
REPORT

OF THE

AUDITOR-GENERAL

FOR THE YEAR ENDED

30th JUNE, 1960

8453/60.

INDEX

PAGE.	PAGE.
89 ..	Aborigines Welfare Fund
90 ..	Adult Education
28 ..	Advances to Public Bodies
31 ..	Agricultural Colleges, &c.
31 ..	Agriculture Department
28 ..	Arrears of Revenue
26 ..	Audit Queries Unsatisfied
20 ..	Budget—Expenditure Estimates
19 ..	Budget—Revenue Estimates
35 ..	Chief Secretary's Department
37 ..	Children's Welfare Department
56 ..	Closer Settlement
57 ..	Closer Settlement Insurance Fund
13 ..	Commonwealth Financial Assistance Grants
15 ..	Comptroller of Stamps
3 ..	Consolidated Revenue Surplus
27 ..	Co-operative Housing Societies
100 ..	Country Roads Board
75 ..	Country Water Supply
56 ..	Crown Lands and Survey
94 ..	Decentralization
112 ..	Defalcations and Irregularities
111 ..	Dried Fruits Board
41 ..	Education
14 ..	Entertainments Tax
50 ..	Erica State Saw Mill
83 ..	Estate Agents Guarantee Fund
20 ..	Expenditure (synopsis)
46 ..	Forests
83 ..	Government Buildings Fire Insurance Fund
51 ..	Government Printer
27 ..	Guarantees
52 ..	Health
88 ..	Home Builders' Account
90 ..	Hospitals and Charities
87 ..	Hospital Benefits Fund
23 ..	Interest
104 ..	King-street Bridge
14 ..	Land Tax
56 ..	Lands Department
60 ..	Land Settlement
60 ..	Land Settlement Insurance Fund
91 ..	Level Crossings Fund
18 ..	Licensing Fund
40 ..	Lighterage and Storage of Explosives
21 ..	Loan Fund
61 ..	Local Government Department
92 ..	Mallee Land Account
92 ..	Mental Hospitals Fund
54 ..	Mental Hygiene
111 ..	Milk Board
62 ..	Mines Department
83 ..	Motor Car (Hospital Payments) Fund
35 ..	Motor Registration Branch
93 ..	Municipalities Assistance Fund
24 ..	National Debt Sinking Fund
94 ..	National Parks Fund
85 ..	Parliamentary Contributory Retirement Fund
37 ..	Penal and Gaols
87 ..	Pharmaceutical Benefits Fund
35 ..	Police Department
84 ..	Police Pensions Fund
84 ..	Police Superannuation Fund
86 ..	Port Phillip Pilot Sick and Super. Fund
95 ..	Potato Marketing Board—Liquidator's Account
14 ..	Probate Duty
12 ..	Public Account
23 ..	Public Debt and Debt Charges
63 ..	Public Works Department
66 ..	Railway Accounts
16 ..	Registrar-General, Registrar of Companies, and Registrar of Titles
13 ..	Revenue (synopsis)
3 ..	Revenue and Expenditure
3 ..	Review
78 ..	River Improvement Trusts
96 ..	Securities Lodged with Treasurer
58 ..	Soldier Settlement Commission
60 ..	Soldier Settlement Insurance Fund
81 ..	Special Funds
97 ..	State Accident Insurance Office
73 ..	State Coal Mine
28 ..	State's Debtors
99 ..	State Motor Car Insurance Office
84 ..	Superannuation and Pension Funds
26 ..	Surcharges
16 ..	Tattersall Duty
14 ..	Taxation
49 ..	Timber Seasoning Works, Newport
17 ..	Totalizer
109 ..	Tourist Development Authority
105 ..	Transport Regulation Board
25 ..	Treasurer's Advance
81 ..	Trust Funds
44 ..	Universities
33 ..	Victoria Dock Cool Stores
77 ..	Waterworks Trusts
107 ..	Workers Compensation Board
 <i>Abstracts of Year's Operations—</i>	
115 ..	No. 1 Revenue Account
116 ..	„ 2 Receipts and Expenditure
117 ..	„ 3 Loan Fund
118 ..	„ 4 Trust Funds
119 ..	„ 5 Debt Charges Account
121 ..	„ 6 Railways — Receipts and Expenditure
123 ..	„ 7 Country Water Supply— Receipts and Expenditure
 <i>Appendices—</i>	
124 ..	A. Treasurer's Advance
125 ..	B. Transfers—Section 25 Audit Act
126 ..	C.-1 Endowments and Grants
127 ..	2 Cultural Development Allocations
129 ..	D. Stores
130 ..	E. Education Department. Comparative Analysis
132 ..	F. Agricultural Colleges and Research Institutions

REPORT OF THE AUDITOR-GENERAL OF VICTORIA

UPON

THE TREASURER'S STATEMENT OF THE FINANCES FOR THE YEAR
ENDED 30TH JUNE, 1960.

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, 1960, 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 ; and
- (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.

The final 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 30th September, 1960, by Act No. 6660.

The Treasurer's Statement and the related subsidiary statements, which were received from the Treasury on 25th October, 1960, have been checked by my officers and are in agreement with the accounts of the Treasurer.

In order to expedite the presentation to the House of the Treasurer's Statement together with the explanations and particulars outlined above, I have deferred comment upon the accounts of the several major public authorities which I am required by law to audit. The accounts of these authorities will be the subject of a second report which is now in course of preparation.

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

REVIEW.

Revenue and Loan.

In 1959-60—

	£	s.	d.
The Revenue brought to account from all sources was	168,310,347	2	0
The Expenditure charged against the year's Revenue was	167,996,809	10	8
<hr/>			
The Surplus for the year—certified by me pursuant to the provisions of Section 20 of the <i>Public Account Act</i> 1958 — was ..	313,537	11	4
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As the surplus for the year was preceded by a succession of four annual deficits, it reflected a marked improvement in the State's over-all revenue position. Increases in revenue from both Commonwealth and State sources in excess of increases in expenditure were the main factors contributing to the improvement. Particulars of the major increases in revenue are given later herein.

Substantially, the higher revenue from Commonwealth sources was expected, and was taken into consideration by the Treasurer earlier in the year when estimating a deficit of £1,200,078 in the State's Consolidated Revenue Account. The conversion of this estimated deficit to an actual surplus of £313,538 was, therefore, due largely to the receipt of revenue from State sources in excess of that anticipated.

The estimated and actual results for the year may be reconciled as follows:—

Excess of Actual over Estimated Revenue—

	£
From State Sources	4,367,003
From Commonwealth Sources	50,344
	<u>4,417,347</u>

Deduct—

	£
Estimated Deficit for year	1,200,078
Excess of Actual over Estimated Expenditure	<u>2,903,731</u>
	4,103,809
Surplus for year	<u>313,538</u>

Further, in relation to the State's budgetary position in 1959-60, it should be pointed out that the impact on the State's revenue resources of the marginal increases in salaries and wages granted by Commonwealth and State tribunals during the year was lessened because, in many instances, such increases were partially covered by unexpended portions of "Votes" representing excess salary provisions in the original estimates for the year. These over-provisions arose from several causes including the inevitable "lag" in the filling of vacancies.

Largely because of the buoyancy of the general revenues of the State, the surplus on General Account was in excess of the sum of the deficits on Railways and State Coal Mine Accounts. Comparative details for the past five years are given below:—

—	1955-56.	1956-57.	1957-58.	1958-59.	1959-60.
	£	£	£	£	£
Deficit—					
Railways Account	4,153,596	5,227,234	6,000,199	3,942,331	4,602,308
State Coal Mine Account	74,335	307,881	301,165	239,477	230,123
	4,227,931	5,535,115	6,301,364	4,181,808	4,832,431
Less—Surplus—General Account	982,431	1,223,649	3,088,708	1,633,667	5,145,969
Deficit for year	3,245,500	4,311,466	3,212,656	2,548,141	..
Surplus for year .. .. .	..	..	..	..	313,538

The Railways deficits shown in the foregoing summary have been arrived at as follows:—

—	1955-56.	1956-57.	1957-58.	1958-59.	1959-60.
	£	£	£	£	£
Railway Working Expenses, &c.	36,689,814	37,735,857	36,638,887	36,426,084	37,662,372
Railway Pensions and Superannuation contributions	1,579,131	1,620,954	1,712,623	1,845,153	1,969,664
	38,268,945	39,356,811	38,351,510	38,271,237	39,632,036
Railway Income	37,299,906	37,463,316	35,947,810	38,141,702	39,031,893
Excess of Working Expenses, &c., over Income	969,039	1,893,495	2,403,700	129,535	600,143
Debt Charges	3,184,557	3,333,739	3,596,499	3,812,796	4,002,165
Railway Deficit	4,153,596	5,227,234	6,000,199	3,942,331	4,602,308

Each of the amounts for "Debt Charges" shown represents part only of the debt charges on the loan liability incurred by the State on account of railways. The amount shown is that portion that railway income, itself, is expected to bear, but it will be observed that, in each of the five years, the income was not at a sufficiently high level to provide any contribution towards meeting this commitment. Therefore, in each of those years, the whole of the annual debt charges on the State's loan liability, on account of railways was, in effect, met from the general revenues of the State.

In 1959-60, these debt charges amounted to £7,398,554, and comprised the following:—

Debt Charges—	£
On the railways loan liability transferred to the State under authority of the <i>Railways (Finance Adjustment) Act 1936</i>	1,394,629
On the loan liability incurred for railway rehabilitation purposes, in respect of which, by statutory direction, sinking fund contributions and interest are not chargeable to the Railways Department	2,001,760
Expected to be borne by railway income	4,002,165
Total	7,398,554

The Treasurer estimated that railway income, including Treasury recoups, would, in 1959-60, reach the sum of £38,257,500. It will be seen that the actual amount collected exceeded this figure by £774,393. This amount more than offset the excess of actual over estimated expenditure with the result that the railway deficit at £4,602,308 was lower than the estimated deficit of £5,188,161. It will also be noticed that railway income at £39,031,893 was greater than that of the previous year by £890,191.

In connexion with the improvement in the railway revenue position, assessed so far herein on a purely cash basis, it is of relevance to note that departmental statistical records disclose that, while there was a decline in country and suburban passenger traffic and in the carriage of live stock, there was, on the other hand, an increase in the tonnage of goods carried; further, that earnings from these classes of traffic, other than those from country passenger traffic, were higher in 1959-60 than in 1958-59. Relevant details are:—

	1958-59.		1959-60.	
	Number.	Earnings.	Number.	Earnings.
		£		£
Passenger Journeys—				
Country	4,858,269	3,464,502	4,634,645	3,291,304
Suburban	158,625,792	8,512,196	153,659,331	8,826,053
Tonnage of—				
Goods	8,840,155	20,542,981	9,280,715	21,155,479
Live Stock	454,860	1,337,339	406,730	1,396,635

On the face of the comparative figures presented above, it is evident that, in addition to the increase in goods traffic, a full year's operation of the revised scale of suburban fares which was implemented on 14th September, 1958, and increases generally of 10 per cent. and 7½ per cent., as from 6th March, 1960, in passenger fares and freight charges respectively, were factors in the achievement of the additional railway earnings in 1959-60.

Collections on account of railway earnings are brought to account in the Treasury books under the Revenue head of "No. 4—Public Works". Receipts of other State undertakings including those of the State Rivers and Water Supply Commission and the amounts recovered by the Public Works Department by way of an oncost charge on Loan Works, &c., are also accounted for under the same head. Over all, revenue under No. 4 increased from £43,159,021 in 1958-59 to £44,693,971 in 1959-60.

Comparative details of the collections of the State Rivers and Water Supply Commission and of the Public Works Department, credited to "No. 4—Public Works", are furnished hereunder:—

	1958-59.	1959-60.	
	Collections.	Collections—	
		Estimated.	Actual.
	£	£	£
State Rivers and Water Supply Commission—			
Rates, Charges, Water Sales, and Miscellaneous	2,676,919	2,610,000	2,781,061
Recoups on account of amounts paid from Revenue in connexion with Loan Works, &c.	920,279	875,000	920,072
	3,597,198	3,485,000	3,701,133
Public Works Department—			
Recoups on account of amounts paid from Revenue in connexion with Loan Works, &c.	704,055	1,150,000	1,289,592

Recoups under the head of State Rivers and Water Supply Commission represent—

- (i) amounts recovered from works, other than those works financed from Consolidated Revenue, by way of oncost or direct charges; and
- (ii) amounts repaid on account of works temporarily financed from Consolidated Revenue.

In respect of oncost charges, varying rates are debited depending on the nature of the works but, generally, as from 1959-60, expenditure subject to oncost, other than that in respect of "Land Compensation" and "Special Contracts", has been charged at the rate of 10 per cent. as against $8\frac{1}{3}$ per cent. previously.

Recoups on account of amounts paid from Revenue in connexion with Loan Works, &c., by the Public Works Department first appeared in the Treasurer's Revenue Statement in 1958-59. This method of accounting for the amounts recovered from loan works, &c., replaced the previous and unsatisfactory practice of relieving the departmental vote by direct charges to loan and authorities other than revenue appropriations. It should be noted that, under the previous practice, Parliament was unaware of the amount so recovered.

When the new method was introduced in 1958-59, it was based on an oncost charge of $7\frac{1}{2}$ per cent. to cover the departmental costs of design, supervision and administration. As from 1959-60, the rate was increased, with the approval of the Treasurer, to $12\frac{1}{2}$ per cent. on the grounds that higher costs would be involved in providing the services mentioned because of wage adjustments, &c. From the summary furnished, it will be noticed that, in 1959-60, the actual amount recovered exceeded the estimate by £139,592.

The other major source of revenue entirely within the ambit of the State's control, is State taxation. Revenue from this source, which is discussed in detail at page 14 *et seq.* of this report, rose from £30,507,713 in 1958-59 to £37,993,850 in 1959-60.

Of the principal direct imposts, "Entertainments Tax" alone showed a decrease. Variation of tax rates and exemption from tax in certain instances, which were authorized by amending legislation passed during the year, were the direct causes for the lower revenue received from this source.

A substantial increase in the aggregate value of new estates assessed, together with the effect of the higher duties imposed in certain circumstances by amending legislation passed in 1958, is reflected in the increase of £1,574,394 in collections from "Probate Duty".

Collections from "Land Tax" increased by £1,192,792 due mainly to the continued revision of land values throughout the State.

There was a marked increase in revenue from collections under the Stamps Act. "Sale of Duty Stamps" increased from £7,317,498 to £9,925,177. Due to the inclusion of workers' compensation and motor car insurance (other than third-party) in the range of insurance business liable to duty, collections from "Duty on Insurance Business" rose from £1,042,622 in 1958-59 to £2,419,064 in 1959-60. With the exception of "Bookmakers' Licences", revenue from which was almost at the same level as that in the previous year, collections from taxes associated with racing indicated an upward trend. "Turnover Tax on Bookmakers' Transactions" increased by £166,892; Stamp Duty on "Betting Tickets" by £15,024; and "Totalizator" duty by £117,399. In this regard, it is noticeable that, according to the records of the Entertainment Tax Branch, attendances at race meetings rose from 2,183,893 in 1958-59 to 2,407,468 in 1959-60.

A new sub-head of revenue, "Motor Car Third Party Insurance", appears in the Treasurer's accounts under the head of "Taxation", and £489,814 was received from this source in 1959-60. It represents the collections under the *Motor Car (Insurance Surcharge) Act 1959* which came into operation on 16th November, 1959. Generally, under the provisions of this Act, an annual surcharge of £1 is imposed on every third-party insurance premium payable under the *Motor Car Act 1958*.

Payments to the State from Commonwealth taxation sources are discussed at page 13 of this report under the heading of "Commonwealth Financial Assistance Grants". In previous reports, relevant particulars were furnished under the heading of "Commonwealth Tax Reimbursements".

New Commonwealth legislation, the *States Grants Act 1959*, which came into operation on 1st December, 1959, with effect from the year 1959-60, repealed the *States Grants (Tax Reimbursement) Act 1946-48* and provided a new basis of Commonwealth assistance to the States. Victoria received £60,625,000 in 1959-60 as compared with £54,582,520 in the previous year.

Obviously, the increase in the Commonwealth grant augmented to a considerable extent Victoria's receipts from the Commonwealth on account of Consolidated Revenue. However, because of the additional revenue raised by the State, itself, of which some indication has already been given in this review, no marked change occurred as between the proportion of the State's gross revenue obtained from the Commonwealth and that received from State sources. Comparative details over the past five years, including those relevant to the State's over-all revenue position, are given below:—

Year.	Commonwealth Contributions and Recoups.	Percentage of Gross Revenue.	Revenue from State Sources.	Percentage of Gross Revenue.	Gross Revenue.	+ Deficit. - Surplus.	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
1959-60 ..	64,183,303	38·13	104,127,044	61·87	168,310,347	- 313,538	167,996,809

Expenditure from Consolidated Revenue rose from £153,796,204 in 1958-59 to £167,996,809 in 1959-60. A substantial part of this increase was due to additional expenditure on account of salaries and wages.

All salaries and wages are not charged to salary votes and, therefore, the Treasurer's annual finance statement does not disclose the total amount provided from Consolidated Revenue to meet these costs. However on the basis of the actual figures for Salaries and Wages published by the Treasurer for comparative purposes in the Estimates for the years 1959-60 and 1960-61, the additional charge on Consolidated Revenue in 1959-60 on account of salaries and wages was in the order of £8,000,000.

Other significant factors contributing to the over-all increase in expenditure on Consolidated Revenue were :—

- (i) an increase of £3,429,813 in the sum necessary to meet the State's debt charges ; and
- (ii) an increase of £1,585,445 in the total of the payments to the Hospitals and Charities Fund.

The passing, towards the close of the autumn session of Parliament, of interim supplementary estimates in respect of the year, was, in my view, a progressive step. It meant that, at the close of the year, expenditure on account of Consolidated Revenue in 1959-60 pending parliamentary approval was at the comparatively low sum of £323,860. As at 30th June, 1959, the comparable figure was £1,395,112.

The liability, as at 30th June, 1960, on account of the State's Consolidated Revenue Deficit was £21,163,182. This is the amount arrived at by the Treasury after allowing for the equity in the National Debt Sinking Fund applicable to deficit loans and after taking into consideration discount and expenses of deficits funded. Comparative figures as at the close of each of the past two years are given hereunder :—

Liability borne by—	As at 30.6.59.	As at 30.6.60.
	£	£
Loan	17,603,484	19,286,009
Public Account	4,423,173	1,877,173
	22,026,657	21,163,182

The amount of £1,877,173 shown as borne by Public Account as at 30th June, 1960, is the unfunded balance of the 1958-59 deficit. Authority for the funding of this amount is contained in Act No. 6587 passed on 8th December, 1959. Section 19 of the *Public Account Act* 1958, which authorises the issue and application out of the Public Account of any sum necessary to meet the whole or any portion of an Annual Consolidated Revenue Deficit, does not stipulate the period in which any such charge may remain to Public Account. The Section does imply, however, that the charge is to be of a temporary nature but, notwithstanding this implication, it would appear that it is entirely within the discretion of the Treasurer to what degree, if any, he should act under the authority of a Revenue Deficit Funding Act.

In view of the Surplus for the year, it is appropriate to note that Section 20 of the Public Account Act provides, *inter alia*, that the amount of any such excess of revenue over expenditure shall be applied towards the reduction of the Consolidated Revenue Deficit unless, not later than the 31st December next after the close of the financial year concerned, Parliament otherwise directs. Because, in the past, Surplus Revenue Bills have, in most instances, been passed by Parliament within the time stipulated, there has been little operation of the automatic provisions of the Section. In this regard, it should be observed that, in thirteen of the years in the period 1st July, 1927, to 30th June, 1959, there were surpluses amounting in all to £4,817,864 and, of this sum, £113,141 only was applied to the reduction of the Consolidated Revenue Deficit.

In my review of the previous year's accounts, I mentioned that, in recent years, loan moneys had been used to finance maintenance and replacement works whereas, formerly, expenditure on these works would have been regarded as a proper charge to Consolidated Revenue. It is impracticable, for the reason outlined immediately below, to ascertain the exact sum which may be regarded as coming within this category.

Many of the items in Loan Application Acts are couched in such terms as cover not only additions and improvements but also the remodelling, renovation, replacement and renewal of assets. Further, some items cover contributions to Special Accounts in the Treasury without specific directions that the sums authorized are to be used for the acquisition of assets. Therefore, without a complete and laborious analysis of the charges to these items, it is not possible to determine the respective sums expended in any year on maintenance and capital works.

Notwithstanding this observation, it should be stated that, in respect of each of a few items in Loan Application Acts, the authority therein covers expenditure solely on maintenance, repair, renewal or replacement works. Such items, which were the subject of comment in my previous report, are—Item 2 of the Public Works Loan Application Acts which supplements provision for maintenance, repair and renewal of school buildings and their contents and teachers' residences, &c. ; and Item 5 of the Railway Loan Application Acts which authorizes expenditure on "Replacement (Rehabilitation) Works". For the purpose of comparison, the sums expended under these authorities in the past two years are set out hereunder :—

Authority for Expenditure.	Actual Expenditure—	
	1958-59.	1959-60.
	£	£
Item 2—Public Works Loan Application Acts	1,153,965	960,289
Item 5—Railway Loan Application Acts	4,981,723	5,389,165

As implied, expenditure under the foregoing authorities was in conformity with and in continuation of a method of finance followed and accepted as State policy over recent years. However, with Parliamentary approval, this method of finance was, in 1959-60, applied to another class of governmental expenditure which, in former years, had been financed from Consolidated Revenue. I refer to the costs and expenses of the Vermin and Noxious Weeds Branch of the Lands Department. This change of financial practice is exemplified in comparative form below :—

Nature of Expenditure.	1958-59.		1959-60.		
	Funds Provided Solely from Consolidated Revenue.		Funds Provided from Loan Fund and Consolidated Revenue.		
	Appropriation.	Actual Expenditure.	From Loan Fund.	From Consolidated Revenue.	
				Appropriation.	Actual Expenditure.
	£	£	£	£	£
Costs and Expenses in carrying out the Provisions of the Vermin and Noxious Weeds Acts	710,000	709,446	529,859	195,000	195,000

In amplification of the above figures, it should be observed that, in 1959-60, when the revenue vote of £195,000 was exhausted, all expenditure for the purposes shown, was, to the extent indicated, charged to Loan Fund under the authority of Item 34 of the Public Works Loan Application Act No. 6602.

The State's net loan liability, excluding that incurred by way of conditional loan advances made by the Commonwealth for housing and soldier settlement, rose from £554,883,744 as at 30th June, 1959, to £593,935,754 as at 30th June, 1960. There has been no diminution of the upward trend, noticeable in past years, in the charges to the general revenues of the State on account of interest and sinking fund in respect of this liability. The statistical analysis—Debt Charges—part of Statement No. 5 of this report—discloses the course of this trend.

The amounts and proportions allocated for various purposes from loan moneys available for works in each of the past three years are shown in the statement hereunder :—

Nature of Expenditure.	1957-58.		1958-59.		1959-60.	
	—	Percentage of Available Loan Moneys.	—	Percentage of Available Loan Moneys.	—	Percentage of Available Loan Moneys.
	£		£		£	
Social—						
Education, Health, Hospitals, and Sundry Social items	14,023,523	29·78	15,620,384	32·21	17,514,899	32·86
Law and Order—						
Law, Police, Penal, &c.	639,392	1·36	565,276	1·16	631,824	1·19
Railways and State Coal Mine	7,049,365	14·97	7,432,234	15·33	7,814,405	14·66
Primary Production—						
Agriculture, Lands, Soldier Settlement, Forests, Country Water Supply, &c. ..	11,395,597	24·20	12,375,505	25·52	12,274,323	23·03
Advances to State Electricity Commission	3,200,000	6·79	3,500,000	7·22	6,500,000	12·19
Other Public Works	2,651,652	5·63	2,873,176	5·93	1,777,869	3·33
Other Works, Advances, &c.	2,378,123	5·05	2,054,896	4·24	2,977,410	5·58
In aid of Revenue	4,315,000	9·16	3,000,000	6·19	2,546,000	4·78
Total Expenditure	45,652,652	96·94	47,421,471	97·80	52,036,730	97·62
Balance forward	1,442,924	3·06	1,067,788	2·20	1,266,181	2·38
Total loan moneys available for works	47,095,576	100·00	48,489,259	100·00	53,302,911	100·00

Trust and Special Funds.—Eight 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 81.

In 1959-60, debits and credits to the funds and accounts within the Trust Fund aggregated respectively £109,363,659 and £113,644,144, as compared with £96,413,426 and £100,632,737 in 1958-59.

As indicated previously, Commonwealth loan advances for housing and special assistance for soldier settlement are not included in the State's ordinary loan liability, and, as they are subject to specific conditions, these advances pass through special accounts within the Trust Fund. As at the close of the year under review, the State's liability in respect of housing was £119,717,291, and on account of special assistance for soldier settlement, £7,094,159, as compared with £110,030,169 and £6,135,052, respectively, as at 30th June, 1959.

Other moneys are also received from the Commonwealth for specific purposes either in the way of loan or grant or for disbursement on behalf of the Commonwealth. The credits and debits, in 1958-59 and 1959-60, to special accounts in the Treasury financed in this manner, are summarized hereunder:—

Account or Fund.	1958-59.			1959-60.		
	Total Credits (Including Balance Forward).	Total Debits.	Balance Forward.	Total Credits (Including Balance Forward).	Total Debits.	Balance Forward.
	£	£	£	£	£	£
Commonwealth-State Housing ..	7,560,000	7,560,000	..	7,560,000	7,560,000	..
Home Builders' Account	3,827,258*	3,789,714	37,544	4,028,505	3,988,823	39,682
Commonwealth-State Soldier Settlement	1,000,000	713,337	286,663	1,286,663	1,286,663	..
Uniform Railway Gauge Trust Account	1,627,103	1,625,622	1,481	3,846,824	3,822,365	24,459
Hospital Benefits	1,638,104	1,601,987	36,117	1,660,117	1,591,422	68,695
Private Hospital Benefits	528,948	516,442	12,506	532,505	530,004	2,501
Commonwealth Aid Roads	7,045,132	6,678,236	366,896	9,026,671	9,001,098	25,573
Rural Rehabilitation	1,476,226	..	1,476,226	1,555,710	18,960	1,536,750
University (Commonwealth Subsidy) ..	1,269,201	1,269,201	..	1,358,496	1,358,496	..
Commonwealth-State Free Milk Scheme	840,340	828,810	11,530	921,531	921,274	257
Commonwealth-State Grants (Mental Institutions)	619,621	619,621	..	518,235	518,235	..
Commonwealth Pharmaceutical Benefits	565,225	552,002	13,223	703,223	649,572	53,651
Commonwealth Scholarship Scheme ..	510,467	506,192	4,275	657,021	644,619	12,402
Other	525,352	436,032	89,320	480,106	411,461	68,645
	29,032,977	26,697,196	2,335,781	34,135,607	32,302,992	1,832,615

* Includes repayment of advances and interest thereon 1958-59, £654,498; 1959-60, £890,961.

With respect to the Commonwealth advances already referred to in this section of the review, those for housing pass, for the major part, through the Commonwealth-State Housing Account and, as to the remainder, through the Home Builders' Account; and, those for special assistance for soldier settlement through the Commonwealth-State Soldier Settlement Account. The titles of the other accounts listed in the summary indicate the various purposes for which the moneys were made available by the Commonwealth. The general designation—"Other"—includes several smaller accounts which record the receipt and disbursement of Commonwealth moneys provided to meet sundry social and other needs, and for assistance to primary producers.

It will be observed that, as between 1958-59 and 1959-60, a substantial increase is indicated in the total of the credits to the Commonwealth Aid Roads Accounts. This increase reflects, insofar as Victoria is concerned, the effect of the first year of a statutory period of five years' operation of a new scheme of Commonwealth Assistance to the States for roads. The terms of this scheme, which are contained in Commonwealth legislation—the *Commonwealth Aid Roads Act 1959*—are discussed in more detail in this report under the heading of "Country Roads Board".

In addition to providing moneys for the purposes outlined above, the Commonwealth has supplemented State contributions to the extent of £28,375 for tobacco experimental works.

The Country Roads Board Fund is an important account within the State's financial structure. It is financed on a substantial scale solely from State sources. Excluding cross entries, its credits, which include collections on account of fees, fines and

licences, &c., under the Motor Car Act and road charges under the Commercial Goods Vehicles Act, amounted, together with the balance brought forward, to £11,434,355 in 1958-59 and £12,615,275 in 1959-60.

The actual expenditure by the Country Roads Board on road and associated works, met from the Country Roads Board Fund, Commonwealth Aid Roads moneys and from loan allocations, reached the sum of £17,219,910, as compared with £15,021,603 in 1958-59.

