
REPORT

OF THE

AUDITOR-GENERAL

FOR THE YEAR ENDED

30th JUNE, 1959

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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, 1959.

As directed by Section 47 of the *Audit Act* 1958, I hereby transmit to the Legislative Assembly the Statement for the financial year ended 30th June, 1959, prepared in detail by the Treasurer, of the receipts and expenditure of—

the Consolidated Revenue,
the Trust Fund, and
the Loan Fund ;

and I have the honour to furnish herein, in accordance with the provisions of the said section, my report—

- (i) explaining the Statement in full ;
- (ii) showing particulars of the several matters more specifically referred to in paragraph (a) of sub-section (1) and in sub-section (2) of the said section ; and
- (iii) including, as authorized by paragraph (b) of sub-section (1) of the said section, information and comments in relation to the accounts of a number of public authorities which I am required by law to audit.

The Supplementary Estimates, the entries in respect of which are required to be incorporated in the Treasurer's Accounts for the past financial year, were approved on 4th November, 1959, by Act No. 6558.

The Treasurer's Statement and the related subsidiary statements which were received from the Treasury on 5th November, 1959, have been checked by my officers and are in agreement with the accounts of the Treasurer.

With respect to the accounts of several of the public authorities commented upon in this report, 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.

The report is arranged to present a review of the year's accounts followed by, under appropriate headings, the more detailed information and explanations necessary to meet the statutory requirements outlined above.

REVIEW.

Revenue and Loan.

In 1958-59—

	£	s.	d.
The Revenue brought to account from all sources was	151,248,062	7	2
The Expenditure charged against the year's Revenue was	153,796,203	12	11
The Deficit for the year was	2,548,141	5	9

After taking into account the deficit for the year and allowing for the increase in the equity in the National Debt Sinking Fund applicable to deficit loans, the Consolidated Revenue Deficit, as at 30th June, 1959, including discount and expenses in respect of deficits funded, amounted to £22,026,657. As at that date, this liability was borne by—

	£
Loan	17,603,484
Public Account	4,423,173
	<u>22,026,657</u>

The deficit for the year was the fourth in succession but it was less than that in each of the preceding three years, due, in some measure, to an improvement in the revenue position of the railways. This aspect of the State's accounts is exemplified below:—

	1955-56.	1956-57.	1957-58.	1958-59.
	£	£	£	£
Deficit—				
Railways Account	4,153,596	5,227,234	6,000,199	3,942,331
State Coal Mine Account ..	74,335	307,881	301,165	239,477
	<hr/>	<hr/>	<hr/>	<hr/>
	4,227,931	5,535,115	6,301,364	4,181,808
Less—Surplus—General Account..	982,431	1,223,649	3,088,708	1,633,667
	<hr/>	<hr/>	<hr/>	<hr/>
Deficit for year	3,245,500	4,311,466	3,212,656	2,548,141
	<hr/>	<hr/>	<hr/>	<hr/>

Considerable pressure on the State's revenues continued to emanate from the State's social obligations. Referring particularly to the past four years in which there have been deficits, the proportion of gross revenue allocated for social services was—33·09 per cent. in 1955-56; 33·73 per cent. in 1956-57; 34·53 per cent. in 1957-58; and 35·22 per cent. in 1958-59.

The gradual rate of rise indicated would seem to imply that the allocation of revenue for these services has been somewhat stabilized, but, when expressed in money terms, it may be seen that the rise is substantial, moving from £40,309,414 in 1955-56 to £53,271,223 in 1958-59. In any consideration of the State's financial position it should not be overlooked that, in recent years, loan moneys have been used to a greater extent to provide for certain social expenditure, which, formerly, was regarded as a proper charge against revenue. In this regard, Item 2 of the Public Works Loan Application Acts is an outstanding example.

The aforementioned item authorizes expenditure from Loan Fund on the maintenance, repair and renewal of school buildings and residences, &c. In each of the past four years, the amount of expenditure under the item was:—

	£
1955-56	727,528
1956-57	890,436
1957-58	883,228
1958-59	1,153,965

Actually, there is little, if any, difference between the nature of the expenditure charged to this item and that charged to the relevant revenue provision.

Further, Item 1 of the same Loan Application Acts, which provides for expenditure of a capital nature for educational purposes, has, apart from its main object, been used in each of the past two years as an authority for grants to existing technical schools for the provision of equipment. Previously, grants for this purpose were provided from revenue. Charges to Item 1 on account of these grants amounted to £39,960 in 1957-58 and £98,700 in 1958-59.

A similar change in the method of providing funds was noticeable in respect of other expenditure—on certain projects for the Fisheries and Game Branch of the Chief Secretary's Department and the Ports and Harbors Branch of the Public Works Department, and in connexion with the acquisition of aerial survey equipment for the Lands Department.

Expenditure from the Loan Fund on railway rehabilitation works is another class of expenditure which, if not wholly, at least in part would have been regarded in the strict accounting sense as a proper charge against funds provided from revenue. Over the period from the commencement of the rehabilitation programme in 1950 to 30th June, 1959, expenditure on these works amounted to £42,145,174 of which £4,981,723 was incurred in 1958-59.

Also, an inconsistency was noted in the method of charging the amount of £199,900 paid to the St. Kilda City Council to finance certain road-works following the cessation of the electric street railway service within the municipality of St. Kilda. This amount has been charged temporarily to Treasurer's Advance pending the passing of an Act authorizing the transfer of the charge to Loan Fund whereas, in similar circumstances, payments in 1956-57 and 1957-58 amounting to £195,000 and £107,500 to the City of Brighton and City of Sandringham respectively, were charged to Consolidated Revenue.

Although the application of loan moneys to maintenance and replacement works obviates the immediate necessity for appropriate charges to Consolidated Revenue, it should be recognized that, in each such instance, this course imposes on the revenues of future years not only the basic burden but, also, additional charges by way of interest on the loan liability incurred.

It may be contended that, in an expanding community, this method of finance is sound in any instance where the repair or replacement of an asset is likely to result in a greater economic return to the State or, in respect of social services, where the new asset provided is of a permanent nature and its date of obsolescence is expected to lie far ahead. It would be difficult, on either of these grounds, to justify much of the expenditure charged to Item 2 of the Public Works Loan Application Acts.

In the year under review, the State's net loan liability, excluding that incurred by way of conditional loan advances made by the Commonwealth for housing and soldier settlement, increased by £37,278,851.

Certain aspects of social expenditure from loan moneys have already been mentioned. The comparative statement hereunder discloses, *inter alia*, that the proportion allocated from the Loan Fund for this class of expenditure, has been maintained at the high level evident in recent years.

Nature of Expenditure.	1956-57.		1957-58.		1958-59.	
	—	Percentage of Loan Moneys Available.	—	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	15,620,384	32·21
Law and Order—						
Law, Police, Penal, &c. .. .	501,041	1·09	639,392	1·36	565,276	1·16
Railways and State Coal Mine .. .	7,406,821	16·10	7,049,365	14·97	7,432,234	15·33
Primary Production—						
Agriculture, Lands, Soldier Settlement, Forests, Country Water Supply, &c. ..	10,989,806	23·88	11,395,597	24·20	12,375,505	25·52
Advances to State Electricity Commission ..	3,400,000	7·39	3,200,000	6·79	3,500,000	7·22
Other Public Works .. .	1,908,032	4·15	2,651,652	5·63	2,873,176	5·93
Other Works, Advances, &c. .. .	3,097,172	6·73	2,378,123	5·05	2,054,896	4·24
In aid of Revenue .. .	3,245,500	7·05	4,315,000	9·16	3,000,000	6·19
Total Expenditure .. .	44,195,840	96·05	45,652,652	96·94	47,421,471	97·80
Balance forward .. .	1,817,526	3·95	1,442,924	3·06	1,067,788	2·20
Total loan moneys available for works ..	46,013,366	100·00	47,095,576	100·00	48,489,259	100·00

The statistical analysis—Debt Charges—part of Statement No. 5 of this report—indicates clearly the upward trend in the charges to the general revenues of the State as the result of loan expenditure on projects which provide no direct revenue return. Obviously, if the general revenues of the State are, for this reason, to carry additional charges, the State, in future years, will be confronted with the alternatives of economies in other items of expenditure or of obtaining increased revenues.

The annual gross revenue of the State has increased substantially but it is still not in sufficient strength to achieve budgetary balance and, in 1958-59, it fell short of the estimated figure (see comparative statement page 17). Such revenue is derived from both

Commonwealth and State sources and it is noticeable that the relative proportions obtained from these two sources have shown little change. Comparative details, including those relating to the over-all position of the State, are shown in tabular form below :—

Year.	Commonwealth Contributions and Recoups.	Percentage of Gross Revenue.	Revenue from State Sources.	Percentage of Gross Revenue.	Gross Revenue.	Deficit.	Gross Expenditure.
	£		£		£	£	£
1955-56 ..	42,857,953	34·80	80,294,006	65·20	123,151,959	3,245,500	126,397,459
1956-57 ..	49,304,687	37·00	83,949,136	63·00	133,253,823	4,311,466	137,565,289
1957-58 ..	55,095,926	38·71	87,240,698	61·29	142,336,624	3,212,656	145,549,280
1958-59 ..	58,226,191	38·50	93,021,871	61·50	151,248,062	2,548,141	153,796,203

The operation of the formula expressed in the Commonwealth's *States Grants (Tax Reimbursement) Act* 1946-48 and supplementary grants by the Commonwealth have accounted largely for the increases indicated in State revenue from Commonwealth sources (for particulars see page 11).

State taxes and earnings of State works including railways mentioned earlier herein, are the major State sources of revenue. The former is discussed in detail at page 11 *et seq.* of this report. Therein, it is disclosed that, although gross revenue from State taxation was greater by £1,980,201 than in the previous year, there were substantial decreases in some of the items which comprise that source.

Due to the continuation of the marked downward trend evident in the previous year in the number of persons attending entertainments, revenue from "Entertainments Tax" fell by £119,829 in 1958-59. Actually, the fall in collections from this source would have been greater but for an amount of £62,059 received in 1958-59 on account of "Entertainments Tax" due in respect of the Olympic Games held in Melbourne in 1956.

Revenue from taxes associated with racing was also at a reduced level—"Betting Tax" decreased by £32,515; "Totalizator Duty" by £63,423; "Stamp duty on Betting Tickets" by £2,533; and "Bookmakers' Licences" by £1,097, although attendances at race meetings exceeded those of 1957-58. (See table showing details of admissions to entertainments at page 13 of this report).

Major factors in the net increase in revenue from State taxation were increases in collections of—£1,559,393 from "Sale of Duty Stamps"; £650,098 from "Duty on Insurance Business"; £91,279 in the payment from the Licensing Fund; and £54,372 from "Land Tax".

Notwithstanding the over-all improvement disclosed in the collections from State taxation it is noticeable that, in respect of several of the major sources of revenue in that field, collections were less than the budget estimates.

Trust and Special Funds.—Thirteen new funds and accounts were established during the year. Particulars of these and many of the other funds and accounts which comprise the Trust Fund are given in this report commencing at page 78.

In 1958-59, debits and credits to the funds and accounts within the Trust Fund aggregated respectively £96,413,427 and £100,632,737, as compared with £96,515,816 and £98,793,686 in 1957-58.

As indicated earlier in this review, Commonwealth loan advances for housing and special assistance for soldier settlement are not included in the State's ordinary loan liability. Because they are made available for specific purposes and are subject to special conditions, they pass through special accounts within the Trust Fund. At 30th June, 1959, the State's liability to the Commonwealth on account of housing was £110,030,169 and on account of special assistance for soldier settlement £6,135,052.

Under the Railways Standardization Agreement dated 12th September, 1958, the Commonwealth is responsible for the provision of all funds to meet expenditure on work associated with the construction of the uniform railway gauge between Albury and

Melbourne. Victoria and New South Wales are each required to meet, over a period of fifty years, three-twentieths of the cost of the work. The receipt and disbursement by Victoria of Commonwealth funds made available for the purpose are recorded in a special account in the State Treasury.

Moneys are also made available by the Commonwealth and credited to special accounts for disbursement by the State for hospital benefits and other social purposes and as an aid for road works.

The credits and debits to the aforementioned special accounts in 1957-58 and 1958-59 are compared hereunder :—

Account.	1957-58.			1958-59.		
	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	..	7,560,000	7,560,000	..
Home Builders' Account	2,389,248*	2,316,488	72,760	3,827,258*	3,789,714	37,544
Commonwealth-State Soldier Settlement	2,003,780	2,003,775	5	1,000,000	713,337	286,663
Uniform Railway Gauge Trust Account	470,000	470,000	..	1,627,103	1,625,622	1,481
Hospital Benefits	1,587,934	1,516,830	71,104	1,638,104	1,601,987	36,117
Commonwealth Aid Roads and Works	6,313,296	6,289,139	24,157	7,045,132	6,678,236	366,896
Other	5,398,203	3,803,058	1,595,145	6,335,380	4,728,300	1,607,080
	26,562,461	24,799,290	1,763,171	29,032,977	26,697,196	2,335,781

* Includes repayment of advances and interest thereon 1957-58, £384,998; 1958-59, £654,498.

In addition to the provision of the moneys listed in the statement, the Commonwealth, in 1958-59, supplemented State contributions to the extent of £62,869 for tobacco experimental works and for flood protection and restoration.

As indicated, funds are received from Commonwealth sources for road and associated works. Moneys for this purpose are also raised from State sources and are credited to the Country Roads Board Fund. Such moneys include collections on account of fees, fines and licences, &c., under the Motor Car Act and fees under the Commercial Vehicles Road Maintenance Act. Excluding cross entries, credits to the Fund in 1958-59, including the balance brought forward, amounted to £11,434,355, as compared with £10,777,256 in the previous year.

Again excluding cross entries, expenditure on road and associated works by the Country Roads Board from moneys provided as aforesaid and from loan allocations, amounted to £14,725,744 in 1957-58 and to £15,021,603 in 1958-59.

Certain aspects of the departmental Stores Suspense Accounts kept within the Treasury Trust Fund, and referred to in the previous year's report, are the subject of inquiry by the Public Accounts Committee.

It has been noticed during the year that, where slow-moving stores have been sold by public auction, small proportions only of their respective book values have been recovered. Yet, the presence in a store of obsolete and other items in little demand makes efficient storekeeping more difficult, as accommodation for more active items is reduced, stores records are, in consequence, voluminous and stocktakings require more intensive work and longer periods for completion. This problem is still being faced by some departments and authorities and its early solution is essential, not only in the interests of efficiency, but also on the grounds of economy.

Public Account.—At the close of the year, cash amounting to £15,283,791 was held at the following banks :—

	£
Contracting Banks, Melbourne	15,234,894
Westminster Bank, London	4,609
Contracting Bank, Wellington	44,288
	<hr/>
Total	15,283,791
	<hr/>

The amount held, £15,283,791, is the difference between the aggregate of the cash balances at the credit of certain accounts in the Treasury books and the total of the advances made from Public Account for various purposes. Details are :—

Credit balances—	£	£
Surplus Revenue Account—previous years		16,180
Loan Fund		1,067,788
Trust Funds and Special Accounts	40,489,329	
<i>Deduct</i> Investments	19,069,301	21,420,028
		<hr/>
		22,503,996
 <i>Less</i> Advances—		
For Revenue deficits	4,423,173	
„ Departmental Advances, &c.	2,414,232	
„ Treasurer's Advance	382,800	7,220,205
		<hr/>
Cash balance as above—		15,283,791
		<hr/>

The comparable balance as at 30th June, 1958 was £12,380,758.

Public Authorities.—Financial statements of many of the public authorities subject to audit by me together with appropriate comments thereon are furnished on page 110 *et seq.* Salient features of the accounts of some of these authorities are briefly referred to hereunder :—

- (i) Electricity Commission—Operating income for the year exceeded operating expenditure by £15,158,005 and miscellaneous income amounted to £25,529. The major part of these two amounts was applied—in meeting interest, £10,769,163, and other charges £791,052; in providing for a transfer of £21,250 (net) to the Rural Development Reserve; and in writing off to the extent of £3,200,000 interest and other expenditure temporarily capitalized in previous years. The balance, £402,069, was appropriated to the Contingency and General Reserve.

Prior to 1956–57, it was the Commission's practice to capitalize temporarily the greater proportion of the interest and minor items of expenditure on works during construction, but, in 1956–57 and 1957–58, interest during construction in operating areas was made a direct revenue charge. However, in 1958–59, all interest during construction was included in the interest debited to the Commission's Profit and Loss Account. It is now the declared policy of the Commission to follow consistently, in this regard, the procedure adopted in 1958–59.

- (ii) Gas and Fuel Corporation.—Profit on trading plus income from general investments amounted to £284,982. Of this sum, £25,000 was transferred to Contingency Reserve and £39,974 was provided to meet the balance of the estimated cost of special repairs to generators at Morwell. Thus, the net profit for the year was £220,008.

As explained in detail later in this report, the whole of the net profit, with the exception of an amount of £673, has been absorbed in writing off the debit balance brought forward on Profit and Loss Appropriation Account, and in the payment of dividends on the Corporation's preference shares. In the circumstances, the declaration of a dividend on the Corporation's ordinary shares was again not possible.

The ordinary shares are held solely by the State and represent an investment of £4,000,000 from its Loan Fund. Because the Corporation's profits have not been sufficient to provide for dividends on these shares, the State has received no set-off against the annual debt charges on the loan moneys raised by it for the purpose of the investment. To 30th June, 1959, the net charges on the State's Consolidated Revenue for debt charges applicable to the undertaking, had reached the sum of £1,006,610. Further, the possibility of any return to the State on these shares will be influenced in future years by the methods adopted by the Corporation to amortise the "intangibles", amounting in all to £1,618,557, included in the assets on its balance-sheet.

- (iii) Melbourne and Metropolitan Tramways Board.—As it appears certain that, subject to the enabling Bill at present before Parliament being enacted, the Board will, in respect of its 1958-59 accounts, adopt a different form of presentation from that followed in previous years, I have omitted from this report any further reference to those accounts.
- (iv) Housing Commission.—Improvements in the Commission's internal accounting and auditing procedures have made possible, in 1958-59, greater progress by my officers in the over-all and statutory audit of the Commission's accounts. This audit is not yet completed but the figures from the draft statements of account, which were recently made available to me, are included in this report for the purposes of comparison with those of the previous year.

Miscellaneous—Audit Acts 1957 and 1958.—As stated in the report on the previous year's accounts, the *Audit Act 1957* came into operation as from 1st July, 1958. This Act was superseded by the consolidated Act—the *Audit Act 1958*—with effect from 1st April, 1959. With slight exception, both Acts are in identical terms.

During the year, it became evident that, in certain circumstances, the "surcharge" provisions of these Acts were ineffectual in practice. Section 36 empowers me to call on a person in default in terms of the Section, to show cause why he should not be surcharged, and, upon his failure to show cause to my satisfaction, to surcharge him with part or whole of the amount involved.

In a particular instance, I was unsuccessful in serving notice of surcharge, and it would appear that the said Section should be amended to provide for substituted service in any instance in which the circumstances warrant it.

Further, as the Crown Solicitor has expressed the opinion that the power to surcharge applies only to a person who is an officer or employe of the Public Service or an officer or servant of a public authority at the time the surcharge is made, I consider that such surcharge provisions should be extended to cover any individual who, during his tenure of office in the Public Service or period of employment in a public authority, was in default.

Also, in consequence of the Crown Solicitor's opinion, I hold the view that uniform action should be taken against all defaulters to protect the right to sue for recovery of the amounts involved.

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.

	1957-58.	1958-59.		£
	£	£		£
Commonwealth Reimbursement of Taxes				
(including special assistance)	51,463,063	54,579,077	Increase	3,116,014
Railways	35,947,810	38,141,702	..	2,193,892
State Taxes	28,527,512	30,507,713	..	1,980,201
Interest (including Recoups)	7,686,685	8,420,192	..	733,507
Recoups, &c. (other than Interest and Water				
Supply)	2,647,894	3,182,098	..	534,204
Mental Hygiene	206,114	650,540	..	444,426
Lands	586,391	694,959	..	108,568
Country Water Supply (including Recoups)	3,493,313	3,597,198	..	103,885
Fees	1,118,740	1,211,688	..	92,948
Government Printer	1,065,486	1,152,024	..	86,538
Fines	367,713	451,506	..	83,793
Agriculture	432,314	463,003	..	30,689
Ports and Harbors	518,038	536,557	..	18,519
Education	224,599	240,982	..	16,383
				<hr/>
Total Increase .. .. .			..	9,543,567
				<hr/>
Health	*1,329,219	*1,099,536	Decrease	229,683
Forests	2,347,335	2,141,708	..	205,627
Coal Mines	471,739	409,367	..	62,372
Penal Establishments	115,718	80,834	..	34,884
Police	424,385	401,509	..	22,876
Mint	189,605	175,804	..	13,801
Sale of Government Property	110,942	101,138	..	9,804
Soldier Settlement Commission	20,559	17,835	..	2,724
Rents, &c.	255,323	253,946	..	1,377
Sundry	658,968	609,987	..	48,981
				<hr/>
Total Decrease .. .. .			..	632,129
				<hr/>
Commonwealth	2,127,159	2,127,159	..	..
	<hr/>	<hr/>		<hr/>
	142,336,624	151,248,062	Increase	8,911,438
	<hr/>	<hr/>		<hr/>

* Includes reimbursement of Tuberculosis expenses by Commonwealth in 1957-58, £1,294,655, and in 1958-59, £1,060,031.

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 Grants (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 1958-59, £46,478,415 was Victoria's share under the formula and £8,104,105 was a supplementary grant.

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

	Formula Grant.	Victoria's Proportion.	Victoria's Percentage.	Supplementary Grant.	Victoria's Proportion.	Victoria's Percentage.
	£	£	%	£	£	%
1946-47 ..	40,000,000	8,860,000	22·15	..	..	..
1947-48 ..	45,000,000	9,967,500	22·15	..	..	..
1948-49 ..	53,744,471	12,098,479	22·51	..	..	..
1949-50 ..	62,537,279	14,303,485	22·87	8,000,000	1,829,755	22·87
1950-51 ..	70,398,097	16,337,974	23·21	20,000,000	5,910,399	29·55
1951-52 ..	86,423,046	20,376,443	23·58	33,576,954	9,123,557	27·17
1952-53 ..	108,754,860	26,084,956	23·99	27,145,567	7,131,351	26·27
1953-54 ..	120,507,260	29,378,198	24·38	21,914,874	5,621,802	25·65
1954-55 ..	130,097,993	32,418,857	24·92	19,902,007	4,959,341	24·92
1955-56 ..	141,652,261	36,068,591	25·46	13,347,739	3,398,704	25·46
1956-57 ..	154,645,033	40,236,746	26·02	19,404,967	5,825,738	30·02
1957-58 ..	165,854,559	43,999,943	26·53	{ 24,145,441	6,405,600	26·53
				{ 4,000,000*	1,061,169	26·53
1958-59 ..	174,562,754	46,478,415	26·62	30,437,246	8,104,105	26·62

* 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 1958-59 totalled £3,443 and consisted of Income Tax £2,689 and Unemployment Relief Tax £754.

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, 1959, £2,167,689.

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, 1959, was £407,191.

STATE TAXES.

"Revenue, No. 1 Taxation", in the Treasurer's Accounts is classified, by way of description, under "Direct" taxation, revenue under the "Stamps Acts", collections from "Registrations, &c.," of shops and factories, &c., and proceeds of "Licences" issued under State laws. Further, each of these classifications is dissected in detail on the basis of the component revenue sources.

"Direct" taxation includes revenue from Probate Duty, Land Tax, Entertainments Tax and Totalizator and Tattersall Duty. Revenue under the "Stamps Acts" comprises collections from the sale of Betting Tickets, Duty on Insurance Business, sale of Duty Stamps and Turnover Tax on Bookmakers' Transactions. The title "Licences" covers not only licence fees credited direct to Consolidated Revenue but also the payment made thereto from the Licensing Fund.

Under each of the four main classifications referred to, taxation revenue over the past four years is compared hereunder :—

No. 1 Taxation.	1955-56.	1956-57.	1957-58.	1958-59.
	£	£	£	£
Direct	15,188,133	16,634,405	18,091,504	17,750,209
Stamps Acts	5,356,664	6,229,765	7,440,356	9,614,800
Registrations, &c.	144,835	156,918	142,635	154,390
Licences	2,336,631	2,562,527	2,853,017	2,988,314
Total Taxation	23,026,263	25,583,615	28,527,512	30,507,713

The following comments refer in more detail to several of the main sources of taxation revenue.

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.

	1955-56.	1956-57.	1957-58.	1958-59.
	£	£	£	£
Probate Duty	7,102,168	7,005,493	8,065,270	7,838,504
Land Tax	3,249,674	4,169,746	4,606,928	4,661,300
Entertainments Tax	1,216,588	1,624,497	1,749,298	1,629,469

Probate Duty for 1958-59 amounting to £7,735,791 was collected by the Commissioner of Taxes and £102,713 by the Public Trustee.

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

By Commissioner of Taxes	7,099
By Public Trustee	370
Total	<u>7,469</u>
Corresponding number for 1957-58	<u>7,127</u>

The aggregate value of new estates assessed decreased from £76·2 million in 1957-58 to £75·4 million in 1958-59. However, arising from the incidence of the duty, the decrease of £226,766 in the amount of the duty collected was disproportionate to the comparatively small reduction indicated in the aggregate value of the new estates assessed. In this regard, there was an increase of over £3 million in the value of estates which attract duty at lower rates, viz., estates passing to widows, widowers and children of testators, as against a decrease of some £4 million in the value of other estates, particularly those exceeding £25,000 in value, all of which yield duty at higher rates.

Rates of duty were varied by Act No. 6478 with effect from 1st December, 1958, but the provisions of the Act applied only to the estates of persons dying on or after that date. In the financial year under review, the effect of these variations was slight, as probate had issued in few estates subject to the amended duty.

Land Tax.—The revision of land values throughout the State continued to be the main factor contributing to the upward trend in the collections from this source. However concessions provided by Act No. 6447 offset in part the benefits arising from higher valuations.

Entertainments Tax collections of £1,629,469 included £62,059 paid by the Organizing Committee of the Olympic Games following adjustment of its funds by the State and Commonwealth. The substantial decrease in Entertainments Tax for the year was almost wholly due to a decline of twenty-five per cent. in attendances at picture theatres.

The following statement shows the trend in the number of admissions to the various classes of entertainment over the past three years :—

	Admissions.			
	1956-57.	1957-58.	1958-59.	Variations between 1957-58 and 1958-59.
Theatres	1,241,007	1,118,568	1,228,197	109,629 +
Sport	417,046	603,784	731,404	127,620 +
Pictures	33,991,756	28,591,475	21,507,048	7,084,427 -
Racing	2,175,082	2,133,757	2,183,893	50,136 +
Dancing and Skating	2,108,955	1,844,608	1,734,086	110,522 -
Miscellaneous	918,353	781,354	700,420	80,934 -
Periodical or Season Tickets	233,024	169,111	249,358	80,247 +
Total	41,085,223	35,242,657	28,334,406	6,908,251 -

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

	1955-56.	1956-57.	1957-58.	1958-59.
	£	£	£	£
Duty Stamps	3,948,335	4,795,007	5,758,105	7,317,498
Insurance Licences	347,688	360,718	392,524	1,042,622
Betting Tax	957,247	974,960	1,186,513	1,153,998
Betting Tickets	103,394	99,080	103,215	100,682
Bookmakers' Licences	40,997	39,084	38,851	37,754
Total	5,397,661	6,268,849	7,479,208	9,652,554

Revenue benefited substantially by the operation, from 1st December, 1958, of the *Stamps (Amendment) Act 1958 No. 6450*.

The following increases in duty authorized by that Act are reflected in the total collections under the heading "Duty Stamps" :—

- (a) Partitions, conveyances and transfers on the sale of land—increases of 25 per cent. or 50 per cent. according to the consideration.
- (b) Deeds of Settlement or Gift—increase of 100 per cent.
- (c) Hire purchase—increase of 100 per cent. The dutiable field was extended to include all instalment purchase agreements, covering credit purchase, hire purchase and rental agreements.

Also, under this Act, insurance licences were made subject to duty at five per cent. of premiums as defined, compared with three per cent. previously, and the field of collection was widened to cover all classes of insurance except life assurance, employers' liability, motor car, and insurance against damage by hail to cereal and fruit crops.

In addition to the above, revenue totalling £3,650 was received from the sale of betting books supplied by the Comptroller of Stamps in accordance with the provisions of Section 117 of the *Stamps Act 1958*.

Apart from the ordinary revenue collections mentioned above, the Comptroller of Stamps received, under special statutes, £157,087 for the Cattle Compensation Fund and £63,097 for the Swine Compensation Fund.

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

	1955-56.	1956-57.	1957-58.	1958-59.
	£	£	£	£
Fees, Titles Office	342,103	510,258	594,991	644,458
„ Registrar-General	108,796	179,032	240,097	258,568
Total	450,899	689,290	835,088	903,026

The higher revenue in 1958-59 is consistent with the increasing activity in real estate transactions and in business generally.

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 1958*.

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
1958-59	148	7	6	..	8,750,000
Total	739	36	29	2	44,113,391

In 1958-59, all of the 5s. and four of the £1 consultations were for 200,000 units. The remaining consultations consisted of 100,000 units only.

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

	1956-57.	1957-58.	1958-59.
	£	£	£
Duty payable	2,953,452	2,863,194	2,805,471
Less amounts due for consultations drawn but payable in July of succeeding year	51,673	80,187	34,408
	2,901,779	2,783,007	2,771,063
Plus amounts paid and exchange credited in July on account of previous year	86,517	61,167	89,669
	2,988,296	2,844,174	2,860,732
Less exchange on balance held in New Zealand as at 30th June	9,494	9,482	11,836
Amount of duty shown in Treasurer's accounts	2,978,802	2,834,692	2,848,896

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, 1959, the balance in this account was £44,288 (N.Z. currency).

Payments to the Government of New Zealand during the year, on the basis of 15½ per centum of New Zealand subscriptions, totalled £235,102, as compared with £232,377 in 1957-58. The amount due to the Government of New Zealand is appropriated annually in the Appropriation Act.

The respective shares of the Victorian and New Zealand Governments of the duty paid from 1st July, 1954, to 30th June, 1959, were £13,157,741 and £895,943.

As at the 30th June, 1959, an amount of £61,750, equivalent to £49,914 (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 four consultations drawn immediately prior to the close of the year.

All duty is paid to Consolidated Revenue, and pursuant to the provisions of the *Tattersall Consultations Act 1958*, is paid therefrom to the Hospitals and Charities Fund and the Mental Hospitals Fund in such proportions as the Treasurer from time to time determines.

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.

Unpaid prizes for consultations drawn during 1954-55 and 1955-56 totalled £15,726. In accordance with the Regulations under the Act, this amount, less certain expenses incurred by the promoter in searching for the persons concerned, has been paid to the Treasurer to place to the credit of the Unclaimed Moneys Fund.

Totalizator.—Act No. 6353 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:—

	1957-58.			1958-59.		
	Horse Races.		Dog Races.	Horse Races.		Total.
Percentage—	£	£	£	£	£	£
Win and Place—						
Metropolitan	508,874		19,309	457,148		15,868
Country	9,387		365	8,957		309
Doubles and Quinella—						
Metropolitan	126,117		17,614	132,252		17,911
Country	3,565		401	4,372		309
		647,943		603,729		34,397
			37,689			
						638,126
			685,632			
Fractions—						
Win and Place—						
Metropolitan	98,723		4,852	84,849		3,879
Country	7,540		293	6,428		266
Doubles and Quinella—						
Metropolitan	7,306		2,351	5,661		2,192
Country	888		94	849		78
		114,457		97,787		6,415
			7,590			
						104,202
			122,047			24,708
Dividends Unclaimed ..			22,780			
			830,459			767,036

Continuation of the trends noticeable in the previous year—increasing patronage of the Doubles and Quinella Totalizator and a falling off in that of the Win and Place Totalizator—is indicated by the figures given in the table. It will be observed that, because of the differential percentages levied on the respective turnovers of these two classes of totalizators, the movement of patronage in the direction stated is a factor contributing to the lower return to the State.

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 (£2,316,678), spirit merchants and grocers (£381,065), and clubs (£127,035). 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.

Subject to a minor payment on account of expenses incurred in connexion with the referendum held on 24th March, 1956, 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.

A comparative statement of receipts and payments of the Licensing Fund for the period 1st July, 1956 to 30th June, 1959, is given hereunder:—

	1956-57.		1957-58.		1958-59.
	£		£		£
Balance 1st July.. .. .	341,000	..	330,765	..	330,750
<i>Receipts—</i>					
Licences and Club Certificates..	2,482,238	..	2,782,737	..	2,871,211
Permits—Extended Hours ..	27,128	..	27,999	..	29,617
Fees and Fines	21,303	..	21,760	..	22,714
Interest on Investments ..	10,439	..	10,052	..	10,052
Miscellaneous	6,013	..	7,625	..	7,524
<i>Total Receipts for the Year</i> ..	<u>2,547,121</u>	..	<u>2,850,173</u>	..	<u>2,941,118</u>
<i>Payments—</i>					
Salaries and other Administrative Expenses	52,194	..	54,024	..	58,304
Cost of policing Act	45,177	..	49,565	..	49,759
Payments to Municipalities ..	58,244	..	58,116	..	57,512
Payment to Police Superannuation Fund	23,000	..	23,000	..	23,000
Compensation	865	..	17,195	..	12,989
Liquor Referendum	505	..	15	..	16
Repayment to Public Account..	9,730	..	..	..	..
<i>Total Payments for the Year</i> ..	<u>189,715</u>	..	<u>201,915</u>	..	<u>201,580</u>
<i>Transfer to Consolidated Revenue</i> ..	<u>2,367,641</u>	..	<u>2,648,273</u>	..	<u>2,739,552</u>
Balance 30th June	<u>330,765</u>	..	<u>330,750</u>	..	<u>330,736</u>
Percentage of <i>Revenue Transfer</i> to total receipts	93·0	..	92·9	..	93·1

The following statement shows the variations of Revenue Receipts from the Budget Estimate in 1958-59:—

	Budget Estimate.	Revenue.	Excess + Deficiency —.
	£	£	£
State Taxes—			
Probate Duty	8,150,000	7,838,504	311,496—
Land Tax	4,750,000	4,661,300	88,700—
Entertainments Tax	1,663,000	1,629,469	33,531—
Income Tax (Arrears)	2,000	2,689	689+
Unemployment Relief Tax (Arrears)	1,000	754	246—
Totalizator	850,000	767,036	82,964—
Tattersall Duty	2,950,000	2,848,896	101,104—
Betting and Bookmakers' Licences	1,333,000	1,254,680	78,320—
Duty on Insurance Business	1,000,000	1,042,622	42,622+
Stamp Duty	7,660,000	7,317,498	342,502—
Registration Fees—Tobacco, &c.	170,600	154,390	16,210—
Licensing Fund Payment	2,650,000	2,739,552	89,552+
Auctioneers' and other Licences	165,640	248,762	83,122+
Interest	8,297,430	8,420,192	122,762+
Territorial	2,381,960	2,451,944	69,984+
Railways, Water and other State Works	43,603,177	43,159,021	444,156—
Ports and Harbors	521,350	536,557	15,207+
Fines	377,000	451,506	74,506+
Fees—Titles Office and Registrar-General	920,000	903,026	16,974—
Departmental	4,477,510	4,537,041	59,531+
Repayment of Revenue Advances	9,170	30,530	21,360+
Housing Agreement	886,500	869,181	17,319—
Recoup Sinking Fund Contributions	260,530	265,051	4,521+
Recoup Exchange, &c.	75,000	89,041	14,041+
Other Receipts	2,736,780	2,322,584	414,196—
Commonwealth Financial Agreement	2,127,159	2,127,159	..
Commonwealth Income Tax Reimbursement	46,376,000	46,474,972	98,972+
Commonwealth Special Assistance	8,075,000	8,104,105	29,105+
	152,469,806	151,248,062	1,221,744—

EXPENDITURE.

The Expenditure charged against Income was more than the outlay for 1957-58 by the amount of £8,246,924. A comparison of the figures for the two years under the separate divisions of votes and special appropriations is given in the following statement:—

	1957-58.	1958-59.		£
	£	£		£
Education	26,319,418	28,804,643	Increase	2,485,225
Health	15,003,118	16,365,598	„	1,362,480
Chief Secretary	9,731,447	10,300,293	„	568,846
Treasurer	4,618,474	4,961,560	„	343,086
Water Supply	3,451,349	3,618,864	„	167,515
Agriculture	1,957,125	2,122,224	„	165,099
Attorney-General	1,805,415	1,933,337	„	127,922
Public Works	2,912,432	3,033,050	„	120,618
Lands	1,877,381	1,916,030	„	38,649
Other	1,462,327	1,598,860	„	136,533
Railways	36,452,940	36,236,638	Decrease	216,302
Forests	1,177,235	1,041,909	„	135,326
Coal Mine	772,904	648,844	„	124,060
Total Votes	107,541,565	112,581,850	Increase	5,040,285
Interest including Exchange*	22,829,002	25,065,031	Increase	2,236,029
National Debt Sinking Fund	4,169,526	4,688,988	„	519,462
Pensions	3,755,173	4,054,575	„	299,402
Charities and Mental Funds (Tattersall)	2,834,692	2,848,896	„	14,204
Other	2,590,681	2,807,162	„	216,481
Charities Fund (Totalizator)	830,459	767,036	Decrease	63,423
Endowments and Grants	998,182	982,666	„	15,516
	145,549,280	153,796,204	Increase	8,246,924

* Additional Interest voted in 1957-58 £20,834, and in 1958-59 £12,784.

Most of the expenditure shown in the foregoing statement has been classified under departmental headings and is discussed in subsequent sections. That in connexion with the Treasury has not been so classified, and is dealt with generally throughout the report.

A major expenditure group, which comprises endowments and subsidies, contributions to various funds and bodies and grants for health, education and other social services, is provided partly from special appropriations and partly from departmental votes. Total expenditure of this nature for the year was £4,336,792 compared with £4,071,400 in 1957-58. For the purposes of this report, expenditure pertaining to Health, Education and Forests is dealt with under related headings and details of the remainder are given in Appendices C1-2

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

	Budget Estimate.	Expenditure.	+ Excess. - Less.	Supplementary Provision.	Unexpended.
	£	£	£	£	£
<i>Votes—Appropriation Act No. 6484.</i>					
Premier	858,761	880,850	+ 22,089	39,752	17,663
Chief Secretary	10,262,682	10,300,293	+ 37,611	207,298	169,687
Labour and Industry	273,700	261,232	— 12,468	300	12,768
Education	28,871,314	28,804,643	— 66,671	162,009	228,680
Attorney-General	1,907,864	1,933,337	+ 25,473	55,581	30,108
Treasurer	5,038,975	4,961,560	— 77,415	51,861	129,276
Lands and Survey	1,947,869	1,916,030	— 31,839	17,290	49,129
Public Works	3,051,981	3,033,050	— 18,931	59,221	78,152
Local Government † .. .. .	..	31,363	+ 31,363	31,501	138
Mines	426,740	416,739	— 10,001	900	10,901
Forests	1,143,348	1,041,909	— 101,439	20,350	121,789
Water Supply	3,635,000	3,618,864	— 16,136	50,243	66,379
Agriculture	2,215,735	2,122,224	— 93,511	20,429	113,940
Health	15,839,649	16,365,598	+ 525,949	620,891	94,942
Railways	36,409,405	36,236,638	— 172,767	57,335	230,102
Coal Mine	749,698	648,844	— 100,854	1	100,855
Ministry of Transport	10,232	8,676	— 1,556	150	1,706
	112,642,953	112,581,850	— 61,103	*1,395,112	1,456,215
Special Appropriations	41,577,245	41,214,354	— 362,891	..	362,891
	154,220,198	153,796,204	— 423,994	1,395,112	1,819,106

* Authority provided by Act No. 6558.

† Department established on 23rd December, 1958.

LOAN FUND.

The State incurred additional loan liability of £42,356,484 on account of moneys raised for works and associated purposes during the year, compared with £41,367,194 in the previous year—an increase of £989,290. The sources of the funds were—three public loans in Australia, one in London and one in New York, and the proceeds of the sale of Special Bonds.

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 £44,421,471, the funding of deficits to the extent of £3,000,000, and a balance of £1,067,788 to be carried forward for expenditure in the succeeding year.

These transactions may be summarized as follows:—

Liability—	£
Australian Public Loans	37,827,459
London Loan	3,160,000
New York Loan	1,081,270
Domestic Raisings	287,755
	42,356,484
 Premium on Exchange—	£
London	785,813
New York.. .. .	1,230,734
	2,016,547
	44,373,031
 <i>Less—</i>	
Discounts capitalized	173,032
Expenses of Flotation	256,952
Treasurer's Advance repaid	209,925
	639,909
	43,733,122
Balance forward 1st July, 1958	1,442,924
Repayments	2,930,684
Treasurer's Advance 30th June, 1959	382,529
	48,489,259
Total loan cash available	1,067,788
Balance in hand 30th June, 1959	1,067,788
	47,421,471
Expenditure (including funding of deficits, £3,000,000).. .. .	47,421,471

The above statement takes no account of moneys advanced by the Commonwealth Government for Housing under the Commonwealth-State Housing Agreement, £10,660,000 (including £3,100,000 for Home Builders), nor £999,995 advanced for Commonwealth-State Soldier Settlement compared with £2,003,775 in the previous year. The total amount now owing on these advances to the Commonwealth for Housing is £110,030,169, and for Soldier Settlement £6,135,052. 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 works loans, and the Special Bonds, are as follows:—

Loan.	4 Per Cent.	4½ Per Cent.	5 Per Cent.	5½ Per Cent.	Special Bonds.	Price of Issue.	Date of Maturity.
	£	£	£	£	£	£ s. d.	
No. 112 ..	3,392,000	..	..	..	..	99 15 0	15.5.1960
	..	1,232,000	..	..	..	99 5 0	15.2.1967
	..	..	4,924,000	..	..	Par	15.9.1974
No. 114 ..	9,120,000	..	..	..	..	99 10 0	15.5.1961
	..	1,016,000	..	..	..	99 7 6	15.2.1967
	..	..	5,138,000	..	..	Par	15.9.1974
No. 115 ..	2,128,000	..	..	..	..	99 10 0	15.2.1962
	..	498,000	..	..	..	99 10 0	15.2.1968
	..	..	4,981,214	..	..	Par	15.12.1979
Series " A "	..	..	..	..	4,638,000	Par	1.1.1966
Series " B "	..	..	..	..	760,245	Par	1.10.1966
London ..	..	..	..	3,160,000	..	98 0 0	1.10.1975/78
New York	..	..	1,081,270	..	..	97 10 0	1.11.1978
	14,640,000	2,746,000	16,124,484	3,160,000	5,398,245		

Expenses associated with the raising of loans for works purposes were met from the Loan Fund, a total amount of £256,952 being so charged during the year. Of this sum £216,653 was in respect of loans raised in the year, and £40,299 related to loans raised in 1957-58. The expenses of Loan No. 115 raised in May, 1959, are not yet known, but will be met in the current year.

Particulars of public loans raised to meet the conversion of securities which matured in 1958-59 are:—

Securities Dealt With.		Redeemed by Sinking Fund.	Converted to—					Price of Issue.	Date of Maturity.
Rate and Maturity.	Amount.		4 Per Cent.	4½ Per Cent.	5 Per Cent.	5½ Per Cent.	Special Bonds.		
	£	£	£	£	£	£	£	£ s. d.	
3¼ per cent., 15.10.1958	4,184,480	1,103,480	968,000	..	..	..	..	99 15 0
	..	..	..	429,000	..	..	..	99 5 0
	..	..	..	..	1,441,000	..	..	Par
	..	..	..	..	..	..	243,000	Par
								Series " A "	
								1.1.1966	
3¼ per cent., 15.11.1958	2,394,900	517,900	650,000	..	..	..	..	99 15 0
	..	..	..	291,000	..	..	..	99 5 0
	..	..	..	..	827,000	..	..	Par
	..	..	..	..	..	..	109,000	Par
								Series " A "	
								1.1.1966	
4 per cent., 15.5.1959	24,881,000	3,181,000	11,931,000	..	..	..	..	99 10 0
	..	..	..	5,062,000	..	..	..	99 10 0
	..	..	..	..	3,849,000	..	..	Par
	..	..	..	..	..	..	858,000	Par
								Series " B "	
								1.10.1966	
3½ per cent., 1.6.1959, London	13,316,800	434,800	..	..	..	6,441,000	..	99 0 0
	..	..	..	..	..	6,441,000	..	99 0 0
								1.12.1973	
								1.12.1976-79	
	44,777,180	5,237,180	13,549,000	5,782,000	6,117,000	12,882,000	1,210,000		

The conversion bonus of £128,820 on the loan raised in London was met from the National Debt Sinking Fund; that in respect of securities which were converted on 15th October, 1958, and 15th November, 1958, was met from the Loan Fund; and payment of £84,965 is still to be made in relation to the conversion of 15th May, 1959.

