
REPORT

OF THE

AUDITOR-GENERAL

FOR THE YEAR ENDED

30th JUNE, 1958.

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REPORT OF THE AUDITOR-GENERAL OF VICTORIA

UPON

THE TREASURER'S STATEMENT OF THE FINANCES FOR THE YEAR
ENDED 30TH JUNE, 1958.

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, 1958.

The Treasurer's Statement and the subsidiary accounts which were received from the Treasury on 29th October, 1958, 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 1957-58 accounts, were approved on 28th October, 1958, by Act No. 6431.

The accounts of a number of public authorities which I am required by law to audit are also presented and commented upon in the report. In respect of some of these bodies, the figures furnished are subject to audit, but, except where indicated, sufficient progress has been made in the audits to establish that the figures published are substantially correct.

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

REVIEW.

Consolidated Revenue.

In 1957-58—

	£	s.	d.
The Revenue brought to account from all sources was	142,336,624	4	0
The Expenditure charged against the year's Revenue was	145,549,279	19	3
	<hr/>		
The Deficit was	3,212,655	15	3

This deficit, the third in succession, offset by the increase in the equity in the National Debt Sinking Fund applicable to deficit loans, has added substantially to the liability, including discount and expenses in respect of deficits funded, which has still to be met from the revenues of the State.

Details are :—

	£	£
Liability at 30th June, 1957 .. .. .	.. .. .	17,434,674
Deficit 1957-58	3,212,656	
Add—Increase in charge for discount and expenses on securities issued	35,275	
	<hr/>	
	3,247,931	
Less—Increase in equity in National Debt Sinking Fund applicable to deficit loans	520,125	
	<hr/>	
		2,727,806
	<hr/>	
Liability to be met from the revenues of the State on account of the consolidated revenue deficit at 30th June, 1958		20,162,480
	<hr/>	
This liability was borne by—		
Loan		15,287,448
Public Account		4,875,032
	<hr/>	
		20,162,480
	<hr/>	

In 1957-58, debt charges on loan liability arising from funded deficits of past years, amounted to £1,191,625. The funding of the sum of £4,875,032 provided temporarily from Public Account will subsequently add roundly £416,000 to these annual charges. Periodically, there is some set-off against these charges as the State's commitments in respect of individual deficit loans are met. The reduction on this account in 1957-58 and the anticipated reduction in 1958-59 are comparatively small, being £708 and £740 respectively. After due allowance for this factor, and, assuming that the proportion of the Consolidated Revenue deficit temporarily financed from Public Account will be funded in the near future, the annual charge for interest and sinking fund on deficit loans will be in the vicinity of £1,607,000.

The high proportion of gross revenue allocated for social expenditure, noticeable in recent years, was maintained in 1957-58. Expenditure of this nature rose from £44,950,707 or 33·73 per centum of the gross revenue in 1956-57 to £49,144,201 or 34·53 per centum in 1957-58.

The result of Railway and State Coal Mine operations, as in former years, also adversely affected the State's revenue position. The extent to which the deficits on the operations of these two undertakings influenced the over-all result in 1956-57 and 1957-58 is indicated in the comparative statement hereunder :—

	1956-57.	1957-58.
	£	£
Railways Account—Deficit	5,227,234	6,000,199
State Coal Mine—Deficit	307,881	301,165
	<u>5,535,115</u>	<u>6,301,364</u>
<i>Less—</i>		
General Account—Surplus	1,223,649	3,088,708
Deficit for year	<u>4,311,466</u>	<u>3,212,656</u>

There was a slight variation as between the previous year and the year under review in the proportions of the State's revenue obtained from Commonwealth and State sources. Details are :—

Source.	1956-57.		1957-58.	
	—	Percentage of Gross Revenue.	—	Percentage of Gross Revenue.
	£		£	
Commonwealth Contributions and Recoups ..	49,304,687	37·00	55,095,926	38·71
State	83,949,136	63·00	87,240,698	61·29
Gross Revenue	133,253,823	100·00	142,336,624	100·00

Of the increase of £5,791,239 in State revenue from Commonwealth sources indicated in the preceding summary, £3,768,124 is accounted for by the increase in the grant to the State by the Commonwealth under its *State Grants (Tax Reimbursement) Act 1946-48*. Through the operation of the formula expressed in this Act, the annual aggregate of the Tax Reimbursement Grants by the Commonwealth to the States has, over the past decade, shown a marked upward trend. In so far as Victoria is concerned, its proportion under the formula has, over the same period, been rising gradually.

In recent years, the annual increase in the Tax Reimbursement Grants has been insufficient to meet the rise in costs of State services and the Commonwealth has provided supplementary assistance to the States in each of the years since and inclusive of 1949-50. Victoria's proportion of these supplementary grants has fluctuated. As between 1956-57 and 1957-58, the increase in its supplementary grant was £579,862. Victoria also received from the Commonwealth in 1957-58 by way of additional financial assistance the sum of £1,061,169. (For particulars of Commonwealth Grants since 1946-47, see page 12).

The increase of £3,291,562 in revenue from State sources disclosed in the preceding summary is the result of higher collections under most heads of revenue offset by a small decrease in "Miscellaneous" receipts and a substantial net decrease in "No. 4 Public Works" under which head the earnings of State business undertakings are credited in the Treasury Books.

Comparative details of revenue receipts, together with appropriate comments are furnished on pages 11 *et seq.* It will be observed that, apart from the higher receipts from Commonwealth sources already commented upon, the most significant increase occurred under the broad head of "State Taxes". This increase, £2,943,897, is a net figure representing the net effect of variations in the collections under the related sub-heads which may be briefly explained as follows:—

A higher aggregate value of estates resulted in an increase of £1,059,776 in Probate Duty.

Revised land values contributed largely to an increase of £437,182 in Land Tax collections.

An increase of £124,801 in Entertainments Tax reflected the benefit for a full year of the increased tax rates operative from 26th November, 1956, and the influence of admissions at higher prices which, together, more than offset the effect of a decrease of 5,842,566 in the total number of persons in attendance at entertainments.

Increased volume of business in the hire purchase field appeared to be a reason for an increase of £963,098 in the Sale of Duty Stamps.

Other sub-heads accounted for increases totalling £538,762 including increases of £280,632 in the Licensing Fund Payment and £211,553 in Turnover Tax.

As against the increases outlined above, there was a decrease of £144,109 in Tattersall Duty due to a reduction in the aggregate subscriptions to consultations drawn during the year and decreases amounting to £35,613 in the remaining sub-heads.

With respect to "No. 4 Public Works", the net decrease of £954,687 was accounted for by reduced earnings from the operations of several State undertakings offset by increased collections from others. Details are:—

<i>Decreases—</i>						£	£
Railways	..	..	..	..	..	1,515,507	
State Coal Mines	..	..	..	..	..	23,850	
Victoria Dock Cool Stores	..	..	..	..	..	26,542	
Other	..	..	..	..	..	21,386	
						—————	1,587,285
<i>Increases—</i>							
Country Water Supply, &c.	..	..	..	..	..	618,409	(Net)
State Saw Mill	..	..	..	..	..	13,661	
Other	..	..	..	..	..	528	
						—————	632,598
Net decrease	..	..	..	..	..	..	954,687

The comparative statement on page 19 discloses that revenue expenditure in 1957–58 exceeded that for the previous year by £7,983,991 and that the significant factors which brought about this result were substantial increases in the expenditure of the Departments of Education, Health, and Chief Secretary and in the amounts paid for interest and sinking fund, offset by a marked decrease in Railways working expenses.

Higher educational costs were due to increases in teachers' salary rates from January, 1958, the establishment of additional schools and the recruiting and training of a greater number of teachers.

Health expenditure rose mainly as the result of an increase of £980,550 in the allocation to the Hospitals and Charities Fund and an increase of £338,271 in mental hygiene expenditure arising from the extension of services and the treatment of a larger number of patients.

Within the administration of the Chief Secretary's Department, major increases in expenditure occurred under the votes for police, penal, and child welfare services. The effect of the intake of a large number of recruits over the last two years is reflected in the increase of £515,630 in police expenditure. Development of the probation and parole services and prison training programmes together with additional costs for uniforms associated with turnover in penal staff contributed to the increase of £74,033 in the expenditure on penal services. A full year's costs of staffing and maintaining two additional institutions established late in 1956, the development of a scheme of family group homes, an increase in the number of children under the supervision of the Department and higher rates of maintenance from October, 1957, accounted for an increase of £210,800 in expenditure on child welfare services. Details of the "net cost" of these services, calculated on the basis of all relevant revenue expenditure authorities are given on pages 36 *et seq.*

Sinking fund and interest payments have already been referred to and are the subject of further comment under "Loan Fund" in this review.

Loan Fund.—Allocation of loan moneys available for works was broadly on similar lines to those disclosed in the previous year. Comparative details are given in the statement below:—

Nature of Expenditure.	1956-57.		1957-58.	
	—	Percentage of Loan Moneys Available.	—	Percentage of Loan Moneys Available.
	£		£	
Social—				
Education, Health, Hospitals, and Sundry Social items	13,647,468	29·66	14,023,523	29·78
Law and Order—				
Law, Police, Penal, &c.	501,041	1·09	639,392	1·36
Railways and State Coal Mine	7,406,821	16·10	7,049,365	14·97
Primary Production—				
Agriculture, Lands, Soldier Settlement, Forests, Country Water Supply, &c. ..	10,989,806	23·88	11,395,597	24·20
Advances to State Electricity Commission ..	3,400,000	7·39	3,200,000	6·79
Other Public Works	1,908,032	4·15	2,651,652	5·63
Other Works, Advances, &c.	3,097,172	6·73	2,378,123	5·05
In aid of Revenue	3,245,500	7·05	4,315,000	9·16
Total Expenditure	44,195,840	96·05	45,652,652	96·94
Balance forward	1,817,526	3·95	1,442,924	3·06
Total loan moneys available for works	46,013,366	100·00	47,095,576	100·00

The net loan liability of the State other than on account of loan moneys made available by the Commonwealth Government for housing, and, under special conditions, for soldier settlement, increased during the year from £479,842,379 to £516,919,633.

In respect of Commonwealth advances for housing and by way of special assistance for soldier settlement, mentioned above, the State's liability as at 30th June, 1957, and 30th June, 1958, is compared hereunder :—

	30.6.57.	30.6.58.
	£	£
Amount due on account of advances for housing ..	91,379,817	100,521,742
Amount due on account of advances for soldier settlement (special assistance)	3,188,707	5,168,485

Addition of the relevant figures above discloses that the State's total net indebtedness increased from £574,410,903 to £622,609,860 in 1957-58.

As compared with the previous year, there were slight variations in the terms of issue of securities. Short term loans which, in the previous year, were issued at $3\frac{3}{4}$ and 4 per centum per annum were available this year in slightly less volume and all carried interest at 4 per centum per annum. Some medium term loans which, in the year 1956-57, were issued with the same rate of interest as long term loans, viz., 5 per centum per annum, became available in the latter part of 1957-58 at $4\frac{3}{4}$ per centum per annum. Long term rates remained at 5 per centum per annum.

Specific reference has already been made to debt charges on loans raised in aid of revenue. Including the liability on account of these loans, there is a substantial proportion of the State's loan liability in respect of which the interest and sinking fund payments are not being recouped in whole or in part by direct revenue contributions.

In this connexion, it should be observed that, of the sum of £23,883,842, the total of the debt charges payable on loans other than for housing and on certain Commonwealth advances for soldier settlement in 1957-58, roundly £14,500,000 represented interest and sinking fund payments in respect of loan moneys expended on works, &c., which are not expected to produce revenue in the direct sense.

The immediate effect on the State's finances of the charges on this portion of the debt is accentuated by the apparent inability of some of the revenue earning assets of the State, financed from loan, to provide revenue in excess of working expenses as a set-off against the State's debt charges as a whole. The increasing burden of these charges on the State's finances is clearly indicated in the analyses included in Statement No. 5 at the end of this report.

Trust and Special Funds.—The funds and accounts which comprise the Trust Fund are the subject of more detailed comment commencing at page 80.

New funds and accounts were established during the year. They record respectively :—

(1) Moneys provided by the Commonwealth—

- (i) by way of special assistance for roads ;
- (ii) to recoup the State one-third of its expenditure on buildings or equipment of mental institutions ;
- (iii) to finance the construction of the uniform railway gauge line between Wodonga and Melbourne ;
- (iv) for wheat research ;
- (v) in conjunction with the Canned Fruits Industry towards the cost of investigation and research to combat the disease " Brown Rot " in fruit ; and

(2) transactions associated with or related to the—

- (i) improvement of tourist facilities ;
- (ii) welfare of aborigines ;
- (iii) " Fat Lamb " investigations financed by the Australian Meat Board ;
- (iv) Sheep Heritabilities Project, grants for which are made by the Wool Research Committee ;
- (v) irrigation works constructed by the State Rivers and Water Supply Commission for the Soldier Settlement Commission ;

- (vi) school works carried out by School Councils and Committees; and
- (3) the receipt of donations, &c., and the disbursement thereof in connection with—
- (i) Adult Education; and
 - (ii) the Cancer Campaign Appeal insofar as it concerned the State Service.

Mention has already been made in this review of the State's indebtedness to the Commonwealth on account of advances for housing—including home building—and special assistance for soldier settlement. The loan moneys for these purposes pass through special accounts within the Trust Fund. Moneys are also made available by the Commonwealth and credited to Special Accounts for disbursement by the State for hospital benefits and to meet other specific social needs and as an aid for road works. The credits and debits to these Special Accounts in 1956-57 and 1957-58 are compared hereunder:—

Account.	1956-57.			1957-58.		
	Total Credits (Including Balance Forward).	Total Debits.	Balance Forward.	Total Credits (Including Balance Forward).	Total Debits.	Balance Forward.
	£	£	£	£	£	£
Commonwealth-State Housing ..	8,400,000	8,400,000	..	8,400,000	8,400,000	..
Home Builders' Account	2,131,498*	2,127,248	4,250	2,389,248*	2,316,488	72,760
Commonwealth-State Soldier Settlement	1,595,000	1,595,000	..	2,003,780	2,003,775	5
Hospital Benefits	1,484,827	1,441,212	43,615	1,587,934	1,516,830	71,104
Commonwealth Aid Roads and Works	5,401,470	5,397,081	4,389	6,313,296	6,289,139	24,157
Other	4,228,826	2,667,938	1,560,888	5,868,203	4,273,058	1,595,145
	23,241,621	21,628,479	1,613,142	26,562,461	24,799,290	1,763,171

* Includes repayment of advances and interest thereon 1956-57, £131,498; 1957-58, £384,998.

In addition to the above moneys, the Commonwealth supplemented in 1957-58 State contributions to the extent of £367,779 for tobacco experimental works and for flood protection and restoration.

Total credits in the Country Roads Board Fund, consisting of the balance brought forward from the previous year and receipts including fees under the Motor Car Acts and road charges under the Commercial Goods Vehicles Act, reached in 1957-58 the record sum of £10,777,256. Of this sum, £7,703,563 was actually expended on road and associated works. The total expenditure on these works, from all sources, was £14,725,744. These sources were the Country Roads Board Fund as aforesaid, the Loan Fund, the Commonwealth Aid Roads and Works Account, the Commonwealth Aid Roads (Special Assistance) Account, and the Commonwealth-State Flood Restoration Account. (Reference page 105.)

Charges of an exceptional nature were made to the Transport Regulation Fund during the year on account of subsidies totalling £6,680 to a private passenger bus service in consideration of operating losses incurred by it on a designated route between Middle Brighton and St. Kilda. (Reference page 101.)

Particular aspects of the respective Stores Suspense Accounts kept within the Trust Fund at the Treasury for the Railways, State Rivers and Water Supply Commission, Forests Commission and Public Works Department are raised in this report under the appropriate departmental headings.

Justification for the establishment of these Suspense Accounts is amply demonstrated in practice in so far as they provide—

- (i) for the purchase of stores, mechanical parts, and materials in anticipation of requirements; and
- (ii) a sound basis of systematic control over the receipt and issue of such stores, mechanical parts, and materials.

However, the several features of their operation referred to in detail under the relevant departmental headings appear to me to warrant an investigation of their use in practice with particular reference, where appropriate, to the desirability of restricting their operation to the purposes stated above.

For instance, under existing legislation, credits to some of these Stores Suspense Accounts are being made other than on account of loan moneys allocated by statute for the purchase of stores and materials or in consideration of the issue of such stores and materials to authorized works. Examples of these extraneous credits are those arising from plant hire and from the manufacture of articles and equipment. As a result of these credits, substantial balances are being built up within the Suspense Accounts and are being used for writing down stock values, writing off stock deficiencies and for other purposes. The credits are clearly defined in the departmental books but, in the Treasurer's accounts, they are combined with the ordinary stores transactions and consequently lose their identity.

It should be observed that the credits in question have no relationship to those arising from the issue of stores. Because of this and the fact that, under existing practice, the charges thereto do not come under parliamentary scrutiny, I consider the law should be amended to provide for the establishment, within the Treasury Trust Fund, of accounts separate from the Stores Suspense Accounts for the purpose of recording such credits and clearly indicating that the charges thereto are of a truly related nature.

Further, in respect of several of these Stores Suspense Accounts, statutory directions are necessary as to the accounts to be credited with the proceeds of sales of unserviceable or excess stores and the manner in which deficiencies or losses in value of stores are to be adjusted.

Public Authorities.—Financial statements of many of the public authorities subject to audit by me together with appropriate comments thereon are furnished on pages 108 *et seq.* Salient features of the accounts of some of these authorities are briefly referred to hereunder :—

- (i) Electricity Commission.—The excess, £10,364,406, of operating income over operating expenditure was less than that for the previous year by £357,101.

Net profit, arrived at after taking into consideration miscellaneous income and charges for interest, &c., including interest during construction in operating areas, fell from £2,884,608 in 1956-57 to £1,930,182 in 1957-58.

Actually, as between the two years, operating income rose from £36,535,254 to £40,040,398 but operating expenditure increased from £25,813,747 to £29,675,992 thus accounting for the reduced excess of operating income over operating expenditure mentioned above.

The greatest single factor giving rise to the increase in expenditure was the effect of the change, at 1st July, 1957, from the "sinking fund" to the "straight line" method of calculating depreciation. Although the immediate effect of this change was to add in the vicinity of £1,600,000 to the annual charge for depreciation, the long term effect of either method of calculation on the Commission's annual revenue results is estimated to be approximately the same. (Reference—page 111.)

- (ii) Gas and Fuel Corporation.—Net profit for the year, £7,273, was insufficient to meet in full the dividends due on the preference shares. Under its guarantee, the State has since been required to provide the sum necessary to pay the preference share dividends at the rate of 3½ per centum per annum in respect of the second half of the year.

Until the annual profit of this undertaking exceeds its commitment for dividends on the preference shares by an amount adequate to allow of a dividend being declared on the ordinary shares, the State will be unable to recover anything as a set off against its interest and sinking

fund payments on its investment from Loan Fund of £4,000,000 in the ordinary shares. Almost wholly due to this cause, the net charges on the State's Consolidated Revenue Account to 30th June, 1958, for debt charges applicable to the undertaking have reached the sum of £865,760. (Reference—page 122.)

- (iii) Melbourne and Metropolitan Tramways Board.—As indicated on page 146 of this report, operating losses of this undertaking have been showing a marked upward trend in recent years. In the year under review, the loss on operations was £1,097,732. After taking into consideration interest on investments, the net loss was £1,051,877. Statutory appropriations to Funds increased the deficit to £1,230,130.
- (iv) Housing Commission.—The accounts of the Housing Commission for the year under review have not yet been audited but draft statements of account have been submitted to me and the figures therefrom included in this report for the purpose of comparison with the previous year's figures.

During the year, I questioned the authority of the Commission to tender for building contracts. (Reference—page 129.)

Miscellaneous.—The *Audit Act* 1957, has been proclaimed to operate from 1st July, 1958, and the regulations thereunder, "The Public Accounts and Stores Regulations 1958", have been promulgated with effect from the same date.

As indicated in the introductory paragraphs of this report, 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.

	1956-57.	1957-58.	
	£	£	£
Commonwealth Reimbursement of Taxes (including special assistance)	46,053,908	51,463,063	Increase 5,409,155
State Taxes	25,583,615	28,527,512	2,943,897
Interest (including Recoups)	6,884,357	7,686,685	802,328
Country Water Supply (including Recoups)	2,874,904	3,493,313	618,409
Health	*865,976	*1,329,219	463,243
Fees	924,134	1,118,740	194,606
Fines	225,751	367,713	141,962
Recoups, &c. (other than interest and water supply)	2,520,404	2,647,894	127,490
Government Printer	1,005,743	1,065,486	59,743
Mental Hygiene	159,185	206,114	46,929
Ports and Harbors	485,274	518,038	32,764
Education	193,420	224,599	31,179
Penal Establishments	89,888	115,718	25,830
Mint	176,138	189,605	13,467
Rents, &c.	242,174	255,323	13,149
Lands	579,596	586,391	6,795
Sale of Government Property	110,610	110,942	332
Total Increase			10,931,278
Railways	37,463,317	35,947,810	Decrease 1,515,507
Forests	2,418,376	2,347,335	71,041
Agriculture	473,102	432,314	40,788
Police	455,448	424,385	31,063
Coal Mine	495,589	471,739	23,850
Soldier Settlement Commission	33,501	20,559	12,942
Sundry	812,254	658,968	153,286
Total Decrease			1,848,477
Commonwealth	2,127,159	2,127,159	..
	133,253,823	142,336,624	Increase 9,082,801

* Includes reimbursement of Tuberculosis expenses by Commonwealth in 1956-57, £842,177, and in 1957-58, £1,294,655.

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.

The aggregate sum to be distributed annually by the Commonwealth under this head and its division between the States are determined in accordance with a formula expressed in Commonwealth legislation—*States Grant (Tax Reimbursement) Act 1946-48*. However, grants under the formula have proved inadequate and, in each year from 1949-50 inclusive, supplementary financial assistance has been provided by the Commonwealth.

In 1957-58, £43,999,943 was Victoria's share under the formula and £6,405,600 was a supplementary grant. Victoria also received from the Commonwealth in the second half of the year £1,061,169 by way of additional financial assistance.

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
1957-58 ..	165,854,559	43,999,943	26·53	{ 24,145,441 4,000,000*	6,405,600 1,061,169	26·53 26·53

* In addition, payments of £500,000 each were made to New South Wales and Queensland for drought relief.

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 1957-58 totalled £3,649 and consisted of Income Tax £2,932 and Unemployment Relief Tax £717. An amount of £38 which should have been transferred from Income Tax to Unemployment Relief Tax in the year was not so transferred and an adjustment will be made in the accounts for 1958-59.

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, 1958, £2,164,245.

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, 1958, 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.

	1954-55.	1955-56.	1956-57.	1957-58.
	£	£	£	£
Probate Duty	6,304,802	7,102,168	7,005,493	8,065,270
Land Tax	2,624,858	3,249,674	4,169,746	4,606,928
Entertainments Tax	1,176,514	1,216,588	1,624,497	1,749,298

Probate Duty for 1957-58 amounting to £7,968,802 was collected by the Commissioner of Taxes and £96,468 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	..	..	..	..	6,736
Issued by Public Trustee	..	..	..	..	391
Total	..	..	..	..	7,127
Corresponding number during 1956-57	..	..	..	..	7,397

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 increased from £71.18 million in 1956-57 to £76.19 million in 1957-58. Estates exceeding £25,000 in value, included in those figures, increased from 553 to 618.

Land Tax collections showed an increase for 1957-58. The revision of land values throughout the State, resulting in higher unimproved values, continues to be a factor in 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, 19,589, and Comptroller of Stamps, 6,270. The values were increased respectively, Probate Duty, £1,736,363, and Comptroller of Stamps, £2,219,523.

The higher revenue from Entertainments Tax was due largely to two factors:—

- a full year's revenue at the increased rates operative from 26th November, 1956; and
- the return from increased attendances in the higher-priced groups.

These two factors more than compensated for the loss of revenue resulting from the marked reduction of admissions shown in the comparative statement hereunder:—

	Admissions.		
	1956-57.	1957-58.	Variations. Increase + Decrease —
Theatres	1,241,007	1,118,568	122,439 —
Sport	417,046	603,784	186,738 +
Pictures	33,991,756	28,591,475	5,400,281 —
Racing	2,175,082	2,133,757	41,325 —
Dancing and Skating	2,108,955	1,844,608	264,347 —
Miscellaneous	918,353	781,354	136,999 —
Periodical or Season Tickets	233,024	169,111	63,913 —
Total	41,085,223	35,242,657	5,842,566 —

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

	1954-55.	1955-56.	1956-57.	1957-58.
	£	£	£	£
Duty Stamps	3,773,135	3,948,335	4,795,007	5,758,105
Insurance Licences	312,882	347,688	360,718	392,524
Betting Tax	951,107	957,247	974,960	1,186,513
Betting Tickets	127,826	103,394	99,080	103,215
Bookmakers' Licences	45,924	40,997	39,084	38,851
Total	5,210,874	5,397,661	6,268,849	7,479,208

The increase in collections from "Duty Stamps" was due to greater sales of adhesive stamps and to greater activity in real estate and other transactions.

The revenue increase from impressed duty on real estate transactions reflects the greater number of documents lodged in the Office of Titles as shown below.

It should be noted that Act No. 6081 amended the *Stamps (Hire Purchase Agreements) Act 1956* (No. 6045) to exclude interest, insurance or other charges from the definition of "Purchase price" resulting in a reduction in duty on individual hire purchase agreements. It is considered, however, that the effect of this amendment was more than offset by the increased volume of business in this field.

Several amendments to the Stamps Acts were authorized by Act No. 6104. Although some rates of duty were altered, there was no appreciable effect on revenue.

The reason for the greater revenue from "Betting Tax" is not apparent. There was, as indicated, an increase of £4,135 in the revenue from sales of "Betting Tickets" but, on the other hand, Entertainments Tax Branch records disclose a falling off during 1957-58 in attendances at race meetings of 41,325 persons. Further, there was a decrease of £16,403 in revenue from Totalizator duty. For further reference see page 16.

In addition to the above, revenue totalling £3,783 was received from the sale of betting books supplied by the Comptroller of Stamps in accordance with the provisions of the *Finance (Racing) Act 1954*, No. 5793.

Apart from the ordinary revenue collections mentioned above, the Comptroller of Stamps received, under special statutes, £129,729 for the Cattle Compensation Fund and £57,658 for the Swine Compensation Fund. These Funds are included in the Treasurer's Finance Statement (Trust Funds).

Registrar-General and Registrar of Titles.—The following comparative statement sets out the collections in each of the past four years:—

	1954-55.	1955-56.	1956-57.	1957-58.
	£	£	£	£
Fees, Titles Office	343,501	342,103	510,258	594,991
„ Registrar-General	96,886	108,796	179,032	240,097
Total	440,387	450,899	689,290	835,088

In respect of the Office of Titles, the higher revenue disclosed in 1957-58 is attributed, in the main, to the dealings lodged which far exceed those of any previous year. Lodgments over the four years compare as follows:—

1954-55	183,020
1955-56	181,569
1956-57	179,253
1957-58	196,201

The marked upward trend disclosed in the revenue of the Office of the Registrar-General was the result of the under-mentioned factors:—

- (i) the full year's effect of the increase in fees which operated from the 15th November, 1956;
- (ii) increases in the number of companies and business names registered; and
- (iii) the greater number of miscellaneous documents filed.

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
1957-58	152	9	7	..	8,950,000
Total ..	591	29	23	2	35,363,391

In 1957-58, all of the 5s. and two of the £1 consultations were for 200,000 units. The remaining consultations consisted of 100,000 units only.

The duty paid to the Victorian and New Zealand Governments since the Trustees commenced operations in Melbourne in July, 1954, to 30th June, 1958, amounted to £10,543,946 and £660,842 respectively.

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 past three years are set out hereunder :—

	1956-56.	1956-57.	1957-58.
	£	£	£
Duty payable	2,825,925	2,953,452	2,863,194
Less amounts due for consultations drawn but payable in July of succeeding year	80,243	51,673	80,187
	2,745,682	2,901,779	2,783,007
Plus amounts paid and exchange credited in July on account of previous year	53,532	86,517	61,167
	2,799,214	2,988,296	2,844,174
Less exchange on balance held in New Zealand as at 30th June	6,274	9,494	9,482
Amount of duty shown in Treasurer's accounts	2,792,940	2,978,802	2,834,692

The exchange on the balance held in the Government of Victoria Public Account in New Zealand 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 at the 30th June, 1958, the balance in this account was £39,988 (N.Z. currency).

The payments to the Government of New Zealand during the year, on the basis of 15½ per centum of New Zealand subscriptions, totalled £232,377, as compared with £202,902 in 1956-57, which included one quarter on the previous basis of 10 per centum. The amount due to the Government of New Zealand is appropriated annually in the Appropriation Act.

As at the 30th June, 1958, an amount of £54,327 equivalent to £43,914 (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 three 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 under the Act provide that prizes which have remained unpaid for not less than three years shall be paid to the Treasurer to be placed to the credit of the Unclaimed Moneys Fund. The first such payment, due to be made in July, 1958, amounted to £7,689, less certain expenses incurred by the promoter in searching for the persons entitled thereto.

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 doubles 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:—

	1956-57.			1957-58.		
	Horse Races.		Dog Races.	Horse Races.		Total.
	£	£	£	£	£	£
Percentage—						
Win and Place—						
Metropolitan ..	564,776		10,055	508,874		19,309
Country	9,129		..	9,387		365
Doubles and Quinella—						
Metropolitan ..	106,873		7,453	126,117		17,614
Country	1,956		68	3,565		401
		682,734		17,576	647,943	37,689
						685,632
						700,310
Fractions—						
Win and Place—						
Metropolitan ..	105,884		2,712	98,723		4,852
Country	5,314		..	7,540		293
Doubles and Quinella—						
Metropolitan ..	5,500		1,146	7,306		2,351
Country	1,939		30	888		94
		118,437		3,888	114,457	7,590
Dividends Unclaimed ..	..	..	..	..	..	..
						122,047
						22,780
						846,862
						830,459

The above table indicates in respect of the metropolitan area increased patronage of the Doubles and Quinella Totalizator as compared with a falling off in that of the Win and Place Totalizator. The lower return to the State is explained by the fact that the percentage levied on turnover on double and quinella transactions is less than that levied on win and place investments.

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

Licensing Fund Payment.—The revenue of the Licensing Fund is obtained for the most part from fees charged to licensed victuallers (£2,272,741), spirit merchants and grocers (£353,229), and clubs (£111,578). 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. In accordance with the provisions of the *Licensing Act 1955* expenses incurred in connexion with the referendum on trading hours held on 24th March, 1956, amounting to £15, were not taken into account when ascertaining this figure for the year 1957-58.

A comparative statement of receipts and payments of the Licensing Fund for the period 1st July, 1955 to 30th June, 1958, is given hereunder:—

	1955-56.	1956-57.	1957-58.
	£	£	£
Balance 1st July.. .. .	410,976	341,000	330,765
<i>Receipts—</i>			
Licences and Club Certificates	2,279,305	2,482,238	2,782,737
Permits—Extended Hours	26,137	27,128	27,999
Fees and Fines	16,666	21,303	21,760
Interest on Investments	10,982	10,439	10,052
Miscellaneous	5,804	6,013	7,625
	2,338,894	2,547,121	2,850,173
Advanced from Public Account	9,730	..	..
<i>Total Receipts for the Year</i>	2,348,624	2,547,121	2,850,173
<i>Payments—</i>			
Salaries and other Administrative Expenses	45,405	52,194	54,024
Cost of policing Act	43,688	45,177	49,565
Payments to Municipalities	58,616	58,244	58,116
Payment to Police Superannuation Fund	23,000	23,000	23,000
Compensation .. .. .	..	865	17,195
Liquor Referendum	79,707	505	15
Repayment to Public Account .. ..	..	9,730	..
	250,416	189,715	201,915
<i>Total Payments for the Year</i>	250,416	189,715	201,915
<i>Transfer to Consolidated Revenue</i>	2,168,184	2,367,641	2,648,273
Balance 30th June	341,000	330,765	330,750
 <i>Percentage of Revenue Transfer to total receipts (excluding Advance 1955-56)</i>	92.7	93.0	92.9

The following statement shows the variations of Revenue Receipts from the Budget Estimate in 1957-58:—

	Budget Estimate.	Revenue.	Excess + Deficiency --.
	£	£	£
Probate Duty	7,800,000	8,065,270	+ 265,270
Land Tax	4,600,000	4,606,928	+ 6,928
Entertainments Tax	1,900,000	1,749,298	- 150,702
Income Tax (Arrears)	3,000	2,932	- 68
Unemployment Relief Tax (Arrears)	2,000	717	- 1,283
Totalizator	850,000	830,459	- 19,541
Tattersall Duty	2,950,000	2,834,692	- 115,308
Betting and Bookmakers' Licences	1,170,000	1,328,578	+ 158,578
Duty on Insurance Business	370,000	392,524	+ 22,524
Stamp Duty	5,200,000	5,758,105	+ 558,105
Registration Fees—Tobacco, &c.	159,000	142,634	- 16,366
Licensing Fund Payment	2,450,000	2,648,273	+ 198,273
Auctioneers' and other Licences	181,810	165,893	- 15,917
Interest	7,636,790	7,686,685	+ 49,895
Territorial	2,335,300	2,372,569	+ 37,269
Railways, Water and other State Works	41,558,387	40,216,455	- 1,341,932
Ports and Harbors	526,700	518,038	- 8,662
Fines	234,000	367,713	+ 133,713
Fees—Titles Office and Registrar-General	760,000	835,088	+ 75,088
Departmental	4,526,070	4,425,212	- 100,858
Repayment of Revenue Advances	5,940	25,331	+ 19,391
Housing Agreement	735,000	802,974	+ 67,974
Recoup Sinking Fund Contributions	398,087	248,762	- 149,325
Recoup Exchange, &c.	75,000	81,520	+ 6,520
Other Receipts	2,610,693	2,639,752	+ 29,059
Commonwealth Financial Agreement	2,127,159	2,127,159	..
Commonwealth Income Tax Reimbursement	43,995,000	43,996,294	+ 1,294
Commonwealth Special Assistance	6,301,000	7,466,769	+ 1,165,769
	141,460,936	142,336,624	+ 875,688

EXPENDITURE.

The Expenditure charged against Income was more than the outlay for 1956-57 by the amount of £7,983,991. A comparison of the figures for the two years under the separate divisions of votes and special appropriations is given in the following statement :—

	1956-57.	1957-58.		£
	£	£		£
Education	23,818,983	26,319,418	Increase	2,500,435
Health	13,513,852	15,003,118	..	1,489,266
Chief Secretary	8,615,655	9,731,447	..	1,115,792
Water Supply	3,194,160	3,451,349	..	257,189
Attorney-General	1,628,311	1,805,415	..	177,104
Public Works	2,782,186	2,912,432	..	130,246
Agriculture	1,859,435	1,957,125	..	97,690
Lands	1,842,478	1,877,381	..	34,903
Other	1,406,546	1,462,327	..	55,781
Railways (vote)	37,542,830	36,452,940	Decrease	1,089,890
Treasurer	4,859,997	4,618,474	..	241,523
Forests	1,318,798	1,177,235	..	141,563
Coal Mine (vote)	803,470	772,904	..	30,566
Total Votes	103,186,701	107,541,565	Increase	4,354,864
Interest including Exchange*	19,979,920	22,829,002	Increase	2,849,082
National Debt Sinking Fund	3,686,377	4,169,526	..	483,149
Pensions	3,533,397	3,755,173	..	221,776
Endowments and Grants	978,123	998,182	..	20,059
Other	2,375,108	2,590,681	..	215,573
Charities and Mental Funds (Tattersall)	2,978,801	2,834,692	Decrease	144,109
Charities Fund (Totalizator)	846,862	830,459	..	16,403
	137,565,289	145,549,280	Increase	7,983,991

* Additional Interest voted in 1956-57, £13,712, and in 1957-58, £20,834. Includes Exchange in 1956-57, £479,644, and in 1957-58, £491,779.

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.

	1956-57.	1957-58.	Increase+ Decrease-
	£	£	£
Social—			
Walter and Eliza Hall Research	13,000	13,000	..
Bush Nursing	62,500	75,500	+ 13,000
For the Purposes of Young Farmers' Clubs Association	7,400	9,000	+ 1,600
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	800	1,100	+ 300
United Nations Association of Australia	500	500	..
Australia Day Council	1,250	1,250	..
Victorian Amateur Swimming Association	750	750	..
Boy Scouts' Association	2,000	2,000	..
Surf Life Saving Association of Australia	3,000	3,000	..

	1956-57.	1957-58.	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	1,450	1,450	..
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
Framlingham Reserve Welfare Committee	375	375	..
Grants to Reformatories, &c.	50	..	- 50
Over Fifty Association .. .. .	..	400	+ 400
Marriage Guidance Council .. .. .	..	1,500	+ 1,500
Cultural—			
Country Art Galleries	1,500	3,500	+ 2,000
Country Free Libraries	9,000	9,000	..
Children's Free Libraries	5,000	5,000	..
Municipal and Regional Libraries	170,604	209,852	+ 39,248
Bands	1,750	1,750	..
Outdoor Orchestral Concerts	12,550	12,373	- 177
Victorian Symphony Orchestra	25,000	25,000	..
Encouragement of Cultural Development	37,680	37,465	- 215
Sundry—			
National Association of Testing Authorities	250	250	..
Animal Welfare League	500	500	..
Victorian Society for Protection of Animals	500	500	..
Zoological Gardens	16,000	13,500	- 2,500
Commonwealth Parliamentary Association	500	500	..
Melbourne Permanent Post-Graduate Committee	2,000	2,000	..
Trustees Shrine of Remembrance	4,085	500	- 3,585
Exhibition Trustees	1,000	1,000	..
Australian Publicity Council .. .. .	..	5,000	+ 5,000
Empire Youth Movement	4,693	3,952	- 741
Save the Forests Campaign	5,000	5,000	..
Improvement and Maintenance of Cemeteries	5,950	6,000	+ 50
Conservation of Flora and Fauna, Phillip Island	750	1,250	+ 500
War Nurses' Memorial Centre	2,000	2,000	..
Towards cost of repair and renewal works in connexion with Exhibition Buildings	15,000	15,000	..
To Country Fire Authority towards cost of Urban Fire Brigades Demonstration at Mildura .. .. .	..	1,000	+ 1,000
Contribution to Victorian Piscatorial Council towards cost of Information Service	700	800	+ 100
Ballarat Fish Acclimatization Society .. .. .	..	1,000	+ 1,000
Swan Hill Irrigators Research Committee .. .. .	..	1,000	+ 1,000
Kerang Agricultural Research Farm Committee .. .. .	..	1,000	+ 1,000
	495,658	555,577	+ 59,919

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 E 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. 6170—</i>					
Premier	798,060	818,775	+ 20,715	50,696	29,981
Chief Secretary	9,509,120	9,731,447	+ 222,327	292,980	70,653
Labour and Industry	267,530	250,850	- 16,680	..	16,680
Education	25,183,141	26,319,418	+1,136,277	1,145,625	9,348
Attorney-General	1,719,285	1,805,415	+ 86,130	106,958	20,828
Treasurer	4,751,300	4,618,474	- 132,826	63,633	196,459
Lands and Survey	1,867,205	1,877,381	+ 10,176	20,643	10,467
Public Works	2,878,680	2,912,432	+ 33,752	85,457	51,705
Mines	414,000	379,680	- 34,320	12,212	46,532
Forests	1,250,530	1,177,235	- 73,295	20,268	93,563
Water Supply	3,280,630	3,451,349	+ 170,719	191,220	20,501
Agriculture	1,967,945	1,957,125	- 10,820	34,370	45,190
Health	14,873,795	15,003,118	+ 129,323	310,993	181,670
Railways	37,191,057	36,452,940	- 738,117	8,341	746,458
Coal Mine	781,913	772,904	- 9,009	344	9,353
Ministry of Transport	13,500	13,022	- 478	79	557
	106,747,691	107,541,565	+ 793,874	*2,343,819	1,549,945
Special Appropriations	38,263,517	38,007,715	- 255,802	..	255,802
	145,011,208	145,549,280	+ 538,072	2,343,819	1,805,747

* Authority provided by Act No. 6431.

LOAN ACCOUNT.

The State incurred additional loan liability of £41,367,194 on account of moneys raised for works and associated purposes during the year, compared with £39,683,881 in the previous year—an increase of £1,683,313. 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 £41,337,652, the funding of deficits to the extent of £4,315,000, and a balance of £1,442,924 to be carried forward for expenditure in the succeeding year.

These transactions may be summarized as follows:—

	£	£
<i>Liability—</i>		
Australian Public Loans .. .. .	..	26,237,000
Commonwealth Loan .. .. .	..	13,689,617
New York Loan .. .. .	..	1,089,695
Domestic Raisings .. .. .	..	350,882
		41,367,194
Premium, New York Exchange .. .. .	..	1,252,450
		42,619,644
<i>Less—</i>		
Discounts capitalized .. .. .	..	199,645
Expenses of Flotation .. .. .	..	172,639
Treasurer's Advance repaid .. .. .	..	96,289
		468,573
		42,151,071
Balance forward 1st July, 1957 .. .. .	..	1,817,526
Repayments .. .. .	..	2,917,054
Treasurer's Advance 30th June, 1958 .. .. .	..	209,925
		47,095,576
Total loan cash available .. .. .	..	1,442,924
Balance in hand 30th June, 1958 .. .. .	..	1,442,924
		45,652,652
Expenditure (including funding of deficits, £4,315,000).. .. .	..	45,652,652

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), which was the same as in the previous year nor £2,003,775 advanced for Commonwealth-State Soldier Settlement compared with £1,584,928 in the previous year. The total amount now owing on these advances to the Commonwealth for Housing is £100,521,742, and for Soldier Settlement £5,168,485. 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.	4 Per Cent.	4½ Per Cent.	5 Per Cent.	Price of Issue.	Date of Maturity.
	£	£	£	£ s. d.	
No. 105 ..	2,424,000	..	..	99 5 0	15.5.1959
No. 105 ..	..	..	3,970,000	Par	15.4.1965
No. 105 ..	..	..	1,590,000	Par	15.4.1976
No. 107 ..	3,678,000	..	..	99 0 0	15.5.1960
No. 107 ..	..	..	2,519,000	Par	15.2.1967
No. 107 ..	..	..	2,079,000	Par	15.2.1973
No. 109 ..	2,747,000	..	..	98 17 6	15.5.1961
No. 109 ..	..	1,364,000	..	99 0 0	15.2.1967
No. 109 ..	..	..	5,866,000	Par	15.2.1973
No. 111 ..	4,475,000	..	..	98 17 6	15.5.1961
No. 111 ..	..	3,890,000	..	99 0 0	15.2.1967
No. 111 ..	..	..	5,324,617	Par	15.2.1973
New York ..	..	1,089,695	..	99 0 0	1.5.1973
	13,324,000	6,343,695	21,348,617		

Loan Flotation Expenses on Loans Nos. 105 and 107 for works purposes amounting to £75,721, have been paid from the Loan Fund, as well as those incurred on the New York Loan raised in April 1958 and amounting to £58,559. Payment was also made in the year of expenses of loans raised in previous years both in Australia and New York involving £38,359. The expenses for Loan No. 109 are not yet known and Loan No. 111 is from Commonwealth Sources and not expected to entail expenses.

Loans Nos. 106, 108 and 110 were raised to deal with securities held by the public which matured in Australia on 15th August and 15th November, 1957 and 15th May, 1958. The particulars of the transactions, together with 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.
			4 Per Cent.	4½ Per Cent.	5 Per Cent.		
<i>Rate and Maturity</i>	£	£	£	£	£	£ s. d.	
3¾ per cent., 15.8.57..	27,108,587	1,088,587	22,457,000	..	..	99 5 0	15.5.1959
..	..	..	..	..	1,726,000	Par	15.4.1965
..	..	..	..	..	1,837,000	Par	15.4.1976
3¼ per cent., 15.11.57	9,454,356	1,604,356	3,039,000	..	..	99 0 0	15.5.1960
..	..	..	..	..	3,710,000	Par	15.2.1967
..	..	..	..	..	1,101,000	Par	15.2.1973
3¾ per cent., 15.11.57	139,500	..	..	..	139,500	Par	15.4.1976
4 per cent., 15.5.58	36,075,792	1,960,792	27,696,000	..	..	98 17 6	15.5.1961
..	..	..	..	1,929,000	..	99 0 0	15.2.1967
..	..	..	..	..	4,490,000	Par	15.2.1973
Total	72,778,235	4,653,735	53,192,000	1,929,000	13,003,500		

£330,870 of the conversion bonus was met from the National Debt Sinking Fund and the balance, £198,817 from new loan moneys. Conversion expenses, amounting to £13,776 in respect of the first two of these loans and of one Australian and one overseas loan of the previous year were provided from the Consolidated Revenue.