Public Account.—At the close of the year, cash amounting to £21,452,498 was held at the following banks:—

	£
Contracting Banks, Melbourne	21,398,545
Westminster Bank, London	5,699
Contracting Bank, Wellington	48,254
Total	<u>21,452,498</u>

The amount held, £21,452,498, 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 .. .. .	..	1,266,180
Trust Funds and Special Accounts	44,166,477	
<i>Deduct</i> Investments	<u>20,174,341</u>	<u>23,992,136</u>
Aggregate of Cash Balances—		25,274,496
<i>Less</i> Advances—		
For Revenue deficits	1,877,173	
„ Departmental Advances, &c.	1,439,563	
„ Treasurer's Advance	<u>505,262</u>	<u>3,821,998</u>
Cash balance as above— .. .. .	..	<u>21,452,498</u>

The comparable balance as at 30th June, 1959 was £15,283,791.

Miscellaneous—Soldier Settlement.—Later in this report, under the general heading, Soldier Settlement Commission, the question of Commonwealth and State obligations in respect of “excess costs” associated with soldier settlement is discussed at some length. Attention is invited particularly to my concluding paragraph on that subject wherein I make the observation “. . . . that early agreement between the Commonwealth and the State as to a firm basis of final adjustment of excess costs is essential in the interests of the State.”

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.

	1958-59.	1959-60.		£
State Taxes	30,507,713	37,993,850	Increase	7,486,137
Commonwealth-Financial Assistance Grants	*54,579,077	60,625,000	"	6,045,923
Interest (including Recoups)	8,420,192	9,313,362	"	893,170
Railways	38,141,702	39,031,893	"	890,191
Recoups, &c. (other than Interest and Water Supply)	3,182,098	3,940,611	"	758,513
Forests	2,141,708	2,449,699	"	307,991
Lands	694,959	871,207	"	176,248
Fees	1,211,688	1,384,938	"	173,250
Country Water Supply (including Recoups)	3,597,198	3,701,133	"	103,935
Rents	253,946	352,128	"	98,182
Police	401,509	499,091	"	97,582
Health	†1,099,536	†1,164,509	"	64,973
Education	240,982	299,165	"	58,183
Government Printer	1,152,024	1,202,504	"	50,480
Ports and Harbors	536,557	585,086	"	48,529
Agriculture	463,003	506,370	"	43,367
Soldier Settlement Commission	17,835	46,832	"	28,997
Penal Establishments	80,834	101,464	"	20,630
Fines	451,506	471,815	"	20,309
Mint	175,804	196,023	"	20,219
Sundry	609,987	681,710	"	71,723
Total Increase				17,458,532
Mental Hygiene	650,540	318,048	Decrease	332,492
Coal Mines	409,367	362,071	"	47,296
Sale of Government Property	101,138	84,679	"	16,459
Total Decrease				396,247
Commonwealth and States Financial Agreement (Vic.) Act No. 3554	2,127,159	2,127,159		
	<u>151,248,062</u>	<u>168,310,347</u>	Increase	<u>17,062,285</u>

*1958-59 Commonwealth payments comprised Reimbursement of Taxes, £46,474,972 and Special Financial Assistance, £8,104,105.

†Includes reimbursement of Tuberculosis expenses by Commonwealth in 1958-59, £1,060,031, and in 1959-60, £1,114,127.

Commonwealth financial assistance 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 FINANCIAL ASSISTANCE GRANTS.

New Commonwealth legislation, the *States Grants Act 1959*, which came into operation on 1st December, 1959, repealed the *States Grants (Tax Reimbursement) Act 1946-48* and provided, as from the year 1959-60, a new basis of Commonwealth assistance to the States.

The grants under the new legislation are known as "Commonwealth Financial Assistance Grants", whereas those under the 1946-48 Act were generally referred to as "Commonwealth Tax Reimbursement Grants".

In 1959-60, the grants to the States accorded with the respective sums fixed for that year by the *States Grants Act 1959*. The Act also provides, *inter alia*, the method of calculation of the grants for each subsequent year and for a possible review of the existing provisions to determine whether any change in such provisions is desirable in respect of a year subsequent to 1964-65.

It would seem that, under the new method, the grant to each State will be more closely allied to its growth in population. From 1960-61, the total Commonwealth financial assistance to the States will, in effect, be an aggregation of six separate grants each

calculated on the basis of the figure fixed for 1959-60 varied in proportion to the movement in the population of the State concerned and increased by 1.1 times the percentage increase in average wages throughout the Commonwealth.

Under the old method, an aggregate sum was determined on the basis of the 1947-48 grant, varied in accordance with movements in the total population of the six States and having regard to the level of average wages for Australia as a whole. The aggregate sum so determined was distributed between the States on an adjusted population basis.

As fixed by the 1959 Act, the grant to Victoria in 1959-60 was £60,625,000. In the previous year, Victoria's grant was £54,582,520 which comprised, £46,478,415, as determined under the formula in the 1946-48 Act and, £8,104,105, by way of supplementary grant. Comparative details of the Commonwealth tax reimbursement and supplementary grants in the period 1946-47 to 1958-59 inclusive are given in the table on page 11 of my report on the Treasurer's accounts for 1958-59.

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.	1956-57.	1957-58.	1958-59.	1959-60.
	£	£	£	£
Direct	16,634,405	18,091,504	17,750,209	21,020,961
Stamps Acts	6,229,765	7,440,356	9,614,800	13,780,837
Registrations, &c.	156,918	142,635	154,390	157,053
Licences	2,562,527	2,853,017	2,988,314	3,034,999
Total Taxation ..	25,583,615	28,527,512	30,507,713	37,993,850

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.

—	1956-57.	1957-58.	1958-59.	1959-60.
	£	£	£	£
Probate Duty	7,005,493	8,065,270	7,838,504	9,412,898
Land Tax	4,169,746	4,606,928	4,661,300	5,854,092
Entertainments Tax	1,624,497	1,749,298	1,629,469	1,412,206

Probate Duty for 1959-60 amounting to £9,309,101 was collected by the Commissioner of Probate Duties and £103,797 by the Public Trustee.

The aggregate value of new estates assessed increased from £75·4 million in 1958-59 to £80 million in 1959-60.

Under the provisions of the *Administration and Probate (Amendment) Act 1958 No. 6478*, the estates of persons who died on or after 1st December, 1958, are subject to higher rates of duty, except in any instance where the final balance of the estate passes to the widow, widower, children under the age of 21 years, wholly dependent adult children or wholly dependent widowed mother of the deceased. In any such instance the rate remains approximately the same as under previous legislation.

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.

Entertainments Tax.—The *Entertainments Tax (Reduction) Act 1959, No. 6554*, varied certain rates of tax from 9th November, 1959.

Provision is made in the principal Act for admission charges to entertainments to be taxed at the rates set out in two separate scales, the scale applicable being determined by the class of entertainment. The effect of the amending Act has been :—

- (i) to extend to all admission charges of 3s. 3d. or less the exemption from tax; and
- (ii) to reduce the tax on admission charges in the 3s. 3½d. to 4s. 6d. range in relation to that class of entertainment which attracts tax at the higher rate.

The influence of these variations in rates is reflected in the reduced collections under this head.

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

	1956-57.	1957-58.	1958-59.	1959-60.
	£	£	£	£
Duty Stamps	4,795,007	5,758,105	7,317,498	9,925,177
Insurance Licences	360,718	392,524	1,042,622	2,419,064
Betting Tax	974,960	1,186,513	1,153,998	1,320,890
Betting Tickets	99,080	103,215	100,682	115,706
Bookmakers' Licences	39,084	38,851	37,754	37,443
Total	6,268,849	7,479,208	9,652,554	13,818,280

Revenue benefited substantially by the operation, from 26th October, 1959, of the *Stamps Act 1959, No. 6552*.

Except for a slight modification in respect of Marine and Transport insurance, the effect of the amending legislation was to extend the range of insurance business liable to duty to include Workers Compensation and Motor Car (other than Third Party) insurance. The Insurance Commissioner, appointed pursuant to the *Workers Compensation Act 1958* and the *Motor Car Act 1958*, was also made liable for payment of the duty.

In addition, the Act authorized the following increases in duty in relation to :—

- (i) the transfer of marketable securities and rights in respect of shares—an increase of 50 per cent. in certain cases; and
- (ii) leases, where the consideration or any part of the consideration is rent—an increase of 50 per cent.

Another factor which contributed to the considerable rise in revenue from stamp duty for 1959-60 was the operation, over a full year, of the provisions of the *Stamps (Amendment) Act 1958, No. 6450*, which authorized substantial increases in duty as from 1st December, 1958.

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

—	1956-57.	1957-58.	1958-59.	1959-60.
	£	£	£	£
Fees, Titles Office	510,258	594,991	644,458	730,637
„ Registrar-General and Registrar of Companies..	179,032	240,097	258,568	334,574
Total	689,290	835,088	903,026	1,065,211

The higher revenue in 1959-60 is consistent with the increasing activity in real estate transactions and in business generally.

Motor Car Third Party Insurance.—Pursuant to the provisions of the *Motor Car (Insurance Surcharge) Act 1959* an additional fee of £1 was required to be paid with premiums payable in respect of contracts of Third Party insurance effected after 16th November, 1959. Revenue under this head was £489,814.

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
1959-60	158	10	5	..	9,300,000
Total	897	46	34	2	53,413,391

In 1959-60, all of the 5s. and four of the £1 consultations were for 200,000 units. The remaining consultations consisted of 100,000 units only.

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

—	1957-58.	1958-59.	1959-60.
	£	£	£
Duty payable	2,863,194	2,805,471	2,981,446
Less amounts due for consultations drawn but payable in July of succeeding year	80,187	34,408	49,002
	2,783,007	2,771,063	2,932,444
Plus amounts paid and exchange credited in July on account of previous year	61,167	89,669	46,244
	2,844,174	2,860,732	2,978,688
Less exchange on balance held in New Zealand as at 30th June	9,482	11,836	12,859
Amount of duty shown in Treasurer's accounts	2,834,692	2,848,896	2,965,829

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, 1960, the balance in this account was £46,975 (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 £251,467, as compared with £235,102 in 1958-59. 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, 1960, were £15,872,103 and £1,147,410.

As at the 30th June, 1960, an amount of £67,090, equivalent to £54,230 (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 five 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, 1955-56 and 1956-57 totalled £24,280. 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:—

	1958-59.					1959-60.				
	Horse-races.		Dog-races.		Total.	Horse-races.		Dog-races.		Total.
Percentage—	£	£	£	£	£	£	£	£	£	£
Win and Place—										
Metropolitan	457,148		15,868		513,857		17,602			
Country	8,957		309		11,112		424			
Doubles and Quinella—										
Metropolitan	133,252		17,911		174,302		21,169			
Country	4,372		309		7,135		454			
		603,729		34,397	638,126		706,406		39,649	746,055
Fractions—										
Win and Place—										
Metropolitan	84,849		3,879		96,066		2,157			
Country	6,428		266		5,707		163			
Doubles and Quinella—										
Metropolitan	5,661		2,192		7,152		1,282			
Country	849		78		486		48			
		97,787		6,415	104,202		109,411		3,650	113,061
Dividends Unclaimed ..	..	..	..	..	24,708	..	..	..	..	25,319
					767,036					884,435

NOTE:— 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 consists mainly of fees charged to licensed victuallers (£2,357,428), spirit merchants and grocers (£425,189), and clubs (£129,290).

As directed by the *Licensing Act 1958*, the surplus of receipts over payments for 1959–60 was transferred to Consolidated Revenue.

A comparative statement of receipts and payments of the Licensing Fund for the period 1st July, 1957 to 30th June, 1960, is given hereunder:—

	1957–58.	1958–59.	1959–60.
	£	£	£
Balance 1st July.. ..	330,765	330,750	330,736
<i>Receipts—</i>			
Licences and Club Certificates..	2,782,737	2,871,211	2,954,672
Permits—Extended Hours ..	27,999	29,617	31,668
Fees and Fines	21,760	22,714	23,883
Interest on Investments ..	10,052	10,052	10,052
Miscellaneous	7,625	7,524	8,551
<i>Total Receipts for the Year</i> ..	2,850,173	2,941,118	3,028,826
<i>Payments—</i>			
Salaries and other Administrative Expenses	54,024	58,304	87,103
Cost of policing Act	49,565	49,759	53,127
Payments to Municipalities ..	58,116	57,512	57,152
Payment to Police Superannuation Fund	23,000	23,000	23,000
Compensation	17,195	12,989	8,240
Liquor Referendum	15	16	..
<i>Total Payments for the Year</i> ..	201,915	201,580	228,622
<i>Transfer to Consolidated Revenue</i> ..	2,648,273	2,739,552	2,800,204
Balance 30th June	330,750	330,736	330,736
 Percentage of Revenue Transfer to total receipts	 92.9	 93.1	 92.4

The following statement shows the variations of Revenue Receipts from the Budget Estimate in 1959-60.

	Budget Estimate.	Revenue.	Excess + Deficiency—.
	£	£	£
State Taxes—			
Probate Duty	9,100,000	9,412,898	312,898—
Land Tax	5,000,000	5,854,092	854,092+
Entertainments Tax	1,280,000	1,412,206	132,206+
Income Tax (Arrears)	1,000	171	829—
Unemployment Relief Tax (Arrears)	500	28	472—
Motor Car Third Party Insurance	480,000	489,814	9,814+
Totalizator	767,000	884,435	117,435+
Tattersall Duty	2,870,000	2,965,829	95,829+
Betting and Bookmakers' Turnover Tax	1,277,000	1,436,596	159,596+
Duty on Insurance Business	2,350,000	2,419,064	69,064+
Stamp Duty	9,195,000	9,925,177	730,177+
Registration Fees—Tobacco, &c.	154,750	157,053	2,303+
Licensing Fund Payment	2,750,000	2,800,204	50,204+
Auctioneers' and other Licences	254,500	234,795	19,705—
Interest	9,205,630	9,313,362	107,732+
Territorial	2,470,950	2,937,456	466,506+
Railways, Water and other State Works.. .. .	43,517,740	44,693,971	1,176,231+
Ports and Harbors	560,300	585,086	24,786+
Fines	485,000	471,815	13,185—
Fees—Titles Office and Registrar-General	980,000	1,065,211	85,211+
Departmental	4,629,740	4,626,117	3,623—
Repayment of Revenue Advances	30,000	45,330	15,330+
Housing Agreement	933,250	930,881	2,369—
Recoup Sinking Fund Contributions	275,900	293,044	17,144+
Recoup Exchange, &c.	105,250	111,183	5,933+
Other Receipts	2,468,831	2,492,370	23,539+
Commonwealth Financial Agreement	2,127,159	2,127,159	..
Commonwealth States Grants Act 1959	60,623,500	60,625,000	1,500+
	163,893,000	168,310,347	4,417,347+

EXPENDITURE.

The Expenditure charged against Income was more than the outlay for 1958-59 by the amount of £14,200,606. A comparison of the figures for the two years under the separate divisions of votes and special appropriations is given in the following statement:—

Votes—	1958-59.	1959-60.	Increase	£
	£	£		
Education	28,804,643	32,751,197	..	3,946,554
Health	16,365,598	18,615,966	..	2,250,368
Railways	36,236,638	37,469,810	..	1,233,172
Chief Secretary	10,300,293	11,277,609	..	977,316
Public Works	3,033,050	3,380,634	..	347,584
Treasurer	4,961,560	5,296,141	..	334,581
Water Supply	3,618,864	3,921,700	..	302,836
Attorney-General	1,933,337	2,167,113	..	233,776
Agriculture	2,122,224	2,222,298	..	100,074
Forests	1,041,909	1,129,617	..	87,708
Other	1,598,860	1,774,192	..	175,332
Lands	1,916,030	1,497,131	..	Decrease 418,899
Coal Mine	648,844	592,194	..	56,650
Total Votes	112,581,850	122,095,602	..	Increase 9,513,752
<i>Special Appropriations—</i>				
Interest including Exchange*	25,065,031	28,286,663	..	Increase 3,221,632
National Debt Sinking Fund	4,688,988	5,300,456	..	611,468
Pensions	4,054,575	4,404,481	..	349,906
Endowments and Grants	982,666	1,182,993	..	200,327
Charities Fund (Totalizator)	767,036	884,435	..	117,399
Charities and Mental Funds (Tattersall)	2,848,896	2,965,829	..	116,933
Other	2,807,162	2,876,351	..	69,189
Total Special Appropriations	41,214,354	45,901,208	..	4,686,854
Total Expenditure from Revenue	153,796,204	167,996,810	..	14,200,606

* Additional Interest voted in 1958-59 £12,784, and in 1959-60 £11,165.

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 £4,946,734 compared with £4,336,792 in 1958-59. 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 Estimates.		Total Appropriation.	Unexpended.
				Interim.	Final.		
	£	£	£	£	£	£	£
Premier	994,005	985,934	— 8,071	18,696	344	1,013,045	27,111
Chief Secretary	10,895,955	11,277,609	+ 381,654	343,046	95,273	11,334,274	56,665
Labour and Industry	287,061	291,645	+ 4,584	11,688	..	298,749	7,104
Education	31,873,396	32,751,197	+ 877,801	1,002,248	208	32,875,852	124,655
Attorney-General	2,066,140	2,167,113	+ 100,973	104,843	5,427	2,176,410	9,297
Treasurer	5,183,565	5,296,141	+ 112,576	120,707	136,531	5,440,803	144,662
Lands and Survey	1,453,194	1,497,131	+ 43,937	57,145	6,500	1,516,839	19,708
Public Works	3,380,931	3,380,634	— 297	35,221	36,185	3,452,337	71,703
Local Government	70,942	72,509	+ 1,567	2,614	..	73,556	1,047
Mines	399,988	414,967	+ 14,979	1,830	13,870	415,688	721
Forests	1,189,800	1,129,617	— 60,183	73,100	..	1,262,900	133,283
Water Supply	3,865,993	3,921,700	+ 55,707	76,072	4,662	3,946,727	25,027
Agriculture	2,302,501	2,222,298	— 80,203	8,965	2,990	2,314,456	92,158
Health	18,171,592	18,615,966	+ 444,374	507,114	21,870	18,700,576	84,610
Railways	37,247,925	37,469,810	+ 221,885	737,686	..	37,985,611	515,801
Coal Mine	635,484	592,194	— 43,290	1,965	..	637,449	45,255
Ministry of Transport	8,818	9,137	+ 319	350	..	9,168	31
	120,027,290	122,095,602	+ 2,068,312	3,103,290	323,860	123,454,440	1,358,838
<i>Special Appropriations</i>	45,065,788	45,901,208	+ 835,420	..	..	45,901,208	..
	165,093,078	167,996,810	+ 2,903,732	3,103,290	323,860	169,355,648	1,358,838

LOAN FUND.

The State incurred additional loan liability of £45,284,620 on account of moneys raised for works and associated purposes during the year, compared with £42,356,484 in the previous year—an increase of £2,928,136. The sources of the funds were—four public loans in Australia, 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 £49,490,730, the funding of deficits to the extent of £2,546,000, and a balance of £1,266,180 to be carried forward for expenditure in the succeeding year.

These transactions may be summarized as follows:—

Liability—	£
Australian Public Loans	43,882,389
New York Loan	1,083,530
Domestic Raisings	318,701
	45,284,620
Premium on Exchange—New York	1,231,168
	46,515,788
<i>Less—</i>	£
Discounts capitalized	110,788
Expenses of Flotation	106,971
Treasurer's Advance repaid	367,529
	585,288
	45,930,500
Balance forward 1st July, 1959	1,067,788
Repayments	5,817,081
Treasurer's Advance 30th June, 1960	487,541
	53,302,910
Total loan cash available	53,302,910
Balance in hand 30th June, 1960	1,266,180
	52,036,730
Expenditure (including funding of deficits, £2,546,000).. .. .	52,036,730

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 £1,000,000 advanced for Commonwealth—State Soldier Settlement compared with £999,995 in the previous year. The total amount now owing on these advances to the Commonwealth for Housing is £119,717,291, and for Soldier Settlement £7,094,159. 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. 118	3,278,000	1,688,000	9,809,000			Par. 99 15 0 Par.	15.5.1962 15.2.1968 15.12.1979
No. 120	1,512,000	4,234,000	4,420,000			99 12 6 99 10 0 Par.	15.2.1963 15.9.1969 15.11.1981
No. 121	452,000	2,664,000	2,336,000			99 7 6 99 5 0 Par.	15.2.1963 15.9.1969 15.11.1981
No. 123	1,704,000	2,558,000	4,651,500			99 7 6 99 5 0 Par.	15.2.1963 15.9.1969 15.11.1981
Series "B"					2,772,550	Par.	1.10.1966
Series "C"					2,122,040	Par.	1.6.1967
New York				1,083,530		97 10 0	15.4.1970-80
	6,946,000	11,144,000	21,216,500	1,083,530	4,894,590		

Expenses associated with the raising of loans for works purposes were met from the Loan Fund, a total amount of £106,971 being so charged during the year. Of this sum £88,266 was in respect of loans raised in the year, and £18,705 related to loans raised in 1958-59. The expenses of Loans Nos. 120, 121 and 123 raised in the latter part of the year, 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 1959-60 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.	Special Bonds.		
	£	£	£	£	£	£	£ s. d.	
3½ per cent., 15.9.1959	10,460,060	3,311,060	2,445,000	..	..	..	Par	15.5.1962
..	..	..	..	947,000	..	..	99 15 0	15.2.1968
..	..	..	..	..	3,168,000	..	Par	15.12.1979
..	..	..	..	..	..	589,000	Par	Series "B" 1.10.1966
3½ per cent., 15.9.1959	7,307,920	1,266,920	1,017,000	..	..	..	Par	15.5.1962
..	..	..	..	1,959,000	..	..	99 15 0	15.2.1968
..	..	..	..	..	2,829,000	..	Par	15.12.1979
..	..	..	..	..	..	236,000	Par	Series "B" 1.10.1966
4 per cent., 15.5.1960	11,727,000	1,400,000	4,834,000	..	..	..	99 7 6	15.2.1963
..	..	..	..	2,003,000	..	..	99 5 0	15.9.1969
..	..	..	..	..	3,201,000	..	Par	15.11.1981
..	..	..	..	..	..	289,000	Par	Series "C" 1.6.1967
Special Bonds— Series "A"	414,700	..	..	..	..	328,240	Par	Series "B" 1.10.1966
..	..	..	..	..	..	86,460	Par	Series "C" 1.6.1967
Series "B"	84,350	..	..	..	..	84,350	Par	Series "C" 1.6.1967
	29,994,030	5,977,980	8,296,000	4,909,000	9,198,000	1,613,050		

The conversion bonus of £7,265 in respect of securities which were converted on 15th September, 1959, was met from the Loan Fund. Payment of £45,235 is still to be made in relation to the conversion of 15th May, 1960.

Public Debt and Debt Charges.—The Public Debt statement discloses that the Public Debt increased during the year by £39,110,197 and that the total amount of the indebtedness at 30th June, 1960, amounted to £594,122,016. Of this total, £546,438,584 represented internal and £47,683,432 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, £186,261, the State's capital liability to the Commonwealth was £593,935,754. 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	£	667,504,812	£
<i>Less</i> —On account of equity in National Debt Sinking Fund		69,867,533	
		<hr/>	
Net Liability .. .. .		..	597,637,279
<i>Plus</i> —Unapportioned—Loan Fund Balance .. .. .		..	1,266,180
			<hr/>
			598,903,459
<i>Deduct</i> —Exchange premium—			
London		785,813	
New York		4,181,892	
		<hr/>	
			4,967,705
State's capital liability to the Commonwealth as above .. .. .		..	<hr/>
			593,935,754

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

	£		£
Interest—On Funded Debt	23,556,131		
Exchange on Overseas Interest	715,137		
	<hr/>		
Total Interest (excluding interest on Commonwealth advances for Housing and Soldier Settlement and interest paid on Deposits)			24,271,268
Sinking Fund—State's contributions to National Debt Sinking Fund—for details see section on the National Debt Sinking Fund			5,300,456
			<hr/>
Total Debt Charges			29,571,724
			<hr/>
The comparable figure for the previous year was			26,193,796

Loan Expenditure.—The net loan expenditure in the year 1959–60 according to Treasury records was £52,036,730, compared with £47,421,471 for 1958–59 and £45,652,652 for 1957–58. The details are summarized below:—

	1957–58.	1958–59.	1959–60.
	£	£	£
Railways	7,049,365	7,432,234	7,814,405
Water Supply	6,959,997	7,902,813	7,193,562
Forests	616,425	637,061	661,862
Country Roads	400,000	75,000	160,000
King-street Bridge	766,178	1,148,263	1,014,046
Electricity Commission	3,200,000	3,500,000	6,500,000
Gas and Fuel Corporation	150,000	110,000	90,000
Portland Harbor Trust	250,000	250,000	250,000
Advances—Sundry	86,050	105,700	299,568
Fire and Flood Damage to Roads and Bridges	302,822	834	..
Country Sewerage	462,073	446,697	625,285
Hospitals	4,600,000	4,825,000	4,536,000
	<hr/>	<hr/>	<hr/>
Carried forward	24,842,910	26,433,602	29,144,728

	1957-58.	1958-59.	1959-60.
	£	£	£
Brought forward	24,842,910	26,433,602	29,144,728
XVIth Olympiad, Melbourne	37,500	8,418	..
Mental Hospitals	1,111,333	1,118,728	1,042,793
Municipal Subsidies (other than for drainage)	282,934	369,355	489,556
Police Buildings	353,816	370,405	404,155
Rural Finance Corporation	700,000	550,000	150,000
Sanatoria, &c.	83,310	80,558	47,468
School Buildings	7,399,780	8,025,080	10,205,716
Soldier Settlement	3,599,292	3,645,701	633,912
Land Settlement .. .. .	..	..	2,803,344
Slum Reclamation	330,000	517,500	610,000
Universities—			
Melbourne	234,898	320,000	296,300
Monash .. .. .	..	133,485	432,050
Other Public Works	2,361,879	2,848,639	3,230,708
In Aid of Revenue	4,315,000	3,000,000	2,546,000
Total within Financial Agreement	45,652,652	47,421,471	52,036,730
Commonwealth—State Housing Agreement*	10,400,000	10,660,000	10,660,000
Commonwealth—State Soldier Settlement*	2,003,775	999,995	1,000,000
	58,056,427	59,081,466	63,696,730

* Amounts shown are the Commonwealth advances to the State for the purposes indicated.

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, 1959 .. .. .	..	128,075
Contributions 1959-60—		
<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	1,196,152	
		1,366,588
<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	1,148,846	
£4 per centum per annum on deficit loans	676,321	
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	152,171	
£2 per centum per annum on tourist resorts development	4,013	
Various, on discount and expenses overseas loans	52,764	
£4 10s. per centum per annum on cancelled securities	2,854,303	
Interest .. .. .	..	5,300,456
		1,668
		6,796,787
Securities repurchased and redeemed, £6,396,962 at a cost of .. .. .	..	6,610,526
Balance of cash in Sinking Fund at 30th June, 1960 .. .. .	..	186,261

The total amount of securities repurchased or redeemed and cancelled on account of this State since the inception of the scheme is now £69,681,271 at a cost, including exchange on overseas purchases, of £72,299,945.

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 previous years, Parliamentary authority for such expenditure was generally sought in Supplementary Estimates transmitted to Parliament after the close of the financial year. However, for 1959-60, Interim Supplementary Estimates for expenditure amounting to £3,103,290 including £135,919 charged to Treasurer's Advance, were approved on 15th June, 1960. As a result thereof the amount which was charged to the Advance as at 30th June, on account of revenue expenditure pending Supplementary Estimates, was, when compared with previous years, at the relatively low figure of £262,152. Supplementary Estimates covering this amount were approved on 30th September, 1960.

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 1960-61 was £505,262. 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 and interim supplementary appropriations and the expenditure therefrom were:—

	Provision.	Expended.
	£	£
Chief Secretary—		
Insurance of State Employees	87,139	87,138
Treasurer—		
Grants—University of Melbourne	114,000	114,000
Exceptional—Contribution to Victorian Promotion Trust Fund	10,000	10,000
Public Works—		
Contingencies	28,630	28,620
Health—		
Subsidies to Municipalities towards Home-help Schemes	21,870	21,862

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, 1960.

Date.	Department, &c.	Amount.	Particulars.
1. <i>Treasurer's Accounts.</i>			
13.11.1958	Lands and Survey ..	£ s. d. 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. Complete recovery was effected in September, 1960.
9.6.1959	Department of Premier— Public Service Board	1,836 12 0	Misapplication of certain public moneys—reported to the Treasurer pursuant to the provisions of sub-section 4 of section 36 of the <i>Audit Act 1958</i> .
2. <i>Other.</i>			
5.3.1959	Housing Commission ..	210 0 0	Deficiency in a rental officer's collections; restitution made to the extent of £153 4s. 6d. Balance being repaid at the rate of £2 per fortnight.

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 accordance with the provisions of this Section the Treasurer has not been acquitted for expenditure to the extent of £4,139 in 1958-59 and £36,364 in 1959-60.

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, 1960, 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	6,000
Olympic Park Committee of Management	100,000	75,000
Royal Agricultural Society of Victoria	430,000	390,692
Wonthaggi Cotton Mills Pty. Ltd.	30,000	30,000
A. V. Page Pty. Ltd., Wonthaggi	27,000	27,000
College of Pharmacy	100,000	64,229

The guarantee in respect of the College of Pharmacy was given by the State to enable bank overdraft accommodation to be obtained to provide funds for the completion and furnishing of the new college at Parkville.