Public Debt and Debt Charges.—The Public Debt statement discloses that the Public Debt increased during the year by £36,799,148 and that the total amount of the indebtedness at 30th June, 1959, amounted to £555,011,819. Of this total, £508,186,500 represented internal and £46,825,319 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, £128,075, the State's capital liability to the Commonwealth was £554,883,744. 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	620,964,877	
<i>Less</i> —On account of equity in National Debt Sinking Fund	63,412,384	
Net Liability .. .. .	..	557,552,493
<i>Plus</i> —Unapportioned—Loan Fund Balance .. .. .	..	1,067,788
		558,620,281
<i>Deduct</i> —Exchange premium—		
London	785,813	
New York	2,950,724	
		3,736,537
State's capital liability to the Commonwealth as above .. .. .	..	554,883,744

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

	£	£
Interest—On Funded Debt	20,908,078	
Exchange on Overseas Interest	596,730	
Total Interest (excluding interest on Commonwealth advances for Housing and Soldier Settlement and interest paid on Deposits) .. .. .	..	21,504,808
Sinking Fund—State's contributions to National Debt Sinking Fund—for details see section on the National Debt Sinking Fund .. .. .	..	4,688,988
Total Debt Charges .. .. .	..	26,193,796
The comparable figure for the previous year was .. .. .	..	23,883,842

Loan Expenditure.—The net loan expenditure in the year 1958-59 according to Treasury records was £47,421,471, compared with £45,652,652 for 1957-58 and £44,195,840 for 1956-57. The details are summarized below:—

	1956-57.	1957-58.	1958-59.
	£	£	£
Railways	7,406,821	7,049,365	7,432,234
Water Supply	6,590,441	6,959,997	7,902,813
Forests	749,881	616,425	637,061
Country Roads	370,000	400,000	75,000
King-street Bridge	84,918	766,178	1,148,263
Electricity Commission	3,400,000	3,200,000	3,500,000
Gas and Fuel Corporation	130,000	150,000	110,000
Portland Harbor Trust	250,000	250,000	250,000
Advances—Sundry	71,218	86,050	105,700
Fire and Flood Damage to Roads and Bridges	234,679	302,822	834
Country Sewerage	965,558	462,073	446,697
Hospitals	4,580,000	4,600,000	4,825,000
Carried forward	24,833,516	24,842,910	26,433,602

	1956-57.	1957-58.	1958-59.
	£	£	£
Brought forward	24,833,516	24,842,910	26,433,602
XVIth Olympiad, Melbourne	225,000	37,500	8,418
Mental Hospitals	1,139,914	1,111,333	1,118,728
Municipal Subsidies (other than for drainage)	163,770	282,934	369,355
Police Buildings	253,965	353,816	370,405
Rural Finance Corporation	920,000	700,000	550,000
Sanatoria, &c.	145,762	83,310	80,558
School Buildings	7,155,755	7,399,780	8,025,080
Soldier Settlement	3,579,996	3,599,292	3,645,701
Housing	53,796	..	..
Slum Reclamation	266,600	330,000	517,500
Universities—			
Melbourne	112,075	234,898	320,000
Monash .. .. .	..	..	133,485
Other Public Works	2,100,191	2,361,879	2,848,639
In Aid of Revenue	3,245,500	4,315,000	3,000,000
Total within Financial Agreement	44,195,840	45,652,652	47,421,471
Commonwealth—State Housing Agreement	9,698,613	10,425,103	11,080,698
Commonwealth—State Soldier Settlement	1,595,000	2,003,775	713,337
	55,489,453	58,081,530	59,215,506

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, 1958 .. .. .	..	60,039
Contributions 1958-59—		
<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	1,059,904	
		1,230,340
<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	1,016,271	
£4 per centum per annum on deficit loans	556,025	
15s. per centum per annum on deficit loans	29,963	
15s. per centum per annum on water supply replacements and imported coal and materials	41,203	
£1 15s. per centum per annum on drought relief and deferred maintenance of railways and schools	126,810	
£2 per centum per annum on tourist resorts development	3,612	
Various, on discount and expenses overseas loans	42,245	
£4 10s. per centum per annum on cancelled securities	2,531,987	
Interest .. .. .	..	4,688,988
		13,986
		5,993,353
Securities repurchased and redeemed, £5,695,601 at a cost of .. .. .	..	5,865,278
Balance of cash in Sinking Fund at 30th June, 1959 .. .. .	..	128,075

The total amount of securities repurchased or redeemed and cancelled on account of this State since the inception of the scheme is now £63,284,310 at a cost, including exchange on overseas purchases, of £65,689,419.

TREASURER'S ADVANCE.

The *Public Account Act* 1958 (No. 6345) 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 1958-59 received approval on 4th November, 1959.

Throughout the year, the Treasurer authorized expenditure of £1,770,128 against the advance including £1,387,328 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 1959-60 was £382,800. 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 and the expenditure therefrom were :—

	Provision.	Expended.
	£	£
Children's Welfare—		
Maintenance of Children and Allowances to certain Widows	34,170	34,164
Police—		
Contingencies	59,135	59,135
Purchase and Maintenance of, and Repairs to, Motor Cars, &c.	61,820	61,818
Education—		
Allowances to Students in Training	135,500	134,647
Attorney-General—		
Contingencies	39,873	39,873
State Rivers and Water Supply Commission—		
General Expenditure	30,000	29,851
Health—		
Hospitals and Charities Fund	382,391	382,391
Mental Hygiene—		
Contingencies	220,200	220,189
Railways—		
Contribution to the Railway Accident and Fire Insurance Fund	52,000	51,499

In addition there were items that did not appear in the annual appropriation ; to that extent they do not, in a true sense, supplement a previous provision, but are in effect new items. Details are—

Department.	Division.	Service.	Provision.	Expended.
			£	£
Premier ..	Miscellaneous ..	Contribution to the Tourist Fund established in the Treasury pursuant to Act No. 6395	7,159	7,159
		Expenses in connexion with the visit to Victoria of H.R.H. Princess Alexandra of Kent	700	609
		Expenses in connexion with the visit overseas of the Hon. the Premier, and Mrs. Bolte, the Secretary of the Premier's Department, and one officer of the Premier's Office	12,482	12,482
Chief Secretary ..	Fisheries and Game Grants	To the Bird Observers' Club to meet out of pocket expenses in connexion with the Survey of Rookeries on Phillip Island	50	50
	Police Miscellaneous ..	Cost of Number Plates for Interstate Transport Vehicles	1,084	1,084
		Ex-gratia payment of Judgment and Order for costs given against certain Members of the Police Force in respect of an action brought against them in the Supreme Court	662	662
Education ..	Miscellaneous ..	Ex-gratia payments in lieu of Long Service Leave to certain female ex-Members of the Teaching Service	444	444
		To recoup Education Department Appropriation Division 38-1-2 for payments made to certain teachers who resigned to contest a Parliamentary Election and resumed duty prior to re-appointment by the Governor in Council	505	505
Attorney-General	Miscellaneous ..	Gratuities to certain members of the Parliamentary Staff for work performed in connexion with the Consolidation of the Statutes	390	390
Treasury ..	Exceptional ..	Contribution towards works associated with centenary of Kyneton Mechanics' Institute	200	200
		Contribution towards cost of Posters in connexion with "The Tweddle Baby Hospital Appeal"	90	90
		Contribution to the National Council of Guide Dogs for the Blind Association of Victoria	500	500
		Contribution towards cost of survey and report on "Resources and Industrial Opportunities in Victoria"	10,000	10,000
		Contribution to <i>Herald</i> Parcels for Pensioners Appeal Fund	1,000	1,000
		Contribution to Yooralla Crippled Children's Appeal ..	5,000	5,000
		Contribution towards cost of overseas investigations by the Secretary to the Lord Mayor's Fund	1,750	1,750
		Contribution to Victorian Coastguard Organization towards initial establishment costs	50	50
		Provision of new school furniture and repairs to the entrance to the Assembly Hall at the Villers Bretonneux School	1,389	1,389
		Refund of money incorrectly paid to Revenue of a previous year	1,000	1,000
Lands and Survey	Miscellaneous ..	To supplement funds made available by the Wool Research Committee for investigations and research work on Rabbit Control	2,740	2,734
	Botanic and Domain Gardens	Contribution towards cost of publication of Flora of Victoria	1,500	1,500
Public Works ..	Works and Buildings..	Contribution towards Construction of Roundabout at St. Kilda Junction by the St. Kilda City Council	2,506	2,506
	Ports and Harbors ..	Cost of Repairs to Pile damaged by departmental dredge	75	75
Local Government	Salaries and Contingencies	Salaries and Contingencies of Local Government .. Department established under Act No. 6479 ..	31,501	31,364
Town and Country Planning Board				
State Rivers and Water Supply Commission	.. ..	Subsidies to Waterworks Trusts and Local Governing Bodies to limit the maximum water rate to 3s. 6d. in pound net annual valuation	3,123	3,123
Agriculture ..	Salaries ..	Ex-gratia payments in lieu of Long Service Leave to former members of the Milk Board	525	525
	Exceptional ..	Allowance to Mr. B. F. McKeon, Senior Technical Executive Officer, Department of Agriculture, in connexion with certain investigations in agricultural matters to be made by him whilst travelling overseas	200	200
Railways ..	.. ..	Payment to the Commonwealth under the Railways Standardization Agreement 1958 (Cl. 13 (2))	4,935	4,935

SURCHARGES.

In conformity with the provisions of section 47 (1) (a) (v) of the *Audit Act 1958*, I furnish hereunder particulars of all surcharges unsatisfied as at 30th June, 1959.

Date.	Department. &c.	Amount.	Particulars.
<i>1. Treasurer's Accounts.</i>			
		£ s. d.	
13.11.1958	Lands and Survey ..	551 16 10	Amount received by an employee in the Vermin and Noxious Weeds Branch by way of commuted car allowance notwithstanding that he had for use a departmental vehicle. Recovery is in course at the rate of £7 a fortnight
9.6.1959	Department of Premier— Public Service Board	1,836 12 0	Misapplication of certain public moneys—action is in course
<i>2. Other.</i>			
5.3.1959	Housing Commission ..	210 0 0	Deficiency in a rental officer's collections ; restitution made to the extent of £119 4s. 6d.

UNSATISFIED AUDIT QUERIES, ETC.

TREASURER'S ACQUITTANCE.

Sub-sections (1) and (2) of section 34 of the *Audit Act 1958* require me to acquit the Treasurer, in the form of the Eleventh Schedule to the Act, for the amount of those public moneys which has been ascertained by me to have been duly and properly expended. Sub-section (3) of the said section excludes from the acquittance expenditure which is "the subject of query or observation or of show cause action or of disallowance or surcharge".

In respect of the 1958-59 accounts, the Treasurer has not been acquitted to the extent of £457,820 5s. consisting of unrevoked surcharges (£2,388 8s. 10d.) and unsatisfied queries (£455,431 16s. 2d.).

GUARANTEES.

In certain instances, authority for a guarantee has been provided by specific legislation such as that relating to 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, 1959 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	9,000
Olympic Park Committee of Management	100,000	85,000
Royal Agricultural Society of Victoria	430,000	404,156
Wonthaggi Cotton Mills Pty. Ltd.	30,000	30,000
A. V. Page Pty. Ltd., Wonthaggi	27,000	27,000

The guarantees in respect of A. V. Page Pty. Ltd., Wonthaggi, were given by the State to enable that company to obtain additional bank overdraft accommodation. The State is represented on the company's Board of Directors by an officer of the Treasury.

The reasons for the other guarantees mentioned above were given in the reports for the years 1952-53 and 1957-58.

Set out below are the details of those guarantees, authorized by statute, where there was a contingent liability at 30th June, 1959.

	Guarantee.	Contingent Liability.
	£	£
Co-operative Housing Societies	59,649,400	48,558,301
Co-operative Societies	162,460	70,054
Home Finance Trust	3,605,656	2,953,099

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. 6226 which provides a limit of £70,000,000 to the liability which may be incurred by the State under this heading. At 30th June, 1959, 462 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 2,705 indemnities in force, the contingent liability upon which was £428,875.

The *Co-operation Act* 1958 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 £162,460 had been given in relation to the loans of eleven societies, and the contingent liability under the guarantees amounted to £70,054.

The activities of the societies registered under this Act and the Co-operative Housing Societies Act 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 registered as a companies' auditor. 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 Act* 1958 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 199 guarantees amounting to £105,656 in respect of loans beyond the specified maximum, and 24 guarantees totalling £3,500,000 in respect of amounts to be deposited with the Trust. The contingent liability, at 30th June, under these 223 guarantees was £2,953,099.

The accounts of the Trust are subject to audit by this office, and are discussed in further detail later in this report.

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.

	1957.	1958.	1959.
	£	£	£
Railways and State Coal Mine	1,159,580	1,268,739	1,374,043
Taxation—			
Income	7,754	5,218	1,470
Unemployment Relief	2,274	1,579	600
Land	286,143	520,083	642,078
Probate Duty	197,441	140,749	182,163
Water Supply	440,558	628,147	519,008
Lands Department	45,463	53,472	41,799
Soldier Settlement Commission	190,154	222,575	237,730
Forests Commission*	223,103	180,896	158,653
Government Printer (excluding amounts due from State Departments)	50,765	26,278	28,177
Other Departments	92,573	92,756	66,758
Trading Activities—			
Victoria Dock Cool Stores	66,755	73,831	61,022
Lighterage and Storage of Explosives	2,676	1,783	1,632
Erica Sawmill	18,894	10,791	16,876
Miscellaneous	23,524	20,519	27,102
	2,807,657	3,247,416	3,359,111

* 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 £380,350 which represents assessments issued during June, but not due and payable until after 30th June.

The arrears of Land Tax include £322,740 in respect of assessments due and payable on 30th June. Collections during July reduced the arrears by approximately £424,494.

In addition to the arrears of taxation shown in the statement, there were amounts outstanding at 30th June, 1959, in respect of Entertainments Tax totalling £13,833. Payments subsequent to 30th June reduced these arrears to approximately £6,200.

Amounts due to the Children's Welfare Department have not been included in the statement of arrears as the debtors are, in most instances, persons without the means to pay, or whose whereabouts are unknown, and substantial collections in respect of these arrears 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 those 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 £523,291, of which £85,227 has been repaid. Further reference to this expenditure is made under "Trust and Special Accounts".

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.

	1956-57. Loan.	1957-58. Loan.	1958-59. Loan.
	£	£	£
Corporations and other Bodies	691,772	801,600	1,014,957
Settlers .. .. .	..	3,060	..
Various	80,300	37,200	40,700
Total	772,072	841,860	1,055,657

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 £71,966. 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, 1959.			Overdue at 30th June, 1959.				
	Loan.	Revenue.	Total.	Redemption.			Interest.	Total.
				Loan.	Revenue.	Total.		
	£	£	£	£	£	£	£	£
Co-operative Companies	5,724	..	5,724	337	..	337	100	437
Municipalities	401,892	..	401,892	..	..	..	..	..
Corporations and other Bodies	7,332,445	..	7,332,445	9,548	..	9,548	41,595	51,143
Unemployment Relief Advances	120,609	..	120,609	700	..	700	3	703
Advances to Settlers	19,230	37	19,267	14,022	16	14,038	3,208	17,246
Various	800,340	4,754	805,094	789	254	1,043	1,394	2,437
Total	8,680,240	4,791	8,685,031	25,396	270	25,666	46,300	71,966

Included in the total of £71,966 overdue is an amount of £3,208 in respect of advances to settlers which is not shown in the Treasurer's Statement of Sundry Debtors to Revenue.

MUNICIPALITIES.

King-street Bridge.—The cost of construction of this bridge is to be borne as to 65 per cent. by the State, 30 per cent. by the City of Melbourne and 5 per cent. by the City of South Melbourne. The cost is being met initially by the State from the Loan Fund, and the proportionate shares of the municipalities are to be repaid to the State, with interest at 5 per cent. per annum. over a period not exceeding 35 years from 30th June, 1958.

Expenditure from the Loan Fund to 30th June, 1959, totalled £1,999,359 of which roundly £700,000 is to be borne by the municipalities. Repayments to 30th June, amounted to £3,256.

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 £3,637,779 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 £2,102,146. Instalments of redemption and interest charges overdue at the same date totalled £7,575.

Sewerage Authorities.—Advances of £1,015,766 have been made from loan for capital works of country sewerage authorities, but £374,358 of this amount has been transferred to the Capital Expenditure Borne by the State Account. Repayments amount to £125,906, and the balance of liability at 30th June was £515,502.

Irrigation Trusts.—Loan advances to Irrigation Trusts amount to £1,304,590 of which the Trusts have repaid £60,370. Liability to the extent of £945,742 has been transferred to the State and £18,416 has been written off, leaving the balance of advances at 30th June, £280,062.

Waterworks Trusts.—Of advances of £7,293,210 from loan and £33,625 from revenue, £4,303,540 was still to be repaid at 30th June.

At the same date 75 trusts between them owed £40,666 for redemption and interest charges, but 67 have since paid the amounts outstanding. (For further reference to these trusts see page 42 of this report.)

River Improvement Trusts.—Provision has been made in the *River Improvement Act* 1958 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 £809,314, but liability to the extent of £772,843 has been borne by the State. Further reference is made to these trusts on page 43.

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 £120,609 including £700 overdue instalments of redemption.

VARIOUS.

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 £15,000.

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 that of the Victoria Dock Cool Stores) of the Department from revenue for the year was £2,150,482, against which there were departmental receipts of £314,498, resulting in a net cost to the State of £1,835,984 as compared with £1,684,367 for the previous year. Details of expenditure and receipts for the two years are:—

Vote—	<i>Expenditure.</i>		1957-58.	1958-59.
			£	£
Department of Agriculture	1,957,126	2,122,224
Chief Secretary—Accident Insurance	11,201	12,739
Treasurer—Pay-roll Tax	32,769	36,720
Treasurer—Unforeseen	358	39
Public Works	46,292	40,691
Special Appropriations	55,147	55,581
			2,102,893	2,267,994
<i>Less</i> Business undertaking—Victoria Dock Cool Stores	113,660	117,512
			1,989,233	2,150,482

<i>Receipts.</i>			
Departmental .. .. .	..	..	432,314
<i>Less</i> Victoria Dock Cool Stores .. .. .	..	..	170,672
			261,642
Licences—Dairies, Dairy Farms, Dairy Produce, Factories, &c. (included under heading—Taxation) .. .. .	..	..	43,224
			304,866
Net outgoing (excluding interest, sinking fund, and proportion of Government contribution to superannuation) .. .. .	..	..	1,684,367
			1,835,984

Expenditure from Loan.

Expenditure from Loan on the acquisition of properties and on works and buildings at Agricultural and Dairy Colleges, Research Farms and the Victoria Dock Cool Stores, &c., amounted to £386,259. Included in this amount is a sum of £8,384 representing commitments for works as at 30th June, 1959, 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, in past years, 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. In 1958-59, with a view to further expansion of these activities properties were acquired:—

- (i) at Rutherglen, adjoining the existing Research Station, under contract terms for £36,707 ;
- (ii) at Hamilton, at a cost of £38,681 for the purpose of pastoral research in the Western District ; and
- (iii) at Kyabram, for £57,500 with the object of establishing an Irrigation Research Station in the Goulburn Valley.

With respect to the property at Rutherglen, payments made in 1958-59, in terms of the contract, amounted to £12,970 including interest, £734.

In compliance with the recommendations of the Committee of Public Accounts dated 1st April, 1958, departmental statements of cash receipts and payments are now prepared for all educational and research institutions. These statements are summarized in Appendix "E" to this report.

A comparison with figures for the previous year shows :—

	Total Receipts.	Total Payments.	Net Cost.
	£	£	£
1957-58	170,940	743,837	572,897
1958-59	185,969	963,791	777,822

Total receipts as stated above were credited as follows :—

	£	£
Consolidated Revenue	173,440	
Trust Fund—		
Wheat Marketing (<i>re</i> Walpeup)	7,274	
Tobacco Research (<i>re</i> Myrtleford)	5,255	
		12,529
		<u>185,969</u>

During the year, the question was raised by the Audit whether existing legislation allowed proceeds of sales of farm produce at Walpeup to be credited to the Wheat Marketing Fund. The question was referred for opinion to the Crown Solicitor, who held that such proceeds were properly payable to Consolidated Revenue. As from 1st July, 1959, this course is to be followed and it is noted that an amount of £7,870 has been included in the Estimates of Expenditure for 1959-60 to compensate the Fund to the extent of the estimated receipts for that year.

Expenditure, which amounted to £963,791, was on account of general maintenance and capital improvements and was provided as shown hereunder :—

	<i>General Maintenance.</i>		<i>Capital Improvements.</i>			<i>Total.</i>
	£	£	£	£	£	£
From Vote	516,273		75,979		592,252	
Loan	187		327,669		327,856	
Trust Fund—						
Wheat Marketing (<i>re</i> Walpeup)	10,901		2,379		13,280	
Tobacco Research (<i>re</i> Myrtleford)	9,985		14,454		24,439	
Pastoral Research (<i>re</i> Hamilton)	3,849		2,115		5,964	
	<u>24,735</u>		<u>18,948</u>		<u>43,683</u>	
Total expenditure for year	<u>541,195</u>		<u>422,596</u>		<u>963,791</u>	
1957-58 Expenditure was	<u>519,583</u>		<u>224,254</u>		<u>743,837</u>	

The sum, £327,669—Capital Improvements—provided from Loan, includes the amount of the interest payment, £734, previously mentioned.

Capital Improvements comprised :—

	£	£
Properties—Land and Buildings at—		
Rutherglen	12,970	
Hamilton	38,681	
Kyabram	57,500	
	—————	109,151
Buildings .. .. .	..	180,981
Plant and Equipment .. .. .	..	66,350
Furniture, &c. .. .. .	..	8,243
Permanent Improvements—		
Electrical Installation, &c.	20,490	
Fencing	8,826	
Roads	8,968	
Water Reticulation	19,587	
	—————	57,871
		—————
		422,596
		—————

At Longerenong, expenditure on buildings amounted to £81,188. This expenditure was incurred mainly on the erection of a new technical block and new milking and packing sheds.

At Werribee, expenditure of £52,997, also on buildings, was to provide a research centre for the Animal Husbandry section.

Victoria Dock Cool Stores.

A profit of £28,190 resulted from operations during the year ended 30th June, 1959. The following comparative statement summarizes transactions during each of the last three years :—

	1956-57.		1957-58.		1958-59.	
	£	£	£	£	£	£
<i>Revenue.</i>						
Storage Charges	191,520		167,884		156,388	
Shipping Charges	7,270		7,744		16,108	
Rental	2,564		2,086		2,086	
		201,354		177,714		174,582
<i>Expenditure.</i>						
Salaries and Wages, &c.	84,717		72,742		68,721	
Pay-roll Tax	2,132		1,820		1,724	
Rent of Site	2,437		2,704		2,704	
Agency and Commission	10,383		9,440		9,084	
Maintenance	14,467		10,706		12,520	
Electrical Energy	14,285		14,138		17,014	
Other Charges	2,237		2,258		2,203	
Depreciation	11,359		12,252		13,193	
Interest on Capital	15,481		17,479		19,229	
		157,498		143,539		146,392
Net profit		43,856		34,175		28,190

Principally under the replacement programme planned in respect of a section of the storage space and certain machinery erected in 1914, moneys were provided by the Treasurer as follows:—

	£	£
For improvements—		
From Loan Fund	32,164	
From Vote	3,147	
	—————	35,311
For replacements—		
From Loan Fund .. .. .	..	4,122
		—————
		39,433
		—————

In the books of the undertaking, of the expenditure of £4,122 on replacements, £218 was treated as maintenance and £3,904 as a charge to the Provision for Depreciation. The value of the assets in course of replacement is being written down over a period of seven years. In the foregoing revenue and expenditure statement the provision therefor is included in the depreciation charge shown for each of the three years.

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

30.6.1958.	ABRIDGED BALANCE-SHEET.						30.6.1959.
£							£
452,436	Capital provided by State						487,048
74,696	Contribution by Commonwealth, &c.						74,696
10,715	Sundry Creditors						9,302
2,961	Reserve						2,961
184,394	Profit carried forward						212,583
725,202							786,590
	Fixed Assets at cost less depreciation:—						
229,660	Buildings						257,008
73,432	Machinery, Plant, &c.						72,276
14,440	Roads and Railway Sidings						14,227
317,532							343,511
4,215	Stores on hand						4,153
73,831	Sundry Debtors						61,022
329,624	Balance of payments to Consolidated Revenue over working and other expenses provided therefrom						377,904
725,202							786,590

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 discussed later in this report.

Police Department.

Police Services.—The net cost to revenue of these services was £6,936,625. 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:—

<i>Expenditure—</i>	1956-57. £	1957-58. £	1958-59. £
Salaries	4,624,655	5,070,331	5,274,481
Pay-roll Tax	119,837	137,615	138,139
General expenditure	1,176,372	1,245,402	1,347,265
Maintenance, rent, erection of buildings	99,025	107,669	117,775
Police Classification Board	2,461	2,538	2,491
Workers' Compensation Insurance	26,742	32,223	45,156
Pensions and Superannuation	761,188	784,529	788,216
	6,810,280	7,380,307	7,713,523
<i>Revenue—</i>			
Police services	455,448	424,385	401,509
Firearms licences	2,910	2,889	3,211
Recoup from Country Roads Board Fund—cost Motor Registration Branch	391,526	388,999	372,178
	849,884	816,273	776,898
Net cost	5,960,396	6,564,034	6,936,625
Further expenditure from loan funds on Police buildings and residences	253,965	353,816	370,405

The increase in the expenditure on salaries was due mainly to the revisions of salaries by the Public Service Board and Police Classification Board in June, 1958, and September, 1958, respectively.

General expenditure was higher, largely as the result of an increase in the number of police telephones, the printing of a new issue of the Police Manual, and the greater mileage covered by the police motor car fleet together with the associated additional running costs. This item also included, for the first time, meal allowances amounting to £5,263, paid to 23 members of the police force attending a course at the Police College during the period 10th November, 1958, to 12th June, 1959. In July, 1958, the Police Classification Board determined the allowance for each member attending the College at 30s. per day, but, in March, 1959, the Board reduced the allowance to 18s. per day.

The fall in revenue from police services was, to a large extent, due to the reduction in the respective proportions of the expenses of the Mobile Traffic Branch recouped by the Country Roads Board and the Transport Regulation Board. (For further particulars of this reduction see comments under the related headings in this report.)

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.

As compared with the previous year, fees collected by the Branch pursuant to the provisions of the Motor Car Act increased by £405,333.

The higher figure in 1958-59 was due to:—

- (i) the greater number of motor cars registered ;
- (ii) the larger number of motor drivers' licences issued ; and
- (iii) the gradual change-over in currency of drivers' licences from one year to three years under the authority of amending legislation.

Fees collected as above are credited to various funds as directed by the Motor Car and other Acts. 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:—

1957-58.		1958-59.
£	<i>Country Roads Board Fund—</i>	£
8,172,803	Motor Fees and Drivers' Licence Fees	8,476,515
511,998	Owners' Certificates (two-thirds)	537,646
		————— 9,014,161
	<i>Level Crossings Fund—</i>	
255,997	Owners' Certificates (one-third)	268,814
	<i>Municipalities Assistance Fund—</i>	
219,343	Motor Drivers' Licence Fees (half)	284,994
	<i>Transport Regulation Fund—</i>	
7,800	Metropolitan Omnibus Registration Fees	5,505
	<i>Third Party Insurance—</i>	
3,570,402	Premiums on behalf of Insurers	3,879,279
44,240	Motor Car (Hospital Payments) Fund	47,445

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 £852,726. A comparison of expenditure and revenue for 1958-59 with corresponding figures for the two previous years is:—

	1956-57.	1957-58.	1958-59.
	£	£	£
<i>Expenditure—</i>			
Salaries	375,486	407,969	461,257
Pay-roll Tax	11,179	12,401	13,383
General expenditure	403,235	444,715	418,285
Maintenance, erection buildings, &c.	51,965	53,156	34,888
Parole Board	576	1,134	2,126
Workers' Compensation Insurance	1,241	2,051	3,621
	————— 843,682	————— 921,426	————— 933,560
<i>Revenue—</i>			
Proceeds from prison industries	89,888	115,718	80,834
Sundries	480	..	..
	————— 90,368	————— 115,718	————— 80,834
Net cost	753,314	805,708	852,726
<i>Further expenditure from Loan Fund on buildings</i>	112,132	150,410	89,993

Additional staff and the revision of salaries by the Public Service Board in June, 1958, accounted for the increase in "Salaries". The reduction of £26,430 in "General expenditure" largely reflected:—

- (i) a decrease in expenditure on provisions, made possible, according to the Department, by greater use of the products of gaol farms; and
- (ii) a reduction in overtime costs as a result of the appointment of additional staff.

The substantial decrease in proceeds from prison industries was due mainly to the closing down temporarily of the Wire Netting factory at Pentridge.

As indicated in the preceding summary, the expenditure on the maintenance of buildings in 1958-59 was less by £18,268 than in the previous year. However, the penal authorities explained that this was due, not to savings in costs incurred on this item, but rather to the fact that all maintenance required was not carried out.

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 1958-59 was £1,056,272.

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

	1956-57.	1957-58.	1958-59.
	£	£	£
<i>Expenditure—</i>			
Salaries	211,834	253,986	308,837
Pay-roll Tax	2,057	2,069	2,394
General Expenditure	71,603	98,740	108,378
Maintenance of Children.. .. .	444,274	580,724	664,164
Maintenance of Migrant Children	2,784	3,572	2,875
Subsidies and Grants to Hostels	3,561	7,832	7,881
Maintenance and Rent of Buildings	19,219	19,451	19,641
Workers' Compensation Insurance	667	1,708	2,246
Unforeseen	59	20	5
	<u>756,058</u>	<u>968,102</u>	<u>1,116,421</u>
<i>Revenue—</i>			
Maintenance Collections—			
Voluntary Payments	15,326	20,456	22,757
Under Court Orders	13,911	16,395	18,511
Child Endowment	5,860	7,395	4,398
Recoups—Quarters and Rations	10,477	12,855	14,483
	<u>45,574</u>	<u>57,101</u>	<u>60,149</u>
<i>Net Cost</i>	<u>710,484</u>	<u>911,001</u>	<u>1,056,272</u>
<i>Further Expenditure on buildings, &c.—</i>			
Loan	118,509	81,008	68,323
Surplus Revenue .. .. .	..	3,062	380
	<u>118,509</u>	<u>84,070</u>	<u>68,703</u>

The increase in "Salaries" was accounted for largely by the salaries revision of June, 1958, and the appointment of additional staff.

Due mainly to the greater number of children coming under the care or supervision of the Department and an increase in the number of mothers granted assistance, payments for maintenance have increased substantially in each of the three years. Dissection of the total in each year shows the distribution of payments to have been:—

	1956-57.	1957-58.	1958-59.
	£	£	£
Wards in Private Homes	47,578	51,408	53,317
Wards in Children's Homes and Juvenile Schools	174,967	260,472	316,548
"Turana," &c., and General Maintenance.. .. .	64,047	92,627	76,782
Assistance to Mothers	157,682	176,217	217,517
	<u>444,274</u>	<u>580,724</u>	<u>664,164</u>

The net costs of the remaining sub-departments and branches for 1958-59 as compared with the previous two years are as set out below:—

	1958-59.			1957-58.	1956-57.
	Expenditure.	Revenue.	Net Cost.	Net Cost.	Net Cost.
	£	£	£	£	£
Public Library, Museums, &c.	582,065	1,450	580,615	537,688	479,790
Government Statist	131,554	84,275	47,279	160,251	126,100
Fisheries and Game	183,592	82,861	100,731	109,109	95,562
Immigration	32,377	6,154	26,223	28,957	25,605
Other Branches	88,603	36,135	52,468	39,107	34,766
Administrative	147,999	18,174	129,825	126,308	126,730
	<u>1,166,190</u>	<u>229,049</u>	<u>937,141</u>	<u>1,001,420</u>	<u>888,553</u>

Expenditure from loan funds during 1958-59 for works at the Public Library and Museum totalled, £50,419, and, in connexion with the activities of the Fisheries and Game Branch, £32,850.

The increased amount involved in additional grants to municipalities by the Free Library Service Board was the significant factor in the higher "Net Cost" of the Public Library, Museums, &c.

Exceptional revenue of £47,836, by way of recoup from the Commonwealth on account of the integration of statistical services in November, 1957, and a reduction in costs in consequence of the transfer of certain members of the Statistical Branch to the Commonwealth Public Service in 1958-59, were the major contributing causes to the reduction in the "Net Cost" of the Government Statist's Office.

The expenditure for "Other Branches" includes a contribution of £25,000 to the Aborigines Welfare Fund. Further reference to this Fund is made on page 87 of this report.

The item, "Other Branches," also includes the revenue and expenditure of the Office of the Chief Inspector of Explosives and Gas Examiner in respect of its governmental functions. Commercial accounts are kept by the Office in relation to the handling and storage of explosives at Truganina Explosives Reserve. These accounts are summarized and commented upon under an appropriate heading in this report.

COUNTRY WATER SUPPLY.

The State Rivers and Water Supply Commission, in its function of administering the Water Act 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 1954-59, 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.		
	£	£	£	£	£
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	1,008,042	1,817,971	3,266,571	2,638,424	628,147
1958-59	779,224	1,845,243	3,252,614	2,733,606*	519,008

* Included in this sum, is an amount of £59,174 written off certain Irrigation rates levied in 1957-58 and 1958-59, in consequence of a recent court action.

Of the total collectable sum, 83·6 per cent. was received during the year. Excluding the amounts for sales of water, the accounts for which were rendered immediately prior to the closing of the books, 90·6 per cent. was collected.

A dissection of the total amount owing at the 30th June, 1959, is :—

	£
Irrigation Districts	318,572
Waterworks Districts	60,366
Urban Districts	101,296
Flood Protection Districts	3,877
Drainage Districts	2,182
Coliban Districts	21,391
Sundries	11,324
	519,008

The Commission, unless otherwise directed by the Governor in Council, has a duty under the Water Act to levy rates and charges sufficient to meet the specified costs in the districts. The amount of chargeable costs, which increased during the year, exceeded the aggregate of the rates and other charges for the year.

Cash Summary.—Details of the cost to the State in connexion with Country Water Supply are set out in Statement No. 7 of this report. A summary prepared on a cash basis for the period 1949–59 is given in the table hereunder:—

	*Receipts, including Recoups.	†Expenditure.			Cash Deficit.	Loan Expenditure.
		General.	Debt Charges.	Total.		
	£	£	£	£	£	£
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	3,443,187	4,264,713	7,707,900	3,863,583	6,764,997
1958–59	3,929,540	3,606,884	4,640,190	8,247,074	4,317,534	7,790,813

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

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

The net cost to the State of the Commission during 1958–59 was £4,317,534, an increase of £453,951 on the preceding year. This increase was due mainly to the increase of £375,477 in the debt charges due to further borrowings for country water supply.

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 £920,279 was recouped in 1958–59.

Sources and Purposes of Expenditure.	1956–57.	1957–58.	1958–59.
	£	£	£
Loans—			
Commission's works	4,852,333	4,908,354	5,535,938
Other works*	708,206	747,789	555,903
Special plant, &c.	87,239	46,722	235,820
Water Trusts, Local Bodies, &c.	886,663	1,062,132	1,463,152
	6,534,441	6,764,997	7,790,813
Votes—			
Commission (net)	2,333,790	2,482,084	2,582,332
Water Trusts, &c.	10,712	15,262	21,009
Sewerage Authorities	56,406	74,379	89,876
Eildon Sewerage .. ..	..	6,011	5,368
Special Appropriations—			
Commissioners' Salaries	10,792	10,750	12,050
Pensions and Gratuities	58,171	61,874	71,214
Depreciation Funds	229,068	185,194	236,103
Other Funds	19,676	46,118	47,176
Soldier Settlement Commission works	143,020	31,399	14,784
River Murray Commission works	1,459,062	1,486,860	408,504
Total	10,855,138	11,164,928	11,279,229

* 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 £5,535,938 on Commission works were :—

	£
Loddon River Storages	1,411,496
Goulburn Irrigation	1,287,007
Central Gippsland	202,698
Murray Valley	172,167
Other Irrigation Districts	492,555
Mornington Peninsula	787,316
Surveys and Investigations	210,020
Big Eildon Dam	151,702

Included in the Commission's loan expenditure for the year on account of construction of roads in the vicinity of Big Eildon Dam is an amount of £33,682 which was drawn by the Commission on the 30th June, 1959, in favour of the Country Roads Board for credit to the Country Roads Board Special Works Account in the Treasury. Actually, this amount was unexpended at that date and was in transit as at the close of the financial year. It was not credited to the Account mentioned until early in the present financial year.

Stores.—The book values of the plant, tools and general stores held by the Commission at the 30th June, 1959, were :—

	Plant £	Tools and Stores £
At Construction Works	165,578	432,193
Hire Plant and Machinery	1,825,268	..
Stores Suspense Accounts (Depots)	121,393	574,582
At Central Plant Workshops (Suspense Accounts)	14,747	199,406
At Central Plant Workshops pending transfer or disposal	59,827	251,443
	2,186,813	1,457,624

Financial adjustments on account of net deficiencies, losses on realization, unserviceable goods and depreciation were made to the accounts of the respective projects or districts concerned and to the accounts within the Water Supply Stores Suspense Account. Losses amounting to £55,217 on stores having a book value of £71,834, sold by public auction, were included in the adjustments.

Stores Suspense Account.—Up to and inclusive of 30th June, 1959, loan moneys amounting to £1,206,000 have been made available for the purpose of financing this account.

In the Treasurer's Trust Fund statement, as at 30th June, 1959, the balance at credit of the Water Supply Stores Suspense Account is shown as £935,835. This amount is represented in the Commission's books by :—

	£	£
Balance available for purchase of stores, &c.		287,984
<i>Plus Credit Balances of Plant Operating Accounts—</i>		
“ Hire Plant ” Accounts	406,153	
Interest and Redemption Reserve Account	218,083	
Plant Operating Reserve Account	23,615	
	647,851	
Balance—Water Supply Stores Suspense Account		935,835

The balances of the Plant Operating Accounts have reached the substantial figures shown as a result of credits from plant-hire charges made against works expenditure authorities.

Particular aspects of this account, to which reference was made in my previous report, are at present the subject of inquiry by the Public Accounts Committee.

The credit balance of £23,615 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, 1958		94,821
<i>Plus</i> —Part Cost of Operating Central Plant Workshops	10,889	
Motor Vehicle Insurance paid on Hire Plant	12,841	
Net financial adjustments due to deficiencies &c., of Plant Operating Stores	1,593	
Miscellaneous adjustments to accounts	200	
	<hr/>	25,523
		<hr/>
		120,344
<i>Less</i> —Insurance provision in Hire Rate	11,380	
Net excess of provision for over-expenditure incurred on Repairs and Maintenance on "Hire Plant" sold	72,099	
Reversal of provision (originally £107,500) for depreciation of surplus spare parts at Central Plant Workshops	60,480	
	<hr/>	143,959
		<hr/>
Credit Balance at 30th June, 1959		23,615

At the close of the year, the book value of stores at the Central Plant Workshops was written up by £60,480, such sum representing the remainder of the "write down" of £107,500 in 1955-56. The current adjustment was made by internal journal entry. This action emphasizes the opinion expressed in previous reports that, unless the accounts within the Stores Suspense Account relating to the operation of plant and those recording the purchase and issue of stores are separated in the Treasurer's accounts, substantial financial adjustments are possible without Treasury knowledge.

In the report for 1957-58, reference was made to the credit balance of the Interest and Redemption Reserve Account. The balance of this account has accumulated as a result of the imposition of penalty rates, referred to by the Commission as holding charges, to cover idle time and from excess provisions in plant-hire charges for interest and redemption. The following summary of transactions for 1958-59 reveals that action has been taken to reduce the excess by crediting this account with two-thirds instead of, as previously, the whole of all holding charges and, consistently, by adjusting on the new basis, credits of former years on account of these charges :—

	£	£
Credit Balance at 1st July, 1958		278,422
<i>Plus</i> —		
Interest and Redemption raised in Hire Charges 1958-59 ..	69,844	
Two-thirds of Holding Charge levied in Hire Charges 1958-59	45,434	
	<hr/>	115,278
		<hr/>
		393,700
<i>Less</i> —		
Payment of Interest and Redemption on Capital Liability for 1958-59	57,117	
Transfer to Plant and Machinery Depreciation Fund one-third of the Holding Charges previously raised	118,500	
	<hr/>	175,617
		<hr/>
Credit Balance at 30th June, 1959		218,083

In the previous year, I indicated that I had raised the question of the legality of imposing a holding charge for any item of plant lying idle in a district. As yet, this question has not been determined.

Depreciation—Plant and Machinery.—Under the provisions of the Water Act, 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.

The re-allocation of holding charges between the Interest and Redemption Reserve Account and the Depreciation Fund, together with an increase in the depreciation component in the hire rate were responsible for credits to the Fund increasing from £142,103 in 1957-58 to £449,009 in 1958-59. At the 30th June, 1959, the capital liability for hire plant and machinery was £1,825,268 and the balance in the Fund for its replacement was £852,745.

Measurement of the adequacy of the Fund for the purposes for which it was established requires a detailed knowledge of the cost of the hire plant, its estimated useful life, and its residual value. This information is not available from the Commission's existing records.

It has been observed that, as between items, the Commission has liquidated losses on the realization of some by utilizing excess provisions for depreciation on others.

Depreciation—Works.—Under Act No. 6413, 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 1958-59, the amount raised was £154,270 which includes £998 on account of Eildon sewerage. 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, but the task is far from completion.

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 £684,892.

The provisions of the Water Act require that the Fund shall be invested and credited with interest earned in each year. At the 30th June, 1959, the balance at the credit of the Fund was £208,726, no part of which 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 £145,090.

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.

In 1958-59, under the authority of Water Supply Loan Application Acts Nos. 6152 and 6460, Victoria contributed £180,000 for the construction of works, bringing the State's total contribution for construction as at 30th June, 1959, to £5,161,195. Also, £49,750 was contributed for maintenance and administrative expenses during 1958-59.

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 amounted to £249,905 of which £103,800 only was allocated as the capital liability of the sewerage district.

Rates and miscellaneous charges levied in 1958-59 totalled £7,047 of which £6,747 or 95·7 per cent. was paid during the year. Costs chargeable to the district amounted to £5,368 plus depreciation £998.

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 169 of the *Water Act* 1958 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 the Act. 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 £12,279.

Advances by the State in 1958-59 totalled £804,457. Repayments in respect of advances amounted to £30,262, and the Trusts were relieved of liability to the extent of £173,181 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 £601,014.

By Government decision, country town water supply authorities were, subject to certain conditions, to be subsidized to an extent that would make possible limitation of their respective rates to a maximum of 3s. 6d. in the £1 of net annual valuation or its equivalent. Under this authority, seven waterworks trusts were so assisted in 1958-59 and the total amount involved, £3.123, was provided in the supplementary estimates of that year.

River Improvement Trusts.—To 30th June, 1959, sixteen River Improvement (or Drainage) Trusts had been constituted under the River Improvement Act.

The Act authorizes the Trusts to borrow money to finance works construction, and to raise revenue to meet maintenance and administration costs on similar conditions to those operating for Waterworks Trusts. Interest in excess of 3 per centum on debenture loans raised by Trusts is recouped by the State. In this regard, the amount provided by the State in 1958-59 was £1,668.