Public Debt and Debt Charges.—The Public Debt Statement discloses that the Public Debt increased during the year by £36,393,997 and that the total amount of the indebtedness at 30th June, 1958 amounted to £518,212,671. Of this total, £475,103,615 represented internal and £43,109,056 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, £60,039, the State's capital liability to the Commonwealth was £518,152,632. 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	£	576,078,444	£	
Less—On account of equity in National Debt Sinking Fund		57,648,747		
Net Liability				518,429,697
Plus—Unapportioned—Loan Fund Balance				1,442,924
				<u>519,872,621</u>
Deduct—Exchange premium—New York Loans				
4½ per cent. : 15th June, 1971			320,790	
5 per cent. : 1st March, 1972			146,749	
4¾ per cent. : 1st May, 1973			1,252,450	
				<u>1,719,989</u>
State's capital liability to the Commonwealth as above				<u>518,152,632</u>

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

	£	£
Interest—On Funded Debt	19,222,537	
Exchange on Overseas Interest ..	491,779	
	<hr/>	
Total Interest (excluding interest on Commonwealth advances for Housing and Soldier Settlement and interest paid on Deposits)		19,714,316
Sinking Fund—State's contributions to National Debt Sinking Fund—for details see section on the National Debt Sinking Fund		4,169,526
		<hr/>
Total Debt Charges		23,883,842
		<hr/>
The comparable figure for the previous year was		21,012,287
		<hr/>

Loan Expenditure.—The net loan expenditure in the year 1957–58 according to Treasury records was £45,652,652, compared with £44,195,840 for 1956–57 and £39,130,295 for 1955–56. The details are summarized below:—

	1955–56 £	1956–57. £	1957–58. £
Railways	7,866,650	7,406,821	7,049,365
Water Supply	7,369,118	6,590,441	6,959,997
Forests	799,922	749,881	616,425
Country Roads	1,035,000	370,000	400,000
Electricity Commission	1,000,000	3,400,000	3,200,000
Gas and Fuel Corporation	1,170,000	130,000	150,000
Portland Harbor Trust	250,000	250,000	250,000
Advances	72,107	71,218	86,050
Fire and Flood Damage to Roads and Bridges ..	57,950	234,679	302,822
Country Sewerage	383,040	965,558	462,073
Hospitals	4,000,000	4,580,000	4,600,000
XVIth Olympiad, Melbourne	275,000	225,000	37,500
Mental Hospitals	1,003,823	1,139,914	1,111,333
Municipal Subsidies (other than for drainage) ..	120,671	163,770	282,934
Police Buildings	186,338	253,965	353,816
Rural Finance Corporation	920,000	920,000	700,000
Sanatoria, &c.	105,673	145,762	83,310
School Buildings	6,647,285	7,155,755	7,399,780
Soldier Settlement	3,899,992	3,579,996	3,599,292
Housing	105,000	53,796	..
Slum Reclamation .. .. .	..	266,600	330,000
University	100,000	112,075	234,898
Other Public Works	1,762,726	2,185,109	3,128,057
In Aid of Revenue .. .. .	..	3,245,500	4,315,000
	<hr/>	<hr/>	<hr/>
Total within Financial Agreement	39,130,295	44,195,840	45,652,652
Commonwealth—State Housing Agreement ..	11,287,004	9,698,613	8,425,103
Commonwealth—State, Soldier Settlement ..	1,599,928	1,595,000	2,003,775
	<hr/>	<hr/>	<hr/>
	52,017,227	55,489,453	56,081,530
	<hr/>	<hr/>	<hr/>

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, 1957 .. .. .	..	255,058
Contributions 1957-58—		
<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	984,361	
	—————	1,154,797
<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	943,190	
£4 per centum per annum on deficit loans ..	383,425	
15s. per centum per annum on deficit loans ..	29,963	
15s. per centum per annum on water supply replacements and imported coal and materials	41,199	
£1 15s. per centum per annum on drought relief and deferred maintenance of railways and schools	109,702	
£2 per centum per annum on tourist resorts development	3,480	
Various, on discount and expenses overseas loans	5,482	
£4 10s. per centum per annum on cancelled securities	2,312,214	
	—————	4,169,527
Interest .. .. .	..	8,319
		—————
		5,587,701
Securities repurchased and redeemed, £5,502,884 at a cost of ..		5,527,662
		—————
Balance of cash in Sinking Fund at 30th June, 1958		60,039
		—————

The total amount of securities repurchased or redeemed and cancelled on account of this State since the inception of the scheme is now £57,588,708 at a cost, including exchange on overseas purchases, of £59,824,141.

TREASURER'S ADVANCE.

The *Public Account Act* 1951 (No. 5578) amended by Act No. 6064 authorizes the temporary issue and application from the Public Account of any sum or sums (not exceeding in all Three 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.

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 1957-58 received approval on 28th October, 1958.

Throughout the year, the Treasurer authorized expenditure of £2,549,846 against the Advance including £2,339,650 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 1958-59 was £210,196. 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:—

Chief Secretary—	£
State Accident Insurance Office—	
Insurance of State Employees	22,442
Government Statist—	
Contingencies	33,000
Children's Welfare—	
Maintenance of Children and allowances to certain Widows	30,725
Penal Establishments—	
Contingencies	39,831
Police—	
Contingencies	59,800
Fuel, Light, and Allowances in lieu thereof and of Quarters and for Uniform; Water, Sanitary, and Garbage Rates and Charges, and certain General Rates	28,043
Purchase and Maintenance of, and repairs to, Motor Cars, &c.	34,866
Education—	
Salaries and Allowances	689,606
Contingencies	163,238
Allowances to School Cleaners, &c.	88,848
Provision of Bus Services and Pupils' Travelling Allowances	117,149
Expenses in connexion with Hostels attached to Teachers' Colleges, Training Centres or Special Schools	29,451
Allowances to augment Local Contributions for Improvements	24,095
Attorney-General—	
Contingencies	55,344
Courts Administration, &c.—contingencies	24,446

Public Works—

Ports and Harbors—

Contingencies

£
22,000

State Rivers and Water Supply Commission—

Salaries and Allowances

40,000

Irrigation Water Supply and Drainage Districts

65,000

Waterworks Districts

36,000

Health—

Grant to Hospitals and Charities Fund

130,550

Subsidies to Municipalities, &c., towards Home-help Schemes

24,953

Maintenance and other expenses in connexion with Tuberculosis Wards at Hospitals and other Institutions, &c.

49,994

Mental Hygiene—

Contingencies

99,823

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 ..	Expenditure in connexion with the visit of Her Majesty Queen Elizabeth the Queen Mother, including grants and incidental expenses in connexion therewith	35,803	35,803
Chief Secretary ..	Pensions, Gratuities, Compensation, &c.	Annual Allowance in addition to Pension to Widow of ex-First Constable A. T. Bentley on account of Special Circumstances	164	164
		Annual Allowance to ex-Sergeant Cyril Currer in addition to Pension on account of Special Circumstances	16	16
	Police	Expenses of providing Police Long Service and Good Conduct Medals	559	559
Education ..	Miscellaneous ..	Ex-gratia payments in lieu of Long Service Leave to certain female ex-members of the Teaching Service	238	238
	Exceptional	Payment of compensation and costs in full settlement of Claim for damages resulting from injuries sustained by R. C. Woodward, an apprentice at William Angliss Food Trades School	310	310
Treasurer ..	Payments to Railways Department	Recoup to Railways Department on account of additional costs incurred by the diversion of seaborne coal to the Geelong Gas Works	7,000	7,000
	Grants	To Marriage Guidance Council of Victoria	1,500	1,500
	Exceptional	Contribution to Traralgon Waterworks Trust towards meeting the abnormally high costs of Water reticulated during the years 1951 to 1957	10,000	10,000
		Payment of half freight on Materials supplied to Sufferers in 1957 Bush Fires in Horsham District	718	718
		Contribution to <i>Herald</i> Parcels for Pensioners Appeal Fund	1,000	1,000
		Towards expenses of Professor F. Duras, representing the State of Victoria at the Second British and Commonwealth Conference on Physical Education at Barry, Glamorgan, Wales	500	500
		Contribution to Empire Games Fund	1,500	1,500
Land Settlement ..	Miscellaneous ..	Refunds of Revenue of Previous Years	176	176
		Towards cost of caravan for use in connexion with field work on Myxomatosis Research	730	730
		Payment of expenses of Parliamentary and Departmental Members of Delegation to New Zealand to investigate rabbit-control organization	734	734
Soldier Settlement Commission	Miscellaneous ..	Contribution to the Wimmera Shire in connexion with road replacement	240	240
State Rivers and Water Supply Commission	Salaries	Payment in lieu of Long Service Leave to Commissioner J. A. Aird	3,135	3,135
		Payment of one moiety of Compensation and Costs in full settlement of claim for damages resulting from injuries suffered by E. C. Branson at Shepparton	4,000	4,000
Agriculture ..	Exceptional	Destruction of Grasshoppers	167	167
	Grants	To Swan Hill Irrigators Research Committee ..	1,000	1,000
		To Kerang Agricultural Research Farm Committee ..	1,000	1,000
	Miscellaneous ..	Compensation under Milk Pasteurization Act 1949, No. 5444	5,171	5,171
Mental Hygiene ..	Exceptional	To reimburse Beechworth Shire Council portion of cost of repairs to approach road to the Beechworth Mental Hospital	2,674	2,674
Railways ..	.. ..	Ex-gratia payment to Sawmillers, involved in additional costs in consequence of bush fire damage to a Railway bridge between Orbost and Nowa Nowa	754	754

SURCHARGES.

Under the provisions of section 41 of the Audit Act, No. 3640, 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 travelling, postage, &c.	89,426	7	7
<p>The above expenditure was disallowed for the same reasons as those for which similar expenditure was disallowed in previous years (for full details see page 22 of the report on the accounts for 1955-56). It is understood that this practice of charging indirect expenses to loan works, &c., will be replaced by a method whereby an oncost charge of 7½ per centum will be made to cover the costs associated with design, supervision, and administration of such works. The amount recovered under this method will appear in the Treasurer's Revenue Statement.</p>			
Mines Department—			
Payment for supply of filling to site at Port Melbourne without a properly authorized contract	3,369	0	0
Education Department—			
Contingencies—			
Recoup to a temporary teacher, the supporting voucher for which was defective		4	5 0
Contingencies—			
Payment to a cleaner on a defective voucher		4	0 0

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 and Co-operative Housing Societies. 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, 1958, 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	15,000	15,000
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	417,611
Wonthaggi Cotton Mills Pty. Ltd.	30,000	30,000

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 £30,000.

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, 1958.

	Guarantee.	Contingent Liability.
	£	£
Co-operative Housing Societies	55,785,400	39,169,822
Co-operative Societies	115,460	98,647
Home Finance Trust	2,875,496	2,002,442
Organizing Committee of the XVIth Olympiad Melbourne, 1956	200,000	24,655
Victorian Inland Meat Authority	50,000	5,969

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. 6138 which provides a limit of £60,000,000 to the liability which may be incurred by the State under this heading. At 30th June, 1958, 402 guarantees were current in respect of loans made or to be made.

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 the amount of £2,850, whichever is the lesser. At 30th June, there were 3,103 indemnities in force, the contingent liability upon which was £433,650.

The *Co-operation Act* 1953 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 £115,460 had been given in relation to the loans of seven societies, and the contingent liability under the guarantees amounted to £98,647.

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 45 guarantees amounting to £25,496 in respect of loans beyond the specified maximum, and seventeen guarantees totalling £2,850,000 in respect of amounts to be deposited with the Trust. The contingent liability, at 30th June, under these 62 guarantees was £2,002,442.

The accounts of the Trust are subject to audit by this office, and are discussed in further detail on page 164.

As authorized by Act No. 5905, the State has guaranteed the overdraft of the Organizing Committee of the XVth 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 £24,655.

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.

	1956.	1957.	1958.
	£	£	£
Railways and State Coal Mine	1,113,533	1,159,580	1,268,739
Taxation—			
Income	11,372	7,754	5,218
Unemployment Relief	4,196	2,274	1,579
Land	229,065	286,143	520,083
Probate Duty	124,815	197,441	140,749
Water Supply	273,709	440,558	624,819
Lands Department	43,272	45,463	53,472
Soldier Settlement Commission	172,047	190,154	222,575
Forests Commission*	128,129	223,103	180,896
Government Printer (excluding amounts due from State Departments)	35,749	50,765	26,278
Children's Welfare	61,218	84,359	87,295
Other Departments	124,760	92,573	92,756
Trading Activities—			
Victoria Dock Cool Stores	62,647	66,755	73,831
Lighterage and Storage of Explosives	24,879	3,171	1,926
Erica Sawmill	7,772	18,894	10,791
Miscellaneous	22,115	23,524	20,519
	2,439,278	2,892,511	3,331,526

* Includes Timber Seasoning Works, Newport.

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 do not include the amount of £465,639 which represents assessments issued during June, but not due and payable until after 30th June.

The time allowed for payment of Land Tax assessments issued in June was reduced from 21 days to 14 days, thus tending to increase the proportion of assessments unpaid at the end of the month. Collections during July reduced the arrears by approximately £469,000.

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 £482,724, of which £72,860 has been repaid. Further reference to this expenditure is made on page 86 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. In each of these years, there were no advances from Consolidated Revenue to the bodies included in this section.

	1955-56.	1956-57.	1957-58.
	Loan.	Loan.	Loan.
	£	£	£
Corporations and other Bodies	504,340	691,772	801,600
Settlers .. .. .	..	..	3,060
Various	48,200	80,300	37,200
Total	552,540	772,072	841,860

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 £40,252. Following is a concise statement of the balances of advances and amounts overdue, together with brief comments in respect of the larger items:—

	Balance of Advances at 30th June, 1958.			Overdue at 30th June, 1958.				
	Loan.	Revenue.	Total.	Redemption.			Interest.	Total.
				Loan.	Revenue.	Total.		
	£	£	£	£	£	£	£	£
Co-operative Companies	6,380	..	6,380	325	..	325	112	437
Corporations and other Bodies	6,453,838	..	6,453,838	3,994	..	3,994	14,542	18,536
Unemployment Relief Advances	123,642	..	123,642	691	..	691	..	691
Advances to Settlers	21,978	37	22,015	14,643	16	14,659	3,281	17,940
Various	820,491	18,477	838,968	1,140	..	1,140	1,508	2,648
Total	7,426,329	18,514	7,444,843	20,793	16	20,809	19,443	40,252

Included in the total of £40,252 overdue is an amount of £3,281 in respect of advances to settlers which is not shown in the Treasurer's Statement of Sundry Debtors to Revenue (page 129).

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 £3,267,928 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 £1,784,935. Instalments of redemption and interest charges overdue at the same date totalled £234.

Sewerage Authorities.—Advances of £941,152 have been made from loan for capital works of country sewerage authorities, but £307,458 of this amount has been transferred to the Capital Expenditure Borne by the State Account. Repayments amount to £122,659, and the balance of liability at 30th June was £511,035.

Irrigation Trusts.—Loan advances to Irrigation Trusts amount to £1,199,003 of which the Trusts have repaid £59,659. Liability to the extent of £771,411 has been transferred to the State and £18,416 has been written off, leaving the balance of advances at 30th June, £349,517.

Waterworks Trusts.—Of advances of £6,488,754 from loan and £33,625 from revenue, £3,702,526 was still to be repaid at 30th June.

At the same date 65 trusts between them owed £18,021 for redemption and interest charges, but 30 have since paid the amounts outstanding. The activities of the trusts are discussed on page 44 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 £626,057 but liability to the extent of £604,502 has been borne by the State. Further reference is made to these Trusts on page 45.

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 £27,824 has been written off. The balance of advances at 30th June was £123,642 including £691 overdue instalments of redemption.

VARIOUS.

Ballaarat Cemetery Trust.—An amount of £48,850 was advanced from loan to the Trustees to assist in the building of a crematorium. The loan which is free of interest for the first two years is to be repaid over a period of fifteen years with interest at £5 per centum per annum, the first instalment becoming due five years after the date of the loan.

Charitable Institutions.—Advances from Surplus Revenue to various Hospital Committees totalled £78,334 of which £2,750 was repaid and the balance, £75,584, including £27,250 during 1957–58, was treated as a grant.

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 centum 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 £1,989,233, against which there were departmental receipts of £304,866, resulting in a net cost to the State of £1,684,367 as compared with £1,547,846 for the previous year. Details of expenditure and receipts for the two years are:—

Vote—	<i>Expenditure.</i>	1956-57.	1957-58.
		£	£
Department of Agriculture		1,859,435	1,957,126
Chief Secretary—Accident Insurance		4,781	11,201
Treasurer—Pay-roll Tax		33,324	32,769
Treasurer—Unforeseen		80	358
Public Works		49,474	46,292
Special Appropriations		55,056	55,147
		<hr/>	<hr/>
		2,002,150	2,102,893
Less Business undertaking—Victoria Dock Cool Stores		138,846	113,660
		<hr/>	<hr/>
		1,863,304	1,989,233
		<hr/>	<hr/>
	<i>Receipts.</i>		
Departmental		173,102	432,314
Less Victoria Dock Cool Stores		197,214	170,672
		<hr/>	<hr/>
		275,888	261,642
Licences—Dairies, Dairy Farms, Dairy Produce, Factories, &c. (included under heading—Taxes)		39,570	43,224
		<hr/>	<hr/>
		315,458	304,866
		<hr/>	<hr/>
Net outgoing (excluding interest, sinking fund, and proportion of Government contribution to superannuation)		1,547,846	1,684,367

Expenditure from Loan.

Expenditure from Loan on Works and Buildings at Agricultural and Dairy Colleges, Research Farms and the Victoria Dock Cool Stores, &c., amounted to £209,794. Included in this amount is a sum of £15,115 representing commitments for works as at 30th June, 1958, but unexpended as at that date. This sum was held at the close of the year to the credit of "Country Roads Board Special Works Account" within the Treasury Trust Fund.

Agricultural Colleges and Research Farms.

In various parts of the State, the Department has established and maintained colleges and research farms for the purpose of agricultural education and to develop improved farming methods in respect of all classes of primary production.

For a number of years, it was the practice to prepare annual income and expenditure statements and balance-sheets for some of these colleges and farms. However, following the recommendations of the Committee of Public Accounts dated 1st April, 1958, this practice was discontinued and departmental statements of cash receipts and payments are now prepared for all educational and research institutions. These statements are summarized in Appendix F to this Report. The summary shows that payments totalled £743,837 and receipts £170,940. The net expenditure incurred by the State was, therefore, £572,897.

The total receipts as stated above were credited as follows :—

	£	£
Consolidated Revenue		159,110
Trust Fund—		
Wheat Marketing (<i>re</i> Walpeup)	6,758	
Tobacco Research (<i>re</i> Myrtleford)	5,072	
	<u> </u>	11,830
		<u>170,940</u>

The expenditure of £743,837 was on account of general maintenance and capital improvements and was provided as shown hereunder :—

	General Maintenance.		Capital Improvements.		Total.
	£	£	£	£	£
From Vote		501,886		49,720	551,606
" Loan		180		152,226	152,406
" Trust Fund—					
Wheat Marketing (<i>re</i> Walpeup)	9,685		3,744		13,429
Tobacco Research (<i>re</i> Myrtleford)	7,832		18,564		26,396
	<u> </u>	17,517	<u> </u>	22,308	<u>39,825</u>
		<u>519,583</u>		<u>224,254</u>	<u>743,837</u>

Capital Improvements comprised :—

	£	£
Land (at Scoresby)		36,500
Buildings		106,714
Plant and Equipment		34,758
Furniture and Equipment		10,220
Permanent Improvements—		
Clearing, &c.		7,755
Fencing		5,015
Roads		12,465
Water Reticulation		10,827
		<u>36,062</u>
		<u>224,254</u>

The sum of £904 received from sales of Government property is included in the amount of £24,207 under the head of rents, &c., in the Appendix "F".

Victoria Dock Cool Stores.

A profit of £34,175 resulted from operations during the year ended 30th June, 1958. The following comparative statement summarizes transactions during each of the last three years :—

	1955-56.		1956-57.		1957-58.	
	£	£	£	£	£	£
<i>Revenue.</i>						
Storage Charges	169,837		191,520		167,884	
Shipping Charges	10,896		7,270		7,744	
Rental	2,609		2,564		2,086	
	<u> </u>	183,342	<u> </u>	201,354	<u> </u>	177,714
<i>Expenditure.</i>						
Salaries and Wages, &c.	85,851		84,717		72,742	
Pay-roll Tax	2,165		2,132		1,820	
Rent of Site	2,167		2,437		2,704	
Agency and Commission	10,983		10,383		9,440	
Maintenance	7,742		14,467		10,706	
Electrical Energy	12,165		14,285		14,138	
Other Charges	2,294		2,237		2,258	
Depreciation	10,056		11,359		12,252	
Interest on Capital	14,620		15,481		17,479	
	<u> </u>	148,043	<u> </u>	157,498	<u> </u>	143,539
Net profit		35,299		43,856		34,175

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 98-100 of this Report.

Police Department.

Police Services.—The net cost to revenue of these services was £6,564,034. 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:—

	1955-56.	1956-57.	1957-58.
	£	£	£
<i>Expenditure—</i>			
Salaries	4,030,787	4,624,655	5,070,331
Pay-roll Tax	105,299	119,837	137,615
General expenditure	975,582	1,176,372	1,245,402
Maintenance, rent, erection of buildings	96,038	99,025	107,669
Police Classification Board	2,918	2,461	2,538
Workers' Compensation Insurance	15,384	26,742	32,223
Pensions and Superannuation	729,225	761,188	784,529
	5,955,233	6,810,280	7,380,307
<i>Revenue—</i>			
Police services	391,058	455,448	124,385
Firearms licences	2,877	2,910	2,889
Recoup from Country Roads Board Fund—cost Motor Registration Branch	363,035	391,526	388,999
	756,970	849,884	816,273
Net cost	5,198,263	5,960,396	6,564,034
Further expenditure from loan funds on Police buildings and residences	186,338	253,965	353,816

The increase in expenditure was due largely to an increase in the number of members of the Police Force during this and the previous financial year.

Included in the amount of £353,816 from Loan Funds was an amount of £9,314 advanced to the Country Roads Board on account of commitments for works as at 30th June, 1958, but unexpended at that date.

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. Motor registration fees for the year increased by £1,713,417. This reflects the operation for the full year of the higher fees authorized by Act No. 6038, effective from 1st January, 1957.

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 :—

1956-57.		1957-58.
£	<i>Country Roads Board Fund—</i>	£
6,447,936	Motor Fees and Drivers' Licence Fees	8,172,803
450,805	Owners' Certificates (two-thirds)	511,998
		————— 8,684,801
	<i>Level Crossings Fund—</i>	
225,397	Owners' Certificates (one-third)	255,997
	<i>Municipalities Assistance Fund—</i>	
207,892	Motor Drivers' Licence Fees (half)	219,342
	<i>Transport Regulation Fund—</i>	
5,792	Metropolitan Omnibus Registration Fees	7,800
	<i>Third Party Insurance—</i>	
3,368,616	Premiums on behalf of Insurers	3,570,402
41,802	Motor Car (Hospital Payments) Fund	44,240

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 £805,708. A comparison of expenditure and revenue for 1957-58 with corresponding figures for the two previous years is :—

	1955-56.	1956-57.	1957-58.
	£	£	£
<i>Expenditure—</i>			
Salaries	316,982	375,486	407,969
Pay-roll Tax	9,589	11,179	12,401
General expenditure	309,983	403,235	444,715
Maintenance, erection buildings, &c.	53,468	51,965	53,156
Parole Board	658	576	1,134
Workers' Compensation Insurance	2,649	1,241	2,051
	————— 693,329	————— 843,682	————— 921,426
<i>Revenue—</i>			
Proceeds from prison industries	72,477	89,888	115,718
Sundries	146	480	..
	————— 72,623	————— 90,368	————— 115,718
Net cost	620,706	753,314	805,708
<i>Further expenditure from Loan Fund on buildings</i>	89,869	112,132	150,410

The introduction of the Probation and Parole Services, development of the Prison Training programmes, payments to prisoners on discharge, and the purchase of uniforms on account of the extra turnover in staff, were the main causes of the increase in expenditure.

Children's Welfare Department.

The supervision, and in the majority of cases, the maintenance of children declared to be wards of the State rest 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 1957-58 was £923,856.

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

	1955-56.	1956-57.	1957-58.
	£	£	£
<i>Expenditure—</i>			
Salaries	170,783	211,834	253,986
Pay-roll Tax	1,424	2,057	2,069
General Expenditure	64,596	71,603	98,740
Maintenance of Children	382,006	444,274	580,724
Maintenance of Migrant Children	3,332	2,784	3,572
Subsidies and Grants to Hostels	2,250	3,561	7,832
Grant—Staff Training	2,130	..	..
Maintenance and Rent of Buildings	18,190	19,219	19,451
Workers' Compensation Insurance	353	667	1,708
Unforeseen	100	59	20
	645,164	756,058	968,102
<i>Revenue—</i>			
Maintenance Collections—			
Voluntary Payments	14,383	15,326	20,456
Under Court Orders	9,005	13,911	16,395
Child Endowment	6,087	5,860	7,395
	29,475	35,097	44,246
<i>Net Cost</i>	615,689	720,961	923,856
<i>Further Expenditure on buildings, &c.—</i>			
Loan	119,362	118,509	81,008
Surplus Revenue	3,334	..	3,062
	122,696	118,509	84,070

Included in the amount of £81,008 from Loan Funds was an amount of £30,571 advanced to the Housing Commission on account of commitments for works as at 30th June, 1958, but unexpended at that date.

The increase in Salaries and General Expenditure was due largely to the additional staff needed to maintain two new institutions opened during the previous financial year and the setting up of a scheme of Family Group Homes.

Due mainly to the greater number of children coming under the care or supervision of the Department together with increased rates of payment to State wards in approved children's homes, &c., payments for maintenance 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 :—

	1955-56	1956-57.	1957-58.
	£	£	£
Wards in Private Homes	39,782	47,578	51,408
Wards in Children's Homes and Juvenile Schools	150,060	174,967	253,795
"Turana," &c., and General Maintenance.. .. .	57,230	64,047	99,304
Assistance to Mothers	134,934	157,682	176,217
	382,006	444,274	580,724

The net costs of the remaining sub-departments and branches for 1957-58 as compared with the previous two years are as set out below :—

	1957-58.			1955-56.	1956-57.
	Expenditure.	Revenue.	Net Cost.	Net Cost.	Net Cost.
	£	£	£	£	£
Public Library, Museums, &c. ..	539,190	1,502	537,688	427,561	479,790
Government Statist ..	195,961	35,710	160,251	118,627	126,100
Fisheries and Game ..	182,333	73,224	109,109	99,829	95,562
Immigration ..	35,108	6,151	28,957	19,070	25,605
Other Branches ..	68,305	6,690	61,615	31,087	54,335
Administrative ..	143,967	17,659	126,308	97,526	126,730
	1,161,864	140,936	1,023,928	793,700	968,122

Expenditure from loan funds during 1957-58 for works related to the Public Library and Museum was £8,171.

The amount of additional grants by the Free Library Service Board to municipalities was the significant factor in the increase indicated in the net cost of the Public Library, Museums, &c.

Exceptional expenditure of approximately £35,000 was incurred in 1957-58 in the purchase of punched-card machines for the Government Statist's Office. In connexion with the expenditure of that Office, it should be observed that under an arrangement between the Commonwealth and the State, with effect from 1st November, 1957, salaries of certain members of the statistical staff together with incidental expenses will be recouped by the Commonwealth.

Appointment of additional inspectorial and other staff was the main cause of the increase in the expenditure of the Fisheries and Game Branch. It will be noted that revenue of this Branch also increased. After a lapse of many years, a limited season for taking and killing opossums was proclaimed in 1957. As a result thereof, additional revenue was obtained from the issue of licences and from royalties on skins.

Included in the expenditure for "Other Branches" is a contribution of £23,934 to the Aborigines Welfare Fund. Further reference to this Fund is made on page 81 of this Report.

Also, included under the head of "Other Branches" are the revenue and expenditure of the Office of the Chief Inspector of Explosives and Gas Examiner in respect of the governmental functions of the Branch. The accounts relating to the activities of the Branch associated with the handling and storage of explosives at Truganina Explosives Reserve are kept on a commercial basis. The audit of this section of the Branch, with particular reference to the statement of accounts for the year ended 30th June, 1958, has yet to be completed.

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 1953-58, 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.		
	£	£	£	£	£
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	653,621	1,621,403	2,548,733	2,108,175	440,558
1957-58	1,004,966	1,817,719	3,263,243	2,638,424	624,819

Revenue for the year exceeded that of 1956-57 by £547,661. The increase was due mainly to revaluations in certain districts, development of main urban districts, new irrigation districts, record sales of water and increased revenue from the State Electricity Commission for water supplied to generators at Eildon.

Of the current assessments and other charges 79·6 per cent. was collected. Included in the other charges are amounts for sales of water the accounts for which were rendered immediately prior to the closing of the books. The collection of 92·9 per cent. of current assessments (94·7 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, 1958, is:—

	£
Irrigation Districts	467,993
Waterworks Districts	38,861
Urban Districts	83,368
Flood Protection Districts	4,053
Drainage Districts	1,939
Coliban Districts	16,344
Sundries	12,261
	624,819

The Commission has a duty under the Water Acts to levy rates and charges sufficient to meet the specified costs in the districts. Although subsequent amendments to the principal act 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, while in 1957-58 they still exceeded the rates and other charges, the position improved during the year.

Cash Summary.—Details of the cost to the State in connexion with Country Water Supply are set out in Statement No. 7, on page 177 of this Report. A summary prepared on a cash basis for the period 1948–58 is given in the table hereunder:—

	*Receipts, including Recoups.	†Expenditure.			Cash Deficit.	Loan Expenditure.
		General.	Debt Charges.	Total.		
	£	£	£	£	£	£
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
1957–58	3,844,317	3,443,583	4,264,713	7,708,296	3,863,979	6,764,997

* Excludes amount diverted to Depreciation Fund—1953–54, £561,958.

† Excludes expenditure from Surplus Revenue in 1948–49, £726; in 1949–50, £2,471; and in 1950–51, £734.

The net cost to the State of the Commission during 1957–58 was £3,863,979, a decrease of £4,529 on the preceding year. The increase of £449,877 in the debt charges, due to further borrowing for country water supply, was more than offset by increased revenue, due, among other things, to revaluations and record sales of water.

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 £873,613 was recouped in 1957–58.

Sources and Purposes of Expenditure.	1955–56.	1956–57.	1957–58.
	£	£	£
Loans—			
Commission's works	5,748,385	4,852,333	4,908,354
Other works*	721,518	708,206	747,789
Special plant, &c.	165,626	87,239	46,722
Water Trusts, Local Bodies, &c.	733,589	886,663	1,062,132
	7,369,118	6,534,441	6,764,997
Votes—			
Commission (net)	2,036,080	2,333,790	2,482,084
Water Trusts, &c.	7,974	10,712	15,262
Sewerage Authorities	42,410	56,406	74,379
Eildon Sewerage .. ..	..	..	6,011
Special Appropriations—			
Commissioners' Salaries	9,786	10,792	10,750
Pensions and Gratuities	55,747	58,171	61,874
Depreciation Funds	239,833	229,068	185,194
Other Funds	19,986	19,676	46,118
Soldier Settlement Commission works	156,315	143,020	31,399
River Murray Commission works	1,323,447	1,459,062	1,486,860
Total	11,260,696	10,855,138	11,164,928

* Including works of an Authority supervised by the Commission, contributions to the River Murray Commission and payments to the State Electricity Commission for the provision of electricity to water supply works.

Works.—The principal items included in the loan expenditure of £4,908,354 on Commission works were :—

	£
Goulburn Irrigation	1,593,491
Central Gippsland	324,729
Murray Valley	191,794
Other Irrigation Districts	457,544
Big Eildon Dam	225,191
Loddon River Storages	146,943
Other Storages and Headworks	238,499
Mornington Peninsula	848,049
Surveys and Investigations	187,506
	4,213,746

Stores.—The book values of the plant, tools, and general stores held by the Commission at the 30th June, 1958, were :—

	Plant. £	Tools and Stores. £
At Construction Works	252,053	402,059
Hire Plant and Machinery	1,685,361	..
Stores Suspense Account (Depots)	124,959	851,694
At Central Plant Workshop pending transfer or disposal	65,647	282,861
	2,128,020	1,536,614

Stocktakes at construction stores and district centres revealed numerous discrepancies, surpluses amounting to £10,809, and deficiencies to £20,263.

Financial adjustments on account of net deficiencies, losses on sale, unserviceable goods written off, and provision for depreciation were made to the accounts of the respective projects or districts concerned and to the accounts within the Water Supply Stores Suspense Account.

The *Stores Suspense Account* was established under the authority of the *Water Act 1947*, No. 5253. Up to and inclusive of 30th June, 1958, loan moneys totalling £1,206,000 have been made available for the purpose of financing the Account.

In the Treasurer's Trust Fund statement, as at 30th June, 1958, the balance at credit of the Water Supply Stores Suspense Account is shown as £846,215. This amount is represented in the Commission's books by :—

	£	£	£
Credit Balance—Available for purchase of stores, &c. .. .. .	..	..	251,121
" " " Hire Plant " Accounts .. .. .	..	411,512	
" " Interest and Redemption Reserve Account .. .. .	..	278,422	
		689,964	
Debit Balance—Plant Operating Reserve	94,821		
" " Plant Operating Suspense Account	49		
	94,870		595,094
Credit Balance—Water Supply Stores Suspense Account .. .. .	..	..	846,215

The credit balances of " Hire Plant " Accounts and the Interest and Redemption Reserve Account have reached the substantial figures shown as a result of credits from plant-hire charges made against works expenditure authorities. The plant-hire charge is comprised of provisions for motor vehicle insurance, repairs and maintenance, depreciation, interest and redemption together with a penalty rate, referred to as a holding charge, to cover idle time. These accounts receive the benefit of the components of the hire charge with the exception of the provisions for insurance and depreciation. The provision for insurance is credited to the Plant Operating Reserve as a set-off against insurance premiums debited to that account. The depreciation component of the plant-hire charge is credited to the Water Supply Plant and Machinery Depreciation Fund which is the subject of comment on page 44 of this Report.

The debit balance of £94,821 on the Plant Operating Reserve is the net result of the transactions recorded in the Reserve during the year, which are summarized hereunder :—

	£	£
Debit Balance at 1st July, 1957		105,465
Plus—Part cost of Operating Central Plant Workshops	10,641	
Motor Vehicle Insurance paid on Hire Plant	14,243	
Net financial adjustments due to deficiencies &c. of stores	736	
Correcting entries of previous years	3,628	
		<hr/>
		134,713
Less credits		
Insurance provision in Hire Rate	14,432	
Net excess of provision for over expenditure incurred on Repairs and Maintenance on "Hire Vehicles" sold	25,460	39,892
		<hr/>
Debit Balance at 30th June, 1958		94,821
		<hr/>

In respect of the holding charge included in the plant-hire charge, I have raised with the Treasurer the question of the legality of imposing such a holding charge for any item of plant lying idle in a district. I have raised also the question of the desirability of the separation of the accounts within the Stores Suspense Account relating to the operation of plant from the account recording the purchase and issue of stores.

Loan Transactions.—The position at 30th June, 1958, was :—

	£
Capital Liability borne by the State	86,963,135
Capital Liability to be redeemed by water users, river improvement rates and plant-hire charges	14,335,164
	<hr/>
Total Liability	101,298,299
Deduct Equity in National Debt Sinking Fund	8,530,172
	<hr/>
Net Liability	92,768,127
	<hr/>

The Commission has continued to give attention to the allocation of capital outlay between the water users and the State, and, during 1957–58, the Governor in Council, in exercise of his powers under the Water Acts, approved the transfer of liability of £192,000 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.

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 1957–58, the amount raised was £148,272. 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 £530,622.

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, 1958, the balance at the credit of the Fund was £274,590, 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 £123,618.

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, 1958, the capital liability for this plant and machinery was £1,685,361, and the balance in the fund for its replacement was £643,561. Included in this plant and machinery are idle or little-used items, which, according to the Commission's records, have a total book value in excess of £100,000.

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, 1958, the total construction expenditure recorded by the River Murray Commission was £19,901,270. Of this sum, £12,742,965 represented the cost of construction works at Hume Reservoir including £2,313,711 spent on the Tallangatta Township removal project for which the State Rivers and Water Supply Commission is the constructing authority.

In 1957–58, under the authority of Water Supply Loan Application Acts Nos. 6034 and 6152, Victoria contributed £554,000 for the construction of works, bringing the State's total contribution for construction as at 30th June, 1958, to £4,981,195. £69,350 was also contributed for maintenance and administrative expenses during 1957–58.

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

Eildon Sewerage District.—During the year the Commission continued to exercise and discharge the powers and duties of the Eildon Sewerage Authority. Expenditure on the sewerage works to 30th June, 1958, amounted to £103,800 of which the Governor in Council, in exercise of his powers under the Sewerage Acts, approved the transfer of liability of £28,460 from the district to the State.

Rates and miscellaneous charges levied in 1957–58 amounted to £6,130 of which £5,538 or 90·3 per cent. was paid during the year. Costs chargeable to the district for 1957–58 were £6,407.

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 £10,760.

Advances by the State in 1957–58 totalled £561,282. Repayments in respect of advances amounted to £30,391, and the Trusts were relieved of liability to the extent of £93,476 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 £437,415. Payments to the State for interest and principal were well maintained.

River Improvement Trusts.—*The River Improvement Act* 1948, No. 5302, makes 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, sixteen Trusts had been constituted at 30th June, 1958. 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 authorizes the borrowing of money to finance works construction and the raising of revenue to meet maintenance and administration costs on similar conditions to those operating for Waterworks Trusts. The *Water (Amendment) Act* 1953, empowered River Improvement Trusts, with the consent of the Governor in Council, to borrow money by the issue of debentures.

Advances for works made to Trusts by the State to 30th June, 1958, totalled £626,057, of which sum £604,502 has been borne by the State and of which a further £4,222 will be transferred to the State in respect of advances made during 1958.

EDUCATION.

The net expenditure on education from Consolidated Revenue during 1957-58 was £28,493,066. This expenditure was not wholly provided from the votes of 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 :—

Departmental Votes—

	£	£
Education—		
Schools &c.	26,318,418	
University Grant	1,000	
	26,319,418	
Treasury—		
Schools &c. (Payroll tax &c.)	468,949	
University Grants	886,000	
	1,354,949	
Public Works—Schools, &c. (Maintenance, Rents, &c.)		256,755
Chief Secretary—(State Accident Insurance)		140,900
Agriculture—University Grant		21,000
Special Appropriations—		
Adult Education, Pensions &c.	715,730	
University	65,200	
	780,930	
		28,873,952
<i>Less—</i>		
Revenue Collections	354,569	
Recoups of Expenditure	26,317	
	380,886	
Net Cost to Revenue		28,493,066
Forestry Fund—University Grant		4,000
Loan Acts Nos. 6049 and 6169, Maintenance—Schools &c.		883,228
Loan Acts Nos. 6049 and 6169, Capital Works—Schools &c.		6,516,551
Loan Acts Nos. 5763 and 6169, University		234,898
Total Cost of Education		36,131,743

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

	£
Primary schools	2,630,205
High schools	2,081,078
Technical schools	1,060,580
Girls' schools	213,239
Teachers' Colleges and Hostels	426,693
University	234,898
Other	104,756
	6,751,449

The following comparative statement sets out receipts and expenditure during 1957-58 and the four preceding years:—

	1953-54.	1954-55.	1955-56.	1956-57.	1957-58.
	£	£	£	£	£
Consolidated Revenue—					
Expenditure	17,336,266	19,327,890	23,316,410	26,089,627	28,847,635
Receipts	227,138	256,692	289,278	310,335	354,569
Net Cost Consolidated Revenue	17,109,128	19,071,198	23,027,132	25,779,292	28,493,066
Forestry Fund—Chair of Forestry—University	3,036	3,424	2,063	6,229	4,000
Loan and Surplus Revenue Acts—Expenditure (including University)	4,765,258	5,691,509	6,749,012	7,267,830	7,634,677
Total Cost	21,877,422	24,766,131	29,778,207	33,053,351	36,131,743

The above figures do not include interest and sinking fund charges on loans, expenditure on Agricultural Education administered by the Department of Agriculture, or subsidies to the University of Melbourne for bacteriological and other services.

Training of Teachers.—Allowances paid to students in training represent more than three-quarters of the cost of operating teachers' colleges. The department conducts 26 hostels for students living away from home. 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:—

	1954-55.	1955-56.	1956-57.	1957-58.
	£	£	£	£
Cost of conducting teachers' colleges	1,244,054	1,567,084	1,864,107	2,092,967
Cost of conducting hostels for students in training	58,103	63,209	86,047	100,034
	1,302,157	1,630,293	1,950,154	2,193,001
Average number of students in hostels	766	829	925	1,036
Average number of students accommodated privately	1,931	2,227	2,530	2,830
Total average number of students	2,697	3,056	3,455	3,866
Average per capita cost of training per annum	£ 461	£ 513	£ 540	£ 541
Average additional per capita cost of training per annum for those students accommodated in hostels	76	76	93	97

Technical Schools.—Maintenance grants made available to technical schools under the Annual Appropriation Act are 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.

In the past it has been the practice to provide, wholly from revenue, grants to existing technical schools to meet maintenance costs, including the purchase of equipment. However, in respect of the purchase of such equipment in the year under review, supplementary payments totalling £39,960 were made to these schools as a charge to Item 1 of the current Public Works Loan Application Acts.

The following statement, to be read in conjunction with Appendix G to this report, combines Treasury and technical school accounts to show the total expenditure on technical schools.

1956-57.		1957-58.	
£	Source of Funds—	£	£
4,016,243	Consolidated Revenue (net)	4,348,072	
1,161,862	Loan Acts	1,136,266	
			5,484,338
347,910	Tuition fees collected by Technical Schools		406,160
122,809	Other Technical School Revenue		120,837
			6,011,335
5,648,824			
20,786	Less Surplus in Technical School Maintenance Accounts		115
			6,011,220
5,628,038			
Disbursement of Funds—			
Salaries (including Pay-roll Tax)—			
3,040,197	Teachers and part-time Instructors	3,351,853	
528,151	Administrative and Maintenance Staff	555,140	
			3,906,993
1,225,294	Erection and Maintenance of Buildings, &c.		1,165,022
141,706	Equipment (including Special Equipment (Grants £68,000*))		171,215
311,430	General costs of classes	330,797	
190,681	Administrative and other costs	224,764	
			555,561
201,156	Allowances to pupils		222,364
			6,021,155
5,638,615			
10,577	Less Rents, &c., received by Education Department		9,935
			6,011,220
5,628,038	Total Net Cost		6,011,220

* Not fully expended at 30.6.58 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:—

	1954-55.	1955-56.	1956-57.	1957-58.
	£	£	£	£
Allowances not exceeding 1s. per day for eligible pupils attending primary schools	81,760	88,455	88,268	94,383
Allowances to eligible pupils attending post-primary schools (covering travel by bicycle and/or public transport facilities)	133,207	137,379	168,455	196,185
Payments to contractors providing special bus transport services for pupils	1,229,502	1,359,707	1,492,483	1,622,830
	1,444,469	1,585,541	1,749,206	1,913,398

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 G to this report. For ready reference the net cost of each service is shown hereunder.