The reasons for the other guarantees mentioned above were given in the reports for previous years.

Set out below are the details of those guarantees, authorized by statute, where there was a contingent liability at 30th June, 1960.

	Guarantee.	Contingent Liability.
	£	£
Co-operative Housing Societies	64,057,400	54,137,815
Co-operative Societies	323,960	77,699
Home Finance Trust	4,454,409	3,843,018

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, 1960, 504 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 2,694 indemnities in force, the contingent liability upon which was £457,109.

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 £323,960 had been given in relation to the loans of fourteen societies, and the contingent liability under the guarantees amounted to £77,699.

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 920 guarantees amounting to £304,409 in respect of loans beyond the specified maximum, and 34 guarantees totalling £4,150,000 in respect of amounts to be deposited with the Trust. The contingent liability, at 30th June, under these 954 guarantees was £3,843,018.

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.

	1958.	1959.	1960.
	£	£	£
Railways and State Coal Mine	1,268,739	1,374,043	1,594,525
Taxation—			
Income	5,218	1,470	1,934
Unemployment Relief	1,579	600	754
Land	520,083	642,078	659,514
Probate Duty	140,749	182,163	289,403
Water Supply	628,147	522,721	577,597
Lands Department	53,472	41,799	26,833
Soldier Settlement Commission	222,575	237,730	203,302
Forests Commission*	180,896	158,653	157,674
Government Printer (excluding amounts due from State Departments)	26,278	28,177	34,022
Other Departments	92,756	66,758	67,916
Trading Activities—			
Victoria Dock Cool Stores	73,831	61,022	78,420
Lighterage and Storage of Explosives	1,783	1,632	1,415
Erica Sawmill	10,791	16,876	15,064
Miscellaneous	20,519	27,102	24,217
	3,247,416	3,362,824	3,732,590

* Includes Timber Seasoning Works, Newport.

The arrears of Probate Duty do not include the amount of £605,864 which represents assessments issued during June, but not due and payable until after 30th June.

Collections of Land Tax during July reduced the arrears by approximately £351,500.

In addition to the arrears of taxation shown in the statement, there were amounts outstanding at 30th June, 1960, in respect of Entertainments Tax totalling £5,491.

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 £541,451, of which £142,213 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.

				1957-58.	1958-59.	1959-60.
				£	£	£
Corporations and other Bodies	..	..	..	801,600	1,014,957	1,366,660
Settlers	..	..	..	3,060	..	2,061
Various	..	..	..	37,200	40,700	65,800
Total	..	..	..	841,860	1,055,657	1,434,521

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 £54,281. 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, 1960.			Overdue at 30th June, 1960.				
	Loan.	Revenue.	Total.	Redemption.			Interest.	Total.
				Loan.	Revenue.	Total.		
	£	£	£	£	£	£	£	£
Co-operative Companies	4,695	..	4,695	..	..	..	..	..
Municipalities	691,942	..	691,942	..	..	..	..	..
Corporations and other Bodies	9,050,954	..	9,050,954	4,896	..	4,896	17,600	22,496
Unemployment Relief Advances	113,592	..	113,592	15,736	..	15,736	..	15,736
Advances to Settlers	17,537	37	17,574	11,670	16	11,686	2,614	14,300
Various	801,249	4,254	805,503	125	254	379	1,370	1,749
Total	10,679,969	4,291	10,684,260	32,427	270	32,697	21,584	54,281

Included in the total of £54,281 overdue is an amount of £2,614 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, 1960, totalled £3,013,405 of which roundly £1,100,000 is to be borne by the municipalities. Repayments to 30th June, amounted to £7,833.

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 £3,909,500 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 £2,302,384. Instalments of redemption and interest charges overdue at the same date totalled £794.

Sewerage Authorities.—Advances of £1,276,862 have been made from loan for capital works of country sewerage authorities, but £393,937 of this amount has been transferred to the Capital Expenditure Borne by the State Account. Repayments amount to £130,770, and the balance of liability at 30th June was £752,155.

Irrigation Trusts, &c.—Loan advances to Mildura Irrigation and Water Trusts amount to £1,424,442 of which the Trusts have repaid £61,197. Liability to the extent of £981,348 has been transferred to the State and £18,416 has been written off, leaving the balance of advances at 30th June, £363,481.

Waterworks Trusts.—Of advances of £8,000,332 from loan and £33,625 from revenue, £4,930,408 was still to be repaid at 30th June.

At the same date 68 trusts between them owed £19,683 for redemption and interest charges. (For further reference to these trusts see page 77 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 £1,009,914, but liability to the extent of £867,980 has been borne by the State. Further reference is made to these trusts on page 78.

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 £113,592 including £15,736 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.

Diamond Valley Community Hospital.—An interest-free loan of £20,000 was made to the hospital to assist in meeting the cost of erecting a new midwifery wing. The loan is to be repaid by twelve annual instalments.

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 £2,250,772, against which there were departmental receipts of £357,406, resulting in a net cost to the State of £1,893,366 as compared with £1,835,984 for the previous year. Details of expenditure and receipts for the two years are:—

<i>Expenditure.</i>						1958-59.	1959-60.
Vote—						£	£
Department of Agriculture	..	..	..	..	..	2,122,224	2,222,298
Chief Secretary—Accident Insurance	..	..	..	..	..	12,739	16,099
Treasurer—Pay-roll Tax	..	..	..	..	..	36,720	37,702
Treasurer—Unforeseen	..	..	..	..	..	39	25
Public Works	..	..	..	..	..	40,691	41,383
Special Appropriations	..	..	..	..	..	55,581	55,727
						2,267,994	2,373,234
<i>Less</i> Business undertaking—Victoria Dock Cool Stores	..	..	..	..	..	117,512	122,462
						2,150,482	2,250,772
 <i>Receipts.</i>							
Departmental	..	..	..	..	..	463,003	506,370
<i>Less</i> Victoria Dock Cool Stores	..	..	..	..	..	187,307	190,466
						275,696	315,904
Licences—Dairies, Dairy Farms, Dairy Produce, Factories, &c. (included under heading—Taxation)	..	..	..	..	..	38,802	41,502
						314,498	357,406
Net outgoing (excluding interest, sinking fund, and proportion of Government contribution to superannuation)	..	..	..	..	..	1,835,984	1,893,366

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 £241,756.

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 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 "F" to this Report.

A comparison with figures for the previous year shows :—

	Total Receipts. £	Total Payments. £	Net Cost. £
1958-59	185,969	963,791	777,822
1959-60	211,478	814,750	603,272

Total receipts as stated above were credited as follows :—

	£	£
Consolidated Revenue	205,398	
Trust Fund—		
Wheat Marketing (<i>re</i> Walpeup)	46	
Tobacco Research (<i>re</i> Myrtleford)	6,034	
	6,080	
		211,478

Expenditure, which amounted to £814,750, was on account of general maintenance and capital improvements and was provided as shown hereunder :—

	General Maintenance.		Capital Improvements.			Total.
	£	£	£	£	£	£
From Vote	569,870		67,527		637,397	
Loan	2,393		132,671		135,064	
Trust Fund—						
Wheat Marketing (<i>re</i> Walpeup)	2,931		1,067		3,998	
Tobacco Research (<i>re</i> Myrtleford)	14,441		22,443		36,884	
Pastoral Research (<i>re</i> Hamilton)	673		734		1,407	
	18,045		24,244		42,289	
Total expenditure for year	590,308		224,442		814,750	
1958-59 Expenditure was	541,195		422,596		963,791	

Capital Improvements comprised :—

	£	£
Properties	1,468	
Buildings	94,419	
Plant and Equipment	73,432	
Furniture, &c.	12,914	
Permanent Improvements—		
Electrical Installation, &c.	9,114	
Fencing	11,785	
Roads	7,244	
Water Reticulation	14,066	
	42,209	
		224,442

At Dookie, expenditure on buildings amounted to £34,443. This expenditure was incurred mainly on a large new dormitory and administrative block.

Victoria Dock Cool Stores.

A profit of £50,557 resulted from operations during the year ended 30th June, 1960. The following comparative statement summarizes transactions during each of the last three years :—

—	1957-58.		1958-59.		1959-60.	
	£	£	£	£	£	£
<i>Revenue.</i>						
Storage Charges	167,884		156,388		185,733	
Shipping Charges	7,744		16,108		20,019	
Rental	2,086		2,086		2,091	
	177,714		174,582		207,843	
<i>Expenditure.</i>						
Salaries and Wages, &c.	72,742		68,721		77,218	
Pay-roll Tax	1,820		1,724		1,915	
Rent of Site	2,704		2,704		2,708	
Agency and Commission	9,440		9,084		10,395	
Maintenance	10,706		12,520		9,774	
Electrical Energy	14,138		17,014		17,428	
Other Charges	2,258		2,203		2,493	
Depreciation	12,252		13,193		14,250	
Interest on Capital	17,479		19,229		21,105	
	143,539		146,392		157,286	
Net profit		34,175		28,190		50,557

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	60,522	
From Vote	303	
	60,825	
For replacements—		
From Loan Fund	7,485	
From Vote	11	7,496
	7,496	7,496
		68,321

In the books of the undertaking, the expenditure of £7,496 on replacements was treated 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.

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 £7,336,096. 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>	1957-58.	1958-59.	1959-60.
	£	£	£
Salaries	5,070,331	5,274,481	5,751,904
Pay-roll Tax	137,615	138,139	148,747
General expenditure	1,245,402	1,347,265	1,362,699
Maintenance, rent, erection of buildings	107,669	117,775	115,031
Police Classification Board	2,538	2,491	2,503
Workers' Compensation Insurance	32,223	45,156	46,028
Pensions and Superannuation	784,529	788,216	854,696
	7,380,307	7,713,523	8,281,608
 <i>Revenue—</i>			
Police services	424,385	401,509	500,076
Firearms licences	2,889	3,211	3,539
Recoup from Country Roads Board Fund—cost Motor Registration Branch	388,999	372,178	441,897
	816,273	776,898	945,512
Net cost	6,564,034	6,936,625	7,336,096
Further expenditure from loan funds on Police buildings and residences	353,816	370,405	404,155

The increase in expenditure on “Salaries” was the result of :—

- (i) revisions of salaries by the Police Classification Board in June, 1959, and February, 1960, and by the Public Service Board, in February, 1960 ;
- (ii) increases in compensatory allowances granted by the Police Classification Board as from 27th December, 1959 ; and
- (iii) an increase of 114 in the strength of the police force over the year.

The increase in the collections on account of “Police services” was mainly the result of rises in the charges for the services of police escorts. Direct recoups of salaries at higher rates also contributed to the increase under this head.

The substantial rise indicated in the “Recoup from the Country Roads Board Fund” arose out of increases in salaries granted during the year to officers of the Motor Registration Branch.

Motor Registration Branch.—Functions of the Branch include matters relating to the registration of motor vehicles, issue of motor drivers' licences, and the collection, as agents for authorized insurers, of premiums under Third Party policies pursuant to the provisions of the *Motor Car Act 1958*, as amended. In addition, the Branch, as from the 16th November, 1959, has been required, in terms of Section 41A of the Principal Act as expressed in Section 2 of the *Motor Car (Insurance Surcharge) Act 1959*, No. 6553, to collect surcharges in respect of contracts of Third Party insurance.

Collections under the authorities mentioned above are, by statutory direction, credited as set out hereunder :—

1958-59.		1959-60.		
£		£	£	£
	<i>Country Roads Board Fund—</i>			
8,476,515	Motor Fees and Drivers' Licence Fees	9,291,395		
537,646	Owners' Certificates (two-thirds)	604,452		
			9,895,847	
	<i>Level Crossings Fund—</i>			
268,814	Owners' Certificates (one-third)			302,226
	<i>Municipalities Assistance Fund—</i>			
284,994	Motor Drivers' Licence Fees (half)			452,324
	<i>Transport Regulation Fund—</i>			
5,505	Omnibus Registration Fees			5,548
<hr/>			<hr/>	
9,573,474	<i>Total Fees under Motor Car Act</i>			10,655,945
	<i>Third Party Insurance—</i>			
3,879,279	Premiums on behalf of and paid to Approved Insurers			4,302,100
47,445	Motor Car (Hospital Payments) Fund			52,122
..	Consolidated Revenue—No. 1 Taxation (Surcharges)			364,542
<hr/>			<hr/>	
13,500,198	<i>Total Collections</i>			15,374,709
<hr/>			<hr/>	

It will be noted that, as compared with the previous year, fees collected by the Branch under the Motor Car Act increased by £1,082,471. The higher figure in 1959-60 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.

These fees are credited to the various funds indicated above 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.

The amount of fees collected on account of registration of omnibuses was affected slightly in 1959-60 by the operation as from the 16th May, 1960, of Section 10 of the *Motor Car Act 1959*. Under the provisions of this Section, the registration fee for certain types of commercial passenger vehicles was reduced.

Also, under the same Act, provision was made for the payment of a fixed fee of £10 for registration of mobile cranes, whereas, in the past, fees in respect of these cranes were charged on a power weight basis. The effect of this variation in the basis of charging the fee will be a reduction in collections from this source.

It should also be pointed out that, in respect of the surcharges credited to No. 1 Taxation, the total thereof, £364,542, represents collections for part of the year only, i.e., from the 16th November, 1959, the date of the commencement of the enabling Act, to the 30th June, 1960 ; further, that the authority contained in the said provisions for the collection of these surcharges terminates on the 1st December, next.

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 £918,318. A comparison of expenditure and revenue for 1959-60 with corresponding figures for the two previous years is:—

	1957-58.	1958-59.	1959-60.
	£	£	£
<i>Expenditure—</i>			
Salaries	407,969	461,257	514,086
Pay-roll Tax	12,401	13,383	14,736
General expenditure	444,715	418,285	447,031
Maintenance, erection buildings, &c.	53,156	34,888	36,477
Parole Board	1,134	2,126	2,783
Workers' Compensation Insurance	2,051	3,621	4,669
	921,426	933,560	1,019,782
<i>Revenue—</i>			
Proceeds from prison industries	115,718	80,834	101,464
	805,708	852,726	918,318
<i>Further expenditure from Loan Fund on buildings</i>	150,410	89,993	90,320
	150,410	89,993	90,320

Increased expenditure, due mainly to higher costs of salaries and provisions, was partly offset by a greater return from the proceeds from prison industries. The increase in the net cost for the year was £65,592.

Children's Welfare Department.

The Department in its administration is mainly concerned with the welfare, protection and care of:—

- (i) children and young persons who by Court order or other process are made wards of the Department; and
- (ii) children in necessitous circumstances, in respect of whom the Department pays allowances.

The following statement is a comparative analysis of the net expenditure for the years 1958-59 and 1959-60. In general, the increasing number of children coming under the care of the Department is reflected in the higher costs for 1959-60.

1958-59.		1959-60.
£		£
	Expenditure—From Vote—	
	Administration—	
98,857	Salaries (including Pay-roll Tax)	113,549
18,769	Other	16,095
<u>117,626</u>		<u>129,644</u>
	Maintenance of Wards—	
	In Departmental Establishments—	
251,249	Salaries and Wages (including Pay-roll Tax)	286,444
42,808	Provisions	57,004
16,362	Light, power, fuel	19,138
25,971	Other	28,509
<u>336,390</u>		<u>391,095</u>
379,633	Boarded out in Children's Homes, Foster Homes, Hostels, &c. ..	439,270
23,370	Clothing—general	45,217
<u>739,393</u>		<u>875,582</u>
215,852	Allowances for children (non-wards) in necessitous circumstances	239,410
	General expenses—State wards and assisted children—	
6,355	School Books	8,865
2,502	Other	2,515
<u>8,857</u>		<u>11,380</u>
17,747	Additional accommodation, repairs, &c., and other works ..	17,865
<u>1,099,475</u>	Total expenditure from Vote	<u>1,273,881</u>
	Less Receipts—	
	Maintenance collections—	£
22,757	Voluntary payments	25,642
18,511	Under Court orders	21,643
		<u>47,285</u>
4,398	Child Endowment	15,415
1,681	Other	1,896
<u>47,347</u>		<u>64,596</u>
<u>1,052,128</u>	Net cost to Consolidated Revenue	<u>1,209,285</u>
	Expenditure—	
68,323	From Loan—Buildings, furnishings, &c.	98,844
380	From Surplus Revenue	
<u>68,703</u>		<u>98,844</u>
<u>1,120,831</u>	Net Expenditure for year	<u>1,308,129</u>

The net costs of the remaining sub-departments and branches for 1959-60 as compared with the previous two years are as set out below:—

	1959-60.			1958-59.	1957-58.
	Expenditure.	Revenue.	Net Cost.	Net Cost.	Net Cost.
	£	£	£	£	£
Public Library, Museums, &c. ..	623,214	1,565	621,649	580,615	537,688
Government Statist	123,088	43,963	79,125	47,279	160,251
Fisheries and Wildlife	235,407	86,499	148,908	100,731	109,109
Immigration	35,022	7,180	27,842	26,223	28,957
Other Branches	93,493	40,125	53,368	52,468	39,107
Administrative	173,723	22,186	151,537	129,825	126,308
	1,283,947	201,518	1,082,429	937,141	1,001,420

Expenditure from loan funds and on account of loan during 1959-60 for works at the Public Library Museums and National Gallery, and the Geelong Art Gallery totalled £43,997, and in connexion with the activities of the Fisheries and Wildlife Branch, £100,000.

The apparent increase in the net cost of the Government Statist's Office is due to the receipt in 1958-59 of exceptional revenue of £47,836 as a recoup from the Commonwealth on account of the integration of statistical services in November, 1957.

Expenditure on mobile equipment for use in connexion with game development activities was the main reason for the increase in the net cost of the Fisheries and Wildlife Branch.

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 89 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. A summary of these accounts follows.

LIGHTERAGE, LANDING AND STORAGE OF EXPLOSIVES.

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

	1956-57.	1957-58.	1958-59.	1959-60.
<i>Revenue.</i>	£	£	£	£
Explosives Dues	180,485	184,381	176,504	152,144
Storage Charges	11,031	8,474	7,340	6,525
Miscellaneous	231	276	278	279
	191,747	193,131	184,122	158,948
<i>Expenditure.</i>				
Working Expenses	140,154	123,880	125,081	120,087
Administrative Expenses	9,547	10,553	7,500	7,500
Interest on Capital	8,693	10,021	9,984	10,143
Depreciation	7,227	9,959	9,212	9,589
	165,621	154,413	151,777	147,319
Net Profit	26,126	38,718	32,345	11,629

The position as at 30th June, 1959, and 30th June, 1960, was as shown below :—

30.6.1959.				30.6.1960.	
£				£	£
	Source of Funds—				
261,757	Capital provided by Treasury			265,247	
74,196	Profit and Loss Accumulation Account			85,825	
335,953					351,072
	Represented by—				
	Current Assets—				
1,632	Sundry Debtors		1,415		
164,942	Treasurer of Victoria (excess of payments to Consolidated Revenue over working and other expenses provided therefrom)		186,454		
166,574			187,869		
	Less—				
	Current Liabilities—				
2,329	Sundry Creditors		2,406		
164,245				185,463	
251,865	Fixed Assets including Land and Buildings, Floating Plant, &c.	255,258			
80,157	Less Reserve for Depreciation	89,649			
171,708				165,609	
335,953					351,072

EDUCATION.

The net expenditure on education from Consolidated Revenue during 1959-60 was £35,500,997. 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.	32,750,197	
University Grant	1,000	
	32,751,197	
 Treasury—		
Schools, &c. (Payroll tax, &c.)	577,915	
University Grants	1,098,000	
	1,675,915	
Public Works—Schools, &c. (Maintenance, Rents, &c.)		287,509
Chief Secretary—(State Accident Insurance)		234,249
Agriculture—University Grant		23,000
 Special Appropriations—		
Adult Education, Pensions, &c.	885,405	
University of Melbourne	83,100	
Monash University	33,600	
	1,002,105	
		35,973,975
 <i>Less—</i>		
Revenue Collections	438,966	
Recoups of Expenditure	34,012	
	472,978	
 Net Cost to Revenue		35,500,997
Forestry Fund—University Grant		3,750
Loan Acts Nos. 6482 and 6602, Maintenance—Schools, &c.		960,289
Loan Acts Nos. 6482 and 6602, Capital Works—Schools, &c.		9,245,426
Loan Acts Nos. 5657, 6482 and 6602, University of Melbourne		296,300
Loan Act No. 6184—Monash University		432,050
Loan Acts Nos. 6482 and 6602—Council of Adult Education		14,400
		46,453,212

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

	£
Primary schools	3,006,875
High schools	3,062,847
Technical schools	2,093,288
Girls' schools	68,552
Teachers' colleges and hostels	836,051
Universities	728,350
Other	192,213
	9,988,176

Included in the preceding figures are amounts totalling £269,999 representing payments to existing technical schools for the purchase of equipment (£189,392) and expenditure on the provision of equipment in other than technical schools (£80,607).

The following comparative statement sets out receipts and expenditure during 1959-60 and the four preceding years:—

	1955-56.	1956-57.	1957-58.	1958-59.	1959-60.
	£	£	£	£	£
Consolidated Revenue—					
Expenditure	23,316,410	26,089,627	28,847,635	31,612,647	35,939,963
Receipts	289,278	310,335	354,569	363,400	438,966
Net Cost Consolidated Revenue	23,027,132	25,779,292	28,493,066	31,249,247	35,500,997
Forestry Fund—Chair of Forestry—University	2,063	6,229	4,000	4,500	3,750
Loan Fund	6,749,012	7,267,830	7,634,677	8,478,565	10,948,465
Total Cost	29,778,207	33,053,351	36,131,743	39,732,312	46,453,212

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 approximately 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:—

	1956-57.	1957-58.	1958-59.	1959-60.
	£	£	£	£
Cost of conducting teachers' colleges	1,864,107	2,092,967	2,440,807	3,080,654
Cost of conducting hostels for students in training	86,047	100,034	119,965	121,349
	1,950,154	2,193,001	2,560,772	3,202,003
Average number of students in hostels	925	1,036	1,230	1,358
Average number of students accommodated privately	2,530	2,830	3,274	3,871
Average total number of students	3,455	3,866	4,504	5,229
Average <i>per capita</i> cost of training per annum	£ 540	£ 541	£ 542	£ 589
Average additional <i>per capita</i> cost of training per annum for those students accommodated in hostels	93	97	98*	89*

* The figures, £98 and £89, shown as the average additional *per capita* cost for 1958-59 and 1959-60, respectively, are arrived at on a cash basis. Because of the "lag" in each of those two years in bringing to account in the Treasury deductions from allowances for board and lodging, the cash figures referred to do not present the true position. After taking into consideration the accruals in question the average additional cost for each of the two years was £89 in 1958-59 and £88 in 1959-60.

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 E to this report, combines Treasury and technical school accounts to show the total expenditure on technical schools.

1958-59.		1959-60.	
£	Source of Funds—	£	£
4,548,076	Consolidated Revenue (net)	5,748,955	
1,384,163	Loan Acts	2,190,784	
			7,939,739
423,388	Tuition fees collected by Technical Schools		540,475
132,972	Other Technical School Revenue		150,574
6,488,599			8,630,788
..	Less Surplus in Technical School Maintenance Accounts		39,933
28,635	Add Deficit in Technical School Maintenance Accounts .. .. .		..
6,517,234			8,590,855
	Disbursement of Funds—		
	Salaries (including Pay-roll Tax)—		
3,531,793	Teachers and part-time Instructors	4,561,682	
596,610	Administrative and Maintenance Staff	675,130	
			5,236,812
1,360,268	Erection and Maintenance of Buildings, &c.		2,088,963
178,688	Equipment (including Special Equipment Grants £189,000*)		278,014
348,182	General costs of classes	395,969	
265,543	Administrative and other costs	306,713	
			702,682
244,855	Allowances to pupils		296,038
6,525,939			8,602,509
8,705	Less Rents, &c., received by Education Department		11,654
6,517,234	Total Net Cost		8,590,855

* Includes £90,000 granted from Loan Fund in June, 1960.

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:—

	1956-57.	1957-58.	1958-59.	1959-60.
	£	£	£	£
Allowances not exceeding 1s. per day for eligible pupils attending primary schools	88,268	94,383	93,520	102,491
Allowances to eligible pupils attending post-primary schools (covering travel by bicycle and/or public transport facilities)	168,455	196,185	215,403	235,366
Payments to contractors providing special bus transport services for pupils	1,492,483	1,622,830	1,692,684	1,782,006
	1,749,206	1,913,398	2,001,607	2,119,863

Salary Overpayments.—During the year, a number of major salary overpayments to teachers ranging in amounts from £119 up to £640 was discovered. In some of these cases, the overpayments are being recovered by instalments per medium of deductions from the respective fortnightly salaries of the teachers concerned. In the other instances, relying on the application of a Crown Solicitor's opinion relative to an earlier case (mentioned at page 163 of my previous report), the Department regarded such overpayments as irrecoverable and no further action was taken.

The question of overpayments generally and the issues arising therefrom, including means of solving existing difficulties, has been referred to the Treasurer for consideration.

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

	1958-59.	1959-60.
	£	£
Administration	656,169	738,740
Central Schools and Classes	242,754	244,459
Correspondence School	98,180	111,775
Girls' Schools	695,034	612,351
High Schools	7,385,364	9,420,771
Higher Elementary Schools	337,770	342,777
Primary Schools	17,372,439	18,481,863
Registered Schools	390,125	420,689
Special Schools and Hostels attached thereto	365,102	453,080
Special Activities (Library, Music, &c.)	655,252	716,572
Technical Schools	5,932,239	7,939,739
Teachers' Colleges	2,823,446	3,815,897
Teachers' Colleges Hostels	410,168	232,381
Universities	1,546,629	1,982,584
Pensions, &c.	758,323	850,825
Miscellaneous	63,318	88,709
	<u>39,732,312</u>	<u>46,453,212</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 has been prepared to show the over-all income and expenditure of the University, excluding extraneous accounts such as the University Press, Union, &c.

	1958.	1959.
	£	£
<i>Income—</i>		
State Government Grants—		
General purposes	940,254	1,003,325
Special purposes	245,634	465,856
	<u>1,185,888</u>	<u>1,469,181</u>
Commonwealth Government Grants—		
General purposes	810,164	961,766
Special purposes	123,388	539,992
	<u>933,552</u>	<u>1,501,758</u>
Fees	819,090	913,539
Donations and bequests	307,701	864,483
Interest, dividends, rents	106,262	130,386
Other income	97,282	110,194
	<u>3,449,775</u>	<u>4,989,541</u>
<i>Expenditure—</i>		
Salaries and Pay-roll Tax	2,180,052	2,495,311
Apparatus and books	279,961	299,267
Buildings, land, grounds, and vehicles	696,107	727,269
Examination expenses	86,921	96,062
Special grants, and fees to affiliated institutions	191,123	209,385
General expenses	190,101	243,194
	<u>3,624,265</u>	<u>4,070,488</u>
<i>Balance—</i>		
General Account	<i>Deficit</i> 115,995	<i>Surplus</i> 174,179
Trust Fund	58,495	744,874
	<u>Gross Deficit 174,490</u>	<u>Gross Surplus 919,053</u>

FORESTS.

EXPENDITURE.

In the year under review, expenditure amounted to £2,824,571. Under broad headings the principal divisions of expenditure in the past three years were:—

	1957-58.	1958-59.	1959-60.
	£	£	£
Appropriations—			
Administrative Salaries	525,416	573,289	649,412
Contingencies	105,451	93,138	95,406
Business Undertakings	82,959	77,768	77,169
Utilization Forest Produce	419,020	256,184	271,134
Sundry	71,947	71,289	68,422
	<u>1,204,793</u>	<u>1,071,668</u>	<u>1,161,543</u>
Forestry Fund—			
Forests	681,499	819,353	897,090
Plantations	64,945	73,451	63,971
Nurseries	20,744	19,598	20,866
General	6,974	7,955	19,239
	<u>774,162</u>	<u>920,357</u>	<u>1,001,166</u>
Loan Fund—			
Fire Protection	97,011	46,607	45,089
General Operations	69,163	61,355	78,929
Extraction Roads	334,984	331,643	357,449
Plantations	64,325	87,076	72,957
Buildings	22,950	78,775	89,531
Plant and Machinery	10,862	18,431	7,585
Land	17,130	13,174	10,322
	<u>616,425</u>	<u>637,061</u>	<u>661,862</u>
	<u>2,595,380</u>	<u>2,629,086</u>	<u>2,824,571</u>

Since the inception of the use of Loan Funds for forestry purposes, the sum of £17,446,064 has been so applied. After adjusting discount and expenses and amounts redeemed or repaid, the Loan Liability at 30th June, 1960, was £14,283,130, towards which there was an equity in the National Debt Sinking Fund of £949,690.

