731
Conservation of Flora and Fauna, Phillip Island	750	750	..
War Nurses' Memorial Centre	2,000	2,000	..
Towards cost of Information Service <i>re</i> Fisheries	700	700	..
Mr. C. K. Jacka towards expenses of Study Overseas	498	..	- 498
Towards cost of repair and renewal works in connexion with Exhibition Buildings	15,000	15,000	..
	463,020	495,658	+ 32,638

The Treasury vote for the encouragement of cultural development is being applied by way of grants. It is included in total in the above statement. A dissection of allocations does not appear in the Treasurer's statements but is included as Appendix D to this report.

The synopsis hereunder provides a comparison of budgeted and actual expenditure.

	Budget Estimate.	Expenditure.	+ Excess. - Less.	Supplementary Provision.	Unexpended.
	£	£	£	£	£
<i>Votes—Appropriation Act No. 6055—</i>					
Premier	812,279	834,310	+ 22,031	61,917	39,886
Chief Secretary	8,107,870	8,615,655	+ 507,785	659,356	151,571
Labour and Industry	260,341	243,559	- 16,782	22	16,804
Education	23,422,259	23,818,983	+ 396,724	418,171	21,447
Attorney-General	1,518,031	1,628,311	+ 110,280	124,823	14,543
Treasurer	4,637,635	4,859,997	+ 222,362	311,144	88,782
Lands and Survey	1,852,515	1,842,478	- 10,037	22,092	32,129
Public Works	2,729,639	2,782,186	+ 52,547	106,025	53,478
Mines	371,083	320,038	- 51,045	3,954	54,999
Forests	1,263,778	1,318,798	+ 55,020	71,929	16,909
Water Supply	3,148,600	3,194,160	+ 45,560	71,339	25,779
Agriculture	1,865,781	1,859,435	- 6,346	52,735	59,081
Health	12,724,870	13,513,852	+ 788,982	990,517	201,535
Railways	37,941,672	37,542,830	- 398,842	20,523	419,365
Coal Mine	809,258	803,470	- 5,788	..	5,788
Ministry of Transport	9,501	8,639	- 862	197	1,059
	101,475,112	103,186,701	+1,711,589	*2,914,744	1,203,155
Special Appropriations	34,313,094	34,378,588	+ 65,494	65,494	..
	135,788,206	137,565,289	+1,777,083	2,980,238	1,203,155

* Authority provided by Act No. 6102.

LOAN ACCOUNT.

The State incurred additional loan liability of £39,683,881 on account of moneys raised for works and associated purposes during the year, compared with £38,803,788 in the previous year—an increase of £880,093. The sources of the funds were—three public loans in Australia, one in New York, and a loan from the Commonwealth Government.

After adjustments in respect of Treasurer's Advance and provision for flotation expenses and discounts had been made, the proceeds of these loans, together with the balance brought forward and moneys from the repayments of advances, allowed the implementation of a programme of works costing £40,950,340, the funding of deficits to the extent of £3,245,500, and a balance of £1,817,526 to be carried forward for expenditure in the succeeding year.

These transactions may be summarized as follows:—

Liability—	£	£
Australian Public Loans .. .. .	..	24,657,000
Commonwealth Loan .. .. .	..	14,368,792
New York Loan .. .. .	..	124,319
Domestic Raisings .. .. .	..	533,770
		39,683,881
Premium, New York Exchange .. .. .	..	146,749
		39,830,630
Less—		
Discounts capitalized	30,880	
Expenses of Flotation	103,138	
Treasurer's Advance repaid	29,023	
		163,041
Balance forward 1st July, 1956 .. .. .	..	39,667,589
Repayments .. .. .	..	3,747,958
Treasurer's Advance 30th June, 1957 .. .. .	..	2,501,530
		96,289
Total loan cash available .. .. .	..	46,013,366
Balance in hand 30th June, 1957 .. .. .	..	1,817,526
Expenditure (including funding of deficits, £3,245,500).. .. .	..	44,195,840

The above statement takes no account of moneys advanced by the Commonwealth Government for Housing under the Commonwealth—State Housing Agreement, £10,400,000 (including £2,000,000 for Home Builders), compared with £10,800,000 in the previous year nor £1,584,928 advanced for Commonwealth—State Soldier Settlement compared with £1,610,000 in the previous year. The total amount now owing to the Commonwealth for Housing is £91,379,817, and for Soldier Settlement £3,184,927. In consideration of the debt position of the State, cognisance must be taken of these liabilities, although they do not form part of the public debt statements included in the Treasurer's Finance Statement.

The details of terms and conditions as relating to the Victorian proportion of the five works loans, four of which were open to subscription by the public, are as follows:—

Loan.	3½ Per Cent.	4 Per Cent.	5 Per Cent.	Price of Issue.	Date of Maturity.
	£	£	£	£ s. d.	
No. 99 ..	3,552,000	..	..	99 15 0	15.8.1957
No. 99	2,452,000	99 15 0	15.4.1963
No. 99	1,921,000	Par	15.4.1976
No. 101	3,174,000	..	99 10 0	15.5.1958
No. 101	2,016,000	Par	15.4.1965
No. 101	2,397,000	Par	15.4.1976
No. 102	3,076,000	..	Par	15.5.1958
No. 102	3,530,000	Par	15.4.1965
No. 102	2,539,000	Par	15.4.1976
No. 104	5,805,792	..	Par	15.5.1958
No. 104	4,354,000	Par	15.4.1965
No. 104	4,209,000	Par	15.4.1976
New York	124,319	Par	1.3.1972
	3,552,000	12,055,792	23,542,319		

Loan Flotation Expenses on Loans Nos. 99 and 101 for works purposes amounting to £46,653, have been paid from the Loan Fund. The expenses for Loan No. 102 and the New York flotation have not yet been claimed by the Commonwealth.

Loans Nos. 100, 101, and 103 were raised to deal with securities held by the public which matured in Australia on 15th August and 15th November, 1956, and 15th May, 1957. A loan was raised in New York, portion of which was used to redeem securities maturing on 1st June, 1957. Arrangements were also made to replace some short term debt in London by the acceptance by the Commonwealth Bank, in lieu thereof, of securities domiciled in Australia. This stock was issued at 99 $\frac{3}{4}$ per cent. and, although no cash was involved, the effect of the transaction was to increase the debt by the amount of discount and exchange, £1,489,160. The particulars of the transactions, together with those of a special loan and a domestic holding as they affected this State, are as follows:—

Securities Dealt With.	Amount Dealt With.	Redeemed by Sinking Fund.	Converted to—			Price of Issue.	Date of Maturity.
			3 $\frac{3}{4}$ Per Cent.	4 Per Cent.	5 Per Cent.		
<i>Rate and Maturity</i>	£	£	£	£	£	£ s. d.	
3 per cent. 15.8.56 ..	3,979,500	1,071,500	1,930,000	..	..	99 15 0	15.8.1957
..	..	..	..	..	195,000	99 15 0	15.4.1963
..	..	..	..	..	783,000	Par	15.4.1976
3 $\frac{1}{4}$ per cent. 15.8.50-56	2,125,310	356,310	461,000	..	..	99 15 0	15.8.1957
..	..	..	..	..	758,000	99 15 0	15.4.1963
..	..	..	..	..	550,000	Par	15.4.1976
3 $\frac{1}{2}$ per cent. 15.8.50-56	250,000	..	150,000	..	..	99 15 0	15.8.1957
..	..	..	..	..	100,000	Par	15.4.1976
3 per cent. 15.11.56 ..	7,436,000	813,000	..	3,299,000	..	99 10 0	15.5.1958
..	..	..	..	..	2,302,000	Par	15.4.1965
..	..	..	..	..	1,022,000	Par	15.4.1976
2 $\frac{3}{4}$ per cent. Various ..	5,805,525*	3,685*	6,264,000	..	..	99 15 0	15.8.1957
..	..	..	1,027,000	..	..	99 17 6	15.8.1957
3 per cent. 15.4.57 ..	28,384,000	2,100,000	..	20,721,000	..	Par	15.5.1958
..	..	..	..	..	2,023,000	Par	15.4.1965
..	..	..	..	..	3,540,000	Par	15.4.1976
New York 3 $\frac{1}{4}$ per cent. 1.6.57	889,756	..	..	..	889,756	Par	1.3.1972
Total ..	48,870,091	4,344,495	9,832,000	24,020,000	12,162,756	..	..

* Sterling debt unredeemed by Sinking Fund converted to Australian Securities involving increased debt equivalent to discount and exchange of £1,489,160.

Discount, £25,230, was met from new loan moneys and conversion expenses, £52,825 from Consolidated Revenue.

Public Debt and Debt Charges.—The Public Debt Statement (No. 3 on page 168 of this report) discloses that the Public Debt increased during the year by £36,105,250 and that the total amount of the indebtedness at 30th June, 1957, amounted to £481,818,674. Of this total, £439,555,393 represented internal and £42,263,281 external borrowing. The repayment of the external debt will entail the use of sterling or dollars as the case may be.

After deducting from the amount of the Public Debt, cash at credit of the National Debt Sinking Fund, £255,058, the State's capital liability to the Commonwealth was £481,563,616. This sum was accounted for in the Treasurer's Statements as follows :—

	£	£
Total liability apportioned as between the various services of the State on account of expenditure from Loan Fund	532,554,511	
<i>Less</i> —On account of equity in National Debt Sinking Fund	52,340,882	
	<hr/>	
Net Liability .. .. .	..	480,213,629
<i>Plus</i> —Unapportioned—Loan Fund Balance .. .. .	..	1,817,526
		<hr/>
		482,031,155
 <i>Deduct</i> —Exchange premium—New York Loans		
4½ per cent. ; 15th June, 1971	320,790	
5 per cent. ; 1st March, 1972	146,749	
	<hr/>	
		467,539
State's capital liability to the Commonwealth as above .. .. .	..	<hr/>481,563,616 <hr/>

The charges on the Public Debt, excluding loan conversion expenses, were—

	£	£
Interest—On Funded Debt	16,846,266	
Exchange on Overseas Interest	479,644	
	<hr/>	
Total Interest (excluding interest on Commonwealth advances for Housing and Soldier Settlement and interest paid on Deposits) .. .. .	..	17,325,910
Sinking Fund—State's contributions to National Debt Sinking Fund—for details see section on the National Debt Sinking Fund .. .. .	..	3,686,377
		<hr/>
Total Debt Charges .. .. .	..	21,012,287
		<hr/>
The comparable figure for the previous year was .. .. .	..	19,142,152
		<hr/>

The increasing cost of the debt charges on the loan liability as indicated, must give rise to concern particularly as an analysis of the total liability, £532,554,511, as apportioned by the Treasurer over the various services of the State, discloses that, with respect to £293,501,637 of this liability no direct contribution towards the State's proportion of the debt charges thereon can be expected. Particulars are :—

Service, &c.	Total Liability.	Equity National Debt Sinking Fund.	Net Liability.	Debt Charges 1956-57.
	£	£	£	£
Water Supply—Capital Liability borne by the State	81,648,552	6,772,306	74,876,246	3,240,458
Land Settlement—(excluding amounts charged to settlers)	21,098,304	6,993,436	14,104,868	1,037,744
Railways—				
On account of—Liability transferred to State	30,789,894	6,440,326	24,349,568	1,313,669
On account of—Deferred Renewals and Rehabilitation Loans on which the Railways are relieved of all debt charges ..	33,295,128	797,336	32,497,792	1,425,347
In aid of Revenue	14,847,256	3,389,958	11,457,298	839,749
State Electricity Commission—on account of relief from interest and sinking fund payments in consideration of supply of electricity to First Mildura Irrigation Trust and State Rivers and Water Supply Commission at certain rates ..	600,000	7,095	592,905	28,689
Unemployment Relief—excluding principal and interest on account of Advances to Public Authorities	11,951,615	2,016,040	9,935,575	436,935
Public Works, Buildings, Advances, &c.—including expenditure on schools, mental hospitals, &c., but excluding advances repayable and debt charges thereon	99,270,888*	3,898,510	95,372,378	4,021,411
	293,501,637	30,315,007	263,186,630	12,344,002

*Includes subsidies on imported coal and building materials.

While long term benefits will ensue from loan expenditure on the construction of school buildings and in meeting the State's social needs generally, a substantial proportion of the debt charges totalling £12,344,002, referred to above must be regarded as having a "dead weight" effect on the finances of the State.

Advances from Commonwealth Government for Housing and Soldier Settlement.—The advances received from the Commonwealth Government under the provisions of the Commonwealth-State Housing Agreement amounted, for the financial year ended 30th June, 1957, to £10,400,000. Of this sum, £2,000,000 was paid to the Home Builders Account, established under Act No. 6075 to provide finance for home builders through State loans to building societies and other institutions. The balance £8,400,000 was made available to the Housing Commission. These advances form the "Commonwealth and State Housing Trust Account No. 2" at the Treasury from which they are paid to the Housing Commission for housing projects under the agreement. £400,000 was in the nature of a special advance to be used to house serving members of the defence forces.

The amount of £96,181,000 now advanced does not form part of the Victorian Public Debt in the Treasurer's accounts although it is to be repaid to the Commonwealth Government, with funds provided by the Housing Commission or from the Home Builders Account, over a period of 53 years. It is necessary, therefore, in considering the total of the State Debt as shown in the Treasurer's accounts to add thereto the unredeemed portion of the sum borrowed from the Commonwealth for housing projects which is now £91,379,817.

In addition, the amount advanced by the Commonwealth as assistance for Soldier Settlement to 30th June, 1957, was £3,194,928, of which £10,001 was repaid, leaving the amount outstanding, £3,184,927.

Loan Expenditure.—The net loan expenditure in the year 1956–57 according to Treasury records was £44,195,840, compared with £39,130,295 for 1955–56, and £40,952,259 for 1954–55. The details are summarized below:—

	1954–55	1955–56.	1956–57.
	£	£	£
Railways	8,182,861	7,866,650	7,406,821
Water Supply	9,268,758	7,369,118	6,590,441
Forests	898,598	799,922	749,881
Country Roads	956,000	1,035,000	370,000
Electricity Commission	2,000,000	1,000,000	3,400,000
Gas and Fuel Corporation	1,195,000	1,170,000	130,000
Portland Harbor Trust	159,000	250,000	250,000
Advances	188,224	72,107	71,218
Fire and Flood Damage to Roads and Bridges	146,309	57,950	234,679
Country Sewerage	231,239	383,040	965,558
Hospitals	3,999,993	4,000,000	4,580,000
XVIth Olympiad, Melbourne	25,000	275,000	225,000
Mental Hospitals	706,832	1,003,823	1,139,914
Municipal Subsidies (other than for drainage)	86,391	120,671	163,770
Police Buildings	121,747	186,338	253,965
Rural Finance Corporation	800,000	920,000	920,000
Sanatoria, &c.	52,593	105,673	145,762
School Buildings	5,114,593	6,647,285	7,155,755
Soldier Settlement	4,998,769	3,899,992	3,579,996
Housing	50,000	105,000	53,796
Slum Reclamation .. .. .	..	..	266,600
University	117,643	100,000	112,075
Other Public Works	1,652,709	1,762,726	2,185,109
In Aid of Revenue .. .. .	..	..	3,245,500
Total within Financial Agreement	40,952,259	39,130,295	44,195,840
Commonwealth—State Housing Agreement	10,813,881	11,287,004	9,698,613
Commonwealth—State, Soldier Settlement .. .. .	..	1,599,928	1,595,000
	51,766,140	52,017,227	55,489,453

The items included in the above statement are examined in greater detail in the appropriate departmental and other sections of this report.

National Debt Sinking Fund.—A summary of the transactions in the National Debt Sinking Fund, in relation to this State, for the year is:—

	£	£
Balance at 1st July, 1956		584,092
Contributions 1956-57—		
<i>Commonwealth—</i>		
2s. 6d. per centum per annum on debt prior to 30th June, 1927	170,436	
5s. per centum per annum on new debt since 1927	883,839	
	—————	1,054,275
<i>State—</i>		
5s. per centum per annum on debt prior to 1927	340,872	
5s. per centum per annum on new debt since 1927	845,226	
£4 per centum per annum on deficit loans ..	253,605	
15s. per centum per annum on deficit loans ..	29,963	
15s. per centum per annum on water supply replacements and imported coal and materials	41,100	
£1 15s. per centum per annum on drought relief and deferred maintenance of railways and schools	92,501	
£2 per centum per annum on tourist resorts development	2,946	
Various, on discount and expenses overseas loans	5,482	
£4 10s. per centum per annum on cancelled securities	2,074,682	
	—————	3,686,377
Interest		10,548
		—————
		5,335,292
Securities repurchased and redeemed, £5,093,021 at a cost of ..		5,080,234
		—————
Balance of cash in Sinking Fund at 30th June, 1957		255,058
		—————

The total amount of securities repurchased or redeemed and cancelled on account of this State since the inception of the scheme is now £52,085,824 at a cost, including exchange on overseas purchases, of £54,296,479.

TREASURER'S ADVANCE.

The *Public Account Act* 1951 (No. 5578) authorized the temporary issue and application from the Public Account of any sum or sums (not exceeding in all Two million pounds) required to be provided for advances to the Treasurer to enable him to meet urgent claims that may arise before Parliamentary sanction therefor is obtained.

During the year, the limit was increased to Three million pounds by amending legislation (Act No. 6064).

Any sums advanced are required to be repaid to the Public Account upon the necessary sanction being obtained, and to be included in the expenditure of the financial year in respect of which the advance was made.

In addition to providing money for other services and purposes pending legislative authority, the Treasurer utilizes the Advance to supplement the provisions of items of the Annual Appropriation Act. In respect of the latter, Parliamentary authority is sought in Supplementary Estimates generally transmitted to Parliament after the close of the financial year.

The Supplementary Estimates for 1956–57 received approval on 22nd October, 1957.

Throughout the year, the Treasurer authorized expenditure of £3,012,535 against the Advance including £2,914,501 for which Supplementary Estimates were subsequently approved.

The Treasurer has also the power to carry forward to the accounts of the following year any portion of the expenditure charged to the Advance. The amount so carried forward to 1957–58 was £98,034. As required by the Public Account Act, a copy of the statement of the reasons therefor is annexed to this report.

The chief items in the Supplementary Estimates which augmented the original provisions of the annual appropriations were:—

	£
Premier—	
Parliamentary Printing—	
Cost of printing <i>Hansard</i> , Bills, Reports, &c.	34,932
Chief Secretary—	
Penal Establishments and Gaols—	
Contingencies	86,104
Police—	
Salaries and Allowances	304,656
Contingencies	123,004
Fuel, Light, and Allowances in lieu thereof and of Quarters and for Uniform; Water, Sanitary and Garbage Rates and Charges, and certain General Rates	30,833
Purchase and Maintenance of, and Repairs to, Motor Cars, &c.	26,905
Free Library Service Board—	
Grants to Municipalities	30,604
Education—	
Salaries and Allowances	243,289
Contingencies	64,236
Allowances to School Cleaners, Groundsmen, and Boilermen	41,905
Provision of Bus Services and Pupils' Travelling Allowances	24,207
Expenses in connexion with Hostels attached to Teachers' Colleges, Training Centres or Special Schools	20,423
Attorney-General—	
Salaries and Allowances	31,508
Contingencies	53,811
Courts, Administration, &c.—	
Contingencies	21,227
Treasurer—	
Payment under the provisions of the <i>Commonwealth Payroll Tax Assessment Act</i> 1941	30,432
Public Works—	
Works and Buildings—Rents of Public Buildings, Rates and Allowances in lieu of Quarters	24,447
Ports and Harbors—Works, &c.—	
Contribution to Portland Harbor Trust Commissioners for Maintenance of Port Facilities and for other purposes	27,500

Forests—

Miscellaneous—

Utilization of Forests Produce	£ 32,414
State Sawmill—Working Expenses	22,836

Water Supply—

Wages, Materials, Contingencies, and Other Expenditure incidental to the following Works—

General Expenditure	38,934
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Agriculture—

Exceptional—

Expenditure in connexion with the Control of Fruit Fly	28,420
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Health—

Administrative—

Grants—

To Hospitals and Charities Fund	900,000
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Mental Hygiene—

Salaries and Allowances	78,081
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In addition, there were items which did not appear in the annual appropriations; to that extent they do not in a true sense supplement a previous provision but are in effect new items.

Details of these items are :—

Department.	Division.	Service.	Provision.	Expended.
			£	£
Premier ..	Miscellaneous ..	Contribution to the National Parks Fund established in the Treasury pursuant to Act No. 6023	475	474
		To recoup Transport Regulation Fund Expenditure in connexion with Departmental Vehicle Control	1,049	1,049
Chief Secretary ..	Penal Establishments and Gaols ..	Grants to Reformatories, &c.	50	50
	Police	Contribution to University of Melbourne towards cost of Forensic Laboratory Expenses and Salaries of Personnel in Department of Pathology engaged in Scientific Investigations	2,915	2,915
Education ..	Miscellaneous ..	Interest on balance of Purchase Money and adjustment of Rates in connexion with the Acquisition of Property at 19 Russell-street, Melbourne	375	375
		Towards cost of Air Travel for Director of Adult Education in connexion with Visit Overseas	424	424
	Teachers' Tribunal ..	To adjust Rate of Allowance to Appointed Member for period 6th May, 1956, to 17th December, 1956	100	99
Treasurer ..	Grants	To National Association of Testing Authorities ..	250	250
	Exceptional	Payment to Somerton-Campbellfield-Fawkner Transport Trust	7,500	7,500
		Contribution to the Victorian Floods Relief Account ..	40,000	40,000
		Contribution to Melbourne Legacy Appeal	2,500	2,500
		Contribution to Elwood Life Saving Club	50	50
		Contribution to <i>Herald</i> Parcels for Pensioners Appeal Fund	1,000	1,000
		Refund of Interstate Transport Fees (including legal costs, &c.)	40,192	40,191
		Special payment to Lord Mayor's (1937) Coal Mining Accident Relief Fund	95	95
		Contribution to Organizing Committee XVIth. Olympiad towards Promotional Costs	125,000	125,000
		To recoup Motor Registration Branch amount stolen from that Office	900	900
Public Works ..	Government Printer ..	Advertising in Press (to supplement Advertising Account)	3,680	3,679
	Ports and Harbors ..	Cost of repairs to Beacon damaged by Departmental Dredge <i>Pioneer</i>	111	111
		Cost of repairs to <i>M.V. Taranui</i> , damaged by Departmental Tug <i>Fury</i>	72	71
Railways ..	.. .. .	Payment to Sandringham Council to make good the roadway between Black Rock and Sandringham Railway Station	15,000	15,000
		Payment to Sandringham Council towards cost of work in Station-street, Sandringham		
		<i>Ex gratia</i> payments to certain Municipalities and the Country Roads Board in respect of road-over-rail bridges on railway lines, the dismantling of which was authorized by Act No. 5939	5,470	5,470

SURCHARGES.

Under the provisions of section 41 of the Audit Act, the Treasurer was surcharged during the year with certain expenditure.

Details of this expenditure and my reasons for disallowing the accounts are:—

		£	s.	d.
Public Works Department—				
Expenditure on non-productive wages	105,952	1	2	
Expenditure on travelling, postage, &c.	116,259	11	8	

The above expenditure was disallowed by me for the same reasons as those for which similar expenditure was disallowed by my predecessor in previous years (see page 22 of the report on the accounts for 1955-56). In addition, I raised with the Treasurer, following the close of the financial year, the question as to the necessity of a change in the present methods of charging to ensure full disclosure of departmental costs in the accounts. Following on my representations, a Committee consisting of three officers representing respectively the Treasury, the Department, and the Audit Office has been set up to investigate the present basis of allocation. Also, it has been agreed that provision will be made, as from 1st July, 1958, in the Appropriation Act for the gross amount of such expenditure, and that any set off from loan or other funds will be shown under an appropriate head of revenue in the Treasurer's accounts.

Children's Welfare Department—				
Salaries	18,089	8	5	
Contingencies	2,053	6	5	
Deficiency in Annual Advance	1,041	13	2	

The vouchers submitted in connexion with the items of expenditure referred to above were surcharged because of material defects therein. Because of the deficiency mentioned, for which the Treasurer was also surcharged, I was not prepared to accept the vouchers in question as evidence of payment. The deficiency is subject to further comment on page 163 of the report.

Treasury—				
Grant to Traralgon Waterworks Trust	2,000	0	0	

Section 7 (1) (a) of Loan Act 5416 provides for the making of advances by way of grant for or towards expenditure on approved works.

In my opinion, this payment, being in the nature of an aid to revenue, did not come within the said provisions.

Education—				
Contingencies	2	0	0	

This amount represented a payment to a cleaner at the Heidelberg High School.

The voucher produced in support of the payment was deemed to be defective and was the subject of police investigation (see page 163 of the report).

• GUARANTEES.

In certain instances, authority for a guarantee has been provided by specific legislation such as the statutes relating to the Victorian Inland Meat Authority, Co-operative Housing Societies, and the guarantee of repayment of a loan to the Committee of the Melbourne Cricket Club. But on other occasions, the State has been committed in respect of guaranteed bank overdrafts by the Executive without the specific authority of Parliament.

Particulars are given below of guarantees not authorized by statute and current at 30th June, 1957, showing the contingent liability of the State under each guarantee at that date.

	Guarantee.	Contingent Liability.
	£	£
Ballarat Agricultural and Pastoral Society	3,500	3,500
Ballaarat City Council	10,000	10,000
Bendigo City Council	10,000	10,000
Exhibition Trustees	30,000	..
Olympic Park Committee of Management	100,000	100,000
Royal Agricultural Society of Victoria	430,000	413,104
Wonthaggi Cotton Mills Pty. Ltd.	15,000	15,000

The guarantees in respect of the Ballaarat and Bendigo City Councils were given to enable the Councils to obtain bank advances to meet expenditure on reclamation works.

The guarantee in respect of the Olympic Park Committee of Management was given by the Treasurer to the English Scottish and Australian Bank Ltd., undertaking to pay to the Bank any amount that the Bank may be called upon to pay under a guarantee which it had given to its subsidiary, Esanda Nominees (Aust.) Pty. Ltd., in respect of an advance of £100,000 made by that company to the Committee of Management for developmental works.

To enable the Ballarat Agricultural and Pastoral Society to arrange bank finance for building purposes, the Treasurer guaranteed repayment of the amount advanced to a limit of £3,500.

As assistance in the development of a cotton textile industry at Wonthaggi, the Treasurer guaranteed repayment of the overdraft of the Wonthaggi Cotton Mills Pty. Ltd. with the Australia and New Zealand Bank to the extent of £15,000.

The purposes of the guarantees in respect of the Exhibition Trustees and the Royal Agricultural Society were shown in the report for the year 1952-53.

Set out below are the details of those guarantees, authorized by statute, where there was a contingent liability at 30th June, 1957.

	Guarantee.	Contingent Liability.
	£	£
Co-operative Housing Societies	51,348,000	36,012,448
Co-operative Societies	106,460	81,277
Home Finance Trust	1,050,000	718,000
Organizing Committee of the XVIth Olympiad Melbourne, 1956	200,000	91,546
Victorian Inland Meat Authority	50,000	50,000

The repayment of loans made by approved bodies to registered co-operative housing societies has been guaranteed by the Treasurer under the provisions of Act No. 5055 which, as now amended, provides a limit of £60,000,000 to the liability which may be incurred by the State under this heading. Guarantees current at 30th June, in respect of loans made or to be made have been given to 305 societies.

The Treasurer has also entered into agreements with societies to indemnify them against losses they may incur by making advances in excess of 80 per cent., but not exceeding 95 per cent., of the total value of the land and the buildings to be erected thereon or £2,850, whichever is the lesser. The maximum advance in accordance with these provisions was increased from 90 to 95 per cent. in November, 1956. At 30th June, there were 2,848 indemnities in force, the contingent liability upon which was £371,788.

The *Co-operation Act* 1953, which was proclaimed on 2nd August, 1954, provides a limit of £500,000 to the liability which the State may incur under guarantees given in respect of societies registered under this Act. To 30th June, guarantees to the extent of £106,460 had been given in relation to the loans of six societies, and the contingent liability under the guarantees amounted to £81,277.

The activities of the societies registered under this Act and the Co-operative Housing Societies Acts are subject to the supervision of the Registrar. Their accounts are not audited by me, but, under the controlling legislation, are required to be audited, at least annually, by a person licensed by the Companies Auditors Board. They may also be inspected by the Registrar or some other person authorized to act on his behalf.

It is provided in the Home Finance Acts that the Treasurer may, with the approval of the Governor in Council, execute guarantees in favour of the Commissioners of the State Savings Bank or other approved bodies or corporations which, on security of a first mortgage of a dwelling-house, lend moneys beyond a specified maximum limit, or which deposit moneys with the Home Finance Trust to enable that body to make loans on similar security.

To 30th June, the Treasurer had executed four guarantees to a total of £1,050,000, and the contingent liability in respect of amounts advanced to the Trust to that date was £718,000.

The accounts of the Trust are subject to audit by this office, and are discussed in further detail on page 162.

As authorized by Act No. 5905, the State has guaranteed the overdraft of the Organizing Committee of the XVIth Olympiad, Melbourne, 1956, with the Australia and New Zealand Bank to the extent of £200,000. The contingent liability under the guarantee at 30th June, was £91,546. The accounts of the Committee are discussed further on page 160.

Legislative authority for the guarantee in respect of the Victorian Inland Meat Authority is contained in Act No. 4927.

THE STATE'S DEBTORS.

Debts coming within this section are of two classes—arrears of revenue and advances to public bodies and others.

Arrears of Revenue.—The statement hereunder gives the position as to the amounts owing at the end of each of the last three financial years in respect of the major State activities.

	1955.	1956.	1957.
	£	£	£
Railways and State Coal Mine	1,317,970	1,113,533	1,159,580
Taxation—			
Income	15,991	11,372	7,754
Unemployment Relief	7,017	4,196	2,274
Land	317,148	229,065	286,143
Probate Duty	78,579	124,815	197,441
Water Supply	307,606	273,709	436,647
Lands Department	34,191	43,272	45,463
Soldier Settlement Commission	249,648	172,047	190,154
Forests Commission	100,355	119,130	214,042
Government Printer (excluding amounts due from State Departments)	38,860	35,749	50,765
Children's Welfare	69,456	61,218	84,359
Other Departments	116,413	124,760	92,573
Trading Activities—			
Victoria Dock Cool Stores	75,485	62,647	66,755
Lighterage and Storage of Explosives	21,571	24,879	3,171
Timber Seasoning Works—Newport	10,938	10,665	9,061
Other	7,498	12,087	20,760
Miscellaneous	14,761	22,115	23,524
	2,783,487	2,445,259	2,890,466

Although amounts due for Income and Unemployment Relief Taxation are shown as debts due to the State, collection will not affect the State's finances. Under the uniform taxation system, collection of these amounts is a function of the Commonwealth, and an amount equal to the arrears of taxation collected and paid to the State is deducted from the annual taxation reimbursement.

The arrears of Probate Duty and Land Tax do not include amounts of £443,745 and £315,941 respectively which represent assessments issued during June, but not due and payable until after 30th June.

Amounts due to the Children's Welfare Department are, in many instances, sums owing by persons without the means to pay, or whose whereabouts are unknown. Substantial collections are unlikely.

Advances to Public Bodies, &c.—The State makes advances from loan and revenue sources to public bodies and other organizations, and debts due to the State in respect of these advances are discussed under this heading. Amounts made available to major undertakings such as the State Electricity Commission, Housing Commission, Rural Finance Corporation, &c., are not included here, but are discussed in the sections of the report relating to these activities.

Advances related mainly to projects associated with water supply and sewerage works in country districts and to assistance in the development or building programmes of various organizations.

Advances additional to those from loan moneys or revenue have been made from the Decentralization Fund, and at 30th June, amounted to £448,928, of which £67,020 has been repaid. Further reference to this expenditure is made on page 89 of this report.

Set out below is a summary of advances made during the last three years by means of special items in Loan Application Acts or Appropriation Acts.

	1954-55.		1955-56.		1956-57.	
	Loan.	Revenue.	Loan.	Revenue.	Loan.	Revenue.
	£	£	£	£	£	£
Corporations and other Bodies ..	435,980	..	504,340	..	691,772	..
Various	112,131	7,500	48,200	..	80,300	..
Total	548,111	7,500	552,540	..	772,072	..

In some cases, repayment of advances has not been in accordance with the agreed conditions and, at 30th June, instalments of redemption and interest charges due and unpaid amounted to £41,068. A concise statement of the balances of advances and amounts overdue is as follows:—

	Balance of Advances at 30th June, 1957.			Overdue at 30th June, 1957.				
	Loan.	Revenue.	Total.	Redemption.			Interest.	Total.
				Loan.	Revenue.	Total.		
	£	£	£	£	£	£	£	£
Co-operative Companies ..	7,015	..	7,015	314	..	314	123	437
Municipalities	3,131	..	3,131	..	..	..	..	..
Corporations and other Bodies	5,821,573	..	5,821,573	871	3,705	4,576	16,461	21,037
Unemployment Relief Advances	126,409	..	126,409	691	..	691	..	691
Advances to Settlers	21,819	37	21,856	15,048	16	15,064	3,298	18,362
Various	839,987	64,600	904,587	..	254	254	287	541
Total	6,819,934	64,637	6,884,571	16,924	3,975	20,899	20,169	41,068

The total of £41,068 redemption and interest charges overdue includes the following arrears of interest which are not shown in the Treasurer's Statement of Sundry Debtors to Revenue (page 125) :—

	£
Cultivation and Wire Netting Advances	2,834
Farm Water Supply Advances	464
Timber Salvage Advances	12
	3,310

CO-OPERATIVE COMPANIES.

Co-operative Cool Stores.—At 30th June, £7,015 of total advances of £17,500 made to the Tyabb Co-operative Cool Stores was still to be repaid. Arrears of interest and redemption at that date amounted to £437.

CORPORATIONS AND OTHER BODIES.

Local Governing Bodies.—To assist in the development of the waterworks controlled by certain municipalities, the State has made advances of £3,104,632 from loan and £4,000 from revenue. Repayments and amounts written off or transferred have left a balance to be repaid, at 30th June, of £1,653,496. Instalments of redemption and interest charges overdue at the same date totalled £726.

Sewerage Authorities.—Advances of £737,569 have been made from loan for capital works of country sewerage authorities, but £139,052 of this amount has been transferred to the Capital Expenditure Borne by the State Account. Repayments amount to £117,787, and the balance of liability at 30th June was £480,730 of which £858 was overdue in instalments. Interest charges unpaid at that date were £4,401.

Irrigation Trusts.—Loan advances to Irrigation Trusts amount to £1,034,831 of which the Trusts have repaid £59,017. Liability to the extent of £710,382 has been transferred to the State and £18,416 has been written off, leaving the balance of advances at 30th June, £247,016.

Waterworks Trusts.—Of advances of £5,927,472 from loan and £33,625 from revenue, £3,265,112 was still to be repaid at 30th June.

At the same date 73 trusts between them owed £14,857 for redemption and interest charges, but 36 have since paid the amounts outstanding. The activities of the trusts are discussed on page 49 of this report.

River Improvement Trusts.—Provision has been made in the *River Improvement Act* 1948 for advances to be made to river improvement authorities for expenditure on approved works. At 30th June, total advances from loan funds, including £2,547 transferred from a Waterworks Trust, amounted to £488,454 but liability to the extent of £358,406 has been borne by the State. Further reference is made to these Trusts on page 49.

UNEMPLOYMENT RELIEF ADVANCES.

Advances made to various bodies for purposes associated with the relief of unemployment totalled £2,478,032, of which £839,386 has since been treated as a grant and £27,817 has been written off. The balance of advances at 30th June was £126,409 including £691 overdue instalments of redemption.

ADVANCES TO SETTLERS.

Cultivation and Wire Netting Advances.—From time to time advances from loan and revenue sources have been made to settlers to assist in the financing of cultivation, the purchase of seed wheat and fodder, and for the purchase and erection of wire netting.

Repayment of these advances and the payment of charges for interest continue to be unsatisfactory. Of the total amount of £13,327 outstanding at 30th June on account of cultivation advances, £11,599, together with £2,436 unpaid interest charges, was overdue. Wire netting advances outstanding amounted to £2,243, of which £1,278, together with £398 unpaid interest charges, was overdue.

Farm Water Supply.—To assist farmers in the provision of an adequate water supply on farm properties, advances amounting to £21,372 have been made from loan sources. At 30th June the amount still to be repaid was £6,285.

Advances of this nature, other than for wire netting, are now a function of the Rural Finance Corporation.

VARIOUS.

Ballaarat Gas Company.—To enable this company to purchase and install new plant, and repay a mortgage to the Ballarat Banking Company, loans of £75,000 in 1951–52 and £45,000 in 1952–53 have been made. Repayment is to be made within fifteen years with interest at £3 12s. 6d. and £4 5s. per cent. per annum, respectively. At 30th June the balance to be repaid was £104,938.

Exhibition Trustees.—Including an amount of £20,000 advanced in 1956–57, a total of £33,000 has been made available from loan to the Trustees towards the cost of effecting repairs and improvements to the Exhibition Building. An interest rate of £5 10s. per cent. per annum is being applied to the advance of £20,000, and £4 per cent. per annum to the balance. At 30th June, the amount still to be repaid was £25,750.

Port Phillip Sea Pilots.—Advances totalling £494,000 have been made to the Port Phillip Sea Pilots for the purchase of an additional pilot vessel. Interest at £3 12s. 6d. per cent. per annum is being charged, and repayments of principal to 30th June totalled £18,988.

Purchase of Cars by Public Officers.—The State assists officers in the purchase of cars required for use in their official duties by financing the balance remaining after payment of the deposit. The officers are required to make repayments in terms of a hire-purchase agreement with the State for periods of two to six years with interest at rates varying to a maximum of £5 5s. per cent. per annum. A total of 173 officers was participating in the scheme at 30th June. Expenditure to that date was £155,960 and repayments of principal under the agreements amounted to £91,619.

Aychar Pty. Ltd.—On condition that certain increases in its capital were effected, the Government agreed to make available to this company a loan of £50,000 for the manufacture of room units from reinforced gypsum plaster. The loan, which is secured by registered debenture, is to be repaid, with interest at £4 10s. per cent. per annum, from the net profits of the company. Advances to 30th June totalled £47,500. No repayments have as yet been made.

Albert Park Committee of Management.—A loan of £20,000, repayable in annual instalments of £1,000 with interest at £3 per cent. per annum, has been made to the Committee of Management to enable improvements to be effected to the Albert Park Reserve. At 30th June, the balance to be repaid was £19,000.

Ballarat City Rowing Club Committee.—The State advanced an amount of £15,500 from loan sources towards the cost of erection of a Club House at Lake Wendouree. Annual repayments of at least £1,000 are to be made, together with interest at £5 5s. per cent. per annum. Repayments to 30th June totalled £500.

Yarra Bend National Park Trustees.—A loan of £25,000 is being made to the Trustees for the purpose of effecting improvements to the Park and purchasing machinery for its maintenance. The loan is to be repaid in annual instalments of £1,000 with interest added at the rate of £3 per cent. per annum. To 30th June, advances under the loan amounted to £5,000.

AGRICULTURE DEPARTMENT.

This department is engaged in the administration of legislation relating to primary production, in research and experimental work, practical farming education, and supervision as prescribed by the relevant Acts. In this connexion, advice, assistance and encouragement are given to those engaged in the many branches of the agricultural, horticultural, live stock and dairying industries.

The expenditure (excluding Victoria Dock Cool Stores) of the department from revenue for the year was £1,863,304, against which there were departmental receipts of £315,458, resulting in a net cost to the State of £1,547,846 as compared with £1,612,812 for the previous year. Details of expenditure and receipts for the two years are:—

Vote—	1955-56 £	1956-57. £
Department of Agriculture	1,887,408	1,859,435
Chief Secretary—Accident Insurance	8,216	4,781
Treasurer—Pay-roll Tax	28,585	33,324
Treasurer—Unforeseen	137	80
Public Works	45,815	49,474
Special Appropriations	54,224	55,056
	2,024,385	2,002,150
<i>Less</i> Business undertaking—Victoria Dock Cool Stores	128,775	138,846
	1,895,610	1,863,304

<i>Receipts.</i>		
Departmental	441,467	473,102
<i>Less</i> Victoria Dock Cool Stores	196,184	197,214
	245,283	275,888
Licences—Dairies, Dairy Farms, Dairy Produce, Factories, &c. (included under heading—Taxes)	37,515	39,570
	282,798	315,458
Net outgoing (excluding interest, sinking fund, and proportion of Government contribution to superannuation)	1,612,812	1,547,846

<i>Expenditure from Loan.</i>		
Works and Buildings at Agricultural and Dairy Colleges and Research Farms, &c.	1955-56. £	1956-57. £
Dookie Agricultural College	3,339	11,002
Longerenong Agricultural College	292	10,410
School of Primary Agriculture—Burnley	18,624	35,122
Werribee Research Farm	12,425	15,081
Potato Research Station—Healesville	1,738	1,080
Rutherglen Research Stations	147	2,705
Ellinbank Dairy Research Station	13,957	8,853
Scoresby Horticultural Research Station	14,159	3,214
State Laboratories	7,241	4,175
Walpeup Research Station	5,525	14,508
State Research Orchard—Tatura	7,459	36,514
Victoria Dock Cool Stores	17,816	22,009
Other localities	7,695	7,696
	110,417	172,369

Destruction of Grasshoppers.

Incidental to the anti-grasshopper campaign in December, 1955, the settlement of claims by certain apiarists for compensation for destruction of hives, bees, &c., as a direct result of the aerial spraying, was necessary.

On the advice of the Crown Solicitor, the Honorable the Minister approved of certain payments totalling £853, "without prejudice" in satisfaction of these claims. The amount involved was charged to the vote for "Destruction of Grasshoppers".

The financial aspects of several of the research, educational, and industrial activities of the Department are detailed hereunder :—

Research Farms.

Revenue accounts and balance-sheets in connexion with these farms are prepared annually by departmental officers. The accounts are kept on a commercial basis and the audits are now in course. When considering the following financial statements regard must be had to the intangible benefits obtained by primary industries from the improvements effected in farming and in the development of new methods as a result of the operations at these research institutions.

Summaries of the accounts of these undertakings are given in the statement hereunder :—

	Revenue.	General Costs.	Depreciation.	Interest.	Loss
	£	£	£	£	£
State Research Farm, Werribee—					
1954-55	32,957	55,628	3,525	6,489	32,685
1955-56	34,788	60,535	3,968	7,204	36,919
1956-57	38,005	77,458	6,331	7,854	53,638
Rutherglen Viticultural Station—					
1954-55	1,879	10,512	169	593	9,395
1955-56	1,446	10,960	193	615	10,322
1956-57	1,261	10,154	460	620	9,973
Rutherglen Research Station—					
1954-55	15,402	20,991	1,449	2,238	9,276
1955-56	12,208	20,555	1,551	2,398	12,296
1956-57	14,639	27,977	2,475	2,566	18,379
Horticultural Research Station, Scoresby—					
1954-55	870	10,435	852	1,258	11,675
1955-56	1,554	13,508	2,365	2,765	17,084
1956-57	579	10,517	3,325	3,644	16,907
Potato Research Station, Healesville—					
1954-55	4,544	7,744	1,397	2,038	6,635
1955-56	5,470	5,589	1,644	2,103	3,866
1956-57	8,982	16,287	1,919	2,252	11,476
Mallee Research Station, Walpeup—					
1954-55	6,460	10,090	1,174	1,382	6,186
1955-56	5,408	11,561	1,190	1,439	8,782
1956-57	11,674	13,391	1,407	1,715	4,839
State Research Orchard, Tatura—					
1954-55	9,707	14,784	626	953	6,656
1955-56	10,203	15,928	887	1,241	7,853
1956-57	10,889	23,789	1,473	1,643	16,016

Agricultural Colleges.

The department's contribution to agricultural education includes the maintenance of two agricultural colleges situated at Dookie and Longerenong, and the establishment of a third, not as yet operative, at Glenormiston.

The colleges in operation are sited on properties of 6,048 acres and 2,386 acres, respectively, and are operated as farms to provide practical training for students, in conjunction with the provision of areas for experimental purposes.

The Glenormiston project is in course of establishment. A property in the Western District of 693 acres with homestead, cottages, and outbuildings was acquired in 1949 at a cost of £45,743. Experimental work in—plant breeding, pasture establishment, cereal and linseed production, supplementary feeding of cattle, and horticultural crops—is being carried out.

The special appropriation of £50,000 provided by Act No. 5044 was supplemented by an amount of £186,845 from votes of the Agriculture Department whilst receipts totalling £84,756 were credited to the Consolidated Revenue.

The accounts at Dookie and Longerenong are kept on a commercial basis, but the preparation of the annual financial statements is not sufficiently advanced for inclusion in this report.

Revenue derived from farming operations, students' fees, and staff rentals is offset against expenditure on staffing and maintaining the colleges to arrive at the net cost of provision of this community service.

An analysis of Treasury figures showing the net cost of the provision of this service is given hereunder:—

	Dookie.	Longerenong.	Glenormiston.
Receipts—	£	£	£
Fees	8,291	3,187	..
Rents (staff accommodation)	4,529	2,201	431
Sales of produce, livestock, &c.	38,142	18,688	9,287
	50,962	24,076	9,718
Expenditure—			
Salaries and wages	98,585	47,370	6,693
Materials	31,720	17,352	3,298
Livestock	11,676	2,412	2,320
Other	10,902	2,963	1,554
	152,883	70,097	13,865
Net Cost	101,921	46,021	4,147

Expenditure by the Public Works Department from loan and vote on construction work at the three sites was:—

	Dookie.	Longerenong.	Glenormiston.
	£	£	£
Loan	11,002	10,410	1,698
Vote	10,634	7,874	4,010
	21,636	18,284	5,708

Victoria Dock Cool Stores.

A profit of £43,856 resulted from operations during the year ended 30th June, 1957. The following comparative statement summarizes transactions during each of the last three years:—

	1954-55.		1955-56.		1956-57.	
	£	£	£	£	£	£
<i>Revenue.</i>						
Storage Charges	168,132		169,837		191,520	
Shipping Charges	9,718		10,896		7,270	
Rental	2,998		2,609		2,564	
	180,848		183,342		201,354	
<i>Expenditure.</i>						
Salaries and Wages, &c.	77,247		85,851		84,717	
Pay-roll Tax	1,912		2,165		2,132	
Rent of Site	2,163		2,167		2,437	
Agency and Commission	8,709		10,983		10,383	
Maintenance	4,187		7,742		14,467	
Electrical Energy	10,236		12,165		14,285	
Other Charges	8,212		2,294		2,237	
Depreciation	5,297		7,073		11,359	
Replacement of Assets provision .. .. .	..		2,983		..	
Interest on Capital	14,388		14,620		15,481	
	132,351		148,043		157,498	
Net profit	48,497		35,299		43,856	

Arrangements are being made to replace a section of the storage space erected in 1914. The value of the assets to be replaced is being written down over a period of seven years and the annual provision therefor is included in the charge for depreciation.

The interest charge shown in the statement is based on capital which has been provided by the State from Loan and Revenue sources—principally the former. The balance of receipts by Consolidated Revenue over disbursements therefrom has not, so far, been treated as a contra to the capital provided by the State in arriving at the notional charge for interest.

ABRIDGED BALANCE-SHEET.

30.6.1956		30.6.1957
£		£
399,523	Capital provided by State	423,742
74,696	Contribution by Commonwealth, &c.	74,696
10,261	Sundry Creditors	7,597
..	Reserve	2,961
106,363	Profit carried forward	150,218
<hr/>		<hr/>
590,843		659,214
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	Fixed Assets at cost less depreciation :—	
202,083	Buildings	215,182
67,664	Machinery, Plant, &c.	68,389
10,619	Roads and Railway Sidings	11,315
<hr/>		<hr/>
280,366		294,886
3,576	Stores on hand	4,442
62,647	Sundry Debtors	66,755
244,254	Balance of payments to Consolidated Revenue over disbursements therefrom	293,131
<hr/>		<hr/>
590,843		659,214
<hr/>		<hr/>

CHIEF SECRETARY'S DEPARTMENT.

The accounts of a number of sub-departments and branches controlled by the Chief Secretary are discussed hereunder. Exceptions are the accounts of the State Accident and State Motor Car Insurance Offices which are given separately on pages 95-98 of this report.

Police Department.

Police Services.—The net cost to revenue of these services was £5,960,396. In determining “net cost”, expenditure from special appropriations, from votes for Police purposes and, to the extent to which applicable, from the votes of other departments, has been included, and the revenue associated with the service has been deducted. A comparison of expenditure and revenue for the year with corresponding figures for the two previous years is :—

	1954-55.	1955-56.	1956-57.
<i>Expenditure</i> —	£	£	£
Salaries	3,530,851	4,030,787	4,624,655
Pay-roll Tax	96,532	105,299	119,837
General expenditure	854,823	975,582	1,176,372
Maintenance, rent, erection of buildings	78,422	96,038	99,025
Police Classification Board	1,948	2,918	2,461
Workers' Compensation Insurance	12,063	15,384	26,742
Pensions and Superannuation	629,225	729,225	761,188
	5,203,864	5,955,233	6,810,280
<i>Revenue</i> —			
Police services	332,060	391,058	455,448
Firearms licences	2,856	2,877	2,910
Recoup from Country Roads Board Fund —cost Motor Registration Branch	324,478	363,035	391,526
	659,394	756,970	849,884
Net cost	4,544,470	5,198,263	5,960,396
Further expenditure from loan funds on Police buildings and residences	121,746	186,338	253,965

Motor Registration Branch.—Functions of the Branch include matters relating to the registration of motor vehicles, the issue of motor drivers' licences, and the collection, as agents for authorized insurers, of premiums under Third Party Insurance policies.