	1956-57.	1957-58.
	£	£
Administration	559,490	591,032
Central Schools and Classes	230,886	239,036
Correspondence School	81,318	89,490
Girls' Schools	628,631	751,114
High Schools	5,877,628	6,802,685
Higher Elementary Schools	283,936	332,933
Primary Schools	15,053,997	16,019,433
Registered Schools	323,831	342,477
Special Schools and Hostels attached thereto	309,553	341,164
Special Activities (Library, Music, &c.)	490,461	537,552
Technical Schools	5,178,105	5,484,338
Teachers' Colleges	2,105,630	2,363,545
Teachers' Colleges Hostels	202,226	273,672
University	1,035,634	1,222,602
Pensions, &c.	631,549	684,145
Miscellaneous	60,476	56,525
	<u>33,053,351</u>	<u>36,131,743</u>

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:—

	1956-57.	1957-58.
	£	£
<i>Source of Funds—</i>		
Balance from previous year	14	93
Special Appropriation—Act No. 5181	25,000	25,000
Departmental Vote—Education	31,500	27,000
Class fees, proceeds of productions, &c.	25,412	18,702
	<u>81,926</u>	<u>70,795</u>
<i>Disbursement of Funds—</i>		
Salaries (Administration)	30,081	30,305
Classes, discussion groups, travelling theatre, &c.	51,752	40,388*
	<u>81,833</u>	<u>70,693</u>
Leaving a balance of	93	102
	<u>81,926</u>	<u>70,795</u>

* Included in this figure is an amount of £800 advanced to the Elizabethan Theatre Trust in June, 1958, to meet expenses in connexion with a theatre tour which commenced in July, 1958.

The Treasury figures relating to revenue from class fees, proceeds of productions &c., and expenditure on classes, discussion groups, travelling theatre &c., do not reflect the true position of this fund. During the year, in respect of one theatre tour, all transactions were passed through a departmental trust account and the net revenue only brought to account in the Treasury. In this regard, it should be noted that transactions not reflected in the above figures totalled £15,406.

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 1956 and 1957 relates to the General Account and the Trust Fund, but does not include the accounts of the University Press, Union, or other extraneous accounts.

	1956.		1957.	
	£	£	£	£
<i>Income—</i>				
State Government Grants—				
General purposes	755,734		818,704	
Special purposes	220,225		445,785	
		975,959		1,264,489
Commonwealth Government Grants—				
General purposes	153,000		509,600	
Special purposes	84,683		89,000	
		537,683		598,600
Fees		641,008		735,788
Donations and bequests		352,417		339,635
Interest, dividends, rents		106,968		119,030
Other income		65,887		91,723
		2,682,922		3,149,265
<i>Expenditure—</i>				
Salaries and Pay-roll Tax		1,700,027		1,810,788
Apparatus and books		176,426		189,606
Buildings, land, grounds, and vehicles		745,420		812,964
Examination expenses		64,644		80,843
Special grants, and fees to affiliated institutions		172,871		181,875
General expenses		155,659		165,162
		3,015,047		3,241,238
<i>Balance—</i>				
General Account		<i>Deficit</i> 69,552	<i>Surplus</i>	99,366
Trust Fund		<i>Deficit</i> 262,573	<i>Deficit</i>	191,339
		<i>Gross Deficit</i> 332,125	<i>Net Deficit</i>	91,973

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 1956, donations for building purposes were £143,799, and expenditure on buildings amounted to £588,095, whereas for 1957, the comparable figures were £78,746 and £777,454 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 General Fund showed a surplus of £15,935 for 1957, compared with a deficit of £27,382 in the previous year. After crediting the surplus, the accumulated deficit on this account at 31st December, 1957, was £117,935.

As in previous years, Government grants comprised more than half the income of the University in 1957. State Government grants increased by more than 25 per cent. as compared with the previous year, and were provided principally from Revenue.

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.

FORESTS.

EXPENDITURE.

In the year under review expenditure amounted to £2,595,380. Under broad headings the principal divisions of expenditure in the past three years were:—

Appropriations—	1955-56.		1956-57.		1957-58.	
	£		£		£	
Administrative Salaries	489,441		519,213		525,416	
Contingencies	85,828		84,237		105,451	
Business Undertakings	117,922		160,021		82,959	
Utilization Forest Produce	472,508		482,413		396,823	
Supply of Firewood	19,550		27,957		22,197	
Sundry	65,378		70,841		71,947	
	<u>1,250,627</u>		<u>1,344,682</u>		<u>1,204,793</u>	
Forestry Fund—						
Forests	923,277		787,197		681,499	
Plantations	98,678		72,952		64,945	
Nurseries	24,893		21,251		20,744	
General	9,207		9,784		6,974	
	<u>1,056,055</u>		<u>891,184</u>		<u>774,162</u>	
Loan Fund—						
Fire Protection	127,196		124,774		97,011	
General Operations	104,562		35,897		69,163	
Extraction Roads	358,172		408,690		334,984	
Plantations	63,205		72,205		64,325	
Buildings	71,497		40,025		22,950	
Plant and Machinery	49,363		58,253		10,862	
Land	25,927		10,037		17,130	
	<u>799,922</u>		<u>749,881</u>		<u>616,425</u>	
	<u>3,106,604</u>		<u>2,985,747</u>		<u>2,595,380</u>	

Since the inception of the use of Loan Funds for forestry purposes, the sum of £16,147,141 has been so applied. After adjusting discount and expenses and amounts redeemed or repaid, the Loan Liability at 30th June, 1958, was £13,121,734 towards which there was an equity in the National Debt Sinking Fund of £741,758.

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

	1955-56.		1956-57.		1957-58.	
	£	%	£	%	£	%
Vote	1,250,627	40	1,344,682	45	1,204,793	46
Fund	1,056,055	34	891,184	30	774,162	30
Loan	799,922	26	749,881	25	616,425	24

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 £145,475 were charged to Utilization Vote, Forestry Fund, Loan Fund, and Stores Suspense Account. It has been stated in past years that this procedure is, in some measure, supported by legal opinion. In my report on the accounts for 1956-57, I mentioned that I had suggested to the Treasurer changes in this procedure and investigation of expenditure allocations by a Committee to be set up for the purpose. This Committee was appointed and did investigate the particular aspect referred to it but, as yet, I have seen no formal report of its findings. In regard to the suggested changes of procedure outlined in my previous report, I understand that these are not acceptable to the Treasurer in the form proposed but that steps have been taken to ensure that Parliament is apprised, through the medium of the appropriate schedule to the annual estimates, of the amount of salaries expected to be charged to expenditure authorities other than the salaries vote in the annual Appropriation Act.

Expenditure in connexion with business undertakings has, to some extent, been recouped by the revenue of such undertakings—for particulars see pages 55-56.

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 30 of the *Forests Act 1957* and appears to be in contravention of the provisions thereof. At my request the matter has been referred to the Crown Solicitor for opinion.

Reference has been made in reports of recent years to the use, up to and inclusive of 1955-56, of the Forestry Fund and Loan Fund as "Unauthorized Suspense Accounts". A Committee representing the Commission, the Treasury and the Audit Office was set up in 1956-57 to examine the question and recommend a basis of adjustment of the charges to those Funds which were in the nature of suspense items involving in all a sum of £1,133,515.

On the 17th September, 1957, this Committee furnished a report to the Director of Finance on the question insofar as it related to the Carpenters' Shop, Newport. The report disclosed that, on this account, uncleared balances amounted to £75,186. To clear this amount, net credits of £11,676 to Forestry Fund and £17,234 to Loan Fund, and, correspondingly, net debits to a wide range of Vote and Loan items, Forestry Fund, Stores Suspense Account and other funds, totalling the sum of the two credits, viz., £28,910, would be necessary.

Preliminary investigation by the Committee relative to the Brookwood Workshops revealed that, on this account, adjusting journal debits would approximate:—

Votes	..	..	..	..	..	..	..	..	£
Forestry Fund	..	..	..	..	..	..	..	..	5,635
Loan Fund	..	..	..	..	..	..	..	..	275,672
									71,022
Total	..	..	..	..	..	..	..	..	<u>352,329</u>

In my opinion, it would be impracticable under the "cash" system of accounting to adjust, at this juncture, the chargings—the subject of the preceding comment. In this regard, it should be noted that, apart from the chargings, the correctness of the expenditure involved was never queried and it would seem that, as the practice of using the accounts referred to above as "Unauthorized Suspense Accounts" has been discontinued by the Commission, no good purpose would be served by further action in the matter. However, there was one aspect of the question which has been and will be the subject of gradual solution. As at the 1st July, 1952, stores valued at £562,484 were taken over by Stores Control. These stores had been acquired prior to the setting up of the Stores Suspense Account in 1952-53. Pending allocation, they had been charged to Loan Fund and Forestry Fund and, therefore, in their use for this purpose, these funds were in the nature of "Unauthorized Suspense Accounts".

Although, as indicated, the expenditure on stores acquired prior to the 1st July, 1952, was not charged to Stores Suspense Account, the values of issues of such stores have, since that date, been credited to that Account. As a result, there has been built up on account of stores in Stores Suspense Account a credit balance in excess of the original capital provided to finance the Account. The situation is being met by the periodical transfers to Loan Fund Credit Account of moneys considered to be in excess. In 1957-58, the sum so transferred amounted to £30,000. In addition, proceeds from the sale of surplus stores amounting to £23,841 were paid to the credit of Loan Fund in the year under review.

RECEIPTS.

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

	1955-56.	1956-57	1957-58.
	£	£	£
Territorial—			
Rents	20,991	22,368	30,054
Royalties	1,630,918	1,731,263	1,764,342
Miscellaneous	7,682	8,103	7,273
Fees	305	428	528
Tramways and Charcoal	886	219	747
State Sawmill	63,105	66,858	80,519
Timber Seasoning Works	64,523	57,465	38,494
Departmental	506,162	531,672	425,378
Miscellaneous	9,210	10,479	14,224
	<u>2,303,782</u>	<u>2,428,855</u>	<u>2,361,559</u>

The net cost of the Commission for 1957-58, based on receipts and expenditure in the Consolidated Revenue Account, was £278,278.

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

1956-57	Receipts.	1957-58	1956-57	Expenditure.	1957-58
£		£	£		£
2,428,855	As detailed above	2,361,559	6,809	Commissioners' Salaries	8,600
282,351	Net Cost	278,278	1,318,798	Votes	1,177,235
			19,075	Pensions	18,958
			880,867	Grants to the Forestry Fund	900,834
			454,069	Interest and Exchange on Loans	501,089
			469	Loan Conversion Expenses	378
			31,119	National Debt Sinking Fund	32,743
<u>2,711,206</u>		<u>2,639,837</u>	<u>2,711,206</u>		<u>2,639,837</u>

STORES SUSPENSE ACCOUNT AND PLANT AND MACHINERY FUND.

Stores Suspense Account.—The terms of operation of the Forests Stores Suspense Account are set out in Section 31 of the *Forests Act* 1957, No. 6073. The Account was established on 8th November, 1950, by Act No. 5475, but did not commence to operate until 1952-53. In that year, under the authority of Loan Application Act No. 5588, £20,000 was applied out of Loan Fund to finance the Account.

The Account is charged with expenditure incurred in the purchase of stores, fuel and material, on repairs to plant and machinery, and in connexion with the manufacture and repair of articles.

As such stores or manufactured articles are issued for use, the Account is credited with the value of the article or articles concerned and the appropriate works authority or other authority debited.

In respect of costs of repair of plant and machinery charged to the Account, these costs are offset by credits :—

- (i) arising from a proportion of the "hire charges" on moneys provided for the carrying out of works on which the plant and machinery are engaged; and
- (ii) from recoups by other funds or appropriations on account of particular repair costs properly chargeable to such funds or appropriations.

The balance of £216,704 at credit of the Forests Stores Suspense Account in the Treasurer's books at 30th June, 1958, is a net figure. The Commission's books disclose that this balance is the net result of the balances of several accounts within the Stores Suspense Account as follows:—

	£	£
<i>Credit balances—</i>		
Stores Account	80,811	
Drums Account	474	
Repairs to Plant Account	135,770	
Fire Protection Workshop Account	*140	
	-----	217,195
<i>Debit balance—</i>		
Manufactured Articles (Carpenters' Shop)--		
Unadjusted Expenditure	1,991	
less Advance from Stores Account	1,500	
	-----	491
<i>Balance—</i>		
Forests Stores Suspense Account		216,704

* Remainder of £1,500 advanced from Stores Account.

It will be observed that the balance of the "Stores" section plus advances made from this section to other sections of the Stores Suspense Account exceeds the sum of £20,000 provided from loan to finance the Account. The major reason for this position and the manner in which it is being dealt with are mentioned on page 53 of this report.

The transactions on the "Repairs to Plant" section of the Stores Suspense Account during 1957-58 are summarised hereunder:—

	£	£
Balance 1st July, 1957		119,544
<i>Add Credits—1957-58—</i>		
On account of plant hire charged to various works	165,081	
On account of recoups—other expenditure, appropriation, etc.	31,706	
	-----	196,787
		316,331
<i>Deduct Debits—1957-58—</i>		
Repairs to specified plant and machinery	146,662	
Repairs—pending transfer	30,666	
Newport conversion and removal of machinery, &c., from Brookwood	3,233	
	-----	180,561
Balance 30th June, 1958		135,770

In connexion with this section of the Stores Suspense Account, the charge of £3,233—Newport conversion and removal of machinery, &c. from Brookwood—is the subject of query by me. At my request, the Commission has sought the direction of the Treasurer as to the proper provision of funds for the establishment of the workshop at Newport. Also, the question as to whether the balance at credit of this section of the Account is in excess of requirements has been raised by me.

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, 1958.—

	1st July, 1953 to 30th June, 1957. £	1st July, 1957 to 30th June, 1958. £	Total. £
Plant Hire	608,883	110,687	719,570
Expenditure on renewals	431,891	45,530	477,421
Balance at 30th June, 1958			242,149

INDUSTRIAL UNDERTAKINGS.

The accounts of the Commission's two industrial undertakings 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. The State Saw Mill, Erica, operated for a full year but the Timber Seasoning Works, Newport, ceased operations on 26th March, 1958.

Timber Seasoning Works, Newport.—The accumulated loss to the date of cessation of operations was £141,084. As stated in the previous year's report tenders were invited for the purchase of the undertaking. However, no offers were received. On 18th November, 1957, the Minister of Forests approved of the sale of the stock and plant and the use of the buildings and land as a plant workshop and store-yard. On commencement of operations at Newport, the existing workshop at Brookwood is to be closed.

Realization commenced on 27th March, 1958, and at the close of the year had not been completed. The financial transactions associated with the realization up to 30th June, 1958, are summarized hereunder:—

	£	£	£
Fixed assets at book value as at 27th March, 1958		33,475	
Timber and stacking sticks on hand at valuation as at 27th March, 1958		22,352	55,827
<i>Less—</i>			
Sales of Assets—			
Plant and Permanent Improvements	13,919		
Timber	3,569		
		17,488	
Transfers of Assets to other departmental activities—			
Buildings (book value)	17,452		
Railway Siding (book value)	150		
Plant and Permanent Improvements (valuation)	1,278		
		18,880	
Unrealized Assets as at 30th June, 1958—			
Ramps (book value)	804		
Timber and stacking sticks (valuation)	18,940		
		19,744	56,112
Estimated Surplus as at 30th June, 1958			285
<i>Less</i> Realization expenses (net)			4,273
Estimated loss on realization to 30th June, 1958			3,988

It should be observed that most of the plant and machinery was sold by auction and the remainder transferred to other departmental activities.

State Saw Mill, Erica.—The following information taken from the Commission's Profit and Loss Statements summarizes operations in 1956-57 and 1957-58:—

	1956-57.		1957-58.	
	£	£	£	£
Sales	74,932		71,936	
Other Receipts	575		482	
Increase in Stock	5,284		4,832	
		80,791		77,250
Working Expenses	76,225		70,913	
Interest calculated on capital used in the business	2,072		2,387	
		78,297		73,300
Net Profit		2,494		3,950

The increased profit for the year 1957-58 as compared with the previous year was due to a greater proportion of output in higher quality and higher priced timber and improved recovery of sawn timber. Depreciation charges were made on the same basis as in previous years. As promised by the Commission, a review of the basis of calculations of these charges, having regard to the expected life of the mill, is in course. The notional interest charged was calculated on the capital represented in fixed assets but without regard to the net amount transferred to the Treasury.

The profit for the year ended 30th June, 1958 (£3,950) together with the accumulated profit brought forward (£19,027) was reduced by £3,710, the amount involved in adjustments in respect of previous years. The accumulated profit at 30th June, 1958, was £19,267.

The Balance-sheet shows the position of this undertaking as at 30th June, 1957, and 30th June, 1958 :—

	30.6.57.		30.6.58.	
	£	£	£	£
<i>Fixed Assets less provision for Depreciation—</i>				
Buildings	11,709		18,542	
Machinery and Plant	28,441		24,694	
Rolling Stock	2,278		2,050	
		42,428		45,286
<i>Current Assets—</i>				
Debtors	18,893		10,791	
<i>Stock on Hand—</i>				
Timber	8,909		13,741	
Stores	227		212	
		28,029		24,744
			70,457	70,030
<i>Less Current Liabilities</i>		3,083		1,403
			67,374	68,627
The balances shown above were financed from the following sources :—				
Capital raised from Revenue and Loan Fund		53,608		61,607
Accumulated Profit		19,027		19,267
			72,635	80,874
<i>Less the excess of receipts over payments which has been paid into Consolidated Revenue</i>		5,261		12,247
			67,374	68,627

Timber stocks on hand at 30th June, 1958 (£13,741), comprised logs valued at £3,372, sawn timber valued at £3,411 at Erica and sawn timber at Newport valued at £6,958.

GOVERNMENT PRINTER.

Income from printing, sales of publications, &c., for the year amounted to £1,056,546 compared with £1,042,042 in 1956-57.

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 profit on the year's operations of £50,339. 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 the loss on operations was stated as £39,084, but subsequent to publication the adjustment of an error in the value of stocks on hand reduced this loss to £21,535. The following figures have been taken from accounts prepared on a commercial accounting basis.

<i>Item.</i>	1956-57. £	1957-58. £
Materials	393,770	371,984
Salaries and Wages (including pay-roll tax)	555,040	540,144
Insurance—Workers' Compensation	1,737	4,220
Insurance—Fire	786	786
Power, Fuel, and Light	7,067	7,070
Repairs to Buildings and Plant	10,556	6,476
Sundry Charges	23,882	20,390
Postage and Incidentals	3,094	3,295
Depreciation	18,040	22,233
Work done by other than Government Printer	49,605	29,609
	1,063,577	1,006,207
Loss	21,535	..
Profit .. .. .	..	50,339
	1,042,042	1,056,546

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 seventeen 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, 1958, was £118,735 on account of assets purchased at an aggregate cost of £329,506. This latter figure included £80,247 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, 1958, excluding that of the Mental Hygiene Branch (which is separately discussed) and the contribution of £6,955,550 to the Hospitals and Charities Fund, was £3,388,470.

This expenditure comprised the following charges :—

Departmental Votes—	£
Health (Salaries and Contingencies)	3,225,734
Public Works (Maintenance, &c.)	39,994
Treasury (Payroll Tax)	12,191
Chief Secretary (State Accident Insurance)	8,203
Special Appropriations (Salary of Director of Tuberculosis, and Pensions)	102,348
	3,388,470

Receipts (excluding those of the Mental Hygiene Branch) totalled £1,332,967, and the net cost of health services to revenue was £2,055,503, a decrease of £291,744 compared with 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 :—

	1955-56.	1956-57.	1957-58.
	£	£	£
Registration and other Fees	8,167	8,029	9,161
Other Receipts	11,362	9,485	12,000
	19,529	17,514	21,161

Expenditure in the same period has been :—

(a) From Revenue—	£	£	£
Central Administration	131,949	159,080	161,252
Cancer Institute	294,012	397,143	442,511
Infectious Diseases	106,549	120,759	121,054
Venereal Diseases	41,833	46,663	44,525
Inspection of Buildings, Food Supervision, &c.	147,742	160,046	154,445
Miscellaneous Grants	95,773	102,011	114,500
Subsidies—Home Help Scheme, Clubs for Elderly People, &c.	66,056	115,291	153,046
	883,914	1,100,993	1,191,333
(b) From Loan—			
Cancer Institute	123,478	139,810	151,568
Other	20,610	39,568	106,614
	144,088	179,378	258,182

Tuberculosis Branch.

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

	1955-56.	1956-57.	1957-58.
	£	£	£
Commonwealth recoup under <i>Health (Tuberculosis Arrangement) Act 1949</i>	1,111,423	842,177	1,294,655
Other receipts	11,644	3,836	11,450
	1,123,067	846,013	1,306,105

Expenditure for the same period is compared thus :—

	£	£	£
(a) <i>From Revenue</i> —			
Operation of sanatoria, tuberculosis wards, bureaux, mass X-ray services, &c.	1,341,971	1,276,439	1,292,241
(b) <i>From Loan</i> —			
Additional accommodation at State sanatoria and chalets	70,467	123,995	53,187
Other	22,965	14,078	15,914
(c) <i>From Surplus Revenue</i> —			
Publicity, anti-tuberculosis campaign	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 :—

	1955-56.	1956-57.	1957-58.
	£	£	£
Loan	70,467	123,995	53,187
Revenue	8,226	4,225	1,677
	78,693	128,220	54,864

A progress payment of £40,920 on account of 1957-58 was received in June, 1958, and reimbursement of the balance is in course.

Progress payments to 30th June by the Commonwealth on account of 1957-58 maintenance expenditure amounted to £971,450. Reimbursement of the balance outstanding at 30th June, 1958, 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 :—

	1955-56.	1956-57.	1957-58
	£	£	£
School Medical and Dental Services, Salaries, &c.	355,222	406,393	426,323
Subsidies	391,424	432,023	478,573
	746,646	838,416	904,896
Revenue for the same period was	5,040	5,074	5,701
Net cost	741,606	833,342	899,195

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 ..	139,339	169,576	135,044
Other	6,497	3,133	12,976
	145,836	172,709	148,020

Mental Hygiene Branch.

The cost of the services provided by this branch was, in 1957-58, defrayed from both revenue and the Mental Hospitals Fund. Gross expenditure for non-capital purposes was £5,470,800, but as receipts amounted to £215,448, the net cost of Mental Hygiene services was £5,255,352. Included in the gross expenditure are charges to—

Departmental Votes—	£
Health (Salaries and Contingencies)	4,821,834
Public Works (Maintenance, &c.)	279,696
Chief Secretary (State Accident Insurance)	21,508
Mental Hospitals Fund	347,762
	5,470,800

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

	1955-56.	1956-57.	1957-58.
	£	£	£
Public Trustee—maintenance of patients—principally Commonwealth payments on account of Repatriation patients ..	161,409	135,834	174,708
Commonwealth Pharmaceutical Benefits	12,776	7,878	18,513
Sales of produce	16,472	15,473	12,894
Other	5,431	8,168	9,333
	196,088	167,353	215,448

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

Item.	1953-54.	1954-55.	1955-56.	1956-57.	1957-58.
	£	£	£	£	£
Salaries	1,720,983	1,960,415	2,277,939	2,659,507	2,869,338
Overtime and penalty rates	311,018	387,410	426,220	448,194	498,621
Provisions and extra articles	546,627	648,390	744,450	754,884	734,906
Clothing, bedding, &c.	123,325	235,703	190,684	198,762	224,623
Stores, &c.	84,716	137,633	137,290	134,701	135,114
Fuel, light, and water	138,837	156,149	188,117	250,651	249,585
Drugs and medicines	43,308	74,264	104,007	111,323	141,165
Repairs, maintenance, &c.	282,098	332,043	332,155	295,825	322,764
Boarded-out patients	60,845	57,350	72,071	76,748	94,227
Other	142,387	132,502	157,025	173,200	200,457
	3,454,144	4,121,859	4,629,958	5,103,795	5,470,800

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 £1,708,788, of which £1,145,877 was charged to the Loan Fund and £562,911 was charged to the Public Account pending recoup by the Commonwealth. Of this latter amount £122,301 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	115,891
Ballarat	204,530
Beechworth	243,966
Kew	154,368
Larundel	372,422
Mont Park (including Plenty)	225,749
Royal Park	58,366
Sunbury	61,145
Stawell	46,734
Warrnambool	76,420

Other expenditure from the Mental Hospitals Fund was :—

Other Institutions—Grants for Capital Works	18,973
Grants for Maintenance	63,743
University—Mental Hygiene Research	6,000
	88,716

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.			
	£	£	£	£	£
1955-56	28,382	308,296	336,678	323,291	13,387
1956-57	32,538	339,978	372,516	362,833	9,683
1957-58	38,812	383,579	422,391	410,106	12,285

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 18,853 and water frontages 10,857. A statement of collections during the last two years is shown :—

	Unused Roads.		Water Frontages.	
	1956-57.	1957-58.	1956-57.	1957-58.
	£	£	£	£
Arrears at 1st July	708	948	573	951
Rentals charged	23,877	23,423	15,989	16,953
Receipts	23,637	23,459	15,611	17,071
Arrears at 30th June	948	912	951	833

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 :—

	1955-56.	1956-57.	1957-58.
	£	£	£
Purchase leases, balances to freehold	10,368	14,318	16,436
Sales by auction	39,270	35,313	32,185
Sales otherwise than by auction	21,194	111,667	58,560
Royalties on sand, gravel, &c.	21,585	20,036	36,116
Sales of plans	2,771	2,734	3,425
Sales of photographic maps	24,261	24,888	28,082
Agistment, &c.	1,270	1,025	1,631
Other fees	11,991	11,677	11,565
Buchan Caves	6,264	6,907	8,934
	138,974	228,565	196,934

ABATTOIRS SITE.

With funds provided under Loan Application Act No. 6169, the Department purchased on behalf of the State, 320 acres of land at Derrimut at a total cost of £64,021. According to the details of the item in the schedule to the Act, the area is to be used as a site for the new metropolitan abattoirs and stock saleyards.

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, 1958, totalled £746,978 of which £745,763 was in respect of the purchase and storage of equipment and tools and £1,215 for advances. Revenue collections during 1957–58 on account of the hiring of equipment to land-holders amounted to £5,811. 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 to land holders. Subsidies during the year totalled £1,535.

Total expenditure from revenue in connexion with the destruction of vermin and noxious weeds on Crown Lands during the year amounted to £709,877 of which £590,008 was on account of wages. Amounts recoverable for works effected on public and private lands since the passing of the Act amounted to £61,578 of which £52,848 had been received at 30th June, 1958.

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.

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.

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 1957–58 is shown in the statement hereunder :—

<i>Expenditure—</i>		£	£
Interest on loans .. .. .	.. .. .	1,028,622	
Administration costs .. .. .	.. .. .	33,025	
		—————	1,061,647
<i>Income—</i>			
Interest charged to settlers .. .. .	.. .. .	88,003	
Sundry items of income .. .. .	.. .. .	17,274	
		—————	105,277
Net cost .. .. .	.. .. .		956,370

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 contracts 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, 1957 ..	261,463	By Claims paid	1,526
Premiums received	14,333	Administration Expenses ..	2,177
		Balance at 30th June, 1958 ..	272,093
	275,796		275,796

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 constituting 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 3¼ 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 £5,198,703.

Loan expenditure to 30th June, 1958, totalled £54,605,275, but excluding expenses associated with loan raising (£374,390) was £54,230,885. Taking into account Commonwealth assistance of £5,198,703 referred to above, the total capital expenditure to 30th June, 1958, amounted to £59,429,588, which is analysed below:—

	£	£
Purchase of Land .. .. .	..	18,299,761
Improvement and Development of Estates .. .. .	..	23,627,757
Unallocated Expenses—		
Building and Fencing Material	58,937	
Stores and Material	202,063	
Pastoral Development	4,576	
Fruit Trees and Fodder	19,728	
Sundry	88,734	
	374,038	
Advances for Single Unit Farms—		
Land Purchases	11,314,472	
Improvements, Stock, &c.	377,959	
	11,692,431	
Advances to General Settlers for—		
Stock, Plant, and Working Expenses	1,238,121	
Purchase of Co-operative Co. shares	125,164	
	4,363,285	
Live Stock held for Farming	186,114	
Expenses in connexion therewith	197,162	
	383,276	
Storeyards, &c.		196,283
Plant and Machinery		121,410
Motor Vehicles		56,311
Miscellaneous Equipment		6,887
Share Farming Expenses		7,899
Purchase of Co-operative Co. shares		250
		59,429,588

Of the loan expenditure quoted in the preceding statement, repayments of £12,437,344 had been made to 30th June, 1958, of which Commonwealth contributions totalled £2,108,949, representing £2,107,954 in respect of excess costs and £995 in respect of losses on advances to settlers. The balance repaid, £10,328,395 comprised the following:—

		£
Purchase Lessees, Principal Repaid .. .. .	..	1,059,565
Single Unit Farmers, Advances Repaid .. .. .	..	3,942,883
Interim Lessees, Advances Repaid .. .. .	..	2,914,814
Lessees' Credit Accounts .. .. .	..	561,729
Disposal of Unsuitable Land .. .. .	..	1,092,270
Disposal of Stock, Plant, Materials, &c. .. .. .	..	757,134
		10,328,395

From the repayments, a sum of £30,223 has been paid to the Commonwealth Government as part redemption of the special assistance loan to which reference has already been made.

The Commission's accounts are kept on a commercial accounting basis. The revenue account for 1957-58, excluding live stock transactions, shows:—

	£	£	£
<i>Expenditure—</i>			
Interest		1,734,574	
<i>Less</i> Interest Capitalized	219,238		
Interest transferred and borne by the State.. .. .	254,924		
		<hr/> 474,162	
			1,260,412
Loan-raising Expenses			75,040
Administrative Costs			211,252
Shire Rates			17,498
Depreciation (other than developmental assets)			2,880
Rents and Interest remitted	32,646		
<i>Less</i> Commonwealth share	16,323		
		<hr/> 16,323	
Interest waived			11
Bad Debts			1,098
			<hr/> 1,584,514
<i>Income—</i>			
Interest earned		553,316	
Rents Fees and Sundries		88,896	
Contribution by Commonwealth—account Shire Rates		11,936	
		<hr/> 654,148	
Deficit for 1957-58			<hr/> 930,366

The total accumulated deficit to 30th June, 1958, before taking into account profits from sheep and cattle farming, amounts to £4,722,284.

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 £4,374,323 to the 30th June, 1958.

During the year, trading in live stock showed a loss of £25,665, reducing Accumulated Profits from this activity to £1,089,541 as at 30th June, 1958. In this connexion, it should be noted that livestock on hand, which is greater in numbers than the previous year, has been valued on a conservative basis.

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 damage by fire, storm, and tempest to 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, 1958, was £325,925. 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, 1957 ..	270,680	By Claims paid ..	7,832	
Premiums received ..	73,700	Administration expenses ..	10,623	
		Balance at 30th June, 1958 ..	325,925	
	<u>344,380</u>			<u>344,380</u>

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 £381,230 and receipts amounted to £65,271, a net cost to Consolidated Revenue of £315,959, which compares with £249,186 in 1956-57 and £209,264 in 1955-56.

Details of departmental receipts for the three years are :—

	1955-56.	1956-57.	1957-58.
	£	£	£
Gold Buyers' Licences	220	225	198
Interest—Mining Development Loans	4,105	..	..
Mining Leases, Rents, &c.	17,726	30,775	21,366
Costs <i>re</i> Mining Leases	113	178	97
Assays	459	275	361
Sundries	154	134	320
Magazine Licences	179	154	168
Boring and Crushing Fees	7,029	11,405	6,444
Sale of Government Property	3,180	1,339	2,909
Factory Fees—Boiler Attendants, &c.	425	539	494
Fees—Boiler Inspection	19,105	26,406	32,914
Total revenue	52,695	71,430	65,271

The principal variations in revenue in the year were :—

- (i) an increase in boiler inspection fees following the operation for a full year of an increased scale of fees ; and
- (ii) a decrease in mining leases, rents, etc., due to the inclusion, in 1956-57, of the proceeds of sales to the Country Roads Board and Victorian Railways of tailings dumps and the non-renewal of certain petroleum exploration permits.

Payments from revenue in those years comprised :—

	£	£	£
<i>Administration—</i>			
Salaries	144,993	165,595	174,940
Contingencies	29,498	32,966	35,945
	174,491	198,561	210,885
<i>Miscellaneous—</i>			
Maintenance, &c., State Batteries	3,999	5,345	3,229
Boring for Water, Coal, and other Minerals, &c.	69,970	99,479	149,544
Geological Survey	6,468	6,500	6,483
Laboratory Expenses	1,819	1,988	2,816
Covering Abandoned Shafts	3,600	3,312	3,223
Brown Coal Investigation	1,031	1,336	912
Surveys for Mineral Deposits .. .. .	..	3,518	2,588
State Accident Insurance	581	577	1,550
Total expenditure	261,959	320,616	381,230

The increase in revenue expenditure in the year was due mainly to the operation of deep drilling equipment, acquired in 1956-57, in the investigation and development of deeper underground water resources.

A further sum of £22,432 was expended from the Loan Fund.

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 from revenue, loan, and other sources.

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

	1955-56.	1956-57.	1957-58.
	£	£	£
Public Works and Buildings	1,340,516	1,351,875	1,325,363
Ports and Harbors	301,503	348,646	385,037
Administration—			
Public Works	845,610	918,462	1,002,321
Ports and Harbors	139,995	144,875	182,301
Town and Country Planning Board	15,154	18,328	17,411
Pay-roll Tax	29,208	36,874	34,749
State Accident Insurance	3,643	8,026	19,042
	<u>2,675,629</u>	<u>2,827,086</u>	<u>2,966,224</u>

Expenditure from Loan Fund amounted to £11,022,776 and from Trust and Special Funds £1,847,866. The major part of this expenditure was incurred in the construction of buildings, the carrying out of works, and the performance of services for various departments, and the extent to which each department was concerned, is indicated in this report under the appropriate departmental heading.

Loan expenditure on works associated with the activities of the Public Works Department, itself, is summarised hereunder :—

Buildings, Works, &c., for—	£
Public Offices	319,951
Foreshore protection, wharfs, and jetties	76,706
Tourist Resorts	16,692
Vessels for dredging, and explosives and marine plant	5,852
Explosives Reserve, Altona	4,153
Plant was acquired from loan funds for departmental purposes during the year at a cost of	35,013

Subsidies from loan funds to municipalities and other public bodies amounting to £246,551 were for the following purposes :—

	£
Drainage works	83,617
Roads, drains, channels, and bridges	32,012
Swimming pools and accessories	45,777
Saleyards, markets, &c.	14,976
Public halls and amenities	70,169

Advances for Works included in Loan Expenditure.—Expenditure on works and buildings, etc., for the Children's Welfare Department, Agricultural Colleges, etc., and Police purposes included a total sum of £55,000 which represented commitments for works as at the 30th June, 1958. This sum was held in part—£24,429—in the Treasury Trust Fund, Country Roads Board Special Works Account, and the remainder—£30,571—by the Housing Commission.

Deferred Payment Contracts.—Loan expenditure on behalf of the Government Printer included progress payments amounting to £107,567 on the acquisition, on a deferred payments basis, of a new Government Printing Office. The amount mentioned included a sum of £3,836 on account of interest. The purchase of another property, negotiated in 1955-56, which is now intended for Police purposes, is being met from loan funds on a similar basis. The amount paid to the 30th June, 1958, was £40,205 and included interest £9,900.

Dental Hospital Contract.—I have raised with the Treasurer the question of the need for specific legislative approval for the payment of £8,000 to the contractor erecting this hospital. The payment purported to be in consideration of additional costs incurred by such contractor as a result of enforced delays in the carrying out of the contract. The sum in question was charged to Treasury Trust Fund—Dental Hospital—the moneys to the credit of which were provided by the Dental Hospital from loan funds made available by the Hospitals and Charities Commission to meet expenditure on this project.

Public Works Stores Suspense Account.—This 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 allocation under these authorities to the 30th June, 1958, was £324,000. 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 are credited to the Account.

The statement hereunder summarises the operations of the Account for the year under review :—

	£	£
Cost of purchases of stores, &c., raw material and labour charges, &c, for manufacture, and returnable containers .. .. .	..	378,080
Value of issues of stores, &c., and manufactured articles to—		
(i) departmental construction works	344,392	
(ii) other government departments and authorities	4,566	
Proceeds of sale by auction and negotiation of slow-moving and superseded consumable stores	19,393	
Allowances on containers	11,628	
	<hr/>	379,979
Improvement in cash position for year .. .. .	..	1,899
Add Balance 1st July, 1957 .. .. .	..	166,807
		<hr/>
Balance as at 30th June, 1958, of Public Works Stores Suspense Account—Treasury books .. .. .	..	168,706
		<hr/>

Following on a stock-take, as at 5th June, 1956, at the principal storeyard of the Department located at South Melbourne, the results thereof were accepted conditionally as the first step in the establishment of quantitative and financial stock records at Head Office.

As the results of stock-takes of further sections of the departmental stores system become known, these will be also incorporated in the Head Office records. When these records are completed, it will be then necessary for a financial reconciliation to be effected as between the Account in the departmental books and the Public Works Stores Suspense Account at the Treasury.

At an auction sale of departmental stores conducted in November, 1957, certain items of slow moving and superseded consumable stores were offered for sale. Subsequently, further quantities of these stores were sold by negotiation. Although no statutory provision for the procedure exists, the nett proceeds of these sales amounting in all to approximately £19,393 have been taken to the credit of the Account. Calculated on the basis of the quantities and valuations adopted in respect of the items concerned in the stock-take of June, 1956, a total loss in the vicinity of £13,979 was incurred in these sales. The proper method of accounting for this loss in the Treasury and departmental financial records has not yet been determined.

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 £166,223 of which £164,572 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. Finality in respect of this review has not yet been reached.

Certain spare parts, &c., were sold at the auction referred to under Stores Suspense Account above. The nett proceeds of these parts amounting to approximately £692 have been credited to the "Cost of operating, Maintenance, etc." section of the Fund. No statutory provision for this procedure exists.

The question has been raised by me as to whether the purchase of departmental motor vehicles is a proper charge against the Fund.

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 1957–58, £130,231 was expended, making a total of £1,628,430 so applied since Commonwealth aid was first available from this source, viz., 1st July, 1947. The locations at which the funds were expended during 1957–58 are:—

	£
Head Office Administration	7,846
Apollo Bay	14,662
Brighton	95
Corinella	1,011
Cranbourne	49
Flinders	38,331
Frankston	88
Lakes Entrance	3,667
Lorne	617
Mordialloc	2,249
Mornington	574
Paynesville	8,305
Phillip Island	4,553
Port Albert	649
Port Fairy	7,369
Port Franklin	8,295
Port Phillip Bay (Dredging and Blasting)	5,959
Port Welshpool	1,933
Queenscliffe	15,004
Rye	3,766
Sandringham	2,260
St. Kilda	1,716
Warrnambool	1,233
	130,231

RAILWAY ACCOUNTS.

Railway operations for the year resulted in a deficit of £6,000,199 in the Treasurer's accounts as set out in Statement No. 6 on page 175 of this Report. The deficit is accounted for as follows:—

	£	£
Working expenses, &c.	36,438,887	
Renewals and Replacements Fund	200,000	
Pensions and Superannuation contributions	1,712,623	
Interest and expenses on loans	3,409,621	
National Debt Sinking Fund	186,878	
	41,948,009	41,948,009

This was provided by—

Railway Income	35,792,450	
General Revenue—		
For losses on Kerang-Koondrook line, Act No. 5591	12,360	
For credit for country freight charge concessions	143,000	
For deficit on year's operations	6,000,199	
	41,948,009	41,948,009

The deficit is stated in Railway accounts as £5,881,707; the Department's accounts are on an accrual basis. So also are the Treasury accounts for railway expenditure; however, Treasury accounts for income are mainly cash records. 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		6,000,199
Revenue outstanding (net) at—		
30th June, 1958	1,250,887	
30th June, 1957	1,132,395	
		118,492
Deficit, as shown in Railway books		5,881,707

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

In the year under review, there was a departure from the established practice of bringing to account the accrued liability only to 31st May in respect of revenue from interstate traffic to be paid to the railway departments of other States and the Commonwealth. The liability raised by the Victorian Railways Department as a charge against its income for the year 1957-58 included an estimated debt to other railway systems for the month of June as well as the month of May. Arising from the inclusion of the additional month the deficit was increased by £129,030. Further, the deficit would have been greater by £68,994 if the actual instead of the estimated liability had been recorded for the months of May and June.

A 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:—

	1955-56.	1956-57.	1957-58.
	£	£	£
Freight Subsidies	143,000	143,000	143,000
Recoups, Kerang-Koondrook Railway	10,006	10,356	12,360
Deficit in Treasury Accounts	4,153,596	5,227,233	6,000,199
Charge on General Revenue*	4,306,602	5,380,589	6,155,559

* 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.

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. The amount of these charges in the year 1957-58 was roundly £1,460,000 and, inasmuch as it is borne by general revenue, this relief is of the same nature as the interest subsidies which were granted first in 1949 and were discontinued in 1955.

The use of loan moneys, free of debt charges to the Railways, for replacements under the rehabilitation programme commenced in 1950. The expenditure of £37,163,451 on the programme represents 58 per cent. of the loan expenditure on railways in the period 1950 to 1958.

The loan liability and the percentages of interest bearing and the free portions thereof, excluding £30 million transferred to the Treasury in 1937, are shown in the following statement as at 30th June each year.

30th June.	Total Liability.		Borne by Railways.		Borne by State.	
	£	£	£	%	£	%
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	
1958	119,588,252	81,899,801	68.5	37,688,451	31.5	

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 £2,231,947 for the year, but the amount charged in the accounts was £308,806, i.e., part of the sum credited to the Renewals and Replacements Fund, leaving £1,923,141 unprovided for in the charge against revenue. The accumulated sum which has not been provided from revenue is £9,495,206. However, £872,533 has been received from sales of materials, &c., and the shortage in the fund has been more than overcome by loan allocations, £37,163,451, for replacement (rehabilitation) works.

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 1957-58, the estimated liability was reduced from £1,671,263 to £1,662,663 as at 30th June, 1958, representing 596,685 days accumulated over a long period by officers and employees entitled to payment at current wage rates for leave not taken. 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:—

	1955-56.	1956-57.	1957-58.
	£	£	£
Passengers	10,793,738	11,364,390	11,105,825
Parcels, horses, carriages, &c.	1,079,112	1,079,008	1,075,727
Mails	273,818	268,996	245,690
Miscellaneous	60,230	62,854	54,370
Goods and live stock	22,634,546	22,110,500	20,849,159
Rents and general miscellaneous	490,776	601,407	696,066
Dining car and refreshment rooms services	1,368,362	1,480,829	1,494,170
Advertising	68,759	75,167	82,393
Bookstalls	262,477	309,247	350,599
Electric tramways and road motor services	140,468	135,061	99,943
	37,172,286	37,487,459	36,053,942

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 was satisfied, in the first instance, by bills of exchange drawn from time to time as the work progressed. Each bill is being met by 36 equal monthly instalments. Progress payments amounted to £50,814 in 1956–57 and £366,954 in 1957–58, leaving £801,232 unpaid at 30th June, 1958.

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 £117,000 was added to the cost of the locomotives. 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, 1957 and 1958, is as under:—

	1957.	1958.
	£	£
Rolling Stock, Plant, &c., at cost less depreciation provided ..	110,447,955	119,555,064
Stores and Materials	4,725,802	5,143,818
Partly-manufactured Articles	348,103	342,174
Refreshment Services, Stock and Equipment	266,152	252,663
Discounts and Expenses on Loans	1,779,459	1,952,424
Deferred Renewals, Replacements, and Maintenance Works ..	522,486	525,000
Funds at Treasury—		
Railway Accident and Fire Insurance Fund	100,000	100,000
Railway Charges in Suspense Account	1,497,063	1,648,592
Railway Stores Suspense Account	1,047,409	269,458
Railways Repayment Fund	3,157	947
National Debt Sinking Fund	59,798	..
Advances to Agent-General	591,998	42,529
Trust Securities	1,295,838	1,187,356
Cash at stations and in transit	230,460	194,596
Cash Advances	157,584	332,493
Revenue Debtors	1,211,344	1,249,602
Sundry Debtors	488,570	495,763
Accumulated loss	48,692,944	54,574,651
	<hr/>	<hr/>
	173,466,122	187,867,130
	<hr/>	<hr/>
Loans (interest bearing)	67,347,941	69,053,427
Contributions from revenue, loans, &c. (non-interest bearing) ..	39,255,693	44,410,037
National Debt Sinking Fund Reserve	11,817,395	12,846,374
Railway Accident and Fire Insurance Reserve	100,000	100,000
Advances from the Public Account	578,965	580,033
Sundry Creditors	3,241,795	3,863,358
Trust Securities	1,298,995	1,188,303
Consolidated Revenue, &c.	49,825,338	55,825,538
	<hr/>	<hr/>
	173,466,122	187,867,130

N.B.—The total loan liability was reduced by the equity in the National Debt Sinking Fund.