Advances for works made to Trusts by the State to 30th June, 1959, totalled £809,314, of which sum £772,843 has been borne by the State.

EDUCATION.

The net expenditure on education from Consolidated Revenue during 1958-59 was £31,249,247. 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.	.. .. .	28,803,643	
University Grant	.. .. .	1,000	
		28,804,643	28,804,643
Treasury—			
Schools, &c. (Payroll tax, &c.)	.. .. .	518,885	
University Grants	.. .. .	984,000	
		1,502,885	1,502,885
Public Works—Schools, &c. (Maintenance, Rents, &c.)	.. .. .		262,052
Chief Secretary—(State Accident Insurance)	.. .. .		185,627
Agriculture—University Grant	.. .. .		23,000
Special Appropriations—			
Adult Education, Pensions, &c.	.. .. .	792,367	
University of Melbourne	.. .. .	65,200	
Monash University	.. .. .	2,450	
		860,017	860,017
			31,638,224
<i>Less—</i>			
Revenue Collections	.. .. .	363,400	
Recoups of Expenditure	.. .. .	25,577	
		388,977	388,977
Net Cost to Revenue	.. .. .		31,249,247
Forestry Fund—University Grant	.. .. .		4,500
Loan Acts Nos. 6169 and 6482, Maintenance—Schools, &c.	.. .. .		1,153,965
Loan Acts Nos. 6169 and 6482, Capital Works—Schools, &c.	.. .. .		6,871,115
Loan Acts Nos. 5657, 6169 and 6482, University of Melbourne	.. .. .		320,000
Loan Act No. 6184—Monash University	.. .. .		133,485
			39,732,312

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

	£
Primary schools	2,632,074
High schools	1,958,352
Technical schools	1,300,388
Girls' schools	188,077
Teachers' colleges and hostels	657,388
Universities	453,485
Other	134,836
	7,324,600

Included in the preceding figures are amounts totalling £159,013 representing payments to existing technical schools for the purchase of equipment (£98,700) and expenditure on the provision of equipment in other than technical schools (£60,313).

The following comparative statement sets out receipts and expenditure during 1958-59 and the four preceding years:—

	1954-55.	1955-56.	1956-57.	1957-58.	1958-59.
	£	£	£	£	£
Consolidated Revenue—					
Expenditure	19,327,890	23,316,410	26,089,627	28,847,635	31,612,647
Receipts	256,692	289,278	310,335	354,569	363,400
Net Cost Consolidated Revenue	19,071,198	23,027,132	25,779,292	28,493,066	31,249,247
Forestry Fund—Chair of Forestry—University	3,424	2,063	6,229	4,000	4,500
Loan and Surplus Revenue Acts—Expenditure (including Universities)	5,691,509	6,749,012	7,267,830	7,634,677	8,478,565
Total Cost	24,766,131	29,778,207	33,053,351	36,131,743	39,732,312

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 27 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:—

	1955-56.	1956-57.	1957-58.	1958-59.
	£	£	£	£
Cost of conducting teachers' colleges	1,567,084	1,864,107	2,092,967	2,440,807
Cost of conducting hostels for students in training	63,209	86,047	100,034	119,965
	1,630,293	1,950,154	2,193,001	2,560,772
Average number of students in hostels	829	925	1,036	1,230
Average number of students accommodated privately	2,227	2,530	2,830	3,274
Average total number of students	3,056	3,455	3,866	4,504
Average <i>per capita</i> cost of training per annum	£ 513	£ 540	£ 541	£ 542
Average additional <i>per capita</i> cost of training per annum for those students accommodated in hostels	76	93	97	98

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 1958*, are met from the amounts voted by Parliament for the Education Department.

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

1957-58.		1958-59.	
£	Source of Funds—	£	£
4,348,072	Consolidated Revenue (net)	4,548,076	
1,136,266	Loan Acts	1,384,163	
			5,932,239
406,160	Tuition fees collected by Technical Schools		423,388
120,837	Other Technical School Revenue		132,972
6,011,335			6,488,599
115	<i>Less</i> Surplus in Technical School Maintenance Accounts		
	<i>Add</i> Deficit in Technical School Maintenance Accounts		28,635
6,011,220			6,517,234
	Disbursement of Funds—		
	Salaries (including Pay-roll Tax)—		
3,351,853	Teachers and part-time Instructors	3,531,793	
555,140	Administrative and Maintenance Staff	596,610	
			4,128,403
1,165,022	Erection and Maintenance of Buildings, &c.		1,360,268
171,215	Equipment (including Special Equipment Grants £98,700*)		178,688
330,797	General costs of classes	348,182	
224,764	Administrative and other costs	265,543	
			613,725
222,364	Allowances to pupils		244,855
6,021,155			6,525,939
9,935	<i>Less</i> Rents, &c., received by Education Department		8,705
6,011,220	Total Net Cost		6,517,234

* Not fully expended at 30.6.59 pending completion of orders.

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

	1955-56.	1956-57.	1957-58.	1958-59.
	£	£	£	£
Allowances not exceeding 1s. per day for eligible pupils attending primary schools	88,455	88,268	94,383	93,520
Allowances to eligible pupils attending post-primary schools (covering travel by bicycle and/or public transport facilities)	137,379	168,455	196,185	215,403
Payments to contractors providing special bus transport services for pupils	1,359,707	1,492,483	1,622,830	1,692,684
	1,585,541	1,749,206	1,913,398	2,001,607

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

	1957-58.	1958-59.
	£	£
Administration	591,032	656,169
Central Schools and Classes	239,036	242,754
Correspondence School	89,490	98,180
Girls' Schools	751,114	695,034
High Schools	6,802,685	7,385,364
Higher Elementary Schools	332,933	337,770
Primary Schools	16,019,433	17,372,439
Registered Schools	342,477	390,125
Special Schools and Hostels attached thereto	341,164	365,102
Special Activities (Library, Music, &c.)	537,552	655,252
Technical Schools	5,484,338	5,932,239
Teachers' Colleges	2,363,545	2,823,446
Teachers' Colleges Hostels	273,672	410,168
Universities	1,222,602	1,546,629
Pensions, &c.	684,145	758,323
Miscellaneous	56,525	63,318
	<u>36,131,743</u>	<u>39,732,312</u>

UNIVERSITY OF MELBOURNE.

The accounts of this 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 1957 and 1958, relates to the General Account and the Trust Fund, but does not include the accounts of the University Press, Union, or other extraneous accounts.

	1957.		1958.	
	£	£	£	£
<i>Income—</i>				
State Government Grants—				
General purposes	818,704		940,254	
Special purposes	445,785		245,634	
		<u>1,264,489</u>		<u>1,185,888</u>
Commonwealth Government Grants—				
General purposes	509,600		810,164	
Special purposes	89,000		123,388	
		<u>598,600</u>		<u>933,552</u>
Fees		735,788		819,090
Donations and bequests		339,635		307,701
Interest, dividends, rents		119,030		106,262
Other income		91,723		97,282
		<u>3,149,265</u>		<u>3,449,775</u>
<i>Expenditure—</i>				
Salaries and Pay-roll Tax		1,810,788		2,180,052
Apparatus and books		189,606		279,961
Buildings, land, grounds, and vehicles		812,964		696,107
Examination expenses		80,843		86,921
Special grants, and fees to affiliated institutions		181,875		191,123
General expenses		165,162		190,101
		<u>3,241,238</u>		<u>3,624,265</u>
<i>Balance—</i>				
General Account	<i>Surplus</i>	99,366	<i>Deficit</i>	115,995
Trust Fund	<i>Deficit</i>	191,339	<i>Deficit</i>	58,495
	<i>Net Deficit</i>	<u>91,973</u>	<i>Gross Deficit</i>	<u>174,490</u>

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 1957, donations for building purposes were £78,746, and expenditure on buildings amounted to £589,349, whereas for 1958, the comparable figures were £70,957 and £239,895 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 £340 for 1958, compared with a surplus of £15,935 in the previous year. After crediting the surplus, the accumulated deficit on this account at 31st December, 1958, was £117,595.

As in previous years, Government grants comprised more than half the income of the University in 1958. State Government grants decreased by £78,601, 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.

MONASH UNIVERSITY.

This University was established by the *Monash University Act* 1958 (No. 6184) and, by proclamation of the Governor in Council, was incorporated on 27th May, 1958.

An Interim Council was appointed on 20th May, 1958, in pursuance of section 44 of the said Act, and became responsible for the administration of the affairs and property of the University.

In November, 1958, the Interim Council selected 287 acres of land at Clayton as a suitable site for the location of the University. Portion of this land having been subdivided but not built on, it became necessary to purchase individual lots from a number of vendors.

Receipts of the Interim Council up to 31st December, 1958, comprised an amount of £3,375 from the Loan Fund to meet expenditure associated with the acquisition of the site, £250 provided by special appropriation for the purpose of meeting administrative expenses, and a donation of £10. Expenditure on acquisition amounted to £3,349, administrative expenses absorbed £63, and at 31st December, 1958, £223 was unexpended.

FORESTS.

EXPENDITURE.

In the year under review, expenditure amounted to £2,629,086. Under broad headings the principal divisions of expenditure in the past three years were :—

	1956-57.	1957-58.	1958-59.
	£	£	£
Appropriations—			
Administrative Salaries	519,213	525,416	573,289
Contingencies	84,237	105,451	93,138
Business Undertakings	160,021	82,959	77,768
Utilization Forest Produce	482,413	396,823	236,443
Supply of Firewood	27,957	22,197	19,741
Sundry	70,841	71,947	71,289
	<u>1,344,682</u>	<u>1,204,793</u>	<u>1,071,668</u>
Forestry Fund—			
Forests	787,197	681,499	819,353
Plantations	72,952	64,945	73,451
Nurseries	21,251	20,744	19,598
General	9,784	6,974	7,955
	<u>891,184</u>	<u>774,162</u>	<u>920,357</u>
Loan Fund—			
Fire Protection	124,774	97,011	46,607
General Operations	35,897	69,163	61,355
Extraction Roads	408,690	334,984	331,643
Plantations	72,205	64,325	87,076
Buildings	40,025	22,950	78,775
Plant and Machinery	58,253	10,862	18,431
Land	10,037	17,130	13,174
	<u>749,881</u>	<u>616,425</u>	<u>637,061</u>
	<u>2,985,747</u>	<u>2,595,380</u>	<u>2,629,086</u>

Since the inception of the use of Loan Funds for forestry purposes, the sum of £16,784,201 has been so applied. After adjusting discount and expenses and amounts redeemed or repaid, the Loan Liability at 30th June, 1959, was £13,722,663, towards which there was an equity in the National Debt Sinking Fund of £841,425.

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

	1956-57.		1957-58.		1958-59.	
	£	%	£	%	£	%
Vote	1,344,682	45	1,204,793	46	1,071,668	41
Fund	891,184	30	774,162	30	920,357	35
Loan	749,881	25	616,425	24	637,061	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 forest foremen and others amounting to £143,716 were charged to Utilization Vote, Forestry Fund, Loan Fund and Stores Suspense Account. It has been stated in past years that this practice 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 the procedure.

The committee of three, which was set up in 1957-58 to investigate the existing basis of charging salaries in the Commission's accounts, ceased to function due to the retirement from the Public Service of one member and the death of another. Although no formal report of the Committee's findings was produced to me, the necessity to apprise Parliament of all salaries payable by the Commission was partly recognized by showing in the appropriate schedule to the estimates the amount purporting to be the gross salaries payable, and, as a deduction therefrom, the estimated amount chargeable to Loan, Forestry Fund and other sources. It should be realized, however, that this deduction covered the salaries of permanent forest foremen only. Actually, in 1958-59, the salaries of other groups of officers and employees were also charged to expenditure authorities other than the Commission's salary vote.

Since the close of the financial year, the department has taken steps to review the basis of apportionment as between expenditure authorities of the salaries of the officers and employees in question.

Expenditure charged to the contingencies vote of the department included sums amounting to £2,050, on account of payments in lieu of long-service leave to employees in accordance with the provisions of the Labour and Industry Act.

Expenditure in connexion with business undertakings has, to some extent, been recouped by the revenue of such undertakings—for particulars see pages 52-53.

In my report for 1957-58, I mentioned that set-offs to the expenditure under the Utilization Vote had 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 had been treated as royalty and credited to Revenue No. 3 Territorial. I pointed out that this procedure affected the calculation of the "royalty equivalent" for the purposes of payment from Consolidated Revenue to the Forestry Fund under Section 30 of the *Forests Act* 1958, and that to me such procedure appeared to be in contravention of the provisions of the said section. At my request, the matter was referred to the Crown Solicitor for opinion. The Crown Solicitor stated, *inter alia*, that he could "see no justification for treating the residue of proceeds over costs as royalty or for treating as royalty the annual difference between income and expenditure on the Commission's operations in relation to the production of forest produce". It is understood that amended procedure, consistent with the Crown Solicitor's opinion, will be introduced as early as practicable.

Expenditure from loan funds included an amount of £45,095 in connexion with the provision of special roading, in the Macalister Forest District, from Licola to Tamboritha Saddle, to give access to the Bennison Plains and tableland beyond. The estimated cost of the project is £330,000 and, to meet this cost, a special loan allocation of £110,000 a year for three years has been approved by the Treasurer. He has also approved of the Commission being relieved of the annual debt charges involved.

Local millers are also contributing to the cost of roading in the Macalister Forest District. Their contributions, which are paid into a Treasury trust fund styled the "Bennison Roding Account", will be available only for road construction on the Bennison Tableland.

RECEIPTS.

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

	1956-57.	1957-58.	1958-59.
	£	£	£
Territorial—			
Rents	22,368	30,054	34,321
Royalties	1,731,263	1,764,342	1,724,032
Miscellaneous	8,103	7,273	6,516
Fees	428	528	535
Tramways and Charcoal	219	747	1,334
State Sawmill	66,858	80,519	93,473
Timber Seasoning Works	57,465	38,494	13,288
Departmental	531,672	425,378	268,211
Miscellaneous	10,479	14,224	11,246
	<hr/>	<hr/>	<hr/>
	2,428,855	2,361,559	2,152,956

The net cost of the Commission for 1958-59, based on receipts and expenditure in the Consolidated Revenue Account, was £372,865.

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

1957-58.	Receipts.	1958-59.	1957-58.	Expenditure.	1958-59.
£		£	£		£
2,361,559	As detailed	2,152,956	8,600	Commissioners' Salaries ..	9,800
278,278	Net Cost	372,865	1,177,235	Votes	1,041,910
			18,958	Pensions	19,958
			900,834	Grants to the Forestry Fund ..	882,434
			501,089	Interest and Exchange on Loans ..	536,600
			378	Loan Conversion Expenses ..	236
			32,743	National Debt Sinking Fund ..	34,883
<u>2,639,837</u>		<u>2,525,821</u>	<u>2,639,837</u>		<u>2,525,821</u>

STORES SUSPENSE ACCOUNT AND PLANT AND MACHINERY FUND.

Stores Suspense Account.—The terms of operation of the Forest Stores Suspense Account are set out in Section 31 of the *Forests Act* 1958, No. 6254. In 1952-53, £20,000 was applied out of Loan Fund to finance the Account under the authority of Loan Application Act No. 5588.

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 £241,380 at credit of the Forests Stores Suspense Account in the Treasurer's books at 30th June, 1959, 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	84,232		
Repairs to Plant Account	162,177		
Fire Protection Workshop Account	*91		
			<u>246,500</u>
<i>Debit balances—</i>			
Drums Account		4,648	
Manufactured Articles (Carpenters' Shop)—			
Unadjusted Expenditure	1,972		
less Advance from Stores Account	1,500		
		472	
			<u>5,120</u>
			<u>241,380</u>

* 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 were mentioned on page 53 of my report for 1957-58. In 1958-59, £30,000 together with the proceeds of the sale of surplus stocks amounting to £2,330 was transferred to Loan Fund Credit Account.

Consideration as to whether the "Repairs to Plant" section of the Account is in excess of requirements has been deferred by the Treasury. It is understood that it is awaiting the result of the proposed investigation by the Parliamentary Public Accounts Committee into the question of Stores Suspense Accounts generally. The charges for Newport Conversion mentioned in the previous year's report were transferred from this section to Loan Fund in 1958-59.

Plant and Machinery Fund.—Section 32 of Act No. 6254 provides for a Plant and Machinery Fund. 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, 1959—

	1st July, 1953, to 30th June, 1958.	1st July, 1958, to 30th June, 1959.	Total.
	£	£	£
Plant Hire	719,571	98,230	817,801
Expenditure on renewals	477,421	208,457	685,878
Balance at 30th June, 1959			131,923

INDUSTRIAL UNDERTAKINGS.

Until the 26th March, 1958, the Commission operated two industrial undertakings, the Timber Seasoning Works, Newport, and the State Sawmill, Erica. However, on the date stated, the Seasoning Works ceased operations and realization of its assets commenced immediately.

Timber Seasoning Works, Newport.—The accumulated loss to the date of cessation of operations was £141,041.

As indicated above, realization of the fixed assets and the stock in hand of the undertaking commenced on the 27th March, 1958. At the 30th June, 1958, the estimated loss on realization to that date was £3,988.

By the 30th June, 1959, it was evident that the ramps and stacking sticks, with a book value of £6,290, were unsaleable. Other timber valued at £13,453 at the 30th June, 1958, less Stock on Hand as at 30th June, 1959, £1,483, was sold for £8,899.

Having regard to the sales proceeds, expenses of realization during the year, were high at £6,856. The position at the 30th June, 1959, may be summarized as follows:—

Estimated loss on realization to the 30th June, 1958	£	3,988
Plus—(1958-59)—		
Ramps and stacking sticks written off as unsaleable	6,290	
Loss on realization of timber	3,071	
Realization expenses	6,856	
		<u>16,217</u>
Loss on realization of fixed assets and timber to 30th June, 1959		<u>20,205</u>

In addition to the loss on realization of the assets shown in the above summary, a further loss appears inevitable. Of the Sundry Debtors, amounting to £3,477, as at the commencement of realization:—

- (i) debts totalling £301 have been written off;
- (ii) another debt of £557 appears uncollectable; and
- (iii) collection of debts amounting to £249 is doubtful.

State Saw Mill, Erica.—The following information taken from the Commission's Profit and Loss Statements summarizes operations in 1957-58 and 1958-59:—

	1957-58.		1958-59.	
	£	£	£	£
Sales	71,936		99,058	
Other Receipts	482		507	
Increase in Stock	4,832			
		77,250		99,565
Working Expenses	70,913		76,521	
Interest calculated on capital used in the business	2,387		2,387	
Decrease in Stock			5,445	
		73,300		84,353
Net Profit		3,950		15,212

The increased profit for the year 1958-59, as compared with the previous year, was due to higher selling prices from 1st September, 1958, and the sale of scantlings, held at Newport, at a figure in excess of book value.

Depreciation charges were on the same basis as in previous years. The notional interest was charged on the capital invested in fixed assets but without regard to the net amount transferred to the Treasury.

The accumulated profit at 30th June, 1959, was £34,479.

The statement hereunder shows the position of the undertaking as at the close of each of the past two years:—

	30.6.58.		30.6.59.	
	£	£	£	£
<i>Fixed Assets less provision for Depreciation—</i>				
Buildings	18,542		17,615	
Machinery and Plant	24,694		22,202	
Rolling Stock	2,050		1,845	
		45,286		41,662
<i>Current Assets—</i>				
Debtors	10,791		16,876	
<i>Stock on Hand—</i>				
Timber	13,741		8,388	
Stores	212		120	
		24,744		25,384
		70,030		67,046
Less Current Liabilities		1,403		1,341
		68,627		65,705

The balances shown above were financed from the following sources:—

Capital raised from Revenue and Loan Fund	61,607	61,607
Accumulated Profit	19,267	34,479
	80,874	96,086
Less the excess of receipts over payments which has been paid into Consolidated Revenue	12,247	30,381
	68,627	65,705

Timber stocks on hand at 30th June, 1959, comprised logs valued at £5,608, and sawn timber valued at £2,780.

GOVERNMENT PRINTER.

Income from printing, sales of publications, &c., for the year amounted to £1,192,483 compared with £1,056,546 in 1957-58.

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 of £104,568 on the year's operations.

The purpose of the statement is to apply commercial accounting tests to the operations of the Government Printing Office. The basis of its preparation has been consistent from year to year. Because of this, it indicates trends in costs and turnover, but it should be noted that the result shown each year is arrived at without regard to the following factors :—

- (i) interest paid applicable to the cost of the undertaking ;
- (ii) depreciation on buildings ;
- (iii) the State's contribution towards pensions ;
- (iv) freight and costs of distribution met by the Treasury ; and
- (v) in the valuation of publications on hand, the practice of assessment at marked selling prices without due allowance for discount on subsequent purchases by agents.

<i>Item.</i>	1957-58.	1958-59.
	£	£
Materials	371,984	413,947
Salaries and Wages (including Pay-roll tax)	540,144	582,869
Insurance—Workers' Compensation	4,220	4,430
Insurance—Fire	786	786
Power, Fuel, and Light	7,070	7,215
Repairs to Buildings and Plant	6,476	6,178
Sundry Charges	20,390	23,875
Postage and Incidentals	3,295	3,004
Depreciation	22,233	27,189
Work done by other than Government Printer	29,609	18,422
	1,006,207	1,087,915
Profit	50,339	104,568
	1,056,546	1,192,483
Turnover		

During the year 1941-42, a Printing Machinery Depreciation Fund was established for the replacement of plant and machinery acquired from loan funds. With the exception of 1958-59, annual credits to the Fund have been provided from Consolidated Revenue. As a result of these credits and because no expenditure had been made therefrom, the accumulated balance at 30th June, 1958, was £118,735. This figure remained unaltered at 30th June, 1959.

Including £30,502 expended during the year, the total cost of plant and machinery purchased from loan funds was £360,008 at 30th June, 1959.

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, 1959, excluding that of the Mental Hygiene Branch (which is separately discussed) and the contribution of £7,532,391 to the Hospitals and Charities Fund, was £3,626,963.

This expenditure comprised the following charges :—

Departmental Votes—	£
Health (Salaries and Contingencies)	3,446,649
Public Works (Maintenance, &c.)	39,990
Treasury (Payroll Tax)	13,530
Chief Secretary (State Accident Insurance)	8,659
Special Appropriations (Salary of Director of Tuberculosis and Pensions)	118,135
	3,626,963

Receipts (excluding those of the Mental Hygiene Branch) totalled £1,107,857, and the net cost of health services to revenue was £2,519,106, an increase of £463,603 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 :—

	1956-57.	1957-58.	1958-59.
	£	£	£
Registration and other Fees	8,029	9,161	9,520
Other Receipts	9,485	12,000	10,787
	17,514	21,161	20,307

Expenditure in the same period has been :—

(a) From Revenue—	£	£	£
Central Administration	159,080	161,252	181,093
Cancer Institute	397,143	442,511	480,000
Infectious Diseases	120,759	121,054	144,091
Venereal Diseases	46,663	44,525	26,054
Inspection of Buildings, Food Supervision, &c.	160,046	154,445	173,926
Miscellaneous Grants	102,011	114,500	130,500
Subsidies—Home Help Scheme, Clubs for Elderly People, &c.	115,291	153,046	183,680
	1,100,993	1,191,333	1,319,344
(b) From Loan—			
Cancer Institute	139,810	151,568	130,984
Other	39,568	106,614	83,991
	179,378	258,182	214,975

Tuberculosis Branch.

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

	1956-57.	1957-58.	1958-59.
	£	£	£
Commonwealth recoup under <i>Health (Tuberculosis Arrangement) Act 1949</i>	842,177	1,294,655	1,060,031
Other receipts	3,836	11,450	22,250
	<u>846,013</u>	<u>1,306,105</u>	<u>1,082,281</u>

Expenditure for the same period is compared thus :—

	£	£	£
(a) <i>From Revenue</i> —			
Operation of sanatoria, tuberculosis wards, bureaux, mass X-ray services, &c.	1,276,439	1,292,241	1,307,962
(b) <i>From Loan</i> —			
Additional accommodation at State sanatoria and chalets	123,995	53,187	33,098
Other	14,078	15,944	15,015
(c) <i>From Surplus Revenue</i> —			
Publicity, anti-tuberculosis campaign	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 :—

	1956-57.	1957-58.	1958-59.
	£	£	£
Loan	123,995	53,187	33,098
Revenue	4,225	1,677	3,098
	<u>128,220</u>	<u>54,864</u>	<u>36,196</u>

A progress payment of £30,500 on account of 1958-59 was received in June, 1959, and reimbursement of the balance is in course.

Progress payments to 30th June by the Commonwealth on account of 1958-59 maintenance expenditure amounted to £986,450. Reimbursement of the balance outstanding at 30th June, 1959 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 :—

	1956-57.	1957-58.	1958-59.
	£	£	£
School Medical and Dental Services, Salaries, &c.	406,393	426,323	486,226
Subsidies	432,023	478,573	513,431
	<u>838,416</u>	<u>904,896</u>	<u>999,657</u>
Revenue for the same period was	5,074	5,701	5,269
Net cost	<u>833,342</u>	<u>899,195</u>	<u>994,388</u>

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 ..	169,576	135,044	169,973
Other	3,133	12,976	9,456
	<u>172,709</u>	<u>148,020</u>	<u>179,429</u>

Mental Hygiene Branch.

The cost of the services provided by this branch was, in 1958-59, defrayed from both revenue and the Mental Hospitals Fund. Gross expenditure for non-capital purposes was £5,995,426, but as receipts amounted to £660,583, the net cost of Mental Hygiene services was £5,334,843. The gross expenditure comprises charges to—

Departmental Votes—	£
Health (Salaries and Contingencies)	5,386,557
Public Works (Maintenance, &c.)	279,259
Chief Secretary (State Accident Insurance)	25,469
Mental Hospitals Fund	304,141
	5,995,426

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

	1956-57.	1957-58.	1958-59.
	£	£	£
Public Trustee—maintenance of patients—principally Commonwealth payments on account of Repatriation patients	135,834	174,708	605,076
Commonwealth Pharmaceutical Benefits	7,878	18,513	32,375
Sales of produce	15,473	12,894	13,089
Other	8,168	9,333	10,043
	167,353	215,448	660,583

Payment in respect of the Repatriation Mental Hospital, Bundoora, included arrears of maintenance for the years 1953-54 to 1957-58 inclusive and payment for the year ended 30th June, 1959, at the full estimated cost.

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

Item.	1954-55.	1955-56.	1956-57.	1957-58.	1958-59.
	£	£	£	£	£
Salaries	1,960,415	2,277,939	2,659,507	2,869,338	3,189,942
Overtime and penalty rates	387,410	426,220	448,194	498,621	529,315
Provisions and extra articles	648,390	744,450	754,884	734,906	816,771
Clothing, bedding, &c.	235,703	190,684	198,762	224,623	209,787
Stores, &c.	137,633	137,290	134,701	135,114	143,074
Fuel, light, and water	156,149	188,117	250,651	249,585	329,575
Drugs and medicines	74,264	104,007	111,323	141,165	190,347
Repairs, maintenance, &c.	332,043	332,155	295,825	322,764	279,292
Boarded-out patients	57,350	72,071	76,748	94,227	93,509
Other	132,502	157,025	173,200	200,457	213,814
	4,121,859	4,629,958	5,103,795	5,470,800	5,995,426

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.

Expenditure of this nature by the State during the year amounted to £1,741,260, of which £1,154,158 was charged to the Loan Fund and £587,102 was charged to the Public Account pending recoup by the Commonwealth. Of this latter amount £89,781 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	115,602
Ballarat	111,901
Beechworth	82,763
Kew (including Children's Cottages)	188,409
Larundel	173,149
Mont Park (including Plenty)	224,324
Royal Park	50,055
Sunbury	63,841
Stawell	27,866
Warrnambool	73,479

Expenditure from the Mental Hospitals Fund additional to that included in the summary showing the net cost of Mental Hygiene services was :—

Other Institutions—Grants for Capital Works	93,947
Grants for Maintenance	69,961
	163,908

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. The collections and expenditure of the Department are reviewed hereunder.

Collections.—Collections during the year amounted to £1,489,159.

Receipts in the Closer Settlement section included repayments of principal by settlers, £176,976; interest on their respective loan liabilities, £111,302; moneys due to the Mallee Land Account, £19,472; and premiums for credit to the Insurance Fund, £14,459.

Collections on account of Crown Lands generally, amounted to £876,413. Increased fees for grazing licences, permissive occupancies, unused roads and water frontage licences resulted in higher earnings for the year as compared with 1957–58. Territorial revenue was credited with £650,413 in consideration of fees payable for various leases, licences and sales of land, and the Mallee Land Account with a sum of £36,072 on account of revenue from similar sources. Amounts credited to the Rivers and Streams Fund for rights to occupy water frontages aggregated £32,837. Sums totalling £43,721 were received from the sale of land formerly vested in the Geelong Harbor Trust. These sums were, pursuant to the provisions of the *Geelong Harbor Trust Lands Act 1958*, applied towards liquidation of moneys and interest due in respect of debentures issued by the Trust and purchased by the Treasurer of Victoria.

Recoups from the Housing Commission for the services of survey personnel, from the Soldier Settlement Commission on account of survey services and administration costs of its Insurance Fund, and from the Commonwealth Government on account of national mapping activities, amounted to £44,211. Other departmental earnings were obtained from the supply of various photographic and aerial survey services, £32,208, and from charges raised for works performed and poisons supplied by the Vermin and Noxious Weeds Branch, £17,793.

Expenditure.—During the year under review, £1,696,852 was charged against the various departmental votes. Expenditure from Loan Fund amounted to £57,055 for the purchase of equipment for the Vermin and Noxious Weeds Branch; £9,988 for equipment for the Aerial Survey section; and £8,800 for road construction under the supervision of the Country Roads Board. Payments from Treasury Trust Funds comprised—£9,336 from moneys made available for rabbit control research by the Commonwealth Scientific and Industrial Research Organization through its Wool Research Committee, and £9,533 in meeting claims and administration expenses on account of the Closer Settlement Insurance 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.

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>	£
Balance at 1st July, 1958	.. 272,093	Claims paid	.. 7,373
Premiums received	.. 14,360	Administration expenses	.. 2,160
		Balance at 30th June, 1959	.. 276,920
	-----		-----
	286,453		286,453

SOLDIER SETTLEMENT.

The settlement on the land of eligible ex-servicemen has been the responsibility of the Soldier Settlement Commission, which was appointed in February, 1946. Legislation constituting the Commission and subsequent amendments have authorized the borrowing of £65,000,000 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 addition to exercising the powers and functions outlined above, the Commission has been entrusted, pursuant to the provisions of the *Land Settlement Act* 1959, with authority to administer a land settlement scheme which will be open, in terms of the Act, to applications by all adult British subjects.

In order to expedite soldier settlement in this State, the Commonwealth had, during the three-year period, 1st July, 1955, to 30th June, 1958, made available to the State by way of loan £5,198,708 on the basis of £1 for each £2 of loan moneys expended by the State on general soldier settlement. The sums advanced, which were not to exceed £2,000,000 in any one financial year of the three-year period, were repayable over 53 years with interest at 3 $\frac{3}{4}$ per cent.

To enable the State to complete its War Service Land Settlement Scheme, the Commonwealth agreed, in similar terms to those operating previously, to continue in 1958-59 and 1959-60, the special loans referred to above. However, the amount to be made available over this two-year period was—up to a maximum of £2,000,000—to be the difference between £3,150,000, the State's loan allocation for soldier settlement, and the actual expenditure by the State for that purpose between 1st July, 1958, and 30th June, 1960, in respect of properties approved for inclusion in the scheme prior to 30th June, 1959. Under this arrangement, the State received in 1958-59, £999,995. Expenditure for the year amounted to £713,337.

To 30th June, 1959, no loan expenditure was incurred by the Commission on projects associated with settlement under the *Land Settlement Act* 1959. However, it would appear that, as soldier settlement is in its final stages, some of the estates which were purchased and developed from soldier settlement funds will be, if not wholly, at least in part, availed of for purposes of settlement under the new Act. If this does eventuate, financial adjustments will be necessary as between the two schemes. Subject to this observation, the comments and financial summaries which follow relate entirely to soldier settlement.

Loan expenditure to 30th June, 1959, totalled £58,295,590, but excluding expenses associated with loan raising (£419,005), was £57,876,585. Taking into account expenditure of £5,912,040 from the special loans from the Commonwealth already referred to, the total capital expenditure to 30th June, 1959, amounted to £63,788,625, which is analysed below :—

	£	£
Purchase of Land .. .. .	..	19,588,709
Improvement and Development of Estates .. .. .	..	25,644,185
Unallocated Expenses—		
Building and Fencing Material.. .. .	39,009	
Stores and Material	164,515	
Pastoral Development.. .. .	1,193	
Fruit Trees and Fodder	24,157	
Sundry	74,073	
	—————	302,947
Advances for Single Unit Farms—		
Land Purchases	11,769,640	
Improvements, Stock, &c.	413,207	
	—————	12,182,847
Advances to General Settlers for—		
Stock, Plant, and Working Expenses	4,857,025	
Purchase of Co-operative Co. shares	125,164	
	—————	4,982,189
Live Stock held for Farming	253,326	
Expenses in connexion therewith	197,359	
	—————	450,685
Storeyards, &c. .. .. .	..	214,397
Plant and Machinery .. .. .	..	356,650
Motor Vehicles .. .. .	..	51,333
Miscellaneous Equipment .. .. .	..	6,534
Share Farming Expenses .. .. .	..	7,899
Purchase of Co-operative Co. shares .. .. .	..	250
	—————	63,788,625

Of the loan expenditure quoted in the preceding statement, repayments of £14,532,886 had been made to 30th June, 1959, of which Commonwealth contributions totalled £2,550,752, representing £2,548,915 in respect of excess costs and £1,837 in respect of losses on advances to settlers. The balance repaid, £11,982,134, comprised the following :—

	£
Purchase Lessees, Principal Repaid	1,439,887
Single Unit Farmers, Advances Repaid	4,401,438
Interim Lessees, Advances Repaid	3,593,451
Lessees' Credit Accounts	586,524
Disposal of Unsuitable Land	1,125,355
Disposal of Stock, Plant, Materials, &c.	835,479
	11,982,134

From the repayments, a sum of £63,651 has been paid to the Commonwealth as part redemption of the special loans mentioned earlier herein.

During the year, further interim claims were made by the State for the Commonwealth's share of the excess costs of soldier settlement, in accordance with an arrangement, dated 11th July, 1952, between the Commission (without prejudice to further representations for increased Commonwealth contributions) and the Commonwealth authorities. Under this arrangement, the Commonwealth has, on claims by the State, been contributing in respect of each estate one-half of the excess costs occasioned by the State valuation or one-half of the sum of the items specified below, whichever amount is the lesser :—

- (a) costs associated with the holding of land prior to settlement ;
- (b) expenditure on acquisition and development which does not add to the value of a holding ; and
- (c) excess cost of structures above standard July, 1946, cost.

The arrangement of July, 1952, also provided that the Commonwealth would, in addition to the contributions mentioned above, contribute one-half of any writing off of other costs of acquisition and development in which it can be reasonably concluded, at any time up to the expiration of three years following the issue of a settlement purchase lease, that the trend of price levels of products would not allow the commitments to be borne by the settler. In order to protect what it considers are its rights under this section of the arrangement, the Commission has submitted, over the past two years, final claims in respect of 73 estates. Each of these claims has been supported by my certificate that the gross costs, purchase lease liabilities and excess costs up to and including the respective dates of the claims were correctly shown in the appropriate statement submitted therewith.

To date, none of these claims has been admitted by the Commonwealth but the total thereof, £155,427, has been included in the Commission's books as a debt due by the Commonwealth. In this regard, it should be stated that correspondence between the Commission and the Commonwealth authorities seemed to indicate that, when final claims were submitted, a review of the financial position of soldier settlement as a whole would be made. As, on present indications, there may have to be a substantial writing off of certain costs of acquisition and development to allow soldier settlers to attain economic stability, the promised review should be no longer delayed.

The Commission's accounts are kept on a commercial accounting basis. The revenue account for 1958-59, excluding livestock transactions, shows:—

<i>Expenditure—</i>	£	£	£
Interest		1,910,381	
<i>Less</i> Interest Capitalized	220,349		
Interest transferred and borne by the State ..	290,412		
		510,761	
		1,399,620	
Loan-raising Expenses		44,615	
Administrative Costs		220,032	
Shire Rates		13,163	
Depreciation (other than developmental assets) ..		2,409	
Rents and Interest remitted	25,360		
<i>Less</i> Commonwealth share	12,680		
		12,680	
Bad Debts		950	
		1,693,469	
<i>Income—</i>			
Interest earned		604,644	
Rents, Fees and Sundries		95,475	
Contribution by Commonwealth—account Shire Rates ..		10,198	
		710,317	
Deficit for 1958-59			983,152

The total accumulated deficit to 30th June, 1959, before taking into account profits from sheep and cattle farming, amounted to £5,705,436.

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 to the 30th June, 1959, have been calculated by the Commission to be £5,215,810.

During the year, trading in livestock showed a profit of £10,143, increasing accumulated profits from this activity to £1,099,684 as at 30th June, 1959.

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.

The Soldier Settlement Insurance Fund was established by legislation 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, 1959, was £383,717. As in the case of the Closer Settlement Insurance Fund, there is no statutory authority for the investment of surplus funds.

Following is an abstract of receipts and payments during the year.

<i>Receipts.</i>	£	<i>Payments.</i>	£
Balance at 1st July, 1958 ..	325,925	Claims paid	14,926
Premiums received	83,248	Administration expenses ..	10,530
		Balance at 30th June, 1959 ..	383,717
	409,173		409,173

LOCAL GOVERNMENT.

This Department was constituted under the provisions of Act No. 6479 of 1958 for the better administration of the laws relating to local government in this State.

The expenditure from revenue, from the date of its establishment on the 23rd December, 1958, to the 30th June, 1959, is shown hereunder :—

Local Government—	£
Salaries	13,743
Contingencies	8,185
Town and Country Planning Board—	
Salaries	9,071
Contingencies	364
Pay-roll Tax	638
	32,001

Relevant expenditure prior to the above date is included under the departmental heading of Public Works.

Subsidies from loan funds to municipalities and other public bodies were authorized, as in former years, by the Public Works Department. Payments by way of subsidy, amounting to £290,735, were made during the year for the purposes shown hereunder :—

	£
Drainage Works	105,659
Roads, drains, channels, and bridges	43,193
Swimming pools and accessories	55,849
Pedestrian crossings	16,352
Saleyards, markets, &c.	20,849
Public halls and amenities	48,833
	290,735

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, boiler attendants and fusion welders.

Expenditure for the year under review totalled £418,929 and receipts amounted to £69,495, a net cost to Consolidated Revenue of £349,434, which compares with £315,959 in 1957-58 and £249,186 in 1956-57.

Details of departmental receipts for the three years are:—

	1956-57.	1957-58.	1958-59.
	£	£	£
Gold Buyers' Licences	225	198	207
Mining Leases, Rents, &c.	30,775	21,366	24,561
Costs <i>re</i> Mining Leases	178	97	174
Assays	275	361	351
Sundries	134	320	125
Magazine Licences	154	168	162
Boring and Crushing Fees	11,405	6,444	6,098
Sale of Government Property	1,339	2,909	2,736
Factory Fees—Boiler Attendants, &c.	539	494	466
Fees—Boiler Inspection	26,406	32,914	34,520
—Fusion Welders .. .. .	..	..	95
Total revenue	71,430	65,271	69,495

Payments from revenue in those years comprised:—

	£	£	£
<i>Administration—</i>			
Salaries	165,595	174,940	199,229
Contingencies	32,966	35,945	36,497
	198,561	210,885	235,726
<i>Miscellaneous—</i>			
Maintenance, &c., State Batteries	5,345	3,229	3,866
Boring for Water, Coal, and other Minerals, &c.	99,479	149,544	156,070
Geological Survey	6,500	6,483	6,500
Laboratory Expenses	1,988	2,816	3,445
Covering Abandoned Shafts	3,312	3,223	4,488
Brown Coal Investigation	1,336	912	..
Surveys for Mineral Deposits	3,518	2,588	6,643
State Accident Insurance	577	1,550	2,191
Total expenditure	320,616	381,230	418,929

The increase in miscellaneous revenue expenditure in the year was due mainly to additional costs associated with an expanded drilling programme and to a scheme of subsidized drilling introduced for the purpose of surveys for mineral deposits. The subsidies for this latter purpose amounted to £5,880.

A further sum of £74,997 was expended from the Loan Fund on the purchase of additional plant and equipment and the provision of storage facilities.

Under the authority of section 42 of the *Audit Act* 1958, sums totalling £1 18s. were allowed by me, on imperfect vouchers, on the assurance of the Secretary for Mines that the said sums had been properly disbursed.

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 :—

	1956-57.	1957-58.	1958-59.
	£	£	£
Public Works and Buildings	1,351,875	1,325,363	1,333,535
Ports and Harbors	348,646	385,037	287,908
Administration—			
*Public Works	918,462	1,002,321	1,226,310
Ports and Harbors	144,875	182,301	175,367
*Town and Country Planning Board	18,328	17,411	9,929
Pay-roll Tax	36,874	34,749	34,414
State Accident Insurance	8,026	19,042	18,914
	2,827,086	2,966,224	3,086,377

* Expenditure up to 22nd December, 1958, in respect of the Local Government Department is included in these amounts.

The previous practice of charging indirect expenses to loan works and relieving the relevant departmental revenue votes was replaced, as from the 1st July, 1958, by a method whereby an oncost charge of 7½ per cent. was made to cover costs associated with the design, supervision and administration of such works. The amount recovered under this method in 1958-59 was £704,055, and is included in the Treasurer's Revenue Statement. In consequence of the adoption of this method, the expense items involved were charged direct to the appropriate revenue votes of the department and are reflected in the increased cost of administration indicated above.

Expenditure from Loan Fund amounted to £11,802,325 and from Trust and Special Funds £1,299,143. 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. 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 summarized hereunder :—

Buildings, Works, &c., for—	£
Public Offices	322,356
Foreshore protection, wharfs, and jetties	111,460
Dredging, blasting and navigational aid	109,517
Vessels for dredging, and explosives and marine plant	16,817
Explosives Reserve, Altona	1,126
Plant was acquired from loan funds for departmental purposes during the year at a cost of	37,431

Subsidies from loan funds to municipalities and other public bodies previously referred to under this heading are now included under the departmental heading of Local Government.

The under-mentioned contracts are the subject of audit comment as indicated:—

Deferred Payment Contracts.—Loan expenditure on behalf of the Government Printer included progress payments amounting to £105,078 on the acquisition, on a deferred payments basis, of a new Government Printing Office. The amount mentioned included a sum of £11,929 on account of interest. The purchase of another property, for Police purposes, is being met from loan funds on a similar basis. The amount paid to the 30th June, 1959, was £36,188 and included interest £6,188.

Dental Hospital Contract.—I referred in my previous report to the question of the need for specific legislative approval for certain payments to the contractor erecting this hospital. The sum of these payments purported to be in consideration of additional costs incurred by the contractor as a result of enforced delays in the carrying out of the contract.

The Crown Solicitor has since expressed the opinion that, assuming the sum agreed to be paid to the contractor represents costs and expenses incurred in connexion with the construction of the Dental Hospital as a result of, *inter alia*, delays, there seems to be no doubt that the agreed sum is a part of the cost of construction of the building. It would appear, therefore, that the funds provided under the authority of the Loan Act were legally available for the expenditure.

Additional Floors, State Offices, 179 Queen-street.—In connexion with this contract, I have raised with the Treasurer a somewhat similar case to that referred to under “Dental Hospital” above. Additional payments, totalling £16,995, have been made to the contractor consequent upon enforced delays in the carrying out of this contract. I have pointed out, *inter alia*, that the evidence available on the relevant departmental file does not preclude the view that this expenditure could have been avoided.

Supply of Furniture—Various Mental Hospitals.—Certain orders issued for the supply and installation of wardrobe locker units at various mental institutions, payments on account of which have been made in excess of the value of units delivered and work performed, are in question. The excess is estimated to be roundly £2,500 and the matter is in course of investigation by a departmental committee in consultation with Treasury and Audit representatives.