Fees received at the Branch are collected under the provisions of the Motor Car Act and are credited to various funds as directed by that and other Acts. Amending legislation, effective from 1st January, 1957, provided for a general increase of approximately 50 per cent. in motor registration fees. This was chiefly responsible for increased receipts from this source of £1,353,364.

Costs of collection are apportioned between the participating funds with the exception that, in respect of amounts credited to the Level Crossings Fund, the relevant costs of collection are borne by the Country Roads Board Fund.

Amounts paid to the several accounts in the past two years are :—

1955-56.		1956-57.	
£		£	£
	<i>Country Roads Board Fund—</i>		
5,086,533	Motor Fees and Drivers' Licence Fees ..	6,447,936	
462,259	Owners' Certificates (two-thirds) ..	450,805	
	.. ..	—————	6,898,741
	<i>Level Crossings Fund—</i>		
231,129	Owners' Certificates (one-third)		225,397
	<i>Municipalities Assistance Fund—</i>		
199,852	Motor Drivers' Licence Fees (half)		207,892
	<i>Transport Regulation Fund—</i>		
5,256	Metropolitan Omnibus Registration Fees		5,792
	<i>Third Party Insurance—</i>		
3,095,709	Premiums on behalf of Insurers		3,368,616
41,904	Motor Car (Hospital Payments) Fund		41,802

Penal Establishments and Gaols.

On a basis similar to that used in connexion with Police Services, excepting that no charge has been included for the government contribution for pensions, the net cost of maintaining Penal Establishments and Gaols was £753,314. A comparison of expenditure and revenue for 1956-57 with corresponding figures for the two previous years is :—

	1954-55.	1955-56.	1956-57.
	£	£	£
<i>Expenditure—</i>			
Salaries	272,541	316,982	375,486
Pay-roll Tax	7,968	9,589	11,179
General expenditure	305,522	309,983	403,235
Maintenance, erection buildings, &c. ..	50,010	53,468	51,965
Indeterminate Sentences Board ..	486	658	576
Workers' Compensation Insurance ..	1,992	2,649	1,241
	—————	—————	—————
	638,519	693,329	843,682
	—————	—————	—————
<i>Revenue—</i>			
Proceeds from prison industries ..	80,112	72,477	89,888
Sundries	95	146	480
	—————	—————	—————
	80,207	72,623	90,368
	—————	—————	—————
Net cost	558,312	620,706	753,314
	—————	—————	—————
<i>Further expenditure from Loan Funds on buildings</i>	111,999	89,869	112,132
	—————	—————	—————

Children's Welfare Department.

The supervision, and in the majority of cases, the maintenance of children declared to be wards of the State rests with this department. Further responsibilities are the provision of financial assistance to mothers in necessitous circumstances, the maintenance of migrant children, and the payment of subsidies to approved hostels.

The net cost of the services provided in 1956-57 was £720,961.

A comparative statement of expenditure and revenue in each of the last three years is :—

	1954-55.	1955-56.	1956-57.
	£	£	£
<i>Expenditure—</i>			
Salaries	144,546	170,783	211,834
Pay-roll Tax	1,273	1,424	2,057
General Expenditure	64,649	64,596	71,603
Maintenance of Children	301,341	382,006	444,274
Maintenance of Migrant Children	3,457	3,332	2,784
Subsidies and Grants to Hostels	4,585	2,250	3,561
Grant—Staff Training .. .. .	..	2,130	..
Maintenance and Rent of Buildings	14,264	18,190	19,219
Workers' Compensation Insurance	307	353	667
Unforeseen .. .. .	..	100	59
	534,422	645,164	756,058
<i>Revenue—</i>			
Maintenance Collections—			
Voluntary Payments	13,431	14,383	15,326
Under Court Orders	8,872	9,005	13,911
Child Endowment	4,029	6,087	5,860
	26,332	29,475	35,097
<i>Net Cost</i>	508,090	615,689	720,961
<i>Further Expenditure on buildings, &c.—</i>			
Loan	121,793	119,362	118,509
Surplus Revenue .. .. .	..	3,334	..
	121,793	122,696	118,509

Payments for the maintenance of children have increased substantially in each of the three years given above. Dissection of the total in each year shows the distribution of payments to have been :—

	1954-55.	1955-56.	1956-57.
	£	£	£
Wards in Private Homes	31,481	39,782	47,578
Wards in Children's Homes and Juvenile Schools	114,260	150,060	174,967
“Turana,” &c., and General Maintenance	43,567	57,230	64,047
Assistance to Mothers	112,033	134,934	157,682
	301,341	382,006	444,274

The net costs of the remaining sub-departments and branches for 1956-57 as compared with the previous two years are as set out below :—

	1956-57.			1954-55.	1955-56.
	Expenditure.	Revenue.	Net Cost.	Net Cost.	Net Cost.
	£	£	£	£	£
Public Library, Museums, &c. ..	480,774	984	479,790	394,510	427,561
Government Statist	160,895	34,795	126,100	101,364	118,627
Fisheries and Game	151,359	55,797	95,562	83,725	99,829
Immigration	32,819	7,214	25,605	26,850	19,070
Other Branches	61,537	7,202	54,335	30,102	31,087
Administrative	142,563	15,833	126,730	77,144	97,526
	1,029,947	121,825	908,122	713,695	793,700

Expenditure from loan funds during 1956-57 for works related to the Public Library and Museum was £5,530.

COUNTRY WATER SUPPLY.

The State Rivers and Water Supply Commission, in its function of administering the Water Acts, is responsible for the construction and maintenance of country water supply works. It is engaged not only in country water supply within the constituted districts; it has other duties which are unremunerative, such as investigations and research, and supervision of works for other bodies and persons. In addition, it is a constructing authority for the carrying out of capital works for the River Murray Commission.

A summary of revenue transactions for the period 1952-57, final figures being used except for the last year of the series, is given hereunder:—

	Amounts Collectable.			Amounts Credited.	Arrears as at 30th June.
	Water Sales and Miscellaneous.	Assessments of Rates and Charges.	Total Collectable Sum Including Arrears.		
	£	£	£	£	£
1952-53	410,680	962,736	1,611,763	1,392,686	219,077
1953-54	520,543	1,316,891	2,056,511	1,792,939	263,572
1954-55	546,717	1,374,051	2,184,340	1,876,734	307,606
1955-56	422,438	1,525,704	2,255,748	1,982,039	273,709
1956-57	650,167	1,620,946	2,544,822	2,108,175	436,647

The collection of 84·1 per cent. of the current assessments and other charges is fairly consistent with recent years and is satisfactory. Included in the other charges are amounts for sales of water charged immediately prior to closing the books. The collection of 94·7 per cent. of current assessments (94·1 per cent. for the previous year) is a better indication of the efficiency of collection.

A dissection of the total amount owing at the 30th June, 1957, is:—

	£
Irrigation Districts	269,237
Waterworks Districts	42,806
Urban Districts	86,028
Flood Protection Districts	3,778
Drainage Districts	2,261
Coliban Districts	27,312
Sundries	5,225
	436,647

The Commission has a duty under the Water Acts to levy rates and charges sufficient to meet the specified costs in the districts. Although amending legislation reduced the loan liability of the districts, the Commission's duty still remained with regard to the specified costs other than interest and redemption. Chargeable costs increased during the year, in comparison with the preceding year, and, in 1956-57 exceeded the rates and other charges by roundly £300,000.

Cash Summary.—Details of the cost to the State in connexion with Country Water Supply are set out in Statement No. 7, on page 175 of this Report. A summary prepared on a cash basis for the period 1947–57 is given in the table hereunder:—

	*Receipts, including Recoups.	†Expenditure.			Cash Deficit.	Loan Expenditure.
		General.	Debt Charges.	Total.		
	£	£	£	£	£	£
1947–48	1,040,987	1,196,979	1,316,824	2,513,803	1,472,816	1,893,165
1948–49	1,294,975	1,316,478	1,389,631	2,706,109	1,411,134	2,251,873
1949–50	1,567,517	1,519,784	1,490,415	3,010,199	1,442,682	4,149,501
1950–51	1,759,048	1,814,785	1,666,003	3,480,788	1,721,740	7,124,902
1951–52	2,063,916	2,302,231	1,970,877	4,273,108	2,209,192	10,619,672
1952–53	2,191,051	2,682,016	2,177,476	4,859,492	2,668,441	6,919,911
1953–54	2,059,015	2,735,484	2,507,317	5,242,801	3,183,786	8,475,565
1954–55	2,738,253	2,799,533	3,096,235	5,895,768	3,157,515	9,268,758
1955–56	3,036,138	2,963,760	3,490,362	6,454,122	3,417,984	7,369,118
1956–57	3,153,046	3,206,718	3,814,836	7,021,554	3,868,508	6,534,441

* Excludes amounts diverted to Depreciation Fund—1947–48, £110,490; 1953–54, £561,958.

† Excludes expenditure from Surplus Revenue in 1947–48, £3,216 (credit); in 1948–49, £726; in 1949–50, £2,471; and in 1950–51, £734.

The net cost to the State of the Commission during 1956–57 was £3,868,508, an increase of £450,524 on the preceding year. This increase was due mainly to the increase of £324,474 in the debt charges due to further borrowings for country water supply and a higher interest rate over the whole of the debt.

A synopsis of the total expenditure (other than interest) by the Commission in the past three years is shown in the following statement. The expenditure on vote works has been reduced by amounts recouped in respect of other works. The sum of £793,254 was recouped in 1956–57.

Sources and purposes of expenditure.	1954–55.	1955–56.	1956–57
	£	£	£
Loans—			
Commission's major works	7,322,522	4,763,170	3,736,481
Other works*	1,187,041	1,706,733	1,824,058
Special plant, &c.	48,386	165,626	87,239
Water Trusts, Local Bodies, &c.	710,809	733,589	886,663
	9,268,758	7,369,118	6,534,441
Votes—			
Commission (net)	2,034,157	2,036,080	2,333,790
Water Trusts, &c.	23,894	7,974	10,712
Sewerage Authorities	30,969	42,410	56,406
Special Appropriations—			
Commissioners' Salaries	8,224	9,786	10,792
Pensions and Gratuities	40,657	55,747	58,171
Depreciation Funds	153,737	239,833	229,068
Other Funds	18,272	19,986	19,676
Soldier Settlement Commission works	206,094	156,315	143,020
River Murray Commission works	555,717	1,323,447	1,459,062
Total	12,340,479	11,260,696	10,855,138

* Including works of an Authority supervised by the Commission and contributions to the River Murray Commission, and in 1956–57, payments to the State Electricity Commission (£31,610), for the provision of electricity to water supply works.

Major Works.—Loan expenditure for the year amounted to £3,736,481 on major projects at—

	£
Goulburn Irrigation	1,284,953
Mornington Peninsula	827,201
Central Gippsland	511,349
Eildon	358,707
Murray Valley	215,119
Tarago River	178,097
Waranga Inlet	174,558
Loddon River	95,683
Coliban	90,814
	3,736,481

Protection Works—River Murray Floods.—Following the flood emergency of August, 1956, the Commission incurred expenditure of £69,708 on protection works at Red Cliffs, Robinvale, and Merbein. Of this expenditure, £49,708 was reimbursed to the Commission by the Victorian Floods Relief Committee from Commonwealth grant, £5,000 was withheld by the Committee pending final adjustment of the Commission's claim, and £15,000 was advanced to the Commission by the State Electricity Commission on account of expenditure at Red Cliffs Pumping Station.

Stores.—The values of the plant, tools, and general stores held by the Commission at the 30th June, 1957, were :—

	Plant. £	Tools and Stores. £
At Major Construction Works	193,358	936,347
Special Plant and Machinery	1,730,972	..
Stores Suspense Account Depots	123,020	909,372
	2,047,350	1,845,719

A stocktake at the Bonnie Doon Township Removal Project revealed a deficiency of stores to the value of £4,460 this deficiency having accumulated over the period of about three years during which the project was in course. After investigation, the Commission charged this deficiency against the cost of the project.

In the 1955–56 Report, reference was made to the writing down by £107,500 of the book value of a large surplus of stores which have been held for some years at Central Plant Workshops at Golden Square. This writing down was absorbed in a reserve of credits accumulated from the hire of plant and machinery. As this reserve is not separately shown in Treasury records, being contained within the Water Supply Stores Suspense Account, substantial financial adjustments, such as the writing down referred to, may be made without necessarily being drawn to Treasury notice.

Loan Transactions.—The position at 30th June, 1957, was :—

	£
Capital Liability borne by the State	81,648,552
Capital Liability to be redeemed by water users, river improvement rates and plant hire charges	13,134,515
	94,783,067
Deduct Equity in National Debt Sinking Fund	7,731,131
	87,051,936

The Commission has continued to give attention to the allocation of capital outlay between the water users and the State, and, during 1956-57, the Governor in Council, in exercise of his powers under the Water Acts, approved the transfer of liability of £282,218 from the State to those districts which were deemed to be sufficiently developed to bear such liability. As with transfers of capital in previous years, this transfer was largely in respect of urban districts. The capital liability in respect of the irrigation and rural waterworks districts remains entirely borne by the State and the relevant interest and sinking fund charges are, therefore, being borne by the State. In several of these districts, however, revenue is being produced in excess of expenditure.

An agreement between the Commission and the Geelong Waterworks and Sewerage Trust, made pursuant to the provisions of Act No. 5794, provides for the transfer of the headworks of the Bellarine water supply system from the Commission to the Trust. As part consideration for the transfer, the amount of £271,819, being one-half of the capital liability in respect of the headworks on 30th June, 1953, together with the capital liability in respect of expenditure by the Commission on the headworks since that date, are to be transferred, subject to the approval of the Treasurer of Victoria, to the Trust.

Depreciation—Works.—Under Act No. 4513, the Commission is required to raise, by means of annual rates and charges, moneys to provide for the replacement of any machinery, plant, or perishable structures comprising the works of the constituted districts. In 1956-57, the amount raised was £134,101. Since 1942-43, it has been pointed out that the amount raised annually to cover depreciation should be materially increased. The position has been under review by the Commission for some years, and this attention is reflected in increases in the amount raised, but the task has not yet been completed.

The sums raised must be paid into Consolidated Revenue or, to the extent the Treasurer directs, to the Water Supply Works Depreciation Fund. The sums raised (with interest credited thereon) must also be shown in the Commission's books to the credit of the Water Supply Works Depreciation Account. Payments to the fund in recent years have not been made on a regular annual basis and, since 1948-49, there has been only one payment—that of £561,958 in 1953-54. The depreciation raised in the Commission's books now exceeds the amounts diverted to the fund by £382,350.

The provisions of the Water Acts require that the Fund shall be invested and credited with interest earned in each year. At the 30th June, 1957, the balance at the credit of the Fund was £336,384, of which no part had been invested. The disparity between the Depreciation Account and the Fund is, therefore, aggravated, as the interest credited in the Account now exceeds the interest credited to the Fund from investments by £104,679.

Depreciation—Plant and Machinery.—Under the provisions of Act No. 4761, the cost of certain plant and machinery purchased from loan funds is not charged directly to any district, but when used on construction and maintenance works, a charge for depreciation is made, and the amount is paid to the Water Supply Plant and Machinery Depreciation Fund. At the 30th June, 1957, the capital liability for this plant and machinery was £1,730,972 and the balance in the fund for its replacement was £674,976.

River Murray Commission.—The agreement made under the provisions of the River Murray Waters Act (No. 2596) provides for the construction of works on the River Murray and for the appointment of the River Murray Commission to give effect to the Agreement. The State Rivers and Water Supply Commission is a Constructing Authority under the terms of the Act.

From the inception of the scheme in 1917 to 30th June, 1957, the total construction expenditure recorded by the River Murray Commission was £17,708,782. Of this sum £10,651,848 represented the cost of construction works at Hume Reservoir, including £2,083,691 spent on the removal of Tallangatta Township, a project for which the State Rivers and Water Supply Commission is the constructing authority.

In 1956-57, under the authority of Water Supply Loan Application Acts Nos. 5906 and 6034, Victoria contributed £492,500 for the construction of works, bringing her total contribution for construction as at 30th June, 1957, to £4,427,195. £67,250 was also contributed for maintenance and administrative expenses during 1956-57.

The books and accounts of the River Murray Commission are subject to audit by the Commonwealth Auditor-General.

Waterworks Trusts.—Supervision of Waterworks Trusts is vested in the State Rivers and Water Supply Commission. The accounts of the Trusts are prepared on a calendar year basis, and are required by Section 155 of the *Water Act* 1928 to be audited by my officers.

Funds for capital works by the Trusts have been provided principally by advances made available by the State. Works have also been financed from the Trusts' own resources and, in recent years, from debenture loans raised under the provisions of Act No. 5637. Interest in excess of 3 per cent. on debenture loans is recouped to Trusts by the State. Expenditure under this heading for the year was £10,126.

Advances by the State in 1956–57 totalled £482,399. Repayments in respect of advances amounted to £28,751, and the Trusts were relieved of liability to the extent of £74,120 which the Governor in Council directed to be borne by the State, so that the net increase in the Trusts' indebtedness for State loans was £379,528. Payments to the State for interest and principal were well maintained.

River Improvement Trusts.—*The River Improvement Act* 1948 No. 5302 came into operation on 1st January, 1949. This legislation made provision for the constitution of River Improvement (or Drainage) Districts under the jurisdiction and control of River Improvement (or Drainage) Trusts or the State Rivers and Water Supply Commission. In all, thirteen Trusts had been constituted at 30th June, 1957. These Trusts are subject to audit by the Audit Office.

The functions of a River Improvement Trust are to carry out river improvement works in accordance with plans approved by the Commission and to provide for the maintenance of such works and for the administration of the Trust within the limits of annual estimates of revenue and expenditure approved by the Minister.

The Act made provision for the raising of moneys to finance works construction and for the raising of revenues to meet maintenance and administration costs on similar conditions to those operating for Waterworks Trusts. Later *The Water (Amendment) Act* 1953, empowered River Improvement Trusts, with the consent of the Governor in Council, to borrow moneys by the issue of debentures.

Loan advances by the State are now limited to the "grant" proportion of the cost of approved works. Such advances are transferred to capital borne by the State on production by the Trust of vouchers verifying expenditure of its proportion of the cost of the approved works from the Trust's private loans, revenue, or contributions received from interested parties.

Advances made to Trusts by the State to 30th June, 1957, for works totalled £488,454, of which sum £358,456 has been borne by the State and of which a further £117,599 will be transferred to the State in respect of advances made during 1957.

EDUCATION.

University.—The accounts of the University are subject to a continuous audit by officers under my direction.

The general income of the University is drawn principally from grants by the State and Commonwealth Governments and from fees of various kinds. Further sources of income are donations and bequests, but in some instances these are for specific purposes and form the principal of trust funds. Only the income received from the investment of such funds is available for disbursement.

The accounts are prepared on an accrual basis, the accounting period being the calendar year. The following statement showing income and expenditure for 1955 and 1956 relates to the General Account and the Trust Fund, but does not include the accounts of the University Press, Union, or other extraneous accounts.

	1955.		1956.	
	£	£	£	£
<i>Income—</i>				
State Government Grants—				
General purposes	689,218		755,734	
Special purposes	244,911		220,225	
		934,129		975,959
Commonwealth Government Grants—				
General purposes	414,649		453,000	
Special purposes	82,234		84,683	
		496,883		537,683
Fees		558,721		644,008
Donations and bequests		670,147		352,417
Interest, dividends, rents		104,803		106,968
Other income		65,912		65,887
		2,830,595		2,682,922
<i>Expenditure—</i>				
Salaries and Pay-roll Tax		1,519,962		1,700,027
Apparatus and books		162,026		176,426
Buildings, land, grounds, and vehicles		417,533		745,420
Examination expenses		57,777		64,644
Special grants, and fees to affiliated institutions		136,254		172,871
General expenses		128,599		155,659
		2,422,151		3,015,047
<i>Balance—</i>				
General Account		<i>Deficit</i> 80,877		<i>Deficit</i> 69,552
Trust Fund		<i>Surplus</i> 489,321		<i>Deficit</i> 262,573
		<i>Net Surplus</i> 408,444		<i>Gross Deficit</i> 332,125

In a comparison of the results of the two years, it should be observed that the Trust Fund is the holding account for donations and bequests pending expenditure thereof on specific projects. As an example, in 1955, donations for building purposes were £529,620, and expenditure on buildings amounted to £227,626, whereas for 1956, the comparable figures were £143,799 and £588,095 respectively.

The disclosed balances of the General Account are composite figures and include the surpluses and deficits of a number of research and special funds. If these are disregarded, the deficit upon the University's General Fund for 1956 was £27,382, compared with £9,999 in 1955. The accumulated deficit on this account to 31st December, 1956, was £133,870.

As in previous years, Government grants comprised more than half the income of the University in 1956. Of the State grants, £65,200 was statutory, £850,018 was provided under the Appropriation Acts for 1955-56 and 1956-57, and the balance £60,741, was made available from the Loan Fund.

Amounts received from the Commonwealth comprised the basic and supplementary general purpose grants calculated in accordance with the formula laid down in the related States Grants (Universities) Act, together with grants for special purposes. The amount received as the general purpose grant was the maximum payable under the formula.

Adult Education.—The functions of the Council of Adult Education are to advise the Minister on matters of general policy relating to adult education, and to plan and supervise the administration and development of adult education in Victoria. The following statement summarizes the Council's financial operations for the past two years :—

<i>Source of Funds—</i>	1955-56 £	1956-57 £
Balance from previous year	40	14
Special Appropriation—Act No. 5181	25,000	25,000
Departmental Vote—Education	27,000	31,500
Class fees, proceeds of productions, &c.	28,400	25,412
	<hr/>	<hr/>
	80,440	81,926
	<hr/>	<hr/>
<i>Disbursement of Funds—</i>		
Salaries (Administration)	26,862	30,081
Classes, discussion groups, travelling theatre, &c.	53,564	51,752
	<hr/>	<hr/>
	80,426	81,833
Leaving a balance of	14	93
	<hr/>	<hr/>
	80,440	81,926
	<hr/>	<hr/>

EDUCATION DEPARTMENT.

The net expenditure on education from Consolidated Revenue during 1956-57 was £25,778,292. This expenditure was not wholly provided from the votes under the Education Department, sundry items being included from payments made under special appropriations and from other departmental votes. The following statement shows the heads of expenditure contributing to the cost of education to the State :—

<i>Departmental Votes—</i>	£
Education	23,818,983
Treasury (University Grants, Pay-roll Tax, &c.)	1,249,406
Public Works (Maintenance, &c.)	232,597
Chief Secretary (State Accident Insurance)	61,034
Agriculture (University)	20,000
Special Appropriations (Adult Education, Pensions, &c.)	726,208
	<hr/>
	26,108,228
<i>Less—</i>	
<i>Revenue Collections—</i>	£
Fees, sale of publications, students' board, and broken bonds	169,413
Rents	120,349
Other	20,573
	<hr/>
	310,335
Recoups of expenditure	19,601
	<hr/>
	329,936
	<hr/>
	25,778,292
Loan Acts Nos. 5921 and 6049, Maintenance	890,436
Loan Acts Nos. 5921 and 6049, Capital Works	6,265,319
	<hr/>
Total cost of Education	32,934,047
	<hr/>

Figures obtained from the Public Works Department show the distribution of loan expenditure on capital works as follows:—

	£
Primary schools	2,779,556
High schools	1,844,777
Technical schools	1,080,446
Girls' schools	146,485
Teachers' Colleges and Hostels	344,837
Other	69,218
	6,265,319

The following comparative statement sets out receipts and expenditure during 1956-57 and the four preceding years:—

	1952-53.	1953-54.	1954-55.	1955-56.	1956-57.
	£	£	£	£	£
Consolidated Revenue—					
Expenditure	15,860,291	17,335,266	19,326,890	23,315,410	26,088,627
Receipts	198,761	227,138	256,692	289,278	310,335
Net cost Consolidated Revenue	15,661,530	17,108,128	19,070,198	23,026,132	25,778,292
Loan and Surplus Revenue Acts—Expenditure	3,235,051	4,754,012	5,573,866	6,649,012	7,155,755
Total cost	18,896,581	21,862,140	24,644,064	29,675,144	32,934,047

The above figures do not include interest and sinking fund charges on loans.

Training of Teachers.—Allowances paid to students in training account for more than three-quarters of the cost of operating teachers' colleges. An important part of teacher training is the provision of hostels for students living away from home. There are 24 such hostels. The per capita cost of training is substantially higher for students accommodated in hostels as revenue from board does not cover the cost of operation. In the following figures, showing the trend over the last four financial years, average per capita costs (excluding capital items) are based on the approximate number of students in training during each of those years:—

	1953-54.	1954-55.	1955-56.	1956-57.
	£	£	£	£
Cost of conducting teachers' colleges	1,084,011	1,244,054	1,567,084	1,864,107
Cost of conducting hostels for students in training	56,493	58,103	63,209	86,047
	1,140,504	1,302,157	1,630,293	1,950,154
Average number of students in hostels	724	766	829	925
Average number of students accommodated privately	1,703	1,931	2,227	2,530
Total average number of students	2,427	2,697	3,056	3,455
	£	£	£	£
Average per capita cost of training per annum	447	461	513	540
Average additional per capita cost of training per annum for those students accommodated in hostels	78	76	76	93

More than two-thirds of the increase in the per capita cost of conducting hostels during 1956-57 was due to Wages Board determinations affecting the wages of domestic staff, and increased expenditure on the maintenance of buildings.

In order to ensure that the initial costs of training are not lost through the early resignation of trainees each student is required to enter into a bond of service, supported by a surety. A policy of insistence on payment in cases of broken bonds is being pursued by the department. A total of £19,903 was received from this source in 1956-57 compared with £18,046 and £14,687 in 1955-56 and 1954-55 respectively.

Technical Schools.—The books and accounts of the State's 50 technical schools are subject to periodic examination by audit officers. At six centres these audits are supervisory as the councils of the schools concerned engage private auditors. The maintenance grant made available to technical schools under the Appropriation Act is augmented by tuition fees and other revenue collected and retained by the schools. These funds are expended on salaries of part-time instructors and full-time teachers employed by school councils, salaries and wages of office and maintenance staffs, and general costs incidental to the operating of the schools. Salaries of technical school teachers appointed under the *Teaching Service Act 1946* are met from the amounts voted by Parliament for the Education Department which also provide a special amount for the purchase of technical equipment. The following statement, to be read in conjunction with Appendix E to this report, combines Treasury and technical school accounts to show the total expenditure on technical schools.

1955-56.		1956-57.	
£	Source of Funds—	£	£
3,526,831	Consolidated Revenue (net)	4,016,243	
1,007,297	Loan and Surplus Revenue Acts	1,161,862	
			5,178,105
272,556	Tuition fees collected by Technical Schools		347,910
106,671	Other Technical School Revenue		122,809
			5,648,824
4,913,355			20,786
954	Less Surplus in Technical School Maintenance Accounts		
			5,628,038
4,912,401			
Disbursement of Funds—			
Salaries (including Pay-roll Tax)—			
2,661,224	Teachers and part-time Instructors	3,040,197	
462,241	Administrative and Maintenance Staff	528,151	
			3,568,348
1,071,368	Erection and Maintenance of Buildings, &c.		1,225,294
128,114	Equipment (including Special Equipment Grants £67,900*)		141,706
267,743	General costs of classes	311,430	
172,562	Administrative and other costs	190,681	
			502,111
159,664	Allowances to pupils		201,156
			5,638,615
4,922,916			10,577
10,515	Less Rents, &c., received by Education Department		
			5,628,038
4,912,401	Total Net Cost		

* Not fully expended at 30.6.57 pending completion of orders.

Conveyance of Pupils.—The provision of bus services and pupils' travelling allowances for the transport of children to schools shows an annually increasing cost. The following is a comparative analysis of expenditure on these services:—

	1953-54.	1954-55.	1955-56.	1956-57.
	£	£	£	£
Allowances not exceeding 1s. per day for eligible pupils attending primary schools	63,073	81,760	88,455	88,268
Allowances to eligible pupils attending post-primary schools (covering travel by bicycle and/or public transport facilities)	119,293	133,207	137,379	168,455
Payments to contractors providing special bus transport services for pupils	1,124,131	1,229,502	1,359,707	1,492,483
	1,306,497	1,444,469	1,585,541	1,749,206

General.—A detailed statement showing a comparative analysis of expenditure from loan and revenue moneys in respect of the various services provided is given in Appendix E to this report. For ready reference the net cost of each service is shown hereunder.

	1955-56.	1956-57.
	£	£
Administration	502,465	560,492
Central Schools and Classes	231,049	230,886
Correspondence School	75,764	81,318
Girls' Schools	548,095	628,631
High Schools	5,273,401	5,877,628
Higher Elementary Schools	314,892	283,936
Primary Schools	13,928,536	15,053,997
Registered Schools	290,603	323,831
Special Schools	292,558	309,553
Special Activities (Library, Music, &c.)	406,336	489,459
Technical Schools	4,534,128	5,178,105
Teachers' Colleges	1,644,231	*2,105,630
Teachers' Colleges Hostels	165,454	202,226
University	812,515	918,330
Pensions, &c.	599,173	631,549
Miscellaneous	55,944	58,476
	29,675,144	32,934,047

* Includes £48,934 *re* the acquisition of "Park Mansions" and modification thereof for the Department of Health, in exchange for "Stonnington" required for a Teachers' College.

FORESTS.

EXPENDITURE.

In the year under review expenditure amounted to £2,985,747. Under broad headings the principal divisions of expenditure in the past three years were:—

	1954-55.	1955-56.	1956-57.
	£	£	£
Appropriations—			
Administrative Salaries ..	438,991	489,441	519,213
Contingencies	85,068	85,828	84,237
Business Undertakings ..	113,801	117,922	160,021
Utilization Forest Produce ..	465,000	472,508	482,413
Supply of Firewood	14,952	19,550	27,957
Sundry	55,963	65,378	70,841
	<hr/>	<hr/>	<hr/>
	1,173,775	1,250,627	1,344,682
	<hr/>	<hr/>	<hr/>
Forestry Fund—			
Forests	672,779	923,277	787,197
Plantations	78,463	98,678	72,952
Nurseries	21,101	24,893	21,251
General	25,447	9,207	9,784
	<hr/>	<hr/>	<hr/>
	797,790	1,056,055	891,184
	<hr/>	<hr/>	<hr/>
Loan Fund—			
Fire Protection	180,895	127,196	124,774
General Operations	85,844	104,562	35,897
Extraction Roads	446,961	358,172	408,690
Plantations	55,579	63,205	72,205
Buildings	26,895	71,497	40,025
Plant and Machinery	88,683	49,363	58,253
Land	13,741	25,927	10,037
	<hr/>	<hr/>	<hr/>
	898,598	799,922	749,881
	<hr/>	<hr/>	<hr/>
	2,870,163	3,106,604	2,985,747
	<hr/>	<hr/>	<hr/>

Since the inception of the use of Loan Funds for forestry purposes, the sum so applied has been £15,530,716. After adjusting discount and expenses and amounts redeemed or repaid, the Loan Liability at 30th June, 1956, was £12,607,636 towards which there was an equity in the National Debt Sinking Fund of £647,533.

Variations in percentages relevant to expenditure from Vote, Fund, and Loan may be compared as under:—

	1954-55		1955-56		1956-57	
	£	%	£	%	£	%
Vote	1,173,775	41	1,250,627	40	1,344,682	45
Fund	797,790	28	1,056,055	34	891,184	30
Loan	898,598	31	799,922	26	749,881	25

Allocations for forestry purposes provided for in the annual Appropriation Act may be grouped under three broad headings—administrative, business undertakings and, utilization of forest produce.

With respect to administrative costs, it should be observed that, in addition to the figures for salaries and contingencies shown in the preceding summary of expenditure, salaries of permanent officers (forest foremen and others) amounting to £139,459 were charged to Utilization Vote, Forestry Fund, Loan Fund, and Stores Suspense Account. Although this procedure is in some measure supported by legal opinion, I considered it necessary, after the close of the financial year, to suggest to the Treasurer changes in the procedure, and the investigation of expenditure allocations as follows:—

- (i) the gross amount to be shown against the appropriate vote in the Appropriation Act;
- (ii) Parliament to be apprised of the estimated recoups from Loan and Forestry Fund;
- (iii) such recoups to be credited to Revenue; and
- (iv) in connection with the proportion of expenditure to be allocated, a satisfactory basis of allocation be determined after investigation by the Commission, Treasury and Audit in collaboration.

A representative Committee as suggested under (iv) has already been set up and I am hopeful that the other proposals outlined above will be adopted as from the 1st July, 1958.

Expenditure in connexion with business undertakings has, to some extent, been recouped by the revenue of such undertakings—for particulars see pages 59–60.

Set-offs to the expenditure under the utilization vote have been provided by credits to Revenue No. 8 Departmental from proceeds of sales of produce equivalent to the total of the expenditure under the vote. The balance of such proceeds has been treated as royalty and credited to Revenue No. 3 Territorial. This procedure affects the calculation of the “royalty equivalent” for the purpose of the payment from Consolidated Revenue to the Forestry Fund under Section 37 of the *Forests Act* 1928 as amended, and appears to be in contravention of the provisions thereof.

Another feature of the Commission's expenditure accounts which merits comment is the manner in which the Forestry Fund is applied. The source of the moneys available in the fund is Consolidated Revenue. In each financial year, there is a fixed statutory appropriation of £40,000 from Revenue and, in addition, a variable statutory contribution from the same source of one-half of the annual gross receipts from royalties, &c., in excess of £80,000—equivalent in 1956–57 to £880,867.

The flexibility of the application of moneys at the credit of the fund to the various purposes set out in the Act has been most noticeable, and the limits of the Fund's use has been determined only by the balance available. Its moneys have been applied not only to the main purposes specified but also, as indicated above, as an adjunct to Vote appropriations and Loan Application Acts.

Early in the financial year, it appeared that the credits to the fund would be insufficient to meet proposed expenditure. By means of economies, retrenchment of workers, and transfers of charges for certain expenditure on works of a permanent nature to Loan, the position was rectified. Actually, there was a balance of £75,220 in the fund at 30th June, 1957.

In addition to the contributing factors already mentioned, the position was assisted considerably by an unexpected increase in appropriations to the fund because of increased royalty collections towards the close of the year. This was the result of favourable weather conditions which permitted the continuation of logging operations for a much longer period than usual.

Reference has been made for many years to the use of the Forestry Fund and Loan Fund as suspense accounts. A committee set up to seek a solution of this problem has, during the last financial year, made enquiries and studied research work carried out by the Commission. Since the close of the financial year, a report with recommendations has been submitted to the Director of Finance.

RECEIPTS.

A statement of revenue receipts for the past three years is shown hereunder :—

	1954-55.	1955-56.	1956-57.
	£	£	£
Territorial—			
Rents	22,008	20,991	22,368
Royalties	1,745,133	1,630,918	1,731,263
Miscellaneous	6,917	7,682	8,103
Fees	416	305	428
Tramways	81	759	123
State Sawmill	27,583	63,105	66,858
Timber Seasoning Works	74,287	64,523	57,465
Charcoal	27	127	96
Departmental	505,167	506,162	531,672
Miscellaneous	7,533	9,210	10,479
	<u>2,389,152</u>	<u>2,303,782</u>	<u>2,428,855</u>

At 30th June, 1957, debtors for Royalty totalled £132,141 and for Departmental (logs and firewood) £79,558. Approximately half the amount payable for royalty was two months overdue.

The net cost of the Commission for 1956-57, based on receipts and expenditure in the Consolidated Revenue Account, was £282,351.

The Consolidated Revenue receipts and expenditure for the past two years were :—

1955-56	Receipts.	1956-57	1955-56	Expenditure.	1956-57
£		£	£		£
2,303,782	As detailed above	2,428,855	8,009	Commissioners' Salaries	6,809
227,348	Net Cost	282,351	1,224,366	Votes	1,318,798
			18,252	Pensions	19,075
			829,795	Grants to the Forestry Fund	880,867
			421,002	Interest and Exchange on Loans	454,069
			38	Loan Conversion Expenses	469
			29,668	National Debt Sinking Fund	31,119
<u>2,531,130</u>		<u>2,711,206</u>	<u>2,531,130</u>		<u>2,711,206</u>

STORES SUSPENSE ACCOUNT, PLANT AND MACHINERY FUND.

Stores Suspense Account.—For many years, expenditure on stores, workshops, and carpenter's shop was charged to Loan Fund and Forestry Fund pending allocation to various works. This expenditure accumulated until the Stores Suspense Account was set up in 1952 under Act No. 5475. As already stated, the problem of clearing the accumulated expenditure is receiving attention.

The following statement shows details of the Stores Suspense Account as at 30th June, 1957 :—

	£
Stores	102,159
Repairs to Plant	119,544
Manufactured Articles (Carpenter's Shop)	2,899
	<u>224,602</u>

The balance in the Suspense Account of £102,159 in respect of Stores shows an increase of £95,626 over the balance at 30th June, 1956, because of a reduced quantity of stores on hand arising from their allocation to various works.

The balance of £119,544 in respect of repairs to plant is the balance of hire charges on specified plant towards the cost of future repairs thereon.

The amount of £2,899 is the balance of £3,000 transferred to this section from the Stores section of the account to finance work at the carpenter's shop. Since 1st July, 1956, all expenditure in connexion with this activity has been charged to Stores Suspense Account and at regular intervals, the costs of labour, material, and overhead have been allocated to jobs. The appropriate expenditure allocations have been debited and the suspense account credited accordingly.

Quantitative recording of stores held for subsequent issue is in operation by means of perpetual inventory at the various locations and at Head Office for purposes of control. During the financial year, Brookwood store was inspected and recorded value of stores was adjusted to actual value of stores on hand to complete the establishment of the stores control system. The large discrepancy (£36,419) between the two values raises doubts as to the effectiveness of control since 1952 to the date of this stocktaking (October, 1956). An earlier stocktaking would have ensured that the system of control was established on a sound basis. It is anticipated that, in future, strict control will be exercised and a thorough investigation of discrepancies will be made by the Commission.

At 30th June, 1957, stores under control were recorded as having a value of £566,672, comprising stores held for subsequent issue, £460,030 and surplus stores valued at £106,642, which were awaiting disposal.

The stores control system in operation does not extend to certain stores, tools on issue, or to fire protection equipment. The values involved are considerable.

Plant and Machinery Fund.—Under the provisions of Act No. 5475 a Plant and Machinery Fund was established. The component of the hire-charge on account of the renewal and replacement of specified plant and machinery is debited to the appropriate expenditure allocation and credited to this fund.

The following statement summarizes operations since the date of establishment of the Fund (1st July, 1953) to 30th June, 1957:—

	1st July, 1953 to 30th June, 1956.	1st July, 1956 to 30th June, 1957.	Total.
	£	£	£
Plant Hire	447,699	161,184	608,883
Expenditure on renewals ..	412,365	19,526	431,891
Balance at 30th June, 1957	..	..	176,992

INDUSTRIAL UNDERTAKINGS.

The accounts of the Commission's two industrial undertakings, the Timber Seasoning Works, Newport, and the State Saw Mill, Erica, form part of the departmental and Treasury accounting system. From this source, details are collected and financial statements for each undertaking constructed on a commercial accounting basis.

Timber Seasoning Works, Newport.—The accumulated loss was increased to £114,474 by the loss for the year ended 30th June, 1957, £19,954, and adjustment for under-depreciation in respect of previous years less sundry credits, £254.

It was decided in December, 1956, to dispose of the works and, subsequently, tenders were invited for the purchase of the undertaking. Accordingly, during the latter part of the year, operations were confined to disposal of stocks of timber on hand. Operating costs for 1956-57 do not show a substantial decrease as compared with the previous year because of large purchases of timber in the first half of the year.

The financial statements for the years 1955-56 and 1956-57 are summarized hereunder :—

(i) Trading and Profit and Loss Statements—

	1955-56.		1956-57.	
	£	£	£	£
Timber and Stores on Hand (opening stock) .. .. .	..	51,279	..	57,501
Operating costs .. .. .	..	75,364	..	68,911
Interest on Capital .. .. .	..	2,212	..	2,218
		<u>128,855</u>		<u>128,630</u>
Sales of Timber	64,158		56,518	
Other receipts	454		811	
		<u>64,612</u>		<u>57,329</u>
Timber and Stores on Hand (closing stock) .. .. .	..	57,501	..	51,347
		<u>122,113</u>		<u>108,676</u>
Net loss .. .. .	..	6,742	..	19,954

(ii) Balance-sheet—

	30.6.1956.		30.6.1957.	
	£	£	£	£
Fixed Assets less provision for Depreciation—				
Buildings	18,236		17,780	
Machinery and Plant	10,011		9,260	
Permanent Improvements, Railway Siding, and Ramps	7,600		7,411	
		<u>35,847</u>		<u>34,451</u>
Current Assets less Current Liabilities—				
Debtors	10,665		9,061	
Timber and Stores on Hand	57,501		51,347	
		<u>68,166</u>		<u>60,408</u>
Less Creditors	14,009		703	
		<u>54,157</u>		<u>59,705</u>
		<u>90,004</u>		<u>94,156</u>

The above assets have been provided as follows :—

	30.6.1956.		30.6.1957.	
	£	£	£	£
Capital raised from Loan and Revenue Sources	57,173		57,237	
General Reserve	8,347		8,347	
Advanced by Treasurer of Victoria	118,750		143,046	
		<u>184,270</u>		<u>208,630</u>
Less Accumulated Loss	94,266		114,474	
		<u>90,004</u>		<u>94,156</u>

State Saw Mill, Erica.—The following information taken from the Commission's Profit and Loss Statement summarizes operations in 1955-56 and 1956-57 :—

	1955-56.		1956-57.	
	£	£	£	£
Sales	65,106		74,932	
Other receipts	444		574	
		65,550		75,506
Working Expenses	67,551		70,941	
Interest calculated on capital used in the business	1,931		2,072	
		69,482		73,013
Net Loss		3,932		
Net Profit				2,493

The profit of £2,493 for the year ended 30th June, 1957, was due to increased sales including those of a greater proportion of higher-grade timber. Royalty was calculated on the basis of log intake for each of the years 1955-56 and 1956-57. The basis of depreciation charged in respect of fixed assets has been accepted but will be reviewed by the Forests Commission for future years.

The Balance-sheet shows the position of this undertaking as at 30th June, 1956, and 30th June, 1957 :—

	30.6.1956.		30.6.1957.	
	£	£	£	£
<i>Fixed Assets less provision for Depreciation—</i>				
Buildings	12,178		11,709	
Machinery and Plant	31,140		28,441	
Rolling Stock	2,531		2,278	
		45,849		42,428
<i>Current Assets—</i>				
Debtors	8,434		18,893	
Stock on Hand—				
Timber	3,624		8,909	
Stores	3,468		227	
		15,526		28,029
		61,375		70,457
Less Current Liabilities		18,281		3,083
		43,094		67,374
The balances shown above were financed from the following sources :—				
Capital raised from Revenue Sources	52,224		53,608	
Accumulated Profit	16,534		19,027	
		68,758		72,635
Less the excess of receipts over payments which has been paid into Consolidated Revenue	25,664		5,261	
		43,094		67,374

Timber stocks on hand at 30th June, 1957 (£8,909), comprised logs valued at £4,648 and sawn timber valued at £4,261.

The notional interest charged both in respect of the Newport Seasoning Works and the State Sawmill has been calculated so far on the capital represented in fixed assets but without regard to the amount due to or from the Treasury.

GOVERNMENT PRINTER.

Income from printing, sales of publications, &c., for the year amounted to £1,042,042, compared with £967,105 in 1955-56.

Most of the work for the State is for the purpose of meeting the requirements of other departments and charges for these services are met from departmental votes. The statement below shows a loss on the year's operations of £39,084. No charges have been made for interest paid applicable to the undertaking's capital cost nor for the relative State contribution towards pensions. In the preceding year there was a loss on operations of £19,049. The following figures have been taken from accounts prepared on a commercial accounting basis.

<i>Item.</i>	1955-56. £	1956-57. £
Materials	380,095	411,319
Salaries and Wages (including pay-roll tax) ..	486,135	555,040
Insurance—Workers' Compensation	1,735	1,737
Insurance—Fire	786	786
Power, Fuel, and Light	6,434	7,067
Repairs to Buildings and Plant	14,593	10,556
Sundry Charges	22,025	23,882
Postage and Incidentals	3,110	3,094
Depreciation	15,993	18,040
Work done by other than Government Printer ..	55,248	49,605
	<hr/>	<hr/>
	986,154	1,081,126
Loss	19,049	39,084
	<hr/>	<hr/>
Turnover	967,105	1,042,042
	<hr/>	<hr/>

Factors contributing to the loss are receiving departmental attention.

Although the figures in the Treasurer's statements are on a cash basis, provision has been made in the annual appropriations for the Government Printer, during the last sixteen years, for the replacement of plant and machinery acquired from loan funds. The amount accumulated at the credit of the Printing Machinery Depreciation Fund at 30th June, 1957, is £98,147 in respect of assets so purchased, the aggregate cost of which was £249,259. This latter figure includes £28,256, expended from loan funds during the year under review.

DEPARTMENT OF HEALTH.

This Department is divided into four branches, viz :—

- General Health Branch.
- Tuberculosis Branch.
- Maternal and Child Hygiene Branch.
- Mental Hygiene Branch.

Total expenditure from revenue upon health services for the year ended 30th June, 1957, excluding that of the Mental Hygiene Branch (which is separately discussed) and the contribution of £5,975,000 to the Hospitals and Charities Fund, was £3,215,848.

This expenditure comprised the following charges :—

Departmental Votes—	£
Health (Salaries and Contingencies)	3,055,290
Public Works (Maintenance, &c.)	39,913
Treasury (Payroll Tax)	11,943
Chief Secretary (State Accident Insurance)	3,502
Special Appropriations (Salary of Director of Tuberculosis, and Pensions)	105,200
	3,215,848

Receipts (excluding those of the Mental Hygiene Branch) totalled £868,601, and the net cost of health services to revenue was £2,347,247, an increase of £522,352 over the previous year.

For the purposes of this report, departmental finances are dealt with under branch headings, all central administrative costs being included under General Health Branch.

The figures given have been prepared from Departmental analyses which have been reconciled in total with the Treasurer's accounts.

General Health Branch.

The functions of this branch relate to the prevention, limitation, and suppression of disease, safety of buildings, food standards, &c.

Revenue of the past three years is shown in the following table :—

	1954-55. £	1955-56. £	1956-57. £
Registration and other Fees	6,853	8,167	8,029
Contribution by Tramways Board towards cost of maintenance of Fairfield Infectious Diseases Hospital	17,198	..	..
Other Receipts	16,114	11,362	9,485
	40,165	19,529	17,514

Expenditure in the same period has been :—

	£	£	£
(a) <i>From Revenue</i> —			
Central Administration	108,488	131,949	159,080
Cancer Institute	275,571	294,012	397,143
Infectious Diseases	116,109	106,549	120,759
Venereal Diseases	38,080	41,833	46,663
Inspection of Buildings, Food Supervision, &c.	137,812	147,742	160,046
Miscellaneous Grants	78,630	95,773	102,011
Subsidies—Home Help Scheme, Clubs for Elderly People, &c. .. .. .	..	66,056	115,291
	754,690	883,914	1,100,993
(b) <i>From Loan</i> —			
Infectious Diseases Hospitals	827	..	..
Cancer Institute	171,771	123,478	139,810
Other	30,844	20,610	39,568
	203,442	144,088	179,378

Tuberculosis Branch.

Receipts of this Branch over the past three years have been:—

	1954-55.	1955-56.	1956-57.
	£	£	£
Commonwealth recoup under <i>Health (Tuberculosis Arrangement) Act 1949</i>	1,101,615	1,111,423	842,177
Other receipts	7,807	11,644	3,836
	<hr/>	<hr/>	<hr/>
	1,109,422	1,123,067	846,013

Expenditure for the same period is compared thus:—

	£	£	£
(a) <i>From Revenue</i> —			
Operation of sanatoria, tuberculosis wards, bureaux, mass X-ray services, &c. ..	1,359,952	1,341,971	1,276,439
(b) <i>From Loan</i> —			
Additional accommodation at State sanatoria and chalets	33,724	70,467	123,995
Other	16,078	22,965	14,078
(c) <i>From Surplus Revenue</i> —			
Publicity, anti-tuberculosis campaign ..	3,649	4,318	287

Capital expenditure in the provision of land, buildings, furniture, and equipment for use by the branch, which is recoverable from the Commonwealth, has been met from both loan and revenue moneys, and in each of the past three years has been:—

	1954-55.	1955-56.	1956-57.
	£	£	£
Loan	33,724	70,467	123,995
Revenue	3,390	8,226	4,225
	<hr/>	<hr/>	<hr/>
	37,114	78,693	128,220

A progress payment of £93,800 on account of 1956-57 was received in June, 1957, and reimbursement of the balance is in course.

Progress payments to 30th June by the Commonwealth on account of 1956-57 maintenance expenditure amounted to £728,706. A further payment of £261,843 was received on 1st July, and reimbursement of the balance outstanding at 30th June, 1957, is in course.

Maternal and Child Hygiene Branch.

This branch is engaged in activities for the welfare of mothers and children, including the operation of the school medical and dental services, infant welfare nursing, and the registration of mothercraft nurses.