The Railways Balance-sheet as at 30th June, 1958, has been submitted to me. In some respects, the present form differs from that of previous years. Explanations in relation to certain items in the above summary are furnished hereunder.

Accumulated Loss—£54,574,651.—This loss to 30th June, 1958, includes £21,458,700, representing losses incurred prior to 1st July, 1937, and special funds provided for working expenses.

For the past twenty years, it has been the practice to show only losses accumulated since the Railways (Finances Adjustment) Act, No. 4429, came into operation on 1st July, 1937. In conformity with this practice, the accumulated loss shown in the Railways Balance-sheet as at 30th June, 1957, was £27,234,244. If this method of presentation had been continued, the loss as at 30th June, 1958, would have been shown as £33,115,951. The provisions of the said Act appear to imply that only deficits since 1st July, 1937, will be taken into account.

Consolidated Revenue.—This item represents the amount provided by the Treasurer in respect of the accumulated deficit. The apparent disparity between the amount so provided and the figure for the accumulated deficit in the balance-sheet is represented by income earned, £1,250,887, but not yet collected.

Railway Charges in Suspense Account.—At 30th June, 1958, there was a credit balance of £1,648,592. Details are :—

Credits—		£	£
Salaries and Wages accrued	.. .. .		1,209,291
Taxation Deductions, &c.	.. .. .		119,136
Sundry Creditors for various services	.. .. .		303,733
Revenue refunds and rebates due	.. .. .		325,993
Amounts received in advance for works	.. .. .		65,517
			<hr/>
			2,023,670
Debits—			
Expenditure on works for other bodies, &c.	.. .. .	278,076	
Sundry Debtors for sales and services	.. .. .	89,568	
			<hr/>
			367,644
			<hr/>
			1,656,026
Less—Amount transferred to Income	.. .. .		7,434
			<hr/>
			1,648,592
			<hr/>

This account 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 at 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 and has contended that the account was designed to act as a holding account for debtors and creditors. It is hoped that a reconciliation of the conflicting views in relation to this account will be achieved in the near future.

Cash Advances.—The Treasurer advances moneys required for payment of salaries, &c., and to meet other authorised expenditure. The department also pays accounts with moneys collected from fares, &c., and makes adjustments by procedures which do not comply with the requirements of the Audit Act and the Regulations respecting Public Accounts. Arbitrary adjustments are made by withholding cash from the Treasury.

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 1957-58 transactions through the fund is as under :—

		£
Special Appropriation—Act No. 4429	.. .. .	200,000
Depreciation on rail motors and road motors, &c.	.. .. .	108,806
Sundry sales and abolitions, &c.	.. .. .	159,141
		<hr/>
		467,947
Less renewals and replacements during the year	.. .. .	467,947
		<hr/>
Balance at 30th June, 1958	.. .. .	Nil
		<hr/>

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, 1958, totalled £5,065,221. The fund is accounted for as follows :—

	£
Stock on hand	5,143,818
<i>Less</i> creditors for stores purchased	480,331
	<hr/>
Railways equity in the stock	4,663,487
Stores sold and proceeds not collected	127,904
Advances to the Agent-General, London	4,372
	<hr/>
	4,795,763
Balance held at Treasury	269,458
	<hr/>
	5,065,221
	<hr/>

The above statement indicates that the amount due to creditors was more than the moneys available at 30th June and that the fund was thereby liable for £210,873 in excess of the maximum provided by Parliament. The Department considers that this position is unavoidable at times when the necessity arises for stores to be ordered in advance of the probable use of the materials.

The amount of the stock on hand was affected by the reversal, as at 30th June, 1958, of charges amounting to £274,270 on account of stores issued from stock and charged to loan works prior to that date.

Non-statutory Suspense Accounts.—Within the framework of the authorised account for the purchase and issue of railway stores, the Department has set up and used a reserve for writing off losses and writing down the recorded value of stores. There is no legal authority for such reserve and it is considered that some moneys have been diverted to this purpose contrary to relevant legislation. The matter was brought under notice of the Treasurer in 1945. It is realized that gains and losses are inevitable in the handling of stores, but in my view, substantial adjustments affecting Treasury accounts should not be made without the Treasurer's knowledge.

In 1957–58, £83,562 was written off, together with an amount not readily ascertainable as the entries in respect thereof were net figures. In recent years, with the exception of 1956–57, the credits in the account were fully absorbed by the losses.

A similar reserve is kept in connection with stores and equipment for the refreshment services. After writing off £4,319 in 1957–58, £3,039 was in hand at 30th June.

Stores and Materials.—Subject to preceding comments, the stock on hand at the 30th June, 1958, is set down at £5,143,818. The value does not include articles in course of manufacture for stock in the workshops or stores and equipment of the refreshment services, &c., valued at £342,174 and £225,702 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 of stores which is not included in the stock figures in the balance-sheet. The cost of these stores is borne by funds provided for the works on which they are to be used. Recent action by the Department is expected to result in satisfactory control and records in respect of these stocks.

Discount and Expenses on Loans.—The amount at which these capitalized costs of loan flotations appear among the debit balances, £1,952,424, includes an increase during the year of (net) £172,965. 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 :—

	1953-54.	1954-55.	1955-56.	1956-57.	1957-58.
	£	£	£	£	£
Additions and Improvements ..	2,791,573	3,810,856	2,554,312	2,046,812	2,232,908
Rolling Stock, Equipment, &c. ..	1,030,252	319,986	241,362	312,287	360,291
Construction of new lines ..	54,535	9,129	7,137	3,316	62,843
Railway Stores Suspense Account ..	350,000	..	..	300,000	..
Replacement (Rehabilitation) Works ..	4,613,203	4,042,890	5,063,839	4,744,406	4,393,323
	8,839,563	8,182,861	7,866,650	7,406,821	7,049,365

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.

The fund was preserved at the statutory limit of £100,000 by appropriation from revenue of £370,630 to meet the following expenditure in 1957-58. The expenditure in 1955-56 and 1956-57 is also shown :—

	1955-56.	1956-57.	1957-58.
	£	£	£
Damages recovered by non-employees at law ..	9,081	7,309	1,412
Damages paid to non-employees without legal action ..	9,945	11,789	5,967
Compensation for injuries to employees ..	241,268	224,796	282,045
Compensation for goods lost or damaged ..	66,009	67,854	62,115
Compensation for losses by fires caused by railway operations ..	3,976	3,490	3,258
Losses by fire to railway property ..	6,375	20,636	15,833
	336,654	335,874	370,630

Debtors.—The amounts outstanding at 30th June, 1956, 1957, and 1958 are shown :—

	1956.	1957.	1958.
	£	£	£
Revenue services rendered ..	1,243,589	1,211,344	1,249,602
Works ..	313,505	295,953	278,076
Sales of general stores ..	85,164	97,257	127,904
Sundry sales and services ..	49,400	95,360	89,783
	1,691,658	1,699,914	1,745,365

Creditors.—A classification under broad headings at 30th June, 1956, 1957, and 1958 is shown :—

	1956.	1957.	1958.
	£	£	£
Locomotives purchased on terms ..	..	..	801,232
Stores purchased for railways ..	898,356	851,136	480,331
Stores purchased for refreshment services ..	28,883	36,092	39,755
Salaries and wages accrued ..	1,145,560	1,166,972	1,209,291
Income Tax Commissioner, &c. ..	235,247	240,601	119,136
Accounts for various services ..	342,840	297,243	303,733
Revenue rebates and refunds ..	214,665	152,715	325,993
Payments in advance for works ..	23,917	30,043	65,517
Payments in advance for revenue services, &c. ..	348,824	309,409	193,311
Unadjusted Treasury Advance ..	161,279	157,584	325,059
	3,399,571	3,241,795	3,863,358

Level Crossings Fund.—Act No. 5791 of 23rd October, 1954, established this fund, and provided that the Commissioners were not exempt “from any liability to pay for any such works insofar as moneys are not applied thereto from the said fund”. The moneys in the fund are applicable, *inter alia*, towards “generally, reducing danger at level crossings”.

The amount expended by the Commissioners to 30th June, 1958, was £300,081, and it is included in the expenditure on capital works. If the money had not been available from this fund, part of the expenditure would normally have been chargeable to railway working expenses and the value of capital works would have been increased only to the extent of the cost of improvements or additional assets acquired.

Uniform Railway Gauge.—Arrangements were made for work on this project to be commenced in November, 1957, and, pending a formal agreement between the Commonwealth and the States of Victoria and New South Wales, funds were provided towards the cost which was estimated to be £11,250,000, extending over a period of 3½ years. It was also arranged that the expenditure would be subject to my certificate.

Expenditure charged in the Treasury and Railway books to 30th June, 1958, totalled £494,736, and this amount is included in the Railways Balance-sheet as an asset. By way of interim certificates, expenditure amounting to £270,000 has been certified by me.

St. Kilda-Brighton Electric Street Railway.—A payment of £6,670 10s. to the City of Brighton in connection with excavation and formation of road works following the discontinuance of this service has been the subject of query by me. At my request, the Crown Solicitor's opinion as to the legality of the payment has been sought.

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.

	1954-55.	1955-56.	1956-57.	1957-58.
	£	£	£	£
Expenditure—				
Working Expenses	743,640	683,676	723,366	687,320
Contributions to Pension Funds	35,788	32,900	34,786	34,424
Contribution to Accident Fund	384	342	329	299
Pay-roll Tax	15,574	13,294	15,387	14,192
Sinking Fund	6,890	7,131	7,381	7,639
Interest on Loans	1,110	869	619	361
Depreciation	23,762	24,975	24,975	24,975
	827,148	763,187	806,843	769,210
Revenue	748,837	590,828	507,639	461,196
Loss for year	78,311	172,359	299,204	308,014

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

	1954-55.	1955-56.	1956-57.	1957-58.
	£	£	£	£
Sale of Coal	701,589	531,573	454,655	402,274
Electric Light and Power	39,232	13,150	17,426	50,092
Miscellaneous	5,016	13,105	5,558	8,830
	748,837	590,828	507,639	461,196

Operations in 1957-58 resulted in a record loss of £308,014.

The deficit on a cash basis in the Treasury was £301,165. The difference of £6,849 between the Treasury and the Mine's books at 30th June, represents unpaid accounts, coal on hand, &c.

As mentioned in earlier reports, the price for coal taken by the Railways Department for its own use or sale is fixed by the Commissioners on a formula based on results obtained from tests with New South Wales (Maitland) coal.

Disposals of coal in the period 1954 to 1958 are shown hereunder :—

	1954-55.	1955-56.	1956-57.	1957-58.
	tons	tons	tons	tons
Railways Department	55,498	41,099	41,580	36,328
Electricity Commission	50,132	42,339	36,453	34,176
Employees	4,687	4,607	4,493	4,349
Public	2,263	5,885	10,491	11,099
Used in Mine's Works	11,538	11,709	11,565	12,068
	<u>124,118</u>	<u>105,639</u>	<u>104,582</u>	<u>98,020</u>

BALANCE-SHEET.

A statement of the State Coal Mine balances at 30th June, 1957, and 1958, is as under :—

	1957.	1958.
	£	£
Works, Machinery, and Plant at cost, less depreciation	324,220	326,919
Stores and Materials	47,911	42,074
Coal Stocks	4,987	3,778
Discounts and Expenses on Loans	641	641
Funds at Treasury—		
Depreciation Fund	59,915	55,853
Trust Fund—Charges in Suspense	9,906	9,192
Cash	1,054	2,388
Deposits on Contracts	1,225	1,657
Sundry Debtors	30,754	21,668
Workers Compensation Insurance pre-payment	15,000	20,000
Accumulated Loss	2,958,729	3,266,744
	<u>3,454,342</u>	<u>3,750,914</u>
Loans (interest bearing)	10,311	2,671
National Recovery Loan (non-interest bearing)	24,500	24,500
Advances from Public Account	16,081	38,677
Sundry Creditors	32,832	33,668
Depreciation Fund Interest Reserve	91,630	93,605
Sinking Fund	343,689	351,329
Advances from Consolidated Revenue	2,905,299	3,206,464
	<u>3,454,342</u>	<u>3,750,914</u>

TRUST AND SPECIAL ACCOUNTS.

Itemized Trust Funds and Special Accounts are set out in the Treasurer's statements on pages 108 to 111 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.

Recently, certain funds and accounts have been included which do not properly fall within this category but are in the nature of special accounts. The Youth Organizations Assistance Fund, the Aborigines Welfare Fund, the National Parks Fund and the Municipalities Forest Roads Improvement Account are financed, for the most part, from Revenue and Loan funds and should not be included in the Treasurer's Finance Statement under the single head of "Other Trust Moneys".

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 to all funds and accounts aggregating in 1957-58 £96,515,816 and credits £98,793,686.

Statement No. 4 on page 172 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.

Commonwealth Aid Roads (Special Assistance) Account.—Funds are provided by the Commonwealth under the *Commonwealth Aid Roads (Special Assistance) Act 1957*. Particulars relating to this account are to be found on page 104 of this report.

Commonwealth-State Grants Mental Institutions Trust Fund.—For some years, the Commonwealth Government has recouped to the State one-third of the amount expended for or in connection with the buildings or equipment of mental institutions.

Until 1957-58, it had been the practice to charge this expenditure to Public Account and recoup the amount involved direct to that account on receipt of the necessary moneys from the Commonwealth. In lieu of that practice, the Treasurer approved the opening of this Fund to record such recoups and the subsequent clearance of the charge to Public Account to the extent of funds available.

Receipts for the year totalled £683,300 and expenditure a like amount.

Tourist Fund.—This fund was created by the *Tourist Act 1957* No. 6155, proclaimed from 12th June, 1958. It replaces the Tourist's Resorts Fund, the balance of which was, at that date, transferred to its credit. Moneys are provided by means of a levy on the Country Roads Board Fund of an amount equal to two per cent. of the "net total amount" credited to that fund under paragraph (d) of sub-section 1 of section 38 of the *Country Roads Act 1928*.

The Act requires that the amount of the levy shall in every year be certified by the Auditor-General. For the reasons detailed on page 106 of this report under the heading of Country Roads Board my certificate was not given in respect of the amount paid in the year under review.

The funds provided may be applied for the recoup of consolidated revenue for interest and sinking fund charges on tourist loans raised under the *Tourist's Resorts Development Act 1938* or any other amounts issued or applied by the Treasurer for the purposes of the Tourist Act, and to meet the costs and expenses of administration. In addition, the funds may be applied by the Minister, on the recommendation of the Tourist Development Authority, for the purpose of publicizing and developing the tourist industry and improving tourist facilities in Victoria. Debts and expenses incurred prior to the commencement of the Act, which were payable out of the Tourist's Resorts Fund, are now met from the Tourist Fund.

Revenue for the year comprised—		£
Balance of Tourists Resorts Fund		11,338
Contribution from Country Roads Board Fund		108,780
" " Municipality		360
Total revenue		120,478
 Expenditure was—		 £
Recoup of debt charges		9,830
Expenditure by Public Works Department on works authorized by the Tourist Resorts Committee prior to proclamation of the Tourist Act, and including administration charges of that Department		12,397
Total expenditure		22,227
Balance at the close of the year was		98,251
		<hr/> 120,478 <hr/>

Uniform Railway Gauge Trust Account.—This Account was set up by the Treasurer to record the receipt and application of moneys provided by the Commonwealth to finance the construction of the uniform railway gauge between Wodonga and Melbourne. Funds are provided in the first instance by the Commonwealth Government. Victoria and New South Wales, on completion of the works, are each to repay, over a period of 50 years, 15 per cent. of the total cost.

All expenditure is to be met from the account and reimbursed periodically from the Commonwealth on the basis of my certificate. Further reference to this Account is made under the heading of Railways (page 78).

Aborigines Welfare Fund.—This fund was established under the *Aborigines Act* 1957 with effect from 30th July, 1957. It superseded the Aborigines Produce Fund the balance of which, under the legislation, was credited to the new fund.

The Act provides for the application of moneys in the fund for administration. Pursuant to the provisions of Section 6, the Board is required, with the consent of the Minister, to apportion, distribute and apply moneys appropriated by Parliament and any other funds or property under its control for the relief or benefit of aborigines or for the purpose of assisting aborigines to become assimilated into the general life of the community.

All costs and expenses previously met from vote are now met from the fund.

Receipts comprised:—		£
Balance of Aborigines Board Produce Fund		3,377
Contributions from Revenue		23,934
" " Loan for Capital Purposes		27,000
Revenue from Operations		3,092
		<hr/> 50,403 <hr/>
Expenditure was		18,098
Leaving a balance at 30th June, 1958, of		<hr/> 32,305 <hr/>

Adult Education Trustees Account.—Under the provisions of part 5 of the *Education Act* 1958 No. 6143, all donations, gifts, legacies and bequests to the Council of Adult Education or the Trustees, for adult education (however expressed), or for the purposes of this part of the Act vest in the Director of Education and the Director of Adult Education, for the time being, in trust for the Council of Adult Education. The funds may be used, subject to any specific terms of any trust, for any of the purposes of part 5 and may be invested if not immediately required.

The account was established by the Treasurer under Act No. 5578.

Receipts for the year amounted to £3,411 which was unexpended at the end of the year.

Trust Fund Brown Rot Investigations.—This fund was established by the Treasurer under Act No. 5578. Funds are provided from the Canned Fruits Industry, the Commonwealth Bank, and the Commonwealth Government towards the cost of investigation and research to combat the disease "Brown Rot" in fruit. Victoria is the central body administering the scheme and, in addition to defraying its own investigation costs from the funds provided, makes advances to other States and bodies.

Receipts—Advances from—	£
Commonwealth Bank	6,000
" Government	10,000
Australian Canned Fruits Board	2,000
" Canners' Association	5,194
Other Private Bodies	150
	23,344
Payments—	
Investigation Expense—Department of Agriculture—Victoria	5,397
Advances to—Department of Agriculture—New South Wales	2,716
Department of Agriculture—Tasmania	390
Waite Agricultural Institute—South Australia	313
Commonwealth Scientific and Industrial Research Organization	1,500
	10,316
Balance 30th June, 1958	13,028
	23,344

Cancer Campaign Appeal.—The Treasurer approved of the creation of this account to record donations deducted from the pay of public servants for the Cancer Campaign Appeal. When all collections have been received, the total will be paid to the Organizers.

The credits to the fund to 30th June, 1958, were £8,100.

Parole Board Prisoners Earnings Account.—In respect of any balance of earnings standing to the credit of a prisoner released on parole, Clause 65 (2) of the Gaols Regulations provides that the Chief Parole Officer shall, subject to any direction by the Parole Board, determine the amounts and times of payment to the person concerned of the said balance provided the whole amount of the balance shall, unless forfeited under a succeeding sub-clause, be paid before the expiration of his parole. To comply with these requirements, balances of earnings are credited to the Parole Board Prisoners Earnings Account on the release from prison of a parolee and, subject to the terms cited, are distributed by the Chief Parole Officer. The account is the successor of the Indeterminate Prisoners Earnings Account the balance of which was taken over by the new Board.

Receipts including the balance taken over from the Indeterminate Prisoners Earnings Account totalled £8,850 and payments £8,167.

Potato Marketing Board—Liquidators Account.—On the 19th February, 1957, the Governor in Council revoked the Proclamation declaring potatoes a commodity under the Marketing of Primary Products Act. The Board, therefore, ceased its activities and steps were taken to wind up its affairs. This account was established by the Treasurer to receive funds available from the disposal of the Board's assets and to meet any claims allowed by the liquidator. For further comment see page 163.

Soldier Settlement Irrigation Trust Account.—The Account was established by the Treasurer under the authority of the Public Account Act No. 5578. Funds were provided by the Soldier Settlement Commission from Loan to meet the estimated expenditure by the State Rivers and Water Supply Commission on Soldier Settlement irrigation works for a period of one month. As works proceed, the State Rivers and Water Supply Commission reimburses its expenditure from moneys at credit of the account. As the account is depleted, additional funds are provided by the Soldier Settlement Commission on the basis of detailed progress statements submitted by the State Rivers and Water Supply Commission.

Trust Fund—Special School Works Account.—Under the authority of the Public Account Act No. 5578, this account was established by the Treasurer. The Government has agreed to subsidize on a £1 for £1 basis works to be carried out at schools by school councils and committees. Contributions by school committees, &c., and like contributions by the Government from the Loan Fund are credited to the Account. Payments are authorized by the Public Works Department.

In 1957–58 credits to the Account totalled £3,759 and debits £933.

Other new accounts opened and operated on in the year were Trust Fund—Fat Lamb Investigations, Trust Fund—Sheep Heritabilities Project, and the Wheat Research Trust Fund.

For convenience in explaining the funds and accounts within the Trust Fund, the balances at 30th June, 1958 (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, 1957 :—

	Balances.			
	General Account.		Investments, &c.	
	30th June, 1957.	30th June, 1958.	30th June, 1957.	30th June, 1958.
	£	£	£	£
1. Compensation and Insurance	5,827,163	7,627,371	859,111	859,141
2. Superannuation and Pension	241,674	289,876	7,831,130	8,718,529
3. Depreciation	931,351	874,893	683,650	683,650
4. Deposit	217,751	252,841	155,007	156,530
5. Railways	1,067,596	287,436	..	..
6. Commonwealth	1,613,142	1,763,171	..	..
7. Commonwealth—State	417,503	418,730	..	..
8. Other—Regulated by Statute	3,804,356	3,900,008	361,570	356,280
9. Other—Not Regulated by Statute	849,128	938,020	20,944	21,114
	15,102,661	16,352,346	9,911,442	10,795,274
10. Securities Lodged with Treasurer .. .. .	..	..	7,123,481	7,257,837
	15,102,661	16,352,346	17,034,923*	18,053,111*

* Includes deposits in "Sundry Investments, Interest Account" £24,902 at 30th June, 1957, and £26,424 at 30th June, 1958.

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. The main reason for the substantial increase in the total balances under this heading was the increase in the cash balance of the State Accident Insurance Fund from £1,983,014 at 30th June, 1957, to £3,173,921 at 30th June, 1958.

The balance standing to the credit of the Swine Compensation Fund was reduced from £37,551 at 30th June, 1957, to £23,169 at 30th June, 1958. During the year, a further sum of £18,476 was repaid to Consolidated Revenue on account of advances received in prior years. Outstanding advances now total £10,000.

The provisions of the *Estate Agents Act 1956* require the payment to Consolidated Revenue of any balance at credit of the Estate Agents Guarantee Fund in excess of £25,000 at the close of the year. Receipts for the year, including £3,805 recouped from Estate Agents' Trust Accounts, totalled £39,019 and claims paid amounted to £22,502. The surplus of £16,517 on the year's operations was transferred to revenue, leaving the statutory maximum in the fund, namely, £25,000.

Superannuation and Pension.—The Police Pensions Fund represents the main item in this category. The balance of this fund increased from £7,741,600 at 30th June, 1957, to £8,501,261 at 30th June, 1958, of which all but £84,061 is invested. The Port Phillip Pilot Sick and Superannuation Fund increased during the year by £18,199 to £305,258. This figure includes investments totalling £301,329.

Pursuant to the provisions of Section 86 of the *Marine Act* 1928, the Governor in Council approved during the year of the sum of £100,000 being advanced, on the security of a registered first mortgage over the pilot vessel *Akuna*, from the Port Phillip Pilot Sick and Superannuation Fund to the Sea Pilots for the Port of Port Phillip. Of the total authorized, the sum of £33,500 had been advanced to 30th June and £521 repaid.

The mortgage document was not produced for inspection by my officers and I am informed that this document has not yet been signed by all the pilots concerned.

An agreement was executed between the Treasurer of Victoria and the Sea Pilots but until the mortgage document is completed, advances made are not authorized investments for the purpose of the *Marine Act* and the State holds no security over the vessel.

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

	General Account.	Investments.
	£	£
Coal Mines Depreciation Fund	5,852	50,000
Forests Plant and Machinery Fund	242,150	..
Maffra Sugar Factory Depreciation Fund	1,781	55,650
Printing Machinery Depreciation Fund	118,735	..
Public Works Plant and Machinery Fund	166,223	..
Water Supply Plant and Machinery Depreciation Fund	65,562	578,000
Water Supply Works Depreciation Fund	274,590	..
	874,893	683,650

It has been pointed out in previous reports that, as the Maffra Sugar Factory has been sold, the balance of the Maffra Sugar Factory Depreciation Fund could be transferred to Consolidated Revenue. At 30th June, 1957, the cash balance was so transferred but investments with a face value of £55,650 were retained. These investments were still held to the credit of the fund at 30th June, 1958, together with a cash balance of £1,781 built up from interest received thereon.

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 £161,531, Municipalities Loans Repayment Account £131,416, and Sundry Investments Account £26,424.

Railways.—In this group are included the balances in the Railway Stores Suspense Account £269,458, Developmental Railways Account £15,465, the Railways Repayment Account £947, and Sundry Railway Construction Trusts Account £1,566.

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 £1,378,526, Home Builders' Account £72,760, Hospital Benefits £71,104, Commonwealth Works Account £66,108, and the Commonwealth-State Free Milk Scheme £56,277.

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 Commonwealth-State Flood Protection and Restoration Account, £72,340, and the Olympic Games Fund, £20,781.

Other—Regulated by Statute.—The balances of funds coming within this heading aggregate £4,256,288. 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, 1957.		30th June, 1958.
£		£
704,675	Water Supply Stores Suspense Account.. .. .	846,215
696,739	Mallee Land Account	742,446
472,157	Level Crossings Fund	409,066
330,765	Licensing Fund	330,750
211,277	Transport Regulation Fund	258,441
418,204	Country Roads Board Fund	219,822
224,603	Forests Stores Suspense Account	216,704
75,220	Forestry Fund	201,892
160,298	Treasury Trust Fund	183,679
166,807	Public Works Stores Suspense Account	168,706
33,234	Milk Board Fund	152,786
..	Tourist Fund	98,251
118,735	Mental Hospitals Fund	56,350
51,331	Rivers and Streams Fund	43,256
83,455	Municipalities Assistance Fund	37,160
..	Aborigines Welfare Fund	32,305
97,439	Hospitals and Charities Fund	309

Brief explanations of substantial variations in the balances of certain funds and accounts are given hereunder :—

Water Supply Stores Suspense Account.—The increase in the unexpended balance of this account was due mainly to a reduction in stores on hand and an increase in the amount at credit of the Plant Operating section. This account is further discussed on page 42.

Milk Board Fund.—An improvement in collections from sundry debtors contributed largely to the increase of £119,552 in the unexpended balance of this fund.

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, 1958, had accumulated a balance of £742,446.

Country Roads Board Fund.—The unexpended balance of this fund was reduced by £198,382 in the year. The main reason for this reduction was an increase in the works undertaken by the Board consequent on increased revenue in 1956–57 and 1957–58.

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 and, in the year under review, despite a special contribution from Treasurer's Advance of £120,000, the unexpended balance was reduced by a further £46,295.

Hospitals and Charities Fund.—The substantial balance of this fund at the beginning of the year was due to the allocation of revenue from Tattersall consultations in excess of the estimated figure. This did not occur in 1957–58 and the balance in the fund was reduced to £309 at 30th June, 1958.

Other—Not Regulated by Statute.—The principal accounts under this heading are the departmental Suspense Accounts totalling £210,383, the Salaries and Wages Suspense Account £342,092, the Decentralization Fund £114,374, and the Country Roads Board Special Works Account £92,133. 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.

Securities Lodged with Treasurer.—The major items included in this category relate to shares of the Gas and Fuel Corporation of Victoria purchased by the State under the provisions of Act No. 5507, £7,003,816, and to a Geelong Harbor Trust debenture securing the outstanding balance of an advance, £202,821.

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

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 is on past experience, too low for current needs. The income from the statutory appropriation £2,000, together with interest on investments £1,138 was insufficient to cover claims against the fund amounting to £4,119, with the result that the balance of the fund was reduced to £362,264, 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.

A major portion of the total expenditure of £86,087 consisted of loans to four industrial concerns and a fishermen's co-operative amounting to £33,796, and a subsidy to a brown-coal mining company equal to the road tax of £32,337 paid by that company on behalf of contracting carriers. The cost of this subsidy to 30th June, 1958, was £66,037.

Credits to the fund have been:—

	£
To 30th June, 1957	1,355,499
During the year—	
From Consolidated Revenue	40,000
	<hr/> 1,395,499

The fund has been utilized as follows:—

Expenditure to 30th June, 1957	1,195,038
During the year—	
Power and Light Subsidies	4,365
Rail Freight Subsidies	14,219
Loans to Decentralized Industries	33,796
Removal of Plant, Machinery, Furniture, &c.	454
Alterations to Art Gallery—Mildura	916
Road Transport Tax Subsidy	32,337
	<hr/> 1,281,125
Balance at 30th June, 1958	<hr/> 114,374

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

	Advanced to 30th June, 1958.	Repaid.	Outstanding 30th June, 1958.	Arrears.	
				Interest.	Principal.
	£	£	£	£	£
Fishermen's Co-operative Societies ..	100,920	5,500	95,420		
Brickworks	*18,549	5,286	13,263	1,826	3,168
Textile Industries	63,970	21,572	42,398	526	801
Moyne Portland Cement Ltd. ..	202,034	7,500	194,534		
Other Manufacturing Industries ..	97,800	33,002	64,798	912	2,573
	483,273	72,860	410,413	3,264	6,542

* 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 £2,125 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 £250 at 30th June, 1958. 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 £30,361.

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. Proceeds of realization amounting to £3,294 have been credited to an account in the Trust Fund pending completion of the realization and, after expenses amounting to £1,074 had been met, the balance of the account at 30th June was £2,220.

Home Builders' Account.

The funds relating to this account 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 the Public Account under the authority of the Public Account Act No. 5578, 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. During the year advances were made from Public Account notwithstanding substantial balances held at the credit of the Home Builders' Account. In calculating interest charged against the account no allowance was made for the sums held to its credit in Public Account. All advances from the Public Account under this Act were repaid in the year.

In addition to advances made under the authority of the Public Account Act No. 5578 further advances were authorized by the *Public Account Advances (Home Builders' Account) Act 1958 No. 6179*. This Act authorizes the Treasurer, whenever in any financial year moneys in the Home Builders' Account are insufficient to make necessary payments therefrom, to transfer from Public Account to the Home Builders' Account sums necessary to make good the insufficiency. The amount transferred is not at any time to exceed £400,000 and the total must be repaid by 30th June, 1961. Time and manner of repayment and the rate of interest to be charged are determined by the Treasurer.

Advances made during the year were not transferred to the Home Builders' Account but were made direct to the Registry of Co-operative Housing Societies. Advances to 30th June, 1958, totalled £150,000 and this sum was outstanding at that date.

A summary of transactions relative to the Home Builders' Account is given hereunder.

<i>Source of Funds—</i>	£
Balance 1st July, 1957	4,250
Advanced by Commonwealth Government	2,000,000
.. from Public Account, Act No. 6179	150,000*
Repayments of Principal and Interest	384,998
	<hr/>
Total funds available	2,539,248
	<hr/>
<i>Disbursement of Funds</i>	
Advances to Registry from Home Builders' Account	2,175,000
.. Public Account	150,000*
Interest and Redemption—Commonwealth Advances	138,507
.. on Public Account Advances	2,981
	<hr/>
Total Disbursements	2,466,488
Balance 30th June, 1958	72,760
	<hr/>
	2,539,248
	<hr/>

* Paid direct from Public Account.

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.

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 regard to the determination of grants to be made to institutions and societies from the Hospitals 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.

Prior to 1st October, 1954, the Infectious Diseases Hospital, Fairfield, was financed by contributions from Municipalities and by State contributions under a Health Department vote. After that date, under the provisions of the *Infectious Diseases Hospital Act* 1954, the Municipalities were relieved of their liability in respect of contributions to this hospital and grants towards costs have since been made from the Hospitals and Charities Fund.

It has subsequently been disclosed that the quarterly municipal contributions ceased from 1st July, 1954, instead of from 1st October, 1954, as provided for in section 14 of the 1954 Act. Consequent upon my query in connexion with this matter the Treasurer approved of the final quarterly contribution, £17,542, due from the Municipalities, being written off. It is considered that amending legislation is necessary to waive this amount.

Subject to administrative and other costs, a total of £11,144,214 was available in the Hospitals and Charities Fund for distribution. This amount was provided from:—

	£
Special Appropriations, Act No. 5300	800,000
Special Appropriations, Act No. 3861—Totalizator Receipts	830,459
Special Appropriations, Act No. 5705—Tattersall Receipts	2,460,599
Grants—Division 83	6,955,550
Other Receipts	167
	<hr/>
Balance forward from 1956-57	11,046,775
	<hr/>
	97,439
	<hr/>
Expenditure for the year	11,144,214
	<hr/>
Leaving a balance of	11,143,905
	<hr/>
	309
	<hr/>

A summary of payments from the fund is given below.

	1955-56.	1956-57.	1957-58.
	£	£	£
Maintenance—			
Hospitals	7,854,108	9,307,273	9,753,011
Benevolent Homes	416,253	532,563	599,144
Children's Homes	109,189	116,186	117,919
Foundling Homes and Refuges	48,352	58,339	55,750
Philanthropic Associations	31,153	37,826	43,814
Ladies' Benevolent Societies	3,475	3,545	4,716
Medical Dispensaries	13,686	15,492	16,522
Ambulance Services	72,885	118,363	139,952
Hostels for the Aged	19,157	28,607	35,488
Youth Centres	16,000	16,000	..
Other Institutions	44,721	54,528	104,629
	<hr/>	<hr/>	<hr/>
	8,628,979	10,288,722	10,870,945
Other—			
Transfer of Patients to Country Hospitals	22	4	377
Costs Associated with Totalizator Receipts	2,465	4,532	4,830
Training of Officers	1,964	4,030	9,947
Recruitment and Training of Nurses	28,651	34,088	20,808
Preliminary Schools for Nurses	103,521	123,816	135,598
Post-graduate Training of Nurses	11,567	6,694	6,050
Administration Costs	70,892	82,973	95,350
	<hr/>	<hr/>	<hr/>
	8,848,064	10,544,859	11,143,905
	<hr/>	<hr/>	<hr/>

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 Hospital Benefits Agreement was to have terminated on 20th August, 1957, but, on notice being given by the State, in accordance with Clause 5 of the Agreement, it was renewed for a further period of five years.

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

	£	£
Balance at 1st July, 1957	43,615	
Received from Commonwealth during the year	1,544,319	
	<hr/>	1,587,934
Expenditure during the year—		
Hospital Benefits allowed		1,516,830
		<hr/>
Leaving a balance of		71,104
		<hr/>

Commonwealth Pharmaceutical Benefits Trust Account.—Under the provisions of the *National Health Act 1953*, the Commonwealth Government makes 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, 1957	177,588	
Received from Commonwealth during the year	369,341	
	—————	546,929
Reimbursements to Public Hospitals		530,857
		—————
Balance at 30th June, 1958		16,072
		—————

Loan Funds.—Funds were provided under Public Works Loan and Application Acts Nos. 6049 and 6169 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 £4,600,000. Details of payments to individual hospitals, &c., are shown in the Treasurer's Statement, pages 176–177.

Comment with regard to an amount of £8,000 paid to a contractor from moneys originally provided from the Loan Fund, for losses incurred through enforced delays in carrying out a contract in connexion with the erection of the new Dental Hospital, may be found on page 70 of this report under the heading Public Works Department.

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 1957–58 was £728,154, comprising receipts from additional registration fees £255,997 and the balance brought forward from 1956–57, £472,157.

Expenditure from the fund in 1957–58, on works approved by the Treasurer, amounted to £319,088 of which £196,481 was incurred by the Railways Department and £122,607 by the Country Roads Board, leaving a balance in the fund at 30th June, 1958, of £409,066.

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 1957–58 amounted to £2,834,692 of which £374,093 was allocated and paid to the Mental Hospitals Fund and the balance to the Hospitals and Charities Fund.

The Mental Hospitals Fund may be applied as the Treasurer determines 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 these 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, 1958:—

	<i>Receipts.</i>	During the Year.	Total.
		£	£
Balance 1st July, 1957		118,735	
Special Appropriation Act No. 5705—			
Capital Works .. .. .		..	311,000
Maintenance Works .. .. .		..	150,000
General Expenditure (State Institutions)		249,000	998,000
Maintenance Grants (Other Institutions)		72,900	182,000
Mental Health Research		6,000	21,000
Capital Grants (Other Institutions)		47,093	237,732
		492,828	1,899,732
	<i>Payments.</i>		
Capital Works .. .. .		..	310,789
Maintenance Works		43,068	149,967
General Expenditure (State Institutions)		304,694	997,890
Maintenance Grants (Other Institutions)		63,743	173,016
Mental Health Research (University of Melbourne)		6,000	21,000
Capital Grants (Other Institutions)		18,973	190,720
		436,478	1,843,382
Balance		56,350	56,350

Municipalities Assistance Fund.

Reference has already been made on page 69 under the Public Works section of this report to subsidies to municipalities and other public bodies from loan moneys, amounting to £246,551. Funds have 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 normal funds required to carry out the purposes of the Act. Where the amount standing to the credit of the fund is at any time insufficient to meet the sums and contributions authorized to be paid out of the fund, moneys may be issued and applied from the Consolidated Revenue to meet such insufficiency.

It has been pointed out in previous reports that the normal revenue of this fund, after deduction of costs of collection, is insufficient to meet the annual statutory commitment to the Country Fire Authority, without taking into account subsidies to municipalities. The balance in the fund has been made possible by an additional contribution of £400,000 made to the fund from Consolidated Revenue in 1953-54.

On 30th June, 1958, the sum of £120,000 was provided for this fund from Treasurer's Advance pending loan legislation. If this contribution had not been made, the Country Roads Board Fund could not have been recouped the costs of collection relating to the Motor Registration Branch amounting to £111,715.

The financing of this fund from loan does not appear to accord with the intention of Parliament as expressed in the Municipalities and Other Authorities Finances Act.

A summary of operations in the fund is:—

	£	£
Balance 1st July, 1957		83,455
Contribution—Treasurer's Advance Pending Loan Legislation		120,000
Receipts from fees	219,342	
Less Cost of Collection	119,241	
	<hr/>	100,101
		<hr/>
		303,556
		<hr/>
Expenditure—		
Amount contributed to Country Fire Authority		166,292
Subsidies to various Municipalities for works		100,104
		<hr/>
		266,396
Balance, 30th June, 1958		37,160
		<hr/>
		303,556
		<hr/>

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 arrangement 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 payment by way of subsidy to any person or body carrying out works of permanent improvement or maintenance in any national park.

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.

A statement of the transactions relating to this fund for the year ended 30th June, 1958, is given hereunder.

	£	£	£
Receipts—			
From Consolidated Revenue		1,300	
,, Loan Fund Act No. 6169		20,000	
		<hr/>	24,300
Payments—			
Administration Costs		4,185	
Subsidies to Committees of Management of National Parks and Advances for Works to the Public Works Department—			
Kinglake	5,840		
Wilson's Promontory	3,000		
Mt. Buffalo	3,000		
Ferntree Gully	2,280		
Bulga	1,250		
Fraser	150		
	<hr/>		15,520
Purchase of Land—			
The Lakes National Park		3,337	
		<hr/>	23,042
Balance, 30th June, 1958			1,258
			<hr/>

Of advances totalling £13,485 made to the Public Works Department to 30th June, 1958, the sum of £10,467 was unexpended at that date.

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 Third Party Insurance provisions of the Motor Car Act, No. 5616. 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.
	£	£	£
1940-53	370,434	273,055	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
1957-58	65,903	60,767	78,082

Public Officers' Fidelity Guarantee Fund.

This fund was established in 1910 with a credit of £15,000. During the year the fund was called upon to recoup defalcations to the extent of £12,437. To enable these claims to be met and to provide a balance to meet possible future commitments a further sum of £15,000 was contributed to the fund from Consolidated Revenue. A summary of the transactions in the fund relating to the past five years is given below :—

	1910-11 to 1952-53.	1953-54.	1954-55.	1955-56.	1956-57.	1957-58.	Total.
	£	£	£	£	£	£	£
Balance .. .. .	..	26,766	27,351	27,691	10,834	11,137	..
Receipts—							
Endowment, Interest, and							
Restitution	36,911	619	600	500	303	873	39,806
Revenue Contribution ..	..	..	..	..	..	15,000	15,000
	36,911	27,385	27,951	28,191	11,137	27,010	54,806
Disbursements (Sums required to recoup Defalcations)	10,145	34	260	17,357	..	12,437	40,233
Balance	26,766	27,351	27,691	10,834	11,137	14,573	14,573

The balance of £14,573 at 30th June, 1958, comprised investments, £10,000 and cash £4,573.

Superannuation and Pensions.

During 1957-58 the State contributed to the Police Superannuation and Police Pensions Funds, the Parliamentary Contributory Retirement Fund, the State Superannuation Fund and the Married Women Teachers' Pension Fund, the sum of £3,730,909 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 is the case with the other 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 1957–58.

Payments from the fund totalled £37,456, which was £3,929 less than the figure for the previous year.

The unexpended balance of the fund at 30th June, 1958, was £177,508.

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 1957–58 totalled £782,000, an increase of £23,300 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, 1958.	Total.
	£	£
<i>Receipts.</i>		
Deductions from pay	174,081	1,630,129
Deductions repaid by ex-officers on reinstatement	609	6,598
Contributions from Consolidated Revenue	782,000	7,325,797
Interest on Investments	307,082	3,090,606
Balance in Hand—1st July, 1957	189,400	..
	1,453,172	12,053,130
<i>Disbursements.</i>		
Pensions	480,859	3,384,222
Gratuities	11,661	47,562
Deductions refunded	11,591	124,490
	504,111	3,556,274
The Balance was	949,061	8,496,856
Of which there is invested	865,000	*8,412,795
Leaving a Cash Balance of	84,061	84,061
	949,061	8,496,856

* Face Value of Investments £8,417,200.

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 30th June, 1958, investments were held in Commonwealth Government Inscribed Stock £8,037,200 and in the securities of the Melbourne and Metropolitan Tramways Board £155,000, the State Electricity Commission £125,000, and the Gas and Fuel Corporation £100,000.

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 a pension, or if not qualified to receive a pension a retiring allowance, 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, from time to time, to the extent necessary to enable payments to be made out of the fund. For 1957–58, contributions by the State totalled £18,632 which was £836 higher than the figure for the previous year.

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

Receipts—		£	£
Members' Contributions	.. .. .	15,468	
Contributions from Consolidated Revenue	.. .. .	18,632	
		-----	34,100
Expenditure—			
Payment of Pensions	.. .. .		34,100

THE SUPERANNUATION BOARD.

The State Superannuation Fund.—The State Superannuation Board was constituted under the provisions of the *Superannuation Act 1925*. This Act and later amendments provide 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, 1956.	Year Ended 30th June, 1957.	Year Ended 30th June, 1958.
	£	£	£
<i>Receipts.</i>			
Balance (including investments)	19,028,743	21,356,761	24,017,898
Contributions from officers	2,177,115	2,446,917	2,439,816
Contributions from Consolidated Revenue	2,616,887	2,728,672	2,917,844
Interest	786,161	932,131	1,123,091
Underwriting Commission	6,812	11,491	11,100
	24,615,718	27,475,972	30,509,749
<i>Disbursements.</i>			
Pensions	3,258,328	3,455,883	3,729,175
Endowment Assurances	399	173	80
Assurance Premiums	166	193	315
Lump Sum Payments (Act No. 5911, Section 10)	64	1,825	2,880
	3,258,957	3,458,074	3,732,450
The Balance was	21,356,761	24,017,898	26,777,299
Of which there was invested	21,356,677	24,017,105	26,776,841
Leaving a cash balance of	84	793	458

Revenue for the year exceeded disbursements by £2,759,401 and during this period £2,759,736 was invested, the cash balance being reduced from £793 at 30th June, 1957, to £458 at 30th June, 1958.