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, 1959, was £324,000. The said Act was repealed by the *Acts Enumeration and Revision Act 1958* and, consequently, this account since 1st April, 1959, has operated without statutory authority. The moneys in the account are used:—

(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 summarizes the operations of the Account for the year under review :—

	£	£	£
Cash balance at 1st July, 1958 .. .. .	..	..	168,706
Cost of purchases of stores, &c., raw material and labour charges, &c, for manufacture, and returnable containers ..	..	379,489	
Value of issues of stores, &c., and manufactured articles to—			
(i) departmental construction works	337,379		
(ii) other government departments and authorities ..	4,804		
Proceeds of sale by auction and negotiation of slow-moving and superseded consumable stores	2,232		
Allowances on containers	8,862		
	—	353,277	
Increase in stores in custody, 1958-59 .. .. .	..	..	26,212
Cash balance as at 30th June, 1959, of Public Works Stores Suspense Account—Treasury books .. .. .	..	..	142,494

It is estimated that, as at the 30th June, 1959, unpaid accounts for the purchase of stores amounted to £28,762, and that the value of issues not credited amounted to £65,002.

Following stock-takes of further sections of the departmental stores system, quantitative and financial records have been established at Head Office of all stocks within the ambit of this Account. Continuous physical stock checks have also been carried out during the year. Quantitative and financial adjustments arising from these stock checks are in course.

A preliminary reconciliation between the Account in the departmental books and the Public Works Stores Suspense Account at the Treasury has been undertaken but, at this juncture, it is difficult to assess the results obtained.

The question raised in my previous report as to the proper method for accounting for the loss on the sale of slow-moving and superseded consumable stores has not been determined. The loss at 30th June, 1959, stands in the departmental books at £15,252. A further loss is anticipated from the sale of motor tyres.

A report by the departmental stores accounting officer, on the general position of this Account at the 30th June, 1959, indicates that, in respect to many items of stores, there is evidence of slow movement in turnover. He has recommended, in some instances, that early consideration be given to disposal of holdings beyond normal departmental requirements.

Public Works Plant and Machinery Fund.—This Fund was established under the provisions of Loan Act No. 5199 of 1946. As in the case of Loan Act No. 5240 mentioned previously, the said Loan Act No. 5199 was repealed by the *Acts Enumeration and Revision Act 1958* and consequently since the 1st April, 1959, this Fund has operated without statutory authority. The charges made for the use of certain specified plant and machinery as authorized by Act No. 5199 are debited to projects on which such plant is used and credited to the Fund. The fund is kept in two sections, viz., “Renewals and Replacements” and “Cost of Operating, Maintenance, &c.,” to each of which an appropriate allocation of the hire charges is made. At the close of the financial year the balance was £217,191, of which £214,243 related to the renewals and replacement section.

Discretionary power was provided under the Act for the investment of any balance and for 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.

The question raised by me as to whether the purchase of departmental motor vehicles is a proper charge against the Fund has not yet been answered to my satisfaction.

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 1958–59, £158,721 was expended, making a total of £1,787,151 so applied since Commonwealth aid was first available from this source, viz., 1st July, 1947. The locations at which the funds were expended during 1958–59 are:—

	£
Head Office Administration	12,576
Apollo Bay	8,012
Bairnsdale	2,821
Brighton	1,857
Corinella	16,989
Dromana	11,218
Flinders	500
Frankston	151
Gellibrand Light	204
Hampton	495
Lakes Entrance	16,497
Lorne	1,066
Mallacoota	1,744
Mildura	1,106
Mordialloc	156
Mornington	11,552
Newhaven	697
Paynesville	201
Phillip Island	423
Port Albert	3,166
Port Fairy	8,635
Port Franklin	854
Port Phillip Bay (Dredging, Blasting and Equipment)	3,999
Port Welshpool	142
Queenscliff	17,587
Queenscliff—Buoy Depot	3,775
Rye	4,294
St. Kilda	25
Sorrento	1,276
Stony Point	24,852
Tooradin	268
Warrnambool	1,583
	158,721

RAILWAY ACCOUNTS.

Railway operations for the year resulted in a deficit of £3,942,331 in the Treasurer's accounts as set out in Statement No. 6 of this report. The deficit is accounted for as follows:—

	£	£
Working expenses, &c.	36,226,084	
Renewals and Replacements Fund	200,000	
Pensions and Superannuation contributions	1,845,153	
Interest and expenses on loans	3,615,974	
National Debt Sinking Fund	196,822	
	<hr/>	42,084,033
This was provided by—		
Railway Income	37,885,016	
General Revenue—		
For losses on Kerang-Koondrook line	13,686	
For credit for country freight charge concessions	143,000	
For concessions to pensioners	100,000	
For deficit on year's operations	3,942,331	
	<hr/>	42,084,033

The deficit is stated in the Railway accounts as £3,837,148; 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		3,942,331
Revenue outstanding (net) at—		
30th June, 1959	1,356,070	
30th June, 1958	1,250,887	
	<hr/>	105,183
Deficit, as shown in Railway books		3,837,148

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.

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:—

	1956-57.	1957-58.	1958-59.
	£	£	£
Pensioners' Fares Concessions . . . . .	..	..	100,000
Freight Subsidies	143,000	143,000	143,000
Recoups, Kerang-Koondrook Railway	10,356	12,360	13,686
Deficit in Treasury Accounts	5,227,233	6,000,199	3,942,331
Charge on General Revenue*	<hr/> 5,380,589	<hr/> 6,155,559	<hr/> 4,199,017

* 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 item " Pensioners' Fares Concessions—£100,000 ", is the amount of the payment to the Railways under the authority of the Annual Appropriation Act. The amount of these concessions has been calculated by the Department to be £119,991.

The preceding table 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 1958-59 was roundly £1,713,000 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 £42,145,174 on the programme represents 60 per cent. of the loan expenditure on railways in the period 1950 to 1959.

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
1959	126,876,770	84,206,596	66·4	42,670,174	33·6

As stated in previous reports, the railway accounts are kept on an accrual basis, but, in two respects, they do not disclose the full financial results. Depreciation and accrued leave have not been fully provided for in the revenue accounts. Depreciation was assessed at £2,447,443 for the year, but the amount charged in the accounts was £313,862, i.e., part of the sum credited to the Renewals and Replacements Fund, leaving £2,133,581 unprovided for in the charge against revenue. The accumulated sum which has not been provided from revenue is £11,628,787. However, £1,031,118 has been received from sales of materials, &c., and the shortage in the fund has been more than overcome by loan allocations, £42,145,174, 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 1958-59, the estimated liability was reduced from £1,662,663 to £1,642,757 as at 30th June, 1959, representing 590,212 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:—

	1956-57.	1957-58.	1958-59.
	£	£	£
Passengers	11,364,390	11,105,825	11,976,698
Parcels, horses, carriages, &c.	1,079,008	1,075,727	1,067,639
Mails	268,996	245,690	271,886
Miscellaneous	62,854	54,370	48,295
Goods and live stock	22,110,500	20,849,159	22,125,822
Rents and general miscellaneous	601,407	696,066	684,426
Dining car and refreshment rooms services	1,480,829	1,494,170	1,508,451
Advertising	75,167	82,393	82,207
Bookstalls	309,247	350,599	384,570
Electric tramways and road motor services	135,061	99,943	83,205
	37,487,459	36,053,942	38,233,199

Treasury recoups—£10,356 in 1956-57, £12,360 in 1957-58, and £13,686 in 1958-59 in accordance with the *Kerang and Koondrook Tramway Act 1951*, No. 5591—are not included in the above earnings.

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, £366,954 in 1957-58, and £406,333 in 1958-59, leaving £394,899 unpaid at 30th June, 1959.

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, 1958 and 1959, is as under:—

	1958.	1959.
	£	£
Rolling Stock, Plant, &c., at cost less depreciation provided	119,555,064	128,341,554
Stores and Materials less provision for losses, £8,160	5,143,818	4,621,691
Partly-manufactured Articles	342,174	288,964
Refreshment Services, Stock and Equipment less provision for losses, £2,486	252,663	248,233
Discounts and Expenses on Loans	1,952,424	2,048,379
Deferred Renewals, Replacements, and Maintenance Works	525,000	525,000
Funds at Treasury—		
Railway Accident and Fire Insurance Fund	100,000	100,000
Railway Charges in Suspense Account	1,648,592	1,854,561
Railways Stores Suspense Account	269,458	988,423
Railways Repayment Fund	947	18,869
Uniform Railway Gauge Trust Fund .. .. .	..	1,481
Advances to Agent-General	42,529	88,821
Trust Securities	1,187,356	1,307,197
Cash at stations and in transit	194,596	232,181
Cash Advances	332,493	865,345
Revenue Debtors	1,249,602	1,368,297
Sundry Debtors	495,763	432,385
Accumulated loss	54,574,651	58,411,799
	<u>187,867,130</u>	<u>201,743,180</u>
Loans (interest bearing)	69,053,427	70,286,910
Contributions from revenue, loans, &c. (non-interest bearing)	44,410,097	51,278,311
National Debt Sinking Fund Reserve	12,846,374	13,919,686
Uniform Railway Gauge Sinking Fund Reserve .. .. .	..	1,410
Railway Accident and Fire Insurance Reserve	100,000	100,000
Advances from the Public Account	580,033	713,422
Sundry Creditors	3,863,358	4,349,506
Trust Securities	1,188,303	1,326,066
Consolidated Revenue, &c.	55,825,538	59,767,869
	<u>187,867,130</u>	<u>201,743,180</u>

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

The Railways Balance-sheet has been submitted to me in a form similar to that in which it was presented as at 30th June, 1958. In my last report, I pointed out that, in some respects, this form differed from the form of presentation adopted in previous years. My explanations and comments on that occasion are still relevant and, for this reason, I repeat them hereunder with necessary adaptations having regard to the figures as at 30th June, 1959.

Accumulated Loss—£58,411,799.—This loss to 30th June, 1959, includes £21,458,700, representing losses incurred prior to 1st July, 1937, and special funds provided for working expenses.

From 1938 to 1957, it was the practice to show only losses accumulated after the *Railways (Finances Adjustment) Act* 1936, 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, 1959, would have been shown as £36,953,099 instead of £58,411,799. The provisions of the said Act, as repeated in the *Railways Act* 1958, appear to imply that only deficits since 1st July, 1937, will be taken into account.

Consolidated Revenue.—£59,767,869—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 £1,356,070, but not yet collected.

Railway Charges in Suspense Account.—At 30th June, 1959, there was a credit balance of £1,854,561. Details are :—

Credits—	£	£
Salaries and Wages accrued		1,387,946
Taxation Deductions, &c.		131,582
Sundry Creditors for various services		310,905
Revenue refunds and rebates due		287,953
Amounts received in advance for works		66,984
		2,185,370
Debits—		
Expenditure on works for other bodies, &c.	238,796	
Sundry Debtors for sales and services	97,878	
		336,674
<i>Add</i> —Amount transferred from Income		1,848,696
		5,865
		1,854,561

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. A reconciliation of the conflicting views in relation to this account has not yet been effected.

Cash Advances.—£865,345—The Treasurer advances moneys required for payment of salaries, &c., and to meet other authorized 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 Public Accounts and Stores Regulations 1958. Arbitrary adjustments are made by withholding cash from the Treasury, and at 30th June, 1959, an amount of £5,865 was outstanding. As indicated in the above summary this amount was offset by a credit of a like sum in the Railway Charges in Suspense Account. In effect the amount outstanding represents a part of the liability of the Railways to the Treasury.

Railway Renewals and Replacements Fund.—Section 115 of Act No. 6355 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 1958-59 transactions through the fund is as under :—

	£
Special Appropriation—Act No. 6355	200,000
Depreciation on rail motors and road motors, &c... .. .	113,862
Sundry sales and abolitions, &c.	158,585
	<hr/>
	472,447
Less renewals and replacements during the year	472,447
	<hr/>
Balance at 30th June, 1959	Nil

Railways Stores Suspense Account.—Section 111, Act No. 6355. This account was established by statute in 1896. It is designed to provide financial control over the purchase and issue of stores and the stock on hand. To 30th June, 1959, Parliament had allocated £5,065,221 for the purposes of the Account. This amount was accounted for as follows :—

	£	£
Stock on hand		4,629,851
Less Creditors for stores purchased	629,276	
Provision for losses	8,160	
		<hr/>
		637,436
Railways equity in the stock		3,992,415
Stores sold and proceeds not collected		68,737
Advances to the Agent-General, London		15,646
		<hr/>
		4,076,798
Balance held at Treasury		988,423
		<hr/>
		5,065,221

Non-statutory Suspense Accounts.—Within the framework of the authorized 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 1958-59, £146,313 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. In 1958-59, as in 1956-57, the credits exceeded the recorded losses. Reference to the summary of the Railways Stores Suspense Account herein discloses that the excess, £8,160, is held as a provision against future losses.

A similar reserve is kept in connexion with stores and equipment for the refreshment services. After debiting £5,790 in 1958-59, £2,486 was in hand at 30th June.

Stores and Materials.—Subject to the preceding comments, the stock on hand at the 30th June, 1959, is set down at £4,629,851. 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 £288,964 and £250,719 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.

Discount and Expenses on Loans.—The amount at which these capitalized costs of loan flotations appear among the debit balances, £2,048,379, includes an increase during the year of £95,955. 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 :—

	1954-55.	1955-56.	1956-57.	1957-58.	1958-59.
	£	£	£	£	£
Additions and Improvements ..	3,810,856	2,554,312	2,046,812	2,232,908	1,742,779
Rolling Stock, Equipment, &c. ..	319,986	241,362	312,287	360,291	329,456
Construction of new lines	9,129	7,137	3,316	62,843	178,375
Railways Stores Suspense Account ..	..	..	300,000	..	..
Replacement (Rehabilitation) Works ..	4,042,890	5,063,839	4,744,406	4,393,323	4,981,723
Restoration of Roads—City of St. Kilda ..	..	..	..	..	199,900
	8,182,861	7,866,650	7,406,821	7,049,365	7,432,233

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 £434,049 to meet the following expenditure in 1958-59. The expenditure in 1956-57 and 1957-58 is also shown :—

	1956-57.	1957-58.	1958-59.
	£	£	£
Damages recovered by non-employees at law	7,309	1,412	..
Damages paid to non-employees without legal action	11,789	5,967	7,419
Compensation for injuries to employees	224,796	282,045	360,381
Compensation for goods lost or damaged	67,854	62,115	50,679
Compensation for losses by fires caused by railway operations ..	3,490	3,258	7,866
Losses by fire to railway property	20,636	15,833	7,704
	335,874	370,630	434,049

Debtors.—The amounts outstanding at 30th June, 1957, 1958, and 1959 are shown :—

	1957.	1958.	1959.
	£	£	£
Revenue services rendered	1,211,344	1,249,602	1,368,297
Works	295,953	278,076	238,796
Sales of general stores	97,257	127,904	68,737
Sundry sales and services	95,360	89,783	98,546
Sales of land .. ..	..	..	26,306
	1,699,914	1,745,365	1,800,682

Creditors.—A classification under broad headings at 30th June, 1957, 1958, and 1959, is shown :—

	1957.	1958.	1959.
	£	£	£
Locomotives purchased on terms .. ..	..	801,232	394,899
Stores purchased for railways	851,136	480,331	629,276
Stores purchased for refreshment services	36,092	39,755	24,343
Salaries and wages accrued	1,166,972	1,209,291	1,387,946
Income Tax Commissioner, &c.	240,601	119,136	131,582
Accounts for various services	297,243	303,733	310,905
Revenue rebates and refunds	152,715	325,993	287,953
Payments in advance for works	30,043	65,517	66,984
Payments in advance for revenue services, &c.	309,409	193,311	244,408
Unadjusted Treasury Advance	157,584	325,059	871,210
	3,241,795	3,863,358	4,349,506

Level Crossings Fund.—Moneys in the fund are applied towards, *inter alia*, “generally, reducing danger at level crossings”. The relevant legislation—section 115 of Act No. 6229—does not exempt the Commissioners “from any liability to pay for such works insofar as moneys are not applied thereto from the said fund”.

The amount expended by the Commissioners, including £260,798 in the year 1958–59, was £560,879 to 30th June, 1959. This latter amount is in the balance-sheet as part of the total expenditure on capital works. If the money had not been available from this fund, part of the expenditure would have been charged 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 Gauge Railway.—Act No. 6459 of 9th December, 1958, authorized and ratified the execution by the State of Victoria of an Agreement, dated 12th September, 1958, between the Commonwealth and the States of New South Wales and Victoria, in relation to the construction of a uniform gauge railway between Albury and Melbourne. The work actually commenced in 1957 and is estimated to cost £10,726,000.

Under the Agreement, the Commonwealth provides the funds to meet the expenditure and the State of Victoria is to bear three-twentieths of the cost of the standardization work. The State’s share of the cost as aforesaid is to be repaid with interest from revenue during a period of 50 years. The Agreement requires that the State keep full accounts and records in connexion with the work; that such accounts and records be subject to audit by the Auditor-General for the State; and that, in connexion with such audit, the State Auditor-General furnish a report to the Auditor-General for the Commonwealth at least once every year.

My report to the Commonwealth Auditor-General on the amount charged in the Treasury books, £2,095,622 to 30th June, 1959, was forwarded to him on 12th August, 1959. Verification by my officers of the correctness of the whole of the charges is in course. The amount involved (£2,095,622) is included in the Railways balance-sheet in the figure £128,341,554—Expenditure on railway works.

Electric Street Railways.—The lines from Sandringham to Black Rock and from Head-street, Brighton, to Brighton Beach were closed to traffic in 1956–57; and the service on the Head-street–St. Kilda Station section ceased in 1958–59.

An amount of £283,176 on account of these closed lines is included in the figures for capital expenditure shown in the Balance-sheet as at 30th June, 1959, and remains to be written off. This sum includes £199,900 paid by the Treasurer to the City of St. Kilda on 3rd March, 1959, and charged to Treasurer’s Advance pending provision from loan funds in 1959–60. The payment was in consideration of the Commissioners being wholly relieved of the liability for the reconstruction of roads after the dismantling of the railway in the municipality of St. Kilda. Provision from Loan Fund is inconsistent with earlier provisions from Consolidated Revenue for similar roadwork in the municipalities of Brighton (£195,000) and Sandringham (£107,500).

The overpayment to the City of Brighton, referred to in my report for the year 1957–58, and which was calculated finally to be the comparatively small sum of £126 8s. 6d., was refunded in 1958–59. Several other matters in connexion with these railways and the sale or disposal of the materials therefrom were brought to the notice of the Commissioners on 22nd December, 1958, but have not yet been settled.

Government Tourist Bureaux.—Control and direction of all tourist bureaux conducted by the Commissioners were taken over by the Tourist Development Authority in accordance with the provisions of Act No. 6467, on 5th April, 1959. However, the Commissioners contributed £22,400 towards the cost of the Authority’s operations in respect of the period from 5th April to 30th June, 1959. Parliament made no provision for this subsidy. The validity of the payment and the charge to railway working expenses were questioned by me.

State Coal Mine—Wonthaggi.

Under the provisions of the Coal Mines 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.

	1955-56.	1956-57.	1957-58.	1958-59.
	£	£	£	£
Expenditure—				
Working Expenses	683,676	723,366	687,320	580,451
Contributions to Pension Funds	32,900	34,786	34,424	29,315
Contribution to Accident Fund	342	329	299	249
Pay-roll Tax	13,294	15,387	14,192	12,200
Sinking Fund	7,131	7,381	7,639	2,671
Interest on Loans	869	619	361	94
Depreciation	24,975	24,975	24,975	24,975
	763,187	806,843	769,210	649,955
Revenue	590,828	507,639	461,196	410,896
Loss for year	172,359	299,204	308,014	239,059

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

	1955-56.	1956-57.	1957-58.	1958-59.
	£	£	£	£
Sale of Coal	534,573	454,655	402,274	339,059
Electric Light and Power	43,150	47,426	50,092	57,365
Miscellaneous	13,105	5,558	8,830	14,472
	590,828	507,639	461,196	410,896

Operations in 1958-59 resulted in a loss of £239,059, compared with the loss of £308,014 in 1957-58.

The deficit on a cash basis in the Treasury was £239,477. The difference of £418 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 1955 to 1959 are shown hereunder :—

	1955-56.	1956-57.	1957-58.	1958-59.
	tons	tons	tons	tons
Railways Department	41,099	41,580	36,328	32,177
Electricity Commission	42,339	36,453	34,176	34,352
Employees	4,607	4,493	4,349	4,113
Public	5,885	10,491	11,099	1,740
Used in Mine's Works	11,709	11,565	12,068	13,421
	105,639	104,582	98,020	88,803

BALANCE-SHEET.

A statement of the State Coal Mine balances at 30th June, 1958, and 1959, is as under :—

	1958.	1959.
	£	£
Works, Machinery, and Plant at cost, less depreciation	326,919	330,950
Stores and Materials	42,074	38,893
Coal Stocks	3,778	5,185
Discounts and Expenses on Loans	641	641
Funds at Treasury—		
Depreciation Fund	55,853	51,124
Trust Fund—Charges in Suspense	9,192	10,648
Cash	2,388	13,881
Deposits on Contracts	1,657	1,803
Sundry Debtors	21,668	17,805
Workers Compensation Insurance pre-payment	20,000	20,000
Accumulated Loss	3,266,744	3,505,803
	<hr/>	<hr/>
	3,750,914	3,996,733
	<hr/>	<hr/>
Loans (interest bearing)	2,671	..
National Recovery Loan (non-interest bearing)	24,500	24,500
Advances from Public Account	38,677	36,078
Sundry Creditors	33,668	40,634
Depreciation Fund Interest Reserve	93,605	95,580
Sinking Fund	351,329	354,000
Advances from Consolidated Revenue	3,206,464	3,445,941
	<hr/>	<hr/>
	3,750,914	3,996,733
	<hr/>	<hr/>

TRUST AND SPECIAL ACCOUNTS.

Itemized Trust Funds and Special Accounts are included in the Treasurer's Finance Statement. The balances of all funds and accounts are held by way of investment or on general account and the operations of many are regulated by statute. The transactions recorded annually are numerous and, in total, of considerable magnitude, debits to all funds and accounts aggregating in 1958-59 £96,413,427 and credits £100,632,737.

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

Several new funds and accounts were established during the year under the heads shown and for the purposes indicated hereunder.

Account.	Established to Record.	1958-59.		Balance 30th June, 1959.
		Credits.	Debits.	
		£	£	£
Artificial Breeding Scheme	Costs to be defrayed by the Artificial Breeders Co-operative Society arising from its use of facilities at the Animal Husbandry Centre, Werribee <i>(Note.—The Public Works Loan Application Act 1958 No. 6482 authorized a grant to the Society of £20,000. At 30th June, 1959, this sum was transferred to the Trust Fund and paid to the Society on 30th July, 1959)</i>	20,000	..	20,000
Bennison Roading Trust Account	Contributions by the Heyfield branch of the Victorian Sawmillers' Association towards the cost of a main road on the Bennison Tableland	21,000	..	21,000
Fern Tree Gully National Park Account	Allocation by the National Parks Authority for expenditure on tracks at the Fern Tree Gully National Park	2,000	1,643	357
Fruit Virus, Diseases, Research Account	Moneys provided by the Commonwealth Bank for expansion of the programme in fruit virus diseases research	1,250	..	1,250
I.C.I. Duck Banding Trust Fund	Contributions over two years by Imperial Chemical Industries of Australia and New Zealand towards the duck banding programme of the Fisheries and Game Department	3,000	..	3,000
"Milk Six" Trust Fund	The receipt and disbursement of the sums, amounting in all to £10,000, contributed by the Milk Board and the various sections of the wholemilk industry, as prize money for the "Milk Six" 6-day cycle race held at the Velodrome from 15th to 21st March, 1959	10,000	10,000	..
Pastoral Research Centre	Financial assistance provided by the Wool Research Committee to meet establishment costs and maintenance costs for three years of a Pastoral Research Centre in the Western District	8,667	6,631	2,036
Random Laying Tests ..	Revenue received from fees and sale of eggs and poultry in connexion with Random Sampling Laying Tests. <i>(Note.—Such revenue is apportioned periodically between State revenue and the Commonwealth Government through the Trust Fund—Commonwealth Extension Services Grant. The basis of allocation is a charge of 5 per cent. per annum interest on capital expenditure of each party and, as to any balance, in proportion to each Government's contribution)</i>	5,735	5,735	..
Soil Conservation Authority Trust Account	Transactions associated with projects carried out by the Soil Conservation Authority, the finance for which is provided, on a co-operative basis, by the Authority, other public bodies, and interested landholders	2,234	1,884	350

Account.	Established to Record.	1958-59.		Balance 30th June, 1959.
		Credits.	Debits.	
		£	£	£
State Rivers Agency Trust Account	Contributions by other bodies towards the cost of works carried out by the State Rivers and Water Supply Commission	4,701	..	4,701
Tourist Bureaux Trust Account	Sums received from tourist bureaux for non rail bookings pending payments by the Tourist Development Authority in respect of accommodation and non rail travel, &c., and transfer to the Tourist Fund for commissions and other charges (Note.—From collections amounting to £155,266, the sum of £117,934 was paid in respect of accommodation, &c., £1,088 was refunded, and £7,443 was transferred to the Tourist Fund)	155,266	126,465	28,801
University Colleges Residential Building Account	Moneys received from the Commonwealth towards the cost of providing additional accommodation at various University Colleges (Note.—Claims on the Commonwealth Government and payments to the respective colleges were made on the basis of actual expenditure incurred)	43,355	43,355	..
Wilson's Promontory National Park Account	Allocations by the National Parks Authority for expenditure on fire protection works in the Wilson's Promontory National Park	5,750	3,495	2,255

For convenience in explaining the funds and accounts within the Trust Fund, the relevant figures for 1958-59, excluding those relating to the Railway Charges in Suspense Account, are set out under broad classifications in the table below:—

	Balance Forward.	1958-59.		Balance 30th June, 1959.	
		General Account.	Investments.		Debits.	Credits.	General Account.	Investments.
	£	£	£	£	
Compensation and Insurance	7,627,371	7,970,705	9,312,572	8,969,238	
	859,142	..	..	859,142
	289,876	1,350,303	1,501,385	440,958	
Superannuation and Pension	8,718,529	9,546	720,000	9,428,983	
	874,893	1,067,787	1,198,902	1,006,008	
Depreciation	683,650	50,000	..	633,650	
	252,841	170,401	117,047	199,487	
Deposit	*157,700	2,021	101,536	*257,215	
	287,436	9,867,154	10,604,041	1,024,323	
Railways	1,763,171	26,697,196	27,269,806	2,335,781	
Commonwealth	418,730	177,639	106,311	347,402	
Commonwealth—State	4,242,100	42,056,342	42,691,198	4,876,956	
Other—Regulated by Statute	360,050	2,440	..	357,610	
	595,928	6,921,407	6,871,853	546,374	
Other—Not Regulated by Statute	44,344	..	150	44,494	
	16,352,346	96,278,934	99,673,115	19,746,527	
	10,823,415	64,007	821,686	11,581,094	
	7,239,696	70,486	137,936	7,307,146	
Securities Lodged with Treasurer	16,352,346	96,278,934	99,673,115	19,746,527	
	18,063,111	134,493	959,622	18,888,240	

* Includes deposits in "Sundry Investments, Interest Account" £26,424 at 1st July, 1958, and £25,940 at 30th June, 1959.

Compensation and Insurance.

Certain major funds and accounts included in this group are discussed in this report under appropriate departmental headings at the pages shown hereunder :—

Fund or Account.	Page Reference No.
Closer Settlement Insurance Fund	59
Soldier Settlement Insurance Fund	62
Railway Accident and Fire Insurance Fund	74
State Accident Insurance Fund	100
State Motor Car Insurance Fund	101

Other principal items in the group are commented upon below :—

Government 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. Initially, this was considered to be sufficient provision for costs resulting from the restoration of buildings damaged by fire, but in 1942–43, it was deemed necessary to increase the fund to £100,000. In recent years, additional contributions totalling £397,000 have been provided from Consolidated Revenue.

In terms of the same Act, the present cash balance in excess of £15,000 should be invested, but, a maximum of £15,000 available cash is, on past experience, too low for current needs. The income from the statutory appropriation of £2,000, together with interest on investments, £1,137, was insufficient to cover claims of £6,061 with the result that the balance of the fund was reduced to £359,340, 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. As stated in previous reports a revision of the 1910 Act extending over the whole subject is desirable.

Estate Agents Guarantee Fund.—This fund was established under the provisions of the *Estate Agents Act 1956*, now consolidated under the *Estate Agents Act 1958*, to meet claims for losses incurred due to the non-compliance with certain provisions of the Act by any holder of an estate agent's licence, current at the date on which the cause of action originated, or the employe or sub-agent of such licence holder.

Funds are provided from fees charged for estate agents' and sub-agents' licences and the legislation requires the payment to Consolidated Revenue of any balance in excess of £25,000 at credit of the fund at the close of the financial year.

Receipts for the year, including £1,905 recouped from certain estate agents, totalled £39,809 and claims paid amounted to £4,220. The surplus of £35,589 on the year's operations was transferred to revenue leaving the statutory maximum in the fund, namely, £25,000.

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. 6325. An annual distribution is made to public hospitals in respect of motor accident cases where costs of treatment exceed the amounts received on behalf of the patients concerned.

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

Year.	Receipts.	Payments.	Balance.
	£	£	£
1940-54	419,269	341,095	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
1958-59	68,279	78,050	68,311

Public Officers' Fidelity Guarantee Fund.—This fund was established in 1910 with a credit of £15,000. Substantial defalcations of previous years made it necessary, in 1957-58, to provide £15,000 from Consolidated Revenue to meet current claims and provide a balance to meet possible future commitments. The balance of the fund at 30th June, 1959, was £15,175, consisting of £10,000 investments and £5,175 cash.

Superannuation and Pension.

The major funds included in this group are the Police Superannuation Fund, Police Pensions Fund, Parliamentary Contributory Retirement Fund, and the Port Phillip Pilot Sick and Superannuation Fund. The Superannuation Fund and the Married Women Teachers' Pensions Fund do not form part of the Public Account and reference to these funds may be found on pages 95-96 of this report.

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 1958-59. Penalties and damages awarded amounted to £70,806, and a further sum of £193 was received from fines imposed upon members of the force.

Payments from the fund totalled £31,508, which was £5,948 less than the figure for the previous year.

The unexpended balance of the fund at 30th June, 1959, was £241,999.

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 contribution is 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 1958-59 totalled £785,750, an increase of £3.750 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, 1959.	Total.
<i>Receipts.</i>		
	£	£
Deductions from pay	180,604	1,810,733
Deductions repaid by ex-officers on reinstatement	582	7,180
Contributions from Consolidated Revenue	785,750	8,111,547
Interest on Investments	349,746	3,440,352
Balance in Hand—1st July, 1958	84,061	..
	1,400,743	13,369,812
<i>Disbursements.</i>		
Pensions	529,651	3,913,873
Gratuities	8,252	55,814
Deductions refunded	12,685	137,175
	550,588	4,106,862
Balance 30th June, 1959	850,155	9,262,950
Represented by—		
Investments	700,000	*9,112,795
Cash	150,155	150,155
	850,155	9,262,950

* Face Value of Investments £9,117,200.

The *Police Pensions Fund (Investment) Act 1956*, now consolidated under the *Police Regulation Act 1958*, extended the authority for investment of surplus funds by including certain securities under the *Trustee Act 1958*, and debentures or inscribed stock of the State Electricity Commission of Victoria. At 30th June, 1959, investments comprised—Commonwealth Government Inscribed Stock, £8,287,200, and securities of the Melbourne and Metropolitan Board of Works £300,000, Melbourne and Metropolitan Tramways Board £155,000, the State Electricity Commission £175,000, and the Gas and Fuel Corporation £200,000.

Parliamentary Contributory Retirement Fund.—This fund was established by the *Parliamentary Contributory Retirement Fund Act 1946* now incorporated in *The Constitution Act Amendment Act 1958*, No. 6224. Broadly, the Act provides that persons who, after the 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, from time to time, contributions from Consolidated Revenue to the extent necessary to enable payments to be made out of the fund. For 1958-59, contributions by the State totalled £28,576 which was £9,944 higher than the figure for the previous year.

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

Receipts—		£	£
Members' Contributions		15,660	
Contributions from Consolidated Revenue		28,576	
		44,236	44,236
Expenditure—			
Payment of Pensions		41,545	
Retiring Allowances		2,691	
		44,236	44,236

Port Phillip Pilot Sick and Superannuation Fund.—To provide retiring and sick pay benefits to sea pilots of the port of Port Phillip, the *Marine Act* 1958 provides that, before the monthly division of the Pilots' Salary Fund is made between the pilots eligible to share therein, there is payable to the Port Phillip Pilot Sick and Superannuation Fund four per cent. of the amount at credit of the said Salary Fund. The Governor in Council is empowered to increase or decrease this percentage by not more than two per cent. Provision is made for moneys in the fund to be invested.

Under the authority of section 86 of the *Marine Act*, the Governor in Council, during 1957–58, approved the sum of £100,000 being advanced to the sea pilots of the port of Port Phillip on the security of a registered first mortgage debenture over the pilot vessel "Akuna". Of the total authorized, £53,500 had been advanced to 30th June, 1959, and £1,817 repaid.

The following summary sets out the transactions in the fund during 1958–59—

Balance 1st July, 1958		£	£	£
Investments		301,329		
General Account		3,930		
		<hr/>	305,259	
Receipts				
Deductions from earnings			26,310	
Interest on Investments			12,835	
			<hr/>	344,404
Payments				
Pensions			12,005	
Sick Pay			37	
			<hr/>	12,042
Balance 30th June, 1959—				
Investments		311,783		
General Account		20,579		
		<hr/>		332,362
				<hr/>
				344,404
				<hr/>

Investments comprise Commonwealth Government Inscribed Stock £168,800, State Electricity Commission Inscribed Stock £62,500, Melbourne and Metropolitan Board of Works Inscribed Stock £27,300, City of Melbourne Debenture £1,500 and a Registered First Mortgage over the Pilot Vessel "Akuna" £51,683.

Depreciation.

Comments on the following funds under this classification are furnished at the pages shown :—

Fund.	Page Reference.
Forests Plant and Machinery Fund	52
Printing Machinery Depreciation Fund	54
Public Works Plant and Machinery Fund	67
Railway Renewals and Replacement Fund	72
Water Supply Plant and Machinery Depreciation Fund	41
Water Supply Works Depreciation Fund	42

The Maffra Sugar Factory Depreciation Fund, with a balance of £59,213, consisting of cash, £3,563, and investments, £55,650, is also included in this group. As pointed out in previous reports, the balance of this fund is available for transfer to Consolidated Revenue. At 30th June, 1957, the cash balance at that date was so transferred but the investments were left to the credit of the fund. Interest on these investments since that date accounted for the cash balance as at 30th June, 1959.

Deposit.

Items under this heading comprise securities lodged by Insurance and Trustee Companies £90,000; Contractors and timber cutters deposits £159,177; Municipalities Loan Repayment Account £180,415, which includes investments totalling £140,105; Municipalities' Sinking Fund £1,171; and Sundry Investments—Interest Account £25,940.

Railways.

The major item in this group is the Railways Stores Suspense Account with a balance of £988,423 at 30th June, 1959 (Reference Page No. 73).

Commonwealth.

The Treasurer is empowered by Act No. 6345 to credit suitable accounts in the Trust Fund with special grants made pursuant to any Commonwealth Act and to authorize expenditure therefrom for the purposes prescribed in such Commonwealth Act.

The following funds are discussed under the departments and public authorities associated with their administration.

Fund.	Page Reference.
Commonwealth Aid Roads Nos. 1 and 3 Accounts	104
" " " No. 2 Account	68
" " " (Special Assistance) Account	104
Rural Rehabilitation Fund	151
Uniform Railway Gauge Trust Fund	75

Other funds in this group are :—

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, 1958	16,072	
Received from Commonwealth during the year	549,153	
	—————	565,225
Reimbursements to Public Hospitals		552,002
		—————
Balance at 30th June, 1959		13,223

Hospital Benefits Fund.—Under the terms of the Hospital Benefits Agreement, ratified by the *Hospital Benefits Act 1952*, now consolidated under the *Hospital Benefits Act 1958*, 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 and a further 4s. per day in respect 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. To meet this condition the Act 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 later increased to 36s. per day.

Operations on the Fund were :—

	£	£
Balance at 1st July, 1958	71,104	
Received from Commonwealth during the year	1,567,000	
	—————	1,638,104
Expenditure during the year—		
Hospital Benefits allowed		1,601,987
		—————
Leaving a balance of		36,117

Home Builders' Account.—The funds relating to this account are administered by the Registry of Co-operative Housing Societies and, as required, advances are made to this body from the Home Builders' Account. From time to time, advances are made from the Public Account under the authority of the Public Account Act No. 6345, 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. 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 above authority, advances were authorized by the *Public Account Advances (Home Builders' Account) Act 1958*, now incorporated in the *Housing Act 1958*, No. 6275. This Act authorizes the Treasurer, whenever in any financial year moneys in the Home Builders' Account are insufficient to make the necessary payments therefrom, to transfer from Public Account to the Home Builders' Account such sums as are 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. The 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, 1959, totalled £400,000, of which, at that date, £100,000 had been repaid.

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

<i>Source of Funds—</i>	£
Balance 1st July, 1958	72,760
Advanced by Commonwealth Government	3,100,000
Advanced from Public Account, Act No. 6179/6275	250,000*
Repayments of Principal and Interest	654,498
Total funds available	4,077,258
 <i>Disbursement of Funds—</i>	
Advances to Registry from Home Builders' Account	3,450,000
Advances to Registry from Public Account	250,000*
Interest and Redemption—Commonwealth Advances	232,882
Redemption of Public Account Advances	100,000
Interest on Public Account Advances	6,832
Total Disbursements	4,039,714
Balance 30th June, 1959	37,544
	4,077,258

* Paid direct from Public Account.

Commonwealth—State.

The principal item under this classification is the Commonwealth—State Local Public Works Account with a balance of £309,851. From 1st July, 1935, to 30th June, 1945, a total of £548,000 was provided by the Commonwealth and State Governments, on a £1 for £1 basis, for the relief of unemployment in Victoria by the recoup to public authorities of interest payments and sinking fund charges on loans raised for public works commenced after 1st July, 1935. Expenditure for these purposes to 30th June, 1948, totalled £238,149.

Since that date there have been no further transactions on the fund and there would now appear to be no necessity for its retention.

Other funds included in this group are :—

Commonwealth—State Flood Protection and Restoration Account.—The Commonwealth and State Governments agreed to provide funds on a £1 for £1 basis to a maximum of £1,000,000 for the reimbursement of expenditure incurred by Government departments and municipal and other authorities on emergency flood protection works during the flooding of the River Murray basin in 1956, and for the restoration of roads and bridges in that area. Payments to municipalities and sewerage authorities were made on the basis of £5 for every £6 of approved expenditure.

To 30th June, 1959, State contributions from the Loan Fund totalled £500,000 and Commonwealth contributions amounted to £490,123. Recoups of expenditure incurred on emergency flood protection works aggregated £222,352 and expenditure on restoration of roads and bridges totalled £750,264, leaving a balance in the fund at 30th June of £17,507.

Further reference to the expenditure from this fund on the restoration of roads and bridges is made at page 105.

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, 1959, a total of £2,383,671 had been provided on this basis, the State's contribution being £595,918 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, 1959, are summarized below :—

	During the Year.	Total.
	£	£
Balance, 1st July, 1958	20,781	..
Receipts—		
Commonwealth Government	16,835	1,191,835
Victorian Government	8,418	595,918
Melbourne City Council	8,418	595,918
Sale of Assets	1,069	41,140
	55,521	2,424,811
Payments—		
Olympic Pool	17,114	522,389
Olympic Park .. .. .	..	747,291
Olympic Village	38,407	596,446
Melbourne Cricket Ground .. .. .	..	358,369
Carlton Stadium .. .. .	..	35,773
Lake Wendouree and Ballarat Rowing Club .. .. .	..	29,978
Exhibition Buildings .. .. .	..	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 .. .. .	..	9,538
Other Venues .. .. .	..	26,863
Miscellaneous .. .. .	..	11,580
	55,521	2,424,811
Balance, 30th June, 1959	Nil	Nil

All commitments in relation to expenditure from this fund have now been finalized. Expenditure in excess of the original approved maximum of £2,400,000 was, with the approval of the parties concerned, financed from moneys received from sale of assets.

Although as indicated the Olympic Games Fund has now been finalized, agreement has still to be reached with respect to residual values of the site works financed from moneys provided from the fund for capital purposes. It was originally agreed that the contributors would share in the residual values of all sites proportionately but, at a later stage, the original agreement was varied to the extent that no residual value was to accrue from additions erected at the Melbourne Cricket Ground.

In addition to their respective shares of the capital costs referred to above, contributions towards promotional losses have been made equally by the State and Commonwealth Governments. In 1956-57, contributions amounting to £250,000 were

made for this purpose, the State's proportion, £125,000, being provided from the Treasury vote for exceptional expenditure. During 1958-59, a further contribution of £70,634 was made, the State's proportion, £35,317, being, in this instance, charged to Special Appropriations Act No. 5905.

In connexion with the above-mentioned payment of £35,317, it should be observed that Section 6 of Act No. 5905 authorizes the Treasurer to execute a guarantee in favour of any trading bank in respect of loans made by the bank to the Organizing Committee. Actually, payment was made direct to the Organizing Committee on the basis of an audited statement disclosing a bank overdraft of £2,920 and a statement of further outstanding commitments totalling £67,714, including £62,059 due to the State for entertainment tax. The payment was, therefore, in the nature of assistance to the Organizing Committee rather than settlement of a claim arising under the guarantee.

Other—Regulated by Statute.

The balances of funds under this heading aggregated £4,876,956. Transactions are governed by the relevant legislation.

For references to the undermentioned funds in this group, see the pages shown :—

Fund.	Page Reference No.
Country Roads Board Fund	104
Dried Fruits Fund	157
Forestry Fund	49
Forests Stores Suspense Account	51
Licensing Fund	16
Milk Board Fund	157
Public Works Stores Suspense Account	66
Tourist Fund	97
Transport Regulation Fund	102
Water Supply Stores Suspense Account	40
Workers Compensation Board Fund	149

Comments on several other funds classified as above are furnished hereunder :—

Aborigines Welfare Fund—The *Aborigines Act* 1958 No. 6190 authorizes the Aborigines Board, 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.

Transactions during 1958-59 in relation to this fund were :—

	£	£
Balance, 1st July, 1958 .. .. .	..	32,305
Receipts—		
Revenue Contribution	25,000	
Revenue from Operations (Canteen and Produce Sales, &c.)	2,691	
Child Endowment	1,131	
Donations	191	
Maintenance Payments	142	
Miscellaneous Revenue	108	
	—————	29,263
		61,568
		—————
Payments—		
Assistance to Aborigines	33,587*	
Land and Buildings	1,104	
	—————	34,691
Balance, 30th June, 1959 .. .. .	..	26,877
		61,568
		—————

* Included in this figure is the sum of £2,000 advanced to the Public Works Department for maintenance works at Lake Tyers Aboriginal Station of which £453 remained unspent at 30th June, 1959.

The Public Works Loan Application Act No. 6169, Item 21, authorized a contribution to the fund of £30,000 for the purchase of land and the erection of buildings for the housing of aborigines. The sum of £20,000 was contributed for these purposes in 1957-58 but no further contribution was made in 1958-59.

Expenditure to 30th June, 1959, on the purchase of land and erection of buildings amounted to £1,104 and, of the balance of the fund at that date, £18,896 is available for these purposes and £10,031 for distribution generally.

Adult Education Fund.—This fund is administered by the Council of Adult Education established 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 Council may also organize and conduct such lectures, classes, courses, vacation schools and other activities as it thinks necessary or desirable in connexion with the promotion and encouragement of adult education and, subject to the approval of the Minister, make payments or advances to local advisory committees.

In addition to an annual statutory contribution of £25,000 from revenue and any other sums appropriated by Parliament for the purpose, all fees and charges received by the Council in connexion with its activities are paid into the fund.