Revenue expenditure for the last three years was:—

	1954-55.	1955-56.	1956-57.
	£	£	£
School Medical and Dental Services, Salaries, &c.	311,630	355,222	406,393
Subsidies	381,475	391,424	432,023
	<hr/>	<hr/>	<hr/>
	693,105	746,646	838,416
Revenue for the same period was	3,737	5,040	5,074
	<hr/>	<hr/>	<hr/>
Net cost	689,368	741,606	833,342

The subsidies were mainly on account of infant welfare centres, kindergarten and pre-school centres, crèches, &c.

Expenditure from Loan was:—

	£	£	£
Subsidies towards capital expenditure on pre-school centres	121,975	139,339	169,576
Other	1,707	6,497	3,133
	<hr/>	<hr/>	<hr/>
	123,682	145,836	172,709

Mental Hygiene Branch.

The cost of the services provided by this branch was, in 1956-57, defrayed from both revenue and the Mental Hospitals Fund. Gross expenditure for non-capital purposes was £5,103,795, but as receipts amounted to £167,353, the net cost of Mental Hygiene services was £4,936,442. Included in the gross expenditure are charges to—

Departmental Votes—	£
Health (Salaries and Contingencies)	4,483,563
Public Works (Maintenance, &c.)	283,691
Chief Secretary (State Accident Insurance)	8,897
Mental Hospitals Fund	327,644
	5,103,795

Details of receipts credited to the branch in each of the last three years are—

	1954-55.	1955-56.	1956-57.
	£	£	£
Public Trustee—maintenance of patients— principally Commonwealth payments on account of Repatriation patients	143,792	161,409	135,834
Commonwealth payments—Mental Institutions Benefits Agreement	53,820	..	..
Commonwealth Pharmaceutical Benefits .. .. .	..	12,776	7,878
Sales of produce	10,601	16,472	15,473
Other	10,426	5,431	8,168
	218,639	196,088	167,353

The Mental Institutions Benefits Agreement under which the Commonwealth paid to the State an amount of One shilling and twopence per day for each patient maintained in a State-controlled institution terminated on 31st July, 1954.

Particulars of expenditure under classified heads for the last five financial years are—

Item.	1952-53.	1953-54.	1954-55.	1955-56.	1956-57.
	£	£	£	£	£
Salaries	1,467,283	1,720,983	1,960,415	2,277,939	2,659,507
Overtime and penalty rates	236,244	311,018	387,410	426,220	448,194
Provisions and extra articles	528,580	546,627	648,390	744,450	754,884
Clothing, bedding, &c.	134,379	123,325	235,703	190,684	198,762
Stores, &c.	76,761	84,716	137,633	137,290	134,701
Fuel, light, and water	136,956	138,837	156,149	188,117	250,651
Drugs and medicines	31,235	43,308	74,264	104,007	111,323
Repairs, maintenance, &c.	248,487	282,098	332,043	332,155	295,825
Boarded-out patients	47,482	60,845	57,350	72,071	76,748
Other	125,845	142,387	132,502	157,025	173,200
Total	3,033,252	3,454,144	4,121,859	4,629,958	5,103,795

Under the provisions of the *States Grants (Mental Institutions) Act* 1955 the Commonwealth recoups the State one-third of the amounts expended from 1st July, 1955, for or in connexion with the buildings or equipment of mental institutions.

Capital expenditure by the State during the year amounted to £1,753,686, of which £1,179,540 was charged to the Loan Fund and £574,146 was charged to the Public Account pending recoup by the Commonwealth. Of this latter amount £241,077 was still to be recouped at 30th June.

The principal locations at which capital expenditure upon State institutions was incurred, and the amounts expended at each were :—

	£
Ararat	86,837
Ballarat	206,264
Beechworth	97,495
Kew	255,296
Larundel	339,410
Mont Park	89,754
Mont Park, Plenty	203,150
Royal Park	64,534
Sunbury	45,431
Traralgon	19,250
Warrnambool	45,436
	<hr/>

Other expenditure from the Mental Hospitals Fund was :—

	£
Other Institutions—Grants for Capital Works	48,201
Grants for Maintenance	51,721
University—Mental Hygiene Research	5,500
	<hr/>
	105,422
	<hr/>

DEPARTMENT OF CROWN LANDS AND SURVEY.

This Department is responsible for the occupation of Crown Lands, and the administration of various schemes of land settlement and financial assistance to farmers. Other important functions include the eradication of vermin and noxious weeds and the control and co-ordination of survey and mapping throughout the State.

Crown Lands Settlement.

Leases and Licences.—Receipts from leases, where lands are in course of alienation, and from annual licences during the last three years were :—

Year.	Annual Rental including arrears.		Total.	Receipts.	Arrears.
	Purchase Leases.	Annual Licences and Leases.			
	£	£	£	£	£
1954-55	28,746	285,134	313,880	302,027	11,853
1955-56	28,382	308,296	336,678	323,291	13,387
1956-57	32,538	339,978	372,516	362,833	9,683

Unused Roads and Water Frontages.—Rentals for occupation of unused roads and water frontages are collected by the department, those for unused roads being paid direct into Consolidated Revenue, while the receipts in respect of water frontages are paid into the Rivers and Streams Fund.

Licences to occupy unused roads total 18,542 and water frontages 10,555. A statement of collections during the last two years is shown :—

	Unused Roads.		Water Frontages.	
	1955-56.	1956-57.	1955-56.	1956-57.
	£	£	£	£
Arrears at 1st July	1,071	708	954	573
Rentals charged	23,577	23,877	14,380	15,989
Receipts	23,940	23,637	14,761	15,611
Arrears at 30th June	708	948	573	951

Other Receipts.—Revenue of the Department from other sources is derived from balances paid to obtain freehold titles under purchase leases, sales of Crown Lands by auction, miscellaneous sales, royalties on sand, gravel, and other material removed, sales of lithographic and photographic plans and maps, agistment and other fees, as well as the fees for admission to the Buchan Caves. Receipts from these sources during the past three years were :—

	1954-55.	1955-56.	1956-57.
	£	£	£
Purchase leases, balances to freehold	22,700	10,368	14,318
Sales by auction	20,988	39,270	35,313
Sales otherwise than by auction	50,344	21,194	111,667
Royalties on sand, gravel, &c.	16,902	21,585	20,036
Sales of plans	3,150	2,771	2,734
Sales of photographic maps	12,301	24,261	24,888
Agistment, &c.	1,830	1,270	1,025
Other fees	11,768	11,991	11,677
Buchan Caves	5,908	6,264	6,907
	145,891	138,974	228,565

The increased receipts from sales otherwise than by auction during 1956-57 were due to the receipt of £53,796 purchase money from the Housing Commission for land at Williamstown, and a deposit of £20,000 from the Melbourne City Council in respect of the sale on terms of land at West Melbourne.

Vermin and Noxious Weeds.

The Vermin and Noxious Weeds Act, No. 5431, as amended, authorizes the expenditure of loan moneys to the extent of £900,000 for the following purposes:—

Provision and storage of equipment and tools for the destruction of vermin and noxious weeds.

Advances to owners and occupiers of land who may be unable to finance the costs involved in complying with the requirements of the Act with respect to their lands.

Loan expenditure to 30th June, 1957, totalled £667,438 of which £666,223 was in respect of the purchase and storage of equipment and tools and £1,215 for advances. Revenue collections during 1956–57 on account of the hiring of equipment to land-holders amounted to £6,247. No fund has been established for the purpose of providing for the replacement of short-lived plant and equipment.

Additional assistance is provided, by way of vote, to subsidize the distributors in respect of the difference between the retail and wholesale price of fumigants, poison, and weedicides supplied at cost price to land holders. Subsidies during the year totalled £1,773.

Total expenditure from revenue in connexion with the destruction of vermin and noxious weeds on Crown Lands during the year amounted to £711,876 of which £582,789 was on account of wages. Amounts recoverable for works effected on public and private lands since the passing of the Act amounted to £50,569 of which £43,875 had been received at 30th June, 1957.

Survey and Mapping.

The *Survey Co-ordination Act* 1940 established the Central Plan Office within the department as the official source of all plans, maps and survey information for the State. Stocks of plans and maps on hand at 30th June, 1957, were valued at £68,000.

In recent years surveying by means of aerial photography has been widely employed by the department in addition to ground surveying. This aerial photography is being carried out for the department by private contractors, while Royal Australian Air Force photography is also being used where practicable.

Closer Settlement.

Revenue Account.—The Closer Settlement accounts, in which are included the former Discharged Soldier Settlement Accounts, are kept on a commercial accounting basis.

Each year interest is payable by the Treasury on outstanding loan expenditure, but, because of the heavy writing off of settlers' liabilities in the past, it is recoverable only in part. Another cost each year is the administration expense of the scheme. The excess of expenditure over revenue for 1956–57 is shown in the statement hereunder:—

<i>Expenditure—</i>				£	£
Interest on loans	..	..	..	1,048,056	
Administration costs	..	..	..	37,056	
				<hr/>	1,085,112
<i>Income—</i>					
Interest charged to settlers	..	..	..	95,862	
Sundry items of income	..	..	..	13,783	
				<hr/>	109,645
Net cost	..	..	..	..	<hr/>975,467 <hr/>

The loan liability of the Treasury on Closer Settlement (which includes roundly £20,000,000 lost in the earlier stages of the scheme) is being liquidated by annual contributions to the National Debt Sinking Fund.

Closer Settlement Insurance Fund.

The Closer Settlement Insurance Fund took its present form in 1938, consequent upon certain statutory amendments. Contracts of insurance cover risks of fire, storm or tempest and must be made by Closer Settlement lessees in respect of buildings and improvements, farmers who have received advances for improvements, and purchasers under contract of sale. Improvements on vacant land are also covered by the fund.

As pointed out in previous reports, interest receipts are a factor in any insurance business and have a bearing on the rate of premiums charged, but the legislation governing the Closer Settlement Insurance Fund makes no provision for the establishment of a Reserve Fund nor for any investment of its balances.

The accounts of the fund are kept on a cash basis and the following is an abstract of receipts and payments during the year :—

<i>Receipts.</i>		£	<i>Payments.</i>		£
To Balance at 1st July, 1956	..	250,985	By Claims paid	..	1,646
Premiums received	..	14,205	Administration Expenses	..	2,081
		265,190	Balance at 30th June, 1957	..	261,463
		265,190			265,190

SOLDIER SETTLEMENT.

The settlement on the land of discharged servicemen of the last war has been entrusted to a Commission which was appointed in February, 1946. Legislation setting up this Commission and subsequent amendments have authorized the borrowing of £55,000,000 for the purposes of acquisition, subdivision, development and improvement of land as well as for advances to assist discharged servicemen to purchase individually selected farms (single units).

In order to expedite Soldier Settlement in this State, the Commonwealth Government in September, 1954, offered to provide finance on the basis of £1 for each £2 of State loan moneys expended on general settlement during the three following financial years, excluding expenditure on the State's single unit farm scheme. The terms of the offer provided for repayment over a period of 53 years with interest at 3 $\frac{3}{4}$ per cent. per annum, a maximum amount of £2,000,000 to be advanced by the Commonwealth in any one financial year. The offer was accepted with effect from 1st July, 1955. Since that date, expenditure under the arrangement has amounted to £3,198,708.

Loan expenditure to 30th June, 1957, totalled £50,776,153, but excluding expenses associated with loan raising (£144,560) was £50,631,593. Taking into account Commonwealth assistance of £3,198,708 referred to above, the total capital expenditure to 30th June, 1957, amounted to £53,830,301, which is analysed below:—

	£	£
Purchase of Land .. .. .	..	16,270,840
Improvement and Development of Estates .. .. .	..	21,352,655
Unallocated Expenses—		
Building and Fencing Material .. .. .	..	90,404
Stores and Material .. .. .	..	284,847
Pastoral Development .. .. .	..	8,122
Fruit Trees and Fodder .. .. .	..	13,604
Sundry .. .. .	..	48,740
	-----	445,717
Advances for Single Unit Farms—		
Land Purchases .. .. .	..	10,896,490
Improvements, Stock, &c. .. .. .	..	341,365
	-----	11,237,855
Advances to General Settlers for—		
Stock, Plant, and Working Expenses .. .. .	..	3,541,271
Purchase of Co-operative Co. shares .. .. .	..	125,164
	-----	3,666,435
Live Stock held for Farming .. .. .	..	129,308
Expenses in connexion therewith .. .. .	..	197,171
	-----	326,479
Storeyards, &c. .. .. .	..	170,664
Plant and Machinery .. .. .	..	288,596
Motor Vehicles .. .. .	..	57,672
Miscellaneous Equipment .. .. .	..	5,239
Share Farming Expenses .. .. .	..	7,899
Purchase of Co-operative Co. shares .. .. .	..	250
	-----	53,830,301
	-----	-----

Of the loan expenditure quoted in the above statement, repayments to Loan Fund of £10,618,885 had been made to 30th June, 1957, of which Commonwealth contributions totalled £1,695,531, representing £1,694,726 in respect of excess costs and £805 in respect of losses on advances to settlers. The balance, repaid £8,923,354, comprised the following :—

	£
Purchase Lessees, Principal Repaid	772,874
Single Unit Farmers, Advances Repaid	3,513,792
Interim Lessees, Advances Repaid	2,329,337
Lessees' Credit Accounts	589,188
Disposal of Unsuitable Land	1,000,851
Disposal of Stock, Plant, Materials, &c.	717,312
	<hr/>
	8,923,354
	<hr/>

The Commission's accounts are kept on a commercial accounting basis. The revenue account for 1956-57, excluding live stock transactions, shows :—

	£	£	£
<i>Expenditure—</i>			
Interest		1,545,047	
<i>Less</i> Interest Capitalized	265,734		
Interest transferred and borne by the State	163,015		
		<hr/>	
		428,749	
			<hr/>
			1,116,298
Loan-raising Expenses		146,188	
Administrative Costs		209,151	
Shire Rates		17,976	
Depreciation (other than developmental assets)		2,837	
Rents and Interest remitted	33,194		
<i>Less</i> Commonwealth share	16,597		
		<hr/>	
		16,597	
Interest waived		248	
Bad Debts		656	
		<hr/>	
			1,509,951
<i>Income—</i>			
Interest earned		495,317	
Rents Fees and Sundries		92,430	
Contribution by Commonwealth—Account Shire Rates		8,429	
		<hr/>	
			596,176
			<hr/>
Deficit for 1956-57			913,775
			<hr/>

The total accumulated deficit to 30th June, 1957, before taking into account profits from sheep and cattle farming, amounts to £3,791,918.

This deficit is almost wholly caused by remissions of rent and interest, the difference between the concessional rate of interest at 2 per cent. charged to settlers as fixed by the Act and the current rates payable on Government loans, the costs and expenses of raising the loans, and the cost of administration of the scheme. The aggregate concessions thus granted towards the settlement of discharged servicemen by this State have been calculated by the Commission to be £3,564,462 to the 30th June, 1957.

The Commission has taken over flocks and herds from the vendors of various estates and, pending completion of survey and improvement works, has utilized some of its estates for depasturing the sheep and cattle so acquired. Net profit on these ventures to 30th June, 1957, amounted to £1,115,206.

From the inception of Soldier Settlement the Commonwealth and State have jointly undertaken financial obligations with regard to concessions to settlers in respect of the capital costs of holdings. These have been embodied in an arrangement entered into in July, 1952, by which the Commonwealth agreed to make certain contributions towards the excess of capital costs of holdings over the State valuations thereof. This arrangement was more fully described in the report on the accounts for the year ended 30th June, 1953.

The composition of the excess costs written down, and the treatment by the State of the Commonwealth contributions thereto, have been the subject of amending State legislation during the year under review.

As stated in the report on the accounts for the previous year, the extent of the interest content of excess costs was not defined by the then existing legislation. The Soldier Settlement (Amendment) Act of 30th October, 1956, however, now provides that interest up to the full sum capitalised, is to be the first component of excess costs. This Act also requires that Commonwealth contributions towards excess costs shall be paid to Consolidated Revenue to the extent of interest relieved, the balance being credited to the Loan Fund.

In addition to land settlement the Soldier Settlement Commission has, by agreement with the Commonwealth Director of War Service Land Settlement, undertaken the administration of re-establishment loans under the *Commonwealth Re-establishment and Employment Act* 1945, while from 1st July, 1946, the administration of agricultural allowances under the same Act was taken over from the Repatriation Commission. Expenditure incurred in respect of these functions is being reimbursed from time to time to the Commission by the Commonwealth.

Soldier Settlement Insurance Fund.

Pursuant to Act No. 5179, the Soldier Settlement Insurance Fund was established to undertake the insurance against fire, storm, and tempest, of buildings and fencing on land either purchased or taken over for Soldier Settlement or in respect of which any advances are made. The work of administration of the fund is performed by the Insurance Branch of the Department of Lands and Survey concurrently with its administration of the Closer Settlement Insurance Fund, the respective costs being borne by each fund.

The balance of the Fund at 30th June, 1957, was £270,680. As in the case of the Closer Settlement Insurance Fund there is no legislation authorizing the investment of surplus funds.

Following is an abstract of receipts and payments during the year:—

<i>Receipts.</i>	£	<i>Payments.</i>	£
To Balance at 1st July, 1956 ..	215,539	By Claims paid	9,579
Premiums received	74,039	Administration expenses	9,319
		Balance at 30th June, 1957 ..	270,680
	289,578		289,578

MINES DEPARTMENT.

The principal functions of this department are the administration of mining legislation and supervision of the mining industry, including development of mining, safe working of mines, investigational drilling and operation of State gold batteries. The department is also responsible for the inspection and safe working of boilers and the licensing of engine drivers and boiler attendants.

Expenditure for the year under review totalled £320,616 and receipts amounted to £71,430, a net cost to Consolidated Revenue of £249,186, which compares with £209,264 in 1955-56 and £157,950 in 1954-55.

Details of departmental receipts for the three years are:—

	1954-55.	1955-56.	1956-57.
	£	£	£
Gold Buyers' Licences	239	220	225
Interest—Mining Development Loans	5,052	4,105	..
Mining Leases, Rents, &c.	18,512	17,726	30,775
Costs <i>re</i> Mining Leases	108	113	178
Assays	202	459	275
Sundries	297	154	134
Magazine Licences	176	179	154
Boring and Crushing Fees	994	7,029	11,405
Sale of Government Property	1,949	3,180	1,339
Factory Fees—Boiler Attendants, &c.	514	425	539
Fees—Boiler Inspection	19,369	19,105	26,406
Total revenue	47,412	52,695	71,430

The increase in revenue in the year was due mainly to the increased receipts from mining leases, rents, &c., arising from the proceeds of sales to the Country Roads Board and Victorian Railways of tailings dumps, the operation for a full year of increased royalty rates and greater recoveries of certain classes of minerals; also to additional fees for boiler inspection, following the adoption of a higher scale of fees as from 1st October, 1956.

Payments from revenue in those years comprised:—

	£	£	£
<i>Administration—</i>			
Salaries	122,701	144,993	165,595
Contingencies	25,870	29,498	32,966
	148,571	174,491	198,561
<i>Miscellaneous—</i>			
Maintenance, &c., State Batteries	2,106	3,999	5,345
Boring for Gold, Coal, &c.	42,822	69,970	99,479
Geological Survey	5,348	6,468	6,500
Laboratory Expenses	1,633	1,819	1,988
Covering Abandoned Shafts	3,673	3,600	3,312
Brown Coal Investigation	804	1,031	1,336
Surveys for Mineral Deposits .. .. .	..	..	3,518
State Accident Insurance	405	581	577
Total expenditure	205,362	261,959	320,616

Further expenditure in 1956-57 was £142,453 from loan funds of which £130,620 was for the purchase of deep-drilling equipment for the purposes of the investigation and development of deeper underground water resources. Other costs associated with this particular project were defrayed out of consolidated revenue resulting in increased expenditure, as shown above, on Boring for Gold, Coal, &c.

When orders were placed with suppliers for drilling and other equipment, payment was arranged by the establishment of letters of credit totalling £148,643. This method of payment resulted in an advance charge being introduced into the accounts for 1956-57, whereas had the accounts come in the normal course of payment, it would seem that some portion of the expenditure would have been chargeable to a subsequent financial year.

PUBLIC WORKS.

This department is the principal designing and constructing authority for all government departments other than the Railways, Water Supply, and Forests. It is also responsible for maintaining, fitting and furnishing buildings and for the renting of additional accommodation. One section of the department is in charge of harbor works and improvements not under the control of harbor trusts or municipalities. Considerable sums of money are expended on these works both from revenue, loan, and other sources.

Expenditure from revenue under the principal divisions is set out hereunder :—

	1954-55.	1955-56.	1956-57.
	£	£	£
Public Works and Buildings	1,213,549	1,340,516	1,351,875
Ports and Harbors	259,003	301,503	348,646
Administration—			
Public Works	734,973	845,610	918,462
Ports and Harbors	133,443	139,995	144,875
Town and Country Planning Board ..	13,539	15,154	18,328
Pay-roll Tax	24,139	29,208	36,874
State Accident Insurance	2,030	3,643	8,026
	<u>2,380,676</u>	<u>2,675,629</u>	<u>2,827,086</u>

Expenditure from Loan Fund and Trust Funds in 1956-57, in respect of which the services of the department were required, included :—

Buildings, Works, &c, for—	£
Schools, including maintenance	7,155,755
*Mental Hospitals and Institutions	1,709,871
Public offices	279,512
Police purposes	253,965
Courts	134,944
Children's Welfare	118,509
Agricultural Colleges, &c.	172,369
Sanatoria and other health services	145,762
Cancer Institute—to the extent represented by	99,384
Penal Establishments	112,132
Government Printer	72,484
Public Library	5,530
Tourist Resorts	17,011
Exhibition Buildings—to the extent represented by	10,060
Improvements to Channels—Port Phillip Bay	1,161
Foreshore protection, wharfs and jetties	84,659
Vessels for dredging and explosives and marine plant	20,503
Explosives Reserve, Altona	5,829

Most of the expenditure on buildings and works on behalf of other departments is also grouped with the expenditure of the appropriate department.

Plant was acquired from loan funds for departmental purposes £
during the year at a cost of 25,435

Subsidies from loan funds to municipalities and other public bodies amounting to £275,790 were for the following purposes :—

	£
Drainage works	112,020
Roads, drains, channels, and bridges	37,084
Swimming pools and accessories	51,809
Saleyards, markets, &c.	2,872
Public halls and amenities	72,005

* See page 65 as to Commonwealth assistance included in this amount.

Commonwealth Aid—Havens, Wharfs, Jetties, &c.—Expenditure in relation to havens, wharfs, and jetties is a Public Works Department responsibility and, by virtue of special provisions in the Commonwealth Aid Roads and Works Act of 1947 and the Commonwealth Aid Roads Acts of 1950 and 1954, certain funds have been made available for expenditure on this type of work. The projects are determined by the Minister. During 1956–57, £149,643 was expended, making a total so applied since Commonwealth aid was first available from this source, 1st July, 1947, of £1,498,199. The locations at which the funds were expended during 1956–57 are:—

Head Office Administration £6,609, Apollo Bay £10,930, Barwon Heads £230, Brighton £7,654, Corinella £1,043, Cranbourne £2,939, Flinders £7,097, Frankston £96, Hampton £904, Lakes Entrance £14,819, Mallacoota £19, Paynesville £4,547, Port Albert £5,529, Port Welshpool £9,006, Queenscliffe £23,146, St. Kilda £55,075.

Public Works Plant and Machinery Fund.—Under the provisions of Loan Act No. 5199 of 1946, a charge is made for the use of certain specified plant and machinery. Such charges are debited to projects on which the plant is used and credited to the "Public Works Plant and Machinery Fund". This fund is kept in two sections, viz., Renewals and Replacements and Cost of Operating, Maintenance, &c. The hire charges are allocated in equal parts to the two sections. At the close of the financial year the balance was £212,937 of which £212,244 related to the renewals and replacement section.

Discretionary power was provided under the Act for the investment of any balances, the interest earned on investment to be credited to the fund. So far, no part of the fund has been invested.

The operations of the fund have been the subject of departmental review in the light of experience gained since its inception in 1947. As indicated in the previous year's report progress has been slow but departmental advice has now been received that finality is anticipated at an early date.

Public Works Stores Suspense Account.—This suspense account was established under the provisions of Loan Act No. 5240 of 1947. An amount of £25,000 was provided under that Act and subsequent Authorities increased the amount to £325,000. The moneys in the account were available—

- (a) for the purchase of stores, materials, fittings, and equipment; and
- (b) for defraying the cost of manufacturing articles for stock,

pending allocation to the respective appropriations or funds for the various public works or services in which they were used. The amounts so charged must be credited to the Account.

The organization of the stores section has been under examination with a view to improvement in the departmental stores system generally.

Reference was made in previous reports to stock discrepancies for which verification by a further stock-take was regarded as necessary and which was taken, as at the 5th June, 1956, at the principal storeyard at South Melbourne.

The stock-take disclosed considerable discrepancies, both surpluses and deficiencies, with a net excess of surpluses over deficiencies in consumable stores of £3,583.

After review, the completed figures of this stock-take were accepted as the basis for the establishment of stock records, with the stipulation that any difference disclosed by subsequent continuous stock checks would be the subject of adjustment.

No financial reconciliation of the value of physical stocks held with the Treasury balances in the suspense account has yet been attempted.

As stated previously, figures in the finance statements in respect to expenditure on public works must be regarded as subject to any adjustments which may be required when factors emerging from the reconciliation have been established.

RAILWAY ACCOUNTS.

Railway operations for the year resulted in a deficit of £5,227,233 in the Treasurer's accounts as set out in Statement No. 6 on page 173 of this Report. The deficit is accounted for as follows :—

	£	£
Working expenses, &c.	37,535,858	
Renewals and Replacements Fund	200,000	
Pensions and Superannuation contributions	1,620,954	
Interest and expenses on loans	3,151,193	
National Debt Sinking Fund	182,545	
		42,690,550
This was provided by—		
Railway Collections	37,309,961	
General Revenue—		
For losses on Kerang-Koondrook line, Act No. 5591	10,356	
For credit for country freight charge concessions	143,000	
For deficit on year's operations	5,227,233	
		42,690,550

The deficit is stated in Railway accounts as £5,192,735 ; the Department's accounts are on an accrual basis. So also are the Treasury accounts for railway expenditure; however, Treasury accounts for income are almost wholly records of cash received. The net financial results for the year, as disclosed in the two accounting systems, are reconciled in the following statement :—

	£	£
Deficit, as shown in Treasury books . . . . .	.. ..	5,227,233
Revenue debtors (net) at—		
30th June, 1957	1,132,394	
30th June, 1956	1,097,896	
		34,498
Deficit, as shown in Railway books . . . . .	.. ..	5,192,735

Accounts in the Treasury and in the Department do not disclose the gross working expenses and income for the year. The amount shown as expenditure is a net figure produced by accounting practices which have been questioned by the audit and are still under consideration by the Treasury.

A major matter in question which has a bearing on the amount of the deficit is the basis of allocations of proceeds of sales of materials and other property between working expenses and the Renewals and Replacements Fund. The practical difficulty is to determine what is a proper allocation to each account. This question was raised in April, 1955, but has not been settled.

The following comparative statement shows charges on general revenue due to railway operations during the past three years :—

	1954-55.	1955-56.	1956-57.
	£	£	£
Interest Subsidies	2,148,060	..	..
Freight Subsidies	143,000	143,000	143,000
Recoups, Kerang-Koondrook Railway	30,069	10,006	10,356
Deficit in Treasury Accounts	275,386	4,153,596	5,227,233
Charge on General Revenue*	2,596,515	4,306,602	5,380,589

* Does not include interest and sinking fund payments in respect of the statutory transfer of £30 million of the loan liability on 1st July, 1957.

Subsidies to relieve railway accounts of interest charges in excess of 1 per cent. of loan liability ceased on 1st July, 1955. The subsidy of £143,000 has remained as an annual provision from the Treasury since 1949 when the increase of certain freight charges was limited to 33½ per cent. The original significance of the subsidy has been lost in later tariff variations and changes in the volume of business, but the amount of the charge on general revenue has not been altered.

The above tabulation does not include interest and sinking fund payments in respect of loan moneys provided for "Rehabilitation Works" which, by legislation in Railway Loan Application Acts, are not chargeable to the Commissioners. This relief by Parliament is of the same nature as the interest subsidies inasmuch as the interest and sinking fund payments are borne by general revenue. The sum involved in the year 1956-57 was, roundly, £1,211,000.

The difficulty of obtaining a satisfactory interpretation of "Rehabilitation Works" has been the subject of comment in previous reports.

The railway loan liability, as adjusted in 1937, and the percentages of interest bearing and interest free portions thereof are shown in the following statement as at 30th June each year:—

30th June.	Total Liability.	Interest Bearing.		Interest Free.	
		Loans.	Percentage.	Loans.	Percentage.
		£	%	£	%
1950	56,592,040	56,067,040	99·1	525,000	0·9
1951	63,851,079	59,392,771	93·0	4,458,308	7·0
1952	72,612,233	61,390,849	84·6	11,221,384	15·4
1953	79,741,556	64,910,767	81·4	14,830,789	18·6
1954	88,606,298	69,162,306	78·1	19,443,992	21·9
1955	96,831,036	73,344,154	75·7	23,486,882	24·3
1956	104,744,964	76,194,243	72·7	28,550,721	27·3
1957	112,400,666	79,105,538	70·4	33,295,128	29·6

As stated in previous reports, the railway accounts are kept on an accrual basis, but, in two respects, they do not disclose the full financial results. Depreciation and accrued leave have not been fully provided for in the revenue accounts. Depreciation was assessed at £1,945,859 for the year, but the amount charged in the accounts was £479,607—the sum credited to the Renewals and Replacements Fund—leaving £1,466,252 unprovided for in the charge against revenue. The accumulated sum which has not been provided is £7,572,065. The shortage in the fund has been more than overcome by loan allocations, £32,770,128, for rehabilitation purposes.

Accrued annual leave has been the subject of inconsistent treatment in the revenue accounts as explained in the report for the year 1953-54. During 1956-57, the estimated liability was reduced from £1,681,111 to £1,671,263 as at 30th June, 1957, representing 617,614 days accumulated over a long period by officers and employees entitled to payment at current wage rates for leave not taken before retirement or death. Approximately one-half of the total amount is due to a relatively small section of the staff. There is no provision in the form of a reserve fund to meet the liability. Working expenses of the year in which the payments are made bear the cost of annual leave accrued in previous years.

The following dissection of earnings taken from the railway accounts, serves to show the trend under the principal heads in the past three years:—

	1954-55.	1955-56.	1956-57.
	£	£	£
Passengers	9,878,695	10,793,738	11,364,390
Parcels, horses, carriages, &c.	1,063,405	1,079,112	1,079,008
Mails	132,053	273,818	268,996
Miscellaneous	58,201	60,230	62,854
Goods and live stock	24,416,886	22,634,546	22,110,500
Rents and general miscellaneous	497,178	490,776	601,407
Dining car and refreshment rooms services	1,324,169	1,368,362	1,480,829
Advertising	65,869	68,759	75,167
Bookstalls	230,473	262,477	309,247
Electric tramways and road motor services	132,262	140,468	135,061
	37,799,191	37,172,286	37,487,459

Purchases on Terms.—The Commissioners entered into a contract in July, 1956, for the purchase of ten locomotives at an estimated cost of £1,219,000. The liability is to be satisfied, in the first instance, by bills of exchange drawn from time to time as the work progresses. Each bill is to be met by 36 equal monthly instalments.

This new method of financing purchases within the ambit of the Treasury system had little effect in 1956-57. Progress payments by the department in the year amounted to £50,814. The impact of the terms of the contract will become more noticeable in future years. Moneys are being provided as required from loan funds allocated for rehabilitation works. Accordingly, the debt charges associated therewith will be borne directly by the general revenues of the State.

In consideration of the extended terms of payment, it is reported that the added cost of the locomotives will be £117,000. In my view, this amount, being in the nature of interest, is not a proper charge to the Loan Fund.

BALANCE-SHEET.

An abridged statement of the balances in the Railway accounts as at 30th June, 1956 and 1957, is as under:—

	1956.	1957.
	£	£
Rolling Stock, Plant, &c., at cost less depreciation	103,538,396	110,447,955
Stores and Materials	4,739,476	4,725,802
Partly Manufactured Articles	345,531	348,103
Refreshment Services, Stock and Equipment	242,147	266,152
Discounts and Expenses on Loans	1,413,844	1,779,459
Deferred Renewals, Replacements, and Maintenance Works	522,486	522,486
Funds at Treasury—		
Railway Accident and Fire Insurance Fund	100,000	100,000
Railway Charges in Suspense Account	1,598,936	1,497,063
Railway Stores Suspense Account	503,760	1,047,409
Railways Repayment Fund	1,376	3,157
National Debt Sinking Fund	138,809	59,798
Advances to Agent-General	809,758	591,998
Trust Securities	2,187,228	1,295,838
Cash at stations and in transit	203,131	230,460
Cash Advances	161,279	157,584
Revenue Debtors	1,243,589	1,211,344
Sundry Debtors	448,069	488,570
Accumulated deficit since 1st July, 1937	22,041,509	27,234,244
	140,239,324	152,007,422
Loans (interest bearing)	65,470,345	67,347,941
Contributions from revenue, loans, &c. (non-interest bearing)	34,520,286	39,255,693
Advances from the Public Account	558,406	578,965
National Debt Sinking Fund Reserve	10,862,707	11,817,395
Railway Accident and Fire Insurance Reserve	100,000	100,000
Sundry Creditors	3,399,571	3,241,795
Trust Securities	2,188,604	1,298,995
Consolidated Revenue	23,139,405	28,366,638
	140,239,324	152,007,422

N.B.—The total loan liability was reduced by the equity in cancelled securities, National Debt Sinking Fund, at 30th June, 1956, and 1957—£10,728,898 and £11,757,597 respectively.

Explanations in connexion with balances shown in the foregoing statement are given in the following paragraphs:—

Consolidated Revenue.—This item represents the amount provided by the Treasurer in respect of the accumulated deficit since 1st July, 1937. The apparent disparity between the amount so provided and the figure for the accumulated deficit in the balance-sheet is represented by income earned, £1,132,394, but not yet collected.

Railway Charges in Suspense Account.—At 30th June, 1957, there was a credit balance of £1,497,063. Details are:—

Credits—		£	£
Salaries and Wages accrued			1,166,972
Taxation Deductions, &c.			240,601
Sundry Creditors for various services			297,243
Revenue refunds and rebates due			152,715
Amounts received in advance for works			30,043
			<hr/>
			1,887,574
Debits—			
Expenditure on works for other bodies, &c.	295,953		
Sundry Debtors for sales and services	94,558		
			<hr/>
			390,511
			<hr/>
			1,497,063

This account which, at present, is not authorized by statute, has been the subject of critical comment in previous years. It was established in 1929, presumably with a view to simplification of the accounting procedure of the department, to facilitate the recording of expenditure in the books in the Treasury, and to make possible a reduction in the departmental cash advance.

However, the department has viewed and used the account in a wider sense. It has contended that the account was designed to act as a holding account for debtors and creditors. It is anticipated that a reconciliation of the conflicting views in relation to this account will be achieved in the current year.

Railway Renewals and Replacements Fund.—Section 7 of Act No. 4429 requires that there shall be paid annually into the fund a minimum sum of £200,000 and any other amounts provided by Parliament, in addition to the net proceeds from the sale of materials.

A summary of the 1956–57 transactions through the fund is as under:—		£
Special Appropriation—Act No. 4429		200,000
Depreciation on rail motors and road motors, &c.		92,278
Sundry sales and abolitions, &c.		187,329
		<hr/>
		479,607
Less renewals and replacements during the year		479,607
		<hr/>
Balance at 30th June, 1957		Nil

Railway Stores Suspense Account.—The fund was established under Section 105 of Act No. 3759 for the purchase of stores pending allocations to works. Moneys provided by Parliament to 30th June, 1957, totalled £5,065,221. The fund is accounted for as follows:—

Stock on hand		£	4,725,802
Less creditors for stores purchased			851,136
			<hr/>
Railways equity in the stock			3,874,666
Stores sold and proceeds not collected			97,257
Advances to the Agent-General, London			45,889
			<hr/>
			4,017,812
Balance held at Treasury			1,047,409
			<hr/>
			5,065,221

Stores and Materials.—The value on hand at the 30th June, 1957, is set down at £4,725,802, which shows a decrease of £13,674. The value does not include articles in course of manufacture for stock in the workshops or stores and equipment at refreshment rooms, &c., valued at £348,103 and £266,152 respectively.

The values represent stock financed from suspense accounts pending issues for works or purposes the expenditure on which is chargeable to Parliamentary appropriations.

In addition, there is a considerable quantity which is not included in the stock figures in the balance-sheet. Some items were purchased many years ago and the cost was borne by funds provided at the time for projects which were deferred or abandoned in accordance with later decisions. In one case, material purchased in 1938, is still held in storage but is not treated in the accounts as stock on hand.

Discount and Expenses on Loans.—The amount at which these capitalized costs of loan flotations appear among the debit balances, £1,779,459, includes an increase during the year of £365,615. This is part of the loan liability which is being reduced annually by National Debt Sinking Fund contributions, and it is not represented by assets.

Loan Expenditure.—Grouped under the main headings used in its appropriation, a statement of this expenditure for the past five years is given hereunder :—

	1952-53.	1953-54.	1954-55.	1955-56.	1956-57.
	£	£	£	£	£
Additions and Improvements ..	1,635,355	2,791,573	3,810,856	2,554,312	2,046,812
Rolling Stock, Equipment, &c. ..	1,153,442	1,030,252	319,986	241,362	312,287
Construction of new lines ..	51,746	54,535	9,129	7,137	3,316
Railway Stores Suspense Account ..	650,000	350,000	..	..	300,000
Replacement (Rehabilitation) Works ..	3,609,406	4,613,203	4,042,890	5,063,839	4,744,406
	7,099,949	8,839,563	8,182,861	7,866,650	7,406,821

Railway Accident and Fire Insurance Fund.—The fund was originally established in 1891 as a Railway Accident Fund with provision for a reserve limited to £100,000. Amendments to the legislation instituted the Accident and Fire Insurance Fund and enlarged the range to be covered by the fund but did not increase the amount to be held in reserve. Earlier reports have drawn attention to the inadequacy of the reserve in view of the reduced value of the pound and the greater risks in handling increased volume of traffic.

The fund was preserved at the statutory limit of £100,000 by appropriation from revenue of £335,874 to meet the following expenditure in 1956-57. The expenditure in 1954-55 and 1955-56 is also shown :—

	1954-55.	1955-56.	1956-57.
	£	£	£
Damages recovered by non-employees at law	3,333	9,081	7,309
Damages paid to non-employees without legal action	19,507	9,945	11,789
Compensation for injuries to employees	197,525	241,268	224,796
Compensation for goods lost or damaged	79,251	66,009	67,854
Compensation for losses by fires caused by railway operations ..	2,801	3,976	3,490
Losses by fire to railway property	3,395	6,375	20,636
	305,812	336,654	335,874

Debtors.—The amounts outstanding at 30th June, 1955, 1956, and 1957 are shown :—

	1955.	1956.	1957.
	£	£	£
Revenue services rendered	1,300,105	1,243,589	1,211,344
Works	251,972	313,505	295,953
Sales of general stores	133,995	85,164	97,257
Sundry sales and services	51,203	49,400	95,360
	1,737,275	1,691,658	1,699,914

Creditors.—A classification under broad headings at 30th June, 1955, 1956, and 1957 is shown:—

	1955. £	1956. £	1957. £
Stores purchased for railways	1,163,817	898,356	851,136
Stores purchased for refreshment services	25,590	28,883	36,092
Salaries and wages accrued	875,936	1,145,560	1,166,972
Income Tax Commissioner, &c.	131,877	235,247	240,601
Accounts for various services	311,751	342,840	297,243
Revenue rebates and refunds	199,322	214,665	152,715
Payments in advance for works	56,017	23,917	30,043
Payments in advance for revenue services, &c.	311,783	348,824	309,409
Unadjusted Treasury Advance	82,681	161,279	157,584
	<u>3,158,774</u>	<u>3,399,571</u>	<u>3,241,795</u>

The liability to creditors is overstated in the balance-sheet by £13,281. Reserves to this extent to meet anticipated losses on stores and equipment are not disclosed as such in the balance-sheet.

State Coal Mine—Wonthaggi.

Under the provisions of the Coal Mines Regulation Act, the State Coal Mine is vested in the Railways Commissioners. The following statement summarizes the operations during the last four years as shown in the books of the Mine.

	1953-54.	1954-55.	1955-56.	1956-57.
	£	£	£	£
Expenditure—				
Working Expenses	807,164	743,640	683,676	723,366
Contributions to Pension Funds	40,675	35,788	32,900	34,786
Contribution to Accident Fund	428	384	342	329
Pay-roll Tax	16,908	15,574	13,294	15,387
Sinking Fund	6,657	6,890	7,131	7,381
Interest on Loans	1,343	1,110	869	619
Depreciation	23,652	23,762	24,975	24,975
	<u>896,827</u>	<u>827,148</u>	<u>763,187</u>	<u>806,843</u>
Revenue	751,336	748,837	590,828	507,639
Loss for year	145,491	78,311	172,359	299,204

Operations in 1956-57 resulted in a record loss of £299,204. As compared with the previous year, the main reasons for the decline were a reduction of 16s. 1d. per ton in the overall average selling price of coal and an increase in the working expenses due largely to greater expenditure on account of workers' compensation and wages.

A comparison of revenue for the last four years is:—

	1953-54.	1954-55.	1955-56.	1956-57.
	£	£	£	£
Sale of Coal	715,512	704,589	534,573	454,655
Electric Light and Power	29,729	39,232	43,150	47,426
Miscellaneous	6,095	5,016	13,105	5,558
	<u>751,336</u>	<u>748,837</u>	<u>590,828</u>	<u>507,639</u>

The deficit for the year 1956-57 on a cash basis in the Treasury was £307,881. The difference of £8,677 between the Treasury and the Mine's books at 30th June, is explained by an increase in unpaid accounts and in coal on hand.

As mentioned in earlier reports, the price for coal taken by the Department is fixed by the Commissioners on a formula based on results obtained from tests with New South Wales coal. From 6th May, 1956, Maitland coal displaced Lithgow coal for price-fixing purposes. Variations in price are determined and applied retrospectively, with the result that the amount shown as sales in 1956-57, £454,655, includes £9,850 in respect of coal sold during 1955-56. Similar adjustments occur from year to year.

The total quantity sold in 1956-57 was 93,022 tons—to employees and to the general public 14,984 tons and to the Railways Department 78,038 tons, of which a quantity of 36,453 tons was resold to the State Electricity Commission. The tonnage sold in prior years was 117,902 (1953-54), 112,580 (1954-55), and 93,930 (1955-56).

Since May, 1946, most of the output has been taken by the Railways Department. As from 1st July, 1954, the Commissioners authorized the General Manager to sell coal to the public. Such sales were 2,263 tons in 1954-55, 5,885 tons in 1955-56, and 10,492 tons in 1956-57.

BALANCE-SHEET.

A statement of the State Coal Mine balances at 30th June, 1956, and 1957, is as under :—

	1956	1957
	£	£
Works, Machinery, and Plant at cost, less depreciation	319,838	324,220
Stores and Materials	45,867	47,911
Coal Stocks	4,484	4,987
Discounts and Expenses on Loans	641	641
Funds at Treasury—		
Depreciation Fund	68,066	59,915
Trust Fund—Charges in Suspense	9,894	9,906
Cash	857	1,054
Deposits on Contracts	1,110	1,225
Sundry Debtors	19,442	30,754
Workers Compensation Insurance pre-payment	12,375	15,000
Accumulated Loss	2,659,525	2,958,729
	<u>3,142,099</u>	<u>3,454,342</u>
Loans (interest bearing)	17,691	10,311
National Recovery Loan (non-interest bearing)	24,500	24,500
Advances from Public Account	40,362	46,081
Sundry Creditors	36,164	32,832
Depreciation Fund Interest Reserve	89,655	91,630
Sinking Fund	336,309	343,689
Advances from Consolidated Revenue	2,597,418	2,905,299
	<u>3,142,099</u>	<u>3,454,342</u>

TRUST AND SPECIAL ACCOUNTS.

Itemized Trust Funds and Special Accounts are set out in the Treasurer's finance statements on pages 104 to 107 inclusive. It is not a complete listing as the item "Other Trust Moneys" consists of numerous additional funds or accounts relating, for the most part, to moneys collected for, or held for expenditure on behalf of the Commonwealth Government, moneys provided for specific purposes by outside bodies, and departmental and other accounts in which moneys are held pending allocation or in accordance with statutory requirements.

The balances of all funds and accounts are held by way of investment or on General Account and the operations of many of them are regulated by statute. The transactions recorded annually are numerous and, in total, of considerable magnitude, debits and credits to all funds and accounts aggregating in 1956-57 £87,611,895 and £89,898,919 respectively.

Statement No. 4 on page 170 of this report summarizes the State's liability in respect of trust moneys and securities lodged with the Treasurer.

During the year several new funds and accounts were established. Brief comments on each are given hereunder:—

Victorian Floods Relief Account.—By agreement between the Commonwealth and the State, funds were provided on a £1 for £1 basis for the relief of personal hardship caused by the floods in the latter part of 1956. Each Government contributed £40,000, to which was added £256, the balance remaining in an earlier flood relief account together with donations of £87, making in all, £80,343, available for distribution by a Committee set up for the purpose. Payments for the supply of goods and services to flood victims totalled £54,819, leaving a balance of £25,524 at 30th June, 1957.

Commonwealth-State Flood Protection and Restoration Account.—In addition to the funds provided for relief as mentioned above, the Commonwealth and State Governments agreed to provide funds on a £1 for £1 basis to a maximum of £1,000,000 for the reimbursement of expenditure incurred by Government departments and municipal and other authorities on emergency flood protection works during the flooding of the River Murray basin, and for the restoration of roads and bridges in that area. Payments to municipalities and sewerage authorities were made on the basis of £5 for every £6 of approved expenditure.

To the 30th June, 1957, State contributions from Loan Fund under *Public Works Loan Application Act 1957 No. 6066* totalled £200,000 and Commonwealth contributions amounted to £100,000. The whole of these moneys (£300,000) was expended and a further sum of £96,948 was provided from Public Account pending receipt of additional contributions from the Commonwealth. The total available—£396,948—was applied as follows:—

Emergency Flood Protection Works—

Reimbursement of expenditure incurred by—	£	£
Municipalities	54,442	
State Electricity Commission	50,000	
State Rivers and Water Supply Commission..	49,708	
Sewerage Authorities	2,750	
Premier's Department (Sandbags)	2,038	
Public Works Department	965	
Soldier Settlement Commission	404	
	160,307	

Restoration of Roads and Bridges and Allied Works—

Works carried out by—		
Municipalities	139,014	
Country Roads Board	97,627	
	236,641	
		396,948

Estate Agents Guarantee Fund—The *Estate Agents Act* 1956 No. 5989 stipulates, *inter alia*, that all fees payable under the Act by estate agents shall be paid to the credit of the “Estate Agents Guarantee Fund”. Subject to certain conditions, the fund is available to meet claims admitted in respect of losses incurred by members of the public as a result of non-compliance with specified provisions of the Act by an agent, sub-agent or employee of an agent.

Where the balance of the fund at the close of the year is in excess of £25,000, the Act requires that such excess shall be paid to Consolidated Revenue. However, where the amount to the credit of the fund is insufficient to pay all claims, unpaid claims remain a charge against the fund until sufficient money is available. In 1956–57, the credits to the fund amounted to £33,929. No expenditure was incurred on account of claims in the year and the excess over £25,000, viz., £8,929, was transferred to Consolidated Revenue.

Home Builders Account.—This account was established pursuant to the provisions of the *Housing (Commonwealth and State Agreement) Act* 1957 No. 6075. Under the terms of the agreement embodied in the Act, a proportion of the moneys advanced by the Commonwealth for housing purposes is set aside each year to provide finance for home builders by means of loans to building societies and other institutions. The proportion to be so set aside for each of the two years commencing 1st July, 1956, is 20 per centum of the total Commonwealth advances, excluding the special advance under Clause 7 of the Agreement for the housing of serving members of the forces and, for each of the succeeding three years, 30 per centum per annum of such advances. Commonwealth advances during 1956–57 amounted to £10,400,000 including a special advance of £400,000 for the purpose of housing servicemen. Of the total received, £8,400,000 was credited to the Commonwealth–State Housing Trust Account and the balance, £2,000,000, was allocated to assist home builders by means of loans to building societies through the Home Builders Account.

In addition to moneys provided as above, repayments of principal and interest in respect of loans to housing societies, &c., are credited to the Home Builders Account. After provision is made for the recoup to Consolidated Revenue of amounts paid to the Commonwealth, in respect of principal and interest, and expenses incurred by the State in providing the finance, any balance remaining in the fund is available for further advances to housing societies and other institutions.

The funds are administered by the Registry of Co-operative Housing Societies and advances are made to this body from the Home Builders Account as required. From time to time, advances are made from Public Account pending receipt of funds from the Commonwealth, and the Home Builders Account is charged interest on these advances at the rate allowed by the contracting banks on the Public Account. All such advances from the Public Account in 1956–57 were repaid in the year.

The receipts and payments recorded in the Home Builders Account for the year are summarized below :—

<i>Receipts</i> —		£	£
Advanced by Commonwealth Government ..	2,000,000		
Repayments of Principal and Interest ..	131,498		
		—————	2,131,498
<i>Payments</i> —			
Advances to Registry	2,106,000		
To recoup Consolidated Revenue for—			
Interest on Advances paid to Commonwealth	20,515		
Interest on Public Account	733		
		—————	2,127,248
Balance at 30th June, 1957			4,250
			—————

The audit of the accounts of the Registry in respect of the home builders scheme has been completed by an officer acting under my direction.