Major variations as between the 1956–57 and 1957–58 figures are explained hereunder.

Consolidated Revenue contributions rose by £189,172. 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 £273,292 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 £2,660,428 in 1956-57 and a further £2,759,736 was invested during 1957-58. These substantial increases in the total amount invested were the main reason for the increase of £190,960 in interest earned by the fund during 1957-58.

Married Women Teachers' Pension Fund.—This fund was established under the provisions of the *Teaching Service (Married Women) Act* 1956, No. 6030, and came into full operation from 1st July, 1957. This fund like the State Superannuation Fund does not form part of the Treasurer's Accounts and is administered entirely by the State Superannuation Board.

The legislation provides that any woman in permanent employment in the teaching service who marries may elect to continue in permanent employment and, further, that any married woman who has at any time been in the employment of the teaching service or of any other teaching service approved by the Tribunal may apply to the Tribunal for appointment to permanent employment in the teaching service.

Married women are not entitled to become or remain contributors to the State Superannuation Fund but may elect to become contributors to the Married Women Teachers' Pensions Fund. To provide retirement benefits by way of pensions or under certain circumstances lump sum payments, this fund has been established on a contributory basis. Contributors, through the medium of deductions from salary, pay into the fund a sum equal to 5 per cent. of their respective salaries and the State at the end of each financial year pays into the fund from Consolidated Revenue an amount equal to the total of all contributions paid by contributors in that year.

The Superannuation Board may invest the fund in securities in which the Superannuation Fund may be invested under the Superannuation Acts.

A summary of the transactions for the year is given hereunder.

Receipts—	£
Contributions from Teachers	10,433
Contribution from Consolidated Revenue	10,433
Interest on Investments	66
Total Receipts	20,932
Of which was invested	10,927
Leaving a cash balance of	10,005
	20,932

The comparatively large cash balance in the fund at 30th June, 1958, was due to receipt of the Consolidated Revenue contribution on that date.

Olympic Games Fund.

To meet capital expenditure in connexion with the Olympic Games held in Melbourne during November and December, 1956, 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, 1958 a total of £2,350,000 had been provided on this basis, the State's contribution being £587,500 under the authority of Loan Acts Nos. 5673, 5921, 6049 and 6169. Moneys received from the three contributors and proceeds of realization of assets have been credited to this fund and expenditure for capital purposes made therefrom.

Receipts and payments of the fund for the year and the totals as at 30th June, 1958, are summarized below:—

	During the Year.	Total.
	£	£
Balance, 1st July, 1957	50,687	..
Receipts—		
Commonwealth Government	75,000	1,175,000
Victorian Government	37,500	587,500
Melbourne City Council	37,500	587,500
Sale of Assets	40,071	40,071
	240,758	2,390,071
Payments—		
Olympic Pool	20,522	505,275
Olympic Park	11,307	747,291
Olympic Village	116,117	558,039
Melbourne Cricket Ground	61,821	358,369
Carlton Stadium .. .. .	..	35,773
Lake Wendouree and Ballarat Rowing Club	3,220	29,978
Exhibition Buildings	1,107	29,729
Running Deer Rifle Range, &c. .. .. .	..	19,783
Olympic Village, Ballarat .. .. .	..	15,945
Women's Athletic Oval, Royal Park .. .. .	..	10,627
University Training Track .. .. .	..	10,500
Modern Pentathlon	18	9,538
Other Venues	5,865	26,863
Miscellaneous .. .. .	..	11,580
	219,977	2,369,290
Balance, 30th June, 1958	20,781	20,781

Included in the payments on account of the Melbourne Cricket Ground is an amount of £50,000 being the balance of a grant of £100,000 to the Melbourne Cricket Club towards the cost of building extensions carried out by that body. The three contributors agreed to make this sum available for the purpose.

During the year the balance at credit of the trust fund Olympic Games—Sale of Assets Account at 30th June, 1957, was transferred to the Olympic Games Fund.

STATE INSURANCE OFFICES.

The operations of these activities were the subject of an investigation during the year by the Committee of Public Accounts. The Committee, which included in the ambit of its investigation, the State Accident Insurance Office and the State Motor Car Insurance Office, directed its attention towards assessing the causes of losses and suggesting means of preventing their continuance.

Various factors operating generally upon all authorized insurers and other factors peculiar to the State Offices were examined.

Some aspects referred to in the Committee's report of 4th December, 1957, are matters involving amendments to legislation, while others, particularly in relation to Third Party insurance, are of general application to all authorized insurers, but affect the State Offices to a greater extent.

In the matter of the investment of funds, the Committee recommended the establishment of an Advisory Investment Board, on which the Treasury would have representation, with a view to a more profitable investment of surplus funds. Under the existing arrangement, the funds of the two Offices form part of the cash reserves of the Treasury and are credited with interest at $1\frac{1}{4}$ per centum per annum only.

STATE ACCIDENT INSURANCE OFFICE.

The operations of this Office for the year showed a net profit of £380,686 as against a net loss of £385,431 in 1956-57.

A comparative statement of Income and Expenditure for the past five years is shown hereunder :—

—	1953-54.	1954-55.	1955-56.	1956-57.	1957-58.
	£	£	£	£	£
Income—					
Premiums earned	1,309,539	1,565,481	1,784,301	1,777,381	2,390,011
Interest	54,272	52,652	53,366	58,366	61,520
Rents (Net)	1,322	1,730	4,497	4,400	1,881
Surplus—sale of property ..	162	..	10	325	224
	1,365,295	1,619,863	1,842,174	1,840,472	2,453,636
Expenditure—					
Claims	1,254,382	1,475,188	1,562,804	2,078,442	1,917,650
Management	61,456	69,453	84,351	95,604	104,348
Agents' Commission and Expenses	29,511	32,573	44,180	51,857	50,952
	1,345,349	1,577,214	1,691,335	2,225,903	2,072,950
Net profit	19,946	42,649	150,839	..	380,686
Net loss .. .. .	..	..	..	385,431	..

Earned premiums were calculated on the "time" basis using the monthly method which has been in operation since 1954-55. The general increase of 25 per centum in the scale of premiums which came into effect from 1st March, 1957, is reflected in the premiums earned which were £612,630 higher than in the previous year. The full benefit, however, will not be experienced until 1958-59 when all premiums brought to account will be at the increased scale.

The premium in respect of the insurance of Government Employees, being the estimated renewal for the current year and the adjustment for the previous year, was £275,908 based on a rate of 15s. 6d. per centum on salaries and wages, compared with £132,022 in the year 1956-57 when the rate was 7s. 3d. per centum.

The assessment of outstanding claims was obtained by the "case" method, all claims being individually examined by experienced claims officers with all known factors and circumstances taken into account. It has been accepted as a careful and conscientious assessment but is necessarily only an estimate.

Test checks were applied by my officers to verify that the outstanding claims actually existed and that a realistic and consistent approach had been adopted in making the assessment. They also directed their attention to the reasons for any substantial differences between the amounts ultimately paid and the related assessment at the close of the year preceding the year of payment.

The loss ratio to earned premium income for the year was 80·2 per centum compared with 116·9 per centum in 1956-57 and with 87·6 per centum in 1955-56.

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

30.6.57. £							30.6.58. £ £	
	<i>Assets.</i>							
	Current—							
2,542,945	Cash at Treasury	..	..	..	..	..	3,453,886	
223,502	Sundry Debtors, <i>Less</i> Bad Debts Provision	..	..	..	..	..	237,018	
							3,690,904	
	Fixed—							
33,403	Furniture, Office Machines, and Cars— <i>Less</i> Depreciation	..	..	..	..	..	36,757	
	Investments—							
114,653	Property—Offices	..	..	..	..	..	114,653	
705,637	Inscribed Stock	..	..	..	..	..	705,637	
							820,290	
385,431	Profit and Loss Account—Balance	..	..	..	..	..	4,745	
							4,552,696	
4,005,571								4,552,696
	<i>Liabilities.</i>							
	Current—							
745,925	Unearned Premiums	..	..	..	..	..	817,550	
2,187,142	Claims Outstanding	..	..	..	..	..	2,725,877	
16,643	Sundry Creditors	..	..	..	..	..	9,367	
							3,552,794	
	Deferred—							
215,767	Bonus Equalization Reserve	..	..	..	..	..	158,504	
13,235	Building Depreciation and Maintenance Provision	..	..	..	..	..	14,539	
4,359	Building Maintenance Reserve	..	..	..	..	..	4,359	
							177,402	
	Funds—							
780,000	General Reserve	..	..	..	..	..	780,000	
32,500	Building Reserve	..	..	..	..	..	32,500	
10,000	Building Improvement Reserve	..	..	..	..	..	10,000	
							822,500	
4,005,571								4,552,696

There is regularly a very considerable credit balance in the State Accident Insurance Fund at the Treasury. As shown above, it exceeded three million pounds at 30th June. Interest at the rate of $1\frac{1}{4}$ per centum is allowed on the monthly balance.

STATE MOTOR CAR INSURANCE OFFICE.

This Office was established in 1941 to enable owners of motor cars to enter into contracts of insurance—Compulsory “Third Party” and insurance generally in relation to motor cars—with the State.

It is managed and controlled by the Insurance Commissioner who simultaneously holds office under the Workers Compensation Acts.

The operations for the year resulted in a profit of £217,100 compared with a profit of £128,860 in 1956–57. These favourable results contrast with a succession of heavy losses due to the unprofitable business of “Third Party” insurance, to remedy which, premium rates were increased from 1st October, 1955.

A comparative statement of Income and Expenditure for the past five years is given hereunder :—

—	1953-54.	1954-55.	1955-56.	1956-57.	1957-58.
Income—	£	£	£	£	£
Net premiums earned—					
“Third Party”	418,540	510,132	696,710	995,316	1,170,832
Comprehensive	217,829	297,813	354,194	442,424	505,992
	636,369	807,945	1,050,904	1,437,740	1,676,824
Interest—					
Fund at Treasury	5,009	7,273	12,123	21,828	27,415
	641,378	815,218	1,063,027	1,459,568	1,704,239
Expenditure—					
Claims—					
“Third Party”	520,440	712,911	961,109	878,802	1,025,168
Comprehensive	154,682	196,383	300,564	343,034	340,068
	675,122	909,294	1,261,673	1,221,836	1,365,236
Management	57,350	71,918	87,857	108,872	121,903
	732,472	981,212	1,349,530	1,330,708	1,487,139
Net loss	91,094	165,994	286,503	..	..
Net profit .. ..	..	..	..	128,860	217,100

A dissection of the accounts into “Third Party” business and Comprehensive business shows that the former resulted in a trading profit of £66,737 compared with a profit of £47,905 in 1956–57 while the latter resulted in a trading profit of £122,948 compared with a profit of £59,127 in 1956–57. The combined trading profit was increased by £27,415—interest earnings of the State Motor Car Insurance Fund—to £217,100 as shown in the preceding statement.

In “Third Party” insurance the loss ratio to earned premium income was 87·4 per centum comparing closely with 88·3 per centum in 1956–57; while in Comprehensive insurance the loss ratio was 67·2 per centum in 1957–58 and 77·5 per centum in 1956–57.

Earned premiums were calculated on the “time” basis, using the monthly method of apportionment. The existing premium rates for Comprehensive insurance came into operation as from 1st July, 1956, while those for “Third Party”, as previously stated, came into operation on 1st October, 1955.

The total of outstanding claims was determined by the “case” method, under which all claims are individually examined and the liability assessed as accurately as possible in the judgment of experienced claims officers. The estimate has been accepted on the certification of senior officers.

Test checks of the amount provided for outstanding claims were carried out by my officers in a similar manner to that explained in connexion with the accounts of the State Accident Insurance Office.

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 I 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, 1958, was £258,441.

In my last report, it was pointed out that certain fees received in accordance with the provisions of Act No. 5931, mainly permit fees on commercial goods vehicles, had been paid to the credit of the fund without legislative authority. The position remains unaltered. These receipts should be credited to Consolidated Revenue as required by the Audit Act.

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

1956-57.	<i>Receipts.</i>		1957-58.	
£			£	£
208,322	Balance of Transport Regulation Fund at 1st July	.. .. .	..	211,277
265,923	Licences and Additional Fees on Licences	.. .. .	260,977	
262,570	Permits	.. .. .	285,668	
5,792	Motor Omnibus Registration Fees	.. .. .	7,800	
18,514	Fines	.. .. .	26,705	
9,053	Miscellaneous	.. .. .	9,214	
			590,364	
770,174				801,641
	<i>Payments.</i>		£	
	<i>Head Office—</i>			
224,284	Salaries and Overtime (including Pay-roll Tax)	.. .. .	202,008	
..	Subsidy to Bus Operator	.. .. .	6,680	
43,316	Other Expenses	.. .. .	52,379	
			261,067	
	<i>Country Offices—</i>			
51,440	Salaries and Overtime (including Pay-roll Tax)	.. .. .	55,658	
10,667	Other Expenses	.. .. .	17,410	
			73,068	
	<i>Inspection Staff—</i>			
96,333	Salaries and Overtime (including Pay-roll Tax)	.. .. .	89,024	
35,468	Police Services	.. .. .	33,901	
5,498	Other Expenses	.. .. .	8,817	
			131,742	
	<i>Purchase and Maintenance of Motor Cars—</i>			
6,740	Purchase of Motor Cars	.. .. .	11,186	
16,535	Maintenance and Insurance	.. .. .	16,893	
			28,079	
			493,956	
	<i>Works—</i>			
34,131	Offices—Head Office and Geelong	.. .. .	9,350	
2,154	Contributions towards erection of Comfort Stations and Bus Shelters	.. .. .	4,971	
			14,321	
32,331	Amounts distributed to Municipalities	.. .. .	..	34,923
558,897				543,200
211,277	Balance of Transport Regulation Fund at 30th June	.. .. .	..	258,441

Revenue for the year rose by £28,512, mainly the result of increased receipts from permit fees. Expenditure decreased by £15,697, for which the lesser amount expended on works, consequent upon the completion in the previous year of the new building at Head Office, was chiefly responsible.

As disclosed in the summary, payments totalling £6,680 were made by way of subsidy to a bus operator. The amount involved, calculated in accordance with a formula agreed upon by the Board and the operator, represents the excess of costs over revenue in the operation of a bus service between Middle Brighton and St. Kilda Railway Station for the period 9th September, 1957, to 31st May, 1958, inclusive. The payments were

made by authority of orders of the Governor in Council pursuant to the provisions of paragraph (c) of sub-section (2) of Section 41 of the *Transport Regulation Act 1955* (No. 5930). I was in doubt as to whether such payments properly came within the authority of the provisions referred to and, accordingly, I sought the opinion of the Solicitor-General. The opinion is appended to this report as required by Section 55 of the *Audit Act 1928*. It will be noted that, in the opinion of the Solicitor-General, the payments were properly authorized.

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 1957–58 was £1,529,237.

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 £8,839,828 and the cost of collection, including £171,380 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 £607,219. Gross receipts in the previous financial year totalled £7,079,355. The increase of £1,760,473 reflected the operation for the full year of of higher motor registration fees authorized by Act No. 6038 with effect from 1st January, 1957. Reference was made in earlier reports to the inclusion in the cost of collection of amounts charged to the fund for services provided by the Police Mobile Traffic Section in the enforcement of the provisions of the Motor Car Acts. The audit view, in the light of advice tendered to the Board by the Crown Solicitor, was that the allocation of 45 per centum of the annual cost of the Section as a charge against the fund was excessive. During the year the position was reviewed by Treasury and Board officers with the result that the percentage chargeable to the fund was reduced to 35 per centum to operate from 1st January, 1958.
- (ii) *Road Charges—Commercial Goods Vehicles Act 1955.*—Receipts for the year from these charges, credited to the Roads Maintenance Account within the fund, amounted to £1,529,237. Repayments from municipalities amounting to £114,244, in respect of maintenance expenditure on main roads in 1956–57, brought the total available for the purposes of the Account to £1,643,481.

The question of the application of moneys to the credit of the Account was raised in my previous report. In order to conform with legal requirements, action was taken during the year to restrict the application of such moneys to the maintenance of public highways. The Treasury and the Board now include in the accounting records of the Country Roads Board Fund provision for the recording of expenditure from moneys at the credit of the Account.

Apart from the moneys at credit of the Roads Maintenance Account referred to above, receipts of the Country Roads Board Fund are available to meet expenses of administration, debt charges and the costs of roadworks generally.

Loan Fund.—Loan moneys totalling £402,822 were available to meet expenditure upon roadworks as hereunder :—

Act No. 3662/5831—£400,000 for permanent works within the meaning of the Country Roads Acts.

Act No. 6066—£2,822, the remainder of £37,501, allocated for assistance to municipalities in connexion with the restoration of roads damaged by the 1955–56 floods.

Commonwealth Aid Roads Act 1954–56.—Funds amounting to £5,458,907 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 Aid Roads (Special Assistance) Act 1957.—This Act authorizes in each of the years 1957–58 and 1958–59 a grant of £3,000,000 to the States to supplement payments for road purposes being made under existing legislation. Victoria's share is £700,000 per annum.

It is understood that the Act is an interim measure consequent upon the imposition of the tax on diesel oil and pending a review of the whole question of Commonwealth assistance for roads before the expiration of the *Commonwealth Aid Roads Act 1954–56* on 30th June, 1959.

The funds received under the terms of the Act may be used by the State for purposes similar to those authorized under the Principal Act with the exception that there is no special requirement regarding the amount to be expended on rural roads.

The whole of the State's share of the grant in 1957–58, viz. £700,000, was expended on construction and reconstruction works on State Highways.

Commonwealth–State Flood Protection and Restoration Account.—Particulars of this account were given on page 82 of the report on the previous year's accounts. The Country Roads Board was assigned the responsibility for the restoration of roads, bridges and allied works following the 1956 floods in the River Murray Basin. By arrangement with the Commonwealth, £40,000 of the moneys available was allocated for restoration works in the Wimmera region.

Expenditure by the Board during the year, mainly on State Highways, amounted to £57,594. Also, municipalities were recouped for expenditure on main and unclassified roads to the extent of £402,858.

The total expenditure to 30th June, 1958, was £697,092 of which the State contributed £348,546 and the Commonwealth a like amount.

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.

1956–57.		1957–58.
£		£ £
	<i>Country Roads Board Fund</i>	
91,880	Balance from previous year	418,204
6,420,653	Net Taxes (including £1,065 fines other than Motor Car Acts) ..	8,233,674
530,418	Municipal Contributions	445,848
1,314,784	Road Charges—Commercial Goods Vehicles Act*	1,643,481
26,976	General Receipts	36,049
		10,777,256
	<i>Loan Moneys—</i>	
370,000	Act No. 3662/5831—State Highways and Main Roads	400,000
34,679	Act No. 6066—Flood Damage	2,822
		402,822
	<i>Commonwealth Aid Roads Act 1954–56</i>	
2,963,695	For Roadworks Generally	2,141,004
2,283,742	For Rural Roads	3,317,903
		5,458,907
	<i>Commonwealth Aid Roads (Special Assistance) Act 1957—</i>	
..	For Roadworks Generally	700,000
	<i>Commonwealth–State Flood Restoration Account</i>	
236,641	Restoration of Roads and Bridges	460,452
14,273,468		17,799,437

* To the credit of the "Roads Maintenance Account" within the Fund. Includes municipal contributions £114,244.

EXPENDITURE.

1956-57. £	Principal items of expenditure by the Board may be classified as follows:—	1957-58. £
10,983,598	Construction and Maintenance of Roads &c.	14,725,744
722,606	Payment of Interest (including exchange)	757,512
39,355	Sinking Fund Contributions and Loan Conversion Expenses	41,242
30,360	Repayment to Loan Fund	32,323
76,284	Transfer to Tourist Fund	108,780
500,000	Repayment of Advance from Public Account . . . . .	..
620,626	Plant Purchase (net)	1,053,254
882,435	General Expenditure including Administration, Stores and Materials &c.	860,760
13,855,264		17,579,615
418,204	Unexpended Balance of Country Roads Board Fund at 30th June	219,822

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 Acts.		Loan Fund.	Commonwealth State Flood Protection and Restoration Account.
			Roads Generally.	Rural Roads.		
	£	£	£	£	£	£
State Highways	4,988,708	3,048,723	1,666,366	..	216,666	56,953
Main Roads	5,428,679	3,985,048	1,174,638	..	183,334	85,659
Forest Roads	127,775	127,717	..	..	..	58
Tourists' Roads	457,735	457,735	..	..	..	..
Unclassified Roads	3,615,378	..	91,135	3,204,222	2,822	317,199
Murray River Bridges and Punts	107,469	84,340	..	22,546	..	583
	14,725,744	7,703,563	2,932,139	3,226,768	402,822	460,452

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 1957-58 these concessions amounted to £463,489. Details are—

(a) *Permanent Works.*

Of the proportion charged to municipalities on permanent works, £78,660, relief was granted to the extent of £61,219 as provided in Act No. 4140 as amended by Act No. 4415. The legislation requires the amount of such relief to be paid to the Treasurer out of the Country Roads Board Fund. Purporting to be in conformity with this requirement, it has been the practice to debit and credit the Fund with the amount involved. It is considered that, pursuant to the provisions of the Audit Act, this amount should be paid to the credit of Consolidated Revenue.

In respect of the interest on developmental roads assessed at £50,023, the whole was remitted. The total of these amounts did not exceed the statutory limit of £250,000.

(b) Maintenance.

Of the sum of £894,898 apportioned to municipalities, being one-third of the cost of maintenance of main roads in respect of the year 1956-57, the Governor in Council remitted £352,247 as excessive maintenance not due to local traffic. The net amount due was paid to the Board prior to 30th June, 1958.

TOURIST FUND.

For particulars see page 80.

As indicated earlier in this Report, the *Tourist Act* 1957 requires that an amount equal to 2 per centum of the net fees and fines under the Motor Car Act credited to the Country Roads Board Fund, less certain deductions, shall be paid from the Country Roads Board Fund to the Tourist Fund each year. The Act further provides 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 £108,780 purporting to be the amount to be transferred in respect of 1956-57 was paid into the Tourist Fund.

Reference was made in my last report to certain inconsistencies in charges, particularly in relation to salaries, for the costs and expenses of administration of the Country Roads Acts which form part of the specified deductions to be taken into consideration in determining the amount of the annual payment. Accordingly, my certificate to the transfer of £76,284 in respect of 1955-56 was withheld pending appropriate remedial action. In the course of consideration of this matter, the Board sought the opinion of the Crown Solicitor with a view to clarification of the components of the "costs and expenses of administration of the Country Roads Acts" for the purpose of the deduction. The Crown Solicitor's advice is not yet to hand.

In the meantime, certification of the transfers of £76,284 and £108,780 in 1956-57 and 1957-58 respectively has been deferred.

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 :—

1956-57.		1957-58.
£		£
12,178	Commonwealth Works—Aerodromes and other construction works	13,051
11,213	Department of Crown Lands and Survey—Roads	13,821
..	Victoria Police—Broadmeadows Driving School	15,685
98,609	Soldier Settlement Commission—Roads	99,633
455,959	State Rivers and Water Supply Commission—Roads and Bridgeworks	425,671
36,005	Housing Commission—Roads	61,058
44,396	Other Works	17,577
<hr/> 658,360		<hr/> 646,496

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.

At 30th June, 1958, an amount of £92,133 was held in Treasury Trust Fund—Country Roads Board Special Works Account—representing unexpended balances of advances made by Government Departments and State authorities for works to be carried out by the Board.

LOAN OPERATIONS.

From the allocation of £402,822, £400,000 was made available for permanent works upon roads and bridges and £2,822 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, 1957 ..	9,759,814	4,455,797	14,215,611
Add—Discount and Expenses	14,705	5,221	19,926
Expenditure—Act No. 3662	400,000	..	400,000
	10,174,519	4,461,018	14,635,537
Less—Repayments	34,854	..	34,854
	10,139,665	4,461,018	14,600,683
Less—Increase in equity in National Debt Sinking Fund	98,636	91,457	190,093
Net loan liability at 30th June, 1958 ..	10,041,029	4,369,561	14,410,590

KING-STREET BRIDGE.

The King-street Bridge Act 1957 (No. 6156) authorized the construction by the Board of a bridge, including ancillary works, across the Yarra River at King-street. The legislation provided for payments, in the first place, to be met from the Loan Fund and for the cost, estimated at £3,700,000, to be borne as to 65 per centum by the Government and as to the balance 30 per centum and 5 per centum by the Cities of Melbourne and South Melbourne respectively. Repayments by the municipalities concerned are required to be by instalments, together with interest at 5 per centum in respect of the capital indebtedness outstanding and are to be each of such sum that the whole liability will be discharged within the 35 years next after 30th June, 1958.

Expenditure in 1957–58, amounting to £766,178, brought the total at 30th June to £851,096 and may be summarized as under :—

	£
Contract Payments (Utah Australia Ltd.)	128,634
Land Resumption and Demolition	494,095
Service Alterations	159,033
Miscellaneous	69,334
	851,096

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, 1958, totalled £442,511.

Expenditure from the Institute's revenue for the past two years is set out hereunder :—

1956-57.		1957-58.
£		£
238,036	Medical Departments	281,834
28,721	Catering	31,329
27,087	Housekeeping	33,503
24,339	Engineer's Department	25,794
8,863	Repairs to buildings and equipment	11,803
12,372	Tasmanian Service	15,361
15,512	Transport	17,379
11,061	Laundry	15,907
24,050	Depreciation	11,662
54,016	Administration	63,955
897	Miscellaneous	1,435
444,954		509,962

The revenue for the past two years was :—

397,293	Government Grant	442,511
1,416	Donations	1,259
12,350	Recoup by Tasmanian Government	15,410
7,522	Charges for treatment of Doctors' Private Patients	7,950
3,957	Pharmaceutical Benefits	4,131
6,421	Hospital Benefits	8,263
11,773	Patients' Fees	23,252
1,430	Miscellaneous	1,457
442,162		504,233

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, 1957 and 1958.

The Liabilities and Funds of the Board were :—

30.6.1957.		30.6.1958.
£		£ £
	Current Liabilities—	
24,442	Creditors	24,536
	Funds—	
38,876	Maintenance Fund	31,440
69,943	Depreciation Fund	84,276
34,357	Other Funds (including various Bequests)	41,245
		156,961
	Capital—	
985,062	Loan Fund Acts Nos. 5341, &c.	1,136,630
22,949	Queen Victoria Hospital, donors, &c.	34,006
		1,170,636
1,175,629		1,352,133

The Assets were :—

30.6.1957.							30.6.1958.		
£							£	£	
	Current Assets—								
37,725	Cash at Bank	..	..	..	..	..	25,701	
17,006	Debtors and Prepayments	..	..	..	..	..	53,548	
24,958	Stores and Materials on Hand	..	..	..	..	..	28,765	
							<u>108,014</u>		
	Investments—								
70,049	Depreciation Fund	..	..	..	..	..	84,276	
33,919	Other Funds	..	..	..	..	..	40,631	
							<u>124,907</u>		
	Fixed Assets at cost—								
705,192	Buildings and Improvements	..	..	..	..	..	781,443	
17,207	Motor Cars	..	..	..	..	..	17,552	
23,125	Furniture and Furnishings	..	..	..	..	..	25,217	
246,448	Equipment	..	..	..	..	..	295,000	
							<u>1,119,212</u>		
<u>1,175,629</u>								<u>1,352,133</u>	

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.

1956-57.		1957-58.		1956-57.		1957-58.
£		£		£		£
59,927	Pensions	64,899			Contributions—	
722	Refunds of Contributions	597		36,429	Government	36,429
2,702	Administration	2,518		35,049	Mine Owners	32,290
63,351		68,014		11,711	Mine Workers	10,811
				83,189		79,530
34,330	Surplus for year	27,993		14,492	Interest on Investments	16,477
97,681		96,007		97,681		96,007

BALANCE-SHEET AT 30TH JUNE, 1958.

Current Liabilities—	£	£		Current Assets—	£	£
Sundry Creditors		2,473		Cash in Bank and on hand	8	
Funds—				Sundry Debtors	1,470	
Accumulated Surplus	382,924			Accrued Interest	5,213	
Surplus 1957-58	27,993				6,691	
	410,917			Fixed Assets (at cost)—		
				Office Equipment		279
				Investments (at cost)—		
				Commonwealth Loans	79,420	
				State Electricity Commission		
				Loans	217,000	
				Melbourne and Metropolitan		
				Board of Works Loans	79,000	
				Gas and Fuel Corporation Loans	31,000	
					406,420	
		413,390			413,390	

ELECTRICITY COMMISSION.

The operations for the year resulted in a profit of £1,930,182 after interest during construction for the year in respect of projects in operating areas—Yallourn, Kiewa, &c.—had been charged in the Profit and Loss Account in conformity with the practice adopted in 1956–57. From this profit and an amount of £164,500 transferred from the Rural Development Reserve for non-paying extensions, £1,910,000 was applied to writing down capitalized “Interest on Morwell and other expenditure on works under construction”. The balance of the profit, £184,682, was appropriated to reserves.

As indicated in my previous report, provision for depreciation has been made, as from the 1st July, 1957, by the “Straight Line” method instead of the “Sinking Fund” method which has been used in the past. It is estimated that this change in methods has increased the charge for depreciation in 1957–58 by £1,600,000 with a consequent reduction in the profit from operations.

Following a review of the Commission’s accounting methods by an overseas firm of consulting accountants, the Commission has this year revised the form of presentation of its accounts. For the purpose of comparison, figures, terminology and grouping shown in my report last year have been adjusted to conform with the changed manner of presentation.

The Commission’s overseas borrowings have now been shown in Australian currency but, in order that the amount of the Commission’s liability to the State should agree with Treasury statements, Victorian Government advances to the Commission from moneys raised overseas are still shown in sterling.

In consequence of the change from sterling to Australian currency mentioned above, adjustments to the book value of assets and to “Loan Flotation Expense” were necessary. Morwell assets were increased by £112,500 and “Loan Flotation Expense” by £192,847 net.

The following summary, under broad heads, shows the financial results as set out in the Profit and Loss Account of the Commission for 1957–58. Figures for the previous year are also shown for the purpose of comparison.

1956–57.		1957–58.
£		£
36,535,254	Operating Income	40,040,398
25,813,747	Operating Expenditure	29,675,992
<hr/>		
10,721,507	Excess of Operating Income over Operating Expenditure	10,364,406
12,741	Add: Miscellaneous Income	21,993
<hr/>		
10,734,248		10,386,399
	Deduct—	
7,385,495	Interest	7,949,331
210,000	Loan Flotation Expense	260,000
254,145	Miscellaneous Expenditure	246,886
<hr/>		
7,849,640		8,456,217
<hr/>		
2,884,608	<i>Profit for year before Special Write-off</i>	1,930,182
2,100,000	Deduct—Proportion of Interest on Morwell and Other Expenditure on Works under Construction Written Off	1,910,000
<hr/>		
784,608	<i>Profit for year after Special Write-off</i>	20,182
121,250	Add—Transfer from Rural Development Reserve to meet year’s loss on Marginal Rural Extensions	164,500
<hr/>		
905,858		184,682
	Appropriations—	
400,000	Obsolescence Reserve .. .. .	..
100,000	Rural Development Reserve	100,000
405,858	Contingency and General Reserve	84,682
<hr/>		
905,858		184,682
<hr/>		

Interest.—The following comparative statement gives an analysis of interest charges for the past two years:—

	1956-57.	1957-58.
	£	£
On borrowed money	8,825,534	9,726,253
To consumers on advances for construction	126,467	237,647
On amounts due to deferred creditors	54,723	4,947
	<hr/>	<hr/>
	9,006,724	9,968,847
	<hr/>	<hr/>

This total was allocated in the accounts as under:—

Profit and Loss Account—

Interest on Assets in operation	6,207,843	6,800,092
Interest during construction in Operating Areas—Yallourn, Kiewa, &c.	1,177,652	1,149,239

7,385,495 7,949,331

Deferred Charges—

Interest on works under construction—Morwell	1,260,890	1,683,400
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Fixed Assets—

Indirect interest included in charges for services	360,339	336,116
--	---------	---------

9,006,724 9,968,847

Interest and Other Expense on Works under Construction.—The total sum carried to the account for 1957-58 was £1,909,545 and was made up as follows:—

	£
Interest—Morwell	1,683,400
Protection, Storage, Treatment and other direct expenditure	226,145
	<hr/>
	1,909,545
	<hr/>

This sum, £1,909,545, added to the balance, £6,673,403, of the account at the commencement of the year, amounted to £8,582,948. Of this total, £1,910,000 was written off in the year as an appropriation of profit leaving a balance of £6,672,948 at the 30th June, 1958.

Revenue from all sources increased from £36,547,995 in 1956-57 to £40,062,391 in the year under review—a rise of £3,514,396.

Total expenditure rose from £33,663,387 to £38,132,209—a rise of £4,468,822. This rise was due to the following causes:—

- (i) the increase in operating costs occasioned by the introduction of straight line depreciation from the 1st July, 1957;
- (ii) the higher cost per ton of Yallourn coal resulting from lower output following the use of a quantity of Morwell coal at the Yallourn Power Station; and
- (iii) the expansion of the electricity system generally.

Electricity Supply.—The upward trend in the number of consumers and in average consumption, noticeable in previous years, continued in 1957-58. Tariffs remained unaltered. However, the effect of a full year's benefit from the increases adopted in respect of commercial and industrial consumers as from the 1st October, 1956, is reflected in the increased revenue in 1957-58.

The operations in this Branch for the year resulted in a profit, as shown hereunder :—

1956-57.		1957-58.	
£		£	£
	Sales—		
10,493,346	Domestic	11,386,723	
4,703,998	Commercial	5,183,867	
8,445,448	Industrial	9,312,387	
1,942,121	Traction	1,997,310	
7,846,560	Bulk Supplies	8,847,657	
391,734	Public Lighting and Miscellaneous	427,573	
<u>33,823,207</u>			<u>37,155,517</u>
	Operating Charges—		
18,023,628	Power Generation	20,530,942	
1,820,149	Purchased Electricity	1,849,242	
9,776,087	Transmission, Transformation, and Distribution	11,597,108	
<u>29,619,864</u>			<u>33,977,292</u>
<u>4,203,343</u>	Profit		<u>3,178,225</u>

Comparative results in the electricity supply branches for the past two years are shown in the following statement :—

Branch.	Income.		Expenditure.		Loss —, Profit +	
	1956-57.	1957-58.	1956-57.	1957-58.	1956-57.	1957-58.
	£	£	£	£	£	£
Metropolitan	14,025,205	15,169,032	12,232,844	13,801,360	+1,792,361	+1,367,672
Ballarat	789,364	843,511	622,844	705,688	+ 166,520	+ 137,823
North-Western Region	1,249,051	1,388,682	1,413,748	1,717,353	— 164,697	— 328,671
Eastern Metropolitan	3,085,051	3,573,499	2,665,048	3,196,302	+ 420,003	+ 377,197
Geelong	1,343,383	1,483,232	1,067,014	1,275,296	+ 276,369	+ 207,936
Gippsland	2,016,310	2,136,039	1,948,427	2,213,815	+ 67,883	— 77,776
Midland	462,016	482,797	460,809	504,204	+ 1,207	— 21,407
North-Eastern	2,358,455	2,523,898	2,028,083	2,308,101	+ 330,372	+ 215,797
South-Western	1,080,876	1,153,375	1,057,554	1,189,117	+ 23,322	— 35,742
Yallourn and Yallourn North	57,720	60,758	67,070	70,305	— 9,350	— 9,547
Metropolitan Bulk Supplies	7,337,110	8,321,995	6,028,716	6,967,384	+1,308,394	+1,354,611
Kiewa	18,666	18,699	27,707	28,367	— 9,041	— 9,668
	<u>33,823,207</u>	<u>37,155,517</u>	<u>29,619,864</u>	<u>33,977,292</u>	<u>+4,203,343</u>	<u>+3,178,225</u>

The comparative statement above does not take into account charges for interest during construction in operating areas, special writings-off and miscellaneous expenses which, in 1957-58, amounted in all to £3,284,132.

In a comparison of the two years, it should be observed that, as stated earlier, there was, as from the 1st July, 1957, a change over from the "sinking fund" to the "straight line" method of calculating depreciation.

Brown Coal Sales.—The profit on sales from the Yallourn North Open Cut was £8,417 less than the previous year.

The tonnage sold increased from 1,596,087 tons in 1956-57 to 1,645,899 tons in the year under review. There was no variation in the price to the public.

The comparative figures for the two years were :—

1956-57.		1957-58.	
£		£	£
800,535	Sales to public	782,524	
548,896	Coal winning and distribution	539,302	
<u>251,639</u>	Profit	<u>243,222</u>	

Briquetting.—Operations of this branch resulted in a profit of £24,320 compared with a profit of £17,373 in the preceding year—an improvement of £6,947.

The increased selling price to the public from the 1st October, 1956, was in operation for the full twelve months but there was no further rise during 1957–58.

A total of 645,254 tons was sold to the public or transferred to works during the year as compared with 597,732 tons the previous year. Further supplies were released in 1957–58 for sale to the public for household purposes and are included in the above total, the tonnage sold for the year being 131,530 tons as compared with 149,122 tons in 1956–57.

Stocks of briquettes on hand at the 30th June totalled 70,020 tons as compared with 92,475 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 :—

1956–57.		1957–58.	
£		£	
1,803,658	Sales to industries and public	1,997,650	
1,786,285	Manufacture and distribution	1,973,330	
17,373	Profit	24,320	

Tramways.—Both in Ballarat and Bendigo, operations for the year resulted in a loss, the total being £141,453 which was £27,237 less than the previous year.

Tram mileages totalled 847,369 as compared with 847,057 in the previous year, while the total number of passengers carried was 6,138,785 as against 6,278,354 in 1956–57.

Accumulated losses on operations, including those of the Geelong system which was discontinued in March, 1956, now amount to £2,403,747 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 of the Ballarat and Bendigo systems for the past two years is as follows :—

1956–57.		1957–58.	
£		£	
276,545	Operating charges	246,160	
107,855	Traffic receipts, advertising, &c.	104,707	
168,690	Loss	141,453	

The Commission's balances as at 30th June, 1957, and 30th June, 1958, are summarized hereunder :—

30.6.1957.		30.6.1958.	
£		£	£
(Adjusted)			
236,406,379	Fixed Assets at cost	259,087,468	
26,823,242	Deduct Provision for Depreciation	31,239,071	
209,583,137		227,848,397	
463,315	Deduct Consumers' Contributions	534,706	
209,119,822	Carried forward		227,313,691

1956-57.		1957-58.	
£		£	£
209,119,822	Brought forward		227,313,691
	Deferred Charges—		
6,673,403	Interest and other Expense on Works under Construction ..	6,672,948	
1,201,486	Other Deferred Charges	2,963,217	
<hr/> 7,874,889		<hr/>	9,636,165
	Unamortized Charges—		
5,803,096	Overburden Removal and Disposal—balance at cost	6,660,194	
1,252,871	Loan Flotation Expense	1,231,295	
<hr/> 7,055,967		<hr/>	7,891,489
<hr/> 2,421,640	Investments at cost		2,606,416
	Current Assets—		
165,869	Balances at Bank and Cash in hand	363,885	
3,326,457	Consumers' and other Accounts Receivable	3,759,505	
2,125,056	Unread Meters—Estimated Income	2,313,583	
7,480,516	Materials and Fuel at cost	5,560,621	
<hr/> 13,097,898		<hr/>	11,997,594
<hr/> 239,570,216			259,445,355
	Less Current Liabilities—		
2,743,970	Bank Overdraft	2,826,779	
5,533,407	Accounts Payable and Accruals (Other than Interest)	7,503,329	
2,058,369	Interest Accrued	2,351,139	
367,732	Consumers' Deposits and Service Charges in advance	397,966	
<hr/> 10,703,478		<hr/>	13,079,213
<hr/> 228,866,738			246,366,142
	The Funds from which these balances are being financed are :—		
45,739,961	State Treasury Loans (net)	46,403,500	
167,882,381	Commission Loans (net)	183,219,858	
638,534	Loans of Acquired Undertakings	673,931	
<hr/> 214,260,876		<hr/>	230,297,289
<hr/> 5,683,673	Consumers' Advances for Construction		7,138,855
	Reserves—		
2,247,775	Obsolescence	2,124,856	
932,136	Rural Development	867,636	
5,742,278	Contingency and General	5,937,506	
<hr/> 8,922,189		<hr/>	8,929,998
<hr/> 228,866,738			246,366,142

NOTE.—State Treasury Loans include the under-mentioned amounts raised in London and repayable in sterling :—
At 30th June, 1957, £3,283,023—at 30th June, 1958, £3,249,811.

Fixed Assets.—The following statement shows the details of fixed assets as at 30th June, 1957, and 30th June, 1958, and the increase or decrease in each item for 1956–57 and 1957–58 :—

Increase 1956–57. £	<i>Fixed Assets.</i>	As at 30.6.1957. £	As at 30.6.1958. £	Increase+ Decrease— 1957–58. £
1,354,026	Coal Production	15,609,973	17,366,398	+ 1,756,425
185,095	Briquette Production	17,834,976	16,915,859	— 919,117
	Power Production—			
6,140,715	Thermal Stations	59,583,383	69,130,890	+ 9,547,507
2,339,139	Hydro Stations	33,870,282	36,255,382	+ 2,385,100
1,513,090	Transmission System	17,071,417	19,270,273	+ 2,198,856
2,035,104	Terminal Transformation System	13,873,066	15,005,183	+ 1,132,117
5,891,182	Distribution System	46,019,215	52,270,102	+ 6,250,887
791,961	General Service Assets	32,544,067	32,873,381	+ 329,314
<hr/>		<hr/>	<hr/>	<hr/>
20,250,312		236,406,379	259,087,468	+ 22,681,089
2,623,674	Deduct Provision for Depreciation	26,823,242	31,239,071	+ 4,415,829
<hr/>		<hr/>	<hr/>	<hr/>
17,626,638		209,583,137	227,848,397	+ 18,265,260
106,790	Deduct Extensions payable by Consumers	463,315	534,706	+ 71,391
<hr/>		<hr/>	<hr/>	<hr/>
17,519,848		209,119,822	227,313,691	+ 18,193,869

Loans.—Indebtedness for loans increased during the year by £16,343,503 which sum includes exchange on the balance of the Commission's overseas borrowing at 30th June, 1958.

The increase is explained as follows :—

	£
Total Indebtedness as per Balance-Sheet as at 30th June, 1957	213,953,786
Adjustment on account of conversion from sterling to Australian currency	307,090
<hr/>	<hr/>
Adjusted total indebtedness at 30th June, 1957	214,260,876
Net increase in Treasury Loans	663,539
Net increase in Municipal Loans	35,397
Net increase in Commission Loans after adjusting exchange on balance of overseas borrowings at 30th June, 1958	15,337,477
<hr/>	<hr/>
Total Indebtedness at 30th June, 1958	230,297,289

METROPOLITAN FIRE BRIGADES BOARD.

The figures herein relating to 1957-58 are submitted subject to audit.

The Board's revenue consists primarily of contributions provided by Fire Insurance Companies and Municipalities. In 1957-58, the funds so provided were—Fire Insurance Companies, £689,304, and Municipalities, £344,652.

	1954-55.	1955-56.	1956-57.	1957-58.
<i>Revenue.</i>				
	£	£	£	£
Surplus from previous year	63,404	58,412	19,012	149,092
Statutory contributions	865,857	889,767	1,181,358	1,033,956
Other	31,029	33,673	21,309	14,684
	960,290	981,852	1,221,679	1,197,732
<i>Expenditure.</i>				
Salaries, Wages, and Maintenance, &c.	834,582	893,485	1,001,550	1,104,843
Loan Repayments	11,580	10,399	9,091	8,447
Transfers to Funds and Interest on Loans	55,716	58,956	61,946	67,913
	901,878	962,840	1,072,587	1,181,203
Surplus carried forward to next year	58,412	19,012	149,092	16,529

Funds, other than the General Account, administered by the Board amount to £841,916. The balances of these funds are for the most part represented by investments in trust securities. The principal funds are in respect of:—

	£
Superannuation	690,394
Motor Replacement	50,403
Plant and Buildings	37,001
Provision of Special Services	44,706

From its General Account and loan moneys the Board has over the years acquired assets of considerable value which include —

	£
Land and Buildings	510,120
Plant, Machinery, and Equipment	63,679
Rolling Stock	104,711

The Board's loan liability increased to £119,189 at 30th June, 1958.