The following statement summarizes the Council's financial operations for the past two years :—

<i>Source of Funds—</i>	1957-58.	1958-59.
	£	£
Balance from previous years	93	102
Special Appropriation—Acts Nos. 5181/6240	25,000	25,000
Departmental Vote—Education	27,000	30,000
Class fees, proceeds of productions, &c.	18,702	73,241
	<hr/>	<hr/>
	70,795	128,343
 <i>Disbursement of Funds—</i>		
Salaries (Administration)	30,305	32,288
Classes, discussion groups, travelling theatre, &c.	40,388	94,064*
	<hr/>	<hr/>
	70,693	126,352
Leaving a balance of	102	1,991
	<hr/>	<hr/>
	70,795	128,343

* Includes an amount of £6,000 advanced to the Public Works Department in June, 1959, for works at the Australian Church building and which remained unspent at 30th June, 1959.

The major variations in the above figures relate to revenue from class fees, proceeds of productions, &c., and expenditure on classes, discussion groups, travelling theatre, &c. After adjustment of the 1957-58 figures to incorporate transactions amounting to £15,406 which passed through a departmental trust account and, after excluding from the 1958-59 figures, the sum of £6,000 advanced to the Public Works Department against which no expenditure had been recorded to 30th June, revenue from class fees, &c., increased by £39,133 and expenditure in relation thereto, by £32,270. The main reasons for these increased figures were an increase from three to eight in the number of tours undertaken in connexion with the Community Arts Service with a consequential increase in both revenue and expenditure in relation to that activity; increases in fees with effect from the latter part of 1957-58; and increases in enrolments in 1958-59.

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.

Subject to administrative and other costs, a total of £11,500,160 was available in the Hospitals and Charities Fund for distribution. This amount was provided by:—

	£
Special Appropriations, Acts Nos. 5300-6274	800,000
Special Appropriations, Acts Nos. 6070-6353—Totalizator Receipts	767,037
Special Appropriations, Acts Nos. 5705-6390—Tattersall Receipts	2,400,423
Grants—Division 83	7,532,391
	<hr/>
	11,499,851
Balance forward from 1957-58	309
	<hr/>
	11,500,160
	<hr/>
Expenditure for the year	11,499,136
	<hr/>
Leaving a balance of	1,024
	<hr/>

A summary of payments from the fund is given below:—

	1956-57.	1957-58.	1958-59.
	£	£	£
Maintenance—			
Hospitals	9,307,273	9,753,011	10,142,438
Benevolent Homes	532,563	599,144	485,580
Children's Homes	116,186	117,919	116,757
Foundling Homes and Refuges	58,339	55,750	59,111
Philanthropic Associations	37,826	43,814	49,650
Ladies' Benevolent Societies	3,545	4,716	4,700
Medical Dispensaries	15,492	16,522	16,902
Ambulance Services	118,363	139,952	167,309
Hostels for the Aged	28,607	35,488	43,551
Youth Centres	16,000	..	..
Other Institutions	54,528	104,629	106,280
	<hr/>	<hr/>	<hr/>
	10,288,722	10,870,945	11,192,278
Other—			
Transfer of Patients to Country Hospitals	4	377	33
Costs Associated with Totalizator Receipts	4,532	4,830	4,917
Training of Officers	4,030	9,947	8,149
Recruitment and Training of Nurses	34,088	20,808	15,193
Preliminary Schools for Nurses	123,816	135,598	130,755
Post-graduate Training of Nurses	6,694	6,050	12,515
Administration Costs	82,973	95,350	132,846
Hospital Magazine .. .. .	..	..	2,450
	<hr/>	<hr/>	<hr/>
	10,514,859	11,143,905	11,499,136
	<hr/>	<hr/>	<hr/>

Administrative costs increased by £37,496 over the figure for the previous year. From 9th February, 1959, the Commission took over office space in the I.C.I. building at an annual rental of £19,134. Rental to 30th June, amounting to £7,426, the cost of new furniture and fittings, £14,666, and an increase in salaries of approximately, £12,700, accounted for the major part of the increase in administrative costs mentioned.

In addition to the assistance provided to hospitals and other institutions shown in the table, grants have been made to many of these bodies under various Public Works Loan Application Acts for the erection of public hospitals, the purchase of land and buildings, and other items. The amount expended from this source during the year under review was £4,825,000. Details of payments to individual hospitals, &c., are shown in the Treasurer's Finance Statement.

Level Crossings Fund.—The Level Crossings Fund was established under the provisions of the *Country Roads and Level Crossings Act 1954* now incorporated in the *Country Roads Act 1958* No. 6229. To provide funds for the elimination of level crossings and associated works, the Act authorizes the payment into the Level Crossings 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 1958–59 was £677,879, comprising receipts from additional registration fees £268,814, and the balance brought forward from 1957–58, £409,065.

Expenditure from the fund in 1958–59, on works approved by the Treasurer, amounted to £327,768, of which £260,798 was incurred by the Railways Department and £66,970 by the Country Roads Board. The balance in the fund at 30th June, 1959, was £350,111.

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. At 30th June, 1959, the accumulated balance of the account was £797,990.

Mental Hospitals Fund.—The *Tattersall Consultations Act 1953* now consolidated under the *Tattersall Consultations Act 1958* No. 6390 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. During 1958–59, duty paid amounted to £2,848,896 of which £448,473 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 Act and institutions within the meaning of the Mental Deficiency Act. 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, 1959 :—

<i>Receipts.</i>	<i>During the Year.</i>	<i>Total.</i>
	£	£
Balance 1st July, 1958	56,350	..
Special Appropriation Act No. 5705—		
Capital Works .. .. .	..	311,000
Maintenance Works .. .. .	..	150,000
General Expenditure (State Institutions)	304,000	1,302,000
Maintenance Grants (Other Institutions)	65,000	247,000
Mental Health Research	6,000	27,000
Capital Grants (Other Institutions)	73,473	311,205
	504,823	2,348,205
<i>Payments.</i>	<i>During the Year.</i>	<i>Total.</i>
	£	£
Capital Works	211	311,000
Maintenance Works	33	150,000
General Expenditure (State Institutions)	304,109	1,301,999
Maintenance Grants (Other Institutions)	69,960	242,976
Mental Health Research (University of Melbourne) .. .. .	..	21,000
Capital Grants (Other Institutions)	93,947	284,667
	468,260	2,311,642
Balance	36,563	36,563

Municipalities Assistance Fund.—Reference has already been made on page 63 under the Local Government section of this report to subsidies to municipalities and other public bodies from loan moneys amounting to £290,735. Funds are also applied towards the assistance of municipalities through the Municipalities Assistance Fund.

This fund was established under the provisions of the *Municipalities and Other Authorities Finances Act 1950*, the relevant section of which has since been incorporated in the *Local Government Act 1958*. It 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 costs of the Country Fire Authority and to the Casual Fire Fighters Compensation Fund, whenever at 30th April in any year the balance of that fund, less commitments, falls below £1,000.

One-half of the fees paid for motor car driver's licences, less the costs of collection, provides 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 additional contributions of £400,000 from Consolidated Revenue in 1953–54 and £120,000 from Treasurer's Advance pending loan legislation in 1957–58 which was recouped in 1958–59 under the authority of the Public Works Loan Application Act No. 6482. A further contribution of £100,000 has been made from the Loan Fund in 1958–59. As was reported last year, the financing of this fund from loan moneys is a significant departure from the original intention of Parliament that any shortage in the fund should be met from Consolidated Revenue.

A summary of operations in the fund is:—

	£	£
Balance 1st July, 1958 .. .. .	..	37,160
Contribution—Public Works Loan Application Act No. 6482 .. .. .	..	100,000
Receipts from fees	284,994	
Less Costs of Collection	125,340	
	<hr/>	159,654
		<hr/>
		296,814
 Expenditure—		
Amount contributed to Country Fire Authority .. .. .	..	175,252
Amount contributed to Casual Fire Fighters Compensation Fund .. .. .	..	372
Subsidies to various Municipalities for works .. .. .	..	100,675
		<hr/>
		276,299
Balance, 30th June, 1959 .. .. .	..	20,515
		<hr/>
		296,814
		<hr/>

National Parks Fund.—Under the *National Parks Act* 1956, No. 6023, now consolidated under the *National Parks Act* 1958, No. 6326, 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 the 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 to the extent approved by the Minister, its administration costs.

A statement of the transactions relating to this fund for the year ended 30th June, 1959, is given hereunder:—

	£	£
Balance, 1st July, 1958 .. .. .	..	1,258
Receipts—		
From Consolidated Revenue	5,480	
Loan Fund Acts, Nos. 6169 and 6482	35,000	
Tourist Fund—Contribution <i>re</i> Mt. Buffalo National Park	950	
	<hr/>	41,430
		<hr/>
		42,688
Payments—		
Subsidies to Committees of Management of National Parks and Advances for Works to the Public Works Department and Forests Commission—		
	£	
Kinglake	4,890	
Wilson's Promontory	11,997	
Mt. Buffalo	4,359	
Wyperfeld	1,064	
The Lakes National Park	257	
Fraser	50	
	<hr/>	22,617
Administration Costs	5,575	
		<hr/>
		28,192
		<hr/>
Balance, 30th June, 1959 .. .. .	..	14,496
		<hr/>

Of advances totalling £20,792 made to the Public Works Department to 30th June, 1959, the sum of £4,642 was unexpended at that date, and, of advances to the Forests Commission amounting to £7,750, there remained unexpended £2,612.

Other—Not Regulated by Statute.

Accounts under this heading include Departmental Suspense Accounts, the balances of which total £197,266; the Decentralization Fund, £40,720; the Country Roads Board Special Works Account, £37,860; and the Potato Marketing Board—Liquidator's Account £31,669, including investments, £23,000.

Reference to the Country Roads Board Special Works Account may be found on page 107 of this report and detailed information with respect to the Decentralization Fund and the Potato Marketing Board—Liquidator's Account, is given hereunder.

Decentralization Fund.—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 normal budgetary control, should be considered.

During the year under review, a grant of £500 was made to the Shire of Buninyong to be applied towards the cost of providing an amenity to commemorate the centenary of local government in the Shire. This amount has been held in trust by the Shire pending further direction.

A major portion of the total expenditure of £93,654 consisted of loans to four industrial concerns and a co-operative society amounting to £40,568 and a subsidy to a brown-coal mining company equal to the road tax of £22,095 paid by that company on behalf of contracting carriers. The total cost of this subsidy to 30th June, 1959, was £88,132.

Credits to the fund have been:—

	£
To 30th June, 1958	1,395,499
During the year—	
From Consolidated Revenue	20,000
	1,415,499

The fund has been utilized as follows:—

	£
Expenditure to 30th June, 1958	1,281,125
During the year—	
Power and Light Subsidies	4,589
Rail Freight Subsidies	14,898
Loans to Decentralized Industries	40,568
Removal of Plant, Machinery, Furniture, &c.	1,148
Alterations to Art Gallery—Mildura	4,084
Road Transport Tax Subsidy	22,095
Road and Drainage Works	3,623
Fuel Subsidy	2,149
Grant to Shire of Buninyong	500
	1,374,779
The balance at 30th June, 1959, was	40,720
	1,415,499

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

	Advanced to 30th June, 1959.	Repaid.	Outstanding 30th June, 1959.	Arrears.	
				Interest.	Principal.
	£	£	£	£	£
Fishermen's Co-operative Societies	100,920	5,500	95,420	..	..
Brickworks	* 18,549	5,286	13,263	2,091	3,922
Textile Industries	64,037	23,053	40,984	402	67
Moyne Portland Cement Ltd.	202,034	7,500	194,534	..	..
Other Industries	138,300	43,888	94,412	259	657
	523,840	85,227	438,613	2,752	4,646

* 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 payable on extended terms. The full purchase price together with interest due thereon has now been received and credited to an account in the Trust Fund. After payment of expenses, the balance in the account at 30th June, 1959, was £41,111, which is available for proportionate allocation to the Consolidated Revenue and Loan Fund, the original advances having been made from credits in the Decentralization Fund provided from these two sources.

Shares in the above company, originally purchased from the Decentralization Fund for the sum of £24,665, have been written off under the authority of the Treasurer.

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 £3,790 have been credited to an account in the Trust Fund pending completion of the realization and, after meeting expenses of £1,074, the balance of the account at 30th June, was £2,716.

During 1957-58, the sum of £21,000 was made available by way of loan to two persons to enable them to purchase certain property at Horsham. The advance was secured by a mortgage over the property purchased. Of the total advanced, £6,000 was provided from local sources and £15,000 from the Decentralization Fund. In 1958-59, the property was transferred to the Horsham Foundry and Engineering Company Ltd. The amount provided by local contributors was repaid—£4,400 in cash and the balance by the issue of 1,600 fully paid £1 shares in the Company. The original security for the loan was replaced by a mortgage, in favour of the Treasurer of Victoria, over the whole of the property of the Company. The new security, which is for £20,000 is held by the State in respect of the outstanding balance of the original advance, £15,000, and a further advance of £5,000 made early in the current financial year.

Evidence has not been produced to enable verification of the value of the property subject to the mortgage.

Potato Marketing Board—Liquidator's Account.—The Governor-in-Council, having revoked the proclamation declaring potatoes to be a commodity for the purpose of the Marketing of Primary Products Act, the affairs of the Potato Marketing Board were placed in the hands of a liquidator. With the approval of the Treasurer, this fund was established to receive proceeds of disposal of the Board's assets and to meet any claims allowed by the liquidator.

When the liquidation has been completed, any remaining proceeds are to be retained in the Trust Fund and used for such purposes as the Governor-in-Council considers will benefit the potato industry.

The following is a summary of the year's operations:—

Balance 1st July, 1958—		£	£
General Account		7,678	
Investments		23,200	
			30,878
Receipts—			
Sundry Debtors		270	
Interest on Investments		725	
			995
			31,873
Payments—			
Expenses			4
Balance 30th June, 1959—			
General Account		8,669	
Investments		23,200	
			31,869

In previous reports, I have stated that "Payments" within the meaning of Section 23 of Act No. 4337 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 in this regard remains unaltered.

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, now incorporated in the *Gas and Fuel Corporation Act 1958*, £7,141,752, and to a Geelong Harbor Trust debenture securing the outstanding balance of an advance, £159,101.

THE STATE SUPERANNUATION BOARD.

The Superannuation Fund.—The State Superannuation Board was constituted under the provisions of the *Superannuation Act 1925*, now consolidated under the *Superannuation Act 1958*. The Act provides 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, 1957.	Year Ended 30th June, 1958.	Year Ended 30th June, 1959.
	£	£	£
<i>Receipts.</i>			
Balance (including investments)	21,356,761	24,017,898	26,777,299
Contributions from officers (Net)	2,446,917	2,439,816	2,407,974
Contributions from Consolidated Revenue	2,728,672	2,917,844	3,190,979
Interest	932,131	1,123,091	1,286,018
Underwriting Commission	11,491	11,100	6,000
	27,475,972	30,509,749	33,668,270
<i>Disbursements.</i>			
Pensions	3,455,883	3,729,175	4,101,740
Endowment Assurances (Net)	173	80	447
Assurance Premiums	193	315	618
Lump Sum Payments (Limited Contributors)	1,825	2,880	4,837
	3,458,074	3,732,450	4,107,642
The Balance was	24,017,898	26,777,299	29,560,628
Of which there was invested	24,017,105	26,776,841	*29,560,327
Leaving a cash balance of	793	458	301

* Face value of Investments, £29,383,854.

Revenue for the year exceeded disbursements by £2,783,329 and net investments amounted to £2,783,486, the cash balance being reduced from £458 at 30th June, 1958, to £301 at 30th June, 1959.

Major variations as between the 1957-58 and 1958-59 figures are explained hereunder.

A net decrease of £31,842 in officers' contributions was due to an increase of £46,351 in refunds of contributions during the year. However, the amount actually received from officers increased by £14,509.

Consolidated Revenue contributions rose by £273,135. The Government contribution is made to the Superannuation Fund as a recoup 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 £372,565 and there was a commensurate increase in the Government contribution. Since 1956-57, the cost to the State has increased by £462,307 and the upward trend may be expected to continue for a considerable period.

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 £2,759,736 in 1957-58 and a further £2,783,486 was invested during 1958-59. These substantial increases in the investments mainly accounted for the increase of £162,927 in interest earned by the fund during 1958-59.

Married Women Teachers' Pension Fund.—This fund was established under the provisions of the *Teaching Service (Married Women) Act 1956*, now incorporated in the *Teaching Service Act 1958*, and came into full operation from 1st July, 1957. 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 which administers the scheme may invest the fund in any securities in which the Superannuation Fund may be invested.

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

	£	£
Balance brought forward (including investments) .. .. .	..	20,932
Receipts—		
Contributions from Teachers .. .. .	..	12,620
Contribution from Consolidated Revenue .. .. .	..	12,379
Interest on Investments .. .. .	..	903
		<hr/>
Funds Available .. .. .	..	46,834
		<hr/>
Payments—		
Contributions Refunded—		
Teachers .. .. .	..	528
Consolidated Revenue .. .. .	..	288
		<hr/>
Interest on Contributions Refunded .. .. .	..	816
		9
		<hr/>
Total Payments .. .. .	..	825
		<hr/>
Leaving a Balance of .. .. .	..	46,009
Of which was Invested .. .. .	..	*45,619
		<hr/>
Leaving a Cash Balance of .. .. .	..	390
		<hr/>

* Face value of Investments, £46,090.

TOURIST DEVELOPMENT AUTHORITY.

The *Tourist Act* 1957 No. 6155, with effect from 12th June, 1958, constituted the Tourist Development Authority and established the Tourist Fund in the Treasury. This Act was superseded, as from 1st April, 1959, by the *Tourist Act* 1958, No. 6395.

The *Tourist (Amendment) Act* 1958, No. 6467, authorized the transfer of the control of tourist bureaux from the Victorian Railways Commissioners to the Authority and, for the purpose of providing the necessary staff, authorized any railway officer or employee engaged on duties in the tourist bureaux to elect to be transferred to the Public Service. The respective dates on which these transfers became effective were the 5th April and the 31st May, 1959.

Further amending legislation, the *Tourist (Amendment) Act* 1959, No. 6525, which operated from the 1st April, 1959, provided for the Authority to be a body corporate, authorized the Authority to enter into certain agreements and allowed the following moneys to be paid into the Tourist Fund :—

- (i) amounts received whether in respect of principal or interest on loans made out of the Fund ;
- (ii) all commissions received by the Authority ;
- (iii) all other moneys received by the Authority except moneys received as agent for or on account of some other person or body ; and
- (iv) all moneys appropriated by Parliament for the purposes of the Tourist Act.

Under the authority of the principal Act, there is also credited to the Fund the amount of the levy on the Country Roads Board Fund equal to 2 per centum of the "net total amount" credited to that Fund under paragraph (d) of sub-section (1) of section 38 of the *Country Roads Act* 1958.

The *Tourist Act* 1958 requires that the amount of the levy on the Country Roads Board Fund shall, in every year, be certified by the Auditor-General. For the reasons detailed on page 107 of this report under the heading of Country Roads Board, my certificates relative to the respective amounts transferred to the Tourist Fund in 1957-58 and 1958-59 have been withheld. Similarly, my certificate was not given to the transfer to the Tourists' Resorts Fund in 1956-57.

The moneys credited to the Tourist Fund as aforesaid, may be applied to recoup Consolidated Revenue for interest and sinking fund charges on loan moneys raised or applied for tourist purposes, and to meet the costs and expenses of administration. The moneys may also be applied, as authorized by the Minister, on the recommendation of the Tourist Development Authority, for the purposes of publicizing and developing the tourist industry and improving tourist facilities in Victoria.

Credits to the Fund during the year were :—

	£	£
Balance forward from 1957-58 .. .. .	..	98,251
Contribution from Country Roads Board Fund .. .. .	..	144,770
Contribution under Loan Application Act No. 6169 .. .. .	..	20,000
Contributions by Municipalities (net)—Share of cost of works. &c. .. .. .	..	6,731
 Tourist Bureaux operations—	 £	
Revenue from Commissions, &c. .. .. .	..	7,449
From Consolidated Revenue—		
Share of cost of operations—		
Premier's Office Vote Div. 9-3-7 .. .. .	..	7,158
*Railway Working Expenses .. .. .	..	22,400
	37,007	
		208,508
		306,759

* This charge to Railway Working Expenses is subject to audit query.

Disbursements from the Fund are summarized below :—

	£	£
Recoup of Consolidated Revenue on account of debt charges.. .. .	10,264	
Expenditure on works authorised by the Tourists' Resorts Committee prior to proclamation of the Tourist Act, and including administration charges of the Public Works Department	44,107	
Developmental and maintenance works authorised under the Act	*33,883	
Publicity (including contribution to the Australian National Travel Association)	11,350	
Costs and administrative expenses—	£	
Head Office	8,663	
Tourist Bureaux	28,924	
	<u>37,587</u>	
Total disbursements		<u>137,191</u>
Balance at the close of the year .. .. .		.. 169,568
		<u>306,759</u>

* Includes advances to the Public Works Department, £31,420, of which £17,316 was unexpended as at 30th June, 1959.

Apart from the moneys credited to the Fund, cash collections by the Authority on account of railway bookings are, wherever practicable, paid into the Treasury by the Authority to the credit of railway income. Sums received for non-rail bookings are credited in the Treasury to the Tourist Bureaux Trust Account pending appropriate disbursement or allocation. The following statement summarizes the collections by the Authority at various locations in the period 5th April to 30th June, 1959, and shows the accounts in the Treasury to which these collections have been credited.

	Account Credited.				
	Railway Income.	Tourist Bureaux Trust Account.	Tourist Fund.	Revenue Surplus Cash.	Total Collections.
	£	£	£	£	£
Collections by—					
Head Office .. .. .	..	13,507	24,381	..	37,888
Tourist Bureaux—					
Melbourne	147,728	98,605	..	4	246,337
Sydney	4,475	7,145	..	..	11,620
Adelaide	5,863	10,045	..	..	15,908
Ballarat	2,118	8,462	..	..	10,580
Bendigo	2,286	7,345	..	..	9,631
Geelong	2,169	8,569	..	..	10,738
Mildura	1,125	1,588	..	..	2,713
	<u>165,764</u>	<u>155,266</u>	<u>24,381</u>	<u>4</u>	<u>345,415</u>

The value of rail travel for which tickets were issued by the Authority on the presentation of travel vouchers is not included in the above figures. In such instances, accounts are rendered by the Railways Department on the debtors concerned.

STATE ACCIDENT INSURANCE OFFICE.

Operation of this Office for the year showed a net profit of £498,587. After making allowance for the balance of the loss brought forward from 1956-57, the credit balance of the Profit and Loss Appropriation Account was £493,842. Consideration of the appropriation of this balance in accordance with the provisions of Section 68 of Act No. 6419 is in course.

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

—	1954-55.	1955-56.	1956-57.	1957-58.	1958-59.
	£	£	£	£	£
Income—					
Premiums earned	1,565,481	1,784,301	1,777,381	2,390,011	2,593,580
Interest	52,652	53,366	58,366	61,520	74,526
Rents (Net)	1,730	4,497	4,400	1,881	1,785
Surplus—sale of property .. .. .	..	10	325	224	140
	1,619,863	1,842,174	1,840,472	2,453,636	2,670,031
Expenditure—					
Claims	1,475,188	1,562,804	2,078,442	1,917,650	2,004,526
Management	69,453	84,351	95,604	104,348	121,340
Agents' Commission and Expenses	32,573	44,180	51,857	50,952	45,578
	1,577,214	1,691,335	2,225,903	2,072,950	2,171,444
Net profit	42,649	150,839	..	380,686	498,587
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 full benefit of 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.

The method of assessing the premium payable by the Government in respect of a number of its employees is not consistent with that used in assessing the premium payable by other employers. With respect to any policy indemnifying an employer other than the Government, the premium charged each year is an estimated premium based on wages actually paid in the previous year plus an excess, or less a rebate, to adjust the estimated premium paid in the previous year. On the other hand, the annual premium paid by the Government comprises an arbitrary amount plus a sum to adjust the premium paid in the previous year. For this reason, there is a substantial "lag" at each annual balancing date in respect of the premium paid by the Government. The estimated amount of the "lag" is not brought into the accounts of the Office as a sundry debtor.

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, that there were no serious omissions 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 77·3 per centum compared with 80·2 per centum in 1957-58 and with 116·9 per centum in 1956-57.

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

30.6.58.		30.6.59.
£		£ £
	<i>Assets.</i>	
	Current—	
3,453,886	Cash at Treasury	4,438,519
237,018	Sundry Debtors, <i>Less</i> Bad Debts Provision	250,868
		————— 4,689,387
	Fixed—	
36,757	Furniture, Office Machines, and Cars— <i>Less</i> Depreciation	44,700
	Investments—	
114,653	Property—Offices	115,665
705,637	Inscribed Stock	705,637
		————— 821,302
4,745	Profit and Loss Account—Balance .. .. .	.. .. .
4,552,696		5,555,389
	<i>Liabilities.</i>	
	Current—	
817,550	Unearned Premiums	879,878
2,725,877	Claims Outstanding	3,171,980
9,367	Sundry Creditors	11,898
		————— 4,063,756
	Deferred—	
158,504	Bonus Equalization Reserve	160,757
14,539	Building Depreciation and Maintenance Provision	14,534
4,359	Building Maintenance Reserve .. .. .	.. .. .
		————— 175,291
	Funds—	
780,000	General Reserve	780,000
32,500	Building Reserve	32,500
10,000	Building Improvement Reserve	10,000
	Profit and Loss Account—Balance	493,842
		————— 1,316,342
4,552,696		5,555,389

The above statement is submitted subject to decisions in regard to the appropriation of the balance at credit of the Profit and Loss Account and in respect of a proposal to transfer the balance of the Building Reserve to General Reserve. In conformity with past practice, any decisions will be given effect to in the accounts by entries as at 30th June, 1959.

There is constantly a considerable credit balance in the State Accident Insurance Fund at the Treasury. As shown above, it exceeded four million pounds at 30th June. Interest at the rate of $1\frac{1}{4}$ per centum is allowed on the monthly balance. No action has been taken to implement the recommendations made by the Committee of Public Accounts in its report of 4th December, 1957.

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 £63,459 compared with a profit of £217,100 in 1957–58.

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

	1954–55.	1955–56.	1956–57.	1957–58.	1958–59.
Income—	£	£	£	£	£
Net premiums earned—					
“Third Party”	510,132	696,710	995,316	1,170,832	1,343,861
Comprehensive	297,813	354,194	442,424	505,992	569,613
	807,945	1,050,904	1,437,740	1,676,824	1,913,474
Interest—					
Fund at Treasury	7,273	12,123	21,828	27,415	35,245
	815,218	1,063,027	1,459,568	1,704,239	1,948,719
Expenditure—					
Claims—					
“Third Party”	712,911	961,109	878,802	1,025,168	1,378,588
Comprehensive	196,383	300,564	343,034	340,068	372,538
	909,294	1,261,673	1,221,836	1,365,236	1,751,076
Management	71,918	87,857	108,872	121,903	134,167
Loss—Sale of property .. ..	..	..	..	..	17
	981,212	1,349,530	1,330,708	1,487,139	1,885,260
Net loss	165,994	286,503	..	..	..
Net profit .. ..	..	..	128,860	217,100	63,459

A dissection of the accounts into “Third Party” business and Comprehensive business shows that the former resulted in a trading loss of £120,422 compared with a profit of £66,737 in 1957–58 while the latter resulted in a trading profit of £148,653 compared with a profit of £122,948 in 1957–58. The net trading profit was increased by £35,245—interest earnings of the State Motor Car Insurance Fund—to £63,459 as shown in the preceding statement.

In “Third Party” insurance the loss ratio to earned premium income was 102·6 per centum compared with 87·4 per centum in 1957–58, while in Comprehensive insurance the loss ratio was 65·4 per centum in 1958–59 and 67·2 per centum in 1957–58.

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.

By an Order in Council dated 26th May, 1959, a Royal Commission was appointed to inquire into, report upon, and make recommendations concerning the system of Third-Party Compulsory Insurance contained in Part V. of the *Motor Car Act 1958* and its administration, operation, and effect.

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* 1958, No. 6400, and Part 1 of the *Commercial Goods Vehicles Act* 1958, No. 6222, jurisdiction over all commercial goods and passenger vehicles operating within the State.

Fees (other than road charges) and fines under Acts Nos. 6400 and 6222 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, 1959, was £372,669.

In my last report, it was pointed out that certain fees received in accordance with the provisions of Act No. 6222, 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 :—

1957-58.	Receipts.	1958-59.
£		£ £
211,277	Balance of Transport Regulation Fund at 1st July .. .. .	.. 258,441
260,977	Licences and Additional Fees on Licences	283,260
285,668	Permits	316,505
7,800	Motor Omnibus Registration Fees	5,505
26,705	Fines	33,656
9,214	Miscellaneous	9,863
		648,789
801,641		907,230
	Payments.	£
	<i>Head Office—</i>	
202,008	Salaries and Overtime (including Pay-roll Tax)	216,032
6,680	Subsidy to Bus Operator	9,854
52,379	Other Expenses	51,057
		276,943
	<i>Country Offices—</i>	
55,658	Salaries and Overtime (including Pay-roll Tax)	65,045
17,410	Other Expenses	7,896
		72,941
	<i>Inspection Staff—</i>	
89,024	Salaries and Overtime (including Pay-roll Tax)	93,044
33,901	Police Services	10,082
8,817	Other Expenses	9,734
		112,860
	<i>Purchase and Maintenance of Motor Cars—</i>	
11,186	Purchase of Motor Cars	5,090
16,893	Maintenance and Insurance	14,430
		19,520
		482,264
	<i>Works—</i>	
9,350	Offices—Head Office and Geelong	2,500
4,971	Contributions towards erection of Comfort Stations and Bus Shelters	4,278
	Inspection Depot—Port Melbourne	9,602
		16,380
34,923	Amounts distributed to Municipalities	35,917
543,200		534,561
258,441	Balance of Transport Regulation Fund at 30th June	372,669

Revenue for the year rose by £58,425, mainly the result of increased receipts from licence and permit fees. Expenditure decreased by £8,639, due largely to a reduction in the annual charge to the Fund for mobile police services. As from 1st January, 1958, this charge has been calculated on the basis of 2½ per cent. of the annual cost of the Police Mobile Traffic Section as against 10 per cent. previously.

As disclosed in the summary, payments totalling £9,854 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, represented the excess of costs over revenue in the operation of a bus service between Middle Brighton and St. Kilda Railway Station during the period 1st June, 1958, to 28th February, 1959, inclusive. The subsidy was discontinued as from and inclusive of 1st March, 1959, in consequence of the closing of the electric street railway service between Head-street and St. Kilda station.

Road Charges.—Part II. of Act No. 6222 requires the owners of commercial goods vehicles to pay to the Board specified road charges by way of 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 1958–59 was £1,873,424.

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 Act.*—Receipts for the year under this heading amounted to £9,199,391 and the cost of collection was shown to be £574,318. These figures compare respectively with the 1957–58 totals of £8,839,828 and £607,219. The higher revenue from fees under the Motor Car Act is referred to in detail in this report at page 35 and the lower costs of collection were due largely to a reduction—from £171,380 to £144,376—in the charge to the fund for services provided by the Police Mobile Traffic Section in the enforcement of the provisions of the Act. As from 1st January, 1958, this charge has been calculated on the basis of 35 per cent. of the annual cost of the Section instead of, as formerly, 45 per cent.
- (ii) *Road Charges—Commercial Goods Vehicles Act 1958.*—Receipts for the year from these charges, credited to the Roads Maintenance Account within the fund, amounted to £1,873,424.

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 £75,834 were available to meet expenditure upon roadworks as hereunder :—

Act No. 6229—£75,000 for permanent works within the meaning of the Country Roads Act.

Act No. 6066—£834 allocated for assistance to municipalities in connexion with the restoration of roads damaged by floods.

Commonwealth Aid Roads Act 1954–56.—Funds amounting to £6,170,975 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 Act 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 on 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 1958–59, viz. £700,000, was expended on construction and reconstruction works on State highways.

Commonwealth-State Flood Protection and Restoration Account.—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 and, for this purpose, £766,000 was provided on a £1 for £1 basis by the Commonwealth and State Governments. During 1958–59, municipalities were recouped for expenditure on these works to the amount of £53,171, making the total expenditure to 30th June, 1959, £750,264.

The statements following set out in summary form the funds referred to 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.

1957–58.		1958–59.
£		£ £
	<i>Country Roads Board Fund</i>	
418,204	Balance from previous year	219,822
8,233,674	Net Taxes (including £1,452 fines other than Motor Car Acts) ..	8,626,526
445,848	Municipal Contributions	685,773
1,643,481	Road Charges—Commercial Goods Vehicles Act	1,873,424
36,049	General Receipts	28,810
		<hr/> 11,434,355
	<i>Loan Moneys—</i>	
400,000	Act No. 6229—State Highways and Main Roads	75,000
2,822	Act No. 6066—Flood Damage	834
		<hr/> 75,834
	<i>Commonwealth Aid Roads Act</i>	
2,141,004	For Roadworks Generally	2,689,246
3,317,903	For Rural Roads	3,481,729
		<hr/> 6,170,975
	<i>Commonwealth Aid Roads (Special Assistance) Act</i> —	
700,000	For Roadworks Generally	700,000
	<i>Commonwealth-State Flood Restoration Account</i>	
460,452	Restoration of Roads and Bridges	53,171
<hr/> 17,799,437		<hr/> 18,434,335

EXPENDITURE.

1957–58.		1958–59.
£		£
	Principal items of expenditure by the Board may be classified as follows:—	
14,725,744	Construction and Maintenance of Roads, &c.	15,021,603
757,512	Payment of Interest (including exchange)	787,511
41,242	Sinking Fund Contributions and Loan Conversion Expenses	41,724
32,323	Repayment to Loan Fund	33,348
108,780	Transfer to Tourist Fund	144,770
1,053,254	Plant Purchase (net).. .. .	712,974
860,760	General Expenditure including Administration, Stores and Materials, &c. ..	1,004,542
<hr/> 17,579,615		<hr/> 17,746,472
219,822	Unexpended Balance at 30th June	687,863
<hr/>		<hr/>

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 ..	5,357,732	3,446,409	1,902,006	..	..	9,317
By-pass Roads ..	28,579	28,579	..	..	..	..
Main Roads ..	5,536,431	4,170,667	1,280,910	..	75,000	9,854
Forest Roads ..	190,652	190,652	..	..	..	..
Tourists' Roads ..	453,877	453,877	..	..	..	..
Unclassified Roads ..	3,371,433	..	26,549	3,310,050	834	34,000
Murray River Bridges and Punts ..	82,899	82,899	..	..	..	..
	15,021,603	8,373,083	3,209,465	3,310,050	75,834	53,171

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 1958-59 these concessions amounted to £752,613. Details are—

(a) Permanent Works.

Of the proportion charged to municipalities on permanent works, £76,230, relief was granted to the extent of £54,194 as provided in Act No. 6229. 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 £40,029, the whole was remitted. The total of these amounts did not exceed the statutory limit of £250,000.

(b) Maintenance.

Of the sum of £1,322,127 apportioned to municipalities, being one-third of the cost of maintenance of main roads in respect of the year 1957-58, the Governor in Council remitted £658,390 as excessive maintenance not due to local traffic. The net amount due was paid to the Board prior to 30th June, 1959.

TOURIST FUND.

For particulars see page 97.

As indicated earlier in this report, the *Tourist Act* 1958 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, £144,770, purporting to be the amount to be transferred in respect of 1957-58 was paid into the Tourist Fund. As a result of amending legislation, salaries were excluded as a deduction in the calculation of this sum.

Reference was made in earlier reports to certain inconsistencies in charges for the costs and expenses of administration of the Country Roads Act which form part of the specified deductions to be taken into consideration in determining the amount of the annual payment.

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 expressed the view that the word "administration" is not capable of precise definition; and that, for the present formula for ascertaining the "net total amount", there should be substituted a formula which can give rise to no doubts as to what is meant.

Consequently, the Board recommended to the Honourable the Minister of Public Works that the relevant provisions of the Tourist Act be amended.

In the meantime, I have withheld my certification of the transfers—£76,284 in 1956-57; £108,780 in 1957-58; and £144,770 in 1958-59—from the Country Roads Board Fund to the Tourist Fund.

WORKS CARRIED OUT FOR COMMONWEALTH AND STATE AUTHORITIES.

Act No. 6229 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 :—

1957-58.		1958-59.
£		£
13,051	Commonwealth Works—Aerodromes and other construction works	35,086
13,821	Department of Crown Lands and Survey—Roads	3,908
15,685	Victoria Police—Broadmeadows Driving School	15,655
99,633	Soldier Settlement Commission—Roads	77,228
425,671	State Rivers and Water Supply Commission—Roads and Bridgeworks	201,057
61,058	Housing Commission—Roads	43,301
17,577	Other Works	28,640
<u>646,496</u>		<u>404,875</u>

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

At 30th June, 1959, an amount of £37,860 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 £75,834, £75,000 was made available for permanent works upon roads and bridges and £834 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. The remainder of the loan expenditure in the year increased the Board's loan liability which, at 30th June, was as set out in the following statement:—

	Main Roads.	Developmental Roads.	Total.
	£	£	£
Net loan liability at 30th June, 1958 ..	10,041,029	4,369,561	14,410,590
Add—Discount and Expenses	3,518	1,234	4,752
Expenditure—Act No. 6229	75,000	..	75,000
	10,119,547	4,370,795	14,490,342
Less—Repayments	39,432	..	39,432
	10,080,115	4,370,795	14,450,910
Less—Increase in equity in National Debt Sinking Fund	101,966	91,274	193,240
Net loan liability at 30th June, 1959 ..	9,978,149	4,279,521	14,257,670

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 River Yarra 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 34 years next after 30th June, 1959.

Expenditure in 1958–59, amounting to £1,148,263, brought the total at 30th June to £1,999,359 which may be summarized as under:—

	£
Contract Payments (Utah Australia Ltd.)	928,578
Land Resumption and Demolition	548,743
Service Alterations	300,789
Miscellaneous	221,249
	1,999,359

LIGHTERAGE, LANDING AND STORAGE OF EXPLOSIVES.

Supplementary to the Treasury financial records, accounts are prepared on a commercial accounting basis in order to ascertain the annual result of these operations and the financial position as at the close of each year.

The operations in each of the past four years are summarized hereunder:—

	1955-56.	1956-57.	1957-58.	1958-59.
<i>Revenue.</i>	£	£	£	£
Explosives Dues	118,946	180,485	184,381	176,504
Storage Charges	11,093	11,031	8,474	7,340
Miscellaneous	231	231	276	278
	130,270	191,747	193,131	184,122
<i>Expenditure.</i>				
Working Expenses	112,817	140,154	123,880	125,081
Administrative Expenses	6,942	9,547	10,553	7,500
Interest on Capital	8,465	8,693	10,021	9,984
Depreciation	7,078	7,227	9,959	9,212
	135,302	165,621	154,413	151,777
Net Loss	5,032	..	..	..
Net Profit .. .. .	..	26,126	38,718	32,345

The position as at 30th June, 1958, and 30th June, 1959, was as shown below:—

30.6.1958.				30.6.1959.	
£				£	£
	Source of Funds—				
257,639	Capital provided by Treasury				261,757
41,852	Profit and Loss Accumulation Account				74,196
299,491					335,953
	Represented by—				
	Current Assets—				
1,783	Sundry Debtors		1,632		
122,645	Treasurer of Victoria (excess of payments to Consolidated Revenue over working and other expenses provided therefrom)		164,942		
			166,574		
124,428					
	Less—				
	Current Liabilities—				
1,740	Sundry Creditors		2,329		
122,688					164,245
247,793	Fixed Assets including Land and Buildings, Floating Plant, &c.	251,865			
70,990	Less Reserve for Depreciation	80,157			
176,803					171,708
299,491					335,953

The book value of the fixed assets as at 30th June, 1959, included £19,916 expended on major overhauls and repairs to three vessels during the past three years. Depreciation is being provided on this sum at the rate of 10 per centum per annum.

CANCER INSTITUTE.

The Cancer Institute is controlled by the Cancer Institute Board constituted in accordance with the provisions of Act No. 6213. The figures shown hereunder are subject to completion of the audit.

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, 1959, totalled £480,000.

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

1957-58.		1958-59.
£		£
281,834	Medical Departments	311,985
31,329	Catering	35,227
33,503	Housekeeping	36,872
25,794	Engineer's Department	25,236
11,803	Repairs to buildings and equipment	4,036
15,361	Tasmanian Services	17,138
17,379	Transport	18,979
15,907	Laundry	16,432
11,662	Depreciation	24,942
63,955	Administration	73,380
1,452	Miscellaneous	324
509,979		564,551

The revenue for the past two years was :—

442,511	Government Grant	480,000
1,259	Donations	943
15,410	Recoup by Tasmanian Government	17,106
8,079	Charges for treatment of Doctors' Private Patients	7,983
4,131	Pharmaceutical Benefits	4,696
8,080	Hospital Benefits	8,361
23,252	Patients' Fees	26,894
1,328	Miscellaneous	1,516
504,050		547,499

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, 1958 and 1959.

The Liabilities and Funds of the Board were :—

30.6.1958.		30.6.1959.	
£		£	£
	Current Liabilities—		
24,536	Creditors		30,237
	Funds—		
31,240	Maintenance Fund	14,023	
84,276	Depreciation Fund	112,168	
41,245	Other Funds (including various Bequests)	48,075	
		174,266	
	Capital—		
1,136,630	Loan Fund Acts Nos. 6213, &c.	1,267,614	
34,006	Queen Victoria Hospital, donors, &c.	34,165	
		1,301,779	
1,351,933			1,506,282

The Assets were :—

30.6.1958.		30.6.1959.	
£		£	£
Current Assets—			
25,701	Cash at Bank	12,346	
53,348	Debtors and Prepayments	10,437	
28,765	Stores and Materials on Hand	31,555	
		<u>54,338</u>	54,338
Investments—			
84,276	Depreciation Fund	112,167	
40,631	Other Funds	46,967	
		<u>159,134</u>	159,134
Fixed Assets at cost—			
781,443	Buildings and Improvements	899,508	
17,552	Motor Cars	17,552	
25,217	Furniture and Furnishings	27,655	
295,000	Equipment	348,095	
		<u>1,292,810</u>	1,292,810
<u>1,351,933</u>			<u>1,506,282</u>

ELECTRICITY COMMISSION.

In response to views expressed by me at page 111 of my annual report on the 1956-57 accounts as to the necessity for consistency in procedure, the Commission has adopted for consistent application, as from 1958-59, a plan under which interest and minor items of expenditure on works under construction are charged as working expenses in the year in which they are incurred.

With respect to interest and other expenditure temporarily capitalized in previous years, the deferred balance, £6,672,948, as at 30th June, 1958, is being amortized as a "Special Write-off" against revenue over a period of five years. The amount so written off in 1958-59 was £3,200,000.

After taking into consideration the foregoing items of expenditure, the declared profit of the Commission for the year ended 30th June, 1959, was £423,319.

The following summary, under broad heads, shows the financial results as set out in the Profit and Loss Accounts of the Commission for 1957-58 and 1958-59. It should be observed that, due to the changes in procedure explained above, the figures for the year under review are published in a slightly different form. However, for the purpose of ready comparison, the figures hereunder in respect of the previous year, are summarized in the form of the new procedure.

1957-58.		1958-59.
£		£
40,040,398	Operating Income	45,387,070
29,675,992	Operating Expenditure	30,229,065
10,364,406	Excess of Operating Income over Operating Expenditure	15,158,005
21,993	Add: Miscellaneous Income	25,529
<u>10,386,399</u>		<u>15,183,534</u>
	Deduct—	
7,949,331 } *1,683,400 }	Interest	10,769,163
260,000	Loan Flotation Expense	365,000
246,886 } *226,145 }	Miscellaneous Expenditure	426,052
		<u>11,560,215</u>
<u>10,365,762</u>		
20,637	<i>Profit for year before Special Write-off</i>	3,623,319
455	Deduct—Deferred Interest and Other Expenditure on Works under Construction Written Off	3,200,000
<u>20,182</u>	<i>Profit for year after Special Write-off</i>	423,319
164,500	Add—Transfer from Rural Development Reserve to meet year's loss on Marginal Rural Extensions	228,750
<u>184,682</u>		<u>652,069</u>
	Appropriations—	
100,000	Rural Development Reserve	250,000
84,682	Contingency and General Reserve	402,069
<u>184,682</u>		<u>652,069</u>

* The sum of these two amounts, £1,909,545, was shown as a special write-off in 1957-58.