National Parks Fund.—Under the *National Parks Act* 1956 No. 6023, a National Parks Authority was constituted to control certain areas proclaimed by legislation to be national parks. The functions of the Authority include the arranging for construction, at the Authority's expense, by other public authorities or by private contractors, of permanent works for the establishment, protection, development, and improvement of national parks and maintenance work in relation thereto; also, the payment by way of subsidy to any person or body carrying out works of permanent improvement or maintenance in any national park.

To provide the necessary finance, the Act established the National Parks Fund into which are paid moneys appropriated by Parliament for the purpose and any gifts, bequests or other moneys received by the Authority. The fund may be used to meet the Authority's costs and expenses in the exercise of its functions and its administration costs to the extent approved by the Minister.

The sum of £474 appropriated by Parliament was the only revenue of the fund during 1956–57 and was expended on salaries and other administrative expenses.

Racing Clubs Funds.—The *Racing (Finance) Act* 1956 No. 6042 which came into operation on 1st January, 1957, provides for the payment from Consolidated Revenue into certain specified funds of a proportion of the amounts paid to the Comptroller of Stamps by way of stamp duty on bookmakers' statements. The method of distribution of moneys at credit of each of these funds is detailed below:—

Metropolitan Racing Clubs Fund.—Moneys paid to the credit of this fund in respect of any year are distributed by the Treasurer among racing clubs holding meetings at Flemington, Caulfield, and Moonee Valley racecourses in the year in proportion to the amount of stamp duty paid in respect of bets made at such meetings. Receipts of the fund during 1956–57 totalled £41,778 of which £22,989 was distributed, leaving £18,789 undistributed as at the close of the year.

Metropolitan Trotting Fund.—The amount provided from Consolidated Revenue for the purposes of this fund is required under the Act to be paid to the Trotting Control Board for credit to the Trotting Control Board Fund. A total of £6,534 was paid into the fund during 1956–57 from which £4,790 was transferred to the Trotting Control Board Fund. The balance of the Metropolitan Trotting Fund at 30th June, 1957, was, therefore, £1,744.

Country Racing Clubs Fund.—The Treasurer, on the recommendation of the Country Racing Clubs Committee which was created under the Act, is authorized to distribute the amount to the credit of this fund in respect of any year among racing clubs holding race meetings in the year at racecourses other than Flemington, Caulfield, Moonee Valley or the Royal Showgrounds. Payments into the fund during 1956–57 amounted to £16,405 but no distribution was made during the year.

Country Trotting Clubs Fund.—Moneys to the credit of this fund in respect of any year are available for distribution by the Treasurer on the recommendation of the Trotting Control Board among clubs holding trotting meetings in the year elsewhere than at the Royal Showgrounds racecourse. Credits to the fund during 1956–57 amounted to £3,677. £2,272 was distributed and the balance of the fund at 30th June was £1,405.

Dog Racing Clubs Fund.—Moneys credited to this fund in respect of any year are available for distribution, on the recommendation of the Dog Racing Control Board, among dog racing clubs holding meetings in the year. In 1956–57, £4,988 was paid into the fund and £2,411 was distributed in accordance with the provisions of the Act.

Youth Organizations Assistance Fund.—This fund came into operation as from 1st January, 1957, on the proclamation of the *Youth Organizations Assistance Act* 1956 No. 6026. The Act provides for payment into the fund of any moneys made available by Parliament for the purpose, any moneys paid or payable to the fund by way of gift,

donation, bequest or otherwise and any other moneys lawfully available for distribution under the Act. The fund may be applied, with the approval of the Minister, to the establishment, maintenance, and assistance of youth clubs and similar organizations, and in particular, for the training of youth leaders. Under the Act, a "Youth Organizations Assistance Committee" was formed. Its functions are to recommend to the Minister measures for the promotion of youth clubs, for the making of payments from the Youth Organizations Assistance Fund, and generally for the promotion, assistance, and co-ordination of the activities of those clubs, organizations, &c., which the committee considers to be for the welfare of youth.

A sum of £20,000 was appropriated by Parliament for the purposes of the fund but no expenditure had been incurred to 30th June.

Olympic Games - Sale of Assets Account.—By agreement between the Commonwealth and State Governments and the Melbourne City Council, the three bodies which had contributed funds for purposes of construction in connexion with the Olympic Games held in 1956, any proceeds from the sale of buildings and equipment originally constructed or purchased from such funds were to be held to the credit of the three bodies in proportion to their respective contributions. As at 30th June, 1957, proceeds totalling £36,926 had been credited to the "Sale of Assets Account".

Receiver and Manager Samel Implements Account.—Under the provisions of a debenture securing loans to the company from the Decentralization Fund, the assets of Samel Implements Pty. Ltd. were taken over by the State, and a Treasury officer appointed Receiver and Manager for the purpose of winding up the company and realizing its assets. Proceeds of realization amounting to £3,290 were paid into the account and costs and expenses totalling £1,054 were met therefrom. The account was in credit at 30th June, 1957, to the extent of £2,236.

Further reference to this account is made on page 89 of this report under the heading Decentralization Fund.

Other new accounts opened and operated on in the year were the Victorian Barley Improvement Account and the Agronomy Scholarships Account.

It has been pointed out in previous reports that the balances of certain trust funds and accounts were available, at the Treasurer's discretion, as an aid to revenue. During the year under review revenue was assisted from this source to the extent of £315,918. Transfers from the various funds and accounts detailed hereunder were made either under the authority of specific legislation or under the general authority vested in the Treasurer by the Public Account Act :—

	£
Developmental Railways Account	150,000
A.R.P. Equipment Sales Account	16,046
Defence Forces Civil Pay Account	97
Doradilla Grapes Account	3,868
Drought Relief Fund 1940 Account	23,293
Drought Relief Repayment Account	48,051
Maffra Sugar Factory Depreciation Fund	38,642
Special Appropriations of Former Years Account	11,505
Textile School Geelong Account	200
Victorian Growers Distillation Account	21,217
Victoria Dock Cool Stores Account	2,961
Wychitella Waterworks Trust Account	38
	315,918

Of the funds and accounts listed above, those which contributed substantial sums to revenue are discussed below :—

Developmental Railways Account.—The *Developmental Railways (Financial) Act 1939* authorizes the Treasurer, at his discretion, to apply the whole or any part of the moneys standing to the credit of this account to recoup the Consolidated Revenue portion

of the amount contributed annually to the National Debt Sinking Fund. After the transfer of £150,000 to Consolidated Revenue in 1956–57 the balance of the account at 30th June, 1957 was £15,465.

A.R.P. Equipment Sales Account.—Equipment for air-raid precautions which had been purchased during the 1939–45 War from Commonwealth–State funds was subsequently sold and the proceeds credited to this account. The balance of the account, £16,046, was held on behalf of the State and was available for transfer to revenue, the State's share of purchases having been financed from that source.

Doradilla Grapes Account.—The balance of this account represented the net proceeds from the sale of a quantity of raw spirit, distilled from Doradilla Grapes, taken over by the State Rivers and Water Supply Commission many years ago in part repayment of advances. The account has now been closed by the transfer of the balance, £3,868, to Consolidated Revenue.

Drought Relief Accounts.—Funds for the purpose of these accounts were originally provided by the Commonwealth Government, in 1940, for the assistance of persons affected by drought. The Commonwealth was repaid in full from repayments of advances and, as the need for the accounts no longer existed, the balances totalling £71,344 were transferred to revenue.

Maffra Sugar Factory Depreciation Fund.—As the Maffra Sugar Factory had been closed and the assets disposed of the retention of this fund was unnecessary. The original moneys having been provided from revenue sources, the cash proportion of the balance of the fund at 30th June, 1957, amounting to £38,642 was transferred to Consolidated Revenue. The remaining portion of the fund, £55,650, is invested and could not be realized in time to enable the proceeds to be transferred to revenue in 1956–57.

Special Appropriations of Former Years Account.—The balance at credit of this account represented unclaimed interest on loans raised by the State. For many years, no claims had been made against moneys credited to this account. The original credits having been made available from Revenue sources, the balance of £11,505 was properly transferrable to Consolidated Revenue.

Victorian Growers Distillation Account.—The balance of this fund, £21,217, represented net proceeds from the realization of the assets of the Victorian Growers Distillation Co. Ltd. on behalf of which the State, some years ago, had been required to honour from Consolidated Revenue substantial guarantees given to trading banks.

Victoria Dock Cool Stores Account.—After damage by fire, funds were provided for the restoration of the Victoria Dock Cool Stores from the proceeds of an insurance policy. As the works had been completed, the balance of the account, £2,961, was properly payable to Consolidated Revenue.

For convenience in explaining the funds and accounts within the Trust Fund, the balances at 30th June, 1957 (excluding the Railway Charges in Suspense Account) are set out in the broad classifications used in the table hereunder and are compared with the corresponding balances at 30th June, 1956 :—

	Balances.			
	General Account.		Investments, &c.	
	30th June, 1956.	30th June, 1957.	30th June, 1956.	30th June, 1957.
	£	£	£	£
1. Compensation and Insurance	4,978,704	5,827,163	839,141	859,141
2. Superannuation and Pension	215,269	344,674	7,155,130	7,831,130
3. Depreciation	906,304	931,351	689,650	683,650
4. Deposit	187,150	217,751	153,501	155,007
5. Railways	672,167	1,067,596	..	..
6. Commonwealth	1,605,966	1,613,142	..	..
7. Commonwealth–State	521,233	447,503	..	..
8. Other—Regulated by Statute	3,733,211	3 804,356	392,770	361,570
9. Other—Not Regulated by Statute	770,719	849,128	20,494	20,944
	13,590,723	15,102,664	9,250,686	9,911,442
10. Securities Lodged with Treasurer .. .. .	..	..	7,009,154	7,123,481
	13,590,723	15,102,664	16,259,840*	17,034,923*

* Includes deposits in "Sundry Investments, Interest Account" £23,396 at 30th June, 1956, and £24,902 at 30th June, 1957.

The principal items included in each of the classifications shown in the statement of balances are as follows :—

Compensation and Insurance.—The State Accident and Motor Car Insurance Funds are the major items in this group. The State Accident Insurance Fund is credited with £3 per cent. per annum on the amount at the credit of the Bonus Reserve Account, the unexpended balances of the General and Building Reserves are invested in Commonwealth Government Inscribed Stock and, with the exception of the Buildings, &c., Improvement Account, interest is allowed by the Treasury on amounts at the credit of the current accounts of the respective funds at the same rate as is being received by the Treasury on balances with the contracting banks.

Superannuation and Pension.—The Police Pensions Fund represents the main item in this category. The balance of this fund increased from £6,994,271 at 30th June, 1956, to £7,741,600 at 30th June, 1957, of which all but £189,400 is invested. The Port Phillip Pilot Sick and Superannuation Fund increased during the year by £20,970 to £287,059 at 30th June, 1957. This figure includes investments totalling £278,930.

Depreciation.—The balances of the funds comprising this group are :—

	General Account.	Investments.
	£	£
Coal Mines Depreciation Fund	9,915	50,000
Forests Plant and Machinery Fund	176,993	..
Maffra Sugar Factory Depreciation Fund .. .. .	..	55,650
Printing Machinery Depreciation Fund	98,147	..
Public Works Plant and Machinery Fund	212,937	..
Water Supply Plant and Machinery Depreciation Fund	96,976	578,000
Water Supply Works Depreciation Fund	336,383	..
	931,351	683,650

As already mentioned, the investments in relation to the Maffra Sugar Factory Depreciation Fund have been retained although the cash balance has been transferred to Consolidated Revenue.

The Railway Renewals and Replacements Fund carried no balance at the 30th June, all credits to the fund having been expended during the year.

Deposit.—Items under this heading comprise amounts lodged by Insurance and Trustee Companies under the provisions of Acts Nos. 3632 and 3793, £90,000, Contractors and Timber Cutters' Deposits £137,166, Municipalities Loans Repayment Account £120,690, and Sundry Investments Account £24,902.

Railways.—In this group are included the balances in the Railway Stores Suspense Account £1,047,409, Developmental Railways Account £15,465, the Railways Repayment Account £3,157, and Sundry Railway Construction Trusts Account £1,565.

As indicated above the sum of £150,000 from the balance at credit of the Developmental Railways Account was transferred during the year to Consolidated Revenue under the provisions of the *Developmental Railways (Financial) Act 1939*.

A substantial increase in the balance of the Railway Stores Suspense Account, due mainly to the provision of additional funds under the authority of Loan Act No. 6043 and a reduction in amounts held by the Agent-General, contributed largely to the overall increase in the total balances under this classification.

Commonwealth.—The Treasurer is empowered by Act No. 5578 to credit suitable accounts in the Trust Fund with special grants pursuant to any Commonwealth Act and to authorize expenditure therefrom for the purposes prescribed in the Commonwealth Act. The items with the largest balances at the close of the year are those for Rural Rehabilitation £1,276,621, Commonwealth Pharmaceutical Benefits £177,588, Hospital Benefits £43,615, Private Hospital Benefits £22,413, and the Commonwealth Scholarship Scheme £18,528.

Commonwealth—State.—The principal item is the Commonwealth—State Local Public Works Account with a balance of £309,851. Other large balances relate to the Victorian Floods Relief Account £25,524, and the Tobacco Experimental Works Account £21,939.

Other—Regulated by Statute.—The balances of funds coming within this heading aggregate £4,165,926. Receipts and expenditure are governed by the particular legislation under which each such fund was established.

Included in this total are the unexpended balances of a number of special accounts :—

30th June, 1956.		30th June, 1957.
£		£
677,705	Water Supply Stores Suspense Account	704,675
653,056	Mallee Land Account	696,739
474,138	Level Crossings Fund	472,157
91,880	Country Roads Board Fund	418,204
341,000	Licensing Fund	330,765
56,543	Forests Stores Suspense Account	224,603
208,322	Transport Regulation Fund	211,277
123,104	Public Works Stores Suspense Account	166,807
139,339	Treasury Trust Fund	160,298
273,369	Mental Hospitals Fund	118,735
319,910	Hospitals and Charities Fund	97,439
243,974	Municipalities Assistance Fund	83,455
85,536	Forestry Fund	75,220
39,400	Tourists' Resorts Fund	54,519
53,566	Rivers and Streams Fund	51,331
38,521	Wheat Marketing Fund	38,777
35,219	Milk Board Fund	33,234
..	Youth Organizations Assistance Fund	20,000

Increases of magnitude appear under Country Roads Board Fund £326,324, Forests Stores Suspense Account £168,060, Public Works Stores Suspense Account £43,703, and Mallee Land Account £43,683.

Substantial decreases appear under Hospitals and Charities Fund £222,471, Municipalities Assistance Fund £160,519, and Mental Hospitals Fund £154,634.

Country Roads Board Fund.—An increase in the fees charged for motor registration, operative from 1st January, 1957, was the main factor contributing to the substantial increase in the balance of this fund at 30th June, 1957.

Forests Stores Suspense Account.—The increase in the unexpended balance of this account was due to an increase in the repairs provision and a decrease in physical stocks.

Public Works Stores Suspense Account.—A substantial decrease in stocks held at Public Works Department depots was the main reason for the increase in the balance of this account.

Mallee Land Account.—In accordance with the provisions of the Financial Agreement Act No. 3554, the Treasurer is empowered to use Mallee Land Account receipts to assist contributions from revenue to the National Debt Sinking Fund. The account was last called upon for this purpose in 1945–46 and to 30th June, 1957, had accumulated a balance of £696,739.

Hospitals and Charities Fund.—The substantial balance of this fund at the beginning of the year was due to a final allocation of revenue from Tattersall Consultations in June, 1956. The allocation of funds from this source during 1956–57 again exceeded the estimated figure, but not to the same extent as in the previous year. The balance in the fund was reduced to £97,439 at 30th June, 1957.

Municipalities Assistance Fund.—Funds provided from one-half of the fees charged for motor drivers' licences less costs of collection have been insufficient to meet each year's current expenditure. Therefore, in the year 1953–54, a special contribution of £400,000 was provided from Consolidated Revenue for the purposes of the fund, but due to the annual deficits in the fund, the unexpended balance at 30th June, 1957, had been reduced to £83,455.

Mental Hospitals Fund.—Moneys for the purposes of this fund are allocated by the Treasurer from revenue received from Tattersall Consultations. Expenditure during the year exceeded the amount allocated and paid into the fund, resulting in a substantial reduction in the unexpended balance at 30th June, 1957.

Other—Not Regulated by Statute.—The principal accounts under this heading are the departmental Suspense Accounts totalling £233,894, the Salaries and Wages Suspense Account £213,596, the Decentralization Fund £160,461, and the Country Roads Board Special Works Account £80,385. The last-named account is now kept separately to record transactions relating to works carried out for other authorities for which advances are made by those bodies.

Hereunder in greater detail are particulars of some of the funds and accounts mentioned above.

Buildings Fire Insurance Fund.

Provision for the cost of restoring buildings destroyed or damaged by fire is made under two schemes, viz., the Government Buildings Fire Insurance Fund, and the Government Buildings Fire Insurance Pool. These schemes do not apply to properties owned by the Railways Commissioners for which separate provision is made under the Railway Accident and Fire Insurance Fund.

The Government Buildings Fire Insurance Fund was set up under the Special Funds Act, No. 2297 of 1910, by the transfer of £15,000 from the Assurance Fund. That Act provides also for a yearly charge against revenue of £2,000, and for the crediting of the fund with the interest on the balance of the fund in excess of £15,000. This was considered at that time to be sufficient provision for costs resulting from the restoration of buildings damaged by fire. The fund was increased to £100,000 in 1942–43 by an appropriation of £93,513. In recent years additional contributions totalling £397,000 have been provided from Consolidated Revenue.

In terms of the Special Funds Act No. 2297 the present cash balance in excess of £15,000 should be invested but a maximum of cash available amounting to £15,000 on past experience is too low for current needs. The income from the statutory appropriation £2,000, together with interest on investments £1,138, however, was insufficient to cover claims against the fund amounting to £6,823, with the result that the balance of the fund was reduced to £363,245, of which £35,000 was invested.

Application of the fund is limited to buildings, no provision being made in regard to stores, equipment, or the contents of buildings. For the reasons given in the report for 1951–52, a revision of the 1910 Act extending over the whole subject is desirable.

Decentralization.

Instances of the application of moneys of the Decentralization Fund to purposes beyond those originally authorized have been referred to in previous reports, and the desirability of the fund being regulated by statute, as is the case with many other funds outside the normal budgetary control, should be considered.

Credits to the fund have been:—	£
To 30th June, 1956	1,305,499
During the year—	
From Consolidated Revenue	50,000
	<u>1,355,499</u>
The fund has been utilized as follows:—	
Expenditure to 30th June, 1956	1,098,585
During the year—	
Power and Light Subsidies	5,003
Rail Freight Subsidies	20,891
Road and Drainage Works	11,142
Loans to Decentralized Industries	20,071
Purchase of and Alterations, &c. to Property—Ballarat	3,157
Removal of Plant, Machinery, Furniture, &c.	1,654
Alterations to Art Gallery—Mildura	4,469
Road Transport Tax Subsidy	29,907
Railway Siding Charges Subsidy	159
	<u>1,195,038</u>
Balance at 30th June, 1957	<u>160,461</u>

The item, Road Transport Tax Subsidy, represents a subsidy to a brown-coal mining company equal to the amount of road tax paid by that company on behalf of contracting carriers.

A classification of advances by way of loan from the Decentralization Fund is given hereunder :—

	Advanced to 30th June, 1957.	Repaid.	Outstanding 30th June, 1957.	Arrears.	
				Interest.	Principal.
	£	£	£	£	£
Fishermen's Co-operative Societies ..	99,920	5,500	94,420	..	..
Brickworks	*16,549	5,286	11,263	1,362	4,035
Textile Industries	53,970	20,695	33,275	4	76
Moyne Portland Cement Ltd. ..	202,034	7,500	194,534	..	..
Other Manufacturing Industries ..	77,004	28,039	48,965	674	2,359
	449,477	67,020	382,457	2,040	6,470

* Includes interest capitalized £549.

Concessions in regard to the repayment of loans and the payment of interest have been allowed in the majority of these cases, e.g., advances to Fishermen's Co-operative Societies are, in the main, interest free and repayment of principal is not to commence for at least five years from the date of granting the loan. With regard to the amount outstanding in respect of the Moyne Portland Cement Ltd. it has previously been reported that a Government Receiver was appointed and that the works had been disposed of for the sum of £40,000 on extended terms.

Instalments totalling £30,000 and interest £1,375 have been received but an extension of time for payment of the balance of purchase money has been granted. Interest payments on the outstanding balance were in arrears to the extent of £500 at 30th June, 1957.

Proceeds of realization are being credited to Trust Fund until finality is reached, and, after payment of expenses, the balance in the account at 30th June was £29,611.

During the year the assets of Samel Implements Pty. Ltd. were taken over by the State under the terms of a debenture securing outstanding loans amounting to £9,215. A Treasury officer was appointed Receiver and Manager to wind up the company and dispose of its assets. Proceeds amounting to £3,290 have been credited to an account in the Trust Fund pending completion of the realization and, after expenses amounting to £1,054 had been met, the balance of the account at 30th June was £2,236.

Hospital Funds.

Grants to institutions and societies registered with the Hospitals and Charities Commission were made from the Hospitals and Charities Fund for maintenance purposes and from the Loan Fund towards capital expenditure. Payments were also made from the Hospital Benefits Fund in accordance with the Hospital Benefits Agreement, and from the Pharmaceutical Benefits Trust Account to recoup the cost of approved pharmaceutical benefits supplied.

Hospitals and Charities Fund.—This fund is under the control of the Hospitals and Charities Commission. Among other duties the Commission is required to supervise the administration and management of subsidized institutions and benevolent societies.

The Hospitals and Charities Act prescribes the procedure to be followed in respect to the determination of grants to be made to institutions and societies from the Hospital and Charities Fund.

As stated in previous reports, there are practical difficulties associated with the preparation of estimates embodying allocations to a large number of individual institutions and societies twelve months in advance. Because of these difficulties, grants are being made to institutions and societies for some months each year without the requisite

authority. It is again suggested that the procedure could be made practicable if the estimates in relation to allocations were made in respect of shorter periods than a financial year. Amending legislation would be necessary to give effect to this suggestion.

Subject to administrative and other costs, a total of £10,642,298 was available for distribution. This amount was provided from:—

	£
Special Appropriations, Act No. 5300	800,000
Special Appropriations, Act No. 3861—Totalizator Receipts ..	846,862
Special Appropriations, Act No. 5705—Tattersall Receipts ..	2,700,370
Grants—Division 84	5,975,000
Other Receipts	156
	<hr/>
Balance forward from 1955-56	10,322,388
	319,910
	<hr/>
Expenditure for the year	10,642,298
	10,544,859
	<hr/>
Leaving a balance of	97,439

A summary of payments from the Hospitals and Charities Fund is given below.

	1954-55.	1955-56.	1956-57.
	£	£	£
Maintenance—			
Hospitals	7,101,907	7,854,108	9,307,273
Benevolent Homes	432,929	416,253	532,563
Children's Homes	104,352	109,189	116,186
Foundling Homes and Refuges ..	41,335	48,352	58,339
Philanthropic Associations	28,915	31,153	37,826
Ladies' Benevolent Societies	3,520	3,475	3,545
Medical Dispensaries	12,542	13,686	15,492
Ambulance Services	48,693	72,885	118,363
Hostels for the Aged	13,035	19,157	28,607
Youth Centres	14,950	16,000	16,000
Other Institutions	38,021	44,721	54,528
	<hr/>	<hr/>	<hr/>
	7,840,199	8,628,979	10,288,722
Other—			
Transfer of Patients to Country Hospitals ..	89	22	4
Costs Associated with Totalizator Receipts ..	1,851	2,465	4,532
Training of Officers	1,062	1,964	4,030
Recruitment and Training of Nurses ..	17,946	28,651	34,088
Preliminary Schools for Nurses	88,541	103,524	123,816
Post-graduate Training of Nurses	10,408	11,567	6,694
Administration Costs	58,773	70,892	82,973
	<hr/>	<hr/>	<hr/>
	8,018,869	8,848,064	10,544,859

Hospital Benefits Fund.—Under the terms of the Hospital Benefits Agreement, ratified by the *Hospital Benefits Act 1952*, the Commonwealth pays to the State an amount of 8s. per day for each qualified patient maintained in a public or non-public ward of a public hospital. In addition to the payment of 8s. per day for qualified patients, a further 4s. per day is provided on account of certain pensioner patients who are not privately insured for hospital benefits. The State must ensure that the charges per day payable by qualified patients are reduced by the relevant Commonwealth Hospital Benefit Rate. As a condition of the agreement it was necessary for the State to make arrangements whereby hospital revenues would be increased. The *Hospital Benefits Act 1952* provided for a fee of 18s. per day or such higher rate as fixed by the Governor in Council to be charged to in-patients of public wards in public hospitals. The fee was increased to 36s. per day from 1st July, 1956.

The amount available for distribution from the Hospital Benefits Fund was:—

	£	£
Balance at 1st July, 1956	44,827	
Received from Commonwealth during the year ..	1,440,000	
	<hr/>	1,484,827
Expenditure during the year—		
Hospital Benefits allowed		1,441,212
Leaving a balance of		<hr/> 43,615

Commonwealth Pharmaceutical Benefits Trust Account.—Under the provisions of the *National Health Act 1953*, the Commonwealth Government lodges advances from time to time for the reimbursement to public hospitals of the cost of pharmaceutical benefits supplied free of charge to all patients. The basis of reimbursement under the Act is determined by the Commonwealth Minister of Health.

The following statement sets out the transactions of the account during the year:—

	£	£
Balance at 1st July, 1956	110,540	
Received from Commonwealth during the year ..	325,000	
	<hr/>	435,540
Reimbursements to Public Hospitals		257,952
Balance at 30th June, 1957.. .. .		<hr/> 177,588

Loan Funds.—Funds were provided under Public Works Loan and Application Acts Nos. 5921 and 6049 for the erection of public hospitals, the purchase of land and buildings, and other enumerated items. The amount expended from this source during the year under review was £4,580,000. Details of payments to individual hospitals, &c., are shown in the Treasurer's Statement, pages 169–170.

Level Crossings Fund.

The Level Crossings Fund was set up under the provisions of the *Country Roads and Level Crossings Act 1954*. To make available funds for the elimination of level crossings, and associated works, the Act provides for the payment into the fund of one-third of all moneys received by way of additional registration fees (owners' certificates) under section 8 of the Motor Car Act, and moneys provided under any other Act.

The amount available for expenditure in 1956–57 was £699,535, comprising receipts from additional registration fees £225,397 and the balance brought forward from 1955–56. £474,138.

Expenditure from the fund in 1956–57, on works approved by the Treasurer amounted to £227,378 of which £51,936 was incurred by the Railways Department and £175,442 by the Country Roads Board, leaving a balance in the fund at 30th June, 1957, of £472,157.

The Mental Hospitals Fund.

The *Tattersall Consultations Act 1953*, No. 5705, provides, in respect of each financial year, for the payment from Consolidated Revenue into the Hospitals and Charities Fund and the Mental Hospitals Fund, in such proportions as the Treasurer determines, of an amount equivalent to the duty paid by the promoter. Duty paid by the promoter during 1956–57 amounted to £2,978,801 of which £278,431 was allocated and paid to the Mental Hospitals Fund and the balance to the Hospitals and Charities Fund.

The fund may be applied in such sums or proportions as the Treasurer determines for or towards the establishment and maintenance of mental hospitals and private mental homes within the meaning of the Mental Hygiene Acts and institutions within the meaning of the Mental Deficiency Acts. The fund is also available for expenditure in connexion with the administration of the Mental Hygiene Acts and the Mental Deficiency Acts.

Responsibility for expenditure is divided—the Public Works Department being responsible for constructional works, repairs, and purchase of equipment, furnishings and fittings, &c., and the Mental Hygiene Authority for expenditure in relation to the operating costs of institutions and grants to private institutions.

The following statement sets out the transactions for the year and the gross amounts from the inception of the fund until the 30th June, 1957:—

	<i>Receipts.</i>	During the Year £	Total £
Balance 1st July, 1956		273,369	
Special Appropriation Act No. 5705—			
Capital Works			311,000
Maintenance Works			150,000
General Expenditure (State Institutions) ..		230,000	749,000
Maintenance Grants (Other Institutions) ..		15,000	110,000
Mental Health Research		5,000	15,000
Capital Grants (Other Institutions)		28,431	190,639
		551,800	1,525,639
	<i>Payments.</i>		
Capital Works			310,789
Maintenance Works		12,133	106,899
General Expenditure (State Institutions) ..		315,510	693,196
Maintenance Grants (Other Institutions) ..		51,721	109,273
Mental Health Research (University of Melbourne) ..		5,500	15,000
Capital Grants (Other Institutions)		48,201	171,747
		433,065	1,406,904
Balance		118,735	118,735

Municipalities Assistance Fund.

Reference has already been made on page 73 under the Public Works section of this report to subsidies to municipalities and other public bodies from loan moneys, amounting to £275,790. Expenditure from revenue sources has also been applied towards the assistance of municipalities through the Municipalities Assistance Fund.

The fund, under the provisions of the *Municipalities and Other Authorities Finances Act 1950*, has two functions—to provide subsidies towards the cost of approved works of municipalities and other public bodies, and to relieve certain municipalities of their former obligation to contribute towards the operating cost of the Country Fire Authority. A limit of £100,000 is placed upon the sums which may be approved for works in any one year.

Half the fees paid for motor car drivers' licences, less the cost of collection, provide the funds required to carry out the purposes of the Act.

A summary of operations in the fund is:—

	£	£	£
Balance 1st July, 1956		243,974	
Receipts from fees	207,892		
Less Cost of Collection	118,271		
		89,621	
Expenditure—			333,595
Amount contributed to Country Fire Authority		142,273	
Subsidies to various Municipalities for works		107,867	
		250,140	
Balance, 30th June, 1957			83,455

After taking into consideration the costs of collection, the normal source of finance was insufficient to provide for the statutory contribution to the Country Fire Authority and to meet other expenditure of the fund. Act No. 5512 provides that any shortage in the fund shall be made good by Consolidated Revenue, but due to an additional contribution to the fund of £400,000 provided in the Supplementary Estimates for 1953-54, there has since been a balance available to finance each year's excess expenditure.

Motor Car (Hospital Payments) Fund.

The revenue of this fund is derived from an amount of One shilling and ninepence deducted from each premium paid under the Motor Car (Third Party) Insurance Act, No. 4688. The fund is used for the distribution to public hospitals of amounts in respect of expenses incurred for the treatment of motor car accident cases to the extent to which they have not been met by payments made on behalf of patients.

Receipts and payments from the fund since its inception are :—

Year.	Receipts.	Payments.	Balance.
	£	£	£
1940-52	323,286	236,878	86,408
1952-53	47,148	36,177	97,379
1953-54	48,835	68,040	78,174
1954-55	55,221	47,765	85,630
1955-56	58,789	62,587	81,832
1956-57	62,907	71,793	72,946

Public Officers' Fidelity Guarantee Fund.

This fund was established in 1910 with a credit of £15,000. A summary of the transactions in the fund relating to the past five years is given below :—

	1910-11 to 1951-52.	1952-53.	1953-54.	1954-55.	1955-56.	1956-57.	Total.
	£	£	£	£	£	£	£
Receipts a/c Endowment, Interest, and Restitution	35,870	1,041	619	600	500	303	38,933
Disbursements (Sums required to recoup Defalcations)	9,704	441	34	260	17,357	..	27,796
Balance	26,166	26,766	27,351	27,691	10,834	11,137	11,137

The balance of £11,137 at 30th June, 1957, comprised investments, £10,000 and cash £1,137.

Unemployment Relief.

The Unemployment Relief Fund was created in 1930-31 as a special fund to which Unemployment Relief Taxes were to be appropriated and from which payments were to be made in accordance with the provisions of the Unemployment Relief Acts.

Receipts in 1956-57 were £2,722 net arrears of Unemployment Relief Tax, and £2,465 interest on advances, making a total of £55,840 available for the purposes of the Fund. An amount of £50,000 was transferred from the Fund to recoup Consolidated Revenue for interest charges met therefrom on account of Unemployment Relief Loans, and at 30th June, 1957, the unexpended balance was £5,480.

STATE ACCIDENT INSURANCE OFFICE

The operations of this Office showed a net loss of £385,531 as against a net profit of £150,839 in 1955-56.

A comparative Statement of Income and Expenditure for the period 1st July, 1952, to 30th June, 1957, is shown hereunder:—

—	1952-53.	1953-54.	1954-55.	1955-56.	1956-57.
	£	£	£	£	£
Income—					
Premiums earned	1,106,743	1,309,539	1,565,481	1,784,301	1,777,381
Interest	50,227	54,272	52,652	53,366	58,366
Rents (Net)	1,304	1,322	1,730	4,497	4,400
Unclaimed bonuses	1,090	..	..	..	..
Surplus-sale of property ..	363	162	..	10	325
	1,159,727	1,365,295	1,619,863	1,842,174	1,840,472
Expenditure—					
Claims	767,318	1,254,382	1,475,188	1,562,804	2,078,442
Agents' Commission and Expenses	26,677	29,511	32,573	44,180	51,857
Management	58,290	61,456	69,453	84,351	95,604
	852,285	1,345,349	1,577,214	1,691,335	2,225,903
Net profit	307,442	19,946	42,649	150,839	..
Net loss .. ..	..	..	..	..	385,431

The scale of premiums was varied as from 1st March, 1957, by a general increase of twenty-five per centum. Unearned premiums were calculated on the time basis using the 'monthly' method which has been in operation since 1954-55. It will be seen that, compared with the previous year, Earned Premiums decreased slightly while Claims increased substantially. Outstanding claims were individually assessed by experienced officers and the total was accepted, after examination of the procedure and a selective check of files, on the joint certificate of the Insurance Commissioner and the Deputy-Manager.

The Insurance Commissioner has furnished the following reasons for the loss in 1956-57:—

“The loss ratio to earned premium income for the year ended 30th June, 1957, has risen sharply to 116.9 per centum from 87.6 per centum for 1955-56. This position resulted from two causes—

(i) *Provision for unearned premiums.*

Although there has been no change in the method of calculating the provision for unearned premiums over the last three years, the required provision has risen from 26.7 per centum of the net premium income last year to 37.2 per centum this year. This increase in the percentage of unearned premiums is due to a higher proportion of the premium income charged in the latter months of the year as compared with the previous year which, in turn, is due in no small measure to the higher premium rates operating only in those latter months.

The higher provision for unearned premiums by reducing the amount of earned premium has caused the loss ratio to be higher than it otherwise would be.

(ii) *Increase in claims cost.*

The major factor, however, causing the high loss ratio in 1956-57, was the substantial increase in the estimated liability for outstanding claims. In this regard, the number of serious claims received during the year greatly exceeded the normal number. Heart conditions were estimated to cost approximately £300,000 more in 1956-57 than in the previous year. The adverse trend was noted in the first half of the year and most rates were increased by approximately twenty-five per centum from 1st March, 1957. However, the benefit of the increase will not be felt to any appreciable extent until 1957-58.

As the full benefit of the increased rates will not accrue until the year 1958-59, it will not be apparent until the end of that year whether the increase adopted will be adequate to meet the position."

The following is an abridged Statement of the Assets and Liabilities:—

30.6.1956		30.6.1957
£		£ £
	<i>Assets.</i>	
	Current—	
2,195,945	Cash at Treasury	2,542,945
195,221	Sundry Debtors, Premiums due, &c.	223,502
		<hr/> 2,766,447
	Fixed—	
15,904	Furniture, Office Machines, and Cars— <i>Less</i> Depreciation	33,403
	Investments—	
113,259	Property	114,653
685,637	Inscribed Stock	705,637
		<hr/> 820,290
	Profit and Loss Account—Balance	385,431
<hr/> 3,205,966		<hr/> 4,005,571
	<i>Liabilities.</i>	
	Current—	
511,892	Unearned Premiums	745,925
1,501,387	Claims Outstanding	2,187,142
12,593	Sundry Creditors	16,643
		<hr/> 2,949,710
	Deferred—	
312,790	Bonus Equalization Reserve	215,767
12,407	Building Depreciation and Maintenance Provision	13,235
5,451	Building Maintenance Reserve	4,359
		<hr/> 233,361
	Funds—	
780,000	General Reserve	780,000
32,500	Building Reserve	32,500
10,000	Building Improvement Reserve	10,000
26,946	Furniture, Machines, and Motor Car Reserve .. .. .	..
		<hr/> 822,500
<hr/> 3,205,966		<hr/> 4,005,571

During earlier years, sundry amounts were, by Orders of the Governor in Council, appropriated to a Furniture, Machines, and Motor Car Reserve. These Orders were revoked in 1956-57 and replaced by an Order appropriating the total involved to the Bonus Equalization Reserve.

STATE MOTOR CAR INSURANCE OFFICE.

This Office was established in 1941 to enable the State to enter into contracts of Compulsory "Third Party" Insurance and general insurance in relation to motor cars. The Insurance Commissioner, who holds office under the Workers Compensation Acts, is also the Insurance Commissioner for the purposes of Motor Car Insurance.

The accounts for the year disclosed a profit of £128,860 compared with a loss of £286,503 in 1955-56, and with a succession of heavy losses in the previous years, due to the unprofitable business in respect of "Third Party" insurance.

A comparative statement of Income and Expenditure for the period 1st July, 1951, to 30th June, 1957, is given hereunder :—

	1951-52.	1952-53.	1953-54.	1954-55.	1955-56.	1956-57.
Income—	£	£	£	£	£	£
Net premiums earned—						
“ Third Party ” ..	231,819	366,976	418,540	510,132	696,710	995,316
Comprehensive ..	76,903	156,179	217,829	297,813	354,194	442,424
Interest—	308,722	523,155	636,369	807,945	1,050,904	1,437,740
Fund at Treasury ..	990	3,478	5,009	7,273	12,123	21,828
	309,712	526,633	641,378	815,218	1,063,027	1,459,568
Expenditure—						
Claims—						
“ Third Party ” ..	334,834	486,920	520,440	712,911	961,109	878,802
Comprehensive ..	67,599	120,419	154,682	196,383	300,564	343,034
Expenses of management	402,433	607,339	675,122	909,294	1,261,673	1,221,836
	30,011	50,551	57,350	71,918	87,857	108,872
	432,444	657,890	732,472	981,212	1,349,530	1,330,708
Net loss	122,732	131,257	91,094	165,994	286,503	..
Net profit .. ..	..	..	..	..	..	128,860

A dissection of the accounts as between “ Third Party ” business and Comprehensive business shows the following results :—

“ Third Party ” business resulted in a trading profit of £47,905 as against a loss of £320,160 in 1955-56, and Comprehensive business showed a trading profit of £59,127, which was substantially higher than the profit of £21,534 shown in the previous year. The combined trading profit for the year, £107,032, was increased by £21,828, interest earnings, to £128,860 as shown in the preceding statement.

In any comparison of trading results in relation to “ Third Party ” insurance, it is necessary to note that the full effects of the increased premium rates, which operated from the 1st October, 1955, are evident in the trading results for 1956-57; also, that the loss ratio to earned premium income was 88·3 per cent. as against 137·9 per cent. in 1955-56.

The cancellation of a large number of provisions in respect of the outstanding liability for anticipated claims was rendered possible by the passing of the *Limitation of Actions Act* 1955. This Act reduced the time in which actions for damages for negligence could be brought from six years to three years from the accrual of the cause of action. The reduction in anticipated liability from this cause alone approximated £100,000. Had this legislation not been passed, the loss ratio on this type of business would have approximated 98·5 per cent. While the reduced period of time in respect of which claims can be brought will continue to have some influence in reducing claims in future years, the reduction this year, £100,000, in estimated outstanding liability for claims will not recur in future years. Therefore, in the opinion of the Commissioner, it seems certain that the present rates will prove inadequate.

The value of unearned premiums at the close of the year, in connexion with both classes of insurance, has been computed on the *pro rata* time basis using the “ monthly ” method. The total of outstanding claims, which have been individually assessed by experienced claims officers, has been accepted on the certification of two senior officers.

The Assets and Liabilities at 30th June were :—

30.6.1956.		30.6.1957.	
£		£	£
	Current Liabilities—		
630,058	Unearned Premiums		733,463
1,911,213	Outstanding Claims		2,133,851
10,342	Sundry Creditors		9,529
<hr/>			<hr/>
2,551,613			2,876,843
	Less Current Assets—		
1,509,020	Cash held at Treasury	1,923,403	
77,201	Premiums due and Agents' Balances	118,430	
3,531	Treasury Interest accrued	5,870	
4,845	Nominal Defendant Trust Account	4,845	
9,186	Claims Recoveries due	5,092	
560	Stamps on hand	498	
<hr/>		<hr/>	
1,604,343		2,058,138	
	Fixed Assets—		
4,477	Furniture and Office Machines—Less depreciation		4,772
<hr/>			<hr/>
1,608,820			2,062,910
656,290	Accumulated losses to 30th June, 1956		942,793
Loss 286,503	Profit, 1956–57		128,860
<hr/>		<hr/>	
942,793	Excess of Liabilities over Assets		813,933
<hr/>			<hr/>

Every contract of insurance made by the Insurance Commissioner is guaranteed by the Government of Victoria. Any claims payable which cannot be met from the State Motor Car Insurance Fund may be paid out of Consolidated Revenue, and recouped when funds are available. In this regard, the State's contingent liability at 30th June, 1957, was the amount of the accumulated loss shown in the foregoing statement, viz., £813,933.

The rate of interest on the balance at credit in the State Motor Car Insurance Fund at the Treasury was raised during the year from 1 per cent. to $1\frac{1}{4}$ per cent.

Transport Regulation Board.

Functions of the Board are to improve and co-ordinate transport and, for these purposes, it has, pursuant to the provisions of the *Transport Regulation Act* 1955, No. 5930, and Part 1 of the *Commercial Goods Vehicles Act* 1955, No. 5931, jurisdiction over all commercial goods and passenger vehicles operating within the State.

Fees (other than road charges) and fines under Acts Nos. 5930 and 5931 and fees under the Motor Car Acts for the registration of metropolitan omnibuses are paid into the Transport Regulation Fund. Costs of administration and other authorized charges are met therefrom. The balance in the fund at 30th June, 1957, was £211,277.

Included in the fees credited to the fund are permit fees on commercial goods vehicles received in accordance with the provisions of section 12 of Act No. 5931 and payments made to the Board under section 18 of that Act by certain public authorities which operate commercial goods vehicles on public highways by consent of the Governor in Council. However, there appears to be no authority for the payment of these moneys into the fund. If it were the intention of Parliament that they should be so dealt with, amendment of the existing legislation would seem to be necessary.

The receipts and payments of the fund together with corresponding figures for the previous year are summarized hereunder:—

1955-56.		1956-57.	
£	Receipts.	£	£
	Balance of Transport Regulation Fund at 1st July		208,322
293,245	Licences and Additional Fees on Licences	265,923	
275,077	Permits	262,570	
5,256	Motor Omnibus Registration Fees	5,792	
20,483	Fines	18,514	
8,455	Miscellaneous	9,053	
			561,852
<hr/>		<hr/>	
602,516			770,174
			<hr/>
	<i>Payments.</i>	£	
	<i>Head Office—</i>		
164,455	Salaries and Overtime (including Pay-roll Tax)	224,284	
39,304	Other Expenses	43,316	
			267,600
	<i>Country Offices—</i>		
36,314	Salaries and Overtime (including Pay-roll Tax)	51,440	
11,995	Other Expenses	10,667	
			62,107
	<i>Inspection Staff—</i>		
64,899	Salaries and Overtime (including Pay-roll Tax)	96,333	
32,669	Police Services	35,468	
3,195	Other Expenses	5,498	
			137,299
	<i>Purchase and Maintenance of Motor Cars—</i>		
8,400	Purchase of Motor Cars	6,740	
10,243	Maintenance and Insurance	16,535	
			23,275
			<hr/>
			490,281
	<i>Works—</i>		
18,951	Offices—Head Office and Geelong	34,131	
3,769	Contributions towards erection of Comfort Stations and Bus Shelters	2,154	
			36,285
	Amounts distributed to Municipalities		32,331
			<hr/>
394,194			558,897
			<hr/>
208,322	Balance of Transport Regulation Fund at 30th June		211,277
			<hr/>

As disclosed in the summary, revenue for the year decreased by £40,664. The abolition of additional fees on licences for commercial goods vehicles, effective from 1st April, 1956, was chiefly responsible.

The considerable increase of £164,703 in expenditure was almost wholly due to the costs associated with the collection and administration of road charges. These costs were applicable to part only of 1955-56 but to the whole of 1956-57.

Payments to municipalities totalling £32,331 represent the distribution of fees collected in 1955-56 in respect of commercial passenger vehicles licensed to operate solely on specified routes wholly within the metropolitan area or within the urban districts of Ballarat, Bendigo, and Geelong, less cost of collection and relevant administration expenses of the Board. In the previous year, £56,482 was distributed.

In respect of the payments to municipalities referred to above, the Board has considered for some time that the basis of assessment of the cost of collection and relevant administration expenses has been too conservative and has not provided fully for the recovery of expenses associated with the administration of metropolitan and urban omnibuses. Accordingly, in relation to the distribution for 1956-57, a new basis which appears to be more in keeping with legal requirements has been adopted. This explains the lesser amount distributed to municipalities in that year.

Road Charges.—Part II. of Act No. 5931 requires payment to the Board by owners of commercial goods vehicles of road charges towards compensation for wear and tear caused by such vehicles to public highways and directs that the moneys received are to be paid into the Country Roads Board Fund to the credit of the Roads Maintenance Account. The amount so paid in 1956-57 was £1,314,784.

Superannuation and Pensions.

During 1956-57 the State contributed to the Police Superannuation and Police Pensions Funds, the Parliamentary Contributory Retirement Fund, and the State Superannuation Fund the sum of £3,507,168 which was provided under Special Appropriations.

Since 1st July, 1952, the accounts of the State Superannuation Board have not formed part of the Treasurer's accounts. However, as in the case of the funds mentioned, costs of administration of the Board are met from Consolidated Revenue.

Police Superannuation Fund.—This fund is the source from which pensions are payable in respect of members of the Police Force who were appointed before 25th November, 1902.

Contributions by the State and all penalties and damages awarded to members of the force are credited to the fund, together with a statutory annual contribution of £23,000 from the Licensing Fund. The State's contribution is fixed at £2,000 annually, plus any further amount directed by Parliament to be applied to the liquidation of pensions authorized. No additional contribution was provided in 1956-57.

Payments from the fund totalled £41,385, which was £6,650 less than the figure for the previous year.

Police Pensions Fund.—Pensions and gratuities in respect of members of the force who were appointed after 25th November, 1902, are payable out of this fund.

Contributions by the State, interest on investments, and deductions from the pay of members of the force are credited to the fund. The State's contributions are fixed at £50,000 annually, together with such additional amount as the Government Statist certifies will ensure that the assets of the fund are sufficient to meet all current and future liabilities.

Contributions by the State in 1956-57 totalled £758,700, an increase of £36,025 on the figure for the previous year.

Transactions on the fund for the current year, together with those since its inception are :—

	Year Ended 30th June, 1957.	Total.
<i>Receipts.</i>	£	£
Deductions from pay	159,950	1,456,048
Deductions repaid by ex-officers on reinstatement	1,973	5,989
Contributions from Consolidated Revenue	758,700	6,543,797
Interest on Investments	277,656	2,783,524
Balance in Hand—1st July, 1956	92,071	..
	1,290,350	10,789,358
<i>Disbursements.</i>		
Pensions	437,516	2,903,363
Gratuities	4,089	35,901
Deductions refunded	9,345	112,899
	450,950	3,052,163
The Balance was	839,400	7,737,195
Of which there is invested	650,000	*7,547,795
Leaving a Cash Balance of	189,400	189,400
	839,400	7,737,195

The *Police Pensions Fund (Investment) Act 1956* No. 6018 widened the scope for investment of surplus funds by authorizing the investment of such surplus in certain securities under the *Trustee Act 1953*, and in debentures or inscribed stock of the State Electricity Commission of Victoria. At the commencement of the year, investment was wholly in Commonwealth Government Inscribed Stock but since the passing of the above-mentioned Act, £75,000 has been invested in State Electricity Commission Inscribed Stock.

Parliamentary Contributory Retirement Fund.—This fund was established by the *Parliamentary Contributory Retirement Fund Act 1946* now incorporated in *The Constitution Act Amendment Act 1956*, No. 6006. Broadly, the Act provides that persons who, after passing of the Act, cease to be members of the Parliament of Victoria, shall, out of the fund, receive either a pension or a retiring allowance, if not qualified to receive a pension, according to circumstances set out in the Act. Provision is also made for payment of a full pension to the widow upon the death of an ex-member in receipt of a pension, and to the widow upon the death of a member who would have been entitled to receive a pension on ceasing to be a member. When a member dies and a pension is not required to be paid to his widow, a lump sum is payable to the legal personal representative of the deceased member.

Receipts credited to the fund comprise deductions from salaries of members and contributions out of Consolidated Revenue as are, from time to time, necessary to enable payments to be made out of the fund. For 1956–57, contributions by the State totalled £17,796 which was £2,210 higher than the figure for the previous year.