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

	1957-58.		1958-59.		1959-60.	
	£	%	£	%	£	%
Vote	1,204,793	46	1,071,668	41	1,161,543	41
Fund	774,162	30	920,357	35	1,001,166	36
Loan	616,425	24	637,061	24	661,862	23

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 £149,977 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 1959-60, the salaries of other groups of officers and employees also were charged to expenditure authorities other than the Commission's salary vote.

In 1959-60 the department assembled appropriate information as a basis for a review of the existing arbitrary apportionment of salaries as between the several expenditure authorities, but to date, no change has been effected in the method of apportionment.

Expenditure charged to the contingencies vote of the department included sums amounting to £5,600, 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 49-50.

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". An amended procedure, consistent with the Crown Solicitor's opinion, has been introduced as from 1st July, 1960.

Expenditure from loan funds included an amount of £121,456 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 in respect of this amount the Treasurer has directed that the Commission be relieved of the annual debt charges.

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 Roothing 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:—

	1957-58.	1958-59.	1959-60.
	£	£	£
Territorial—			
Rents	30,054	34,321	27,218
Royalties	1,764,342	1,724,032	2,031,192
Miscellaneous	7,273	6,516	8,722
Fees	528	535	434
Tramways and Charcoal	747	1,334	399
State Sawmill	80,519	93,473	105,955
Timber Seasoning Works	38,494	13,288	1,042
Departmental	425,378	268,211	274,737
Miscellaneous.. .. .	14,224	11,246	17,075
	<hr/>	<hr/>	<hr/>
	2,361,559	2,152,956	2,466,774

The net cost of the Commission for 1959–60, based on receipts and expenditure in the Consolidated Revenue Account, was £339,742.

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

1958–59.	<i>Receipts.</i>	1959–60.	1958–59.	<i>Expenditure.</i>	1959–60.
£		£	£		£
2,152,956	As detailed	2,466,774	9,800	Commissioners' Salaries	10,392
372,865	Net Cost	339,742	1,041,910	Votes	1,129,617
			19,958	Pensions	21,534
			882,434	Grants to the Forestry Fund	1,033,566
			536,600	Interest and Exchange on Loans	572,629
			236	Loan Conversion Expenses	1,710
			34,883	National Debt Sinking Fund	37,068
<hr/>		<hr/>	<hr/>		<hr/>
2,525,821		2,806,516	2,525,821		2,806,516
<hr/>		<hr/>	<hr/>		<hr/>

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 £260,925 at credit of the Forest Stores Suspense Account in the Treasurer's books at 30th June, 1960, 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	111,715	
Repairs to Plant Account	151,689	
Fire Protection Workshop Account	*35	
Manufactured Articles (Carpenters' Shop)	*798	
	<hr/>	264,237
<i>Debit balance—</i>		
Drums Account		3,312
		<hr/>
		260,925
		<hr/>

* Remainder of £1,500 advanced in each case 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 1959-60 the proceeds of the sale of surplus stocks amounting to £5,386 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.

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, 1960—

	1st July, 1953, to 30th June, 1959.		1st July, 1959, to 30th June, 1960.		Total. £
	£		£		
Plant Hire	817,801	88,013	905,814		
Expenditure on renewals	685,877	27,538	713,415		
Balance at 30th June, 1960			192,399		

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.—At the cessation of operations the accumulated revenue loss of the undertaking amounted to £140,041.

Realization of the fixed assets and the stock on hand has continued since the date of the cessation of the undertaking, and at 30th June, 1960 the loss on realization was £20,792. Disposal of remaining stocks of timber at other than book valuation could affect this figure.

The position at the 30th June, 1960, may be summarized as follows:—

Loss on realization to the 30th June, 1959	£	20,205
<i>Plus—(1959-60)—</i>		
Loss on realization of timber	714	..
Realization expenses	330	..
	<u>1,044</u>	
		21,249
<i>Less—</i>		
Rebate Fire Insurance	385	..
Rental	72	..
	<u>457</u>	
Loss on realization of fixed assets and timber to 30th June, 1960		<u>20,792</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 £120 is doubtful.

State Saw Mill, Erica.—The following information taken from the Commission's Profit and Loss Statements summarizes operations in 1958-59 and 1959-60:—

	1958-59.		1959-60.	
	£	£	£	£
Sales	99,058		103,628	
Other Receipts	507		514	
		99,565		104,142
Working Expenses	76,521		82,761	
Interest calculated on capital used in the business	2,387		2,387	
Decrease in Stock	5,445		118	
		84,353		85,266
Net Profit		15,212		18,876

Depreciation charges were varied as from the year under review in order that the recorded value of assets would be reduced to estimated scrap value at the conclusion of the anticipated economic life of the mill on 30th June, 1965. The straight line method has been adopted as providing an equitable charge to each of the annual revenues over the intervening period. 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, 1960, was £53,355.

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

	30.6.59.		30.6.60.	
	£	£	£	£
<i>Fixed Assets less provision for Depreciation—</i>				
Buildings	17,615		15,625	
Machinery and Plant	22,202		19,218	
Rolling Stock	1,845		1,571	
		41,662		36,414
<i>Current Assets—</i>				
Debtors	16,876		15,064	
<i>Stock on Hand—</i>				
Timber	8,388		8,305	
Stores	120		85	
		25,384		23,454
		67,046		59,868
Less Current Liabilities		1,341		1,198
		65,705		58,670
The balances shown above were financed from the following sources:—				
Capital raised from Revenue and Loan Fund	61,607		61,607	
Accumulated Profit	34,479		53,355	
		96,086		114,962
Less the excess of receipts over payments which has been paid into Consolidated Revenue	30,381		56,292	
		65,705		58,670

Timber stocks on hand at 30th June, 1960, comprised logs valued at £5,794, and sawn timber valued at £2,511.

GOVERNMENT PRINTER.

Income from printing, sales of publications, &c., for the year amounted to £1,122,284 compared with £1,192,483 in 1958-59.

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 £4,237 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>	1958-59.	1959-60.
	£	£
Materials	413,947	434,557
Salaries and Wages (including Pay-roll tax)	582,869	577,183
Insurance—Workers' Compensation	4,430	5,115
Insurance—Fire	786	802
Power, Fuel, and Light	7,215	7,959
Repairs to Buildings and Plant	6,178	5,851
Sundry Charges	23,875	17,751
Postage and Incidentals	3,004	3,566
Depreciation	27,189	31,306
Work done by other than Government Printer	18,422	33,957
	1,087,915	1,118,047
Profit	104,568	4,237
	1,192,483	1,122,284

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 the years 1958-59 and 1959-60 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, 1959, was £118,735. This figure remained unaltered at 30th June, 1960.

Including £55,614 expended during the year, the total cost of plant and machinery purchased from loan funds was £415,611 at 30th June, 1960.

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, 1960, excluding that of the Mental Hygiene Branch (which is separately discussed) and the contribution of £8,862,000 to the Hospitals and Charities Fund, was £3,995,914.

This expenditure comprised the following charges :—

Departmental Votes—	£
Health (Salaries and Contingencies)	3,796,670
Public Works (Maintenance, &c.)	44,488
Treasury (Payroll Tax)	15,083
Chief Secretary (State Accident Insurance)	10,538
Special Appropriations (Salary of Director of Tuberculosis, and Pensions)	129,135
	3,995,914

Receipts (excluding those of the Mental Hygiene Branch) totalled £1,166,366, and the net cost of health services to revenue was £2,829,548, an increase of £310,442 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 :—

	1957-58.	1958-59.	1959-60.
	£	£	£
Registration and other Fees	9,161	9,520	10,360
Other Receipts	12,000	10,787	9,645
	21,161	20,307	20,005

Expenditure in the same period has been :—

(a) From Revenue—	£	£	£
Central Administration	161,252	181,093	200,848
Cancer Institute	442,511	480,000	560,000
Infectious Diseases	121,054	144,091	173,070
Venereal Diseases	44,525	26,054	27,764
Inspection of Buildings, Food Supervision, &c.	154,445	173,926	193,200
Miscellaneous Grants	114,500	130,500	137,925
Subsidies—Home Help Scheme, Clubs for Elderly People, &c.	153,046	183,680	223,194
	1,191,333	1,319,344	1,516,001
(b) From Loan—			
Cancer Institute	151,568	130,984	59,322
Other	106,614	83,991	92,731
	258,182	214,975	152,053

Tuberculosis Branch.

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

	1957-58.	1958-59.	1959-60.
	£	£	£
Commonwealth recoup under Health Acts Nos. 6024/6270 ..	1,294,655	1,060,031	1,114,127
Other receipts	11,450	22,250	26,676
	<u>1,306,105</u>	<u>1,082,281</u>	<u>1,140,803</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.	1,292,241	1,307,962	1,391,128
(b) <i>From Loan</i> —			
State sanatoria and chalets	53,187	33,098	20,688
Other	15,944	15,015	5,776

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 :—

	1957-58.	1958-59.	1959-60.
	£	£	£
Loan	53,187	33,098	20,688
Revenue	1,677	3,098	20,539
	<u>54,864</u>	<u>36,196</u>	<u>41,227</u>

A progress payment of £20,200 on account of 1959-60 was received in June, 1960, and reimbursement of the balance is in course.

Progress payments to 30th June by the Commonwealth on account of 1959-60 maintenance expenditure amounted to £1,049,750. Reimbursement of the balance outstanding at 30th June, 1960, 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 :—

	1957-58.	1958-59.	1959-60.
	£	£	£
School Medical and Dental Services, Salaries, &c.	426,323	486,226	546,762
Subsidies	478,573	513,431	542,023
	<u>904,896</u>	<u>999,657</u>	<u>1,088,785</u>
Revenue for the same period was	5,701	5,269	5,558
Net cost	<u>899,195</u>	<u>994,388</u>	<u>1,083,227</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 ..	135,044	169,973	159,791
Other	12,976	9,456	2,699
	<u>148,020</u>	<u>179,429</u>	<u>162,490</u>

Mental Hygiene Branch.

The cost of the services provided by this branch was, in 1959-60, defrayed from both revenue and the Mental Hospitals Fund. Gross expenditure for non-capital purposes was £6,344,464, but as receipts amounted to £331,074, the net cost of Mental Hygiene services was £6,013,390. The gross expenditure comprised charges to—

Departmental Votes—	£
Health (Salaries and Contingencies)	5,957,296
Public Works (Maintenance, &c.)	279,782
Chief Secretary (State Accident Insurance)	32,290
Mental Hospitals Fund	75,096
	6,344,464

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

	1957-58.	1958-59.	1959-60.
	£	£	£
Maintenance of patients—principally Commonwealth payments on account of Repatriation patients	174,708	605,076	275,504
Commonwealth Pharmaceutical Benefits	18,513	32,375	29,050
Sales of produce	12,894	13,089	13,494
Other	9,333	10,043	13,026
	215,448	660,583	331,074

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

Item.	1955-56.	1956-57.	1957-58.	1958-59.	1959-60.
	£	£	£	£	£
Salaries	2,277,939	2,659,507	2,869,338	3,189,942	3,527,553
Overtime and penalty rates	426,220	448,194	498,621	529,315	525,356
Provisions and extra articles	744,450	754,884	734,906	816,771	817,083
Clothing, bedding, &c.	190,684	198,762	224,623	209,787	160,249
Stores, &c.	137,290	134,701	135,114	143,074	156,113
Fuel, light, and water	188,117	250,651	249,585	329,575	351,062
Drugs and medicines	104,007	111,323	141,165	190,347	190,545
Repairs, maintenance, &c.	332,155	295,825	322,764	279,292	279,782
Boarded-out patients	72,071	76,748	94,227	93,509	94,115
Other	157,025	173,200	200,457	213,814	242,606
Total	4,629,958	5,103,795	5,470,800	5,995,426	6,344,464

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 £1,565,633, of which £1,053,360 was charged to the Loan Fund and £512,273 was charged to the Public Account pending recoup by the Commonwealth. Of this latter amount, £83,820 was unrecovered at 30th June, 1960. This sum was the balance of the total amount of £2,740,000 payable to the State by the Commonwealth under the said Act.

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

	£
Ararat	29,408
Ballarat	118,463
Beechworth	46,276
Kew (including Children's Cottages)	186,585
Larundel	62,155
Mont Park (including Plenty)	229,523
Royal Park	46,403
Sunbury	26,940
Stawell	34,078
Traralgon	91,729
Warrnambool	92,178

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

	£	£
Mental Hospitals Fund—		
University of Melbourne—Mental Hygiene Research	12,000	
Other Institutions—Grants for Capital Works	27,416	
Grants for Maintenance	85,891	
	<hr/>	125,307
Loan Fund—		
Other Institutions—Grants for Capital Works	31,487	
	<hr/>	156,794
		<hr/>

DEPARTMENT OF CROWN LANDS AND SURVEY.

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

Collections.—Collections during the year amounted to £1,747,327 as compared with £1,489,159 in the previous year.

In the Closer Settlement section, receipts included—repayments of principal by settlers, £196,035; interest on their respective loan liabilities, £81,072; moneys due to the Mallee Land Account, £26,288; and premiums for credit to the Insurance Fund, £14,738.

Collections on account of Crown Lands generally, aggregated £1,081,390 which was £204,977 in excess of the sum received in 1958-59. In each of the two years, the collections comprised—

	1958-59.	1959-60.
	£	£
Territorial Revenue—in consideration of fees payable for various leases, licences and sales of land	650,413	825,736
Revenue from similar sources for credit to the Mallee Land Account ..	36,072	31,432
On account of rights to occupy water frontages—for credit to the Rivers and Streams Fund	32,837	34,073
Proceeds of sale of land formerly vested in the Geelong Harbor Trust, applied by statutory direction towards liquidation of moneys and interest due in respect of debentures issued by the Trust and purchased by the Treasurer of Victoria	43,721	11,700
Proceeds of sale of Forests land to the State Electricity Commission—for credit to the Loan Fund .. .. .	..	50,000
Recoups on account of—the services of survey personnel for the Housing Commission; survey services and costs associated with the administration of the Insurance Fund; and national mapping services for the Commonwealth Government	44,211	53,136
Miscellaneous Earnings including rental Ballarat Guncotton Factory, admission to Buchan Caves, Sales of Government property and rentals of departmental houses	43,561	51,218
Survey Fees, &c.	13,736	15,441
Moneys for specific purposes including funds made available by Wool Research Committee, C.S. & I.R.O. for credit to Treasury Trust Fund	9,822	4,722
Road Loading Charges—Improvement Purchase Leases—for credit to Loan Fund	1,331	3,148
Sundry receipts	709	784
	876,413	1,081,390

Expenditure.—Expenditure, which amounted to £1,952,789 in 1959-60 as compared with £1,791,801 in 1958-59, was charged as follows:—

	1958-59.	1959-60.
	£	£
Consolidated Revenue	1,696,852	1,245,340
Loan Fund	76,080	682,196
Treasurer's Advance pending Loan Authority .. .. .	..	13,590
Treasury Trust Funds	18,869	11,663
	1,791,801	1,952,789

The above summary indicates, as between the two years, a considerable variation in the method of financing portion of the expenditure of the Department. In this connexion, it will be seen that, in 1959-60, the revenue charge was much lower and the loan charge substantially higher than in 1958-59.

The change in method was particularly noticeable in respect of the activities of the Vermin and Noxious Weeds Branch of the Department. In 1959-60, £195,000 only was provided and actually expended from the departmental vote as against an actual expenditure of £709,446 in the previous year. When the departmental vote of £195,000 was exhausted early in the year under review, all subsequent costs and expenses of administration of the Branch amounting to £529,859 were met from Loan Fund under the authority of Item 34 of the Public Works Loan Application Act, No. 6602. In addition to this expenditure, purchases of equipment by the Branch, amounting to £79,850, were met from the Loan Fund under the authority of Public Works Loan Application Act, No. 6409. Other items of departmental expenditure charged to Loan were:—

	£
Road Works in the Shires of Kaniva and Kowree	39,217
Purchase of additional land for the proposed metropolitan abattoirs at Derrimut	21,007
Equipment for the Aerial Survey Section	9,985

The amount of £13,590, shown in the summary as charged to Treasurer's Advance pending Loan Authority, represented the cost of equipment for four additional survey parties.

It should be noted that, prior to 1958-59, the purchase of aerial survey equipment was financed from Consolidated Revenue.

Payments from Treasury Trust Funds comprised—£3,348 from the sum of £4,550 provided for rabbit control research by the Commonwealth Scientific and Industrial Research Organization; and £8,315 in meeting claims on and administrative expenses 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, 1959 ..	276,920	Claims paid	5,978
Premiums received	14,738	Administration expenses ..	2,337
		Balance at 30th June, 1960 ..	283,343
	<hr/> 291,658 <hr/>		<hr/> 291,658 <hr/>

SOLDIER SETTLEMENT COMMISSION.

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.

Formerly, from loan moneys made available for the purpose, the Commission purchased land and other assets solely for soldier settlement. As it became obvious that some of the areas in course of development would not be required for this purpose, they were set aside for settlement in terms of the *Land Settlement Act* 1959, and, in 1959-60, the necessary financial adjustments were made as between the two schemes. Broadly, these adjustments were effected by recouping soldier settlement expenditure from loan moneys made available for settlement under the 1959 Act to the extent of the costs involved in the acquisition and development of the estates concerned, up to and inclusive of 30th June, 1959.

Settlement under the *Land Settlement Act* 1959 was in its preliminary stages in the year under review and 24 blocks only were occupied. Also in the year, a marked reduction in developmental work associated with soldier settlement was noticeable and this phase of the Commission's activities appears to be now in its final stages.

In the period from the inception of the Commission to 30th June, 1960, a sum of £66,148,512 has been allocated for soldier settlement. Of this sum, £58,949,809 has been made available from State Loan Fund and £7,198,703 by the Commonwealth in the nature of special assistance loans.

According to the books of the Commission, its loan liability on account of soldier settlement as at 30th June, 1960, was £39,508,398.

Principal assets of the Commission at 30th June were:—

	£
Estates purchased and developed and in respect of which settlers have not yet received interim leases	11,285,065
Land and Improvements held by settlers under—	£
(a) Purchase Lease	13,028,618
(b) Interim Lease.. .. .	6,578,252
	19,606,870
Advances to finance single unit farms	7,097,047
,, ,, effect improvements and for purchase of stock, &c.	1,242,011

Other substantial assets included Buildings and Working Plant at cost less depreciation, £112,579, and Stock, Plant and Materials not yet allocated, £91,477.

Repayments by settlers and other credits of a capital nature since the inception of the soldier settlement scheme are summarized below:—

	£
Purchase Lessees, Principal Repaid	1,958,418
Single Unit Farmers' Advances Repaid	4,910,939
Interim Lessees' Advances Repaid	4,238,905
Lessees' Credit Accounts	618,983
Disposal of Unsuitable Land	1,222,641
Disposal of Stock, Plant, Materials, &c.	958,965
Commonwealth Share—Excess Costs	2,808,954
Losses on Advances	1,837
	16,719,642

From the repayments, the sum of £104,544 has been paid to the Commonwealth as part redemption of its special assistance loans. The balance of the total of the amounts listed above has been credited to Loan Fund.

As indicated in the previous year's report, the basis of the Commonwealth contribution towards the excess cost incurred in writing down settlers' liabilities has been determined in accordance with an arrangement made on 11th July, 1952. This arrangement was to apply to interim claims but there was an understanding that the Commonwealth would review the basis of its contribution on the submission of final claims.

To 30th June, 1960, Commonwealth contributions towards excess cost have amounted to £4,048,996 of which £2,808,954 has been credited to Loan Fund and £1,240,042 to Consolidated Revenue.

During the year, the Commonwealth, in response to what were known as second interim claims, made small payments on account of four estates. These estates had previously been the subject of final claims which the Commonwealth had not acknowledged. However, in respect of three of these estates, the sum of the amounts received from the Commonwealth was equivalent to half of the gross excess cost, which, in turn, was less than the excess cost determined in accordance with the arrangement. Accordingly, in these three instances, the Commonwealth has discharged its obligations in terms of the arrangement. The position is not so clear in respect of the remaining estate. In this instance, the gross excess cost was more than the excess cost determined under the arrangement and it was on the basis of the latter that the Commonwealth accepted liability. Therefore, its contribution in respect of this estate was less than that of the State.

In addition to the four estates referred to in the preceding paragraph, the Commonwealth apparently considers it has discharged its obligations in respect of another estate. For the purpose of its final adjustment in this instance, the Commonwealth reduced the Commission's claim by eliminating the item "Main Roads".

It would appear that, in the final adjustment of excess costs, the Commonwealth refuses to recognize for the purpose of its contribution certain expenditure associated with land purchases, pasture development and main roads. If the existing basis of adjustment continues, the State will, in some instances, be involved in heavy charges. For example, the gross excess costs in respect of one large estate amounted to £622,689, whereas, calculated in accordance with the arrangement, the excess costs amounted to £293,835. In response to the Commission's interim claim, the Commonwealth met half of the latter amount, namely, £146,917. Obviously, if the Commonwealth's contribution is accepted as the final adjustment in this case, the cost to the State will be £475,772, i.e., £622,689 minus £146,917.

It will be realised that early agreement between the Commonwealth and the State as to a firm basis of final adjustment of excess costs is essential in the interests of the State.

The Commission's accounts are kept on a commercial accounting basis. The revenue account for 1959-60, excluding livestock transactions, shows:—

<i>Expenditure—</i>	£	£	£
Interest .. .. .	..	1,834,899	
<i>Less</i> Interest Capitalized	30,344		
Interest transferred and borne by the State ..	334,192		
	<hr/>	364,536	
		<hr/>	
		1,470,363	
Loan-raising Expenses .. .. .	..	20,307	
Administrative Costs .. .. .	..	152,736	
Shire Rates .. .. .	..	7,857	
Depreciation (other than developmental assets) ..	..	2,233	
Rents and Interest remitted	18,658		
<i>Less</i> Commonwealth share	9,329		
	<hr/>	9,329	
Bad Debts .. .. .	..	3,379	
		<hr/>	
			1,666,204
<i>Income—</i>			
Interest earned .. .. .	..	608,882	
Rents, Fees and Sundries .. .. .	..	42,147	
Contribution by Commonwealth—account Shire Rates ..	..	7,309	
		<hr/>	
			658,338
			<hr/>
Deficit for 1959-60 .. .. .	..	..	1,007,866

The total accumulated deficit to 30th June, 1960, before taking into account profits from sheep and cattle farming, amounted to £6,713,302.

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, 1960, have been calculated by the Commission to be £5,958,671.

During the year, trading in livestock showed a profit of £88,756, increasing accumulated profits from this activity to £1,188,440 as at 30th June, 1960.

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 Crown 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, 1960, was £438,590. 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, 1959	383,717	Claims paid	21,313
Premiums received	87,426	Administration expenses	11,240
		Balance at 30th June, 1960	438,590
	471,143		471,143

Land Settlement.

(*Land Settlement Act* 1959).

In respect of land settlement under the *Land Settlement Act* 1959, loan expenditure to 30th June, 1960, including adjustments on account of assets taken over from soldier settlement, amounted to £2,807,221. The greater part of this expenditure was incurred—in the development of farm lands, £1,873,580; the purchase of land, £394,608; the taking over and purchase of buildings and working plant, £366,365; and in meeting the cost, £158,543, of various items of plant, materials and sundry services.

The Revenue Account for the period ended 30th June, 1960, shows:—

<i>Expenditure—</i>	£
Interest and Loan Raising Expenses	177,386
Less Interest Capitalized	93,745
	83,641
Administrative Costs	73,794
Shire Rates	1,300
Depreciation (other than developmental assets)	751
	159,486
<i>Income—</i>	
Interest earned (including agistment)	52,496
Deficit at 30th June, 1960	106,990

LAND SETTLEMENT NO. 2 INSURANCE FUND.

In accordance with the requirements of the *Land Settlement Act* 1959, a separate Insurance Fund has been opened to undertake the insurance against damage by fire, storm and tempest to buildings and fencing on land either purchased or taken over for settlement purposes under the said Act.

A statement of receipts and payments during the period is as under:—

<i>Receipts.</i>	£	<i>Payments.</i>	£
Premiums received	1,698	Claims Paid	361
		Administration expenses	565
		Balance at 30th June, 1960	772
	1,698		1,698

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 during the year, is summarized hereunder :—

Local Government—	£
Salaries	34,617
Contingencies	14,802
 Town and Country Planning Board—	
Salaries	21,083
Contingencies	2,007
Pay-roll Tax	1,283
	73,792

Collections for the year amounted to £629.

The Contingencies figure, Local Government, includes—Salaries and expenses of Inspectors of Municipal Accounts £4,906; Interim Development Appeals—Fees and Expenses £2,915; Members' fees, &c.—Building Regulations Committee £1,305; and other administrative expenses—£5,676.

Subsidies from loan funds to municipalities and other public bodies amounting to £349,202, were made during 1959–60 for the purposes shown hereunder :—

	£
Drainage Works	96,062
Small drains	80,966
Swimming pools and accessories	73,627
Pedestrian crossings	13,829
Saleyards, markets, &c.	15,759
Public halls and amenities	62,018
Other capital works	6,941
	349,202

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.

The net cost to Consolidated Revenue for the year under review was £336,229, which compares with £349,466 in 1958-59 and £315,959 in 1957-58.

Details of departmental receipts for the three years are :—

	1957-58.	1958-59.	1959-60.
	£	£	£
Gold Buyers' Licences	198	207	181
Mining Leases, Rents, &c.	21,366	24,529	38,291
Costs <i>re</i> Mining Leases	97	174	12
Assays	361	351	304
Sundries	320	125	226
Magazine Licences	168	162	163
Boring and Crushing Fees	6,444	6,098	4,475
Sale of Government Property	2,909	2,736	2,112
Factory Fees—Boiler Attendants, &c.	494	466	459
Fees—Boiler Inspection	32,914	34,520	34,218
—Fusion Welders .. .. .	..	95	1,312
Total revenue	65,271	69,463	81,753

Payments from revenue in those years comprised :—

	£	£	£
<i>Administration—</i>			
Salaries	174,940	199,229	213,681
Contingencies	35,945	36,497	36,345
	210,885	235,726	250,026
<i>Miscellaneous—</i>			
Maintenance, &c., State Batteries	3,229	3,866	3,432
Boring for Water, Coal, and other Minerals, &c.	149,544	156,070	129,961
Geological Survey	6,483	6,500	6,424
Laboratory Expenses	2,816	3,445	3,487
Covering Abandoned Shafts	3,223	4,488	6,337
Brown Coal Investigation	912	..	..
Surveys for Mineral Deposits	2,588	6,643	15,000
State Accident Insurance	1,550	2,191	3,315
Total expenditure	381,230	418,929	417,982

It will be seen that there was a substantial decrease in the expenditure associated with the boring for water, coal, &c. The Department explained that this was brought about by the purchase of additional drilling plant from Loan Funds. Similar purchases in other years had been made from revenue.

In respect of the item "Surveys for Mineral Deposits", it should be stated that accounts amounting to £9,464—subsidies to certain mining companies for the purpose of such surveys—are the subject of audit query pending certification that the appropriate expenditure has in fact been incurred by those companies.

A further sum of £67,376 was expended from the Loan Fund on the purchase of additional plant and equipment and the provision of storage facilities.

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 :—

	1957-58.	1958-59.	1959-60.
	£	£	£
Public Works and Buildings	1,325,363	1,333,535	1,380,898
Ports and Harbors	385,037	287,908	326,636
Administration—			
Public Works	1,002,321*	1,226,310*	1,490,215
Ports and Harbors	182,301	175,367	182,885
Pay-roll Tax	34,749	34,414	44,519
State Accident Insurance	19,042	18,914	27,085
	<hr/>	<hr/>	<hr/>
	2,948,813	3,076,448	3,452,238
	<hr/>	<hr/>	<hr/>

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

For the first time, Authorities whose funds are not provided from Consolidated Revenue and, in a few instances, those whose funds are so provided, recouped the Department for services rendered such as cleaning and heating and the provision of furniture and fittings, &c., in the public buildings occupied by such Authorities. These recoups amounted in the year to £33,803.

Departmental collections from rents of buildings increased from £50,177 in 1958-59 to £119,112 in the year under review. The substantial increase indicated was due largely to the receipt, for the first time, of rent from the Housing Commission in consideration of its occupation of a substantial part of the public offices at 179 Queen-street.

Works financed from Loan Fund or from Trust or Special Funds and carried out under the supervision of the Department were charged, during the year, with an oncost of 12½ per cent. as compared with 7½ per cent. in the previous year, to cover the departmental expenses involved in the design, supervision and administration of the works. Recoups on the basis of these charges and paid to Consolidated Revenue rose from £704,055 in 1958-59 to £1,289,592 in 1959-60.

Expenditure from Loan Fund amounted to £13,023,853 and from Trust and Special Funds £1,348,838. 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	171,735
Foreshore protection, wharfs, and jetties	108,450
Dredging, blasting and navigational aid	158,485
Vessels for dredging, and explosives and marine plant	29,797
Explosives Reserve, Altona	2,081
Plant was acquired from loan funds for departmental purposes during the year at a cost of	13,043

Supply of Furniture—Various Mental Hospitals.—This matter was referred to in the previous year's report. It was stated therein that certain orders had been issued for the supply and installation of wardrobe locker units at various mental institutions and that payments on account thereof had been made in excess of the value of the units delivered and the work performed. Action in this matter pursuant to the provisions of Section 36 of the *Audit Act 1958* is in course.