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

	1957-58.	1958-59.
	£	£
On Capital Liabilities	9,723,908	10,825,472
On Consumers' Advances for Construction	287,980	382,548
On Current Liabilities	64,375	11,986
	<u>10,076,263</u>	<u>11,220,006</u>
Deduct Interest earned on Sinking Fund and Temporary Investments	107,416	137,203
	<u>9,968,847</u>	<u>11,082,803</u>

These totals were allocated in the accounts as under:—

Profit and Loss Account—	£	£
Interest on Assets in operation	6,800,092	8,009,368
Interest during construction	2,832,639	2,759,795
	<u>9,632,731</u>	<u>10,769,163</u>
Fixed Assets—		
Indirect Interest included in charges for services	336,116	313,640
	<u>9,968,847</u>	<u>11,082,803</u>

Revenue from all sources increased from £40,062,391 in 1957-58 to £45,412,599 in the year under review—a rise of £5,350,208.

Total expenditure rose from £40,041,754 to £41,789,280, a rise of £1,747,526. The main factors contributing to this rise were—

- (i) additional operating and maintenance charges arising from the expansion of the electricity system generally; and
- (ii) salary increases from 1st September, 1958.

The rise, however, would have been greater but for a substantial reduction in costs of generation due to—a decrease in the production cost per ton of Yallourn coal, reduced use of the more costly Morwell coal, and lower prices paid for black coal and furnace oil.

Electricity Supply.—The upward trend in revenue from electricity sales, noticeable in previous years, was more marked in 1958-59 as a result of tariff rises introduced during the year, viz., in respect of consumers—on monthly accounts, from the 1st September, 1958, and on quarterly accounts, from the 1st October, 1958.

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

1957-58.		1958-59.
£		£
	Sales—	
11,386,723	Domestic	13,303,092
5,183,867	Commercial	5,984,526
9,312,387	Industrial	10,717,035
1,997,310	Traction	2,052,480
8,847,657	Bulk Supplies	9,846,581
427,573	Public Lighting and Miscellaneous	492,803
<u>37,155,517</u>		<u>42,396,517</u>
	Operating Charges—	
20,530,942	Power Generation	20,813,647
1,849,242	Purchased Electricity	1,866,394
11,597,108	Transmission, Transformation, and Distribution	13,001,084
<u>33,977,292</u>		<u>35,681,125</u>
<u>3,178,225</u>	Profit	<u>6,715,392</u>

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

Branch.	Income.		Expenditure.		Loss —, Profit +	
	1957-58.	1958-59.	1957-58.	1958-59.	1957-58.	1958-59.
	£	£	£	£	£	£
Metropolitan	15,169,032	17,452,345	13,801,360	14,424,465	+1,367,672	+3,027,880
Ballarat	843,511	955,788	705,688	744,687	+ 137,823	+ 211,101
North-Western Region	1,388,682	1,556,491	1,717,353	1,763,521	— 328,671	— 207,030
Eastern Metropolitan	3,573,499	4,235,852	3,196,302	3,620,025	+ 377,197	+ 615,827
Geelong	1,483,232	1,739,095	1,275,296	1,391,852	+ 207,936	+ 347,243
Gippsland	2,136,039	2,418,042	2,213,815	2,320,565	— 77,776	+ 97,477
Midland	482,797	542,443	504,204	554,571	— 21,407	— 12,128
North-Eastern	2,523,898	2,489,129	2,308,101	2,188,176	+ 215,797	+ 300,953
South-Western	1,153,375	1,336,981	1,189,117	1,286,151	— 35,742	+ 50,830
Yallourn and Yallourn North	60,758	65,662	70,305	72,359	— 9,547	— 6,697
Metropolitan Bulk Supplies	8,321,995	9,583,483	6,967,384	7,284,405	+1,354,611	+2,299,078
Kiewa	18,699	21,206	28,367	30,348	— 9,668	— 9,142
	37,155,517	42,396,517	33,977,292	35,681,125	+3,178,225	+6,715,392

The comparative statement above does not take into account charges for interest during construction, special writings-off and miscellaneous expenses (net) which, in 1958-59, amounted in all to £6,360,318.

Brown Coal Sales.—The profit on sales from the Yallourn Open Cuts was £85,312 less than that for the previous year.

The tonnage of coal won for the year was smaller than in 1957-58. Of the output for the year, 725,656 tons were sold to customers and 732,680 tons were used in power generation, a total of 1,458,336 tons as compared with 1,645,671 tons in 1957-58. There was an increase of 9·32 pence per ton in the cost of coal won but there was no variation in the price to the public.

The comparative figures in relation to sales for the two years were :—

1957-58.		1958-59.
£		£
782,524	Sales to public	720,952
539,302	Coal winning and distribution	563,042
243,222	Profit	157,910

Briquetting.—Operations of this branch resulted in a profit of £62,100 compared with a profit of £24,320 in the preceding year—an improvement of £37,780.

Sales to the public and transfers to works absorbed 624,933 tons as compared with 645,254 tons in the previous year. Sales were at a higher level—517,167 tons in 1958-59 as compared with 478,913 tons in 1957-58—due mainly to increased usage for industrial purposes and domestic hot-water services.

Stocks of briquettes on hand at the 30th June totalled 83,189 tons as compared with 70,020 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 trading results for the last two years are shown in the following statement :—

1957-58.		1958-59.
£		£
1,997,650	Sales to industries and public	2,168,553
1,973,330	Manufacture and distribution	2,106,453
24,320	Profit	62,100

Tramways.—Both in Ballarat and Bendigo, operations for the year resulted in a loss, the total being £151,765 which was £10,312 more than the previous year.

Tram mileages totalled 846,286 as compared with 847,369 in the previous year, while the total number of passengers carried was 6,171,130 as against 6,138,785 in 1957–58.

Accumulated losses on operations, including those of the Geelong system which was discontinued in March, 1956, now amount to £2,555,512 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:—

1957–58.		1958–59.
£		£
246,160	Operating charges	252,813
104,707	Traffic receipts, advertising, &c.	101,048
141,453	Loss	151,765

The Commission's balances as at 30th June, 1958, and 30th June, 1959, are summarized hereunder:—

30.6.1958.		30.6.1959.
£		£
259,087,468	Fixed Assets at cost	283,101,770
31,239,071	Deduct Provision for Depreciation	36,651,436
227,848,397		246,450,334
534,706	Deduct Consumers' Contributions	790,679
227,313,691		245,659,655
	Deferred Charges—	
6,672,948	Interest and other Expense on Works under Construction	3,472,948
2,963,217	Other Deferred Charges	112,903
9,636,165		3,585,851
	Unamortized Charges—	
6,660,194	Overburden Removal and Disposal—balance at cost	7,642,406
1,231,295	Loan Flotation Expense	1,065,944
7,891,489		8,708,350
2,606,416	Investments at cost	3,154,580
	Current Assets—	
363,885	Balances at Bank and Cash in hand	334,061
3,759,505	Consumers' and other Accounts Receivable	4,337,457
2,313,583	Unread Meters—Estimated Income	2,816,083
5,560,621	Materials and Fuel at cost	4,788,456
11,997,594		12,276,057
259,445,355	Carried forward	273,384,493

30.6.58.		30.6.59.
£		£
259,445,355	Brought forward	273,384,493
	<i>Less Current Liabilities—</i>	
2,826,779	Bank Overdraft	2,874,471
7,503,329	Accounts Payable and Accruals (Other than Interest)	4,085,448
2,351,139	Interest Accrued	2,635,086
397,966	Consumers' Deposits and Service Charges in advance	431,890
13,079,213		10,026,895
246,366,142		263,357,598
	 The Funds from which these balances are being financed are :—	
46,403,500	State Treasury Loans (net)	49,679,684
183,219,858	Commission Loans (net)	195,103,472
673,931	Loans of Acquired Undertakings	702,413
230,297,289		245,485,569
7,138,855	Consumers' Advances for Construction	8,554,000
	 Reserves—	
2,124,856	Obsolescence	1,987,051
867,636	Rural Development	888,886
5,937,506	Contingency and General	6,442,092
8,929,998		9,318,029
246,366,142		263,357,598

NOTE.—State Treasury Loans include the under-mentioned amounts raised in London and repayable in sterling :—
At 30th June, 1958, £3,249,811—at 30th June, 1959, £3,553,913.

Capital Commitments.—In previous years, it has been the practice, at balancing date, to incorporate in the books the estimated cost of work performed for which accounts had not been rendered at that date. This practice was discontinued in the year under review.

Outstanding contract commitments at 30th June, 1959, not taken up in the accounts are estimated at roundly £22 million. This figure includes the estimated cost of work referred to above.

The comparable estimate of contract commitments not taken into the accounts at 30th June, 1958, was £27.18 million after deducting £2.85 million of unallocated contract expenditure included in the balance-sheet at that date as Accounts Payable (*Cr.*) and Other Deferred Charges (*Dr.*).

Fixed Assets.—The following statement shows the details of fixed assets as at 30th June, 1958, and 30th June, 1959, and the increase or decrease in each item for 1957-58 and 1958-59 :—

Increase+ Decrease— 1957-58.		As at 30.6.1958.	As at 30.6.1959.	Increase. 1958-59.
£	<i>Fixed Assets.</i>	£	£	£
+ 1,756,425	Coal Production	17,366,398	19,222,510	1,856,112
— 919,117	Briquette Production	16,915,859	19,129,114	2,213,255
	Power Production—			
+ 9,547,507	Thermal Stations	69,130,890	75,063,107	5,932,217
+ 2,385,100	Hydro Stations	36,255,382	38,163,030	1,907,648
+ 2,198,856	Transmission System	19,270,273	22,890,372	3,620,099
+ 1,132,117	Terminal Transformation System	15,005,183	16,516,947	1,511,764
+ 6,250,887	Distribution System	52,270,102	54,721,633	2,451,531
+ 329,314	General Service Assets	32,873,381	37,395,057	4,521,676
+ 22,681,089		259,087,468	283,101,770	24,014,302
+ 4,415,829	Deduct Provision for Depreciation	31,239,071	36,651,436	5,412,365
+ 18,265,260		227,848,397	246,450,334	18,601,937
+ 71,391	Deduct Extensions payable by Consumers	534,706	790,679	255,973
+ 18,193,869		227,313,691	245,659,655	18,345,964

Loans.—Indebtedness for loans increased during the year by £15,188,280.

The increase is explained as follows :—

	£
Total Indebtedness as at 30th June, 1958	230,297,289
Net increase in Treasury Loans	3,276,184
Net increase in Municipal Loans	28,482
Net increase in Commission Loans	11,883,614
Total Indebtedness at 30th June, 1959	245,485,569

METROPOLITAN FIRE BRIGADES BOARD.

The figures herein relating to 1958-59 are submitted subject to audit.

The Board's revenue consists primarily of contributions provided by Fire Insurance Companies and Municipalities. In 1958-59, the funds so provided were—Fire Insurance Companies, £893,373, and Municipalities, £446,824.

	1955-56.	1956-57.	1957-58.	1958-59.
<i>Revenue.</i>	£	£	£	£
Surplus from previous year	58,412	19,012	149,092	16,529
Statutory contributions	889,767	1,181,358	1,033,956	1,340,197
Other	33,673	21,309	14,684	21,470
	981,852	1,221,679	1,197,732	1,378,196
<i>Expenditure.</i>				
Salaries, Wages, and Maintenance, &c.	893,485	1,001,550	1,104,843	1,217,329
Loan Repayments	10,399	9,091	8,447	8,116
Transfers to Funds and Interest on Loans	58,956	61,946	67,913	76,777
	962,840	1,072,587	1,181,203	1,302,222
Surplus carried forward to next year	19,012	149,092	16,529	75,974

Funds, other than the General Account, administered by the Board amount to £923,947. The balances of these funds are, for the most part, represented by investments in trust securities. The principal funds are in respect of:—

	£
Superannuation	756,305
Motor Replacement	52,990
Plant and Buildings	38,930
Provision of Special Services	52,791

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

	£
Land and Buildings	598,204
Plant, Machinery, and Equipment	68,751
Rolling Stock	118,198

The Board's loan liability increased to £191,073 at 30th June, 1959.

COUNTRY FIRE AUTHORITY.

The figures herein for 1958-59 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, 1959, was £525,499. The expenditure for the year was in excess of the estimate by £24,947, but miscellaneous receipts £30,086, including refunds, offset the excess. Contributions from Insurance Companies were £19 less than expected, and the cash result for the year was a surplus of £5,121.

A statement of sums received as revenue, and their application, over the past four years, is as follows:—

	1955-56.	1956-57.	1957-58.	1958-59.
<i>Receipts.</i>	£	£	£	£
Surplus from previous year	7,926	..	..	..
Statutory contributions	368,219	426,820	498,876	525,737
Other receipts	23,439	28,004	33,306	30,086
Deficit carried forward to next year	5,511	15,549	256	..
	405,095	470,373	532,438	555,823
<i>Payments.</i>				
Deficit from previous year .. .. .	..	5,511	15,549	256
Salaries, wages, and maintenance	254,886	291,680	315,344	328,401
Loan repayments	25,262	30,808	34,924	37,729
Loan interest	23,414	28,759	29,766	31,645
Land, buildings, rolling-stock, and equipment	20,900	25,161	36,138	45,851
Motor replacement fund	33,074	35,727	40,068	44,441
Compensation fund	7,500	7,500	7,500	10,000
Other payments	40,059	45,227	53,149	52,379
Surplus carried forward to next year .. .. .	..	..	..	5,121
	405,095	470,373	532,438	555,823

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

30.6.1958.		£	30.6.1959.	£	£
	<i>Source of Funds—</i>				
	<i>External—</i>				
673,076	Loan Liability		686,346		
140,969	Less unexpended		87,367		
<u>532,107</u>			<u> </u>		598,979
	<i>Internal—</i>				
	Excess of assets over liabilities transferred from Country Fire Brigades Board		138,136		
138,136					
211,116	Income and Expenditure Account—accumulated balance		274,184		
507,453	Reserves		568,606		
	Funds	295,763			
	Less invested on account of Compensation, Superannuation and other Trust purposes ..	188,602			
106,128		<u> </u>	<u>107,161</u>		
<u>962,833</u>					<u>1,088,087</u>
<u>1,494,940</u>					<u>1,687,066</u>
	Represented by —				
	<i>Current Assets—</i>				
..	Cash		5,121		
1,412	Sundry Debtors		2,667		
40,686	Stocks—including uniforms issued		51,659		
<u>42,098</u>			<u>59,447</u>		
	<i>Less</i>				
	<i>Current Liabilities—</i>				
28,586	Sundry Creditors	26,885			
256	Cash Deficit				
<u>28,842</u>		<u> </u>	<u>26,885</u>		
<u>13,256</u>					<u>32,562</u>
	<i>Investments—</i>				
106,128	Motor Replacement and Sale of Property Funds				107,161
	<i>Works in Progress—</i>				
443	Loan				36
<u> </u>					
	<i>Fixed Assets—</i>				
58,894	Land		61,076		
409,041	Buildings		490,985		
711,989	Rolling Stock		792,919		
188,041	Plant and Machinery		192,902		
7,148	Other		9,425		
<u>1,375,113</u>			<u>1,547,307</u>		
<u>1,494,940</u>					<u>1,687,066</u>

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 1958-59 have been audited, and were adopted at the annual meeting of the shareholders held on 28th August, 1959.

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.		1958-59.
1957-58.	<i>Revenue.</i>	£
£		£
8,243,518	Sales of Gas	9,361,106
1,206,335	Residual Products and Other Items	1,166,161
9,449,853		10,527,267
	<i>Expenditure.</i>	
6,256,671	Manufacture of Gas	6,534,303
133,826	Transmission Expenses	163,081
2,514,827	Distribution of Gas	2,792,416
262,618	Management Expenses	306,846
5,451	Directors' Fees	5,500
68,226	Research, Investigation, and Development	180,544
95,738	Superannuation Contributions, Retiring Allowances, &c.	128,529
67,716	Long Service Leave	78,145
40,383	Other Costs	53,952
9,445,456		10,243,316
4,397	Profit on Trading	283,951
2,876	Income from General Investments	1,031
7,273		284,982
..	Contingency Reserve	25,000
..	Provision for Special Repairs to Generators, Morwell	39,974
		64,974
7,273	Net Profit for year carried to Profit and Loss Appropriation Account	220,008

The quantity of gas sold for the year was 11,876 million cubic feet returning an average of 15s. 9·16d. per thousand cubic feet compared with 14s. 7·42d. in 1957-58. The substantial rise in revenue from sales of gas as compared with the previous year was due partly to the new tariff rates commencing in August, 1958, and partly to the greater quantity of gas sold.

The marketing of liquefied petroleum gas under the name of "Heatane" which commenced in March, 1958, has proved successful and the trading results are included in "Residual Products and Other Items".

An amount of £25,000 was set aside as a credit to the Contingency Reserve, this being the maximum amount permissible under Article 95 (b) of the Articles of Association.

The "Provision for Special Repairs to Generators, Morwell, £39,974", was supported by a report of an investigation conducted by the manager of the gasification plant at that locality.

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

	£	£
Amount received from the State of Victoria under Dividend Guarantee	68,968	
Net Profit for year from Profit and Loss Account	220,008	
	288,976	
<i>Less</i> Debit Balance at 30th June, 1958.. .. .	61,695	
	227,281	
Available for Distribution		227,281
Dividends Paid—		
3½ per cent. per annum for half-year ended 30th June, 1958.. .. .	68,968	
4 per cent. per annum for half-year ended 31st December, 1958	78,820	
	147,788	
Dividend to be paid—		
4 per cent. per annum for half year ended 30th June, 1959	78,820	
	226,608	
Balance carried forward—to be paid to State of Victoria on account of moneys advanced under Dividend Guarantee		673

Because the net income was not sufficient to provide for a dividend payment for the half-year ended 30th June, 1958, at the full rate of 4 per cent. per annum, arrears of dividends due to preference shareholders rose to £68,967, and this amount is shown at the foot of the balance-sheet as a contingent liability.

BALANCE-SHEET—(ABRIDGED).		30.6.1959.	
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) .. .. .	..	7,940,976
	Reserves—		
52,517	National Debt Sinking Fund (Treasury allocation of Commonwealth contribution)	69,276	
19,153	Contingencies	45,668	
	Profit and Loss Appropriation Account, Credit .. .. .	..	114,944
<u>8,012,646</u>			<u>673</u>
61,695	Profit and Loss Appropriation Account, Debit .. .. .	..	8,056,593
<u>7,950,951</u>			<u>..</u>
	Current Liabilities—		
1,070,227	Trade and Other Creditors	989,184	
2,026	Unpaid Dividends	2,046	
254,461	Unpaid and Accrued Debenture Interest	288,427	
153	Balance of Advances from State of Victoria for purchase of Preference Shares	3,705	
405,313	Bank Overdraft	140,743	
8,900	Debentures Matured and Unpaid	7,800	
30,907	Provision for Long Service Leave	42,663	
22,500	Provision for Deferred Repairs	22,500	
	Provision for Special Repairs to Generators, Morwell	39,974	
	Provision for Dividend	78,820	
		<u>..</u>	1,615,862
<u>9,745,438</u>			<u>9,672,455</u>
	Deferred Liabilities—		
5,018,446	Advances from State of Victoria	5,018,446	
98,811	Less securities purchased and cancelled by the National Debt Commission	127,955	
<u>4,919,635</u>			<u>4,890,491</u>
19,955,483	Debentures and Debenture Stock (Secured)	22,569,155	
99,960	Provision for Exchange on Debentures maturing in London	99,960	
5,702	Deposits on Contracts	5,927	
60,814	Retiring Allowances	54,610	
382,230	Other Creditors	253,767	
256	Suspense Account	747	
<u>20,504,445</u>			<u>22,984,466</u>
	Contingent Liabilities—		
78,456	(1) To State of Victoria under Dividend Guarantee	147,424	
59,114	(2) Arrears of Preference Dividend for period 1st July, 1951 to 31st December, 1958	68,967	
726	(3) Uncalled amount on Shares held in another Company	749	
<u>35,169,518</u>	(4) Moneys held on Deposit from Consumers including interest thereon.		<u>37,547,412</u>

BALANCE-SHEET—*continued.*

30.6.1958.		30.6.1959.
£		£ £
	Fixed Assets—	
4,449,709	Freeholds and Leaseholds	4,280,113
27,468,302	Machinery, Plant, and Equipment	30,162,309
<hr/>		<hr/>
31,918,011		34,442,422
3,587,555	Less Provision for Depreciation and Amortization	4,293,204
<hr/>		<hr/>
28,330,456		30,149,218
1,882,752	Capital Work in Progress (at cost)	1,365,333
<hr/>		<hr/>
30,213,208		31,514,551
	Current Assets—	
	Trade and Other Debtors (less provision for Bad and Doubtful Debts and Consumers' Deposits)	2,332,510
2,121,361	Stocks (at or under Cost or Valuation)	1,701,750
1,704,131	Cash in Hand and at Bank	99,686
84,613		<hr/>
		4,133,946
	Investments—	
80,000	Commonwealth Government Inscribed Stock (at Cost)	150,000
727	Company Shares (at Cost)	750
		<hr/>
		150,750
74,914	Deferred Assets—Contractors' Securities and Other Debtors	55,930
43,764	Prepayments	50,442
171,225	Unamortized Debenture Issue and Loan Expenses	158,282
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
..	Unrecovered Cost of Replaced Plant	678,552
6,012	General Work in Progress (at Cost)	22,968
107	National Debt Sinking Fund	268
165,648	Suspense Account—Interest Temporarily Capitalized	277,915
<hr/>		<hr/>
35,169,518		37,547,412
<hr/>		<hr/>

In 1958–59, capital expenditure on the Morwell project and on the general expansion of the Corporation's works and areas of operation amounted to £2,006,992. This figure includes £40,241 on account of interest charges in respect of work in progress other than at Morwell.

Interest temporarily capitalized for the second successive year on the Morwell project, in consideration of plant not operating to its full capacity, amounted to £112,267 and was debited to a suspense account now appearing in the balance-sheet at £277,915. This and other intangible assets in the balance sheet now total £1,618,557. Details are :—

	£
Loss in Subsidiaries prior to Amalgamation	213,675
Excess of Cost over Book Value of net Assets taken over from Subsidiaries	290,133
Unrecovered Cost of Replaced Plant	678,552
Suspense Account—Interest temporarily capitalized	277,915
Unamortized Debenture Issue and Loan Expenses	158,282
	<hr/>
	1,618,557

Unrecovered cost of replaced plant refers to the loss incurred on the retirement of South Melbourne plant, which has been set up as a "deferred item" on the understanding that it is to be written off out of future profits.

The question as to the methods to be adopted for the amortization of the intangibles listed should not be considered without due regard to the effect on State finances.

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, 1958.	1958-59.	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	3,039,447	110,000	3,149,447	
	7,039,447	110,000	7,149,447	
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	68,968	177,347	Consolidated Revenue
Less Repayments	29,923	..	29,923	
	78,456	68,968	147,424	
Total Investments and Advances by the State ..	12,136,349	178,968	12,315,317	
Costs to the State on account of the above—				
Interest on Loans	2,206,134	467,419	2,673,553	Consolidated Revenue
Sinking Fund Contribution	163,231	30,232	193,463	
	2,369,365	497,651	2,867,016	
Less Recoups, &c., from Corporation—				
Interest on Advances	864,361	229,104	1,093,465	
Sinking Fund Contribution	46,401	12,546	58,947	
Dividends on Preference Shares	592,843	115,151	707,994	
	1,503,605	356,801	1,860,406	
Net Cost to the State ..	865,760	140,850	1,006,610	

The transfer of preference shares by sale is restricted to sale at par to the State. At 30th June, 1959, the State was the registered owner of 3,141,752 shares. The transfer of a further 3,990 shares was in course and £3,705 was held by the Corporation for future purchases.

No dividend has been paid on the ordinary shares, since any such dividend can be declared only from profits remaining after preference shareholders have been paid dividends in full, and after repayment of advances made by the State under the dividend guarantee.

GRAIN ELEVATORS BOARD.

The extension of the Board's system of bulk receival facilities was continued in the year under review, and the completion of the construction of 26 steel elevators brought the total number constructed as at 31st October, 1958, to 31. Receipts for the 1957-58 season (to 31st October, 1958) totalled 28,811,750 bushels, as compared with 32,292,626 bushels in 1956-57, and 37,943,534 bushels in 1955-56.

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 1957-58 accounting period of £149,612. Appropriations therefrom, including £75,000 taken to the General Reserve Fund, leave a surplus from the year's operations of £37,409.

<i>Revenue.</i>			
1956-57.		1957-58.	
£		£	£
491,591	Australian Wheat Board—Recouvable expenditure for operating and maintenance	480,133	
262,327	Capital Facilities Allowance	311,974	
21,558	Depreciation Reserve Fund Investment Interest	23,920	
23,978	Interest on General Investments	14,248	
13,052	" " " Reserve Fund Investments	13,944	
326	" " Insurance Reserve Fund Investments	581	
<hr/> 812,832		<hr/>	844,800
 <i>Expenditure.</i>			
	Operating and Maintenance—	£	
148,386	Geelong Terminal	124,464	
114,735	Country Elevators	113,922	
46,581	Emergency Bulk Wheat Storages	29,860	
98,544	Administration Expenses	118,740	
83,345	*Depreciation and Renewals	93,147	
<hr/> 491,591	Expenditure recouvable from the Australian Wheat Board	<hr/> 480,133	
166,679	Interest on Loans	177,104	
3,207 (Cr.)	Williamstown Foundation Expenses	99	
6,748	Amortization—Preliminary Expenses and Loan Flotation Expenses	6,744	
	Sinking Fund Charges—		
2,657	National Debt Sinking Fund (Act No. 6266)	2,656	
28,701	Debentures and Inscribed Stock Sinking Fund (Act No. 6266)	28,452	
<hr/> 693,169		<hr/>	695,188
<hr/> 119,663	Net Revenue	<hr/>	149,612
..	Add Profit on realization of investments .. .. .	..	1,242
<hr/> 119,663		<hr/>	150,854
 <i>Less Appropriations—</i>			
21,558	*Depreciation Reserve Fund—Interest on Investments	23,920	
13,052	*General Reserve Fund—Interest on Investments	13,944	
326	*Insurance Reserve Fund—Interest on Investments	581	
75,000	*General Reserve Fund	75,000	
112	Loss on Realization of Investments .. .. .	..
<hr/> 110,048		<hr/>	113,445
9,615	Surplus for year ended 31st October, 1958 .. .. .	..	37,409
122,862	Add Net Accumulation at 31st October, 1957 .. .. .	..	132,477
<hr/> 132,477	Net Accumulation at 31st October, 1958	<hr/>	169,886

* Subject to Treasurer's approval.

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

31.10.1957.		31.10.1958.
£		£ £
	Current Assets—	
2,323	Stores, &c.	13,924
11,949	Sundry Debtors, Accrued Interest, and Advances	64,980
135,341	Cash	119,672
<hr/>		<hr/>
149,613		198,576
1,483,048	Investments	1,485,735
	Fixed Assets—at Cost—	
	Construction—	
	Country Elevators	£ 2,648,042
2,480,602	Geelong Terminal	336,773
336,936		<hr/>
		2,984,815
	Equipment and Plant—	
	Country Elevators	252,383
231,982	Geelong Terminal	332,230
331,724		<hr/>
		584,613
101,661	Designs, Plans, Survey, &c.	101,661
249,619	Transport Facilities	266,859
		<hr/>
		3,937,948
	Fixed Assets—less depreciation—	
68,993	Equipment and Plant—Mobile	65,210
2,420	Marmalake No. 1 Emergency Store	2,420
26,478	Motor Vehicles, Office Furniture and Equipment	28,967
29,674	Freehold Land and Buildings	29,353
		<hr/>
		125,950
	Other Debit Balances—	
45,651	Preliminary and Loan Flotation Expenses	39,693
536	National Debt Sinking Fund—Cash in Fund	125
..	Obsolete Asset—Disposal Suspense	46
		<hr/>
		39,864
<hr/>		<hr/>
5,538,937		5,788,073
	Current Liabilities—	
85,754	Sundry Creditors	63,831
	Loans—	
964,970	Government of Victoria	955,597
2,807,720	Public	2,773,806
		<hr/>
		3,729,403
	Reserves and Sinking Funds—	
	Cancelled Securities Reserves—	
101,535	National Debt Sinking Fund	111,283
62,350	Debentures and Inscribed Stock	71,264
211,190	Matured Public Loans	236,190
615,689	Depreciation Reserve Fund	714,867
2,420	Marmalake No. 1 Emergency Storage Reserve	2,420
5,012	Country Bulkhead Equipment Suspense	5,012
20,331	Insurance Reserve	28,283
415,688	General Reserve Fund	504,632
56,998	Debentures and Inscribed Stock Sinking Fund	53,292
614	Renewals Reserve Fund	3,694
..	Provision for Long Service Leave	23,316
		<hr/>
		1,754,253
	Suspense Accounts—	
73	Geelong Pier	73
53,076	Superannuation	67,856
2,958	Motor Vehicle Disposal	2,689
82	Unclaimed Interest	82
132,477	Revenue Account—Net Accumulation	169,886
<hr/>		<hr/>
5,538,937		5,788,073

Incomplete contracts totalling £805,287 have not been included in the balances shown.

HOUSING COMMISSION.

The summary of the accounts for 1957-58 which was given in my previous report was published subject to audit. The subsequent audit disclosed several instances in which the accounts were considered to be in error, and my acceptance thereof was conditional upon necessary adjustments being effected in the 1958-59 accounts.

The necessity for these adjustments arose out of—

- (i) an error in the calculation of the unearned portion of the profit on sales of houses on terms ;
- (ii) an incorrect analysis of receipts with resultant errors in rates, insurance and sundry debtors ; and
- (iii) as indicated in the previous year's report, the inclusion in the item "cost of properties acquired for Slum Reclamation," an amount of £48,475 held on behalf of the Commission by the Crown Solicitor on the 30th June, 1958, but repaid by him to the Commission early in the succeeding financial year.

Sundry debtors, as at 30th June, 1958, included an amount of £20,637, being the total of outstanding claims against the Olympic Organizing Committee for the preparation and operation of the Olympic Village. During 1958-59, £13,491, on account of these claims, was recovered and, the balance, £7,146, was written back to the appropriate land and building accounts.

The financial statements of the Commission for the year ended 30th June, 1959, 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 9th October, 1959. Although these figures have yet to be audited, they are furnished herein for information in comparison with the relevant figures for 1957-58.

On the basis explained above, the Commission's revenue and expenditure for 1957-58 and 1958-59 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.

1957-58.		1958-59.
£	REVENUE.	£
5,413,947	Rentals	5,567,806
1,040,640	Gross Surplus—House Sales	1,027,540
75,202	Loan Redemption written back <i>less</i> allowances to house purchasers ..	110,967
209,746	Interest—House Sales (net)	312,593
11,419	" Sundry	9,015
10,482	Miscellaneous.. .. .	12,340
6,761,436		7,040,261
	EXPENDITURE.	
2,502,944	Interest—less amounts capitalized and applied to House Sales	2,544,298
729,471	Loan Redemption—Commonwealth and State Agreement.. .. .	796,364
2,905	Contribution to National Debt Sinking Fund	2,988
500	" Debenture Loan Sinking Fund	500
4,618	Redemption of Debentures	15,544
329,985	Administration—general	344,515
71,591	Administration—house sales	150,345
44,898	Cost of rent collection in country areas, &c.	46,661
779,508	Rates— <i>less</i> amount capitalized	812,282
4,475	Insurable Risks	5,622
18	Loan Conversion Expenses	20
988,769	Provision for accrued maintenance	1,003,545
48,486	" " irrecoverable rents	28,501
83,908	Appropriation to House Purchasers' Death Benefit Fund.. .. .	118,964
708,638	Transfer to House Sales Reserve Suspense Account	831,440
6,300,714		6,701,589
460,722	Surplus for the year	338,672

The sources from which the surplus for 1958-59 was derived may be more readily seen from the following summary :—

	£
Net income—rental operations	3,945
Realized profit—house sales	353,144
	<hr/>
<i>Less—</i>	357,089
Cost of statutory functions—non revenue producing ..	18,417
	<hr/>
	338,672
	<hr/>

Gross rental charges for the year were £198,243 higher than in 1957-58. The increase was due to higher unit rentals charged to tenants. Differences between gross rentals for each of the two years and the figures given in the abridged General Revenue Account reconcile as follows :—

	1957-58		1958-59	
	£	£	£	£
Gross rental charges		5,631,373		5,829,616
<i>Deduct—</i>				
Rental rebates allowed	203,906		232,272	
Losses from vacancies	15,181		29,573	
		<hr/>		<hr/>
		219,087		261,845
		<hr/>		<hr/>
		5,412,286		5,567,771
<i>Add—</i>				
Rebates recovered from tenant purchasers		1,661		35
		<hr/>		<hr/>
		5,413,947		5,567,806
		<hr/>		<hr/>

Sales of Houses.—For the year 2,576 units were sold for a total sum of £8,817,924. Details are :—

	No.	Cost.	Selling Price.	Surplus.
		£	£	£
Cash Sales—State	4	3,464	8,800	5,336
Commonwealth-State Housing Agreement 1945	9	17,133	25,759	8,626
Commonwealth-State Housing Agreement 1956	55	184,708	193,916	9,208
Sales per War Service Homes Commission—C.S.H.A. 1945	31	62,480	90,640	28,160
Sales per War Service Homes Commission—C.S.H.A. 1956	2	6,336	6,545	209
Terms Sales—State	66	60,619	154,457	93,838
Commonwealth-State Housing Agreement 1945	1,012	2,524,242	3,156,490	632,248
Commonwealth-State Housing Agreement 1956	1,397	4,931,286	5,181,317	250,031
Sundry Adjustment		116		<i>Dr.</i> 116
	<hr/>	<hr/>	<hr/>	<hr/>
	2,576	7,790,384	8,817,924	1,027,540
	<hr/>	<hr/>	<hr/>	<hr/>
Comparable figures—1957-58	1,485	3,687,820	4,728,460	1,040,640

Although, as indicated, the aggregate selling price of houses sold in 1958-59 was much higher than the 1957-58 figure, it will be noted that, as between the two years, there was a reduction in the amount of the surplus. This position appears to arise from changes which have taken place in the relative proportions of sales of houses erected under the 1945 and 1956 agreements together with a decrease in sales of State houses. Administrative costs relating to the sale of houses under the two agreements are similar. but the profit margin on sales of units erected under the 1956 agreement is less than that on those erected under the 1945 agreement.

The full amount of the surplus, arising from sales, was credited to the General Revenue Account, and there was for 1958-59, 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, 1959, the profit still to be realized on all terms sales to that date. In this regard, the net credit to general revenue was :—

Gross Surplus on Sales—	£	£
Cash Sales	23,170	
Sales per War Service Homes Commission	28,369	
	£	
Terms Sales	976,001	
Less Transfer to Reserve	831,440	
	<hr/>	144,561
Loan Redemption—Surplus after allowances to purchasers &c. .. .. .	..	196,100
Interest receivable on terms sales	740,721	110,967
Less Interest payable on houses sold	428,128	
Appropriation to House Purchasers' Death Benefit Fund	118,964	
	<hr/>	547,092
	<hr/>	193,629
Other House Sales revenue .. .. .	..	2,793
	<hr/>	503,489
Administration and other expenses .. .. .	..	150,345
	<hr/>	353,144
Net Surplus .. .. .	..	<hr/>

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 to the scheme in 1958-59 was £118,964.

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 1957-58 and 1958-59 are :—

	1957-58.		1958-59.	
	£	%	£	%
Rates	42,150	5·13	71,926	8·13
Interest	170,546	5·86	233,313	7·28
Administration	159,252	27·11	263,483	32·89
	<hr/>	..	<hr/>	..
	371,948	..	568,722	..

“ 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.

Provision for Maintenance.—The amount provided in the 1957-58 Revenue Account was £988,769 and, in 1958-59, £1,003,545. Actual expenditure on maintenance is met from an “ Accruing Maintenance Provision Account ” and, in the respective years, totalled £790,028 and £866,863. The balance in the Provision Account at 30th June, 1959, was £1,495,561.

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 summarized hereunder :—

30.6.1958.		30.6.1959.	
£		£	£
<i>Current Assets—</i>			
114,494	.. Works in Process	30,052	
371,946	.. Sundry Debtors	636,699	
65,454	.. Cash in Transit	77,010	
525,469	.. <i>Investments</i>		743,761
			652,564
<i>Deferred Assets—</i>			
11,614,155	.. House Purchase Debtors		19,131,672
<i>Fixed Assets—</i>			
15,360,720	.. Estates—Cost of land, developmental and incidental expenses ..	16,158,187	
82,851,778	.. Dwellings and Shops	89,177,103	
			105,335,290
5,920,988	.. <i>Less</i> Suspense Account for estimated capital costs of houses sold ..	11,826,658	
			93,508,632
866,159	.. Cost of properties acquired for Slum Reclamation	1,484,054	
50,934	.. Store rooms, offices, &c.	61,173	
115,409	.. Plant, vehicles, office furniture, and equipment	138,440	
1,468	.. Precutting depots and constructional buildings	1,147	
866,223	.. Concrete House Project	621,156	
			95,814,602
110,420	.. <i>Deposit and Trust Account—</i> Cash at Bank and securities		135,621
<i>Intangibles—</i>			
16,231	.. Loan Flotation Expenses—Less amount written off	16,162	
24,694	.. Plans and Designs, &c.	25,835	
..	.. Slum Reclamation	33,783	
..	.. Overseas Delegation Expenses	5,198	
			80,978
627,365	.. Accumulated Deficit		288,693
107,661,931	.. Total		116,847,891
<i>Current Liabilities—</i>			
522,510	.. Sundry Creditors		715,950
<i>Loans—</i>			
97,544,595	.. Government advances	103,889,175	
457,058	.. Debenture issues	441,514	
			104,330,689
<i>Advances and Subsidies—</i>			
676,600	.. Subsidy from Loan for Slum Reclamation		1,176,600
<i>Reserves and Sinking Funds—</i>			
62,942	.. Debenture Loans Redemption	78,486	
121,173	.. Cancelled Securities—National Debt Sinking Fund	123,566	
11,277	.. Debenture Loan Sinking Fund	12,374	
3,752,981	.. Loan Redemption—Commonwealth and State Agreement	4,362,436	
1,358,879	.. Accruing Maintenance Provision	1,495,561	
75,000	.. Irrecoverable Rents Provision	70,000	
2,398,366	.. House Sales Reserve Suspense Account	3,218,365	
145,176	.. House Sales—Death Benefit Scheme and Insurance	284,872	
424,954	.. Land Realization Reserve	843,371	
			10,489,031
<i>Deposit and Trust Account—</i>			
110,420	.. Contractors' deposits and other trust moneys		135,621
107,661,931	.. Total		116,847,891

Sundry debtors include 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.

Following on the termination of the services of the Architects' Panel as from and inclusive of 1st July, 1956, the Commission received from the panel a claim for £57,277 for certain services rendered. In 1958-59, the Commission and the panel were mutually relieved under a deed of release from any further liability in respect of the items contained in the claim on the payment by the Commission of £20,000 to the panel. In the Commission's accounts, this sum has been included in the cost of home construction.

The item "Slum Reclamation, £33,783," is the amount by which the proceeds of the sale to a building company of an area in O'Shannessy-street, North Melbourne, was less than the cost of acquisition and reclamation of the area.

Included in the item, "Sundry Creditors," is an amount of £75,441 which represents deposits received from purchasers of homes erected under the 1945 Agreement. In accordance with the terms thereof, this sum is payable to the Commonwealth Government in reduction of loan liability and, in anticipation of the remittance of such amount, the Commission has adjusted the loan liability accordingly. However, in this report the loan liability under the Housing Acts is shown inclusive of this sum.

Loan Liability.—During the year an additional £7,560,000 was made available to the Commission under the terms of the 1956 Commonwealth and State Housing Agreement, increasing total loans to £111,822,609. At 30th June, 1959, the liability in respect of all loans was £104,330,689. Details are:—

<i>State Housing.</i>		£
From the Government of Victoria		1,131,609
„ Debenture issues of the Commission		520,000
		<hr/> 1,651,609
Government Loan transferred to the Commission		30,000
		<hr/> 1,681,609
	£	
Less Securities purchased out of National Debt Sinking Fund and cancelled	161,934	
„ Debentures redeemed under Housing Act	78,486	
		<hr/> 240,420
		<hr/> 1,441,189
<i>Commonwealth and State Housing Agreements.</i>		
Loan Advances received from the Commonwealth of Australia	110,141,000	
Less Repayments	7,176,059	
		<hr/> 102,964,941
Aggregate Liability as at 30th June, 1959		104,406,130
Less Deposits on account of Sales due to Commonwealth Government		75,441
		<hr/> 104,330,689

Provision is made in the *Housing Act* 1958 for the Commission by agreement with any Department, municipality, or public or local authority, or public utility corporation 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 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.

LATROBE VALLEY WATER AND SEWERAGE BOARD.

Functions of the Latrobe Valley Water and Sewerage Board, which commenced operations on 1st July, 1954, 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 *Latrobe Valley Act 1958*. 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 1957-58	Latrobe Valley Water and Sewerage Board	946,263	1,591,434	2,537,697
1958-59	Latrobe Valley Water and Sewerage Board	330,696	372,083	702,779
		1,555,705	1,995,354	3,551,059

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 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 amount to £9,063 principal and £54,377 interest, a total of £63,440, have been deferred until 31st August, 1960.

Liability of the Board to the State at 30th June, 1959, was—

	Loans.	Interest.		Redemption.	
		Deferred.	Overdue.	Deferred.	Overdue.
	£	£	£	£	£
Water	1,517,572	..	82	..	14
Sewerage	1,938,752	54,377	56	9,063	9
	3,456,324	54,377	138	9,063	23

The accounts of the Board to 30th June, 1959, have been audited. For purposes of comparison, figures for the previous year are given in the abridged statements below.

REVENUE ACCOUNT.

1957-58.		1958-59.	
£		£	£
<i>Income.</i>			
64,838	Sales of Water	68,674	
71,984	Treatment Charges	86,135	
..	Maintenance Outfall Sewer (Tar Removal Costs)	18,303	
1,550	Rent of Staff Residences	1,724	
503	Other	785	
<hr/>		<hr/>	
138,875			175,621
<i>Expenditure.</i>			
76,370	Interest on Loans	88,908	
1,238	Interest on Overdraft	3,171	
21,251	Depreciation	25,815	
28,380	Maintenance of Works	39,269	
..	Net cost of Sewage Disposal—"Dutson Downs"	6,193	
1,098	Maintenance of Staff Residences	1,279	
18,386	Other Expenses	23,808	
<hr/>		<hr/>	
146,723			188,443
<hr/>		<hr/>	
7,848	Deficit for year .. .. .	..	*12,822

* Deficit on Water Fund, £17,535; Surplus on Sewerage Fund, £4,713.

BALANCE-SHEET.

30.6.1958.		30.6.1959.	
£		£	£
2,578,171	Works (including Works in Progress)	3,210,212	
47,591	Plant and Equipment	92,791	
121,029	Land, Buildings, Residences	127,803	
17,097	Office and Laboratory Equipment	20,951	
46,708	Stores, Tools, &c.	52,613	
..	Stock on hand	4,845	
2,565	Debtors and Prepayments	4,379	
19,097	Investment—Depreciation	41,937	
1,928	Cash at Bank	1,689	
43,283	Accumulated Deficit	56,105	
1,641	Asset Realization Account	2,302	
<hr/>		<hr/>	
2,879,110			3,615,627
<hr/>		<hr/>	
2,770,983	Treasurer of Victoria—Loans	3,456,324	
64,626	" " Interest	54,515	
82	Interest on Overdraft accrued	910	
1,928	Contractors' Deposits	1,689	
40,348	Depreciation Reserve	67,752	
1,143	Bank Overdraft	34,437	
<hr/>		<hr/>	
2,879,110			3,615,627

LOCAL AUTHORITIES SUPERANNUATION BOARD.