A statement of transactions on the fund for the year is:—

Receipts—	£	£
Members' Contributions	15,582	
Contributions from Consolidated Revenue	17,796	
		33,378
Expenditure—		
Payment of Pensions		33,378

THE SUPERANNUATION BOARD.

The State Superannuation Board was constituted under the provisions of the *Superannuation Act 1925*. This Act and later amendments provided retiring benefits, on a contributory basis, for the Public and Teaching Services, the employees of the Railways, and certain statutory bodies.

The transactions for the current year, compared with those for the two previous years, are shown in the following summary:—

	Year Ended 30th June, 1955.	Year Ended 30th June, 1956.	Year Ended 30th June, 1957.
	£	£	£
<i>Receipts.</i>			
Balance (including investments)	17,019,707	19,028,743	21,356,761
Contributions from officers	1,884,314	2,177,115	2,446,917
Contributions from Consolidated Revenue	2,015,361	2,616,887	2,728,672
Interest	684,751	786,161	932,131
Underwriting Commission	5,988	6,812	11,491
	21,610,121	24,615,718	27,475,972
<i>Disbursements.</i>			
Pensions	2,574,406	3,258,328	3,455,883
Endowment Assurances	170	399	173
Retrenchment	6,717		
Assurance Premiums	85	166	193
Lump Sum Payments (Act No. 5911, Section 10)		64	1,825
	2,581,378	3,258,957	3,458,074
The Balance was	19,028,743	21,356,761	24,017,898
Of which there was invested	19,027,324	21,356,677	24,017,105
Leaving a cash balance of	1,419	84	793

Revenue for the year exceeded disbursements by £2,661,137 and of this surplus £2,660,428 was invested.

Major variations as between the 1955-56 and 1956-57 figures are explained hereunder.

Contributions from officers increased by £269,802 due mainly to amounts received for the purchase of additional units prior to retirement and to contributions over a full year by limited contributors who were admitted in the latter part of 1955-56.

Consolidated Revenue contributions rose by £111,785. The Government contribution is made as a recoup to the Superannuation Fund of the revenue proportion of pensions paid and is, therefore, directly related to the amount of pensions paid in the year. Due mainly to the increasing average number of units of superannuation to which officers are entitled on retirement, pension payments increased by £197,555 and the Government contribution increased accordingly.

All funds held by the Board in excess of current requirements for the payment of pensions, refunds of contributions, &c., are invested in authorized securities. Investments were increased by £2,329,353 in 1955-56 and a further £2,660,428 was invested during 1956-57. These substantial increases in the total amount invested together with higher interest rates were responsible for the increase of £145,970 in interest earned by the fund during 1956-57.

During the year certain low interest rate securities to a total face value of £3,096,520 were sold at a discount of £177,033. The proceeds were re-invested in high interest rate long term securities.

Tourists' Resorts Fund.

The *Tourists' Resorts Development Act* 1938 as amended by the *Tourists' Resorts Development (Financial) Act* 1949, authorized the use of Loan funds, to the extent of £200,000 for grants or subsidies to public authorities for the purpose of carrying out permanent works in connexion with the establishment, construction, development and improvement of tourists' resorts, tourist areas, roads and other places of tourist resort. Expenditure from the Loan Fund under Act No. 4609 for these purposes during 1956-57 amounted to £17,011, and the total so expended to 30th June, 1957, was £158,492.

The Act further provided for the establishment of the Tourists' Resorts Fund. The revenue of this fund is obtained from an annual levy on the Country Roads Board Fund. Contributions by public authorities towards the cost of certain works are also credited to the fund.

The fund may be used to recoup the Consolidated Revenue for all amounts paid for interest on, or as sinking fund contributions in respect of, the above-mentioned loan expenditure, and for the payment of costs and expenses incurred in the administration of the Act. After these charges have been met the Minister may authorize the expenditure of such sums as he determines, by way of grants or subsidies to public authorities, for the carrying out of maintenance and permanent works at tourists' resorts and tourist areas.

A summary of the transactions of the fund for the year is as follows:—

	£	£
Balance 1st July, 1956 .. .. .	..	39,400
Receipts—		
Country Roads Board Fund	76,284	
Contributions by Authorities towards Works	8,538	
	84,822	
		124,222
Disbursements—		
Recoup to Revenue of Interest and Sinking Fund	8,070	
Administration	701	
Maintenance and Permanent Works	60,932	
	69,703	
Leaving a balance at 30th June, 1957, of .. .. .	..	54,519

COUNTRY ROADS BOARD.

The construction and maintenance of State highways, main roads, forest roads, and tourists' roads are carried out by or under the supervision of the Board. In addition, the Board provides a substantial sum each year to assist municipalities in meeting the cost of maintaining unclassified roads.

The main funds administered by the Board are discussed hereunder :—

Country Roads Board Fund.—The principal revenue sources of the fund are—

- (i) Fees and Fines under the Motor Car Acts.—Receipts for the year under this heading amounted to £7,079,355 and the cost of collection, including £191,859 charged to the fund as the costs incurred by the Police Mobile Traffic Section in the enforcement of the provisions of the Acts, was shown to be £659,899. (Gross receipts in the previous financial year totalled £5,729,427. The increase of £1,349,928 reflected the operation of higher motor registration fees authorized by Act No. 6038 with effect from 1st January, 1957.
- (ii) Road Charges—*Commercial Goods Vehicles Act 1955.*—Receipts for the year from these charges, credited to the Roads Maintenance Account within the Country Roads Board Fund, amounted to £1,314,784.

The *Commercial Goods Vehicles Act 1955* (No. 5931) was proclaimed by the Governor in Council to operate from 1st April, 1956. The Act provides for the payment by owners of commercial goods vehicles of road charges towards compensation for wear and tear caused by the vehicles to public highways and directs that all moneys received by way of such charges shall be paid into the Country Roads Board Fund to the credit of the Roads Maintenance Account.

The legislation further provides that moneys to the credit of the Roads Maintenance Account shall be applied "only on the maintenance of public highways (including grants to municipalities for that purpose)." The Board did not give effect to the legislative requirement of specific application of the moneys to the purpose stated but treated the receipts as general revenue of the Country Roads Board Fund. A Crown Solicitor's opinion obtained by the Board supports the audit view that the procedure adopted did not conform with legal requirements. The matter has been brought under the notice of the Treasurer with a view to appropriate remedial action.

As required by the *Country Roads Act 1956* (No. 5978), the temporary advance of £500,000 made to the fund from the Public Account towards the close of the previous financial year was repaid on a date prior to 30th September, 1956.

The fund is available to meet expenses of administration, debt charges and the cost of roadworks generally.

Loan Fund.—Loan moneys totalling £404,679 were available to meet expenditure upon roadworks as hereunder :—

Act No. 3662/5831—£370,000 for permanent works within the meaning of the Country Roads Acts. Works undertaken during the year were mainly roadworks and bridgeworks associated with metropolitan main roads.

Act No. 6066—£34,679 for assistance to municipalities in connexion with the restoration of roads damaged by floods during the latter part of 1955 and early 1956.

Commonwealth Aid Roads Act 1954-56.—Funds amounting to £5,247,437 provided under this Act were available to meet expenditure upon the construction, reconstruction, repair, and maintenance of roads generally, with the proviso that certain sums are reserved for works upon roads in rural areas or for the purchase of road-making plant for use in such areas.

In so far as roadworks are concerned, expenditure from this fund may cover the same range of operations as those authorized under the Country Roads Acts with the addition that expenditure may be incurred on the construction and maintenance of unclassified roads.

Commonwealth-State Flood Protection and Restoration Account—(For particulars see page 82).—The Country Roads Board was assigned the responsibility for the restoration of roads, bridges, and allied works.

Expenditure by the Board on State highways amounted to £97,627. Also, municipalities were recouped for expenditure on main and unclassified roads to the extent of £139,014. Of the total expenditure of £236,641, £96,948 was provided from Public Account pending receipt of further contributions from the Commonwealth.

The statements following set out in summary form the funds referred to above and the principal items upon which those funds were expended. In the preparation of the figures shown there have been excluded certain cross entries appearing in the Treasurer's Statement. These are mainly recoups of expenditure and are not true additions to the funds available to the Board.

FUNDS AVAILABLE.

1955-56.		1956-57.
£		£ £
	<i>Country Roads Board Fund</i> —	
173,812	Balance from previous year	91,880
5,185,880	Net Taxes (including £1,197 fines other than Motor Car Acts) ..	6,420,653
501,110	Municipal Contributions	530,418
215,786	Road charges—Commercial Goods Vehicles Act*	1,314,784
500,000	Advance from Public Account .. .. .	..
23,639	General Receipts	26,976
		8,384,711
	<i>Loan Moneys</i> —	
632,195	Act No. 3662/5831—State Highways and Main Roads ..	370,000
402,805	Act No. 5363—State Highways .. .. .	..
57,950	Act No. 5763—Flood and Bush Fire Damage .. .. .	..
..	Act No. 6066—Flood Damage	34,679
		404,679
	<i>Commonwealth Aid Roads Act 1954-56</i> —	
2,531,861	For Roadworks Generally	2,963,695
1,898,715	For Rural Roads	2,283,742
		5,247,437
	<i>Commonwealth-State Flood Restoration Account</i> —	
..	Restoration of Roads and Bridges†	236,641
12,123,753		14,273,468

* To the credit of the "Roads Maintenance Account" within the Fund.
† Includes £96,948 provided temporarily from Public Account.

EXPENDITURE.

Principal items of expenditure by the Board may be classified as follows:—

9,869,615	Construction and Maintenance of Roads, &c.	10,983,598
680,389	Payment of Interest (including exchange)	722,606
36,648	Sinking Fund Contributions and Loan Conversion Expenses	39,355
28,836	Repayment to Loan Fund	30,360
72,108	Transfer to Tourists' Resorts Fund	76,284
..	Repayment of Advance from Public Account	500,000
627,011	Plant Purchase (net)	620,626
717,266	General Expenditure including Administration, Stores and Materials, &c. ..	882,435
12,031,873		13,855,264
91,880	Unexpended Balance of Country Roads Board Fund at 30th June	418,204

FUNDS CHARGED WITH EXPENDITURE UPON ROADWORKS.

Expenditure by the Board upon the various classes of roads, and the distribution of that expenditure over the funds at its disposal are :—

	Total.	Country Roads Board Fund.	Commonwealth Aid Roads Act.		Loan Fund.	Commonwealth State Flood Protection and Restoration Account.
			Roads Generally.	Rural Roads.		
	£	£	£	£	£	£
State Highways ..	4,083,569	2,057,761	1,847,360	..	80,821	97,627
Main Roads	3,917,016	2,663,158	945,381	..	289,179	19,298
Forest Roads	116,389	77,273	..	39,116	..	..
Tourists' Roads ..	285,126	152,367	..	132,759	..	..
Unclassified Roads ..	2,508,603	131,965	170,955	2,051,288	34,679	119,716
Murray River Bridges and Punts	72,895	12,316	..	60,579	..	..
	10,983,598	5,094,840	2,963,696	2,283,742	404,679	236,641

RELIEF TO MUNICIPALITIES.

Municipalities which have benefited from permanent works upon main or developmental roads or from maintenance works upon main roads are required to pay to the Board an annual contribution in respect of the funds expended. In certain circumstances, the required contribution may be reduced or waived, and for 1956-57 these concessions amounted to £452,149. Details are :—

(a) *Permanent Works.*

Of the proportion charged to municipalities on permanent works, £79,645, relief was granted to the extent of £66,430. In respect of the interest on developmental roads, assessed at £62,035, the whole was remitted. The total of these amounts did not exceed the statutory limit of £250,000.

(b) *Maintenance.*

Of the sum of £840,887 apportioned to municipalities, being one-third of the cost of maintenance of main roads in respect of the year 1955-56, the Governor in Council remitted £323,684 as excessive maintenance not due to local traffic. The net amount due was paid to the Board prior to 30th June, 1957.

TOURISTS' RESORTS FUND.

Act 4609, as amended by Act No. 5446, requires that 2 per centum of the net fees and fines under the Motor Car Act, less certain specified deductions, shall be paid from the Country Roads Board Fund to the Tourists' Resorts Fund each year. The legislation provides, further, that the amount of such payment shall in every year be certified by the Auditor-General and that the certificate of the Auditor-General shall be final and conclusive for all purposes. During the year, an amount of £76,284, purporting to be the amount to be transferred in respect of the year 1955-56, was paid into the Tourists' Resorts Fund.

The costs and expenses of administration of the Country Roads Acts form part of the specified deductions to be taken into consideration in determining the amount of the transfer from the Country Roads Board Fund to the Tourists' Resorts Fund. Certain inconsistencies in charges under this head particularly in relation to salaries have been the subject of query and, accordingly, I have deferred certification of the amount of £76,284 transferred in respect of the year 1955-56 until such time as action is taken to correct the position.

WORKS CARRIED OUT FOR COMMONWEALTH AND STATE AUTHORITIES.

Act No. 5335 authorizes the Board, with the consent of the Governor in Council, to undertake at the request and at the expense of the Commonwealth of Australia, the State of Victoria or any municipality or public authority any works for which the Board is suitably equipped. Amounts expended on such works during the year are set out in the statement below, expenditure in the previous year being shown for the purposes of comparison :—

1955-56.		1956-57.
£		£
44,479	Commonwealth Works—Aerodromes and other construction works	12,178
..	Department of Crown Lands and Survey—Roads	11,213
52,136	State Electricity Commission—Roads and Bridgeworks	12,433
8,806	Latrobe Valley Development Advisory Committee—Roads	11,544
60,497	Soldier Settlement Commission—Roads	98,609
538,804	State Rivers and Water Supply Commission—Roads and Bridgeworks	455,959
28,119	Housing Commission—Roads	36,005
84,307	Other Works	20,419
<u>817,148</u>		<u>658,360</u>

All of the above-mentioned bodies made advances to the Board towards the cost of these works and the Board was enabled to defray the cost of the works without encroachment upon its own funds.

LOAN OPERATIONS.

Of the allocation of £404,679, £370,000 was made available for permanent works upon roads and bridges and £34,679 was provided to assist municipalities in meeting the cost of restoration works upon roads and bridges damaged by floods.

The Board did not incur liability for interest or sinking fund payments in respect of the amount made available for restoration works, but the remainder of the loan expenditure added to the Board's liability which, at 30th June, was as set out in the following statement :—

	Main Roads.	Developmental Roads.	Total.
	£	£	£
Net loan liability at 30th June, 1956	9,479,112	4,527,502	14,006,614
<i>Add—Discount and Expenses</i>	35,768	16,547	52,315
Expenditure—Act No. 3662	370,000	..	370,000
	9,884,880	4,544,049	14,428,929
<i>Less—Repayments</i>	31,523	..	31,523
	9,853,357	4,544,049	14,397,406
<i>Less—Increase in equity in National Debt Sinking Fund</i>	93,543	88,252	181,795
Net loan liability at 30th June, 1957	9,759,814	4,455,797	14,215,611

CANCER INSTITUTE.

The Cancer Institute is controlled by the Cancer Institute Board constituted in 1949 under Act No. 5341. The figures shown hereunder are subject to completion of the audit which is in course.

Maintenance expenditure of the Institute is met substantially from moneys appropriated by Parliament under a Health Department Vote. Payments from the vote for the year ended 30th June, 1957, totalled £397,143.

Expenditure from the Institute's revenue for the past two years is set out hereunder :—

1955-56. £		1956-57. £
184,801	Medical Departments	234,164
24,514	Catering	28,721
22,577	Housekeeping	27,088
21,913	Engineer's Department	24,339
6,725	Repairs to buildings and equipment	8,863
8,421	Tasmanian Service	12,372
13,700	Transport	15,512
8,440	Laundry	11,061
15,300	Depreciation	24,050
49,807	Administration	53,984
1,342	Miscellaneous	929
357,540		441,083

The revenue for the past two years was :—

294,012	Government Grant	397,143
1,228	Donations	1,416
8,382	Recoup by Tasmanian Government	12,350
6,009	Charges for treatment of Doctors' Private Patients	7,522
2,969	Pharmaceutical Benefits	3,957
5,125	Hospital Benefits	6,421
3,100	Patients' Fees	11,773
2,837	Miscellaneous	1,430
323,662		442,012

An agreement made in 1952 makes provision for the recoup by the Tasmanian Government of expenditure incurred in the treatment of Tasmanian residents.

The following abridged balance-sheets set out the financial position of the Institute at 30th June, 1956 and 1957.

The Liabilities and Funds of the Board were :—

30.6.1956.		30.6.1957.
£		£ £
	Current Liabilities—	
28,147	Creditors	20,556
	Funds—	
41,681	Maintenance Fund	42,598
45,738	Depreciation Fund	69,943
28,478	Other Funds (including various Bequests)	34,357
		<hr/> 146,898
	Capital—	
845,401	Loan Fund Acts Nos. 5341, &c... .. .	985,212
3,759	Queen Victoria Hospital, donors, &c.	22,949
		<hr/> 1,008,161
<hr/> 993,204		<hr/> 1,175,615

They were represented by :—

	Current Assets—	
45,350	Cash at Bank	37,725
9,649	Debtors and Prepayments	17,006
25,361	Stores and Materials on Hand	24,958
		<hr/> 79,689
	Investments—	
45,738	Depreciation Fund	70,049
26,364	Other Funds	33,919
		<hr/> 103,968
	Fixed Assets at cost—	
593,805	Buildings and Improvements	705,192
15,760	Motor Cars	17,207
21,511	Furniture and Furnishings	24,299
209,666	Equipment	245,260
		<hr/> 991,958
<hr/> 993,204		<hr/> 1,175,615

COAL MINE WORKERS PENSIONS TRIBUNAL

The *Coal Mine Workers Pensions Act* 1942, No. 4932, came into operation in 1943. Contributions estimated actuarially are collected from mine owners, mine workers and the State in specified proportions.

The Income and Expenditure Account for the year and the balance-sheet are set out below.

INCOME AND EXPENDITURE ACCOUNT.

1955-56.	1956-57.	1955-56.	1956-57.
£	£	£	£
56,067 Pensions	59,927	Contributions—	
368 Refunds of Contributions	722	32,715 Government	36,429
2,429 Administration	2,702	32,857 Mine Owners	35,049
58,864	63,351	10,977 Mine Workers	11,711
		76,549	83,189
30,874 Surplus for year	34,330	13,189 Interest on Investments	14,492
89,738	97,681	89,738	97,681

BALANCE-SHEET AT 30TH JUNE, 1957.

Current Liabilities—	£	£	Current Assets—	£	£
Sundry Creditors .. ..	..	2,098	Cash in Bank and on hand ..	2,107	
Funds—			Sundry Debtors	1,984	
Accumulated Surplus	348,594		Accrued Interest	4,511	8,602
Surplus 1956-57	34,330				
	382,924		Investments (at cost)—		
			Commonwealth Loans	79,420	
			State Electricity Commission Loans	198,000	
			Melbourne and Metropolitan Board of Works Loans	68,000	
			Gas and Fuel Corporation Loans	31,000	376,420
	385,022			385,022	

ELECTRICITY COMMISSION.

The operations for the year resulted in a profit of £2,884,608 after Interest during Construction for the year in respect of projects in operating areas had been charged as a separate item in the Profit and Loss Account. From this profit, and an amount of £121,250 transferred from the Rural Development Reserve for non-paying extensions, £2,100,000 was applied to writing down interest and other expenditure temporarily capitalized, £500,000 was appropriated to Reserves and the balance, £405,858, representing the surplus for the year, was transferred to the Contingency and General Reserve.

The following summary, under broad heads, shows the financial results as set out in the Operational and Profit and Loss Accounts of the Commission for 1956-57. Figures for the previous year are also shown for purposes of comparison:—

1955-56.		1956-57.
£		£
2,215,090	Profit on electricity supply	4,203,343
292,026	Profit on brown coal sales	251,639
9,541	Profit on briquetting	17,373
12,858	Miscellaneous income	12,740
<u>2,529,515</u>		<u>4,485,095</u>
	Deduct—	
207,694	Loss on tramways	168,690
209,357	Miscellaneous expenses	254,145
..	Interest during construction for the year in operating areas	1,177,652
<u>417,051</u>		<u>1,600,487</u>
2,112,464	Profit for year	2,884,608
..	Transfer from Rural Development Reserve	121,250
<u>2,112,464</u>		<u>3,005,858</u>
	Appropriations—	
1,750,000	Written off interest and other expenditure on works under construction temporarily capitalized	2,100,000
..	Rural Development Reserve	100,000
..	Obsolescence Reserve	400,000
362,464	Surplus transferred to—	<u>2,600,000</u>
	Contingency and General Reserve	405,858
<u>2,112,464</u>		<u>3,005,858</u>

Interest.—The following comparative statement gives an analysis of interest charges for the past two years:—

	1955-56.	1956-57.
	£	£
On borrowed money	7,829,730	8,821,837
To consumers on advances for construction	114,088	126,467
On amounts due to deferred creditors	56,580	58,420
	<u>8,000,398</u>	<u>9,006,724</u>

This total was allocated in the accounts as under:—

Directly to operations	4,627,881	5,220,435
Indirectly to operations (overburden removal and coal winning)	365,950	407,202
To Interest and Other Expenditure on Works under Construction Suspense Account	2,135,512	2,438,542
(Of this amount £1,177,652 was transferred to Operations as a separate item in 1956-57.)		
Through clearing accounts indirectly to the above accounts	871,055	940,545
	<u>8,000,398</u>	<u>9,006,724</u>

Interest and Other Expenditure on Works under Construction Temporarily Capitalized.—The total sum carried to the account for 1956-57 was £3,158,841, which was £51,866 less than the previous year, and was made up as follows:—

Interest (including £142,109 on depreciation moneys used)	2,580,651
Protection, Storage, Treatment and other direct expenditure	289,632
Brown Coal Investigations 1.7.51 to 30.6.55 (Suspense Account transferred)	288,558
	<u>3,158,841</u>

To this figure must be added the balance of £6,792,214 remaining in the account from the previous year, which brought the total to £9,951,055. An amount of £2,100,000 was written off in the year as an appropriation of profit and, as mentioned above, interest during construction for the year totalling £1,177,652 was transferred to the Profit and Loss Account as a separate item leaving a balance of £6,673,403 in the account at the 30th June, 1957.

Interest during Construction.—Mention was made in previous reports of changes in the accounting procedure in relation to interest charged on capital works still in course of construction.

In 1956–57 the procedure was again altered with the result that the year's interest was allocated as follows:—

- (1) On projects of £250,000 and less—charged against operations under normal cost headings.
- (2) On projects over £250,000 in operating areas—Yallourn, Kiewa, &c.—charged against operations as a separate item in the Profit and Loss Account.
- (3) On a project over £250,000 in a non-operating area—Morwell—carried to the “Interest and Other Expenditure on Works under Construction temporarily capitalized” Suspense Account.

As the decision with respect to (2) above was implemented for the first time in 1956–57, the profit on operations in that year is not comparable with that of the previous year unless the amount so charged is taken into consideration.

The variations in procedure, as explained above, appear to have been dictated by financial rather than accounting considerations. In my view, consistency in procedure is essential, and accordingly, I consider that a definite basis of accounting for all interest during construction should be adopted and consistently followed from year to year.

Revenue from all sources increased from £31,090,810 in 1955–56 to £38,091,704 in the year under review—a rise of £7,000,894.

Total expenditure rose from £28,978,346 in 1955–56 to £35,207,096 in the year just closed—a rise of £6,228,750.

Electricity Supply.—There was a further increase this year in the number of consumers and also in the average consumption. Tariffs for consumers in the commercial and industrial classes were increased from the 1st October, 1956.

In 1955–56, there were tariff rises for consumers on monthly accounts from 1st March, 1956, and for those on quarterly accounts from 1st April, 1956.

Having been in operation for the full year the benefit of these rises is reflected in the increased revenue for the year under review.

The operations in this Branch for the year resulted in a profit, as shown hereunder:—

1955-56.		1956-57.
£		£ £
	Sales—	
9,207,495	Domestic	10,493,346
3,781,640	Commercial	4,703,998
6,980,121	Industrial	8,445,448
2,137,809	Traction	1,942,121
352,932	Public Lighting	385,022
6,419,324	Bulk Supplies	7,846,560
7,874	Miscellaneous Income	6,712
28,887,195		Carried forward 33,823,207

1955-56.		1956-57.	
£		£	£
28,887,195	Sales—brought forward .. .. .	..	33,823,207
Operating Charges—			
16,417,249	Power Generation, Transmission, Transformation and Distribution ..	18,091,545	
1,695,765	Purchased Electricity	1,820,149	
4,467,507	Interest	5,046,678	
4,299,197	General	4,869,316	
<hr/>		<hr/>	
26,879,718		29,827,688	
207,613	Less Electricity to Works, &c.	207,824	
<hr/>		<hr/>	
26,672,105			29,619,864
<hr/>		<hr/>	
2,215,090	Profit .. .. .	..	4,203,343
<hr/>		<hr/>	

Comparative results in the electricity supply branches for the past two years are shown in the following statement:—

Branch.	Income.		Expenditure.		Loss —, Profit +	
	1955-56.	1956-57.	1955-56.	1956-57.	1955-56.	1956-57.
	£	£	£	£	£	£
Metropolitan	12,510,137	14,025,205	11,361,251	12,232,844	+1,148,886	+1,792,361
Ballarat	682,212	789,364	554,862	622,844	+ 127,350	+ 166,520
North-Western Region	1,033,151	1,249,051	1,219,083	1,413,748	— 185,932	— 164,697
Eastern Metropolitan	2,481,853	3,085,051	2,185,885	2,665,048	+ 295,968	+ 420,003
Geelong	1,170,287	1,343,383	977,494	1,067,014	+ 192,793	+ 276,369
Gippsland	1,599,603	2,016,310	1,593,125	1,948,427	+ 6,478	+ 67,883
Midland	411,600	462,016	432,472	460,809	— 20,872	+ 1,207
North-Eastern	1,985,249	2,358,455	1,889,912	2,028,083	+ 95,337	+ 330,372
South-Western	920,009	1,080,876	941,215	1,057,554	— 21,206	+ 23,322
Yallourn and Yallourn North	57,881	57,720	59,945	67,070	— 2,064	— 9,350
Metropolitan Bulk Supplies	6,016,465	7,337,110	5,429,610	6,028,716	+ 586,855	+1,308,394
Kiewa	18,748	18,666	27,251	27,707	— 8,503	— 9,041
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	28,887,195	33,823,207	26,672,105	29,619,864	+2,215,090	+4,203,343

Brown Coal Sales.—The profit on sales from the Yallourn North Open Cut was £40,387 less than the previous year.

The tonnage sold increased from 1,548,818 tons in 1955-56 to 1,596,087 tons in the year under review, but there was no variation in the price to the public.

The comparative figures for the two years were:—

1955-56.		1956-57.	
£		£	£
735,051	Sales to public .. .. .	..	800,535
<hr/>		<hr/>	
2,125,549	Coal winning and distribution .. .. .	..	2,264,131
1,682,524	Less Brown Coal to works .. .. .	..	1,715,235
<hr/>		<hr/>	
443,025			548,896
<hr/>		<hr/>	
292,026	Profit .. .. .	..	251,639
<hr/>		<hr/>	

Briquetting.—Operations in this branch of the undertaking resulted in a profit of £17,373, which was an increase of £7,832 on the result in the preceding year.

A total of 597,732 tons was sold to the public or transferred to works during the year as compared with 632,263 tons the previous year. Further supplies were released in 1956–57 for sale to the public for household purposes, and are included in the above total, the tonnage sold for the year being 149,122 tons as compared with 104,615 tons in 1955–56. The selling price to the public was increased from the 1st October, 1956.

Stocks of briquettes on hand at the 30th June, totalled 92,475 tons as compared with 80,495 tons at the end of the previous year, and were valued for balance-sheet purposes at the average landed cost in the depots over the year.

The results for the last two years are shown in the following statement:—

1955–56.		1956–57.	
£		£	£
1,297,290	Sales to industries and public	1,803,658	
1,698,678	Briquettes to works	973,394	
414,224	Briquettes on hand at end of year	508,029	
68,925	Electricity to power station	62,286	
<hr/>		<hr/>	
3,479,117			3,347,367
<hr/>		<hr/>	
3,066,521	Manufacture and distribution	2,915,770	
403,055	Briquettes on hand at beginning of year	414,224	
<hr/>		<hr/>	
3,469,576			3,329,994
<hr/>		<hr/>	
9,541	Profit		17,373
<hr/>		<hr/>	

Tramways.—In both Ballarat and Bendigo operations for the year resulted in a loss, the total being £168,690, which was £39,004 less than the previous year when the Geelong tramways were in operation for the period to the 25th March, 1956.

Tram mileages on the two systems operating totalled 847,057 as compared with 1,213,149 on all systems in the previous year, while the total number of passengers carried was 6,278,354 as against 9,710,879 in 1955–56.

Total losses on operations since the three systems were taken over by the Commission now amount to £2,262,294, to which may be added capital written off totalling £175,763.

There was no increase in fares during the year.

A comparison of the results of operations for the past two years is as follows:—

1955–56.		1956–57.	
£		£	
366,110	Operating charges	276,545	
158,416	Traffic receipts, advertising, &c.	107,855	
<hr/>		<hr/>	
207,694	Loss		168,690
<hr/>		<hr/>	

BALANCE-SHEET.

The following is an abridged statement of the Commission's balance-sheets at 30th June, 1956, and 1957.

30.6.1956.		30.6.1957.
£		£ £
	Current and Accrued Assets—	
2,992,166	Sundry Debtors	3,200,039
8,509,159	Materials and Supplies (Construction and Operation)	7,281,940
25,532	Funds with Agent-General—London	18,018
1,431,293	Investments—Self-Help Contributions unexpended	1,531,293
2,049,779	Miscellaneous	2,247,158
<hr/>		
15,007,929		14,278,448
	Less Current and Accrued Liabilities—	
7,488,705	Sundry Creditors	7,419,713
546,881	Trust Moneys	526,533
6,585,950	Bank Overdraft	2,639,468
<hr/>		
14,621,536		10,585,714
<hr/>		
386,393	Net Current Assets	3,692,734
<hr/>		
736,511	Investment—Reserves	875,990
<hr/>		
	Fixed Assets—	
13,860,105	Coal Production	15,591,448
17,537,168	Briquette Production	17,741,001
	Power Production—	
52,992,757	Thermal Stations	59,583,383
30,865,499	Hydro Stations	33,870,282
15,546,763	Transmission System	17,071,417
11,753,947	Terminal Transformation System	13,873,066
40,053,559	Distribution System	46,019,215
674	Tramways .. .. .	..
29,760,759	General Service Assets	32,544,067
<hr/>		
212,371,231		236,293,879
20,527,232	Deduct Provision for Depreciation	26,823,242
<hr/>		
191,843,999		209,470,637
356,525	Deduct Extensions payable by Consumers	463,315
<hr/>		
191,487,474		209,007,322
	Suspense Debits—	
6,792,214	Interest and other Expenditure on Works under Construction temporarily capitalized	6,673,403
5,181,585	Overburden Removal and Disposal	5,803,096
907,705	Loan Flotation Expenses	1,058,280
374,857	Work in Progress	296,718
659,487	Unallocated Contract Expenditure	1,019,207
401,917	Miscellaneous	209,017
<hr/>		
14,317,765		15,059,721
<hr/>		
206,928,143		228,635,767
<hr/>		
	The Funds from which these balances are being financed are—	
42,363,465	State Treasury Loans (Net)	45,739,961*
151,714,442	Commission Loans (Net)	167,575,291†
611,784	Municipal Debentures Guaranteed	638,534
<hr/>		
194,689,691		213,953,786
4,075,632	Suspense Credits—Consumers' Advances for Construction	5,759,792
<hr/>		
	Reserves—	
956,193	Rural Development	932,136
500,000	Rate Stabilization .. .. .	..
<hr/>		
1,456,193		932,136
<hr/>		
1,975,675	Obsolescence	2,247,775
4,730,952	Contingency and General	5,742,278
<hr/>		
6,706,627		7,990,053
<hr/>		
206,928,143		228,635,767

* £3,283,023 of this amount is repayable in Sterling.

† £1,228,361 of this amount is repayable in Sterling.

Loans.—Indebtedness for loans increased during the year by £19,264,095, this increase being made up as follows:—

	£
Total indebtedness at 30th June, 1956	194,689,691
Net increase in Treasury Loans	3,376,496
Net increase in Commission Loans	15,860,849
Net increase in Municipal Debentures Guaranteed	26,750
Total indebtedness at 30th June, 1957	<u>213,953,786</u>

Fixed Assets.—The increase in expenditure for 1956–57 in comparison with that for the previous year is shown in the following statement. The decrease in General Service Assets in 1955–56 was occasioned by the transfer of expenditure on completed works to appropriate Fixed Capital headings.

1955–56. £		1956–57. £
1,830,424	Coal Production	1,731,343
1,059,242	Briquette Production	203,833
	Power Production—	
4,039,443	Thermal Stations	6,590,626
11,752,832	Hydro Stations	3,004,783
2,081,802	Transmission System	1,524,654
1,511,947	Terminal Transformation System	2,119,119
8,239,487	Distribution System	5,965,656
—4,684	Tramways	—674
—10,802,463	General Service Assets	2,783,308
		<u>23,922,648</u>
19,708,030		6,296,010
1,686,798	Deduct Provision for Depreciation	
		<u>17,626,638</u>
18,021,232		106,790
18,660	Deduct Extensions payable by Consumers	
		<u>17,519,848</u>
18,002,572		

Depreciation.—The Commission has decided that, as from the 1st July, 1957, provision for depreciation will be made by the Straight Line method instead of the Sinking Fund method which was used in the past.

In order to reveal the total depreciation provided in respect of all assets in service at the 30th June, 1957, short life assets already subject to the Straight Line method were restored to their original value and a commensurate amount transferred to the Depreciation provision.

Deferred Creditors.—The total amount due at the 30th June was roundly £1,000,000. Interest was paid on the outstanding balances of several of the accounts at a mutually agreed rate based on the bank overdraft charge, while others were interest-free.

The liabilities on all of these accounts were met in full by the end of July, 1957.

METROPOLITAN FIRE BRIGADES BOARD.

The figures herein relating to 1956-57 are submitted subject to audit.

The Board's revenue consists primarily of contributions provided by Fire Insurance Companies and Municipalities. In 1956-57, the funds so provided were—Fire Insurance Companies, £787,572, and Municipalities, £393,786.

	1953-54.	1954-55.	1955-56.	1956-57.
<i>Revenue.</i>	£	£	£	£
Surplus from previous year	23,021	63,404	58,412	19,012
Statutory contributions	877,311	865,857	889,767	1,181,358
Other	20,932	31,029	33,673	21,309
	921,264	960,290	981,852	1,221,679
<i>Expenditure.</i>				
Salaries, Wages, and Maintenance, &c.	804,544	834,582	893,485	1,001,550
Loan Repayments	11,009	11,580	10,399	9,091
Transfers to Funds and Interest on Loans	42,307	55,716	58,956	61,946
	857,860	901,878	962,840	1,072,587
Surplus carried forward to next year	63,404	58,412	19,012	149,092

Funds, other than the General Account, administered by the Board amount to £767,397. The balances of these funds are for the most part represented by investments in trust securities. The principal funds are in respect of:—

	£
Superannuation	632,070
Motor Replacement	41,708
Plant and Buildings	34,657
Provision of Special Services	27,888

From its General Account and loan moneys the Board has over the years acquired assets of considerable value which include:—

	£
Land and Buildings	445,413
Plant, Machinery, and Equipment	58,360
Rolling Stock	97,644

The Board's loan liability increased to £92,626 at 30th June, 1957.

COUNTRY FIRE AUTHORITY.

Finance to enable this Authority to carry out its functions is provided, as to one-third, by the State through the Municipalities Assistance Fund and, as to two-thirds, rateably by Fire Insurance Companies in proportion to relevant risks under-written.

To determine the total contributions from these sources an estimate of expenditure, which is subject to the approval of the Governor in Council, has to be prepared annually by the Authority. The amount approved for the year ended 30th June, 1957, was £426,820. The figures herein for 1956-57 are submitted subject to audit.

A statement of sums received as revenue and the application thereof, over the past four years, is as follows:—

	1953-54.	1954-55.	1955-56.	1956-57.
	£	£	£	£
<i>Receipts.</i>				
Surplus from previous year .. .. .	..	1,949	7,926	..
Statutory contributions	310,384	342,627	368,219	426,820
Other receipts	17,790	20,091	23,439	28,004
Deficit, carried forward to next year .. .. .	..	..	5,511	15,549
	328,174	364,667	405,095	470,373
<i>Payments.</i>				
Deficit from previous year	2,717	..	..	5,511
Salaries, wages, and maintenance	205,971	221,037	258,789	292,470
Loan repayments	15,956	20,709	25,262	30,808
Loan interest	10,865	16,476	23,414	28,759
Land, buildings, rolling stock, and equipment	29,526	29,555	16,988	24,371
Motor replacement fund	21,676	26,274	33,074	35,727
Compensation fund	8,600	6,151	6,718	7,500
Other payments	30,914	36,539	40,850	45,227
Surplus carried forward to next year	1,949	7,926	..	..
	328,174	364,667	405,095	470,373

The following items were in excess of the approved estimates:—

	£
Maintenance of Buildings and Equipment	10,924
Salaries and Wages	9,717
Loan Interest	6,752
Capital Additions	5,745
Transport and Travelling Expenses	2,880
Other	7,535
	43,553

However miscellaneous receipts, £28,004, including refunds on account of expenditure, £27,756, offset the increase shown above and accounted for the deficit of £15,549.

An abstract of the Authority's balance-sheet at 30th June, 1957, is appended:—

	£		£
Loan Liability	627,999	Current Assets	22,054
Current Liabilities	24,918	Investments—Funds	250,065
Funds—Compensation, Motor Replace- ment, Superannuation, &c.	250,065	Investments—Unexpended Loans	104,810
Capital and Reserves	727,611	Land	52,297
		Buildings	348,708
		Rolling Stock	641,041
		Plant, Machinery, &c.	179,866
		Other Assets	31,752
	1,630,593		1,630,593

GAS AND FUEL CORPORATION OF VICTORIA.

The accounts of the Gas and Fuel Corporation of Victoria are required to be audited jointly by the Auditor-General and Auditors appointed by the preference shareholders. The accounts for 1956-57 have been audited, and were adopted at the annual meeting of the shareholders held on 30th August, 1957.

For the purposes of comparison, figures for the previous year are given in the following abridged financial statements of the Corporation.

PROFIT AND LOSS ACCOUNT.

1955-56.		1956-57.
£	<i>Revenue.</i>	£
7,110,208	Sales of Gas	7,603,881
1,611,108	Residual Products and Other Items	1,574,275
8,721,316		9,178,156
	<i>Expenditure.</i>	
5,511,975	Manufacture of Gas	6,080,543
..	Transmission Expenses	90,788
1,743,431	Distribution of Gas	2,343,863
145,969	Management Expenses	231,456
4,750	Directors' Fees	5,500
..	Research, Investigation, and Development	55,923
87,830	Superannuation Contributions, Retiring Allowances, &c.	94,116
404,426	Interest on Debentures, Overdraft, &c. .. .. .	..
542,457	Depreciation and Amortization .. .. .	..
57,335	Long Service Leave	64,026
19,506	Other Costs	32,050
8,517,679		8,998,265
203,637	Profit on Trading	179,891
3,283	Income from General Investments	3,283
206,920		183,174
25,000	Contingency Reserve	25,000
24,000	Special Provision for Depreciation of Buildings and Plant at South Melbourne Works .. .. .	..
49,000		
157,920	Net Profit for year carried to Profit and Loss Appropriation Account ..	158,174

The quantity of gas sold for the year was 10,306 million cubic feet, an increase of 547 million cubic feet upon the figure for the previous year, returning an average of 14s. 9.08d. per thousand cubic feet compared with 14s. 6.87d. in 1955-56.

The high capital outlay involved in the establishment of the Morwell scheme necessitated consideration of interest and depreciation charges as factors in the calculation of the cost per unit of gas produced and distributed. It was finally decided that these charges should be apportioned over the various expense accounts, and accordingly they do not appear as separate items in the Profit and Loss Account.

The changed procedure is reflected also in the revenue derived from the sale of residual products and gas appliances, as related charges for interest and depreciation have been apportioned to these accounts in 1956-57. Details of revenue under this heading are :--

1955-56.		1956-57.
£		£
1,153,918	Coke and Breeze	1,166,966
337,745	Tar Products	327,275
5,405	Other Residual Products	6,549
114,040	Profit on Sale of Gas Appliances	73,485
1,611,108		1,574,275

New expense items appearing in the Profit and Loss Account are Transmission Expenses and Research, Investigation and Development, the former recording expenses associated with the transfer of gas from production points to gas holders, and the latter revenue charges arising from experimental work carried out by the Corporation. The figure given in each case includes related charges for interest and depreciation.

The appropriation for the purposes of the Contingency Reserve was again £25,000. Following the closing down of the South Melbourne Works, a general survey of stores was made, and an amount of £52,476 was charged to the Reserve on account of the writing down of the value of obsolete stores considered to have little or no value. Legal expenses amounting to £2,131 were also charged to the Reserve.

Payment of the dividend for the half year to 30th June, 1956, on preference shares absorbed £78,820 of the profit brought forward at 1st July, 1956, and the remainder was paid to the State in reduction of the Corporation's liability for dividend guarantee advances.

Movements in the Profit and Loss Appropriation Account for the year were:—

	£	£
Net Profit for year	158,174	
Add Balance at 1st July, 1956	79,099	
	<hr/>	237,273
Dividends on Preference Shares--		
4 per cent. per annum for half-year ended 30th June, 1956	78,820	
4 per cent. per annum for half-year ended 31st December, 1956	78,820	
Paid to State of Victoria on account of moneys advanced under Dividend Guarantee	279	
	<hr/>	157,919
Balance carried forward (from which a dividend at 4 per cent. per annum for the half-year ended 30th June, 1957, has since been paid)		<hr/> 79,354

Arrears of dividends due to preference shareholders remained unaltered at £49,262, and this amount is shown at the foot of the balance-sheet as a contingent liability.

BALANCE-SHEET—(ABRIDGED).

30.6.1956.		30.6.1957.
£		£ £
	Shareholders' Funds—	
	Subscribed Capital—	
3,940,976	3,940,976 4 per cent. Cumulative Preference Shares of £1 each ..	3,940,976
4,000,000	4,000,000 Ordinary Shares of £1 each subscribed by the State of Victoria	4,000,000
		<hr/>
7,940,976	Subscribed Capital (Fully Paid)	7,940,976
	Reserves—	
22,285	National Debt Sinking Fund (Treasury allocation of Commonwealth contribution)	36,759
60,235	Contingencies	30,628
		<hr/>
79,099	Profit and Loss Appropriation Account	79,354
	Current Liabilities—	
677,438	Trade and Other Creditors	834,762
2,120	Unpaid Dividends	2,083
154,980	Unpaid and Accrued Debenture Interest	200,775
5,683	Balance of Advances from State of Victoria for purchase of Preference Shares	5,083
1,407,310	Bank Overdraft	559,404
53,300	Debentures Matured and Unpaid	14,800
51,020	Provision for Long Service Leave	37,054
85,678	Provision for Deferred Repairs	74,138
		<hr/>
		1,728,099
10,540,124	Carried forward	<hr/> 9,815,816

BALANCE-SHEET—*continued.*

30.6.1956.		30.6.1957.
£		£
10,540,124	Brought forward	9,815,816
	Deferred Liabilities—	
5,018,446	Advances from State of Victoria	5,018,446
43,037	Less securities purchased and cancelled by the National Debt Commission	70,257
		<u>4,948,189</u>
4,975,409		
13,227,000	Debentures and Debenture Stock (Secured)	16,928,110
99,960	Provision for Exchange on Debentures maturing in London	99,960
16,052	Deposits on Contracts	11,780
68,441	Retiring Allowances	68,339
135,233	Other Creditors	479,122
103,474	Deferred Liability in connexion with Overseas Contracts .. .. .	..
		<u>17,587,311</u>
	Contingent Liabilities—	
13,650,160	£ 79,269 (1) To State of Victoria under Dividend Guarantee	£ 78,990
	49,262 (2) Arrears of Preference Dividend for period 1st July, 1951 to 31st December, 1953	49,262
29,165,693	475 (3) Uncalled amount on Shares held in another Company	475
	(4) Moneys held on Deposit from Consumers including interest thereon.	<u>32,351,316</u>
	Fixed Assets—	
1,295,837	Freeholds and Leaseholds	3,828,617
15,109,629	Machinery, Plant, and Equipment	25,666,443
		<u>29,495,060</u>
16,405,466		29,495,060
2,415,805	Less Provision for Depreciation and Amortization	3,003,375
		<u>26,491,685</u>
13,989,661		26,491,685
10,341,744	Capital Work in Progress (at cost)	1,385,211
		<u>27,876,896</u>
24,331,405		27,876,896
	Current Assets—	
	Trade and Other Debtors (less provision for Bad and Doubtful Debts and Consumers' Deposits)	2,003,516
1,956,610		2,003,516
1,886,649	Stocks (at or under Cost or Valuation)	1,509,886
72,209	Cash in Hand	45,173
	Investments—	
100,000	Commonwealth Government Inscribed Stock (at Cost)	100,000
475	In Company (at Cost)	475
		<u>100,475</u>
		<u>3,659,050</u>
122,411	Deferred Assets—Contractors Securities and Other Debtors	103,656
47,236	Prepayments	42,652
132,205	Unamortized Debenture Issue and Loan Expenses	162,821
213,675	Loss in Subsidiaries prior to Amalgamation	213,675
290,133	Excess of Cost over Book Value of net Assets taken over from Subsidiaries	290,133
10,819	Amount Paid in Connexion with Undelivered Portion of Overseas Contracts	318
1,309	General Work in Progress (at Cost)	1,592
557	National Debt Sinking Fund	357
..	Suspense Account	166
		<u>32,351,316</u>
29,165,693		32,351,316

Expenditure on the Morwell project and on the general expansion of the Corporation's works and areas of operation amounted to £4,133,061. This figure includes £204,576 on account of interest charges considered to relate to work in progress, and which has been capitalized. The major portion of the funds required for works was obtained from the proceeds of private and public loans.

A summary of expenditure arising from the acquisition by the State of shares in the Corporation, and for advances made to the Corporation is:—

	To 30th June, 1956.	1956-57.	Total.	Charged in State's Accounts.
	£	£	£	
Acquisition of Shares—				
Subscription for 4,000,000 Ordinary Shares of £1..	4,000,000	..	4,000,000	Loan Fund
Purchase of Preference Shares	2,759,447	130,000	2,889,447	
	6,759,447	130,000	6,889,447	
Advances—				
Advance for Capital Works	5,000,000	..	5,000,000	Loan Fund
Loan Flotation Expenses	18,446	..	18,446	
	5,018,446	..	5,018,446	
Preference Share Dividend Guarantee—				
Advanced to the Corporation	108,379	..	108,379	Consolidated Revenue
Less Repayments	29,110	279	29,389	
	79,269	279	78,990	
Total Investments and Advances	11,857,162	129,721	11,986,883	
Costs and recoups to the State on account of the above—				
Interest on Loans	1,291,353	454,506	1,745,859	Consolidated Revenue
Sinking Fund Contribution	103,866	29,520	133,386	
	1,395,219	484,026	1,879,245	
Less Recoups, &c., from Corporation—				
Interest on Advances	406,175	229,101	635,276	
Sinking Fund Contribution	21,309	12,546	33,855	
Dividends on Preference Shares	371,977	111,446	483,423	
	799,461	353,093	1,152,554	
Net Cost to the State	595,758	130,933	726,691	

The transfer of preference shares by sale is restricted to sale at par to the State. At 30th June, 1957, the State was the registered owner of 2,873,661 shares. The transfer of a further 10,703 shares was in course and £5,083 was held by the Corporation for future purchases.

No dividend has been paid on the ordinary shares, since any such dividend can be declared only from profits remaining after preference shareholders have been paid dividends in full, and after repayment of advances made by the State under the dividend guarantee.

GRAIN ELEVATORS BOARD.

During the 1955-56 receival season the Board's facilities of 138 country elevators together with sixteen mill elevators, leased from flour millers, were used. In addition 58 Australian Wheat Board bulkheads were in operation. Other storages available consisted of the Geelong Terminal Elevator, the Marmalake (Murtoa) No. 1 Emergency Bulk Wheat Storage, and the Australian Wheat Board's Emergency Storages at Marmalake No. 2, Dunolly, Warracknabeal Wayside, and Carryover Storages Nos. 1 and 2 at Geelong.

Receivals by the Board over the past five years compare as follows:—

Season.	Pool No.	Receivals.
		(Bushels)
1951-52.. .. .	15	41,849,046
1952-53.. .. .	16	46,349,497
1953-54.. .. .	17	49,957,863
1954-55.. .. .	18 and 18 (a)	44,390,149
1955-56 (to 31.10.56)	19 and 19 (a)	37,940,113

The following statement shows the receivals and disposal in connexion with No. 19 and 19 (a) Pools, 1955-56 season, to 31st October, 1956:—

	Bushels.	Bushels.	Bushels.
Receivals during the year			37,940,113
Disposal—			
Mills	12,748,289		
Ships	1,355,343		
Produce Merchants	1,303,106		
Australian Wheat Board—Bag Stack	3,060		
		15,409,798	
Pick-ups and Dust		5,131	
Insurance Claims		3,379	
		15,418,308	
Balance held at Storages			22,521,805

Further disposals of stocks (No. 18 and 18 (a) Pools) on hand at 31st October, 1955, were made as follows:—

	Bushels.	Bushels.
Balance held at 31st October, 1955	24,493,989	
Add late receivals	4,999	
		24,498,988
Disposal—		
Mills	10,201,297	
Ships	13,167,384	
Produce Merchants	760,584	
Australian Wheat Board—Bag Stack	97,147	
Pick-ups and Dust	63,603	
Insurance Claims	955	
		24,290,970
Balance held at Storages (31st October, 1956)		208,018

All stocks of wheat of No. 18 and 18 (a) Pools were fully discharged by 15th March, 1957, disclosing a shrinkage equal to 156,186 bushels.