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, 1960, 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 are used. The amounts so charged are credited to the Account.

The following summary has been prepared on an accrual basis to show the amount available for the purchase of stores as at the close of the year:—

	£	£
Cash balance as at 1st July, 1959—held in Treasury		142,494
Add—Issues pending recoup 1st July, 1959		65,002
		<hr/> 207,496
Less—Sundry Creditors 1st July, 1959		28,762
		<hr/> 178,734
Amount available for purchase of stores		178,734
Payments on account of stores, &c., purchased in 1959–60	334,494	
Deduct—Recoups on account of stores issues, &c., 1959–60	319,471	
		<hr/> 15,023
Cash balance as at 30th June, 1960—held in Treasury		163,711
Add—Issues pending recoup as at 30th June, 1960		27,801
		<hr/> 191,512
Less—Sundry Creditors as at 30th June, 1960		30,455
		<hr/> 161,057

Incorporating the amount arrived at in the preceding summary as being available for the purchase of stores, the statement hereunder indicates the amount of the apparent excess over the sum of £324,000 allocated from Loan Fund for the purposes of the Account:—

	£
Amount available for the purchase of stores as per preceding summary	161,057
Book value of stores	195,061
Debit in departmental books on account of loss on disposal of consumable stores	16,142
	<hr/> 372,260
Deduct—Amount allocated from Loan Fund for the purposes of the Account	324,000
	<hr/> 48,260

It is understood that the excess arose through the over-valuation of stores at the time when the existing stores accounting records were set up in the department. Obviously, further financial adjustments are necessary to bring the Account into reconciliation with the Public Works Stores Suspense Account at the Treasury.

The question raised in earlier reports as to the most satisfactory method for accounting for any loss incurred on the disposal of consumable stores has yet to be determined.

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 £246,003, of which £244,124 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, 1954, and 1959, certain funds have been made available for expenditure on this type of work. The projects are determined by the Minister. During 1959–60, £189,064 was expended, making a total of £1,976,215 so applied since Commonwealth aid was first available from this source, viz., 1st July, 1947.

RAILWAY ACCOUNTS.

Railway operations for the year resulted in a deficit of £4,602,308 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.	37,462,372	
Renewals and Replacements Fund	200,000	
Pensions and Superannuation contributions	1,969,664	
Interest and expenses on loans	3,794,129	
National Debt Sinking Fund	208,036	
	<hr/>	43,634,201
This was provided by—		
Railway Income	38,780,447	
General Revenue—		
For losses on Kerang-Koondrook line	8,446	
For credit for country freight charge concessions	143,000	
For concessions to pensioners	100,000	
For deficit on year's operations	4,602,308	
	<hr/>	43,634,201

The deficit is stated in the Railway accounts as £4,393,804; 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		4,602,308
Revenue outstanding (net) at—		
30th June, 1960	1,564,574	
30th June, 1959	1,356,070	
	<hr/>	208,504
Deficit, as shown in Railway books		4,393,804

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 :—

	1957-58.	1958-59.	1959-60.
	£	£	£
Pensioners' Fares Concessions .. .. .	..	100,000	100,000
Freight Subsidies	143,000	143,000	143,000
Recoups, Kerang-Koondrook Railway	12,360	13,686	8,446
Deficit in Treasury Accounts	6,000,199	3,942,331	4,602,308
Charge on General Revenue*	<hr/> 6,155,559	<hr/> 4,199,017	<hr/> 4,853,754

* Does not include interest and sinking fund payments in respect of the statutory transfer of £30 million of the loan liability on 1st July, 1937.

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 £139,084.

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 1959-60 was £2,001,760 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 £47,534,340 on the programme represents 61 per cent. of the loan expenditure on railways in the period 1950 to 1960.

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
1960	134,367,709	86,308,369	64.2	48,059,340	35.8

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 £2,627,554 for the year, but the amount charged in the accounts was £311,189, i.e., part of the sum credited to the Renewals and Replacements Fund, leaving £2,316,365 unprovided for in the charge against revenue. The accumulated sum which has not been provided from revenue is £13,945,152. However, £1,278,941 has been received from sales of materials, &c., and the shortage in the fund has been more than overcome by loan allocations, £47,534,340, 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 1959-60, although the arrears of annual leave were reduced by 15.109 days, the estimated liability, due to salary and wage rises, increased from £1,642,757 as at the 1st July, 1959, to £1,708,535 as at the 30th June, 1960. As indicated in previous years, 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:—

	1957-58.	1958-59.	1959-60.
	£	£	£
Passengers	11,105,825	11,976,698	12,117,357
Parcels, horses, carriages, &c.	1,075,727	1,067,639	1,110,953
Mails	245,690	271,886	263,234
Miscellaneous	54,370	48,295	45,942
Goods and live stock, &c.	20,849,159	22,125,822	22,875,947
Rents and general miscellaneous	696,066	684,426	768,145
Dining car and refreshment rooms services	1,494,170	1,508,451	1,514,426
Advertising	82,393	82,207	93,383
Bookstalls	350,599	384,570	400,301
Electric tramways and road motor services	99,943	83,205	42,263
	36,053,942	38,233,199	39,231,951

Treasury recoups—£12,360 in 1957–58, £13,686 in 1958–59, and £8,446 in 1959–60 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, £406,333 in 1958–59, and £336,676 in 1959–60 leaving £58,223 unpaid at 30th June, 1960.

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, 1959 and 1960, is as under:—

	1959.	1960.
	£	£
Rolling Stock, Plant, &c., at cost less depreciation provided	128,341,554	139,568,576
Stores and Materials less provision for losses, £9,373 at 30-6-60	4,621,691	4,323,009
Partly-manufactured Articles	288,964	277,403
Refreshment Services, Stock and Equipment less provision for losses, £4,036	248,233	244,130
Discounts and Expenses on Loans	2,048,379	2,134,413
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	1,854,561	1,251,224
Railways Stores Suspense Account	988,423	726,539
Railways Repayment Fund	18,869	9,121
Uniform Railway Gauge Trust Fund	1,481	24,459
Advances to Agent-General	88,821	121,747
Trust Securities	1,307,197	1,486,619
Cash at stations and in transit	232,181	300,258
Cash Advances	865,345	49,726
Revenue Debtors	1,368,297	1,530,833
Sundry Debtors	432,385	625,961
Accumulated loss	58,411,799	62,805,603
	201,743,180	216,104,621
Loans (interest bearing)	70,286,910	71,218,266
Funds for Uniform Railway Gauge Works	2,095,693	5,761,628
Contributions from revenue, loans, &c. (non-interest bearing)	49,182,618	54,888,517
National Debt Sinking Fund Reserve	13,919,686	15,090,103
Uniform Railway Gauge Sinking Fund Reserve	1,410	7,701
Railway Accident and Fire Insurance Reserve	100,000	100,000
Advances from the Public Account	713,422	574,352
Sundry Creditors	4,349,506	2,598,137
Trust Securities	1,326,066	1,495,740
Consolidated Revenue, &c.	59,767,869	64,370,177
	201,743,180	216,104,621

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, and 1959. 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 those occasions are still relevant and, for this reason, I repeat them hereunder with necessary adaptations having regard to the figures as at 30th June, 1960.

Accumulated Loss.—£62,805,603—This loss to 30th June, 1960, 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. If the method of presentation had been continued, the loss as at 30th June, 1960, would have been shown as £41,346,903 instead of £62,805,603. 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.—£64,370,177—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, £1,564,574, but not yet collected.

Railway Charges in Suspense Account.—At 30th June, 1960, there was a credit balance of £1,251,224. Details are:—

Credits—	£	£
Salaries and Wages accrued .. .. .	..	359,174
Taxation Deductions, &c. .. .. .	..	278,403
Sundry Creditors for various services .. .. .	..	296,906
Revenue refunds and rebates due .. .. .	..	404,140
Amounts received in advance for works .. .. .	..	199,183
		<hr/> 1,537,806
Debits—		
Expenditure on works for other bodies, &c.	257,727	
Sundry Debtors for sales and services	61,101	
		<hr/> 318,828
		1,218,978
<i>Add</i> —Amount transferred from Income .. .. .	..	32,246
		<hr/> 1,251,224

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.—£49,726—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, 1960, an amount of £32,246 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 part of a liability of £81,972 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 1959-60 transactions through the fund is as under :—

	£
Special Appropriation—Act No. 6355	200,000
Depreciation on rail motors and road motors, &c... .. .	111,189
Sundry sales and abolitions, &c.	247,824
	<hr/>
	559,013
Less renewals and replacements during the year	559,013
	<hr/>
Balance at 30th June, 1960	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. However, a repayment of £565,221 to the Loan Fund in October, 1959, reduced the actual allocation to £4,500,000, which as at 30th June, 1960, was represented by the following items :—

	£	£
Stock on hand		4,332,382
Less Creditors for stores purchased	706,241	
Provision for losses	9,373	
		<hr/>
		715,614
Railways equity in the stock		3,616,768
Stores sold and proceeds not collected		129,406
Advances to the Agent-General, London		27,287
		<hr/>
		3,773,461
Balance held at Treasury		726,539
		<hr/>
		4,500,000

The results of the triennial stocktaking as at 30th June, 1960, are not yet available.

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 1959-60, £74,916 was written off, together with an amount not readily ascertainable as the entries in respect thereof were net figures. Reference to the summary of the Railways Stores Suspense Account herein discloses that the amount held at 30th June, 1960, as a provision against future losses was £9,373.

A similar reserve is kept in connexion with stores and equipment for the refreshment services. After debiting £3,786 in 1959-60, £4,036 was in hand at 30th June.

Stores and Materials.—Subject to the preceding comments, the stock on hand at the 30th June, 1960, is set down at £4,332,382. 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 £277,403 and £248,166 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, £2,134,413 includes an increase during the year of £86,034. 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 :—

	1955-56.	1956-57.	1957-58.	1958-59.	1959-60.
	£	£	£	£	£
Additions and Improvements ..	2,554,312	2,046,812	2,232,908	1,742,779	1,897,756
Rolling Stock, Equipment, &c. ..	241,362	312,287	360,291	329,456	388,622
Construction of new lines	7,137	3,316	62,843	178,375	138,861
Railways Stores Suspense Account ..	..	300,000	..	..	..
Replacement (Rehabilitation) Works ..	5,063,839	4,744,406	4,393,323	4,981,723	5,389,166
Restoration of Roads—City of St. Kilda ..	..	..	..	199,900	..
	7,866,650	7,406,821	7,049,365	7,432,233	7,814,405

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 £488,743 to meet the following expenditure in 1959-60. The expenditure in 1957-58 and 1958-59 is also shown :—

	1957-58.	1958-59.	1959-60.
	£	£	£
Damages recovered by non-employees at law	1,412	..	5,235
Damages paid to non-employees without legal action	5,967	7,419	7,078
Compensation for injuries to employees	282,045	360,381	379,607
Compensation for goods lost or damaged	62,115	50,679	87,507
Compensation for losses by fires caused by railway operations	3,258	7,866	208
Losses by fire to railway property	15,833	7,704	9,108
	370,630	434,049	488,743

Debtors.—The amounts outstanding at 30th June, 1958, 1959, and 1960 are shown :—

	1958.	1959.	1960.
	£	£	£
Revenue services rendered	1,249,602	1,368,297	1,530,833
Works	278,076	238,796	257,727
Sales of general stores	127,904	68,737	129,406
Sundry sales and services	89,783	98,546	61,296
Sales of land .. ..	..	26,306	177,532
	1,745,365	1,800,682	2,156,794

Creditors.—A classification under broad headings at 30th June, 1958, 1959, and 1960, is shown :—

	1958.	1959.	1960.
	£	£	£
Locomotives purchased on terms	801,232	394,899	58,224
Stores purchased for railways	480,331	629,276	706,241
Stores purchased for refreshment services	39,755	24,343	29,348
Salaries and wages accrued	1,209,291	1,387,946	359,174
Income Tax Commissioner, &c.	119,136	131,582	278,403
Accounts for various services	303,733	310,505	296,906
Revenue rebates and refunds	325,993	287,953	404,140
Payments in advance for works	65,517	66,984	199,184
Payments in advance for revenue services, &c.	193,311	244,408	266,517
	3,538,299	3,478,296	2,598,137

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 £316,733 in the year 1959–60, was £877,612 to 30th June, 1960. 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: the estimated cost, £10,726,000, is now being reviewed by the Commonwealth.

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 expenditure £3,649,249 in the year 1959–60, was forwarded to him on 17th August, 1960. The total expenditure to 30th June, 1960, £5,744,871 is included in the Railways balance-sheet in the figure £139,568,576—Expenditure on railway works. These figures include stocks of materials recorded as £734,993, which have yet to be used on the uniform gauge railway.

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 £231,669 on account of these closed lines is included in the figures for capital expenditure shown in the Balance-sheet as at 30th June, 1960, and remains to be written off, including £199,900 paid to the City of St. Kilda on 3rd March, 1959, 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. The payment from loan moneys was made in March, 1959, but the relevant section of the line has not yet been dismantled.

Several 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.

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.

	1956-57.	1957-58.	1958-59.	1959-60.
	£	£	£	£
Expenditure—				
Working Expenses	723,366	687,320	580,451	547,699
Contributions to Pension Funds	34,786	34,424	29,315	26,341
Contribution to Accident Fund	329	299	249	216
Pay-roll Tax	15,387	14,192	12,200	11,343
Sinking Fund	7,381	7,639	2,671	..
Interest on Loans	619	361	94	..
Depreciation	24,975	24,975	24,975	24,975
	806,843	769,210	649,955	610,574
Revenue	507,639	461,196	410,896	372,845
Loss for year	299,204	308,014	239,059	237,729

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

	1956-57.	1957-58.	1958-59.	1959-60.
	£	£	£	£
Sale of Coal	454,655	402,274	339,059	297,438
Electric Light and Power	47,426	50,092	57,365	62,895
Miscellaneous	5,558	8,830	14,472	12,512
	507,639	461,196	410,896	372,845

Operations in 1959-60 resulted in a loss of £237,729, compared with the loss of £239,059 in 1958-59.

The deficit on a cash basis in the Treasury was £230,123. The difference of £7,606 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 1956 to 1960 are shown hereunder :—

	1956-57.	1957-58.	1958-59.	1959-60.
	tons	tons	tons	tons
Railways Department	41,580	36,328	32,177	25,836
Electricity Commission	36,453	34,176	34,352	32,405
Employees	4,493	4,349	4,113	3,157
Public	10,491	11,099	4,740	5,088
Used in Mine's Works	11,565	12,068	13,421	13,783
	104,582	98,020	88,803	80,269

BALANCE-SHEET.

A statement of the State Coal Mine balances at 30th June, 1959, and 1960, is as under :—

	1959.	1960.
	£	£
Works, Machinery, and Plant at cost, less depreciation	330,950	330,582
Stores and Materials	38,893	38,032
Coal Stocks	5,185	3,981
Discounts and Expenses on Loans	641	641
Funds at Treasury—		
Depreciation Fund	51,124	50,804
Trust Fund—Charges in Suspense	10,648	17,676
Cash	13,881	20,316
Deposits on Contracts	1,803	1,926
Sundry Debtors	17,805	24,661
Workers Compensation Insurance pre-payment	20,000	..
Accumulated Loss	3,505,803	3,743,532
	<hr/>	<hr/>
	3,996,733	4,232,151
National Recovery Loan (non-interest bearing)	24,500	24,500
Advances from Public Account	36,078	34,134
Sundry Creditors	40,634	45,898
Depreciation Fund Interest Reserve	95,580	97,555
Sinking Fund	354,000	354,000
Advances from Consolidated Revenue	3,445,941	3,676,064
	<hr/>	<hr/>
	3,996,733	4,232,151
	<hr/>	<hr/>

STATE RIVERS AND WATER SUPPLY COMMISSION.

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 works for the River Murray Commission.

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.

Revenue.

A summary of revenue transactions for the period 1955-60, 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.		
	£	£	£	£	£
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	782,937	1,845,243	3,256,327	2,733,606*	522,721
1959-60	936,830	1,921,926	3,381,477	2,803,880	577,597

* 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 court action.

Of the total collectable sum, 81·9 per cent. was received during the year, as compared with 83·6 per cent. in the previous year. In this connexion it should be noted that charges for water sales do not bear interest until a date some months after the close of the year.

A dissection of the total amount owing at the 30th June, 1960, is:—

	£
Irrigation Districts	369,726
Waterworks Districts	52,736
Urban Districts	108,249
Flood Protection Districts	2,830
Drainage Districts	1,672
Coliban Districts	26,264
Sundries	16,120

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 1955–60 is given in the table hereunder:—

	Receipts, including Recoups.	Expenditure.			Cash Deficit.	Loan Expenditure.
		General.	Debt Charges.	Total.		
	£	£	£	£	£	£
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
1959–60	4,127,683	3,887,812	5,063,370	8,951,182	4,823,499	7,166,562

The increase of £505,965 in the cash deficit was due mainly to the increase of £423,180 in debt charges in consequence of further borrowings for country water supply.

EXPENDITURE.

Works.—Included in the loan expenditure for the year, shown in the foregoing statement, is a sum of £4,949,176 in respect of works undertaken by the Commission. The principal items were:—

		£
Goulburn Irrigation System ..	Construction and Enlargement of Channels ..	1,303,393
Mornington Peninsula System ..	Enlargement and extension of main supply works and pipelines	695,009
Coliban System	Construction of Castlemaine Reservoir, &c. ..	595,078
Other Irrigation Districts ..	Construction of channel, Macalister Irrigation District, and drainage works, Robinvale	497,152
Loddon River Storages ..	Completion of Tullaroop Creek Dam and minor works at Cairn Curran	260,837
Surveys and Investigations ..	Various	248,336
Other Storages and Headworks ..	Various, including commencement of Eppalock Dam project	239,103
Central Gippsland	Channel and Drainage Works, &c.	205,136
Murray Valley Districts ..	Drainage Works	166,401
Works Generally	Workshops, &c., including the construction of a central administrative office	154,909
Waterworks Districts Generally ..	Extension and enlargement of pipelines	152,143
Central Highlands Project ..	Enlargement of Newlyn Reservoir and Hepburn's Lagoon, and the installation of pumping plant and a pipeline to pump water across the Great Dividing Range for industrial and other purposes at Bacchus Marsh	148,279

Depreciation—Works—Water Supply Works Depreciation Fund and Account.—Pursuant to the provisions of section 83 of the *Water Act* 1958, 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. By amendment contained in the *Water (Irrigation) Act* 1959, No. 6582, the said section 83 of the Principal Act does not now apply to irrigation districts. Further, in this connexion, the Amending Act authorized the transfer from the Water Supply Works Depreciation Fund to the Irrigation Districts Maintenance Equalization and Renewals Account of such amount as the Governor in Council by Order directs as representing the entire equity of the irrigation districts in the Depreciation Fund as at 1st July, 1959. The amount so transferred was £118,019.

The sums raised in the annual rates and charges for depreciation must be paid into Consolidated Revenue or, to the extent the Treasurer directs, to the Water Supply Works Depreciation Fund. Also, the sums raised (with interest credited thereon) must 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 amount raised for credit to the Water Supply Works Depreciation Account in 1959-60 was £147,476 which included £998 on account of Eildon Sewerage.

In recent years, the Fund has not earned any interest. On the other hand, the Account has been credited with interest as required by the relevant provisions of the Water Act. This factor together with the differential amounts allocated to the Fund and credited to the Account has brought about a substantial disparity as between the respective balances of the Fund and the Account. As at 30th June, 1960, the balance of the Fund was, £74,839, and the balance of the Account, £625,405.

Irrigation Districts Maintenance Equalization and Renewals Account.—As at the 1st July, 1959, this Account was established in the Treasury pursuant to the provisions of Act No. 6582 to make available moneys to defray the cost of maintenance and renewal works in irrigation districts. As stated above, the equity of irrigation districts in the Water Supply Works Depreciation Fund was transferred to this Account as at the 1st July, 1959.

The provision in the rate or charge for renewals is tantamount to the continuation of provision for depreciation. The rate will also contain provision for accruing maintenance. The Account will be credited with the equivalent of the cash surplus, if any, as shown by the accounts of each irrigation district at the end of the last preceding financial year. In this regard, it should be observed that, for the purpose of the necessary transfers to the Account, provision exists in the Act for the moneys to be appropriated from either the Consolidated Revenue or the Loan Fund or partly from both.

In respect of the year 1959-60, a statement of the cash surpluses has been prepared by the Commission and is in course of examination by my officers prior to my certification pursuant to the provisions of sub-section (3) of section 68 of the *Water Act* 1958 as amended. Expenditure from the Account in 1959-60 totalled £57,897.

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 which is a Constructing Authority under the terms of the Act, incurred expenditure on these works amounting to £144,248.

In 1959-60, under the authority of Water Supply Loan Application Acts Nos. 6460 and 6566, Victoria contributed £69,000 for the construction of works, bringing the State's total contribution for construction as at 30th June, 1960, to £5,230,195. Also, £75,000 was contributed for maintenance and administrative expenses during 1959-60.

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

Waterworks Trusts.—Supervision of Waterworks Trusts is vested in the State Rivers and Water Supply Commission. The accounts of the Trusts are prepared on a calendar year basis, and are required by section 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 £13,267.

Advances by the State in 1959-60 totalled £707,122. Repayments in respect of advances amounted to £43,248, and the Trusts were relieved of liability to the extent of £37,006 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 £626,868.

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, fourteen waterworks trusts were so assisted in 1959-60 and the total amount involved was £3,260.

River Improvement Trusts.—To 30th June, 1960, nineteen 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 1959-60 was £1,693.

Advances for works made to Trusts by the State to 30th June, 1960, totalled £200,600, of which sum £95,138 has been borne by the State.

Rivers and Streams Fund.—This fund was established pursuant to the provisions of the *River Improvement Act 1958*.

Payments into the Fund totalled £53,857 and expenditure amounted to £31,902. The balance at the close of the year was £83,211.

State Rivers Agency Trust Account.—This account was established by the Treasurer under the authority of Section 8 of the *Public Account Act 1958* to record contributions by other bodies towards the costs of works carried out by the Commission. In the year contributions amounted to £77,556 and expenditure, including refunds of contributions amounted to £38,443. The balance in the Account at the close of the year was £43,814.

Stores.—According to Commission records the book values of plant, tools and general stores at the 30th June, 1960, were :—

	Plant. £	Tools and Stores. £
At Construction Works	119,609	328,886
Hire Plant and Machinery	Not Available	
Stores Suspense Accounts (Depots)	108,562	489,560
At Central Plant Workshops (Suspense Accounts)	9,472	227,454
At Central Plant Workshops pending transfer or disposal	59,341*	226,316*

* These sums include items amounting to £98,652 which in 1959 were sold on terms for £21,483.

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.

At an auction sale of Commission stores conducted in March, 1959, certain items of surplus stores were offered for sale. On the basis of the book value at the time of the sale, a total loss in the vicinity of £25,420 was incurred. The method of accounting for this loss in the Treasury and Commission financial records is yet to be determined.

Stores Suspense Account.—Up to an inclusive of 30th June, 1960, 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, 1960, the balance at credit of the Water Supply Stores Suspense Account is shown as £929,877. This amount is represented in the Commission's books by:—

	£	£
Balance available for purchase of stores, &c. .. .. .	..	368,264
<i>Plus Credit Balances of Plant Operating Accounts—</i>		
“Hire Plant” Accounts	443,141	
Interest and Redemption Reserve Account	129,685	
	<hr/>	572,826
		<hr/>
		941,090
<i>Less Debit Balance—Plant Operating Reserve Account</i>	..	11,213
		<hr/>
Balance—Water Supply Stores Suspense Account		929,877

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 report, for 1957–58 are the subject of inquiry by the Public Accounts Committee.

The debit balance of £11,213 on the Plant Operating Reserve is the net result of the transactions recorded in the Reserve during the year, which are summarized hereunder:—

	£	£
Credit balance at 1st July, 1959 .. .. .	..	23,615
<i>Plus—Insurance provisions in Hire Rate</i>	12,697	
Net excess of provisions for over-expenditure on Repairs and Maintenance in “Hire Plant” sold	25,957	
	<hr/>	38,654
		<hr/>
		62,269
<i>Less—Part cost of operating Central Plant Workshops</i>	15,886	
Motor Vehicle Insurance paid on Hire Plant	23,099	
Net loss on sale of spare parts	34,440	
Miscellaneous adjustments to accounts	57	
	<hr/>	73,482
		<hr/>
		11,213
Debit balance at 30th June, 1960 .. .. .	..	11,213

During the year spare parts, the book value of which was £44,899, were sold for £10,459. The resultant net loss of £34,440 is reflected in the above statement.

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.

A Summary of the transactions for the year under review is given hereunder:—

	£	£
Credit Balance at 1st July, 1959 .. .. .	..	218,083
<i>Plus—Interest and Redemption raised in Hire Charges 1959–60</i>	42,421	
One-half of Holding Charge levied in Hire Charges 1959–60	27,144	
	<hr/>	69,565
		<hr/>
		287,648
<i>Less—Payment of Interest and Redemption on Capital Liability for 1959–60</i>	57,963	
Transfer to Loan Fund Credit Account—reduction of Capital Liability for Hire Plant and Machinery	100,000	
	<hr/>	157,963
		<hr/>
		129,685
Credit Balance at 30th June, 1960 .. .. .	..	129,685

It will be noticed that action was taken during the year to reduce the accumulation to the credit of the account by transferring £100,000 to Loan Fund Credit Account in reduction of the capital liability for hire plant and machinery. Further, credits to the account were affected by reductions, operating from 1st July, 1959, in the components of the hire and holding charges relating to interest and redemption.

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.

Plant and Machinery.—Expenditure from loan funds during the year for the purchase of movable plant and machinery to be engaged on the construction and maintenance of the works of the Commission totalled £63,966. The capital liability at the 30th June, 1960, in respect of this plant and machinery was £1,696,886.

Under the provisions of the Water Act, the cost of this plant and machinery 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 reallocation, as at the commencement of the year, of the components of the hire rate between Interest and Redemption Reserve Account and the Depreciation Fund resulted in credits to the Fund on account of hire charges increasing from £283,455 in 1958–59 to £364,887 in 1959–60. At the 30th June, 1960, the balance in the Fund for the replacement of hire plant and machinery was £1,044,682.

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.

Country Sewerage.—In addition to its function of administering the Water Act, the Commission exercises general supervision over sewerage authorities.

Funds for capital works by the Authorities have been provided by advances made available by the State. Works have also been financed by the Authorities from debenture loans raised under the provisions of the Sewerage Districts Act. Interest in excess of 3 per cent. on debenture loans is recouped to Authorities by the State. Expenditure under this heading for the year was £119,661.

Advances by the State in 1959–60 totalled £261,095. Repayments in respect of advances amounted to £4,864 and the Authorities were relieved of liability to the extent of £19,579 which the Governor in Council directed to be borne by the State so that the net increase in the Authorities' indebtedness for State loans was £236,652.

In addition the Latrobe Valley Water and Sewerage Board received advances totalling £1,132,934 in connexion with works of water supply and treatment or disposal of waste.

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 1959–60 totalled £6,841 of which £6,627 or 96·9 per cent. was paid during the year. Costs chargeable to the district amounted to £4,940 plus depreciation £998.

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 1959-60 £109,363,659 and credits £113,644,144.