This Board which operates under the provisions of the Local Authorities Superannuation Act, No. 6298, 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 or such lesser proportion as agreed upon between him and the authority.

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, 1959, has been completed. The following statements summarize transactions on the Board's accounts in the past three years.

INSURANCE ACCOUNT.

	1956-57.	1957-58.	1958-59.
<i>Receipts.</i>	£	£	£
Balance at Bank	9,052	12,298	8,420
Premiums	470,014	529,099	560,054
Surrender Values	53,352	57,855	66,009
Death Claims	34,882	32,176	70,360
Matured Policies	12,255	29,659	38,397
Taken-over Policies	1,417	1,439	1,178
Other	495	481	1,560
	581,467	663,007	745,978
<i>Payments.</i>			
Insurance Companies	446,688	502,233	531,398
Management Account—Commission, &c.	24,231	27,335	27,900
Authorities and Employees	98,250	125,019	144,217
Balance at Bank	12,298	8,420	42,463
	581,467	663,007	745,978

PROVIDENT FUND.

	1956-57.	1957-58.	1958-59.
<i>Receipts.</i>	£	£	£
Balance at Bank	70,035	64,682	75,525
Contributions	144,113	154,294	154,745
Interest on Investments	18,684	20,563	24,553
Other	879	..	102
	233,711	239,539	254,925
<i>Payments.</i>			
Employees	120,580	93,174	101,824
Refunds to Authorities	14,142	11,242	12,167
Investments (Net)	33,700	58,950	75,000
Other	607	648	869
Balance at Bank	64,682	75,525	65,065
	233,711	239,539	254,925

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 1959.

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

	1956-57.	1957-58.	1958-59.
	£	£	£
Contributors' credits	507,729	575,964	637,435
Unallotted Interest	11,043	12,601	15,670
	<u>518,772</u>	<u>588,565</u>	<u>653,105</u>
Represented by—			
Cash at Bank	64,682	75,525	65,065
Investments	454,090	513,040	588,040
	<u>518,772</u>	<u>588,565</u>	<u>653,105</u>

MANAGEMENT ACCOUNT.

	<i>Income.</i>		
	£	£	£
Commission—			
New Business	27,101	27,720	24,639
Collection	23,411	26,350	27,878
Interest on Investments	8,750	9,808	8,883
Other .. .. .	..	..	668
	<u>59,262</u>	<u>63,878</u>	<u>62,068</u>
	<i>Expenditure.</i>		
	£	£	£
Board Members' Fees	547	547	484
Salaries	8,526	8,455	9,106
Other Administration Charges	2,311	2,057	2,415
Reinstatement of Insurance Policy .. .. .	..	187	..
*Investigation Fee—Insurance	150	411	..
Rates, &c.,	231	618	446
Depreciation	134	154	214
	<u>11,899</u>	<u>12,429</u>	<u>12,665</u>
Surplus	<u>47,363</u>	<u>51,449</u>	<u>49,403</u>

* The legality of this expenditure having been questioned, the Board sought the advice of its solicitors who were of the opinion that it was not administration expense as contemplated by the Act. Nevertheless the solicitors considered that the expenditure was justified.

The Board may invest surplus funds of the Management Account or may appropriate therefrom to a Contingent Account such amounts as it thinks desirable in order to provide sickness benefits, funeral donations, or other gratuitous payments to or on behalf of permanent employees. Amounts so applied were :—

	1956-57.	1957-58.	1958-59.
	£	£	£
Invested .. .. .	..	11,050	..
Contingent Account.. .. .	7,000	7,000	8,000

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 :—

	1956-57.	1957-58.	1958-59.
	£	£	£
Accumulated Funds	<u>254,736</u>	<u>299,147</u>	<u>340,617</u>
Represented by—			
Current assets <i>less</i> liabilities	46,008	69,601	40,192
Investments	171,630	182,680	178,400
Freehold property	35,520	45,181	114,616
Furniture and equipment	1,209	1,387	6,353
Motor Car .. .. .	..	..	865
Prepayments	369	298	191
	<u>254,736</u>	<u>299,147</u>	<u>340,617</u>

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, 1957, and 1958, is given hereunder:—

1957.		1958.	
£		£	£
Operational Receipts—			
1,595,699	Wharfage Rates	1,736,348	
296,508	Tonnage Rates	294,571	
125,339	Rent, &c., from Lands	176,455	
81,324	Rents of Sheds	85,612	
91,115	Special Berth and Appropriation Fees, &c.	103,307	
52,115	Storage, Receiving and Delivery Fees	40,797	
368,528	Crane Hire	403,389	
1,407	Plant Hire	252	
11,582	Towage	10,220	
25,341	Cargo Lights	25,433	
20,649	Sale, Electric Energy	24,601	
72,994	Miscellaneous	89,066	
<u>2,742,601</u>			<u>2,990,051</u>
Operational Disbursements—			
582,602	Management and General Expenses	569,131	
464,465	Port Operating Expenses	503,891	
529,234	Maintenance—Dredging and Properties	341,661	
494,331	Interest	541,781	
2	Loan Flotation Expenses	1,000	
4,909	Damage to Trust Plant	5,643	
6,996	Refunds of Revenue	4,888	
<u>2,082,539</u>			<u>1,967,995</u>
<u>660,062</u>			<u>1,022,056</u>
Appropriations—			
383,495	Consolidated Revenue	404,062	
13,573	Geelong Harbor Trust .. .. .	..
75,692	Sinking Fund	129,664	
<u>472,760</u>			<u>533,726</u>
<u>187,302</u>			<u>488,330</u>
Other Disbursements (net)—			
		£	
63,261	Investments	18,041	
2,567	Employees' Housing	2,647	
3,050	Stocks of Materials .. .. .	..
2,068	Miscellaneous	5,323	
<u>70,946</u>			<u>26,011</u>
Other Receipts (net)—			
8,421	Sales Property, Plant, &c.	8,369	
11,656	Sundry Debtors	23,098	
33,947	Superannuation	33,298	
..	Stocks of Materials	23,590	
<u>54,024</u>			<u>88,355</u>
<u>16,922</u>			<u>62,344</u>
<u>170,380</u>	Carried forward .. .. .	..	<u>550,674</u>

1957.								1958.	
£							£	£	
170,380	Brought forward	..	..	..	..	..	..	550,674
1,210,000	Loan Moneys received	..	..	..	..	..	800,000	
260,000	Less Redemption	..	..	..	..	..	..
950,000								800,000	
1,120,380								1,350,674	
230,974	(Dr.) Balance 1st January	..	..	..	..	..	..	(Cr.) 2,534
889,406	Available for New Works	..	..	..	..	..	..	1,353,208
886,872	New Works	..	..	..	..	..	..	1,425,070
2,534	(Cr.) Balance 31st December	..	..	..	..	..	..	(Dr.) 71,862

The loan liability increased by £731,851 to £12,907,279 at 31st December, 1958.

GEELONG HARBOR TRUST.

The net revenue for the year ended 31st December, 1958, was £420,893, an increase of £46,721 compared with that of the previous year. Appropriations to Sinking Fund, Insurance Fund, and Long Service Leave Provision accounted for £52,483, leaving a net surplus of £368,410.

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

REVENUE ACCOUNT.

	1957.	1958.
<i>Revenue.</i>	£	£
Operating Revenue—		
Harbor Revenue	686,089	764,030
Shipping Services	142,019	185,780
Miscellaneous—		
General	13,224	14,768
Corio Freezing Works	33,327	24,887
Non-operating Revenue—		
Interest	14,488	6,187
Sale of Materials	2,391	942
Melbourne Harbor Trust Contribution	13,573	Nil
Total Revenue	905,111	996,594
<i>Expenditure.</i>		
Operating Expenses—		
Administration, &c.	65,345	74,956
Shipping Services	135,079	137,899
Maintenance—		
General	53,337	49,855
Corio Freezing Works	24,432	9,125
Depreciation and Amortization	83,698	127,615
Non-operating Expenses—		
Superannuation	10,640	10,973
Interest	157,030	164,288
Miscellaneous	1,378	990
Total Expenditure	530,939	575,701
Net Revenue	374,172	420,893
Appropriations—		
Sinking Fund	14,389	28,778
Insurance Fund	20,200	20,000
Long Service Leave (accruals in past years)	1,492	3,705
Total Appropriations	36,081	52,483
Net Surplus	338,091	368,410

The substantial increase indicated in the debit for "Depreciation and Amortization" in 1958 was brought about largely by the inclusion therein of an amount of £41,604 being the initial annual charge to revenue on account of the amortization of the capitalized cost (£4,228,746) of dredging operations completed in that year.

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

31.12.1957.		31.12.1958.	
£		£	£
	Assets—		
396,919	Current		331,050
2,784	Deferred		6,701
6,824,364	Fixed, <i>less</i> depreciation and amortization		7,434,017
217,548	Investments		283,370
<u>7,441,615</u>	Total		<u>8,055,138</u>
	Liabilities—		
828,877	Current		500,583
	Deferred—		
2,889,365	Loans (including liability to State, £211,248)	2,886,248	
10,191	Other	9,689	
		<u>2,895,937</u>	
			<u>3,396,520</u>
	Funds—		
1,824,060	Endowments		2,288,260
256,492	General Reserve		303,496
113,578	Sinking Fund		148,210
103,970	Insurance Reserve		135,160
	Net Revenue Account—		
1,415,082	Accumulated Surplus		1,783,492
			<u>4,658,618</u>
<u>7,441,615</u>	Total		<u>8,055,138</u>

PORTLAND HARBOR TRUST.

The audit of the accounts of the Trust to 30th June, 1959, has been completed. After taking into consideration a State contribution of £144,000 and the provisions for sinking fund and accruing long service leave there was a deficit of £25,817 on the year's operations. This compares with a surplus of £7,550 in 1957-58. The principal factor contributing to the deficit in 1958-59 was the higher debt charges resulting from the increase of £850,000 in the loans raised by the Trust from non-governmental sources.

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

1957-58.		1958-59.	
£		£	£
	Operating Revenue—		
26,605	Wharfage Rates	28,937	
3,666	Tonnage Rates	3,764	
1,295	Haulage	1,176	
235	Storage		
189	Slipway Charges	212	
2,642	Shipping Services	2,992	
1,315	Rent	1,247	
<hr/>		<hr/>	
35,947			38,328
	Operating Expenditure—		
9,918	Administrative	12,091	
21,537	Maintenance	19,965	
3,362	Shipping Services	3,007	
612	Depreciation	633	
<hr/>		<hr/>	
35,429			35,696
<hr/>		<hr/>	
518	Net Operating Revenue		2,632
<hr/>		<hr/>	
	Non-operating Revenue—		
8,763	Interest	7,824	
170	Licences	297	
161	Other	26	
<hr/>		<hr/>	
9,094			8,147
<hr/>		<hr/>	
9,612			10,779
<hr/>		<hr/>	
	Non-operating Expenditure—		
113,062	Loan Interest	157,763	
4,414	Loan Flotation Expenses	4,706	
<hr/>		<hr/>	
117,476			162,469
<hr/>		<hr/>	
107,864	Excess of Expenditure over Revenue		151,690
<hr/>		<hr/>	
	Appropriations—		
828	Long Service Leave	769	
12,758	Sinking Fund	17,358	
<hr/>		<hr/>	
13,586			18,127
<hr/>		<hr/>	
121,450			169,817
<hr/>		<hr/>	
129,000	Contribution by State from Consolidated Revenue for maintenance of port facilities and for other purposes		144,000
<hr/>		<hr/>	
7,550	(Surplus) Net Surplus or Deficit for year	(Deficit)	25,817
<hr/>		<hr/>	
12,350	(Surplus) Accumulated Surplus or Deficit at 30th June	(Deficit)	13,467

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 1958*, 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 so deferred were interest, £189,156 and National Debt Sinking Fund contributions, £9,425.

BALANCE-SHEET.

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

30.6.1958.		30.6.1959.	
£		£	£
39,366	Current Liabilities .. .. .	..	52,096
	Deferred Liabilities—		
5,000	Treasury Advance	5,000	
3,647,836	Loan Funds	4,750,112	
11,006	Other	11,304	
<hr/>		<hr/>	4,766,416
3,663,842			
	Funds of the Trust—		
111,714	Endowments	100,905	
33,765	Sinking Fund	52,811	
		<hr/>	153,716
12,350 (<i>Surplus</i>)	<i>Less Net Deficit</i>	13,467	
		<hr/>	140,249
<hr/>			<hr/>
3,861,037			4,958,761
	Current Assets—		
78,110	Cash	26,276	
68,021	Stores	72,160	
10,614	Other	7,456	
		<hr/>	105,892
204,183	Investments .. .. .	..	293,758
	Fixed Assets—		
109,200	Property Vested (<i>less</i> written off)	97,973	
846	Other (<i>less</i> depreciation)	1,836	
3,390,063	Construction Works	4,459,302	
		<hr/>	4,559,111
<hr/>			<hr/>
3,861,037			4,958,761

Loan Funds at 30th June, 1959, comprised Advances from the Treasurer, £1,348,562 (including £7,561 discount and expenses on loans) and £3,401,550 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 £189,156.

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 £62,968, and subsidiary stores £9,192. 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, £293,758, include funds not immediately required by the Trust and lodged with the Trust's bankers either for a fixed period or at call and specific investments on account of funds and provisions.

MELBOURNE AND METROPOLITAN BOARD OF WORKS.

The operations of the Board during 1958-59 resulted in a surplus of £8,836 as compared with a surplus of £19,428 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.

1957-58.		1958-59.	
£		£	£
	Rates and Charges—		
3,037,578	Water Supply	3,273,417	
3,232,405	Sewerage	3,540,575	
514,419	Drainage and Rivers	564,312	
<u>6,784,402</u>		<u>7,378,304</u>	
	Metropolitan Farm—		
145,068	Gross profit on cattle	134,683	
22,701	Gross profit on sheep	33,754	
6,631	Rent	5,611	
3,948	Sundry Trading Operations	12,527	
		<u>186,575</u>	
<u>6,962,750</u>	Gross Revenue		<u>7,564,879</u>
	Working Expenses—		
971,786	Management	1,022,267	
1,589,465	Maintenance	1,748,110	
3,137,070	Interest (including overseas exchange)	3,607,658	
<u>5,698,321</u>		<u>6,378,035</u>	
<u>1,264,429</u>	Gross Surplus		<u>1,186,844</u>
	General Expenditure—		
79,845	Loan Flotation Expenses	68,133	
36,125	Staff Gratuities	42,552	
61,895	Contributions to Superannuation Fund	61,043	
11,227	Depreciation—Furniture and Fittings, &c.	20,090	
35,801	Pensions (cost of living allowance in superannuation payments)	32,556	
252,064	Main Drainage Works	277,168	
		<u>501,542</u>	
	Statutory Expenditure—		
16,998	Contributions to Municipalities	16,998	
135,539	Contributions to Renewals Fund	142,999	
		<u>159,997</u>	
	Appropriations—		
	Statutory—		
170,507	Contributions to Sinking Fund	402,969	
	Other—		
150,000	Contributions to Exchange Reserve	73,500	
95,000	Contributions to Rates Equalization Reserve	40,000	
200,000	Contributions to Insurance Account .. .. .	..
<u>1,245,001</u>		<u>516,469</u>	
<u>19,428</u>	Net Surplus		<u>8,836</u>
	Add Accumulated Surplus brought forward 1st July, 1958		<u>57,717</u>
	Accumulated Surplus at 30th June, 1959, carried forward		<u>66,553</u>

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.	£	£
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
1958-59 ..	8	3,273,417	1 2	3,540,575	2	564,312	65,270,634

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 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 48·89 per centum as compared with 46·23 per centum in 1957-58 and 45·45 per centum in 1956-57.

Interest charged included amounts credited to the Board's several funds as follows :—

Renewals Fund £112,216, Sinking Fund £329,018, and Superannuation Fund £61,386. Exchange on interest remitted overseas amounted to £31,915.

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 £277,168.

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, 1959.
	£	£	£	£
Sinking Fund	402,969	329,018	731,987	7,651,375
Renewals Fund	142,999	112,216	255,215	6,368,797
Superannuation Fund	61,043	61,386	122,429	1,328,135
Insurance Account .. .. .	..	..	..	500,328
	607,011	502,620	1,109,631	15,848,635

Of the total £15,848,635 of the several balances shown above, an amount of £15,342,210 was used in the Board's works and £506,425 was invested in the Board's securities.

Town Planning, Metropolitan Highways, &c.—The Metropolitan Improvement Rate remained unchanged at 3d. in 1958-59 to provide for the continuation of the Board's extended activities in the Town Planning field, &c. Revenue from this rate, assessed on a net annual value of £68,523,344 and other charges, totalled £882,694 and was allocated—Town Planning management £135,094, Foreshore Maintenance £3,632, and the unexpended balance, £743,968, to Planning and Highways Reserve.

At 30th June, 1959, the balance of the Planning and Highways Reserve was represented by the following assets:—

Metropolitan Improvement Fund—		£
Cash at Bank		16,797
Cash held temporarily in Metropolitan General Fund		850
Fixed Deposits		430,000
Short Term Investments		100,000
Commonwealth Inscribed Stock		175,000
Reserved Land—held temporarily under Section 35 (3) (e), Act No. 6396		740,854
Arrears—Rates and Charges		21,416
Expenditure on Foreshore and Highway Improvements		278,651
		1,763,568

The statement hereunder shows the Assets and Liabilities of the Board:—

30.6.1958. £		30.6.1959. £	£
	Current Assets—		
194,319	Cash in hand and at bank	1,229,128	
3,000,010	Securities—Short term	3,705,000	
525,273	Arrears of Rates and Sundry Debts	529,821	
200,686	Livestock on hand	220,269	
1,082,447	Stores and Materials on hand	986,502	
411,074	Reserved Land—Planning and Highways	740,854	
5,413,809			7,411,574
	Deferred Charges—		
146,812	Plant Depreciation Variance Account	97,075	
..	Distributable Expense Variance Account	27,729	
			124,804
	Fixed Assets—		
77,325	Planning and Highways Works	278,651	
41,037,376	Water Supply Works	45,437,194	
27,523,145	Sewerage Works	31,159,768	
670,569	Sewerage House Connections	396,909	
5,520,109	Main Drainage Works	6,266,235	
1,322,473	River Improvement Works	1,505,725	
3,366,050	Buildings, Water Meters, and other items	3,700,684	
			88,745,166
79,517,047		6,368,797	
6,395,319	Less Renewals Fund		
73,121,728			82,376,369
1,148,725	Plant and Tools	1,149,028	
270,725	Motor Vehicles	263,985	
135,876	Furniture and Fittings	161,296	
	Investments—		
863,500	External—Commonwealth Stock	1,053,500	
1,336,638	Internal—Melbourne and Metropolitan Board of Works Stock	1,289,787	
			2,343,287
82,437,813	Total Assets		93,830,343
	Current Liabilities—		
613,961	Loan Interest, Matured Debentures and Inscribed Stock	592,232	
273,029	Sundry Creditors and Deposits	937,260	
			1,529,492
	Deferred Liabilities—		
1,213,402	Superannuation Fund	1,328,135	
204,130	Provision for Furlough	239,925	
			1,568,060
68,582,715	Loan Liability		77,192,081
	Excess of Assets over Liabilities, represented by—		
1,898,805	General Reserve	2,311,781	
6,919,388	Sinking Fund	7,651,375	
501,822	Insurance Account	500,328	
415,000	Rates Equalization Reserve	455,000	
615,000	Exchange Reserve	688,500	
103,605	Deferred Maintenance Reserve	103,605	
19,798	Distributable Expense Variance Account .. .. .	..
1,019,441	Planning and Highways Reserve	1,763,568	
57,717	Accumulated Surplus	66,553	
			13,540,710
82,437,813	Total Liabilities and Funds		93,830,343

The item, Plant Depreciation Variance Account, £97,075, represents the balance of the amount, £146,812, estimated in the previous year, to be the net figure by which the Board's plant and equipment was under-depreciated. The reduction of £49,737 in 1958-59 was effected by means of revised hire charges. It is anticipated that the balance of the account will be written off over the next two years.

The increase of £412,976 in the General Reserve was accounted for by:—

	£
Expenditure from Revenue on account of Drainage and River Improvements	277,168
State's contribution in respect of supply of water to Mountain areas	112,000
Profits from sale of land, &c.	27,971
	<hr/>
	417,139
Deduct net loss on realisation of plant, motor vehicles, &c.	4,163
	<hr/>
	412,976
	<hr/>

The Board's loan authority for its normal functions was increased by Act No. 6430 from £69,750,000 to £90,000,000 against which the actual loan liability at 30th June, 1959, was £77,192,081.

During the year, from loan moneys and its internal resources, fixed assets were increased by £9,254,641. Major increases were:—

	£
Reservoir and Conduit Construction, &c.	572,492
Water Supply—extension large mains	2,384,240
„ „ reticulation, water meters, &c.	1,664,635
Construction and Amplification—sewage disposal, &c.—Metropolitan Farm	209,013
Sewerage—extension mains, treatment works, &c.	2,853,993
„ Brooklyn Pumping Station	298,731
Main Drains and River Improvements—extensions, &c.	929,378
Buildings—new erections and reconstruction works	122,728
Metropolitan Main Highways	156,064
Foreshore Improvement	45,262

PUBLIC TRUSTEE.

The powers and duties of the Public Trustee are prescribed by Act No. 6350. 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 so decline on the ground only of the small value of the estate or trust property. His duties also include the general care, protection, and management of the estates of mental patients and certified infirm persons in Victoria.

Investments and property under the control of the Public Trustee at 30th June, 1959, totalled £12,853,400.

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 Act. The comparative statement below shows the composition of the Common Fund at the close of each of the past three years, and indicates investment trends over the period.

	30.6.1957.		30.6.1958.		30.6.1959.	
	£	%	£	%	£	%
Inscribed Stock	1,821,550	49	2,046,550	49	1,946,450	41
Mortgages	538,143	14	669,209	17	1,110,174	24
Loan to Co-operative Housing Society ..	179,969	5	179,969	4	179,969	4
Municipal Debentures	1,020,576	28	1,037,280	25	946,363	20
Cash at Bank and in Hand	135,417	4	205,171	5	*501,700	11
	<u>3,695,655</u>	<u>100</u>	<u>4,138,179</u>	<u>100</u>	<u>4,684,656</u>	<u>100</u>

* £300,000 allocated for investment in current financial year.

The Act requires that interest received from the investment of moneys forming part of the Common Fund be paid into an account called the "Interest Suspense Account." From this account interest at a rate fixed from time to time by the Public Trustee—with a provision for different rates according to various factors—is payable to the credit of each estate represented in the Common Fund.

A further sum—"such amount as the Public Trustee deems necessary"—is credited to the "Estates Guarantee and Reserve Account," the purpose of which is to meet any losses on investments made from the Common Fund and 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 Act.

Operations through the Suspense and Reserve Accounts for the financial years 1957-58 and 1958-59 were:—

		INTEREST SUSPENSE ACCOUNT.	
1957-58.		1958-59.	
£		£	£
171,210	Income from investments .. .. .	..	203,285
	Appropriations—		
76,826	Interest allocated to estates .. .. .	..	93,138
6,000	Provision for interest payable to estates .. .. .	..	7,500
25,000	Estates Guarantee and Reserve Account .. .. .	..	50,000
63,384	Consolidated Revenue .. .. .	..	52,647
<u>171,210</u>			<u>203,285</u>

ESTATES GUARANTEE AND RESERVE ACCOUNT.

1957-58.		1958-59.	
£		£	£
91,659	Balance at 1st July	117,493	
25,000	Transfer from Interest Suspense Account	50,000	
905	Interest credited on balance	1,102	
..	Capital profit from investments	2,565	
<u>117,564</u>		<u>171,160</u>	
71	Less costs paid	229	
..	„ loss on realization of investments	8,342	
		<u>8,571</u>	
<u>117,493</u>	Balance at 30th June	<u>162,589</u>	

It is anticipated that loss on realization of investments will be offset within two years by increased income from reinvestments at higher interest rates.

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 operating expenses are met. On this basis the net result of operations for the year was a surplus of £7,690 compared with a surplus of £7,308 in the preceding year. Particulars are :—

1957-58		1958-59		1957-58		1958-59	
£	Receipts.	£		£	Payments.	£	
95,435	Fees and Commission	108,249		127,046	Salaries and Payroll Tax	130,084	
63,384	Surplus—Interest Suspense Account	52,647		1,987	Advertising	2,032	
				11,169	Rent	15,000	
				11,309	Other expenses (net)	6,090	
				7,308	Surplus for the year	7,690	
<u>158,819</u>		<u>160,896</u>		<u>158,819</u>		<u>160,896</u>	

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 are also received for maintenance of patients in public mental hospitals. The major part of the collections under this latter heading are costs borne by the Commonwealth in respect of the care of ex-service patients, and the remainder relates to amounts due on account of the maintenance of civilian patients prior to 30th June, 1949. From that date until 31st July, 1954, the State, under the terms of the Mental Hospitals Benefits Agreement with the Commonwealth, refrained from making a charge for the maintenance of civilian patients, and this position has been continued since the termination of the Agreement. Amounts paid by the Public Trustee to Consolidated Revenue and to Treasury Trust Fund from all sources during the last three years were :—

	1956-57.	1957-58.	1958-59.
	£	£	£
Consolidated Revenue—			
Fees and Commission	76,700	95,435	108,249
Probate Duty	61,545	96,468	102,713
Surplus from Interest Suspense Account	59,511	63,384	52,647
Maintenance—Patients in Mental Hospitals	128,836	166,827	243,738
Stationery, Postages recouped	2,413	3,670	3,473
Sundry Receipts	560	606	822
	<u>329,565</u>	<u>426,390</u>	<u>511,642</u>
Transfer to Treasury Trust Fund—			
Unclaimed Moneys—after 6 years	51,204	16,757	19,308
Unpresented cheques, &c.	567	277	526
	<u>51,771</u>	<u>17,034</u>	<u>19,834</u>

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, and are, 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 in terms of the *Workers Compensation Act 1958*.

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 available also 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, £6,408 was paid during the year. The Insurance Commissioner is entitled to recover any amounts so paid, and £103 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 1957-58 and 1958-59 are as follow :—

	1957-58.	1958-59.
	£	£
<i>Income—</i>		
Contributions from Insurers and others	36,022	59,175
 <i>Expenditure—</i>		
Salaries	21,907	24,504
Rent	3,586	8,807
General	7,259	14,691
Claims on uninsured employers paid from the Fund (net) ..	7,640	6,305
	40,392	54,307
Excess Income over Expenditure for the year .. .. .	..	4,868
Excess Expenditure over Income for the year	4,370	..

The balance of the Fund at the Treasury at 30th June, 1959, was £5,638.

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 1957-58 and 1958-59 are summarized below:—

	1957-58.	1958-59.
	£	£
Receipts	1,190,945	1,262,961
Payments	680,441	853,452
Excess of receipts over payments	510,504	409,509
Balance at beginning of year	2,524,027	3,034,531
Balance at close of year	3,034,531	3,444,040

Investments, &c., controlled by the Board at 30th June, 1959, are shown hereunder :—

Common Fund (as above)—	£	£
Cash State Savings Bank of Victoria .. .. .	.. .. .	137,812
Commonwealth Securities (face value)	2,006,630	
<i>Less</i> Discount	502	
	—————	2,006,128
State Electricity Commission Debentures .. .. .	.. .. .	750,000
Melbourne and Metropolitan Board of Works Debentures .. .. .	.. .. .	550,000
Temporary advances .. .. .	.. .. .	100
		—————
		3,444,040
Specific Investments—		
Commonwealth Securities .. .. .	.. .. .	29,680
Melbourne and Metropolitan Board of Works Debentures .. .. .	.. .. .	1,200
		—————
		30,880

RURAL FINANCE CORPORATION.

The Corporation was established in April, 1950, and its objects, which are set out in Section 5 of the *Rural Finance Corporation Act 1958*, 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 Section 35 of the Act, the Treasurer is empowered to 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 to give effect to any such direction.

In accordance with the Act, a profit and loss account for the financial year ended 30th June, 1959, and a balance-sheet as at that date were prepared. These statements are in a slightly different form to that of each of previous years, the major alteration being that the contribution to the National Debt Sinking Fund is now shown as a deduction from operating profit instead of, as formerly, a revenue charge. On this basis, the operating profit was £81,728 as compared with £84,548 in the preceding year.

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 48 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 £11,035.

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, 1958	2,581,507	
Repayments of advances, 1st July, 1958, to 30th June, 1959 ..	97,700	
	—————	2,679,207†
		—————
		5,071,207
<i>Less</i> Payments <i>re</i> debt adjustment to 30th June, 1958	3,594,981	
Payments <i>re</i> debt adjustment 1st July, 1958, to 30th June, 1959 ..	Nil	
	—————	3,594,981
		—————
Unexpended balance 30th June, 1959		1,476,226
		—————

* Of the advances from this amount £50,371 has been written off as bad debts.

† 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 £1,411,769. At the close of the year, £7,714,694 was held by borrowers of which £5,686,648 was held in respect of primary industries and £2,028,046 on account of secondary industries.

The Profit and Loss Accounts for the financial years ended 30th June, 1958 and 1959 are summarized as follows:—

		INCOME.			
30.6.1958.				30.6.1959.	
£				£	£
336,626	Interest .. .. .	..	..	..	380,894
5,166	Application and Legal Fees .. .. .	..	..	..	5,280
<hr/>					
341,792					386,174
<hr/>					
		<i>Less</i> EXPENDITURE.			
47,188	Administration .. .. .	..	..	..	49,231
201,773	Interest on Loan Indebtedness .. .. .	..	..	..	242,401
5,563	Interest on Redeemed Securities .. .. .	..	..	..	7,368
806	Depreciation .. .. .	..	..	..	772
1,914	Long Service Leave Provision .. .. .	..	..	..	2,724
..	Provision for Superannuation .. .. .	..	..	..	1,950
<hr/>					
257,244					304,446
<hr/>					
84,548	Operating Profit for Year .. .. .	..	..	..	81,728
191	Add Interest on General Reserve Investment Fund .. .. .	..	..	..	1,918
<hr/>					
84,739					83,646
<hr/>					
	<i>Less</i>				
17,015	National Debt Sinking Fund—Contribution .. .. .	..	..	..	18,792
5,722	Discounts and Expenses of Loans .. .. .	..	..	..	5,005
..	Bad Debts .. .. .	..	..	..	87
<hr/>					
22,737					23,884
<hr/>					
62,002					59,762
..	Provision for Superannuation (on account of former years) .. .. .	..	..	..	10,050
<hr/>					
62,002	Net Profit Transferred to General Reserve .. .. .	..	..	..	49,712
<hr/>					

Pursuant to his authority under the Act, the Treasurer determined for 1958–59 the annual rate of interest payable on loans from the State to the Corporation at 1 per centum less than the rate payable on loans raised by the Commonwealth on behalf of the State. In 1957–58, the concession was $1\frac{1}{4}$ per centum.

At 30th June, 1958, and 30th June, 1959, funds available to the Corporation were:—

30.6.1958.		30.6.1959.	
£		£	£
	Loan Funds—		
7,223,025	Loan Liability—Treasurer of Victoria (net) .. .. .	..	7,733,736
	Other Funds—		
22,644	Advances <i>Farmers Debts Adjustment Act 1943</i> —Treasurer of Victoria		21,123
2,392,000	Funds provided by Grant under <i>Commonwealth Loan (Farmers Debts Adjustment) Act 1935</i> .. .. .	..	2,341,629*
9,702	Interest on Mortgages prior to 26th April, 1950 .. .. .	..	9,702
<hr/>			
18,598	Trust Account—Amounts in suspense .. .. .	..	2,372,451
2,112	Sundry Creditors .. .. .	..	2,621
163,898	Reserve—National Debt Sinking Fund (including Commonwealth contributions) ..	..	1,301
8,535	Provision for Long Service Leave .. .. .	..	208,451
..	Provision for Superannuation .. .. .	..	11,591
195,980	Reserve Fund .. .. .	..	12,000
<hr/>			
10,036,494			245,691
<hr/>			
			10,587,845

* Excludes £50,371, Bad Debts written off in 1958–59

The funds were applied as follow :—

30.6.1958.		30.6.1959.
£		£ £
	Loans and Advances—	
7,101,520	Loans under Part III.— <i>Rural Finance Corporation Act 1958</i> ..	7,714,694
1,023,176	Advances under <i>Farmers Debts Adjustment Act 1935</i> , and Part IV.—	
22,644	<i>Rural Finance Corporation Act 1958</i>	875,105
	Advances under <i>Farmers Debts Adjustment Act 1943</i>	21,123
127,193	Interest Due and Accrued	8,610,922
		137,532
	Cash held at Treasury—	
1,378,526	Rural Rehabilitation Fund	1,476,226
177	National Debt Sinking Fund	435
		1,476,661
	Fixed Assets—	
4,448	Furniture and Office Equipment <i>less</i> Depreciation	4,326
1,500	Motor Cars <i>less</i> Depreciation	1,125
173	Charges paid in Advance	5,451
		93
	Cash—	
94,016	At bank and in hand	141,629
245,000	Fixed Deposits	125,000
		266,629
	Investments—Commonwealth Government Inscribed Stock (at cost)—	
8,458	Long Service Leave Provision	11,095
29,663	General Reserve	79,462
		90,557
<u>10,036,494</u>		<u>10,587,845</u>

Interest due and accrued, £137,532, shown in the preceding summary, comprised interest due, £96,103, and interest accrued, £41,429.

In respect of the interest due, one debtor, a company engaged in a secondary industry, is in arrears to the extent of £38,113. In recent years, comparatively small sums only have been received from this company on account of interest. Further, the company is in arrears to the amount of £36,000 in respect of repayments of principal. Notwithstanding this position, the Corporation is in the course of making further advances. It should be noted, however, that these and other advances made to the company by the Corporation have been in accordance with approvals given in terms of the Rural Finance Corporation Act, over the period 22nd December, 1952, to 20th November, 1957.

Net advances to the company by the Corporation to the 30th June, 1959, amounted to £218,027.

Another company is also in arrears on account of repayments of principal to the amount of £72,000. This company was registered with a capital of 1,600,000 shares of 5s. each, of which five only have been issued. The liability of the company on account of advances made by the Corporation as at 30th June, 1959, on account of advances approved during the period 18th June, 1952, to 29th May, 1956, amounted to £143,500. Although all interest thereon has been paid to 30th June, 1959, repayments of future instalments of principal must be considered doubtful having regard to the existing arrears together with the company's financial position and its relationship with other companies as disclosed in its latest Statement of Assets and Liabilities.

The purpose of the Reserve Fund (£245,691) 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 1958–59 were :—

Receipts—	£	£	£
Treasurer of Victoria—			
From Loan Fund	113,000		
Decentralization Fund	17,567		
	<hr/>	130,567	
From borrowers—			
Repayments of Principal	2,671		
Interest on Advances	5,000		
	<hr/>	7,671	
		<hr/>	138,238
<i>Add</i> Cash at Bank—1st July, 1958			34,403
			<hr/>
			172,641
<i>Less</i> Payments—			
Advances to Settlers—			
Lake Corangamite Area (Flood Relief)	30,440		
Goulburn Valley (Rehabilitation of Peach Growers)	33,415		
Sunraysia District (Capital Improvements and Replacements).. .. .	27,486		
Secondary Industries	27,567		
Assistance to Apiarists	6,936		
Assistance to Tobacco Growers	650		
Sunraysia District (Hail Damage Relief)	34,346		
	<hr/>	160,840	
Treasurer of Victoria—Instalments of Principal and Interest		7,671	
		<hr/>	168,511
Cash at Bank—30th June, 1959			<hr/>
			4,130

VICTORIAN INLAND MEAT AUTHORITY.

This Authority commenced operating in 1943. The transactions for the year resulted in a profit of £72,929 as compared with £64,435 in 1957-58.

A summarized statement of trading operations for 1958-59 is as follows:—

REVENUE.		£
Sales—		
Meat, Offal and By-products		633,419
Hides, Skins and Wool		56,412
Storage, Treatment and General Receipts		359,581
		1,049,412
Interest on Investments		352
Inter-departmental Transactions		174,256
		1,224,020
EXPENDITURE.		
Purchases of Livestock and Meat		299,014
Working Expenses—Wages, Fuel, Freight, Stores, &c.		573,288
General Expenses—Rent, Rates, Pay-roll Tax, &c.		36,194
Administration—Head Office, Salaries, &c.		19,592
Depreciation		23,357
Stock Decrease at 30th June, 1959		697
		952,142
Interest—		£
Government of Victoria		24,671
Commonwealth Bank		22
		24,693
Inter-departmental Transactions		174,256
		1,151,091
Profit		72,929
		1,224,020

An increase of roundly 4 million pounds in the weight of meat treated provided sufficient additional revenue to offset increased operating costs and a lower return from by-products.

Gross revenue of the four retail shops, situated at Ballarat, was below that of the previous year and the aggregate net profit was £935 as compared with £2,837 in 1957-58.

The smallgoods factory at Ballarat returned a profit of £867 as compared with £2,183 in the previous year.

A comparison over the past six years of the Authority's operations is given in the following statement:—

	1953-54.	1954-55.	1955-56.	1956-57.	1957-58.	1958-59.
	£	£	£	£	£	£
Sales	572,146	969,848	1,059,870	584,988	703,780	689,831
Storage, Treatment, &c.	152,479	198,044	183,442	198,042	311,018	359,933
Stock Increase	16,440	179,611	..	..	..	..
Net Loss	28,807	..	25,376	7,493	..	..
	769,872	1,347,503	1,268,688	790,523	1,014,798	1,049,764
Purchases	351,070	737,054	560,024	296,257	339,246	299,014
Working and Other Costs	385,523	563,180	518,366	443,560	529,425	629,074
Stock Decrease .. .. .	..	..	143,744	2,137	31,573	697
Depreciation	12,053	15,358	17,699	18,926	21,649	23,357
Interest	18,724	24,305	26,425	27,154	26,216	24,693
Donald Works (Inoperative)—Main- tenance and Depreciation	2,502	3,281	2,430	2,489	2,254	..
Net Profit .. .. .	..	4,325	..	..	64,435	72,929
	769,872	1,347,503	1,268,688	790,523	1,014,798	1,049,764

The Donald Works which have not been used since the Authority commenced operations in 1943 were sold during the year. The loss on realization amounted to £48,891 after allowing for the provision for depreciation, £21,889.

Variations in balance-sheet items may be seen in the summary hereunder :—

	At 1st May, 1943.	At 30th June—			
		1956.	1957.	1958.	1959.
	£	£	£	£	£
Current Liabilities	12,633	289,792	267,149	181,370	132,317
Loan for Fixed Assets .. .. .	..	458,666	469,584	469,584	524,659
Capital	286,672	360,815	360,815	360,815	290,034
Capital Revaluation and Adjustment	74,143	..	..	..	..
Profits and Reserves	883	..	..	..	3,495
	374,331	1,109,273	1,097,548	1,011,769	950,505
Current Assets	65,079	142,875	129,513	112,355	154,755
Fixed Assets <i>less</i> Depreciation	309,252	790,655	784,798	780,612	795,750
Losses <i>less</i> Reserves .. .. .	..	175,743	183,237	118,802	..
	374,331	1,109,273	1,097,548	1,011,769	950,505

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. The State has also provided working capital for the Authority, and to 30th June, the total advanced for this purpose was £112,499.

At the close of the year the Authority's loan liability to the State on account of fixed assets was £524,659.

MARKETING BOARDS.

ASSOCIATED WITH PUBLIC ACCOUNT.

Particulars of those Marketing Boards whose financial operations pass through the Public Account are as follow :—

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 1957 and 1958.

1957.			1958.	
£	£		£	£
15,170		Contributions	17,945	
134		Other Income	140	
-----	15,304		-----	18,085
		Payments—		
1,256		Chairman's Allowance	1,453	
600		Board Fees	600	
4,244		Salaries	5,567	
1,239		Policing of Illegal Trafficking	1,171	
1,837		Inspection and Grading	3,333	
414		Travelling	538	
1,909		Other Expenses	2,367	
-----	11,499		-----	15,029
	3,805	Surplus for year.. .. .		3,056
	-----			-----

The Treasury Account shows that, at 30th June, 1959, the cash balance was £6,171 and that £4,450 was held as an investment in inscribed stock.

Milk Board.—Trading operations for the year 1958–59 resulted in a revenue surplus of £42,055 on milk sales of £10,699,950.

Trade Debtors at 30th June, 1959, were £60,680 in excess of Creditors, compared with an excess of £171,932 at the close of the financial year 1958.

A summarized statement of the Board's operations for the year, together with comparative figures for the previous year, is set out hereunder :—

1957-58.		Revenue.		1958-59.	
£				£	
89,751	Milk Trading Revenue			98,597	
		Expenditure.			
3,000	Board Fees				26,507
22,258	Salaries				489
467	Pay-roll Tax				2,813
2,928	Travelling Expenses				1,643
1,460	Contingencies				21,181
4,222	Promotion—Consumption of Milk				2,500
2,500	Improving Quality of Milk—Paid to Department of Agriculture				1,167
1,650	Interest				242
77	Depreciation				42,055
51,189	Surplus for the year				-----
-----					98,597
89,751					-----

Actual expenditure by the Board on the campaign to promote the consumption of milk was £23,363, but of this amount £2,182 was recouped from milk depots and carriers. The balance, £21,181, was met from the Milk Board Fund. Additional funds required by the Board to meet the prize money for the "Milk Six" six-day cycle race were obtained from an increased margin on sales of whole milk of ½d. per gallon for a period of one month.

BALANCE-SHEET.

30.6.1958.		30.6.1959.	
£		£	£
860,914	Sundry Creditors		891,269
<hr/>			
Revenue Account—Accumulated Surplus—			
274,294	Balance at 1st July	325,483	
51,189	Revenue Surplus for the year	42,055	
<hr/>			
325,483			367,538
<hr/>			
1,186,397			1,258,807
<hr/>			
152,786	Milk Board Fund—Balance at the Treasury		305,181
1,032,846	Sundry Debtors		951,949
765	Office Equipment and Furniture less Depreciation		696
..	Motor Vehicles		981
<hr/>			
1,186,397			1,258,807
<hr/>			

OUTSIDE PUBLIC ACCOUNT.

Act No. 6304 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, Chicory, and Potato Boards, of which all but the Potato Marketing Board are still operating.

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 4th July, 1959. The period ended with a net excess of proceeds over advances to producers of £35,360.

The operations of the pools during the accounting periods for 1957–58 and 1958–59 are set out in the summary hereunder:—

1957–58.		1958–59.		
£		£	£	£
5,919,560	Advances to Producers (Current production)		5,240,598	
<hr/>				
Less Producers' Contributions on Account of—				
755,427	Pool Expenses	321,731		
425,010	Grading and Selling Expenses	335,419		
82,961	Dockage	73,341		
<hr/>				
1,263,398			730,491	
<hr/>				
4,656,162	Net Advances to Producers		4,510,107	
109,186	Add—Value of eggs from stock for disposal		13,477	
<hr/>				
4,765,348	Carried forward			4,523,584

1957-58.		1958-59.
£		£
4,765,348	Brought forward	4,523,584
	Disposal of Eggs:—	
4,188,475	Sold in Shell on Local Market	4,527,128
452,655	Sold in Shell on Overseas Market	68,696
138,653	Sold in Shell on Interstate Market	90,874
945,095	Converted to Pulp and Sold	528,822
5,724,878	Total Value of Disposals	5,215,520
	Less Expenses—	
389,773	Grading and Selling	337,305
233,229	Packing, Storage, and Transport	130,145
92,726	Pulp Manufacturing	54,603
75,387	General	72,592
791,115		594,645
4,933,763		4,620,875
	Deduct—	
74,511	Cost of Administration of Board	72,240
9,066	Less Administration Charged to Producer/Agents	10,309
65,445		61,931
4,868,318	Net Proceeds of Pool	4,558,944
102,970	Excess of Proceeds over Advances to Producers	35,360

The following is a statement of the Board's balances at 4th July, 1959. Comparative figures at the end of the preceding pool period are also given:—

The Board's Funds were:—

5.7.1958.		4.7.1959.
£		£
160,261	Reserve Fund	166,402
234,065	Surplus Distribution 1947-48 (ex Commonwealth)	234,065
	Undistributed Pool Balances—	
102,970	1957-58	12,401
..	1958-59	35,360
497,296		448,228
	Represented by—	
	Current Assets—	
180,024	Cash on Hand and at Bank.. .. .	137,995
	Stocks on Hand—	£
70,186	Eggs and Egg Products at valuation	56,709
32,933	Packing materials at valuation	44,267
2,429	Supplies at cost or valuation	2,470
105,548		103,446
		241,441
126,490	Debtors	94,288
1,500	Less Provision for Doubtful Debts	1,500
124,990		92,788
410,562	Carried forward	334,229

5.7.1958.		4.7.1959.
£		£ £
410,562	Brought forward	334,229
	<i>Less Current Liabilities—</i>	
112,634	Creditors	77,654
1,030	Provision for Long Service Leave	1,505
113,664		79,159
296,898	Working Capital	255,070
4,000	Investments .. .. .	..
	<i>Fixed Assets—</i>	
74,127	Freehold Properties	72,644
87,347	Leasehold Properties	85,018
21,001	Plant and Equipment	24,018
..	Display Equipment	27
8,242	Motor Vehicles	6,182
5,681	Office Machinery and Equipment	5,269
196,398		193,158
497,296		448,228

During the year, a distribution was made from the excess which arose from the 1957-58 pool operations.