Construction of 99 steel wheat storage bins at sites adjacent to existing concrete elevators was completed during the year under review.

In extension of the Board's system of bulk receival facilities, tenders were let for the construction of an additional 48 wheat storage units, each of 100,000 bushels capacity. The construction of up to 8 units is planned for stations on lines operated in southern New South Wales by the Victorian Railways. The remaining units are to be constructed at various stations in Victoria. Two units had been completed, at Victorian stations, up to 31st October, 1956.

Financial arrangements with the Australian Wheat Board, for the handling of wheat through the Grain Elevators Board, provide for operational and maintenance expenditure being recouped by the Australian Wheat Board and also for the payment of an allowance based on the cost of the capital facilities of the Grain Elevators Board.

The statement of Revenue and Expenditure given below shows a net revenue for the 1955-56 accounting period of £116,682. Appropriations therefrom, including £50,000 taken to the General Reserve Fund, leave a surplus from the year's operations of £34,242.

1954-55.	<i>Revenue.</i>	1955-56.	
£		£	£
488,509	Australian Wheat Board—Recouvable expenditure for operating and maintenance	516,522	
200,570	Capital Facilities Allowance	244,273	
13,967	Depreciation Reserve Fund Investment Interest	18,103	
9,092	Interest on General Investments	11,199	
8,139	" " " Reserve Fund Investments	13,402	
103	" " Insurance Reserve Fund Investments	297	
720,380			803,796
	<i>Expenditure.</i>		
	Operating and Maintenance—		
144,920	Geelong Terminal	145,218	
134,905	Country Elevators	142,412	
61,657	Emergency Bulk Wheat Storages	60,725	
82,064	Administration Expenses	93,046	
64,963	Depreciation	75,120	
113,717	Interest on Loans	137,045	
524	Williamstown Foundations Expenses	442	
6,843	Amortization—Preliminary Expenses and Loan Flotation Expenses	6,748	
	Sinking Fund Charges—		
2,657	National Debt Sinking Fund (Act No. 4379)	2,657	
20,800	Debentures and Inscribed Stock Sinking Fund (Act No. 4270)	23,701	
633,050			687,114
87,330	Net Revenue		116,682
..	Add Surplus on disposal of obsolete assets		16
			116,698
	Less Appropriations—		
13,967	Depreciation Reserve Fund—Interest on Investments	18,103	
8,139	General Reserve Fund—Interest on Investments	13,402	
103	Insurance Reserve Fund—Interest on Investments	297	
50,000	General Reserve Fund	50,000	
49	Loss on Realization of Investments	654	
			82,456
15,072	Surplus for year ended 31st October, 1956		34,242
75,771	Add Net Accumulation at 31st October, 1955		88,620
90,843			122,862
2,223	Less: Adjustment to Motor Vehicles Disposal Suspense .. .. .		..
88,620	Net Accumulation at 31st October, 1956		122,862

The following is an abridged statement of the Board's balance-sheet:—

31.10.1955.		31.10.1956.
£		£ £
	Current Assets—	
2,038	Stores, &c.	2,225
117,676	Sundry Debtors, Accrued Interest, and Advances	64,693
92,008	Cash	6,345
		<u>73,263</u>
211,722		
1,295,853	Investments	1,353,735
	Fixed Assets—at Cost—	
	Construction—	£
1,461,572	Country Elevators	1,980,486
329,680	Geelong Terminal	336,186
		<u>2,316,672</u>
	Equipment and Plant—	
184,045	Country Elevators	203,828
331,294	Geelong Terminal	331,677
		<u>535,505</u>
101,536	Designs, Plans, Survey, &c.	101,659
189,491	Transport Facilities	214,708
1,348	Freehold Land and Buildings	27,608
		<u>3,196,152</u>
	Fixed Assets—less depreciation—	
50,590	Equipment and Plant—Mobile	56,871
2,420	Marmalake No. 1 Emergency Storage	2,420
20,241	Motor Vehicles, Office Furniture and Equipment	27,178
		<u>86,469</u>
	Other Debit Balances—	
55,822	Preliminary and Loan Flotation Expenses	49,172
847	National Debt Sinking Fund—Cash in Fund	1,231
..	Loan Redemption—Cash at Bank	1,100
		<u>51,503</u>
<u>4,236,461</u>		<u>4,761,122</u>
	Current Liabilities—	
35,542	Sundry Creditors	42,978
	Loans—	
980,642	Government of Victoria	971,811
2,027,120	Public	2,320,620
		<u>3,292,431</u>
	Reserves and Sinking Funds—	
	Cancelled Securities Reserves—	
82,909	National Debt Sinking Fund	92,163
52,860	Debentures and Inscribed Stock	50,550
101,280	Matured Public Loans	211,190
435,459	Depreciation Reserve Fund	520,198
2,420	Marmalake No. 1 Emergency Storage Reserve	2,420
4,612	Country Bulkhead Equipment Suspense	5,012
8,657	Insurance Reserve	13,112
264,234	General Reserve Fund	327,636
117,015	Debentures and Inscribed Stock Sinking Fund	37,918
		<u>1,260,199</u>
	Suspense Accounts—	
74	Geelong Pier	74
32,200	Superannuation	39,617
2,817	Motor Vehicle Disposal	2,961
88,620	Revenue Account—Net Accumulation	122,862
<u>4,236,461</u>		<u>4,761,122</u>

Incomplete contracts totalling £1,425,614 have not been included in the balances shown.

HOUSING COMMISSION.

The financial statements of the Commission for the year ended 30th June, 1957, are in the final stage of preparation and, for the purpose of the publication of the figures in this report, the draft copies of the Balance-Sheet and General Revenue Account were made available to me on 30th September, 1957. Although these figures have yet to be audited, they are furnished herein for information in comparison with the relevant figures for 1955-56.

The summary of the accounts for 1955-56, which appeared in the previous report, was published subject to audit. The subsequent audit disclosed that certain items under the heading, Fixed Assets, in the Balance-Sheet were wrongly grouped. The necessary adjustments have been embodied in the Balance-Sheet figures as at 30th June, 1957.

On the basis explained above, the Commission's revenue and expenditure for 1955-56 and 1956-57 together with a statement of its financial position as at the close of each of those years are summarized hereunder with relevant comments:—

GENERAL REVENUE ACCOUNT.			
1955-56.	REVENUE.	1956-57.	
£		£	£
4,617,420	Gross rentals charged after deducting rebates allowed, losses from vacancies, &c.	4,982,774	
1,947	Interest receivable	2,697	
1,680	Miscellaneous	1,563	
118,317	House Trading Account—Cash and War Service Homes Sales	117,128	
887,710	—Sales on terms	968,592	
<hr/>			
5,627,074			6,072,754
	EXPENDITURE.		
624,360	Rates, less amount capitalized	740,887	
927,902	Provision, accrued maintenance	934,406	
2,132,684	Interest payable, less amount capitalized and amount applied to house sales	2,251,925	
234,298	Administration, less amount capitalized and amount applied to house sales	254,501	
37,729	Cost of rent collections in country areas	42,688	
..	Loan conversion expenses	40	
648,629	Loan Redemption—Commonwealth and State Agreement	738,102	
2,506	Contributions to National Debt Sinking Fund	2,837	
500	Contributions to Debenture Loan Sinking Fund	500	
4,277	Redemption of Debentures	4,444	
..	Cost of insurable risks	2,137	
809,238	Transferred to House Sales Reserve Suspense Account—unrealized profits	871,669	
..	Irrecoverable Rents—Provision for and amounts written off	91,433	
<hr/>			
5,422,123			5,935,569
<hr/>			
204,951	Surplus for year		137,185
35,058	Net Surplus on House Sales from former years transferred .. .. .		..
<hr/>			
240,009	Balance to Accumulated Deficit Account		137,185
<hr/>			

As shown in the foregoing statement, there was a surplus of £137,185 in 1956-57. The sources from which this surplus was derived may be more readily seen in the following summary:—

	£
Net income—rental operations	32,298
Realized profit—house sales	214,051
Other income	7,749
	<hr/>
	254,098
 <i>Less—</i>	 £
Net cost of statutory functions—non-revenue producing	25,480
Irrecoverable rents written off	11,433
Provision for irrecoverable rents	80,000
	<hr/>
	116,913
	<hr/>
	137,185
	<hr/>

The number of dwellings available for letting increased from 30,806 at 30th June, 1956, to 31,588 at 30th June, 1957, a net increase of 782 after due allowance for houses sold during the year. This factor together with the effect for a full year of the increased rentals which applied from 4th September, 1955, contributed in some measure to the higher income from rental operations in 1956-57. However, the full year's benefit of the rental income from the large number (3,360, exclusive of the Olympic Village) of dwellings completed in 1955-56, was the main reason for the increase in rental revenue in 1956-57.

Actually, the gross rental charges for 1955-56 amounted to £4,736,468 and for 1956-57 to £5,150,548. The differences as between these figures and the relevant figures shown in the abridged General Revenue Account may be reconciled as follows:—

	1955-56.	1956-57.
	£	£
Gross rental charges	4,736,468	5,150,548
<i>Deduct—</i>	£	£
Rental rebates allowed	112,196	156,856
Losses from vacancies	11,731	15,793
	<hr/>	<hr/>
	123,927	172,649
	<hr/>	<hr/>
	4,612,541	4,977,899
<i>Add—</i>		
Recoveries of rental rebates from tenant purchasers	4,879	4,875
	<hr/>	<hr/>
Gross rentals charged, &c., as per Abridged General Revenue Account	4,617,420	4,982,774
	<hr/>	<hr/>

In 1956-57, 1,798 houses were sold including 1,676 on terms. Sales of houses erected out of Commonwealth advances and completed prior to 1st July, 1956, are subject to the terms of the 1945 Commonwealth and State Housing Agreement. This agreement provides, *inter alia*, that where a house is sold on terms, the balance of purchase money shall not exceed £2,750. In respect of 1,183 houses sold for terms in 1955-56, approximately one-tenth of the purchasers was not required to fulfil this condition. This practice has been continued under ministerial direction.

The new 1956 agreement, the terms of which are applicable to houses completed after 30th June, 1956, does not contain a restrictive condition as to sale such as that mentioned above in relation to the 1945 agreement. Subject to certain requirements as to the allotment of a quota of dwellings to members of the Forces or their dependants, the State has full rights under the 1956 agreement to determine the conditions of sale in respect of houses which are the subject of that agreement.

As in the previous year, full credit has been taken in the General Revenue Account for surpluses on cash sales and Commission homes transferred to the Director or eligible persons under the *Commonwealth's War Service Homes Act 1918-1955*. In regard to sales on terms, credit has been taken only for that proportion of the ultimate surpluses on sales that the respective deposits and instalments received bear to the relevant net sale prices. The balance has been transferred to House Sales Reserve Suspense Account.

Items Capitalized.—As provided in the Agreement, expenditure on administration, rates, and interest deemed to be applicable to, or incurred during, construction has been capitalized. The amounts capitalized and the proportions thereof to the totals of the respective items for 1955-56 and 1956-57 are:—

	1955-56.		1956-57.	
	£	%	£	%
Rates	34,267	5·20	45,492	5·78
Interest	204,431	8·75	215,811	8·26
Administration	116,379	30·17	153,055	29·48
	<hr/>		<hr/>	
	355,077	..	414,358	..
	<hr/>		<hr/>	

“ Rates ” are based on actual figures. “ Administration ” is primarily determined on the basis of an estimated allocation of salaries. Regard has also been had to administrative items which are clearly ascertainable as direct charges to either capital or revenue.

The audit of the 1955-56 figures disclosed that interest capitalized in respect of building construction for that year was over calculated. This calculation is based on a formula first applied in 1954-55. No objection has been raised to the use of this formula as time and cost factors preclude the use of any basis other than estimation.

The factors which contributed to over-capitalization of interest in 1955-56 were :—

- (i) the formula was applied too rigidly ;
- (ii) the estimated average of the costs for varying types of construction adopted for the purpose of the calculations was too high ;
- (iii) allowance on a time basis, where contracts were completed during the year. was not made as required under the formula ;
- (iv) the practice of regarding eight months as being the average period for "on site" construction was continued although such average period had been reduced considerably.

(Note.—In 1956-57, the period was reduced to 4 months.)

Provision for Maintenance.—The amount provided in the 1955-56 Revenue Account was £927,902 and, in 1956-57, £934,406. Actual expenditure on maintenance is met from an "Accruing Maintenance Provision Account" and, in the respective years, totalled £623,653 and £757,677. The balance in the Provision Account at 30th June, 1957, was £1,160,138.

The estimate of accruing maintenance has been based so far on the Maintenance Architect's assessments as applied to classified types of Commission houses. As stated in the previous Report, the adequacy of their application to later years has been questioned. To date, no action has been taken to review the position.

Depreciation.—No provision has been made out of revenue for depreciation of houses. The expenditure from revenue on account of debt redemption has so far been regarded by the Commission as a reasonable substitute for depreciation, as it provides for amortization over a period of 53 years.

Insurance.—No provision for insurance has been included in the charges against revenue. In reply to an audit query in the matter, the Commission has stated *inter alia* that there has been no case to date of complete loss of a house through fire or for any other reason.

ABRIDGED BALANCE-SHEET.

30.6.1956.		30.6.1957.	
£		£	£
	<i>Current Assets—</i>		
394,072	.. Construction materials .. .. .	..	..
10,606	.. Maintenance materials .. .. .	..	..
381,020*	.. Sundry debtors	410,063*	
..	.. Cash at Bank and in Transit	378,292	
			788,355
23,983	.. <i>Investments</i>		45,600
	<i>Deferred Assets—</i>		
3,025,580	.. House Purchase Debtors		7,747,767
	<i>Fixed Assets—</i>		
13,031,385	.. Estates, being cost of land, developmental and incidental expenses	14,226,325	
71,327,541	.. Dwellings and Shops	76,883,800	
			91,110,125
911,041	.. Less Suspense Account for estimated capital costs of houses sold ..	3,988,874	
			87,121,251
176,683	.. Cost of properties acquired for Slum Reclamation	330,048	
38,979	.. Store rooms, offices, &c.	43,459	
154,577	.. Plant, vehicles, office furniture, and equipment	128,415	
17,078	.. Precutting depots and constructional buildings	12,400	
1,429,492	.. Concrete House Project	1,459,703	
			89,095,276
121,945	.. <i>Deposit and Trust Account—</i> Cash and securities at Bank		104,536
11,951	.. <i>Loan Flotation Expenses—</i> Less amount written off		15,600
..	.. <i>Plans and Designs, &c.</i>		6,671
1,225,271	.. <i>Accumulated Deficit</i>		1,088,086
			98,891,891
90,459,122	Total		

* Sundry Debtors as at 30th June, 1956, includes the amount of £11,332 in respect of cashier's defalcations disclosed in April, 1956; amended to £11,007 at 30th June, 1957, and still unadjusted as at that date.

ABRIDGED BALANCE-SHEET—*continued.*

30.6.1956.		30.6.1957.	
£		£	£
	<i>Current liabilities—</i>		
259,318	Sundry Creditors		336,762
543,101	Bank overdraft less cash in transit .. .. .		..
	<i>Loans—</i>		
83,434,036	Government advances	90,402,580	
466,120	Debenture issues	461,676	
			90,864,256
	<i>Advances and Subsidies—</i>		
929,645	State Treasury—Advances out of Consolidated Revenue to meet losses	556,315	
80,000	Subsidy from Loan for Slum Reclamation	346,600	
			902,915
	<i>Reserves and Sinking Funds—</i>		
53,880	Debenture Loans Redemption	58,324	
123,385	Cancelled Securities—National Debt Sinking Fund	126,984	
9,561	Debenture Loan Sinking Fund	10,404	
2,637,035	Loan Redemption—Commonwealth and State Agreement	3,190,400	
6,580	“Trans-fab” Construction Insurance Reserve	8,125	
983,408	Accruing Maintenance Provision	1,160,138	
	Irrecoverable Rents Provision	80,000	
809,238	House Sales Reserve Suspense Account	1,680,906	
1,870	House Sales—Death Benefit Scheme and Insurance	56,706	
	Land Realisation Reserve	311,435	
			6,683,422
	<i>Deposit and Trust Account—</i>		
121,945	Contractors’ deposits and other trust moneys		104,536
90,459,122	Total		98,891,891

No reconciliation as at 30th June, 1956, was made by the Commission’s officers of the balances in the subsidiary rental ledgers with the appropriate General Ledger Control Account. Such a reconciliation is in course as at the 30th June, 1957, and when completed, will in effect, not only substantiate or disprove the figure for Sundry Debtors as at that date but will also have the same effect in respect of the comparable figure as at the 30th June, 1956. Until this reconciliation is completed, I am unable to accept as correct the figure for Sundry Debtors as at either date.

Further, the amount of Sundry Debtors as at the 30th June, 1956, was overstated by £10,416. This excess amount, purporting to be on account of rental arrears, should have been shown as Cash in Transit as the country tenants concerned had met their rental charges to the amount stated before the close of the year.

As from the 1st July, 1956, stocks of constructional materials on hand were transferred to the Concrete House Project, Holmesglen. Generally, for the purposes of the transfer, values placed on physical stocks as at the 30th June, 1956, were higher than those as at the 30th June, 1955, when stocks were priced at average cost. The object of the revaluation was to bring the values of such stocks into approximation with current market values. As a result of the revaluation, the book value of constructional materials as at the 30th June, 1956, was written up to the extent of £52,033, an increase of approximately 20 per cent. This amount was credited to building construction expenses unallotted and subsequently distributed proportionately over building contracts current during 1955–56.

The basis of the above revaluation was questioned by the executive of the Concrete House Project and, subsequently, the values of the construction stocks transferred were reviewed by a Committee set up for the purpose. It was submitted by the Committee that some of the stocks could not be used in project operations and would yield only a small percentage of the transfer value on disposal. On their recommendation, an amount of £54,696 was written back as at the 30th June, 1957, to building construction expenses unallotted. This amount purports to represent the difference between the transfer and disposal values of the stock in question. As at the same date, the amount was allocated proportionately to building contracts current during 1956–57.

Variations in the valuation of stocks, such as those referred to above, affect building costs from year to year. Similar instances have been raised by the audit in previous years and the Commission has given the assurance that “generally, the question of equitable distribution of indirect surpluses or deficits has, at all times, been given all possible attention in accordance with circumstances and prospects apparent at the material times”.

Maintenance Materials, Morwell.—On 9th April, 1956, stock was taken of maintenance materials at Morwell for the purpose of the transfer of the control of stocks to the Concrete House Project. This stock-taking disclosed a discrepancy of £8,407 9s. 8d. between book values in the Head Office accounts and physical stock values.

Prior to the transfer, the movements of maintenance materials were recorded in stock ledgers kept by members of the staff of the Head Office Maintenance Branch who were also responsible for physical stock-taking and the preparation of the annual stock sheets.

Stock sheets showing the quantities and values of materials purporting to be on hand at Morwell at 30th June, 1955, were presented through the Maintenance Architect and these figures were reconciled with the balances shown in the Morwell stock ledger. At the time, there was no reason to doubt the authenticity of the stock sheets presented.

Subsequent investigation of the discrepancy in question disclosed that the typewritten stock sheets for the 30th June, 1955, as presented, were not a true statement of physical stocks on hand at that date.

Although the working sheets of the physical stock-take at 30th June, 1955, could not be produced by the administrative officer of the Maintenance Branch responsible for the Head Office records, there was ample evidence in the bin-card records kept at the Morwell Store to confirm that the Head Office records were entirely unreliable.

Personal responsibility for the incorrect entries in the Head Office records has not yet been determined.

Loan Liability.—The total liability of the Commission for borrowed money at 30th June, 1957, was £90,864,256 made up as follows:—

<i>State Housing.</i>		£
From the Government of Victoria		1,130,125
„ Debenture issues of the Commission		497,500
		<u>1,627,625</u>
Government Loan transferred to the Commission		30,000
		<u>1,657,625</u>
	£	
Less Securities purchased out of National Debt Sinking Fund and cancelled	137,362	
Debentures redeemed under Act No. 4583, Section 5	35,824	
	<u>173,186</u>	
		1,484,439
<i>Commonwealth and State Housing Agreement.</i>		
Loan Advances received from the Commonwealth of Australia	94,181,000	
Less Repayments	4,801,183	
	<u>89,379,817</u>	
Aggregate Liability as at 30th June, 1957		<u>90,864,256</u>

LATROBE VALLEY WATER AND SEWERAGE BOARD.

Constituted under the provisions of the *Latrobe Valley Drainage Act 1951* as amended, the Latrobe Valley Water and Sewerage Board commenced operations on 1st July, 1954. Functions of the Board include the maintenance of adequate supplies of water within the Latrobe Valley area, and the construction and operation of an outfall sewer to convey industrial and domestic waste from the area to the sea.

Prior to the appointment of the Board, a considerable amount of preliminary work was carried out by the State Rivers and Water Supply Commission, which had been empowered to exercise all the powers of the Board.

Expenditure on capital works has been met from the Loan Fund—by direct charge in the case of the Commission, and as a result of payments by the Treasurer to recoup the Board for expenditure met from an overdraft of £75,000 authorized by the Act. Charges to the Loan Fund are:—

Year.	Expended by.	Water.	Sewerage.	Total.
		£	£	£
1951-52 to 1954-55	State Rivers and Water Supply Commission	278,746	31,837	310,583
1954-55 to 1955-56	Latrobe Valley Water and Sewerage Board	586,350	467,176	1,053,526
1956-57	Latrobe Valley Water and Sewerage Board	182,533	865,769	1,048,302
		1,047,629	1,364,782	2,412,411

All such charges, whether associated with expenditure by the Commission or arising from payments to the Board, are considered to be advances made by the Treasurer to the Board. Liability for interest at 3 per centum per annum and for repayment rests upon the Board.

To 30th June, 1955, the Board was engaged upon the acquisition and construction of works, which with minor exceptions, were not productive of revenue. Accordingly all administrative expenditure was capitalized. Corresponding treatment of interest charges was, however, prohibited by the terms of the Act. As sufficient funds to meet interest charges and instalments of redemption were not otherwise available, the approval of the Treasurer was given to such payments being deferred on condition that payment in full be made within three years from the date upon which each major work becomes revenue producing.

The water supply works of the Board were considered to be on a revenue producing basis from 5th September, 1955, and arrears of interest and redemption at that date were £10,122 and £1,687 respectively. These arrears are required to be liquidated by 5th September, 1958, but, as yet, no payment thereon has been made to the Treasurer. With the exception of the payment due in respect of the half year ended 30th June, 1957, interest charges and instalments of redemption accruing since the works became revenue producing have been met. Receipts from the sales of materials enabled the Board to make a special repayment of £15,500 in June, 1957.

At 30th June, 1957, sewerage works were still under construction and no payments had been made on account of interest or as instalments in redemption of the loan liability. Recovery from a contractor of part of the cost of materials supplied for the manufacture of pipes enabled special repayment of a further £24,000 in June, 1957.

Liability of the Board to the State at 30th June, 1957, was—

	Loans.	Interest.		Redemption.	
		Deferred.	Overdue.	Deferred.	Overdue.
	£	£	£	£	£
Water	1,026,520	10,122	14,522	1,687	2,479
Sewerage	1,320,782	34,437	..	5,739	..
	2,347,302	44,559	14,522	7,426	2,479

The accounts of the Board to 30th June, 1957, have been audited and my certificate given thereto subject to the re-allocation, in the succeeding year, of certain revenue and capital charges. For the purposes of comparison, figures for the previous year are given in the abridged statements below.

REVENUE ACCOUNT.

1955-56.		1956-57.
£		£
	<i>Income.</i>	
47,074	Sales of Water	61,820
..	Treatment Charges	2,254
1,065	Rent of Staff Residences	1,507
143	Other	156
<u>48,282</u>		<u>65,737</u>
	<i>Expenditure.</i>	
27,035	Interest on Loans	52,216
2,254	Interest on Overdraft	1,822
8,351	Depreciation	9,707
5,569	Maintenance of Works	7,208
3,659	Pumping	6,710
1,500	Rent of Reservoir	1,500
550	Maintenance of Staff Residences	1,104
992	Other Expenses	4,689
<u>49,910</u>		<u>84,956</u>
1,628	Deficit for year	<u>19,219*</u>

* Surplus on Water Fund, £8,324; Deficit on Sewerage Fund, £27,543.

BALANCE-SHEET.

30.6.1956.		30.6.1957.
£		£
1,201,850	Works (including Works in Progress)	2,175,447
33,005	Plant and Equipment	33,069
76,358	Land, Buildings, Residences	114,813
5,410	Office and Laboratory Equipment	12,705
38,549	Stores, Tools, &c.	27,515
2,311	Debtors and Prepayments	5,270
182	Investments—Depreciation	8,713
11,002	Cash at Bank and in Hand	16,321
16,217	Accumulated Deficit	35,436
<u>1,384,884</u>		<u>2,429,289</u>
1,342,857	Treasurer of Victoria—Loans	2,347,302
31,439	Interest	59,081
599	Interest on Overdraft accrued	259
1,118	Sundry Creditors .. .. .	..
338	Contractors' Deposits	1,768
8,533	Depreciation Reserve	18,419
..	Asset Realization Account	2,460
<u>1,384,884</u>		<u>2,429,289</u>

Appraisal of the current revenues of the Board indicates that it is unlikely, during the currency of present agreements with water consumers and users of the sewerage works, that sufficient revenue will be available to meet current debt charges, administrative expenses and operating costs, and, at the same time, liquidate within the stipulated period debt charges accrued up to the date each major work becomes revenue producing.

LOCAL AUTHORITIES SUPERANNUATION BOARD.

Established under the provisions of the Local Authorities Superannuation Act, No. 5216, the Board is responsible for the administration of two separate schemes to provide retiring allowances for permanent employees of local governing bodies, viz. :—

Insurance, under which an employee is required to effect, with an approved company, a policy of endowment insurance, the amount of the policy being that obtainable for an annual premium equivalent to seven per cent. of the salary of the employee; and

Provident Fund, under which there is contributed to a Provident Fund established by the Board an annual sum equivalent to seven per cent. of the salary of the employee.

Premiums and contributions are payable annually in advance by the employing authority, which is then entitled to recover from each employee, by instalments over the ensuing year, half the amount paid on his behalf.

Benefits under the schemes are :—

Insurance.

On attaining 65 years of age or prior death—payment to the employee or his legal personal representative of the proceeds of the policy.

On resignation prior to attaining 65 years of age—payment to the employee of the surrender value of the policy, provided that, if so desired, the employee may take over the policy and assume responsibility for future premiums thereon.

Provident Fund.

On termination of employment by a local authority at any time—payment to the employee or his legal personal representative of the amount standing to his credit in the Fund.

Administrative costs of the Board are met from the Management Account into which is paid the commissions received from the underwriting insurance company on both new business and collections, together with interest received from investment of surplus funds in the account.

The audit of the accounts to 30th June, 1957, has been completed. The following statements summarize transactions on the Board's accounts in the past three years.

INSURANCE ACCOUNT.

		1954-55.		1955-56.		1956-57.
	<i>Receipts.</i>	£		£		£
Balance at Bank		13,969		10,912		9,052
Premiums		362,688		423,637		470,014
Surrender Values		56,881		67,853		53,352
Death Claims		22,566		25,260		34,882
Matured Policies		12,874		9,356		12,255
Taken-over Policies		1,046		2,060		1,417
Other		801		802		495
		470,825		539,880		581,467
	<i>Payments.</i>					
Insurance Companies		343,028		400,269		446,688
Management Account—Commission, &c.		17,957		21,776		24,231
Authorities and Employees		98,928		108,783		98,250
Balance at Bank		10,912		9,052		12,298
		470,825		539,880		581,467

PROVIDENT FUND.

	<i>Receipts.</i>					1954-55.	1955-56.	1956-57.
						£	£	£
Balance at Bank						56,600	53,534	70,035
Contributions						118,280	136,607	144,113
Interest on Investments						14,855	17,098	18,684
Other						418	..	879
						<u>190,153</u>	<u>207,239</u>	<u>233,711</u>
	<i>Payments.</i>							
Employees						84,287	97,596	120,580
Refunds to Authorities						11,905	12,367	14,142
Investments (Net)						40,100	27,000	33,700
Other						327	241	607
Balance at Bank						53,534	70,035	64,682
						<u>190,153</u>	<u>207,239</u>	<u>233,711</u>

Interest earned to 28th February in each year is distributed over the contributors' accounts, and was sufficient to allow an addition to contributors' credits of $3\frac{3}{4}$ per cent. in 1955 and 1956, and of 4 per cent. in 1957.

The position of the Fund at 30th June in each of the years was:—

	1954-55.	1955-56.	1956-57.
	£	£	£
Contributors' credits	438,962	480,730	507,729
Unallotted Interest	7,962	9,695	11,043
	<u>446,924</u>	<u>490,425</u>	<u>518,772</u>
Represented by—			
Cash at Bank	53,534	70,035	64,682
Investments	393,390	420,390	454,090
	<u>446,924</u>	<u>490,425</u>	<u>518,772</u>

MANAGEMENT ACCOUNT.

<i>Income.</i>					£	£	£
Commission—							
New Business					15,306	26,353	27,101
Collection					17,931	20,975	23,411
Interest on Investments					5,383	7,767	8,750
					<u>38,620</u>	<u>55,095</u>	<u>59,262</u>
<i>Expenditure.</i>							
Board Members' Fees					502	454	547
Salaries					6,574	7,295	8,526
Other Administration Charges					1,588	1,925	2,311
*Investigation Fee—Insurance .. .. .					..	..	150
Rates, &c., on Freehold Land .. .. .					..	..	231
Depreciation					161	147	134
					<u>8,825</u>	<u>9,821</u>	<u>11,899</u>
Surplus					29,795	45,274	47,363

* The legality of this expenditure having been questioned, the Board sought the advice of its solicitors who were of the opinion that it was not administration expense as contemplated by the Act. Nevertheless the solicitors considered that the expenditure was justified.

The Board may invest surplus funds of the Management Account or may appropriate therefrom to a Contingent Account such amounts as it thinks desirable in order to provide sickness benefits, funeral donations, or other gratuitous payments to or on behalf of permanent employees. Amounts so applied were:—

	1954-55.	1955-56.	1956-57.
	£	£	£
Invested	27,550	16,600	..
Contingent Account	7,000	7,250	7,000

As at 30th June, in each of the years given, accumulated funds of the Management Account, including the unexpended balances of the Contingent Account, were:—

	1954-55.	1955-56.	1956-57.
	£	£	£
Accumulated Funds	176,389	214,304	254,736
Represented by—			
Current assets <i>less</i> liabilities	19,507	40,931	46,008
Investments	155,130	171,730	171,630
Freehold land .. .. .	..	..	35,520
Furniture and equipment	1,450	1,320	1,209
Prepayments	302	323	369
	<u>176,389</u>	<u>214,304</u>	<u>254,736</u>

The *Local Authorities Superannuation Act 1947* was amended by Act No. 5992 of 1956 to allow the Board, with the consent of the Governor in Council, to acquire real estate for the purpose of providing office accommodation for itself and the Municipal Association of Victoria. Acting under the amended legislation, the Board purchased a vacant block of land in Queen's-road, South Melbourne at a cost of £35,000 with the object of erecting thereon premises suitable for the purpose.

The Board in accumulating funds sufficient for the purchase of this land, and in anticipation of expenditure to be incurred on the proposed building, withheld from investment the greater portion of the surplus disclosed in the 1955-56 accounts, together with the full surplus for 1956-57. This has resulted in a reduction in the income of the Board.

MELBOURNE HARBOR TRUST.

Pursuant to the provisions of the Melbourne Harbor Trust Act, the responsibility for the annual audit of the receipts and disbursements of the Trust rests with me. In accordance with my direction, the officer on my staff who actually conducts the audit, accepts for the purpose of his audit the results of the work of continuous vouching of disbursements and checking receipts performed by the Trust's auditors—a firm of Public Accountants. A summarized statement of receipts and disbursements for the years ended 31st December, 1955 and 1956 follows:—

1955.		Receipts.						1956.	
£								£	£
113,655	Balance 1st January	..	..	..	..	..	..	..	..
Revenue—									
1,781,563	Wharfage Rates	..	..	..	..	..	..	1,531,334	
376,483	Tonnage Rates ..	..	..	..	..	..	..	326,530	
120,516	Rents, &c., from Lands	..	..	..	..	..	..	134,446	
95,992	Rents of Sheds	..	..	..	..	..	..	81,741	
109,934	Special Berth and Appropriation Fees, &c.	..	..	..	..	..	..	93,558	
53,739	Storage, Receiving, and Delivery Fees	..	..	..	..	..	..	47,123	
356,158	Crane Hire	..	..	..	..	..	..	354,313	
220	Plant Hire	..	..	..	..	..	..	676	
20,335	Towage	..	..	..	..	..	..	9,788	
28,339	Cargo Lights	..	..	..	..	..	..	27,443	
34,832	Sale, Electric Energy	..	..	..	..	..	..	36,230	
88,978	Miscellaneous	..	..	..	..	..	..	71,688	
3,067,089									2,714,870
6,798,853	Sale of Investments ..	..	..	..	..	..	..	..	2,238,448
425,000	Loan Moneys received	..	..	..	..	..	..	..	1,615,200
Other—									
9,991	Sale of Property, Plant, &c.	..	..	..	..	..	..	55,246	
26,494	Repayments by Sundry Debtors ..	..	..	..	..	..	..	15,080	
4,781	Housing of Employees, repayments	..	..	..	..	..	..	6,842	
59,024	Superannuation	..	..	..	..	..	..	70,252	
90,496	Materials from stock	..	..	..	..	..	..	..
190,786									147,420
73,053	Balance—Overdraft, 31st December	..	..	..	..	..	..	..	231,379
10,668,436									6,947,317
		Disbursements.							
..	Balance 1st January	..	..	..	..	..	..	..	73,053
Payments—									
General—									
512,147	Management and General Expenses	..	..	..	..	..	..	572,648	
445,175	Port Operating Expenses	..	..	..	..	..	..	483,165	
544,640	Maintenance—Dredging and Properties	..	..	..	..	..	..	643,191	
398,300	Interest	..	..	..	..	..	..	435,971	
396	Loan Flotation Expenses	..	..	..	..	..	..	12,017	
3,730	Damage to Trust Plant	..	..	..	..	..	..	9,118	
9,210	Refunds of Revenue	..	..	..	..	..	..	7,624	
1,913,598									2,163,734
1,318,202	New Works	..	..	..	..	..	..	..	1,432,732
6,833,429	Purchase of Investments	..	..	..	..	..	..	..	2,417,898
..	Loan Redemptions	..	..	..	..	..	..	..	216,000
Appropriations—									
434,526	Consolidated Revenue	..	..	..	..	..	..	377,019	
15,000	Geelong Harbor Trust	..	..	..	..	..	..	15,000	
89,169	Sinking Fund	..	..	..	..	..	..	94,681	
538,695									486,700
Other—									
17,244	Expenditure on account of Sundry Debtors	..	..	..	..	..	..	73,140	
13,920	Advances to Employees for Housing	..	..	..	..	..	..	33,621	
33,327	Superannuation	..	..	..	..	..	..	40,530	
..	Stocks of Materials	..	..	..	..	..	..	4,965	
21	Miscellaneous	..	..	..	..	..	..	4,944	
64,512									157,200
10,668,436									6,947,317

The loan liability increased by £1,317,969 to £11,296,811 at 31st December, 1956.

Geelong Harbor Trust.

The net revenue for the year ended 31st December, 1956, was £448,843, an increase of £118,852 compared with that of the previous year. Appropriations to Sinking Fund, Insurance Fund, and Long Service Leave Provision accounted for £37,752, leaving a net surplus of £411,091.

Comparative figures for the past three years in the Trust's Revenue account are shown in the statement hereunder:—

REVENUE ACCOUNT.

	1954.	1955.	1956.
	£	£	£
<i>Revenue.</i>			
Operating Revenue—			
Harbor Revenue	403,482	575,978	717,510
Shipping Services	78,458	106,828	152,508
Miscellaneous—			
General	10,368	11,696	13,934
Corio Freezing Works	31,939	31,924	32,456
Non-operating Revenue—			
Interest	4,672	4,016	5,573
Sale of Materials	482	1,158	600
Melbourne Harbor Trust Contribution	15,000	15,000	15,000
Total Revenue	544,401	746,600	937,581
<i>Expenditure.</i>			
Operating Expenses—			
Administration, &c.	47,660	57,368	59,448
Shipping Services	70,449	92,679	125,313
Maintenance—			
General	36,014	42,974	56,498
Corio Freezing Works	23,239	30,211	27,579
Depreciation	46,838	54,176	75,253
Non-operating Expenses—			
Superannuation	9,761	8,861	7,333
Interest	111,283	128,527	136,195
Miscellaneous	794	1,813	1,119
Total Expenditure	346,038	416,609	488,738
Net Revenue	198,363	329,991	448,843
Appropriations—			
Sinking Fund	13,378	14,878	14,878
Insurance Fund	10,000	20,000	20,200
Long Service Leave (accruals in past years)	1,024	1,104	2,674
Total Appropriations	24,402	35,982	37,752
Net Surplus	173,961	294,009	411,091

It should be noted that the Trust continued to receive under statutory authority an annual amount of £15,000 by way of contribution by the Melbourne Harbor Trust.

The following is an abridged Statement of the Assets and Liabilities of the Trust:—

31.12.1955.		31.12.1956.	
£	Assets—	£	£
480,687	Current .. .. .	..	418,775
7,966	Deferred .. .. .	..	4,207
4,270,378	Fixed, less depreciation .. .. .	..	5,431,089
204,900	Investments .. .. .	..	245,970
<u>4,963,931</u>	Total .. .. .	..	<u>6,100,041</u>
Liabilities—			
166,200	Current .. .. .	..	419,440
Deferred—			
2,993,097	Loans (including liability to State, £239,619) ..	2,990,219	
8,879	Other	9,866	
		<u>3,000,085</u>	3,419,525
Funds—			
745,742	Endowments .. .. .	..	1,196,716
179,213	General Reserve .. .. .	..	160,839
156,997	Sinking Fund .. .. .	..	173,299
47,903	Insurance Reserve .. .. .	..	72,671
Net Revenue Account—			
665,900	Accumulated Surplus .. .. .	..	1,076,991
<u>4,963,931</u>	Total .. .. .	..	<u>2,680,516</u>
		..	<u>6,100,041</u>

Work on a new dredging contract arranged with the Australian Dredging and General Works Pty. Ltd. for deepening the channels of Corio Bay, on a deferred-payment basis, was the principal undertaking of the Trust during 1956. The total cost of construction under the contract will be recovered by means of a Channel toll levied on all Tanker vessels proceeding to berths at the Refinery pier.

PORTLAND HARBOR TRUST.

Operations for the year resulted in a surplus of £18,945 as compared with a surplus of £5,935 in 1955-56. However, revenue was subsidized by a grant from the State of £57,000 in 1955-56 and £87,500 in 1956-57; these amounts included sums of £37,000 and £27,500 respectively to assist the Trust to meet interest commitments on its own public loans.

Particulars of revenue and expenditure for the past two years are:—

1955-56.	<i>Revenue.</i>								1956-57.
£									£
14,797	Wharfage Rates .. .. .	..	..	..	..	..	..	..	20,087
2,416	Tonnage Rates .. .. .	..	..	..	..	..	..	..	3,284
604	Haulage .. .. .	..	..	..	..	..	..	..	813
27	Storage .. .. .	..	..	..	..	..	..	..	..
233	Slipway Charges .. .. .	..	..	..	..	..	..	..	193
1,031	Shipping Services .. .. .	..	..	..	..	..	..	..	2,322
2,052	Rent .. .. .	..	..	..	..	..	..	..	1,001
5,273	Other .. .. .	..	..	..	..	..	..	..	7,597
20,000	Maintenance Grant .. .. .	..	..	..	..	..	..	..	60,000
37,000	Interest Subsidy .. .. .	..	..	..	..	..	..	..	27,500
83,433									122,797
	<i>Expenditure.</i>								
	Operating—								
7,762	Administrative .. .. .	..	..	..	..	..	..	..	10,053
23,720	Maintenance .. .. .	..	..	..	..	..	..	..	16,887
780	Shipping Services .. .. .	..	..	..	..	..	..	..	4,620
1,563	Depreciation .. .. .	..	..	..	..	..	..	..	1,130
33,825									32,690
	Non-operating—								
41,560	Loan Interest .. .. .	..	..	..	..	..	..	..	70,403
2,113	Other .. .. .	..	..	..	..	..	..	..	759
77,498									103,852
5,935	Surplus .. .. .	..	..	..	..	..	..	..	18,945

The accumulated deficit of £5,588 at 30th June, 1956, has been converted to a net surplus of £4,800 at 30th June, 1957, after deducting from the surplus for the year the following items—Provision for Long Service Leave £800, and for Sinking Funds £7,757.

Administrative expenditure includes an amount of £89 recorded in the accounts under the head of “promotion of trade and industry.” This sum represents fees for the preparation of a Memorandum and Articles of Association in connection with the proposed formation of a Phosphates Company in the district. The question as to whether this amount is a proper charge against the Trust’s revenue is under consideration.

Loan interest shown in the above statement is in respect of issues of Portland Harbor Trust Inscribed Stock. In the terms of Section 30 of the Act, the Treasurer may require payment of interest and National Debt Sinking Fund contributions in respect of moneys loaned by the State, but so far has deferred action to obtain payment.

BALANCE-SHEET.

The following is an abridged statement of the Trust's balance-sheet :—

30.6.1956.		30.6.1957.	
£		£	£
13,168	Current Liabilities		30,681
	Deferred Liabilities—		
5,000	Treasury Advance	5,000	
1,595,033	Loan Funds	2,545,793	
4,862	Other	18,365	
			2,569,158
	Funds of the Trust—		
133,331	Endowments	122,522	
11,797	Sinking Fund	20,076	
..	Net Surplus	4,800	
			147,398
1,763,191			2,747,237
	Current Assets—		
4,038	Cash	144,776	
45,940	Stores.. .. .	81,380	
7,724	Other	8,226	
			234,382
125,397	Investments .. .. .	..	75,711
	Fixed Assets—		
131,655	Property Vested (<i>less</i> written off)	120,427	
2,011	Other (<i>less</i> depreciation)	1,615	
1,440,838	Construction Works	2,315,102	
			2,437,144
5,588	Net Deficit .. .. .	..	..
1,763,191			2,747,237

Loan Funds at 30th June, 1957, comprised Advances from the Treasurer £844,243 and £1,701,550 raised by the issue of Inscribed Stock.

The deferred liabilities do not include Interest £81,501 and Sinking Fund £4,027, payment of which has been deferred with the Treasurer's approval.

The Endowment Fund which is chiefly represented by the property initially vested in the Trust is being reduced over the period of construction parallel with the writing down of the vested property. This is being written down progressively as the items comprising it are absorbed into new works or dismantled during the course of construction of the harbor.

Stores consist of conventional goods to a value of £67,104, and subsidiary stores £14,276. Conventional stores have been checked selectively by the audit and are supported by a certificate of the Chief Storekeeper. Subsidiary stores cover the stockpile of rock and aggregate at quarries. A certificate is not available as to the quantities and values of these latter items.

Investments, £75,711, include investments on account of sinking funds, funds not immediately required on short-term investment, and general investments. There is no specific provision in the Act for the Commissioners to make general investments. However, an amount of £25,242 was invested in a State Electricity Area Loan, with a view to accelerating the supply of adequate power and energy for the promotion of trade and industry within the area served by the port.

Land has been acquired under the provisions of the Act to a total cost of £40,599, and title deeds have been inspected for all acquisitions completed. The land in question has been included in construction works at a book value of £35,723. The balance, £4,876, has been wrongly included in construction costs. The necessary adjustment will be made in the accounts for the current year.

MELBOURNE AND METROPOLITAN BOARD OF WORKS.

The operations of the Board during 1956-57 resulted in a surplus of £17,098 as compared with a surplus of £4,858 in the preceding year. The following summary of the Revenue Account shows the gross revenue from rates and charges, the results of Farm trading, and various items of general and statutory expenditure, and special appropriations:—

REVENUE ACCOUNT.	
1955-56.	1956-57.
£	£ £
	Rates and Charges—
2,554,114	Water Supply 2,729,133
2,511,974	Sewerage 2,899,819
415,093	Drainage and Rivers 452,217
5,481,181	Total Rates and Charges 6,081,169
	Metropolitan Farm—
101,346	Gross profit on cattle 132,904
9,880	Gross profit on sheep 14,785
5,699	Rent 6,095
5,698	Sundry Trading Operations 6,562
	160,346
5,603,804	Gross Revenue 6,241,515
	Working Expenses—
894,348	Management 977,577
1,405,994	Maintenance 1,547,506
2,391,587	Interest (including overseas exchange) 2,761,192
4,691,929	5,286,275
911,875	Gross Surplus 955,240
	General Expenditure—
85,137	Loan Flotation Expenses 53,480
35,153	Staff Gratuities 24,292
51,146	Contributions to Superannuation Fund 58,295
16,447	Depreciation—Furniture and Fittings, &c. 7,250
27,617	Pensions (cost of living allowance in Superannuation payments) 28,526
200,904	Main Drainage Works 221,440
32,628	Contribution (special) to Investment Reserve
	393,283
	Statutory Expenditure—
7,414	Contributions to Municipalities 17,136
143,105	Contributions to Renewals Fund 138,584
	155,720
	Appropriations—
	Statutory—
132,466	Contributions to Sinking Fund 149,139
	Other—
175,000	Contributions to Exchange Reserve 90,000
..	Contributions to Rates Equalization Reserve 150,000
	389,139
	938,142
4,858	Net Surplus 17,098
	Add accumulated surplus brought forward 1st July, 1956 21,191
	Net accumulated surplus at 30th June, 1957, carried forward 38,289

The following summary shows the variations in the valuations of properties rateable to the Board, the rates levied and the total collectable revenue in each of the past six years :—

Financial Year.	Water Rate. (Maximum 8d.)		Metropolitan General Rate. (Maximum 1s. 2d.)		Drainage and Rivers Rate. (Maximum 2d.)		Assessment Valuations. (Net Annual Values.)
	Rate.	Revenue from Rates and Other Charges.	Rate.	Revenue from Rates and Other Charges.	Rate.	Revenue from Rates and Other Charges.	
	d.	£	s. d.	£	d.	£	£
1951-52 ..	7	1,674,096	1 1	1,672,751	1	132,748	29,650,111
1952-53 ..	7	1,741,760	1 1	1,872,530	1	152,007	34,430,514
1953-54 ..	8	2,271,269	1 1	2,177,498	1	175,933	40,143,932
1954-55 ..	8	2,434,199	1 1	2,353,376	1	196,658	43,638,629
1955-56 ..	8	2,554,114	1 1	2,511,974	2	415,093	46,629,229
1956-57 ..	8	2,729,133	1 2	2,899,819	2	452,217	51,701,800

With the exception of the Metropolitan General Rate, which was raised to its maximum, the rates levied were unchanged from the preceding year, but the aggregate of Net Annual Values—on which the rates are assessed—continued to rise, all municipalities, with one exception, returning an increased total valuation.

Interest charges continue to be a heavy burden on the Board's revenue, the proportion of interest and exchange to gross revenue from rates and charges being 45·45 per cent. as compared with 43·63 per cent. in 1955-56 and 44·26 per cent. in 1951-52.

Interest charged included amounts credited to the Board's several funds as follows :—

Renewals Fund £106,508, Sinking Fund £258,785, and Superannuation Fund £50,593.

Exchange on interest remitted overseas amounted to £28,887.

Under amending legislation—Melbourne and Metropolitan Board of Works (Contributions) Act No. 6060—the Board's liability to make contributions to certain municipalities has been increased. It is now liable for a total annual payment of a minimum of £16,992 as compared with formerly, £7,290.

In continuation of the change of the Board's policy referred to in the previous report, a section of the Drainage and River Improvement capital works was financed from revenue to the extent of £221,440.

Particulars of the Special Funds of the Board are shown hereunder :—

	Contribution from Revenue.	Interest Credited.	Total Revenue Additions to Fund.	Credit Balance at 30th June, 1957.
	£	£	£	£
Sinking Fund	149,139	258,785	407,924	6,454,363
Renewals Fund	138,584	106,508	245,092	6,174,993
Superannuation Fund	58,295	50,593	108,888	1,107,848
Insurance Account .. .. .	..	..	..	306,317
	346,018	415,886	761,904	14,043,521

Of the total £14,043,521 of the several balances shown above, an amount of £13,350,076 was used in the Board's works and £693,445 was invested in the Board's securities.

Town Planning, Metropolitan Highways, &c.—The responsibilities of the Board in connexion with Town Planning were extended by the *Melbourne and Metropolitan Board Act 1956 No. 5982* to include the construction and maintenance of metropolitan highways, bridges, parks, and foreshores. Section 20 of this Act provides that the Board may make and levy a rate not exceeding Fourpence in the pound of the net annual value of all rateable properties in the metropolitan area and shall pay the proceeds to the Metropolitan Improvement Fund.