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.	Purposes for which Established.	1959-60.		Balance 30th June, 1960.
		Credits.	Debits.	
		£	£	£
Anzac Day Proceeds Fund	Under the provisions of the <i>Anzac Day Act</i> 1960 No. 6607, the Chief Secretary may approve the holding of certain race meetings and other sporting fixtures on Anzac Day; the net profits thereof are to be paid, unless otherwise directed, to the credit of this fund. Moneys at credit of the fund are to be distributed annually, on the recommendation of the Patriotic Funds Council, to various ex-servicemen's welfare organizations.	2,314	..	2,314
Commonwealth Sheep and Wool Research Grants Account	To incorporate two existing trust accounts, namely, the Sheep Heritabilities Project Account and the Pastoral Research Centre Account, the funds of which are provided from the Commonwealth Wool Research Committee; to record also the transactions in relation to further projects authorized and financed by that body.	9,328	4,452	4,876
Game Development Account	Established with the approval of the Treasurer as authorized by Section 8 of the <i>Public Account Act</i> 1958. Transfers are to be made to the Account from Consolidated Revenue under the authority of an item in the vote of the Fisheries and Wildlife Department. The moneys so provided are calculated on the basis of the fees received on the issue of game licences in the year immediately preceding the transfer and are to be disbursed on game development.	12,287	..	12,287
Horticultural Scholarships Account	To record the receipt and disbursement of funds provided jointly by the Orchardists and Fruit Cool Stores Association and the Northern Victoria Fruitgrowers Association for the purpose of a scholarship at the Melbourne University.	300	..	300
Irrigation Districts Maintenance Equalization and Renewals Account	Under the authority of the <i>Water (Irrigation) Act</i> 1959 No. 6582, certain moneys are set aside in this Account to defray the cost of maintenance and renewal works in Irrigation Districts. <i>(Note.—This Account is reviewed on page 77).</i>	121,335	57,897	63,438

Account.	Purposes for which Established.	1959-60.		Balance 30th June, 1960.
		Credits.	Debits.	
		£	£	£
Land Settlement Insurance Fund	This Fund has been established to undertake insurance in connexion with settlement under <i>the Land Settlement Act 1959</i> . For further reference, see page 60.	1,698	926	772
Local Government Trust Account	To record fees accompanying applications for modifications of the Building Regulations. Such fees are apportioned amongst the members of the Appeals Committee. Also recorded in the Account are examination and certification fees and deposits pending allocation or disposal.	2,115	1,723	392
Royal Agricultural Society Film Trust Account	To record the receipts and disbursement of moneys provided by the Royal Agricultural Society for the production of a film by the Department of Agriculture.	500	..	500

For convenience in explaining the funds and accounts within the Trust Fund, the relevant figures for 1959-60, excluding those relating to the Railway Charges in Suspense Account, are set out under broad classifications in the table below:—

	Balance Forward. General Account. <i>Investments.</i>	1959-60.		Balance 30th June, 1960. General Account. <i>Investments.</i>
		Debits.	Credits.	
	£	£	£	£
Compensation and Insurance	8,969,238	9,403,377	10,971,804	10,537,665
	859,141	..	187,500	1,046,641
Superannuation and Pension	440,958	1,459,693	1,654,795	636,060
	9,428,983	13,370	746,500	10,162,113
Depreciation	1,006,008	1,321,612	1,419,280	1,103,676
	633,650	36,000	150,000	747,650
Deposit	199,487	97,317	143,124	245,294
	*257,216	272	1,580	*258,524
Railways	1,024,323	11,190,255	10,918,622	752,690
Commonwealth	2,335,838	32,302,993	31,799,770	1,832,615
Commonwealth—State	347,402	51,368	49,404	345,438
	4,876,956	44,844,982	46,656,693	6,688,667
Other—Regulated by Statute	357,610	2,940	90	354,760
	546,317	8,627,080	8,859,322	778,559
Other—Not Regulated by Statute	44,494	..	1,200	45,694
	19,746,527	109,298,677	112,472,814	22,920,664
	11,581,094	52,582	1,086,870	12,615,382
Securities Lodged with Treasurer.. .. .	7,307,147	12,400	84,460	7,379,207
	19,746,527	109,298,677	112,472,814	22,920,664
	18,888,241	64,982	1,171,330	19,994,589

* Includes deposits in "Sundry Investment Interest Account," £25,940 at 1st July, 1959, and £27,248 at 30th June, 1960.

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	57
Soldier Settlement Insurance Fund	60
Railway Accident and Fire Insurance Fund	71
State Accident Insurance Fund	98
State Motor Car Insurance Fund	99

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 £48,934 with the result that the balance of the fund was reduced to £278,543, 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. Following a recent report by a departmental Fire Insurance Committee appointed in 1947 by the Secretary of Public Works to report upon the aspects of the question as raised by the Auditor-General at that time, the matter is again under consideration by the Treasury and Public Works Departments.

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 employé 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 £1,163 recouped from certain estate agents, totalled £43,515 and claims paid amounted to £16,674. The surplus of £26,841 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.
	£	£	£
1940-55	474,490	388,860	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
1959-60	75,449	68,279	75,481

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 will be found in the supplementary report on the accounts of certain statutory bodies which I am required by law to audit.

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 1959-60. Penalties and damages awarded amounted to £66,834, and a further sum of £277 was received from fines imposed upon members of the force.

Payments from the fund totalled £28,713 which was £2,795 less than the figure for the previous year. In this regard it should be noted that contributions to the fund are considerably in excess of claims thereon. Owing to the nature of this fund, commitments will tend to diminish and the balance at credit of the fund, already considerable, will further increase.

The unexpended balance of the fund at 30th June, 1960, was £305,397.

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 1959-60 totalled £852,250, an increase of £66,500 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, 1960.	Total.
	£	£
<i>Receipts.</i>		
Deductions from pay	198,278	2,009,011
Deductions repaid by ex-officers on reinstatement	1,057	8,237
Contributions from Consolidated Revenue	852,250	8,963,797
Interest on Investments	405,387	3,845,739
Balance in Hand—1st July, 1959	150,155	..
	1,607,127	14,826,784
<i>Disbursements.</i>		
Pensions	602,056	4,515,929
Gratuities	15,211	71,025
Deductions refunded	12,430	149,605
	629,697	4,736,559
Balance 30th June, 1960	977,430	10,090,225
Represented by—		
Investments	700,000	*9,812,795
Cash	277,430	277,430
	977,430	10,090,225

* Face Value of Investments £9,817,200.

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, 1960, investments comprised—Commonwealth Government Inscribed Stock, £8,527,200, and securities of the Melbourne and Metropolitan Board of Works £300,000, Melbourne and Metropolitan Tramways Board £155,000, the State Electricity Commission £585,000, and the Gas and Fuel Corporation £250,000.

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 1959-60, contributions by the State totalled £27,016 which was £1,560 less than the figure for the previous year.

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

Receipts—	£	£
Members' Contributions	15,582	
Contributions from Consolidated Revenue	27,016	
		<u>42,598</u>
Expenditure—		
Payment of Pensions		42,598

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 advanced, (£100,000), the sum of £3,187 had been repaid at 30th June, 1960.

The following summary sets out the transactions in the fund during 1959–60:—

	£	£	£
Balance 1st July, 1959			
Investments	311,783		
General Account	20,579		
	<hr/>	332,362	
Receipts			
Deductions from earnings		28,681	
Interest on Investments		15,409	
		<hr/>	376,452
Payments			
Pensions		12,152	
Sick Pay		63	
		<hr/>	12,215
Balance 30th June, 1960—			
Investments		344,913	
General Account		19,324	
		<hr/>	364,237
			<hr/>
			376,452
			<hr/>

Investments comprise Commonwealth Government Inscribed Stock £156,800, 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" £96,813.

Depreciation.

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

Fund.	Page Reference.
Forests Plant and Machinery Fund	49
Printing Machinery Depreciation Fund	51
Public Works Plant and Machinery Fund	65
Railway Renewals and Replacement Fund	69
Water Supply Plant and Machinery Depreciation Fund	80
Water Supply Works Depreciation Fund	76
Irrigation Districts Maintenance Equalization and Renewals Account	77

The Maffra Sugar Factory Depreciation Fund, with a balance of £60,426, consisting of cash, £40,776, and investments, £19,650, 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 and proceeds from the redemption of investments accounted for the cash balance at 30th June, 1960.

Deposit.

Items under this heading comprise securities lodged by Insurance and Trustee Companies £90,000; Contractors and timber cutters deposits £144,368; Municipalities Loan Repayment Account £241,031, which includes investments totalling £140,105; Municipalities' Sinking Fund £1,171; and Sundry Investments—Interest Account £27,248.

Railways.

The major item in this group is the Railways Stores Suspense Account with a balance of £726,539 at 30th June, 1960 (Reference Page No. 70).

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	100
" " " No. 2 Account	65
" " " (Special Assistance) Account	101
Uniform Railway Gauge Trust Fund	72
Rural Rehabilitation Fund—See under Rural Finance Corporation in Supplementary Report.	

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	13,223	
Received from Commonwealth during the year	690,000	
	<hr/>	703,223
Reimbursements to Public Hospitals		649,572
		<hr/>
Balance at 30th June, 1959		53,651
		<hr/>

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 increased from 36s. to 60s. per day in 1959–60.

Operations on the Fund were:—

	£	£
Balance at 1st July, 1958	36,117	
Received from Commonwealth during the year	1,624,000	
	<hr/>	1,660,117
Expenditure during the year—		
Hospital Benefits allowed		1,591,422
		<hr/>
Leaving a balance of		68,695
		<hr/>

Home Builders' Account.—Pursuant to the terms of the Commonwealth and State Housing Agreement 1956, part of the moneys provided by the Commonwealth to the State for housing is credited to a special account in the Public Account called the “Home Builders' Account”. The funds in this Account are administered by the Registry of Co-operative Housing Societies and, as required, advances are made to the Registry from the Account.

The total advances to the Account by the Commonwealth for the four years since the inception of the Agreement to the 30th June, 1960, amounted to £10,200,000. The interest rate charged by the Commonwealth was 4 per cent.

From time to time, advances are made from 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 the Public Account. All advances from the Public Account under this Act were repaid in the year.

In addition to advances made as above, advances were authorized by the *Public Account Advances (Home Builders' Account) Act* 1958, now incorporated in the *Housing Act* 1958, No. 6275. These advances which are not at any time to exceed £400,000, must be repaid by 30th June, 1961. Advances to 30th June, 1960, totalled £400,000, of which, at that date, £250,000 had been repaid.

Repayments by the Co-operative Housing Societies are an additional source of funds for the Home Builders' Account and form a “revolving fund” within the Account. To 30th June, 1960, these repayments totalled £2,061,955.

The monies in the Home Builders' Account, other than those required for payment of principal and interest to the Commonwealth and the State, are available for the financing of home building by means of loans to building societies including co-operative housing societies. To 30th June, 1960, £11,580,996 had been advanced to co-operative housing societies, at an interest rate of 4½ per cent.

Interest charged to the Societies for the year exceeded interest paid from the Home Builders' Account to the Commonwealth and the State by £29,389. The accumulated interest surplus for the four years to 30th June, 1960, was £68,022.

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

<i>Source of Funds—</i>	£
Balance 1st July, 1959	37,544
Advanced by Commonwealth Government	3,100,000
Repayments of Principal and Interest	890,961
Total funds available	4,028,505
 <i>Disbursement of Funds—</i>	
Advances to Registry from Home Builders' Account	3,451,000
Interest and Redemption—Commonwealth Advances	379,795
Redemption of Public Account Advances	150,000
Interest on Public Account Advances	8,028
Total Disbursements	3,988,823
Balance 30th June, 1960	39,682
	4,028,505

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, 1960, 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 £755,388, leaving a balance in the fund at 30th June of £12,383.

Further reference to the expenditure from this fund on the restoration of roads and bridges is made at page 100.

Other—Regulated by Statute.

The balances of funds under this heading aggregated £7,043,427. 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	100
Dried Fruits Fund	111
Forestry Fund	46
Forest Stores Suspense Account	48
Licensing Fund	18
Milk Board Fund	111
Municipalities Assistance Fund	93
Public Works Stores Suspense Account	64
Tourist Fund	109
Transport Regulation Fund	105
Water Supply Stores Suspense Account	78
Workers Compensation Board Fund	107

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 1959–60 in relation to this fund were :—

	£	£
Balance, 1st July, 1959 .. .. .	..	26,877
Receipts—		
Loan Fund Contribution	25,000	
Revenue Contribution	25,000	
Revenue from Operations (Canteen and Produce Sales, &c.)	3,756	
Child Endowment, etc	2,330	
Donations	1,544	
Maintenance Payments	378	
Miscellaneous Revenue	676	
	—————	58,684
		—————
		85,561
Payments—		
Assistance to Aborigines	46,476*	
Land and Buildings	1,498	
	—————	47,974
Balance, 30th June, 1960 .. .. .	..	37,587
		—————
		85,561

* 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 £419 remained unspent at 30th June, 1960.

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. Under this authority, £20,000 was contributed for these purposes in 1957-58 but no further contribution was made in each of the two succeeding years. However, a contribution of £40,000 to the Fund for general purposes has been authorized under Item 37 of the Public Works Loan Application Act No. 6602. Of the authorized amount, it will be seen that a sum of £25,000 was paid to the Fund in 1959-60.

Expenditure to 30th June, 1960, on the purchase of land and erection of buildings amounted to £2,602 and, of the balance of the Fund at that date, £17,398 is available for these purposes and £20,189 for distribution within the terms of the Aborigines Act.

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:—

	1958-59.	1959-60.
	£	£
<i>Source of Funds—</i>		
Balance from previous years	102	1,991
Special Appropriation—Acts Nos. 5181/6240	25,000	25,000
Departmental Vote—Education	30,000	31,500
Class fees, proceeds of productions, &c.	73,241	51,556
	<hr/>	<hr/>
	128,343	110,047
<i>Disbursement of Funds—</i>		
Salaries (Administration)	32,288	33,696
Classes, discussion groups, travelling theatre, &c.	94,064*	76,056
	<hr/>	<hr/>
	126,352	109,752
Leaving a balance of	1,991	295
	<hr/>	<hr/>
	128,343	110,047

* 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 decrease in collections on account of Class fees, proceeds of productions, &c., was mainly the result of a reduced turnover in connexion with the Community Acts Service. As the majority of tours was undertaken on a percentage profit basis, in conjunction with various theatrical bodies the decline in collections resulted in a commensurate reduction in the amounts payable to those bodies.

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 £13,086,320 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	884,435
Special Appropriations, Acts Nos. 5705–6390—Tattersall Receipts	2,538,861
Grants—Division 83	8,862,000
	<hr/>
Balance forward from 1958–59	13,085,296
	1,024
	<hr/>
	13,086,320
	<hr/>
Expenditure for the year	12,799,239
	<hr/>
Leaving a balance of	287,081
	<hr/>

The substantial balance at 30th June is due to receipts of the fund being in excess of the estimated figure by £286,296.

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

	1957–58.	1958–59.	1959–60.
	£	£	£
Maintenance—			
Hospitals	9,753,011	10,142,438	11,228,093
Benevolent Homes	599,144	485,580	668,975
Children's Homes	117,919	116,757	116,178
Foundling Homes and Refuges	55,750	59,111	60,180
Philanthropic Associations	43,814	49,650	47,705
Ladies' Benevolent Societies	4,716	4,700	4,700
Medical Dispensaries	16,522	16,902	16,864
Ambulance Services	139,952	167,309	172,540
Hostels for the Aged	35,488	43,551	45,545
Other Institutions	104,629	106,280	109,344
Public Risk Insurance .. .. .	..	..	4,260
	<hr/>	<hr/>	<hr/>
	10,870,945	11,192,278	12,474,384
Other—			
Transfer of Patients to Country Hospitals	377	33	1
Costs Associated with Totalizator Receipts	4,830	4,917	5,548
Training of Officers	9,947	8,149	8,493
Recruitment and Training of Nurses	20,808	15,193	8,076
Preliminary Schools for Nurses	135,598	130,755	140,049
Post-graduate Training of Nurses	6,050	12,515	10,100
Administration Costs	95,350	132,846	150,570
Hospital Magazine .. .. .	..	2,450	2,018
	<hr/>	<hr/>	<hr/>
	11,143,905	11,499,136	12,799,239

The major reasons for the variation in administration costs as between 1958–59 and 1959–60 are:—

- (i) rental of office space at the rate of £19,134 per annum for a full year as against rental for approximately five months at the same rate in the previous year;
- (ii) higher salary costs consistent with salary increases granted by the Public Service Board; and
- (iii) the additional cost in 1959–60 involved in the recoup of overseas travelling expenses.

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 £4,536,000. 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 1959-60 was £652,338, comprising receipts from additional registration fees £302,226, and the balance brought forward from 1958-59, £350,112.

Expenditure from the fund in 1959-60, on works approved by the Treasurer, amounted to £345,233, of which £316,733 was incurred by the Railways Department and £28,500 by the Country Roads Board. The balance in the fund at 30th June, 1959, was £307,104.

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, 1960, the accumulated balance of the account was £855,709.

Mental Hospitals Fund.—*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 1959-60, duty paid amounted to £2,965,829 of which £426,968 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, 1960 :—

<i>Receipts.</i>	<i>During the Year.</i>	<i>Total.</i>
	£	£
Balance 1st July, 1959	36,563	..
Special Appropriation Acts Nos. 5705—6390		
Capital Works .. .. .	..	311,000
Maintenance Works .. .. .	..	150,000
General Expenditure (State Institutions)	304,000	1,606,000
Maintenance Grants (Other Institutions)	93,000	340,000
Mental Health Research	6,000	33,000
Capital Grants (Other Institutions)	23,968	335,173
	463,531	2,775,173
<i>Payments.</i>	<i>During the Year.</i>	<i>Total.</i>
	£	£
Capital Works .. .. .	..	311,000
Maintenance Works .. .. .	..	150,000
General Expenditure (State Institutions)	75,096	1,377,095
Maintenance Grants (Other Institutions)	85,891	328,867
Mental Health Research (University of Melbourne)	12,000	33,000
Capital Grants (Other Institutions)	27,416	312,083
	200,403	2,512,045
Balance 30th June, 1960	263,128	263,128

Municipalities Assistance Fund.—Reference has already been made on page 61 under the Local Government section of this report to subsidies to municipalities and other public bodies from loan moneys amounting to £349,202. 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.

A summary of operations in the fund is:—

	1958-59.	1959-60.
	£	£
Balance 1st July	37,160	20,515
Contribution—Public Works Loan Application Act Nos. 6482 and 6602	100,000	150,000
Receipts from fees	284,994	452,324
Less Costs of Collection	125,340	116,928
	159,654	335,396
	296,814	505,911
Expenditure—		
Amount contributed to Country Fire Authority	175,252	182,345
Amount contributed to Casual Fire Fighters Compensation Fund	372	..
Subsidies to various Municipalities for works	100,675	99,773
	276,299	282,118
Balance, 30th June	20,515	223,793
	296,814	505,911

In previous reports, it was indicated that:—

- (i) the normal revenue of the fund, after deduction of costs, had been insufficient to meet the annual statutory commitment to the Country Fire Authority;
- (ii) a contribution of £400,000 from Consolidated Revenue had been made to the fund in 1953-54; and
- (iii) in 1957-58 and 1958-59 loan moneys amounting to £120,000 and £100,000 respectively had been allocated to the fund.

Also, it was pointed out that the financing of the fund from loan moneys had been a significant departure from the original intention of Parliament that any shortage in the fund should be met from Consolidated Revenue.

From the summary of operations in 1959-60, it will be seen that, on the face of it, the position of the fund had improved and that, in particular, the normal revenue had been sufficient to meet the statutory commitment to the Country Fire Authority and the subsidies to municipalities; further that, notwithstanding the improved revenue position, an allocation of £150,000 from loan moneys had been made to the fund. In this connexion, it is necessary to observe, however, that the increase in normal revenue in 1959-60 was due mainly to the immediate benefit arising from the change-over in currency of drivers' licences from one year to three years. Prior to 1st April, 1959, all such licences had a currency of one year only. As from and inclusive of that date, the system of issuing licences for periods up to three years has been progressively introduced. It will be realized that, until the new system has general application, the annual normal revenue of the fund will tend to fluctuate.

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, 1960, is given hereunder:—

						£	£
Balance, 1st July, 1959	..	..	..	..	..	..	14,496
Receipts—							
From Consolidated Revenue	..	..	..	..	..	9,650	
Loan Fund	..	..	..	..	..	45,000	
						<hr/>	54,650
							<hr/>
							69,146
Payments—							
Subsidies to Committees of Management of National Parks and Advances for Works to the Public Works Department and Forests Commission—						£	£
Bulga	..	..	..	..	..	541	
Churchill	..	..	..	..	..	2,242	
Fern Tree Gully	..	..	..	..	..	2,776	
Fraser	..	..	..	..	..	7,170	
Kinglake	..	..	..	..	..	4,394	
Lakes (Spermwhale Head)	..	..	..	..	..	395	
Mallacoota	..	..	..	..	..	25	
Mt. Buffalo	..	..	..	..	..	8,506	
Tara Valley	..	..	..	..	..	1,268	
Wilson's Promontory	..	..	..	..	..	5,820	
Wyperfeld	..	..	..	..	..	1,760	
						<hr/>	34,897
Administration Costs	..	..	..	..	..	14,304	
						<hr/>	49,201
							<hr/>
Balance 30th June, 1960	..	..	..	..	..	..	19,945
							<hr/>

Of advances totalling £35,406 made to the Public Works Department to 30th June, 1960, the sum of £3,154 was unexpended at that date, and, of advances to the Forests Commission amounting to £8,850, there remained unexpended £844. In addition, the Country Roads Board held in trust the sum of £5,000 representing a contribution by the Authority towards roadworks in the Fraser National Park.

Other—Not Regulated by Statute.

Accounts under this heading include Departmental Suspense Accounts, the balances of which total £344,606; the Decentralization Fund, £82,762; the Country Roads Board Special Works Account, £48,059; and the Potato Marketing Board—Liquidator's Account £32,663, including investments, £23,200.

Reference to the Country Roads Board Special Works Account may be found on page 103 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.—The question of the desirability of this fund being regulated by statute has been raised in previous reports. Attention was given to this question by the Committee of Public Accounts in its recent investigation into the matter of advances from the fund to the Horsham Kyosan Engineering Co. Ltd. (See paragraph 14 of the Committee's report dated 15th September, 1960).

A major portion of the year's expenditure of £47,958 consisted of rail freight subsidies and loans to an industrial concern and a co-operative society. In addition, a total of £4,800 was made available to two country secondary industries, by way of loan, through the medium of the Government Agency Department of the Rural Finance Corporation.

Credits to the fund have been :—

	£
To 30th June, 1959	1,415,499
During the year—	
From Consolidated Revenue	40,000
Loan Fund	50,000
	1,505,499

The fund has been utilized as follows :—

	£
Expenditure to 30th June, 1959	1,374,779
During the year—	
Power and Light Subsidies	4,128
Rail Freight Subsidies	22,599
Loans to Decentralized Industries	18,160
Removal of Plant, Machinery, Furniture, &c.	568
Bus Subsidies	75
Road Transport Tax Subsidy	934
Fuel Subsidy	1,479
Miscellaneous	15
	1,422,737
The balance at 30th June, 1960, was	82,762
	1,505,499

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

	Advanced to 30th June, 1960.	Repaid.	Outstanding 30th June, 1960.	Arrears.	
				Interest.	Principal.
	£	£	£	£	£
Fishermen's Co-operative Societies	100,920	5,500	95,420	..	..
Brickworks	* 22,049	5,286	16,763	2,755	5,175
Textile Industries	65,337	26,920	38,417	927	532
Moyne Portland Cement Ltd.	202,034	45,924	156,110	..	..
Other Industries	151,660	58,583	93,077	823	2,973
	542,000	142,213	399,787	4,505	8,680

* 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.

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, 1959—								£	£
General Account	..	..	..	..	..	..	..	8,669	
Investments	..	..	..	..	..	..	..	23,200	
									31,869
Receipts—									
Sundry Debtors	..	..	..	..	..	..	..	69	
Interest on Investments	..	..	..	..	..	..	..	725	
									794
									32,663
Payments	..	..	..	..	..	..	..	..	Nil
Balance 30th June, 1960—									
General Account	..	..	..	..	..	..	..	9,463	
Investments	..	..	..	..	..	..	..	23,200	
									32,663

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, £7,226,212, and to a Geelong Harbor Trust debenture securing the outstanding balance of an advance, £147,401.

STATE ACCIDENT INSURANCE OFFICE.

Operation of this Office for the year showed a net profit of £407,205. Consideration of the appropriation of this profit 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 :—

	1955-56.	1956-57.	1957-58.	1958-59.	1959-60.
	£	£	£	£	£
Income—					
Premiums earned	1,784,301	1,777,381	2,390,011	2,593,580	2,778,195
Interest	53,366	58,366	61,520	74,526	119,336
Rents (Net)	4,497	4,400	1,881	1,785	2,573
Surplus—sale of property ..	10	325	224	140	..
	1,842,174	1,840,472	2,453,636	2,670,031	2,900,104
Expenditure—					
Claims	1,562,804	2,078,442	1,917,650	2,004,526	2,250,675
Management	84,351	95,604	104,348	121,340	201,860
Agents' Commission and Expenses	44,180	51,857	50,952	45,578	40,311
Loss—Sale of property .. ..	..	..	..	..	53
	1,691,335	2,225,903	2,072,950	2,171,444	2,492,899
Net profit	150,839	..	380,686	498,587	407,205
Net loss .. .. .	..	385,431	..	..	..
Loss ratio to earned premium income ..	% 87·6	% 116·9	% 80·2	% 77·3	% 81

Earned premiums were calculated on the "time" basis using the monthly method which has been in operation since 1954-55.

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.

Pursuant to the provisions of the *Stamps Act* 1959, in respect of the business of employers' liability insurance, the Insurance Commissioner was required, as from 1st January, 1960, to procure an annual licence and he became liable as from the same date for the appropriate duty payable under the Stamps Acts. One half of the duty paid by the Commissioner, an amount of £83,215, was included in expenditure on management for the year 1959-60 and that proportion was partly offset by amounts totalling £22,558 recovered from policy holders whose premiums became due in the second half of the financial year.

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

30.6.59.						30.6.60.	
£		<i>Assets.</i>				£	£
	<i>Current—</i>						
4,438,519	Cash at Treasury	..	..	..	..	..	4,943,643
250,868	Sundry Debtors, <i>Less</i> Bad Debts Provision	..	..	..	..	..	224,397
						—————	5,168,040
	<i>Fixed—</i>						
44,700	Furniture, Office Machines, and Cars— <i>Less</i> Depreciation	..	..	..	..	..	45,631
	<i>Investments—</i>						
115,665	Property—Offices	..	..	..	..	..	115,665
705,637	Inscribed Stock	..	..	..	..	..	893,137
						—————	1,008,802
5,555,389							6,222,473
	<i>Liabilities.</i>						
	<i>Current—</i>						
879,878	Unearned Premiums	..	..	..	..	..	707,670
3,171,980	Claims Outstanding	..	..	..	..	..	3,665,389
11,898	Sundry Creditors	..	..	..	..	..	17,853
						—————	4,390,912
	<i>Deferred—</i>						
462,099	Bonus Equalization Reserve	..	..	..	..	..	393,809
14,534	Building Depreciation and Maintenance Provision	..	..	..	..	..	15,547
						—————	409,356
	<i>Funds—</i>						
1,000,000	General Reserve	..	..	..	..	..	1,000,000
15,000	Building Improvement Reserve	..	..	..	..	..	15,000
..	Profit and Loss Account—Balance	..	..	..	..	..	407,205
						—————	1,422,205
5,555,389							6,222,473

The above statement, insofar as it relates to the balances as at the close of the year under review, is submitted subject to decisions in regard to the appropriation of the balance at credit of the Profit and Loss Account. In conformity with past practice, any such decisions will be given effect to in the accounts by entries as at 30th June, 1960.

There is constantly a considerable credit balance in the State Accident Insurance Fund at the Treasury. As shown above, it exceeded £4,000,000 at the end of each of the past two years. Interest at the rate of $1\frac{7}{8}$ per centum per annum was allowed, during 1959–60, on the monthly balances. In previous years, the rate was $1\frac{1}{4}$ per centum per annum.

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 loss of £49,762 compared with a profit of £63,459 in 1958–59.

A comparative summary of the sectional and overall income and expenditure of the Office in the past two years is furnished hereunder:—

	1958–59.			1959–60.		
	Third-Party.	Comprehensive.	Total.	Third-Party.	Comprehensive.	Total.
	£	£	£	£	£	£
Net Premiums earned	1,343,861	569,613	1,913,474	1,442,956	608,389	2,051,345
Stamp Duty recouped .. ..	..	..	..	..	16,973	16,973
	1,343,861	569,613	1,913,474	1,442,956	625,362	2,068,318
Claims	1,378,538	372,538	1,751,076	1,593,716	424,792	2,018,508
Management	85,745	48,422	134,167	94,928	51,980	146,908
Licence Fee .. .. .	..	..	..	..	15,295	15,295
	1,464,283	420,960	1,885,243	1,688,644	492,067	2,180,711
Operating—						
Profit .. .. .	..	148,653	28,231	..	133,295	..
Loss	120,422	..	..	245,688	..	112,393
Interest—Fund at Treasury .. ..	..	..	35,245	..	..	62,595
Sale of Property .. .. .	..	..	—17	..	..	36
	..	..	35,228	..	..	62,631
Net Profit .. .. .	..	..	63,459	..	..	..
Net Loss .. .. .	..	..	..	..	..	49,762
Loss Ratio to earned premium income	102·6	65·4	..	110·5	69·8	..

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.

The Insurance Commissioner, pursuant to the provisions of the *Stamps Act 1959*, was required, as from 1st January, 1960, to procure an annual licence and he became liable as from the same date for the appropriate duty payable under the Stamps Acts in respect of the business of motor car comprehensive insurance. One half of the duty paid by the Commissioner was applicable to the year 1959–60, and that proportion was more than offset by amounts recovered from policy holders, whose premiums became due in the second half of the financial year. It should be noted that the provisions of the Stamps Acts do not apply to “Third Party” Insurance.

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 £10,092,093 and the cost of collection was shown to be £698,513. These figures compare respectively with the 1958–59 totals of £9,199,391 and £574,318. The higher revenue from fees under the Motor Car Act is referred to in detail in this report at page 36.
- (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 £2,117,494.