COUNTRY FIRE AUTHORITY.

The figures herein for 1957-58 are submitted subject to audit.

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 underwritten.

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, 1958, was

£498,876. The expenditure for the year was in excess of this estimate by £33,562, but miscellaneous receipts, £33,306, including refunds offset the excess and resulted in a cash deficit for the year of £256.

The analysis hereunder of the Authority's Balance-sheets discloses further improvement in the sound financial position of the Authority :—

30.6.1957.		£	30.6.1958.		£
	<i>Source of Funds—</i>				
	<i>External—</i>				
627,999	Loan Liability		673,076		
124,191	Less unexpended		140,969		
<hr/>			<hr/>		532,107
503,808					
	<i>Internal—</i>				
	Excess of assets over liabilities transferred from Country Fire Brigades Board		138,136		
138,136					
158,134	Income and Expenditure Account—accumulated balance		211,054		
435,891	Reserves		507,453		
	Funds	269,336			
	Less invested on account of Compensation, Superannuation and other Trust purposes ..	163,208			
102,184			<hr/>		106,128
<hr/>					962,771
834,345					
<hr/>					<hr/>
1,338,153					1,494,878
	<i>Represented by—</i>				
	<i>Current Assets—</i>				
1,400	Sundry Debtors		1,412		
42,468	Stocks—including uniforms issued		40,686		
<hr/>			<hr/>		
43,868			42,098		
	<i>Less</i>				
	<i>Current Liabilities—</i>				
24,961	Sundry Creditors	28,586			
15,433	Cash Deficit	256			
<hr/>			<hr/>		28,842
40,394					13,256
<hr/>					
3,474					
	<i>Investments—</i>				
102,184	Motor Replacement and Sale of Property Funds				106,128
	<i>Works in Progress—</i>				
2,106	Loan				443
<hr/>					
	<i>Fixed Assets—</i>				
52,411	Land		58,894		
349,088	Buildings		409,041		
641,034	Rolling Stock		711,989		
181,384	Plant and Machinery		188,041		
6,472	Other		7,086		
<hr/>			<hr/>		1,375,051
1,230,389					
<hr/>					<hr/>
1,338,153					1,494,878
<hr/>					<hr/>

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 1957-58 have been audited, and were adopted at the annual meeting of the shareholders held on 29th August, 1958.

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.

1956-57.	<i>Revenue.</i>	1957-58.
£		£ £
7,603,881	Sales of Gas	8,243,518
1,574,275	Residual Products and Other Items	1,206,335
9,178,156		9,449,853
	<i>Expenditure.</i>	
6,080,543	Manufacture of Gas	6,256,671
90,788	Transmission Expenses	133,826
2,343,863	Distribution of Gas	2,514,827
231,456	Management Expenses	262,618
5,500	Directors' Fees	5,451
55,923	Research, Investigation, and Development	68,226
94,116	Superannuation Contributions, Retiring Allowances, &c.	95,738
64,026	Long Service Leave	67,716
32,050	Other Costs	40,383
8,998,265		9,445,456
179,891	Profit on Trading	4,397
3,283	Income from General Investments	2,876
183,174		..
25,000	Contingency Reserve .. .. .	..
158,174	Net Profit for year carried to Profit and Loss Appropriation Account	7,273

The quantity of gas sold for the year was 11,278 million cubic feet, an increase of 972 million cubic feet upon the figure for the previous year, returning an average of 14s. 7.42d. per thousand cubic feet compared with 14s. 9.08d. in 1956-57.

A substantial decrease has taken place in the revenue derived from the sale of residual products as compared with the previous year, due to altered methods of gas manufacture. The marketing of liquefied petroleum gas commenced in March, 1958, and trading results are included with Residual Products and Other Items.

Movements in the Profit and Loss Appropriation Account for the year were:—

	£	£
Credit Balance at 1st July, 1957	79,354	
Net Profit for year from Profit and Loss Account	7,273	
Debit Balance at 30th June, 1958	61,695	
		148,322
Dividends on Preference Shares—		
4 per cent. per annum for half-year ended 30th June, 1957	78,820	
3½ per cent. per annum for half-year ended 31st December, 1957	68,968	
Paid to State of Victoria on account of moneys advanced under Dividend Guarantee (in respect of year ended 30th June, 1957)	534	
		148,322

Payment of the dividend for the half year to 30th June, 1957, on preference shares absorbed £78,820 of the profit brought forward at 1st July, 1957, and the remainder, viz., £534, was paid to the State in reduction of the Corporation's liability for dividend guarantee advances.

Although the profit for the half year ended 31st December, 1957 (£70,270), was sufficient to cover the dividend at 3½ per cent. per annum paid in respect of that period, a loss of £62,997 was incurred for the half year ended 30th June, 1958, resulting in a net profit for the year of £7,273. In accordance with the State guarantee, the amount of £68,968 necessary to pay the dividend for the half year ended 30th June, 1958, at the guaranteed minimum rate of 3½ per cent. per annum has since been provided by the State.

As a result of the dividend payment for the half year ended 31st December, 1957, at 3½ per cent. per annum, arrears of dividends due to preference shareholders rose to £59,114, and this amount is shown at the foot of the balance-sheet as a contingent liability.

BALANCE-SHEET—(ABRIDGED).

30.6.1957.		30.6.1958.
£		£ £
	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
<u>7,940,976</u>	Subscribed Capital (Fully Paid)	<u>7,940,976</u>
	Reserves—	
36,759	National Debt Sinking Fund (Treasury allocation of Commonwealth contribution)	52,517
30,628	Contingencies	19,153
79,354	Profit and Loss Appropriation Account, Credit	71,670
..	Profit and Loss Appropriation Account, Debit	8,012,646 61,695
		<u>7,950,951</u>
	Current Liabilities—	
834,762	Trade and Other Creditors	1,070,227
2,083	Unpaid Dividends	2,026
200,775	Unpaid and Accrued Debenture Interest	254,461
5,083	Balance of Advances from State of Victoria for purchase of Preference Shares	153
559,404	Bank Overdraft	405,313
14,800	Debentures Matured and Unpaid	8,900
37,054	Provision for Long Service Leave	30,907
74,138	Provision for Deferred Repairs	22,500
		<u>1,794,487</u>
<u>9,815,816</u>		<u>9,745,438</u>
	Deferred Liabilities—	
5,018,446	Advances from State of Victoria	5,018,446
70,257	Less securities purchased and cancelled by the National Debt Commission	98,811
<u>4,948,189</u>		<u>4,919,635</u>
16,928,110	Debentures and Debenture Stock (Secured)	19,955,483
99,960	Provision for Exchange on Debentures maturing in London	99,960
11,780	Deposits on Contracts	5,702
68,339	Retiring Allowances	60,814
479,122	Other Creditors	382,230
..	Suspense Account	256
<u>17,587,311</u>		<u>20,504,445</u>
	£ Contingent Liabilities—	£
78,990	(1) To State of Victoria under Dividend Guarantee	78,456
49,262	(2) Arrears of Preference Dividend for period 1st July, 1951 to 31st December, 1957	59,114
475	(3) Uncalled amount on Shares held in another Company	726
	(4) Moneys held on Deposit from Consumers including interest thereon.	
<u>32,351,316</u>		<u>35,169,518</u>

BALANCE-SHEET—*continued.*

30.6.1957.		30.6.1958.
£		£ £
	Fixed Assets—	
3,828,617	Freeholds and Leaseholds	4,449,709
25,666,443	Machinery, Plant, and Equipment	27,468,302
<hr/>		<hr/>
29,495,060		31,918,011
3,003,375	<i>Less</i> Provision for Depreciation and Amortization	3,587,555
<hr/>		<hr/>
26,491,685		28,330,456
1,385,211	Capital Work in Progress (at cost)	1,882,752
<hr/>		<hr/>
27,876,896		30,213,208
	Current Assets—	
	Trade and Other Debtors (less provision for Bad and Doubtful Debts and Consumers' Deposits)	2,121,361
2,003,516	Stocks (at or under Cost or Valuation)	1,704,131
1,509,886	Cash in Hand and at Bank	84,613
45,173		<hr/>
		3,910,105
	Investments—	
100,000	Commonwealth Government Inscribed Stock (at Cost)	80,000
475	Company Shares (at Cost)	727
<hr/>		<hr/>
		80,727
103,656	Deferred Assets—Contractors' Securities and Other Debtors	74,914
42,652	Prepayments	43,764
162,821	Unamortized Debenture Issue and Loan Expenses	171,225
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
318	Amount Paid in Connexion with Undelivered Portion of Overseas Contracts .. .. .	..
1,592	General Work in Progress (at Cost)	6,012
357	National Debt Sinking Fund	107
166	Suspense Account .. .. .	..
..	Suspense Account—Interest Temporarily Capitalized	165,648
<hr/>		<hr/>
32,351,316		35,169,518
<hr/>		<hr/>

In 1957–58, capital expenditure on the Morwell project and on the general expansion of the Corporation's works and areas of operation amounted to £2,920,492. This figure includes £42,577 on account of interest charges in respect of work in progress other than at Morwell, which have been capitalized. Interest capitalized on the Morwell project, relating to plant not operating to its full capacity, was debited to a Suspense Account appearing in the Balance-sheet at £165,648.

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, 1957.	1957-58.	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	2,889,447	150,000	3,039,447	
	6,889,447	150,000	7,039,447	
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	29,389	534	29,923	
	78,990	534	78,456	
Total Investments and Advances.. .. .	11,986,883	149,466	12,136,349	
Costs to the State on account of the above—				
Interest on Loans	1,745,859	460,275	2,206,134	Consolidated Revenue
Sinking Fund Contribution	133,386	29,845	163,231	
	1,879,245	490,120	2,369,365	
Less Recoups, &c., from Corporation—				
Interest on Advances	635,276	229,085	864,361	
Sinking Fund Contribution	33,855	12,546	46,401	
Dividends on Preference Shares	483,423	109,420	592,843	
	1,152,554	351,051	1,503,605	
Net Cost to the State	726,691	139,069	865,760	

The transfer of preference shares by sale is restricted to sale at par to the State. At 30th June, 1958, the State was the registered owner of 3,015,559 shares. The transfer of a further 13,735 shares was in course, £153 was held by the Corporation for future purchases and a further £10,000 was in transit from the Treasury.

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.

The extension of the Board's system of bulk receival facilities was continued in the year under review, and the construction of five steel elevators was completed. Receipts for the 1956-57 season (to 31st October, 1957), totalled 32,285,540 bushels, as compared with 37,943,534 bushels in 1955-56, and 44,390,149 bushels in 1954-55.

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 1956-57 accounting period of £119,663. Appropriations therefrom, including £75,000 taken to the General Reserve Fund, leave a surplus from the year's operations of £9,615. The amount provided for depreciation has been calculated on a basis similar to that adopted in previous years. In some instances, it is evident that the assets are almost or wholly depreciated. The degree to which these assets have been depreciated is being examined with a view to continuing the charge as a provision for renewal in any case where an asset has been fully depreciated. It is anticipated that the cost of replacement will be much higher than the original cost.

		<i>Revenue.</i>			
1955-56.				1956-57.	
£				£	£
516,522	Australian Wheat Board—Recoupable expenditure for operating and maintenance			491,591	
244,273	Capital Facilities Allowance			262,327	
18,103	Depreciation Reserve Fund Investment Interest			21,558	
11,199	Interest on General Investments			23,978	
13,402	" " " Reserve Fund Investments			13,052	
297	" " Insurance Reserve Fund Investments			326	
<hr/>				<hr/>	
803,796					812,832
		<i>Expenditure.</i>			
	Operating and Maintenance—		£		
145,218	Geelong Terminal		148,386		
142,412	Country Elevators		114,735		
60,725	Emergency Bulk Wheat Storages		46,581		
93,046	*Administration Expenses		98,544		
75,120	*Depreciation		83,345		
<hr/>			<hr/>		
516,521	Expenditure recoupable from the Australian Wheat Board			491,591	
137,045	Interest on Loans			166,679	
442	Williamstown Foundation Expenses			3,207	(Cr.)
6,748	Amortization—Preliminary Expenses and Loan Flotation Expenses			6,748	
	Sinking Fund Charges—				
2,657	National Debt Sinking Fund (Act No. 4379)			2,657	
23,701	Debentures and Inscribed Stock Sinking Fund (Act No. 4270)			28,701	
<hr/>				<hr/>	
687,114					693,169
<hr/>					
116,682	Net Revenue				119,663
16	Add Surplus on disposal of obsolete assets				
<hr/>					
116,698					
<hr/>					
	Less Appropriations—				
18,103	*Depreciation Reserve Fund—Interest on Investments			21,558	
13,402	*General Reserve Fund—Interest on Investments			13,052	
297	*Insurance Reserve Fund—Interest on Investments			326	
50,000	*General Reserve Fund			75,000	
654	Loss on Realization of Investments			112	
<hr/>				<hr/>	
82,456					110,048
<hr/>					
34,242	Surplus for year ended 31st October, 1957				9,615
88,620	Add Net Accumulation at 31st October, 1956				122,862
<hr/>					
122,862	Net Accumulation at 31st October, 1957				132,477
<hr/>					

* Subject to Treasurer's approval.

The following is an abridged statement of the Board's balance sheet:—

31.10.1956.		31.10.1957.
£		£ £
	Current Assets—	
2,225	Stores, &c.	2,323
64,693	Sundry Debtors, Accrued Interest, and Advances	11,949
6,345	Cash	135,341
		<u>149,613</u>
73,263		
1,353,735	Investments	1,483,048
	Fixed Assets—at Cost—	
	Construction—	£
1,980,486	Country Elevators	2,480,602
336,186	Geelong Terminal	336,936
		<u>2,817,538</u>
	Equipment and Plant—	
203,828	Country Elevators	231,982
331,677	Geelong Terminal	331,724
		<u>563,706</u>
101,659	Designs, Plans, Survey, &c.	101,661
214,708	Transport Facilities	249,619
		<u>3,732,524</u>
	Fixed Assets—less depreciation—	
56,871	Equipment and Plant—Mobile	68,993
2,420	Marmalake No. 1 Emergency Store	2,420
27,178	Motor Vehicles, Office Furniture and Equipment	26,478
27,608	Freehold Land and Buildings	29,674
		<u>127,565</u>
	Other Debit Balances—	
49,172	Preliminary and Loan Flotation Expenses	45,651
1,231	National Debt Sinking Fund—Cash in Fund	536
1,100	Loan Redemption—Cash at Bank .. .. .	..
		<u>46,187</u>
<u>4,761,122</u>		<u>5,538,937</u>
	Current Liabilities—	
42,978	Sundry Creditors	85,754
	Loans—	
971,811	Government of Victoria	964,970
2,320,620	Public	2,807,720
		<u>3,772,690</u>
	Reserves and Sinking Funds—	
	Cancelled Securities Reserves—	
92,163	National Debt Sinking Fund	101,535
50,550	Debentures and Inscribed Stock	62,350
211,190	Matured Public Loans	211,190
520,198	Depreciation Reserve Fund	616,303
2,420	Marmalake No. 1 Emergency Storage Reserve	2,420
5,012	Country Bulkhead Equipment Suspense	5,012
13,112	Insurance Reserve	20,331
327,636	General Reserve Fund	415,688
37,918	Debentures and Inscribed Stock Sinking Fund	56,998
		<u>1,491,827</u>
	Suspense Accounts—	
74	Geelong Pier	73
39,617	Superannuation	53,076
2,961	Motor Vehicle Disposal	2,958
..	Unclaimed Interest	82
122,862	Revenue Account—Net Accumulation	132,477
<u>4,761,122</u>		<u>5,538,937</u>

Incomplete contracts totalling £925,505 have not been included in the balances shown.

HOUSING COMMISSION.

The summary of the accounts for 1956-57 which was given in my previous report was published subject to audit. The subsequent audit disclosed a number of instances in which the accounts were considered to be in error, and my acceptance thereof was conditional upon necessary adjustments being effected in the 1957-58 accounts.

The necessity for these adjustments arose out of—

- (i) the use of a formula which was proved to be not soundly based in the calculation of the earned profit on sales of houses on terms, as a result of which the House Sales Reserve Suspense Account (the unearned portion of the profit on terms sales of houses) and the Accumulated Deficit were each overstated by £105,769 ;
- (ii) errors in the pricing of materials used in house production at the Concrete House Factory which had the effect of overstating expenditure on dwellings by roundly £45,000 ;
- (iii) the allocation of interest charges between Rental and House Sales operations by means of a formula which was found to be not soundly based, and which resulted in an overstatement of £6,722 in the profit on Rental operations and an understatement of a like amount in the profit on House Sales ;
- (iv) discrepancies between the General Ledger and the House Sales subsidiary ledgers.

The figure stated in the Balance-sheet as the amount due by sundry tenants for rental arrears was the balance of the relevant General Ledger control account ; its acceptance was subject to a reconciliation of such balance with the aggregate of the balances of the subsidiary Rental Ledgers. This reconciliation is still to be effected.

Included in the Sundry Debtors were amounts due by tenants and former tenants on account of recoverable maintenance expenditure. The absence of an effective " follow up " system of collection would appear to render doubtful recovery in full of the outstanding amounts.

The financial statements of the Commission for the year ended 30th June, 1958, 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 3rd October, 1958. Although these figures have yet to be audited, they are furnished herein for information in comparison with the relevant figures for 1956-57.

On the basis explained above, the Commission's revenue and expenditure for 1956-57 and 1957-58 together with a statement of its financial position as at the close of each of those years are summarized hereunder with related comments :—

GENERAL REVENUE ACCOUNT.

1956-57.		1957-58.
£	REVENUE.	£
4,982,774	Rentals	5,413,947
1,022,344	Gross Surplus—House Sales	1,040,640
58,297	Loan Redemption written back less allowances to house purchasers	75,202
116,556	Interest—House Sales (net)	209,746
2,697	„ Sundry	11,419
1,562	Miscellaneous	10,482
6,184,230		6,761,436
	EXPENDITURE.	
2,251,925	Interest—less amounts capitalized and applied to House Sales	2,502,944
738,102	Loan Redemption—Commonwealth and State Agreement.. .. .	729,471
2,837	Contribution to National Debt Sinking Fund	2,905
500	„ Debenture Loan Sinking Fund	500
4,444	Redemption of Debentures	4,618
254,501	Administration—general	329,985
3,252,309	Carried forward	3,570,423
		6,761,436

1956-57.		1957-58.	
£		£	£
3,252,309	Brought forward	3,570,423	6,761,436
61,482	Administration—house sales	71,591	
42,688	Cost of rent collection in country areas, &c.	44,898	
740,887	Rates—less amount capitalized	779,508	
2,136	Insurable Risks	4,475	
40	Loan Conversion Expenses	18	
11,433	Rents abandoned		
934,406	Provision for accrued maintenance	988,769	
80,000	" " irrecoverable rents	48,486	
49,995	Appropriation to House Purchasers' Death Benefit Fund.. .. .	83,908	
871,669	Transfer to House Sales Reserve Suspense Account	708,638	
<u>6,047,045</u>			<u>6,300,714</u>
137,185	Surplus for the year		<u>460,722</u>

The sources from which the surplus for 1957-58 was derived may be more readily seen from the following summary:—

	£	£
Net income—rental operations		32,981
Realized profit—house sales		464,189
		<u>497,170</u>
<i>Less—</i>		
Cost of statutory functions—non revenue producing	36,311	
Loss—land sales	137	
		<u>36,448</u>
		<u>460,722</u>

Gross rental charges for the year were £480,825 higher than in 1956-57. The increase was due to higher unit rentals charged to tenants rather than to additional rentals from the net increase of 940 in the number of dwellings available for letting. Differences between gross rentals for each of the two years and the figures given in the abridged General Revenue Account reconcile as follows:—

	1956-57		1957-58	
	£	£	£	£
Gross rental charges		5,150,548		5,631,373
<i>Deduct—</i>				
Rental rebates allowed	156,856		203,906	
Losses from vacancies	15,793		15,181	
		<u>172,649</u>		<u>219,087</u>
		4,977,899		5,412,286
<i>Add—</i>				
Rebates recovered from tenant purchasers		4,875		1,661
		<u>4,982,774</u>		<u>5,413,947</u>

Sales of Houses.—For the year 1,485 units were sold for a total sum of £4,728,460.

Details are:—

	No.	Cost.	Selling Price.	Surplus.
		£	£	£
Cash Sales—State	10	9,476	23,361	13,885
Commonwealth-State Housing Agreement 1945*	10	17,821	25,615	7,794
Sales per War Service Homes Commission—C.S.H.A. 1945	51	97,567	147,302	49,735
Terms Sales—State	126	117,686	297,490	179,804
Commonwealth-State Housing Agreement 1945	983	2,287,935	3,011,675	723,740
Commonwealth-State Housing Agreement 1956	294	1,078,050	1,127,992	49,942
Miscellaneous	11	79,285	95,025	15,740
	<u>1,485</u>	<u>3,687,820</u>	<u>4,728,460</u>	<u>1,040,640</u>

* Excludes 6 units at Heidelberg—Olympic Village treated by Commission as sold for cash in order to adjust charging from 1945 Agreement to State Loan Funds.

The full amount of the surplus arising from sales was credited to the General Revenue Account, and there was then transferred therefrom to the House Sales Reserve Suspense Account the amount required to increase the balance of that account to a figure considered to represent, as at 30th June, 1958, the profit still to be realised on all terms sales to that date. In this regard, the net credit to General Revenue was:—

Gross Surplus on Sales—		£	£
Cash Sales		21,679	
Sales per War Service Homes Commission		49,735	
		£	
Terms Sales	969,226		
Less Transfer to Reserve	708,638		
		<u>260,588</u>	
Loan Redemption—Surplus after allowances to purchasers &c. ..			332,002
Interest receivable on terms sales		447,067	75,202
Less Interest payable on houses sold	237,321		
Appropriation to House Purchasers' Death Benefit Fund ..	83,908		
		<u>321,229</u>	
Other House Sales revenue			125,838
			<u>2,738</u>
Administration and other expenses			535,780
			<u>71,591</u>
Net Surplus			<u>464,189</u>

House purchasers, unless disqualified for health reasons or by age, may be admitted to participation in the House Purchasers' Death Benefit Scheme, for the purpose of which an appropriation is made from interest receivable under contracts for the sale of houses on terms. The appropriation of £83,908 to the Scheme in 1957–58 is currently the subject of an audit query as it is considered that due regard has not been given to the provisions of the appropriate regulation. This has resulted in an under-appropriation of the order of £15,000 with a corresponding overstatement in the net surplus on house sales.

Items Capitalized.—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 1956–57 and 1957–58 are:—

	1956–57.		1957–58.	
	£	%	£	%
Rates	45,492	5·78	42,150	5·13
Interest	215,811	8·26	170,546	5·86
Administration	153,055	29·48	159,252	27·11
	<u>414,358</u>	..	<u>371,948</u>	..

“ 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 1956–57 accounts disclosed that, as in the previous year, there had been an overcapitalization of the interest charges in relation to loan moneys expended upon the purchase and development of land, and upon those house units partly constructed during the year. In relation to vacant lands, the overcapitalization arose principally from errors in calculation, but where house units were concerned, the overcapitalization arose out of the formula used in the calculation of the amount to be capitalized. The full extent to which the capitalization of interest was in error was not ascertained, but, in some estates, the amount was substantial—in one instance of a group of 68 brick veneer dwellings the overcapitalization averaged £24 per unit.

A revised formula has been applied to the calculation of the interest capitalized for 1957–58.

Provision for Maintenance.—The amount provided in the 1956–57 Revenue Account was £934,406 and, in 1957–58, £988,769. Actual expenditure on maintenance is met from an “ Accruing Maintenance Provision Account ” and, in the respective years, totalled £757,677 and £790,028. The balance in the Provision Account at 30th June, 1958, was £1,358,879.

The estimate of accruing maintenance has been based so far on the Maintenance Architect's assessments as applied to classified types of Commission houses.

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.

The financial position of the Commission as at 30th June, in each of the years is summarised hereunder :—

30.6.1957.		30.6.1958.	
£		£	£
	<i>Current Assets—</i>		
45,340	Works in Process	114,494	
410,063	Sundry Debtors	371,946	
378,292	Cash at Bank and in Transit	13,476	
			499,916
45,600	<i>Investments</i>		525,469
	<i>Deferred Assets—</i>		
7,747,767	House Purchase Debtors		11,614,155
	<i>Fixed Assets—</i>		
14,226,325	Estates—Cost of land developmental and incidental expenses ..	15,360,720	
76,883,800	Dwellings and Shops	82,851,778	
			98,212,498
3,988,874	<i>Less</i> Suspense Account for estimated capital costs of houses sold	5,920,988	
			92,291,510
330,048	Cost of properties acquired for Slum Reclamation	866,159	
43,459	Store rooms, offices, &c.	50,934	
128,415	Plant, vehicles, office furniture, and equipment	115,409	
12,400	Precutting depots and constructional buildings	1,468	
1,414,363	Concrete House Project	866,223	
			94,191,703
104,536	<i>Deposit and Trust Account—</i> Cash at Bank and securities		110,420
15,600	<i>Loan Flotation Expenses—</i> Less amount written off		16,231
6,671	<i>Plans and Designs, &c.</i>		24,694
1,088,086	<i>Accumulated Deficit</i>		627,365
98,891,891	Total		107,609,953
	<i>Current Liabilities—</i>		
336,762	Sundry Creditors		470,532
	<i>Loans—</i>		
90,402,580	Government advances	97,544,595	
461,676	Debenture issues	457,058	
			98,001,653
	<i>Advances and Subsidies—</i>		
556,315	State Treasury—Advances—Consolidated Revenue to meet losses ..		
346,600	Subsidy from Loan for Slum Reclamation	676,600	
			676,600
	<i>Reserves and Sinking Funds—</i>		
58,324	Debenture Loans Redemption	62,942	
126,984	Cancelled Securities—National Debt Sinking Fund	121,173	
10,404	Debenture Loan Sinking Fund	11,277	
3,190,400	Loan Redemption—Commonwealth and State Agreement	3,752,981	
8,125	“Trans-fab” Construction Insurance Reserve		
1,160,138	Accruing Maintenance Provision	1,358,879	
80,000	Irrecoverable Rents Provision	75,000	
1,680,906	House Sales Reserve Suspense Account	2,398,366	
56,706	House Sales—Death Benefit Scheme and Insurance	145,176	
311,435	Land Realization Reserve	424,954	
			8,350,748
	<i>Deposit and Trust Account—</i>		
104,536	Contractors' deposits and other trust moneys		110,420
98,891,891	Total		107,609,953

Included under the item “ Cost of properties acquired for Slum Reclamation, £866,159 ” are amounts to a total of £120,935 which cannot be regarded as having been expended. Cheques covering this amount had been drawn and forwarded to the Crown Solicitor and a solicitor in private practice prior to 30th June, but settlements with the owners of the properties acquired had not been effected at that date. Subsequently, as requested by the Commission, an amount of £48,475 was returned by the Crown Solicitor as being in excess of amounts required for settlement.

Loan Liability.—During the year an additional £8,400,000 was made available to the Commission under the terms of the 1956 Commonwealth and State Housing Agreement, increasing total loans to £104,239,823. At 30th June, 1958, the liability in respect of all loans was £98,001,653. Details are :—

<i>State Housing.</i>		£
From the Government of Victoria		1,131,323
„ Debenture issues of the Commission		497,500
		1,628,823
Government Loan transferred to the Commission		30,000
		1,658,823
	£	
Less Securities purchased out of National Debt Sinking Fund and cancelled	149,908	
Debentures redeemed under Act No. 4583, Section 5	40,442	
		190,350
		1,468,473
<i>Commonwealth and State Housing Agreements.</i>		
Loan Advances received from the Commonwealth of Australia	102,581,000	
Less Repayments	6,047,820	
		96,533,180
Aggregate Liability as at 30th June, 1958		98,001,653

The Commission, through various contractors and the Concrete House Project at Holmesglen, has undertaken works for and on behalf of State Departments, local governing bodies, a church committee, and an employee. These works fall into two categories, viz. :—

1. *Works which the Commission may in Specified Conditions Carry Out.*—

Provision is made in the *Housing Act 1953* for the Commission by agreement with the authority concerned to carry out road construction, sewerage, and other works in any area being developed by the Commission, subject to the consent of the Governor in Council being first obtained.

Included among works of this nature for the year were certain sewerage and drainage works upon the Doveton Estate. In this instance the cost of the works is still to be determined, but the amount involved will be recoverable from the Dandenong Sewerage Authority.

The required consent of the Governor in Council was not obtained by the Commission in this or in other cases in which the cost of the works was to be borne by a local governing body.

2. *Works which the Commission has not the Legal Power to Execute.*—

Over the past two years the Commission, through the Concrete House Project, has undertaken the construction of houses and other structures for the Board of Land and Works, local governing bodies and others. Records of the Project show the adjusted contract value of these works to be £231,666 and expenditure thereon to 30th June, 1958, is given as £174,719.

With one exception, where works were undertaken for the Board of Land and Works, advance payments were received. However, the aggregate of these advances was insufficient to meet recoverable expenditure by the Commission on such works and at 30th June the position in this regard was :—

Works.	Recoverable Expenditure.	Advances.	Excess Advance.	Charged to Commission Funds.
	£	£	£	£
Psychiatric Clinic, Pentridge	49,341	45,427	..	3,914
House Units, Children's Welfare Department	70,827	63,380	..	7,447
Primary School, Amstel	22,782	..	..	22,782
Poplar House, "Turana"	17	4,474	4,457	..
Additions to Homestead, "Winlaton" .. .. .	..	6,749	6,749	..
Reception Centre, "Winlaton" .. .. .	..	19,365	19,365	..
	142,967	139,395	30,571	34,143

Other instances of special works in which advances had not been received and in which expenditure had been charged to Commission funds were:—

	£
State Rivers and Water Supply Commission	993
Country Roads Board	1,133
Municipalities	14,956
Other	5,669

It was my opinion that the Housing Acts made no provision for works of this nature to be undertaken by the Commission, or for the temporary use of Commission funds to finance such works. The matter was brought to the notice of the Treasurer, who sought the advice of the Crown Solicitor. In his advice, the Crown Solicitor has dealt very fully with the various aspects of the case, and has summarized his views as follows:—

“In my opinion, the Housing Acts do not contain any provision which empowers the Housing Commission to enter into any contract for the erection by the Commission on land which is not vested in the Commission of any of the buildings or structures referred to by the audit officer in his report and, so far as I am aware, there is no provision in any other Act. On this basis I am of opinion that in entering into any contract of that kind the Commission would be acting in a manner contrary to law and that application by the Commission of any money in the carrying out of any such contract would be unauthorised and contrary to law even though it was anticipated that such moneys would be fully recouped out of the contract price and even though such moneys were, in fact, fully recouped.”

Apart from the legal aspects of the question, it should be noted that losses were incurred upon the two major projects in which construction had been completed at 30th June, 1958. Details are:—

Contract No.	Party.	Construction.	Tender Price Including Adjustments.	Expended to 30th June, 1958.	Loss.
			£	£	£
2935	Board of Land and Works	Psychiatric Ward, Pentridge ..	49,341	54,104	4,763
3361	.. .. .	Primary School, Amstel ..	22,782	24,461	1,679

In connexion with these losses, it is necessary to point out that expenditure by the Concrete House Project, unless recovered from outside sources, must be borne by the Commission, so that, unless recovered out of profits arising from works of a similar nature, such losses will be a charge upon Commission funds.

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 operation of an outfall sewer to dispose of industrial and domestic waste from the area.

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 1956-57	Latrobe Valley Water and Sewerage Board	768,883	1,332,945	2,101,828
1957-58	Latrobe Valley Water and Sewerage Board	177,380	258,490	435,870
		1,225,009	1,623,272	2,848,281

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 were met on 3rd September, 1958.

The Board's sewerage works became revenue producing as from 31st August, 1957. Instalments of principal and interest due to the State in respect of these works, which amounted to £9,063 principal and £54,377 interest, a total of £63,440, at 30th June, 1958, have been similarly deferred until 31st August, 1960.

Liability of the Board to the State at 30th June, 1958, was—

	Loans.	Interest.		Redemption.	
		Deferred.	Overdue.	Deferred.	Overdue.
		£	£	£	£
Water	1,195,605	10,122	56	1,687	9
Sewerage	1,575,378	54,377	71	9,063	12
	2,770,983	64,499	127	10,750	21

The accounts of the Board to 30th June, 1958, have been audited. For purposes of comparison, figures for the previous year are given in the abridged statements below.

REVENUE ACCOUNT:		1957-58.	
1956-57.		£	£
	<i>Income.</i>		
61,820	Sales of Water	64,838	
2,254	Treatment Charges	71,984	
1,507	Rent of Staff Residences	1,550	
156	Other	503	
65,737			138,875
	<i>Expenditure.</i>		
52,216	Interest on Loans	76,370	
1,822	Interest on Overdraft	1,238	
9,707	Depreciation	21,251	
7,208	Maintenance of Works	28,380	
6,710	Pumping .. .. .	..
1,500	Rent of Reservoir .. .. .	..
1,104	Maintenance of Staff Residences	1,098	
4,689	Other Expenses	18,386	
84,956			146,723
19,219	Deficit for year		7,848*

* Surplus on Water Fund, £440; Deficit on Sewerage Fund, £8,288.

BALANCE-SHEET.		30.6.1958.	
30.6.1957.		£	£
2,175,447	Works (including Works in Progress)	2,578,171	
33,069	Plant and Equipment	47,591	
114,813	Land, Buildings, Residences	121,029	
12,705	Office and Laboratory Equipment	17,097	
27,515	Stores, Tools, &c.	46,708	
5,270	Debtors and Prepayments	2,565	
8,713	Investment- Depreciation	19,097	
16,321	Cash at Bank	1,928	
35,436	Accumulated Deficit	43,283	
..	Asset Realization Account	1,641	
2,429,289			2,879,110
2,347,302	Treasurer of Victoria- Loans	2,770,983	
59,081	" " Interest	64,626	
259	Interest on Overdraft accrued	82	
1,768	Contractors' Deposits	1,928	
18,419	Depreciation Reserve	40,348	
2,460	Asset Realization Account	1,143	
2,429,289			2,879,110

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.

Administrative costs of the Board are met from the Management Account into which is paid the commission 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, 1958, has been completed. The following statements summarize transactions on the Board's accounts in the past three years.

INSURANCE ACCOUNT.

	1955-56.	1956-57.	1957-58.
<i>Receipts.</i>	£	£	£
Balance at Bank	10,912	9,052	12,298
Premiums	423,637	470,014	529,099
Surrender Values	67,853	53,352	57,855
Death Claims	25,260	34,882	32,176
Matured Policies	9,356	12,255	29,659
Taken-over Policies	2,060	1,417	1,439
Other	802	195	481
	539,880	581,467	663,007
<i>Payments.</i>			
Insurance Companies	400,269	446,688	502,233
Management Account—Commission, &c.	21,776	24,231	27,335
Authorities and Employees	108,783	98,250	125,019
Balance at Bank	9,052	12,298	8,420
	539,880	581,467	663,007

PROVIDENT FUND.

	1955-56.	1956-57.	1957-58.
<i>Receipts.</i>	£	£	£
Balance at Bank	53,534	70,035	64,682
Contributions	136,607	144,113	154,294
Interest on Investments	17,098	18,684	20,563
Other .. .. .	..	879	..
	207,239	233,711	239,539
<i>Payments.</i>			
Employees	97,596	120,580	93,174
Refunds to Authorities	12,367	14,142	11,242
Investments (Net)	27,000	33,700	58,950
Other	241	607	648
Balance at Bank	70,035	64,682	75,525
	207,239	233,711	239,539

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 4 per cent. in 1958.

The position of the Fund at 30th June in each of the years was :—

	1955-56.	1956-57.	1957-58.
	£	£	£
Contributors' credits	480,730	507,729	575,964
Unallotted Interest	9,695	11,043	12,601
	<u>490,425</u>	<u>518,772</u>	<u>588,565</u>
Represented by—			
Cash at Bank	70,035	64,682	75,525
Investments	420,390	454,090	513,040
	<u>490,425</u>	<u>518,772</u>	<u>588,565</u>

MANAGEMENT ACCOUNT.

Income.

	£	£	£
Commission—			
New Business	26,353	27,101	27,720
Collection	20,975	23,411	26,350
Interest on Investments	7,767	8,750	9,808
	<u>55,095</u>	<u>59,262</u>	<u>63,878</u>

Expenditure.

	£	£	£
Board Members' Fees	454	547	547
Salaries	7,295	8,526	8,455
Other Administration Charges	1,925	2,311	2,057
Reinstatement of Assurance Policy			187
*Investigation Fee—Insurance		150	411
Rates, &c., on Freehold Land		231	618
Depreciation	147	134	154
	<u>9,821</u>	<u>11,899</u>	<u>12,429</u>
Surplus	45,274	47,363	51,449

* 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 item, Reinstatement of Assurance Policy, refers to a payment to the Australian Mutual Provident Society of a sum of £187. 8s. 10d. for the reinstatement of a policy which was wrongly surrendered due to a mistake in the notification to the Society of the number of the policy to be surrendered. There is some doubt as to the correctness of the charge to the Management Fund but the Board took the view that it was the most appropriate course to take. Reasonable efforts have been made to recover from the person concerned the sum wrongly paid but, so far, have not been successful.

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 :—

	1955-56.	1956-57.	1957-58.
	£	£	£
Invested	16,600		11,050
Contingent Account.. .. .	7,250	7,000	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 :—

	1955-56.	1956-57.	1957-58.
	£	£	£
Accumulated Funds	214,304	254,736	299,147
Represented by-			
Current assets <i>less</i> liabilities	40,931	46,008	69,601
Investments	171,730	171,630	182,680
Freehold property		35,520	45,181
Furniture and equipment	1,320	1,209	1,387
Prepayments	323	369	298
	<u>214,304</u>	<u>254,736</u>	<u>299,147</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 had, to 30th June, 1958, spent £45,181 on the purchase of land and erection of a building in Queen's-road, South Melbourne.

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 classification of the receipts and disbursements for the years ended 31st December, 1956, and 1957, is given hereunder :—

1956.		1957.
£		£ £
	Operational Receipts—	
1,531,334	Wharfage Rates	1,595,699
326,530	Tonnage Rates	296,508
134,446	Rent, &c., from Lands	125,339
81,741	Rents of Sheds	81,324
93,558	Special Berth and Appropriation Fees, &c.	91,115
47,123	Storage, Receiving and Delivery Fees	52,115
354,313	Crane Hire	368,528
676	Plant Hire	1,407
9,788	Towage	11,582
27,443	Cargo Lights	25,341
36,230	Sale, Electric Energy	20,649
71,688	Miscellaneous	72,994
<hr/>		<hr/>
2,714,870		2,742,601
	Operational Disbursements—	
572,648	Management and General Expenses	582,602
483,165	Port Operating Expenses	464,465
643,191	Maintenance—Dredging and Properties	529,234
435,971	Interest	494,331
12,017	Loan Flotation Expenses	2
9,118	Damage to Trust Plant	4,909
7,624	Refunds of Revenue	6,996
<hr/>		<hr/>
2,163,734		2,082,539
<hr/>		<hr/>
551,136		660,062
	Appropriations—	
377,019	Consolidated Revenue	383,495
15,000	Geelong Harbor Trust	13,573
94,681	Sinking Fund	75,692
<hr/>		<hr/>
486,700		472,760
<hr/>		<hr/>
64,436		187,302
	Other Disbursements (net)—	
		£
179,450	Investments	63,261
58,060	Sundry Debtors .. .. .	..
26,779	Employees' Housing	2,567
4,965	Stocks of Materials	3,050
4,944	Miscellaneous	2,068
<hr/>		<hr/>
274,198		70,946
	Other Receipts (net)—	
55,246	Sales Property, Plant, &c.	8,421
..	Sundry Debtors	11,656
29,722	Superannuation	33,947
<hr/>		<hr/>
84,968		54,024
<hr/>		<hr/>
189,230		16,922
<hr/>		<hr/>
124,794 (Dr.)	Carried forward	170,380

1956.		1957.	
£		£	£
124,794 (<i>Dr.</i>)	Brought forward	..	170,380
1,615,200	Loan Moneys received	..	1,210,000
216,000	Less Redemption	..	260,000
<hr/>			<hr/>
1,399,200			950,000
<hr/>			<hr/>
1,274,406	Balance 1st January—Overdraft less Cash on Hand	..	1,120,380
72,648		..	230,974
<hr/>			<hr/>
1,201,758	Available for New Works	..	889,406
1,432,732	New Works	..	886,872
<hr/>			<hr/>
230,974	Cash at Bank and on Hand	..	2,534
(Overdraft)		..	
<hr/>			<hr/>

The loan liability increased by £878,617 to £12,175,428 at 31st December, 1957.

GEELONG HARBOR TRUST.

The net revenue for the year ended 31st December, 1957, was £374,172, a decrease of £74,671 compared with that of the previous year. Appropriations to Sinking Fund, Insurance Fund, and Long Service Leave Provision accounted for £36,081, leaving a net surplus of £338,091.

Comparative figures for the past three years in the Trust's Revenue account are shown in the statement hereunder:—

REVENUE ACCOUNT.

	1955.	1956.	1957.
<i>Revenue.</i>	£	£	£
Operating Revenue—			
Harbor Revenue	575,978	717,510	686,089
Shipping Services	106,828	152,508	142,019
Miscellaneous—			
General	11,696	13,934	13,224
Corio Freezing Works	31,924	32,456	33,327
Non-operating Revenue—			
Interest	4,016	5,573	14,488
Sale of Materials	1,158	600	2,391
Melbourne Harbor Trust Contribution	15,000	15,000	13,573
Total Revenue	746,600	937,581	905,111
<i>Expenditure.</i>			
Operating Expenses—			
Administration, &c.	57,368	59,448	65,345
Shipping Services	92,679	125,313	135,079
Maintenance—			
General	42,974	56,498	53,337
Corio Freezing Works	30,211	27,579	24,432
Depreciation	54,176	75,253	83,698
Non-operating Expenses—			
Superannuation	8,861	7,333	10,640
Interest	128,527	136,195	157,030
Miscellaneous	1,813	1,119	1,378
Total Expenditure	416,609	488,738	530,939
Net Revenue	329,991	448,843	374,172
Appropriations—			
Sinking Fund	14,878	14,878	14,389
Insurance Fund	20,000	20,200	20,200
Long Service Leave (accruals in past years)	1,104	2,674	1,492
Total Appropriations	35,982	37,752	36,081
Net Surplus	294,009	411,091	338,091

The contribution of £13,573 by the Melbourne Harbor Trust was the amount calculated at £15,000 per annum for the period 1st January, 1957, to 26th November, 1957. By direction of Section 3 of Act No. 6127, the annual contributions by the Melbourne Harbor Trust were discontinued as from and on 27th November, 1957.

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

31.12.1956.		31.12.57.	
£	Assets—	£	£
418,775	Current .. .. .	..	396,919
4,207	Deferred .. .. .	..	2,784
5,431,089	Fixed, <i>less</i> depreciation .. .. .	..	6,824,364
245,970	Investments .. .. .	..	217,548
<u>6,100,041</u>	Total .. .. .	..	<u>7,441,615</u>
Liabilities—			
419,440	Current .. .. .	..	828,877
Deferred—			
2,990,219	Loans (including liability to State, £214,365)	2,889,365	
9,866	Other	10,191	
		<u>2,899,556</u>	3,728,433
Funds—			
1,196,716	Endowments .. .. .	..	1,824,060
160,839	General Reserve .. .. .	..	256,492
173,299	Sinking Fund .. .. .	..	113,578
72,671	Insurance Reserve .. .. .	..	103,970
Net Revenue Account—			
1,076,991	Accumulated Surplus .. .. .	..	1,415,082
<u>6,100,041</u>	Total .. .. .	..	<u>3,713,182</u>
		..	<u>7,441,615</u>

Improvements to the port facilities under a dredging contract and complementary works, including wharf construction and approaches, were important items of capital expenditure during the year. The capital costs of fixed assets also included the accrued cost of the executive premises recently completed.