In accordance with this authority, the Metropolitan Improvement Rate was increased from 1d. to 2d. in 1956–57 to provide for the extended activities arising from the Board's additional statutory responsibilities. Revenue from this rate assessed on a net annual value of £53,656,311 and other charges, totalled £455,831, which was allocated for the following purposes: Town Planning management, £96,342; Foreshore maintenance, £748; and for writing off the deferred charge on account of the Master Plan, £42,894.

The unexpended revenue from this source, £315,847, was transferred to Planning and Highways Reserve. This amount, together with the balance of £38,608 brought forward, totalled £354,455 at 30th June, 1957, and was represented by the following assets:—

	£
Metropolitan Improvement Fund—	
Cash at Bank	43,507
Cash held temporarily in Metropolitan General Fund ..	8,798
Fixed Deposits	100,000
Reserved Land—held temporarily under Section 6 (3) (e), Act No. 5834	188,708
Arrears—Rates and Charges	11,202
Expenditure on Foreshore Improvements	2,240
	354,455

The following statement shows the Assets and Liabilities of the Board:—

30.6.1956.		30.6.1957.
£	Current Assets—	£
644,855	Cash in hand and at bank	1,472,397
315,317	Arrears of Rates and Sundry Debtors	332,129
80,544	Livestock and Produce on hand	203,021
1,242,712	Stores and Materials on hand	1,064,826
38,608	Reserved Land—Planning and Highways	188,708
2,322,036		3,261,081
	Deferred Charges—	
42,894	Town Planning Expenses—Master Plan .. .. .	..
	Fixed Assets—	
..	Planning and Highways Works	2,240
33,147,749	Water Supply Works	37,254,115
23,410,730	Sewerage Works	25,234,566
670,569	Sewerage House Connections	670,569
4,061,717	Main Drainage Works	4,682,763
847,735	River Improvement Works	1,167,079
2,418,989	Buildings, Water Meters, and other items	3,062,699
64,557,489		72,074,031
5,988,103	<i>Less Renewals Fund</i>	6,174,993
58,569,386		65,899,038
1,705,752	Plant and Tools	1,449,434
264,478	Motor Vehicles	230,664
87,257	Furniture and Fittings	98,116
	Investments—	
1,500	External—Commonwealth Stock	1,500
1,330,188	Internal—M.M.B.W. Stock	1,326,823
64,323,491	Total Assets	72,266,656

30.6.1956.		30.6.1957.
£	Current Liabilities—	£
407,643	Loan Interest, Matured Debentures, and Inscribed Stock ..	527,310
217,129	Sundry Creditors and Deposits	252,015
		<hr/>
		779,325
	Deferred Liabilities—	
1,001,591	Superannuation Fund	
135,949	Provision for Furlough	1,107,848
54,459,340	Loan Liability	168,366
		<hr/>
		60,650,595
	Excess of Assets over Liabilities, represented by—	
922,631	General Reserve	
6,046,439	Sinking Fund	1,404,413
306,430	Insurance Account	6,454,363
170,000	Rates Equalization Reserve	306,317
375,000	Exchange Reserve	320,000
105,979	Deferred Maintenance Reserve	465,000
75,561	Distributable Expense Variance Account	105,979
40,000	Provision for Loan Flotation Expenses	55,706
..	Contribution from State Government (Mountain Area Water Supply)	
38,608	Planning and Highways Reserve	56,000
21,191	Accumulated Surplus	354,455
		<hr/>
		38,289
		<hr/>
		9,560,522
64,323,491	Total Liabilities and Funds	<hr/>
		72,266,656

The increase of £481,782 in the balance of General Reserve was accounted for as follows:—

	£
Expenditure from Revenue on account of drainage and river-improvement works	221,440
Surplus arising from the adoption of a revised standard value for live stock bred at Metropolitan Farm	142,339
Balance of State's contribution in respect of remedial action to prevent flooding in the Elwood Canal	120,028
	<hr/>
	483,807
Deduct net loss on realization of plant, &c.	2,025
	<hr/>
	481,782

The Board's loan authority for its normal functions was increased by Act No. 6041 to a maximum of £69,750,000.

As shown above, the Board's loan liability at 30th June, 1957, was £60,650,595.

During the year, with loan moneys received and from its own internal resources, fixed assets were increased by £7,329,652. Major increases were:—

	£
Upper Yarra Dam construction	2,443,945
Silvan-Mt. Waverley Conduit construction	975,893
Water Supply—extension large mains, meters, &c.	747,468
Construction and Amplification — sewage disposal, &c. — Metropolitan Farm	191,176
Sewerage—extension mains, &c.	1,460,972
Main Drains and River Improvements—extensions, &c.	859,816
New Head Office Building—progress payments	503,316

An amount of £120,028 was received during the year from the Government as the balance of its contribution in respect of remedial action against flooding in the Elwood Canal.

MELBOURNE AND METROPOLITAN TRAMWAYS BOARD.

The audit of the accounts to the 30th June, 1957, has been completed. This consists of a continuous audit by a public accountant and an annual audit by the Auditor-General. As far as is practicable the scope of the two audits is complementary in character.

Operations over the past three years show the following results:—

—	Year ended 30th June, 1955.		Year ended 30th June, 1956.		Year ended 30th June, 1957.	
	£		£		£	
Operations—						
Tramways & Omnibuses	Loss ..	474,227	Loss ..	627,864	Loss ..	965,246
Properties and Miscellaneous	Profit ..	2,747	Profit ..	7,608	Profit ..	8,324
	Loss ..	471,480	Loss ..	620,256	Loss ..	956,922
Interest from Investments		48,409		38,854		37,123
	Net Loss	423,071	Net Loss	581,402	Net Loss	919,799

Section 24 of the *Melbourne and Metropolitan Tramways Act* 1928 as amended requires the Board to carry each year to a Renewals Reserve Fund an amount to meet the expenses incurred in renewals, reconstructions or conversions and, to a General Reserve Fund, a sum towards meeting deficits and for other purposes mentioned in the section.

There is a statutory limit calculated at 6 per centum of the capital cost of the undertaking on the total of the amounts to be so applied. However, in any year in which there would be a deficit if the total provision on account of these funds were calculated at 4 per centum, then the total amount to be so applied may be reduced so as to offset the deficit in whole or in part, subject to the total provision being a minimum of 2½ per centum of such capital cost.

In view of its deficits, the Board has, in recent years, made no provision for a General Reserve Fund because no practical benefits would ensue therefrom. In practice, the Board has conformed with the terms of Section 24 by providing only for the credit to the Renewals Reserve Fund.

As in the previous year, the sum including interest so carried to the Renewals Reserve Fund in 1956-57 was equivalent to the calculated amount of depreciation on the Board's assets. This sum, £640,342, plus £2,005 (interest) credited to a reserve for amortization of a leasehold, represented 4.221 per centum of the capital cost of the undertaking. The net loss of £919,799 shown in the foregoing summary was arrived at after making provision for these amounts.

Section 31 of the Act requires the Board in respect of its loan liability to provide a sinking fund at such rate and for such period as the Governor in Council approves.

Other sections of the Act as amended authorize the Board to make annual provision to meet specified commitments through the medium of several funds named therein.

After making the necessary provision for the sinking fund and the other provisions authorized, the Board's deficit for 1956-57 was £1,077,425 explained as follows:—

	£	s	d	£
Net loss as shown in the above summary				919,799
Appropriations (including interest) for—				
Loan Redemption Account			23,911	
Loan Sinking Funds			94,558	
Guarantee Fund			767	
Public Risk Insurance Reserve Fund	111,596			
<i>Less</i> accounted for in operations above	99,075			
			12,521	
Fire Insurance Reserve Fund			10,869	
Gratuity Fund	231,980			
<i>Less</i> accounted for in operations above	221,980			
			10,000	
Sick Leave Fund	18,264			
<i>Less</i> accounted for in operations above	13,264			
			5,000	
				157,626
Deficit				<u>1,077,425</u>

There has been a change of procedure in relation to the Public Risk Insurance Reserve Fund, the Gratuity Fund, and the Sick Leave Fund involving what appears to be a substantially higher provision for each of these funds as compared with the previous year. Actually, it has been the practice in former years to charge a large proportion of the payments on claims appropriately chargeable to these funds direct to Revenue. The changed procedure will allow of a clearer statement of these claims to the Board and thereby conform with recognized accounting principles. However, it should be noted that, as between the foregoing summaries relating respectively to "Operations" and "Appropriations", adjustments as shown, have been made to the figures for 1956-57 to present the three-year comparison on the same basis as formerly.

I agree with the view expressed by my predecessor that, to simplify the determination of the statutory surplus or deficit, a revision of the present accounting provisions is necessary.

BALANCE-SHEET.

Set out hereunder are particulars of the Board's assets, liabilities and funds, as at the 30th June, 1956 and 1957.

30.6.1956.		30.6.1957.	
£		£	£
23,665	Current Assets—	31,343	
198,436	Cash in Hand	216,113	
737,338	Sundry Debtors	829,304	
	Stores on Hand and Manufactures in Progress		<u>1,076,760</u>
<u>959,439</u>			
	Fixed Assets—		
6,024,752	Permanent Way, Overhead Construction, Transmission Lines	6,181,065	
4,786,532	Rolling Stock	4,981,429	
1,918,069	Land and Buildings	1,934,440	
950,837	Other	920,292	
			<u>14,017,226</u>
13,680,190	<i>Less</i> Provision for Depreciation	5,533,544	
5,100,919			<u>8,483,682</u>
<u>8,579,271</u>			
	Intangible Assets	947,913	
925,233	<i>Less</i> Provision for Depreciation	455,125	
423,866			<u>492,788</u>
<u>501,367</u>			
1,275,515	Investments	1,263,345	
	Trust Account—		
16,210	Contractors' Deposits, &c.	14,636	
			<u>1,277,981</u>
<u>1,291,725</u>			
11,331,802	Total Assets		<u>11,331,211</u>

BALANCE-SHEET—*continued.*

30.6.1956.		30.6.1957.	
£	Current Liabilities—	£	£
729,099	Sundry Creditors	579,966	
85,402	Contractors' and Other Deposits	38,314	
153,740	Bank Overdraft	189,807	
<u>968,241</u>			<u>808,087</u>
<u>7,313,244</u>	Loans		8,289,333
	Specific Reserves—		
4,049,202	Renewals Reserve	4,511,081	
5,524,785	Provision for Depreciation	5,988,669	
<u>1,475,583*</u>		<u>1,477,588*</u>	
82,314	Public Risk Insurance Reserve	170,381	
354,905	Fire Insurance Reserve	365,774	
23,599	Guarantee Fund	24,366	
80,191	Hanna-street Leasehold Reserve	82,196	
20,000	Gratuity Fund	56,918	
10,000	Sick Leave Fund	15,809	
<u>571,009</u>			<u>715,444</u>
	Excess of Assets over Liabilities comprising—		
530,892	Sinking Funds	625,450	
2,396,862	Loan Redemption	2,420,773	
78,786	Commonwealth Grants for Tramlines constructed at its request ..	78,786	
1,695,648	Expenditure upon Cable Tramways prior to their being vested in the Board	1,695,648	
<u>4,702,188</u>		<u>4,820,657</u>	
1,475,583	*Less Excess of Depreciation Accrued over Renewals Reserve Provision	1,477,588	
<u>3,226,605</u>		<u>3,343,069</u>	
747,297	Less Balance of deficit carried forward	1,824,722	
<u>2,479,308</u>			<u>1,518,347</u>
<u>11,331,802</u>	Total Liabilities and Funds		<u>11,331,211</u>

The financial position of the Board has deteriorated in recent years, particularly in respect of its operating funds.

Of the Board's investments, £1,263,345, the sum of £649,816 is in respect of funds which, due to statutory restrictions, cannot be realized except for specified purposes.

A comparative analysis of the Board's balance-sheets as at 30th June, 1956, and 30th June, 1957, discloses that the Board had recourse largely to external sources, including loan raisings and bank overdraft, not only to finance capital expenditure but to provide funds for current needs.

Section 79 of the Act provides that, if in any year there is a deficit the Board shall charge the deficit to the revenues of the following year or make and levy a rate to meet the deficit. To date, the Board has not acted under its rating powers but has carried forward its deficits.

PUBLIC TRUSTEE.

The powers and duties of the Public Trustee are prescribed by statute. He may be appointed in the following capacities: trustee, executor, administrator, receiver, guardian, committee, agent, or attorney. He may decline, or accept upon conditions, any trust but he shall not decline on the ground only of the small value of the estate or trust property. His duties also include the general care, protection, and management of the estates of all mental patients and infirm persons in Victoria.

Investments and property held on behalf of individual estates together with investments through the Common Fund totalled at 30th June £10,229,116 consisting of—

	£
Common Fund	3,695,655
Inscribed Stock held on behalf of estates	1,551,225
Land, shares, &c., held on behalf of estates	4,962,468
Cash at Commonwealth Bank on behalf of specific estates	19,768
	<hr/>
	10,229,116
	<hr/>

The funds of these estates are outside the ambit of the Public Account, all receipts being paid into a "Common Fund" under the direct control of the Public Trustee as authorized by the 1948 Act. At the 30th June, the composition of the Common Fund was:—

	£
Inscribed Stock	1,821,550
Mortgages	538,143
Loan to Co-operative Housing Society	179,969
Municipal Debentures	1,020,576
Cash at State Savings Bank	134,922
Advance—Petty Cash	495
	<hr/>
	3,695,655
	<hr/>

There are many unclaimed balances in the hands of the Public Trustee in respect of which he has been unsuccessful in ascertaining or locating the persons entitled thereto. After the lapse of six years from the time the Public Trustee becomes satisfied that no claim will be made these balances are paid into the Treasury. The amount so paid during the year was £51,204, while the unclaimed balances standing in the Common Fund amounted to £179,793.

The Act requires that interest received from the investment of moneys forming part of the Common Fund be paid into an account called the "Interest Suspense Account". From this account interest at a rate fixed from time to time by the Public Trustee—with a provision for different rates according to various factors—is payable to the credit of each estate represented in the Common Fund. A further sum—"such amount as the Public Trustee deems necessary"—is credited to the Estates Guarantee and Reserve Account, the purpose of which is to meet any losses on investments made from the Common Fund and costs as prescribed in the Act. The balance in the Interest Suspense Account at the close of the year is payable to Consolidated Revenue towards the costs of administration of the Acts. The allocation to the Estates Guarantee and Reserve Account was £13,000 and the sum paid to Consolidated Revenue was £59,511.

Operations through these two accounts were:—

INTEREST SUSPENSE ACCOUNT.

	£
Income from investments	150,036
APPROPRIATIONS.	
	£
Interest allocated to estates	71,525
Provision for interest payable to estates	6,000
Estates Guarantee and Reserve Account	13,000
Consolidated Revenue	59,511
	150,036

ESTATES GUARANTEE AND RESERVE ACCOUNT.

Balance at 1st July, 1956	77,900
Transfer from Interest Suspense Account	13,000
Interest credited on balance	769
	91,669
Less costs. &c., paid	10
	91,659
Balance 30th June, 1957	91,659

Charges against the Estates Guarantee and Reserve Account have been negligible and the balance has increased from £22,000 at 30th June, 1953, to the above figure.

Receipts from the management of estates by way of fees and commission, as well as the interest contribution already mentioned, are paid into Consolidated Revenue, from which the cost of operating expenses is met. The net result of operations for the year was a surplus of £1,294 compared with a surplus of £1,956 in the preceding year. Particulars are:—

<i>Receipts.</i>	£	<i>Payments.</i>	£
Fees and Commission	76,700	Salaries and Pay-roll Tax	118,593
Surplus from Interest Suspense Account	59,511	Advertising	1,747
		Rent	7,336
		Other Expenses	7,241
		Surplus for the year	1,294
	136,211		136,211

The Public Trustee is the medium for the collection of amounts from various sources on account of Consolidated Revenue. Probate duty on estates which he administers is assessed and collected by him. Moneys have been received also for maintenance of patients in Mental Hospitals. The major part of the collections on account of maintenance relates to costs borne by the Commonwealth in respect of the care of military patients, the rate charged being reviewed from time to time. The balance represents payments deferred during the period prior to the agreement between the Commonwealth and State in respect of civilian patients.

Amounts paid by the Public Trustee to Consolidated Revenue from all sources during the last three years were:—

	1954-55.	1955-56.	1956-57.
	£	£	£
Fees and Commission	79,736	73,005	76,700
Stationery, Postages, &c. recouped	2,976	2,666	2,413
Surplus from Interest Suspense Account	30,621	46,527	59,511
Probate Duty	79,711	81,595	61,545
Transfer of Unclaimed Moneys—Section 60, Act 4654	18,058	19,301	51,204
Payments from certain Intestate Estates—Section 16, Act 4654	652	57	558
Maintenance of patients in Mental Hospitals	143,792	155,005	128,836
Sundry Receipts	151	1	2
	355,697	378,157	380,769

WORKERS COMPENSATION BOARD.

This Board, constituted under the provisions of the Workers Compensation Act operates as a tribunal with exclusive jurisdiction to inquire into, hear, and determine all matters and questions arising out of claims under the Act.

Provision was made in the *Workers Compensation (Supplementary Board) Act 1956* (No. 6031) for the Governor in Council to appoint a supplementary Board if satisfied that the existing Board was unable to deal expeditiously with all its business, and a second Board was duly appointed as from 1st February, 1957, for a period of six months.

Contributions by Insurers, Victorian Railways Commissioners, and employers with approved Schemes, to cover the annual estimated expenditure of the Board are paid into a trust fund kept at the Treasury, called the "Workers Compensation Board Fund". The costs and expenses of the Board, other than the salary of the Chairman as a County Court Judge and his travelling expenses, are met out of the fund, the Act containing, *inter alia*, the following comprehensive provision—"all payments directed by order of the Board to be paid out of the fund pursuant to the Workers Compensation Acts".

By the provisions of the *Workers Compensation Act 1953* the fund is also available, by order of the Board after presentation of the certificate of its order to the Treasurer of Victoria, to meet awards against uninsured employers. The Insurance Commissioner is entitled to recover any amounts so paid, but to date action in this regard has been unsuccessful.

Particulars of Income and Expenditure for the years 1955-56 and 1956-57 are as follows :-

	1955-56.	1956-57.
	£	£
<i>Income—</i>		
Contributions from approved Insurers, &c.	24,695	28,675
<i>Expenditure—</i>		
Salaries	13,673	16,898
Rent	2,799	3,120
General	4,092	5,748
Claims on Uninsured Employers Act 5676, section 13	5,577	637
	26,141	26,403
Deficit	1,446	..
Surplus . . . . .	..	2,272

The balance of the Fund at the Treasury at 30th June, 1957, was £6,545.

All amounts of compensation granted under awards of the Board in cases of death, or to minors (other than weekly payments) are paid into the custody of the Board to be invested, applied, or otherwise dealt with by the Board, in its discretion, for the benefit of the persons entitled. These deposits are not held in the Treasury but are invested by the Board mainly in a Common Fund. Interest from Common Fund investments is allocated proportionately among the constituent accounts. In a number of instances, the moneys are invested specifically.

In recent years, the Common Fund has increased rapidly, the receipts for the year under review exceeding £1,000,000 for the first time. The balance represented by investments (at cost price) and cash, at 30th June, amounting to £2,524,027, is held in the name of the Registrar. The Act provides that the Board shall not, in the administration of moneys paid into its custody, be bound by any law relating to the administration or investment of trust moneys by Trustees. The Common Fund is not expressly authorized by the Act but has been established under the general powers of the Board. It might be more satisfactory if the Fund were given express sanction by legislation.

RURAL FINANCE CORPORATION.

The Corporation was established by Act No. 5414. Its objects under Part III. of the Act include the making of advances by way of loan at the lowest possible rates of interest, to existing or proposed country industries, both primary and secondary. Under Part IV. of the Act the Corporation is the successor in law of the Farmers' Debts Adjustment Board and is empowered to advance moneys, for the purposes of compositions or schemes of arrangement for the benefit of farmers.

Under the provisions of the *Rural Finance Corporation (Amendment) Act, 1956, No. 5955*, the Treasurer may direct the Corporation to take charge of the administration of any money provided from the Public Account for any special purpose. The Corporation is required to establish an agency department for this purpose.

In accordance with the Act a profit and loss account for the financial year ended 30th June, 1957, and a balance-sheet as at that date were prepared. For the financial year the profit on operations shown in the statements prepared by the Corporation was £59,748. In the preceding year a profit of £57,828 was shown.

Advances under Part IV.—The fund, formerly known as the Farmers' Debts Adjustment Fund, and originally financed by Commonwealth grants, is now incorporated in the Rural Rehabilitation Fund and repayments by farmers in respect of payments to creditors, pursuant to the Farmers' Debts Adjustment Acts, have since 26th April, 1950, been credited to the latter fund.

Interest received in respect of advances made from the Farmers' Debts Adjustment Fund and from the Rural Rehabilitation Fund, forms part of the Corporation's income. Most of the advances made by the Farmers' Debts Adjustment Board were free of interest. Interest receivable by the Corporation under this heading and included in the year's revenue totalled £12,374.

The position of the Rural Rehabilitation Fund is summarized hereunder :—

	£	£
Grants from Commonwealth Government .. .. .	..	2,392,000
<i>Add</i> Amounts received from farmers (repayments of advances and interest) to 30th June, 1956	2,383,803	
Repayments of advances, 1st July, 1956, to 30th June, 1957	95,799	
	—————	2,479,602*
		4,871,602
<i>Less</i> Payments <i>re</i> debt adjustment to 30th June, 1956	3,559,061	
Payments <i>re</i> debt adjustment 1st July, 1956, to 30th June, 1957	35,920	
	—————	3,594,981
Unexpended balance 30th June, 1957 .. .. .	..	1,276,621

* Includes mortgage interest £9,702 received prior to 26th April, 1950.

This fund is held in the Treasury ; no interest is payable thereon to the Corporation.

Advances—Farmers' Debts Adjustment Act 1943.—Another fund had been financed from the State's Consolidated Revenue as an adjunct to the Farmer's Debts Adjustment Fund, the sum made available for this purpose being £100,000. Interest and repayments of advances made from the State fund were required to be paid to Consolidated Revenue as and when received. Advances amounting in all to £99,618 had been made from this fund prior to the establishment of the Corporation. It is not a continuing fund and the Corporation's function in connexion therewith is the collection of interest and repayments on behalf of the State. During the year £3,280 was received and paid to Consolidated Revenue ; the amount due to the State at 30th June, 1957, was £27,291.

Loans under Part III.—Loans made under this Part are to be " at the lowest possible rates of interest ". This requirement is interpreted as meaning that the business of the Corporation is to be conducted on a budgeted plan so that interest on the loans, together with its other income, will approximate the costs of administration plus interest payable in respect of borrowed money. The Corporation is, however, dependent on a concession in the rate of interest charged on loans by the State to the Corporation.

Pursuant to his authority under the Act, the Treasurer determined for 1956–57 the annual rate of interest payable on loans from the State to the Corporation, at $1\frac{1}{4}$ per centum less than the rate payable on loans raised by the Commonwealth on behalf of the State. In prior years the concession was $1\frac{1}{2}$ per centum per annum.

During the year loans advanced under Part III. totalled £1,311,686, repayments were £604,124, and £897 was written off. The total sum held by borrowers at 30th June, 1957, under this part, amounted to £6,406,496.

The Income and Expenditure Account for the financial year ended 30th June, 1957, is as follows :—

	£
<i>Income.</i>	
Interest	283,259
Application and Legal Fees	6,193
	<hr/>
	289,452
	<hr/>
<i>Expenditure.</i>	
Administration	40,834
Interest on Loan Indebtedness	166,886
Depreciation	540
Long Service Leave Provision	2,789
National Debt Sinking Fund Contribution	18,655
Profit	59,748
	<hr/>
	289,452
	<hr/>

The profit for the year was available for writing off Discount and Expenses on Loans as allocated by the Treasurer to 30th June, 1957 (£2,794), writing off losses of principal and interest under Part III. (£1,116), and transfer to Reserve Account (£55,838).

At 30th June, 1956, and 30th June, 1957, funds available to the Corporation were :—

30.6.1956.		30.6.1957.
£		£ £
	Loan Funds—	
5,668,455	Loan Liability—Treasurer of Victoria (net)	6,557,417
	Other Funds—	
30,571	Advances <i>Farmers Debts Adjustment Act</i> 1943—Treasurer of Victoria..	27,291
2,392,000	Funds provided by Grant under <i>Commonwealth Loan (Farmers Debts Adjustment) Act</i> 1935	2,392,000
9,702	Interest on Mortgages prior to 26th April, 1950	9,702
		<hr/>
		2,428,993
5,862	Trust Account—Amounts in suspense	5,143
597	Sundry Creditors	1,324
90,937	Reserve—National Debt Sinking Fund (including Commonwealth contributions) ..	124,236
7,083	Provision for Long Service Leave	10,113
78,140	Reserve Fund	133,978
		<hr/>
8,283,347		9,261,204
		<hr/>

The funds were applied as follows :—

30.6.1956.		30.6.1957.
£		£ £
	Loans and Advances—	
5,699,831	Loans under Part III.— <i>Rural Finance Corporation Act 1949</i> ..	6,406,496
	Advances under <i>Farmers Debts Adjustment Act 1935</i> , and Part IV.— <i>Rural Finance Corporation Act 1949</i> (including uncollectable and doubtful debts £51,422)	1,125,082
1,184,960		
30,571	Advances under <i>Farmers Debts Adjustment Act 1943</i>	27,291
		————— 7,558,869
83,404	Interest Due and Accrued	107,188
	Cash held at Treasury—	
	Rural Rehabilitation Fund	1,276,621
1,216,742	National Debt Sinking Fund	628
1,162		————— 1,277,249
	Fixed Assets—	
3,106	Furniture and Office Equipment <i>less</i> Depreciation	4,299
855	Motor Cars <i>less</i> Depreciation	2,500
		————— 6,799
	Cash—	
5,862	Held in Trust	5,143
51,890	For General Purposes	296,650
		————— 301,793
4,888	Long Service Leave Investment Fund	9,152
76	Charges paid in Advance	154
		—————
8,283,347		8,261,204
		—————

The total of uncollectable and doubtful debts (£51,422) included in the amount due by farmers in respect of advances for debt adjustment (£1,125,082) does not include any losses in respect of advances made by the Corporation.

The purpose of the Reserve Fund (£133,978) is to meet any loss or deficiency incurred in the course of the business of lending money. So far as practicable, this fund is to be invested in government securities or placed on deposit in a bank—presumably so that the funded amount will be available if and when such a loss or deficiency occurs. To date, no part of the fund has been invested.

Government Agency Department.—The Corporation was directed by the Treasurer to administer funds made available for relief of settlers adversely affected by floods in the Lake Corangamite district. Of £50,000 provided during the year, £29,525 was advanced by way of loan to farmers at a rate of interest of 2 per centum per annum. Repayments of interest and principal are payable to the Treasury. In addition, a sum of £300,000 was provided from Consolidated Revenue for assistance to dried-fruit growers by way of grants. The Corporation administered the scheme and paid out sums totalling £299,134. The balance of £866 was repaid to the Treasury.

Victorian Inland Meat Authority.

This Authority commenced operating in 1943. The transactions for the year resulted in a loss of £7,493 as compared with a loss of £25,376 in 1955-56.

A summarized statement of trading operations for 1956-57 is as follows:—

<i>Revenue.</i>		£
Sales—		
Meat, Offal, and By-products		522,135
Hides, Skins, and Wool		62,853
Storage, Treatment and General Receipts		197,535
		<hr/> 782,523
Interest on Investments		507
Inter-departmental Transactions		194,304
		<hr/> 977,334
Loss		7,493
		<hr/> 984,827
 <i>Expenditure.</i>		
Purchases of Live Stock and Carcass Meat		296,257
Working Expenses—Wages, Fuel, Freight, Stores, &c.		399,504
General Expenses—Rent, Rates, Pay-roll Tax, &c.		28,080
Administration—Head Office, Salaries, &c.		15,976
Depreciation		18,926
Stock Decrease at 30th June, 1957		2,137
		<hr/> 760,880
Interest—		
Government of Victoria	23,406	
Commonwealth Bank	3,748	
		<hr/> 27,154
Donald Works (Inoperative)—Maintenance and Depreciation		2,489
Inter-departmental Transactions		194,304
		<hr/> 984,827

The cessation of export trade, due to high market prices for the purchase of live stock and unsatisfactory realization prices in the United Kingdom, resulted in little use being made of the export facilities available at the Ballarat and Bendigo Works. Although there was an increase in killing for the local trade, this was insufficient to offset the loss of export trade referred to above. Consequently, the unit cost of treatment was higher.

At Ballarat, the Egg and Egg Pulp Marketing Board continued to store frozen liquid egg products in the Authority's cold-storage chambers.

At Bendigo, treatment and cold-storage facilities were utilized by a public company engaged in the canning of pig meat and beef.

Gross revenue of the four retail shops and the smallgoods factory, all situated at Ballarat, was greater than in any previous year, due, in some degree, to the location of certain aquatic events of the XVIth. Olympiad in that City. The aggregate net profit of £10,137 of this section showed a considerable improvement as compared with £956 in 1955-56.

A comparison over the last six years of the Authority's operations is given in the following statement:—

	1951-52.	1952-53.	1953-54.	1954-55.	1955-56.	1956-57.
	£	£	£	£	£	£
Sales	535,099	864,339	572,146	969,848	1,059,870	584,988
Storage, Treatment, &c.	142,915	143,586	152,479	198,044	183,442	198,042
Stock Increase	32,132	..	16,440	179,611	..	..
Net Losses .. .. .	..	8,455	28,807	..	25,376	7,493
	710,146	1,016,380	769,872	1,347,503	1,268,688	790,523
Purchases	347,424	545,891	351,070	737,054	560,024	296,257
Working and Other Costs	327,781	391,383	385,523	563,180	518,366	443,560
Stock Decrease .. .. .	..	49,823	..	..	143,744	2,137
Depreciation	10,377	11,545	12,053	15,358	17,699	18,926
Interest	11,630	13,894	18,724	24,305	26,425	27,154
Donald Works (Inoperative)—Main- tenance and Depreciation	4,535	3,844	2,502	3,281	2,430	2,489
Net Profit	8,399	..	..	4,325	..	..
	710,146	1,016,380	769,872	1,347,503	1,268,688	790,523

The Donald Works have not been used since the Authority commenced operations in 1943. Including £20,008 for depreciation charges, the total loss to 30th June, 1957, in respect of these works amounted to £50,264.

Variations in balance-sheet items may be seen in the summary hereunder:—

	At 1st May, 1943.	At 30th June—			
		1954.	1955.	1956.	1957.
	£	£	£	£	£
Current Liabilities	12,633	236,005	389,894	289,792	267,149
Loan for Fixed Assets .. .. .	..	358,666	435,396	458,666	469,584
Capital	286,672	360,815	360,815	360,815	360,815
Capital Revaluation and Adjustment	74,143	..	..	..	..
Profits and Reserves	883	..	..	..	..
	374,331	955,486	1,186,105	1,109,273	1,097,548
Current Assets	65,079	119,393	277,506	142,875	129,513
Fixed Assets Less Depreciation	309,252	683,650	758,482	790,655	784,798
Losses Less Reserves .. .. .	..	152,443	150,117	175,743	183,237
	374,331	955,486	1,186,105	1,109,273	1,097,548

On the security of the current assets of the Authority and a Government guarantee limited to £50,000, the Commonwealth Bank continued to provide temporary financial accommodation, and, at 30th June, 1957, the Bank overdraft was £101,790. Current liabilities also included amounts totalling £145,000 advanced by the Treasurer of Victoria towards working capital.

The *Victorian Inland Meat Authority (Financial) Act 1957 No. 6059*, amended the principal Act, No. 4927, to extend the limit of temporary advances and guarantees by the Treasurer of Victoria from £200,000 to £300,000. This Act also amended Section 320 of the *Companies Act 1938* to allow for the registration of charges with the Registrar-General. This was necessary to conform with mortgage security requirements of the Commonwealth Bank.

Additional advances totalling £10,918 were made by the State to the Authority for capital works. With this addition, the Authority's loan liability on account of fixed assets was increased to £469,584 as at the close of the year.

MARKETING BOARDS.

ASSOCIATED WITH PUBLIC ACCOUNT.

Particulars of those Marketing Boards whose financial operations pass through the Public Account are as follows :—

Dried Fruits Board.—The financial operations of this Board are conducted through the Treasury. The Board's functions are to encourage the development of the dried fruits industry, and to regulate the processing, quality, and sale of the commodity.

Expenditure by the Board has been met from contributions in respect of each ton of dried fruits packed in Victoria, and from the fees payable upon the registration, or the renewal of the registration, of packing houses. The accounts are based on a calendar year. The following summary sets out the transactions of the Dried Fruits Fund for the years 1955 and 1956.

1955.		1956.	
£	£	£	£
12,364		9,765	
134		134	
12,498		9,899	
	Contributions		
	Other Income		
	Payments—		
1,343	Chairman's Allowance	1,387	
576	Board Fees	600	
3,430	Salaries	3,916	
1,137	Policing of Illegal Trafficking	1,180	
3,056	Inspection and Grading	3,272	
317	Travelling	386	
1,981	Other Expenses	2,097	
11,840		12,838	
658	Surplus for year	—	
..	Deficit for year	2,939	

The Treasury Account shows that, at 30th June, 1957, the cash balance was £2,610 and that £4,280 was held as an investment in Inscribed Stock.

Milk Board.—Trading operations for the year 1956–57 resulted in a revenue surplus of £48,163 on milk sales of £10,044,686.

Trade Debtors at 30th June, 1957, were £240,218 in excess of Creditors, compared with an excess of £191,492 at the close of the financial year 1956, an increase of roundly £49,000.

Certain dairymen have been unable to comply with the Board's terms and conditions of sale and, in a few instances, substantial sums are overdue. The situation has been brought under Treasury notice.

A summarized statement of the Board's operations for the year, together with comparative figures for the previous year, is set out hereunder :—

1955-56.		<i>Revenue.</i>		1956-57.	
£		£		£	
79,249	Milk Trading Revenue	74,448		74,448	
6,500	Penalty Rates on belated payments by dairymen	11,313		11,313	
85,749		85,761		85,761	
	<i>Expenditure.</i>				
2,728	Board Fees	2,926		2,926	
19,855	Salaries	21,328		21,328	
485	Pay-roll Tax	516		516	
2,369	Travelling Expenses	3,884		3,884	
1,670	Contingencies	1,617		1,617	
3,689	Promotion—Consumption of Milk	1,983		1,983	
2,500	Improving Quality of Milk—Paid to Department of Agriculture	2,500		2,500	
1,128	Interest	2,759		2,759	
94	Depreciation	85		85	
51,231	Surplus for the year	48,163		48,163	
85,749		85,761		85,761	

BALANCE-SHEET.

30.6.1956.		30.6.1957.
£		£
791,670	Sundry Creditors	864,068
	Revenue Account—Accumulated Surplus—	
176,407	Balance at 1st July	227,638
51,231	Revenue Surplus for the year	48,163
		275,801
	Compensation paid during the year	1,507
227,638		274,294
1,019,308		1,138,362
	Milk Board Fund—Balance at the Treasury	33,234
35,219	Sundry Debtors	1,104,286
983,162	Office Equipment and Furniture less Depreciation	842
927		
1,019,308		1,138,362

OUTSIDE PUBLIC ACCOUNT.

Act No. 4337 provides the machinery under which Boards may be constituted for the marketing of primary products. Six Boards have been set up, the Egg and Egg Pulp, Maize, Seed Beans, Onion, Potato, and Chicory Boards.

Egg and Egg Pulp Marketing Board.—This Board administers the marketing of eggs in Victoria. Some of the “floors” through which eggs are received are owned by the Board and others are operated on its behalf by agents. The Board carries on pulping operations in its own factories.

The audit has been completed to the close of the “pool” period ended 29th June, 1957. The period ended with a net deficit on operations of £41,126.

The operations of the “pool” during the accounting periods for 1955–56 and 1956–57 may be summarized as under:—

1955–56.		1956–57.
£		£
532,234	Income—	635,579
130	Producers' Contributions	215
	Sundry Sources	
532,364		635,794
	Expenditure—	
270,450	Pulping—loss	268,604
114,939	Export—loss	258,041
78,142	General Marketing costs	68,887
67,618	Administrative costs	77,586
5,280	Market Fluctuation—loss	3,802
536,429		676,920
4,065	Pool Deficit	41,126

The following is an abridged statement of the Board's balances at 29th June, 1957. Comparative figures at the end of the preceding "pool" period are also given:—

The Liabilities and Funds of the Board were:—

30.6.1956.		29.6.1957.
£	Current Liabilities—	£
50,420	Sundry Creditors	87,406
..	Bank Overdraft	96,163
557	Deferred Liabilities—Long Service Leave	810
234,065	Commonwealth Egg Control Surplus distributed to the Victorian Board	234,065
187,499	Reserve Fund	143,758
11,813	Surplus—Pool period 1953-54	11,813
482	.. .. . 1954-55	2,211
484,836		576,226

They were represented by:—

£	Current Assets—	£	£
40,691	Cash at Bank, on Hand, Securities, &c.	4,120	
72,812	Sundry Debtors	110,477	
		£	
55,605	Stocks—Cases, and Packing Materials	52,124	
4,685	Eggs (including Eggs in Cool Store, Egg Powder, &c.)	31,231	
97,981	Egg Pulp, Yolks, and Whites	170,157	
4,454	Pulp Tins, Stationery, &c.	4,020	
		257,532	
208,608	Fixed Assets less Depreciation		372,129
484,836			204,097
			576,226

The increase in the 1954-55 pool account is accounted for by recovery of amounts paid to producers in excess of their entitlement in previous years. It has been anticipated that this recovery will continue and the account has not been closed.

In the accounts of the pool under review, the cash resources of the Board were adversely affected by an unavoidable increase in stocks due to abnormal production during the latter portion of the period. The loss on pulping and export was the most noticeable feature in the accounts.

Maize Marketing Board.—The audit of the accounts of this Board for the accounting period 15th April, 1956, to 30th March, 1957, has been completed.

Brief particulars of the operations are as follows:—

Total number of bushels marketed	134,612
	£
Gross proceeds of sales	104,895
Administration expenses	1,884
Amount paid to growers	91,900
Taken to Reserve	213

Seed Beans Marketing Board.—The financial statements for the third pool cover the period 29th February, 1956, to 28th February, 1957. Seed beans delivered to the Board totalled 11,116 bushels, as compared with 20,623 bushels delivered in the previous period.

Details of operations within the above period are summarized hereunder:—

	£	£
Gross proceeds from sales		85,548
Sales of sacks, &c.		1,300
Stocks on hand, beans and sacks		72
Handling charges, &c.	3,474	
Administration	1,789	
Payment of Advances to Growers	72,351	
Balance	9,306	
	86,920	86,920

The Onion Marketing Board.—Financial statements as at 15th November, 1956, referring to the respective pools in 1953–54, 1954–55, and 1955–56 have been prepared and the audits thereof completed. Details of the operations of these pools up to and inclusive of the 15th November, 1956, are :—

	1953–54.	1954–55.	1955–56.
Total onions marketed	tons. 21,102	tons. 23,523	tons. 16,369
Gross proceeds from sales	£ 727,791	£ 716,993	£ 742,497
Administration and marketing expenses	66,739	31,362	24,334
Amount paid to growers	636,468	644,186	692,348
Amount undistributed	24,584	41,445	25,815

The average return per ton to growers was £30 3s.—in 1953–54, £27 8s.—in 1954–55, and £42 6s.—in 1955–56.

The high rate of marketing expenses for the 1953–54 pool was due mainly to costs involved in the purchase of an improved type of bag with a view to the promotion of sales. Large stocks of these bags, which have depreciated considerably in value, remain unused and are being disposed of to later pools at current market value.

Since the 1953–54 season, export of onions has almost ceased and, accordingly, export costs have declined. This factor combined with reduced packing costs has resulted in a substantial decrease in marketing expenses for the last two years.

Potato Marketing Board.—Potatoes have not been vested in the Board since 31st August, 1954. From that date and until 30th November, 1956, when trading ceased, the Board operated in competition with wholesale merchants either by purchasing supplies from growers for sale or in acceptance of deliveries for sale on a consignment basis.

Within the above period, trading operations inclusive of administrative expenses, resulted in losses totalling £29,962. The accumulated loss was financed from the Reserve Fund.

The proclamation, made on the 13th August, 1946, declaring potatoes to be a commodity for the purpose of the Marketing Act, was revoked by a proclamation dated 19th February, 1957, and with a view to winding up its affairs the Board disposed of all its plant, and office furniture and equipment.

Audited accounts for the six months ended 31st May, 1957, show that, due to the following factors, the Reserve Fund credit balance was increased to £33,718 :—

Balance 30th November, 1956	£	£	£
			18,265
<i>Add Credits—</i>			
Interest and adjustments			1,208
Transfer of No. 4 and No. 5 Pool balances		6,288	
Transfer of No. 6 Pool balance		15,729	
Transfer of No. 7 Pool balance		406	
		<hr/>	22,423
<i>Less—</i>			
Transfer of No. 8 Pool debit balance	1,906		
Transfer of No. 9 Pool debit balance	275		
	<hr/>	2,181	
		<hr/>	20,242
			<hr/>
			39,715
<i>Less Debits—</i>			
Administration		3,968	
Loss on realization of assets		2,029	
		<hr/>	5,997
			<hr/>
Balance 31st May, 1957			33,718

The credit balances of Pools Nos. 6 and 7, and the debit balances of Pools Nos. 8 and 9 so transferred, were arrived at after proper chargings of administrative and other expenses and advances made to growers under the authority of Section 24 of the Act.

“Payments” within the meaning of Section 23 of the Act have not been determined by the Board in respect of these pools and, unless and until such determinations are made, any advances made must be considered as recoverable assets and, while that position exists, the affairs of the Board cannot be properly wound up.

XVIth Olympiad, Melbourne, 1956.

The State's commitments in connexion with the Olympic Games held in Melbourne during November and December, 1956, fell into four groups.

As a Contributor towards Capital Expenditure.—In respect of capital expenditure, it was agreed that the Commonwealth Government would contribute one-half and the Victorian Government and the Melbourne City Council one-quarter each, of the funds required, to a maximum of £2,400,000. To 30th June, 1957, a total of £2,200,000 had been provided on this basis, the State contribution being £550,000 as authorized under Loan Acts Nos. 5763, 5921, and 6049. Moneys received from the three contributors have been credited to the Olympic Games Fund and expenditure for capital purposes made therefrom.

Receipts and Payments of the fund for the year and the totals as at 30th June, 1957, are summarized below:—

	During the Year.	Total.
	£	£
Balance, 1st July, 1956	200,389	..
Receipts—		
Commonwealth Government	450,000	1,100,000
Victorian Government	225,000	550,000
Melbourne City Council	300,000	550,000
	1,175,389	2,200,000
Payments—		
Olympic Pool	115,558	484,753
Olympic Park	376,494	735,984
Olympic Village	312,727	441,922
Melbourne Cricket Ground	181,730	296,548
Carlton Stadium .. .. .	..	35,773
Lake Wendouree and Ballarat Rowing Club	20,489	26,758
Exhibition Buildings	28,622	28,622
Running Deer Rifle Range, &c.	19,783	19,783
Olympic Village, Ballarat	15,945	15,945
Women's Athletic Oval, Royal Park	10,624	10,627
University Training Track	10,500	10,500
Modern Pentathlon	9,520	9,520
Other Venues	18,259	20,998
Miscellaneous	4,451	11,580
	1,124,702	2,149,313
Balance, 30th June, 1957	50,687	50,687

Included in the payments on account of the Melbourne Cricket Ground is an amount of £50,000 by way of grant to the Melbourne Cricket Club towards the cost of building extensions carried out by that body. The three contributors have agreed to make available a total of £100,000 from constructional funds for this purpose.

Subsequent to the Games, arrangements were made for the sale of realizable assets through the Commonwealth Department of Works. A total of £36,926 received on account of these sales was credited to the "Olympic Games—Sale of Assets Account," referred to on page 85 of this report.

In Relation to Temporary Housing.—Under the provisions of the Olympic Games Act 5905, the Housing Commission of Victoria provided accommodation and facilities at Olympic Village, West Heidelberg, for contestants and official visitors to the Games. By agreement with the Commonwealth Government, the Housing Commission constructed the village as a "project" under the Commonwealth—State Housing Agreement. An advance (free of interest until 1st March, 1957) was provided by the Commonwealth Government for this purpose. After the Games, the Village was taken over by the Housing Commission as a housing settlement under the Commonwealth State Housing Agreement.

As Guarantor.—Under the authority of the Olympic Games Act No. 5905, the Government guaranteed an overdraft, to a maximum of £200,000, with the Australia and New Zealand Bank, to provide funds for administrative and promotion costs of the Olympic Organizing Committee. The Commonwealth Government has agreed to indemnify the State to the extent of one-half of any liability incurred under this guarantee.

A further guarantee was undertaken under the Melbourne Cricket Ground (Guarantee) Act, No. 5781 in which the Victorian Government guaranteed the repayment by the Committee of the Melbourne Cricket Club to the Colonial Mutual Life Assurance Society Limited of a loan not exceeding £450,000 together with interest. This guarantee was given to assist the Melbourne Cricket Club to obtain finance for building extensions at the Melbourne Cricket Ground. The Commonwealth Government has agreed to reimburse the State one-half of any liability up to £300,000, which the State is required to meet under this guarantee.

To Meet Loss on Promotion.—The Commonwealth and Victorian Governments have agreed to share equally any loss incurred in the conduct of the Games. The loss is expected to be in the vicinity of £350,000, and to enable the Olympic Organizing Committee to meet claims the sum of £250,000 had been provided to 30th June, 1957. Of this sum, £125,000 was provided by the State in the Supplementary Estimates for 1956–57, and the Commonwealth provided a similar amount. A Committee which includes representatives of both the State and Commonwealth Governments has been constituted to wind up the affairs of the Olympic Organizing Committee.

Home Finance Trust.

The Home Finance Trust was constituted on 13th June, 1956, with the power to raise money on loan for the purpose of making housing loans on the security of a first mortgage, in accordance with the provisions of Act No. 5967. The books and accounts of the Trust for the period from the inception of the Trust to 30th June, 1957, have been audited by an officer under my direction.

As at 30th June, 1957, lending institutions had agreed to deposit with the Trust amounts totalling £1,050,000, the repayment of which was guaranteed by the Treasurer of Victoria. Of this sum, £718,000 was deposited with the Trust in the period under review. Loans approved by the Trust to borrowers totalled £1,346,800, of which £706,309 was paid.

Stock Discrepancies, Etc.

The estimated value of stores held at the various locations at 30th June was £5,411,277 and details are given in Appendix C. Inspections disclosed several instances of substantial discrepancies between ledger records and the physical stock. Details of the major discrepancies are referred to in other sections of the report and are summarized hereunder :—

<i>Forests Commission</i> Brookwood Central Store	Net discrepancy of £36,419 as at 25th October, 1956.	This was the first complete stocktake since 1950, and the inspection showed that incorrect ledger recordings had occurred both at Head Office and Brookwood.
<i>Housing Commission</i> Morwell Maintenance Stock	Apparent discrepancy of £8,407	Due mainly to faulty Head Office records both as to quantities and prices. Control is now being exercised through the Commission's Concrete House Project.
<i>State Rivers and Water Supply Commission</i> Bonnie Doon Township Removal Project	£4,460 discrepancy after stocktake at time of closing down works	The departmental explanation was that inexperienced and frequently changed personnel, together with inadequate stores records, contributed to the discrepancy which has been charged against the cost of the project. The matter of the charge for this discrepancy has been brought to the notice of the Treasurer.

There were several thefts, mostly of a minor nature, involving provisions, electrical equipment, livestock, and sundry items. In one instance only, Police inquiries located the offenders.

The Forests Commission Central Store, Brookwood and the State Rivers and Water Supply Commission Central Plant Workshop, Bendigo are both carrying substantial stocks, approximating £106,642 and £279,000 respectively, which are surplus to requirements. The stocks consist mainly of spare parts for heavy mechanical equipment purchased during the peak construction period. Arrangements for disposal are being made by the Co-ordinator of Transport.

Defalcations and Irregularities 1956-57.

Country Fire Authority.—An officer of the authority failed to account for cash amounting to £8 and, at the same time, rent amounting to £14 was not brought to account. The officer was suspended and subsequently resigned.

Chief Secretary's Department.—Children's Welfare Branch, "Turana."—An administrative officer failed to account for certain trust and revenue moneys in his charge. He further failed to account for moneys made available to him for payment of salaries and wages. He was charged with larceny as a servant of an amount of £1,089 and has since been committed for trial.

This officer also took delivery of goods on a departmental order to the value of £38, but the goods did not reach the Store. Charged in this connexion with obtaining credit on false pretences, he was committed for trial.

Motor Registration Branch.—An amount of £900 was removed from a cash bag in the safe of the Motor Registration Branch office. Police inquiries have so far failed to locate the person responsible.

Police Stations.—Sums of £6 and £13 were stolen from the Police Stations at South Yarra and Elsternwick. Police investigations were not successful in the discovery of the persons responsible.

Education Department.—An Assistant (Male), Senior, Technical and General Division, by forging and uttering cheques, making false entries in cash books and wages sheets, misappropriated £59. He was charged before the Public Service Board and dismissed from the Public Service.

A cleaner at the Morwell State School presented a cash payment docket which had been altered, but inquiries by the police led to the conclusion that there had been no attempt to defraud.

A cleaner at the Heidelberg High School submitted a falsified voucher in support of a claim for reimbursement of expenditure. He was charged with attempted false pretences and fined £10.