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.—Under the authority of Section 31 of the *Country Roads Act 1958*, the Treasurer, in 1959–60, allocated from Loan Fund a sum of £160,000 for the purpose of permanent works as defined in the said Act. This sum was expended as follows :—

	£
On State highways and main roads	127,000
As the first of six annual instalments towards the cost of widening and strengthening the Anglesea and Ocean tourist roads to facilitate the development of brown coal resources at Anglesea	33,000
	160,000

Commonwealth Aid Roads Acts.—Moneys amounting to £293,330, the balance due under the *Commonwealth Aid Roads Act 1954–56* and received in 1959–60, and funds totalling £8,167,244 provided under the *Commonwealth Aid Roads Act 1959* were available in the year to meet expenditure upon the construction, reconstruction, repair, and maintenance of roads generally, with the proviso that certain sums were reserved for works upon roads in rural areas or for the purchase of road-making plant for use in those areas.

Insofar 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–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 1959–60, municipalities were recouped for expenditure on these works to the amount of £5.124, making the total expenditure to 30th June, 1960, £755,388.

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.

1958-59.		1959-60.
£		£ £
	<i>Country Roads Board Fund</i>	
219,822	Balance from previous year	336,403
8,626,526	Net Taxes (including £1,042 fines other than Motor Car Acts) ..	9,394,623
685,773	Municipal Contributions	723,803
1,873,424	Road Charges—Commercial Goods Vehicles Act	2,117,494
28,810	General Receipts	42,952
11,434,355		12,615,275
	<i>Loan Moneys—</i>	
75,000	Act No. 6229—State Highways and Main Roads	127,000
..	Tourist Roads	33,000
834	Act No. 6066—Flood Damage .. .. .	..
75,834		160,000
	<i>Commonwealth Aid Roads Act</i>	
..	Balance from previous year	351,460
2,689,246	For Roadworks Generally	4,996,664
3,481,729	For Rural Roads	3,463,910
6,170,975		8,812,034
	<i>Commonwealth Aid Roads (Special Assistance) Act</i>	
700,000	For Roadworks Generally .. .. .	..
	<i>Commonwealth-State Flood Restoration Account</i>	
53,171	Restoration of Roads and Bridges	5,124
18,434,335		21,592,433

EXPENDITURE.

1958-59.		1959-60.
£		£
	Principal items of expenditure by the Board may be classified as follows:—	
15,021,603	Construction and Maintenance of Roads, &c.	17,219,910
787,511	Payment of Interest (including exchange)	797,873
41,724	Sinking Fund Contributions and Loan Conversion Expenses	43,892
33,348	Repayment to Loan Fund	33,269
144,770	Transfer to Tourist Fund	151,737
712,974	Plant Purchase (net).. .. .	1,023,175
1,004,542	General Expenditure including Administration, Stores and Materials, &c. ..	1,678,899
17,746,472		20,948,755
687,863	Unexpended Balance at 30th June	643,678

General expenditure includes—£34,087 in 1958-59 and £452,275 in 1959-60 expended on the erection of the Board's new office building at Kew. This building is estimated to cost approximately £990,000, and the total expenditure to the 30th June was the sum of the two amounts mentioned, namely, £486,362. This sum has been provided from the Country Roads Board Fund under the authority of the *Country Roads Act 1958* as amended by the *Country Roads (Offices and Buildings) Act 1959*, No. 6546.

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 ..	5,852,043	2,499,272	3,335,766	..	17,005	..
By-pass Roads ..	266,880	266,880	..	..	..	..
Main Roads ..	6,259,201	4,660,323	1,487,812	..	109,995	1,071
Forest Roads ..	192,060	51,997	..	140,063	..	..
Tourists' Roads ..	551,089	518,089	..	..	33,000	..
Unclassified Roads ..	3,974,048	122,500	377,500	3,469,995	..	4,053
Murray River Bridges and Punts ..	124,589	124,589	..	..	..	..
	17,219,910	8,243,650	5,201,078	3,610,058	160,000	5,124

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 1959-60 these concessions amounted to £763,813. Details are—

(a) Permanent Works.

Of the proportion charged to municipalities on permanent works, £77,448, relief was granted to the extent of £47,409 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. It is considered that until such time as such legislation is amended appropriately, this amount should be paid to the credit of Consolidated Revenue as required by the Audit Act.

In respect of the interest on developmental roads assessed at £32,081, the whole was remitted. The total of these amounts did not exceed the statutory limit of £250,000.

(b) Maintenance.

Of the sum of £1,378,087, apportioned to municipalities, being one-third of the cost of maintenance of main roads in respect of the year 1958-59, the Governor in Council remitted £684,322 as excessive maintenance not due to local traffic. The net amount due was paid to the Board prior to 30th June, 1960.

TOURIST FUND.

For particulars see page 109.

As indicated later 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, £151,737, purporting to be the amount to be transferred in respect of 1958-59 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; £144,770 in 1958-59, and £151,737 in 1959-60—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 :—

1958-59.				1959-60.
£				£
35,086	Commonwealth Works—Aerodromes and other construction works	..	..	30,406
3,908	Department of Crown Lands and Survey—Roads	..	..	40,966
8,460	State Electricity Commission—Roads—Hernes Oak Deviation	..	..	78,104
77,228	Soldier Settlement Commission—Roads	..	..	59,375
201,057	State Rivers and Water Supply Commission—Roads and Bridgeworks	..	..	122,228
43,301	Housing Commission—Roads	..	..	23,868
35,835	Other Works	..	..	17,021
<u>404,875</u>				<u>371,968</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, 1960, an amount of £48,059 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.

Loan expenditure amounting to £160,000 during 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, 1959 ..	9,978,149	4,279,521	14,257,670
Add—Discount and Expenses	5,082	1,864	6,946
Expenditure—Act No. 6229 ..	160,000	..	160,000
	10,143,231	4,281,385	14,424,616
Less—Repayments	33,312*	..	33,312*
	10,109,919	4,281,385	14,391,304
Deduct—Increase in equity in National Debt Sinking Fund	107,447	95,758	203,205
Net loan liability at 30th June, 1960 ..	10,002,472	4,185,627	14,188,099

* Includes £43 credited direct to Loan Fund Credit Account.

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 33 years next after 30th June, 1960. To 30th June, 1960, contributions by these Councils amounted to £7,833.

Expenditure in 1959–60, amounting to £1,014,046, brought the total at 30th June to £3,013,405 which may be summarized as under :—

	£
Contract Payments (Utah Australia Ltd.)	1,676,653
Land Resumption and Demolition	547,063
Service Alterations	364,139
Miscellaneous	425,550
	<hr/>
	3,013,405
	<hr/>

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*, and Part 1 of the *Commercial Goods Vehicles Act 1958*, jurisdiction over all commercial goods and passenger vehicles operating within the State.

Fees (other than road charges) and fines under these Acts and fees under the Motor Car Acts for the registration of certain 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, 1960, was £458,663.

In my last report, it was pointed out that certain fees received in accordance with the provisions of the *Commercial Goods Vehicles Act 1958*, 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:—

1958-59.					1959-60.	
£	<i>Receipts.</i>				£	£
258,441	Balance of Transport Regulation Fund at 1st July	..	..	..	..	372,669
283,260	Licences and Additional Fees on Licences	..	..	..	277,693	
316,505	Permits	..	..	..	323,821	
5,505	Motor Omnibus Registration Fees	..	..	..	5,548	
33,656	Fines	..	..	..	47,164	
9,863	Miscellaneous	..	..	..	16,294	
					<hr/>	670,520
<hr/>						<hr/>
907,230						1,043,189
						<hr/>
	<i>Payments.</i>				£	
	<i>Head Office—</i>					
216,032	Salaries and Overtime (including Pay-roll Tax)	..	..	..	249,016	
9,854	Subsidy to Bus Operator	..	..	..	..
51,057	Other Expenses	..	..	..	59,036	
					<hr/>	308,052
	<i>Country Offices—</i>					
65,045	Salaries and Overtime (including Pay-roll Tax)	..	..	..	73,102	
7,896	Other Expenses	..	..	..	15,428	
					<hr/>	88,530
	<i>Inspection Staff—</i>					
93,044	Salaries and Overtime (including Pay-roll Tax)	..	..	..	99,074	
10,082	Police Services	..	..	..	10,676	
9,734	Other Expenses	..	..	..	11,273	
					<hr/>	121,023
	<i>Purchase and Maintenance of Motor Cars—</i>					
5,090	Purchase of Motor Cars	..	..	..	7,139	
14,430	Maintenance and Insurance	..	..	..	17,297	
					<hr/>	24,436
						542,041
	<i>Works—</i>					
2,500	Offices—Head Office and Geelong	..	..	..	2,193	
4,278	Contributions towards erection of Comfort Stations and Bus Shelters	..	..	..	2,295	
9,602	Inspection Depot—Port Melbourne	..	..	..	3,769	
					<hr/>	8,257
35,917	Amounts distributed to Municipalities	..	..	..	..	34,228
<hr/>						<hr/>
534,561						584,526
<hr/>						<hr/>
372,669	Balance of Transport Regulation Fund at 30th June	..	..	..	..	458,663
<hr/>						<hr/>

Revenue for the year rose by £21,731, due mainly to an increase in receipts from fines, permit fees, and drivers' certificates. In this regard, it should be stated that the annual fee for a driver's certificate was increased from 5s. to 10s. as from the 1st January, 1960. Further, it was made possible for individual drivers to obtain certificates with a currency of up to three years.

Road Charges.—Part II. of the *Commercial Goods Vehicles Act 1958* 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 1959-60 was £2,117,494 as compared with £1,873,424 in the previous year.

WORKERS COMPENSATION BOARD.

In accordance with the provisions of the *Workers Compensation Act* 1958, the revenue of the Board consists of contributions by Insurers, the Victorian Railways Commissioners and employers who operate approved schemes of compensation. All receipts of the Board 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. The Fund is also available for the payment of moneys due under awards against uninsured employers. The Insurance Commissioner is entitled to recover any such amounts. Certain expenses incurred by the Commissioner in recovering these amounts, are now being met from Consolidated Revenue.

Particulars of Income and Expenditure for the years 1958-59 and 1959-60 are as follow :—

		1958-59.	1959-60.
		£	£
<i>Income—</i>			
Contributions from Insurers and others		59,175	49,833
		<hr/>	<hr/>
<i>Expenditure—</i>			
Salaries		24,504	26,675
Rent		8,807	7,812
General		14,691	9,438
Claims on uninsured employers paid from the Fund (net) ..		6,305	5,417
		<hr/>	<hr/>
		54,307	49,342
		<hr/>	<hr/>
Excess Income over Expenditure for the year		4,868	491
		<hr/>	<hr/>

The balance of the Fund at the Treasury at 30th June, 1960, was £4,786.

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.

Receipts and Payments of the Common Fund for the years 1958-59 and 1959-60 are summarized below:—

		1958-59.	1959-60.
		£	£
Receipts		1,262,961	1,489,977
Payments		853,452	1,020,927
		<hr/>	<hr/>
Excess of receipts over payments		409,509	469,050
Balance at beginning of year		3,034,531	3,444,040
		<hr/>	<hr/>
Balance at close of year		3,444,040	3,913,090
		<hr/>	<hr/>

Investments, &c., controlled by the Board at 30th June, 1960, are shown hereunder :—

Common Fund (as above)—		£	£
Cash State Savings Bank of Victoria	.. .. .	.. .. .	208,430
Commonwealth Securities (face value)	.. .. .	2,004,920	
Less Discount	.. .. .	377	
		<hr/>	2,004,543
State Electricity Commission Debentures	.. .. .	.. .. .	1,050,000
Melbourne and Metropolitan Board of Works Debentures	.. .. .	.. .. .	550,000
Geelong Waterworks and Sewerage Trust Debentures	.. .. .	.. .. .	100,000
Temporary Advances	.. .. .	.. .. .	117
			<hr/>
			3,913,090
			<hr/>
Specific Investments—			
Commonwealth Securities	.. .. .	.. .. .	24,790
State Electricity Commission Debentures	.. .. .	.. .. .	2,400
Melbourne and Metropolitan Board of Works Debentures	.. .. .	.. .. .	1,200
Geelong Waterworks and Sewerage Trust Debentures	.. .. .	.. .. .	2,000
			<hr/>
			30,390
			<hr/>

TOURIST DEVELOPMENT AUTHORITY.

Under the *Tourist Act* 1958, as amended, the Tourist Development Authority is a body corporate responsible, primarily, for recommending to the Minister:—

- (i) measures for the publicizing and development of the tourist industry in Victoria; and
- (ii) the making of payments out of the Tourist Fund for the improvement of tourist facilities.

For such purposes the Minister may authorize payments from the Fund on such terms and conditions as he thinks fit.

The Authority is also empowered to promote, assist and co-ordinate the activities of persons and organizations interested in the development of the tourist industry and to investigate such matters relating to the industry as are referred to it by the Minister.

In addition, the Authority has been responsible, since 5th April, 1959, for the control of the several tourist bureaux formerly conducted by the Victorian Railways Commissioners.

The annual credits to the Tourist Fund include a cash 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 in respect of the previous year. It should be noted that the amount of this levy is required, in every year, to be certified by me. For the reasons detailed on page 102 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, 1958-59 and 1959-60 have been withheld. Similarly, my certificate was not given to the transfer to the Tourist Resorts Fund in 1956-57.

The moneys in the Tourist Fund may be applied, not only for the purposes already stated, but also 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.

Credits to the Fund during the year were:—

	£	£	£
Balance forward from 1958-59 .. .. .	..	..	169,568
Contribution from Country Roads Board Fund .. .. .	..	151,737	
Contribution under Public Works Loan Application Act No. 6169 .. .. .	..	35,000	
Contributions by Municipalities—Share of cost of works, &c. .. .. .	..	6,881	
Interest on loans to certain Bodies .. .. .	..	115	
Loan repayments by certain Bodies .. .. .	..	1,550	
Tourist Bureaux operations—			
Revenue from Commissions, &c.	43,874		
From Consolidated Revenue—Share of cost of operations—			
Premier's Office Vote Div. 9-3-7	57,000		
Railway Working Expenses	87,200		
	188,074		
		383,357	
			552,925

Disbursements from the Fund are summarized below:—

	£	£	£
Recoup of Consolidated Revenue on account of debt charges .. .. .	..	11,603	
Expenditure on works authorized by the Tourist Resorts Committee prior to proclamation of the Tourist Act, and including administration charges of the Public Works Department .. .. .	..	7,661	
Developmental and maintenance works authorized under the Act .. .. .	..	*142,752	
Publicity—net (including contribution to the Australian National Travel Association) .. .. .	..	16,996	
Loans to certain Bodies .. .. .	..	7,550	
Costs and administrative expenses—			
Head Office	23,277		
Tourist Bureaux	202,124		
	225,401		
Disbursements for year .. .. .	..	411,963	
Balance at the close of the year .. .. .	..	140,962	
			552,925

* Includes advances to the Public Works Department, £47,042, of which £20,844 was unexpended as at 30th June, 1960.

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 cash collections by the Authority at various locations during the year 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—No. 9—Miscel- laneous.	Treasury Trust— Unclaimed Moneys.	Total Collections.
	£	£	£	£	£	£
Collections by—						
Head Office .. .. .	..	35,298	96,308	10	16	131,632
Tourist Bureaux—						
Melbourne	668,270	497,565	..	76	..	1,165,911
Sydney	30,147	38,766	..	..	..	68,913
Adelaide	38,107	50,402	..	1	..	88,510
Ballarat	11,233	38,654	..	..	..	49,887
Bendigo	11,405	38,672	..	..	..	50,077
Geelong	11,532	48,874	..	2	..	60,408
Mildura	4,567	5,716	..	..	..	10,283
	775,261	753,947	96,308	89	16	1,625,621

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.

MARKETING BOARDS.

ASSOCIATED WITH PUBLIC ACCOUNT.

Particulars of those Marketing Boards whose financial operations pass through the Public Account are as follows:—

Dried Fruits Board.—The financial operations of this Board are conducted through the Treasury. The Board's functions are to encourage the development of the dried fruits industry, and to regulate the processing, quality and sale of the commodity.

Expenditure by the Board has been met from contributions in respect of each ton of dried fruits packed in Victoria, and from the fees payable upon the registration, or the renewal of the registration, of packing houses. The accounts are based on a calendar year. The following summary sets out the transactions of the Dried Fruits Fund for the years 1958 and 1959.

1958.		1959.	
£	£	£	£
17,945			16,882
140			140
<hr/>			<hr/>
	18,085		17,022
		<i>Payments—</i>	
1,453			1,423
600			600
5,567			3,190
1,171			1,377
3,333			3,092
538			577
2,367			3,154
<hr/>			<hr/>
	15,029		13,413
	3,056	Surplus for year..	3,609
	<hr/>		<hr/>

The Treasury Account shows that, at 30th June, 1960, the cash balance was £8,115 and that £4,380 was held as an investment in inscribed stock.

Milk Board.—Trading operations for the year 1959–60 resulted in a revenue surplus of £6,616 on milk sales of £11,461,049.

Trade Debtors at 30th June, 1960, were £46,514 in excess of Creditors, compared with an excess of £60,680 at the close of the financial year 1958–59.

A summarized statement of the Board's operations for the year, together with comparative figures for the previous year, is set out hereunder:—

1958–59.		Revenue.		1959–60.	
£				£	£
98,597	Milk Trading Revenue			126,906	
..	Less transfer to Publicity Account			42,722	
				<hr/>	
				84,184	
..	Milk Shop Licence Transfer Fees			237	
				<hr/>	
					84,421
		<i>Expenditure.</i>			
26,507	Salaries			37,866	
489	Pay-roll Tax			593	
..	Rental of Premises			8,381	
2,813	Travelling Expenses			3,168	
1,643	General Expenses			2,469	
21,181	Promotion—Consumption of Milk			21,361	
..	Promotion—Production of Milk			1,000	
2,500	Improving Quality of Milk—Paid to Department of Agriculture			2,500	
1,167	Interest			215	
242	Depreciation			252	
<hr/>				<hr/>	
	56,542				77,805
	42,056	Surplus for the year			6,616
	<hr/>				<hr/>

The higher salary costs arose largely from decisions of the Public Service Board—increasing, as from June, 1959, the allowance formerly known as the cost of living allowance, and granting, as from February, 1960, marginal salary increases.

Actual expenditure charged to the Board's Publicity Account on the campaign to promote the consumption of milk was £67,568, but, of this amount, there was recouped £42,722 per medium of a levy at the rate of .16 pence per gallon on dairy farmers and dairymen. (See transfer to Publicity Account in the above statement). Also, as a set-off against the Board's expenditure on publicity, a sum of £3,485 was received by way of contributions from milk depots and carriers.

The item "Rental of Premises £8,381" comprised £4,107 rent for 1958-59 and £4,274 rent for 1959-60. The Board was called on to meet this expense in accordance with a governmental decision to impose charges for rent on all Authorities occupying buildings owned or rented by the Crown, and whose funds are not provided from Consolidated Revenue.

The Board's balances as at the 30th June, 1959, and the 30th June, 1960, are shown hereunder:—

30.6.59.		30.6.60.	
£		£	£
891,269	Sundry Creditors	960,766	
..	Milk Shop Licences Paid in Advance	8,396	
..	Bank Overdraft	51	
			969,213
Revenue Account—Accumulated Surplus—			
325,483	Balance at 1st July	367,538	
42,055	Revenue Surplus for the year	6,616	
			374,154
367,538			
1,258,807			1,343,367
Milk Board Fund—Balance at the Treasury			
305,181	Sundry Debtors		329,990
951,949	Office Equipment and Furniture less Depreciation		1,007,280
696	Pasteurisation Plant less Depreciation (Publicity Account)		1,273
..	Motor Vehicles less Depreciation		3,990
981			834
1,258,807			1,343,367

Defalcations and Irregularities, 1959-60.

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 £.)

Chief Secretary.

Children's Welfare Department.—An audit of the Cash Book relating to the Winlaton Girls' Training Centre disclosed a deficiency of £37. The officer in charge of the account at the time is no longer employed in the Public Service.

Police Department.—A Constable stationed at East Brunswick withheld an amount of £6 collected on two warrants. He was charged with falsifying accounts and placed on probation for a period of twelve months.

A Senior Constable stationed at Swan Hill was charged with having misappropriated two amounts, totalling £30, received on warrants of distress. He was suspended from duty and committed for trial on two charges of embezzlement.

Education Department.

Bairnsdale West State School.—The amount shown on a cash sale docket submitted by a cleaner when claiming reimbursement of the cost of protective clothing had been increased by £1. This amount has since been refunded.

Dixie State School.—Examination of official accounts at the school disclosed a deficiency of £101. The teacher considered to be responsible has been called upon in the terms of the Audit Act to show cause why he should not be surcharged with the amount of the deficiency.

Eaglehawk North State School.—The amounts shown on cash dockets submitted by cleaners when claiming reimbursement of the cost of protective clothing had been altered. After police inquiry, restitution of the total amount involved, £4, was made.

Mt. Macedon State School.—The cash docket submitted in support of an application for subsidy had been amended by the inclusion thereon of the purchase price of the item on which the subsidy was sought. The amount involved, £1, was refunded.

Warrandyte State School.—Examination of official accounts at the school disclosed a deficiency of £39. Restitution to the extent of £8 has been made. Further action as to recovery of the balance is under consideration.

Foster Consolidated School.—Examination of official accounts at the school disclosed a deficiency of £73. Restitution was made by the teacher concerned.

Head Office.—Major Salary Overpayments.—Overpayments ranging from £119 to £640 were made to four teachers. In the light of advice from the Crown Solicitor in another case, two overpayments totalling £327 were considered to be irrecoverable. The other two overpayments amounting to £838 are being recovered by instalments per medium of deductions from the respective salaries of the teachers concerned.

Council of Adult Education.—An audit of the Advance Account disclosed that two officers, the Secretary and the Accountant, acting in collusion, had, without authority, advanced to themselves £553 and £512 respectively. Full restitution was made. The resignation of the Accountant was accepted, and the Secretary was reduced in classification.

University of Melbourne—Melbourne University Press.—Book stocks held were in question. The matter was the subject of police investigation.

Hospitals and Charities Commission.

Alexandra District Hospital.—An audit of the accounts disclosed that several sums amounting to £242 had been misappropriated or misapplied. The person considered responsible was the then Manager-Secretary who subsequently transferred to Hampton Hospital. Presented before the Court of General Sessions, Melbourne, on two charges, he pleaded guilty. The passing of sentence was adjourned.

Hampton Hospital.—Overpayments of salary to the Manager-Secretary and the misappropriation of other moneys resulted in a deficiency of £176. The Manager-Secretary was convicted and sentenced to imprisonment for three months, but on appeal, was released on probation for a period of three years.

Premier's Office.—By overstating her age, a temporary typiste was overpaid a total of £258. Restitution is being made by instalments, the amount repaid to 30th June, 1960, being £58.

Public Trustee.—Twenty-five half sovereigns, valued at approximately £45, were missing from the effects of a trust estate.

A junior officer, who resigned, was considered to have misapplied a total of £9 obtained from the Cashier for the purpose of obtaining various certificates from the Government Statist.

Railways Department.—Fifty officers and employes were guilty of offences involving money or other property. In one instance, goods valued at £245 were stolen. In another case, an employe accepted accident pay to which he was not entitled and thereby caused loss amounting to £134. The deficiencies in the remaining cases were comparatively small. Twenty-eight of the charges were dealt with by the Courts, and twenty-two were dealt with by the Railways Board of Discipline.

State Electricity Commission.—A check of liquor stocks at the canteen at McKay Creek, Kiewa, disclosed a shortage in stock, valued for sale at £171. The Canteen Manager's services were terminated. Benefits due to the Manager in respect of accrued salary and for recreation leave, amounting to £168 were forfeited, and applied against the deficiency.

In addition, losses or thefts of stores or materials reported in the year were as follows :—

Authority.	Location.	Items Lost or Stolen.	Value.	Remarks.
			£	
Agriculture Department	Dookie	Captive bolt pistol and bacon slicer	42	Referred to Police for inquiry
" "	"	Paint spraying equipment	150	" " "
Gas and Fuel Corporation	Highett	Pipes and fittings ..	200	" " "
" " "	"	Motor tyres ..	244	" " "
" " "	West Melbourne ..	Sundry stores ..	574	" " "
Forests Commission ..	Brookwood ..	Mechanical stores ..	3,023	" " "
Mental Hygiene Authority	Mont Park ..	Pigs (2)	60	" " "
	" ..	Tools, &c.	Not given	" " "
Penal Department ..	Beechworth ..	Personal issue of prisoner	1	Written off
" ..	Cooriemungle ..	Sheep (25)	Not given	Referred to Police for inquiry
Public Works Department	Mental Hospital, Kew	Sundry tools ..	Not given	" " "
" ..	Salmon-street ..	Batteries (unserviceable)	"	" " "
State Rivers and Water Supply Commission	Bendigo	Clock	1	" " "
" ..	Frankston	Tools, &c.	54	" " "
" ..	"	Water cart, batteries, &c.	27	" " "
" ..	Goulburn Irrigation Remodelling	Tools, &c.	263	Written off by Commission
" ..	Heyfield	Cement (20 bags) ..	10	Referred to Police for inquiry
" ..	Maffra	Sundry stores ..	29	Written off by Commission
" ..	Werribee	Cement (9 bags) ..	3	Referred to Police for inquiry
Traffic Commission ..	Albert Park ..	Trafficcounter ..	250	" " "

ACKNOWLEDGMENT.

In conclusion, I wish to record my appreciation of the able and conscientious manner in which all members of the staff of the Audit Office have performed their duties during 1959-60. I also desire to express my thanks to officers of the Treasury and other departments for their co-operation throughout the year.

R. W. GILLARD,
Auditor-General.

Melbourne, 26th October, 1960.

STATEMENT No. 1.

REVENUE ACCOUNT, 1959-60.

Receipts.

Expenditure.

	£	Per cent. of Gross Revenue.		£	Per cent. of Gross Revenue.
Railway Earnings	38,780,447		Railways—Operating Costs, &c. ..	37,685,464	
Subsidy (as per contra)	251,446		Water Supply	3,791,141	
Water Supply	3,701,133		Coal Mine	592,194	
Coal Mine	362,071		Victoria Dock Cool Stores	106,352	
Victoria Dock Cool Stores	190,466			42,175,151	
	43,285,563	25.72	Subsidy to Railways	251,446	
Interest brought to account—				42,426,597	25.21
Country Roads Board	775,735		Interest and Exchange on Loans ..	38,297,827	
Co-operative Stores	27,046		Contributions to National Debt Sinking	5,300,456	
Electricity Commission	2,705,908		Fund	62,618	
Gas and Fuel Corporation	229,072		Expenses of Loan Conversions ..		
Geelong Harbor Trust	8,160			33,660,901	20.00
Geelong Waterworks and Sewerage			Pensions, Superannuation, &c.—		
Trust	15,511		Railways	1,969,663	
Grain Elevators Board	46,032		Other	2,435,414	
Home Builders Account	337,798			4,405,077	2.62
Housing Commission	3,459,129		Payments to Hospitals and Charities Fund	13,085,296	
Land Settlement	791,619		Payments to Mental Hospitals Fund ..	426,968	
Latrobe Valley Water and Sewerage				13,512,264	8.03
Board	115,510		Salaries (vide Sub-statement) ..	42,850,223	
Public Account	104,226		Contingencies (vide Sub-statement) ..	21,072,911	
Rural Finance Corporation	261,138		Endowments and Grants (vide Sub-	3,900,441	
Sewerage Authorities	16,275		statement)	1,900,119	
Water Authorities	306,614		Works and Buildings	2,173,675	
Sundry	113,591		Forests	185,000	
	9,313,362	5.53	Mint Subsidy	895,930	
Payment by Commonwealth	2,127,159	1.27	Sundry		
Payment by Commonwealth—Financial				72,978,199	43.36
Assistance Grants	60,625,000	36.02	Advances repaid to Commonwealth—		
Taxes, Registrations, Licences, &c. ..	37,993,850	22.57	Home Builders Account	41,967	
Departmental Services	4,626,117		Housing Commission	930,881	
Territorial—Lands and Forests ..	2,937,456		Soldier Settlement	40,893	
Ports and Harbors	585,086			1,013,771	.60
Fines and Fees	1,874,058				
Mint	196,023				
Rents	352,128				
Repayment of Loans from Revenue ..	45,330				
Miscellaneous	488,707				
	11,104,905	6.60			
Recoups—					
Sinking Fund Contributions	293,044				
Exchange	111,183				
Housing Commission	930,881				
Home Builders Account	41,997				
Soldier Settlement	40,893				
Other Recoups	2,442,510				
	3,860,508	2.29			
			Surplus for 1959-60	313,538	.18
	168,310,347	100.00		168,310,347	100.00

SUB-STATEMENT.