PORTLAND HARBOR TRUST.

After taking into consideration a State grant of £129,000, and the appropriation of £13,586 to the Sinking Funds and the Provision for Long Service Leave, there was a surplus for the year of £7,550.

Particulars of revenue and expenditure for the past two years are :—

1956-57.		1957-58.	
£		£	£
	Operating Revenue—		
20,087	Wharfage Rates	26,605	
3,284	Tonnage Rates	3,666	
813	Haulage	1,295	
..	Storage	235	
193	Slipway Charges	189	
2,163	Shipping Services	2,642	
1,001	Rent	1,315	
<hr/>			
27,541			35,947
	Operating Expenditure—		
10,053	Administrative	9,918	
16,887	Maintenance	21,537	
4,620	Shipping Services	3,362	
1,130	Depreciation	612	
<hr/>			
32,690			35,429
<hr/>			
5,149 (Dr.)	Net Operating Revenue		518
	Non-operating Revenue—		
7,585	Interest	8,763	
159	Licences	170	
12	Other	161	
<hr/>			
7,756			9,094
<hr/>			
2,607			9,612
	Non-operating Expenditure—		
70,403	Loan Interest	113,062	
759	Loan Flotation Expenses	4,414	
<hr/>			
71,162			117,476
<hr/>			
68,555	Excess of Expenditure over Revenue		107,864
	Appropriations—		
800	Long Service Leave	828	
7,757	Sinking Fund	12,758	
<hr/>			
8,557			13,586
<hr/>			
77,112			121,450
87,500	Contribution by State from Consolidated Revenue for maintenance of port facilities and for other purposes		129,000
<hr/>			
10,388	Net Surplus		7,550
<hr/>			

With the addition of the surplus for the year, the accumulated surplus of £4,800 at 30th June, 1957, has been increased to £12,350.

Loan interest shown in the above statement relates only to the interest payable in respect of inscribed stock and debentures issued by the Trust. Section 30 of the *Portland Harbor Trust Act 1949*, requires the Trust to meet interest charges and National Debt Sinking Fund contributions in respect of advances made available by the Treasurer, but so far the Treasurer has approved of payment of these amounts being deferred. At 30th June, the amounts deferred were interest, £126,904 and National Debt Sinking Fund contributions, £6,372.

BALANCE-SHEET.

The following is an abridged statement of the Trust's balance-sheet :—

30.6.1957.		30.6.1958.
£		£ £
30,681	Current Liabilities	
	Deferred Liabilities—	39,366
5,000	Treasury Advance	5,000
2,545,793	Loan Funds	3,647,836
18,365	Other	11,006
		<hr/> 3,663,842
	Funds of the Trust—	
122,522	Endowments	111,714
20,076	Sinking Fund	33,765
4,800	Net Surplus	12,350
		<hr/> 157,829
<hr/> 2,747,237		<hr/> 3,861,037
	Current Assets—	
144,776	Cash	78,110
81,380	Stores	68,021
8,226	Other	10,614
		<hr/> 156,745
75,711	Investments	204,183
	Fixed Assets—	
120,427	Property Vested (<i>less</i> written off)	109,200
1,615	Other (<i>less</i> depreciation)	846
2,315,102	Construction Works	3,390,063
		<hr/> 3,500,109
<hr/> 2,747,237		<hr/> 3,861,037

Loan Funds at 30th June, 1958, comprised Advances from the Treasurer, £1,096,286 (including £5,286 discount and expenses on loans) and £2,551,550 raised by the issue of Inscribed Stock and Debentures.

Deferred Liabilities do not include interest accrued on advances from the Treasurer. At 30th June, the amount involved was £126,904.

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 certain vested property. This item is being written down progressively as the components, e.g. piers, wharves, &c., are absorbed into new works or dismantled during the course of construction of the harbor.

Stores consist of conventional goods to a value of £67,229, and subsidiary stores £792. Conventional stores have been checked selectively by the audit and are supported by a certificate of the Chief Storekeeper. Subsidiary stores cover the stockpiles of rock and aggregate at crushers.

Investments, £204,183, 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 1956–57 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. During 1957–58, £13,000 of this investment was taken over by the Trust's sinking fund.

MELBOURNE AND METROPOLITAN BOARD OF WORKS.

The operations of the Board during 1957-58 resulted in a surplus of £19,428 as compared with a Surplus of £17,098 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.

1956-57.		1957-58.	
£		£	£
	Rates and Charges—		
2,729,133	Water Supply	3,037,578	
2,899,819	Sewerage	3,232,405	
452,217	Drainage and Rivers	514,419	
		<hr/>	6,784,402
6,081,169			
	Metropolitan Farm—		
132,904	Gross profit on cattle	145,068	
14,785	Gross profit on sheep	22,701	
6,095	Rent	6,631	
6,562	Sundry Trading Operations	3,948	
		<hr/>	178,348
6,241,515	Gross Revenue		6,962,750
	Working Expenses—		
977,577	Management	971,786	
1,547,506	Maintenance	1,589,465	
2,761,192	Interest (including overseas exchange)	3,137,070	
		<hr/>	5,698,321
5,286,275			
955,240	Gross Surplus		1,264,429
	General Expenditure—		
53,480	Loan Flotation Expenses	79,845	
24,292	Staff Gratuities	36,125	
58,295	Contributions to Superannuation Fund	61,895	
7,250	Depreciation—Furniture and Fittings, &c.	11,227	
28,526	Pensions (cost of living allowance in superannuation payments)	35,801	
221,440	Main Drainage Works	252,064	
		<hr/>	476,957
	Statutory Expenditure—		
17,136	Contributions to Municipalities	16,998	
138,584	Contributions to Renewal Fund	135,539	
		<hr/>	152,537
	Appropriations—		
	Statutory—		
149,139	Contributions to Sinking Fund	170,507	
	Other—		
90,000	Contributions to Exchange Reserve	150,000	
150,000	Contributions to Rates Equalization Reserve	95,000	
..	Contributions to Insurance Account	200,000	
		<hr/>	615,507
938,142			1,245,001
17,098	Net Surplus		19,428
	Add Accumulated Surplus brought forward 1st July, 1957		38,289
	Accumulated Surplus at 30th June, 1958, carried forward		<hr/> 57,717

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.	£	£
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
1957-58 ..	8	3,037,578	1 2	3,232,405	2	514,419	59,286,395

The rates levied were unchanged from the preceding year. 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 continued to be a heavy burden on the Board's revenue, the proportion of interest and exchange to gross revenue from rates and charges being 46·23 per centum as compared with 45·45 per centum in 1956-57 and 43·63 per centum in 1955-56.

Interest charged included amounts credited to the Board's several funds as follows :—

Renewals Fund £104,409, Sinking Fund £294,518, and Superannuation Fund £55,832. Exchange on interest remitted overseas amounted to £29,014.

In continuation of the change of the Board's policy referred to in previous reports, a section of the Drainage and River Improvement capital works was financed from revenue to the extent of £252,064.

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, 1958.
	£	£	£	£
Sinking Fund	170,507	294,518	465,025	6,919,388
Renewals Fund	135,539	104,409	239,948	6,395,319
Superannuation Fund	61,895	55,832	117,727	1,213,402
Insurance Account	200,000	..	200,000	501,822
	567,941	454,759	1,022,700	15,029,931

Of the total £15,029,931 of the several balances shown above, an amount of £14,336,916 was used in the Board's works and £693,015 was invested in the Board's securities.

Pursuant to the provisions of the *Melbourne and Metropolitan Board of Works Extension and Advances Act* No. 6114 of 1957, the Board may now take over and include in the Metropolis certain lands within the district of any Authority under the *Water Act* 1928. The Board is also empowered to rate such lands separately from the remainder of the metropolitan area.

Town Planning, Metropolitan Highways, &c.—The Metropolitan Improvement Rate was increased from 2d. to 3d. in 1957-58 to provide for a continuation of the Board's extended activities in the Town Planning field, &c. Revenue from this rate, assessed on a net annual value of £62,071,258 and other charges, totalled £790,878 and was allocated—Town Planning management £123,341, Foreshore Maintenance £2,551, and the unexpended balance, £664,986 to Planning and Highways Reserve.

At 30th June, 1958, the balance of the Planning and Highways Reserve was represented by the following assets:—

	£
Metropolitan Improvement Fund—	
Cash at Bank	44,998
Cash held temporarily in Metropolitan General Fund	15,603
Fixed Deposits	400,000
Commonwealth Inscribed Stock	50,000
Reserved Land—held temporarily under Section 6 (3) (c), Act No. 5834	411,074
Arrears—Rates and Charges	20,441
Expenditure on Foreshore and Highway Improvements	77,325
	1,019,441

The statement hereunder shows the Assets and Liabilities of the Board:—

30.6.1957.		30.6.1958.
£		£
	Current Assets—	
1,472,397	Cash in hand and at bank	194,319
..	Securities—Short term	3,000,010
332,129	Arrears of Rates and Sundry Debts	525,273
203,021	Livestock on hand	200,686
1,064,826	Stores and Materials on hand	1,082,447
188,708	Reserved Land—Planning and Highways	411,074
		5,413,809
3,261,081		
	Deferred Charges—	
..	Plant Depreciation Variance Account	146,812
	Fixed Assets—	
2,240	Planning and Highways Works	77,325
37,254,115	Water Supply Works	41,037,376
25,234,566	Sewerage Works	27,523,145
670,569	Sewerage House Connections	670,569
4,682,763	Main Drainage Works	5,520,109
1,167,079	River Improvement Works	1,322,473
3,062,699	Buildings, Water Meters, and other items	3,366,050
		79,517,047
72,074,031		6,395,319
6,174,993	Less Renewals Fund	
		73,121,728
65,899,038		1,148,725
1,449,434	Plant and Tools	270,725
230,664	Motor Vehicles	135,876
98,116	Furniture and Fittings	
	Investments—	
1,500	External—Commonwealth Stock	863,500
1,326,823	Internal—Melbourne and Metropolitan Board of Works Stock	1,336,638
		2,200,138
72,266,656	Total Assets	82,437,813
	Current Liabilities—	
527,310	Loan Interest, Matured Debentures and Inscribed Stock	613,961
252,015	Sundry Creditors and Deposits	273,029
		886,990
	Deferred Liabilities—	
1,107,848	Superannuation Fund	1,213,402
168,366	Provision for Furlough	204,130
60,650,595	Loan Liability	68,582,715
	Excess of Assets over Liabilities, represented by—	
1,404,413	General Reserve	1,898,805
6,454,363	Sinking Fund	6,919,388
306,317	Insurance Account	501,822
320,000	Rates Equalization Reserve	415,000
465,000	Exchange Reserve	615,000
105,979	Deferred Maintenance Reserve	103,605
55,706	Distributable Expense Variance Account	19,798
56,000*	Contribution from State Government (Mountain Area Water Supply)	
354,455	Planning and Highways Reserve	1,019,441
38,289	Accumulated Surplus	57,717
		11,560,576
72,266,656	Total Liabilities and Funds	82,437,813

* Transferred to General Reserve 1957-58.

The item "Plant Depreciation Variance Account", £146,812, represents the amount by which the Board's plant and equipment has been under-depreciated, offset by credits on account of earnings from plant hire. This amount is to be adjusted over a period of three years by means of revised hire charge rates which in the past have proved inadequate to meet running costs and depreciation charges.

The increase of £494,392 in the General Reserve was accounted for by:—

	£
Expenditure from Revenue on account of Drainage and River Improvements	252,064
State's contribution to date in respect of supply of water to Mountain areas	251,000
Profits from sale of land, &c.	1,075
	<hr/>
	504,139
Deduct net loss on realisation of plant, motor vehicles, &c.	9,747
	<hr/>
	494,392

The Board's loan authority for its normal functions as fixed by Act No. 6041 remained at £69,750,000 against which the actual loan liability at 30th June, 1958, was £68,582,715.

During the year, from loan moneys and its internal resources, fixed assets were increased by £7,222,690. Major increases were:—

	£
Upper Yarra Dam construction	500,878
Silvan—Waverley conduit construction	331,865
Water Supply—extension large mains	1,754,693
" " reticulation, service reservoirs, water meters, &c.	515,144
Construction and Amplification—sewage disposal, &c.—Metropolitan Farm	215,393
Sewerage—extension mains, treatment works, &c.	2,058,704
Main Drains and River Improvements—extensions, &c.	909,037
Buildings—new erections and reconstruction works	131,738

MELBOURNE AND METROPOLITAN TRAMWAYS BOARD.

The audit of the accounts to the 30th June, 1958, by my officers is in course. The audit of the Board's accounts 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.

The figures herein are subject to the completion of the audit.

Operations over the past three years show the following results:—

	Year ended 30th June, 1956.	Year ended 30th June, 1957.	Year ended 30th June, 1958.
	£	£	£
Operations—			
Tramways and Omnibuses	Loss .. 627,864	Loss .. 965,246	Loss .. 1,126,122
Properties and Miscellaneous	Profit .. 7,608	Profit .. 8,324	Profit .. 28,390
	Loss .. 620,256	Loss .. 956,922	Loss .. 1,097,732
Interest from Investments	38,854	37,123	45,855
	Net Loss 581,402	Net Loss 919,799	Net Loss 1,051,877

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, carried to the Renewals Reserve Fund in 1957–58 was equivalent to the calculated amount of depreciation on the Board's assets. This sum, £666,980, represented 4.289 per centum of the capital cost of the undertaking. The net loss of £1,051,877 shown in the foregoing summary was arrived at after making provision for this amount.

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 1957–58 was £1,230,130 explained as follows:—

Net loss as shown in the preceding summary	£	£	£
Appropriations (including interest) to—			1,051,877
Loan Redemption Account		28,795	
Loan Sinking Funds		106,073	
Guarantee Fund		885	
Fire Insurance Reserve Fund		13,292	
Less accounted for in operations above		60	
		13,232	
Gratuity Fund		219,354	
Less accounted for in operations		199,418	
		19,936	
Sick Leave Fund		20,967	
Less accounted for in operations		11,635	
		9,332	
			178,253
Deficit			1,230,130

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.

The necessity for amendments of the existing accounting provisions with a view to simplifying the determination of the statutory surplus or deficit has been mentioned in previous reports. This matter and questions relating to the form of presentation of the accounts of the Tramways Board are at present the subject of inquiry by the Committee of Public Accounts.

The Board's balances as at the 30th June, 1957 and 1958, are summarised hereunder :—

30.6.1957.		30.6.1958.
£		£ £
	Current Assets—	
31,343	Cash in Hand	26,709
216,113	Sundry Debtors	168,951
829,304	Stores on Hand and Manufactures in Progress	746,285
<u>1,076,760</u>		<u>941,945</u>
	Fixed Assets—	
6,181,065	Permanent Way, Overhead Construction, Transmission Lines	6,521,051
4,981,429	Rolling Stock	4,995,121
1,934,440	Land and Buildings	1,957,154
920,292	Other	944,650
<u>14,017,226</u>		<u>14,417,976</u>
5,533,544	Less Provision for Depreciation	6,085,584
<u>8,483,682</u>		<u>8,332,392</u>
947,913	Intangible Assets	954,694
455,125	Less Provision for Depreciation	474,083
<u>492,788</u>		<u>480,611</u>
1,263,345	Investments	1,261,899
	Trust Account—	
14,636	Contractors' Deposits, &c.	11,391
<u>1,277,981</u>		<u>1,273,290</u>
<u>11,331,211</u>	Total Assets	<u>11,028,238</u>
	Current Liabilities—	
579,966	Sundry Creditors	388,805
38,314	Contractors' and Other Deposits	36,482
189,807	Bank Overdraft	72,171
<u>808,087</u>		<u>497,458</u>
8,289,333	Loans	9,355,538
	Specific Reserves—	
4,511,081	Renewals Reserve	5,082,079
5,988,669	Provision for Depreciation	6,559,667
<u>1,477,588*</u>		<u>1,477,588*</u>
170,381	Public Risk Insurance Reserve	163,709
365,774	Fire Insurance Reserve	379,007
24,366	Guarantee Fund .. .. .	.. .. .
82,196	Hanna-street Leasehold Reserve .. .. .	.. .. .
56,918	Gratuity Fund	184,301
15,809	Sick Leave Fund	25,141
<u>715,444</u>		<u>752,158</u>
<u>9,812,864</u>	Carried forward	<u>10,605,154</u>

30.6.1957.		30.6.1958.
£		£ £
9,812,864	Brought forward	10,605,154
	Excess of Assets over Liabilities comprising—	
625,450	Sinking Funds	731,523 •
2,420,773	Loan Redemption	2,449,567
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
4,820,657		4,955,524
1,477,588	*Less Excess of Depreciation Accrued over Renewals Reserve Provision	1,477,588
3,343,069		3,477,936
1,824,722	Less Balance of Deficit carried forward	3,054,852
1,518,347		423,084
11,331,211	Total Liabilities and Funds	11,028,238

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 of the small value of the estate or trust property. His duties also include the general care, protection, and management of the estates of mental patients and certified infirm persons in Victoria.

Investments and property held on behalf of individual estates together with investments through the Common Fund totalled at 30th June, 1958, £11,460,221, consisting of—

	£
Common Fund	4,138,179
Inscribed Stock	1,631,165
Real Estate, Shares, etc.	5,683,788
Commonwealth Bank—by direction of testators	7,089
	11,460,221

Funds of the estates administered by the Public Trustee 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 30th June the composition of the Common Fund was :—

	£
Inscribed Stock	2,046,550
Mortgages	669,209
Loan to Co-operative Housing Society	179,969
Municipal Debentures	1,037,280
Cash at State Savings Bank	204,676
Advances to officers	495
	4,138,179

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 to the credit of the Trust Fund. The amount so paid during the year was £16,757 while the unclaimed balances standing in the Common Fund amounted to £209,903.

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. The main interest rates in operation for 1957-58 were :—

Patients and Infirm Persons	£3 per cent.
Deceased Estates	£1 per cent.
Minors	£4 per cent.

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 other 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 £25,000 and the sum paid to Consolidated Revenue was £63,384.

Operations through these two accounts were:—

INTEREST SUSPENSE ACCOUNT.

	£
Income from investments	171,210

APPROPRIATIONS.

	£
Interest allocated to estates	76,826
Provision for interest payable to estates	6,000
Estates Guarantee and Reserve Account	25,000
Consolidated Revenue	63,384
	<hr/> 171,210

ESTATES GUARANTEE AND RESERVE ACCOUNT.

Balance at 1st July, 1957	91,659
Transfer from Interest Suspense Account	25,000
Interest credited on balance	905
	<hr/> 117,564
Less costs paid	71
	<hr/> 117,493

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 £7,308 compared with a surplus of £1,294 in the preceding year. Particulars are:—

1956-57 £	Receipts.	1957-58 £	1956-57 £	Payments.	1957-58 £
76,700	Fees and Commission	95,435	118,593	Salaries and Payroll Tax	127,046
59,511	Surplus—Interest Suspense Account	63,384	1,747	Advertising	1,987
			7,336	Rent	11,169
			7,241	Other expenses (net)	11,309
			1,294	Surplus for the year	7,308
<hr/> 136,211		<hr/> 158,819	<hr/> 136,211		<hr/> 158,819

The increase in rent was occasioned by the transfer to new office accommodation at a higher rental midway through the year while other expenses included a net amount of £4,341 for new accounting machines.

The Public Trustee's charges are governed by regulations prescribed under the Act.

With certain conditions relating to percentage on higher amounts, minimum charges, advertising and enquiries for persons entitled as beneficiaries, transfers in kind, etc., the main charges in operation were:—

ESTATES OF DECEASED PERSONS.

Commission on Capital	2½ per cent.
Commission on Income	5 per cent.

PATIENTS AND INFIRM PERSONS.

Commission on Capital	5 per cent.
Commission on Income	5 per cent.

Fees are also prescribed for Elections to Administer, and for the preparation of taxation returns.

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 also been received for maintenance of patients in public 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 the State in respect of civilian patients under which agreement no fees for maintenance were charged, and which position has continued since the termination of the agreement. Amounts paid by the Public Trustee to Consolidated Revenue and to Trust Fund Treasury from all sources during the last three years were:—

	1955-56.	1956-57.	1957-58.
	£	£	£
Consolidated Revenue—			
Fees and Commission	73,005	76,700	95,435
Probate Duty	81,595	61,545	96,468
Surplus from Interest Suspense Account	46,527	59,511	63,384
Payments Section 16 Act 4654—Illegitimate Intestates	57	558	604
Maintenance—Patients in Mental Hospitals	155,005	128,836	166,827
Stationery, Postages recouped	2,666	2,413	3,670
Sundry Receipts	1	2	2
	358,856	329,565	426,390
Transfer to The Trust Fund Treasury—			
Unclaimed Moneys—after 6 years	19,301	51,204	16,757
Unpresented cheques and unclaimed amounts	247	567	277
	19,548	51,771	17,034

From figures on the applications made for grants of probate, letters of administration or elections to administer, the number of deceased estates and the value of assets taken over in the past four years have been:—

Year.	Number of Estates.	Value of Assets.
		£
1954-55.. .. .	1,126	1,972,586
1955-56.. .. .	1,089	1,835,800
1956-57.. .. .	1,135	1,939,187
1957-58.. .. .	1,130	2,517,384
In the same period, the number of wills “ written ” by the Public Trustee has been:—		
1954-55	2,170	..
1955-56	2,518	..
1956-57	2,561	..
1957-58	2,878	..

WORKERS COMPENSATION BOARD.

The revenue of the Board consists of contributions by Insurers, the Victorian Railways Commissioners, and employers with approved original schemes of compensation whose certificates have been renewed (no new schemes being now allowed by existing legislation). The contributions are based on annual estimates approved by the Governor in Council, being in the case of Insurers a percentage of the premium income of the preceding calendar year and in the case of the other contributors such amounts as the Board thinks reasonable, having regard to the wages paid in the preceding calendar year. All receipts are paid into a Trust Fund kept at the Treasury styled the "Workers Compensation Board Fund" from which are met the costs and expenses of the Board—other than the salary of the Chairman as a County Court judge, and his travelling expenses.

Where in any year the expenditure actually incurred exceeds the contributions or, conversely, the contributions exceed the actual expenditure, an appropriate adjustment is made in the contributions for the ensuing financial year.

The Fund is also available for the payment of moneys due under awards against uninsured employers. In the estimates this is necessarily included as an arbitrary amount. Under this provision, £7,872 was paid during the year. The Insurance Commissioner is entitled to recover any amounts so paid, and £232 in respect of previous payments was received. The relevant legislation however, does not deal with the question of responsibility for any costs incurred in the course of actions to recover.

Particulars of Income and Expenditure for the years 1956-57 and 1957-58 are as follows :—

	1956-57.	1957-58.
	£	£
<i>Income—</i>		
Contributions from Insurers and others	28,675	36,022
<i>Expenditure—</i>		
Salaries	16,898	21,907
Rent	3,120	3,586
General	5,748	7,259
Claims on uninsured employers paid from the Fund (net) ..	637	7,640
	26,403	40,392
Excess Income over Expenditure for the year	2,272	..
Excess Expenditure over Income for the year .. .. .	..	4,370

The balance of the Fund at the Treasury at 30th June, 1958, was £1,837.

All amounts of compensation granted under awards of the Board in cases of death or to minors (other than weekly payments) are payable into the custody of the Board to be invested, applied, or otherwise dealt with, in the Board's discretion, for the benefit of the persons entitled thereto.

Moneys in the custody of the Board are invested mainly in a Common Fund (amounts being specifically invested if so desired) and interest on the investments is equitably apportioned over all the constituent accounts. The Common Fund is not expressly authorized by Statute but has been established under the general powers of the Board, and affords a convenient and satisfactory method of handling and investing the many individual amounts which are in the Board's custody.

Receipts and Payments of the Common Fund for the years 1956-57 and 1957-58 are shown hereunder.

	1956-57.	1957-58.
	£	£
Receipts	1,033,717	1,190,945
Payments	567,751	680,441
	<hr/>	<hr/>
Excess of receipts over payments	465,966	510,504
Balance at beginning of year	2,058,061	2,524,027
	<hr/>	<hr/>
Balance at close of year	2,524,027	3,034,531
	<hr/>	<hr/>

Investments, &c., controlled by the Board are:—

Common Fund (as above)	£
Cash State Savings Bank of Victoria	182,162
Commonwealth Securities (Cost Price)	2,002,353
State Electricity Commission Debentures	600,000
Melbourne and Metropolitan Board of Works Debentures	250,000
Temporary advances	16
	<hr/>
	3,034,531
	<hr/>
Specific Investments	£
Commonwealth Securities	34,870
	<hr/>

RURAL FINANCE CORPORATION.

The Corporation was established by Act No. 5414. Its objects 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 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, 1958, 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 £67,533. In the preceding year a profit of £59,748 was shown.

Advances under Part IV.—Under Part IV. of the Act the Corporation is empowered to advance moneys to or for the benefit of any farmer for the purpose of carrying into effect a composition or scheme of arrangement between him and his creditors. Any such advance is made out of the Rural Rehabilitation Fund established pursuant to the provisions of Section 55 of the Act.

All repayments of advances are credited to the Fund. Where interest is payable by a farmer in respect of an advance, such interest forms part of the Corporation's income. Interest receivable by the Corporation under this heading and included in the year's revenue totalled £11,600.

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, 1957	2,479,602	
Repayments of advances, 1st July, 1957, to 30th June, 1958	101,905	
	-----	2,581,507*

		4,973,507
<i>Less</i> Payments <i>re</i> debt adjustment to 30th June, 1957	3,594,981	
Payments <i>re</i> debt adjustment 1st July, 1957, to 30th June, 1958	Nil	
	-----	3,594,981

Unexpended balance 30th June, 1958		1,378,526

* 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.

Loans under Part III.—During the year loans advanced totalled £1,537,792. At the close of the year, £7,101,520 was held by borrowers of which £5,084,228 was held in respect of primary industries and £2,017,292 on account of secondary industries.

The Income and Expenditure Accounts for the financial years ended 30th June, 1957 and 1958 are summarized as follows:—

	1956-57.	1957-58.
<i>Income.</i>	£	£
Interest	283,259	336,626
Application and Legal Fees	6,193	5,166
	-----	-----
	289,452	341,792
	-----	-----
<i>Expenditure</i>		
Administration	40,834	47,188
Interest on Loan Indebtedness	166,886	201,773
Depreciation	540	806
Long Service Leave Provision	2,789	1,914
National Debt Sinking Fund Contribution	18,655	22,578
Profit	59,748	67,533
	-----	-----
	289,452	341,792
	-----	-----

The profit for the year under review (£67,533), together with interest from General Reserve Investment Fund (£191), was available for writing off Discounts and Expenses on Loans as allocated by the Treasurer, £5,722, and transfer to Reserve Account £62,002.

Pursuant to his authority under the Act, the Treasurer determined for 1957-58 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. The same concession applied in 1956-57.

At 30th June, 1957, and 30th June, 1958, funds available to the Corporation were :—

30.6.1957.		30.6.1958.
£		£ £
	Loan Funds—	
6,557,417	Loan Liability—Treasurer of Victoria (net)	7,223,025
	Other Funds—	
27,291	Advances <i>Farmers Debts Adjustment Act 1943</i> —Treasurer of Victoria	22,644
2,392,000	Funds provided by Grant under <i>Commonwealth Loan (Farmers Debts. Adjustment) Act 1935</i>	2,392,000
9,702	Interest on Mortgages prior to 26th April, 1950	9,702
		<hr style="width: 100px; margin-left: auto; margin-right: 0;"/> 2,424,346
5,143	Trust Account—Amounts in suspense	18,598
1,324	Sundry Creditors	2,112
124,236	Reserve—National Debt Sinking Fund (including Commonwealth contributions) ..	163,898
10,113	Provision for Long Service Leave	8,535
133,978	Reserve Fund	195,980
		<hr style="width: 100px; margin-left: auto; margin-right: 0;"/> 10,036,494
<hr style="width: 100px; margin-left: 0; margin-right: 0;"/>		
9,261,204		

The funds were applied as follows :—

	Loans and Advances—	
6,406,496	Loans under Part III.— <i>Rural Finance Corporation Act 1949</i>	7,101,520
	Advances under <i>Farmers Debts Adjustment Act 1935</i> , and Part IV.— <i>Rural Finance Corporation Act 1949</i> (including uncollectable and doubtful debts £51,413)	1,023,176
1,125,082		22,644
27,291	Advances under <i>Farmers Debts Adjustment Act 1943</i>	8,147,340
		<hr style="width: 100px; margin-left: auto; margin-right: 0;"/> 127,193
107,188	Interest Due and Accrued	
	Cash held at Treasury—	
1,276,621	Rural Rehabilitation Fund	1,378,526
628	National Debt Sinking Fund	177
		<hr style="width: 100px; margin-left: auto; margin-right: 0;"/> 1,378,703
	Fixed Assets—	
4,299	Furniture and Office Equipment <i>less</i> Depreciation	4,448
2,500	Motor Cars <i>less</i> Depreciation	1,500
		<hr style="width: 100px; margin-left: auto; margin-right: 0;"/> 5,948
154	Charges paid in Advance	173
	Cash—	
301,793	At bank and in hand	94,016
	Fixed Deposits	245,000
		<hr style="width: 100px; margin-left: auto; margin-right: 0;"/> 339,016
	Investments—Commonwealth Government Inscribed Stock (at cost)—	
9,152	Long Service Leave Provision	8,458
	General Reserve	29,663
		<hr style="width: 100px; margin-left: auto; margin-right: 0;"/> 38,121
		<hr style="width: 100px; margin-left: auto; margin-right: 0;"/> 10,036,494
<hr style="width: 100px; margin-left: 0; margin-right: 0;"/>		
9,261,204		

The total of uncollectable and doubtful debts (£51,413) included in the amount due by farmers in respect of advances for debt adjustment (£1,023,176) does not include any losses in respect of advances made by the Corporation.

Interest due and accrued (£127,193) includes a considerable sum due on account of arrears accumulated over a period of years and it is doubtful whether the whole of such arrears will be collected.

The purpose of the Reserve Fund (£195,980) 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 should such a loss or deficiency occur.

Government Agency Department.—Operations in this Department during the year 1957-58 were :—

Receipts—	£	£	£
Treasurer of Victoria—			
From Loan Fund	120,972		
Decentralization Fund.. .. .	10,000		
	<hr/>	130,972	
From borrowers—			
Repayments of Principal	1,000		
Interest on Advances	1,377		
	<hr/>	2,377	
<i>Add</i> cash at Bank—1st July, 1957			133,349
			<hr/>
			20,475
			<hr/>
			153,824
 <i>Less</i> Payments—			
Advances to Settlers—			
Lake Corangamite Area (Flood Relief)	104,285		
Goulburn Valley (Rehabilitation of Peach Growers)	11,650		
Sunraysia District (Capital Improvements and Replacements)	1,109		
	<hr/>	117,044	
Treasurer of Victoria—Instalments of Principal and Interest		2,377	
		<hr/>	119,421
Cash at Bank—30th June, 1958			<hr/>
			34,403

VICTORIAN INLAND MEAT AUTHORITY.

This Authority commenced operating in 1943. The transactions for the year resulted in a profit of £64,435 as compared with a loss of £7,493 in 1956-57.

A summarized statement of trading operations for 1957-58 is as follows:—

REVENUE.		£
Sales—		
Meat, Offal and By-products		619,825
Hides, Skins and Wool		83,955
Storage, Treatment and General Receipts		310,603
		<hr/>
		1,014,383
Interest on Investments		415
Inter-departmental Transactions		188,736
		<hr/>
		1,203,534
		<hr/>
EXPENDITURE.		
Purchases of Livestock and Meat		339,246
Working Expenses—Wages, Fuel, Freight, Stores, &c.		480,791
General Expenses—Rent, Rates, Pay-roll Tax, &c.		32,418
Administration—Head Office, Salaries, &c.		16,216
Depreciation		21,649
Stock Decrease at 30th June, 1958		31,573
		<hr/>
		921,893
Interest—		£
Government of Victoria		23,795
Commonwealth Bank		2,421
		<hr/>
		26,216
Donald Works (Inoperative)—Maintenance and Depreciation		2,254
Inter-departmental Transactions		188,736
		<hr/>
		1,139,099
Profit		64,435
		<hr/>
		1,203,534
		<hr/>

Due to unsatisfactory returns from sales to the United Kingdom, exports were again on a small scale and consequently there was little call on the export facilities available at the Ballarat and Bendigo Works. Local wholesale trade improved and there was increased demand, throughout the year, for killing and freezing services by local butchers and metropolitan operators.

The Egg and Egg Pulp Marketing Board continued to store frozen egg products in the Ballarat cold-storage chambers.

At Bendigo, treatment and cold-storage services were again availed of by a public company engaged in the canning of pig meat and beef.

Gross revenue of the four retail shops, situated at Ballarat, was below that of the previous year and the aggregate net profit declined from £8,573 in 1956-57 to £2,837.

The gross revenue of the smallgoods factory, also located at Ballarat, was slightly above that of the previous year. A slight improvement was also shown in the net profit—from £1,565 in 1956-57 to £2,183 in 1957-58.

A comparison over the past six years of the Authority's operations is given in the following statement:—

	1952-53.	1953-54.	1954-55.	1955-56.	1956-57.	1957-58.
	£	£	£	£	£	£
Sales	864,339	572,146	969,848	1,059,870	584,988	703,780
Storage, Treatment, &c.	143,586	152,479	198,044	183,442	198,042	311,018
Stock Increase .. .. .	..	16,440	179,611	..	..	..
Net Loss	8,455	28,807	..	25,376	7,493	..
	1,016,380	769,872	1,347,503	1,268,688	790,523	1,014,798
Purchases	545,891	351,070	737,054	560,024	296,257	339,246
Working and Other Costs	391,383	385,523	563,180	518,366	443,560	529,425
Stock Decrease	49,823	..	..	143,744	2,137	31,573
Depreciation	11,545	12,053	15,358	17,699	18,926	21,649
Interest	13,894	18,724	24,305	26,425	27,154	26,216
Donald Works (Inoperative)—Main- tenance and Depreciation	3,844	2,502	3,281	2,430	2,489	2,254
Net Profit .. .. .	..	..	4,325	..	..	64,435
	1,016,380	769,872	1,347,503	1,268,688	790,523	1,014,798

The Donald Works have not been used since the Authority commenced operations in 1943. Including £21,137 for depreciation charges, the total loss to 30th June, 1958, in respect to these Works amounted to £52,518.

Variations in balance-sheet items may be seen in the summary hereunder:—

	At 1st May, 1943.	At 30th June—			
		1955.	1956.	1957.	1958.
	£	£	£	£	£
Current Liabilities	12,633	389,894	289,792	267,149	181,370
Loan for Fixed Assets .. .. .	..	435,396	458,666	469,584	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	1,186,105	1,109,273	1,097,548	1,011,769
Current Assets	65,079	277,506	142,875	129,513	112,355
Fixed Assets less Depreciation	309,252	758,482	790,655	784,798	780,612
Losses less Reserves .. .. .	..	150,117	175,743	183,237	118,802
	374,331	1,186,105	1,109,273	1,097,548	1,011,769

On the security of the current assets of the Authority and a guarantee by the Government limited to £50,000, the Commonwealth Bank continued to provide temporary financial accommodation. At 30th June, 1958, the Bank overdraft was £5,969. Current liabilities also included amounts totalling £145,000 advanced by the Treasurer of Victoria towards working capital.

The Authority's loan liability to the State on account of fixed assets was unchanged at £469,584.

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 1956 and 1957.

1956.		1957.	
£	£	£	£
9,765		15,170	
134		134	
<hr/>		<hr/>	
	9,899		15,304
Payments—			
1,387		1,256	
600		600	
3,916		4,244	
1,180		1,239	
3,272		1,837	
386		414	
2,097		1,909	
<hr/>		<hr/>	
	12,838		11,499
..		..	3,805
2,939		..	..
<hr/>		<hr/>	

The Treasury Account shows that, at 30th June, 1958, the cash balance was £3,253 and that £4,490 was held as an investment in inscribed stock.

Milk Board.—Trading operations for the year 1957–58 resulted in a revenue surplus of £51,189 on milk sales of £10,263,541.

Trade Debtors at 30th June, 1958, were £171,932 in excess of Creditors, compared with an excess of £240,218 at the close of the financial year 1957.

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. Three of these debtors have been informed that, unless the amounts outstanding are promptly settled, legal action will be taken for recovery.

A summarized statement of the Board's operations for the year, together with comparative figures for the previous year, is set out hereunder :—

1956-57.		Revenue.		1957-58.	
£				£	
74,448	Milk Trading Revenue			75,732	
11,313	Penalty Rates on late payments by dairymen			14,019	
<hr/>				<hr/>	
	85,761				89,751
<hr/>				<hr/>	
		Expenditure.			
2,926	Board Fees			3,000	
21,328	Salaries			22,258	
516	Pay-roll Tax			467	
3,884	Travelling Expenses			2,928	
1,617	Contingencies			1,460	
1,983	Promotion—Consumption of Milk			4,222	
2,500	Improving Quality of Milk—Paid to Department of Agriculture			2,500	
2,759	Interest			1,650	
85	Depreciation			77	
48,163	Surplus for the year			51,189	
<hr/>				<hr/>	
	85,761				89,751
<hr/>				<hr/>	

BALANCE-SHEET.

30.6.1957.		30.6.1958.
£		£ £
864,068	Sundry Creditors	860,914
	Revenue Account—Accumulated Surplus—	
227,638	Balance at 1st July	274,294
48,163	Revenue Surplus for the year	51,189
275,801		325,483
1,507	Compensation paid during the year	—
274,294		325,483
1,138,362		1,186,397
33,234	Milk Board Fund—Balance at the Treasury	152,786
1,104,286	Sundry Debtors	1,032,846
842	Office Equipment and Furniture less Depreciation	765
1,138,362		1,186,397

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 5th July, 1958. The period ended with a net excess of proceeds over advances to producers of £102,970.

The operations of the “pools” during the accounting periods for 1956–57 and 1957–58 are set out in the summary hereunder:—

1956–57.		1957–58.
£		£ £ £
5,753,261	Advances to Producers (Current production)	5,919,560
	Less Producers' Contributions on Account of—	
494,983	Pool Expenses	755,427
333,528	Grading and Selling Expenses	425,010
62,431	Dockage	82,961
890,942		1,263,398
4,862,319	Net Advance to Producers	4,656,162
..	Add—Value of eggs from stock for disposal	109,186
4,862,319	Carried forward	4,765,348

• Eggs were disposed of as follows :—

1956-57.		1957-58.
£		£
4,862,319	Brought forward	4,765,348
4,345,385	Sold in Shell on Local Market	4,188,475
254,318	Sold in Shell on Overseas Market	452,655
7,260	Sold in Shell on Interstate Market	138,653
817,988	Converted to Pulp and Sold	945,095
114,195	Increase in Stock on Hand .. .. .	..
5,539,146	Total Value of Disposals	5,724,878
	Less Expenses—	
342,347	Grading and Selling	389,773
178,153	Packing, Storage, and Transport	233,229
83,990	Pulp Manufacturing	92,726
41,513	General	75,387
646,003		791,115
4,893,143		4,933,763
	Deduct—	
81,596	Cost of Administration of Board	74,511
9,646	Less Administration Charged to Producer/Agents	9,066
71,950		65,445
4,821,193		4,868,318
41,126	Excess of Advances to Producers over Proceeds .. .. .	..
	Excess of Proceeds over Advances to Producers	102,970

The following is a statement of the Board's balances at 5th July, 1958. Comparative figures at the end of the preceding "pool" period are also given :—

The Board's Funds were :—

29.6.1957.		5.7.1958.
£		£
143,759	Reserve Fund	160,261
234,065	Surplus Distribution 1947-48 (<i>ex Commonwealth</i>)	234,065
	Undistributed Pool Balances—	
11,813	1953-54 .. .. .	..
2,211	1954-55 .. .. .	..
..	1957-58	102,970
391,848		497,296
	Represented by—	
	<i>Current Assets.</i>	
120	Cash on Hand and at Bank	180,024
	Stocks on hand—	
201,389	Eggs and Egg Products at valuation	70,186
54,405	Packing materials at valuation	32,933
1,739	Supplies at cost or valuation	2,429
257,533		105,548
110,477	Debtors	126,490
..	Less Provision Doubtful Debts	1,500
368,130	Carried forward	410,562

29.6.1957.		5.7.1958.
£		£ £
368,130	Brought forward	410,562
	<i>Less Current Liabilities—</i>	
96,164	Commonwealth Bank .. .. .	..
87,405	Creditors	112,634
810	Provision Long Service Leave	1,030
184,379		113,664
183,751	Working Capital	296,898
4,000	Investments	4,000
	<i>Fixed Assets.</i>	
74,991	Freehold Properties	74,127
89,621	Leasehold Properties	87,347
25,089	Plant and Equipment	21,001
9,299	Motor Vehicles	8,242
5,097	Office Machinery and Equipment	5,681
204,097		196,398
391,848		497,296

The undistributed "Pool" balances for 1953-54 and 1954-55 were transferred during the year to Reserve. The necessary approval of the Governor-in-Council has since been obtained. The excess of proceeds over advances which arose from the pool operations for the period under review is available for distribution.

Maize Marketing Board.—The audit of the accounts of this Board for the accounting period 31st March, 1957, to 14th March, 1958, has been completed.

Brief particulars of the operations are as follows:—

Total number of bushels marketed	40,089
	£
Gross proceeds of sales	38,556
Administration expenses	2,039
Amount paid to growers	33,421
Taken to Reserve	78

Seed Beans Marketing Board.—The financial statements for the fourth "pool" cover the period 1st March, 1957, to 28th February, 1958. Seed beans delivered to the Board totalled 24,080 bushels of which 12,570 bushels were then unsold. In the previous period, deliveries to the Board totalled 11,116 bushels.

Details of operations of No. 4 "Pool" within the above period are summarized hereunder:—

Gross proceeds from Sales	£	£
Contract sales, &c.—net gain .. .. .	..	88,845
Stocks on hand, seed beans at valuation .. .. .	..	2,494
Handling charges, &c. .. .. .	..	25,139
Administration	5,101	
Advances to Growers	2,792	
Balance	75,604	
	32,981	
	116,478	116,478

The Onion Marketing Board.—Financial statements as at 15th November, 1957, referring to the respective pools in 1954–55, 1955–56 and 1956–57, have been prepared and audits thereof completed. Details of operations of these pools up to and inclusive of 15th November, 1957, are :—

	1954–55.	1955–56.	1956–57.
	tons.	tons.	tons.
Total Onions acquired—			
Victorian	23,600	16,094	21,645
Imported	14	300	..
	£	£	£
Gross proceeds from sales	716,993	742,583	650,937
Administration and marketing expenses	31,279	24,586	37,223
Payments to Victorian Growers	643,824	676,201	615,671
Payments for imported onions	362	16,147	..
Amount undistributed	41,528	25,649	..
Amount distributed in excess of proceeds from sales .. .. .	..	..	1,957

The average return per ton to Victorian Growers was £28 5s. 6d. in 1954–55, £42 0s. 6d. in 1955–56 and £28 9s. in 1956–57.

The sales yield from the increased tonnage marketed in 1957 was less than that of the 1956 Pool, and, in consequence gave a reduced average return per ton to the growers. A further factor affecting the growers' return was the inability of the Board to dispose of onions acquired late in the season in competition with supplies of new season produce from interstate sources. In this connexion, the Board paid growers a total of £15,688 for 1,221 tons of onions, the bulk of which could not be sold.

Potato Marketing Board.—On the 19th February, 1957, the Governor in Council revoked the proclamation declaring potatoes to be a commodity for the purpose of the Marketing of Primary Products Act. However, with the object of winding up its affairs, the Board continued in office until 19th, May, 1958, on which date the period of appointment of its members expired.