Maize Marketing Board.—The audit of the accounts of this Board for the accounting period 15th March, 1958, to 30th May, 1959, has been completed.

Brief particulars of the operations are as follows:—

Total number of bushels marketed	192,634
	£ £
Gross proceeds of sales	141,425
Freight, Commission, &c.	17,024
Administration expenses	2,750
Amount paid to growers	121,364
Taken to Reserve	287
	141,425

Seed Beans Marketing Board.—The accounting period for the fifth pool extended from 1st March, 1958, to 28th February, 1959. Operations in respect of this and the preceding pool have not been completed, and transactions in relation to each pool for the year ended 28th February, 1959, are reviewed hereunder:—

Stock Movements—

	No. 4 Pool. Bushels.	No. 5 Pool. Bushels.
Stocks on hand at 1st March, 1958	12,570	..
Deliveries to the Board .. .. .	..	2,516
Sales for the year	1,375	489
Stocks on hand at 28th February, 1959	11,195	2,027
	£	£
Valuation	16,793	4,052

Financial transactions in the year were:—

No. 4 Pool—		£	£
Excess of Income over Expenditure to 28th February, 1958	.. .. .	108,585	
Proceeds of Sales in excess of stock valuation	.. .. .	2,137	
		110,722	
<i>Less—</i>			
Handling charges, storage, &c.	.. .. .	3,676	
Administration	.. .. .	1,976	
Writing down of Stock Valuation	.. .. .	5,597	
		11,249	
Excess of Income over Expenditure to 28th February, 1959	.. .. .		99,473

Advances to growers from 1st March, 1957, to 28th February, 1959, on account of deliveries amounted to £96,230.

No. 5 Pool—		£	£
Sales and Revenue from Contract Sales	.. .. .		4,216
Stock on hand at 28th February, 1958	.. .. .		4,052
			8,268
<i>Less—</i>			
Handling, storage, loss on sacks, &c.	.. .. .	949	
Administration	.. .. .	1,666	
		2,615	
Excess of Income over Expenditure at 28th February, 1959	.. .. .		5,653

No advances to growers were approved or paid in respect of this pool.

Prospects of marketing the 1958–59 season's crop were not encouraging and the 2,516 bushels delivered by growers and accepted by the Board represented a small proportion only of the total production of seed beans in Victoria.

Finality in both pools is dependent upon the determination by the Board of "payments" within the meaning of Section 25 of Act No. 6304 after disposal of stocks on hand. Sale of stocks held particularly on account of No. 4 Pool is becoming increasingly difficult due to their deterioration in quality for seed purposes.

Onion Marketing Board.—Final accounts in respect of the last complete pool period, that ending on 15th November, 1958, are in course of preparation by the Board. Details of the operations in this and the previous pool period are:—

	Pool.	
	1957.	1958.
	tons.	tons.
Total Onions acquired	21,645	26,713
	£	£
Proceeds from sales	642,977	444,085
Administration and marketing expenses	27,749	43,887
Payments to growers	615,691	405,818
Amount distributed in excess of proceeds from sales	463	5,620

The average return per ton to the growers was £28 9s. in 1957 and £15 4s. in 1958.

Although an increased tonnage was handled by the Board in 1958, sales proceeds and the consequent return to the growers were considerably less than in the 1957 pool. The Board attributes this mainly to the fact that it was necessary, for some months, to sell on a depressed market in competition with onions supplied outside Board control. In addition, higher administrative and marketing expenses incurred in meeting this competition further reduced the amount available for distribution to the growers.

HOME FINANCE TRUST.

The Home Finance Trust, constituted on the 13th June, 1956, has the power, in accordance with the provisions of Act No. 6271, to raise money on loan for the purpose of making housing loans on the security of first mortgage. This power is confined to the acceptance of moneys from lending institutions by way of deposit only. Notwithstanding this limitation, the Trust has arranged with several institutions to incur overdrafts of up to £500,000. This infringement of the provisions of the Act has been brought under notice and the Trust proposes to seek the necessary legislative amendment.

The year 1958-59 saw a further increase in the amounts which various institutions agreed to lend to the Trust, the total rising from £2,850,000 as at the 30th June, 1958, to £3,500,000 as at the 30th June, 1959, including the overdrafts mentioned. The classes of lenders were as follows:—

	£	£
The Commissioners of the State Savings Bank of Victoria .. .. .	..	1,250,000
Private Savings Banks	1,050,000	
„ Trading Banks	900,000	
	<hr/>	1,950,000
Insurance Companies .. .. .	..	300,000
		<hr/>
		3,500,000
		<hr/>

Loans approved by the Trust to borrowers totalled £3,438,505 of which £2,844,978 (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, 1958, and 1959. The figures as at 30th June, 1959, are subject to audit.

		<i>Assets.</i>						
30.6.58								30.6.1959
£								£
1,971,152	Loans current and secured by mortgage .. .. .	..	..	..	..	..	..	2,844,978
1,361	Arrears—mortgagors .. .. .	..	..	..	..	..	..	2,383
8,468	Sundry debtors .. .. .	..	..	..	..	..	..	12,398
		<hr/>						
1,980,981	Total Assets .. .. .	..	..	..	..	..	..	2,859,759
		<hr/>						
		<i>Liabilities</i>						
1,964,000	Deposits—Repayment of which is guaranteed by the Treasurer of Victoria ..							2,800,000
1,694	Prepayments by mortgagors .. .. .	..	..	..	..	..	..	2,972
843	Sundry creditors .. .. .	..	..	..	..	..	..	934
12,946	Bank overdraft .. .. .	..	..	..	..	..	..	47,382
1,498	Home Finance Fund—surplus .. .. .	..	..	..	..	..	..	8,471
		<hr/>						
1,980,981	Total Liabilities .. .. .	..	..	..	..	..	..	2,859,759
		<hr/>						

Defalcations and Irregularities, 1958–59.

Particulars as required by Section 47 of the *Audit Act* 1958 of cases in which default has been made in delivering or sending accounts or accounting for public or other moneys or stores, and of relevant proceedings taken.

(Amounts are shown to the nearer £.)

Agriculture Department.

Glenormiston Dairy College.—An employee failed to bring properly to account £52. received on account of casual accommodation and telephone calls. Restitution was made.

Scoresby Research Station.—Equipment valued at £56 was reported stolen. The person or persons responsible were not traced, and the value of the equipment was recovered under an insurance policy.

Chief Secretary.

Penal—Bendigo Training Farm.—Laxity by the Storekeeper, both in the keeping of records and the issue of stores, was disclosed. The Senior Penal Officer concerned has since been transferred to other duties.

Parole Board.—The office of the Board was entered by persons unknown and the safe was blown open. Cash amounting to £97 and a quantity of postage stamps were stolen.

Education Department.

Princes Hill High School.—A temporary teacher was overpaid £629 on account of salary. The matter is still receiving attention.

Lands Department.

Redcliffs.—An Inspector failed to account for an amount of £4. He was charged before the Public Service Board and was reprimanded. Restitution was made.

Corryong.—An Inspector continued to receive a commuted allowance for the use of his own motor vehicle on departmental business after being provided with an official vehicle and was overpaid £552. The overpayment is being recovered by fortnightly deductions from the salary of the Inspector and had been reduced to £447 at 30th June.

Meeniyan.—Through the negligence of an Inspector, an engine valued at £20 was lost. A “show cause” in the terms of Section 36 of the *Audit Act* 1958 has been issued.

Law Department.

Court of Petty Sessions, Ararat.—A Clerk of Courts was charged before the Public Service Board with misconduct and was dismissed from the Public Service. He failed to account for public and trust moneys amounting to £149 and for six registered letters, the contents of which are unknown.

Court of Petty Sessions, Frankston.—A cash shortage of £5 was reported. Individual responsibility could not be determined.

Crown Solicitor's Office.—An amount of £10 for which a receipt had been issued was not brought to account. From the information available it was not possible to determine individual responsibility for the shortage.

Public Solicitor.—A number of irregular transactions relating to cheque payments was disclosed by the audit. There was no evidence of misappropriation.

Mental Hygiene.

Mental Hospital, Kew.—Two minor thefts of supplies not exceeding £10 in value were reported. In each case the person responsible was convicted and fined and was dismissed.

Mental Hospital, Mont Park.—A motion picture projector and speaker (valued at approximately £200), a mantel radio, a bay mare, two pigs, and garden tools were reported stolen. The persons responsible have not been traced and the property has not been recovered.

Premier's Department.

Public Service Board.—An audit of the Board's Advance Account disclosed a deficiency of £1,837. Proceedings are in course.

Railways Department.

Tourist Bureau, Geelong.—The Officer in Charge was charged with the embezzlement of £400, and upon conviction was released on probation for a period of three years. Restitution was made.

Other.—Forty-eight officers were found guilty of the theft or misapplication of money and other property. In six instances, the amounts involved ranged from £112 to £225, but, in the majority of the remaining cases, the deficiencies were comparatively small. Thirty-three of the charges were dealt with by the Courts and fifteen were heard by the Railways Board of Discipline.

State Rivers and Water Supply Commission.

A number of minor thefts of tools and stores was reported. In one case a casual employee was convicted of theft and was released on probation for a period of six months.

Country Roads Board—Bairnsdale Division.

A former Divisional Accountant, charged with the embezzlement of £388 while in the employ of the Board, was convicted and released on probation for a period of two years. Restitution was made.

Gas and Fuel Corporation.

An audit check of petty cash and wages advances disclosed a shortage of £125. The officer responsible repaid the amount and was transferred to other duties with a reduction in salary.

Housing Commission.

Rental Office, Moe.—A former Rental Officer, charged with the embezzlement of £210, pleaded guilty, and was placed on a bond of £25 to be of good behaviour for three years. Repayments have reduced the original deficiency to £91.

District Office, Morwell.—The office was entered by a person or persons unknown and the sum of £4 was stolen from an office drawer.

Field Supply Office, Broadmeadows.—The Officer in Charge was charged with the larceny of stores and materials valued at approximately £290, and was convicted and released on probation for a period of three years.

Melbourne Sailors' Home.

Collection of amounts, due on account of accommodation provided, is in question. It has been established that, for the period 10th November, 1958, to 5th June, 1959, a total amount of £1,052 was involved.

Royal Melbourne Technical College.

A female employee failed to issue official receipts and to account properly for amounts totalling £112. Restitution was made and she is no longer in the employment of the College.

Soldier Settlement Commission.

Heytesbury Settlement Area.—A quantity of fencing materials was stolen by an employee and sold to two farmers. The employee was convicted of larceny and fined £20, and one of the farmers was convicted of receiving stolen goods and fined £10. The materials were recovered.

Pasture seed valued at £40 was stolen from seed drills left in a paddock overnight. The persons responsible have not been traced.

Cobain's Estate (near Sale).—A quantity of building material was stolen. There have been no developments as a result of police inquiries, and recovery of the materials is not anticipated.

State Electricity Commission.

Chief Paymaster's Branch.—A pay envelope containing £56 was missing. Presumption of theft or individual responsibility could not be established.

Briquette Depot, Geelong.—An investigation by the Commission's Internal Audit staff disclosed that an amount of £599 had been misappropriated. The Depot Manager was dismissed and £486 due to him in respect of Provident Fund contributions, recreation leave, and salary was applied in reduction of the amount misappropriated.

ACKNOWLEDGMENT.

In conclusion, I desire to express my appreciation of the whole-hearted support which members of the staff rendered to me during the year and to thank officers of other Departments and State Authorities for their co-operation.

R. W. GILLARD,
Auditor-General.

Melbourne, 5th November, 1959.

STATEMENT No. 1.

REVENUE ACCOUNT, 1958-59.

Receipts.			Expenditure.		
	£	Per cent. of Gross Revenue.		£	Per cent. of Gross Revenue.
Railway Earnings ..	37,885,016		Railways—Operating Costs, &c. ..	36,451,538	
Subsidy (as per contra)	256,686		Water Supply	3,520,029	
	38,141,702		Coal Mine	648,844	
Water Supply	3,597,198		Victoria Dock Cool Stores	102,021	
Coal Mine	409,367			40,722,432	
Victoria Dock Cool Stores	187,307		Subsidy to Railways	366,686	
	42,335,574	27.99		41,089,118	27.16
Interest brought to account—			Interest and Exchange on Loans ..	25,077,815	
Country Roads Board	767,479		Contributions to National Debt Sinking Fund	4,688,988	
Co-operative Stores	22,750		Expenses of Loan Conversions	9,114	
Electricity Commission	2,149,921			29,775,917	19.69
Gas and Fuel Corporation	229,104		Pensions, Superannuation, &c.—		
Geelong Harbor Trust	10,473		Railways	1,845,153	
Geelong Waterworks and Sewerage Trust	15,597		Other	2,210,038	
Grain Elevators Board	15,637			4,055,191	2.68
Home Builders Account	209,548		Payments to Hospitals and Charities Fund ..	11,499,851	
Housing Commission	3,184,857		Payments to Mental Hospitals Fund ..	448,473	
Land Settlement	763,870			11,948,324	7.90
Latrobe Valley Water and Sewerage Board	99,748		Salaries (<i>vide</i> Sub-statement)	38,072,595	
Public Account	36,595		Contingencies (<i>vide</i> Sub-statement) ..	19,633,883	
Rural Finance Corporation	249,769		Endowments and Grants (<i>vide</i> Sub-statement)	3,441,777	
Sewerage Authorities	13,469		Works and Buildings	1,807,207	
Water Authorities	229,376		Forests	1,034,144	
Sundry	91,999		Mint Subsidy	178,000	
	8,420,192	5.57	Sundry	934,104	
Payment by Commonwealth	2,127,159	1.40		66,001,710	43.64
Payment by Commonwealth—Special Assistance	8,104,105	5.36	Advances repaid to Commonwealth—		
Taxes, Registrations, Licences, &c. ..	76,982,685	50.90	Home Builders Account	869,181	
Departmental Services	4,537,041		Housing Commission	33,428	
Territorial—Lands and Forests	2,451,944		Soldier Settlement	23,334	
Ports and Harbors	536,557			925,943	.61
Fines and Fees	1,678,431				
Mint	175,804				
Rents	253,946				
Repayment of Loans from Revenue ..	30,530				
Miscellaneous	465,588				
	10,129,841	6.70			
Recoups—					
Sinking Fund Contributions	265,051				
Exchange	89,041				
Housing Commission	869,181				
Home Builders Account	23,334				
Soldier Settlement	33,428				
Other Recoups	1,868,471				
	3,148,506	2.08			
	151,248,062	100.00			
Deficit for 1958-59	2,548,141	1.68			
	153,796,203	101.68		153,796,203	101.68

SUB-STATEMENT.

	Salaries.	Contingencies.	Endowments and Grants.	Total.
	£	£	£	£
The Governor, Judges, and Executive Council	97,892	50	..	97,942
Parliamentary and Electoral Expenses	378,806	198,826	..	577,632
Premier	439,586	247,921	..	687,507
Chief Secretary	571,361	532,203	..	1,103,564
Children's Welfare	308,837	783,299	..	1,092,136
Penal and Gaols	461,257	418,114	..	879,371
Police	5,276,930	1,346,875	..	6,623,805
Public Libraries	214,426	98,020	288,968	601,414
Labour and Industry	220,830	40,402	..	261,232
Education—				
Departmental	20,396,566	6,421,009	..	26,817,575
Technical Schools .. .. .	..	..	1,750,000	1,750,000
Other .. .. .	..	..	84,961	84,961
Law	1,388,254	553,632	100	1,941,986
Treasury	928,635	2,231,994	104,598	3,265,227
Lands	945,023	967,809	..	1,912,832
Public Works and Ports and Harbors	872,316	498,636	..	1,370,952
Local Government	22,814	8,549	..	31,363
Mines	199,229	217,510	..	416,739
Agriculture	1,097,676	627,709	9,000	1,734,385
Health	1,054,283	2,243,966	152,500	3,450,749
Mental Hygiene	3,189,942	2,196,616	..	5,386,558
Transport	7,932	743	..	8,675
University of Melbourne .. .. .	..	..	1,049,200	1,049,200
Monash University .. .. .	..	..	2,450	2,450
	38,072,595	19,633,883	3,441,777	61,148,255

RECEIPTS AND EXPENDITURE FOR THE YEAR 1958-59.

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 1958-59.

	Receipts.			Expenditure.		
	£	s.	d.	£	s.	d.
<i>Balances brought forward—</i>						
Surplus Revenue	16,559	10	4	153,796,203	12	11
Loan Fund	1,442,924	0	4	379	17	7
	<hr/>			<hr/>		
	1,459,483	10	8	153,796,583	10	6
<i>Revenue for the year</i>	..	..	..	47,248,867	13	8
<i>Proceeds of Loans raised for Works &c.</i>	..	..	..
	44,200,000	0	0	209,925	7	2
<i>Less Flotation Expenses</i>	..	..	..	<hr/>
	256,951	14	11	47,038,942	6	6
	<hr/>			<hr/>		
	43,943,048	5	1			
<i>Loan Repayments</i>	..	..	..
	2,930,683	13	11			
<i>Advance from Treasurer's Advance—</i>						
Debit balance at 30.6.58	..	209,925	7 2	382,529	0	11
” ” 30.6.59	..	382,529	0 11			
	<hr/>			<hr/>		
	172,603	13	9	47,421,471	7	5
<i>Deficit for year 1958-59</i>	..	..	..	201,218,054	17	11
	2,548,141	5	9			
	<hr/>			<hr/>		
	202,302,022	16	4	1,083,967	18	5
	<hr/>			<hr/>		
	202,302,022	16	4			

* Does not include £10,660,000 advances from Commonwealth Government for Housing, including £3,100,000 for the Home Builders' Account, nor £999,995 advanced for special assistance for Soldier Settlement.

STATEMENT No. 3.

LOAN FUND.

ABSTRACT OF TRANSACTIONS FOR THE YEAR 1958-59.

	£	s.	d.	£	s.	d.
<i>Balance</i> of Loan Fund at 30th June, 1958	..	1,442,924	0	4		
<i>Receipts—</i>						
Proceeds of Loans Raised—						
For Works, &c.	..	44,200,000	0	0		
,, Redemption	..	39,774,600	0	0		
Loan Repayments	..	2,930,683	13	11		
Charges to Treasurer's Advance at 30th June, 1959		382,529	0	11		
					88,730,736	15 2
<i>Disbursements—</i>						
Works, &c.	..	47,421,471	7	5		
Moneys applied to Redemption	..	39,765,155	0	0		
Repayment to Treasurer's Advance	..	209,925	7	2		
Flotation Expenses	..	256,951	14	11		
Conversion Bonus	..	9,445	0	0		
					87,662,948	9 6
<i>Balance</i> of Loan Fund at 30th June, 1959	..	..	..	..	1,067,788	5 8

LIABILITY FOR LOANS.

State's Liability to Commonwealth at 30th June, 1958	518,212,670	16	0
Loans raised in 1958-59—	£	s.	d.
For Works, &c.	..	42,356,483	17 1
,, Redemption	..	39,997,830	0 0
		82,354,313	17 1
			600,566,984 13 1
<i>Less</i> Loans Repurchased or Redeemed—			
By Redemption Loans	..	39,859,565	0 0
,, National Debt Sinking Fund	..	5,695,600	19 9
			45,555,165 19 9
State's Liability to Commonwealth at 30th June, 1959	..	..	*555,011,818 13 4
Charges to Treasurer's Advance at 30th June, 1959	..	..	382,529 0 11
			555,394,347 14 3
<i>Less</i> Cash at credit of National Debt Sinking Fund	128,074	15	1
Unexpended balance of Loan Fund	..	1,067,788	5 8
			1,195,863 0 9
Net Liability for Loans at 30th June, 1959	..	..	*554,198,484 13 6
Net Liability for Loans at 30th June, 1958	..	..	516,919,633 9 1
The increase during the year was	..	..	37,278,851 4 5

* Does not include £110,330,169 advanced by the Commonwealth for Housing purposes nor £6,135,052 advanced for special assistance for Soldier Settlement.

TRUST FUNDS.

The following Statement summarizes the Treasurer's liability on account of trust moneys and securities lodged with the Treasurer, and of the investments, advances, and cash held on account of these funds and lodgments:—

	£	s.	d.	£	s.	d.
<i>Lodgments for investment—</i>						
Municipalities Sinking Fund—Act No. 6299)	..	1,170	14	0		
Other Funds— <i>Vide</i> Treasurer's Statement..	..	10,571,630	18	7		
<i>Securities lodged with the Treasurer—</i>						
Administration and Probate Act No. 6191	..	10,000	0	0		
Geelong Harbor Trust—(Debentures lodged as security for Loans)	..	159,100	14	8		
Port Phillip Pilot Fund, Act No. 6302	..	142,982	11	9		
Scholarship Funds	..	70	0	0		
Kyabram Co-operative Fruit Preserving Co.—Shares	..	3,634	0	0		
Gas and Fuel Corporation of Victoria—Shares	..	7,141,752	0	0		
Victorian Rural Producers Organization	..	850	0	0		
Gas Regulation Fund, Act No. 6261	..	300	0	0		
Blue Moon Fruit Co-operative Ltd.	..	10	0	0		
Police Pensions Fund—Act No. 6338	..	830,000	0	0		
Tallangatta Waterworks Trust	..	800	0	0		
<i>Total of Stock and Securities held</i>	..	19,069,300	19	0		
Cash Advanced—						
For Revenue deficits	..	4,423,172	19	9		
” Treasurer's Advance	..	382,800	4	0		
” Other advances	..	2,414,231	6	6		
<i>Total Advances</i>	..	7,220,204	10	3		
Cash	..	14,199,823	7	8		
		£40,489,328	16	11		

Other Funds—

As per Treasurer's Statement .. 19,772,467 7 7
 Railway Charges in Suspense Account .. 1,854,560 10 4

£40,489,328 16 11

STATEMENT No. 5.

DEBT CHARGES ACCOUNT.

The following particulars have been compiled from the Treasurer's Statements with the object of indicating that portion 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 1958-59.

		Receipts.			Payments.		
<i>Paid to Revenue—</i>		£	s.	d.	£	s.	d.
Water Trusts and Corporations, &c.		275,172	3	9			
Sewerage Authorities		13,468	12	5	..	19,256,898	16 10
Geelong Waterworks & Sewerage Trust		15,597	4	6	..	1,587,366	7 7
Latrobe Valley Water & Sewerage Board		99,747	15	9	..	63,813	0 4
Melbourne and Metropolitan Board of Works		16,266	7	10		20,908,078	4 9
Land Settlement		763,870	2	2	..	3,573,007	5 1
Country Roads Board Fund		829,234	17	5		24,481,085	9 10
State Electricity Commission		2,653,844	14	10			
Grain Elevators Board		48,391	17	5	..	596,729	14 11
Housing Commission		3,187,865	9	3			
Home Builders' Account		209,547	18	11	..	4,688,988	6 11
Gas and Fuel Corporation		241,650	10	2			
Rural Finance Corporation		268,560	12	8			
Banks—Interest on Public Account		36,594	15	4			
Miscellaneous		108,260	3	1			
		8,768,073	5	6			
<i>Balance—</i> Amount which had to be met from Taxation and other sources		21,007,844	7	8			
		£29,775,917	13	2			
						£29,775,917	13 2

In the preceding year (1957-58) Taxation, &c., provided £19,022,380 12s. 5d. The increase last year was £1,985,463 15s. 3d.

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.
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
1958-59	536,612,245	26,215,694	5,207,850	21,007,844	4 17 8	0 19 5	3 18 3

† Excludes advances from Commonwealth Government for Housing and certain advances for Soldier Settlement.

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.
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
1958-59	†83,578,198	3,812,797	..	3,812,797	4 11 3	..	4 11 3

* 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.
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	401,130	3,863,583	4 7 0	0 8 2	3 18 10
1958-59	104,864,693	4,640,190	322,656	4,317,534	4 8 6	0 6 2	4 2 4

RAILWAY ACCOUNTS.

Statement of Railway Receipts and Expenditure, including Revenue and Loan Moneys.

Receipts.

	£	s.	d.
<i>Revenue</i> —			
Railway Income	37,885,016	5	6
Treasury credit for concessions in certain Country Freight Charges ..	143,000	0	0
Recoup Kerang-Koondrook Tramway Act	13,686	0	0
Recoup Pensioners' Fares Concessions	100,000	0	0
	<u>38,141,702</u>	<u>5</u>	<u>6</u>

Loan—

	£	s.	d.
Applied from the Loan Fund	7,232,333	10	11
Charged to Treasurer's Advance	199,900	0	0
	<u>7,432,233</u>	<u>10</u>	<u>11</u>

Expenditure.

	£	s.	d.
<i>Charged to Revenue</i> —			
Working Expenses	35,777,134	16	4
Accident Fund	434,048	19	0
Renewals and Replacements Fund	200,000	0	0
Commissioners' Salaries	14,900	0	0
Pensions and Gratuities	1,845,152	16	8
	<u>38,271,236</u>	<u>12</u>	<u>0</u>

National Debt Sinking Fund	196,821	19	2
Loan Conversion Expenses	2,037	3	11

	£	s.	d.
Interest	3,466,653	10	2
Exchange on Overseas Interest	147,284	1	5
	<u>3,613,937</u>	<u>11</u>	<u>7</u>

42,084,033 6 8

Charged to Loan—

Additions and Improvements	1,742,779	9	5
Rolling Stock, Equipment, Machinery, and other Works	329,455	17	4
Construction of new lines, &c.	178,374	15	11
Replacement (Rehabilitation) Works	4,981,723	8	3
Restoration of Roads—City of St. Kilda	199,900	0	0
	<u>7,432,233</u>	<u>10</u>	<u>11</u>

7,432,233 10 11

Total	49,516,266	17	7
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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.	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.	1958-59.	Per cent. of Revenue.
Working Expenses	£ 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	£ 35,779,172	} 93.9
Commissioners' Salaries	9,000		10,226		11,576		14,000		14,000			
Renewals and Replacements Fund	550,000	1.5	200,000	.5	200,000	.5	200,000	.5	200,000	.6	200,000	.5
Railway Accident, &c., Fund	261,082	.7	305,812	.8	336,654	.9	335,875	.9	370,630	1.0	434,049	1.1
Pensions and Gratuities	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	1,845,153	4.8
National Debt Sinking Fund	162,371	.4	168,887	.4	178,151	.5	182,546	.5	186,878	.5	196,822	.5
Interest	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	3,466,653	9.1
Exchange on Interest Payments in London	126,847	.3	134,155	.3	128,189	.4	124,133	.3	123,180	.3	147,284	.4
Receipts	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	42,084,033	110.3
Deficiency	*37,775,538	..	*39,843,019	..	37,299,906	..	37,463,316	..	35,947,810	..	38,141,702	..
	993,215	..	275,386	..	4,153,596	..	5,227,234	..	6,000,199	..	3,942,331	..

* Includes a Treasury Subsidy of £1,934,903 in 1953-54, and £2,148,060 in 1954-55.

STATEMENT No. 7.

COUNTRY WATER SUPPLY.—RECEIPTS AND EXPENDITURE (adjusted to nearest pound), 1958-59.

Receipts.		Expenditure.				Total I.
	£	£	£	£	£	£
<i>Debt Charges.</i> —Water Trusts and Other Corporations, &c.	..	339,516				
<i>Rates, &c.</i> —						
Coliban .. .. .	..	162,044			1,634,730	
Waterworks Districts .. .. .	..	781,088			57,255	
Irrigation and Water Supply Districts .. .. .	..	1,445,498			789,380	
Flood Protection and Drainage Districts .. .. .	..	57,405			345,679	
Miscellaneous .. .. .	..	223,710			480,860	
		2,669,745			50,699	
		920,279			78,289	
		3,590,024			86,728	
<i>Receipts of Amounts paid from Revenue</i>	..	3,590,024			3,523,620	
Total Revenue	..	3,929,540			12,050	
					71,214	
					3,606,884	
					261,243	
<i>Loan—</i>						
<i>Country Water Supply—</i>						
Applied from the Loan Fund	£	1,909,818			3,605,593	643,581
Add Charges to Treasurer's Advance .. .. .	..	113,837			109,562	18,441
		2,023,655			1,515	255
<i>State Development Account—</i>						
Applied from the Loan Fund .. .. .	..	5,767,158			3,716,670	662,277
		7,790,813			4,378,947	
Net Cost to Taxation and Revenue from Other Sources	..	4,317,534			8,247,074	7,790,813
Total	..	16,037,887			16,037,887	16,037,887

APPENDIX A.

TREASURER'S ADVANCE 1958-59.

The particulars of the expenditure which has been carried forward are :—

Pending Loan Application Act.

Railways Department—	£	s.	d.
Towards cost of reconstruction of roadway between St. Kilda Station and Ormond-road, St. Kilda-street intersection	199,900	0	0
Public Works—	£	s.	d.
College of Optometry	1,488	0	0
Fisheries and Game—Hatcheries, &c.	12,849	11	2
Gas Examiner—Apparatus	187	17	8
Municipalities Forest Roads Improvement Fund	15,000	0	0
Parliament House—Alterations, &c.	2,679	7	10
	<hr/>		32,204 16 8
Water Supply—			
Apollo Bay Waterworks Trust	867	11	0
City of Ararat	32,818	4	10
Shire of Bacchus Marsh	4,354	12	1
Ballarat Water Commissioners	30,000	0	0
Coleraine—Casterton Waterworks Trust	3,158	9	5
Creswick Shire Council	1,406	12	2
Euroa Waterworks Trust	6,940	10	10
Hamilton Waterworks Trust	13,202	3	8
Borough of Inglewood	3,578	15	4
Lang Lang Waterworks Trust	494	8	5
Romsey Waterworks Trust	123	11	2
Shepparton Urban Waterworks Trust	13,477	4	11
Yarragon Waterworks Trust	2,934	7	9
Yarrawonga Waterworks Trust	480	16	3
	<hr/>		113,837 7 10
Sewerage—	£	s.	d.
Latrobe Valley Water and Sewerage Board	32,586	16	5
Tallangatta Sewerage Authority	4,000	0	0
	<hr/>		36,586 16 5
			<hr/> 150,424 4 3
			<hr/> 382,529 0 11

Pending Legislation.

Underpass, St. Kilda-road, linking Alexandra-avenue	271	3	1
Total	<hr/> 382,800	4	0

The following are the reasons furnished by the Treasurer for transferring the expenditure as a charge on future years :—

Railways Loan Application Act, £199,900. Amount charged at 30th June, 1959, pending passing of Railways Loan Application Act.

Public Works Loan Application Act, £32,204 16s. 8d. Amount charged at 30th June, 1959, pending passing of Public Works Loan Application Act.

Water Supply Loan Application Act, £150,424 4s. 3d. Amount charged at 30th June, 1959, pending passing of Water Supply 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.

Copy, in abstract, of an Order of His Excellency the Governor in Council pursuant to the provisions of Section 25 of the *Audit Act* 1958.

FINANCIAL YEAR, 1958-59.

Railways Department—

Date of Order Authorizing Transfer.	Vote.		Transferred.		Amount.
	Division.	Subdivision.	From Item—	To Item—	
27th October, 1959	88	1	Item No. 2—Way and Works Branch	Item No. 4—Electrical Engineering Branch .. Item No. 5—Stores Branch Item No. 6—Refreshment and Advertising Services .. Item No. 7—General Expenses	£ 16,170 9,030 32,640 55,880 <hr/> 113,720

APPENDIX C-1

ENDOWMENTS AND GRANTS.

	1957-58.	1958-59.	Increase + Decrease -
	£	£	£
Social—			
Alexander Miller Memorial Homes Trust	2,000	2,000	..
Australia Day Council	1,250	1,250	..
Australian Association for United Nations	500	500	..
Australian College of Optometry	3,000	3,000	..
Australian Red Cross Society for After-care Treatment of Poliomyelitis Sufferers	16,000	16,000	..
Ballarat Youth Centre	800	800	..
Boys' Employment Movement	1,100	1,100	..
Boy Scouts Association	2,000	2,000	..
Bush Nursing	75,500	81,500	+ 6,000
Children's Holiday Camps	5,000	5,000	..
Father and Son Welfare Movement	500	500	..
Framlingham Reserve Welfare Committee	375	..	- 375
Girl Guides Association	2,000	2,000	..
Marriage Guidance Council of Victoria	1,500	1,500	..
National Fitness Council	17,500	17,500	..
National Safety Council	1,500	1,500	..
Occupational Therapy	1,500	1,500	..
Over Fifty Association	400	400	..
Pathology Department, University, for services of Mr. N. McCallum	200	..	- 200
Playgrounds and Recreation Association of Victoria	5,000	5,000	..
Probation Officers' Association	100	100	..
Rotary Youth Club at Bendigo	500	500	..
Royal Humane Society	10	10	..
Royal Life Saving Society	2,500	2,500	..
St. John's Ambulance Brigade	1,450	1,447	- 3
Salvation Army for Official Visits to City Court and Lock-up	500	500	..
State Relief Committee	15,000	15,000	..
Surf Life Saving Association of Australia	3,000	3,000	..
Victorian Amateur Swimming Association	750	750	..
Victorian Council for Social Services	1,450	1,450	..
Victorian Nursing Council—Training Schools for Nurses	2,000	12,000	+ 10,000
Walter and Eliza Hall Research	13,000	13,000	..
Young Christian Workers Movement	1,000	1,000	..
Young Farmers' Clubs Association	9,000	9,000	..
Young Men's Christian Association	2,000	2,000	..
Cultural—			
Bands	1,750	1,750	..
Children's Free Libraries	5,000	5,000	..
Country Art Galleries	3,500	3,500	..
Country Free Libraries	9,000	9,000	..
Cultural Development	37,465	37,515	+ 50
Municipal and Regional Libraries	209,852	237,218	+ 27,366
Outdoor Orchestral Concerts	12,373	12,920	+ 547
Victorian Symphony Orchestra	25,000	25,000	..
Sundry—			
Animal Welfare League	500	500	..
Australian Publicity Council	5,000	5,000	..
Ballarat Fish Acclimatisation Society	1,000	1,200	+ 200
Bird Observers' Club—re Survey of Rookeries on Phillip Island .. .. .	..	50	+ 50
Cemeteries, Improvement and Maintenance	6,000	6,000	..
Commonwealth Parliamentary Association—Victorian Branch	500	1,895	+ 1,395
Conservation of Flora and Fauna Phillip Island	1,250	1,200	- 50
Country Fire Authority, cost of demonstration at Mildura	1,000	..	- 1,000
Empire Youth Movement	3,952	4,075	+ 123
Exhibition Trustees	1,000	1,000	..
Exhibition Buildings, repair and renewal works	15,000	15,000	..
Kerang Agricultural Research Farm Committee	1,000	..	- 1,000
Melbourne Medical Post-Graduate Committee	2,000	2,000	..
National Association of Testing Authorities	250	250	..
Save the Forests Campaign	5,000	5,000	..
Swan Hill Irrigators Research Committee	1,000	..	- 1,000
Trustees, Shrine of Remembrance	500	500	..
Victorian Piscatorial Council towards cost of Information Service	800	800	..
Victorian Society for the Protection of Animals	500	500	..
War Nurses Memorial Centre	2,000	2,000	..
Zoological Board of Victoria	13,500	13,500	..
Total	555,577	597,880	+ 42,103

The Treasury vote for cultural development is included in total in the above statement. A dissection of the allocations from this vote is given in Appendix C-2.

APPENDIX C-2—continued.

	£
Mildura District Orchestral Society	300
Moe Musical Society	25
Moe Theatrical Society	25
“ Moomba ” Festival	3,000
Mordialloc City Philharmonic Society.. .. .	100
Mordialloc Symphony Orchestra	25
Mornington Eisteddfod	150
Morwell Players	50
Myrtleford Theatre Lovers' Club	25
Nagambie Little Theatre	25
National Theatre Movement of Australia	8,500
National Theatre Movement of Australia (Ballarat Branch)	200
National Theatre Movement of Australia (Swan Hill Branch)	300
Northcote Dramatic Society	50
Orbost Drama Group	25
Peninsula Arts Society	50
Portland C.E.M.A.	100
“ Q ” Theatre Guild	25
Quambatook Music and Dramatic Club	25
Ringwood Arts and Crafts Society	25
Rochester Music and Drama Circle	25
St. Arnaud Drama Group	50
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 Drama Group	25
Shepparton and District Highland Gathering Society	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
Tatura Theatre Group	25
Terang Dramatic Society	25
Thalian Players	25
Therry Society	25
Thorpdale Drama Group	25
Tongala Musical Appreciation Club	50
Toora Musical and Elocutionary Competitions	50
Traralgon Music Drama and Art Society	150
Victorian Artists' Society	500
Victorian Chamber Players	100
Victorian Drama League	550
Victorian Highland Pipe Band Association	250
Victorian School Music Association	50
Wangaratta Arts Council	500
Wangaratta Choral Society	100
Wangaratta Players	50
Warragul Dramatic Society	25
Warrandyte Arts Association	100
West End Eisteddfod (Footscray)	100
Western District Eisteddfod	200
Williamstown Little Theatre Movement	150
Wonkana Choral Society	50
Yallourn Orchestral and Choral Society	100
TOTAL	37,515

APPENDIX D.

STATEMENT OF STORES HELD FOR ISSUE BY GOVERNMENT DEPARTMENTS AND PUBLIC AUTHORITIES.

Department or Public Authority.	Nature of Stores.	Value as at 30th June, 1959.
		£
1. Departments—		
Agriculture (including State Laboratories) ..	Machinery and Equipment Parts, Fuel, Seed, Chemicals, &c.	100,154
Chief Secretary—		
(a) Children's Welfare Branch	Clothing, Bedding, Crockery, Hardware	53,997
(b) Penal and Gaols Branch	Clothing, Bedding, Tools, Crockery	72,875
(c) Police Department (including Motor Registration Branch)	Radio and Vehicle Parts, Clothing, Office Requisites, &c.	123,883
Crown Lands and Survey	Implements, Equipment, Plans, Photographic Materials, Chemicals	114,205
Education	School Requisites, Books, and Equipment	160,351
Forests	Vehicle Parts, Implements, Tools, &c.	419,965
Health (including Mental Hygiene Authority)..	Furniture, Hardware, Linen, Instruments, Clothing, Drugs	447,551
Mines	Machinery, Tools, Tubing, Chemicals	113,337
Public Works	Mechanical and Electrical Equipment, Spare Parts, Furniture, Materials	347,597
Railways (including State Coal Mine)	Equipment, Refreshment Services, and General Stores ..	5,208,427
Treasurer—Government Printer	Paper, Stationery, Publications	549,234
Water Supply	Tools and General Stores	1,457,624
2. Public Authorities—		
Cancer Institute Board	Medical and Domestic Supplies	31,555
Council of Adult Education	Theatrical Equipment	3,500
Country Fire Authority	Fire-fighting Appliances, Hose, Spare Parts, Uniforms ..	20,801
Country Roads Board	Vehicle Parts and Accessories, Camping Equipment, General Stores	522,059
Egg and Egg Pulp Marketing Board	Eggs, Packing Materials, Spare Parts	108,477
Gas and Fuel Corporation	Gas Appliances, Fittings, and General Stores	1,311,710
Geelong Harbor Trust	Engineering, Marine, and Maintenance Stores	11,651
Grain Elevators Board	Mechanical Parts, Steel, Fuel	19,623
Housing Commission	Building Materials, Spare Parts	289,369
Latrobe Valley Water and Sewerage Board ..	Construction Materials, Spare Parts	42,103
Melbourne and Metropolitan Board of Works ..	Engineering Stores, Spare Parts, Pipes, Meters	986,502
Melbourne and Metropolitan Tramways Board ..	Engineering Stores and Parts, Uniforms, and Stationery ..	531,044
Melbourne Harbour Trust	Maintenance and Dredging Stores	448,435
Metropolitan Fire Brigades Board	Fire Appliances, Electrical and Engineering Stores, Uniforms	68,000
Portland Harbor Trust	Maintenance and Engineering Stores	62,968
Soldier Settlement Commission	Constructional Materials and General Stores	177,206
State Electricity Commission	Engineering, Maintenance, and General Stores	3,014,812
State Relief Committee	Clothing, Bedding, Hardware, Provisions	41,620
Transport Regulation Board	Stationery and Office Requisites	7,043
University of Melbourne	Building Materials, Books, and Stationery	118,500
Victorian Inland Meat Authority	Livestock, Meat, Packing Materials, General Stores ..	45,000
	Total	17,031,178

APPENDIX E.

SUMMARY OF RECEIPTS AND PAYMENTS FOR YEAR ENDED 30TH JUNE, 1959, 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 ..	1,041	..	198	1,239	27,071	5,184	3,670	35,925	34,686
Dookie Agricultural College ..	10,164	35,111	11,437	56,712	103,407	62,648	44,728	210,783	154,071
Glenormiston Dairy College ..	..	11,962	1,249	13,211	8,270	7,746	6,651	22,667	9,456
Longerenong Agricultural College ..	3,450	18,646	5,687	27,783	50,890	28,825	101,023	180,738	152,955
School of Dairy Technology, Werribee	326	5,332	743	6,401	6,674	12,551	432	19,657	13,256
Ellenbank Dairy Research Centre ..	..	4,994	749	5,743	10,289	6,963	13,568	30,820	25,077
Potato Research Station, Healesville ..	..	1,898	364	2,262	7,185	4,441	6,742	18,368	16,106
Horticultural Research Station, Mildura ..	..	..	..	..	2,330	703	1,635	4,668	4,668
Tobacco Research Station, Myrtleford ..	..	5,226	262	5,488	8,129	3,716	15,120	26,965	21,477
Rutherglen Research Station ..	..	9,843	2,087	11,930	18,972	11,704	27,714	58,390	46,460
Rutherglen Viticultural Station ..	..	1,558	53	1,611	8,632	1,775	5,394	15,801	14,190
Horticultural Research Station, Scoresby ..	..	997	234	1,231	12,543	8,700	3,576	24,819	23,588
State Research Orchard, Tatura ..	..	7,817	2,571	10,388	15,456	9,840	9,676	34,972	24,584
Mallee Research Station, Walpeup ..	..	5,254	2,455	7,709	9,625	5,739	6,230	21,594	13,885
State Research Farm, Werribee ..	..	31,849	1,747	33,596	42,405	34,740	76,139	153,284	119,688
Hamilton Pastoral Research Station ..	..	665	..	665	421	3,621	42,798	46,840	46,175
Kyabram Irrigation Research Station ..	..	..	..	..	..	..	57,500	57,500	57,500
Total	14,981	141,152	29,836	185,969	332,299	208,896	422,596	963,791	777,822

In connexion with the Tobacco Research Station at Myrtleford, the above figures do not include a Commonwealth contribution of £28,750 which was credited to an Account within the Treasury Trust Fund, and a contributory payment therefrom of £5,161 to the Commonwealth.

Further, for the purpose of a Pastoral Research Centre the Commonwealth Government through Wool Research Funds has made available £5000 for establishment costs and £3000, the first of three annual instalments, for maintenance and salary costs. The total contribution, £8,000, for 1958-59 is not shown in the receipts for Hamilton Research Station in the above summary.