	Salaries.	Contingencies.	Endowments and Grants.	Total.
	£	£	£	£
The Governor, Judges, and Executive Council	105,490	62		105,552
Parliamentary and Electoral Expenses	441,572	103,845		545,217
Premier	487,922	330,610		818,532
Chief Secretary	642,871	640,664		1,283,535
Children's Welfare	353,833	919,990		1,273,823
Penal and Gaols	514,086	446,981		961,067
Police	5,754,358	1,362,748		7,117,106
Public Libraries	227,164	98,604	316,325	642,093
Labour and Industry	241,689	49,956		291,645
Education—				
Departmental	23,258,783	7,250,103		30,508,886
Technical Schools			1,997,653	1,997,653
Other			86,761	86,761
Law	1,528,214	649,085	100	2,177,399
Treasury	976,972	2,503,562	118,286	3,598,820
Lands	1,011,212	483,170		1,494,382
Public Works and Ports and Harbors	1,174,937	454,743		1,629,680
Local Government	55,700	16,809		72,509
Mines	213,681	201,286		414,967
Agriculture	1,183,422	627,058	11,350	1,821,830
Health	1,142,367	2,503,353	155,265	3,800,985
Mental Hygiene	3,527,553	2,429,743		5,957,296
Transport	8,397	739		9,136
University of Melbourne			1,181,100	1,181,100
Monash University			33,600	33,600
	42,850,223	21,072,911	3,900,440	67,823,574

STATEMENT No. 2.

RECEIPTS AND EXPENDITURE FOR THE YEAR 1959-60.

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 1959-60.

		Receipts.				Expenditure.	
		£	s.	d.	£	s.	d.
<i>Balances brought forward—</i>							
Surplus Revenue	..	16,179	12	9			
Loan Fund	..	1,067,788	5	8			
		<u>1,083,967</u>			18	5	
Revenue for the year	..				168,310,347	2	0
<i>Proceeds of Loans raised for Works</i>							
&c. . . . .	..	46,405,000	0	0			
Less Flotation Expenses	..	106,970	10	7			
		<u>46,298,029</u>			9	5	
Loan Repayments	..				5,817,080	12	8
<i>Advance from Treasurer's Advance—</i>							
Debit balance at 30.6.59	..	382,529	0	11			
” ” 30.6.60	..	502,541	4	4			
		<u>120,012</u>			3	5	
<i>Charged to—</i>							
The Consolidated Revenue, 1959-60	..						167,996,809
Charged to Loan	..				51,916,717	14	7
<i>Deduct—Debit balance—</i>							
Treasurer's Advance, 30.6.59	..	382,529	0	11			
		<u>51,534,188</u>			13	8	
<i>Add—Debit balance—</i>							
Treasurer's Advance, 30.6.60	..	502,541	4	4			
<i>Loan Expenditure</i>	..						52,036,729
<i>Total Expenditure for the year</i>	..						<u>220,033,539</u>
<i>Balances carried forward—</i>							
Surplus for year 1959-60	..	313,537	11	4			
Surplus Revenue	..	16,179	12	9			
Loan Fund	..	1,266,180	13	2			
		<u>1,595,897</u>			17	3	
		<u>221,629,437</u>			5	11	

* Does not include £10,660,000 advances from Commonwealth Government for Housing, including £3,100,000 for the Home Builders' Account, nor £1,000,000 advanced for special assistance for Soldier Settlement.

STATEMENT No. 3.

LOAN FUND.

ABSTRACT OF TRANSACTIONS FOR THE YEAR 1959-60.

	£	s.	d.	£	s.	d.
<i>Balance</i> of Loan Fund at 30th June, 1959 ..	1,067,788	5	8			
<i>Receipts—</i>						
Proceeds of Loans Raised—						
For Works, &c.	46,405,000	0	0			
,, Redemption	24,744,538	13	9			
Loan Repayments	5,817,080	12	8			
Charges to Treasurer's Advance at 30th June, 1960	502,541	4	4			
						78,536,948 16 5
<i>Disbursements—</i>						
Works, &c.	52,036,729	18	0			
Moneys applied to Redemption	24,652,308	13	9			
Repayment to Treasurer's Advance	382,529	0	11			
Flotation Expenses	106,970	10	7			
Conversion Bonus	92,230	0	0			
						77,270,768 3 3
<i>Balance</i> of Loan Fund at 30th June, 1960						1,266,180 13 2

LIABILITY FOR LOANS.

State's Liability to Commonwealth at 30th June, 1959	555,011,818	13	4			
Loans raised in 1959-60—	£	s.	d.			
For Works, &c.	45,284,620	2	8			
,, Redemption	24,797,038	13	9			
						70,081,658 16 5
						625,093,477 9 9
<i>Less</i> Loans Repurchased or Redeemed—						
By Redemption Loans	24,574,500	0	0			
,, National Debt Sinking Fund	6,396,961	15	4			
						30,971,461 15 4
State's Liability to Commonwealth at 30th June, 1960						*594,122,015 14 5
Charges to Treasurer's Advance at 30th June, 1960						502,541 4 4
						594,624,556 18 9
<i>Less</i> Cash at credit of National Debt Sinking Fund	186,261	6	10			
Unexpended balance of Loan Fund	1,266,180	13	2			
						1,452,442 0 0
Net Liability for Loans at 30th June, 1960						*593,172,114 18 9
Net Liability for Loans at 30th June, 1959						554,198,484 13 6
The increase during the year was						38,973,630 5 3

* Does not include £119,717,291 advanced by the Commonwealth for Housing purposes nor £7,094,159 advanced for special assistance for Soldier Settlement.

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 1959-60.

Receipts.		Interest—		Payments.	
<i>Paid to Revenue—</i>	£ s. d.	<i>On Funded Debt—</i>	£ s. d.	<i>On Temporary Loans ..</i>	£ s. d.
Water Trusts and Corporations, &c.	365,412 0 2	Melbourne ..	21,533,324 12 10		
Sewerage Authorities	16,275 0 0	London and New York ..	1,935,800 12 1		
Geelong Waterworks & Sewerage Trust	15,510 14 7	Expenses.. ..	87,006 7 1		
Latrobe Valley Water & Sewerage Board	115,509 18 5				
Melbourne and Metropolitan Board of Works	19,038 3 4			23,556,131 12 0	
Land Settlement	791,618 19 11			4,026,559 4 7	
Country Roads Board Fund	841,764 15 6			27,582,690 16 7	
State Electricity Commission	2,940,803 13 5				
Grain Elevators Board	48,788 5 10				
Housing Commission	3,462,139 19 8	<i>Exchange on Overseas Interest</i>			715,136 13 2
Home Builders' Account	337,798 2 10				
Gas and Fuel Corporation	241,618 9 2	<i>Sinking Fund Contributions</i>			5,300,455 13 8
Rural Finance Corporation	280,992 3 8				
Banks—Interest on Public Account	104,226 7 8	<i>Loan Conversion Expenses ..</i>			62,617 18 4
Miscellaneous	129,882 18 9				
	9,711,379 12 11				
<i>Balance—Amount which had to be met from Taxation and other sources</i>	23,949,521 8 10				
	£33,660,901 1 9				£33,660,901 1 9

In the preceding year (1958-59) Taxation, &c., provided £21,007,844 7s. 8d. The increase last year was £2,941,677 1s. 2d.

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.
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
1959-60	574,566,917	29,645,507	5,695,985	23,949,522	5 3 2	0 19 10	4 3 4

† 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.
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
1959-60	†85,782,483	4,002,165	..	4,002,165	4 13 4	..	4 13 4

* Including recoups by Treasury from Vote for non-paying lines, &c., but excluding Subsidy towards payment of interest from 1950-51 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.
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
1959-60	111,855,889	5,063,370	239,871	4,823,499	4 10 6	0 4 3	4 6 3

STATEMENT No. 6.

RAILWAY ACCOUNTS.

Statement of Railway Receipts and Expenditure, including Revenue and Loan Moneys.

Receipts.			Expenditure.		
	£	s. d.		£	s. d.
<i>Revenue</i> —			<i>Charged to Revenue</i> —		
Railway Income	38,780,447	5 8	Working Expenses	36,957,974	7 9
Treasury credit for concessions in certain Country Freight Charges ..	143,000	0 0	Accident Fund	488,743	9 4
Recoup Kerang-Koondrook Tramway Act	8,446	0 0	Renewals and Replacements Fund	200,000	0 0
Recoup Pensioners' Fares Concessions	100,000	0 0	Commissioners' Salaries	15,654	6 3
	<u>39,031,893</u>	<u>5 8</u>	Pensions and Gratuities	1,969,663	10 7
				39,632,035	13 11
<i>Loan</i> —			National Debt Sinking Fund	208,035	15 10
Applied from the Loan Fund	8,014,305	1 4	Loan Conversion Expenses	14,997	15 1
Less Treasurer's Advance in 1958-59	<u>199,900</u>	<u>0 0</u>			
	7,814,405	1 4	Interest	3,605,250	0 5
			Exchange on Overseas Interest	173,881	18 11
				3,779,131	19 4
				43,634,201	4 2
Deficiency for 1959-60	4,602,307	18 6	<i>Charged to Loan</i> —		
			Additions and Improvements	1,897,755	17 5
			Rolling Stock, Equipment, Machinery, and other Works	388,622	7 3
			Construction of new lines, &c.	138,861	7 9
			Replacement (Rehabilitation) Works	5,389,165	8 11
				7,814,405	1 4
Total	<u>51,448,606</u>	<u>5 6</u>	Total .. .. .	.. .. .	.. .. .
				51,448,606	5 6

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.	1954-55.	1955-56.	1956-57.	1957-58.	1958-59.	1959-60.	Per cent. of Revenue.
Working Expenses	£ 35,533,934	36,141,584	37,185,983	36,054,257	35,777,135	36,957,974	} 93.9
Commissioners' Salaries	10,226	11,576	14,000	14,000	14,900	15,654	
Renewals and Replacements Fund	200,000	200,000	200,000	200,000	200,000	200,000	} 100.4
Railway Accident, &c., Fund	305,812	336,654	335,875	370,630	434,049	488,743	
Pensions and Gratuities	1,215,527	1,579,131	1,620,954	1,712,623	1,845,153	1,969,664	} 4.8
National Debt Sinking Fund	168,887	178,151	182,546	186,878	196,822	208,036	
Interest	2,544,685	2,877,910	3,023,161	3,283,262	3,466,653	3,605,250	} 9.1
Exchange on Interest Payments in London	134,155	128,189	124,133	123,180	147,284	173,882	
Loan Conversion Expenses	5,179	307	3,898	3,179	2,037	14,998	} .4
Receipts	40,118,405	41,453,502	42,690,550	41,948,009	42,084,033	43,634,201	} 110.3
	*39,843,019	37,299,906	37,463,316	35,947,810	38,141,702	39,031,893	
Deficiency	275,386	4,153,596	5,227,234	6,000,199	3,942,331	4,602,308	} ..

* Includes a Treasury Subsidy £2,143,060 in 1954-55.

APPENDIX A.

TREASURER'S ADVANCE 1959-60.

The particulars of the expenditure which has been carried forward are :—

Pending Loan Application Act.

	£	s.	d.	£	s.	d.
Public Works—						
Coal Canal Bridge	31,925	16	5			
Ewing House—Ballarat	500	0	0			
Fisheries and Wild Life Department	1,249	17	3			
Geelong Art Gallery	1,388	15	0			
Eltham Railway Station Subway	5,833	6	8			
Lands Department—Survey Equipment	13,590	7	10			
Municipalities Forests Roads Improvement Fund	15,000	0	0			
Public Library—Reconstruction and Renovation Works	1,375	3	11			
Rural Finance Corporation—Agency Department—Gippsland Cement and Lime Pty. Ltd.	10,000	0	0			
Rural Finance Corporation—Agency Department—Kooroora Motel Pty. Ltd.	7,500	0	0			
Shire of Kaniva—Road Construction	3,114	8	7			
						91,477 15 8

Water Supply—

	£	s.	d.
Ballarat Water Commissioners	67,000	0	0
City of Ararat	27,640	4	10
Euroa Waterworks Trust	1,996	9	7
Kilmore Waterworks Trust	1,476	6	0
Lang Lang Waterworks Trust	3,029	0	0
Tallangatta Township Removal	2,644	11	10
Underbool Waterworks Trust	514	2	11
Wodonga Waterworks Trust	4,045	13	10
	108,346	9	0

Sewerage Authorities—

Korumburra	50,000	0	0
Latrobe Valley	196,776	5	11
Sale	12,738	0	0
Stawell	14,000	0	0
Traralgon	29,202	13	9
	302,716	19	8
			411,063 8 8
			502,541 4 4

Pending Legislation.

Provision of funds to meet expenses in connexion with the visit overseas of the Honorable the Attorney-General	2,720	12	9
Total	505,261	17	1

The following are the reasons furnished by the Treasurer for transferring the expenditure as a charge on future years :—

Public Works Loan Application Act, £91,477 15s. 8d. Amount charged at 30th June, 1960, pending passing of the Public Works Loan Application Act.

Water Supply Loan Application Act, £411,063 8s. 8d. Amount charged at 30th June, 1960, pending passing of the Water Supply Loan Application Act.

Pending Legislation £2,720 12s. 9d. Payment made pending provision on Estimates 1960-61.

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, 1959-60.

Railways Department—

Date of Order Authorizing Transfer.	Vote.		Transferred.		Amount.
	Division.	Subdivision.	From Item—	To Item—	
9th August, 1960 ..	88	1	Item No. 3—Rolling-Stock Branch	Item No. 6—Refreshment and Advertising Services .. Item No. 7—General Expenses	£ 8,300 17,440 <hr/> 25,740

APPENDIX C-1.

ENDOWMENTS AND GRANTS.

	1958-59.	1959-60.	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 Suffers	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	81,500	80,925	- 575
Children's Holiday Camps	5,000	5,000	..
Father and Son Welfare Movement	500	500	..
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	..
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	1,447	1,450	+ 3
Salvation Army for Official Visits to City Court and Lock-up State Relief Committee	500	500	..
15,000	15,000	..	
Surf Life Saving Association of Australia	3,000	3,000	..
Victorian Amateur Swimming Association	750	750	..
Victorian Council of Pedal Clubs .. .. .	..	750	+ 750
Victorian Council for Social Services	1,450	1,450	..
Victorian Family Council .. .. .	..	500	+ 500
Victorian Nursing Council—Training Schools for Nurses	12,000	14,000	+ 2,000
Walter and Eliza Hall Research	13,000	13,000	..
Young Christian Workers Movement	1,000	1,000	..
Young Farmers' Clubs Association	9,000	11,350	+ 2,350
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	37,515	35,065	- 2,450
Municipal and Regional Libraries	237,218	264,376	+ 27,158
Outdoor Orchestral Concerts	12,920	13,000	+ 80
Victorian Symphony Orchestra	25,000	25,000	..
Sundry—			
Animal Welfare League	500	500	..
Australian Publicity Council	5,000	5,000	..
Ballarat Fish Acclimatization Society	1,200	1,200	..
Bird Observers' Club—re Survey of Rookeries on Phillip Island	50	..	- 50
British Commonwealth Youth Sunday	4,075	3,000	- 1,075
British Memorial Foundation .. .. .	..	400	+ 400
Cemeteries, Improvement and Maintenance	6,000	6,000	..
Commonwealth Parliamentary Association—Victorian Branch	1,895	14,441	+ 12,546
Conservation of Flora and Fauna Phillip Island	1,200	1,200	..
Exhibition Trustees	1,000	1,000	..
Exhibition Buildings, repair and renewal works	15,000	15,000	..
Female Prison Reform—Grant to Consultative Council .. .. .	..	50	+ 50
Melbourne Medical Post-Graduate Committee	2,000	2,000	..
National Association of Testing Authorities	250	250	..
Save the Forests Campaign	5,000	5,000	..
Trustees, Shrine of Remembrance	500	985	+ 485
Victorian Piscatorial Council towards costs of Information Service	800	1,000	+ 200
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	597,680	640,052	+ 42,372

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.

CULTURAL DEVELOPMENT ALLOCATIONS, 1959-60.

	£
Ararat Civic Choir	25
Ararat Music Club	100
Astra Chamber Orchestral Society	50
Australian Boys' Choir	100
Anstralian Elizabethan Theatre Trust	8,000
Bacchus Marsh Players	25
Ballarat Ballet Guild	50
Ballarat Begonia Festival Committee	1,000
Ballarat Calisthenic College	100
Ballarat Choral Society	25
Ballarat Music Lovers' Club	25
Ballarat Orchestra Association	250
Ballet Guild	300
Benalla Drama Club	25
Bendigo Competitions Society	500
Bendigo Music Advancement Society	250
Bendigo Music Lovers' Club	75
Boort Choristers	25
Brighton City Philharmonic Society	100
Camberwell City Philharmonic Society	100
Camperdown Musical Society	100
"Carols by Candlelight," Melbourne	500
Casterton Music Circle	50
Castlemaine Music and Arts Society	100
Caulfield Players	50
Children's Theatre Guild	250
Colac Musical Appreciation Circle	50
Contemporary Art Society of Australia	150
Dandenong Festival of Music and Art for Youth	750
Daylesford Highland Gathering Committee	500
Debaters' Association of Victoria	100
Donald Music Literature and Art Society	25
Echuca Music Group	50
Eltham Arts Council	25
Fern Tree Gully and Mountain District Music and Arts Festival	50
Fern Tree Gully Arts Society	100
Foster Films Art Music and Drama Association	50
Frankston Theatre Group	100
Geelong Association of Music and Art	300
Geelong Society of Operatic and Dramatic Art	200
Gilbert and Sullivan Society of Victoria	50
Glenelg Players	50
Hamilton Arts Council	200
Hamilton Civic Choir	75
Hamilton Music Club	25
Hawthorn Operatic Society	50
Heidelberg City Choir	50
Heidelberg City Eisteddfod Society	250
Heidelberg City Repertory Group	100
Horsham Dramatic Society	25
Horsham Orchestral Society	25
Kerang Drama Group	25
Kerang Music and Arts Society	25
Kew Philharmonic Society	50
Korumburra Arts Society	25
Korumburra Choral Society	25
Kyneton Choral Society	50
Kyneton Lions' Club Musical Festival	200

APPENDIX C-2—*continued.*

	£
Latrobe Valley Eisteddfod	200
“Library Week”	50
Malvern Arts Council	50
Maryborough Arts Society	100
Melba Memorial Conservatorium of Music	750
Moe Musical Society	25
“Moomba” Festival	2,500
Mordialloc City Philharmonic Society.. .. .	100
Mordialloc Symphony Orchestra	25
Mornington Eisteddfod	100
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
Pyalong Music and Drama Group	50
“Q” Theatre Guild	25
Red Cliffs Players	25
Ringwood Arts and Crafts Society	25
Rochester Music and Drama Circle	25
St. Arnaud Society for the Enjoyment of the Arts	25
St. John’s Competitions, Ballarat	125
Sale Eisteddfod Society	200
Sandringham Symphony Orchestra	100
Seymour Dramatic Club	50
Shepparton Drama Group	25
Shepparton and District Highland Gathering Society	100
Shepparton Musical Advancement Society	150
Shepparton Symphony Orchestra	215
South-street Society	1,500
Stawell Choral Society	50
Stawell Dramatic Group	25
Therry Society	25
Thespians (Yallourn) Dramatic Society	25
Thorpdale Drama Group	25
Toora Musical and Elocutionary Competitions	50
Traralgon Music Drama and Art Society	150
Victorian Artists’ Society	400
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
Wangaratta Youth Eisteddfod	25
Warrandyte Arts Association	100
Warrnambool City Musical Society	50
Warrnambool Theatre Group	100
West End Eisteddfod (Footscray)	100
Western District Eisteddfod	200
Williamstown Light Opera Company	100
Williamstown Little Theatre Movement	150
Wonkana Choral Society	50
Yallourn Little Theatre	50
Yallourn Orchestral and Choral Society	100
TOTAL	35,065

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, 1960.
1. Departments—		£
Agriculture (including State Laboratories) ..	Machinery and Equipment Parts, Fuel, Seed, Chemicals ..	80,035
Chief Secretary—		
(a) Children's Welfare Branch	Clothing, Bedding, Crockery, Hardware	66,966
(b) Penal and Gaols Branch	Clothing, Bedding, Tools, Crockery	79,299
(c) Police Department (including Motor Registration Branch)	Radio and Vehicle Parts, Clothing, Office Requisites ..	146,455
Crown Lands and Survey	Implements, Equipment, Plans, Photographic Materials, Chemicals	332,446
Education	School Requisites, Books, and Equipment	316,022
Forests	Vehicle Parts, Tools, Fuel	297,647
Health (including Mental Hygiene Authority)..	Furniture, Hardware, Linen, Instruments, Clothing, Drugs	410,438
Mines	Machinery, Tools, Tubing, Chemicals	135,899
Public Works	Mechanical and Electrical Equipment, Spare Parts, Furniture, Building Materials	426,017
Railways (including State Coal Mine)	Engineering, Refreshment Services, and General Stores ..	4,934,583
Treasurer—Government Printer	Paper, Stationery, Publications	554,681
Water Supply	Machinery Parts, Tools and General Stores	1,272,216
2. Public Authorities—		
Cancer Institute Board	Medical and Domestic Supplies	31,015
Council of Adult Education	Theatrical Equipment	5,750
Country Fire Authority	Fire Appliances, Hose, Spare Parts, Uniforms	16,959
Country Roads Board	Vehicle Parts and Accessories, Camping Equipment, General Stores	530,889
Egg and Egg Pulp Marketing Board	Eggs, Packing Materials, Spare Parts	211,557
Gas and Fuel Corporation	Gas Appliances, Fittings, and General Stores	1,492,658
Geelong Harbor Trust	Engineering, Marine, and Maintenance Stores	10,549
Grain Elevators Board	Mechanical Parts, Steel, Fuel	33,147
Housing Commission	Building Materials, Spare Parts	337,210
Latrobe Valley Water and Sewerage Board ..	Construction Materials, Spare Parts, Seed, Fertilizer ..	42,690
Melbourne and Metropolitan Board of Works ..	Engineering Stores, Spare Parts, Pipes, Meters	1,003,000
Melbourne and Metropolitan Tramways Board ..	Engineering Stores and Parts, Uniforms, and Stationery ..	417,746
Melbourne Harbor Trust	Maintenance and Engineering Stores	424,522
Metropolitan Fire Brigades Board	Fire Appliances, Electrical and Engineering Stores, Uniforms	70,500
Portland Harbor Trust	Maintenance and Engineering Stores	66,279
Soldier Settlement Commission	Constructional Materials and General Stores	115,993
State Electricity Commission	Engineering, Maintenance, and General Stores	2,875,270
State Relief Committee	Clothing, Bedding, Hardware, Provisions	48,004
Transport Regulation Board	Stationery and Office Requisites	7,700
University of Melbourne	Building Materials and Stationery	20,250
Victorian Inland Meat Authority	Livestock, Meat, Packing Materials, General Stores ..	43,000
	Total	16,857,392

EDUCATION DEPARTMENT
Comparative Analysis of Expenditure from Loan and Revenue

NOTE:—1959-60 shown in heavy type.
 1958-59 shown in light type.

	Adminis- tration	Central Schools and Classes	Corres- pondence School	Girls' Schools	High Schools	Higher Elementary Schools	Primary Schools	Registered Schools	Special Schools and Hostels attached thereto	Special Activities (Library, Music, Visual Education, &c.)	Technical Schools	Teachers' Colleges	Teachers' Colleges Hostels	Universi- ties	Pensions, &c.	Miscel- laneous	Total
EXPENDITURE.																	
Salaries (including Pay-roll Tax) .. {	547,779 487,701	..	..	..	..	..	..	..	..	30,056 29,440	..	..	..	..	..	..	577,835 517,141
Salaries (including Pay-roll Tax) Tax) Teachers {	..	208,661 208,560	91,593 81,499	381,596 363,959	4,646,093 3,778,834	149,594 159,265	12,714,816 11,908,933	..	309,128 263,001	560,181 491,630	3,332,830 2,462,161	573,033 429,575	..	..	..	..	22,967,525 20,147,417
Salaries (including Pay-roll Tax) Teachers, &c., in Charge of Hostels {	2,120 2,968	..	..	..	14,386 12,419	..	..	..	16,506 15,387
Salaries (including Pay-roll Tax) Clerical Assistance {	..	4,509 4,256	8,550 6,723	12,214 11,782	132,118 113,258	3,403 5,417	6,563 5,714	..	..	16,458 12,269	..	19,415 17,348	1,982 1,905	..	..	..	205,212 178,672
Wages—Domestic Staff .. {	3,394 3,022	5,100 ..	..	..	132,138 115,204	..	..	..	140,632 118,226
Allowances to Students in Training .. {	2,277,186 1,853,295	..	..	..	..	2,277,186 1,853,295
Buildings (including Residences), Furni- ture, &c. (including Maintenance) {	..	3,987 4,780	269 3	92,539 215,582	3,225,834 2,172,941	103,473 88,236	3,894,780 3,686,044	..	84,898 45,688	27,409 44,795	2,219,489 1,404,593	741,293 378,742	128,499 314,671	728,350 453,485	..	..	11,250,820 8,809,560
Buildings—Rentals .. {	624 327	21,140 6,574	1,117 343	20,706 26,388	..	38 376	..	7,177 4,236	..	1,935 1,175	..	..	..	52,737 39,419
School Cleaning, Equipment, &c. .. {	..	20,897 18,603	11,354 9,601	58,914 45,215	490,612 461,924	19,641 16,833	1,031,512 954,524	..	25,324 22,373	67,406 68,426	..	118,617 72,518	..	..	..	..	1,844,277 1,670,017
Domestic Arts and Manual Training— class materials, &c. {	..	219 1,401	..	17,991 16,716	104,088 101,090	6,551 7,792	10,214 11,437	..	1,443 650	..	..	..	..	..	..	..	140,506 139,086
Conveyance of Pupils .. {	..	1,636 1,654	..	26,914 25,129	642,823 616,682	56,794 57,770	782,617 759,749	345,255 313,215	24,614 25,348	1,490 ..	237,702 202,032	..	..	..	..	..	2,119,845 2,001,579
Bursaries, Scholarships, and Main- tenance allowances {	..	2,464 1,638	26 44	14,599 13,582	146,845 130,077	2,061 2,728	692 639	75,178 75,447	..	..	58,336 42,823	..	..	11,784* 12,994*	..	..	311,985 279,972
Fees—University and Other .. {	62,968 50,077	..	..	1,227 1,717	..	64,195 51,794
Office requisites, postage, &c. .. {	96,734 72,170	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	96,734 72,170

APPENDIX F.

SUMMARY OF RECEIPTS AND PAYMENTS FOR YEAR ENDED 30TH JUNE, 1960, 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 ..	1,003	..	256	1,259	28,773	6,888	10,277	45,938	44,679
Dookie Agricultural College ..	13,509	35,116	12,410	61,035	110,035	69,785	48,316	228,136	167,101
Glenormiston Dairy College ..	..	12,307	1,040	13,347	8,443	7,785	4,355	20,583	7,236
Longerenong Agricultural College ..	6,100	12,876	6,253	25,229	57,142	25,624	24,782	107,548	82,319
School of Dairy Technology, Werribee	263	6,614	791	7,668	7,049	10,859	1,381	19,289	11,621
Ellinbank Dairy Research Centre ..	..	6,544	855	7,399	13,666	6,452	14,599	34,717	27,318
Potato Research Station, Healesville ..	..	1,086	342	1,428	7,297	4,785	8,089	20,171	18,743
Horticultural Research Station, Mildura	..	..	5	5	2,584	805	2,111	5,500	5,495
Tobacco Research Station, Myrtleford	..	6,126	531	6,657	9,758	7,864	24,685	42,307	35,650
Rutherglen Research Station..	..	14,007	2,320	16,327	21,365	11,355	11,867	44,587	28,260
Rutherglen Viticultural Station ..	..	2,214	217	2,431	9,208	1,829	399	11,436	9,005
Horticultural Research Station, Scoresby	..	2,017	239	2,256	13,652	8,594	7,860	30,106	27,850
State Research Orchard, Tatura ..	..	8,390	2,684	11,074	16,634	11,385	9,792	37,811	26,737
Mallee Research Station, Walpeup ..	..	5,764	2,089	7,853	10,707	4,210	2,199	17,116	9,263
State Research Farm, Werribee ..	..	41,797	2,368	44,165	47,734	33,736	38,039	119,509	75,344
Hamilton Pastoral Research Station ..	..	3,146	..	3,146	2,482	5,209	9,785	17,476	14,330
Kyabram Irrigation Research Station..	..	..	199	199	3,114	3,500	5,906	12,520	12,321
Total	20,875	158,004	32,599	211,478	369,643	220,665	224,442	814,750	603,272

In connexion with the Tobacco Research Station at Myrtleford, the above figures do not include a Commonwealth contribution of £31,750 which was credited to an Account within the Treasury Trust Fund, and a contributory payment of £3,375 to the Commonwealth.

Further, for the purpose of a Pastoral Research Centre, the Commonwealth Government through Wool Research Funds made available £3,000, the second of three annual instalments, for maintenance and salary costs. The actual contribution, £2,500, is not shown in the receipts for Hamilton Research Station in the above summary.