On the 14th May, 1958, pursuant to the provisions of Section 12 (5) of the Act, a Liquidator was appointed. The Liquidator is an officer of the State Treasury and, with the approval of the Treasurer, an account called the "Potato Marketing Board—Liquidator's Account" was established within the Treasury Trust Fund to receive proceeds of disposal of the Board's assets and to meet any claims allowed by the Liquidator.

The books and accounts of the Board and the Liquidator have been audited for the period 1st June, 1957, to 30th June, 1958. Expenditure, all of which was incurred prior to the appointment of the Liquidator, amounted to £3,035, and comprised Administrative Expenses £2,542 and Bad Debts written off £493.

The Reserve balance at 30th June, 1958, was £31,331 which was represented in :—

	£
Treasury Trust—balance at credit	7,678
" " inscribed stock (face value)	23,200
Sundry Debtors	453
	<hr/>
	31,331
	<hr/>

In my previous report, I stated that "Payments" within the meaning of Section 23 of the Act had not been determined in respect of Pools Nos. 6 to 9 inclusive and that, while that position existed, the affairs of the Board could not be properly wound up. The position remains unaltered.

HOME FINANCE TRUST.

The Home Finance Trust was constituted under the provisions of Act No. 5967 on 13th June, 1956, with the power to raise money on loan for the purpose of making housing loans on the security of first mortgage.

The year 1957-58 saw a marked increase in the amounts which various institutions agreed to lend to the Trust, the total rising from £1,050,000 as at 30th June, 1957, to £2,850,000 as at 30th June, 1958. The classes of lenders were as follows:—

	£	£
The Commissioners of the State Savings Bank of Victoria .. .. .	..	1,000,000
Private Savings Banks	850,000	
„ Trading Banks	700,000	
	<hr/>	1,550,000
Insurance Companies .. .. .	..	300,000
		<hr/>
		2,850,000
		<hr/>

Loans approved by the Trust to borrowers totalled £2,639,315 of which £1,971,152 (net) has been advanced and secured. Repayments by borrowers are being maintained at a very satisfactory level.

Set out hereunder are particulars of the Trust's assets and liabilities as at 30th June, 1957, and 1958. The figures as at 30th June, 1958, are subject to audit.

Assets.

30.6.57		30.6.1958
£		£
703,038	Loans current and secured by mortgage	1,971,152
158	Arrears—mortgagors	1,361
2,777	Sundry debtors	8,468
22,554	Cash at Bank .. .. .	..
981	Home Finance Fund—deficit .. .. .	..
<hr/>		<hr/>
729,508	Total Assets	1,980,981
		<hr/>

Liabilities

718,000	Deposits—Repayment of which is guaranteed by the Treasurer of Victoria ..	1,964,000
1,240	Prepayments by mortgagors	1,694
10,268	Sundry creditors	843
..	Bank overdraft	12,946
..	Home Finance Fund—surplus	1,498
<hr/>		<hr/>
729,508	Total Liabilities	1,980,981
		<hr/>

Defalcations and Irregularities, 1957-58.

Agriculture Department.—State Laboratories.—A sum of £4 was removed from the Revenue Office of the laboratory. Personal responsibility for this shortage could not be determined.

Cancer Institute Board.—A shortage of £5 was disclosed in moneys collected as donations to the Board. Police investigations have so far failed to locate the person responsible.

Chief Secretary's Department.—Penal and Gaols Branch.—The Governor of the Bendigo Gaol was charged before the Public Service Board with failure to properly supervise prison account books, permitting a prisoner to carry out confidential clerical duties, &c., with failure to properly supervise moneys under his control and to see that all payments to prisoners were properly witnessed. A cash deficiency of £300 was involved. All charges, except that connected with the performance of confidential clerical duties by the prisoner, were found proved and the Governor was reduced to a Chief Penal Officer.

A Technical and General officer banked revenue cheques prior to the date of issue of receipt and entry in cash book. An inquiry disclosed that £77 had not been brought to account and that there had been delays in banking and in forwarding remittances to the Chief Secretary. As a contra, the officer had petty cash vouchers on hand amounting to £79 which he had failed to submit for reimbursement. The matter has been reported to the Treasurer.

A Technical and General officer was charged with soliciting and accepting presents from a contractor contrary to the Public Service Regulations and with having been absent without leave from his post. The Public Service Board found the charges proved and dismissed him from the service.

Police Station, Fairfield.—A constable, who had placed money in a pigeonhole for another constable to collect but which money had subsequently disappeared, was fined £3 by the Police Discipline Board for breach of duty.

Ballarat Watch-house.—A £5 note, which had been found, was placed in an envelope in the office safe. The envelope was subsequently discovered to be half-open and the note missing. Inquiries by the Criminal Investigation Branch have failed to disclose the person responsible.

Education Department.—A teacher misappropriated certain money of the Education Department at Toongabbie and Wallan. He was charged before the Teachers' Tribunal which found the charges proved and dismissed him from the service.

Defective vouchers for £2 5s. were produced in support of a reimbursement from the Parkville State School. The matter was placed in the hands of the police and the services of a temporary teacher were terminated.

A driver was charged before the Public Service Board with stealing a quantity of paper, the property of a Contractor. He admitted the truth of the charge and was reprimanded.

Bendigo High School.—A voucher, defective by reason of erasures and alterations, was submitted by a cleaner for reimbursement of a sum of £4. The matter was placed in the hands of the Police.

Sunshine High School.—A deficiency of £191 was disclosed in the Bookstore control account and, as it appeared to be a cash deficiency, the matter was placed in the hands of the Police, who are investigating.

Richmond Technical School.—A deficiency of £87 was discovered in the Bookstall Account. The matter was referred to the Treasurer.

Melbourne High School.—A temporary typist admitted having submitted two defective dockets to support a claim for subsidy for maintenance of school grounds. There was no evidence of misappropriation.

Young Farmers' Clubs.—A teacher employed on special duties made false claims for travelling expenses. He was required to refund a sum of £8 and was transferred to other duties.

Housing Commission.—Ascot Estate.—A shortage of £100 was discovered in the amount handed by the Rental Officer to the Escort and Armored Transit Co. Pty. Ltd. The Company made good this amount.

Moe.—A sum of £279 rental revenue was not brought to account. A former Rental Officer has been convicted of embezzlement and sentenced to six months' imprisonment on each of two charges.

Dandenong.—An amount of £400 was stated to have been lost on the way to the Bank. The officer, in whose custody the money was at the time, is repaying the sum by instalments.

Law Department.—A clerk of the City Court, Melbourne, converted to his own use moneys received by him by virtue of his employment in the Children's Court and the City Court. He was charged before the Public Service Board and dismissed from the Public Service.

County Court.—A cash deficiency of £41 was discovered in the Advance moneys at this Court. The matter was placed in the hands of the Police who were not able to secure any evidence as to the person responsible.

Coburg Court.—A theft of mail involving £56 was discovered. Inquiries by the Police failed to locate persons responsible.

Public Trustee Office.—A Temporary employee was charged with larceny of £40. He was convicted and released on probation for two years.

Treasury.—Comptroller of Stamps Office.—A person who had been an Administrative officer was charged in the Court of Petty Sessions in that being a servant of the Comptroller of Stamps he did fraudulently embezzle the sum of £1,337. He was committed for trial.

Railways Department.—Thirty-three officers were found guilty of offences involving money and other property. A portable machine, valued at £116, was taken in one instance and smaller amounts in other cases. Sixteen of the charges were heard by the Courts and seventeen of the charges were heard 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 .. ..	..	16,560
Loan Account .. ..	..	1,442,924
Trust Funds .. ..	..	36,064,049
Less Investments .. ..	..	18,243,687
		17,820,362
		19,279,846

Out of which the following advances had been made and were outstanding at the 30th June, 1958 :—

For Revenue deficits, Departments, &c. ..	6,688,891	
For Treasurer's Advance	210,197	
		6,899,088
Balance in hand at 30th June, 1958.. ..	..	12,380,758
The cash balance was held at :—		
Contracting Banks, Melbourne .. ..	..	12,308,158
Westminster Bank, London .. ..	..	32,612
Contracting Bank, Wellington .. ..	..	39,988
		12,380,758

At 30th June, 1957, the cash balance was £10,491,466.

ACKNOWLEDGMENT.

In conclusion, I wish to record my appreciation of the loyal support which members of the Audit Office staff have given me during the year. I also desire to thank the officers of other Departments and State Authorities for their co-operation.

R. W. GILLARD,
Auditor-General.

Melbourne, 29th October, 1958.

STATEMENT No. 1.

REVENUE ACCOUNT, 1957-58.

Receipts.

Expenditure.

	£	Per cent. of Gross Revenue.		£	Per cent. of Gross Revenue.
Railway Earnings ..	35,792,450		Railways—Operating Costs, &c. ..	36,666,940	
Subsidy (as per contra)	155,360		Water Supply—Operating Costs ..	3,372,458	
Water Supply ..	3,493,313		Coal Mine—Operating Costs and Interest ..	772,904	
Coal Mine ..	471,739		Victoria Dock Store—Operating Costs ..	131,060	
Victoria Dock Store ..	170,672			40,943,362	
	40,083,534	28.16	Subsidy to Railways ..	155,360	
Interest brought to account—				41,098,722	28.87
Land Settlement ..	715,792		Interest and Exchange on Loans ..	22,849,835	
Electricity Commission ..	2,245,125		Contribution to National Debt Sinking Fund ..	4,169,526	
Country Roads Board ..	739,935		Expenses—Loan Conversion ..	13,776	
Waterworks Trusts, &c. ..	230,882			27,033,137	18.99
On Cultivation Advances ..	353		Pensions, Superannuation and Gratuities—		
Municipalities ..	107		Railways ..	1,712,623	
Sewerage Authorities ..	19,587		Civil Service and others ..	2,043,227	
Geelong Waterworks Trust and Sewerage Authority ..	31,498			3,755,850	2.64
Latrobe Valley Water and Sewerage Board ..	70,824		Unemployment Relief ..	717	
On Trust Fund Investments ..	6,210		Payments to Hospitals and Charities Fund ..	11,046,608	
Co-operative Stores ..	23,996		Payments to Mental Hospitals Fund ..	374,093	
University ..	5,095			11,420,701	8.02
On Public Account Deposits ..	41,604		Salaries—Civil Service, Executives, &c. (vide Sub-statement) ..	34,966,825	
Coal Mine ..	361		Contingencies (vide Sub-statement) ..	19,112,277	
Gas and Fuel Corporation ..	229,085		Endowments and Grants (vide Sub-statement) ..	3,160,419	
Geelong Harbor Trust ..	12,838		Works and Buildings ..	1,915,612	
Grain Elevators Board ..	44,915		Forests ..	2,086,669	
Housing Commission ..	2,891,861		Mint Subsidy ..	182,000	
Rural Finance Corporation ..	207,335		Sundry ..	816,351	
Sundry ..	39,214			62,240,153	43.73
Commonwealth—State Housing Agreement—Home Builders' Account ..	127,068				
	7,686,685				
Recoups—					
To Sinking Fund ..	248,762				
„ Exchange, &c. ..	81,520				
	330,282				
	8,016,967	5.63			
Payment by Commonwealth ..	2,127,159	1.50			
Payment by Commonwealth—Special Assistance ..	7,466,769	5.25			
Taxes, Registrations, Licences, &c. ..	72,523,806	50.95			
For Departmental Services ..	4,425,212				
Territorial—Lands and Forests ..	2,372,569				
Ports and Harbors ..	518,038				
Fines and Fees ..	1,501,101				
Commonwealth—State Housing Advances ..	802,974				
Mint Returns ..	189,605				
Expenditure Recouped ..	1,464,437				
Rents of Buildings ..	255,323				
Repayment of Loans from Revenue ..	25,332				
Miscellaneous ..	563,798				
	12,118,389	8.51			
	142,336,624	100.00			
Deficit in Revenue Account for 1957-58	3,212,656	2.25			
	145,549,280	102.25		145,549,280	102.25

SUB-STATEMENT.

	Salaries.	Contingencies.	Endowments and Grants.	Total.
	£	£	£	£
The Governor, Judges and Executive Council ..	90,019	57	..	90,076
Parliamentary and Electoral Expenses ..	352,485	190,319	..	542,804
Insurance ..	..	..	2,000	..
University ..	..	..	951,200	953,200
Premier ..	389,475	252,852	..	642,327
Chief Secretary ..	537,156	498,871	38,925	1,094,952
Children's Welfare ..	253,986	690,869	..	944,855
Penal and Gaols ..	407,969	444,673	..	852,642
Police ..	5,072,832	1,245,148	..	6,317,980
Public Libraries ..	197,450	99,647	223,852	520,949
Labour and Industry Department ..	211,561	39,289	..	250,850
Education—				
Departmental ..	18,504,300	5,952,092	..	..
Technical Schools ..	..	..	1,613,145	..
Other ..	..	..	80,961	..
Law Department ..	1,295,839	517,963	300	1,814,102
Treasury—Government Printer and Tax Office ..	895,583	2,186,820	102,536	3,184,939
Lands ..	906,504	965,861	..	1,872,365
Public Works and Harbors ..	807,459	356,714	..	1,164,173
Mines ..	174,940	204,740	..	379,680
Agriculture ..	984,787	570,111	11,000	1,565,898
Health ..	982,699	2,110,335	136,500	3,229,534
Mental Hygiene ..	2,869,338	1,949,823	..	4,819,161
Ministry of Transport ..	12,443	579	..	13,022
Coal Miners' Accident Relief Fund ..	..	330	..	330
Marine Board ..	..	549	..	549
Housing Commission (repayment to Commonwealth) ..	..	802,975	..	802,975
State Soldier Settlement (repayment to Commonwealth) ..	..	20,222	..	20,222
Home Builders (repayment to Commonwealth) ..	..	11,438	..	11,438
	34,966,825	19,112,277	3,160,419	57,239,521

RECEIPTS AND EXPENDITURE FOR THE YEAR 1957-58.

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 1957-58.

	Receipts.		Charged to—		Expenditure.	
	£	s. d.	£	s. d.	£	s. d.
<i>Balances brought forward—</i>						
Surplus Revenue	19,621	9 1			145,549,279	19 3
Loan Cash Balance, 30.6.57	1,817,525	17 6			3,061	18 9
	<u>1,837,147</u>	<u>6 7</u>			<u>145,552,341</u>	<u>18 0</u>
<i>Revenue for the year 1957-58</i>			142,336,624	4 0	45,539,016	9 9
<i>Proceeds of Loans raised for Works, &c., during the year 1957-58</i>	42,419,999	10 0			96,289	13 7
<i>Less Flotation Expenses</i>	172,638	11 2			<u>45,442,726</u>	<u>16 2</u>
<i>Loan Repayments</i>			2,917,053	13 9		
<i>Advanced from Treasurer's Advance—</i>					209,925	7 2
Debit balance at 30.6.57	96,289	13 7				
” ” 30.6.58	209,925	7 2				
	<u>113,635</u>	<u>13 7</u>			45,652,652	3 4
Deficit for year 1957-58			3,212,655	15 3		
					<u>191,204,994</u>	<u>1 4</u>
<i>Total Expenditure for the year</i>						
<i>Cr. Balances at 30.6.58—</i>						
Surplus Revenue					16,559	10 4
Loan Funds					1,442,924	0 4
					<u>£192,664,477</u>	<u>12 0</u>

* Does not include £10,400,000 advances from Commonwealth Government for Housing, including £2,000,000 for the Home Builders Account, nor £2,003,780 advanced for special assistance for Soldier Settlement.

LOAN CASH ACCOUNT.

Receipts.		Disbursements.	
	£	s.	d.
To Balance at 30th June, 1957—			
Cash in hand	1,817,525	17	6
Cash Proceeds of Loans issued, 1957–58—			
For Works, &c.	42,419,999	10	0
For Redemption	67,803,930	0	0
Loan Repayments	2,917,053	13	9
Treasurer's Advance	209,925	7	2
	<u>115,168,434</u>	<u>8</u>	<u>5</u>
	115,168,434	8	5

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PUBLIC DEBT : NET LOAN LIABILITY ON 30TH JUNE, 1958.

	£	s.	d.
Amount of Public Debt on 30th June, 1958	518,212,670	16	0
Advanced from Treasurer's Advance	209,925	7	2
	<u>60,038</u>	<u>13</u>	<u>9</u>
Balance at credit of National Debt Sinking Fund	60,038	13	9
" at credit of Loan Account	1,442,924	0	4
	<u>1,502,962</u>	<u>14</u>	<u>1</u>
Net Liability on 30th June, 1958	*516,919,633	9	1
	<u>£518,422,596</u>	<u>3</u>	<u>2</u>

The increase during the year in the Net Liability was £37,077,254 2s. 5d.

* Does not include expenditure from £106,681,000 advanced by Commonwealth Government for Housing, including £4,000,000 for the Home Builders Account, nor £5,198,708 advanced for special assistance for Soldier Settlement.

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 1957-58.

<i>Paid to Revenue—</i>	Receipts.			Payments.		
	£	s.	d.	£	s.	d.
Water Trusts and Corporations, &c.	277,573	15	10			
Sewerage Authorities	19,587	3	10	17,733,303	14	3
Geelong Waterworks Trust, and Sewerage Authority	31,497	14	10	1,423,639	18	1
Latrobe Valley Water & Sewerage Board	70,824	5	5	65,593	2	0
Municipalities	106	14	3			
Land Settlement	715,792	3	8			
Country Roads Board Fund, &c. . .	798,754	16	9			
State Coal Mine	360	17	5			
State Electricity Commission	2,431,256	11	5	19,222,536	14	4
Grain Elevators Board	47,588	18	9	491,779	5	4
Housing Commission	2,894,784	1	6	3,135,519	1	6
Home Builders' Account	127,068	9	11	4,169,526	7	3
Gas and Fuel Corporation	241,631	8	0			
Rural Finance Corporation	224,350	3	4			
Banks—Interest on Public Account ..	44,604	2	7			
Miscellaneous	84,975	2	0			
	8,010,756	9	6			
Balance— Amount which had to be met from Taxation and other sources	19,022,380	12	5			
	£27,033,137	1	11			
				£27,033,137	1	11

In the preceding year (1956-57) Taxation, &c., provided £16,394,390 2s. 9d. The increase last year was £2,627,990 9s. 8d.

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.
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
1957-58	500,015,672	23,918,452	4,896,071	19,022,381	4 15 8	0 19 7	3 16 1

† Includes exchange on overseas payments in 1948-49, £541,786; 1949-50, £587,181; 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; 1957-58, £491,779.

‡ Excluding advances from Commonwealth Government for Housing 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, £85,731,000; 1956-57, £96,181,000; 1957-58, £108,581,000; also Commonwealth advances for Soldier Settlement in 1955-56, £1,610,000; 1956-57, £3,194,928; 1957-58, £5,198,708.

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.
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
1957-58	†81,027,669	3,596,499	..	3,596,499	4 8 9	..	4 8 9

* Including recoups by Treasury from Vote for non-paying lines, &c., but excluding Subsidy towards payment of interest from 1949-50 till 1954-55.

† 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.
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
1957-58	98,040,683	4,264,713	400,734	3,863,979	4 7 0	0 8 2	3 18 10

RAILWAY ACCOUNTS.

Statement of Railway Receipts and Expenditure, including Revenue and Loan Moneys.

Receipts.		Expenditure.	
	£	s.	d.
<i>Revenue—</i>			
Railway Income	35,792,449	17	1
Treasury credit for concessions in certain Country Freight Charges ..	143,000	0	0
Recoup Kerang-Koondrook Tramway Act	12,360	0	0
	<u>35,947,809</u>	<u>17</u>	<u>1</u>
<i>Loan—</i>			
Applied from the Loan Fund	7,049,364	10	4
	<u>42,997,173</u>	<u>27</u>	<u>5</u>
Deficiency for 1957-58		6,000,199	3 5
		<u>48,997,373</u>	<u>10 10</u>
Total		48,997,373	10 10
		<u>41,948,009</u>	<u>0 6</u>
		<u>7,049,364</u>	<u>10 4</u>
		<u>48,997,373</u>	<u>10 10</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.	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.	1957-58.	Per cent. of Revenue.
Working Expenses	£ 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	£ 36,057,436	} 100.4
Commissioners' Salaries	9,000		9,000		10,226		11,576		14,000		14,000	
Renewals and Replacements Fund	200,000	.6	550,000	1.5	200,000	.5	200,000	.5	200,000	.5	200,000	.6
Railway Accident, &c., Fund	259,506	.8	261,082	.7	305,812	.8	336,654	.9	335,875	.9	370,630	1.0
Pensions and Gratuities	960,267	2.9	1,151,518	3.0	1,215,527	3.1	1,579,131	4.2	1,620,954	4.3	1,712,623	4.8
National Debt Sinking Fund	151,921	.4	162,371	.4	168,887	.4	178,151	.5	182,546	.5	186,878	.5
Interest	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	3,283,262	9.1
Exchange on Interest Payments in London	148,383	.4	126,847	.3	134,155	.3	128,189	.4	124,133	.3	123,180	.3
Receipts	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	41,948,009	116.7
	*33,463,982	..	*37,775,538	..	*39,843,019	..	37,299,906	..	37,463,316	..	35,947,810	..
Deficiency	3,412,975	..	993,215	..	275,386	..	4,153,596	..	5,227,234	..	6,000,199	..

* Includes a Treasury Subsidy of £1,798,277 in 1952-53, £1,934,903 in 1953-54, and £2,148,060 in 1954-55.

STATEMENT No. 8.

AUTHORITY FOR LOAN EXPENDITURE.

The authority unexhausted at the 30th June, 1958, was—

For *Railways, Water, and Public Works*—

	£	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	56,728	16	3			
„ 5422	124,785	0	3			
„ 5515	735,236	7	9			
„ 5618	911,706	19	10			
„ 5657	209,389	11	6			
„ 5763	316,954	18	10			
„ 5850	751,997	14	4			
„ 5921	876,504	12	11			
„ 6049	2,640,918	13	1			
„ 6066	112,498	2	6			
„ 6152	7,849,128	14	11			
„ 6158	4,488,728	1	2			
„ 6169	11,407,770	17	9			
				30,832,054	13	4
For <i>Soldier Settlement</i> —Act 5107, &c.				769,115	6	5
For <i>Land Settlement</i> —Act 5768				5,000,000	0	0
For <i>Cancer Institute</i> —Act 5341/5959				363,220	12	6
For <i>Coal (Overseas Purchase)</i> —Act 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	4,317,294	14	8			
				5,317,294	14	8
For <i>Gas and Fuel Corporation</i> —Act No. 5507/5875				8,005,070	8	4
For <i>Electricity</i> —						
Act No. 3934	252,662	14	9			
„ 4512, &c.	49,735,488	10	7			
				49,988,151	5	4
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. 6153				556,542	14	0
For <i>Bulk Handling of Wheat</i> —Act No. 1379/5482				*766,783	5	10
For <i>Housing</i> —Act No. 4531, &c.				*13,709,360	8	9
For <i>Imported Materials</i> —Act No. 5385				2,967,276	11	9
For <i>King-street Bridge</i> —Act No. 6156				†2,848,904	6	7
For <i>Latrobe Valley</i> —Act No. 5416				595,006	8	10
For <i>Portland Harbor Trust</i> —Act No. 5425/6020				3,908,303	18	4
For <i>Rural Finance Corporation</i> —Act No. 5414				2,640,750	0	0
For <i>Unemployment Relief</i> —Act No. 4097				886,678	16	9
For <i>Vermin and Noxious Weeds Destruction</i> —Act No. 5431/6058				153,021	19	0
For <i>Victorian Inland Meat Authority</i> —Act No. 4927				130,415	18	7
Carried forward				129,921,591	0	11

* Authority has been increased by value of securities cancelled by the National Debt Sinking Fund—Act No. 4379, £115,960 0s. 11d.; Act No. 4531, £149,908 9s.

† Estimated cost of bridge—Section 8 (5), £3,700,000.

STATEMENT No. 8—*continued.*

	£	s.	d.
Brought forward	129,921,591	0	11
For Funding Deficits (1956-57)—			
Act No. 6129	1,662,375	18	9
	<hr/>		
	131,583,966	19	8
	<hr/>		
 The Loans which mature during the current financial year are:—			
<i>In Melbourne—</i>			
	£	s.	d.
1 per cent.	73,985	0	0
3¼ „	6,977,415	0	0
4 „	24,881,000	0	0
	<hr/>		
	31,932,400	0	0
 <i>In London—</i>			
3½ per cent.	13,316,800	0	0
	<hr/>		
	45,249,200	0	0
	<hr/>		

APPENDIX A.

TREASURER'S ADVANCE 1957-58.

The particulars of the expenditure which has been carried forward are :—

				<i>Pending Loan Application Act.</i>					
				£	s.	d.	£	s.	d.
Water Supply—									
Shire of Kowree Waterworks Trust	..	..	..	1,222	5	8			
Morwell Waterworks Trust	..	..	..	18,819	4	2			
Shire of Mount Rouse Waterworks Trust	..	..	..	9,713	17	6			
Shire of Stawell Waterworks Trust	..	..	..	2,170	13	7			
Town of Stawell Waterworks Trust	..	..	..	5,999	6	3			
							37,925	7	2
Sewerage—Eildon Sewerage District	..	..	..				49,000	0	0
							86,925	7	2
Public Works—									
Ballarat Cemetery	..	..	..	3,000	0	0			
Municipalities Assistance Fund subsidies to Municipalities	..			120,000	0	0			
							123,000	0	0
							209,925	7	2
<i>Pending Legislation.</i>									
Underpass St. Kilda-road linking Alexandra-avenue	..	..	..				271	3	1
Total	..	..	..				210,196	10	3

The following are the reasons furnished by the Treasurer for transferring the expenditure as a charge on future years :—

Water Supply Loan Application Act £86,925 7s. 2d. Amount charged at 30th June, 1958, pending passing of Water Supply Loan Application Act.

Public Works Loan Application Act £123,000. Amount charged at 30th June, 1958, pending passing of Public Works Loan Application Act.

Underpass St. Kilda-road linking Alexandra-avenue, £271 3s. 1d. Pending Legislative Authority for financial provision for construction of underpass at St. Kilda-road linking Alexandra-avenue.

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 6 and 7, Elizabeth II., Nos. 6170 and 6431.

Date of Order Authorizing Transfer.	Vote.		Transferred.		Amount.
	Division.	Subdivision.	From Item—	To Item—	
1958—					£
29th July ..	88	1	Item No. 1—Traffic Branch and Commercial Branch	Item No. 6—Refreshment and Advertising Services	47,000

APPENDIX C.

A copy of the opinion given on 7th January, 1958, by the Solicitor-General on a case submitted to him is appended in accordance with the provisions of the Audit Act No. 3640.

TRANSPORT REGULATION ACT 1955—PAYMENT FROM TRANSPORT REGULATION FUND.

I am asked to advise whether payment of a sum of money out of the Transport Regulation Fund to the operator of a passenger bus service on a designated route between the St. Kilda Station and Park-street, Middle Brighton, is authorized by section 41 (2) (c) of the *Transport Regulation Act 1955*.

The amount of the payment has been measured by the difference between the expenditure incurred and the revenue received in operating the service for the period from 9th September to 30th September, 1957. In other words, the payment represents a subsidy to the bus operator, and I assume for the purposes of this opinion that the purpose of the payment is to ensure continuance of the service.

In interpreting section 41 (2) (c) no assistance is afforded by the other provisions of the Act, and accordingly the meaning of the section must be sought purely in its own terms.

The section requires three conditions to be satisfied. The grant must be payment of a sum towards—

- (a) the cost of ;
- (b) a project or undertaking
- (c) designed to afford greater convenience to the public and to assist or improve the conditions of transport of passengers either generally or on any particular route or in any particular area.

I find no difficulty in saying that the present payment satisfies the first two conditions. The words "project" and "undertaking" are words of wide import within which a bus service undoubtedly falls, and the payment is certainly towards the "cost" of its operation.

The real problem, therefore, is whether the third condition is satisfied. It is to be observed that it is a composite requirement. The undertaking must be designed not only to afford greater convenience to the public but also to assist or improve the conditions of transport of passengers.

One would imagine that any undertaking designed to assist or improve the conditions of transport of passengers would necessarily afford greater convenience to the public, and therefore prima facie the former words would appear to create a difficulty in finding the true meaning of this part of the section. As the Legislature must be taken to have intended them to have an independent operation, I am of opinion that their true effect is to qualify the manner in which the greater convenience of the public is to be achieved.

In my opinion, therefore, the proper interpretation of the third condition is that the undertaking must be designed to afford greater convenience to the public by assisting or improving the conditions of transport of passengers.

It remains then to consider whether the bus service under consideration is an undertaking of that kind. The difficulty I find in answering this question lies in the use of the words "conditions of transport."

Condition is a word of no fixed meaning in law. In the present context it might have the limited meaning of the conditions under which passengers travel, such as cheaper fares, larger or more comfortable buses, or more frequent services. On the other hand, it might have the much wider meaning of the over-all circumstances relating to the transport of passengers. On this meaning the withdrawal of the service, leaving passengers to seek other and perhaps more remote or less frequent services, would clearly alter the conditions of transport of passengers affected.

The section provides little in its context to assist a choice between these two meanings. The fact, however, that it includes conditions of transport generally, as distinct from those on a particular route or in a particular area, in my opinion constitutes an indication that Parliament intended the section to have a wide operation. Furthermore, each payment requires the approval of the Governor in Council, and this would appear to be the safeguard provided by Parliament to ensure proper appropriations from the fund.

For these reasons I am of opinion that the words "conditions of transport" bear the wider of the two meanings abovementioned and it therefore follows that the bus service in question is an undertaking designed to assist or improve the conditions of transport of passengers.

It may indeed be that the words "the conditions of" qualify only the verb "improve" and not the verb "assist." Such a construction may be the correct one because although the expression "improve the conditions of" is one in normal use, the expression "assist the conditions of" is not readily capable of understanding or application. Should this be the correct interpretation of the section the payment under consideration would readily satisfy the terms of the section.

For the above reasons, I am of opinion that the payment under consideration fell within and was authorized by section 41 (2) (c) of the Act.

H. A. WINNEKE,
Solicitor-General.

APPENDIX D.

STORES HELD AT VARIOUS LOCATIONS.

Institution or Depot.	Description of Stores	Value at Stocktaking 30th June, 1958.	Total.
		£	£
Chief Secretary's Department— Children's Welfare Depot— "Turana" "Winlato"	Boots, Shoes, Clothing, Bedding, Crockery, Manchester Goods and General Stores	56,241 6,225	62,466
Penal Establishments and Gaols— Ballarat Beechworth Geelong Pentridge and Metropolitan Sale Corriemungle Prison Camp Langi Kal Kal Bendigo Castlemaine Fairlea McLeod	Clothing, Bedding, Crockery, Cutlery, Leather, Tools, Fuel, &c.	1,495 4,262 1,472 51,032 424 937 3,992 6,085 2,863 1,564 1,883	76,009
Police— Scientific Section Motor Transport	Photographic Films—paper, chemicals, flash-bulbs, pistols Tyres for Motor Cars and Motor Cycles, Articles for servicing Police Motor Vehicles, Motor Cycles, and Bicycles and other articles	500 21,000	
Technical Section— Wireless Store Motor Registration Branch	Valves, Radio Parts, Vibrators, Test Gear Hardware, Bedding, Furniture, Oils, Disinfectants, Clothing, Arms, Stationery, Kit Items, &c. Stationery, Forms and Books, Number plates	4,000 86,000 31,000	142,500
Education Department— Stationery Store Government Printer	Books and Requisites, Cleaning Material, Tools, Cookery, &c., Equipment, Science Requisites, and Motor Spirit Printing Paper, Stationery and Materials, Water- marked Gummed Paper, Publications	143,685 458,427	143,685 458,427
Public Works Department— Dredging Depot, Williamstown Storeyard, South Melbourne Works Depot, Port Melbourne Garage, Russell-street Country Roads Board— Melbourne Store Bairnsdale Ballarat Benalla Bendigo Dandenong (Pakenham) Drummond-street, Carlton Geelong Horsham Traralgon Warrnambool Bituminous Materials Depot	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 Camp Equipment, Tyres, Tools and Stores, Oil, Fuel, Bitumen, &c.	18,991 158,302 11,560 1,030 386,000 26,000 13,000 24,000 21,000 22,000 28,000 14,000 14,000 8,000	189,883 556,000
Mines— Diamonds Drill Store	Carbons, Boarts, Splints Engines, Tools, Oils, Chemicals, Machinery, Tubing, Crane, &c.	5,013 80,176	85,189
Forests Commission— Head Office and Country Stores	Surplus Stock held at Brookwood Machine Parts, Implements, Tools, Tents and Flys, Boots, Clothing, &c.	90,413 353,622	444,035
State Rivers and Water Supply Commission	Tools and General Stores	1,937,124	1,937,124
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.	3,580 9,686	13,266
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.	1,022 11,849 13,513 9,409	35,793
	Carried forward		4,144,377

APPENDIX D.

STORES HELD AT VARIOUS LOCATIONS—*continued.*

Institution or Depot.	Description of Stores.	Value at Stocktaking, 30th June, 1958.	Total.	
	Brought forward.. .. .	£ ..	£ 4,144,377	
Lands Department—				
Botanic and Domain Gardens	Implements, Tools, &c.	192		
Other Stores, Metropolitan and Country	General Stores, Equipment, Plans, and Photographic Materials	119,130	119,322	
Soldier Settlement Commission—				
Metropolitan and Country Stores	General Stores and Materials	249,757	249,757	
Mental Hospitals—				
Various	} Clothing, Bedding, Hardware, Furniture, and Miscellaneous	419,887	422,252	
Mont Park (Trust Stock)		2,365		
State Laboratories—				
Agriculture	} Books and Journals, Chemicals, Chemical Glassware, Apparatus, Furniture and other Fittings, Platinum Ware	22,850	22,850	
Mines				
Public Health				
Housing Commission—				
Holmesglen	} Building Materials, &c... .. .	398,137	434,036	
" (Head Office Supply Store)				
Broadmeadows				5,884
Morwell				6,237
Norlane				2,574
Various small sub-stores				8,061
Maintenance Depots	13,143			
	Total		5,392,594	

APPENDIX E.

CULTURAL DEVELOPMENT ALLOCATIONS, 1957-58.

	£
Ararat Civic Choir	25
Ararat Drama Group	100
Ararat Music Circle	100
Astra Chamber Orchestral Society	75
Australian Boys' Choir	100
Australian Elizabethan Theatre Trust	8,000
Ballarat Ballet Guild	50
Ballarat Begonia Festival Committee	300
Ballarat Highland Day	150
Ballarat Music Lovers' Club	25
Ballarat Orchestra Association	250
Ballet Guild	300
Bendigo Competitions Society	500
Bendigo Music Advancement Society	250
Bendigo Music Lovers' Club	75
Bendigo Operatic Society	100
Bendigo Repertory Society	50
Boolarra Associated Arts Club	50
Brighton City Philharmonic Society	100
Camberwell City Philharmonic Society	100
Camperdown Competitions	200
Camperdown Musical Society	75
Camperdown Repertory Society	100
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	150
Creswick Music Lovers' Club	50
Dandenong Festival of Music and Art for Youth	750
Daylesford Highland Gathering Committee	400
Debaters' Association of Victoria	50
Echuca Music Lovers	50
Eleanor Auxiliary for Children for the Footscray Hospital (West End Eisteddfod)	100
Emerald Community Centre	200
Fern Tree Gully and Mountain District Music and Arts Festival	50
Fern Tree Gully Arts Society	50
Foster Films, Art, Music and Drama Association	100
Frankston Theatre Group	150
Geelong and District Cultural Institute	300
Geelong Association of Music and Art	200
Geelong Society of Operatic and Dramatic Art	75
Gilbert and Sullivan Society of Victoria	50
Gormandale Dramatic Club	200
Hamilton Arts Council	50
Hamilton Civic Choir	25
Hamilton Music Club	100
Hamilton Musical and Choral Competitions	50
Heidelberg City Choir	50
Heidelberg City Repertory Group	25
Kerang Drama Group	50
Kew Philharmonic Society	50

APPENDIX E.—*continued.*

	£
Kyneton Choral Society	50
Kyneton Lions Club Musical Festival	200
Latrobe Valley Eisteddfod	150
Library Week	50
Lilydale Eisteddfod	50
Little Theatre Guild Ltd.	2,500
Maryborough Arts Society	100
Melba Memorial Conservatorium of Music	750
Mildura District Orchestral Society	300
Mirboo North Dramatic Club	25
Moe Musical Society	25
Moomba Festival	4,000
Mordialloc City Philharmonic Society.. .. .	100
Mordialloc Symphony Orchestra	25
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 Choral Society	50
Northcote Dramatic Society	50
Orbost Drama Group	25
Portland C.E.M.A.	100
Pyalong Music and Dramatic Group	50
Quambatook Music and Dramatic Club	25
Ringwood Arts and Crafts Society	25
St. Arnaud Society for the Enjoyment of the Arts	25
St. John's Competitions, Ballarat	125
Sale Eisteddfod Society	200
Sandringham Symphony Orchestra	100
Shepparton Musical Advancement Committee	150
Shepparton Symphony Orchestra	215
South-street Society	1,500
Stawell Choral Society	50
Stawell Cultural Society (Drama Group)	25
Thalian Players	25
Toora Musical and Elocutionary Competitions	50
Traralgon Music, Drama, and Art Society	150
Victorian Artists Society	500
Victorian Drama League	550
Victorian Highland Pipe Bands Association	250
Wangaratta Arts Council	500
Wangaratta Choral Society	100
Wangaratta Players	50
Warrandyte Arts Association	100
Williamstown Light Opera Co.	100
Williamstown Little Theatre Movement	150
Wonkana Choral Society	50
Yallourn Little Theatre	50
Yallourn Orchestral and Choral Society	100
Yaraandoo Players	50
	37,465

APPENDIX F.

SUMMARY OF RECEIPTS AND PAYMENTS FOR YEAR ENDED 30TH JUNE, 1958, OF AGRICULTURE DEPARTMENT—EDUCATIONAL, RESEARCH, AND EXPERIMENTAL INSTITUTIONS.

	Receipts.				Payments.				Net Cost.
	Students' Fees.	Sale of Produce, &c.	Rents and Other Receipts.	Total Receipts.	Salaries and Wages.	Maintenance and Other Working Expenses.	Capital Expenditure.	Total Payments.	
	£	£	£	£	£	£	£	£	£
Burnley Horticultural College ..	1,055	..	209	1,264	23,596	3,389	3,626	30,611	29,347
Dookie Agricultural College ..	10,156	26,639	7,804	44,599	96,545	61,868	29,302	187,715	143,116
Glenormiston Dairy College ..	..	10,369	1,077	11,446	8,620	7,992	4,173	20,785	9,339
Longerenong Agricultural College ..	3,644	15,413	4,820	23,877	48,427	32,955	21,197	102,579	78,702
School of Dairy Technology, Werribee	257	8,314	696	9,267	5,806	14,031	484	20,321	11,054
Ellinbank Dairy Research Centre ..	..	2,650	692	3,342	7,426	6,458	22,647	36,531	33,189
Potato Research Station, Healesville ..	..	2,206	487	2,693	6,313	5,119	5,821	17,253	14,560
Horticultural Research Station, Mildura ..	..	..	2	2	1,748	1,009	3,655	6,412	6,410
Tobacco Research Station, Myrtleford ..	..	4,942	300	5,242	5,969	2,828	20,093	28,890	23,648
Rutherglen Research Station ..	..	12,794	1,773	14,567	16,016	13,874	5,539	35,429	20,862
Rutherglen Viticultural Station ..	..	627	57	684	8,174	1,509	1,023	10,706	10,022
Horticultural Research Station, Scoresby ..	..	280	204	484	11,798	7,976	40,987	60,761	60,377
State Research Orchard, Tatura ..	..	12,671	2,104	14,775	15,107	9,709	20,243	45,059	30,284
Mallee Research Station, Walpeup ..	..	4,970	1,966	6,936	8,608	5,417	22,193	36,218	29,282
State Research Farm, Werribee ..	..	29,746	2,016	31,762	47,442	33,854	23,271	104,567	72,805
Total	15,112	131,621	24,207	170,940	311,595	207,988	224,254	743,837	572,897

In connexion with the Tobacco Research Station at Myrtleford, the above figures do not include a Commonwealth contribution of £19,525 to Treasury Trust and a payment therefrom of £9,516 to the Commonwealth.

EDUCATION DEPARTMENT
Comparative Analysis of Expenditure from Loan and Revenue

NOTE:—1957-58 shown in heavy type.
 1956-57 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 and Hostels attached thereto	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)	449,764	..	..	..	..	..	..	..	..	28,507	..	..	..	..	..	..	478,271
Salaries (including Pay-roll Tax) Teachers	423,179	..	..	..	..	..	..	..	..	27,806	..	..	..	..	..	..	450,985
Salaries (including Pay-roll Tax) Teachers, &c., in Charge of Hostels	..	204,944	74,807	404,798	3,307,894	154,152	10,744,172	..	244,443	424,848	2,358,538	356,363	..	..	..	..	18,274,959
Salaries (including Pay-roll Tax) Clerical Assistance	..	199,602	68,126	362,419	2,812,684	147,340	9,892,613	..	224,643	392,902	2,102,519	317,899	..	..	..	..	16,520,747
Salaries (including Pay-roll Tax) Clerical Assistance	2,213	..	..	..	11,822	..	..	..	14,035
Salaries (including Pay-roll Tax) Clerical Assistance	9,950	..	..	..	9,950
Salaries (including Pay-roll Tax) Clerical Assistance	..	3,798	5,958	13,095	98,505	5,058	5,146	..	..	8,522	..	14,936	1,863	..	..	..	156,881
Salaries (including Pay-roll Tax) Clerical Assistance	..	4,442	6,572	10,995	77,669	4,858	4,611	..	..	6,748	..	14,050	1,785	..	..	..	131,730
Wages—Hostel Domestic Staff	2,281	..	..	..	100,155	..	..	..	102,436
Wages—Hostel Domestic Staff	88,214	..	..	..	88,214
Allowances to Students in Training
Allowances to Students in Training
Allowances to Students in Training
Buildings (including Residences), Furniture, &c., (including Maintenance)	..	5,279	86	228,090	2,225,346	87,756	3,583,946	..	44,264	7,359	1,159,755	262,009	199,169	234,898	..	..	8,037,957
Buildings (including Residences), Furniture, &c., (including Maintenance)	..	2,384	153	167,490	2,006,640	46,084	3,697,775	..	49,335	2,609	1,183,606	244,848	137,452	112,075	..	..	7,650,451
Buildings—Rentals	2,663	8,296	137	22,317	..	376	..	3,090	..	2,498	..	..	..	39,377
Buildings—Rentals	1,017	7,327	..	17,765	..	230	..	4,078	..	3,057	..	..	..	33,474
School Cleaning, Equipment, &c.	17,304	8,443	48,228	382,680	15,473	917,497	..	19,856	60,575	..	60,695	..	..	..	..	1,530,751
School Cleaning, Equipment, &c.	17,000	6,616	34,307	291,913	15,306	772,923	..	17,480	54,048	..	48,342	..	..	..	..	1,257,935
Domestic Arts and Manual Training—class material, &c.	1,245	..	17,198	83,498	6,731	9,293	..	1,197	..	..	..	..	..	..	..	119,162
Domestic Arts and Manual Training—class material, &c.	1,772	..	19,873	80,925	10,081	15,175	..	1,999	..	..	..	..	..	..	..	129,825
Conveyance of Pupils	3,224	..	20,674	592,024	62,990	747,474	277,430	26,321	..	183,241	..	..	..	..	..	1,913,378
Conveyance of Pupils	3,610	..	21,183	525,633	60,168	701,915	251,643	15,609	..	169,410	..	..	..	..	..	1,749,171
Bursaries, Scholarships, and Maintenance allowances	1,753	53	14,200	109,387	1,982	293	64,096	..	..	39,123	..	..	10,504*	..	..	241,391
Bursaries, Scholarships, and Maintenance allowances	1,568	7	10,689	89,012	1,799	205	71,377	..	..	31,746	..	..	10,330*	..	..	216,733
ees—University and Other	45,409	..	..	..	2,350	47,759
ees—University and Other	36,131	..	..	954	..	37,085
Office requisites, postage, &c.	58,155	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	58,155
Office requisites, postage, &c.	50,822	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	50,822