Forests Commission.—A temporary employee, on three occasions, claimed travelling expenses which he had incurred but not paid. He was dismissed.

An administrative officer at head office is to be charged in General Sessions on six counts of falsification of accounts, and one of forging an order for the delivery of goods.

Law Department.—A Clerk of Courts at Melbourne wrongly converted fines, &c., amounting to £26 to his own use. He was charged before the Public Service Board with misconduct and dismissed from the Public Service.

A sum of £77 was stolen from the safe in the office of the Clerk of Courts, St. Kilda, but efforts to find the person responsible were fruitless.

Public Trustee Office.—A Trust officer was charged before the Public Service Board with negligence in the discharge of his duties in that he failed to promptly and properly account for certain cheques. The charge was upheld. He was reprimanded and lost his pay during suspension.

Treasurer.—Stamps Office.—A deficiency of £74 was disclosed in the postage stamps in the charge of a Technical and General Division officer which he was unable to explain. He was charged before the Public Service Board and dismissed from the service.

Housing Commission.—Moe Office.—Shortages were disclosed in the collections of two rental officers to the amount of £155. Both were charged before the Public Service Board. In one case, the charge was declared unproved, but the employee concerned was required to make good the shortage by instalments. In the other, the employee was fined, but has since terminated his services with the Commission.

Rutherglen District Hospital and Rutherglen Waterworks Trust.—A clerk in the Shire Office, the Secretary of which also acts as Secretary of these two bodies, was responsible for certain irregularities in banking. Restitution was made and the employee resigned from her office.

Railways Department.—Thirty-five officers were found guilty of offences involving money and other property. Stores valued at £90 were stolen in one case and smaller amounts in the other cases. Twenty-two of the charges were heard by the Courts and thirteen by the Railways Board of Discipline.

The Public Account.

The balances in the Treasury books at the credit of the Consolidated Revenue Account, Surplus Revenue Accounts, Loan Account, and the Trust Fund Accounts were as under :—

	£	£
Surplus Revenue—previous years .. .. .	..	19,621
Loan Account .. .. .	..	1,817,526
Trust Funds	33,634,650	
Less Investments	17,217,022	
	-----	16,417,628

		18,254,775

Out of which the following advances had been made and were outstanding at the 30th June, 1957 :—

For Revenue deficits, Departments, &c.	7,665,275	
For Treasurer's Advance	98,034	
	-----	7,763,309

Balance in hand at 30th June, 1957		10,491,466

The cash balance was held at :—

Contracting Banks, Melbourne	9,765,775
Commonwealth Bank, Melbourne	654,086
Westminister Bank, London	32,047
Contracting Bank, Wellington	39,558

	10,491,466

At 30th June, 1956, the cash balance was £11,999,580.

ACKNOWLEDGMENT.

In conclusion, I wish to point out that I was appointed to the office of Auditor-General on the 23rd February, 1957. Thus, the responsibility for the performance of the duties of the office for more than half the financial year under review devolved upon my predecessor, Mr. E. A. Peverill.

I am indebted to Mr. Peverill for his untiring efforts during that period. Inside and outside official hours, he applied himself assiduously to his statutory duties in order to reach finality in respect of all outstanding matters and thereby facilitate my assumption of office. His devotion to duty during that time was typical of the whole of his term as Auditor-General. In recent years, by intensive personal effort, he did much to relieve the detrimental effects of staff shortages and difficulties.

To the staff, I wish to express my appreciation for their loyalty and support, which have been clearly evident in the comparatively short period that I have occupied the office of Auditor-General. They have cheerfully carried added burdens in an effort to meet the situation arising from recent retirements of senior officers. Also, during the period, I have received the full co-operation of Treasury and other departmental officers, and to them I extend my thanks.

R. W. GILLARD,
Auditor-General.

Melbourne, 23rd October, 1957.

STATEMENT No. 1.

REVENUE ACCOUNT, 1956-57.

Receipts.		Expenditure.			
		£	Per cent. of Gross Revenue.		
		£		£	Per cent. of Gross Revenue.
Railway Earnings ..	37,309,961	37,463,317	30·79	Railways—Operating Costs, &c. ..	37,756,783
Subsidy (as per contra)	153,356			Water Supply—Operating Costs ..	3,137,835
Water Supply ..	..			Coal Mine—Operating Costs and Interest ..	803,470
Coal Mine ..	..			Victoria Dock Store—Operating Costs ..	147,006
Victoria Dock Store ..	..	41,031,024		Subsidy to Railways	153,356
Interest brought to account—					41,998,450
Land Settlement ..	..	654,180		Interest and Exchange on Loans ..	19,993,632
Electricity Commission ..	..	2,041,976		Contribution to National Debt Sinking Fund ..	3,686,377
Country Roads Board ..	..	703,918		Expenses—Loan Conversion	54,351
Waterworks Trusts, &c. ..	..	234,162			23,734,360
On Cultivation Advances ..	..	257		Pensions, Superannuation and Gratuities—	
Municipalities ..	..	295		Railways	1,620,954
Sewerage Authorities ..	..	33,650		Civil Service and others	1,912,950
On Wire Netting Advances ..	..	455			3,533,904
On Trust Fund Investments ..	..	6,210		Unemployment Relief	2,722
Co-operative Stores ..	..	23,508		Payments to Hospitals and Charities Fund ..	10,322,233
University ..	..	5,095		Payments to Mental Hospitals Fund ..	278,431
On Public Account Deposits ..	..	42,513			10,600,664
Coal Mine ..	..	619			
Gas and Fuel Corporation ..	..	229,101		Salaries—Civil Service, Executives, &c. (vide Sub-statement) ..	32,058,728
Geelong Harbor Trust ..	..	2,808		Contingencies (vide Sub-statement) ..	17,281,560
Grain Elevators Board ..	..	43,326		Endowments and Grants (vide Sub-statement) ..	2,995,790
Housing Commission ..	..	2,591,581		Works and Buildings	1,883,887
Rural Finance Corporation ..	..	170,926		Forests	2,206,474
Sundry ..	..	99,777		Mint Subsidy	173,000
				Sundry	1,095,750
Recoups—		6,884,357			57,695,189
To Sinking Fund ..	384,199				
„ Exchange, &c. ..	77,624	461,823			
		7,346,180	5·51		
Payment by Commonwealth ..	..	2,127,159	1·60		
Payment by Commonwealth—Special Assistance ..	..	5,825,738	4·37		
Taxes, Registrations, Licences, &c. ..	..	65,811,785	49·39		
For Departmental Services ..	..	3,939,838			
Territorial—Lands and Forests ..	..	2,340,569			
Ports and Harbors ..	..	485,274			
Fines and Fees ..	..	1,162,893			
Commonwealth—State Housing Advances ..	..	738,102			
Mint Returns ..	..	176,138			
Expenditure Recouped ..	..	1,299,776			
Rents of Buildings ..	..	242,174			
Repayment of Loans from Revenue ..	..	7,143			
Miscellaneous ..	..	720,030			
		11,111,937	8·34		
		133,253,823	100·00		
Deficit in Revenue Account for 1956-57		4,311,466	3·24		
		137,565,289	103·24		

SUB-STATEMENT.

	Salaries.	Contingencies.	Endowments and Grants.	Total.
	£	£	£	£
The Governor, Judges and Executive Council ..	81,875	67	..	81,942
Parliamentary and Electoral Expenses ..	341,154	145,110	..	486,264
Insurance ..	..	..	2,000	..
University ..	..	..	886,000	888,000
Premier ..	388,600	252,026	..	640,626
Chief Secretary ..	503,693	294,471	36,825	834,989
Children's Welfare ..	211,834	522,221	..	734,055
Penal and Gaols ..	375,486	403,104	50	778,640
Police ..	4,627,088	1,175,278	..	5,802,366
Public Libraries ..	190,391	90,737	184,604	465,732
Labour and Industry Department ..	201,415	42,144	..	243,559
Education—				
Departmental ..	16,726,020	5,287,440	..	22,013,460
Technical Schools ..	..	..	1,574,600	1,574,600
Other ..	..	..	80,211	80,211
Law Department ..	1,198,599	438,455	300	1,637,354
Treasury—Government Printer and Tax Office ..	891,257	2,128,151	99,839	3,119,247
Lands ..	872,511	967,772	..	1,840,283
Public Works and Harbours ..	716,782	328,464	..	1,045,246
Mines ..	165,595	154,443	..	320,038
Agriculture ..	929,185	512,521	7,400	1,449,106
Health ..	969,544	1,965,584	123,961	3,059,089
Mental Hygiene ..	2,659,507	1,824,056	..	4,483,563
Ministry of Transport ..	8,192	447	..	8,639
Coal Miners' Accident Relief Fund ..	..	364	..	364
Marine Board ..	..	602	..	602
Housing Commission (repayment to Commonwealth) ..	..	738,102	..	738,102
State Soldier Settlement (repayment to Commonwealth) ..	..	10,001	..	10,001
	32,058,728	17,281,560	2,995,790	52,336,078

RECEIPTS AND EXPENDITURE FOR THE YEAR 1956-57.

A statement of the Receipts and Expenditure of the Consolidated Revenue, Surplus Revenue, Loan Moneys and Advances on account of Loan Moneys* for the financial year 1956-57.

	Receipts.			Expenditure.		
	£	s.	d.	£	s.	d.
<i>Balances brought forward—</i>						
Surplus Revenue	20,441	5	4	137,565,288	10	10
Loan Cash Balance, 30.6.56	3,747,957	15	0	819	16	3
	<u>3,768,399</u>	<u>0</u>	<u>4</u>	<u>137,566,108</u>	<u>7</u>	<u>1</u>
<i>Revenue for the year 1956-57</i> .. .. .	..	..	..	..	..	..
				44,128,573	8	10
<i>Proceeds of Loans raised for Works, &c., during the year 1956-57</i>	39,799,750	0	0	29,023	0	1
<i>Less Flotation Expenses</i> .. .. .	..	..	..	..	..	..
	103,138	7	0	<u>44,099,550</u>	<u>8</u>	<u>9</u>
<i>Loan Repayments</i> .. .. .	..	..	..	..	..	..
				96,289	13	7
<i>Advanced from Treasurer's Advance—</i>						
Debit balance at 30.6.56	29,023	0	1	..	..	..
" " 30.6.57	96,289	13	7	..	..	..
	<u>67,266</u>	<u>13</u>	<u>6</u>	<u>181,761,948</u>	<u>9</u>	<u>5</u>
<i>Deficit for year 1956-57</i> .. .. .				..	..	..
				4,311,465	12	5
				<u>183,599,095</u>	<u>16</u>	<u>0</u>
				<u>183,599,095</u>	<u>16</u>	<u>0</u>

* Does not include £10,400,000 advances from Commonwealth Government for Housing, including £2,000,000 for the Home Builders Account (See pag. 26), nor £1,584,928 advanced for special assistance for Soldier Settlement.

STATEMENT No. 3.

LOAN ACCOUNT ON 30th JUNE, 1957.

AND ABSTRACT OF TRANSACTIONS FOR THE YEAR 1956-57.

	£	s.	d.	£	s.	d.			
Public Debt at 30th June, 1956	445,713,423	5	10	..	44,561,845	19	7
To Liability incurred 1956-57—									
For Works	39,683,881	2	8	..	5,093,021	6	4
„ Redemption	46,076,236	9	10	..	49,654,867	5	11
			<u>85,760,117</u>	12	6				

Loans Redeemed—
By Redemption Loans
„ National Debt Sinking Fund

Public Debt at 30th June, 1957 *481,818,673 12 5

£531,473,540 18 4

£531,473,540 18 4

The increase during the year in the Public Debt was £36,105,250 6s. 7d. (For net increase see next page.)

This amount does not include £96,181,000 advanced by the Commonwealth Government for Housing, including the Home Builders Account (See page 26), nor £3,194,928 advanced for special assistance for Soldier Settlement.

LOAN CASH ACCOUNT.

Receipts.	£	s.	d.	Disbursements.	£	s.	d.
To Balance at 30th June, 1956—				By Expenditure on Works, &c. . . . .	..	44,195,840	2 4
Cash in hand	3,747,957	15	0	Moneys applied to Redemption .. .. .	..	44,536,615	19 7
Cash Proceeds of Loans issued, 1956–57—				Repayment to Treasurer's Advance .. .. .	..	29,023	0 1
For Works, &c. .. .. .	..	39,799,750	0 0	Flotation Expenses .. .. .	..	128,368	7 0
For Redemption .. .. .	..	44,561,845	19 7	Cash in hand on 30th June, 1957 .. .. .	..	1,817,525	17 6
Loan Repayments .. .. .	..	2,501,529	18 4				
Treasurer's Advance .. .. .	..	96,289	13 7				
	90,707,373	6	6		90,707,373	6	6

169

PUBLIC DEBT : NET LOAN LIABILITY ON 30TH JUNE, 1957.

	£	s.	d.		£	s.	d.
Amount of Public Debt on 30th June, 1957	..	481,818,673	12 5	Balance at credit of National Debt Sinking Fund ..	..	255,058	1 10
Advanced from Treasurer's Advance .. .. .	..	96,289	13 7	" at credit of Loan Account .. .. .	..	1,817,525	17 6
	£481,914,963	6	0	Net Liability on 30th June, 1957 .. .. .	..	*479,842,379	6 8
					£481,914,963	6	0

The increase during the year in the Net Liability was £38,431,982 19s. 7d.

* Does not include expenditure from £96,181,000 advanced by Commonwealth Government for Housing, including £2,000,000 for the Home Builders Account, (See page 26.) nor £3,194,928 advanced for special assistance for Soldier Settlement.

STATEMENT No. 4.

TRUST FUNDS.

The following Statement summarizes the Treasurer's liability on account of trust moneys and securities lodged with the Treasurer, and of the investments, advances, and cash held on account of these funds and lodgments:—

<i>Lodgments for investment—</i>		£	s.	d.	£	s.	d.
Municipalities Sinking Funds—							
Act No. 5203 (Sec. 419)	.. .. .	1,170	14	0	9,931,171	12	7
Other Funds— <i>Vide</i> Treasurer's Statement..	.. .. .	9,781,340	18	7	30,500	0	0
<i>Securities lodged with the Treasurer—</i>							
Administration and Probate Act No. 3632	.. .. .	10,000	0	0	200	0	0
Geelong Harbor Trust—(Debentures lodged as security for Loans)	.. .. .	225,081	2	7	1,500	0	0
Port Phillip Pilot Fund, Act No. 3723	.. .. .	94,500	0	0	225,081	2	7
Scholarship Funds	.. .. .	3,770	0	0	1,817	0	0
Kyabram Co-operative Fruit Preserving Co.—Shares	.. .. .	1,817	0	0	225,081	2	7
Gas and Fuel Corporation of Victoria—Shares	.. .. .	6,864,577	0	0	1,817	0	0
Moyne Portland Cement Limited—Shares*	.. .. .	24,665	0	0	1,817	0	0
Victorian Rural Producers Organization	.. .. .	2,390	0	0	24,665	0	0
Gas Regulation Fund, Act No. 5806	.. .. .	700	0	0	6,864,577	0	0
Blue Moon Fruit Co-operative Ltd.	.. .. .	10	0	0	10	0	0
<i>Total of Stock and Securities held</i>				.. .. .	17,217,021	15	2
<i>Cash Advanced—</i>							
For Revenue deficits	.. .. .				5,977,375	18	9
” Treasurer's Advance	.. .. .				98,034	2	4
” Other advances	.. .. .				1,687,899	1	5
<i>Total Advances</i>				.. .. .	7,763,309	2	6
<i>Cash</i>				.. .. .	8,654,319	3	0
				.. .. .	£33,634,650	0	8

* These shares are valueless, the Receiver, appointed by the Government, having been unable to realize sufficient funds from the sale of the assets to pay the secured creditors.

DEBT CHARGES ACCOUNT.

The following particulars have been compiled from the Treasurer's Statements with the object of indicating the proportion of the Revenue which may be regarded as available for the payment of Interest, Sinking Fund Contributions, &c. i.e., the amounts received to meet the Debt Charges paid for the year 1956-57

<i>Paid to Revenue—</i>	Receipts.			Payments.		
	£	s. d.	£ s. d.	£	s. d.	£ s. d.
Water Trusts and Corporations, &c.	278,142	1 9				
Municipalities	294	16 10		15,341,973	10 5	
Land Settlement	654,179	10 11		1,447,482	10 3	
Country Roads Board Fund, &c. . . .	761,961	3 9		56,810	0 2	
State Coal Mine	619	3 11				16,846,266 0 10
State Electricity Commission	2,216,109	18 2				479,643 13 5
Grain Elevators Board	46,018	10 4				
Housing Commission	2,594,454	16 3				2,667,722 10 9
Gas and Fuel Corporation	241,647	5 0				3,686,376 16 7
Rural Finance Corporation	185,540	16 2				54,350 17 2
Banks—Interest on Public Account	42,513	9 8				
Developmental Railways Account .. .	150,000	0 0				
Unemployment Relief Fund	50,000	0 0				
Miscellaneous	118,488	3 3				
			<u>7,339,969 16 0</u>			
<i>Balance—</i> Amount which had to be met from Taxation and other sources						<u>£23,734,359 18 9</u>

£23,734,359 18 9

In the preceding year (1955-56) Taxation, &c., provided £14,891,390 18s. 11d. The increase last year was £1,502,999 3s. 10d.

STATEMENT No. 5—continued.

DEBT CHARGES : STATISTICAL ANALYSIS.

Year.	Loan Liability (Average for each Year).†	Debt Charges Paid in each Year.†	Net Amount Avail- able for Payment of Debt Charges.	Amount with which Taxation, &c., was Charged.	Average Debt Charge Rate on Loan Liability— Per Cent.	Rate of Receipts— Per Cent.	Provided by Taxation, &c.—Per Cent.
	£	£	£	£	£ s. d.	£ s. d.	£ s. d.
1947-48	186,020,885	8,392,978	3,434,794	4,958,184	4 10 3	1 16 11	2 13 4
1948-49	195,914,341	8,694,997	2,545,107	6,149,890	4 8 9	1 6 0	3 2 9
1949-50	210,147,995	9,294,636	2,301,216	6,993,420	4 8 5	1 1 11	3 6 6
1950-51	234,172,769	9,903,236	2,107,982	7,795,254	4 4 7	0 18 0	3 6 7
1951-52	276,715,871	11,072,870	2,568,106	8,504,764	4 0 0	0 18 7	3 1 5
1952-53	321,009,225	12,297,027	2,911,742	9,385,285	3 16 7	0 18 2	2 18 5
1953-54	358,241,674	14,327,243	3,333,905	10,993,338	4 0 0	0 18 7	3 1 5
1954-55	394,081,484	16,782,943	3,926,577	12,856,366	4 5 2	0 19 11	3 5 3
1955-56	428,456,232	19,160,720	4,269,329	14,891,391	4 9 5	0 19 11	3 9 6
1956-57	463,766,048	21,102,752	4,708,362	16,394,390	4 11 0	1 0 4	3 10 8

† Includes exchange on overseas payments in 1947-48, £587,549; 1948-49, £541,766; 1949-50, £567,181; 1950-51, £577,794; 1951-52, £578,419; 1952-53, £574,896; 1953-54, £558,507; 1954-55, £532,900; 1955-56, £492,212; 1956-57, £479,644.

‡ Excluding advances from Commonwealth Government for Housing 1947-48, £12,100,000; 1948-49, £17,300,000; 1949-50, £23,600,000; 1950-51, £32,200,000; 1951-52, £42,261,000; 1952-53, £53,531,000; 1953-54, £65,531,000; 1954-55, £74,981,000; 1955-56, £85,781,000; 1956-57, £96,181,000. (See page 26); also Commonwealth advances for Soldier Settlement in 1955-56, £1,610,000; 1956-57, £3,194,928.

RAILWAYS.

Year.	Loan Liability (Average for each Year).	Debt Charges on Railway Loans.	*Earnings Available for Payment of Debt Charges.	Amount Provided by Taxation, &c.	Average Debt Charge Rate on Railway Loans—Per Cent.	Rate Earned—Per Cent.	Provided by Taxation, &c.—Per Cent.
	£	£	£	£	£ s. d.	£ s. d.	£ s. d.
1947-48	51,852,813	2,160,162	960,863	1,199,299	4 3 4	1 17 1	2 6 3
1948-49	52,980,985	2,167,236	..	2,167,236	4 1 10	..	4 1 10
1949-50	55,221,931	2,228,811	131,885	2,096,926	4 0 9	0 4 9	3 16 0
1950-51	60,221,560	2,377,711	..	2,377,711	3 19 0	..	3 19 0
1951-52	†60,052,441	2,348,108	..	2,348,108	3 18 2	..	3 18 2
1952-53	†63,675,808	2,432,161	..	2,432,161	3 16 5	..	3 16 5
1953-54	†67,561,535	2,596,477	..	2,596,477	3 16 10	..	3 16 10
1954-55	†71,778,229	2,852,905	429,460	2,423,445	3 19 6	0 12 0	3 7 6
1955-56	†75,294,197	3,184,557	..	3,184,557	4 4 7	..	4 4 7
1956-57	†78,174,890	3,333,739	..	3,333,739	4 5 3	..	4 5 3

* Including recoups by Treasury from Vote for non-paying lines, &c., but excluding Subsidy towards payment of interest from 1940-50 onwards.

† Excluding Rehabilitation Works, the interest on which is borne by General Revenue.

COUNTRY WATER SUPPLY.

Year.	Loan Liability (Average for each Year).	Debt Charges on Water Supply Loans.	Net Earnings Available for Payment of Debt Charges.	Amount Provided by Taxation, &c.	Average Debt Charge Rate on Water Supply Loans —Per Cent.	Rate Earned—Per Cent.	Provided by Taxation, &c.—Per Cent.
	£	£	£	£	£ s. d.	£ s. d.	£ s. d.
1947-48	31,784,589	1,316,824	..	1,316,824	4 2 10	..	4 2 10
1948-49	34,145,779	1,400,710	..	1,400,710	4 2 1	..	4 2 1
1949-50	37,257,442	1,490,415	47,733	1,442,682	4 0 0	0 2 7	3 17 5
1950-51	42,879,964	1,666,002	..	1,666,002	3 17 8	..	3 17 8
1951-52	52,013,832	1,970,877	..	1,970,877	3 15 9	..	3 15 9
1952-53	60,677,092	2,193,884	..	2,193,884	3 12 4	..	3 12 4
1953-54	68,292,379	2,507,318	..	2,507,318	3 13 5	..	3 13 5
1954-55	77,002,616	3,096,235	..	3,096,235	4 0 5	..	4 0 5
1955-56	84,957,069	3,490,361	72,220	3,418,141	4 2 2	0 1 8	4 0 6
1956-57	91,579,468	3,814,836	..	3,814,836	4 3 4	..	4 3 4

STATEMENT No. 6.

RAILWAY ACCOUNTS.

Statement of Railway Receipts and Expenditure, including Revenue and Loan Moneys.

Receipts.			Expenditure.		
	£	s. d.		£	s. d.
<i>Revenue</i> —			<i>Charged to Revenue</i> —		
Railway Income .. .. .	..	37,309,960 11 3	Working Expenses .. .. .	..	37,185,982 9 9
Treasury credit for concessions in certain Country Freight Charges ..	..	143,000 0 0	Accident Fund .. .. .	..	335,874 13 3
Recoup Kerang-Koondrook Tramway Act .. .. .	..	10,356 0 0	Renewals and Replacements Fund .. .. .	..	200,000 0 0
		<u>37,463,316 11 3</u>	Commissioners' Salaries .. .. .	..	14,000 0 0
			Pensions and Gratuities .. .. .	..	1,620,954 5 7
<i>Loan</i> —					
Applied from the Loan Fund .. .. .	..	7,406,821 7 0	National Debt Sinking Fund .. .. .	..	39,356,811 8 7
			Loan Conversion Expenses .. .. .	..	182,545 11 2
			Interest	£	3,023,161 8 6
			Exchange on Interest Payments		
			in London .. .. .	..	124,133 10 4
					<u>3,147,294 18 10</u>
					42,690,550 1 4
Deficiency for 1956-57 .. .. .	..	5,227,233 10 1	<i>Charged to Loan</i> —		
			Additions and Improvements .. .. .	..	2,046,811 19 1
			Rolling Stock, Equipment, Machinery, and other Works .. .. .	..	312,287 12 7
			Construction of new lines, &c. .. .. .	..	3,315 12 11
			Railway Stores Suspense Account .. .. .	..	300,000 0 0
			Replacement (Rehabilitation) Works .. .. .	..	4,744,406 2 5
					<u>7,406,821 7 0</u>
Total .. .. .	..	<u>50,097,371 8 4</u>	Total Revenue and Loan .. .. .	..	<u>50,097,371 8 4</u>

STATEMENT No. 6—continued.

The expenditure charged to Revenue for the last six years and the deficiency in the Railway Receipts are shown in the following statement:—

Expenditure.	1951-52.	Per cent. of Revenue.	1952-53.	Per cent. of Revenue.	1953-54.	Per cent. of Revenue.	1954-55.	Per cent. of Revenue.	1955-56.	Per cent. of Revenue.	1956-57.	Per cent. of Revenue.
Working Expenses	£ 28,285,795	108.3	£ 33,016,943	98.7	£ 34,204,498	90.6	£ 35,539,113	89.2	£ 36,141,891	96.9	£ 37,189,881	99.3
Commissioners' Salaries	9,000		9,000		9,000		10,226		11,576		14,000	
Renewals and Replacements Fund	200,000	.8	200,000	.6	550,000	1.5	200,000	.5	200,000	.5	200,000	.5
Railway Accident, &c., Fund	251,357	1.0	259,506	.8	261,082	.7	305,812	.8	336,654	.9	335,875	.9
Pensions and Gratuities	880,595	3.4	960,267	2.9	1,151,518	3.0	1,215,527	3.1	1,579,131	4.2	1,620,954	4.3
National Debt Sinking Fund	142,966	.5	151,921	.4	162,371	.4	168,887	.4	178,151	.5	182,546	.5
Interest	2,044,960	7.8	2,130,937	6.4	2,303,437	6.1	2,544,685	6.4	2,877,910	7.7	3,023,161	8.1
Exchange on Interest Payments in London	157,843	.6	148,383	.4	126,847	.3	134,155	.3	128,189	.4	124,133	.3
Receipts	31,972,516	122.4	36,876,957	110.2	38,768,753	102.6	40,118,405	100.7	41,453,502	111.1	42,690,550	113.9
Deficiency	*26,129,626	..	*33,463,982	..	*37,775,538	..	*39,843,019	..	37,299,906	..	37,463,316	..
Deficiency	5,842,890	..	3,412,975	..	993,215	..	275,386	..	4,153,596	..	5,227,234	..

* Includes a Treasury Subsidy of £1,754,640 in 1951-52, £1,798,277 in 1952-53, £1,934,903 in 1953-54, and £2,148,060 in 1954-55.

COUNTRY WATER SUPPLY.—RECEIPTS AND EXPENDITURE (adjusted to nearest pound), 1956–57.

Receipts.			Expenditure.				Total.
	£	£	Charged to Revenue—	State Development Account.	Country Water Supply.	£	
<i>Debt Charges.</i> —Water Trusts and Other Corporations, &c.	..	278,142	Salaries .. .. .	..	1,482,018	
<i>Rates, &c.</i> —			Coliban .. .. .	..	54,256	
Coliban .. .. .	..	133,819	Irrigation and Drainage Districts ..	..	711,824	
Waterworks Districts .. .. .	..	709,220	Waterworks Districts .. .. .	..	296,798	
Irrigation Districts .. .. .	..	1,009,326	General Expenditure .. .. .	..	399,646	
Flood Protection Districts .. .. .	..	52,737	Flood Protection Districts .. .. .	..	36,787	
Miscellaneous .. .. .	..	176,548	Removal of Sand Drift .. .. .	..	71,751	
	..	2,081,650	Pay-roll Tax .. .. .	..	84,675	
Recoups of Amounts paid from Revenue ..	..	793,254		..	3,137,755	
		2,874,904	Commissioners' Salaries .. .. .	..	10,792	
		3,153,046	Pensions and Gratuities .. .. .	..	58,171	3,206,718
Total Revenue .. .. .	..	..	National Debt Sinking Fund .. .. .	..	43,238	225,567
Loan—			Interest .. .. .	..	2,975,304	
<i>Country Water Supply—</i>	£	£	Exchange .. .. .	..	92,989	
Applied from the Loan Fund .. .. .	..	1,145,951	Loan Conversion Expenses .. .. .	..	2,920	
Less Advanced from Treasurer's Advance ..	..	3,000		..	3,071,213	
		1,142,951	Total Revenue Expenditure	..	..	7,021,554
<i>State Development Account—</i>			<i>Charged to Loan—</i>				
Applied from the Loan Fund .. .. .	..	5,391,490	Trusts, &c. (for Advances) Districts .. .. .	..	13,484	
		6,534,441	Plant and Machinery .. .. .	..	5,376,443	873,179
			Latrobe Valley Drainage .. .. .	..	..	87,239
			Tallangatta Township Removal .. .. .	..	1,563	182,533
				..	5,391,490	1,142,951	
Net Cost to Taxation and Revenue from Other Sources .. .. .	..	3,868,508	Total Loan Expenditure .. .. .	..	..	6,534,441
	..	13,555,995	Total Expenditure—Revenue and Loan	..	..	13,555,995
Total .. .. .	..	..		..	..

STATEMENT No. 8.

AUTHORITY FOR LOAN EXPENDITURE.

The authority unexhausted at the 30th June, 1957, was—

For <i>Railways, Water, and Public Works</i> —				£	s.	d.	£	s.	d.
Act No.	3335	..	..	50,783	12	4			
„	3475	..	..	987	19	0			
„	3828	..	..	9,819	11	6			
„	4670	..	..	11,864	18	9			
„	4763	..	..	2,672	11	4			
„	4845	..	..	32,716	2	1			
„	4975	..	..	20,022	6	1			
„	5015	..	..	33,103	12	3			
„	5050	..	..	17,828	3	0			
„	5098	..	..	115,444	14	0			
„	5162/5237	..	..	2,390	13	5			
„	5199	..	..	22,944	4	10			
„	5240	..	..	29,127	13	8			
„	5346	..	..	58,583	17	7			
„	5422	..	..	165,139	0	8			
„	5515	..	..	754,899	13	7			
„	5618	..	..	1,105,411	16	8			
„	5657	..	..	408,952	19	7			
„	5746	..	..	3,004,627	10	2			
„	5763	..	..	471,312	15	3			
„	5850	..	..	1,775,669	16	6			
„	5921	..	..	1,949,606	17	7			
„	6034	..	..	10,838,928	16	11			
„	6043	..	..	4,121,987	3	10			
„	6049	..	..	10,886,381	16	5			
„	6066	..	..	465,320	11	4			
							36,356,528	18	4
For <i>Soldier Settlement</i> —Act No. 5107, &c.				..	..		4,368,407	5	5
For <i>Cancer Institute</i> —Act No. 5341/5959				..	..		514,788	6	8
For <i>Coal (Overseas Purchase)</i> —Act No. 5351/5397				..	..		40,056	13	0
For <i>Country Roads—Main and Developmental</i> —									
Act No.	3662, Section 85	..	..	1,000,000	0	0			
„	3662/5831, Section 30	..	..	4,717,294	14	8			
							5,717,294	14	8
For <i>Gas and Fuel Corporation</i> —Act No. 5507/5725				..	..		8,110,553	0	0
For <i>Electricity</i> —									
Act No.	3934	..	..	252,662	14	9			
„	4512, &c.	..	..	18,274,708	14	11			
							18,527,371	9	8
For <i>Drought Relief</i> —									
Act No.	5054, &c.	..	..	27,589	15	5			
„	5122	..	..	32,999	8	4			
							60,589	3	9
For <i>Farmers' Advances</i> —Act No. 4338, &c.				..	..		304,365	8	6
For <i>Farm Water Supply Advances</i> —Act No. 5020				..	..		78,628	6	8
For <i>Forests</i> —Act No. 6040				..	..		436,263	6	5
For <i>Bulk Handling of Wheat</i> —Act No. 4379/5482				..	..		*723,959	14	11
For <i>Housing</i> —Act No. 4531, &c.				..	..		*13,692,196	9	8
For <i>Imported Materials</i> —Act No. 5385				..	..		2,967,276	11	9
For <i>Latrobe Valley</i> —Act No. 5416				..	..		672,513	14	0
For <i>Portland Harbor Trust</i> —Act No. 5425/6020				..	..		4,158,303	18	4
For <i>Rural Finance Corporation</i> —Act No. 5414				..	..		3,340,750	0	0
For <i>Tourist Resorts</i> —Act No. 4609/5446				..	..		41,508	5	1
For <i>Unemployment Relief</i> —Act No. 4097				..	..		902,894	4	11
For <i>Vermin and Noxious Weeds Destruction</i> —Act No. 5431/5804				..	..		32,561	16	11
For <i>Victorian Inland Meat Authority</i> —Act No. 4927				..	..		130,415	18	7
Carried forward							101,177,227	7	3

* Authority has been increased by value of securities cancelled by the National Debt Sinking Fund—Act No. 4379, £105,456 10s. 1d.; Act No. 4531, £137,362 7s. 10d.

STATEMENT No. 8—*continued.*

					£	s.	d.
Brought forward	..	..	..	..	101,177,227	7	3
For Funding Deficits (1955-56)—							
Act No. 6019	..	..	..	..	1,665,910	6	4
					<u>102,843,137</u>	<u>13</u>	<u>7</u>

The Loans which mature during the current financial year are:—

In Melbourne—

					£	s.	d.
1 per cent.	..	..	..	..	70,799	0	0
$3\frac{1}{4}$ "	..	..	..	..	9,603,906	0	0
$3\frac{3}{4}$ "	..	..	..	..	27,108,586	15	0
$\frac{1}{4}$ "	..	..	..	..	36,075,791	16	1
					<u>72,859,083</u>	<u>11</u>	<u>1</u>

APPENDIX A.

TREASURER'S ADVANCE, 1956-57.

The particulars of the expenditure which has been carried forward are:—

Pending Loan Application Act.

Public Works—	£	s.	d.
Soil Conservation Authority	6,743	6	8

Pending Legislation.

Under-pass St. Kilda-road linking Alexandra-avenue	271	3	1
Payment in excess of provision in Special Appropriation Schedule D Part IV. Executive Council	431	12	6
King-street Bridge construction	84,917	12	6
Construction of roads on unalienated Crown Land in the Parishes of Dergholm and Kanawinka	4,628	14	5
	<u>90,249</u>	<u>2</u>	<u>6</u>

Pending Estimates.

Unadjusted Advance of Children's Welfare Department	1,041	13	2
	<u>98,034</u>	<u>2</u>	<u>4</u>

The following are the reasons for transferring the expenditure as a charge on future years:—

Public Works Loan Application Act. Amount charged (£6,743 6s. 8d.) at 30th June, 1957, pending the passing of the Public Works Loan Application Act.

Under-pass at St. Kilda-road linking Alexandra-avenue £271 3s. 1d.—Pending Legislative Authority for financial provision for construction of under-pass at St. Kilda-road linking Alexandra-avenue.

Schedule D Part IV. Executive Council £131 12s. 6d.—Pending Legislation to amend the Constitution Act.

King-street Bridge Construction £84,917 12s. 6d.—Pending Legislative Authority for financial provision for construction of the King-street Bridge.

Construction of roads in the Parishes of Dergholm and Kanawinka £4,628 14s. 5d.—Pending Legislative Authority making provision for meeting cost of the roads.

The unadjusted advance of £1,041 13s. 2d. is the amount for which the Children's Welfare Department cannot produce satisfactory vouchers as a result of a defalcation at "Turana," Royal Park.

APPENDIX B.

A Copy, in abstract, of an Order of His Excellency the Governor in Council by which, under the provisions of the Audit Act No. 3640, section 35, it has been directed that there shall be applied, in aid of items found insufficient, a further limited sum out of the surplus from other items under the same Subdivision of the Appropriation Acts 5 and 6, Elizabeth II., Nos. 6055 and 6102.

Date of Order Authorizing Transfer.	Vote.		Transferred.		Amount.
	Division.	Subdivision.	From Item—	To Item—	
1957— 13th August ..	89	1	Item No. 1—Traffic Branch and Commercial Branch	Item No. 6—Refreshment and Advertising Services	£ 100,000
			Item No. 3—Rolling Stock Branch	Item No. 6—Refreshment and Advertising Services	38,685
			Item No. 3—Rolling Stock Branch	Item No. 7 — General Expenses	49,447

APPENDIX C.

STORES HELD AT VARIOUS LOCATIONS.

Institution or Depot.	Description of Stores.	Value at Stocktaking 30th June, 1957.	Total.
		£	£
Chief Secretary's Department— Children's Welfare Depot— "Turana" "Winlaton"	} Boots, Shoes, Clothing, Bedding, Crockery, Manchester Goods and General Stores	46,120 2,957	49,077
Penal Establishments and Gaols— Ballarat Beechworth French Island Geelong Pentridge and Metropolitan Sale Corriemungle Prison Camp Langi Kal Kal Bendigo Castlemaine Fairlea	} Clothing, Bedding, Crockery, Cutlery, Leather, Tools, Fuel, &c.	955 2,693 2,187 1,728 58,449 49 1,120 4,419 997 2,049 1,357	76,003
Police— Forage Motor Transport	Chaff, Hay, &c. Tyres for Motor Cars and Motor Cycles, Articles for servicing Police Motor Vehicles, Motor Cycles, and Bicycles and other articles	250 21,000	
Technical Section— Wireless Store	Valves, Radio Parts, Vibrators, Test Gear Hardware, Bedding, Furniture, Oils, Disinfectants, Clothing, Arms, Stationery, Kit Items, &c.	5,500 86,000	112,750
Education Department— Stationery Store	Books and Requisites, Cleaning Material, Tools, Cookery, &c. Equipment, Science Requisites, and Motor Spirit	168,263	168,263
Government Printer	Printing Paper, Stationery and Materials, Water- marked gummed paper, Publications	389,513	389,513
Public Works Department— Dredging Depot, Williamstown Storeyard, South Melbourne Works Depot, Port Melbourne Garage, Russell-street	Bolts, Oxygen and Acetylene Cylinders, Diving Gear, &c., Articles for servicing Boats, Jetties, &c. } Implements, Piping, Motor Vehicles, Oils, Canvas Goods Parts for Car Maintenance	20,346 152,801 12,114 924	186,185
Country Roads Board— Melbourne Store Bairnsdale Ballarat Benalla Bendigo Dandenong (Pakenham) Drummond-street, Carlton Geelong Horsham Traralgon Warrnambool Bituminous Materials Depot	} Camp Equipment, Tyres, Tools and Stores, Oil, Fuel, Bitumen, &c.	340,279 24,657 13,193 21,750 22,953 1,743 129 27,938 24,215 12,997 12,204 8,181	510,239
Mines— Diamonds Drill Store	Carbons, Boarts, Splints Engines, Tools, Oils, Chemicals, Machinery, Tubing, Crane, &c.	5,015 55,182	60,197
Forests Commission— Head Office and Country Stores	Machine Parts, Implements, Tools, Tents and Flys, Boots, Clothing, &c.	566,672	566,672
State Rivers and Water Supply Commission	Tools and General Stores	1,845,719	1,845,719
Agriculture Department— Head Office and Publications Cool Store, Victoria Dock	Publications—Beekeeping, Poultry Farming, Honey, Flora, Bulletins, &c. Beltings, Tools, Chemicals, Oil, Plant, Iron, Timber, &c.	4,584 9,898	14,482
Public Health Department— Head Office Schools Dental Centre Gresswell Sanatorium Heatherton Sanatorium	Instruments, Drugs Dental Chairs, Electric and Treadle Drills, Instru- ments, Linen, Furniture, Motor Vans, Drugs } General Stores, Hardware, Linen, &c.	2,453 8,515 13,138 10,242	34,348
	Carried forward		4,013,448

APPENDIX C.

STORES HELD AT VARIOUS LOCATIONS—*continued.*

Institution or Depot.	Description of Stores.	Value at Stocktaking 30th June, 1957.	Total.
	Brought forward	£ ..	£ 4,013,448
Lands Department—			
Botanic and Domain Gardens	Implements, Tools, &c.	201	
Other Stores, Metropolitan and Country	General Stores, Equipment, Plans, and Photographic Materials	231,916	232,117
Soldier Settlement Commission—			
Metropolitan and Country Stores	General Stores and Materials	380,541	380,541
Mental Hospitals—			
Various	} Clothing, Bedding, Hardware, Furniture, and Miscellaneous	362,934	365,712
Mont Park (Trust Stock)		2,778	
State Laboratories—			
Agriculture	} Books and Journals, Chemicals, Chemical Glassware, Apparatus, Furniture and other Fittings, Platinum Ware	22,100	22,100
Mines			
Public Health			
Housing Commission—			
Holmesglen	} Building Materials, &c.	397,359	397,359
,, (Head Office Supply Store)			
	Total .. .. .	..	5,411,277

APPENDIX D.

CULTURAL DEVELOPMENT ALLOCATIONS, 1956-57.

	£
Ararat Civic Choir	25
Astra Chamber Orchestral Society	75
Australian Boys' Choir	100
Australian Elizabethan Theatre Trust	8,000
Ballarat Ballet Guild	50
Ballarat Highland Day	150
Ballarat Orchestra Association	250
Ballet Guild	250
Bendigo Competitions Society	500
Bendigo Music Advancement Society	250
Bendigo Music Lovers' Club	75
Boolarra Associated Arts Club	50
Boort Choristers	25
Brighton City Philharmonic Society	100
Camberwell City Philharmonic Society	100
Camperdown Competitions	100
Camperdown Musical Society	75
Carols by Candlelight	500
Casterton Music Circle	50
Castlemaine Music and Arts Society	100
Caulfield Players	50
Colac Musical Appreciation Circle	50
Contemporary Art Society of Australia	250
Dandenong Festival of Music and Art for Youth	750
Daylesford Highland Gathering Committee	400
Donald Music, Literature and Art Society	25
Echuca Drama Group	50
Echuca Music Lovers	50
Eleanor Auxiliary for Children for the Footscray Hospital West End Eisteddfod	100
Electra Dramatic Group	50
Fern Tree Gully and Mountain District "Music and Arts" Festival	50
Fern Tree Gully Arts Society	50
Foster Films Art, Music and Drama Association	50
Geelong Association of Music and Art	300
Gilbert and Sullivan Society of Victoria	75
Hamilton Arts Council	200
Hamilton Civic Choir	50
Hamilton Musical and Choral Competitions	100
Hawthorn Association for Music and the Arts	50
Heidelberg City Eisteddfod Society	100
Heidelberg City Repertory Group	50
Heyfield Dramatic Club	25
Horsham Ballet School	25
Kerang Drama Group	25
Kew Philharmonic Society	50
Korumburra Choral Society	25
Kyneton Lions' Club Musical Festival	200
Latrobe Valley Eisteddfod	150
Leongatha Band Contest	200
Lilydale Eisteddfod	40
Little Theatre Guild Ltd.	2,500
Maryborough Arts Society	100

APPENDIX D—*continued.*

	£
Melbourne Conservatorium of Music	750
Moe Choral Society	25
Moe Theatrical Society	25
Moomba Aboriginal Choir	250
Moomba Festival	5,000
Mordialloc City Philharmonic Society.. .. .	100
Mordialloc Symphony Orchestra	25
Myrtleford Music Appreciation Group	50
Myrtleford Theatre Lovers' Club	25
National Music Group Association	100
National Theatre Movement of Australia	8,000
National Theatre Movement of Australia (Ballarat Branch)	200
National Theatre Movement of Australia (Swan Hill Branch)	300
Northcote Dramatic Society	50
Portland C.E.M.A.	100
St. Arnaud Drama Group	50
St. Arnaud Society for the Enjoyment of the Arts	25
St. John's Competitions, Ballarat	125
Sale Eisteddfod Committee	200
Sandringham Symphony Orchestra	100
Seymour Music Club	50
Shepparton Musical Advancement Committee	150
Shepparton Symphony Orchestra	215
South-street Society	2,500
Stawell Choral Society	50
Stawell Cultural Society (Drama Group)	25
Strathmore Theatrical Arts Group	25
Terang Dramatic Society	25
Traralgon Music, Drama and Art Society	150
Victorian Artists' Society	500
Victorian Chamber Players	150
Victorian Highland Pipe Band Association	250
Wangaratta Arts Council	500
Wangaratta Choral Society	100
Wangaratta Players	50
Warragul Dramatic Society	25
Warrandyte Arts Association	100
Williamstown Little Theatre Movement	150
Wonkana Choral Society	50
Yallourn Orchestral and Choral Society	100
TOTAL	£37,680

EDUCATION DEPARTMENT

Comparative Analysis of Expenditure from Loan and Revenue

NOTE:—1956-57 shown in heavy type.
1955-56 shown in light type.

	Adminis- tration	Central Schools and Classes	Corres- pondence School	Girls' Schools	High Schools	Higher Elementary Schools	Primary Schools	Registered Schools	Special Schools	Special Activities (Library, Music, Visual Education, &c.)	Technical Schools	Teachers' Colleges	Teachers' Colleges Hostels	University	Pensions, &c.	Miscel- laneous	Total
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
EXPENDITURE																	
Salaries (including Pay-roll Tax) .. {	424,181 373,840	..	..	..	..	..	..	..	..	420,708 343,092	..	..	..	..	..	..	844,889 716,932
Salaries (including Pay-roll Tax) Teachers .. {	..	199,602 198,605	68,126 64,349	362,419 327,979	2,812,684 2,348,951	147,340 166,333	9,892,613 9,090,254	..	224,643 227,319	..	2,102,519 1,819,579	317,899 261,411	..	..	..	..	16,127,845 14,504,780
Salaries (including Pay-roll Tax) Teachers, &c., in Charge of Hostels .. {	9,950 8,845	..	..	..	9,950 8,845
Salaries (including Pay-roll Tax) Clerical Assistance .. {	..	4,442 3,959	6,572 5,068	10,995 8,559	77,669 57,496	4,858 3,993	4,611 3,594	..	..	5,746 4,013	..	14,050 11,237	1,785 1,468	..	..	..	130,728 99,387
Wages—Hostel Domestic Staff .. {	88,214 74,504	..	..	..	88,214 74,504
Allowances to Students in Training .. {	1,431,112 1,206,681
Buildings (including Residences), Furniture, &c., (including Maintenance) .. {	..	2,384 1,642	153	167,490 134,282	2,006,640 2,039,555	46,084 58,623	3,697,775 3,518,048	..	49,335 32,967	2,609 550	1,183,606 1,031,283	244,848 92,686	137,452 114,161	..	..	..	7,538,376 7,023,797
Buildings—Rentals .. {	1,017 605	7,327 3,381	..	17,765 16,206	..	230 572	..	4,078 2,517	..	3,057 1,624	..	..	..	33,474 24,905
School Cleaning, Equipment, &c. .. {	..	17,000 15,303	6,616 6,589	34,307 31,331	291,913 228,580	15,306 15,621	772,923 709,234	..	17,480 14,303	54,048 53,452	..	48,342 44,742	..	..	..	..	1,257,935 1,119,155
Domestic Arts and Manual Training—class material, &c. .. {	..	1,772 1,455	..	19,873 18,043	80,925 60,375	10,081 7,768	15,175 11,001	..	1,999 1,529	..	..	..	..	..	..	..	129,825 100,171
Conveyance of Pupils .. {	..	3,610 9,683	..	21,183 20,899	525,633 472,250	60,168 62,947	701,915 653,631	251,643 214,429	15,609 16,296	..	169,410 135,101	..	..	..	..	..	1,749,171 1,585,236
Bursaries, Scholarships, and Maintenance allowances .. {	..	1,568 626	7 7	10,689 6,775	89,012 82,060	1,799 1,990	205 366	71,377 75,226	..	..	31,746 24,563	..	..	10,330 9,515	..	..	216,733 201,128
Fees—University and Other .. {	36,131 29,760	..	..	..	954 661	37,085 30,421
Office requisites, postage, &c. .. {	50,822 47,023	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	50,822 47,023

Travelling expenses (including purchase of motor cars)	25,422 22,047																										25,422 22,047	
Teachers' Tribunal	11,034 9,908																										11,034 9,908	
Grants	58,570 53,360		641 641			5,000 5,000									15,000*												987,211 862,001	
Pensions and Superannuation to retired Teachers and Officers																											631,549 599,173	
Costs of Text Books and other publications																											90,598 86,800	
Allowances, Maintenance, &c. (under reciprocal arrangements with other States)																											1,133 1,440	
Maintenance Grants—Technical Schools																											1,574,600 1,417,000	
Miscellaneous	21,673 23,147					718 221	255 72																				273,604 220,820	
Total Expenditure	591,702 529,325					231,096 231,494	81,729 76,085																				33,241,310 29,962,154	
RECEIPTS.																												
Tuition Fees																												9,726 8,524
Rents																												116,486 114,604
Students' Board																												102,682 92,727
Sale of Text Books, &c.																												34,209 32,957
Broken Bond payments	19,903 18,046																											19,903 18,046
Miscellaneous	11,307 8,814																											24,257 20,152
Total Receipts	31,210 26,860					210 445	411 321																					34,209 32,957
Net Expenditure	560,492 502,465					230,886 231,049	81,318 75,764																					32,934,047 29,675,144

† Includes £48,934 re the acquisition of "Park Mansions" and modification thereof for the Department of Health, in exchange for "Stonnington" required for a Teachers' College.
* Kindergarten Training College—previously provided under Health Department Vote.